



Financing Overseas Property Investment: Malaysia and London

By [PEARL LIM](#)



Amid the latest round of cooling measures in January, which is one of the most comprehensive to date, Singapore's investors are turning to overseas real estate markets to profit from property investments.

Lured by news of a high-speed rail linking Singapore and Kuala Lumpur by 2020 and the rise of Iskandar Malaysia just across the Causeway, property investors are ever more eager to sink monies into Malaysian properties.

Farther away, across the European continent, Singaporeans are attracted to their former colonial master - Britain - as an investment destination. Specifically, London properties see warming buyers' interest with recent launches registering brisk sales. Just into 2013, and already several London property launches have made their way into Singapore, including Highwood House, Fulham

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Riverside and Chelsea Creek.

The attractions of London properties lie in their rising rental yields and strong capital values.

Thus both investment destinations (Malaysia and London) Singaporeans are eyeing have strong historical ties with Singapore, and now it looks like their investment ties are strengthening as well!

Interested buyers hoping to jump into this property investment bandwagon will likely finance their property purchases with a bank loan. Capitalising on this, banks are already rolling out mortgage packages for London and Malaysia exclusively.

One bank introduced 3-month SIBOR-pegged loans in Singdollar for property purchases in both places.

Borrowers have to be Singaporeans or Singapore Permanent Residents (PRs) only. For the latter who are also Malaysians, the added criteria is that they must not be residing in Malaysia.

Specifically, the bank's London mortgage package allows borrowing of between S\$300,000 to S\$3 million, with a maximum of 70% loan-to-value (LTV) ratio.

On the other hand, its Malaysia's package allows for loans starting from S\$200,000, with no upper limit. The LTV ratio is also 70%.

Both loan packages come with a lock-in period of only a year. During this period, partial or full repayment will be subjected to a penalty charge of 1.5% of the outstanding loan amount.

Loan cancellation will be subjected to a penalty of S\$1,000 or 1.5% on amount cancelled or undisbursed, whichever is higher.

Loan tenure can be anything between 5 to 30 years with a cap of 70 years.

Similar to [Singapore home loans](#) for the island-city's properties, the two packages are available for



building-under-construction projects, but only a progressive payment scheme is allowed. Go [here](#) if you want to find out what this payment scheme is like.

However, for refinancing the property must be completed.

Very importantly, do take note that there is a call on margin if the LTV rises to 80% and above.

When this happens borrowers will be asked to repay part (above the monthly instalment amount) or all of their loan.

For advice on a new loan, go [here](#).

For refinancing advice, go [here](#).

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Contact us: -

Email: loans@PropertyBuyer.com.sg

Tel: 6100 – 0608

SMS: 9782 – 8606

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