

# **The Approval Process of Real Estate Investment Trusts (REITs) in Malaysia**

**Updated as at June 2023**

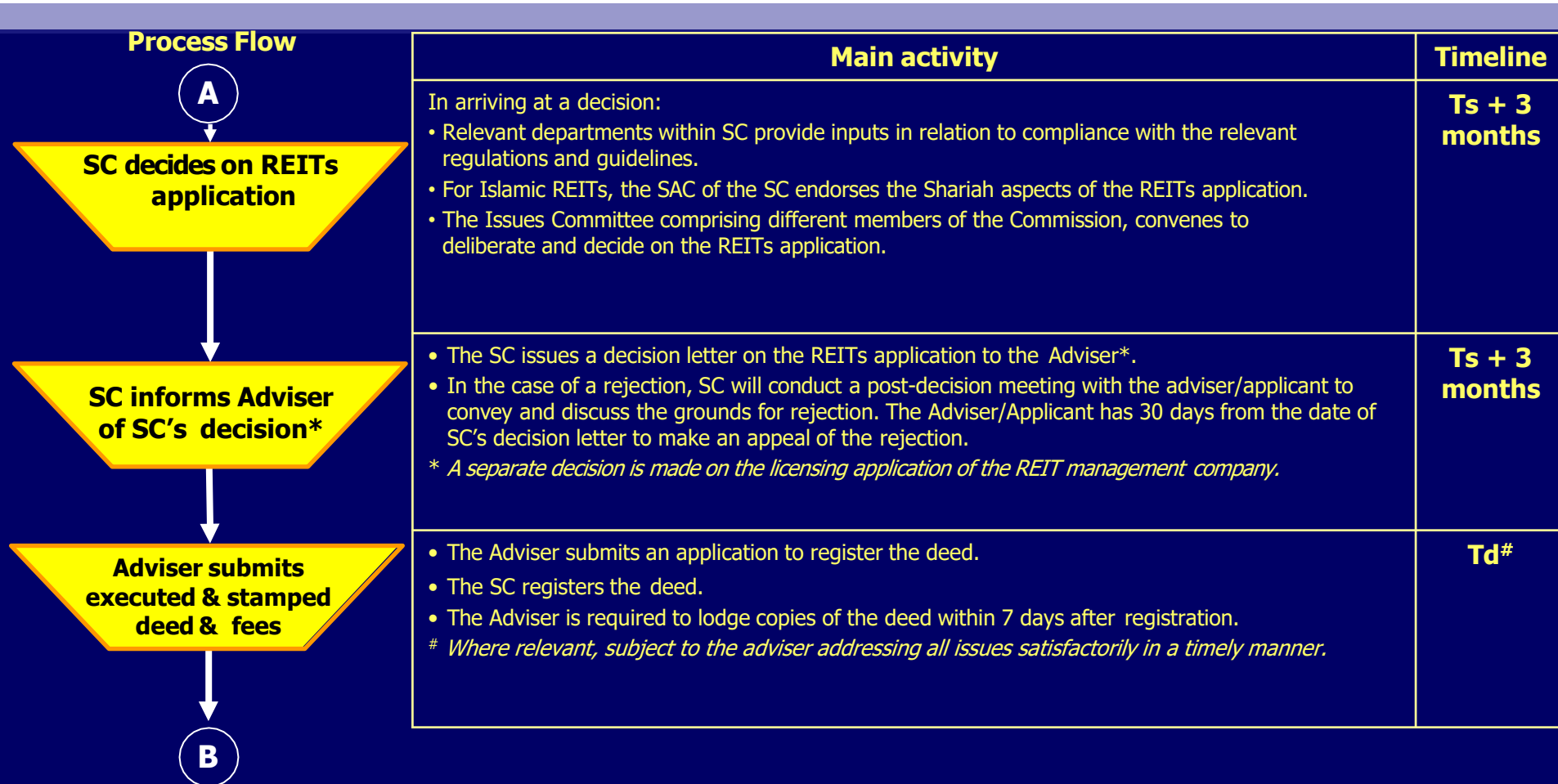
# Acronyms and Abbreviations

ALD	<i>Authorisation &amp; Licensing Department</i>
Bursa	<i>Bursa Malaysia Securities Berhad</i>
CMSP	<i>Guidelines on the Registration and Conduct of Capital Market Services Providers</i>
ICMD	<i>Islamic Capital Market Development Department</i>
IPO	<i>Initial Public Offering</i>
NDP	<i>National Development Policy</i>
REITs	<i>Real Estate Investment Trusts</i>
SAC	<i>Shariah Advisory Council</i>
SC	<i>Securities Commission Malaysia</i>
MIS	<i>Managed Investment Schemes</i>
T <sub>s</sub>	<i>Day of submission of REITs application</i>
T <sub>d</sub>	<i>Day of submission of registrable deed</i>
T <sub>p</sub>	<i>Day of submission of registrable prospectus</i>

# The Approval Process of Listed REITs in Malaysia

Process Flow	Main activity	Timeline
<p><b>Adviser conducts pre-submission consultation</b></p>	<ul style="list-style-type: none"> <li>Advisers are encouraged to have pre-submission consultations with SC to discuss potential issues pertaining to the REITs application.</li> </ul>	
<p><b>Adviser submits relief application (if any)</b></p>	<ul style="list-style-type: none"> <li>Real estate valuation               <ul style="list-style-type: none"> <li>Asset valuation application must be submitted at least two weeks before submission of REITs application.</li> <li>Review is made to ensure compliance with SC's Asset Valuation Guidelines, Malaysian Valuation Standards and or any other applicable valuation standards.</li> <li>SC may conduct site visits to better understand the proposal.</li> <li>SC may require a second opinion on the valuation of real estate.</li> </ul> </li> </ul>	
<p><b>Adviser makes an application for valuation of real estate</b></p>	<ul style="list-style-type: none"> <li>SC expects a full and complete submission from the Adviser in order for SC to meet its timeline charter of 3 months for consideration of the REITs submission.*</li> <li>Incomplete submissions may cause delays in consideration of the application or can even cause the submissions to be returned.</li> </ul> <p><i>* Where applicable, application must also be made to the Authorisation &amp; Licensing Department for the REIT management company to be licensed for fund management in relation to asset management.</i></p>	<b>Ts</b>
<p><b>Adviser makes a REITs application to the SC* with upfront fees</b></p>	<p>The application is reviewed for:</p> <ul style="list-style-type: none"> <li>Compliance with the Listed REIT Guidelines and disclosures of draft prospectus               <ul style="list-style-type: none"> <li>Adequacy of disclosures and compliance with the minimum disclosure requirements under the Prospectus Guidelines for Collective Investment Schemes.</li> <li>SC expects that the REITs prospectus contains information that are not false or misleading and there is no material omission of statement/information, and that the prospectus is sufficient for investors to make informed decisions. Information provided in the prospectus must be disclosed in a true, complete and accurate manner.</li> <li>Corporate governance/adverse records checks are made on the Applicant, promoters and directors and CEO of the Applicant.</li> <li>SC may conduct site visits to better understand the proposal.</li> <li>Queries are sent to the Adviser to seek further clarification on issues identified or to elicit further information (any delays in response may affect overall timelines).</li> <li>Clarification meetings with the Adviser/Applicant may be held to discuss major issues.</li> </ul> </li> <li>Compliance with the NDP requirements               <ul style="list-style-type: none"> <li>Review is made of the unit holding structure of the REIT to ensure its compliance with the Bumiputera equity requirement for public listed companies.</li> </ul> </li> <li>Disclosure of Draft Deed               <ul style="list-style-type: none"> <li>Review the provisions in the deed to ensure that the minimum covenants required under the CMSA, Listed REITs Guidelines, CMSP and Bursa Listing Requirements are incorporated.</li> </ul> </li> </ul>	<b>Ts + 3 months</b>
<p><b>SC evaluates the IPO application</b></p> <p><b>A</b></p>		

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## Process Flow

**B**

**Adviser submits registrable prospectus**

**SC registers the REITs prospectus**

**Listing by Bursa**

Main activity	Timeline
<ul style="list-style-type: none"> <li>Any changes from the latest version of the prospectus provided to the SC immediately prior to the issuance of the REITs application decision letter must be highlighted.</li> <li>Prospectus will be exposed on SC's website for 5 business days to provide an opportunity for the public to view and provide any comments on the information disclosed.</li> </ul>	<p><b>T<sub>p</sub></b></p>
<ul style="list-style-type: none"> <li>SC reviews the registration file for completeness and compliance by Adviser/Applicant on approval conditions</li> <li>Upon completion of review, the prospectus is registered by SC.</li> <li>Copies of prospectus is required to be lodged with the SC before its issuance.</li> </ul>	<p><b>T<sub>p</sub>+14</b> <b>(For registration)</b></p>
<ul style="list-style-type: none"> <li>Adviser to notify when the conditions are fulfilled, where relevant.</li> </ul>	<p><b>T<sub>p</sub>+n</b></p>