

| | | | |
|---------------------|------------------------------------|-------------------------|------------|
| Publication: | Economic Times | Edition: | Mumbai |
| Date: | 19-Sep-2017 | Page No: | 01 & 11 |
| Supplement: | Main | Size (cm2): | 121.88 |
| Title: | Sebi Eases Rules for REITs, InvITs | Byline (Author): | Our Bureau |

TRUSTS ALLOWED TO ISSUE DEBT SECURITIES

Sebi Eases Rules for REITs, InvITs



Markets regulator Sebi has allowed real estate investment trusts (REITs) and infrastructure investment trusts (InvITs) to raise capital by issuing debt securities. **▶▶ PAGE 11**

MOVE TO BOOST INVESTOR RETURNS
Sebi Allows REITs, InvITs to Raise Funds via Bonds

Our Bureau

Mumbai: The Securities and Exchange Board of India (Sebi) has allowed real estate investment trusts (REITs) and infrastructure investment trusts (InvITs) to raise capital by issuing debt securities. At present, both these investment vehicles are allowed to raise funds only through domestic and overseas bank loans.

“This move is expected to extend the borrowing capabilities. It will broaden the fund-raising market and eventually boost investor returns,” said Bhairav Dalal, partner, real estate (tax), PwC India.

The regulator also allowed single-asset REIT to take the debt route to raise funds. At present, rules mandate REITs to hold at least two projects. Sebi has also permitted REITs to lend to underlying holding company or special purpose vehicle.

“The move to permit a single-asset REIT should enable single asset owners (of large value) to explore this product,” Dalal said. “Further, allowing REITs to lend to holding companies and SPVs will also lead to efficient fund flow management.”

Sebi has also proposed to introduce the concept of strategic investor for REITs and tweak the definition of valuer for both the instruments.

The regulator said it will undertake further consultation with stakeholders to explore the option of allowing REITs to invest at least 50% of shares in the underlying holding company or special purpose vehicle against 51% currently, and also to allow holding company to invest at least 50% of the equity share capital or interest in the underlying SPV.

“If Sebi is to consider this proposal positively, it would help the current 50:50 JV structures to qualify for REITs,” Dalal added.

