

Brookfield India Real Estate Trust — 27 Sep 2024 Credit Rating Summary

Here is the equity-focused credit analysis of Brookfield India REIT (BIRET) based on the CRISIL report.

Section	Details
Agency	CRISIL Ratings
Rating Change	Reaffirmed at CRISIL AAA (No notches moved)
Outlook (Curr vs Prev)	Stable vs Negative (Upgrade in Outlook)
Key Drivers of Change	<ol style="list-style-type: none"> Occupancy Recovery: Same-store occupancy rose from 80% to 82%; pro-forma occupancy reached 84% post-acquisition (Target: 87-89% by FY25 end). Yield Accretive Acquisition: Acquired 50 lakh sq ft with 93% committed occupancy (Economic share ₹3,000 Cr), diversifying the portfolio. Positive Reversions: New leases for 1.9 lakh sq ft signed at 19% higher rentals, indicating strong pricing power. SEZ De-notification: Strategy to convert SEZ to non-SEZ (4 lakh sq ft approved) is unlocking demand in stagnant pockets.
Rated Instruments	<ol style="list-style-type: none"> Corporate Credit Rating: ∅ Cr (Rating only), AAA/Stable Commercial Paper: ₹1,250 Cr, A1+
Key Observations	<p>Strengths:</p> <ul style="list-style-type: none"> Superior asset quality (259.5 lakh sq ft total) in prime micro-markets. Strong Sponsor (Brookfield) provides massive refinancing comfort. Healthy leasing pipeline of ~30 lakh sq ft. <p>Concerns:</p> <ul style="list-style-type: none"> Sector Concentration: 56% of rentals come from IT (32%) and BFSI (24%). Expiry Risk: 22% of rental revenue is due for renewal between FY25-FY27. Tight Coverage: Interest coverage is lean at 1.5x (CRISIL adjusted FY24).
Investor Impact	<p>Growth: Inorganic expansion and 19% rental reversions support DPU growth.</p> <p>Margins: Flat rentals in some pockets are offset by high-margin new acquisitions.</p> <p>Leverage: LTV sits at 40%, the upper threshold for the rating; limits room for further debt-funded acquisitions without equity dilution.</p> <p>Dilution Risk: Recent equity raise at ₹300/unit helped manage leverage; future growth may require similar rounds.</p>
Agency / Cross Analysis	<p>Same Agency (CRISIL): The Outlook change from Negative to Stable marks a major reversal. Since Dec 2022, CRISIL was wary of low SEZ occupancy and high LTV. This update confirms that the "worst is over" regarding vacancy and the debt levels have stabilized following the ₹1,500 Cr equity infusion and ₹3,000 Cr asset integration.</p> <p>Conclusion: Improvement. The credit profile has transitioned from "At Risk" to "Consolidating."</p>
Final Inference	<p>This is a high-conviction stability signal. While the FY24 net loss (₹3.9 Cr) looks weak on paper, the 19% rental spread and 84% occupancy indicate the REIT is successfully pivoting from stagnant SEZ assets to high-yield commercial space.</p>

Financial Snapshot (FY24) for Equity Perspective:

- **Revenue from Operations:** ₹1,781 Cr
- **Adjusted Gearing:** 0.98x
- **Interest Coverage:** 1.5x
- **Cash & Equivalents:** ₹433 Cr (High liquidity buffer)
- **Total Debt:** Increased to ₹11,350 Cr (post-acquisition) from ₹10,210 Cr.