



(Front, from left) Reit Association of Singapore (Reitas) president Chua Tiow Chye, SGX chief executive Magnus Bocker and Reitas chief executive Sonny Tan unveiling the association's logo yesterday. Mr Bocker said Reits are an attractive product for Asia's rising middle class. ST PHOTO: KEVIN LIM

## Crucial time for Reit industry: SGX chief

By MELISSA TAN

SINGAPORE is at a "critical juncture" in its race to become Asia's leading market for real estate investment trusts (Reits) and must stay ahead of the pack, the local bourse's chief has warned.

"We need to admit that both Australia and Japan are a little bit ahead of us, but there is no doubt that I regard us as far more international than the two," Mr Magnus Bocker, chief executive of the Singapore Exchange (SGX), said yesterday.

"We are a cross-border market and we need to continue to be an attractive such market."

Mr Bocker noted that about three-quarters of the Reits and

business trusts listed on the SGX hold property outside Singapore.

He was speaking at the official launch of the Reit Association of Singapore (Reitas), a Reit industry body, at the Suntec Convention & Exhibition Centre.

The association is in the midst of formulating its response to recent proposals by the Monetary Authority of Singapore aimed at strengthening the sector.

Mr Bocker told the audience of Reit managers, bankers and other industry players that Reit managers could tap Singapore's growing wealth management sector.

He estimated there is \$2.5 trillion to \$3 trillion worth of assets under management here.

Reits are a "very attractive product" for Asia's booming mid-

dle class, he said.

He added that "high standards of corporate governance" were one reason for the local Reit industry's success, and suggested that the SGX may push for even greater governance.

"Where we have been successful with governance, the expectation is that we need to continue on that road," he said.

Reitas president Chua Tiow Chye, who is also Mapletree's group chief investment officer, told the ceremony yesterday that the association has 42 members.

That includes 16 Reit managers who together manage more than 70 per cent of the Singapore Reit industry's total market value, he said.

There are 33 Reits in Singapore

with a total market capitalisation of about \$63 billion.

Mr Bocker noted that, including business trusts, there are about 40 Reits and trusts listed here with about \$77 billion in assets.

Business trusts are a more flexible instrument than Reits, which must invest only in property and distribute at least 90 per cent of their taxable income to get tax breaks.

Business trusts may hold any asset class and do not have restrictions on how much of their profits they must distribute to their unit holders.

Reitas' chief executive is Mr Sonny Tan, who is a former general manager at Fraser & Neave.

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