



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



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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**



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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

