

REITs and InvITs

From Concrete to Capital Markets



July 2026

REITs and InvITs | From Concrete to Capital Markets

From Infrastructure Backbone to Capital Markets Powerhouse

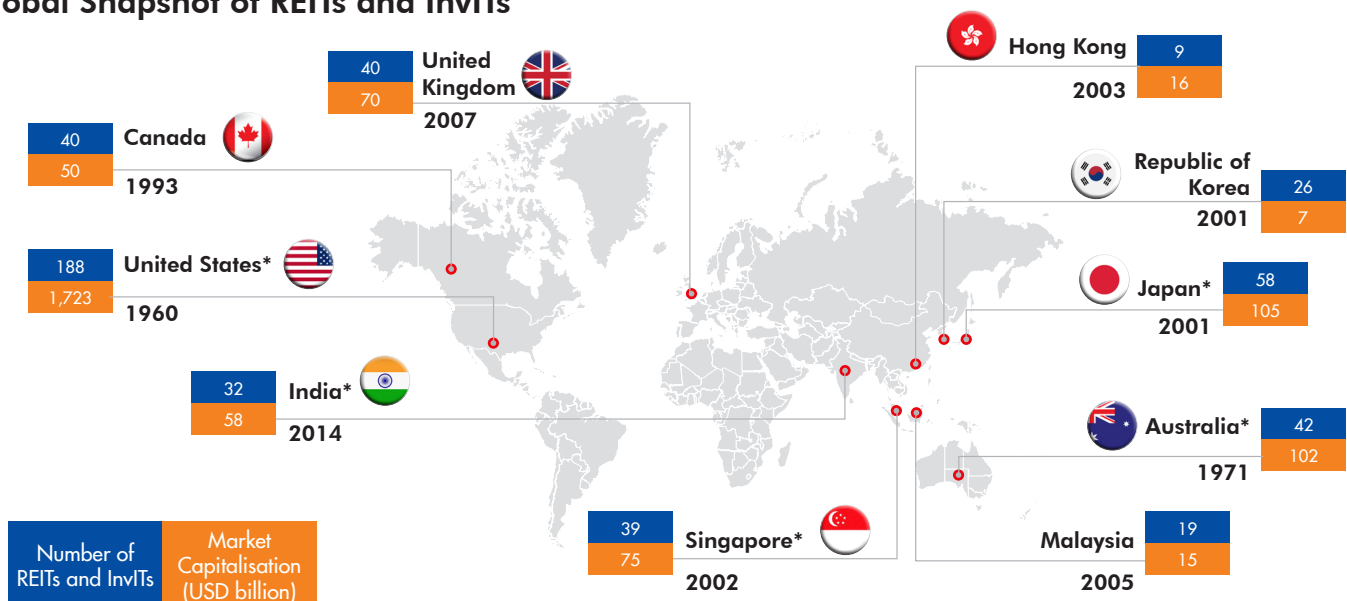
The concept of monetising real assets through listed trusts originated in the United States in the 1960s, enabling individual investors to participate in income-generating commercial real estate that had previously been accessible primarily to institutions. Over the following decades, the model expanded across developed markets and evolved into an established asset class.

India, although a relatively recent entrant, has adapted the framework to address its own unique economic and developmental priorities. Unlike most developed markets, where Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) evolved primarily as investment vehicles, India's framework was designed with a broader objective: mobilise long-term capital for infrastructure development, reduce dependence on conventional bank financing, and deepen domestic capital markets through wider institutional and retail participation.

In little over a decade, the ecosystem has evolved from a regulatory initiative into a credible and increasingly institutionalised asset-class. India is among the few jurisdictions globally to have established distinct regulatory frameworks for both REITs and InvITs. While REITs have institutionalised ownership of Grade A¹ commercial real estate, InvITs have emerged as an efficient capital recycling platform for operational infrastructure assets spanning roads, power transmission, renewable energy, telecommunications and logistics.

Supported by progressive regulatory reforms, greater tax clarity and strengthening governance standards, India's REIT and InvIT ecosystem is well positioned for its next phase of expansion.

Global Snapshot of REITs and InvITs



*Source: Bharat InvITs Association (BIA). Data as of March 2026.

For other countries, data is as of December 2025 and sourced from European Public Real Estate Association (EPRA) Global REIT Survey 2025, PJ Verwer

¹Grade A office buildings refer to institutional-quality commercial properties with modern specifications, professional management, prime locations and high occupancy, typically attracting multinational corporations and premium rentals.

The Financialisation of Real Assets | India's Structural Transformation

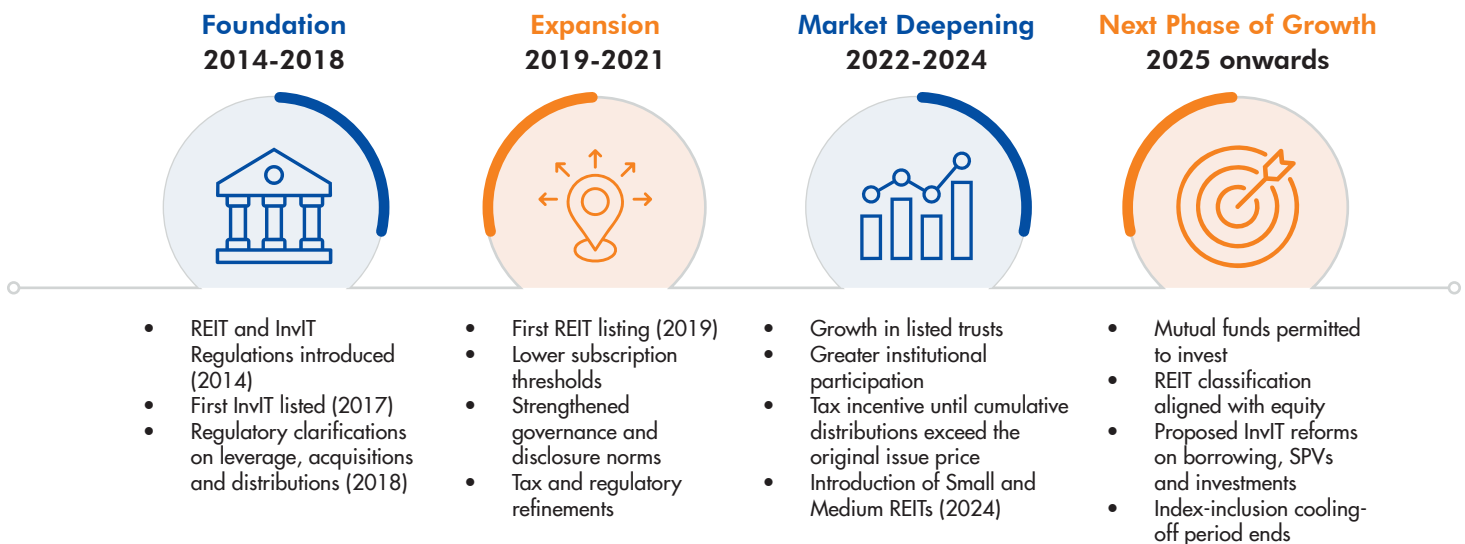
India's REIT and InvIT journey forms part of a much broader transformation in the financialisation of real assets. Over the past three decades, commercial real estate and infrastructure have evolved from largely government-owned or privately held operating assets into investable financial assets that are increasingly accessible through public capital markets.

Before 2000, infrastructure development in India was driven predominantly by the government, with limited participation from private capital. The following decade witnessed the gradual emergence of private infrastructure developers and dedicated investment funds. However, these investments remained largely confined to institutional investors through relatively illiquid ownership structures.

The Global Financial Crisis reinforced global demand for stable, long-duration income-generating assets, accelerating investor interest in commercial real estate and infrastructure. Recognising the need for a more efficient financing mechanism, the Securities and Exchange Board of India (SEBI) introduced the regulatory frameworks for REITs and InvITs in 2014, creating a transparent and regulated platform through which investors could participate in mature, cash-generating assets.

Since then, listed REITs and InvITs have expanded investor access, strengthened governance and disclosure standards, and established an efficient mechanism for recycling capital into new infrastructure and real estate development.

Evolution of the Regulatory Landscape for REITs and InvITs in India



Source: SEBI. SPV – Special Purpose Vehicle

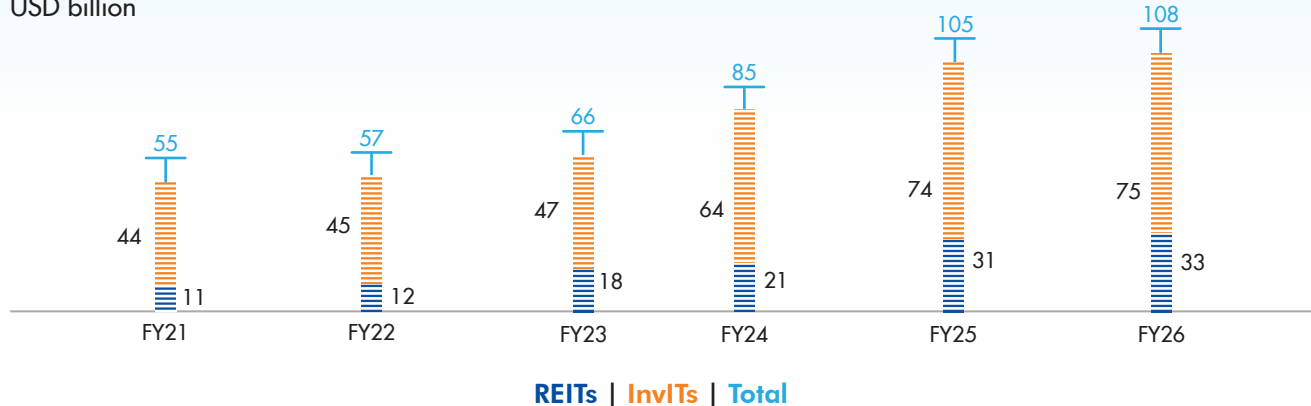
As of March 2026, India's REIT and InvIT ecosystem comprised five listed REITs and one registered but unlisted REIT, twenty-five listed InvITs and one registered but unlisted InvIT, collectively managing over USD 108 billion (INR10 trillion) in assets.

Yet, this represents only a fraction of the addressable opportunity. According to estimates by the Indian REITs

Association (IRA) and the Bharat InvITs Association (BIA), the combined REIT and InvIT ecosystem could nearly triple to approximately USD 300 billion (INR 25 trillion) by 2030. This growth is expected to be supported by a strong pipeline of monetisable assets, sustained infrastructure investment and increasing domestic investor participation.

Growth in India's REITs and InvITs Assets Under Management (AUM)

USD billion



Source: Company Reports, BIA, Crisil Intelligence

Structural Growth Drivers | Unlocking Potential

01

Sustained Government Capital Expenditure

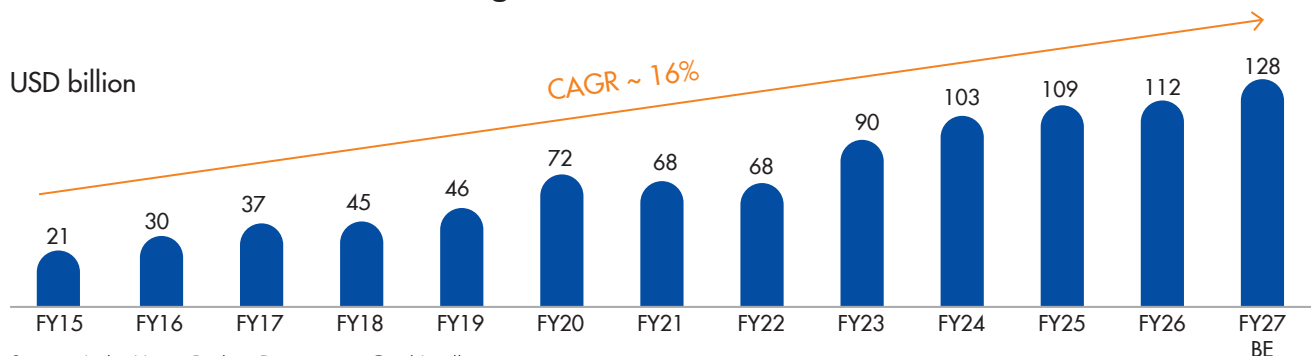
The Government capital expenditure on infrastructure has increased more than six-fold, from around USD 21 billion (INR 2 trillion) in FY2015 to over USD 128 billion (INR 12 trillion) in FY2027 (Budget Estimates). This sustained investment has substantially expanded the stock of operational, revenue-generating infrastructure assets across roads, power transmission, renewable energy, logistics and urban infrastructure. As these assets mature, an increasing proportion

becomes eligible for monetisation through InvITs, enabling asset owners to recycle capital into new infrastructure development.

Similarly, continued investment in urban infrastructure and commercial real estate has supported the creation of a large inventory of institutional-grade office assets, strengthening the underlying asset base for REITs.

Growth in India's Infrastructure Budget over the Past Decade

USD billion



Source: India Union Budget Documents, Crisil Intelligence

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Progressive Regulatory and Policy Reforms

Since introducing the REIT and InvIT regulations in 2014, the SEBI has continuously refined the regulatory framework

to strengthen market development, improve governance and broaden investor participation.

Democratising Investor Access

Early REIT and InvIT regulations required relatively large investment commitments, essentially limiting participation to institutional investors and High-Net-Worth Individuals (HNIs).

Successive amendments have progressively reduced both the minimum investment amount and trading lot size from somewhere in millions in INR terms to approximately INR 10,000 – 15,000 (USD 105 – 157) and a single unit, respectively making listed REITs and InvITs accessible to a much broader base of retail investors.

More recently, SEBI has proposed additional measures to reduce entry barriers for privately placed InvITs, further broadening participation across different investor segments

Formalising Fractional Ownership: SM REIT Framework (2024)

The introduction of the Small and Medium Real Estate Investment Trust (SM REIT) framework in 2024 marked an important milestone in India's real estate investment landscape, by bringing professionally managed, pre-leased commercial assets within a regulated framework.

Unlike traditional REITs, SM REITs focus on commercial real estate assets valued between USD 5.26 million (INR 500 million) and USD 52.63 million (INR 5,000 million), enabling retail investors to participate in institutional-quality office buildings, warehouses and retail assets that were previously beyond their reach.

According to the Coldwell Banker Richard Ellis (CBRE) South Asia Update (2025), the addressable market is estimated to surpass USD 75 billion, with more than 500 million square feet (sq. ft.) of potentially eligible commercial assets.

Global Novelty

India's SM REIT framework is a distinctive regulatory innovation. Unlike other major REIT markets, which continue to rely largely on private fractional ownership models, India has created a dedicated regulatory category for smaller commercial real estate assets. This framework is increasingly being observed by regulators in jurisdictions such as the United Arab Emirates, Saudi Arabia and Vietnam.

Greater Tax Clarity

Successive tax reforms have brought greater clarity to the treatment of REIT and InvIT distributions. Most notably, distributions classified as return of capital remain tax-free until cumulative distributions exceed the original issue price.

Expanding Institutional Participation

Recent regulatory initiatives seek to deepen institutional participation by permitting higher allocations from mutual funds, facilitating inclusion within broader equity indices and creating a pathway for increased passive institutional ownership.

As India's domestic institutional investor base continues to expand, these measures are expected to improve market depth and liquidity over time.

Government-led Infrastructure Monetisation

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Through the National Monetisation Pipeline², the Government has leveraged InvITs as a key capital recycling mechanism. By transferring operational infrastructure assets, particularly highways and power transmission, into InvITs, public sector entities have been able to unlock capital for new projects.

The National Highways Authority of India alone has mobilised over USD 6.2 billion through four InvIT issuances between 2022 and 2025, illustrating the growing role of InvITs in financing India's infrastructure expansion while offering investors access to stable, yield-generating assets.

Expanding the Investable Universe

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Regulatory evolution has extended beyond governance and investor access to include the underlying asset universe itself. The April 2025 amendments permit REITs, including SM REITs, to invest in income-generating data centres, warehouses and hotels, provided these assets generate stable rental income.

This change addresses a longstanding gap in the regulatory framework and enables some of India's fastest-growing commercial real estate segments to become part of the listed REIT ecosystem.

Improving Ease of Doing Business

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Alongside broader market reforms, SEBI has continued to simplify compliance requirements, enhance disclosure standards and improve market accessibility for domestic and foreign investors. These measures have contributed to a more transparent, efficient and internationally comparable regulatory framework, supporting the long-term development of India's REIT and InvIT markets.

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Rising Domestic Institutional Participation

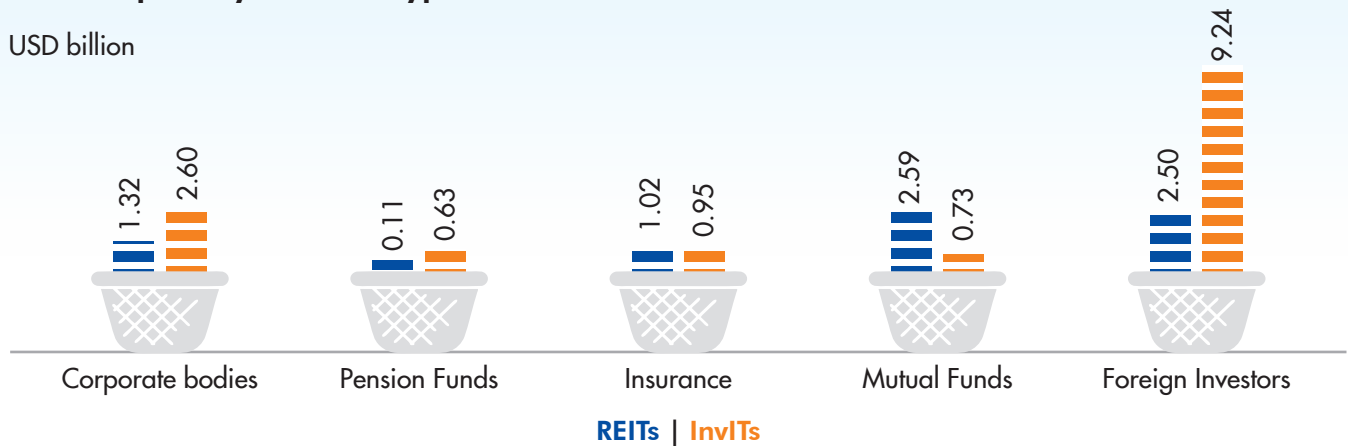
India's savings landscape has undergone a structural shift over the past decade, with households gradually increasing their allocation to financial assets relative to physical assets. Mutual funds, insurance companies, pension funds and retirement savings have all expanded significantly, while retail participation in capital markets has reached unprecedented levels.

As these long-term pools of capital continue to deepen, demand for professionally managed, income-generating investment vehicles is expected to increase. REITs and InvITs are well positioned to benefit from this trend, offering investors exposure to diversified portfolios of mature real assets with the potential for relatively stable cash flows.

²The National Monetisation Pipeline, launched by the Government of India in 2021, provides a structured framework for leasing operational public infrastructure assets to private investors while retaining government ownership.

Invested Capital by Investor Type

USD billion



Source: BIA. Data as of March 2026.

Sectoral Penetration | Monetising India's Real Assets

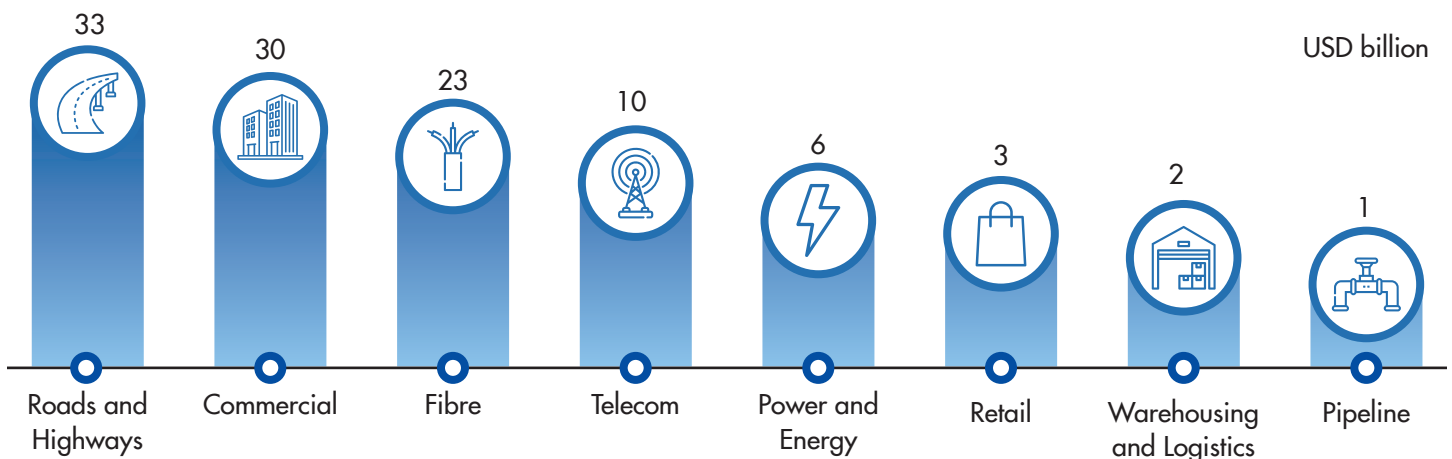
As one of the fastest-growing major economies, India has built a vast commercial real estate asset base and operational infrastructure through sustained public and private investment. A significant portion of these assets generate stable, long-term cash flows under long-term lease agreements, concession arrangements or regulated tariff frameworks, making them well suited for securitisation through REITs and InvITs.

While India's listed REIT and InvIT markets have grown rapidly, penetration remains relatively low across several

asset classes. This presents a significant opportunity to expand the investable universe as additional mature assets are monetised through public markets.

The opportunity spans both commercial real estate and infrastructure, with each segment supported by distinct structural growth drivers.

Sectoral Composition of India's REITs and InvITs AUM



Source: BIA, Crisil Intelligence. Data as of March 2026.

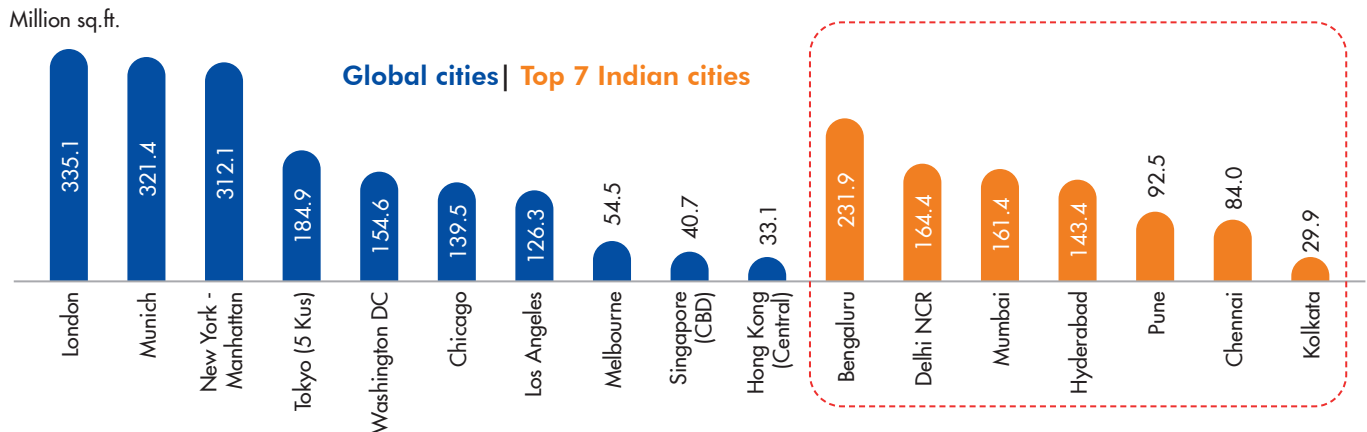
01

Commercial Real Estate: The Foundation of India's REIT Market

India has emerged as one of the world's leading office markets, driven by the expansion of Global Capability Centres, Information Technology services, financial services, engineering, professional services and multinational corporations. According to Crisil, India's seven largest cities recorded annual office leasing of approximately 80 million sq. ft. in 2025, with leasing activity expected to maintain steady growth in 2026. Reflecting

this sustained demand, CBRE estimates suggest that Grade A office stock across these markets may surpass 1 billion sq. ft. by the end of 2026. Institutional ownership has also increased significantly, supported by global private equity investors, pension funds and sovereign wealth funds.

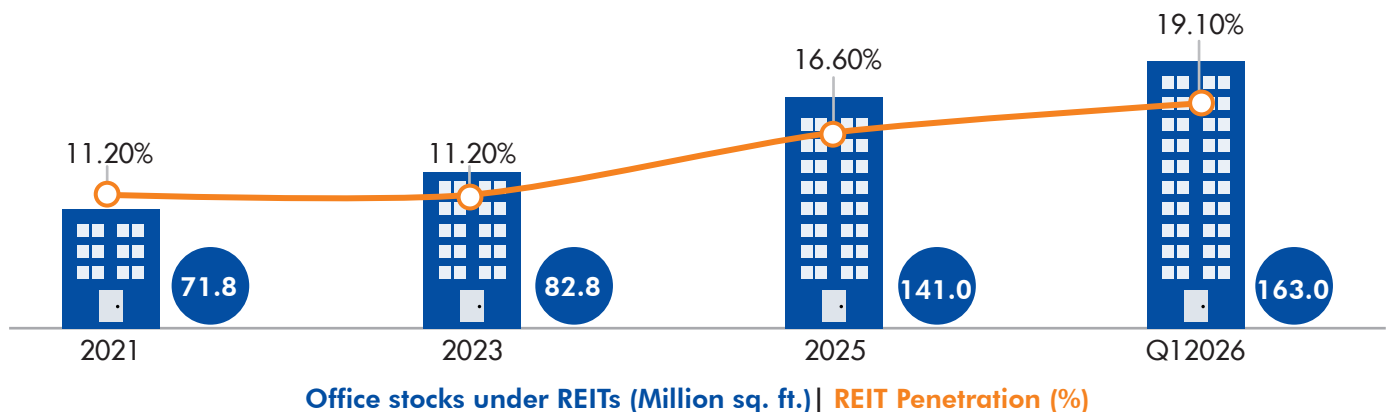
Grade A Office Stock across Major Global Cities



Source: JLL Research. Data as of December 2025.

Yet only a fraction of that stock sits inside listed REITs today. Penetration has nearly doubled since 2021 — the clearest sign of how much runway remains.

Office Stock under REITs and REIT Penetration in India



Source: Company reports, Final offer document – Bagmane Prime office REIT, Colliers

Note: Data pertains to Grade A buildings only. REIT penetration refers to the proportion of office stock under REITs as compared to the overall office stock across the Top 7 cities in India.

An emerging opportunity lies in digital infrastructure. Rapid growth in cloud computing and artificial intelligence (AI), coupled with multi-billion-dollar investments by global hyperscalers, is expected to drive a five-fold expansion in India's data centre capacity over the coming years. This is creating a new pipeline of REIT-able assets.

The regulatory framework now permits data centres to be held within REITs, and the first listing is widely expected over the next few years. As AI infrastructure investment gathers pace globally, India's listed data centre REIT market has the potential to become one of the few scalable investment opportunities in Asia outside Japan and Singapore.

02 Retail REITs: Experience-Led Real Estate

Retail REITs remain at a nascent stage in India but are supported by strong structural tailwinds. Rising urban affluence, evolving consumer preferences and the rapid expansion of organised retail are reshaping the retail landscape. Shopping malls, high streets and airport retail have evolved beyond physical spaces into curated, experience-led destinations that combine shopping, entertainment, dining and leisure. As organised retail continues expanding beyond metro cities into Tier II cities, the pipeline of institutional-grade, income-generating retail assets is expected to increase steadily.

India currently has only one listed retail-focused REIT. According to Knight Frank Research, of the 134 million sq. ft. of organised shopping centre stock, only 11 million sq. ft. is currently held under listed REITs, while nearly 66.4 million sq. ft. is already considered REIT-ready. This sizeable gap between the available institutional-grade assets and current listed ownership underscores the significant opportunity for future retail REIT listings.

Portfolio snapshot of Existing Retail REIT

Portfolio Scale	Geographic Reach	Leasing Strength	Consumer Footfall
>11 msf portfolio 10.5 msf operational 0.7 msf under construction	5.1 msf in Top 7 cities 5.4 msf in Tier II/III cities	97% occupancy 4.5 years WALE ₹110-470/sq ft/month rents	137 million+ annual footfalls in FY2026 (up 7% YoY)

Source: Nexus Annual report. Data as of March 2026

msf - Million square feet. WALE - Weighted Average Lease Expiry.

Tier II and Tier III cities are refer to emerging secondary and tertiary urban centres beyond India's major metropolitan areas, characterised by growing populations, rising incomes, expanding infrastructure and increasing commercial and retail activity.

03 Infrastructure: A Much Larger Opportunity for InvITs

The monetisation opportunity is even larger in infrastructure. Over the last decade, India has made significant investments across highways, power transmission, renewable energy, pipelines, telecommunications, airports, ports and logistics. Many of these assets generate predictable cash flows through

long-term concession agreements, regulated tariffs or contractual revenue arrangements, making them well suited to the InvIT structure. Further sustained public investment and asset monetisation initiatives have created a sizeable pipeline of mature infrastructure assets.



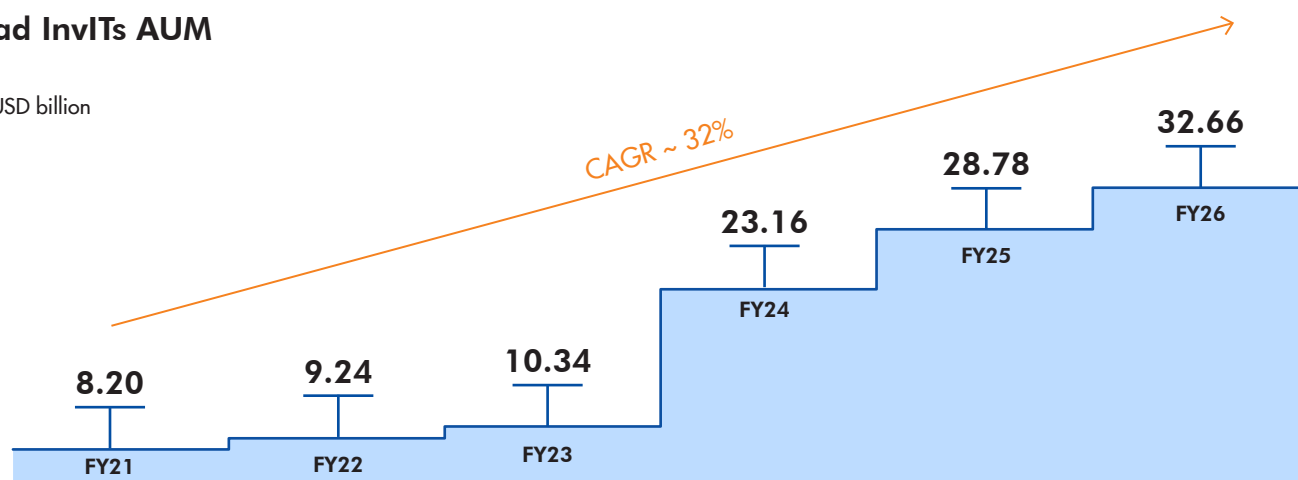
Roads and Highways InvITs

Road assets represent the largest InvIT segment in India and were among the earliest infrastructure assets to adopt the InvIT structure, contributing nearly 44% of total InvIT assets. There are

twenty-six SEBI registered InvITs, of which seventeen are road InvITs and sixteen road InvITs are listed as of FY2026.

Road InvITs AUM

USD billion



Source: Crisil Intelligence



Power and Energy InvITs

The power sector was among the earliest adopters of the InvIT structure, particularly for transmission assets that generate stable, long-term regulated cash flows. It also represents one of India's largest recipients of capital investment spanning, conventional generation, renewable energy, transmission networks and grid modernisation. As of FY2026, InvITs in the power and energy sector cumulatively had an AUM of approximately USD 6 billion, representing nearly 8% of India's total InvIT AUM.

Further the energy transition roadmap is expected to significantly expand this opportunity. Under the National Electricity Plan³ (Transmission), Volume II, the Central Electricity Authority (CEA)

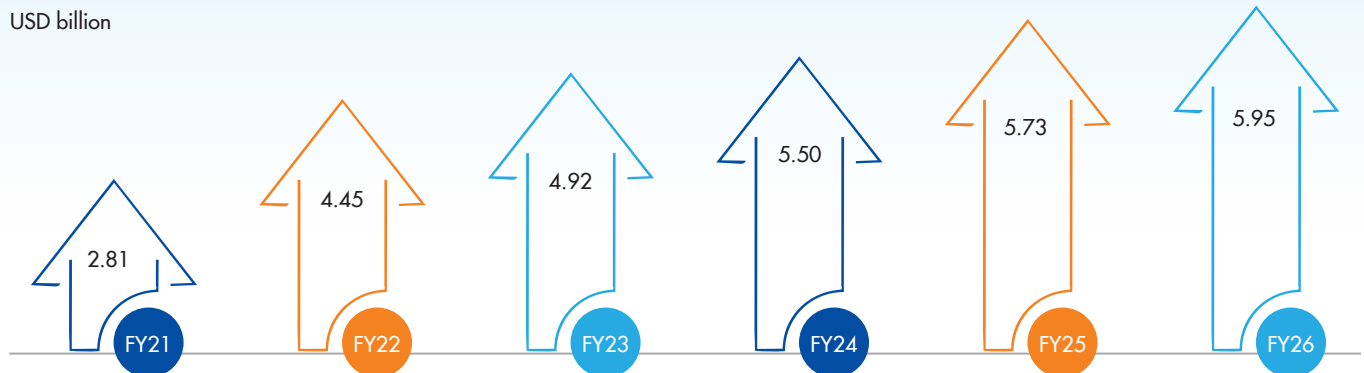
estimates the transmission network will need to integrate over 900 Gigawatt of non-fossil fuel-based generation capacity by 2035–36. Correspondingly, industry estimates project cumulative InvIT fundraising of around USD 80 billion during 2020–2036. (Source: CEA)

The market is already evolving in this direction, with power and energy-sector InvIT AUM growing at a CAGR of around 16% over the five years ended FY2026.

³The National Electricity Plan (Transmission), prepared by the Central Electricity Authority (CEA), provides a long-term roadmap for expanding India's electricity transmission network to support future demand growth and the integration of renewable energy.

Growth of Indian Power and Energy Sector InvITs AUM

USD billion



Source: Crisil Intelligence. Sector includes three power transmission InvITs and one renewable energy InvIT (listed in 2024).

Telecom and Fibre InvITs

Telecommunications infrastructure is expanding meaningfully, driven by rapid growth in mobile data consumption, nationwide 4G and 5G deployment, and continued fibre network expansion. As of March 2026, telecom towers and fibre infrastructure

together accounted for nearly 45% of total InvIT Assets Under Management, approximately 14% in telecom towers and 31% in fibre assets, making it the second-largest infrastructure segment after roads.

Warehousing and Logistics InvITs

The warehousing and logistics segment is emerging as a new growth area for InvITs, supported by the expansion of e-commerce, third-party logistics, domestic manufacturing and organised retail. As of FY2026, three warehousing InvITs were registered with SEBI, of which two are listed, collectively managing assets worth USD 1.67 billion, equivalent to 2.23% of total InvIT AUM. Together, the two listed InvITs owned 32.4 million sq. ft. of Grade A warehouse space

across approximately 128 warehouses, with occupancy levels approaching 98%.

Government initiatives such as PM Gati Shakti⁴, the National Logistics Policy⁵ and the Production Linked Incentive⁶ schemes continue to strengthen the long-term demand outlook for modern warehousing and logistics infrastructure

⁴PM Gati Shakti is the Government of India's National Master Plan for Multi-modal Connectivity, designed to integrate infrastructure planning across sectors, improve connectivity and reduce logistics costs.

⁵The National Logistics Policy is a government initiative focused on improving logistics efficiency, reducing logistics costs and enhancing the competitiveness of India's supply chains through infrastructure and digital integration.

⁶The Production Linked Incentive scheme is a government initiative designed to boost domestic manufacturing and exports across key sectors. It offers financial incentives based on incremental sales from products manufactured in domestic units, aiming to reduce import dependency and create jobs.

The Road Ahead | From Asset Ownership to Asset Participation

India's REIT and InvIT story is no longer just about creating new investment products. It marks a deeper shift in how the country finances growth, owns real assets and shares the benefits of long-term infrastructure creation. Assets that were once locked inside balance sheets, government agencies or private ownership structures are steadily being converted into transparent, regulated and tradable capital market instruments.

This transition from concrete to capital markets is significant for both sides of the economy. For asset owners, REITs and InvITs create an efficient route to recycle capital from completed, cash-generating assets into new development. For investors, they open access to professionally managed portfolios of offices, roads, transmission lines, data centres, warehouses, renewable energy assets and other essential infrastructure that would otherwise remain beyond reach.

The next decade could be transformative. India's infrastructure pipeline, urban expansion, digitalisation, energy transition and rising domestic savings pool together create a powerful foundation for growth. As mutual funds,

insurers, pension funds and retail investors increase participation, REITs and InvITs can move from being specialised instruments to becoming core components of long-term investment portfolios.

The opportunity is especially compelling because it sits at the intersection of three structural themes: the financialisation of household savings, the monetisation of India's real asset base and the need for sustainable infrastructure financing. With continued regulatory refinement, deeper liquidity, stronger governance and broader index participation, the ecosystem can evolve into one of the most important bridges between private capital and national development.

Ultimately, the success of REITs and InvITs will not be measured only by market capitalisation or assets under management. It will be measured by their ability to democratise participation in India's growth story. By turning roads, offices, warehouses, towers and transmission lines into investable public market assets, India is building not just infrastructure, but a more inclusive and mature financial architecture for the future.

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