

Embassy Office Park files for real estate investment trust

OUR BUREAU

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According to a disclosure on the SEBI website, the securities market regulator has said that Embassy Office Park Property has filed an application before it for an in-principle approval to register a real estate investment trust (REIT).

If approved, it will be the first real estate sector REIT to list in the country.

"The applicants may please

note that SEBI endeavours to process registrations, within 30 working days, from the date of the complete application along with relevant information," SEBI said.

Blackstone push

Embassy counts Blackstone as one of its investors. Blackstone has been eyeing the REIT space and is also understood to be planning another REIT with its other real estate partner

Panchsil. If it takes shape, this will be the first REIT. The company plans to introduce Embassy REIT early next year following regulatory approval. The size of the REIT will be between ₹4,000-5,000 crore, according to market sources.

Norm relaxation

Recently, SEBI eased the norms governing REITs in a bid to make them more attractive. The proposed changes include

allowing a larger number of sponsors and removing the investment restrictions on special purpose vehicles.

Ajay Jain, ED, Head, Real Estate Group, Centrum Capital, said, "REITs have become a reality in India after the government exempted dividend distribution tax (DDT) from them.

SEBI has also proposed to increase REITs' exposure to under-construction properties to

20 per cent from 10 per cent of total assets.

In the case of India, REIT managers would be able to see discounts of as much as 20-30 per cent when buying under-construction properties, as half completed projects are often cheaper than the finished product.

"Allowing REITs to invest up to 20 per cent in under-construction assets will help widen the portfolio and the

size of the REIT as well as give more flexibility to the REIT manager."

Infra Investment trusts

In a separate disclosure by SEBI, Reliance Infrastructure and Sterlite Power Transmission have also applied to set up Infrastructure Investment Trusts (InvITs), which are similar to the real estate funding instrument but will invest in infra projects instead.