



CIR/IMD/DF/146/2016

December 29, 2016

To
All Real Estate Investment Trusts (REITs)
All Parties to REITs
All Stock Exchanges

Dear Sir / Madam,

Sub: Continuous disclosures and compliances by REITs

1. Regulation 23 of the SEBI (Real Estate Investment Trusts) Regulations, 2014 ('the REIT Regulations') prescribe disclosures to be made by a REIT to the Stock Exchange(s) where its units are listed. The said disclosures, inter-alia, include disclosures for financial as well as non-financial information.
2. With reference to the aforesaid Regulations, the requirements for disclosure of financial information and pertinent compliances on continuous basis are placed at '**Annexure - A**', and the requirements for disclosure of non-financial information and pertinent compliances on continuous basis are placed at '**Annexure - B**'.
3. This Circular is issued in exercise of powers conferred under Section 11(1) of Securities and Exchange Board of India Act, 1992 read with Regulation 33 of the REIT Regulations.
4. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and under the drop down "Circulars".

Yours faithfully,

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Disclosure of Financial information to Stock Exchanges

(A) Financial Information of REIT:

While disclosing its financial information to the Stock Exchanges, a REIT shall comply with the following:

1. Frequency and Time period for disclosures:

1.1. A REIT shall submit its half yearly and annual financial information to the Stock Exchanges.

1.2. The financial information shall be submitted to the Stock Exchanges within the following time period:

- (a) The financial information of the first half year period of the financial year, shall be submitted within 45 days from the end of the half year.
- (b) The annual financial information shall be submitted within 60 days from the end of the financial year.
- (c) The financial information of the second half year period of the financial year, shall be submitted along with the annual financial information.

The said information shall be submitted with a note stating that the figures of the second half year period are the balancing figures of the figures of the full financial year reduced by the figures of the first half year period.

2. Nature of financial information

2.1. The financial information shall be disclosed on both standalone as well as consolidated basis.

3. Comparative information

3.1. The annual financial information shall contain comparative information for the immediately preceding financial year.

The half yearly financial information shall contain comparative information for the immediately preceding half year as well as for the corresponding half year in the immediately preceding financial year.

3.2. The comparative information would consist of corresponding amounts (comparative figures) for all the items shown in the key financial statements (as specified in

Paragraph 5 below), including notes, and for the additional disclosures (as specified in Paragraph 6 below), to the extent applicable.

3.3. In cases where the REIT was not in existence in the previous corresponding reporting period(s) mentioned at Paragraph 3.1 above, then the comparative information may not be provided and the said fact shall be clearly disclosed.

4. Basis of preparation of financial information

4.1. The financial information shall be prepared on the basis of accrual accounting policy and shall be in accordance with uniform accounting practices adopted for all the periods.

4.2. The financial information shall be prepared in accordance with Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2 (1) (a) of the Companies (Indian Accounting Standards) Rules, 2015.

For HoldCos / SPVs owned by REIT, these entities may prepare financial statements in accordance with accounting standards and laws applicable to them. However, for consolidation purposes, consolidated financial information of REIT in accordance with Ind AS should be disclosed.

4.3. In addition to the financial information in accordance with Ind AS as mentioned at Paragraph 4.2 above, the REIT may, if it so desires, also submit the financial information as per the International Financial Reporting Standards ('IFRS'). In such case, the material differences, if any, between the financial information as per Ind AS and as per IFRS, shall be appropriately highlighted and explained.

5. Key Financial Statements:

5.1. The financial information presented by the REIT can be in the form of condensed financial statements. Such financial information shall comply with the minimum requirements for condensed financial statements as described in Ind AS 34 on 'Interim Financial Reporting', to the extent applicable.

5.2. The annual financial information shall include the following financial statements:

- (a) Balance Sheet;
- (b) Statement of Profit and Loss/Income and Expenditure;
- (c) Statement of Changes in Unit holders' Equity;
- (d) Statement of Cash Flows / Receipts and Payments;
- (e) Statement of Net Assets at Fair Value;
- (f) Statement of Total Returns at Fair Value;

(g) Explanatory notes annexed to, or forming part of, any statements referred above.

5.3. The half yearly financial information shall include the following financial statements

- (a) Statement of Profit and Loss/Income and Expenditure;
- (b) Explanatory notes annexed to, or forming part of, any statements referred above.

5.4. For the key financial statements listed above, the minimum information to be disclosed shall be as specified in Section H of Annexure-A to the SEBI Circular No. 'CIR/IMD/DF/141/2016' dated December 26, 2016 on 'Disclosure of financial information in offer document for REITs'.

5.5. Financial statements shall disclose all 'material' items, i.e., the items if they can, individually or collectively, influence the decisions made on the basis of the financial statements.

For determining materiality, the REIT shall be guided by Paragraph 3.5 in Section A of Annexure-A to the SEBI Circular No. 'CIR/IMD/DF/141/2016' dated December 26, 2016 on 'Disclosure of financial information in offer document for REITs'.

5.6. In cases of any sale/divestment of any holding(s)/investment(s) in underlying SPV(s)/HoldCo(s) or any sale of any real estate asset(s) by the REIT, the profit/loss on such transactions should be shown on a gross basis

6. Additional disclosures while submission of financial information

In addition to the key financial statements referred in Paragraph 5 above, the following disclosures shall also be included as a part of both the half yearly as well as the annual financial information unless otherwise specified. Further, the below mentioned disclosures shall also be subjected to audit/limited review if applicable:

6.1. Statement of Net Distributable Cash Flows (NDCFs):

A REIT shall disclose statements of NDCFs of the REIT as well as of all the underlying HoldCos and SPVs. Such statements shall be prepared in accordance with, the definition of NDCFs and the framework for calculation of NDCFs, as defined by the REIT/Manager and as disclosed in the offer document.

6.2. Manager Fees:

- (a) A REIT shall disclose details of fees paid to the manager. Further, explanations and justification for the fees paid to the manager, including details about methodology for computation of the fees shall also be provided.



- (b) A REIT shall further confirm whether there has been any material change (materiality to be judged and determined by trustees in light of various pertinent factors including but not restricted to the size of REIT, amount of change, prevailing circumstances, etc.) in the fees paid to the manager compared to the previous reporting period. If yes, detailed reasons and information shall be provided thereof.

6.3. Changes in Accounting policies:

In cases of changes in accounting policies, if any, REIT shall make adequate disclosures required as per the applicable accounting laws (including Ind AS 8 issued by the ICAI).

6.4. Disclosures related to Modified Opinion(s)

The below mentioned disclosures would be required only in case of annual financial information of the REIT:

- (a) If the auditor has expressed any modified opinion(s) in respect of the audited annual financial information of the REIT, then the REIT, while submitting such financial information to the Stock Exchange(s), shall file a “Statement on Impact of Audit Qualifications” disclosing such modified opinion(s) and the cumulative impact of the same in the format as specified in Annexure I to the SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016.

With respect to the format referred in the aforementioned Circular, the reference to “Earnings per Share” and ‘Management’ should be construed as a reference to ‘Earnings per Unit’ and ‘Board of Directors/Governing Body of the Manager’ respectively.

Further, the aforementioned statement on impact of audit qualifications shall be signed by the following:

- Chairperson/CEO/MD of the Manager
- CFO or the Head of the Finance of the Manager
- Statutory Auditor

- (b) If the auditor had expressed any modified opinion(s) or other reservation(s) in his audit report or limited review report in respect of the financial results of the immediately preceding financial year or half year, which had an impact on the profit or loss of that period, then the REIT shall disclose the following:

- Brief details of the past modified opinion modified opinion(s) or other reservation(s)
- Whether such modified opinion(s) or other reservation(s) have been resolved
 - If yes, details thereof
 - If no, the reasons thereof and the steps which the REIT intends to take in the matter

6.5. Other Statements:

(a) The REIT shall also disclose the following statements:

- Statement of Earnings per Unit:
- Statement of Contingent liabilities:
- Statement of Commitments:
- Statement of Related party transactions

(b) The details and the basis of disclosures for the above statements shall be same as specified in Paragraph 4 in Section A of Annexure-A to the SEBI Circular No. 'CIR/IMD/DF/141/2016' dated December 26, 2016 on 'Disclosure of financial information in offer document for REITs'.

7. Approval and authentication of financial information:

Before submission of the financial information to the Stock Exchanges, the financial information shall be approved by the Board of Directors/Governing Body of the Manager and shall be authenticated and signed in the following manner:

7.1. The financial information shall be signed by two designated personnel of the Manager certifying that the financial information do not contain any false or misleading statement or figures and do not omit any material fact which makes the statements or the figures contained therein misleading.

7.2. Subsequent to the above, the financial information shall be signed by the Chairperson or the Managing director/partner or the Whole time director/partner on the Board of Directors/Governing Body of the Manager and in the absence of all of them; it shall be signed by any other director/partner of the Manager who is duly authorized by the Board of Directors/Governing Body to sign the financial information.

8. Audit of Financial Information:

8.1. The annual financial information shall be audited, whereas the half yearly financial information may be either audited or unaudited. In case the REIT opts to submit



unaudited financial information, the same shall be subject to limited review by the auditor of REIT.

8.2. The audit/limited review shall be carried out by the auditor appointed for the REIT as per the REIT regulations.

The auditor, so appointed, shall be the one who has subjected itself to the peer review process of the Institute of Chartered Accountants of India ('ICAI') and who holds a valid certificate issued by the Peer Review Board of ICAI.

8.3. In case the financial information is audited, it shall comply with all the requirements specified in Paragraph 5 in Section A of Annexure-A to the SEBI Circular No. 'CIR/IMD/DF/141/2016' dated December 26, 2016 on 'Disclosure of financial information in offer document for REITs', to the extent applicable, and the audit report shall contain disclosures stated therein.

In addition to the auditor's opinion on the matters specified in Paragraph 5.1 (e) in Section A of Annexure-A to the aforementioned SEBI Circular, the auditor shall also give his opinion on the following:

- i. whether the statement of NDCFs gives a true and fair view of NDCFs for the years/periods ended at the balance sheet dates.

8.4. The financial information submitted to the Stock Exchanges shall be accompanied with Audit Report or Limited Review Report, as the case may be.

(B) Financial information of Manager

1. Along with the annual financial information of REIT, a REIT shall disclose summary of the audited consolidated financial statements (including the Balance Sheet and Statement of Profit and Loss (without schedules)) of Manager for the latest financial year, along with comparative figures for the immediate preceding financial year, prepared in accordance with the accounting standards and laws, as applicable for the Manager.
2. The above information may not be disclosed if the Manager's Net worth is not materially eroded (Material erosion shall be judged by the Trustees in light of various pertinent factors including but not restricted to size of REIT, size of Manager, amount of Net worth erosion, prevailing circumstances, etc.) when compared to its Net worth as per its last disclosed financial statements by the REIT.



If the financial information of Manager is not disclosed because of the fact that there is no material erosion in the net worth as compared to the net worth as per the last disclosed financial statements, the said fact shall be clearly disclosed.

(C) Obligation to maintain proper books of account and records, documents etc.

Every REIT shall maintain proper books of account, records and documents etc. relating to a period of not less than eight financial years immediately preceding a financial year, or where the REIT had been in existence for a period of less than eight years, in respect of all the preceding years.

Other Continuous Disclosures to Stock Exchanges and Other Compliances

1. Listing Agreement:

1.1. REIT shall enter into a simplified listing agreement, with all the Stock Exchanges where it proposes to list its units, in lines with the format as specified under the SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 on 'Format of uniform Listing Agreement'.

1.2. However, with respect to the compliance with the listing conditions, REIT shall follow the REIT regulations and circulars issued therein.

2. Disclosure of Unit holding pattern:

2.1. A REIT shall disclose its Unit holding pattern for each class of unit holders, as applicable, within the following time periods, as applicable:

- One day prior to listing of units on the stock exchanges;
- On quarterly basis, within 21 days from the end of each quarter; and
- Within 10 days of any capital restructuring of REIT resulting in a change exceeding 2% of the total outstanding units of REIT.

2.2. The Unit holding pattern shall be disclosed in the following format:

Category	Category of Unit holder	No. of Units Held	As a % of Total Outstanding Units
(A)	Sponsor(s) / Manager and their associates/related parties and Sponsor Group		
(1)	Indian		
(a)	Individuals / HUF		
(b)	Central/State Govt.		
(c)	Financial Institutions/Banks		
(d)	Any Other (specify)		
	Sub- Total (A) (1)		
(2)	Foreign		
(a)	Individuals (Non Resident Indians / Foreign Individuals)		
(b)	Foreign government		
(c)	Institutions		



(d)	Foreign Portfolio Investors		
(e)	Any Other (specify)		
	Sub- Total (A) (2)		
	Total unit holding of Sponsor & Sponsor Group (A) = (A)(1)+(A)(2)		
(B)	Public Holding		
(1)	Institutions		
(a)	Mutual Funds		
(b)	Financial Institutions/Banks		
(c)	Central/State Govt.		
(d)	Venture Capital Funds		
(e)	Insurance Companies		
(f)	Provident/pension funds		
(g)	Foreign Portfolio Investors		
(h)	Foreign Venture Capital investors		
(i)	Any Other (specify)		
	Sub- Total (B) (1)		
(2)	Non-Institutions		
(a)	Central Government/State Governments(s)/President of India		
(b)	Individuals		
(c)	NBFCs registered with RBI		
(d)	Any Other (specify)		
	Sub- Total (B) (2)		
	Total Public Unit holding (B) = (B)(1)+(B)(2)		
	Total Units Outstanding (C) = (A) + (B)		

3. Review of Credit Rating:

- 3.1. Every credit rating, wherever required to be obtained by a REIT as per Regulation 20 (2) of the REIT regulations, shall be reviewed once a year, by the registered credit rating agency.
- 3.2. The credit rating review shall be completed annually within 30 days from the end of the financial year. Further, immediately upon completion of the credit rating review exercise and upon the receipt of the credit rating report, an intimation along with all pertinent information should be made to the Stock Exchanges.



4. Website of REIT:

4.1. A REIT shall maintain a functional website wherein the contents of the said website should be updated up to last 2 days and the website which should contain all the relevant information about REIT, inter-alia, including the following:

- Details of its business;
- Financial information including complete copy of the Annual Report including Balance Sheet, Profit and Loss Account, etc.;
- Contact information of the designated officials of the company who are responsible for assisting and handling investor grievances;
- Email ID for grievance redressal and other relevant details;
- Information, report, notices, call letters, circulars, proceedings, etc. concerning units;
- All information and reports including compliance reports filed by REIT with respect to units; and
- All intimations and announcements made by REIT to the stock exchanges
- Any other information which may be relevant for the investors

4.2. Further, the contents of the website should be updated within 2 days of any changes / developments which trigger a need for an update on the website.

5. Grievance Redressal Mechanism:

5.1. REIT shall ensure that adequate steps are taken for expeditious redressal of investor complaints.

5.2. REIT shall ensure that it is registered on the SCORES platform or such other electronic platform or system of the Board as shall be mandated from time to time, in order to handle investor complaints electronically in the manner specified by the Board.

5.3. REIT shall file with the recognized stock exchange(s), where its units are listed, on a quarterly basis, within twenty one days from the end of each quarter, a statement giving the following details

- Number of investor complaints pending at the beginning of the quarter
- Number of investor complaints received during the quarter
- Number of investor complaints disposed of during the quarter
- Number of investor complaints pending at the end of the quarter



5.4. The Trustee and the Board of Directors/Governing Body of the Manager, shall review the aforementioned statement, before submission of the same to the Stock Exchange(s), and shall ensure that all investor complaints are redressed by the Manager in timely manner.

6. Statement of deviation(s) or variation(s)

6.1. The REIT shall submit to the recognized stock exchange(s), where its units are listed, the following statement(s) on a quarterly basis for any public issue, rights issue, preferential issue, etc.:

- a) Statement indicating deviations, if any, in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable;
- b) Statement indicating category wise variation, if any, between projected utilization of funds made by it in its offer document or explanatory statement to the notice for the general meeting, as applicable and the actual utilization of funds.

6.2. The statement(s) specified above, shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.

Such statement(s) shall also be placed before the Trustee and the Board of Directors/Governing Body of the Manager for review. Pursuant to such review, the statement shall be submitted to the stock exchange(s). Such submission to the Stock Exchange(s) shall be made within twenty one days from the end of each quarter

6.3. REIT shall furnish an explanation for the aforementioned variation in its Annual report.

6.4. REIT shall prepare an annual statement of funds utilized for purposes other than those stated in the offer document or explanatory statement to the notice for the general meeting, certified by the statutory auditors of the REIT, and place it before the before the Trustee and the Board of Directors/Governing Body of the Manager till such time the money raised through the issue has been fully utilized.