



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

International Affairs, Communication & Coordination (IACC) Dept

PRESS RELEASE

SECP amends Regulations to facilitate development of REITs

Islamabad, May 3, 2010: Securities and Exchange Commission of Pakistan ('SECP'), in consultation with market participants, has proposed significant amendments in REIT Regulations, 2008 to make it more conducive for investment. This is a facilitating step by SECP for launching of REITs in Pakistan. Launching of REITs will not only start an era of organized real estate development in the formal economy but would also contribute to generate employment, reduce the housing deficit and diversify the investor base in Pakistan.

A comprehensive regulatory framework for REITs was introduced on 31st January 2008 with an objective to open up real estate market to the small investors who do not have enough capital, expertise or time to take advantage of gains and profits promised by real estate business. REIT being a formalized structure allows raising money from the general public, through issuance of securities listed on Stock Exchanges, to be invested in real estate opportunities. REIT being taxation effective vehicle encourages maximum dividend payout to the participants. The significant proposed amendments include reduction in the fund size of a REIT from Rs. 5 billion to Rs. 2 billion. This will accommodate the issue of capital constraint for launching of REIT projects and would enable even medium size projects, having better potential for growth and return, to qualify for REITs. A new concept of hybrid REIT has been proposed to introduce a composite product promising rental income as well as capital gain. Similarly, policy of customer advance has been reviewed with the aim of shifting focus from borrowed capital to better utilization of resources available to REIT. The cap on holding of units in a REIT by a single investor has been enhanced for government institutions. Private investors will also benefit from government owned properties forming part of REIT as these properties have clear title and usually generate consistent cash flows. The complete set of proposed amendments in the REIT Regulations, 2008 is placed on SECP official Web site with following link;

<http://www.secp.gov.pk/notifications.asp>

Comments received up to 19th May, 2010 will be considered while finalizing any amendments in the REIT's Regulations.

Comments may be submitted to Mr. Muhammad Afzal, Director, SCD. His contact details are email : muhammad.afzal@secp.gov.pk , telephone number : 051-9212050

Urdu Version