

GOVERNMENT OF PAKISTAN

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the 7th June, 2021

NOTIFICATION

S.R.O. 724(I)/2021: - In exercise of the powers conferred by sub-section (2) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan is pleased to make the following amendments to the Real Estate Investment Trust Regulations 2015, the same having been previously published for public comments vide S.R.O. 455(I)/2021 dated April 8, 2021, namely:-

AMENDMENTS

In the aforesaid Regulations, -

- (1) in these regulations,-
 - (i) for the words “business plan” wherever appearing, the words “Business Plan” shall be substituted;
 - (ii) for the words “information memorandum” wherever appearing, the words “Information Memorandum” shall be substituted;
 - (iii) for the words “offering document” wherever appearing, the words “Offering Document” shall be substituted;
 - (iv) for the words “special resolution” wherever appearing, the words “Special Resolution” shall be substituted;
 - (v) for the words “trustee” wherever appearing, the words “Trustee” shall be substituted;
 - (vi) for the words “trust deed” wherever appearing, the words “Trust Deed” shall be substituted;
 - (vii) for the words “units” wherever appearing, the words “Units” shall be substituted;

- (viii) for the words “unit holder” wherever appearing, the words “Unit Holder” shall be substituted; and
- (ix) for the words “valuer” wherever appearing, the words “Valuer” shall be substituted;

(2) in regulation 2, in sub-regulation (1),-

(a) for clause (i), the following shall be substituted, namely:-

“(i) “Business Plan” as required in the case of Non-PPP REITs, includes,

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- (a) a document containing the value of the Real Estate as determined by the Valuers applying all the approaches as defined in Schedule VI to these Regulations;
- (b) set of detailed workings (principally driven by the project specific cash flows) determining the viability parameters, business, financial, legal aspects, arrangement of capital for implementation of the plan, possible eventualities defining critical stages, risks and exit strategies; and
- (c) basis for computing settlement values at various stages of project development and highlighting the percentage of construction cost to be financed through Customer Advances, the amount of Customer Advances, mode of sale or partial sale of property including its timeline along with sales collection, installment plan which also highlights the amount of the last installment payable at the time of giving possession;”;

(b) after clause (ii), following new clauses shall be inserted, namely:-

“(iia) “Central Depository” means a central depository as defined in the Securities Act, 2015;

(iib) “Commercial Operations Date” shall, in the case of each PPP REIT Scheme, be determined in accordance with the Concession Agreement;

(iic) Concession Agreement” means an agreement entered into between the Implementing Agency and the PPP REIT Scheme for a PPP Project, by whatsoever name called or referred in the applicable PPP Laws;”;

(c) for clause (iii), the following shall be substituted, namely:-

“(iii) “Customer Advances” means the value to be received by the REIT Scheme in advance against sale/transfer of the Real Estate or Infrastructure, as the case maybe, or a part thereof or any interest therein;”

(d) for clause (iv), the following shall be substituted, namely:-

“(iv)“Developmental REIT Scheme” means a Non-PPP REIT Scheme established for investment in one or more Non-PPP Projects with the object of development, construction, refurbishment, rehabilitation, management and/or operation of such Real Estate for industrial, commercial, residential purpose or a combination thereof ;”

(e) for clause (va) , the following shall be substituted, namely:-

“(va)“Financial Close” means: (i) for the purpose of a Non-PPP REIT Scheme, the stage when all investment and financing arrangements have been made and funds have been received as per the Business Plan; and (ii) in the case of a PPP REIT Scheme, means the stage at which all investment and financing arrangements have been executed and all conditions precedent for initial disbursement of funds have been satisfied/waived/deferred and funding for the PPP Project can immediately be disbursed to the PPP REIT Scheme on agreed terms and conditions;”;

- (f) clause (vb) and (vi) shall be omitted;
- (g) for clause (vii), the following shall be substituted, namely, -

“(vii)“Fit and Proper Criteria” means the criteria as provided in Schedule VIII to these Regulations for promoters, directors and Key Executives of an RMC as specified by the Commission from time to time;”;

- (h) for clause (ix), the following shall be substituted, namely, -

“(ix)“Hybrid REIT Scheme” means a Non-PPP REIT Scheme, which has a developmental component as well as a rental component;”;

- (i) after clause (ix), substituted as aforesaid, the following new clauses, shall be inserted, namely, -

“(ixaa)“Implementing Agency” means any of the line ministries, divisions, attached departments, executive departments, sub-ordinate offices, body corporate, autonomous body of the Federal Government or Provincial Government, or any organization or corporation owned or controlled by the Federal Government or Provincial Government;

(ixb)“Independent Consultant” means an independent auditor, independent engineer (duly registered or licensed with their respective professional body/association/council, etc.) or such other consultant(s) by whatsoever named called as envisaged in a Concession Agreement or if not provided for in a Concession Agreement, a consultant(s), hired by an RMC for a PPP REIT Scheme;”;

“(ixc)“Infrastructure” includes physical infrastructure having permanent structures, such as bridges, tunnels, roadbeds, railroad tracks, transmission lines, pipelines, storage structures, ports, airports etc. or interest or part of an interest in infrastructure;”;

(j) in clause (x), for the word “units” the word “Units” shall be substituted;

(k) in clause (xiii), after the word “of ” the alphabet “a” shall be inserted;

(l) in clause (xv), after the word “between” the word “the” shall be inserted;

(m) after clause (xiv), the following new clauses, shall be inserted, namely, -

“(xiva) “Non-PPP Project” means a project relating to development, construction, rehabilitation, refurbishment, maintenance and/or operation of any Real Estate situated on a single or multiple site involving exclusive ownership, lease, utilities, and easement rights in accordance with law but excludes any projects undertaken or proposed to be undertaken in the public-private partnership mode pursuant to the PPP Laws;

(xivb) “Non-PPP REIT Scheme” means a closed end trust fund registered under these Regulations for investment in Non-PPP Projects either directly or through Special Purpose Vehicles (but excludes any REIT Scheme set up or proposed to be set up for carrying on a PPP Project;”;

(n) after clause (xvi), the following new clause (xvii), shall be inserted namely, -

“(xvii)“Ordinance” means the Companies Ordinance, 1984 (XLVII of 1984);

(o) after clause (xvii), inserted as aforesaid, the following new clauses shall be inserted, namely, -

“(xviii)“PPP Laws” means the Public Private Partnership Authority Act, 2017, the Punjab Public Private Partnership Act, 2019, the Sindh Public Private Partnership Act, 2010, the Khyber Pakhtunkhwa Public Private Partnership Act, 2020, and the Balochistan Public Private Partnership Act, 2018, including any rules or Regulations issued thereunder, and the Naya Pakistan Housing and Development Authority (Public Private Partnership) Regulations, 2020, as may be amended or replaced from time to time including any re-enactments thereof;

“(xix)“PPP Project” means a project relating to development, construction, rehabilitation, refurbishment, maintenance and/or operation of Infrastructure undertaken under the public-private partnership mode pursuant to, and in accordance with, the applicable PPP Laws and excludes a Non-PPP Project;

“(xixa)“PPP Project Agreements” means agreements between the PPP REIT Scheme and other entity or entities for the development, construction, refurbishment, rehabilitation, maintenance and/or operation of the PPP Project and excludes a Non-PPP Project;

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

“(xic)“PPP Sponsor(s)” means sponsor(s) that submit the bid for a PPP Project;”;

(p) for clause (xx), the following shall be substituted, namely:-

“(xx) “Pre-IPO Investors” for the purpose of these Regulations means:

- (a) financial institutions as defined in the Companies Act, 2017 (XIX of 2017);
 - (b) securities broker as defined in the Securities Act, 2015 (III of 2015);
 - (c) individuals investing an amount not less than Rupees three (3) million; and/or
 - (d) companies whose memorandum allow such investment.”
- (q) after clause (xx), substituted as aforesaid, the following new clauses shall be inserted, namely: -
- “(xxa) “Private Investor”, for the purpose of these Regulations, means a person excluding charitable trusts, societies and not-for-profit organizations, which alone offers a minimum of twenty (20) million rupees for investment in a REIT Scheme and furnishes a declaration to the RMC that it completely understands all the risks of investment in a REIT Scheme;
- “(xxb) “Property Manager” means (in the case of a Rental REIT Scheme or rental portion of a Hybrid REIT Scheme) a person appointed by the RMC to manage and maintain the Real Estate;”;
- (r) for clause (xxiv), the following shall be substituted, namely: -
- “(xxiv) “REIT Assets” means,-
- (i) in the case of a Non-PPP REIT Scheme, all Real Estate and other assets moveable or immovable of the REIT Scheme, which include investment in SPV acquired in the name of the Trustee of a REIT scheme; and
 - (ii) in the case of a PPP REIT Scheme means interest in or right over moveable and/or immovable

assets acquired and/or developed in the name of or by a PPP REIT Scheme;”;

(s) for clause (xxv), the following shall be substituted, namely: -

“(xxv) “REIT Fund” means,-

- (a) in the case of Rental REIT Scheme, the monetary value of a REIT Scheme, which shall be equal to the value of Real Estate together with all taxes and charges attached with the transfer of such Real Estate plus all preliminary expenses incurred in the process of establishing and registering the REIT Scheme;
- (b) in the case of Developmental REIT Scheme, the monetary value of a REIT Scheme, which shall be comprising of the Real Estate together with all taxes and charges attached with the transfer of such Real Estate plus all preliminary expenses incurred in the process of establishing and registering the REIT Scheme and a percentage of construction costs as determined by RMC and disclosed in the Business Plan;
- (c) in the case of a PPP REIT Scheme, the monetary value of a PPP REIT Scheme, together with all preliminary expenses incurred in the process of establishing and registering the PPP REIT Scheme as well as all costs and expenses relating to development, construction, rehabilitation, refurbishment, maintenance and/or operation of the PPP Project as disclosed in the Concession Agreement, Information Memorandum and/or Offering Document;”;

(t) for clause (xxvii), the following shall be substituted, namely: -

“(xxvii) “REIT Scheme” means a Non-PPP REIT Scheme and a PPP REIT Scheme;”;

- (u) for clause (xxviii) the following shall be substituted, namely:-

“(xxviii)“Retail Investor” means any investor who participates in a public offering of Units other than the RMC, any Strategic investor, Private Investor or Pre-IPO Investor;”;

- (v) in clause (xxix), after the words “means a” the expression “Non-PPP” shall be inserted;

- (w) after clause (xxxii), the following new clauses shall be inserted, namely:-

“(xxxia) “Shariah Advisor” means a shariah advisor as defined in the Shariah Advisors Regulations, 2017 issued by the Commission;

“(xxxib) “Special Purpose Vehicle” or “SPV” means a limited liability company that a Non-PPP REIT Scheme may invest in or set up in accordance with and subject to the limitations set forth in these Regulations;

“(xxxic) “Special Resolution” has the meaning given to the term in the Act;

“(xxxid) “SPV Management Services Agreement” means an agreement to be entered into between a Special Purpose Vehicle and the RMC for the provision of REIT Management Services by the RMC to the Special Purpose Vehicle in terms of these Regulations;”;

- (x) for clause (xxxiii), the following shall be substituted, namely:-
- “(xxxiii) “Strategic Investor” includes a person or a group of persons (which may include the RMC) who undertake(s) to hold investment, free of encumbrances in a REIT Scheme as specified in these Regulations, till its winding up or transfer of Unit holding to any other strategic investor with prior approval of the Commission;”;
- (y) the following new clause (xxxiii), substituted as aforesaid, the following new clause shall be inserted, namely: -
- “(xxxiiiia) “Transaction Advisor(s)” means the financial, technical, legal and other consultants required to be appointed by the RMC for a PPP REIT Scheme;”;
- (z) for clause (xxxv), the following shall be substituted, namely:-
- “(xxxva) “Trust Deed” means the deed of trust executed between an RMC and a Trustee with respect to a REIT Scheme in accordance with provisions of the applicable trust laws and these Regulations;”;
- (aa) for clause (xxxvi), the following shall be substituted, namely:-
- “(xxxvi) “Units” means the instrument of ownership of a REIT Scheme signifying the beneficial interest of the Unit Holders in such REIT Scheme;”;
- (bb) in clause (xxxvii), the words “Unit Holders”, appearing at the end, shall be deleted;
- (3) before regulations 3, for the marginal notes “REIT Management Services” the marginal notes “RMC Eligibility Requirements and REIT Management Services” shall be substituted;

(4) for regulation 3, the following shall be substituted, namely:-

“3. Eligibility. - (1) The promoters, 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 evidence that it has equity of at least fifty (50) million rupees before seeking approval of the Commission for the Offering Document or Information Memorandum of the REIT Scheme, as the case may be.”;

(5) after regulation (3), the following new regulation (3A), shall be inserted, namely, -

“(3A). Appointment of a Special Purpose Vehicle by RMC. (1) An RMC may appoint a Special Purpose Vehicle for provision of REIT Management Services by execution of an SPV Management Services Agreement setting out the terms set forth in Schedule IX.

(2) A draft of the SPV Management Services Agreement shall be submitted by the Non-PPP REIT Scheme to the Commission after the consent of the Trustee, at least fifteen (15) days prior to investment in the Special Purpose Vehicle).

(3) If the Commission is satisfied that the contents of the SPV Management Services Agreement are lawful and none of its objects are inappropriate or deceptive and that all requirements of these Regulations have been complied with, the Commission shall accord its consent:

Provided that no amendments including any modification, alteration and additions/deletions shall be made in the SPV Management Services

Agreement without consent of the Trustee, prior approval of the Commission and prior notice of at least seven days to the Unit Holders.”;

- (6) for the existing regulation (3A) and (3B), the following shall be substituted, namely, -

“3B. **Eligibility and Appointment of trustee.** – (1) The following persons shall be eligible to be considered for appointment as Trustee of a REIT scheme,-

- (i) 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;
- (ii) a central depository company registered with the Commission; or
- (iii) any other entity as the Commission may from time to time specify through a circular.

(2) The Trustee for the REIT Scheme shall be appointed by the RMC subject to the provisions of these Regulations.”;

- (7) in regulation (3C) for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely, -

“Provided that no amendments including any modification, alteration and additions/deletions shall be made in the Trust Deed without consent of the Trustee, prior approval of the Commission and prior notice of at least seven days to the unit holders.”

- (8) before regulation 4, for the marginal heading, “Approval of Real Estate” the marginal heading “Territorial Limits of REIT Schemes and Approval of Real Estate” shall be substituted;

- (9) for regulation 4, the following new regulations shall be substituted, namely:-

“4. Territorial Limits.- (1) A Non-PPP REIT Scheme shall be within the territorial limits of any city within Pakistan.

(2) A PPP Project may be implemented anywhere within the territorial limits of Pakistan subject to the relevant PPP Laws.

4A. Transfer of Real Estate.- (1) An RMC shall, in the case of a Non-PPP REIT Scheme, submit to the Trustee-

- (i) documents which show exact location, area along with dimensions of the Real Estate;
- (ii) confirmation that the RMC has issued public notice in one issue each of daily newspaper in English and Urdu 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;
- (iii) its due diligence findings dealing with matters connected with title of Real Estate (including encumbrances, and encroachment), capacity and authority of sellers to enter into transaction documents, material litigation in connection with the Real Estate and restrictions on transfer of Real Estate, as applicable;
- (iv) for lease hold Real Estate, documentary proof confirming that the remaining validity of the lease period is not less than 15 years over and above the life of the proposed REIT Scheme and where life of the REIT Scheme has not been proposed, the remaining lease period shall not less than 30 years:
Provided that the Commission may, on an application made by the RMC, relax the requirement of remaining lease period.
- (v) an undertaking confirming that-
 - (a) there is no litigation and encroachment related to the Real Estate:
 - (b) no injunctions have been passed against the proposed Real Estate issued by the concerned authorities; and

- (c) to use the full outstanding debt against the Real Estate only for the purpose of REIT Scheme.
- (vi) details of charges created by financial institution(s) against Real Estate along with loan repayment schedule as agreed with the lender(s);
- (vii) copies of title documents; and in the case of Rental REIT Scheme, 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 that non-availability of completion certificate by the Land Authority in case of Rental REIT Scheme, shall be clearly disclosed in the Offering Document and the Information Memorandum;
- (viii) Business Plan; provided that the Business Plan shall be updated whenever there is any material change in underlying assumptions and workings;
- (ix) Valuation Report of the proposed Real Estate, prepared by two separate Valuers, appointed by RMC in consultation with the Trustee:
Provided that the requirement of valuation by two separate Valuers is only applicable at the time of acquisition of Real Estate by the REIT Scheme, either directly or through SPV;
- (x) the value (along with the rationale) at which the Real Estate shall be transferred to the REIT Scheme; and
- (xi) such other documents or information as may be requested by the Trustee.
- (2) The Trustee shall, in the case of a Development REIT Scheme seek confirmation from the RMC that-

- (i) all requisite approvals and NOCs, from the concerned authorities to effect transfer of the Real Estate to the Non-PPP REIT Scheme, have been procured;
- (ii) there are no environmental laws that prohibit the transfer of the Real Estate for the purpose of the Non-PPP Project: provided that the Non-PPP Project specific approvals maybe procured after transfer of Real Estate; and
- (iii) in case the Real Estate is protected as a special and heritage property, an NOC for transfer or proposed use of such Real Estate from the concerned competent authority is duly procured.

(3) The Trustee shall, in the case of a Rental REIT Scheme, seek confirmation that:

- (i) the Real Estate, if vacant, has not been illegally possessed or sieged, and does not have any structural defects;
- (ii) if the Real Estate has occupancy, -
 - (a) the tenancies are backed by signed lease agreements, the record of which is verifiable from a bank statement and books of accounts wherever applicable; and
 - (b) relevant documents including tenant lease agreements are provided.
- (iii) for vacant or partially occupied Real Estate, proper rationale for existing vacancies and future occupancy plan is stated in the Business Plan.

(4) If the RMC intends to convert a Developmental REIT Scheme into a Rental REIT Scheme, the RMC shall submit revised Business Plan duly approved by the Unit Holders through a Special Resolution.

(5) An RMC, through utilization of surplus funds, right issue or borrowing may acquire additional Real Estate in an existing Non-PPP REIT Scheme:

Provided that RMC must ensure that:

- (i) prior approval is obtained through Special Resolution from Unit Holders and the Special Resolution also allows for consequent amendments in the Business Plan, Trust Deed, Offering Document and Information Memorandum;
- (ii) the risk profile of the REIT Scheme should not be adversely altered/affected with respect to what is enunciated in its Offering Document;
- (iii) for Developmental REIT Scheme additional acquisition may be undertaken as per disclosure in the Offering Document;
- (iv) all requirements for the additional real estate as stipulated under this regulation are fulfilled; and
- (v) fulfilment of any other requirements as may be specified by the Commission from time to time.

(6) The RMC shall, following submission of requisite documents and confirmations set forth in this Chapter, acquire/transfer the Real Estate only in the name of the Trustee free from all encumbrances except encumbrances resulting from Borrowing as mentioned in the Business Plan, Information Memorandum or the Offering Document.”;

(10) before regulation 5, for the existing marginal heading “**Registration of REIT Scheme**” the marginal heading “**Registration and Listing of a REIT Scheme**” shall be substituted;

(11) for regulation 5, the following shall be substituted, namely: -

“**5. Registration and Listing of a REIT Scheme.** – (1) An RMC shall submit following documents to the Commission for registration of a REIT Scheme:

- (i) application along with copy of the registered Trust Deed (where applicable) containing information as provided in Schedule I;
- (ii) an affidavit stating that no funds or investments, except Borrowing, have been received from any person on account of the proposed REIT Scheme;

- (iii) fee as per Schedule III;
- (iv) an undertaking that the RMC, in the case of a Non-PPP REIT Scheme, shall comply with the requirements relating to identification, acquisition and transfer of Real Estate to such REIT Scheme, as specified in these Regulations;
- (v) latest audited balance sheet and profit and loss statement of the RMC, wherever applicable, or an auditor certificate verifying equity of the RMC;
- (vi) an undertaking that the RMC itself and/or the Strategic Investor(s) shall hold minimum number of Units of REIT Scheme as specified in these Regulations;
- (vii) an affidavit by the Board of Directors of the RMC that they accept responsibility for all submissions to the Commission as being accurate:

Provided that in case of a PPP REIT Scheme, the Board of Directors of the RMC and majority Sponsors of the PPP REIT Scheme (in terms of value) shall submit an affidavit that they accept responsibility for all submissions to the Commission as being accurate; and

- (viii) any other document as may be required by the Commission.

(2) The Commission may, if satisfied, register the REIT scheme with or without any conditions:

Provided further that the Commission may, on its own motion, on application by the RMC, or where the RMC fails to launch or make substantial progress regarding launch of the REIT Scheme within two (2) years of the date of approval of registration of the REIT Scheme, cancel the registration of the REIT Scheme after providing an opportunity of hearing to the RMC:

Provided further that in case of a PPP REIT Scheme, registration shall be deemed cancelled if RMC fails to achieve Financial Close as per the terms and conditions of the Concession Agreement.

(3) A Non-PPP REIT Scheme shall be listed on stock exchange within a maximum period of three (3) years from the date of Financial Close.

(4) A PPP REIT Scheme shall be listed on the stock exchange no later than the first anniversary of the Commercial Operations Date. A PPP REIT Scheme may be listed prior to the Commercial Operations Date in accordance with and to the extent provided in the Concession Agreement.

(5) The number of Private Investors shall not exceed fifty (50) before listing of any REIT Scheme on the stock exchange.

(6) Acceptance of any document, information, valuation or projection or any approvals or any permissions granted based on such documents, information, valuation or projection shall not be construed as an endorsement by the Commission of the accuracy of such document, information, valuation or projection.”;

(12) for regulation 5A and 5B, the following shall be substituted, namely:-

“5A. Offer of Units.- (1) In the case of any Non-PPP REIT Scheme, before accepting funds from any Private Investor or Pre-IPO Investor, the RMC shall,-

- (i) submit copy of the Information Memorandum to the Commission fifteen (15) days before such offer; and
- (ii) share with the Private Investor or the Pre-IPO Investor (as the case maybe) a copy of the Business Plan, the Information Memorandum, and the Valuation Report where applicable and available as per Schedule VI annexed to these Regulations.

(2) In the case of any PPP REIT Scheme, before accepting funds from any Private Investor or Pre-IPO Investor, the RMC shall,-

- (i) submit copy of the Information Memorandum to the Commission; and
- (ii) share with the Private Investor or the Pre-IPO Investor (as the case maybe) a copy of the Concession Agreement and the Valuation Report

where applicable and available as per Schedule VI annexed to these Regulations.

(3) The RMC may not accept funds from Pre IPO investors or Private Investors before registration of the REIT Scheme.

(4) An RMC shall not offer Units of a REIT Scheme for subscription to the public unless the Offering document has been approved by the Commission and the Commission may approve the Offering Document, with or without any conditions:

Provided that no amendments including any modification, alteration and additions/deletions shall be made in the Offering Document without consent of the Trustee, prior approval of the Commission and prior notice of at least seven (7) days to the Unit Holders.

(5) An RMC shall disclose all material information in the Offering Document or Information Memorandum as specified in Schedule IV or Schedule IVA respectively, including, values of the Real Estate in the case of a Non-PPP REIT Scheme and copy of Concession Agreement in the case of a PPP REIT Scheme.

(6) At the time of listing of the Units of a REIT Scheme, the RMC shall ensure that the size of the REIT Fund and public offer of Units are in line with the requirements prescribed in the listing regulations of the stock exchange unless otherwise exempted in accordance with applicable laws.

(7) Each unit of a REIT scheme shall have such par value as may be determined by the RMC.

(8) The Units shall be issued against cash except those issued in lieu of Real Estate, share of SPV or Infrastructure, as applicable.

(9) An RMC shall keep subscription money received from IPO, Pre-IPO or Private Investors in an account in the name of the Trustee.

(10) Where, in the case of any Non-PPP REIT Scheme, the transfer of Real Estate to such Non-PPP REIT Scheme does not take place for any reason within one hundred and twenty (120) days after the Financial Close, the Trustee shall return the subscription money to the investors along with profit, if any:

Provided that the one hundred and twenty (120) days' time period may be extended by the Commission up to a maximum of two hundred and forty (240) days, on the written request of the RMC.

(11) Where the Trustee determines that the PPP REIT Scheme has failed to achieve Financial Close as per the Concession Agreement, the money received from investors shall be returned in accordance with the Offering Document/ Information Memorandum.

(12) In case the transfer of Real Estate (in the case of Non-PPP REIT Scheme), or Financial Close (in case of a PPP REIT Scheme), does not take place as referred in sub-regulation (10) or (11), the costs incurred so far shall not be borne by any Retail Investors.”;

(13) before regulations 6, for marginal heading “Valuer” the marginal heading “Minimum Holding Requirements and Recovery of Expenses” shall be substituted;

(14) for regulations 6 and 7, the following new regulation 6, shall be inserted, namely,

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“6. Minimum Holding by RMC and Strategic Investor.- (1) In the case of Non-PPP REIT Scheme, RMC shall hold or arrange through Strategic Investor, minimum twenty five (25) per cent Units of the initial size of the

REIT Fund, or in the case of a PPP REIT Scheme, any other percentage of Units as may be specified in the Concession Agreement, to be kept in an account marked as blocked throughout the life of the REIT Scheme till its winding up and these Units shall not be sold, transferred or encumbered, provided that the same may be transferred subject to conditions, as specified in these Regulations, or in the case of a PPP REIT Scheme, as provided in the Concession Agreement.

(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 at all times:

Provided that the Strategic Investor and/or the RMC may, transfer 10% of their holding of the REIT Scheme to another Strategic Investor with the approval of the Commission.

Provided further that the Strategic Investor and the RMC may, after three (3) years of listing of REIT Scheme in the case of a Rental REIT Scheme and after completion of project for a Developmental REIT Scheme (unless otherwise provided in the Concession Agreement, in the case of a PPP REIT Scheme), sell/transfer fifteen percent (15%) of their holding of the REIT Scheme with the approval of the Commission.”;

(15) in regulation 13, sub-regulation (1), for the words “Offering Document” at the end, the expression “the Information Memorandum and the Offering Document”

(16) in regulation 14,-

- (a) for the marginal heading “**Obligations of an RMC**” the marginal heading “**Obligations of an RMC in case of a Non-PPP REIT Scheme**” shall be substituted;
- (b) for the words “An RMC shall” appearing at the beginning, the expression “In the case of a Non-PPP REIT Scheme, an RMC shall” shall be substituted;
- (c) in clause (i), the expression “and litigation” shall be omitted;

- (d) in clause (ii), the words “of a REIT Scheme” shall be omitted;
- (e) for clause (iii), the following shall be substituted, namely: -

“(iii) ensure that the Real Estate transferred to the Non-PPP REIT Scheme or held by a Special Purpose Vehicle meets the requirements specified in these Regulations;”;

- (f) after clause (iii), amended as aforesaid, the following new clause shall be inserted, namely:-

“(iiia) following submission of requisite documents and confirmations set forth in Chapter IV of these Regulations, arrange transfer of the Real Estate in the name of Trustee or a Special Purpose Vehicle, as the case maybe;”;

- (g) for clause (iv), the following shall be substituted, namely: -

“(iv) 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 Non-PPP 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;”;

- (h) clause (v) shall be omitted;

- (i) for clause (vi) the following shall be substituted, namely:-

“(vi) manage the Non-PPP 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;”;

- (j) in clause(vii), after the words “Rental REIT” the word “Scheme;” shall be added;

- (k) for clause (viii), the following shall be substituted, namely:-

(viii) ensure that the Non-PPP REIT Scheme is dissolved only after the disposal of the Real Estate, or in case of investment in SPV after disposal of shares or winding up of SPV;”;

(l) for clause clause(ix), the following shall be substituted, namely:-

“(ix) ensure that the Trust Deed is in accordance with Schedule I;”;

(m) for clause (x), the following shall be substituted, namely: -

(x) “ensure that profits arising out of the Non-PPP REIT Scheme and the Special Purpose Vehicle are distributed to the Unit Holders as dividends in accordance with Regulation 27;”;

(n) for clause (xi), the following shall be substituted, namely: -

(xi)“ensure that Units are listed in accordance with the listing Regulations of the stock exchange”;

(o) in clause (xii), after the words “account of the” the words “Non-PPP” shall be inserted;

(p) in clause (xiii), after the word “the” the words “Non-PPP” shall be inserted;

(q) for clause (xiv), the following shall be substituted, namely:-

“(xiv) ensure that Customer Advances are received in the name of the Trustee or in case of Special Purpose Vehicle in an account operated by the Special Purpose Vehicle (as the case maybe);”;

(r) in clause (xv), after the words “of the” the words “Non-PPP” shall be inserted;

(s) for clause (xvii), the following shall be substituted, namely:-

“(xvii) be responsible for development, construction, rehabilitation, refurbishment, maintenance, operation, sale and or renting of the Real Estate, as applicable, according to the Business Plan;”;

(t) in clause (xviii), for the word “units” the word “Units” shall be substituted;

(u) for clause(xix) the following shall be substituted, namely, -
“(xix) issue Units of the REIT Fund under these Regulations;”;

(v) for clause (xx), the following shall be substituted, namely, -

“(xx) ensure that the issue and transfer of the Units is carried out, after registration of the Non-PPP REIT Scheme, in accordance with provisions of the Trust Deed, Information Memorandum, and Offering Document and as per any directions, guidelines and circulars issued by the Commission;”

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

“(xxi) ensure that the Offering Document and Information Memorandum contain summary information of the Valuation Report where applicable, along with the Business Plan;”;

(x) for clause (xxii), the following shall be substituted, namely, -

“(xxii) maintain the Register or appoint an agent for the purpose and comply with Schedule V;”;

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

“(xxiii) obtain the written approval of the Commission before delegating one or more of its functions in relation to the Non-PPP REIT Scheme and comply with Schedule V;”;

(z) for clause (xxvi), the following shall be substituted, namely:-

“(xxvi) maintain at its registered office proper books of account and record of the activities undertaken in connection with the Non-PPP 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 Non-PPP REIT Scheme;
- (c) transactions undertaken with respect to the Non-PPP 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;”;

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

“(xxvii) within one hundred and twenty days (120) of close of the financial year prepare, and transmit or make available on its website to the Unit Holders, the Trustee, the Commission, and the securities exchange(s) on which the Units of the Non-PPP REIT Scheme are listed, the balance sheet, profit and loss statement, cash flow statement 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;”;

(bb) in clause(xxviii), after the words “balance sheet of the” the words “Non-PPP” shall be added and in the proviso, for the words “unit holders” wherever appearing, the words “Unit Holders” shall be substituted;

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

“(xxix) preserve books of account of the Non-PPP REIT Scheme for at least ten (10) years after the extinguishment or revocation of the REIT Scheme;”;

(dd) for clause(xxx), the following shall be substituted, namely:-

“(xxx) with the consent of the Trustee appoint an auditor for the Non-PPP REIT Scheme; or the Special Purpose Vehicle (as the case maybe);”;

(ee) for clauses clause(xxxi), (xxxii), (xxxiii) and (xxxv) the following new clauses shall be substituted, namely: -

“(xxxi) obtain rating for itself and for the Non-PPP 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;

“(xxxii) publish rating of RMC and the Non-PPP REIT Scheme in the annual and quarterly accounts and in all advertising and marketing materials of the Non-PPP REIT Scheme;

“(xxxiii) furnish in respect of the Non-PPP REIT Scheme, to the Commission and the stock exchange(s) on which the Units are listed, such information within such time as the Commission may specify;

“(xxxv) before making any major change in the Business Plan ensure that it has:

- a. informed the Commission in writing; and
- b. obtained approval of the Unit Holders through a Special Resolution, if directed by the Commission;”;

(ff) for clause (xxxvii), the following shall be substituted, namely: -

“(xxxvii) ensure that it conforms to the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2019.”;

(gg) for clause (xli), the following shall be substituted, namely: -

“(xli) where applicable hold Units acquired as strategic investment as specified in these Regulations or such higher per cent of Units, as the Commission may specify, and such Units shall be held with the Central Depository in an account marked as blocked and shall not be sold, transferred or encumbered throughout the life of the Non-PPP REIT Scheme without prior written approval of the Commission;”;

(hh) for clause(xlii), the following shall be substituted, namely: -

“(xlii) appoint Valuer in consultation with the Trustee and inform the Commission within two (2) working days of such appointment;”;

(ii) for clauses (xliv), (xlv) and (xlvi), the following shall be substituted, namely: -

“(xliv) arrange transfer of real estate to the REIT Scheme or the SPV (as the case may be) as per binding purchase agreement;

“(xlv) in case of a shariah compliant Non-PPP REIT Scheme, obtain clearance from the Shariah Advisor in respect of all documents, investments, borrowing, Trust Deed, sub-lease deed, binding purchase agreement, tenancy agreements, etc.;

“(xlvi) solicit all monies only in the name of Trustee; and”;

(jj) in clause (xlix), after the words “another” the expression “Non-PPP” shall be inserted;

(kk) in clause (xlx), for the full stop at the end the expression “; and” shall be inserted and thereafter the following new clause shall be inserted, namely:-

“(li) 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 money laundering and terrorist financing activities, including the SECP (Anti-Money Laundering and Countering Financing of Terrorism) Regulations, 2018 and the guidelines issued thereunder.”;

(ll) after clause (li) inserted as aforesaid, the following new clauses shall be added, namely: -

“(lii) ensure preparation and transmission to the Unit Holders, the Trustee, and the securities exchange(s) on which the Units of a REIT Scheme are listed, within one hundred and twenty days of close of each financial year of the SPV, the balance sheet of the SPV, profit and loss statement, cash flow statement, the report of the auditor, the valuation report of the Real Estate of the SPV and any other document as specified by the Commission:

Provided that the RMC may transmit or make available the said accounts to the Unit Holders by placing them on its website and the RMC shall make the printed copy of the said accounts available to any Unit Holder, free of cost, as and when requested;

(liii) ensure preparation and transmission to the Unit Holders, the Trustee and the securities exchange(s) on which the 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 SPV, a balance sheet of the 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:

Provided that the RMC may transmit or make available the said quarterly accounts to the Unit Holders by placing them on its website and the RMC shall make the printed copy of the said accounts available to any Unit Holder, free of cost, as and when requested; and

(liv) 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.;"

(17) after regulation (14), the following new regulation (14A) shall be inserted, namely:-

“14A. Obligations of RMC in case of a PPP REIT Scheme.- In the case of a PPP REIT Scheme, an RMC shall,-

(i) ensure that the PPP Project is carried out in the name of the PPP REIT Scheme and for the benefit of the Unit Holders;

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

(iii) 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.

(iv) manage the PPP REIT Scheme in the best interest of Unit Holders, in accordance with the Trust Deed and all applicable laws,

rules, Regulations, notifications, circulars, guidelines and directives issued thereunder;

(v) ensure that it appoints the Independent Consultant(s) for the purposes provided for in the Concession Agreement and these Regulations and if not provided for in the Concession Agreement, to approve payments to be made by the PPP REIT Scheme and to manage and oversee the activities of the contractors under the PPP Project Agreements;

(vi) ensure that the PPP REIT Scheme complies with the terms of the Concession Agreement, enters into the PPP Project Agreements on an arms-length basis and makes payments for the development, construction, rehabilitation, refurbishment, maintenance and/or operations and of the Infrastructure after approval of such payments by the Independent Consultant;

(vii) ensure that the PPP REIT Scheme is dissolved only after disposal of all assets of the PPP REIT Scheme;

(viii) ensure that the Trust Deed (where applicable) is in accordance with Schedule I;

(ix) ensure that profits arising out of the PPP REIT Scheme are distributed to the Unit Holders as dividends in accordance with Regulation 25;

(x) ensure that Units are listed in accordance with the listing Regulations of the stock exchange;

(xi) ensure that running bills in respect of payments made on account of a PPP REIT Scheme are countersigned by the relevant Independent Consultant;

(xii) carry out all transactions involving PPP REIT Scheme managed by it on an arm's length basis;

(xiii) arrange or ensure that the PPP REIT Scheme arranges insurance/Takaful coverage in relation to the Infrastructure;

(xiv) obtain written approval of the Commission before issuing Units and making a public offer of the Units;

(xv) issue Units of the PPP REIT Scheme under these Regulations;

(xvi) ensure that the issue and transfer of the Units is carried out, after registration of the PPP REIT Scheme, in accordance with provisions of the Trust Deed and Information Memorandum/Offering Document and as per any directions, guidelines and circulars issued by the Commission;

(xvii) ensure that the Offering Document and Information Memorandum contains summary information of the Concession Agreement and the PPP Project;

(xviii) maintain the Register or appoint an agent for the purpose and comply with Schedule V;

(xix) obtain the written approval of the Commission before delegating one or more of its functions in relation to the PPP REIT Scheme and comply with Schedule V;

(xx) ensure that in cases where the RMC delegates any of its functions, the delegated person has sufficient experience and financial resources to carry out the delegated function and comply with Schedule V;

(xxi) be responsible for the acts, omissions, defaults and negligence of all persons, along with resultant losses, to whom it delegates any of its functions;

(xxii) maintain at its registered office proper books of account and record of the activities undertaken in connection with the PPP REIT Scheme in order to enable a true and fair view to be formed of the:

- (a) PPP REIT Scheme assets and liabilities;
- (b) profit and loss accruing on account of operation of the PPP REIT Scheme;
- (c) Transactions undertaken with respect to the PPP REIT Scheme;
- (d) Amounts received in respect of issue of Units;
- (e) pay-outs, if any, by way of distributions to the Unit Holders.

(xxiii) within one hundred and twenty (120) days of close of the financial year prepare, and transmit or make available on its website to the Unit Holders, the Trustee, the Commission and the stock exchange(s) on which the Units of a PPP REIT Scheme are listed, the balance sheet, profit and loss statement, cash flow statement 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), 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;

(xxiv) prepare and transmit to the Unit Holders, the Trustee, the Commission and the stock exchange(s) on which the 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 PPP REIT Scheme, a balance sheet of the PPP REIT Scheme as at the end of that quarter along with profit and loss statement, a cash flow statement and a statement of changes in NAV:

Provided that the RMC may transmit or make available the said quarterly accounts to the Unit Holders by placing them on its website and the RMC shall make the printed copy of the said accounts available to any Unit Holder, free of cost, as and when requested;

(xxv) preserve books of account of the PPP REIT Scheme for at least ten (10) year after the extinguishment or revocation of the PPP REIT Scheme;

(xxvi) with the consent of the Trustee, appoint an auditor for the PPP REIT Scheme;

(xxvii) obtain rating for itself and for the PPP 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;

(xxviii) publish rating of the RMC and PPP REIT Scheme in the annual and quarterly accounts and in all advertising and marketing materials of the PPP REIT Scheme;

(xxix) furnish in respect of a PPP REIT Scheme, to the Commission and the stock exchange(s) on which the Units are listed, such information within such time as the Commission may specify;

(xxx) 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;

(xxxi) cause to happen a determination of the NAV of the PPP REIT Scheme on six (6) monthly basis;

(xxxii) ensure that it conforms to the provisions of Listed Companies (Code of Corporate Governance) Regulations, 2019;

(xxxiii) maintain adequate financial, technical, organizational and human resources, and employ appropriate systems, procedures, processes and personnel to provide REIT Management Services in a proper and efficient manner on an ongoing basis;

(xxxiv) maintain satisfactory controls and written compliance procedures which address all applicable regulatory requirements;

(xxxv) pay or arrange to pay such non-refundable application fees as specified in the relevant Schedule III;

(xxxvi) where applicable, hold Units acquired as strategic investment as specified in these Regulations or such higher per cent of Units of a PPP REIT Scheme, as the Concession Agreement may specify, and such units shall be held with the Central Depository in an account marked as blocked and shall not be sold, transferred or encumbered throughout the life of the PPP REIT Scheme without prior written approval of the Commission and in violation of the provisions of the Concession Agreement;

(xxxvii) appoint the Transaction Advisor of the PPP REIT Scheme and inform the Commission of such appointment;

(xxxviii) in case of a shariah compliant PPP REIT Scheme, obtain clearance from the Shariah Advisor in respect of all documents, investments, borrowing, Trust Deed, REIT Management Services Agreement, sub-lease deed, binding purchase agreement, etc.;

(xxxix) solicit all monies only in the name of the Trustee;

(xl) issue Units only for consideration in cash or infrastructure, as applicable;

(xli) comply with the listing Regulations of the stock exchange where the Units are listed;

(xlii) not obtain, acquire or takeover the management of another PPP REIT Scheme, without prior written approval of the Commission;

(xliii) make sufficient arrangements for ensuring prevention of money laundering and terrorist financing, and ensure compliance with all laws, directives and circulars as may be issued by the Federal Government or the Commission to safeguard the RMC against involvement in money laundering and terrorist financing activities, including the SECP (Anti-Money Laundering and Countering Financing of Terrorism) Regulations, 2018 and the guidelines issued thereunder;

(xliv) appoint Independent Consultant(s) of the PPP REIT Scheme and inform the Commission of such appointment; and

(xlv) appoint Valuer in consultation with the Trustee and inform the Commission within two (2) working days of such appointment.”;

(18) in regulation 15,-

(a) for the marginal heading “**Obligations of Trustee**” the marginal heading “**Obligations of Trustee in case of a Non-PPP REIT Scheme**” shall be substituted;

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

(i) the expression “(1) A Trustee shall:” the expression “The Trustee, in case of a Non-PPP REIT Scheme, shall:” shall be substituted;

(ii) for clause (i) the following shall be substituted, namely:-

- “(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) for clause (iii) the following shall be substituted, namely:-
- “(iii) either directly or indirectly, acquire/own any Units of a REIT Scheme, on such terms and conditions as determined by the Commission on a case to case basis;”;
- (iv) in clause (vii) for the words “RMC” the expression “Non-PPP REIT Scheme” shall be substituted;
- (v) for clause (xi) the following shall be substituted, namely:-
- “(xi) 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;”;
- (vi) in clause (xii) for the words “project accountant” the words “Project Accountants” shall be substituted;
- (vii) for clause (xiii) the following shall be substituted, namely:-
- “(xiii) 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 and the conditions of registration of a REIT Scheme, are complied with;
- (viii) for clause (xiv) the following shall be substituted, namely:-

“(xiv) issue a report indicating the level of compliance and the extent of violations, in comparison to Business Plan, which shall be included in quarterly and annual accounts of the Non-PPP REIT Scheme;”;

(ix) for clause (xv) the following shall be substituted, namely:-

“(xv) 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;”;

(x) in clause (xvi) for the words “offering document” the words “Offering Document” shall be substituted; and

(xi) in clause (xvii), the words “performs its obligations,” shall be omitted and for the words “valuation reports” the words “Valuation Reports” shall be substituted;

(19) after regulation 15, the following new regulation shall be inserted, namely:-

“15A. Obligations of Trustee in case of PPP REIT Scheme.- In case of a PPP REIT Scheme, the Trustee (where applicable) shall:

(i) exercise due diligence and vigilance in carrying out its functions and duties under the Trust Deed, these Regulations and all other applicable laws;

(ii) ensure that the PPP Project or the interest therein is held by it on behalf of the Unit Holders;

- (iii) not legally or beneficially own, either directly or indirectly, any Units in relation to which it is acting as a Trustee;
- (iv) deposit the money received by it in a scheduled bank;
- (v) confirm to the Commission that the RMC has appointed Transaction Advisor(s) and Independent Consultant(s), as the case may be;
- (vi) confirm to the Commission that all insurance premiums have been paid by the PPP REIT Scheme as applicable and the insurance policies are up to date;
- (vii) not delegate any of its duties unless the Trust Deed allows for the delegation;
- (viii) make payments to the delegatee from its own account, if it has delegated any of its functions;
- (ix) be liable for any negligent act or omission, on its part or on the part of any of its delegates;
- (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) carry out instructions of the RMC with respect to the payment of bills countersigned by the relevant Independent Consultant;
- (xii) verify the Information Memorandum/Offering Document for correctness and authenticity with regard to the PPP Project and the Concession Agreement;

- (xiii) comply with the terms of the Concession Agreement and any financing documents for any financing raised by the PPP REIT Scheme for the PPP Project including obligations relating to Unit Holder transfer restrictions;
 - (xiv) 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 PPP REIT Scheme;
 - (xv) ensure that the Valuer prepares and submits Valuation Reports as per Regulations; and
 - (xvi) 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 provisions of the Act, the Rules, these Regulations, guidelines, codes, circulars, directives or any other applicable laws.”;
- (20) after regulation 15A, inserted as aforesaid, the following new chapter and regulations shall be inserted, namely: -

“Chapter VIII-A

Valuer

“15B. Qualification of a Valuer.- The Valuer shall meet the following criteria:

- (i) it is incorporated as a company limited by shares under the Act;
- (ii) it has employed at least three (3) engineers and/or architects who are registered with the Pakistan Engineering Council or the Pakistan Council of Architects and Town Planners, as the case may be, for the purpose of conducting the valuation of the Real Estate;

- (iii) it is on the list of approved Valuers of Panel-I or Panel-II within the unlimited valuations category maintained by Pakistan Banks Association, until such time that specialized panel of Valuers is approved by the Commission; and
- (iv) its promoters, directors, or members, shall have never been convicted of any offence involving moral turpitude, or financial embezzlement or any other conditions specified by the Commission.

15C. Appointment and term of a Valuer.- (1) The RMC shall, with the consent of Trustee, appoint a Valuer for preparation of Valuation Report in the format prescribed in Schedule VI annexed to these Regulations.

(2) The RMC, within two (2) working days of appointment of the Valuer shall provide a copy of the contract entered into between the Valuer and the RMC to Trustee and the Commission.

(3) 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.”;

(21) for regulation 16, the following shall be substituted, namely:-

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

(i) at least once in every half year, value the Real Estate (whether held directly or through a Special Purpose Vehicle) in accordance with Schedule VI and produce a Valuation Report on Real Estate belonging to the REIT Scheme:

Provided that in case of a PPP REIT Scheme, valuation of the REIT Assets shall be done at least once in every financial year;

- (ii) ensure that, in the case of Non-PPP REIT Schemes, the valuation methodology adopted by it is in line with best practices prevalent in the real estate industry and in the case of PPP REIT Schemes, the valuation methodology adopted by it is in line with best practices prevalent in the context of PPP Projects;
 - (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 last Valuation Report submitted by the Valuer;
 - (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 departure from said standards shall be fully explained in the Valuation Report.
- (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) With reference to a PPP REIT Scheme, the RMC shall also ensure that the valuation methodology is documented and disclosed in

the Offering Document/ Information Memorandum where applicable, specifying how the PPP REIT Scheme is valued and its Units 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 PPP REIT Scheme is valued at least once in every financial year by a Valuer appointed with the consent of the trustee.”;

(22) for regulation 18, the following shall be substituted, namely:-

“18. Basis and Assumptions for Valuation. – Without prejudice to its obligations under Regulation 16, in the case of a Non-PPP REIT Scheme, the Valuer shall:

(i) determine the value of Real Estate by using all valuation approaches as indicated in the Schedule VI of these Regulations; and

(ii) clearly state the assumptions used in the valuation in the Valuation Report, which shall be realistic, relevant and adequately substantiated by reference to physical, functional and market factors.”;

(23) for regulation 20, the following shall be substituted, namely:-

“20. Appointment of REIT Accountant.- The Trustee shall appoint a REIT Accountant within one (1) month of the Financial Close and confirm the same to the Commission.”;

(24) for regulation 24, the following shall be substituted, namely: -

“24. Investment Policy.- A Non-PPP 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

commercial banks having not less than ‘AA (double A)’ 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.

Provided that the RMC and the investment advisor shall be independent of each other.”

(2) The PPP REIT Scheme shall invest in Infrastructure and such other activities pertaining to and incidental to PPP Projects.

(3) A Non-PPP REIT Scheme may make an investment in Real Estate by way of direct ownership or through a shareholding in a Special Purpose Vehicle. Investment through shareholding in a Special Purpose Vehicle may be undertaken subject to fulfilment of the following:

- (i) the Special Purpose Vehicle is controlled by the Non-PPP REIT Scheme, provided that, the Non-PPP REIT Scheme, shall invest not less than seventy-five per cent of the total issued share capital of the Special Purpose Vehicle, with the Special Resolution of the Unit Holders;
- (ii) eighty per cent (80%) of all assets of the Special Purpose Vehicle are used/engaged for the purposes of holding, developing, refurbishing, rehabilitating, managing and/or operating Real Estate and any other activity incidental thereto;
- (iii) once a Non-PPP REIT Scheme has invested in a Special Vehicle in terms of this regulation the Special Purpose Vehicle shall only acquire any additional Real Estate, subject to compliance with *inter alia* Chapters III (Territorial Limits of a REIT Scheme and Transfer of Real Estate) of these Regulations;

- (iv) no shareholder of the Special Purpose Vehicle shall exercise any rights that prevents the Non-PPP REIT Scheme or the RMC from complying with the provisions of these Regulations and an agreement is entered into with such shareholders to that effect prior to investment in the Special Purpose Vehicle:

Provided that the shareholders' agreement shall provide for an appropriate mechanism for resolution of disputes between the Non-PPP REIT Scheme and the other shareholders in the Special Purpose Vehicle:

Provided further that the provisions of these Regulations shall prevail in case of inconsistencies between such agreement(s) and the obligations cast upon a Non-PPP REIT Scheme or the RMC under these Regulations.

- (v) the RMC, in consultation with the Trustee, shall appoint at least such number of nominees on the board of directors of such SPVs, as applicable, which are in proportion to the shareholding or holding interest of the Non-PPP REIT Scheme in the SPV;
- (vi) The Special Purpose Vehicle has been engaged by the RMC for the purposes of REIT Management Services in connection with the holding, developing, refurbishment, rehabilitation, management and/or operation of Real Estate held by the SPV, by execution of a Commission approved SPV Management Services Agreement;
- (vii) both the REIT Scheme and the Special Purpose Vehicle shall appoint the same accountant and auditor and adopt the same accounting principles and policies.

(4) The following shall be complied with by a Non-PPP REIT Scheme for the purpose of investment in a Special Purpose Vehicle:

(i) a report made by an auditor shall be prepared on:

(a) the profit and loss of the Special Purpose Vehicle in respect of each of the two financial years (or such shorter period as applicable if the Special Purpose Vehicle has been in operation for less than two years) immediately preceding the transaction; and

(b) the assets and liabilities of the special purpose vehicle as at the last date (which cannot be more than six (6) months old from the date of the report) to which the accounts of the Special Purpose Vehicle were made up.

(i) the report required under (a) shall indicate how the profits and losses of the Special Purpose Vehicle would, in respect of the shares to be acquired, have concerned the scheme, if the Non-PPP REIT Scheme had at all material times held the shares to be acquired.

(ii) a Valuation Report in respect of the Special Purpose Vehicle's interest in Real Estate shall be prepared, and such report shall comply with the requirements set out in these Regulations.”;

(25) in regulation 25,-

(a) in the heading, for the word “Dividend” the word “Distribution” shall be substituted;

(b) in sub-regulation (1), for the word “dividend” the word “distribution” shall be substituted and for the words “unit holders” the words “Unit Holders” shall be substituted;

(c) in sub-regulation (2), for the word “dividend” the word “distribution” shall be substituted;

(d) for sub-regulation (3), the following shall be substituted, namely:-

“(3) The distribution policy shall be stated in the Information Memorandum and Offering Documents of a REIT Scheme; and”;

(e) for sub-regulation (4), the following shall be substituted, namely:-

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

(26) for regulations 26 and 26A the following shall be substituted, namely:-

“26. Borrowing.- (1) An RMC shall not receive any funds before registration of a REIT Scheme except Borrowing that has already been obtained against the Real Estate.

(2) An RMC shall clearly state policy for Borrowing in the Business Plan, 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 maybe.

(4) An RMC shall, in the case of Non-PPP REIT Scheme, utilize the Borrowing for the purpose of capital expenditure on construction, development, renovation, rehabilitation, refurbishment, acquisition of Real Estate subject to the fulfilment of requirements stipulated in Regulation 8 of these Regulations, any other project related expenses or to meet the shortfall arising out of cost overruns or to increase earning capacity of the Non-PPP REIT Scheme:

Provided that in case of SPV, the RMC shall ensure that the Borrowing is obtained for the purpose of capital expenditure on construction, development, renovation, rehabilitation, refurbishment, acquisition of Real Estate subject to the fulfilment of requirements stipulated in Regulation 8 of these Regulations, any other project related expenses or to meet the shortfall arising out of cost overruns or to increase earning capacity of the Non-PPP REIT Scheme.

(5) At the time of obtaining Borrowing, in the case of Non-PPP REIT Scheme, the RMC shall obtain prior approval of the Unit Holders by way of a Special Resolution for any Borrowing that exceeds twenty-five percent (25%) of the reported total assets of the REIT Scheme.

(6) RMC may arrange unsecured borrowing for a REIT Scheme, if needed.

(7) In case of a PPP REIT Scheme, Borrowing shall be allowed as per the Concession Agreement.

26A. Customer Advances. – (1) An RMC shall clearly state policy for Customer Advances in the Business plan, 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, in the case of a Non-PPP REIT Scheme, utilize Customer Advances to finance the project related costs as disclosed in the Business Plan, Information Memorandum and Offering Document:

Provided that RMC shall disclose the amount of Customer Advances vis-a-vis completion milestones in the Business Plan, Offering Document and the Information Memorandum.

(4) An RMC shall ensure that all marketing material, advertisements and invitations soliciting Customer Advances by whatever name called must contain the name of Non-PPP 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.

(6) In the case of a PPP REIT Scheme, the RMC shall seek Customer Advances and utilize such Customer Advances in the manner and as authorized under the Concession Agreement.”;

(27) for regulation 28 and 28A, the following shall be substituted, namely:-

“**28. Right issue policy.** - REIT scheme may issue right units with the prior approval of the Unit Holders obtained by way of a Special Resolution.”;

(28) for regulation 29, the following shall be substituted, namely: -

“Chapter-XI

Related Party Transactions and Independence

29. Related parties and related party transactions. – (1) Subject to sub-regulation (2) of this Regulation, the persons to be considered “related party” for the purpose of any transaction pertaining to a REIT Scheme shall include the following:

- (i) RMC;
- (ii) Trustee;

- (iii) Valuer;
- (iv) Promoter of RMC;
- (v) PPP Sponsors;
- (vi) Special Purpose Vehicle;
- (vii) Connected Person, associated company or associated undertaking, director or Key Executive of any of the entities stated at (i) to (vi) including their close relatives; (viii) Development Advisor or Property Manager, as the case may be, in relation to a REIT Scheme;
- (ix) REIT Accountant;
- (x) Transaction Advisor; and
- (xi) minority shareholders of a Special Purpose Vehicle in which a Non-PPP REIT Scheme has invested in.

(2) The services provided, under these Regulations, the Trust Deed, Offering Document or Information Memorandum, by the RMC, Trustee, Valuers, Development Advisor or Property Manager shall not be deemed related party transaction.”;

(29) in regulation 30, in sub-regulation (3),-

- (a) after the words “Scheme acquires,” the words “in case of Non-PPP REIT Scheme” shall be substituted;
- (b) in clause (ii), for the word “units” the word “Units” shall be substituted;

(30) in regulation 31, for sub-regulation (2), the following shall be substituted, namely:-

“(2) The RMC, its delegates, the Valuer 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.”

(31) for regulation 32, the following shall be substituted, namely:-

“32. RMC, Trustee and the Valuer to be independent. - The Valuer, Independent Consultant(s), the RMC, the Trustee, and where applicable, the Transaction Advisors, shall not be related to each other in any manner.”;

(32) in regulation 33, for sub-regulation (4), the following shall be substituted, namely:-

“(4) 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, Information Memorandum and the Business Plan.”

(33) in regulation 36, for sub-regulation (2), the following shall be substituted, namely:-

“(2) The fee payable to Development Advisor, and Property Manager and Independent Consultant, whichever may be applicable, shall be disclosed in the Offering Document, Information Memorandum and in the annual accounts.”;

(34) in the existing Regulation 37, in sub-regulation (1), for clause (ii), the following shall be substituted, namely:-

“(ii) where the Unit Holders pass a Special Resolution 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;”;

(35) in regulation 39,-

(a) in sub-regulation (1), in clause (iv) after the words “the Commission” at the end, the words “or Pakistan Banks Association” shall be inserted; and

(b) in sub-regulation (2) for the expression “30” the expression “thirty (30)” shall be substituted;

(36) for regulation 40, the following shall be substituted, namely: -

“40. Extinguishment/Revocation of REIT Scheme. – 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;
- (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; or
- (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 cannot be achieved and the Unitholders 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) in case of a PPP REIT Scheme, the Concession Agreement is not executed within one (1) year of registration of the PPP REIT Scheme under these Regulations;
 - (vii) the Concession Agreement, in the case of a PPP REIT Scheme, has expired or has been terminated;
 - (viii) where, in the case of a Non-PPP REIT Scheme, the Commission deems it necessary to revoke such Non-PPP REIT Scheme and directs so to the Trustee or the RMC in the interest of Unit Holders; or
 - (ix) in case the transfer of Real Estate, in the case of Non-PPP REIT Scheme, and Financial Close, in the case of PPP REIT Scheme, does not take place for any reason within the time specified under these Regulations.
- (37) in regulation 41, for sub-regulation (1), the following shall be substituted, namely:-
- “(1) Where a REIT scheme is to be revoked, the Trustee shall immediately apply to the Commission and upon approval by Commission shall give notice to the RMC and shall publish such notice in one issue each of daily newspaper in English and Urdu language having circulation all over Pakistan disclosing the circumstances leading to the revocation of the REIT Scheme:
- Provided that the requirement of seeking approval from the Commission shall not apply in case of Regulation 40(i), 40(vi) and 40(viii) above.”;
- (38) in regulation 42, in sub-section (2) clause (iii) in sub-clause (b) after the word “at least” the words “twenty-five percent” shall be inserted;
- (39) in regulation 43, for sub-regulation (1), the following shall be substituted, namely:-

“(1) The provisions of the Act governing matters relating to general meetings of a company, notice for meeting to shareholders, issue of right shares, allotment and transfer of shares, prospectus, 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, accounts and audit of the REIT Scheme.

(40) in regulation 43, the following new regulation 43A shall be inserted, namely:-

“43A. 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 the PPP Laws.

(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.”;

(41) in regulation 43, the following new regulation 43B shall be inserted, namely:-

“43B. Relaxation/ Exemption from Regulations for Green Infrastructure/ Building/ Project. – (1) The Commission may, upon receipt of application and for reasons to be recorded in writing, grant specific or general relaxation or exemption for green infrastructure/ building/ project, from any provision of these Regulations as it deems fit and/or to remove any practical difficulties under these Regulations.

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

- (42) in regulation 44, for the marginal heading “Saving and Repeals” the marginal heading “Repeal” shall be substituted;
- (43) in regulation 45, for the marginal heading “Transitional provisions” the marginal heading “Savings” shall be substituted;
- (44) in Schedule I, Under title CONTENTS OF THE TRUST DEED OF REIT SCHEME,-
- (a) for clause (xxiv), the following shall be substituted namely;
“(xxiv) Distribution policy - The distribution policy, indicating the time period for distribution of dividend.”
- (b) after clause (xxviii) the following clause shall be inserted, namely:-
“(xxix) Where applicable, in the case of PPP REIT Schemes, an acknowledgment by the Trustee and the RMC that lenders’ step-in rights shall be given effect to in accordance the Concession Agreement/applicable lending agreements.”

- (45) in Schedule III, in the table “Application Fees under the Regulations”,-
- (a) the following new Colum 4 shall be added, namely:-

Fee payable by REIT Scheme	Developmental REIT	Rental REIT	PPP REIT Scheme
Annual Monitoring Fee payable to the Commission	Equal to 0.20% of initial REIT Fund per annum	Equal to 0.10% of initial REIT Fund per annum	Equal to 0.10% of initial REIT Fund per annum
Annual Fee payable to Trustee	As mutually agreed between RMC and Trustee		

- (b) in the note, below the table, for the words “proportionally” the words “proportionately” shall be substituted;

(46) in Schedule IV,-

(a) for the note, at the beginning, the following shall be substituted, namely:-

“Note: - No Offering Document shall be issued to the public unless summarized versions of Valuation Report of the Real Estate, and the Business Plan (in the case of a Non-PPP REIT Scheme) and Concession Agreement (in the case of a PPP REIT Scheme) is attached to it.”;

(b) for the words “ The Offering Document shall in addition to the requirements contained in the Ordinance and guidelines made thereunder also contain the following information” the words “The Offering Document shall in addition to the requirements contained in the Securities Act, 2015 Ordinance and any applicable rules, regulations or guidelines made thereunder also contain the following information:” shall be substituted;

(c) in clause 4,-

(i) sub-clause (d), after the word “Trustee” the expression “(where applicable)” shall be inserted;

(ii) for clause (n), the following shall be substituted, namely:-

“(n) Fee negotiated with the Development Advisor, Property Manager, Valuer, Project Accountant, Independent Consultant etc.”

(d) in clause 6,-

(i) for sub-clauses (j) and (k), the following shall be substituted, namely:-

“(j) Legal adviser of the REIT Scheme;

(k) Relevant regulatory authorities;”;

(iii) in clause (l), for the full stop at the end a semi colon shall be substituted and thereafter the following new clauses shall be inserted, namely:-

- “(m) Independent Consultant(s);
- (n) Transaction Advisor; and
- (o) Special Purpose Vehicle (along with details of minority shareholders) (where applicable).”;

(e) for clause 7, the following shall be substituted, namely:-

“7. REIT Assets as may be applicable,-

(a) In case of Non-PPP REIT Schemes:

- (i) Location map with address of Real Estate along with name of concerned authority/jurisdiction;
 - (ii) Photographs and drawings of the Real Estate along with accessibility map;
 - (iii) Type of Real Estate, whether lease hold or free hold;
 - (iv) Date and value at which the Real Estate has been transferred to Trustee;
 - (v) Valuation Report of the Real Estate;
 - (vi) Copy of the certificate from the auditor of REIT Scheme that Real Estate has been transferred in the name of Trustee;
 - (vii) In case of Rental REIT Scheme, certificate from auditor of the REIT Scheme that RMC has entered into a binding purchase agreement with the seller of the Real Estate;
 - (viii) Material information regarding the acquisition of Real Estate in the case of a REIT Scheme or execution of a purchase agreement in the case of a Rental REIT Scheme, if any;
- (b) Approval for the PPP Project or the Non-PPP Project (as applicable) from the concerned regulatory authorities;

(c) Major terms and conditions of the Concession Agreement and any other related documents with regard to Infrastructure and PPP REIT Scheme.”;

(f) for clause 8, the following shall be substituted, namely: -

“8. Fund size

(a) Total size of the REIT Fund.

(b) Units taken up by the RMC, Private Investors and/or Pre-IPO investors, if any.

(c) Names and addresses of the Private Investor and/or Pre-IPO investors along with their percentage held.

(d) In the case of Non-PPP REIT Schemes, certificate from the auditor of REIT Scheme confirming issue of units in lieu of Real Estate.

(e) Certificate from auditor of the REIT Scheme stating whether the subscription money from Private Investors and/or Pre-IPO investors has been received in the name of Trustee or not.

(f) Number of Units offered to the public.”;

(g) in clause 10,-

(i) for clauses (b) and (c) the following shall be substituted, namely:-

“(b) Amount of expenses which have been borne by the RMC for setting up the Trust., the Special Purpose Vehicle(s) (as applicable).

(c) “Fee to be paid to the Trustee.”;

(ii) for clause (e) the following shall be substituted, namely:-

“(e) Fee payable to the Central Depository.”

(iii) for clause (o) the following shall be substituted, namely:-

“(o) Fee to be paid to the Development Advisor, Project Accountant, Independent Consultant and Property Manager.”

(h) in clause 12, after sub-clause (f), the following shall new clause shall be inserted, namely:-

“(g) “Any other policy as per the Concession Agreement.”

(i) for clause 15, the following shall substituted, namely:-

“15. General information.

(a) A list of documents concerning the REIT Scheme such as Trust Deed Business Plan (in the case of Non-PPP REIT Scheme) or Concession Agreement (in the case of PPP REIT Scheme), 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 Non-PPP Project or PPP Project (as applicable) indicating deadlines and milestones.”;

(47) In Schedule – IVA,

(a) in clause B, for the heading “Details of Real Estate” the heading “Details of Real Estate (where available in the case of Non-PPP REIT Schemes)”

(b) in clause C,-

(i) for the heading “Details of REIT Scheme” the heading “Details of the REIT Scheme (where available and as may be applicable)”;

(ii) for sub-clause (16), the following shall be substituted, namely:-

“16. Income Distribution Policy/Dividend Policy;”;

(iii) for sub-clause (27) the following shall be substituted, namely:-

“27. Circumstances for the revocation of the REIT Scheme;”;

(iv) for sub-clause (29) the following shall be substituted, namely:

-

“29. Retirement or removal of Trustee, (where applicable), specifically giving the Commission the power to remove the Trustee;”;

(v) in sub-clause (32) the word “and” at the end shall be omitted;

(vi) in sub-clause (33), the word “and” shall be inserted after semi colon and thereafter, the following new sub-clause shall be substituted, namely: -

“34. In case of PPP REIT Scheme, summarized contents and details of the Concession Agreement to be provided and copy of Concession Agreement to be annexed to the Information Memorandum.”;

(48) In Schedule VI,-

(a) In clause 3, for sub-clause (e), the following shall be substituted, namely:-

“(e) In case of Developmental, Hybrid and PPP REITs Schemes, the following information provided by the RMC to the Valuer (where available and as may be applicable):”

- (b) in clause 5 for the heading “ Description and Details of Real Estate” the heading “Description and Details of Real Estate (where available and as may be applicable)” shall be substituted;
- (c) in clause 6 in the heading, at the end the expression “ (if applicable)”
- (d) in clause 7, after sub-clause (b), the following new clause shall be inserted, namely:-

“(b1) “In case of PPP REIT Scheme valuation Approach/ Methodology shall be documented and disclosed by the Valuer along with rationale for choosing the particular approach as compared to any other most relevant applicable approaches.”

(49) In Schedule VIII,-

- (a) in the section “Application and scope”, in clause (5), after sub-clause (d), for the second proviso, the following new proviso and Explanation shall be substituted, namely:-

“Provided further that in case the sponsor and major shareholder is a body corporate, in addition to the relevant/ applicable clauses, corporate behavior of the said body corporate and integrity and track record of its sponsor(s) and ultimate beneficial owners of such corporate body shall be duly considered.

Explanation:- Ultimate beneficial owners for the purpose of this clause means natural person or individual who ultimately own 10% or more ownership or control the body corporate.”;

- (b) in section “Assessment of Fitness and Propriety”, in clause (1),-

- (i) in sub-clause (iv) the following new proviso shall be added, namely:-

“Provided that in case of non-executive nominee directors representing institutional interest and who otherwise do not have any personal interest; the Commission after seeking explanation may, if satisfied with the explanation, for reasons to be recorded in writing, relax this requirement on case to case basis subject to such conditions as it may deem fit.”;

(ii) for clause (vi) the following shall be substituted, namely: -

“(vi) has entered into a plea bargain arrangement with NAB or a law enforcement agency has initiated a serious investigation against him.”;

(iii) clause (viii) shall be deleted;

(c) in section 3, “Competence and Capability”,-

(i) in sub-clause (i), the following new proviso shall be inserted, namely, --

“Provided that this condition shall not apply in case of sponsor directors, however, conditions mentioned in Schedule I of the NBFC Rules, 2003 shall apply.”;

(ii) for clause (ii) the following shall be substituted, namely:-

“(ii) the directors shall have experience and knowledge in any profession such as banking, Collective Investment Scheme, accounting, law, internal audit or information technology, etc.”;

(iii) After clause (iv), the following new clause shall be substituted, namely:-

“(iva) Where the Commission is not satisfied with regard to sufficiency of the suitability criteria, it may conduct an

interview of the chief executive to assess his/her suitability for the position.”;

- (e) for clause 4, “Conflict of interest”, the following shall be substituted, namely, -

“4. Conflict of interest

The directors or chief executive of RMC shall not:

- (i) be a director in any other RMC engaged in a similar business in Pakistan:

Provided that this condition shall not apply to nominees of the Federal or Provincial Governments on the board of any RMC;

- (ii) be a director, chief executive, chief financial officer, chief internal auditor, research analyst or a trader (by whatever name or designation called) in a stock brokerage house or in any company or entity owned and controlled by a securities broker; and

- (iii) be engaged in the business of brokerage or is a spouse of such person who is engaged in the business of brokerage or in control of more than 20% shareholding, directly or indirectly through his close relatives.

- (iv) In case of Key Executives, the RMCs must ensure that no Key Executive shall head more than one functional area that give rise to conflict of interest within the organization. For example, the departments of audit and accounts shall not be headed by the same person. Further, a key executive shall not hold directorship in his or her personal capacity:

(a) in a business concern which is also a client of the RMC, and

(b) in any other financial institution.”;

- (f) In Annexure A, in clause (2),-

- (i) for sub-clause (iii), the following shall be substituted, namely:-

“(iii) Shareholding details including details of ultimate beneficial owners;”;

(ii) in sub-clause (x) for the word “exiting” the word “existing” shall be substituted;

(g) In Annexure B,

(i) for clause (1), the following shall be inserted, namely:-

“1. That I am eligible for the position of _____ according to the Fit and Proper Criteria for the position of _____, annexed to the Real Estate Investment Trust Regulations, 2015;”;

(ii) for clause (4), the following shall be substituted, namely:-

“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.”;

(50) after Schedule VIII, the following new Schedules shall be added, namely:-

“Schedule IX

(See Regulations 3A and 3B)

Content of the SPV Management Services Agreement

The SPV Management Services Agreement must inter alia contain the following not necessarily in the sequence given:

- a) the duties, rights and obligations of the parties;
- b) the management and governance of the SPV;
- c) periodic reporting requirements, accounting period and audit of SPV;
- d) valuation of real estate
- e) appropriate dispute resolution mechanism;

- f) procedure for change of RMC or SPV;
- g) policies for borrowing and issuance of shares;
- h) dividend policy;
- i) the circumstances under which the contract can be revoked;
- j) The contract shall, initially or on renewal, be valid for a period not exceeding the life of Non-PPP REIT Scheme and shall not be renewed or modified unless such renewal or modification has been authorized by the Unit Holders of the Non-PPP REIT Scheme in a general meeting and consent of the Trustee is granted on the same.
- k) The contract shall, inter-alia provides, for the consequential penalty or damages to be borne by the contracting parties in case of violations of any provisions or breach of contract.”; and

[File No. SEC/SCD/PW/62]


(Bilal Rasul)
Secretary to the Commission