

AGREEMENT

This Agreement is made and entered into at Lahore this [●] day of October 2023.

Alfalah Cooperative Housing Society (Limited), Lahore, a Cooperative Housing Society, registered with the Registrar Cooperative Societies Punjab, Lahore under the provisions of the Cooperative Societies Act 1925, having its registered office situated at 100/A-3, Gulberg-III, Lahore acting through its General Secretary, **Mr. [●]** (hereinafter referred to as “**ACHS**” which expression shall, where the context so permits, mean and include its successors-in-interest and permitted assigns);

AND

[●] duly incorporated under the Companies Act, 2017, and having its registered office at [●], acting through [●], authorized as such by board resolution dated [●] (hereinafter referred to as the “**Company**” which expression shall, where the context so permits, mean and include its successors-in-interest and permitted assigns);

(**ACHS** and the **Company** shall hereinafter be collectively referred to as the “**Parties**” and individually as a “**Party**”).

WHEREAS

- A.** ACHS is owner and claimant of land in Mauzas Hayer and Tatley at Bedian Road, Cantt, Lahore as follows:

Land	Comment
703 Acres	Held in the ownership of ACHS. However, ACHS does not have possession to the extent of 18 Acres; litigation pending in Civil Court, Lahore regarding such possession.
25 Acres	Disputed. No possession or title available. Claim relating to such land is pending before Civil Court, Lahore.

- B.** The land (hereinafter the “**Land**”) was purchased by funds gathered from members of ACHS. Thus, majority of the members have paid full and final cost of Land. However, some members have yet to pay some partial instalments. All members have a beneficial interest in the Land.
- C.** The Management Committee (“**MC**”) of ACHS solicited proposals for merger under Section 15-A of Cooperative Societies Act, 1925.
- D.** The Company offered a proposal for merger, which keeping in mind the history of ACHS and the interests of its members, appears to be the most beneficial offer.

- E. The terms and conditions of the proposed merger of ACHS with the Company have been approved in the Special General Meeting of ACHS dated [●] as well as by the Board of Directors and the shareholders of the Company *vide* resolutions dated [●].
- F. MC of ACHS has been authorized *vide* resolution passed in the said Special General Meeting to enter into MOU and subsequently a Merger Agreement with the Company.

NOW, THEREFORE, THIS MOU WITNESSES AS FOLLOWS:

1. To the extent of due diligence, it may be noted that:
 - a) The Company has already undertaken all necessary due diligence on its part and has understood the factual and legal status of the Land. However, ACHS shall provide all information and documents that may be reasonably required by the Company for the purposes of any further due diligence.
 - b) It may be noted that ACHS has undertaken due diligence on its part. The Company shall provide all information and documents that may be reasonably required by ACHS for the purposes of any further due diligence.
2. Upon receiving the approval of the Registrar/Cooperatives Departments, ACHS and the Company will enter into a Merger Agreement with the following salient features:
 - a) A Coordination Committee will be constituted having 2 members each from ACHS and the Company, and a Chairman to be appointed by the 4 members. The scope of work of the Coordination Committee will be to oversee the execution of the Merger Agreement and its enforcement. The 2 members of ACHS shall jointly and severably have the mandate to approach an appropriate forum if rights of the members of ACHS guaranteed under this MOU or by law are being violated.
 - b) The Company will issue plot allotment letters to all members/file holders of ACHS as per **Schedule-A** of this agreement. However, it is clarified that ACHS members who are yet to pay some instalments will receive the plot allotment letters upon full payment of land cast.
 - c) The Company will develop plots for the members of ACHS at the following discounted rates:

Plot Size	No. of Plots	Development Charges
2 Kanal		
1 Kanal		
10 Marla		
5 Marla		
4 Marla Commercial		
Note:		

1. Any escalation in Development Charges after execution of the Merger Agreement will be borne solely by the Company. Members of ACHS shall not have any liability.
2. The Development Charges will have to be paid in 10 equal quarterly instalments spread over a total of 30 months commencing 1 month after the start of development works. In case of late payment of the Development Charges, a member will have to pay the Company a late payment surcharge of 2% per month on the instalment in question. However, where the delay is beyond 6 months, the Company will be free to deal with the allotment as per law.

- d) The development of plots will be done by the Company at par with the development standards used by Defence Housing Authority, Lahore (particularly with regards to roads, underground electrification, sewerage), and shall in no manner be less than the standards prescribed under the Lahore Development Authority Private Housing Scheme Rules, 2014 (the “**LDA Rules**”).
- e) The Company undertakes to start the development within 6 months of the execution of the Merger Agreement. The possession of developed plots will be handed over not later than 3.5 years of the execution of the Merger Agreement.
- f) Any member(s) of ACHS who do not wish to receive developed plots may within 6 months after the execution of the Merger Agreement exercise the following options:
- i. Buy back by the Company at the following rates:

Plot Size	Buy Back Price
2 Kanal	
1 Kanal	
10 Marla	
5 Marla	
4 Marla Commercial	

Note: Payment by the Company in case of buy back has to be made within 45 days of a request being made by a member. In case of late payment, the Company will pay to the member, a late payment surcharge of 2% per month. Where the Company fails to pay within 135 days of the claim being made, a member shall be free to avail any appropriate remedy under the law.

- ii. Swapping or adjusting their plots in another housing project of the Company. However, this shall be subject to valuation by the Coordination Committee and difference in price, if any, will have to be paid.

However, if the Company fails to start development as stipulated in clause 2(e) above, the members of ACHS will be free to file their claims for either option until the actual start of development works.

The above options shall be enforceable by the members through specific performance or any other available remedy.

- g) Upon the approval of the merger by the Registrar/Cooperatives Department, the Merger Agreement shall be executed and the Land and all assets of ACHS will be handed over to the Company on an as is where is basis subject to members' rights. All costs (if any) of transfer of the assets including the Land of ACHS shall be borne by the Company. All litigation and liabilities regarding ACHS and its members will thereafter be the responsibility of the Company.
- h) Upon the approval of the merger by the Registrar/Cooperatives Department, the monies and receivables of ACHS which amount to almost Rupees 369 million (including Rupees 300 million already held by ACHS and an additional Rupees 69 million yet to be paid by ACHS members) will be transferred into an escrow account. The amount can be withdrawn by the Company in proportion to the percentage of development work undertaken by the Company, as determined by the Coordination Committee.
- i) The Company acknowledges that as a consequence of the merger it will become owner of almost [●] Acres of un-allotted residential and commercial land of ACHS. The Company undertakes to sell the files of the un-allotted land as per the following schedule:

Percentage of Files of Un-Allotted Land	Buy Back Price
20%	After start of development works
20%	After completion of 25% development works
20%	After completion of 50% development works
20%	After completion of 75% development works
20%	After handing over possession of all plots

- i. Any sale proceeds that the Company will receive through the sale of the above portions of the un-allotted land will be utilized for the development and completion of the housing scheme and to purchase pockets of land that may be required for such completion. Only when all members of ACHS have been given possession of developed plots and the scheme has been completely developed, the Company can utilize the sale proceeds of the un-allotted land freely.
- ii. The above restriction shall not be applicable to any further land purchased by the Company from third parties by using the Company's own proceeds or to the sale of files bought back from members under the Buy Back or Swap options mentioned in clause 2 (f) above.

For the avoidance of any doubt, it is clarified that the Company shall not sell, alienate, transfer or encumber any portion of the Land allotted to ACHS members, except to the extent permitted by this clause 2 i).

- j) Upon completion of development and allotment of plots to members of ACHS, the Company shall assume the responsibility of managing and maintaining the public areas.
- k) All permission(s), approval(s) NOC(s) etc. which are required for the development of the ACHS Land from all/any regulators/authorities/committees, including LDA and other Government, Local Government authorities, shall be the exclusive responsibility of the Company.
 - i. ACHS undertakes that it will render all possible and legal assistance and cooperation to the Company, wherever and whenever required by authorities concerned in this respect, be it issuance of authority letter(s), supplying and furnishing of document(s), application(s), affidavit(s) or appearance of authorized officers/office bearer(s) of ACHS.
 - ii. The Company shall be responsible for arranging all such permission(s), approval(s) NOC(s) etc., required for the development work. It further undertakes that it shall fulfil all necessary conditions as mandated by the LDA Rules, which Rules shall be deemed to be a part of this Agreement
- 3. Unless otherwise agreed to by the Parties, this Agreement and all rights and obligations hereunder are personal as to the Parties and no Party shall assign or attempt to assign any such rights or obligations without the approval of the other Party.
- 4. The Parties understand and agree that this Merger Agreement, are for the benefit of the members of ACHS and that the members shall, for all intents and purposes, be treated as parties thereto and shall be entitled to enforce its terms.

IN WITNESS WHEREOF THE PARTIES hereto have executed these presents on the day and year above written

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For and on behalf of
Company

For and on behalf of
Alfalah Cooperative Housing Society (Ltd),
Lahore

WITNESSES:

1. _____
Name: _____
CNIC No: _____
Address: _____

1. _____
Name: _____
CNIC No: _____
Address: _____
