

## Brookfield India Real Estate Trust

**Accumulate**

Sector: Real Estate

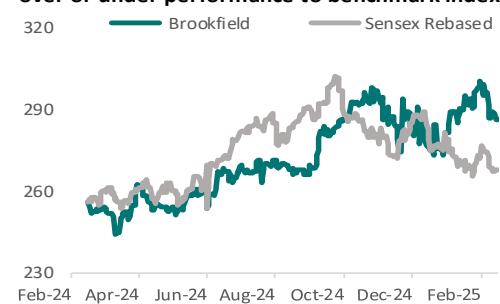
 18<sup>th</sup> February 2025

Key Changes		Target	Rating	Dividend	Time Frame	Target	Rs. 312
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 289
Small Cap	BIRET:IN	75,967	BIRET	543261	12 Months	TER*	+15%

Data as of: 18-02-2025

Company Data			
Unit holding (%)	Q1FY25	Q2FY25	Q3FY25
Sponsors	40.2	40.2	31.7
Institutions	34.6	35.0	48.7
Non-institutions	25.2	24.9	19.6
Total	100.0	100.0	100.0
Price Performance	3 Month	6 Month	1 Year
Absolute Return	0%	7%	12%
Absolute Sensex	-2%	-6%	5%
Relative Return	2%	13%	7%

\*over or under performance to benchmark index



Consolidated(cr)	FY25E	FY26E	FY27E
Sales	2,403	2,703	2,937
Growth (%)	35	12	9
EBITDA	1,736	1,938	2,093
Margin(%)	72	72	71
PAT Adj.	188	508	614
Growth (%)	4,984	170	21
DPU (Rs.)	19	20	22
Growth (%)	5	8	9
P/E	68	32	26
P/B	1	1	1
EV/EBITDA	16	14	13
ROE (%)	1	3	4
D/E	1	1	1

### Strong Distributions Ahead...

**Brookfield India REIT**, managing 7 Grade-A assets across Delhi, Mumbai, Gurugram, Noida, and Kolkata. The Brookfield India REIT portfolio consists of 26msf of total leasable area, comprising 21msf of operating area.

- In Q3FY25, revenue surged 13% YoY owing to a 16% YoY increase in in-place rent (Rs. 96/sf.) and better occupancies.
- Net operating income for the quarter improved 17% YoY, however NOI margin contracted 168bps YoY.
- Gross leasing for the quarter stood at ~1.13msf, comprising of ~0.9msf new leasing and 0.2msf renewals.
- At the end of the quarter, committed occupancy stood at 87%, marking 500 bps and 770 bps growth on a QoQ and YoY basis, respectively.
- Distribution for the quarter stood at Rs. 4.90 (+3% YoY vs. +7% QoQ).
- During the quarter, Brookfield successfully completed QIP of Rs. 35Bn. with an additional issue of 128 Mn. units.

### Outlook & Valuation

We remain optimistic on Brookfield India REIT on the back of strong growth in distribution due to 1) escalations in in-place rentals, 2) better occupancies (management guides occupancies to reach 89% by March 2025), 3) completion of ongoing projects, and 4) inorganic growth supported by recent QIP proceeds, which brings in LTV headroom. Further, the ongoing interest rate downcycle would bring down the finance cost, leading to higher NDCF. Considering all these factors, we retain our **Accumulate** rating on the stock with a revised target price of 312 based on 15x Dec'27E DPU, implying a TER of 15% (7% distribution yield and 8% capital appreciation).

\* TER (Total Expected Return) = Capital Appreciation + Distribution yield

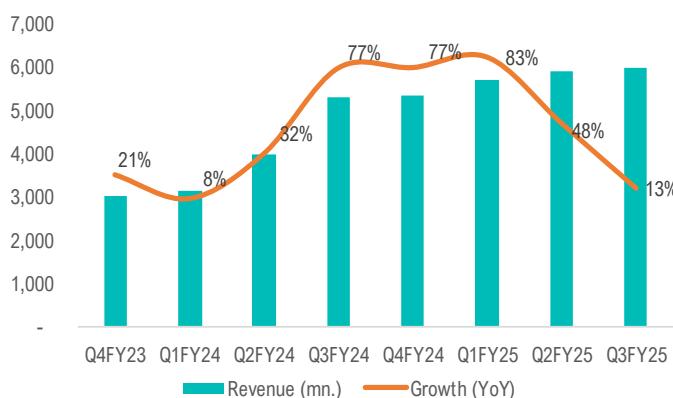
### Quarterly Financials Consol.

Rs. cr	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
Revenue	602	531	13	590	2	1,765	1,245	42
EBITDA	439	377	16	424	4	1,276	857	49
Margins(%)	73	71	189bps	72	113bps	72	69	341bps
EBIT	327	272	20	319	3	957	549	75
PBT	79	30	167	49	63	179	27	558
Reported PAT	34	28	25	33	3	118	9	1,202
NDCF	298	209	43	229	31	744	566	31
DPU (Rs.)	5	5	3	5	7	14	13	8

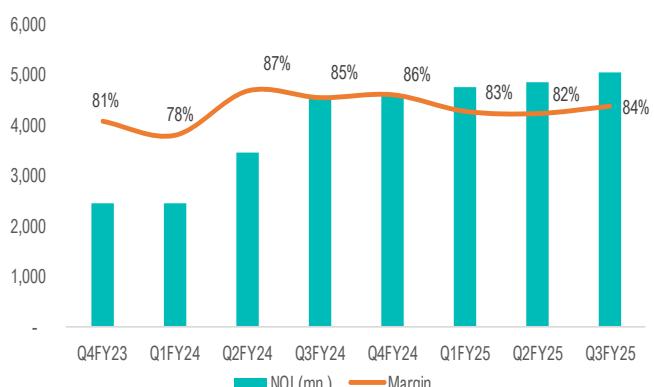
## Key Highlights

- Major leasing during the quarter are Capgemini (2.40K sft), Teleperformance (1.25K sft), and General Mills (77K sft).
- The company is evaluating acquisition opportunities in Bangalore, spanning 9.5 msf assets of the sponsor group.
- Occupancies in the SEZ portfolio have shown good improvement from 76% to 83% in the last twelve months. The management expects this occupancy growth to continue in the 3.7 msf vacant SEZ area.
- In Q3FY25, the revenue from operations grew by 13% YoY, primarily due to a 9.4% YoY improvement in OLR (Operating Lease Rental) and a 3.9% YoY growth in CAM revenue.
- Dividend from North Commercial Portfolio stood at ~64 cr., marking 210% QoQ growth due to one time income tax refund.
- The management has maintained its occupancy guidance at ~87-89% for FY25.
- Brookfield has a pending capex of Rs. 3.6 Bn. capex across multiple assets.
- As a result of the QIP, the LTV has gone down from 35% to approximately 25%, giving enough headroom for inorganic growth and strong growth in profits (P/L).

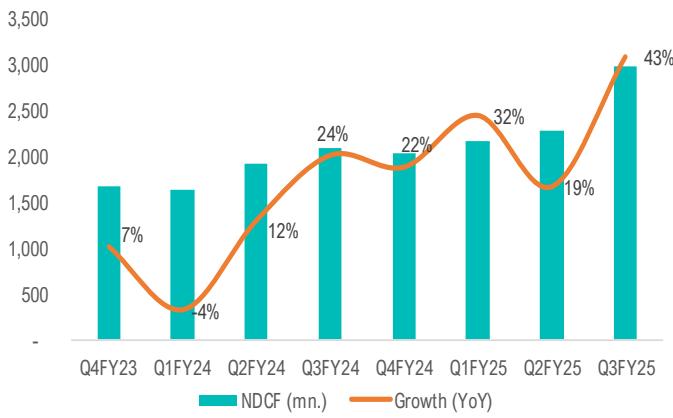
### Revenue



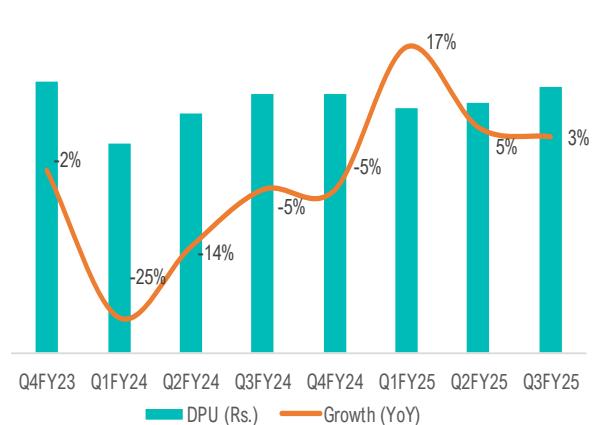
### NOI (Net Operating Income)



### NDCF (Net Distributable Cashflow)



### DPU (Distribution per Unit)



### Change in Estimates

Year / Rs cr	Old estimates			New estimates			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	2,415	2,687	-	2,403	2,703	2,937	-1	1	-
EBITDA	1,715	1,894	-	1,736	1,938	2,093	1	2	-
Margins (%)	71	70	-	72	72	71	123bps	121bps	-
Adj. PAT	186	305	-	188	508	614	1	66	-
DPU (RS.)	18	21	-	19	20	22	3	-4	-

## Consolidated Financials

### Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Revenue</b>	<b>1,197</b>	<b>1,780</b>	<b>2,403</b>	<b>2,703</b>	<b>2,937</b>
% change	37	49	35	12	9
<b>EBITDA</b>	<b>816</b>	<b>1,253</b>	<b>1,736</b>	<b>1,938</b>	<b>2,093</b>
% change	32	54	39	12	8
Depreciation	275	411	434	465	471
<b>EBIT</b>	<b>540</b>	<b>842</b>	<b>1,302</b>	<b>1,472</b>	<b>1,622</b>
Interest	432	852	1,077	885	900
Other Income	32	74	88	90	98
<b>PBT</b>	<b>140</b>	<b>64</b>	<b>312</b>	<b>677</b>	<b>819</b>
% change	-37	-54	385	117	21
<b>Tax</b>	<b>9</b>	<b>68</b>	<b>85</b>	<b>169</b>	<b>205</b>
Tax Rate (%)	7	106	27	25	25
<b>Reported PAT</b>	<b>131</b>	<b>-4</b>	<b>188</b>	<b>508</b>	<b>614</b>
Adj.	1	0	2	2	2
<b>Adj. PAT</b>	<b>131</b>	<b>-4</b>	<b>188</b>	<b>508</b>	<b>614</b>
% change	-47	-103	4,984	170	21
No. of units (cr)	34	44	61	61	61
Adj EPS (Rs)	4	0	4	9	11
% change	-1	-1	11	1	0
<b>DPU (Rs)</b>	<b>20</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>22</b>
% change	25	-12	5	8	9

### Balance Sheet

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	258	500	1,548	759	665
Account Receivable	52	73	89	98	105
Inventories	0	0	0	0	0
Other Cur. Assets	110	170	112	119	128
Investments	0	0	0	0	0
Gross Fixed Assets	14,062	24,926	26,434	26,758	26,975
Net Fixed Assets	13,424	23,878	24,859	24,675	24,486
CWIP	122	120	261	494	618
Intangible Assets	0	0	0	0	0
Other Assets	675	871	855	873	895
<b>Total Assets</b>	<b>14,641</b>	<b>25,612</b>	<b>27,725</b>	<b>27,018</b>	<b>26,897</b>
Current Liabilities	153	213	281	310	346
Provisions	584	988	1,189	1,246	1,309
Debt Funds	5,452	12,007	9,783	9,343	9,467
Other Liabilities	118	143	204	243	290
Equity Capital	8,656	10,910	15,245	15,245	15,245
Reserves & Surplus	-322	1,351	1,023	632	238
Shareholder's Fund	8,334	12,261	16,268	15,877	15,483
<b>Total Liabilities</b>	<b>14,641</b>	<b>25,612</b>	<b>27,725</b>	<b>27,018</b>	<b>26,897</b>
<b>BVPS</b>	<b>249</b>	<b>279</b>	<b>268</b>	<b>261</b>	<b>255</b>

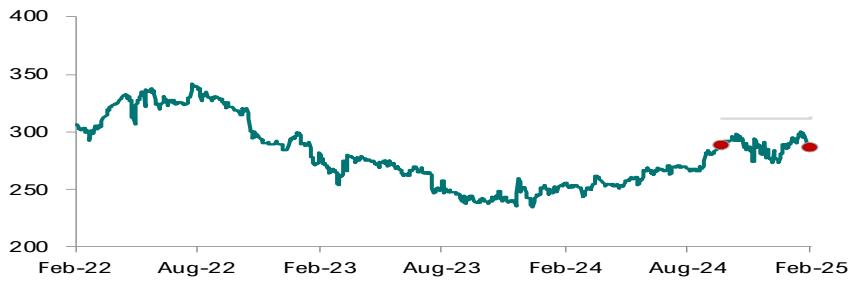
### Cash Flow

Y.E March (Rs cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	416	475	670	1,142	1,290
Non-cash adj.	0	0	0	0	0
Other adjustments	418	805	1,036	716	696
Changes in W.C	89	153	171	3	24
<b>C.F. Operation</b>	<b>922</b>	<b>1,433</b>	<b>1,877</b>	<b>1,861</b>	<b>2,009</b>
Capital exp.	-95	-2,160	-279	-532	-428
Change in inv.	17	15	-34	0	0
Other invest.CF	0	0	0	0	0
<b>C.F - Investment</b>	<b>-78</b>	<b>-2,144</b>	<b>-312</b>	<b>-532</b>	<b>-428</b>
Issue of equity	0	2,305	2,925	0	0
Issue/repay debt	-467	-4,478	-3,191	-1,220	-668
Dividends paid	-680	-733	-924	-1,219	-1,329
Other finance.CF	309	3,662	667	320	479
<b>C.F - Finance</b>	<b>-838</b>	<b>756</b>	<b>-522</b>	<b>-2,119</b>	<b>-1,519</b>
Chg. in cash	5	45	1,042	-789	-94
<b>Closing cash</b>	<b>210</b>	<b>370</b>	<b>1,412</b>	<b>623</b>	<b>529</b>

### Ratios

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Profitab &amp; Return</b>					
EBITDA margin (%)	68.1	70.4	72.2	71.7	71.2
Net profit mgn. (%)	11.0	-0.2	7.8	18.8	20.9
ROE (%)	1.6	0.0	1.2	3.2	4.0
ROCE (%)	3.9	3.5	5.0	5.8	6.5
<b>W.C &amp; Liquidity</b>					
Receivables (days)	15.7	15.0	13.6	13.3	13.1
Inventory (days)	0.0	0.0	0.0	0.0	0.0
Payables (days)	63	72	75	79	75
Current ratio (x)	2.7	3.5	6.2	3.1	2.6
Quick ratio (x)	2.0	2.7	5.8	2.8	2.2
<b>Turnover &amp; Leverage</b>					
Net debt to asset (x)	0.4	0.5	0.3	0.3	0.4
Total asset T.O (x)	0.1	0.1	0.1	0.1	0.1
Int. covge. ratio (x)	1.2	1.0	1.2	1.7	1.8
Adj. debt/equity (x)	0.6	0.9	0.5	0.5	0.6
<b>Valuation</b>					
P/FFO (x)	24.1	26.1	27.9	17.9	16.0
EV/EBITDA (x)	18.7	18.1	15.6	13.8	12.8
P/E (x)	74.5	697.7	67.1	31.2	26.1
P/BV (x)	1.2	0.9	1.1	1.1	1.1

## Recommendation Summary (last 3 years)



Dates	Rating	Target
08.Oct.24	Accumulate	311
18.Feb.25	Accumulate	312

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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