EY Family Office Advisory Services

Newsletter

June 2026

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Opening Note

This edition of the **EY Family Office Advisory Services** newsletter highlights how Indian family offices are evolving. As portfolios grow in scale and complexity, three clear shifts are reshaping how family offices operate and invest.

Three shifts reshaping Indian family offices today:

- Institutionalization of operating models
- Stronger governance and decision-making frameworks
- More deliberate and responsible capital deployment both from a tax and foreign exchange perspective

Why it matters now

Family offices are moving from informal, relationship-led setups to structured and professionally run platforms. This matters because rising capital, global opportunities and next-generation involvement are increasing the need for discipline, speed and clarity in decision-making. Together, these shifts point to a more structured and forward-looking approach to wealth stewardship.

In this edition, we will explore:

01 Key themes shaping Indian family offices

02 Recent deal activity involving family office participation

03 How Indian family offices are rewriting global investing

04 The new real estate playbook for family offices

05 Optimizing real estate for yield, liquidity and legacy

01 Key themes shaping Indian family offices

Building institutional grade teams and oversight

Indian family offices are increasingly strengthening their internal capabilities as portfolios grow in both scale and complexity. There is a clear shift toward hiring experienced professionals from investment banks, private equity firms, and other institutional platforms, bringing sharper decision-making and deeper market insight.

At the same time, governance structures are becoming more formalized. Independent advisors, specialized experts and external committees are being engaged across areas such as risk management, compliance, succession planning and investment evaluation. This creates a greater balance between family involvement and professional discipline.

In today's environment, informality is a risk, and structure is becoming a competitive advantage.

This reflects a broader move toward institutional-grade operating models, where clearly defined decision rights and structured oversight help manage complexity while preserving family alignment.

What does this mean for family offices?

- Building strong teams is essential and not optional
- Governance is shifting from informal to structured frameworks
- Balancing family involvement with professional management is becoming critical

The shift is clear, moving from intuition-led decisions to institution-led discipline.

The rise of good capital

Family offices are increasingly focused not just on where they invest, but how they deploy capital. Returns still matter, but how those returns are generated matters just as much. There is growing interest in backing businesses that combine financial returns with responsible practices, spanning sustainability, governance quality and long-term value creation. The next generation is not influencing investments; they are redefining the purpose of capital.

For many families, this is driven by long term stewardship rather than short term returns. Environmental, social and governance (ESG) aligned investments are being used to protect capital across generations, manage reputational risk and align portfolios with family values. In several cases, the next generation is also playing a defining role in shaping these priorities. Good capital is no longer viewed as separate from the core strategy; it is increasingly embedded within it.

What does this mean for family offices?

- Capital deployment is becoming more intentional and value-driven
- ESG is moving from optional to core investment thinking
- Next-generation views are actively shaping investment choices

02 Recent deal activity involving family office participation

Name of the venture	About	Total investment raised	Stage	Valuation	Family offices	Other key investors
Tsecond.ai[1]	Edge AI and data infrastructure company	US$21.5 million	Not disclosed	~US$300 million - US$350 million (INR2,600 crore - INR3,000 crore)	MSN Holdings (family office of Manish Nuwal)	Other investors (not disclosed)
KreditBee[2]	Digital lending platform	US$280 million	Series E	US$1.5 billion	Premji Invest	Motilal Oswal Alternates, Hornbill Capital, MUFG backed Dragon Funds (leads), WhiteOak Capital, A.P. Moller Holding, Advent International
Skyroot Aerospace[3]	Private space launch company	US$60 million	Not disclosed	US$1.16 billion	Shanghvi Family Office	Sherpalo Ventures and GIC, BlackRock, Greenko Group founders, Arkam Ventures, Playbook Partners
Dil Foods[4]	Virtual restaurant enabler platform	~US$7.7 million (INR72 crore)	Series B	Not disclosed	Bikaji Foods Family Office (lead)	V3 Ventures, MJV Ventures, Alteria Capital

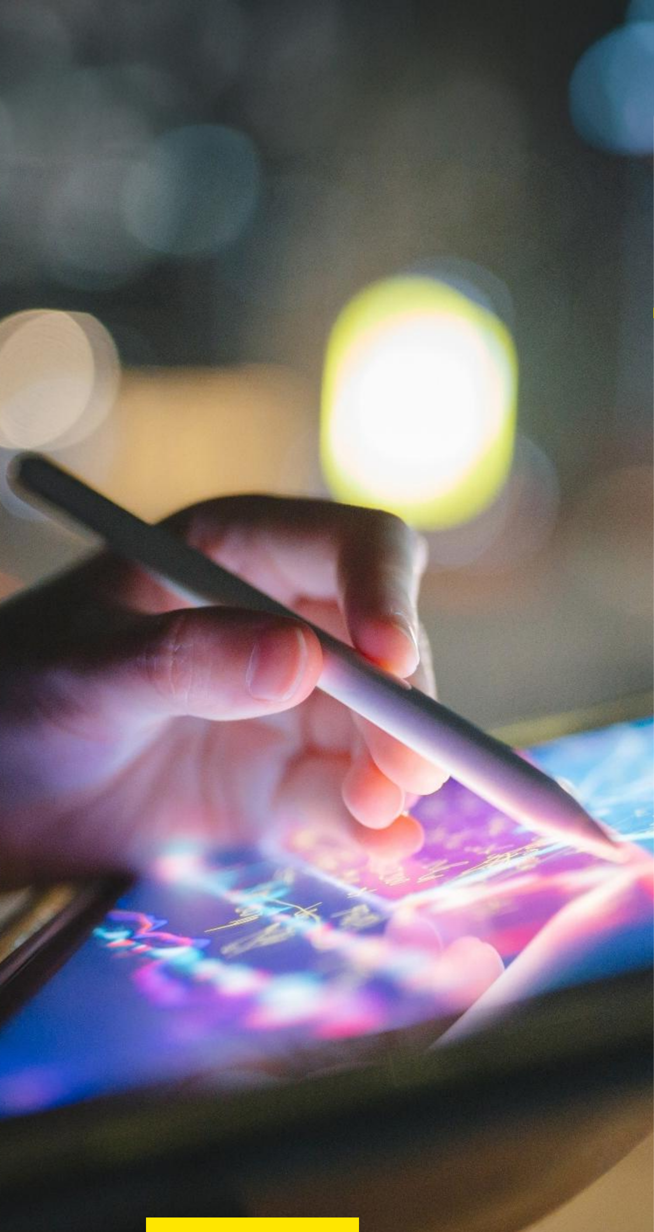
1. https://www.outlookbusiness.com/corporate/tsecondai-raises-215mn-led-by-msn-holdings-plans-to-scale-battlefield-ai-systems
2. https://entrackr.com/news/kreditbee-enters-unicorn-club-with-280-mn-series-e-round-11700184
3. https://www.business-standard.com/companies/news/skyroot-aerospace-raises-60-mn-becomes-a-unicorn-valued-at-1-1-bn-126050700238_1.html
4. https://inc42.com/buzz/dil-foods-bags-%E2%82%B972-cr-to-expand-footprint-launch-more-cuisine/

Name of the venture	About	Total investment raised	Stage	Valuation	Family offices	Other key investors
Rhoda AI[5]	Physical AI and robotics company	US$450 million	Series A	US$1.7 billion	Premji Invest (lead)	Capricorn Investment Group, Khosla Ventures, Temasek, Mayfield, Leitmotif, John Doerr (Kleiner Perkins)
Mythik[6]	AI entertainment and content platform	US$5 million	Not disclosed	US$50 million +	Parekh Family Office, Bharti Mittal Family Office, Patni Family Office	Harsh Jain (Dream11), Blume Founder's Fund, Rajat Gupta, Ishan Sinha (Point72), Rooshabh Shah (SVAR Projects), Sakal Media Group
Finfinity[7]	Digital lending marketplace	US$2.4 million	Seed	Not disclosed	Mankind Pharma Promoter's Family Office (lead), Malani Ventures (Sanjay Shah Family Office)	Vi-John Group, Sanjay Singhvi, Bavadeep Reddy and others, including employees

5. https://altss.com/blog/family-office-deal-flow-march-2026
6. https://entrepreneur.economictimes.indiatimes.com/news/funding/mythik-secures-5-million-funding-valuation-surpasses-50-million/131221444?utm_source=top_story&utm_medium=homepage
7. https://entrackr.com/snippets/digital-lending-marketplace-finfinity-raises-24-mn-in-seed-round-11254722

*All company valuations referenced in the table above are post-money valuations.

*Post-money valuation of US$1.16 billion for Skyroot Aerospace is calculated by adding the total investment raised (US$60 million) to pre-money valuation of US$1.1 billion, as reported by Business Standard.



03 How Indian family offices are rewriting global investing

Indian family offices are no longer passive stewards of inherited wealth; they are fast emerging as sophisticated and globally aligned capital allocators. What we are witnessing is not just an increase in outbound investment, but a structural reset in how family capital is deployed, governed and scaled. The shift is clear: from India-centric preservation to proactive, global value creation. At the heart of this transformation lies overseas investment (OI), which has evolved from a supporting element into a central pillar of strategy.

The new investment mindset

Traditionally, family office capital in India was conservative, domestically focused and preservation-driven. That playbook is being rewritten with today's family offices increasingly:

- Diversifying across geographies and currencies
- Blending financial and strategic investments
- Seeking exposure to innovation ecosystems abroad
- Adopting institutional governance and decision-making frameworks

This evolution is not accidental. It is driven by a convergence of factors:

- Accelerating inter-generational wealth transfer
- A natural hedge requirement amid global currency and macro volatility
- Increased access to professional advisory ecosystems
- The rise of GIFT City- International Financial Services Centre (IFSC) as a gateway to global markets

The result is that Indian family offices are acting less like wealth custodians and more like private investment platforms.

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Overseas portfolio investment (OPI) vs overseas direct investment (ODI): More than a regulatory distinction

The regulatory framework classifies overseas flows into ODI (strategic, control-based investments) and OPI (passive financial investments). In practice, this distinction is shaping portfolio philosophy itself. Moreover, family offices are increasingly deliberate in how they deploy capital. OPI is used for agility, liquidity and diversification while ODI is pursued for control, influence and long-term value creation. In other words, regulation is not just a compliance layer; it is influencing investment intent and structuring behavior.

The rise of hybrid structuring

One of the most notable shifts is the move away from single-route investing. Family offices today are architecting hybrid models, combining multiple routes depending on intent:

- IFSC-based alternative investment funds (AIFs) to access professionally managed global exposure
- Direct overseas portfolio investments for liquid allocations
- Strategic ODI structures for acquisitions and operating plays
- Overseas platforms (NBFC-type vehicles) to centralize global capital deployment

This hybridization reflects a deeper maturity: family offices are no longer asking "where to invest", they are asking "how to structure capital optimally across jurisdictions."

Structure needs to meet the policy intent

With increasing outbound flows, when India is seeing moderated net FDI inflows, regulators are becoming more watchful. This is leading to a subtle but important shift: the intent behind structures is as important as the structure itself.

Overseas Investments (OIs) are not just commercial decisions; they are regulated capital outflows subject to eligibility conditions, financial commitment limits, valuation norms, along with ongoing reporting and compliance requirements.

Particularly for financial services platforms and ODI-heavy structures, lately the regulator has been scrutinizing the validity of the structure.

IFSC: From tax efficiency to a strategic gateway

The GIFT IFSC story deserves special mention. Initially viewed through a tax lens, IFSC is evolving into something far more strategic:

- A staging ground for outbound capital
- A bridge between the Indian capital and global opportunities
- A preferred jurisdiction for pooled and hybrid structures

For family offices, IFSC is not just an efficiency play; it is becoming a structural enabler of globalization.

What does this mean for family offices?

As structuring becomes more nuanced, a few principles are emerging:

- Intent must drive structure: regulatory classification should follow commercial substance, not the other way around
- Eligibility is a strategy constraint, not a checkbox: net worth, profitability and track record requirements can define what is feasible
- Compliance is now lifecycle-driven: entry structuring is only half the story – ongoing reporting, valuation and exit planning are equally essential
- Hybrid is the new default: single-route strategies are giving way to layered and multi-jurisdictional models

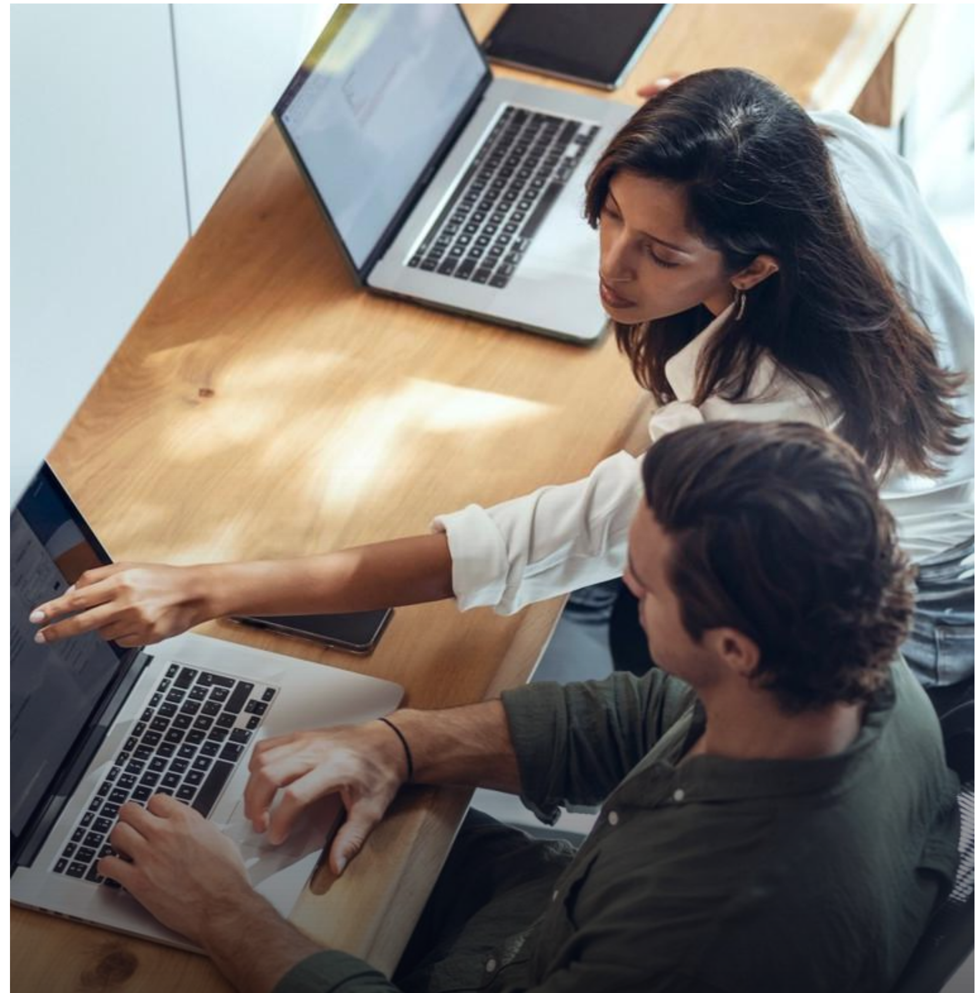
The road ahead

Indian family offices are at an inflection point. They have capital, global access and capability. What will define the next phase is how well they balance ambition with regulatory discipline.

We expect

- IFSC to anchor outbound structuring strategies
- Continued regulatory calibration with sharper scrutiny on ODI
- More professionally managed and platform-driven investment ecosystems

Ultimately, the story is no longer about outbound investment volumes; it is about how Indian family capital is positioning itself globally, strategically, structurally and sustainably.



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04 The new real estate playbook for family offices

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For India's family offices, real estate has always been more than an asset. It is legacy, identity, influence, stability and a strategic store of multigenerational wealth. Yet, despite the growing sophistication of Indian wealth management, many family offices continue to approach real estate with an old-world mindset — focusing heavily on acquisition, while under-optimizing governance, diversification, liquidity, yield management and succession structures.

As Indian wealth expands rapidly and family offices become more institutionalized, the question is no longer whether real estate deserves a place in the portfolio. The real question is whether these portfolios are being managed strategically enough to maximize long-term wealth creation, and in many cases, they are not.

A large number of family offices remain overexposed to trophy residential assets, emotionally driven purchases and legacy holdings that may carry prestige but not necessarily performance. Others miss out on emerging institutional opportunities and professionally managed AIFs that can significantly improve yield, diversification and liquidity. The future of family office real estate lies not in accumulation alone, but in intelligent portfolio construction.

The biggest mistake: Confusing ownership with strategy

For decades, wealth creation through property in India was straightforward: buy land, hold prime assets and wait. This approach worked because India's urban growth story created massive appreciation cycles, but today's environment is more nuanced.

Owning multiple luxury homes in cities may create social capital, but it does not automatically create portfolio efficiency. Many family offices sit on high-value but low-yield assets with poor liquidity and rising maintenance costs. Prime residential properties in India often generate rental yields of only 2% to 3%[8], while capital remains locked in illiquid holdings.

8. https://timesofindia.indiatimes.com/business/real_estate/residential-assets-fetch-3-rental-yield-in-india/articleshow/63788363.cms

The problem is compounded when portfolios become concentrated in a single geography or have been silently underperforming. A family office may own land in Delhi, Mumbai and several hill and beach destinations, but they have never evaluated how they truly compare in terms of returns and longevity. This creates imbalance. The smartest global family offices increasingly treat real estate like a diversified investment – balancing appreciation, recurring income, liquidity and risk.

Luxury assets need specialized thinking

Luxury real estate will continue to remain an important wealth anchor for Indian family offices. Scarcity-led markets such as Lutyens' Delhi, Mumbai's Malabar Hill and Worli, Bengaluru's Koramangala, or golf-course facing communities in Gurugram continue to demonstrate strong long-term appreciation potential.

But not all luxury assets perform equally.

Family offices often underestimate the importance of asset selection discipline. The difference between a trophy asset and a high-performing trophy asset comes down to factors such as density, connectivity, developer reputation, neighbourhood quality, future infrastructure, tenant profile and long-term desirability for the next generation. This requires strong market awareness and sound judgment to identify investments with lasting value. The key question is whether the asset is likely to remain desirable twenty years from now. If the answer is uncertain, the investment's long-term strength is diminished.

Family offices would benefit from evaluating luxury real estate through the lens of portfolio performance, not just prestige.

REITs and AIFs: The institutionalization opportunity

Perhaps the more underutilized tools in Indian family office portfolios are REITs and real estate-focused AIFs. AIFs offer access to structured real estate opportunities that would otherwise remain inaccessible to individual investors. Debt AIFs targeting 14% to 16% IRRs and equity AIFs targeting over 20% returns are increasingly attracting sophisticated capital[9]. More importantly, AIFs allow diversification across cities, sectors and project types while professional fund managers handle project execution and risk management. REITs offer exposure to Grade A commercial assets without the operational complexities of direct ownership. They provide liquidity, regular distributions, transparency and institutional-quality management.

The missed allocation: Commercial real estate

One of the missed opportunities for some Indian family offices is under-allocation to commercial real estate. They provide predictable cash flow and stronger operating economics.

India's office, retail and warehousing sectors are experiencing strong structural demand driven by GCC expansion, technology, manufacturing, e-commerce and India-facing businesses. Unlike luxury residential real estate, institutional commercial assets can generate yields of 7% to 10%, creating stable recurring income alongside appreciation[10]. This is where family offices may benefit from shifting their mindset from being landlords to becoming asset managers.

9. https://economictimes.indiatimes.com/mf/analysis/rich-investors-turn-to-aifs-investing-in-riskier-debt/articleshow/96439437.cms
10. https://economictimes.indiatimes.com//editionlist/edition-124478873,artid-124469536.cms

Beyond borders: The case for global real estate

Family offices could also benefit from diversifying into overseas real estate in gateway cities like London, New York City and Miami. This could be sound strategy, not just as an acquisition of trophy assets, but as a strategic hedge against rupee weakening and dollar diversification. This can be evaluated in line with lifestyle needs and global mobility. For many affluent families, these homes support next-generation education abroad, residency aspirations and long-term wealth creation in transparent and globally liquid real estate markets.

Succession planning: The silent risk

Perhaps the biggest blind spot in Indian real estate wealth is succession. Families spend decades building property portfolios but often fail to structure transmission effectively. Fragmented ownership, emotional disputes, tax inefficiencies and unclear governance can rapidly erode value across generations. Globally, studies show that most family wealth disappears by the third generation when succession planning is weak[11]. Real estate's emotional and illiquid nature makes it vulnerable.

Family trusts are emerging as a critical solution. They help separate ownership from management, preserve continuity, ring-fence assets from business liabilities and establish clear governance frameworks for future generations. The goal is not merely inheritance; it is stewardship.

Family offices that integrate trust, governance structures, succession blueprints and tax-efficient frameworks into their real estate strategy are far more likely to preserve and compound wealth across generations.

11. https://www.anz.co.nz/personal/private-bank/articles/three-generation-curse/

The future of a family office real estate portfolio

The era of passive property ownership is ending. India's next-generation family offices will not be defined by how much real estate they own, but by how intelligently they maximize it. In today's market, wealth preservation alone is not enough; well-planned real estate portfolios can deliver resilience, liquidity, governance and performance.

05 Optimizing real estate for yield, liquidity and legacy

For decades, real estate has been a cornerstone of wealth creation for India's ultra-high-net-worth (UHNI) families. Beyond its economic value, it has often represented family legacy, social capital and long-term security. Historically, the investment strategy was uncomplicated – acquire quality real estate, hold it over extended periods and benefit from capital appreciation.

Today, the role of real estate within family wealth is evolving. As portfolios become increasingly sophisticated and succession planning assumes greater importance, families are evaluating real estate not merely as a physical asset but as a component of an integrated wealth strategy. Liquidity, recurring income, tax efficiency, governance and inter-generational transfer are becoming as important as appreciation. Underlying each of these dimensions is a common thread: the tax consequences of how an asset is held, transferred or monetized now shape investment decisions as much as the asset's fundamentals.

The resulting shift is transforming real estate from a passive holding into a managed asset class – one where structuring and tax planning are inseparable from investment strategy, rather than an afterthought bolted on at the point of sale.

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From land banking to portfolio optimization

Traditional land banking has historically generated substantial value for many promoter families. However, undeveloped land often suffers from three inherent constraints – limited liquidity, absence of regular yield and an uncertain monetization horizon. A fourth, less visible constraint is tax inefficiency: land held as a capital asset for long periods can trigger significant capital gains liability on eventual sale, with the applicable tax treatment turning on how long the asset has been held and how it is characterized at the time of transfer.

The distinction between long-term and short-term capital assets is therefore central to any land-banking strategy. Land and immovable property held for more than 24 months is generally treated as a long-term capital asset, qualifying for concessional rates and indexation benefits (where applicable), while property held for shorter periods is taxed as short-term capital gains at the investor's applicable slab rate[12]. The holding period determines whether a family should time a sale, restructure ownership in advance, or route the asset through a Joint Development Agreements (JDA) or Real Estate Investment Trusts (REIT) structure to optimize the eventual tax outcome.

12. The holding period distinguishing long-term from short-term capital assets, and the availability of indexation or concessional rates, should be assessed under the applicable provisions of the Income-tax Act, 2025 based on the nature of the asset and the specific facts of each transaction.

Consequently, sophisticated investors are increasingly assessing the opportunity cost of idle capital net of tax. Real estate is now being evaluated using the same portfolio management framework applied to financial assets, where total return comprises income generation, capital appreciation and the post-tax efficiency with which each is realized.

This shift has accelerated interest in structures that can convert dormant assets into productive investments while retaining exposure to the long-term growth potential of real estate and while preserving, rather than eroding, the holding period and cost-basis advantages already built into the asset.

REITs and the financialization of real estate

One of the most significant developments in this transformation has been the emergence of Real Estate Investment Trusts (REITs). REITs have enabled investors to access diversified portfolios of institutional-grade commercial real estate such as office parks, business districts and retail developments. Compared to direct ownership, REITs provide access to professionally managed commercial real estate assets while offering periodic income distributions and the liquidity of exchange-traded units. They also benefit from greater transparency and regulatory oversight, reducing many of the operational and administrative responsibilities traditionally associated with property ownership. As a result, REITs have become an attractive option for investors seeking real estate exposure without the complexities of owning and managing property directly, or the stamp duty and registration costs that accompany direct transfers of land and buildings.

Tax efficiency and cash flow benefits

Beyond accessibility and diversification, REITs also offer certain tax efficiencies. Distributions are generally received in different forms, including interest income, dividend income and repayment of debt, and each stream carries a distinct tax character in the hands of the investor.

While interest income distributed by a REIT is generally taxable in the hands of investors at applicable rates, dividend income and repayment-of-debt components may receive different tax treatment depending upon the underlying structure and circumstances[2] Dividend income is generally exempt where the REIT's special purpose vehicles have not opted for the concessional corporate tax regime, but is otherwise taxable in the hands of unit holders – making the SPV-level tax election a material factor in evaluating post-tax yield.

The pass-through framework applicable to specified REIT income can result in more efficient tax outcomes compared with direct rental income, which is typically taxable at the investor's applicable marginal tax rate after standard deductions. In addition, distributions representing repayment of debt are generally not taxed at the time of receipt but may reduce the cost of acquisition of units, thereby deferring taxation until transfer. This can materially improve post-tax cash flows and enhance long-term compounding, particularly for investors in higher tax brackets who would otherwise bear tax on rental income annually.

13. Section 193 of the Income-tax Act, 2025 (corresponding broadly to Sections 10(23FC), 10(23FCA), 115UA and allied provisions of the Income-tax Act, 1961) provides for the pass-through framework applicable to specified income distributed by business trusts. Certain distributions representing repayment of debt are generally subject to cost-adjustment mechanisms. Dividend income distributed by a business trust is generally exempt in the hands of unit holders where the underlying SPV has not exercised the option to be taxed under the concessional corporate tax regime; where such option has been exercised, dividend distributions are generally taxable in the hands of unit holders.

Further, capital gains arising on the transfer of listed REIT units may be eligible for concessional tax treatment, making them comparatively efficient investment vehicles for long-term investors[14] Units held for more than 12 months are generally treated as long-term capital assets for this purpose – a materially shorter holding period than the 24-month threshold applicable to direct real estate – which allows investors to access long-term rates on a comparatively faster timeline than they could through direct property ownership.

Unlocking value through Joint Development Agreements

Many wealthy families continue to own substantial land parcels that remain underutilized or generate little economic return. Joint Development Agreements (JDAs) have emerged as a preferred mechanism to unlock value without requiring an outright disposal. Under JDA, the landowner contributes land while the developer contributes expertise, capital and execution capabilities. The consideration may take the form of revenue sharing, constructed area, cash consideration or a combination thereof. Commercially, JDAs allow landowners to participate in future value creation while sharing development and execution risks with experienced developers. They also enable families to retain ownership economics and convert non-yielding assets into productive investments. In effect, JDAs transform dormant assets into active contributors to long-term wealth creation.

Tax and structuring considerations

From a tax perspective, JDAs can offer meaningful timing advantages. For individuals and Hindu Undivided Families (HUF) entering into specified development arrangements, taxation may be deferred until completion of the project, thereby aligning tax incidence more closely with economic realisation[15] This deferral is a significant departure from the general rule under which capital gains tax is triggered on the date of transfer – in a JDA, the landowner's tax liability arises only when a completion certificate is issued for the project (or part thereof), rather than at the time the development agreement is executed.

However, structuring remains critical. The form of consideration – whether received as revenue share, cash consideration or constructed area – can significantly affect the computation of capital gains and overall tax outcomes[16] Where constructed area is received in lieu of land, its stamp-duty value on the date of the completion certificate typically forms part of the sale consideration for computing capital gains, while any cash component is added separately; a subsequent sale of the constructed area itself gives rise to a fresh, distinct capital gains computation with its own holding period starting from the date of completion.

Further, GST implications, valuation considerations and commercial terms require careful evaluation at the transaction-planning stage to avoid inefficiencies and future disputes. Transfer of development rights by a landowner to a developer under a JDA is generally treated as a taxable supply under GST, with liability typically cast on the developer under the reverse-charge mechanism, though the timing of this liability is often linked to the same completion-certificate

14. Sections 196 and 197 of the Income-tax Act, 2025 (successor provisions to Sections 111A, 112A and related capital gains provisions under the Income-tax Act, 1961) govern taxation of capital gains arising on transfer of specified listed securities, including units of business trusts, subject to prescribed conditions. Units of a business trust held for more than 12 months are generally treated as long-term capital assets for this purpose.
15. Section 92 of the Income-tax Act, 2025 (corresponding to Section 45(5A) of the Income-tax Act, 1961) contains the special regime for taxation of capital gains arising to individuals and HUFs under specified Joint Development Agreements and links taxation to issuance of a completion certificate, subject to prescribed conditions.
16. Capital gains computation is generally governed by Sections 67 to 91 of the Income-tax Act, 2025 dealing with the determination of consideration, cost of acquisition, transfer-related provisions and related computational rules. For assets other than listed securities eligible for concessional treatment, the general threshold distinguishing long-term from short-term capital assets for immovable property is a holding period exceeding 24 months.

milestone that governs income-tax deferral[17] Residential units are typically outside the scope of this GST liability where sold after receipt of the completion certificate, whereas under-construction sales generally remain exposed to GST, making the timing of sale – pre- or post-completion – an important lever in the overall tax and cash-flow planning for a JDA.

Stamp duty is a further, often underestimated, cost layer in JDA transactions. Depending on the state, execution of the development agreement itself, as well as the subsequent conveyance or allotment of constructed area to the landowner, can each independently attract stamp duty, and state-specific rules on whether credit is available for duty already paid at an earlier stage vary considerably – making state-level due diligence a necessary part of structuring any JDA, particularly for families holding land across multiple jurisdictions.

Succession planning: A structural challenge

While investment performance often receives considerable attention, inadequate ownership structures can substantially erode long-term family wealth. A significant proportion of Indian family real estate continues to be held through a combination of individual ownership, Hindu Undivided Families (HUFs), partnership firms, LLPs and closely held companies. While these structures may have evolved over time to meet specific family or business needs, fragmented ownership frequently results in disputes, administrative inefficiencies and delays in succession – and, from a tax standpoint, can also result in duplicated stamp duty and registration costs each time an asset is partitioned, transferred, or reorganized across these entities.

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As family wealth expands across generations, these challenges become increasingly complex, underscoring the importance of establishing robust ownership frameworks that support effective governance, seamless succession and long-term wealth preservation. Where family members or beneficiaries are non-resident, the analysis becomes more layered: succession and transfer decisions must additionally account for withholding tax obligations on payments to non-residents, applicable Foreign Exchange Management Act (FEMA) requirements governing the holding and repatriation of Indian real estate proceeds, and the interplay between Indian tax law and any relevant Double Taxation Avoidance Agreement (DTAA).

The issue is no longer about who owns the asset today, but how ownership, control and economic benefits will be transferred tomorrow – and at what tax and compliance cost.

17. GST treatment of the transfer of development rights and construction services under a Joint Development Agreement, including applicability of reverse charge and any exemption for residential units sold after receipt of completion certificate, is governed by the Central Goods and Services Tax Act, 2017 and related notifications, and should be assessed based on the specific commercial terms of each arrangement.

Private trust as the organizing architecture

Accordingly, family offices are increasingly considering private trusts as the primary vehicle for holding strategic assets. A properly structured discretionary trust can facilitate seamless inter-generational transmission of wealth while segregating beneficial ownership from legal ownership. It can also minimize probate-related complications, provide flexibility in distributions and establish governance mechanisms that guide future generations.

More importantly, trusts allow real estate and investment assets to be managed as a consolidated family portfolio rather than as fragmented holdings, which can also simplify compliance where the portfolio includes non-resident beneficiaries, since income can be characterized and reported at the trust level rather than separately by each beneficiary.

From a tax perspective, trust taxation must be evaluated carefully. The treatment of trust income depends upon the nature of the trust and the determinability of beneficiaries' interests[18] Settling immovable property into a trust, or a subsequent distribution of trust assets to beneficiaries, can itself be a taxable or stampable event depending on the nature of the settlement and the jurisdiction, and this upfront cost needs to be weighed against the longer-term succession and governance benefits the structure is intended to deliver.

While discretionary trusts are generally subject to tax at the maximum marginal rate unless specific exceptions apply, determinate trusts may permit taxation based on the beneficiaries' respective shares. Where a determinate trust's beneficiaries include non-residents, the trust's income attributable to their share may need to be evaluated against each beneficiary's individual tax position, including treaty relief that may be available to them, rather than assessed uniformly. Consequently, trust structuring requires a holistic assessment involving tax, succession and governance objectives, tested against the residential status and long-term plans of the family's beneficiaries.

Integrating trusts, REITs and alternative investments

The next stage of evolution involves combining modern investment products with robust ownership structures. Increasingly, families are holding REIT investments and Alternative Investment Funds (AIFs) through trust structures, an approach that also allows the pass-through tax character of REIT and Category I/II AIF income to flow through beneficiaries in a more predictable and consolidated manner than would be possible under fragmented individual holdings.

Such an approach may offer:

- Enhanced succession planning
- Clear allocation of family wealth
- Improved governance
- Reduced ownership disputes
- Better alignment between investment and estate-planning objectives
- More consistent tax characterization of income across a family's consolidated portfolio

18. Sections 340 to 355 of the Income-tax Act, 2025 (corresponding broadly to Sections 160 to 167 of the Income-tax Act, 1961) govern the taxation of representative assessees, including trustees, and prescribe the tax treatment applicable to determinate and discretionary trusts.

Properly structured trusts may also facilitate more efficient governance and administration of family wealth while enabling planned distributions to beneficiaries[19] This reflects a broader trend toward institutional-style management of family wealth, with assets managed through a common strategic framework rather than in isolation, and with tax outcomes assessed at the level of the overall family portfolio rather than asset by asset.

The emerging investment theme of yield plus growth

Perhaps the most significant trend in Indian real estate today is the shift from pure capital appreciation to total-return investing. Historically, investors focused predominantly on land appreciation. Increasingly, however, investors are seeking a more balanced approach that combines stable income generation, liquidity, tax efficiency, capital appreciation and succession readiness. This shift reflects a broader evolution in investment objectives, with families and family offices placing greater emphasis on wealth preservation, portfolio flexibility and the efficient transfer of assets across generations, alongside the pursuit of long-term returns. Underpinning all of this is a sharper focus on holding-period discipline – structuring acquisitions and exits so that assets qualify for long-term capital gains treatment wherever possible, and sequencing transactions to avoid inadvertently resetting the clock on an otherwise long-held asset.

REITs, warehousing assets, commercial real estate, structured real estate strategies and professionally managed investment platforms are all benefiting from this shift.

The common thread across these investment choices is the desire to make real estate work harder within the broader wealth portfolio, on a post-tax and not merely a pre-tax basis.

Technical insight

For UHNI families, investment returns are only one part of the equation. The after-tax outcome is equally influenced by:

- Capital gains provisions applicable to direct real estate and REIT investments, including the differing holding-period thresholds and indexation treatment that apply to each
- Special taxation regime applicable to Joint Development Agreements, including the completion-certificate-linked deferral and the GST treatment of development-rights transfers
- Characterization of REIT distributions across interest, dividend and debt-repayment components
- Trust taxation and representative assessee provisions, including the distinct treatment of determinate and discretionary trusts
- Stamp duty and registration costs arising at each stage of acquisition, development and inter-generational transfer

19. Taxability of trust distributions depends upon the nature of the underlying income, trust deed provisions, beneficiary rights and the representative assessee framework under the Income-tax Act, 2025.

- Succession and governance structures adopted for holding family assets, including the incremental compliance and withholding considerations that arise where non-resident family members or beneficiaries are involved

Consequently, evaluating the investment vehicle can often be as important as evaluating the underlying asset itself — and increasingly requires input at the intersection of tax, regulatory and succession planning rather than any one discipline in isolation.

Real estate as an institutional asset class

The future of real estate ownership among ultra-high-net-worth families may not be defined simply by the quality of assets they own, but by how effectively those assets are structured, managed and transferred across generations.

The most successful families are increasingly adopting a holistic approach — one that integrates investment strategy, tax planning, succession planning and governance into a single framework. Whether through REITs that generate recurring income, JDAs that unlock value from dormant land, or trust structures that facilitate orderly wealth transition, the objective is increasingly the same: maximizing post-tax, risk-adjusted and transferable wealth.

As India's real estate sector continues to mature and institutionalize, the families that successfully transition from fragmented ownership to integrated wealth architecture may be best positioned to preserve and grow wealth across generations. The new real estate playbook is therefore not about owning more assets; it is about owning them and taxing them more intelligently. This shift from passive ownership to strategic optimization is likely to define the next phase of real estate wealth creation in India.

EY Family Office Advisory Services

At EY, our Family Office Advisory Services are designed to provide comprehensive support across the lifecycle of a family office – whether you are creating a new structure, transitioning from a family business environment, or elevating an existing setup.

Service pillars

Tax, regulatory and exchange control

- Establish and structure multi-generational family office frameworks, including overseas holding structures and GIFT City
- Personal and corporate tax compliance, transaction tax planning and dispute resolution
- Exchange control and regulatory compliance for cross-border investments
- Succession planning, inheritance management and governance frameworks

Strategy and transactions

- Investment banking advisory on buy-side and sell-side transactions and support for strategic investment decisions of family offices
- Transaction due diligence across deals, joint ventures (JVs), initial public offerings (IPOs), mergers and acquisitions (M&As)
- Valuation services to enable accurate and fair assessment of potential targets and preparation of plans to identify synergies that drive efficiency and growth
- Business modeling to support strategic decision-making, budgeting and forecasting
- Transaction structuring, debt restructuring and investment strategy formulation.

Forensic integrity

- Conducting thorough pre-investment integrity assessments
- Ongoing governance and oversight, including litigation and dispute assistance, incident-specific inquiries and post-investment portfolio surveillance

Accounting and financial compliance

- Financial and accounting advisory to prepare future-ready financial statements.
- Real-time monitoring of investment portfolios using advanced KPI-driven dashboards
- Secretarial compliance and regulatory consulting, including adherence to the Companies Act requirements

CFO-as-a-Service

- Complete oversight of tax, accounting, company secretarial and compliance responsibilities.

Risk and governance

- Customizing governance frameworks to enhance transparency and accountability.

The EY advantage

01 Integrated, multi-disciplinary support across tax, strategy, transactions, governance and compliance.

02 Experience supporting family offices as they formalize structures and ownership.

03 Ability to support cross-border investments and multi-entity formats.

04 Technology-enabled portfolio monitoring and governance.

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