

Tajuddin: Investors seeking high payouts to find REITs attractive

KUALA LUMPUR: Real estate investment trusts (REITs) have become a major asset class for investors seeking higher dividend payouts.

Bursa Malaysia Securities Bhd chief executive officer Datuk Seri Tajuddin Atan said the newly launched REIT Index would help provide greater transparency in the REIT industry by promoting stronger governance practices

and helping to instil greater market confidence.

"The dividend yield offered by REITs is already an attractive proposition for investors looking for high dividend payouts.

"As a comparison, the dividend yield for REITs was five per cent last month, compared to the FTSE Bursa Malaysia KLCI (FBM KLCI) dividend yield of three per cent in the same period," he said

after launching the index, here, yesterday.

"REITs also present a lower risk in a diversified investment portfolio that increases returns," he added.

The local exchange launched its 11th in-house calculated index aimed at increasing the profile of REITs and it also serves as a benchmark to gauge their overall performances.

"This will improve the depth and breadth as well as liquidity of REITs in Malaysia, as well as future developments of by-products such as exchange-traded funds.

"We have tested this index against the performance of the FBM KLCI over the past three years.

"Looking at the data, our findings showed that the REIT index

would have outperformed the FBM KLCI and Property Index by 15 and 26 per cent, respectively," he said.

Currently, there are 18 REITs listed on Bursa Malaysia, including four syariah-compliant REITs. They account for 2.4 per cent, or RM4.4 billion, of REITs' market capitalisation as of last month, compared with RM5 billion in 2007. **Ayisy Yusof**