



Suruhanjaya Sekuriti  
Securities Commission

# GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS



# **GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS**

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# PART A GENERAL



## Chapter 1

### INTRODUCTION

#### 1.01 General

- (1) The *Securities Commission Act 1993* (SCA) provides that the Securities Commission (SC) is responsible for regulating all matters relating to unit trust schemes, which would include real estate investment trusts. Accordingly, the SC has drawn up the following *Guidelines on Real Estate Investment Trusts* (Guidelines) to govern the operation and administration of real estate investment trusts in Malaysia.
- (2) The Guidelines have been formulated with the objective of providing a regulatory framework that would protect the interests of the investing public and facilitate an orderly development of real estate investment trusts.
- (3) The Guidelines and the securities laws form the regulatory framework for real estate investment trusts in Malaysia, and thus shall be read together. All parties to the scheme are expected to be guided by the letter and spirit of the regulatory requirements contained within.
- (4) The requirements of the Guidelines are to be complied with by all parties concerned in real estate investment trusts with immediate effect. Where compliance is not immediately possible, an application for a transitional period of compliance shall be made to the SC within one month of the issue of the Guidelines.
- (5) The SC may, where it deems appropriate, allow any exemption or variation from the Guidelines based on the merits of each respective case. Where the SC allows any exemption/variation from these Guidelines, whether on a permanent basis or for a specified period, the relevant party/parties to the real estate investment trusts will not be absolved from any duty or liability under any other law.

- (6) The SC may–
- (a) approve proposals subject to such terms and conditions as it deems fit;
  - (b) approve proposals with such revisions and subject to such terms and conditions as it deems fit; or
  - (c) reject proposals.

If the approval of the SC is subject to conditions, the applicant and any other party involved in the proposals must ensure that the conditions are complied with. This includes compliance with the *Listing Requirements of Bursa Malaysia Securities Berhad*.

## **1.02 Compliance with and Enforcement of Guidelines**

- (1) The SC may take any action against persons who fail to comply with or observe any of the provisions in these guidelines, as are permitted under section 158 and relevant provisions of the SCA.
- (2) All enquiries regarding these Guidelines shall be addressed to:

**Pengerusi  
Suruhanjaya Sekuriti  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur  
Tel: 03-6204 8000  
Fax: 03-6201 5318**





## Chapter 2

### INTERPRETATION

#### 2.01 General

(1) In these guidelines, unless the context otherwise requires:

accounting records	include invoices, receipts, orders for payment of money, bills of exchange, cheques, promissory notes, vouchers and other documents of prime entry and also includes such working papers and other documents as are necessary to explain the methods and calculations by which accounts are made up.
accounts	mean a profit and loss account (or income and expenditure statement) and balance sheet (or statement of assets and liabilities) and include notes or statements (other than auditor's report or director's report) attached or intended to be read with the profit and loss account and balance sheet.
adviser	means a merchant bank, accountant, auditor, lawyer, universal broker, stockbroking company or such other person who provides advice to the applicant in relation to a proposal.
approved company auditor	has the same meaning as is assigned to the expression in the SCA.
associated person	means the person within the meaning of section 3 of the <i>Securities Industry Act 1983</i> .

audited total assets	mean the value of the fund's total assets based on the last audited values.
Bursa Malaysia	means Bursa Malaysia Berhad.
deed	has the same meaning as is assigned to that expression in the SCA.
financial statements	include a profit and loss account (or an income and expenditure statement), a balance sheet (or statement of assets and liabilities), a statement showing either all changes in equity, or changes in equity other than those arising from capital transactions with owners and distribution to owners, a cash flow statement and accounting policies and explanatory notes.
fund	means a real estate investment trust or a property trust fund.
fund manager	has the same meaning as is assigned to that expression in the <i>Securities Industry Act 1983</i> .
fund reports	mean the annual report and interim reports of the real estate investment trust.
Guidelines	means the <i>Guidelines on Real Estate Investment Trusts</i> .
Issues Guidelines	means the <i>Policies and Guidelines on Issue/Offer of Securities</i> .

independent member in relation to the board of directors of a management company of a real estate investment trust, refers to a person who is free of any relationship with the management company or the controlling or significant shareholder(s) of the management company that would otherwise interfere with the member's exercise of independent judgement. In any case, a period of six months must elapse before a person who was previously connected to the management company or controlling/significant shareholder(s) can be deemed to be independent. The following is a non-exhaustive list of persons that would not be considered as "independent members" :

- (a) Officer of the management company;
- (b) Officer of the trustee of the fund;
- (c) Officer of any body corporate or unincorporate that has power to appoint or make recommendations towards the appointment of the board of directors of the management company of the real estate investment trust;
- (d) Person related to an officer of the management company or trustee of the fund;

(e) Person representing or seen to be representing any body corporate or unincorporate with a controlling interest in the management company; or

(f) Person who, within six months prior to his appointment as independent member, has derived remuneration or benefit (other than retirement benefit) in any form whatsoever from the management company or any body corporate or unincorporate that has power to appoint or make recommendations towards the appointment of board of directors of the management company of the fund.

liabilities of the fund include all amounts payable by the fund, accrued expenses and taxes, and any appropriate provisions for contingencies.

licensed institution means any institution licensed or deemed to be licensed under the *Banking and Financial Institutions Act 1989*.

liquid assets mean cash; deposits with licensed institutions and/or other institutions licensed or approved to accept deposits; and any other instrument capable of being converted into cash within seven days as may be approved by the trustee.

management company has the same meaning as is assigned to that expression in the SCA.

NAV per unit	is the net asset value of the fund divided by the numbers of units in circulation at the valuation point.
net asset value (NAV) of the fund	is determined by deducting the value of all the fund's liabilities from the value of all the fund's assets at the valuation point.
non-real estate-related assets	mean listed shares issued by non-property companies.
property companies	mean companies whose core activities are in property and classified under the property sector of Bursa Malaysia.
prospectus	has the same meaning as is assigned to that expression in the SCA.
real estate investment trust	or "property trust fund" means an investment vehicle that invests or proposes to invest at least 50% of its total assets in real estate. An investment in real estate may be by way of direct ownership or a shareholding in a single-purpose company whose principal assets comprise real estate.
real estate	means physical land and those human-made items which are attached to the land.
real estate-related assets	include units of other real estate investment trusts, listed securities of and issued by property companies, listed or unlisted debt securities of and issued by property companies, and mortgage-backed securities.

record	includes any record stored or recorded by means of a computer.
related corporation	has the same meaning as is assigned to that expression in Division 3 of the SCA.
SC	means the Securities Commission established under the SCA.
SCA	means the <i>Securities Commission Act 1993</i> .
securities	has the same meaning as is assigned to that expression in the SCA.
securities laws	has the same meaning as is assigned to that expression in the SCA
single-purpose companies	mean unlisted companies whose principal assets comprise real estate.
total assets	means the value of the fund's total assets based on the latest valuation.
unit	has the same meaning as is assigned to that expression in the SCA.
unit trust fund	has the same meaning as the expression "unit trust scheme" in the SCA and shall include real estate investment trusts.

## **2.02 Calculation of Time Period**

- (1) Reference to the "days" in these Guidelines will be taken to mean calendar days unless otherwise stated. Furthermore, any time period stated in these Guidelines where no specific method for determining the time period is set out, the period shall start on the day after the day of the event.





## Chapter 3

### SUBMISSIONS TO THE SECURITIES COMMISSION

#### 3.01 Requirement to Obtain Approval from the SC

- (1) Applications for proposals requiring the approval of the SC include the following:
  - (a) Proposal for the establishment of a real estate investment trust including–
    - (i) for the issuance of new units of the fund;
    - (ii) for a company to act as management company for the fund; and
    - (iii) for a company to act as trustee of the fund.
  - (b) Proposal for the appointment of–
    - (i) director(s) of the management company;
    - (ii) chief executive officer of the management company;
    - (iii) member of an investment committee of the fund (if any); and
    - (iv) member of a Syariah committee/Syariah adviser of the fund;
  - (c) Proposal for the listing or quotation of units on a stock market of a stock exchange;
  - (d) Proposal for issuance of new units for an existing fund (for an acquisition of assets and/or securities);
  - (e) Proposal for acquisition of foreign real estates;

- (f) Proposal for an approval for the valuation of real estates (including real estates held by single-purpose companies) for–
  - (i) acquisition through issue of new units;
  - (ii) cash acquisition which exceeds 25% of the fund's audited total assets (on per transaction basis); and
  - (iii) revaluation purposes;
- (g) Proposal for exemption or variation from the Guidelines;
- (h) Proposal for the delegation of function of a management company to a person not licensed by the SC;
- (i) Proposal for an approval of a foreign market for investment (for real estate-related assets and non-real estate-related assets);
- (j) Proposal for the reconstruction, amalgamation or any change in the shareholding of the management company vis-à-vis the management company's eligibility to be a management company of a real estate investment trust; and
- (k) Proposal for an approval for notices issued or published before the registration of a prospectus.

### **3.02 Requirement to Register with the SC**

- (1) Submissions required to be made to the SC for registration include the following:
  - (a) Registration of trustee; and
  - (b) Registration of Syariah committee member/Syariah adviser.

### **3.03 Requirement for Registration/Lodgement/Delivery of Documents with the SC**

- (1) Submissions required to be made to the SC for registration, lodgement and/or delivery purposes include–
  - (a) registration and lodgement of deed and supplementary deed of the fund;
  - (b) registration and lodgement of prospectus and supplementary prospectus of the fund;
  - (c) lodgement of annual report of the fund and the management company;
  - (d) delivery of interim report of the fund;
  - (e) delivery of statistical and compliance returns;
  - (f) delivery of notices issued or published after the registration of a prospectus;
  - (g) deposit of information memorandum for excluded offers; and
  - (h) any other documents as may be prescribed by the SC, from time to time.

### **3.04 Requirement to Notify the SC**

- (1) The management company shall notify the SC of–
  - (a) the resignation of a director of the management company;
  - (b) the resignation of the chief executive officer of the management company;
  - (c) the resignation of an investment committee member (if any);

- (d) the resignation of the Syariah committee member/ Syariah adviser;
- (e) the resignation of the property manager and any delegates;
- (f) the acquisition of real estates where the SC's approval is not required; and
- (g) the disposal of real estates.

### **3.05 Submissions**

- (1) Submission made under sub-clause 3.01(1)(f) shall comply with the procedures for submission of valuation reports set out in Chapter 16.
- (2) Any submissions made to the SC under clauses 3.01, 3.02 and 3.03 shall comply with the procedures and formats of submission set out in Chapter 16.
- (3) Submissions to the SC under sub-clause 3.01(1) shall be addressed to:

**Pengerusi  
Suruhanjaya Sekuriti  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur**

- (4) Submissions/notifications to the SC under sub-clauses 3.02(1)(a), 3.03 and 3.04 above shall be addressed to:

**Ketua Jabatan  
Jabatan Tabung Amanah dan Pengurusan Pelaburan  
Bahagian Terbitan Sekuriti dan Pelaburan  
Suruhanjaya Sekuriti  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur**

- (5) Submissions of valuation reports to the SC for proposal under sub-clause 3.01(1)(f) shall be addressed to:

**Ketua Jabatan  
Jabatan Audit Nilai Aset  
Bahagian Terbitan Sekuriti dan Pelaburan  
Suruhanjaya Sekuriti  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur**

- (6) Submissions to the SC under sub-clause 3.02(1)(b) shall be addressed to:

**Ketua Jabatan  
Jabatan Pasaran Modal Islam  
Bahagian Dasar Pasaran dan Pembangunan  
Suruhanjaya Sekuriti  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur**



**PART B**  
**PARTIES TO REAL ESTATE INVESTMENT TRUST**



## **Chapter 4**

### **THE MANAGEMENT COMPANY**

#### **4.01 Fund to Be Managed by a Management Company**

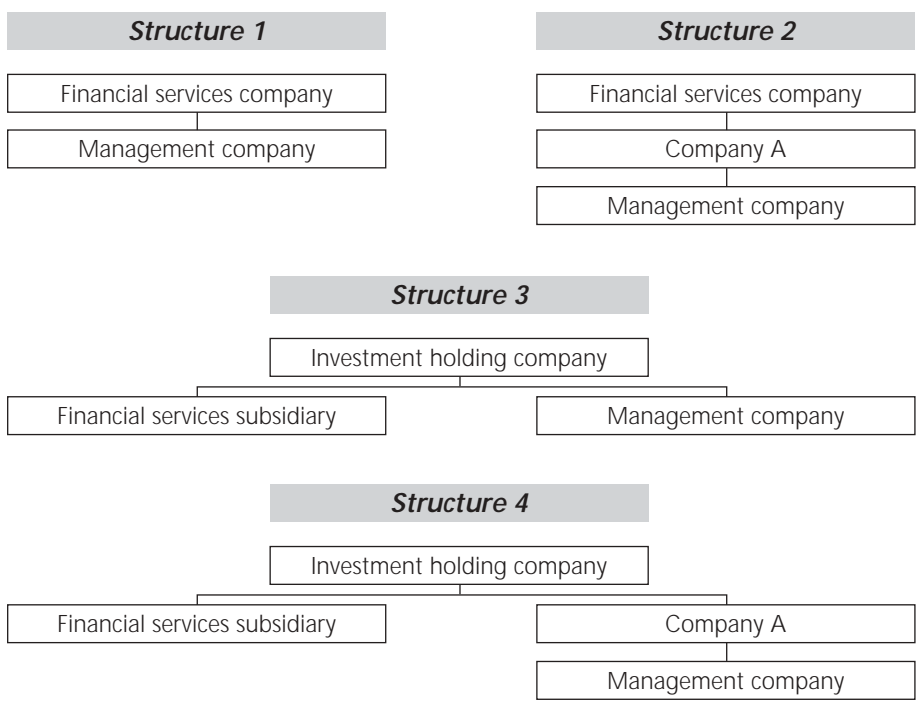
- (1) A real estate investment trust must be managed and administered by a management company approved by the SC under the SCA.
- (2) The SC may, at any time, by reason of a breach of a term or condition subject to which the approval was granted or a breach of the SCA or any securities laws, revoke the approval of the management company.

#### **4.02 Eligibility of a Management Company**

- (1) The management company–
  - (a) (except where the management company is licensed by the SC) must be a subsidiary of–
    - (i) a company involved in the financial services industry in Malaysia;
    - (ii) a property-development company;
    - (iii) a property-investment holding company; or
    - (iv) any other institution which the SC may permit;
  - (b) must have Bumiputera equity which must not be less than 30% on an effective basis; and
  - (c) (where there is foreign equity participation) must not have foreign equity exceeding 49% on an effective basis.

**Acceptable Group Structure**

- (2) A management company is a subsidiary of a company involved in the financial services industry under clause 4.02(1)(a)(i) above where–
  - (a) the direct holding company is involved in the financial services industry (see Structure 1);
  - (b) the direct holding company (Company A) is the subsidiary of a financial services company (see Structure 2);
  - (c) the direct holding company is an investment holding company which has other subsidiaries that are involved in the financial services industry (see Structure 3); or
  - (d) the direct holding company is the subsidiary of an investment holding company which has other subsidiaries that are involved in the financial services industry (see Structure 4).



### ***Business of a Management Company***

- (3) Unless otherwise approved by the SC, the management company may only be engaged in, or be set up to engage in–
  - (a) the business of managing investment portfolio and administering unit trust funds;
  - (b) the business of marketing and distributing unit trust funds subject to (where applicable) compliance with the requirements set out under the *Guidelines for Registration of Institutional Agents for the Marketing and Distribution of Unit Trusts*;
  - (c) the business of providing investment advisory services; and
  - (d) (where the management company is a universal broker) the activities allowed for a universal broker under the *Guidelines for a Universal Broker*.
  
- (4) The management company must have adequate resources, including financial and human resources, to carry on business as a management company. In this regard, the management company–
  - (a) must have minimum shareholders' funds of RM1 million at all times;
  - (b) must have adequate human resources with the necessary qualification, expertise and experience to carry on business as a management company; and
  - (c) must have adequate and appropriate systems, procedures and processes to undertake the business in a proper and efficient manner.

### 4.03 The Holding Company

- (1) In relation to sub-clause 4.02(1)(a)(i), the holding company is deemed to be involved in the financial services industry where the holding company or its subsidiaries are substantially involved in the business/activities, including, but not be limited to–
  - (a) deposit-taking and provision of loans (including commercial/retail banking and finance company activities);
  - (b) fund management;
  - (c) merchant banking activities;
  - (d) broking and dealing in securities; and
  - (e) insurance activities.

#### **Note**

For all intents and purposes, the term “subsidiary” has the same meaning as is assigned to that expression in section 5 of the *Companies Act 1965*.

- (2) Prior specific approval shall be obtained from the relevant regulatory authority concerned, with respect to the suitability of the holding company to enter the real estate investment trust industry.

- (3) Where the holding company (both at the immediate holding level and at the next level, where applicable) is a fund manager licensed under the *Securities Industry Act 1983* and acts as the external fund manager for a fund managed by another management company that is not its subsidiary, the company–
- (a) shall have the necessary procedures to minimise any possible conflicts of interest and the interests of the unit holders of the fund that it manages must prevail;

**Note**

A possible measure that may be taken is to appoint separate designated persons for the investment management of the funds under the management of different management companies.

- (b) shall ensure that such procedures and any measures taken by the fund manager to minimise any potential conflict of interests are adequately disclosed in the prospectuses and/or reports of–
- (i) the funds in which it is appointed as external fund manager; and
- (ii) the funds of its subsidiary management company.

**4.04 Reconstruction, Amalgamation and Change in Shareholding**

- (1) Any scheme of reconstruction or amalgamation in which the management company is a party or any change in the shareholding of the management company shall be approved by the SC vis-à-vis the management company's continuing eligibility to be a management company of a real estate investment trust.

#### **4.05 Shareholders, Directors and Key Personnel**

- (1) The shareholders, directors and key personnel of the management company must be persons of integrity and accountability. Furthermore, the shareholders, directors and key personnel must act honestly and diligently in the discharge of their duties.

##### ***Shareholders and Directors***

- (2) The shareholders and directors of the management company must–
  - (a) be of good repute and character; and
  - (b) possess the necessary qualifications, experience and expertise (for directors), to perform their duties and responsibilities in a fit and proper manner.
- (3) With respect to independent directors, they must possess the necessary qualifications, expertise and/or experience in any relevant fields, including fund/investment management, real estate management, property investment, risk management, legal, accounting, finance or economics.
- (4) In particular, the shareholders and directors of the management company must not have been involved in any unethical/inappropriate practice or activity which would be in conflict with their position as fiduciaries. Among others, a shareholder and director could be subject to a disqualification in any of the following events:
  - (a) A petition under bankruptcy laws has been filed against him (for individuals), or any winding-up petition pending or threatened against it (for body corporate);

- (b) A criminal proceeding under which he has been convicted for fraud or dishonesty or any other offences punishable with imprisonment of one year or more (for individuals), or any offence (for body corporate) anywhere in the world;
  - (c) Any inquiry/investigation carried out by any governmental/statutory authority or body against him/it, in which an adverse finding was found; or
  - (d) Any unethical practices and activities which would render him unfit to be a director of a public company (for directors only).
- (5) The appointment of a director to the board of directors of the management company must be approved by the SC. The application for approval must also be accompanied with the basis for recommendation and a resolution of the board of directors including details of dissenting opinions (if any).

**Note**

- (i) The management company must ensure that before the application is submitted for the consideration of the SC, the management company has assessed the abilities of the candidate to carry out the duties and responsibilities required of a director.
  - (ii) In the case of the establishment of a new management company, it is the responsibility of the holding company and/or promoter and its board of directors to assess the abilities of the candidate.
- (6) The management company shall notify the SC of any resignation of a director, other than under sub-clause 4.05(7) within two weeks of the resignation.

- (7) Where a director becomes subject to any disqualification or otherwise becomes unfit to hold office, the management company shall ensure that the director vacates the position immediately. The management company must inform the SC of the disqualification and vacation of the post forthwith.
- (8) The composition of the board of directors of the management company shall comprise at least two independent members, while maintaining a minimum ratio of at least one-third independent members at all times. The independent directors of the management company shall, in addition to their duties and responsibilities as directors, represent and safeguard the interests of unit holders.
- (9) A director of the management company shall not hold office as–
  - (a) a director of more than one management company at any one time; and
  - (b) a member of the investment committee of real estate investment trusts managed and administered by another management company.

***Key Personnel***

- (10) The key personnel of the management company shall possess the necessary qualifications (particularly in real estate management or related disciplines), expertise and experience in real estate management and investment as well as the overall capability to ensure the effective management and administration of the real estate investment trusts.

### ***Chief Executive Officer***

- (11) The chief executive officer of the management company shall be a full-time officer, and should not have been involved in any unethical/inappropriate practice. Among others, a chief executive officer shall be subject to a disqualification in any of the following events:
- (a) A petition under bankruptcy laws has been filed against him or he has been declared a bankrupt;
  - (b) A criminal proceeding in which he was convicted for fraud, dishonesty or any other offence punishable with imprisonment of one year or more, anywhere in the world;
  - (c) Any inquiry/investigation carried out by any governmental/statutory authority or body against him, in which an adverse finding was found; or
  - (d) Any unethical practices and activities which would render him unfit to be a principal officer of a public company.
- (12) The appointment of the chief executive officer of a management company must be approved by the SC. The application for approval must also be accompanied with the basis for the recommendation and a resolution of the board of directors, including details of dissenting opinions (if any).

### ***Note***

- (i) The management company must ensure that before the application is submitted for the consideration of the SC, the management company has assessed the abilities of the candidate to carry out the duties and responsibilities required of a chief executive officer.

- (ii) In the case of the establishment of a new management company, it is the responsibility of the holding company and/or promoter and its board of directors to assess the abilities of the candidate.
- (13) The management company shall notify the SC of any resignation of the chief executive officer, other than under sub-clause 4.05(14), within two weeks of the resignation.
- (14) Where the chief executive officer becomes subject to any disqualification or becomes otherwise unfit to hold office, the management company shall ensure that the chief executive officer vacates the position immediately. The management company must inform the SC of the disqualification and vacation of the post forthwith.

***Designated Person Responsible for the Investment Management Function of the Fund***

- (15) The management company shall ensure that there is a designated person with the necessary experience and expertise in real estate investment/management to be responsible for the investment management of the fund in real estate at all times.
- (16) The management company shall also ensure that there is a designated person responsible for the investment management function of the fund in real estate-related assets and non-real estate-related assets at all times, and that person must be a licensed person under the *Securities Industry Act 1983* and/or *Futures Industry Act 1993*, whichever is applicable.

#### **4.06 Roles, Powers and Duties of Management Company**

##### ***General***

- (1) It is the principal duty of the management company to manage and administer the fund in a proper, diligent and efficient manner, in accordance with—
  - (a) the deed of the fund;
  - (b) these Guidelines and securities laws; and
  - (c) acceptable and efficacious business practices within the real estate investment trust industry.
- (2) The management company shall observe high standards of integrity and fair dealing in managing the fund to the best and exclusive interest of the unit holders.
- (3) The management company shall act with due care, skill and diligence in managing the fund, and effectively employ the resources and procedures necessary for the proper performance of the fund.
- (4) The management company shall take all necessary steps to ensure that the assets of the fund are adequately protected and properly segregated.
- (5) The management company shall account to the trustee for any loss suffered by the fund as a result of the management company's failure to exercise the degree of care and diligence required in managing the fund.
- (6) The management company shall not take on, lease or otherwise acquire, except for the purposes of operating real estate investment trusts and those entered into in the ordinary course of business, any immovable property or any interest therein.

### ***Valuation and Pricing for Unlisted Fund***

- (7) The duty of the management company includes taking all reasonable steps and exercising due diligence to ensure that the fund or the units of the fund are correctly valued or priced, in line with the provisions of Chapter 11 and Schedule C of these Guidelines.
- (8) Notwithstanding sub-clause 4.06(7) above, the duty of the management company includes taking any immediate remedial action to rectify any incorrect valuation or pricing of the fund or the units of the fund. Where the breach relates to the incorrect pricing of units, rectification must extend to the reimbursement of money–
  - (a) by the management company to the fund, and/or to the unit holders and/or to the former unit holders; or
  - (b) by the fund to the management company.
- (9) Notwithstanding sub-clause 4.06(8) above, rectification need not, unless the trustee otherwise directs, extend to any reimbursement where it appears to the trustee that the incorrect pricing is of minimal significance.

### ***Transactions***

- (10) The management company must not act or conduct transactions in any manner that would result in unnecessary cost or risk to the fund.
- (11) Unless otherwise approved by the SC, the management company shall not conduct transactions, directly or indirectly, with any party which has its own system of inviting investment in the fund.

### ***Dealings in Investments of the Fund***

- (12) The management company must inform the trustee in writing of any acquisition or disposal of investments of the fund within one day after the acquisition or disposal was effected.
- (13) Where the trustee is of the opinion that a particular acquisition or disposal by the management company or any delegate thereof exceeds the powers conferred on it, or is otherwise contrary to the interests of the unit holders, the trustee shall convey such opinion to the management company who must, at its own expense, cancel the transaction or make a corresponding acquisition or disposal to secure restoration of the previous position.
- (14) Where the trustee is of the opinion that–
  - (a) an acquisition by the management company necessarily involves documents of title or documents evidencing title being kept in the custody of a person other than the trustee; and
  - (b) the trustee cannot reasonably be expected to accept the responsibility which would otherwise be placed on it as a delegator,the trustee may require the management company to cancel the transaction or make a corresponding disposal.
- (15) The management company shall not act as principal in the sale and purchase of real estates, securities or any other assets to and from the fund.

### ***Maintenance of Records***

- (16) The management company must maintain proper accounting records and other records as are necessary–
  - (a) to enable a complete and accurate view to be formed of the fund; and
  - (b) to comply with the deed of the fund, these Guidelines and securities laws.
- (17) The management company shall prepare and present, or cause to be prepared and presented, the financial statements of the management company in accordance with approved accounting standards, the deed, these Guidelines and securities laws.

### ***Provision of Information***

- (18) The management company shall lodge with the SC the following documents:
  - (a) Annual report of the fund; and
  - (b) Annual report of the management company.
- (19) Where a unit holder requests for a copy of the annual report of the management company, the management company shall send to the unit holder the document requested within two months after the request is received and upon payment of a reasonable sum as may be determined by the management company.
- (20) The management company shall deliver to the SC any statements, documents, books and other particulars as may be required by the SC from time to time.
- (21) The lodgment of documents under sub-clause 4.06(18) and the delivery of documents under sub-clause 4.06(20) must be made in accordance with the procedures specified under Chapter 16 of these Guidelines.





## Chapter 5

### THE TRUSTEE

#### 5.01 Appointment of Trustee

- (1) A real estate investment trust shall have a trustee approved by the SC under the SCA.
- (2) The SC may, at any time, by reason of a breach of a term or condition subject to which the approval was granted or a breach of the SCA or securities laws, revoke the approval of the trustee.

#### 5.02 Eligibility of Trustee

- (1) The trustee must be–
  - (a) a trust company registered under the *Trust Companies Act 1949* or incorporated pursuant to the *Public Trust Corporation Act 1995*; and
  - (b) registered with the SC.
- (2) Unless otherwise approved by the SC, the trustee shall not be–
  - (a) a shareholder who beneficially holds shares in the management company;
  - (b) a person beneficially entitled to moneys owed by the management company to it; or
  - (c) a related corporation of sub-clauses 5.02(2)(a) and 5.02(2)(b) or the management company.
- (3) The trustee must be independent of the fund. The trustee shall not, on its own behalf, at any time acquire or hold units of the fund or any interests in the fund.

- (4) The trustee must have adequate resources, including financial and human resources, to carry on business of a trustee. In this regard, the trustee–
  - (a) must have a minimum issued and paid-up capital of not less than RM500,000;
  - (b) must have adequate human resources with the necessary qualifications, experience and expertise (among others, in compliance with legal and regulatory requirements); and
  - (c) must have adequate and appropriate systems, procedures and processes, to carry out its duties and responsibilities in a proper and efficient manner.

### **5.03 Roles, Powers and Duties of Trustee**

#### ***General***

- (1) The role of the trustee is to act as the custodian of the assets of the fund and to safeguard the interests of the unit holders. The trustee shall actively monitor the administration of the fund by the management company to ensure that the interests of unit holders are upheld at all times.
- (2) The trustee shall act with due care, skill, diligence and vigilance and act in accordance with the deed of the fund, the Guidelines and securities laws in carrying out its duties and responsibilities.
- (3) The trustee must take into its custody, or under its control (in the event of delegation of custody), the investments of the fund and hold the investments in trust for the unit holders. The investments shall be registered in the name of the trustee for and on behalf of the unit holders of the fund, or to the order of, the fund.

- (4) The trustee must at all times, through proper and adequate supervision, ensure that the fund is managed and administered by the management company in accordance with–
- (a) the objectives of the fund;
  - (b) the deed of the fund;
  - (c) these Guidelines and securities laws; and
  - (d) acceptable and efficacious business practices within the real estate investment trust industry.

In ensuring compliance with the requirements and safeguarding the interests of the unit holders, the trustee shall conduct independent reviews and not only depend on the submission of information by the management company. It shall exercise reasonable diligence in monitoring the functions of the management company in accordance with the provisions of the deed and do everything in its power to ensure that the management company remedies any breach known to the trustee of the provisions or covenants of the deed, unless the trustee is satisfied that the breach will not materially prejudice the unit holders' interests.

- (5) The trustee must ensure that it is fully informed of the details of the management company's policies on investments, borrowings and changes made thereto. If the trustee is of the opinion that the policies are not in the interests of the unit holders, it shall, after having considered any representations made by the management company in respect of that opinion, instruct the management company to take appropriate action as the trustee deems fit and/or summon a unit holders' meeting for the purpose of giving such instructions to the trustee as the meeting thinks proper.

- (6) The trustee must immediately notify the SC of any irregularity, breach of the deed, the Guidelines or securities laws and any other matter properly regarded by the trustee as not being in the interests of the unit holders.

### ***Dealing in Units***

- (7) The trustee must take all steps to effect any instructions properly given by the management company under Chapter 9 of these Guidelines.
- (8) The trustee shall ensure that the systems, procedures and processes employed by the management company to value and/or price the fund or the units of the fund are adequate, and that such valuation/pricing is carried out in accordance with the deed, these Guidelines and securities laws.
- (9) The trustee shall ensure that the sale, repurchase, creation and cancellation of units of the fund are carried out in accordance with the deed, these Guidelines and securities laws.

### ***Provision of Information***

- (10) The trustee must submit or make available–
  - (a) any statements, books, records and other information relating to the fund and the business of the trustee (where appropriate and/or reasonable); and
  - (b) such periodical returns, as may be required by the SC from time to time.

### ***Dealings in Investments of the Fund***

- (11) The trustee must take all necessary steps to effect any instructions properly given by the management company as to the acquisition or disposal of, or the exercise of the rights attaching to, the assets of the fund.

### ***Maintenance of Records***

- (12) The trustee must maintain and ensure that the management company maintains proper accounting records and other records as are necessary–
  - (a) to enable a complete and accurate view of the fund; and
  - (b) to ensure that the fund is managed and administered in compliance with the deed of the fund, the Guidelines and securities laws.
- (13) The trustee may not act as principal in the sale and purchase of real estates, securities and assets to and from the fund. Notwithstanding, this does not prohibit the trustee from acting as such in a fiduciary capacity on behalf of another person.
- (14) Where the real estate acquired is occupied partly or wholly by related parties, the trustee shall ensure that the terms and conditions of the tenancy agreements shall be reasonable under the then prevailing market conditions. In determining rental rates for related tenants, the trustee shall be guided by the recommendation of at least one independent valuer appointed by the trustee.
- (15) All acquisitions and disposals of real estate and single-purpose companies shall have the prior approval of the trustee. The trustee shall ensure that acquisition(s) shall not be made of real estates which are speculative in nature or those which would not yield a reasonable return.







## **Chapter 6**

### **OTHER OPERATIONAL MATTERS**

#### **6.01 Roles, Powers and Duties of the Management Company and Trustee**

- (1) The management company and the trustee must safeguard the interests of the unit holders.
- (2) The management company and trustee must fulfil the duties and responsibilities imposed on them by the deed of the fund, these Guidelines and the securities laws.
- (3) The duties and responsibilities of the management company and trustee imposed on them by the deed of the fund and these Guidelines are in addition to, and not in derogation from, the duties which are otherwise imposed on them by law.

#### **6.02 Delegation of Function**

- (1) The management company may delegate any function to any person. Any delegation of its function must be approved by the SC, except for the delegation of investment management function to fund managers licensed by the SC. Where the delegation of function involves an existing fund, prior approval of the trustee is required.
- (2) The trustee may delegate to any person the function of custody of the investments of the fund. Where the function is delegated, the trustee must ensure that it retains control of the assets of the fund at all times. Additionally, before delegating this function, the trustee must ensure that there are adequate arrangements to prevent the delegate from releasing the custody or control of the assets of the fund without the prior consent of the trustee.

- (3) The management company and the trustee must be able to demonstrate that the delegate is and remains competent to undertake the function concerned. In this regard, the management company and the trustee must possess a sufficiently detailed knowledge of the delegate to be able to fulfil its duties and responsibilities in a proper and efficient manner. The management company and trustee shall ensure that adequate procedures are in place to monitor the conduct of the delegate and to ensure that the delegated function is performed in a proper and efficient manner. In addition, the management company and the trustee (as the case may be) shall ensure that there are adequate controls in place to ensure compliance with the deed of the fund, these Guidelines and securities laws.
- (4) The management company or the trustee (as the case may be) must take responsibility for the actions and omissions of any delegate, in respect of the delegated function as though they were its own actions and omissions. In no way shall the use of any delegate diminish the duties and responsibilities of the management company and/or trustee (whichever is applicable), or otherwise diminish the responsibility of safeguarding the interests of the unit holders.
- (5) The remunerations of any delegate of the management company must not be charged to the fund.

***Delegation of Function of the Management Company***

- (6) Any delegate appointed by the management company (with the approval of the trustee), must be suitable and satisfy the following:
  - (a) It is duly licensed or authorised by a relevant authority, where applicable;
  - (b) It has adequate financial resources;

- (c) It has adequate and appropriate human resources with the necessary qualification, expertise and experience to carry out the delegated function;
  - (d) It has adequate systems, procedures and processes to manage the delegated functions (including on compliance and internal controls); and
  - (e) It has an adequate track record in the performance of the particular delegated function.
- (7) Pursuant to sub-clause 6.02(6)(e), where the management company delegates its investment management function to an external manager or external investment adviser (whether foreign or otherwise), the management company must ensure that the designated person responsible for the investment management of the fund (or part thereof) at the delegate has a minimum track record of not fewer than three years in the investment management of the funds. In addition, the management company must ensure that–
- (a) (where a domestic fund manager or domestic investment adviser is appointed), the delegate has an adequate track record in the investment management of funds; and
  - (b) (where a foreign fund manager or foreign investment adviser is appointed) the delegate has a minimum track record of not fewer than three years in the investment management of funds.
- (8) In any application for the appointment of a delegate, a copy of the agreement between the management company and the delegate shall be submitted to the SC. Among others, the agreement shall contain provisions in relation to–
- (a) the services to be provided;

- (b) the fees, remuneration and other charges of the delegate;
  - (c) any restrictions or prohibitions regarding the performance of the functions to be delegated; and
  - (d) reporting requirements, including the line of reporting between the delegate and the management company and the means of evaluating the performance of the delegate.
- (9) Where the company is appointing a foreign fund manager or foreign investment adviser, the agreement between the delegate and the management company must include the following provisions, in addition to the requirements set out in sub-clause 6.02(8) above:
- (a) Adequate training arrangements between the foreign fund manager or foreign investment adviser and the management company; and
  - (b) Powers of examination and/or inspection by the management company and/or the trustee and/or the SC to ensure that the foreign fund manager or foreign investment adviser is in compliance with the applicable requirements of these Guidelines.
- (10) An officer of the fund manager or investment adviser external to the management company (whether foreign or otherwise) shall not hold office as member of the investment committee of any fund for which the fund manager or investment adviser is appointed to manage or advise on.

***Delegation of Custodial Functions of the Fund's Investment***

- (11) The trustee must ensure that the delegate is suitable, including that–
- (a) it is duly licensed or authorised by a relevant authority, where applicable;
  - (b) it has adequate financial resources;
  - (c) it has an adequate track record in the performance of the custodian function; and
  - (d) it has adequate and appropriate human resources, systems, procedures and processes to undertake the function to be delegated (including on compliance with applicable requirements, and policies and procedures on internal controls).
- (12) In any appointment of a delegate to undertake the custodial functions of the trustee in relation to a fund, the agreement between the delegate and the trustee must, among others, contain clear provisions in relation to–
- (a) the services to be provided;
  - (b) the fees, remuneration and other charges of the delegate;
  - (c) any restrictions or prohibitions regarding the performance of the functions to be delegated; and
  - (d) reporting requirements, including the line of reporting between the delegate and the trustee, and methods of evaluating the performance of the delegate.

### **6.03 Appointment of Property Manager**

- (1) Real estates of the fund shall be managed by a property manager duly appointed by the management company and approved by the trustee. All fees charged for the services provided by the property manager shall be reasonable and shall not exceed the scale of fees as prescribed in the *Valuers, Appraisers and Estate Agents Act 1981* (Act 242) and its rules.
- (2) The property manager appointed to manage real estates held by the fund shall possess adequate human resources with the necessary qualifications, expertise and experience in real estate management.

### **6.04 Conflict of Interest**

- (1) The management company and/or the trustee and any delegate thereof shall avoid conflicts of interest arising, or if conflicts arise, shall ensure that the fund is not disadvantaged by the transaction concerned.
- (2) Any transaction carried out on behalf of the fund shall be executed on terms which are the best available for the fund and which are no less favourable to the fund than an arm's length transaction between independent parties. In addition, any event or transaction in which a conflict of interest arises or could arise shall be adequately disclosed in the prospectus and/or reports of the fund.
- (3) Cash or other liquid assets of the fund may only be placed in any current or deposit account with any party related\* to the management company or the trustee or any delegate thereof if–
  - (a) the party is a licensed institution or other institution licensed or approved to accept deposits; and

- (b) the terms of the deposit are the best available for the fund and which are no less favourable to the fund than an arm's length transaction between independent parties.

(\* In this context, related refers to a relationship where there is one common shareholders and/or directors in both entities.)

- (4) The management company may not act as principal in the sale and purchase of real estates, securities and any assets to and from the fund. Acting as principal includes a reference to–
  - (a) dealing in or entering into a transaction on behalf of a person associated with the management company;
  - (b) acting on behalf of a corporation in which the management company has a controlling interest; or
  - (c) the management company acting on behalf of a corporation in which the management company's interest and the interests of its directors together constitute a controlling interest.
- (5) The management company shall not, without the prior approval of the trustee, invest any moneys available under the deed in any securities, real estates and assets in which the management company or any officer of the management company has a financial interest or from which the management company or any officer of the management company derives a benefit.
- (6) The management company shall not make improper use of its position in managing the fund to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interests of unit holders of such fund.

- (7) The appointment or renewal of appointment of any delegate related to the management company must–
  - (a) be made on terms which are the best available for the fund and which are no less favourable to the fund than an arm's length transaction between independent parties; and
  - (b) be approved by the independent directors of the management company.

***Rebates and Soft Commissions***

- (8) Any rebates or commissions arising from directing dealings in the investments of the fund must be directed to the account of the fund concerned.
- (9) Notwithstanding the above, goods and services ("soft commissions") from any broker may be retained by the management company or any delegate thereof, where soft commissions are of demonstrable benefit to the unit holders and dealings are executed on terms which are best available for the fund ("best-execution" basis).
- (10) The intention to, and practice of, retaining soft commissions must be adequately disclosed in the prospectus and reports of the fund and in the case of the latter, shall include a description of the goods and services received.

**PART C**  
**STRUCTURE, INVESTMENT POWERS**  
**AND RESTRICTIONS**



## **Chapter 7**

### **OFFERINGS OF UNITS IN REAL ESTATE INVESTMENT TRUST**

#### **7.01 Size of a Real Estate Investment Trust**

- (1) The initial minimum size of a real estate investment trust shall be RM100 million. For subsequent funds launched and managed, the minimum size of the fund shall be RM25 million.
- (2) The prior approvals of the trustee and the SC are required for any subsequent issuance/offering of new units of the fund.

#### **7.02 Methods of Offering Units**

- (1) A real estate investment trust may issue/offer units by any of the following methods:
  - (a) An offer for sale;
  - (b) A restricted offer for sale;
  - (c) An offer for subscription;
  - (d) A restricted offer for subscription;
  - (e) A placement;
  - (f) A rights issue;
  - (g) A bonus issue;
  - (h) A consideration issue for subscription; or
  - (i) Such other methods as may be accepted by the SC.

### **7.03 Placement of Units**

- (1) All placements of units by a listed fund must be carried out through a placement agent (a merchant bank or a stockbroking company).
- (2) The units may be placed with persons other than parties connected to the placement agent.
- (3) On completion of the placement exercise, the principal adviser or placement agent, where applicable, must submit a final list of the places and a confirmation to the SC that the placement complies with sub-clauses 7.03(1) and 7.03(2) above.

### **7.04 Rights Issue of Units**

- (1) Underwriting arrangements must be in place before the offering of units is made to existing unit holders, other than those units for which certain unit holders have given written irrevocable undertakings to subscribe. Underwriting and/or undertakings to subscribe by the unit holders are allowed to be arranged on a minimum level of subscription basis.
- (2) The minimum level of subscription shall be determined by the management company, based on factors such as the funding objectives of the fund.
- (3) In the event that certain unit holders wish to irrevocably undertake to subscribe to the units offered under the rights issue, they must confirm to the SC that they have sufficient resources to take up the units. The confirmation must be verified by an acceptable independent party, preferably the principal adviser making the application to the SC for the rights issue.

- (4) The minimum level of subscription and the basis for determining the minimum level of subscription must be disclosed in–
  - (a) the submission to the SC;
  - (b) the circular to unit holders; and
  - (c) the prospectus issued in conjunction with the rights issue.
- (5) Where underwriting is arranged for the units offered under the rights issue, the principal adviser making the application to the SC must be part of the syndicate of underwriters. The full list of underwriters, together with their respective commitments, must be submitted by the principal adviser to the SC for its records. The SC shall be immediately informed if there are any subsequent changes.

#### **7.05 Units Issued to Finance Acquisitions**

- (1) If a real estate investment trust wishes to issue units to finance an acquisition of real estate and single-purpose companies, the fund must use the valuation/purchase consideration figure specified by the SC in the acquisition, if applicable. The specified valuation/purchase consideration figure may arise from a direct assessment of the valuation by the SC, or from a second-opinion valuation sought by the SC. If the specified valuation/purchase consideration figure is lower than the submitted valuation/purchase consideration figure, the fund must not make up the difference by way of internally generated borrowings.
- (2) Sub-clause 7.05(1) above applies to both transactions financed by the direct issuance of units to the vendor of the real estate and single-purpose companies, as well as acquisitions financed by the proceeds from the issuance of the units.

- (3) The principal adviser must comment on the reasonableness of the purchase consideration for acquisition in the submission to the SC.





## Chapter 8

### PUBLIC OFFERINGS AND LISTINGS ON BURSA MALAYSIA

#### 8.01 Offering of Units as Part of a Listing Scheme

- (1) The method of offering shall take into consideration the funding needs of the real estate investment trust seeking listing, the opportunity for the general public to participate in the offering and the shareholding spread requirements to be complied with by the fund.
- (2) A real estate investment trust is required, as part of its listing scheme, to undertake an offering of units to the general public.
- (3) The SC has the discretion not to allow or to vary any particular method of offering/method of listing chosen by the fund if it is of the view that the method in question is not in the interest of the public.
- (4) Placement of existing and new units which are intended to be undertaken as part of a listing scheme shall comply with the requirements of Chapter 7 of these guidelines.
- (5) Any expenses incurred relating to an offer for sale of units shall be borne by the offeror.
- (6) Where units are issued/offered to related parties as part of the listing scheme, the price of the units issued/offered shall be set at least at the offer price to the general public.

#### 8.02 Listing on the Stock Exchange

- (1) A real estate investment trust seeking a listed status must make reference to the minimum listing requirements stipulated in the prevalent *Listing Requirements of Bursa Malaysia Securities Berhad*.

- (2) A real estate investment trust proposed to be listed shall be required to comply with the relevant shareholding spread requirements stipulated in the prevalent *Listing Requirements of Bursa Malaysia Securities Berhad*.

### **8.03 Underwriting**

- (1) Underwriting arrangements must be in place before the offering of units is made (for offerings to the general public and restricted issues/offers). Underwriting may be arranged on a minimum level of subscription basis.
- (2) The minimum level of subscription shall be determined by the management company. Examples of factors that could determine the minimum level of subscription are as follows:
  - (a) The level of funding needed by the fund; and
  - (b) The extent of the shareholding spread required by the fund.
- (3) The minimum level of subscription must be disclosed in the submission to the SC and in the prospectus issued in conjunction with the initial public offering, together with the basis for determining the minimum level of subscription.
- (4) The principal adviser submitting the initial public offering proposal to the SC must be a part of the syndicate of underwriters underwriting the units offered under the initial public offering. The full list of underwriters, together with their respective commitments, must be submitted by the principal adviser to the SC for its records, and the SC shall be informed immediately should there be any subsequent changes.





## **Chapter 9**

### **PRICING AND DEALINGS**

#### **9.01 Pricing Formula**

- (1) The management company, where applicable, shall not issue or sell units other than at a price calculated in accordance with the deed.
- (2) The formula to adopt in pricing the units shall be stated in the deed of the fund and shall be such that an exact price can be arrived at. The price calculated is not negotiable and shall not include management charges and other fees, which are required to be separately specified in the deed and prospectus. Nevertheless, all prospectuses and representations shall, when referring to the sale or issue prices, include both the price and all fees and charges. Thus, the representations of returns shall, as far as possible, be based on the total sale price (i.e. the price plus all fees and charges).

#### **Pricing for Listed Real Estate Investment Trust**

#### **9.02 Pricing of Units**

- (1) The management company have the discretion in the pricing of all units issued, except where units are issued to related parties.
- (2) The SC, however, expects management company to price the fund's units based on market-based principles and at a level which is in the best interest of the fund and its unit holders.

## **Pricing and Dealing for Unlisted Real Estate Investment Trust**

### **9.03 Sale of Units**

- (1) The management company must agree to sell units at the selling price for units upon the proper request of an investor, unless the management company has reasonable grounds not to do so.
- (2) The selling price for units shall be based on the net asset value per unit of the fund as at the next valuation point after the request for units is received by the management company ("forward pricing").
- (3) The selling price shall be rounded to at least four decimal places and must be consistently applied. Rounding shall be carried out only after sales charge (if any) has been factored into the selling price.

### **9.04 Repurchase of Units**

- (1) The management company must repurchase units at the repurchase price for units upon the proper request of a unit holder.
- (2) The repurchase price for units shall be based on the net asset value per unit of the fund as at the next valuation point after the request for repurchase is received by the management company ("forward pricing").
- (3) The management company shall pay the proceeds of the repurchase of units to the unitholder as follows, although a period as short as possible is encouraged—
  - (a) for an unlisted fund, the maximum period shall be 30 days from the date of receipt of the repurchase request; and
  - (b) for a listed fund where the quotation of units is suspended, the maximum period shall be 90 days from the date of receipt of the repurchase request.

- (4) Notwithstanding sub-clause 9.04(3), the management company may opt for either of the following:
- (a) The management company may temporarily repurchase units out of its own funds on the date of receipt of the repurchase request by the unit holder. In such a situation, the unit holder shall be paid the repurchase proceeds by the management company within 14 days from the date the repurchase request is received. These repurchased units shall, within 30 days from the date of receipt of the repurchase request, be—
    - (i) sold to a buyer/buyers; or
    - (ii) surrendered to the trustee for cancellation and reimbursement out of the fund. The trustee shall, within 30 days of the management company making the cancellation request, reimburse the management company at the price as determined by the deed. In temporarily holding these units, the management company may be entitled to a return on capital in the event of the winding-up of the trust, and distribution of income rights provided that the income distribution is based on unit days of participation;
  - (b) The management company may find a buyer/buyers for the units to be repurchased at a price which shall at least be based on the calculation specified in the deed within the repurchase compliance period; or
  - (c) The trustee is to be requested to redeem the units out of the fund's assets within the repurchase compliance period.

- (5) Subject to the approval of the SC, an exemption from sub-clause 9.04(1) may be granted to a listed fund in the following circumstances:
  - (a) During the period from the date of the first prospectus to the date of the granting of the official quotation on the stock exchange for the units in issue; and
  - (b) Where the quotation of units is suspended for a period of up to 90 market days.

#### **9.05 Suspension of Repurchase of Units**

- (1) Where the management company requests the trustee to cancel units to satisfy a repurchase request, and the trustee considers that it is not in the interests of the existing unit holders to permit the investments of the fund to be sold or that the investments cannot be liquidated at an appropriate price or on adequate terms, the trustee shall suspend the repurchase of units in the fund and immediately call for a unit holders' meeting to decide on the next course of action.
- (2) The suspension of the repurchase of units in the fund under clause 9.05(1) shall only be carried out where the interests of the unit holders or potential unit holders would be materially affected if the repurchase of units was not suspended.
- (3) Other than the situation described in sub-clause 9.05(1) the trustee may suspend the repurchase of units in the fund under exceptional circumstances, where there is good and sufficient reason to do so having regard to the interests of the unit holders or potential investors. In such a case, the period of the suspension must not exceed 21 days unless the consent of the unit holders is obtained.

- (4) The trustee must immediately notify the SC in writing if the repurchase of units in the scheme is suspended, whether under sub-clause 9.05(1) or sub-clause 9.05(3), stating the reasons for the suspension.
- (5) The trustee must not cancel units during the period in which the repurchase of units is suspended.
- (6) Before resuming the repurchase of units in the fund after any suspension, the management company must notify the SC in writing of the proposed resumption and the date of the proposed resumption.

#### **9.06 Holding of Units by Management Company**

- (1) The management company is allowed to temporarily hold "promoter" initial units of not more than 1,000 units and these units shall be disposed of immediately when the fund is launched.

#### **9.07 Issues to Vendors ("Vendor Units")**

- (1) Whether in the case of initial issue of units of a fund or in the case of existing funds, vendor units may only be offered to the vendors of authorised investments at a price as determined by the management company and approved by the trustee, where the issue is made in consideration for the purchase of the authorised investment, and provided the following conditions are satisfied:
  - (a) In the case of existing funds, the terms and conditions of the acquisition are approved by an ordinary resolution of unit holders;
  - (b) Neither the management company nor the person to whom the units are to be issued or any associated person to that person votes in relation to the above resolution;

- (c) The acquisition is approved by the SC, notwithstanding that the approved limit of the fund has not been breached after the proposed issue of vendor units;
- (d) In the case of an unlisted fund, the vendor units are not to be repurchased for at least one year; and
- (e) Disclosure is made in the prospectus and statement of accounts sent to the unit holders of an unlisted fund in respect of–
  - (i) the number of vendor units issued and not yet repurchased; and
  - (ii) the number of vendor units which may be required to be repurchased in the current and forthcoming years.





## Chapter 10

### INVESTMENTS OF A REAL ESTATE INVESTMENT TRUST

#### 10.01 Authorised Investments

- (1) A real estate investment trust may invest in any of the following:
  - (a) Real estate;
  - (b) Single-purpose companies;
  - (c) Real estate-related assets;
  - (d) Liquid assets;
  - (e) Non-real estate-related assets; and
  - (f) Asset-backed securities.

#### 10.02 Investment Focus

- (1) A listed real estate investment trust must comply with the following requirements:
  - (a) At least 75% of the listed fund's total assets shall be invested in real estate, single-purpose companies, real estate-related assets or liquid assets;
  - (b) At least 50% of the listed fund's total assets must be invested in real estate or single-purpose companies; and
  - (c) The remaining 25% of the listed fund's total assets may be invested in other assets (i.e. real estate-related assets, non-real estate-related assets or asset-backed securities).

- (2) An unlisted real estate investment trust must comply with the following requirements:
  - (a) At least 70% of the unlisted fund's total assets shall be invested in real estate, single-purpose companies, or real estate-related assets;
  - (b) At least 50% of the unlisted fund's total assets must be invested in real estate or single-purpose companies;
  - (c) At least 20% of the unlisted fund's total assets must be invested in liquid assets at all times; and
  - (d) The remaining 10% of the unlisted fund's total assets may be invested in other assets (i.e. real estate-related assets, non-real estate-related assets or asset-backed securities).

### **10.03 Investments in Real Estate**

#### ***Acquisition of Real Estate***

- (1) Acquisition of a real estate must include the ownership of all rights, interests and benefits related to the ownership of the real estate.
- (2) Unless otherwise approved by the SC, the real estate proposed to be acquired by the fund shall be specifically identified and has a good track record and/or good prospects of future net rental income of reasonable levels. They shall be chosen from those which have been shown by studies to be competitive and located within good catchment areas.
- (3) A fund may acquire buildings which are not fully tenanted. Strong justifications must be provided and the SC must be satisfied of the following:

- (a) There is good potential to secure tenants;
  - (b) Any costs to be incurred to enhance the appeal of the building, such as the costs of the refurbishment, would not materially affect the yield to the unit holders of the fund; and
  - (c) The acquisition would be able to yield a reasonable return within a reasonable period of time.
- (4) The real estate proposed to be acquired shall be wholly acquired. However, where this is not possible, the fund shall at least acquire a major portion of the real estate and must be able to exercise all rights and interests over the real estate without any hindrance whatsoever.
- (5) Where a leasehold property is acquired, the management company must ensure that–
- (a) the consent of the relevant authority to transfer the lease has been obtained before the fund's prospectus is registered with the SC (or where it is an excluded offer, the information memorandum is deposited with the SC), or prior to the acquisition of the leasehold property (in the case of an existing fund); and
  - (b) the lease must be a registered lease.
- (6) Unless otherwise approved by the SC, all real estates shall be free from all encumbrances at the time of acquisition, *except* for charges entered by financial institutions, trustees and management company in relation to the loan facilities extended.
- (7) The real estates acquired shall also be insured for their full replacement value, including loss of rental, where appropriate, with insurance companies approved by the trustee.

- (8) A listed real estate investment trust may enter into an arrangement or agreement at any stage in the development of a real estate, to purchase the real estate upon its completion, where the real estate is viewed as a viable investment, provided the following criteria are satisfied:
- (a) The returns from the fund's existing investments shall be sufficient to ensure that there is no substantial dilution to the fund's earnings per unit during the construction period;
  - (b) The purchase agreement is made subject to the completion of the building with proper cover for construction risks. The fund shall be able to withdraw from the agreement if the transaction is no longer in the interests of unit holders, for example if the construction of the building cannot be completed;
  - (c) The development/construction of the real estate must be carried out on terms which are the best available for the fund and which are no less favourable to the fund than an arm's length transaction between independent parties; and
  - (d) The prospects for the real estate upon completion can be reasonably expected to be favourable.

***Acquisition of Foreign Real Estates***

- (9) An existing listed fund may acquire real estate located outside Malaysia where the real estate is viewed as a viable investment, subject to the specific approval of the SC and other relevant authorities.

- (10) The management company must ensure that the country where the proposed foreign real estate is located has satisfactory provisions relating to–
- (a) the disciplining of participants for conduct inconsistent with just and equitable principles in the transaction of business, or for a contravention of or a failure to comply with the rules of the market;
  - (b) the adequacy of market information;
  - (c) the general carrying on of business of the market with due regard to the interests of the public; and
  - (d) the arrangements for the unimpeded transmission of income and capital from the foreign country to the fund.
- (11) Notwithstanding sub-clause 10.07(1)(b) but subject to the following, a listed fund which has acquired or owns foreign real estates in its portfolio may participate in forward sales or purchases of any currency or money including Malaysian ringgit or any foreign-exchange contracts of whatsoever nature subject to compliance with the *Exchange Control Act 1953*.
- (12) A listed fund's participation in such forward contracts is subject to the following conditions:
- (a) Participation in forward contracts must be for hedging purposes for a specific real estate and a specific cash flow; and
  - (b) Participation in forward contracts must be for risk-management purposes and limited to the fund's existing exposure.

### ***Acquisition of Single-purpose Companies***

- (13) Where it is more beneficial for the fund to acquire the equity of a single-purpose company that owns real estate, instead of the real estate itself, the following must be satisfied:
- (a) The company shall be wholly acquired by the fund. However, where this is not possible, the fund shall at least acquire a major shareholding of the company to enable it to exercise an effective control over the company;
  - (b) The company must wholly-own the real estate;
  - (c) It must be demonstrated that the fund is able to exercise all rights and interests over the real estate without any hindrance whatsoever;
  - (d) Unless committed under sub-clause 10.03(6), the fund shall not assume any liabilities of the company that it proposes to acquire;
  - (e) The valuation of the acquiree company must be backed by the value of the real estate;
  - (f) There are valid commercial reasons for acquiring the company instead of the real estate; and
  - (g) The acquisition is in the best interests of the unit holders.

### ***Acquisition Price***

- (14) No real estate shall be acquired by the fund at a price higher than the value assessed in a valuation report given to the trustee, where the date of valuation must not be more than six months before the date of the proposal, provided that since the last valuation date, no circumstances have arisen to materially affect the valuation and that, where applicable, the valuation has not been revised by the SC.

### **10.04 Disposal of Real Estates**

- (1) No real estate (including those held by single-purpose companies) will be disposed of without the consent of the trustee and without first obtaining a valuation by an independent qualified valuer.
- (2) Where a valuation has been conducted in respect of the real estates belonging to the fund, a prompt announcement must be made as soon as possible from the valuation date to the unit holders of the fund prior to the disposal exercise which shall include, among others, the proposed disposal value, the value of the real estate as assessed by the independent qualified valuer, and whether the trustee's consent has been obtained. A copy of the valuation report must also be made available at the management company's office for a period of three months.

### ***Disposal Price***

- (3) A real estate shall not be disposed of at a price lower than 90% of the value assessed in a valuation report given to the trustee, where the date of the valuation must not be more than six months before the date of the disposal, provided that since the last valuation date, no circumstances have arisen to materially affect the valuation.

- (4) Notwithstanding the generality of clause 10.04, the trustee shall ensure that, except on the termination of the fund, any sale or disposal of assets exceeding 50% of the total assets of the fund shall be subject to the prior approval of the unit holders in a general meeting held specifically for that purpose. At the meeting held to determine the sale or disposal, any person who may directly or indirectly benefit from the sale or disposal of the property (in a capacity other than as a unit holder of the fund) and its associated persons shall not vote on the resolution.

#### **10.05 Acquisitions and Disposals of Real Estates Between Related Parties**

- (1) No real estate shall be acquired from, or disposed of, to a related corporation or associated person of the management company unless the following criteria are satisfied:
- (a) A valuation has been undertaken on the real estate by an independent qualified valuer and a valuation report is given to the trustee, where the date of valuation must not be more than six months before the date of the proposed acquisition or disposal provided that, since the last valuation date, no circumstances have arisen to materially affect the valuation and that, where applicable, the valuation has not been revised by the SC;
  - (b) The real estate is transacted at a price as assessed below:
    - (i) In the case of acquisitions, not more than the value assessed in a valuation report as (a) above; and
    - (ii) In the case of disposals, not less than 90% of the value assessed in a valuation report as (a) above; and
  - (c) The consent of the trustee has been obtained.

- (2) In addition to the above, an announcement must be made by the management company to the unit holders of the fund prior to the acquisition or disposal exercise giving full details of, among others, the following:
- (a) The proposed transaction;
  - (b) The value of the real estate as assessed by an independent qualified valuer;
  - (c) Whether the consent of the trustee and the SC, where applicable, has been obtained; and
  - (d) The acquisition or disposal price.

Where the transaction is conditional upon the approval of unit holders (as provided in sub-clause 10.05(3) herein), the unit holders' approval shall be sought prior to completion of the transaction.

- (3) The trustee shall ensure that the prior approval of the unit holders of the fund must be obtained at a general meeting held specifically for that purpose, in the following circumstances:
- (a) Where a real estate is to be acquired or disposed of at a price other than that specified in sub-clause 10.05(1)(b) above; and
  - (b) In the case of disposals which exceed 5% of the fund's total assets (on a per-transaction basis).

At the meeting held to determine the transaction, the management company and its related corporations and associated persons shall not vote on the resolution.

## **10.06 Investments in Real Estate-related Assets and Non-real estate-related Assets**

### ***Investment Limits and Restrictions***

- (1) The fund's investments in real estate-related assets and non-real estate-related assets will be made subject to the following:
  - (a) Spread of investments:
    - (i) The value of the fund's holding of the securities of, and the securities relating to, any single issuer must not exceed 5% of the fund's total assets; and
    - (ii) The value of the fund's holding of the securities of, and the securities relating to, any group of companies must not exceed 10% of the fund's total assets;
  - (b) Concentration of investments:
    - (i) The fund's holding of any class of security of any single issuer must not exceed 10% of the security issued.
- (2) In determining compliance with any limit or restriction, the holding of an investment and/or other instrument by the fund may exclude any entitlement accruing on the investment and/or instrument held. Notwithstanding, the entitlement shall not be exercised if the exercise results in the breach of any limit or restriction under this part.

- (3) The limits and restrictions in this clause must be complied with at all times based on the most up-to-date value of the fund and value of its investments and instruments (where available). Notwithstanding, in calculating the fund's total assets for the purposes of investments in asset classes permitted under sub-clause 10.06(1), the usage of the last audited values of the fund's investments in real estate and single-purpose companies is acceptable (unless there are other interim values available on the real estate).
- (4) However, a 5% allowance in excess of any limit or restriction may be permitted where the limit or restriction is breached through the change in value of the fund's investments/instruments (whether resulting from depreciation in the value of the fund or the appreciation of the value of investment instruments).
- (5) The management company shall not make any further acquisitions to which the relevant limit is breached, and the management company shall, within reasonable period of not more than three months from the date of the breach, take all necessary steps and actions to rectify the breach.

### ***Investments in Foreign Markets***

- (6) Subject to this clause, the investment of the fund in real estate-related assets and non-real estate-related assets may consist of foreign investments traded in or under the rules of a foreign market approved by the SC.
- (7) The management company must ensure that the proposed foreign market for investment by the fund has satisfactory provisions relating to–
  - (a) the regulation of the foreign market;
  - (b) conditions under which securities may be listed or traded in or under the rules of the market;
  - (c) dealing in securities by participants in the market;

- (d) clearing, registration and settlement of securities transactions in the market;
  - (e) disciplining of participants for conduct inconsistent with just and equitable principles in the transaction of business, or for a contravention of or a failure to comply with the rules of the market;
  - (f) corporate governance in the market;
  - (g) adequacy of market information;
  - (h) the general carrying on of business of the market with due regard to the interests of the public; and
  - (i) arrangements for the unimpeded transmission of income and capital from the foreign market to the fund.
- (8) The investments of the fund may also consist of liquid assets of a foreign currency if the holding of the liquid assets is ancillary to the fund's investment in foreign markets.

#### **10.07 Restrictions of Activities**

- (1) The fund shall not at any time be involved in the following activities:
- (a) Extension of loans or any other credit facilities;
  - (b) Subject to sub-clause 10.03(11) forward purchases or forward sales of any currency or money including Malaysian ringgit or any foreign-exchange contracts of whatsoever nature; and
  - (c) Property development, except for transactions falling within sub-clause 10.03(8).

## **10.08 Trust Borrowings**

### ***Borrowing Limits***

- (1) Borrowings may be used for the acquisition of real estate and single-purpose companies (for listed and unlisted funds) and redemption purposes (for unlisted funds). Where borrowings are used for redemption purposes, the borrowings shall be repaid within six months from the date the borrowings are incurred.
- (2) Unless otherwise approved by the trustee and the SC, the total borrowings of the fund shall not exceed 35% of the total asset value of the fund at the time the borrowings are incurred.

### ***Pledging of Assets***

- (3) Subject to sub-clause 10.08(4), the management company may, with the consent of the trustee, pledge the assets of the fund to secure borrowings up to the level of borrowings permitted in sub-clause 10.08(2) herein. The fund shall not pledge the assets of the fund beyond the permitted level unless the prior specific approval of the trustee and the SC has been obtained.
- (4) The trustee shall ensure that trust borrowings and pledging of the assets of the fund are not prejudicial to the interests of unit holders of the fund.







## Chapter 11

### VALUATION

#### 11.01 Valuation of Real Estate

- (1) All valuations of real estate carried out pursuant to this chapter shall strictly comply with the *Guidelines on Asset Valuation* issued by the SC.
- (2) Subject to clause 11.04, a valuation must be conducted on all real estates (including those held by single-purpose companies) to be acquired or disposed by the fund.
- (3) The following are circumstances where the valuation of the real estates must (including those held by single-purpose companies) be approved by the SC:
  - (a) Acquisitions of real estates through issue of new units;
  - (b) Cash acquisitions of real estates which exceed 25% of the value of the fund's audited total assets on a per-transaction basis; and
  - (c) Revaluation of real estates.
- 4) The SC reserves the right to seek a second opinion on the valuation of the real estate. In the event that the SC seeks a second opinion, the valuer for the second opinion shall be appointed by the SC.
- (5) For acquisitions of real estates, any financial arrangement entered into six months prior to the signing of the sale and purchase agreement may be disregarded by the SC in the assessment of the value of the real estate.

## 11.02 Revaluation of Real Estate

- (1) Subject to sub-clause 11.01(3)(c) and clause 11.04, the trustee, shall cause a revaluation of any parcel of real estate directly held by the fund, or indirectly via the holding of the equity of a single-purpose company, to be carried out in the following manner:
  - (a) for listed funds, at least once in every three years from the last valuation date; and
  - (b) for unlisted funds, at least once in every 18 months from the last valuation date;

with additional revaluation in the interim period where the trustee, on its own accord and where it deems fit, require the conduct of a valuation of the real estates belonging to the fund; or on the recommendation of the management company; or if the auditor is of the view that the carrying values of the revalued real estate differ materially from the market value.

- (2) Such revaluation must be approved by the SC before being incorporated into the accounts of the fund. Notwithstanding, this does not preclude provisioning in accounts of the fund for diminution in value of real estates as may be recommended by auditors in compliance with approved accounting standards.
- (3) Where the SC has revised the valuation, the management company shall incorporate the valuation specified by the SC into the fund's accounts.
- (4) Where the revaluation surplus is to be utilised for the issuance of bonus units, only up to 90% of such revaluation surplus may be capitalised into bonus units.

### **11.03 Valuation of Real Estate-related Assets and Non-real estate-related Assets**

- (1) For the purpose of determining the fund's net asset value, the valuation of the assets and liabilities of the fund's investments in real estate-related assets and non-real estate-related assets (where applicable) shall be based upon a process which is consistently applied, and which leads to valuations that are objective and independently verifiable.
- (2) The frequency of valuation are as follows:
  - (a) For listed real estate investment trust:
    - (i) The valuation of a listed fund's investments in real estate-related assets and non-real estate-related assets must be carried out on a weekly basis; and
    - (ii) The listed fund shall additionally announce its net asset value to Bursa Malaysia on a weekly basis;
  - (b) For unlisted real estate investment trust:
    - (i) The valuation of the assets and liabilities of an unlisted fund's investments in real estate-related assets and non-real estate-related assets must be carried out at least once each business day. The management company may carry out more valuations than once a day where it considers the valuation desirable;
    - (ii) Whether or not there are more valuations than once a day, a valuation must be carried out at the time of the close of business of Bursa Malaysia; and
    - (iii) The permitted valuation bases for investments are set out in Schedule C of these Guidelines.

#### **11.04 Appointment of Valuer**

- (1) All valuations of real estates must be conducted by an independent qualified valuer duly appointed by the trustee, who meets the requirements stipulated under the *Guidelines on Asset Valuation*.
- (2) In addition to the above, the trustee may, at any time and on its own accord, appoint a valuer to conduct a valuation of the real estates belonging to the fund.
- (3) The valuation of foreign real estate must be undertaken by an independent qualified valuer registered with the Board of Valuers, Appraisers and Estate Agents, Malaysia. The services of a joint valuer, recognised in the country where the real estate is located, may also be employed, where necessary.

#### **11.05 Submission of Valuation Report**

- (1) A valuation report must be submitted to the SC and trustee under circumstances as stipulated under sub-clause 11.01(3).
- (2) A valuation report must also be submitted to the trustee as required under sub-clauses 10.03(14) and 10.04(3).
- (3) For the purposes of submissions to the SC, no more than two consecutive valuations of any particular real estate may be carried out by the same approved valuer or by any other valuer from that approved valuer's firm or company.





## Chapter 12

### FEES AND EXPENSES OF A REAL ESTATE INVESTMENT TRUST

#### 12.01 Remuneration of Trustee and Management Company

- (1) The deed shall set out the formula to calculate the fees, which may be expressed as the maximum fees, payable to the trustee and the management company.
- (2) The acceptable formula for calculation of fees shall be based on the fund's net asset value including the management fee and trustee fee on the relevant day.
- (3) The trustee shall, in safeguarding the interests of the unit holders in relation to the fees and other remuneration received by the management company, consider whether the fees payable to the management company in respect of the fund are reasonable having regard to the nature, quality and extent of the services performed by the management company, including and with reference to:
  - (a) the amount of such fees in relation to the size and the composition of the portfolio of the fund;
  - (b) the success of the management company in meeting the investment objectives of the fund; and
  - (c) the performance of the fund including the income of the fund, and the maintenance or appreciation of the capital.

If the trustee forms the opinion at any time that these fees are unreasonable, having regard to the interests of the unit holders, then the trustee shall take such necessary actions, which may include convening a meeting of unit holders, to ensure that the fees are commensurate with the services rendered.

## 12.02 Fund Expenses

- (1) Only the expenses (or part thereof) that are directly related and necessary to the business of the fund may be charged to the fund. This would include the following:
  - (a) the maintenance of fund's real estates;
  - (b) the taxes and other duties charged on the fund by the Government and other authorities;
  - (c) the fees and other expenses properly incurred by the auditor appointed for the fund;
  - (d) the fees for the valuation of any investment of the fund by independent valuers for the benefit of the fund;
  - (e) the costs incurred for the modification of the deed of the fund other than those for the benefit of the management company; and
  - (f) the costs incurred for the meeting of the unit holders of the fund other than those convened by, or for the benefit of, the management company.
- (2) In particular, expenses associated with the management and administration of the fund, such as general overheads and costs for services expected to be provided by the management company, must not be charged to the fund. However, expenses related to the issue of the prospectus of the fund may be charged to the fund if the selling price for units does not include any sales charge. In this regard, it must be disclosed in the prospectus of the fund.
- (3) All expenses charged to the fund shall be disclosed in the deed and prospectus of the fund.

- (4) The trustee must ensure that the quantum of expenses charged to the fund is not excessive or beyond the standard commercial rates. In the event of any uncertainty as to an expense, the trustee should exercise its discretion carefully and appropriately in determining the legitimacy of the expense and whether or not to allow the expense (or the quantum of the expense) to be charged to the fund.







## Chapter 13

### REPORTING AND AUDIT

#### 13.01 Reporting Requirements

- (1) The management company must publish at least two fund reports in respect of each financial year of the fund. The purpose of the fund reports is to provide all necessary information to enable unit holders to evaluate performance of the fund during the financial period in question.
- (2) The annual report of a fund must be published and distributed to the unit holders within two months of the fund's financial year-end. Three printed copies of the report shall be lodged with the SC within two months after the end of the fund's financial year.
- (3) The interim report of a fund shall be distributed to the unit holders within two months of the end of the period it covers. Three printed copies of the report shall be delivered to the SC within two months after the end of the period it covers.

#### **Note**

The requirements of sub-clause 13.01(3) shall not apply to a fund that is newly launched, whereby the interim period to be covered by the report is fewer than four months.

- (4) Financial statements in the annual report of the fund must be audited by an auditor appointed under sub-clause 13.02(2).
- (5) The management company shall prepare and present, or cause to be prepared and presented, the financial statements of the fund in accordance with approved accounting standards, the deed, these Guidelines and securities laws.

- (6) The trustee must prepare a report to the unit holders, to be included in the annual report of the fund, stating whether, in the trustee's opinion, the management company has managed the fund in the period under review–
- (a) within the limitations imposed on the investment powers of the management company and the trustee under the deed, these Guidelines, the SCA and other applicable laws;
  - (b) that the valuation/pricing is carried out in accordance with the deed and any regulatory requirement (where applicable); and
  - (c) that creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement (where applicable).

Where, in the trustee's opinion, the management company has not done so, the trustee shall highlight the appropriate details and the steps taken to address the shortcomings.

- (7) The minimum information to be included in the annual report of the fund is stipulated under Schedule D of these Guidelines.
- (8) The annual report of the management company shall be lodged with the SC within six months after the financial year-end of the management company. Where a unit holder requests for a copy of the annual report of the management company, the management company shall send to the unit holder the document requested within two months after the request is received and upon payment of a reasonable sum as may be determined by the management company.

### **13.02 Audit**

- (1) The financial statements of the fund must be audited annually by an auditor appointed under sub-clause 13.02(2). The audited financial statements must be included in the annual report of the fund.
- (2) The trustee must appoint an approved company auditor for the fund. The auditor appointed must be independent of the management company and the trustee.
- (3) The trustee may, from time to time, if it deems appropriate, remove the auditor of the fund and appoint another in its place. In addition, the unit holders holding not less than two-thirds of the units in circulation may request the trustee to replace the auditor with another.







## **Chapter 14**

### **MEETINGS**

#### **14.01 Modifications etc.**

- (1) Any modification to the deed of the fund must be made in accordance with the provisions of the deed and the SCA.
- (2) In addition to sub-clause 14.01(1) above, any material change to the investment objectives set out for the fund must be approved by the unit holders of the fund by way of a resolution of not less than two-thirds of all the unit holders voting at a unit holders' meeting duly convened and held in accordance with the deed of the fund.
- (3) The management company or the trustee may not exercise the voting rights in respect of any shares forming the holdings of the fund at any election for the appointment of any director of a corporation whose shares are so held, unless the exercise of the voting rights at the next general meeting of the corporation is authorised by the unit holders of the fund by way of a resolution of the majority of all the unit holders voting at a unit holders' meeting summoned for that purpose in the manner provided for in the deed.

#### **14.02 Meeting of Unit Holders**

- (1) The deed of the fund shall stipulate specific provisions relating to the convening of unit holders' meetings.
- (2) The management company may not exercise the voting rights in respect of the units it or its nominees hold in any unit holders' meeting, regardless of the party who requested for the meeting and the matter or matters that are laid before the meeting.
- (3) Any party related to the management company may not exercise the voting rights in respect of the units it holds in any unit holders' meeting.







## **Chapter 15**

### **MISCELLANEOUS**

#### **15.01 Distribution of Returns**

- (1) In any announcement on the distribution of returns, the distribution of the income on the units shall, in addition to any other expression, be expressed in sen per unit. Distributions shall be made within two months after the fund's book closure.

#### **15.02 Information for Unit Holders**

- (1) The management company and the trustee must make available (without charge) at their principal place of business the following documents:
  - (a) The deed and the supplementary deed of the fund (if any);
  - (b) The current prospectus and the supplementary prospectus of the fund (if any);
  - (c) The latest annual report and the interim reports of the fund (if any);
  - (d) Each material contract or document referred to in the prospectus;
  - (e) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the prospectus;
  - (f) The audited accounts of the management company and the fund for the last five financial years or from the date of incorporation/commencement (if less than five years) preceding the date of prospectus;

- (g) Latest audited accounts of the management company and the fund for the current financial year (where applicable); and
- (h) Any consent given by experts or persons named in the prospectus as having made a statement that is included in the prospectus or on which a statement made in the prospectus is based, for inspection by investors and the unit holders at all times during the ordinary business hours of the management company and the trustee.

**PART D  
SUBMISSIONS**



## Chapter 16

### PROCEDURES AND FORMAT OF SUBMISSIONS

#### 16.01 General

- (1) Pursuant to Chapter 3, submissions for the approval of or registration with the SC, registration/lodgement with the SC or delivery of documents to the SC must be made in accordance with the requirements of this chapter, unless otherwise specified.
- (2) The categories of persons that may make submissions are as follows:
  - (a) All proposals involving the listing or quotation of units on Bursa Malaysia:
    - (i) Merchant banks; and
    - (ii) Universal brokers;
  - (b) All other proposals other than applications involving the listing or quotation on Bursa Malaysia:
    - (i) The management company;
    - (ii) The trustee of the fund (where the application relates to registration and renewal of registration of the trustee and appointment of a company to act as a trustee);
    - (iii) Advisers; or
    - (iv) Any other party approved by the SC;

- (c) All proposals involving a listed real estate investment trust:
    - (i) Merchant banks; and
    - (ii) Universal brokers;
  - (d) All applications for revisions to the terms and conditions of an approval given by the SC for proposals in (a) above and applications for extension of time for implementation of proposals in (a) above:
    - (i) Merchant banks; and
    - (ii) Universal brokers;
  - (e) All applications for revisions to the terms and conditions of an approval given by the SC for proposals in (b) above and applications for extension of time for implementation of proposals in (b) above:
    - (i) The management company;
    - (ii) The trustee of the fund (where the application relates to registration and renewal of registration of the trustee and appointment of a company to act as a trustee);
    - (iii) Advisers; or
    - (iv) Any other party approved by the SC.
- (3) The submitting party has a duty to ensure that all the requirements of the SC in relation to submissions are met and is responsible for dealing with the SC on all matters relating to the application.
- (4) Submissions that do not comply with the requirements of the SC may be returned.

- (5) The applicant (including directors and/or promoters), advisers, experts and any other persons accepting responsibility for all or part of the information and documents that are submitted to the SC shall exercise due diligence in relation to all or any part of the information submitted relating to or in connection with the proposal.
- (6) Where any statement or information is submitted to the SC in relation to or in connection with any proposal or application submitted to the SC pursuant to these Guidelines, the applicant, its advisers or any other persons accepting responsibility for all or any part of the statement or information submitted shall not submit or cause to be submitted any statement or information that is inaccurate, false and misleading, or from which there is a material omission.

#### **16.02 Submitting Parties and Advisers**

- (1) Submitting parties have a professional responsibility to satisfy themselves and ensure, based on all available information, that an application which is submitted to the SC is suitable for the specific proposal being submitted for consideration.
- (2) The submitting parties submitting an application to the SC has a duty to ensure that–
  - (a) the proposal meets the requirements of the SC as set out in these Guidelines and relevant provisions of the securities laws; and
  - (b) after having made all reasonable enquiries, statements or information submitted to the SC are not false or misleading or contain any material omission.

- (3) Where an adviser is employed, the principal adviser must take all reasonable steps to ascertain whether a conflict of interest exists, or is likely to exist, in relation to its role as a principal adviser to a client company. Where a conflict of interest exists or is likely to exist, all possible steps must be taken to avoid or resolve such conflicts of interest. Full disclosure shall be made to the SC and the client company of the nature of the conflict of interest (including any equity or financial relationship with the company being advised) and the steps taken to address these conflicts. The same principles are also applicable to other advisers/experts.
- (4) The right of appointment of a principal adviser or other advisers/experts lies with the directors of the client company. The SC, however, reserves the right to–
  - (a) request the appointment of an independent adviser or an independent expert; or
  - (b) not allow/accept submissions made by a principal adviser or other advisers/experts, in cases where–
    - (i) it considers the principal adviser or other advisers/experts to be incapable of giving impartial advice; or
    - (ii) the principal adviser or other advisers/experts has/have an interest in the outcome of the proposal which interferes with the independence and objectivity of the principal adviser or expert.
- (5) Where the directors of the company may decide to appoint an independent adviser/expert because of the conflict of interest of the principal adviser or other advisers/experts, the appointment of the independent adviser/expert shall be made before the submission of the proposal to the SC. In addition, the report of the independent adviser/expert for the proposal shall be included as part of the submission to the SC.

- (6) An independent adviser/expert, if appointed, shall be independent of the management or board of directors of the client company (or principal adviser or other advisers/experts, as the case may be), and free from any other business or other relationship which could interfere with the exercise of independent judgment by the independent adviser/expert.
- (7) In the event that an independent adviser is appointed owing to a conflict of interest involving the principal adviser, the independent adviser appointed shall be another eligible principal adviser as described in paragraph 16.01 above.

### **16.03 Submission of Proposals for Approval or Registration**

- (1) For proposals requiring the approval of or registration with the SC, applicants must submit applications to the SC in accordance with the submission requirements stated in this clause or any other requirements that the SC may specify from time to time.
- (2) The submitting party is required to submit to the SC two copies of every application.
- (3) The application must comprise, at least, the following:
  - (a) Covering letter, specifying–
    - (i) approval/registration sought (including particulars of the proposal); and
    - (ii) other approvals or clearance obtained/pending (if applicable).

- (b) Declaration:
- (i) A declaration letter, in the form provided in Appendix I of Schedule B of these Guidelines; and
  - (ii) For submissions that involve multiple applications, a declaration must be submitted by the relevant applicant responsible for all or any part of the information submitted in respect of the application to which it is seeking an approval.

**Note**

A declaration is not required for an application to register a trustee.

; and

- (c) Supporting information:

Proposals shall be accompanied by relevant documents, which contain the minimum information required by the SC. The documents, as well as the minimum information to be submitted to the SC, are specified in Schedule B of these Guidelines.

- (4) In respect of an application to appoint a trustee related to a management company, the application shall also be submitted in accordance with the procedures set out in the *Guidelines on Allowing a Person to Be Appointed or to Act as Trustee Under Subsection 99(1) of the Securities Commission Act 1993* within the *Guidelines on Unit Trust Funds*.
- (5) Unless stated otherwise, the information provided in the submission must be current as at a date *not more than 14 days* before the date of application.

- (6) For proposals to act as management company for a fund, the SC reserves the right to request for a readiness/operational audit report on the management company of the fund, to be submitted within such time as may be stipulated by the SC.
- (7) The SC reserves the right to request for additional information and any other form of undertaking, as the case may be, from the relevant party to support the submission.
- (8) The SC shall be notified immediately of–
  - (a) any material change in circumstances that would affect the consideration of the proposal by the SC; and
  - (b) any material change/development in circumstances relating to the proposal, occurring subsequent to the SC giving its approval.
- (9) In the event certain circumstances are made known to the SC after the proposal has been considered, where such circumstances would have affected the decision made had the SC known of such circumstances prior to the decision, the SC may review the said decision. For this purpose, an application with full justification and effect shall be submitted by the applicant, or its adviser, to the SC for review.
- (10) Any person who is aggrieved by the decision of the SC may, within 30 days after the aggrieved person is notified of such decision, make an application for a review of the decision to the SC whose decision shall be final.
- (11) An application for a revision to the terms and conditions of an approval given by the SC is not subjected to any time limit. The principles adopted by the SC in respect of such applications are as follows:

- (a) Such applications shall be supported by evidence of genuine new grounds or developments beyond the control of the relevant parties; and
  - (b) Such applications which do not comply with (a) above may be considered by the SC at its discretion based on exceptional reasons.
- (12) Any proposal that has been rejected by the SC may be resubmitted but only after a lapse of at least one year from the date the application for the proposal or for a review of decision, as the case may be, is rejected.

**16.04 Submission for Registration/Lodgement/Delivery of Documents**

- (1) Unless otherwise specified, documents required to be registered/lodged with the SC or delivered to the SC must be submitted in accordance with the submission requirements stated in this sub-clause or any other requirements that the SC may specify from time to time.
- (2) The submitting party is required to submit to the SC the following:
  - (a) Covering letter; and
  - (b) The relevant documents, namely–
    - (i) annual report of the fund (three copies);
    - (ii) interim report of the fund (three copies);
    - (iii) annual report of the management company (three copies); and
    - (iv) statistical and compliance returns (one copy).

## 16.05 Submission of Valuation Reports

- (1) Submission procedures

For submission under sub-clause 3.01(1)(f), the relevant valuation reports shall be submitted to the SC by the submitting party prior to the submission of the proposal, for purposes of expediency. The valuation reports shall be submitted not more than one month but at least two weeks before the submission of the proposal. The date of valuation shall not be more than six months before the date of receipt of the proposal by the SC.

## 16.06 Fees and Charges

- (1) The details of fees payable to the SC for the various types of proposals as well as registration, lodgement and delivery of documents are set out in the *Securities Commission (Fees) (Amendment) Regulations 2004*.
- (2) The details of fees payable to the SC for the review of valuation of real estates are set out in the *Securities Commission (Fees and Charges) (Amendment) Regulations 2004*.
- (3) Payment must be made in the form of a crossed cheque/draft order made in favour of "Suruhanjaya Sekuriti/Securities Commission" in accordance with the amount stipulated in the *Securities Commission (Fees) (Amendment) Regulations 2004* and *Securities Commission (Fees and Charges) (Amendment) Regulations 2004*.



# SCHEDULES



## **SCHEDULE A**

### **PENALTIES FOR NON-COMPLIANCE**

The parties to the fund must comply with all regulatory requirements, whether stipulated in these Guidelines, the SCA, securities laws or otherwise imposed by any other law. The SC may impose penalties for any non-compliance with the regulatory requirements in accordance with provisions set out in the *Guidelines on Unit Trust Funds*.







## SCHEDULE B

### DOCUMENTS REQUIRED TO BE SUBMITTED TO THE SC

#### 1.0 General

- (1) Pursuant to sub-clause 16.03(3) of these Guidelines, proposals requiring the approval of the SC or registration shall be accompanied by documents as specified in this schedule. The documents required for the respective applications are set out in the relevant sub-paragraphs in this schedule.
- (2) The documents shall be presented as appendices to the submission and in the sequence specified under the relevant sub-paragraphs in this schedule. Any other information or documents to support the application shall be included as additional appendices.
- (3) The application forms referred to herein are available at [www.sc.com.my](http://www.sc.com.my).

#### 2.0 Documents Required by the SC

##### (1) *Proposal for the Establishment of a Real Estate Investment Trust*

- (a) For an application to establish a real estate investment trust, the submitting party is required to submit the following documents:

Appendix	Form	Title/Remarks
I	SC/UTF-NEW	Application for the establishment of unit trust fund.
II	SC/REIT-NEW UNITS	Application for issuance of new units.

III		A copy of the draft sale and purchase agreement.
IV		Profit forecast for the current financial year of the fund, or in the case of a new fund, for the first financial year of the fund. However, where the application is received by the SC within the last six months of the current financial year of the fund, the period of the forecast shall be the current financial year and the next immediate financial year. Profit forecasts submitted to the SC must be realistic and achievable.
V		Profit projections for the next two years subsequent to the period covered by the profit forecast. The bases and assumptions to the projections shall be clearly stated and reviewed for reasonableness by the management company, advising merchant bank and auditors or any other party required to give their opinions on the projections and the underlying bases and assumptions.
VI		For cash acquisition that exceeds 25% of the fund's audited total assets, verification by auditors and certification by trustee that the value of the acquisition exceeds 25% of the fund's audited total assets.
VII		<p>In the case of an acquisition where the real estates are not transferable at the point of acquisition (i.e. due to charges imposed by financial institution for loan facilities):</p> <p>(a) A declaration from the advisers/directors stating the following:</p> <ul style="list-style-type: none"> <li>• The encumbered real estate is transferable (i.e. all relevant approvals have been obtained).</li> <li>• The existing financial institution will withdraw the charge made on the real estate upon full settlement of the loan facilities.</li> </ul>

		<ul style="list-style-type: none"> <li>• A private caveat has been entered by the trustee, on behalf of the unit holders, to protect its interest in the real estate and to prevent other encumbrances being entered by any other party.</li> </ul> <p>(b) A legal confirmation that all relevant documents pertaining to the discharge of charge(s) and transfer of title of the real estate are completed and deposited with the lawyers/stakeholders, ready for presentation to the relevant authorities once full settlement of the loan facilities has been made.</p>
VIII		Draft deed of the real estate investment trust.
IX		Draft prospectus of the real estate investment trust.

**(2) Proposal to Act as Management Company of a Real Estate Investment Trust**

- (a) For an application to act as management company to a real estate investment trust, the submitting party is required to submit the following documents:

Appendix	Form	Title/Remarks
I	SC/UTMC	Application for the appointment of a company to act as a management company to a unit trust fund.
II		<p>A declaration by the applicant that–</p> <ul style="list-style-type: none"> <li>• its compliance and internal control system is in place and is adequate to ensure compliance with the deed, guidelines and securities laws.</li> <li>• it has adequate human resources with the necessary qualifications and experience to manage and administer the fund.</li> </ul>

		<ul style="list-style-type: none"> <li>it has adequate and appropriate systems, procedures and processes to manage and administer the unit trust fund in a proper and efficient manner.</li> </ul> <p><b>Note</b></p> <p>For applicants with no track record in administering and/or managing unit trust funds, the declaration shall be submitted prior to the registration of the prospectus following the approval of the fund.</p>
III		<p>Statutory declaration from the applicant stating that it is independent of the trustee.</p> <p><b>Note</b></p> <p>This shall not apply if the applicant is related to the trustee.</p>
IV		<p>In the case of a delegation of function by the applicant to a delegate licensed by the SC, an undertaking by the applicant that it will take responsibility for the actions and omissions of any delegate as though they were its own actions and omissions.</p>
V		<p>In the case of a delegation of function by the applicant to a delegate licensed by the SC, a declaration by the applicant that–</p> <ul style="list-style-type: none"> <li>the applicant has adequate procedures to monitor the conduct of the delegate to ensure that the delegated function is performed in a proper and efficient manner.</li> <li>the applicant has conducted a review of the operations of the delegate, and is satisfied that the delegate has the capabilities, capacity and is suitable to undertake the delegated function.</li> </ul>

		<ul style="list-style-type: none"> <li>the applicant is satisfied that the delegate will be able to fulfil its duties and responsibilities in respect of the delegated function in a proper and efficient manner.</li> </ul>
VI		<p>A summary of the internal audit report of the applicant stating the audit findings, recommendations and status of implementation of such recommendations, if any.</p> <p>Submission of a summary of the internal audit report is not required if the management company has made such a submission to the SC in the preceding six months. Where such is the case, a statement that the summary of internal audit report has been submitted stating the date the submission was made.</p> <p><b>Note</b></p> <p>This requirement is only applicable to an existing management company.</p>
VII		Details on property manager, including corporate information and track record.

**(3) Proposal to Act as Trustee to a Real Estate Investment Trust**

- (a) Pursuant to sub-clause 5.02(1)(b) of these Guidelines, a trustee that proposes to enter into the real estate investment trust business must first be registered with the SC to undertake unit trust business. The submitting party must ensure that the trustee has been duly registered with the SC before any application for approval to act as a trustee is submitted; and

(b) For an application to act as trustee to a real estate investment trust, the submitting party is required to submit the following documents:

Appendix	Form	Title/Remarks
I	<i>SC/TRUSTEE</i>	Application for the appointment of a company to act as a trustee to a unit trust fund.
II		<p>A declaration by the applicant that–</p> <ul style="list-style-type: none"> <li>• its compliance and internal control system is in place and is adequate to ensure compliance with the deed, guidelines and securities laws.</li> <li>• it has adequate human resources with the necessary qualifications and experience to manage and administer the fund.</li> <li>• it has adequate and appropriate systems, procedures and processes to manage and administer the unit trust fund in a proper and efficient manner.</li> </ul>
III		<p>Statutory declaration from the applicant stating that it is independent of the management company.</p> <p><b>Note</b></p> <p>This shall not apply if the applicant is related to the management company.</p>
IV		<p>In the case of a delegation of function by the applicant to a delegate, an undertaking by the applicant that it will take responsibility for the actions and omissions of any delegate as though they were its own actions and omissions.</p>

V		<p>In the case of a delegation of function by the applicant to a delegate, a declaration by the applicant that–</p> <ul style="list-style-type: none"> <li>• the applicant has adequate procedures to monitor the conduct of the delegate to ensure that the delegated function is performed in a proper and efficient manner.</li> <li>• the applicant has conducted a review of the operations of the delegate, and is satisfied that the delegate has the capabilities, capacity and is suitable to undertake the delegated function.</li> <li>• the applicant is satisfied that the delegate will be able to fulfil its duties and responsibilities in respect of the delegated function in a proper and efficient manner.</li> </ul>
VI		<p>A summary of the internal audit report of the applicant stating the audit findings, recommendations and status of implementation of such recommendations, if any.</p> <p>Submission of a summary of the internal audit report is not required if the trustee has made such a submission to the SC in the preceding six months. Where such is the case, a statement that the summary of internal audit report has been submitted stating the date the submission was made.</p>

**(4) Proposal for Issuance of New Units for an Existing Fund (for an Acquisition of Assets and/or Securities)**

- (a) For an application to issue new units for an existing fund (for an acquisition of assets and/or securities), the submitting party is required to submit the following documents:

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I	<i>SC/REIT- NEW UNITS</i>	Application for issuance of new units.
II		A copy of the draft sale and purchase agreement.
III		Profit forecast for the current financial year of the fund. However, where the application is received by the SC within the last six months of the current financial year of the fund, the period of the forecast shall be the current financial year and the next immediate financial year. Profit forecasts submitted to the SC must be realistic and achievable.
IV		Profit projections for the next two years subsequent to the period covered by the profit forecast. The bases and assumptions to the projections shall be clearly stated and reviewed for reasonableness by the management company, advising merchant bank and auditors or any other party required to give their opinions on the projections and the underlying bases and assumptions.
V		For cash acquisition that exceeds 25% of the fund's audited total assets, verification by auditors and certification by trustee that the value of the acquisition exceeds 25% of the fund's audited total assets

VI		<p>In the case of an acquisition where the real estates are not transferable at the point of acquisition (i.e. due to charges imposed by financial institution for loan facilities):</p> <p>(a) A declaration from the advisers/directors stating the following:</p> <ul style="list-style-type: none"> <li>• The encumbered real estate is transferable (i.e. all relevant approvals have been obtained).</li> <li>• The existing financial institution will withdraw the charge made on the real estate upon full settlement of the loan facilities.</li> <li>• A private caveat has been entered by the trustee, on behalf of the unit holders, to protect its interest in the real estate and to prevent other encumbrances being entered by any other party.</li> </ul> <p>(b) A legal confirmation that all relevant documents pertaining to the discharge of charge(s) and transfer of title of the real estate are completed and deposited with the lawyers/stakeholders, ready for presentation to the relevant authorities once full settlement of the loan facilities has been made.</p>
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**(5) Proposal for Acquisition of Foreign Real Estates**

- (a) For an application for acquisition of foreign real estates, the submitting party is required to submit the following documents

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I	<i>SC/REIT-FOREIGN ACQUISITION</i>	Application for acquisition of foreign real estates.

**(6) Proposal for an Approval for Valuation of Real Estates (Including Real Estates Held by Single-purpose Companies) for–**

- (i) acquisition through issue of new units;*  
*(ii) cash acquisition which exceeds 25% of the fund's audited total assets (on per-transaction basis);*  
*(iii) revaluation purposes.*

- (a) For an application requiring a valuation of real estates, the submitting party is required to submit the following documents:

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I	<i>SC/REIT-VALUATION</i>	Application for valuation of real estates.
II		An undertaking by the applicant that– <ul style="list-style-type: none"><li>• The valuer fulfils the requirements set out in the <i>Guidelines on Asset Valuation</i>.</li></ul>

- (b) For submission of valuation reports, the submitting party is required to submit the following documents:

Appendix	Form	Title/Remarks
I		List/summary of the real estate involved in the valuation exercise, including identification, net book values and market values assessed by the valuer.
II		Disclosure of breaches of building by-laws or approved land use.
III		For related-party transactions, details of the nature of interest of the related parties including direct and indirect shareholdings of the related parties in the management company.
IV		Copies of sale and purchase agreements (where such agreements are not included in the valuation reports).
V		Two copies of valuation report checklist prepared in accordance with the <i>Guidelines on Asset Valuation</i> .
VI		Two copies of the valuation certificates prepared in accordance with the <i>Guidelines on Asset Valuation</i> .
VII		Tentative date for the submission of application for the corporate proposals to the SC.
VIII		Waiver application, if any.

**Note**

Submission under paragraph 2.0(6)(b) shall be made not more than one month but at least two weeks before a submission of the proposal is made under paragraph 2.0(6)(a).

**(7) Proposal to Appoint a Delegate Not Licensed by the SC**

- (a) For an application to appoint a delegate not licensed by the SC, the submitting party is required to submit the following documents:

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I	<i>SC/UTMC-DELEGATE</i>	Application for the appointment of a of a delegate not licensed by the SC.
II		An undertaking that the applicant will take responsibility for the actions and omissions of any delegate as though they were its own actions and omissions.
III		A declaration by the applicant that– <ul style="list-style-type: none"> <li>• the applicant has adequate procedures to monitor the conduct of the delegate to ensure that the delegated function is performed in a proper and efficient manner.</li> <li>• the applicant has conducted a review of the operations of the delegate, and is satisfied that the delegate has the capabilities, capacity and is suitable to undertake the delegated function.</li> <li>• the applicant is satisfied that the delegate will be able to fulfil its duties and responsibilities in respect of the delegated function in a proper and efficient manner.</li> </ul>
IV		A letter of approval from the trustee (where applicable) in respect of the delegated function.
V		The agreement between the applicant and the delegate.

**(8) Proposal for an Approval of a Foreign Market for Investment (for Real Estate-related Assets and Non-real estate-related Assets)**

- (a) For an application for approval of a foreign market for investment in real estate-related assets and non-real estate-related assets by a real estate investment trust, the submitting party is required to submit the following documents:

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I	<i>SC/UTF-FM</i>	Application for approval of a foreign market for investment by a unit trust fund.
II		Letter of approval from Bank Negara Malaysia, where applicable.

**(9) Proposal for an Exemption/Variation/Extension of Time**

- (a) For an application for an exemption/variation/extension of time, the submitting party is required to submit the following documents:

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I		Statement from the trustee of the fund (where applicable).
II		Approval or clearance letter from other authorities (where applicable).

**(10) Proposal for Appointment**

- (a) For an application for appointment, the submitting party is required to submit the following documents:

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I	SC/APP	Application to appoint a chief executive officer/director/investment committee member (to be completed by the respective candidate).
II		Statutory declaration duly completed by each of the proposed candidate for the office of chief executive officer/director/investment committee member/panel of advisers (in the form provided in Appendix II of this schedule).
III		Two copies of the candidate's national registration identity card (NRIC) or passport.
IV		<p>The basis for the recommendation as well as the resolution of the board of directors on the proposed appointments, including details of dissenting opinions (if any).</p> <p><b>Note</b></p> <p>For a new management company, the resolution would be of the board of directors of the holding company/promoter.</p>
V		A declaration by the management company on compliance with these Guidelines relating to appointment to the proposed position.

**(11) Proposal to Appoint a Syariah Committee Member/Syariah Adviser**

- (a) For an application to appoint Syariah committee member/Syariah adviser, the submitting party is required to submit the following documents:

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I	SC/APP-SYARIAH	Application for the appointment of Syariah committee member/Syariah adviser (to be completed by the management company).
II		Consent letter(s) from person(s) or company to be appointed as Syariah committee member(s) or Syariah adviser, whichever applicable.

**(12) Proposal to Register/Renew the Registration for Trustee to a Real Estate Investment Trust**

- (a) For an application to register/renewal of registration of a trustee to real estate investment trust, the submitting party is required to submit the following documents:

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I	SC/TRUSTEE-REGISTRATION	Application for registration/renewal of registration for trustee to a unit trust fund.
II	SC/INFO	Information on the chief executive officer/director of trustee (including two copies of the applicant's national registration identity card (NRIC) or passport).

**(13) Proposal to Register/Renew the Registration for Syariah Committee Member/Syariah Adviser**

- (a) For an application to register/renewal of registration of a Syariah committee member/Syariah adviser, the submitting party is required to submit the following documents:

<b>Appendix</b>	<b>Form</b>	<b>Title/Remarks</b>
I	<i>SC/SYARIAH-REGISTRATION 1 - (for an individual)</i>	Application for registration/renewal of registration of a Syariah-qualified individual <i>(to be completed by each candidate)</i> .
	<i>SC/SYARIAH-REGISTRATION 2 - (for a company)</i>	Application for registration/renewal of registration as a Syariah adviser.
II		Statutory declaration <i>(to be duly completed by each individual candidate and in the form provided in Appendix III of this schedule)</i> .
III		Certified true copies of relevant certificates (for individuals).
IV		Two copies of the applicant's national registration identity card (NRIC) or passport <i>(for individuals)</i> .

## SCHEDULE B – Appendix I(a)

### Declaration by the Applicant

Date: *(date of application)*

The Chairman  
Securities Commission

Dear Sir

**APPLICANT** *(name of management company/trustee)*

#### **Declaration Pursuant to Clause 16.03(3)(b) of the *Guidelines on Real Estate Investment Trusts***

We, ...*(name of applicant)*..., are proposing to undertake .....*(brief description of the proposal)*....*(hereinafter referred to as "the Proposal")*.

2. We confirm that after having made all reasonable enquiries, and to the best of our knowledge and belief–
  - (a) there is no false or misleading statement contained in, or material omission from, the information that is provided to the SC;
  - (b) the proposal is in full compliance with the following:
    - (i) The *Guidelines on Real Estate Investment Trusts* and, where it does not–
      - the necessary exemption(s), variation(s) and/or extension(s) of time has/have been obtained from the SC [as disclosed in the attachment accompanying this declaration];\* or
      - the necessary exemption(s), variation(s) and/or extension(s) of time is/are being sought as part of the submission of the Proposal;\*

(ii) Other requirements under the *Securities Commission Act 1993*, as may be applicable.

3. We solemnly and sincerely declare that we collectively and individually accept full responsibility for submission of the Proposal.
4. We undertake to provide to the SC all such information as the SC may require in relation to the Proposal.

The above declaration has been signed by me as ...(*designation of director*)... of ...(*the applicant*)... pursuant to authority granted to me by a resolution of the Board of Directors on ...(*date of resolution*)... .

Yours faithfully

.....  
Signature  
Name:  
Name of Applicant:  
Date:

**Attachment\***

.....  
.....  
.....  
.....

(\* Delete whichever paragraph if not applicable)

## SCHEDULE B – Appendix I(b)

### Declaration by the Adviser

Date: *(date of application)*

The Chairman  
Securities Commission

Dear Sir

**APPLICANT** *(name of management company/trustee)*

#### **Declaration pursuant to Clause 16.03(3)(b) of the *Guidelines on Real Estate Investment Trusts***

... *(name of applicant)*... is proposing to undertake ...*(brief description of the proposal)*... *(hereinafter referred to as "the Proposal")*.

We, ...*(name of adviser)*..., are advising ...*(name of applicant)*... on the Proposal.

2. We confirm that after having made all reasonable enquiries, and to the best of our knowledge and belief–
  - (a) there is no false or misleading statement contained in, or material omission from, the information that is submitted to the SC;
  - (b) the proposal is in full compliance with the following:
    - (i) The *Guidelines on Real Estate Investment Trusts* and, where it does not–
      - the necessary exemption(s), variation(s) and/or extension(s) of time has/have been obtained from the Commission [as disclosed in the attachment accompanying this declaration];\*  
or

- the necessary exemption(s), variation(s) and/or extension(s) of time are being sought as part of the submission of the Proposal;\*

(ii) Other requirements under the *Securities Commission Act 1993*, as may be applicable.

3. We undertake to provide to the SC all such information as the SC may require in relation to the Proposal.

Yours faithfully

.....

Signature

Name of Authorised Signatory:

Designation:

Name of Adviser:

Date:

**Attachment\***

.....  
.....  
.....  
.....

(\* Delete whichever paragraph if not applicable)

**SCHEDULE B – Appendix II(a)**

**Statutory Declaration by the Chief Executive Officer  
of a Management Company**

I,.....(1).....(  
NRIC/Passport No.....), do solemnly and  
sincerely declare that I am/will be the chief executive officer of  
.....(2).....

2. I do solemnly declare that–

- (a) I am not an undischarged bankrupt, that there is no bankruptcy petition pending or threatened against me and further, that I have not commenced negotiations with any party with a view to rescheduling all or any of my indebtedness to that party;
- (b) I have not conducted myself in any manner which may make me unfit to act as the chief executive officer of a management company;
- (c) **as a chief executive officer**, I have no interest (whether direct or indirect and whether beneficial or otherwise) in a management company other than .....(2).....;
- (d) **save as disclosed in paragraph 3 below**, I have not been convicted for fraud or any of fence nor has any action (whether civil or otherwise) of a material nature or amount been taken against me, either within or outside Malaysia;
- (e) **save as disclosed in paragraph 3 below**, there have been/are no inquiries and/or investigations made/pending against me by any governmental or regulatory authority or body, either within or outside Malaysia; and
- (f) I have made full and true disclosure of all material facts and information and have not concealed nor omitted any material fact or information.

3. I declare that the following action(s)/inquiry(ies)/investigation(s) has(have) been taken/is(are) pending against me and/or I have been convicted of the following offence(s)–  
 .....(3).....  
 .....  
 (delete the whole paragraph if not applicable)

4. And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Statutory Declaration Act 1960*.

Subscribed and solemnly )  
 declared by the )  
 above named.....(1)..... )  
 at..... )  
 in the state of ..... )  
 ..... )  
 this .....day of )  
 .....20..... )                      Before me,

Commissioner of Oaths/Notary Public

**Notes**

- (1) Name of Chief Executive Officer and NRIC No. or passport No.
- (2) Name of management company.
- (3) Nature and type of action(s)/inquiry(ies)/investigation(s) and/or offence(s), if applicable.

**SCHEDULE B – Appendix II(b)**

**Statutory Declaration by a Director of a Management Company**

I,.....(1).....  
(NRIC/Passport No.....), do solemnly and sincerely declare that I am/will be a director of .....  
(2).....

2. I do solemnly declare that–

- (a) I am not an undischarged bankrupt, that there is no bankruptcy petition pending or threatened against me and further, that I have not commenced negotiations with any party with a view to rescheduling all or any of my indebtedness to that party;
- (b) I have not conducted myself in any manner which may disqualify or make me unfit to act as a director of a company;
- (c) as **a director**, I have no interest (whether direct or indirect and whether beneficial or otherwise ) in a management company other than ..... (2) .....  
*(delete the whole paragraph if not applicable)*
- (d) **as an independent director**, I have no interest ( whether direct or indirect and whether beneficial or otherwise) in .....(2)..... and any other management company;  
*(delete the whole paragraph if not applicable)*
- (e) **save as disclosed in paragraph 3 below**, I have not been convicted for fraud or any of fence nor has any action (whether civil or otherwise) of a material nature or amount been taken against me, either within or outside Malaysia;
- (f) **save as disclosed in paragraph 3 below**, there have been/are no inquiries and/or investigations made/pending against me by any governmental or regulatory authority or body, either within or outside Malaysia; and

(g) I have made full and true disclosure of all material facts and information and have not concealed nor omitted any material fact or information.

3. I declare that the following action(s)/inquiry(ies)/investigation(s) has(have) been taken/is(are) pending against me and/or I have been convicted of the following offence(s)–  
.....(3).....  
.....  
*(delete the whole paragraph if not applicable)*

4. And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Statutory Declaration Act 1960*.

Subscribed and solemnly )  
declared by the )  
above named.....(1)..... )  
at..... )  
in the state of ..... )  
..... )  
this .....day of )  
.....20..... )

Before me,

Commissioner of Oaths/Notary Public

**Notes**

- (1) Name of director and NRIC No. or passport No.
- (2) Name of management company.
- (3) Nature and type of action(s)/inquiry(ies)/investigation(s) and/or offence(s), if applicable.

**SCHEDULE B – Appendix III**

**Statutory Declaration by a Syariah-qualified Individual to Be Registered with the Securities Commission**

I,.....(1).....(NRIC/Passport No.....), do solemnly and sincerely declare that I am/propose to be a member of a Syariah committee of a scheme managed and administered in accordance with Syariah principles.

2. I do solemnly declare that–

- (a) I am not an undischarged bankrupt, that there is no bankruptcy petition pending or threatened against me and further, that I have not commenced negotiations with any party with a view to rescheduling all or any of my indebtedness to that party;
- (b) I have not conducted myself in any manner which may make me unfit to act as a member of a Syariah committee of a scheme managed and administered in accordance with Syariah principles;
- (c) **as an independent member**, I have no interest (whether direct or indirect and whether beneficial or otherwise) in .....(3)..... and any other management company;  
*(delete the whole paragraph if not applicable)*
- (d) **save as disclosed in paragraph 3 below**, I have neither been convicted for fraud or any offence nor has any action (whether civil or otherwise) of a material nature or amount been taken against me, either within or outside Malaysia;
- (e) **save as disclosed in paragraph 3 below**, there have been/are no inquiries and/or investigations made/pending against me by any governmental or regulatory authority or body, either within or outside Malaysia; and

(f) I have made full and true disclosure of all material facts and information and have neither concealed nor omitted any material fact or information.

3. I declare that the following action(s)/inquiry(ies)/investigation(s) has(have) been taken/is(are) pending against me and/or I have been convicted of the following offence(s)–  
.....  
.....(2).....  
*(delete the whole paragraph if not applicable)*

4. And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Statutory Declaration Act 1960*.

Subscribed and solemnly )  
declared by the )  
above named.....(1)..... )  
..... )  
at..... )  
in the state of..... )  
..... )  
this.....day of )  
.....20..... )      Before me,

Commissioner of Oaths/Notary Public

**Notes**

- (1) Name of member and NRIC No. or passport No.
- (2) Name and type of action(s)/inquiry(ies)/investigation(s) and/or offence(s), if applicable.





## SCHEDULE C

### VALUATION

Real estate	Bases and methods as prescribed under the <i>Guidelines on Asset Valuation</i> issued by the SC.
Securities listed on any market	<p>Market price.</p> <p>However, if–</p> <ul style="list-style-type: none"> <li>• a valuation based on the market price does not represent the fair value of the securities, for example, during abnormal market conditions; or</li> <li>• no market price is available, including in the event of a suspension in the quotation of the securities for a period exceeding 14 days, or such shorter period as agreed by the trustee,</li> </ul> <p>then the securities shall be valued at fair value, as determined in good faith by the management company, based on the methods or bases approved by the trustee after appropriate technical consultation.</p>
Unlisted securities	Fair value shall be determined on methods or bases which have been verified by the auditor of the real estate investment trust, approved by the trustee and adequately disclosed in the prospectus of the real estate investment trust.
Unlisted fixed income securities and money market instruments	The average price or quotes obtained from at least three independent dealers. The valuation shall be conducted at least once a week.

	<p>Where reliable prices or quotes from independent dealers are unobtainable, valuation shall be–</p> <ul style="list-style-type: none"> <li>• at cost and adjusted for– <ul style="list-style-type: none"> <li>– amortisation of premium; or</li> <li>– accretion of discount.</li> </ul> </li> </ul> <p>In any case, where the market interest rates of similar class of debt securities have changed materially, cost-adjusted value shall be marked-to-market.</p>
Malaysian currency liquid assets	Nominal value.
Foreign currency liquid assets	Same basis as Malaysian currency liquid assets of similar type, with such adaptations as are necessary.
Any other investments	Fair value as determined in good faith by the management company, on methods or bases which have been verified by the auditor of the real estate investment trust and approved by the trustee and, adequately disclosed in the prospectus of the real estate investment trust.





## SCHEDULE D

### CONTENT OF FUND REPORTS

The purpose of the reports of the fund is to ensure compliance with the regulatory requirements and to provide all necessary information to enable unit holders and investors to evaluate the performance of the fund during the financial period in question.

The fund's annual reports shall include all, but is not limited to, the information specified in this schedule. Interim reports shall include at least the minimum requirements set out herein pertaining to the manager's report, trustee's report, Syariah committee/Syariah adviser report and financial statements.

The reports need not adopt the terms used as they are presented. Where possible, the report shall avoid unnecessary jargon and use terms that are easy for unit holders to read.

Disclosure format which are more detailed than the format in this schedule may be used where it is required by other relevant authorities.

#### 1.0 Manager's Report

- (1) The trustee shall cause to be prepared a report by the management company containing a review of the operations of the fund, the result of those operations and details of any significant changes in the state of affairs of the fund during the financial period.
- (2) In particular the report shall include the following:
  - (a) The principal activities of the management company and the fund's investment objectives;
  - (b) The fund's policies on investments;
  - (c) If applicable, the period of the fund and its termination date;
  - (d) Description of the fund's type and category;

- (e) The benchmark relevant to the fund and as disclosed in the prospectus;
- (f) Comparison of the fund's performance during the period against the said benchmark;
- (g) Description of the management company's strategies and policies employed during the period under review in relation to the fund's performance;
- (h) Compare and explain fund's performance against its objectives;
- (i) The fund's asset allocation as at the date of the report and particulars of any significant changes in the asset allocation since the last report;
- (j) Composition of investment portfolio grouped in appropriate categories, e.g. real estate (listed by types e.g. residential, commercial, industrial, etc.), real estate-related assets (e.g. stocks, other real estate investment trusts, debt securities, etc.), including the respective percentages in the asset categories;
- (k) Analysis of the fund's performance based on changes in total net asset value (NAV) and NAV per unit since the last review period or since commencement (in the case of newly established funds);
- (l) General review of the market(s) in which the fund invested during the period and analysis by each real estate/property sector (i.e. industrial or commercial), and, where the fund invests in foreign real estates, the name of the countries in which the fund invested during the period. The future trends of returns on the investments by market(s) shall also be disclosed;

- (m) General assessment of the future prospects of the market(s) the fund invests in, and the proposed strategies of the fund based on the assessment;
- (n) Particulars of any income distribution and other forms of additional distribution made and proposed during the period, reflecting the total gross and net distribution to unit holders, on a total and per unit basis. Effects of the income and additional distributions in terms of the NAV per unit before and after the distributions shall be clearly stated;
- (o) Description and explanation of any significant changes in the state of affairs of the fund during the period and up until the date of this report, not otherwise disclosed in the financial statements;
- (p) Breakdown of unit holding by size:
  - (i) 5,000 and below;
  - (ii) 5,001 to 10,000;
  - (iii) 10,001 to 50,000;
  - (iv) 50,001 to 500,000; and
  - (v) 500,001 and above;
- (q) Details of any unit split exercise and any proposal involving issuance of new units carried out during the period. Effects on NAV per unit before and after the unit split exercise and rights issue shall be clearly stated;
- (r) Circumstances which materially affect any interests of the unit holders;

- (s) All investments of the fund in real estate and single-purpose companies, showing separately–
  - (i) a reasonable description;
  - (ii) date of acquisition;
  - (iii) acquisition cost and additions; and
  - (iv) value of the real estate/single-purpose company, valuation date and basis of valuation;
  
- (t) Disclosures for real estate investments and assets, including the following:
  - (i) Details of the real estate owned by the fund (to be disclosed separately for each real estate unless the details are disclosed in the financial statements) which shall include (but not limited to) the real estate's name; address; location; title details; property type; description; age; tenure; status of holding (whether freehold or leasehold); if leasehold (when approval obtained), the unexpired lease remaining; tenancy/lease periods stating the average lease period and whether any periodic review is carried out on each tenancy/lease; net lettable area; existing use; parking spaces; date of acquisition; cost of acquisition; brief particulars of tenancies highlighting the major tenants; occupancy rates; average rentals/rentals received; maintenance costs and any major capital expenditure; encumbrances/limitations in title/interests to the real estate; date of last valuation; and implications (if any) on the value of the real estate held at the time of disclosure; revaluation surplus/deficit comparative to last valuation; net book value of the real estate;

- (ii) Details of the real estate assets purchased/sold during the year, including but not limited to, the identity of the vendor/purchaser and the relationship with the fund, valuations, acquisition/sale price, certificate of fitness (for properties acquired); sale proceeds; book value; profit/loss on realisation; independent valuation of real estate sold as at the time of sale (for real estates sold); details of the independent valuer carrying out the valuation; and the valuation method adopted to arrive at the market value; and
- (iii) Where there is an acquisition of real estate by the fund from related parties of the management company and a subsequent disposal to a related party within a period of three years from the original date of acquisition, then there must be disclosures made on the purchase and/or disposal price comparatively to the initial acquisition price;
- (u) NAV backing at book value of each unit as at balance sheet date of the accounts;
- (v) In the event the management company or its delegate receives any soft commission (i.e. goods and services) from its broker(s), by virtue of transactions conducted by the fund, the following is required to be disclosed:
  - (i) Identification of the goods/services received; and
  - (ii) Treatment of the goods/services received;

If there is no soft commission received, to state as such.

- (w) All matters that are required to be shown in the accounts under the *Companies Act 1965* as if the real estate investment trust were a company subject to that legislation, with such adaptations as are necessary.

## **2.0 Trustee's Report**

- (1) The trustee shall prepare a report stating in its opinion whether the management company has managed the fund in accordance with the following:
  - (a) Limitations imposed on the investment powers of the management company and the trustee under the deed, these Guidelines, the SCA and other applicable laws;
  - (b) Valuation/pricing is carried out in accordance with the deed and any regulatory requirements; and
  - (c) Creation and cancellation of units are carried out in accordance with the deed and any regulatory requirements.
- (2) Should the trustee be of the opinion that the management company has not done so, the trustee shall disclose the shortcoming(s) that may have an impact on the decision of the existing or the potential unit holders remaining or investing in the fund. The steps taken to address the shortcoming(s) and/or to prevent the recurrence of the shortcoming(s) shall also be highlighted.
- (3) The report prepared by a trustee under sub-paragraph 2.0(1) shall include a further statement stating in its opinion whether the distribution of returns by the fund is relevant and reflects the investment objective(s) of the fund.

### **3.0 Syariah Committee/Syariah Adviser Report**

- (1) The Syariah committee/Syariah adviser must prepare a report to be included in the fund's interim and annual reports certifying whether the fund has been managed and administered in accordance with the specific principles, the steps taken to address the situation and/or to prevent the recurrence of the situation shall also be highlighted.
- (2) For Syariah-based fund, the report must also include a statement certifying whether the fund has been managed in accordance with applicable guideline, ruling or decision issued by the SC pertaining to Syariah matters.

### **4.0 Financial Statements**

- (1) The financial statement shall give a true and fair view of the fund, and shall be prepared in accordance with applicable approved accounting standards, applicable statutory requirements, the deed and any regulatory requirements.
- (2) The treatment of disclosure requirements set out for financial statements must be complied with unless superseded by approved accounting standards.
- (3) It shall be clearly stated whether the financial statements in the interim reports are audited or unaudited.
- (4) Where the financial statements are unaudited, it shall include a declaration by the director(s) of the management company responsible for the true and fair view of the statements. A signed copy of the declaration shall be submitted to the SC.

(5) Additional Disclosure Requirements in Financial Statements

**A Balance Sheet**

- (a) NAV of the fund;
- (b) Number of units in circulation;
- (c) NAV per unit (ex-distribution, where applicable); and
- (d) Unit holders' fund by category:
  - (i) Capital;
  - (ii) Undistributed income/realised reserves (where applicable); and
  - (iii) Investment fluctuation reserves/unrealised reserves (where applicable).

**B Classification of Investments**

- (a) Investments (including cash and cash equivalents) shall not be classified as current or non-current, but shall be presented in an order that reflects each category's relative liquidity;
- (b) The carrying amounts of investments are to be categorised as follows:
  - Real estate;
  - Real estate-related assets;
  - Fixed income and other debt securities;
  - Non-real estate-related assets;

- Forward contracts;
- Other real estate investment trusts;
- All foreign investments;
- Any other investments, with significant items to be disclosed separately;
- Liquid assets are to be itemised into broad categories; and
- Significant items included in other assets shall be disclosed separately.

### **C Income Statement**

- (a) Income, broken down by category. The following items, shall be shown separately:
- (i) Net rental income (after deducting property related expenses);
  - (ii) Interest income;
  - (iii) Dividend income;
  - (iv) Net realised gains or losses on sale of investments; and
  - (v) Other income;
- (b) Expenses, broken down by category. The following items shall be disclosed separately:
- (i) Fees and charges paid to the management company, with each type of fee and charge shown separately;
  - (ii) Trustee's fees and any reimbursement of trustee's expenses;

- (iii) Valuation fees;
  - (iv) Auditor's fees;
  - (v) Tax agent's fees;
  - (vi) Administrative fees and expenses; and
  - (vii) Other significant expenses items;
- (c) Net income before and after taxation;
- (d) Total amount for distribution (net) and distribution per unit (gross and net) for the interim and final distribution, shown separately. The date for each distribution shall also be disclosed;
- (e) With regard to net income after tax in the income statement, the breakdown into realised and unrealised portions.

Example:

**Income Statement** (extract)

	<b>20X4</b>	<b>20X3</b>
	<b>RM'000</b>	<b>RM'000</b>
Net income/(loss) before taxation	XXX	XXX
Less: Taxation	(XX)	(XX)
Net income/(loss) after taxation	XXX	XXX
	<u>XXX</u>	<u>XXX</u>
Net income after taxation is made up as follows:		
Realised	XXX	XXX
Unrealised	XXX	XXX
	<u>XXX</u>	<u>XXX</u>

**D Statement of Changes in Net Asset Value**

Movement in NAV of the fund during the period, separately categorising those changes arising from investment and those arising from transactions with unit holders. The following, where applicable, shall be shown separately under the appropriate categories:

- (a) NAV at the beginning and end of the period;
- (b) Net income for the period;
- (c) Changes in revenue/general reserves;
- (d) Changes in revaluation reserves;
- (e) Amounts received from units created;
- (f) Amounts paid for units cancelled; and
- (g) Distributions to unit holders.

**E Cash Flow Statement**

**F Notes to the Financial Statements**

- (a) An income statement shall disclose the income recognition basis;
- (b) The basis for the fees and charges paid to the management company, property manager and trustee shall be disclosed;

- (c) For unlisted real estate investment trusts, movements in the number of units with the following items to be shown separately:
  - (i) Maximum issuable under the provisions of the deed and any subsequent increase as approved by the SC; and
  - (ii) Units created/cancelled during the period, highlighting the number of units created as additional distribution, if any;
- (d) Transactions with brokers/dealers shall disclose the following:
  - (i) Broker/dealer transactions, with the top 10 brokers/ dealers by value of trade;
  - (ii) The aggregate amount of brokerage fees/commissions paid by the fund as well as the amount of fees/commissions paid to each broker/dealer (highlighting brokers/dealers relating to management company or its delegate) expressed in both value and percentage;
  - (iii) Parties related to the management company and/or its delegate should be highlighted; and
  - (iv) Statement as to whether dealings with related parties have been transacted at an arm's length basis;
- (e) The number of units and value held by the management company and related parties;

(f) Investment portfolio

The composition of the investment portfolio of the fund(s) as at the date of the financial report shall be disclosed, grouped in the appropriate categories (e.g. sectors, markets), showing for each category:

- (i) The quantity held;
  - (ii) The cost of the investment;
  - (iii) The market value of the investment; and
  - (iv) The market value for each holding as a percentage of net asset value;
- (g) The investment shall be grouped in categories that facilitate meaningful analysis. Suspended counters must be clearly identified and methods of valuation clearly stated;
- (h) Particulars of all borrowings including the interest rate, maturity, terms of repayment and assets pledged to secure the borrowings (if applicable);
- (i) Verification on management expense ratio and portfolio turnover ratio;

**Note**

Auditor's verification is needed for disclosure in the annual report.

- (j) Sources of distribution made to unit holders shall be disclosed.

The prescribed format is as follows:

Distribution to unit holders is from the following sources (where applicable):

	<b>20X4</b>	<b>20X3</b>
	<b>RM'000</b>	<b>RM'000</b>
Rental income	XXX	XXX
Dividend income	XXX	XXX
Interest income	XX	XX
Realised gains [less losses] on sale of investments	XXX	XXX
Previous year/period's realised gains	XX	XX
Other income	XXX	XXX
	<u>XXXX</u>	<u>XXXX</u>
Less:		
Expenses	XX	XX
Taxation	XX	XX
	<u>XXX</u>	<u>XXX</u>
Gross distribution per unit (sen)	X	X
Net distribution per unit (sen)	X	X

- (k) Additional statement(s) on distributions is/are required to be made when distributions are made—
- (i) from previous year's realised gains; and
  - (ii) there exist unrealised losses (be it arising during the year/period or brought forward from previous year/period) within the fund.

## **5.0 Auditor's Report**

- (1) Annual reports shall be accompanied by the auditor's report.
- (2) Where the auditor's report is qualified, details of the qualification shall be clearly disclosed.

## **6.0 Performance Data**

- (1) The following information shall be disclosed:
  - (a) A comparative table covering the last five financial years, or if the fund has not been in existence during the whole of that period, over the whole of the period in which it has been in existence, showing for each or at the end of each financial year–
    - (i) the portfolio composition of the fund, e.g. distribution among industry sectors, markets and category of investments;
    - (ii) the total NAV of the fund;
    - (iii) the NAV per unit and the number of units in circulation as at the end of each year;
    - (iv) the NAV per unit as at the end of each year;
    - (v) the selling price for units;
    - (vi) the repurchase price for units;
    - (vii) the highest/lowest selling and repurchase prices

*(Where appropriate the above figures shall be shown as ex-distribution);*

- (viii) the total return of the fund, and the breakdown into capital growth and income distributions;
  - (ix) the distribution per unit (gross and net);
  - (x) the management expense ratio (MER) of the fund. If applicable, provide an explanation accounting for the difference in management expense ratio; and
  - (xi) the portfolio turnover ratio (PTR) of the fund, in relation to the fund's investment in equities. If applicable, provide an explanation accounting for the difference in portfolio turnover ratio;
- (b) Average annual return of the fund measured over the following periods to the date of the report:
- (i) One year;
  - (ii) Two years;
  - (iii) Three years; and
  - (iv) Since the launch of the fund, commencing from the end of the offer period (the launch date shall be disclosed).
- (2) The report of the fund may include other performance data in addition to those specified above, for example the performance of relevant benchmark indices. It may also report the above data for periods in addition to those specified above. However, all performance data presented shall, where applicable, comply with the following requirements:
- (a) The bases of calculation and any assumptions made shall be consistently applied and adequately disclosed;

- (b) The data used shall be obtained from independent sources or verified by an independent party; and
- (c) It shall be clearly stated that past performance is not necessarily indicative of future performance and that unit prices and investment returns may fluctuate.







## SCHEDULE E

### DEED OF A REAL ESTATE INVESTMENT TRUST

#### 1.0 Registration and Lodgement of Deed

- (1) The deed and supplemental deed of the fund must be registered by the SC under the SCA. The management companies or their adviser, where applicable, shall conduct submissions of deeds for review, registration and lodgement in accordance with the provisions as set out in the *Guidelines on Unit Trust Funds*.

#### 2.0 Minimum Contents for Deeds

- (1) Submitting parties are to ensure that the covenants stipulated under the *Guidelines on Unit Trust Funds* are included in all deeds submitted to the SC.
- (2) The following covenants required under the following paragraphs will not be applicable in the case of a fund which is at all times listed (unless where it ceases to be listed) or where the quotation of units is suspended:
  - (a) Paragraph 2.0(1)(d) which states that the management company shall not sell any unit of the unit trust fund to which the deed relates, otherwise than at a price calculated in accordance with the deed;
  - (b) Paragraph 2.0(1)(e) which states that the management company shall, at the request of the unit holder, purchase from the unit holder the unit held by the unit holder, and the purchase price will be a price calculated in accordance with the deed;
  - (c) Paragraph 2.0(4)(f) which states that the deed shall incorporate full particulars regarding the method of calculation of the price at which a unit may be issued by the management company;

- (d) Paragraph 2.0(4)(g) which states that the deed shall incorporate full particulars regarding the circumstances in which the management company may be required to purchase from the unit holder any unit for which the unit holder has subscribed or which he has acquired, and the method of the calculation of the purchase price of the unit; and
- (e) Paragraph 2.0(4)(o) which states that the deed shall set out a declaration that no unit shall be issued by the management company later than one year after the date of the prospectus.





## SCHEDULE F

### PROSPECTUS AND SUPPLEMENTARY PROSPECTUS

#### 1.0 Registration of Prospectus and Supplementary Prospectus

- (1) The prospectus and supplementary prospectus of a real estate investment trust must be registered by the SC under the SCA. Management companies or their adviser, where applicable, shall conduct submissions of prospectus and supplementary prospectus for review, registration and lodgement in accordance with the provisions as set out in the *Guidelines on Unit Trust Fund Prospectus* (where applicable).
- (2) In addition to the requirements set out in the *Guidelines on Unit Trust Fund Prospectus*, management companies with *listed* real estate investment trusts must adhere to the additional requirements stipulated herein this Schedule.
- (3) A management company whose fund has been approved for listing and quotation on the Main Board of Bursa Malaysia is required to publish in full the fund's prospectus (and supplementary prospectus where applicable) and application forms in a widely-circulated Bahasa Melayu newspaper and English newspaper.

#### 2.0 Procedures for Registration of Prospectus for Listed Real Estate Investment Trusts

- (1) In addition to the documents required under the *Guidelines on Unit Trust Fund Prospectus*, the following additional documents are to be submitted to the SC:
  - (a) A certified copy of underwriting agreement; and
  - (b) A copy of letters of approval from any other relevant authorities, (where applicable);

- (c) Letter of confirmation from the adviser that the registrable copy of the prospectus has incorporated all changes as required; and
- (d) A soft copy of the registrable prospectus in 'pdf' format.

### **3.0 Procedures for Registration of Supplementary Prospectus of Listed Real Estate Investment Trust**

- (1) In addition to the documents required under the *Guidelines on Unit Trust Fund Prospectus*, the following additional documents are to be submitted to the SC:
  - (a) A certified copy of underwriting agreement;
  - (b) A copy of letters of approval from any other relevant authorities, (where applicable);
  - (c) Letter of confirmation from the adviser that the registrable copy of the supplementary prospectus has incorporated all changes as required;
  - (d) A soft copy of the registrable supplementary prospectus in 'pdf' format; and
  - (e) A copy of the written notice to be given to the applicants.

### **4.0 Information Required in a Prospectus**

#### ***Introduction***

- (1) The management company must ensure that the contents of the prospectus are in accordance with the minimum disclosure requirements as set out in the *Guidelines on Unit Trust Fund Prospectus* unless otherwise stated in this schedule.

- (2) Subject to paragraph 4.0(1) above, the management company must ensure that the *additional disclosures* stipulated under this schedule are incorporated into the prospectus.
- (3) The requirements in this schedule and the *Guidelines on Unit Trust Fund Prospectus* is indicative of the minimum information necessary for inclusion in a fund prospectus.
- (4) The management company is, however, encouraged to disclose any other information that is material and important, which potential investors and/or professional advisers would reasonably require and reasonably expect to find in a prospectus, for the purpose of making an informed assessment.

#### ***Cover Page***

- (5) For a listed fund, the following must be disclosed:
  - (a) Price per unit and number of units on offer; and
  - (b) Name of adviser and managing underwriter.

#### ***Inside Cover/First Page***

- (6) Responsibility Statements
  - (a) In addition to the statement referred to under sub-clause 3.03(1)(a) of the *Guidelines on Unit Trust Fund Prospectus*, the following statement applies to a listed fund:

“The [name of adviser/lead arranger] being the Adviser/Lead Arranger, acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the public offering and is satisfied that any profit and/or cash flow estimate/forecast and/or

projection(s) (for which the directors of the management company are fully responsible), prepared for inclusion in the prospectus have been stated by the directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants."

(7) Statements of Disclaimer

- (a) In addition to the statement referred to under sub-clause 3.03(2) of the *Guidelines on Unit Trust Fund Prospectus*, the following statement applies to unlisted funds:

"The valuation approved or accepted by the Securities Commission shall only be utilised for the purpose of the proposal submitted to and approved by the Securities Commission and shall not be construed as an endorsement by the Securities Commission on the value of the subject assets for any other purposes."

- (b) In respect of listed funds, clause 3.03(2) of the *Guidelines on Unit Trust Fund Prospectus* shall not apply. The following statement, however must be included:

"The Securities Commission has approved the issue, offer or invitation in respect of the public offering and that the approval shall not be taken to indicate that the Securities Commission recommends the public offering. The Securities Commission shall not be liable for any non-disclosure on the part of the corporation and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any parts of the contents of the prospectus."

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY."**

"The valuation approved or accepted by the Securities Commission shall only be utilised for the purpose of the proposal submitted to and approved by the Securities Commission and shall not be construed as an endorsement by the Securities Commission on the value of the subject assets for any other purposes."

"A copy of this prospectus has been registered, and lodged with the Securities Commission."

***Table of Contents/Definitions/Corporate Directory***

- (8) Corporate directory
    - (a) Names and addresses of the following parties:
      - (i) Valuers;
      - (ii) Issuing house\*;
      - (iii) Registrar and transfer office;
      - (iv) Underwriter\*; and
      - (v) Adviser\*
- (\* applies only to a listed fund.)

### ***Key Data Section***

- (9) The following warning statement must be stated in bold:
- (a) A statement to the effect that the rental yield on real estate held by the scheme is not equivalent to the yield of the units;
  - (b) A statement that the current rental receipts and yields may not sustain; and
  - (c) A statement that the value of the real estate may rise as well as fall.

### ***Introduction to Real Estate Investment Trust***

- (10) The information required to be disclosed under this section shall be as per *Guidelines on Unit Trust Fund Prospectus* but shall be made in relation to the real estate investment trust.
- (11) In addition to the general risk factor required under the *Guidelines on Unit Trust Fund Prospectus*, an unlisted fund is required to disclose the risk that a unit holder is unable to sell his investment readily.

### ***The Fund***

- (12) Clause 3.07 of *Guidelines on Unit Trust Fund Prospectus* does not apply to real estate investment trust. As such, the management company must adhere to the requirements disclosed under this schedule.
- (13) The prospectus must include a section on the real estate investment trust that is the subject of the prospectus. The objective here is to provide prospective unit holders with detailed information on the fund for the purpose of making an informed assessment of the fund.

- (14) The information to be disclosed in the "General" section shall include, but not be limited to, the following:
- (a) To disclose the investment objective and a statement that material changes to the investment objective(s) of the fund would require unit holders' approval;
  - (b) The overall strategy and policy to achieve the fund's stated objective;
  - (c) The fund's specific or peculiar risks. Accordingly, the strategy on managing the risks most likely to affect the portfolio, taking into account the investments of the fund in other assets (e.g investment in real estate-related assets and non-real estate-related assets) shall also be disclosed;
  - (d) The management company's policy on gearing and minimum liquid asset (in percentage terms) requirement of the fund, where relevant;
  - (e) Investor profile most suitable for the fund; and
  - (f) Distribution policy.
- (15) There should be a section on "Investments In Real Estate and Single-purpose Companies" disclosing the following:
- (a) The specific investment strategy or policy in relation to investments in real estate and single-purpose companies;
  - (b) The types and characteristics of the real estates which the fund would acquire, i.e. considerations taken into account for purposes of selection of a real estate (e.g. location, types of real estate and income/rental prospects of the real estate, etc.) and any risk associated with the acquisition of the real estate; and

- (c) Where the fund proposes to invest in a single real estate or where there is a high concentration of its real estate investments, this fact and the risks arising from the lack of diversification must be disclosed.
- (16) The prospectus must also include specific disclosures on the real estate, including, but not limited to, the following:
- (a) Full details of and description of the real estate held by the fund and/or real estate to be acquired:
- (i) Description of the real estate, but not be limited to the following:
- Type (residential/commercial/industrial);
  - Location;
  - Age;
  - Existing use;
  - Net lettable area; and
  - Number of car parks;
- (ii) Brief particulars of the tenancies, but not be limited to the following:
- Major tenants;
  - Tenancy period;
  - Any periodic reviews;
  - Occupancy rates;
  - Average current rentals;
  - Outgoings;

- Net income and assessment of future income; and
  - Major capital expenditures likely to be incurred in the immediate future);
- (iii) Encumbrances/limitations in title/interest to the real estate (if any);
- (b) Where the real estate acquired or to be acquired is leased or is proposed to be leased, details of such lease or leases (but excluding sub leases) including, *inter alia*, stamp duty and options, or other rights given to a lessee or proposed lessee to purchase such real estate. If none, a statement to the negative shall be made;
- (c) Where the fund has identified specific real estate to be purchased, the period within which the transaction will be completed and its status at the date of the prospectus;
- (d) Where the fund has entered into an agreement to purchase a real estate upon its completion or has acquired any of the following, full disclosure shall be made in the prospectus of the relevant information with regard to the above circumstances, in particular the risks associated with such investments:
- (i) Real estate without a track record;
  - (ii) Buildings which are not fully tenanted;
  - (iii) Equity of single-purpose companies;
  - (iv) Part of a real estate; and
  - (v) Real estate located outside Malaysia;

- (e) In the case of real estate under construction, the rationale and justification of acquiring such buildings and the future prospects of acquiring tenants and future incomes;
  - (f) Details of valuation, disclosing the following:
    - (i) The frequency of valuation of the fund's real estate assets;
    - (ii) Date the last valuation was conducted;
    - (iii) The likely date for the next valuation;
    - (iv) Revaluation surplus/deficit comparative to last valuation; and
    - (v) Net book value of the real estate;
  - (g) The policy of the fund on divestment of assets, including whether the proceeds are to be returned to investors or reinvested.
- (17) An overview of the real estate/property market and the outlook for the types of real estates that comprise the fund.
- (18) Where applicable, there shall also be a section on "Investments in Real Estate-related Assets and Non-real estate-related Assets" that discloses the following:
- (a) The principal investment strategies to be employed to achieve the stated objective. In disclosing the strategies, the following information shall be included:
    - (i) The investment policy and or specific practice/technique in managing the funds' securities;

- (ii) The types and characteristics of the securities in which the management company proposes to invest, including risks associated with such securities;
- (iii) The risk management strategies and techniques to be employed by the fund manager (e.g. diversification in terms of asset allocation);
- (iv) Permitted investments as well as investment limits/restrictions placed on the securities;
- (v) The basis of valuation and its frequency; and
- (vi) Where applicable, disclosure on whether the fund manager may take temporary defensive positions that may be inconsistent with the fund's principal strategy in attempting to respond to adverse market conditions, economic, political or any other conditions.

### ***Fund Performance***

- (19) Requirements stipulated under sub-clauses 3.08(2)(c) and (e) of the *Guidelines on Unit Trust Fund Prospectus* do not apply.
- (20) A listed fund is required to disclose the following:
  - (a) A realistic and achievable profit estimate/forecast/projection to provide investors with information on the prospects of the fund (an unrealistic estimate/forecast/projection, irrespective of whether it is too high or low, may mislead the unit holders who have invested based on the information contained in the prospectus); and

- (b) Basis and assumptions of the estimate/forecast/projection.
- (21) In relation to investments of the fund (whether listed or unlisted), the prospectus must disclose the following;
- (a) The top five real estate and single-purpose companies of the fund, based on percentage of total assets;
  - (b) The top five real estate-related assets of the fund, based on percentage of total assets; and
  - (c) The top five non-real estate-related assets of the fund, based on percentage of total assets.

***Fees, Charges and Expenses***

- (22) Any additional form of remuneration which the management company and/or any related or associated corporation or person may derive, for example, by acting as real estate agents (e.g. commissions, finder's fees, letting fees and project fees), from the supply of maintenance or publicity services, or from the provision of professional (e.g. valuation, legal, accountancy or insurance) services or by other means shall be disclosed.
- (23) A fund where the service charges/upfront fees are not levied on units sold must disclose that expenses related to the issue and registration of prospectus of the fund are charged to the fund.
- (24) Requirements stipulated under sub-clauses 3.09(2)(a) and (b) of the *Guidelines on Unit Trust Fund Prospectus* shall not apply to a listed fund.

### ***Transaction information***

- (25) Sub-clauses 3.10(2)(a) and (b) of the *Guidelines on Unit Trust Fund Prospectus* shall not apply to listed funds.
- (26) To disclose the minimum subscription for unlisted funds, to the effect that, where a new fund specifies a minimum size of the fund, in the event that the stipulated minimum subscription is not received within the period stipulated for the issue of the prospectus, the subscription moneys will be immediately returned to investors.
- (27) A listed fund's prospectus must disclose the following additional information:
  - (a) Details of the pricing of units, including–
    - (i) (where applicable) prices which apply to different classes of unit holders; and
    - (ii) basis of determination of the issue/offer price;
  - (b) The minimum subscription to be raised in order to satisfy the objective of public offering and the basis of determination of minimum subscription;
  - (c) The estimated gross cash proceeds from the public offering;
  - (d) Details of the intended use of the proceeds of the public offering, including–
    - (i) acquisition of specified real estate or other specified assets;
    - (ii) other specified capital expenditure; and
    - (iii) expenses relating to the public offering;
  - (e) The time frame for full utilisation of the proceeds based on each category.

### ***The Management and Administration of the Fund***

- (28) Where a property manager is appointed, the corporate information of the property manager including its experience in real estate/property management, total property under management, number of years in the property management industry and staff strength shall be disclosed.
- (29) Information concerning the relationship between the management company and/or any of its associate/related corporations with the vendors of real estate purchased or to be purchased by the fund shall be prominently disclosed in the prospectus.
- (30) For a listed fund, the prospectus shall contain details of underwriting agreements, which would include the–
  - (a) name of the underwriter;
  - (b) amount of underwriting commissions; and
  - (c) details of any provisions in the underwriting agreement, including provisions, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer.

### ***Valuation Certificate***

- (31) The prospectus shall contain a valuation certificate prepared in accordance with the *Guidelines on Asset Valuation*.

***Additional Information***

- (32) The prospectus may also include the following:
- (a) Photographs and drawings
    - (i) the inclusion in the prospectus of a photograph is only permitted on condition that the photograph is not more than six months old and the depicted real estate is wholly-owned or approved by the SC to be wholly-acquired. However, drawings of the real estate are not permitted to be included in the prospectus;
  - (b) References to yield
    - (i) all references to yield in the prospectus, if expressed in percentage terms, shall be expressed in sen per unit.
- (33) In respect of listed fund, the prospectus must include the following information:
- (a) The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into within two years immediately preceding the publication of the prospectus, together with a summary of the principal contents of each contract including particulars of any consideration passing to or from the company or any subsidiary;

- (b) Short particulars of any transaction within the two preceding years relating to any real estate purchased or to be purchased out of the proceeds of the issue. The interest, direct or indirect, of–
  - (i) any vendor or vendors of the real estates held at the time of seeking listing, acquired or to be acquired by the fund in relation to the management company, or
  - (ii) any person who is, or was at the time, a broker or officer of the management company or a person whose report or certificate is being used for the purposes of the statement, in any such transaction, shall be stated. If none, a statement to the negative shall be made.

#### **5.0 Information Required in a Supplementary Prospectus**

- (1) The management company must adhere to the requirements as stipulated under the *Guidelines on Unit Trust Fund Prospectus*.

#### **6.0 Checklists for Submission to the SC**

- (1) The checklists for submission of documents for the purpose of review, registration and lodgement of prospectus and supplementary prospectus are available at [www.sc.com.my](http://www.sc.com.my).





## **SCHEDULE G**

### **REIT STATISTICAL RETURNS, REIT COMPLIANCE RETURNS AND REIT COMPLIANCE REVIEW REPORT**

#### **1.0 Submission of REIT Statistical Returns by Management Company**

- (1) This section refers to the real estate investment trust statistical returns (REIT Statistical Returns) required to be delivered to the SC, as provided under clause 4.06(20) of these SC Guidelines and pursuant to section 107(1)(b) of the SCA.
- (2) Management companies shall provide accurate information in the REIT Statistical Returns and the submission shall be delivered in accordance with this schedule. Submission of REIT Statistical Returns shall be signed by at least one of the directors of the management company.
- (3) The deadline for the receipt of the REIT Statistical Returns by the SC is the tenth day (by 5.00 pm on a weekday or by 12.00 noon on the SC's working Saturday) of the month following the end of the period to be reported for the REIT Statistical Returns.
- (4) For a new real estate investment trust, the period to be covered by the REIT Statistical Returns shall commence from the month in which the fund's offer period starts. For example, if the fund was launched on 28 June and the offer period ends on 18 July, the first delivery shall be for the period June to December. In this case, the data to be delivered for the first delivery would cover more than six months i.e. the reporting period from 28 June to 31 December.

- (5) The management company is required to deliver to the SC one set of the following:
- (a) Covering letter, specifying–
    - (i) the documents delivered to the SC; and
    - (ii) details of the contact person with whom the SC can contact to clarify any matters pertaining to the REIT Statistical Returns.
  - (b) A declaration/verification form consisting–
    - (i) a declaration that the REIT Statistical Returns are *complete, true and accurate* to the best of his/her knowledge and belief; and
    - (ii) a declaration by the designated person responsible for all compliance matters that the REIT Statistical Returns are *complete, true and accurate* to the best of his/her knowledge and belief. The next officer-in-line in the compliance unit can make the declaration *only* in the absence of the designated person;
  - (c) Checklist for the REIT Statistical Returns shall be completed for each fund; and
  - (d) REIT Statistical Returns, as follows:
    - (i) Submission on a bi-annual basis.

<b>Forms</b>	<b>Title</b>
REIT Statistics 1	Sales and Repurchases
REIT Statistics 2	Channels of Distribution
REIT Statistics 3	Particulars of Investment in Real Estates
REIT Statistics 4	Profile of Unit Holders

### **Note**

The declaration/verification form, checklist for REIT Statistical Returns and the forms are available at [www.sc.com.my](http://www.sc.com.my).

Should there be any errors and/or omissions discovered after the submission has been made, it shall be immediately rectified by the management company and delivered to the SC. The amended forms shall be dated and clearly marked "*AMENDED*" on the *top left corner of each page*.

- (6) Delivery to the SC of documents referred to under sub-paragraph 1.0(5) above shall be addressed to:

**Ketua Jabatan  
Jabatan Tabung Amanah dan Pengurusan Pelaburan  
Suruhanjaya Sekuriti  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur**

## **2.0 Submission of REIT Compliance Returns and REIT Compliance Review Report by Trustee**

- (1) Management companies shall deliver to the trustee a set of the REIT Compliance Returns prescribed under sub-paragraph 2.0(4), for the trustee to undertake a compliance check and verify that the investments of the fund are within the limits set out for the fund. The trustee shall then deliver the REIT Compliance Returns together with the REIT Compliance Review Report referred to under sub-paragraph 2.0(2) to the SC on a quarterly basis. Submission of the REIT Compliance Report shall be signed by at least one of the directors of the trustee.

- (2) Any non-compliance with procedures set out in this schedule and/or breach of permitted investment limits of the fund shall be explained via a REIT Compliance Review Report to be submitted to the SC. This includes any non-compliances that are entitled to a 5% allowance, as set out in sub-clause 10.06(4). The chief executive officer of the trustee shall sign-off the REIT Compliance Review Report.
- (3) The deadline for the receipt of the REIT Compliance Returns and REIT Compliance Review Report by the SC is the fifteenth day (by 5.00 pm on a weekday or by 12.00 noon on the SC's working Saturday) of the month following the end of the period to be covered by the REIT Compliance Returns and REIT Compliance Review Report.
- (4) The REIT Compliance Returns that need to be delivered are as follows:

<b>Forms</b>	<b>Title</b>
REIT Compliance 1	Investment Portfolio
REIT Compliance 2	Investment in Listed Securities of a Single Issuer
REIT Compliance 3	Investment in Unlisted Debt Securities of a Single Issuer
REIT Compliance 4	Total Investments Relating to a Single Issuer
REIT Compliance 5	Total Investments Relating to a Group of Companies

- (5) Delivery to the SC of documents under sub-paragraphs 2.0(1) and 2.0(2) above shall be addressed to:

**Ketua Jabatan  
Jabatan Tabung Amanah dan Pengurusan Pelaburan  
Suruhanjaya Sekuriti  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur**

### **3.0 Errors and Omissions in the REIT Statistical Returns, REIT Compliance Returns and REIT Compliance Review Report**

- (1) Should there be any errors and/or omissions discovered after the submission to the SC and/or trustee (where applicable) has been made,—
- (i) it shall be *immediately* rectified by the management company; and
  - (ii) it shall be reviewed by the trustee (in the case of REIT Compliance Returns); and

The amended REIT Statistical Returns, REIT Compliance Returns or REIT Compliance Review Report shall be dated and clearly marked "*AMENDED*" on the *top left corner of each page* and delivered to the SC.

- (2) If the SC detects errors and/or omissions, the management company and/or the trustee will be informed and may be asked to do the following:
- (i) REIT Statistical Returns – management company submit an amended copy to the SC without delay;
  - (ii) REIT Compliance Returns and REIT Compliance Review Report – trustee submit an amended copy to the SC without delay.
- (3) The SC reserves the right to take the necessary action for the error.

**4.0 Guide to Completing the REIT Statistical Returns and REIT Compliance Return Forms**

- (1) Appendix I of this schedule acts as a guide to completing the REIT Statistical Returns and REIT Compliance Returns and shall be adhered to.

## SCHEDULE G – Appendix I

### 1.0 Guide to Completing the REIT Statistical Returns Forms

- (a) General
  - (i) Where there are no values to be reported, the word “*nil*” should be inserted;
- (b) REIT Statistical 1 – Sales and Repurchases (for Unlisted Funds)
  - (i) The item “*Sales*” would include reinvestment of distribution, if any;
- (c) REIT Statistical 2 – Channels of Distribution (for Unlisted Funds)
  - (i) Sales by “*Management Company*” refer to sales by the marketing staff of the management company and/or reinvestment of distribution;
  - (ii) Sales by “*Related Party IUTA*” refer to sales made through an institution which has been approved and registered as a related party Institutional Unit Trust Agent (IUTA);
  - (iii) Sales by “*Third Party IUTA*” refer to sales through an institution which has been approved and registered as a third party IUTA;
  - (iv) Sales by “*Independent-Tied Agents*” refer to sales through individual agents who are tied to the management company;
  - (v) Sales by “*Others*” refer to other distribution channels not mentioned above e.g. post offices (please specify details in the form);

- (d) REIT Statistical 3 – Particulars of Investment in Real Estates
  - (i) List of all investments in real estates and real estates owned by single-purpose companies;
- (e) REIT Statistical 4 – Profile of Unit Holders
  - (i) The column for “*No. of Units Held*” shall exclude units held under manager’s box;
  - (ii) The item “*Bumiputera Institution*” comprises companies with Bumiputera shareholding exceeding 50%, Bumiputera trust agencies and/or institutions deemed by the relevant authorities as Bumiputera organisations;

**Note**

Only Bumiputera institution with Bumiputera beneficiaries will be considered a Bumiputra entity.

- (iii) The item “*Non-Bumiputera Institution*” refers to companies other than “*Bumiputera Institutions*” ;
- (iv) The item “*Foreign Institution*” refers to companies with foreign shareholding exceeding 50% and/or institutions deemed by the relevant authorities as foreign institutions.

## 2.0 Guide to Completing the REIT Compliance Returns Forms

- (a) General
  - (i) Where there are no values to be reported, the word "*nil*" shall be inserted;
- (b) REIT Compliance 1 – Investment Portfolio;
- (c) REIT Compliance 2 – Investment in Listed Securities of a Single Issuer
  - (i) The *top 10 listed securities (including foreign investments)*, ranked according to *value of fund's investments* need to be reported;
  - (ii) The various classes of listed securities relating to the same issuer shall be reported *separately*;
- (d) REIT Compliance 3 – Investment in Unlisted Debt Securities of a Single Issuer
  - (i) The *top 10 unlisted debt securities* ranked according to value of fund's investments need to be reported;
  - (ii) The various classes of unlisted securities relating to the same issuer shall be reported *separately*;
- (e) REIT Compliance 4 – Total Investments Relating to a Single Issuer
  - (i) The *top 10 issuers* highlighting the class of securities/instruments and ranked according to *total value of fund's investments* need to be reported;
  - (ii) The various classes of listed securities and unlisted securities/money-market instruments relating to the same issuer shall be reported *collectively*;

- (f) REIT Compliance 5 – Total Investments Relating to a Group of Companies
  - (i) Only the *top 10 group of companies (highlighting the value of each investments of an issuer)* ranked according to *total value of fund's investments* need to be reported;
  - (ii) "*Group of Companies*" has the same meaning as is assigned to that expression in Chapter 2 of the Guidelines.



# GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS



Suruhanjaya Sekuriti  
Securities Commission

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