

27<sup>th</sup> May 2015

**PRESS RELEASE**

**CARE Ratings launches Rating of REITs**

CARE Ratings has launched rating of Real Estate Investment Trusts (REITs). A REIT is a corporation or a trust which utilizes the pooled capital of many investors to purchase, and in most cases, operate income-producing real estate such as offices, apartments, shopping complexes, hotels and warehouses. The Securities and Exchange Board of India (SEBI) released the final guidelines on Real Estate Investment Trusts (REITs) in August 2014.

REITs in India would issue securities, which would be listed on stock exchanges. REITs will invest predominantly in completed commercial real estate assets, either directly or through SPVs. Initially, REITs are planned to be available only to high net worth individuals and institutions to develop the market. Gradually, they will be available for retail investors as well. These will be closed-end schemes with a minimum subscription of Rs.2 lakh, with each unit size being equal to Rs.1 lakh. To ensure regular income to the investors, it has been mandated to distribute atleast 90% of the net distributable income after tax of the REIT to the investors.

CARE's Rating of REIT fund is an opinion on the REIT's investment quality, based on the fundamental assessment of the REIT. CARE-REIT rating will be assigned on a five-point scale from 1 to 5, with 'CARE: REIT-1' indicating highest investment quality and 'CARE:REIT-5' indicating poor investment quality.

REIT rating methodology will comprise the following key fundamentals: Business Risk (analysis of underlying quality of assets), Financial Risk (analysis of liquidity, financial flexibility and operating margins & earnings) and Management/Sponsor Evaluation.

CARE REIT Rating does not comment on the kind of returns that can be earned by investing in the REIT units. It is also not a recommendation to invest or not in a particular REIT.

REITs have been introduced in India for the first time and also they have several unique features. A slew of real estate players have shown interest in introducing REITs and listing these in the exchanges. CARE-REIT rating product would serve as a valuable tool for investors for choosing among REITs in terms of fundamentals and issuers for better showcasing the investment quality of the REITs.

Speaking on the occasion of launch of REIT Rating, Mr. Rajesh Mokashi, Deputy Managing Director said "I am happy to announce that CARE is the first rating agency in India to launch rating of REITs. This is a unique product which will give an independent opinion on the investment quality of REITs. The product has been developed keeping in mind the need of various market participants and has been formulated after obtaining feedback from leading players about what they would like to look for in a REIT".

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**Disclaimer**

CARE's REIT rating is not a recommendation to purchase, sell, or hold units in a REIT. It neither comments on the current market price, suitability for a particular investor nor on the prospective performance of the REIT with respect to appreciation, volatility of net asset value (NAV), or yield of the REIT.

The ratings are based on current information furnished to CARE by the issuer or obtained by CARE from sources it considers reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE does not perform an audit in connection with any rating and may, on occasion, rely on unaudited information. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances. REIT Funds rated by CARE have paid a rating fee.