

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 27th January, 2025

NOTIFICATION

S.R.O.77(I)/2025. – The following draft amendments to the Real Estate Investment Trust Regulations, 2022, proposed to be made by Securities and Exchange of Pakistan, in exercise of the powers conferred by sub-section (2) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984), is hereby published for information of all persons likely to be affected thereby and notice is hereby given that comments, if any, received by the Commission within fourteen days from the date of placement of the draft amendments on the website of the Commission will be taken in to consideration, namely:-

DRAFT AMENDMENTS

In aforesaid Regulations, -

- (1) in regulation 2, in sub-regulation (1), -
 - (a) in clause (ii) after sub-clause (a), after paragraph (xi) the following new paragraph shall be added, namely: -

“(xia) Limited Liability Partnership;”;
 - (b) for clause (iii), the following shall be substituted, namely: -

“(iii) “Borrowing” means funds received for a REIT Scheme with an obligation to pay back these funds:

 - (a) from financial institutions through loan arrangement; or
 - (b) through issuance of debt securities; or
 - (c) from associated companies/ associated undertakings/ sponsors/ directors of the REIT Management Company, after prior approval of unitholders through special resolution;

Provided that tenure of borrowing from sponsors/directors of the RMC shall not exceed 12 months.”;

- (c) in clause (vii), for the expression “means the value to be received by the REIT Scheme”, the expression “amount received by the REIT Scheme/SPV” shall be substituted;
- (d) in clause (viii), after the expression “rehabilitation of the Real Estate” at the end, the expression “with the purpose of generating capital gains from sale of the Real Estate or any part thereof;” shall be added;
- (e) for clause (x), the following shall be substituted, namely: -

“(x) “Financial Close” means when all the project and financing agreements have been signed and all conditions on those agreements have been met in a manner that enables the RMC to draw down the required financing for the REIT Scheme;”;
- (f) in clause (xvii), for the word “registered”, the word “licensed” shall be substituted;
- (g) in clause (xxiv), the expression “/or” appearing for the first time, shall be omitted;
- (h) in clause (xxxii), the expression “with revenue generating capability” shall be omitted and thereafter sub-clause (n) the following explanation shall be added, namely: -

“**Explanation.** - Income of the REIT Scheme from a REIT Project shall only be in the form of rental income or capital gain from the sale of Real Estate or a combination thereof.”;
- (i) for clause (xxxvii), the following new clause shall be added, namely: -

“(xxxvii) “Shariah- compliant REIT Scheme” means a REIT Scheme declared as Shariah-compliant under the Companies Act, 2017 read with the Shariah Governance Regulations, 2023.”;
- (j) for clause (xliii), the following shall be substituted, namely: -

“(xliii) “Trustee” means a company registered as trustee with the Commission under the Non-Banking Finance Companies and Notified

Entities Regulations, 2008 or any other entity as may be specified by the Commission to act as a Trustee for the purposes of this regulation.”;

(2) in regulation 5, -

(a) in sub-regulation (1), the expression “as” appearing first, shall be omitted;

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

“Provided that where the REIT Scheme involves a Public Private Partnership, the RMC shall obtain relaxation and/or exemption in case of any difference or inconsistency between the provisions of Concession Agreement and these Regulations.”;

(3) in regulation 6, in sub-regulation (1), -

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

“(iii) In case an RMC is submitting an application for Shariah compliant REIT Scheme, it shall obtain a shariah compliance certificate as per the requirements of Companies Act, 2017, and the Shariah Governance Regulations, 2023;”;

(b) for clause (iv) along with provisos, the following shall be inserted, namely: -

“(iv) execute a Trust Deed as per standard format provided in Schedule-I of these Regulations and shall obtain consent of Trustee;

Provided that deviation from the standard format can be made to,-

(a) enable a REIT Scheme or a structure of the REIT Scheme permitted under these Regulations; or

(b) make procedural or stylistic changes that do not contravene the provisions of these Regulations or relevant trust law:

Provided further that no amendments including any modification, alteration and/or additions/deletions shall be made in the Trust Deed without the consent of the Trustee and prior notice of at least seven days shall be given to the Unit Holders, if any.

Provided also that modification in Trust Deed shall not be required in case of change of intermediaries, that helps RMC and trustee in execution of the REIT Scheme;”;

- (c) in clause (ix), for the expression “at least 10 working days before issuance of units to the accredited investors, for purpose of” the expression “for” shall be substituted;
- (d) in clause (ix),-
 - (i) in sub-clause (h), after the expression “non-judicial stamp” the word “paper” shall be inserted;
 - (ii) after sub-clause (h), all three provisos shall be omitted;
- (e) after clause (ix), the following new clauses shall be inserted, namely: -
“(ixa) The Commission may, if satisfied, register the REIT scheme with or without any conditions:

Provided that the Commission may from time to time impose any conditions, requirements or restrictions including but not limited to execution of REIT Scheme;

(ixb) The RMC shall share all requisite information/documents mentioned at clause (ix) with the trustee of the REIT Scheme.”;

- (f) in clause (xiv), following proviso shall be added, namely: -
“Provided that original title documents of the real estate owned by SPV shall remain in custody of the trustee.”;
- (4) in regulation 7, for sub-regulation (1) the following shall be substituted, namely:-
“(1) A REIT Scheme shall be listed subject to issuance or sale of Units to the public, through an Offering Document/Prospectus, as approved by the Commission, within a maximum period of,-
 - (i) three (3) years from the date of transfer of real estate/shares of SPV or financial close whichever is later for a Developmental and Hybrid REIT scheme;
 - (ii) One (1) year from the date of transfer of real estate/shares of SPV for other types of REIT Schemes;
 - (iii) REIT Schemes registered, prior to commencement of these Amendments, that have transferred real estate/shares of SPV in the

name of the REIT Scheme and achieved Financial Close, shall be listed within a maximum period of three (3) years from the date of transfer of Real Estate/shares of SPV or financial close, whichever is later, or any such period as imposed by the Commission.

- (iv) REIT Schemes registered, prior to commencement of these Amendments, that have not transferred real estate/shares of SPV in the name of the REIT Scheme and/or have not achieved Financial Close, shall be listed on a securities exchange, within one (1) year from the date of commencement of these Amendments, or any such period as imposed by the Commission.”;

(5) in regulation 8, -

- (a) in sub-regulation (1), in clause (i), for the expression “financial close”, the expression “from the date of Registration of REIT Scheme” shall be substituted, and thereafter the following new clause shall be added, namely: -

“(ia) In case of REIT Schemes registered prior to commencement of these Amendments, it shall transfer the real estate in the name of Trustee on behalf of the REIT Scheme within maximum of 360 days from date of registration of REIT Scheme;” ;

- (b) in sub-regulation (2), for the expression “investment in the SPV” the expression “Registration of REIT Scheme” shall be substituted and thereafter the following new proviso and clause shall be added, namely:-

“Provided that subject timeline can be extended twice for a period of 120 days up to maximum of 360 days subject to intimation of same to the Commission, the Trustee, general public (in case of Listed REIT) and Unit Holders along with detailed valid rationale at least 10 working days before completion of initial 120 days and extension thereon, if availed; and

- (c) for sub-regulation (3), the following shall be substituted, namely: -

“(3) In case the REIT Scheme is executed through SPV structure, the RMC shall create a hypothecation ranking charge on the Real Estate of the SPV relating to the REIT Project, in the favor of the Trustee of the REIT Scheme and any change in ranking charge due to Borrowing or change in value of asset or modification thereon shall be subject to NOC of the Trustee and filing of respective forms as per the Companies (General Provisions and Forms) Regulations, 2018.”;

- (6) in regulation 9, sub-regulation (1) after the expression “additional capital” the expression “for REIT Scheme” shall be added;
- (7) in regulation 12, in sub-regulation (1), -
 - (a) in clause (i), in sub-clause (a) the expressions “of the project to the trustee” the expressions “reflecting financial position of the ongoing project” shall be substituted”;
 - (b) in clause (ii), after the expression “the Trustee” the expression “/SPV, as the case may be” shall be added;
- (8) in regulation 14, -
 - (a) in the heading the word “initial” shall be omitted;
 - (b) in sub-regulation (1) for the expression “annual audit of the REIT Scheme” the expression “audit of such expenses,” shall be substituted;
- (9) in regulation 15, sub-regulation (1), -
 - (a) after clause (iv) the following new clauses shall be inserted, namely: -
 - “(iva) Provide to the Trustee, original title documents of real estate owned directly by REIT Scheme or through SPV, along with all other approvals related to Real Estate, including but not limited to NOC and approved layout plan from the relevant land and building authorities;

- (ivb) Provide to the Trustee, any such information/documents as may be required for preparation of report of the trustee on progress of the REIT Scheme.”;
- (b) in clause (viii),-
- (i) after the expression “REIT Scheme” the expression “and execution of REIT Project:” shall be added and thereafter at the end the following new proviso shall be inserted, namely: -
- “Provided that the above requirement shall also be applicable in case of appointment of intermediaries by SPV.”;
- (ii) in the second proviso after the word “provided” the expression “further” shall be added;
- (c) after clause (viii), the following new clause shall be inserted, namely: -
- “(viiiia) enable the Trustee to conduct half yearly review of the REIT Project(s) by arranging such meetings and provision of such information to the trustee as may be required, in case of both Direct Investment Structure and SPV Structure.”;
- (d) for clause (xxiii), the following shall be substituted, namely: -
- “(xxiii) within one hundred and twenty days (120) of close of the financial year of the REIT scheme/SPV, prepare, and transmit or make available on its website to the Unit Holders, the Trustee, the Commission, and the securities exchange(s), if Units of the REIT Scheme are listed, the audited financial statements of the REIT scheme/SPV, statement of the movement in NAV, the report of the auditor, report of the trustee on progress of the REIT Scheme, an annual Shariah review report as required under the Shariah Governance Regulations, 2023 (in case of Shariah-compliant REIT), the Valuation Report and any other document as specified by the Commission and make the printed copy of the said accounts and reports available to any Unit Holder, free of cost, as and when requested.”;

- (e) in clause (xxiv), for the expression “two (2) months” the expression “sixty (60) days” shall be substituted;
- (f) after clause (xxiv), the following new clause, shall be inserted, namely:-

“(xxiva) the RMC shall appoint at least such number of nominees on the board of directors of an SPV, which are in proportion to the shareholding or holding interest of the REIT Scheme in the SPV and ensure that director(s) and/or CEO so appointed shall comply with the fit & proper criterion as prescribed under Schedule VIII of these Regulations;”;

- (g) in clause (xxxvii), after the expression “construction Real Estate”, the expression “project” shall be added;
- (h) after clause (xli), the following new clauses shall be inserted, namely: -

“(xlii) ensure ongoing Shariah compliance in accordance with the Shariah Governance Regulations, 2023;

(xliii) ensure Financial Close is achieved before listing of the REIT Scheme.”;

- (10) in regulation 16, sub-regulation (1), -

- (a) after clause (iii), the following new clauses shall be inserted, namely: -
 - “(iiia) Obtain from the RMC, original title documents of real estate owned directly by REIT Scheme or through SPV and all other approvals related to real estate including but not limited to NOC and approved layout plan from the relevant land and building authorities.
 - (iiib) conduct half yearly review of the REIT Project(s), in case of both Direct Investment Structure and SPV Structure.

(iiic) issue a progress report to be disseminated along with the annual financial statements of the REIT Scheme, therein confirming, whether, in its opinion, the REIT Management Company has in all material respects managed the REIT Scheme in accordance with the provisions of the trust deed, the information memorandum, the offering document (as applicable) and these Regulations, and if the REIT Management

Company has not done so, the respects in which it has not done so and the steps that the trustee has taken in respect thereof.”

- (b) in clause (v), after the expression “functioning of the REIT”, the expression “scheme and execution of REIT Project” shall be added;
- (11) in regulation 17, sub-regulation (1), in clause (iii) for expression “ensure the valuation is carried”, the expression “carry out the valuation” shall be substituted, and in clause (iv) after the expression “the trustee” the expression “of” shall be added;
- (12) in regulation 21, for the expression “AA“ the expression “AA- (AA minus)” shall be substituted;
- (13) in regulation 22, for sub-regulation (4) the following shall be substituted, namely: -
“(4) Dividends shall be paid to the Unit Holders only in electronic mode”;
- (14) in regulation 26, in sub-regulation (1), -
 - (a) in clause (i), second proviso, the expression “and Investment based” shall be omitted; and
 - (b) after clause (v), the following new clauses shall be inserted, namely: -
 - “(vi) money received by the SPV relating to the REIT Project shall be deposited in a scheduled bank which has a minimum long-term rating of AA- (AA minus) or above;
 - (vii) Shares of SPV shall be issued to the REIT Scheme in dematerialized form in CDS.
 - (viii) SPV shall comply with the conditions of Schedule-V while delegating any of its own function.
 - (ix) Books of Accounts of the SPV must be preserved for at least 10 years.”;
- (15) in regulation 28, in sub-regulation (3),-

- (a) for the expression “real estate from or sell it to ” the expression “or sells Real Estate/shares of SPV from” shall be substituted;
 - (b) in clause (i) after the expression “for the Real Estate”, the expression “/shares of SPV” shall be added;
- (16) in regulation 29, sub-regulation (1), new explanation shall be inserted, namely:-

“Explanation. - For the purposes of this Regulation, the term “independent” means that there shall be no cross-shareholding or common directorship.”;
- (17) in regulation 31, -
 - (a) in sub-regulation (1), for the word “annually”, the word “monthly” shall be substituted;
 - (b) for sub-regulation (2), the following shall be substituted, namely: -

“(2) The monitoring fee shall be paid by the RMC managing a REIT Scheme within fifteen (15) days of the close of every calendar month and shall be chargeable as an expense to the REIT Scheme.”;
- (18) in regulation 32, for sub-regulation (2) the following shall be substituted, namely: -

“(2) The fee shall be paid to the Trustee in such manner as agreed between the RMC and the Trustee and shall be chargeable as an expense to the REIT Scheme.”;
- (19) in regulation 34, in sub-regulation (1), in clause (ii), for the proviso the following shall be substituted, namely: -

“Provided that the RMC shall not vote at such meetings and presence of the RMC shall not be counted towards requisite voting for Special Resolution;”;
- (20) in regulation 35, -
 - (a) in sub-regulation (1) after the expression “remove the Trustee”, for the expression “or directs the RMC to remove a Valuer if either of them”, the expression “if the trustee” shall be substituted;
 - (b) in sub-regulation (2), the following new proviso shall be inserted, namely: -

“Provided that the trustee shall be given an opportunity of hearing by the Commission before any such removal.”;

(c) for sub-regulation (5), the following shall be substituted, namely: -

“(5) The RMC with the consent of the trustee may remove the Valuer if:

- (i) there are reasonable grounds that raise concerns over the performance of the valuer and its removal is in the best interest of the unit holders; or
- (ii) the Unit Holders pass a resolution requiring removal of the Valuer subject to occurrence of material event raising concerns over the performance of the Valuer; or
- (iii) the Valuer contravenes any provision of the Ordinance, the Rules, these Regulations, or any directives, code or guidelines issued by the Commission.”;

(d) in sub-regulation (6), for the full stop at the end a colon shall be substituted and thereafter the following new proviso shall be added, namely: -

“Provided that RMC and Trustee shall inform the Commission within seven working days of removal of valuer and appointment of new valuer.”;

(21) in regulation 36, sub regulation (1), -

(a) in clause (viii), after the expression “Real Estate”, the expression, “or listing of the REIT Scheme” shall be added;

(b) after clause (viii), the following new clauses shall be inserted, namely:

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“(ix) in case title of real estate is transferred from the REIT Scheme in any manner other than as stated in these Regulations, Information Memorandum or the Offering Document/Prospectus.

(x) if in the opinion of the Trustee, any action of RMC results in material violation of the constitutive document, the Act, Ordinance and/or Rules/Regulations relating to REIT Scheme:

Provided that an opportunity of hearing shall be provided to the RMC by the trustee in case revocation of REIT Scheme is initiated by the trustee under clause (v), (viii) and (x), whereas the Commission shall provide opportunity of hearing to the RMC in case revocation of REIT Scheme is initiated by the Commission under clause (vii).”;

(22) in regulation 37, -

(a) in sub-regulation (8) the expression “After the receipt of revocation report by the Trustee, and the REIT Scheme shall cease to exist and Trust shall be extinguished as per applicable laws” shall be omitted;

(b) after sub-regulation (8), a new sub-regulation shall be inserted, namely:

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“(9) On receipt of report by the trustee, the Commission, if satisfied, shall cancel registration of REIT Scheme. Upon cancellation of the REIT Scheme by the Commission, the REIT Scheme shall cease to exist and trust shall be extinguished as per applicable laws.”

(23) in schedule-I, -

(a) the title page of “TRUST DEED”, shall be substituted, namely: -

“Schedule-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 respective to each REIT Scheme in accordance with the REIT Regulations, 2022 and other applicable laws.”;

TRUST DEED

IN RELATION TO ‘(NAME OF REIT SCHEME.....)’

SHARIAH COMPLIANT OR CONVENTIONAL

TYPE OF REIT PROJECT (RESIDENTIAL, COMMERCIAL, INDUSTRIAL, POWER,
ENERGY ETC.) AS PER REGULATION.....

TYPE OF REIT SCHEME (DEVELOPMENTAL, RENTAL, HYBRID, INVESTMENT)

STRUCTURE OF REIT SCHEME (DIRECT INVESTMENT OR SPV)

REIT SCHEME BEING CONSTITUTED UNDER THE REAL ESTATE INVESTMENT TRUST
REGULATIONS 2022

BY AND BETWEEN

NAME OF RMC (.....)

(AS THE REIT MANAGEMENT COMPANY/MANAGEMENT COMPANY)

AND

NAME OF THE TRUSTEE(.....)

(AS TRUSTEE)

DULY VETTED BY

NAME OF SHARIAH ADVISOR OR MEMBER OF THE SHARIAH SUPERVISORY BOARD, WHERE

APPLICABLE ONLY IN CASE OF SHARIAH COMPLIANT REIT SCHEME.

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

EXECUTED AT (PLACE/CITY OF EXECUTION/, PAKISTAN

EXECUTED ON (DATE.....)’;

- (b) in “Table of Contents”, content no. 44 shall be substituted, namely: -
“44. ANNEXURE C – SHARIAH OPINION FROM REGISTERED PERSON AS DEFINED IN THE SHARIAH GOVERNANCE REGULATIONS, 2023.”;
- (c) after “Table of Contents”, in “TRUST DEED”, in first para the expression “NON SHARIAH COMPLIANT” shall be substituted with the expression “CONVENTIONAL”;
- (d) in “TRUST DEED”, in clause B, the expression “and Shariah Adviser (In case of Shariah Compliant REIT)” and expression “&C” shall be omitted;
- (e) in “TRUST DEED”, after clause B, the following new clause shall be inserted, namely:-
“B1. Registered person as defined in the Shariah Governance Regulations, 2023 has provided shariah opinion on the trust deed (attached hereto as Annexure C)”;
- (f) in clause (1), sub-clause 1.1, in definitions-
 - (I) the definition of “Accounting Period” shall be substituted, namely: -
“i. “Accounting Period” shall mean financial year of the REIT Scheme.”;
 - (II) in the definition of “Applicable Law(s)”, after the expression “the REIT Regulations” the expression “the Shariah Governance Regulations, 2023 (in case of Shariah Compliant REIT),” shall be added;
 - (III) the definition of “Authorized Investment” shall be substituted, namely: -
“vii. “Authorized Investment” shall mean investment primarily in Real Estate and placement of surplus funds, if any in Government securities, banking products and money market funds etc., in accordance with the REIT Regulations, 2022, as may be amended from time to time.”;
 - (IV) the definition of “Architect”, shall be substituted, namely: -

“v. “Architect” shall mean a firm registered with relevant authority for preparation of architectural design and other functions, to be recommended by the Development Advisor and appointed by RMC.”

- (V) in definition of “xxxvi” for the heading “NBFC Rules” the expression “NBFC Rules/the Rules” shall be substituted;
- (VI) the definition “lxi. “Rules/NBFC Rules””, shall be omitted;
- (VII) the definition “ lx. “Shariah Advisor””, shall be omitted;
- (VIII) the definition, “lxi. “Shariah Compliant REIT Scheme””, shall be substituted, namely: -

“lxi. “Shariah Compliant REIT Scheme” means a REIT Scheme declared as Shariah-compliant under the Companies Act, 2017 read with the Shariah Governance Regulations, 2023.”

- (IX) the definition “lxii. “Shariah Regulations””, shall be omitted;

(g) in clause (1), sub-clause 1.3 “Rule of Interpretation”, -

- (I) in sub-clause (p), the word “and” shall be omitted;
- (II) after sub-clause (p), the expression, “a reference to the date of this Deed shall mean the date first above written.” shall be substituted, namely: -

“(q) a reference to the date of this Deed shall mean the date first above written.”;

(h) in clause 6, “Object of the Trust”, after sub-clause (iii) the following expression shall be added, namely: -

“(In the case of a Shariah-compliant REIT Scheme, all the affairs of the trust shall be conducted in accordance with the Shariah principles/framework)”;

(i) in clause 40, “Confidentiality”, the expression “Shariah Advisor”, shall be omitted, and after the expression, “Auditor and other”, the expression “Intermediaries/” shall be added;

- (j) in “ANNEXURE C-CONSENT OF SHARIAH ADVISOR ON TRUST DEED (SHARIAH COMPLIANT REIT ONLY)”, the heading of Annexure-C, shall be substituted, namely: -
“ANNEXURE C- SHARIAH OPINION FROM REGISTERED PERSON AS DEFINED IN THE SHARIAH GOVERNANCE REGULATIONS, 2023”;
- (24) in Schedule-III at the end, the following new Explanation shall be added, namely: -
“Explanation: Average fund size shall be calculated as under:
Sum of daily fund size in a calendar month divided by number of days in the month;
Annual Monitoring Fee shall be prorated on monthly basis as per the following formula:
Monthly Monitoring Fee = Average Fund size * (Percentage of Annual Monitoring Fee/12).”;
- (25) in Schedule-IV, after “Note” the following expression shall be added, namely:-
“In case of a Shariah-compliant REIT Scheme, Shariah Opinion shall also be attached.”; and
- (26) In schedule-IV-A, after the expression, “Copy of valuation report(s), Concession Agreement, feasibility report, registered Trust deed to be annexed to the IM.”, the expression “In case of a Shariah-compliant REIT Scheme, Shariah Opinion shall also be attached.” Shall be added.

{No. SY/SECP/8/13}


(Bilal Rasul)
Secretary to the Commission