

THE BORNEO POST

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LTH still has RM3.5 bln fund for properties acquisition

KUALA LUMPUR: 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.

Its group managing director/chief executive officer, Datuk Ismee Ismail, said the pilgrims fund board has only used half of the RM7 billion that it has allocated to acquire real estate in Malaysia and overseas.

In an interview with Bernama, he said the RM7 billion fund accounted for 20 per cent 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," he said.

Ismee said the remaining RM3.5 billion allocation might 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 invest-

ments that will give recurring income and I believe the property sector is one of them," he said.

On the proposed acquisition of commercial building in London, he said, the deal, which was estimated to be worth of 165 million pound, was 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," he said.

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 to 5.5 per cent 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 was 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-citizen to own properties in Mecca and Madinah, therefore any investments by Tabung Haji must through long-term leasing.

Tabung Haji currently earned 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.

At the moment, Tabung Haji also owned several landmarks in Kuala Lumpur which include 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

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