



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CONSULTATION PAPER

DEPARTMENT OF DEBT AND HYBRID SECURITIES – POD II

CONSULTATION PAPER ON REGULATORY
AMENDMENTS FOR REAL ESTATE INVESTMENT
TRUSTS AND INFRASTRUCTURE INVESTMENT
TRUSTS

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भारतीय प्रतिभूति और विनिमय बोर्ड
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Timeline to Respond

Comments on the Consultation paper (CP) may be sent by May 22, 2025

1. OBJECTIVE AND BACKGROUND

- 1.1. The objective of this consultation paper is to seek comments / views / suggestions from the public on certain proposals related to Real estate investment Trusts (herein after referred as '*REITs*') and Infrastructure Investment Trusts (herein after referred as '*InvITs*').
- 1.2. The proposals made in the consultation paper are based on the inputs received from various forums as listed below:
 - 1.2.1. Recommendations received from market participants
 - 1.2.2. Representations received from Indian REITs Association (herein after referred as '*IRA*')
 - 1.2.3. Representations received from Bharat InvITs Association (herein after referred as '*BIA*') and
 - 1.2.4. Recommendations of Hybrid Securities Advisory Committee (herein after referred as '*HySAC*').
- 1.3. The matters consulted in this paper are categorized in two parts, as under:

Part - A: Ease of Doing Business Measures

1. Clarification on definition of "public" for minimum public unitholding requirement
2. Adjustment of negative cash flows at holdco with distributions received from SPV in calculation of NDCF.
3. Alignment of timelines for submission of quarterly report under Regulation 23(4) of the InvIT regulations, with the timelines for submission of quarterly financial results.

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 quarterly financial results.
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.
6. Alignment of minimum allotment with trading lot for privately placed InvITs

Part - B: Investor Education and Protection Measures

1. Investor Charter for Real Estate Investment Trusts and Infrastructure Investment Trusts
- 1.4. The detailed proposals related to aforementioned items are mentioned in paragraphs 2 to 7 of this consultation paper.

PART – A: EASE OF DOING BUSINESS MEASURES

2. CLARIFICATION ON DEFINITION OF “PUBLIC” FOR MINIMUM PUBLIC UNITHOLDING REQUIREMENT

2.1. BACKGROUND:

- 1.1.1. Representations were received from market participants to clarify that the units held by related party of InvIT or REIT who is qualified institution buyer (herein after referred as ‘QIB’) will be considered for the determination of minimum public shareholding.
- 1.1.2. While the definition of public includes related parties of REIT and InvIT who are QIB as public, representations have been received to provide clarity in Regulation 14(2A) of the REIT Regulations / Regulation 14(1A) of the InvIT

Regulations which provides the thresholds for minimum offer and allotment to public in an initial offer.

2.2. EXTANT REGULATORY PROVISION:

2.2.1. Regulation 2(1)(ze) of SEBI (Real Estate Investment Trust) Regulations, 2014 (hereinafter referred as 'REIT Regulations')/ Regulation 2(1)(zq) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (hereinafter referred as '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';

2.2.2. 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 (i)*

2.2.3. 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 / InvIT” shall include the sponsor groups, inducted sponsor(s), manager / investment manager, project manager (s) and the trustee;

2.2.4. Regulation 14(2A) of the REIT Regulations / 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.

2.2.5. Regulation 16(7) of the REIT Regulations / Regulation 16(6) of the InvIT Regulations requires as under:

“The minimum public holding for the units of the REIT / InvIT after listing shall be in accordance with sub-regulation (2A) of regulation 14 / sub-regulation (1A) of regulation 14 failing which action may be taken as may be specified by the Board and by the designated stock exchanges including delisting of units under regulation 17.”

2.3. REPRESENTATION RECEIVED FROM MARKET PARTICIPANTS

2.3.1. Regulation 2(1)(zq) of the InvIT 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, such person shall be included under the term ‘public’. However, similar clarity is not provided in Regulation 14(1A) in relation to the related parties and associates of the sponsor(s), investment manager or project manager.

2.3.2. In view of the above, market participants have represented that the understanding in relation to entities deemed to be ‘public’ in Regulation 2(1)(zq) and Regulation 14(1A) may be aligned and any units held by

related parties or associates of the sponsor(s), investment manager or project manager of the InvIT who are qualified institutional buyers may be considered while determining the 'public unitholding' in an InvIT..

2.4. RECOMMENDATION OF HYSAC

2.4.1. HYSAC, deliberated on the said proposal, agreed on the proposals and recommended that in case any related party to parties to the REIT/InvIT is a qualified institutional buyer, then such person should be included under the term 'public' for the purpose of the compliance with minimum public unitholding.

2.4.2. Further, HYSAC also proposed to modify the definition of public and exclude related parties to REIT/InvIT and related parties to the parties to the REIT/InvIT from the definition of public unless such related party is a QIB.

2.5. PROPOSAL

2.5.1. The representation to align the meaning of term 'public' in Regulation 2(1)(zq) and Regulation 14(1A) may be considered so as to eliminate any ambiguity. Hence, in order to promote ease of doing business, based on the recommendations of the HySAC, it is proposed to amend the definition of public as under:

"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';

2.5.2. Further to avoid confusion and remove any scope of ambiguity, since the meaning of term “public” is already defined in the REIT Regulations / InvIT Regulations, it is proposed to omit the provision in Regulation 14(2A) of the REIT Regulations / Regulation 14(1A) of the InvIT Regulations which states 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.

Consultation 1: Clarification on definition of “public” for Minimum Public unitholding requirement

Kindly provide your comments along with supporting rationale on the following:

- 1) Whether 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?
- 2) Whether 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 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. ADJUSTMENT OF NEGATIVE CASH FLOW AT HOLDCO WITH DISTRIBUTIONS RECEIVED FROM SPVS IN CALCULATION OF NDCF

3.1. BACKGROUND

3.1.1. As per the current regulatory norms, holding companies (herein after referred as ‘holdco’) of underlying special purpose vehicles (herein after referred as ‘SPV’) in the structure InvIT and REIT are *inter-alia* mandated to upstream 100% of the cash flows received from the underlying SPV(s) to the REIT or InvIT.

3.1.2. BIA and IRA (collectively termed as ‘industry associations’) have represented that there could be a situation wherein there are higher outflows than inflows resulting in generation of negative cash flows in Holdco and cash balance available with the holdco would not be sufficient to meet the outflows. In such situations Holdco should be allowed to adjust the negative cash flows generated on its own with the cash inflows received from SPV.

3.2. EXTANT REGULATORY PROVISION

3.2.1. 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;”

3.2.2. 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.

3.3. REPRESENTATION RECEIVED FROM INDUSTRY ASSOCIATION

3.3.1. There may be a situation where there are higher outflows than inflows resulting in generation of negative cash flows in Holdco.

3.3.2. Holdco may have utilized part of the cash flows received from underlying SPVs to meet its own cash out flows and may fall in situation where available actual cash is lesser than the cash flows it received from underlying SPVs.

3.3.3. In such a situation, Holdco should be allowed to distribute to the REIT 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.

3.4. RECOMMENDATION OF HYSAC

3.4.1. HYSAC, deliberated on the said proposal, agreed on the proposal to amend the regulation for adjustment of negative operating cash flow by holdco against the cash flow received by holdco from the underlying SPV.

3.5. PROPOSAL

3.5.1. In case operating cash flows generated by HoldCo on its own is negative, the cash balance available with the HoldCo will be less than the cash

distributions received from the underlying SPVs. In such a case, it poses a practical difficulty for the HoldCo to upstream 100% of the cash distributions received from the underlying SPVs.

- 3.5.2. In view of the above and in order to promote ease of doing business, based on the recommendations of the HySAC, it is proposed to insert the following proviso under Regulation 18(16)(aa)(i) of the REIT Regulations and Regulation 18(6)(ba)(i) of the 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 disclosures in this regard to the unitholders.”

Consultation 2: Adjustment of negative cash flow at holdco with distributions received from SPVs in calculation of NDCF

- 1) Whether 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?

4. ALIGNMENT OF TIMELINES FOR SUBMISSION OF QUARTERLY REPORT UNDER REGULATION 23(4) OF THE INVIT REGULATIONS, WITH THE TIMELINES FOR SUBMISSION OF QUARTERLY FINANCIAL RESULTS

4.1. BACKGROUND

4.1.1. InvIT Regulations, *inter-alia* mandates submission of quarterly reports to designated stock exchanges for quarters ending June and December for InvITs whose consolidated borrowings and deferred payments, in terms of Regulation 20, is above forty-nine percent.

4.1.2. Further, InvIT Regulations *inter-alia* requires disclosure of financial statements for the quarter in the quarterly report.

4.1.3. It is submitted that some of the information forming part of the quarterly report is derived from financial results. However, the timelines for submissions of financial results and quarterly reports are different.

4.2. EXTANT REGULATORY PROVISION:

4.2.1. 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 from the end of every quarter ending June and December.”

4.2.2. Regulation 23(5) of the InvIT Regulations requires as under –

“Annual/ half yearly /quarterly reports shall contain disclosures as specified under Part-A, Part-B and Part-C, respectively, of Schedule IV.”

4.2.3. Schedule IV read with Regulation 23(5) of the InvIT Regulations requires as under -

“

..

Part -C Mandatory Disclosures in quarterly report

(A privately placed InvIT may only disclose the items, as may be applicable to its structure and activities)

1.Financial statements for the quarter; (Standalone and consolidated)

2. Updated valuation report by the valuer taking into account any material developments during the previous quarter

3.Any other material events during the quarter] “

4.3. REPRESENTATION RECEIVED FROM INDUSTRY ASSOCIATION

4.3.1. It has been submitted that quarterly report required to be submitted to stock exchanges *inter-alia* requires the disclosure of financial statements of the InvIT for the quarter (standalone and consolidated). The timeline for disclosure of quarterly report is 30 days from the end of quarter whereas the proposed timeline for disclosure of quarterly financial results is 45 days from the end of quarter. Hence, it has been represented to align the timelines for submission of the quarterly report with the timelines for submission of financial results.

4.4. PROPOSAL

4.4.1. In order to promote ease of doing business, it is proposed that the quarterly report under Regulation 23(4) of InvIT Regulations may be submitted within the timelines prescribed for submission of quarterly financial results.

Consultation 3: Alignment of timelines for submission of quarterly report under Regulation 23(4) of the InvIT Regulations, with the timeline for submission of quarterly financial results

- 1) Whether submission of quarterly report under Regulation 23(4) of InvIT Regulations shall be aligned with the timelines for submission of quarterly results.

5. ALIGNMENT OF TIMELINES FOR SUBMISSION OF QUARTERLY REPORT TO TRUSTEE UNDER REGULATION 10(18)(a) OF REIT/INVIT REGULATIONS WITH THE TIMELINES FOR SUBMISSION OF QUARTERLY FINANCIAL RESULTS

5.1. BACKGROUND

5.1.1. Regulation 10(18) (a) of InvIT and REIT Regulations, *inter-alia* mandates submission of quarterly reports to trustee.

5.1.2. It is submitted that some of the information forming part of such quarterly report is derived from financial results. However, the timelines for their submissions of the financial results and quarterly report to trustee are different.

5.2. EXTANT REGULATORY PROVISION:

5.2.1. 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;"

5.2.2. 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.

5.3. REPRESENTATION FROM MARKET PARTICIPANTS

5.3.1. 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 proposed timelines for disclosure of quarterly results for the first three quarters is 45 days from the end of quarter and for disclosure of last quarter financial results and annual financial results is 60 days from the end of the financial year. Hence, 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.

5.4. PROPOSAL AND RATIONALE

5.4.1. In order to promote ease of doing business, it is proposed that the timelines for quarterly report required to be submitted by the manager / investment manager to the trustee under Regulation 10(18)(a) of the REIT Regulations / InvIT Regulations may be aligned with the timelines for submission of financial results. Accordingly, it is proposed that such quarterly report shall be submitted within the timelines for submission of quarterly financial results.

Consultation 4: Alignment of timelines for submission of quarterly report to trustee under Regulation 10(18)(a) of REIT/InvIT regulations with the timelines for submission of quarterly financial results.

1. Whether 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?

6. ALIGNMENT OF TIMELINES FOR SUBMISISON OF VALUATION REPORT (UNDER REGULATION 21(4), 21(5) AND 21(6) OF THE REIT REGULATIONS/ INVIT REGULATIONS) WITH TIMELINES FOR SUBMISSION OF FINANCIAL RESULTS

6.1. BACKGROUND

6.1.1. InvIT and REIT Regulations, *inter-alia* mandates various timelines for conducting valuation of assets and submission of the same to the designated stock exchange.

6.1.2. It is submitted that, Net Asset Value (herein after referred as 'NAV') forms part of financial results and the same is derived from the valuation report for REIT and InvIT assets. However, the timelines for submission of valuation report to stock exchanges under REIT and InvIT Regulations are different from the timelines for the submission of financial results.

6.2. EXTANT REGULATORY PROVISION

6.2.1. 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."

6.2.2. 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."

6.2.3. 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.”

6.2.4. 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.”

6.2.5. 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.”

6.2.6. 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.”

6.3. PROPOSAL

6.3.1. REITs and InvITs submit annual financial information within 60 days from the end of the financial year. As part of annual financial results, REITs and InvITs also submit the 'Statement of Net Assets at Fair Value' and the 'Statement of Total Returns at Fair Value'.

6.3.2. Further, REIT and InvIT regulations, inter-alia, require disclosure of changes in the valuation of assets and NAV in half yearly report. In addition to the same, InvIT regulations, inter-alia, requires disclosure of updated valuation report along with the quarterly report (Regulation 23(4) of InvIT Regulations).

6.3.3. According to REIT and InvIT Regulations following are the timelines for conducting valuation –

S. No	Particulars	Timeline
1	InvIT – Annual Valuation	Within two months from the end of such year
2	InvIT – Half-yearly valuation (wherever applicable)	Within one month from the end of such half - year
3	InvIT – Quarterly Valuation (wherever applicable)	Within one month from the end of such quarter.
4	REIT – Annual Valuation	Within 3 months from the end of financial year
5	REIT – Half-Yearly Valuation	Within 45 days from the end of such half year.

6.3.4. Further, as per the REIT and InvIT Regulations, 15 days are given for submitting the valuation report to stock exchange from the date of receipt of valuation reports.

6.3.5. It may be noted that Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value are proposed to be disclosed as part of half yearly

and annual financial results. It is submitted that valuation of assets is a pre-requisite for preparation of the aforementioned two statements. However, the timelines for submitting the financial results are different from timelines for submission of valuation report.

6.3.6. In order to remove inconsistency in timelines and promote ease of doing business, the timelines for submission of valuation report for REITs and InvITs is proposed to be aligned with timelines for submission of quarterly and annual financial results.

6.3.7. Accordingly, the following timelines are proposed for submission of valuation report:

6.3.7.1. For the annual valuation report of the REIT/InvIT, the timelines for submission of the valuation report shall be aligned with the timelines for submission of annual financial results (i.e. the valuation report shall be submitted within 60 days from the end of the financial year)

6.3.7.2. – For the quarterly/half-yearly valuation report (wherever applicable) of the REIT/InvIT, the timelines for submission of the valuation report shall be aligned with the timelines for submission of quarterly financial results (i.e. the valuation report shall be submitted within 45 days from the end of the said quarter/half-year)

6.3.8. In view of the above following is proposed –

6.3.8.1. Amend Regulation 21(4) of REIT and InvIT Regulations to read 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 and such valuation report received by

investment manager/manager shall be submitted to recognised stock exchange and unitholders within the timelines prescribed for submission of annual financial results"

6.3.8.2. Amend Regulation 21(5) of REIT Regulation to read as under -

"A half yearly valuation of the REIT assets shall be conducted by the valuer for the half-year ending on September 30th for incorporating any key changes in the previous six months and such half yearly valuation report received by manager shall be submitted to recognised stock exchange and unitholders within the timelines prescribed for submission of quarterly financial results."

6.3.8.3. Amend Regulation 21(5) of InvIT Regulations to read 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 received by investment manager shall be submitted to recognised stock exchange and unitholders within the timelines prescribed for submission of financial quarterly financial results."

6.3.8.4. Add Regulation 21(5A) in InvIT Regulations to read as under –

A quarterly valuation of the assets of InvIT shall be conducted by the valuer for quarter ending June, September and December for incorporating any key changes from the previous quarter if the consolidated borrowings and deferred payments of such InvIT, in terms of Regulation 20, is above forty nine per cent, and such quarterly valuation report received by investment manager shall be submitted to recognised stock exchange and unitholders within the timelines prescribed for submission of quarterly financial results."

6.3.8.5. As the timelines for submission of valuation report is now proposed to be prescribed in Regulation 21(4) and Regulation 21(5) of REIT Regulations/ Regulation 21(4), 21(5) and 21(5A) of InvIT Regulations), Regulation 21(6) of the REIT Regulations / InvIT Regulations may be omitted.

Consultation 5: Alignment of timelines for submission of Valuation Report (under REIT regulations and Regulation 21(4), 21(5) and 21(6) of the REIT/InvIT regulations) with the timelines for submission of financial results

1. Whether 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?
2. Whether the timelines for undertaking half-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?
3. Whether 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?

7. ALIGNMENT OF MINIMUM ALLOTMENT WITH TRADING LOT FOR PRIVATELY PLACED INVITS

7.1. BACKGROUND

As per the SEBI InvIT Regulations, the primary market allotment lot and the secondary market trading lot for privately placed InvITs are as under:

- 7.1.1. Primary market Lot: Regulation 14(2)(c) of the InvIT Regulations, prescribes that the minimum allotment (minimum investment from any investor) shall be either Rs. 1 crore or Rs. 25 crores depending upon the asset mix of the InvIT. [Minimum allotment of Rs. 25 crores if at least 80% of InvIT's assets are invested in completed and revenue generating assets; otherwise minimum allotment of Rs. 1 crore]
- 7.1.2. Secondary Market Lot: With regard to the trading of such units on stock exchanges, Regulation 16(8)(b) of the InvIT Regulations, prescribes that the trading lot shall be Rs. 25 lacs for all InvITs irrespective of the asset mix.

7.2. EXTANT REGULATORY PROVISION:

- 7.2.1. 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.”

- 7.2.2. Regulation 16(8)(b) of the InvIT Regulations reads 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.”

7.3. REPRESENTATION FROM BIA

- 7.3.1. 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 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.
- 7.3.2. 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.
- 7.3.3. 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

7.4. PROPOSAL AND RATIONALE

In order to promote ease of doing business and to align with the objective of a wider investor participation in the InvITs, it is proposed to align the minimum allotment lot for primary market with the trading lot size of secondary market. Accordingly, it is proposed to revise the minimum allotment (minimum investment from any investor) to Rs. 25 lacs for all privately placed InvITs. 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.

Consultation 6: Alignment of minimum allotment with trading lot for privately placed InvITs

1. Whether the minimum allotment for all primary market issuances by privately placed InvITs shall be revised to Rs. 25 lacs in alignment with the trading lot size?

8. INVESTOR CHARTER FOR REITs AND INVITs

8.1. BACKGROUND

8.1.1. With a view to provide investors relevant information about the primary market issuances by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs), SEBI vide circular SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/672 dated November 26, 2021 and Circular no. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/690 dated December 16, 2021 issued Investor charter and format for disclosure of investor complaints by merchant banker for public offers by REITs and InvITs, and by merchant bankers for private placement of units by InvITs respectively.

8.1.2. In a move to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy, and in view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it is felt necessary to introduce the investor charter for REITs and InvITs.

8.2. PROPOSAL

8.2.1. In this regard, Draft Circulars are as follows –

8.2.2. ***“Investor Charter for Real Estate Investment Trusts (REITs)”***, placed at [Annexure – I](#).

8.2.3. ***“Investor Charter for Infrastructure Investment Trusts (InvITs)”***, placed at [Annexure – II](#).

Consultation 7: Investor Charter for REIT and InvIT

1. Whether the proposed Investor Charters for REITs and InvITs are appropriate and adequate?

9. PUBLIC COMMENTS

9.1. Considering the implications of the aforementioned matters on the market participants, public comments are invited on the above-detailed proposals. The comments/ suggestions should be submitted latest by May 22, 2025, through the online web-based form which can be accessed using the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

9.2. Kindly go through the instructions mentioned on the above link before submitting comments on the consultation paper

9.3. In case of any technical issue in submitting your comment through web based public comments form, you may contact the following through email with a subject: *"Issue in submitting comments on consultation consultation paper on regulatory amendments for Reits And InvITs"*.

a) Mohit Agarwal, AM (mohita@sebi.gov.in)

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