

Mindspace Business Parks REIT | BUY

Gearing up for the future



Mindspace REIT (Mindspace) reported a healthy quarter (1QFY25) as gross leasing came in at 1.1msf, while committed occupancy improved 50bps sequentially to 89.1%. Asset revenue grew 11% YoY to INR 6.2bn (+2% QoQ) while Net Operating Income (NOI) was INR 5.0bn (+9% YoY; +4%QoQ) aided by contractual escalations and operating leverage. Mindspace was able to re-lease 68% of the 0.9msf expiries in 1QFY25, and has visibility of re-leasing at least 0.7msf of the balance FY25E expiries of 1.1msf. The company declared distributions of INR 5.04 per unit (up 5% YoY; JMF: 5.2) in 1QFY25 which at an annualised run rate would be INR 20.2 per unit. Mindspace has announced plans to build a new office tower of 1.5msf at Mindspace Airoli East, as it seen strong traction in the micro-market, post the SEZ policy reform announced in Dec'23. We maintain 'BUY' with a Mar'25 TP of INR 385.

- NOI growth driven by higher occupancies:** Mindspace reported revenue of INR 6.2bn (+11% YoY; +2% QoQ) with NOI and EBITDA coming in at INR 5.0bn (+9% YoY; +4% QoQ) and INR 4.7bn (+8% YoY; +4% QoQ) respectively. On similar lines, NDCF also grew 5% YoY to INR 3.0bn, which translates to a DPU of INR 5.04. Revenue growth was aided (i) by rent commencement in new area/leases across Madhapur, Airoli (East) and Porur (ii) 16.4% MTM achieved over 4.4msf re-leased since last year and lease rent escalations of 8.6% across 3.1 msf.
- Leasing demand remains healthy, no meaningful addition to potential expiries:** Gross leasing stood at 1.1msf (0.6msf of releasing + 0.5msf of new area and vacant area leasing), with an average rent of INR 72psf / month. Mindspace achieved re-leasing spread of 23.9% on 1.0msf of area (includes leasing of vacant area). Committed occupancy improved by 50bps due to the healthy gross leasing seen across properties (including the Pocharam asset). Going forward, expiries in 9MFY25 / FY26 are minimal with area of 1.1msf / 0.9msf expiring, contributing ~4.0% / 4.9% of annual portfolio rentals.
- Robust development pipeline:** Mindspace plans to build a new office tower of 1.5msf at Mindspace Airoli East, where it has seen strong, post the SEZ policy reform announced in Dec'23. Excluding the new asset, the company has 4.4msf of on-going developments, with 1.3msf set to be completed in the current financial year. Major additions will happen at Commerzone Kharadi (1.0msf of leasable area by 3QFY25E), data centre at Airoli West (0.3msf by 4QFY25E) and an experience centre at Madhapur (0.13msf by 1QFY26E). Subsequently, B1 (1.3msf) in Madhapur, Hyderabad is expected to be commissioned by 1QFY27E, while B8 (1.6msf) will be completed by end-FY27E. The organic opportunity is of c. 9.5msf, including vacant area lease up of 2.3msf, under construction projects of 4.4msf and future development opportunities of 2.8msf.
- We maintain 'BUY' with a Mar'25 TP of INR 385:** We maintain 'BUY' with a Mar'25 TP of INR 385 (total return potential of 18.7%; 6.3% dividend and 12.4% capital appreciation). At CMP, the stock trades at 6.3% / 6.8% FY25E / FY26E yield.

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	385
Upside/(Downside)	12.4%
Previous Price Target	385
Change	0.0%

Key Data – MINDSPACE IN

Current Market Price	INR343
Market cap (bn)	INR203.1/US\$2.4
Free Float	25%
Shares in issue (mn)	593.0
Diluted share (mn)	593.0
3-mon avg daily val (mn)	INR65.5/US\$0.8
52-week range	369/296
Sensex/Nifty	81,741/24,951
INR/US\$	83.7

Price Performance

%	1M	6M	12M
Absolute	2.8	6.5	10.7
Relative*	0.0	-6.6	-10.0

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Financial Summary	(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Net Sales	17,501	22,821	24,292	26,662	29,447
Sales Growth (%)	53.8	30.4	6.4	9.8	10.4
EBITDA	13,649	15,376	17,511	19,394	21,508
EBITDA Margin (%)	78.0	67.4	72.1	72.7	73.0
Adjusted Net Profit	5,082	4,204	5,614	6,458	7,456
Diluted EPS (INR)	8.6	7.1	9.5	10.9	12.6
Diluted EPS Growth (%)	51.7	-17.3	33.5	15.0	15.4
ROIC (%)	3.1	2.9	4.1	4.8	5.4
ROE (%)	3.2	2.8	3.9	4.7	5.6
P/E (x)	40.0	48.4	36.2	31.5	27.3
P/B (x)	1.3	1.4	1.4	1.5	1.6
EV/EBITDA (x)	18.7	17.1	15.7	14.7	13.6
Dividend Yield (%)	5.4	5.6	5.6	6.3	6.7

Source: Company data, JM Financial. Note: Valuations as of 31/Jul/2024

■ Key conference call takeaways:

- Navi Mumbai has become a favoured destination for IT and GCC companies because of the readily available talent pool, outstanding connectivity and numerous infrastructure projects like the Trans-Harbour Link, new airport, new metro line, Airoli Katai Naka Road and the Kalwa Bridge.
- On-going projects with a total area of 4.4msf: 1.3msf building B1 and 1.6msf building B8 in Madhapur, 1msf B4 building in Kharadi, Pune, 0.3msf of data centre and the high street in Airoli East.
- Mindspace has announced a new project of 1.5msf in Mindspace Airoli East, which now takes the total portfolio size to 33.6msf; total future developments of 2.8msf which include the newly launched 1.5msf office project and the mixed use development, both located in Airoli East
- There is growth in the market rentals, last year deals in Hyderabad were being done in the late INR 60/sf/m, now deals are being concluded at INR 75/sf/m
- Due to strategic locations of the projects, company has attracted top tier tenants as a result, 6 out of the 9 parks in the portfolio, now have an occupancy rate of 95%+.
- Received approval for demarcation of 0.5msf during the quarter, with this the total demarcated space now stands at 0.9msf; have applied for a further 0.4msf
- Fixed cost of debt is now about 58% of the total outstanding debt, and the remaining 42% is variable cost of debt
- The company has set an annual gross leasing target of 3msf, which includes new projects such as the Kharadi asset
- The company has deferred acquisitions due to market volatility and tax changes but plans to reassess potential deals within the current financial year
- The Mindspace Airoli asset is expected to lease 1.9msf within the next 1.5 years, and the overall India portfolio aims to achieve 95%-96% occupancy within 1.5 to 2 years
- SEZ occupancy is currently around 85% at the portfolio level, 79% in Airoli East and 70% in Airoli West, while the overall occupancy for non-SEZ spaces is high at 98%

Quarterly Information

Exhibit 1. Financial snapshot

INR mn	1QFY25	1QFY24	YoY(%)	4QFY24	QoQ(%)	FY24	FY25E	FY25-24 YoY (%)
Net Sales	6,277	5,898	6%	6,100	3%	24,292	26,662	10%
Cost of Sales	251	488	-49%	309	-19%	1,504	1,310	-13%
Gross Margin (%)	96%	92%	427bps	95%	107bps	94%	95%	128bps
Employee Expenses	88	78	12%	68	29%	298	313	5%
Other Expenses	1,419	1,091	30%	1,386	2%	4,979	5,645	13%
EBITDA	4,520	4,241	7%	4,337	4%	17,511	19,394	11%
EBITDA Margin (%)	72.0%	71.9%	10bps	71.1%	91bps	72.1%	72.7%	66bps
Depreciation	969	933	4%	940	3%	3,827	4,017	5%
Interest Costs	1,263	1,066	18%	1,191	6%	4,566	5,043	10%
Other Income	135	119	13%	141	-4%	477	0	NM
Exceptional Items	-80	-18	NM	-385	-79%	-364	0	NM
PBT (incl extraordinary items)	2,343	2,343	0%	1,962	19%	9,231	10,334	12%
Tax	966	974	-1%	691	40%	3,494	3,425	-2%
PAT	1,377	1,369	1%	1,271	8%	5,737	6,909	20%
Minority Interest	94	94	0%	85	11%	362	451	25%
PAT after Minority	1,283	1,275	1%	1,186	8%	5,375	6,458	20%
NDCF	2,993	2,864	5%	2,839	5%	11,362	12,821	13%

Source: Company, JM Financial

Exhibit 2. Asset revenue and NOI

Asset Revenue (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	YoY	QoQ
Mindspace Airoli (E)	948	918	945	974	970	947	982	981	1,026	6%	5%
Mindspace Airoli (W)	565	625	681	681	842	867	869	874	928	10%	6%
Mindspace Malad	200	220	221	231	233	241	247	255	259	11%	2%
Square BKC	117	100	291	116	106	108	108	108	109	3%	1%
Mumbai Region	1,830	1,863	2,138	2,001	2,151	2,163	2,206	2,218	2,322	8%	5%
Gera Commerzone Kharadi	405	397	420	431	500	593	566	577	602	20%	4%
The Square Nagar Road	152	140	210	198	214	199	219	236	235	10%	0%
Commerzone Yerwada	433	438	465	477	490	520	520	482	518	6%	7%
Pune	990	975	1,095	1,106	1,204	1,312	1,305	1,294	1,355	13%	5%
Mindspace Madhapur	2,006	2,039	2,112	2,157	2,138	2,305	2,200	2,194	2,274	6%	4%
Mindspace Pocharam	22	17	20	21	23	21	20	1	1	-96%	0%
Hyderabad	2,028	2,056	2,132	2,178	2,161	2,326	2,220	2,195	2,275	5%	4%
Others	70	80	75	76	87	197	232	241	246	183%	2%
Total	4,918	4,974	5,440	5,361	5,603	5,998	5,963	5,948	6,198	11%	4%
Asset NOI (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	YoY	QoQ
Mindspace Airoli (E)	708	693	717	723	721	716	745	730	785	9%	8%
Mindspace Airoli (W)	402	434	497	472	627	636	640	641	683	9%	7%
Mindspace Malad	176	195	196	203	207	210	219	221	232	12%	5%
Square BKC	113	96	284	108	100	99	104	100	100	0%	0%
Mumbai Region	1,400	1,418	1,695	1,506	1,654	1,661	1,709	1,692	1,801	9%	6%
Gera Commerzone Kharadi	302	371	290	362	408	456	311	416	404	-1%	-3%
The Square Nagar Road	113	103	167	157	171	148	167	181	178	4%	-2%
Commerzone Yerwada	339	351	370	361	387	404	402	357	401	4%	12%
Pune	756	825	827	880	965	1,009	880	954	983	2%	3%
Mindspace Madhapur	1,740	1,780	1,832	1,840	1,821	1,968	1,843	1,836	1,929	6%	5%
Mindspace Pocharam	11	13	11	12	11	13	12	-8	-6	-155%	-25%
Hyderabad	1,751	1,793	1,843	1,852	1,833	1,981	1,855	1,828	1,922	5%	5%
Others	109	136	186	127	118	261	287	294	258	119%	-12%
Total	4,014	4,172	4,551	4,364	4,570	4,912	4,731	4,768	4,964	9%	4%

Source: Company, JM Financial

Exhibit 3. Portfolio summary

Asset	Total Leasable Area (msf)	Completed area (msf)	Committed Occupancy (%)	Occupancy (%)	WALE (years)	In-place Rent (INR psf)
Mindspace Airoli East	7.1	4.8	78.4%	69.4%	4.6	65.0
Mindspace Airoli West	5.3	5.0	70.0%	70.1%	8.4	61.3
Mindspace Malad	0.8	0.8	99.6%	99.6%	2.6	101.3
The Square BKC	0.1	0.1	100.0%	100.0%	2.4	240.0
Mumbai Region	13.3	10.6	73.8%	73.8%	6.0	68.3
Gera Commerzone Kharadi	2.9	1.9	100.0%	100.0%	8.3	80.7
The Square Nagar Road	0.8	0.8	100.0%	100.0%	4.1	78.2
Commerzone Yerwada	1.7	1.7	96.4%	96.4%	5.9	74.1
Pune	5.4	4.4	97.7%	97.7%	6.0	77.6
Mindspace Madhapur	13.1	9.6	94.3%	94.3%	7.5	67.2
Mindspace Pocharam	0.6	0.6	0.0%	0.0%	0.0	-
Hyderabad	13.7	10.1	90.9%	89.1%	7.5	66.3
Commerzone Porur	1.1	1.1	90.0%	76.0%	9.8	59.3
Chennai	1.1	1.1	90.0%	76.0%	9.8	59.3
Portfolio Total	33.6	26.3	89.1%	83.3%	6.9	70.0

Source: Company, JM Financial

Exhibit 4. Total leasable area

Total Leasable Area (msf)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Mindspace Airoli East	6.8	6.8	6.8	5.6	5.6	5.6	6.4	6.4	7.1
Mindspace Airoli West	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.3	5.3
Mindspace Malad	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
The Square BKC	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Mumbai Region	12.9	12.9	12.9	11.7	11.7	11.7	12.5	12.6	13.3
Gera Commerzone Kharadi	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
The Square Nagar Road	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Commerzone Yerwada	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Pune	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Mindspace Madhapur	11.7	11.8	11.8	13.1	13.1	13.1	13.1	13.1	13.1
Mindspace Pocharam	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.6
Hyderabad	12.7	12.8	12.8	14.1	14.1	14.1	14.1	14.1	13.7
Commerzone Porur	0.8	0.9	0.9	0.9	0.9	1.1	1.1	1.1	1.1
Chennai	0.8	0.9	0.9	0.9	0.9	1.1	1.1	1.1	1.1
Portfolio Total	31.8	32.0	32.0	32.1	32.1	32.3	33.1	33.2	33.5

Source: Company, JM Financial

Exhibit 5. Total completed area

Completed area (msf)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Mindspace Airoli East	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.8	4.8
Mindspace Airoli West	3.9	4.3	4.7	4.9	4.9	4.9	4.9	5.0	5.0
Mindspace Malad	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
The Square BKC	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Mumbai Region	9.5	9.9	10.3	10.5	10.5	10.5	10.5	10.6	10.6
Gera Commerzone Kharadi	1.5	1.5	1.6	1.9	1.9	1.9	1.9	1.9	1.9
The Square Nagar Road	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Commerzone Yerwada	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Pune	3.8	3.9	4.0	4.3	4.3	4.4	4.4	4.4	4.4
Mindspace Madhapur	9.9	9.9	9.9	9.5	9.6	9.6	9.6	9.6	9.6
Mindspace Pocharam	0.4	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Hyderabad	10.3	10.3	10.5	10.1	10.1	10.1	10.1	10.1	10.1
Commerzone Porur	0.8	0.9	0.9	0.9	0.9	1.1	1.1	1.1	1.1
Chennai	0.8	0.9	0.9	0.9	0.9	1.1	1.1	1.1	1.1
Portfolio Total	24.4	24.9	25.6	25.8	25.9	26.1	26.2	26.3	26.3

Source: Company, JM Financial

Exhibit 6. Committed occupancy

Committed Occupancy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Mindspace Airoli East	88.3%	88.2%	88.3%	88.3%	86.4%	82.7%	80.4%	82.2%	78.4%
Mindspace Airoli West	67.2%	68.7%	69.6%	70.7%	72.6%	72.6%	72.6%	80.0%	83.2%
Mindspace Malad	93.6%	94.9%	94.8%	97.9%	97.5%	98.0%	98.0%	99.6%	99.6%
The Square BKC	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mumbai Region	78.7%	80.3%	80.3%	80.9%	80.9%	79.3%	78.3%	82.7%	82.7%
Gera Commerzone Kharadi	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
The Square Nagar Road	100.0%	100.0%	100.0%	100.0%	87.7%	100.0%	100.0%	100.0%	100.0%
Commerzone Yerwada	98.4%	98.4%	98.4%	99.9%	98.6%	99.9%	96.1%	97.6%	96.4%
Pune	98.0%	99.3%	99.3%	100.0%	97.3%	100.0%	98.5%	99.1%	99.1%
Mindspace Madhapur	90.6%	92.2%	94.5%	95.4%	95.8%	91.9%	94.8%	96.4%	97.4%
Mindspace Pocharam	56.7%	56.7%	37.5%	37.5%	37.5%	37.5%	0.0%	0.0%	0.0%
Hyderabad	88.4%	90.9%	90.9%	92.1%	92.5%	88.9%	89.5%	90.9%	90.9%
Commerzone Porur	36.5%	59.5%	93.5%	93.5%	96.8%	80.1%	80.1%	84.0%	90.0%
Chennai	36.5%	59.5%	93.5%	93.5%	96.8%	80.1%	80.1%	84.0%	90.0%
Portfolio Total	85.6%	86.9%	88.3%	89.0%	88.8%	86.5%	86.1%	88.6%	89.1%

Source: Company, JM Financial

Exhibit 7. Physical occupancy

Occupancy (%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Mindspace Airoli East	86.3%	86.3%	88.3%	88.3%	86.4%	82.7%	79.9%	72.7%	69.4%
Mindspace Airoli West	57.5%	58.9%	61.7%	70.0%	70.0%	70.1%	72.0%	70.1%	70.0%
Mindspace Malad	93.6%	94.9%	94.8%	97.9%	97.5%	98.0%	98.0%	99.6%	99.6%
The Square BKC	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mumbai Region	75.1%	75.2%	75.2%	80.6%	79.7%	78.1%	77.8%	73.8%	73.8%
Gera commerzone Kharadi	84.5%	99.9%	96.6%	86.7%	100.0%	100.0%	100.0%	100.0%	100.0%
The Square Nagar Road	100.0%	100.0%	100.0%	100.0%	87.7%	87.0%	100.0%	100.0%	100.0%
Commerzone Yerwada	98.3%	98.4%	98.4%	98.4%	97.7%	99.1%	96.1%	94.0%	96.4%
Pune	97.9%	99.3%	99.3%	93.5%	97.0%	97.4%	98.5%	97.7%	97.7%
Mindspace Madhapur	89.0%	89.4%	92.2%	89.1%	94.9%	87.7%	92.3%	94.4%	94.3%
Mindspace Pocharam	56.7%	56.7%	37.5%	37.5%	37.5%	37.5%	0.0%	0.0%	0.0%
Hyderabad	87.3%	88.2%	88.2%	86.2%	91.6%	84.9%	87.1%	89.1%	89.1%
Commerzone Porur	36.5%	33.8%	33.4%	33.4%	68.3%	75.5%	80.1%	76.0%	76.0%
Chennai	36.5%	33.8%	33.4%	33.4%	68.3%	75.5%	80.1%	76.0%	76.0%
Portfolio Total	82.1%	82.8%	83.7%	83.4%	86.9%	83.8%	85.0%	83.8%	83.3%

Source: Company, JM Financial

Exhibit 8. Steady WALE

WALE (years)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Mindspace Airoli East	5.1	5.2	5.0	4.6	4.4	4.2	4.3	4.5	4.6
Mindspace Airoli West	6.2	6.8	9.5	9.7	9.4	9.2	8.5	8.5	8.4
Mindspace Malad	3.7	3.5	3.3	3.2	3.0	3.4	3.1	3.9	2.6
The Square BKC	4.4	4.2	3.9	3.7	3.4	3.2	2.9	2.7	2.4
Mumbai Region	5.5	5.6	5.6	6.5	6.3	6.2	6.0	6.1	6.0
Gera Commerzone Kharadi	9.6	10.0	9.8	9.4	9.3	9.1	8.8	8.6	8.3
The Square Nagar Road	5.7	5.4	5.3	4.6	4.9	4.7	4.6	4.4	4.1
Commerzone Yerwada	4.3	4.1	4.7	4.5	4.3	4.1	4.3	3.7	5.9
Pune	6.7	6.6	6.6	6.5	6.7	6.5	6.4	6.0	6.0
Mindspace Madhapur	8.2	8.0	7.6	7.6	7.4	7.7	7.7	7.5	7.5
Mindspace Pocharam	2.5	2.3	2.0	1.8	0.2	0.3	0.0	0.0	0.0
Hyderabad	8.0	7.9	7.9	7.5	7.3	7.5	7.7	7.5	7.5
Commerzone Porur	10.0	9.8	9.5	9.3	9.4	8.7	8.4	8.5	9.8
Chennai	10.0	9.8	9.5	9.3	9.4	8.7	8.4	8.5	9.8
Portfolio Total	6.8	6.8	7.0	7.0	6.9	6.9	6.8	6.8	6.9

Source: Company, JM Financial

Exhibit 9. In place rent

In-place Rent (INR psf)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Mindspace Airoli East	54.3	54.4	55.4	57.3	57.9	58.9	60.6	62.8	65.0
Mindspace Airoli West	57.8	57.6	62.6	58.4	58.6	59.0	59.4	59.5	61.3
Mindspace Malad	92.8	93.7	94.2	94.2	100.5	99.3	99.4	100.1	101.3
The Square BKC	240.0	240.0	240.0	240.0	240.0	240.0	240.0	240.0	240.0
Mumbai Region	62.5	62.8	62.8	64.0	65.0	62.8	66.8	68.3	68.3
Gera Commerzone Kharadi	72.2	72.5	73.2	77.3	79.4	79.7	79.8	80.2	80.7
The Square Nagar Road	71.1	71.1	72.9	74.2	75.4	75.4	76.8	76.8	78.2
Commerzone Yerwada	64.1	65.6	67.8	71.7	71.2	71.9	74.8	74.7	74.1
Pune	68.0	69.2	69.2	74.5	75.6	76.0	77.4	77.6	77.6
Mindspace Madhapur	60.6	61.4	62.6	63.1	64.2	65.7	65.3	66.3	67.2
Mindspace Pocharam	22.2	22.2	22.2	22.2	22.2	22.2	-	-	-
Hyderabad	58.4	60.5	60.5	62.1	63.2	64.6	65.3	66.3	66.3
Commerzone Porur	64.4	64.4	64.4	64.4	64.3	59.6	59.7	59.1	59.3
Chennai	64.4	64.4	64.4	64.4	64.3	59.6	59.7	59.1	59.3
Portfolio Total	62.4	63.0	64.5	65.2	66.2	67.0	68.0	69.0	70.0

Source: Company, JM Financial

Exhibit 10. NDCF Walkdown

Particulars (INR mn)	2QFY23	3QFY23	4QFY23	FY23	1QFY24	2QFY24	3QFY24	4QFY24	FY24	1QFY25
Revenue from Operations	6,810	5,603	5,639	22,968	5,880	6,213	5,963	6,079	24,113	6,198
Property Taxes & Insurance	-163	-169	-168	-653	-192	-184	-207	-191	-774	-191
Other Direct Operating Expenses	-2,475	-883	-1,108	-5,215	-1,118	-1,119	-1,025	-1,120	-4,380	-1,043
Net Operating Income (NOI)	4,172	4,551	4,364	17,101	4,570	4,912	4,731	4,768	18,959	4,964
Property Management Fees	-119	-133	-128	-498	-135	-139	-116	-145	-535	-141
Net Other Expenses	-221	-253	-143	-715	-92	-192	-140	-131	-532	-139
EBITDA	3,832	4,165	4,092	15,887	4,343	4,579	4,475	4,492	17,892	4,684
Cash Taxes (Net of Refunds)	-413	-471	-402	-1719	-326	-502	-663	-423	-1914	-395
Working Capital changes and other changes	-543	880	203	356	138	-585	216	-345	-576	1005
Cashflow from Operations	2,876	4,575	3,894	14,527	4,155	3,493	4,028	3,724	15,402	5,294
Capex including capitalized Interest	-1,313	-2,979	-2,349	-8,515	-2,589	-3,332	-3,144	-2,490	-11,555	
Net Debt (repayment) / drawdown	1,573	1,817	2,617	8,038	2,463	3,836	3,462	1,819	11,580	-117
Proceeds from sale of Pocharam Land	450	450	0	1,200	0	0	0	0	0	
Proceeds temporarily utilised to repay debt / invested	0	0	0	5,586	0	0	0	1,000	1,000	-168
Liquidation of fixed deposits being surplus cash	0	0	0	0	0	0	200	50	250	
Finance Costs paid for the period (excluding int. to REIT)	-494	-528	-583	-2034	-488	-441	-409	-486	-1824	-356
Proceeds to shareholders other than Mindspace REIT	-178	-198	-246	-800	-220	-176	-171	-154	-721	
Other Income										4
NDCF (SPV Level)	2,914	3,136	3,332	18,000	3,322	3,380	3,966	3,463	14,131	4,657
Net Distributions from SPV to REIT	3,072	3,175	3,241	12,503	3,306	3,372	4,003	3,443	14,124	4,637
Net Debt (repayment) / drawdown	0	0	0	0	0	0	-554	0	-554	-1,588
Other Inflows / (Outflows) at REIT Level	-251	-321	-381	-1151	-442	-518	-577	-604	-2141	-57
NDCF (REIT Level)	2,821	2,855	2,860	11,354	2,864	2,855	2,872	2,839	11,430	2,993
Distributions	2,817	2,846	2,852	11,326	2,846	2,841	2,846	2,829	11,362	2,989
Dividend	2,592	2,591	2,591	10,389	2,568	2,550	2,544	2,556	10,218	1,797
Interest	213	255	255	913	272	291	297	273	1133	202
Other Income	12	0	6	24	6	0	6	0	12	6
Repayment of Debt										984
Distributions	4.8	4.8	4.8	19.1	4.8	4.8	4.8	4.8	19.2	5.0
Dividend	4.4	4.4	4.4	17.5	4.3	4.3	4.3	4.3	17.2	3.0
Interest	0.4	0.4	0.4	1.5	0.5	0.5	0.5	0.5	1.9	0.3
Other Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

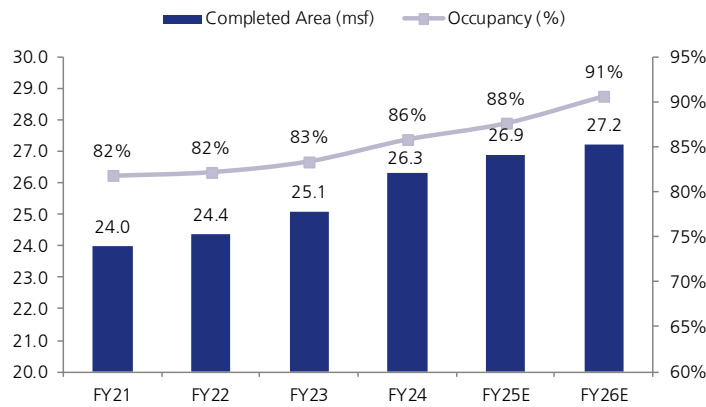
Annual Information and estimates

Exhibit 11. We expect occupancies to reach 90%+ levels in FY26E

Particulars	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue from Operations (INR mn)	11,381	17,501	22,821	24,292	26,662	29,447
YoY Growth (%) - RHS	-36%	54%	30%	6%	10%	10%
NOI (INR mn)	10,736	14,863	17,101	18,959	21,543	23,849
YoY Growth (%) - RHS	NM	38%	15%	11%	14%	11%
EBITDA (INR mn)	8,333	13,737	15,596	17,988	19,394	21,508
EBITDA Margin (%) - RHS	73%	78%	68%	74%	73%	73%
NDCF (INR mn)	8,539	10,942	11,326	11,362	12,821	13,728
DPU (INR p.u.) - RHS	14.4	18.5	19.1	19.2	21.6	23.1
Completed Area (msf)	24.0	24.4	25.1	26.3	26.9	27.2
Occupancy (%)	82%	82%	83%	86%	88%	91%

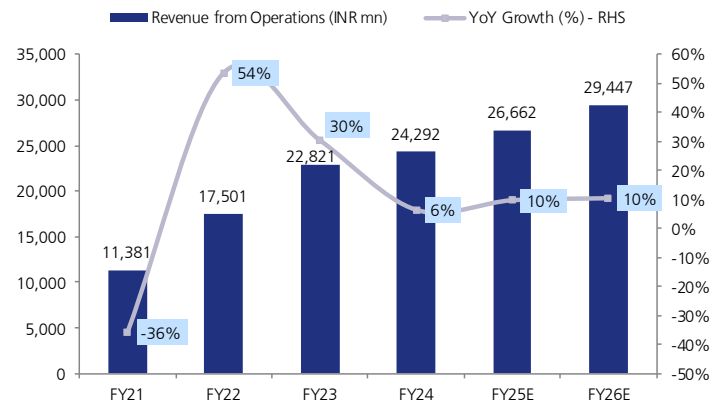
Source: Company, JM Financial

Exhibit 12. Occupancy has bottomed out..



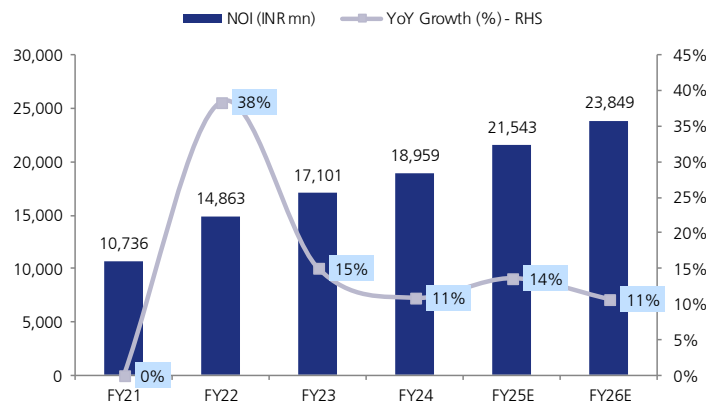
Source: Company, JM Financial

Exhibit 13. ...leading to robust growth in revenues



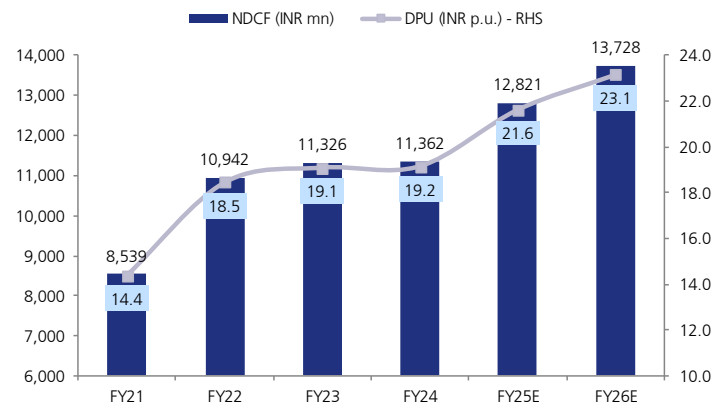
Source: Company, JM Financial

Exhibit 14. Double digit growth in NOI



Source: Company, JM Financial

Exhibit 15. Distributions to improve going forward



Source: Company, JM Financial

Exhibit 16. Our Mar'25 TP of INR 385

Mar'25 TP (INR mn unless specified)

Enterprise Value	3,03,018
Less: Net debt	74,099
Equity Value	2,28,919
Shares Outstanding (mn)	593
Target Price (INR)	385
CMP (INR)	343
Upside (%)	12%
Mcap at CMP	2,03,109
Terminal Value (ex TSIC)	4,96,581
Exit Cap Rate	8.0%
WACC	11.0%

Source: Company, JM Financial

Exhibit 17. Total returns potential of 18.7%

Total Return till Mar'25	(%)
Capital Appreciation	12.4%
Dividend Received	6.3%
Total	18.7%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Net Sales	17,501	22,821	24,292	26,662	29,447	
Sales Growth	53.8%	30.4%	6.4%	9.8%	10.4%	
Other Operating Income	0	0	0	0	0	
Total Revenue	17,501	22,821	24,292	26,662	29,447	
Cost of Goods Sold/Op. Exp	450	3,013	1,504	1,310	1,336	
Personnel Cost	226	285	298	313	329	
Other Expenses	3,176	4,147	4,979	5,645	6,274	
EBITDA	13,649	15,376	17,511	19,394	21,508	
EBITDA Margin	78.0%	67.4%	72.1%	72.7%	73.0%	
EBITDA Growth	64.8%	12.7%	13.9%	10.8%	10.9%	
Depn. & Amort.	3,289	3,554	3,827	4,017	4,153	
EBIT	10,360	11,822	13,684	15,377	17,355	
Other Income	164	361	352	0	0	
Finance Cost	2,537	3,431	4,566	5,043	5,666	
PBT before Excep. & Forex	7,987	8,752	9,470	10,334	11,689	
Excep. & Forex Inc./Loss(-)	-843	0	0	0	0	
PBT	7,144	8,752	9,470	10,334	11,689	
Taxes	2,670	4,299	3,494	3,425	3,789	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	235	249	362	451	444	
Reported Net Profit	4,239	4,204	5,614	6,458	7,456	
Adjusted Net Profit	5,082	4,204	5,614	6,458	7,456	
Net Margin	29.0%	18.4%	23.1%	24.2%	25.3%	
Diluted Share Cap. (mn)	593.0	593.0	593.0	593.0	593.0	
Diluted EPS (INR)	8.6	7.1	9.5	10.9	12.6	
Diluted EPS Growth	51.7%	-17.3%	33.5%	15.0%	15.4%	
Total Dividend + Tax	10,942	11,326	11,362	12,821	13,728	
Dividend Per Share (INR)	18.5	19.1	19.2	21.6	23.1	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Profit before Tax	7,987	8,752	9,470	10,334	11,689	
Depn. & Amort.	3,289	3,554	3,827	4,017	4,153	
Net Interest Exp. / Inc. (-)	2,609	3,384	4,316	5,043	5,666	
Inc (-) / Dec in WCap.	-500	-207	-369	1,707	970	
Others	856	1,551	309	0	0	
Taxes Paid	-1,780	-1,736	-1,924	-3,425	-3,789	
Operating Cash Flow	12,461	15,298	15,629	17,676	18,688	
Capex	-4,547	-7,666	-10,836	-9,747	-6,729	
Free Cash Flow	7,914	7,632	4,793	7,929	11,959	
Inc (-) / Dec in Investments	0	0	0	0	0	
Others	0	0	0	0	0	
Investing Cash Flow	-4,547	-7,666	-10,836	-9,747	-6,729	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-11,892	-12,009	-12,107	-13,355	-14,260	
Inc / Dec (-) in Loans	6,509	11,331	15,045	8,802	8,729	
Others	-2,160	-3,885	-3,209	-5,043	-5,666	
Financing Cash Flow	-7,543	-4,563	-271	-9,595	-11,197	
Inc / Dec (-) in Cash	371	3,069	4,522	-1,667	762	
Opening Cash Balance	1,465	982	2,843	3,250	1,582	
Closing Cash Balance	982	2,843	3,250	1,582	2,342	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Shareholders' Fund	1,56,205	1,47,827	1,41,689	1,35,326	1,29,054	
Share Capital	0	0	0	0	0	
Reserves & Surplus	1,56,205	1,47,827	1,41,689	1,35,326	1,29,054	
Preference Share Capital	0	0	0	0	0	
Minority Interest	8,507	7,955	7,596	7,513	7,425	
Total Loans	44,480	54,535	69,728	78,530	87,259	
Def. Tax Liab. / Assets (-)	-382	2,021	3,431	3,416	3,400	
Total - Equity & Liab.	2,08,810	2,12,338	2,22,444	2,24,786	2,27,138	
Net Fixed Assets	2,12,230	2,14,308	2,19,734	2,25,465	2,28,041	
Gross Fixed Assets	2,12,166	2,23,427	2,25,980	2,37,184	2,45,224	
Intangible Assets	1	1	1	1	1	
Less: Depn. & Amort.	13,433	16,987	20,814	24,831	28,984	
Capital WIP	13,496	7,867	14,567	13,110	11,799	
Investments	23	29	33	35	36	
Current Assets	10,231	12,421	18,378	17,324	18,729	
Inventories	26	72	44	46	49	
Sundry Debtors	210	572	1,092	1,147	1,204	
Cash & Bank Balances	982	2,843	6,100	4,432	5,192	
Loans & Advances	0	0	0	0	0	
Other Current Assets	9,013	8,934	11,142	11,699	12,284	
Current Liab. & Prov.	13,674	14,420	15,701	18,037	19,668	
Current Liabilities	5,709	5,525	5,050	5,303	5,568	
Provisions & Others	7,965	8,895	10,651	12,735	14,100	
Net Current Assets	-3,443	-1,999	2,677	-713	-939	
Total - Assets	2,08,810	2,12,338	2,22,444	2,24,786	2,27,138	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Net Margin	29.0%	18.4%	23.1%	24.2%	25.3%	
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	
Leverage Factor (x)	1.3	1.4	1.5	1.6	1.7	
RoE	3.2%	2.8%	3.9%	4.7%	5.6%	

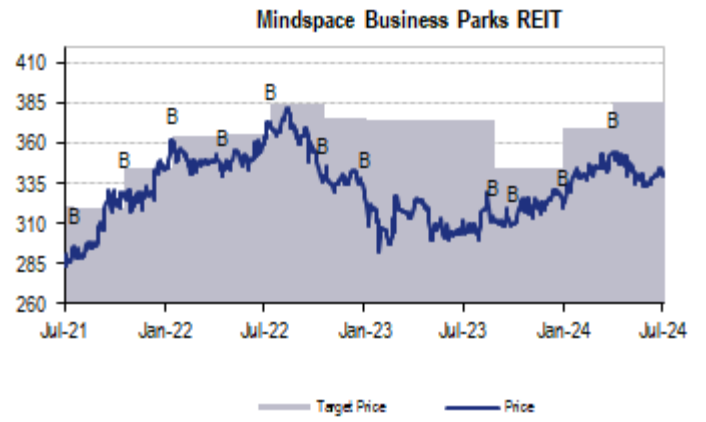
Key Ratios						
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
BV/Share (INR)	263.4	249.3	238.9	228.2	217.6	
ROIC	3.1%	2.9%	4.1%	4.8%	5.4%	
ROE	3.2%	2.8%	3.9%	4.7%	5.6%	
Net Debt/Equity (x)	0.3	0.3	0.4	0.5	0.6	
P/E (x)	40.0	48.4	36.2	31.5	27.3	
P/B (x)	1.3	1.4	1.4	1.5	1.6	
EV/EBITDA (x)	18.7	17.1	15.7	14.7	13.6	
EV/Sales (x)	14.6	11.5	11.3	10.7	9.9	
Debtor days	4	9	16	16	15	
Inventory days	1	1	1	1	1	
Creditor days	67	35	59	57	55	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Sep-20	Buy	335	
13-Nov-20	Buy	335	0.0
12-Feb-21	Buy	335	0.2
18-May-21	Buy	320	-4.5
16-Aug-21	Buy	320	-0.1
16-Nov-21	Buy	345	7.6
14-Feb-22	Buy	365	5.8
15-May-22	Buy	365	0.2
11-Aug-22	Buy	385	5.3
15-Nov-22	Buy	375	-2.5
31-Jan-23	Buy	375	0.0
24-Sep-23	Buy	345	-8.0
31-Oct-23	Buy	345	0.0
30-Jan-24	Buy	370	7.2
1-May-24	Buy	385	4.1

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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