

**SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN**

AUGUST, 2022



REVIEW OF LAND SCAPE & REVAMPING FRAMEWORK REAL ESTATE INVESTMENT TRUSTS (REITS)

Stakeholders can provide their comments within 15 days at REITsfeedback@secp.gov.pk



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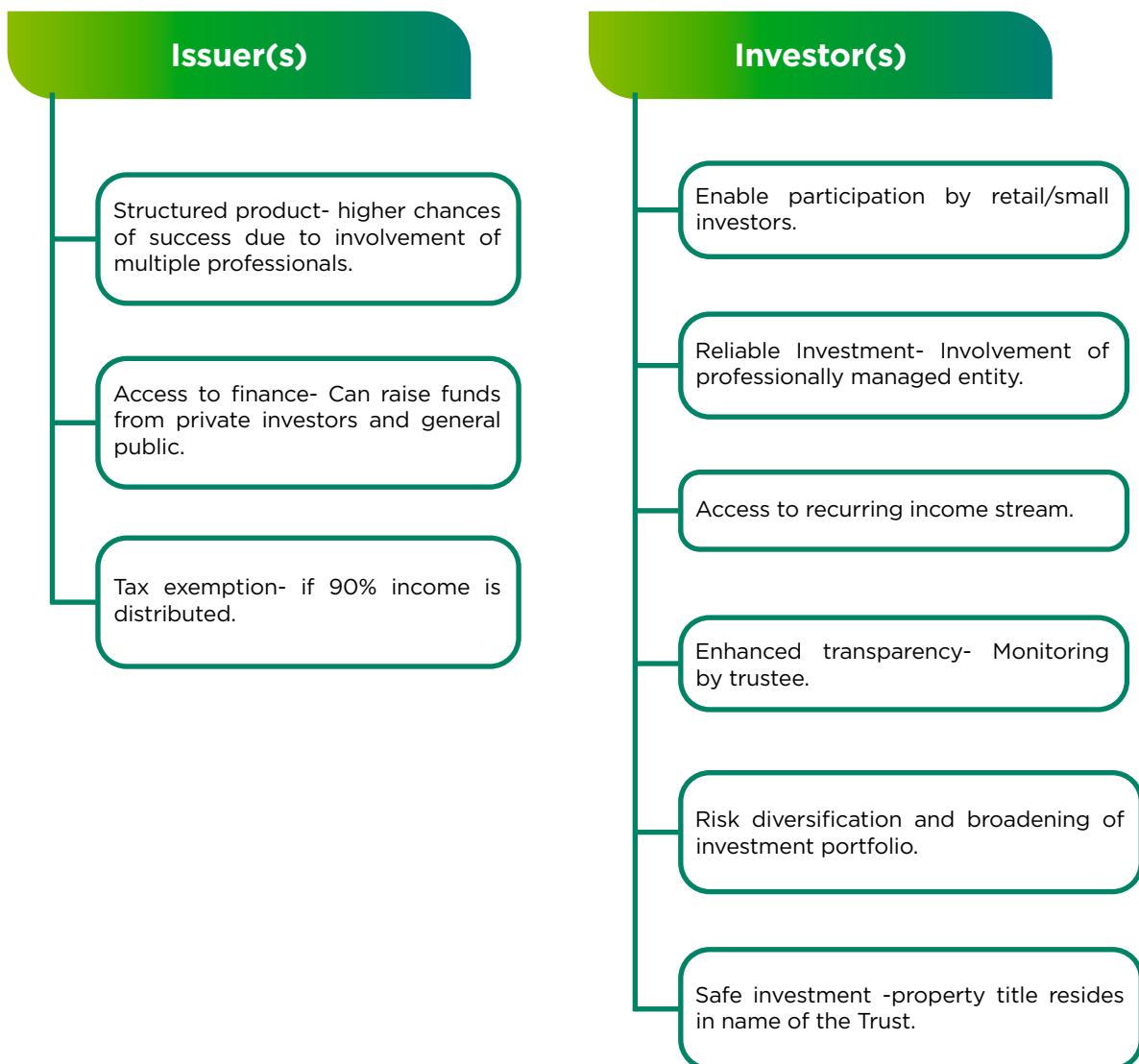
A. INTRODUCTION TO REITS

1. What is a Real Estate Investment Trust (REIT)?

A Real Estate Investment Trust (REIT) is a pooled investment vehicle, under trust structure, that invests in and manages real estate assets. Income derived from such investments is distributed among unit holders.

2. Benefits of REIT Structure

REIT Structure has multiple benefits for both Issuer(s) and the Investor(s). A few of them are listed down below:



3. Evolution of REITS- Global overview/Local Market

Global

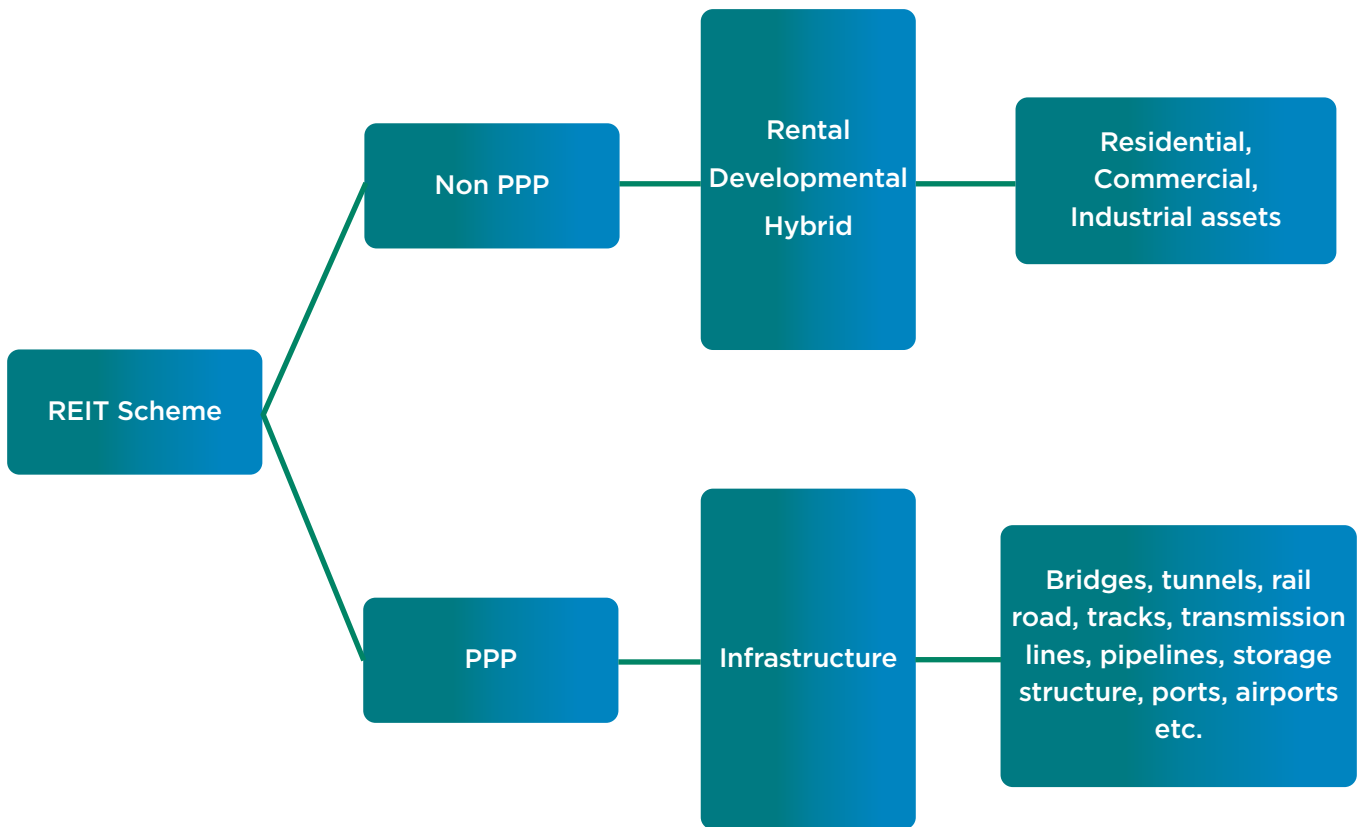
- **Origin:**
Started in United States in 1960-Public law called Cigar Excise Tax Extension.
- **Purpose:**
To allow individual investors to invest in large-scale, income-producing real estate.
- **First REIT:**
First REIT titled American Realty Trust -founded by Thomas J. Broyhill in 1961.
- **Countries having established REITs:**
As of 2021, at least 39 countries around the world have established REITs.
- **Index for REITs:**
FTSE EPRA/Nareit Global Real Estate Index Series-Index for the REIT and global listed property market.
- **Market Capitalization:**
As of January 29, 2021, Global index-490 stock exchange listed real estate companies representing an equity market capitalization of about \$1.7 trillion.

Pakistan

- **Origin:**
Introduction of REITs Regulatory Framework-2008.
- **Current Regulatory Framework:**
Real Estate Investment Trust Regulations, 2015.
- **Non-Banking Finance Companies** (Establishment and Regulation) Rules, 2003.
- **Number of REIT Schemes:**
As of today, 12 REITs schemes are registered having accumulative fund size of c. Rs. 150 billion.
- **Number of REIT Management Companies:** As of today, 15 companies have valid license to perform the role of REIT Management Services.

B. LAUNCH OF REIT SCHEME IN PAKISTAN

1. Type of REIT Schemes and Real Estate Assets:



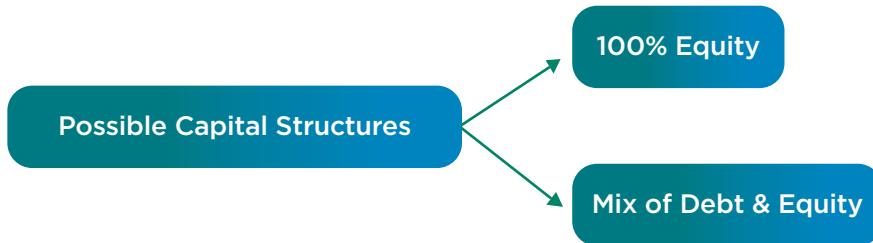
2. Structuring of REIT:

Non-PPP REIT scheme can be executed either through direct investment or SPV structure, whereas, PPP Scheme can be executed only through direct investment.



3. Capital Structure of REIT Scheme:

REIT Scheme is free to opt suitable capital structure. Possible capital structures include:



Approval required from unit holders if borrowing exceeds 25% of the total REIT assets.

4. REIT Management Companies (RMCs) and registered REIT Schemes – Pakistan.

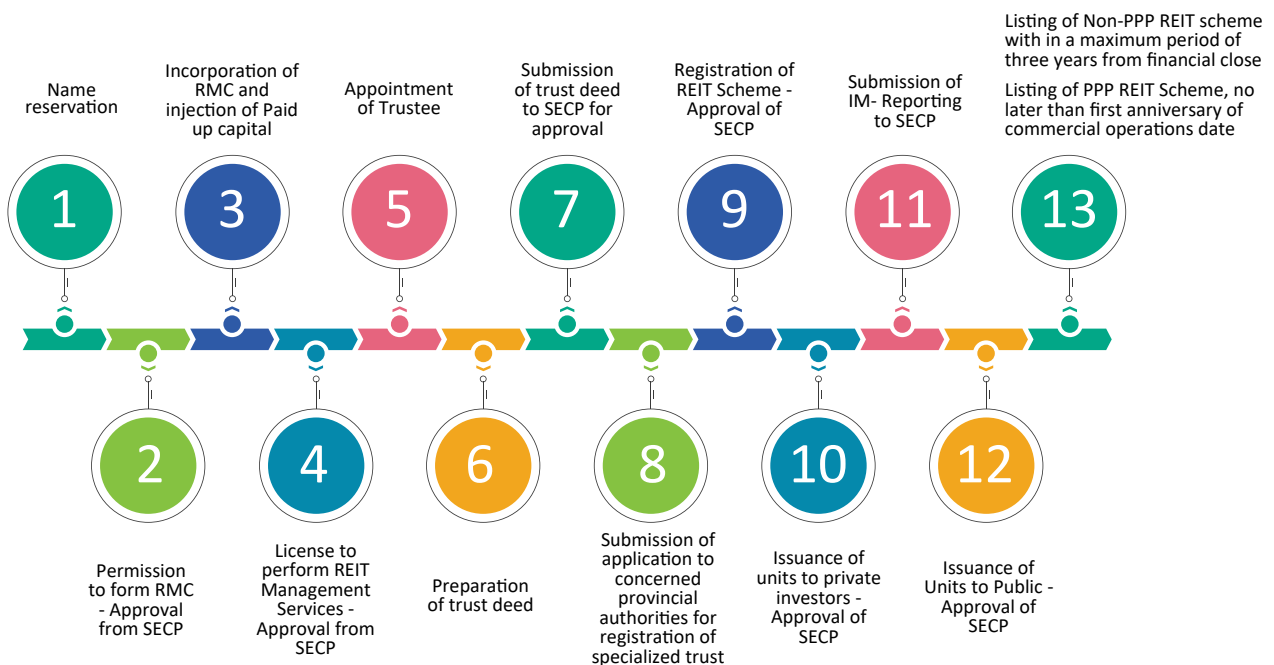
a) Licensed RMCs:

As of today, 15 companies have valid license to perform the role of REIT Management Services.

b) Registered REIT Schemes:

12 REIT Schemes have been registered with the SECP. Out of 12 schemes, 11 are unlisted and one is listed.

5. Process Flow



6. Steps involved in launching a REIT Scheme

Under the existing framework following steps are involved in launching a REIT Scheme in Pakistan:

a) Permission to form REIT Management Company-Rule 3&4 of NBFC Rules, 2003.

Process	Major Requirements	Tentative Time Lines	Approvals
Step 1: Permission to form REIT Management Company-Rule 3&4 of NBFC Rules, 2003.			
Name reservation	Name reservation can be done by logging into e-services of SECP. http://eservices.secp.gov.pk/eServices/	Same Day	Approval 1
Permission to form RMC- Approval from SECP	<ol style="list-style-type: none"> Application-Form-I of NBFC Rules, 2003. Processing fee of Rs. 250,000. Compliance with fit and proper criteria-Schedule VIII of REITs Regulations, 2015. (clean track record, no overdue amount, experience and competency, no conflict of interest.) Information about the sponsors, directors (personal information, past experience with evidence, educational qualification with evidence, tax returns). List of associated companies. Annual accounts of associated companies. Few undertakings/affidavits. <ul style="list-style-type: none"> Affidavit-Form-I of NBFC Rules, 2003. Affidavit-Annexure to Form-I of NBFC Rules, 2003. Undertaking- Annexure A of Schedule VIII of REITs Regulations, 2015. Affidavit- Annexure B of REITs Regulations, 2015. Submission of MOA and AOA. Relevant 5 year(s) real estate experience -Director (Schedule-I of NBFC Rules, 2003). CEO experience-7-10 years (Schedule-VIII of REITs Regulations, 2015). 	7 working days	Approval 2
Incorporation of RMC	Application through e-services of SECP to incorporate RMC- within six months of permission.		
Paid up capital	Injection of Paid up capital of at least Rs. 50 million by Sponsors.		
Total		8 working days	

b) License to perform REIT Management Services- Rule 5 of NBFC Rules, 2003.

Process	Major Requirements	Tentative Time Lines	Approvals
Step 2: License to perform REIT Management Services- Rule 5 of NBFC Rules, 2003.			
License to perform REIT Management Services- Approval from SECP	i. Application- Form-II of NBFC Rules, 2003. ii. Processing fee- Rs. 500,000. iii. Incorporation certificate. iv. Minimum 3 directors- 1/3 to be independent. v. 25% of capital to be allotted to sponsors. vi. CEO not to hold same position in any other company. vii. Evidence- personnel(s) employed are relevant and qualified (can be provided after grant of license) viii. Few undertakings/affidavits. <ul style="list-style-type: none"> • Affidavit- Form II of NBFC Rules, 2003. • Undertaking to deposit shares of sponsors in blocked form in CDC. - Rule 5(6)(e) of NBFC Rules, 2003. • Undertaking not to sale shares without permission of Commission- Rule 5(6) (f) of NBFC Rules, 2003. • Undertaking to ensure compliance with REITs framework- Rule 5(6)(m) of NBFC Rules, 2003. ix. Compliance with paid-up capital requirement and procedural requirements.	7 working days	Approval 3
Total		8 working days	

c) Appointment of Trustee and related matters- Regulation 3 of REITs Regulations, 2015.

Process	Major Requirements	Tentative Time Lines	Approvals
Step 3: Appointment of Trustee and related matters- Regulation 3 of REITs Regulations, 2015.			
Appointment of Trustee	Consent letter from the trustee. Eligible trustees: CDC, Digital Custodian Company, Schedule Banks (AA-) and DFIs (AA-).	2-3 working days	Approval 4
Preparation of trust deed	As per standard format specified by the SECP.	2 working days	
Submission of trust deed to SECP for approval	i. Application to SECP and copy of trust deed. ii. Consent letter of trustee. iii. Shariah compliance certificate by the shariah advisor. (In case of shariah compliant REIT).	1 working day	
Registration of trust deed with provincial authority under trust act.	i. Application. ii. Trust deed approved by the SECP.	5-10 working days	
Total		10-16 working days	

d) Registration of REIT Scheme and Issuance of units to Private Investors-Regulation 5 and14 (xviii) of the REITs Regulations, 2015.

Process	Major Requirements	Tentative Time Lines	Approvals
Step 4: Registration of REIT Scheme and Issuance of units to Private Investors-Regulation 5 and14 (xviii) of the REITs Regulations, 2015.			
Registration of the REIT Scheme and issuance of units to private investors- SECP Approval	<p>i. Application-Regulation 5(1)(i) and 14(xviii) of REITs Regulations, 2015.</p> <p>ii. Processing fee of Rs. 500,000.</p> <p>iii. Copy of registered trust deed.</p> <p>iv. Audited accounts of RMC or auditor certificate verifying equity of RMC.</p> <p>v. Few undertakings/affidavits.</p> <ul style="list-style-type: none"> • Affidavit stating that no funds, except borrowing have been received from any person-Regulation 5(1)(ii) of REITs Regulations, 2015. • Undertaking relating to identification and transfer of real estate- Regulation 5(1)(iv) of REITs Regulations, 2015. • Undertaking relating to holding minimum number of units-Regulation 5(1)(vi) of REITs Regulations, 2015. • Affidavit regarding accuracy-Regulation 5(1)(vii) of REITs Regulations, 2015. <p>vi. Copy of Information memorandum.</p> <p>vii. Details of REIT Scheme- Name of trustee, intermediaries and valuer; details of REIT asset including area, type of land, location; REIT Fund size; Capital structure; Functions transferred/delegated to other entities; SPV, if any; Total project cost; Number of units to be issued and type of investors.</p> <p>viii. Copy of valuation reports.</p>	5 working days	Approval 5 Approval 6
<ul style="list-style-type: none"> • Transfer of property to the trustee and issuance of units to property owner • Fund raising- Issuance of units to private investors. (Max-50) 	-	-	
Total		5 working days	

e) Public Offering and Listing of Scheme- Regulation 5 (3&4) of REITs Regulations, 2015.

Process	Major Requirements	Tentative Time Lines	Approvals
Step5: Public Offering and Listing- Regulation 5 (3&4) of REITs Regulations, 2015.			
Approval of offering document and issuance of units to the Public- SECP	<ul style="list-style-type: none"> i. Application for approval of offering document. ii. Offering document as per specified content. 	5 working days	Approval 7
Listing of REIT scheme with in a maximum period of three years from financial close- Non-PPP. Listing of REIT Scheme, no later than first anniversary of the Commercial operations date	<ul style="list-style-type: none"> i. Compliance with PSX listing rules (Approval of Offering document from PSX). ii. Appointment of Consultant to the Issue. iii. Free float requirements. iv. Public comments. v. Issuance of Offering document. vi. Public offering of units. 	30 working days	
Total		35 working days	

Note: Approvals of permission to form RMC and license to perform REIT Management Services are one time and will not be required before launch of every new REIT Scheme.

C. JURISDICTIONAL ANALYSIS.

As per the research conducted and available information, market data and requirements/practices relating to REIT Schemes in different jurisdictions are stipulated below:

	Pakistan	India	USA	Australia	Turkey	Malaysia
Registered Real Estate Schemes	12	3 REITs. 19 Infrastructure Trusts.	+225	70+	33	18
Relevant Regulatory framework	<ul style="list-style-type: none"> a. Non-banking finance companies (establishment and regulation) rules, 2003. b. REIT Regulations, 2015. c. Trust Act of relevant provincial authority. 	<ul style="list-style-type: none"> a. SEBI (Real Estate Investment Trusts) Regulations, 2014. b. Indian Trust Act, 1882. 	<ul style="list-style-type: none"> a. US Securities Act of 1933. b. Internal Revenue Code. 	<ul style="list-style-type: none"> a. Income Tax Assessment Acts of 1936 and 1997 b. Tax Administration Act of 1953. c. Corporations Act, 2001. 	<ul style="list-style-type: none"> a. Capital Markets Law. b. Corporate Income Tax Code. 	<ul style="list-style-type: none"> a. SC guidelines on REITs, 2012. b. Securities Commission Act, 1993. c. Capital Market Services Act, 2007.
Real estate structure(s) regulated by capital market regulator	Real Estate Investment Trust.	Real Estate Investment Trust.	Real Estate Investment Trust.	<ul style="list-style-type: none"> a. Listed Property Trust. b. REIT. 	Real Estate Investment Company.	Real Estate Investment Trust.
Type of REIT Schemes	<ul style="list-style-type: none"> a. REIT Management Company. 	<ul style="list-style-type: none"> a. Trust. 	<ul style="list-style-type: none"> a. Management company. (Registered with secretary of state) b. Corporation. c. Business Trust. d. Limited Liability Company. e. Association, publicly traded or privately held. f. Any US entity eligible to be treated as a domestic corporation under US law. 	<ul style="list-style-type: none"> a. Unit trusts. b. Managed Investment Trust. 	<ul style="list-style-type: none"> a. Joint stock corporation. 	<ul style="list-style-type: none"> a. Management Company. b. Trust.

	Pakistan	India	USA	Australia	Turkey	Malaysia
Approval for name reservation	Required. Online application for reservation of name. Approval/Consent.	Not required.	Not required.	Not required.	Not required.	Not Required. Reporting only. SC may change the name if it finds name inappropriate or misleading.
Submission of special tax return with tax authorities	-	-	To elect REIT status in the US, a company must file a special tax return (Form 1120-REIT) for the year in which the company wishes to become a REIT Reporting Only.	-	-	-
Permission to form a REIT Management Company	Application to SECP for permission to form RMC. Approval/consent.	-	-	-	Approval for the establishment / conversion of company Approval.	Approval to act as trust or management company. Approval.
Approval/Registration of AOA and MOA	Yes Registration of AOA and MOA with SECP. Reporting: Concerned Registrar.	-	-	-	Yes. AOA to be approved by CBM. Approval Registration of AOA with trade registry. Reporting	-
Licensing requirements	Yes License to perform REIT Management Services. Approval.	Yes Certificate of registration as a Trust. Approval.	-	Yes Financial Service License. Approval.	Yes.	Yes. Capital Market License Approval.

	Pakistan	India	USA	Australia	Turkey	Malaysia
Appointment of trustee	Yes Appointment of Trustee. Reporting.	Yes Appointment of Trustee. Reporting.	-	-	-	Yes Appointment of the trustee must be approved by the SC. The trustee must also be registered with the SC. Approval
Approval of trust deed or related documents	Yes Submission of trust deed to SECP for approval. Approval.	Yes Submission of trust deed to SEBI for Registration.	-	Not clear. Unit trusts are legally established under a Trust Deed.	-	Yes. Submission of Trust deed to SC for lodgment. Registration. Guidelines on Listed REITs Part C chapter 19 19.01 (d)
Registration of trust deed	Yes Registration of Trust deed with relevant trust authorities. Reporting.	Yes Registration of trust deed with relevant trust authorities. Reporting.	-	-	-	Yes Registration of trust deed after approval of SC. Approval and Reporting.
Appointment of Fund Manager/ responsible entity	-	-	-	Yes. Appointment of Australian public company as the responsible entity to operate the scheme. Reporting.	-	Yes. Appointment of fund manager is compulsory and is to be notified to the SC. Reporting.
Registration of Scheme	Yes Application to SECP for registration of REIT Scheme. Approval.	-	-	Yes Application to ASIC to register a managed investment scheme. Disclosure based.	Yes Registration of REIT with the Trade Registry after obtaining approval of Ministry of Industry and Trade. Approval and Reporting.	-

	Pakistan	India	USA	Australia	Turkey	Malaysia
Portfolio management certificate	-	-	-	-	Capital Market Board approval required to obtain Portfolio Management Certificate to conduct management activities Approval.	-
Issuance of Units	Approval required for Issuance of units. Approval	Approval required for issuance of units. Approval.	-	-	Application to CBM for registration of shares and Issuance of units Reporting	-
Information memorandum /Offering document	Public offering: Approval required for issuance of offering document. Private investors: No approval required in case of information memorandum.	Filing of offer document and due diligence certificate with SEBI & Stock exchange Disclosure base Process.	Submission of offering document and IM to SEC Disclosure base Process	A Product Disclosure Statement or prospectus for an LPT needs to be lodged with ASIC Disclosure base Process.	-	IPO and Registrable prospectus Disclosure base Process.
Capital requirements	-RMC PKR 50 million	-Minimum Asset Size INR 500 CRORE	No requirement	No requirement	-JSC TRY 36 million (for REICs) and TRY 120 million (for IREICs)	-RMC RM 1 million at all times -REIT Size at least RM 100 million
Holder of Property Title	Trustee/SPV	Trustee	REIT	The responsible entity	REIC	Trustee

D. REVAMPING REITS FRAMEWORK

1. Problem Statement/Reasons triggering reforms:

SECP has introduced certain regulatory reforms relating to REIT(s) function over the last couple of years. Subject reforms have led to increase in number of REIT Management Companies and registered REIT Schemes. However, REIT area is new to our market and there is a huge potential for growth. Under the existing regime:

- a) At least 7 different approvals are required, making REITs less competitive;
- b) Universe of the REIT Assets and infrastructure is limited; and
- c) Regulatory overburden in terms of segmented reporting and approvals leading to no value addition.

2. Revamping of REITs Regulatory Framework- Proposed Reforms:

The purpose of proposed regulatory amendments is to introduce new REIT products, create ease for RMCs in launching different REIT schemes and shift towards reporting based regime.

Proposed areas to be included in the REITs Regulatory Framework are mentioned below:

a) Enhancing the scope of REIT Assets:

Under the existing regime universe of real estate assets for:

- Non-PPP scheme – residential, industrial and commercial real assets;
- PPP scheme – infrastructure (bridges, tunnels, railroad, tracks, transmission lines, pipelines, storage structure, ports, airports etc.).

Universe of REIT assets is being proposed to be enhanced by allowing following additional segments under the REIT Scheme:

- i) Agriculture;
- ii) Healthcare;
- iii) Transport;
- iv) Power;
- v) Energy;
- vi) Telecommunication;
- vii) water and sanitation;
- viii) social, cultural and commercial segment; and
- ix) Any other segment/real estate asset as allowed by the Commission.

Through proposed amendments, wide range of projects can be launched under the REIT Scheme.

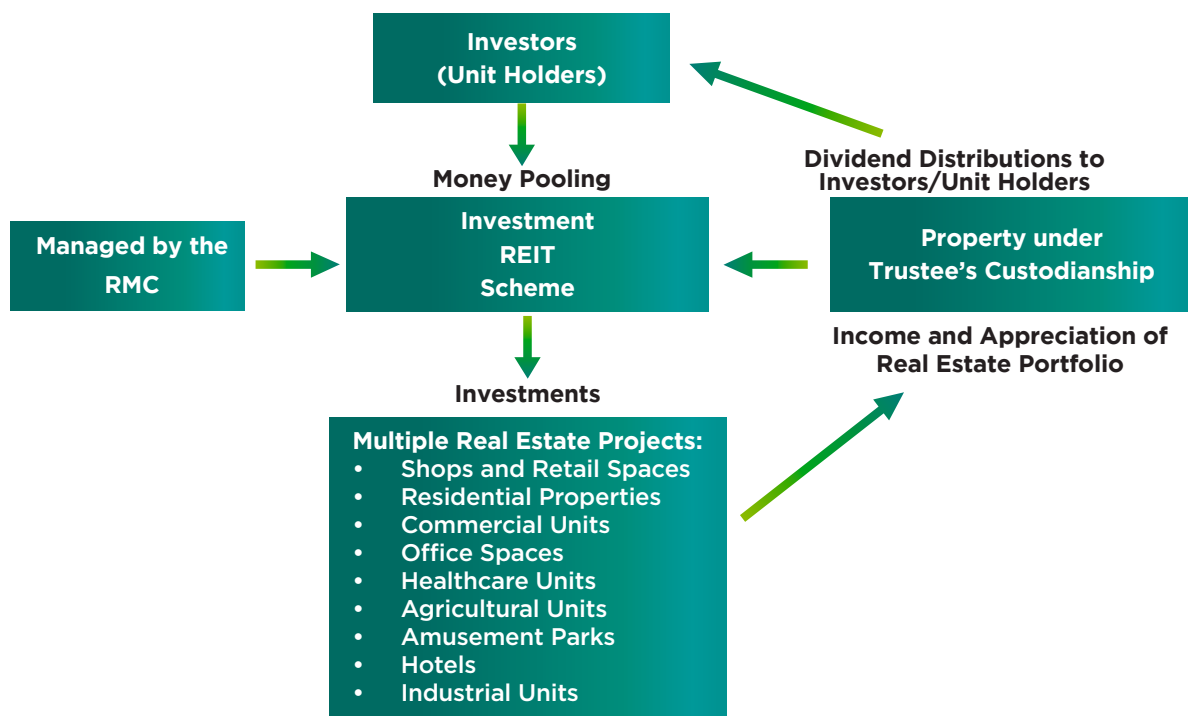
b) Investment Based REIT Scheme:

In addition to Non-PPP REIT Schemes as detailed in para B(1) above i.e. Rental; Developmental & Hybrid, a new category of REIT scheme titled Investment based REIT Scheme is being proposed:

Under the proposed scheme,

- RMC would only act as investment firm instead of developer;
- RMC shall be responsible for investing in multiple real estate units excluding land with the objective of maximizing return for unit holders;
- Pool of funds can be invested in units of different real estate projects generating rental income such as residential units, commercial properties, healthcare facility, amusement parks, shops etc.; and
- rental income from real estate can be distributed among unit holders.

For Example: Subject scheme can invest in 2 residential units of bahira town, one commercial shop in Centaurus Islamabad, few Sq/ft area of hotel or hospital or office space etc. Flow chart depicting the subject scheme is given below:



c) Bringing REITs framework in line with the regulatory regime for private issuance:

Regulatory approach for private placements does not require approval, however it does specify the requisite reporting. To harmonize with the regulatory approach, following revised process flow/requirement(s) is proposed:

Current Process for launch of REIT Scheme	Proposed Process for launch of REIT Scheme
i). License to perform REIT Management Services.	
Name reservation for Proposed REIT Management Company (RMC).	Same
Permission to form RMC- Approval from SECP.	Same
License to perform REIT Management Services- Approval from SECP.	Same
ii). REIT Scheme	
Submission of the Trust Deed to the Commission for approval.	Commission approval will only be required if trust deed deviates from standard format (Annexure-I) . Trustee to ensure that trust deed is as per the specified format.

Current Process for launch of REIT Scheme	Proposed Process for launch of REIT Scheme
Application to the Commission for registration of the REIT Scheme.	RMC shall submit following information/documents to the Commission within 15 days of issuance of units to private investors: <ul style="list-style-type: none"> • Copy of registered Trust deed; • A report containing the following information; <ul style="list-style-type: none"> o Number of units issued and name of investors. o Date of issuance. o Type of investors and unit held by each. • Copy of information memorandum containing the minimum contents as per the format (Annexure - II)
Approval from Commission for issuance of units to the private investors.	No approval. Reporting only.
Submission of Information Memorandum to the Commission, 15 days before issuance of units to Private investors and Pre-IPO investors.	Covered in report above.
Application to the Commission for approval of the offering document and issuance of units to the Public.	To be complied in line with requirements of Securities Act, 2015 and PSX Listing Regulations.
<ul style="list-style-type: none"> • Listing of Non-PPP REIT scheme with in a maximum period of three years from financial close. • Listing of PPP REIT Scheme, no later than first anniversary of commercial operations date. 	<ul style="list-style-type: none"> • Non-PPP REIT Scheme - same • PPP REIT Scheme - same <p>PSX and SECP shall evaluate subject application in compliance with the public offering regime and can approve/decline public offer/listing; considering the interest of public.</p>
iii). Other Approvals/requirements.	
a. Time line for transfer of real estate.	
Currently, RMC is required to transfer real estate to the trustee/REIT scheme within 120 days after financial close, however extension of 120 days is possible subject to <u>approval of the Commission</u> .	No approval required. Time lines of 120 days can be extended up to maximum of 240 days. RMC shall be <u>required to intimate the Commission</u> on extension in time lines along with valid rationale.

Current Process for launch of REIT Scheme	Proposed Process for launch of REIT Scheme
b. Delegation of Function/Service level agreement.	
<p>Current regulatory framework requires approval of the Commission for:</p> <ul style="list-style-type: none"> delegation of one or more function of the REIT Scheme; and appointment of Special Purpose Vehicle by RMC. 	<p>No approval of SECP is required. Ultimate responsibility/Onus relating to the delegated function would be on the RMC. Alteration/amendment in service level agreement with SPV shall be approved by the trustee and unit holders.</p>
c. Valuation.	
<p>Appointment of valuer: Currently, RMC is required to inform the Commission relating to appointment of valuer within two days and share copy of agreement.</p> <p>Requirement of two valuations at the time of acquisition: At the time of acquisition, RMC is required to get valuation of the REIT Asset by two valuers.</p> <p>Frequency of valuation: REIT scheme is required to value the real estate once in every half year, and in case of PPP REIT, valuation of the REIT Assets shall be done at least once in every financial year.</p>	<p>Covered in report above, no need to inform immediately and share copy of agreement.</p> <p>Mandatory requirement of two valuations at the time of acquisition abolished, however RMC shall be free to opt for two valuations.</p> <p>For both Non-PPP and PPP scheme, valuation to be done on annual basis.</p>
d. Valuation Methodologies.	
<p>Currently, valuation methodologies are specified by the Commission for different type of REIT Schemes (Schedule VI (7) of REITs Regulations).</p>	<p>Under the proposed regime, valuer will be given liberty to decide valuation methodology, however valuation report should at least contain the details specified in Annexure - III.</p>
e. Audited Accounts.	
<p>RMC is required to prepare and transmit audited accounts of REIT Scheme within 120 days of close of financial year.</p>	<p>RMC shall not be required to prepare audited accounts of REIT Scheme for the first fiscal year:</p> <ol style="list-style-type: none"> if REIT Scheme has been incorporated in less than 3 months before the close of financial year; and no units have not been issued to public investors; and customers advance relating to REIT project have not been received. <p>However, in next year audited accounts should also cover the subject period.</p>
f. Independence.	
<p>The valuer, independent consultant, the RMC, the trustee and where applicable transaction advisor shall not be related to each other in any manner.</p>	<p>RMC, trustee, valuer, consultant, transaction advisor can be related party; however, they have to ensure integrity and transaction must be at arm length basis and the details of relationship should be clearly and prominently disclosed in the offering document.</p>

Current Process for launch of REIT Scheme	Proposed Process for launch of REIT Scheme
g. Lock in period (Non-PPP Scheme)	
<p>RMC itself or through strategic investors is required to hold at least 25% of the initial size of the REIT Fund in account marked as blocked throughout the life of REIT Scheme.</p> <p>RMC and strategic investor can transfer 10% of the holding to another strategic investors subject to the approval of the Commission.</p> <p>In case of rental scheme, RMC and strategic investors can sell remaining 15% holding after three years of listing of REIT Scheme with approval of the Commission.</p> <p>In case of development scheme, RMC and strategic investors can sell remaining 15% holding after completion of project, with approval of the Commission.</p>	<p>Under the proposed regime:</p> <ul style="list-style-type: none"> • RMC its self or through accredited investors shall hold at least 25% of size of REIT Fund till revocation of fund or listing of schemes which every is earlier and the same shall be kept in blocked form with CDC. • During the lock in period, RMC and Strategic investors can sell their shareholding to other strategic investors with approval of the Commission. • Subsequent to lock in period, no approval is required.
h. Transfer of ongoing real estate project to REIT structure	
<p>Current regulatory framework is silent on transfer of ongoing developmental project to the REIT Structure.</p>	<p>Under the proposed regime:</p> <p>Ongoing developmental projects can be transferred to the REIT structure subject to fulfilment of following additional conditions:</p> <ol style="list-style-type: none"> i) RMC shall submit following to the trustee: <ol style="list-style-type: none"> a). audited accounts of the project to the trustee clearly pronouncing at least: <ul style="list-style-type: none"> • Asset and liabilities at the start of the project. • Asset and liabilities of the project at the date of transfer. • Cash flow position of the Project. • Customers advances received and utilized for the project. b). valuation report assessing value of the assets and liabilities to be transferred to the REIT Scheme. ii) Unutilized cash received as customer advances shall be transferred to the trustee.

Current Process for launch of REIT Scheme	Proposed Process for launch of REIT Scheme
i. Process for addition of new projects/assets in existing REIT Scheme.	
<p>Under current regime:</p> <p>An RMC, through utilization of surplus funds, right issue or borrowing may acquire additional Real Estate in an existing Non-PPP REIT Scheme:</p> <p>Provided that RMC must ensure that:</p> <ul style="list-style-type: none"> 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. 	<p>Under revised regime:</p> <p>New projects and assets can be added into exiting REIT scheme through surplus funds, borrowing or additional fund raising, subject to following conditions:</p> <ul style="list-style-type: none"> i) RMC shall obtain approval of the trustee and the unit holders for addition of assets/project. ii) RMC shall intimate addition of new assets/projects and related approvals to the Commission.
j. Category of investors- Alignment with other regulatory regime(s) of SECP.	
<p>Under current regulatory regime there are four category of investors i.e. Private investors, strategic investors, pre-IPO investors and retail investors. Every investor class has different classification criteria. First three class of investors are sophisticated investors and can invest in both PRE-IPO stage and IPO, whereas retail investors can only invest in IPO.</p>	<p>To eliminate confusion and align definition of sophisticated investors with other regulatory regimes of SECP, following two categories are proposed:</p> <p>i) Accredited investors: can invest in both Pre-IPO and IPO Stage.</p> <p>“Accredited Investor” means the following:</p> <ul style="list-style-type: none"> a). Institutional Investor, including the following: <ul style="list-style-type: none"> • A Financial Institution; • A Company as defined in the Companies Act, 2017; • An insurance company established under the Insurance Ordinance, 2000; • A trust established under relevant Trust Act applicable in Pakistan; • A Securities Broker; • A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008; • A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005;

Current Process for launch of REIT Scheme	Proposed Process for launch of REIT Scheme
	<ul style="list-style-type: none"> • A private fund established under Private Fund Regulations, 2015; • Any employee's fund established for the benefit of employees; • Any other fund established under any special enactment; • A foreign company or any other foreign legal person; and • Any other entity as specified by the Commission. <p>b). Individual investor (foreign or local) registered with NCCPL having assets of at least Rs. five million.</p> <p>Note: NCCPL is maintaining a list of individual accredited investors. As of August 2, 2022, c. 12,000 accredited individual investors are registered with NCCPL.</p> <p>ii) Retail Investors/General Public: Can invest at IPO stage.</p>

- f) Reducing regulatory burden- Revised format of undertaking relating to fit and proper criteria: Any person that intends to become sponsor or act as director of the RMC is required to meet the fit and proper assessment criteria. Under the current fit and proper criteria, two different undertakings are required to be submitted. SECP is consolidating the format and content of subject undertakings.

Annexure-I

Important Note: It is advised that the RMC shall practice due diligence in preparing Trust Deed as per the standard format and evaluate applicability of each clause in context of respective REIT Scheme and shall add/omit/rephrase any clause(s) (as applicable) with respect to each REIT Scheme in accordance with the REIT Regulations, 2015 and other applicable laws.

TRUST DEED

IN RELATION TO '(Name of REIT Scheme.....),
SHARIAH COMPLIANT OR NON SHARIAH COMPLIANT

CATEGORY OF REIT SCHEME (PPP OR NON-PPP)
TYPE OF NON-PPP SCHEME (DEVELOPMENTAL, RENTAL, HYBRIDE ETC)
STRUCTURE OF REIT SCHEME (DIRECT INVESTMENT OR SPV)

REIT SCHEME BEING CONSTITUTED UNDER THE REAL ESTATE INVESTMENT TRUST REGULATIONS 2015

BY AND BETWEEN

NAME OF RMC (.....)
(AS THE REIT MANAGEMENT COMPANY)

AND

NAME OF THE TRUSTEE(.....)
(AS TRUSTEE)

DULY VETTED BY
NAME OF SHARIAH ADVISOR(.....) ONLY IN CASE OF SHARIAH COMPLIANT.
(AS SHARIAH ADVISOR)

BEING A SPECIALIZED TRUST AS DEFINED UNDER (NAME OF THE TRUSTS ACT)

EXECUTED AT (PLACE/CITY OF EXECUTION/, PAKISTAN

EXECUTED ON (DATE.....)

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TRUST DEED

IN RELATION TO '**(NAME OF REIT SCHEME)**', A SHARIAH COMPLIANT/OR NON SHARIAH COMPLIANT (CATEGORY OF REIT SCHEME AND TYPE) BEING CONSTITUTED UNDER THE REAL ESTATE INVESTMENT TRUST REGULATIONS 2015

This TRUST DEED (hereinafter the "**Deed**") is entered into at (place/city), Pakistan on (date)..... by and between:

- (1) (NAME OF RMC.....) **REIT MANAGEMENT LIMITED**, a status of Company (Private, Public, listed) company incorporated under the Companies Act, 2017 having its registered office at (.....) (hereinafter referred to as the "**RMC**", which expression shall, where the context so permits, shall include its successors in interest and permitted assigns), and
- (2) NAME OF THE TRUSTEE, a status of Company (Private, Public, listed) company incorporated in Pakistan under the Companies Act 2017, having its registered office at (.....) (hereinafter referred to as the "**Trustee**", which expression where the context so permits, shall include its successors in interest and permitted assigns).

WHEREAS:

- A. RMC is licensed by the SECP to act as a REIT Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 (the "**Rules**") to launch REIT Schemes and carry out REIT Management Services in terms of the Real Estate Investment Trust Regulations 2015, as amended from time to time ("**REIT Regulations**") vide License No. (.....), attached hereto as **Annexure A**.
- B. The Trustee and Shariah Adviser (In case of Shariah Compliant REIT) has approved the contents of this Deed vide letter dated _____ (attached hereto as **Annexure B&C**).
- C. Due to the enactment of the (name of the Trusts Act.....),, as amended vide (name of the Trusts Act.....), the Trust, being a Specialized Trust, is required to be registered with the (name of the relevant department and Trusts Act.....). For this purpose, this Deed is being executed between the RMC and the Trustee without affecting actions taken, transactions effectuated, documents executed by the RMC and/or the Trustee which shall be deemed to have been validly effectuated done and are saved.
- D. (Name of the Trustee.....) is eligible to be appointed as a trustee of the scheme in terms of the REIT Regulations.

NOW, THEREFORE, THIS DEED WITNESSED AS FOLLOWS:

1 Definitions and Interpretation

1.1 DEFINITIONS

Unless the context requires otherwise, the following words and expressions shall have the meaning stated next to them:

- i. **“Accounting Date”** (of the REIT SCHEME).
- ii. **“Accounting Period”** shall mean a period ending on, and including, an Accounting Date and commencing, in case of the first Accounting Period, on the date on which the REIT Assets are first transferred to the Trustee and, in any other case, from the end of the preceding Accounting Period.
- iii. **“Act”** shall mean the Companies Act 2017 including any substitutions, re-enactments or amendments thereof.
- iv. **“Applicable Law(s)”** shall mean all the laws applicable to, or binding on, or to which each of the REIT Scheme, the Trustee and / or the RMC is subject to, including, but not limited to, Constitution of Pakistan 1973, the Companies Ordinance 1984, the Act, the Securities Act 2015, (name of the Trusts Act.....), the NBFC Rules, the REIT Regulations, PSX Regulations and all other Act or Ordinance, rules, regulations, circulars made thereunder, any common or customary law, judgment, decree, directive, notification, clarification, guideline, policy, requirement or other governmental restriction as may be applicable for the purposes of implementation, execution and operation of the REIT Scheme/REIT Project.
- v. **“Architect”** shall mean a renowned firm of qualified and experienced civil engineers and/or Town Planners which is a member of Pakistan Council of Architects and Town Planners to be recommended by the Development Advisor and appointed by RMC for concept preparation, architectural design preparation, and performing related functions as are normally and customarily performed by architects of multi-storeyed projects.
- vi. **“Auditor”** shall mean the auditor of the REIT Scheme appointed by RMC.
- vii. **“Authorized Investment”** shall mean investment primarily in Real Estate and may also include placement of surplus funds, if any shall be invested in shariah compliant; Government securities, banking products and Islamic money market funds etc., in accordance with the REIT Regulations, 2015, as may be amended from time to time.
- viii. **“Bank”** shall mean the same as defined under the Banking Companies Ordinance, 1962, or any other regulation in force for the time being in Pakistan, or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- ix. **“Bank Accounts”** shall mean those account(s) opened and maintained for the Trust by the Trustee with the Bank(s)
- x. **“Blocked Units”** shall mean those units being held in blocked account(s) with Central Depository Company of Pakistan Limited as stipulated in the REIT Regulations.
- xi. **“Borrowing”** shall mean the funds received from Financial Institutions/Investors for the REIT Project.
- xii. **“Business Day”** shall mean any day that is Monday to Friday, except gazetted public or provincial holiday.
- xiii. **“Business Plan”** shall mean the business plan prepared by RMC for the REIT Project, as specified in Regulation 2(1)(i) of REIT Regulations as may be amended from time to time.
- xiv. **“CDC”** means the Central Depository Company of Pakistan Limited.
- xv. **“CDC Regulations”** shall mean Central Depository Company of Pakistan Limited Regulations, as amended, substituted or re-enacted from time to time.
- xvi. **“CDS Eligible Security”** shall mean Securities mentioned as Eligible Securities in the CDC Regulations.

- xvii. **“Connected Person”** shall have the same meaning as ascribed thereto in the NBFC Rules.
- xviii. **“Civil Works Contractor”** shall mean a contractor(s) to be appointed by RMC for development or construction, or other works in connection with, the REIT Project.
- xix. **“Constitutive Documents”** shall mean this Deed, the Information Memorandum, and the Offering Document (as applicable) governing the formation, management and operation of the Trust and the development of the REIT Project.
- xx. **“Customer”** shall mean an individual or any juristic person purchasing or who has purchased the End Product against payment of the Sale Price as determined by RMC to be paid to the Trustee on account of the REIT Scheme in accordance with payment schedule to be incorporated in the agreement between the Customer, RMC, and the Trustee which shall be disclosed in the Business Plan and the Offering Document.
- xxi. **“Customer Advance”** shall mean the value to be received by the Trustee, in accordance with the REIT Regulations, 2015, from the Customer in advance in pursuance of payment schedule against the Sale Price for the sale of the End Product in the REIT Project.
- xxii. **“Development Advisor”** means the same as defined in the REIT Regulations, 2015.
- xxiii. **“Developmental REIT Scheme”** means the same as defined in the REIT Regulations, 2015.
- xxiv. **“Distribution Account”** shall mean the Bank Account, that may be current, saving or deposit account, maintained by the Trustee with a Bank with a minimum AA long term rating with stable outlook, approved by RMC, in which the amount required for the distribution of dividend to the Unit Holders shall be transferred.
- xxv. **“Duties and Charges”** means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fee and other duties, fees and charges, in connection with the transfer of the REIT Assets in favour of the Trustee or SPV;
- xxvi. **“End Product”** depends upon type of REIT; will be different for each REIT Scheme.
- xxvii. **“Financial Close”** shall mean the stage when all investment and financing arrangements have been made and funds have been received by the Trustee in the Bank Account of the REIT Scheme, as per the Business Plan.
- xxviii. **“Financial Institutions”** shall have the same meaning as defined in the Act.
- xxix. **“Force Majeure”** shall mean any occurrence or circumstance or element beyond the control of, and which cannot be avoided or overcome by, the RMC or the Trustee, and makes the performance of the Constitutive Documents or any obligations of the RMC or the Trustee in whole or in part impossible or impracticable or otherwise delays such performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, pandemics (including COVID 19), any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc. or any other event which prevents or significantly hinders or prevents performance of the operations of the RMC or Trustee.
- xxx. **“Frustration of Contract”** shall mean inability on the part of RMC and/or the Trustee to fulfil their respective obligations due to rules, regulations, decisions, orders or directives or any injunction of federal, provincial or

local governments or governmental authorities, including but not limited to Karachi Development Authority, Karachi Metropolitan Corporation, Sindh Building Control Authority, Civil Aviation Authority, Sindh Environmental Protection Agency, or any court of law, or any restraining order(s) or orders or action(s) of any other authority or agency, including but not limited to a change of law, change of policy or regulations of such governments or authorities etc., which makes the REIT Scheme impossible or commercially no longer viable.

- xxxi. **“Fund”**, or “Closed-end Scheme” or “Trust”, or “REIT Scheme” means the “(name of REIT SCHEME.....) constituted by this Deed, as a closed end scheme, the Units of which may initially be privately placed / issued, and eventually listed and traded on the PSX;
- xxxii. **“Hybrid REIT Scheme”** means a Non-PPP REIT Scheme, which has a developmental component as well as a rental component;
- xxxiii. **“Information Memorandum”** shall mean a document containing minimum information to be prepared by RMC in accordance with REIT Regulations, 2015.
- xxxiv. **“Initial Valuers”** shall mean the Valuer appointed by RMC in consultation with the Trustee and who have issued initial Valuation Report in respect of the Real Estate under of the REIT Regulations., 2015.
- xxxv. **“Listing”** in relation to the Units means Units which have been allowed to be traded on a registered stock exchange in Pakistan.
- xxxvi. **“Major Contracts”** shall mean all contracts and agreements executed or to be executed in connection with REIT Scheme.
- xxxvii. **“Material Providers”** shall mean suppliers of all construction materials required for development and completion of REIT Project, including but not limited to iron, steel, cement, bitumen, wood, tiles, electrical equipment, wiring, glasses, water, sanitary and sewerage materials, bathrooms fittings, paints, polishes, and other materials that may be required.
- xxxviii. **“NBFC Rules”** shall mean the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, as amended, substituted or re-enacted from time to time.
- xxxix. **“NCCPL”** means the National Clearing Company of Pakistan Limited.
- xl. **“Net Assets”** shall mean the difference between the value of the assets and the liabilities of the REIT Scheme, as given in the balance sheet at any given date to be computed as per the methodology and criteria laid down in the REIT Regulations (or otherwise under the Applicable Laws).
- xli. **“Net Asset Value”** or **“NAV”** shall mean per Unit value of the Fund arrived at by dividing the Net Assets by the number of Units outstanding.
- xlii. **“Non-PPP REIT Scheme”** means the same as defined in the REIT Regulations, 2015.
- xliii. **“Offering Document”** shall mean a document containing minimum information to be prepared by RMC in accordance with Schedule-IV of the REIT Regulations, including any amendments thereto or substitution thereof at the relevant time, in order to invite the public to buy invest in the Units.
- xliv. **“Par Value”** shall mean the face value of a Unit that shall be PKR/-.
- xl. **“Private Investor/Accredited Investor”** shall mean the same as defined in the REIT Regulations, 2015.

- xlvi. **“Property Manager”** means a person appointed by the Management Company to manage and maintain the rental component of the REIT scheme;
- xlvii. **“PSX”** means the Pakistan Stock Exchange Limited;
- xlviii. **“PPP REIT Scheme”** means the same as defined in the REIT Regulations, 2015.
- xlix. **“Real Estate”** shall mean real estate as defined in the REIT Regulations to be acquired by the Trust for the development of REIT Project.
- I. **“Register”** shall mean the Register of the Unit Holders that shall be maintained pursuant to the REIT Regulations.
- li. **“Registrar”** shall mean a company that the RMC may appoint for performing the Registrar’s Functions; provided that the RMC may also itself perform the Registrar’s Functions subject to fulfilment of all regulatory requirements (if any).
- lii. **“REIT Accountant”** shall mean an accounting firm appointed by the Trustee for the REIT Scheme in accordance with the REIT Regulations.
- liii. **“REIT Assets”** shall mean all Real Estate(s) and other assets (moveable or immovable, liquid or illiquid, tangible or intangible) of a REIT Scheme acquired or invested in the name of the Trustee/REIT Scheme.
- liv. **“REIT Fund”** shall mean the same as defined in the REIT Regulations, 2015.
- lv. **“REIT Project”** will be different for each REIT Scheme.
- lvi. **“REIT Regulations/REIT Regulations, 2015”** shall mean the Real Estate Investment Trust Regulations 2015, as amended or substituted or re-enacted from time to time.
- lvii. **“Related Party(ies)”** mean(s) the parties outlined in Article..... of this document.
- lviii. **“Rental REIT Scheme”** means a Scheme as defined in the REIT Regulations, 2015.
- lix. **“Reporting Currency”** means the Pakistani Rupee
- lx. **“Rules/NBFC Rules”** shall mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- lxi. **“SECP”** or the **“Commission”** means the Securities and Exchange Commission of Pakistan, established under Section 3 of the Securities and Exchange Commission of Pakistan Act, 1997, which term shall include its legal successor;
- lxii. **“Seller”** shall mean the present owner of the Real Estate who shall transfer the Real Estate to the Trustee/SPV.
- lxiii. **“Service Provider(s)”** shall mean individual(s), firm(s), company(ies) or other entity(ies) engaged by RMC for providing services of any kind exclusively for the REIT Project, but shall not include those retained by RMC or the Trustee for performing their own secretarial works, office management and professional management or accounting, legal and administrative services provided to them in accordance with the provisions of this Deed and the REIT Regulations.
- lxiv. **“Shariah Advisor”** shall mean the same as defined in Shariah Advisors Regulations, 2017.

- lxv. **“Shariah Compliant”** shall mean any activity that is in accordance with the Islamic Shariah as advised by the Shariah Advisor.
- lxvi. **“Shariah Regulations”** shall mean the Shariah Governance Regulations, 2018 issued by the Commission.
- lxvii. **“Special Resolution”** shall mean a resolution which is passed by a majority of not less than three-fourth of such Unit Holders who/which are entitled to vote and who/which are present and voting in person or by proxy or by post at a general meeting of which not less than twenty-one days’ notice specifying the intention to hold the meeting and a copy of the resolution to be proposed for the voting has been duly given, provided that if all the Unit Holders who/which are entitled to attend and vote at any such meeting so agree, a meeting may be held earlier than 21 days and a resolution may be proposed and passed as a special resolution at that meeting.
- lxviii. **“Specialised Trust”** shall mean the trust as defined in Article of (name of the Trusts Act.....).
- lxix. **“Units”** shall mean the instrument of ownership of a REIT Scheme signifying the beneficial interest of the Unit Holders in such REIT Scheme.
- lxx. **“Unit Holder(s)”** shall mean the person who is the legal owner of one or more Units and whose name appears in the Register of Unit Holders.
- lxxi. **“Valuer”** means a person appointed to determine the value of the Real Estate under these Regulations and also includes foreign Valuer as approved by the Commission.”
- lxxii. **“Valuation Reports”** shall mean the valuation reports prepared by the Valuers in accordance with REIT Regulations.

1.2 DEFINITIONS TO APPLY

Words and expression used but not defined herein shall have the same meanings as assigned to them in the Act or REIT Regulations.

1.3 RULES OF INTERPRETATION

In this Deed, unless there is something in the subject or content inconsistent with such construction or unless it is otherwise expressly provided:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislative provision;
- (b) the singular includes the plural and vice versa;
- (c) a reference to an individual or person means and includes any individual, partnership, association of persons (whether or not registered), company, corporation, association, joint stock company, firm, entity, trust, joint venture, labour organization, unincorporated organization, authority or government and vice versa;
- (d) a reference to any gender includes all genders;
- (e) a reference to a Recital, Preamble, Article or Annexure is to a recital, preamble, article or annexure of or to this Deed;
- (f) Recitals, definitions and Annexures form an integral part of this Deed;

- (g) headings are for convenience of reference only and do not affect interpretation;
 - (h) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, restated or replaced from time to time;
 - (i) a reference to any party to this Deed or any other document or arrangement includes that party's executors, administrators, successors, permitted substitutes, permitted transferees and permitted assigns;
 - (j) where an expression is defined, another grammatical form or variation of that expression has a corresponding meaning;
 - (k) a reference to a matter being to the knowledge of a person means that the matter is to the best of the knowledge and belief of that person after making reasonable enquiries in the circumstances;
 - (l) the terms "hereof", "herein", "hereto" and "hereunder" and words of similar import when used, with the required linguistic and / or grammatical derivation, in this Deed refer to the Deed as a whole and not to any particular provision thereof;
 - (m) the terms "include", "includes" and "including" shall be respectively construed as "include without limitation", "includes without limitation", and "including without limitation", and all derivative terms shall be construed accordingly;
 - (n) if the day on which any act, matter or thing is to be done under or pursuant to this Deed is not a Business Day, that act, matter or thing shall be done no later than the immediate succeeding Business Day;
 - (o) a reference to any "account" includes any renewal, redenomination, re-designation or sub-account thereof;
 - (p) "written" or "in writing" includes printing, engraving, lithography, or other means of visible reproduction; and
- a reference to the date of this Deed shall mean the date first above written

2 NAME OF THE TRUST

The Trust is constituted under the name and title of "(name of REIT SCHEME.....)".

3 PARTIES TO THE TRUST

The Parties to the Trust are set forth in the Preamble.

4 SIZE OF THE REIT SCHEME

The Parties agree that Fund Size (monetary value) of the REIT Scheme shall be mentioned in the Information Memorandum / Offering Document.

5 DECLARATION OF TRUST

- 5.1 It is hereby declared unequivocally that a Closed-End REIT Scheme in the name and title of "(name of REIT SCHEME.....)" is hereby created as a Trust under the (Name of Trusts Act.....) and the REIT Regulations, with an initial nominal amount of PKR/- (Amount in words), and the Trustee/(NAME OF TRUSTEE.....) is hereby nominated and appointed as the trustee of the Trust on the terms and conditions contained in this Deed.

5.2 It is hereby irrevocably and unconditionally declared that:

- i. the Trustee, on behalf of Unit Holders, shall hold and stand possessed of the REIT Assets that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holders;
- ii. the REIT Assets shall be held by the Trustee on trust for the Unit Holders on pari passu basis according to the number of Units held by each Unit Holder; and
- iii. the Management Company shall manage, operate and administer the Trust in the interest of the Unit Holders, in accordance with the REIT Regulations, Shariah Regulations (In case of Shariah Compliant REIT), guidelines issued by Shariah Advisors (In case of Shariah Compliant REIT) and the provisions of the Constitutive Documents and Applicable Laws.

6 OBJECT OF THE TRUST

Will be different for each REIT Scheme.

7 REGISTERED ADDRESS OF THE TRUSTEE ALONG WITH PLACE AND DATE OF CREATION OF TRUST

The registered address of the Trustee and the date of creation of the Trust is as set forth in the Preamble.

8 TRANSFER AND GRANT OF REIT ASSETS

- 8.1 The Real Estate for the REIT Scheme shall be acquired by the Trust partially or wholly through the issuance of Units as consideration to the seller and / or its nominee(s) of the Real Estate, and / or partially or wholly from the proceeds of the Units (i.e., payment of an agreed sale consideration to the seller of the Real Estate), or a combination of the same, as per the Information Memorandum and /or the Offering Document.
- 8.2 The investment and all income, profit and other benefits arising there from being held or deemed to be held upon trust by the Trustee shall constitute part of the REIT Assets.
- 8.3 The Trustee shall hold the REIT Assets in its name (acting as trustee of the Trust) for the benefit of the Unit Holders, in accordance with the provisions of the REIT Regulations and this Deed. The REIT Assets shall not be used for any other purpose by the Trustee or by the Management Company, other than for the purposes of the REIT Scheme, as specified in the Business Plan and the Constitutive Documents.
- 8.4 Save as herein expressly provided, and unless permitted otherwise under the REIT Regulations, and except encumbrances resulting from Borrowing as mentioned in the relevant Constitutive Documents, the REIT Assets shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee shall not create any mortgages, charges, liens or any other circumstances whatsoever on the REIT Assets or any part thereof, to secure any loan, guarantee, or any other obligation actual or contingent incurred, assumed or undertaken by the Trustee or any other person, except as instructed by Management Company for the purposes of the REIT Scheme in accordance with the REIT Regulations. Provided however, neither the Trustee, nor the Management Company shall be liable in their personal capacities for repayment of such Borrowing.
- 8.5 All cash forming part of the REIT Assets shall be deposited by the Trustee in a separate Bank Account, in the name of the Trustee, titled '(title of the account.....)' (or such other title as may be deemed suitable), with a Bank approved by the Management Company having a minimum AA (Double A) rating for the long term, as per the criteria laid down by a credit rating agency approved by the SECP. The Bank shall be caused to allow profit thereon in accordance with the rules prescribed by the Bank on sharing of profits on deposits.

- 8.6 Remuneration of the Management Company and the Trustee, Bank charges and financial costs, audit fees, SECP annual and monitoring fee, listing fee and all other charges including, but not limited to, renewal fees payable to the PSX, rating fee payable to an approved rating agency, annual and clearing fee of NCCPL, fees payable to the (NAME OF TRUSTEE.....), formation costs and taxes, if any applicable to the Trust, annual project health survey fee, Property Manager fee, Development Advisor fee if any, REIT Accountant Fee, Valuer fee, Auditor's fees and any fees relating to any of the Major Contracts, property tax, legal counsel fee and all other Duties and Charges and such costs as are otherwise chargeable to the Trust under the REIT Regulations shall be payable out of the REIT Assets.
- 8.7 Transaction costs relating to the transfer of the Real Estate / REIT Assets i.e., all duties and expenses (stamp duty, registration fee, capital value tax, advance tax, mutation fee) incurred by the Trust, including in effecting the registration of all registerable property in the Trustee's name and other related costs shall constitute part of the REIT Fund.
- 8.8 In the event of any loss arising as a result of any act and / or omission of the Trustee in violation of the terms of this Deed, the Trustee shall have an obligation to replace the lost investment forthwith similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss.

9 OBLIGATIONS, RIGHTS AND POWERS OF MANAGEMENT COMPANY

9.1 Obligations of the Management Company:

Relevant content defined/prescribed in the REIT Regulations, 2015.

9.2 Powers of the Management Company

The Management Company shall have all powers and rights as are necessary for performing its duties, functions and obligations under the Constitutive Documents and the REIT Regulations. Without prejudice to the generality of the foregoing, the Management Company shall have the following rights and powers:

- i. the Management Company shall have the power to carry out any and all of the objects and purposes of the Fund and to perform all acts and enter into and perform all contracts and other undertakings that it may, in its sole discretion, deem necessary or advisable or incidental thereto, all in accordance with and subject to the other terms of the Constitutive Documents and Applicable Laws;
- ii. the Management Company shall have the right, power and authority to request from any Unit Holder such information as the Management Company deems necessary to eliminate or reduce the exposure of the Fund or the Unit Holders, in general, to adverse tax or regulatory consequences; and
- iii. the Management Company may authorize any officer or responsible official or, subject to compliance with the REIT Regulations (in particular Schedule V thereof), appoint any delegate, nominee or agent, to perform on its behalf any act or matter required to be done by the Management Company in the performance of its duties in relation to the Fund, provided that the Management Company shall ultimately be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if these were its own acts and omissions.

10 TRANSFER OF MANAGEMENT RIGHTS OF THE REIT SCHEME

Relevant content defined/prescribed in the REIT Regulations, 2015.

11 OBLIGATIONS, RIGHTS AND POWERS OF THE TRUSTEE Relevant content defined/prescribed in the REIT Regulations, 2015.

11.1 Powers of the Trustee

The Trustee shall have all powers and rights as are necessary for performing its duties, functions and obligations under the Constitutive Documents. Without prejudice to the generality of the foregoing, the Trustee shall have the following rights and powers:

- i. the Trustee may authorize any officer or responsible official or, subject to compliance with the REIT Regulations, appoint any delegate, nominee or agent, to perform on its behalf any act or matter required to be done by the Trustee in the performance of its duties in relation to the Fund, provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as trustee as if these were its own acts and omissions; and
- ii. in relation to Article (relevant article of the trust deed.....) the Trustee shall have full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds.

11.2 Restrictions on Transactions with Trust

Neither the Trustee nor the custodian (if applicable) shall sell or purchase or deal in the sale or purchase of any REIT Assets or enter into any other transaction with the Fund, save in the capacity of an intermediary. Furthermore, the Trustee shall not legally and / or beneficially own or hold any Units of the Fund, except as otherwise provided.

12 RETIREMENT OR REMOVAL OF TRUSTEE.

Relevant content defined/prescribed in the REIT Regulations, 2015.

13 Issuance of Units to Private Investors.

- 13.1 the Management Company may offer Units of the REIT Scheme to the Private Investors/accredited investors after sharing the Information Memorandum, Business Plan and Valuation Report (where applicable) to the Private Investors and compliance with REITs Regulations,

14 Public Offering

Units shall be offered to the public in compliance with Securities Act 2015 and PSX Listing Regulations.

15 General

- 15.1 The par value of a Unit of the REIT Scheme shall be PKR/- (Amount in words) each.
- 15.2 The Management Company shall issue Units against cash except those issued in lieu of the Real Estate. The Unit Holder(s) will not be liable to make any payment after such Unit Holder(s) has paid the consideration against price of the Unit(s) (either as cash or against transfer of Real Estate (as the case may be)).
- 15.3 Furthermore, no further liability can be imposed on such Unit Holder(s) in respect of Unit(s), which he holds; provided in case of subscription of rights Units offered by the Management Company, if any, the Unit Holder(s) shall pay for the subscription price of the rights Units.
- 15.4 The Management Company shall keep subscription money received from Investors in an account in the name of Trustee of the REIT Scheme.
- 15.5 Where the transfer of Real Estate does not take place as per the REIT Regulations, the Trustee shall return total subscription money to the investors along with profit.

15.6 All Unit(s) represent an undivided share in the REIT Assets and rank pari passu as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions, and each Unit Holder has a beneficial interest in the Trust fund proportionate to the Unit(s) held by such Unit Holder(s).

15.7 Where it is decided to increase the capital of the REIT Scheme by the issue of further Unit(s), such Unit(s) shall be offered in accordance with REIT Regulations and applicable law.

16 ISSUANCE AND TRANSFER OF UNITS

16.1 Issuance and transfer of Units shall be carried out in accordance with the Applicable Laws and the procedures provided in the Information Memorandum / Offering Document.

16.2 Notwithstanding anything contained herein, where the Units are declared as CDS Eligible Securities, all matters concerning the issuance, transfer and redemption of such Units, issued in book entry form, or deposited in to the CDS, shall be dealt with in accordance with the provisions of the CDC Act, the CDC Regulations as amended from time to time, and any notifications or directions given by the (NAME OF TRUSTEE.....).

17 REGISTRATION OF UNITS

17.1 The Management Company or Registrar, if appointed shall maintain the Register at such a place as is agreed by the Management Company. The Management Company shall ensure that the Registrar shall comply with all relevant provisions of this Deed and the REIT Regulations.

17.2 Where the Units are within the Central Depository System, the maintenance of Register will be in accordance with the procedure laid down by CDC under the CDC Act and CDC Regulations.

18 LISTING OF UNITS

The Management Company shall ensure that the Units are listed at PSX as per the provisions of REIT Regulations, 2015.

19 PLEDGE / LIEN OF UNITS

19.1 Any Unit Holder may, subject to the provisions of the REIT Regulations, pledge / create a lien over all or any of his Units as security for any debt to any third party. The Trustee, the Management Company, or the Registrar, shall not be liable for ensuring the validity of any such pledge / charge / lien. The disbursement of any loan against the constitution of such pledge / lien / charge shall be at the entire discretion of the lender and neither the Trustee nor the Management Company and the Registrar take any responsibility in this matter.

19.2 Notwithstanding anything to the contrary contained herein, where the Units are declared as CDS Eligible Securities, all matters concerning the pledge of such Units issued in book entry form or deposited in to the CDS, shall be dealt with in accordance with the provisions of the CDC Act, the CDC Regulations as amended from time to time, and any notifications or directions given by the Commission.

20 RIGHT OF THE BENEFICIARIES OF THE TRUST

The beneficiaries under the Trust shall be the Unit Holders who shall have all rights in accordance with the Constitutive Documents and the REIT Regulations.

21 MEETINGS OF THE UNIT HOLDERS

21.1 The meeting of the Unit Holders shall be held in accordance with the procedure prescribed in the REIT Regulations, for the following purposes:

- i. transfer of management rights of the REIT Scheme.
- ii. extinguishment or revocation of REIT Scheme.
- iii. removal of Valuer; or
- iv. any other purpose wherein approval of the Unit Holders is required in accordance with the REIT Regulations.

21.2. For the purpose of above Article, the meeting can be called by the:

- i. Management Company;
- ii. Trustee; or
- iii. Commission, on its own motion in the interest of REIT Scheme, or at the request of Unit Holders having at least 25% (twenty five percent) in value of the total outstanding Units of the REIT Scheme, present either in person or through proxy or represented by Trustee in such meeting.

22 BORROWING

Relevant Content defined/prescribed in the REIT Regulations, 2015.

23 CUSTOMER ADVANCES

Relevant Content defined/prescribed in the REIT Regulations, 2015.

24 INVESTMENT OF THE REIT ASSETS

Relevant content defined/prescribed in the REIT Regulations, 2015.

25 VALUATION OF ASSETS / LIABILITIES

Valuation of Assets and related matters.

26 FEES AND CHARGES

Relevant Fees and Charges.

27 TRANSACTIONS WITH RELATED PARTY

Details of Related Parties and transaction.

28 AUDIT

The Management Company shall appoint the Auditor in accordance with the requirements of the REIT Regulations and directions issued thereunder.

29 DETERMINATION OF DISTRIBUTABLE INCOME

29.1 The amount available for distribution in respect of an Accounting Period shall be determined by the Management Company, on behalf of the REIT Scheme, in accordance with the Constitutive Documents, which shall be distributed, inter alia, by way of dividend to the Unit Holders from the accounting income of the REIT Scheme in any financial year received or derived from sources other than capital gains, as reduced by such

expenses as are chargeable to the REIT Scheme under the REIT Regulations.

- 29.2. For the purpose of this Article the expression “accounting income” means income calculated in accordance with the requirements of generally accepted accounting principles as are notified under the Act, REIT Regulations and the directives issued by the SECP. Wherever the requirements of the REIT Regulations or the directives issued by the SECP differs with the requirement of generally accepted accounting principles, the REIT Regulations and the said directives shall prevail.
- 29.3 The Management Company may also announce interim dividend subject to requirements of the REIT Regulations, circular and directives. Subject to the provisions of the Income tax ordinance, for the purpose of determining distribution of at least ninety percent of accounting income, the income distributed through bonus shares, shall not be taken into account.
- 29.4 Out of the amount determined for the purpose of distributable income in respect of each Unit Holder withholding tax, Zakat or other statutory levies, as may be applicable to the relevant Holder shall be deducted before distribution for the relevant Unit Holder.
- 29.5 The Management Company may decide to make distributions in the interest of the Unit Holders.
- 29.6 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Unit Holder the certificate in respect of such deductions in the prescribed form or in a form approved or acquired by the concerned authorities.

30 DISTRIBUTION OF DIVIDENDS

After the Accounting Date, the Management Company shall instruct the Trustee to transfer such amount of cash as required to affect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purpose of this Deed be treated as part of the REIT Assets but shall be held by the Trustee upon trust to distribute the same.

31 FORCE MAJEURE AND FRUSTRATION

Neither the Management Company, nor the Trustee shall be liable for any loss or damage caused to the REIT Project or REIT Assets or to the Unit Holders for non-completion / commencement or delayed commencement / completion of the REIT Project due to any elements of Force Majeure or Frustration of Contract.

32 DURATION AND EXTINCTION / DISSOLUTION OF TRUST

- 32.1 The Trust shall have an indicative term as may be disclosed in the Business Plan and the relevant Constitutive Documents.
- 32.2 Notwithstanding Article 32.1, the Trust shall continue till such time that the End Products, are sold / leased / rented to Customers. (Can vary for different type of REIT Scheme)
- 32.3 The REIT Project can partially be windup where the Management Company consider that partial revocation of the REIT Project is in the interest of the unit holders, the Management Company may partially revoke the REIT Project as per the REIT Regulations.
- 32.4 The REIT Scheme may, however, be revoked and dissolved earlier on the happening of 1 (one) or more of the following events:

- i. if the REIT Project cannot be commenced or completed due to Frustration of Contract attributable to various factors beyond the control of the Management Company or the Trustee, and if the REIT Project cannot be completed due to Force Majeure event that continues to subsist, making the REIT Project unfeasible in the opinion of the Management Company with prior consent of the Unit Holders through the passing of a Special Resolution;
- ii. if the Unit Holders pass a Special Resolution demanding revocation of the Trust;
- iii. if the Management Company 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 the REIT Regulations and this Deed;
- iv. if, in the opinion of the Management Company, the REIT Scheme is not commercially viable or the purpose of the Trust cannot be accomplished or its objective cannot be achieved, and the Unit Holders have consented to such an action through a Special Resolution; provided that the Management Company shall not vote at such meetings and its presence shall not be counted towards requisite voting for Special Resolution;
- v. if in the opinion of the Trustee an event or circumstance has occurred which, as per this Deed, requires the REIT Scheme to be revoked;
- vi. if the Commission deems it necessary to revoke the REIT Scheme and directs so to the Trustee or Management Company in the interest of Unit Holders;
- vii. if in case the Real Estate is not transferred to the REIT Scheme within the time period stipulated under the REIT Regulations (unless approved otherwise by the Commission); or
- viii. due to occurrence of any circumstances specified in the REIT Regulations.

32.5 Upon the dissolution of the Trust, the REIT Assets shall be distributed among the Unit Holders as per REIT Regulations.

33 PROCEDURE FOR REVOCATION / CANCELLATION OF REIT SCHEME AND DISTRIBUTION OF LIQUIDATION PROCEEDS.

Relevant content defined/prescribed in the REIT Regulations, 2015.

34 MODIFICATION OF TRUST DEED

The Trustee and Management Company acting together shall be entitled, pursuant to a supplemental / addendum to this Deed, to modify, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose, subject to compliance with REITs Regulations and subject to the condition that it does not prejudice the interests of Unit Holders.

Amendments including any modification, alteration and additions / deletions can be made in the Trust Deed in compliance with the REIT Regulations.

35 LIMITATION OF LIABILITY AND INDEMNITY

35.1 Limitation of Liability

To the fullest extent permitted by applicable law, the Trustee, the Management Company and their respective directors, officers, employees and agents (each, an "Indemnified Person") shall not be liable to the Fund for any action or omission taken or suffered by such Indemnified Person in connection with the operation,

business or activities of the Fund or otherwise in connection with the Constitutive Documents or the matters contemplated herein, or any loss due to any such action or omission, unless such action or omission resulted from such Indemnified Person's wilful misconduct, negligence or failure to act in good faith.

35.2 Indemnification

- i. To the fullest extent permitted under the Applicable Law, and without prejudice to any contractual, legal or equitable rights otherwise available to the Indemnified Persons, the Fund shall indemnify and hold harmless each Indemnified Person (including former Indemnified Persons) who was or is a party, or is threatened to be made a party, to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative arising out of or in connection with or relating to the operation, business or activities of the Fund against any and all liabilities, claims, costs, demands, damages, losses and expenses (including legal fees and other legal costs, amounts paid in satisfaction of judgments, compromises or settlements, fines and penalties, and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or un-liquidated, incurred in connection with such legal action, suit or proceedings, provided however that: (a) any Indemnified Person shall not be so indemnified to the extent such legal action, suit or proceeding resulted from such Indemnified Person's wilful misconduct, negligence or failure to act in good faith.
- ii. The Management Company may enter into, on its own behalf and / or on behalf the Fund and notwithstanding any other provision of this Deed or other Constitutive Documents to the contrary, contracts providing for the indemnification by the Fund of third parties (including without limitation consultants, agents etc.) and the limitation of such third parties' liability to the Fund and / or the Unit Holders on such terms as the Management Company shall deem proper in its reasonable discretion.

36 APPLICATION OF THE ACT AND IFRS

- 36.1. As defined in the REIT Regulations.
- 36.2 International Financial Reporting Standards notified by the Commission for listed companies shall also apply to the REIT Scheme, where relevant.
- 36.3 All financial reports shall be prepared in Pakistani Rupees.

37 GOVERNING LAW

This Deed shall be subject to and be governed by the laws of the Islamic Republic of Pakistan.

38 DISPUTE RESOLUTION

In the event of any dispute arising out of this Deed or other Constitutive Documents between the Management Company on the one part and the Trustee on the other part, including as to the respective rights and obligations of the parties hereto, as well as those relating to the interpretation of the terms and the conditions of this Deed and other Constitutive Documents, relating to the Fund, the same shall be referred to arbitration under the Arbitration Act, 1940 by 2 (two) arbitrators, 1 (one) to be appointed by the Management Company and the other to be appointed by the Trustee. In the event of lack of consensus between the 2 (two) arbitrators, the matter shall be referred to an umpire, to be selected by the 2 (two) arbitrators before the commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire (as the case may be) shall be final and binding upon both the Parties. The arbitrators and the umpire shall be selected from amongst, senior partners of renowned firms of chartered accountants, senior partners of renowned law firms, retired judges of a High Court or the Supreme Court of Pakistan, CFA charter holders in good standing, senior bankers or senior members of the PSX (who may even be the heads of corporate members). The venue of the arbitration shall be (Name of CITY)

Subject to the paragraph above applicable between the Management Company and the Trustee inter se, each concerned party, including the Unit Holder(s), Shariah Advisor, Property Manager, Development Advisor, REIT Accountant, Valuer, Investors, etc. shall be deemed to have irrevocably submitted to the exclusive jurisdiction of the Courts at (City).

39 CONFIDENTIALITY

The Trustee and Management Company and every director or officer of the Trustee and Management Company who are in any way engaged in the business of the Trust and all persons employed or engaged by the Trustee or Management Company in connection with the REIT Project of the Trust, including Property Manager, Development Advisor, REIT Accountant, Shariah Advisor, Valuer, Auditor and other service providers shall observe strict confidentiality in respect of all transactions of the Trust, its Unit Holders and all matters relating thereto and shall not disclose any information or document which may come to their knowledge or possession in the discharge of their duties except when required to do so in the ordinary course of performance of their duties or by law or if compelled by any court of law or a competent authority. This condition shall be got incorporated by the Management Company in all Major Contracts pertaining to the above.

40 MISCELLANEOUS

40.1 The REIT Projects:
Will be different for each REIT Scheme

40.2 Inconsistency with Applicable Laws:

This Deed shall be subject to all Applicable Laws including, but not limited to, the Act and the REIT Regulations. All provisions required to be contained in this Deed under the REIT Regulations shall be deemed incorporated in this Deed. In the event of any inconsistency between this Deed and the provisions required to be contained in this Deed pursuant to the REIT Regulations, the latter shall prevail over the provisions contained in this Deed.

40.3 Access to Deed:

A copy of this Deed and of any supplemental / addendum to this Deed shall be made available for inspection at the respective Head Offices of the Trustee and Management Company, at all times, during usual business hours along with placement on the website of the Management Company and shall be supplied by the Management Company to any person on application.

40.4 Notices

- i. Any notice required to be served upon the Unit Holder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand, (ii) mailed by certified mail, return receipt requested, (iii) sent by overnight mail or courier, or (iv) transmitted via electronic mail or facsimile transmission. Notices to any Unit Holder shall be sent to the address as appearing in the Register or to such other address as such Unit Holder shall have last designated by notice to the Management Company.
- ii. Any notice sent in accordance with above Article shall be deemed to have been duly given (i) if delivered by hand, on the date of receipt, (ii) if mailed by certified mail, return receipt requested, when actually received, (iii) if sent by overnight mail or courier, when actually received, and (iv) if transmitted via electronic mail or facsimile transmission, on the date that such electronic mail or facsimile transmission is sent.
- iii. Service of a notice or document on any one of several joint Unit Holders shall be deemed effective service on

the other joint Unit Holders.

- iv. Any notice or document sent by certified mail or courier service to or left at the registered address of the Unit Holder shall notwithstanding that such Unit Holder be then dead or bankrupt and whether or not the Trustee or the Management Company have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.

40.5 Representations and Warranties

Each of the parties hereby represents and warrants to each of the other party as follows:

- i. it is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of formation;
- ii. it has the power and authority to execute and deliver this Deed, and to consummate the transactions contemplated hereby;
- iii. upon its execution and delivery, this Deed will be duly executed and delivered and will constitute a valid and binding obligation of such party, enforceable in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies; and
- iv. the execution and delivery of the Deed by it does not, and the consummation by it of the transactions contemplated by this Deed will not, violate any provision of its by-laws or other charter or governing documents, or violate any agreement, instrument, law, ordinance, regulation, order arbitration award, judgment, or decree to which it is party, or by which it is bound.

40.6 Binding on Unit Holders

The terms and conditions of this Deed or any deed supplemental hereto, shall be binding on each Unit Holder as if he had been a party to it and each Unit Holder authorizes and requires the Trustee and the Management Company to do as required of them by the terms of this Deed.

40.7 Fund Tax Status

The Management Company and the Trustee intend that the REIT Scheme be treated as a real estate investment trust registered under the REIT Regulations for income tax purposes.

40.8 Severability

If at any time, any Article of this Deed is and / or becomes in whole or in part, illegal, invalid or unenforceable in any respect of and / or under the laws of any applicable jurisdiction, neither the legality, validity and enforceability of the remaining Articles of the Deed hereof, nor the legality, validity or enforceability of such Article under the law of any other jurisdiction shall in any way be affected or impaired thereby.

40.9 Survival

All obligations of either party which expressly or by their nature survive termination or transfer of this Deed (including (reference to the relevant articles of trust deed.....)) shall continue in full force and effect after the termination or transfer, until they are satisfied, or by their nature expire.

IN WITNESS WHEREOF, this Trust Deed has been executed at the date mentioned herein above.

The Common Seal of (NAME OF RMC.....) **REIT MANAGEMENT COMPANY LIMITED** was hereunto affixed by:

1. _____

2. _____

Name: _____

Name: _____

Designation: _____

Designation: _____

CNIC No: _____

CNIC No: _____

The Common Seal of **Trustee** was hereunto affixed by:

1. _____

2. _____

Name: _____

Name: _____

Designation: _____

Designation: _____

CNIC No: _____

CNIC No: _____

WITNESSES

1. _____

2. _____

Name: _____

Name: _____

Designation: _____

Designation: _____

CNIC No: _____

CNIC No: _____

Address: _____

Address: _____

ANNEXURE A-RMC LICENSE

ANNEXURE B-CONSENT OF TRUSTEE

ANNEXURE C-CONSENT OF SHARIAH ADVISOR ON TRUST DEED (SHARIAH COMPLIANT REIT ONLY)

Annexure-II

Minimum Content(s) of Information Memorandum (IM), where applicable.

Particulars	Relevant Details
<p>Cover Page:</p> <p>This is not an offering document for issuance of units to the general public, but an IM prepared for the purpose of offering units only to Private Investors. This IM has not been approved by the Securities & Exchange Commission of Pakistan (the Commission) and Commission does not take any responsibility for the correctness of any of the statements made or opinions expressed therein.</p> <p>It is responsibility of the REIT Management Company (RMC) to ensure that contents of the IM are in line with the trust deed and provisions of REITs Regulations, 2015 and other applicable framework.</p>	
<p>Details of REIT Management Company:</p> <ul style="list-style-type: none"> i) Background of RMC. ii) Status of License. iii) Number of REIT Schemes launched and brief details. iv) Financial summary of REIT Schemes. v) Name of directors and their profile. vi) Pattern of shareholding of RMC. vii) Financial Highlights of RMC. viii) Name of Associated companies. ix) Registered office address and contact details. 	
<p>Details of the REIT Scheme:</p> <ul style="list-style-type: none"> i) Name of REIT Scheme. ii) Category of the REIT (i.e. NON-PPP or PPP). iii) Name of trustee. iv) Status of registration of trust. v) Summary of the substantive provisions of the trust deed. vi) Valuation details. vii) Names along with obligations of different intermediaries. viii) Name of valuer. ix) Details of agreement with present owner, if any. x) Description /details of REIT asset including area, type of land, location etc. xi) Confirmation about transfer of REIT assets in name of trustee or SPV. xii) REIT Fund size/Capital Structure. xiii) Functions transferred/delegated to other entities. xiv) SPV, if any. xv) Total project cost. xvi) Financial details of REIT Scheme. xvii) Past, present and projected future rental income from property(s), if applicable. xviii) Construction schedule, if applicable. xix) Borrowing and Customer Advances Policy. xx) Proposed amount of Investible Funds. xxi) Financial Projections up to five years along with explanation of key assumptions. xxii) Pricing policy/Issuance Price. xxiii) Income Distribution Policy/Dividend Policy. xxiv) Details of approvals that are needed for subject REIT Scheme. xxv) General and Specific Risks factors. xxvi) Management Fee of RMC. xxvii) The accounting year of the REIT Scheme. xxviii) Eligible Investors. xxix) Details regarding periodic reporting to investors. xxx) Procedure for subscribing, redeeming or conversion/transfer of Units. xxxii) Fees and cost to be charged to the REIT Scheme. xxxii) Rights and liabilities of Unit Holders. xxxiii) In case of PPP REIT Scheme, summarized contents and details of the Concession Agreement. 	
<p>A statement that the REIT Management Company accepts responsibility for the information contained in the Information Memorandum as being accurate.</p>	
<p>Copy of valuation report(s), Concession Agreement (In case of PPP REIT Scheme), registered Trust deed to be annexed to the IM.</p>	
<p>Any other material information that may have direct or indirect bearing on the investment decision.</p>	

Annexure-III

Minimum content(s) of the Valuation report.

The valuation report shall adequately cover the following, where applicable:

- i) Name of the Valuer and brief details of valuer.
- ii) Brief description of credentials of the persons who conducted the valuation.
- iii) Status of registration with any authority.
- iv) Date of valuation.
- v) Name of Client and Scope of assignment.
- vi) Real Estate being valued and details/Description of Real Estate.
- vii) Photographs and drawings of the Real Estate along with accessibility map.
- viii) Custodian of the title record e.g. LDA, CDA etc.
- ix) Status of NOC, if any from concerned land or development authorities.
- x) The date of inspection, name of the inspector and the site inspected.
- xi) Type of method used and rationale for opting particular valuation methodology.
- xii) Affidavit/undertaking from valuer about physical existence of real estate.
- xiii) Purchase date and historical transfer of property along with the value for which transferred during last 3 years.
- xiv) Comparison of at least three comparable properties, if any along with Justification/rationale as to why they are considered comparable.
- xv) Confirmation by requisite land authority, if any.
- xvi) Assumptions, if any used for arriving at particular valuation.



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