

OSK seeks more REIT deals

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PETALING JAYA: OSK Trustees Bhd hopes to get the mandate to act as trustees of four more real estate investment trusts (REITs) in the next 18 months, chief operating officer and executive director Ong Eu Jin said.

He said the company was talking to interested parties and was hopeful of being appointed trustee for these new projects. The company is currently the trustee for

Axis REIT and UOA REIT, among the three REITs listed on Bursa Malaysia.

Ong said in line with the growing demand for REITs and in view of some of the upcoming REITs projects, the company expected a higher revenue contribution from REITs, estimated at 10% this year.

In an interview with *StarBiz*, he said the strength of OSK Trustees lay in its team's practical experience and expertise.

"Choosing the right trustee company is critical. The company has practical experience in a complete cycle of the REIT industry, including the due diligence and vetting of documents at the pre-initial public offering (IPO) stage, the post-IPO acquisition of properties, preparation of annual reports, dividend payouts, deducting withholding tax, and the execution of tenancies and novations," he added.

OSK Trustees, he said, also had experience in handling different REIT structures, such as whole buildings like that in Axis REIT to units with strata titles like UOA REITs.

Ong said REITs offered various benefits to investors compared with other asset classes, adding that these included capital gains and recurring rental income.

"Fixed deposits and bonds with good ratings may have

lower risk and provide a fixed rate of return but do not present any opportunity for capital gain. REITs also provide a hedge against inflation because the value of real estate rises with inflation.

"But unlike investing directly in real estate, investments in a listed REIT are easily convertible into cash as they are traded in a stock exchange," he said.

Ong said the recent Budget proposals

pertaining to REITs were expected to spur the growth of the industry and make it a more appealing investment option.

Under Budget 2007, dividends received by local investors from listed REITs would be taxed at 15%, and at 20% for foreign institutional investors.

In addition, the undistributed income from REITs is exempted from tax provided that the REITs distribute at least 90% of their income.



Ong Eu Jin