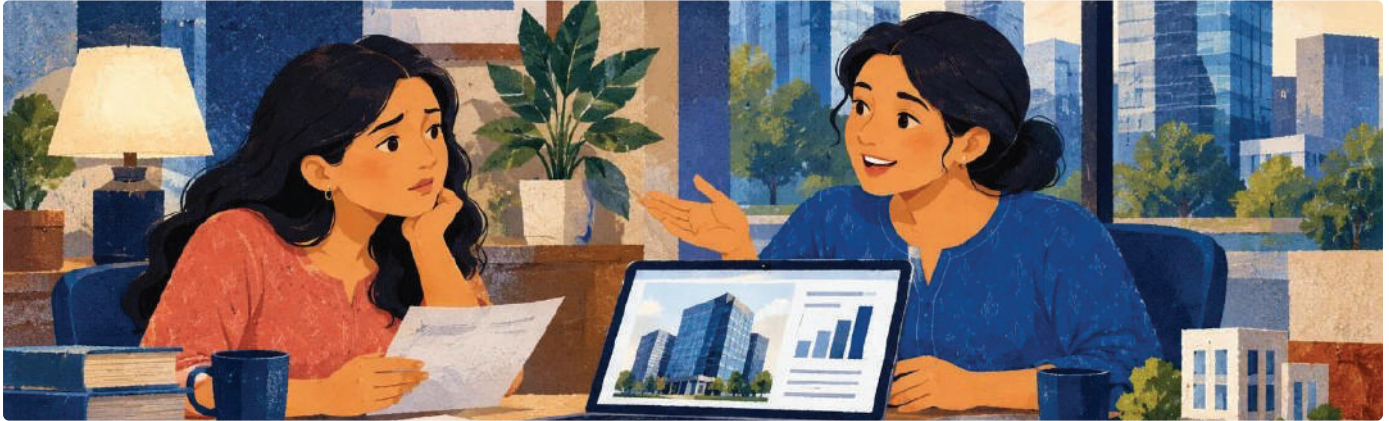


LANDLORD DREAMS, WITHOUT THE LANDLORD DUTIES!

For many of us, owning property that earns rent is a long-held goal. But being a landlord also means finding tenants, handling repairs and paying for months when the property sits vacant. Real Estate Investment Trusts (REITs) offer another, more accessible, way to participate in India's commercial real estate story. Here's how two friends, Anu and Anjali, made sense of it.



Illustration



My flat has been vacant for a month, and I'm still paying the EMI and maintenance. I like the idea of earning income, but managing a property takes a lot of time and effort.

Anu

Anjali

Have you looked at REITs?

I don't know much in detail. Could you please elaborate?

Anu

Anjali

Sure. A REIT owns and manages income-generating properties such as high quality Grade-A office parks and premium retail assets, and its units are listed on the stock exchange. By regulation, it must distribute at least 90% of its cash flows to unit holders.

So, I could earn income without owning or managing the property?

Anu

Anjali

That's the idea! REITs aim to offer the potential for regular income from rent, along with the potential for capital appreciation over time. Rules also keep REITs focused: at least 80% of their assets by value must be completed and income-generating, and borrowing is capped.

What's driving demand for these properties, and what does it mean for REITs?

Anu

Anjali

A big driver is Global Capability Centres, or GCCs. These are offices that global companies set up in India for work in the field of technology and research, and they need quality office space of the kind many REITs own. Retail market (malls etc.) vacancy rates have been on a steady declining trend, highlighting strong demand. Moreover, the fall in commercial real estate vacancy rates has been broad-based across major cities. For REITs, steady demand like this can help keep properties occupied and support rental income.

Has something changed about REITs lately?

Anu**Anjali**

Quite a bit. REITs were reclassified as equity-related instruments from January 1, 2026, and became eligible for inclusion in equity indices from July 1, 2026. From September 30, 2026, select REITs have entered Nifty broad-based equity indices.

What are the benefits of investing in REITs?

Anu**Anjali**

REITs are a distinct asset class that are institutionally managed and offer potential for income generation, growth and portfolio diversification. Also, you don't need to decide which REITs to invest in.

Oh, that sounds interesting, how can I invest in it?

Anu**Anjali**

A simple and easily accessible option is to invest in the HDFC BSE REITS and Commercial Real Estate Index Fund, which holds a portfolio of REITS and realty stocks with exposure to commercial real estate

Can you tell me more about HDFC BSE REITS and Commercial Real Estate Index Fund ?

Anu**Anjali**

It is a passive scheme which tracks the BSE REITS and Commercial Real Estate Index. It tracks the index which holds a mix of listed REITs and Companies classified under "Residential, Commercial Projects" at the basic industry level within the BSE 1000 universe having rental income more than 10% of their total revenue. Thus, a single investment gives exposure across several REITs rather than having to choose individual constituents on your own. The minimum aggregate weight is 65% in REITs. As of Sep 30, 2026, there was a ~66%/34% split between REITs and Realty stocks.

How long should one stay invested?

Anu

Anjali

Typically, five years or longer. Since it's a thematic investment, it carries higher risk than a diversified equity mutual fund, so it's best held as one part of a well-diversified portfolio.



Conclusion

Like Anu, many investors believe the only way to benefit from real estate is to own it outright. REITs, and Index Funds that invest in them, offer another route. Investors can take exposure to high quality commercial real estate, with the potential for regular income and long-term capital appreciation, by investing smaller amounts and without having to manage the property directly.

As with any market-linked investment, REITs come with risks. Before investing, consider how much real estate exposure you already have and how long you can stay invested. Consult your financial advisor to help you decide what suits best.

Annexure:

Top 10 constituents of the BSE REITS and Commercial Real Estate Index

Company Name	Weightage (%)
Embassy Office Parks REIT	20.17%
Brookfield India Real Estate Trust	15.76%
Nexus Select Trust	13.76%
The Phoenix Mills Ltd	11.93%
Prestige Estates Projects Ltd.	8.20%
Mindspace Business Parks REIT	7.63%
Oberoï Realty Ltd.	6.80%
Bagmane Prime Office REIT	4.38%
Knowledge Realty Trust	4.20%
Brigade Enterprises Ltd.	3.53%
Total of Top 10 constituents	96.35%

Source: BSE Index Services Pvt. Ltd. and internal calculations. As of Sep 30, 2026.

BSE REITS and Commercial Real Estate TRI has demonstrated better risk-adjusted returns than the BSE 500 TRI historically

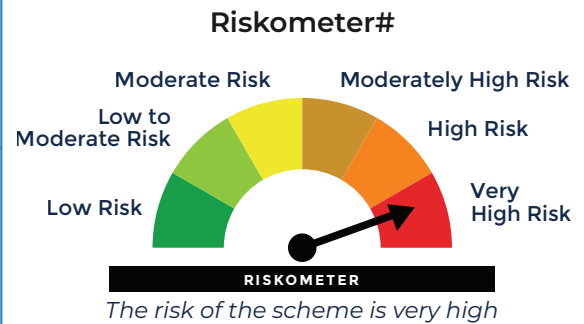
	CAGR*		Standard Deviation		Return Risk ratio	
	BSE REITS and Commercial Real Estate TRI	BSE 500 TRI	BSE REITS and Commercial Real Estate TRI	BSE 500 TRI	BSE REITS and Commercial Real Estate TRI	BSE 500 TRI
1 year	8.4%	-2.3%	12.5%	14.1%	0.67	-0.16
3 year	22.6%	9.2%	13.5%	14.3%	1.67	0.64
Since inception[^]	15.8%	10.3%	12.9%	13.4%	1.22	0.77

Heatmap Key Rank 1 Rank 2

Source: BSE Index Services Pvt. Ltd. and internal calculations. Data as of Sep 30, 2026. Return Risk Ratio = CAGR/StdDeviation. Past performance may or may not be sustained in the future and is not a guarantee of any future returns. HDFC AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns. *CAGR: Compounded Annual Growth Rate. Given the limited duration of the underlying dataset, any inferences drawn should be viewed as indicative. [^]Sep 19, 2022 is the inception date for the BSE REITS and Commercial Real Estate TRI

HDFC BSE REITS and Commercial Real Estate Index Fund (An open ended scheme replicating/tracking BSE REITS and Commercial Real Estate Index (TRI)) is suitable for investors who are seeking*

- Returns that are commensurate (before fees and expenses) with the performance of the BSE REITS and Commercial Real Estate Index (TRI), over long term, subject to tracking error.
- Investment in equity securities covered by the BSE REITS and Commercial Real Estate Index (TRI)



*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them
 #The product labeling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

#As on September 30, 2026. For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com.

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The Scheme's underlying index being thematic in nature carries higher risks versus diversified equity mutual funds on account of concentration and theme specific risks.

Views expressed above are indicative and should not be construed as investment advice or as a substitute for financial planning. Due to the personal nature of investments, investors are advised to seek professional advice before investing.

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,
 READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

Mission: To be the wealth creator for every indian

Vision: To be the most respected asset manager in the world