الله اكبر
Islamic Real Estate Investment Trusts (IREIT) – Shariah Perspective

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Presentation Overview

✓ Islamic REITs Differentiating Features

✓ Shariah Principles
Islamic REITs Differentiating Features

- Possible sources for Financing the funds
  - Equity
  - Shariah Complaint Leverage

- Assets
  - Purchase property & renting it out.
Islamic REITs Differentiating Features

- **Usage of Property**
  - Halal
  - Lease Agreement should be Shariah compliant

- **Income**
  - Rentals
  - Capital Gains (Appreciation in property value)
Islamic REITs Differentiating Features

- Types
  - Open Ended
  - Closed Ended
Islamic REITs - Shariah Principles

- **Prohibition of leasing property to ‘Unacceptable Tenants’ defined as:**

  - Entities with primary business related to alcohol, pork, pornography and gambling products
  - Operators of gambling casinos
  - Operators of movie theaters
  - Hotels
Islamic REITs - Shariah Principles

- Leasing of properties to institutions like insurance companies and conventional banks is ‘Undesirable’.
- All liquid cash shall be held in Shariah compliant investment accounts.
- If any financings are to be raised for the acquisition of Properties, such financings shall be raised through Shariah Compliant modes.
Islamic REITs - Shariah Principles

- Prohibition of using any derivatives and instruments involving interest receipts & payments including:
  - Future contracts
  - Option contracts
  - Swaps
  - Short sales
THANK YOU