

# More REIT listings expected early next year as yields fall

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MORE real estate investment trusts (REITs) could be listed on the local bourse early next year as yields fall to levels more manageable for the issuers.

Malaysian REIT yields are averaging at some 9 per cent but issuers are holding off for yields to drop to pre-crisis levels of 6 to 7 per cent. REIT yields rose as markets were hit last year, causing huge discounts to the net asset value (NAV).

"Most investors looking to launch new REIT IPOs (initial public offerings) will want yields to come down. That depends on risk appetite and how the whole global economy pans out in the next 3 to 6 months," said Maybank Investment Bank Bhd equities capital markets director Ramesh Manimekalanandan.

He was speaking at a press conference held in conjunction with the Malaysian REITs Investor Education Programme in Petaling Jaya, Selangor, yesterday.

Ramesh added that REIT listings could be as early as the first quarter



(From left) LaBrooy, Lim and Sharizad in discussion at the Malaysian REITs Investor Education Programme yesterday.

of next year.

Among the potential REITs that may list on Bursa Malaysia next year are Sunway City Bhd's (SunCity) REIT and Singapore's Capitaland Ltd REIT.

Currently, Malaysia has 13 REITs listed on Bursa Malaysia with an estimated market capitalisation of RM4.1 billion as at January 2009.

Axis REIT Managers Bhd chief executive officer and executive director

Stewart LaBrooy said it did not make sense for companies to list REITs in prevailing market conditions as they will not be able to sustain the high yields.

"REIT managers are looking for acquisitions but it is hard to find acquisitions that can get you more than 9.5 per cent. It is a tough en-

vironment for REITs," said Ramesh. Meanwhile, LaBrooy urged retail investors to consider local REITs as an investment option for regular income and capital growth.

"The share price (of REIT) does not matter until the day you decide to exit the REIT. So if your investment horizon is for five to 10 years, the market price is just noise that happens from day to day," said Amanahraya-REIT Managers Sdn Bhd director Sharizad Juma'at.

Am ARA REIT Managers Sdn Bhd chief executive officer Lim Yoon Peng added that investors could choose to exit during a market upcycle and re-enter when the REIT's share price falls.

Similar to physical property, the regular dividend payment from a REIT serves as rental income while the share price gain serves as capital gain.

Individuals wanting to learn more about REITs can attend a talk held at Hilton Petaling Jaya on August 15 at 8.30am. It is jointly organised and sponsored by Axis REIT, Amanahraya-Reit, Am ARA REIT, Regroup Associates Sdn Bhd, Maybank Investment and CIMB Investment Bank Bhd.