

# Inve\$t

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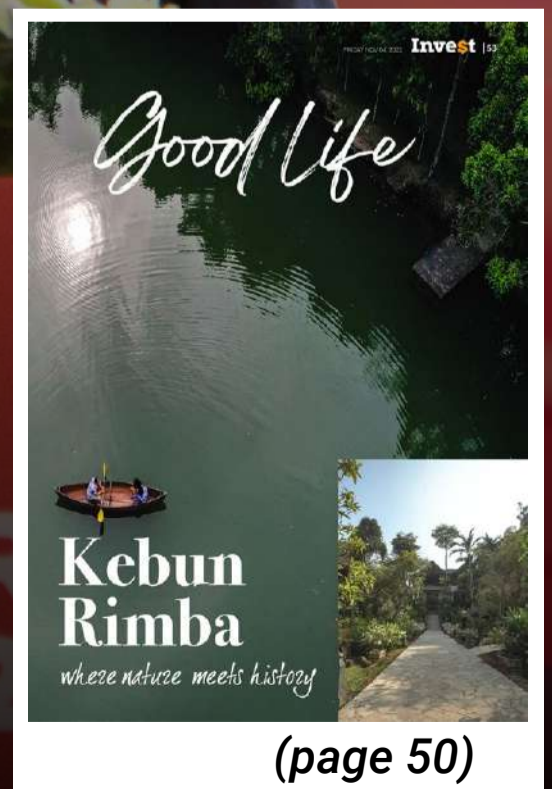
Via email, every Friday

## Dato' Philip Ho

Chairman, Malaysian REIT  
Managers Association (MRMA)

Inve\$t brings you Part 2 of our coverage on MRMA's 3rd Annual Malaysian REIT Forum - 'M-REITs and the Road Ahead.' Find out how M-REITs are performing and leverage this asset class for investment.

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# GROWING OPPORTUNITIES IN M-REITS

**The Malaysian Real Estate Investment Trust (M-REIT) market has seen a growth of more than 20 fold since its inception in 2005 with just three listed REITs. Today, with 19 listed REITS, it boasts a market capitalisation of RM38 billion.**

**D**ato' Philip Ho, Chairman, Malaysian REIT Managers Association (MRMA) when officiating the 3rd Annual Malaysian REIT Forum, organised by MRMA entitled 'M-REITs and the Road Ahead,' advocated the potential of M-REITs as an independent investment scheme and a reliable investment option for retail investors and foreign institutions.



He pointed out that the industry saw a landmark development with the launch of Bursa Malaysia's REIT index in 2017, which helped spur growth through increased visibility of M-REITs in the capital market.

According to Ho, MRMA is currently in discussions with authorities to allow the industry to liberalise the 10% withholding tax on REIT income distribution to all local individual unit holders.

"It's not an easy exercise, and we still have a long journey ahead before we can see any results, but the association is prepared to be persistent on this matter," he stressed.

Ho, who is also the Chief Executive Officer of Pavilion REIT Management Sdn Bhd, said MRMA is steadfast in championing issues that will help elevate the competitiveness of M-REITs within the region.



Following the recent unit price adjustments in reaction to the increasing interest rates and world events, Ho pointed out the scenario presented an opportunity for investors looking to diversify their portfolio at the current level as the REIT distribution used are attractive.

He added that the climate change challenges faced both globally and locally, as well as the pandemic have increased awareness regarding sustainability actions, which were highlighted in the forum's panel discussion. MRMA's forum brings together more than 30 speakers and panellists across a spectrum of business and professions to tackle the current issues faced by the M-REIT industry locally and internationally.

# THE GROWTH AND POTENTIAL OF REITs IN MALAYSIA



**Azhar Mohd. Zabidi,**  
Director, Organisation & Listings,  
Bursa Malaysia Berhad

Since the Real Estate Investment Trust (REIT) first penetrated the domestic market as an asset class option for investors, its growth has been phenomenal paving the way for companies to truly unlock the value of their real estate, while offering the ordinary people an opportunity to own a piece of prime real estate like Pavilion, Sunway Pyramid and KLCC.

**M**alaysian REITs (M-REITs) cover a very diverse portfolio of real estate - logistic centres, warehouses, healthcare, hospitality and education among many others. In addition to portfolio diversity, M-REITs also bring geographical diversity and focus, providing investors ample choice in terms of what kind of REITs they are most familiar with and where to invest their money.

As investor sophistication rises, greater exploration of REIT potential is required. A key untapped potential is the many government buildings and public properties in Putrajaya generating steady income that would attract investor interest.

Azhar Mohd. Zabidi, Director, Organisation & Listings, Bursa Malaysia Berhad cited the example of US where state department buildings including libraries and public properties have been placed in REITs and floated to investors.

“In terms of what can be done to retain, sustain and to continue to grow this asset class in the years to come, this is something that I am sure is

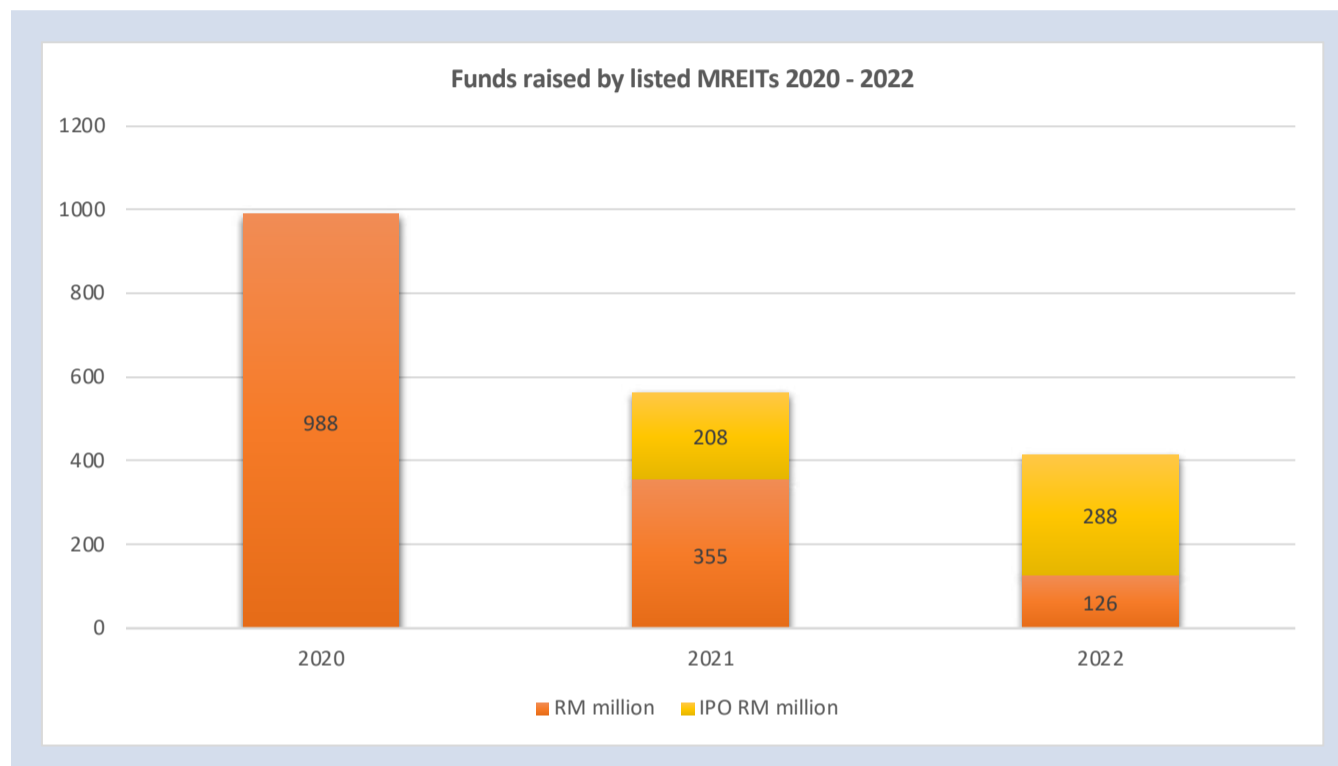


workable,” he said, referring to the possibility of forming REITs of government buildings in Putrajaya.

During his sharing session at the 3rd Annual Malaysian REIT Forum on Bursa Malaysia’s role in promoting the M-REIT industry, Azhar revealed that the persistent interest in REITs is evident as the market continues to witness REITs come to list for instance IGB Commercial REIT last year and AME REIT more recently.

“I continuously meet with potential REIT candidates wanting to learn what Bursa Malaysia has to offer in this space,” he disclosed.

Azhar noted that in 2020, listed REITs in aggregate raised close to RM1 billion from the secondary market in placements and follow on offerings. In 2021, just the initial public offering (IPO) of IGB Commercial REIT raised RM208 million from the primary market while RM355 million was raised by the other listed REITs, via the secondary market.



*Fundraising by  
M-REITS over the  
last 3 years since the  
pandemic*

*Source:  
Bursa Malaysia*

“Year-to-date, recently listed AME REIT alone raised RM288 million from its IPO, while the other REITs on the bourse brought in RM126 million from the secondary markets. The year is not over though,” Azhar reminded.

Azhar also called upon REITs to adapt sustainability measures to improve bottomline, while adhering to environmental requirements. He pointed out that despite the encouraging pipeline of REIT IPO candidates, investors’ needs and wants are pertinent.

“It is not just the distributable income or yield but the expectation that they are able to realise capital appreciation from time to time,” he stressed.

He pointed out that over the past 18 years, despite the headwinds and changes in the market conditions, the level of support and demand demonstrated by both the retail and institutional investor community for this asset class remains strong.