



Securities and Exchange Commission of Pakistan
Specialized Companies Division
Policy, Regulation and Development Department

No. SECP/SCD/PRDD/REIT/GRR/2021/ 51

January 13, 2022

Mr. Muhammad Ejaz
Chief Executive Officer
Arif Habib Dolmen REIT Management Limited
Arif Habib Centre
23, M.T. Khan Road
Karachi.

Subject: **Approval on Issue of Units of "Globe Residency REIT" under Regulation 14 of the REIT Regulations, 2015.**

Dear Sir:

This is with reference to your application dated December 14, 2021, concerning the subject matter and our subsequent correspondences, resting with your email dated January 12, 2022.

In this regard, I am directed to convey that the Securities and Exchange Commission of Pakistan in exercise of its powers under sub-regulation (xviii) of regulation 14 of the Real Estate Investment Trust Regulations, 2015, hereby grants approval for issuance of units of **Globe Residency REIT (the "REIT Scheme")**.

Further, Arif Habib Dolmen REIT Management Limited is advised to include following additional disclosures/information in the Information Memorandum (IM) (prior to approaching the private investors in the said REIT scheme) and Offering Document (OD) and submit the revised/updated IM to the Commission immediately after the required revisions and for OD after such information will be incorporated when OD is prepared:

1. Brief history of the piece of land from which GRR plots are being purchased/GRR launched [history to include Valika Cement ownership, nationalization, privatization, handing over to Javedan Cement Ltd., change to Javedan Corporation Ltd., time from which land was recategorized into non-industrial, process of conversion of land into residential use from industrial use and initiation of development work, year of construction for residential purposes, actual possession of land by residents etc.]
2. The following details to be added in IM at Para "2.3 Details of agreement with Real Estate Owners, if any:"



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Head	Amount	Source
Upfront Land Payment from REIT Scheme	PKR 2.54 Billion	Equity (PKR 1.4 Billion) + Borrowing (PKR 1.14 Billion)
Unpaid Land Value/Remaining balance to be paid from Customer Advances	PKR 700 Million	Customer Advances / Project flows (advances already received will be reflected in Year 1 of REIT)
Total Land Value	PKR 3.24 Billion	

The deferred land payment will only increase if Borrowing of PKR 1.4 Billion is not availed. The Borrowing envisaged in the plan is primarily to fund partial land payment upfront (up to PKR 1.14 Billion). In such an eventuality, the upfront land payment (PKR 2.54 Billion) will be reduced by (PKR 1.14 Billion). Therefore PKR 1.14 Billion plus PKR 700 Million = PKR 1.84 Billion will be deferred.

3. Following details to be added at Para “2.4 Details of other relevant agreements, if any:”

Legal Assignment

Immediately followed by the execution of the conveyance deed, a tripartite legal assignment deed will be entered into between JCL, the trustee and all the third parties, the consequence of which would be that all the rights and liabilities between JCL and the third parties shall stand novated, and those rights and liabilities shall now exist between the trustee and the third parties.

Indemnity

At the time of signing of the assignment deed, a deed of indemnity will be executed by JCL through which JCL will agree to indemnify the trustee and the RMC from any liability, claim, contractual breach, etc.

Accounting Treatment

One or two weeks before the conveyance deed, a verification by the auditors of JCL’s project will be conducted. The audited accounts will be shared with the trustee and the RMC. JCL will inform how much money has been received so far and how much of that money has been spent on the project. That will become part of, and be absorbed into the REIT Scheme, on an “as is where is” basis, with no money to be paid by the RMC to JCL or vice versa, and will be disclosed to the SECP and the prospective unitholders.


4. The following information/disclosure to be added in IM:



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- (a) Coverage of risks emanating from the agreements/measures being taken as disclosed in Sr. 3 above;
- (b) Environmental, Social and Governance aspects of the project including disclosure of any risks emanating from the same.
- (c) If there is a requirement for any Environmental Protection Agency approvals to give a go-ahead on the project and has that been obtained or not.

Yours truly,


(Amjad Iqbal Rao)
Deputy Director

Cc: Mr. Atiqur Rehman, Head of Trustee & Custodial Operations, CDC