IPO REVIEW

Bagmane Prime Office REIT IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 30 April 2026

- The company is managing premium Grade A+ business parks in Bengaluru (Silicon Valley of India).
- It has posted proven track record of good earnings with a respectable market share.
- The offer appears lucrative with good scope of yields from the day one of its listing.
- It has outperformed the listed peers as per its financial data and other parameters.
- Investors can park funds for medium to long term rewards in this ReITs.

About the Company

Bagmane Prime Office ReIT (BPOR) owns and manages premium Grade A+ business parks located in the world's best performing micro-markets in terms of cumulative net absorption from CY2021 to CY2025 in Bengaluru, the "Silicon Valley" of India, according to the JLL Report. Its Portfolio comprises 20.3 msf of Total Area and 19.6 msf of Leasable Area, with 98.8% Committed Occupancy as of December 31, 2025, which will be the highest among Indian office REITs post-listing, according to the JLL Report. Its tenant roster includes marquee foreign-headquartered multinational tenants such as Google, Amazon, a leading technology company and Nvidia, who rank among the largest companies globally in terms of market capitalization as of December 31, 2025, according to the JLL Report.

BPOR is backed by its Sponsor, the Bagmane Group, Bengaluru's largest and one of India's leading pure-play Grade A+ office owner and developer as of December 31, 2025, according to the JLL Report, with almost 3 decades of experience in operating, developing, leasing and managing large format commercial real estate in Bengaluru, with a pipeline across Bengaluru, Delhi and Chennai. Its Sponsor is one of the pioneers in commercial real estate development in Bengaluru, contributing to the city's transformation into a global business hub, according to the JLL Report, with its core focus on location, quality and tenant relationships.

Since the inception of its real estate business in 1999, the Bagmane Group has delivered over 29.7 msf across 7 commercial real estate projects in Bengaluru, representing approximately 12.8% of Bengaluru's total Grade A office stock as of December 31, 2025, according to the JLL Report, with another 6.5 msf under development, as of December 31, 2025. Its Sponsor has proven capabilities in the acquisition of large land parcels and entry into joint development arrangements with landowners, to deliver quality real estate developments. Starting in 2002 with 0.3 msf at Bagmane Tech Park in Secondary Business District ("SBD City") which was completed in 2004, it established itself as one of the early pioneers in developing software technology parks in Bengaluru, according to the JLL Report and commenced construction at Outer Ring Road ("ORR") in 2008.

It developed 6.0 msf by 2013, which nearly doubled to 11.3 msf by 2017. Since then, it expanded its developed portfolio by 2.6 times to 29.7 msf as of December 31, 2025. The Bagmane Group dominated the ORR market from CY2021 to CY2025, leading in both net absorption (31.8% market share) and new supply additions (31.6% market share), according to the JLL Report. As of December 31, 2025, the Bagmane Group has 42.1 msf of future development across 3 cities. Its Sponsor also received a credit rating of [ICRA] AA (Stable) from ICRA Limited on December 29, 2025 and Provisional CARE AA; Stable from CARE Ratings Limited on December 26, 2025, a testament to its financial strength and capabilities.

Its Portfolio comprises 6 premium Grade A+ business parks with 20.3 msf of Total Area, comprising 19.6 msf of Leasable Area as of December 31, 2025, including 16.6 msf of Completed Area, 1.0 msf of Under Construction Area, 2.0 msf of Future Development Area, 2 under-construction hotels totaling 607 keys with a Built-up Area of 0.7 msf and 4 solar power projects (3 operational and 1 under construction) with an aggregate annual capacity of 164.4 MW (DC), of which 91.9 MW (DC) is operational as of December 31, 2025. It achieved a Committed Occupancy of 98.8% as of December 31, 2025, which will be the highest among listed office REITs in India post-listing (7.2% higher than the average15), according to the JLL Report. It has consistently maintained a Committed Occupancy of more than 94.1% since FY2021 even during the COVID-19 pandemic, which attests to the high quality, stability and resilience of its Portfolio and tenants. The company has a WALE of 7.4 years as of December 31, 2025, which provides long-term contracted cash flows. Its Asset Market Rents are 17.6% higher compared to average Asset Rents, which presents mark-to-market opportunities to benefit from increased rentals upon their renewal.

Its Portfolio Assets are strategically located in Bengaluru, the best performing office market by net absorption globally and the largest office market in India, accounting for 25.6% of India’s office stock as of December 31, 2025, and 27.2% of India’s cumulative net absorption from CY2021 to CY2025, according to the JLL Report. Within Bengaluru, its Portfolio Assets are strategically located in the world’s best performing micro-markets, Outer Ring Road (“ORR”) and Secondary Business District (“SBD City”) (collectively, its “Portfolio Micro-Markets”), which have collectively outperformed prominent global office markets in terms of cumulative net absorption from CY2021 to CY2025, according to the JLL Report. These Portfolio Micro-Markets also collectively recorded the second lowest vacancy compared to major global cities of 4.3% as of December 31, 2025, according to the JLL Report.

The company has established a significant presence in its Portfolio Micro-Markets, with the Completed Area of its Portfolio Assets accounting for 13.3% and 29.8% of Grade A+ office space in ORR and SBD City respectively, as of December 31, 2025, according to the JLL Report. ORR is the largest office micro-market in India with a cumulative Grade A office inventory of 95.9 msf as of December 31, 2025, according to the JLL Report. It also recorded the largest cumulative gross leasing volume of 34.4 msf from CY2021 to CY2025 compared to other micro-markets in India, resulting in one of the lowest micro-market vacancies in India of 4.1% as of December 31, 2025, according to the JLL Report.

In addition, SBD City is the third largest office micro-market in Bengaluru, commanding the second highest office rentals as of December 31, 2025 in Bengaluru after the Central Business District (“CBD”), according to the JLL Report.

The company differentiates itself by focusing on becoming the partner of choice for leading multinational corporates. Foreign-headquartered multinational and Global Capability Center (“GCC”) tenants accounted for 98.7% and 88.5% of its Gross Contracted Rentals for the month ended December 31, 2025, respectively, and according to the JLL Report, it will have the highest proportion of GCC tenants among the listed office REITs in India post listing based on Gross Contracted Rentals (as reported). As of December 2025, there are over 2,975 GCC units in India, with approximately 30% located in Bengaluru, the leading GCC hub in CY2025, and the number of GCC units in India is projected to exceed 4,300 by FY2030, according to the JLL Report.

According to the JLL Report, GCCs and foreign-headquartered multinational tenants generally tend to lease premium office spaces at higher average dollar rents, commit to longer lease terms, occupy larger contiguous spaces and incur more tenant improvement capital expenditure, which can lead to tenant ‘stickiness’ and provides greater stability and predictable cash flows and rent escalations for landlords. As a testament to its success, the company achieved a pre-leasing of 72.3% and a leasing of 25.0% within 1 year from completion of the total 4.4 msf of Total Development Area (3.7 msf of Leasable Area) delivered from FY2020 to 9MFY2026.

GCCs in India are rapidly moving up the value chain, transitioning from purely cost-arbitrage centres to strategic hubs of innovation, R&D, and global business process transformation, serving as strategic "digital twins" of their foreign headquarters, spearheading cutting-edge R&D, artificial intelligence (“AI”) development, and product innovation globally, according to the JLL Report. Its Portfolio Assets serve multinational, GCC and Fortune 500 corporates in diversified sectors, including technology (development and processes), electronics and e-commerce, and semiconductor, which accounted for 34.3%, 19.8% and 20.7% of Gross Contracted Rentals for the month ended December 31, 2025, respectively.

Over the last three Fiscals and the nine months ended December 31, 2025, the company has:

• Leased 7.2 msf of which 91.7% is leased to existing tenants; achieved a 15.5% average re-leasing spread on 5.3 msf of area re-leased and leased 1.7 msf of newly completed area (including pre-leased and committed) and 0.2 msf of vacant area.

• Consistently maintained Committed Occupancy of more than 94.1%; grew Committed Occupancy from 94.1% as of March 31, 2022 to 98.8% as of December 31, 2025 (1,409 bps higher than the average Occupancy for India, 933 bps higher than the average Occupancy of Bengaluru and 319 bps higher than the average Occupancy of its Portfolio Micro-Markets, according to data from the JLL Report).

• Increased Gross Contracted Rentals at a 6.5% CAGR.

• Incurred capital expenditure of more than ₹ 1,000 million towards various asset repositioning and infrastructure upgrade initiatives across its Portfolio Assets.

• Met 47.1% of its energy requirements for FY2025 through renewable energy.

The company had 3000 employees (including contract employees) as of December 31, 2025.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 340500000 units to mobilize Rs. 3405.00 cr. at the upper cap. The IPO consists of 239000000 fresh units worth Rs. 2390.00 cr. at the upper cap, and an Offer for Sale of 101500000 units worth Rs. 1015.00 cr. at the upper cap. The company has announced a price band of Rs. 95 – Rs. 100 per unit. The issue opens for subscription on May 05, 2026, and will close on May 07, 2026. The minimum application to be made is for 150 units and in multiples of 150 units thereon, thereafter (by other than Anchor Investors and Strategic Investors). Post allotment, units will be listed on BSE and NSE. From the net proceeds of fresh Unit issue, the company will utilize Rs. 1420.00 cr. for part funding of acquisition of Luxor@Bagmane Capital Tech Park by BDPL, Rs. 820.00 cr. for part funding of acquisition of 93% shares capital of BRPL by BDPL, and the rest for general corporate purposes.

The joint Book Running Lead Managers (BRLMs) to this issue are JM Financial Ltd., Kotak Mahindra Capital Co. Ltd., Axis Cap Ltd., IIFL Capital Services Ltd., SBI Capital Markets Ltd., 360 One WAM Ltd., HDFC Bank Ltd., while KFin Technologies Ltd., is the registrar to the issue.

While trustee for this ReIT is Axis Trustee Services Ltd., Bagmane Realty and Infrastructure LLP is the sponsor and Bagmane Realty Investment Manager Pvt. Ltd. is the manager.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a combined basis) posted a total income/net profit, of Rs. 2002.52 cr. / Rs. 758.70 cr. (FY23), Rs. 2237.33 cr. / Rs. 809.36 cr. (FY24), and Rs. 2390.88 cr. / Rs. 897.10 cr. (FY25). For 9M of FY26 ended on December 31, 2025, it earned a net profit of Rs. 829.02 cr. on a total income of Rs. 1959.79 cr. Thus, the company has posted all round growth in its top and bottom lines for the reported periods.

NAV of the unit as of December 31, 2025, stood at Rs. 109.13 per unit. As of the said date, Bagmane ReIT has been assigned an issuer rating of Provisional CARE AAA/Stable by CARE Ratings and as of December 29, 2025, the Bagmane ReIT has been assigned an issuer rating of Provisional ICRA AAA/Stabe by ICRA Ltd.

INCOME DISTRIBUTION POLICY:

As per section 393 of the Act, taxes shall be required to be deducted at source at the time of payment/ credit (whichever is earlier) from income distributions by Bagmane Prime Office REIT to its

Resident/Non-Resident and other categories of unitholders.

At least 90% of the NDCFs (Net Distributable Cash Flows) of Bagmane REIT (“REIT Distributions”) shall be declared and made not less than once every six months in every Financial Year and shall be made within five Working Days from the record date, which shall be two Working Days from the date of the declaration of REIT Distributions, excluding the date of declaration and the record date (“Record Date”). The REIT Distributions, when made, shall be made in Indian Rupees. The NDCFs shall be calculated in accordance with the REIT Regulations and any circular, notification or guidelines issued thereunder including the SEBI Master Circular.

Comparison with Listed Peers

As per the offer document, the company has shown Embassy Office Parks ReIT, Mindspace Business Parks ReIT, Brookfield India Real Estate Trust, Knowledge Realty Trust as its listed peers. They are having a NAV of 445.91, 484.90, 355.00, and 118.00 per unit and were quoted at a discount of – 4.38%, - 3.05%, - 7.17%, and – 1.47% to their NAVs.

Conclusion / Investment Strategy

The company is managing premium Grade A+ business parks in Bengaluru (Silicon Valley of India). It has posted proven track record of good earnings with a respectable market share. The offer appears lucrative with good scope of yields from the day one of its listing. It has outperformed the listed peers as per its financial data and other parameters. Investors can park funds for medium to long term rewards in this ReITs.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

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