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REITs & InvITs

Pillars of India's Asset Monetization

NOVEMBER 2025

PILLARS OF INDIA'S ASSET MONETISATION

REITs & InvITs: PILLARS OF INDIA'S ASSET MONETISATION

Industry Overview: REITs & InvITs

India's economic growth is driven by, among other factors, its ability to build — roads, power lines, ports, and the cities that knit them together. But as the government's infrastructure ambitions expand faster than its fiscal space, the question is no longer how much we can build, but how smartly we can finance it. In thatshift, Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) have emerged as the quiet pillars of India's asset monetisation strategy, turning operational assets into tradable securities and channeling long-term capital into sectors that need it most.

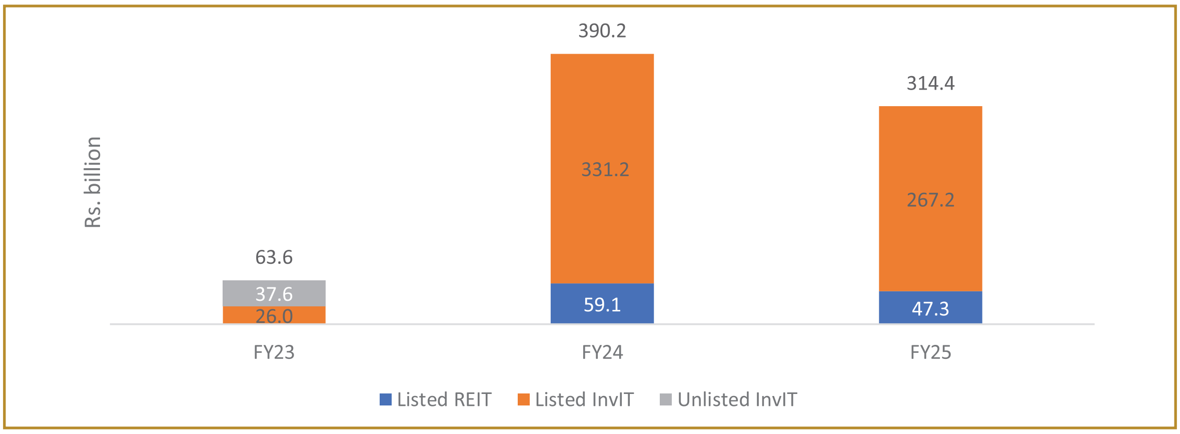
The scale of opportunity is striking. The National Infrastructure Pipeline (NIP), with its initial investment target of over Rs. 100.0 tn for FY 2020–25, created a vast inventory of assets ripe for monetisation. As of March 2025, the NIP had expanded to cover more than 13,000 projects with an estimated aggregate cost of Rs. 185.0 tn, nearly half of which is concentrated in the transport sector.[1]

Parallel to the NIP's investment thrust, the National Monetisation Pipeline (NMP) has emerged as a key instrument for unlocking capital from operational infrastructure assets. Introduced in FY 2022, the programme targeted Rs. 6.0 tn over FY 2022–25 through the monetisation of brownfield assets including roads, coal mines, airports, pipelines, and telecom networks, without diluting government ownership. By the close of the first phase, the NMP had realized Rs. 5.8 tn or above 98 percent of the targeted value. The outcome reflects both administrative coordination and investor appetite across core sectors, with the coal and road ministries accounting for more than half the monetisation proceeds, even as railways and power are expected to scale participation in subsequent cycles.[2]

In the Union Budget 2025–26, the government announced the commencement of a second monetisation plan (NMP 2.0) with an expanded target of Rs. 10.0 tn for FY 2025–30. The next phase seeks to broaden the asset base, strengthen project pipelines, and refine regulatory mechanisms to attract long-term institutional capital. Together, the NIP and NMP are expected to reinforce India's infrastructure financing architecture, balancing fiscal prudence with sustained capital formation across critical sectors.[2]

These twin pillars, NIP as an expanding project universe and NMP as a mechanism for recycling capital, set the stage for a structural shift in India's infrastructure finance. In that context, REITs and InvITs are not just auxiliary tools but central channels that convert infrastructure and real estate assets into sources of long-dated institutional capital. The task ahead lies in their deepening, broadening, and integration into India's infrastructure financing fabric, bringing more types of assets beyond roads, power, and office, attracting both institutional and retail capital, strengthening governance and disclosure standards, and aligning incentives across stakeholders.

Exhibit 1: Fundraising by REITs and InvITs



Source: SEBI

Brief Profile of the Registered InvITs and REITs in India

As of September 2025, there are 27 InvITs registered with SEBI, out of which 24 trusts have their units listed on stock exchanges. Similarly, as on YTD FY26, there were seven REITs registered with SEBI, out of which five are listed (excluding SM REIT).

Exhibit 2: Key Statistics of REITs and InvITs in India

	REITs		InvITs		SM REITs	
	FY24	FY25	FY24	FY25	FY24	FY25
Nos. Registered Trusts	5	6	24	26	-	4
Nos. listed on stock exchanges	4	4*	19	22	-	1
AUM (Rs. billion)	1,399.9	1,633.0	5,996.7	7,033.7	-	3.6

Source: SEBI FY25 Annual Report

**Knowledge Realty Trust REIT was listed in FY26*

Note: This exhibit does not include REITs/InvITs registered/listed post FY25

Exhibit 3: List of Registered REITs and InvITs in India

Trust Name	Sponsor	Asset Type	AUM (Rs. bn)	Rating*
InvITs				
Altius Telecom Infrastructure Trust	Brookfield	Telecom	86.1	CRISIL AAA
Anantam Highways Trust	Alpha Alternatives, Dilip Buildcon	Roads	NA	NA
Anzen India Energy Yield Plus Trust	Edelweiss	Renewable	39.3	CRISIL AAA
Athaang Infrastructure Trust	NIIF	Roads	NA	NA
Capital Infra Trust	Gawar Construction	Roads	43.4	CRISIL AAA
Citius Transnet Investment Trust	Citius Holdings	Roads	NA	NA
Cube Highways Trust	Cube Highways	Roads	316.1	CRISIL AAA
Digital Fibre Infrastructure Trust	Reliance	Telecom	2,200.5	CARE AAA
Energy Infrastructure Trust	Brookfield	Pipeline	10.5	CRISIL AAA
India Grid Trust	KKR	Transmission	295.6	CRISIL AAA
Indus Infra Trust	G R Infraprojects	Roads	64.7	CRISIL AAA
Intelligent Supply Chain Infrastructure Trust	Reliance Retail	Warehousing	56.4	CARE AAA
Interise Trust (Formerly known as Indinfravit Trust)	Self-Sponsored	Roads	187.2	ICRA AAA
IRB Infrastructure Trust	IRB	Roads	617.0	CRISIL AAA
IRB InvIT Fund	IRB	Roads	78.3	CARE AAA
Maple Infrastructure Trust	Maple Highways Pte Ltd	Roads	97.0	ICRA AAA
National Highways Infra Trust	NHAI	Roads	471.3	CARE AAA
NDR Invit Trust	NDR Warehousing	Warehousing	71.1	IND AAA
NXT-Infra Trust	Actis Group	Road	59.0	CRISIL AAA
Oriental Infratrust	Oriental Group	Roads	125.6	IND AAA
Powergrid Infrastructure Investment Trust	PGCIL	Transmission	90.0	CRISIL AAA
Roadstar Infra Investment Trust	IL&FS	Roads	84.9	ICRA BBB+
Schoolhouse InvIT	Cerestra Ventures	School	NA	NA
Shrem Invit	Shrem Infra	Roads	130.7	IND AAA
Sustainable Energy Infra Trust	Ontario Ltd, Mahindra Susten	Power	49.7	CRISIL AAA
TVS Infrastructure Trust	TVS Industrial & Logistics Parks Private Limited (TVSILP)	Warehousing	NA	ICRA AAA
Vertis Infrastructure Trust	KKR	Roads	260.0	CRISIL AAA

Trust Name	Sponsor	Asset Type	AUM (Rs. bn)	Rating*
REITs				
Embassy REIT	Embassy/Blackstone	Office/Hotel	611.6	CRISIL AAA
Mindspace REIT	Raheja	Office	366.5	ICRA AAA
Brookfield REIT	Brookfield	Office/Retail	380.0	CRISIL AAA
Nexus Select Trust	Blackstone	Retail	275.0	CRISIL AAA
360 One REIT	360 One, NEOLIV	Office	-	-
Knowledge Realty Trust	Blackstone	Office	620.0	CRISIL AAA
SM REITs				
Property Share Investment Trust	Property Share	Commercial	NA	NA
Amsa Small and Medium Real Estate Investment Trust	Aurum Proptech	Commercial /Residential	NA	NA
Emberstone SM REIT	EFC (I) Limited	Office	NA	NA
hBits Investment Trust	hBits Platform	Commercial	NA	NA
Impact R SM REIT	Rudrabhishek Enterprises	Commercial	NA	NA
Yield Foundry SM REIT	NA	NA	NA	NA

Source: REITs/InvITs exchange filings.

Note: AUM for REITs is the Gross Asset Value.

** Latest Credit Rating as on 06-Oct-25*

With the REIT and InvIT ecosystem maturing and demonstrating consistent returns, the market is set for a new phase of expansion. Several new issuers and institutional investors are expected to enter the space as large-scale projects in logistics, data centres, renewable energy, and social infrastructure seek capital through these vehicles. The framework is also being extended to emerging asset classes such as education, warehousing, and green infrastructure, signaling the evolution of REITs and InvITs beyond traditional real estate and core infrastructure.

OVERVIEW OF THE InvIT INDUSTRY

Infrastructure Investment Trusts (InvITs) have evolved into a central component of India's infrastructure financing framework. By pooling investor funds into operational assets such as highways, power transmission lines, renewable energy projects, and digital networks, InvITs enable the transfer of capital from long-term investors into income-generating infrastructure. The structure provides investors with predictable cash flows within a regulated and transparent framework, while offering asset owners a mechanism to recycle capital efficiently.

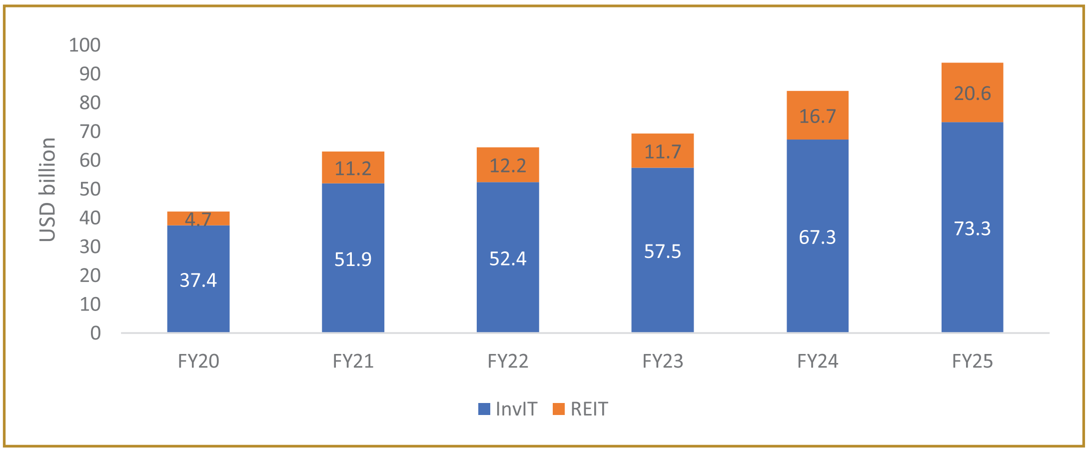
As of March 2025, InvITs in India managed assets of about Rs. 7.0 tn[3]. According to Crisil Ratings (July 2025)[4], InvIT assets under management are expected to exceed Rs. 8.0 tn by FY 2027, supported by acquisitions by mature trusts and continued asset transfers under the government's monetisation programme. Industry projections indicate potential growth to Rs. 25.0 tn by FY 203012, reflecting the increasing scale and institutional depth of the sector.

The InvIT market has also become broader and more structured. As per a report by Bharat InvITs Association published in September 2025, out of the total AUM, Rs. 1.7 tn was financed through equity and Rs. 2.0 tn was financed through debt. The combined market capitalization of listed InvITs is approximately Rs. 2.4 tn, and cumulative distributions since listing total Rs. 680 bn. The investor base has expanded to over 3.0 lakh unitholders, with participation from domestic and foreign institutions as well as retail investors. The sector continues to be led by transport and energy assets, although newer issuances have extended into warehousing, pipelines, and telecom infrastructure.[3]

The growth in both public and privately placed issuances has improved the investability in InvITs. A larger number of listed and actively traded units has enhanced market liquidity and price discovery, while follow-on issuances have provided investors opportunities to scale exposure within established trusts. Regulatory reforms have played a key enabling role. SEBI's amendments that include lowering the minimum investment size for privately placed InvITs to Rs. 2.5 mn from Rs. 10.0 mn to Rs. 250.0 mn (depending on the asset mix), broadening the definition of strategic investors, and streamlining conversion from private to public structures have collectively expanded investor participation while maintaining disclosure standards and governance oversight.

The maturing operational performance of InvITs has reinforced investor confidence. Most established trusts maintain regular semi-annual distributions, supported by stable cash flows and conservative leverage levels. Credit profiles remain robust, with several InvITs holding AAA ratings on their debt instruments. For issuers, InvITs have provided an efficient capital-recycling mechanism that allows developers to monetise operating assets and redeploy capital toward new projects. The combination of predictable distributions, transparent governance, and regulatory stability has positioned InvITs as a credible, long-term investment platform within India's infrastructure market.

Exhibit 4: REIT & InvIT AUM Growth (YoY)



Source: Knight Frank Report

REIT INDUSTRY

India's real estate sector is progressing in step with the country's broader economic momentum. With GDP growth of 6.5% in FY2025[5] - more than twice the global average - the outlook for both commercial and residential market remains strong. This growth is anchored in a resilient services economy and a large domestic consumer base that together sustain long-term demand for real assets.

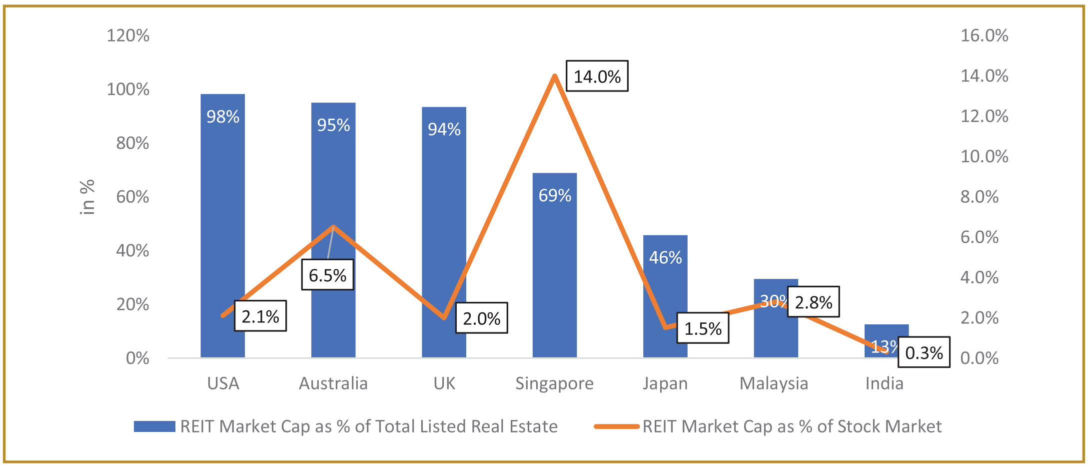
The services sector, which contributes ~55% of India's GDP[6], continues to be the main engine of office demand. India has become the preferred destination for global corporations establishing Global Capability Centres (GCCs), drawn by the country's skilled talent pool and cost competitiveness. More than 1,700 GCC units[7] are operational today, employing over 1.9 million professionals6, and the number continues to rise as global firms expand their digital, engineering and R&D functions in India. The sector is projected to expand to $105 billion by 2030, with around 2,400 GCCs employing over 2.8 million people, solidifying India's role as a global hub for enterprise operations and innovation.

This deep and diversified tenant base has strengthened the institutionalization of India's office market. The emergence of REITs has played a decisive role by improving access to capital, promoting transparency, and providing investors with exposure to income-generating commercial assets. Together, these developments have established India as one of the more attractive global destinations for long-term real estate investment.

At the same time, the residential segment is undergoing structural change. The distinction between the primary and secondary markets is gradually fading as end-user demand shapes market behavior. With new project launches slowing and ready-to-move-in inventory commanding a premium, resale properties in established neighborhoods are attracting greater interest from buyers seeking immediate possession and lower execution risk.

Both office and residential markets will continue to grow, though their trajectories will differ. Office demand will remain linked to the services sector, particularly technology, professional services andGCCs, with the debate over work-from-home and work-from-office having been largely settled in India. Residential performance will depend more on city-level supply cycles, infrastructure upgrades and buyer affordability. For developers, the focus will need to shift toward disciplined capital allocation, reliable delivery and governance-led growth. For investors, India's real estate sector offers a balanced mix of yield-generating commercial opportunities and end-user-driven housing demand, supported by one of the world's most resilient economic backdrops.

Exhibit 5: Global Share of REIT Markets



Source: Indian REITs Association REIT Primer 2025

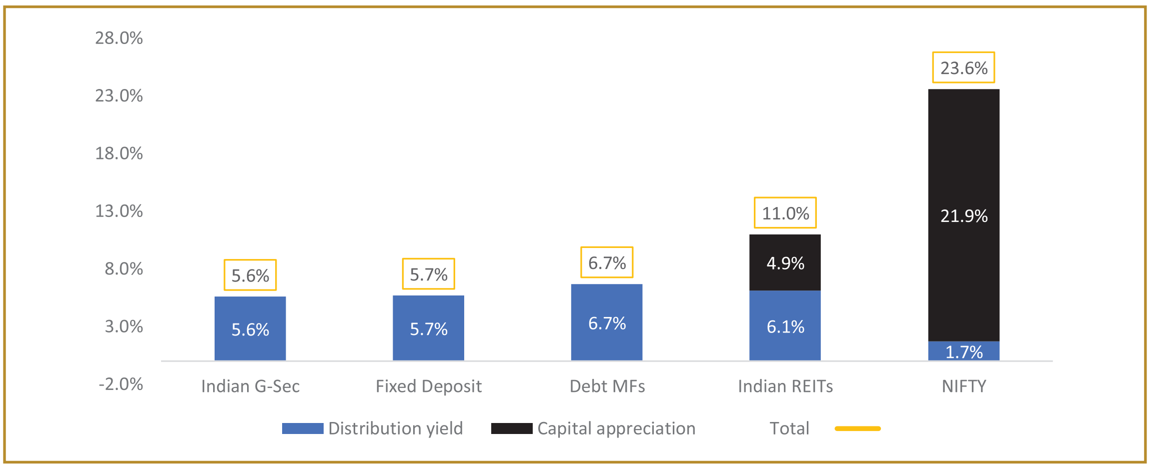
India's REIT market has continued to expand rapidly, reflecting a maturing investment ecosystem and growing institutional participation. As of Q4 FY25, the industry's assets under management stood at about Rs. 1.63 tn, while the combined market capitalization of listed REITs was ~Rs. 1.0 tn.[8]

The REIT structure has become a preferred investment vehicle for both global and domestic investors seeking stable yields and regulated transparency. Since their inception in 2014 and listing in 2019, India's REITs have distributed more than Rs. 243.0 bn to unitholders[9], with FY25 alone contributing Rs. 60.7 bn, up 13% year-on-year[10]. Distribution yields across major REITs average between 6% - 7.5%[11], outperforming several developed markets. These steady cash flows, combined with high-quality tenant bases dominated by GCCs, make Indian REITs a compelling yield-plus-growth asset class.

Beyond individual listings, India's broader REIT + InvIT universe has achieved scale comparable to mid-tier global markets. Combined assets under management have crossed Rs. 9.0 tn, and industry estimates project this figure could reach Rs. 25.0 tn by 2030[12]. SEBI's recent proposal to double mutual funds' exposure limits to REITs and InvITs for equity and hybrid schemes- from 10% to 20%[13] - is expected to deepen liquidity and enhance institutional participation. Together, these reforms, transactions, and capital flows reinforce the REIT model's position as a central pillar of India's formal real-estate capital market.

Unit Performance & Returns

Exhibit 6: REIT 5-Year Unit Performance



Source: https://indianreitsassociation.com/wp-content/uploads/2025/05/IRA-Primer-Final-21052025.pdf

Note:

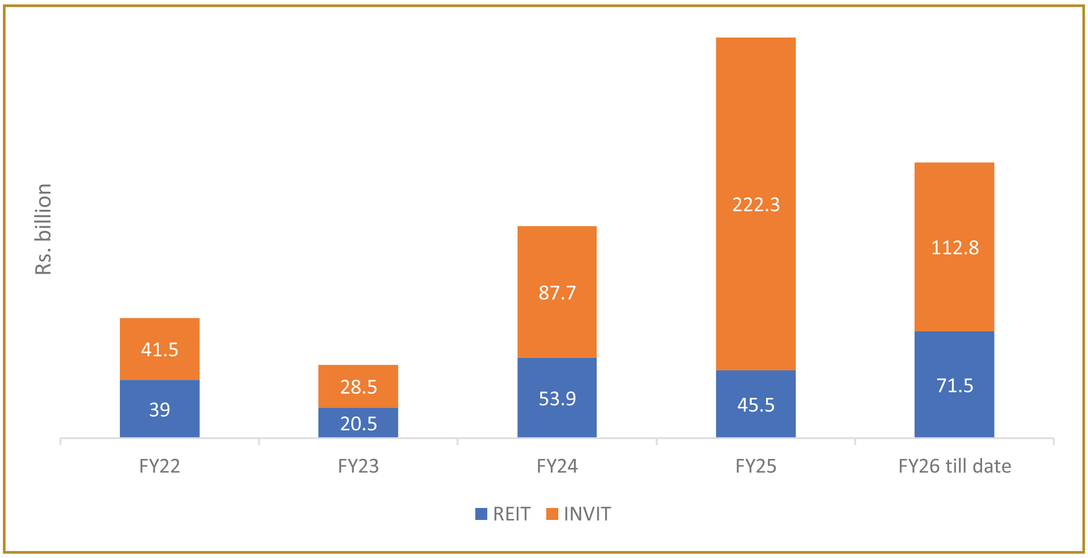
1. The period considered is from May 14, 2020, to May 14, 2025. For REITs listed after May 2020, the IPO date onwards has been taken as the starting point. (1) Refers to G-Ind 5-year Index as on May 14, 2020
2. Refers to the SBI bank domestic fixed deposit rate for 5 years and upto 10 years (for amount less than Rs. 20.0 mn) as on May 12 2020
3. Refers to the average 5-year returns of all open-ended long duration debt mutual funds as on May 14, 2025
4. Refers to the median performance of all 4 listed Indian REITs for the last 5 years – annualized considering period of respective listing. Distribution yields and capital appreciation computed basis respective prices of the REITs and the NSE closing price as on May 14, 2025.

REITs are increasingly finding a place in balanced portfolios, offering a blend of steady post-tax income and the prospect of capital appreciation. Their structure gives investors access to the cash flows of income-producing real estate without the illiquidity of direct ownership. In a market where equities can swing sharply and bonds often lag inflation; REITs provide a middle path - delivering stability through regular distributions while still participating in the long-term growth of underlying assets.

REITs and InvITs – Issuance Trends in Bond Markets

Since FY22 (till August 2025), bonds and NCDs aggregating approximating to Rs. 723.2 billion have been issued by the REITs and InvITs sector.

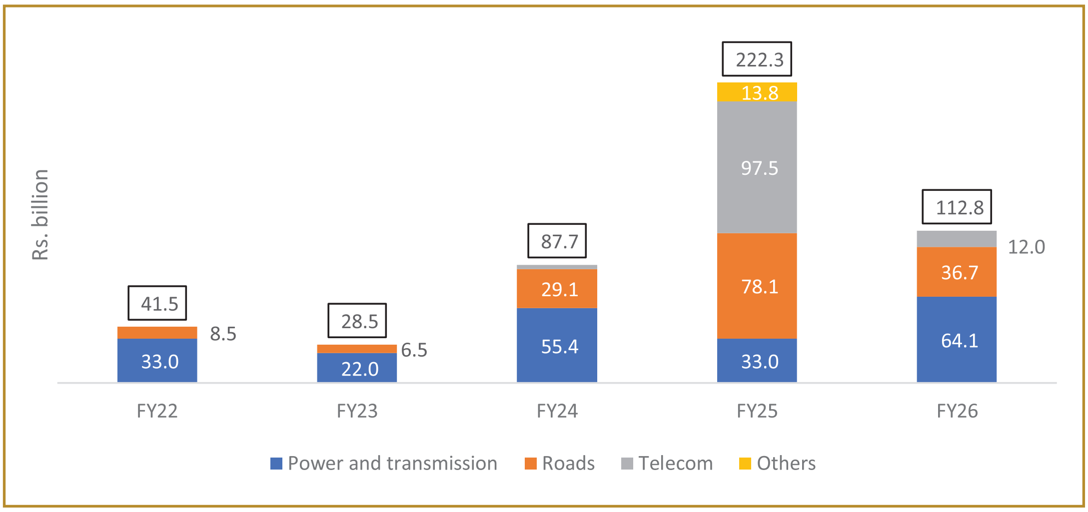
Exhibit 7: Year wise Bond Issuances by REITs & InvITs



Source: PRIME Database

FY25 saw a three-fold increase in bond issuances by InVITs. In YTDFY26 (till August 2025), bond issuances by REITs have been higher than the annual issuances in the last four years.

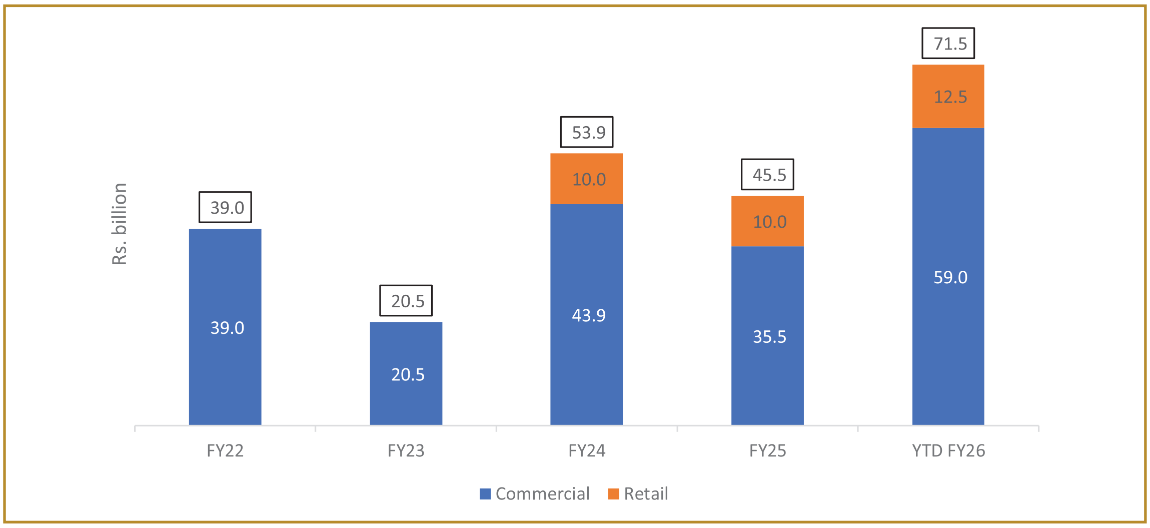
Exhibit 8: Segment wise Split of Issuances in InvITs



Source: PRIME Database

In terms of issuances since FY22, the InvIT debt issuance market in India is divided among Telecom (44% in FY25), Roads (35% in FY25) and Power and Transmission, (15% in FY25). However, in H1FY26, Power and transmission sector saw significant spike in issuances aggregating Rs. 64.1 bn, primarily due to a large issuance by India Grid Trust.

Exhibit 9: Segment wise Split of Issuances in REITs



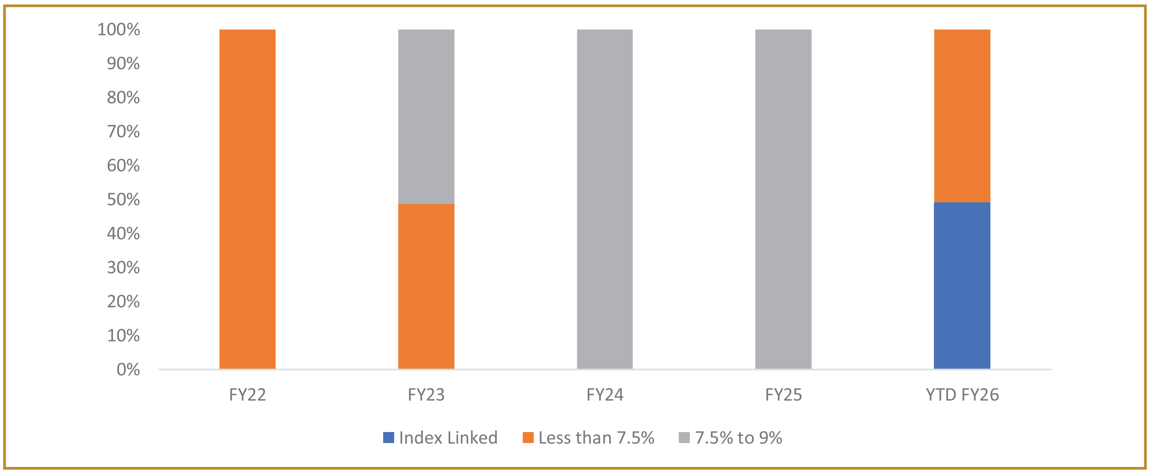
Source: PRIME Database

Note: YTD indicates issuances till August 2025

In the context of REITs, the market is predominantly controlled by the Commercial real estate segment, accounting for 100% of the issuances in FY22 and FY23. However, with the introduction of the Nexus Select Trust (May 2023), India's inaugural Retail Real Estate REIT, there is potential for a surge in issuances within the retail real estate sector, as already observed since FY24.

REIT & InvITs: Price Range of Issuances since FY22

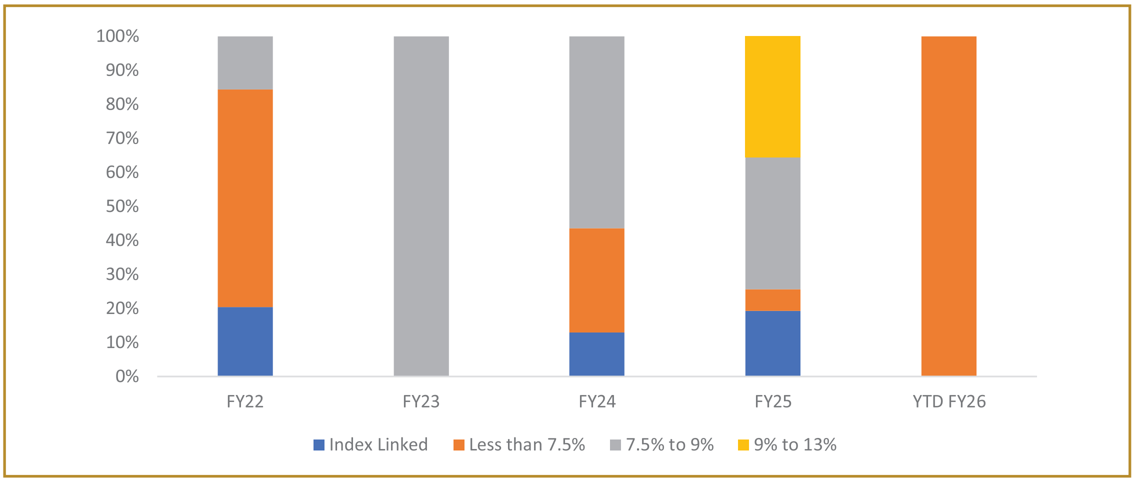
Exhibit 10: Coupon Range for REIT Issuances



Source: PRIME Database

Note: YTD indicates issuances till August 2025

Exhibit 11: Coupon Range for InvIT Issuances



Source: PRIME Database

Note: YTD indicates issuances till August 2025

REIT and InvIT issuances in FY25 offered attractive yields, with several coupon rates exceeding 9%, reflecting strong investor appetite for higher returns amid a firm interest rate environment. In FY26, coupon rates have moderated in line with easing rate expectations and growing investor comfort with these instruments. Even so, the yields remain competitive relative to comparable fixed-income products, sustaining the attractiveness of REITs and InvITs as yield-oriented investment avenues.

Exhibit 12: Number of issuances by REIT/InvIT players (From FY22 till YTDFY26#)

Trust Name	Asset Type	AUM (Rs. bn)	Rating*
India Grid Trust	InvIT	21	200.5
Embassy Office Parks REIT	REIT	15	182.0
Data Infrastructure Trust	InvIT	3	100.7
Mindspace Business Parks REIT	REIT	14	68.4
Cube Highways Trust	InvIT	7	51.1
National Highways Infra Trust	InvIT	2	45.0
Nexus Select Trust	REIT	4	32.5
Indinfravit Trust	InvIT	2	22.3
Highways Infrastructure Trust	InvIT	3	20.5
Virescent Renewable Energy Trust*	InvIT	5	19.0
Sustainable Energy Infra Trust	InvIT	2	15.0
Anzen India Energy Yield Plus Trust	InvIT	2	14.5
NDR Invit Trust	InvIT	2	13.8
Altius Telecom Infrastructure Trust	InvIT	1	12.0
Capital Infra Trust	InvIT	1	12.0
Vertis Infrastructure Trust	InvIT	1	8.0

Source: PRIME Database

**Now merged with India Grid Trust*

 # Note: YTD indicates issuances till August 2025

In FY22, there were 9 issuances, out of which India Grid Trust made three issuances aggregating to Rs. 16.5 billion, followed by Virescent Renewable Energy Trust and Embassy Office Parks REIT at 2 issuances each aggregating Rs. 16.5 bn and Rs. 34.0 bn, respectively. In this period, Embassy Office Parks REIT made the largest single issuance of Rs 31.0 billion, followed by Virescent Renewable Energy Trust at Rs. 10.0 billion.

In FY23, there were 9 issuances, of which India Grid Trust, Mindspace Business Parks REIT and Virescent Renewable Energy Trust made two issuances each aggregating Rs. 12.5 billion, Rs. 10.5 billion and Rs. 2.0 billion, respectively. In this period, Embassy Office Parks REIT and India Grid Trust made the largest single issuance of Rs. 10.0 billion each.

In FY24, there were 17 issuances, of which India Grid Trust and Embassy Office Parks REIT made four issuances each aggregating Rs. 54.9 billion and Rs. 30.5 billion, respectively. Mindspace REIT made three issuances aggregating Rs. 13.4 billion. In this period, India Grid Trust made the largest single issuance of Rs. 17.0 billion, followed by Interise Trust (Formerly known as Indinfravit Trust) aggregating Rs. 13.8 billion.

In FY25, there were 20 issuances, of which Mindspace REIT and Cube Highways Trust made three issuances each aggregating Rs. 16.5 billion and Rs. 21.1 billion, respectively. National Highways Infra Trust and Data Infrastructure Trust made two issuances each aggregating Rs. 45.0 billion and Rs. 97.5 billion, respectively. In this period, Data Infrastructure Trust made the largest single issuance of Rs. 79.0 billion, followed by National Highways Infra Trust aggregating Rs. 31.0 billion.

In H1FY26, there were 18 issuances, of which India Grid Trust made four issuances aggregating Rs. 56.6 billion. Embassy Office Parks REIT and Cube Highways Trust made three issuances each aggregating Rs. 47.5 billion and Rs. 19.7 billion, respectively. In this period, India Grid Trust made the largest single issuance of Rs. 30.0 billion.

Conclusion

Over the past decade, REITs and InvITs have transitioned from policy experiments into foundational pillars of India's capital-market architecture. They have bridged the gap between infrastructure ambition and fiscal limitation, offering a credible, market-based mechanism to recycle capital, deepen ownership, and channel long-term savings into productive assets. Anchored by the twin engines of the National Infrastructure Pipeline and the National Monetisation Pipeline, these structures now underpin a large and diversified asset base that spans roads, power, telecom, and increasingly, logistics, warehousing, and renewables.

A series of measured regulatory interventions has reinforced this evolution. SEBI's recalibration of investment thresholds, introduction of uniform lot sizes, reclassification of REITs as equity instruments, and expansion of permissible investment avenues have collectively enhanced liquidity, governance, and investor participation. These reforms have created an ecosystem where transparency and predictability coexist with innovation and scale.

With an aggregate AUM now exceeding Rs. 9.0 tn and expected to cross Rs. 25.0 tn by 2030, REITs and InvITs are poised to play a defining role in financing India's next growth cycle. Their success will, however, depend on maintaining the delicate equilibrium between yield and prudence, distribution and reinvestment, and regulatory flexibility and investor protection.

In essence, REITs and InvITs represent more than financial instruments—they mark a structural shift in how India builds, owns, and finances its infrastructure and real assets. As these vehicles continue to mature, they will remain integral to the country's ambition of funding growth through markets rather than balance sheets, reinforcing their place as enduring pillars of India's asset-monetization story.

THE REGULATORY EVOLUTION IN THE REIT/InvIT SPACE

InvITs and REITs in India are regulated by SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014. In order to stimulate investments in the InvIT and REIT sector, a range of regulatory measures have been implemented14. Below, we note the ones introduced in 2025.

- **Amendments to SEBI (Mutual Funds) Regulations, 1996 – Reclassification of REITs as "Equity" (September 2025):** SEBI approved amendments reclassifying REITs as "equity instruments" for mutual fund investment purposes, while InvITs continue to be treated as hybrid instruments. This change aligns India's framework with global practice, where REITs are typically included in equity indices, given their ownership structure and residual-income features. The move enables mutual fund schemes to treat REITs within their equity exposure limits, freeing additional investment headroom for InvITs under hybrid allocations.
- **SEBI Notifies Uniform Lot Size and Cash Flow Flexibility for InvITs:** In September 2025, SEBI notified the Third Amendment to the InvIT Regulations, 2025, which sets a uniform minimum allotment size of ~Rs. 2.5 million for privately placed InvITs in the primary market (from Rs. 10.0 mn/ to Rs. 250.0 mn (depending on the asset mix), thereby aligning it with the secondary market trading lot. The amendment also introduces a proviso under Regulation 18(6)(ba) allowing a HoldCo whose own net distributable cash flow (NDCF) is negative to offset such negative flow against inflows from its underlying SPVs, before distributing to the InvIT, subject to prescribed disclosures to unitholders. These changes are intended to lower entry barriers, improve liquidity, and give HoldCos flexibility in managing cash flows in structurally complex InvITs — but the offsetting is not automatic; it's conditional on disclosure requirements.
- **Investment in Infrastructure and Common Infrastructure:** The 2025 Amendments now allow REITs to invest in infrastructure assets that earn fixed rental income from leasing, without taking on any operational risk. Earlier, REITs could only invest in limited infrastructure such as hotels, hospitals, and common facilities within industrial parks or SEZs. The new rule widens the range of assets REITs can own, making them more flexible and attractive for investors. A clear definition of "common infrastructure" has also been added, covering power plants, heating and cooling systems, water and waste treatment plants, and similar facilities that serve REIT-owned properties. This clarification is expected to reduce uncertainty and encourage greater investment in high-quality income-generating assets.
- **Investment in Property Management Companies:** The 2025 Amendments allow REITs to invest in wholly owned, unlisted companies that provide property management, maintenance, housekeeping, and related services to their portfolio. Earlier, REITs could not invest in such operating entities, which limited their control over key on-ground functions. The new provision gives REITs greater flexibility and oversight, allowing them to manage assets more efficiently and ensure consistent service quality. This move is expected to enhance operational transparency, improve asset performance, and make the REIT investment market more professional, self-sustaining, and attractive to institutional investors.
- **Investment in Derivatives:** The 2025 Amendments allow REITs and SM REITs to invest in interest rate derivatives such as futures, forward rate contracts, and swaps to hedge interest rate risks on borrowings. Earlier, REITs had no provision to use such instruments, which limited their ability to manage debt-related risks. The amendments also set clear conditions for investing in liquid mutual fund schemes with high credit quality and require a credit rating if borrowings exceed certain limits. These measures strengthen risk management, enhance financial stability, and make REITs more resilient and appealing to both institutional and long-term investors.
- **Investment in Unlisted Equity Shares of Real Estate Companies:** Earlier, REITs were allowed to invest up to 20% of their asset value in unlisted equity shares of companies earning at least 75% of their income from real estate. The 2025 Amendments have now removed this option as a safeguard for investors, preventing REITs from taking exposure to unlisted and potentially illiquid entities. However, investments made before the amendment will continue to be valid under the grandfathering provision. This change enhances transparency, reduces valuation risks, and strengthens investor confidence in the REIT framework.

Pillars of India's Asset Monetisation

1 https://www.icra.in/Rating/DownloadResearchSummaryReport?id=6216

2 https://www.pib.gov.in/PressReleasePage.aspx?PRID=2098352&utm_source=chatgpt.com

3 https://bia-website-public.s3.amazonaws.com/knowledge/13/BIA%20Primer_%20September%202025.pdf

4 https://www.crisilratings.com/en/home/newsroom/press-releases/2025/07/acquisitions-by-mature-trusts-to-lift-invit-aum-to-rs-8-lakh-crore.html

5 https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=154840&ModuleId=3

6 https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2098048

7 https://www.pib.gov.in/PressReleasePage.aspx?PRID=2106222

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