



CIRCULAR

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To,
All Real Estate Investment Trusts ("REITs")
All Parties to REITs
All Stock Exchanges
All Merchant Bankers and other Intermediaries

Madam/Sir,

Sub: Guidelines for rights issue of units by a listed Real Estate Investment Trust (REIT)

Regulation 2(1)(zg) of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 ("REIT Regulations"), defines a "rights issue" as an offer of units by a listed REIT to the unitholders of the REIT as on the record date fixed for the said purpose.

This circular details the guidelines in respect of a rights issue of units by a listed REIT.

1. Conditions for issuance

1.1. No REIT shall make a rights issue of units unless the following conditions are satisfied:

- (a) A resolution of the board of directors of the manager approving the rights issue of units and determining the record date has been passed.
- (b) Units of the same class, which are proposed to be allotted are already listed on a stock exchange.
- (c) The REIT has obtained in-principle approval of the stock exchange(s) for listing of units proposed to be issued under these guidelines.
- (d) The REIT is in compliance with the continuous listing and disclosure obligations under the REIT Regulations and circulars issued thereunder.

Provided that imposition of only monetary fines by stock exchanges on the REIT shall not be a ground for ineligibility for undertaking issuances under these guidelines.



- (e) None of the respective promoters or partners or directors of the sponsor(s) or sponsor group or manager or trustee of the REIT is a fugitive economic offender declared under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).
- (f) None of the respective promoters or partners or directors of the sponsor(s) or sponsor group or manager or trustee of the REIT
 - i. is debarred from accessing the securities market by the Board;
 - ii. is a promoter, director or person in control of any other company or a sponsor, manager or trustee of any other REIT which is debarred from accessing the capital market under any order or directions made by the Board;

2. Appointment of merchant banker(s) and other intermediaries

- 2.1. The Manager on behalf of the REIT, in line with Regulation 10(5) of REIT Regulations, shall appoint one or more merchant bankers, at least one of whom shall be a lead merchant banker and shall also appoint other intermediaries, in consultation with the merchant banker(s), to carry out the obligations relating to the issue.
- 2.2. If the REIT desires to have the issue underwritten, it shall appoint underwriters in accordance with the Securities and Exchange Board of India (Underwriters) Regulations, 1993.
- 2.3. In case of an underwritten issue, the merchant banker(s) shall undertake minimum underwriting obligations as specified in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
- 2.4. The lead merchant banker(s) shall exercise due diligence and shall satisfy themselves with all aspects of the issue including the veracity and adequacy of disclosures in the letter of offer.

3. Draft Letter of Offer and Letter of Offer

- 3.1. The manager, on behalf of the REIT shall file a draft letter of offer with the Board through the lead merchant banker along with filing fees as specified in Schedule II of REIT Regulations.
- 3.2. The lead merchant banker shall submit the following to the Board along with the draft letter of offer:



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- (a) a certificate, confirming that an agreement has been entered into between the manager on behalf of the REIT and the merchant bankers;
 - (b) a due diligence certificate along the lines of Form A of Annexure I of SEBI Circular CIR/IMD/DF/136/2016 dated December 19, 2016.
- 3.3. The manager, on behalf of the REIT shall also file the draft letter of offer with the stock exchange(s) where the units of the REIT are listed and further make it public by posting the same on the website of the stock exchange(s) for seeking public comments for a period of seven working days from the date of filing the draft letter of offer.
- 3.4. The draft letter of offer shall also be displayed on the website of the REIT and the merchant bankers.
- 3.5. The manager shall, after filing the draft letter of offer and letter of offer with the Board, make appropriate advertisement on the website of the sponsor, manager and stock exchanges.
- 3.6. The manager may also issue such advertisement in any newspaper and on the website of the REIT.
- 3.7. The Board may specify changes or issue observations, if any, on the draft letter of offer within fifteen days from the later of the following dates:
- a) the date of receipt of the draft letter of offer, filed under sub-clause 3.1; or
 - b) the date of receipt of satisfactory reply from the lead merchant banker(s), where the Board has sought any clarification or additional information from them; or
 - c) the date of receipt of clarification or information from any regulator or agency, where the Board has sought any clarification or information from such regulator or agency; or
 - d) the date of receipt of a copy of in-principle approval letter issued by the stock exchanges.
- 3.8. If the Board specifies any changes or issues observations on the draft letter of offer, the manager on behalf of the REIT and lead merchant banker(s) shall carry out such changes in the draft letter of offer and shall submit to the Board an updated draft letter of offer complying with the observations issued by the Board and highlighting all changes made in the draft letter of offer before filing the letter of offer with the stock exchanges.



3.9. The lead merchant banker shall, along with filing of the letter of offer with the Board and the stock exchange(s), furnish to the Board, a due diligence certificate along the lines of Form B of Annexure I of SEBI Circular CIR/IMD/DF/136/2016 dated December 19, 2016.

3.10. The draft letter of offer and letter of offer shall contain disclosures as specified in Annexure I of this Circular.

3.11. The manager, on behalf of the REIT, and the merchant banker(s) shall ensure that the letters of offer are hosted on the websites of the REIT, merchant bankers and the stock exchanges where the units are listed and their content is the same as the versions filed with the Board and the stock exchange(s), as applicable.

3.12. The draft letter of offer and letter of offer, as applicable, shall also be furnished to the Board in soft copy.

4. Application

4.1. The application form for the issue shall be prepared by the merchant banker(s) and the merchant banker(s) shall make arrangements for distribution of the application form.

5. Pricing of Units

5.1. The manager on behalf of the REIT, in consultation with the lead merchant banker(s), shall decide the issue price before determining the record date.

5.2. The issue price shall be disclosed in the letter of offer filed with the Board and the stock exchange(s).

6. Timelines

6.1. The manager, on behalf of the REIT, shall announce the record date to stock exchange(s) at least three working days (excluding the date of intimation and the record date) prior to the record date. The REIT shall not withdraw its rights issue after announcement of the record date.

Provided that in case the REIT withdraws the rights issue after announcing the record date, it shall not be eligible to make an application for listing of any of its units on any stock exchange for a period of twelve months from the record date.

6.2. The rights issue shall open within three months from the record date.

6.3. The rights issue shall be kept open for at least three working days but not more than fifteen working days.



7. Manner of issuance of units

7.1. Any issuance of units under these guidelines shall be done in the following manner:

- 7.1.1. The rights entitlements shall be credited to the demat account of the unitholders before the date of opening of the issue. The rights entitlements shall include a right exercisable by the person concerned to renounce the units offered to him/her or any of them in favour of any other person and the draft letter of offer, letter of offer and the notice sent to the unitholders shall contain a statement to this effect.
- 7.1.2. The units shall be allotted in the dematerialized form only and shall be listed on the stock exchange(s) where the units of the REIT are listed.
- 7.1.3. All investors would be required to mandatorily use Application Supported by Blocked Amount (ASBA) as a payment mode, whether existing unitholders or renounees and follow the procedure for rights issues of securities specified by the Board.

8. Subscription, Allotment and Listing of Units

8.1. Minimum Subscription

- (a) The minimum subscription to be received in the rights issue shall be 90% of the issue size through the letter of offer.
- (b) If the minimum subscription as specified under (a) above is not received, the application monies shall be refunded to the applicants forthwith, but not later than 15 days from the issue closing date.

8.2. The sponsor(s), their associates and members of the sponsor group who are unitholders as on the record date, may choose to subscribe to additional units subject to disclosure of such intent in the draft letter of offer and letter of offer.

Provided that such additional subscription over and above the entitlement shall be subject to compliance with the minimum public unitholding requirements.

8.3. The minimum allotment and trading lot for units issued shall be equivalent to the minimum allotment and trading lot as applicable to the units of the same class, under the extant provisions of the REIT Regulations or circulars issued thereunder.

8.4. The REIT shall not make any allotment in excess of the units offered through the letter of offer except in case of oversubscription for the purpose of rounding off to even lots to make allotment, in consultation with the designated stock exchange.



Provided that in case of oversubscription, an allotment of not more than one per cent. of the issue size may be made for the purpose of making allotment in minimum even lots.

8.5. Allotment shall be made in the following manner:

- (a) full allotment to those eligible unitholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s), who has/have applied for the units renounced in their favour, in full or in part, as adjusted for fractional entitlement.
- (b) allotment to eligible unitholders who having applied for the units in full to the extent of their rights entitlement and have also applied for additional units shall be made as far as possible on an equitable basis, having due regard to the number of units held by them on the record date, provided there is an under-subscribed portion after making allotment in (a) above.
- (c) allotment to the renouncees, who having applied for the units renounced in their favour and also applied for additional units, provided there is an under-subscribed portion after making full allotment specified in (a) and (b) above. The allotment of such additional units may be made on a proportionate basis.
- (d) Allotment to sponsor(s), their associates and members of sponsor group, who are unitholders on the record date and who have disclosed their intent to subscribe to additional units in terms of 8.2 above, if there is an unsubscribed portion after making full allotment as per clause (a), (b) and (c) above.
- (e) Allotment to the underwriter appointed for the issue, if any, at the discretion of the board of directors of the manager, subject to disclosure in the draft letter of offer and / or letter of offer as applicable.

8.6. The units allotted in the manner specified above shall be listed within six working days from the issue closing date.

9. Restriction on further capital issues

9.1. The REIT shall not make any further issue of units in any manner whether by way of public issue, rights issue, preferential issue, qualified institutions placement, institutional placement, issue of bonus shares or otherwise during the period between the date of filing the draft letter of offer with the Board and the listing of the units offered through the letter of offer or refund of application monies.

10. The REIT shall file an allotment report with the Board providing details of the allottees and allotment made within 15 days of the issue closing date.



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11. This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 33 of the REIT Regulations.
12. This Circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category "Legal" and under the drop down "Circulars".

Yours faithfully,

Richa G. Agarwal
Deputy General Manager
Department of Debt and Hybrid Securities
Tel No. 022-2644-9596
Email Id – richag@sebi.gov.in



Disclosures in a letter of offer

1. Disclaimer to the effect that the letter of offer relates to an issue being made to existing unit holders as on record date under the REIT Regulations and these guidelines.
2. The draft letter of offer and the letter of offer shall contain the disclosures as specified under Schedule III of the REIT Regulations in the following manner:
 - a) The disclosures as per clauses 1, 2, 3, 5, 6, 7(a), 8, 12, 13, 14, 15, 16 and 18 shall be made in the letter of offer.
 - b) The disclosures in clause (a) above may be incorporated by reference to disclosures made in any previous offer document or placement memorandum or placement document or annual report duly published by the REIT:

Provided that the link(s) to such document wherever available, including on the website of the REIT, stock exchanges or SEBI, shall also be provided.

Provided further that any modification/update in the information provided in such documents shall be suitably incorporated in the draft letter of offer and the letter of offer.

3. Terms of the issue:
 - a) Objects of the issue.
 - b) If the objects of the issue involve financing of any new asset(s), description of such asset(s) as per disclosures required under clause 6 of the Schedule III of the REIT Regulations.
 - c) If the objects are not being financed solely through the issue proceeds, the details of other financing arrangements for fulfilling the objects of the issue.
4. Intention and extent of participation by the sponsor(s), their associates and members of the sponsor group, in the issue with respect to:
 - a) their rights entitlement
 - b) the unsubscribed portion over and above their rights entitlement:

Provided that such participation shall not result in a breach of the minimum public unitholding requirement.

5. Related Party Transactions:



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- a) Disclosure as per clause 9 of the Schedule III of the REIT Regulations, which may be incorporated by reference to disclosures made in any previous offer document or placement memorandum or placement document.
 - b) Any disclosures made regarding related party transactions shall also be incorporated by reference to such disclosures.
 - c) Link(s) to document(s) at (a) and (b) above wherever available, including on the website of the REIT, stock exchanges, shall be provided.
6. Valuation (latest available):
- a) Summary of valuation of the assets proposed to be financed through proceeds of the issue
 - b) Valuation methodology.
 - c) Frequency of valuation and declaration of NAV.
 - d) Any disclosures made regarding valuation since the initial offer shall also be incorporated by reference to such disclosures.
 - e) Link(s) to document(s) at (d) above wherever available, including on the website of the REIT, stock exchanges, shall be provided.
 - f) The valuation report of the asset to be financed through proceeds of the issue, if any, shall be provided to the Board along with the draft letter of offer and letter of offer.
7. Financials:
- a) Disclosure as per clauses 11(a), 11(b), 11(c) and 11(e) of the Schedule III of the REIT Regulations:

Provided if the REIT has undertaken any acquisition or disposal of any material asset(s) after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer, the financial information should be prepared on a pro forma basis certified by statutory auditors of the REIT.
 - b) Disclosure as per clause (a) above may be incorporated by reference to any public disclosures of financials made under the REIT Regulations or any circular issued thereunder, along with link(s) to such disclosure(s) wherever available, including on the website of the REIT, stock exchanges.



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- c) Summary of financial statement of the assets being acquired for the previous three years.
- 8. Distribution including the manner of calculation of the net distributable cash flows, history of distributions made in the last three financial years or from the date of listing of the REIT and the policy, if any.
- 9. Manner of Application and Allotment:
 - a) How to apply, availability of application forms and letter of offer and mode of payment
 - b) Allotment and renunciation in even lots
 - c) Dealing with Fractional Entitlement: Manner of dealing with fractional entitlement, if any, of the fractional rights etc.
- 10. Other disclosures:
 - a) Unit holding pattern
 - b) Review of credit rating
 - c) Grievance redressal mechanism
 - d) The disclosures in clause (a), (b) and (c) above may be incorporated by reference to any public disclosures made under the REIT Regulations or any circular issued thereunder, along with link(s) to such disclosure(s) wherever available, including on the website of the REIT, stock exchanges.
 - e) The draft letter of offer and letter of offer shall contain the process of credit of rights entitlements in the demat accounts and the renunciation thereof.
 - f) Any material development after the date of the latest balance sheet and its impact on the performance and prospects of the REIT.
- 11. Such other information as is material and appropriate to enable the investors to make an informed decision.
- 12. Declarations (to be signed by the board of directors of the manager and sponsor)
- 13. The lead merchant banker shall ensure that the information contained in the draft letter of offer and letter of offer and the particulars as per audited financial statements in the letter of offer are not more than six months old from the issue opening date.

Provided that REITs which are in compliance with REIT Regulations and guidelines issued thereunder may file unaudited financials with limited review for the stub period



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in the current financial year, subject to making necessary disclosures in this regard including risk factors.