

FREQUENTLY-ASKED QUESTIONS
NEW GUIDELINES ON LISTED REAL ESTATE INVESTMENT TRUSTS
(Date of Issuance: 15 March 2018)

1.0 APPLICATION OF THE GUIDELINES

1.01 When will the new Guidelines on Listed Real Estate Investment Trusts (Guidelines on Listed REITs) take effect?

The Guidelines on Listed REITs was first issued on 15 March 2018. Subsequently, paragraph 8.13 has been amended to provide further clarification. The Guidelines on Listed REITs will be effective on 9 April 2018 (Effective Date).

1.02 Apart from the Guidelines on Listed REITs, are there any other guidelines or requirements which are applicable to persons involved in the offering of listed REITs?

Yes. The Guidelines on Listed REITs are in addition to and not in derogation of any other guidelines issued by the SC or any requirements as provided under the CMSA. As such, any persons involved in the establishment and offering of a listed REIT must comply with, among others, the *Licensing Handbook*, *Prospectus Guidelines for Collective Investment Schemes* and *Bursa Malaysia Securities Bhd Main Market Listing Requirements*.

1.03 In light of the issuance of the Guidelines on Listed REITs, what has happened to the existing Guidelines on Real Estate Investment Trusts (Guidelines on REITs)?

Prior to the issuance of the Guidelines on Listed REITs, the Guidelines on REITs applied to both listed and unlisted REITs.

Following the issuance and effective date of the Guidelines on Listed REITs, all requirements in relation to listed REITs in the Guidelines on REITs are superseded. Consequently, the Guidelines on REITs will apply to unlisted REITs only, i.e. unlisted conventional and Islamic REITs.

1.04 Which guidelines apply to Islamic REITs?

The *Guidelines for Islamic Real Estate Investment Trusts* issued on 21 November 2005 is superseded following the inclusion of the requirements in relation to Islamic REITs in the Guidelines on Listed REITs and the revised Guidelines on REITs.

Therefore, listed Islamic REITs must comply with the requirements under Guidelines on Listed REITs and unlisted Islamic REITs must comply with the requirements under the Guidelines on REITs.

2.0 TRANSITIONAL ARRANGEMENT

2.01 What is the transitional treatment for applications to establish and list a REIT prior to the Effective Date, i.e. 9 April 2018?

Applications to the SC can still be made based on the existing guidelines up to 8 April 2018. However, applicants are encouraged to comply with the requirements under the new Guidelines on Listed REITs for submissions prior to the Effective Date.

From the Effective Date onwards, all applications must be made based on the new Guidelines on Listed REITs.

For applications which have been approved but pending implementation and new applications submitted prior to the Effective Date, the deed must comply with the new Guidelines on Listed REITs upon listing. Where the deed needs to be amended to comply with the Guidelines on Listed REITs, the applicant should consult the SC on the timeframe for the registration of a supplementary deed or resubmission of the deed, where applicable.

2.02 Who will consider proposals to vary any terms and conditions of applications approved by the SC prior to the Effective Date, i.e. 9 April 2018?

Any variation to the terms and conditions of proposals approved by the SC prior to the Effective Date, including extension of time, should continue to be made to the SC.

3.0 LISTED REAL ESTATE INVESTMENT TRUSTS

3.01 What are the new key requirements introduced by the Guidelines on Listed REITs?

New Requirements	Remarks
Paragraphs 8.10 and 8.11	Allowing a REIT to acquire real estate through a lease arrangement.
Paragraphs 8.14, 8.15, 8.17, 8.18 and 8.42	Allowing a REIT to undertake property development activities.
Paragraph 8.32	Adoption of a fixed borrowing limit of 50% of a REIT's total asset value without the option to increase this limit by obtaining approval of unit holders.
Paragraph 10.02(b)(i)	Requirement for each of the real estate of a REIT to be revalued by an independent valuer at least once in every financial year.
Paragraph 10.05	Allowing a REIT to acquire a real estate with income support arrangements.
Paragraph 10.06(b)	Allowing a valuer to conduct valuations for any real estate of a REIT for up to three consecutive years.
Paragraph 13.16	Requirement in relation to the additional information that must be made available to unit holders on completion of termination of a REIT.
Paragraph 13.25	Allowing the removal of a management company by way of a resolution passed by a simple majority of unit holders voting at a general meeting.

New Requirements	Remarks
Paragraph 13.27	Allowing the management company, its nominees and its related parties to vote and be counted in the quorum at the meeting for the purpose of removal of management company.
Part B – Additional requirements for listed Islamic REITs	Incorporation of the Shariah requirements for Islamic REITs in the Guidelines on Listed REITs, which will supersede the <i>Guidelines on Islamic Real Estate Investment Trusts</i> issued on 21 November 2005.

3.02 What are the Shariah requirements for listed Islamic REITs?

New Requirements	Remarks
Paragraphs 17.06 and 17.07	Requirements for the acceptance of new tenants and renewal of tenancy agreements of existing tenants whose activities are Shariah non-compliant, subject to compliance with the specified threshold.
Paragraphs 17.08 and 17.09	Requirements for the acquisition of real estate whereby some of the tenants carry out Shariah non-compliant activities, subject to compliance with the specified threshold.
Paragraphs 18.01 – 18.06	Requirements for the conversion of a conventional listed REIT to an Islamic REIT subject to compliance with the specified conditions.

3.03 Would the Shariah requirements for listed Islamic REITs also apply to an Islamic REIT that has been listed prior to the issuance of the Guidelines on Listed REITs?

All Shariah requirements for the listed Islamic REITs would apply to an Islamic REIT that has been listed prior to the issuance of the Guidelines on Listed REITs.

With regard to requirement to comply with the “financial year-end” as specified in Part B of the Guidelines on Listed REITs, the calculation of the first financial year would commence the next financial year subsequent to the Guidelines on Listed REITs taking effect.