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Tabung Haji defends RM188m investment in TRX

Investment 'is a commercial decision' which fits with its risk appetite, says CEO

by FARAH ADILLA

LEMBAGA Tabung Haji (LTH) yesterday defended its RM188.5 million investment in the Tun Razak Exchange (TRX) that drew criticisms.

The pilgrimage fund said the investment had been negotiated a long time ago and was in line with its property investment strategy.

In a statement, its deputy MD and CEO Datuk Johan Abdullah said the investment, representing the purchase of land in TRX for the development of an apartment complex, was part of a wider strategy to focus on investments in the domestic sector.

"The investment is a commercial decision which fits with LTH's risk appetite and has gone through all internal due processes accordingly," Johan said in a statement.

Yesterday, *The Malaysian Reserve (TMR)* reported that LTH had agreed to buy one piece of land in TRX to develop a 40-storey serviced apartment block.



Johan has filed a police report against a blog that had uploaded confidential LTH documents pertaining to the TRX proposals

Sources also said LTH had considered another piece of land to develop a 74-storey "Signature Tower" office building at RM3,900 per sq ft, but that deal had been aborted.

The land is owned by 1Malaysia Development Bhd (1MDB). News of the purchase prompted questions about whether other government-linked investment companies will be used to buy 1MDB assets to rescue 1MDB.

Several Opposition politicians also questioned why LTH should buy the land at a

high price when 1MDB acquired it cheaply.

Johan, who yesterday confirmed LTH's land purchase to develop the 40-storey residential block for RM188.5 million, said the fund bought the TRX land at a discount to its current market value as appraised by an independent professional valuer.

The pilgrimage fund said the residential building will be developed by its subsidiary, TH Properties Sdn Bhd, and is expected to contribute positively to the group's future earnings.

Johan said LTH would continue to explore investment opportunities in the domestic market as guided by its Strategic Asset Allocation framework.

In the same statement, Johan also denied that LTH is buying the land for the "Signature Tower" as reported and claimed that the leakages of proposal papers are not proof of approved investment decisions.

Sources told *TMR* that the deal for the LTH purchase had begun in 2013 when the TRX development was open for investment and the pilgrimage fund had wanted to invest in a strategic location in the city centre. The source

said LTH had missed an earlier opportunity to invest in property within the Kuala Lumpur City Centre area and saw the TRX as another chance to invest in such a property.

However, critics said while the purchase was a business decision for LTH, it should not have paid such a high price because 1MDB acquired the land at a cheaper price.

PAS VP Datuk Tuan Ibrahim Tuan Man was quoted to have said: "This is an easy business plan for 1MDB. It's like a father selling to his son for a cheap price, and then forces the son-in-law to buy it back at a higher price. Where will this final profit money end up?"

In a related development, Johan has filed a police report against a blog that had uploaded confidential documents pertaining to the TRX proposals.

"LTH has never allowed the acts of revealing confidential information as it is contrary to the LTH Act 1995 and LTH's internal policies. The dissemination of the confidential documents is taken seriously by the company as it is irresponsible and also against the law," Johan stated in his police report.