



“Knowledge Realty Trust Q2 and H1 FY'26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Knowledge Realty Trust Q2 and H1 FY'26 Earnings Conference Call.

As a reminder, all participant lines 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 this conference, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Senthil Kumar – Head of Investor Relations, Knowledge Realty Trust. Thank you and over to you, sir.

Senthil Kumar: Thank you and good afternoon to everyone joining us today. On behalf of the Management Team, I would like to extend a warm welcome to all participants of Knowledge Realty Trust Q2 FY'26 earnings call, our maiden report since listing in August 2025.

Before we proceed, a couple of important disclaimers:

I would like to highlight that the Management may make certain comments that may constitute forward-looking statements. Please be advised that our actual results may differ materially from these statements. KRT does not guarantee these statements or results and does not oblige to update them at any point of time.

Joining me today on the call are Shirish Godbole – KRT CEO, Quaiser Parvez – our COO and Neeraj Toshniwal – our CFO. We will start off with brief remarks on our business, macro environment, and financial performance, and then open the floor to questions.

Over to you, Shirish.

Shirish Godbole: Thank you, Senthil. It gives me immense pleasure to address you all on our First Earnings Call as a listed REIT. The past few months have been transformational for Knowledge Realty Trust, and we are delighted to report a strong and steady start to our journey as a publicly listed entity. Our IPO in August'25 marked a significant milestone, not only for KRT but also for India's REIT ecosystem. We received an overwhelming response with over 12 times oversubscription.

To reiterate a few points, we are the largest REIT in India by market cap of over Rs. 52,000 crores with a high-quality 46 million square feet portfolio. We are also the most geographically diversified office REIT with over 95% of our value comprised in three core markets, namely Mumbai, Hyderabad, and Bangalore and the best micro markets within these cities.

India's macro performance remains strong. India's GDP is expected to grow at 6.8% in FY'25-'26 with Quarter 1 growth already at 7.8%. The office market fundamentals continue to be extremely positive with a record 60 million square feet of gross absorption during the nine months of calendar year '25, leading to the lowest vacancy levels post-COVID. In line with our focus on delivering sustainable and long-term returns, we have been focused on driving efficiencies, enhancing asset productivity, and leasing our assets to high-quality tenants. We

have actively managed our capital structure to secure competitive financing terms. Simultaneously, we continue to scout for acquisitions across markets to deliver inorganic growth, an important value driver for our business.

The leasing activity for our portfolio was strong in the first half, wherein we have achieved over 1.8 million square feet of gross leasing, taking the completed portfolio occupancy up to 92%. We are seeing continued demand from both GCC as well as domestic occupiers, who collectively contributed 70% of our leasing volumes in the first half.

As per our plan, we reduced leverage from 31% to 18% by using IPO proceeds to retire debt. Post-listing, we have successfully refinanced and renegotiated our debt portfolio to achieve a blended 7.4% interest cost, a saving of 120 basis points.

With strong operating performance and strategic debt management, we are also pleased to announce our first distribution of Rs. 1.56 per unit for net distributable cash flow of Rs. 690 crore. We are delighted to highlight that although our REIT was listed on 18th August, the NDCF for the full quarter is being distributed to all the unit holders. Over and above the distribution, we are glad to note that our REIT has also delivered a price appreciation of over 18% to our investors since listing.

With that, let me now hand you over to Quaiser to update on our business performance.

Quaiser Parvez:

Thank you, Shirish. India's office sector truly is in the midst of a structural growth cycle powered by GCCs and fast-growing domestic corporate. In the first nine months of this calendar year, GCCs alone accounted for about 40% of India's office leasing, underscoring the sustained depth of this demand. The portfolio service acts as an office for India and office for the world and is strongly positioned to capture this growth.

Let me now dive into our business highlights for the first half:

We achieved a healthy gross leasing of 1.8 million square foot and added 18 new occupiers. Gross leasing comprised 1.2 million square foot of new leases and 0.6 million square foot of renewals at a healthy 29% average spread. Out of the total expiries of 1.4 million square foot in the first half, we renewed 0.6 million square foot and re-leased an additional 0.7 million square foot, resulting in an impressive retention and re-leasing ratio of 90%. Backed by strong leasing momentum, our occupancy increased 340 bps year-on-year to 92%. With ramp-up in occupancy and enhanced operational efficiency, we were able to deliver a NOI growth of 20% year-on-year and a record NOI margin of 89%.

In terms of performance in our core market, our Hyderabad portfolio is a standout. At 12.9 million square foot and 99% occupancy, it is one of the largest GCC hubs in India. In Mumbai, occupancy has improved by 6% year-on-year to 88%. And with the constraint supply, the outlook remains strong. Bengaluru has seen a 4% year-on-year occupancy increase to 88% driven by demand from technology and GCC occupiers. Our leasing momentum continues to be

underpinned by strong re-leasing strengths and client confidence across key assets. For instance, at Sattva Knowledge City in Hyderabad, we have an existing occupier of ours, expanded by over 100,000 square foot at 44% re-leasing spread. At One BKC in Mumbai, a renowned BFSI occupier occupied 41,000 square foot at a 25% spread. These re-leasing opportunities reflect the embedded value in our portfolio.

Overall, in our 1.2 million square foot new leasing in the first half, we have achieved 8% premium to the market rate. We are able to command these premiums given we represent one of India's finest grade A office ecosystem and buildings of choice. Leasing activity during the reporting period was driven by a healthy balance between the demand from new tenants and expansion from existing occupiers. What's particularly encouraging is that 57% of our new leasing in the first half came from existing occupiers, endorsing our portfolio's quality and tenant stickiness. This has been the trend in our portfolio over the last three years, where expansion by our existing clients contributed to about half of our leasing activity.

Also, we have been strategically working on our rental escalation profile. Over 90% of our leasing in the first half comprise of annual rental escalations compared to the standard three-year escalation. The annual escalation is also driven by a front office exposure in Mumbai, which constitutes 32% of our portfolio by value. This focus on annual escalation provides greater visibility and steady compounding rent growth across the portfolio. Our SEZ exposure remains lowest among all REITs in India at about 15% of the total leasable area at a healthy 89% occupancy. Looking at our embedded growth levels, we carry a 22% mark to market potential with a staggered expiry profile that allows us to capture the subsidy in a measured manner.

Our development pipeline of 9.2 million square foot is in Bangalore, comprising of near-ready under-construction portfolio of 1.2 million square foot across two assets. We are on track to deliver these completions by the end of FY2026 and expect substantial pre-leasing as we move closer to the completion. The under-construction assets, along with a strong acquisition focus, will deliver growth in the near to medium term.

We are also investing in the future. We are deploying digital tools and AI-enabled building operations that improve efficiency, reduce costs, and enhance the tenant experience. Combined with our sustainability initiatives, this highlights KRT's forward-looking tenant-centric approach.

And with that, I will now hand over to Neeraj to walk you through the financial performance.

Neeraj Toshniwal:

Thank you, Quaiser. Good afternoon, everyone.

Let me highlight our financial performance for Q2 and H1 FY2026:

KRT delivered strong operating performance and remains focused on achieving its projected financial targets. The current consolidated financials reflect performance for the period starting from August 8 to September 30th, 2025, basis REIT formation. Revenue for H1 FY2026 was

INR 22,019 million, up 17% year-on-year with NOI of INR 19,544 million, up 20% year-on-year. We continue to maintain our NOI Margin and EBITDA margin at 89% and 87% respectively. We are also pleased to announce our first distribution.

The Board approved a distribution of INR 1.56 per unit, i.e., NDCF of INR 6,900 million. 98% of the distribution for Q2 FY2026 is tax-exempt or tax-deferred in the hands of unit holders. We expect this figure to normalize around 86% to 91% for the full year FY2026. We successfully raised INR 16 billion through AAA-rated listed non-convertible debenture at the REIT level. The proceeds were used to repay debt at the SPV level. The NCDs were issued at a competitive coupon of 7.2%, with a maturity of 3 years. Additionally, we have renegotiated and refinanced our SPV-level debt, which has resulted in our overall cost of debt going down to 7.4%, a savings of 120 bps. We will continue to explore refinancing opportunities to further optimize financing costs. Our LTV remains low at 18%, offering substantial headroom for future acquisitions in the portfolio.

Our gross asset value as of September 30th, 2025 stands at INR 646 billion and NAV translates to INR 118 per unit. Overall, KRT enters the second half of FY2026 with strong operating momentum, low leverage, and multiple levers ahead to drive growth.

With that, I will now hand the call back to the moderator to open the floor for questions.

QUESTIONS & ANSWERS SESSION

(Note: The Q&A has been edited for clarity)

- Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question is from the line of Deep Shah from B&K Securities. Please go ahead.
- Deep Shah:** Hi. Thanks for the opportunity and congrats on the listing and good set of numbers. I have three questions. First is, specifically on the Knowledge Park, we saw significant improvement in revenues and NOI this quarter. So, anything to call out there and is there a one-off or something? That's first. Second, on our debt structure, so I think we are probably at the end of low interest rate regime or maybe one more interest rate cut. Any particular plans that you have to lock in fixed rate debts at these prices? And third is on the expiry. So, whilst our overall expiries are quite low, but any discussions that you are in for, say, two assets in particular, One BKC and Global City? Any qualitative remarks around this would be very useful. Thank you.
- Quaiser Parvez:** Hi, Deep. I much appreciate the question. For the first two questions, I will pass this on to Neeraj to answer them and I will take the third question.
- Neeraj Toshniwal:** Sure, Quaiser. So, regarding your first question, Deep, significant improvement in NOI margin, this is because, leasing started from previous year, and hence full-year impact is there. So, that's the reason. And on second question, regarding the debt structure, low interest rate what you said, there may be one more cut, so we are closely monitoring some macroeconomic indicators, and this is the GSEC and other parameters. We will be taking a call to move the loans from fixed to floating interest rates. Currently, as I said, the way the portfolio is, we have a balanced portfolio linked to floating with various benchmarks with MCLR linked loan and T-bill linked loan and repo rate linked loan. So, we will benefit from any further interest rate cuts.
- Shirish Godbole:** But I just want to add, this is Shirish, that we are going to be monitoring and we will fix the rate as we deem appropriate over the next few quarters.
- Quaiser Parvez:** Deep, I will take the third question with regards to the expiry. Portfolio has a standard expiry profile of 1.5 million square foot and that's essentially 44% to 45% of those expiries come from Mumbai. And that's largely because of the fact that those 3 to 4 years as compared to the other parts of the portfolio, which is much longer because the leases are much longer. [[With your specific question on One BKC, it's 70,000 square foot, which is coming in for expiry.]]
- Deep Shah:** Understood. This is very useful. Thank you and all the best.
- Moderator:** Thank you. Our next question comes from the line of Pritesh Sheth from Axis Capital. Please go ahead.
- Pritesh Sheth:** Good afternoon and thanks for the opportunity. Firstly, on the guidance, or rather I would say the projections that were put out while we were doing the IPO, you still hold on to that? And in terms of achieving the NOI targets, what would be the broader building blocks to achieve that

guidance in terms of end of the year occupancy etc., whatever you want to point out? And just in terms of NDCF, I think if I analyze the current quarter's distribution run rate, we are already doing better than the FY'26 estimate that we had put out. So, any upside risks to your NDCF projections that you had put out? That's my first question in two parts.

Quaiser Parvez: I will take that question, Pritesh. With regards to our projections, we remain focused on achieving our NDCF guidance. But it's also sort of important to bear in mind, it is not a linear period for us because the IPO came in the middle of the quarter. In fact, we will be able to better leverage the full run rate of the second half as we step into the second half. But to your specific question, question number two of what the broader guidance would look like in terms of occupancy for us to meet the projection, that number would be in the range of 93% to 94% of portfolio occupancy up 1% to 2% from where we stand now.

Pritesh Sheth: Got it. And on the NDCF, you will still probably want things to settle down and come up with the projection numbers?

Neeraj Toshniwal: So, let me take this. As Quaiser has mentioned, we are focused on meeting the NDCF projections.

Pritesh Sheth: Sure. Got it. And with the kind of the rate cuts that we have seen or interest rate benefits that we have already seen, were these numbers already part of the projections or we will see some upside risk coming with this lower interest rates that we are seeing now? And, in this quarter's NDCF number, the benefit of 8.6 going to 7.4, has that been fully materialized into this number or we will see further benefit of this 7.4 coming in the following quarters?

Neeraj Toshniwal: So, Pritesh, let me take this one. So, during projections, between projections and the current cost where we are, so there is still some room which is available, which we will get some benefits in the second half because of this interest rate reduction at 7.4%.

Pritesh Sheth: Got it.

Quaiser Parvez: The full impact of the interest rate reduction is not fully baked in, Pritesh, just to clarify.

Shirish Godbole: Yes, just to answer that question.

Pritesh Sheth: Sure. So, there would be upside risk to our projected NDCF in the final document because of these low interest rates, right?

Quaiser Parvez: There will be upside benefits. Not risk, but yes, potential.

Pritesh Sheth: Yes, upside benefit. Okay. That's it from my side. Thank you.

Quaiser Parvez: Thank you, Pritesh.

Moderator: Thank you. Our next question is from the line of Mohit Agrawal from IIFL. Please go ahead.

- Mohit Agrawal:** Good afternoon and congratulations to the team on a very good listing. My first question is on your Mumbai portfolio and specifically on Lower Parel. So, if I look at your offer document, draft offer document numbers in terms of occupancy and what you've shared now, there is a fairly 600 bps to 900 bps kind of an improvement across OIC, OUC, and OWC assets. Could you talk about and with healthy in-place rentals increases as well? You also alluded in your opening remarks about Mumbai having annual escalation. So, could you kind of run us through what is the kind of demand that you are looking at? Also, there is a fair bit of expiry in the next 4-6 quarters, about 25%-30%. So, how do you see the demand shaping up? And where do you see probably Mumbai portfolio by the end of this year?
- Quaiser Parvez:** Thank you, Mohit. I will take that. In fact, in our view, Mumbai is going through a very healthy tightening phase. As you would agree, vacancy in majority of the key submarkets, if I have to look at in terms of Lower Parel particularly, is in the zip code of about 8%-9% expected to be by about 5% in the next 2 years. BKC is already in the much lower single digit sort of vacancy. And one of the reasons is resurgence of the domestic occupiers, their preference for grade A assets, plus the MNCs and the expansion which we are seeing and the tightening of the demand. The combination of all these 3 reasons is led to 600 bps increase in our occupancy, particularly in terms of our Lower Parel where we have moved from 79% to 85%. In fact, we feel quite optimistic of reaching 90% in the next coming few months. If I have to talk about BKC and Powai, each of these submarkets again have a low single digit vacancy. Our Powai market asset has a 95% occupancy and BKC particularly 70,000 was up for expiry that has been renewed again. Mumbai market particularly has seen the re-leasing spread of roughly about 22%. And every lease which we have done in the last 6 months has come with an annual escalation. And that is a strong reflection of the pivot the office market is making from the 3 year, 15-year escalation to an annual escalation.
- Mohit Agrawal:** Great. So, that is clear. On your portfolio, you have done about 1.8 million gross leasing for the first half. What will be the target for the full year? And also, your 92% committed occupancy, where does it broadly sit in March 26?
- Quaiser Parvez:** Yes. So, as for the H2, and if you have to look at the consolidated numbers, we are targeting a portfolio occupancy of 94%. And that would mean leasing for H2 to be done of roughly about 1.4-1.5 million square foot in the next half of the year.
- Mohit Agrawal:** So, about 3.5 million for the full year, right?
- Quaiser Parvez:** Yes, absolutely.
- Mohit Agrawal:** Perfect. Thanks a lot. Those are my questions.
- Quaiser Parvez:** Thank you, Mohit.
- Moderator:** Thank you. The next question is from the line of Puneet from HSBC. Please go ahead.

- Puneet:** Yes, thank you so much. And congrats on your first call. My first question is actually on growth. How do you think about growing this REIT? What are the organic and inorganic routes you are likely to explore here?
- Quaiser Parvez:** Hi, Puneet. I will take that. We have multiple growth levers, few organic and few inorganic. I think the more organic ones, which is embedded in our portfolio, number 1 is essentially the mark-to-market potential of 22%. Our in-place rent for the portfolio is Rs. 94, up from the Rs. 91. And mark-to-market potential is 22%. In fact, the 1.8 million square foot of leasing has happened with an 8% premium to market. So, that is a big important growth here. In addition to this, we have an under-construction asset of 1.2 million square foot, which is progressing very well. And we are targeting completion by the end of this fiscal year. And depending upon the pre-leasing on the 1.2 million square foot, on our same-store basis, we will true up the occupancy at that time. The third growth lever comes from our ROFO assets, which is 6.7 million square foot from our sponsor store assets are expected to be available to the REIT for evaluation in the next 2-3 years. And fourth and the most important is inorganic pursuit of acquisitions and for that, I will place Senthil to answer few questions.
- Senthil Kumar:** Yes. Puneet, by design, we are brand neutral. So, there is a clear focus on acquisitions. And second, if you will notice, our LTV is at 18%, which gives us substantial headroom for growth. So, at this point of time, we are building our pipeline quite actively. As and when we progress on any of these transactions that we are evaluating, we will give you some color.
- Puneet:** Understood. And for MTM perspective, how long do you think will it take to realize that 22% MTM? And if you can give some thoughts on next 2-3 year perspective, how much of that should we be able to capture?
- Quaiser Parvez:** So, the 22% embedded mark to market upside, this comes from a very strong rentals, Rs. 94 versus the Rs. 115. We are already 8% premium to the market. As I see it, as more leases renews over the next 2-3 years, the whole MTM gap will progress.
- Moderator:** Sir, sorry to interrupt. We lost your audio in between this last sentence. If you could please repeat that.
- Quaiser Parvez:** So, as I was saying, as more leases renew over the next 2-3 years, this MTM gap of 22% will progressively flow through, in terms of driving the growth, both in terms of NOI, NAV and GAV.
- Puneet:** So, any number that you can throw for next 2 years? Because a large part of it as I see is in Hyderabad, where these are recently released assets will probably renew much later as well?
- Quaiser Parvez:** So, I can give you an anecdote on Hyderabad. The in-place rental Puneet, in Hyderabad for a portfolio is Rs. 78-Rs. 79 whereas the marginal rent in the micro market, the sub market where we operate prominently is in the 120 range. And that is a significant 40%-45% jump in terms of the rental MTM possibilities. In fact, if I look at the spread out of the 1.8 million square foot,

400,000 has come from Hyderabad at a re-leasing spread of 36%. So, that is a very strong re-leasing spread in an MTM potential market.

Puneet: No, I understand that. But only 5% of portfolio comes up for renewal in next 3 years, right, in Hyderabad? So, bulk of it has to come from Mumbai.

Quaiser Parvez: Yes, only 5% of the portfolio comes up for renewal.

Puneet: Yes. So, in 2 years, 27, 28, bulk of it will be from Bangalore and Mumbai. Is that understanding fair?

Quaiser Parvez: Your understanding is correct, Puneet. Out of the 1.5 million square foot, which naturally expires every year, about 40%-45% comes from Mumbai. Remaining comes from Bangalore. And as you rightly pointed out, little comes from Hyderabad. And that is why Hyderabad anchors the portfolio from a stability standpoint. And every time there is a churn in the Hyderabad portfolio, the upside opportunity in terms of re-leasing is significantly high. And that is something which we have seen in the first half by leasing 400,000, which was from 97%-99% at a 36% spread. But your point is right. Less of Hyderabad is coming up for leasing because the occupancy is 99%.

Puneet: Understood. That is helpful. And philosophically, in terms of distribution and loan-to-value, you are at 18%. What is the level you are comfortable with? And from distribution perspective, most of the other REITs are pretty much distributing out 100% of their NDCF. Should we expect you to do the same?

Shirish Godbole: Yes. So, we are distributing 100%, and that is the plan. We will continue to distribute all the cash flow that we will have. And the other question, the first question, on the loan-to-value of 18%, the plan is to actually take the LTV up over time. We intend to make acquisitions. As we make acquisitions, we will finance those acquisitions through leverage. So, over time, this leverage will go up. And it depends on when we find the acquisitions and how much. But if we were to take it up 13%-14%, that is a good Rs. 6,000-Rs. 7,000 crores of potential that we can borrow and finance acquisitions as we move forward. So, that is sort of the broad plan. Exact timing, obviously, is to be determined.

Puneet: So, your headroom for level of comfort? If I were to add this 15% over 18%, 33%-34% is your headroom?

Neeraj Toshniwal: So, Puneet, currently, as Shirish mentioned, we are at 18%. So, we will be following the guidelines. So, whenever we reach at a threshold, let us say 25%, we will seek necessary approvals. And we are conservative. We can go up till 49%, but we are conservative. Maybe, you can say 30%-31% is something we can easily go with.

Puneet: Yes. Understood.

- Shirish Godbole:** And it really is acquisition dependent. We will just see where we are. If it is very accretive and a very attractive acquisition, it may go up a little bit in leverage. But obviously, we are going to be prudent. And we will go through the appropriate process in terms of approvals.
- Puneet:** Understood. That is helpful. And similarly, on the debt side, a large part of your debt is floating debt. Is there a thought process to convert that into fixed?
- Shirish Godbole:** Yes. The short answer is yes. Obviously, we are considering that. It is interesting times on the rate side. Inflation continues to stay low. Rates are at an attractive level, tempting to fix them and so we are considering what percentage of the portfolio we should fix over the next few quarters. We will be doing that and monitoring the situation as it goes. It is not an exact number. But yes, over time, we will be fixing a part of the portfolio to take advantage of the low rate environment. But we feel that there is potential for maybe some rate movement downward. And we want to make sure we time it right.
- Puneet:** And lastly, I couldn't find the NDCF walkdown in your presentation. Any thoughts on when do you want to start reporting that?
- Neeraj Toshniwal:** Yes, Puneet. So, this is a one-off quarter, as mentioned earlier also. H1 is not linear. IPO came in the middle of the quarter. Maybe H2 is the place when we will be taking advantage of strong leasing momentum. So, maybe at the right point of time, we will be disclosing this walkdown.
- Puneet:** That is helpful. Thank you so much and all the best.
- Shirish Godbole:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Kunal from Bank of America. Please go ahead.
- Kunal:** Great. Thank you. Two quick questions from me. Number one, could you remind us what is the pre-leasing status of the 1.2 million that is nearing completion by end of the year?
- Quaiser Parvez:** Yes. Is that the only question, Kunal? Should we wait for the second one?
- Kunal:** The second one is on the point around the guidance that you should see a stronger flow through in H2. I just want to verify that, is this contingent upon incremental leasing in back half of the year, given that most of the leases could have a rent-free period of 3-6 months? I am assuming that it isn't leased contingent?
- Quaiser Parvez:** I will take the first question, Kunal. With regards to the pre-leasing status of the 1.2 million square foot, the assets are in advanced stages of completion. We expect that to be completed by the end of this year. There is no significant visibility on the leasing, and the reason being, Kunal, is we are mindful of not strata-leasing this. And when I say strata-leasing, this is to leave this to a few anchor tenants instead of really doing this floor-by-floor or smaller denomination. And as a part of the leasing strategy, we want to approach this in a formal manner where these assets

are leased out to only 3-4 occupiers, or at best, only 1 occupier. And that is something which we are following through as part of the leasing strategy. And we are hopeful that by the end of this fiscal year, we should have a strong pre-leasing visibility.

- Kunal:** Got that. The second part would be the guidance for H2.
- Quaiser Parvez:** Kunal, as I mentioned earlier, the guidance for H2 and, in fact, the consolidated for the whole FY '25-26 will be on a same-store basis, 93%-94% occupancy at the portfolio level.
- Kunal:** Right. I hear the year-end occupancy levels. Just my only question was, is that would also define part of the run rate you are expecting to hit by Q4? Because I think we are talking of committed occupancy as opposed to rent yielding number?
- Quaiser Parvez:** Kunal, I am sorry, I couldn't get the question right.
- Shirish Godbole:** Are you trying to differentiate between committed occupancy and economic occupancy?
- Kunal:** Absolutely. So, my point being that as you are sort of looking at the 92% number going up to 94-ish in another 6 months that may not necessarily convert into a rent yielding or an economic occupancy perspective. Is that needed for you to hit the guide or not really?
- Quaiser Parvez:** No, so that is not needed. But I will just give you a slight color around the committed occupancy and the economic occupancy. Today, as we speak, we have a total committed occupancy of 92% and the economic occupancy is 86%. This is essentially a difference. We just sort of come to a 6-point difference, which is narrowed down from a 9-point difference starting March of 2025, when this difference was 91% of occupancy and 82% of economic occupancy. So, in fact, as we go along, we think this difference will narrow down further to 3-4 points of difference as we start billing the new occupiers in the next few months.
- Kunal:** I understand. Got that very clear. So, essentially, this is predicated on 86% going to 89-90%?
- Shirish Godbole:** Yes.
- Kunal:** All right. Thank you so much.
- Moderator:** Thank you. Our next question comes from the line of Praveen Choudhary from Morgan Stanley. Please go ahead.
- Praveen Choudhary:** Thank you Shirish, Quaiser, Neeraj and Senthil. Most of my questions are thoroughly answered. So, thank you. I wanted to congratulate you on the successful IPO. If I were to ask a question, it is on inorganic growth strategy. Two parts to it. Would you be looking in cities outside of the three core markets, Bangalore, Hyderabad, and Mumbai, when you are looking for inorganic growth? And second, would you be using equity if it would make sense for the acquisition? Or you think LTV is low enough that initially it will all be debt funded?

- Quaiser Parvez:** I will take the first part of the question, Praveen. Particularly, will we be looking for acquisitions beyond the 3 cities? The simple answer is yes. We will be looking at all the key markets where office market has depth and buoyancy. But particularly, the way we look at acquisitions will go through the same big qualifiers of being in the right city. Even more important is being in the right sub-market and high asset quality with the right set of tenant profile. That being said, Shirish can answer how we want to approach this from a debt and an equity mix.
- Shirish Godbole:** Yes, Praveen. I think you are aware, right, we are at 18% leverage. So, obviously, we have the capability to finance the acquisitions going forward. But we use a judicious mix, right. We will look at the needs of a seller. We can obviously issue equity as well to the extent that it benefits the capital gains treatment for a seller or combine it with cash and equity. So, it really depends on the opportunity and the situation. With 18% leverage and we can take it up to, let us say, 31-32% that gives us Rs. 7,000-Rs. 8,000 crores of financing capability. And as you are aware, you saw the NCD rate we had of 7.2%. It is obviously fairly attractive. And given where the market cap rates are, that gives us the potential to make accretive acquisitions. So, we will judiciously use a mix of equity and debt as appropriate and in the market as Quaiser pointed out. So, hopefully, that answers your question, Praveen?
- Praveen Choudhary:** It does. Thank you again and congratulations.
- Shirish Godbole:** Thanks, Praveen.
- Moderator:** Thank you. Our next question comes from the line of Vinay Nair from RARE Enterprises. Please go ahead.
- Vinay Nair:** Hi. Thank you for the opportunity. I have an accounting question. Could you help us please reconcile the revenue numbers in the press release about Rs. 1,124 crores with the reported financials? We are looking at the consolidated number close to Rs. 700 crores. Similarly, EBITDA NOI also, that would be very helpful?
- Neeraj Toshniwal:** Sure, Vinay. So, the reported number is from the mid of the quarter and the other number what you are referring is for the full Q2.
- Shirish Godbole:** Yes, see, because we closed, we had the listing in mid-August. That is why it brings up this unusual quarter for us. Some of the numbers are just for that period. And obviously, the first half numbers are for the full half year.
- Neeraj Toshniwal:** Yes, because formation happened mid-quarter. So, that is why the reported number is mid-quarter.
- Vinay Nair:** Fair enough. So, the press release number Rs. 1,124 crores is both including the pre-formation also?
- Neeraj Toshniwal:** That is right. You are right.

Vinay Nair: That explains it. Thank you so much.

Shirish Godbole: Thank you.

Moderator: Thank you. We have no further questions at this time. On behalf of Knowledge Realty Trust, we can conclude this Earnings Call. Thank you all for joining us. You may now disconnect your lines.