

PRESS RELEASE

REAL ESTATE INVESTMENT TRUSTS (REITS) REGULATIONS, 2007 DRAFTED

ISLAMABAD – JULY 26, 2007: The Securities and Exchange Commission of Pakistan (SECP) continuously strives to offer financial products to the investors which are tailored to suit the prevailing market conditions and any future contingencies. The most recent development in this regard is the introduction of Real Estate Investment Trusts (REITs).

The recent amendments made to Part VIII-A of the Companies Ordinance, 1984, through the Finance Bill, 2007, empowers the Commission to make regulations in relation to section 282 of the Ordinance. Accordingly, in exercise of the powers conferred by section 282B (2) of the Ordinance, REITs Regulations 2007 have been drafted and placed on the Commission's website to elicit public opinion. These draft Regulations are the product of two years of concerted effort by the Commission and the concerned stakeholders including, representatives of Federal and Provincial Governments, valuers, real estate developers, overseas investors, contractors, designers, and other market entities.

Pakistan will be the first emerging market to initiate REITs. The objective of the REITs is anchored around the concept to introduce an alternative asset class with the purpose to add depth to the capital market and provide transparency to real estate sector in the form of comprehensive disclosures and accountability through a trust mechanism engrained in the REITs Regulations.

REITs have the potential to become a valuable addition to both the financial markets and the real estate sector in Pakistan through a bond of unique product features with the benefits of mutual funds and the property market. REITs will provide the investors an opportunity to invest in real estate, through a pooled investment vehicle, managed professionally by fund managers (licensed REIT Management Companies).

The Commission will be eager to receive comments and suggestions on the draft REIT Regulations which may be forwarded to the following address:

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