

# **Checklist for Evaluating a Leaseback Agreement in Malaysia**

## **1. Developer/Operator due diligence**

- Is the developer reputable and financially stable?
- Who will manage the leaseback (developer or third-party operator)?

## **2. Rental return details**

- What is the promised rental yield (%) and actual rental amount (RM)?
- What is the leaseback period (years)?
- Is the rental return guaranteed by contract?

## **3. Leaseback terms**

- Are terms clearly outlined in the Sale and Purchase Agreement (SPA) or a separate Tenancy Agreement?
- Can the owner use the unit personally during the lease period?
- Who pays for maintenance, service charges, sinking fund?

## **4. Exit strategy**

- What happens after the leaseback period ends?
- Can the leaseback be renewed?

## **5. Ownership & legal structure**

- Is the property Freehold or Leasehold?
- Are there any legal restrictions for ownership?
- Is there any restriction-in-interest endorsement on the title?

## **6. Tax considerations**

- Will rental income be subject to income tax?
- Are there additional taxes like tourism tax?

## **7. Market evaluation**

- What is the actual demand after leaseback ends?
- Does this property have capital appreciation potential?

Pro-tip:

- \* Who holds your rental income funds during leaseback?
- \* What security do you have if the developer fails?
- \* What are your rights if you want to terminate early?