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— Siew

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REITs market cap grows 24% over a decade

By Jammy Rosli
jammy@mmail.com.my

KUALA LUMPUR — The market capitalisation for real estate investment trusts (REITs) saw a compound annual growth rate of 24% over a decade as at Sept 30, this year, Bursa Malaysia said yesterday.

Market capitalisation for REITs stood at RM44 billion as at Sept 30, compared to just RM5 billion in 2007, Bursa Malaysia chief executive officer Datuk Seri Tajuddin Atan said at the launch of its new REIT Index yesterday.

“Today, we introduce the REIT Index, in line with global trends, REITs is a steadily rising sector and have become a major asset class for investors especially those looking for high dividend payouts,” said Tajuddin.

Currently, there are 18 REITs listed and one unlisted REIT on Bursa Malaysia, including four Shariah-compliant REITs, accounting for 2.4% of the total market capitalisation.

The Bursa chief said that dividend yields for REITs were 5% in September compared to the 3% dividend yield of the FBM KLCI in the same period.

“REITs also present a lower risk and hence, adding them to a diversified investment portfolio increases returns and reduces risk,” Tajuddin said.

The REIT Index will be Bursa’s 11th in-house calculated index. The new index will track all listed REITs on Bursa Malaysia, and it is aimed at increasing the profile of these REITs as well as serving as a benchmark to gauge their overall performance.

The index will be market-cap weighted



Ng and Tajuddin speak to the media after launching the Bursa REIT Index yesterday. — Picture by Bernama

index, with the constituents of weighting capped at 10%. This is to prevent any single constituent from exerting a dominant influence on the index.

Newly listed REITs will be eligible for inclusion into the index three months after their initial public offering date.

The index design was formulated after consultation with the industry, and it is supported by the Malaysian REIT

Managers Association (MRMA).

MRMA chairman Datuk Jeffrey Ng stated that the launch of the Bursa Malaysia REIT Index marks a meaningful milestone for the REITs sector in Malaysia.

“By enhancing the profile and visibility of REITs in this country, we hope to continue to attract investors across all segments, both institutional investors,

and retail investors across domestic and international markets.

“The association is committed to continuously promote the growth of the industry by attracting more REITs in the country. This will ultimately improve the depth and breadth, as well as liquidity, of the REITs market in Malaysia for future development of by-products such as ETF in the future,” Ng said.