Strictly Private & Confidential



aref-e II

Quarterly Investment Update

Q3 2026

Arnya
The difference is *real*

Real Estate Fund – Equity

CONTENT

03 From the Desk of Investment Manager

05 Fund Update

06 Deal pipeline

Dear Investor,

We are pleased to share with you the quarterly update on Arnya Real Estate Fund – Equity (the "Fund") for the quarter ending Sept-26.

Macro-economic Overview

India is combining strong economic growth with firming inflation, prompting a shift in monetary policy. GDP grew nearly 8% in April–June, and the RBI raised its FY27 growth forecast to 7.1% from 6.6%. CPI inflation has remained above the 4% target for three consecutive months, with the FY27 inflation forecast revised upwards to 5.2%.

In its latest meeting, the MPC raised the repo rate by 25 bps to 5.50%, its first hike since February 2023, and shifted its stance to calibrated tightening. While robust economic growth continues to support real estate demand, higher borrowing costs are expected to weigh on affordability and developer financing. For real estate investments, the higher interest rate environment presents opportunities for improved yields, although disciplined underwriting and selectivity will remain critical.

External pressures have also intensified, with crude oil prices exceeding USD 100 per barrel and the INR weakening beyond 95 against the USD. These developments are increasing construction costs and potentially moderating foreign capital inflows, while improving relative pricing for NRI buyers. Developers with limited cost buffers and fixed-price inventory remain particularly exposed.

Real Estate Industry Overview

Residential demand across the top 7 cities strengthened in the September quarter, with sales absorption of ~1 lakh units, a healthy sequential improvement as buyers returned ahead of the festive season. Developers, however, stepped up new supply to ~1.1 lakh units, with launches running ahead of sales for the quarter, unsold inventory rose during the quarter, so absorption discipline will matter more as financing costs increase.

Premiumization continued, with homes priced above INR 1.5 Cr accounting for nearly 61% of the total area absorbed, supported by rising incomes and sustained buyer confidence, while price-sensitive segments remained more measured. Buyer preference for quality construction and amenity-led developments remains firmly intact, particularly in markets anchored by GCC employment.



Overall, the market remains fundamentally sound, though the coming quarters will test how well developers balance supply with demand in a tighter rate environment.

India's office market set a new benchmark, with leasing across the top nine cities reaching a record ~66 mn sq ft in the first nine months of 2026. GCCs remained the anchor, accounting for over 40% of take-up, while flex operators and BFSI firms broadened the demand base. Developers responded with record completions of ~51 mn sq ft, around 80% of it green-certified, and rents firmed across all major markets, underscoring commercial resilience amid residential caution. The recent repo rate increase is likely to push entry yields higher, leading to a repricing of commercial real assets. With higher yields and stable, contractual rental income, we see a compelling opportunity to acquire rent-generating commercial assets at attractive valuations

Source: PropEquity, Arnya Estimates, Colliers, Newsrun

Fund Update

We are actively evaluating multiple opportunities across Mumbai and Pune. We remain focused on identifying projects that align with our strategy of delivering strong, risk-adjusted returns.

Other Updates at AMC Level

We are pleased to announce the launch of a Preferred Capital Fund in partnership with Casagrand, with a target fund size of INR 750 Cr.

Additionally, we are planning to launch a Commercial Assets Fund, targeting investment opportunities across key commercial real estate markets in India. We will keep you updated on further developments in this regard.

As part of our continued efforts to strengthen our investment and execution capabilities, we have welcomed five new members to our team, including a Director who will spearhead the Core Fund. We remain focused on expanding our team by bringing on board seasoned industry professionals with deep sector expertise.

We remain committed to developing innovative investment offerings and delivering superior risk-adjusted returns to our esteemed investors.

We sincerely value your continued trust, support and confidence in us

Best Wishes,

Shharad

Sharad Mittal

Founder and CEO

Fund Update (As of 30th Sept, 2026)

Particulars	Details
Fund Size	**INR 500 Cr + INR 800 Cr Greenshoe**
Fund Raised	INR 1,123 Cr
First Close Date	**15th April, 2026**
Number of Investments	**-**
Amount Committed	INR 170 Cr*
Amount Disbursed	-
Drawdown	**5%**

Additional Details

- **First Close:** The first close of the fund was completed on 15th April, 2026 with a commitment of INR 1,030 Cr
- **Drawdown**: The fund has till now done one drawdown of 5% of the committed capital, with next drawdown expected in Q4 2026
- **Commitment**: The fund has committed INR 170 Cr across two projects, resulting in 15% of current Fund Raised already committed
- **Deployment**: Our capital deployment is structured to track approvals and project milestones rather than front-load ahead of them. Upfront investment is small by design, which protects capital and improvise returns.

**Documentation underway*

Deal Pipeline

S No.	Location	Type of Project	Estimated Investment Amount	Estimated Timeline	Target Gross IRR*
1	Juhu, Mumbai	Residential Redevelopment	~INR 120 Cr	Oct-2026	29 - 33%
2	Bandra, Mumbai	Residential Redevelopment	~INR 50 Cr	Nov-2026	27 – 31%
3	Andheri E, Mumbai	Commercial Redevelopment	~INR 150 Cr	Nov-2026	~30%
4	Alibaug, MMR	Residential Villa Development	~INR 150 Cr	Dec-2026	~30%

Update on Deal Pipeline

The Fund has made significant progress in each of the above deals as detailed below:

- **Juhu, Mumbai:** The project has received Investment Committee (IC) approval, and the requisite due diligence exercises have been completed. Development Agreement has been done with the society. Transaction documentation and investment is expected in Oct-2026. Total investment is expected to be completed by Dec-2027.

- **Bandra, Mumbai:** The project has received Investment Committee (IC) approval. Due diligence, Development Agreement with the society and transaction documentation currently underway. Investment is expected to start from Nov-2026 and completed by Sep-2027.

- **Andheri East, Mumbai:** The proposed redevelopment project is being undertaken through a Joint Development Agreement (JDA) structure. Due diligence and JDA documentation are currently in progress.

- **Alibaug, MMR:** The proposed residential villa development project is being undertaken through a Joint Development Agreement (JDA) structure. JDA documentation is at an advanced stage and nearing finalization.

Beyond the deals mentioned above, the broader pipeline remains active, with a healthy pool of opportunities under evaluation and discussion across key micro-markets, giving the Fund strong optionality as it scales deployment through the year.

**Pre-fees, pre-expenses, pre-tax and pre-additional return*

Disclaimer

The investments referred to in this Letter should not be construed as an endorsement, recommendation or investment advice of any kind by the Investment Manager, Arnya RealEstates Fund Advisors Private Limited ("Arnya").

Investments in securities are subject to market risks, as detailed in the Private Placement Memorandum ("PPM"), and there can be no assurance or guarantee that the investment objectives of Arnya Real Estate Fund – Equity ("AREFE") will be achieved. Past performance is not indicative of future results, and no assurance can be given regarding future performance or returns.

All data and information contained in this quarterly newsletter ("Letter") are intended solely for the information of AREFE investors and are believed to be accurate as of the date of this Letter. Unless otherwise stated, the information reflects circumstances prevailing as of the date of preparation. Arnya undertakes no obligation to update or revise this Letter or notify recipients of any subsequent changes. No representation or warranty, express or implied, is made regarding the accuracy, completeness or reliability of the information contained herein.

This Letter may contain forward-looking statements, opinions, projections, forecasts and estimates, identified by expressions such as "will", "expect", "should" and similar terms. Such statements are subject to risks and uncertainties, including market volatility, economic and political developments, changes in monetary and fiscal policies, interest and foreign exchange rates, equity prices, applicable laws and regulations, taxation and competitive conditions. Actual outcomes may differ materially from those expressed or implied.

Recipients shall be solely responsible for any decisions or actions taken based on this Letter. Before making any investment decision or entering into any transaction, recipients should conduct their own independent assessment, seek appropriate professional advice and carefully review the PPM and other relevant fund documents.

To the fullest extent permitted by applicable law, Arnya and its directors, officers, employees and representatives shall not be liable for any direct, indirect, special, punitive, exemplary or consequential loss or damage, including loss of profits, arising from the use of or reliance on this Letter or its contents, nor shall they be obliged to update the information contained herein, except as required by applicable law.

This Letter and its contents are strictly confidential and intended solely for the addressee. No part of this Letter may be altered, reproduced, copied, transmitted, published or distributed, in whole or in part, to any other person or the media without Arnya's prior written consent, except where required under applicable law.

aref-E II

ARNYA REALESTATES FUND ADVISORS PVT. LTD.

1704, 17th Floor, One Lodha Place,
Senapati Bapat Marg, Lower Parel, Mumbai – 400013
Present across Mumbai | Bangalore | Delhi | Kolkata | GIFT City

---

Sharad Mittal
Founder & CEO
Email: sharadmittal@arnya.in

Ramandeep Sassi
Chief Business Officer
Mobile: +91 9833106968
Email: ramandeep@arnya.in

Nikunj Pugalia
Chief Financial Officer
Mobile: +91 9930173256
Email: nikunj@arnya.in

Website: www.arnya.in

Arnya
The difference is real

Real Estate Fund – Equity