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# LTH eyes overseas properties

Pilgrim fund has used only half of RM7 billion allocated for real estate

NATIONAL pilgrim fund Lembaga Tabung Haji (LTH), which is in the midst of finalising its first commercial property acquisition in London, still has the cash to make more acquisitions going forward.

Group managing director and chief executive officer Datuk Ismee Ismail said LTH has only used half of the RM7 billion that it has allocated to acquire real estate in Malaysia and overseas.

In an interview, he said the RM7 billion fund accounted for 20% of the total fund managed by LTH, currently amounted to RM35 billion.

"I think we are still under-invested. The investment in real estate has not touched RM7 billion. Our focus firstly will be on properties in Malaysia, which we have started doing that for the past three years."

Ismee said the remaining RM3.5 billion allocation may not be used up entirely this year even though there were many viable properties up for grabs.

"Buildings are plenty but we have to be cautious in our evaluation before acquiring any of them. We have to ensure the returns are competitive every year, so we have to study the types of investments that will give recurring income and I believe the property sector is one of them."

On the proposed acquisition of commercial building in London, he said, the deal worth an estimated £165 million (RM814.6 million), is expected to be completed by this September.

"In UK, we wanted to buy commercial buildings and not hotels or housing because we

want to get the rents which are reasonable and the rental is for long tenure. Like the present building we are evaluating, the tenure is for 13 years. Those are the kinds of areas that we are looking for in real estate investments."

Ismee said based on the fund's investment analysis, investment in London, if it's fully funded by cash, the expected return would be at least 5.2-5.5% yearly which was competitive. "If we apply a certain percentage of gearing and take bank borrowings, the yield or rental will increase. Currently, we are going for cash basis but we may refinance the acquisition by bank borrowings later.

"This is our first acquisition so I think we will take step by step," he said, adding that LTH was actively looking for more commercial

properties in London.

Apart from London, LTH is also actively looking to invest in real estate in Mecca and Madinah as well as Jeddah, Saudi Arabia, he said.

Ismee said Saudi Arabia did not allow non-citizens to own properties in Mecca and Madinah, therefore any investments by LTH must through long-term leasing measures.

LTH currently earns a recurring income from its 25-year lease of the Hajar Towers Hotel in Mecca and the 10-year lease of the Movenpick Hotel in Madinah, both in Saudi Arabia.

It also owned several landmarks in Kuala Lumpur which include the Tabung Haji building, TH Selborn, Tabung Haji tower in Platinum Park as well recently acquired, a 13-storey boutique office building in Bangsar South. — Bernama