

**Annexure A**

**Table 1: Standardizing the disclosures in scheme offer document (Para 5 of board memorandum)**

<b>S. No.</b>	<b>Proposal in Consultation Paper</b>	<b>Public Comments</b>	<b>Recommendation of HySAC</b>	<b>SEBI's views</b>
1.	<p><u>Bifurcation of Scheme Offer Document</u></p> <p>The consultation paper proposed that the scheme offer document for a SM REIT shall be bifurcated in two parts:</p> <p>i) Key Information of the Trust (KIT)</p> <p>ii) Key Information of the Scheme (KIS)</p> <p>KIT shall contain details related to the SM REIT, Investment Manager and Trustee and trust level details. Whereas, the scheme related details shall form part of KIS.</p>	<p>Out of 5 respondents who commented on this proposal, 4 have agreed on the proposal.</p> <p>A significant majority of the respondents have endorsed the proposal, inter-alia, submitting that the proposal will promote the ease of doing business by the SM REITs as it will significantly reduce the time period required by the SM REIT to prepare each scheme offer document and allow SM REITs to launch multiple schemes with shorter intervals.</p> <p>Further, only one respondent has disagreed with the proposal by submitting that KIT and KIS should be combined since going through two different</p>	<p>HySAC agreed with the proposals made in the consultation paper. Further, it was recommended that segregating the trust level disclosures and scheme level disclosures in two separate documents will help in reducing the time required for preparation of the offer document and will also aid the investors easier understanding of the trust and scheme level information.</p> <p>Also, the proposal of segregation is aligned with the practice in the mutual fund industry.</p> <p>Hence, the scheme offer document for a SM REIT shall be bifurcated in the</p>	<p>Agree with HySAC and proposals in this regard have been made in para 5.3.2 of the Board Memorandum.</p>

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		documents might be tedious and extra burden.	following two parts as proposed in the consultation paper: i) Key Information of the Trust (KIT) ii) Key Information of the Scheme (KIS)	
2.	<p><u>Processing of KIT and KIS by SEBI</u></p> <p>The consultation paper proposed the following in this regard:</p> <p>A single draft KIT (common for all schemes) shall be filed with SEBI along with draft KIS together at the time of initial offer of the first scheme of SM REIT. For the first scheme offer document, SEBI will issue</p>	<p>All 5 respondents, who commented on this proposal, have agreed on the proposal.</p> <p>Further, some of the respondents have endorsed the proposal, inter-alia, submitting that the proposal will promote the ease of doing business by SM REITs by shortening the time periods required for such SM REITs to launch a scheme and list the relevant units.</p> <p>Also, one of the respondent has suggested that the rental agreements shall be made available to investors and interested parties on request.</p>	<p>HySAC agreed with the proposals made in the consultation paper. With regard to the suggestion of making rental agreements available to investors and interested parties on request, the following was recommended:</p> <p>i) All key information related to rental agreements (including number of tenants, lease maturity profile, summary of key terms of tenancies, monthly rental income, etc.) are already required to be disclosed in the offer document.</p>	<p>Agree with HySAC</p> <p>Further, based on internal deliberations, it is proposed that for subsequent scheme offer documents, processing of KIT and KIS will be done in the following manner:</p>

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	<p>observations on the draft KIT as well as on the draft KIS.</p> <p>Thereafter, for subsequent scheme offer documents, the Investment Manager of SM REIT shall file updated KIT, only for records with SEBI along with draft KIS of subsequent schemes. For subsequent scheme offer documents, SEBI shall issue observations only on the subsequent draft KIS and not on the updated KIT.</p>		<p>ii) Hence, there may not be any further need to make the agreements available on request.</p> <p>iii) This practice is also aligned with the existing REITs, wherein such information is made available through disclosures in the offer document.</p> <p>Hence, the feedback may not be accepted.</p>	<p>a) if there is no change in the KIT vis-à-vis the KIT filed with SEBI as part of previous scheme offer document and the investment manager has submitted a declaration in this regard, then the KIT shall be filed by the investment manager with SEBI only for records along with draft KIS of</p>

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				<p>subsequent schemes. SEBI may issue observations only on the draft KIS.</p> <p>b) if there is any change in the draft KIT vis-à-vis the KIT filed with SEBI as part of previous scheme offer document, then the investment manager shall file the draft KIT along with the draft KIS of subsequent</p>

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				<p>schemes with SEBI. SEBI may issue observations on the draft KIT as well as on the draft KIS.</p> <p>The proposals in this regard have been made in para 5.3.3 of the Board Memorandum.</p>
3.	<p><u>Updation of KIT</u></p> <p>The consultation paper proposed that the following in this regard:</p> <p>Any material changes (including litigation and</p>	<p>All 4 respondents, who commented on this proposal, have agreed on the proposal.</p> <p>Further, some of the respondents have additionally submitted the following:</p>	<p>HySAC agreed with the proposals made in the consultation paper. With regard to the additional submissions received from certain respondents, the following was recommended:</p> <p>i) The key information related to the trust will form part of KIT and the</p>	<p>Agree with HySAC and proposals in this regard have been made in para 5.3.4 of the Board Memorandum.</p>

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	<p>regulatory actions) in the KIT shall be made on an ongoing basis by way of an addendum which shall be disclosed on the website of SM REIT. The addendum shall also be intimated to SEBI and the stock exchange(s) within 7 days from the date of occurrence of the material event.</p> <p>Further, KIT is to be updated every 6 months and updated KIT shall be disclosed on the website of SM REIT within 30 days from the then end of half year. The updated KIT</p>	<p>i) One of the respondents has submitted that the updation period for KIT can be kept as 12 months instead of 6 months.</p> <p>ii) One of the respondents has submitted that the time period for intimation of material updates may be changed to 15 days instead of 7 days.</p> <p>iii) It is requested that SEBI shall give certain illustrations for material changes.</p>	<p>investors would continuously refer to KIT, in addition to KIS, for all their investment decisions. Hence, for the benefit of investors, it was recommended to retain the updation period of 6 months for periodic updates in KIT.</p> <p>ii) In view of the same rationale as stated at point 'i' above, it was recommended to retain the intimation time period of 7 days for material updates in KIT.</p> <p>iii) The assessment of whether any particular change is material or shall be made by the Investment Manager considering the impact of such changes on the scheme of the SM REIT. Hence, there may not be a need of giving illustrations in this regard.</p>	

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	shall also be filed with SEBI and Stock Exchanges for records within 30 days from the end of half year.			
4.	The consultation paper proposed the detailed disclosures to be made in KIT under paragraph 3.3.1.4 of the consultation paper.	<p>All 5 respondents, who commented on this proposal, have agreed on the proposal.</p> <p>Further, some of the respondents have additionally submitted the following:</p> <p>i) The title of the section 'Terms of Offer' may be misleading and may be changed to 'Key Information Related to Units and Unitholders'. Details in relation to the outstanding units under each scheme may also be disclosed.</p> <p>ii) Title related disclosures may not be required to be included in the KIT as the litigation and regulatory actions will</p>	<p>HySAC agreed with the proposals made in the consultation paper and recommended the following w.r.t. the additional submissions received from certain respondents:</p> <p>i) The feedback may not be accepted. The title is aligned with existing REITs as well.</p> <p>ii) The suggestion may be accepted. The title of the corresponding section in KIT may be changed to 'Litigations and regulatory actions' instead of 'Title Disclosure, Litigations and regulatory actions'.</p>	<p>Agree with HySAC and proposals in this regard have been made in para 5.3.2 of the Board Memorandum.</p>

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		<p>be pertaining to parties of the SM REIT and not the assets.</p> <p>iii) All general information in relation to the offer or issue procedure, including the process for allotment and listing and other information as may be material for investors to make an informed decision may be included in the KIS and not the KIT.</p> <p>iv) Count of complaints against the trust and resolutions may be disclosed.</p>	<p>iii) The suggestion may not be accepted. Since, the information is of general nature and is not specific to a particular scheme, it may not be appropriate to include such information in KIS. Instead, such information shall be part of KIT only as proposed in the consultation paper.</p> <p>iv) The suggestion may not be accepted. Already disclosed as part of continuous disclosures.</p>	
5.	The consultation paper proposed the detailed disclosures to be made in KIS under paragraph 3.3.1.5 of the consultation paper.	<p>All 4 respondents, who commented on this proposal, have agreed on the proposal.</p> <p>Further, one of the respondents has suggested that assessment and disclosures in terms of risk-o-meter, in line with the Mutual Fund industry, may be considered.</p>	<p>HySAC agreed with the proposals made in the consultation paper. With regard to the suggestion for adopting Risk-o-meter, HySAC recommended the following:</p> <p>i) In case of Mutual funds, there are investments across various asset classes (including equity, debt, etc)</p>	Agree with HySAC and proposals in this regard have been made in para 5.3.2 of the Board Memorandum.



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			<p>which may have different levels of risks. Further, within a same asset class, the instruments may carry different levels of risk. For e.g. different debt instruments may carry different levels of interest rate risk and/or credit risk. Hence, a concept of risk-o-meter is highly relevant in case of mutual funds.</p> <p>ii) On the other hand, for SM REITs, the underlying assets would be same (i.e. real estate assets) across all SM REITs and their schemes. Also, the degree of completion will also be largely uniform across all SM REITs and their schemes since the regulations require that minimum 95% of the value of scheme's assets shall be invested in completed and rent</p>	

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			generating properties. In view of the same, the feedback of adopting risk-o-meter may not be considered at this stage.	
6.	To facilitate automated processing of scheme offer document, the consultation paper proposed provisions for preparation of scheme offer document (to be complied with by the Merchant Banker and SM REIT) such as use of plain white backgrounds without watermarks, capturing summary of all key information within the cover pages prior to table of contents, table of	All 4 respondents, who commented on this proposal, have agreed on the proposal.	HySAC agreed with the proposals made in the consultation paper.	Agree with HySAC  Further, based on internal deliberations, it is proposed to provide an enabling provision in the REIT Regulations for providing additional instructions and disclosure requirement, if any, for facilitating

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	contents shall be annotated, inclusion of summary of scheme after the table of contents in a specified format, etc.			<p>automated supervision and automated processing of data disclosed by SM REIT schemes and the investment manager as part of continuous disclosure requirements.</p> <p>The proposals in this regard have been made in para 5.3.2 of the Board Memorandum.</p>

**Table 2: Public issue process for scheme of SM REIT (Para 6 of board memorandum)**

S. No.	Proposal in Consultation Paper	Public Comments	Recommendation of HySAC	SEBI's views
1.	<p>In line with the suggestions of the Working Group and recommendations of HySAC, the consultation paper proposed that Chapter 2 of the Master Circular be mutatis mutandis extended to the public issue process for a scheme of SM REIT, except the following provisions:</p> <p>i) The timeline for issuance of observations by SEBI on the draft scheme offer document have been specified in Regulation 26R(9) of the REIT Regulations and hence para 2.2.5. of the Master Circular is not made applicable for SM REIT;</p> <p>ii) The provisions pertaining to security deposit by the Manager are not applicable in case of a SM REIT and hence para 2.5 of the Master Circular is not made applicable for SM REIT;</p> <p>iii) The timeline for submission of final post issue report is specified in Regulation 26ZE of the REIT Regulations and hence para 2.13.1. (b) of the</p>	<p>All 5 respondents, who commented on this proposal, have agreed on the proposal.</p> <p>Further, some of the respondents have additionally submitted the following:</p> <p>(i) Para 2.6.1 of the Master Circular for REITs provide that an issue shall be opened after at least five working days from the date of filing the offer document with the Board. In this regard, one of the respondent has submitted that this cooling off period</p>	<p>HySAC agreed with the proposals made in the consultation paper and w.r.t. the additional submissions received from certain respondents, the following was recommended:</p> <p>(i) The feedback may not be accepted. The cooling off period of 5 days is aligned with existing REITs</p>	<p>Agree with HySAC.</p> <p>Further, with respect to applicability of Annexure-1 (formats of due diligence certificates), Annexure-2 (formats of post issue reports) and Annexure-3 (format of abridged version of the offer document) of the Master Circular, it is proposed that separate formats for these may be specified for SM REITs so as to provide explicit clarity to the market participants.</p>

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	<p>Master Circular is not made applicable for SM REIT;</p> <p>iv) The provisions pertaining to advertisement pertaining to issue of units of a scheme are specified in Regulation 26Z of the REIT Regulations and hence para 2.14.1. to para 2.14.6. of the Master Circular is not made applicable for SM REIT;</p> <p>v) The provisions pertaining to cases where a SM REIT is not eligible to make an initial offer of units of a scheme are specified in Regulation 26P(1) of the REIT Regulations and hence para 2.16.1. of the Master Circular is not made applicable for SM REIT;</p> <p>vi) The provisions pertaining to prohibition on payment of incentives in respect of initial offer by a scheme of SM REIT are specified in Regulation 26ZA of the REIT Regulations and hence para 2.16.3. of the Master Circular is not made applicable for SM REIT.</p>	<p>may be reduced to 2 working days instead of 5 working days.</p> <p>In this regard, it is submitted that since purchase of assets in SM REIT Schemes are dependent on sale by an external third-party seller, the transaction is usually under a time limit set by the letter of intent (LOI) or term sheet signed with the seller and expiry of such timelines would negatively affect the SM REIT listing. Hence it is requested to keep the cooling off period as low as possible.</p>	<p>as well. Further, such period would be required for investors to understand the contents of the scheme offer document.</p> <p>(ii) The suggestion may not be accepted. The listing period of T+6 days is aligned with existing REITs as well. Further, the formalities pointed out for effecting the purchase of assets by SM REITs are</p>	<p>Furthermore, based on internal deliberations, the following is proposed:</p> <p>(a) the investment manager shall ensure that the issue proceeds shall be used only for acquisition of assets as disclosed in the scheme offer document.</p> <p>In case if the SM REIT is unable to acquire one or more assets proposed to be acquired as disclosed in the scheme offer document, then the entire amount raised from the offer should be refunded to the</p>

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	<p>Further, for the purpose of applicability of Chapter 2 of the Master Circular to initial offer by a scheme of SM REIT, any reference to the “manager” or the “sponsor” of the REIT under the applicable provisions of this Chapter shall be construed as a reference to the “investment manager” of the SM REIT.</p> <p>Furthermore, it was proposed to make the following provisions applicable to an initial offer by a scheme of SM REIT:</p> <p>i) A scheme of SM REIT shall make an initial offer of its units by way of public issue only.</p> <p>ii) The requirement of ownership of assets under Regulation 26P(2)(a) of the REIT Regulations may be complied at any point of time before allotment of units in accordance with KIT and KIS, subject to a binding agreement with the relevant party(ies) that such requirements shall be fulfilled prior to such allotment of units and, a</p>	<p>(ii) Para 2.11.1 of the Master Circular for REITs provide that the trading of units of REIT shall be commenced, within six working days from the date of closure of issue. In this regard, one of the respondents has submitted that timeline may be increased to 12-15 days in the case of SM REITs</p> <p>In this regard, it is submitted that the purchase of asset through the Scheme and formation transactions are also required to be effected</p>	<p>largely applicable for asset acquisition by REITs as well, and REITs are able to meet the timelines of T+6 days.</p> <p>Notably, for SM REITs, the number of investors and applications and the number of assets being acquired is expected to be lesser compared to REITs. Hence, if REITs are able to comply with the</p>	<p>investors in such manner as may be specified by SEBI and within the time as specified in the extant regulations.</p> <p>(b) w.r.t. proposal (iii) of the additional proposals mentioned in Column titled Proposal in Consultation Paper, to cover all types of asset acquisition, the words “formation transaction” may be replaced with the words “asset acquisition transaction”.</p>

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	<p>declaration shall be sent to SEBI and to the designated stock exchanges to that effect and adequate disclosures in this regard shall be disclosed in the Offer Documents.</p> <p>iii) The amount in relation to the Investment Manager's contribution of 5%/15% of post-offer unitholding shall be deposited in a cash escrow bank account, 2 working days prior to the opening of the Offer and the allotment of such units will be the part of the formation transaction.</p> <p>iv) The initial offer shall be made by the scheme of SM REIT within a period of not more than one year from the date of issuance of observations by SEBI. However, if the initial offer is not made within the specified time period, a fresh draft of KIT and KIS shall be filed.</p> <p>v) The SM REIT shall not make any allotment in excess of the units offered through the offer documents in case of oversubscription. In case of an oversubscription, the allotment of units to each</p>	<p>during this period which is dependent on external factors such as sub-registrar and MCA processes, among others.</p>	<p>requirement of listing within T+6 days, then SM REITs should also be in position to comply with the same requirements.</p>	<p>(c) the minimum subscription amount shall be 90% of the fresh issue size as specified in the KIS in case of a scheme of SM REIT which opts to utilize leverage in accordance with the REIT Regulations. However, for a scheme of SM REIT which does not opt to utilize leverage, the minimum subscription amount shall be 100% of the fresh issue size.</p> <p>(d) the amount for general purposes, including</p>

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	<p>category of investors shall not be less than the minimum bid lot, and the remaining available units, if any, shall be allotted on a proportionate basis (to be selected by a lottery).</p> <p>However, in case of oversubscription, an allotment of not more than one per cent. of the net offer to public may be made for the purpose of making allotment in minimum lots.</p> <p>vi) The price of units of the scheme of SM REIT issued by way of public issue shall be determined through the book building process or any other process in accordance with the circulars or guidelines issued by SEBI and in the manner as may be specified by SEBI;</p> <p>vii) The minimum subscription amount shall be 90% of the fresh issue size as specified in the KIS.</p> <p>viii) The amount for general purposes, as mentioned in objects of the offer in the KIS filed with SEBI, shall not exceed ten per cent of the amount raised by the scheme of SM REIT by issuance of units.</p>			<p>issue expenses, legal expenses and other eligible expenses that SEBI may specify, as mentioned in objects of the offer in the KIS filed with SEBI, shall not exceed such amount as SEBI may specify from time to time.</p> <p>The detailed proposals have been made in para 6.3. of the Board Memorandum.</p>



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	ix) Any person other than the investment manager holding units of the scheme of SM REIT prior to initial offer shall hold the units for a period of not less than one year from the date of listing of the units, subject to circulars or guidelines as may be specified by SEBI.			

**Table 3: Alignment of provisions for SM REITs vis-à-vis REITs (Para 7 of board memorandum)**

S. No.	Proposal in Consultation Paper	Public Comments	Recommendation of HySAC	SEBI's views
1.	To provide provisions for unpaid / unclaimed distributions, the consultation paper proposed the following: (a) Any amount remaining unclaimed or unpaid out of the distributions declared by a scheme of SM REIT, shall be transferred to the 'Investor Protection and Education Fund' constituted by SEBI in terms of section 11 of the Act, in such manner as may be specified by SEBI. The amount transferred to	All 4 respondents, who commented on these proposals, have agreed on the proposals.  Further, one of the respondents have additionally submitted the following:	HySAC agreed with the proposals made in the consultation paper and w.r.t. the additional submissions received from certain respondents, the	Agree with HySAC and proposals in this regard have been made in para 7.3. of the Board Memorandum.  Further, based on internal deliberations,

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	<p>Investor Protection and Education fund shall not bear any interest.</p> <p>(b) The unclaimed or unpaid amount of a person that has been transferred to the Investor Protection and Education Fund in terms of above provision, may be claimed in such manner as may be specified by SEBI.</p>	<p>i) With regard to the proposal to provide a time period of six months (extendable to one year) for rectification of breach of investment conditions on account of change in tenants, expiry of lease etc., it is submitted that the 6 month window (extendable to 1 year) for maintaining investment criteria should be kept on best effort basis of the Investment Manager since leasing is subject</p>	<p>following was recommended:</p> <p>i) The feedback may not be accepted. The time period proposed is aligned with existing REITs.</p> <p>ii) The feedback may not be accepted. The time period proposed is aligned with existing REITs.</p> <p>iii) The suggestion given is not within the scope of the matters being consulted.</p>	<p>the following is proposed:</p> <p>(a) w.r.t. S.No. 2 if the breach of investment conditions on account of reasons mentioned in column titled 'Proposal in Consultation Paper' is not rectified within the permissible timeline (including extension of timeline approved by the unitholders), then the following shall be applicable:</p>
2.	<p>To provide a time period of six months (extendable to one year) for rectification of breach of investment conditions on account of change in tenants, expiry of lease etc., the consultation paper proposed the following:</p> <p>(a) The investment conditions specified in sub-regulation (2), of Regulation 26T shall be monitored on a half-yearly basis and at the time of acquisition of an asset.</p> <p>(b) If such conditions are breached on account of market movements of the price of the underlying assets or securities or change in tenants or expiry of lease or sale of properties, the investment manager shall</p>	<p>of investment conditions on account of change in tenants, expiry of lease etc., it is submitted that the 6 month window (extendable to 1 year) for maintaining investment criteria should be kept on best effort basis of the Investment Manager since leasing is subject</p>	<p>ii) The feedback may not be accepted. The time period proposed is aligned with existing REITs.</p> <p>iii) The suggestion given is not within the scope of the matters being consulted.</p>	<p>the following is proposed:</p> <p>(a) w.r.t. S.No. 2 if the breach of investment conditions on account of reasons mentioned in column titled 'Proposal in Consultation Paper' is not rectified within the permissible timeline (including extension of timeline approved by the unitholders), then the following shall be applicable:</p>

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	<p>inform the same to the trustee and ensure that the conditions as specified in regulation 26T are satisfied within six months of such breach.</p> <p>(c) The period of six months may be extended by another six months subject to approval from unitholders such that votes cast in favor of the resolution is more than fifty percent of the total votes cast for the resolution.</p>	<p>to market conditions and real estate cycles and the Investment Manager will not be able to guarantee leasing within any timeframe. The IM fee may be held in abeyance during this time in order to motivate the IM to re-lease the space.</p>		<p>(i) The Investment Manager of SM REIT shall not float any new scheme of the SM REIT;</p> <p>(ii) The promoters, directors and key managerial personnel of the Investment Manager shall be debarred from setting up another SM REIT or associate with any other SM REIT or float any new scheme of</p>
3.	<p>To provide explicit clarity in the regulations, the consultation paper proposed the following:</p> <p>(a) Borrowings and deferred payments shall not include any refundable security deposits from tenants.</p> <p>(b) Investment by a scheme of SM REIT in overnight mutual funds, characterized by their investments in overnight securities, having maturity of one day, shall be considered as cash and cash equivalent.</p> <p>(c) The amount of cash and cash equivalent shall be excluded from the value of the assets of the scheme of SM REIT.</p>	<p>ii) With regard to the proposal to a time period of six months for compliance with the regulations if leverage thresholds are breached due to</p>		

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4.	<p>To provide a time period of six months for compliance with the regulations if leverage thresholds are breached due to market movements of the price of the underlying assets, the consultation paper proposed the following:</p> <p>If the leverage limit specified in Regulation 26U(5) is breached on account of market movements of the price of the underlying assets or securities, the investment manager shall inform the same to the trustee and ensure that the conditions as specified in this sub-regulation are satisfied within six months of such breach.</p>	<p>market movements of the price of the underlying assets, it is submitted that the 6 month window for maintaining loan-to-value/leverage criteria should be kept on best effort basis of the Investment Manager since valuation of the underlying property and leverage are subject to market conditions and real estate cycles and the Investment Manager will not be able to guarantee LTV/leverage ratios</p>		<p>such other SM REIT;</p> <p>(iii) The Investment Manager shall apply for delisting of the scheme of SM REIT; and</p> <p>(iv) Any other measures as may be specified by SEBI.</p> <p>(b) w.r.t. S.No. 3(a), since security deposit received from tenants is refundable in nature, it is considered</p>

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		<p>within any timeframe. The IM fee may be held in abeyance during this time in order to motivate the IM to rectify the same.</p> <p>iii) Involvement of developers can be allowed in SM REITs.</p>		<p>prudent to specify that the refundable security deposits from tenants shall be invested in liquid assets as defined in Regulation 2(1)(ta) of the REIT Regulations.</p> <p>(c) w.r.t. S.No. 4, instead of market movements of the price of the underlying assets, it is proposed to mention decline in the price of the underlying assets.</p>

**Annexure B**

**Draft Notification**

Amendment shall be notified after following the due process