

CIRCULAR

HO/24/13/12(1)2025-IMD-POD-2/I/157/2025

November 28, 2025

**All Mutual Funds/
All Asset Management Companies (AMCs)/
All Trustee Companies/ Board of Trustees of Mutual Funds/
Association of Mutual Funds in India (AMFI)/
Registrar Transfer Agents (RTAs)**

Sir / Madam,

Subject: Reclassification of Real Estate Investment Trusts (REITs) as equity related instruments for facilitating enhanced participation by Mutual Funds and Specialized Investment Funds (SIFs)

1. With a view to facilitate enhanced participation by Mutual Funds and Specialized Investment Funds (SIFs) in Real Estate Investment Trusts (REITs), SEBI vide [Gazette notification no. SEBI/LAD-NRO/GN/2025/272 dated October 31, 2025](#) carried out amendments to SEBI (Mutual Funds) Regulations, 1996 for reclassification of REITs as equity related instruments. In accordance with the same, it has been decided as under:
 - a. With effect from **January 01, 2026**, any investment made by Mutual Funds and SIFs in REITs shall be considered as investment in equity related instruments. InvITs shall continue to be classified as hybrid instruments for the purpose of investments by Mutual Funds and SIFs.
 - b. Existing investment in REITs held by debt schemes of Mutual Funds and investment strategies of SIFs as on **December 31, 2025**, shall be grandfathered. However, AMCs are encouraged to make efforts to divest REITs from respective portfolios of debt schemes considering the market conditions, liquidity and interest of investors.
 - c. In terms of para 2.7 of the Master Circular for Mutual Funds dated June 27, 2024, AMFI shall include REITs in the list of classification of scrips as per their market capitalization.

- d. AMCs shall issue an addendum to make necessary changes in the scheme documents and the same shall not be considered as fundamental attribute change for the scheme.
 - e. Any inclusion of REITs in the equity indices shall be carried out only after a period of six months i.e, **July 1, 2026**.
2. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 2(1)(ja) of SEBI (Mutual Funds) Regulations, 1996, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
3. This Circular is available at www.sebi.gov.in under the link “Legal > Circulars”.

Yours sincerely,

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