



## IPO Note

# Property Share Investment Trust

Recommendation: **AVOID!**

### Trust Background –

- **Incorporation & Business Activity:** Incorporated in June 2024, Property Share Investment Trust is a SEBI-registered small and medium real estate investment trust. The Trust's first scheme is PropShare Platina, which has six wholly owned SPVs under its structure as per the REIT Regulations.
- **Human Resource:** Investment Manager's team consists of 43 employees.

### Objects of the Issue –

- Acquisitions of the Project Platina by Platina SPVs as commercial office spaces and reimbursement of the payment of applicable statutory charges under applicable laws (including stamp duty, registration, surcharge and cess etc. for the registration of sale deeds) to the Investment Manager for the proposed acquisition of the Project Platina by the Platina SPVs as commercial office spaces by way of lending to the Platina SPVs and subscribing to the equity and debt instruments of our Platina SPVs.
- General Purposes.

### Rationale for recommendation –

- ✓ Property is only one building.
- ✓ Only one tenant: 24/7.
- ✓ Lack of liquidity due to high price of one unit of investment.
- ✓ No financial track record so far as it started only from August 2024.

### IPO Details

Opening Date	Dec 02, 2024
Closing Date	Dec 04, 2024
Allotment Date	Dec 05, 2024
Listing Date	Dec 09, 2024
Stock Exchange	BSE
Lot Size	1 Unit
Issue Price Per Share	₹10,00,000 to ₹10,50,000
Issue Size	352.91 Cr.
Fresh Issue	352.91 Cr.
Offer for Sale	-
Application Amt	₹ 10,50,000 (1 Unit)

### INDUSTRY – Real Estate

KPI's	Projections (In Crores)		
	FY 26	FY 27	FY 28
Revenue	29.07	29.07	31.05
NOI	29.87	29.87	30.37
EBITDA	30.71	30.68	31.22
CFO	29.68	29.68	30.16
NDCF	31.69	30.79	30.21

### Trustee –

**Axis Trustee Private Limited**

### Investment Manager –

**PropShare Investment Manager Private Limited**

### Lead Managers –

**ICICI Securities Limited**

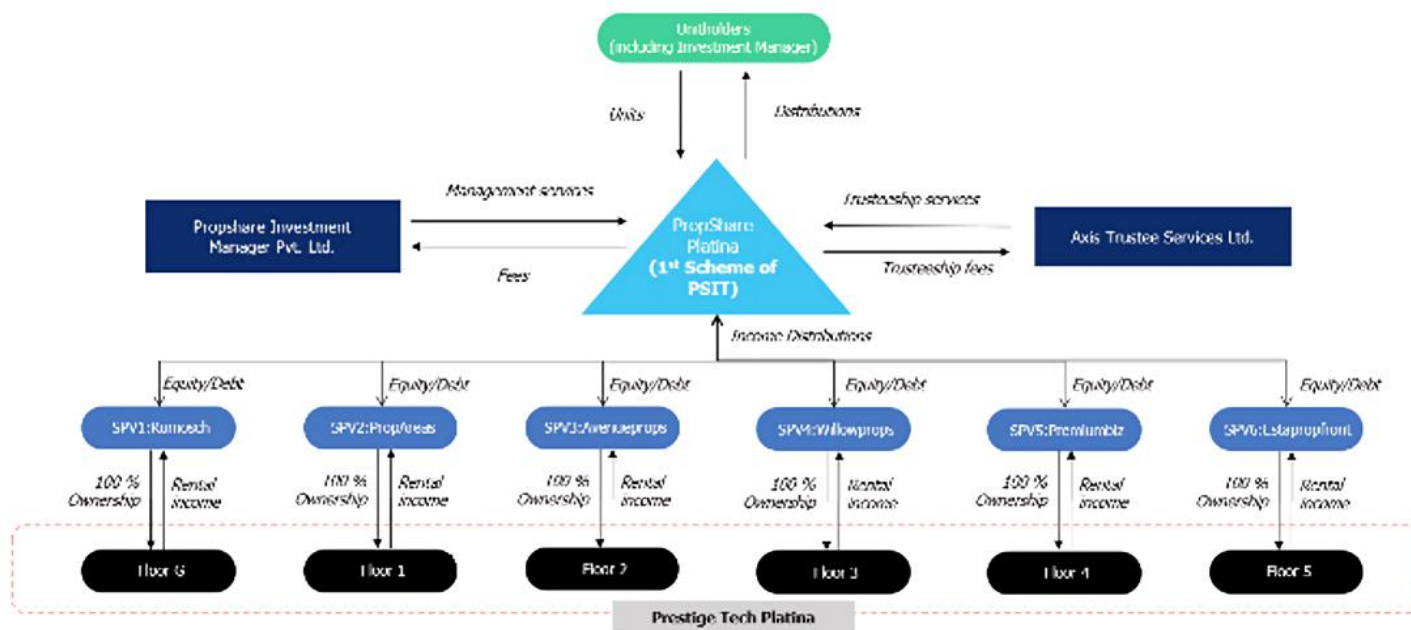
### Registrar –

**KFin Technologies Limited**

**Business Overview –**

The Property Share Investment Trust (“REIT”) is India’s first registered Small and Medium Real Estate Investment Trust. The object and purpose of the REIT is to carry on the activity of a small and medium real estate investment trust through one or more Schemes, as permitted under the REIT Regulations. Each Scheme may have its own investment objectives, in accordance with the REIT Regulations. The investment of the Schemes shall only be in completed and revenue generating real estate properties through SPVs.

The PropShare Platina is the first scheme of the REIT and includes commercial office spaces in Bangalore.



**Relationship between the Property Share Investment Trust, the Trustee, the Investment Manager and the Platina Unitholders on the Listing Date.**

Particulars	Description
<b>Full Legal Name of the Property Owner</b>	PropShare Investment Manager Private Limited
<b>Ownership, Rights, and Interests</b>	The property owner will have 100% ownership, rights, and interests in the Subject Property upon successful completion of future transactions as indicated in the provided Letter of Intent (LOI).
<b>Land Extent</b>	Proportionate undivided share of 73,523 sq. ft. (~6,830.51 sq. m) in the Subject Project land, along with 355 exclusive car parking spaces. It’s the larger campus spread across three (3) towers (Towers A, B & C)
<b>Asset Type</b>	IT Park with Non-SEZ Buildings
<b>Sub-Market</b>	ORR Zone 1
<b>Approved and Existing Usage</b>	Commercial IT purposes
<b>Current Status</b>	Completed and Operational
<b>Tenure</b>	Freehold
<b>Number of Tenants</b>	1 (post-completion of the sale deed)



**View of Subject Project Entrance from upper floor of Subject Tower**



**View of upcoming metro station close to Subject Project from upper floor of Subject Tower**



Internal View of Subject Property



Internal View of Subject Property



View of Open Air Theatre at Subject Project



View of Basketball Court and Cricket Nets at Subject Project

### FINANCIAL SNAPSHOT

#### Statement of Profit and Loss

Amt in Crores

Particulars	FY 26	FY 27	FY 28
Revenue from Operations	29.07	29.07	31.05
Net Operating Income	29.87	29.87	30.37
<b>NOI (%)</b>	<b>102.80%</b>	<b>102.80%</b>	<b>97.8%</b>
EBITDA	30.71	30.68	31.22
<b>EBITDA Margin (%)</b>	<b>105.6%</b>	<b>105.5%</b>	<b>100.6%</b>
Cash flows from operating activities	29.68	29.68	30.16
<b>NDFC from PropShare Platina</b>	<b>31.69</b>	<b>30.79</b>	<b>30.21</b>
<b>Yield (%)</b>	<b>9.0%</b>	<b>8.7%</b>	<b>8.6%</b>

Particulars	
Occupied Area	2,46,935 sq. ft.
Leasable Area	2,46,935 sq. ft.
<b>Occupancy (%)</b>	<b>100.00%</b>
Rental Income (In Cr.)	
Ground floor	0.37 Cr
First Floor	0.37 Cr
Second Floor	0.43 Cr
Third Floor	0.43 Cr
Fourth Floor	0.47 Cr
Fifth Floor	0.45 Cr
<b>Total Rental Income</b>	<b>2.52 Cr</b>

## Competition -

The commercial real estate market in the Southeast Outer Ring Road (ORR) of Bangalore remains highly competitive and dynamic, driven by macroeconomic, social, and technological factors. The demand is fueled by a thriving IT and technology sector, with global players like Microsoft and Google expanding their operations, making the ORR a hub for Grade-A office spaces. The region is currently transitioning from a growth phase to maturity within the business cycle, influenced by India's robust GDP growth and evolving FDI policies.

### Porter's Five Forces Analysis:

- **Competitive Rivalry:** The presence of multiple developers offering advanced amenities creates intense competition.
- **Supplier Bargaining Power:** With significant infrastructure development in Bangalore, material suppliers face moderate bargaining power due to high demand but increased competition among them.
- **Customer Bargaining Power:** Corporate tenants leverage competition among landlords to secure favorable terms, especially with increasing vacancies in older properties.
- **Threat of New Entrants:** High land acquisition and regulatory challenges limit new players, favoring established developers.
- **Threat of Substitutes:** Flexible office spaces, coworking hubs, and hybrid work models are emerging as indirect competitors.

On the experience curve, leading developers leverage economies of scale, reducing costs while offering superior facilities. However, social trends, such as ESG compliance and employee wellness expectations, are reshaping asset offerings in this market.

*[Source: Savilles, CBRE]*

## Business Strategies -

### Regular Income and Capital Appreciation:

- The primary goal is to provide consistent income to unitholders through regular distributions.
- Capital appreciation is sought through active asset management of the underlying property.

### Proactive Tenant Management:

- A strong focus on tenant engagement and retention.
- Regular communication and tenant-centric activities.
- High-quality property management, including modern amenities and robust health and safety standards.

### Long-Term Leasing Strategy:

- A 100% leased asset with a long-term lease tenure of 9 years.
- A staggered lock-in period to ensure stability.
- A targeted leasing strategy for any potential vacancies.

### Exit Strategy:

- Adherence to REIT Regulations and applicable laws for exit.
- Provision of exit options to unitholders as per the listing agreement and SEBI regulations.

## Risk Factors –

Conflicts of interest may arise as the Lead Manager, their associates, and affiliates could be current or past tenants, service providers, financiers, or participants in transactions involving the SPVs, Trust, or related entities, potentially influencing decisions.

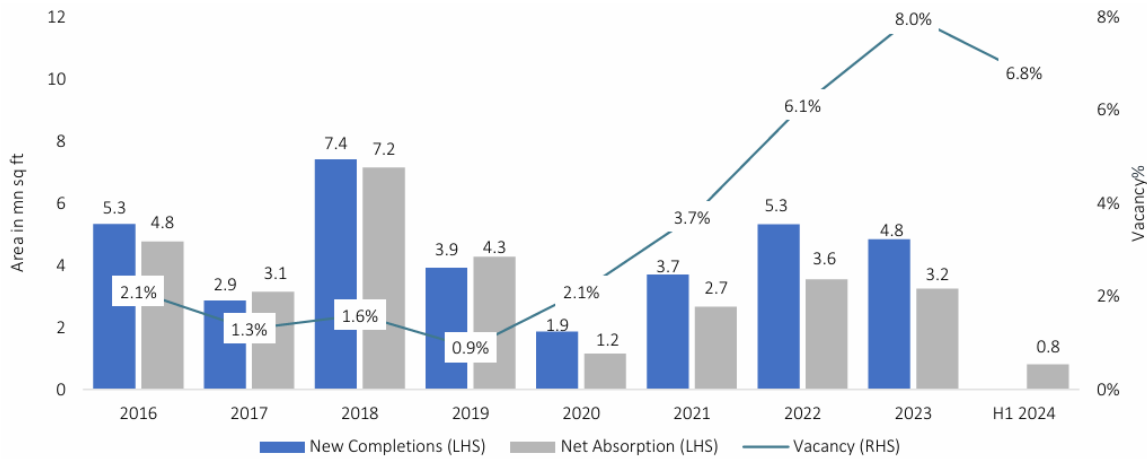
**INDUSTRY OVERVIEW**

**1. Overview of Bengaluru’s Commercial Real Estate Market**

- **Bengaluru** has emerged as a **global IT hub**, making its commercial real estate market one of the most dynamic in India.
- **Technology parks** and **office spaces** cater to a broad range of global tenants, with the **Outer Ring Road (ORR)** submarket serving as a prime location for large-scale commercial developments.
- Bengaluru’s commercial real estate market witnessed **high demand** in 2023, with an absorption rate of **12.5 million sq. ft.** of office space, a **9% increase** over the previous year.

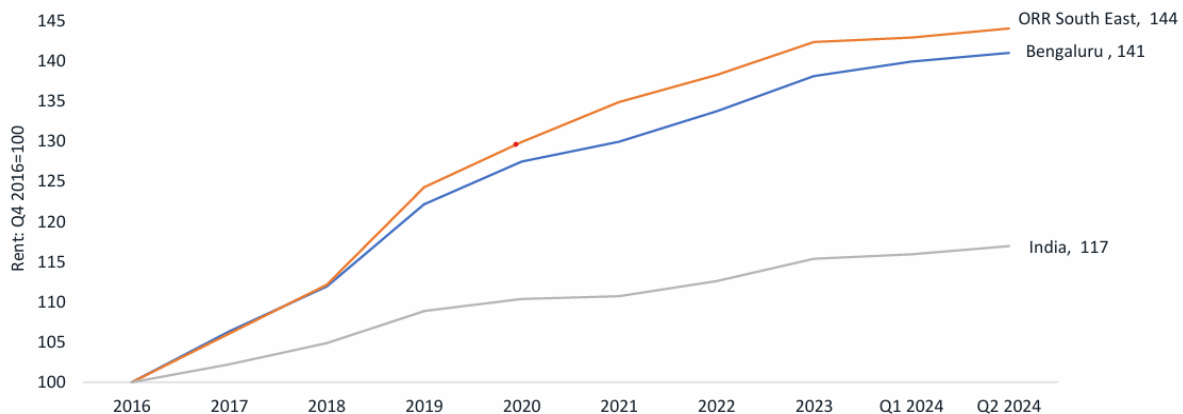
**2. Market Dynamics and Performance Trends**

- **Vacancy Rate:** The vacancy rate in the **ORR submarket** is expected to stabilize around **6-8%** by **2026**.
- **Rental Growth:** The **average rent** in prime office spaces in the ORR region has risen by **5-6%** in the last year, with notable developments like **Prestige Tech Park** commanding rents between **INR 95-105 per sq. ft. per month**.
- **Demand Surge:** Major tenants continue to expand their presence in Bengaluru, driven by the city’s status as a tech and innovation hub. Key industries driving demand include **IT, BFSI, and consulting** sectors.
- **Metro Connectivity:** The upcoming **Metro Blue Line** will enhance connectivity for office parks like **Prestige Tech Park**, offering quick access to **Whitefield, CBD, and the airport**.



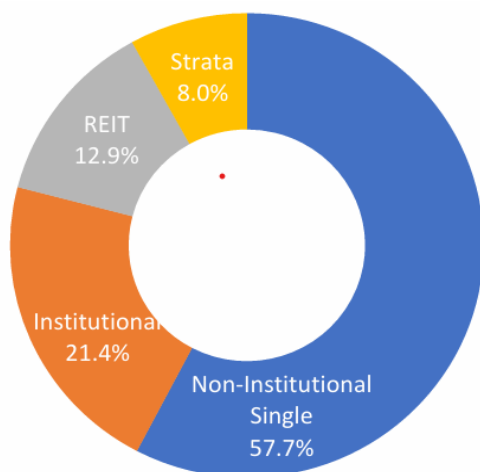
Source: JLL Research, Q2 2024

**Exhibit 1: New completions, net absorption, and vacancy trends – ORR Southeast**



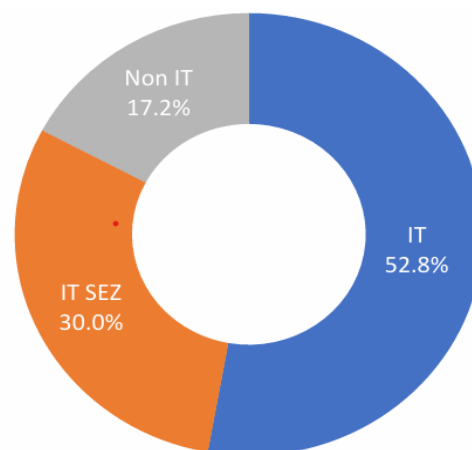
Source: JLL Research, Q2 2024

**Exhibit 2 : Bengaluru & ORR South-East Office market rental index trends**



Source: JLL Research, Q2 2024

**Exhibit 3: Distribution of Bengaluru's office stock based on ownership**



Source: JLL Research, Q2 2024

**Exhibit 4: Distribution of Bengaluru's office stock based on usage type.**

### 3. Prestige Tech Park (PTP)

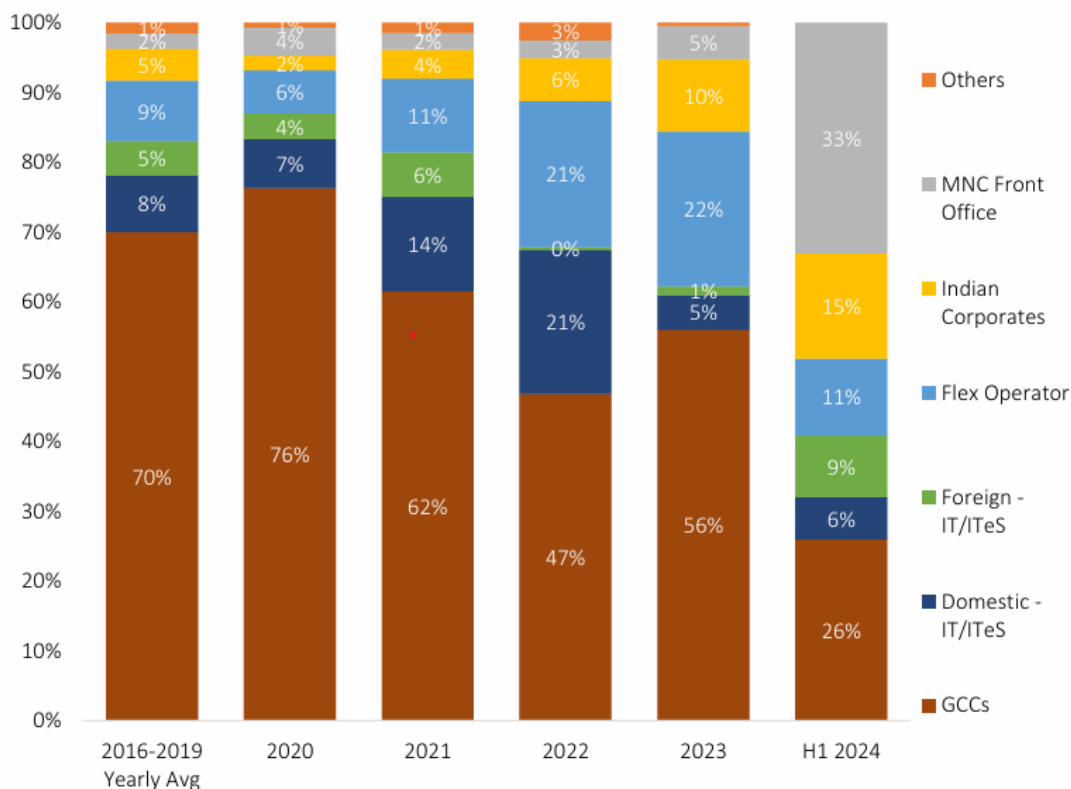
- **Prestige Tech Park** is one of the largest **technology parks** in Bengaluru, developed by **Prestige Group**, known for its premium real estate developments.
- Located on the **Outer Ring Road**, it boasts excellent connectivity, with easy access to major areas of the city including **Whitefield, CBD**, and the **airport**.
- The park covers a **leasable area of 7 million sq. ft.**, attracting multinational companies such as **JP Morgan Chase, Adobe, Oracle**, and **Juniper Networks**.
- A significant portion of PTP is **institutionally owned by Blackstone**, ensuring top-tier quality and investor confidence in the asset.
- The development also includes **PropShare Platina**, a **Grade A+ office building**, offering high visibility and proximity to the **upcoming Kadubeesanahalli metro station**.

### 4. Key Characteristics of Prestige Tech Park

- **Tenant Diversity:** Prestigious global corporations occupy the space, reinforcing the park's appeal to multinational tenants.
- **Strategic Location:** Situated on the **Outer Ring Road**, one of Bengaluru's primary IT corridors, with **strong connectivity** to tech hubs, residential areas, and the airport.
- **Institutional Backing:** A significant portion of PTP is owned by **Blackstone**, highlighting its appeal as a prime commercial asset.

### 5. Key Lease Transactions

- Some of the significant lease deals in Bengaluru's commercial real estate market include:
  - **Bagmane Capital - Troy:** **650,000 sq. ft.** leased to **Synopsys** in **Q2 2024** at rents between **INR 100-105 per sq. ft. per month**.
  - **Embassy Tech Village:** **631,978 sq. ft.** leased to **Intuit** in **Q2 2024**, with rents between **INR 100-105 per sq. ft.**
  - **Prestige Tech Park:** **181,831 sq. ft.** leased to **Genpact** in **Q4 2023**, with rents between **INR 95-98 per sq. ft.**



Source: JLL Research, Q2 2024

### Exhibit 5: Sector-wise share of gross leasing in Bengaluru

## 6. Key Drivers of Growth in the Commercial Real Estate Sector

- **Technology Sector:** The tech industry continues to be the largest driver of demand for office space in Bengaluru. The city's robust **IT ecosystem** attracts both domestic and global companies.
- **Government Initiatives:** **Government policies**, such as incentives for **SEZs** (Special Economic Zones) and **startup-friendly regulations**, encourage the establishment of new offices and tech parks.
- **Urban Infrastructure:** Development of **metro connectivity**, including the **Blue Line**, enhances accessibility, making commercial spaces more attractive to tenants.
- **Investment Confidence:** Institutional investors like **Blackstone**, **Brookfield**, and **Embassy Group** continue to invest heavily in the city's commercial real estate sector, boosting market confidence.

## 7. Strategic Analysis for Commercial Real Estate Development

- **Bengaluru's Growing Demand:** Bengaluru's commercial real estate market continues to witness robust demand, primarily driven by **global tech firms** and **multinational corporations**. The expansion of the **Outer Ring Road** submarket and surrounding areas is likely to drive **high occupancy rates** and **rising rental values**.
- **Location Strategy:** The **Outer Ring Road (ORR)** remains a prime location for **office parks**, with **strong connectivity** and easy access to the airport, making it ideal for large enterprises.
- **Institutional Backing:** As seen in the case of **Prestige Tech Park**, institutional ownership, such as by **Blackstone**, ensures sustained investment and confidence in the long-term value of commercial assets.
- **Real Estate Investment Trusts (REITs):** The rise of **REITs**, such as **PropShare Platina**, reflects the growing interest in institutional investment in commercial real estate, offering investors access to high-quality assets with stable rental income.
- **Future Outlook:** As **vacancy rates** stabilize and **rental growth** continues, Bengaluru's commercial real estate sector will remain an attractive investment destination, driven by its status as the **country's IT capital** and increasing demand for **Grade A office spaces**.

**Investment Manager -**

PropShare Investment Manager Private Limited is the Investment Manager of the Property Share Investment Trust. The company was incorporated on April 2, 2024.

AltInvest Online Platform Private Limited is the parent company and is backed by some prominent names in institutional investing including Westbridge Capital, Lightspeed India, BEENEXT and Pravega Ventures. The company has distributed ₹250.61 crores through distributions and sale proceeds and acquired 0.127 Cr sq. feet of commercial real estate with a total value of ₹1,355 crores across different asset classes including office spaces, retail centres and warehouses.

The key management includes:



<b>Key Management Persons Name - Designation and No. of experience</b>	<b>Kunal Moktan</b> Non-Independent Director and CFO, 15+ years of experience in buying, managing and selling real estate
<b>Qualification</b>	Bachelor's degree in commerce and post graduate diploma in management
<b>Previous Experience</b>	Blackstone Group

<b>Key Management Persons Name - Designation and No. of experience</b>	<b>Hashim Qadeer Khan</b> Non-Independent Director and CEO, 8 years of experience in buying, managing and selling real estate
<b>Qualification</b>	Bachelor's degree in technology and post graduate diploma in management
<b>Previous Experience</b>	Al Shaya Group

<b>Key Management Persons Name - Designation and No. of experience</b>	<b>Benjamin Oliver Speat Cassey</b> Non-Independent Director
<b>Qualification</b>	Chartered Surveyor, Bachelor's degree and Master of Science degree in property management and investment
<b>Other Directorships</b>	Inflection Real Estate (UK commercial real estate)

<b>Key Management Persons Name - Designation and No. of experience</b>	<b>Jagdish Chandra Sharma</b> Independent Director, 20+ years of experience
<b>Qualification</b>	Member of ICAI and ICSI and bachelor's degree in commerce
<b>Previous Experience</b>	Sobha Limited

<b>Key Management Persons Name - Designation and No. of experience</b>	<b>Rachna Dikshit</b> Independent Director, Several years of experience in banking and financial services
<b>Qualification</b>	Bachelor's degree in arts and Master's degree in arts
<b>Other Directorships</b>	Capital Small Finance Bank Limited, India SME Asset Reconstruction Company Limited, India Shelter Finance Corporation Limited

<b>Key Management Persons Name - Age</b>	<b>Ramakrishnan Seshan</b> 60
<b>Designation</b>	Independent Director, 20+ years of experience in retail banking and wealth management industry
<b>Qualification</b>	Bachelor's degree in arts and post graduate diploma in management
<b>Previous Experience</b>	HSBC India and HDFC Bank



**LEAD MANAGER TRACK RECORD -**

The lead manager to the issue is ICICI Securities Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**ICICI Securities Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Niva Bupa Health Insurance Company Limited	2,200.00	74.00	Nov 14, 2024	75.34
2.	ACME Solar Holdings Limited	2,900.00	289.00	Nov 13, 2024	274.90
3.	Swiggy Limited	11,327.43	390.00	Nov 13, 2024	471.30
4.	Sagility India Limited	2,106.60	30.00	Nov 12, 2024	37.02
5.	Afcons Infrastructure Limited	5,430.00	463.00	Nov 04, 2024	503.65
6.	Northern Arc Capital Limited	777.00	263.00	Sep 24, 2024	234.10
7.	Premier Energies Limited	2,830.40	450.00	Sep 03, 2024	1,225.80
8.	Ola Electric Mobility Limited	6,145.56	76.00	Aug 09, 2024	87.42
9.	Ceigall India Limited	1,252.66	401.00	Aug 08, 2024	341.40
10.	Akums Drugs and Pharmaceuticals Limited	1,856.74	679.00	Aug 06, 2024	605.40

The company has handled 54 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 28<sup>th</sup> Nov 2024.

As per the offer document, the above-mentioned mandates ACME Solar Holdings and Sagility India have opened at a discount and remaining all have opened at a premium on the listing day.

**Recommendation -**

Property Share Investment Trust, incorporated in June 2024, is a new entrant in the commercial real estate sector. While its management team possesses relevant experience and educational qualifications, the company's lack of an operational track record raises concerns for potential investors.

**1. Unit Pricing and Liquidity:**

Each unit is priced at ₹10 lakhs, making it accessible primarily to high-net-worth individuals (HNIs). This high entry point also limits liquidity for buyers.

**2. Investment Returns:**

Looking at the invested amount and given rental income per sq. ft. projected recovery of the principal amount stands at 5-6 years, combined with an 8–9% yield, it appears attractive. However, the investment's reliance on a single asset—a six-floor building—adds significant risk.

**3. Occupancy and Revenue Model:**

The property is leased back to its previous owner, 24/7, under a nine-year lease agreement. This lease includes a staggered lock-in period of approximately 4.5 years. While this provides short-term revenue stability, reliance on one tenant could heighten risk if market dynamics change or 24/7 faces operational challenges.

**4. Competitive Landscape:**

Located in the Southeast Outer Ring Road (ORR) of Bangalore, the project operates in a highly competitive market. The area, a hub for Grade-A office spaces driven by IT giants like Microsoft and Google, sees intense competition among established players with proven track records.

**Recommendation**

Considering the high unit price, limited liquidity, lack of diversification, and the absence of an operational history, investors are advised to **Avoid** this IPO in Favor of more affordable and well-established opportunities.

**Disclaimer**

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The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

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