



EQUITY MARKET

REITs and InvITs

Listed trusts that own rent-earning buildings or fee-earning infrastructure and pass on most of the cash

Rules and counts as on 11 October 2026

For training and education only. Not investment advice.

A REIT or an InvIT lets many investors share the income of large assets through units traded on an exchange.

The trust owns the buildings or the infrastructure and collects rent or usage charges. SEBI's rules require it to pass on at least 90% of its net cash. Returns are not assured.

Who does what in the structure

SEBI names the parties; this is the REIT wording. An InvIT adds a project manager; SPV rules differ.



Sponsor

Sets up the trust and is named as sponsor when it applies to SEBI for registration.



Trustee

Holds the trust's assets in trust for the benefit of the unit holders.



Manager

Manages the assets and investments and runs day-to-day operations. An InvIT calls it the investment manager.



SPV

A company or LLP that holds the property. The trust, or its holding company, owns at least 50% of it.

Source: SEBI (Real Estate Investment Trusts) Regulations, 2014, as amended up to 18 April 2026, regulation 2(1).

SEBI's main rules, side by side

Three kinds of trust that the public can buy. Figures are from the regulations as they stand today.

Rule	REIT	InvIT (public issue)	SM REIT scheme
What it must hold	At least 80% of asset value in completed property that earns rent or income	At least 80% in completed infrastructure projects that earn revenue	At least 95% in completed property that earns revenue
Smallest application	₹10,000 to ₹15,000. Trades in lots of one unit	₹10,000 to ₹15,000. Trades in lots of one unit	₹10 lakh. Each unit is priced at ₹10 lakh or more
Cash to be paid out	At least 90% of net distributable cash flow, at least once in six months	At least 90% of net distributable cash flow, at least once in six months	100% of net distributable cash flow, at least once a quarter
Borrowing limit	49% of asset value, net of cash	70% of asset value, net of cash	49% of scheme assets, if the scheme borrows
Smallest asset size	₹500 crore before a first issue	₹500 crore before a first issue	₹50 crore for each scheme

Source: SEBI REIT Regulations, 2014 (amended up to 18 April 2026) and SEBI InvIT Regulations, 2014 (amended up to 17 April 2026).

From net cash to cash per unit

AN INVENTED TRUST

The trust has 10 crore units.

Net distributable cash flow for the half-year: ₹60 crore.

An investor holds 200 units.

- 1 Least the trust must distribute: 90% of ₹60 crore = ₹54 crore.
- 2 For each unit: $\text{₹54 crore} \div 10 \text{ crore units} = \text{₹5.40}$.
- 3 For the investor: $200 \text{ units} \times \text{₹5.40} = \text{₹1,080}$ for the half-year.
- 4 The trust states what the ₹1,080 is made of. Assume 50% interest, 30% dividend, 20% repayment of debt: ₹540, ₹324 and ₹216.

The payout follows the cash the assets earn. If net cash falls, 90% of it is a smaller amount.

Illustration with an invented trust and assumed figures. Not a forecast and not a view on any trust.

How each part of the payout is taxed

For a resident unit holder, tax year 2026-27. The trust passes each stream through with its nature intact.

Part of the payout	Tax in the unit holder's hands	Note
Interest	Taxable at the unit holder's slab rate.	The trust may deduct tax at source before it pays out.
Dividend	Exempt from 1 April 2026, whichever tax regime the SPV has chosen.	The Act drops a condition that denied this where the SPV had chosen the concessional regime.
Rent (REIT only)	Taxable at the unit holder's slab rate.	Applies to property the REIT owns directly, not via an SPV.
Repayment of SPV debt	Lowers the cost of the units. Taxable as income once the total received exceeds the issue price.	Applies from financial year 2023-24.
Sale of listed units	Over 12 months: 12.5% on total such gains above ₹1.25 lakh a year. Else 20%.	Rates apply to sales from 23 July 2024.

Sources: Income-tax Act, 2025 (s.223, Schedule V); Taxation and Other Laws (Amendment) Act, 2026 (Bill No. 150 of 2026; Gazette 17 Aug 2026).

How mutual funds treat the two

SEBI's circular of 28 November 2025 split the two for mutual funds and specialised investment funds.



REITs: equity-related

From 1 January 2026 a fund's investment in REIT units counts as an equity-related instrument.



InvITs: hybrid

InvIT units continue to be classified as hybrid instruments for fund investments.



Indices: from July 2026

REITs could be included in equity indices only after six months, that is from 1 July 2026.

Source: SEBI circular HO/24/13/12(1)2025-IMD-POD-2/I/157/2025, 28 November 2025.

Where the market stands

Counts of trusts registered with SEBI, and money raised through unit issues. These are not price data.

REITS REGISTERED

6

On SEBI's list as on 11 Oct 2026.

INVITS REGISTERED

27

On SEBI's list as on 11 Oct 2026. Public and privately placed together.

REITS: ₹ CRORE RAISED

9,300

Through unit issues, April 2025 to March 2026.

INVITS: ₹ CRORE RAISED

21,026

Through unit issues, April 2025 to March 2026: ₹21,025.66 crore.

Sources: SEBI, lists of registered REITs and registered INVITs, as on 11 Oct 2026; SEBI statistics, 'Funds raised by REITs and INVITs' (page read 12 Oct 2026).

If you learnt this from older material

SEBI notified both sets of regulations on 26 September 2014. Much has changed since.

What older decks say

- Units had to be traded in lots of 100.
- The smallest ticket runs to lakhs of rupees.
- For mutual funds, REIT units are hybrid instruments.

What holds now

- 6 REITs and 27 InvITs are registered with SEBI (11 Oct 2026).
- ₹10,000 to ₹15,000 to apply; one unit to trade, since 30 July 2021.
- REITs count as equity-related for funds from 1 January 2026.

Sources: SEBI PR No. 89/2014 (10 Aug 2014); SEBI REIT and InvIT Regulations as amended; SEBI circular of 28 Nov 2025.

Four things people get wrong



'90% payout means a fixed income.'

It is 90% of net cash, which moves with rents, occupancy, traffic, tariffs and interest costs. No amount is promised.



'It is the same as owning a flat.'

The holder owns units of a trust, not a property. The unit price is set by buyers and sellers on the exchange and can fall.



'The payout is taxed one way.'

Interest, dividend, rent and repayment of debt each follow a separate rule. The trust gives the split with each payout.



'A REIT and an InvIT are one thing.'

One owns real estate, the other infrastructure. Borrowing limits differ, and mutual fund rules class them differently.

Questions to ask of any trust

1

What does it own?

Offices, malls, roads, power lines or other assets; how many; and how much of the income rests on a few tenants or users.

2

How long will income run?

For property: occupancy and when leases end. For infrastructure: how many years of the concession or contract remain.

3

How much has it borrowed?

Borrowing as a share of asset value, set against SEBI's limit, and when the loans come up for repayment.

4

What is the payout made of?

The split between interest, dividend, rent and repayment of debt, since each is taxed by a separate rule.

The answers are in the trust's offer document and its half-yearly and annual reports.

Check yourself

Q1

A trust has 20 crore units and net distributable cash flow of ₹50 crore for the half-year. What is the least it must distribute for each unit?

Q2

A mutual fund scheme holds units of one REIT and one InvIT. How does SEBI class each holding from 1 January 2026?

Q3

A client says: 'A REIT must pay 90%, so my income from it is fixed.' What would you explain?

Sources and disclaimer

SOURCES FOR THE FIGURES IN THIS DECK

- Parties, 80% rule, 90% payout, borrowing limits, application size, trading lot, SM REITs: SEBI (Real Estate Investment Trusts) Regulations, 2014, amended up to 18 April 2026.
- InvIT rules, including the 70% borrowing limit and privately placed InvITs: SEBI (Infrastructure Investment Trusts) Regulations, 2014, amended up to 17 April 2026.
- 2014 minimums: SEBI PR No. 89/2014, 10 August 2014. Position before July 2021 and counts then: SEBI board memorandum on minimum allotment and trading lot, July 2021.
- REITs as equity-related instruments, InvITs as hybrid: SEBI circular HO/24/13/12(1)2025-IMD-POD-2/I/157/2025, 28 November 2025.
- Registered REITs (6) and InvITs (27): SEBI lists of recognised intermediaries, as on 11 October 2026. Funds raised: SEBI statistics page on REITs and InvITs.
- Tax: Income-tax Act, 2025 (section 223, Schedule V); Taxation and Other Laws (Amendment) Act, 2026, Bill No. 150 of 2026.
- The trust in the illustration and the quiz, and all its figures, are invented. They do not refer to any real trust.

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