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Expansionary Budget 2024 vows phased approach in targeting subsidies, takes baby steps to address revenue

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## Batu Kawan deal raises questions that must be answered

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### New white knight for EA Technique

BY INTAN FARHANA ZAINUL

# TOWARDS FISCAL REFORMS

Instead of cutting the petrol subsidy, the government raised the service tax and removed the diesel subsidy in Budget 2024. A luxury goods tax and capital gains tax were also introduced. Is this a prelude to more fiscal reforms in the mid-term?

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The Nuansa affordable housing scheme in Cilangkap, Cipayung, East Jakarta known as Menara Kanan sits on 2.9ha and will consist of four 24-storey towers with a total of 868 units



Ashta District 8, developed by Agung Sedayu Group via its subsidiary ASRI, features a high-end mixed-use development with three office towers, two residential towers and two five-star hotels, as well as a 15,000 sq m shopping centre

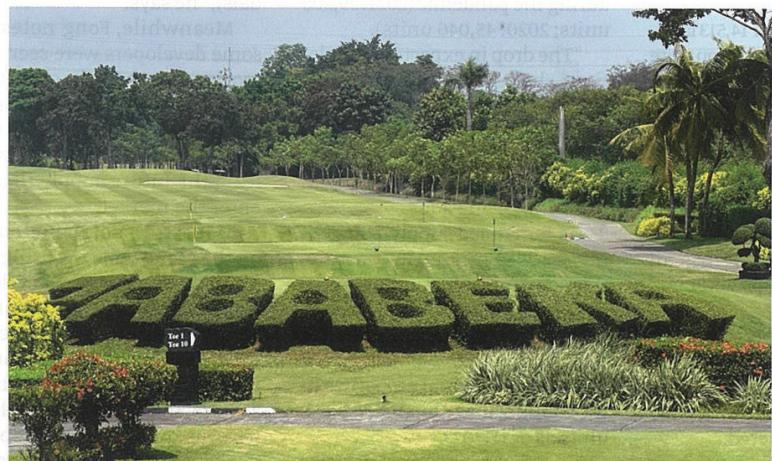
the group's office, a short presentation showcased various activities that not only included property development but also hospitality, banking, retail, agro and maritime, mining, steel, defence, and media and telecommunications.

On the second day of site visits, the delegation stopped by Nuansa affordable housing scheme in Cilangkap, Cipayung, East Jakarta. The development, called Menara Kanan, sits on 2.9ha and will consist of four 24-storey towers with a total of 868 units. As one block was already completed, the group had the chance to view work done and also the show units of two layouts provided in the scheme — studio and 2-bedroom units — with a built-up of 21 and 34 sq m respectively. The selling price for the former is IDR225 million (RM68,000), while the latter is IDR396 million.

This project was developed by Sarana Jaya, a regionally owned company founded in 1982 that has completed two other affordable projects, Menara Samudra and Menara Swasana.

Nuansa was set up by the Daerah Khusus Ibukota (DKI) Jakarta provincial government in 2017 to meet DKI Jakarta residents' needs to own a home. The programme does not require a down payment and the loan term is 20 years. There is a fixed interest rate of 5% and the units will be move-in ready. As it is located close to public transport such as Mikrotans, TransJakarta and LRT, parking bays are limited. Additionally, the project is near a large green space.

The conditions for buyers are that they are a DKI Jakarta resident with an ID card, have never owned a house before, are not recipients of a government housing subsidy, have a tax identification number, have proof of marital status and a maximum income of IDR14.8 million. The delegation next visited the Jababeka Industrial Estate in Bekasi, a town on the eastern border of Jakarta. Called Kota Jababeka, the 5,600ha integrated township has industrial, residential and commercial components. It also boasts an 18-hole golf course.



Jababeka Industrial Estate in Bekasi, a town on the eastern border of Jakarta, is a 5,600ha integrated township

Mattel. Incidentally, most of the Barbie dolls distributed around the world are manufactured here.

What makes this place an attractive location to set up a factory is the Cikarang Dry Port, an extension of the Tanjung Priok International Port, which is linked via a rail line. A dry port or an inland port is an inland terminal linked to a seaport, either by rail or road. The dry port is to keep containers for clients to ship out or store while customs matters are settled, and help in logistics matters as well. This is a boon for Jababeka, considering it has more than 2,000 clients in its industrial estate.

The township has its own power plant, water treatment plant and wastewater treatment plant. When asked about the charges residents have to pay for utilities, officials said government authorities help set the perimeters for the township to follow. Jababeka is looking to be further enhanced and in demand once construction of a high-speed rail line between Jakarta and Bandung is completed, as one of the stations will be located in the township. Jababeka is midway between the two cities and this will connect it to the Greater Jakarta area.

During the presentation on Jababeka, it was mentioned that it is open to investment from abroad in the areas of urban development such as transit-oriented development, mixed-use development and high-tech business park or digital hub. There are also investment opportunities for facilities such as an international school, international hospital, theme park, movie production studio and lifestyle entertainment centre.

The final site visit was at PIK 2, a coastal development on the coast of northern Jakarta that will span more than 6,000ha once completed. Total investment is estimated at US\$2.9 billion and it is developed jointly by Agung Sedayu Group and Salim Group, two large conglomerates with various businesses.

**Opportunities in Indonesia**  
Apart from the site visits, which revealed to delegates the size and capacity of Indonesia's property developers, a networking session was also organised. Delegates mingled with property industry players such as consultants, lawyers, government officials and property developers to gain deeper insight into the Indonesian property market, particularly in Jakarta and Nusantara, the new capital city in Kalimantan on the island of Borneo.

UOB's global economic and markets research senior vice-president Enrico Tanuwidjaja highlighted the reasons to invest in Indonesia, particularly in Jakarta. These include how the country

## Feedback from delegates

**Evelyn Ong**  
Director client coverage,  
Bank Pembangunan Indonesia Bhd

"I am impressed with the rapid development of Jakarta city. Even Covid-19 didn't stop it from building new townships and the CBD. The strength of local developers in master planning a self-sustainable township that provides the ecosystem from commercial to transport, healthcare, education and entertainment for the community is worth noting. "BSD City stood out for me because of the strong green building elements in the architecture, which I think are one of the biggest attractions for FDI (foreign direct investments) and tech companies like Apple to set up there. This aligns with the government's development plan for Jakarta to improve its ranking as one of the global cities."

**Wang Chong Hwa**  
Chief operating officer,  
Paramount Property Development Sdn Bhd

"The study tour was well organised by Rehda Institute. The selected developments and projects we visited were interesting and amazing, particularly in how the Indonesian developers transformed land bank measuring thousands of hectares. Personally, the business networking session enabled me to learn a lot about Indonesian economic conditions and its outlook, as well as gain better insight into the property market in Jakarta."

**Lee Han Rick**  
Executive director, Mutiara Johan Group

"The Jakarta study trip by Rehda Institute was an excellent opportunity to learn from some of the best property and township developers in one of the world's most dynamic economies. We got to see and experience new township developments at various stages, which have impressed upon me the importance of sequencing product launches in order to create population and a catalyst for the project. I was impressed by the scale and speed at which things move in Indonesia and hope that the trip can produce fruitful learning and outcomes for our Rehda members."

**Datuk Jacky Yap**  
CEO, Sri Pengkalang Binaan Sdn Bhd

"Partaking in Rehda Institute's Jakarta study trip was a privilege. Lessons from Jakarta's accomplished developers on revitalising barren land, creating dynamic retail spaces and nurturing collaborations were invaluable. Engagement with Malaysian property leaders highlighted the shift from competition to teamwork. This enlightening journey further ignites SPB's mission to continue building dreams and improving lives."

**Edmond Ting**  
CEO, Eve Properties Sdn Bhd

"It was an incredible experience. It's been very inspiring to see people from all walks of life doing their bit in making the world a better place, albeit on a much bigger scale here in Jakarta. Seeing these big developers build infrastructure and more — utilities, manage traffic, ports and so on — really opens the mind and the heart to what nation-building can truly look like.

"I took inspiration from Jababeka's vision of building 100 cities all around Indonesia. Why stop at building a single house?"

"If there's one thing the tour has taught me, it is to dream bigger. Do more, so we can have: give and share even more."

"Given that Indonesia has many of its own problems — and yes, it definitely looks rosier from the outside in — for a true entrepreneur, it allows one to dream: to live out that dream brick by brick. What a privilege. Make life an adventure, and a grand one at that."

**Eusoffe Chua**  
Chief commercial officer, Garuda Land

"Overall, it was helpful for our learning. The tour acted as an aggregator event for a good first look at the market. Well done, Rehda Institute."

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The Jakarta & Nusantara: Asia Real Estate Leaders (AREL) tour organised by Rehda Institute saw a delegation of 40 visit BSD City, a 6,000ha township in Tangerang on the western border of Jakarta

## Creating opportunities on a large scale

BY WONG KING WAI  
city.country@bizedge.com

"Hectares", not "acres". The term regularly cropped up during a recent study tour to Jakarta, Indonesia, organised by Rehda Institute (training, education and research arm of the Real Estate and Housing Developers' Association [Rehda] Malaysia). The Jakarta & Nusantara: Asia Real Estate Leaders (AREL) trip in August saw a total of 40 delegates led by three of the institute's trustees — Tan Sri Eddy Chen, Tan Sri Teo Chiang Kok and Datuk Muztaza Mohamad. The three-day visit was at the invitation of Nusantara Capital City Authority or Ibu Kota Negara (IKN), the coordinating Indonesian government authority for the new capital city, to explore opportunities with Malaysian delegates.

As part of the itinerary, delegates visited several large-scale developments by prominent Indonesian property developers in Jakarta, where the size of the projects impressed everyone.

"I am very surprised and impressed by the scale of development here, which is world class. This is the kind of scale you won't see anywhere else in the world. We saw three developers with projects that cover [around] 6,000ha each. The scale, integration and financial commitment that people can come up with is really mind-boggling," Chen marvelled.

For Teo, it was an eye-opener. "The scale is very different from what we expect and are used to in Malaysia. It is good to see a lot of the urban development sites, with the government favouring integrated development, and the size of the plot ratio allows the developer to capitalise on the land value."

Concurring with Teo, Muztaza said, "From my observations of the three huge projects with about 6,000ha each, I can see full support from all parties involved — the government, financial institutions and industry players — and I believe the government also gives full support to the private developers to collaborate with international players."

### City developments

Among the large-scale developments the delegates visited were Bumi Serpong Damai (BSD) City by Sinar Mas Land, Sudirman Central Business District (SCBD) by Artha Graha Group, Pantai Indah Kapuk (PIK) and ASHTA by Agung Sedayu Group, and Jababeka City Cikarang by Jababeka Group. BSD City is a residential and commercial

township of 6,000ha in Tangerang on the western border of Jakarta. The delegation was provided an overview of the project that started in 1984. It has four areas of focus: Live, Learn, Work and Play.

Under Live, to date 40,000 houses have been built with 1,500 constructed every year. There are 12,000 apartments with 1,000 units built annually. Currently, there is a population of 150,000.

For Learn, the development has 41 pri-

mary and 60 junior and senior schools catering to 145,000 students. There are also universities, preschools and daycare facilities. Tech studies are encouraged, with 1,400 graduates produced each year by Apple Developer Academy (200 graduates annually) and several digital schools in the city.

The Work aspect has been addressed with the 25ha BSD Green Office Park, which is the first green district in Indonesia with



ASHTA District 8's 15,000 sq m shopping centre has an airy atrium and plenty of shops that offer a unique customer experience



The delegates listening to a presentation by Artha Graha Group, developer of the 45ha Sudirman Central Business District (SCBD) via its subsidiary, PT Danayasa Arthatama

## Business opportunities await in building Nusantara, Indonesia's new capital

FROM PAGE 9

has bounced back strongly after Covid-19, and the high amount of foreign investment into the country. In the last two quarters of this year, Indonesia's economy grew by 5%, the fastest in the G20, he said.

However, he cautioned that China's economic slowdown will have an impact on Indonesia's steel and iron exports (as China accounts for 35% of the republic's exports), which are used mostly in construction.

He suggested that if any of the Malaysian property developers were interested in investing in Indonesia, they should scout out greenfield areas to expand to but would need a long-haul mindset to see the returns. Enrico believes that Indonesia's resilient economy will benefit investors as the country's growth creates more opportunities.

JLL Indonesia head of research Yunus Karim then took the stage to give the market overview highlighting Jakarta's office, retail, condominium, Greater Jakarta landed homes, Greater Jakarta logistics warehouses, and hotel sectors. According to Yunus, local developers are seeking joint-venture partners, especially in sectors such as landed housing, logistics warehouses, hotels and data centres. Other areas with potential opportunities include healthcare and education.

Makarin & Tai's partner Vincent Ariesta Lie offered a legal framework for doing business in Indonesia. He said foreign investors must form a limited liability company, which can be done outright, by acquiring an existing limited liability company or acquiring all or some shares in an existing 100% Indonesian-owned company.

Also, foreign investors are only allowed to engage in large-scale business activities with an investment value exceeding IDR10 billion (RM3 million); if the amount is below that, business can be done by a local party.

However, Lie explained that this investment value can be lowered if the business is



The delegates had a half-day networking meeting that featured presentations on Jakarta's property market and the business opportunities available to help build Nusantara, Indonesia's new capital in Kalimantan, on the island of Borneo

a technology-based start-up within special economic zones. He said there are no limitations on foreign investment in the real estate sector but that there are exemptions from the minimum investment value provision of IDR10 billion, where land price and other matters are incorporated into this amount.

IKN deputy for investment and funding Agung Wicaksono gave the low-down on the advantages and incentives available to those interested in participating in the development of the new capital of Indonesia. Nusantara will cover 324,322ha, which is four times the size of Jakarta.

He explained that the new capital will also act as an engine of growth for the re-

gion as well as the two neighbouring cities of Balikpapan and Samarinda to form a tri-city economy.

Agung shared that the ambitious goal of developing a new capital will be achieved with help from the private sector, which may contribute about 80% of the US\$32 billion that is required to build Nusantara.

The government has prioritised 12 investment sectors for the new capital. These include various infrastructure projects like water treatment, waste management, clean energy, telecommunications and transport. There are also public facilities, housing projects, mixed-use developments, education, technology, healthcare and industrial.

Agung explained various incentives and exemptions have been set up by the government to encourage investment.

After a lunch break, the delegates' attention was redirected to Jakarta, where JPI executive director Wendy Haryanto provided some insight into its property market. She mentioned how plot ratios in the city can be changed based on the level of service of a particular project. For example, if the project is close to a train station, the scoring is higher compared to one next to a bus terminal; the reason being that the passenger load is higher for trains compared to buses, explained Haryanto.

PropertyGuru Singapore director of special projects Winston Lee shared some insights on the mindset of property buyers, particularly China-based ones who acquire properties in Indonesia and Malaysia. Before the pandemic, this particular group focused on investment. Post-pandemic, the focus has switched to their own stay. Lee said this is the result of the stringent Covid-19 measures that confined many Chinese to their homes for a longer period of time as compared to other countries.

Lastly, Tri Dewi Virgianti, deputy for regional development planning at Bappenas, related how the government will continue to invest in Jakarta to make it a more liveable and compact city with good infrastructure and diversified economic sectors, as well as provide more spaces for social inclusion and equal rights for all people to access facilities and opportunities.

After the long days of travel and dealing with traffic congestion, meeting various individuals and recognising how vast Indonesian property developments are, the tour provided delegates with a greater appreciation of what Jakarta and Indonesia have to offer. It certainly gave many participants food for thought as to how they can be part of and invest in Indonesia's development plans.

## Two-storey terraced houses in KL and Selangor saw encouraging performance in terms of price and rent

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SS2 in Petaling Jaya saw positive performance in both price and rent. The average price increased y-o-y by 3% and the average monthly rent improved by 5% during the same period. Due to this, rental yields increased from 2.4% to 2.5%.

In contrast, Petaling Jaya's Bandar Utama saw its average price decline by 7%. However, the average monthly rent increased marginally by 2%. As a result, rental yields increased from 2.2% to 2.5%.

The performance of Subang Jaya's Putra Heights was the most concerning this quarter, says Fong, as the average price there dropped significantly by 6% y-o-y. Additionally, average monthly rentals also dropped substantially by 8%. Although the rental yields remained broadly stable at 2.9% in 2020Q3, overall performance was not encouraging."

In Bandar Kinrara, Puchong, the average price increased by 4% y-o-y while the average monthly rent dropped 5% y-o-y. As a result of improving prices and contract-

ing rents, yields declined from 3.7% to 3.4%.

Bandar Bukit Puchong witnessed the highest y-o-y performance in terms of rent.

"As average prices improved marginally by 2% y-o-y, the average monthly rent improved by a staggering 13% y-o-y in the last four quarters," Fong notes.

At Shah Alam's Bandar Setia Alam, both price and rent increased marginally y-o-y. The average price increased by 4% while the average monthly rent increased by 7%. Stronger rent as compared to price resulted in a higher rental yield from 2.7% to 2.8%.

Similarly, terraced houses in Kota Kemuning improved in terms of price as well as rent. The average price increased by 3% y-o-y while the average monthly rent witnessed an uptick of a substantial 9%. As a result, rental yields increased from 2.9% to 3.0%.

In Klang's Bandar Bukit Raja, the average price improved by 3% y-o-y and the average monthly rent dropped by 3%. Rental yields slipped from 3.3% to 3.1%.

"Also in Klang, Bandar Bukit Tinggi's property performance was comparatively disappointing," Fong says.

The average asking price dropped by 6% y-o-y while the average monthly rent remained constant. As a result, the rental yield improved from 2.5% to 2.7%.

### Two-storey semidees

During the review quarter, all monitored areas for 2-storey semidees saw a relatively stable rental market, whereas prices remained under pressure, notes Fong.

In Petaling Jaya's SS3, a substantial y-o-y drop of 8% in average price was recorded, but the average monthly rent moved northwards by 8%. As a result, the rental yields improved from 1.8% to 2.1%.

The average transaction price in Puchong's Bandar Kinrara was stable but the average rent saw a slight improvement. The rental yields jumped slightly by 0.1% to 2.6%.

Moving to Bandar Setia Alam in Shah Alam, the average price remained on an upward trajectory

by 9% y-o-y, while the average monthly rent declined by 5%, resulting in a drop in rental yields from 3.2% to 2.8%.

Also in Shah Alam, Bandar Tropicana Aman witnessed an opposite trend whereby the average price dropped by 4% y-o-y, whereas the rental yields improved from 2.5% to 2.7% as the average monthly rent improved by 3%.

In both Glenmarie Cove and Bandar Parkland in Klang, the average prices plunged significantly y-o-y, whereas the average rents either improved or were maintained, notes Fong. "For that reason, this region has shown the most promising improvement in rental yields."

In Glenmarie Cove, the average price dropped by 9% y-o-y whereas the average monthly rent increased by 6%. The rental yields moved up from 3.5% to 4.1%.

As for Bandar Parkland, the average price declined by 19% y-o-y. However, the average monthly rent recorded a marginal improvement of 1.6%. As a result, rental yields improved from 1.9% to 2.4%. At Cyberjaya's Evergreen Gar-

den Residence, the average price remained relatively stable with a 1% improvement and a 3% drop in the average rent. Rental yields dropped from 3.5% to 3.4%.

In Taman Equine in Seri Kemangan, both the average price and rent dropped on a y-o-y basis, by 9% and 3% respectively. This led to an increase in rental yields from 2.5% to 2.6%.

In Setia Ecohill in Semenyih, while average prices improved by 8% y-o-y, the average rent remained stable, resulting in a drop in rental yields from 2.3% to 2.2%.

"Comparing an overall average y-o-y performance, the rental yields of semidees have improved, and those of high-rise properties and landed terraced houses have remained stable," says Fong. He adds that the reopening of international borders, influx of expatriates and improving economy have helped in holding property returns. "Further, economic growth in the future and favourable government policies coupled with political stability will continue to stabilise the residential market."