



InvITs & REITs

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- Registration Status: **We are not SEBI Registered Investment Advisors**
- **This PRESENTATION is only meant for education purpose** and nothing should constitute as an investment advice.

Infrastructure Investment Trusts (InvIT)

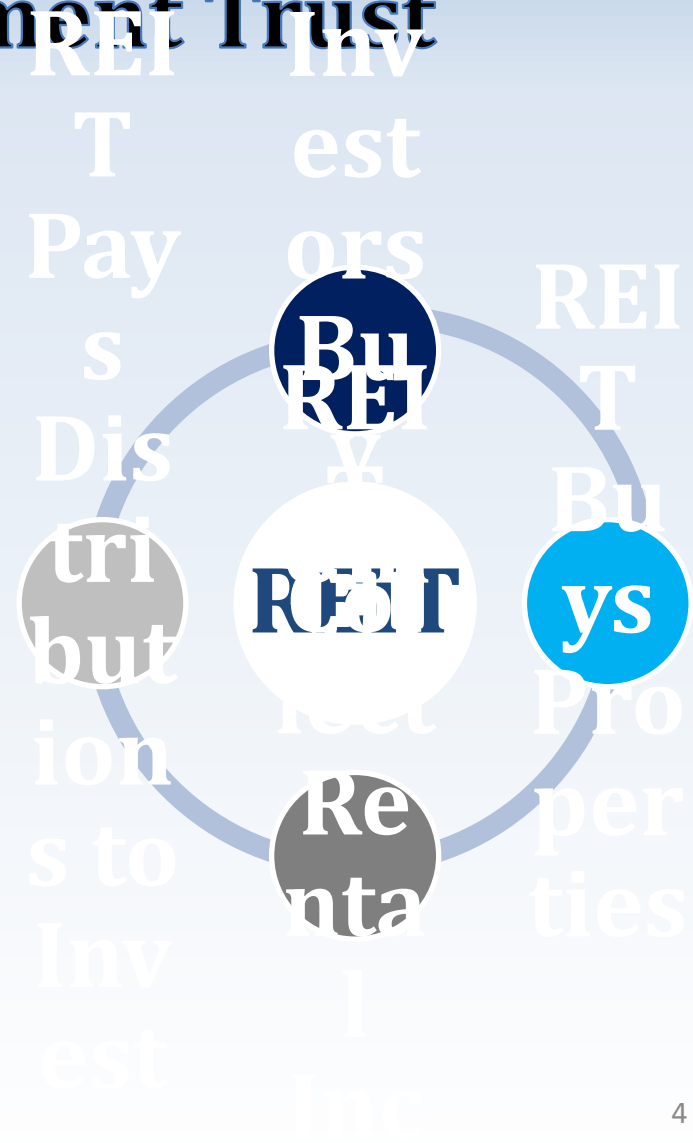
- Infrastructure Investment Trusts or InvITs are also like mutual funds that pool money from investors that own and operate operational infrastructure assets like highways, roads, pipelines, warehouses, power plants, etc.
- InvITs aim to provide stable long term cash flows to its unitholders; suited for long term capital such as Pension Funds and Insurance Companies as well as retail investors.



Real Estate Investment Trust (REIT)

Real Estate Investment Trusts or REITs are investment trusts (like mutual funds) that own and operate real estate properties generating regular income and capital appreciation on their investments.

They pool funds from investors offering them a liquid way of entering the real estate market while helping them diversify their portfolio and earn regular income plus long-term capital appreciation.



InvITs/REITs Compare with Fixed Deposits in Banks

Returns

- Low Return: Highest return on FDs in India is close to **5%-6% per annum**
- High Return: REITs & InvITs returns is typically in the range of **6.5% & 15% per annum** respectively

Liquidity

- Most FDs have a **fee for breaking the Deposit before maturity**, and the fee further eats into the already low returns for investors.
- In REITs & InvITs, there is no fixed tenure, and are **easily sellable on the Stock Exchange**.

Taxation

- The **interest income earned is taxable**, depending on the IT slab For FDs.
- For REITs & InvITs, the unitholder **does NOT pay any tax on dividend portion** (*except if the SPV follows new regime*) of the distributions they receive. **Interest** Portion is **taxable** whereas the **Return of Capital is not subject to any tax**.

WHY InvITs/REITs?



Liquidity

Units are freely traded in stock markets like equity shares

Transparency

Strong governance framework and disclosure requirements from SEBI

Asset Quality

Fractional ownership in professionally-managed Grade A commercial assets

Distributions

Income stability due to requirement to distribute at least 90% of cash flows semi-annually

Performance

Upside participation in capital appreciation from organic / inorganic growth

Diversification

Investment in a high-quality diversified portfolio across sectors / cities

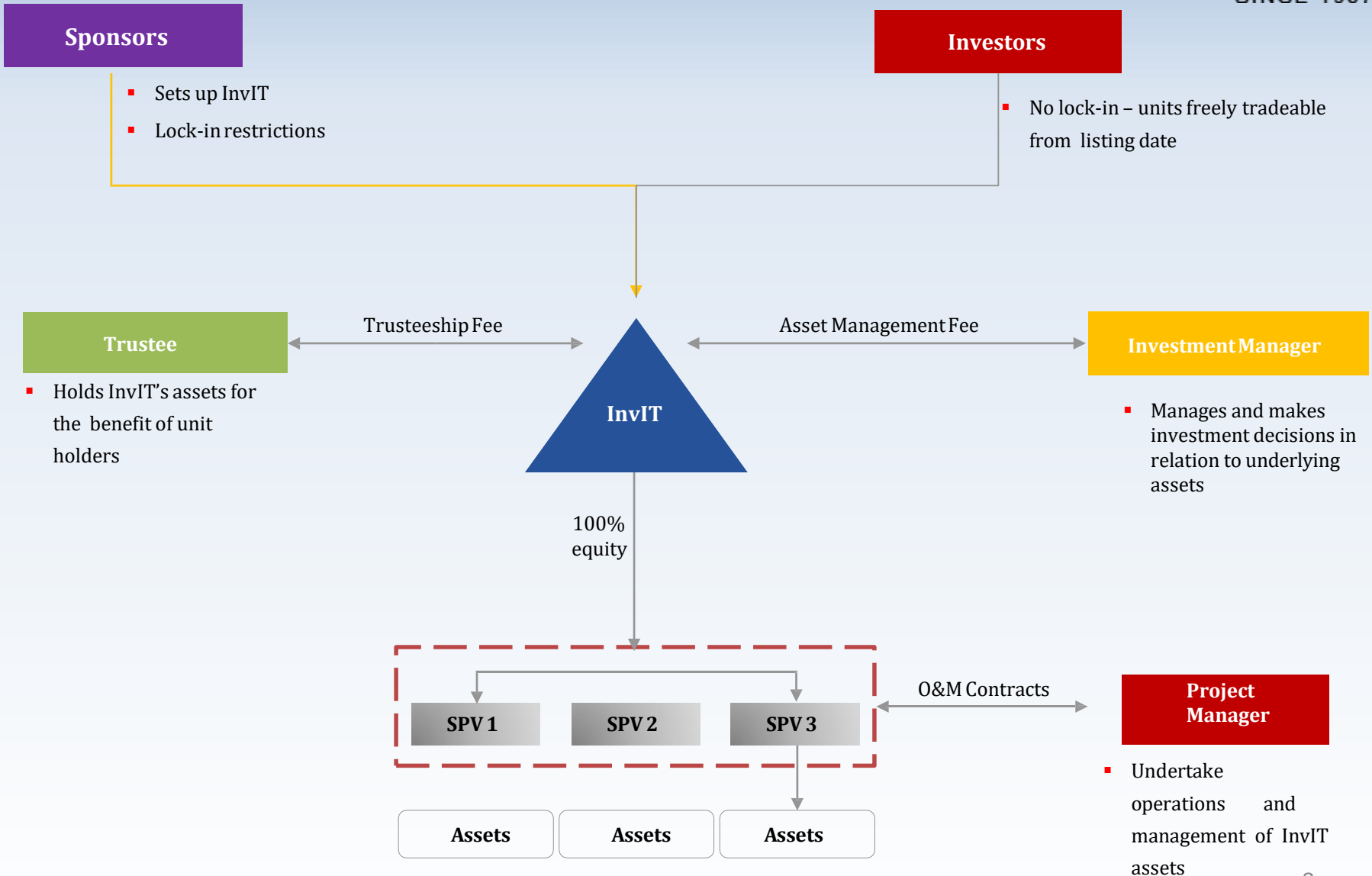
InvITs in INDIA

- The regulations for infrastructure investment trusts (InvITs) were notified by the Securities and Exchange Board of India (SEBI) in September 2014.
- There are currently 3 publicly listed InvITs available for investment in India



- The trust is created by the Sponsor, the ownership of the property vests in the Trustee and the beneficiaries of the trust are the Unitholders.

Structure of InvITs



Key parties in InvITs

Sponsor

- Author of the trust
- Required to hold at least 15% of the total InvIT units for a period of 3 years from the date of listing of such units

Trustee

- Independent debenture trustee registered with SEBI and responsible for holding the InvIT assets in trust for, and for the benefit of, the unit holders of the InvIT
- Oversees some of the activities of the project manager (and the investment manager)
- Invest a minimum of 80% in infra assets

Investment Manager

- Responsible for the day-to-day management of the InvIT and its activities
- Makes investment decisions
- Ensures redressal of investor grievances

Project Manager

- Responsible for the execution and management of the project assets held by the InvIT
- Undertakes operation and management of the InvIT
- Oversees projects operations / maintenance / construction

Distributions in InvITs

(₹ per Unit)



INDIA GRID TRUST				
Particulars	Interest Income	Dividend Income	Return of Capital	Total
Q2FY22	3.0373	0.1502	1.07	3.10
Q3FY22	1.8626	0.0497	-	3.1875
Q4FY22	2.6000	0.7199	1.2752	3.1875
Q1FY23	3.0556	0.2444	-	3.3000
Total	10.5555	1.1642	2.3452	9.4750

IRB INVIT FUND				
Particulars	Interest Income	Dividend Income	Return of Capital	Total
Q2FY22	1.20	-	1.00	2.20
Q3FY22	1.20	-	1.20	2.40
Q4FY22	1.20	-	1.40	2.60
Q1FY23	1.20	-	0.80	2.00
Total	4.80	-	4.40	9.20

Disclaimer: The distribution displayed above pertains to the distribution made in the immediately preceding 4 quarters. It should NOT be viewed as a guarantee of the distribution in the future as well. You are advised to read the "Risks" in the offer document for each Invit/Reit carefully before investing.

Distributions in InvITs

(₹ per Unit)



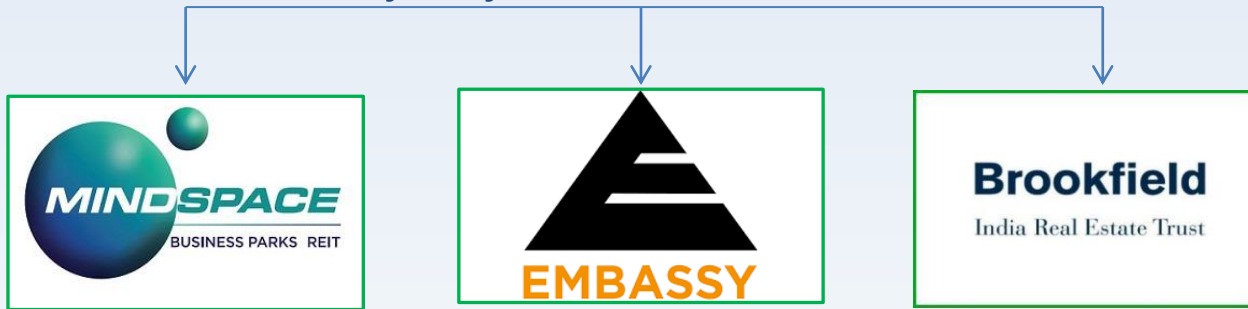
PowerGrid Invit					
Particulars	Interest Income	Taxable Dividend	Tax Free Dividend	Treasury Income	Total
Q2FY22	3.02	0.96	0.52	-	4.50
Q3FY22	1.99	0.72	0.28	0.01	3.00
Q4FY22	1.90	0.82	0.28	-	3.00
Q1FY23	1.97	0.50	0.28	.01	3.00
Total	8.88	3.00	1.36	0.02	13.50

NOTE: DISTRIBUTION FOR POWERGRID INFRA INVIT WILL BE YET TO BE ANNOUNCED

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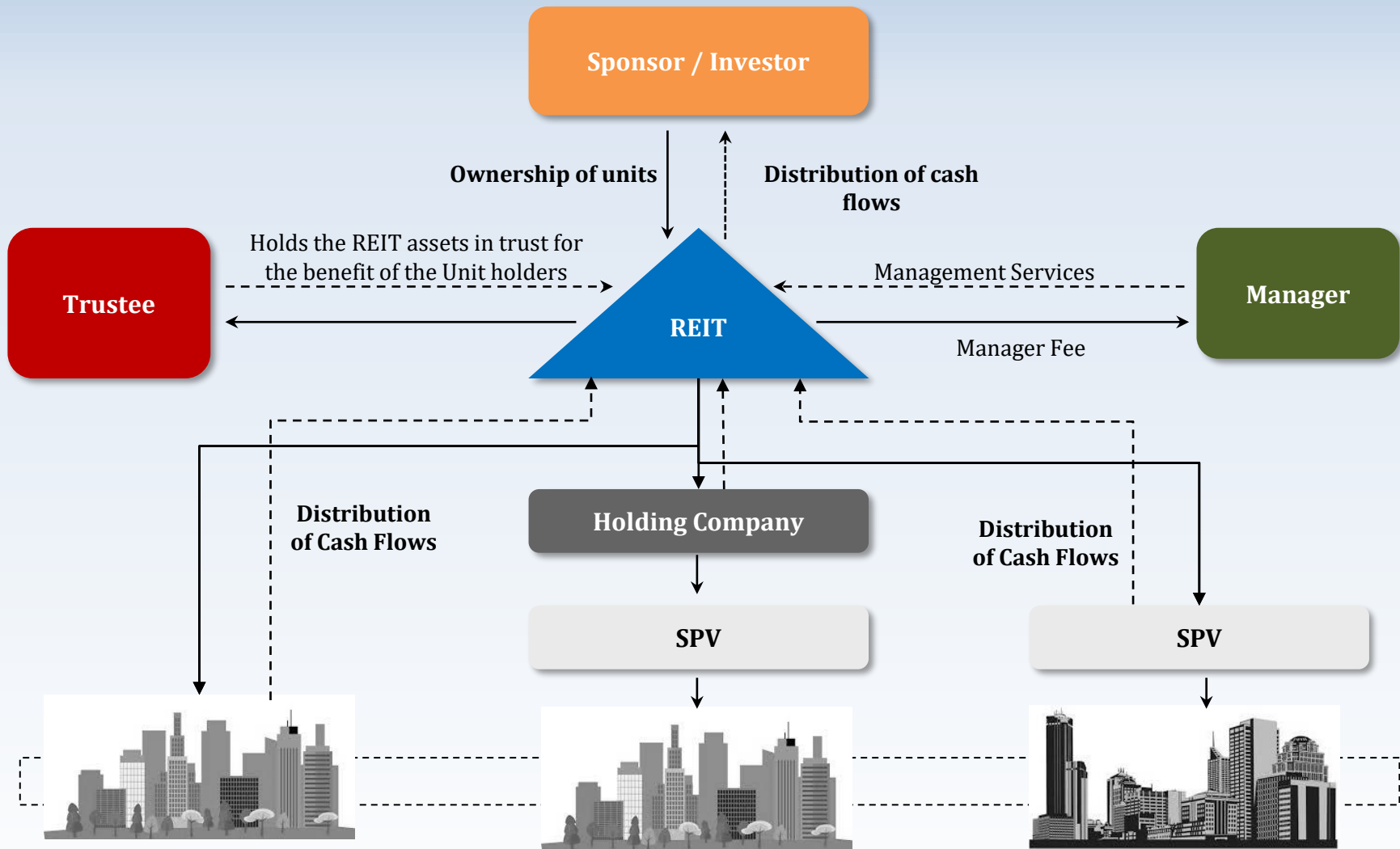
REITs in India

- In India, the concept of Real Estate Investment Trust is relatively new and the first guidelines were introduced by SEBI (Securities Exchange Board of India) in 2007. The current SEBI guidelines related to REITs in India were approved in September 2014.
- There are currently only 3 Listed REITs available for investment in India :-



- In India, a REIT has a 3 tiered structure comprising a Sponsor, a Manager, and a Trustee each of whom performs key functions for the Trust.

Structure of REIT



Distributions in REITs

(₹ per Unit)



EMBASSY OFFICE PARKS REIT				
Particulars	Interest Income	Dividend Income	SPV Loan Amortization	Total
Q2FY22	1.14	2.54	1.98	5.66
Q3FY22	0.88	2.55	1.77	5.20
Q4FY22	0.70	2.25	2.31	5.26
Q1FY23	0.65	2.83	1.85	5.33
Total	3.37	10.17	7.91	21.45

MINDSPACE REIT					
Particulars	Interest Income	Dividend	SPV Loan Amortization	Other Income	Total
Q2FY22	0.32	4.28	-	-	4.60
Q3FY22	0.32	4.31	-	0.01	4.64
Q4FY22	0.31	4.30	-	-	4.61
Q1FY23	0.32	4.41	-	0.01	4.74
Total	1.27	17.30	-	0.02	18.59

Distributions in REITs

(₹ per Unit)



BROOKFIELD INDIA REAL ESTATE TRUST					
Particulars	Interest Income	Divi Income (Taxable)	Repayment of SPV Debt	Interest on FD	Total
Q2FY22	3.880	0.090	2.000	0.030	6.000
Q3FY22	3.280	0.100	1.590	0.030	5.000
Q4FY22	2.860	0.070	2.150	0.020	5.100
Q1FY23	2.450	0.060	2.560	0.030	5.100
Total	12.470	0.320	8.300	0.110	21.200

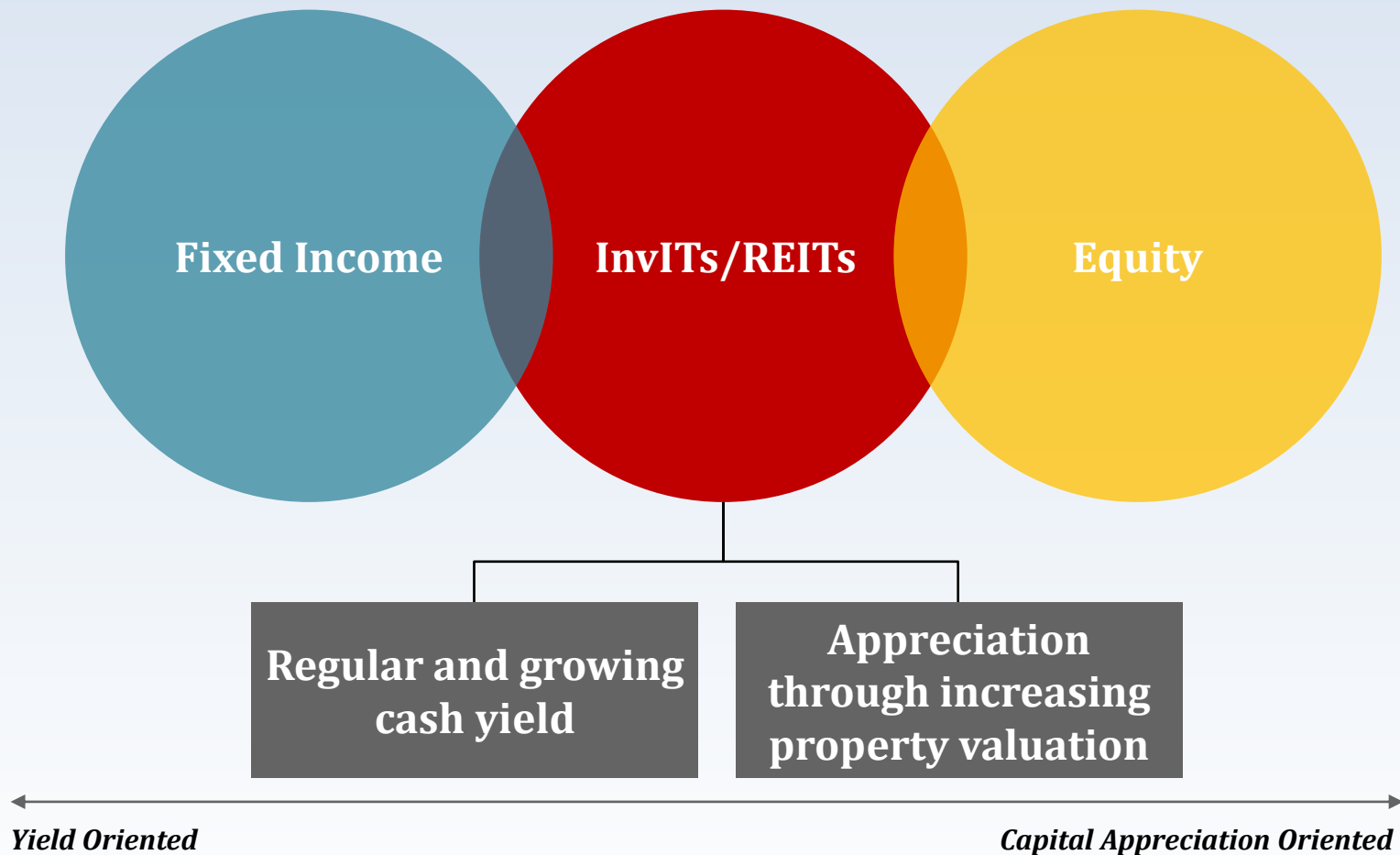
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Comparative Analysis with traditional investments



	REIT Units	Direct Investment in Real Estate	Real Estate Equity Shares
Investment Characteristics	<ul style="list-style-type: none"> ▶ Minimum lot size of 200 units ▶ Freely transferable listed securities ▶ Professionally managed ▶ No entry / exit load 	<ul style="list-style-type: none"> ▶ ₹ 25-200 crores investment ▶ Illiquid & non-transparent market ▶ Hassles in managing assets ▶ Transaction costs involved 	<ul style="list-style-type: none"> ▶ Minimum lot size of 1 share ▶ Freely transferable listed securities ▶ Professionally managed ▶ No entry / exit load
Asset and Tenant Quality	<ul style="list-style-type: none"> ▶ Usually grade A assets in prime locations, primarily office ▶ Multiple marquee tenants across sectors 	<ul style="list-style-type: none"> ▶ Usually has interests in standalone buildings ▶ Usually exposed to single tenant risk 	<ul style="list-style-type: none"> ▶ Usually grade A / B assets with a mix of office / residential / retail ▶ Multiple tenants across sectors
Return Profile	<ul style="list-style-type: none"> ▶ Returns driven by capital appreciation and regular cash distribution (90% mandatory) 	<ul style="list-style-type: none"> ▶ Returns driven by a timely and profitable exit 	<ul style="list-style-type: none"> ▶ Returns driven by capital appreciation and dividends (NOT mandatory)
Tax Efficiency	<ul style="list-style-type: none"> ▶ Dividends are tax exempt 	<ul style="list-style-type: none"> ▶ Dividends are taxable 	<ul style="list-style-type: none"> ▶ Dividends are taxable
Leverage Profile	<ul style="list-style-type: none"> ▶ Restricted to 49% Net debt / Total Enterprise Value 	<ul style="list-style-type: none"> ▶ No restrictions 	<ul style="list-style-type: none"> ▶ No restrictions
Governance Standard	<ul style="list-style-type: none"> ▶ High 	<ul style="list-style-type: none"> ▶ High 	<ul style="list-style-type: none"> ▶ Lower than REIT standards
Risk Profile	<ul style="list-style-type: none"> ▶ Lower than other commercial real estate vehicles 	<ul style="list-style-type: none"> ▶ High 	<ul style="list-style-type: none"> ▶ Higher than REIT profile

InvITs/REITs- A Hybrid Product between Equity and Fixed Income



REITs v/s InvITs

	REITs	InvITs
Investment & Asset Type	<ul style="list-style-type: none"> ▶ Investment helps own and operate income-generating real estate properties i.e. warehouses, healthcare centers, commercial buildings, malls, etc. 	<ul style="list-style-type: none"> ▶ Pool money from investors to invest it in assets generating cash flow i.e. roadways, highways and other high-value infrastructural units
Liquidity	<ul style="list-style-type: none"> ▶ Freely traded on Stock exchanges. The lower unit price and trading lot size of REITs make it an attractive option for small investors. 	<ul style="list-style-type: none"> ▶ Freely traded on Stock exchanges. It is easy to enter or exit from InvITs, which directly enhances their liquidity aspect.
Growth prospect	<ul style="list-style-type: none"> ▶ Growth prospects rely on the redevelopment /acquisition of assets, rent escalations, newly acquired assets, etc. 	<ul style="list-style-type: none"> ▶ Growth prospect depends mainly on the success of acquisition and concession of assets.
Associated risks <i>(not exhaustive)</i>	<ul style="list-style-type: none"> ▶ Acquisition of asset could materially and adversely affect business, financial condition or results of operations of REITs ▶ Risk associated with separation of economic interest from control or the incurrence of debt at multiple levels within an organizational structure of REITs 	<ul style="list-style-type: none"> ▶ Any changes to current policies or modifications of any standards by regulatory authorities could have a material adverse effect on business, prospects, financial condition, results of operations and cash flow in InvITs ▶ Location risk for a particular geographical location including territory laws, regulation and other rules

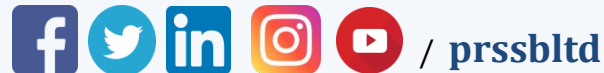
Risks associated with InvIT's/REIT's



To know more on InvITs / REITs,
contact on below mentioned details:-

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- Email: info@prssb.com
- Board line: 079-26553700 | 079-66302700
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Navrangpura, Ahmedabad – 380 009

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THANK YOU