

# Joining the Johor Boom

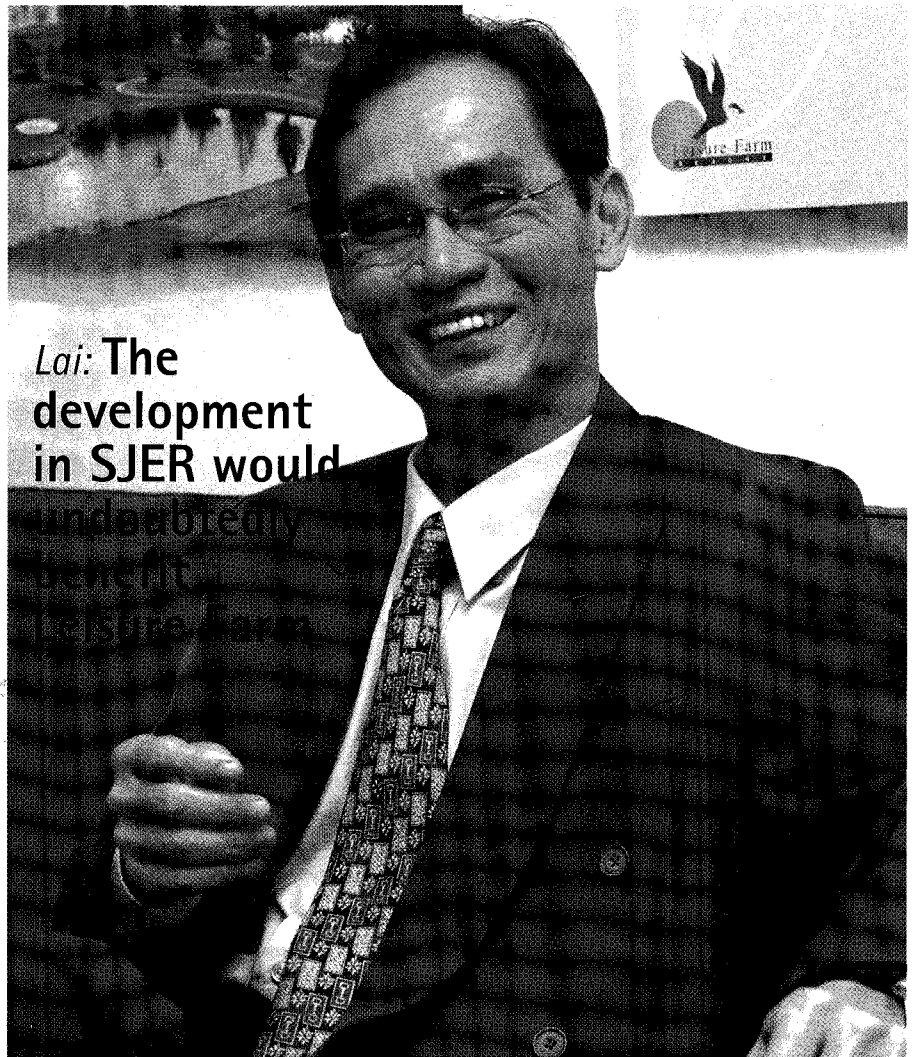
Property outfit Mulpha Land is all excited about its prospects, which have been given a boost by the government's massive Southern Johor Economic Region development project. ■ By Ishak Ahmad.

**T**HE recent announcement on the massive Southern Johor Economic Region (SJER) development project by the government bodes well for property developer Mulpha Land Bhd.

Essentially, some RM12.2 billion slated for the development of SJER will go towards building Nusajaya, the Dangga Bay waterfront, a transport hub and a high-speed rail link connecting Johor Bharu and Kuala Lumpur.

The company's main development, Leisure Farm, is a 1,371-acre freehold, high-end development project in Gelang Patah within SJER and only 11km from Tuas, Singapore, via the second link near the Johor Baru city centre. Naturally, the company is hoping that demand for property in Leisure Farm will soar and land prices will appreciate handsomely, markedly improving its bottom line.

Going forward, Mulpha Land's Chief Executive Officer Lai Meng says he is bullish on the developer's prospects, as the SJER project will very likely provide an impetus for development within SJER like Leisure Farm. "The development in SJER would undoubtedly benefit Leisure



Farm, with property prices there anticipated to appreciate accordingly,' he tells *Malaysian Business* in an interview.

Leisure Farm — with a gross development value of RM2.08 billion — includes 1,200 residential lots, a commercial area, hotels and condominiums to be developed over a period of eight years. Since development started in 1999, more than 600 acres out of 1,800 acres have been developed, generating more than RM500 million in sales in the process.

The development, which includes a 36-hole golf course, clubhouses and equestrian facilities, is accessible from the Sultan Ismail International Airport in Senai as well as the North-South Expressway. Lai says the group will continue to focus on developing Leisure Farm, which has a remaining estimated value at close to RM2 billion.

The latest development launched last month were 212 units of semi-detached houses priced at between RM500,000 and RM600,000. 'A big portion of our market for Leisure Farm used to be foreigners, particularly Singaporeans, but with SJER and given Leisure Farm's high-end community, we will also be able to attract more Malaysian buyers, in particular, senior government servants,' says Lai.

Apart from residential houses, Lai says there are also plans to develop a resort to complement its golf course as well as retirement homes. 'I believe due to Leisure Farm's close proximity to Singapore, where having a proper retirement is more important than in Malaysia, this is something that can be looked at. On the resort, the plans have been KIVed for the moment,' he adds.

Meanwhile, Lai says Mulpha Land is also bullish on its property development in Nibong Tebal, which is anticipated to benefit from economic activity from Penang's proposed second bridge project due to its close proximity to the bridge. 'The close proximity to the second bridge will definitely help spur economic activity in the area as well as increase property valuation there. This will provide a lot of growth potential in our property development in Nibong Tebal.

## FACTFILE

### MULPHA LAND BHD

PAID-UP CAPITAL: RM60.49 million of RM1 shares

#### BOARD OF DIRECTORS:

Chung Tze Hien

Lai Meng

Lt Col (R) Abdul Jalil Abdullah

#### SUBSTANTIAL SHAREHOLDERS:

Mulpha International - 50.57%

Kuala Lumpur City Nominees and

Sunhungkal Investment Services Ltd for

Honest Opportunity Ltd - 6.28%

Cartaban Nominees Asing Sdn Bhd and

Sunhungkal Investment Services Ltd

for Top Chemp Ltd - 4.53%

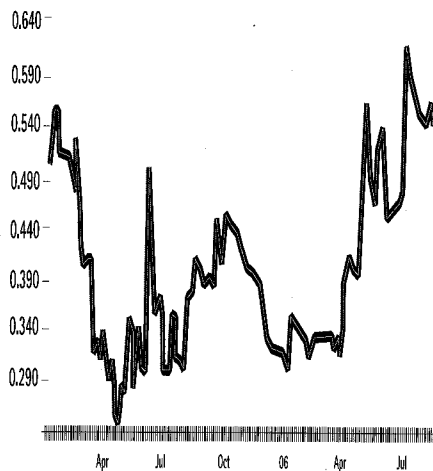
LATEST RESULTS: Net loss of RM76,000

for the second quarter ended June 30,

2006

## price chart

### One-Year Price Movement of Mulpha Land



Furthermore, this will enable us to further leverage our leading position to fully tap the development opportunities there,' he explains.

On Mulpha Land's overall strategy, Lai says the company will continue to look at organic growth as well as growth through land acquisition or joint-ventures with landowners, with the latter strategy being to conserve cash. 'Joint-ventures are a good way of preserving cash flow. It is the way to go not only for Mulpha Land but also for other

developers so as to make use of their existing human capital to undertake projects for landowners who may not have the human capital and the financial resources otherwise,' Lai says.

He adds that talks with landowners and direct purchases are ongoing at the moment. However, Lai says, Mulpha Land's immediate focus in the next one to two years would be to look at consolidating its existing development. Currently, the company's total land bank stands at 4,500 acres, of which 1,800 acres are in Johor, 1,700 acres in Sepang, 600 acres in Kulim with the remaining in Nibong Tebal.

On new developments, Lai says Mulpha Land is currently awaiting approvals from the authorities for two developments; a 20-unit semi-detached housing project in Bangsar and a mixed-development project in Section 16, Petaling Jaya. The latter includes an office tower block, a SOHO block and service apartments, with a total development value of RM500 million. The project is expected to take 30 months to complete.

According to him, Mulpha Land is also in talks with several real estate investment trust (REIT) players to use the commercial development in Section 16 as well as a plot of commercial land opposite Shangri-La Hotel to issue REITs for financing needs.

Lai adds that the company is also looking at bonds as a financing tool.

On overseas investments, Lai says Mulpha Land does not discount the possibility of increasing its investments in Australia, which is currently worth more than A\$2 billion. He says new investments there will continue to look at property-related assets such as hotels, resorts and commercial buildings as well as retirement homes.

Mulpha Land's property in Australia include Sanctuary Cove, Northwest Business Park & Bella Vista Waters, Hayman Island Resort, Intercontinental Sydney Hotel, Hilton Melbourne Airport Hotel, and Bimbadgen Winery. 'We will continue to do what we do best, that is building high-end properties that provide high yields. This strategy will help us conserve cash as well as land that we do not have in abundance,' says Lai. **mb**