"Mindspace Business Parks REIT Q2 FY '26 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY '26 Earnings Conference Call of Mindspace Business Parks REIT.

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 the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Govardhan Gedela – Head (Corporate Finance). Thank you and over to you, sir.

Govardhan Gedela: Good evening, everyone and thank you for joining the Earnings Call for Quarter 2 Financial Year '26 of Mindspace Business Parks REIT.

At this point, we would like to highlight that the management may make certain statements that may be looking forward in nature. Please be advised that our actual results may differ materially from these statements. We do not guarantee these statements or results and are not obliged to update them at any point of time.

I would now like to welcome our CEO & MD – Mr. Ramesh Nair and CFO – Ms. Preeti Chheda who will take you through the Business Update and the Financial Performance during this Quarter. We will then open the call to a round of Q&A.

And then I will now hand over the call to Ramesh.

Ramesh Nair: Thanks, Govardhan. Good evening, everyone and thank you for joining us on this call today.

I am pleased to report another strong quarter for Mindspace REIT. I am delighted to share that in August this year, Mindspace REIT has completed five successful years of listing. This also marks the completion of two years of my tenure at Mindspace REIT.

Over the last two years, we have delivered a strong and consistent performance. Unit price has risen from 315 in September 2023 to 455 at the end of September 2025 and annualized total returns of nearly 26% till 30th September 2025 in the last two years.

Net operating income has gone up from Rs. 491 crores to Rs. 634 crores, again highlighting steady growth. GAV again has increased from Rs. 28,700 crores to Rs. 41,000 crores. Distributions, again, has gone up from Rs. 284 crores to Rs. 355 crores as of this quarter.

Over the last two years, we have delivered sustainable growth, operational efficiency, and strong unit holder returns. We have definitely benefited from the favorable trends in Indian commercial real estate. Our performance shows our ability to capitalize on this positive trend and grow.

We are sitting on significant firepower to capture India's office growth story. We know acquisitions and development are our twin growth engines. Our balance sheet strength gives us flexibility and optionality. We want our business to be predictable and we understand that steady execution keeps all of you happy.

Let me start with an overview and outlook of the industry.:

A major milestone for the sector has been SEBI's reclassification of REITs as equity instruments. This further enhances flows from equity mutual funds and potential domestic index inclusions. This reform aligns India with global practices, deepening liquidity and broadening investor participation. Mindspace REIT welcomes this game-changing measure by SEBI. This reaffirms the government and SEBI's commitment to a vibrant Indian REIT ecosystem. India's office market remains resilient amidst global macro uncertainty. Flight to quality is real, and we are trying to be that quality.

I would now like to share some highlights from the various IPC reports, which have come in the last one month:

JLL reported that the India's office market hit a record 40 million square feet of net absorption the first 9 months of 2025. This marks a 28.4% year-on-year growth. The third quarter alone was the strongest of the year with 15.76 million square feet of net absorption, up nearly 40%. Vacancy levels, again, has dropped by 40 basis points to 15.7%, marking the lowest level in 17 quarters.

The CBRE report stated that the gross leasing surged to nearly 60 million square feet, the first 9 months of 2025, marking the highest level on record for that period. Hyderabad and Pune recorded the highest leasing to supply ratios, showing balance growth with minimal vacancy risk.

Also, the CBRE stated that Navi Mumbai remains attractive due to availability of Grade A stock and the relative cost advantages compared to other areas in Mumbai.

A recent Cushman and Wakefield report stated that Navi Mumbai has strengthened its role in MMR. 23.7 million square feet of Grade A stock of which constitutes around 20% of MMR's total stock of 120 million square feet, 87% of this is occupied. Average quoted rentals of Rs. 70, which is 57% lower than prime MMR sub-markets. Atal Setu and the Navi Mumbai International Airport are all helping in this. Infra upgrades, cost-effective supply and deep talent are drawing occupiers towards Navi Mumbai. The report also stated that Navi Mumbai's integrated and scalable urban framework is perfectly positioned to absorb the next wave of real estate growth.

Now let's look at Mindspace REIT’s performance. The key announcements for Quarter 2 FY '26 include:

- We delivered a very strong gross leasing of 0.8 million square feet this quarter. Our portfolio's committed occupancy increased to 94.6% on a like-to-like basis. Including the recent Q City, acquisition of Q City, which we acquired around three months back, which is now rebranded as the Square 110 Financial District, our committed occupancy stands at 93.8%. This is the highest since listing.
- Our NOI in Q2 grew by 25.8% year-on-year to Rs. 634 crores. This is again the highest growth since listing.
- We delivered a strong distribution growth for the quarter at 16.3% year-on-year. DPU growth again was 13.2% year-on-year to 5.83 per unit. 5 out of our 11 assets have a committed occupancy of 100%. Two more parks have 98% plus occupancy.
- Since the demarcation guidelines came out in December 2023, very happy to report that we have demarcated 2.65 million square feet. And out of this 2.65 million square feet, we have leased nearly 2 million square feet.
- Airoli West occupancy has increased from 72% to 94%. This reaffirms our belief in Navi Mumbai's growth story and the strength of our collective vision. The overall occupancy in Airoli also went up from 76% to 87%. Lease rentals have grown with new deals are happening at Rs. 70 in Airoli.
- Our focus now lies in reducing vacancy in Airoli East. Mindspace Fusion, our F&B hub, so outlets like Starbucks, PopTates, Pizza Express opened last quarter along with Crossword Book Store. The 22 new F&B and retail outlets will help further increase the occupancy in Airoli East.
- As a public facing retail destination, this will also bring new energy to the park. We are awaiting one final approval to begin development of the Hyatt Regency Hotel within our Airoli East campus. With ongoing upgrades, Airoli East will become an even more attractive destination for marquee occupiers.

Let's now look at the operating and growth highlights:

Re-leasing spread again was a very impressive 28.1% for this quarter. We also delivered robust growth in rentals across our micro markets, especially Madhapur, Hyderabad. We signed the first deal at Rs. 100 per square feet in this market. This showcases our mark-to-market potential in Madhapur.

A global healthcare giant vacated the space at Rs. 40, and we leased that to a flex player at Rs. 99. An IT services client renewed their lease.

A global healthcare giant vacated the space at Rs. 40, and we leased the same place to a flex player at Rs. 99. An IT services client renewed their lease at Rs. 95 after the term ended at Rs. 72.

In Airoli West, a global fintech company which vacated the space at Rs. 61, and we leased it to a green logistics company at Rs. 72.

We are actively working on under construction pipeline of around 3.7 million square feet. We clocked a healthy NOI income growth of 25.8% as mentioned before to Rs. 634 crores. We have also seen a 25% year-on-year growth in H1 to Rs. 1,250 crores.

Our loan to value still remains low at 24.2% and this demonstrates good balance sheet strength. Our GAV of our portfolio today stands at Rs. 41,000 crores. We declared distribution of Rs. 355 crores for Q2 FY '26. We have cumulatively distributed since listing Rs. 5,952 crores.

In terms of portfolio growth:

As you are aware, strengthening our portfolio through strategic acquisitions remains a priority. Over the last nine months, we have grown our completed portfolio size by over 4.2 million square feet. This is through a judicious mix of organic and inorganic growth strategies.

Organically, we successfully constructed and leased 1.3 million square feet, mainly the R2 building in Pune and the DC building in Mumbai.

Our inorganic growth strategy included acquisition of a sponsor ROFO of 1.8 million square feet, a large external third-party acquisition of 0.8 million square feet, and consolidation within our parks of around 300,000 square feet.

Going forward, we would like to be more focused on acquisitions, which augur well for our portfolio, to stimulate growth. Our platform is built to scale, and we continue to focus on acquiring high-quality assets in core markets.

On each of our projects:

At Mindspace Airoli East, we launched Mindspace Fusion, like I mentioned earlier, and it is already busing. We are elevating their retail and F&B choices across all our parks. Barbecue Nation, Game Ranch, Flurries are also opening this month.

Upgrades have begun in buildings B1, B9, B10, B11 and B12 in Airoli East. We are refreshing arrival lobbies, landscaping and façades to current design benchmarks. The clubhouse again is at a design phase for planned enhancements. Podium and terrace level sports and recreation are underway to boost tenant engagement.

Continuous Park upgrades and redevelopments keep our assets future ready. At Mindspace Airoli East, buildings B2 and B3 along with the central food court are slated for an upgrade. The project is currently in the design phase.

We already have two data centers operational. The next three will go live in a phased rollout. Mindspace is the only REIT with a sizable data center portfolio. Upon completion, the portfolio will house 1.7 million square feet of data center space. Our early move into data centers positions us uniquely in the intersection of real estate and digital infrastructure.

At Mindspace Madhapur, within our 10 million square feet park, current vacancy stands only at 198,000 square feet. Like I mentioned earlier, with Madhapur rents rising, for the first time we touched Rs. 100. The Pearl Club, which we used to previously call the Experience Center, is on track for Q4 FY '26 completion.

Building redevelopments are underway. B1 is 100% pre-leased and ready for handover in Q1 FY '27. B8 is slated for Q4 FY '27. We are seeing very strong enquiry and expect to close many prospects soon. Phased enhancements continue with emphasis on infrastructure and ambience. In a hybrid world, tenants are gravitating towards best-in-class campuses, and we are truly leading the shift in Hyderabad.

At Gera Commerzone Kharadi, Re-Vibe, our multi-purpose amenities center that has launched last quarter, is receiving great response. Uptake is strong and our tenants use the spaces very regularly. Fitouts are in full swing at the R2 building following its delivery to our GCC clients and rents have commenced last month.

At Commerzone Yerwada, upgrades are focused on creating a livelier, more immersive campus experience. B7 is undergoing a phased lobby refresh. Work is progressing as per schedule. Facade and lobby upgrades are being planned. Building B1 is set for enhancements including a new food court lobby and facade upgrades. Plans are again underway for terrace amenities to revitalize the center and to revitalize the Central Recreation Garden.

On customer centricity, we always prioritize our clients, their feedback, and requirements. We advanced our H23 program, which had 23 measures to bring a hotel-like experience in our park. Lobbies are being reimagined with five-star hospitality vibe.

We offer vibrant breakout zones, indoor games, music corners, cafe seating. Amenities being strengthened with more offerings at food courts, terrace activations, clubhouses and covered walkways. These come together for a smoother, richer campus experience. Elevator upgrades are underway based on life cycle assessment findings.

We conducted 16 B2C events across six parks drawing thousands of employees. We continue to remain focused on our portfolio upgrades.

The playbook is very simple. Build, lease and upgrade endlessly, the goal being to lift rentals while enhancing day-to-day experience for occupiers. We are channelizing Capex into asset modernization to strengthen stickiness and renewals. Priorities are shaped by voices on the ground. They are doing lot more surveys, audits, and continuous tenant opinions. All these initiatives will help us attract quality of tenants and also to keep quality tenants.

I would like to highlight here that talent quality also drives value of the parks, not just the location. Our investor narrative is very simple and consistent. Quality occupiers, disciplined growth, and stable returns.

On the ESG front, this quarter, in GRESB 2025, we retained a global sector leader status in the Office-Listed Development Benchmark for the third straight year. We obtain BSE five-star ratings for 11 assets across the portfolio. Renewable energy now contributes 50% of our energy requirements. Energy efficiency measures will help us meet our targets under sustainability-linked finance.

In conclusion, let me address concerns that were highlighted over the last few quarters and how we have addressed them:

Basically, concerns we have heard from all of you. Last quarter, global uncertainties from the West posed concerns, yet our performance reflects the business's strong resilience to global uncertainties.

Navi Mumbai vacancy was a key concern. Mindspace Airoli West now stands at 94% occupancy. And Mindspace Airoli East stands at 80%. Together, Mumbai occupancy, Navi Mumbai stands at 87%.

Leasing SEZ spaces was a challenge which we closely monitored. As mentioned earlier, 2 million square feet out of our 2.6 million square feet of NPA converted space is successfully leased.

I also wanted to take this opportunity to highlight our new leadership team. Before I conclude, I wanted to share this that Venkat Nilakantan has joined us as Senior Vice President and Head Asset and Facilities Management. In this role, Venkat will be the head of Camplus-FM business vertical, across a Pan-India office portfolio. Venkat was previously the global CRE head of Capgemini.

Sreekanth Reddy has joined us as Senior Vice President and Head Leasing South. In this capacity, Sreekanth will lead the leasing for South India. Sreekanth was previously the Managing Director of Cushman and Wakefield. Both of them will be based out of Hyderabad, highlighting our focus on decentralized and strong regional leadership.

In conclusion:

India's commercial office market remains resilient backed by strong fundamentals. Growth is being driven both organically through developments and upgrades and inorganically through carefully selected value-accretive acquisitions.

Our financial discipline remains unwavering with strong cash flows, low leverage, and prudent capital management underpinning consistent growth. Our philosophy is simple and proven, lease rapidly, build efficiently, manage smartly, and create workspaces that people love and businesses thrive in.

We thank each of you, our analysts for your continued support and guidance that has helped us improve, at Mindspace REIT, we continue to build loved workspaces and maximizing value. Thank you all for your time.

I will now hand it over to Preeti for further financial updates of the quarter.

Preeti Chheda: Thank you, Ramesh. Good afternoon, everyone.

I am pleased to present the 'Financial Results' for the Quarter Ended September 30th, 2025:

Mindspace REIT continues to deliver healthy financial performance, aided by strong operating performance. Our NOI for Q2 FY '26 grew 25.8% Y-o-Y to INR 6.3 billion.

Revenue from operations for Q2 FY '26 increased by 24.8% Y-o-Y to INR 7.8 billion. We recorded a healthy 16.3% Y-o-Y growth in distributions for Q2, totaling INR 3.5 billion. Our DPU grew 13.2% Y-o-Y to INR 5.83 per unit.

The GAV of our portfolio grew about 12% to INR 410 billion as at September 2025. This strong growth was driven, amongst others, by rental increases across the micro markets, particularly Madhapur, Hyderabad, where the recent transactions have demonstrated a strong growth in rentals.

NAV of our portfolio also grew by 12% from Rs. 431.7 per unit at March '25 to INR 483.7 per unit at September '25.

I would like to highlight here that we have consistently added value to our existing portfolio through park enhancements, redevelopment, creating new spaces like Club in Hyderabad, High Street in Airoli East, diversification into data centers, adding newer buildings which were not envisaged at the time of IPO, and so on.

All of these collectively, of course, coupled with strong operating performance, have contributed to our NAV per unit, growing almost 50% from INR 326 per unit at the time of IPO to INR 483.7 per unit now.

Our LTV, as Ramesh mentioned, continues to remain low at 24.2% as of September '25. Like I had mentioned in the last quarter earnings call, we are working to convert some of the continuing variable cost debt, which is at our SPVs, to fixed cost borrowing and also looking at longer tenure so that we can lock the lower coupons for a long term.

With the rental growth at our parks, Airoli occupancy steadily increasing, our under construction portfolio progressing as per schedule, inorganic growth, supported of course by conducive interest rate environment, we believe we are well poised for a healthy NOI and DPU growth going forward.

With this, I hand over the call to the operator to open the floor for questions. Thank you everyone.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Just a couple of questions from my end. Firstly, if I look at Slide #11, Madhapur Tower 1A and 1B are already 100% pre-leased to a GCC. But what is the thought process regarding Tower 7 and 8, given it is near completion within next four or five quarters? Are you in active discussions with potential tenants regarding pre-leasing of these towers? And as a follow-up, what sort of tenant profiling rentals will you be targeting for these towers?

Ramesh Nair: Karan, great question. In my 26 years in commercial real estate, I have never seen such a vibrant market, what I am seeing in Hyderabad at this moment. 1.5 years back, rentals were just around Rs. 75, Rs. 78. Today, everything is going between Rs. 95 and Rs. 100.

We are very confident B7 and B8, which is 1.6 million square feet, which is expected to get ready by Q4 FY27, will get pre-leased very soon. For this 1.6 million square feet, I was just checking with my leasing head, Sreekanth, what is the amount of enquiries we have? We have close to 5.5 million square feet of enquiries already for this 1.6 million square feet. So, very confident and very soon we should be able to start giving good news.

It is a big building. So, we would at least have four or five tenants here, but inquiry sizes ranging from 100,000 square feet right up to 800,000 square feet, we are in discussions with many, many global large GCCs for this building. Construction is on track. I was there last week. So, on track to finish construction by Q4 FY27.

Karan Khanna: This is helpful, Ramesh. My second question is relating to the overall thought process regarding third party and sponsor acquisitions. Given your net debt remains in the comfortable range of sub-25%, will the focus be first towards completion of under-construction and future pipeline of 3.7 and 3-odd million square feet, respectively, before pursuing these opportunities? Or are you open to evaluating these opportunities at the right time? And as a follow-up, if you can also provide some current leasing status of some of the large sponsor assets, including in Juinagar and perhaps at Altimus as well?

Ramesh Nair: So, good amount of assets we are looking at right now. Definitely the focus is not just on development assets, that will continue whatever the 7.7, 7.1 million square feet. We are a very execution-driven company. The key focus is on converting land to cash flows. That continues. But as we talk right now, we are looking at multiple third-party assets, multiple ROFO assets, two, three, very good ROFO assets. Altimus is something where the sponsor has seen very good amount of leasing traction, nearing 80% plus number.

Ascent, again, a building which is close to Altimus. Again, it is something which, again, these are sponsor assets. At the right time, we would make offers for these, but good leasing traction, given all the challenges today BKC is facing. Demand is moving outside of BKC markets around that. So, good traction in markets like Worli.

Karan Khanna: So, just as a follow-up, we are also seeing a lot of activities in the Bangalore market with nearly all your peers now having a presence in the Bangalore market. So, what is your thought process? Will you be actively evaluating opportunities here or would you look to go deeper in some of your existing markets where you have a large presence overall?

Ramesh Nair: So, we look closely at two assets in Bangalore. One, we were not the highest bidder. Somebody out bidded us. The other one, there were huge traffic issues, so we gave it up. So, these are the two assets.

Karan Khanna: And lastly, on exit occupancies, given the portfolio occupancy and committed occupancy is already at 89% and 92% respectively, what is the exit occupancy guidance for FY '26? And if you can provide some color for FY '27 as well, that will be helpful.

Ramesh Nair: We are looking at coming close to the 95% mark. That's what we had said at the beginning of the year and on track to come to the 95% mark at the end of this financial year.

Karan Khanna: And for FY'27, any internal targets that you would like to share or is it too early to comment on that?

Ramesh Nair: Too early. The next call, we should be able to give some guidance on that.

Karan Khanna: Sure. This is helpful. Thank you and all the best.

Ramesh Nair: Thanks, Karan.

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

Mohit Agrawal: Good afternoon, everyone. My first question is on your NAV increase. So, the last two times, the NAV increase has been in double digits and if you look at over a year, the NAV is up 23%, almost 90 bucks. Could you elaborate the reasons? And more than that, is it some kind of a reset that you are seeing? And if yes, then should we expect this to continue like next six months in March also should we expect a double-digit kind of? So, what is the color you can give on the NAV increase?

Ramesh Nair: I will give a couple of insights and then Preeti can add to it. So, like I mentioned, the Hyderabad market has just gone crazy in terms of rentals, in terms of demand. You saw that record land prices where land was sold at 170 crores an acre. This is the same land which K Raheja Corp purchased at 30 lakhs an acre. I will just repeat it. 30 lakhs an acre, has today become 170 crores an acre. Obviously, rentals have gone through the roof. People have underwritten these 170 crore, 140 crore land deals at 130, 140 kind of rentals. So, that's the first part. Over the years, what all commercial developers and REITs have done is efficiencies back 10 years-12 years back used to be 78%-77%. That's kind of dropped to a 70% mark in almost all parts of the country, except in places like BKC, where efficiency today is at 60%, even lower. So, efficiency adjustments is something which again we have done. So, these are the two factors which has contributed to increased NAVs. Airoli also there's been increased rentals, where you heard about me talking about Gigaplex occupancy going up. And these are some of the valuations, assumptions, which the valuer has told us about.

Preeti Chheda: If I can just add, Ramesh rightly mentioned, a big chunk of the growth between March '25 and September '25 has been attributable to Madhapur rentals. The valuer earlier had assumed 85 rent and has now reset it to 95, which is where the deals are happening. In fact, they are happening even higher than that. So, that has been one of the largest contributors to the valuation at this time. But generally, to answer your questions in terms of how you should be looking at valuation going forward. So, as I mentioned a while back, if you look at the way our NAV has grown almost 50% since IPO, of course, operating performance has been one of the largest contributors. But alongside that, we have continuously adding value to the portfolio, like redevelopments have added to our NAVs. The newer leasing areas, which we have created, whether it be Pearl Club, High Street, or even newer buildings which we had not even envisaged at the time of IPO. Our data centers, which have added value. Now, all of these have also contributed to our NAV. And these are certain things which we will continue to do going forward. So, to again sum up, one of course, our strong operating performance, our rental growth across our parks, including Airoli, needless to talk about Hyderabad, that's going to add operating performance as we complete our developments on the 7 million square feet. That's going to add to the NAV. And of course, all the enhancements, redevelopments, newer buildings that we keep adding to our existing portfolio, all of them collectively should be able to contribute to a healthy NAV growth as well.

Mohit Agrawal: Sure. Understood, Preeti. So, this 85 to 95 reset, now I think in the next round, you do expect this to kind of moderate it to a high single digit, low double digit number or where do you see this?

Preeti Chheda: So, it depends on where exactly Hyderabad rents move. If this rental growth continues for the next few quarters, years, I don't really know, then accordingly, I am expecting that the valuer will keep resetting the rental.

Ramesh Nair: There's absolutely no space available in this market. And that's what you saw those massive land deals happening at those 140 crores and 170 crores. So, that's the game. And I mentioned it earlier also, our rentals have already touched 100. And these are for some of our older buildings. And newer enquiries, we are confident we should be able to do it more than 105 kind of numbers.

Mohit Agrawal: Sure. Understood. My second question is, Ramesh, in your opening remarks, you sounded optimistic on Airoli East. And in answer to the previous question you had mentioned, you reiterated 95%. Now, for that, obviously, the Airoli East occupancy has to move up meaningfully from that 80 mark. Where do you see this number? Let's say any indicative specific target on Airoli East by end of FY'26?

Ramesh Nair: So, 4-5 things, Mohit. First is, there's not much of space left for us in Gigaplex. I mentioned occupancy has already touched 94%, which means we only have excess space in Airoli East. Some of our nearby parks, there were a couple of competing, three competing parks. They are also seeing good traction. There's not much of space left. Everybody knows about these government initiatives in terms of Navi Mumbai. The airport is already a reality opening anytime soon. Everybody knows about Atal Setu. There's multiple flyovers, tunnels, all that. Fusion, which is, we got the idea from DLF Cyber Hub, that's a mini version of Cyber Hub, which we have created in Airoli East, which again is something which is seeing a lot of traction. This is going to have 22 F&B outlets. You would have recently read about the Maharashtra GCC policy, which was announced by the government. The GCC policy is a mix of many good GCC policies across the country. So, very proactive efforts by the Fadnavis government. I think all these would lead to, and people can't afford the kind of rentals today. Let's say JP Morgan in Nirlon or Morgan Stanley in Commerce 3. Those kind of global capital back offices, very few companies can afford. So, I think there is a clear opportunity, given that rentals in Navi Mumbai are only 70. I think it's a matter of time before you see a good amount of leasing happening. Almost all the top Indian banks like HDFC, Axis, IDFC, ICICI, all of them have big global back offices in Navi Mumbai.

Mohit Agrawal: Sure. Just a couple of small clarifications. Is Fusion now completely up and running? And secondly, on hotel, you mentioned you will be waiting for the last approval. What is the revised completion timeline for that?

Ramesh Nair: So, hotels, from the time we get the approvals, that will be around 3 years to complete. We have 22 F&B outlets, of which we have leased 20. Five have opened up. Another five will open up this month. The balance fit-outs are happening, and we will lease two in the next 30 days. So, it's coming up well. You should try and visit, Mohit.

Mohit Agrawal: Perfect. Thanks a lot and all the best.

Ramesh Nair: Thanks, Mohit.

Moderator: Thank you. The next question is from the line of Yashas Gilganchi from BOB Capital Markets. Please go ahead.

Yashas Gilganchi: Good afternoon, team. Thank you for taking my question. Despite record office absorption year-to-date, it seems like leasing momentum is slowing for most office REITs. What do you think is causing this decline?

Ramesh Nair: Leasing momentum for India or leasing momentum for Mindspace REIT?

Yashas Gilganchi: For India and also for Mindspace.

Ramesh Nair: Not exactly, Yashas. This is a question. I have a small WhatsApp group of 10 commercial leaders including IPC leadership and commercial real estate developers. I ask this question at least once a week or once a fortnight to them. I haven't heard any negative. There are two times I heard some amount of slow speed in decision making. One was during April, during that Liberation Day tariffs time. Second was during that May time when the India-Pakistan war was happening. We are keeping very, very close eye on this. No signs so far, but that's something we are tracking very much. Two things we track all the time on a fortnightly basis. One is tariff-related impact and the other is AI-related impact. Till now, no negative news, unless you have heard something. Yashas, it will be good to hear your views on that.

Yashas Gilganchi: Understood. Nothing specific. Maybe we will take it offline.

Ramesh Nair: Yashas, I will just add one point here. IT services definitely has slowed over the years. In terms of portfolios, you will see it. But that's exactly the demand which is going to GCC. The other day, I was sitting with JP Morgan. They have 65,000 employees in India. Accenture today has 380,000 employees in India. Lot of these guys are expanding. I was shocked to hear that a new company in Hyderabad, a new company, this is the first entry into India, is taking 800,000 square feet in one shot. Previously, 20 years back, a company would take 200 seats. Today, people are willing to bet on 5,000 to 6,000 seats in their entry strategy into India. So, something we are tracking closely.

Yashas Gilganchi: Understood. The details are very helpful. What do you think is the stabilized occupancy level at The Square, 110 financial districts? And how long do you think before the asset can reach that level? Also, what is the upside you see in the lens?

Ramesh Nair: So, The Square 110 Financial District is something which is 800,000 square feet. The vacancy levels in Square today is around 250,000 to 300,000 square feet. We are quite confident in the next 3 to 6 months we should be able to fill most of this space. And what is helping us in this filling up is absolutely no space being available in Hitech city Madhapur region, because of which the demand is slowly shifting towards financial districts. So, companies want to be in Hyderabad, but if they don't get space in Hitech cities, they would rather travel 20-25 minutes, go to the other side of town, and take space there. So, that's what we are seeing. So, in the next six months odd, we should be able to close a lot of the space. So, Yashas, in terms of Square vacancies, we are talking to multiple clients. There's a 50,000 square feet client. There's a 80,000 square feet client. There's a 30,000 square feet client. And we are also talking to a large 200,000 square feet client. So, if some of this close, I think we should be comfortable.

Yashas Gilganchi: Okay. And lastly, as we evaluate opportunities for acquiring assets, how do you describe the market at this time today? Are there any challenges?

Ramesh Nair: I think what we were seeing in terms of bid-ask spreads is slowly kind of narrowing as fund life of many companies kind of come to an end. There is obviously a little more pressure to sell. There is not too much of difference between cap rates, which are being quoted, and which are getting closed. I think the number of buyers remains the same, 5-6 buyers who are there. And given that we have local teams in many of these cities, our understanding of these assets, we do a lot of due diligence before we place an offer. It's not just Excel modeling, which we do. Yesterday, we were looking at an asset in South India, and there were a team of 25 people who spent the full day in the asset, evaluating the overall asset. So, from our licensing team to asset management team to leasing teams to engineering, planning, scheduling, all those have great teams, all were at the site. So, this is an art which we have perfected now how to acquire third-party assets, and that continues, Yashas.

Yashas Gilganchi: Thank you very much.

Moderator: Thank you. The next question is from the line of Pritesh Sheth from Axis Capital. Please go ahead.

Pritesh Sheth: Thanks for the opportunity and good evening to the team. First, I am just continuing on the Square 110. We saw negative NOI and negative NDCF as well. At what occupancy do you think it breaks even and by what time frame do you think that it will start being accretive to NOI, DPU, etc.?

Preeti Chheda: Pritesh, hi. So, this quarter, because it was an asset where a lot of work had to happen, of course, there's more work to do, but we therefore spent a decent amount of money this quarter on some urgent repairs & Maintenance, etc., which will be done. And that's the reason why you've seen negative NOI and NDCF this quarter. But going forward, of course, we have some upgrades which we want to do, which is going to be more in capital nature. So, those are not going to hit NOI or NDCF. Of course, some repair work will still continue. That will happen. But I think going forward, we should probably, I mean, in all possibilities, start seeing positive NOI and NDCF.

Ramesh Nair: I'd just like to add here, Pritesh, that if you remember when we bought the asset, we had bought it at a cap rate of 9.9%. And the reason for that was it was a mix of a core plus and value-add kind of an opportunity where we could upgrade. And what Pritesh just mentioned is the money which we are spending in immediate upgrades that are also going to be medium-term upgrades where we are going to be spending money.

Pritesh Sheth: Got it. Fair enough. That's helpful. And second on Madhapur, so now we have opened one more block for development. I guess it was there earlier as well, but we are reporting it in the presentation, probably for the first time. Just on the FSI potential in that part, how much we can go till in terms of FSI utilization? How much we have already utilized? And taking the density into consideration, what would be the optimum FSI potential that we would be looking at? And any other redevelopment opportunities in near term since we are close to delivering the two redevelopments that we have already taken up? Any other redevelopment opportunities that you think of starting in near term?

Ramesh Nair: So, this is our B18 plot in Hyderabad. In a 110-acre campus, this is probably the most prime plot given that this is right in the entrance, main road facing. Here the FSI potential is of leasable area is around 530,000 square feet. We just got approval. This is previously there was a small legal issue which got sorted last year, post which we had approved, we had sent the files for approval. And this 530,000 square feet, we have started excavation work. This is going to be a mixed-use kind of development, and this is of the full path, so 10 million which is ready, 1.5 million square feet which is B1, 1.7 million square feet which is B8, and add another 530,000 square feet to that. So, that's the total park as it stands today, Pritesh.

Pritesh Sheth: Any further potential to be unlocked?

Ramesh Nair: There is decent FSI potential. We have been doing some analysis on that. Given the size of the park, it all depends when some large tenants vacate, when we could get redevelopment opportunities, but one good thing is we have done two redevelopments there, so we understand that potential. There are still many occupiers, many buildings there, which was done in the old FSI of two, and as and when people serve notices, we could create a six and seven kind of FSI there. So, big opportunity. Don't want to put a number there, but the number is quite a decent number, which will keep us busy for the next few years, and similar redevelopment opportunities available even in Airoli. Given that in all Indian cities, FSI which used to be 2 around 12 years back has gone to 5-6-7, so good opportunities. We are waiting for when tenants vacate to kick-start the plan. There are some places where we know the tenants could vacate and where we are getting ready with the plan, concept, designs, all that. So, we should be able to do some announcements over the next couple of quarters.

Pritesh Sheth: Sure, got it. Just on Airoli, I mean, till now we have had largely the back office clients or tenants. With airport now in proximity, do you think there's a potential to also attract a front office client leading to better rentals or we are still far away from thinking about that opportunity?

Ramesh Nair: Front office is going to be a little difficult right now given that there's a lot of front office demand in places like Worli and BKC and Kalina and all these kind of locations. Front office is going to be a little difficult, but good robust back office, mid-market demand would come. And mid-market typically would go to areas like Andheri kind of market, some of that Kurla kind of market, those kind of demands could come to Navi Mumbai. Not front office, we haven't seen much of demand.

Pritesh Sheth: And with sort of this mid-market demand, these tenants do have a potential to pay higher rentals or 75-80 is what we should expect at the max?

Ramesh Nair: So, our focus, Pritesh, has always been occupancy over rent and high quality tenants. Rentals in Navi Mumbai is something we marginally keep increasing every time we do a deal. So, that's how we would like to take it given that there's a decent vacancy available in that market. We are not going to suddenly jump to Rs. 80. So, every time we do a deal, we will increase it by a couple of rupees.

Pritesh Sheth: Sure. That's it from my side. All the best. Thank you.

Moderator: Thank you. The next question is from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi: Hi, good evening. Congratulations for a great type of number. So, a couple of questions from my side. When you refer to the additional 0.53 million per feet FSI potential in Madhapur, are you referring to building 18 that we have there?

Ramesh Nair: That's right. Building 18. The one in the front lot.

Parvez Qazi: Sure. Secondly, I know this question was asked earlier but now given that we have largely two assets only where we can lease out additional space, financial district, you already said that you accept most of the space to get leased out over the next four months, which would then leave only Airoli East with us. So, over the next 1 year to 1.5 years, what is the kind of leasing that we can do in Airoli East? That's the first question. And second, what would be the occupancy in the SEZ versus non-SEZ space that we have? Thank you.

Ramesh Nair: SEZ versus non-SEZ. Let me just find out what is the exact breakup. So, like I mentioned, the total 1.8 million square feet vacancy in this SEZ is 1.3 million square feet. Our non-SEZ occupancy today stands at 96.2% and SEZ occupancy stands today at 91.8%. Airoli East, I have to put a number, there have been years where we have leased a million square feet, there have been years where we have leased half a million square feet, but demand is decent given that the enquiries are definitely increasing and there's not much of space available. There is Tata Realty has done a good project close by that got taken by one client, 600,000 square feet. So, now the next set of demand will start coming more towards our part. So, in terms of newer spaces, there will be many opportunities. We are looking at at-least 7-8 different redevelopment opportunities across our portfolio over a period of time, Parvez.

Preeti Chheda: And also, Parvez, just to add to what Ramesh said, now actually there's no distinction between SEZ, non-SEZ spaces because you are today, within like 45 days, able to convert SEZ spaces into NPAs. So, honestly, there is nothing like SEZ, non-SEZ anymore.

Parvez Qazi: Sure. That's it. Thanks and all the best to you.

Preeti Chheda: Thank you, everyone.

Ramesh Nair: Thank you.

Moderator: Thank you. As there are no further questions from the participants, with that we conclude today's conference call. On behalf of Mindspace Business Park REIT, that concludes this conference. Thank you for joining us and you may now disconnect your lines.