

Retail Equity Research  

# Brookfield India Real Estate Trust

  
Real Estate

BSE CODE : 543261  
BLOOMBERG CODE: BIRET:IN

NSE CODE: BIRET  
SENSEX : 81,635

12 Months Investment Period  
12 Months Investment Period

Rating as per Small Cap  
Rating as per Small Cap

CMP Rs.287  
(closing: 08-10-2024)

TARGET Rs.311  
TARGET Rs.311

TER\* 14%

Accumulate

### Distributions to pick up in FY26...

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

- Brookfield operates a solid 21msf with an occupancy of 88%, along with an upcoming area of ~5msf outlying strong rental growth.
- BREIT is expected to maintain stable distributions in FY25, however, expecting a 12% YoY increase in FY26, with yields consistently above 7%.
- Brookfield has been the highest-yielding commercial REIT, trading at a significant discount to NAV, making it an attractive option for investors.
- During the quarter, Brookfield acquired a 50% stake in a 3.3msf commercial portfolio in Delhi-NCR from Bharti Enterprises for ~Rs .12,280mn.
- Brookfield outlies stable growth supported by acquisitions and organic growth. Further, considering the additional leasing and rental escalations led to growth in NDCF, we assign ACCUMULATE rating on the stock with a target price of Rs. 311 based on 14.5x June 2026E DPU, leading to a TER\* of 14%.

### Distribution poised for growth in FY26E

Brookfield is projected to maintain a stable distribution in FY25 following the 7% YoY decline in FY24. However, a recovery in distributions is anticipated for FY26, driven by significant upcoming completions and improved distributions from the North commercial portfolio. Thus, distributions are expected to increase by 12% YoY in FY26. Further, Brookfield recorded distributions of Rs. 20.2 and Rs. 18.8 in FY23 and FY24, respectively.

### High yielding Commercial REIT

Brookfield has consistently been the highest-yielding commercial REIT, maintaining a distribution yield of 7.3% in FY24 despite a dip in distributions. Over the years, Brookfield has remained the top-yielding REIT. However, Brookfield trades at an attractive valuation relative to its peers, making it an appealing option for investors.

### NAV accretive acquisition

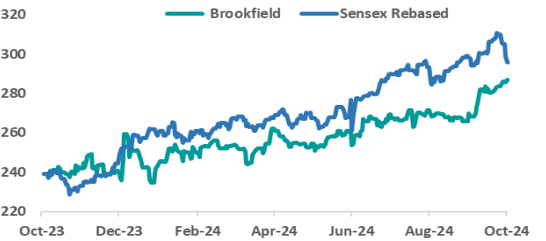
In the recent quarter, Brookfield REIT successfully acquired a 50% stake in a 3.3msf commercial portfolio in Delhi-NCR from Bharti Enterprises for ~Rs12,280mn. As part of the transaction, Brookfield issued 40.93mn units to Bharti Enterprises at Rs 300 per unit, representing an 18.5% premium to the floor price. The acquisition doesn't include any cash transactions. This acquisition is NAV accretive by 0.9%, as reported by the company.

### Valuation

Brookfield REIT is expected to deliver strong distributions, supported by organic growth and recent acquisitions. While the distribution for FY25 is projected to remain flat, growth is anticipated in FY26. Given the positive outlook on REITs and the commercial sector in India, along with the expected improvement in Brookfield's distribution in FY26, we assign ACCUMULATE rating to the stock with a target price of Rs. 311, based on 14.5x June 2026E DPU.

Company Data			
Market Cap (Rs. cr)	13,776		
Enterprise Value (Rs. cr)	25,575		
Outstanding Units (cr)	48		
Free Float (%)	60		
Dividend Yield (%)	7		
52 week high (Rs.)	310		
52 week low (Rs.)	231		
6m average volume (cr)	0.25		
Beta	0.43		
Face value	-		
Price Performance	3 month	6 Month	1 Year
Absolute Return	7%	10%	20%
Absolute Sensex	2%	10%	24%
Relative Return*	5%	0%	-4%
Unit holding (%)	Q3FY24	Q4FY24	Q1FY25
Sponsors	43.9	43.9	40.2
Institutions	38.5	38.6	34.6
Non-Institutions	17.6	17.5	25.3
Total	100.0	100.0	100.0

over or under performance to benchmark index



Y.E Mar (Rs cr)	FY24A	FY25E	FY26E
Sales	1,780	2,415	2,687
Growth (%)	49	36	11
EBITDA	1,253	1,715	1,894
EBITDA Margins%	70	71	70
PAT Adj.	-4	186	305
Growth (%)	-103	-4,914	64
Adj.EPS	0	5	7
Growth (%)	-91	1,304	52
P/E	721	14	12
P/B	1	1	1
EV/EBITDA	18	13	12
ROE (%)	0	1	2
D/E	0.9	0.9	0.9

\* Total Expected Return (TER) 14%, including cap. appreciation of ~8% and distribution yield of ~6%.

# Brookfield

## India Real Estate Trust

Source: Company, Geojit Research

TENANT PROFILE AT A GLANCE

31%

FORTUNE 500  
COMPANIES

75%

MULTINATIONAL  
OCCUPIERS

29%

GROSS CONTRACTED  
RENTALS OF TOP 5 TENANTS

Source: Company, Geojit Research

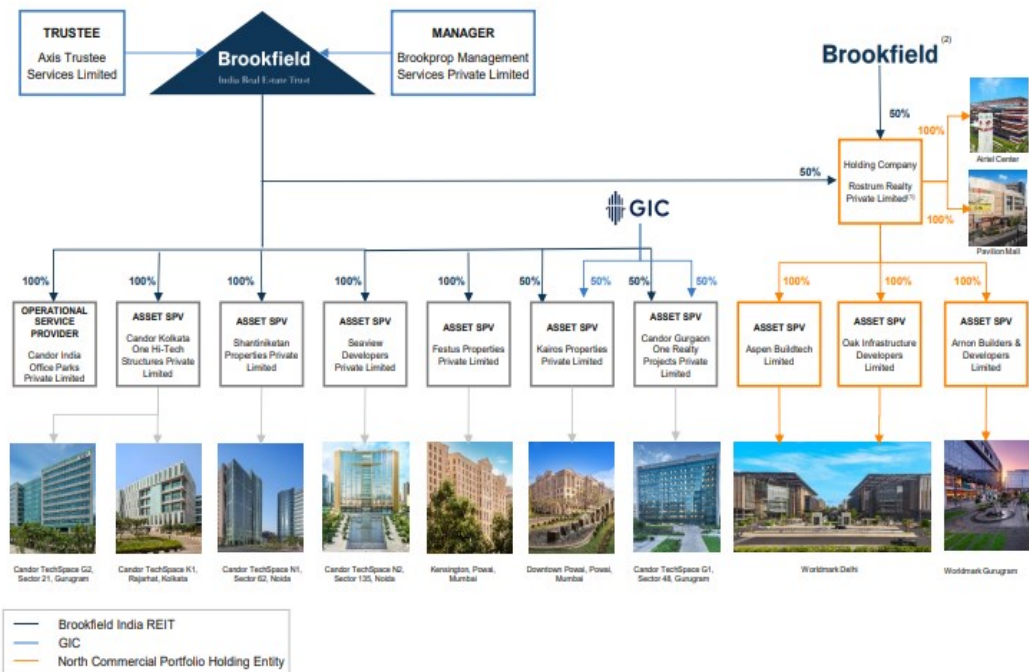
### Candor TechSpace N1, Noida



Source: Company, Geojit Research

Company Overview

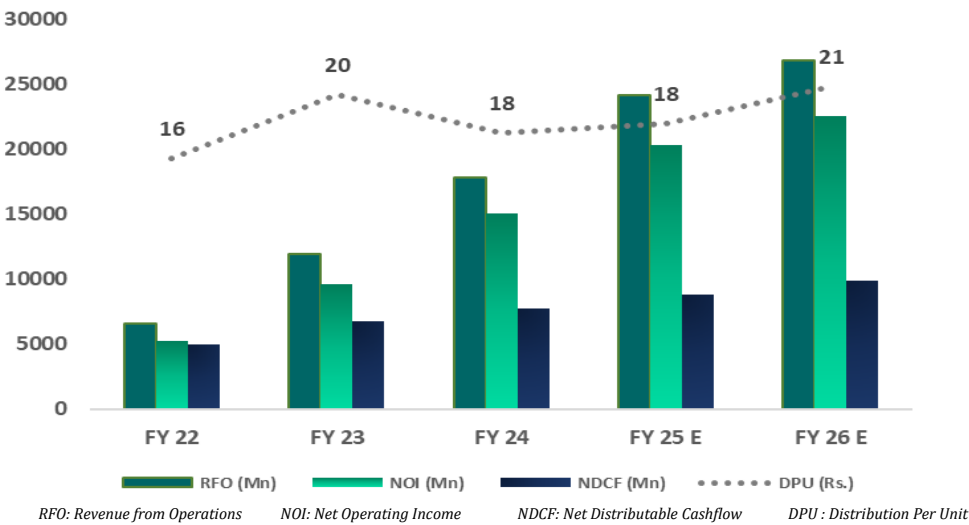
Brookfield India Real Estate Trust is an India-based commercial real estate vehicle. The investment trust's portfolio consists of commercial assets located in Mumbai, Gurgaon, Noida and Kolkata. The sponsor of Brookfield REIT is BSREP V1, with Axis Trustee Services Limited acting as the trustee and Brookprop Management Services Private Limited appointed as the manager for Brookfield REIT.



(1) Two of the portfolio assets Airtel Center & Pavilion Mall are held by Rostrum Realty Private Limited.  
(2) Held by Brookfield Group.

Source: Company, Geojit Research

Distributions to recover in FY26E



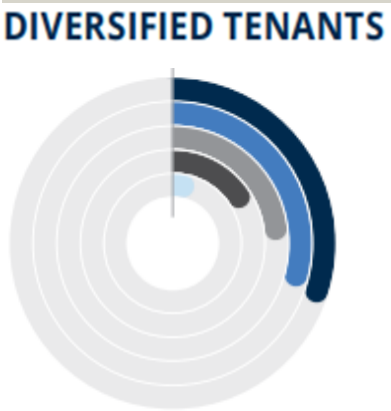
Source: Geojit Research

Key Risks

- Leverage and Refinancing Risks:** While the Embassy operates at high leverage, refinancing the NCDs and other borrowing on time at reasonable interest rates remains a key concern.
- Interest Rate Fluctuations:** An increase in the interest rate could increase the finance cost and thus impact the margins negatively. Any reduction in interest rate will have a positive impact.
- Slowdown in Economy:** Any slowdown in the overall economy leads to decreased economic activities and thus lower occupancies.
- Regulatory Changes:** REIT is a new concept in India, and it's highly regulated. Changes in government policies or regulations related to real estate and REITs can impact the performance of the REIT.



Source: Company, Geojit Research



- 29% Technology
- 23% Financial Services
- 15% Consulting
- 3% Technology Hardware
- 30% Others

Source: Company, Geojit Research



Source: Company, Geojit Research

## Investment Rationale...

### Strong Base, Competitions underway...

Commercial Portfolio		Leasable Area (msf)			WALE	Occupancy	In-place Rent
	Location	Completed	Under Const.	Total	(Yrs)	%	(psf / mth)
Commercials							
Downtown Powai	Mumbai	4.3	0	4.3	6.3	90	₹ 149
Candor TechSpace G1	Gurugram	3.7	0.1	3.8	6.8	69	₹ 75
Candor TechSpace G2	Gurugram	3.9	0.2	4.1	8.3	76	₹ 84
Candor TechSpace N1	Noida	2.0	0.9	2.8	8.4	97	₹ 54
Candor TechSpace N2	Noida	3.8	0.8	4.6	8.1	78	₹ 58
Candor TechSpace K1	Kolkata	3.2	2.7	5.9	8.2	88	₹ 46
Total		20.9	4.6	25.5	7.6	82	₹ 84

- ◆ **Commercial Space:** Brookfield REIT operates at ~20.9msf of completed leasable area, and additional completions in properties N1, N2, and G1 are expected in Q2FY25. Management expects a capex of Rs.205cr. for the upcoming and ongoing projects. Additionally, in these properties, Downtown Powai contributes ~27% of the revenue, and G1 and G2 contribute ~17% each.
- ◆ **Leasing:** In FY24, Brookfield REIT achieved gross leasing of 3msf, comprising 1.1msf of renewals and 1.9msf of new leases. This renewal occurred at a spread of 16% with an average.
- ◆ **Occupancy:** As of FY24, physical occupancy was at 82, down by ~200 basis points. Committed occupancy stands at ~87%, expecting the occupancy to pick up in the coming years. While the Weighted Average Lease Expiry (WALE) also showed a slight dip to 7.6 years from 7.9 during the period.

### Quality Portfolio

	Tenant Name	Industry	% Gross Contracted Rentals	% Leased Area
◆ Brookfield Trust has a well quality and diversified portfolio in terms of companies and sectors, minimizing its default risk and exhibiting higher probabilities for long term contracts.	TCS	Technology	9%	10%
	Accenture	Consulting	8%	9%
	Cognizant	Technology	5%	8%
	Capgemini	Technology	4%	5%
	Deloitte	Consulting	3%	2%
	L&T Hydrocarbon	Oil and gas	3%	2%
	RBS	BFSI	3%	3%
	Crisil Ltd	BFSI	3%	1%
	A Leading International Bank	BFSI	3%	1%
	Nomura	BFSI	2%	1%
◆ Trust's major occupier is TCS, contributing ~10% of its total space, followed by Accenture ~9%. Also the technology and BFSI sectors occupy the majority share.	Total		42%	41%

Source: Company, Geojit Research

### Commercials : Steady FY25, soaring FY26

Particulars (In cr.)	FY22A	FY23A	FY24A	FY25E	FY26E
Total Completed Area	14	14	21	24	26
Leased Area	12	13	18	19	20
Occupancy	87%	89%	87%	78%	78%
Revenue from Operations	6,577	11,970	17,805	24,146	26,868
Growth	570%	82%	49%	36%	11%
Net Operating Income (NOI)	5,262	9,608	15,062	20,335	22,535
NOI Margin	80%	80%	85%	84%	84%

- ◆ Revenue is expected to surge ~36% in FY25 on the back of an additional ~3msf operational area, which will also lead to a slight dip in occupancy in the near term. However, occupancy is expected to pick up gradually.
- ◆ Brookfield enjoys higher NOI margins comparatively. It has shown ~431bps improvement in FY24, and it is expected to stabilize at ~84% in FY25 and FY26.



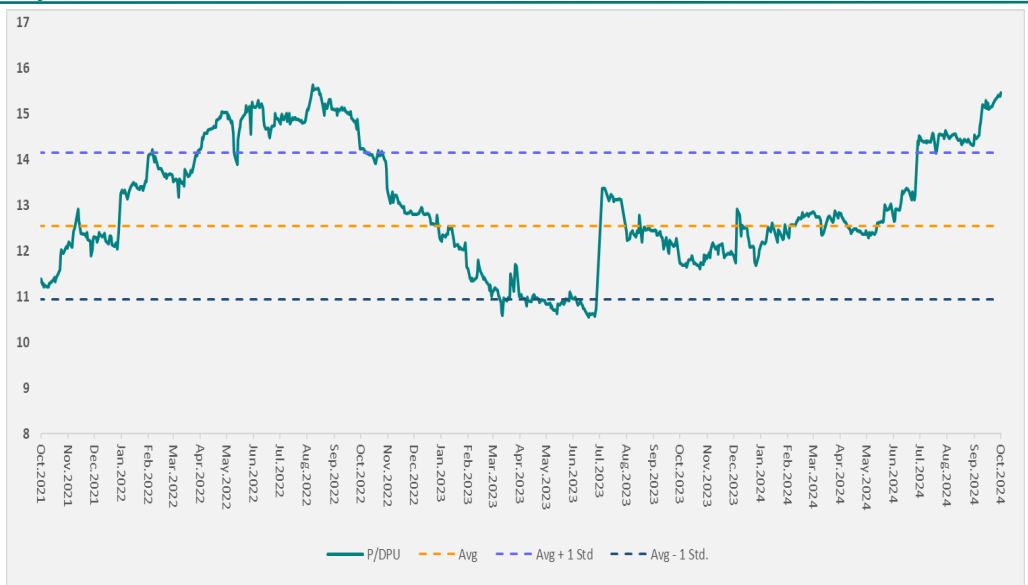
### Distribution to pick up in FY26E....

Particulars (In Mn.)	FY22A	FY23A	FY24A	FY25E	FY26E
Revenue from Operations (SPV Level)	6,577	11,970	17,805	24,146	26,868
Net Operating Income ( NOI )	5,262	9,608	15,062	20,335	22,535
NOI Margin	80%	80%	85%	84%	84%
EBITDA ((SPV Level)	5,140	9,352	14,876	20,017	22,191
EBITDA Margin	78%	78%	84%	83%	83%
NDCF ( SPV Level )	18,278	7,780	9,129	8,785	10,195
Distributions from SPVs to Trust	19,056	7,668	9,426	8,647	10,093
NDCF ( REIT Level )	4,939	6,786	7,705	8,816	9,922
Distribution from REIT	5,040	6,768	7,745	8,808	9,922
Distribution Per Unit (DPU)	16.1	20.2	17.7	18.3	20.7
DPU Yield	7%	7%	7%	7%	7%

\*FY22A does not includes the number for Q1FY22.

- ◆ Brookfield REIT has consistently achieved a pre-tax Distribution Per Unit (DPU) yield of ~7% over recent years. Projections indicate that this yield will exceed 7% in FY25 and FY26, at the current market price (CMP).
- ◆ The acquisition of the North commercial portfolio at Net Asset Value (NAV) is anticipated to positively impact long-term distributions. The company has provided guidance for a DPU of Rs. 18.5 (+/- Rs. 0.25) for FY25.
- ◆ While Brookfield is expected to maintain a flat distribution in FY25, recovery in distributions is projected for FY26, driven by strong upcoming completions and better distributions from the North commercial portfolio.

### 1 year Forward Price to DPU Chart



### Valuation

- ◆ Brookfield REIT currently trades at 15.5x Price to DPU, which is above its long term 1+ Std. Also, the stock is trading at 9% and 23% premium respectively, to its 1+ Std and Avg, respectively.
- ◆ We maintain a positive outlook on Real Estate Investment Trusts (REITs) in India, driven by strong leasing activity from Global Capability Centres (GCCs), increased economic growth, and favourable government policies.
- ◆ Considering the upcoming completions and the recent NAV-accretive acquisition of assets, supported by better occupancies and rental escalations, **we assign a ACCUMULATE rating to Brookfield REIT based 14.5x June 2026E DPU, with a target price of Rs. 311.**

Expected Returns (FY26)	(%)
Dividend Yield (NTM)	6
Capital Appreciation	8
<b>Total Return</b>	<b>14</b>

Consolidated Financials

PROFIT & LOSS

Y.E March (Rs cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Sales	877	1,197	1,780	2,415	2,687
% change	570	37	49	36	11
EBITDA	618	816	1,253	1,715	1,894
% change	632	32	54	37	10
Depreciation	208	275	411	420	429
EBIT	410	540	842	1,295	1,465
Interest	208	432	852	1,124	1,147
Other Income	22	32	74	78	89
PBT	224	140	64	249	407
% change	1,232	-37	-54	286	64
Tax	-22	9	68	61	102
Tax Rate (%)	-10	7	106	25	25
Reported PAT	246	131	-4	185	305
Adj.*	1	1	0	3	2
Adj. PAT	246	131	-4	186	305
% change	807	-47	-103	-4,914	64
No. of units (cr)	34	34	44	48	48
Adj EPS (Rs)	8	4	0	5	7
% change	791	-51	-91	1,304	52
DPU (Rs)	16	20	18	18	21
% change	-	25	-12	3	13

BALANCE SHEET

Y.E March (Rs cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	255	258	500	622	708
Account Receivable	22	52	73	88	105
Inventories	0	0	0	0	0
Other Cur. Assets	98	110	170	172	182
Investments	0	0	0	0	0
Gross Fixed Assets	13,873	14,062	24,926	26,515	26,701
Net Fixed Assets	13,457	13,424	23,878	24,863	24,638
CWIP	175	122	120	446	619
Intangible Assets	0	0	0	0	0
Def. Tax (Net)	376	369	462	454	454
Other Assets	403	306	409	431	438
Total Assets	14,786	14,641	25,612	27,076	27,143
Current Liabilities	111	153	213	241	269
Provisions	539	584	988	1,117	1,269
Debt Funds	5,166	5,452	12,007	12,420	12,593
Other Liabilities	89	118	143	214	273
Equity Capital	8,987	8,656	10,910	12,028	12,028
Reserves & Surplus	-105	-322	1,351	1,056	710
Shareholder's Fund	8,882	8,334	12,261	13,084	12,738
Total Liabilities	14,786	14,641	25,612	27,076	27,143
BVPS	265	249	279	298	290

CASH FLOW

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
Net inc. + Depn.	433	416	475	645	836
Non-cash adj.	0	0	0	0	0
Other adjustments	164	418	805	1,056	1,046
Changes in W.C	10	89	153	108	17
C.F. Operation	606	922	1,433	1,809	1,899
Capital exp.	-1,417	-95	-2,160	-523	-383
Change in inv.	14	17	15	30	0
Other invest.CF	0	0	0	0	0
C.F - Investment	-1,403	-78	-2,144	-493	-383
Issue of equity	495	0	2,305	0	0
Issue/repay debt	-778	-467	-4,478	-782	-778
Dividends paid	-515	-680	-733	-873	-992
Other finance.CF	1,465	309	3,662	461	341
C.F - Finance	667	-838	756	-1,194	-1,430
Chg. in cash	-130	5	45	122	86
Closing cash	204	210	370	492	578

RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
Profitab & Return					
EBITDA margin (%)	70.5	68.1	70.4	71.0	70.5
Net profit mgn.(%)	28.1	11.0	-0.2	7.7	11.4
ROE (%)	2.8	1.6	0.0	1.4	2.4
ROCE (%)	2.9	3.9	3.5	5.1	5.8
W.C & Liquidity					
Receivables (days)	9.4	15.7	15.0	13.4	14.2
Inventory (days)	0.0	0.0	0.0	0.0	0.0
Payables (days)	90.0	62.7	72.2	67.7	72.6
Current ratio (x)	3.4	2.7	3.5	3.7	3.7
Quick ratio (x)	2.5	2.0	2.7	2.9	3.0
Turnover & Leverage					
Net debt to fixed asset (x)	0.4	0.4	0.5	0.5	0.5
Total asset T.O (x)	0.1	0.1	0.1	0.1	0.1
Int. covge. ratio (x)	2.0	1.2	1.0	1.2	1.3
Adj. debt/equity (x)	0.6	0.6	0.9	0.9	0.9
Valuation					
P/FFO (x)	18.2	24.1	26.1	20.6	17.0
EV/EBITDA (x)	23.4	16.9	17.9	13.3	12.1
P/E (x)	35.8	65.3	721.5	13.6	12.1
P/BV (x)	1.1	1.0	0.9	0.8	0.9



Recommendation summary (Last 3 Years)

Dates	Rating	Target
08.Oct.24	Accumulate	311



Source: Bloomberg, Geojit Research.

Investment 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:**  
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