FAQs

Funding Options

Real Estate Investment Trusts (ReITs)

1. What is the capability criteria concerning the Trustee in ReITs?

The eligibility criteria for the trustee of a Real Estate Investment Trust (ReIT) includes: That the trustee is registered with SEBI under SEBI (Debentures Trustees) Regulations, 1993 and is not an associate of the sponsor or manager That the trustee has such wherewith with respect to infrastructure, personnel, etc. to the satisfaction of SEBI and in accordance with circulars specified by the Board. For more information, click here

2. What is the qualification criteria for Managers in REITs?

The qualification criteria for managers in REITs include: The manager has a net worth of not less than $1.53 mn if the manager is a body corporate or a Company or net tangible assets of value not less than $1.53 mn in case the manager is a LLP. The manager or its associate has not less than 5 years ' experience in fund management or advisory services or property management in the real estate industry or in development of real estate. The manager has not less than 2 key personnel who each have not less than 5 years ' experience in fund management or advisory services or property management in the real estate industry or in development of real estate. The manager has not less than half, of its directors in the case of a Company or of members of the governing Board in case of an LLP, as independent and not directors or members of the governing Board of another REIT For more information, click here.

3. What is the qualification criteria with regard to the Sponsor(s) in ReITs?

The term ' sponsor group ' has been defined to include: • The sponsor • Where the sponsor is a body corporate. • Entities/persons controlled by such body corporate. • Entities/persons controlling such body corporate. • Entities/persons controlled by entities/persons controlling such body corporate. • Where the sponsor is an individual. • Relatives of such individual. • Entities/controlled by such individual for each sponsor group, not less than one person shall be identified as the 'sponsor'. Sponsors and the sponsor group shall collectively hold. • A minimum of 25% of the total units on a post issue basis • A minimum of 15% of the outstanding units of the

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REIT at all times. • Minimum holding of 5% of outstanding units of REIT at all time. • Net worth of at least US$ 15.38 mn on consolidated basis and US$307,692 on individual basis. • Minimum experience of 5 years in real estate industry for each sponsor and where sponsor is a developer, at least 2 projects of sponsor should be completed. Please refer to section 4(d) and chapter IV of SEBI (Real Estate Investment Trusts) Regulations 2014 at link for more information.

4. What is meant by 'real estate' or 'Property'?

'Real estate' or 'property' means land and any permanently attached improvements to it, whether leasehold or freehold and includes buildings, sheds, garages, fences, fittings, fixtures, warehouses, car parks, etc. and any other assets incidental to the ownership of real estate but does not include mortgage. However, any asset falling under the purview of 'infrastructure' as defined vide Notification of Ministry of Finance dated October 07, 2013 including any amendments or additions made thereof shall not be considered as 'real estate' or 'property'. Notwithstanding the above, following captured within the above mentioned definition of infrastructure shall be considered under " real estate " or " property " : i) Hotels, hospitals and convention centers, forming part of composite real estate projects, whether rent generating or income generating ii) Common infrastructure" for composite real estate projects, industrial parks and SEZ. Please refer to section 2(zi) of SEBI (Real Estate Investment Trusts) Regulations 2014 at link for more information.

5. What are the venture conditions for Real estate investment trust?

The real estate investment trusts (REIT) are subject to various investment conditions, including investing only in special purpose vehicles (SPV) or properties or securities or transferable development rights (TDR) in India and at least 50% of the revenues, other than gains from disposal of properties shall be from rental, leasing and letting real estate assets. For more information, click here

6. What is the procedure of obtaining registration as a real estate investment trusts from Securities and Exchange Board of India?

No person shall act as a real estate investment trust (REIT) unless it is registered with the Securities and Exchange Board of India (SEBI) through following steps: Filing of application – A sponsor shall file an application for grant of the Registration Certificate (RC) in Form A, Schedule I of the SEBI (Real Estate Investment Trusts) Regulations 2014, and shall submit a non-refundable application fee as per Schedule II. Eligibility criteria – For grant of RC, the Board shall check for all matters relevant to the

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activities as a REIT Furnishing of further information – The Board may require the applicant to furnish further information or clarification before processing the application. Grant of Certificate – On being satisfied with the information received and on receipt of registration fee, the Board shall grant the RC as per Form B, Schedule I Conditions of Certificate – The RC hence issued shall be subject to abiding by provisions of the Act, by the Code of Conduct specified in Schedule VI and informing the Board of any misleading/ updated information given earlier. For more information, click here.

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