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Strategies for effective development of Waqf properties in Malaysia

The discussion focused on strategies for effective development of Waqf properties in order to maximise the benefits for the rightful beneficiaries

THE importance of Waqf, an important institution in Islamic wealth management, was the topic of discussion during a roundtable on the development of Waqf properties in Malaysia.

Jointly organised by the International Centre for Education in Islamic Finance (INCEIF) and the Islamic Development Bank, the discussion focused on strategies for effective development of Waqf properties in order to maximise the benefits for the rightful beneficiaries.

The speakers during the event held at the Sasana Kijang in Kuala Lumpur, were unanimous in stating their agreement that with effective administration and implementation, the institution of Waqf has great spiritual and economic potential.

"I think most of us today are in agreement that the Waqf with effective

tion, has great spiritual and economic potential," said INCEIF president & CEO, Daud Vicary Abdullah.

Vicary said the outcome of the roundtable "could be significant and timely in charting the way forward for the management of Waqf properties."

"I am confident that we should be able to galvanise our combined knowledge and experience towards that end. We may not be able to find all the answers to our questions today, but it certainly will be a significant start." Vicary said during his introduction speech.

Ministry of Finance secretary general of Treasury Tan Sri Dr Mohd Irwan Serigar Abdullah, in a speech read during the event, recalled that on Sept 28, 2012, Malaysian Prime Minister Datuk Seri Mohd Najib Razak, in his Budget 2013 speech, announced that the Malaysia Waqf Foundation will be responsible for formulating the Corporate Waqf Master Plan taking into consideration the State Islamic Religious Council Legislative Structure



UIA Prof Dr Syed Khalid Rashid who attended the roundtable discussion on the development of Waqf properties

"Furthermore, in 2013 the prime minister announced that the Malaysia Waqf Foundation will be turned into a corporate Waqf entity to optimise the value and benefit of non-financial assets such as property

for Muslims.

"Following both the announcements, the Malaysia Waqf Foundation proposed to establish a wholly owned subsidiary to conduct business activity and undertake Shariah-compliant investment," Mohd Irwan said.

Malaysia, which is home to a large number of Waqf properties, stands to benefit from a concerted effort to develop the properties to their full potential.

An example of the proper management of Waqf property, which was turned into a revenue generating enterprise, is the Bank Islam Malaysia Bhd building in the golden triangle of Kuala Lumpur.

The joint venture formed between Bank Islam and Tabung Haji Technologies Sdn Bhd for the building of a 34-storey premium office tower on Waqf land, and agreed by the Kuala Lumpur Islamic Religious Council.

The building is on the most strategic Waqf land in terms of location and value in Kuala Lumpur, situated in the vicinity of the Petronas TwinTow-

ers. Though the land is a Waqf land stipulated for charity purposes with a status of public Waqf, the commercial building developed on the build-operate-transfer concept, benefits the owners.

The roundtable was told, by the various speakers, that the concept could be used to encourage families to "Waqf" their land in a bid to benefit from commercial arrangements, thus turning the Waqf instrument into a wealth management solution.

Tabung Haji will manage the building, completed in 2010, for 25 years with a RM56.6 million lease payment to the council, while Bank Islam is the anchor tenant.

In Malaysia, the developers of Waqf land faced a setback due to lack of access to financial support, and the ground breaking project between the KL Waqf council and Bank Islam could spearhead the development of other such projects.

The entire project is seen as a landmark commercial development using the Waqf instruments, as well as an example of Waqf success in driving major investment portfolios from other financial institutions for future ventures, wrote Salobiah Mokhtar in a dissertation on developing Waqf properties, on theacademia.edu website.

— The Malaysian Reserve