

Brookfield India Real Estate Trust — Nov 2022 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline / Strong Operational Recovery **One-line:** Thesis remains intact as physical occupancy surges (8% to 50%) and the REIT identifies a clear 18% organic NOI growth path alongside a massive 6.4 MSF inorganic pipeline.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	First entry — tracking against IPO-to-date progress.	□
Earnings Quality	High (Core driven)	Growth driven by 2.2 MSF gross leasing and MTM spreads.	□
Guidance Confidence	Strong	Quantified walk from ₹5.0 to ₹6.0+ DPU provided.	□
Management Credibility	Strong	Delivered 2.2 MSF leasing & ₹4,000 Cr acquisition since IPO.	□
Business Quality Signal	Improving	Physical occupancy up 6x in 10 months; WALE stable at 6.9 yrs.	□
Key Q&A Exchange	PPT_ONLY: Not applicable	N/A	□
The Street's Primary Anxiety	Interest Rate Sensitivity	100% floating rate debt; 140bps repo hike vs 69bps REIT cost hike.	□
Capital Cycle Stage	Consolidation & Harvesting	Focus on lease-up of vacant 11% and margin recovery.	□
Margin / Return Ratio Trajectory	Improving	Mgmt expects NOI margin to revert to FY20 levels as CAM recovery improves.	□
Pricing Power	Expanding	New leasing spreads 28%–75% above acquisition levels across assets.	□
FCF Conversion & Quality	Strong	Distributed ₹32.30/unit since IPO; high non-taxable component.	□
Competitive Moat Signals	Widening	89% effective occupancy vs lower micro-market averages.	□
Balance Sheet Strength	Strong	31% Net Debt to Value; AAA rated; 84% debt matures FY28+.	□
Working Capital Efficiency	Improving	Improved physical occupancy drives better CAM recovery.	□
Mgmt Guidance Track Record	Reliable	Execution on "Return-to-Office" and ESG certifications (GRESB 5-star).	□
Key Vulnerability / Red Flag	Floating Rate Exposure	100% floating rate loans; potential DPU compression if rates spike further.	□
Management Tone	PPT_ONLY: Not applicable	N/A	□

Key Takeaways (Positives & Negatives):

Positives: * **Physical Re-occupancy:** A critical thesis pillar is being validated as physical occupancy moved from 8% (Jan-22) to 50% (Oct-22), which is the precursor to improved CAM (Common Area Maintenance) recovery and margin expansion. * **Embedded Growth:** The REIT has a clear bridge to increase DPU from ₹5.0 to ₹6.0+ via lease-up of vacant area (₹99.3 Cr incremental NOI) and MTM renewals (₹37.5 Cr incremental NOI). * **Sponsor Pipeline:** Access to 6.4 MSF of high-quality sponsor assets (G1 Gurugram and Downtown Powai) provides a visible path for inorganic scale. * **Leasing Spreads:** New leasing rents are significantly higher than in-place rents (e.g., ₹132 vs ₹100 in Powai), indicating strong institutional demand for Grade-A campuses.

Negatives: * **Debt Structure:** 100% of the REIT's debt is floating rate. While they have outperformed the repo rate hike (69bps increase vs 140bps repo hike), continued monetary tightening remains a primary headwind for NDCF (Net Distributable Cash Flow). * **Concentration:** Significant reliance on the Technology sector (though 78% of tenants are MNCs/GCCs), making the portfolio sensitive to global tech spending cycles.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Concall not available — commentary absent.

Metric (Units)	Current Qtr (H1 FY23)	YoY Change	QoQ Change	Trend	Mgmt Commentary (from PPT)
Operating Area (MSF)	14.3	First entry	First entry	→	Total area 18.7 MSF including future dev.
Committed Occupancy (%)	84%	First entry	First entry	→	Effective economic occupancy at 89%.
In-place Rent (₹PSF/mo)	64	First entry	First entry	↑	Driven by MTM spreads in Mumbai/Noida.
WALE (Years)	6.9	First entry	First entry	→	Long-term leases with 78% MNC tenants.
Net Distributable Cash Flow (₹Cr)	Not in document	First entry	First entry	→	₹32.30/unit distributed since IPO.
NOI Run Rate (₹Cr)	965.2 (₹9652M)	First entry	First entry	↑	Targeting ₹1,135 Cr stabilized run rate.
GAV (₹Cr)	16,400 (₹164B)	First entry	First entry	→	Backed by high-quality gateway city assets.
NAV per Unit (₹)	337	First entry	First entry	→	Significant premium to current trading price.
Net Debt to Value (%)	31%	First entry	First entry	→	Conservative leverage vs 49% SEBI limit.
Average Interest Rate (%)	7.45%	First entry	First entry	↓	Up 69bps; 100% floating rate exposure.

2B. SEGMENT BREAKDOWN (By Asset)

Segment (Asset)	Operating MSF	Committed Occupancy	In-place Rent (₹)	Trend	vs Avg	Key Development
Kensington (Mum)	1.6	95%	100	↑	Above	MTM spread of 38% on new leasing.
G2 (Gurugram)	3.9	85%	80	→	Above	One of largest CBD campuses in NCR.
N1 (Noida)	2.0	86%	48	↑	Below	New leasing at ₹57 (75% MTM potential).
N2 (Noida)	3.8	76%	54	→	Below	805k SF vacant area has income support.
K1 (Kolkata)	3.1	84%	42	→	Below	Largest campus in Eastern India.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	NOI Growth	18% increase to ₹1,135 Cr	Needs ₹169.8 Cr incremental NOI from leasing & MTM.	2.2 MSF leased since IPO.	Occupancy timing.
Guidance	Distribution	₹6.0+ DPU (Stabilized)	Requires 20% growth from current ₹5.0 run rate.	Consistent payouts since IPO.	Interest rate hikes.
Guidance	Volume / Capacity	4.4 MSF Future Dev	Dependent on demand in Noida/Kolkata SEZs.	10 MSF developed historically.	SEZ policy delays.
Guidance	Capex Plan	ESG & Asset Upgrades	Ongoing upgrades (lobbies, amenities).	IGBC Platinum/Gold achieved.	Inflationary costs.
Strategy	Capital Allocation	Inorganic Acquisition	G1 & Downtown Powai (6.4 MSF pipeline).	Acquired N2 in Jan 2022.	Yield accretiveness.
Strategy	Competitive Positioning	GCC Attraction	Focus on R&D labs and specialized services.	49% of tenants are GCCs.	Global tech slowdown.
Macro	Industry Headwinds	Return-to-Office	Physical occupancy to exceed 50%.	Moved from 8% to 50% in 10 months.	New COVID variants.
Balance	Leverage Target	AAA Credit Rating	Maintain conservative LTV around 30-35%.	Current LTV at 31%.	Floating rate cost.

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
Physical Occupancy	Not available	50% (Oct-22)	↑
Interest Cost	Not available	7.45%	↓
Gross Leasing	Not available	2.2 MSF (Since IPO)	↑
Retail Unit Holders	Not available	26,000+	↑

STOP HERE.