“Brookfield India Real Estate Trust

Q1 FY27 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the First Quarter of FY 2027 Earnings Call for Brookfield India Real Estate Trust. Brookfield India Real Estate Trust released its financial results for the quarter ended June 30, 2026. Brookfield India Real Estate Trust has placed the financial results, earnings presentation in the Investors section on the website at www.brookfieldindiareit.in.

Please note that the management may make certain remarks during this conference call that could be considered forward-looking statements. Actual results may differ from the statement, and Brookfield India Real Estate Trust does not guarantee such outcome nor undertake any obligation to update them.

Any financial guidance or pro forma information shared today represents management's estimate based on specific assumptions and has not been audited, reviewed or independently verified. We caution you against placing undue reliance on this information as there can be no assurance or achieving the results discussed.

As a reminder, all participant line will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

On the call, we have the following person, Mr. Ankur Gupta, Non-Executive Director; Mr. Shashank Jain, CEO and Managing Director; Mr. Rachit Kothari, Non-Executive Director; Mr. Saket Mehta, Head of Finance of Brookprop Management Services Private Limited; and Mr. Shailendra Sabhnani from Brookfield.

I now hand the conference over to the management for the opening remarks. Thank you, and over to you, team.

Shashank Jain: Thank you. Good morning, everyone. This is Shashank Jain here. A very warm welcome to Brookfield India Real Estate Trust Quarter 1 for fiscal '27 Earnings Call. Thank you to all our unitholders, analysts and participants for joining us today for this call.

Let me begin with a brief update on the macroeconomic and office market environment. India's economy continues to demonstrate resilience despite a volatile global backdrop. India's deep talent pool, competitive cost, digital ecosystem and policy stability continues to reinforce its position as a preferred destination for multinational companies and global capability centres.

The India office market has carried its strong momentum into 2026. Industry data indicates that office absorption has reached a record 45-plus million square feet in the first half of calendar year '2026. which is an increase of approximately 10% year-on-year. GCCs accounted for roughly around 20 million square feet, which is roughly about 43% of total leasing. Green certified buildings accounted for almost 73% of the leasing activity during the quarter, implying that the demand is increasingly focused on high-quality, sustainable and institutionally managed campuses. This market backdrop is actually directly aligned with the positioning of Brookfield India REIT.

As of June 30, 2026, our portfolio comprises 32.6 million square feet across key gateway cities with a committed occupancy of around 93%, in-place rent of INR104 per square feet per month and a long-dated WALE of 6.7 years. Our pan-India presence, high-quality tenant roster, focus on sustainability and concentration in established office micro markets position us well to capture continued demand from GCCs and other global occupiers.

Let me now take you through our leasing and occupancy performance for the quarter. During the first quarter of fiscal '27, we completed 1.1 million square feet of gross leasing, comprising roughly about 700,000 square feet of new leasing and almost 400,000 square feet of renewals.

The average rent on gross leasing was INR100 per square feet per month, and the weighted average lease term was 9.8 years. The re-leasing spread achieved was about 14%. Leasing demand remained broad-based across product categories, spanning SEZ processing area, non-processing area and IT and commercial spaces.

GCC occupiers accounted for almost 39% of gross leasing during the quarter, supported by expansion demand from existing tenants such as Honeywell and KPMG Global Services. Tech services tenants also demonstrated strong commitment to our portfolio, contributing 63% of our quarterly renewals with a healthy renewal tenure of approximately 11 years.

Despite more than 1 million square feet of expiries during the quarter, we maintained portfolio committed occupancy of 93%, which is 4 percentage points higher year-on-year. We continue to proactively address future expiries. During the quarter, we secured an early renewal of approximately 565,000 square feet with Bharti Airtel at the Airtel Centre, representing around 80% of campus's gross leasable area.

The renewal was completed approximately 2 years ahead of expiry for a 9-year lease term and a 5-year lock-in on majority of the renewed area. Including the commitments secured previously, we now have derisked approximately 1.3 million square feet of our future expiries across the remaining 9 months of fiscal '27 as well as full year fiscal '28. This proactive approach provides greater cash flow visibility, reinforces the strength of our tenant relationships and also reflects the tenant stickiness in the portfolio.

Our expiry profile also remains well staggered with only 8% of gross rentals due for expiry during the remaining 9 months of financial year '27 and approximately 33% cumulatively through up to financial year '30.

Let me also then talk about the acquisition that we announced. We signed a binding agreement to acquire 264,000 square feet front office property comprising 3 contiguous floors in Godrej BKC, a landmark Grade A building located in the Central Business District of Mumbai. The proposed acquisition is being undertaken in a 50-50 partnership with NCW Prime Offices Fund, a part of Nuvama Group.

The asset is leased to front office blue-chip tenants with high occupancy and almost 6.9 years WALE and 82% of leased area under lock-in. The acquisition price is INR1,700 crores on a 100% basis, implying a 4% discount to GAV and a cap rate of 7.4% basis FY'28 estimates and almost 8.1% cap rate basis FY30 estimates.

Now in terms of our further growth opportunity, we have a robust sponsor group pipeline, a couple of high-quality assets approaching stabilization in the sponsor group portfolio are: Waterstone campus, a 9-acre mixed-use campus in Mumbai's Airport Business District. It has 1.4 million square feet GLA of office space, 58 ultra-premium service residences and a 3-acre exclusive members-only club.

The second one is in Pune, Bluegrass Business Park, a 2 million square feet GLA in Pune, with Tower 1 which is fully leased and Tower 2 which is under construction and 50% pre-leased. In addition to inorganic opportunities, the portfolio has meaningful embedded organic growth potential of approximately 15%, which excludes contracted rent growth and mark-to-market gains.

Moving on to our focus on ESG and sustainability. Sustainability remains deeply embedded in our operating philosophy. Very pleased to share that during the quarter, Worldmark New Delhi achieved the IGBC Green Existing Building Platinum rating. Our campuses at N1 and N2 received EDGE Advanced certification and Worldmark Gurgaon and Pavilion Mall received EDGE certification from International Finance Corporation.

With that, I'll hand it over to Saket to take you through the financial performance for the quarter. Saket?

Saket Mehta: Thank you, Shashank, and good morning, everyone. Let me now take you through the financial highlights for Q1 '27. Operating lease rentals for the quarter was INR7.14 billion, representing growth of 56% year-on-year, supported by contribution from Ecoworld and same-store growth across the portfolio. Net operating income was INR7.57 billion, reflecting growth of 51.7% year-on-year. Same-store NOI increased by approximately 8%, driven primarily by lease-up of vacant area, mark-to-market gains and contractual rent escalation.

For Q1 FY27, we declared distribution of INR5.6 per unit. Total distribution for the quarter stood at INR4.6 billion. Our balance sheet remains robust and well positioned to support future growth in a disciplined manner. As of June 30, '26, our LTV, excluding shareholder instruments, stood at 25.9%.

On a pro forma basis, after the proposed acquisition in GKC, we have a dry powder of approximately INR43 billion at a 35% LTV threshold to support future growth opportunities. We continue to maintain dual AAA stable credit rating from CRISIL and ICRA. Our average interest rate remains at 7.3%, supported by a long-dated debt maturity profile and limited near-term amortization.

With that, I would now request the moderator to open the floor for questions.

Moderator: Thank you Saket sir. Ladies and gentlemen, we will now begin with the question-and-answer session. First question comes from the line of Karan Khanna with Ambit Capital.

Karan Khanna: My first question to you, Shashank, given this is your first earnings call as the CEO, you're taking over a platform that has built significant scale, strong occupancy and a sizable development and acquisition pipeline. Given your background across real estate, private equity and M&A, what are the 2 or 3 strategic priorities you want to put your stance on over the next 12 to 14 months?

And in particular, do you see the next phase of BIRET's growth being driven more by organic portfolio optimization and development or by accelerating acquisitions and expanding the platform?

Shashank Jain: Thank you Karan and thank you for asking this question. It's a privilege and honour for me to be taking over this position on a platform that we are also proud of, particularly given that it is a 100% institutionally managed platform. I think we are at a point where we are well poised for growth, and we have opportunities across virtually the entire portfolio.

As I mentioned, we have a very robust sponsor pipeline that we would continue to look for and participate in the process as and when that comes up. We would also be open for looking at acquisitions outside the sponsor portfolio as and when there is an opportunity, we'll continue to remain a disciplined investor.

As far as the existing portfolio is concerned, yes, you're right, we are looking at optimizing our portfolio, both in terms of our tenant profiles, occupancy as well as any potential development opportunities within the portfolio that we have. So, all in all, yes, we would be looking at a portfolio of growth from various potential available opportunities, both organically and inorganically.

Karan Khanna: Sure. And then secondly, Shashank, if you look at GCCs, that remain a major structural driver for the office market, but they accounted for 39% of Q1 leasing versus roughly 50% in Q4 and FY26, while technology services accounted for 63% of the Q1 renewals. So, from your conversations with occupiers, are you seeing the next leg of demand broadening meaningfully beyond traditional technology and GCC users? And looking 3 to 5 years out, how are you thinking about AI-driven productivity gains affecting the quantum of office space companies ultimately need?

Shashank Jain: Yes. Good question, Karan. Thank you. So, basis our conversations with our tenant partners and broader ecosystem in the industry, I think there are 2, 3 elements that's coming in. One, we continue to see influx and robust demand from GCCs coming in. Now there could be a few basis points here and there on a quarter-on-quarter basis.

But the long-term story of India being a very attractive talent pool and hence, attracting a lot of multinationals to set up their capability centres remain intact, and we do want to continue to partner with them in their growth journey. That's one.

As far as the broader tech services is concerned, as we mentioned, over 60% of renewals this quarter has been from technology services companies -- I mean, the tech services continued with their renewals. Basis our conversation, there are a couple of things. One, in the near to short term or midterm, we do not see AI impacting our clients or tenants' decisions on occupancy as such.

Like any other technology evolution, we expect all the companies to evolve themselves and, in fact, use India as the AI talent hub increasingly. With that backdrop, we don't really see in the short to medium term, any immediate impact or significant impact of AI disrupting our growth plans or growth plans of our tenants in a material way.

Karan Khanna: Sure. And then lastly, on the BKC acquisition, the roughly direct share at 50% is about INR8.5 billion. So, what is the expected DPU accretion for BIRET owing to the acquisition of the 3 floors at Godrej BKC?

Shashank Jain: So, for the GBKC acquisition, our assessment is it's going to be a NDCF accretive acquisition. The NDCF yield is expected to be about 7.1%, which is healthier than the current trading yield. So going forward in the, let's say, next 12 months or next full year, as we said, we see this to be an overall NDCF accretive transaction or acquisition for us.

Moderator: Next question comes from the line of Pritesh Sheth with Axis Capital.

Pritesh Sheth: A few questions from my side. Firstly, on the cash balance that we have, I know some of this would be utilized to pay for the BKC acquisition. But how are we going to utilize the balance? Any plans for debt repayment? Or you would still hold on to it considering that there are a couple of sponsor acquisition opportunities which are coming due. So, what's the strategy on that?

Shashank Jain: So, we will continue to evaluate the optimal use of cash that we have, and it's going to be a combination of any potential short-term strategy of debt repayment across various SPVs that we are in the process of evaluating. And also at the same time, as and when we get clarity on the timelines that the sponsors would look at in terms of disposition processes. So, we'll sort of balance out the utilization of cash basis these 2 strategies.

Pritesh Sheth: Sure. So, like if you can guide us like in near term, how should we think about it? Because, I mean, holding cash would obviously, it will not help our DPU growth in that sense. So, paying off debt would enhance the yield potential. So how should we look at that?

Shashank Jain: So yes, definitely, we would be looking at paring down some debt in the near term. We are, as I mentioned, in the process of evaluating which line of credit should we look at across various SPVs. As I said, that would also depend on some guidance and clarification that we get from sponsor group on the timeline when they expect to launch the process for some of the sponsor assets that we've mentioned. Pending that, as I said, we are in the process of evaluating on a short-term basis, which line of credit to be sort of repaid as we speak.

Ankur Gupta: I'll just comment here. Good morning, everybody. From a sponsor side, there's a very large portfolio of the highest quality assets in the country that we have. While in the near term, yield or yield protection or yield enhancement can happen with decrease or slight decrease in debt levels. I would say that these opportunities in India on a total return basis are in the mid- to high teens, just like the GBKC acquisition that we've just announced.

On a total return basis, given our LTV is 25% or thereabouts, there is significant headroom to increase the size of the portfolio while keeping leverage levels below 35% on a portfolio basis, which has been our stated strategy. And the fact that we've demonstrated an ability to raise capital from the market for amazing transactions. So, I would say that the guidance from our side is growth than just debt levels being lower from this point onwards.

Two transactions were highlighted besides the GBKC transaction, the one that we are just completing the lease-up in Andheri, an amazing development as well as a CBD asset that we've developed in Pune and continue to stabilize. Again, those are 2 examples. There are several assets of that nature. And as Shashank mentioned, there are also amazing opportunities across non-sponsor assets as well. So, I would say that the guidance I can provide from our perspective is total return, which includes NAV enhancement, distribution growth as well as yield enhancement.

Moderator: Our next question comes from the line of Yashas Gilganchi with BOB Capital Markets Limited.

Yashas Gilganchi: When do you expect to conclude the acquisition of the GBKC asset? And since cap rates have been calculated on the NOI of FY28 and '29, is it right to assume that the rents from the new property are likely to start flowing in sometime in FY28?

Shashank Jain: Yes. So, we are looking at closing the transaction somewhere by the end of next month. As we mentioned, it's a significantly leased asset, and we expect by closing it to be 100% leased up. And you're right, the rent should start on a 100% basis in the next fiscal year.

Yashas Gilganchi: Got it. Now with 90% of your outstanding debt referencing floating rates and given the volatile macro environment, what are your thoughts on how interest expenses are likely to evolve over the near future? And also, are you considering any measure to control for the volatility in interest expense?

Shailendra Sabhnani: Yes. So, look, almost 90% of our debt is floating, but bulk of it is linked to repo rates, right. And any volatility in repo rates is what will cause, I would say, any movement in the interest expenses. In fact, if you think about it, our interest rate stack ranges anywhere between sub-7 rates to mid-7 rates today, averaging to about 7.3%.

So, we don't expect that there will be out-of-turn volatility in these rates unless the Central Bank moves the repo. But at the same time, we continue to evaluate fixed rate structure. We in fact, did a bond not too long back. And the idea would be, as we think of the next phase of growth and next acquisitions and we relever the REIT, fixed rate bonds will continue to be a big source of consideration for us to finance the future growth from this point onwards.

Yashas Gilganchi: Got it. That's clear. And just lastly, re-leasing spreads have been trending downwards actually since 1Q '26, even as larger volume of space will be leased. What is happening? And how do you think spreads are likely to trend over the long term?

Rachit Kothari: If you see our history, generally, the re-leasing spreads that we have managed to achieve over the last 3 fiscals have been in the ZIP code of anywhere between 15% to 20%. And on an average, about 10% of our area churn every year, about 50%, 60% of which we manage to renew, 30%, 40% churns out and we get new tenants in. I think it will look to be very similar as we go along.

So, we will continue to have that 15% to 20% fill up on 10% of area, so additional percentage point to 2 percentage points of growth every year on a steady-state basis. So, we don't expect that the forward projection for this will be any different than what we have seen in the last fiscal.

Moderator: Our next question comes from the line of Kunal with Bank of America.

Kunal: A couple of questions from my side. The first one, given the 60% renewal you were highlighting has happened on the IT services side, do you see any difference in the commercial attractiveness of renewal deals with IT services in comparison with the GCCs? I wonder if there's a delta in terms of either the mark-to-market uplift you can get, the tenure that they signed for or maybe the expansion potential that they indicate?

Shashank Jain: So, we continue to evaluate each transaction basis the micro market and our campuses. When it comes to GCC or tech services, I think the approach is no different. We approach it equally for all our clients with the same commercial bent of mind, considering various factors - their existing presence, concentration, potential to expand in the same campus or the same micro market and the trending rates in the micro market and the mark-to-market potential. I mean if you look at some of our large renewals that we've had like Accenture, etc., I think it's been a healthy commitment that we've got from them.

Kunal: Understand. Specifically on MTM conversion, do you think that there's any bit of data or the overall approach you are highlighting takes care of it?

Rachit Kothari: So, Kunal, I'll just give you an example, and we actually did cover it in the last quarter, but maybe I'll just use that to guide this conversation. One of the largest tech services companies actually took up expansion space with us in Noida, almost tripling their footprint, right?

And on that, the way it came about was their own manpower planning with a decent 10-year term and a 5-year lock-in. But the rates on that, to answer your question very specifically, we managed to get a 25% mark-to-market. So, I think the outcome is fairly market driven even when you're talking to tech services in many of these take-ups.

Of course, renewals can be slightly different from new take-ups. But again, the outcome that they're solving for is the market rent, just given vacancy in many of these markets is in single digit, certainly in the ones that we operate in, anybody who wants to be present there has to pay the market rent, and that's the trend for the past few examples that we have.

Ankur Gupta: Just to add on to in so many ways, we've seen a little bit of waking up of tech companies and putting out their messages even more clearly, certainly playing on the front foot as to what changes in the AI-based economy or whatever the promise of AI in terms of efficiency means for these companies.

So, we expect that these companies will actually be a little bit more forward thinking. In fact, the questions 4 years ago used to be, will IT companies continue to support rentals or will they have too much bargaining power, etc. I think that equilibrium is now reached where a significant majority of new leases are being considered by a wider variety of companies.

The other aspect is -- so one is that IT companies will be more nimble. They will have to scale up or they are scaling up in the delivery models, etc., which means higher quality talent, higher quality spaces as a result of that. And second, the line between service delivery and headquarters is blurring. GCC is a perfect example. They are global delivery centres. They are no longer outsourcing offices, etc.

And as a result of all of that, you would find that higher quality spaces, better quality landlords, better locations, better connectivity, rentals or whatever the implied rentals are, are going to be only one factor. Now again, we have the best quality portfolio, and that augurs very, very well for our type of real estate ownership.

Kunal: Understood. Very clear, Ankur. My second question, Ankur, again, this is sort of going back to the 3 aspects of what you look at in terms of driving the return for you as you look to deploy the remaining dry powder on the balance sheet. The question was more around given that the overall market trends have moved up, interest rates have done what it is, how do you think your forward return expectations from M&A that you might have in the pipe start to differ from what you have done in the last 2 to 3 years?

Ankur Gupta: I would say that on the M&A side, as has been the trend, majority of M&A will be focused on built assets. In our experience, India is a supply side problem, not a demand side problem, which means if we can continue to acquire high-quality assets on a total return basis, these assets will continue to outperform the market, which means whether we showed 15% total return, usually, if we buy the highest quality assets and manage them very well, they outperform. And beating the market cost of capital consistently with performance is what we are set out to do.

So, I don't think that our current pipeline and our future projections should look very different. In fact, we've outperformed virtually in every acquisition that we've done in the past. And I think with the occupancy levels now in the 90s, those assets that we bought will do even better. So, Kunal, if I can answer your question, I think if you are doing something good, then repeating that and doing it slightly better is the way to proceed.

Kunal Tayal: Understood. Just maybe just one more nuance on that. Do you set for yourself a minimum return hurdle in that sense?

Ankur Gupta: Absolutely do. Minimum return is beating our cost of capital, which you guys have for us, to be honest, or certainly the valuers do. And in all the acquisitions, we've tried to better that in terms of it being better than the cost of capital and on a return basis being accretive, on a NAV basis as well as on a DPU basis.

So, I think there are very simple benchmarks that we try to follow as guide rail. As I said, it's not a complicated business. We're not splitting atoms here. So, if you can do the basics right and repeat and do it slightly better every year, we'll do very, very well overall.

Moderator: Our next question comes from the line of Nilesh Doshi with Prospero Tree AMC.

Nilesh Doshi: Sir, distribution is one of the criteria to remain invested in any REIT. So, I would like to know at what rate our distribution is likely to increase in the coming years as our lease agreements mostly contained a 5% increment every year or 15% at the end of the 3 years. In addition to that, all new lease agreements are generally executed at a higher rate than the expiring rate. And every year, we are increasing the economy occupancy. So, I think our distribution must be increased by more than 5%. Is it my correct understanding, please, your view?

Shashank Jain: Thank you, Nilesh. As we have given in our guidance, we are looking it to be specific, a 15% embedded growth in our DPU from the current portfolio that we have as and when it stabilizes, and we are at about 93% occupancy. We've given a guidance of 96%, 97%. For some of the assets that we have or we have acquired once they are fully leased and the lease-up happens, we are looking at a 15% growth. Give and take, our sense is it will take about 2 years on an as-is basis. So, to answer your question, yes, that there will be a more than 5% increase.

Rachit Kothari: Same quarter last year, we distributed INR 5.25. We are distributing INR 5.60 now. That's a 7% growth over the same quarter last 12 months, right? So that should be the trend. I mean, if your income grows at 5% to 6%, you should be able to drive DPU by 7% to 8% in addition to the yield.

Nilesh Doshi: Because when you say the total return is around 14% to 15% and our current yield is around 6%, so 9% by the capital application, is it like that?

Rachit Kothari: Yes. I mean when we say 15% to 16%, that's for the asset level return under the REIT. What reflects in the stock price is a function of the markets as well and the larger interest rate regime. But again, broadly speaking, if a product starts at 6.5% to 7% yield, right, on an equity basis and has 5% to 6% top line growth with leverage, that should translate to about 7% to 8% bottom line growth. So, if you add 7% to 8% to a 7% yield, you would emerge at a 14% to 15% return. I don't know if that answers the question.

Nilesh Doshi: Yes, yes, sir. Mostly. And sir, last question. What is the economic occupancy because you mentioned that 93% is the committed occupancy, but there is a difference between the committed and rent-generating occupancy. So, what is our actual rent generating occupancy?

Shashank Jain: So typically, you'll see a delta of 3% to 4%. Our rent-generating occupancy should be about 89% to 90%.

Nilesh Doshi: And we are at 88%, 89%?

Shashank Jain: We are at 89%, that's why I said our rent generating is about 89%, 90%.

Moderator: Next question comes from the line of Rugved Bogarikar with Neo Wealth.

Rugved Bogarikar: Sir, 2 questions from my side. Number one, what's the dividend mix in the entire distribution going ahead? And amongst the dividend, what would be the rough split of dividend coming from old and new regime? And what would be the impact considering the recent changes that we are anticipating?

And the second is, in general, I've seen that Brookfield is doing a JV kind of an investment, right, be it the earlier Delhi portfolio or the current investments. So why is it so that we are going for JV kind of investment, whereas other REITs are in general, trying to acquire the entire asset. I wanted to know the thought process.

Shashank Jain: Sure, Rugved. Your question is 3 parts. Let me take all the parts one by one. So, our current dividend distribution percentage is about 17% out of the total DPU. With some of the corporate actions we are looking at, at a few SPV levels and relooking at the capital structure on an overall basis, we expect that to increase to, I would say, early 20s -- and then the second part of your question is the impact of tax legislations around some of the tax benefits that have come in.

Again, it has got 2, 3 elements, which we are currently in the process of working out the exact impact. One is obviously the historical MAT credit write-backs. The other is the tax rate change. We, as you know, we were in the old regime, ranging from a 29% to 34%- 35%, which will -- in the new regime will be 28% plus. And the third component of that is no MAT liability going forward.

So, we are, as we speak, we are in the process of working out the exact impact, which we'll come back to the broader group in due course once we've sort of worked out the math around it. And the third element you asked for a joint venture approach there. As a REIT, as buyer of these assets, I can tell you, we participated in a formal process that the sellers embarked upon, for example, for GBKC.

We were amongst the top shortlisted bidders and so was Nuvama, who we decided to partner with, therefore, because we were ballpark in the same range. That also demonstrates our willingness and our ability to partner with the broader ecosystem in the market whether it's Nuvama or whether it's other such players. We do believe in benefits of strategic relationships with wealth channels and coverage channels like Nuvama. And we will continue to be a disciplined investors where we can maximize the returns for our investors.

Rachit Kothari: On the MAT front, I'll just add that by the virtue of the fact that we have traditionally went after larger real estate and larger campuses - most of them are at the scale of anywhere between 2.5 million to 4 million square feet, which kind of means that our revenue in each of these SPVs is more than INR 400 crores. So, the old tax regime versus new tax regime has an 8 percentage point savings on the tax itself, which is a big, big flow-through straight up, number one, to the direct savings to the SPVs that will distribute, and also it will improve the dividends and the PAT as a result of that.

So overall, I think it's going to be a positive. We will quantify at our end, understand this in a little bit more detail and maybe next quarter, you'll have a full level disclosure -- a full disclosure from us around what it means for us in specifics in addition to the points that Shashank mentioned on no MAT liability going forward.

Rugved Bogarikar: Got it, sir. Sir, just a follow-up on this. If, let's say, I were to break up the total entire GAV of the BIRET into old and new tax regime, so how much would this breakup be roughly?

Rachit Kothari: Everything today is old tax regime. Everything will move into the new tax regime if the mathematics make sense.

Moderator: Our next question comes from the line of Anuj Upadhyay with Investec Capital Services India Private Limited.

Anuj Upadhyay: Just to check on the occupancy side. Anyway, our portfolio stands at a very strong 93%. Just to get a sense how exactly we plan to move from here, especially on the G1 and G2 portfolio, where we still have a scope of scaling up the occupancy and considering the fact that G1 have close to around close to 2.5 lakh to 3 lakhs of lease area set for expire over the next 1 or 2 years. So how things are placed over there?

Shashank Jain: Yes. Before I answer this specific question, Anuj, I do want to clarify on the previous question that while we are talking about the change in tax regime and how does it benefit us. Just a caveat that as we understand, it has not yet been legislated. It's going through the process by the legislation for various approvals.

So, I just wanted to call that out that subject to the final rules that are approved and come up, is where the exact impact by us would be understood and quantified. So, I just wanted to call that out so that there's no confusion.

Now coming to your specific question, yes, there are a couple of assets, specifically G1 and G2, which relatively are slightly lower in occupancy. We are -- if you see directionally how G1 has scaled up, we have crossed 90 plus. It's almost at about 91% occupancy. I think we are benefiting from 2 elements - one, there aren't such wide campus format assets in the micro market, which are easily available. And hence, we'll continue to attract our customers and tenants there. And we continue to see a fair bit of expansion requests coming in from our existing tenants in both these parks. So, we do plan to leverage that and ensure that the occupancy inches up closer to the portfolio averages over the next 3, 4 quarters. And that should help us bring in the average occupancies further up.

Anuj Upadhyay: So, this would largely be driven from the existing players within the same premises, sir, or we have some new players also coming in? Like we have this global home in the current quarter, that is Q1. So, are we seeing traction from other players as well?

Shashank Jain: So, while a significant portion of demand is getting generated as expansion strategies from our existing tenants, but we do have a fair bit of pipeline from new / potentially new clients and new tenants. So, while the larger tilt is towards the existing tenants looking for expansion, but the new tenant pipeline is also fairly healthy for us.

Rachit Kothari: I'll give you an example, quarters back, we signed up a large domestic automobile company who actually consolidated from 4 properties into G2. That was about a 250,000 square feet requirement with some expansion options attached to it. We expect that going forward, similar demand can come from other quarters because as it stands, the asset sits in a 30 million square feet micro market, which means there's 10x more space outside the premises than it is inside. And there can be a lot of occupiers who can potentially look to consolidate into benefits of having a single building, which is only an offer in an asset like ours today.

Moderator: Next question comes from the line of Pritesh Sheth with Axis Capital.

Pritesh Sheth: Just a couple of follow-ups. Firstly, a couple of clarifications on the NDCF side. So, this quarter, we had a sharp jump in distribution to Reco entities. So just wanted to get your reason on that. Is it something which would be a new normal or some one-off this quarter? And in terms of SPV cash utilization, I think last quarter, we mentioned that we do have INR50 crores, INR60 crores worth of cash, which is still pending to be utilized and we will utilize. That amount, that remains unchanged? Or is there some increase there? And would that be largely utilized this year? So yes, those 2 questions on the NDCF side.

Saket Mehta: So, I think I'll take the second question first. Yes, last quarter, we talked about surplus cash, which was in the range of INR 55 crores - INR 60 crores. We did utilize some portion of it for this particular quarter. And the balance one left is about INR 35 crores to INR 40 crores. But I just wanted to mention that when we do a new acquisition, then sometimes we get new line of surplus cash as well as opening balance. So, this is a moving factor, which we have to consider as we do more acquisitions.

Rachit Kothari: And on your first question, what's changed between the last quarter and this quarter is we have got a new partner, which is 360 ONE. It's their share of distribution that is clubbed in the line item that you're seeing. So, it's not that Reco has jumped a lot. It's just that there's one more partner getting share of distribution from the REIT.

Pritesh Sheth: Yes, you are right. Yes. Okay. Perfect. And just on the Ecoworld Campus 3, any update there in terms of -- are we going for refurbishment or redevelopment? Because I think August is when the tenant leaves. So just an update on that.

Shashank Jain: Sure. So, as we speak, discussions are underway with the tenant for timelines on vacating the premises. And basis that, the exact timelines, we will also work out our plan of action for the building, and we'll come back to the group once we have full clarity on it.

Moderator: Our next question comes from the line of Garg Goyal with Kotak Securities.

Garg Goyal: So, my question is more regarding the growth aspect. While we see a lot of inorganic growth happening in the REIT through sponsored asset acquisitions, but for most of the other REITs, we see a large part of growth also coming in through development potential. In this REIT, as we all know, a large part of the development potential lies in the Kolkata asset.

So, what is the outlook on Kolkata as a micro market with all the changes that have happened? And how is the rental as well as the overall market looking on that front? And do you plan to sort of start under construction sort of construct assets on those lines?

Shashank Jain: Yes. All right. So, I'll take it in 2 parts. One, as you know, part of the development potential in Kolkata is our project called Baytown. I think that's about 0.6 million square feet. I think that should go live in the next couple of quarters, 2 to 3 quarters. We would soon be starting to market that particular project or asset in Kolkata, which is in the same premises or adjoining piece of land.

As far as the broader potential in Kolkata is concerned, we are closely watching the situation as it unfolds. There is a general optimism that the industry has shown us basis our various conversations. We do expect things to become clearer on ground in the next few quarters. But we are closely watching the sentiments as they unfold, and we'll basis that decide the next course of action.

Garg Goyal: Understood. And just another question. In terms of the Godrej asset that you are acquiring, generally, in Mumbai, most of the agreements are signed for 5 years. I see the WALE in and around 6.9. What could be the rationale behind this?

Rachit Kothari: Many of the tenants who took up space actually went under the longer route and paid full stamp duty, including some of the names as State Bank, Brookfield and World Bank. So, these tenants, just given the nature of the fit outs they do, they, of course, want to be sticky. They don't want to reinvest in their fit-outs and generally like to secure a longer tenure. That's why in spaces like BKC, you would see more leases than licenses.

Moderator: Our next question comes from the line of Dhiraj Dave with Samvad Financial Services LLP.

Dhiraj Dave: Yes. Can you hear me?

Moderator: Yes, sir, we can hear you.

Dhiraj Dave: Okay. So, my question is basically if we look at generally all the REITs which have been listed, probably this is the best of the time when we see everything -- demand, there is no issue. People are seeing lease rental is even happening at higher quality building at higher premium to market. And that information also been shared.

So, in our case, can you let us know what has been the premium or MTM on expiry [inaudible 0:51:01]? I'm not just talking about the MTM kind of thing, whether there was any kind of premium which we got as compared with price in last quarter or last 1 year [inaudible 0:51:14].

Dhiraj Dave: I'm saying whether we are getting premium over mark-to-market. So let us say lease is expiring at mark-to-market is INR120, whether we are able to renew at INR130, which is a INR10 premium to the [inaudible 0:51:35].

Rachit Kothari: I mean, to be honest, like wherever you lease is the market - I mean, there's no concept of premium to market the way we see it. In fact, what you can do is outperform your last target and then call it the new market rent. I don't think the market stays at INR 120 if you lease at INR 130. The moment you lease at INR 130, everything goes to INR 130. I think that's probably the right way to look at it.

But I think more factually, we have consistently achieved 15% to 20% uptick on expiry rents as we have renewed spaces over the course of the last year, including as recent as the last quarter. So, we continue to clock that.

There's, of course, a little bit of difference between the various markets. In Kolkata, we have seen rents go from 40 to almost now mid-60s over the course of last 2 years. And we continue to hit that trend in many of our leasing conversations and the renewal conversations. In markets like Mumbai, we have seen 8% year-over-year growth, right?

We may not have seen that much in Gurgaon, but Noida continues to be very close to inflation. So, it's a mixed bag. But on an average, the beauty of having 32 million square feet is that it works like a diversified portfolio, and we continue to get like almost 15% to 20% spreads on the overall average.

Dhiraj Dave: I appreciate that part. So, the second part is like why we are not able to achieve the all-time highs distribution? Like I understand you have some kind of -- if it was INR3.50, then you got listed, there was some kind of cash flow which was available. But it's now almost like 5 years since we are listed, and we're still not able to -- I'm just saying as a layman and kind of talking about we did acquisition, we did kind of thing.

And all these DPUs are accretive. But still I find my distribution which was INR 6.5, which was highest which we have achieved. And also, I'm at INR 5.60. So, what should go right? When should we expect distribution increase? All growth, etc., I appreciate and we will get benefit. But I also want to see in organic growth also why we are not able to get that growth?

Because I find that if I compare with peers, I see a significant improvement in that. Those guys are also acquiring and they are also doing. So, is this something because of market in which we are operating or how you explain that?

Ankur Gupta: I would say 2 things. A lot of research is published where we are doing peer comparison or they do peer comparison. So, it's a little bit -- not our place to be comparing ourselves to peers because I would say that our distributions have increased. All the...

Dhiraj Dave: I'm sorry, if you look at your historical distribution –

Ankur Gupta: You have to let me complete..

Dhiraj Dave: You have not reached your all-time high.

Ankur Gupta: You have to let me speak

Dhiraj Dave: That's now my simple question. 5 years we are not able to reach what we have given. And that time I understand you have some kind of cash flow and you were not paying on some debentures, etc., that got hit you. So that part I understand. But the point is that when we will see that distribution, we are reaching all-time. That's my limited point.

Ankur Gupta: If you don't let me answer the questions, I think we can move to the next question.

Moderator: Our next question comes from the line of Nilesh Doshi with Prospero Tree AMC.

Nilesh Doshi: Sir, do we have any property in a location where the local authority has permitted the higher FSI, so we can increase our area by spending some money on construction cost?

Ankur Gupta: It's a fair question. Look, FAR and FSI rules in India are getting, I would say, more modern. Most markets are allowing more density, slightly technical even when FAR is allowed because the coverage rules are such that you may not be able to consume them unless you break buildings, some buildings have long-term leases.

So, we go through a portfolio optimization exercise every quarter, every year to ensure that we are able to financially achieve the best outcome in terms of creating more area or utilizing the existing area better. But that's a fair question. And I think our large estates ultimately allow for those levels of opportunities coming through to us. But again, those will be sporadic. We are 94% leased, so it's not always easy for us to create densification in our existing parks.

But across the board, we have opportunities just like there was a question around the Campus 3 Ecoworld. There is a real opportunity where once tenant leaves, we can densify the site. Similarly, in some of our large assets in Gurgaon, there are opportunities for us to increase FAR, and we do it in a thoughtful and methodical manner. That's a great observation.

Nilesh Doshi: Okay. And sir, last question, if permit. Sir, where the traction is higher because the Mumbai, I think the Mumbai is the costliest real estate. So out of the other places, where the higher possibility of, sir?

Ankur Gupta: Land is expensive across the country, right? Like India is a place with the highest population density among the top 10 economies in the world. Compared to the U.S., we are 12x more dense. China, we are 3x more dense. So, India is a pretty land-constrained country. Certainly, our cities have become mega cities, 20 million-plus population. So, across Mumbai, Bangalore, Delhi, even Kolkata, there is pressure on land, and we look for opportunities everywhere.

Moderator: Our next question comes from the line of Jahnvi Shah with Share India Securities.

Jahnvi Shah: Sir, I know that you just gave clarifications on the old and new tax regime. But on that note itself, I just wanted to know like how many of our SPVs are basically in that tax holiday at the moment because that will determine when they will move towards the new regime, right? So, if you can give some clarity on that?

Saket Mehta: As we explained, one of the basic point of this is the taxability of DPU in the hands of unitholders. This is that all our SPVs were in the old regime. So, from that perspective, what we are saying is if the DPU is going to become tax-free, all of them will move into the new regime. So, it's a lift and shift from old to new for all the SPVs.

And then one of the bigger factor is that there is going to be no MAT, right? So that is also -- we going to follow all the SPVs, right? So, as we said in the previous answers, I think this is a big significant announcement for REIT as a whole. And we are doing kind of due diligence to come back with the numbers. But we are going to go in new regime for all the SPVs.

Jahnvi Shah: I completely understand that the move to the new one will be more beneficial for everyone. Is that I just wanted to understand on -- let's say, because right now for which are, let's say, in the tax holiday, you will just have to pay the MAT and not the actual tax liability. So that will be a lot lower than the actual tax. So, moving to the new one for the same will not make sense.

Shashank Jain: Sorry, could you repeat your question?

Moderator: Participant has left the queue. Our next question comes from the line of Puneet with HSBC.

Puneet: My first question, sorry, I joined a bit -- so this is with respect to acquisition that you...

Moderator: I'm really sorry, but your voice is breaking. Can you check your network, please?

Puneet: Can you hear me well now?

Moderator: Yes.

Puneet: Okay. Great. And you might have answered this earlier; I joined a bit late. Can you talk about your thought process of acquiring a strata asset here, 3 floors? How will long-term maintenance happen for this kind of asset? And why do it with Nuvama jointly? And lastly, on the NOI side, you talked about INR1,250 million as potential NOI. If you can just give some breakdown of that also, it would be very helpful?

Ankur Gupta: This is Ankur. Would love to host you here if you haven't been to our office. That will really bring this asset -- to the front of your mind, which would be great for us to demonstrate the quality of the asset, the location, etc. This really is a building within a building. We have a separate lobby entrance. This is a large floor plate, 2.5 -- more than 2.5 lakh square feet. On a value basis, this is more than 1 million square foot average of most of the markets in the country. Our rentals are 4x of the average portfolio rental.

So, you think about it in the context of 1 million square foot average asset in the best location in Mumbai and the best market in the country. So, I think if we contextualize that, it will probably answer the question. Maintenance of the building, we have a say in that. We are part of the building condo. And the building is occupied by the highest quality tenants as well. So, I think -- and we've been here for the last 5 years as Brookfield, both as an owner of this asset as well as an occupier.

So, it's a fantastic asset, the best in the country. And as Shashank mentioned earlier, in the bidding, Brookfield REIT and our partner here emerged neck to neck. And it was only fair that both partners could come to an agreement and acquire it jointly.

Puneet: Sir, no doubt about the quality of building, but here 5, 6 years down the line, should one think of any potential risk of disputes on maintenance, etc., or is there a separate contract that you have with the other existing owners, which insulate you from those sort of risks that we see in some of the other strata sold buildings?

Ankur Gupta: Compared to regular strata-sold building, this is highly institutionally owned between us and owner occupiers on the other side. So, I don't think that's a risk. There's always a risk in anything that we do but massively managed here.

Rachit Kothari: And I'll just add that the building has been in existence for 12 years, has performed at the same level. We, of course, must have seen the asset as a very live, I would say, very thriving F&B retail downstairs has continued to command the best tenant in all of BKC, the best rents in all of BKC.

And that has all been under a condominium structure where, as Ankur said, there are 4 large institutional owners between a large pharma company, another domestic fund/developer, a big family office as well as Brookfield.

So very like-minded people and decisions typically happen very commercially in societies like these that are established in CBDs. So, we don't see the challenge that you are talking about, at least we don't foresee it in the near future.

But the other part of doing -- having an ownership like this is -- or having a stack like this is there will -- there can be potential opportunities to grow in the building and consolidate in the building, given there are 4 owners. And I think having access to capital like the one that our REIT has access to would put us in a good spot, as we think about growing in the building and consolidating more space as well.

Puneet: Understood. That's helpful. And on your NOI expectation for FY '28, which is INR1,250 million, which is INR1,250 million. This is different from the -- what the valuers have given. Can you help understand what is the gap?

Management: Puneet, this is basically the gross NOI number from the valuation reports that we have. The INR1,250 number is the gross NOI number from the valuation reports.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you, and over to you, team.

Shashank Jain: Thank you. Thank you, everyone, for taking time out and participating in this call. We look forward to be in touch with you and continued interactions. Much appreciate your time there. Thank you so much. Have a good day.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Brookfield India Real Estate Trust, that concludes today's conference. Thank you for joining us, and you may now disconnect your lines.