

# Yayasan Selangor to redevelop assets

BY Lam Jian Wyn

State education foundation Yayasan Selangor expects the redevelopment of two prime properties in the Klang Valley to generate over RM1 billion in gross development value (GDV).

These properties are its Bangunan Bukit Bintang, which is well past its prime, and a site in Kampung Pandan that was formerly occupied by two hostels run by the foundation. These, along with Yayasan Selangor's other fixed assets that are set for redevelopment, are valued at RM300 million.

"This is our most ambitious fundraising effort. We are seeking the highest possible value from our asset redevelopment for our students' sake," general manager Ilham Marzuki tells *City & Country*.

The funds raised from Yayasan Selangor's real estate projects will be divided equally among its education activities, operations and management as well as reinvested into the foundation.

Yayasan Selangor offers scholarships to underprivileged teenagers in Forms 1 to 5. These children are also given free tuition and enrolled in "activities to improve their well-being", says Ilham. Besides helping secondary school students, the foundation offers loans to school leavers with SPM qualification to further their studies at vocational schools.

With additional funds, the foundation may start offering aid to kindergarten and primary-school students, Ilham adds.

"We don't receive any grants but generate our own income. We managed to support 2,500 students this year, up from 1,000 in 2010, and we plan to double the number of students in the next one to two years."

The foundation was in the newspapers earlier this year after it was revealed to have lost RM500 million in assets between 1991 and 2008, just before Ilham took over as general

manager. He is in the midst of compiling a paper trail that may reveal more on the leakages.

In the meantime, Yayasan Selangor plans to redevelop some of its assets, including a 1.14-acre tract at Lot PT7 in Section 14, Pusat Bandar Shah Alam. It also plans to upgrade The Woods Resorts in Ulu Yam, Hulu Selangor. The rest are agricultural projects in Serendah, Kuala Kubu Baru, Sri Kledang in Ulu Bernam, Jugra in Kuala Langat and Dengkil in Sepang, all located in Selangor.

## Bangunan Bukit Bintang

One of the foundation's crown jewels is undoubtedly the 12-storey Bangunan Bukit Bintang, located at the intersection of Jalan Bukit Bintang and Jalan Sultan Ismail, by virtue of its strategic location in the heart of the Golden Triangle's vibrant leisure and retail strip.

It is understood that a winning proposal for its redevelopment by a real estate developer was confirmed three months ago. However, before the deal between Yayasan Selangor and the developer could be firmed up, plans had to be put on hold following news on the location of the proposed MRT station.

Previously, it was reported that the MRT station would be linked to the neighbouring Bukit Bintang Plaza (BB Plaza), owned by UDA Holdings Bhd. However, the latest proposal by MRT Corp shows plans for an integrated MRT station in BB Plaza and Yayasan Selangor's Bangunan Bukit Bintang.

This would require the two properties to be redeveloped and integrated through an underground station.

Ilham says Yayasan Selangor's board has instructed the management to float a tender, earliest by this week, in which the master developer

**Bangunan Bukit Bintang will be redeveloped to boost its value and income**

**Ilham: We are seeking the highest possible value for our students' sake**



for MRT Corp is welcomed to submit a bid. "There is no preference. This is to extract the highest value from the property," he says.

Tenants of Bangunan Bukit Bintang were advised to start moving out from July 31, but those who wish to continue staying will have their

tenancies renewed monthly.

"The plan is once we hand over the site for redevelopment to the developer, we will start collecting the agreed rent until the building construction is completed in about four years from commencement of works.

"Thereafter, we will continue to collect the rent until the end of the fifth year when the newly constructed tower will be handed over to Yayasan Selangor to manage," he explains.

The foundation plans to collect a monthly rent of a yet-to-be-determined sum from the developer. "In any case, the sum would definitely be higher than what we're getting from rental now," he says.

Tensions had flared among the traders amid uncertainties over their future in BB Plaza, which is over three decades old.

It was also reported that Tan Sri Syed Mokhtar Al-Bukhary's Tradewinds Corp Bhd plans to be involved in the redevelopment of both BB Plaza and Bangunan Bukit Bintang.

The previous successful bid for Bangunan Bukit Bintang's redevelopment outlined plans to transform the drab old building into a modern, glassy boutique hotel wrapped in what would have been Asia's biggest LED advertisement board. In this plan, the MRT station was set to connect to the underground level of the redeveloped property.

After redevelopment, the value of the property was expected to increase to RM300 million from between RM70 million and RM90 million now, while the hotel operations were expected to provide the foundation with a monthly income of RM1.5 million. At present, the building generates an income of about RM300,000 to RM400,000 a month from leasing out the office building's net lettable area of 120,000 sq ft.

## Kampung Pandan

The foundation's other prized asset is its 7.17-acre tract along Jalan Kampung Pandan, Kuala Lumpur. It is located about 300m from the proposed Kuala Lumpur International

Financial District. Both the Tun Dr Ismail and Toh Puan Ashikin hostels there have been demolished.

"Look at Pavilion KL, it was formerly Bukit Bintang Girls School. We have been operating the hostels since the mid-70s. Why should we be left behind?" asks Ilham.

The hostels' demolition and relocation of the students had seen criticism from certain quarters, including past students supported by Yayasan Selangor. However, the students have since been relocated to hostels of their choice.

Yayasan Selangor plans to have a high-end hotel and a mix of commercial retail units, SoHos and serviced apartments at the site. The development will be undertaken on a build-operate-transfer and joint-venture basis. The estimated GDV of this redevelopment will be at least RM1 billion, says Ilham.

Of all its other redevelopment projects announced to date, this project attracted the most interest from developers — including UEM Land Holdings Bhd, Sunway Bhd and Glomac Bhd — during the call for tenders, with over 36 tender documents sold.

So far, five parties have submitted their tenders. It will be another two months before the results are known, says Ilham.

The winning developer will have to set up a special purpose vehicle (SPV) to undertake the development. The SPV will be responsible for converting the land status and drawing up plans for the site.

Ilham says Yayasan Selangor's plan is to eventually build a school in Bestari Jaya, Kuala Lumpur. This boarding school will be home to about 1,000 students, with eight classes per form. To be built in compliance with the Green Building Index, the school will feature a swimming pool, squash court and sports facilities.

Discussions are underway with the Ministry of Education over how it will be run, so it remains to be seen if this plan comes to fruition. "We can always wait for the outcome of the 13th general election," he says with a twinkle in his eye. ■

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