

# Little-known Gapurna making a mark

| BY YANTOULTRA NGUI YICHEN |

One of the better-known secrets in the local property development industry is a not-so-prominent company called Gapurna Sdn Bhd that has the knack of landing big property projects. The homegrown company has proven this again by securing part of the largest construction project launched this year — 348 Sentral at Kuala Lumpur Sentral, a high-end office and residential development built on a green concept.

With Shell as the anchor tenant for the project, which has a gross development value (GDV) of RM1.1 billion, the new landmark is assured of a sustainable rental yield. The oil major will occupy 60% (or 340,000 sq ft) of the three-phased project, comprising an office tower, a signature building and an exclusive serviced condominium. It is noteworthy that Gapurna's client list features quite a few majors like Shell. The company has developed properties for other top brands like Giant Malaysia, Exxon (now ExxonMobil), BP (now BHP Malaysia) and Petronas.

"Our growth has been slow and steady," says Gapurna group chairman and CEO Datuk Mohd Salim Fateh Din, 52, in an interview with *The Edge*. "It took me 15 years to reach this level. I still remember: we first started out with projects worth RM3 million to RM8 million."

A former Malaysia Airlines steward, Salim got the feel of the property industry when he became a petrol station dealer for Esso. When he was in the petrol retailing business, says Salim, he made some useful contacts in the industry.

"From there, I started buying and selling properties in a small way," he says. "I started developing petrol stations for companies like Exxon, Shell, Petronas and BP Malaysia around the country."

Besides petroleum players, Gapurna has also developed properties for fast-food companies like KFC Holdings (M) Bhd and hypermarkets, including Giant. Now, Salim sees the company evolving into a pure office and commercial property provider.

348 Sentral, which features a 33-storey office tower and a 21-storey serviced residence tower sitting on a five-storey podium and a four-storey basement, is expected to be completed in 3Q2012. Gapurna has a 60% stake in the project while Main Board-listed Malaysian Resources Corp Bhd (MRCB) holds the balance.

"I chose to partner MRCB because it has the whole infrastructure and expertise," says Salim. "There is a synergy with MRCB as it is the master developer of Kuala Lumpur Sentral."

It is learnt that the developer is also in talks to bring in other multinational companies, including call centres, to occupy 348 Sentral.

With a heavyweight like Shell on board, Gapurna should have no trouble securing financing for the project, on which work started end-May. According to an industry player, the 2.09-acre site at the intersection of Jalan Tun Sambanthan and Jalan Travers could have been worth some RM40 million when Gapurna bought the plot five years ago.

348 Sentral marks the beginning of a new era for Gapurna. Already, the company is looking to develop yet another landmark property project that is slated to be the upcoming financial hub of Petaling Jaya.

"We are still trying to get the local authority's approval to redevelop the six acres of land we own there into a niche financial centre of Petaling Jaya," says Salim. "We are also trying to get MSC status for the project."



Salim (left) and Imran see opportunities in the current economic crisis

Gapurna sees opportunities in the current economic crisis. Salim's son, Imran, 27, who is a director of the wholly-owned Gapurna subsidiary, GTC Global Sdn Bhd, says: "It is cheaper to build now than when the market is bullish. The contractors are bidding at competitive prices as there are not many jobs available in the market."

GTC Global, formerly known as Gapurna Technologies, is an information and communications technology (ICT) company that

specialises in supplying professional security cameras and surveillance equipment. It is contributing up to 5% of its parent's total revenue after two years in operation. It recently completed a contract with Cyberview Sdn Bhd to supply such equipment.

"Security equipment have become an important need worldwide," says Imran. "With the rise in terrorism and crime, people and governments around the world tend to invest a lot in security."

Moving forward, Gapurna is looking to replicate the success it has achieved locally overseas, particularly in Melbourne, Australia, where the company has business connections.

To Imran, the growth of Melbourne's economy has been encouraging in the past few years. "There is a lot of interstate migration within Australia," he says. "A lot of people are moving to Melbourne as Sydney is too congested."

With a total of RM1.8 billion worth of projects in hand, Gapurna is currently scouting around for landbank in Melbourne. However, Salim was reluctant to reveal details of the company's total landbank.

The company's aggressive plans are clear from Imran's comments. "We are targeting to double that amount [RM1.8 billion] within three to five years," he says. "We have some property projects in the pipeline. We are also trying to expand via acquisitions of new properties and joint ventures with partners or overseas."

Nevertheless, the company takes on developments only if it is able to secure reputable tenants, says Salim. With multinational companies like Shell as allies, the strength of Gapurna's network is evident.

For the time being, the company is happy to keep the business within the family, and a public listing exercise is not on the radar screen.

"Not at this moment," says Salim. "We have very good cash flow and we are very comfortable with it."

This will certainly save Gapurna the hassle faced by public-listed companies. But judging from the company's plans for growth in the future, anything is possible. ■

ABDUL GHANI ISMAIL/THE EDGE