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Golden Agro scheme: Only 70% of farm-sharing investment plan to be offered to the public

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KUALA LUMPUR: Golden Agro Plantation (Mukah) Bhd, which has conceptualised a new farm-sharing investment scheme called Golden Agro Growers Scheme (GAGS), plans to offer only 70% of the total grower's plots available under the scheme to the public.

The remainder 30% will be held by the company's CEO Datuk Allan Lim.

“I'm personally invested in this grower scheme because I'm very bullish about the potential of the palm oil industry,” Lim told*StarBiz* on the sidelines after the soft launch of GAGS here yesterday.

“And I hope that with the launch of this scheme, savvy investors can participate with us in this booming industry to reap a good return on their investments,” he added.

Managed by Golden Agro Plantation (Mukah), GAGS offers investors an opportunity to participate in the lucrative RM60bil per year industry by owning a share of an oil palm estate in Mukah, Sarawak. This investment scheme is the fourth of its kind to be launched in Malaysia in recent years.

Lim revealed that GAGS would encompass a total of 12,587 acres of plantation land, which would be subdivided into a total of 41,772 grower's plots, of which 70% would be offered to the public for sale.

Each unit of grower's plot is equivalent to a quarter acre of the land, and the fees per grower's plot has been tagged at RM8,000. Subject to availability, there is no limit to the number of plots an investor can own. Plots are freely transferable after two years.

“While our target is to sell 70% of the total grower's plots under the scheme to the public, there's no urgency or set deadline for us to push through to meet the target I'll continue to own and hold on to the plots of land until new investors come in through the scheme,” Lim said, while conceding the fact that investor sentiment could have been negatively affected by the recent fallout in one existing farm-sharing investment scheme managed by another local company.

“Our strength lies in the fact that we have structured our scheme in a very prudent and realistic manner,” Lim explained, adding that while GAGS offered attractive returns, it would not guarantee a “pie in the sky”.

GAGS comes with tenure of 20 years. Under the investment scheme, growers can expect guaranteed returns of 7% per annum for the first five years. Subsequently, investors can enjoy 100% of the net profit of the plantation until maturity of the scheme.

“This is a safe investment, and the scheme is fully authorised and approved by the Companies Commission of Malaysia,” Lim stressed.

“In addition to the annual returns, investors can expect there to be significant capital appreciation of the land over the duration of the scheme,” he added.

Lim also pointed out that the plots of plantation land under the GAGS scheme were in a “very good location, with fertile soil and friendly terrain and no wild animals”. The land, he said, was also surrounded by mature plantations owned by four other leading local players in the country.

“Developing and managing an oil palm estate is a truly capital intensive industry, but the returns make the business worthwhile,” Lim argued.

“The palm oil industry holds great promise for the future. It is therefore easy to see why large corporations, individual smallholders and companies like us are all getting increasingly involved in oil palm plantations,” he said.

“A hectare of oil palm can produce four to 5.5 tonnes of crude palm oil annually, which makes it five to 10 times more efficient than any other commercially known oil crop per-hectare basis.

“This kind of efficiency gives the palm oil industry a true competitive edge over its competitors,” he explained, adding that the market for palm oil is expanding rapidly, as world demand for the commodity was expected to rise to 78 million tonnes by 2015 from 52 million tonnes in 2012.