# Mindspace Business

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**Operator:** Ladies and gentlemen, good day and welcome to Mindspace Business Parks REIT earnings call for Q1 FY27 financial results. Please note 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. Please note that this conference is being recorded. With that, I hand over the call to Mr. Shravan Kailasa from Mindspace Business Parks REIT. Thank you and over to you.

**Management:** Please go ahead, Shravan.

**Shravan Kailasa:** Good afternoon, everyone, and thank you for joining the earnings call for Q1 FY27 for Mindspace Business Parks REIT. At this point, we'd like to highlight that the management may make certain statements that may be forward-looking 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 in time. I would now like to welcome our CEO and MD, Mr. Ramesh Nair, CFO Ms. Preeti Chheda, and Mr. Govardhan Gidla, Head of Corporate Finance, who will take you through the business updates and the financial performance during the quarter. We will then open the call to a round of Q&A. I will now hand over to Ramesh.

**Ramesh Nair - CEO & MD:** Thank you, Shravan. Sorry for the slight delay in starting this call. Good afternoon, everyone. Thank you for joining us today. Q1 FY27 has been a very strong quarter for us. We achieved gross leasing of 0.9 million square feet during this quarter. The portfolio's committed occupancy stood at 95.8% on a like-to-like basis and, including the new acquisitions, it stands at 92.1%.

The strong growth momentum is reflected in our financials. Net operating income grew by 27.8% year-on-year to 788 crores for the quarter. Distribution for the quarter increased by 25.2% year-on-year. Distribution per unit for Q1 FY27 stood at 6.67, the highest ever. This is a year-on-year growth of 15.2%.

Building on this momentum, I am happy to share that we have launched two new office projects and two new hotels. We have 4.7 million square feet of under-construction office assets due for delivery over the next 12 months. Most of this is pre-committed. I am also happy to announce that we're launching a new building, Building B12, in our Airoli West Park. The park is currently at 98% occupancy, and this will add another 1.1 million square feet to the park. Similarly, we're adding another 0.4 million square feet of office space in Commerzone Yerwada, where we have a vacancy of only 54,000 square feet.

I am very happy to announce that we are adding two new hotels in Hyderabad and Pune, which are pre-committed. The Pune hotel is a greenfield development, while in Hyderabad, we are repurposing an office block. This is in line with our strategy to create integrated campus ecosystems. With this, our portfolio expands to 46.2 million square feet, with 10 million square feet at various stages of approvals and development. We are also on the lookout for more redevelopment opportunities in Hyderabad and data center development opportunities in Navi Mumbai.

This quarter, we also concluded the acquisitions of Commerzone Pallikaranai and International Tech Park Chennai Radial Road, which we have now rebranded as 1 Radial. We have already signed a deal at 87 at 1 Radial and are currently in the final stages of closing multiple deals between 85 and 90 in both these parks. We are also in advanced discussions for closing 450,000 square feet with global BFSI GCCs.

Coming to Madhapur, rentals continue to trend upward. We've been negotiating deals at almost 130 as of last quarter. The average rent of the park is 80 rupees. This shows the mark-to-market potential sitting in our portfolio. We are very optimistic about the path ahead as we continue to buy well, build, and enhance our existing portfolio.

Now I'd like to share highlights from various JLL and other research reports. JLL stated that India's office net absorption in H1 2026 rose to nearly 27 million square feet, up nearly 12% year-on-year. For the quarter, net absorption stood at 13.2 million square feet. New completions totaled nearly 23 million square feet in H1. Relevant vacancy fell to 9.9%. Mumbai posted its lowest vacancy levels in more than 15 years.

The CBRE report talked about how gross office absorption reached a record 45.5 million square feet, with absorption increasing nearly 10% year-on-year. GCCs accounted for 43% of leasing. GCC deal volumes increased 30% year-on-year. GCCs drove 53% of deals above 100,000 square feet. India's office stock surpassed the 1 billion square feet mark, and institutional Grade A properties constitute around 30% of the stock.

I'd also like to highlight an interesting report that I came across from CRE Matrix on the Chennai market, which spoke about how Chennai is the fastest-growing GCC hub among tier-one cities. The city has more than 400 GCC units, employing more than 2.1 lakh professionals. The demand-supply ratio is 1.8x, the healthiest among South India's major office markets, meaning new supply is backed by real absorption, not just speculation. Office rentals in Chennai are also nearly 20% below Bangalore while remaining institutional grade, offering a durable cost-to-quality proposition for GCCs to scale up. Chennai also has the lowest attrition of any tier-one city. This means tenant workforces are stable and less likely to churn or downsize space. There is 63,000 crores of metro investment in Chennai, which is the highest among all tier-one cities, with Phase 2 set to unlock the next wave of GCC campus development. Chennai is also now India's second-largest data center market, with a landing point for six submarine cables, diversifying the demand base beyond traditional office. All this augurs well for us, given our growing interest and recent investments in this market.

While the quarter started with some volatility, it improved during the latter half of the quarter. Geopolitical tensions in the Gulf and pressure on oil resulted in costs moving upward. In spite of that, on the ground, this was the strongest first half the Indian office market has ever recorded. The demand did not disappear; it paused, and now it's back. Global companies have come in, and demand for GCCs grew close to 40%. A weaker rupee is also part of the story. For a company earning in dollars, India has become cheaper, while our infrastructure and talent have continued to improve.

Mindspace Madhapur's committed occupancy stayed consistently at a very healthy 99% plus. At Mindspace Airoli West, we stabilized occupancy at 98% plus. These two are the largest assets in our portfolio, and they are essentially full. Out of the 68 buildings in our portfolio, 45 have occupancy of over 99%, 49 have occupancy of over 96%, and 55 buildings have occupancy of over 90%.

Let's look at some of the development updates for our assets. In Airoli East, committed occupancy has risen to 84.5%. Upgrade work in buildings B1, B9, B10, B11, and B12 has made much progress and will conclude this quarter. Among other things, the lobbies will be a lot more sophisticated and functional, suited to best-in-class parks across the country. Client feedback has also helped shape our infrastructure plans. We're building covered walkways across the park to create a more comfortable, connected experience for our occupiers. There's also foundation work that has commenced for B17, our 9 lakh square feet mixed-use development. This comprises a 3 lakh square feet Hyatt Regency hotel and a 6 lakh square feet office building.

At Mindspace Airoli West, we've submitted plans to construct a new building spread across 1.1 million square feet. We're calling this B12. Recent deals in Airoli are being signed at 75 rupees plus. This progress strengthens our confidence in Navi Mumbai's growth and our long-term plan for this micro-market.

As you're aware, Mindspace is the only Indian listed REIT with a data center portfolio. Two data centers are operational, the next one gets ready in Q4 FY27, and the other in Q2 FY28. Upon completion, our data center portfolio will span approximately 1.7 million square feet.

In Mindspace Madhapur, our business park spans nearly 10 million square feet, and the occupancy level is 99%. This means there is 115,000 square feet of vacancy, and Madhapur is operating at near-full capacity. We've also begun trials at the Pearl Club, our flagship members-only exclusive club, which will soon open for membership. I am also happy to report that Pearl Club in Hyderabad has become India's first project to achieve platinum certification under the IGBC New Buildings Version 4 rating system. This positions it as a benchmark for sustainable, ESG-led development in the country.

For B1, we've applied for part OC. This is the building that has been fully leased to a global banking GCC, while the terrace work for B8 has been completed. This again has been fully pre-let. At B18, which is again pre-let to Ritz-Carlton, foundation work has begun using modern construction technology. We're excited that our portfolio continues to demonstrate strength in this supply-starved market, backed by the confidence to build more.

In Pune, we renewed a 350,000 square feet lease at Square, Nagar Road, with a leading global fintech GCC, highlighting the strong occupier satisfaction and long-standing relationship we have built with our tenants. Separately, we also purchased {? 52,000 square feet ?} in Commerzone Yerwada, taking the total acquisitions in the park during the last 1 year to 140,000 square feet.

On the client-centricity front, in Q1, we continued to strengthen tenant engagement through various B2C activities under the IP Mindspace Delightful Days. Our Hyderabad assets cleared the British Safety Council five-star safety audit for 2026. We've also been pushing carpooling hard in all our campuses. Our EV charging network is live across all our Hyderabad assets, and we're ensuring greener mobility is built in.

On the people front, I am happy to share that Mindspace REIT has been recognized among the 100 Great Places to Work. This is an outcome of our people-first policies.

On the ESG and sustainability front, we closed the FY26 GRESB assessment, published our FY26 ESG report, and secured BRSR Core assurance. I am happy to share that we've been accepted as a UN Global Compact participant, reaffirming our commitment to its 10 principles on human rights, labor, environment, and anti-corruption. Seven buildings across Commerzone Yerwada and Kharadi have earned WELL Gold certification. Mindspace Madhapur BA8 achieved WiredScore Platinum, recognizing best-in-class digital connectivity and smart infrastructure. In partnership with Navi Mumbai Municipal Corporation and Project Mumbai, our plastic and e-waste recyclathon engaged employees, tenants, and the local community through multiple initiatives this quarter.

Let's talk about something increasingly critical to our business: artificial intelligence. First, on the business and what we believe is the impact on the real estate portfolio. We're strategically investing in AI to strengthen operational efficiency, regulatory compliance, and investor communications. We're not chasing technology but solving real business problems. These initiatives reduce manual effort, minimize errors, and free our teams for high-value strategic work.

On the financial side, we've automated rent roll data conversion into leasing cash flow numbers. We're validating our filings against all REIT regulations before publishing, catching errors and regulatory gaps early.

On legal and compliance, we've deployed an AI platform for document review and regulatory analysis. We automated our quarterly SEBI compliance validation. The system now flags what's required and what's satisfied. We also monitor SEBI and MCA updates automatically, alerting teams to changes without manual surveillance.

Together, these initiatives free our teams from routine work to focus on strategic analysis, stakeholder engagement, and value creation, always with the highest standards of accuracy and governance.

On the impact of AI on office leasing, we've been tracking that lease tenures are definitely not shortening, so there has not been an impact there. Lease pre-commitments again have not reduced. India's cost advantages in talent and real estate continue. We believe AI will increase demand for higher-value human work, not reduce office demand. Companies still need teams collaborating, innovating, managing clients, making decisions, and training younger talent. All these activities are office-intensive.

We also believe that AI will create new office occupiers. Just as SaaS created new office demand over the last decade, AI companies and AI-enabled service firms will become incremental office tenants. AI is also driving productivity, which supports business expansion. More productive firms often grow faster, win more business, and eventually employ more people despite automation.

AI adoption itself will require office-based teams. Large organizations will need cross-functional teams working together to redesign processes, train models, and govern data. That often increases collaboration needs. Office work is becoming more collaborative, not less. The office is shifting from a place for individual processing to a place for collaboration, culture, mentoring, and innovation. This strengthens the case for quality offices.

AI will actually increase demand for premium office space. Companies will concentrate talent into better workplaces that attract and retain top performers. Flight to quality could accelerate. We're already seeing this in many Western markets.

AI is heavily data-dependent. This supports growth for data centers, cloud infrastructure, and various technology teams, and we've been beneficiaries of this with the data centers in our portfolio. AI, we believe, is currently an augmentation technology rather than a replacement technology.

In conclusion, before I close, I want to mark a special milestone. Tomorrow, Mindspace REIT completes 6 years since listing. Six years of building trust with our unit holders, 6 years of disciplined growth, resilient occupancy, and a portfolio that keeps getting stronger. We've grown into one of India's leading office REITs, and we've done it while staying true to our principles of quality, governance, and long-term value creation. Thank you for your continued confidence in Mindspace REIT. I'll now hand it over to Preeti for further financial updates for the quarter.

**Preeti:** Thank you, Ramesh. Good afternoon, everyone. We continue to deliver yet another quarter of strong financial performance backed by strong operating performance. Robust leasing, as explained by Ramesh, increasing occupancies, healthy re-leasing spreads, contractual escalations, and strong rental growth have all helped our like-to-like NOI for Q1 FY27 grow 16.2% year-on-year.

Our overall Q1 FY27 NOI has grown 27.8% year-on-year to INR 7,880 million. Revenue from operations for Q1 FY27 increased by 26.4% year-on-year to INR 9,509 million. We have also demonstrated a track record of delivering healthy distribution growth. As you would see, we have delivered double-digit DPU growth over the last 7 consecutive quarters. In fact, this quarter, our distribution saw strong growth of 25% year-on-year. This translated to a DPU of 6.7 per unit, a growth of 15% year-on-year. On a like-to-like basis as well, the DPU grew 15.6% year-on-year.

Our portfolio in-place rent today stands at INR 81 per square foot per month, with a healthy mark-to-market opportunity of almost 20%, providing visibility for future rental growth. It's important to note that our portfolio has seen significant expansion since listing through both organic development and inorganic acquisitions. At the time of listing, we started with 29.5 million square feet of portfolio, which has over the last 6 years grown to 46.2 million square feet. Of this, 7.5 million square feet was added organically through redevelopments, optimizing FSI via new buildings, and so on. We also successfully acquired 9.2 million square feet from both sponsors and third parties.

As Ramesh mentioned, we have a strong development pipeline within the portfolio of 9.5 million square feet, which, together with vacant area leasing, contractual escalations, and MTM rental growth, shall add almost 17 to 18 billion INR to our NOI in the next 3 years.

On the debt side, we have maintained a good balance between leverage and growth. Our well-managed balance sheet helped us grow the portfolio through accretive acquisitions, while keeping our LTV at comfortable levels. Our LTV as on June {? 26 ?} was almost 30% post-recent acquisitions. Our cost of debt remained largely flat sequentially at 7.42% PAPM. We may see some increase in funding costs depending on how the macroeconomic and interest rate environment evolves over the coming quarters.

You all would have seen the recent tax bill proposing amendments to certain REIT tax provisions, which is a very positive development for REITs. The proposal enables REITs to move to the new tax regime with an additional surcharge but without losing the distribution tax exemption in the hands of unit holders, which is crucial to maintain the attractiveness of this instrument. Also, permitting the carry-forward of MAT credit should help utilization in the new regime. We are thankful to the government for these proposed reforms, which I believe will go a long way in the growth of these instruments in the country.

To conclude, Mindspace REIT has, in the last 6 years, demonstrated healthy long-term returns. A total unit holder return CAGR of 15.9% over the last 6 years reflects Mindspace REIT's ability to generate healthy long-term returns for its unit holders. We shall work to maximize returns for our investors with efficient management of our operating assets, appropriate development strategies, our upgrade programs, which make our assets a preferred choice for our tenants, an optimal capital structure, and a robust governance structure. With this, I hand over the call to the operator to open the floor for questions.

**Operator:** Thank you so much. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone who wishes to ask a question may click on the raise hand icon from the participants tab on your screen. We request participants to restrict themselves to 2 questions each and then return to the queue for more questions. To rejoin the queue, you may click on the raise hand icon again. We'll wait for a few minutes until the question queue assembles. We're taking our first question now from Karan Khanna of Ambit Capital. Karan, please go ahead.

**Karan Khanna - Ambit Capital:** Am I audible?

**Operator:** Yes, Karan.

**Karan Khanna - Ambit Capital:** Thanks for the opportunity. I have a couple of questions. Firstly, Ramesh, in a recent interview you spoke about GCCs offering stable income visibility as well as longer tenures. Given that context, can you talk a bit more about GCC contribution in your revenue mix and, more importantly, absolute rental per square foot? How is that different for GCCs versus non-GCCs, and how has that changed the yield across your portfolio? As a follow-up, amid everything that's going on in West Asia, what incremental trends are you seeing in terms of interactions and deal closures, specifically with your MNC tenants?

**Ramesh Nair - CEO & MD:** Today, GCCs currently contribute around 53.2% of our rentals. We also looked at who the other people within IT services are, and we realized that foreign MNCs today have close to 18% of our rentals. Of that 18% from foreign MNCs, around 9% is IT services, and domestic Indian MNCs account for around 26%. Of that, again, 9% is IT services. So, 9% of foreign third-party IT services and 9% of Indian IT services account for around 18% of IT services. This used to be in the late 20s or mid-20s a couple of 2-3 years back, so that has come down.

For us, we've been big beneficiaries of Hyderabad being the most sought-after GCC destination. In the last 2 years, every data point that has come up, including all the IPC reports and various NASSCOM reports, shows that in a year at least 100 new GCCs enter the market, and nearly 46% of them have chosen Hyderabad. So again, we've benefited there, given all the supply we had there.

The very fact that both our under-construction buildings, B1, which is 1.5 million square feet, are fully pre-leased to one GCC, and B8, which is again pre-leased to 4 GCCs, demonstrates this. So that's the position in our portfolio.

On the West Asia war front, April was a slightly slow month because people were not traveling and decisions were not being taken. But that changed from May onwards. It's back to normal. A lot of people who had slowed down decisions in April came back and closed those deals in May and June. There were a few discussions around a little bit of cautious capex deployment. That's also now behind us. Whatever little slowdown we saw in decision-making is, as I said, behind us.

We saw a little bit of cost increase. Around 6.5% is what our procurement teams tell me in terms of the increase. Most of this cost increase came in RMC, tiles, marble, and paints. These were some of the items that contributed to the 6.5% construction cost increase.

**Karan Khanna - Ambit Capital:** And secondly, Ramesh, if you look at the kind of leasing traction that we've seen over the past year or year and a half, in addition to GCCs, I think 2 segments have really been driving a lot of the leasing. One is leasing to hotel assets, so today you have about 1.5 million square feet which is already leased to hotel assets that Chalet owns. Secondly, if I look at the 0.9 million square feet of gross leasing during the quarter, including 0.2 million square feet of new leasing, it appears most of it is happening with the co-working players. So if you can talk a bit about both the hotels and co-working in terms of the IRRs and the lease terms. When you think about future expansion, say in Chennai, would you also look to scale up hotels in this market? In terms of all your expansion in hotels, will it be through Chalet itself, or will you be looking to partner with other hospitality players as well?

**Ramesh Nair - CEO & MD:** From a leasing traction point of view, regarding flex, last quarter I was reading various IPC reports, and I think around 27% of the demand was in flex. Although our portfolio currently stands at around 8.5%, of the total space we have leased, 8.5% is to flex players.

There are 2-3 things regarding the flex market. Today, a lot of clients are also asking us if we could offer a flex solution for them. We know how to build, we know how to manage, and we know how to lease. So those enquiries are coming in. We have already been doing fitted-out deals for our clients for many years. So there's no major complexity around that, and we have the internal capabilities to offer those flex deals to our clients.

On the hospitality side, currently, including the announcements, we have close to 1.5 million square feet, totaling the 5 hotels which we already have in the portfolio. This will be close to 1,200 or 1,150 keys. We have a very good relationship with Chalet. All these deals are done at arm's length and fully evaluated by various independent valuers and consultants. We are open to doing deals with other players as well. Hotel opportunities in Chennai still need to be evaluated.

**Karan Khanna - Ambit Capital:** One more follow-up for Preeti, but I can come back in the queue for that.

**Operator:** Thank you so much, Karan. We are taking the next question now from Deep Shah of 361 Capital. Deep, would you like to go ahead?

**Deep Shah – 361 Capital:** Thanks for the opportunity. Ramesh, the first question is on your opening commentary, where you said that in Madhapur, you are testing the waters at 130. Last quarter, we had seen leasing at 120, and I see that there are very few expiries. Is this for that small portion of space which is left, or is this for early renewals? The context is that if this is for early renewals, it shows so much more confidence in the market that tenants are coming and are happy to discuss even at these rates when the renewal is not due. If you could give some more color on it, that would be very useful.

**Ramesh Nair – CEO & MD:** Deep, you would have heard of those land deals which the government auctioned at 150 crore and 240 crore an acre. These are all land parcels which are less than 2 minutes away from our park. So that market is seeing that kind of traction today, given all the demand.

To your question regarding new deals happening, we are actually closing one at 132 now. For some of our older buildings, we are easily getting rentals of around 115. We are able to upgrade many of the newly upgraded buildings, and we believe they will fetch even more. As I mentioned in the call, our current average rental throughout the park is 80, and whenever any tenant comes up for expiry, we believe we should be able to reach those kinds of numbers, ranging from 110 to maybe around 132.

**Deep Shah – 361 Capital:** This is interesting. The second question is on our recent acquisition. The first one among those is the Financial District Square building. Now that we've decided to have Chalet Hotels there, there is very little space left there, right? Is this understanding correct? The follow-up would be: when would the rentals start for this space? If I can continue, at Pallikaranai and Radial, how should we think about occupancy? Last quarter, Pallikaranai was at 70%, and now it's at 74%. What is the idea here? Is the idea to maximize rent, or to fill up some space at, say, 80-85% and then maximize rent? If you could lay out some strategy as to how we should think about occupancy, that's all from my side. Thank you.

**Ramesh Nair – CEO & MD:** Deep, this deal with Chalet is 260,000 square feet, which means one full tower gets leased. In the other tower, we still have around 100,000 square feet vacant, which is seeing a good amount of enquiries, given that the institutional vacancy rates in the other micro-market, Madhapur, are less than 2%. So we should be able to fill that over the next few months.

On our Chennai leasing strategy, every time we do a deal, we increase the rentals by around 2-3 rupees. That's going to be our strategy. Today, ready-space vacancy is around 14.5 lakh square feet: 11 lakh in 1 Radial and 3.5 lakh in Commerzone. There are very active enquiries. I spoke about a global BFSI GCC that is talking to us for nearly 450,000 square feet. There is another Japanese bank talking to us for 100,000 square feet, another engineering company talking to us for 100,000 square feet, and a global Big Four consulting firm talking to us for 250,000 square feet. There are many enquiries.

The team has kept a sheet in front of me, and there are around 14 enquiries right now in the market. We are reasonably confident that this vacant space of 14.5 lakh square feet in both these parks will get leased by the end of this financial year.

**Deep Shah – 361 Capital:** Very clear, Ramesh. Thank you so much, and all the best.

**Ramesh Nair – CEO & MD:** Thanks, Deep.

**Operator:** Thank you so much, Deep. We'll allow the next participant. We have Murtuza Arsiwalla of Kotak. Murtuza, please go ahead.

**Murtuza Arsiwalla – Kotak:** Hi, Ramesh. I want to check on both these deals with Chalet. What is the kind of rental and capital cost that you will incur? What kind of yield on cost are we looking at? Also, I'm assuming the Hyderabad one, being a repurposed building, essentially forms part of the completed area, whereas Pune will be part of the under-construction portfolio or future portfolio that you have in Yerwada.

**Ramesh Nair – CEO & MD:** Whenever we do any deal with Chalet, it's always based on market rentals and the amount of construction cost we incur. If it is a nearly 4,500-rupee kind of construction cost, we charge them an office rental. If it involves lower construction specifications because they have their own specifications, then we charge proportionately lower rentals.

We also believe that there are many additional benefits we get in a park by doing a hotel deal, including the overall halo effect and the premiumization of the entire park. Today, GCCs have many visitors who keep traveling from across the world and come in, and they all want to have a hotel close by. F&B from the hotels helps us, as do meeting rooms and training rooms. The entire vibrancy of the park goes up. So we get multiple advantages as office tenants by having a hotel in the park.

**Murtuza Arsiwalla – Kotak:** And Preeti, a question for you. Now that the government has passed the amendment on tax, could you clarify how Mindspace's taxation gets impacted, if at all, because of the most recent amendment?

**Preeti:** I think that's an extremely welcome reform. In fact, we have been representing this matter to the government for the last couple of months.

Two things happen. Firstly, it enables us to move to the new tax regime. Today, all our SPVs were in the old regime, where we were paying taxes between 29% and 35%. The SPVs which had turnover of more than 400 crore were subject to 35% tax. Most of the SPVs, especially all the larger ones, are above 400 crore. Therefore, they were all on 35% tax.

They will now move to the new tax regime, subject to when we move to the new tax regime. The tax rate moves to 28.6% as has been proposed. So that's a big saving, I would say, for Mindspace REIT.

Second, while this overall is a very positive impact, the other benefit is not very material for us, which is allowing the carry-forward of MAT credit. We did not have too much MAT credit accumulated, but whatever little we have, we'll be able to carry that forward in the new tax regime. Otherwise, I think both of these are extremely positive developments for REITs in general.

**Murtuza Arsiwalla – Kotak:** It's absolutely clear that dividends will remain exempt in the hands of unitholders.

**Preeti:** Yes, absolutely. That was the whole premise for this reform.

**Murtuza Arsiwalla – Kotak:** Fantastic. Thank you so much, Preeti.

**Preeti:** All right, thanks.

**Operator:** Thank you. We have Yashas Gilganchi of BOB Capital Markets. Yashas, please go ahead.

**Yashas Gilganchi – BOB Capital Markets:** Good afternoon, team. Thank you for taking my questions. Building on something a colleague of mine discussed earlier, I understand that economic occupancy was down over the quarter as you expanded the completed leasable area by upwards of 12%. What I would like to understand is how you think the ramp-up of occupancy is likely to be. At what level do you expect to be at the end of this financial year? Also, since most of the lease-up is likely to be driven by your assets in Chennai, what pace do you think your in-place rents are likely to grow at over the financial year and perhaps even through FY29?

**Ramesh Nair – CEO & MD:** In terms of occupancy, without adding our acquisitions, we are at 95.8%. We believe that by the end of this year, we will come closer to around 97%, given the traction which we are seeing in the Chennai market. In the other markets, as you all know, we don't have much space available in Pune or Madhapur, as I mentioned in my opening speech.

Regarding in-place rentals, in every market we are starting to see market rentals go up. One interesting thing which I started seeing in the last month or so is that companies like JLL are now coming out with relevant stock and relevant vacancy data. We always used to track the 950 million square feet data and say vacancy is 15%, but when we start looking at relevant vacancy, it drops down to 9%, 8%, or 7% in all these markets. This basically shows why rentals across all the cities are going up.

Two years back, we were doing deals at 75 and 78 in Hyderabad, and today, as I mentioned, we are comfortably doing deals at 120 and 130. We definitely believe that rentals will go up in all these markets. Although our strategy is obviously not to lose any client by quoting high rentals, we will still do the deals and increase our occupancy.

**Yashas Gilganchi – BOB Capital Markets:** With approximately 58% of your debt expiring through FY29, how would you expect your debt composition to change, especially given the volatility in the markets today? Would you expect to lock in a larger portion of your debt at fixed rates?

**Preeti:** I think that will depend on which deals are coming our way. We are today at about 60% fixed-cost debt at the REIT level, and 40% is variable. For the last couple of months, we actually got into a scenario where the variable cost was cheaper than the fixed cost rate. At that point in time, it made sense to lock in more variable-cost debt than fixed-cost debt.

As we move along, we'll have to keep a watch on interest rates, and if interest rates are actually cooling off, then obviously it makes sense to lock in fixed costs. So we'll keep our strategy flexible to see what is most optimum for us. As I said, we will keep balancing variable and fixed debt depending on which is providing better terms.

Overall, I would say, as I highlighted even last time, 60-75% fixed-cost debt is what we would want to achieve, and then keep 20-25% flexible.

**Operator:** Thank you, Ishas. We'll take our next question now from the line of Pritesh Sheth of Axis Capital. Pritesh, please unmute your microphone.

**Pritesh Sheth - Axis Capital:** I hope I'm audible. Thanks for the opportunity. My first question is on the pre-leasing that we've done in the upcoming Hyderabad assets. What are the rentals that we've blocked there, considering that we are now talking about 110 to 130? I just wanted to understand the rentals for those pre-leased portions.

My second question is on the gap in terms of distribution. Since the last 6-8 quarters, our NDCF is not equal to what we are distributing. This quarter, I think the NDCF from SPV to REIT has a gap of around 20-odd crores. I want to understand the reason for that and how we should think about the trajectory going forward.

**Ramesh Nair - CEO & MD:** In Hyderabad, with the office buildings, we have a total of close to 32 lakh square feet: 15 lakh in one building and 17 lakh in the other. We started leasing around 1-1.5 years back at around the 92-rupee mark. We have done deals at multiple points: 110, 115, 128, and the last deal is close to 132 rupees. That's the range in which we have done the deals. For the NDCF, I'll let Preeti answer.

**Preeti:** For this quarter, you would see some amount being retained for 2-3 reasons. The first is Q City, which is the acquisition we did around the same time last year. There, we are not able to pull out cash until we sort out the structure because it's a cash-positive entity and, since there's no debt, we've not been able to do ROC. Because it has accumulated losses, we're not able to pull out PAT. We're already working on a capital reduction and other structuring options to see how we can pull out the cash. So that's one reason why some NDCF has remained at the SPV level.

The second reason is that we have consciously kept aside some money. It is not that there is any immediate plan, but for any kind of unforeseen working capital movements, which sometimes become difficult to predict, we have kept aside a small amount. It is not material, but that has been one reason.

Similarly, for this quarter also, you will see that about 30-odd crore has not been distributed. That's again a mix of Q City, Magarpatta, which is the SPV, and also some working capital that we want to keep aside. Broadly, that's the reason.

**Pritesh Sheth - Axis Capital:** Going forward as well, should we assume that around 96-97% will get distributed rather than 100%?

**Preeti:** Yes, I would say anywhere around a similar number is what you can assume, because it will make sense for us to keep a little aside for any of these unforeseen movements, as I said. By and large, I would say that we have continuously distributed around 96-97% for the last 2 years and should continue to do so.

**Pritesh Sheth - Axis Capital:** On Hyderabad again, sorry. The average for this 32 lakh square feet of pre-leased area should be 100 or 110 on average?

**Ramesh Nair – CEO & MD:** We'll do a calculation and come back to you, Pritesh. It should be around that average.

**Pritesh Sheth – Axis Capital:** On these new developments that we've announced, specifically Airoli West, is this vacant land that we had, or are we doing some redevelopment there? Because earlier—

**Ramesh Nair – CEO & MD:** This was vacant land that we had. As I mentioned, our occupancy in that park is 98% plus. There's no space available. Some of the tenants there have expansion plans, and some of them have been asking us whether we have any space there. That was the logic. We had some excess land where we are building this asset.

**Pritesh Sheth – Axis Capital:** And the Pune one is in which asset? I couldn't recollect.

**Ramesh Nair – CEO & MD:** Pune is in Commerzone Yerwada, where we are putting up a 400,000 square feet office building. This will be a best-in-class office tower.

**Pritesh Sheth – Axis Capital:** Got it. Thanks, that's it from my side, and all the best.

**Ramesh Nair – CEO & MD:** Thank you.

**Preeti:** Thank you.

**Operator:** Thank you, Pritesh. We are taking our next question now from the line of Parvez Qazi of Nuvama Group. Parvez, would you like to unmute your microphone, please?

**Parvez Qazi – Nuvama Group:** Good evening. Thanks for taking my question, and congratulations on a great set of numbers. I have a couple of questions. First, the new developments that we have announced—2 offices and 2 new hotels—by when do we expect construction to start there?

**Ramesh Nair – CEO & MD:** The first hotel, which is in Hyderabad, is an existing structure that needs to be repurposed for a hotel. That work starts immediately, so it is on track.

For our Navi Mumbai project, the 1.1 million square feet Airoli West development, we have submitted plans to both MIDC and MOEF. MIDC approval is expected in the next 3-odd months, and 3 months from there we'll get the MOEF approval. From that time onward, we're looking at around 2.5–3 years to finish the building.

For Pune, we've just received the approvals for both of those, so we will be starting construction immediately.

**Parvez Qazi – Nuvama Group:** Would the cost of all these be closer to about 1,300-odd crores? Would that be a fair assessment?

**Ramesh Nair – CEO & MD:** It depends again on the different types of construction costs which we're going to incur. Right now, the calculation is between 1,000 and 1,050 crores.

**Parvez Qazi – Nuvama Group:** You mentioned that we are in talks with a global BFSI GCC for a 0.45 MSF area. Is this in Chennai or somewhere else?

**Ramesh Nair – CEO & MD:** This is in Chennai.

**Parvez Qazi – Nuvama Group:** Across Pallikaranai and 1 Radial, we have about 1.75 million square feet yet to be leased. What is your estimate for when we can move to perhaps 90% occupancy across both these assets?

**Ramesh Nair – CEO & MD:** As I said, Parvez, we have around 14.5–15 lakh square feet vacant across both these parks. By the end of this year, which is March 31, 2027, we are reasonably confident that we should be closer to the 100% mark.

**Parvez Qazi – Nuvama Group:** Great, and all the best for the future.

**Ramesh Nair – CEO & MD:** Thank you.

**Operator:** Thanks, Parvez. We have Jatin Kalra of Bank of America with his question now. Jatin, please go ahead.

**Jatin Kalra – Bank of America:** Hi, Ramesh. Hi, Preeti. Congratulations on the quarter. Most of my questions have been answered. I just have 1 for Preeti. From the 4.7 million square feet of deliveries that we have, around H2 FY27 and the end of FY27, that would probably give you around INR 5–6 billion of additional NOI. I wanted to understand, when those assets get added to our completed area, how much incremental interest cost can we expect to flow in? Just a ballpark number would be helpful.

**Preeti:** All of this is funded out of debt itself. These completions will happen between, I would say, the middle of this year, around October to March. So you will have some interest, part of which will flow in the second half and part of which will move to next year, because all the interest will come only when we are capitalizing these assets.

Part capitalization will happen in, say, the third quarter, and then part capitalization will move to the next financial year. I would say approximately somewhere around—I can say you can take 50% of the overall construction cost as capitalized in this half-year and then interest for half that year, with the balance pushed to the next year.

**Jatin Kalra – Bank of America:** Understood, very clear. All the best. Thank you so much.

**Preeti:** Thank you.

**Operator:** Thank you, Jatin. We will go back to our previous participant, Karan Khanna from Ambit Capital. He has a follow-up question here. Karan, would you like to go ahead?

**Karan Khanna – Ambit Capital:** Thanks for the follow-up. Just 1 question, Preeti. If we look at other expenses this quarter, it seems to have seen a steep 30% plus jump year-on-year. Can you help explain what has driven such a sharp increase in other expenses? If we look at the write-offs, almost 15 crore of assets were written off during the quarter. What does that pertain to, and are you expecting higher write-offs going forward as well?

**Preeti:** Which particular expense are you referring to? Can you help us understand which line you are looking at?

**Karan Khanna – Ambit Capital:** I'm looking at write-offs, which were 15 crores.

**Preeti:** Some of these write-offs are generally related to certain assets. Whenever we are carrying out upgrades to our parks, we decapitalize the existing assets, and as and when the upgrades are complete, the new capitalization happens. This is pretty much routine. Whenever you are doing upgrades, decapitalizations happen. So I think that's part and parcel of the process.

Of course, you can't predict that number because it depends on what we upgrade and when we upgrade. Otherwise, most of it relates to that. In the future, if we're doing any redevelopment, then to the extent of the written-down value of the asset which we are bringing down, that gets charged off to the P&L. You've seen that in the past. So in the future, since you're asking me what else can come in, whenever we are doing any redevelopment, the residual value in the books for that asset will be written off.

**Karan Khanna – Ambit Capital:** Lastly, Ramesh, both Yerwada and Airoli East have seen strong growth this quarter in terms of occupancies, but if we look at Square in Pune, occupancies are still hovering around the 62% mark. What's the outlook here in terms of exit occupancies for FY27?

**Ramesh Nair – CEO & MD:** Square in Pune, I thought, is 100%. Which one? Are you talking about Square in Hyderabad or Square in Pune?

**Karan Khanna – Ambit Capital:** Just allow me a minute. I think this is Square in Pune. Let me just check this.

**Ramesh Nair – CEO & MD:** Square in Pune is 100%.

**Karan Khanna – Ambit Capital:** And Hyderabad is?

**Ramesh Nair – CEO & MD:** Hyderabad is where we did this hotel deal of 260,000 square feet, and the balance is around 100,000 square feet vacant.

**Karan Khanna – Ambit Capital:** Great, that's helpful.

**Ramesh Nair – CEO & MD:** Thanks, Karan.

**Operator:** Thank you, Karan. We'll take our next question now from Chandrabhan Chauhan. Chandrabhan, would you like to go ahead and unmute your microphone, please?

**Chandrabhan Chauhan:** Can you hear me?

**Operator:** Yes, please go ahead.

**Chandrabhan Chauhan:** Thank you so much. What is going to be the impact, in percentage terms, on the distribution because of the new regulation related to taxation and dividends? Second, will this have any impact on NAV because of the higher WACC calculation due to lower taxation from moving the SPVs into the new tax regime? These are my 2 questions.

**Preeti:** We still need to assess how much the impact on NDCF will be. We'll come back to you separately on that. But all I would say is that it is definitely positive because, as I said, most of our

SPVs were in the higher tax bracket of 35%. So from 35% to {? 25.17 ?}, that's going to be a considerable saving. We'll come back to you with that exact number. But on the second point—

**Ramesh Nair - CEO & MD:** When it comes to MAT credits, if MAT credits are utilizable, generally they are calculated as assets and that helps the valuation. However, we don't have too many MAT credits, so the impact is not very material. For the NAV computation in the format that SEBI has set, any MAT credits are treated as deferred tax assets in the computation, so that helps. But as Preeti mentioned earlier, that number is not significant.

**Preeti:** To answer your question, we don't see much of an impact on NAV because of this, but NDCF will of course have a positive impact.

**Chandrabhan Chauhan:** Got it. Thanks.

**Operator:** Thank you, Chandra Bhan. We see a follow-up question coming in here from Yashas. Yashas, would you like to go ahead? Yashas, please unmute your microphone.

**Yashas Gilganchi - BOB Capital Markets:** I noticed that delivery timelines for Mindspace Madhapur, the 1A, 1B development, and B18 buildings seem to have been pushed forward. Please tell us what caused the delay and whether any other projects are likely to be affected.

**Management:** Yashas, this could basically be 1 quarter here and there, which is typical when obtaining OCs, part OCs, and so on. So it is not much different from what we thought many of these projects would actually take to complete. Our construction engineering teams have done a superb job in finishing the buildings earlier. One of the reasons we decided to use precast again for B18 in Hyderabad is that it will help us save 6-7 months. So 1 month here and there is not something I would be very worried about in a project of this size.

**Yashas Gilganchi - BOB Capital Markets:** Got it. That's clear. Thank you.

**Operator:** Thank you, Yashas. There is another follow-up coming in from Karan Khanna of Ambit Capital. Karan, please go ahead. Karan, do you have any follow-up question now? I think there is no follow-up question from Karan. Ladies and gentlemen, we don't have any more questions. As there are no further questions, on behalf of Mindspace Business Parks REIT, that concludes today's conference call. Thank you all for joining us. You can now click on the leave icon to exit the meeting. Thank you all for your participation. Thank you, everyone.

**Management:** Thank you, everyone.

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Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.