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THE SECURITIES (REAL ESTATE INVESTMENT TRUSTS) RULES 2021

FSC Rules made by the Financial Services Commission under section 93 of the Financial Services Act and sections 97 and 155 of the Securities Act

(Consolidated version with amendments as at 16 May 2022)

PART I - INTERPRETATION AND APPLICATION

1. Citation

These Rules may be cited as the Securities (Real Estate Investment Trusts) Rules 2021.

2. Interpretation

In these Rules –

“Act” means the Securities Act;

“Commission” means the Financial Services Commission established under section 3 of the Financial Services Act;

“controller” has the same meaning as in the Financial Services Act;

“distributable income” means the net income of the Real Estate Investment Trusts as determined in accordance with Generally Accepted Accounting Principles;

“expert” includes valuer, accountant and any other person recognised by a relevant professional body whose profession gives authority to a statement made by the latter;

“FSC Rules” has the same meaning as in the Financial Services Act;

“governing body” includes – in the case of a

- (a) company, its board of directors;
- (b) trust, its board of trustees; and
- (c) limited partnership, its general partner.

“guidelines” has the same meaning as in the Financial Services Act;

“market rent” means the estimated amount for which an interest in real estate asset should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion;

“market value” means the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion;

“Official Exchange” has the same meaning as the Securities (Amendment) Act 2021;

“participants or shareholder” means a person who holds shares or units or interests in the REIT;

“REIT” or “Real Estate Investment Trusts” means a collective investment scheme or closed-end fund that invests primarily in real estate asset with the aim to provide returns to holders derived from the rental income of the real estate asset;

“real estate” means land and any permanently attached improvements to it, whether leasehold or freehold and includes buildings, fittings, fixtures, car parks, etc. and any other assets incidental to the ownership of real estate but does not include mortgage;

“real estate-related assets” means listed or unlisted debt securities and listed shares issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of real estate (e.g. furniture);

“Regulations” means the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008;

“related party” in relation to a REIT includes-

- (a) the CIS manager of the REIT;
- (b) the valuer appointed to undertake a valuation of the REIT’s real estate assets;
- (c) the governing body of the REIT;
- (d) a controlling holder of the REIT’s securities;
- (e) a director, a senior executive or an officer of any person under paragraph (a), (b) or (c);
- (f) an associate of any person under paragraph (d) and (e);

(g) a controlling entity, a holding company, a subsidiary or an associated company of any person under paragraph (a) to (d);

“relevant Acts” has the same meaning as in the Financial Services Act;

“scheme” means –

- (a) a collective investment scheme or a closed-end fund authorised by the Commission under section 97 of the Act; or
- (b) a sub-fund under the Variable Capital Companies Act 2022.

“substantial shareholder” has the same meaning as in the Companies Act;

“valuer” means an independent valuer appointed under rule 10 of these Rules.

Amended by [GN No 54 of 2022]

3. Application of the Rules

- (1) These Rules shall apply to a collective investment scheme or closed-end fund which has been authorised to operate as a REIT by the Commission.
- (2) These Rules shall be read in conjunction with the relevant Acts and any guidelines which the Commission may issue from time to time.
- (3) Subject to paragraph (4), the provisions of the Regulations shall not be applicable to REIT or an application for a REIT.

- (4) For the avoidance of doubt, a CIS manager or a Custodian shall comply with the applicable provisions of the Regulations and other relevant Acts.

PART II

SUB-PART A - AUTHORISATION

4. Application for authorisation as a REIT

- (1) Any scheme may apply to the Commission under these Rules for an authorisation as a REIT in such form and manner as may be determined by the Commission.
- (2) An application to the Commission for an authorisation as a REIT shall be made by the CIS manager or proposed CIS manager or by the promoter of the REIT, in accordance with these Rules.
- (3) An application for authorisation as a REIT shall be accompanied by –
- (a) the constitutive documents;
 - (b) the prospectus which shall include all the information specified in the First Schedule;
 - (c) particulars and details of the promoter and each controller of the REIT including details of any experience relevant to the operation of similar funds investing in real estate asset;
 - (d) particulars and details of the officers or proposed officers of the REIT including details of any experience relevant to operation of similar funds investing in real estate asset;
 - (e) particulars and details on functionaries or proposed functionaries of the REIT including details of any

experience relevant to the management, administration or other operative functions of similar schemes; and

- (f) such other information as may be required by the Commission to determine the application.
- (4) A REIT authorised under these Rules shall pay to the Commission such fees as may be specified in the FSC Rules.

5. Minimum funding

- (1) The prospectus of the REIT shall specify that the REIT shall receive a minimum amount of subscriptions of at least 90 per cent of the total amount to be raised from investors so as to begin operating the REIT, or such higher amount as may be disclosed in its prospectus.
- (2) (a) The REIT shall receive the minimum amount of subscriptions indicated in the prospectus during the first 6 months of the offering period.
 - (b) Where the minimum amount of subscriptions indicated in the prospectus is not met during the first 6 months of the offering period, the REIT shall refund, within 14 days, in full, all the funds paid by investors into the REIT together with any interest earned thereon.
 - (c) The Commission may on application grant an extension of the period specified in sub-paragraph (2)(b) which shall not exceed a further 6 months.
- (3) For the purposes of paragraph (2)(c), an approval for extension shall not be granted unless it is shown to the satisfaction of the Commission that an extension is justifiable.

- (4) Without prejudice to the Act, the prospectus of a REIT shall also specify where the funds collected from investors will be kept and how they will be returned to investors, if necessary.

6. Listing of the REIT

- (1) A REIT shall be listed on an Official Exchange in Mauritius within a period of 6 months after it has been duly authorised to operate as a REIT by the Commission.
- (2) (a) Subject to sub-paragraph (b) –
 - (i) where a REIT is newly incorporated, it shall be allowed to raise funds from investors prior to its listing;
 - (ii) where a REIT is an existing entity which has been operating in the real estate sector but which is not listed, the REIT will be able to raise funds from investors prior to being listed.
- (b) The funds raised following the authorisation as a REIT shall not be used for investment until it is listed on an Official Exchange in Mauritius.
- (3) Where a REIT fails to secure its listing on Official Exchange in Mauritius within the prescribed time period, it shall –
 - (a) refund within 14 days, in full, all the funds paid by investors into the REIT together with any interest earned thereon; and
 - (b) forthwith surrender its authorisation to the Commission.

SUB-PART B – FUNCTIONARIES

7. Appointment of a CIS manager

- (1) Subject to paragraph (2), a REIT shall appoint and have, at all times, a CIS manager holding a licence issued by the Commission and having a place of business in Mauritius.
- (2) A REIT may also appoint a CIS manager which shall be licensed by an authority which is identified in Appendix A of the International Organisation of Securities Commission Multilateral Memorandum of Understanding ((IOSCO MMoU) as a signatory to the IOSCO MMoU.
- (3) The CIS manager must ensure that it has the adequate resources, infrastructure, and staff with the appropriate competence, experience and proficiency to effectively and responsibly discharge its functions in relation to the REIT.
- (4) The CIS manager shall ensure that the real estate assets of the REIT have proper legal and marketable titles and that all the material contracts including rental or lease agreements entered into on behalf of the REIT are legal, valid, binding and enforceable by and on behalf of the REIT, in accordance with its terms.
- (5) The CIS manager shall arrange for adequate insurance coverage for the real estate assets of the REIT.
- (6) The CIS manager may, subject to the approval of the REIT's governing body, appoint appropriate agents as it considers necessary to undertake assets and property management including lease management, maintenance of assets, tenant management and regular safety audits.

- (7) The CIS manager shall monitor and ensure proper performance of the appointed agents.
- (8) No change in the appointment of the CIS manager shall be effective unless –
 - (a) the shareholders of the REIT have approved the change in accordance with the constitutive documents; and
 - (b) the Commission has given its approval to the proposed replacement.

8. Appointment of a custodian

- (1) The REIT may appoint a custodian who shall be:
 - (a) the holder of a custodian licence issued by the Commission; or
 - (b) licensed by an authority which is identified in Appendix A of the International Organisation of Securities Commission Multilateral Memorandum of Understanding (IOSCO MMoU) as a signatory to the IOSCO MMoU.
- (2) No change in the appointment of the custodian shall be effective unless –
 - (a) the shareholders of the REIT have approved the change in accordance with the constitutive documents; and
 - (b) the Commission has given its approval to the proposed replacement.

9. Appointment of a CIS administrator

- (1) Subject to the prior approval of the Commission and on such terms and conditions as the Commission deems appropriate, a

REIT, where appropriate, may appoint a CIS administrator to provide administration services with respect to a collective investment scheme.

- (2) Notwithstanding paragraph (1), where a REIT is a holder of a Global Business Licence issued by the Commission, the REIT shall, subject to the prior approval of the Commission, appoint a CIS administrator with a place of business in Mauritius to provide administration services.
- (3) For the purposes of paragraphs (1) and (2), administration services shall have the same meaning as provided under section 99(3) of the Act.
- (4) An application for approval of the Commission under paragraphs (1) and (2), shall –
 - (a) specify which administration services the CIS administrator will provide;
 - (b) give complete details of the CIS administrator, including its constitution, resources, past experience in providing such services, names of the collective investment schemes to which administrative services have been or are presently provided;
 - (c) be accompanied by such other information as may be required by the Commission; and
 - (d) be accompanied by such fees specified in FSC Rules.
- (5) The REIT shall, where appropriate, seek the prior approval of the Commission for a change of CIS administrator.

SUB- PART C - VALUER

10. Appointment of a valuer

- (1) Every REIT authorised by the Commission shall appoint a valuer who shall be an approved or registered valuer with a professional institution recognised by the International Valuation Standards Council.
- (2) The agreement for the appointment of the valuer shall include the obligations and length of tenure of the valuer.
- (3) For the purpose of paragraph (1) –
 - (a) the valuer shall have no connection with –
 - (i) the REIT's:
 - (A) governing body;
 - (B) promoter;
 - (C) custodian;
 - (D) CIS manager;
 - (E) substantial shareholder; and
 - (ii) any other party whom the REIT is contracting with which could reasonably be perceived to materially affect the valuer's ability to give an independent and professional valuation of the REIT's real estate assets.
 - (b) the valuer or any of its partners, associates, directors, officers or key personnel shall not hold shares in the REIT.

- (4) The valuer shall have sufficient key personnel with adequate experience and qualification to perform the valuation of the real estate assets of the REIT.
- (5) The valuer shall ensure that its opinion and valuation is independent of and unaffected by its business or commercial relationship with other persons.
- (6) The valuer shall not value the same property for more than five consecutive financial years.
- (7) No change in the appointment of the valuer shall be effective unless –
 - (a) the shareholders of the REIT have approved the change in accordance with the constitutive documents; and
 - (b) the Commission has given its approval to the proposed replacement.

11. General obligations of a valuer

- (1) The valuer shall conduct a full valuation on each of the real estate assets held under the REIT, with physical inspection in respect of the site of the real estate and an inspection of the building(s) and facilities erected thereon, at least once during the financial year.
- (2) The valuer shall also produce a valuation report on real estate assets to be acquired or sold by the REIT.

12. Valuation report

- (1) The valuer shall submit a valuation report to the REIT, prepared in accordance with International Valuation Standards and which shall include, as a minimum, all the information prescribed in the Second Schedule.

- (2) The valuation report shall include a statement from the valuer confirming his independence and that the valuation report has been prepared on a fair and unbiased basis.

PART III - PROSPECTUS

13. Prospectus of a REIT

- (1) The prospectus of the REIT shall include -
 - (a) the information prescribed in the First Schedule and any other information provided for under these Rules;
 - (b) the conditions for the replacement of the CIS manager, the custodian, a member of the board of directors, a trustee or a member of the governing body;
 - (c) relevant provisions to ensure the protection of interests of participants in the event of a replacement under paragraph (b); and
 - (d) any other information that may be necessary to enable participants to make an informed judgment as to the investment proposed.
- (2) No alteration shall be made to the constitutive documents of a REIT except with the prior approval of the Commission and, if applicable, of the shareholders of the REIT.
- (3) Notwithstanding paragraph (2), the constitutive documents may be altered by the CIS manager where the proposed alteration-
 - (a) is necessary to enable compliance with fiscal or other statutory or official requirements;
 - (b) is necessary to correct a manifest error;
 - (c) does not materially prejudice participants' interests;

- (d) does not to any material extent release the custodian, CIS manager or any other person from any liability to participants; or
- (e) does not increase the costs and charges payable from the REIT's assets.

PART IV - INVESTMENT RESTRICTIONS AND PRACTICES

14. Permissible investments

- (1) Subject to the investment restrictions in rule 15, a REIT may invest in-
 - (a) real estate assets, whether freehold or leasehold, within or outside Mauritius;
 - (b) real estate-related assets, wherever the issuers/assets/securities are incorporated/located/issued/traded;
 - (c) government securities (issued on behalf of the Mauritius Government or governments of other countries) and securities issued by a supra-national agency or a Mauritius statutory board; and
 - (d) cash and cash equivalent items.
- (2) For the purpose of paragraph (1) (a), an investment in real estate asset may be made by way of direct ownership or a shareholding in an unlisted special purpose vehicle constituted to hold or own real estate asset.
- (3) (a) A REIT may invest in local or foreign real estate assets, subject to the terms of its constitutive documents.

- (b) Where an investment in a foreign real estate asset is made, the REIT shall ensure that the investment complies with all the applicable laws and requirements in that foreign country.
- (4) When investing in leasehold properties, the REIT shall take into consideration –
 - (a) the remaining term of the lease;
 - (b) the objectives of the REIT; and
 - (c) the lease profile of the REIT's existing property portfolio.
- (5) (a) When investing in real estate as a joint owner, the REIT shall –
 - (i) invest directly in the real estate assets or by acquiring shares or interests in an unlisted special purpose vehicle constituted to hold or own the real estate assets;
 - (ii) have freedom to dispose of such investment; and
 - (iii) have a joint venture agreement, memorandum and articles of association and/or other constitutive documents.
- (b) For the purpose of sub-paragraph 5 (a) (iii), the joint venture agreement, memorandum and articles of association and/or other constitutive documents shall, inter-alia, provide for:
 - (i) the terms and conditions of the joint venture which shall not be less favourable than the joint venture partners. The terms and conditions shall not prevent the REIT from complying with the provisions of this Rules;

- (ii) the rights to vote or be consulted over key operational issues; and
- (iii) a mode for the resolution of disputes between the REIT and joint venture partners.

15. Investment restrictions

- (1) A REIT shall invest at least 75 per cent of its gross asset value in income producing real estate assets.
- (2) A REIT shall not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies unless the REIT intends to hold the developed property for at least 3 years upon completion.
- (3) For the purpose of paragraph (2) -
 - (a) the total contract value of property development activities undertaken and investments in uncompleted property developments should not exceed 25 per cent of the gross asset value of the REIT; and
 - (b) property development activities do not include refurbishment, retrofitting and renovations.
- (4) A REIT shall not invest in vacant land, agricultural land and mortgages, except for mortgage-backed securities.
- (5) Notwithstanding paragraph (4), a REIT is not precluded from investing in vacant land where same is to be used for property development activities which may be undertaken by the REIT, pursuant to paragraph (2) above.

- (6) For investments under rules 14 (1) (c) or (d), not more than 5 per cent of the REIT's gross asset value can be invested in any one issuer's securities or any one manager's funds.
- (7) The investment restrictions in paragraphs (3) and (6) above are applicable at the time the transactions are entered into.
- (8) A REIT is not required to divest any assets that breach the restrictions or requirements if such breaches were a result of:
 - (a) the appreciation or depreciation of the value of the REIT's assets;
 - (b) any redemption of units or distributions made from the REIT; or
 - (c) investments in listed shares issued by property corporations (local or foreign), any changes in the total issued nominal amount of securities arising from rights, bonuses or other benefits that are capital in nature.
- (9) Subject to paragraph (10), where as a result of divestment or new issue of units by the REIT, a REIT's investments in income producing real estate assets fall below 75 per cent of its gross asset value, the REIT shall increase the proportion of its real estate assets investments to 75 per cent within:
 - (a) 6 months if the real estate assets investments fall to a level between 50 per cent and 75 per cent of the REIT's gross asset value; or
 - (b) 12 months if the real estate assets investments fall below 50 per cent of the REIT.
- (10) Paragraph (9) shall not apply if –
 - (a) in the case of divestment, the REIT offers to return (by way of redemption) or distributes at least 70 per cent of the

proceeds of the divestment in cash within 6 months and 12 months as may be applicable;

- (b) in the case of a new issue of units, the REIT offers to return at least 70 per cent of the subscription monies received from such new issue within 6 months and 12 months as may be applicable; or
- (c) the REIT is in the process of being wound up.

(11) A REIT shall not –

- (a) lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person;
- (b) use any assets of the REIT to secure the indebtedness of any person; or
- (c) use any assets of the REIT to secure any of its obligations, liabilities or indebtedness without the prior written consent of its governing body.

(12) Except within the limits established by the Commission, a REIT shall not purchase or sell derivatives.

16. Limitations on borrowing

- (1) A REIT may borrow (either directly or through its special purpose vehicle) for financing investment or operating purposes but aggregate borrowings shall not at any time exceed 45 per cent of its gross asset value.
- (2) The REIT may pledge its assets to secure such borrowings.

- (3) The REIT shall disclose in its prospectus its borrowing policy, including its maximum borrowing limit, and the basis for calculating such limit.

17. Distribution requirements

The REIT shall in each year, distribute at least 75 per cent of its distributable income to its beneficiaries or participants, as the case may be, to the extent the solvency test (as defined in the Companies Act) is met.

PART V - FINANCIAL STATEMENTS AND MANAGEMENT REPORTS

18. Reporting obligations

- (1) Every REIT shall, as soon as possible, but not later than 6 months of its balance sheet date, file with the Commission and submit to its participants an annual report within 6 months from the date of its balance sheet which shall include audited financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and audited in accordance with the International Standards on Auditing, and such other standards as may be issued under the Financial Reporting Act 2004, by an audit firm approved by the Commission.
- (2) (a) Every REIT shall, as soon as possible, but not later than 45 days from its interim period, file with the Commission and submit to its participants half-yearly report comprising of the following-

- (i) its financial statement prepared in accordance with International Financial Reporting Standards; and
 - (ii) a report from the CIS manager providing details of the activities of the REIT for the past 6 months, forecasts and future course.
- (b) the financial statement specified in paragraph (a) need not be audited and shall contain, as much as possible, information prescribed under paragraph 3 of the Third Schedule
- (3) The requirement to file half-yearly report with the Commission shall not apply for the period where the closing date coincides with the balance sheet date of the REIT.
 - (4) The financial statements of a REIT shall be approved by the governing body of the REIT.
 - (5) The contents of the Annual Report shall be as per the Third Schedule.
 - (6) The report from the CIS manager should be approved by the board of the CIS manager and signed by at least 2 directors of the CIS manager.

19. Disclosure of arrangements

- (1) Where forecasts of distribution yields are provided in prospectus, circulars, announcements, marketing materials or other relevant reports or documents to participants, there should be clear and prominent disclosure of any existing or proposed arrangement that materially enhances short-term yields while potentially diluting longer-term yields.
- (2) In addition, for prospectus and circulars, disclosures shall include -

- (a) the risks associated with such arrangements; and
 - (b) an analysis of how the arrangements may affect current and future yields.
- (3) The analysis shall include a computation of the forecast distribution yield assuming that the arrangements are not in place.

20. Requirement to make documents available

- (1) The CIS manager shall submit to the Commission, on request, all information relevant to the reports and accounts of the REIT and any other information as may be required by the Commission.
- (2) Any prospectus, advertisement or other information promoting a REIT in Mauritius shall indicate where those documents or particulars may be accessible to the public.
- (3) The CIS manager shall not cause a sale of shares/units/interests in the REIT to any person unless it has offered to that person –
- (a) a copy of the prospectus of the REIT;
 - (b) the most recent annual management report and the audited financial statements, where not included in the management report; and
 - (c) any subsequent interim management report.
- (4) The CIS manager shall make copies of -
- (a) the REIT's prospectus;
 - (b) the constitutive documents, where not annexed to the REIT's prospectus; and

- (c) the latest annual and interim management reports available for inspection by potential participants at the place specified in the prospectus.
- (5) The CIS manager shall, at the request of any participant in the REIT, provide to that person, free of charge, a copy of the most recent REIT's prospectus, annual management report and any subsequent interim report.

PART VI - RELATED PARTY TRANSACTIONS

21. Related party transactions

- (1) A REIT, subject to the conditions specified in paragraph (2), may
 - (a) acquire assets from related parties;
 - (b) sell assets or securities to related parties;
 - (c) lease assets to related parties;
 - (d) lease assets from related parties;
 - (e) invest in securities issued by related parties; and
 - (f) borrow from related parties.
- (2) All related party transactions carried out by or on behalf of the REIT shall be-
 - (a) carried out at arm's length;
 - (b) in the best interests of investors;

- (c) valued, in relation to a property transaction, by the valuer in accordance with rule 12;
 - (d) consistent with the investment objectives and strategy of the REIT; and
 - (e) properly disclosed to investors and the Official Exchange where the REIT is listed, in accordance with the listing requirements of the Official Exchange and these Rules.
- (3) A REIT may engage a related party as a property management agent or a marketing agent for the REIT's properties provided that any fees or commissions paid to the related party are not higher than market rates.
- (4) Where any related party provides services, such as renovation and maintenance work, to the REIT in the ordinary and usual course of business, these services shall be contracted on normal commercial terms and subject to the prior approval of the governing body of the REIT.

22. Disclosure requirements in relation to related party transactions

- (1) Where a REIT enters into a related party transaction which is equal to or more than 5 per cent of its net asset value, adequate disclosures shall be made to the investors in the prospectus (if it is at the first launch or offer of the REIT) or circular (if it is during the life of the REIT) and the Official Exchange where it is listed.
- (2) The value of all transactions which are entered into by the REIT (or any of its subsidiaries) with the same related party (and any of its associates) during the current financial year shall be aggregated.

- (3) For the purpose of paragraph (1), the disclosures shall include -
 - (a) the identity of the related parties and their relationships with the REIT;
 - (b) the details of the assets to be acquired or sold, including a description of these assets and their location;
 - (c) the prices at which these assets are to be acquired or sold;
 - (d) the details of the valuations performed in accordance with rule 12 (including the name of the valuer, the methods used to value these assets and the dates of the valuations) and their assessed values;
 - (e) the current/expected rental yield;
 - (f) details of any fees or commissions received or to be received by the related party; and
 - (g) any other matter that may be relevant to a prospective investor in deciding whether or not to invest in the REIT, or that may be relevant to a participant in deciding whether or not to approve the proposed transactions.
- (4) The governing body of the REIT shall provide a written confirmation that it is of the view that the transaction is on normal commercial terms and not prejudicial to the interests of participants, where participants' approval for the transaction is not required.
- (5) A summary disclosure of the total value of all related party transactions, their nature and the identities of the related parties shall be made in the REIT's annual report.

23. Approval of participants

- (1) A REIT shall, where a proposed transaction is equal to or greater than 10 per cent of its net asset value, obtain a majority vote at a participants' meeting.
- (2) The value of all transactions which are entered into by the REIT (or any of its subsidiaries) with the same related party (and any of its associates) during the current financial year shall be aggregated.
- (3) For the purpose of paragraph (1) -
 - (a) a person who has an interest, whether commercial, financial or personal, in the outcome of the transaction, other than in his capacity as a participant, will not be allowed to vote on the resolution to approve the transaction;
 - (b) there should be an opinion rendered by an independent expert stating whether or not the transaction is on normal commercial terms and whether the transaction is prejudicial to participants, based on an assessment of the impact of the transaction on the REIT on an overall basis; and
 - (c) the independent expert should also draw the participants' attention to any possible disadvantages of the transaction.

24. Commencement

These Rules shall come into operation on 04 September 2021.

Made by the Financial Services Commission on 04 September 2021.

FIRST SCHEDULE

(rules 3 and 13)

Contents of prospectus

Heading I – Presentation of the REIT

1. General information concerning the REIT:

- (a) Name, registered office address, correspondence address, contact person(s), contact details; and
- (b) Registration number and date of registration of the REIT with the Commission.

2. Brief background of the REIT:

- (a) Glossary of terms/abbreviations;
- (b) Structure of the REIT including details of the Special Purpose Vehicle/Joint Venture through which the assets are held/proposed to be held including holding pattern, rights of REIT in the Special Purpose Vehicle/Joint Venture, etc.; and
- (c) Disclosure of interest held in the REIT by the different parties, if any.

Heading II – Organisation and Management of the REIT

1. Details and principal functions of the REIT's:

- (a) CIS manager;
- (b) Governing Body;
- (c) Principal distributor of the securities of the REIT, if any;
- (d) Custodian and, if applicable, sub-custodian;

- (e) CIS administrator;
 - (f) Investment adviser, if applicable; and
 - (g) Auditor.
- 2. Names of the members of the Board of the REIT and the members of its Committee if any, indicating those members that are independent. For each member, provide the following information:**
- (a) Full name;
 - (b) Functions with date of appointment and duration of term;
 - (c) Principal occupation outside of the REIT; and
 - (d) Positions held as a member of the board in other companies.

Where the legal form of the REIT differs, the same information shall be provided for members of the governing body.

Heading III: CIS manager

Details of the CIS manager

- (a) Name and address of head office of the CIS manager, date of constitution and law under which constituted;
- (b) Name and address of each member of the board of directors, indicating those members that are independent. In the case of independent members, indicate their principal employment;
- (c) Name of natural persons forming part of the investment management team, with details of qualifications and any previous experience in the management of real estate assets;

- (d) Description of the principal functions of the CIS manager and names of the persons occupying these functions; and
- (e) Circumstances under which the management agreement may be terminated.

Heading IV: Valuer

Details of the valuer

- (a) Background of the valuer including past experience in valuation in real estate assets, especially in valuation of similar real estate assets by nature and location; and
- (b) Policy of appointment and removal.

Heading V: Investment Objectives and Practices and Financial Characteristics

1. Investment Objectives and Practices

- (a) State the fundamental investment objectives of the REIT, the types of real estate assets in which the REIT proposes to invest as well as investment policies and practices of the REIT in pursuing its objectives;
- (b) Degree of specialisation (in a geographic region or in a particular class or kind of industry);
- (c) The operating data of each of the real estate assets, including the occupancy rate, number of tenants and its mix in terms of occupation or business, principal provisions of the leases, average annual rental per square foot, and schedule of lease expirations for the next five years;
- (d) Permissible investments;
- (e) Investment restriction; and

- (f) Explain the nature of the risk factors including risk specific to investing in real estate assets.
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- 2. The general character and competitive conditions of all real estate assets now held or intended to be acquired by the REIT and how it meets the established criteria for selection;
 - 3. Details of the arrangement that has been entered into by the REIT for it to own the legal and beneficial title of that property and the benefits and drawbacks of such arrangement;
 - 4. Any proposed program for renovation or improvement to the real estate, including the estimated costs thereof and the method of financing to be used; and
 - 5. Update on development of under-construction properties, if any including status of approval/assessment from various authorities including statutory assessment and environment considerations with respect to development regulations and planning norms.
- 6. Type of investors**
- Type of investors for whom investment in the REIT would be suitable.
- 7. Application Procedure**
- (a) The prospectus shall set out details on how to apply for REIT securities and to complete the Application Form;
 - (b) The prospectus shall specify the minimum number and value of REIT securities that can be applied for and detail

the process to determine allocation and the discretions, if any, vested in the REIT including, to –

- (i) determine the number of REIT securities to be issued or allocated to any applicant;
- (ii) to extend the closing date for the issue or offer; or
- (iii) to withdraw the offer in the event that a minimum subscription is not reached.

8. Conditions of Operation

- (a) Terms of the offer including number of shares/units/interests, price, issue opening date, issue closing date, terms and conditions and any other information as may be required for the investor to make an informed decision;
- (b) Describe all significant characteristics/rights of the securities offered (dividend rights, liquidation rights, voting rights, etc.) and conditions under which these characteristics/rights may be modified;
- (c) Describe the shares/units/interest being offered, including the currency of denomination and the method of indicating the ownership; and
- (d) Frequency and manner of meetings of Investors.

9. Guarantee and Protection

Nature of the guarantee or protection, if any, institution providing the guarantee, purpose, terms and conditions

10. Borrowing Policy

The borrowing policy and the method or proposed method of operating and financing the REIT's real estate investments.

11. Dividends or Distributions

- (a) State the amount of dividends or other distributions, if any, paid by the REIT including income distributed by way of dividend reinvestment, during its last three completed financial years preceding the date of the prospectus; and
- (b) In the case of a new REIT, explain when and how the gains of the REIT will be distributed, if applicable.

12. Net Asset Value

- (a) Describe the method used to calculate the net asset value, including the frequency of the calculations and any other information in accordance with these Rules; and
- (b) Changes in the net asset value and the method to calculate same.

13. Tax Status of the REIT

Where applicable, state in general terms, if any, the income or other tax consequences to the REIT and its participants, either in Mauritius or in a foreign country.

14. Fees and Charges

- (a) Fee and expenses charged/chargeable to the REIT by various parties including fees charged by the CIS manager, valuer, auditor, Governing Body, CIS Administrator, custodian and any other third party. Provide the method used for calculation of these fees;
- (b) Set-up costs and fees in relation to listing (including underwriting fees, where applicable);
- (c) Fees and charges payable by an investor including all charges levied on subscription; and

- (d) Any other fees and expenses that will be charged to the REIT.

15. Financials

- (a) Total rental income from the real estate assets (property-wise) under the REIT for the previous 3 years;
- (b) The projections of income of the REIT over next 3 years beginning the current financial year certified by the CIS manager and the auditor with respect to calculation and assumptions; and
- (c) Audited financial statements of the REIT for the last financial year, presented in accordance with the Third Schedule.
- (d) Provide a summary of the valuation as per the full valuation report, including the valuation methodology and frequency of the calculations.

Heading VI: General Information

1. Information

Indicate where a subscriber may obtain the constitutive documents and prospectus of the REIT.

2. Listing

Details on the securities exchange where -

- (a) the REIT has been listed; or
- (b) an application for listing has been made.

3. Termination

Indicate when and how the REIT may be terminated.

4. Disclosure to Investors

- (a) Where the prospectus contains any statement by an expert, or any statement made in the prospectus to be based on a statement made by an expert, the prospectus shall state that the expert has given his consent, that such consent is filed with the Commission, and that the expert has not withdrawn his consent as at the date the prospectus is lodged with the Commission for an acknowledgement of filing;
- (b) The following words to be included in the prospectus, *“If you are in any doubt about the contents of this document you may consult an independent qualified person who may advise you accordingly”*, or words to the like effect; and
- (c) Any other matters that may be relevant to a prospective investor in deciding whether or not to invest in the REIT or that may be relevant to a participant in deciding whether or not to approve the proposed transactions.

5. Declaration by the Directors

A declaration by the directors of the issuer (or, if the person making the offer is not the issuer, by the directors of the person making the offer) that they accept responsibility for the contents of the prospectus and that, to the best of their knowledge and belief, and after making reasonable enquiries, the information contained in the prospectus is in accordance with the facts and that the prospectus makes no omission likely to affect the import of such information.

Heading VII: Signatures

1. The prospectus of a REIT shall be signed by two authorised members of the governing body of the REIT or by two authorised members of the board of the CIS manager.

2. Interpretation

In this Schedule, “authorised” means duly authorised by a resolution of the particular board of directors, or the governing body.

3. The date of publication of the prospectus.

SECOND SCHEDULE

(rule 12)

Contents of the Valuation Report

- (1) The Valuation Report prepared by the appointed valuer shall include as a minimum:
 - (a) all material details in relation to the basis of valuation and the assumptions used;
 - (b) description and explanation of the valuation methodologies, and assumptions used and justification of assumptions used. If more than one method is or could have been adopted, explain the rationale for choosing the particular valuation method;
 - (c) overall structure and condition of the relevant market including an analysis of the supply demand situation, the market trend and investment activities;
 - (d) the following particulars in respect of each real estate asset, such as:
 - (i) an address sufficient to identify the property, which shall generally include postal address, lot number and such further designation as is registered with the appropriate government authorities;
 - (ii) the nature of the interest the REIT holds in the real estate assets (e.g. if it is a freehold or leasehold, and the remainder of the term if it is a leasehold);

- (iii) the existing use (e.g. shops, offices, factories, residential, etc.);
- (iv) a brief description of the real estate assets, such as the age of the building, the site area, gross floor area, net lettable floor area, and the current zoning use;
- (v) the options or rights of pre-emption and other encumbrances concerning or affecting the real estate;
- (vi) occupancy rate;
- (vii) lease term;
- (viii) lease expiry profile;
- (ix) a summary of the terms of any sub-leases or tenancies, including repair obligation, granted to the tenants of the property;
- (x) the acquisition price and valuation of the real estate asset as at valuation date;
- (xi) the existing monthly rent, as per the agreement between the lessor and the lessee, before tax if the real estate asset is wholly or partly let together with the amount and a description of any outgoings or disbursements from the rent, and, if materially different, the estimated current monthly market rent obtainable, on the basis that the real estate asset was available to let on the effective date as at which the real estate asset was valued;

- (xii) the estimated current net yield and capitalisation rate;
- (xiii) a summary of any rent review provisions, where necessary;
- (xiv) the amount of vacant space, where necessary;
- (xv) necessary information regarding legal ownership interest of the real estate asset and how it has been taken into account to arrive at an opinion of the Market Value; and
- (xvi) any other matters which may affect the real estate asset or its value.

THIRD SCHEDULE

(rule 18)

Contents of the Annual report

The annual report shall contain the following:

1. A report from the CIS manager providing:
 - (a) Details of the activities of the REIT and a summary of the audited financial statements for the year; and
 - (b) management discussion and analysis by the directors of the CIS manager on activities of the REIT during the year, forecasts and future course of actions.
2. Summary of full valuation report capturing key aspects of the report.
3. The audited financial statements should disclose the following:
 - (a) details of all the REIT's real estate assets transactions entered into during the financial year, purchase or sale prices, and their valuations (including the methods used to value the assets);
 - (b) details of all the REIT's real estate assets, including the location of such assets, their purchase prices and latest valuations, rentals received and occupancy rates, or the remaining terms of the REIT's leasehold properties, where applicable;
 - (c) the tenant profile of the REIT's real estate assets, including the -
 - (i) total number of tenants;

- (ii) top 10 tenants and the percentage of total gross rental income attributable to each of these top 10 tenants;
 - (iii) lease maturity profile in terms of the percentage of total gross rental income for each of the next five years; and
 - (iv) weighted average lease expiry of both the REIT's portfolio and new leases entered into during the year (and the proportion of revenue attributed to these leases). The weighted average lease expiry should be calculated based on the date of commencement of the leases.
- (d) in respect of the other assets of a REIT, details of the 10 most significant holdings (including the amount and percentage of fund size at market valuation);
 - (e) details of the REIT's exposure to financial derivatives, including the amount (i.e. net total aggregate value of contract prices) and percentage of derivatives investment of total fund size and at market valuation;
 - (f) details of the REIT's investment in other property funds, including the amount and percentage of total fund size invested in;
 - (g) update on development of under-construction properties, if any;
 - (h) details of borrowings of the REIT including the maturity profile of the borrowings;
 - (i) details of deferred payment arrangements entered into by the REIT if applicable;

- (j) where there has been an increase in the REIT's aggregate leverage as at the end of the financial year compared to its aggregate leverage as at the end of the immediately preceding financial year, the CIS manager's views of how the increase in aggregate leverage would impact the risk profile of the REIT;
 - (k) the total operating expenses of the REIT, including all fees and charges paid to the CIS manager and related parties (in both absolute terms, and as a percentage of the REIT's net asset value as at the end of the financial year) and taxation incurred in relation to the REIT's real estate assets;
 - (l) the distributions declared by the REIT for the financial year;
 - (m) the performance of the REIT with respect to total net asset value, NAV per share, market price, distributions and net yield for the last 3 years, as applicable. Calculation of fund performance should include any dividends or distributions made assuming that they were reinvested into the REIT on the day they were paid out; and
 - (n) where the REIT is listed, the unit price quoted on the exchange at the beginning and end of the financial year, the highest and lowest unit price and the volume traded during the financial year.
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