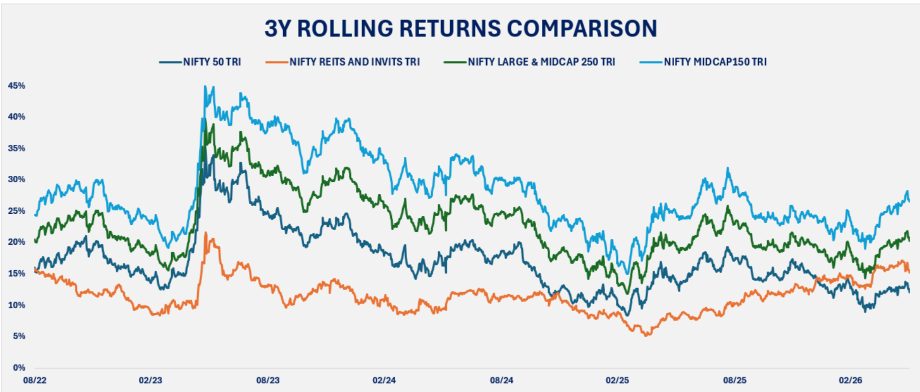
12th JUNE 2026

Smarter Way to Own Real Estate

Most Indian investors already have exposure to real estate, whether through a primary residence, a second property, commercial real estate or ancestral land. While the asset class remains popular due to its familiarity and tangible nature, direct ownership often comes with high ticket sizes, illiquidity, concentration risk and ongoing management responsibilities. Rental yields on residential and commercial properties also tend to be modest relative to the capital invested. Real Estate Investment Trusts (REITs) offer an alternative approach. REITs allow investors to participate in large scale commercial real estate portfolios through listed securities that trade on stock exchanges. India's 5 listed REITs collectively own and operate over 170 million sq ft of institutional quality office parks and retail malls across the country's major cities. These assets are leased to leading MNCs, Global Capability Centres (GCCs) and consumer brands, generating regular cash flows that are distributed to investors on a quarterly basis. Since inception, the Nifty REITs & InvITs Index has delivered a CAGR of 12.2%, marginally ahead of the Nifty 50 TRI at 11.7%. While this trails the 16.7% and 21.0% returns generated by the Nifty LargeMidcap 250 and Nifty Midcap 150 respectively, the comparison is not strictly valid given the fundamentally different objectives and return drivers of these asset classes.



**Source: Investing.com (Data considering from July 2019 to May 2026)*

REITs combine the income generating characteristics of real estate with the liquidity and accessibility of listed equities. Under SEBI regulations, REITs are required to distribute at least 90% of their net distributable cash flows to investors, making them an attractive option for income-oriented portfolios. In addition, a significant portion of REIT distributions are often received as tax exempt income or return of capital, enhancing post tax returns for investors in higher tax brackets. The asset class is also supported by favourable structural trends as India's office market continues to benefit from strong demand from Global Capability Centres, while organised retail is supported by rising consumption and limited new Grade A mall supply. These factors have contributed to steady growth in rentals, occupancy and distributions across the listed REIT universe.

The Indian REIT market has evolved significantly since the listing of the first REIT in 2019 and now comprises 5 listed trusts with exposure to both office and retail real estate. While Embassy Office Parks REIT, Mindspace Business Parks REIT, Brookfield India REIT and Knowledge Realty Trust primarily provide exposure to Grade A office assets across key business districts, Nexus Select Trust offers a differentiated play on India's organised retail sector through a portfolio of premium shopping malls. Together, these REITs provide investors with access to some of the country's largest institutional quality commercial real estate assets through a regulated and liquid investment structure. While all 5 REITs provide exposure to institutional quality commercial real estate, there are meaningful differences in scale, occupancy, lease tenure, yield and rental growth potential, making it important to evaluate these REITs on a comparable basis rather than in aggregate

REIT	Portfolio Size (msf)	Occupancy (%)	WALE (Years)	Med Distribution Yield (%)	Re-leasing spread
Embassy Office Parks	52.5	90.0%	8.5	6.0%	17.0%
Mindspace Business Parks	32.0	95.7%	7.2	5.4%	31.8%
Brookfield India	32.5	93.0%	6.7	6.5%	18.0%
Nexus Select Trust	10.7	95.0%	4.5	6.7%	18.0%
Knowledge Realty Trust	46.0	92.0%	8.0	2.5%	25.0%

**Source: Q4 Earnings Presentation. WALE (Weighted Average Lease Expiry) measures the average time remaining across all leases in a portfolio, weighted by rental income. A higher WALE indicates greater income visibility and lower near-term re-leasing risk generally preferred by investors seeking stable cash flows. Re-leasing Spread refers to the percentage change in rent between an expiring lease and the new lease signed for the same space.*

To compare the listed REIT universe, we assessed each trust across a range of factors including portfolio quality, occupancy levels, lease visibility, distribution profile and rental growth potential. While all 5 listed REITs provide exposure to institutional quality commercial real estate, meaningful differences exist across these parameters. Based on our internal assessment, Mindspace Business Parks REIT currently stands out as one of the most attractive opportunities within the listed REIT universe followed by Embassy Office Parks REIT.

Unlike a fixed deposit coupon or bond interest payment, a REIT distribution is typically made up of multiple components, including dividend income, interest income and return of capital, each of which receives different tax treatment. As a result, a meaningful portion of REIT distributions is often either tax free or tax deferred at the time of receipt. Consequently, for investors in higher tax brackets, REITs can offer more attractive post tax income than many traditional fixed income instruments. For example, a REIT yielding 5% where a significant portion of the distribution is exempt at receipt may deliver a higher post tax cash flow than a fixed deposit yielding 7%, where the entire interest income is taxable. The exact tax treatment varies across REITs and distribution periods and should be evaluated based on the distribution disclosure provided by each trust.

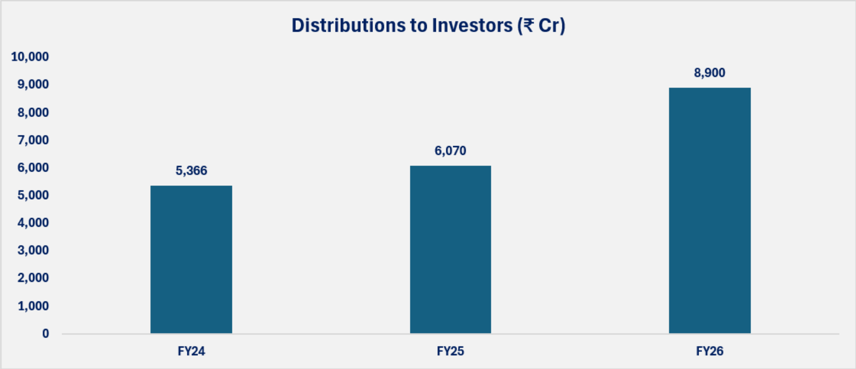
INSTRUMENT	Gross Yield	Non Taxable at Receipt %	Taxable %	Tax at 30% Applicable	Post Tax Yield
Fixed Deposit	7.0%	0.0%	100.0%	2.1%	4.9%
G-Sec (10 Year)	6.5%	0.0%	100.0%	2.0%	4.6%
REIT	5.3%	85.0%	15.0%	0.2%	5.1%
Direct Real Estate	3.0%	0.0%	100.0%	0.9%	2.1%

Illustrative comparison for an investor in the 30% tax bracket. REIT assumptions are based on 85% of distributions being nontaxable at receipt. Actual yields and tax treatment may vary by instrument, issuer and prevailing market conditions

Technical Outlook **(CMP based on the closing price as of 10th June 2026)*

REIT	CMP (₹)	Support (₹)	Resistance (₹)	Key trigger
Embassy Office Parks	429	420	440	Close above ₹440 on volume
Mindspace Business Parks	462	460	490	Reclaim of 20 & 50 DMA
Brookfield India	320	316	343	Reclaim of 200 DMA
Nexus Select Trust	155	152	162	Hold above weekly 50 WMA
Knowledge Realty Trust	117	110	125	Wait for base formation

India's office market has never been busier as Q1 CY2026 recorded 21.5 msf of gross leasing, the highest ever first quarter in history, with vacancy falling 86bps (0.86%) YoY. Annual absorption is expected to cross 84 msf in CY2027, up from 80.4 msf in CY2025. The engine behind this is Global Capability Centres which occupy 267 msf of Grade-A office stock across India, approximately 35% of the total, and that number is expected to reach 300 msf within two years. Since CY2022, GCCs have leased 108.5 msf. There are 2 million GCC employees in India today. The cost arithmetic is straightforward as Indian engineers cost approximately 85% less than their counterparts in developed markets and office rents in gateway cities run at $1 to $2 per sqft/month. The resulting cost differential remains a significant driver of GCC investment decisions. Consensus industry forecasts continue to point to a long runway for GCC-led office demand. India currently hosts more than 2,000 GCCs, a number expected to exceed 2,350 by CY2027, while the GCC market is projected to grow from $65 billion today to $105 billion by FY2030. Importantly, a majority of Fortune 500 companies have yet to establish a GCC presence in India, suggesting significant room for further penetration.



With the listed REIT sector now exceeding ₹1.7 lakh crore in market capitalisation and FY26 distributions reaching ₹8,900 crore, a 46.6% jump YoY, REITs have evolved into a meaningful asset class within Indian capital markets. Supported by favourable demand trends, growing distributions and exposure to high quality commercial real estate, the asset class offers investors a differentiated source of income and long-term growth potential. We recommend allocating 5% to 10% of a diversified portfolio to REITs as a strategic allocation, given their potential to provide regular income, portfolio diversification and exposure to India's growing commercial real estate market.

Investors should view REITs as an income-oriented asset class rather than a substitute for equities. Unlike regular equities, where returns are primarily driven by capital appreciation, a significant portion of REIT returns comes from regular cash distributions backed by rental income. While midcap and smallcap equities have delivered higher returns, they have also experienced materially greater volatility and drawdowns. REITs therefore play a different role within a portfolio, offering stable cash flows and diversification through exposure to commercial real estate.

Website: www.privus.in | Email: research@privus.in | Landline: +91 22 4896 5600