

Reit association ropes in 42 members



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Reitas CEO Sonny Tan, on smaller Reits' hesitation about joining the association

From front left: Reitas president Chua Tiow Chye, SGX CEO Magnus Bockler and Reitas CEO Sonny Tan unveiling the association's logo at the Suntec Convention & Exhibition Centre on Monday.

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Half of S-Reit managers are in; smaller Reits could be in wait-and-see mode while reviewing fees

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THE newly minted Reit Association of Singapore (Reitas) has rounded up 42 members. They include about half the 33 Singapore Reit (S-Reit) managers, who manage more than 70 per cent of the market capitalisation of Reits here. The figures came from association president Chua Tiow Chye at the official launch of the association on Monday. Mr Chua is also Mapletree Investments group chief investment officer.

The association had met potential members over coffee in the last couple of months to convince them to join it. It held its first forum for its members on Oct 14, two business days after a consultation paper was issued by the Monetary Authority of Singapore (MAS).

Reitas CEO Sonny Tan said: "We had some 70 representatives from the members attending the session, which lasted almost three hours. The overwhelming response was encouraging, and reflects the value members saw in the association. Someone joked that perhaps the MAS should issue more consultation papers on Reits so that we could have more of such get-togethers."

Mr Chua said that contrary to belief, Reitas was not set up after or because the consultation paper was released. "Rather, some time in mid-2012, under the auspices of the MAS and SGX (Singapore Exchange), some of us from the sponsors, Reit managers, trustees, investors, financial and legal advisory sectors were invited to sit on the S-Reit Working Group to brainstorm strategies to enhance the competitiveness and attractiveness of the S-Reit industry for all stakeholders.

"One of the group's recommendations was to form a Reit association to promote and to enhance the S-Reit business and its operating and regulatory environment. Hence, nine founding members came together in response to this call and officially registered Reitas in December 2013."

Mr Chua took pains to differentiate Reitas from the Real Estate Developers' Association of Singapore (Redas), which looks after the interests of local developers, as well as the Asia-Pacific Real Estate Association (Aprea), which represents a wide range of real estate players in the Asia-Pacific, including private funds.

"Some sceptics have asked why we need another association for the S-Reit industry when there are other similar organisations already existing. I would like to emphasise a few differences. We are a focused body strictly representing the S-Reit industry, not developers or private funds. . . (And our) one common dedicated aim is to address S-Reit issues, which are unique from those of developers' and private funds."

Reit managers such as those of Aims Amp Capital Industrial Reit, CDL Hospitality Trusts, OUE Hospitality Trust, Parkway Life Reit and Starhill Global Reit are among those who have not joined as members. A spokesman for OUE Hospitality Reit Management said that it was because it first needed to find out more about Reitas and the activities it runs for Reit managers and Reit investors.

A spokesman for Parkway Life Reit said: "The Reit is a member of Aprea and has been participating actively. . . via this platform. We are evaluating the possibility of joining Reitas."

CDL Hospitality Trusts and Starhill Global Reit both said that they were also mulling the decision.

Mr Tan told *The Business Times* that smaller Reits could be adopting a wait-and-see approach, as the fees – at up to S\$20,000 per annum – could be considered hefty; it is especially so when they are uncertain what the association can do for them. "They could just want to let the big boys in the association take care of their common interests. . . But what could happen is if all small Reits think this way, there could be inadequate representation of a voice to speak on their behalf, so some issues may not surface."

Reitas is targeting 80 per cent of the S-Reits, or 90 per cent of the total market capitalisation (of S\$63 billion) to become registered with it in the next six months. Besides Reit managers, membership is also open to, for example, practitioners from the trustee, legal and banking sectors, property consulting and accounting firms, and academia.

In his speech, Mr Chua said: "I strongly encourage all those who have not signed up to please do so, so that we have a strong voice to serve and represent you."