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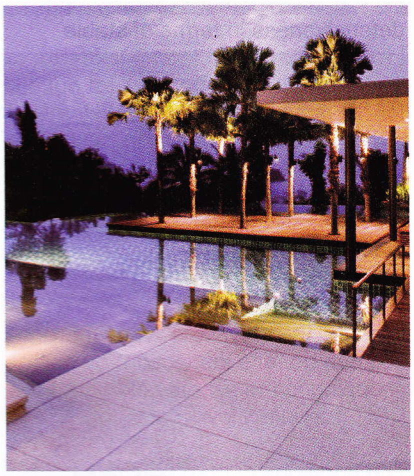
He also co-founded and launched REITMethod.com, an online educational course on Malaysia REIT, in May with KC Lau. RetireMethod.com is his latest project, to be launched in January 2013. It is a post retirement money management and scenarios modeling solution aimed at helping retirees take charge of their retirement finances. It is the first online programme of its kind ever in Malaysia.



The M-REIT Beauty Parade

M-REITs come in different flavours - each with its own unique characteristics and sensitivity to business conditions depending on the types of properties held under its portfolio.

Industrial-focused

The manufacturing sector is a crucial component in Malaysia's gross domestic product, second only to services. Therefore, there is almost always a consistent demand for industrial properties. This is what makes industrial-focused REIT relatively defensive.

Atrium belongs to this category and is focused on warehousing properties, which typically serve logistics businesses such as DHL.

Officially the first REIT listed in Bursa Malaysia, our local bourse, Axis REIT primarily consists of office and industrial assets. Axis property manager's capability in acquiring undervalued properties and enhancing properties with minimal expenses and optimum returns are well known.

Axis REIT is the epitome of excellent management being able to consistently increase its distribution to unit holders even during the 2008 financial crisis. It is also Shariah compliant, which means it is well-positioned to attract Middle East investors.

Healthcare

Al-'Aqar REIT is perhaps the most defensive REIT in Malaysia, consisting of KPJ specialist hospitals, an oversea retirement centre and even a nursing college. The hospitals are leased to KPJ Healthcare for 15 years, renewable for another 15 years with rental review every three years.

Occupancy is not an issue as healthcare is not correlated with business cycle. In the recent years, it has aggressively acquired properties both locally and overseas.

This has resulted in the increase of rental income contributed by new acquisitions of Rumah Sakit Medika Permata Hijau Indonesia, Rumah Sakit Bumi Serpong Damai Indonesia and Jeta Garden Age Care Facility and Retirement Village, Australia.

Pure play office

Pure play office REIT is generally one of the least defensive REIT classes due to oversupply of office spaces. Office market has been on a downtrend, with occupancy rates showing a staggering decline, especially those in Kuala Lumpur and Petaling Jaya.

The oversupply situation is exacerbated by mega projects such as the KL International Financial District, KL Metropolis and Warisan Merdeka.

This not only affects pure play office REIT but other REITs as well with exposure in office assets.

However, office rental yields for UOA REIT and Tower REIT are still above average, hovering around 7% plus.

Hospitality

Starhill REIT is the one and only pure play hospitality M-REIT. Its assets portfolio consists of hotels and service residences. It was initially a hybrid REIT until the management divested StarHill retail assets, namely Lot 10 and Starhill Gallery to Starhill Global (listed in SGX). It has been out of the limelight since then until it made an aggressive acquisition of three Australian properties - Sydney Harbour Marriott Hotel, Brisbane Marriott Hotel and Melbourne Marriott Hotel.

Being tied to foreign assets means it is exposed to foreign exchange risk and risk associated with the hospitality industry in the countries where its asset is located. Nonetheless, it is definitely one of the REITs to watch for going forward.

Plantation

When someone mentions about the first and only Islamic plantation REIT, that is Al-Hadharah Boustead for you. It owns 12 palm oil estates and three *mills throughout the country. The manager normally acquires the* assets and in this case, agricultural land plots. These will be leased back to the vendors for a three-year renewable tenancy.

In addition to the fixed rental, the fund practices performance-based profit sharing by tenants. The performance-based profit sharing will represent 50% of the net incremental income of the actual crude palm oil (CPO) production of the plantation assets for the financial year, times the excess of the weighted average CPO price realised during the financial year over the CPO reference price, less selling commission, capital expenditure not borne by the fund and other direct costs.

So, to a larger extent, rental income is impacted by CPO production.

Hybrid-focused

Hybrid M-REITS could be retail or office focused. Pavilion and Sunway REIT belong the the former while AMFirst and Quill Capita REIT belong to the latter. Offices and retail assets complement each other because strategically located office provides rental upside when the economy booms while malls inject the defensiveness factor. It is a good balance overall.

Sunway REIT is one of the largest REITs with focus on retail assets, besides hotels and offices - all under integrated development of its sponsor, SunCity. This has enabled Sunway REIT to grow organically without much effort by leveraging on the Sunway brand unlike other REITs that grow by making acquisitions. Its assets portfolio spans across four high growth locations in Bandar Sunway, Kuala Lumpur, Penang and Ipoh.

By virtue of its size, in addition to healthy liquidity, it continues to attract reputable domestic and foreign institutional investors. It has won multiple awards and accolades throughout the years.

Pavilion REIT prides itself in owning one of the iconic shopping centres in *the Kuala Lumpur city centre,* Pavilion Mall. Since its listing on December 2011, Pavilion REIT manager has not been idling; it has been conducting substantial AEI on Pavilion Mall to boast rental income. Asset acquisition plans are also in the works in the coming years, most notable being Fahrenheit 88 mall in Bukit Bintang.

Quill Capita and Amfirst share one similarity - more than half of their assets are commercial offices. The key difference between them is that AmFirst leased more than half of its offices to Ambank Group while Quill Capita has a diverse mix of multinational corporation tenants such as BMW, IBM, HSBC and Tesco.

Generally, hybrid REITs are good to be in one's portfolio, especially if you need diversification but are quite limited in capital as the REIT itself already benefits from being diversified with at least two or more asset classes.

Hybrid-diversified

Non-focused REIT such as AmanahRaya has very diversified assets under its portfolio. Recently, it has divested one of its assets, Wisma UEP to a government linked company due to non performance, resulting in loss of rental income. On top of that, another tenant, Silver Bird has been defaulting on its rentals for the first half of 2012 after being put under PN17 status.

The silver lining in this is quoting from Maybank Investment Bank Research – "the management aims to beef up asset quality by disposing less strategically-located properties and imposing stricter requirements *for future acquisitions". This is* positive for ARREIT as it will eventually change investors' perceptions on the trust's asset quality.

Pure play retail

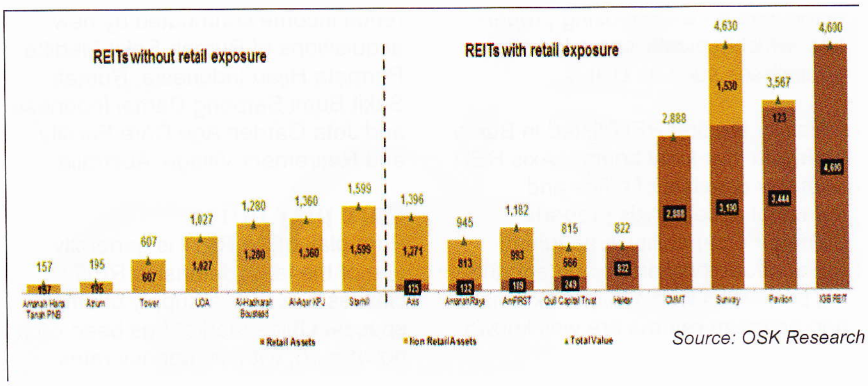
Pure play retail mall provides high defensiveness in terms of stable income distribution to unit holders. Therefore, it could be the best option for risk adverse investors looking for minimum annual returns in the range of 5% to 8% in yield. The reason being consumers still need to buy daily necessities and perhaps some entertainment like watching movies regardless of business cycle.

It is also the only REIT type where you can do "site inspection" by going shopping in the assets held under the REIT portfolio. How cool is that?

The portfolios of pure play retail M-REITs are diverse. For instance, Hektar REIT has a few suburban malls under its belt such as Subang Parade, Makhota Parade and Wetex Parade.

CapitaMalls Malaysia Trust owns Sungei Wang Plaza, Mines Shopping Centre, Gurney Plaza Penang and most recently acquired East Coast Mall Kuantan. IGB REIT, which just got listed on Bursa Malaysia, is reputed for its prime assets - Midvalley Megamall and Midvalley the Gardens.

Which REIT tickles your fancy now? M



Source: OSK Research