

## SEBI Updates Disclosure Norms for REITs

### Crux:

As per the revised guidelines, the REITs issuing offer documents or follow-on offers must disclose audit audited financial statements for the last three financial years and a stub period, in case the latest audited financials are older than six months from the date of filing. Additionally, for initial offers, audited combined financial statements of the REIT shall be disclosed in the offer document / placement memorandum. Also, REITs must report their unit holding pattern one day prior to listing, quarterly within 21 days, and within 10 days of any capital restructuring leading to a change exceeding two per cent in the total outstanding units.

### Key Takeaways:

The Securities and Exchange Board of India (SEBI) vide its **Circular No. SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/64 dated May 07, 2025**, has announced revisions to Chapters 3 and 4 of its Master Circular for Real Estate Investment Trusts (REITs), originally issued on May 15, 2024.

These chapters cover the disclosure of financial information in offer documents and ongoing disclosure and compliance obligations post-listing.

The updates stem from the recommendations of a Working Group constituted under the Hybrid Securities and Advisory Committee (HySAC), which aimed to improve the ease of doing business for REITs and Infrastructure Investment Trusts (InvITs).

The revised provisions require REITs to disclose certified proforma financial statements covering at least the last completed financial year and any applicable stub period, particularly in cases involving recent acquisitions or divestments.

Disclosures may also reference previously published financials, provided links are included. Additional requirements include the summary of audited financial statements for acquired assets for the past three years (or stub period), and, where unavailable, combined or carved-out financials must be prepared as per ICAI guidance. These must be audited by the seller's auditor.

For REITs with shorter operational histories, financials must be disclosed for the years they have been in existence. Furthermore, REITs must name lenders in their annual reports and address any audit report modifications that affect repayment capacities.

### Critique:

The effort by SEBI to enhance regulatory clarity without overburdening market participants, by incorporating stakeholder feedback and aligning disclosure norms with practical business scenarios, like acquisitions between financial reporting periods, would ensure that investors receive timely and relevant financial information. Moreover, the ability to reference existing

disclosures and use carved-out financials when general ones are unavailable, demonstrates regulatory pragmatism that supports both investor protection and business efficiency. Also, the updated disclosure norms for Real Estate Investment Trusts, is a vital step forward in building a transparent, trustworthy, and investor-friendly REIT ecosystem in India.

**Link** - <https://www.sebi.gov.in/legal/circulars/may-2025/review-of-a-disclosure-of-financial-information-in-offer-document-and-b-continuous-disclosures-and-compliances-by-real-estate-investment-trusts-reits-93837.html>