

PKR: NFC's luxury condo may not yield profits
Malaysiakini.com
November 14 ,2011
by S Pathmawathy

The RM10 million condominium unit purchased by a sister company of the National Feedlot Corporation (NFC) was imprudent in a down-trending luxury property market, said PKR strategic director Rafizi Ramli.

Speaking to reporters at the Parliament lobby today, he argued that this was against the principles of good governance and that the sales of luxury properties are on the decline.

Citing statistics by the government's Valuation and Property Services Department (JPPH), he noted that there are 66,328 luxury condominium units in the country which are yet to be sold.

"The luxury property market, especially for the luxury condominium like the one bought by NFC, is expected to be face a markdown from 2010 and in the coming years," said Rafizi (left), a trained chartered accountant, who was once a senior manager in national petroleum company Petronas.

"It's a crazy decision. I don't have the words - uncommon, unheard of, bizarre - to invest in a luxury condominium as a short-term investment especially in a soft market," he said.

"Maybe property investment companies or holding companies might do it but it is certainly a strange and unheard of investment decision for a cattle company," Rafizi added.

He countered Rembau MP and Umno Youth chief Khairy Jamaluddin's (right) claim that NFC had made the investment because millions of ringgit were left "idle" following an operational delay in developing satellite farms for the cattle project.

Rafizi, however, said that the spare cash should have been stored as "liquid investments like the money or equity markets or short-term deposits" instead of being cashed into property.

In his previous experience with Petronas, Rafizi said that billions of ringgit were deposited to be used for "projects at the right time".

He pointed out that JPPH's statistics also showed that 20 percent of condominiums valued at RM1 million or more built in the third quarter of this year were yet to be sold, amounting to a total of RM549 million from July to September.

"International real estate experts DTZ Research, stated in a report dated Nov 10 that "the risk of falling prices for luxury properties will continue to increase" and "the glut of luxury properties will lower rental yields," Rafizi added.

"Petronas didn't use the money to invest in property as mentioned by Khairy as it is against the principles of good governance," he said.

Khairy challenged to a debate

He also challenged Khairy, who has been a vocal defender of the NFC project which came under fire in the Auditor-General's Report 2010, to a debate.

“Debate is the best solution to resolve concerns surrounding the NFC conundrum,” added Rafizi.

The controversy came to a boil when PKR criticised the federal government's RM250 million soft loan for the failed project, which is being handled by a serving cabinet minister's family members.

Women, Family and Community Development Minister Shahrizat Abdul Jalil said her family had worked hard on the project and does not deserve to be criticised.

However, PKR exposed more documents to show that the NFC had paid RM9.8 million for a unit of the One Menerung condominium in upmarket Bangsar, Kuala Lumpur.

The party accused the NFC of misappropriating funds in an investment that does not relate to cattle-rearing.

Copyright © 1999-2011 Mkini Dotcom Sdn. Bhd
<http://www.malaysiakini.com/news/181281>