

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 26th September 2022

NOTIFICATION

S.R.O.1766(I)/2022.— The following draft amendments to the Real Estate Investment Trust Regulations, 2015, proposed to be made by the Securities and Exchange Commission of Pakistan in exercise of the powers conferred by sub-section (2) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984), are hereby published for information of all persons likely to be affected thereby and notice is hereby given that comments, if any, received within fourteen days from the date of publication of this notification may be taken into consideration by the Commission , namely:-

DRAFT NOTIFICATION

In the aforesaid Regulations, -

(1) In Regulation 2, -

(i) in sub-regulation (1), -

(a) after clause (ia), following new clause shall be inserted namely,-

“(iaa) “Accredited Investors” means the following:

- (i) Institutional Investor, including the following:
- (I) a Financial Institution;
 - (II) a Company as defined in the Companies Act, 2017;
 - (III) an insurance company established under the Insurance Ordinance, 2000;
 - (IV) a trust established under relevant Trust Act applicable in Pakistan;
 - (V) a Securities Broker;
 - (VI) a fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
 - (VII) a fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005;
 - (VIII) a private fund established under Private Fund Regulations, 2015;
 - (IX) any employee’s fund established for the benefit of employees;
 - (X) any other fund established under any special enactment;
 - (XI) a foreign company or any other foreign legal person. and
 - (XII) Any other entity as specified by the Commission;

- (ii) Individual investor (foreign or local) registered with NCCPL having assets of at least Rs. five million;
- (b) clause (ib), shall be omitted.
- (c) for clause (i), the following shall be substituted, namely, -
“(i) “Business Plan” means a detailed feasibility report including project feasibility working, valuation details, REIT Fund size, source of funding and other related matters;”;
- (d) clause (iib), shall be omitted;
- (e) for clause (iic), following shall be substituted namely, -
“(iic) “Concession Agreement” means an agreement entered into between the Implementing Agency and the REIT Scheme for execution of project under public private partnership;”;
- (f) in clause (iii), the words “or infrastructure” shall be omitted;
- (g) for clause (iv), the following shall be substituted, namely, -
“(iv) “Developmental REIT Scheme” means a REIT Scheme established for investment in one or more Projects with the objective of development and sale of the Real estate;”;
- (h) in clause (v), the word “developmental” at the end shall be omitted;
- (i) for clause (va), the following shall be substituted, namely, -
“(va) “Financial Close” means the stage when all investment and financing arrangements have been made and funds can be disbursed immediately;”;
- (j) in clause (vii), after the word “promoters,” the words “major shareholders” shall be added;
- (k) for clause (ix), the following shall be substituted, namely, -
“(ix) “Hybrid REIT Scheme” means a REIT Scheme, which is a combination of different types of REIT Schemes;”;
- (l) after clause (ixaa) the following new clause shall be inserted namely.-
“(ixaaa) “Investment based REIT Scheme” means a REIT Scheme established for managing REIT Fund by making investments in one or more REIT Projects or Real Estate, excluding agriculture project/land for capital gain and/or speculative purpose:

Provided that the Real Estate/REIT Project shall be zoned in

metropolitan cities and must have requisite NOCs;”;

- (m) in clause (ixb), for the word “named” the word “name” shall be substituted and thereafter the word “PPP” shall be omitted and at the end the words “under public private partnership” shall be added;
- (n) clauses (ixc), (xiva) and (xivb) shall be omitted;
- (o) in clause (xvi), after the word “Offering Document”, the expression “/Prospectus” shall be added;
- (p) clauses (xviii), (xix), (xixa), (xib), (xic), (xx) and (xxa) shall be omitted;
- (q) for clause (xxb), the following shall be substituted namely, -
“(xxb) “Property Manager” means a person appointed by the RMC to manage and maintain the Real Estate”;
- (r) for clause (xxi), the following shall be substituted, namely, -
“(xxi) “Real Estate” means land and moveable or immovable property attached to it, where the interests can be freehold or leasehold, as specified by the RMC”;
- (s) in clause (xxia), the words “, in a developmental REIT Scheme” shall be omitted;
- (t) for clause (xxiv), the following shall be substituted, namely, -
“(xxiv) “REIT Assets” means, all Real Estate and other assets moveable or immovable including financial assets of the REIT Scheme.”;
- (u) for clause (xxv), the following shall be substituted, namely, -
“(xxv) “REIT Fund” means amount of capital injection in the form of either equity investment or borrowing to finance REIT Scheme;”;
- (v) after clause (xxvi), the following new clause shall be inserted, namely.-
“(xxvia) “REIT Project” means a real estate project with revenue generating capability executed under the REIT Scheme and shall include following types:
 - (a) Residential;
 - (b) Commercial;
 - (c) Industrial;
 - (d) Agriculture;
 - (e) Healthcare;
 - (f) Transport;
 - (g) Communication;
 - (h) Power;
 - (i) Energy;

- (j) Telecommunication;
- (k) Water and sanitation;
- (l) Social, Culture and Commercial;
- (m) Mining;
- (n) Any other type as allowed by the Commission.

(w) for clause (xxvii), following shall be substituted namely, -

“(xxvii) “REIT Scheme” means a closed-end trust fund set up under the applicable trust laws and these Regulations for undertaking REIT Project;”;

(x) in clause (xxviii), for the words “other than the RMC, any Strategic investor, Private investor or Pre-IPO investor” the words “and does not include RMC” shall be substituted;

(y) for clause (xxix), the following shall be substituted, namely, -

“(xxix) “Rental REIT Scheme” means a REIT Scheme established with the object of making investment in Real Estate with the purpose of generating rental income from it;”;

(z) in clause (xxxii), the words “Non-PPP” shall be omitted;

(aa) for clause (xxxiii), the following shall be substituted, namely, -

“(xxxiii) “Strategic Investor” means accredited investor who undertake(s) to hold investment, free of encumbrances in a REIT Scheme as specified in these Regulations;”;

(bb) in clause (xxxiii), the words “for a PPP REIT Scheme” shall be omitted.

(cc) for clause (xxxiv), the following shall be substituted, namely, -

“(xxxiv) “Trustee” means a company appointed as Trustee of a REIT Scheme in accordance with these Regulations and include:

- (a) a Scheduled Bank, or development financial institution licensed or notified under the Banking Companies Ordinance, 1962 (LVII of 1962) which has minimum AA- rating from a credit rating agency registered with the Commission;
- (b) a central depository company registered with the Commission; or
- (c) any other entity as the Commission may from time to time specify;

(dd) in clause (xxxvii), the word “of” at the end shall be omitted;

(ee) for clause (xxxix), following shall be substituted namely, -

“(xxxix) “Valuer” shall have the same meaning as assign to it in the Companies (Further Issue of Shares) Regulations, 2020, to determine the value of the Real Estate and also includes valuer recognized by foreign regulatory authority

(2) for regulation 3, the following shall be substituted, namely. –

“3. Eligibility. - (1) The promoters, major shareholders, directors and Key Executives of an RMC shall comply with the Fit and Proper Criteria as specified in Schedule VIII annexed to these Regulations.

(2) An RMC intending to undertake REIT Management Services shall have paid-up capital of not less than fifty (50) million rupees prior to applying for license and submit auditor certificate evidencing equity of at least fifty (50) million rupees:

Provided that RMC shall maintain subject paid up capital at all times.

(3) Regulation 3A, shall be omitted;

(4) For Chapter-IIA, the following shall be substituted, namely. –

“Chapter-IIA

REIT Structure and REIT Scheme

3A. Types of REIT Structure: A REIT Scheme can be executed under following structures:

(a) Direct Investment Structure: Under this structure, REIT Scheme shall directly invest in the REIT Project;

(b) Special Purpose Vehicle (SPV) Structure: Under this structure, REIT scheme shall invest in the SPV subject to special resolution, which shall than invest in REIT Project:

Provided that in case of SPV structure, 75% of share capital of SPV shall be owned by REIT Scheme:

Provided further that for execution of SPV structure, an RMC shall appoint an SPV with the consent of the trustee through SPV Management Services Agreement setting out the terms set forth in Schedule IX:

Provided also that no amendments including any modification, alteration and additions/deletions shall be made in the SPV Management Services Agreement without consent of the Trustee and prior notice of at least seven days to the Unit Holders, if any.

3B. Types of REIT Scheme: An RMC can launch any REIT scheme as defined in these regulations or as a combination of REIT Scheme(s):

Provided that where the REIT Scheme involves a Public-Private Partnership, any difference between provisions of concession agreement and these regulations, the provisions of concession agreement shall prevail.”;

(5) After Chapter-IIA, following new Chapter shall be inserted namely. -

“Chapter-IIB.

General Conditions for launch of REIT Scheme.

3C. General Conditions for launching REIT Scheme. – (1) An RMC shall comply with following conditions for launch of REIT Scheme:

- (i). REIT Scheme shall be within the **territorial limits of the Pakistan;**
- (ii). It shall appoint trustee for the REIT Scheme as per the provisions of these regulations;
- (iii). It shall appoint Shariah Advisor, in case of Shariah compliant REIT and shall comply with requirements of Companies Act, 2017;
- (iv). It shall draft a trust deed as per standard format of trust deed mentioned at **Schedule-I** of these regulations and shall obtain consent of trustee:

Provided that in case of deviation from standard format of trust deed the RMC shall obtain approval of the Commission:

Provided further that no amendments including any modification, alteration and additions/deletions shall be made in the Trust Deed without consent of the Trustee and prior notice of at least seven days to the Unit Holders, if any;

- (v). It shall register the trust deed with the relevant provincial authorities under the applicable trust law;
- (vi). It shall appoint valuer and other intermediaries, if required for launch of REIT Scheme;
- (vii). It shall obtain valuation of the Real Estate by the appointed valuer at the time of acquisition:

Provided that in the interest of REIT Scheme and Unit Holders, for reasons to be recorded in writing, Trustee can require RMC to obtain valuation by two valuers;

- (viii). It shall share the copy of Business Plan, Information Memorandum, concession agreement, where required, and the Valuation Report with the accredited investors before issuance of units;
- (ix). It shall issue units against cash except those issued in lieu of Real Estate or shares of SPV, as applicable;
- (x). It shall inform to the Commission, details of real estate at least 10 days before issuance of units to the accredited investors;
- (xi). It shall submit following information/documents to the Commission and the trustee within 15 days of issuance of units to the accredited investors;

- (a) Copy of registered Trust deed;
 - (b) Copy of bank challan evidencing fee as specified in **Schedule -III** (only to be shared with the Commission).
 - (c) A report containing the following information;
 - (i). Number of units issued and name of investors;
 - (ii). Date of issuance;
 - (iii). Type of investors and unit held by each;
 - (d) Copy of information memorandum containing the minimum contents as per **Schedule-IVA**;
 - (e) Copy of valuation report containing the minimum contents as per the **Schedule VI**;
 - (f) Copy of business plan;
 - (g) Copy of SPV agreement, if any;
 - (h) Latest audited balance sheet and profit and loss statement of the RMC;
 - (i) Undertaking on non-judicial stamp that RMC is compliant with these regulations, REIT scheme is lawful and all information shared with the Commission is accurate;
- (xii). It shall keep subscription money received from investors in an account in the name of the Trustee;
- (xiii).** It shall transfer the Real Estate in name of the trustee/ REIT Scheme **within 120 days after financial close as per regulation 4:**

Provided that time lines of 120 days can be extended up to maximum of 240 days subject to intimation of same to the Commission and the trustee along with valid rationale at least 10 working days before completion of 120 days:

Provided that trustee shall return the subscription money in case the Real Estate is not transferred within the prescribed time lines and cost incurred shall be borne by the RMC:

Provided further that in case of Investment based REIT Scheme all new real estate added in the portfolio shall be transferred in the name of trustee within 30 days from the date of sale purchase agreement;

Provided further that in case of moveable property, where transfer of title is not possible a charge shall be created on the subject real estate in the favour of trustee for benefits of unit holders;

3D. Public Offering and listing of REIT units.--

- (1) REIT Scheme shall list on the securities exchange subject to issuance of units to public through an offering document approved by the Commission within a maximum period of three (3) years from the date of Financial Close.
- (2) An RMC shall disclose all material information in the Offering Document

as specified in Schedule IV of these regulations.

- (3) REIT Scheme shall comply with relevant public offering regime and listing regulations for issuance of units to the public and listing of units.

Provided that PSX and SECP shall evaluate the listing and public offering application in compliance with the public offering regime and can approve/decline public offer/listing.

- (6) Chapter-III shall be renamed as “Transfer of Real Estate”
- (7) Regulation 4 shall be omitted;
- (8) for Regulation 4A, the following shall be substituted, namely.-

“4. Transfer of Real Estate. - (1) An RMC shall transfer the Real Estate in the name of trustee subject to following conditions:

- (i). It shall submit to the Trustee, where applicable:
- (a) documents showing type of real estate, exact location, area along with dimensions of the Real Estate;
 - (b) confirmation that the RMC has issued public notice in one English and one Urdu newspaper in respective language having circulation all over Pakistan and specifically in the jurisdiction where the Real Estate is located, seeking objections to the proposed transfer of the Real Estate, and objections received, if any, have been carefully evaluated;
 - (c) its due diligence findings dealing with matters connected with title of Real Estate, clearly specifying, no encumbrances and encroachment, no illegal possession, no structural defects, no charge created, capacity and authority of sellers to enter into transaction documents, no material litigation in connection with the Real Estate and no restrictions on transfer of Real Estate, as applicable;
 - (d) for lease hold Real Estate, documentary proof confirming the remaining validity of the lease period:

Provided the same shall also be disclosed at front page of Information Memorandum and Offering Document.

- (e) an undertaking confirming that there is no litigation and encroachment related to the Real Estate. no injunctions have been passed against the proposed Real Estate issued by the concerned authorities. and to use the full outstanding debt, if any against the Real Estate only for the purpose of REITScheme.
- (f) copies of title documents. lease agreements and in the case of

Rental REIT Scheme involving building structure, copy of completion certificate:

Provided that if completion certificate is not available, a certificate/report from National Engineering Services Pakistan (NESPAK) and a consulting engineer duly registered with the Pakistan Engineering Council, confirming structural integrity and rentability of the building/ Real Estate:

Provided further that non-availability of completion certificate by the Land Authority in case of Rental REIT Scheme involving building structures, shall be clearly disclosed in the Offering Document and the Information Memorandum at front page;

- (g) the value (along with the rationale) at which the Real Estate shall be transferred to the REIT Scheme;
 - (h) such other documents or information as may be requested by the Trustee.”;
- (9) For Chapter-IV, following shall be substituted namely.-

“Chapter-IV

Capital Injection, Addition, Conversion and Transfer.

5. Capital Injection/Fund raising. – An RMC can raise additional capital through:

- (i). right offer. or
- (ii). other than right involving issuance of units to accredited investors and/or public. or
- (iii). Borrowing. or
- (iv). Combination of above.

5A. Addition of new Assets in REIT Scheme. – (1) An RMC, may acquire additional Real Estate in an existing REIT Scheme, subject to the following:

- (i). RMC shall obtain approval of the trustee and the unit holders through special resolution for addition of Real Estate
Provided that RMC shall share adequate information with the unit holders relating to Real estate as specified in part “Details of REIT Scheme”, where applicable, contained in Schedule IVA.
- (ii). At pre-addition stage, RMC shall intimate addition of new Real Estate and related approvals to the Commission within 10 days of special resolution.
- (iii). If addition of real estate is financed through additional fund raising from equity capital, then RMC shall intimate the type of investors and related details to the Commission within 15 days of issuance.
- (iv). the risk profile of the REIT Scheme should not be adversely altered/affected with respect to what is enunciated in its Offering

Document/Information memorandum.

- (v). New Real Estate shall be transferred in the name of trustee and all other requirements of these regulations, shall be followed.

Provided that, in case where new Real Estate is added and financed through equity injections, in SPV structure, shares of SPV shall be transferred in the name of Trustee.

6. Conversion of REIT Scheme or continuity of REIT Scheme- (1) An RMC can convert one REIT scheme into another REIT scheme subject to approval of the unit holders through Special Resolution:

Provided that in case of Developmental REIT, conversion shall only be allowed after complete development of the project stated in the Offering document and/or Information Memorandum.

7. Transfer of an Ongoing Under Construction Real Estate Project to REIT Structure: (1) An RMC can transfer an ongoing under construction real estate project to REIT scheme subject to fulfillment of following additional conditions:

- (i). RMC shall submit following to the trustee:
- (a) audited accounts of the project to the trustee clearly pronouncing at least:
 - (I) Asset and liabilities at the start of the project.
 - (II) Asset and liabilities of the project at the date of transfer.
 - (III) Cash flow position of the Project.
 - (IV) Customers advances received and utilized for the project.
 - (V) valuation report assessing value of the assets and liabilities to be transferred to the REIT Scheme.
- (ii). Unutilized cash received as customer advances shall be transferred to the trustee.”;

(10) Chapter-IVA, shall be omitted;

(11) For Chapter-V, following shall be substituted namely. -

“Chapter-V

Minimum Holding Requirements and Recovery of Expenses

8. Minimum Holding by RMC and Strategic Investor. - (1) RMC shall hold or arrange through Strategic Investor, minimum twenty-five (25) per cent Units of the initial size of the REIT Fund till revocation of the fund or listing of REIT scheme, whichever is earlier and the same shall be kept in an account marked as blocked and shall not be sold, transferred or encumbered.

(2) In case, there is more than one Strategic Investor, each one of them shall hold not less than five percent (5%) Units of the REIT Scheme.

Provided that the subject to compliance with clause (1) above, Strategic Investor and/or the RMC may, transfer/sell their holding of the REIT Scheme to another Strategic Investor(s) with the approval of the Commission.

9. Recovery of initial expenses.- (1) Expenses to be incurred in connection with the establishment and registration of the REIT Scheme as well as the offer for sale, allotment and issuance of Units including commission payable to underwriters, if not included in the public offer, shall be borne by an RMC, and shall be reimbursed to the RMC out of REIT Assets after annual audit of the REIT Scheme in equal instalments paid annually over a period of five (5) years or life of a REIT Scheme, whichever is shorter, and the same shall be stated in the Information Memorandum and the Offering Document.

Fees and costs which can be charged to the REIT Scheme are specified in Schedule II annexed to these Regulations.”;

(12) After Chapter-V, following new Chapters shall be inserted namely.-

**“Chapter-VI
Obligations of RMC and Trustee**

10 Obligations of an RMC. – (1) An RMC shall:

- (i). conduct due diligence to certify and ensure that the title to the Real Estate to be acquired for the purposes of the REIT Scheme is free from all defects, encroachments and encumbrances except encumbrances resulting from borrowing as provided in these regulations.
- (ii). ensure that the Real Estate and assets are vested in the name of Trustee for the benefit of unitholders.
- (iii). arrange transfer of real estate to the REIT Scheme or the SPV as per binding purchase agreement and ensure that the Real Estate transferred to REIT Scheme or held by an SPV meets the requirements specified in these Regulations.
- (iv). following submission of requisite documents and confirmations set forth in these Regulations, arrange transfer of the Real Estate in the name of Trustee or an SPV, as the case may be.
- (v). provide an undertaking to the trustee that it is compliant with REITs Regulatory Framework and the REIT Scheme launched is compliant with all applicable laws.
- (vi). ensure that all material contracts, including agreement for purchase of Real Estate, rental agreements, service providers’ agreements entered into for furtherance of the objects of the REIT Scheme and any other agreement for functioning of the REIT Scheme are legitimate, valid, binding and enforceable by or on behalf of the Trustee or the Special Purpose Vehicle (as the case maybe) in accordance with the stipulated terms of such contracts and agreements.
- (vii). manage the REIT Scheme in the best interest of Unit Holders, in accordance with the Trust Deed and all applicable laws, rules, Regulations including notifications, circulars, guidelines and directives issued thereunder.
- (viii). with the consent of the Trustee, appoint, auditor, valuer, Development Advisor, Property Manager, Transaction Advisor, Independent consultant or other REIT intermediaries, where required for smooth functioning of the

REIT Scheme.

Provided that the Valuer shall be appointed for a period of three (3) years and shall not be re-appointed as a Valuer for that REIT Scheme until lapse of two (2) years from its last retirement.

- (ix). Provide a copy of the contract entered into between the Valuer and the RMC to the trustee.
- (x). ensure that the REIT Scheme is dissolved only after the disposal of the Real Estate, or in case of investment in SPV after disposal of shares.
- (xi). ensure that the Trust Deed is in accordance with **Schedule I**.
- (xii). ensure that profits arising out of the REIT Scheme and the Special Purpose Vehicle are distributed to the Unit Holders as dividends in accordance with these Regulations.
- (xiii). ensure that Units are offered to public and listed in accordance with the public offering regime and listing Regulations of the securities exchange.
- (xiv). carry out all transactions involving the REIT Scheme managed by it on an arm's length basis.
- (xv). ensure that Customer Advances are received in the name of the Trustee or in case of Special Purpose Vehicle in an account operated by Special Purpose Vehicle (as the case may be).
- (xvi). arrange insurance / Takaful coverage in relation to the Real Estate and comply with all requirements of the Commission in this behalf.
- (xvii). be responsible for managing the REIT Scheme as per the object clause and business plan.
- (xviii). obtain written approval of the Commission before issuing Units to the Public
- (xix). ensure that the issue and transfer of the Units is carried out in accordance with provisions of these regulations.
- (xx). ensure that the Offering Document and Information Memorandum are prepared in line with the requirement of these regulations.
- (xxi). Intimate the Commission before delegating one or more of its functions in relation to the REIT Scheme.
Provided that where the RMC delegates any of its functions, it shall ensure that the delegated person has sufficient experience and financial resources to carry out the delegated function and comply with Schedule V.
- (xxii). be responsible for the remuneration, acts, omissions, defaults and negligence of all persons, along with resultant losses, to whom it delegates any of its functions.
- (xxiii). maintain at its registered office proper books of account including register of unit holders, record of the activities undertaken in connection with the REIT Scheme in order to enable a true and fair view to be formed of the, -:
 - (a) REIT Assets and liabilities.
 - (b) profit and loss accruing on account of operation of the REIT Scheme.
 - (c) transactions undertaken with respect to the REIT Scheme.
 - (d) amounts received in respect of issue of Units.

(e) client wise detail of Customer Advances. and

(f) pay-outs, if any, by way of distributions to the Unit Holders.]

Provided that RMC shall preserve books of account of the REIT Scheme for at least ten (10) years after the extinguishment or revocation of the REIT Scheme.

(xxiv). within one hundred and twenty days (120) of close of the financial year of the REIT scheme/SPV. prepare, and transmit or make available on its website to the Unit Holders, the Trustee, the Commission, and the securities exchange(s), if Units of the REIT Scheme are listed, the audited financial statements of the REIT scheme/ SPV and statement of the movement in NAV along with the report of the Trustee, the report of the auditor, report of Shariah Adviser (wherever relevant), the Valuation Report and any other document as specified by the Commission and make the printed copy of the said accounts available to any Unit Holder, free of cost, as and when requested.

Provided that if the REIT Scheme has been incorporated in less than 3 months before the close of financial year. no units have been issued to public investors. and customer advances relating to REIT project have not been received, then REIT Scheme shall not be required to prepare audited accounts of REIT Scheme for the first fiscal year. However, the subject period shall be covered in the next year's audited accounts.

(xxv). prepare and transmit or make available on its website to the Unit Holders, the Trustee, the Commission and the securities exchange(s), if Units are listed, within thirty (30) days of the close of the first and third quarter and two (2) months of the close of second quarter of the financial year of the REIT Scheme/SPV, financial statements showing balance sheet of the REIT Scheme/SPV as at the end of that quarter along with profit and loss statement, a cash flow statement and a statement of changes in NAV and make the printed copy of the said accounts available to any unit holder, free of cost, as and when requested.

(xxvi). obtain rating for itself and for the REIT Scheme as per the rating criteria of a rating company and such rating shall be updated annually, or at such other time as may be specified by the Commission.

(xxvii). publish rating of RMC and the REIT Scheme in the annual and quarterly accounts and in all advertising and marketing materials of the REIT Scheme.

(xxviii). furnish in respect of the REIT Scheme, to the Commission and the securities exchange(s) on which the Units are listed, such information within such time as the Commission may specify.

(xxix). ensure that a director immediately vacates his position if he becomes disqualified as per the Fit and Proper Criteria and inform the Commission of such compliance.

(xxx). before making any major change in purpose of the REIT Scheme mentioned in the Information memorandum /Offering document, ensure that it has:

a) obtained approval of the Unit Holders through a Special Resolution.

and

b) Informed the commission in writing along with the copy of special

resolution.

- (xxxix). cause to happen a determination of the NAV of the REIT Assets on six monthly basis.
- (xxxvii). ensure that it conforms to the provisions of Listed Companies (Code of Corporate Governance) Regulations specified by the Commission.
- (xxxviii). maintain adequate financial, technical, organizational and human resources, and employ appropriate systems, procedures, processes and personnel to:
 - a) provide REIT Management Services in a proper and efficient manner on an on-going basis. and
 - b) comply with all applicable requirements of these regulations and other applicable law.
- (xxxix). maintain satisfactory controls and written compliance procedures which address all applicable regulatory requirements.
- (xl). pay or arrange to pay such non-refundable fees as specified in the **Schedule III**.
- (xli). solicit all monies only in the name of Trustee.
- (xlii). not obtain, acquire or takeover the management of another REIT Scheme, without prior written approval of the Commission.
- (xliiii). not solicit Customer Advances before transfer of Real Estate/ REITs Assets in the name of Trustee

Provided that this provision shall not apply in case of transfer of under construction real estate to REIT scheme.

- (xliv). make sufficient arrangements for ensuring prevention of money laundering and terrorist financing, and comply with all laws, directives and circulars as may be issued by the Federal Government or the Commission to safeguard the RMC against involvement in moneylaundering and terrorist financing activities, including the SECP (Anti-Money Laundering and Countering Financing of Terrorism) Regulations, 2018 and the guidelines issued thereunder.
- (xlv). immediately inform the Commission, of any action of the SPV that contravenes the provisions of the Act, the Rules, these Regulations, guidelines, codes, circulars, directives or any other applicable laws.
- (xlvi). comply with the conditions/requirements specified by the Commission from time to time, including but not limited to execution of REIT Scheme. Provided that the Commission may direct a Specific RMC or a Specific REIT scheme to comply with conditions/requirements as it may deem appropriate.
- (xlvii). immediately report cost overruns and any other material event relating to the developmental and hybrid REIT Scheme to the Commission, trustee and the unitholders.

(2) In case of Public Private Partnership in addition to above:

- (i). ensure that all material contracts, including the Concession Agreement, Project Agreements (if any), service providers' agreements entered into for furtherance of the objectives of the REIT Scheme are legitimate, valid, binding and enforceable by or on behalf of the REIT Scheme in accordance with the stipulated terms of such contracts and agreements.

- (ii). take all reasonable steps to ensure that the Concession Agreement is executed between the Trustee and the Implementing Agency and all the conditions in the Concession Agreement are either met to the satisfaction of the Implementing Agency or waived by the Implementing Agency, as may be applicable.

11 Obligations of a Trustee. – (1) The Trustee, shall:

- (i). exercise due diligence and vigilance in carrying out its functions and duties under the Trust Deed and these Regulations and all other applicable laws.
- (ii). ensure that the REIT Assets, Real Estate and REIT Project or the interest therein are held by it on behalf of the Unit Holders.
- (iii). ensure that the title to all REIT Assets is lawfully vested in it.
- (iv). deposit the money received by it in a scheduled bank which has a minimum investment grade rating of BBB+ or above.
- (v). ensure that the RMC has appointed auditor, valuer, Development Advisor, Property Manager, Transaction advisor, Independent consultant and other REIT intermediaries where required for smooth functioning of the REIT Function
- (vi). ensure that all insurance premiums have been paid by the REIT Scheme and the insurance policies are up to date.
- (vii). verify that the information memorandum and offering document is prepared in compliance with requirement of these regulations.
- (viii). not delegate any of its duties unless the Trust Deed allows for the delegation. Provided that in case of delegation, Trustee shall be liable to for any negligent act or omission, on its part or the part of any of its delegates.
- (ix). make payments to the delegatee from its own account.
- (x). carry out the instructions of the RMC unless such instructions are in conflict with the Trust Deed, Information Memorandum, Offering Document, these Regulations, directions, guidelines, circulars or any other applicable laws.
- (xi). ensure that the provisions relating to use of the Customer Advances, as set out in these Regulations, the Trust Deed, the Information Memorandum, the Offering Document are complied with.
- (xii). immediately inform the Commission, of any action of the RMC related to the REIT Scheme, reasonably expected to be in the knowledge of the Trustee, that contravenes the Act, the Ordinance, the Rules, these Regulations, guidelines, codes, circulars, directives or any other applicable laws.
- (xiii). ensure that the Valuer prepares and submits Valuation Report(s) as per Regulations.
- (xiv). Ensure that the real estate proposed by an RMC for a REIT scheme meets the requirements of these Regulations.
- (xv). Maintain record of the REIT assets at all time and shall share the same with the Commission, if required.
- (xvi). Ensure that the REIT Scheme is lawful and compliant with all relevant laws.
- (xvii). Seek confirmation from the RMC that-
 - (a) all requisite approvals and NOCs, from the concerned authorities for functioning of the REIT Scheme have been procured.
 - (b) there are no environmental laws that prohibit the transfer of the Real Estate or functioning of REIT Scheme.

Provided that the Project specific approvals maybe procured after transfer of Real Estate.

(2) In case of public private partnership in addition to above, A trustee shall:

- (i). comply with the terms of the Concession Agreement and any financing documents for any financing raised by the REIT Scheme for the Project including obligations relating to Unit Holder transfer restrictions.
- (ii). enter into sponsor support agreements or such other financing documents as required pursuant to the Concession Agreement or as otherwise may be required by the lenders for a REIT Scheme.

Chapter-VII

Valuer and REIT Accountant

12. Obligations of the Valuer. - (1) An RMC shall ensure that Valuer shall, -

- (i). On annual basis, value the Real Estate/REIT Asset for the purpose of calculation of NAV (whether held directly or through an SPV) in accordance with Schedule VI and produce a Valuation Report on Real Estate belonging to the REIT Scheme.
Provided that in case of developmental and hybrid REIT, the valuation shall be conducted on half yearly basis.
 - (ii). ensure that, the valuation methodology adopted by it is in line with best practices prevalent in the real estate industry.
 - (iii). ensure the valuation is carried objectively and independent of its business or commercial relationships.
 - (iv). immediately inform the RMC and the Trustee of any circumstances or factors that come into the knowledge of the Valuer which can reasonably affect the accuracy of the Valuation Report.
 - (v). remain impartial while rendering professional services.
 - (vi). at all times perform its obligation with competence, integrity and professionalism.
 - (vii). report immediately if any conflict of interest arises. and
 - (viii). conform to the valuation standards prescribed by International Valuation Standards Council (IVSC) to the extent possible and shall certify the same in the Valuation Report and any deviation from said standards shall be fully explained in the Valuation Report.
 - (ix). Provide a declaration to the RMC stating that it meets the requirements specified in these Regulations, at the time of initial appointment and at the end of each year.
- (2) The RMC shall ensure that all values determined by Valuer are, where applicable, disclosed in the Information Memorandum and/or the Offering Document.
- (3) the RMC shall also ensure that the valuation methodology is documented and disclosed in the Offering Document/ Information Memorandum where applicable, specifying how the REIT Scheme is valued and its Units are priced.
- (4) The RMC shall ensure that the investment of the REIT Scheme is fairly valued on a regular basis and the frequency of such valuation shall be clearly disclosed in the Offering Document/Information Memorandum and the REIT Scheme is valued at least once in every financial year.

13. Appointment of REIT Accountant. –

The Trustee shall appoint, where required a REIT Accountant, within one (1) month of the Financial Close.

14. Obligations of REIT Accountant. - (1) The REIT Accountant shall be responsible for authorizing and monitoring all payments including countersigning interim payment certificates and reporting variances to the Trustee after comparing them with the project milestones.

(2) The REIT Accountant may hire any technical/ professional resource necessary for the performance of his duties.

15. Removal of REIT Accountant. - The Trustee may remove the REIT Accountant if the Trustee is not satisfied with the performance of the REIT Accountant.”;

(13) For Chapter-VIII, following shall be substituted namely. -

**“Chapter-VIII
Investments, Dividend, Borrowing and Customer Advances**

16. Investment Policy. - A REIT Scheme shall primarily invest in Real Estate and may invest any surplus funds in government securities or keep such funds as deposit with scheduled banks having not less than BBB+ Long term rating with stable outlook or money market fund, either directly or by taking investment advice on non-discretionary basis from an investment advisor duly licensed by the Commission.

17. Distribution policy. - (1) An RMC shall devise distribution policy in the best interest of Unit Holders.

(2) The distribution policy shall be in consonance with the provision of applicable tax law.

(3) The distribution policy shall be stated in the Information Memorandum and Offering Document of a REIT Scheme.

(4) Dividends shall be paid in such manner as disclosed in the Information Memorandum and Offering Document.

18. Borrowing. - (1) An RMC shall not receive any funds before issuance of units except Borrowing that has already been obtained against the Real Estate.

(2) An RMC shall clearly state policy for Borrowing in the Information Memorandum and the Offering Document.

(3) An RMC may arrange Borrowing with the approval of its board of directors and consent of the Trustee or the board of directors of the Special Purpose Vehicle, as the case may be or in case of public private partnership as per the Concession Agreement.

(4) An RMC shall utilize the borrowing in the interest of REIT Scheme and the unit holders.

19. Customer Advances. – (1) An RMC shall clearly state policy for Customer Advances in the Offering Document and the Information Memorandum.

(2) An RMC may seek Customer Advances with the approval of its board of directors.

(3) An RMC shall utilize Customer Advances to finance the project related costs as disclosed in the Information Memorandum and Offering Document or in case of public private partnership as per the Concession Agreement.

(4) An RMC shall ensure that all marketing material, advertisements and invitations soliciting Customer Advances by whatever name called must contain the name of REIT Scheme, name of developer, name of concerned development authority, proposed date of completion and shall clearly state that payments are to be made through banking channels in the name of Trustee only.

(5) An RMC shall obtain consent of the Trustee for all marketing material, advertisements and invitations soliciting Customer Advances and shall only accept Customer Advances after obtaining the consent from the Trustee and ensuring compliance with the minimum disclosures as mentioned in sub-regulation (4) and the Trustee shall ensure that such material is not misleading, fictitious or deceptive.

20. Disclosure of Customer Advances and Liabilities. - An RMC shall disclose customer advances and any other liabilities of a REIT Scheme in quarterly and annual accounts of a REIT Scheme.”;

(14) Chapter VIII-A shall be omitted;

(15) For Chapter IX, following shall be substituted, namely.-

**“Chapter-IX
Special Purpose Vehicle (SPV) Structure.**

21. Additional Requirements for SPV structure. – (1) The following additional requirements shall be complied with in case of SPV structure:

(i). Eighty per cent (80%) of all assets of the SPV shall be used/engaged for the purpose of the REIT Scheme.

Provided that developmental and hybrid REIT scheme shall comply with this condition within 12 months from the date of investment in SPV.

Provided further that Rental and Investment based REIT schemes shall comply with this condition within 3 months from the date of the investment in SPV.

(ii). Once a REIT Scheme has invested in an SPV, the SPV shall only acquire any additional Real Estate, subject to compliance with provisions of these Regulations.

(iii). the RMC shall ensure signing inter shareholder agreement with minority shareholders of SPV, whereby minority shareholders agree not to take any action in contravention of these regulations or enter into any arrangement that adversely impacts the right and interest of REIT Scheme unit holders.

(iv). The SPV has been engaged by the RMC for the purposes of REIT

Management Services in connection with purpose of the REIT Scheme, by execution of a SPV Management Services Agreement.

- (v). Both the REIT Scheme and the SPV shall appoint the same auditor and accountant and adopt the same accounting principles and policies.”;

- (16) For Chapter X, following shall be substituted, namely

**“Chapter-X
Related Party Transactions and Independence**

22. Related parties and related party transactions. – (1) An RMC shall, in relation to a REIT scheme, carry out related party transactions with the prior approval of Trustee:

- (i) on arm’s length basis.
- (ii) consistent with investment objectives and strategy of a REIT Scheme.
- (iii) in the interest of Unit Holders. and
- (iv) with proper disclosure to Unit Holders.

(2) The RMC, its delegates or any other related parties shall not receive any benefit, monetary or otherwise, from a property agent, Real Estate developer or Real Estate builder in consideration for referring any transaction involving a REIT Scheme to such property agent, Real Estate developer or Real Estate builder.

23. Disclosure of related party transactions. - (1) An RMC shall disclose related party transaction(s) in the Offering Document/Information memorandum and subsequently in annual as well as quarterly accounts of a REIT Scheme, highlighting the following:

- (i) potential conflict of interest of the related party with respect to the REIT Scheme and the measures taken to address such conflicts.
- (ii) beneficial interest of related party in a REIT Scheme and any changes therein.
- (iii) the amount involved in transactions in respect of each related party for the relevant period.

(2) Where the business of a related party is in competition with the activities of a REIT Scheme, the information memorandum/Offering Document, quarterly and annual accounts of the REIT Scheme shall disclose the business of the related party and its management so as to enable the Unit Holders to assess the nature of their business and the reasons why their business may adversely impact the business of the REIT Scheme.

(3) Where a REIT Scheme acquires Real Estate from or sells it to a related party, the Offering Document /information memorandum shall disclose the following:

- (i). Valuation report for the Real Estate that the related party has agreed to sell

or buy.

- (ii). the price to be deposited in or paid out of the REIT Assets or the Units issued or to be issued out of the REIT Assets as consideration and other terms of the transaction.

24. Independence: The RMC, Trustee and the valuer shall be independent.”;

- (17) For Chapter XI, following shall be substituted namely.-

**“Chapter-XI
Fees**

25. Management fee payable to RMC. – (1) An RMC shall be entitled to a management fee which shall be clearly stated in the Offering Document and the Information Memorandum along with the basis and quantum of fee to be charged to a REIT scheme.

Provided that the management fee shall be payable to RMC quarterly in arrears and shall be chargeable as an expense to the REIT Scheme.

- (2) RMC or its nominee shall be entitled to performance fee computed and paid to the RMC or its nominee as per the mechanism disclosed in the Offering Document and the Information Memorandum.

- (3) Any change in the declared fee shall be approved by the unit holders through special resolution and disclosed in the annual accounts.

26. Monitoring fee payable to Commission. - (1) Monitoring fee shall be paid annually to the Commission during the life of a REIT Scheme as per **Schedule III** annexed to these Regulations.

- (2) The monitoring fee shall be paid in arrears within four (4) months of the close of accounting year of a REIT Scheme and shall be chargeable as an expense to the REIT Scheme.

27. Fee payable to Trustee. - (1) A Trustee shall be entitled to an annual fee as mutually agreed between the trustee and the RMC.

- (2) The fee payable to Trustee shall be paid in arrears quarterly and shall be chargeable as an expense to the REIT Scheme.

28. Other Fee. – (1) The Valuer shall be paid a predetermined amount of fee as determined at the time of his appointment and such fee shall not be contingent upon the value of the Real Estate as determined by the Valuer.

- (2) The fee payable to all intermediaries shall be disclosed in the Offering Document, Information Memorandum and in the annual accounts.

- (3) The fee payable shall be charged as an expense to a REIT Scheme.”;

- (18) For Chapter XII, following shall be substituted namely.-

**“Chapter-XII
Retirements and Removals**

29. Transfer of Management Rights of REIT Scheme. - (1) The management rights of the REIT Scheme may be transferred to another RMC upon the occurrence of any of the following events, -

- (i).the RMC goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license; or
- (ii).where the Unit Holders pass a Special Resolution subject to occurrence of event of fraud or material event raising concerns over the performance of RMC and fulfil the conditions specified therein to pass such a resolution:

Provided that the RMC shall not vote at such meetings and their presence shall not be counted towards requisite voting for Special Resolution.

- (iii). if in the opinion of the Commission further management of REIT Scheme by the existing RMC is detrimental to the interest of the Unit Holders or for any other reason to be recorded in writing:

Provided that the RMC managing the REIT scheme shall be given opportunity of hearing before any action is taken against it under this regulation. However, the Commission shall not be restricted from taking any interim measures in the interest of Unit Holders.

(2) For the purpose of transfer of management right an RMC shall execute a supplemental Trust Deed subject to the approval of the Commission.

30. Retirement or removal of Trustee/Valuer. - (1) The Commission shall remove the Trustee or directs the RMC to remove a valuer if either of them goes into liquidation, becomes bankrupt or if a receiver, liquidator or administrator is appointed over its assets and appoint a new Trustee.

(2) The Commission may remove the trustee in best interest of the unit holders and appoints a new trustee.

(3) The liquidator shall be bound to follow the instructions of the Commission and hand over all necessary records, transfer assets and give effect to the Commission’s decision in favor of the new Trustee within seven working days.

(4) A Trustee may, retire from his office on appointment of a new Trustee and the retirement shall take effect at the same time as the new Trustee is appointed or from the date of assumption of assets of the REIT Scheme by the newly appointed Trustee, whichever is later.

(5) An RMC may by giving reasons in writing inform the Commission for change of the Trustee and appoint a new Trustee.

(6) The Commission may direct the RMC to remove the Valuer if

- (i). for reasonable cause, the RMC or the Trustee states, in writing, that a change in the Valuer is desirable in the interest of the Unit holders; or
- (ii). the Unit Holders pass a resolution requiring removal of the Valuer subject to occurrence of material event raising concerns over the performance of the valuer; or
- (iii). The Valuer contravenes any provision of the Ordinance, the Rules, these Regulations, or any directives, code or guidelines issued by the Commission.

Provided that the Valuer shall be given an opportunity to defend itself.

(7) Upon retirement or removal of the Valuer (s), the RMC in consultation with the Trustee shall appoint new Valuer (s) that meet (s) the criteria under these Regulations at least thirty (30)] days before the next due valuation date.”;

- (19) For Chapter XIII, following shall be substituted namely.-

**“Chapter-XIII
Extinguishment or Revocation of REIT Scheme**

31.Extinguishment/Revocation of REIT Scheme. – (1) A REIT Scheme may be extinguished by the occurrence of any one or combination of the following events, -

- (i). The REIT Scheme has reached end of its life as specified in the Trust Deed.
- (ii). where the Unit Holders pass a Special Resolution demanding revocation of the Trust on occurrence of material event.
- (iii). where the RMC goes into liquidation, becomes bankrupt or has a liquidator appointed over its assets, or its license has been cancelled or does not hold valid license unless the management rights have been transferred in conformity with these Regulations.
- (iv). in the opinion of the RMC the REIT Scheme is not commercially viable or the purpose of the scheme cannot be accomplished or its objective can not be achieved and the Unit holders have consented to such an action through a Special Resolution:
Provided that the RMC shall not vote at such meetings and their presence shall not be counted towards requisite voting for Special Resolution.
- (v). where applicable, in the opinion of Trustee and on occurrence of any event or circumstances which, as per Trust Deed, triggers conditions that require the REIT Scheme to be revoked.
- (vi). the Concession Agreement, in the case of a Public private partnership has expired or has been terminated.
- (vii). where the Commission deems it necessary to revoke REIT Scheme and directs so to the Trustee or the RMC in the interest of Unit Holders.
- (viii). in case the transfer of Real Estate, does not take place for any reason within the time specified under these Regulations.

32. Procedure and manner of Revocation of REIT Scheme. - (1) Where a REIT scheme is to be revoked upon occurrence of events mentioned in regulation 31 above, the Trustee shall give notice to the RMC and shall publish such notice in one English and one Urdu newspaper in respective language having circulation all over Pakistan

disclosing the circumstances leading to the revocation of the REIT Scheme.

(2) On the date of publication of the notice under sub-regulation (1) of this regulation the affairs of and all information relating to the REIT Scheme shall be transferred to the Trustee till the completion of the final settlement of the affairs of the REIT Scheme.

(3) From the date of publication of the notice, the Units of the REIT Scheme shall be delisted from the relevant Securities Exchange and REIT Scheme shall cease to carry on its business, except so far as may be required for the beneficial revocation thereof.

(4) The Trustee shall dispose off the assets of the REIT Scheme in the best interest of the Unit Holders and any sale, settlement or arrangement executed by the Trustee in pursuance of revocation of the REIT Scheme shall be binding on the RMC and Unit Holders of the REIT Scheme.

(5) The Trustee upon the commencement of revocation process shall also submit, in addition to specified statutory reports, quarterly reports to the Commission providing details of the various steps taken by it to finalize settlement of the affairs of the trust.

(6) The proceeds from the sale of the Asset of the REIT Scheme shall be first utilized towards discharge of such liabilities as are due and payable by the REIT Scheme and after making appropriate provision for meeting the expenses connected with such revocation and the balance amount shall be paid to the Unit Holders in proportion to their respective interest in the assets of the REIT Scheme.

(7) In case of revocation/liquidation, sequence of claim settlement with respect to multiple types of borrowing/liabilities i.e. bank borrowing, construction costs, customer advances, etc. shall be clearly pronounced in the offering document/ information memorandum.

(8) On the completion of the revocation process the Trustee shall forward to the Commission and the Unit Holders a report on the revocation process containing particulars such as circumstances leading to the revocation, the steps taken for disposal of assets of the REIT Scheme before revocation, expenses of the fund for revocation, net assets available for distribution to the Unit Holders and a certificate from the auditors of the REIT Scheme. After the receipt of revocation report by the Trustee, REIT Scheme shall cease to exist and Trust shall be extinguished as per applicable laws.”;

(20) For Chapter XIV, following shall be substituted namely.-

**“Chapter XIV
Meeting of the Unit Holders of the REIT Scheme**

33. Meeting of the Unit Holders. - (1) The meeting of the Unit Holders shall be held in accordance with the procedure prescribed in Schedule VII to these Regulations for the following purposes:

- (i) Transfer of management rights of REIT Scheme.
- (ii) Extinguishment or revocation of REIT Scheme.
- (iii) Removal of Valuer.

(iv) Any other purpose required in these Regulations or as specified by the Commission from time to time.

(2) For the purpose of this regulation, the meeting can be called by:-

(i) RMC or

(ii) Trustee or

(iii) Commission

(a) on its own motion in the interest of REIT Scheme or.

(b) at the request of Unit Holders having at least twenty-five percent (25%) Units in value of the total outstanding Units of the REIT Scheme present either in person or through proxy or represented by Trustee in such meeting.”;

(21) For Chapter XV, following shall be substituted namely. –

“Chapter-XV Miscellaneous

34. Application of the Ordinance/Act/Securities Act, 2015 to a REIT Scheme.-

(1) The provisions of the Act/Ordinance/Securities Act, 2015, where applicable governing matters relating to general meetings of a company, notice for meeting to shareholders, issue of right shares, allotment and transfer of shares, prospectus, public offering, listing of securities, accounts and audit of listed companies, declaration of dividend, shall as far as may be, mutatis mutandis apply unless specified otherwise in these Regulations to the meetings of the Unit Holders, notice for meeting to Unit Holders, issue of right or bonus Units, allotment and transfer of Units, declaration and payment of dividends, prospectus, public offering, listing of units, accounts and audit of the REIT Scheme.

(2) International Accounting Standards notified by the Commission for listed companies shall also apply to a REIT Scheme, where relevant.

35. Relaxation/ Exemption from Regulations. – (1) The Commission may, upon receipt of application and for reasons to be recorded in writing, relax or exempt a REIT Scheme from any provision of these Regulations as it deems fit in the interest of the public and/or to remove any practical difficulties under these Regulations and/or to promote green real estate/infrastructure projects.

(2) The Commission may, while granting any relaxation or exemption to the Regulations, impose any other condition as it may deem necessary in the public interest.

36. Reporting Requirements: An RMC shall report the following to the Commission on Half yearly basis:

(1) Issuance of units to the Investor.

(2) Progress report on completion of the Project.

(3) Name of intermediaries and change in intermediaries, if any

- (4) REIT fund size/ Capital Structure.
- (5) Material event relating to RMC, REIT Scheme, REIT Project, trustee.
- (6) Financial highlights of REIT Scheme.
- (7) Latest NAV of the REIT Scheme.
- (8) Any other information specified by the Commission.”;

(22) For Schedule -I, following shall be substituted namely. –

“Schedule-I

Important Note: It is advised that the RMC shall practice due diligence in preparing Trust Deed as per the standard format and evaluate applicability of each clause in context of respective REIT Scheme and shall add/omit/rephrase any clause(s) (as applicable) with respective to each REIT Scheme in accordance with the REIT Regulations, 2015 and other applicable laws.

TRUST DEED

IN RELATION TO ‘(Name of REIT Scheme.....),
SHARIAH COMPLIANT OR NON SHARIAH COMPALINT

TYPE OF REIT PROJECT (RESIDENTIAL, COMMERCIAL, INDUSTRIAL, POWER,
ENERGY ETC.)

TYPE OF REIT SCHEME (DEVELOPMENTAL, RENTAL, HYBRID, INVESTMENT)
STRUCTURE OF REIT SCHEME (DIRECT INVESTMENT OR SPV)

REIT SCHEME BEING CONSTITUTED UNDER THE REAL ESTATE INVESTMENT TRUST
REGULATIONS 2015

BY AND BETWEEN

NAME OF RMC (.....)
(AS THE REIT MANAGEMENT COMPANY)

AND

NAME OF THE TRUSTEE(.....)
(AS TRUSTEE)

DULY VETTED BY

NAME OF SHARIAH ADVISOR(.....) ONLY IN CASE OF SHARIAH COMPLIANT.
(AS SHARIAH ADVISOR)

BEING A SPECIALIZED TRUST AS DEFINED UNDER (NAME OF THE TRUSTS ACT)
EXECUTED AT (PLACE/CITY OF EXECUTION/, PAKISTAN

EXECUTED ON (DATE.....)

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TRUST DEED

IN RELATION TO ‘(NAME OF REIT SCHEME)’, A SHARIAH COMPLIANT/OR NON SHARIAH COMPLIANT (TYPE OF REIT PROJECT AND REIT SCHEME) BEING CONSTITUTED UNDER THE REAL ESTATE INVESTMENT TRUST REGULATIONS 2015

This **TRUST DEED** (hereinafter the “**Deed**”) is entered into at (place/city), Pakistan on (date)..... by and between:

- (1) **(NAME OF RMC.....) REIT MANAGEMENT LIMITED**, a, status of Company (Private, Public, listed) company incorporated under the Companies Act, 2017 having its registered office at (.....) (hereinafter referred to as the “**RMC**”, which expression shall, where the context so permits, shall include its successors in interest and permitted assigns), and
- (2) **NAME OF THE TRUSTEE**, a, status of Company (Private, Public, listed) company incorporated in Pakistan under the Companies Act 2017, having its registered office at (.....) (hereinafter referred to as the “**Trustee**”, which expression where the context so permits, shall include its successors in interest and permitted assigns).

WHEREAS:

- A. RMC is licensed by the SECP to act as a REIT Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 (the “**Rules**”) to launch REIT Schemes and carry out REIT Management Services in terms of the Real Estate Investment Trust Regulations 2015, as amended from time to time (“**REIT Regulations**”) vide License No. (.....), attached hereto as **Annexure A**.
- B. The Trustee and Shariah Adviser (In case of Shariah Compliant REIT) has approved the contents of this Deed vide letter dated _____ (attached hereto as **Annexure B&C**).
- C. Due to the enactment of the (name of the Trusts Act.....),, as amended vide (name of the Trusts Act.....), the Trust, being a Specialized Trust, is required to be registered with the (name of the relevant department and Trusts Act.....). For this purpose, this Deed is being executed between the RMC and the Trustee without affecting actions taken, transactions effectuated, documents executed by the RMC and/or the Trustee which shall be deemed to have been validly effectuated done and are saved.
- D. (Name of the Trustee.....) is eligible to be appointed as a trustee of the scheme in terms of the REIT Regulations.

NOW, THEREFORE, THIS DEED WITNESSED AS FOLLOWS:

1 Definitions and Interpretation

1.1 DEFINITIONS

Unless the context requires otherwise, the following words and expressions shall have the meaning stated next to them:

- i. **“Accounting Date”** (of the REIT SCHEME).
- ii. **“Accounting Period”** shall mean a period ending on, and including, an Accounting Date and commencing, in case of the first Accounting Period, on the date on which the REIT Assets are first transferred to the Trustee and, in any other case, from the end of the preceding Accounting Period.
- iii. **“Act”** shall mean the Companies Act 2017 including any substitutions, re-enactments or amendments thereof.
- iv. **“Applicable Law(s)”** shall mean all the laws applicable to, or binding on, or to which each of the REIT Scheme, the Trustee and / or the RMC is subject to, including, but not limited to, Constitution of Pakistan 1973, the Companies Ordinance 1984, the Act, the Securities Act 2015, (name of the Trusts Act.....), the NBFC Rules, the REIT Regulations, PSX Regulations and all other Act or Ordinance, rules, regulations, circulars made thereunder, any common or customary law, judgment, decree, directive, notification, clarification, guideline, policy, requirement or other governmental restriction as may be applicable for the purposes of implementation, execution and operation of the REIT Scheme/REIT Project.
- v. **“Architect”** shall mean a renowned firm of qualified and experienced civil engineers and/or Town Planners which is a member of Pakistan Council of Architects and Town Planners to be recommended by the Development Advisor and appointed by RMC for concept preparation, architectural design preparation, and performing related functions as are normally and customarily performed by architects of multi-storeyed projects.
- vi. **“Auditor”** shall mean the auditor of the REIT Scheme appointed by RMC.
- vii. **“Authorized Investment”** shall mean investment primarily in Real Estate and may also include placement of surplus funds, if any shall be invested in shariah compliant. Government securities, banking products and Islamic money market funds etc., in accordance with the REIT Regulations, 2015, as may be amended from time to time.
- viii. **“Bank”** shall mean the same as defined under the Banking Companies Ordinance, 1962, or any other regulation in force for the time being in Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- ix. **“Bank Accounts”** shall mean those account(s) opened and maintained for the Trust by the Trustee with the Bank(s)
- x. **“Blocked Units”** shall mean those units being held in blocked account(s) with Central Depository Company of Pakistan Limited as stipulated in the REIT Regulations.
- xi. **“Borrowing”** shall mean the funds received from Financial Institutions/Investors for the REIT Project.
- xii. **“Business Day”** shall mean any day that is Monday to Friday, except gazetted public or provincial holiday.
- xiii. **“Business Plan”** shall mean the business plan prepared by RMC for the REIT Project, as specified in Regulation 2(1)(i) of REIT Regulations as may be amended from time

to time.

- xiv. **“CDC”** means the Central Depository Company of Pakistan Limited.
- xv. **“CDC Regulations”** shall mean Central Depository Company of Pakistan Limited Regulations, as amended, substituted or re-enacted from time to time.
- xvi. **“CDS Eligible Security”** shall mean Securities mentioned as Eligible Securities in the CDC Regulations.
- xvii. **“Connected Person”** shall have the same meaning as ascribed thereto in the NBFC Rules.
- xviii. **“Civil Works Contractor”** shall mean a contractor(s) to be appointed by RMC for development or construction, or other works in connection with, the REIT Project.
- xix. **“Constitutive Documents”** shall mean this Deed, the Information Memorandum, and the Offering Document (as applicable) governing the formation, management and operation of the Trust and the development of the REIT Project.
- xx. **“Customer”** shall mean an individual or any juristic person purchasing or who has purchased the End Product against payment of the Sale Price as determined by RMC to be paid to the Trustee on account of the REIT Scheme in accordance with payment schedule to be incorporated in the agreement between the Customer, RMC, and the Trustee which shall be disclosed in the Business Plan and the Offering Document.
- xxi. **“Customer Advance”** shall mean the value to be received by the Trustee, in accordance with the REIT Regulations, 2015, from the Customer in advance in pursuance of payment schedule against the Sale Price for the sale of the End Product in the REIT Project.
- xxii. **“Development Advisor”** means the same as defined in the REIT Regulations, 2015.
- xxiii. **“Developmental REIT Scheme”** means the same as defined in the REIT Regulations, 2015.
- xxiv. **“Distribution Account”** shall mean the Bank Account, that may be current, saving or deposit account, maintained by the Trustee with a Bank with a rating specified in these regulations in which the amount required for the distribution of dividend to the Unit Holders shall be transferred.
- xxv. **“Duties and Charges”** means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fee and other duties, fees and charges, in connection with the transfer of the REIT Assets in favour of the Trustee or SPV.
- xxvi. **“End Product”** depends upon type of REIT. will be different for each REIT Scheme.
- xxvii. **“Financial Close”** shall mean the same as defined in REITs Regulations, 2015.
- xxviii. **“Financial Institutions”** shall have the same meaning as defined in the Act.

- xxix. **“Force Majeure”** shall mean any occurrence or circumstance or element beyond the control of, and which cannot be avoided or overcome by, the RMC or the Trustee, and makes the performance of the Constitutive Documents or any obligations of the RMC or the Trustee in whole or in part impossible or impracticable or otherwise delays such performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, pandemics (including COVID 19), any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc. or any other event which prevents or significantly hinders or prevents performance of the operations of the RMC or Trustee.
- xxx. **“Frustration of Contract”** shall mean inability on the part of RMC and/or the Trustee to fulfil their respective obligations due to rules, regulations, decisions, orders or directives or any injunction of federal, provincial or local governments or governmental authorities, including but not limited to Karachi Development Authority, Karachi Metropolitan Corporation, Sindh Building Control Authority, Civil Aviation Authority, Sindh Environmental Protection Agency, or any court of law, or any restraining order(s) or orders or action(s) of any other authority or agency, including but not limited to a change of law, change of policy or regulations of such governments or authorities etc., which makes the REIT Scheme impossible or commercially no longer viable.
- xxxii. **“Fund”**, or **“Closed-end Scheme”** or **“Trust”**, or **“REIT Scheme”** means the **“(name of REIT SCHEME.....)** constituted by this Deed, as a closed end scheme, the Units of which may initially be privately placed / issued, and eventually listed and traded on the PSX.
- xxxiii. **“Hybrid REIT Scheme”** means same as defined in REITs Regulations, 2015.
- xxxiiii. **“Information Memorandum”** shall mean a document containing minimum information to be prepared by RMC in accordance with REIT Regulations, 2015.
- xxxv. **“Initial Valuer”** shall mean the Valuer appointed by RMC in consultation with the Trustee and who have issued initial Valuation Report in respect of the Real Estate under of the REIT Regulations., 2015.
- xxxvi. **“Listing”** in relation to the Units means Units which have been allowed to be traded on a registered stock exchange in Pakistan.
- xxxvii. **“Major Contracts”** shall mean all contracts and agreements executed or to be executed in connection with REIT Scheme.
- xxxviii. **“Material Providers”** shall mean suppliers of all construction materials required for development and completion of REIT Project, including but not limited to iron, steel, cement, bitumen, wood, tiles, electrical equipment, wiring, glasses, water, sanitary and sewerage materials, bathrooms fittings, paints, polishes, and other materials that may be required.

- xxxviii. “**NBFC Rules**” shall mean the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, as amended, substituted or re-enacted from time to time.
- xxxix. “**NCCPL**” means the National Clearing Company of Pakistan Limited.
- xl. “**Net Assets**” shall mean the difference between the value of the assets and the liabilities of the REIT Scheme, as given in the balance sheet at any given date to be computed as per the methodology and criteria laid down in the REIT Regulations (or otherwise under the Applicable Laws).
- xli. “**Net Asset Value**” or “**NAV**” shall mean per Unit value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- xlii. “**Offering Document**” shall mean a document containing minimum information to be prepared by RMC in accordance with Schedule-IV of the REIT Regulations, including any amendments thereto or substitution thereof at the relevant time, in order to invite the public to buy invest in the Units.
- xliii. “**Par Value**” shall mean the face value of a Unit that shall be PKR/-.
- xliv. “**Accredited Investor**” shall mean the same as defined in the REIT Regulations, 2015.
- xlv. “**Property Manager**” means the same as defined in the REITs Regulations, 2015.
- xlvi. “**PSX**” means the Pakistan Stock Exchange Limited.
- xlvii. “**Real Estate**” shall mean the same as defined in REITs Regulations, 2015.
- xlviii. “**REIT Project**” shall mean the same as defined in REITs Regulations, 2015 and will be different for each REIT Scheme.
- xlix. “**Register**” shall mean the Register of the Unit Holders that shall be maintained pursuant to the REIT Regulations.
- l. “**Registrar**” shall mean a company that the RMC may appoint for performing the Registrar’s Functions. provided that the RMC may also itself perform the Registrar’s Functions subject to fulfilment of all regulatory requirements (if any).
- li. “**REIT Accountant**” shall mean the same as defined in REITs Regulations, 2015.
- lii. “**REIT Assets**” shall mean the same as defined in REITs Regulations, 2015.
- liii. “**REIT Fund**” shall mean the same as defined in the REIT Regulations, 2015.
- liv. “**REIT Regulations/REIT Regulations, 2015**” shall mean the Real Estate Investment Trust Regulations 2015, as amended or substituted or re-enacted from time to time.
- lv. “**Related Party(ies)**” mean(s) the parties outlined in Article..... of this document.
- lvi. “**Rental REIT Scheme**” means a Scheme as defined in the REIT Regulations, 2015.
- lvii. “**Reporting Currency**” means the Pakistani Rupee

- lviii. “**Rules/NBFC Rules**” shall mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- lix. “**SECP**” or the “**Commission**” means the Securities and Exchange Commission of Pakistan, established under Section 3 of the Securities and Exchange Commission of Pakistan Act, 1997, which term shall include its legal successor.
- lx. “**Seller**” shall mean the present owner of the Real Estate who shall transfer the Real Estate to the Trustee/SPV.
- lxi. “**Service Provider(s)**” shall mean individual(s), firm(s), company(ies) or other entity(ies) engaged by RMC for providing services of any kind exclusively for the REIT Project, but shall not include those retained by RMC or the Trustee for performing their own secretarial works, office management and professional management or accounting, legal and administrative services provided to them in accordance with the provisions of this Deed and the REIT Regulations.
- lxii. “**Shariah Advisor**” shall mean the same as defined in Shariah Advisors Regulations, 2017.
- lxiii. “**Shariah Compliant**” shall mean any activity that is in accordance with the Islamic Shariah as advised by the Shariah Advisor.
- lxiv. “**Shariah Regulations**” shall mean the Shariah Governance Regulations, 2018 issued by the Commission.
- lxv. “**Special Resolution**” shall mean a resolution which is passed by a majority of not less than three-fourth of such Unit Holders who/which are entitled to vote and who/which are present and voting in person or by proxy or by post at a general meeting of which not less than twenty-one days’ notice specifying the intention to hold the meeting and a copy of the resolution to be proposed for the voting has been duly given, provided that if all the Unit Holders who/which are entitled to attend and vote at any such meeting so agree, a meeting may be held earlier than 21 days and a resolution may be proposed and passed as a special resolution at that meeting.
- lxvi. “**Specialised Trust**” shall mean the trust as defined in Article of (name of the Trusts Act.....).
- lxvii. “**Units**” shall mean the instrument of ownership of a REIT Scheme signifying the beneficial interest of the Unit Holders in such REIT Scheme.
- lxviii. “**Unit Holder(s)**” shall mean the person who is the legal owner of one or more Units and whose name appears in the Register of Unit Holders.
- lxix. “**Valuer**” means a person appointed to determine the value of the Real Estate under these Regulations.
- lxx. “**Valuation Reports**” shall mean the valuation reports prepared by the Valuers in accordance with REIT Regulations.

1.2 DEFINITIONS TO APPLY

Words and expression used but not defined herein shall have the same meanings as assigned to them in the Act or REIT Regulations.

1.3 **RULES OF INTERPRETATION**

In this Deed, unless there is something in the subject or content inconsistent with such construction or unless it is otherwise expressly provided:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislative provision.
- (b) the singular includes the plural and vice versa.
- (c) a reference to an individual or person means and includes any individual, partnership, association of persons (whether or not registered), company, corporation, association, joint stock company, firm, entity, trust, joint venture, labour organization, unincorporated organization, authority or government and vice versa.
- (d) a reference to any gender includes all genders.
- (e) a reference to a Recital, Preamble, Article or Annexure is to a recital, preamble, article or annexure of or to this Deed.
- (f) Recitals, definitions and Annexures form an integral part of this Deed.
- (g) headings are for convenience of reference only and do not affect interpretation.
- (h) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, restated or replaced from time to time.
- (i) a reference to any party to this Deed or any other document or arrangement includes that party's executors, administrators, successors, permitted substitutes, permitted transferees and permitted assigns.
- (j) where an expression is defined, another grammatical form or variation of that expression has a corresponding meaning.
- (k) a reference to a matter being to the knowledge of a person means that the matter is to the best of the knowledge and belief of that person after making reasonable enquiries in the circumstances.
- (l) the terms "hereof", "herein", "hereto" and "hereunder" and words of similar import when used, with the required linguistic and / or grammatical derivation, in this Deed refer to the Deed as a whole and not to any particular provision thereof.
- (m) the terms "include", "includes" and "including" shall be respectively construed as "include without limitation", "includes without limitation", and "including without limitation", and all derivative terms shall be construed accordingly.

- (n) if the day on which any act, matter or thing is to be done under or pursuant to this Deed is not a Business Day, that act, matter or thing shall be done no later than the immediate succeeding Business Day.
- (o) a reference to any “account” includes any renewal, redenomination, re-designation or sub-account thereof.
- (p) “written” or “in writing” includes printing, engraving, lithography, or other means of visible reproduction. and

a reference to the date of this Deed shall mean the date first above written

2 NAME OF THE TRUST

The Trust is constituted under the name and title of “(name of REIT SCHEME.....)”.

3 PARTIES TO THE TRUST

The Parties to the Trust are set forth in the Preamble.

4 SIZE OF THE REIT SCHEME

The Parties agree that Fund Size (monetary value) of the REIT Scheme shall be mentioned in the Information Memorandum / Offering Document.

5 DECLARATION OF TRUST

5.1 It is hereby declared unequivocally that a Closed-End REIT Scheme in the name and title of “(name of REIT SCHEME.....) is hereby created as a Trust under the (Name of Trusts Act.....) and the REIT Regulations, with an initial nominal amount of PKR/- (Amount in words), and the Trustee/(NAME OF TRUSTEE.....) is hereby nominated and appointed as the trustee of the Trust on the terms and conditions contained in this Deed.

5.2 It is hereby irrevocably and unconditionally declared that:

- i. the Trustee, on behalf of Unit Holders, shall hold and stand possessed of the REIT Assets that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holders.
- ii. the REIT Assets shall be held by the Trustee on trust for the Unit Holders on pari passu basis according to the number of Units held by each Unit Holder. and
- iii. the Management Company shall manage, operate and administer the Trust in the interest of the Unit Holders, in accordance with the REIT Regulations, Shariah Regulations (In case of Shariah Compliant REIT), guidelines issued by Shariah Advisors (In case of Shariah Compliant REIT) and the provisions of the Constitutive Documents and Applicable Laws.

6 OBJECT OF THE TRUST

Will be different for each REIT Scheme.

7 REGISTERED ADDRESS OF THE TRUSTEE ALONG WITH PLACE AND DATE OF CREATION OF TRUST

The registered address of the Trustee and the date of creation of the Trust is as set forth in the Preamble.

8 TRANSFER AND GRANT OF REIT ASSETS

- 8.1 The Real Estate for the REIT Scheme shall be acquired by the Trust partially or wholly through the issuance of Units as consideration to the seller and / or its nominee(s) of the Real Estate, and / or partially or wholly from the proceeds of the Units (i.e., payment of an agreed sale consideration to the seller of the Real Estate), or a combination of the same, as per the Information Memorandum and /or the Offering Document.
- 8.2 The investment and all income, profit and other benefits arising there from being held or deemed to be held upon trust by the Trustee shall constitute part of the REIT Assets.
- 8.3 The Trustee shall hold the REIT Assets in its name (acting as trustee of the Trust) for the benefit of the Unit Holders, in accordance with the provisions of the REIT Regulations and this Deed. The REIT Assets shall not be used for any other purpose by the Trustee or by the Management Company, other than for the purposes of the REIT Scheme, as specified in the Business Plan and the Constitutive Documents.
- 8.4 Save as herein expressly provided, and unless permitted otherwise under the REIT Regulations, and except encumbrances resulting from Borrowing as mentioned in the relevant Constitutive Documents, the REIT Assets shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee shall not create any mortgages, charges, liens or any other circumstances whatsoever on the REIT Assets or any part thereof, to secure any loan, guarantee, or any other obligation actual or contingent incurred, assumed or undertaken by the Trustee or any other person, except as instructed by Management Company for the purposes of the REIT Scheme in accordance with the REIT Regulations. Provided however, neither the Trustee, nor the Management Company shall be liable in their personal capacities for repayment of such Borrowing.
- 8.5 All cash forming part of the REIT Assets shall be deposited by the Trustee in a separate Bank Account, in the name of the Trustee, titled '(title of the account.....)' (or such other title as may be deemed suitable), with a Bank approved by the Management Company having rating as specified in REITs Regulations, 2015. The Bank shall be caused to allow profit thereon in accordance with the rules prescribed by the Bank on sharing of profits on deposits.
- 8.6 Remuneration of the Management Company and the Trustee, Bank charges and financial costs, audit fees, SECP annual and monitoring fee, listing fee and all other charges including, but not limited to, renewal fees payable to the PSX, rating fee payable to an approved rating agency, annual and clearing fee of NCCPL, fees payable to the (NAME OF TRUSTEE.....), formation costs and taxes, if any applicable to the Trust, annual project health survey fee, Property Manager fee, Development Advisor fee if any, REIT Accountant Fee, Valuer fee, Auditor's fees and any fees relating to any of the Major Contracts, property tax, legal counsel fee and all other Duties and Charges and such costs as are otherwise chargeable to the Trust under the REIT Regulations shall be payable out of the REIT Assets.

- 8.7 Transaction costs relating to the transfer of the Real Estate / REIT Assets i.e., all duties and expenses (stamp duty, registration fee, capital value tax, advance tax, mutation fee) incurred by the Trust, including in effecting the registration of all registerable property in the Trustee's name and other related costs shall constitute part of the REIT Fund.
- 8.8 In the event of any loss arising as a result of any act and / or omission of the Trustee in violation of the terms of this Deed, the Trustee shall have an obligation to replace the lost investment forthwith with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss.

9 OBLIGATIONS, RIGHTS AND POWERS OF MANAGEMENT COMPANY

9.1 Obligations of the Management Company:

Relevant content defined/prescribed in the REIT Regulations, 2015.

9.2 Powers of the Management Company

The Management Company shall have all powers and rights as are necessary for performing its duties, functions and obligations under the Constitutive Documents and the REIT Regulations. Without prejudice to the generality of the foregoing, the Management Company shall have the following rights and powers:

- i. the Management Company shall have the power to carry out any and all of the objects and purposes of the Fund and to perform all acts and enter into and perform all contracts and other undertakings that it may, in its sole discretion, deem necessary or advisable or incidental thereto, all in accordance with and subject to the other terms of the Constitutive Documents and Applicable Laws.
- ii. the Management Company shall have the right, power and authority to request from any Unit Holder such information as the Management Company deems necessary to eliminate or reduce the exposure of the Fund or the Unit Holders, in general, to adverse tax or regulatory consequences. and
- iii. the Management Company may authorize any officer or responsible official or, subject to compliance with the REIT Regulations (in particular Schedule V thereof), appoint any delegate, nominee or agent, to perform on its behalf any act or matter required to be done by the Management Company in the performance of its duties in relation to the Fund, provided that the Management Company shall ultimately be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if these were its own acts and omissions.

10 TRANSFER OF MANAGEMENT RIGHTS OF THE REIT SCHEME

Relevant content defined/prescribed in the REIT Regulations, 2015.

11 OBLIGATIONS, RIGHTS AND POWERS OF THE TRUSTEE Relevant content defined/prescribed in the REIT Regulations, 2015.

11.1 Powers of the Trustee

The Trustee shall have all powers and rights as are necessary for performing its duties, functions and obligations under the Constitutive Documents. Without prejudice to the generality of the foregoing, the Trustee shall have the following rights and powers:

- i. the Trustee may authorize any officer or responsible official or, subject to compliance with the REIT Regulations, appoint any delegate, nominee or agent, to perform on its behalf any act or matter required to be done by the Trustee in the performance of its duties in relation to the Fund, provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as trustee as if these were its own acts and omissions. and
- ii. in relation to Article (relevant article of the trust deed.....) the Trustee shall have full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds.

11.2 Restrictions on Transactions with Trust

Neither the Trustee nor the custodian (if applicable) shall sell or purchase or deal in the sale or purchase of any REIT Assets or enter into any other transaction with the Fund, save in the capacity of an intermediary. Furthermore, the Trustee shall not legally and / or beneficially own or hold any Units of the Fund, except as otherwise provided.

12 RETIREMENT OR REMOVAL OF TRUSTEE.

Relevant content defined/prescribed in the REIT Regulations, 2015.

13 Issuance of Units to Accredited Investors.

- 13.1 the Management Company may offer Units of the REIT Scheme to the Private accredited investors in accordance with relevant provisions of REITs Regulations.

14 Public Offering

Units shall be offered to the public in compliance with Securities Act 2015 and PSX Listing Regulations.

15 General

- 15.1 The par value of a Unit of the REIT Scheme shall be PKR/- (Amount in words) each.
- 15.2 The Management Company shall issue Units against cash except those issued in lieu of the Real Estate. The Unit Holder(s) will not be liable to make any payment after such Unit Holder(s) has paid the consideration against price of the Unit(s) (either as cash or against transfer of Real Estate (as the case may be)).
- 15.3 Furthermore, no further liability can be imposed on such Unit Holder(s) in respect of Unit(s), which he holds. provided in case of subscription of rights Units offered by the Management Company, if any, the Unit Holder(s) shall pay for the subscription price of the rights Units.
- 15.4 The Management Company shall keep subscription money received from Investors in an account in the name of Trustee of the REIT Scheme.

- 15.5 Where the transfer of Real Estate does not take place as per the REIT Regulations, the Trustee shall return total subscription money to the investors along with profit.
- 15.6 All Unit(s) represent an undivided share in the REIT Assets and rank pari passu as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions, and each Unit Holder has a beneficial interest in the Trust fund proportionate to the Unit(s) held by such Unit Holder(s).
- 15.7 Where it is decided to increase the capital of the REIT Scheme by the issue of further Unit(s), such Unit(s) shall be offered in accordance with REIT Regulations and applicable law.

16 ISSUANCE AND TRANSFER OF UNITS

- 16.1 Issuance and transfer of Units shall be carried out in accordance with the Applicable Laws and the procedures provided in the Information Memorandum / Offering Document.
- 16.2 Notwithstanding anything contained herein, where the Units are declared as CDS Eligible Securities, all matters concerning the issuance, transfer and redemption of such Units, issued in book entry form, or deposited in to the CDS, shall be dealt with in accordance with the provisions of the CDC Act, the CDC Regulations as amended from time to time, and any notifications or directions given by the (NAME OF TRUSTEE.....).

17 REGISTRATION OF UNITS

- 17.1 The Management Company or Registrar, if appointed shall maintain the Register at such a place as is agreed by the Management Company. The Management Company shall ensure that the Registrar shall comply with all relevant provisions of this Deed and the REIT Regulations.
- 17.2 Where the Units are within the Central Depository System, the maintenance of Register will be in accordance with the procedure laid down by CDC under the CDC Act and CDC Regulations.

18 LISTING OF UNITS

The Management Company shall ensure that the Units are listed at PSX as per the provisions of REIT Regulations, 2015.

19 PLEDGE / LIEN OF UNITS

- 19.1 Any Unit Holder may, subject to the provisions of the REIT Regulations, pledge / create a lien over all or any of his Units as security for any debt to any third party. The Trustee, the Management Company, or the Registrar, shall not be liable for ensuring the validity of any such pledge / charge / lien. The disbursement of any loan against the constitution of such pledge / lien / charge shall be at the entire discretion of the lender and neither the Trustee nor the Management Company and the Registrar take any responsibility in this matter.
- 19.2 Notwithstanding anything to the contrary contained herein, where the Units are declared as CDS Eligible Securities, all matters concerning the pledge of such Units

issued in book entry form or deposited in to the CDS, shall be dealt with in accordance with the provisions of the CDC Act, the CDC Regulations as amended from time to time, and any notifications or directions given by the Commission.

20 RIGHT OF THE BENEFICIARIES OF THE TRUST

The beneficiaries under the Trust shall be the Unit Holders who shall have all rights in accordance with the Constitutive Documents and the REIT Regulations.

21 MEETINGS OF THE UNIT HOLDERS

21.1 The meeting of the Unit Holders shall be held in accordance with the procedure prescribed in the REIT Regulations, for the following purposes:

- i. transfer of management rights of the REIT Scheme.
- ii. extinguishment or revocation of REIT Scheme.
- iii. removal of Valuer. or
- iv. Any other purpose required in these Regulations or as specified by the Commission from time to time.

21.2. For the purpose of above Article, the meeting can be called by the:

- i. Management Company.
- ii. Trustee. or
- iii. Commission, on its own motion in the interest of REIT Scheme, or at the request of Unit Holders having at least 25% (twenty five percent) in value of the total outstanding Units of the REIT Scheme, present either in person or through proxy or represented by Trustee in such meeting.

22 BORROWING

Relevant Content defined/prescribed in the REIT Regulations, 2015.

23 CUSTOMER ADVANCES

Relevant Content defined/prescribed in the REIT Regulations, 2015.

24 INVESTMENT OF THE REIT ASSETS

Relevant content defined/prescribed in the REIT Regulations, 2015.

25 VALUATION OF ASSETS / LIABILITIES

Valuation of Assets and related matters.

26 FEES AND CHARGES

Relevant Fees and Charges.

27 TRANSACTIONS WITH RELATED PARTY

Details of Related Parties and transaction.

28 AUDIT

The Management Company shall appoint the Auditor in accordance with the requirements of the REIT Regulations and directions issued thereunder.

29 DETERMINATION OF DISTRIBUTABLE INCOME

- 29.1 The amount available for distribution in respect of an Accounting Period shall be determined by the Management Company, on behalf of the REIT Scheme, in accordance with the Constitutive Documents, which shall be distributed, inter alia, by way of dividend to the Unit Holders from the accounting income of the REIT Scheme in any financial year received or derived from sources other than capital gains, as reduced by such expenses as are chargeable to the REIT Scheme under the REIT Regulations.
- 29.2 For the purpose of this Article the expression “accounting income” means income calculated in accordance with the requirements of generally accepted accounting principles as are notified under the Act, REIT Regulations and the directives issued by the SECP. Wherever the requirements of the REIT Regulations or the directives issued by the SECP differs with the requirement of generally accepted accounting principles, the REIT Regulations and the said directives shall prevail.
- 29.3 The Management Company may also announce interim dividend subject to requirements of the REIT Regulations, circular and directives. Subject to the provisions of the Income tax ordinance, for the purpose of determining distribution of at least ninety percent of accounting income, the income distributed through bonus shares, shall not be taken into account.
- 29.4 Out of the amount determined for the purpose of distributable income in respect of each Unit Holder withholding tax, Zakat or other statutory levies, as may be applicable to the relevant Holder shall be deducted before distribution for the relevant Unit Holder.
- 29.5 The Management Company may decide to make distributions in the interest of the Unit Holders.
- 29.6 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Unit Holder the certificate in respect of such deductions in the prescribed form or in a form approved or acquired by the concerned authorities.

30 DISTRIBUTION OF DIVIDENDS

After the Accounting Date, the Management Company shall instruct the Trustee to transfer such amount of cash as required to affect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purpose of this Deed be treated as part of the REIT Assets but shall be held by the Trustee upon trust to distribute the same.

31 FORCE MAJEURE AND FRUSTRATION

Neither the Management Company, nor the Trustee shall be liable for any loss or damage caused to the REIT Project or REIT Assets or to the Unit Holders for non-

completion / commencement or delayed commencement / completion of the REIT Project due to any elements of Force Majeure or Frustration of Contract.

32 DURATION AND EXTINCTION / DISSOLUTION OF TRUST

32.1 The Trust shall have an indicative term as may be disclosed in the Business Plan/IM/Offering document and the relevant Constitutive Documents.

32.3 Relevant content defined/prescribed in the REIT Regulations, 2015.

33 PROCEDURE FOR REVOCATION / CANCELLATION OF REIT SCHEME AND DISTRIBUTION OF LIQUIDATION PROCEEDS.

Relevant content defined/prescribed in the REIT Regulations, 2015.

34 Any other matter specified in the REITs Regulations, 2015.

35 MODIFICATION OF TRUST DEED

The Trustee and Management Company acting together shall be entitled, pursuant to a supplemental / addendum to this Deed, to modify, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose, subject to compliance with REITs Regulations and subject to the condition that it does not prejudice the interests of Unit Holders.

Amendments including any modification, alteration and additions / deletions can be made in the Trust Deed in compliance with the REIT Regulations.

36 LIMITATION OF LIABILITY AND INDEMNITY

35.1 Limitation of Liability

To the fullest extent permitted by applicable law, the Trustee, the Management Company and their respective directors, officers, employees and agents (each, an “**Indemnified Person**”) shall not be liable to the Fund for any action or omission taken or suffered by such Indemnified Person in connection with the operation, business or activities of the Fund or otherwise in connection with the Constitutive Documents or the matters contemplated herein, or any loss due to any such action or omission, unless such action or omission resulted from such Indemnified Person’s wilful misconduct, negligence or failure to act in good faith.

35.2 Indemnification

- i. To the fullest extent permitted under the Applicable Law, and without prejudice to any contractual, legal or equitable rights otherwise available to the Indemnified Persons, the Fund shall indemnify and hold harmless each Indemnified Person (including former Indemnified Persons) who was or is a party, or is threatened to be made a party, to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative arising out of or in connection with or relating to the operation, business or activities of the Fund against any and all liabilities, claims, costs, demands, damages, losses and expenses (including legal fees and other legal costs, amounts paid in satisfaction of judgments, compromises or settlements, fines and penalties, and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or un-

liquidated, incurred in connection with such legal action, suit or proceedings, provided however that: (a) any Indemnified Person shall not be so indemnified to the extent such legal action, suit or proceeding resulted from such Indemnified Person's wilful misconduct, negligence or failure to act in good faith.

- ii. The Management Company may enter into, on its own behalf and / or on behalf the Fund and notwithstanding any other provision of this Deed or other Constitutive Documents to the contrary, contracts providing for the indemnification by the Fund of third parties (including without limitation consultants, agents etc.) and the limitation of such third parties' liability to the Fund and / or the Unit Holders on such terms as the Management Company shall deem proper in its reasonable discretion.

37 APPLICATION OF THE ACT AND IFRS

- 36.1. As defined in the REIT Regulations.
- 36.2 International Financial Reporting Standards notified by the Commission for listed companies shall also apply to the REIT Scheme, where relevant.
- 36.3 All financial reports shall be prepared in Pakistani Rupees.

38 GOVERNING LAW

This Deed shall be subject to and be governed by the laws of the Islamic Republic of Pakistan.

39 DISPUTE RESOLUTION

In the event of any dispute arising out of this Deed or other Constitutive Documents between the Management Company on the one part and the Trustee on the other part, including as to the respective rights and obligations of the parties hereto, as well as those relating to the interpretation of the terms and the conditions of this Deed and other Constitutive Documents, relating to the Fund, the same shall be referred to arbitration under the Arbitration Act, 1940 by 2 (two) arbitrators, 1 (one) to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the 2 (two) arbitrators, the matter shall be referred to an umpire, to be selected by the 2 (two) arbitrators before the commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire (as the case may be) shall be final and binding upon both the Parties. The arbitrators and the umpire shall be selected from amongst, senior partners of renowned firms of chartered accountants, senior partners of renowned law firms, retired judges of a High Court or the Supreme Court of Pakistan, CFA charter holders in good standing, senior bankers or senior members of the PSX (who may even be the heads of corporate members). The venue of the arbitration shall be(Name of CITY)

Subject to the paragraph above applicable between the Management Company and the Trustee inter se, each concerned party, including the Unit Holder(s), Shariah Advisor, Property Manager, Development Advisor, REIT Accountant, Valuer, Investors, etc. shall be deemed to have irrevocably submitted to the exclusive jurisdiction of the Courts at (City).

40 CONFIDENTIALITY

The Trustee and Management Company and every director or officer of the Trustee and Management Company who are in any way engaged in the business of the Trust and all persons employed or engaged by the Trustee or Management Company in connection with the REIT Project of the Trust, including Property Manager, Development Advisor, REIT Accountant, Shariah Advisor, Valuer, Auditor and other service providers shall observe strict confidentiality in respect of all transactions of the Trust, its Unit Holders and all matters relating thereto and shall not disclose any information or document which may come to their knowledge or possession in the discharge of their duties except when required to do so in the ordinary course of performance of their duties or by law or if compelled by any court of law or a competent authority. This condition shall be got incorporated by the Management Company in all Major Contracts pertaining to the above.

41 MISCELLANEOUS

40.1 The REIT Projects:

Will be different for each REIT Scheme

40.2 Inconsistency with Applicable Laws:

This Deed shall be subject to all Applicable Laws including, but not limited to, the Act and the REIT Regulations. All provisions required to be contained in this Deed under the REIT Regulations shall be deemed incorporated in this Deed. In the event of any inconsistency between this Deed and the provisions required to be contained in this Deed pursuant to the REIT Regulations, the latter shall prevail over the provisions contained in this Deed.

40.3 Access to Deed:

A copy of this Deed and of any supplemental / addendum to this Deed shall be made available for inspection at the respective Head Offices of the Trustee and Management Company, at all times, during usual business hours along with placement on the website of the Management Company and shall be supplied by the Management Company to any person on application.

40.4 Notices

- i. Any notice required to be served upon the Unit Holder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand, (ii) mailed by certified mail, return receipt requested, (iii) sent by overnight mail or courier, or (iv) transmitted via electronic mail or facsimile transmission. Notices to any Unit Holder shall be sent to the address as appearing in the Register or to such other address as such Unit Holder shall have last designated by notice to the Management Company.
- ii. Any notice sent in accordance with above Article shall be deemed to have been duly given (i) if delivered by hand, on the date of receipt, (ii) if mailed by certified mail, return receipt requested, when actually received, (iii) if sent by overnight mail or courier, when actually received, and (iv) if transmitted via electronic mail or facsimile transmission, on the date that such electronic mail or facsimile transmission is sent.
- iii. Service of a notice or document on any one of several joint Unit Holders shall be

deemed effective service on the other joint Unit Holders.

- iv. Any notice or document sent by certified mail or courier service to or left at the registered address of the Unit Holder shall notwithstanding that such Unit Holder be then dead or bankrupt and whether or not the Trustee or the Management Company have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.

40.5 Representations and Warranties

Each of the parties hereby represents and warrants to each of the other party as follows:

- i. it is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.
- ii. it has the power and authority to execute and deliver this Deed, and to consummate the transactions contemplated hereby.
- iii. upon its execution and delivery, this Deed will be duly executed and delivered and will constitute a valid and binding obligation of such party, enforceable in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies. and
- iv. the execution and delivery of the Deed by it does not, and the consummation by it of the transactions contemplated by this Deed will not, violate any provision of its by-laws or other charter or governing documents, or violate any agreement, instrument, law, ordinance, regulation, order arbitration award, judgment, or decree to which it is party, or by which it is bound.

40.6 Binding on Unit Holders

The terms and conditions of this Deed or any deed supplemental hereto, shall be binding on each Unit Holder as if he had been a party to it and each Unit Holder authorizes and requires the Trustee and the Management Company to do as required of them by the terms of this Deed.

40.7 Fund Tax Status

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The Management Company and the Trustee intend that the REIT Scheme be treated as a real estate investment trust registered under the REIT Regulations for income tax purposes.

40.8 Severability

If at any time, any Article of this Deed is and / or becomes in whole or in part, illegal, invalid or unenforceable in any respect of and / or under the laws of any applicable jurisdiction, neither the legality, validity and enforceability of the remaining Articles of the Deed hereof, nor the legality, validity or enforceability of such Article under the law of any other jurisdiction shall in any way be affected or impaired thereby.

40.9 Survival

All obligations of either party which expressly or by their nature survive termination or transfer of this Deed (including (reference to the relevant articles of trust deed.....)) shall continue in full force and effect after the termination or transfer, until they are satisfied, or by their nature expire.

IN WITNESS WHEREOF, this Trust Deed has been executed at the date mentioned herein above.

The Common Seal of (NAME OF RMC.....) **REIT MANAGEMENT COMPANY LIMITED** was hereunto affixed by:

1. _____ 2. _____

Name:

Name:

Designation:

Designation:

CNIC No.:

CNIC No.:

The Common Seal of **Trustee** was hereunto affixed by:

1. _____ 2. _____

Name: _____

Name: _____

Designation: _____

Designation: _____

CNIC No.: _____

CNIC No.: _____

WITNESSES

1. _____

2. _____

Name: _____

Name: _____

CNIC No.: _____

CNIC No.: _____

Address: _____

Address: _____

ANNEXURE A-RMC LICENSE

ANNEXURE B-CONSENT OF TRUSTEE

ANNEXURE C-CONSENT OF SHARIAH ADVISOR ON TRUST DEED (SHARIAH COMPLIANT REIT ONLY)

- (23) In Schedule II.-
- (i). For clause (vi), following shall be substituted namely, -
(vi) Listing fee for the REIT Scheme, including Annual Listing fee payable to securities exchange.
- (ii). After clause (vi), following new clause shall be added namely. -
(via) Fee relating to public offering of units.
- (iii). After clause (xii), following new clause shall be added namely. -
(xiiia) Fee payable to the Intermediaries for functioning of REIT Scheme.
- (24) For Schedule III, following shall be substituted namely. –

Schedule-III

FEES

A) Fees for permission to form RMC and Licensing fee

S#	Particulars	Amount(RS.)
1.	Application for permission to form an RMC	250,000
2.	Application for license to undertake or carry out REIT Management Services.	1,000,000
3	Application for renewal of license to carry out an activity or function.	Nil

B) Fee relating to launch of REIT scheme:

S#	Particulars.	Amount (RS.)
1.	Launch of a REIT scheme	500,000/-

Fee payable by REIT Scheme	Developmental REIT Scheme.	Rental REIT Scheme.	Investment based REIT Scheme	Hybrid REIT Scheme.
Annual Monitoring Fee payable to the Commission	Equal to 0.20% of the average fund size per annum.*	Equal to 0.10% of the average fund size per annum.*	Equal to 0.10% of the average fund size per annum.*	Equal to 0.15% of the average fund size per annum.*

* The annual monitoring fee shall be capped at Rs. 35 Million per annum except in the first year.

(25) For schedule IV, following shall be substituted namely. -

SCHEDULE IV INFORMATION TO BE DISCLOSED IN THE OFFERING DOCUMENT BY THE REIT SCHEME

Note: - No Offering Document shall be issued to the public unless summarized versions of Valuation Report of the Real Estate, the Business Plan and Concession Agreement, where applicable is attached to it.

The Offering Document shall in addition to the requirements contained in the Securities Act,2015, Ordinance and any applicable rules, regulations or guidelines made there under and must also contain the following information, where applicable

1. Front page: Risk disclosures.
2. Date of publication of the Offering Document.
3. Date of approval of Securities Exchange.
4. Date of Commission's approval.
5. REIT Scheme:
 - (a) Name and registered address of the REIT Scheme
 - (b) Name and registered address of the SPV.
 - (c) Board of director of SPV.
 - (d) Date and registration number of REIT Scheme.
 - (e) Name and registered address of Trustee.
 - (f) Type of structure opted and nature of REIT Scheme and REIT Project.
 - (g) Summary of the entire REIT Scheme highlighting potential benefits and risks involved.
 - (h) Name of the directors of Trustee.
 - (i) Duration and date of termination of the REIT Scheme.
 - (j) Summary of the substantive provisions of the Trust Deed.
 - (k) Details of Real estate transferred in the name of the Trustee.
 - (l) Progress report on REIT project being executed by the REIT Scheme.
 - (m) Beneficial interest of the related parties, if any, with respect to the REIT Scheme.
 - (n) Potential conflicts of interest of the related party, if any, with respect to the REIT Scheme.

- (o) A description of the business of the related party and its management so as to enable the Unit Holders to assess the nature, scope and size of their business and the reasons as to how their business may be in competition with the Project and activities of the REIT Scheme.
 - (p) Costs of advertisements relating to the REIT Scheme.
 - (q) Fee negotiated with the Development Advisor, Property Manager, Valuer, Project Accountant, Independent Consultant etc.
 - (r) In case of revocation/liquidation, sequence of claim settlement w.r.t multiple types of borrowing/liabilities i.e. bank borrowing, constructions costs, customer advances etc.
6. RMC:
- (a) Name and Registered address of the RMC.
 - (b) Incorporation certificate of the RMC.
 - (c) Abridged version of audited balance sheet and profit and loss statement of the RMC not older than six months failing which a certificate from the auditor evidencing the net worth of the company.
 - (d) Board of directors, chief executive and company secretary of the RMC and their profile/particulars.
 - (e) Names of shareholders along with their shareholding in the RMC.
 - (f) Duties and powers of the RMC.
 - (g) Details of other REIT Schemes launched by the RMC.
 - (h) Certificate from the RMC that the related party is capable of performing its duty in relation to the REIT Scheme independent of its other business, if any.
7. Corporate Directory: The names, registered addresses and contact numbers of the following parties, where applicable:
- (a) Valuer.
 - (b) Development Advisor
 - (c) Property Manager.
 - (d) Consulting engineer/design firm or architect.
 - (e) Civil works contractor.
 - (f) Auditor of the REIT Scheme.
 - (g) Underwriter.
 - (h) Bankers to the issue.
 - (i) Registrar of the REIT Scheme.
 - (j) Legal adviser of the REIT Scheme.
 - (k) Relevant regulatory authorities.
 - (l) Project Accountant.
 - (m) Independent Consultant(s).
 - (n) Transaction Advisor.
 - (o) Special Purpose Vehicle (along with details of minority shareholders) (where applicable).
 - (p) other intermediaries, if any
8. REIT Assets as may be applicable:
- (a) Location map with address of Real Estate along with name of concerned authority/jurisdiction.

- (b) Photographs and drawings of the Real Estate along with accessibility map.
- (c) Type of Real Estate, whether lease hold or free hold, moveable or immovable
- (d) Date and value at which the Real Estate has been transferred to Trustee or charge has been created
- (e) Valuation Report of the Real Estate.
- (f) Copy of the certificate from the auditor of REIT Scheme that Real Estate has been transferred in the name of Trustee.
- (g) In case of Rental REIT, certificate from auditor of the REIT Scheme that RMC has entered into a binding purchase agreement with the seller of the Real Estate.
- (h) Material information regarding the acquisition of Real Estate in or execution of a purchase agreement.
- (i) Approval for the REIT project from the concerned regulatory authorities.
- (j) Major terms and conditions of the Concession Agreement and any other related documents in case of public private partnership.

9. Fund size:

- (a) Total size of the REIT Fund.
- (b) Units taken up by the RMC, accredited investors , if any.
- (c) Names and addresses of the accredited investors along with their percentage held.
- (d) certificate from the auditor of REIT Scheme confirming issue of Units in lieu of Real Estate or shares of SPV.
- (e) Certificate from auditor of the REIT Scheme stating whether the subscription money from accredited investors has been received in the name of Trustee or not.
- (f) Number of Units offered to the public.

10. Units:

- (a) Face value of Units.
- (b) Lot size of Units.
- (c) Opening and closing date of subscription.
- (d) Method of offering.

10. Detail of Expenses to be borne by the REIT Scheme and expenses relating to public offering and listing.

11. Distribution policy: The distribution policy, indicating the time period for distribution of dividend.

12. Financial Reports and accounts:

- (a) The accounting year of the REIT Scheme.
- (b) Audited Financial results of the REIT scheme or SPV, if any for the last two years or from the date of launch of REIT scheme or investment in SPV.
- (c) Particulars and frequency of the financial reports to be sent to the Unit Holders.
- (d) Policy on valuation of the REIT Scheme's assets and determination of the NAV.
- (e) Borrowing policy, if any.

- (f) Policy for Customer Advances.
- (g) Any other policy as per the Concession Agreement.

13. Extinction of REIT Scheme:

- (a) A summary of the circumstances in which the REIT Scheme may be extinguished and the manner in which the beneficiaries shall be transferred their proportionate shares.
- (b) Rights of creditors, if any.

14. Risks:

A statement that investment in the REIT Scheme is subject to risks and an exhaustive description of the risks involved.

15. General information:

- (a) A list of documents concerning the REIT Scheme such as Trust Deed, Business Plan, Concession Agreement, Valuation Report, audited accounts of the RMC and the Trustee, NOCs/approvals etc., shall be placed on the website of the RMC and provided free of cost to the prospective investors.
- (b) A statement that the RMC accepts responsibility for the information contained in the Offering Document as being accurate at the date of publication.
- (c) Construction schedule for the Project (as applicable) indicating deadlines and milestones.

(26) For Schedule IVA, following shall be substituted namely. –

SCHEDULE - IVA INFORMATION MEMORANDUM

Note: - This is not an exhaustive list. The REIT Management Company is bound to disclose any information that may be necessary for accredited investors to make an informed judgment.

Minimum Content(s) of Information Memorandum (IM), where applicable.	
Particulars	Relevant Details
<p><u>A. Cover Page:</u></p> <p>This is not an offering document for issuance of units to the general public, but an IM prepared for the purpose of offering units only to accredited investors. This IM has not been approved by the Securities & Exchange Commission of Pakistan (the Commission) and Commission does not take any responsibility for the correctness of any of the statements made or opinions expressed therein.</p>	

It is responsibility of the REIT Management Company (RMC) to ensure that contents of the IM are in line with the trust deed and provisions of REITs Regulations, 2015 and other applicable framework.

Front Page: Risk disclosures.

B. Details of REIT Management Company:

1. Background of RMC.
2. Status of License.
3. Number of REIT Schemes launched and brief details.
4. Financial summary of REIT Schemes.
5. Name of directors and their profile.
6. Pattern of shareholding of RMC.
7. Financial Highlights of RMC.
8. Name of Associated companies.
9. Registered office address and contacts details.

C. Details of the REIT Scheme:

1. Name of REIT Scheme.
2. Structure opted and type of REIT Scheme.
3. Details of REIT project.
4. Name of trustee.
5. Status of registration of trust.
6. Summary of the substantive provisions of the trust deed.
7. Valuation details.
8. Names along with obligations of different intermediaries.
9. Name of valuer.
10. Details of agreement with present owner, if any.
11. Description /details of Real Estate including area, type of land, location, free hold or lease hold, moveable or immovable.
12. Confirmation about transfer of Real estate in name of trustee or SPV.
13. REIT Fund size/Capital Structure.
14. Functions transferred/delegated to other entities.
15. Total project cost.
16. Financial details of REIT Scheme.
17. Past, present and projected future rental income from property(s), if applicable.
18. Construction schedule, if applicable.
19. Borrowing and Customer Advances Policy.
20. Proposed amount of Investible Funds.
21. Financial Projections up to five years along with explanation of key assumptions.
22. Pricing policy/Issuance Price.
23. Income Distribution Policy/Dividend Policy.

<p>24. Details of approvals that are needed for subject REIT Scheme.</p> <p>25. General and Specific Risks factors.</p> <p>26. Brief financial highlights of the REIT Scheme.</p> <p>27. Management Fee of RMC.</p> <p>28. The accounting year of the REIT Scheme.</p> <p>29. Eligible Investors.</p> <p>30. Details regarding periodic reporting to investors.</p> <p>31. Procedure for subscribing, redeeming or conversion/transfer of Units.</p> <p>32. Fees and cost to be charged to the REIT Scheme.</p> <p>33. Rights and liabilities of Unit Holders.</p> <p>34. Summarized contents and details of the Concession Agreement.</p> <p>35. In case of revocation/liquidation, sequence of claim settlement w.r.t multiple types of borrowing/liabilities i.e. bank borrowing, constructions costs, customer advances etc.</p>	
<p>A statement that the REIT Management Company accepts responsibility for the information contained in the Information Memorandum as being accurate.</p>	
<p><u>Copy of valuation report(s), Concession Agreement, business plan, registered Trust deed to be annexed to the IM.</u></p>	
<p><u>Any other material information that may have direct or indirect bearing on the investment decision.</u></p>	

(27) For Schedule VI, following shall be substituted namely. –

**Schedule VI.
Valuation Report**

The valuation report shall adequately cover the following, where applicable:

1. Name of the Valuer and brief details of valuer.
2. Brief description of credentials of the persons who conducted the valuation.
3. Status of registration with any authority.
4. Date of valuation.
5. Name of Client and Scope of assignment.
6. Real Estate being valued and details/Description of Real Estate.
7. Photographs and drawings of the Real Estate along with accessibility map.
8. Custodian of the title record e.g. LDA, CDA etc.
9. Status of NOC, if any from concerned land or development authorities.
10. The date of inspection, name of the inspector and the site inspected.
11. Valuation as per the following methodologies depending on Type of REIT Scheme:
 - (a) Development REIT: sales approach and cost approach.
 - (b) Rental REIT: Income approach and cost approach.
 - (c) Hybrid REIT: Sales or Income approach and cost approach.

(d) Investment REIT: Sales or Income approach and cost approach.

12. Additional methodology, if opted and rationale for opting particular valuation methodology.
13. Affidavit/undertaking from valuer about physical existence of real estate.
14. Purchase date and historical transfer of property along with the value for which transferred during last 3 years.
15. Comparison of at least three comparable properties, if any along with Justification/rationale as to why they are considered comparable.
16. Assumptions, if any used for arriving at particular valuation.
17. Declaration by the Valuer: A declaration on Non-Judicial Stamp Paper, according to the format attached as Annexure "A".

Note: Assumptions used in the Valuation Report must be realistic, relevant and adequately substantiated by reference to physical, functional and market factors.

Annexure "A"

DECLARATION

I,.....(Name of the person conducting the valuation) of.....(name of the Valuer company) carried out a valuation of.....(Name and address of the subject Real Estate) and do solemnly and sincerely, to the best of my knowledge and belief declare:

1. That after an inspection of the Real Estate and a study of pertinent factors, including valuation trends and an analysis of neighborhood data the market value of the subject Real Estate as on..... (date of valuation) is Rupees(amount in Rupee in both words and numbers).
2. That the statements of fact contained in this report are true and correct.
3. That I have not withheld any information.
4. That I have no interest in the Real Estate that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
5. That I have not been instructed either by my company or the client to report a predetermined value for the subject Real Estate.
6. That I am neither a director nor an employee of the RMC and do not have any financial interest, direct or indirect, in the RMC.
7. That I have personally inspected the Real Estate that is the subject of this report.

Declared by:

.....
Name and signature:

Designation:

Date:

Witnessed by:

.....
Name and signature: CEO of the Valuer Company Date:

(28) In Schedule VIII.-

- (i). In Annexure-A, after clause 4, the requirement of undertaking shall be omitted.
- (ii). For Annexure-B, following shall be substituted namely. -

Annexure-B

Affidavit

Before the Securities and Exchange Commission of Pakistan

(On Stamp Paper of Appropriate Value)

I, _____ son/daughter/wife of _____ adult, resident of _____ and holding CNIC/ Passport No. _____ do hereby state on solemn affirmation as under: -

1. That I am eligible for the position of _____ and compliant with the Fit and Proper Criteria as specified in Real Estate Investment Trust Regulations, 2015.
2. That I hereby confirm that:
 - (i). The statements made, and the information given by me including that required under Schedule VIII is correct and that there are no facts which have been concealed.
 - (ii). I have not availed any write off either directly or indirectly through associated concerns from any financial institution during the last five years
 - (iii). I have not defaulted either directly or indirectly through associated concerns on Finance obtained from any financial institution during the last five years.
 - (iv). My name has not been Placed on ECL during the last five years
 - (v). I have not been convicted from any Court of Law and have done no plea bargain with NAB either directly or indirectly through associated concerns during the last ten years
3. That I have no objection if the Securities and Exchange Commission of Pakistan requests or obtains information about me from any third party.
4. That I undertake to bring to the attention of the Securities Exchange Commission of Pakistan any matter which may potentially affect my status for the position of _____ as per the Fit and Proper Criteria annexed to the Real Estate Investment Trust Regulations, 2015.

5. That all the documents provided to Securities Exchange Commission of Pakistan are true copies of the originals and I have compared the copies with their respective originals and certify them to be true copies thereof

DEPONENT

The Deponent is identified by me


Signature _____
ADVOCATE
(Name and Seal)

Solemnly affirmed before me on this _____ day of _____ at _____ by
the Deponent above named who is identified to me by _____, Advocate,
who is known to me personally.

Signature _____
OATH COMMISSIONER FOR TAKING
AFFIDAVIT

- (29) In Schedule IX.-
- (i). The words “(See Regulations 3A and 3B)” at the start shall be omitted.
 - (ii). Before clause (a), following new clause shall be inserted namely. -
(ai) Investment of REIT scheme in SPV.
 - (iii). Clause (d), shall be omitted.
 - (iv). In clause (f), the words “RMC or” shall be omitted.
 - (v). After clause (i), following new clause shall be inserted namely. -
(ia) SPV to comply with these regulations at all times.
 - (vi). In clause j, the words “Non-PPP” used for two times, shall be omitted.

[No.SECP/NBFC/REIT-REG/74/2010]


(Bilal Rasul)
Secretary to the Commission