Brookfield India Real Estate Trust — Aug 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline with Strategic Roadmap **One-line:** BIRET is undergoing a transformative scale-up, sacrificing short-term DPU (diluted by QIP) to significantly improve portfolio diversification, rent PSF, and long-term NOI growth via the GIC-partnered acquisitions of Downtown Powai and G1.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Achieved 0.3 MSF leasing; distribution of □3.85/unit as per expectations.	□
Earnings Quality	High (Core driven)	Adjusted NOI grew 5% YoY; rental escalations of 9% achieved on 1.7 MSF.	□
Guidance Confidence	Strong	On track to close transformative acquisitions in Q2 FY2024; fundraise completed.	□
Management Credibility	Strong	Successfully raised □2,710 Cr (QIP + Preferential) to fund growth.	□
Business Quality Signal	Improving	Pro-forma portfolio reduces top-5 concentration from 51% to 31%.	□
Key Q&A Exchange	Not applicable	Concall not available.	□
The Street's Primary Anxiety	Occupancy Slippage	Committed occupancy dipped from 84% to 82% due to expiries; mgmt targets 1.2 MSF pipeline.	□
Capital Cycle Stage	Investment	Massive 44% operating area expansion underway via inorganic acquisitions.	□
Margin / Return Ratio Trajectory	Stable	NOI Margin on OLR stable at 108% (includes income support).	□
Pricing Power	Expanding	49% re-leasing spread achieved on 0.2 MSF renewals at N1.	□
FCF Conversion & Quality	Strong	NDCF (SPV level) of □221.3 Cr vs Adjusted NOI of □245.3 Cr.	□
Competitive Moat Signals	Widening	Entry into Mumbai (Powai) micro-market adds high-barrier-to-entry institutional assets.	□
Balance Sheet Strength	Strong	AAA rated; net debt at □5,410 Cr; significant equity cushion added via QIP.	□
Working Capital Efficiency	Stable	No material deviations in tenant deposits or payables.	□
Mgmt Guidance Track Record	Reliable	First entry - baseline quarter.	□
Key Vulnerability / Red Flag	Expiry Concentration	0.388 MSF of expiries in Q1 exceeded 0.3 MSF of new leasing.	□
Management Tone	Not applicable	Concall not available.	□

Sentiment: □Positive | □Negative | □Neutral

Key Takeaways (Positives & Negatives):

Positives: * **Transformative Acquisition:** The addition of Downtown Powai and G1 (partnered with GIC) will increase operating scale by 44% and elevate in-place rents from □65 to □81 PSF (+24%). * **Strong Re-leasing Spreads:** Achieved a massive 49% mark-to-market (MTM) spread on renewals in Noida (N1), validating the quality and under-rented nature of the portfolio. * **De-risking the Tenant Base:** Pro-forma top-5 tenant concentration will drop significantly from 51% to 31%, reducing single-tenant dependency. * **Capital Stack Fortified:** Completion of the □2,310 Cr QIP and □400 Cr preferential issue provides the necessary equity for the upcoming acquisitions without over-leveraging.

Negatives: * **Occupancy Headwinds:** Committed occupancy fell to 82% (from 84% in Mar-23) as 0.388 MSF of expiries outpaced 0.3 MSF of new leasing. * **Short-term DPU Dilution:** NDCF per unit dropped to □3.86 (including new QIP units) vs. □4.91 (excluding them), as capital is raised before the incoming assets contribute to NOI. * **Geographic Softness:** Kolkata (K1) continues to show low realization on renewals (expiries occurring above market rents, leading to -1% MTM on some units).

Forward-looking Watchpoint: Closure of the GIC JV acquisition in Q2 FY24 and the subsequent ramp-up of the 1.2 MSF leasing pipeline to offset FY24 expiries (6% of portfolio).

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Concall not available — commentary absent.

Metric	Current Qtr (Q1 FY24)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales / Gross Leasing (MSF)	0.03 (0.3 MSF)	First entry	First entry	→	76% of new leasing driven by GCCs; 1.2 MSF pipeline active.
Effective Econ. Occupancy (%)	87%	First entry	First entry	→	Supported by income support in N2. Pro-forma expected to rise to 89%.
Committed Occupancy (%)	82%	First entry	↓ (vs 84%*)	↓	0.388 MSF expiries vs 0.3 MSF leasing; N2 occupancy remains low at 73%.
Realization (□PSF PM)	□65	First entry	First entry	→	Pro-forma portfolio to jump to □81 PSF PM post-acquisitions.
Revenue (□Cr)	□314.1	↑ 7.9%	First entry	↑	Growth driven by 9% rental escalations and higher CAM recovery.
Adjusted NOI (□Cr)	□245.3	↑ 4.5%	First entry	↑	Includes □17.8 Cr (178M) income support; OLR growth was 3.9%.
NDCF (REIT Level) (□Cr)	□164.4	First entry	First entry	→	Distributed □164.2 Cr (□3.85 per unit).
Net Debt (□Cr)	□5,410	First entry	First entry	→	Weighted average interest rate at 8.2%; 9-year average maturity.
Land Bank / Future Dev (MSF)	4.6	First entry	First entry	→	Includes 0.6 MSF under construction in K1 and 0.1 MSF in Powai.
WALE (Years)	7.2	First entry	First entry	→	Long-term stability; high WALE in Kensington (12.4 yrs) offsets Noida/Gurugram.

**Calculated from Mar-23 data points provided in the pro-forma bridge.*

2B. SEGMENT BREAKDOWN

Segment (Asset)	Revenue (₹ Cr)	Area (MSF)	Committed Occ.	Trend	vs Company Avg	Key Development
Kensington (Mum)	₹41.5 (OLR)	1.6	79%	↓	Below	0.123 MSF expiry; WALE remains high at 12.4 years.
G2 (Gurugram)	Not stated	4.0	84%	→	Above	Stable performance; part of 13% escalation pool.
N1 (Noida)	Not stated	2.8	94%	→	Above	Star performer: 49% renewal spread on 0.21 MSF.
N2 (Noida)	Not stated	4.5	73%	↓	Below	Weakest occupancy; relying on income support until Mar-24.
K1 (Kolkata)	Not stated	5.7	83%	→	In-line	Expiries above market rent leading to flat MTM.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Portfolio Scale	25.2 MSF Total Area	Needs closure of Downtown Powai/G1 in Q2 FY24	First entry	Low
Guidance	NOI Run-rate	₹2,049 - 2,081 Cr Pro-forma	Requires stabilization of new assets and vacancy lease-up.	First entry	Medium
Guidance	Leasing	1.2 MSF Pipeline	Must convert ~0.3 MSF per qtr to meet targets.	First entry	Medium
Guidance	Capex Plan	₹273.1 Cr ongoing projects	Primarily K1 development and asset upgrades.	First entry	Low
Strategy	Diversification	Reduce Top 5 to 31%	Automatic upon closing GIC JV transaction.	First entry	Low
Strategy	Net Zero	Net Zero by 2040	28% green energy utilization currently.	First entry	Low
Macro	Demand	GCC-led demand (76%)	Reliance on global captive centers for 1.2 MSF pipeline.	First entry	Medium
Macro	Interest Rates	8.2% Avg Cost of Debt	Potential for slight increase if rates rise; 75% debt is long-term.	First entry	Low
Balance	Fund Raise	₹2,710 Cr Total	Completed QIP; preferential issuance pending Aug-26 vote.	First entry	Low

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
N/A	N/A	N/A	N/A

STOP HERE.