

Document:	Opening Remarks for Datuk Seri Tajuddin Atan Chief Executive Officer, Bursa Malaysia
Event:	Launch of Bursa Malaysia REIT Index
Date:	26 October 2017 (Thursday)
Time:	8.15 am - 9.30 am
Venue:	Listing Gallery, Bursa Malaysia

Bismillahirrahmanirrahim

Assalammualaikum Warahmatullahi Wabarakatuh

A very good morning to you all.

Let me begin by acknowledging the presence of:

1)	Dato' Jeffrey Ng¹ Chairman, Malaysian REIT Managers Association (MRMA)
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CEO's and Representatives from our listed REITs

Members of the media

Staff of the Exchange

Ladies and gentlemen

1. I am pleased to welcome you to the Exchange for the launch of **Bursa Malaysia's Real Estate Investment Trust (REIT) Index.**

2. It is indeed heartening to see so many of you here to lend your support. I would like to first thank you for taking the time out of your busy schedules to be here.

¹ CEO of Sunway REIT Management

Ladies and Gentlemen

3. The objective of launching the Bursa Malaysia REIT index is to help facilitate further growth in the Malaysian REIT industry by providing better profiling for listed REITs and at the same time, servicing as a benchmark to gauge the overall performance of listed REITs.
4. In evaluating the readiness of The Malaysian REIT Industry for this index we back tested it against the performance of the FBM KLCI over the past three years. Looking at the data, our findings showed that the Index would have outperformed the FBMKLCI and Property Index by 15% and 26% respectively.
5. Further to this, the dividend yield offered by REITs is already an attractive proposition for investors looking for high dividend pay outs. As a recent comparison, the dividend yield for REITs in the month of September 2017 was 5% compared to the FBM KLCI dividend yield of 3% in the same period.
6. The Malaysian REIT industry has therefore matured to the point where the Exchange feels it is the right time to launch the first REIT Index in Malaysia.
7. From an Exchange perspective, it is our hope that the Bursa Malaysia REIT Index will help to provide greater transparency in the REIT Industry and thereby promote stronger governance practices and help to instill greater market confidence.

8. The Index also has the potential to provide a further boost to liquidity in the market and provide greater visibility for the development of a wider range of REITs, such as the more exotic types of REITs including those linked to Renewable Energy or Childcare Centres. I believe that in the U.S. they even have REITs linked to prisons.
9. Speaking of other markets, by launching the Bursa Malaysia REIT Index today, Malaysia will join developed markets such as the U.S., Hong Kong, Japan, Australia and Singapore, in having a dedicated REIT Index.
10. Developed markets have seen benefits from a REIT Index accrue for both the buy side and the sell side. On the buy side the REIT Index can help to facilitate ease of access for investment funds, institutional investors and traders tracking the performance of Malaysian REITs.
11. On the sell side, fund managers, Brokers and Investment Banks have a benchmark with which to create investment products that can provide returns on the entire pool of REITs instead of limiting investors to gaining returns from individual REITs.
12. One such investment product is Exchange Traded Funds (ETFs). In Singapore for example, SGX currently lists two REIT ETFs: the Phillip SGX APAC Dividend Leaders REIT ETF listed in 2016 and NikkoAM-StraitsTrading Asia ex Japan REIT ETF listed in 2017. The Bursa Malaysia REIT Index therefore provides new and untapped

opportunities for ETF issuers to consider creating ETFs with the REIT Index as its underlying.

Ladies and gentlemen

13. If I may touch briefly on the mechanics of the REIT Index, the Bursa Malaysia REIT Index will track the **18 REITs** currently listed on the Exchange. These 18 REITs make up **2.4% of the total market capitalisation** of Bursa Malaysia and will allow investors the means to track and manage their exposure to the domestic real estate investment segment.
14. The Index is a market cap weighted index, with constituents' weighting capped at 10% to allow for a **fairer and proportionate representation** from all its constituents. It will be calculated in house, using the Exchange's system and capabilities which were developed and designed in consultation with the industry players, including the **Malaysian REIT Managers Association**.
15. In fact, I believe that the **Malaysian REIT Managers Association has played a crucial role** in bringing this REIT Index to fruition. I would therefore like to take this opportunity to **commend them for proposing this initiative** and for working closely with the Exchange to develop this REIT Index.

Ladies and Gentleman

16. REITs have grown in popularity mainly due to their **liquid exposure** to the property market and for their **diversification benefits**. They allow the astute investor to expand their asset allocation and also broaden their investment universe.
17. Unlike direct property ownership, a REIT offers daily price quotation, making it more transparent for this reason.
18. With such strong propositions, it is indeed **timely to introduce the first REIT Index in Malaysia**. This will only serve to further increase the profile and visibility of Malaysian REITs, especially the 18 of you that are already listed.

Ladies and Gentlemen

19. The Exchange provides a **conducive platform for listing of REITs** and we invite asset owners who have not done so to consider Bursa Malaysia for such listing.
20. I am confident the launch of the REIT Index will add to the **vibrancy and robustness** of the Malaysia capital market ecosystem.

21. On that note, I would like to offer my congratulations and say well done to everybody who had a hand in making this Index a reality.

Thank you.

Wabillahiitaufig Walhidayah Wassalamualaikum
Warahmatullahi Wabarakatuh
