Measures towards Ease of Doing Business for Infrastructure Investment Trusts and Real Estate Investment Trusts

1. Objective

1.1. This Board Memorandum proposes amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations") and the SEBI (Real Estate Investment Trusts) Regulations, 2014 ("REIT Regulations") to introduce measures for Ease of Doing Business (“EoDB”) for InvITs and REITs.

2. Background

2.1. SEBI notified InvIT Regulations and REIT Regulations on September 26, 2014. As on May 31, 2025, 4 REITs and 22 InvITs are listed on stock exchanges.

2.2. The cumulative asset under management (Value of assets) for the REITs and InvITs is approximately Rs. 8 lakh crores as on March 31, 2025.

2.3. SEBI Hybrid Securities Advisory Committee (“HySAC”) provides recommendations, inter-alia, on development and regulation of Hybrid Securities (i.e. InvITs and REITs) in India.

3. Representation by Industry Associations and Market Participants

3.1. To improve ease of doing business related to activities of InvITs and REITs, Indian REIT Association (“IRA”) and Bharat InvIT Association (“BIA”), collectively referred as “Industry Associations”, have made certain representations for the purpose of ease of doing business (“EODB”). Further, requests have also been received from other market participants on certain EoDB measures.

3.2. After analyzing the requests received from associations and market participants, SEBI issued a consultation paper titled Consultation paper on regulatory amendments for Real Estate Investment Trusts and Infrastructure Investment Trusts seeking comments / views / suggestions from the public on the EoDB measures discussed in this Board memorandum. Recommendations

of the HySAC along with public feedback have been considered for the proposals made to the Board.

4. Consultation

4.1. A total of 13 entities responded to the consultation paper with their views/ inputs/ suggestions. The respondents are broadly in agreement with the proposed measures and a summary of the respondents agreeing / partially agreeing / disagreeing to the proposals made in the consultation paper is as under:

Proposal No.	Proposal Description	In number / %	Agree	Partially Agree	Disagree	Total Count
1	The definition of public shall be amended to exclude related parties to the InvIT/REIT and related parties to the parties to the REIT/InvIT from the definition of public unless such related party is a QIB	in number	8	0	3	11
		in %	73%	0%	27%	100%
2	Regulation 14(2A) of the REIT Regulations / Regulation 14(1A) of the InvIT Regulations shall be amended to exclude provisions which states that any units offered to sponsor or	in number	10	1	0	11
		in %	91%	9%	0%	100%

Proposal No.	Proposal Description	In number / %	Agree	Partially Agree	Disagree	Total Count
	the manager / investment manager or the project manager or their related parties or their associates shall not be counted towards units offered to the public					
3	The negative operating cash flow generated by holdco shall be adjusted with cash flows received from SPV for arriving at the distribution by the holdco to REIT/InvIT subject to appropriate disclosures in this regard to the unitholders	in number	6	3	0	9
		in %	67%	33%	0%	100%
4	Submission of quarterly report under Regulation 23(4) of InvIT Regulations shall be aligned with the timelines for	in number	7	0	0	7
		in %	100%	0%	0%	100%

Proposal No.	Proposal Description	In number / %	Agree	Partially Agree	Disagree	Total Count
	submission of quarterly results					
5	The timelines for submission of quarterly reports to Trustee under Regulation 10(18)(a) of REIT/InvIT Regulations shall be aligned with the timelines for submission of quarterly financial results	in number	11	0	0	11
		in %	100%	0%	0%	100%
6	The timelines for undertaking the annual valuation by REIT and InvIT and submission of such valuation report to recognised stock exchange and unitholders shall be aligned with the timelines for submission of annual financial results	in number	5	5	0	10
		in %	50%	50%	0%	100%
7	The timelines for undertaking half-	in number	5	4	0	9

Proposal No.	Proposal Description	In number / %	Agree	Partially Agree	Disagree	Total Count
	yearly valuation by REIT and submission of such valuation report to designated stock exchange and unitholders shall be aligned with the timelines for submission of quarterly financial results	in %	56%	44%	0%	100%
8	The timelines for undertaking half-yearly and quarterly valuation by InvIT and submission of such valuation reports to designated stock exchange and unitholders shall be aligned with the timelines for submission of quarterly financial results	in number	7	2	0	9
		in %	78%	22%	0%	100%
9	The minimum allotment for all primary market	in number	5	1	0	6
		in %	83%	17%	0%	100%

Proposal No.	Proposal Description	In number / %	Agree	Partially Agree	Disagree	Total Count
	issuances by privately placed InvITs shall be revised to Rs. 25 lacs in alignment with the trading lot size					

4.2. The suggestions received from industry associations, market participants, HySAC recommendations, feedback received pursuant to public consultation and views of SEBI thereon are summarized at Annexure A. The reference to relevant tables of Annexure A has been made in the proposals mentioned in subsequent paras.

5. Clarification on definition of "public" for Minimum Public Unitholding requirement. (Annexure A - Table No. 1)

5.1. **Extant Regulatory Provision**

5.1.1. Regulation 2(1)(ze) of the REIT Regulations / Regulation 2(1)(zq) of the InvIT Regulations provides the definition of "public" and reads as under:

"'public' for the purposes of offer and listing of units means any person other than related party of the REIT / InvIT or any other person as may be specified by the Board: Provided that in case any related party to the REIT / InvIT is a qualified institutional buyer, such person shall be included under the term 'public';"

5.1.2. Regulation 2(1)(zo) of the REIT Regulations / Regulation 2(1)(zv) of the InvIT Regulations provides the definition of "related party" and reads as under:

"'related party' shall be defined under the Companies Act, 2013 or under the applicable accounting standards and shall also include:

i. parties to the REIT / InvIT;

ii. omitted

iii. promoters, directors and partners of the persons in clause"

5.1.3. Regulation 2(1)(zc)of the REIT Regulations / Regulation 2(1)(zk) of the InvIT Regulations provide the definition of "parties to the REIT/InvIT" and reads as under:

"'parties to the REIT' shall include the sponsor groups, inducted sponsor(s), manager and the trustee;"

"'parties to the InvIT' shall include the sponsor groups, investment manager, project manager (s) and the trustee;"

5.1.4. Regulation 14(2A) of the REIT Regulations provides the thresholds for minimum offer and allotment to public in an initial offer inter-alia specifies that any units offered to sponsor or the manager / investment manager or the project manager or their related parties or their associates shall not be counted towards units offered to the public

5.1.5. Regulation 14(1A) of the InvIT Regulations provides the thresholds for minimum offer and allotment to public in an initial offer and inter-alia specifies that any units offered to sponsor or the manager / investment manager or the project manager or their related parties or their associates shall not be counted towards units offered to the public

5.2. **Rationale for Proposed change**

5.2.1. It has been represented by Industry Associations that InvIT Regulations and REIT Regulations, defines 'public' for the purposes of any offer and listing of units and clarifies that in the event any related party to the InvIT is a qualified institutional buyer ("QIB"), such person shall be included under the term 'public'.

5.2.2. However, similar clarity regarding treatment of QIB investors as 'public' is not provided in Regulation 14(1A) of InvIT Regulations/14(2A) of REIT Regulations in relation to the related parties and associates of the sponsor(s), investment manager/Manager or project manager.

5.2.3. Accordingly, based on the above request and the feedback received from HySAC and public, it is proposed to amend the definition of 'public' and amend Regulation 14(2A) of the REIT Regulations and Regulation 14(1A) of the InvIT regulations as mentioned in Para 5.3 below.

5.3. **Proposal**

5.3.1. The definition of public is proposed to be amended as under:

"'public' means any person other than

i. related party of REIT/InvIT, its Sponsor, investment manager/ manager or project manager, or

ii. any other person as may be specified by the Board:

Provided that a person specified above, who is also a qualified institutional buyer in an offer, shall be considered as "public" for the purpose of these regulations.;

Provided further that the sponsor, sponsor group, manager/investment manager and project manager of REIT/InvIT shall not be considered as "public" for the purpose of these regulations."

5.3.2. Further, since the definition of 'public' explicitly exclude a related party of the REIT/InvIT, and a related party of the sponsor, investment manager/ manager and project manager, it is proposed to omit the following provision from Regulation 14(2A) of the REIT Regulations / Regulation 14(1A) of the InvIT Regulations –

Regulation 14(2A) of REIT Regulations –

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

Regulation 14(1A) of InvIT Regulations –

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

6. Adjustment of negative cash flows at holdco with distributions received from SPV in calculation of NDCF (Annexure A - Table No. 2)

6.1. **Extant Regulatory Provision**

6.1.1. Regulation 18(16)(aa) of the REIT Regulations reads as under:

"With respect to distributions made by the REIT and the holdco and/or SPV, -

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

i. with respect to the cash flows received by the holdco from underlying SPVs, 100% of such cash flows received by the holdco shall be distributed to the REIT; and

ii. *with respect to the cash flows generated by the holdco on its own, not less than 90% of such net distributable cash flows shall be distributed by the holdco to the REIT;"*

6.1.2. Similar provisions are present in Regulation 18(6)(ba) of the InvIT Regulations for distribution of net distributable cash flows by the holdco to the InvIT.

6.2. **Rationale for Proposed Change**

6.2.1. As per the InvIT and REIT Regulations, a Holdco under REIT and InvIT structure is inter-alia mandated to distribute 100% of the cash flows received from the underlying project SPVs. However, it has been represented by

Industry Associations that there may be a situation where Holdco may generate negative cash flows of its own. In such a situation, Holdco should be allowed to distribute to the REIT/InvIT the cash flows it received from underlying SPVs after adjusting the negative cash flows generated on its own and it should be considered as compliance to REIT and InvIT Regulations.

6.3. **Proposal**

6.3.1. It is proposed to amend the REIT and InvIT Regulations to allow deduction of negative cash flows generated by holdco on its own from the cash flows of SPV received by holdco. Accordingly, it is proposed to insert the following proviso under Regulation18(16)(aa)(i) of the REIT Regulations and Regulation 18(6)(ba)(i) of the InvIT Regulations-

"Provided that if the net distributable cash flow generated by the holdco on its own is negative; the holdco may adjust it against the cash flows received from its underlying SPVs provided that it makes appropriate disclosures in this regard to the unitholders in such form and manner as may be specified by the Board.";

7. Alignment of timelines for submission of quarterly report under InvIT regulations, with the timelines for submission of quarterly financial results. (Annexure A - Table No. 3)

7.1. **Extant Regulatory Provision**

7.1.1. Regulation 23(4) of the InvIT Regulations requires as under:

"(4) The investment manager of shall submit a half-yearly report to the designated stock exchange within forty five days from the end of half year ending September 30th:

Provided that for any InvIT, whose units are listed and whose consolidated borrowings and deferred payments, in terms of regulation 20, is above forty nine per cent., such InvIT shall also submit a quarterly report to the

designated stock exchange within thirty days the end of every quarter ending June and December."

7.2. **Rationale for proposed change**

7.2.1. It has been represented by Industry associations that the aforementioned quarterly report required to be submitted to stock exchanges inter-alia include the financial statements of the InvIT. While the timeline for submission of the quarterly report is 30 days from the end of each quarter; but the timelines for disclosure of quarterly financial results is 45 days from the end of quarter. Accordingly, it is requested to align the timelines for submission of the quarterly report with the timelines for submission of quarterly financial results.

7.2.2. Further, it is possible that there could be some ambiguity regarding applicability of quarterly and half-yearly report on InvITs, in view of the following:

7.2.2.1. As regards the applicability for submission of half-yearly report, such submission is applicable to only public InvIT. However, the words 'publicly offered InvIT' have been inadvertently missed between the words 'the investment manager of' and the words 'shall submit…' in Regulation 23(4). The applicability of half-yearly reporting to only publicly offered InvITs is clearly mentioned in Regulation 21 (5) which deals with submission of half-yearly valuation report by only public InvITs. Accordingly, to avoid ambiguity, the words 'publicly offered InvIT' may be explicitly added in Regulation 23 (4) as well.

7.2.2.2. As regards the applicability for submission of quarterly report, such submission is applicable to such InvIT whose leverage exceeds 49%, regardless of the fact whether such InvIT is a public InvIT or a private InvIT. However, the requirement regarding such submission is currently specified as a proviso to Regulation 23(4). Regulation 23(4) deals with submission of half-yearly report which is applicable only to public InvIT; whereas the proviso to this regulation deals with quarterly report which is applicable to any InvIT (including both public and private InvIT) whose leverage exceeds

49%. Accordingly, to avoid ambiguity, the requirement of submission of quarterly report can be specified as a separate sub-regulation (sub-reguation 4A within Regulation 23) instead of specifying the same as proviso to Regulation 23(4).

7.3. **Proposal**

7.3.1. It is proposed to amend InvIT Regulations to specify that the aforementioned quarterly report shall be submitted to the stock exchanges along with the quarterly financial results of the corresponding quarter

7.3.2. It is proposed to amend InvIT Regulations to provide clarity on the applicability of submission for half-yearly report and quarterly report as under:

7.3.2.1. With regard to half –yearly report, the words 'publicly offered InvIT' may be explicitly added in Regulation 23 (4) to clarify that submission of such report is applicable to only public InvITs.

7.3.2.2. With regard to quarterly report, the requirement of submission of such report shall be specified as a separate sub-regulation (sub-reguation 4A within Regulation 23) so as to clarify that such requirement is applicable to any InvIT (including both public and private InvIT) whose leverage exceeds 49%.

8. Alignment of timelines for submission of Quarterly Report to Trustee under Regulation 10(18)(a) of REIT/InvIT regulations and report on activity and performance under Regulation 10(24) of InvIT Regulations with the timelines for submission of Quarterly Financial Results (Annexure A - Table No. 4)

8.1. **Extant Regulatory Provision**

8.1.1. Regulation 10(18) (a) of the InvIT Regulations requires as under:

"The investment manager shall submit to the trustee,-

a. quarterly reports on the activities of the InvIT including receipts for all funds received by it and for all payments made, position on compliance with

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

8.1.2. Similar provisions are present in Regulation 10(18)(a) of the REIT Regulations for submission of quarterly report by the manager of the REIT to the trustee.

8.1.3. Regulation 10(24) of the InvIT Regulations requires as under:

"The investment manager shall place before its board of directors in case of company or the governing board in case of an LLP a report on activity and performance of the InvIT at least once every quarter within thirty days of end of every quarter."

8.2. **Rationale for the proposed change**

8.2.1. InvIT and REIT regulations require submission of quarterly report to the trustee. The said report is required to be submitted within 30 days from the end of the quarter.

8.2.2. Further, InvIT Regulations require submission of report on activity and performance of the InvIT to the board of directors / governing board of the investment manager once in every quarter, within 30 days of the end of such quarter.

8.2.3. Both the above reports, inter-alia, contain disclosures of the financial information and financial performance of the REIT/InvIT in the corresponding quarter. While the timeline for submission of the above reports is 30 days from the end of each quarter; but the timelines for disclosure of quarterly financial results is 45 days from the end of quarter for the first three quarters and 60 days from the end of quarter for the last quarter.

8.2.4. Since the above reports, inter-alia, contain disclosure of certain financial information, a feedback has been received from market participants and the

public to align the timelines for submission of these quarterly reports with the timelines for submission of quarterly financial results.

8.3. **Proposal**

8.3.1. It is proposed to amend InvIT Regulations and REIT Regulations for aligning the timelines for submission of aforementioned quarterly reports to the trustee and to the board of directors / governing board of the Investment Manager with the timelines for submission of quarterly financial results.

9. Alignment of timelines for submission of valuation report (under Regulation 21(4), 21(5) and 21(6) of the REIT Regulations/ InvIT Regulations) with the timelines for submission of financial results. (Annexure A - Table No. 5)

9.1. **Extant Regulatory Provision**

9.1.1. Regulation 21(4) of the REIT Regulations requires as under -

"A full valuation shall be conducted by the valuer atleast once in every financial year:
Provided that such full valuation shall be conducted at the end of the financial year ending March 31st within three months from the end of such year."

9.1.2. Regulation 21(5) of the REIT Regulations requires as under -

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

9.1.3. Regulation 21(6) of the REIT Regulations requires as under -

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

9.1.4. Regulation 21(4) of the InvIT Regulations requires as under -

"A full valuation shall be conducted by the valuer not less than once in every financial year:

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

9.1.5. Regulation 21(5) of the InvIT Regulations requires as under –

"A half yearly valuation of the assets of the InvIT shall be conducted by the valuer for the half-year ending September 30th for a publicly offered InvIT for incorporating any key changes in the previous six months and such half yearly valuation report shall be prepared within one month from the date of end of such half year:

Provided that in case the consolidated borrowings and deferred payments of an InvIT, in terms of Regulation 20, is above forty nine per cent, the valuation of the assets of such InvIT shall be conducted by the valuer for quarter ending June, September and December, for incorporating any key changes in the previous quarter and such quarterly report shall be prepared within one month from the date of the end of such quarter."

9.1.6. Regulation 21(6) of the InvIT Regulations requires as under –

"Valuation reports received by the investment manager shall be submitted by the investment manager to the designated stock exchanges within fifteen days from the receipt of such valuation reports."

9.2. **Rationale for Proposed change**

9.2.1. InvIT and REIT regulations inter-alia mandates Investment Manager/Manager of the InvIT/REIT to get a valuation undertaken by an independent valuer of InvIT/REIT assets and disclose the same.

9.2.2. Further, circulars issued under InvIT/REIT Regulations inter-alia mandates disclosure of statement of net asset at fair value and statement total returns at fair value along with financial results. These two statements are prepared based on valuation report.

9.2.3. However, the timelines for submitting the financial results are different from timelines for submission of valuation report. In order to remove inconsistency in timelines, it is proposed that the valuation report shall be submitted along with quarterly and annual financial results.

9.3. **Proposal**

9.3.1. It is proposed to amend InvIT and REIT Regulation for aligning the timelines for submission of valuation reports to the stock exchange(s) with the timelines for submission of financial results. Accordingly, the following timelines are proposed for submission of valuation reports:

9.3.1.1. Annual Valuation Report shall be submitted along with annual financial results.

9.3.1.2. Half-yearly Valuation report, wherever applicable, shall be submitted along with the quarterly financial results of the quarter ending 30th September.

9.3.1.3. Quarterly Valuation report, wherever applicable, shall be submitted along with the quarterly financial results of the corresponding quarter.

10. Alignment of minimum allotment with trading lot for privately placed InvITs (Annexure A - Table No. 6)

10.1. **Extant Regulatory Provision**

10.1.1. Regulation 14(2)(c) of the InvIT Regulations reads as under:

"If the InvIT raises funds by way of private placement–

(a) it shall do it through a placement memorandum;

……..

(c) with minimum investment from any investor of rupees one crore;

Notwithstanding the above, if such a privately placed InvIT invests or proposes to invest not less than eighty percent of the value of the InvIT assets in completed and revenue-generating assets, the minimum investment from an investor shall be rupees twenty-five crores."

10.1.2. Regulation 16(8)(b) of the InvIT Regulations requires as under:

"With respect to listing of privately placed units- …….

b) trading lot for the purpose of trading of units on the designated stock exchange shall be rupees twenty five lakhs".

10.2. **Rationale for proposed change**

10.2.1. It has been represented by Bharat InvIT Association (BIA) that there are wide gaps in the investment outlay for the investors participating in the privately placed InvITs through the Primary Market and through the Secondary Market. The Investors can buy the units of an existing Privately placed InvIT through the secondary market by investing Rs. 25 lacs whereas to participate in primary market issue of the same InvIT, they have to commit much large investment of Rs. 1 crores / Rs. 25 crores.

10.2.2. The BIA has further represented that these provisions are not seen aligned with the main objective of enabling direct investment from large number of investors to facilitate the growth of infrastructure sector in India for overall economic growth. The high primary market lot prevents many investors from participating in the primary market (who can otherwise participate in secondary markets because of lower secondary market lot). This limits the InvIT's ability to raise fresh funds from the primary market. This gap represents a missed opportunity for InvITs to diversify their investor base and enhance fundraising efforts.

10.3. **Proposal**

10.3.1. It is proposed to amend the InvIT Regulations for alignment of the minimum allotment lot for primary market with the trading lot size of secondary market. Further, in alignment with secondary market trading lot, it is proposed to prescribe uniform minimum allotment of Rs. 25 lacs for all privately placed InvITs, irrespective of the asset mix.

11. <u>Proposal to the Board:</u>

11.1. The Board is requested to

11.1.1. consider and approve the proposals as detailed under paragraphs 5 to 10 above and the consequent draft amendment notifications placed at Annexure B and Annexure C;

11.1.2. authorize the Chairman to make consequential and incidental changes and take necessary steps to give effect to the decisions of the Board.

Encls.: 1. Annexure A to Board Memorandum

2. Annexure B to Board Memorandum

3. Annexure C to Board Memorandum

Table 1: Clarification on definition of "public" for Minimum Public Unit holding requirement. (Para 5.3 of board memorandum)

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's Views
1.	It has been represented by Industry Associations that InvIT Regulations and REIT Regulations , defines 'public' for the purposes of any offer and listing of units and clarifies that in the event any related party to the InvIT is a qualified institutional buyer (hereinafter referred as "QIB"), such person shall be included under the term 'public'. However, similar clarity is not provided in Regulation 14(1A) of InvIT Regulations/14(2A) of REIT Regulations in relation to the related parties and associates of the sponsor(s), investment manager/Manager or project manager.	(i) It has been represented that clarity shall be provided that the definition of public shall be used for both purpose of offer and listing of units and for the purpose of determination of minimum public ensure consistency in interpretation and to prevent any potential misinterpretation. (ii) Amendment of definition of public to include related party to the parties of the REIT/InvIT is expanding the scope of the definition of public and hence the definition may not be amended (iii) Amendment of definition of "public" as proposed in the consultation will consider the units held sponsor, sponsor group, Investment Manager/Manager, Project Manager and Trustee as "public"	(i) Agree with the recommendation for providing clarity in the definition of "public" and hence the words for the "purposes of offer and listing of units" may be omitted to align the meaning of "public" wherever provided in the regulations with the definition of "public" instead of restricting of the usage of same for the only purpose of offer and listing of units. This is also in alignment with Securities Contracts (Regulation) Rules, 1957 wherein the public is simply defined as such without restricting the purposes for which such definition is to be referred. (ii) Not agree with the suggestion of not amending the definition of "public", as Regulation 14(1A) of InvIT

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's Views
	Consultation paper proposed to amend the definition of public in REIT and InvIT Regulations as below – ““public” for the purposes of offer and listing of units means any person other than related party of the REIT / InvIT, any person other than related party of the parties to the REIT / InvIT or any other person as may be specified by the Board: Provided that in case any related party as specified above is a qualified institutional buyer, such person shall be included under the term 'public';”	if the same is QIB, which is not the intent of the proposed amendment.	Regulations/14(2A) of REIT Regulations explicitly, states that the sponsor, manager/investment manager, project manager and their related parties and associates shall not be counted towards Public. Hence, the related parties of sponsor, investment manager/manager and project manager are not treated as public even in the current regulations and the same should be continued. However, parties to the REIT/InvIT may also include persons such as trustees or sponsor group and hence inclusion of the related parties of these entities would not be aligned with the provision under Regulation 14 (1A) / Regulation 14 (2A). Hence, instead of excluding related parties to the parties to the REIT/InvIT from public, we may exclude related parties to the sponsor, manger/

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's Views
	Further consultation paper proposed to remove proviso Regulation 14(1A) of InvIT Regulations/14(2A) of REIT Regulations.		investment manager or project manager from the public. (iv) Agree with the suggestion to exclude units held sponsor, sponsor group, Investment Manager/Manager, Project Manager and Trustee as “public” even if the same is QIB, in view of the public feedback. Sponsor and sponsor group may be excluded from public in alignment with definition of public as defined in Securities Contracts (Regulations) Rules, 1957 wherein promoter and promoter group are excluded from public. Further, investment manager/manager and project manager are proposed to be excluded from public since these entities are actively involved in day to day management of the REIT/InvIT and/or its underlying projects. These specific persons shall be excluded from

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's Views
			definition of “public” irrespective of the status as QIB or not. In view of the recommendations of HySAC and public feedback, the following changes are proposed vis-à-vis the definition proposed in public consultation – a) Omitting words “for the purposes of offer and listing of units” from the definition of public b) Instead of excluding ‘related party of the parties of the REIT/InvIT’, we may exclude ‘related parties to the sponsor, manger/ investment manager or project manager’ from the definition of public c) Amend the definition to provide that ‘sponsor, sponsor group, manager/investment manager and

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's Views
			project manager' will always be not considered as public regardless of whether these persons are QIB or not.

Table 2: Adjustment of negative cash flows at holdco with distributions received from SPV in calculation of NDCF (Para 6.3 of board memorandum)

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
1.	As per the InvIT and REIT Regulations, a Holdco under REIT and InvIT structure is inter-alia mandated to distribute 100% of the cash flows received from the underlying project SPVs. However, it has been represented by Industry Associations that there may be a situation where Holdco may generate negative cash flows of its own. In such a situation, Holdco	(i) In place of negative operating cash flow it should be negative NDCF generated by HoldCo. There may be a case that operating cash flow is positive but NDCF is negative due to other items eg finance cost (ii) Clarity to be provided for the minimum NDCF to be distributed by the HoldCo. If the Holdco has adjusted its negative cash flow from NDCF received from	(i) Agree with the recommendation for using negative net distributable cash flow (NDCF) instead of negative operating cash flow as the distribution will be eventually from NDCFs and not operating cash flows. Also, since the 90% distribution requirement is specified as 90% of NDCF and not 90% of operating cash flows, using the term 'NDCF' in place of 'operating cash flows' will ensure consistency.

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
	should be allowed to distribute to the REIT/InvIT the cash flows it received from underlying SPVs after adjusting the negative cash flows generated on its own and it should be considered as compliance to REIT and InvIT Regulations. Consultation Paper proposed to add a proviso as below in both REIT and InvIT Regulations – "Provided that if operating cash flow generated by the holdco on its own is negative, it shall be adjusted against the cash flows received by the holdco from its underlying SPVs to arrive at the cash flow for distribution by the holdco to the REIT/InvIT subject to appropriate	underlying SPVs, then Whether the distribution should be 100% or 90%. (iii) Similar clarity and relaxation shall also be provided and extended for the SPVs under the REIT and InvIT structure.	(ii) InvIT and REIT Regulations clearly specify that, distribution of 100% cash flows by holdco. received from the underlying SPV. The amendment facilitates adjustment of negative cash flows generated by holdco on its own with the cash flows received from SPV. Further, the words "on its own" also clarify that only when the cash flows of the holdo. on its own are negative, adjustment from the cash flows received from the underlying SPVs is permissible before 100% distribution of SPVs cash flows. Hence, since these provisions are clear, no additional clarification is required. (iii) It is submitted that Holdco is an entity which has underlying SPVs and thus, it may have both independent cash flows of its own and cash flows from underlying entities. Since holdco can have independent negative

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
	disclosures in this regard to the unit holders.”		cash flows of its own and positive cash flows from underlying entities, the clarification is applicable for an HoldCo. However, SPV, on contrary, does not have any underlying entities. Hence, SPV will only have cash flows of its own from its own projects/assets and there will be no separate cash flows from underlying entities in case of SPV since there are no underlying entities. Hence, the suggestion that similar clarification and relaxation is required for SPV is not tenable. In view of the recommendations of HySAC and public feedback, the following change is proposed vis-à-vis the proposal made in public consultation –

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
			a) The words 'operating cash flow' may be substituted with the words "net distributable cash flow"

Table 3: Alignment of timelines for submission of quarterly report under InvIT regulations, with the timelines for submission of quarterly financial results. (Para 7.3 of board memorandum)

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
1.	It has been submitted that the quarterly report required to be submitted to stock exchanges inter-alia include the financial statements of the InvIT. The timelines for disclosure of quarterly report is 30 days from the end of quarter; whereas the timelines for disclosure of quarterly financial results is 45 days from the	HySAC and Public are in agreement of the same.	(i) As HySAC and Public feedback are in the agreement of the same, it is proposed that the aforementioned quarterly report shall be submitted to the stock exchanges along with the quarterly financial results of the corresponding quarter. (ii) Further, it is proposed to amend InvIT Regulations to provide clarity on the applicability of submission for half-yearly report and quarterly report as under:

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	end of quarter for the first three quarters and 60 days from the end of quarter for the last quarter. Since the quarterly report to be submitted to stock exchanges, inter-alia, include financial statements of the InvIT, it has been represented to align the timelines for submission of the quarterly report with the timelines for submission of financial results.		a) With regard to half –yearly report, the words 'publicly offered InvIT' may be explicitly added in Regulation 23 (4) to clarify that submission of such report is applicable to only public InvITs. b) With regard to quarterly report, the requirement of submission of such report shall be specified as a separate sub-regulation (sub-reguation 4A within Regulation 23) so as to clarify that such requirement is applicable to any InvIT (including both public an private InvIT) whose leverage exceeds 49%.

Table 4: Alignment of timelines for submission of quarterly report to trustee under Regulation 10(18)(a) of the REIT Regulations/ InvIT Regulations with the timelines for submission of financial results. (Para 8.3 of board memorandum)

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
1.	It has been represented that quarterly report required to be submitted to the trustee requires disclosure of certain financial information of the REIT / InvIT such as details of funds received and payment made by the REIT/InvIT, report on performance of the REIT//InvIT etc. The timeline for submission of this report is 30 days from the end of each quarter; whereas the timelines for disclosure of quarterly financial results is 45 days from the end of quarter for the first three quarters and 60 days from the end of quarter for the last quarter. Since the quarterly report to be submitted to the trustee, inter-alia,	(i) 30-day timeline prescribed under Regulation 10(24) may kindly be aligned with the proposed timelines under Regulation 10(18)(a), as the performance and activity report generally form part of the Quarterly Report on the activities of the InvIT, which is submitted to the Trustee.	(i) Agree with the suggestion of alignment of timelines prescribed under Regulation 10(24) as the same refers to performance and activity report which, inter-alia, contain disclosures of financial information and financial performance of the REIT/InvIT In view of the recommendations of HySAC and public feedback, the following additional change is proposed vis-à-vis the proposal made in public consultation – a) Timelines for submission of report on activity and performance of the InvIT to the board of directors / governing board of the Investment Manager may be aligned with the timelines for submission of quarterly financial results

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
	require disclosure of certain financial information, it has been represented to align the timelines for submission of quarterly report to the trustee with the timelines for submission of quarterly financial results.		

Table 5: Alignment of timelines for submission of valuation report (under Regulation 21(4), 21(5) and 21(6) of the REIT Regulations/ InvIT Regulations) with the timelines for submission of financial results. (Para 9.3 of board memorandum)

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
1.	InvIT and REIT regulations inter-alia mandates Investment Manager/Manager of the InvIT/REIT to get a valuation undertaken by an independent valuer of InvIT/REIT assets and disclose the same. Further, circulars issued under InvIT/REIT Regulations inter-alia	(i) Separate quarterly valuation report shall not be required as half-yearly valuation is applicable, hence the word September shall be removed when referred to quarterly valuation. (ii) Valuation of REIT and InvIT shall be done on quarterly basis for all InvITs.	(i) The half-yearly valuation report is applicable only for a public InvIT. On the contrary, the quarterly valuation report is applicable for any InvIT (including both public and private InvIT) whose leverage exceeds 49%. Since there can be private InvIT with leverage exceeding 49%, such InvIT will be required to provide a quarterly

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	mandates disclosure of statement of net asset at fair value with the half-yearly and annual financial statements. It may be noted that valuation of assets is a pre-requisite for preparation of Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value which are mandated to be disclosed as part of half yearly and annual financial results. However, the timelines for submitting the financial results are different from timelines for submission of valuation report. In order to remove inconsistency in timelines, the timelines for submission of valuation report for	(iii) Additional time shall be provided for submission of valuation report to unitholders as same day intimation to large number of unitholders may not be possible. Alternately, instead of giving additional time, the requirement of sending valuation report to all the unitholders may be reviewed and intimation to stock exchange may be considered deemed intimation to unitholders. (iv) Proposed amendment provides for disclosure to stock exchange and unitholders. The word unitholders can be removed as the valuation report will be sent to exchange and it is available to entire public. (v) Sub Regulation inter-alia mandating that the valuation reports shall be	valuation report for September quarter although half-yearly valuation report for September half-year is not applicable for such private InvIT. Hence, it will not be appropriate to remove the word 'September'. However, a proviso may be added in this regard to provide that if an InvIT has already submitted a half-yearly valuation report for the half-year ending September 30th, such InvIT shall not be required to submit a quarterly valuation report for quarter ending such September 30th. (ii) It is submitted that REITs and InvITs predominantly hold real estate and infrastructure assets. These assets are generally valued on the basis of projected cash flows which are generally based on

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
	REITs and InvITs is proposed to be aligned with timelines for submission of quarterly and annual financial results. The consultation proposed the following – a. Annual Valuation by all InvITs and REITs shall be undertaken and the valuation report received by Investment manager/ Manager shall be disclosed to the stick exchanges and unit-holders within the timelines prescribed for submission of annual financial results b. Half-Yearly Valuation by publicly offered InvITs and	submitted within 15 days of receipt of valuation report by IM/Manager shall not be removed as IM/Manager are required to undertake valuations in case of acquisitions, sale of assets, issuance of units etc. Removal of the sub regulation may render the submission of such valuation reports at the discretion of REIT or InvIT, hence the sub regulation shall not be removed.	contracted payments negotiated pursuant to concession agreements, long term leases payments etc. These cash flows are generally stable in short term and hence material short term changes in valuation may not occur that often. Further, InvIT and REIT Regulations also inter-alia mandates the valuation of assets to be undertaken in case of any material development that may have an impact on the valuation of the assets of the REIT/InvIT. Hence, if there are any material developments in between the dates of two period valuations, then the above requirement will ensure that a fresh valuation exercise is done on such developments.

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
	REITs shall be undertaken for the half year ended in September and valuation report received by Investment manager/ Manager shall be disclosed to the stick exchanges and unit-holders within the timelines prescribed for submission of quarterly financial results c. Quarterly Valuation by InvITs, , if the consolidated borrowings and deferred payments of such InvIT, in terms of Regulation 20, is above forty-nine per cent shall be undertaken for quarter ending June, Sept and December and valuation		Also, valuation of REIT and InvIT assets may entail higher cost and time unlike valuing a financial assets portfolio wherein the underlying securities are listed and regularly traded and have a readily available market price. In view of the above, mandating quarterly valuation may not be in the interest of ease of doing business for the industry and hence the suggestion may not be accepted. (iii) Suggestion to remove the requirement of submission of valuation reports to unitholders may be accepted as valuation reports are being submitted to exchanges and the same are thus available to entire public including the unitholders. We may agree with the suggestion of not removing the sub-regulation 6 of regulation 21 of

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	report received by Investment manager shall be disclosed to the stick exchanges and unit-holders within the timelines prescribed for submission of quarterly financial results. d. Regulation pertaining to submission of valuation report within 15 days of receipt of valuation report by IM/Manager was proposed to be omitted as the timelines for valuation report has been prescribed above.		REIT and InvIT Regulations as valuation reports for the InvIT or REIT whether undertaken on account of material development or for any other purpose shall be disclosed to the stock exchanges. Hence, sub-regulation 6 of Regulation 21 may be retained specifying that valuation report(s) received by the investment manager / manager shall be submitted to the Stock Exchange(s) within 15 days from the date of receipt of such valuation report(s). Further, a proviso may be added in this sub-regulation to specify that the valuation reports pursuant to annual, half yearly valuation and quarterly valuation shall be submitted along with the financial results.

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
			In view of the recommendations of HySAC and public feedback, the following additional changes are proposed vis-à-vis the proposals made in public consultation – a) The requirement of separate submission of valuation report to unitholders may be removed since the valuation reports are being submitted to exchanges and the same are thus available to entire public including the unitholders b) A proviso may be added to provide that if an InvIT has already submitted a half-yearly valuation report for the half-year ending September 30th, such InvIT shall not be required to submit a quarterly valuation report for quarter ending such September 30th.

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
			c) Regulation 21(6) shall be retained and a proviso shall be added in Regulation 21(6) to specify that the valuation reports pursuant to annual, half yearly valuation and quarterly valuation shall be submitted along with the financial results.

Table 6: Alignment of minimum allotment with trading lot for privately placed InvITs (Para 10.3 of board memorandum)

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
1.	It has been represented by BIA that there are wide gaps in the investment outlay for the investors participating in the privately placed InvITs through the Primary Market and through the Secondary Market. The Investors can buy the units of an existing Privately placed InvIT	(i) Removal of Trading lot as the same adversely impacts the liquidity of REITs and InvITs in India.	(i) It is submitted that the said amendment is being proposed for a privately placed InvIT which do not have restrictions in terms of investments in under construction projects. On the contrary, publicly offered InvITs have to invest at least 80% of their value of assets in completed and income generating projects and can invest at most

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	through the secondary market by investing Rs. 25 lacs whereas to participate in primary market issue of the same InvIT, they have to commit much large investment of Rs. 1 crores / Rs. 25 crores. The BIA has further represented that these provisions are not seen aligned with the main objective of enabling direct investment from large number of investors to facilitate the growth of infrastructure sector in India for overall economic growth. The high primary market lot prevents many investors from participating in the primary market (who can otherwise participate in secondary markets because of lower secondary market lot). This		10% of their value of assets in under-construction projects. Since, there are no restrictions for privately placed InvITs for investments in under-construction assets, such InvITs may have significantly higher execution risk and also may not have stable or regular cash flows for distribution. In view of such risks, the investment in such units is restricted to only sophisticated investors and thus there are a minimum allotment and trading lot restrictions for such privately placed InvITs. Hence, it will not be appropriate to remove the trading lot for privately placed InvITs. Further, it is also submitted that the InvIT regulations and circulars issued thereunder provide for mechanisms for

S. No.	Proposal in Consultation Paper	HySAC Recommendation and Public Comments	SEBI's views
	limits the InvIT's ability to raise fresh funds from the primary market. This gap represents a missed opportunity for InvITs to diversify their investor base and enhance fundraising efforts. Accordingly, it is represented that the minimum allotment stipulation in the initial issue by privately placed InvITs and the Preferential issues by existing privately placed InvITs be aligned with the minimum Trading lot stipulation which is currently at Rs 25 lakhs and clause (c) of the sub-regulation (2) of Regulation 14 of the SEBI (InvIT) Regulations, 2014		conversion from the privately placed InvIT to publicly offered InvITs; wherein the trading lot will get reduced to 1 unit after such conversion. Hence, for any InvIT which opts for such conversion and which complies with the requirements for conversion, the trading lot can get reduced to 1 unit upon such successful conversion

Annexure B

Draft Notification – SEBI (Infrastructure Investment Trusts) Regulations, 2014

Amendment shall be notified after following the due process

Annexure C

Draft Notification - SEBI (Real Estate Investment Trusts) Regulations, 2014

Amendment shall be notified after following the due process