

DRAFT CIRCULARS FOR PUBLIC COMMENTS

Review of - (a) disclosure of financial information in offer document / placement memorandum, and (b) continuous disclosures and compliances by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)

1. Background

- 1.1. Chapter 3 of the [Master Circular for REITs dated May 15, 2024](#) and the [Master Circular for InvITs dated May 15, 2024](#) (“Master Circulars”) provide guidelines for disclosure of financial information in the offer document / placement memorandum by REITs and InvITs respectively along with the framework for calculation of Net Distributable Cash Flows. Chapter 4 of the Master Circulars specify provisions for continuous disclosures and compliances by the REITs and InvITs, post listing of units.
- 1.2. The Working Group on Ease of Doing Business for REITs and InvITs, constituted under the aegis of Hybrid Securities and Advisory Committee (HySAC), submitted its report on Ease of Doing Business recommendations for REITs and InvITs.
- 1.3. Based on the report of the Working Group, inputs of Indian REITs Association and Bharat InvITs Association, recommendations of the HySAC and internal deliberations, it is proposed to revise Chapter 3 and Chapter 4 along with paragraph 7 of Annexure – 5 and Annexure – 6 of the Master Circulars. The revised Chapter 3 and Chapter 4 after carrying out the proposed changes can be accessed for [REITs](#) and [InvITs](#) by clicking on the respective links. Further, the summary of major changes proposed is as under:

S.No.	Summary of major changes	Paragraph No. of Draft Circular for REITs	Paragraph No. of Draft Circular for InvITs
<u>Ease of Doing Business Measures</u>			
1.	Aligning the period of disclosure of financial statements in the offer document with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.	3.1	3.1
2.	Disclosure of combined financial statements in the offer document/placement memorandum for initial offer, irrespective of the period for which the REIT/InvIT was in existence.	3.2.1	3.2.1
3.	Disclosure of audited consolidated financial statements in respect of follow-on offer along with link to REIT's / InvIT's website for accessing separate audited financial statements	3.2.2	3.2.2
4.	Aligning the disclosure and principles of preparation of pro forma financial statements for a follow-on offer with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.	3.2.3, 3.24 to 3.28	3.2.3, 3.24 to 3.28
5.	Providing clarity that the projections in offer document/placement memorandum shall include at least three full financial years	3.6	3.6
6.	Framework for Calculation of Net Distributable Cash Flows.	3.18	3.18
7.	Revising the format for disclosure of 'Statement of Net Assets at Fair Value'.	3.21.5	3.21.5

S.No.	Summary of major changes	Paragraph No. of Draft Circular for REITs	Paragraph No. of Draft Circular for InvITs
8.	Providing clarification on classification of Unit Capital as Equity for the purpose of preparation of financial information.	3.23	3.23
9.	Reducing the time gap of submission of statement of deviation in the use of proceeds of issue of debt securities to quarterly basis instead of half yearly basis	4.18.1.b)	4.18.1.b)
Investor Protection Measures			
1.	Removing the option to disclose condensed financial statements in the offer document and on continuous basis post listing, in line with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	omission of para 3.3.2 and 4.5.1 of the Master Circular	omission of para 3.3.2 and 4.5.1 of the Master Circular
2.	Disclosures in offer document for a follow on offer.	3.29 to 3.34	3.29 to 3.34
3.	Alignment of disclosure requirements for financial results for REITs and InvITs with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including mandating disclosure of quarterly results, timelines for disclosure, audit / limited review of financial results, preparation of segment information etc.	4.1, 4.2, 4.5 and 4.8	4.1, 4.2, 4.5 and 4.8

S.No.	Summary of major changes	Paragraph No. of Draft Circular for REITs	Paragraph No. of Draft Circular for InvITs
4.	Mandating the applicability of Schedule III of the Companies Act, 2013 (with certain exceptions) for preparation of financial statements as part of continuous disclosure requirements.	4.5.2	4.5.2
5.	Mandating disclosure of Net Borrowings Ratio as part of financial results along with format for its disclosure.	4.6.5	4.6.6
6.	Mandating disclosure of certain financial ratios for REIT/InvIT with any outstanding borrowings.	4.18.2	4.18.2

2. Public comments

2.1. Public comments are invited on the following two Draft Circulars:

2.1.1. ***“Review of - (a) disclosure of financial information in offer document, and (b) continuous disclosures and compliances by Real Estate Investment Trusts (REITs)”*** – the same can be accessed [here](#), and

2.1.2. ***“Review of - (a) disclosure of financial information in offer document / placement memorandum, and (b) continuous disclosures and compliances by Infrastructure Investment Trusts (InvITs)”*** – the same can be accessed [here](#).

2.2. The comments / suggestions should be submitted by latest by March 07, 2025, through the online web-based form which can be accessed using the following link:

[Click here](#)

Kindly go through the instructions mentioned on the above link before submitting comments on the Draft Circulars.

2.3. In case of any technical issue in submitting your comment(s) through the web based public comments form, you may contact Shri Barun Gurani, AM (barung@sebi.gov.in) through email with the subject *"Issue in submitting comments on Draft Circulars on Review of - (a) disclosure of financial information in offer document / placement memorandum, and (b) continuous disclosures and compliances by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)"*.

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