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# 1MDB ropes in Indonesian property developer

## Mulia Group to develop Signature Tower in TRX

BY CYNTHIA BLEMIN

KUALA LUMPUR: 1Malaysia Development Bhd (1MDB) has managed to rope in an Indonesian property developer, the Mulia Group, to build its Signature Tower in the Tun Razak Exchange (TRX), a project which Lembaga Tabung Haji was earlier rumoured to be keen on.

In a statement yesterday 1MDB Real Estate Sdn Bhd (1MDB RE), a wholly owned unit of debt-laden 1MDB, announced it has signed the sales and purchase agreement with the Mulia Group for the development rights of the plot.

"The land transaction is valued at RM665 million," the statement said.

However, the statement did not state the structure of the partnership between the Mulia Group and 1MDB RE. From the statement it is not clear whether the Mulia Group would pay RM655 million to 1MDB RE for the plot of land to be developed. It also did not reveal the size of the tract that the Mulia group would develop.

1MDB has been looking for buyers for its tracts in TRX recently. This is perceived to be a fundraising exercise to meet its debt obligation. It is due to pay US\$975 million to a consortium led by Deutsche Bank at end-August.

Singapore's *The Business Times*, quoting sources, reported that the consortium of banks intends to demand early payment before the amount is due. "The offshore loan, led by Deutsche Bank Singapore and syndicated to five Gulf banks including Abu Dhabi Commercial Bank, is guaranteed by the Malaysian government. But the creditor banks have turned panicky — some more than others — as the loan is secured with 1MDB's wholly-owned Brazen Sky's US\$1.103 billion, which the state-backed firm has said is being kept at Swiss private bank BSI Singapore," *The Business Times* wrote.

On the land transaction, 1MDB RE, the master developer of TRX, its chief executive officer Datuk Azmar Talib said, "We are pleased to have the Mulia Group on board towards

realising the potential of the TRX. This significant investment underscores foreign investor confidence in Malaysia."

President director and owner of the Mulia Group Eka Tjandranegara said, "We see TRX's potential to further develop the city's role as a financial capital, and the Tun Razak Exchange aids our growth and expansion plans. I am committed to personally seeing this project through, drawing from our vast experience," said Eka.

The TRX project is currently in the limelight after 1MDB sold one parcel of 1.56 acres (0.63ha) of land to Tabung Haji for RM188.5 million cash last week.

Tabung Haji is reported to have decided to sell off the piece of land after the public outcry. The land deal is seen as the pilgrims' fund bailing out debt-laden 1MDB.

1MDB bought the 70 acres of land from the government at about RM63 per sq ft (psf), or a total of RM194 million, in 2010. Now, 1MDB has sold part of the land to Tabung Haji at RM2,780 psf.