



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2016-17/280

DBR.No.FSD.BC.62/24.01.040/2016-17

April 18, 2017

**All Scheduled Commercial Banks
(excluding RRBs)**

Dear Sir/ Madam,

Prudential Guidelines – Banks' investment in units of REITs and InvITs

Please refer to the paragraph 12 of the Statement on Developmental and Regulatory Policies (extract enclosed) issued by RBI on April 06, 2017. As indicated therein, it has been decided to allow banks to participate in Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) within the overall ceiling of 20 per cent of their net worth permitted for direct investments in shares, convertible bonds/ debentures, units of equity-oriented mutual funds and exposures to Venture Capital Funds (VCFs) [both registered and unregistered], subject to the following conditions:

- i) Banks should put in place a Board approved policy on exposures to REITs/ InvITs which lays down an internal limit on such investments within the overall exposure limits in respect of the real estate sector and infrastructure sector.
- ii) Banks shall not invest more than 10 per cent of the unit capital of an REIT/ InvIT.
- iii) Banks should ensure adherence to the prudential guidelines issued by RBI from time to time on Equity investments by Banks, Classification and Valuation of Investment Portfolio, Basel III Capital requirements for Commercial Real Estate Exposures and Large Exposure Framework, as applicable.

Yours faithfully

(R. K. Moolchandani)

General Manager

Encl: as above



**Extract (Paragraph 12) of Statement on Developmental and Regulatory Policies,
Reserve Bank of India – issued on April 6, 2017**

Real Estate Investment Trust (REITS) and Infrastructure Investment Trust (InvITs): Banks' Participation – The Securities and Exchange Board of India (SEBI) has put in place regulations for REITS and InvITs and requested the Reserve Bank to allow banks to participate in these schemes. Currently, banks are allowed to invest in equity-linked mutual funds, venture capital funds (VCFs) and equities to the extent of 20 percent of their NOF. It is proposed to allow banks to invest in REITS and InvITs within this umbrella limit. Detailed guidelines will be issued by end-May 2017.