

ARA sells Wisma Mont Kiara to Alrajhi family

BY VASANTHA GANESAN

Singapore-based ARA Asset Management Ltd, which is preparing to list a retail real estate investment trust (REIT) in Malaysia, has sold Wisma Mont Kiara in Kuala Lumpur to members of Saudi Arabia's Alrajhi family for an estimated RM122 million. The family's first purchase could mark further investments in the country.

The buyers, who are linked to the family behind Al Rajhi Bank, are said to have finalised the purchase of the Grade A office building located in Jalan Kiara, Mont Kiara, in late December after nearly a year's negotiations. Wisma Mont Kiara is part of the 1 Mont Kiara integrated project, which also comprises 1 Mont Kiara Mall and Menara 1 Mont Kiara office suites.

Property consultants, valuers and real estate agents JMW advised and represented ARA in the sale. "This is a long-term investment for the family and their first real estate investment in the country," JMW executive director Rohan Padmanathan tells *The Edge*.

He says the family, which has investments in the Middle East and Europe, finds Malaysia to be a suitable place for real estate investments but declines to comment further.

The purchase is understood to have been executed through a company called R J Seven Sdn Bhd. A search with the Companies Commission of Malaysia reveals that R J Seven is equally owned by 10 shareholders — Reem Saleh A Alrajhi,



Wisma Mont Kiara was the only office asset held by ARA in Malaysia

Fahad Saleh A Alrajhi, Nawaf Saleh A Alrajhi, Manal Saleh A Alrajhi, Tahani Saleh A Alrajhi, Bader Saleh A Alrajhi, Nuha Saleh A Alrajhi, Ebtehaj Saleh A Alrajhi, Nahli Saleh A Alrajhi and Fawaz Saleh A Alrajhi. Nawaf, Bader and Fawaz are listed as the directors of the

company, which has two local directors — Huang Swee Lin and Marlina Budin.

Incorporated on Jan 26, 2017, R J Seven's nature of business is described as export and import of machinery for use in industry, trade and navigation, and



Rohan: The Alrajhi family finds Malaysia to be a suitable place for real estate investment

other services offered by holding companies, as well as real estate activities with owned or leased property.

Wisma Mont Kiara is a 16-storey office building that sits atop a four-storey retail podium while Menara 1 Mont Kiara is a 30-storey strata office building. The entire development sits on 228,087 sq ft of land. Wisma Mont Kiara has 241,682 sq ft of gross floor area and a net lettable area (NLA) of 181,992 sq ft. It is understood that the sale did not include car parks.

ARA held and operated Wisma Mont Kiara through 1MK Office Sdn Bhd, which is wholly owned by 1MK Holdings Sdn Bhd.

ARA's ARA Asia Dragon Fund had purchased the two newly-completed assets in 2010 from Aseana Properties Ltd, an associate of Ireka Corp Bhd, for RM330 million.

Based on the latest financial data available from CCM, in the

financial year ended Dec 31, 2016, 1MK Office posted revenue of RM9.89 million and a net profit of RM2.79 million. It had accumulated losses of RM6.03 million and total liabilities of RM78.49 million, RM2.74 million of which were current.

Interestingly, 1MK Office and R J Seven have a common director. Marlina Budin was appointed to 1MK Office's board on Nov 26, 2014, and to the board of R J Seven on Jan 26, 2017.

Meanwhile, at RM122 million, the price of Wisma Mont Kiara works out to RM670 psf. The office building is believed to be 98% occupied. Sources say 60% of the NLA is secured until 2020 while 30% is occupied by ServiceSource International Sdn Bhd. It is understood that the rent ranges from RM4.50 to RM4.80 psf, including service charges.

Was it a good buy for the Alrajhi family? A real estate agent contacted by *The Edge* thinks so. "Offices at Pavilion Damansara Heights are going for RM1,400 psf while in KL Metropolis, it is RM900 psf. At RM670 psf, it is even cheaper than condominiums in the Mont Kiara area. It is a good purchase for the buyer. As for ARA, in its overall scheme of things, this (Wisma Mont Kiara) is a small play," he says.

It is worth noting that ARA plans to float a retail REIT this year with five of its assets — 1 Mont Kiara Mall, Ipoh Parade in Perak, Klang Parade and Citta Mall in Selangor and AEON Bandaraya Melaka — valued at RM1.85 billion. Wisma Mont Kiara may not have fitted into this plan. ■