

Consultation paper on draft SEBI (Real Estate Investment Trusts) Regulations, 2013

1. Background

1. India's real estate sector has witnessed rapid growth in recent years underlined by robust economic growth in the country. The growing scale of operations of the corporate sector has increased the demand for commercial buildings and space including modern offices, warehouses, shopping centres, conference centres, etc. For such rapidly growing industry, it is crucial that investment vehicles such as Real Estate Investment Trusts (REITs) evolve in the country.
2. Globally, REITs invest primarily in completed, revenue generating real estate assets and distribute major part of the earning among their investors. Typically, most of such investments are in completed properties which provide regular income to the investors from the rentals received from such properties.
3. By the very nature of REITs, it is beneficial to both the investors and the industry in different ways. On one hand, REITs provide the investors with an investment avenue, which is comparatively less risky than investing in under-construction properties and provides regular income. On the other hand, REITs provide the sponsor (*usually a developer or a private equity fund*) avenues of exit thus providing liquidity and enable them to invest in other projects.
4. Globally, framework for REIT exists in several countries including United States of America, Australia, Singapore, Japan, France, United Kingdom, etc. In most of these countries, REITs appear to have the following features:
 - a. REITs are managed by professional managers which usually have diverse skill bases in property development, redevelopment, acquisitions, leasing and management, etc.
 - b. In countries where REITs are available for retail investors, they provide an avenue to such investors in properties which they otherwise would not have been able to take an exposure.
 - c. REITs are also a popular investment option for long term pools of capital such as pension funds and insurance companies primarily since the regular stream of income helps them in managing regular outflow to their investors.
 - d. Listed REITs provide liquidity thus providing easy exit to the investors.
 - e. REITs bring in transparency and accountability in the real estate sector.

All these reasons have made REIT one of the preferred investment vehicles around the world.

2. Proposed regulatory framework

Considering the important role that REITs play, a separate regulatory framework under draft SEBI (Real Estate Investment Trusts) Regulations, 2013 (referred to as "Regulations" hereafter) has been proposed for introducing REITs in India. Salient features of the proposed framework are as under:

a. Structure of the REIT

1. The REIT shall be set up as a Trust under the provisions of the Indian Trusts Act, 1882. REITs shall not launch any schemes.
2. The REIT shall have parties such as trustee (*registered with SEBI*), sponsor, manager and principal valuer.

b. Registration of REIT

1. The Trust shall initially apply for registration with SEBI as a REIT in the specified format. It shall fulfil eligibility criteria as specified in the draft Regulations.
2. SEBI, on being satisfied that the eligibility conditions are satisfied, shall grant the REIT certificate of registration.

c. Offer of units to the public and listing of units

1. After registration, the REIT shall raise funds initially through an initial offer and once listed, may subsequently raise funds through follow-on offers.
2. Listing of units shall be mandatory for all REITs. The units of the REIT shall continue to be listed on the exchange unless delisted under the Regulations. Provisions for delisting have also been specified in the Regulations.
3. For coming out with initial offer, it has been specified that the size of the assets under the REIT shall not be less than Rs. 1000 crore which is expected to ensure that initially only large assets and established players enter the market.
4. Further, minimum initial offer size of Rs. 250 crore and minimum public float of 25% is specified to ensure adequate public participation and float in the units.
5. General procedure for initial/follow-on offer, filing of offer document/follow-on offer document, allotment and listing of units has been specified in the Regulations. Detailed disclosures required in the offer document/follow-on offer document have also been specified in the Regulations.
6. The REIT may raise funds from any investors, resident or foreign. However, initially, till the market develops, it is proposed that the units of the REITs may be offered only to HNIs/institutions and therefore, it is

proposed that the minimum subscription size shall be Rs. 2 lakhs and the unit size shall be Rs. 1 lakh.

d. Responsibilities of various parties to the REIT

i. Responsibilities of the Trustee

1. The Trustee shall be independent of sponsor and manager and hold the REIT assets in the name of the REIT for the benefit of the investors in accordance with the Trust Deed and the proposed Regulations. The role of Trustee is primarily supervisory in nature.
2. The Trustee shall ensure that the activity of the REIT is being operated in accordance with the proposed Regulations. For achieving the same, certain specific obligations are also imposed on the Trustee, details of which have been provided in the proposed Regulations.
3. The right and obligation to convene meetings of the investors shall lie with the Trustee and he shall follow procedures for holding such meetings as specified in the proposed Regulations.

ii. Responsibilities of the manager

1. The manager shall primarily assume all the operational responsibilities with respect to the activity of the REIT. Roles and responsibilities of the manager shall be specified in the agreement entered into between the trustee and the manager.
2. To ensure that the activities of the REIT are managed professionally, it has been specified that the manager needs to have at least 5 years of related experience coupled with other requirements such as minimum networth, manpower with sufficient relevant experience, etc.
3. Responsibilities of manager shall range throughout the life of the REIT right from the application for registration, issue and listing of units of REIT, day to day operation and management of the assets of REIT till the delisting of units, if any. Manager shall be responsible for various operational aspects including appointment of various parties to the REIT, procedural aspects of issue and listing of the REIT units, investment decisions, disclosures and reporting, distribution of dividends etc.

iii. Responsibilities of sponsor and the valuers

1. The sponsor's responsibilities shall primarily pertain to setting up of the REIT including appointment of the Trustee. The sponsor shall also be obligated to maintain a certain percentage holding in the REIT to ensure a 'skin-in-the-game' at all times. Even in those cases where the sponsor sells its units it shall arrange for another person/entity to act as the re-designated sponsor.
2. Further, a minimum net worth and experience criteria have also been laid down for the sponsor in the proposed Regulations.

3. For ensuring fair and transparent valuation of the assets, the valuers have been obligated to follow valuation principles, have robust internal controls, have manpower with sufficient relevant experience, etc.

e. Investment conditions and dividend policy

1. In line with the nature of the REIT to invest primarily in completed revenue generating properties, it has been mandated that at least 90% of the value of the REIT assets shall be in completed revenue generating properties. In order to provide flexibility, it has been allowed to invest the remaining 10% in other assets as specified in the proposed Regulations.
2. To ensure regular income to the investors, it has been mandated to distribute atleast 90% of the net distributable income after tax of the REIT to the investors.
3. REITs have been allowed to invest in the properties directly or through special purpose vehicles, wherein such special purpose vehicles (SPV) hold not less than 90% of their assets directly in such properties. However, in such cases, it has been mandated that REIT shall have control over the SPV so that the interest of the investors of the REIT are not jeopardised.
4. The REIT shall not invest in vacant land or agricultural land or mortgages other than mortgage backed securities. Further, the REIT shall only invest in assets based in India.
5. Investment upto 100% of the corpus of the REIT has been permitted in one project subject to the condition that minimum size of such asset is not less than Rs. 1000 crore.
6. Other detailed investment conditions are provided in the proposed Regulations.

f. Related party transactions

1. All related party transactions shall be on an arms-length basis, in the best interest of the investors, consistent with the strategy & investment objectives of the REIT and shall be disclosed to the exchanges and investors periodically in accordance with the listing agreement and the proposed Regulations.
2. Stringent conditions have been imposed on related party transactions including detailed disclosures, valuation requirements, approval from majority of investors, related party abstaining from voting, restrictions on leasing of assets to related parties, requirement of fairness opinion for lease, etc.
3. For any related party transactions for acquisitions/sale of properties, valuation reports from 2 independent valuers shall be obtained and the transaction for purchase/sale of such properties shall be at a price not greater / less than average of the two independent valuations.

4. Investors' approval is required for all the related party transactions wherein the value is above a threshold as provided in the proposed regulations.

g. Borrowings and deferred payments

To avoid excessive leverage, the aggregate consolidated borrowings and deferred payments of the REIT have been capped at 50% of the value of the REIT assets. If the same exceeds 25%, requirement of credit rating from a credit rating agency and approval of majority of investors has been specified.

h. Valuation of assets

1. To ensure that the underlying assets of REIT are valued accurately, requirement of a full valuation including a physical inspection of the properties has been specified at least once a year. Further, a six monthly updation in the valuation capturing key changes in the last six months has also been specified. Consequently, the NAV shall be declared at least twice in a year. Provisions have also been specified for valuation in case of any material development.
2. Detailed disclosures have been specified for the annual and half-yearly valuation reports.
3. Further, for any purchase of a new property or sale of an existing property, it has been required that a full valuation be undertaken and the value of the transaction shall be not less than 90%/ not more than 110% of the assessed value of the property for sale/purchase of assets respectively.

i. Rights of investors

1. In order to ensure safeguarding of interests of the investors, several rights have been provided to the investors in order to empower them.
2. The investors shall have right to remove the manager, auditor, principal valuer, seek delisting of units, apply to SEBI for change in trustee, etc.
3. Further, an annual meeting of all investors is mandatory to be convened by the Trustee wherein matters such as latest annual accounts, valuation reports, performance of the REIT, approval of auditors & their fees, appointment of principal valuer, etc. shall be discussed.
4. Further, approval of investors has been made mandatory in special cases such as certain related party transactions, any transaction with value exceeding 15% of the REIT assets, borrowing exceeding 25%, change in manager/ sponsor, change in investment strategy, delisting of units, etc.
5. In order to ensure that a related party does not influence the decision, it has been specified that any person who is a party to any transaction as well as associates of such person(s) shall not participate in voting on the specific issue.

j. Disclosures

1. Keeping in mind that transparency has been a cornerstone of the REIT industry globally, detailed disclosure requirements have been specified in the proposed Regulations.
2. Minimum disclosure requirements in the offer document/follow-on offer document have been specified in the proposed Regulations. Further, minimum disclosures have also been specified for the annual and half-yearly reports to be sent to the investors.
3. Certain event-based disclosures have also been specified. Further, the REIT shall additionally be bound by periodical disclosure requirements required under the listing agreement with the exchanges.

3. Draft REIT Regulations for Public Comments

1. In the light of the above, SEBI proposes to frame SEBI (Real Estate Investment Trusts) Regulations, 2013, draft of which is enclosed. Public comments are invited on the consultative paper and the draft Regulations. Comments may be forwarded by email to Ms. Nila Salil Khanolkar, Assistant General Manager (nila@sebi.gov.in) or Mr. Naveen Gupta, Assistant Manager (naveeng@sebi.gov.in) **latest by October 31, 2013.**
2. Comments should be given in the following format:

Name of entity/ person/ intermediary:			
Sr. No	Pertains to which Regulation /sub regulation	Proposed/ suggested changes	Rationale
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Issued on: October 10, 2013

DRAFT REGULATIONS

THE GAZETTE OF INDIA

EXTRAORDINARY

PART – III – SECTION 4

PUBLISHED BY AUTHORITY

NEW DELHI, October , 2013

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the th October, 2013

SECURITIES AND EXCHANGE BOARD OF INDIA

(REAL ESTATE INVESTMENT TRUSTS) REGULATIONS, 2013

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), 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, 2013. (2) These regulations shall come into force on the date of their notification in the Gazette of India.
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 includes: (i) any person controlled, directly or indirectly, by

		<p>the said person;</p> <p>(ii) any person who controls, directly or indirectly, the said person,</p> <p>(iii) any entity or person under common control with the said person;</p> <p>(iv) where the said person is a company, any person(s) who is designated as promoter(s) of the company and any other company with the same promoter(s);</p> <p>(v) where the said person is an individual, any relative of the individual;</p> <p>(vi) where the said person is a body corporate, its group companies;</p> <p>(vii) companies under the same management;</p> <p>(viii) where the said person is a REIT, related parties to the REIT;</p> <p>(c) "Parties to the REIT" shall include the sponsor, re-designated sponsor, manager, trustee and the principal valuer;</p> <p>(d) "Related parties of the REIT" shall include:</p> <p>(i) Parties to the REIT</p> <p>(ii) Any unit holder holding, directly or indirectly, more than 20% of the units of the REIT;</p> <p>(iii) Any associates of the persons mentioned at (i) and (ii) above;</p> <p>(iv) any promoter or director of the persons included at (i), (ii) and (iii) above;</p> <p>(v) Any associates of the persons included in point (iv) above;</p> <p>(e) "Board" means the Securities and Exchange Board of India established under section 3 of the Act;</p> <p>(f) "body corporate" shall have the meaning assigned to it in or under sub-section (11) of section 2 of the Companies Act, 2013;</p> <p>(g) "certificate" means a certificate of registration granted under these regulations;</p>
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	<p>(h) "company" means a company as defined under sub-section (20) of section 2 the Companies Act, 2013.</p> <p>(i) "change in control" in relation to a company or a body corporate, means:</p> <p style="padding-left: 40px;">(i) if its shares are listed on any recognized stock exchange, change in control within the meaning of clause (e) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;</p> <p style="padding-left: 40px;">(ii) in any other case, change in the controlling interest or change in legal form.</p> <p><u>Explanation.</u>— For the purpose of sub-clause (ii), the expression "controlling interest" means an interest, whether direct or indirect, to the extent of more than fifty percent of voting rights or interest;</p> <p>(j) "form" means any of the forms set out in the First Schedule of these Regulations.</p> <p>(k) "inspecting authority" means any one or more person appointed by the Board to exercise powers conferred under Chapter V of these Regulations;</p> <p>(l) "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, carparks, etc. and any other assets incidental to the ownership of real estate and does not include mortgage and Transferable Development Rights;</p> <p>(m) "REIT" means a Real Estate Investment Trust registered under these Regulations;</p> <p>(n) "Real Estate assets" means properties held by REIT whether directly or through a Special Purpose Vehicle;</p> <p>(o) "REIT assets" means real estate and other assets held by the REIT whether directly or through a Special Purpose Vehicle;</p> <p>(p) "Special Purpose Vehicle" means any body corporate in which the REIT holds or proposes to hold controlling interest;</p>
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	<p>(q) "sponsor" means any person and its associates, if any, who set(s) up the REIT and assigned as such at the time of application made to SEBI and who hold(s) not less than 25% of the units of the REIT at the time of making application to SEBI for registration;</p> <p>(r) "Re-designated sponsor" means any person and its associates, if any, who has/have assumed the responsibility of the sponsor from the person as designated under clause (q) of sub-regulation (1) above or any re-designated sponsor thereafter;</p> <p>(s) "Manager" means a company which manages assets and investments of the REIT;</p> <p>(t) "Trustee" means a person who holds the REIT assets in trust for the benefit of the unit holders, in accordance with these regulations;</p> <p>(u) "Custodian" means a person registered with SEBI under the SEBI (Custodian of Securities Regulations), 1996;</p> <p>(v) "Initial Offer" means the first offer of units of REIT to the public for subscription;</p> <p>(w) "Follow-on Offer" means offer of units of REIT to the public for subscription subsequent to Initial Offer;</p> <p>(x) "Offer document" means any document or documents by which initial offer is made to the public;</p> <p>(y) "Follow-on Offer Document" means any document or documents by which follow-on offer is made to the public;</p> <p>(z) "Recognised stock exchange" means any stock exchange which is recognised under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);</p> <p>(aa) "Unit" means beneficial interest of the Real Estate Investment Trust;</p> <p>(bb) "Unit holder" means any person holding units of the REIT;</p> <p>(cc) "Principal Valuer" means any person who is a "registered valuer" under Section 247 of the Companies Act, 2013 and assigned as such and who has been appointed by the manager to undertake</p>
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	<p>valuation of the real estate assets;</p> <p>(dd) "Value of the REIT" means value of the REIT as assessed by the valuer excluding any debt/liabilities thereof;</p> <p>(ee) "Value of the REIT assets" means aggregate value of all the assets under the REIT as assessed by the valuer;</p> <p>(ff) "Net Asset Value" means by value of the REIT as calculated by the valuer divided by the number of outstanding units as on a particular date;</p> <p>(gg) "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;</p> <p>(hh) "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;</p> <p>(ii) "Completed property" means property for which occupancy certificate has been received from the relevant authority;</p> <p>(jj) "Developmental property" means a property which is under-construction property and for which occupancy certificate has not been received;</p> <p>(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 made thereunder or any statutory modification or re-enactment thereto, as the case may be.</p>
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CHAPTER II

REGISTRATION OF REAL ESTATE INVESTMENT TRUSTS

Registration of Real Estate Investment Trusts	3.	<p>(1) No person shall carry out any activity as a REIT unless it is registered with the Board under these regulations;</p> <p>(2) An application for grant of certificate of registration under sub-regulation (1) shall be made 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 in the manner as specified in Schedule II to these regulations;</p> <p>(3) The Board may, in order to protect the interests of investors, appoint any person to take charge of records, documents of the applicant and for this purpose, also determine the terms and conditions of such an appointment.</p> <p>(4) The Board shall take into account requirements as specified in these regulations for the purpose of considering grant of registration.</p>
Eligibility Criteria.	4.	<p>(1) For the purpose of the grant of certificate to an applicant, the Board shall consider any matter which it deems relevant to the activities as a REIT;</p> <p>(2) Without prejudice to the generality of the foregoing provisions, the Board shall consider whether:</p> <p>(a) Whether the applicant is a 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;</p> <p>(b) Whether 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 of these Regulations;</p> <p>(c) Whether persons have been designated as sponsor(s), manager(s), trustee and the principal valuer under these Regulations and all such persons are separate entities;</p> <p>(d) Whether the sponsor(s) has/have a net worth of atleast rupees 20 crore on a consolidated basis;</p> <p>(e) Whether the sponsor(s) has/ have not less than 5</p>

		<p>years experience in the real estate industry on an individual basis.</p> <p>(f) Whether the manager has:</p> <ul style="list-style-type: none"> (i) net worth of not less than Rs. 5 crore; and (ii) not less than 5 years experience in fund management/ advisory services/property management in the real estate industry or in development of real estate; and (iii) not less than 2 key personnel in its Investment Committee who each have not less than 5 years experience in fund management/ advisory services/property management in the real estate industry or in development of real estate; <p>(g) Whether not less than half of members of the Investment Committee of the manager are independent and are not related parties to the REIT;</p> <p>(h) Whether the trustee is registered with SEBI under SEBI(Debenture Trustees) Regulations, 1993, is not an associate of the sponsor/manager/principal valuer and not less than 50% of its directors are independent and are not related parties to the REIT;</p> <p>(i) Whether the principal valuer is not an associate of the sponsor/manager/trustee and has not less than 5 years of experience in valuation of real estate;</p> <p>(j) Whether the investment management agreement provides for the responsibilities of the manager in accordance with regulation 10 of these Regulations;</p> <p>(k) Whether all unit holders of the REIT enjoy equal voting rights;</p> <p>(l) Whether the applicant 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;</p> <p>(m) Whether any previous application for grant of certificate made by the applicant or any related party has been rejected by the Board;</p> <p>(n) Whether any disciplinary action has been taken by the Board or any other regulatory authority against the</p>
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		applicant or any related party under any Act or the Regulations/guidelines made thereunder;
Furnishing of further information, clarification and personal representation	5.	<p>(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.</p> <p>(2) The Board, if it so desires, may ask the applicant or its authorized representative to appear before the Board for personal representation in connection with the grant of certificate.</p>
Procedure for grant of certificate	6.	<p>(1) The Board on being satisfied that the applicant fulfils, the requirements specified in Regulation 4 shall send intimation to the applicant and on receipt of the payment of registration fees as specified in Schedule II, grant certificate of registration.</p> <p>(2) The Board shall, on receipt of the registration fees, grant a certificate of registration in Form B under Schedule I.</p> <p>(3) The registration may be granted with such conditions as may be deemed appropriate by the Board.</p>
Conditions of certificate	7.	<p>The certificate granted under regulation 6 shall, inter-alia, be subject to the following conditions:-</p> <p>(a) the REIT shall abide by the provisions of the Act and these regulations;</p> <p>(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;</p> <p>(c) The REIT and parties to the REIT shall satisfy with the conditions specified in Regulation 4 at all times;</p> <p>(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;</p>
Procedure where registration is refused	8.	<p>(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 applicant, it may reject the application after giving the applicant a reasonable opportunity of being heard.</p>

		(2) The decision of the Board to reject the application shall be communicated to the applicant within thirty days of such decision.
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CHAPTER III

RIGHTS AND RESPONSIBILITIES OF PARTIES TO THE REIT

Rights and Responsibility of Trustee	9.	<p>(1) The Trustee shall hold the REIT assets in the name of the REIT for the benefit of the unit holders in accordance with the Trust Deed and these Regulations;</p> <p>(2) The Trustee shall ensure that the real estate assets of the REIT have proper legal and marketable titles and that all the material contracts including rental/ lease agreements entered into on behalf of REITs are legal, valid, binding and enforceable by and on behalf of the REIT.</p> <p>(3) The Trustee shall enter into the investment management agreement with the manager on behalf of the REIT;</p> <p>(4) The Trustee shall supervise activities of the manager in the interest of the unit holders, ensure that the manager complies with Regulation 10 of these Regulations and shall obtain compliance certificate from the manager every quarter for the purpose;</p> <p>(5) The Trustee shall ensure that the manager undertakes the reporting and disclosures in accordance with these Regulations and in case of any delay or discrepancy, require the manager to rectify the same on an urgent basis;</p> <p>(6) 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 confirm that such transaction is on arm's length basis;</p> <p>(7) The Trustee shall periodically review the status of unit holders' complaints and their redressal undertaken by the Manager;</p> <p>(8) The Trustee shall ensure that the manager makes timely payment of the dividend to unit holders;</p> <p>(9) The Trustee may require the Manager to set up such systems and submit such reports to the trustees, as may</p>
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		<p>be necessary for effective monitoring of the performance and functioning of the REIT;</p> <p>(10) 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;</p> <p>(11) The Trustee shall ensure that the remuneration of the principal valuer/ valuer is not be linked to or based on the value of the property being valued;</p> <p>(12) The Trustee shall convene meetings of the unit holders in accordance with these Regulations and maintain records in accordance with regulation 26 of these Regulations;</p> <p>(13) The Trustee may take up with SEBI or with the exchange, any issue which has been approved in an annual meeting/ special meeting, if the issue requires such action;</p> <p>(14) In case of any change in manager due to removal or otherwise:</p> <ul style="list-style-type: none">(a) Prior to such change, the Trustee shall obtain approval from unit holders in accordance with sub regulation (6) of regulation 22 of these Regulations and approval from the Board;(b) The Trustee shall appoint the new manager within 3 months from the date of termination of the earlier manager;(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. <p>(15) The Trustee shall obtain prior approval from the unit holders in accordance with sub-regulation (6) of regulation 22 of these Regulations the Board in case of change in</p>
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		<p>control of the manager;</p> <p>(16) The Trustee shall not invest in units of the REIT;</p> <p>(17) The Trustee shall ensure that the activity of the REIT is being operated in accordance with the provisions of the Trust Deed, these Regulations and the Offer Document and if any discrepancy is noticed, shall inform the same to the Board immediately in writing;</p> <p>(18) The Trustee shall immediately inform to the Board in case any action which is detrimental to the interest of the unit holders is observed;</p>
<p>Rights and Responsibility of manager</p>	<p>10.</p>	<p>(1) The manager shall identify and recommend investment opportunities for investment by the REIT;</p> <p>(2) The manager shall ensure that the investments made by the REIT are in accordance with the investment conditions specified in regulation 18 of these Regulations and in accordance with the investment strategy of the REIT;</p> <p>(3) The manager shall undertake management of the REIT assets including making arrangements for the appropriate maintenance either directly or through the appointment and supervision of appropriate agents;</p> <p>(4) The manager shall appoint the principal valuer, any other valuer(s), auditor, registrar and transfer agent, merchant banker, custodian and any other intermediary/service provider/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;</p> <p>(5) The manager shall appoint an auditor for a period of not more than 3 years;</p> <p>Provided that the auditor may further be reappointed for a period of another 3 years, subject to approval of unit-holders in the annual meeting.</p> <p>Provided further that an auditor cannot be consecutively appointed for a period of more than 6 years;</p> <p>(6) The manager shall undertake lease management either directly or through the appointment and supervision of appropriate agents for the purpose;</p> <p>(7) The manager shall arrange for adequate insurance</p>

		<p>coverage for the real estate assets of the REIT;</p> <p>(8) If the REIT invests in developmental assets as per these Regulations, the manager :</p> <ul style="list-style-type: none">(a) May undertake the development of the assets or appoint a project management company for development of such assets;(b) Shall oversee the progress of development, approval status and other aspects of the assets upto completion of the assets;(c) Shall ensure leasing out of the assets after completion; <p>(9) The manager shall ensure that it has sufficient key personnel with adequate experience and qualification to undertake management of the REIT at all times;</p> <p>(10) The manager shall constitute an Investment Committee having not less than 5 members which shall take the final decision on recommendation of the manager in any investment opportunity to the REIT;</p> <p>(11) The manager shall be responsible for:</p> <ul style="list-style-type: none">(a) Filing the draft and final offer document and follow-on offer document with the Board and the exchanges within the prescribed time period;(b) Obtaining in-principle approval from the recognized stock exchange(s) where the units are proposed to be listed for an initial offer/follow-on offer;(c) Dealing with all matters relating to issue and listing of the units of the REIT as specified under Chapter IV of these Regulations; <p>(12) The manager shall ensure that disclosures made in the offer document/ follow-on offer document represent a true and fair view and are in accordance with these Regulations and guidelines/circulars issued thereunder;</p> <p>(13) The manager shall declare and distribute dividend to the unit holders in accordance with the sub-regulations 12 and 13 of regulation 18 of these Regulations;</p> <p>(14) The manager shall ensure adequate and timely redressal of all unit holders' grievances pertaining to activities of the REIT;</p>
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	<p>(15) The manager shall ensure that the disclosures/reporting to the unit holders, Board, trustees and recognized stock exchanges are adequate, timely and in accordance with these Regulations and guidelines/circulars issued thereunder;</p> <p>(16) The manager shall provide to the Board and to the stock exchange any such information as may be sought by the Board or the stock exchange pertaining to the activity of the REIT;</p> <p>(17) 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;</p> <p>(18) The manager shall submit to the trustee:</p> <ul style="list-style-type: none">(a) quarterly reports on the activities of the REIT including receipts for all funds received by it and for all payments made, valuation reports, position on compliance with these Regulations, specifically including compliance with regulations 18,19 and 20, etc.;(b) decision to acquire or sell any asset along with rationale for the same;(c) details of any action which requires approval from the unit holders as maybe required under the Regulations;(d) details of any other material issue including change of its directors, change of members in the Investment Committee, any legal proceedings that may have a significant bearing on the activity of the REIT, etc. <p>(19) In case the manager fails to timely submit to the trustee information/reports as specified under sub-regulation (18) above or sub-regulation (9) of Regulation (9) above, the trustee shall intimate the same to the Board and the Board may take action, as it deems fit.</p> <p>(19) The manager shall ensure that the valuation of the real estate assets is done by the principal valuer/ valuer in accordance with regulation 21 of these Regulations;</p> <p>(20) The manager shall ensure computation and declaration of NAV of the REIT based on the valuation done by the valuer/principal valuer no later than 15 days from the date</p>
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		<p>of valuation and such computation shall be done and declared not less than once every six months;</p> <p>(21) The manager shall ensure that the audit of accounts of the REIT by the auditor is done not less than twice every year and such report is submitted to the exchanges within 45 days of end of such half-year;</p> <p>Provided that such half-yearly audit shall be conducted as at the end of the six months ending March and September;</p> <p>(22) The manager shall supervise the activities of the custodian;</p> <p>(23) The manager shall place before its Board of Directors a report on activity and performance of the REIT every six months;</p> <p>(24) The manager shall designate an employee/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;</p> <p>(25) The manager shall ensure that all activities of management of assets of the REIT and activities of the intermediaries/agents/service providers appointed by the manager are in accordance with these Regulations;</p>
<p>Rights and Responsibility of sponsor</p>	<p>11.</p>	<p>(1) The sponsor shall set up the REIT and appoint the trustee of the REIT;</p> <p>(2) With respect to holding of units in the REIT, the sponsor shall:</p> <p style="padding-left: 40px;">(a) hold not less than 25% of the total units of the REIT prior to initial offer of which :</p> <p style="padding-left: 80px;">(i) 25% of the units shall be held for a period of not less than 3 years from the date of the listing of such units;</p> <p style="padding-left: 80px;">(ii) Units exceeding 25% shall be held for a period of not less than 1 year from the date of listing of such units;</p> <p style="padding-left: 40px;">(b) hold not less than 15% of the outstanding units of the REIT at all times;</p> <p>(3) If the sponsor proposes to sell its units below the limit prescribed in clause (b) of sub-regulation (2) above:</p> <p style="padding-left: 40px;">(a) Such units shall be sold only after a period of 3</p>

		<p>years from the date of listing of the units;</p> <p>(b) The sponsor shall arrange for another person/entity to act as the re-designated sponsor and obtain approval of the unit holders in accordance with sub-regulation (11) of regulation 22 for the same.</p> <p>(4) Re-designated sponsors shall hold, after such re-designation, not less than 15% of the of the outstanding units of the REIT at all times;</p>
<p>Rights and Responsibility of the valuer</p>	<p>12.</p>	<p>All valuers including the principal valuer shall comply with the following conditions at all times;</p> <p>(1) The valuer shall ensure that the valuation of the real estate assets is impartial, true and fair and is in accordance with regulation 21 of these Regulations;</p> <p>(2) The valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;</p> <p>(3) The valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform property valuations at all times;</p> <p>(4) The valuer shall not invest in units of the REIT;</p> <p>(5) The valuer shall conduct his business with utmost transparency and fairness and shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;</p> <p>(6) The valuer shall act with the strictest independence, objectivity and impartiality in performing the valuation;</p> <p>(7) The valuer shall discharge its duties towards the REIT in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;</p> <p>(8) The valuer 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;</p> <p>(9) The valuer shall before accepting any assignment, disclose to the REIT the existence of any direct or indirect monetary interest which the valuer may have in respect of such assignment;</p> <p>(10) The valuer shall verify all critical information relevant to the valuation, supplied by the REIT or any other person,</p>

		<p>including appropriate qualification or confirmation from an independent source;</p> <p>(11) The valuer shall not make false, misleading or exaggerated claims in order to secure assignments;</p> <p>(12) The valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;</p> <p>(13) The valuer shall not accept an assignment that includes reporting of the outcome based on predetermined opinions and conclusions required by the REIT;</p> <p>(14) The valuer shall, prior to performing a valuation, will acquaint itself in terms of all laws/regulations relevant to such valuation.</p>
<p>Rights and Responsibility of the auditor</p>	<p>13.</p>	<p>(1) The Auditor shall conduct audit of the accounts of the REIT and draft the audit report based on the accounts examined by him and after taking into account the relevant accounting and auditing standards, as may be applicable;</p> <p>(2) The Auditor shall, to the best of his information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs as at the end of the period and profit or loss and cash flow for the period and such other matters as may be prescribed.</p> <p>(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;</p> <p>(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 any other person in possession of such information.</p>

CHAPTER IV

OFFER OF UNITS TO THE PUBLIC AND LISTING OF UNITS

Initial offer/ follow-on offer and allotment of units	14.	<p>(1) No initial offer of units by the REIT shall be made unless:</p> <ul style="list-style-type: none">(a) The REIT is registered with the Board under these Regulations;(b) the value of REIT assets is not less than Rs. 1000 crore;(c) the value of the units proposed to be offered to the public is not less than 25% of the value of the REIT;(d) the offer size is not less than Rs. 250 crore; <p>(2) No offer of units of REIT shall be made unless a initial offer/follow-on offer document is filed with the designated Stock Exchange and the Board within five working days before opening of the offer and such filing with the Board shall be accompanied by filing fees as specified under Schedule II;</p> <p>(3) REIT, through the manager, shall file a draft offer document/follow-on offer document with the designated stock exchange,(s)not less than thirty days before filing the initial offer/follow-on offer document with the designated stock exchange;</p> <p>(4) Such draft offer document/follow-on offer document shall be hosted by the Exchanges on their websites for public comments for a period not less than 10 days;</p> <p>(5) A copy of the draft and initial offer/follow-on offer document shall be filed with the Board for its records along with a Due Diligence Certificate signed by the Trustee;</p> <p>(6) The Board may, in the interest of investors, require the REIT to carry out such modifications in the draft offer document/follow-on offer document as it deems fit;</p> <p>(7) The Trustee shall ensure that all comments from the public or from the Board received on the draft offer document are suitably addressed prior to the filing of the offer document/follow on offer document with the Stock</p>
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		<p>Exchange;</p> <p>(8) In case no modifications are suggested by the Board in the draft offer document/follow-on offer document within 21 days from the date of filing, the REIT may issue the final offer document/follow-on offer document to the public;</p> <p>Provided that prior to issue of such final offer document/follow on offer document, they shall be filed with the stock exchange and with the Board;</p> <p>(9) The REIT shall undertake an initial offer or follow-on offer within 6 months from the date of last issuance of observations by the Board, if any or if no observations have been issued by the Board, within 6 months from the date of filing of Offer document/follow-on offer document with the Stock Exchange;</p> <p>(10) The REIT may invite for subscriptions and allot units to any person, whether resident or foreign;</p> <p>Provided that in case of foreign investors, such investment shall be subject to guidelines as may be specified by RBI and the government from time to time.</p> <p>(11) 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;</p> <p>(12) Size of one unit of the REIT shall be rupees one lakh;</p> <p>(13) Under both the initial offer and follow-on public offer, the REIT shall not accept subscription of an amount less than rupees two lakhs from every applicant;</p> <p>(14) Initial offer and follow-on offer shall not be open for subscription for a period of more than 45 days and 30 days respectively;</p> <p>(15) 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 (13) above;</p> <p>(16) The REIT shall allot units /refund money within 10 working days from the date of closing of the issue;</p> <p>(17) The REIT shall issue units in only in dematerialized</p>
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		<p>form to all the applicants;</p> <p>(18) The REIT shall refund money to the applicants within fifteen days from the closure of the offer, in case:</p> <ul style="list-style-type: none"> (i) it fails to collect subscription of amount less than 75% of the issue size as specified in the offer document/follow-on offer document, where money shall be refunded to all applicants; (ii) the moneys received is in excess of the extent of over-subscription as specified in the offer document/follow-on offer document, where money shall be refunded to applicants to the extent of the oversubscription; <p>Provided that right to retain such over subscription cannot exceed 25% of the issue size.</p> <ul style="list-style-type: none"> (iii) the number of subscribers to the initial offer, not including any related party to the REIT, is less than 20, where money shall be refunded to all applicants; <p>(19) If the REIT fails to allot or list the units within fifteen days from the closure of the issue, then it shall pay interest to the unit holders @15% per annum, till it allots or lists the units;</p> <p>(20) If the REIT fails to undertake its initial offer within 18 months from the date of registration with SEBI, it shall surrender its certificate of registration to the Board and cease to operate as a REIT.</p> <p>Provided that the Board, if it deems fit, may extend the period by another six months.</p> <p>Provided further that the REIT may later re-apply for registration, if it so desires.</p> <p>(21) The Board may specify by issue of guidelines/circulars any other requirements, as it deems fit, pertaining to Initial offer/ follow-on offer and allotment of units by a REIT;</p>
<p>Offer document/follow-on offer document and</p>	<p>15.</p>	<p>(1) The offer document/follow-on offer document of the REIT shall contain material, true, correct and adequate disclosures to enable the investors to make an informed decision.</p>

<p>advertisements</p>		<p>(2) Without prejudice to the generality of sub-regulation (1), the offer document/follow-on offer document shall:</p> <ul style="list-style-type: none"> (i) Include all information as specified under Schedule III to these Regulations; (ii) not be misleading and not contain any untrue statements or mis-statements; (iii) not provide any guaranteed returns to the investors (iv) include such other disclosures as may be specified by the Board; <p>(3) Any advertisement material relating to the initial offer/ follow-on offer shall not be misleading and shall not contain anything extraneous to the contents of the offer document/ follow-on offer document;</p> <p>(4) if an advertisement contains highlights, it shall also contain risk factors with equal importance in all aspects including print size;</p> <p>(5) The advertisements shall be in accordance with the offer document/ follow-on offer document and any guidelines as may be prescribed by the Board in this regard;</p>
<p>Listing and trading of units</p>	<p>16.</p>	<p>(1) It shall be mandatory for all units of REITs to be listed on a recognized stock exchange after the initial offer no later than expiry of 15 days from the date of closure of the offer;</p> <p>Provided that this sub-regulation shall not apply if the initial offer does not satisfy the minimum subscription requirements or the minimum number of subscribers under Regulation 14 (18) (i) and (iii) above;</p> <p>(2) The listing of the units of the REIT shall be in accordance with the listing agreement entered into between the REIT and the recognized stock exchange;</p> <p>(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, Depositories Act and such conditions as may be specified by the Board.</p> <p>(4) Unit holders proposing to sell their units shall be able to do so only on the stock exchange;</p>

		<p>Provided that this clause shall not apply in case of regulation 17 and sub-regulation (10) of regulation 22 for which separate guidelines may be issued by the Board or the stock exchanges.</p> <p>(5) The units of REIT shall be listed on the stock exchange unless delisted under regulation 17 of these Regulations;</p> <p>(6) The minimum public float for the REIT units shall be 25% at all times failing which action may be taken as may be specified by the Board and by the Stock Exchange including delisting of units under regulation 17 of these Regulations;</p> <p><u>Explanation:</u> For the purpose of this clause, 'public' shall not include any related party to the REIT or any person as may be specified by the Board.</p> <p>(7) The Board and exchanges may specify any other requirements pertaining to listing and trading of units of the REIT by issue of guidelines/circulars or in any other form, as deemed fit;</p>
<p>Delisting of units</p>	<p>17.</p>	<p>(1) The Trustee shall apply for delisting of units of the REIT to the Board and the stock exchanges if:</p> <p>(a) the public float falls below the prescribed limit under sub-regulation (6) of Regulation 16 of these Regulations;</p> <p>(b) the number of unit holders of the REIT other than related parties to the REIT falls below 20;</p> <p>(c) the Board or the Stock exchange requires such delisting for violation of the listing agreement or these Regulations or the Act;</p> <p>(d) the sponsor/manager requests such delisting and such request has been approved by unit holders in accordance with sub-regulation (6) of regulation 22 of these Regulations;</p> <p>(e) unit holders apply for such delisting in accordance with clause (d) of sub-regulation (7) of regulation 22 of these Regulations;</p> <p>(f) the Board or the stock exchange require such delisting in the interest of the unit holders;</p> <p>(2) The Board and the Stock exchanges may consider such</p>

		<p>application for approval or rejection as may be appropriate in the interest of the unit holders;</p> <p>(3) The Board, instead of delisting of the units, if it deems fit, may provide additional time to the REIT or parties to the REIT to comply with the Regulations;</p> <p>(4) The Board may reject the application of 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 including clauses (a) and (b) of sub-regulation (1) above.</p> <p>(5) The procedure for delisting of units of REIT shall be in accordance with the listing agreement and in accordance with procedure as may be specified by the Board and by the stock exchange from time to time;</p> <p>(6) After delisting of its units, the REIT shall surrender its certificate of registration to SEBI and shall no longer undertake activity of a REIT;</p> <p>Provided that the REIT and parties to the REIT shall continue to be liable for all their acts of omissions and commissions notwithstanding such surrender.</p>
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CHAPTER V

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

<p>Investment Conditions and Dividend policy</p>	<p>18.</p>	<p>(1) The Investment by a REIT shall only be in securities or properties in India and such investments shall be made in accordance with the Offer Document/Follow-on Offer Document;</p> <p>(2) The REIT shall not invest in vacant land or agricultural land or mortgages other than mortgage backed securities;</p> <p>(3) The REIT may invest in properties through Special Purpose Vehicles subject to the following:</p> <p style="padding-left: 40px;">(a) Such Special Purpose Vehicles shall hold not less than 90% of their assets directly in such properties and shall not invest in other Special Purpose Vehicles;;</p> <p style="padding-left: 40px;">(b) The REIT shall hold controlling interest and not less than 51% of the equity share capital of the Special</p>
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		<p>Purpose Vehicle;</p> <p>(c) No other shareholder of the Special Purpose Vehicle shall have any rights that shall prevent the REIT from complying with the provisions of these Regulations;</p> <p>(d) The Manager, in consultation with the Trustee, shall appoint not less than one authorized representative on the Board of such Special Purpose Vehicles;</p> <p>(4) Not less than 90% of value of the REIT assets shall be invested in completed and rent generating properties.</p> <p>Provided that for the purpose of this clause, if the investment has been made through a Special Purpose Vehicle, only the proportion of direct investments in properties by such Special Purpose Vehicles shall be considered and the remaining portion shall be included under sub-regulation (5) under.</p> <p><u>Explanation:</u> For the purpose of this clause, 'rent generating property' shall mean property of which not less than 75% of the area has been rented/leased out.</p> <p>(5) Not more than 10% of value of the REIT assets shall be invested in:</p> <p>(a) Developmental properties;</p> <p>Provided that such investment shall only be in properties which shall be held by the REIT for not less than three years after completion and shall be leased out;</p> <p>(b) Listed or unlisted debt of companies;</p> <p>(c) mortgage backed securities;</p> <p>(d) Equity shares of companies listed on a recognized stock exchange in India which derive not less than 75% of their revenues from Real Estate activity;</p> <p>(e) Government securities;</p> <p>(f) Money market instruments or Cash equivalents;</p> <p>(6) If the conditions specified in sub-regulations above are breached on account of market movements of the price of the underlying assets/securities, the manager shall inform the same to the trustee and ensure that the investment conditions as specified above are satisfied within 6 months</p>
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		<p>of such breach.</p> <p>(7) Investment upto 100% of the corpus of REIT shall be permitted in a single project subject to the minimum size as specified under clause (b) of sub-regulation 1 of regulation 14 of these regulations and disclosures to the unit holders to that effect;</p> <p>(8) Not less than 75% of the revenues of the REIT other than gains arising from disposal of properties shall be from rental, leasing and letting real estate assets at all times;</p> <p>(9) A REIT shall not invest in units of other REITs;</p> <p>(10) With respect to investment in leasehold properties, the manager shall consider the remaining term of the lease, the objectives of the REIT, and the lease profile of the REIT's existing real estate assets prior to making such investment;</p> <p>(11) In case of any co-investment with any person(s) in any transaction:</p> <ul style="list-style-type: none"> (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 profits 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); <p>(12) Not less than 90% of net distributable income after tax of the REIT shall be distributed as dividend to the unit holders;</p> <p>(13) Such dividend shall be declared and distributed as mentioned in the offer document/follow-on offer document; Provided that such distribution shall be made not more than 15 days from the date of such declaration;</p> <p>(14) No schemes shall be launched under the REIT;</p>
<p>Related Party transactions</p>	<p>19.</p>	<p>(1) All related party transactions shall be on an arms-length basis, in the best interest of the unit holders, consistent</p>

		<p>with the strategy & investment objectives of the REIT and shall be disclosed to the exchanges and unit holders periodically in accordance with the listing agreement and these Regulations;</p> <p>(2) A REIT may acquire assets from or sell assets to or lease assets to or invest in securities issued by or borrow from related parties subject to the conditions specified hereunder.</p> <p>(3) With respect to purchase or sale of properties both prior to and after initial offer:</p> <ul style="list-style-type: none">(a) 2 valuation reports from 2 different valuers, independent of each other, shall be obtained; Provided that one of the two valuers may be the principal valuer;(b) Such valuers shall undertake a full valuation of the assets proposed to be purchased/sold as specified under regulation 21 of these Regulations;(c) Transactions for purchase/sale of such assets shall be at a price not greater / less than average of the two independent valuations respectively; <p>(4) In case of any related party transactions entered into prior to making the initial offer:</p> <ul style="list-style-type: none">(a) adequate disclosures to that effect shall be made in the Offer document including a consolidated full valuation report of all such assets in accordance with clause (a) of sub-regulation (3) above, as may be applicable;(b) the REIT shall enter into proper and valid agreements with such related parties at the price/ interest rate/rental value mentioned in the Offer document;(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; <p>(5) In case of any related party transactions entered into after the initial offer:</p> <ul style="list-style-type: none">(a) Adequate disclosures shall be made to the unit holders and to the exchange;
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		<p>(b) In case:</p> <ul style="list-style-type: none">(i) the total value of all the related party transactions pertaining to acquisition/sale of properties or investments into securities exceeds 5% of the value of REIT; or(ii) the rentals from all assets leased to related parties exceeds 5% of the total rentals of the REIT; or(iii) the value of the funds borrowed from any related party exceeds 5% of the total consolidated borrowings of the REIT; <p>approval from the unit holders shall be obtained prior to entering into any such subsequent transaction with any related party;</p> <p>(c) If the value of a single related party transaction exceeds the value specified in clauses (i), (ii) or (iii) above, approval of unit holders shall be required for such transaction in accordance with clause (d) below.</p> <p>(d) For the purpose of obtaining approval for such transactions, the trustee shall obtain approval in accordance with sub-regulation (6) of regulation 22 and request for such approval shall be accompanied by a transaction document;</p> <p>(6) The disclosures in the offer document, follow-on offer document and transaction document shall include the following, as may be applicable:</p> <ul style="list-style-type: none">(a) Identity of the related parties and their relationship with the REIT/parties to the REIT;(b) Nature and details of the transactions entered into/ proposed to be entered into with such related parties including description and location;(c) The price/value of the assets/securities bought/sold/leased or proposed to be bought/sold/leased and if leased or proposed to be leased, value of the lease;(d) Ready reckoner rate of the real estate asset being bought/sold;(e) Valuation report(s);
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		<p>(f) The current and expected rental yield;</p> <p>(g) If the transactions are conditional upon the REIT receiving a stated amount of subscriptions, the minimum amount of such subscriptions to be received;</p> <p>(h) Amount and rate of interest in case of borrowing from any related party;</p> <p>(i) Any other information that is required for the investor to take an informed decision;</p> <p>(7) Any properties leased to related parties to the REIT, both before and after initial offer, shall be subject to the following :</p> <p>(a) Such lease area shall not exceed 20% of the underlying area of the assets;</p> <p>(b) Value of assets under such lease shall not exceed 20% of the value of the total underlying assets;</p> <p>(c) Rental income obtained from such leased assets shall not exceed 20% of the value of the rental income of all underlying assets;</p> <p>(d) For such transactions, a fairness opinion from an independent valuer shall be obtained by the manager and submitted to the Trustee;</p> <p>(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 6 months from date of close of initial offer or from date of approval of the unit holders, as the case may be;</p> <p>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 6 months in accordance with sub-regulation (6) of regulation 22 with the updated valuation report(s).</p> <p>(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;</p> <p>(10) Transaction between two or more of the REIT's with a common manager or sponsor, transactions between such REITs shall be deemed to be related party transactions for each of the REITs and provisions of regulation (19) shall</p>
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		<p>apply.</p> <p>Provided that this clause shall also apply if the managers/sponsors of the REITs are different entities but are associates.</p> <p>(11) With respect to any related party transaction, details of any fees/commissions received/to be received by any person/entity which is an associate of the related party pursuant to such transaction shall be adequately disclosed to the unit holders and to the exchange;</p> <p>(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;</p> <p>(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/ follow-on offer document:</p> <ul style="list-style-type: none"> (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; <p>(14) Any arrangement/transaction/contract with any related party other than as included above shall be disclosed to the unit holders and to the exchange;</p>
<p>Borrowings and deferred payments</p>	<p>20.</p>	<p>(1) The aggregate consolidated borrowings and deferred payments of the REIT shall never exceed 50% of the value of the REIT assets;</p> <p>(2) If the aggregate consolidated borrowings and deferred payments of the REIT exceed 25% of the value of the REIT assets, for any further borrowing:</p> <ul style="list-style-type: none"> (a) credit rating shall be obtained from a credit rating agency registered with SEBI; and (b) approval of unit holders shall be obtained in the

		<p>manner as specified in sub-regulation (6) of regulation 22 of these Regulations;</p> <p>(3) If the conditions specified in sub-regulations above are breached on account of market movements of the price of the underlying assets/securities, the manager shall inform the same to the trustee and ensure that the conditions as specified above are satisfied within 3 months of such breach.</p>
<p>Valuation of assets</p>	<p>21.</p>	<p>(1) The principal valuer shall be changed not less than every 2 years and the new principal valuer, who shall not be an associate of the earlier principal valuer, shall be appointed in the annual meeting of the unit holders in the manner as specified under sub-regulation (4) of regulation 22 of these Regulations or in any other meeting held for the purpose thereof;</p> <p>(2) Full valuation includes a detailed valuation of all assets by the valuer/principal valuer including physical inspection of every property by the valuer;</p> <p>(3) Full valuation report shall include minimum of the clauses as specified in Schedule V to these Regulations;</p> <p>(4) A full valuation shall be conducted by the principal valuer not less than once every year and the full valuation report shall be included in the annual report provided to the unit holders;</p> <p><u>Explanation:</u> For the purpose of this clause, every REIT shall mandatorily submit valuation reports to the exchange and to the unit holders as at the end of the financial year ending March every year and such reports shall be submitted not less than two months from the end of the financial year.</p> <p>(5) A half yearly valuation of the real estate assets shall be conducted by the principal valuer not less than once every six months for incorporating any key changes in the past six months;</p> <p>(6) Such half yearly valuation report shall be submitted to the exchange within not more than one month from the date of end of the every half year ending March and September.</p> <p>(7) Prior to initial offer and follow-on offer, the principal valuer shall undertake full valuation of all the REIT assets and include the same in the offer document/follow-on offer</p>

		<p>document;</p> <p>Provided that such valuation report shall not be more than 6 months old at the time of such offer;</p> <p>(8) For any transaction of purchase, sale or lease of properties:</p> <p>(a) If the transaction is a related party transaction, the valuation shall be in accordance with Regulation 19 of these Regulations;</p> <p>(b) If the transaction is not a related party transaction:</p> <p>(i) A full valuation of the specific property shall be undertaken by the principal valuer;</p> <p>(ii) In case of a purchase transaction, the property shall not be purchased at a value greater than 110% of the value of the property as assessed by the principal valuer;</p> <p>(iii) In case of a sale transaction, the property shall not be purchased at a value less than 90% of the value of the property as assessed by the principal valuer;</p> <p>(9) No valuer shall undertake valuation of the same property for more than four years;</p> <p>(10) Any valuation undertaken by any valuer shall abide by international valuation standards and valuation standards as may be prescribed by Institute of Chartered Accountants of India (ICAI) for valuation of real estate;</p> <p>Provided that in case of any conflict, standards prescribed by ICAI shall prevail.</p> <p>(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 and disclose the same to the trustee, investors and the exchange;</p>
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CHAPTER IV

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Rights of unit holders including meetings	22.	<p>(1) The unit holder shall have the rights to receive income/distributions as provided for in the offer document/ follow on offer document;</p> <p>(2) An annual meeting of all unit holders shall be held not less than once a year and the time between two meetings shall not exceed 18 months;</p> <p>(3) Such annual meeting shall be convened by the trustee by giving a notice of not less than 21 working days to the unit holders;</p> <p>(4) Any information that is required to be disclosed to the unit holders and any issue that may require approval of the unit holders may be taken up in the annual meeting including:</p> <ul style="list-style-type: none">(a) Placing of latest annual accounts and performance of the REIT with the unit holders;(b) Approval of auditor and fees of such auditor, as may be required;(c) Placing of latest valuation reports with the unit holders;(d) Approval of valuer/principal valuer, as may be required;(e) Any other issue as may be required; <p>(5) For any issue taken up in such annual meetings which require approval from the unit holders, approval of not less than 60% of the unit holders by value and by number shall be obtained.</p> <p>(6) Approval through a positive consent from the unit holders shall be obtained from not less than 75% of the unit holders by value and by number in case of the following:</p> <ul style="list-style-type: none">(a) Any related party transactions which require approval of the unit holders;(b) Any transaction, value of which is equal to or greater than 15% of the REIT assets;(c) Any borrowing in excess of prescribed limit as required under sub-regulation 2 of regulation 20 of
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		<p>these Regulations;</p> <ul style="list-style-type: none"> (d) Any change in manager including removal of the manager or change in control of the manager; (e) Any change in investment strategy of the REIT; (f) In case the sponsor/manager propose to seek delisting of units of the REIT; (g) In case the value of the units held by a person along with its associates other than the sponsor and its associates exceed 50% of the value of outstanding REIT units, approval may be sought prior to acquiring any further units; (h) Any issue which in the opinion of the sponsor or the manager requires approval of the unit holders; (i) Any issue, which in the opinion of the trustee, is material and requires approval of the unit holders, if any; (j) When the Board or the exchange requires such approval for any issue as it deems fit; (k) When any issue needs to be taken up on request of the unit holders in accordance with the sub-regulation (7) as under; <p>(7) The unit holders have a right to:</p> <ul style="list-style-type: none"> (a) Remove the manager and seek appointment of another manager to the REIT; (b) Remove the auditor and seek appointment of another auditor to the REIT; (c) Remove the principal valuer and seek appointment of another principal valuer to the REIT; (d) Request 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; (e) Take up any issue with the trustee which the unit holders have sufficient reason to believe that acts detrimental to the interest of the unit holders; (f) Apply to SEBI for 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
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		<p>holders;</p> <p>(8) For exercising the aforesaid right(s) under clauses (a) to (e) of sub-regulation (7) above, not less than 60% of the unit holders by value and by number, other than any party related to the transactions and its associates, shall apply, in writing, to the trustee for the purpose.</p> <p>(9) For exercising the aforesaid right(s) under clause (f) of sub-regulation (7) above, not less than 60% of the unit holders by value and by number shall apply, in writing, to the manager for the purpose.</p> <p>(10) In case of any change in sponsor or change in control of sponsor:</p> <p>(a) Prior to such changes, approval of not less than 60% of all the unit holders by value and by number other than the sponsor, proposed re-designated sponsor and their associates shall be taken.</p> <p>(b) If such change does not receive the required approval, the proposed re-designated sponsor shall provide all the unit holders an option to exit by sale of their units to the proposed re-designated sponsor;</p> <p>(c) Provided that if on account of such sale, the holding of unit holders which are not related parties to the REIT falls below 20 or the minimum public float falls below 25%, the Trustee shall apply for delisting of the units of the REIT in accordance with regulation 17 of these Regulations;</p> <p>(11) Special meetings may be convened by the trustee for any issue which requires approval of the unit holders.</p> <p>(12) With respect to any approval sought from the unit holders, 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.</p>
<p>Disclosures</p>	<p>23.</p>	<p>(1) The REIT shall ensure that the disclosures in the offer document and the follow-on offer document are in accordance with the Schedule III to these Regulations;</p> <p>(2) The REIT shall submit an annual report to all its unit holders not less than 2 months from the end of the financial year.</p>

		<p>(3) The REIT shall submit a half-yearly report to all its unit holders not less than 1 month from the end of the every half year ending March and September.</p> <p>(4) Such annual and half yearly reports shall contain disclosures as specified under Schedule IV to these Regulations;</p> <p>(5) The REIT shall disclose to the stock exchanges any information having bearing on the operation/performance of the REIT as well as price sensitive information which includes but is not restricted to the following:</p> <ul style="list-style-type: none"> (a) acquisition or disposal of any properties, value of which exceeds 5% of value of the REIT assets; (b) Additional borrowing or raising of funds by the REIT; (c) Details of any credit rating obtained by the REIT; (d) Any issue which requires approval of the unit holders; (e) Any legal proceedings which may have significant bearing on the functioning of the REIT; (f) Notices and results of meetings of unit holders, (g) Any instance of non-compliance with these Regulations; (h) Any material issue that in the opinion of the manager/trustee needs to be disclosed to the unit holders; <p>(6) The REIT shall submit such information to the stock exchanges and unit holders on a periodical basis as may be required under the listing agreement;</p> <p>(7) The REIT shall disclose such information to the stock exchanges, unit holders and the Board as may be specified by the Board, in the manner prescribed thereunder;</p>
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 parties to the REIT or an unit holder or any

		<p>other person with respect to any matter relating to activity of the REIT.</p> <p>(2) Where any information is called for under sub - regulation (1), it shall be furnished within the time specified by the Board.</p>
<p>Maintenance of Records</p>	<p>26.</p>	<p>(1) The manager shall maintain records pertaining to the activity of the REIT including:</p> <ul style="list-style-type: none"> (a) Recommendations of the manager for investments 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 Reg 10 (4); (e) Insurance policies for real estate assets (f) Investment Management Agreement (g) Registered Trust Deed (h) Documents pertaining to application to the Board for registration as a REIT; (i) Documents pertaining to issue and listing of units including Offer Document/Follow-on offer document(s), in-principle approval by exchanges, listing agreement with the exchanges, details of subscriptions, allotment of units, etc. (j) Dividends declared and paid to the unit holders (k) Disclosures and periodical reporting made to the trustee, Board, unit holders and to the exchange including annual reports, half yearly reports, etc.; (l) Valuation reports including methodology of valuation; (m) Audit reports (n) Minutes of Investment Committee meetings; (o) Reports relating to activities of the REIT placed before the Board of Directors of the manager; (p) Unit holders' grievances and actions taken thereof

		<p>including copies of correspondences with the unit holder and the Board, if any;</p> <p>(q) Any other material documents;</p> <p>(2) The Trustee shall maintain records pertaining to:</p> <p>(a) Certificate of registration granted by the Board</p> <p>(b) Titles of the real estate assets;</p> <p>(c) Notices and agenda send to unit holders for meetings held;</p> <p>(d) Minutes of such meeting and resolutions undertaken therein;</p> <p>(e) Periodical reports and disclosures received by the Trustee from the manager;</p> <p>(f) Disclosures, periodically or otherwise, made to the Board, unit holders and to the exchange;</p> <p>(g) Any other material documents;</p> <p>(3) The aforesaid records may be maintained in physical or electronic form;</p> <p>Provided that where records are required to be duly signed and are maintained in the electronic form, such records shall be digitally signed.</p>
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CHAPTER V
INSPECTION

<p>Boards right to inspect</p>	<p>27.</p>	<p>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 for any of the following reasons, namely: -</p> <p>(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;</p> <p>(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;</p> <p>(c) to ascertain whether the provisions of the Act and these regulations are being complied with by the REIT and parties to the REIT; and</p> <p>(d) to inspect suo-motu into the affairs of the REIT, in the interest of the securities market or in the interest of investors.</p>
<p>Notice before inspection</p>	<p>28.</p>	<p>(1) Before ordering an inspection under regulation 26, the Board shall give not less than ten days notice to the trustee of the REIT.</p> <p>(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.</p> <p>(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.</p>
<p>Obligation of REIT, parties to the REIT and any other associate persons on inspection</p>	<p>29.</p>	<p>(1) It shall be the duty of every REIT in respect of whom an inspection has been ordered under the regulation 27 and 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</p>

		<p>and furnish him with such statements and information as the said Officer may require for the purposes of inspection.</p> <p>(2) It shall be the duty of every REIT and 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 shall extend all such co-operation as may be required in connection with the inspection and shall furnish such information sought by the inspecting officer in connection with the inspection.</p> <p>(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/parties to the REIT or any person responsible for or connected with the activities of REIT or any other associated person having relevant information pertaining to such REIT.</p> <p>(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.</p>
<p>Submission of Report to the Board</p>	<p>30.</p>	<p>The inspecting officer shall, as soon as possible, on completion of the inspection submit an inspection report to the Board.</p> <p>Provided that if directed to do so by the Board, he may submit an interim report.</p>
<p>Communication of findings etc. to the REIT</p>	<p>31.</p>	<p>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;</p> <p>(a) requiring the REIT to delist its units from the stock exchanges and surrender its certificate of registration;</p> <p>(b) requiring the REIT to sell its assets;</p> <p>(c) requiring the REIT or parties to the REIT to take such action as may be in the interest of the investors;</p> <p>(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.</p>

CHAPTER V

PROCEDURE FOR ACTION IN CASE OF DEFAULT

Liability for action in case of default.	32.	<p>(1) 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 or notifications, guidelines, circulars, instructions, etc. issued thereunder by the Board shall be liable for one or more actions specified therein including any action provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.</p> <p>(2) Sub-regulation (1) shall not prejudice the operation of sections 11, 11B, 11D or 24 or Chapter VIA of the Act or of any other law for the time being in force.</p>
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CHAPTER VI

MISCELLANEOUS

Power of the Board to issue clarifications.	33.	<p>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.</p>
Delegation of powers	34.	<p>The powers exercisable by the Board under these regulations shall also be exercisable by any officer of the Board to whom such powers are delegated by the Board by means of an order made under section 19 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).</p>

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

SCHEDULE I

[see Regulation 3(2)]

FORMS

FORM A

*Securities and Exchange Board of India (Real Estate Investment Trusts)
Regulations, 2013*

Application for grant of certificate

(To be finalized)

FORM B

**Securities and Exchange Board of India
(Real Estate Investment Trusts) Regulations, 2013**

[See regulation 6(2)]

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

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, 2013

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

FEES

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 at the time of grant of certificate by the Board within fifteen days from the date of receipt of intimation from the Board.
3. REIT shall pay non-refundable filing fees of 0.05% of the total issue size as at the time of filing of offer document/follow-on offer document with the Board.
4. Such application, registration and filing fees shall be paid by the applicant/REIT by a demand draft in favor of 'Securities and Exchange Board of India' payable at Mumbai or at respective regional or local office, as may be required.

SCHEDULE III

[See Regulations 14, 15, 19 and 21]

MANDATORY DISCLOSURES IN OFFER DOCUMENT/FOLLOW ON OFFER DOCUMENT

1. Introduction

- a. Name of the REIT, 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 the REIT with SEBI

2. Details of parties to the REIT

a. Sponsor

- i. Name, registered addresses, 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 members of the Investment Committee and 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 Board of Directors
- iii. Functions, duties and responsibilities of the Trustee

d. Principal Valuer

- i. Background of the principal valuer including past experience in management/advisory services in real estate
- 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 prior to such issue;
- e. Proposed holding structure by the aforesaid parties post-issue;
- f. Fee and expenses charged/chargeable to the unit holders 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 of Dividend including method of calculation and the frequency for distribution
- c. Listing of units
 - i. Exchanges where listing is proposed
 - ii. Timelines for listing
 - iii. Declaration that prior in-principle approval obtained from the recognized stock exchange(s), where units are proposed to be listed in accordance with these Regulations

5. Market overview

6. Description of the assets under the REIT

- a. Breakup/proposed breakup of REIT assets in terms of Reg ___
- 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 including 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 SPVs through which the properties are held/proposed to be held including holding pattern, holding of REIT in the SPV, rights of REIT in the SPV, etc.
- f. In case the properties are held directly by the REIT, details of holding of all the owners of the properties including % 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. Names of top 10 tenants on the basis of value of the lease, and the percentage of gross rental income attributable to each of these 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 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
- i. For under-construction properties (*property-wise*), the following additional disclosures shall be made:
 - i. Stage of development/construction along with % of completed construction as at the end of the year
 - ii. Progress of development
 - 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, geography, 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. Projections of income by REIT over next three years

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. Related party transactions

- a. Procedure for dealing with related party transactions
- b. Details of any related party transactions undertaken prior to the offer 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. Operating cash flow from the properties (*property-wise*) under the REIT for the previous 3 years;
- b. Summary of the financial statements of the REIT, 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

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 stock exchange website
- c. Frequency and manner of meetings of unit holders

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, whether completed or pending, against the REIT, sponsor, manager, trustee, principal valuer or any of their associates, if any

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. Policy of appointment of auditor and auditing standards to be followed

17. Supporting Documents

- a. Full Valuation Report
- 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

SCHEDULE IV
[See Regulation 23(4)]
MANDATORY DISCLOSURES

Mandatory Disclosures in the Annual Report

1. Brief manager's report of activities of the REIT and summary of the audited 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 valuation as per 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 and NAV (*as per the full valuation reports*)
 - c. Letting of assets, occupancy, lease maturity, key tenants, etc.
 - d. Borrowings/ repayment of borrowings(*standalone and consolidated*)
 - e. Sponsor, manager, trustee, principal valuer, directors/members of investment committee of manager, 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. 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
9. Past performance of the REIT with respect to unit price, dividend paid and yield for the last 5 years, as applicable;
10. Unit price quoted on the exchange 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, .

11. Details of all related party transactions during the year
12. Details of fund raising during the year, if any
13. Brief report on corporate governance
14. Brief details of material litigations and regulatory actions, whether completed or pending, against the REIT, parties to the REIT or any of their associates, if any, as at the end of the year.
15. Risk factors
16. Information of the contact person of the REIT

Mandatory annexure to the annual report

1. Full valuation 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. Audited financial statements for the half year; (*Standalone and consolidated*)
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 as a minimum of 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 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 shall be mentioned,:
 - i. Address of the property, ownership and title details including whether the transaction is a related party transaction;
 - 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. the existing use of the property;
 - iv. a brief description of the property including age of the building, the site area, gross floor area, net lettable floor area etc.
 - v. the options or rights of pre-emption and other encumbrances concerning or affecting the property;
 - vi. occupancy rate;
 - vii. 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;
 - viii. Date of inspection and date of valuation
 - ix. Qualifications and assumptions
 - x. Method used for valuation
 - xi. Valuation standards adopted for valuation of real estate assets

- xii. Extent of valuer's investigations and nature and source of data to be relied upon
 - xiii. Purchase price of the property by the REIT (*for existing properties of the REIT*)
 - xiv. Valuation of the property in the previous 3 years; (*for existing properties of the REIT*)
 - xv. Detailed valuation of the property as calculated by the valuer;
 - xvi. Latest ready reckoner rate (*as published by the state government*)
- f. material information regarding the title of the subject property as contained in the relevant legal opinion, and a discussion as to whether any and how the legal opinions have been taken into consideration in the valuation of the relevant property;
- g. any other matters which may affect the property or its value;
- h. 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 regulation 20 of these Regulations;

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, exchanges and the Board in accordance with these Regulations and as may be specified by the 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 to the unit-holders by the respective persons shall be fair and reasonable in the circumstances and shall be characterized by good faith
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 and parties to the REIT shall not use any unethical means to sell, market or induce any person to buy their REITs and the manager shall be responsible for including such prohibited acts in the agreement entered to with a third party who may be appointed by the manager for the purpose.
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, either about their qualifications/capabilities/experience/ achievements.