



Securities and Exchange Commission of Pakistan

Press Release

August 11, 2018
For immediate release

SECP revamps REIT Regulations, 2015

ISLAMABAD, August 11: Securities and Exchange Commission of Pakistan (SECP) has introduced changes to the regulatory regime for real estate investment trusts for promoting investment in real estate through capital market.

It may be recalled that the regulatory framework for REITs was introduced in 2008. In 2010 and 2015, the framework was revised whereby some of the requirements such as capital of REIT management company (RMC), size of REIT scheme and units to be held by a single investor were relaxed, to encourage launch of REIT schemes. In spite of these improvements, only one REIT scheme was launched because, among other factors, the requirements for setting up a REIT scheme were considered stringent by the industry.

New amendments have been proposed on the basis of feedback and suggestions received from all the stakeholders, including RMCs, Mutual Funds Association of Pakistan, Central Depository Company, lawyers and vaulers.

The amendments, among other things, envisage greater autonomy for the RMCs, enriched role of trustees, segregation of documentary requirements for developmental and rental REITs, permission to borrow against REIT assets, acquisition of commercially viable properties and permission to raise funds from investors before acquisition of property.

Further, a regulatory framework has been provided for disclosure of value of target property and basis of management fee to be charged to a REIT scheme. An RMC will have to refund money to IPO investors if property is not acquired within the specified time. The proposed amendments address all major concerns of the industry and also provide safeguards to protect interests of investors.

The draft amendments have been placed on the SECP's website for comments of the public as well as parties that are likely to be affected by the amendments. Views if any, received within 14 days of the publishing of the draft amendments will be given due consideration by the SECP.

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<https://www.secp.gov.pk/laws/notifications/> and

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