

# Fund-raising by InvITs slows, REITs keep up momentum

**TEPID SHOW.** Slowdown in road project awards and regulatory delays among reasons

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Fund raising by Infrastructure Investment Trusts (InvITs) fell significantly in FY25 compared to last year partly due to lower award of road projects and partly because of regulatory delays in the transfer of assets to InvITs from parent entities and others.

Real estate investment trusts (REITs), however, have kept their fund-raising momentum more or less intact as they were busy adding to their portfolio.

Most InvITs in India have roads as their underlying assets while, of the four REITs in the country, three have office assets as the underlying assets while the fourth comprises malls.

According to data sourced from Prime Database, in FY25 year-to-date InvITs have raised ₹24,536 crore compared to ₹44,188 crore in FY24. Funds raised via



**ASSET BASE.** Of the four REITs, three have office assets as underlying assets and the fourth comprises malls

equity in FY25 have so far been ₹11,088 crore (₹34,423 crore), the data showed.

## FUNDS RAISED

Funds raised via debt were ₹13,448 crore, exceeding last fiscal's total of ₹9,765 crore.

However, when clubbed together the funds raised by REITs and InvITs so far in FY25 is just under 60 per cent of that raised in entire FY24. Assets under management of InvITs were at ₹5.4 lakh crore in FY24, up by a fourth on year, according to CareEdge Ratings, while office REITs account for a

tenth of the total Grade A office space in the country.

Fund raising activity has moderated in FY25 pending transfer to InvITs of toll roads and HAM projects with enterprise value of ₹20,000 crore awaiting clearance, said Rajashree Murkute, Senior Director, CareEdge Ratings. Lower project awarding in roads last year and this year so far is not expected to have an immediate impact on assets transfer to InvITs over the next 2-3 years, she said. Monetisation potential of road InvITs, estimated at ₹2 lakh crore over

next two years, will be driven by transfer of operational toll roads to NHAI InvIT, upcoming TOT projects, change in hands of mature toll projects and operational hybrid annuity model projects.

“Despite significant monetisation potential, the valuation multiples and investor appetite due to perceived risk in quality of construction of roads need to be closely monitored,” Murkute said.

## REITs' EXPANSION

REITs have expanded their total area by around 10 per cent in first half of FY25. They are using the proceeds of their funds either to fund acquisition or to reduce debt that will create headroom to acquire more assets. “Outlook for InvITs and REITs is favourable over next two years on the back of strong asset monetisation pipeline for roads, commercial real estate and transmission sector,” said Murkute.