"Mindspace Business Parks REIT
Earnings Call for Q1 FY27 Financial Results"

August 06, 2026

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Moderator: 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. 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 would 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 of time. I would now like to welcome our CEO and MD, Mr. Ramesh Nair; CFO, Ms. Preeti Chheda, and Mr. Govardhan Gedela, Head 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 the call to Ramesh.

Ramesh Nair: 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 acquisition 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 Rs.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, 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. Happy to also announce that we are 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 are adding another 0.4 million square feet of office in commerce zone Yerawada where we have a vacancy of only 54,000 square feet. 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 One Radial™. We have already signed a deal at 87 at One Radial™ and are currently in 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 a global BFSI GCC.

Coming to Madhapur, rentals continue to trend upward. We have been negotiating deals at almost 130 as of last quarter. The average rent of the park is Rs.80 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 as we build and enhance our existing portfolio.

Now I would like to share highlights from various IPC 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 15 plus years. The CBRE report talked about how gross office absorption reached a record 45.5 million square feet, 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 constitute around 30% of the stock. I would 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-1 cities. The city has 400 plus GCC units, employing 2.1 lakh plus professionals, demand supply ratio of 1.8x, the healthiest among South India's major office markets, meaning new supply is backed by real absorption, not just speculation. Office rentals also in Chennai are nearly 20% below Bengaluru, which while remaining institutional grade, a durable cost to quality proposition for GCCs to scale up. Chennai also has the lowest attrition of any Tier-1 city. This means tenant workforces are stable and less likely to churn or downsize space. There is Rs.63,000 Crores of metro investment in Chennai, which is the highest among all Tier-1 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 landing point for six submarine cables, diversifying the demand base beyond traditional offers. All this augurs well for us given our growing interest in recent investments in this market. While the quarter started with some volatility it improved during the later half of the quarter, geopolitical tension in the Gulf and pressure on oil resulted in costs moving upward. In spite of that, on ground this was the strongest first half the Indian office market has ever recorded. The demand did not disappear, paused and now it is back. Global companies have come in demand for GCC grew close to 40%. A weaker rupee is also part of the story. For a Company earning in dollars, India has become more cheaper and as our infrastructure and talent have only improved. Mindspace Madhapur 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 these are essentially full. Out of the 68 buildings in our portfolio, 45 have an occupancy over 99%, 49 over 96% and 55 buildings over 90%.

Let us look at a little bit of our development update of our assets. In Airoli East, committed occupancy has risen to 84.5%. Upgrade work in buildings B1, 9, 10, 11, and 12 has made much progress and will conclude this quarter. Amongst other things, the lobbies will be a lot more sophisticated, functional, and suited to best-in-class parks across the country. Client feedback has also helped shape our infrastructure plans. We are building covered walkways across the park to create more comfortable connected experience for our occupiers. Foundation work, has commenced for Building B17, a 9 lakh square feet mixed use development. This comprises a 3 lakh square feet for a Hyatt Regency Hotel and a 6 lakh square feet office building. At Mindspace Airoli West, we have submitted plans to construct a new building spread across 1.1 million square feet we are calling this building, B12. Recent deals in Airoli are being signed at Rs.75 plus. This progress strengthens our confidence in Navi Mumbai's growth and our long-term plan for this micro market. As you are aware, Mindspace is the only Indian listed REIT with a data center portfolio, two data centers are already 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 pack spans nearly 10 million square feet and the occupancy levels are 99%. This just means 115,000 square feet of vacancy and Madhapur is operating at near full capacity. We have also begun trials at the Pearl Club, our flagship members only exclusive club, which will soon open for membership. 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 have applied for part OC this is the building which 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 Building B18, which is again pre-let for a Ritz Carlton, foundation work has begun and we have implemented precast construction technology. We are excited that we are pouring concrete in the supply-starved market, backed by confidence to build more.

In Pune, we renewed a 350,000 square feet lease at The Square, Nagar Road with a leading global fintech GCC, highlighting the strong occupier satisfaction and longstanding relationship we have built with our tenants. Separately, we have also purchased 52,000 square feet in Commerzone Yerawada, taking the total acquisitions in the park during the one year to 140,000 square feet. On the client's central city front, in Q1, we continue to strengthen tenant engagement through various B2C activities under the IP Mindspace Delightful Days. Our Hyderabad assets cleared the British Safety Council Fire Safety Audit for 2026. We have also been pushing carpooling hard in all our campuses. Our EV charging network is live across all our Hyderabad assets and we are ensuring greener mobility is built in. On the people front, happy to share that Mindspace REIT has been recognized amongst the 100 Great Places To Work. This is an outcome of our people first policies.

On the ESG and sustainability front, we closed FY26 GRESB assessment, published our FY26 ESG report and secured BRSR Code Assurance. Happy to share that we have been accepted as a UN Global Compact participant, reaffirming our commitment to its ten principles on human rights, labour, environment and anti-corruption. Seven buildings across Commerzone Yerawada and Kharadi have earned WELL Gold certification. Mindspace Madhapur Building B8 achieved WiredScore Platinum, recognizing best-in-class digital connectivity and smart infrastructure. In partnership with Navi Mumbai Municipal Corporation and Project Mumbai, a plastic and e-waste recyclothon engaged employees, tenants, and the local community through multiple initiatives this quarter.

Let us 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 are strategically investing in AI to strengthen operational efficiency, regulatory compliance, and investor communications. We are not chasing technology but solving real business problems. These initiatives reduce manual effort, minimize errors and free our teams from high value strategic work. On the financial side, we have automated rent roll data conversion into leasing cash flow numbers. We are validating our filings against all REIT regulations before publishing, catching errors, and regulatory gaps early. On legal and compliance, we have deployed an AI platform for document review and regulatory analysis. We automated our quarterly SEBI compliance validation. The system now flags what is required and what is 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 have been tracking that the 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 of talent and real estate continues. We believe AI will increase demand for higher value human work, not less office demand. Companies still need teams collaborating, innovating, managing clients, making decisions and training younger talent. All these activities are office intense. 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 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 where 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 offices. Companies will concentrate talent into better workplaces that attract and retain top performers. Flight to quality could accelerate. We are 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 have been beneficiaries of this with 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 on August 7th, Mindspace REIT completes six years since listing. Six years of building trust with our unit holders, six years of disciplined growth, resilient occupancy, and a portfolio that keeps getting stronger. We have grown into one of India's leading office REITs and we have 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 will now hand it over to Preeti for further financial updates of the quarter.

Preeti Chheda: 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 escalation, strong rental growth have all helped a like-to-like NOI for a Q1 FY27 growth of 16.2% Y-o-Y. Our overall Q1 FY27 NOI which has grown 27.8% year-on-year to Rs. 7,880 million. Revenue from operations for Q1 FY2027 increased by 26.4% Y-o-Y to Rs. 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 seven consecutive quarters. In fact, this quarter, our distribution saw a strong growth of 25% Y-o-Y. This translated to a DPU of 6.67 per unit, a growth of 15.2% Y-o-Y. On a like-to-like basis as well, the DPU grew 15.6% Y-o-Y. Our portfolio in place rent today stands at Rs.81 per square foot per month with a healthy mark-to-market opportunity of almost 20% providing visibility for future rental growth. It is 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 six 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, etc. 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 10.2 million square feet, which together with vacant area leasing, contractual escalations, MTM rental growth, shall add almost Rs.17 billion to Rs.18 billion to our NOI in the next three 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, at the same time keeping our LTV at comfortable levels. Our LTV, as on June 2026 was almost 30% post recent acquisitions. Our cost of debt remained largely flat sequentially at 7.42% p.a.p.m. We may see some increase in funding costs depending on how the macroeconomic and interest rate environment evolves over the coming quarters. You would have seen the recent tax bill proposing amendments to certain REIT tax provision, which has a very positive development for REITs. The proposal enables REITs to move to 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 attractiveness of this instrument. Also, permitting carry forward of MAT credits 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 six years demonstrated healthy long-term returns. A total unit holder return CAGR of 15.9% over the last six years reflects Mindspace REITs ability to generate healthy long-term returns for its unit holders. We shall work to maximize returns for our investors with efficient management of operating assets, right development strategies, upgrade programs which make our assets preferred choice for our tenants, optimal capital structure and a robust governance structure. With this, I hand over the call to the operator to open the floor for questions.

Moderator: 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 to two 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 will wait for a few minutes until the question queue assembles. We are taking our first question now from Karan Khanna of Ambit Capital. Karan, please go ahead.

Karan Khanna: Thanks for the opportunity and just a couple of questions from my side. Firstly, Ramesh, in a recent interview you spoke about GCCs offering stable income visibility as well as longer tenures, so given that context can you talk a bit more about GCC contribution in your revenue mix and more importantly absolute rental per square feet how is that different for GCCs versus non-GCCs and how has that change the WALE across your portfolio? And as a follow up amid all that is going on in West Asia how are incremental trends that you are seeing in terms of interactions and deal closure specifically with your MNC tenants?

Ramesh Nair: So today, GCC's current contribute around 53.2% of our rentals. We also looked at third party IT services. We realized that foreign MNCs today have close to 18% of our rentals. Within the 18% foreign MNC, around 9% is IT services and within the domestic Indian MNCs of around 26%, in that again 9%, so 9% of foreign third-party IT services and 9% of Indian IT services that is around 18% of IT services this used to be late 20s, mid 20s, two to three years back, so, that has kind of come down. So, for us, we have been big beneficiaries of Hyderabad being the most sought after GCC destination. In the last two years, every data point which has come up, all the IPC reports, various NASSCOM reports show that in a year at least 100 new GCCs enter the market and nearly 46% of them have chosen Hyderabad, so again, we have benefited there given all the supply we had there. The very fact that both are under construction buildings, B1 1.5 million square feet fully pre-leased to one GCC and B8 which is again pre-leased to four GCCs, so, that is on our portfolio. On the West Asia, the war front, April was a little slow because people were not traveling, decisions were not being taken, but that kind of changed from May onwards it is kind of back to normal. A lot of people who had slowed down decisions in April kind of came back and closed those deals in May and June. There were a few discussions around a little bit of cautious capex deployment, that is also now behind us, whatever little slowdown we saw in decision making is behind us. We saw a little bit of cost increase around 6.5%, is what our procurement teams tell me, with most of the cost increase coming from RMC, tiles, marbles, and paints.

Karan Khanna: Sure and then secondly, Ramesh, if you look at, the kind of leasing traction that we have seen over the past year to year-and-a-half, in addition to GCCs, I think two 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, that Chalet owns and 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 to the coworking players, so if you can talk a bit about both the hotels and coworking in terms of the IRRs and the lease terms and when you think about future expansion, say in Chennai, would you also look to scale up hotels in this market and in terms of all your expansion in hotels, be it through Chalet itself or will you be looking to partner with other hospitality players as well?

Ramesh Nair: From a leasing traction point of view, flex last quarter I was reading various IPC reports, 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 to flex players. Two to three things on 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. We have already been doing fitted out deals for our clients for many years. So there is no big rocket science 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 five hotels which we already have in the portfolio this will be close to 1,150 keys. We have a very good relationship with Chalet Hotels. All these deals are done at arm's length, fully evaluated by various independent valuers and consultants. We are open to doing deals with other players also. Hotel opportunity in Chennai we still need to evaluate this.

Karan Khanna: Sure, so I have one more follow up for Preeti, but I will come back in the queue for that.

Moderator: Thank you so much Karan. We are taking a next question now from Deep Shah of 360 One Capital. Deep, would you like to go ahead, please?

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

Ramesh Nair: Yes, Deep, you would have heard of those land deals, which the government auctioned at Rs.150 Crores and Rs.240 Crores an acre, these are all land parcels, which are like less than two minutes away from our park, so that market is seeing that kind of traction today, given the demand. To your question with regards to new deals happening, we are closing one at Rs.132 now, some of our older buildings we are getting rentals of around Rs.115, if we are able to upgrade many of the newly upgraded buildings we believe will fetch even more. So, like I mentioned, our current average rental throughout the park is Rs.80 and whenever any tenant comes up for expiry we believe we should be able to go to those kind of numbers ranging from Rs.110 to around Rs.132.

Deep Shah: Right. This is interesting. The second question is, on our recent acquisitions. So, the first one among those, The Square 110, Financial District building, now that we have decided to lease to Chalet Hotel there, there is very little space left there, right is this understanding correct? and the follow-up would be that the rentals would start by when for this space and if I can just continue at Pallikaranai and Radial how should we think about occupancy, so last quarter Pallikaranai was 70%, now it is 74% what is the idea here, the idea here is to maximize rent, the idea here is to fill up some space, maybe say at 80% to 85% and then maximize rent, if you could lay out some strategy as to how should we think about occupancy? That is all from my side. Thank you.

Ramesh Nair: So Deep, this deal with Chalet Hotels is 260,000 square feet which means one full tower gets leased in The Square 110, Financial District. The other tower will still have around 100,000 odd square feet vacant, for which we are seeing some good amount of enquiries given that the other micro market, Madhapur, institutional vacancy rates 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 Rs.2 to Rs.3, so that is going to be our strategy. So, today ready space vacancy is around 14.5 lakh square feet, 11 lakhs at One Radial™ and 3.5 lakhs at Commerzone Pallikaranai. We have very active enquiries. I spoke about where a global BFSI GCC is talking to us for nearly 450,000 square feet, there is another Japanese bank which is talking to us for 100,000 square feet, another engineering firm talking to us for 100,000 square feet, a global big four consulting talking to us for 250,000 square feet. There are many enquiries and the team has kept a sheet in front of me that there are 14 enquiries right now in the market and we are reasonably confident this vacant space of 14.5 lakh square feet in both these parks will get leased by end of this financial year.

Deep Shah: Great Ramesh, thank you so much and all the best.

Moderator: Thank you so much Deep. We have our next participant Murtuza Arsiwalla of Kotak. Murtaza, please go ahead.

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

Ramesh Nair: So whenever we do any deal with Chalet Hotels, it is always based on market rentals and the amount of construction costs we incur. If it is nearly Rs.4,500 kind of construction cost we charge them an office rental, if it is lesser construction specs because they have their own specs then we charge on a proportionate basis lesser rentals. We also believe that there are so many extra benefits we get in a park by doing a hotel deal. The overall halo effect we get from the overall premiumization of the entire park. Today GCCs, there are so many visitors who keep traveling from across the world who all want to have a hotel close by. F&B from hotels help us, they need meeting rooms and training rooms and entire vibrancy of the park goes up. So multiple advantages we get as office tenants by having a hotel in the park.

Murtuza Arsiwalla: Fair and second, Preeti, a question for you. Now that we have got the government passed the amendment on the tax could you just clarify how does Mindspace's taxation sort of get impacted or otherwise because of the most recent amendment?

Preeti Chheda: Right. So I think that is an extremely welcome reform, in fact, we have been representing to the government for the last couple of months for this. So two things happen. Firstly, it enables us to move to the new tax regime, so today all our SPVs were in the old regime where we were paying taxes between 29% to 35%, the SPVs which had turnover more than Rs.400 Crores were all on 35% tax, so most of the SPVs, especially all the larger ones are at Rs.400 Crores plus, so, therefore, they were all on 35% tax, so, they all move now to, of course, this is all subject to when we move to the new tax regime, so it moves to 28.6% as has been proposed, so, that is a big saving I would say for Mindspace REIT. Second is, now while this overall is a very positive impact for us, it has not been very material, which is allowing carry forward of MAT credit. We do not have too much MAT credit accumulated, but whatever little we have we will be able to carry that forward in the new tax regime, but otherwise I think both of these are extremely positive development for REITs in general.

Murtuza Arsiwalla: Wow, absolutely clear that dividends will remain exempt in the hands of the platform.

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

Murtuza Arsiwalla: Fantastic. Thank you so much, Preeti.

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

Yashas Gilganchi: Good afternoon, team. Thank you for taking my questions. Just building on something a colleague of mine just asked a while earlier. I understand that economic occupancy was down over the quarter as you expanded completely 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 the portfolio level. Say, at what level do you expect to be at the end of this financial year and 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 maybe even through FY29?

Ramesh Nair: So in terms of occupancy, right now without adding our acquisitions, we are at 95.8%. We believe by end of this year, we will come closer to around 97% given the traction which we are seeing in the Chennai market. The other markets you all know that we do not have much space available in Pune or in Madhapur like I mentioned in my opening speech. In-place rentals where every market we start seeing the market kind of rentals go up and one interesting thing which I started seeing in the last month or so is companies like JLL today are coming out with relevant stock and relevant vacancy data. We always used to track this 950 million square feet data and say vacancy is 15%, but when we start looking at relevant vacancy, it drops down to 9%, 8%, and 7% in all these markets, which 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, like I mentioned, comfortably doing deals 120, 130 kind of numbers. So we definitely believe in all these markets, rentals will go up. Although our strategy obviously is not to lose any client with high rentals, so we still will do the deals and get our occupancies up.

Yashas Gilganchi: That is clear. And with approximately 58% of your debt expiring through FY2029, how would you expect your debt composition to change, especially given the volatility in the markets today? Would you expect to lock in a bigger portion of your debt fixed rates?

Preeti Chheda: So I think that will depend on, which are the deals coming our way. So we are today at about 60% fixed cost rate at the REIT level and 40% is variable. I would say for the last couple of months, we actually got into a scenario where variable cost was cheaper than the fixed cost rate. So at that point in time, it made sense to lock in more of a variable cost rate than fixed cost, but I think as we move along, we will have to keep a watch on the interest rate and if interest rates are actually cooling off, then obviously it makes sense to lock for a fixed cost. So we will keep our strategy flexible to just see what is the most optimum thing for us to do, but as I said, we will keep playing between variable and fixed depending on which is giving us better terms, but overall, I would say, as I highlighted even last time, 60% to 75% fixed cost debt is what we would want to achieve and then keep 20% to 25% flexible for us to keep playing around.

Yashas Gilganchi: Understood. Thank you very much.

Moderator: Thank you, Yashas. We will take our next question now from the line of Pritesh Sheth of Axis Capital. Pritesh, please unmute your microphone.

Pritesh Sheth: So thanks for the opportunity. First question on the pre-leasing that we have done in Hyderabad assets, the upcoming ones, what are the rentals that we have clocked there considering that, now we are talking about 110 to 130, but just wanted to understand what are the rentals for those pre-leased portion? Second question is on the gap in terms of distribution? I mean, I think since last six to eight quarters our NDCF is not equal to what we are distributing and this quarter, I think the NDCF from SPV to REIT is, there is a gap of around Rs.20 Crores, so just want to understand the reason for that and how should we think about the trajectory going forward?

Ramesh Nair: So Hyderabad, with the office buildings, we have a total of close to 32 lakh square feet. That is 15 lakhs in one building and 17 lakhs in the other. We started leasing around one to one and a half years back at around the Rs.82 mark and we have done deals at multiple points Rs.110, Rs.115, Rs.128 and the last deal is close to Rs.132. So, that is the range in which we have done the deals.

Preeti Chheda: So, particularly for this quarter, you would see some amount getting retained for two to three reasons. The first is in Q-City, which is the acquisition which we did last year same time, there we are not able to pull out cash till of course we sort out the structure because it is a cash positive entity and since there is no debt, we have not been able to do ROC and then because it has accumulated losses, we are not able to pull out dividends. We are already working on a cap reduction and other structuring options to see how we pull out. So that is one reason why some NDCF has remained at the SPV level. Second is mainly I would say we have consciously kept aside some money. Not that there is any immediate plan, but for any kind of unforeseen working capital movements, etc., which sometimes become difficult to predict, we have kept aside small amount, not anything material, but that has been one reason. Similarly, for this quarter also you will see about Rs.30 Crores odd has not been distributed. That is again a mix of Q-City, Mack Soft which is the SPV, and also some working capital that we want to keep aside. So broadly, that is the reason.

Pritesh Sheth: Got it. So even going forward as well, we should assume like 97% to get distributed rather than 100%?

Preeti Chheda: Yes, I would say anywhere around similar numbers 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, but by and large, I would say about anywhere between 96% to 97%, we have continuously distributed for the last two years and should continue to do so.

Pritesh Sheth: Sure, perfect and just on Hyderabad again, sorry. So average, for these pre-leased, area 32 lakh should be Rs.100 to Rs.110 on an average?

Ramesh Nair: We will do a calculation and come back to you. It should be around that.

Pritesh Sheth: Sure, sure and just on these new developments that we have announced, especially on Airoli West, this is a vacant land we had or we are doing some redevelopment there?

Ramesh Nair: This was a vacant land, yes. So this is, like I mentioned, our occupancy in that park is 98% plus. There is no space available. All the tenants who are there have, some of them have expansion plans. Some of them have definitely have been asking us is we had any space there so that that was the logic we had some excess land where we are building this asset.

Pritesh Sheth: Sure and the Pune one is in which asset sorry I could not recollect?

Ramesh Nair: So, Pune is in Commerzone Yerawada where we are putting up a 400,000 feet office building and this will be a best-in-class office tower.

Pritesh Sheth: Sure, got it. Perfect then. Thanks. That is it from my side and all the best.

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

Parvez Qazi: Good evening. Thanks for taking my question and congratulations for a great set of numbers. So a couple of questions from my side. First, the new developments that we have announced, two offices and two new hotels, by when do we expect construction to start there?

Ramesh Nair: So the first hotel, which is in Hyderabad, this is an existing structure, which needs to be kind of repurposed for a hotel. So that work starts immediately. So that is on track. Our Navi Mumbai, 1.1 million square feet at Airoli West, we have submitted plans for both the MIDC and MoEF. MIDC is expected in the next three odd months and three months from there we will get the MoEF approval and from that time onwards we are looking at around two and a half to three years to finish the building. So, Pune again we have just got the approvals for both those. So, we will be starting construction immediately.

Parvez Qazi: Sure and ballpark the cost of all these will be closer to about Rs.1,300 odd Crores would that be a fair assessment?

Ramesh Nair: So it depends again on the different types of construction costs which we are going to be incurring. Right now, the calculation is between Rs.1,000 Crores to Rs.1,050 Crores.

Parvez Qazi: Sure and lastly, you mentioned we are in talks with the global BFSI GCC for a 0.45 MSF area. Is this in Chennai or some place else?

Ramesh Nair: Yes, this is in Chennai.

Parvez Qazi: Sure. So, then the last question is overall across Pallikaranai and One Radial™, we have about 1.75 million square feet yet to be leased. What is your estimate by when, let us say, we can move to maybe 90% occupancy across both these assets?

Ramesh Nair: So, like I said, Parvez, we have around 14.5 lakh to 15 lakh square feet vacant across both these parks and by end of this year, which is March 31, 2027, we are reasonably confident that we should be closer to the 100% mark.

Parvez Qazi: Great and all the best for future.

Moderator: Thanks Parvez. We have Jatin Kalra of Bank of America with this question now. Jatin, please go ahead.

Jatin Kalra: Hi Ramesh. Hi Preeti. Congrats on the quarter. Most of my questions have been answered. I just have one for Preeti. Preeti, from the 4.7 million square feet deliveries that we have, around H2 FY27 and end of FY27, that would probably give you around Rs. 5 billion to 6 billion of additional NOI? I just want to understand against that, when those assets get under completed area, how much of incremental interest cost can we expect to flow in? Just a ballpark number would be helpful.

Preeti Chheda: So all of this is funded out of debt itself and these completions will happen between, I would say, mid of this year, so say around October to March. So, you will have some part of interest which will flow for second half of the year and remaining part will move to next year because all the interest will come only when we are capitalizing these assets. So, part capitalization will happen say in Q3 and then part capitalization will move to next financial year. So, I would say approximately 50% of the construction cost capitalized in this year and therefore interest for half the year, then balance you can push through the next year.

Jatin Kalra: Understood. Got it. Very clear. All the best. Thank you so much.

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

Karan Khanna: Yes, thanks for the follow up. Just one question, Preeti. If we look at other expenses this quarter, it has seen a steep 30% plus jump Y-o-Y. Can you help explain what has driven such a sharp increase in other expenses and if you look at the write offs, almost Rs.15 Crores assets were written off during the quarter, so what does that pertain to and are you expecting higher write offs going forward as well?

Preeti Chheda: Which particular expense are you talking of? Which line are you looking at?

Karan Khanna: I am looking at write offs which was Rs.15 Crores?

Preeti Chheda: So some of these write offs are generally in relation to some assets. So what happens is whenever we are doing upgrades to our parks, so we decapitalize the existing assets and as and when the upgrades are complete, the new capitalization happens. So this is pretty much I would say routine. So whenever you are doing upgrades the recapitalizations happen. So I think that is part and parcel. Now, of course, that number you cannot predict because it depends on what we upgrade and when we upgrade but otherwise most of it is that and then of course not this time but in future if you are doing any redevelopment then to the extent of written down value of that asset which we are bringing down that gets charged off to P&L. So you have seen that in the past so in future I would say since you are asking me what else can come in future whenever we are doing any redevelopment then the residual value which is in books for that asset that will be written off.

Karan Khanna: Sure and then lastly, Ramesh, both Yerawada and Airoli East have seen a strong growth this quarter in terms of occupancies, but if you look at The Square in Pune, occupancies are still hovering around the 62% mark? So what is the outlook here in terms of exit occupancies for FY27?

Ramesh Nair: You are talking of Square in Hyderabad or Square in Pune? Square in Pune is 100%.

Karan Khanna: And Hyderabad is?

Ramesh Nair: And Hyderabad is where we have just this hotel deal of 260,000 square feet and the balance we have around 100,000 odd square feet vacant.

Karan Khanna: Great, that is helpful.

Moderator: Thank you Karan. We will take our next question now from Chandrabhan Johan. Chandrabhan, would you like to go ahead and unmute your microphone please?

Chandrabhan Johan: Thank you so much. So I have a question that, what is going to be the impact in terms of percentage on the distribution because of new regulation that has come up related to taxation and dividend? And second thing is that, so this will be having any impact on NAV as well because higher WACC calculation, higher WACC is going to be there because of lower taxation due to moving of SPVs into new tax regime, so these two questions?

Preeti Chheda: So I think we need to still assess how much will be the impact on NDCF. We will come back to you all separately on that. But all I would say, it is definitely positive because as I said, most of our SPVs were in the higher tax bracket of 35%, so from 35% to 28.6%, that is going to be a considerable saving. So we will come back to you with that exact number, but on the second bit.

Govardhan Gedela: So when it comes to MAT credits, if MAT credits are utilizable, generally they are calculated as assets and it helps the valuation, but we do not have too many MAT credits, so the impact is not very material. For the NAV computation format that SEBI has said, any MAT credits are treated as deferred tax assets in the computation. So, that helps, but like Preeti mentioned earlier, that number is not significant.

Preeti Chheda: Yes. So, just to answer your question, we do not see much of impact on NAV because of this, but of course, NDCF will have a positive impact.

Chandrabhan Johan: Got it thanks.

Moderator: Thank you, Chandrabhan. 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: Yes, thanks. So 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 are any other projects likely to be affected?

Ramesh Nair: Yashas, this could be basically one quarter here and there, which is typical of getting OCs and part OC and all that. So it is nothing much from what we thought many of these projects would finish earlier. Our construction & engineering teams have done a superb job and finishing the buildings earlier. One of the reasons we decided for Building B18 in Hyderabad, to do precast again, is it will help us save six to seven months. So one month here and there, I will not be very worried in a project of this size.

Yashas Gilganchi: Got it. That is clear. Thank you.

Moderator: 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. So ladies and gentlemen, we do not have any more questions. As there are no further questions here on behalf of Mindspace Business Parks REIT that concludes today's conference call. Thank you all for joining us and you can now click on the leave icon to exit the meeting. Thank you all for your participation.