

# PREFACE

India's real estate sector has witnessed rapid growth in recent years underlined by robust economic growth in the country. The growing scale of operations of the corporate sector has increased the demand for commercial buildings and space including modern offices, warehouses, shopping centres, conference centres, etc. Keeping in view such rapidly growing industry, it was important to introduce the Real Estate Investment Trusts (REITs) in the country.

Globally, the framework for REIT exists in several countries including United States of America, Australia, Singapore, Japan, France, United Kingdom, etc. By the very nature of REITs, it is beneficial to both the investors and the industry in different ways. On one hand, REITs provide the investors with an investment avenue, which is comparatively less risky than investing in under-construction properties and provides regular income. On the other hand, REITs provide the sponsor (usually a developer or a private equity fund) avenues of exit thus providing liquidity and enable them to invest in other projects.

There is huge demand in real estate sector having small and large numbers of players. Small players are unable to deliver quality products due to lack of access to the funds. Investors who are looking for structured system have a limited exit options so transactions are taking place at a slower pace. Small investors have also started investing and therefore, safeguarding interest of all the stakeholders is the pre-requisite for any regulator. In view of the benefits provided by the REITs, REIT has become one of the preferred investment vehicles around the world.

Considering the important role that REITs play, the Government of India through SEBI brought in a separate regulatory framework named as SEBI (Real Estate Investment Trusts) Regulations, 2014. The Regulations have been recently amended by the SEBI (REITs) Amendment Regulations, 2023 which provide for the submission of a Secretarial Compliance report to the Stock Exchanges given by a Practicing Company Secretary on an annual basis. In a move to strengthen the governance framework, the same Regulations have

also mandate the submission of a Quarterly Compliance Report on Corporate Governance signed by the Compliance Officer. In the wake of these new developments, it seems only apt that the Governance Professionals are not only fully informed but equipped with the right knowledge and acumen to dispense with these added responsibilities and the enhanced expectations.

This book “*Frequently Asked Questions on SEBI (Real Estate Investment Trusts) Regulations, 2014*” (First edition published as the e-version by WIRC of the ICSI in the year 2021) provides answers to various questions covering basic concept on the subject which will enable the professionals to guide their clients. It also helps the industry people to understand and take informed decision and understanding the nuances of setting up, management and compliance system of a REIT.

I commend the dedicated efforts put in by CS Abhishek Omprakash Lakhota, Mumbai for his valuable time in writing and revising the manuscript of this publication in the light of subsequent amendments made by SEBI in the years 2022 and 2023. I would like to place on record my sincere appreciation for the efforts put in by Mr. Mahesh Airan, Assistant Director, ICSI for reviewing and value addition to these FAQs under the guidance of CS Pawan G Chandak, Central Council Member and Chairman, Professional Research and Publication Committee, CS Asish Mohan, Secretary and CS Lakshmi Arun, Director, Directorate of Academics, ICSI.

I am confident that the publication will prove to be immensely beneficial to the stakeholders.

Place: New Delhi

Date: March 20, 2023

**CS Manish Gupta**

*President*

*The Institute of Company Secretaries of India*