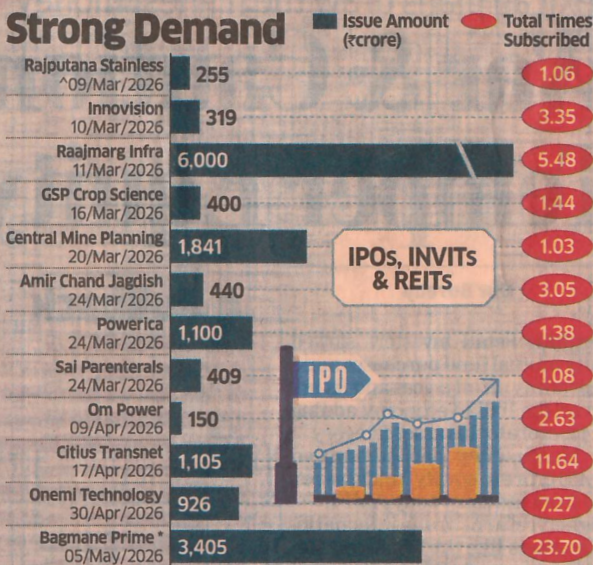


Investors Place Trust in REITs and InvITs amid Lacklustre IPOs

Strong Demand



^Opening Date | *Issue amount calculated on lower price band

Source: primedatabase.com

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Mumbai: At a time when most traditional IPOs are struggling, REIT (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trusts) issuances are seeing far stronger interest, underscoring investors' growing appetite for alternative assets amid the roller coaster ride in equities.

IPOs of these investment trusts, though few and far between, have seen higher subscriptions compared to the regular offerings over the past three months. In May, while the IPO market went through a dry patch with no offerings, Blackstone-backed Bagmane Prime Office REIT's ₹3,405 crore issue was subscribed 23.71 times.

In the previous month, the ₹1,105 crore IPO of Citius TransNet InvIT got bids of 11.64 times the offer size, while two issuances, Om Power Transmission and OnEMI Technology Solutions, worth a total of ₹1,075 crore were subscribed 2.63 times and 7.27 times, respectively. At the peak of the stock market sell-off in March, RaajmargInfra InvIT's ₹6,000 crore IPO was subscribed 5.48 times. Most other issues received bids in the range of 1-1.5 times.

"While IPOs are in a temporary halt, investors are supporting REITs and InvITs with limited downside," Anurag Byas, director — equity market solutions, Rothschild & Co. "The depth of the Indian capital pools for REIT and InvIT is now attracting very high-quality companies and assets."

Unlike traditional IPOs, where valuations depend on future earnings trajectories, REITs and InvITs are backed by operational assets that generate stable, annuity-like income. This makes them relatively less sensitive to market timing and more aligned with investor demand in uncertain conditions, with typical returns in the 13-15% range adding to their

appeal, according to bankers.

"In an uncertain market, InvITs and REITs provide the comfort of fixed cash distribution and in a bull market, potential upside due to unit appreciation in addition to organic growth," said Kaushal Shah, managing director and head—Equity Capital Markets, Kotak Investment Banking.

An IRR, or internal rate of return of 13-15% is a big attraction for hybrid mutual funds. The stable cash distribution makes it an obvious choice for investors like insurance companies, which have regular outflow commitments. Its cash yield is higher than FD or other debt instruments, Shah said.

This divergence is also seen in primary market IPO launches. January and February 2026 were dominated entirely by traditional IPOs, with three issues raising ₹4,765 crore and 7 issues mobilising ₹8,162 crore, respectively, and no InvIT or REIT issuances.

Compared to REITs and InvITs that offer predictable cash flows in a volatile market, traditional IPOs are dependent on growth assumptions and valuation comfort, according to Pranav Haldea, MD, Prime Database. "There is also a supply-side reason. Many sponsors are under pressure to recycle capital, deleverage balance sheets and monetise assets. REITs and InvITs provide an efficient monetisation route for them," he said.

As markets move through shifting economic cycles, investors tend to lean towards assets that offer resilience, clear cash flow visibility and steady long-term income, said Hugh Andrew, CEO, Bagmane Prime Office REIT, said Hugh Andrew, CEO, Bagmane Prime Office REIT. "REITs stand out in such cycles because they are fundamentally backed by annuity-style rental streams from high-quality commercial assets, offering investors a combination of predictable yield and potential capital appreciation," he said.