

Mindspace Business Parks REIT

Price Band ₹ 274-275

July 24, 2020

Mindspace Business Parks REIT (Mindspace) owns a quality office portfolio located in four key office markets of India. The portfolio has a total leasable area of 29.5 million square feet (msf) and is one of the largest Grade-A office portfolios in India (Source: C&W Report). The portfolio comprises 23.0 msf of completed area, 2.8 msf of under construction area and 3.6 msf of future development area, as of March 31, 2020. The trust intends to use a combination of rent commencement from leased out space, which is contracted and has not generated rental income for the full year, contractual rent escalations, lease-up of vacant area, re-leasing at market rents and on-campus development of existing business parks to continue the growth of the portfolio. The portfolio's NOI is projected to grow 59.2% over the projection period (FY23 over FY20), primarily due to these factors.

Portfolio with significant scale

Its assets are distinguished by its scale as well as infrastructure and are strategically positioned in locations with strong tenant demand. It further benefits from proximity and connectivity to major business, social and transportation hubs. Some of the business parks are among the largest in their respective portfolio markets – for instance, Mindspace Madhapur and Mindspace Airoli East with a total leasable area of 10.6 msf and 6.8 msf, respectively, are the largest parks in their respective portfolio markets.

Stable cash flows, strong growth potential

The asset portfolio is stabilised with 92.0% committed occupancy (240 bps higher than portfolio markets) and 96.5% same store committed occupancy, as of March 31, 2020. It has demonstrated strong growth over the last three fiscal years, with 7.6 msf of total leasing – with 4.6 msf of new area leased and 3.0 msf of existing area re-leased at a re-leasing spread of 28.9%. The total market value of the portfolio, which comprises market value of the portfolio and the facility management division, as of March 31, 2020, as per the valuer is ₹ 23,675.1 crore.

Diversified, quality tenant base with long-standing relationships

As of March 31, 2020, the trust had 172 tenants, with a weighted average lease expiry (WALE) of 5.8 years, which provide stability to the portfolio. The tenant base is well-diversified with no single tenant contributing more than 7.7% of gross contracted rentals, as of March 31, 2020. In terms of gross contracted rentals, as of March 31, 2020, ~84.9% is attributable to multinational corporations and ~39.4% to Fortune 500 companies.

Key risk & concerns

- The Covid-19 pandemic adversely affects the business, financial condition, results of operations, cash flows, liquidity & performance, and may reduce demand for commercial real estate, in future
- The formation transactions, ROFO arrangement and the management framework of the portfolio will be given effect to after the bid/offer closing date. Any inability to consummate transactions in relation to management of the portfolio, ROFO arrangement and formation transactions will impact the offer and ability to complete the offer within the anticipated time frame or at all
- Regulatory framework governing REITs in India has been recently promulgated and is relatively untested

UNRATED



Particulars

Issue Details

Issue Opens	July 27, 2020
Issue Closes	July 29, 2020
Issue Size*	₹4500 crore
Fresh Issue	₹1000 crore
Price Band (₹)	274-275
No. of share on offer	16.4 crore
Minimum Lot Size	200

*including allocation to Strategic Investors of ₹ 1,125 Cr

Shareholding

	Pre-issue	Post Issue
KRC Group	85%	65%
Blackstone	15%	10%
Public	-	25%

Objects of issue

Object	₹crore
Debt Repayment	900
Purchase of NCRPS of MBPPL	33.4
General Corporate Purposes	

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Mindspace REIT background

Mindspace REIT was settled on November 18, 2019 at Mumbai, Maharashtra, India as a contributory determinate irrevocable trust under the provisions of the Indian Trusts Act, 1882, pursuant to a trust deed dated November 18, 2019.

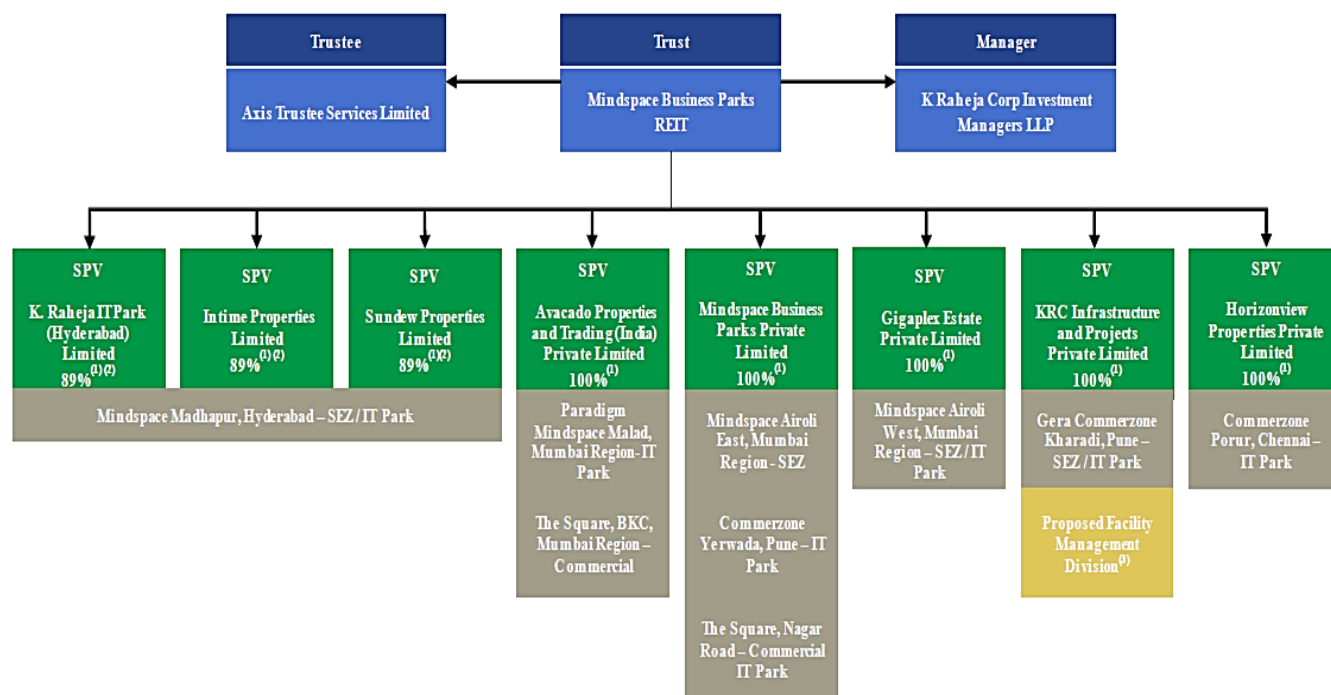
- CTL and ACL are sponsors of Mindspace REIT. Both sponsors are LLPs, forming part of the KRC group, which is one of India's leading real estate development and retail business groups, with experience of over four decades in developing and operating assets across commercial, hospitality, retail, malls and residential segments
- K Raheja Corp Investment Managers LLP (held by Ravi C Raheja and Neel C Raheja, as partners) has been appointed as the 'Manager' to Mindspace REIT; and
- Axis Trustee Services Ltd has been appointed as the 'Trustee' to Mindspace REIT

The trust own a quality office portfolio in four key office markets of India. The portfolio has total leasable area of 29.5 million msf and is one of the largest Grade-A office portfolios in India (Source: C&W Report). The portfolio comprises 23.0 msf of completed area, 2.8 msf of under construction area and 3.6 msf of future development area, as of March 31, 2020. The portfolio has five integrated business parks with superior infrastructure and amenities (such as restaurants, crèches and outdoor sports arenas) and five quality independent offices.

The trust believes the Portfolio is well positioned to achieve further organic growth through a combination of rent commencement from leased out space, which is contracted, as of March 31, 2020, and has not generated rental income for the full year in FY20, contractual rent escalations, lease-up of vacant space, re-leasing at market rents (considering the market rent across portfolio, they expect to realise mark to market of ~22.6% above the average in-place rent, as of March 31, 2020), and new construction within the portfolio to accommodate tenant demand. The portfolio's NOI is projected to grow by 59.2% over the projection period, primarily due to these factors.

Exhibit 1: REIT structure

Proposed Mindspace REIT Structure



Source: RHP, ICICI Direct Research

Exhibit 2: Portfolio assets detail

Portfolio Assets	Type of Assets	Leasable Area (m ² sf)	Committed Occupancy (%)	WALE (Years)	Revenue from Operations (FY20) (₹ crore)	Market Value (₹ crore)	% of total Market Value
Mumbai Region		12.1	86.5%	5.7	660.0	9,202.2	38.9%
Mindspace Airoli East	Business Park	6.8	98.0%	4.8	356.9	4,310.7	18.2%
Mindspace Airoli West	Business Park	4.5	72.3%	8.1	226.9	3,520.5	14.9%
Paradigm Mindspace Malad	Independent Office	0.7	93.8%	3.3	76.2	940.9	4.0%
The Square, BKC	Independent Office	0.1	-	-	-	430.2	1.8%
Hyderabad		11.6	97.4%	5.5	623.7	9,057.0	38.3%
Mindspace Madhapur	Business Park	10.6	97.6%	5.6	610.7	8,758.5	37.0%
Mindspace Pocharam	Independent Office	1.0	92.4%	2.9	13.0	298.4	1.3%
Pune		5.0	90.0%	7.0	482.3	4,268.1	18.0%
Commerzone Yerwada	Business Park	1.7	99.9%	5.6	161.1	1,910.0	8.1%
Gera Commerzone Kharadi	Business Park	2.6	71.3%	10.9	229.6	1,548.6	6.5%
The Square, Nagar Road	Independent Office	0.7	100.0%	5.5	91.6	809.4	3.4%
Chennai		0.8	-	-	-	594.6	2.5%
Commerzone Porur	Independent Office	0.8	-	-	-	594.6	2.5%
Facility Management Division						553.2	2.3%
Total		29.5	92.0%	5.8	1,766.0	23,675.1	100.0%

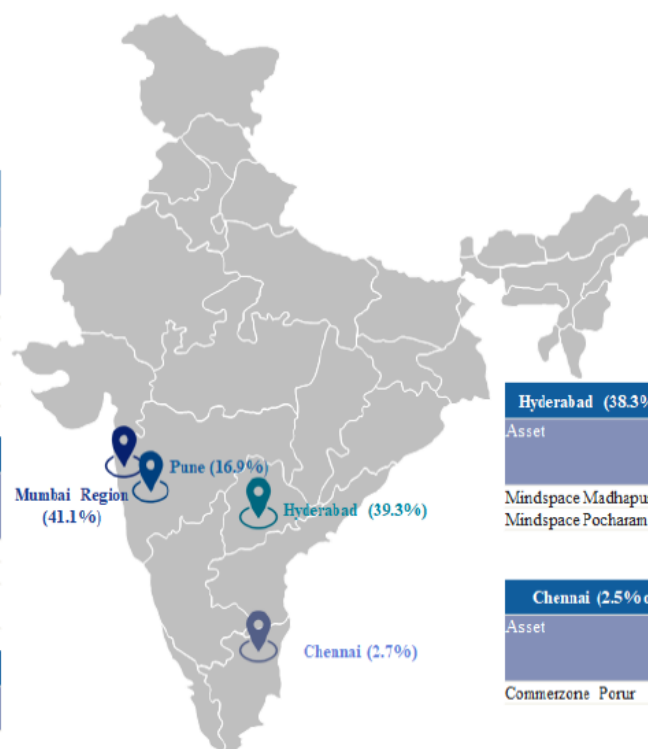
Source: RHP, ICICI Direct Research

Exhibit 3: Portfolio asset geographical spread

Mumbai Region (38.9% of Total Market Value)		
Asset	Total Leasable Area (msf)	% of Market Value
Mindspace Airoli East	6.8	18.2%
Mindspace Airoli West	4.5	14.9%
Paradigm Mindspace Malad	0.7	4.0%
The Square, BKC	0.1	1.8%

Pune (18.0% of Total Market Value)		
Asset	Total Leasable Area (msf)	% of Market Value
Commerzone Yerwada	1.7	8.1%
The Square, Nagar Road	0.7	3.4%
Gera Commerzone Kharadi	2.6	6.5%

Others (2.3% of Total Market Value)	
Asset	% of Market Value
Facility Management Division	2.3%



Hyderabad (38.3% of Total Market Value)		
Asset	Total Leasable Area (msf)	% of Market Value
Mindspace Madhapur	10.6	37.0%
Mindspace Pocharam	1.0	1.3%

Chennai (2.5% of Total Market Value)		
Asset	Total Leasable Area (msf)	% of Market Value
Commerzone Porur	0.8	2.5%

Source: RHP, ICICI Direct Research

Key assets in Mindspace REIT's portfolio

Mindspace Madhapur, Hyderabad

Mindspace Madhapur is a Grade-A, Business Park in Hyderabad. The asset is located in the Madhapur micro-market, the largest office micro-market in Hyderabad, with excellent physical infrastructure and direct connectivity to the airport and other parts of the city via rail and road network. (Source: C&W Report).

The asset is situated on 97.2 acres of land and is the largest business park in Hyderabad. (Source: C&W Report) As of March 31, 2020, the asset has 10.6 msf of total leasable area, comprising 9.9 msf of completed area, 0.1 msf of under construction area and 0.5 msf of future development area. As of March 31, 2020, Mindspace Madhapur had 88 tenants including Qualcomm, BA Continuum, Verizon, Amazon, Accenture and Pegasystems. Its top 10 tenants accounted for 56.6% of its gross contracted rentals.

Mindspace Airoli East, Mumbai Region

Mindspace Airoli East is a Grade-A business park, which is strategically located on Thane-Belapur Road within Navi Mumbai, near Airoli Railway Station and in close proximity to the upcoming international airport. (Source: C&W Report).

The asset is situated on 50.1 acres of land and is the largest business park in the Mumbai region. (Source: C&W Report) Pursuant to a memorandum of understanding (MoU) entered into with a KRC group entity, 1.8 acres of land is proposed to be transferred subject to receipt of all requisite prior approvals, permits, and consents from the relevant authorities. As of March 31, 2020, the asset has 6.8 msf of total leasable area, comprising 4.7 msf of completed area and 2.1 msf of future development area. As of March 31, 2020, Mindspace Airoli East had 29 tenants including, Accenture, Syntel, Wipro, EClux, Inventurus and Gebbs. Its top 10 tenants accounted for 87.3% of its gross contracted rentals, as of March 31, 2020.

Mindspace Airoli West, Mumbai Region

Mindspace Airoli West is a Grade-A business park, located on the Thane-Belapur Road within Navi Mumbai and in proximity to Airoli Railway Station and the upcoming international airport. (Source: C&W Report).

The asset is situated on 50.0 acres of land. Pursuant to a memorandum of understanding entered into with a KRC group entity, 16.4 acres of land is proposed to be transferred subject to conditions as specified in the MoU. As of March 31, 2020, the asset has 4.5 msf of total leasable area (which comprises 3.5 msf of completed area and 1.0 msf of under construction area). As of March 31, 2020, Mindspace Airoli West had 28 tenants including, Accenture, Capgemini, Axis, Here Sol, GeP, UBS, Atos India and IDFC. Its top 10 tenants accounted for 95.2% of its gross contracted rentals, as of March 31, 2020.

Commerzone Yerwada, Pune

Commerzone Yerwada is a Grade-A business park, which is strategically located within the Secondary Business District East micro-market of Pune, in proximity to the railway station, Pune International Airport and the upcoming metro station (Source: C&W Report).

The asset is situated on 25.7 acres of land and the trust's share of the total leasable area is 1.7 msf, as of March 31, 2020. The asset is currently 99.9% occupied by well-known technology, engineering and manufacturing and financial services tenants such as Schlumberger, UBS and BNY Mellon.

Gera Commerzone Kharadi, Pune

Gera Commerzone Kharadi is Grade-A asset located in Pune, Maharashtra. The asset is strategically within the secondary business district east micro-market of Pune, in proximity to the railway station, Pune International Airport and the upcoming metro station (Source: C&W Report).

The asset is situated on 25.8 acres of land and the trust's share of total leasable area is 2.6 msf, as of March 31, 2020. With respect to the portion of the land owned by the counterparty, KRC Infra is required to construct the buildings on such portions of land as per the works contract. As of March 31, 2020, Commerzone Kharadi had three tenants: Barclays, All State and a logistics company.

Paradigm Mindspace Malad, Mumbai Region

Paradigm Mindspace Malad is a Grade-A asset located in Malad-Goregaon micro-market of Mumbai Region. The micro-market has good social infrastructure and is in close proximity to residential areas, the upcoming metro as well as multiple suburban railway stations (Source: C&W Report).

The asset is situated on 4.2 acres of land with 0.7 msf of leasable area, as of March 31, 2020. As of March 31, 2020, Paradigm Mindspace Malad had 14 tenants including companies such as JP Morgan, Tech Mahindra, BA Continuum and Zibanka. Its top 10 tenants accounted for 99.1% of its gross contracted rentals, as of March 31, 2020.

The Square, Nagar Road, Pune

Paradigm The Square, Nagar Road is a Grade-A asset in Pune, Maharashtra, which is strategically within the secondary business district east micro-market of Pune, in proximity to the railway station, Pune International Airport and the upcoming metro station (Source: C&W Report).

The asset is situated on 10.1 acres of land and comprises two buildings totalling 0.7 msf of leasable area, as of March 31, 2020. One building has been an office premise since 2011, while the other was converted from a mall into office in 2017.

Additionally, a portion of the land in The Square, Nagar Road has been leased out to Maharashtra State Electricity Distribution Company Ltd for construction, maintenance and operation of an electrical transforming sub-station. As of March 31, 2020, The Square, Nagar Road houses four tenants, namely, Barclays, Fiserv, Amazon and PVR.

Commerzone Porur, Chennai

Commerzone Porur is an under construction asset in Chennai, Tamil Nadu. The asset is located in the south west Chennai micro-market, which is close to the central business district and the Chennai International Airport (Source: C&W Report).

The asset is situated on 6.0 acres of land and the trust's share of total leasable area is 0.8 msf, as of March 31, 2020. Horizonview (SPV) has entered into a development agreement with RPIL Signalling Systems Ltd for the purpose of construction of a Grade-A information technology park across 6.0 acres of land. Pursuant to this agreement, Horizonview is required to construct and hand over units of an agreed area to RPIL Signalling Systems Ltd in exchange for its share of the total leasable area.

The Square, BKC, Mumbai Region

The Square, BKC is a Grade-A city-centre office building located in the Bandra Kurla Complex (BKC). Acquired in August 2019, The Square, BKC is a commercial building situated on 0.9 acre of land and has a total leasable area of 0.1 msf, as of March 31, 2020.

Mindspace Pocharam, Hyderabad

Mindspace Pocharam is a Grade-A, independent office located in Hyderabad. It is located in the peripheral east micro-market (Source: C&W Report) and is situated on 66.5 acres of land. Pursuant to a MoU entered into with a KRC group entity, 40.0 acres of land is proposed to be transferred subject to conditions as specified in the MoU. As of March 31, 2020, the asset has 1.0 msf of total leasable area (which comprises 0.4 msf of completed area, 0.2 msf of under construction area and 0.4 msf of future development area).

Investment Rationale

Portfolio with significant scale

The trust's asset portfolio comprises five integrated business parks and five quality independent offices, totalling 29.5 msf of total leasable area, comprising 23.0 msf of completed area (of which 3.3 msf was achieved in FY20), 2.8 msf of under construction area and 3.6 msf of future development area, as of March 31, 2020.

The park infrastructure, amenities, environment-friendly initiatives and active asset management enable its tenants to provide their employees a safe and efficient working environment. This has resulted in committed occupancy of 92.0%, same store committed occupancy (that represents committed occupancy for the portfolio for areas where occupancy certificate was received on or before March 31, 2019) of 96.5%, and growth of in-place rent across portfolio to ₹ 51.8/sq feet, as of March 31, 2020. In addition, over the last five fiscal years, it has added 7.5 msf of area, of which 3.3 msf was added in FY20, which includes 1.2 msf in Mindspace Madhapur, 1.3 msf in Gera Commerzone Kharadi, 0.7 msf in Mindspace Airoli East and Mindspace Airoli West and 0.1 msf of The Square, BKC.

Its assets are distinguished by their scale and infrastructure, and are strategically positioned in locations with strong tenant demand. It further benefits from proximity and connectivity to major business, social and transportation hubs. Some of the business parks are among the largest in their respective portfolio markets – for instance, Mindspace Madhapur and Mindspace Airoli East with a total leasable area of 10.6 msf and 6.8 msf, respectively, are the largest parks in their respective portfolio markets. The scale of assets allows it to attract large, quality tenants and also positions them as the "landlord of choice" for large multinational clients who have a pan-India presence.

Portfolio with stable cash flows, strong growth potential

The asset portfolio is stabilised with 92.0% committed occupancy (240 bps higher than portfolio markets), 96.5% same store committed occupancy and a WALE of 5.8 years, as of March 31, 2020. It has demonstrated strong growth over the last three fiscal years, with 7.6 msf of total leasing – with 4.6 msf of new area leased and 3.0 msf of existing area re-leased at a re-leasing spread of 28.9%. In addition, over the same period, it has grown asset portfolio by ~4.8 msf primarily through on-campus development of business parks. The trust intends to use a combination of rent commencement from leased out space, which is contracted and has not generated rental income for the full year during FY20, contractual rent escalations, lease-up of vacant area, re-leasing at market rents and on-campus development of existing business parks to continue the growth of the portfolio.

Exhibit 4: Projected financials

₹ crore	FY2021	FY2022	FY2023
Revenue from operations	1714.1	2,108.0	2,402.3
% growth	10.6%	23.0%	14.0%
NOI	1348.7	1,707.4	1,951.4
% growth	10.0%	26.6%	14.3%
as % of Revenue from operations	78.7%	81.0%	81.2%
EBITDA	1373.3	1,551.2	1,764.3
as % of Revenue from operations	80.1%	73.6%	73.4%
as % of NOI	101.8%	90.9%	90.4%
Cash flow from operating activities	1225.5	1,482.2	1,615.0
Mindspace Business Parks Group NDCF	573.9	1,223.1	1,306.1

Source: RHP, ICICI Direct Research

Diversified, quality tenant base with long-standing relationships

As of March 31, 2020, the trust had 172 tenants, with a WALE of 5.8 years, which provide stability to the portfolio. The tenant base is well-diversified with no single tenant contributing more than 7.7% of gross contracted rentals, as of March 31, 2020. In terms of gross contracted rentals, as of March 31, 2020, ~84.9% is attributable to multinational corporations and ~39.4% to Fortune 500 companies. The tenant base comprises a mix of multinational and Indian corporates such as Accenture, Qualcomm, BA Continuum, JP Morgan, Amazon, Schlumberger, UBS, Capgemini, Facebook, Barclays and BNY Mellon, as on March 31, 2020. While tenants from the technology sector have traditionally comprised and continue to comprise largest tenant base, it has a diversified sectoral mix of tenants with increasing share of non –technology sector tenants by 1,020 bps over the last three fiscal years. The tenant base is well-diversified, with top 10 tenants contributing 41.6% of gross contracted rentals, as of March 31, 2020.

The scale of Portfolio and its presence across four key office markets of India, has allowed it to offer multi location options to the tenants. Out of 7.6 msf of area leased in the last three fiscal years, 58.8% was leased to existing tenants and 41.2% to new tenants.

Presence in office markets with strong absorption, low vacancy

The portfolio is located in four key office markets of India, viz. Mumbai Region, Hyderabad, Pune and Chennai. The portfolio markets benefit from robust transportation infrastructure and have exhibited strong underlying growth fundamentals such as economic and employment growth, educated workforce and favourable demand and supply trends. The portfolio markets are among the leading global markets, by absorption. According to C&W Report, 100.3 msf was leased in the portfolio markets between 2014 and Q1 2020, which is approximately equal to the combined leasing in eight leading overseas office markets including New York, Central London, San Francisco and Singapore. In addition, absorption for the portfolio markets is ~2.0x the combined absorption of San Francisco, Greater Los Angeles and New York over the same period, as indicated below.

Exhibit 5: Portfolio markets have strong absorption

Area (msf) leased between 2014 to Q1 2020

Mindspace REIT Markets		Leading Non-Indian Office Markets	
33.1 msf Hyderabad	29.4 msf Mumbai Region	31.7 msf New York	18.5 msf Munich
24.2 msf Pune	13.5 msf Chennai	14.4 msf Central London	12.9 msf Greater Los Angeles
		7.9 msf San Francisco	6.1 msf Singapore
		4.9 msf Hong Kong	5.3 msf Sydney

(Source: C&W Report)

Source: RHP, ICICI Direct Research

Business Update – Covid -19

Since all of the business and operations of the trust are located in India, the Covid-19 pandemic affects operations with majority of tenants limiting their operating staff and hours and others opting to work from home along with interruption in construction activities at under-construction sites due to the government directives to contain the spread of Covid-19. Furthermore, negative impact on the business and financial condition of some of the tenants and their ability to pay rent is likely.

While it did not face significant disruptions in its operations from Covid-19 during the financial year ended March 31, 2020 and collected 99.4% of the gross contracted rentals for March 2020, its properties were not fully occupied by the tenants for April and May 2020. As of May 31, 2020, committed occupancy of its portfolio was 92.4% and in-place rent across its portfolio was ₹ 52.5 psf. The portfolio derive 99.4% of its gross contracted rentals from leasing of office premises. It has not seen a significant decline in the rent receipts during these two months (they have collected 97.8% and 95.2% of its gross contracted rentals in April and May 2020, respectively).

Since April 1, 2020, they have leased 0.7 msf of area (of which 40.5% was leased to existing tenants and 59.5% was leased to new tenants) including pre-committed 42,567 sf of area in under-construction asset, Commerzone Porur. Also, they have not availed any deferments or moratoriums with respect to any of the financial commitments. However, the complete extent of pandemic's impact on the business and operations for the quarter ending June 30, 2020 and FY21 is currently uncertain and will depend on future developments, including the scope, severity and duration of the pandemic, the actions to contain Covid-19, and the direct and indirect economics of the pandemic and containment measures, among others.

Factors related to the Covid-19 pandemic, or a future pandemic, that could have an adverse impact on the financial condition, results of operations and cash flows, include:

- a complete or partial closure of, or other operational issues at, one or more of properties resulting from government or tenant action or otherwise;
- tenants' inability to pay rent on their leases, in part or full, or inability to re-lease space that is or becomes vacant, which inability, if extreme, could cause them to no longer be able to pay distributions at expected rates or at all in order to preserve liquidity
- requests from tenants to seek modifications of their obligations under the lease agreements, including rent concessions, deferrals or abatements;
- slowdown in getting lease commitments for new spaces at the assets due to economic slowdown and cost pressure faced by corporations globally, could affect the financial returns of the assets; inability to restructure or amend leases with certain tenants on favourable terms or at all;
- any impairment in value of properties that could be recorded as a result of weaker economic conditions;
- adaptations made by businesses in response to "stay-at-home" orders and future limitations on in-person work environments could lead to a sustained shift away from collective in-person work environments with a growing focus on the average monthly per-desk rentals for an office space and adversely affect the overall demand for office space across the portfolio over the long term;

Key risks and concerns

- The Covid-19 pandemic adversely affects the business, financial condition, results of operations, cash flows, liquidity and performance. It may reduce demand for commercial real estate in future
- The formation transactions, ROFO arrangement and the management framework of the portfolio will be given effect to after the bid/offer closing date. Any inability to consummate transactions in relation to management of the portfolio, ROFO arrangement and the formation transactions will impact the offer and ability to complete the offer within the anticipated time frame or at all
- The trust will assume liabilities in relation to the portfolio. These liabilities, if realised, may adversely affect the results of operations, cash flows, the trading price of the units and profitability and ability to make distributions
- Regulatory framework governing REITs in India has been recently promulgated and is relatively untested

Financial summary

Exhibit 6: Statement of Historical NOI

₹crore	FY18	FY19	FY20
Facility rentals	963	1,106.1	1,199.5
Maintenance services income	241	262.4	283.8
Revenue from works contract services	-	-	215.9
Revenue from power supply	46.1	50.6	52.7
Other operating income	13	12.5	14.1
Revenue from operations	1263.1	1,431.6	1,766.0
Property tax	36.5	50.8	37.1
Insurance	3	4.2	4.4
Maintenance service expenses	170.4	191.8	208.9
Cost of work contract services	-	-	214.0
Cost of materials sold	0.8	0.4	0.3
Cost of power purchased	55	61.7	68.3
Power – O&M expenses*	5.1	6.5	7.3
NOI	992.3	1,116.2	1,225.7
Other expenses**	206.5	102.9	114.1
Other income (including interest income)	239.1	248.1	260.2
EBITDA	1024.9	1,261.4	1,371.8
Margin (%)	81.1%	88.1%	77.7%

Source: RHP, ICICI Direct Research

Exhibit 6: Income Statement

₹crore	FY18	FY19	FY20
Revenue from operations	1263.1	1,431.6	1,766.0
Other income	239.1	248.1	260.2
Total Income	1502.2	1,679.7	2,026.2
Cost of work contract services	-	-	214.0
Cost of materials sold	0.8	0.4	0.3
Cost of power purchased	55	61.7	68.3
Employee benefits expense	3.9	4.4	6.8
Other expenses	417.6	351.8	365.0
Total Expenses	477.3	418.3	654.4
EBITDA	1024.9	1,261.4	1,371.8
Finance costs	468.8	446.2	511.4
Depreciation and amortisation expense	205.4	219.6	114.6
Profit before rate regulated activities and tax	350.7	595.6	745.8
Add : Regulatory income/ (expense) (net)	-1.9	7.0	1.4
Add : Regulatory income (net) of earlier years	3.0	4.7	4.6
Profit before tax	351.8	607.3	751.8
Tax expense	190.8	91.9	237.9
PAT before Minority Interest	161.0	515.4	513.9
Minority Interest	12.7	36.5	39.2
PAT after Minority Interest	148.3	478.9	474.7

Source: RHP, ICICI Direct Research

Financial summary

Exhibit 7: Balance Sheet

ASSETS			
Non-current assets	FY18	FY19	FY20
Property, plant and equipment	126.3	121.8	145.3
Capital work-in-progress	2.2	2.2	2.2
Investment property	3941.1	4,024.4	5,671.0
Investment property under construction	1402.6	1,905.9	1,772.4
Intangible assets	0.2	0.1	0.1
Investment in subsidiaries	0	-	-
Investments	0.6	0.9	1.8
Other financial assets	255.5	155.1	134.5
Deferred tax assets (net)	37.1	11.6	9.4
Non-current tax assets (net)	136.8	189.2	253.4
Other non-current assets	98.5	106.3	130.7
Total non-current assets	6000.9	6,517.5	8,120.8
Inventories	2.1	3.3	5.2
Trade receivables	36.8	30.1	36.2
Loans	2112.9	2,100.0	2,176.3
Cash and cash equivalents	20.7	27.5	220.9
Other bank balances	23.9	35.5	35.2
Other financial assets	241.8	393.9	576.3
Other current assets	30.5	24.7	40.5
Total current assets	2468.7	2,615.0	3,090.6
Regulatory deferral account - assets	4.2	11.2	11.0
Total assets	8473.8	9,143.7	11,222.4
Capital	50	50.0	50.0
Instruments entirely equity in nature	82.4	82.4	82.4
Other equity	1125	1,581.0	1,992.8
Equity attributable to controlling interest	1257.4	1,713.4	2,125.2
Non-controlling interest of Mindspace REIT	99.9	133.6	166.3
Total equity	1357.3	1,847.0	2,291.5
Borrowings	5255.5	5,620.9	6,356.9
Other financial liabilities	158.6	149.1	199.7
Provisions	0.5	0.8	0.9
Deferred tax liabilities (net)	184.2	151.3	278.8
Other non-current liabilities	229.1	27.8	60.1
Total non-current liabilities	5827.9	5,949.9	6,896.4
Current liabilities			
Borrowings	158.6	139.4	394.3
Trade payables	78.1	69.2	82.3
Other financial liabilities	986.4	970.0	1,475.1
Provisions	0	0.1	0.8
Other current liabilities	49.9	157.2	77.4
Total current liabilities	1273	1,335.9	2,029.9
Regulatory deferral account - liabilities	15.6	10.9	4.6
Total equity and liabilities	8473.8	9,143.7	11,222.4

Source: RHP, ICICI Direct Research

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Avoid: Do not apply for the IPO

Subscribe only for long term: Apply for the IPO only from a long term investment perspective



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