

MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010	

CONFIDENTIAL AND RESTRICTED

The 208<sup>th</sup> Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Friday, 12<sup>th</sup> March, 2010 at 3.00 p.m. in the Board Room, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.

PRESENT:

- |                            |                 |
|----------------------------|-----------------|
| 1. Mr. Shahid Aziz Siddiqi | Chairman        |
| 2. Mrs. Spenta Kandawalla  | Director        |
| 3. Mr. Aslam Faruque       | Director        |
| 4. Mr. Amin Qasim Dada     | Director        |
| 5. Mr. Rasheed Y. Chinoy   | Director        |
| 6. Syed A. Wahab Mehdi     | Director        |
| 7. Syed Hur Riahi Gardezi  | Director        |
| 8. Mr. Akbarali Hussain    | Secretary Board |

LEAVE OF ABSENCE:

- |                       |          |
|-----------------------|----------|
| 1. Mr. Shafqat Naghmi | Director |
|-----------------------|----------|

2. The meeting started with recitation of verses from the Holy Quran by the Chairman.

3. Mr. Ansar Hussain, SGM(Investment), Mr. Mahmood Mandviwalla, Legal Consultant to State Life on Centre Point Project and Mr. Jameel Yousuf and Mr. Ali Jameel of TPL Properties (Pvt) Ltd attended the meeting by invitation.

**ITEM (1) CONFIRMATION OF MINUTES OF 207<sup>TH</sup>  
MEETING OF THE BOARD OF DIRECTORS.**

4. The minutes of the 207<sup>th</sup> meeting of the Board of Directors held on 2<sup>nd</sup> March, 2010 together with implementation report were placed before the Board.

5. Implementation report of 207<sup>th</sup> meeting of the Board of Directors was noted.

**Item No.5, para-47 of 206<sup>th</sup> meeting – budget proposal for the year 2010, carry forward of capital expenditure budget of Rs.573.632 million not utilized by Real Estate in the year 2009.**


6. It was minuted that the Board of Directors at its 206<sup>th</sup> meeting held on 17<sup>th</sup> February, 2010 had approved the carry forward of capital expenditure budget of Rs.573.632 million not utilized and requested to be carried forward to the year 2010, however at the time of confirmation of the above minutes at its 207<sup>th</sup> meeting, the Board reversed the resolution approving the carry forward of the capital expenditure and stated that in future the unutilized budget would lapse at the end of the budgetary period. The Board now decided that the minutes of the 206<sup>th</sup> meeting be amended to the extent that the unutilized amount of Rs.573.632 million lapsed at the end of the year 2009, however it will not have any impact on the total allocation of capital expenditure for Real Estate Division for the year 2010 approved by the Board at its 206<sup>th</sup> meeting.

Action:  
ED(F&A)  
DH(F&A)  
DH(REM)  
DH(P&M)

CHAIRMAN'S  
INITIALS

*[Handwritten Signature]*

**MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS**

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	<b>KARACHI</b>	<b>12<sup>TH</sup> MARCH, 2010</b>		
<p>Action: Secretary (Board)</p> <p>Action: ED(Act) Dh(Act)</p> <p>Action: ED(Mkt) h(Mkt)</p> <p>Action: DH(Inv)</p> <p>Action: DH(Inv)</p>	<p>Item No.5, para-42 of 207<sup>th</sup> meeting - consideration and approval of recommendations in minutes of 4<sup>th</sup> meeting Human Resources Committee held on 01-03-2010</p> <p>7. Mrs. Spenta Kandawalla, Director pointed out that in para-42 in line-6 of the resolution the word "marvelous" be substituted with the word "extra ordinary" which was agreed to by the Board.</p> <p>8. Mr. Amin Qasim Dada, Director proposed and Mrs. Spenta Kandawalla, Director seconded that the minutes of 207<sup>th</sup> meeting of the Board of Directors be confirmed with the above amendment.</p> <p>9. Accordingly, it was resolved as under:-</p> <p><b>RESOLVED:</b> "that the Minutes of 207<sup>th</sup> meeting of Board of Directors held on 2<sup>nd</sup> March, 2010 are confirmed with the above amendment."</p> <p><b>ITEM (2) POSITION PAPER ON LAST THREE YEARS REINSURANCE EXPENSES.</b></p> <p>10. Due to paucity of time, the above item was deferred to the next meeting of the Board of Directors.</p> <p><b>ITEM (3) ESTABLISHMENT OF NEW ZONES BY UPGRADING SECTORS/SUB-ZONES.</b></p> <p>11. Due to paucity of time, the above item was deferred to the next meeting of the Board of Directors.</p> <p><b>ITEM (4) DETAILED REPORT ON INVESTMENT STRATEGY AND SYSTEMS PREPARED BY M/S. SIDAT HYDER MORSHED ASSOCIATES (PVT) LIMITED.</b></p> <p>12. Due to paucity of time, the above item was deferred to the next meeting of the Board of Directors.</p> <p><b>ITEM (5) FINALIZATION OF INVESTMENT POLICY FOR REAL ESTATE DIVISION.</b></p> <p>13. Due to paucity of time, the above item was deferred to the next meeting of the Board of Directors.</p>			<p>CHAIRMAN'S INITIALS</p> 



MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010	
<p>ITEM (6) POSITION PAPER ON "CENTRE POINT" PROJECT – CURRENT STATUS.</p> <p>POSITION PAPER ON COST BENEFIT ANALYSIS AND RISK AND RETURN ANALYSIS ON CENTRE POINT PROJECT AND REPORT OF INDIVIDUAL VALUER I.E. NESPAK.</p> <p>14. Mr. Ansar Hussain, SGM(Investment), Member of Real Estate and Investment Division Committee presented before the Board, a modified version of the policy statement for Investment in Real Estate received from M/s. Sidat Hyder Morshed Associates (Pvt) Ltd vide their letter M/0447/2010 dated 3<sup>rd</sup> March, 2010 reflecting the discussions held with the Board of Directors of State Life in their 207<sup>th</sup> meeting held on 2<sup>nd</sup> March, 2010 which is reproduced below:</p> <p>3. Allocation to Real Estate and Forms of Real Estate Investment</p> <p>3.1 The Corporation's overall asset allocation strategy provides for the investment of 9% of policyholders' funds ((currently mainly the Corporation's Pakistan Life Fund) in real estate, this being measured in terms of market value.</p> <p>3.2 Investment in real estate can be made in a number of ways. Given the Corporation's situation as a public sector entity, the current legal framework relating to real estate in Pakistan and insurance laws and regulations, interest in real estate shall be limited to the following forms of investment:</p> <p><u>Outright Ownership</u> – This refers to the simplest form of ownership, where the holder is entitled to full ownership rights. This will include investment in both freehold property (where the ownership is for an indefinite period of time) as well as leasehold property (where ownership is for the lease period but usually subject to renewal).</p> <p><u>Real Estate Investment Trusts</u> – This type of real estate investment allows for the largest amount of exposure. It diversifies the portfolio of direct real estate holding by investing in groups of real estate projects.</p> <p>3.3 The modes of real estate investment shall exclude ways where the Corporation may not be readily able to liquidate its investment (notwithstanding the illiquid nature of investment in real estate in general). Hence, the Corporation will not currently invest in the following classes:</p> <ul style="list-style-type: none"> <li>- Investment through another entity, whether this be a limited company or a special purpose vehicle,, unless such entity is a company listed on one of the country's stock exchanges.</li> <li>- Leveraged equity positions, i.e. investment in outright ownership will be made without any loans being taken.</li> </ul>			

CHAIRMAN'S INITIALS



MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010	
<p>- Mortgages (loans secured against real estate). No investment will be made in mortgages, either directly or through a financial institution which lends against the security of real estate.</p> <p>15. The Securities and Exchange Commission (Insurance) Rules 2002 allow a maximum of 20% of the total investments in a statutory fund to be invested in immovable property. However, State Life's investment restricts the total amount of real estate investment to 9% based on market value.</p> <p>16. The Board of Directors in its 205<sup>th</sup> meeting held on 22<sup>nd</sup> December, 2009 had considered the proposal of Mr. Ansar Hussain, SGM/DH(Investment) and had agreed in principle to the option of outright purchase of the Centre Point Project rather than the option of creating a Special Purpose Vehicle since it was felt that partial shareholdings in properties create future complications.</p> <p>17. The Board of Directors in its 207<sup>th</sup> meeting held on 2<sup>nd</sup> March, 2010 had decided that Mr. Rasheed Y. Chinoy, Convenor of Real Estate and Investment Division Committee, Mr. Ansar Hussain, SGM(Investment) and Mr. Shahid Aziz Khan, DH(Legal Affairs) jointly have a meeting with Mr. Mahmood Mandviwala State Life Legal Consultant along with Mr. Ali Jameel of TPL Properties (Pvt) Ltd and their legal consultant and discuss the drafting and finalization of the documents to protect the interest of State Life as to a) management control, b) exit strategy spelling out in detail the step by step methodology of making of exit by either party without any hindrance, c) payment schedule and benchmark amount and date of payments on the agreed purchase price, d) penalty clauses, e) obligations and rights as to risk and rewards in case of conflict of interest during the period upto completion, after completion and the maintenance of the building, f) taxation matters, g) formation of wholly owned subsidiary for maintenance of the building. The maintenance company should be completely distinct from the owning company and the contract with the management company for maintenance of the building could be for five years which could be renewed for further period of 5 years. The maintenance company should be professionally managed which would allow tenancy by multi national companies.</p> <p>18. The Members of the above Committee would submit a joint report of meeting with the legal experts together with a final report as per its terms of reference to the Board for its review and finalization of the deal.</p> <p>19. Accordingly, Mr. Rasheed Y. Chinoy, Convenor Real Estate and Investment Division Committee for Centre Point Project submitted before the Board the minutes of the 4<sup>th</sup> meeting of Real Estate and Investment Division Committee held on 11<sup>th</sup> March, 2010 along with the report which is reproduced below:</p> <p><b>A) Minutes of the 4<sup>th</sup> meeting of Real Estate and Investment Division Committee</b></p> <p>i) "Syed Hur Riahi Gardezi, Director proposed and Mr. Ansar Hussain, SGM(Investment) seconded that the minutes of the 3<sup>rd</sup> meeting of the Committee held on 1<sup>st</sup> March, 2010 be confirmed. Accordingly the minutes were confirmed.</p>			

CHAIRMAN'S INITIALS





MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS MINUTE BOOK	HELD AT <b>KARACHI</b>	ON <b>12<sup>TH</sup> MARCH, 2010</b>	TIME										
<p>ii) Mr. Rasheed Y. Chinoy informed that Mr. Ansar Hussain, SGM(Investment) has obtained all the information as regard the project documentation and valuation from M/s. TPL Properties (Pvt) Ltd, owner of Centre Point Project, M/s. NESPAK, M/s. Ernst &amp; Young, M/s. Oceanic Surveyors and M/s. Mahmood Mandviwalla and M/s. Rizvi, Isa, Afridi and Angell.</p> <p>iii) Mr. Rasheed Y. Chinoy then circulated to the Committee, a final report of the Convenor and Mr. Ansar Hussain regarding their various meetings with Mr. Mahmood Mandviwalla, the legal consultant of State Life on Centre Point Project alongwith Mr. Ali Jameel and legal counsel of M/s. Rizvi, Isa, Afridi and Angell, counsel of M/s. TPL Properties (Pvt) Ltd, with regard to drafting and finalization of documents as to management control, exit strategies, payment schedule, taxation matters, penalty clauses and obligations and rights in case of conflict of interest during the period upto completion, after completion and the maintenance of the building.</p> <p>iv) The Committee after deliberation and after incorporation of changes in the report, approved the same and recommended its submission to the Board for consideration. The report was enclosed at Annexure-A to the minutes of the Real Estate and Investment Division Committee.</p> <p>v) Mr. Amin Qasim Dada and Syed Hur Riahi Gardezi, the members of the Committee were highly appreciative of Convenor Mr. Rasheed Y, Chinoy and Mr. Ansar Hussain for the efforts and time taken by them in negotiating and discussing the project from every aspect with Mr. Mahmood Mandviwalla, legal consultant and Mr. Ali Jameel and in drafting and finalization of the documents, protecting the interest of the Corporation and recommended to the Board that the Convenor of the Committee Mr. Rasheed Y. Chinoy be compensated for the two meetings with the lawyers through payment equivalent to Director's Fee and that Mr. Ansar Hussain be compensated financially for the extra work and efforts for completion of the assignment."</p> <p><b>B) Report of Mr. Rasheed Y. Chinoy, Convenor of Real Estate and Investment Division Committee and Mr. Ansar Hussain, SGM(Investment) and Mr. Shahid Aziz Khan, DH(Legal Affairs)</b></p> <p>i) The Chairman State Life with the approval of the Board had constituted a Committee of the Real Estate and Investment Division to negotiate and determine an acceptable price for purchase of Centre Point Project. The Members of the Committee nominated by the Chairman are as follows:-</p> <table data-bbox="305 1868 1058 2040"> <tbody> <tr> <td>1. Mr. Rasheed Y. Chinoy, Director</td> <td>Convenor</td> </tr> <tr> <td>2. Mr. Amin Qasim Dada, Director</td> <td>Member</td> </tr> <tr> <td>3. Syed Hur Riahi Gardezi, Director</td> <td>Member</td> </tr> <tr> <td>4. Mr. Mohammad Yahya, ED(RE/P&amp;GS)</td> <td>Member</td> </tr> <tr> <td>5. Mr. Ansar Hussain, SGM(Investment)</td> <td>Member</td> </tr> </tbody> </table>				1. Mr. Rasheed Y. Chinoy, Director	Convenor	2. Mr. Amin Qasim Dada, Director	Member	3. Syed Hur Riahi Gardezi, Director	Member	4. Mr. Mohammad Yahya, ED(RE/P&GS)	Member	5. Mr. Ansar Hussain, SGM(Investment)	Member
1. Mr. Rasheed Y. Chinoy, Director	Convenor												
2. Mr. Amin Qasim Dada, Director	Member												
3. Syed Hur Riahi Gardezi, Director	Member												
4. Mr. Mohammad Yahya, ED(RE/P&GS)	Member												
5. Mr. Ansar Hussain, SGM(Investment)	Member												

CHAIRMAN'S  
INITIALS


MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010	

ii) The terms of reference of this Committee were as follows:-

- I. To determine and negotiate an acceptable price with M/s. TPL Properties (Pvt) Ltd, the owners of Centre Point.
- II. Examine the legal implications of outsourcing the management of a State Life Property to a private sector company.
- III. Examine whether a valid agreement of M/s. TPL Properties (Pvt) Ltd with Lever Brothers has been effected to ensure that a long term income stream is being offered with purchase of the property.
- IV. The examination and vetting and finalization of a draft agreement regarding purchase of Centre Point for approval of the Board.

iii) The Real Estate and Investment Division Committee at its 2<sup>nd</sup> meeting held on 16<sup>th</sup> February, 2010 mentioned that instead of outright purchase, the following advantages would accrue to State Life by accepting the option of joint venture company:-

- a) State Life will not have to pay 9% CVT resulting in the saving of Rs.276.382 million which it would otherwise have had to pay on the offered price of outright purchase.
- b) The outflow of cash would only be Rs.1.2 billion approximately as against Rs.3.4 billion for outright purchase.

iv) The Real Estate and Investment Division Committee therefore unanimously recommended to the Board of Directors for investment in this company as given in above para .

v) The Board of Directors at its 206<sup>th</sup> meeting held on 17<sup>th</sup> February, 2010 approved in principle the proposal of the SGM/DH(Investment) as recommended by the Real Estate and Investment Division Committee of Centre Point Project in its minutes of its 2<sup>nd</sup> meeting.

vi) As desired by the Board at its 206<sup>th</sup> meeting the valuation report of M/s. NESPAK was submitted in its 207<sup>th</sup> meeting of the Board of Directors alongwith a valuation report of Centre Point property carried out by Ernst & Young received from M/s. A & A Associates for the sake of transparency since they were independent party to carry out the assignment.

vii) This Committee has met four times and as authorized by the Board. Mr. Rasheed Y. Chinoy, Mr. Ansar Hussain and Mr. Shahid Aziz Khan met with Mr. Mandviwalla, State Life Lawyer for this transaction on two occasion as requested by the Board at its 206<sup>th</sup> and 207<sup>th</sup> meeting.

viii) The concern of some of the Members of the Board with regard to legal issues for the joint venture company to be formed to take over the project were conveyed to Mr. Mandviwalla who has amended the documents accordingly and re-submitted them to M/s. Rizvi, Ica, Afridi and Angell, who will submit the agreement directly to the Board of Directors at their 208<sup>th</sup> meeting to be held on Friday, 12<sup>th</sup> March, 2010 at 3.00 p.m.

CHAIRMAN'S  
INITIALS

*[Handwritten Signature]*



MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010	
<p>ix) In the meantime the Committee has obtained a complete report on the financial and commercial aspects from Mr. Ansar Hussain, SGM(Investment) which was attached as Annexure-A to the report and reproduced at C below.</p> <p>x) Furthermore the Committee has also obtained a credit rating from PACRA and NESPAK who have jointly assigned the project grading of "PG-3+" project rating which we understand is the highest rating awarded to a building project. The copy of the press release was attached as Annexure-B to the report.</p> <p>xi) State Life is investing in a joint venture in TPL Properties (Pvt) Ltd thereby forming a 50:50 partnership with the Jameel Group. This 50:50 ratio of shareholding in the joint venture company was approved by the Board at its 207<sup>th</sup> meeting with legal reservation of management control which has been dealt with by the lawyers and incorporated into the agreement.</p> <p>xii) Certain Board Members have requested that the increase in area from 161,722 sq.ft. to 191,932 sq.ft. be duly verified by the architect which was attached as Annexure-C to the report. The certificate was given by M/s. Arcop (Pvt) Ltd owned by a renowned architect.</p> <p>xiii) Furthermore a certificate from the architect was enclosed as Annexure-D to report stating that 60% work of the building(Centre Point) has been completed. The architect of the project is Mr. Yawar Jilani, who heads M/s. Arcop (Pvt) Ltd., which is an extremely well known firm of reputed architects in Pakistan.</p> <p>xiv) It has been agreed with Jameel Group i.e. M/s. TPL Properties (Pvt) Ltd that cost overruns in excess of Rs.2.95 billion will be borne by M/s. TPL Properties (Pvt) Ltd out of their own resources without any cost to State Life, however in case if M/s. TPL Properties (Pvt) Ltd do not have sufficient funds to meet the over runs. M/s. TPL Properties (Pvt) Ltd will sell their shareholding to the extent of over runs to State Life Insurance Corporation of Pakistan.</p> <p>xv) With regard to the value of the property, it can be clearly seen from Mr. Ansar Hussain's Memorandum and cost report which is reproduced at C below that price negotiated by the Committee is less than two of the valuations submitted by the three independent valuers. M/s. Oceanic's value is Rs.2.879 billion.</p> <p>xvi) The evaluation of Centre Point Project was started sometimes in July, 2009. There have been several meetings of Real Estate Committee and the Real Estate Investment Committee on the above subject. It is stated that the project has been valued by:</p> <ol style="list-style-type: none"> <li>1. M/s. Oceanic Surveyors (Pvt) Ltd</li> <li>2. M/s. NESPAK</li> <li>3. M/s. Ernst &amp; Young Ford Rhodes Sidat Hyder</li> </ol>			

CHAIRMAN'S INITIALS



MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
UTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010	

xvii) M/s. Oceanic Surveyors and NESPAK are engineering firms and have used engineering techniques in valuing the project and Ernst & Young have used discounted cash flow technique. They have taken terminal value 20 years hence. Accordingly they have valued the project as under:

CENTRE POINT VALUATIONS SUMMARY

	Low			Medium			High			Average
	Area	Rate	Amount	Area	Rate	Amount	Area	Rate	Amount	
OCEANIC	-	-	-	191,932 sft*	15,000	2,879 m	-	-	-	2,879 m
NESPAK	191,932 sft	14,875	2,855 m	191,932 sft*	17,500	3,359 m	191,932 sft	20,125	3,863 m	3,359 m
**EYFRSH	191,932 sft	-	2,941 m	-	-	3,130 m	191,932 sft	-	3,318 m	3,130 m

Average = 3,123 m

\* Valued at 161722 sq.ft.

\*\* Only one valuer

While the saleable/rentable area is 191932 sq.ft. the total project area comprising 09 floors of car parking, 02 floors for mechanical area, one floor for swimming pool, gymnasium and coffee shop is 347976 sq.ft.

The Real Estate investment Committee after various discussions has agreed to a value of the project at Rs.2.950 billion which is less than the above valuation. SLIC being 50% equity partner has to pay Rs.1.4750 billion.

The completion part of the project will be assessed on certificate of an independent architect. Assuming that 60% of the project has been completed, State Life will be required to pay 60% of Rs.1.4750 billion which can be approx. Rs.900 million. However, we may issue two cheques totaling Rs.700 million one for clearing bank loan and another to pay the first tranche. This payment will be made simultaneously on transfer of project to TPL Properties (Pvt) Ltd. The balance amount will be placed in an Escrow Account and will be disbursed under a certificate of architect's as follows:

	Amount(Rs.)
At the time of pouring of slab for 20 <sup>th</sup> floor	200.0 m
At the time of pouring of slab for 24 <sup>th</sup> floor	150.0 m
Upon installation of 04 lifts up to 23 <sup>rd</sup> floor	125.0 m
Upon completion of 50% of façade	150.0 m
Upon completion of 80% of façade	150.0 m
	<u>775.0 m</u>

CHAIRMAN'S  
INITIALS





MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT <b>KARACHI</b>	ON <b>12<sup>TH</sup> MARCH, 2010</b>	TIME
MINUTE BOOK			

C) COST REPORT

i) Cost of project is Rs.2.584 billion as shown by NESPAK while State Life is entering into the project through a joint venture agreement at Rs.2.95 billion. The difference is Rs.366 million. The following items have not been taken into account by M/s. NESPAK:-

1. Approvals of different authorities	Rs.100 million
2. Generator etc.	<u>Rs.190 million</u>
Total	<u>Rs.290 million</u>

ii) This leaves a difference of Rs.76 million. State Life has agreed to stagger the payment in installments which will save the interest cost to State Life.

iii) The above does not include any earnings from the sale of power.

iv) The CVT, stamp duty, registration fee etc. on transfer of property will be Rs.30 million. In case State Life would have bought the project outright, it would have paid Rs.270 million. The joint venture agreement has saved Rs.240 million.

v) The Committee further feels that enough due diligence has been done on the project to safeguard the interest of State Life in a fair and transparent manner.

vi) It is with regret that this Committee strongly feels that if the Board is unable to accept the recommendation of the Committee for whatever reasons, then the Board should appoint a new Committee to pursue the matter if this project is to be taken forward.

vii) The above report was jointly signed by Mr. Rasheed Y. Chinoy, Convenor of Real Estate and Investment Division Committee and Mr. Ansar Hussain, SGM(Investment). The following documents were attached to the above report i) Memorandum/cost report of SGM(Investment) Mr. Ansar Hussain, ii) Press Release of The Pakistan Credit Rating Agency Ltd, iii) Certificate of M/s. Arcop (Pvt) Ltd regarding increase in rentable area and iv) Certificate of M/s. Arcop (Pvt) Ltd regarding completion of 60% of the building(Centre Point).

20. The Board appreciated the efforts of Mr. Rasheed Y. Chinoy, Convenor as recommended by the Real Estate and Investment Division Committee that Mr. Rasheed Y. Chinoy be compensated by payment equivalent to Director's Fee payable for two meetings of the Board and E.D (F&A) was authorised to allocate the budget in this regard to Investment Division. The Chairman agreed to compensate Mr. Ansar Hussain, SGM(Investment) financially for the extra work and efforts for completion of the assignment.

Action:  
ED(F&A)  
DH(Inv)  
DH(F&A)

CHAIRMAN'S  
INITIALS



MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010	
Action: DH(Inv)	<p>21. Mr. Mahmood Mandviwalla informed the Board that the property under consideration was presently not owned by M/s. TPL Properties (Pvt) Ltd but by A &amp; A Associates, as such it was necessary that ownership of the property should be transferred to M/s. TPL Properties (Pvt) Ltd free of encumbrances. The property was currently under lien with the banker of M/s. A &amp; A Associates.</p>		
Action: DH(Inv)	<p>22. Mr. Mahmood Mandviwalla further suggested that the payment of 1<sup>st</sup> tranche under the payment schedule agreed to by M/s. TPL Properties (Pvt) Ltd be made by State Life directly to the bankers on a guarantee or undertaking that the property would be transferred to M/s. TPL Properties (Pvt) Ltd and the payment would be taken as full and final payment of any dues outstanding from M/s. A &amp; A Associates.</p>		
Action: DH(Inv)	<p>23. Mr. Mahmood Mandviwalla further informed that the payment should be made under water tight agreement whereby State Life when it makes the payment to M/s. TPL Properties (Pvt) Ltd, M/s. TPL should be the tangible owner of the property, since it would take atleast 8 to 10 days for transfer of the property from the bank and A &amp; A Associates to M/s. TPL Properties (Pvt) Ltd otherwise in case if something goes wrong with the transfer of the property, State Life would become the partial owner of M/s. TPL Properties (Pvt) Ltd without ownership of Centre Point property belonging to the company. An upfront letter from the bank should be with State Life as regards full and final settlement of outstanding amount by A &amp; A Associates and discharge of mortgage of Centre Point Property.</p>		
Action: DH(Inv)	<p>24. Syed A. Wahab Mehdi, Director suggested that a certificate be obtained from M/s NESPAK as to the total rentable area of 191,932 sq.ft. which was previously 161,722 sq.ft. and the valuation report be revised accordingly and submitted to the board at its next meeting to be held on 22<sup>nd</sup> March 2010.</p>		
Action: DH(Inv)	<p>25. Syed A. Wahab Mehdi, Director further pointed out that the value of property should be valued as of to date constructed price rather than the selling price on completion.</p>		
	<p>26. Mr. Aslam Faruque, Director mentioned that investment would be made by State Life in presently incomplete Centre Point Project with no revenue stream, as such the purchase price of the project should be the current cost of the project plus some premium, so that both the parties, that is State Life and TPL Properties should get some profit out of the value, which the building can fetch when completed.</p>		
	<p>27. To a query, Mr. Ansar Hussain, SGM (Investment) submitted that there was no similar structure in the vicinity of Centre Point Project, where from, the prevalent price in the area can be assessed.</p>		
	<p>28. Mr. Aslam Faruque, Director further stated that the project proposal under consideration for purchase by State Life should also be signed by the relevant Division's representative i.e. Investment Division and Real Estate Division in the Committee.</p>		

CHAIRMAN'S  
INITIALS




**MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS**

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	<b>KARACHI</b>	<b>12<sup>TH</sup> MARCH, 2010</b>	

29. Mr. Ansar Hussain, SGM (Investment) further mentioned that the estimation of appraisal price has been worked out by him on NOI method. He informed the Board, that there are various methods available for valuing Real Estate Property such as discounted cash flow and comparable sale price, but the Income method is the one which offers fair value of a property on the basis of its income characteristics. This method rests on assumptions which are quantifiable and are used as inputs in mathematical model for valuing the property, thereby reduces subjectivity in determination of fair value of property. The assumption on which the value of the property has been estimated is that the gross rental area would be 191,932 sq.ft., the rent would be Rs. 121 per sq.ft., the yearly growth would be 10%, the occupancy ratio would be 100% from day one, insurance cost would be Rs. 3.5 million per year.

30. Syed A. Wahab Mehdi and Mr. Aslam Faruque, Directors pointed out that the discounted cash flow method of valuation is used where the project is complete, and it is a running concern and there is a regular income stream.

31. Mr. Mahmood Mandviwala, submitted before the Board that M/s TPL Properties (Pvt) Limited was insisting that the Board of Directors of M/s TPL Properties (Pvt) Limited, after investment by State Life would consist of six Directors out of which three Directors including the Chairman would be nominees of State Life, the Chairman would always be from State Life and three Directors would be from M/s TPL Properties (Pvt) Limited. In addition, the CEO who would be a nominee M/s TPL Properties (Pvt) Limited would be considered a deemed Director with voting powers. This position would give a majority in management control and the Board M/s TPL Properties (Pvt) Limited. An exhaustive list of items has been prepared of the powers of the CEO which has to have a positive nod of the Board before implementation.

32. Mrs. Spenta Kandawalla, Syed A. Wahab Mehdi, and Mr. Aslam Faruque, Directors, mentioned that the composition of the Board of M/s TPL Properties (Pvt) Limited as given above would compromise the position of State Life as M/s TPL Properties (Pvt) Limited would give a majority in management control to Jameel Group who would then have an advantage. The negative list of powers of CEO would negate the true spirit of equitable management in a joint venture company. They recommended that the Board of the joint venture company should consist of eight Directors, three each to be nominated by State Life and Jameel Group with Chairman from State Life and CEO from Jameel Group. The Chairman would have a casting vote in case of a deadlock.

33. Mr. Aslam Faruque, Director further suggested that terms of reference of CEO could be clearly defined and he could operate day to day running of the joint venture company without referring to the Board who would not like to curtail his powers. He would however have to refer policy decisions and budget to the Board for approval.

34. Syed A. Wahab Mehdi, Director desired to know the actual cost that has been invested in the project to date and what is the remainder amount to be invested to complete the project. This would give current value of the project and the completed value of the project.

Action:  
DH(Inv)

Action:  
DH(Inv)

CHAIRMAN'S  
INITIALS





**MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS**

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010	

35. Mr. Jameel Yousuf and Mr. Ali Jameel were then invited to the meeting. The Chairman State Life welcomed them to the meeting. He mentioned that State Life being a trustee of the policy holder funds and the interest of the institution should stay protected, as such it was desired that the joint venture of State Life with M/s TPL Properties (Pvt) Limited should be a partnership based on trust and mutual respect. The powers of the CEO should be clearly defined so as to enable him to run the project independently and refer only policy decisions to the Board. The Chairman State Life mentioned that State Life would like to run the joint venture company as a proper corporate entity which can be a role model of public private partnership and can be emulated by others.

Action:  
(Inv)

36. Mr. Ali Jameel informed the Board that civil works were complete upto 17<sup>th</sup> floor where as electrical and plumbing works were also being carried out simultaneously. The letter of credit for lifts have also been established.

Action:  
DH(Inv)

37. After deliberation the Board resolved as under:-

38. that the report and recommendation of the Convenor Real Estate and Investment Division Committee together with the minutes of the committee was agreed to in principle subject to the following observations:-

Action:  
DH(Inv)

a) that the issue of management control will be re-examined by Mr. Mahmood Mandviwala, legal consultants of State Life, ensuring that State Life has a equal representation vis a vis M/s TPL Properties (Pvt) Limited on the Board of the joint venture company. However the CEO to be appointed will be a nominee of M/s TPL Properties (Pvt) Limited and his powers and functions will be clearly specified in the contract.

Action:  
DH(Inv)

b) that the Chairman State Life who will be the Chairman of M/s TPL Properties (Pvt) Limited will have a final casting vote.

Action:  
DH(Inv)

c) that M/s NESPAK be asked to verify the increase in rentable area from 161,722 sq.ft. to 191,932 sq.ft., signed off earlier by M/s Arcop Limited, Architect of the project and review and revise its previous valuation report.

Action:  
DH(Inv)

d) that the transaction with regard to investment in joint venture will commence only after the title of the property has been transferred from M/s A & A Associates to M/s TPL Properties (Pvt) Limited.

Action:  
DH(Inv)

(e) that cost over-runs in excess of the agreed project price of Rs.2.95 billion between State Life and M/s TPL Properties (Pvt) Ltd will be borne by M/s. TPL Properties (Pvt) Ltd from its own resources without any cost to State Life, however in case if M/s. TPL Properties (Pvt) Ltd do not have sufficient funds to meet the overruns, M/s. TPL Properties (Pvt) Ltd will sell/transfer their shareholding of equivalent value to the extent of overruns to State Life Insurance Corporation of Pakistan for funding of overruns.

Action:  
DH(Inv)


f) that a counter proposal be made by the Convenor State Life Real Estate and Investment Committee for Centre Point Project Mr. Raohood Y. Okinoy to M/s TPL Properties (Pvt) Limited at cost incurred to date plus premium instead of its market price on completion of the project minus basis.

CHAIRMAN'S  
INITIALS





MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010		
<p>Action: ED(F&amp;A) DH(Inv) DH(F&amp;A)</p> <p>Action: ED(P&amp;GS) DH(P&amp;GS) DGM(GS)</p>	<p>g) that the Board appreciated the contents of the report submitted by Mr. Rasheed Y. Chinoy, Director and Mr. Ansar Hussain, SGM (Investment) and Mr. Shahid Aziz Khan, DH (Legal Affairs) of their meeting with Mr. Mahmood Mandviwalla and as negotiation M/s Jameel Group and expressed its gratitude to Mr. Rasheed Y. Chinoy and directed that a compensation equivalent to director fees for two meetings of the Board be paid to him and E.D (F&amp;A) was authorized to allocate a budget to Investment Division for the above compensation to Mr. Rasheed Y. Chinoy.</p> <p><b>ITEM (7) <u>ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR</u></b></p> <p><b>(I) <u>PURCHASE OF PROTOCOL VEHICLE FOR GULF ZONE</u></b></p> <p>39. The Board of Directors at its 207<sup>th</sup> meeting held on 2<sup>nd</sup> March, 2010 approved as recommended by GM(P&amp;GS), purchase for protocol purpose one Honda Accord EXI SE/Auto, Model 2010 with cost not exceeding AED 100,000 and 3 years unlimited Kilometers warranty as per quotation of M/s. Trading Enterprises, Dubai and ED(F&amp;A) was authorized to allocate budget to the Gulf Zone to purchase the above protocol vehicle.</p> <p>40. A Memorandum has been received from GM(P&amp;GS) mentioning therein that the Chairman during his official visit to Gulf Zone inspected the vehicle of different companies and observed that Toyota Fortuner (cost price AED 92,500) was more economical and better than Honda Accord, as such approval be given by the Board to purchase Toyota Fortuner as per quotation of M/s. Al Futtaim Motors received from Mr. Khalid M. Shahid, Zonal Chief (Gulf) instead of Honda Accord.</p> <p>41. Whilst approving the proposal for purchase for protocol purpose of Toyota Fortuner vehicle instead of Honda Accord for reasons given in the Memorandum, the Board desired that matter of details in future should not be brought to the Board for approval if it is within the powers of the Chairman.</p> <p>42. After deliberation, the Board resolved as under:</p> <p><b>RESOLVED:</b> "that as recommended by GM(P&amp;GS) in his Memorandum dated 12<sup>th</sup> March, 2010, purchase for protocol purpose of a Toyota Fortuner as per quotation of M/s. Al Futtaim Motors instead of Honda Accord approval of which was given in 207<sup>th</sup> meeting of the Board held on 2<sup>nd</sup> March, 2010, with cost not exceeding AED 100,000 and 3 years 1000 kilometers warranty is approved and ED(F&amp;A) is authorized to allocate budget to the Gulf Zone for purchase of Toyota Fortuner."</p> <p><b>(II) <u>ELEVATION OF PROTOCOL OFFICER</u></b></p> <p>43. A Memorandum of ED(P&amp;GS) signed by GM(P&amp;GS) was put up to the Board wherein the Board was informed that Mr. Fakeer M. Balouch, Officiating</p>			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 208<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS

IRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	12 <sup>TH</sup> MARCH, 2010	

Deputy Manager was currently performing the duties of Protocol Officer providing protocol services to very senior officers which required elevation of his present post from officiating Deputy Manager to Deputy Manager.

44. GM(P&GS) submitted before the Board that Mr. Fakeer M. Baloch is domicile holder of Balochistan and there is meager representation of officers of Balochistan and his elevation to the post of Deputy Manager will also prove beneficial to address the grievances of people of Balochistan.

45. GM(P&GS) placed the above matter of elevation of Mr. Fakeer M. Baloch from Officiating Deputy Manager to Deputy Manager before Board of Directors for approval.

46. The Board considered the above Memorandum and referred the matter to Human Resources Committee of the Board for examination and submission of its recommendation to the Board for approval.

(III) PERQUISITE OF CHAIRMAN

47. Executive Director(P&GS) had presented before the Board at its 197<sup>th</sup> meeting held on 3<sup>rd</sup> November, 2008, a memorandum dated 31<sup>st</sup> October' 2008 in respect of perquisite of Chairman and Executive Directors of State Life.

48. Executive Director(P&GS) had informed the Board that the Chairman, State Life Insurance Corporation of Pakistan has been appointed on contract basis for a period of two years in terms of Government of Pakistan, Establishment Division Notification No.1/59/2008-E-6 dated 11-06-2008.

49. ED(P&GS) proposed the following facilities to be provided to the Chairman, State Life.

- Orderly Allowance @ Rs.8,000/- per month.
- Facility of encashment of un-availed leave at the end of each year.
- Utilities expenses at actual may be allowed instead of Rs.12,000/- per month being presently paid.

50. After deliberation, the Board had then resolved as under:

"that the following facilities to the Chairman State Life is hereby approved:-

- i) Orderly Allowance of Rs.6,000 per month.
- ii) Facility of encashment of un-availed leave at the end of each year and
- iii) Utilities expenses of Rs.25,000 per month.

51. The Memorandum regarding Perquisite of Chairman and Executive Directors as approved by the Board at its 197<sup>th</sup> meeting was resubmitted at the 3<sup>rd</sup> meeting of the Human Resources Committee held on 4<sup>th</sup> December, 2009 which was ratified by the Board of Directors at its 205<sup>th</sup> meeting held on 22<sup>nd</sup> December, 2009.

CHAIRMAN'S  
INITIALS



tion:  
ED(P&GS)  
DH(P&GS)



