

REAL ESTATE

Q3FY26 Preview

12 January 2026

Strong demand for REIT assets to drive rents and occupancy

- **Leasing by GCCs and the preference for Grade A office assets made for a structurally strong environment for demand in REIT assets**
- **We expect occupancy and in-place rents to improve (+371bps and +4.10% YoY, respectively) as demand continues to outpace supply**
- **Improved occupancy, higher in-place rents and increased area under REIT management to drive DPU growth of ~+ 9.9 YoY and ~+0.9% QoQ**

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Over 3Q26, ~22.2msf of office space was absorbed (~+15% QoQ and flat YoY), led by leasing activity in BLR (24%), MUM (22%) and Delhi NCR (18%). Supply continued to lag demand despite a pick-up in pace, as ~16.6msf was delivered (~+10% QoQ and ~+3% YoY), concentrated (63%) mostly in BLR and HYD. Leasing in Grade A office assets accounted for the majority (~90%) of the office space leased as occupiers prioritise workplace design, efficiency and sustainability standards. We believe that **leasing by GCCs (~38% of space leased) and 'flight-to-quality' make for a structurally strong environment for demand to consolidate into space in REIT managed properties.**

As demand continues to exceed supply, we **expect occupancy and in-place rents to improve (+371bps and +4.10% YoY, respectively)**. We believe MINDSPACE will improve occupancy (+460bps YoY) and in-place rents (+6.65% YoY) the most, driven by efficient management of leasable area and the high demand for space in its assets.

REITs under our coverage **added ~8.75msf of acquired assets into their portfolio**. As most of these assets were acquired towards the end of 3Q26, we expect limited incremental NOI to flow through during the quarter. However, **BIRET stands to gain the most having announced the biggest acquisition** of an asset (7.7msf in BLR) with higher committed occupancy (94%) and in-place rents (Rs 102psf/m) vs. their existing portfolio (90% and Rs 98psf/m).

~Rs 35,000mn of equity capital and ~Rs 43,000mn of debt capital was raised over 3Q26 by REITs under our coverage. We believe that REITs are likely to report marginally lower avg. cost of debt despite persistent high debt yields (benefit from AAA credit rating), and expect BIRET to benefit the most from lower cost of debt (~88% of loans linked to repo-rate).

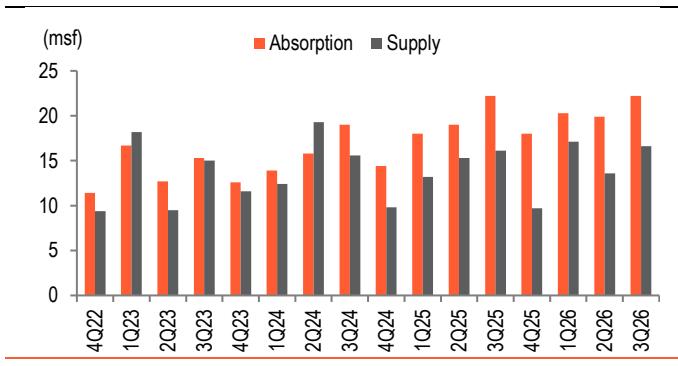
We continue to believe that **REITs' ability to expand leasable area remains key to driving DPU growth as portfolio occupancies approach ~90%** and expect average DPU growth of ~+9.9 YoY and ~+0.9% QoQ.



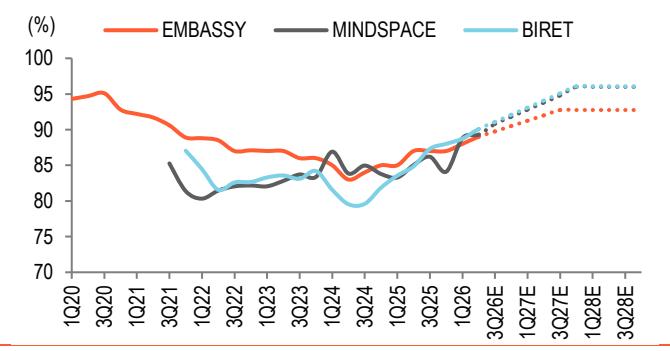
Fig 1 – Estimates

	3Q26E	3Q25A	y/y (%)	2Q26A	q/q (%)
Occupancy (%)					
MINDSPACE	90.80	86.20	4.60	89.3	1.50
EMBASSY	89.75	87.00	2.75	89.00	0.75
BIRET (committed occupancy)	91.09	87.30	3.79	90.09	1.00
In-place Rents (Rs psf/m)					
MINDSPACE	76.11	71.37	6.65	74.00	2.85
EMBASSY	91.05	90.00	1.17	93.00	(2.10)
BIRET	100.32	96.00	4.50	98.00	2.37
NOI (Rs mn)					
MINDSPACE	6,754.32	5,219.00	29.42	6,339.00	6.55
EMBASSY	9,280.94	8,290.00	11.95	9,274.13	0.07
BIRET	6,587.07	5,036.00	30.80	5,094.00	29.31
EBITDA (Rs mn)					
MINDSPACE	6,273.54	4,956.00	26.58	6,036.00	3.94
EMBASSY	9,538.68	8,246.00	15.68	9,354.13	1.97
BIRET	6,492.45	4,941.00	31.40	5,016.00	29.43
NDCF at REIT Level (Rs mn)					
MINDSPACE	3,644.27	3,169.00	15.00	3,645.00	(0.02)
EMBASSY	6,138.21	5,604.00	9.53	6,160.00	(0.35)
BIRET	3,976.70	2,981.00	33.40	3,287.00	20.98
DPU (Rs)					
MINDSPACE	5.95	5.32	11.86	5.83	2.07
EMBASSY	6.47	5.90	9.65	6.51	(0.61)
BIRET	5.31	4.90	8.30	5.25	1.08

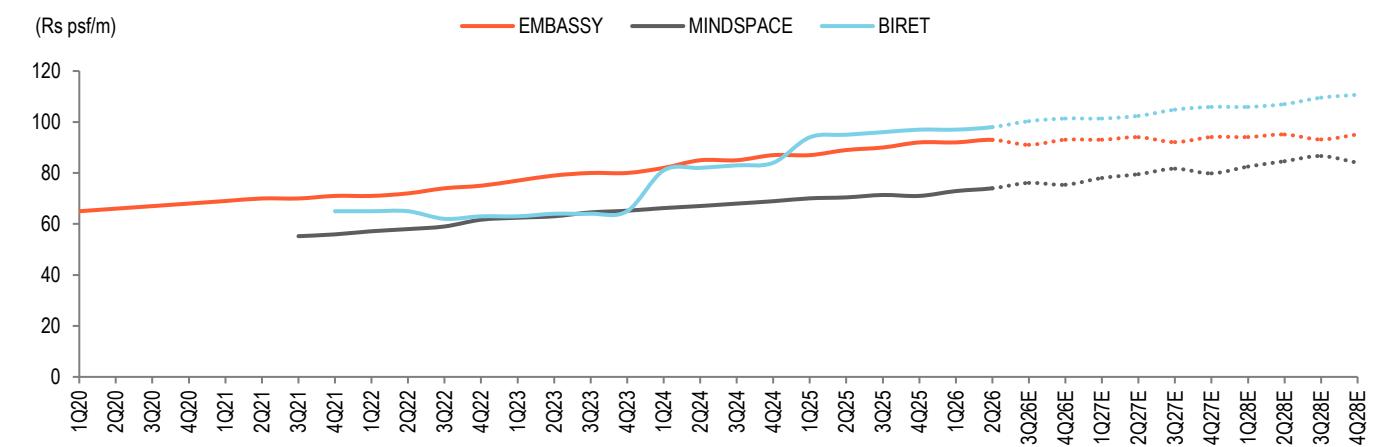
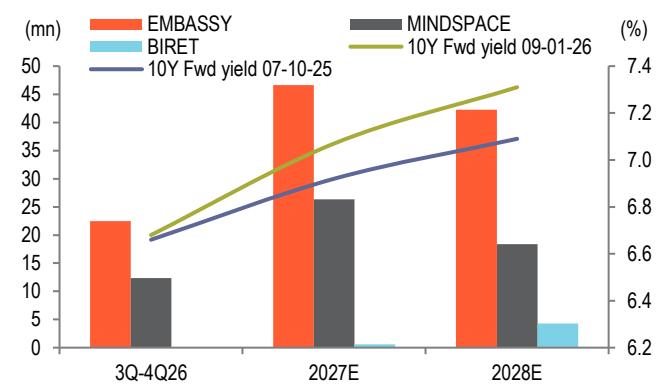
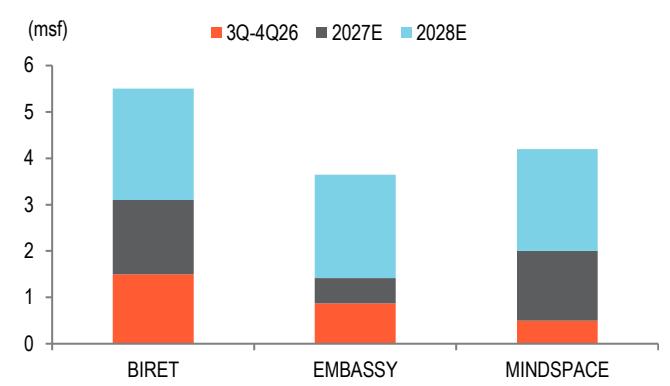
Source: Company, BOBCAPS Research

Fig 2 – Demand continues to exceed supply

Source: CBRE, BOBCAPS Research

Fig 3 – Limited supply and ‘Flight-to-Quality’ are expected to drive occupancy growth

Source: Company, BOBCAPS Research

Fig 4 – In-place rents likely to increase by ~+4.1% y/y**Fig 5 – Debt maturity schedule: Higher rates to limit the ability to refinance at lower rates over FY26-28****Fig 6 – Lease expiry schedule: BIRET and EMBASSY have the most to gain, as expiring leases are marked to market rents**

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