

1 day workshop on
Real Estate Investment Trusts
&
Infrastructure Investment Trusts

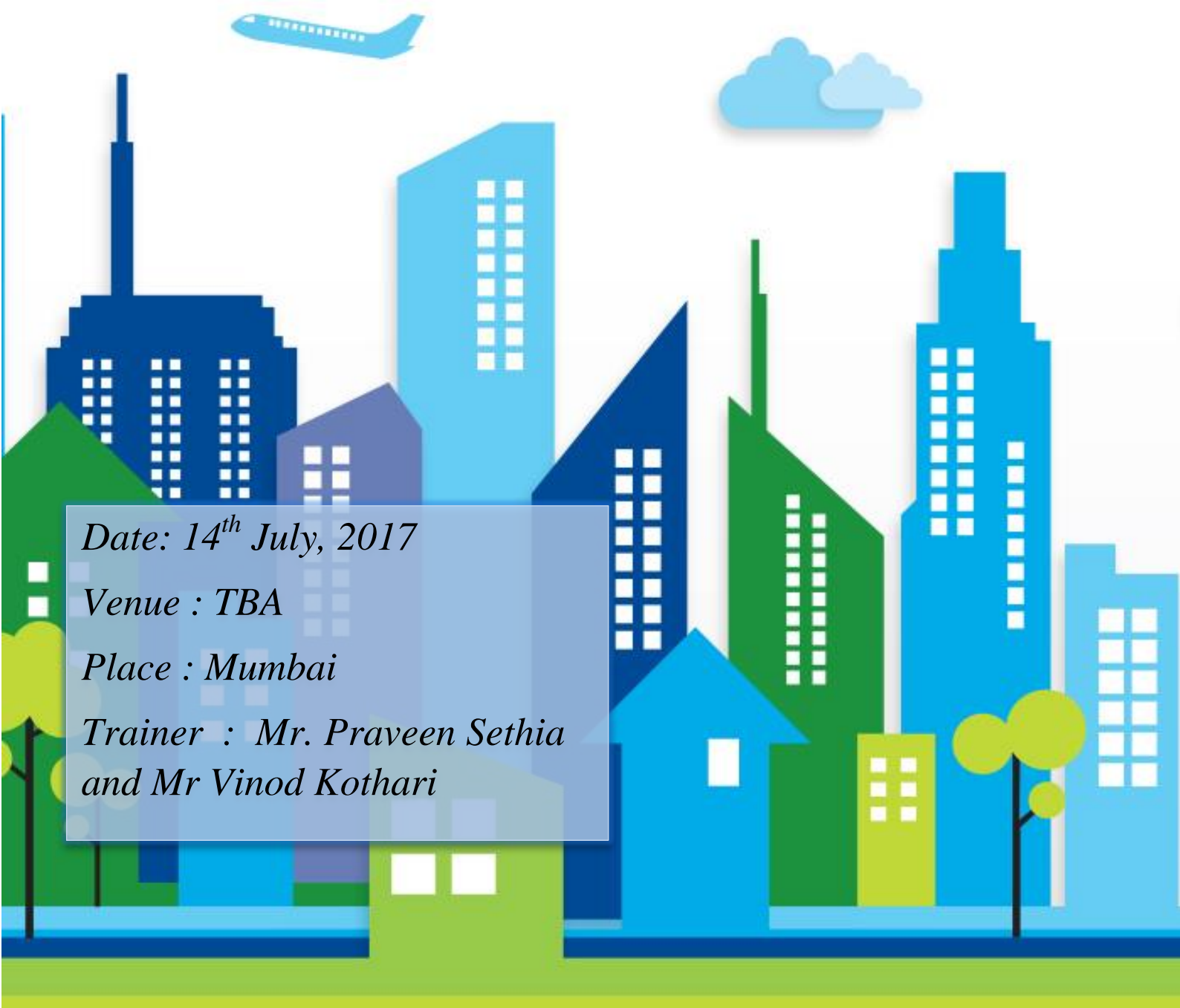
VINOD KOTHARI CONSULTANTS P. LTD.
Kolkata | Delhi | Mumbai

Date: 14th July, 2017

Venue : TBA

Place : Mumbai

*Trainer : Mr. Praveen Sethia
and Mr Vinod Kothari*



Why this Workshop?

Real estate investment trusts (REITs) are one of the most important vehicle for making collective investment in commercial real estate. Emanating in the USA in 1960s as a tax transparent collective investment vehicle,, REITs have subsequently made their debut almost in every country that matters, and have done remarkably well. Investors like it because REITs provide a way of making a diversified investment in realty, which is otherwise beyond the reach of individual investors, and because REITs have demonstrably low correlation with stocks and bonds. Commercial property owners like REITs because they may often securitise the equity in commercial property, leverage it further by instruments such as commercial mortgage backed securities, and thus hold expensive real estate.

Data suggests that REITs legislation in some form exists in 36 countries of the world, and REITs have nearly a market capitalization of USD 1700 billions.

In India, REITs have been talked about for several years now. SEBI had introduced real estate mutual funds pursuant to recommendations of an AMFI Committee, and thereafter, it came with draft regulations on REITs in 2008, which never took off. In 2013, a regulatory framework was once again put on public domain, and it seemed that this time, there was a serious move to usher REITs in India. The only thing that was missing still was the tax transparency. The Budget 2014 has introduced amendments in the Income-tax Act 1961 to grant tax transparency to REITs, with a part of the income taxable in the hands investors, and not in the hands of the fund, and another part taxable in the hands of the fund, but not the investors. Subsequently, the tax issues have been resolved in successive Budgets.

Indian tax provisions as well as the structure of REITs differs substantially from the US concept. US REITs typically hold properties; in India, it is presumed that REITs will be holding securities of SPVs, which eventually may hold properties. Unlike the international model, Indian law does not link tax benefits to the REIT to distribution of income by the REIT.

Yet, REITs are now ready to take off in India. With its massive commercial real estate, and fast growing cities needing more investments in commercial properties, India has a potential for REITs that has constantly been attracting attention both domestic and international investors

Whether REITs in India will go the US way, or India will evolve its own model of commercial real estate financing or financing of construction, remains to be seen.

InvITs is a novel concept of putting infrastructure investment within the reach of capital market investors. The initial public foray of InvITs has attracted significant attention from investor fraternity, both institutional and otherwise. The success of InvITs is crucial to availability of finance for Indian infrastructure.

This workshop thus aims to familiarize the participants with the concepts of REITs and InvITs and its structures as globally prevalent. The coverage shall include basic understanding of the REITs and InvITs, various types of structures, incentives for the stakeholders, accounting, SEBI structures, taxation issues of relevance to India in light of the Budget amendments . The workshop will discuss SEBI regulations on REITs and infrastructure investment trusts (InvITs) at length..

Who should attend the workshop?

- commercial real estate companies
- Fund managers and advisers having investments in commercial real estate
- Infrastructure operators and sponsors and infrastructure investors
- Institutional investors
- Real estate consultants
- Regulators
- Investment bankers

Course Outline

1. Understanding REIT structures
 - a. Reits as a special case of tax transparent property owning device
 - b. Global REIT structures
 - c. Structuring of a REIT – key elements
 - i. Global REIT, UPREIT and downREIT structures
 - d. REIT structures in different jurisdictions
 - e. Working and performance of REITs in different markets
 - f. Understanding market cap and premium in case of REITs new fund offers
 - g. Nuances of REITs operations from global experience.

2. SEBI Regulations for REITs in India
 - a. comparing different instruments:
 - i. REITs and REMFs
 - ii. REITs and alternative investment funds
 - b. Full scale study of SEBI REIT regulations

3. Tax implications for REITs
 - a. Implications in case of rent, interest and non interest income
 - b. Tax implications for the SPV, fund and the investors
 - c. Structuring REIT property ownership for tax efficiency
 - d. Tax implications on transfer of property against REITs units

4. Infrastructure investment trusts:
 - a. Different vehicles for infrastructure finance and refinance
 - b. InvITs as a case of infrastructure take out financing

- c. Comparing infrastructure investment trusts with infrastructure AIF, infrastructure debt funds and other possible structures
 - d. Understanding SEBI IIT regulations
- 5. Practical aspects of infrastructure incomes in India and InvITs as a mode of infrastructure investment
 - a. Infrastructure income – nature, concentricity
 - b. InvITs investments
 - c. Adding leverage on InvIT structures
 - d. investing in InvITs

Faculty



MR. VINOD KOTHARI

**CEO, Vinod Kothari Consultants P. Ltd.
Director, Indian Securitisation Foundation**

About Mr. Vinod Kothari

Mr. Vinod Kothari, both a Chartered Accountant and a Chartered Secretary, is an internationally recognised author, trainer and consultant on specialised financial subjects, viz., securitisation, credit derivatives, asset-backed financing, accounting for financial instruments, Basel III, etc. Mr. Kothari has been a member of the consulting team of the Asian Development Bank to advise the Govt of India on security interest laws in India. He has his share of notable contributions to the literature of securitization and other financial and non-financial resources which are very much accepted and followed by readers.

He has extensive consulting experience in securitisation – offering comprehensive securitization related consulting services to a variety of clients including originators, investors, IT companies, etc. apart from one-off services to several companies in different countries. The locations where he has lectured on these subjects include New York, Washington, London, Milan, Frankfurt, Singapore, Hong Kong, Sydney, Colombia (South America), South Africa, Malaysia, Jordan, Dubai, Kuwait, Egypt, Sri Lanka, Bangladesh, etc.

He is renowned for offering services to a number of listed companies which not only include advisory or consultancy related services or conduct of due diligences, but also litigation related services. He, along with his team has conducted various successful summits on securitisation and various advance financial topics which has garnered appreciable response from the industry.

Mr. Kothari also is sought as faculty in various reputed colleges and institutions. He also has a vast experience in working with the various regulators like SEBI, NHB and Government of India and multilateral organisations like IFC and ADB.

Besides, Mr. Kothari has had the opportunity to serve as the Chairman of the Institute of Company Secretaries of India Eastern India Regional Council, Calcutta. In 1987, a voluntary organisation of Calcutta chose him as the Outstanding Young Person of Calcutta in the field of Finance and Taxation.

Consulting Assignments:

- He is a part of a sub-committee created by SEBI for providing recommendations to the regulators on covered bonds in India.
- Director of Indian Securitisation Foundation, a representative body of the securitisation industry in India promoting capital market instruments in India.
- He carried out a study on covered bonds in India for the Asian Development Bank.
- He was an integral part in developing a toolkit for the IFC titled “India Toolkit for Low Income Housing Finance – A Practitioner’s Guide prepared in collaboration with Habitat for Humanity.
- He was sub-consultant to “Affordable Housing Finance Project” of IFC, awarded to IMACS. He was retained by the National Housing Bank for assisting them in promoting Covered Bonds in India.
- He was a part of Working Committee formulated by National Housing Bank for promoting capital market instruments such as RMBS and Covered Bonds for the housing sector in India.
- He was been retained by Govt. of Jordan for suggesting and working on funding for a high-profile low-cost housing project.
- He was been retained by the Asian Development Bank, Manila for two important projects: to advise the Govt. of India on reforming secured lending law in India; and to develop securitisation-related legal framework in the Asian region.
- Claims extensive consulting experience in securitisation – offering comprehensive securitisation-related consulting services to a variety of clients including originators, investors, IT companies, etc, apart from one-off services to several companies in different countries.

Author of Books:

- Securitisation Asset Reconstruction and Enforcement of Security Interests
- Banking Law and Practice in India, 26th Edition
- Law Relating to Insolvency & Bankruptcy Code, 2016
- Guide to Structured Finance – Incorporating Securitisation, Credit-Derivatives, Leasing and REITs, 2014 Edition
- Introduction to Securitization (co-authored with Frank J. Fabozzi)
- Securitisation: The Financial Instrument of the Future, Fifth edition 2006.
- Taxation of Lease Transactions in India, co-authored by Sikha Bansal, 2013
- Lease Financing and Hire Purchase, Fourth Edition, 1996.
- Credit Derivatives and Structured Credit Trading, 2009 Edition
- Guide to Structured Finance, 2014 Edition

- Author of 3 Chapters in Handbook of Finance, (editor Frank Fabozzi), published by Wiley, USA.
- Corporate Boards, Committees and Policies under the Companies Act
- Understanding Companies Act 2013, 2014 Edition
- Guide to Independent Directors, 2014 Edition
- Led a team of 17 specialist editors for the latest edition of Guide to the Companies Act, A. Ramaiya, 18th Edition.
- Prepared the key highlights and reference tables for “Corporate Laws” second edition and “The Companies Act, 2013” published by Lexis Nexis Guide to Housing Finance – A comprehensive guide to mortgage lending, 2013 Edition

Lecturing:

- He is a visiting faculty at Indian Institute of Management, Joka, Calcutta for several years, teaching a full-fledged course for the final year students on Structured Finance and Taxation. Over 125 students sign up of the course every year.
- He is a guest faculty at the National University of Juridical Sciences- the subject taught here are insolvency and credit interest enforcement laws in India and other countries. The course included a comparative study of the insolvency and creditors' rights in USA, UK and Australia.

Articles:

- Vinod Kothari's articles on asset-based finance, securitisation etc. have appeared in several national and international journals including Duke Journal of Comparative International Law (USA), US Banker (USA), Export trader (Spain), Trade and Forfaiting Review (UK), Journal of International Banking Law and Regulation (UK), Equipment Finance Journal (USA), Monitor daily (USA), Analyst (India), etc.
- Vinod Kothari also contributed to Euro money's yearbooks on leasing and securitisation

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