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SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION

Mumbai, the 26th of September, 2014

SECURITIES AND EXCHANGE BOARD OF INDIA (REAL ESTATE INVESTMENT TRUSTS)
REGULATIONS, 2014

No. LAD-NRO/GN/2014-15/11/1576 - In exercise of the powers conferred by section 30 read with section 11 and 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), laying down a framework for Real Estate Investment Trusts and registration and regulation thereof, the Securities and Exchange Board of India hereby, makes the following regulations, namely, —

CHAPTER I
PRELIMINARY

Short title and commencement.

- 1.** (1) These regulations may be called the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014.
- (2) They shall come into force on the date of their notification in the Official Gazette.

Definitions.

- 2.** (1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly,—

- (a) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (b) “associate” of any person ¹[shall be as defined under the Companies Act, 2013 or under the applicable accounting standards and shall also include following],-
 - (i) any person controlled, directly or indirectly, by the said person;

¹ Substituted for "includes" by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (ii) any person who controls, directly or indirectly, the said person;
- (iii) where the said person is a company or a body corporate, any person(s) who is designated as promoter(s) of the company or body corporate and any other company or body corporate with the same promoter(s);
- (iv) where the said person is an individual, any relative of the individual;
- (v) ²[***]
- (vi) ³[***]
- (vii) ⁴[***]
- (viii) ⁵[***]
- (c) "Board" means the Securities and Exchange Board of India established under section 3 of the Act;
- (d) "body corporate" shall have the meaning assigned to it in or under sub-section (11) of section 2 of the Companies Act, 2013;
- (e) "bonus issue" means additional units allotted to the unit holders as on the record date fixed for the said purpose, without any cost to the unit holder;
- (f) "certificate" means a certificate of registration granted under these regulations;
- (g) ⁶["change in control", -
 - (i) in case of a body corporate, -

² Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub-clause (v) read as under :

"where the said person is a company or a body corporate or an LLP, its group companies;"

³ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub-clause (vi) read as under :

"companies or LLPs under the same management;"

⁴ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub-clause (vii) read as under :

"where the said person is a REIT, related parties to the REIT;"

⁵ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub-clause (viii) read as under :

"any company or LLP or body corporate in which the person or its director(s) or partner(s) hold(s), either individually or collectively, more than fifteen percent of its paid-up equity share capital or partnership interest, as the case may be;"

⁶ Substituted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 01.04.2023. Prior to substitution it read as follows:

"(g) "change in control" means,-

(i) in case of a company or body corporate, change in control where 'control' shall have the meaning as provided in sub-section (27) of section 2 of the Companies Act, 2013;

(ii) in any other case, change in the controlling interest;

Explanation.— For the purpose of sub-clause (ii), the expression "controlling interest" means an interest, whether direct or indirect, to the extent of [not less] than fifty percent of voting rights or interest;"

- (A) if its shares are listed on any recognized stock exchange, shall be construed with reference to the definition of control in terms of regulations framed under clause (h) of sub-section (2) of section 11 of the Act;
- (B) if its shares are not listed on any recognized stock exchange, shall be construed with reference to the definition of control as provided in sub-section (27) of section 2 of the Companies Act, 2013 (18 of 2013);
- (ii) in a case other than a body corporate, shall be construed as any change in its legal formation or ownership or change in controlling interest.
- Explanation- For the purpose of sub-clause (ii), the expression “controlling interest” means an interest, whether direct or indirect, to the extent of not less than fifty percent of voting rights or interest;]
- (h) “company” means a company as defined under sub-section (20) of section 2 of the Companies Act, 2013;
- (i) “completed property” means property for which occupancy certificate has been received from the relevant authority;
- (j) “credit rating agency” means a credit rating agency registered with the Board under the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999;
- (k) “custodian” means a person registered with the Board under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996;
- ⁷[(ka) “debt securities” shall be as defined under Regulation 2(1)(e) of SEBI (Issue and Listing of Debt Securities) Regulations, 2008;]
- (l) “designated stock exchange” means a recognised stock exchange in which units of a REIT are listed or proposed to be listed and which is chosen by the REIT as a designated stock exchange for the purpose of a particular issue of the units of the REIT under these regulations:
- Provided that where one or more of such stock exchanges have nationwide trading terminals, the REIT shall choose one of them as the designated stock exchange:
- Provided further that subject to the provisions of this clause, the REIT may choose a different recognised stock exchange as a designated stock exchange for any subsequent issue of units of the REIT under these regulations;
- (m) “floor space index” or “FSI” shall mean the buildable area on a plot of land as specified by the competent authority;

⁷ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

(n) “follow-on offer” means offer of units of a listed REIT to the public for subscription and includes an offer for sale of REIT units by an existing unit holder to the public;

(o) ⁸[***]

(p) “form” means any of the forms set out in the Schedule I of these regulations;

⁹[(pa) “general purposes” include such identified purposes for which no specific amount is allocated or any amount so specified towards general purpose or any such purpose by whatever name called, in the offer document filed with the Board:

Provided that any issue related expenses shall not be considered as a part of general purpose merely because no specific amount has been allocated for such expenses in the offer document filed with the Board;”]

(q) “governing board” in case of an LLP shall mean a group of members assigned by the LLP to act in a manner similar to the Board of directors in case of a company; “initial offer” means the first offer of units of an REIT to the public for subscription and includes an offer for sale of REIT units by an existing unit holder to the public;

¹⁰[(“qa) “holdco” or “holding company” shall mean a company or LLP,-

(i) in which REIT holds or proposes to hold ¹¹[***] not less than fifty ¹²[***] per cent. of the equity share capital or interest and which it in turn has made investments in other SPV(s), which ultimately hold the property(ies);

(ii) which is not engaged in any other activity other than holding of the underlying SPV(s), holding of real estate/properties and any other activities pertaining to and incidental to such holdings;”;

¹³[(qaa) “inducted sponsor” means any person who has been inducted as a sponsor in accordance with sub-regulation (8) of regulation 22;]

¹⁴[(qai) “Independent director” in case of a company means a director, other than a nominee director of the Manager: -

⁸ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, clause (o) read as under :

““follow-on offer document” means any document by which follow-on offer is made to the public;”

⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

¹⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

¹¹ Words “controlling interest and” omitted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹² Word “one” omitted ibid.

¹³ Inserted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

¹⁴ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 01.04.2023.

- (i) who, in the opinion of the Board of Directors of the Manager, is a person of integrity and possesses relevant expertise and experience;
- (ii) who is not or was not a sponsor of the REIT, a promoter of parties to the REIT, their holding, subsidiary or associate or a member of the sponsor group of the REIT;
- (iii) who is not related to the REIT, its Holdco and/or SPV, parties to the REIT, its holding company or associate or their promoters or directors;
- (iv) who, apart from receiving a director's remuneration, does not have or has had any material pecuniary relationship with the REIT, its Holdco and/or SPV, parties to the REIT, its holding company, the subsidiary or associate or their promoters or directors, during the three immediately preceding financial years or during the current financial year;
- (v) none of whose relatives -
 - (A) is holding securities of or interest in the REIT, its Holdco and/or SPV, parties to the REIT, their holding Company, subsidiary or associate during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the unit capital of the REIT, two percent of the paid-up capital of the parties to the REIT, their holding Company, subsidiary or associate or Holdco and/or SPV respectively or such higher sum as may be specified;
 - (B) is indebted to the REIT, its Holdco and/or SPV, parties to the REIT, its holding company, subsidiary or associate or their promoters or directors, during the three immediately preceding financial years or during the current financial year, in excess of such amount as may be specified;
 - (C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the REIT, its Holdco or SPV, parties to the REIT, its holding company, subsidiary or associate or their promoters or directors, during the three immediately preceding financial years or during the current financial year, for such amount as may be specified; or
 - (D) has any other pecuniary transaction or relationship with the REIT, its Holdco and/or SPV, parties to the REIT, its holding company, subsidiary

or associate amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the REIT, its Holdco and/or SPV, parties to the REIT, its holding company, subsidiary or associate or their promoters or directors in relation to points (A) to (D) shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

(vi) who, neither himself or herself, nor whose relative(s) —

(A) holds or has held the position of a key managerial personnel or is or has been an employee of the Holdco and/or SPV, parties to the REIT or its holding, subsidiary or associate or any company belonging to parties to the REIT, in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed:

Provided that in case of a relative who is an employee other than a key managerial personnel, the restriction under this clause shall not apply for his/her employment;

(B) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he/she is proposed to be appointed, of-

(1) a firm of auditors or company secretaries in practice or cost auditors of the REIT, its Holdco and/or SPV, parties to the REIT, its holding company, subsidiary or associate; or

(2) any legal or a consulting firm that has or had any transaction with the REIT, its Holdco and/or SPV, parties to the REIT, its holding company, subsidiary or associate amounting to ten per cent or more of the gross turnover of such firm;

(C) holds together with his relatives two per cent or more of the total voting power of the REIT, its Holdco and/or SPV, parties to the REIT;

(D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the REIT, its Holdco and/or SPV, parties to the REIT, its holding company, subsidiary or associate, any of its promoters,

directors or that holds two per cent or more of the total voting power of the REIT, its Holdco and/or SPV, parties to the REIT;

(E) is a material supplier, service provider or customer or a lessor or lessee of the REIT, its Holdco and/or SPV, parties to the REIT, its holding company, subsidiary or associate;

(vii) who is not less than 21 years of age; or

(viii) who possesses such other qualifications as may be specified by the Board.]

(qb) “initial offer” means the first offer of units of an REIT to the public for subscription and includes an offer for sale of REIT units by an existing unit holder to the public;]

(r) ¹⁵[***]

(s) “inspecting officer” means any one or more person appointed by the Board to exercise powers conferred under Chapter VII of these regulations;

(t) “investment management agreement” means an agreement between the trustee and the manager which lays down the roles and responsibilities of the manager towards the REIT;

(u) “listed REIT” means a REIT whose units are listed on a recognized stock exchange;

(v) "LLP" means a limited liability partnership as defined under the Limited Liability Partnership Act, 2008;

(w) “manager” means a company or LLP or body corporate incorporated in India which manages assets and investments of the REIT and undertakes operational activities of the REIT;

(x) "net asset value" or "NAV" means the value of the REIT ¹⁶[assets reduced by the external debt] divided by the number of outstanding units as on a particular date;

(y) “net worth” in relation to a company or a body corporate shall have the meaning assigned to it under sub-section (57) of section 2 of the Companies Act, 2013;

(za) “occupancy certificate” means a completion certificate, or such other certificate, as the case may be, issued by the competent authority permitting occupation of any property under any law for the time being in force;

(zb) "offer document" means any document described or issued as an offer document including any notice, circular, advertisement or other document inviting offers

¹⁵ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, clause (r) read as under :

““initial offer document” means any document by which initial offer is made to the public by the REIT;”

¹⁶ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁷[through a public issue] for the subscription or purchase of units of the REIT and includes initial offer document, follow-on offer document¹⁸[, letter of offer in case of rights issue] and any other document as may be specified by the Board;

(zc) “parties to the REIT” shall include the ¹⁹[sponsor group(s)], ²⁰[inducted] sponsor(s), manager, and trustee;

(zd) “preferential issue” means an issue of units by a listed REIT to any select person or group of persons on a private placement basis and does not include an offer of units made through a public issue, rights issue, bonus issue, qualified institutions placement or any other issue as may be specified by the Board;

(ze) “public” for the purposes of offer and listing of units means any person other than related party of the REIT or any other person as may be specified by the Board:

Provided that in case any related party to the REIT is a qualified institutional buyer, such person shall be included under the term 'public';

(zf) “public issue” means an initial offer or follow-on offer or any other issue made to the public as may be specified by the Board;

(zg) “qualified institutional buyer” shall have the meaning assigned to it under clause (zd) of sub-regulation (1) of regulation 2 of the SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2009;

(zh) “qualified institutions placement” means allotment of units by a listed REIT to qualified institutional buyers on private placement basis in terms of these regulations;

(zi) “real estate” or “property” means land and any permanently attached improvements to it, whether leasehold or freehold and includes buildings, sheds, garages, fences, fittings, fixtures, warehouses, car parks, etc. and any other assets incidental to the ownership of real estate but does not include mortgage:

Provided that any asset falling under the purview of 'infrastructure' as defined vide Notification of Ministry of Finance dated October 07, 2013 including any amendments or additions made thereof shall not be considered as 'real estate' or 'property' for the purpose of these regulations;

¹⁷ Substituted for “from the public” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁹ Substituted for “sponsor(s)” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁰ Substituted for “re-designated” by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

²¹[Notwithstanding the above, following captured within the abovementioned definition of infrastructure shall be considered under “real estate” or “property”,-

- (i) hotels, hospitals and convention centers, forming part of composite real estate projects, whether rent generating or income generating;
 - (ii) common infrastructure" for composite real estate projects, industrial parks and SEZ;]
- (zj) ²²["real estate assets" means properties held by REIT, on a freehold or leasehold basis, whether directly or through a holdco and/or a special purpose vehicle];
- (zk) "recognised stock exchange" means any stock exchange which is recognised under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
- (zl) ²³[(***]
- (zm) "REIT" or "Real Estate Investment Trust" shall mean a trust registered as such under these regulations;
- (zn) ²⁴["REIT assets" means real estate assets and any other assets held by the REIT, on a freehold or leasehold basis, whether directly or through a holdco and/or a special purpose vehicle."];
- (zo) ²⁵["related party" shall be defined under the Companies Act, 2013 or under the applicable accounting standards and shall also include:]
- (i) parties to the REIT;
 - (ii) ²⁶[[***]

²¹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²² Substituted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018. Prior to the substitution, the definition read as follows:

““real estate assets” means properties owned by REIT whether directly or through a special purpose vehicle”

²³ Omitted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020. Prior to its omission, sub-clause (zl) read as under :

“(zl) "re-designated sponsor" means any person who has assumed the responsibility of the sponsor as provided under regulation 11 from the person as designated under clause (zt) of sub-regulation (1) of this regulation or from any re-designated sponsor thereafter;”

²⁴ Substituted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018. Prior to the substitution, the definition read as follows:

““REIT assets” means real estate assets and any other assets owned by the REIT whether directly or through a [holdco and /or] special purpose vehicle”

²⁵ Substituted for ““related party to the REIT” shall include:” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁶ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub-clause (ii) read as under :

“any unit holder holding, directly or indirectly, more than twenty per cent. of the units of the REIT;”

- (iii) ²⁷[***] ²⁸[promoters] ²⁹[***], directors and partners of the persons in clause (i) ³⁰[***];
- (zp) "rent generating property" means property which has been leased or rented out in accordance with an agreement entered into for the purpose;
- (zq) "rights issue" means an offer of units by a listed REIT to the unit holders of the REIT as on the record date fixed for the said purpose;
- (zr) "right-of-first-refusal" or "ROFR" of a REIT means the right given to the REIT by a person to enter into a transaction with it before the person is entitled to enter that transaction with any other party;
- ³¹[(zra) "Senior Management" means officers or personnel of the Manager who are members of its core management team excluding the Board of Directors and shall also comprise all members of the management one level below the Chief Executive Officer or Managing Director, Whole Time Director, manager (including Chief Executive Officer or manager, in case they are not part of the Board of Directors) and shall specifically include the Compliance Officer and Chief Financial Officer;]
- (zs) "special purpose vehicle" or "SPV" means any company or LLP, -
- (i) in which ³²[either the REIT or the holdco] holds or proposes to hold ³³[***] not less than fifty ³⁴[³⁵[***]] per cent. of the equity share capital or interest;
 - (ii) which holds not less than eighty per cent. of its assets directly in properties and does not invest in other special purpose vehicles; and
 - (iii) which is not engaged in any activity other than holding and developing property and any other activity incidental to such holding or development;

²⁷ Omitted "associates," by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁸ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

²⁹ The word "sponsors" was omitted *ibid*.

³⁰ Omitted "and (ii)", by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

³¹ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 01.04.2023.

³² Substituted for "the REIT" by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

³³ Words "controlling interest and" omitted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

³⁴ Word "one" omitted *ibid*.

³⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

(zt) “sponsor” means any person(s) who set(s) up the REIT and designated as such at the time of application made to the Board ³⁶[and shall include an inducted sponsor];

³⁷[“(zta) “sponsor group” – includes:

(i) the sponsor(s);

(ii) in case the sponsor is a body corporate:

- a. entities or person(s) which are controlled by such body corporate;
- b. entities or person(s) who control such body corporate;
- c. entities or person(s) which are controlled by person(s) as referred at clause b.

(iii) in case sponsor is an individual:

- a. an immediate relative of such individual (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and
- b. entities or person(s) which are controlled by such individual;]

³⁸[(ztb) “strategic investor” means, -

- a. an infrastructure finance company registered with the Reserve Bank of India as a Non-Banking Financial Company;
- b. a Scheduled Commercial Bank;
- c. a multilateral ³⁹[and/or] bilateral development financial institution;
- d. a systemically important Non-Banking Financial Company registered with the Reserve Bank of India;
- e. a foreign portfolio investor,
- ⁴⁰[f. an insurance company registered with the Insurance Regulatory and Development Authority of India;
- g. a mutual fund.]

who invest, either jointly or severally, not less than five per cent. of the total offer size of the REIT or such amount as may be specified by the Board from time to time, subject to the compliance with the applicable provisions, if any, of the Foreign Exchange Management Act, 1999 and the rules or regulations or guidelines made thereunder;]

³⁶ Inserted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020

³⁷ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

³⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

³⁹ Substituted for the word “and” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁴⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

- (zu) "transferable development rights" or "TDR" shall mean development rights issued by the competent authority under relevant laws in lieu of the area relinquished or surrendered by the owner or developer or by way of declared incentives by the government or authority;
- (zv) "trustee" means a person who holds the REIT assets in trust for the benefit of the unit holders, in accordance with these regulations;
- (zw) "under-construction property" means a property of which construction is not complete and occupancy certificate has not been received;
- (zx) "unit" means beneficial interest of the REIT;
- (zy) "unit holder" means any person who owns units of the REIT;
- ⁴¹["(zz) "valuer" means any person who is a "registered valuer" under section 247 of the Companies Act, 2013 or as specified by the Board from time to time.]

⁴¹ Substituted by the SEBI (Real Estate (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017. Prior to the substitution, the definition of the term "valuer" read as follows:

"(zz) "valuer" means any person who is a "registered valuer" under section 247 of the Companies Act, 2013 ⁴¹[or as defined hereunder] and who has⁴¹[/have] been appointed by the manager to undertake ⁴¹[both financial and technical] valuation of the REIT assets:

⁴¹["(a) a valuer in respect of financial valuation, means,-

(i) a chartered accountant, company secretary or cost accountant who is in whole-time practice, or retired member of Indian Corporate Law Service or any person holding equivalent Indian or foreign qualification as the Ministry of Corporate Affairs may recognize by an order;

Provided that such foreign qualification is acquired by Indian citizen.

(ii) a Merchant Banker registered with the Securities and Exchange Board of India, and who has in his employment person(s) having qualifications prescribed under (i) above to carry out valuation by such qualified persons;

(b) a valuer in respect of technical asset valuation, means members of the following institutions for specific asset categories,-

- (i) Institution of Valuers;
- (ii) Institution of Surveyors (Valuation Branch);
- (iii) Institution of Government Approved Valuers;
- (iv) Practicing Valuers Association of India;
- (v) Centre for Valuation Studies, Research and Training;
- (vi) Royal Institution of Chartered Surveyors, UK;
- (vii) American Society of Appraisers, United States;
- (viii) Appraisal Institute, United States;
- (ix) Institute of Engineers;
- (x) Council of Architecture or the Indian Institute of Architects;

Provided that, the persons referred to in sub-sub-clause (i) and qualified person referred to in sub-sub-clause (ii) of sub-clause (a) above, shall have not less than five years continuous experience after acquiring membership of respective institutions:

Provided further that, the persons referred to in sub-sub-clauses (i) to (x) of sub-clause (b) above, shall have a minimum working experience of five years in relevant areas of valuation practice and in relation to relevant asset value and categories; and be citizens of India;"

(zza) ⁴²[***]

(zzb) "value of the REIT assets" means aggregate value of all the assets under the REIT as assessed by the valuer.

(2) The words and expressions used and not defined in these regulations, but defined in the Act, the Securities Contracts (Regulation) Act, 1956, (42 of 1956), the Companies Act, 2013 (18 of 2013), or any rules or regulations made thereunder, shall have the same meanings respectively assigned to them in those Acts, rules or regulations, or any statutory modification or re-enactment thereto, as the case may be.

CHAPTER II

REGISTRATION OF REAL ESTATE INVESTMENT TRUSTS

Registration of real estate investment trusts.

3. (1) No person shall act as a REIT unless it is registered with the Board under these regulations.

(2) An application for grant of certificate of registration as REIT shall be made, by the sponsor ⁴³[on behalf of the trust] in Form A as specified in the Schedule I to these regulations and shall be accompanied by a non-refundable application fee of such amount and shall be payable in the manner as specified in Schedule II to these regulations.

(3) The Board may, in order to protect the interests of investors, appoint any person to take charge of records, documents of the ⁴⁴[REIT] and for this purpose, also determine the terms and conditions of such an appointment.

(4) The Board shall take into account requirements as specified in these regulations for the purpose of considering grant of registration.

Eligibility criteria.

4. (1) For the purpose of the grant of certificate to ⁴⁵[the trust], the Board shall consider all matters relevant to the activities as a REIT.

⁴² Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, clause (zza) read as under :

““value of the REIT” means value of the REIT as certified by the auditor based on the value of REIT assets held directly or through the SPV excluding any debt or liabilities thereof;”

⁴³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁴⁴ Substituted for “applicant” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁴⁵ Substituted *ibid* for “an applicant”.

(2) Without prejudice to the generality of the foregoing provision, the Board shall consider the following, namely, -

- (a) the applicant is ⁴⁶[the sponsor on behalf of] trust and the instrument of trust is in the form of a deed duly registered in India under the provisions of the Registration Act, 1908;
- (b) the trust deed has its main objective as undertaking activity of REIT in accordance with these regulations and includes responsibilities of the Trustee in accordance with regulation 9;
- (c) persons have been designated as sponsor(s), manager and trustee under these regulations and all such persons are separate entities;
- (d) with regard to sponsor(s),-
 - (i) ⁴⁷[each sponsor shall hold or propose] to hold not less than five per cent. of the number of units of the REIT on post-initial offer basis;
⁴⁸[(ia) each sponsor and sponsor group shall be clearly identified in the application of registration to the Board and in the offer document/placement memorandum, as applicable:
Provided that, for each sponsor group not less than one person shall be identified as a sponsor;]
⁴⁹[Provided further that, of the entities categorized as sponsor group, only the following entities may be considered:
 - a) a person or entity who is directly or indirectly holding an interest or shareholding in any of the assets or SPVs or holdcos proposed to be transferred to the REIT.
 - b) a person or entity who is directly or indirectly holding units of the REIT on post-issue basis.
 - c) a person or entity whose experience is being utilized by the sponsor for meeting with the eligibility conditions required

⁴⁶ Substituted for “a” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁴⁷ Substituted for “there are not more than three sponsors each holding or proposing” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁴⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁴⁹ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

under sub-clause (iii) of clause (d) of sub-regulation (2) of regulation 4 of these regulations.]

- (ii) the sponsor(s), on a collective basis, have a net worth of not less than one hundred crore rupees:

Provided that each sponsor has a net worth of not less than twenty crore rupees; and

- (iii) the sponsor or its associate(s) has not less than five years experience in development of real estate or fund management in the real estate industry:

Provided that where the sponsor is a developer, at least two projects of the sponsor have been completed;

- (e) with regard to the manager,-

- (i) the manager has a net worth of not less than ten crore rupees if the manager is a body corporate or a company or net tangible assets of value not less than ten crore rupees in case the manager is a LLP;

- (ii) the manager or its associate has not less than five years experience in fund management or advisory services or property management in the real estate industry or in development of real estate;

- (iii) the manager has not less than two key personnel who each have not less than five years experience in fund management or advisory services or property management in the real estate industry or in development of real estate;

- (iv) the manager has not less than half, of its directors in the case of a company or of members of the governing Board in case of an LLP, as independent and not directors or members of the governing Board ⁵⁰[of the manager] of another REIT; and

- (v) the manager has entered into an investment management agreement with the trustee which provides for the responsibilities of the manager in accordance with regulation 10;

- (f) with regard to the trustee,-

- (i) the trustee is registered with the Board under SEBI(Debenture Trustees) Regulations, 1993 and is not an associate of the sponsor(s) or manager; and

⁵⁰ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

- (ii) the trustee has such wherewithal with respect to infrastructure, personnel, etc. to the satisfaction of the Board and in accordance with circulars or guidelines as may be specified by the Board;
- (g) no unit holder of the REIT enjoys ⁵¹[superior] voting or any other rights over another unit holder ⁵²[and there are no multiple classes of units of REIT:]
⁵³[Notwithstanding the above, subordinate units may be issued only to the sponsors and its associates, where such subordinate units shall carry only inferior voting or any other rights compared to other units;]
- (h) ⁵⁴[***]
- (i) the applicant has clearly described at the time of application for registration, details pertaining to proposed activities of the REIT;
- (j) the ⁵⁵[REIT] and parties to the REIT are fit and proper persons based on the criteria as specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;
- (k) whether any previous application for grant of certificate by the ⁵⁶[REIT or the parties to the REIT or their directors/members of governing board] has been rejected by the Board;
- (l) whether any disciplinary action has been taken by the Board or any other regulatory authority against the ⁵⁷[REIT or the parties to the REIT or their directors/members of governing board] under any Act or the regulations or circulars or guidelines made thereunder.

Furnishing of further information, clarification and personal representation.

5. (1) The Board may require the applicant to furnish any such information or clarification as may be required by it for the purpose of processing of the application.

⁵¹ Substituted for “preferential” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁵² Substituted for “;” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁵³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁵⁴ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, clause (h) read as under :

“there are no multiple classes of units of REIT;”

⁵⁵ Substituted for “applicant” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁵⁶ Substituted for the words “applicant or any related party” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017.

⁵⁷ Substituted *ibid*.

(2) The Board, if it so desires, may require the applicant or any authorized representative to appear before the Board for personal representation in connection with the grant of certificate.

Procedure for grant of certificate.

6. (1) The Board on being satisfied that the ⁵⁸[trust] fulfils, the requirements specified in regulation 4 shall send intimation to the [trust] and on receipt of the payment of registration fees as specified in Schedule II, grant certificate of registration in Form B under Schedule I.

(2) The registration may be granted with such conditions as may be deemed appropriate by the Board.

Conditions of certificate.

7. The certificate granted under regulation 6 shall, *inter-alia*, be subject to the following conditions, namely,-

- (a) the REIT shall abide by the provisions of the Act and these regulations;
- (b) the REIT shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted;
- (c) the REIT and parties to the REIT shall satisfy with the conditions specified in regulation 4 at all times;
- (d) the REIT and parties to the REIT shall comply, at all times, with the Code of conduct as specified in the Schedule VI, wherever applicable.

⁵⁹**[De-classification of the status of sponsor**

7A (1) De-classification of the status of a sponsor(s) of a REIT whose units have been listed on the stock exchanges for a period of three years shall be permitted upon receipt of an application from the REIT and subject to compliance with the following conditions:

- (a) the unit holding of such sponsor and its associates taken together does not exceed 10% of the outstanding units of the REIT;
- (b) the manager of the REIT is not an entity controlled by such sponsor or its associates;

⁵⁸ Substituted for “applicant” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁵⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

- (c) the sponsor or its associates are not fugitive economic offender;
- (d) approval of unit holders has been obtained in accordance with sub-regulation 5 of Regulation 22.]

Procedure where registration is refused.

- 8.** (1) After considering an application made under regulation 3, if the Board is of the opinion that a certificate should not be granted to the ⁶⁰[trust], it may reject the application after giving the applicant a reasonable opportunity of being heard.
- (2) The decision of the Board to reject the application shall be communicated to the applicant within thirty days of such decision.

CHAPTER III

RIGHTS AND RESPONSIBILITIES OF PARTIES TO THE REIT, VALUER AND AUDITOR

Rights and responsibilities of trustee.

- 9.** (1) The trustee shall hold the REIT assets in trust for the benefit of the unit holders in accordance with the trust deed and these regulations.
- (2) The Trustee shall enter into an investment management agreement with the manager on behalf of the REIT.
- (3) The trustee shall oversee activities of the manager in the interest of the unit holders, ensure that the manager complies with regulation 10 and shall obtain compliance certificate from the manager in the form as may be specified on a quarterly basis.
- (4) The trustee shall ensure that the manager complies with the reporting and disclosures requirements in these regulations and in case of any delay or discrepancy, require the manager to rectify the same on an urgent basis.
- (5) The trustee shall review the transactions carried out between the manager and its associates and where the manager has advised that there may be a conflict of interest, shall obtain confirmation from a practising chartered accountant ⁶¹[or a valuer, as applicable,] that such transaction is on arm's length basis.

⁶⁰ Substituted for “applicant” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁶¹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (6) The trustee shall periodically review the status of unit holders' complaints and their redressal undertaken by the manager.
- (7) The trustee shall make distributions in accordance with sub-regulation (16) of regulation 18 and ensure that the manager makes timely declaration of distributions to the unit holders.
- (8) The trustee may require the manager to set up such systems and submit such reports to the trustees, as may be necessary for effective monitoring of the performance and functioning of the REIT.
- (9) The trustee shall ensure that subscription amount is kept in a separate bank account in name of the REIT and is only utilized for adjustment against allotment of units or refund of money to the applicants till the time such units are listed.
- (10) The trustee shall ensure that the remuneration of the valuer is not linked to or based on the value of the asset being valued.
- (11) The trustee shall ensure that the manager convenes meetings of the unit holders in accordance with these regulations and oversee the voting by unitholders and declare outcome of the voting.
- (12) The trustee may take up with the Board or with the designated stock exchange, any matter which has been approved in an annual meeting or special meeting, if the matter requires such action.
- (13) In case of any change in manager due to removal or otherwise,-
- (a) prior to such change, the trustee shall obtain approval from unit holders in accordance with regulation 22 and approval from the Board;
 - (b) the trustee shall appoint the new manager within three months from the date of termination of the earlier investment management agreement;
 - (c) the previous manager shall continue to act as such at the discretion of trustee till such time as new manager is appointed;
 - (d) the trustee shall ensure that the new manager shall stand substituted as a party in all the documents to which the earlier manager was a party;
 - (e) the trustee shall ensure that the earlier manager continues to be liable for all its acts of omissions and commissions notwithstanding such termination.
- (14) The trustee shall obtain prior approval from the unit holders in accordance with regulation 22 and from the Board in case of change in control of the manager.

(15) The trustee ⁶²[of the REIT” shall be substituted] shall not invest in units of the REIT in which it is designated as the trustee.

(16) The trustee shall ensure that the activity of the REIT is being operated in accordance with the provisions of the trust deed, these regulations, the offer document and if any discrepancy is noticed, shall inform the same to the Board immediately in writing.

(17) The trustee shall provide to the Board and to the designated stock exchange such information as may be sought by the Board or by the designated stock exchange pertaining to the activity of the REIT.

(18) The trustee shall immediately inform to the Board in case any act which is detrimental to the interest of the unit holders is noted.

Rights and responsibilities of manager.

10. (1) The manager shall make the investment decisions with respect to the underlying assets of the REIT including any further investment or divestment of the assets.

(2) The manager shall ensure that the real estate assets of the REIT or ⁶³[holdco and/or] SPV have proper legal and marketable titles and that all the material contracts including rental or lease agreements entered into on behalf of REITs or ⁶⁴[holdco and/or] SPV are legal, valid, binding and enforceable by and on behalf of the REIT or ⁶⁵[holdco and/or] SPV.

(3) The manager shall ensure that the investments made by the REIT are in accordance with the investment conditions specified in regulation 18 and in accordance with the investment strategy of the REIT.

(4) The manager shall undertake management of the REIT assets including lease management, maintenance of the assets, regular structural audits, regular safety audits, etc. either directly or through the appointment and supervision of appropriate agents.

(5) The manager, in consultation with trustee, shall appoint the valuer(s), auditor, registrar and transfer agent, merchant banker, custodian and any other intermediary or service provider or agent for managing the assets of the REIT or for offer and listing of its units or any other activity pertaining to the REIT in a timely manner and in accordance with these regulations.

⁶² Substituted for “and its associates” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁶³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁶⁴ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁶⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁶⁶[(6) Subject to the provisions of this chapter, the manager of the REIT shall appoint an individual or a firm as the auditor, who shall hold office from the date of conclusion of the annual meeting in which the auditor has been appointed till the date of conclusion of the sixth annual meeting of the unitholders in accordance with the procedure for selection of auditors, as may be specified by the Board.]

⁶⁷[(6A) The manager of the REIT shall not appoint or re-appoint—

- (a) an individual as the auditor for more than one term of five consecutive years; and
- (b) an audit firm as the auditor for more than two terms of five consecutive years:

Provided that—

- (i) the individual auditor who has completed the term under clause (a) shall not be eligible for re-appointment as the auditor in the same REIT for a period of five years from the date of completion of the term;
- (ii) the audit firm that has completed its term under clause (b), shall not be eligible for reappointment as the auditor in the same REIT for a period of five years from the date of completion of its term.]

(7) The manager shall arrange for adequate insurance coverage for the real estate assets of the REIT:

Provided that in case of assets held by ⁶⁸[holdco and/or] SPV, the manager shall ensure that real estate assets are adequately insured.

(8) If the REIT invests in under-construction properties as per these regulations, the manager-

- (a) may undertake the development of the properties, either directly or through the SPV, or appoint any other person for development of such properties; and
- (b) shall oversee the progress of development, approval status and other aspects of the properties upto its completion.

(9) The manager shall ensure that it has adequate infrastructure and sufficient key personnel with adequate experience and qualification to undertake management of the REIT at all times.

⁶⁶ Substituted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 14.02.2023. Prior to substitution it read as follows:

“(6) The manager shall appoint an auditor for a period of not more than five consecutive years: Provided that the auditor, not being an individual, may be reappointed for a period of another five consecutive years, subject to approval of unit-holders in the annual meeting.”

⁶⁷ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 14.02.2023.

⁶⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (10) The manager ⁶⁹[and the merchant banker(s) shall] shall be responsible for,-
- (a) filing ⁷⁰[***] offer document with the Board and the designated stock exchange within the specified time period;
 - (b) obtaining in-principle approval ⁷¹[and final listing and trading approvals] from the designated stock exchange;
 - (c) dealing with all matters relating to issue and listing of the units of the REIT as specified in Chapter IV.
- (11) The manager ⁷²[and the merchant banker(s),] shall ensure that disclosures made in the offer document or any other document as may be specified by the Board contain material, true, correct and adequate disclosures and are in accordance with these regulations and guidelines or circulars issued thereunder.
- (12) The manager shall declare distributions to the unit holders in accordance with the sub-regulation (16) of regulation 18.
- (13) The manager shall ensure adequate and timely redressal of all unit holders' grievances pertaining to activities of the REIT.
- (14) The manager shall ensure that the disclosures to the unit holders, Board, trustees and designated stock exchange are adequate, timely and in accordance with these regulations and guidelines or circulars issued thereunder.
- (15) The manager shall provide to the Board and to the designated stock exchanges any such information as may be sought by the Board or the designated stock exchange pertaining to the activities of the REIT.
- (16) The manager shall ensure that adequate controls are in place to ensure segregation of its activity as manager of the REIT from its other activities.
- (17) The manager or its associates shall not obtain any commission or rebate or any other remuneration, by whatever name called, arising out of transactions pertaining to the REIT other than as specified in the offer document or any other document as may be specified by the Board for the purpose of issue of units.
- (18) The manager shall submit to the trustee,-
- (a) quarterly reports on the activities of the REIT including receipts for all funds received by it and for all payments made, position on compliance with these

⁶⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁷⁰ Omitted “the draft and final” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

⁷¹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁷² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

regulations, specifically including compliance with regulations 18,19 and 20, performance report, status of development of under-construction properties, within thirty days of end of such quarter;

- (b) valuation reports as required under these regulations within fifteen days of the receipt of the valuation report from the valuer;
- (c) decision to acquire or sell or develop any property or expand existing completed properties along with rationale for the same;
- (d) details of any action which requires approval from the unit holders as required under the regulations;
- (e) details of any other material fact including change of its directors, any legal proceedings that may have a significant bearing on the activity of the REIT within seven working days of such action.

(19) In case the manager fails to timely submit to the trustee information or reports as specified under sub-regulation (18) of this regulation or sub-regulation (8) of regulation 9, the trustee shall intimate the same to the Board and the Board may take action, as it deems fit.

(20) The manager shall coordinate with trustee, as may be necessary, with respect to operations of the REIT.

(21) The manager shall ensure that the valuation of the REIT assets is done by the valuer(s) in accordance with regulation 21.

(22) The manager shall ensure that computation of NAV of the REIT is based on the valuation done by the valuer and is declared no later than fifteen days from the date of valuation ⁷³[to the stock exchange(s)] and such computation shall be done and declared not less than once every six months.

(23) The manager shall ensure that the audit of accounts of the REIT by the auditor is done not less than ⁷⁴[once in a year] and such report is submitted to the designated stock exchange within ⁷⁵[sixty] days of end of such financial year ending March 31st ⁷⁶[***].

(24) The manager may appoint a custodian in order to provide such custodial services as may be authorised by the trustees and oversee activities of such custodian.

⁷³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁷⁴ Substituted for “twice annually” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁷⁵ Substituted for “forty five” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁷⁶ Omitted “and half-year ending on September 30th” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

(25) The manager shall place, before its board of directors in the case of a company or the governing board in case of an LLP, a report on activity and performance of the REIT every three months.

(26) The manager shall designate an employee or director as the compliance officer for monitoring of compliance with these regulations and circulars issued thereunder and intimating the Board in case of any violation.

(27) The manager shall convene meetings of the unit holders in accordance with regulation 22 and maintain records pertaining to the meetings in accordance with regulation 26.

(28) The manager shall ensure the compliance with laws, as may be applicable, of the State or the local body with respect to the activity of the REIT including local building laws.

(29) The manager shall ensure that all activities of management of assets of the REIT and activities of the intermediaries or agents or service providers appointed by the manager are in accordance with these regulations and circulars issued thereunder.

Rights and responsibilities of sponsor(s)⁷⁷[and sponsor group(s)].

11. (1) The sponsor(s) ⁷⁸[and sponsor group(s)] shall set up the REIT and appoint the trustee of the REIT.

(2) The sponsor(s) ⁷⁹[and sponsor group(s)] shall transfer or undertake to transfer, subject to a binding agreement and adequate disclosures in the initial offer ⁸⁰[document], ⁸¹[their] entire shareholding or interest ⁸²[and rights] in the ⁸³[holdco and/or] SPV or entire ownership of the real estate assets to the REIT prior to allotment of units of the REIT to the applicants:

⁷⁷ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁷⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁷⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁸⁰ Word 'focument' corrected to read as 'document' by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁸¹ Substituted for "its" by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁸² Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁸³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

Provided that this shall not apply to the extent of any mandatory holding of shares or interest⁸⁴[and rights] in the⁸⁵[holdco and/or] SPV by the sponsor(s)⁸⁶[and sponsor group(s)] as required⁸⁷[under] any Act or regulations or circulars or guidelines of government or regulatory authority as specified from time to time.

(3)⁸⁸[The sponsor(s) and sponsor group(s) shall collectively hold a minimum of fifteen percent of the total units of the REIT for a period of at least three years from the date of listing of such units pursuant to initial offer on a post-issue basis:

Provided that any holding of the sponsor(s) and sponsor group(s) exceeding the minimum holding, shall be held for a period of atleast one year from the date of listing of such units.]

(4)⁸⁹[***]⁹⁰[Notwithstanding anything contained in any contract or agreement, the sponsor(s) and the sponsor group(s) shall continue to be liable to the REIT, trustees and unit holders for all acts of commission or omission, representation or covenants related to the formation of the REIT and the sale or transfer of assets or holdco or SPV to the REIT.]

⁸⁴ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁸⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁸⁶ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁸⁷ Inserted *ibid*.

⁸⁸ Substituted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2022 w.e.f. 09.11.2022. Prior to the substitution, sub-regulation 3 read as under:

“ With respect to holding of units in the REIT, [***]-

(a) [the sponsor(s) and sponsor group(s) shall collectively] hold a minimum of twenty five percent. of the total units of the REIT after initial offer on a post-issue basis:

Provided that the minimum sponsor [(s) and sponsor group(s)] holding specified in this clause shall be held for a period of atleast three years from the date of listing of such units:

Provided further that any holding of the sponsor [(s) and sponsor group(s)] exceeding the minimum holding as specified in this clause, shall be held for a period of atleast one year from the date of listing of such units;

(b) [***];

(c) [***].”

⁸⁹ Omitted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020. Prior to its omission, the sub-regulation read as under :

“(4) If the sponsor(s) [and sponsor group(s)] propose(s) to sell its units below the limit specified in clauses (b) or (c) of sub-regulation (3) of this regulation-

(a) such units shall be sold only after a period of three years from the date of listing of the units;

(b) prior to sale of such units, the sponsor(s) [and sponsor group(s)] shall arrange for another person(s) or entity(ies) to act as the re-designated sponsor(s) where the re-designated sponsor shall satisfy the eligibility norms for the sponsor as specified under [regulation 4]:

Provided that such units may also be sold to an existing sponsor;

(c) The [***]proposed redesignated sponsor shall obtain approval from the unit holders or provide option to exit to the unit holders in accordance with guidelines as may be specified:

Provided that this clause shall not apply where the units are proposed to be sold to an existing sponsor [or member of sponsor group].”

⁹⁰ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2022 w.e.f. 09.11.2022.

(5) ⁹¹[***]

Rights and responsibilities of the valuer.

12. The valuer(s) shall comply with the following conditions at all times-

- (a) The valuer(s) shall ensure that the valuation of the REIT assets is impartial, true and fair and is in accordance with regulation 21;
- (b) The valuer(s) shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;
- (c) The valuer(s) shall ensure that it has sufficient key personnel with adequate experience and qualification to perform property valuations at all times;
- (d) The valuer(s) shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;
- (e) The valuer(s) and any of its employees involved in valuing of the assets of the REIT, shall not,-
 - (i) invest in units of the REIT or in the assets being valued; and
 - (ii) sell the assets or units of REITs held prior to being appointed as the valuer, till the time such person is designated as valuer of such REIT and not less than six months after ceasing to be valuer of the REIT;
- (f) The valuer(s) shall conduct the valuation of the REIT assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;
- (g) The valuer(s) shall act with independence, objectivity and impartiality in performing the valuation;
- (h) The valuer(s) shall discharge its duties towards the REIT in an efficient and competent manner, utilizing his knowledge, skills and experience in best possible way to complete given assignment;
- (i) The valuer(s) shall not accept remuneration, in any form, for performing a valuation of the REIT assets from any person other than the REIT or its authorized representative;

⁹¹ Omitted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020. Prior to its omission, the sub-regulation read as under :

“(5) If re-designated sponsor(s) propose(s) to sell its units to any another person, conditions specified under clauses (b), and (c) of sub-regulation (4) shall be complied with.”

- (j) The valuer(s) shall before accepting any assignment, ⁹²[from any related party to the REIT, shall] disclose to the REIT any direct or indirect consideration which the valuer may have in respect of such assignment;
- (k) The valuer shall disclose to the trustee, any pending business transactions, contracts under negotiation and other arrangements with the manager or any other party whom the REIT is contracting with and any other factors that may interfere with the valuer's ability to give an independent and professional valuation of the property;
- (l) The valuer(s) shall not make false, misleading or exaggerated claims in order to secure assignments;
- (m) The valuer(s) shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;
- (n) The valuer(s) shall not accept an assignment that includes reporting of the outcome based on predetermined opinions and conclusions required by the REIT;
- (o) The valuer(s) shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation.

Rights and responsibilities of the auditor.

- 13.** (1) The auditor shall conduct audit of the accounts of the REIT and prepare the audit report based on the accounts examined by him and after taking into account the relevant accounting and auditing standards, as may be specified by the Board.
- (2) The auditor shall, to the best of his information and knowledge, ensure that the accounts and financial statements, including profit or loss and cash flow for the period and such other matters as may be specified, give a true and fair view of the state of the affairs.
- (3) The auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the REIT.
- (4) The auditor shall have a right to require such information and explanation pertaining to activities of the REIT as he may consider necessary for the performance of his duties as auditor from the employees of REIT or parties to the REIT or ⁹³[holdco or] SPV or any other person in possession of such information.

⁹² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁹³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁹⁴[(5) The auditor shall undertake a limited review of the audit of all the entities or companies whose accounts are to be consolidated with the accounts of the REIT as per the applicable Indian Accounting Standards (Ind AS) and any addendum thereto as defined in Rule 2 (1) (a) of the Companies (Indian Accounting Standards) Rules, 2015, in such manner as may be specified by the Board.]

CHAPTER IV

ISSUE AND LISTING OF UNITS

Issue and allotment of units.

14. (1) A REIT shall make an initial offer of its units by way of public issue only.

(2) No initial offer of units by the REIT shall be made unless,-

- (a) the REIT is registered with the Board under these regulations;
- (b) the value of ⁹⁵[the REIT assets] is not less than five hundred crore rupees;

Explanation.- Such value shall mean the value of the specific portion of the holding of REIT in the underlying assets or ⁹⁶[SPVs;

⁹⁷[(ba) the minimum number of unit holders other than sponsor(s), its related parties and its associates forming part of public shall be not less than two hundred;]

⁹⁸[(bb) maximum subscription from any investor other than sponsor(s), its related parties and its associates shall not be more than 25 percent of the total unit capital;]

(c) ⁹⁹[***]

(d) the offer size is not less than two hundred and fifty crore rupees:

⁹⁴ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 14.02.2023.

⁹⁵ Substituted for “all the assets owned by REIT” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

⁹⁶ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁹⁷ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

⁹⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

⁹⁹ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub- clause (c) read as under :

“the units proposed to be offered to the public is not less than twenty five per cent. of the total of the outstanding units of the REIT and the units being offered by way of the offer document:

Provided that for initial offer of value greater than five hundred crore rupees, if prior to the initial offer units of the REIT are held by the public, the units proposed to be offered to the public shall be calculated after reducing such existing units for satisfying the aforesaid percentage requirement;”

Provided that the requirement of ownership of assets under clause (b) and size of REIT under clause (d) may be complied ¹⁰⁰[at any point of time before allotment of units in accordance with offer document/placement memorandum] subject to a binding agreement with the relevant party(ies) that ¹⁰¹[such] requirements shall be fulfilled prior to ¹⁰²[such] allotment of units¹⁰³[and], a declaration to the Board and ¹⁰⁴[to] the designated stock exchanges to that effect and adequate disclosures in this regard in the ¹⁰⁵[***] offer document.

¹⁰⁶[(2A) For an REIT raising funds through an initial offer, the units proposed to be offered to the public through such initial offer

(a) shall be not less than twenty five per cent. of the total of the outstanding units of the REIT and the units being offered by way of the offer document, if the post issue capital of the REIT calculated at offer price is less than rupees one thousand six hundred crore:

Provided that the requirement at sub-clause (a) shall be complied along with the requirement under Regulation 14 (2)(d) of the REIT Regulations.

(b) shall be of the value of at least Rs 400 crore, if the post issue capital of the REIT calculated at offer price is equal to or more than rupees one thousand six hundred crore and less than rupees four thousand crore;

(c) shall be not less than ten per cent. of the total of the outstanding units of the REIT and the units being offered by way of the offer document, if the post issue capital of the REIT calculated at offer price is equal to or more than rupees four thousand crore:

Provided that any units offered to sponsor or the manager or their related parties or their associates shall not be counted towards units offered to the public:

Provided further that any listed REIT which has public holding below twenty five per cent on account of sub-clauses (ii) and (iii) above, such REIT shall increase its public holding

¹⁰⁰ Substituted for “with after initial offer” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁰¹ Substituted for “the” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁰² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁰³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁰⁴ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁰⁵ Omitted “initial” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁰⁶ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

to at least twenty five per cent, within a period of three years from the date of listing pursuant to initial offer.]

(3) Any subsequent issue of units by the REIT may be by way of follow-on offer, preferential allotment, qualified institutional placement, rights issue, bonus issue, offer for sale or any other mechanism and in the manner as may be specified by the Board.

(4) REIT, through the ¹⁰⁷[merchant banker], shall file a draft offer document ¹⁰⁸[along with the fee as specified in Schedule II,] with the designated stock exchange(s) and the Board, not less than ¹⁰⁹[thirty] working days before filing the ¹¹⁰[***] offer document with the designated stock exchange ¹¹¹[and the Board].

(5) The draft offer document filed with the Board shall be made public, for comments, if any, ¹¹²[***] by hosting it on the websites of the Board, designated stock exchanges and merchant bankers associated with the issue ¹¹³[, for a period of not less than twenty one days].

(6) The ¹¹⁴[draft offer document and/ or offer document] shall be accompanied by a due diligence certificate signed by the ¹¹⁵[***] lead merchant banker.

(7) The Board may communicate its comments to the lead merchant banker and, in the interest of investors, may require the lead merchant banker to carry out such modifications in the draft offer document as it deems fit.

(8) The lead merchant banker shall ensure that all comments received from the Board on the draft offer document are suitably taken into account prior to the filing of the offer document with the designated stock exchanges.

¹⁰⁷ Substituted for “manager” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁰⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁰⁹ Substituted for “twenty one” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹¹⁰ Omitted “final” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹¹¹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹¹² Omitted “to be submitted to the Board, within a period of at least ten days,” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹¹³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹¹⁴ Substituted for “draft and final offer document” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹¹⁵ Omitted “Manager and” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

(9) In case no ¹¹⁶[observations] are ¹¹⁷[issued] by the Board ¹¹⁸[on] the draft offer document within twenty one working days from the date of receipt of satisfactory reply from the lead merchant bankers or manager, the REIT may ¹¹⁹[file] the ¹²⁰[***] offer document or follow-on offer document ¹²¹[with the Board and the exchange(s)]:

¹²²[***]

(10) The ¹²³[***] offer document shall be filed with the designated stock exchanges and the Board not less than five working days before opening of the offer ¹²⁴[***].

(11) The initial offer or follow-on offer ¹²⁵[or rights issue] shall be made by the REIT within a period of not more than ¹²⁶[one year] from the date of ¹²⁷[***] issuance of observations by the Board ¹²⁸[***]:

Provided that if the initial offer or follow-on offer ¹²⁹[or rights issue] is not made within the specified time period, a fresh ¹³⁰[draft] offer document shall be filed.

¹³¹[Provided further that the REIT shall not be required to file draft offer document with the Board in case of a fast track rights issue, subject to the fulfillment of the conditions as specified by the Board from time to time.]

¹¹⁶ Substituted for “modifications” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹¹⁷ Substituted for “suggested” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹¹⁸ Substituted for “in” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹¹⁹ Substituted for “issue” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²⁰ Omitted “final” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²¹ Substituted for “to the public” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²² Omitted “Provided that prior to issue of such final offer document, it shall be filed with the designated stock exchanges and with the Board.” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²³ Omitted “final” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²⁴ Omitted “and such filing with the Board shall be accompanied by filing fees as specified under Schedule II” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²⁶ Substituted for “six months” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²⁷ Omitted “last” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²⁸ Omitted “, if any or if no observations have been issued by the Board, within a period of not more than six months from the date of filing of offer document with the designated stock exchanges” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹²⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹³⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹³¹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2020, w.e.f. 02.03.2020

(12) The REIT may invite for subscriptions and allot units to any person, whether resident or foreign:

Provided that in case of foreign investors, such investment shall be subject to guidelines as may be specified by Reserve Bank of India and the government from time to time.

(13) The application for subscription shall be accompanied by a statement containing the abridged version of the offer document, detailing the risk factors and summary of the terms of issue.

(14) The minimum subscription ¹³²[amount] from any investor in initial ¹³³[and follow-on offer shall fall in the range of ten thousand rupees to fifteen thousand rupees].

(15) Initial offer and follow-on offer shall not be open for subscription for a period of more than thirty days.

(16) In case of over-subscriptions, the REIT shall allot units to the applicants on a proportionate basis rounded off to the nearest integer subject to minimum subscription amount per subscriber as specified in sub-regulation (14).

(17) The REIT shall allot units or refund application money, as the case may be, within twelve working days from the date of closing of the issue.

(18) The REIT shall issue units only in dematerialized form to all the applicants.

(19) The price of REIT units issued by way of public issue shall be determined through the book building process or any other process in accordance with the circulars or guidelines issued by the Board and in the manner as may be specified by the Board.

(20) The REIT shall refund money, -

- (a) to all applicants in case it fails to collect subscription amount of exceeding ¹³⁴[ninety] per cent. of the ¹³⁵[fresh] issue size as specified in the ¹³⁶[***] offer document ¹³⁷[***];

¹³² Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2021, w.e.f. 30.07.2021.

¹³³ Substituted for “and/or public offer shall be rupees fifty thousand” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2021, w.e.f. 30.07.2021. Sub-regulation (14) was earlier substituted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2019, w.e.f. 22.4.2019. Prior to the substitution, sub-regulation (14) read as follows: *“(14) Under both the initial offer and follow-on public offer, the REIT shall not accept subscription of an amount less than two lakh rupees from an applicant.”*

¹³⁴ Substituted for “seventy five” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹³⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹³⁶ Omitted “initial” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹³⁷ Omitted “or follow-on offer document” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (b) to applicants to the extent of oversubscription in case the moneys received is in excess of the extent of over-subscription as specified in the ¹³⁸[***] offer document:

Provided that right to retain such over subscription cannot exceed twenty five per cent. of the issue size;

¹³⁹[Provided further, that the offer document shall contain adequate disclosures towards the utilisation of such oversubscription proceeds, if any, and such proceeds retained on account of oversubscription shall not be utilised towards general purposes.]

- (c) to all applicants in case the number of subscribers to the initial offer forming part of the public is less than two hundred.

(21) If the manager fails to allot, or list the units, or refund the money within the specified time, then the manager shall pay interest to the unit holders at fifteen per cent. per annum, till such allotment/ listing/refund and such interest shall not be recovered in the form of fees or any other form payable to the manager by the REIT.

(22) Units may be offered for sale to public,-

- (a) if such units have been held by the existing unitholders for a period of at least one year prior to the filing of draft offer document with the Board:

Provided that the holding period for the equity shares ¹⁴⁰[, compulsorily convertible securities (from the date such securities are fully paid-up)] or partnership interest in the ¹⁴¹[holdco and/or] SPV against which such units have been received shall be considered for the purpose of calculation of one year period referred in this sub-regulation:

¹⁴²[Provided further that the compulsorily convertible securities, whose holding period has been included for the purpose of calculation for offer for sale, shall be converted to equity shares of the holdco or SPV, prior to filing of offer document.]

- (b) subject to other circulars or guidelines as may be specified by the Board in this regard.

¹³⁸ Omitted “initial offer document or follow-on” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹³⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁴⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

¹⁴¹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁴² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

¹⁴³[(22A) The amount for general purposes, as mentioned in objects of the issue in the draft offer document filed with the Board, shall not exceed Ten per cent of the amount raised by the REIT by issuance of units.]

(23) If the REIT fails to make its initial offer within three years from the date of registration with the Board, it shall surrender its certificate of registration to the Board and cease to operate as a REIT:

Provided that the Board, if it deems fit, may extend the period by another one year:

Provided further that the REIT may later re-apply for registration, if it so desires.

(24) The Board may specify by issue of guidelines or circulars any other requirements, as it deems fit, pertaining to issue and allotment of units by a REIT.

Offer document and advertisements.

15. (1) The Offer document of the REIT shall contain material, true, correct and adequate disclosures to enable the investors to make an informed decision.

- (2) Without prejudice to the generality of sub-regulation (1), the offer document shall-
- (a) include all information as specified in Schedule III to these regulations or as specified in any circulars or guidelines issued by the Board in this regard;
 - (b) not be misleading and not contain any untrue statements or mis-statements;
 - (c) not provide for any guaranteed returns to the investors;
 - (d) include such other disclosures as may be specified by the Board.
- (3) Any advertisement material relating to any issue of units of the REIT shall not be misleading and shall not contain anything extraneous to the contents of the offer document.
- (4) If an advertisement contains positive highlights, it shall also contain risk factors with equal importance in all aspects including print size.
- (5) The advertisements shall be in accordance with the offer document and any circulars or guidelines as may be specified by the Board in this regard.

Listing and trading of units.

16. (1) After the initial offer it shall be mandatory for all units of REITs to be listed on a recognized stock exchange having nationwide trading terminals within a period of twelve working days from the date of closure of the offer.

¹⁴³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

(2) The listing of the units of the REIT shall be in accordance with the listing agreement entered into between the REIT and the designated stock exchange.

¹⁴⁴[(2A) In the event of non-receipt of listing permission from the stock exchange(s) or withdrawal of Observation Letter issued by the Board, wherever applicable, the units shall not be eligible for listing and the REIT shall be liable to refund the subscription monies, if any, to the respective allottees immediately alongwith interest at the rate of fifteen per cent. per annum from the date of allotment.]

(3) The units of the REIT listed in recognized stock exchanges shall be traded, cleared and settled in accordance with the bye-laws of concerned stock exchanges and such conditions as may be specified by the Board.

(4) Trading lot for the purpose of trading of units of the REIT shall consist of ¹⁴⁵[one unit].

(5) The REIT shall redeem units only by way of a buy-back or at the time of delisting of units.

(6) The units of REIT shall be remain listed on the designated stock exchange unless delisted under regulation 17.

(7) The minimum public holding for the units of the listed REIT shall be ¹⁴⁶[in accordance with the sub-regulation (2A) of Regulation 14], failing which action may be taken as may be specified by the Board and by the designated stock exchange including delisting of units under regulation 17:

Provided that in case of breach of the conditions specified in this sub-regulation, the trustee may provide a period of six months to the manager to rectify the same, failing which the manager shall apply for delisting under Regulation 17.

(8) Any person other than the sponsor(s) holding units of the REIT prior to initial offer shall hold the units for a period of not less than one year from the date of listing of the units subject to circulars or guidelines as may be specified by the Board.

(9) The Board and designated stock exchanges may specify any other requirements pertaining to listing and trading of units of the REIT by issuance of guidelines or circulars.

Delisting of units.

¹⁴⁴ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁴⁵ Substituted for “100 units” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2021, w.e.f. 30.07.2021. Prior to the substitution, “consist of 100 units” were substituted for “be one lakh rupees” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2019, w.e.f. 22.4.2019.

¹⁴⁶ Substituted for “twenty five per cent. the total number of outstanding units at all times, and the number of unit holders of the REIT forming part of the public shall be two hundred at all times” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

17. (1) The manager shall apply for delisting of units of the REIT to the Board and the designated stock exchanges if,-

(a) the public holding falls below the specified limit under sub-regulation (7) of regulation 16;

(b) ¹⁴⁷***]

(c) if there are no projects or assets remaining under the REIT for a period exceeding six months and REIT does not propose to invest in any project in future:

Provided that, the period may be extended by further six months, with the approval of unit holders in the manner as specified in regulation 22;

(d) the Board or the designated stock exchanges require such delisting for violation of the listing agreement or these regulations or the Act;

(e) the sponsor(s) or trustee requests such delisting and such request has been approved by unit holders in accordance with sub-regulation (6) of regulation 22;

(f) unit holders apply for such delisting in accordance with regulation 22;

(g) the Board or the designated stock exchanges require such delisting for violation of the listing agreement, these regulations or the Act or in the interest of the unit holders.

(2) The Board and the designated stock exchanges may consider such application for approval or rejection as may be appropriate in the interest of the unit holders.

(3) The Board, instead of requiring delisting of the units, if it deems fit, may provide additional time to the REIT or parties to the REIT to comply with regulations.

(4) The Board may reject the application for delisting and take any other action, as it deems fit, under these regulations or the Act for violation of the listing agreement or these regulations or the Act.

(5) The procedure for delisting of units of REIT including provision of exit option to the unit holders shall be in accordance with the listing agreement and in accordance with procedure as may be specified by the Board and by the designated stock exchanges from time to time.

(6) The Board may require the REIT to wind up and sell its assets in order to redeem units of the unit holders for the purpose of delisting of units and the Board may through circulars or guidelines specify the manner of such winding up or sale.

(7) After delisting of its units, the REIT shall surrender its certificate of registration to the Board and shall no longer undertake activity of a REIT:

¹⁴⁷ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub- clause (b) read as under :
“the number of unit holders of the REIT forming part of the public falls below two hundred;”

Provided that the REIT and parties to the REIT shall continue to be liable for all their acts of omissions and commissions with respect to activities of the REIT notwithstanding such surrender.

CHAPTER V

INVESTMENT CONDITIONS, RELATED PARTY TRANSACTIONS, BORROWING AND VALUATION OF ASSETS

Investment conditions and distribution policy.

18. (1) The Investment by a REIT shall only be in ¹⁴⁸[holdco and/or] SPVs or properties or securities or TDR in India in accordance with these regulations and in accordance with the investment strategy as detailed in the offer document as may be amended subsequently.

(2) The REIT shall not invest in vacant land or agricultural land or mortgages other than mortgage backed securities:

Provided that this shall not apply to any land which is contiguous and extension of an existing project being implemented in stages.

(3) The REIT may invest in properties through SPVs subject to the following,-

(a) no other shareholder or partner of the SPV shall ¹⁴⁹[exercise] any rights that prevents the REIT from complying with the provisions of these regulations ¹⁵⁰[and an agreement ¹⁵¹[has been] entered into with such shareholders or partners to that effect prior to investment in the SPV]:

¹⁵²[Provided that the shareholders' agreement or partnership agreement shall provide for an appropriate mechanism for resolution of disputes between the REIT and the other shareholders or partners in the SPV:

Provided further that the provisions of these regulations shall prevail in case of inconsistencies between such agreement(s) and the obligations cast upon a REIT under these regulations.]

¹⁴⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁴⁹ Substituted for the word "have" by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁵⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁵¹ Substituted for the words "shall be" by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁵² Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁵³[(b) the manager, in consultation with the trustee, shall appoint atleast such number of nominees on the board of directors or the governing board of such SPVs, as applicable, which are in proportion to the shareholding or holding interest of the REIT in the SPV;]

(c) the manager shall ensure that in every meeting including annual general meeting of the SPV, the voting of the REIT is exercised ¹⁵⁴[***].

¹⁵⁵[(3A) The REIT may invest in properties through holdco subject ¹⁵⁶[to] the following,-

(a) the ultimate holding interest of the REIT in the underlying SPV(s) is not less than twenty six per cent;

(b) no other shareholder or partner of the holdco or the SPV(s) shall ¹⁵⁷[exercise] any rights that prevent the REIT, the holdco or the SPV(s) from complying with the provisions of these regulations and an agreement ¹⁵⁸[has been] entered into with such shareholders or partners to that effect prior to investment in the holdco and/or SPVs:

¹⁵⁹[Provided that the shareholders' agreement or partnership agreement shall provide for an appropriate mechanism for resolution of disputes between the REIT and the other shareholders or partners in the holdco and/or SPV;

Provided further that the provisions of these regulations shall prevail in case of inconsistencies between such agreement(s) and the obligations cast upon a REIT under these regulations.]

¹⁶⁰[(c) the manager, in consultation with the Trustee, shall appoint atleast such number of nominees on the board of directors or the governing board of the holdco

¹⁵³ Substituted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018. Prior to the substitution, the clause read as:

“(b) the manager, in consultation with the trustee, shall appoint the majority of the Board of directors or governing board of such SPVs[, as applicable;”

¹⁵⁴ Omitted “subject to provisions of Companies Act, 2013” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁵⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁵⁶ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁵⁷ Substituted for the word “have” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁵⁸ Substituted *ibid* for the words “shall be”.

¹⁵⁹ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁶⁰ Substituted *ibid*. Prior to the substitution, the clause read as:

“(c) the manager, in consultation with the Trustee, shall appoints the majority of the Board of directors or governing board of the holdco and/or SPV(s);”

and/or the SPV, which are in proportion to the shareholding or holding interest of the REIT/holdco in the SPV;]

(d) the manager shall ensure that in every meeting including annual general meeting of the holdco and/or SPV(s), the voting of the REIT is exercised;]

(4) Not less than eighty per cent. of value of the REIT assets shall be invested ¹⁶¹[***] in completed and rent ¹⁶²[and/or income] generating properties subject to the following,-

(a) if the investment has been made through a ¹⁶³[holdco and/or] SPV, whether by way of equity or debt or equity linked instruments or partnership interest, only the portion of direct investments in properties by such ¹⁶⁴[holdco and/or] SPVs shall be considered under this sub-regulation and the remaining portion shall be included under sub-regulation (5);

(b) if any project is implemented in stages, the part of the project which is completed and ¹⁶⁵[rent and/or income generating] shall be considered under this sub-regulation and the remaining portion including any contiguous land as specified under proviso to sub-regulation (2) shall be included under clause (a) of sub-regulation (5).

(5) Not more than twenty per cent. of value of the REIT assets shall be invested ¹⁶⁶[***] in assets other than as provided in sub-regulation (4) and such other investment shall only be in,-

(a) properties, ¹⁶⁷[whether directly or through a company or LLP,] ¹⁶⁸[***] which are:

(i) under-construction properties which shall be held by the REIT for not less than three years after completion;

(ii) under-construction properties which are a part of the existing income generating properties owned by the REIT which shall be held by the REIT for not less than three years after completion;

¹⁶¹ Omitted “proportionate to the holding of the REITs” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁶² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

¹⁶³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁶⁴ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁶⁵ Substituted for the words “rent-generating” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

¹⁶⁶ Omitted “proportionate to the holding of the REITs” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁶⁷ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁶⁸ Omitted “in which not more than ten per cent. of value of the REIT assets shall be invested,” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (iii) completed and not rent generating properties which shall be held by the REIT for not less than three years from date of purchase;
- (b) listed or unlisted debt of companies or body corporate in real estate sector:
 Provided that this shall not include any investment made in debt of the ¹⁶⁹[holdco and/or SPVs];
- (c) mortgage backed securities;
- (d) equity shares of companies ¹⁷⁰[which are] listed on a recognized stock exchange in India which derive not less than seventy five per cent. of their operating income from real estate activity as per the audited accounts of the previous financial year;
- ¹⁷¹[(da) unlisted equity shares of companies which derive not less than seventy five per cent. of their operating income from real estate activity as per the audited accounts of the previous financial year:
 Provided that the investments, made through unlisted equity shares of a company, in under construction properties and/or completed and not rent generating properties, shall be in compliance with clause (a) of this sub-regulation.]
- (e) government securities;
- (f) unutilized FSI of a project where it has already made investment;
- (g) TDR acquired for the purpose of utilization with respect to a project where it has already made investment;
- (h) money market instruments or cash equivalents.

¹⁷²[(5A) The investment conditions as specified at sub-regulation (4) and (5) of regulation 18 shall be complied at the time of Offer document and thereafter.]

¹⁶⁹ Substituted for “SPV” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁷⁰ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁷¹ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁷² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

(6) Not less than ¹⁷³[fifty one] per cent. of the ¹⁷⁴[consolidated] revenues of the REIT ¹⁷⁵[, holdco] and the SPV, other than gains arising from disposal of properties, shall be, at all times, from rental, leasing and letting real estate assets or any other income incidental to the leasing of such assets.

¹⁷⁶[***]

¹⁷⁷[***]

(9) Conditions specified in sub-regulations (4), (5), (6), (7) and (8) shall be monitored on a half-yearly basis and at the time of acquisition of an asset:

Provided that if such conditions are breached on account of market movements of the price of the underlying assets or securities or change in tenants or expiry of lease or sale of properties, the manager shall inform the same to the trustee and ensure that the conditions as specified in this regulation are satisfied within six months of such breach:

Provided further that the period may be extended by another six months subject to approval from investors in accordance with regulation 22.

(10) A REIT shall hold any completed and rent generating property, whether directly or through ¹⁷⁸[holdco or] SPV, for a period of not less than three years from the date of purchase of such property by the REIT or ¹⁷⁹[holdco or] SPV.

(11) For any sale of property, whether by the REIT or ¹⁸⁰[holdco or] the SPV or for sale of shares or interest in the SPV by the ¹⁸¹[holdco or] REIT exceeding ten per cent. of the value of REIT assets in a financial year, the manager shall obtain approval from the unit holders in accordance with regulation 22.

(12) A REIT shall not invest in units of other REITs.

¹⁷³ Substituted for “seventy five” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁷⁴ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

¹⁷⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁷⁶ Omitted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018. Prior to omission, the clause read as:

“(7) Not less than seventy five per cent. of value of the REIT assets proportionately on a consolidated basis shall be rent generating.”

¹⁷⁷ Omitted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017. Prior to the omission, the sub-regulation read as follows:

“(8) A REIT shall hold at least two projects, directly or through ¹⁷⁷[holdco and/or] SPV, with not more than sixty per cent. of the value of the assets, proportionately on a consolidated basis, in one project.”

¹⁷⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁷⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁸⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁸¹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

(13) A REIT shall not undertake lending to any person ¹⁸²[other than the holding company/special purpose vehicle(s) in which the REIT has invested in, subject to disclosures specified in Schedule IV]:

Provided that investment in debt securities shall not be considered as lending.

(14) With respect to investment in leasehold properties, the manager shall consider the remaining term of the lease, the objectives of the REIT, the lease profile of the REIT's existing real estate assets and any other factors as may be relevant, prior to making such investment.

(15) In case of any co-investment with any person(s) in any transaction,-

- (a) the investment by the other person(s) shall not be at terms more favourable than those to the REIT;
- (b) the investment shall not provide any rights to the person(s) which shall prevent the REIT from complying with the provisions of these regulations;
- (c) the agreement with such person(s) shall include the minimum percentage of distributable cash flows that will be distributed and entitlement of the REIT to receive not less than pro rata distributions and mode for resolution of any disputes between the REIT and the other person(s).

(16) With respect to distributions made by the REIT and the ¹⁸³[holdco and/or] SPV,-

- (a) not less than ninety per cent. of net distributable cash flows of the SPV shall be distributed to the REIT ¹⁸⁴[/holdco] in proportion of its holding in the SPV subject to applicable provisions in the Companies Act, 2013 or the Limited Liability Partnership Act, 2008;

¹⁸⁵[(aa) with regard to distribution of net distributable cash flows by the holdco to the REIT, subject to applicable provisions in the Companies Act, 2013 or the Limited Liability Partnership Act, 2008, the following shall be complied:

- (i) with respect to the cash flows received by the holdco from underlying SPVs, 100% of such cash flows received by the holdco shall be distributed to the REIT; and
- (ii) with respect to the cash flows generated by the holdco on its own, not less than 90% of such net distributable cash flows shall be distributed by the holdco to the REIT;]

¹⁸² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

¹⁸³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁸⁴ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁸⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (b) not less than ninety per cent. of net distributable cash flows of the REIT shall be distributed to the unit holders;
 - (c) such distributions shall be declared and made not less than once every six months in every financial year and shall be made not later than fifteen days from the date of such declaration;
 - (d) if any property is sold by the REIT or ¹⁸⁶[holdco or SPV or if the equity shares or interest in the holdco/SPV are sold by the REIT, then],-
 - (i) if the REIT proposes to reinvest sale proceeds, if any, into another property, it shall not be required to distribute any sale proceeds from such sale to the unit holders; ¹⁸⁷[***]
 - (ii) if the REIT ¹⁸⁸[***] proposes not to invest the sales proceeds made into any other property, ¹⁸⁹[within a period of 1 year,] it shall be required to distribute not less than ninety per cent. of the sales proceeds in accordance with clauses (a) ¹⁹⁰[(b), (c) and (d) of sub-regulation 16];
 - (e) if the distributions are not made within fifteen days of declaration, then the manager shall be liable to pay interest to the unit holders at the rate of fifteen per cent. per annum till the distribution is made and such interest shall not be recovered in the form of fees or any other form payable to the manager by the REIT.
 - (f) ¹⁹¹[any amount remaining unclaimed or unpaid out of the distributions declared by a REIT in terms of sub-clause (c), shall be transferred to the ‘Investor Protection and Education Fund’ constituted by the Board in terms of section 11 of the Act, in such manner as may be specified by the Board.]
- (17) No schemes shall be launched under the REIT.
- (18) The Board may specify any additional conditions for investments by the REIT as it deems fit.

¹⁸⁶ Substituted for “SPV” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁸⁷ Omitted “and if the SPV proposes to reinvest sale proceeds, if any, into another property, it shall not be required to distribute any sale proceeds from such sale to the REIT;” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁸⁸ Omitted “or SPV” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁸⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁹⁰ Substituted for “and (b)” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁹¹ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 14.02.2023.

Related party transactions.

19. (1) All related party transactions shall be on an arms-length basis, in the best interest of the unit holders, consistent with the strategy and investment objectives of the REIT and shall be disclosed to the designated stock exchange and unit holders periodically in accordance with the listing agreement and these regulations.

(2) A REIT, subject to the conditions specified hereunder, may,-

- (a) acquire assets from related parties;
- (b) sell assets or securities to related parties;
- (c) lease assets to related parties;
- (d) lease assets from related parties;
- (e) invest in securities issued by related parties;
- (f) borrow from related parties.

(3) With respect to purchase or sale of properties ¹⁹²[***] after initial offer,-

- (a) two valuation reports from two different valuers, independent of each other, shall be obtained;
- (b) such valuers shall undertake a full valuation of the assets proposed to be purchased or sold as specified under regulation 21;
- (c) Transactions for purchase of such assets shall be at a price not greater than, and transactions for sale of such assets shall be at a price not lesser than, ¹⁹³[one hundred ten percent and ninety percent of the] average of the two independent valuations ¹⁹⁴[, respectively].

(4) In case of any related party transactions entered into prior to making the initial offer,-

- (a) adequate disclosures to that effect shall be made in the initial offer document including a consolidated full valuation report of all such assets ¹⁹⁵[***];
- (b) the REIT shall enter into proper and valid agreements with such related parties at the price or interest rate or rental value mentioned in the initial offer document;

¹⁹² Omitted “both prior to and” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁹³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁹⁴ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁹⁵ Words, figures and symbols “in accordance with clause (a) of sub-regulation (3), as may be applicable” omitted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

- (c) If the transactions are conditional upon the REIT receiving a minimum amount of subscription, adequate disclosures shall be made in the offer document and the agreements to that effect.
- (5) In case of any related party transactions entered into after the initial offer,-
- (a) adequate disclosures shall be made to the unit holders and to the designated stock exchanges;
 - (b) in case,-
 - (i) the total value of all the related party transactions, in a financial year, pertaining to acquisition or sale of properties ¹⁹⁶[, whether directly or through holdco and/or SPVs,] or investments into securities exceeds ten per cent. of the value of REIT; or
 - (ii) the value of the funds borrowed from related parties, in a financial year, exceeds ten per cent. of the total consolidated borrowings of the REIT ¹⁹⁷[, holdco and/or SPVs];
 approval from the unit holders shall be obtained prior to entering into any such subsequent transaction with any related party;
 - (c) for the purpose of obtaining approval for such transactions, the manager shall obtain approval from unit holders in accordance with regulation 22 and request for such approval shall be accompanied by a transaction document.
- (6) The disclosures in the offer document and transaction document shall include the following, as may be applicable,-
- (a) identity of the related parties and their relationship with the REIT or parties to the REIT;
 - (b) nature and details of the transactions entered into or proposed to be entered into with such related parties including description and location of assets;
 - (c) the price or value of the assets or securities bought or sold or leased or proposed to be bought or sold or leased and if leased or proposed to be leased, value of the lease;
 - (d) ready reckoner rate of the real estate asset being bought or sold;

¹⁹⁶ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁹⁷ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

Provided that where such ready reckoner rate are not available, property tax assessment value or similar published rates by Government authorities shall be disclosed;

- (e) summary of the valuation report(s);
- (f) the current and expected rental yield;
- (g) if the transactions are conditional upon the REIT receiving a stated amount of subscriptions, the minimum amount of such subscriptions to be received;
- (h) amount of borrowing and rate of interest in case of borrowing from any related party;
- (i) any other information that is required for the investor to take an informed decision.

(7) With respect to any properties leased to related parties to the REIT, both before and after initial offer, if,-

- (a) such lease area exceeds twenty per cent. of the total area of the underlying assets;
- (b) value of assets under such lease exceeds twenty per cent of the value of the total underlying assets;
- (c) rental income obtained from such leased assets exceeds twenty per cent of the value of the rental income of all underlying assets,

a fairness opinion from an independent valuer shall be obtained by the manager and submitted to the trustee and approval of unitholders in accordance with regulation 22 shall be obtained.

(8) For any related party transaction requiring approval of the unit holders or proposed to be undertaken immediately after the initial offer, the agreement shall be entered into within six months from date of close of initial offer or from date of approval of the unit holders, as the case may be:

Provided that in case of the agreement is not entered into within such period, approval from the unit holders may be sought for extension for another six months in accordance with regulation 22 with the updated valuation report(s).

(9) Adequate disclosures of all related party transactions that have been entered into prior to the follow-on offer shall be made in the follow-on offer document.

(10) Transaction between two or more of the REITs with a common manager or sponsor shall be deemed to be related party transactions for each of the REITs and provisions of this regulation shall apply:

Provided that this sub-regulation shall also apply if the managers or sponsors of the REITs are different entities but are associates.

(11) With respect to any related party transaction, details of any fees or commissions received or to be received by ¹⁹⁸[such] related party¹⁹⁹[(ies)] shall be adequately disclosed to the unit holders and to the designated stock exchanges.

(12) No related party shall retain cash or other rebates from any property agent in consideration for referring transactions in REIT assets to the property agent.

(13) Where any of the related parties has an interest in a business which competes or is likely to compete, either directly or indirectly, with the activities of the REIT, the following details shall be disclosed in the offer document,-

- (a) details of the such business including an explanation as to how such business shall compete with the REIT;
- (b) a declaration that the related party shall perform its duty in relation to the REIT independent of its related business;
- (c) declaration as to whether any acquisition of such business by the REIT is intended and if so, details of the same thereof.

(14) Any arrangement or transaction or contract with any related party other than as included in this regulation shall be disclosed to the unit holders and to the designated stock exchanges.

Borrowings and deferred payments.

20. ²⁰⁰[(1) A REIT, whose units are listed on a recognized stock exchange, may issue debt securities in the manner specified by the Board:

Provided that such debt securities shall be listed on recognized stock exchange(s).]

²⁰¹[(2)] The aggregate consolidated borrowings and deferred payments of the REIT ²⁰²[, holdco and/or the SPV(s),] net of cash and cash equivalents shall never exceed forty nine per cent. of the value of the REIT assets:

¹⁹⁸ Substituted “any person or entity which is an associate of the” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

¹⁹⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁰⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

²⁰¹ Re-numbered by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

²⁰² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

Provided that such borrowings and deferred payments shall not include any refundable security deposits to tenants.

²⁰³[Explanation 1. – Investment by REITs in overnight mutual funds, characterized by their investments in overnight securities, having maturity of one day, shall be considered as cash and cash equivalent.

Explanation 2. – The amount of cash and cash equivalent shall be excluded from the value of the assets of the REIT.]

²⁰⁴[(3)] If the aggregate consolidated borrowings and deferred payments of the REIT ²⁰⁵[, holdco and/or the SPV(s),] net of cash and cash equivalents exceed twenty five per cent. of the value of the REIT assets, for any further borrowing,-

- (a) credit rating shall be obtained from a credit rating agency registered with the Board; and
- (b) approval of unit holders shall be obtained in the manner as specified in regulation 22.

²⁰⁶[(4)] If the conditions specified in sub-regulations (1) and (2) are breached on account of market movements of the price of the underlying assets or securities, the manager shall inform the same to the trustee and ensure that the conditions as specified in this regulation are satisfied within six months of such breach.

Valuation of assets.

21. (1) The valuer shall not be an associate of the sponsor(s) or manager or trustee and shall have not less than five years of experience in valuation of real estate.

(2) Full valuation includes a detailed valuation of all assets by the valuer including physical inspection of every property by the valuer.

(3) Full valuation report shall include the mandatory minimum disclosures as specified in Schedule V to these regulations.

(4) A full valuation shall be conducted by the valuer atleast once in every financial year:

Provided that such full valuation shall be conducted at the end of the financial year ending March 31st within three months from the end of such year.

²⁰³ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 14.02.2023.

²⁰⁴ Re-numbered by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

²⁰⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁰⁶ Re-numbered by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

(5) A half yearly valuation of the REIT assets shall be conducted by the valuer for the half-year ending on September 30 for incorporating any key changes in the previous six months and such half yearly valuation report shall be prepared within forty five days from the date of end of such half year.

(6) Valuation reports received by the manager shall be submitted to the designated stock exchange and unit holders within fifteen days from the receipt of such valuation reports.

(7) Prior to any issue of units to the public and any other issue of units as may be specified by the Board, the valuer shall undertake full valuation of all the REIT assets and include a summary of the report in the offer document:

Provided that such valuation report shall not be more than six months old at the time of such offer:

Provided further that this shall not apply in cases where full valuation has been undertaken not more than six months prior to such issue and no material changes have occurred thereafter.

(8) For any transaction of purchase or sale of properties,²⁰⁷[whether directly or through holdco and/or SPVs,]-

(a) if the transaction is a related party transaction, the valuation shall be in accordance with regulation 19;

(b) if the transaction is not a related party transaction,-

(i) a full valuation of the specific property shall be undertaken by the valuer;

(ii) if ,-

(1) in case of a purchase transaction, the property is proposed to be purchased at a value greater than one hundred and ten per cent. of the value of the property as assessed by the valuer;

(2) in case of a sale transaction, the property is proposed to be sold at a value less than ninety per cent. of the value of the property as assessed by the valuer,

approval of the unit holders shall be obtained in accordance with regulation 22.

(9) No valuer shall undertake valuation of the same property for more than four years consecutively:

Provided that the valuer may be reappointed after a period of not less than two years from the date it ceases to be the valuer of the REIT.

²⁰⁷ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁰⁸***]

(11) In case of any material development that may have an impact on the valuation of the REIT assets, then manager shall require the valuer to undertake full valuation of the property under consideration within not more than two months from the date of such event and disclose the same to the trustee, investors and the Designated Stock Exchanges within fifteen days of such valuation.

(12) The valuer shall not value any assets in which it has either been involved with the acquisition or disposal within the last twelve months other than such cases where valuer was engaged by the REIT for such acquisition or disposal.

CHAPTER VI

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Rights and meetings of unit holders.

22. (1) The unit holder shall have the rights to receive income or distributions as provided for in the Offer document or trust deed.

(2) With respect to any matter requiring approval of the unit holders,-

- (a) a resolution shall be considered as passed when the votes cast by unit holders, so entitled and voting, in favour of the resolution exceed a certain percentage, as specified in this regulation, of the votes cast against;
- (b) the voting may also be done by postal ballot or electronic mode;
- (c) a notice of not less than twenty one days either in writing or through electronic mode shall be provided to the unit holders;
- (d) voting by any person who is a related party in such transaction as well as associates of such person(s) shall not be considered on the specific issue;
- (e) manager shall be responsible for all the activities pertaining to conducting of meeting of the unit holders, subject to overseeing by the trustee:

Provided that in respect of issues pertaining to the manager such as change in manager including removal of the manager or change in control of the manager,

²⁰⁸ Omitted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017. Prior to its omission, the sub-regulation read as follows:

“(10) Any valuation undertaken by any valuer shall abide by international valuation standards and valuation standards as may be specified by Institute of Chartered Accountants of India (ICAI) for valuation of real estate assets:

Provided that in case of any conflict, standards specified by ICAI shall prevail.”

Trustee shall convene and handle all activities pertaining to conduct of the meetings:

Provided further that in respect of issues pertaining to the trustee such as change in the trustee, the trustee shall not be involved in any manner in the conduct of the meeting.

(3) An annual meeting of all unit holders shall be held not less than once a year within one hundred and twenty days from the end of financial year and the time between two meetings shall not exceed fifteen months.

(4) With respect to the annual meeting of unit holders,-

(a) any information that is required to be disclosed to the unit holders and any issue that, in the ordinary course of business, may require approval of the unit holders may be taken up in the meeting including,-

- (i) latest annual accounts and performance of the REIT;
- (ii) approval of auditor and fees of such auditor, as may be required;
- (iii) latest valuation reports;
- (iv) appointment of valuer, as may be required;
- (v) any other issue including special issues as specified under sub-regulation (6);

(b) for any issue taken up in such meetings which require approval from the unit holders, votes cast in favour of the resolution shall ²⁰⁹[be more than] the votes cast against the resolution.

(5) In case of,-

- (a) any approval from unit holders required under regulation 18, 19 and 21;
- (b) any transaction, other than any borrowing, value of which is equal to or greater than twenty five per cent. of the REIT assets;
- (c) any borrowing in excess of specified limit as required under sub-regulation (2) of regulation 20;
- (d) any issue of units after initial offer by the REIT, in whatever form, other than any issue of units which may be considered by the Board under sub-regulation(6);

²⁰⁹ Substituted “not be less than one and a half times” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (e) increasing period for compliance with investment conditions to one year in accordance with proviso to sub-regulation (9) of regulation 18;
 - (f) any issue, in the ordinary course of business, which in the opinion of the sponsor(s) or trustee or manager, is material and requires approval of the unit holders, if any;
 - ²¹⁰[(fa) de-classification of the status of sponsor;]
 - (g) any issue for which the Board or the designated stock exchange requires approval under this sub-regulation,
- approval from unitholders shall be required where the votes cast in favour of the resolution shall be ²¹¹[more than] the votes cast against the resolution.
- (6) In case of , -
- (a) any change in manager including removal of the manager or change in control of the manager;
 - (b) any material change in investment strategy or any change in the management fees of the REIT;
 - (c) the sponsor(s) or manager proposing to seek delisting of units of the REIT;
 - (d) ²¹²[***]
 - (e) any issue, not in the ordinary course of business, which in the opinion of the sponsor(s) or manager or trustee requires approval of the unit holders;
 - (f) any issue for which the Board or the designated stock exchanges requires approval under this sub-regulation;
 - (g) any issue taken up on request of the unit holders including:
 - (i) removal of the manager and appointment of another manager to the REIT;
 - (ii) removal of the auditor and appointment of another auditor to the REIT;
 - (iii) removal of the valuer and appointment of another valuer to the REIT;

²¹⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020

²¹¹ Substituted “not less than one and half times” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²¹² Omitted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020. Prior to the omission, the clause read as follows:

“ (d) the value of the units held by a person along with its associates other than the sponsor(s) and its associates exceeding fifty per cent. of the value of outstanding REIT units, prior to acquiring any further units;”

- (iv) delisting of the REIT if the unit holders have sufficient reason to believe that such delisting would act in the interest of the unit holders;
- (v) any issue which the unit holders have sufficient reason to believe that acts detrimental to the interest of the unit holders;
- (vi) change in the trustee if the unit holders have sufficient reason to believe that acts of such trustee is detrimental to the interest of the unit holders,

approval from unit holders shall be required where the votes cast in favour of the resolution shall be not less than ²¹³[one and half] times the votes cast against the resolution.

²¹⁴[***]

²¹⁵[(6A) No person, other than sponsor(s), its related parties and its associates, shall acquire units of a REIT which taken together with units held by him and by persons acting in concert with him in such REIT, exceeds twenty-five per cent of the value of outstanding REIT units unless approval from seventy five per cent. of the unit holders by value excluding the value of units held by parties related to the transaction, is obtained:

Provided that if the required approval is not received, the person acquiring the units shall provide an exit option to the dissenting unit holders to the extent and in the manner as may be specified by the Board]

- (7) With respect to the right(s) of the unit holders under clause (g) of sub-regulation (6),-
 - (a) not less than twenty five per cent. of the unit holders by value, other than any party related to the transactions and its associates, shall apply, in writing, to the trustee for the purpose;
 - (b) on receipt of such application, the Trustee shall require the manager to place the issue for voting in the manner as specified in these regulations;

²¹³ Substituted “three” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²¹⁴ Omitted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020. Prior to the omission, the proviso read as follows:

“Provided that in case of clause (d), if approval is not obtained, the person shall provide an exit option to the unitholders to the extent and in the manner as may be specified by the Board.”

²¹⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

(c) with respect to sub-clause (vi) of clause (g) of sub-regulation (6) , not less than sixty per cent. of the unit holders by value shall apply, in writing, to the manager for the purpose.

(8) In case of any change in sponsor or ²¹⁶[inducted] sponsor or change in control of sponsor or ²¹⁷[inducted] sponsor,-

(a) ²¹⁸[prior to such changes, approval from seventy-five per cent of the unit holders by value excluding the value of units held by parties related to the transaction shall be obtained;]

(b) if such change does not receive the required approval,-

(i) in case of change of sponsor or ²¹⁹[inducted] sponsor, the proposed ²²⁰[inducted] sponsor ²²¹[***] shall provide the dissenting unit holders an option to exit by buying their units ²²²[in the manner specified by the Board];

²²³[(ii) in case of change in control of the sponsor or inducted sponsor, the said sponsor or inducted sponsor shall provide the dissenting unit holders an option to exit by buying their units in the manner as specified by the Board;

Explanation: Change in sponsor or inducted sponsor shall mean any change due to entry of a new sponsor with or without exit of an existing sponsor.]

²¹⁶ Substituted for the word “re-designated” by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

²¹⁷ Substituted for the word “re-designated” by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

²¹⁸ Substituted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020. Prior to the substitution, the clause read as follows:

“(a) prior to such changes, approval shall be obtained from the unit holders wherein votes cast in favour of the resolution shall not be less than three times the votes cast against the resolution;”

²¹⁹ Substituted for the word “re-designated” by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

²²⁰ Substituted for the word “re-designated” by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

²²¹ The words “who proposes to buy the units” is omitted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020.

²²² Inserted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020

²²³ Substituted by the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2020, w.e.f. 16.06.2020. Prior to the substitution, the sub-clause read as follows:

“(ii) in case of change in control of the sponsor or re-designated sponsor, the sponsor or re-designated sponsor shall provide the dissenting unit holders an option to exit by buying their units;”

- (c) if on account of such sale, the number of unit holders forming part of the public falls below ²²⁴[as required under sub-regulation (2A) of Regulation 14] two hundred or below ²²⁵[the trustee may provide a period of one year to the manager to rectify the same, failing which], the ²²⁶[manager] shall apply for delisting of the units of the REIT in accordance with regulation 17.

²²⁷**[Dispute Resolution.**

22A. (1) All claims, differences or disputes between investors and the manager arising out of or in relation to the activities of the manager in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.

(2) No loss or damage or expenses incurred by the manager or officers of the manager, including those in relation to resolution of claims or disputes of investors, shall be met out of the trust property.]

Disclosures.

23. (1) The manager shall ensure that the disclosures in the offer document are in accordance with the Schedule III to these regulations and any circulars or guidelines issued by the Board in this regard.

(2) The manager shall submit an annual report to all unit holders of the REIT with respect to activities of the REIT, within three months from the end of the financial year.

(3) The manager shall submit a half-yearly report to all unit holders of the REIT with respect to activities of the REIT within forty five days from the end of the half year ending on September 30th.

(4) Such annual and half yearly reports shall contain disclosures as specified under Schedule IV to these regulations.

²²⁴ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²²⁵ Substituted for “twenty five per cent. of the total outstanding units” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²²⁶ Substituted for “trustee” the trustee may provide a period of one year to the manager to rectify the same, failing which

²²⁷ Inserted by the Securities and Exchange Board of India (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023, w.e.f. 04-07-2023.

(5) The manager shall disclose to the designated stock exchanges any information having bearing on the operation or performance of the REIT as well as price sensitive information which includes but is not restricted to the following,-

- (a) acquisition or disposal of any properties, value of which exceeds five per cent. of value of the REIT assets;
- (b) additional borrowing, at level of ²²⁸[holdco or] SPV or the REIT, resulting in such borrowing exceeding five per cent. of the value of the REIT assets during the year;
- (c) additional issue of units by the REIT;
- (d) details of any credit rating obtained by the REIT and any change in such rating;
- (e) any issue which requires approval of the unit holders;
- (f) any legal proceedings which may have significant bearing on the functioning of the REIT;
- (g) notices and results of meetings of unit holders;
- (h) any instance of non-compliance with these regulations including any breach of limits specified under these regulations;
- (i) any material issue that in the opinion of the manager or trustee needs to be disclosed to the unit holders.

(6) The manager shall submit such information to the designated stock exchanges and unit holders on a periodical basis as may be required under the listing agreement.

(7) The manager shall disclose to the designated stock exchanges, unit holders and the Board such information and in the manner as may be specified by the Board..

Submission of reports to the Board.

24. The Board may at any time call upon the REIT or parties to the REIT to file such reports, as the Board may desire, with respect to the activities relating to the REIT.

Power to call for information.

25. (1) The Board may at any time call for any information from the REIT or ²²⁹[holdco or SPV(s) or] parties to the REIT or any unit holder or any other person with respect to any matter relating to activity of the REIT.

²²⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²²⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

(2) Where any information is called for under sub-regulation (1), it shall be furnished within the time specified by the Board.

Maintenance of records.

26. (1) The manager shall maintain records pertaining to the activity of the REIT including,²³⁰[for a period of not less than seven years,]-

- (a) decisions of the manager with respect to investments or divestments and documents supporting the same;
- (b) details of investments made by the REIT and documents supporting the same;
- (c) agreements entered into by the REIT or on behalf of the REIT;
- (d) documents relating to appointment of persons as specified in sub-regulation (5) of regulation 10;
- (e) insurance policies for real estate assets;
- (f) investment management agreement;
- (g) documents pertaining to issue and listing of units including initial offer document or follow-on offer document(s) or other offer document(s), in-principle approval by designated stock exchanges, listing agreement with the designated stock exchanges, details of subscriptions, allotment of units, etc.;
- (h) distributions declared and made to the unit holders;
- (i) disclosures and periodical reporting made to the trustee, Board, unit holders and designated stock exchanges including annual reports, half yearly reports, etc.;
- (j) valuation reports including methodology of valuation;
- (k) books of accounts and financial statements;
- (l) audit reports;
- (m) reports relating to activities of the REIT placed before the Board of Directors of the manager;
- (n) unit holders' grievances and actions taken thereon including copies of correspondences made with the unit holders and the Board, if any;
- (o) any other material documents.

(2) The trustee shall maintain records pertaining to,-

- (a) certificate of registration granted by the Board;
- (b) registered trust deed;

²³⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (c) documents pertaining to application made to the Board for registration as a REIT;
- (d) titles of the real estate assets:

Provided that where the original title documents are deposited with the lender in respect of any loan / debt, the trustee shall maintain copies of such title documents;

- (e) notices and agenda send to unit holders for meetings held;
- (f) minutes of meetings and resolutions passed therein;
- (g) periodical reports and disclosures received by the trustee from the manager;
- (h) disclosures, periodically or otherwise, made to the Board, unit holders and to the designated stock exchanges;
- (i) any other material documents.

- (3) The records specified in sub-regulation (2) may be maintained in physical or electronic form:

Provided that where records are required to be duly signed and are maintained in the electronic form, such records shall be digitally signed.

²³¹[CHAPTER VIA OBLIGATIONS OF THE MANAGER

Application of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

26A. Subject to other provisions of this Chapter, the provisions contained in sub-regulations (2), (4), (5), (9) and (10) of regulation 17 and regulations 18, 19, 20, 21, 26 and sub-regulation (1), (2), (2A), (3), (4), (5), (7), (8), (9), (10) and (11) of regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be applicable, as in force from time to time, with necessary modifications as if the said provisions were the provisions of these regulations.

Explanation - For the purposes of this regulation, unless the context otherwise requires, the provisions under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall be interpreted as under, –

- (i) the expression “promoters” wherever it occurs, shall be read as “parties to the REIT”;
- (ii) the expression “listed entity” wherever it occurs, shall be read as “Manager”;

²³¹ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 01.04.2023.

- (iii) the expression “company secretary” wherever it occurs, shall be read as “compliance officer”;
- (iv) the expression “executive director” wherever it occurs, shall be read as “non-independent director”;
- (v) the expression “non-executive director” wherever it occurs, shall be read as “independent director”;
- (vi) the expression “Board of Directors of the listed entity” wherever it occurs, shall be read as “Board of Directors of Manager”;
- (vii) the expression “subsidiary of listed entity” wherever it occurs, shall be read as “HoldCo and/or SPV of REIT, as applicable”.

Additional Requirements.

26B. (1) The Board of Directors of the Manager shall comprise of not less than six directors and have not less than one woman independent director.

(2) The quorum for every meeting of the Board of Directors of the Manager shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director.

Explanation - The participation of the directors by video conferencing or by other audio-visual means shall be counted for the purpose of quorum and shall be recorded by the Manager.

(3) The Board of Directors of the Manager shall review compliance reports every quarter pertaining to all laws applicable to the REIT as well as steps taken to rectify instances of non-compliances.

(4) The minimum information as specified in Part A of Schedule VIII shall be placed before the Board of Directors of the Manager.

(5) The Compliance Officer, Chief Executive Officer and the Chief Financial Officer shall provide the compliance certificate to the Board of Directors of the Manager as specified in in Part B of Schedule VIII along with supporting evidence thereof.

(6) The Board of Directors of the Manager shall set forth clearly the recommendation of the Manager in the notice to the unitholders for each item referred to in sub regulation (6) of regulation 22 of these regulations.

Vigil Mechanism

26C. (1) The Manager shall formulate a vigil mechanism, including a whistle blower policy for directors and employees to report genuine concerns.

(2) The vigil mechanism shall provide for adequate safeguards against victimization of Director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.

(3) An independent service provider may be engaged by the Manager for providing or operating the vigil mechanism who shall report to the audit committee.

(4) The audit committee shall review the functioning of the vigil mechanism.

Secretarial Compliance Report

26D. (1) The Manager shall submit a secretarial compliance report given by a practicing company secretary to the stock exchanges, in such form as specified, within sixty days from end of each financial year.

(2) The secretarial compliance report referred to in sub-regulation (1) of this regulation shall be annexed with the annual report of the REIT.

Quarterly Compliance Report on Corporate governance

26E. (1) The Manager shall submit a quarterly compliance report on governance in the format as may be specified by the Board, to the recognized stock exchange(s) within twenty-one days from the end of each quarter.

(2) The report referred in sub-regulation (1) of this regulation shall be signed either by the compliance officer or the chief executive officer of the Manager.]

CHAPTER VII

INSPECTION

Boards right to inspect.

27. The Board may *suo motu* or upon receipt of information or complaint appoint one or more persons as inspecting officers to undertake inspection of the books of accounts, records and documents relating to activity of the REIT ²³²[or holdco or SPVs or parties to the REIT] for any of the following reasons, namely,-

(a) to ensure that the books of account, records and documents are being maintained by the REIT or parties to the REIT in the manner specified in these regulations;

²³² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (b) to inspect into complaints received from unit holders, clients or any other person, on any matter having a bearing on the activities of the REIT;
- (c) to ascertain whether the provisions of the Act and these regulations are being complied with by the REIT and parties to the REIT;
- (d) to inspect *suo motu* into the affairs of the REIT, in the interest of the securities market or in the interest of investors.

Notice before inspection.

28. (1) Before ordering an inspection under regulation 27, the Board shall give not less than ten days notice to the trustee of the REIT.

(2) Notwithstanding anything contained in sub-regulation (1), where the Board is satisfied that in the interest of the investors no such notice should be given, it may, by an order in writing, direct that the inspection of the affairs of the REIT be taken up without such notice.

(3) During the course of an inspection, the REIT against whom the inspection is being carried out and parties to the REIT shall be bound to discharge their obligations as provided in regulation 29.

Obligation of REIT, parties to the REIT and any other associate persons on inspection.

29. (1) It shall be the duty of every REIT in respect of whom an inspection has been ordered under the regulation 27, parties to the REIT and any other associate person who is in possession of relevant information pertaining to conduct and affairs of such REIT, including representative of REIT, if any, to produce to the inspecting officer such books, accounts and other documents in his custody or control and furnish him with such statements and information as the inspecting officer may require for the purposes of inspection.

(2) It shall be the duty of every REIT, parties to the REIT and any other associate person who is in possession of relevant information pertaining to conduct and affairs of the REIT to give to the Inspecting Officer all such assistance and to extend all such co-operation as may be required in connection with the inspection and to furnish such information as may be sought by the inspecting officer in connection with the inspection.

(3) The inspecting officer shall, for the purposes of inspection, have power to examine on oath and record the statement of any employees and directors of the REIT or parties to the REIT or

²³³[holdco or SPV(s) or] any person responsible for or connected with the activities of REIT or any other associated person having relevant information pertaining to such REIT.

(4) The inspecting officer shall, for the purposes of inspection, have power to obtain authenticated copies of documents, books, accounts of REIT, from any person having control or custody of such documents, books or accounts.

Submission of report to the Board.

30. The inspecting officer shall, as soon as possible, on completion of the inspection submit an inspection report to the Board:

Provided that if directed to do so by the Board, he may submit an interim report.

Communication of findings etc. to the REIT.

31. The Board may after consideration of the inspection report and after giving reasonable opportunity of hearing to the REITs or parties to the REIT or its representatives or any such person, issue such directions as it deems fit in the interest of securities market or the investors in the nature of,-

- (a) requiring the REIT to delist its units from the designated stock exchanges and surrender its certificate of registration;
- (b) requiring the REIT to sell its assets;
- (c) requiring the REIT or parties to the REIT to take such action as may be in the interest of the investors;
- (d) prohibiting the REIT or parties to the REIT from operating in the capital market or from accessing the capital market for a specified period.

CHAPTER VIII

PROCEDURE FOR ACTION IN CASE OF DEFAULT

Liability for action in case of default.

32. A REIT or parties to the REIT or any other person involved in the activity of the REIT who contravenes any of the provisions of the Act or these regulations, notifications, guidelines, circulars or instructions issued thereunder by the Board shall be liable for one or more actions

²³³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

specified therein including any action provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

²³⁴[CHAPTER VIII-A

POWER TO RELAX STRICT ENFORCEMENT OF THE REGULATIONS

Exemption from enforcement of the regulations in special cases.

32A. (1) The Board may, exempt any person or class of persons from the operation of all or any of the provisions of these regulations for a period as may be specified but not exceeding twelve months, for furthering innovation ²³⁵[***] relating to testing new products, processes, services, business models, etc. in live environment of regulatory sandbox in the securities markets.

(2) Any exemption granted by the Board under sub-regulation (1) shall be subject to the applicant satisfying such conditions as may be specified by the Board including conditions to be complied with on a continuous basis.

Explanation. — For the purposes of these regulations, "regulatory sandbox" means a live testing environment where new products, processes, services, business models, etc. may be deployed on a limited set of eligible customers for a specified period of time, for furthering innovation in the securities market, subject to such conditions as may be specified by the Board.]

CHAPTER IX

MISCELLANEOUS

Power of the Board to issue clarifications.

33. In order to remove any difficulties in the application or interpretation of these regulations, the Board may issue clarifications and guidelines in the manner as may be appropriate.

²³⁶[**Power to relax strict enforcement of Regulations**

²³⁴ Inserted by the SEBI (Regulatory Sandbox) (Amendment) Regulation, w.e.f. 17-04-2020.

²³⁵ The words "in technological aspects" omitted by the SEBI (Regulatory Sandbox) (Amendment) Regulations, 2021 w.e.f. 3-8-2021.

²³⁶ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

(33A) The Board may, in the interest of investors or for the development of the securities market, relax the strict enforcement of any requirement of these regulations, if the Board is satisfied that

- (a) requirement is procedural or technical in nature; or
- (b) the requirement may cause undue hardship to investors; or
- (c) the disclosure requirement is not relevant for a particular industry or class of listed entities; or
- (d) the non-compliance was caused due to factors beyond the control of the issuer; or
- (e) such relaxation will be in the interest of securities market²³⁷[; or]
- ²³⁸[(f)] any provision of Act(s), Rule(s), regulation(s) under which the listed entity is established or is governed by, is required to be given precedence to]

Amendments to other regulations.

34. The regulations specified in the Schedule VII to these regulations shall be amended in the manner and to the extent stated therein.

SCHEDULE I

FORMS

FORM A

Securities and Exchange Board of India

(Real Estate Investment Trusts) Regulations, 2014

Application for Grant of Certificate of Registration as Real Estate Investment Trust

[See Regulation 3(2)]

Securities and Exchange Board of India

SEBI Bhavan, C4-A, G Block, Bandra Kurla Complex, Mumbai 400051 - India

²³⁷ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

²³⁸ Clause number inserted ibid

INSTRUCTIONS

1. This form is meant for use by the applicant for grant of certificate of registration as a Real Estate Investment Trust.
2. The applicant should complete this form, and submit it, along with all supporting documents to the Board.
3. This application form should be filled in accordance with these regulations.
4. The application shall be considered by the Board provided it is complete in all respects.
5. All answers must be legible and all the pages must be numbered with signature/ stamp on each page of the form.
6. Information which needs to be supplied in more detail may be given on separate sheets which should be attached to the application form and appropriately numbered.
7. The application must be signed and all signatures must be original.
8. The application must be accompanied by an application fee as specified in the Second Schedule to these regulations.

1. GENERAL INFORMATION

- (a) Name, address, telephone number(s), fax number(s), e-mail address of the REIT
- (b) Name, direct line number, mobile number and e-mail of the contact person(s)
- (c) Whether the ²³⁹[trust] ²⁴⁰[/] sponsor(s)/²⁴¹[***] manager ²⁴²[or their associates or sponsor group(s)/ trustee] is/ are registered with SEBI, RBI or any other regulatory authority in any capacity along with the details of its registration
- (d) Details of infrastructure for conducting activities as an Real Estate Investment Trust

2. ²⁴³[DETAILS OF TRUST]

- (a) Write-up on the activities of the ²⁴⁴[trust]

²³⁹ Substituted for the word “applicant” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

²⁴⁰ Substituted “or its associates or its” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁴¹ Omitted “trustee/” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁴² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁴³ Substituted for the heading “DETAILS OF APPLICANT” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

²⁴⁴ Substituted *ibid*.

- (b) Whether the Trust Deed is registered under the provisions of the Registration Act, 1908
- (c) Whether the Trust Deed has its main objective as undertaking activity of REIT and includes responsibilities of the Trustee in accordance with Regulation 9 of these Regulations (Enclose relevant extract of the Registered Trust Deed)
- (d) Whether any unit holder of the REIT enjoys preferential voting or any other rights over another unit holder
- (e) Whether there are multiple classes of units of REIT

3. DETAILS OF TRUSTEE

- (a) Name, address of registered office, address for correspondence and principal place of business, telephone number(s), fax number(s), e-mail address of the Trustee.
- (b) Name, direct line number, mobile number and e-mail of the contact person(s)
- (c) Brief write up on the activities of the trustee
- (d) Details of registration as a Debenture Trustee
- (e) ²⁴⁵[***]
- (f) Details of infrastructure, personnel, etc. relevant to the activity as trustee of the REIT
- (g) Identity and Address proof of the trustee and its directors
- (h) Whether the Trustee Company is registered with any regulatory authority other than SEBI in any capacity along with the details of its registration

²⁴⁶[(i) Copy of the executed Trust Deed]

4. DETAILS OF SPONSOR(S) (Provide details for every sponsor separately)

- (a) Name, address of registered office, address for correspondence and principal place of business, telephone number(s), fax number(s), e-mail address of the sponsor(s)
- (b) Name, direct line number, mobile number and e-mail of the contact person(s)
- (c) Legal status of the sponsor, date and place of incorporation/ establishment, wherever applicable
- (d) In case of sponsor being individual(s), provide a brief profile of the sponsor including professional qualification. In case of sponsor(s) being other than

²⁴⁵ Omitted, by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub paragraph (e) read as under : “List of associates of the trustee”

²⁴⁶ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

- individual, write up on holding pattern and profile of the directors/partners including their professional qualification
- (e) Identity proof and address proof of the sponsor (if sponsor is an individual)/ directors of Sponsor (s)(if sponsor is a company)/ partners of the Sponsor(s) (if sponsor is an LLP)
 - (f) Write up on the activities of the sponsor/its associates including past experience in development of real estate or fund management in the real estate industry
 - (g) Whether the Sponsor has floated any REITs previously, which are registered with SEBI. If yes, details of the same
 - (h) Proposed holding of the sponsor in the REIT on post-issue basis
 - (i) Copies of the financial statements for the previous financial year
 - (j) Net-worth certificate of sponsor(s) by a Chartered Accountant, not more than six months old

5. DETAILS OF MANAGER

- (a) Name, address of the registered office address for correspondence, telephone number(s), fax number(s), of the Manager
- (b) Name, direct line number, mobile number and e-mail of the contact person(s)
- (c) Legal status, date and place of incorporation/ establishment, wherever applicable
- (d) Copy of ²⁴⁷[executed] Investment Management agreement
- (e) Write up on the activities of the Manager/ its associates including past experience in fund management/ advisory services/property management in the real estate industry or in development of real estate
- (f) List of Directors/ Members of Governing Board
- (g) Identity proof and address proof of the manager, its directors or partners
- (h) Shareholding/partnership interests and profile of the directors /partners
- (i) Details of the key personnel including experience and professional qualification
- (j) Copies of the financial statements for the previous financial year
- (k) Net-worth certificate of manager by a Chartered Accountant, not more than six months old
- (l) Whether the Manager has acted as manager to any REIT previously, which are registered with SEBI. If yes, details of the same

²⁴⁷ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

6. DETAILS OF BUSINESS PLAN AND INVESTMENT STRATEGY

- (a) Investment objective and investment style
- (b) Details of proposed initial offer ²⁴⁸[***].
- (c) Brief details of the assets proposed to be held under REIT
- (d) Details of leverage at ²⁴⁹[holdco and /or SPV(s)] and REIT level (current and proposed)
- (e) Fee structure

7. DETAILS OF REGULATORY ACTION TAKEN IN THE PAST, IF ANY

- (a) Whether the ²⁵⁰[REIT or the parties to the REIT or their directors/ members of governing board] are / were involved in any litigation connected with the securities market which may have an adverse bearing on the business of the ²⁵¹[REIT] or any order has/ had been passed against them for violation of securities laws. (If Yes, provide details. If No, enclose a declaration to that effect)
- (b) Whether any disciplinary action has been taken by the Board or any other regulatory authority against the ²⁵²[REIT or the parties to the REIT or their directors/ members of governing board] under any Act or the Regulations/guidelines made thereunder (If Yes, provide details. If No, enclose a declaration to that effect)
- (c) Whether ²⁵³[REIT or the parties to the REIT or their directors/ members of governing board] has/ have been refused a certificate by the Board or its/ their certificate has been suspended at any time prior to this application. (If Yes, provide details. If No, enclose a declaration to that effect)

8. OTHER INFORMATION/DECLARATIONS

- (a) Declaration that the sponsor(s) shall individually hold not less than 5% of the units of the REIT on post initial offer basis

²⁴⁸ Omitted “including copy of the draft initial offer document” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁴⁹ Substituted “SPV” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁵⁰ Substituted “applicant or any of its related party(ies)” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁵¹ Substituted for “applicant” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

²⁵² Substituted “applicant or any of its related party(ies)” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁵³ Substituted “applicant or any of its related party(ies)” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- (b) Declaration that the ²⁵⁴[REIT and parties to the REIT] are fit and proper persons based on the criteria specified in the Securities and Exchange Board of India (Intermediaries) Regulations, 2008

DECLARATION STATEMENT (TO BE GIVEN AS BELOW)

We hereby agree and declare that the information supplied in the application, including the attachment sheets, is complete and true.

AND we further agree that, we shall notify the Securities and Exchange Board of India immediately any change in the information provided in the application.

We further agree that we shall comply with, and be bound by the Securities and Exchange Board of India Act, 1992, and the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, and any other regulations, guidelines or circulars as may be notified or issued by the Securities and Exchange Board of India from time to time.

We further agree that as a condition of registration, we shall abide by such operational instructions/directives as may be issued by the Securities and Exchange Board of India from time to time.

For and on behalf of _____
(Name of the applicant)

Authorized signatory
(Signature)

FORM B
Securities and Exchange Board of India
(Real Estate Investment Trusts) Regulations, 2014
[See regulation 6(1)]

Certificate of registration as a Real Estate Investment Trust

I. In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), read with the regulations made there under, the Board hereby grants a certificate of registration to

²⁵⁴ Substituted for the words “applicant, Sponsor and Manager” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

as a Real Estate Investment Trust subject to the conditions specified in the Act and in the regulations made thereunder.

II. The Registration Number of the Real Estate Investment Trust is:

_____.

Date :

Place :

By Order

Sd/-

**For and on behalf of
Securities and Exchange Board of India**

SCHEDULE II
Securities and Exchange Board of India (Real Estate Investment Trusts)
Regulations, 2014

[See Regulation 3(2), 6(1) and 14(10)]

FEES TO BE PAID WITH RESPECT TO REGISTRATION AS A REIT

1. Every applicant shall pay non-refundable application fees of one lakh rupees along with the application for grant of certificate of registration.
2. Every applicant shall pay as non-refundable registration fees a sum of ten lakh rupees within fifteen days from the date of receipt of intimation from the Board.
3. REIT shall pay non-refundable filing fees of:
 - (a) 0.1% in case of initial and follow-on offer; and
 - (b) 0.05% in case of rights issue,of the total issue size including intended retention of oversubscription at the time of filing of draft Offer document with the Board
4. If the issue size estimated by the REIT differs from eventual issue size and thereby:—
 - (a) the fees paid by the REIT is found to be deficient, the balance fee shall be paid by the issuer ²⁵⁵[alongwith] filing ²⁵⁶[of the final offer document] with the recognised stock exchanges, as the case may be; and
 - (b) if any excess fee is found to have been paid, it shall be refunded by the Board to the REIT.
5. Such application, registration and filing fees shall be paid by the applicant/REIT ²⁵⁷[by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by a demand draft in favour of 'Securities and Exchange Board of India' payable at Mumbai or at respective regional or local

²⁵⁵ Substituted “within seven days of registering the prospectus with the Registrar of Companies or” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁵⁶ Substituted “the letter of offer” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁵⁷ Inserted by the SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017, w.e.f. 6.3.2017.

office, as may be required.

SCHEDULE III

[See Regulations 15 and 23]

MANDATORY DISCLOSURES IN INITIAL OFFER DOCUMENT/FOLLOW ON OFFER DOCUMENT

1. Introduction

- a. Name, registered office address, correspondence address, contact person (s), contact details and email id of the REIT
- b. Place and date of creation of the REIT
- c. Registration number and date of registration of the REIT with SEBI

2. Details of parties to the REIT

a. Sponsor

- i. Name, registered office address, correspondence addresses, Contact person (s), contact details, email id
- ii. Background of the sponsor including activities being undertaken by the sponsor with respect to real estate

b. Manager

- i. Background of the manager including past experience in management/advisory services in real estate
- ii. Brief functions, duties and responsibilities of the manager
- iii. Brief profiles of the directors of the manager and units held by them in the REIT, if any

c. Trustee

- i. Background of the trustee including details of registration with SEBI
- ii. Names and profiles of the Directors
- iii. Functions, duties and responsibilities of the Trustee

d. Valuer

- i. Background of the valuer including past experience in valuation in real estate, especially in valuation of similar assets by nature and location
- ii. Policy of appointment and removal

3. Brief background of the REIT

- a. Glossary of terms/abbreviations
- b. Structure and description of the REIT
- c. Details of Property Management / Lease Management and any other arrangements pertaining to underlying REIT assets, entered into with various parties prior to the issue
- d. Holding structure of the REIT prior to the issue including breakup of the units held by the sponsor, manager, any other party to the REIT and any other unit holder holding greater than 5% of the units of the REIT
- e. Proposed holding structure by the aforesaid parties post-issue
- f. Fee and expenses charged/chargeable to the REIT by various parties including fees charged by the manager, valuer, auditor, trustees and any other third party and shall also include any set-up costs

4. Terms of the issue

- a. Terms of the offer including number of units, price, issue opening date, issue closing date, terms and conditions and any other information as may be required for the investor to make an informed decision
- b. Policy of distribution including method of calculation and the frequency for distribution
- c. Listing of units
 - i. Names of the Designated Stock Exchanges where units are proposed to be listed
 - ii. Timelines for listing
 - iii. Declaration that prior in-principle approval has been obtained from the Designated Stock Exchanges

²⁵⁸[d. Commitment received from strategic investors, if any.]

5. Market overview

6. Description of the assets under the REIT

- a. Breakup/proposed breakup of REIT assets in terms of Regulation 18

²⁵⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

- b. Description of real estate assets of the REIT including the general character and competitive conditions of all the properties held or intended to be acquired by the REIT and pictures of the properties.
- c. Key statistics of the properties (*area, occupancy, location, etc.*)
- d. Special features of the properties, if any
- e. Details of the ²⁵⁹[holdco and/or] SPVs through which the properties are held/proposed to be held including holding pattern, holding of REIT in the ²⁶⁰[holdco and/or] SPV, rights of REIT in the ²⁶¹[holdco and/or] SPV, etc.
- f. In case the properties are held directly by the REIT, details of holding of all the owners of the properties including percentage of ownership, rights of REIT vis-à-vis other owners, etc.
- g. Confirmation of adequate Insurance by the Trustee
- h. For leased out properties (*property-wise*), the following additional disclosures shall be made:
 - i. Total number of tenants
 - ii. Rental income as a percentage of total gross income in aggregate for the top 10 tenants
 - iii. Lease-maturity profile, in terms of the percentage of total gross rental income, for each of the next five years
 - iv. a summary of the terms of any sub-leases or tenancies, including repair obligation, granted to the tenants of the property
 - v. the existing monthly rental income before tax from the property which is wholly or partly let, together with the amount and a description of any outgoings or disbursements from the rent
 - vi. the estimated current monthly market rental obtainable, on the basis that the property was available to let on the effective date as at which the property was valued
 - vii. a summary of any rent review provisions
 - viii. Level of furnishing of the properties including whether the properties are cold-shell properties or fully furnished

²⁵⁹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁶⁰ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁶¹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

- ix. Whether any clauses exist in rental agreements providing high grace period in lieu of higher rental values. If yes, details shall be provided
- i. For under-construction properties (*property-wise*), the following additional disclosures shall be made:
 - i. Stage of construction along with % of completed construction as at the end of the year
 - ii. Progress of construction
 - iii. Expected completion
 - iv. Status of approval/assessment from various authorities including statutory assessment & environment considerations with respect to development regulations and planning norms

7. Business Details and Strategy

- a. Investment strategy
 - Description of investment strategy including category, type, location, allocation to each type, co-investment in properties, etc.
 - Description of ROFR with respect to any properties
 - Capital and risk management strategy
- b. Use of proceeds:
 - purpose of the issue
 - Issue Expenses
- c. ²⁶²***]

8. Leverage

- a. Capital structure of the REIT assets including any borrowings/deferred payments with respect to the REIT assets prior to the issue and post-issue (*Standalone and consolidated*)
- b. Borrowing policy

9. Conflict of interest and Related party transactions

- a. Procedure for dealing with related party transactions and Conflict of Interest

²⁶² Omitted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub paragraph (c) read as follows:
 “Projections of income of the REIT over next three years beginning the current financial year certified by the manager with respect to calculation and assumptions and certified by the auditor with respect to arithmetical accuracy”

- b. Details of any related party transactions ²⁶³[which are] undertaken ²⁶⁴[in last three financial years and current financial year] as well as any such transactions proposed in the future

10. Valuation

- a. Summary of valuation as per the full valuation report
- b. Valuation methodology
- c. Frequency of valuation and declaration of NAV

11. Financials

- a. Total rental income from the properties (*property-wise*) under the REIT for the previous 3 years
- b. Summary of the financial statements of the REIT ²⁶⁵[***], manager and sponsor for the previous 3 years, as applicable
- c. Management's Discussion and Analysis of factors affecting financial condition and results of operations by the Manager

²⁶⁶[(d) Projections of income of the REIT over next three years beginning the current financial year certified by the manager and the auditor with respect to calculation and assumptions

(e) Contingent liabilities as on the date of the financial information disclosed in the offer document/placement memorandum]

12. Rights of Unit Holders

- a. Rights of unit holders
- b. Proposed disclosures to the unit holders either directly or by public dissemination on the Designated Stock Exchanges website
- c. Frequency and manner of meetings of unit holders

²⁶³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁶⁴ Substituted "prior to the offer" by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁶⁵ Omitted "(consolidated and stand alone)" by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁶⁶ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

13. Title disclosures, litigations and regulatory actions

- a. Title disclosure of the properties including any material litigations pertaining to the properties
- b. Brief description of the material litigations and regulatory actions ²⁶⁷[which are] pending, against the REIT, sponsor²⁶⁸[(s)], manager, ²⁶⁹[or any of their associates and sponsor group(s), the trustee and valuer,] if any ²⁷⁰[***]

14. Risk factors

15. Brief details on taxation and regulatory aspects to enable the investors to make an informed decision

16. Other general information

- a. Key terms of material agreements relating to the REIT including but not limited to the investment management agreement
- b. Policy of appointment of auditor and auditing standards to be followed
- c. Policy and timelines for redressal of complaints by the investors

17. Supporting Documents

- a. ²⁷¹[***]
- b. Auditors Report
- c. Any other such report

18. Such other information as is material and appropriate to enable the investors to make an informed decision

19. Declarations ²⁷²[(to be signed by the board of directors of the manager and sponsor)]

²⁷³[20. The documents to be provided to the Board,-

- a. Full valuation report, alongwith offer document

²⁶⁷ Substituted “, whether completed or” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁶⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁶⁹ Substituted “trustee, valuer or any of their associates,” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁷⁰ Symbol and words “, in the past 5 years” omitted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

²⁷¹ Omitted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, sub paragraph (a) read as follows:
“Full Valuation Report”

²⁷² Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁷³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

- b. Due diligence certificate alongwith draft offer document and offer document
- c. In principle approval from the exchange(s)]

SCHEDULE IV

[See Regulation 23(4)]

MANDATORY DISCLOSURES

Mandatory Disclosures in the Annual Report

1. Manager's brief report of activities of the REIT and summary of the audited stand alone and consolidated financial statements for the year of the REIT
2. Management discussion and analysis by the directors of the manager on activities of the REIT during the year, forecasts and future course of action
3. Brief details of all the assets of the REIT including a break-up of real estate assets and other assets, location of the properties, area of the properties, current tenants (*not less than top 10 tenants as per value of lease*), lease maturity profile, details of under-construction properties, if any, etc.
4. Brief summary of the full valuation report as at the end of the year
5. Details of changes during the year pertaining to:
 - a. Addition and divestment of assets including the identity of the buyers or sellers, purchase/sale prices and brief details of valuation for such transactions
 - b. Valuation of assets (*as per the full valuation reports*) and NAV
 - c. Letting of assets, occupancy, lease maturity, key tenants, etc.
 - d. Borrowings/ repayment of borrowings(*standalone and consolidated*)
 - e. Sponsor, manager, trustee, valuer, directors of the Trustee/manager/sponsor, etc.
 - f. Clauses in trust deed, investment management agreement or any other agreement entered into pertaining to activities of REIT
 - g. Any other material change during the year
6. Update on development of under-construction properties, if any
7. Details of outstanding borrowings and deferred payments of REIT including any credit rating(s), debt maturity profile, gearing ratios of the REIT on a consolidated and standalone basis as at the end of the year
8. Debt maturity profile over each of the next 5 years and debt covenants, if any;
9. The total operating expenses of the REIT, including all fees and charges paid to the manager and any other parties, if any during the year
10. Past performance of the REIT with respect to unit price, distributions and yield for the last 5 years, as applicable

11. Unit price quoted on the Designated Stock Exchanges at the beginning and end of the financial year, the highest and lowest unit price and the average daily volume traded during the financial year
12. ²⁷⁴[1]Details of all related party transactions during the year ²⁷⁵[, value of which exceeds five per cent of value of the REIT assets]
²⁷⁶[2. Details regarding the monies lent by REIT to the holding company or the special purpose vehicle in which it has investment in.]
13. Details of fund raising during the year, if any
14. ²⁷⁷[***]
²⁷⁸[14A. Brief details of material and price sensitive information]
15. Brief details of material litigations and regulatory actions ²⁷⁹[which are] pending, against the REIT, ²⁸⁰[sponsor(s), manager or any of their associates and sponsor group(s) and the trustee], if any, as at the end of the year
16. Risk factors
17. Information of the contact person of the REIT

Mandatory annexure to the annual report

1. Summary of full valuation report capturing key aspects of the report
2. Auditor's report

Mandatory disclosures in the Half-yearly report

1. All details as provided above (*other than clause (2) and mandatory annexures*) for annual report for the previous half-year or as at the end of the half-year as applicable
2. Financial statements for the half year; (*Standalone and consolidated*). If audited statements are not available, unaudited statements may be provided subject to disclosure to that effect

²⁷⁴ Sub-clause number inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

²⁷⁵ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁷⁶ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

²⁷⁷ Omitted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016. Prior to its omission, paragraph 14 read as follows:
 “Brief report on corporate governance”

²⁷⁸ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁷⁹ Substituted “, whether completed or” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

²⁸⁰ Substituted “parties to the REIT or any of their associates” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016.

3. Updated valuation report by the valuer taking into account any material developments during the previous half-year
4. Any other material events during the half-year

SCHEDULE V

[See Regulation 21(3)]

MANDATORY MINIMUM DISCLOSURES IN FULL VALUATION REPORT

The full valuation report shall include the following:

- a. Name and brief details of the valuer
- b. all material details in relation to the basis of valuation
- c. Description and explanation of the valuation methodologies adopted including key assumptions used, justification of the assumptions, explanation of the rationale for choosing the particular valuation method if more than one method is or could have been adopted, etc.
- d. overall structure and condition of the relevant market including an analysis of the supply-demand situation, the market trend and investment activities

- e. For every property, the following details ²⁸¹[, to the extent applicable,] shall be mentioned:
- i. Address of the property, ownership and title details including whether the transaction is a related party transaction (*Valuer may rely on the title disclosures provided by the manager for the purpose*)
 - ii. Location of the property (include latest pictures), formal site identification, physical features (*e.g. size, configuration, frontage, topography*) site services, town planning, etc.
 - iii. If the property is completed and revenue generating, the following shall be mentioned:
 1. the existing use of the property
 2. a brief description of the property including age of the building, the site area, ²⁸²[developable area, leasable area, completed area, occupied area] etc.
 3. occupancy rate
 - iv. In case of under-construction properties, the following shall be mentioned:
 1. Stage of completion of the property
 2. Statutory approvals received and pending as on date of valuation
 3. Approved use of the property as per approved construction plans
 - v. the options or rights of pre-emption and other encumbrances concerning or affecting the property
 - vi. the nature of the interest the REIT holds/proposes to hold in the property whether freehold or leasehold, percentage of interest of the REIT in the property, remainder of the term in case of leasehold property
 - vii. Date of inspection and date of valuation
 - viii. Qualifications and assumptions
 - ix. Method used for valuation
 - x. Valuation standards adopted for valuation of real estate assets
 - xi. Extent of valuer's investigations and nature and source of data to be relied upon
 - xii. Purchase price of the property by the REIT (*for existing properties of the REIT*)
 - xiii. Valuation of the property in the previous 3 years; (*for existing properties of the REIT*)

²⁸¹ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁸² Substituted for the words “gross floor area, net lettable floor area” by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

- xiv. Detailed valuation of the property as calculated by the valuer
- xv. Latest ready reckoner rate (*as published by the state government*)²⁸³
 - [xvi. List of one-time sanctions/approvals which are obtained or pending
 - xvii. List of up to date/overdue periodic clearances
 - xviii. Statement of assets included
 - xix. Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion
 - xx. Revenue pendencies including local authority taxes associated with REIT asset and compounding charges, if any
 - xxi. On-going ²⁸⁴[***] material litigations including tax disputes in relation to the assets, if any
 - xxii. Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control]
- f. any matters which may affect the property or its value
- g. a declaration by the valuer that:
 - i. the valuer is competent to undertake the valuation
 - ii. the valuer is independent and has prepared the report on a fair and unbiased basis
 - iii. the valuer has valued the properties based on the valuation standards as specified under sub-regulation 10 of ²⁸⁵[regulation 21] of these Regulations

²⁸³ Inserted by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2016, w.e.f. 30.11.2016

²⁸⁴ Words “and closed” omitted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2018, w.e.f. 10.04.2018.

²⁸⁵ Substituted for “regulation 20” by the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2017, w.e.f. 15.12.2017

SCHEDULE VI

[See Regulation 7(d)]

CODE OF CONDUCT FOR REIT AND PARTIES TO THE REIT

1. REIT and parties to the REIT shall conduct all affairs of the REIT in the interest of all the unit-holders of the REIT.
2. REIT and parties to the REIT shall make adequate, accurate, explicit and timely disclosure of relevant material information to all unit holders, Designated Stock Exchanges and the Board in accordance with these Regulations and as may be specified by the Designated Stock Exchanges from time to time.
3. REIT and parties to the REIT shall try to avoid conflicts of interest, as far as possible, in managing the affairs of the REIT and keep the interest of all unit holders paramount in all matters. In case such events cannot be avoided, it shall be ensured that appropriate disclosures are made to the unit-holders and they are fairly treated.
4. The REIT and parties to the REIT shall ensure that the fees charged by them with respect to activity of the REIT shall be fair and reasonable.
5. Manager shall carry out the business of the REIT and invest in accordance with the investment objectives stated in the Offer document and take investment decisions solely in the interest of unit holders.
6. REIT, parties to the REIT and any third party appointed by the manager shall not use any unethical means to sell, market or induce any person to buy units of the REIT and where a third party appointed by the manager fails to comply with this condition, the manager shall be held liable for the same.
7. REIT and parties to the REIT shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business,
8. REIT and parties to the REIT shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.
9. REIT and parties to the REIT shall not make any exaggerated statement, whether oral or written, about their qualifications/capabilities/experience/ achievements.
10. REIT and parties to the REIT shall be liable to the unit holders for their acts of commission or omissions, notwithstanding anything contained in any contract or agreement.

SCHEDULE VII

[See Regulation 34]

Amendment to Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012

In regulation 2, in sub-regulation (1), in clause (o), after the words “or body corporate” and before the words “in which an Alternative Investment Fund”, the words “or real estate investment trust or infrastructure investment trust” shall be inserted.

²⁸⁶[**SCHEDULE VIII: GOVERNANCE NORMS**

PART A: MINIMUM INFORMATION TO BE PLACED BEFORE BOARD OF DIRECTORS OF THE MANAGER

[See Regulation 26B (4)]

The following minimum information to be placed before Board of Directors of the manager:

- (a) annual operating plans and budgets and any updates.
- (b) capital budgets and any updates.
- (c) quarterly results for the REIT and its operating divisions or business segments.
- (d) minutes of meetings of audit committee and other committees of the Board of Directors of Manager.
- (e) the information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Compliance Officer
- (f) show cause, demand, prosecution notices and penalty notices, which are materially important.
- (g) fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- (h) any material default in financial obligations to and by the REIT, HoldCo. and/or SPV.

²⁸⁶ Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2023 w.e.f. 01.04.2023.

- (i) any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the REIT, holdco, SPV or taken an adverse view regarding another enterprise that may have negative implications on the REIT.
- (j) details of any joint venture or collaboration agreement.
- (k) significant labour problems and their proposed solutions, any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- (l) sale of investments, HoldCo. and/or SPV, assets which are material in nature and not in normal course of business.
- (m) quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- (n) non-compliance of any regulatory, statutory or listing requirements and unitholders service such as non-payment of distributions.
- (o) reports of tabletop exercises or workshops for identifying risks and vulnerabilities, and specifying risk mitigations and processes for addressing vulnerabilities.

PART B: COMPLIANCE CERTIFICATE

[See Regulation 26B (5)]

The compliance certificate to be furnished by compliance officer, chief executive officer and chief financial officer shall state that:

- (a) they have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the affairs of the REIT and are in compliance with existing accounting standards, applicable laws and regulations;
- (b) there are, to the best of their knowledge and belief, no transactions entered into by the manager on behalf of REIT during the year which are fraudulent, illegal or violative of the entity's code of conduct;
- (c) they accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the

manager pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies;

(d) they have indicated to the auditors and the Audit committee:

- (i) significant changes in internal control over financial reporting during the year;
- (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the manager's internal control system over financial reporting of REIT.]

U.K. SINHA

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA