



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/DDHS/DDHS/CIR/P/2018/71

April 13, 2018

To

All Real Estate Investment Trusts (REITs)
All Infrastructure Investment Trusts (InvITs)
All Parties to REITs/InvITs
All Stock Exchanges (other than Commodity Exchanges)
All Merchant Bankers

Dear Sir/Madam,

Sub: Guidelines for issuance of debt securities by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)

1. SEBI (Real Estate Investment Trusts) Regulations, 2014 (“REIT Regulations”) and SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”) were amended vide notifications dated December 15, 2017. The said amendments, inter-alia, clarified that REITs and InvITs can issue debt securities.
2. For issuance of debt securities, REITs/InvITs shall follow provisions of SEBI (Issue and Listing of Debt Securities Regulations), 2008 (“ILDS Regulations”) in the following manner:-
 - 2.1. Regulation 4 (5) and Regulation 16 (1) of SEBI ILDS Regulations, 2008 shall not be applicable for issuance of debt securities by REITs/InvITs.
 - 2.2. The compliances required to be made with respect to Companies Act, 2013 or any filing to be made to Registrar of Companies in terms of the ILDS Regulations, shall not apply to REITs/InvITs for issuance of debt securities unless specifically provided in this circular.
 - 2.3. All other provisions of ILDS Regulations shall apply to REITs/InvITs subject to there being no conflict with REIT Regulations and/or InvIT Regulations or circulars issued thereunder. In case of conflict, provisions of REIT Regulations and/or InvIT Regulations or circulars issued thereunder shall prevail over ILDS Regulations.
3. For the issuance of debt securities REITs/InvITs shall appoint one or more debenture trustee registered with SEBI under Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

Provided that a trustee to the REIT/InvIT shall not be eligible to be appointed as debenture trustee to such issue of debt securities.



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4. Any secured debt securities issued by REITs/InvITs shall be secured by the creation of a charge on the assets of the REIT/InvIT or holdco or SPV, having a value which is sufficient for the repayment of the amount of such debt securities and interest thereon.
5. In addition to the disclosures and compliances prescribed under Circular CIR/IMD/DF/146/2016 dated December 29, 2016 and Circular CIR/IMD/DF/127/2016 dated November 29, 2016, as applicable, REITs/InvITs which have issued debt securities shall be required to comply with following continuous disclosure requirements:-
 - 5.1. Regulations 50, 51, 54, 55, 56, 57, 58, 59 and 60 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) and any other provisions of the aforesaid regulations as may be applicable to REITs/InvITs.
 - 5.2. In addition to Financial disclosures made by REITs and InvITs in terms of circular dated December 29, 2016 and November 29, 2016 the following requirements shall apply:
 - 5.2.1. Additional line items that shall be disclosed by REITs/InvITs which have issued/listed their debt securities are as follows:-
 - (a) Asset cover available;
 - (b) debt-equity ratio;
 - (c) debt service coverage ratio;
 - (d) interest service coverage ratio;
 - (e) net worth;
 - 5.2.2. Modified opinion(s) in audit reports having a bearing on the interest payment or redemption or principal repayment capacity of the REITs/InvITs shall be appropriately and adequately addressed by the board of the manager while publishing the accounts for the said period.
 - 5.2.3. REITs/InvITs shall submit to the stock exchange on a half yearly basis along with the half yearly financial results, a statement indicating material deviations, if any, in the use of proceeds of issue of debt securities from the objects stated in the offer document.



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6. With reference to ILDS Regulations and LODR Regulation and circulars issued thereunder, the reference to the following terms made therein, should, for the purpose of this circular, be construed as follows, unless otherwise required:-

Reference to	To be construed as
Articles of Association/ Memorandum of Association	Trust Deed
Board of directors	Board of Director/Governing Body of the Manager
Directors of the company	Directors of the manager
Shares	Units
Shareholder	Unit holder
Shareholding pattern	Unit holding pattern
Share capital	Unit capital

7. This Circular is issued in exercise of powers conferred under Section 11(1) of Securities and Exchange Board of India Act, 1992 read with Regulation 33 of REIT Regulations and Regulation 33 of InvIT Regulations.
8. This Circular is available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and under the drop down "Circulars".

Yours faithfully,

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