

DATE	19 / 10 / 2012	SECTION	National
PAGE	14	COLUMN	Home Business

Tabung Haji in RM4b deal

Pilgrim management fund reportedly selling estates in Indonesia

KUALA LUMPUR: Lembaga Tabung Haji is close to disposing of its plantations in Indonesia to a local businessman in a deal worth about US\$1.3 billion (RM3.95 billion).

According to a *Reuters* report, PT Borneo Pacific, an unlisted company controlled by Indonesian businessman Alexander Thaslim, is looking at closing the deal by next month.

Thaslim, president director of PT Borneo Pacific, has been negotiating since last year to buy the 83,879ha spread across 36 planta-

tions in Riau province on Sumatra, the report said.

The Edge Financial Daily understands that the massive plantations are managed by TH Plantations Bhd, in which Tabung Haji holds a 60.3% stake.

PT Borneo Pacific was discussing a debt financing scheme with several Indonesian and Singapore banks for the acquisition, *Reuters* said.

The purchase will be funded mostly through loans, two sources said according to the news agency,

with about US\$300 million already raised in equity. No further details were available on the equity portion.

Reuters said it had obtained several investor presentations, one of which describes the plantation cluster as the largest contiguous plantation concession in Indonesia. In total, the area is larger than the island of Singapore.

Thaslim, through his lawyer, said he was not immediately available to discuss the deal.

Deal costlier than recent transactions by some listed firms

A total of 73,650ha of the estate area has been planted. Other assets include six mills, a kernel-crushing plant and biomass power plant.

Credit Suisse is financial adviser for the deal, *Reuters* reported.

The bank said PT Borneo Pacific would buy the plantations for US\$910 million and is expecting to buy the remaining 5% owned by PT Primasakti Rizki Pertiwi.

"Including other transaction-related expenses, the total purchase consideration is expected to be up to US\$1.3 billion," a Credit Suisse investor presentation said.

The bank said Thaslim is the majority owner of PT Borneo Pacific and is involved in the holding of palm oil firms. PT Borneo Pacific is a coal trader and miner.

Analysts said the deal would be one of the largest palm oil asset acquisitions in recent years. The deal is costlier than recent transactions by some listed firms, based on an

enterprise value of nearly US\$16,000 per hectare and assuming no debt, said Ivy Ng, palm oil sector analyst for CIMB in Kuala Lumpur.

That is a positive sign for the market, said Ng, because it underscores demand for palm oil concessions despite weaker crude palm oil prices, which have fallen 30% since April.

In 2007, palm oil giant Wilmar International Ltd completed a proposed S\$4.1 billion deal to acquire Malaysia's PPB Oil Palms Bhd, Kuok Oils and Grains Pte Ltd and PGEO Group Sdn Bhd.

The same year, the plantation assets of Sime Darby Bhd, Kumpulan Guthrie and Golden Hope Plantations merged to create the world's largest listed palm oil group worth US\$8.6 billion at the time.



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