Bagmane Prime Office REIT

Q1 FY27 Earnings Conference Call

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Moderator: Ladies and gentlemen, good day and welcome to the Bagmane Prime Office REIT Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the management's opening remark. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Rahul Kashyap from Bagmane Prime Office REIT. Thank you and over to you.

Rahul Kashyap: Good evening and thank you for joining us. This is Bagmane Prime Office REIT's first earnings call since our listing on May 14th, 2026, and we are pleased to have you with us. Yesterday, we released our financial results for the quarter ending June 2026, following the meeting of the Board of Directors of Bagmane Realty Investment Manager Private Limited, the manager to the REIT.

The release comprises of the unaudited standalone and consolidated financial results of Bagmane Prime Office REIT, an earnings presentation, a supplementary data book, and the press release. All documents have been filed with NSE and BSE and are available in the investors section of our website.

Over the course of this call, management may make statements that could be construed as forward-looking. Any projections or pro forma information we refer to are management estimates based on certain assumptions and have not been subject to any audit or review.

On the call today, we have Hugh Andrew, Chief Executive Officer, Rajkumar T, Chief Operating Officer, and Ashay Shah, Chief Financial Officer. Hugh will take you through the listing, our portfolio, leasing performance, and the market environment. Ashay will take you through the financial performance, and Rajkumar will talk about the growth and development plans. We will then open the floor for questions.

With that, over to Hugh.

Hugh Andrew: Thank you, Rahul. Good evening, everyone, and welcome to our first earnings call. I'd like to begin by thanking our unit holders for the confidence they have placed in us and all the advisors who have helped us through this journey. Let me spend a few minutes on who we are before I turn to the quarter.

The Bagmane Prime Office REIT listed on the National Stock Exchange and the BSE on May 14th, 2026 at INR103.5 per unit, a 3.5% premium to the IPO price of INR100.The IPO was oversubscribed 25x with over 207,000 applications, the highest ever recorded for a listed REIT in India.

Public unit holders in the REIT include large foreign institutions, reputed family offices, large pension funds, life insurance companies, mutual funds, and wealth management companies. This reflects strong and broad-based institutional conviction in the REIT's long-term income profile.

We own six Grade A+ business parks in Bengaluru, 19.6 million square feet of commercial space in total, of which 16.6 million square feet is completed and operational. A million square feet of commercial space is under construction and a further 2 million square feet is available for future development.

Our parks sit on the Outer Ring Road and in the Secondary Business District City, the two Bengaluru micro-markets that together account for the majority of annual Grade A leasing in India's largest office market, often referred to as the Silicon Valley of India.

The portfolio also includes two hotels under construction totaling 607 keys and four solar projects with a total capacity of just over 164.4 megawatts, of which slightly under 91.9 megawatts is already operational and supplying renewable energy to our parks.

Our occupier base is anchored by global technology, semiconductor, electronics, and engineering companies running their core operations, technology research, and decision-making functions out of Bengaluru.

90% of our tenants are global capability centers, 99% are foreign MNCs, and 64% are Fortune 500 companies. This is an enviable list of tenants with whom we have developed strong partnerships to provide world-class corporate real estate solutions, not just for today, but for the future.

We have approximately 47 million square feet of ROFO growth opportunity, the largest of any listed office REIT in India, spanning our sponsor's development pipeline across Bengaluru, Delhi, and Chennai. When an asset from that ROFO pipeline or from a third-party acquisition fulfills the REIT criteria, we have the balance sheet to pursue it.

As of June 30, 2026, our committed occupancy stood at 98.7%, the best among the listed peers. During this quarter, we have executed 260,000 square feet of gross leasing at a mark-to-market spread of 16% over expiring rents. 100% of it was to existing tenants, Google, Boeing, Xentrix Studios renewed, we also leased additional space to Nike and BNP Paribas.

This further commitment from long-established partners is another clear indicator of the quality of our assets and their suitability for some of the best and largest companies in the world. As we continue to provide the best campus environments, we've also added multiple F&B outlets to enrich the experience of our tenants.

World-class campus amenities drive the live, work, play experience across Bagmane's parks, including community sports events. In this period, they include the Bagmane Run and the inaugural Bagmane Cricket Bash.

Looking forward, the Indian real estate economy remains one of the strongest asset classes, and despite geo-political tensions, we are very confident that the demand for grade A prime locations will remain strong.

As per JLL, India recorded 37.9 million square feet of gross office leasing and 26.9 million square feet of net leasing in the first half of the 2026 calendar year, one of the strongest years on record. GCCs contributed to 41.7% of gross leasing. Bengaluru leads the country, contributing roughly 31% of India's total net absorption in the first half of the 2026 calendar year, with net absorption in the city up 24% year-on-year.

Our portfolio is in the micro-markets of SBD City and the ORR, which have been the best performing micro-markets for the past five years and contributed to more than 60% of Bengaluru's net leasing in the first half of the 2026 calendar year. Vacancy in Bengaluru is around 11.4%, whereas those micro-markets operate at a vacancy of only 6%.Year-on-year rents in our micro-markets have seen an escalation of 5.8%.

The quality of our assets, the prime location of our business parks, benefited from including infrastructure, strong tenant relationships, and our investment and operational commitment to sustainability initiatives have kept Bagmane as the landlord of choice of our partners to deliver long-term corporate real estate solutions.

The next phase of GCC demand is being shaped by deep tech evolution, AI-focused R&D, semiconductor design, and next-generation engineering centers, all activities that our tenants such as Google, Nvidia, Qualcomm, Texas Instruments, Samsung, and many others are already efficiently conducting within our parks. Companies focusing on AI are bolstering demand, and our occupier conversations are expansion-led, not consolidation-led.

Our focus for the Bagmane Prime Office REIT will remain on the following areas:

- We will continue to execute a simple operating mandate, maintain occupancy, meet our clients' expectations in providing the best corporate solutions, and continue to look forward as we grow the portfolio by building the next generation of grade A+ sustainable and efficient buildings.
- We have significant mark-to-market rental growth embedded across the portfolio. In-place rents sit 18% below the current market rates. As leases expire and renew, that rental growth will flow directly to distributions.
- Our medium-term growth in revenues will also come from current REIT assets under development, which comprise a million square feet of office, 2 hotel developments, and 2 million square feet of future development.
- The REIT has the largest ROFO pipeline amongst our peer group, which provides consistent organic growth, not just in Bengaluru, but also in other tier-one cities, Chennai and Delhi.
- Our very low gearing means that we are perfectly positioned to consider third-party opportunities, always ensuring that the deals are accretive and meet the standards of the Bagmane brand. We have our eyes on the ROFO pipeline and our hands on development within our parks, including the 2 marquee hotels for the captive tenant demand and our further renewable energy developments.

- Finally, we will continue to leverage the expertise of the Bagmane Group and our strong partnership we have with our contractors, the international property consultants, and all other valued service providers.

  These key areas of focus will help us continue to deliver value and growth to our unit holders.

  Over to you, Ashay, to give more details on the financial performance.

Ashay Shah: Thank you, Hugh. Good evening, everyone. Before I take you through the numbers, I want to highlight the basis of reporting, as it is important to understand first quarter disclosure.

Our REIT SPVs and HoldCo numbers, which are part of our consolidated financial results for the quarter, reflect the period post-completion of the formation transactions, that is from May 8, 2026 to June 30, 2026.

They are therefore not comparable with a full quarter or with the corresponding period of the previous year. To help you assess the underlying performance of the portfolio, we have also presented unaudited management estimates of revenue from operations and net operating income for the full quarter ended June 2026 in the earnings presentation.

Our performance is in line with our projections. Revenue from operations for the full Q1 FY27 was INR 7.3 billion. Net operating income was INR 6.6 billion, delivering a 90% NOI margin, which is the best NOI margin in the listed Indian office REIT sector. The high margins is a derivative of our efficient operations, the scale of our parks, and our in-house facility management capabilities.

Our revenue from operations as well as NOI have grown year-on-year at the rate of 16%.

The drivers of performance are straightforward:

- contractual escalations;
- mark-to-market growth; and
- revenue from our portfolio under development.

Our committed occupancy is at 98.7%, and we have consistently maintained over 94% committed occupancy since March 2021 with a sustained 6.1% rental CAGR.

Our in-place rents across the portfolio sit at 18% below current market rents.

On an average, close to a million square feet come up for renewal every year over the 3.5 years. As those leases renew at market rates, we capture the mark-to-market in real time.

Though we were listed for partial quarter, as part of our commitment to investors, the Board has declared distribution for the full quarter amounting to INR5.1 billion, translating to INR 1.5 per unit.

Our distribution is most tax-efficient with 92% as dividend component, which is tax-exempt in hands of the unit holders. The record date is August 14 and payment will follow within the regulatory timelines.

In the June quarter, we have raised a debt facility of INR 15 billion at the trust level in the form of LRD at an interest rate of 7.4%. Of this, INR 10 billion has been drawn to replace debt at SPV level.

On the balance sheet, our loan-to-value ratio at the end of June quarter was 4%, the lowest among listed office REITs in India. To explain, this gives us over INR180 billion of debt headroom for acquisitions and development. That is the firepower available to fund third-party and ROFO-led acquisitions. Let me bring in Rajkumar to talk to us about the ongoing development and growth pipeline.

Rajkumar T: Thank you, Ashay, and good evening, everyone. On the development side, we have 1 million square feet under construction with 2 buildings in Bagmane Cosmos Business Park, nearing completion in Q3 and Q4 of FY27. Additionally, we have 2 million square feet for future development.

On our complementary assets, we are developing 2 marquee hotels totaling 607 keys within our business park at ORR to meet the captive tenant demands for a superior global standard hotel in that location. Our solar asset in Chitradurga with the capacity of 72.5 megawatts is expected to complete by Q2 of FY27.

Our ROFO assets totaling 47 million square feet across Bengaluru, Delhi, and Chennai are at various stages of development. At present, the sponsor is actively developing Bagmane Capital Tech Park and Bagmane Capital South in ORR, Bagmane Solarium City at Whitefield, and Bagmane Sierra Business District in North Bengaluru.

Beyond the ROFO, we continue to evaluate third-party grade A+ accretive acquisitions in the top commercial market in India by capitalizing on our low leverage. Back to Ashay.

Ashay Shah: Thank you, Rajkumar.

What I want to leave you with is this:

- We came to the market with an almost fully leased portfolio in the India's best performing micro-markets with an enviable tenant roster.
- We have the lowest leverage in the listed REIT sector; and
- a 47 plus million square feet of ROFO growth runway and a significant headroom for third-party acquisitions.

The first quarter has confirmed every one of those attributes. Our job from here is to convert the embedded growth into distributions and deploy the balance sheet into expansion at the right time. With that, I will hand the call back to the moderator for questions.

Moderator: We take the first question from the line of Deep Shah from 360 ONE Capital. Please go ahead.

Deep Shah: Yes, hi. Good evening. Thanks for the opportunity. So, two questions. One is, of course, our portfolio, we are aware of how resilient it is. So, my question was that 2 million square feet of future development that we classify, is there any particular say regulatory or some approval which is pending as to why are we not planning to construct there because my understanding is the location, the tenant quality that we have is all better at least than the general micro-market. So, that's my first question.

Our second question is on the ROFO pipeline. Thanks for that detailed disclosure in the presentation as to what part is complete, what part is under development within our ROFO pipeline also. But it would be useful if you could give some inclination, some idea as to how do you see ROFO assets being transferred in the REIT? Is it in one year, in two years, some broad idea because our leverage is too low and therefore it allows us to expand rapidly? Those are my two questions. Thank you so much.

Ashay Shah: Thank you, Deep for your question. So, let me quickly take the first one on the construction. So, Deep, historically, Bagmane REIT has followed a philosophy wherein as and when the under construction starts getting leased and we lease more than 50% on the development side, we start a new building. So, we have already 1 million square feet under construction, the two buildings which are finishing in this financial year. And once we are about to ink 100% of one building and 60% of second building, once that is inked, the intent is to commence construction on a newer building.

On the ROFO assets, the intent is to bring ROFO as soon as possible. However, the sponsor is working on structuring and carving out the ROFO asset from their side. So, we expect the ROFO assets to be offered to the REIT in the range of next two to five years. Broadly, the two large ROFO assets which are partly developed, they are likely to be offered to REIT within that five-year period.

Deep Shah: Yes, understood, Ashay. Very clear. Just a follow-up on the first one. What typically, again, I'm not asking for guidance, but typically say in mid of '27 or end of '27, both assets are constructed and leased. Typically, another three, four years, does it take for the balance 2 million to get constructed or it will be in multiple buildings and therefore it will happen in piecemeal basis over three, four years?

How should we broadly think? Because you've given a great idea of the next five years with the ROFO assets and on this 2 million, does it come in a piecemeal basis or does it come like two large buildings, three large buildings? How anything on that front would be very useful.

Ashay Shah: So, the future development, Deep, is split across three more buildings and out of that, one building will start in this financial year.

Deep Shah: Very clear, Ashay. Thanks, thanks a lot and all the best on your journey. Thank you.

Moderator: Thank you. We take the next question from the line of Girish Choudhary from Avenue Spark. Please go ahead.

Girish Choudhary: Yes, hi. Thanks for the opportunity. Firstly, on the under-construction asset of close to 1 million square feet, if you could give us some details on how much is already pre-leased or let's say any active negotiations going on. So, just to understand when will the rents will start, and what are the rents you're targeting from these assets. So, so that's the first question.

Second is on the DPU. The initial distribution has been 1.5, right? So, how should we think about the quarterly progression from here on considering the escalations, MTM, and let's say the new developments. And as a follow-up, if you could also share us the NOI to distribution bridge, the NDF bridge for the quarter, like the INR660 crores of NOI to the INR510 crores of distribution, right? In terms of finance cost, corporate expense, and working capital adjacency. That's it.

Hugh Andrew: Girish, thank you and welcome to the call. So, our assets under construction, we would love to be able to talk about the tenants in discussion, but obviously we can't do that. But we have extreme interest in about a million square feet of what we're building. And we're very confident that by the end of the next quarter, our second quarter, we will be able to update you with the progress there.

The rents, look the two micro markets that we've talked about, SBD City and ORR, best performing not just in Bengaluru but across the Indian markets with the exception of Mumbai. And so, we expect to be able to tell you that those rents will be again at the top of that market. But because of the stage of negotiations that we're in with tenants we can't reveal that just. Now, I'll hand over to Ashay on the distribution and the NOI question.

Ashay Shah: Yes, so on the distribution, the intent is to track the projections. We had given our projections not quite a while ago. And intent is that whatever we had projected for FY27 is what we want to achieve. On the breakup of NOI to NDCF, see broadly the statutory financials for this particular quarter included figures only for the partial quarter. So, it was only for May 8 when the formation transactions happened till 30th June.

Hence from financials, we will not be able to come to NDCF, but we have distributed for the entire quarter and our performance numbers of NOI for the quarter were 6.6 billion. We have not disclosed the entire quarter numbers for the interest and taxation, but you have our debt figures as well. It is 2.3, 23 billion of debt. So, you can estimate the interest and tax cost, and that is the large leakage from NOI till NDCF.

Girish Choudhary: Sure, sure. Thank you and all the very best.

Hugh Andrew: Thank you.

Moderator: Thank you. We take the next question from the line of Deval Milan Mehta from IIFL Capital. Please go ahead.

Mohit: Yes, hi. This is Mohit from IIFL. My first question is on the hotel portfolio. 670 keys, could you share if the operator has already been signed for by, and by when do you plan to finish the construction and start the hotel, and by when will it get you know, stabilized? I know the assumptions -- kind of assume about FY29, but if you could give some more granular color about the operator and when do you finish plan to finish the construction?

Hugh Andrew: Sure. We are in the last stages of finalizing our operator agreement and that conversation means that I am unable to share with you who it is. Mohit, I will make a note and when we are able to, I promise to give you a call personally to give you the information. It's actually 607 keys. For us this is not a pivot to hospitality for the REIT. There's nothing wrong with the hospitality asset class, but we recognize that there was a real shortage of rooms.

There's nothing available six odd kilometers north or south of this location. We're building two hotels. We're building a 207-key high-end luxury offering and we're building a 400-key what I call a Sunday to Thursday workhorse that really caters for that broad spread of corporate hospitality need. This came off the back of a number of questions from our long-term partners about there not being enough rooms for their visitors, both short and long-term.

It will sit on top of a of a small convention center, and so we're also going to benefit from the revenue that that will generate and of course, both the hotels and that convention center provide great services to our captive tenants. They're spending the money in that sector, let's get them to spend it within the portfolio so we can add that to the distribution. But look, as soon as we are in a position to announce who the operating partner is, please be assured that we will make a lot of noise about it because we're excited about the prospects.

With regard to completion, our projection is still that the back end of 2029 and at the moment we've got no reason to see that slipping. We are building the second of three basements and obviously as you probably know, Mohit, subterranean construction is the thing that takes the time. Once we get above ground, we will then work with the operator. We've already got quite some quite detailed design plans, but we'll work with the operator to make sure it's the best product that we can offer.

Mohit: Sure. There's this the occupancy for World Technology Center. What was the exit and the committed occupancy shows 96%. But if you could talk about by when the actual occupancy will reach that number and what was the kind of exit if you could talk about that, that would be helpful.

Ashay Shah: Sorry, we lost you in the beginning. Can you just repeat your question?

Mohit: In the World Technology Center the physical occupancy dipped from third quarter to first quarter by about 3%-4%, right? If you could talk that bit about the exit and when do you plan to bring it back to the committed occupancy number of 96%?

Ashay Shah: Sure. So, one of our clients who was there with us for their quite a long period, they wanted to consolidate with additional space and we did not have space to offer them and hence they moved out to some other park. So, that's where the vacancy happened and it has largely been leased. This gets converted to occupancy by October-November.

Mohit: Okay. And my last question is, Ashay, you mentioned that you will stick to the offer document projections. Since then, there has been this update on the tax change where I understand that, if you could talk about what kind of benefit that would that change in any meaningful change in your DPU estimates? That's my last question.

Ashay Shah: So, the tax change is definitely beneficial, not just to us, the entire REIT sector. Definitely more to us because we have very low leverage and we have high taxation. But we have not yet worked out the numbers. We will come back to you once we've worked on these numbers. When I say we will track the projections, it is excluding the tax benefits. That will be over and above the projections.

Mohit: Great. That's perfect. Wish you all the best and thank you.

Ashay Shah: Thank you, Mohit.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, with that, we conclude the question-and-answer session. On behalf of Bagmane Prime Office REIT, that concludes this call. Thank you for joining us, and you may now disconnect your lines.