



REAL ESTATE INVESTMENT TRUST (REIT) Listing Rules

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GLOSSARY

In implementing the provisions of the Real Estate Investment Trust (“REIT”) Listing Rules, the following terms and expressions shall have the meanings assigned to them below unless the context requires otherwise.

“BHB”	Bahrain Bourse
“CBB”	Central Bank of Bahrain
“Dematerialized”	In reference to Paragraph 7.5.5 of the Offering of Securities Module of Volume 6 of the CBB Rulebook, dematerialized securities shall mean securities issued and entered in the registry in an electronic format
“Directives”	Any directive, waiver, consent, decision, confirmation or other determination in writing under any rules issued by the BHB from time to time
“Director(s)”	Any person who occupies the position of a Director in the REIT
“Fund Manager”	A fund manager is a person mandated to allocate and/or manage financial instruments and any other assets held by a REIT
“Listed REIT”	Listed REIT refers to REITs whose Units are listed on BHB in accordance with these REIT Listing Rules and Article 86 of Legislative Decree No. (64) of the Year 2006 with respect to the Central Bank of Bahrain and Financial Institutions Law
“NAV”	The market value of a REIT portfolio less total debts. NAV is often presented on a per Unit basis
“Operator”	An operator of a REIT is the person undertaking the functions of establishing, operating, including full oversight of the corporate governance on the REIT or winding up of the REIT. For clarity purposes, the operator in case of funds established as trusts, is the Trustee

"Prospectus"	An offering document approved by the CBB in accordance with Volume 7 of the CBB Rulebook, and submitted to BHB along with the listing application, which provides details about REIT Unit offerings for sale to investors. A Prospectus should contain the facts that an investor needs to make an informed investment decision, including a comprehensive financial analysis and the risks associated to the investment
"REIT"	Real estate investment trust shall refer to a trust under the Financial Trusts Law No. (23) of the Year 2006 authorized/registered with the CBB, with the objectives of which are acquiring, holding, administering, managing, and selling income generating local and foreign real estate properties, either directly or indirectly
"REIT Listing Rules"	The REIT Listing Rules as set out in this rulebook governing listing and trading of REITs in BHB
"Settlor"	The natural or legal entity creating a financial trust in accordance with the Financial Trusts Law No. (23) of the Year 2006
"Shari'a Compliant REIT"	A REIT that holds itself out to be managed in accordance with Shari'a principles
"Title Deed"	The deeds and other documents which prove ownership to registered freehold or leasehold land
"Trading Day"	A day in which BHB is open for trading
"Trading Member"	An entity that has been approved by BHB to effect transactions on the trading system of BHB (i.e. brokers, market makers)
"Trust Property"	Includes any form of property, transferable or non-transferable or any financial right on an intangible asset transferred by the Settlor to the ownership of the Trustee in order to exercise the duties and powers specified in the Trust Instrument with a view to achieving the purpose of the trust or the interest of the beneficiary

“Trust Property Valuer”	The property valuer appointed to a REIT who shall act in an independent capacity
“Trustee”	The person to whom the ownership of the Trust Property is transferred in order to exercise the duties and powers specified in the Trust Instrument with a view to achieving the purpose of the trust or satisfying the interests of the beneficiary
“Trust Instrument”	The written agreement between the Settlor and the Trustee by which the trust is created in accordance with the Financial Trusts Law No. (23) of the Year 2006
“Unit(s)”	Minimum amount of financial interest of the REIT acceptable for trading as specified in the Prospectus
“Unit Holder(s)”	Any person who owns Units of the REIT

SECTION 1 – INTRODUCTION

- 1.1 These rules are issued to stipulate the REIT Listing Rules for Real Estate Investment Trusts (REITs). These rules have been ascertained in order to create a transparent and well-organized podium for REITs. These REIT Listing Rules are prepared in accordance with the Financial Trusts Law No. (23) of the Year 2006 and Volume 7 of the CBB Rulebook.
- 1.2 The REIT Listing Rules are administered and enforced by BHB. The REIT Listing Rules complements, and do not supersede, the BRT Module of Volume 7 of the CBB Rulebook: Bahrain Domiciled Real Estate Investment Trusts.
- 1.3 All REITs to be listed on BHB and Listed REITs must comply with the REIT Listing Rules.
- 1.4 REITs shall ensure that its Trustee is responsible for the compliance with the REIT Listing Rules. Unless referred to the Disciplinary Committee, the decisions and requirements of BHB are conclusive and binding on the REIT. BHB may at any time vary its decision in any way, or revoke it. It may do so upon the application of its own accord and at its absolute discretion. The variation or revocation will take effect from the date specified by BHB.
- 1.5 BHB may impose additional requirements or make any listing subject to special conditions as deemed fit.
- 1.6 The REIT Listing Rules may be amended by BHB from time to time, subject to such approval as may be required by applicable law. BHB may, from time to time, issue Directives or amend existing Directives to provide guidance on the interpretation and application of any REIT Listing Rules or a more detailed prescription of a REIT Listing Rules. BHB may from time to time issue a best practices guide.
- 1.7 BHB may, from time to time, publish transitional arrangements in relation to any amended or new rule.
- 1.8 These REIT Listing Rules are applicable on both Shari'a compliant REITs as well as conventional REITs.

SECTION 2 – GENERAL RULES

2.1. Operation of BHB

- 2.1.1. Bahrain Bourse is an exchange licensed by the CBB as a Self-Regulated Organization (SRO) which operates the market and provides other services in accordance with the BHB Rulebook including these REIT Listing Rules.

2.2. Powers of BHB

- 2.2.1. Where any provision of these REIT Listing Rules empowers, authorizes or enables BHB to enforce any act, BHB shall have all such powers or rights as may be necessary or reasonably incidental to BHB doing or enforcing the act.
- 2.2.2. Any emergency REIT Listing Rules made and imposed by BHB shall, pursuant to such powers, be binding on all Listed REITs on BHB for such period and in accordance with the terms and conditions as stipulated by BHB.
- 2.2.3. BHB may refuse to accept an application for listing of a REIT if it does not comply with the Financial Trust Law No. 23 of the Year 2006, CBB's Volume 7 of the CBB Rulebook, and BHB's REIT Listing Rules requirements. The REIT has the right to request for more information as necessary and rectify the application within a reasonable period of time.
- 2.2.4. BHB may waive or modify compliance with a REIT Listing Rule, or part of the REIT Listing Rule, either generally or to meet specific circumstances of a particular case. The BHB may grant a waiver subject to such conditions, as it considers appropriate. If the BHB waives a REIT Listing Rule or part of the REIT Listing Rule, subject to a condition, the condition must be satisfied for the waiver to be effective.

2.3. Covenants to Observe Rules

- 2.3.1. The provisions of these REIT Listing Rules shall be binding upon Listed REITs.
- 2.3.2. These REIT Listing Rules shall have the effect of a contract under seal between BHB and Listed REITs under which:
- a. each Listed REIT covenants with BHB to observe the REIT Listing Rules and to perform obligations which the REIT Listing Rules

purport to impose on REITs, in the manner provided by the REIT Listing Rules;

- b. BHB covenants with each Listed REIT to observe the REIT Listing Rules and to perform the obligations which the REIT Listing Rules purport to impose on BHB's trading platform, in the manner provided in the REIT Listing Rules; and
- c. each Listed REIT covenants with BHB, unless otherwise determined by BHB, to comply and adhere to Section 6 and Section 7 of BHB Market Rules with respect to Market Structure and Settlement applicable to REITs.

2.4. Defects, Irregularities and Deficiencies

2.4.1. A decision, resolution, proceeding or act of BHB under these REIT Listing Rules is not invalidated by any:

- a. defect;
- b. irregularity; or
- c. deficiency,

of notice or time unless:

- i. a REIT concerned by the defect, irregularity or deficiency requests BHB to resolve that the decision, resolution, proceeding or act is invalid;
- ii. BHB reasonably believes that the defect, irregularity or deficiency has caused or may cause substantial injustice which cannot reasonably be avoided; and
- iii. BHB accordingly resolves that the decision, resolution, proceeding or act is invalid.

2.5. Disciplinary Committee

2.5.1. The Disciplinary Board of BHB shall be responsible for adjudicating on any alleged violation of the rules and regulations of BHB and determine penalties to be imposed against Trading Members of BHB, listed companies, and Listed REITs as stipulated in Section 9 of the BHB Market Rules.

2.6. Partial Invalidity of Rules

- 2.6.1. If any of the provisions of these REIT Listing Rules become at any time illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity or enforceability of the remaining provisions of the REIT Listing Rules, and the legality, validity or enforceability of the provision under the law of any other jurisdiction shall not be affected or impaired in any way.

SECTION 3 – LISTING & ONGOING OBLIGATIONS

3.1. Pre-requisites

- 3.1.1. REITs must ensure that they satisfy CBB's requirement pursuant to the Financial Trust Law No. (23) of the Year 2006 and Volume 7 of the CBB Rulebook, including but not limited to:
 - a. Appointment of Trustees;
 - b. Appointment of Fund Manager;
 - c. Appointment of Operator;
 - d. Appointment of Trust Property Valuer.
- 3.1.2. Prior to submitting an application to BHB, a REIT must procure the CBB's approval for issuance and listing of its Units.

3.2. Application

- 3.2.1. An application for listing on BHB shall be made by the Operator of the REIT.
- 3.2.2. Every application for listing on BHB, shall be accompanied by a non-refundable registration fee as published by BHB from time to time.
- 3.2.3. BHB shall grant its no objection for a listing on BHB upon receipt of the registration fee, subject to 3.3.1, and on such terms and conditions as are in the interest of Unit Holders and as may be specified by BHB.
- 3.2.4. In the event an application is not complete in all respects or does not conform to the requirements of these REIT Listing Rules, BHB may direct the REIT to furnish such further information or clarification as may be required by it, for the purpose of processing the application.
- 3.2.5. BHB, if it so desires, may ask the REIT or its authorized representative to appear before BHB for personal representation.

3.3. Listing Requirements

- 3.3.1. The REIT shall satisfy the following further conditions for grant of a no objection decision for a listing on BHB:
 - a. At the time of making an application for listing on BHB, the REIT shall ensure it has a minimum value of US\$ 20 million or its equivalent in another currency;

- b. A REIT shall not seek listing of such Units unless it is constituted as a Trust, established under the Financial Trusts Law No. (23) of the Year 2006 as approved by CBB and in accordance with a Trust Instrument;
- c. The REIT or share registrar so appointed by the trust shall maintain a register of Unit Holders and BHB shall be informed of the address(es) where such register is kept;
- d. The register shall be kept open for inspection by Unit Holders during normal business hours;
- e. The appointment of a Trustee of a REIT shall be made with the prior approval of CBB.

Issuance & Transfer of Unit Certificates

- 3.3.2. The REIT shall issue to the applicants Units, whose application has been accepted, as soon as possible but not later than six weeks from the date of closure of the subscription list.
- 3.3.3. As per Paragraph 7.5.4 of the Offering of Securities Module of Volume 6 of the CBB Rulebook, Units of the REIT to be traded on BHB must be in Dematerialized form.
- 3.3.4. Units issued by a REIT shall be freely transferable.

Investments and Segregation of Funds

- 3.3.5. The Fund Manager shall not invest the REIT's funds for purposes other than those stated in the objective of the REIT as disclosed in the Prospectus and as permitted in Volume 7 of the CBB Rulebook.
- 3.3.6. A Bahrain-domiciled REIT must seek prior written approval from the CBB in order to merge with, or else transfer its assets to another Bahrain-domiciled REIT.

3.4. Ongoing Obligations

General Obligations

- 3.4.1. The REIT shall make such disclosures or submit such documents as requested by BHB to furnish.
- 3.4.2. The REIT shall comply with such rules, Directives, circulars and instructions as may be issued by BHB from time to time, on the subject of REITs.

- 3.4.3. The REIT shall be responsible to inform BHB of any material change in the information or particulars previously furnished, which have a bearing on the no objection letter granted by BHB.
- 3.4.4. The REIT shall take all reasonable care to ensure that the sale, issue, repurchase and cancellation of Units effected by a REIT are carried out in accordance with the provisions of the Prospectus and these REIT Listing Rules as well as Volume 7 of the CBB Rulebook. The REIT shall also ensure that the minimum investment amounts, as prescribed in the Prospectus, is adhered to by investors.
- 3.4.5. The Trustee shall take all reasonable care to ensure that the REIT has proper Title Deed to the Trust Property owned by the REIT, as well as to the contracts (such as rental agreements, joint venture or joint arrangement agreements, and any other agreements) entered into on behalf of the REIT with respect to its assets and that each such contract is legal, valid, binding, and enforceable by or on behalf of the REIT in accordance with its terms.
- 3.4.6. The REIT shall ensure that original documents relating to Trust Property are deposited in safe vaults for custody.
- 3.4.7. REITs shall maintain proper book of accounts as stipulated in Volume 7 of the CBB Rulebook.
- 3.4.8. The financial year for all the REITs shall be as stipulated within the Prospectus.
- 3.4.9. The REIT shall distribute dividends to Unit Holders as specified within the Prospectus and/or as a minimum not less than the amounts specified within the BRT Module of Volume 7 of the CBB Rulebook: Bahrain Domiciled Real Estate Investment Trusts.
- 3.4.10. The REIT shall take adequate steps to address the grievances of the Unit Holders within one month from the date of receipt of the complaint from the aggrieved Unit Holder.
- 3.4.11. All Listed REITs shall ensure that they continue to comply with all relevant laws, rules, and regulations applicable to real estate in Bahrain at all times.

Disclosure to Unit Holders

- 3.4.12. The REIT shall ensure that investor reports published shall be made available on BHB's website and in accordance with the disclosure requirements prescribed by the CBB.

- 3.4.13. As a minimum, investor reports shall be furnished on an annual basis, or as prescribed by the REIT's Prospectus, within a period of four months after the period end as stipulated in Volume 7 of the CBB Rulebook, which shall include the following:
- a. Summary of key developments within the last 12 months in relation to the REIT's portfolio including a yearly appraisal report prepared by the Trust Property Valuer which shall be in line with internationally acceptable standards such as the International Valuation Standards Committee (IVSC). The valuation of investment properties held by the Listed REIT, must be acceptable to the CBB and in accordance with the prevailing market value, in such format as prescribed in Volume 7 of the CBB Rulebook;
 - b. Financial statements as produced and submitted by the external auditor and approved by the board of directors of the Operator; and
 - c. An annual statement of changes in NAV for each of the REITs.

Submission of Information to BHB

- 3.4.14. The information stipulated in Rule 3.4.12 and 3.4.13 shall be submitted to BHB as and when required including a brief analysis and performance ratios.
- 3.4.15. The REIT shall furnish to BHB on an annual basis the following:
- a. The annual audited accounts which shall be prepared in accordance with the International Financial Reporting Standards ("IFRS"), or Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), which shall be submitted no later than 90 calendar days after the end of the financial year; and
 - b. An independent Trust Property Valuer report providing valuations of all of the REITs principal freehold and leasehold Property. The Trust Property Valuer must be an independent external Trust Property Valuer.
- 3.4.16. The REIT shall furnish to BHB on a monthly basis a statement of changes in NAV for each of the REITs within 6 Trading Days following the period end.
- 3.4.17. The REIT shall inform BHB in writing at least 7 Trading Days before any change to any of its REITs trust deed.

3.4.18. The REIT shall report to BHB any breach of these REIT Listing Rules which has had, or is likely to have, a materially adverse effect on the interests of Unit Holders as soon as they become aware of such breach.

3.4.19. The REIT shall file with BHB the following:

- a. particulars of all its Directors along with their interest in other companies within 15 calendar days of their appointment; and
- b. any change in the interests of Directors, within 15 calendar days of such change.

Announcements

3.4.20. The REIT shall inform Unit Holders immediately of any information or transactions within the REIT's portfolio which;

- a. is necessary to enable Unit Holders to appraise the position of the REIT; or
- b. might be reasonably expected to materially affect market activity of the REIT or affect the price of the Units of the REIT; or
- c. requires Unit Holders' approval.

Termination of Agreements

3.4.21. The REIT shall inform BHB immediately, and no later than 6 Trading Days, in the event of a termination of the agreement between the REIT and the Trustee, or Fund Manager, or Operator, or any other parties involved in its operations.

SECTION 4 – TRADING SUSPENSION AND DELISTING OF REITs

4.1. Suspension of Trading

- 4.1.1. BHB may suspend or restrict trading in any REIT. It may do so in any of the following circumstances:-
- a. If in BHB's opinion, the market is not orderly, informed or fair or circumstances are about to occur that may result in there not being an orderly, informed or fair market;
 - b. BHB releases an announcement in relation to a REIT which, in BHB's opinion, is market sensitive;
 - c. A REIT requests, and BHB agrees to the suspension;
 - d. Functions of BHB are, or are threatened to be, severely and adversely affected by a physical emergency such as fire, terrorist activities, power failures, communication or transportation breakdowns, or computer malfunctions; or
 - e. If in BHB's opinion, it is in the public interest to do so.
- 4.1.2. REITs which have been suspended from trading are ceased from being traded. Except with BHB's approval, a Trading Member must not execute any transactions in suspended REITs.
- 4.1.3. No orders may be entered for suspended REITs. Outstanding orders for REITs which have been suspended may only be cancelled and not modified.
- 4.1.4. A temporary suspension may be lifted by BHB at any time.
- 4.1.5. The REIT may be suspended wherein an application is filed with a court to place the REIT under judicial management.

4.2. Delisting

- 4.2.1. Based on REIT Listing Rules, BHB is empowered to delist a REIT in the event of:
- a. If the REIT commits any violation to the provisions of Financial Trust Law No. (23) of the Year 2006 and Volume 7 of the CBB Rulebook;

- b. Subsequent to a merger with another REIT and loss of legal status as a result thereof;
- c. In the event of liquidation of the REIT;
- d. Upon the expiry of the REIT tenure; or
- e. Upon the request of the CBB to do so.