

Sentoria plans safari-themed park

It will be part of RM1.8bil integrated resort city in Morib to be developed in partnership with Seriemas

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IMAGINE a Mediterranean-themed water park and a river safari with lions and tigers roaming free in tropical setting in Selangor.

Sounds far-fetched? Well it's happening, and work on that tourist destination will start before the first half of 2013. Championing this ambitious integrated safari development is Sentoria Group Bhd, the operator of Bukit Gambang Resort City (BGRC) in Kuantan, Pahang. If all goes according to plan, earnings contribution from this safari-themed park development will start from Sentoria's year ended Sept 30, 2015 (FY15).

In an announcement recently, Sentoria, which is also a property development company, told Bursa Malaysia that it had signed agreements with another property developer, Seriemas Development Sdn Bhd, to develop an RM1.8bil integrated resort city in Morib, Selangor.

Seriemas is a wholly-owned subsidiary of PNB Development Sdn Bhd, which in turn is wholly owned by Permodalan Nasional Bhd (PNB).

When asked how Sentoria managed to secure the theme park development, Sentoria head of public and investor relations Nasiruddin Nasrun says the company wants something unique and that it does not want the typical property development sort of project.

"The success and track record of our Bukit Gambang theme park attracted PNB. While they do have their own property subsidiaries, none of them have the theme park experience," says Nasiruddin.

"The Bukit Gambang theme park opened its doors in the last three months of FY09. By 2010, earnings had gained traction and we were already making profits. Thus for Morib, we are anticipating that sort of trend too," says Nasiruddin.

Currently, profit margins from theme park appears lucrative. For its year ended Sept 30, 2012,

Sentoria recorded a net profit of RM47.84mil on the back of a revenue of RM179.3mil.

Property development was the biggest contributor, contributing some RM124mil, while its leisure segment delivered RM55.3mil. Profit wise, the property division generated RM33.3mil in earnings while the leisure segment achieved RM19.28mil.

With those kind of numbers, this would indicate that the leisure segment has lucrative margins of some 35%.

Nasiruddin says the Bukit Gambang Water Resort attracted some 600,000 visitors in 2012 with average revenue per user (ARPU) of RM35. More than 95% of the visitor are locals. The previous year, the theme park attracted some 522,000 visitors.

He adds that the Morib Resort should generate a higher ARPU, as it is in Selangor where higher income earners reside. It is targeting mostly local tourists. A mix of 70% local to 30% foreign tourists would be ideal.

Nasiruddin adds that the Morib Integrated Resort City is a coup to Sentoria as it is also looking to expand its presence outside of Pahang. Presently, Sentoria is one of the largest property developers in Pahang, having completed some RM600mil worth of projects and developed some 25% of new housing starts in Pahang over the last three years.

The Morib deal

The proposed resort city will encompass 354 acres, of which 150 acres will be developed into an integrated theme park resort. The remainder will be used for a mixed development of commercial and residential units.

Sentoria signed two agreements with Seriemas for the proposed project - a development rights agreement for the development of the integrated resort and a joint-venture agreement for the development of commercial and residential properties.

The integrated resort, which is

targeted for completion within five years, will comprise a resort and convention centre, a boutique hotel, a water theme park and a safari park.

The total purchase consideration of the sale of land in the four components amounts to RM20.25mil while the development cost will be about RM170mil.

The water theme park will take 24 months to complete while the safari park, boutique hotel and convention centre will take 36 months.

Seriemas' share of the proposed joint venture is 10% to 15% of sales revenue.

Sentoria also guarantees payment to Seriemas of a total minimum sales revenue from the proposed joint venture of RM75mil, to be paid annually on a staggered basis over 10 years.

Sentoria Harta Sdn Bhd will develop and construct the resort, convention centre and boutique hotel while the rights to develop and construct the Water Theme Park and Safari Park will be given to Sentoria Morib Sdn Bhd.

The development cost of the integrated resort, together with land purchase, is estimated to be RM190.3mil. The mixed property development project is estimated to have a gross development value of RM1.6bil, spanning over an eight-year period.

Sentoria intends to fund the development via internal funds or through bank borrowings.

"Work is expected to start in the first half of 2013. The theme park will open its doors to visitors once the first phase is completed in 2015. Sentoria expects to attract some 500,000 visitors per year with ARPU of some RM40," says Nasiruddin.

He says that once completed, the Morib Beach Resort City will be an integrated project. It will be a real estate development supported by theme parks, recreational and urban amenities and is aimed to become an iconic residential development and holiday destination in Malaysia.

"The design is capitalising on the natural terrain with minimum infrastructure cost where lakes and



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major landscaping works are adopted to create a natural environment and quality life style.

"The residential components will consist of themed bungalows and resort-like condominiums with central club house facilities. All the residential components will be connected with a river cruise to the theme parks and commercial centres," says Nasiruddin.

Location wise, the land is of freehold agriculture status and is situated near the Morib beach at the southern end of Selangor. It is close to Pulau Carey, Banting, Port Dickson and Kota Seri Langat.

Morib is easily accessible from Kuala Lumpur via a network of highways such as the Shah Alam Expressway, North-South Expressway and Maju Expressway. It is 40 minutes drive from KL International Airport and the low-cost carrier terminal.

Nasiruddin adds that international retail brands would be retailed at the Morib Brand Village, which would feature giant malls.

The River Safari would be something unique, as the animals would be zoned in different areas along the river and lake, hence giving it

an "un-zoo" feel. The animals would appear to be in their natural environment

Expansion in BGRC

Meanwhile, the BGRC is still being expanded. In November last year, Sentoria announced that it was expanding its land bank with the acquisition of 73ha for RM37.2mil.

These parcels of land are adjoining the company's existing BGRC site. Some 20ha is to be used for further expansion of Bukit Gambang Safari Park, which is currently under construction. If this is accomplished, the Bukit Gambang Safari Park will be the biggest safari park in the country with a total land area of 56ha.

Another 20ha of the land is meant for a tourism-related retail commercial development while the remaining 32ha will be kept for residential properties and supporting industries.

Moving forward, Sentoria plans to launch projects with a GDV of about RM1.5bil, with the property segment continuing to be its main revenue generator.

Sentoria currently has three ongoing projects within BGRC and three other developments in different locations.

The projects at BGRC are its Arabian Bay Resort (comprising penthouses as well as resort and hotel suites), Global Heritage South (double-storey villas and hotel suites) and Desa Hijauan (single-storey terrace and semi-detached homes).

Its other projects are Taman Indera Sempurna 2 which comprises single-storey terrace homes, semi-detached houses and bungalows; Fasa Bunga Raya which comprises double-storey terrace houses; and Taman Bukit Rangan which comprises single-storey terrace and semi-detached homes.

Sentoria was listed on the Main Market of Bursa Malaysia in February last year at an offer price of 87 sen.



Sentoria has recently acquired 73ha land for RM37.2mil to expand its Bukit Gambang Resort City in Pahang.