

May 24, 2024

Brookfield India Real Estate Trust: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Issuer Rating	-	-	[ICRA]AAA (Stable); outstanding
Commercial Paper	1250.0	1250.0	[ICRA]A1+; outstanding
Total	1250.0	1250.0	

*Instrument details are provided in Annexure-I

Rationale

While assigning the ratings, ICRA has undertaken a consolidated financial analysis of Brookfield India Real Estate Trust (BIRET) and its 7 special purpose vehicles (SPVs) namely –Candor Gurgaon One Realty Projects Private Limited (CGORPPL), Candor India Office Parks Private Limited (CIOPPL), Candor Kolkata One Hi-Tech Structures Private Limited (CKOHSPL), Festus Properties Private Limited (FPPL), Kairos Property Private Limited (KPPL), Seaview Developers Private Limited (SDPL), Shantiniketan Properties Private Limited (SPPL). There are seven commercial office assets under six SPVs and one operational service provider (CIOPPL).

Material Event

On May 16, 2024, Brookfield India Real Estate Trust (BIRET) announced the plans to acquire 50% stake in 3.3 million square feet (msf) commercial portfolio located in Delhi-NCR from Bharti Group for a total equity consideration of ~Rs. 1228 crore which will be paid through a preferential issue. The remaining 50% will be continued to be held by Brookfield Group. The proposed acquisition is subject to unitholder approval whose meeting will be held on June 14, 2024, post which BIRET plans to complete the acquisition by end of June 2024.

Impact of Material Event

The assets under proposed acquisition comprise of 3.3 million sft in Worldmark (Delhi), Airtel Center (Gurugram), Worldmark Gurugram and Pavilion Mall (Ludhiana) operating at an occupancy of 91% (on consolidated basis) as of March 2024. This transaction is expected to result in an increase of BIRET's operational area by 16% to 24.2 msf from 20.9 msf, improvement in overall committed occupancy to 82.5% from existing 82%, decrease in the tenant concentration with share of top 5 declining to 24% from existing 30%. However, post-acquisition, the net Loan to Value (LTV) of BIRET is expected to increase to ~35.6% from existing 34.3% as the proposed assets have a higher LTV of ~52%. Since, the LTV post-acquisition is well within the negative trigger threshold of 40%, ICRA expects there is no impact of the material event on the company. Further, the management intends to keep the LTV in the range of 30-33% in the medium term supported by an equity raise.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position and Rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Real Estate Investment Trusts (REIT)
Parent/Group support	NA

Consolidation/Standalone

For arriving at the ratings, ICRA has consolidated the financials of BIRET and its subsidiaries (as mentioned in Annexure II)

About the company

BIRET is registered under SEBI's REIT Regulations, 2014 on September 14, 2020, in Mumbai. It is incorporated as a registered trust and listed through a public issue of units. It was India's third commercial office REIT which was listed on February 16, 2021. Post listing, BIRET has acquired three assets held by three SPVs – N2 (100%) in February 2022 and G1 (50%) and downtown, Powai (50%) in August 2023. As of March 2024, BIRET has total of six SPVs holding seven assets and one operational service provider with total operational area of 20.9 msf. It owns 100% of four SPVs and 50% of two SPVs with the remaining 50% stake at SPV level held by affiliates of GIC.

Key financial indicators (audited)

Consolidated (in Rs. crore)	FY2023	FY2024
Operating income	1,198.6	1783.3
PAT	131.2	-3.9
OPBDIT/OI	68.2%	70.2%
PAT/OI	10.9%	-0.2%
Total outside liabilities/Tangible net worth (times)	0.7	1.1
Total debt/OPBDIT (times)	6.7	9.6
Interest coverage (times)	1.9	1.5

Source: BIRET, ICRA Research PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as on Dec 31, 2023 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022
				May 24, 2024	Mar 21, 2024	Dec 22, 2023		
1 Issuer rating	Long term	--	--	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)	[ICRA] AAA (Stable)		
2 Commercial paper	Short term	1250.0	714.9	[ICRA] A1+	[ICRA]A1+	--		

Complexity level of the rated instruments

Instrument	Complexity Indicator
Issuer rating	Not Applicable
Commercial paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or

complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Issuer rating	NA	NA	NA	--	[ICRA]AAA (Stable)
INE0FDU14014	Commercial paper	Aug 17, 2023	NA	Aug 16, 2024	750.00	[ICRA]A1+
INE0FDU14022	Commercial paper	Apr 29, 2024	NA	March 14, 2025	200.00	[ICRA]A1+
NA	Proposed commercial paper*	NA	NA	NA	300.00	[ICRA]A1+

Source: Company; *yet to be placed

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Brookfield India Real Estate Trust	100% (Rated Entity)	Full Consolidation
Candor Kolkata One Hi-Tech Structures Private Limited	100%	Full Consolidation
Shantiniketan Properties Private Limited	100%	Full Consolidation
Seaview Developers Private Limited	100%	Full Consolidation
Festus Properties Private Limited	100%	Full Consolidation
Candor India Office Parks Private Limited	100%	Full Consolidation
Candor Gurgaon One Realty Projects Private Limited	50%	Full Consolidation
Kairos Properties Managers Private Limited	50%	Full Consolidation

Source: BIRET, ICRA Research

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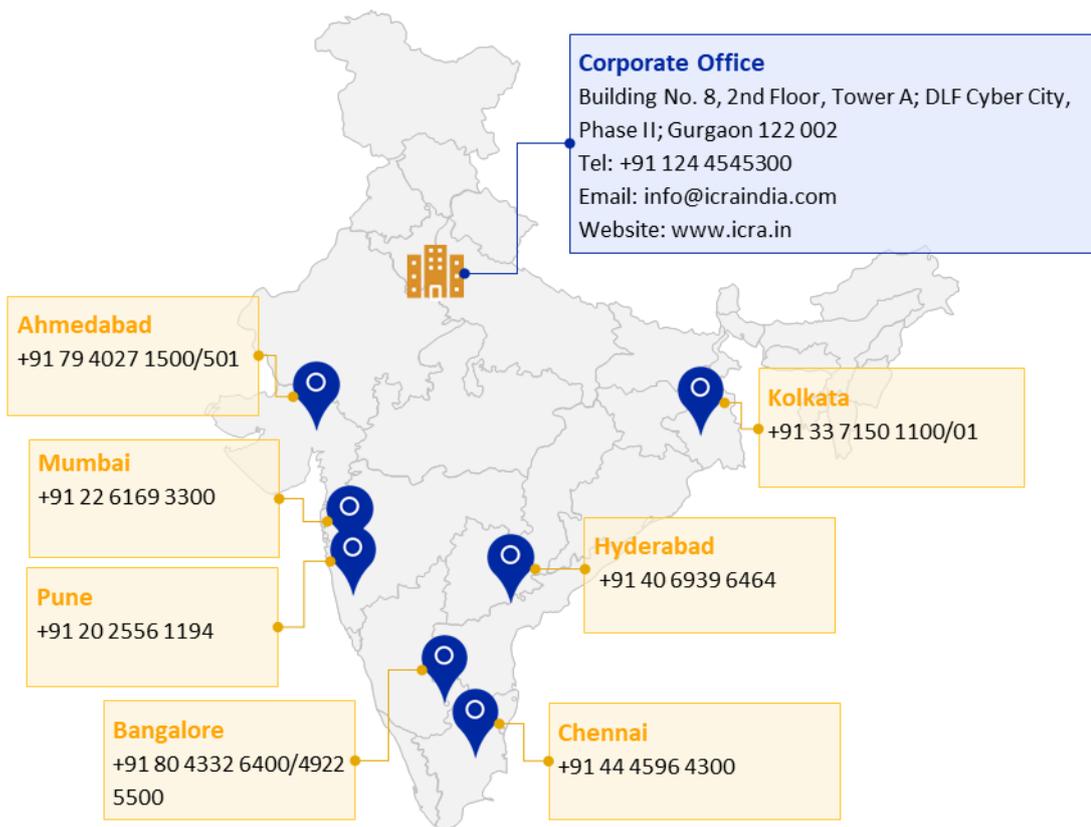
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