

Aprea unveils M-REIT index for corporate governance

To promote greater investment in Asia-Pacific's property sector

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KUALA LUMPUR: The Asia Pacific Real Estate Association (Aprea) has released a corporate governance index for Malaysian real estate investment trusts (M-REITs) as part of its efforts to beef up corporate governance of listed Asian real estate investment funds.

The index is calculated based on qualitative and quantitative measures derived from information from publicly-available documents such as annual reports to avoid subjectivity in tabulations, said Aprea in a statement yesterday.

Meanwhile, the rating criteria for the funds are board matters, audit committee, anti-takeover provisions, executive and director compensation, progressive practices, ownership, REIT organisation, the trustee, fees, related-party transactions and gearing, it added.

According to the index, the REITs that scored highest in corporate governance are the office and retail commercial-centric Quill Capita Trust (QCT), the diversified Amanah-Raya Real Estate Investment Trust (ArREIT),

and the office and industrial-centric Axis Real Estate Investment Trust (Axis REIT).

As at May 5, 2011, QCT has 10 properties under its portfolio valued at RM809.5 million.

Meanwhile, ArREIT owns 15 properties valued at RM913.61 million as at Dec 31, 2010. As at March 31, 2011, Axis REIT'S portfolio comprises 27 properties valued at RM1.21 billion.

Malaysian REIT Managers Association (MRMA) and Axis-REIT Managers Bhd CEO Stewart LaBrooy welcomed the index and said members were interested in finding out what areas they could improve in and how to go about it operationally to improve their scores. The MRMA, he said, was also pleased with the suggestion to make the index an annual one.

Meanwhile, Aprea CEO Peter Mitchell said the development of a corporate governance index will increase transparency and invest-



Mitchell: The index will increase transparency and investor confidence, translating into greater capital flow into the REIT sector.

tor confidence, translating into greater capital flow into the REIT sector. This corporate governance index was adapted from a similar index for Singapore's REIT industry, which was developed in 2008. The index was adapted to Malaysian conditions by associate professor Dr Ting Kien Hwa, who leads the Centre for Real Estate Research at Universiti Teknologi MARA.

Singapore's REIT corporate governance index was conceptualised by executive director and research fellow of ESSEC Business School Singapore Patrick Lecomte, who was consulted by Ting when formulating the M-REIT index. The index is also being adapted

for REITs in Hong Kong and Japan.

Aprea is a non-profit industry association that seeks to promote greater investment in the Asia-Pacific's property sector by providing better information to investors, improving the operating environment, promoting best practices and unity in the industry.