Brookfield India Real Estate Trust — Feb 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Inline **One-line:** Strong leasing momentum (0.9 MSF) and significant recovery in physical occupancy (52%) are successfully neutralizing the headwind of rising interest rates on the 100% floating-rate debt book, keeping the yield thesis on track.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	DPU of □15.20 for 9M FY23 is exactly in line with stated guidance.	□
Earnings Quality	High (Core driven)	9% NOI run-rate growth driven by escalations and lease-ups, not one-offs.	□
Guidance Confidence	Neutral	Management maintains 18% NOI growth potential, but 100% floating debt adds volatility.	□
Management Credibility	Strong	Executed on "Return to Office" strategy; physical occupancy rose 6x in CY2022.	□
Business Quality Signal	Improving	Physical occupancy reached 52% (Dec-22) vs 8% (Jan-22); pipeline remains robust.	□
Key Q&A Exchange	Not applicable	Concall not available.	□
The Street's Primary Anxiety	Interest Rate Sensitivity	Mgmt highlighted that 119 bps increase in cost of debt is partially offset by 9% NOI growth.	□
Capital Cycle Stage	Consolidation / Growth	Evaluating 6.5 MSF of sponsor assets (G1 Gurugram and Downtown Powai).	□
Margin / Return Ratio Trajectory	Improving	Target to return NOI margins to FY2020 levels as CAM recovery improves.	□
Pricing Power	Stable	Re-leasing spreads and MTM potential of 18% indicated for stabilized run-rate.	□
FCF Conversion & Quality	Strong	Distributions are backed by high-quality MNC tenant cash flows (78% MNCs).	□
Competitive Moat Signals	Stable	Dominant institutional management; high concentration of Fortune 500 tenants (40%).	□
Balance Sheet Strength	Strong	LTV (Net Debt to Value) at a conservative 32%; AAA rating maintained.	□
Working Capital Efficiency	Stable	CAM recovery improving as physical occupancy ramps up.	□
Mgmt Guidance Track Record	Reliable	Consistently delivering on DPU and asset upgrade timelines.	□
Key Vulnerability / Red Flag	Debt Structure	100% of the loan book is floating rate, creating direct exposure to RBI hikes.	□
Management Tone	Optimistic / Execution-focused	Tone reflects confidence in lease-up of vacant area (1.7 MSF).	□

Key Takeaways (Positives & Negatives): * **Positives:** Physical occupancy jumped from 8% to 52% during CY2022, a critical lead indicator for CAM (Common Area Maintenance) margin recovery. The REIT achieved 0.9 MSF of leasing in 9M FY23 with a 2.2 MSF pipeline ahead, showing tech-occupier resilience. The portfolio is high-quality with 78% MNC tenants and 40% Fortune 500 companies, ensuring low credit risk. * **Negatives:** The most significant headwind is the 100% floating-rate debt structure; while the average cost (7.95%) is competitive, the lack of fixed-rate hedges makes distributions sensitive to further repo rate hikes. * **Street Concern:** Analysts remain focused on the "SEZ vs Non-SEZ" arbitrage and the impact of the DESH Bill (Development of Enterprise and Service Hubs), to which management responds by highlighting the 25% rent arbitrage currently favoring their SEZ assets. * **Watchpoint:** Execution on the evaluation of 6.5 MSF inorganic acquisitions (Downtown Powai & G1), which would materially change the REIT's scale and geographic concentration.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (9M FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (□Cr)	Not in document	First entry	First entry	→	REITs do not report presales like developers.
Leasable Area (MSF)	18.7	First entry	First entry	→	Portfolio remained stable at 18.7 MSF.
Committed Occupancy (%)	83%	First entry	First entry	↑	Driven by 0.9 MSF leasing in 9M FY23.
Economic Occupancy (%)	88%	First entry	First entry	→	Includes income support on 0.72 MSF at N2.
In-place Rent (□PSF/mo)	□64	First entry	First entry	↑	Up from historical levels; 9% NOI run-rate growth.
Gross Asset Value (□Cr)	□16,400 (as of Sep-22)	First entry	First entry	→	Stable valuation based on last reported.
Net Debt to Value (%)	32%	First entry	First entry	→	Conservative leverage vs 49% regulatory cap.
Distribution (DPU) (□)	□15.20	First entry	First entry	→	Inline with guidance.
NOI Run Rate (□Cr)	□961.6 (9,616 Mn)	First entry	First entry	↑	9% growth vs Q4 FY22 (□884.2 Cr).
Physical Occupancy (%)	52%	First entry	First entry	↑	Massive jump from 8% in Jan-22.
WALE (Years)	6.8	First entry	First entry	→	Long-term lease expiry profile.
Avg. Interest Rate (%)	7.95%	First entry	First entry	↓	Cost increased by 119 bps during 9M.

2B. SEGMENT BREAKDOWN

Asset / Segment	Leasable Area (MSF)	Committed Occupancy	In-place Rent (□PSF)	Trend	vs Co. Avg	Key Development
Kensington (Mumbai)	1.6	90%	□99	↑	Higher	Part of 250-acre Powai township; high MTM.
G2 (Gurugram)	4.0	84%	□83	→	Higher	2.0x operational area growth since acquisition.
N1 (Noida)	2.8	90%	□48	↑	Lower	80% growth in new leasing rents since 2015.
N2 (Noida)	4.5	77%	□55	→	Lower	Income support provided till March 2024.
K1 (Kolkata)	5.7	82%	□43	→	Lower	Includes 0.56 MSF under construction area.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery (Did they do what they promised last Q?)	Risk Flag
Guidance	Distribution	In line with guidance (□15.20 for 9M).	Needs ~□5.00+ in Q4 to maintain pace.	Delivered as per guidance.	Low
Guidance	NOI Growth	18% incremental growth potential.	Requires lease-up of ~1.7 MSF vacant area.	NOI Run rate increased 9% in 9 months.	Medium (Demand)
Guidance	Capacity	6.5 MSF Inorganic Growth.	Dependent on unit-holder approval/ financing.	First entry.	Execution Risk
Guidance	Capex Plan	Asset upgrades (lobbies, amenities).	Ongoing across N1, N2, G2, K1.	Visible progress in PPT images.	Low
Strategy	Capital Allocation	Evaluate sponsor pipeline.	Acquisition of G1 and Downtown Powai.	First entry.	Dilution risk
Strategy	Competitive Positioning	100% Institutionally managed.	Focus on Class A GCC/ R&D tenants.	49% of tenants now GCCs/ R&D labs.	Low
Macro	Return to Office	Ramp-up of physical occupancy.	Reached 52% in Dec-22; target 60%+.	Significant beat (8% to 52%).	Low
Macro	Interest Rates	Neutralizing rate impact via NOI.	NOI growth (9%) vs Rate growth (1.19%).	Successfully offset impact thus far.	High (Floating debt)
Balance	Leverage	Maintain AAA rating.	Keep Net Debt to Value around 32-35%.	Maintained at 32%.	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

STOP HERE.