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LTH seeks properties in London, Middle East

> Besides property sector, board will continue investing in syariah-compliant equities

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KUALA LUMPUR: National pilgrim fund board Lembaga Tabung Haji (LTH) will scout for more property investment opportunities in London, Saudi Arabia, Mecca and Madinah this year as part of plans to expand its property investment portfolio.

LTH group managing director and CEO Datuk Ismee Ismail said property investments currently make up 13% of its total fund size of about RM36 billion and is expected to generate returns of 5.5% to 6% per year.

"We expect to increase the allocation to 20% from 13%. We still have room to expand in the property investment sector," he told reporters at the announcement of LTH's 2012 dividend.

However, he did not give a timeframe, saying the pilgrim fund will not rush into property investments.

Last year, it allocated RM7 billion or 20% of its total fund size of some RM35 billion for property investment purposes, but did not use up all funds.

"We don't want to rush, especially since LTH has a unique investment mandate. We can only invest in syariah-compliant investments.

"Therefore, our challenge is always to find syariah-compliant investments in the form of real estate where the occupants or tenants operate syariah-compliant



MUHAMAD ASYRAF MOHD RASHID/THE SUN

From left: Minister in the Prime Minister's Department Datuk Seri Jamil Khir Baharom, LTH chairman Tan Sri Abi Musa Asa'ari Mohamed Nor and Ismee at the Jubli Emas 2012 Bonus event in Kuala Lumpur yesterday.

businesses," he said.

Ismee said it is looking at properties, especially commercial buildings, in order to expand its sources of recurring income and is on the lookout for more opportunities locally as well as overseas in cities such as London, Saudi Arabia, Mecca and Madinah.

"At the moment, we are involved in the construction of Kompleks Tabung Haji at both the KL International Airport in Sepang and Alor Star, Kedah.

"Overseas, we recently bought a commercial property in London and we are still looking for similar investment opportunities there," he added.

Ismee said LTH will maintain its current investment strategy that is based on asset allocation. Besides the property sector, it will also continue investing in syariah-compliant equities.

Yesterday, LTH announced its highest dividend to date at 6.5% and a special dividend of 1.5% for the financial year ended Dec 31, 2012 (FY12), bringing the

total payout to RM2.46 billion, comprising RM2.13 billion in dividends and RM325 million in special dividends.

The dividend payout is a 27% increase from 2011's RM1.68 billion. It is also only the second time that LTH has announced a special dividend, the first was a 22% special dividend in 2007.

For FY12, LTH recorded a net profit of RM2.15 billion on revenue of RM2.78 billion. The number of depositors last year rose 17% to 8.2 million from 7 million in 2011, while the accumulated fund size grew 13% to RM35.8 billion from RM31.7 billion.

Total investment assets saw a 22% increase to RM38.4 billion in 2012 from RM31.4 billion the previous year.

LTH earned RM1.7 billion from investment in shares, of which RM1.2 billion was from trading in shares and RM530 million from dividends.

The second largest revenue contributor for FY12 was its investment in debt securities such as Islamic bonds, which contributed RM516 million.