

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, 4th December, 2018

NOTIFICATIONS

S.R.O. 1473 (I)/2018.- 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 hereby makes the following amendments to the Real Estate Investment Trust Regulations 2015, the same having been previously published vide S.R.O. 995 (I)/2018, dated August 10, 2018, namely:-

In the aforesaid Regulations,-

1. in regulation 2,-

(i) sub-regulation (1),-

(a) before clause (i), the following new clauses shall be added, namely:-

“(ia) “Act” means the Companies Act, 2017(XIX of 2017);

(ib) “Borrowing” for the purpose of these Regulations, means funds received from financial institutions with an obligation to pay back these funds;”;

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

“(i) Business Plan” includes,-

(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 time line along with sales collection, installment plan which also highlights the amount of the last installment payable at the time of giving possession;”;

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

“(iii) Customer Advances” mean the value to be received by the Trustee in advance against sale of the Real Estate or a part thereof;”;

(d) after clause (v), the following new clauses shall be added, namely:-

“(va) "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 RMC that it completely understands all the risks of investment in a REIT Scheme;

(vb) “Financial Close” for the purpose of these regulations means the stage when all investment and financing arrangements have been made and funds have been received as per the Business Plan;”;

(e) after clause (ix), the following new clause shall be added, namely:-

“(ixa)“Information Memorandum “means a document containing minimum information as specified in Schedule IV-A;”;

(f) in clause (xiii) for the words “Units outstanding” the words “outstanding Units” shall be substituted;

(g) clauses (xvii), (xviii) and (xix) shall be omitted;

(h) 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) High net worth individuals investing an amount not less than Rupees three (3) million;
 - (d) Companies whose memorandum allow such investment;”;
- (i) after clause (xxi), the following new clause shall be added, namely:-
- “ (xxia) “REIT Accountant” means an accounting firm appointed by the Trustee, in a Developmental REIT Scheme;”;
- (j) 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 , raised through issuance of REIT Units 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, raised through issuance of REIT Units 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;”;
- (k) for clause (xxvii) the following shall be substituted, namely:-
- “(xxvii) “REIT Scheme” means a closed end fund registered under these regulations for investment in real estate projects;”;
and
- (l) for clause (xxxiii), the following shall substituted, namely:-
- “(xxxiii) “Strategic Investor” includes a person or a group of persons 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;” and

(ii) for sub regulation (2), the following shall substituted, namely:-

“(2) Words and expressions used but not defined in these Regulations shall have the same meaning as assigned to them in the Act or any administered legislation and the rules and regulations made thereunder.”;

2. in regulation 3,-

(a) for the heading “**Eligibility for Undertaking REIT Management Services**” the heading “**REIT Management Services**” shall be substituted;

(b) in sub-regulation (1), in the beginning, the heading “**Eligibility**” shall be added; and

(c) in sub-regulation (2), for the words “of the REIT Scheme” at the end, the words “ or Information Memorandum of the REIT Scheme, as the case may be” shall be substituted;

3. after regulation 3, amended as aforesaid, the following new Chapter and regulations shall be inserted, namely:-

**“Chapter-IIA
Appointment of Trustee**

3A. Eligibility criteria for trustee. - 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);
- (ii) Non-Banking Finance Company licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, having minimum long term AA- or equivalent rating from a rating company registered with the Commission;
- (iii) a foreign bank operating as a Scheduled Bank in Pakistan and operating as a trustee internationally;
- (iv) a central depository company registered with the Commission; or
- (v) any other entity as the Commission may from time to time notify in the official Gazette.

3B. Appointment of trustee. - (1) The Trustee for the REIT Scheme shall be appointed by the RMC subject to the provisions of these Regulations.

(2) The RMC shall apply to the Commission for approval of appointment of Trustee along with consent of proposed Trustee and copy of the draft Trust deed and the Commission may approve appointment of Trustee with or without any terms and conditions as it may deem fit.

(3) The RMC may appoint one or more trustees for such duties as agreed between the parties.

3C. Trust Deed.- RMC shall file the draft Trust deed with the Commission and if the Commission is satisfied that the purpose of REIT Scheme is lawful and none of its objects are inappropriate or deceptive and that all requirements of the applicable laws, rules and regulations have been complied with, the Commission shall accord its consent.”;

4. for regulation 4, and heading, the following shall be substituted, namely:-

**“Chapter-III
Approval of Real Estate**

4. Real Estate.- (1) The Real Estate shall be within the territorial limits of Islamabad, Rawalpindi, Karachi, Lahore, Peshawar, Quetta, or any other city as may be approved by the Commission.

(2) An RMC shall submit to the Trustee,-

- (i) documents which show exact location, area along with dimensions of the Real Estate;
- (ii) due diligence certificate, from a lawyer who is amongst the panel of lawyers approved for the said purposes by the Commission, expressly confirming that:
 - (a) the title, which is the subject matter of the REIT Scheme, is free from all litigation with respect to title and no case is pending on any account including outstanding dues, duties, taxes, or permissible use before any court or authority and the Real Estate does not have any defect which may render it ineligible for rent or subsequent sale by the REIT scheme;
 - (b) the Real Estate is not in conflict with any applicable environmental laws and all approvals/No objection etc. in this respect are duly obtained and in case the Real Estate is protected as a special or heritage property, an NOC for development or use of such property from the concerned competent authority is duly procured;
 - (c) In the case of a Rental REIT, all necessary approvals, permissions, NOCs of the concerned local authorities required as per applicable general, special and local laws have been obtained, as specifically may apply to a REIT Scheme.
 - (d) Real Estate is free from all encroachments and encumbrances except for charges created by any Financial Institution(s) as defined in the Act;

- (e) legal opinion with respect to the validity and legitimacy of terms and conditions governing the transferability, duration, continuation, cancellation of the underlying lease arrangement and legitimacy of the lease agreements with tenants of the Real Estate, wherever relevant;
- (iii) for lease hold Real Estate, documentary proof confirming that the remaining validity of the lease period is not be less than 15 years over and above the life of the proposed REIT Scheme and where life of the 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.

- (iv) 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 a Rental REIT, completion certificate, permissions, NOCs of the concerned local authorities required under applicable general, special and local laws;
- (viii) Business Plan; provided that the Business Plan shall be updated whenever there is any material change in underlying assumptions and workings;
- (ix) in case of a Developmental REIT Scheme or Developmental Component of Hybrid REIT Scheme, preliminary engineering design for the development project to be undertaken in execution of the REIT Scheme;
- (x) valuation report of the proposed property, 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 approval of Real Estate; and
- (xi) such other documents or information as may be required.

(3) The RMC shall disclose the value along with the rationale at which the Real Estate shall be transferred to the REIT Scheme.

(4) Trustee shall, in the case of a Development REIT Scheme seek confirmation that an RMC,-

- (i) has obtained all requisite approvals from the concerned authorities to carry out the project and the same shall be confirmed by the lawyer who is amongst the panel of lawyers approved by the Commission;
 - (ii) has all necessary approvals, permissions, NOCs of the concerned local authorities required as per applicable general, special and local laws, as specifically may apply to a REIT scheme to carry out the project;
 - (iii) has confirmed that the real estate is not in conflict with any applicable environmental laws and all approvals/no objection certificates etc. in this respect are duly procured and in case of real estate is protected as a special and heritage property an NOC for development or use of such property from the concerned competent authority is duly procured;
 - (iv) has the confirmation issued by the concerned authorities including the revenue authorities that no injunction orders have been passed against the proposed real estate;
- (5) Trustee shall, in the case of a Rental REIT Scheme, seek confirmation that:
- (i) real estate, if vacant, has not been abandoned, is not 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 are verifiable from a bank statement and books of accounts wherever applicable;
 - (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.
- (6) 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 unitholders through a special resolution as defined in the Act.
- (7) The RMC shall submit application along with following documents for approval of real estate to the Commission,-
- (i) undertaking from the trustee stating that the proposed real estate fulfills the criteria as laid down in the Regulations for transfer to the REIT scheme; and
 - (ii) copies of the documents submitted by the RMC, duly certified by the trustee.
- (8) The Commission may approve the Real Estate on such terms and conditions as it may deem fit:

Provided that such sanction of the Commission shall not be deemed to grant or extinguish any right of any person and no suit, prosecution or other legal proceedings can be initiated against the Commission or employee of the Commission with respect to approval given to RMC based on documents provided to the Commission under these Regulations.

(9) The Commission shall refuse to grant approval of the Real Estate where in its opinion, for reasons to be recorded in writing, the title is defective or there are impediments to sale or partial sale or transfer or renewal of lease of the Real Estate or there is any other defect or the approval of the Real Estate is not in the interest of public or capital market.

(10) The RMC shall make sure that, before the transfer of property to the REIT Scheme, an advertisement inviting objections to the proposed transfer of the Real Estate has been published in a newspaper of wide circulation.”;

5. for regulation 5 and the heading the following shall substituted, namely:-

**“Chapter-IV
Registration of REIT Scheme**

5. Registration 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 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 RMC shall comply with the requirements relating to identification, acquisition and transfer of real estate to a 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 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; 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.

(3) REIT Scheme shall be listed on stock exchange, within a maximum period of three years from the date of financial close:

Provided that the number of Private Investors shall not exceed fifty (50) before listing.

(4) 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.” ;

6. after regulation 5, the following new chapter and regulations shall be inserted, namely:-

**“Chapter-IV-A
Pre-IPO and Offer of Units**

5A. Pre IPO.- (1) The RMC may solicit funds from Pre IPO investors or private investors, after sharing business plan and valuation report where applicable as per Schedule VI annexed to these Regulations.

(2) The RMC shall not solicit funds from Pre IPO investors or Private Investors before registration of REIT scheme.

5B. Offer of units.- (1) An RMC shall not offer units of a REIT scheme for subscription to public unless the Offering document has been approved by the Commission and the Commission may approve the Offering Document, with or without any conditions.

(2) In case of offer of units to Private Investors only, RMC shall submit Information Memorandum to the Commission fifteen (15) days before such offer.

(3) An RMC shall disclose all material information in the offering document or Information Memorandum as specified in Schedule IV or Schedule IV-A respectively including values of real estate, where applicable.

(4) At the time of listing, 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.

(5) Par value of a unit of a REIT scheme shall be ten (10) rupees each.

(6) An RMC shall keep subscription money received from IPO or Private Investors in an account in the name of Trustee of the REIT scheme.

(7) An RMC shall issue units against cash except those issued in lieu of Real Estate.

(8) An RMC shall acquire and transfer real estate in the name of trustee free from all encumbrances except encumbrances resulting from Borrowing as mentioned in the Business Plan, Information Memorandum or Offering Document.

(9) Where the transfer of Real Estate does not take place for any reason within 90 days after the Financial Close, the Trustee shall return total subscription money to the investors along with profit, if any:

Provided that the period of 90 days time period may be extended by the Commission up to a maximum of 180 days, on the written request of the RMC.

(10) In case the transfer of real estate does not take place as referred in sub-regulation

(9), the costs incurred so far shall not be borne by retail investors.

Explanation: For the purpose of this regulation retail investor shall not include private investor.”;

7. in regulation 6,-

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

(a) the expression “ (1)” shall be omitted; and

(b) for the words “ The RMC shall not appoint a valuer of a REIT Scheme unless it fulfills the following criteria” the words “The RMC shall appoint Valuer of a REIT Scheme subject to the fulfillment of following criteria:” shall be substituted;

(c) in clause (i) for the word “Ordinance” the word “Act” shall be substituted; and

(ii) sub-regulation (2) shall be omitted;

8. in regulation 7, sub-regulation (4) shall be omitted;

9. regulations 8, along with Chapter and heading, shall be omitted;

10. regulation 9 and 10 shall be omitted;

11. for regulation 11, the following shall be substituted, namely:-

“11. “Minimum holding by RMC and Strategic Investor-. (1) RMC shall hold or arrange through Strategic Investor, minimum twenty five (25) per cent units of the REIT Scheme 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 can be transferred with the relevant conditions, as specified in these Regulations.

(2) In case, there are more than one Strategic Investors, 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 the RMC may, after three (3) years of launch of REIT

Scheme, transfer their holding of the REIT Scheme to another Strategic Investor with the approval of the Commission.”;

12. regulation 12 along with the heading shall be omitted;

13. in regulation 14,

(i) in sub-regulation (1)-

(a) the expression “(1)” at the beginning, shall be omitted;

(b) in clause (i), after the word “encumbrances” the word “ except encumbrances resulting from borrowing as provided in regulation 26 and litigation” shall be inserted;

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

“(v) ensure that the real estate transferred to a REIT scheme meets the requirements specified in these regulations;”;

(d) in clause (xi), after the word “same” at the end, the expression “, if applicable” shall be inserted;

(e) in clause (xii), for the words “Project” the word “REIT Scheme ” shall be substituted;

(f) in clause (xx), after the expression “trust deed” the expression “, Information Memorandum” shall be inserted;

(g) in clause (xxi), the following shall be substituted, namely:-

“(xxi) ensure that the Offering Document and Information Memorandum contains summary information of the valuation report where applicable, along with the Business Plan of the REIT scheme;”;

(h) in clause (xxv), after the word “for the” the expression “remuneration,” shall be inserted;

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

“(xxvii) within one hundred and twenty 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 securities exchange(s) on which the Units of a 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 of the Real Estate and any other document as specified by the Commission; the REIT Management Company shall make the printed copy of the said accounts available to any unit holder, free of cost, as and when requested;”;

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

“(xxviii) prepare and transmit to the Unit Holders, the Trustee, the Commission 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 REIT Scheme, a balance sheet of the 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 RMCs 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;”;

(k) in clause (xxix), for the expression “five (5) years” the expression “ten (10) year” shall be substituted;

(l) in clause (xxxvi) for the word “quarterly” the words “six monthly” shall be substituted;

(m) 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, 2017;”;

(n) in clause (xli), in the beginning, the words “where applicable” shall be inserted;

(o) clause (xlili) shall be omitted;

(p) after clause (xlvii) the following new clauses shall be inserted, namely:-

“(xlviii) comply with listing regulations of the stock exchange where the units of the REIT Scheme are listed.

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

(xlx) not solicit Customer Advances before transfer of REITs Assets in the name of Trustee.”;

- (ii) sub-regulations (2), (3) and (4) shall be omitted;

14. in regulation 15,-

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

“(xii) carry out instructions of the RMC with respect to the payments of bills counter-signed by RMC and verified by the project accountant in case of a Developmental REIT Scheme;” and

- (b) after clause (xvii) the following new clause shall be inserted, namely:-

“(xviii) Ensure that the real estate proposed by an RMC for a REIT scheme meets the requirements of these Regulations.”;

15. for regulation 16, the following shall be substituted, namely:-

“16. Obligations of the Valuer. – An RMC shall ensure that Valuer shall,-

- (i) at least once in every half year, value the Real Estate in accordance with Schedule VI and produce a Valuation Report on Real Estate belonging to the REIT Scheme;
- (ii) ensure that the valuation methodology adopted by it is in line with best practices prevalent in the real estate industry;
- (iii) ensure the valuation is carried objectively and independent of its business or commercial relationships;
- (iv) immediately inform the RMC and the Trustee of any circumstances or factors that come into the knowledge of the Valuer which can reasonably affect the accuracy of the 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) will 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.”;

16. for regulation 17, the following shall be substituted, namely:-

“17. Declaration by the Valuer. - The RMC shall require a Valuer to furnish a declaration to the RMC stating that it meets the requirements specified in these Regulations, at the time of initial appointment and at the end of each year.”;

17. in regulation 18,-

(a) sub-regulation (1), shall be omitted; and

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

“(4) The RMC shall disclose all values determined by separate Valuer in Business Plan, Information Memorandum and Offering Document where applicable.”;

18. regulation 19 shall be omitted;

19. for regulation 20 along with the heading, the following shall be substituted, namely:-

**“Chapter IX
REIT Accountant**

20. Appointment of REIT Accountant.- REIT Accountant shall be appointed by the Trustee within 1 month of the Financial Close and confirm the same to the Commission.”

20. in regulation 21, for the words “ Project Accountant” wherever appearing, the words “REIT Accountant” shall be substituted;

21. in regulation 22, for the words “ Project Accountant” wherever appearing, the words “REIT Accountant” shall be substituted;

22. in regulation 23, for the words “ Project Accountant” wherever appearing, the words “REIT Accountant” shall be substituted;

23. in regulation 24,-

(a) in the heading, the words “Policies” shall be omitted; and

(b) after the words “stable outlook” at the end, the words “or money market fund” shall be inserted;

24. in regulation 25,-

(a) in sub-regulation (3), after the expression “trust deed” the words “, Information Memorandum” shall be inserted; and

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

“(4) Dividends shall be paid in cash.”;

25. for regulation 26, 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 of a REIT scheme.

(3) An RMC may arrange Borrowing with the approval of the board of directors and consent of the trustee.

(4) An RMC shall utilize the borrowing for the purpose of capital expenditure on construction, development, renovation and refurbishment to increase earning capacity of the REIT scheme:

Provided that in case of a Rental REIT Scheme, Borrowing may also be utilized for acquisition of Real Estate for rental purposes subject to the fulfillment of requirements stipulated in regulation 4 of these Regulations.

(5) At the time of obtaining borrowing, RMC shall ensure that the amount of borrowing shall not exceed 50% of the reported total assets of the REIT Scheme:

Provided that the RMC shall obtain prior approval of the unitholders by way of a special resolution for borrowing exceeding 25% of the reported total assets of the REIT Scheme.”;

26. after regulation 26, substituted as aforesaid, the following shall be inserted, namely:-

“26A. Customer Advances. – (1) An RMC shall clearly state policy for Customer Advances in the Business plan, the offering document, Information Memorandum of a REIT scheme.

(2) An RMC may seek Customer Advances with the approval of Board of Directors.

(3) An RMC shall utilize Customer Advances only to finance the construction of the project:

Provided that such utilization shall not exceed the percentage of construction cost to be financed through Customer Advances as disclosed in the Business plan, offering Document and the Information Memorandum:

Provided further 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 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 after obtaining the consent from the Trustee and ensuring compliance with the minimum disclosures as

mentioned in sub-regulation (4) and trustee shall ensure that such material is not misleading, fictitious or deceptive.”;

27. after regulation 28, the following new regulation shall be inserted, namely:-

“28A. Right issue policy. - REIT scheme may issue right units with the prior approval of the unitholders obtained by way of a special resolution subject to final approval by the Commission.”;

28. in regulation 29,-

(a) in sub-regulation (1), for clause “(vii)” the following shall be substituted, namely:-

“(vii) REIT Accountant.”; and

(b) for sub-regulation (2), the following shall be substituted, namely:-

“(2) The services provided, under these Regulations or the trust deed or 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 33,-

(a) sub-regulation (1) and (2) shall be omitted;

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

“(4) In case of a Developmental REIT Scheme, RMC shall be entitled to performance fee of up to twenty percent (20%) of the return realised above the benchmark stated in the offering document, Information Memorandum and the Business Plan and such fee shall be computed and paid to RMC at the time of winding up of a REIT Scheme..”;

(c) after sub-regulation (4) substituted as aforesaid, the following new sub-regulation shall be inserted, namely:-

“(5) An RMC shall be entitled to a management fee which shall be clearly stated in the offering document and Information Memorandum along with the basis and quantum of fee to be charged to a REIT scheme and certificate from the auditor of REIT Scheme confirming the management fee has been charged in accordance with offering document and Information Memorandum.”;

30. in regulation 39, for sub-regulation (2), the following shall be substituted, namely:-

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

31. in regulation 40, after clause (vi), the following new clause shall be inserted, namely:-

“(vii) in case the transfer of real estate does not take place for any reason within the time specified under these regulations.”;

32. in regulation 41, in sub-regulation (6), the expression “(with the exception of borrowing, if any) shall be omitted;

33. regulation 46 shall be omitted; and

34. in schedule II,-

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

“(vii) Legal fee, tax, accounting, financial charges and other relating expenses of the REIT Scheme.”;

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

“(xii) Fees and charges of the civil works contractor, construction and capital refurbishment costs.”;

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

“(xxv) Expenses incurred on sale of real estate (plots, built up units, apartments etc.)”;

(d) after clause (xxv), the following new clause shall be inserted, namely:-

“(xxvi) Any other expenses which are agreed between RMC and trustee and allowed by the Commission”;

35. in schedule III, in the table first row shall be omitted;

36. in schedule IV,-

(i) in clause (4), paragraph (i), after the words “Real Estate,” the words “where applicable” shall be inserted;

(ii) in clause (7), after the word “Assets,” the words “where identified” shall be inserted;

37. after schedule IV, amended as aforesaid, the following new schedule shall be inserted, namely:-

**“SCHEDULE - IVA
INFORMATION MEMORANDUM**

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

A. Details of REIT Management Company (“RMC”)

1. Name of Directors and their profile;
2. Name along with details of Shareholders holding 10% or more shares in RMC;
3. Financial Details of RMC;
4. Details regarding related parties; and
5. Name and address of the auditor

B. Details of Real Estate

1. Complete Property Details - Location, area, dimensions etc.
2. Details of agreement with present owner, if any;
3. Past, present and projected future rental income from property(s), if applicable;
4. Construction schedule, if applicable;
5. Summary information of the valuation report where applicable
6. Building details/ number of floors/ floor to area ratio; and
7. Any other information relevant on account of real estate.

C. Details of the REIT Scheme

1. Name of the proposed REIT Scheme;
2. Investment Policy and Strategy of the REIT Scheme;
3. Borrowing and Customer Advances Policy;
4. Proposed amount of Investible Funds;
5. Financial Projections up to five years along with explanation of key assumptions;
6. Details of commitments by any Investor (s), if any and names and addresses of such Investors; and
7. Name and address of the auditor of the REIT Scheme;
8. Registered office address;
9. Category of the REIT (i.e. Development or Rental REIT);
10. Key data and overview of REIT Scheme;
11. Summary of the substantive provisions of the Trust Deed;
12. Permitted Investment Avenues and Restrictions, if any;
13. General and Specific Risks;
14. Benchmark of the REIT Scheme;
15. Pricing policy;
16. Income Distribution Policy;
17. Management Fee of RMC
18. The accounting year of the REIT Scheme;
19. Details regarding periodic reporting to investors;
20. Frequency of issuance and redemptions of units;
21. Procedure for subscribing, redeeming or conversion/transfer of units;
22. Fees and cost to be charged to the REIT Scheme;
23. Detail of Trustee;

24. Names along with obligations and rights of Development Advisor, Property Manager, Investment Advisor, REIT Accountant, Trustee and Unit holders;
25. Rights and liabilities of Unit Holders;
26. An overview of the applicable regulatory framework;
27. Circumstances for the revocation of the Trust;
28. Mechanism for the distribution of assets of REIT Scheme, upon the extinction or revocation of the Trust and the manner in which the beneficiaries shall be transferred their proportionate shares of the sale proceeds;
29. Retirement or removal of Trustee, specifically giving the Commission the power to remove the Trustee;
30. Circumstances and procedure for the change of REIT Management Company upon the request of the Unit Holders;
31. A statement that the REIT Management Company accepts responsibility for the information contained in the Information Memorandum as being accurate at the date of publication;
32. Disclosures required under these Regulations; and
33. Any other information that the Commission may specify from time to time.

D. DECLARATION BY PRIVATE INVESTOR

All Private Investors are advised that completion of this declaration form is mandatory to invest in proposed REIT Scheme.

I/We hereby acknowledge that:

- i. I/We have examined the Constitutive Documents along with Information Memorandum carefully and I/We understand that investment in this REIT Scheme (i.e. state name of the REIT scheme) may involve risks which I understand and willing to take;
- ii. The Units of the REIT Scheme have not been recommended by the SECP and in making an investment decision, I/We will rely on my/our own judgment of the REIT Scheme and the terms of the offer including the merits and risks involved.

Name (s) of Private Investor

Signature of Private Investor or Authorized Person

In case of authorized person, authorizing instrument shall be enclosed.”;

38. in schedule V, for clause (1), the following shall be substituted, namely:-

“1. An RMC may delegate to a third party (“Service Provider”) any of its functions in relation to a REIT Scheme under its management, except investment decision making. Provided that a service provider meets the criteria specified and approved by the Board of Directors of the RMC.”; and

39. in schedule VIII, in Annexure A, for the table, the following shall be substituted, namely:-

“

1.	Curriculum Vitae/Resume containing:
a	Name: (former name if any):
b	Father's or Husband Name:
c	C.N.I.C # / Passport # (In case of foreign nationals) -(attach copy)
d	Latest photograph
e	Nationality:
f	Age:
g	Contact details: i) Residential address: ii) Business address: iii) Tel: iv) Mobile: v) Fax: vi) E-mail:
g	National Tax Number:
h	Present occupation:
i	Qualification(s): Details of Academic and Professional Qualifications: (Attach Copy). Board of Directors of RMC shall ensure verification of credentials and degrees of
j	Trainings
K	Experience: (Positions held during the last 10 years along with name and address of company/institution) (Position held during the last ten years (along with name and address of company/institution/ body where appointment held, nature of the company/institution/body and dates of appointment))
2.	Status of directorship Shareholder <input type="checkbox"/> Nominee <input type="checkbox"/> Name of the shareholders/ Group of shareholders he is representing Nature of directorship Executive <input type="checkbox"/> Non-executive <input type="checkbox"/> Independent <input type="checkbox"/> Non-independent <input type="checkbox"/> Status of directorship Nominee director <input type="checkbox"/> Number of shares subscribed or held Nominated by (name of shareholder) Personal net worth (copy of wealth statement for other than nominee directors of body corporate and independent directors)
3.	Names of companies, firms, sole proprietorships and other organizations of which the proposed person is a chief executive, director, partner, owner, office holder or major shareholder.
4.	CIB report issued by SBP for the companies, firms, sole proprietorships, etc. where the applicant is interested as director (sponsor or major shareholder), chief executive, partner or owner each company of which he has been a director (attach original CIB reports)
	An undertaking providing details of the following: I. Any write off availed from any financial institution during the last five years II. Any default of Finance obtained from any financial institution during

	<p>III. Placement on ECL during the last five years</p> <p>IV. Any conviction from any Court of Law or any plea bargain with NAB during the last ten years</p> <p>V. Any write off or default by any related or affiliated person or by any company on whom the applicant or anyone closely related to him had an interest as sponsor, major shareholder, director, chief executive, key executives, etc. during the last five years</p>
5.	In the case of appointment of directors the date of board of directors' meeting in which the appointment of proposed director was approved. (Attach copy of the minutes of the meeting of the board of directors. If the director is elected, then attach a copy of the minutes of the general
6.	Names of persons on the board of the RMC who are related to the applicant

Signature

**use additional sheets if required*

(2) Information to be provided by a body corporate as promoters and major shareholders of the RMC

- i. Financial statements for the last three years;
- ii. Details of business places;
- iii. Shareholding details;
- iv. CIB report of the company and its directors and sponsors;
- v. Details of any write off availed from any financial institution during the last five years
- vi. Details of any default of Finance obtained from any financial institution during the last five years.
- vii. Details of any rescheduling of Finance obtained from any Financial Institution during the last five years.
- viii. Any substantial adverse verdicts against the Company from any Court of Law during the last ten years
- ix. Details of associated companies and subsidiaries;
- x. Details of any exiting litigation in the name of the company, its sponsors and directors;
- xi. Details of any inquiry, investigation conducted by the Commission or any other regulatory or professional body or government agency during the last five years; and
- xii. Any other information as may be required by the Commission.”.

[No. SY/SECP/8/13]


 (Bilal Rasul)
 Secretary to the Commission