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Indian REITs and INVITs Investor's Perspective

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Abstract
This paper presents analytical insights on selected Indian Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (INVITs), employing basic statistical methods to examine investor expectations and potential portfolio outcomes. Utilizing historical market data and visual tools, the study evaluates price trends, trading activity, and distribution behavior to assess the performance characteristics of these instruments.
The analysis indicates that long-term investments in REITs and INVITs can offer a dual benefit—**regular dividend income and capital appreciation**. Furthermore, reinvestment of dividend proceeds is shown to enhance portfolio returns by approximately **1.64% to 1.67%**, underscoring the compounding advantages of such a strategy. These findings reinforce the utility of REITs and INVITs as viable vehicles for **portfolio diversification** through exposure to real estate and infrastructure-linked assets.
The paper also investigates the feasibility of a **"Dividend Capture"** strategy, concluding that the strategy lacks reliability due to price adjustments around ex-dividend dates and the unpredictability of short-term price movements. Consequently, market-timing tactics may diminish actual income and are unlikely to deliver consistent risk-adjusted returns.

INTRODUCTION

REITs and INVITs from retail investors perspective are similar to mutual funds, a mechanism that instead of investing in publicly traded companies, these trusts that focus on real-estate and infrastructure assets such as roads and powerline transmission etc can be an alternative investment source. However, Investors are less concerned about the underlying dynamics of REITs or INVITs or the trusts that are managing them, investors main concern is rewards or gains they can make through these instruments.
Income for retail investors for both REITs and INVITs comes in two forms -regular dividends and capital gains. For REITs these dividends are a substantial part of rental income generated by leasing commercial office buildings and for INVITs the revenue generated by infrastructure projects such as highways, dams, power & energy farms, towers etc contribute as a steady source of income.
The advantage of REITs and INVITs is that these are regulated by SEBI (the Securities and Exchange Board of India) which sets rules and regulations governing their formation and operations. For retail investors they get an opportunity to invest small amounts of money into these high ticket size products and since these units are listed on stock exchange, there is a reasonable liquidity (an exit option) available for both existing and new investors.
This paper, however, instead of providing detailed functioning or regulatory aspect of REITs or INVITs, that is better explained in [1],[2],[3], primarily focuses on performance of these securities in general especially for a long term investor, however, would refrain from using complex statistical analysis done by [4] while comparing performance of REITs and INVITs with Nifty 50.

The main aim of this paper will be to present insights using last 3 years post-COVID REITs and INVITs data and analyze the performance of each investment vehicle capturing the past investor behavior and deep dive to gains and losses.

REITs and INVITs in India

This study examines three Real Estate Investments Trust (REITs) funds that are operating in India namely - Embassy Office Park REI, MindSpace Business Park REIT and Brookfield India RealEstate Trust. Additionally, the analysis focuses on two Infrastructure Investment Trusts (INVITs) - India Grid Trust and IRB InvIT Fund. The selection of these trusts is constrained by the availability of daily price and volume data through yfinance python [5] which serves as the primary source of this research.

Data Analysis: Capital Gains from REITs and INVITs

This section aims to address a practical investment scenario: If an investor had allocated ₹1,00,000 in June 2022, during the post-COVID economic recovery phase, what would be the resulting portfolio value under two distinct approaches:

- **Dividend Reinvestment Strategy**: The investor systematically reinvests all quarterly distributions received from selected REITs and INVITs back into the same instrument.
- **Dividend Consumption Strategy**: The investor withdraws each quarterly dividend as income, while the initial capital investment remains untouched throughout the holding period.

This comparative analysis provides insights into the cumulative impact of dividend reinvestment versus passive holding on total returns, using actual price and distribution data from June 2022 to the present.

REITs

It is unsurprising that, in light of India's sustained economic growth, investors would have experienced capital appreciation under both dividend strategies outlined earlier. The following table presents the historical performance of the three selected REITs, highlighting the impact of both dividend reinvestment and passive income consumption over the specified period.*

Factors	Embassy Office Parks	Mindspace Business Park	Brookfield RIET	Remarks
Portfolio on 6th June 2025 The dividends were added to the portfolio returns	Rs 143168	Rs 161170	Rs 137494	REITs have two benefits passive dividend income and capital gain.
CAGR for 3 years	12.71 %	17.25 %	11.20 %	Mindspace Business Park would have given most returns in last 3 years.
Dividend Earned				
- Dividend Used	Rs 19751	Rs 20243	Rs 22880	Different in total dividend income if one has reinvested the income in buying new REITs unit or using it for their personal use. There is close to 1.6% benefit.
- Dividend Reinvested	Rs 21772	Rs 22219	Rs 20860	
Difference / Benefit	1.69 %	1.64 %	1.67 %	

***This table does not suggest any recommendations, past performance cannot guarantee future returns, conduct your own analysis before investing in REITs and INVITs.**

This section interprets the comparative results presented in the preceding table. All three REITs under

consideration provided a combination of stable income distributions and capital appreciation over the investment horizon. Notably, reinvesting the quarterly dividends into the same REIT units yielded compounded benefits: increased unit holdings led to higher subsequent dividends and enhanced capital gains.
Portfolio values under the dividend reinvestment strategy demonstrated an overall appreciation ranging from **1.64% to 1.69%** relative to the passive income strategy. Among the three, **Mindspace Business Parks REIT** recorded the highest Compound Annual Growth Rate (CAGR), underscoring the potential long-term wealth creation capacity of REITs as an asset class [6]. This performance highlights REITs as suitable instruments for investors seeking both periodic income and capital growth over an extended horizon.

INVITs
The trajectory of Infrastructure Investment Trusts (INVITs) demonstrates a somewhat distinct profile compared to REITs. While the dividend yields distributed by INVITs may appear relatively modest, their long-term investment rationale is underpinned by the sustained momentum of India's infrastructure development. With a pipeline of large-scale projects led by both the Government of India and private sector participants, INVITs benefit from a favorable macroeconomic and policy environment that supports capital expansion, asset monetization, and stable cash flows. Consequently, despite lower short-term income payouts, the market outlook for INVITs remains optimistic.*.

Factors	INDIGRID IVITs	IRBINVIT INVITs		Remarks
Portfolio on 6th June 2025 The dividends were added to the portfolio returns	Rs 155767	Rs 171566		INVITs haven't been able give substantial passive dividend but have done relatively good in terms of capital gain.
CAGR for 3 years	15.92 %	19.71 %		IRBINVIT have given the highest CAGR based on historical returns
Dividend Earned	Rs 4438	Rs 6939		As one can see dividends earned is quite low.

***This table does not suggest any recommendations, past performance cannot guarantee future returns, conduct your own analysis before investing in REITs and INVITs.**
The IRB InvIT Fund has demonstrated strong long-term performance, primarily driven by capital appreciation rather than periodic income distributions. In contrast to REITs, which typically offer consistent dividend payouts, the Compound Annual Growth Rate (CAGR) [6] observed for IRB InvIT is largely attributable to market-driven price gains.
Disclaimer: All return calculations in this paper are presented on a nominal basis, without adjustments for inflation, taxation, or transaction costs. Incorporating these real-world factors would result in a lower effective rate of return.

Data Analysis: Volume and Traded Price Analysis for REITs and INVITs
In this section we will deepen our understanding of individual REITs or INVITs and their behavior by looking at the traded price or volume drawing some interesting conclusions.

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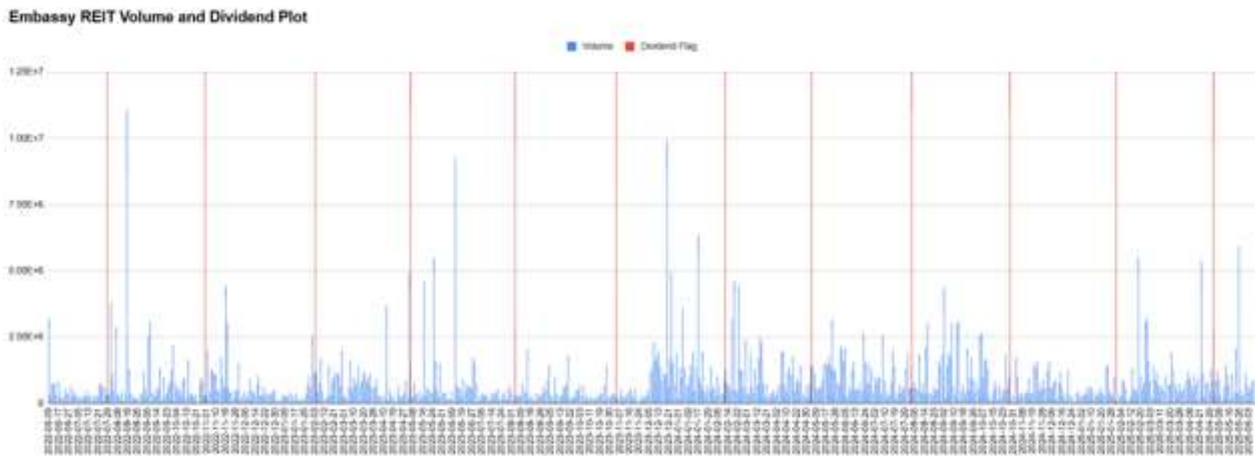
REIT: Embassy Office Parks

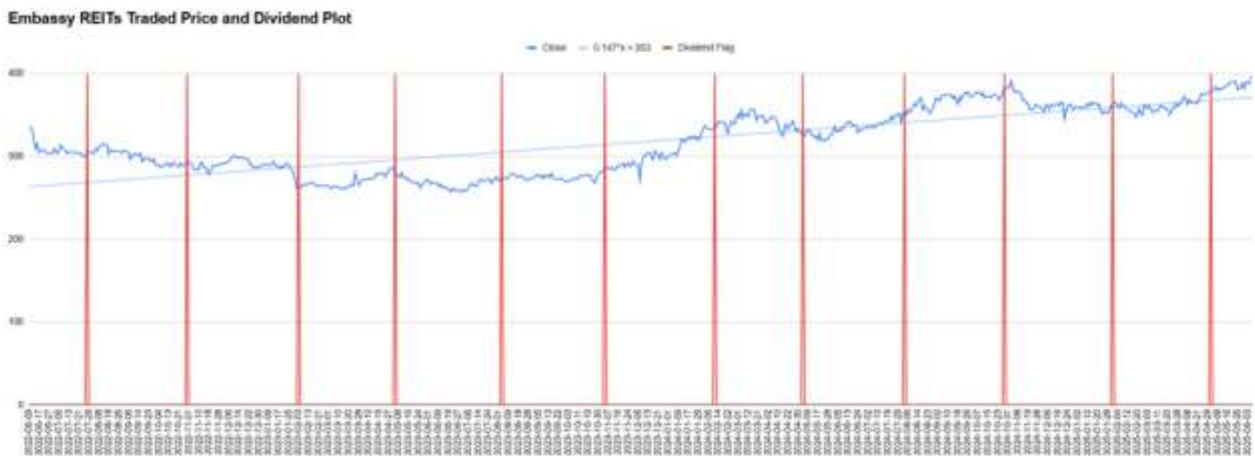
Embassy Office Parks REIT, India's first publicly listed REIT, manages a diversified portfolio of premium commercial office assets located across key urban centers such as Bengaluru, Mumbai, Pune, the National Capital Region (NCR), and Chennai [7].

The following figure illustrates a daily time-series of trading activity over the three-year period from June 2022 onward—capturing the post-COVID market environment. In this visualization, **blue bars** denote the traded volume for each day, reflecting investor participation and market liquidity, while **red bars** represent the timing of quarterly dividend declarations, highlighting distribution frequency.



The trading volume of Embassy Office Parks REIT exhibits notable fluctuations between quarterly dividend announcements. While no consistent cyclical pattern is immediately evident, there has been a discernible and sustained increase in trading activity beginning in late 2023.

On the other hand, the relatively subdued trading volumes observed in early to mid-2023 may be attributed to a phase of underperformance, as evidenced in the Last Traded Price (LTP) plot below. This plot charts the daily closing price (**depicted as a blue line**) and presents dividend issuance dates (**represented by red bars**).

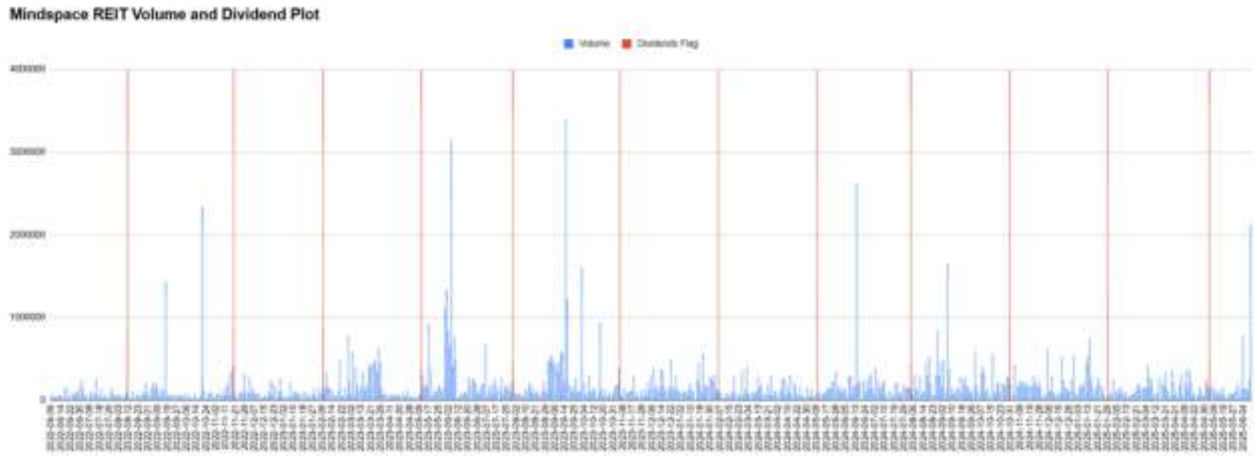


The observed decline of Embassy Office Parks REIT between early 2023 till mid-2024 can be largely attributed to a post-pandemic decline in occupancy rates, estimated at approximately 10%.

A linear regression model fitted to the daily traded price data from June 2022 onward reveals an approximate upward movement of 14%. That said, Embassy REIT has exhibited noticeable price volatility, with frequent deviations above and below the fitted trend line.

REIT: MindSpace Business Park

Mindspace Business Parks REIT, sponsored by the K Raheja Group, holds a portfolio of Grade-A commercial business parks strategically located in Mumbai, Pune, Hyderabad, and Chennai [8].



An analysis of trading volume over the three-year period reveals notable and recurring behavioral patterns. Specifically, elevated trading activity tends to cluster around the **midpoint of each quarterly distribution cycle**, indicating increased investor participation during these intervals. In contrast, a distinct decline in liquidity is observed **immediately prior to the dividend declaration dates**, suggesting a period of profit-booking ahead of the dividend record date.

The underperformance of Mindspace Business Parks REIT similar to Embassy Office Parks REIT observed between early 2023 and mid-2024 can be attributed to the same post-pandemic decline in occupancy levels. However, market conditions have shown signs of improvement, as reflected in the daily traded price plot, where **blue line graphs** denote closing prices and **red bars** mark dividend distribution dates.

Despite periodic underperformance, the overall price trajectory has demonstrated a **cumulative increase of approximately 12%** since June 2022.

REIT: Brookfield India Real Estate Trust

Brookfield India Real Estate Trust, a 100% institutionally managed REIT, holds a pan-India portfolio comprising Grade-A office assets located in key gateway cities [9].

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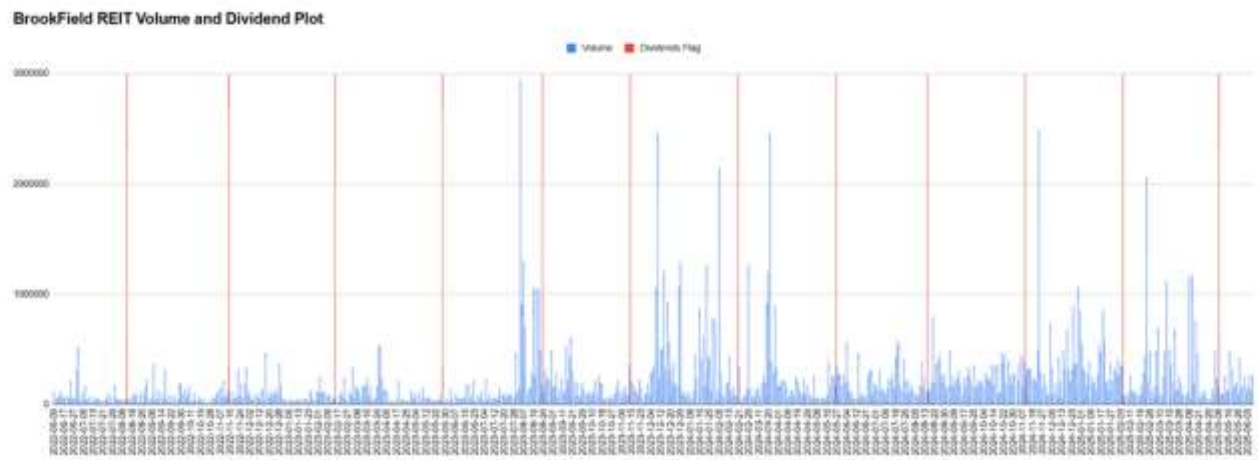
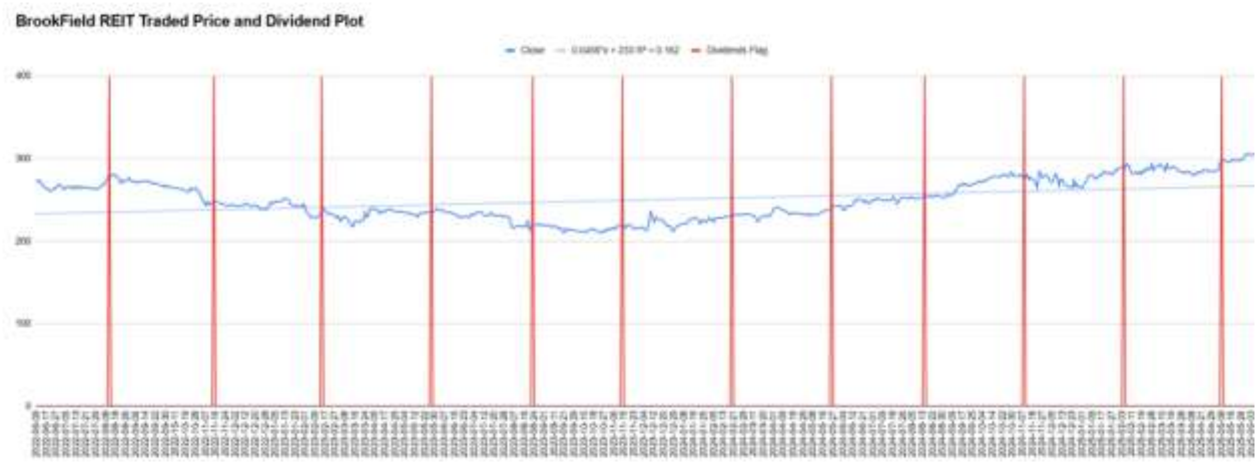


Relative to Embassy and Mindspace REITs, Brookfield has exhibited significantly elevated trading activity—particularly evident from late 2023 onward. This heightened volume, especially between dividend declaration periods, indicates increased investor participation and market interest.
While Embassy REIT and Mindspace REIT also posted solid results and distributions, Brookfield's capital raise, leasing pipeline, and aggressive expansion likely gave it a visibility edge in late 2023 and early 2024.

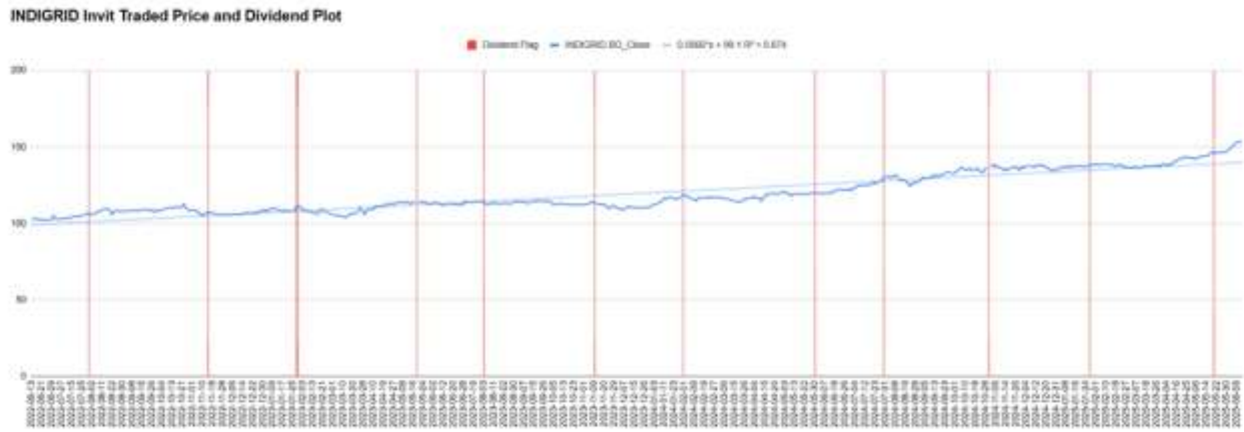


Observations

- Brookfield has gained momentum with aggressive leasing, capital infusion, and higher quarterly distributions—likely fueling its volume surge on exchanges.
- Embassy remains the largest by asset size and NOI, but its growth pace has been steadier.
- Mindspace shows consistent income growth and high dividend payouts, appealing to long-term income investors.

INVIT: India Grid Infrastructure Trust

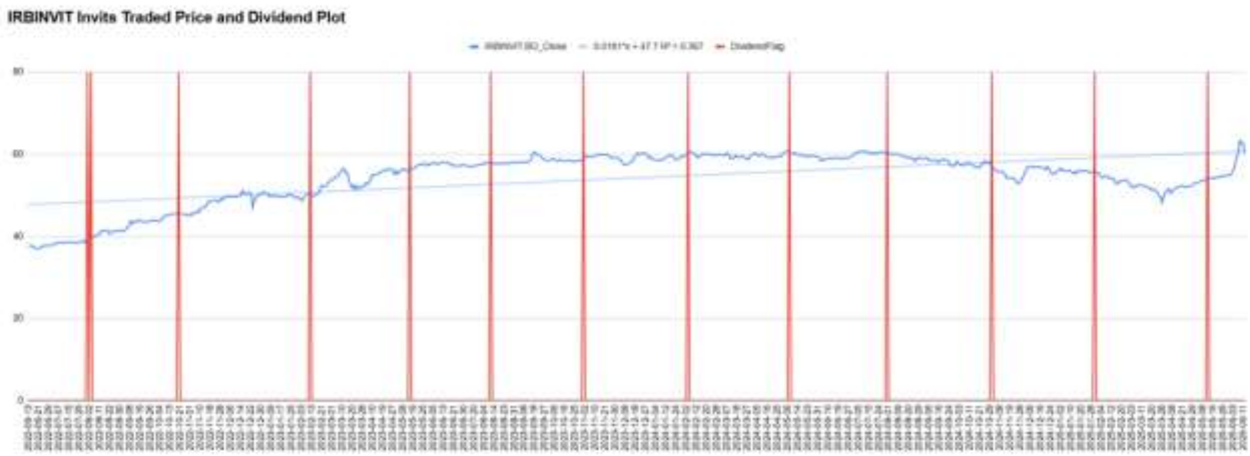
India Grid Trust (IndiGrid), sponsored by Sterlite Power Transmission Limited, owns and manages a portfolio of power transmission assets spanning various regions across India [10]. The dividend distribution pattern of IndiGrid exhibits notable irregularity compared to listed REITs and other INVITs. This variation is primarily attributable to the **regulated nature of its underlying cash flows** and the **structural framework of its revenue agreements**. It owns



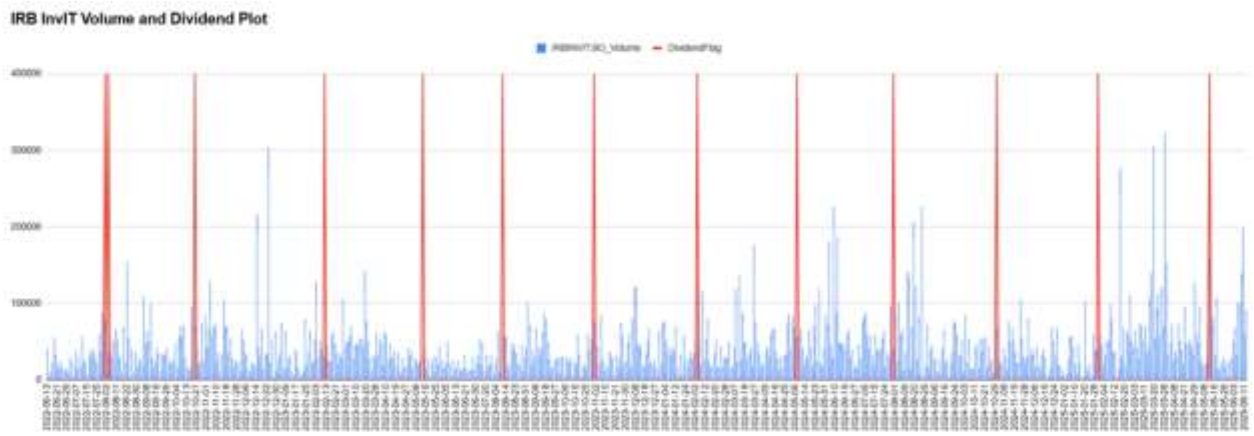
the power transmission assets, which generate regulated annuity-like cash flow, are less uniform, while REITs like Embassy or Mindspace typically have monthly rental income which is more predictable and uniform. Furthermore, they break their payout into interest, dividends and miscellaneous income components. Since June 2022, there has been a steady increase in India Grid INVIT traded price pacing at 5%.

INVIT: IRB InvIT Fund

IRB InvIT, India's first listed road-focused Infrastructure Investment Trust, operates a diversified portfolio of toll road assets across multiple states [11]. Unlike office-oriented REITs such as Embassy, Mindspace, and Brookfield—which experienced occupancy declines of 8–12% in the post-COVID period —IRB InvIT followed a different recovery trajectory.



However, As lockdowns eased, vehicular traffic rebounded quickly, especially for freight and intercity travel as a result toll collections had already reached or exceeded pre-COVID levels on most routes. However, despite this initial resilience, IRB InvIT was unable to sustain the same growth momentum. In the March 2025 quarter, the trust reported a 9.27% year-on-year decline in net profit, even though revenue exhibited a modest increase. This divergence between earnings and top-line performance may reflect operational or cost-side pressures.

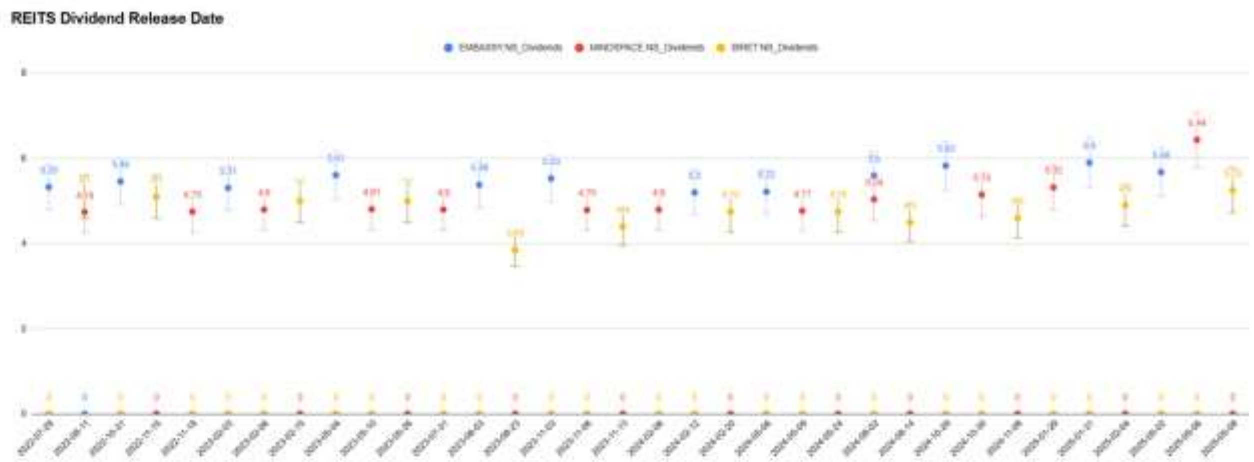


Dividend Capture Strategy: Timing REITs

Each REIT has a quarterly distribution, but their record and ex-dividend dates are staggered:

- Brookfield: Typically around early February, May, August, November
- Embassy: Often late January, April, July, October
- Mindspace: Usually early February, May, August, November

This pattern is also evident in the chart below, which illustrates that the **quarterly distribution timelines** for the three REITs—Embassy Office Parks, Mindspace Business Parks, and Brookfield India REIT—are relatively uniform across the observed period.



To effectively implement a dividend capture strategy, it is essential to account for market price adjustments that typically occur around ex-dividend dates. Specifically, the unit price of a REIT tends to **decline by an amount roughly equivalent to the dividend payout** on the ex-dividend date, a phenomenon known as **price adjustment**. This mechanism may potentially nullify any immediate gains from dividend receipt, particularly in the absence of subsequent price recovery.

REIT: Trend Fitting

Based on three years of historical data, a linear regression model was applied to the daily price

Dividend Release Date	Open	Close	Intercept	Slope
2022-05-17	341.00	344.83	291.46	0.27
2022-08-11	292.86	292.43	413.35	-1.25
2022-11-18	282.00	280.90	290.93	-0.04
2023-02-06	286.14	288.47	269.35	0.14
2023-05-10	275.76	278.99	283.02	-0.31
2023-07-31	286.56	286.50	278.26	0.07
2023-11-06	303.34	310.89	290.09	0.17
2024-02-06	331.51	329.68	310.63	0.28
2024-05-09	326.96	326.99	326.71	-0.17
2024-08-02	350.93	358.91	317.65	0.62
2024-10-30	368.04	369.10	362.35	-0.06
2025-01-29	381.95	388.93	357.38	0.18

Figure: MindSpace Business Park

points of Mindspace Business Parks REIT, segmented across individual dividend cycles. For each interval, the model's slope and intercept were computed to assess directional price trends and discover post-dividend effect.

A heuristic was adopted wherein a **positive slope** indicated price appreciation following the dividend release, while a **negative slope** signified a decline. Using this approach, the analysis revealed that in **5 instances** the price trended downward after the dividend, while in **7 instances** it trended upward.

This outcome suggests that the **likelihood of a favorable post-dividend price movement is marginally higher than random chance**, and thus the efficacy of a short-term dividend capture strategy remains **inconclusive** based solely on historical slope trends.

Dividend Release Date	Open	Close	Intercept	Slope
2022-05-06	384.80	382.32	318.90	-0.58
2022-07-28	294.74	293.36	312.60	-0.44
2022-10-31	266.13	261.54	291.65	-0.07
2023-02-03	290.14	280.49	259.57	0.33
2023-05-04	275.46	275.67	269.24	-0.07
2023-08-03	284.61	286.27	274.53	0.00
2023-11-03	335.55	331.98	277.95	0.80
2024-02-12	330.23	324.24	346.69	-0.18
2024-05-06	352.34	352.84	321.84	0.42
2024-08-02	378.20	384.97	358.93	0.32
2024-10-29	366.27	364.63	373.14	-0.31
2025-01-31	382.00	375.77	352.83	0.28

Figure: Embassy Office Parks

The same linear trend analysis was conducted for Embassy Office Parks REIT(above) and Brookfield India Real Estate Trust (below). In the case of Embassy, the outcomes were less favorable than those observed for Mindspace Business Parks REIT: across twelve dividend intervals, **seven instances reflected a post-dividend price decline**, while only **five intervals exhibited upward trends**. This further weakens the case for a systematic dividend capture strategy.

Dividend Release Date	Open	Close	Intercept	Slope
2022-05-25	330.49	331.80	266.16	-0.01 ↓
2022-08-11	251.77	248.63	280.64	-0.46 ↓
2022-11-15	237.66	241.57	247.26	-0.15 ↓
2023-02-15	238.83	236.08	228.95	0.10 ↑
2023-05-26	220.40	220.09	238.89	-0.31 ↓
2023-08-23	223.58	217.92	217.58	-0.09 ↓
2023-11-13	232.82	233.02	216.74	0.18 ↑
2024-02-20	239.77	243.97	231.11	0.07 ↑
2024-05-24	254.10	256.13	242.61	0.21 ↑
2024-08-14	284.42	273.71	251.38	0.57 ↑
2024-11-08	292.05	293.75	271.28	0.16 ↑
2025-02-04	298.55	299.70	287.46	-0.04 ↓

Figure: Brookfield India Real Estate Trust

For Brookfield India REIT, the results were evenly split—**six positive trends and six negative**, yielding a **neutral 50% probability** of price appreciation post-dividend.

Inference

Based on the aggregated findings across all three REITs, it can be inferred that the **dividend capture strategy lacks statistical robustness** in this asset class. The inconsistent and marginal odds of post-dividend price recovery - suggest that such timing-based approaches are unlikely to generate superior risk-adjusted returns. In fact, attempts to optimize short-term payouts may inadvertently **erode the effective dividend income**, particularly if capital depreciation or timing errors occur.

Consequently, REITs may be better suited for **long-term, income-focused investors**, rather than tactical dividend arbitrage strategies.

Conclusion

In this study, a set of straightforward analytical techniques was employed to examine investor expectations and potential portfolio growth outcomes associated with investments in Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (INVITs). The findings indicate that such instruments offer considerable long-term value through a combination of **regular dividend income** and **capital appreciation**.

Moreover, the practice of reinvesting dividend distributions was found to enhance portfolio returns by enabling compounding effects. Consequently, both REITs and INVITs serve as effective vehicles for **portfolio diversification**, particularly for investors seeking exposure to real estate or infrastructure-backed assets.

On the other hand, the analysis suggests that **dividend capture or market-timing strategies** may not yield consistently favorable outcomes in the context of Indian REITs. The inherent volatility in post-dividend price behavior introduces significant uncertainty, potentially diminishing the net benefit of such tactical approaches. Thus, a **disciplined, long-term investment horizon** appears more suitable for achieving stable returns in these asset classes.

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