

REIT/ INVIT

What are REITs and InvITs ?

Reits/Invits are Investment avenues that help retail investors to invest in Real estate/ Infrastructure projects, essentially, they can be looked at like a mutual fund which gives you a chance to invest in a basket of managed real estate/Infrastructure projects, the main objective is to make accessible real estate as an asset class for investors and for developers to free up their funds for further development.

Difference between REITs and InvITs



REITs

owns assets such as office buildings and business Parks, which also offer Capital appreciation apart from the rental. Also, options to repair and redevelop the same assets to increase life and renew leases which can inturn result in higher returns for investors.



InvIts

own the contractual rights to earn from Infrastructure projects for time period mentioned in the contract, thus the value of the same amortises over the period of the Contract. Hence the growth of these funds only happens through acquiring more projects.

The National Highways Infra Trust (NHIT), sponsored by NHAI, has raised over ₹46,000 crore across four monetisation rounds and now manages ~2,345 km of toll roads with 20–30 year concessions. Its capital structure typically involves 45% equity and 55% debt. Based on current cash flow assumptions, equity investors receive an initial yield of 7%, rising to 12–14% as debt amortises. This translates to a projected IRR of 11–12%, consistent with other listed InvITs. The structure provides stable, long-term distributions backed by institutional investors (CPP, OTPP, EPFO, etc.). A public InvIT (~₹10,000 crore IPO) is being planned to allow retail participation with smaller ticket sizes.

Key features

- **Portfolio:** 2,345 km, 26 stretches, 41 toll plazas (20–30 yr concessions)
- **Cumulative capital raised** across 4 rounds: **₹46,000+ crore**
- **Round-5 (Planned):** Targeting **₹12,500 crore** for 550 km.
- **Investor Base:** CPP Investments, Ontario Teachers' Pension Plan, EPFO, insurers, domestic banks; NHAI retains ~11%.
- **Structure:** 45% equity / 55% debt.
- **Current Dividend Yield:** 6%, rising to ~12–14% as debt amortises
- **Expected HTM IRR: 12%+ (Subject to purchase price)**
- **Risks:** Traffic volatility, O&M inflation, arbitration exposures, evolving creditor rights
- **Rating: AAA** (for Debt Issuances)



Public InvIT (Proposed)

For private NHIT investors, a public listing mainly means liquidity and market-driven price discovery, with potential valuation upside as retail and HNI demand broadens. It also brings stricter disclosure and governance, though unit prices may face volatility and yield compression. Overall, it offers more flexibility and transparency than the current private structure.

- **Goal:** Broaden investor base—particularly retail investors—and increase participation in highway asset monetisation.
- **Size:** The initial public InvIT IPO is expected to be ₹10,000 crore.
- **Advisors appointed:** SBI Capital Markets (lead financial adviser) and JSA (legal counsel).
- **Minimum Subscription:** Retail investors can participate with a ticket size of ₹10,000–₹15,000 and trading lot of one unit (post-2021 SEBI norms)

Forward Outlook

NHIT forms part of NHAI's broader monetisation program, with the government targeting **₹3.5 lakh crore** from road assets under NMP 2025–30. Strong institutional appetite and policy support suggest continued expansion, with public listing creating a deeper, more liquid market for infrastructure investments.

Disclaimer: Investors are advised to read all offer-related documents carefully before making any investment decisions. Furthermore, indices data may vary due to differences in dates and reporting times Centricity Fincap Private Limited disclaims any responsibility for losses or damages arising from investments in debt securities, municipal debt securities, or securitized debt instruments, as these investments are subject to risks, including potential delays and/or defaults in payment. Users are encouraged to independently verify the accuracy and timeliness of this information prior to making any decisions based on it. Past performance is not indicative of future results, and market risks should be considered before investing. Kindly consult your financial advisor/consultant to verify the accuracy and recency of all the information prior to taking any investment decision.