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Govt to bear RM10.3b in Tabung Haji's rescue and restructuring plan



THE government will bear RM10.3 billion premium to ensure that the financial health of Lembaga Tabung Haji (LTH) is restored as part of the rescue and restructuring plan of the pilgrimage fund, Urusharta Jamaah Sdn Bhd (UJSB) announced yesterday.

UJSB, which is a wholly owned unit of the Finance Ministry, completed the transfer of non-performing assets valued at RM9.63 billion held by LTH in December last year due to the fallout from financial mismanagement and wrongdoings by the previous management.

The transfer was done from LTH to UJSB in exchange for RM19.9 billion, consisting of two tranches of sukuk totalling RM19.6 billion, namely RM10 billion of seven-year sukuk and RM9.9 billion of Islamic redeemable convertible preference shares, as well as RM300 million in cash payable to LTH.

"The difference of RM10.3 billion between the consideration of RM19.9 billion and RM9.63 billion market value of assets is to be borne by the government to ensure that the

financial health of LTH is restored," UJSB said in a statement.

UJSB pointed out that in the event the value of the assets depreciates further, the losses shouldered by the government will be higher than RM10.3 billion.

Explaining on the assets transferred, UJSB said it consists of a mixture of listed equity holdings, properties and one unlisted plantation asset.

The property assets transferred to UJSB include 0.63ha of land at Tun Razak Exchange (TRX).

The land was purchased by LTH at RM188.5 million or RM2,760 per sq ft, significantly higher than that paid for by 1Malaysia Development Bhd (1MDB) at only RM75 per sq ft (or RM5.1 million for 0.63ha).

UJSB then purchased the TRX land from LTH at RM400 million or RM5,856 per sq ft, which does not reflect the actual market value of the said land. The purchase consideration was done at a significant premium (112.2%) to what LTH paid in April 2015 (RM188.5

million or RM2,760 per sq ft), it explained.

In a recent valuation exercise conducted in March 2019, the market value of the said TRX land stood at only RM205 million.

The huge difference between the market value and the purchase value of the land (95% premium over market value), together with all the other assets acquired by UJSB, was needed to ensure the successful rescue and restructuring plan of LTH.

Overall, UJSB will bear significant losses as a result of impairment charges estimated at more than RM10 billion for the assets acquired from LTH.

The TRX land transaction itself will result in an impairment charge of RM195 million.

"With the transfer of assets now completed, UJSB will continue with its mandate and purpose, which are to carry out the rehabilitation and restructuring of assets under its care; to maximise asset recovery value; and to redeem all monetary instruments issued by UJSB and subscribed by LTH in a timely manner." — *Bernama*