



To,

20th February, 2019

Ms. Richa G. Agarwal

Deputy General Manager

Department of Debt and Hybrid Securities

Securities and Exchange Board of India

SEBI Bhavan, Plot No. C4- A, "G" Block,

Bandra Kurla Complex, Bandra (East),

Mumbai - 400 051

Via email to: invit@sebi.gov.in

Sub: Review of SEBI (Infrastructure Investment Trusts) Regulation, 2014 and SEBI (Real Estate Investment Trusts) Regulation, 2014

At the outset, we, at Indian Association of Investment Professionals (IAIP), a member society of the CFA Institute appreciate the opportunity to submit our response to the **CONSULTATIVE PAPER ON AMENDMENT OF SEBI (INFRASTRUCTURE INVESTMENT TRUSTS) REGULATION, 2014 AND SEBI (REAL ESTATE INVESTMENT TRUSTS) REGULATION, 2014.**

IAIP is an association of over 2000 local investment professionals who are CFA charter holders and about 4000+ professionals who have cleared exams, eligible and awaiting charter. The Association consists of valuation professionals, portfolio managers, security analysts, investment advisors, and other financial professionals, that; promote ethical and professional standards within the investment industry, facilitate the exchange of information and opinions among people within the local investment community and beyond, and work to further the public's understanding of the CFA designation and investment industry.

CFA Institute is a global non-profit association of investment professionals with over 149,000 members in over 140 countries. In India, the community of CFA charter holders is represented by the Indian Association of Investment Professionals.

Through our global research and outreach efforts, CFA Societies around the world endeavour to provide resources for policy makers, financial services professionals and their customers in order to align their interests. Our members engage with regulators in all major markets.

With regards to the above mentioned consultative paper, we have proposed a few suggestions. We apologise for the delay in responding but we do hope that our comments would add value to your efforts.

We would be happy to hear and discuss the merits / demerits of suggestions proposed by other practitioners and request to be included in the deliberation process.



Our responses to the various points are mentioned below in the requested format:

Details of Responder			
Organisation:		Indian Association of Investment Professionals (CFA Society India)	
Contact number:		+91 98196 30042	
Email address:		advocacy@iaipirc.org	
Postal address:		One BKC Tower, Bandra Kurla Complex, Mumbai	
Comments on the proposals in the consultation paper			
Sr. No.	Para No.	Comment/proposed change	Rationale
1.	4 (c)	Agree with the proposal.	
2.	5 (c)	Agree with the proposal. Suggestion: We support the same amendment even for REITs as long as proper governance practices are in place and the rights of unitholders are not compromised.	Same rationale for REITs as mentioned in para 5 (b) of the consultation paper.
3.	5 (c)	In addition to the proposal to increase the leverage limits, we would like SEBI to explore the possibility of providing unitholders a preemptive right to purchase units issued in a follow-on offer.	Under the current regulations, existing unitholders have no preemptive right to purchase units issued in any follow-on offer. Any such offering of units would cause dilution of the investment by existing unitholders, hence there appears to be room for discussion about whether unitholders' interests are sufficiently protected.
4.	6 (c)	Agree with the proposal. Suggestion: We support a similar separate framework even for unlisted privately placed REITs as long as proper governance practices are in place and the rights of unitholders are not compromised.	Same rationale for REITs as mentioned in para 6 (b) of the consultation paper.



As the REITs market evolves in India, we would like to share with you the hyperlinks to some global resources that can be referred to for research on REITs to help in implementing the best practices in the interest of investors. We hope these resources can provide some insights into the evolution of REITs in the more matured markets as well as the regulatory challenges faced and best practices followed by different regulators around the world.

1. <http://vinodkothari.com/wp-content/uploads/2013/11/Singapore-Real-Estate-Investment-Trusts-S-REITs.pdf>
2. http://www.mas.gov.sg/~media/resource/publications/consult_papers/2005/REITS_Consultation_Paper_Review_of_Regulatory_Regime_governing_REITs.pdf
3. <http://naredco.in/notification/pdfs/analysis-of-reit-regulations-2712.pdf>
4. <https://eres.org/eres2010/contents/papers/id248.pdf>
5. <https://core.ac.uk/download/pdf/4419392.pdf>
6. https://sustainable-finance.nl/upload/researches/Bauer-et-al_The-Reit-Effect.pdf
7. <https://www.cfainstitute.org/-/media/documents/article/position-paper/asia-pacific-reits.ashx>
8. <https://www.arx.cfa/up/post/738/130428-REITs-APAC.pdf>
9. <https://www.arx.cfa/post/Understanding-the-Investment-Fundamentals-of-Real-Estate-Investment-Trusts-REITS-A-part-of-the-series-quot-Sector-Analysis-A-Framework-for-Investors-quot-5166.html>

If you or your staff have questions or seek further clarification, please do not hesitate to contact Mr. Rajendra Kalur, CFA @ +91 98196 30042 or at advocacy@iaipirc.org

Sincerely yours,

Rajendra Kalur, CFA
Director - Research and Advocacy Committee
Indian Association of Investment Professionals, Member Society of CFA Institute