

BUY

TP: Rs 543 | ▲ 18%

**MINDSPACE BUSINESS
PARKS REIT**

| Real Estate

| 07 November 2025

Solid performance with runway for DPU growth

- MINDSPACE reported DPU of Rs 5.83 (+13.2% YoY), +14% above our estimates, driven by a non-recurring adjustment to working capital
- ~0.4msf was re-leased at spreads of ~28.1% (23.8% 4Y avg.) as demand for space in MINDSPACE's portfolio remained robust
- Committed occupancy improved to 92.1% (+240 bps YoY) and in-place rents increased to Rs 73.5psf/m (+4.4% YoY)

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MINDSPACE achieved NOI growth of +25.8% YoY that translated into Distributions growth of +16.3% YoY. Efficient management of the REIT's assets delivered consistent improvements in occupancy (89.3% as of 2Q26, +430bps YoY and +30bps QoQ) and in-place rents (Rs 73.5psf/m as of 2Q26, +4.4% YoY and +0.82% QoQ). The REIT has the highest committed occupancy amongst its peers (~90.7% peer average) and achieved the highest releasing spreads over 2Q26 amongst its peers (25.37% peer average). We expect the lease-up of vacant space, especially in Mindspace Airoli East and The Square 110 financial district to drive in-place rents higher, resulting in DPU growth of +12.4% over FY27E-28E.

Management's track record of execution of its strategic plan to pursue both organic and inorganic growth, is encouraging. Management stated that they continue to be in **pursuit of opportunities to acquire Grade A office spaces in an active market with narrowing bid-ask spreads.**

Over 2Q26, **MINDSPACE raised Rs 28,500mn via a combination of CPs and NCDs at effective rates lower than the REIT's avg. cost of debt** (7.52% as of 2Q26). We expect MINDSPACE to be well positioned to raise additional debt at competitive rates and drive avg. cost of debt lower (~7.46% peer average)

We expect growth in rental revenue to be driven mainly by, the lease-up of vacant space in MINDSPACE's portfolio with a potential upside of in-organic growth. We **retain BUY on MINDSPACE and adjust our 1Y TP upwards by +4.2% to Rs. 543** as we adjust for higher rents, lower interest expense and a slower ramp-up in occupancy. Our TP is based on a DPU multiple that has been adjusted to 18.04x (from 18.10x) for a slightly lower DPU growth of +12.4% (+13.0% previously) and a positive correlation between DPU growth rates and stock price, applied to 5Q-8Q DPU estimates (3Q27E-2Q28E).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	MINDSPACE IN/Rs 461
Market cap	US\$ 3.2bn
Free float	0%
3M ADV	US\$ 0.7mn
52wk high/low	Rs 475/Rs 354
Promoter/FPI/DII	0%/0%/0%

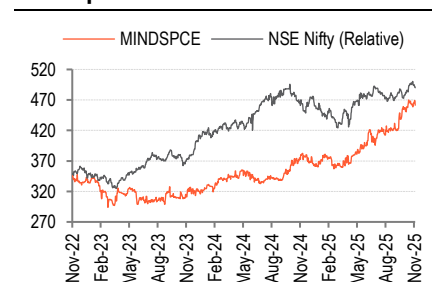
Source: NSE | Price as of 6 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	26,756	32,550	38,403
EBITDA (Rs mn)	19,682	24,454	28,914
Adj. net profit (Rs mn)	5,137	6,662	8,700
Adj. EPS (Rs)	7.8	10.3	13.6
Adj. ROAE (%)	3.5	4.8	6.7
Price/DPU	21.0	19.0	16.6
EV/EBITDA (x)	14.3	11.5	9.7
Adj. EPS growth (%)	(11.7)	31.4	32.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

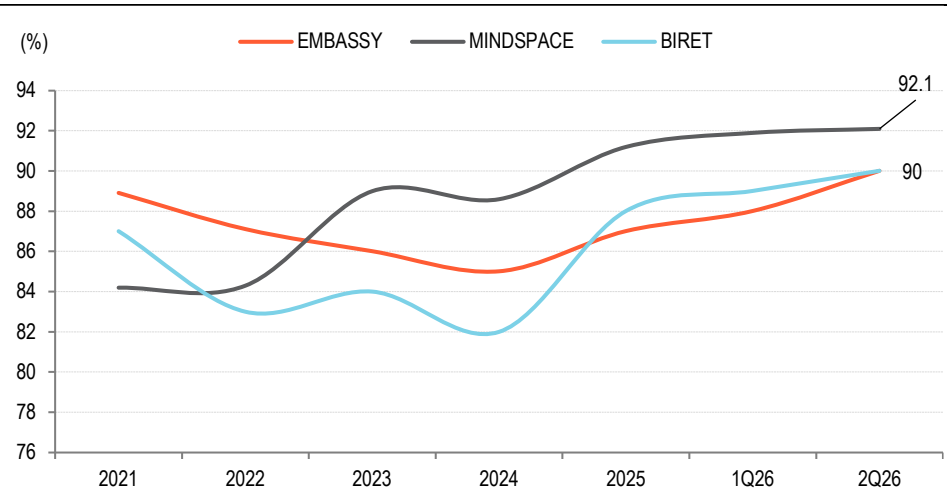


Operating Highlights

MINDSPACE achieved gross leasing of 0.8msf (~62% YoY) of which, 0.4msf (-33% YoY) was released at spreads of 28.1% (+30bps YoY). Average rents of Rs 76psf/m were achieved on new and vacant spaces leased, pushing portfolio in-place rents to ~Rs 73.5psf/m (+4.4% YoY). With the lowest in-place rents amongst peers (Rs 88.17psf/m), we believe that significant upside to rents exists as MINDSPACE continues to operate its assets under management efficiently.

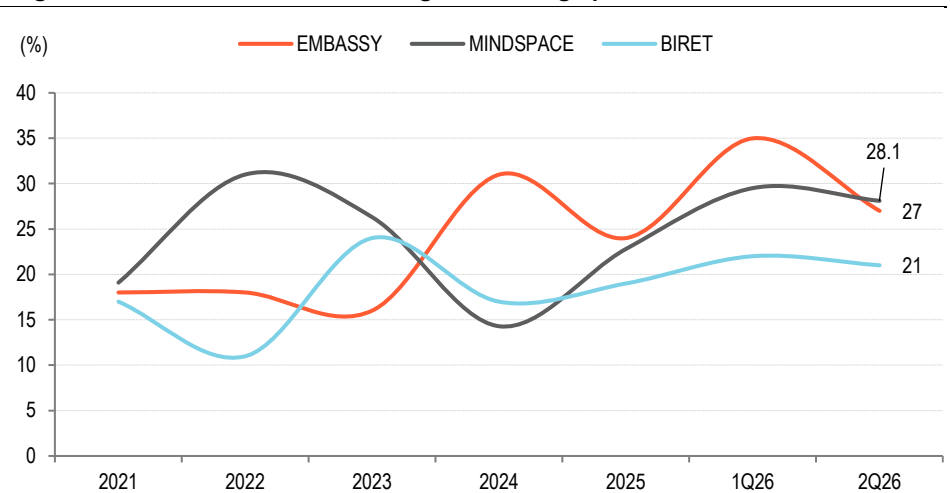
Committed occupancy of 92.1% (+240bps YoY and + 20bps QoQ) was achieved despite the inclusion of the recently acquired The Square 110 financial district in Hyderabad (committed occupancy of 66.4%). We expect the lease-up of vacant space to drive annualised revenue growth of +16.9% over FY26E-28E.

Fig 1 – MINDSPACE continues to have the highest committed occupancy

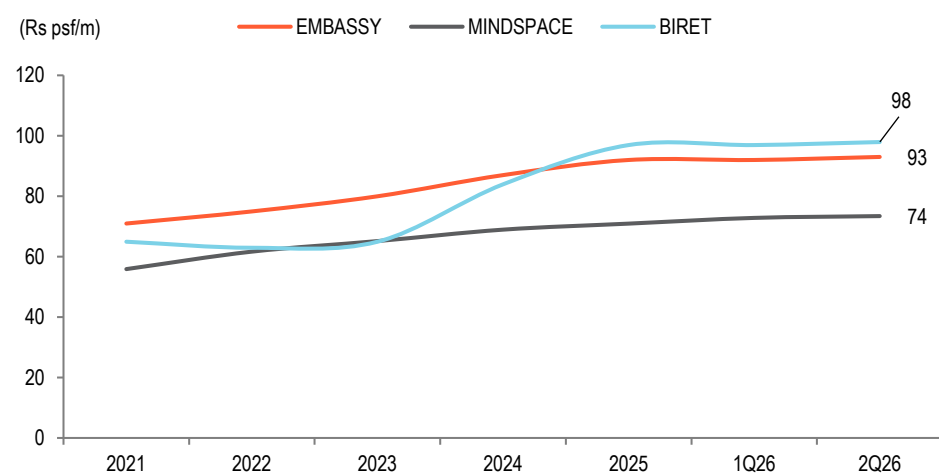


Source: Company, BOBCAPS Research

Fig 2 – MINDSPACE achieved the highest leasing spreads over 2Q26



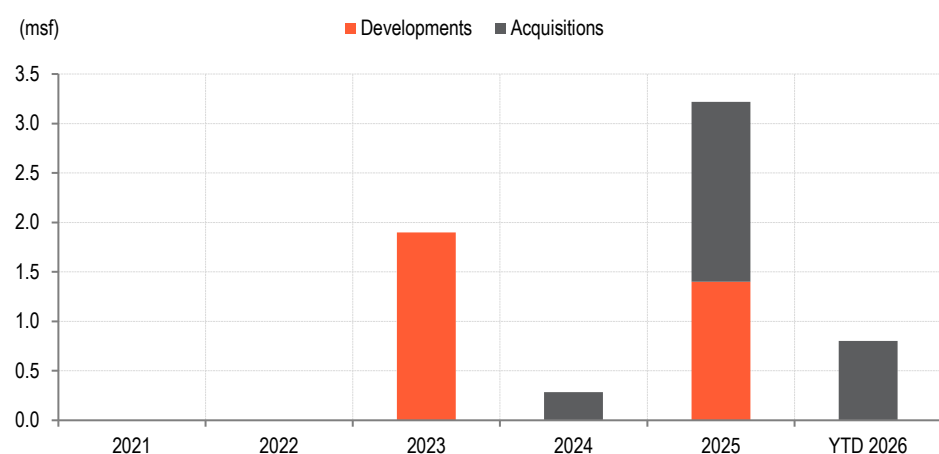
Source: Company, BOBCAPS Research

Fig 3 – Significant upside to in-place rents


Source: Company, BOBCAPS Research

Growth

We expect growth in rental revenue to be driven mainly by the lease-up of vacant space in MINDSPACE's portfolio. As management works through the demarcation of SEZ assets, we believe occupancy at Mindspace Airoli East will likely to improve materially (80.1% committed occupancy as of 2Q26). Additionally, we expect a steady ramp-up in revenues as space in The Square 110 financial is leased, further augmenting rental revenues. Given the severe shortage of quality office spaces in High-Tech city in Hyderabad, management expects to reach steady-state level of occupancy in this newly acquired asset over the next 3-6 months.

Fig 4 – Active growth strategy driving growth in area under management


Source: Company, BOBCAPS Research

Funding

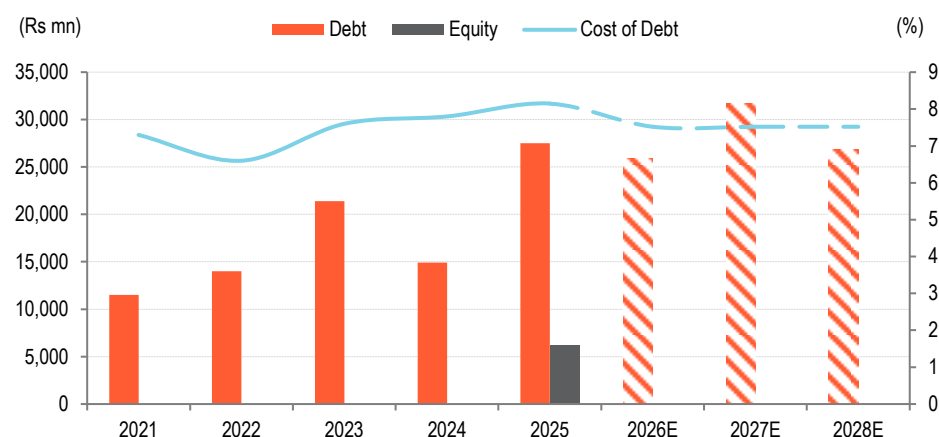
As rates adjust lower, MINDSPACE has been successful in locking in lower rates (avg. cost of debt of 7.52% as of 2Q26) with a higher proportion of fixed-rate debt in its debt structure. Fixed rate debt now makes up 62.7% of the REIT's gross debt (Rs 113.2bn) from 59.4% as of 2Q25.

Over 2Q26, MINDSPACE raised:

- Rs 17,000mn via commercial papers at an effective rate of ~6.12%
- Rs 11,500mn via NCDs at an effective rate of 7.12%

MINDSPACE's low leverage (24.2% LTV) enables the refinancing/raising of debt at rates lower vs the current avg. cost of debt of 7.52%. With ~50.5% of outstanding debt due to expire through FY28, we expect MINDSPACE to be well positioned to raise more debt at competitive rates and drive avg. cost of debt lower.

Fig 5 – Low LTV to drive efficient refinancing



Source: Company, BOBCAPS Research

Valuation Methodology

We revise our 1Y TP upwards by +4.2% to Rs 543 as we adjust for higher rents, lower interest expense and a slower ramp-up in occupancy. Our TP is based on a DPU multiple that has been adjusted to 18.04x (from 18.10x) for a slightly lower DPU growth of +12.4% (+13.0% previously) and a positive correlation between DPU growth rates and stock price, applied to 5Q-8Q DPU estimates (3Q27E-2Q28E).

Key Risks

Key downside risks to our estimates:

- Oversupply in Hyderabad, leading to pressurised rents and occupancy
- A slowdown in the hiring of IT workers leading to reduced demand for office space leased by tech companies
- Higher-than-expected interest rates resulting in higher interest expenses

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	24,769	26,756	32,550	38,403	42,290
EBITDA	17,996	19,682	24,454	28,914	31,656
Depreciation	3,827	4,060	4,688	4,721	4,721
EBIT	14,169	15,622	19,766	24,193	26,936
Net interest inc./(exp.)	4,571	5,573	8,557	9,410	10,341
Other inc./(exp.)	3,892	4,671	5,179	6,030	6,870
Exceptional items	(364)	(33)	(448)	0	0
EBT	9,109	9,682	11,055	15,014	16,825
Income taxes	3,494	4,544	4,393	6,314	7,200
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	362	375	401	412	412
Reported net profit	5,615	5,137	6,662	8,700	9,626
Adjustments	0	0	0	0	0
Adjusted net profit	5,615	5,137	6,662	8,700	9,626

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,088	1,313	1,198	1,198	1,198
Other current liabilities	10,644	10,703	12,237	12,237	12,237
Provisions	7	12	10	10	10
Debt funds	69,728	1,01,098	1,26,012	1,31,330	1,44,733
Other liabilities	7,694	10,372	12,279	12,279	12,279
Equity capital	1,62,839	1,65,821	1,68,964	1,68,964	1,68,964
Reserves & surplus	0	0	0	0	0
Shareholders' fund	1,49,285	1,48,106	1,39,046	1,30,318	1,20,422
Total liab. and equities	2,38,446	2,71,603	2,90,782	2,87,373	2,90,879
Cash and cash eq.	3,250	6,379	11,540	5,967	12,917
Accounts receivables	1,092	587	533	533	533
Inventories	44	50	56	56	56
Other current assets	8,879	6,906	9,139	9,139	9,139
Investments	33	39	43	43	43
Net fixed assets	0	0	0	0	0
CWIP	0	648	838	838	838
Intangible assets	2,19,734	2,47,740	2,59,503	2,61,666	2,58,223
Deferred tax assets, net	301	723	643	643	643
Other assets	5,113	8,531	8,488	8,488	8,488
Total assets	2,38,446	2,71,603	2,90,782	2,87,373	2,90,879

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	15,267	20,168	21,780	22,321	24,178
Capital expenditures	(10,828)	(14,882)	(11,890)	(6,883)	(1,278)
Change in investments	(3,759)	(111)	(601)	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(14,587)	(14,993)	(17,677)	(6,883)	(1,278)
Equities issued/Others	3,400	0	0	0	0
Debt raised/repaid	27,360	49,582	84,824	31,659	26,806
Interest expenses	(4,561)	(7,220)	(8,343)	(9,410)	(10,341)
Dividends paid	(12,107)	(12,437)	(15,465)	(16,918)	(19,013)
Other financing cash flows	(15,727)	(34,653)	(60,362)	(26,341)	(13,403)
Cash flow from financing	(1,635)	(4,727)	654	(21,010)	(15,951)
Chg in cash & cash eq.	(955)	448	4,757	(5,572)	6,949
Closing cash & cash eq.	3,350	3,143	11,540	5,967	12,917

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	8.9	7.8	10.3	13.6	15.1
Adjusted EPS	8.9	7.8	10.3	13.6	15.1
DPU	19.2	22.0	24.3	27.8	31.2
Book value per share	251.7	243.1	228.2	213.9	197.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	11.3	10.5	8.6	7.3	6.6
EV/EBITDA	15.6	14.3	11.5	9.7	8.9
P/DPU	24.1	21.0	19.0	16.6	14.8
P/BV	1.8	1.9	2.0	2.2	2.3

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	61.6	53.1	60.3	57.9	57.2
Interest burden (PBT/EBIT)	64.3	62.0	55.9	62.1	62.5
EBIT margin (EBIT/Revenue)	57.2	58.4	60.7	63.0	63.7
Asset turnover (Rev./Avg TA)	10.4	9.9	11.2	13.4	14.5
Leverage (Avg TA/Avg Equity)	1.6	1.8	2.1	2.2	2.4
Adjusted ROAE	3.8	3.5	4.8	6.7	8.0

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	7.5	8.0	21.7	18.0	10.1
EBITDA	15.4	9.4	24.2	18.2	9.5
Adjusted EPS	85.3	(11.7)	31.4	32.4	11.2
Profitability & Return ratios (%)					
EBITDA margin	72.7	73.6	75.1	75.3	74.9
EBIT margin	57.2	58.4	60.7	63.0	63.7
Adjusted profit margin	22.7	19.2	20.5	22.7	22.8
Adjusted ROAE	3.8	3.5	4.8	6.7	8.0
ROCE	6.9	6.4	8.0	9.9	10.9
Ratios (x)					
Gross asset turnover	0.1	0.1	0.1	0.1	0.1
Current ratio	0.4	0.5	0.5	0.3	0.5
Net interest coverage ratio	3.1	2.8	2.3	2.6	2.6
Adjusted debt/equity	0.6	0.8	1.1	1.2	1.4

Source: Company, BOBCAPS Research

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BUY – Expected return >+15%

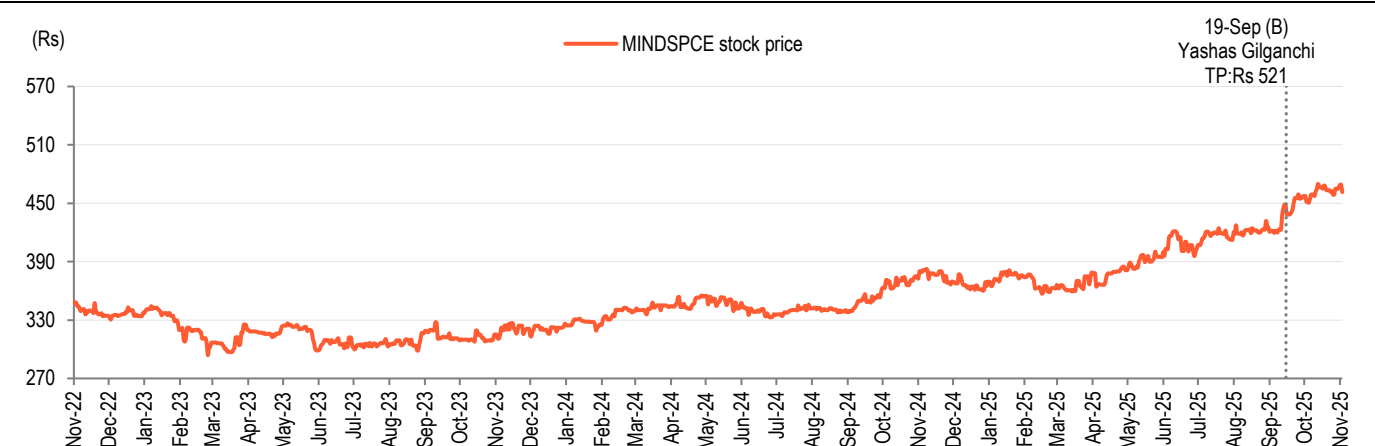
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): MINDSPACE BUSINESS PARKS REIT (MINDSPCE IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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