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SC's New Guidelines on REITs

Yesterday, the Securities Commission Malaysia (SC) issued the following guidelines in respect of Real Estate Investment Trusts (REITs), which will take effect from 9 April 2018:

- (a) revised Guidelines on Real Estate Investment Trusts — which sets out requirements to be complied with by conventional and Islamic unlisted REITs (meant for sophisticated investors only); and
- (b) new Guidelines on Listed Real Estate Investment Trusts — which supersedes all requirements in the old guidelines in relation to listed REITs.

The previous Guidelines for Islamic Real Estate Investment Trusts issued on 21 November 2005 is superseded following the issuance of the new guidelines.

Under these guidelines, a listed REIT can now undertake several activities (subject to conditions) which were previously prohibited under the old guidelines such as investment in real estate through a lease arrangement and acquisition of vacant land for purposes of property development activities.

These changes are expected to facilitate the growth of listed REITs.

The SC has also introduced new rules for Islamic REITs in relation to acceptance of new tenancy and renewal of existing tenancy of existing tenants whose activities are Shariah non-compliant.

Other proposed changes to facilitate the aligning of post-listing requirements of listed REITs with those for listed corporations is expected to be incorporated in the Listing Requirements issued by Bursa Malaysia Securities Berhad.

For the Guidelines on Real Estate Investment Trusts, click [here](#)

For the Guidelines on Listed Real Estate Investment Trusts, click [here](#)

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If you have any queries or would like to know more regarding the new

Guidelines on REITs, please do not hesitate to contact the author or her team partner Mr [Ong Eu Jin \(oej@lh-ag.com\)](mailto:oej@lh-ag.com).

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