

# Brookfield India Real Estate Trust

1<sup>ST</sup> ANNUAL UNIT HOLDERS' MEETING

AUGUST 18, 2021



## Brookfield

India Real Estate Trust

BSE: 543261 | NSE: BIRET

LISTING DATE

Feb 16, 2021

FRESH ISSUE SIZE

Rs 38.0 Billion

MAIN BOOK SUBSCRIPTION

8.0x

ISSUE PRICE / UNIT

Rs 275

UNITS OUTSTANDING

302.8 Million

MARKET CAPITALIZATION  
AT IPO PRICE

Rs 83.3 Billion

### STRONG SPONSOR COMMITMENT

54.4%  
Post-IPO Stake

15.0 MSF / Rs 190B  
Acquisition Pipeline

USE OF PROCEEDS <sup>(1)</sup>	MILLIONS
Repayment of Debt	Rs 35,750
Issue Expenses and General Corporate Purposes	Rs 2,250

### INITIATION OF COVERAGE SINCE IPO

Bank of America	JM Financial
HSBC	JP Morgan
ICICI Securities	Morgan Stanley
IIFL	

We executed a successful IPO with strong participation from a diverse mix of marquee investors

(1) Based on Final Offer Document dated February 9, 2021.

# Brookfield India Real Estate Trust

India's first and only 100% institutionally managed REIT

**14.0 MSF**

TOTAL AREA

**10.3 MSF**

COMPLETED AREA

**4**

OFFICE PARKS IN  
GATEWAY MARKETS

**91%**

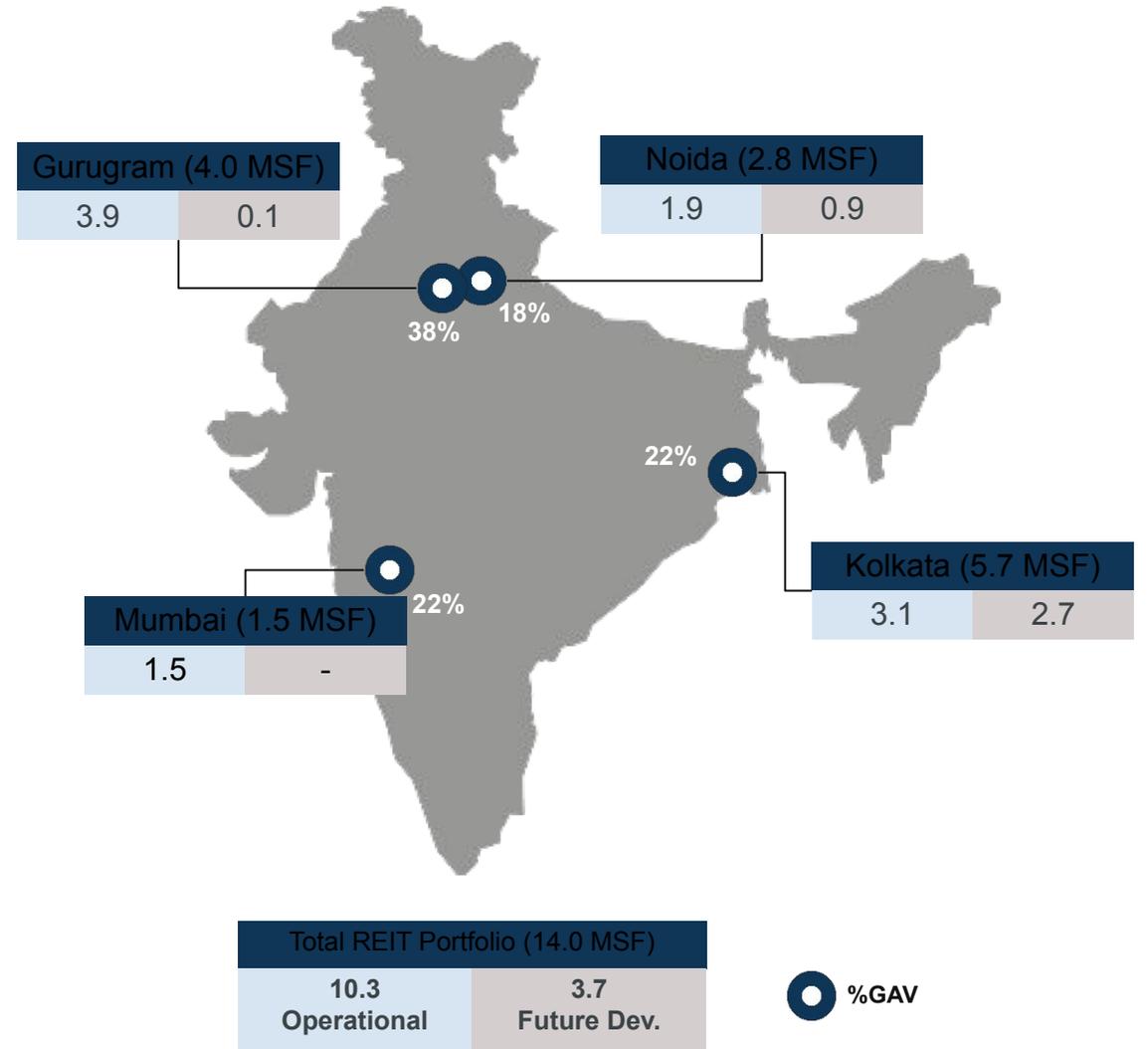
SAME-STORE OCCUPANCY<sup>(1)</sup>

**6.5 Yrs.**

WALE

**Rs 115B**

GROSS ASSET VALUE



(1) Same-store Occupancy excludes areas developed during the year (481 KSF delivered in N1 Sep '20). Overall Committed Occupancy is 87% including such areas.

# Brookfield India Real Estate Trust (Cont'd.)

Strong inorganic growth pipeline through Identified Assets and ROFO Properties within the Brookfield Group

## IDENTIFIED ASSETS

**8.3 MSF**

LEASABLE AREA

**Rs 86B**

GROSS ASSET VALUE<sup>(2)</sup>

## ROFO<sup>(1)</sup> PROPERTIES

**6.7 MSF**

LEASABLE AREA

**Rs 104B**

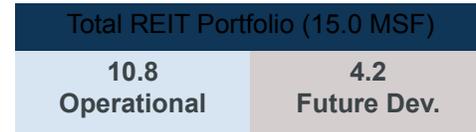
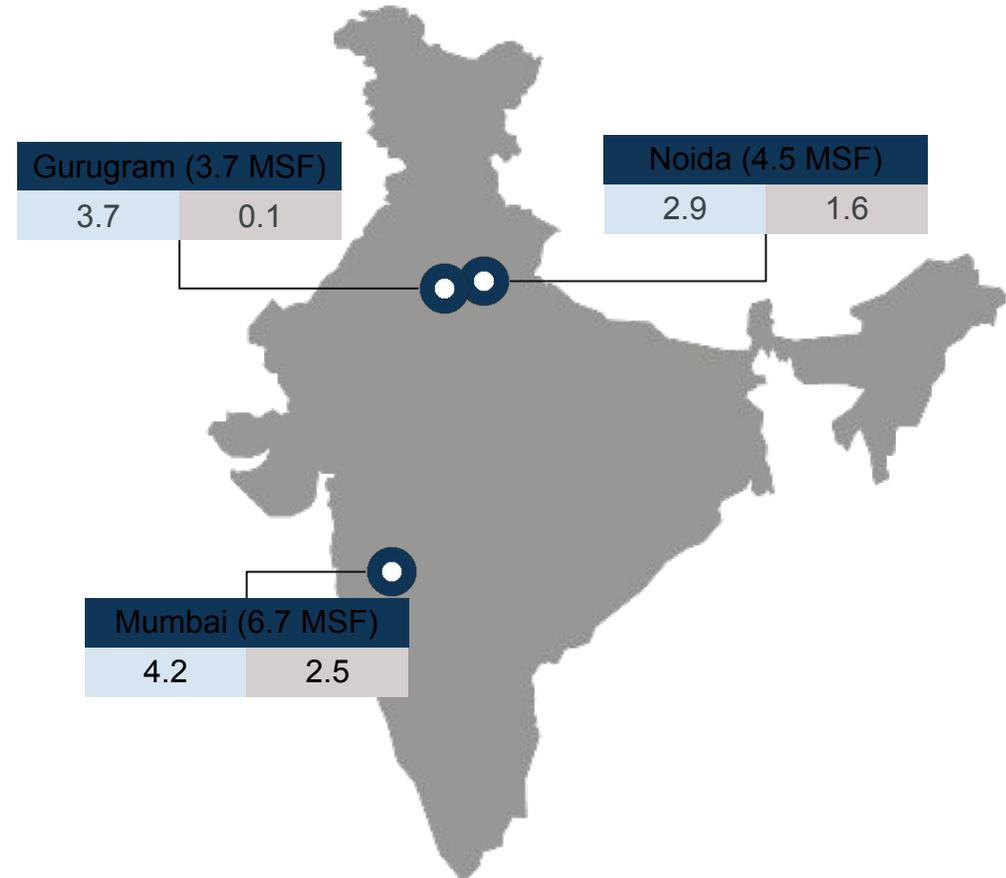
GROSS ASSET VALUE<sup>(3)</sup>

**15.0 MSF**

TOTAL LEASABLE  
AREA

**Rs 190B**

TOTAL GROSS ASSET  
VALUE



- (1) Right of First Offer.
- (2) As on March 31, 2021, based on the floor price per the Agreements to Purchase signed with the Brookfield Group.
- (3) As on March 31, 2021, based on Manager's estimates.

Portfolio remained resilient in FY2021, maintaining a 91% Same-store Occupancy<sup>(1)</sup> and 99%+ rental collections

## Collections

**99%+**  
Operating Lease Rentals  
Collected

**~9%**  
Avg Escalation on 3.7 MSF  
area

- Collections of operating lease rentals remained robust at 99%+
- ~9% average escalation on 3.7 MSF leased area
- Minimal rental pressure due to 31% spread to market rents

## Leasing

**673,000 SF**  
Leased and Renewed

**17%**  
Avg Re-leasing Spread

- Leased 673,000 SF in FY21
  - 122,000 SF new leasing
  - 551,000 SF renewals with 17% average re-leasing spreads
- Retained 1.7 MSF of tenancy (which had typical break options)
- 87% Committed Occupancy and 91% Same-store Occupancy <sup>(1)</sup>

## Development and Capex

**481,000 SF**  
New Area  
Delivered

**~Rs 400M**  
Upgrade Capex Spent

- Despite labour disruptions, 481,000 SF in N1 was delivered in September 2020
- On track to deliver 80,000 SF Amenity Block in N1 in Q2 FY22
- Revamped the occupier amenities in K1
- Commencing planned upgrades in Kensington with best-in-class amenities

(1) Same-store Occupancy excludes areas developed during the year (481 KSF delivered in N1 Sep '20). Overall Committed Occupancy is 87% including such areas.

Our properties remained open to ensure business continuity for our occupiers, with elevated health and safety standards

## Operations

6<sup>(1)</sup>  
Campuses BV  
Safeguard Certified

- Properties kept operational during lockdown with tenants running critical business continuity operations
- Implemented elevated health & safety standards and protocols to provide a safe working environment for our tenants and their employees
- Working with authorities to implement vaccination drives on our premises

## COMMITTED TO HEALTH AND SAFETY



Received the prestigious 'SAFEGUARD' certification from Bureau Veritas



Properties kept operational during lockdown with elevated health & safety standards and protocols

(1) Including REIT Portfolio (4 campuses) and the Identified Assets (2 campuses).

# Vaccination Drives Across Our Properties

Consistent with our commitment to health & safety of our tenants, we have vaccinated our employees, tenants and front-line workers across our properties

## 100%

BUSINESS PARKS OPERATIONAL

## 32,000

PEOPLE VACCINATED <sup>(1)</sup>

## 60+

VACCINATION CAMPS ORGANIZED <sup>(1)</sup>



(1) Including Identified Assets as of 30<sup>th</sup> June 2021. 25,000 vaccinations have been administered in the REIT Portfolio.

# At the Forefront of Recovery

With our fundamentals intact, we believe our assets will be at the forefront of the post pandemic recovery

## OPERATIONAL STABILITY

- Significantly Complete Portfolio
- Deep Rooted Tenant Relationships
- Strong Balance Sheet, Low Leverage and Ample Liquidity

## INSTITUTIONAL QUALITY

- 100% institutionally managed
- Brookfield Group has a long history of managing REITs through market cycles

## MULTIPLE GROWTH LEVERS

- Organic: 4-5% contracted growth and 30% headroom to market rents
- Inorganic: Identified Assets and ROFO Properties within the Brookfield Group

## CONTINUED INVESTMENTS

- Enhanced progress of property upgrades
- Significant progress in developments

# Strong Back to Office Trends

We are seeing employees 'return to office' across the Brookfield Group's office portfolio across region. We expect India to follow suit as large technology companies are rapidly vaccinating their employees in India.

## PHYSICAL ATTENDANCE (JUNE 30, 2021) <sup>(1)</sup>



83%

Seoul, South Korea



61%

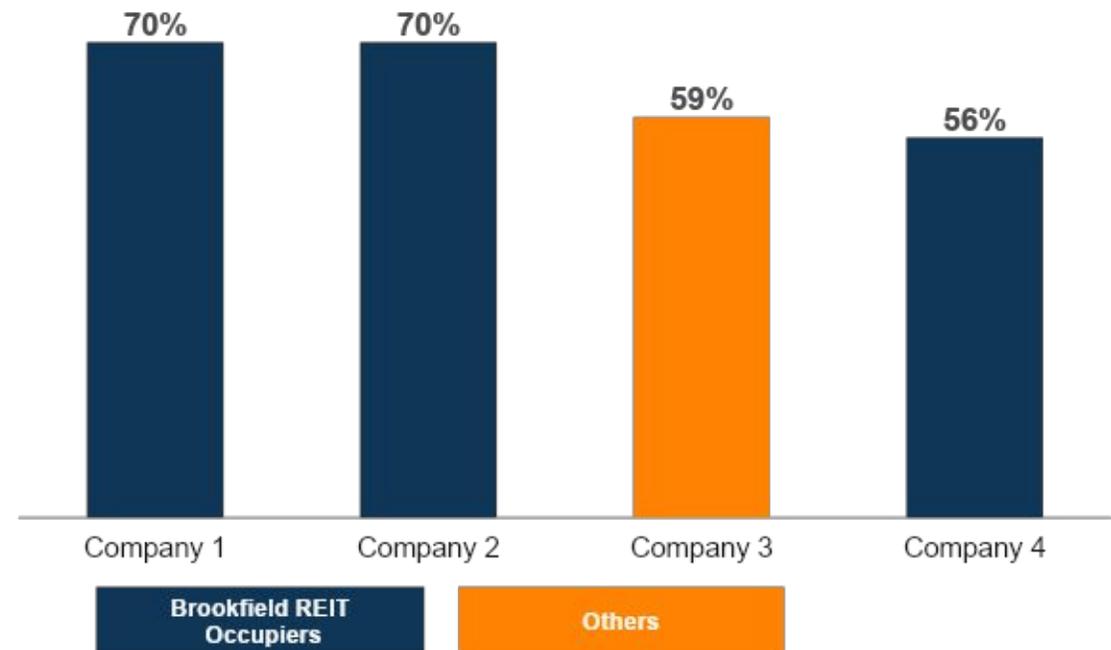
Sydney, Australia



29%

Dubai, UAE

## TECHNOLOGY MNCs – VACCINATION %<sup>(2)</sup>



Source: Public filings (per latest Q1 FY22 reporting), Brookfield Research.

(1) Data represents employees reporting to the office properties for June as a % of total employees with active access cards.

(2) Received at least one vaccine shot.

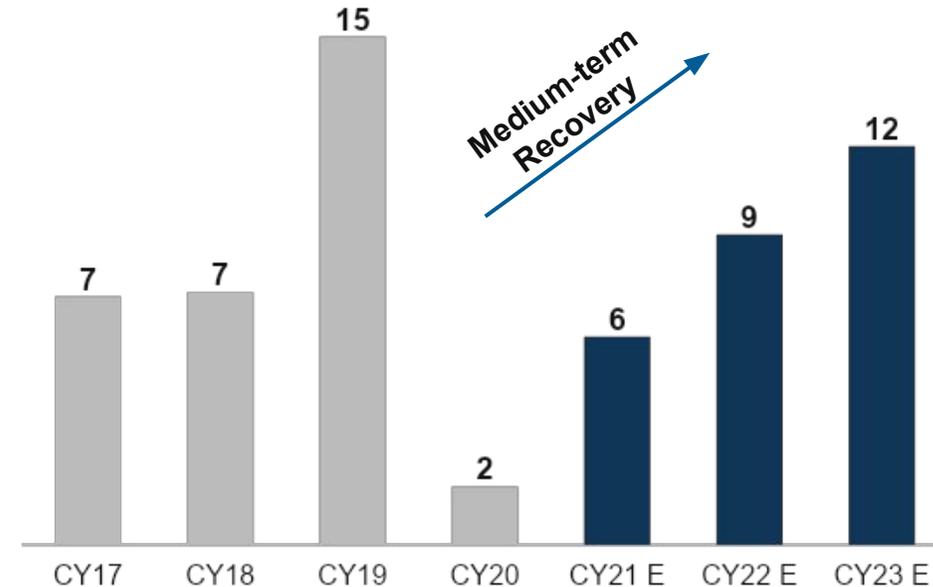
# Demand Recovery to Ramp-up from CY2022 onwards

We expect absorption to pick up once as physical occupancy improves across offices

## KEY THEMES IN MEDIUM TERM RECOVERY

- **Relocation:** from non-institutional to institutional properties
- **Consolidation:** from multiple locations into a single large property
- **Expansion:** pent-up space demand and real estate plans for next 5 years of growth

## NET ABSORPTION IN REIT MARKETS (MSF)

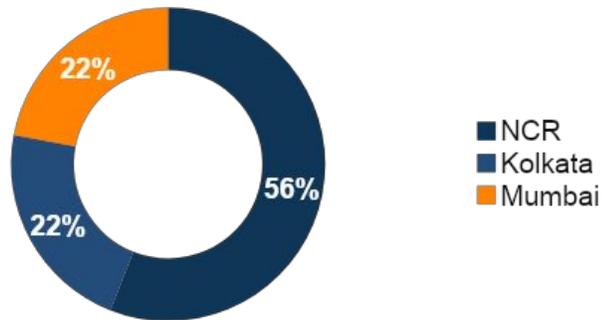


# Significantly Complete and Stable Portfolio

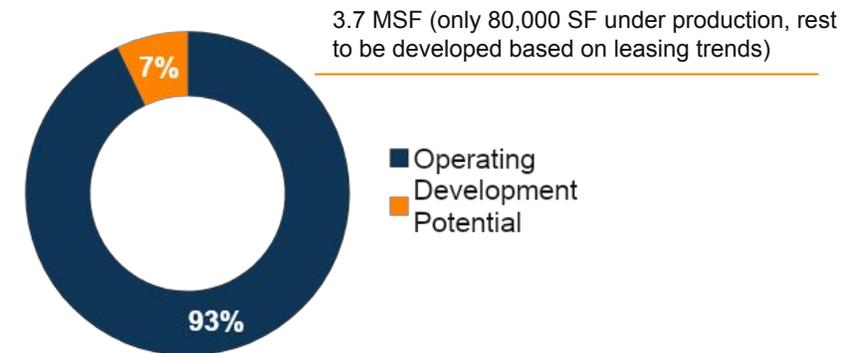
93% of gross asset value is in operating properties, which are 91% occupied on a same-store basis(1) with a long-dated WALE of 6.5 years

Asset	Area ( in MSF)			Leased Area Metrics					Asset Value (Rs Bn)
	Operating	Dev. Potential	Total	Area in MSF	# Office Tenants	Same-store Occ. <sup>(1)</sup> %	WALE (Yrs.)	In-place Rent (Rs PSF)	
Kensington	1.5	-	1.5	1.3	8	86%	2.5	Rs 92	Rs 25
G2	3.9	0.1	4.0	3.6	15	92%	7.0	80	44
N1	1.9	0.9	2.8	1.3	19	96%	7.3	46	20
K1	3.1	2.7	5.7	2.8	15	91%	7.3	43	26
<b>Total</b>	<b>10.3</b>	<b>3.7</b>	<b>14.0</b>	<b>9.0</b>	<b>52<sup>(2)</sup></b>	<b>91%</b>	<b>6.5</b>	<b>Rs 65</b>	<b>Rs 115</b>

ASSET VALUE BY GEOGRAPHY



ASSET VALUE BY STATUS



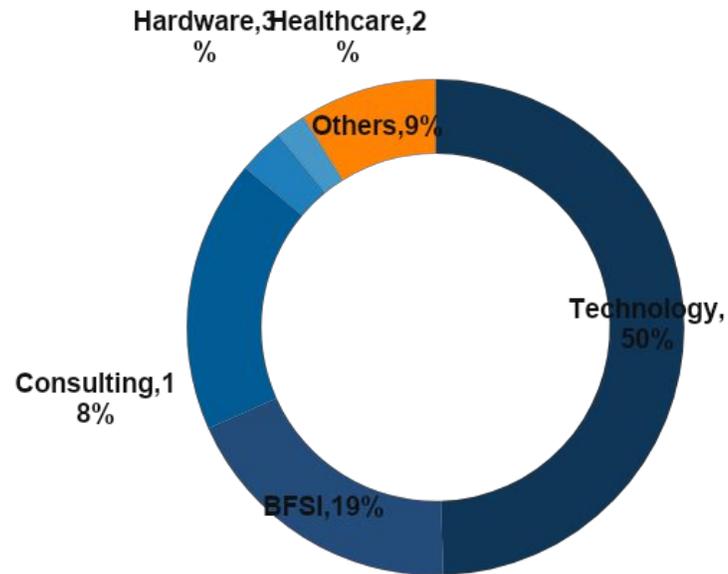
(1) Excluding N1 Tower 5 (481 KSF) completed in September 2020.

(2) 5 tenants in total are present across more than one office park.

# Deep Rooted Tenant Relationships

Technology-led, high credit quality tenant roster, with an established track record of tenant expansion as the 'landlord of choice' in our markets

## SECTOR DIVERSIFICATION OF TENANTS



## TOP 10 TENANTS BY LEASED AREA

Tenant	Sector	# Parks	% Leased Area	Growth since Mar'15 <sup>(1)</sup>
Accenture	Consulting	2	18%	<b>+143%</b>
TCS	Technology	2	17%	-
Cognizant	Technology	2	14%	<b>+93%</b>
Sapient	Technology	1	6%	<b>+138%</b>
RBS	BFSI <sup>(2)</sup>	1	5%	<b>+7%</b>
Barclays	BFSI	1	4%	<b>+60%</b>
BA Continuum	BFSI	1	3%	<b>(52%)</b>
Capgemini	Technology	1	3%	<b>+30%</b>
Amdocs	Technology	1	2%	<b>+33%</b>
E&Y	BFSI	1	2%	<b>(1%)</b>
<b>Total</b>			<b>75%</b>	<b>+37%</b>

(1) Adjusted for areas in Kensington, which were inherited in 2017 when the property management was taken over.

(2) Banking, Financial Services and Insurance.

# Identified Assets Update

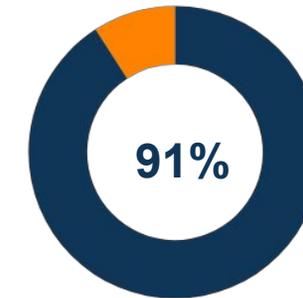
We have rights to acquire two complementary properties in Delhi NCR before Aug 2022. The ongoing construction program in both assets has achieved completion over the last year

ON JUNE 30, 2021	G1	N2
Operating Area (MSF)	3.7	3.6
Area Leased (MSF)	2.6	3.0
Committed Occupancy	70%	82%
Same-store Occupancy <sup>(1)</sup> (%)	93%	85%
WALE (Years)	8.0	8.6
In-place Rent (Rs PSF)	Rs 70	Rs 52
Floor Asset Value (Rs Bn) <sup>(2)</sup>	Rs 48B	Rs 38B

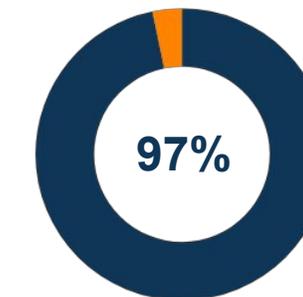
	FY21	Q1 FY22
<b>NEW LEASING</b>	<b>102,000 SF</b>	<b>458,000 SF</b>
<b>NEW AREA DELIVERED</b>	<b>908,000 SF</b>	<b>673,000 SF</b>

## ASSET VALUE BY STATUS (% OPERATING)

Mar 31, 2021<sup>(4)</sup>



Sep 30, 2021 (Estimate)



(1) Same-store Occupancy excludes areas developed since September 2020, 908,000 SF delivered in G1. Additional 673,000 SF delivered in N2 during Q1 FY22.

(2) As on March 31, 2021, based on the Agreements to Purchase signed with the Brookfield Group.

(3) Based on draft valuation reports dated March 31, 2021. We do not expect any material changes to the metric.

# FY2021 Financial Highlights

Resilient financial metrics, backed by contractual arrangements with creditworthy counterparties

## GROSS ASSET VALUE<sup>(1)</sup>

**Rs 115 Billion**

0.6% increase since  
Sep 30, 2020

## NET ASSET VALUE<sup>(1)</sup>

**Rs 317 per unit**

2% increase since  
Sep 30, 2020

## GROSS DEBT<sup>(1)</sup>

**18% LTV**

with 50bps+ reduction headroom  
in borrowing costs

## KEY PROPERTY INCOME METRICS

MILLIONS	FY21	FY20	KEY DRIVERS
<b>Income from Operating Lease Rentals (OLR)</b>	<b>Rs 6,100</b>	<b>Rs 5,954</b>	<ul style="list-style-type: none"> <li>Rs 146 million / 2.5% YOY increase driven by contractual escalations, partially offset by new vacancies</li> </ul>
(+) CAM / Other Revenue	<b>2,528</b>	3,613	<ul style="list-style-type: none"> <li>Rs 879 million decrease in CAM revenue (cost-plus contracts), driven as a result of reduction in CAM expenses</li> </ul>
Revenue from Operations	<b>Rs 8,628</b>	Rs 9,567	
(-) CAM / Other Direct Expenses	<b>(2,028)</b>	(2,804)	<ul style="list-style-type: none"> <li>Rs 724 million reduction in CAM expenses due to reduced utilization due to COVID-19 outbreak</li> </ul>
Net Operating Income (NOI)	<b>Rs 6,600</b>	<b>Rs 6,763</b>	
(-) Net income in CIOP attributable from Identified Assets	<b>(52)</b>	(206)	<ul style="list-style-type: none"> <li>Mid-year termination of CIOP's operating services arrangement with Identified Assets</li> </ul>
<b>Comparable NOI</b>	<b>Rs 6,548</b>	<b>Rs 6,557</b>	
<i>% Margin on OLR</i>	<b>107%</b>	110%	

(1) As on March 31, 2021.

# Capital Structure and Liquidity

Low leverage, long interest only period and undrawn credit lines provide us with ample liquidity. We are also evaluating the available 50bps+ headroom in borrowing costs

**Rs 21.2B**  
GROSS DEBT

**Rs 2.8B**  
UNDRAWN COMMITTED  
FACILITY

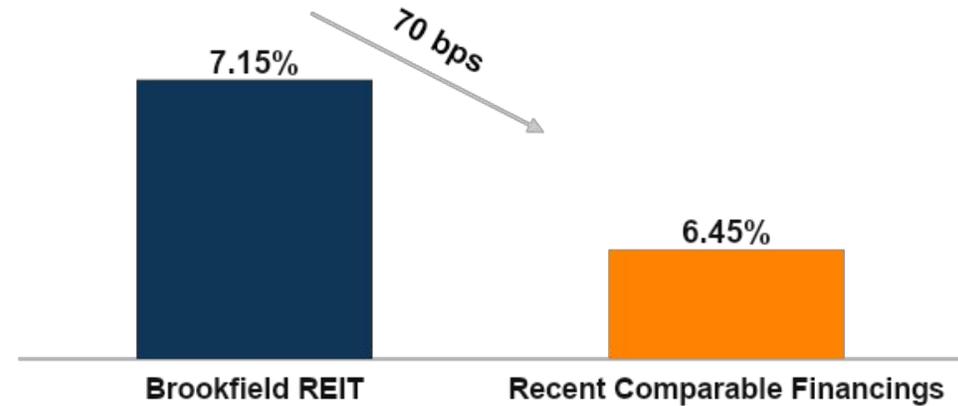
**4.9Yrs.**  
BALANCE INTEREST ONLY  
PERIOD

**AAA Stable**  
CREDIT RATING (CRISIL)

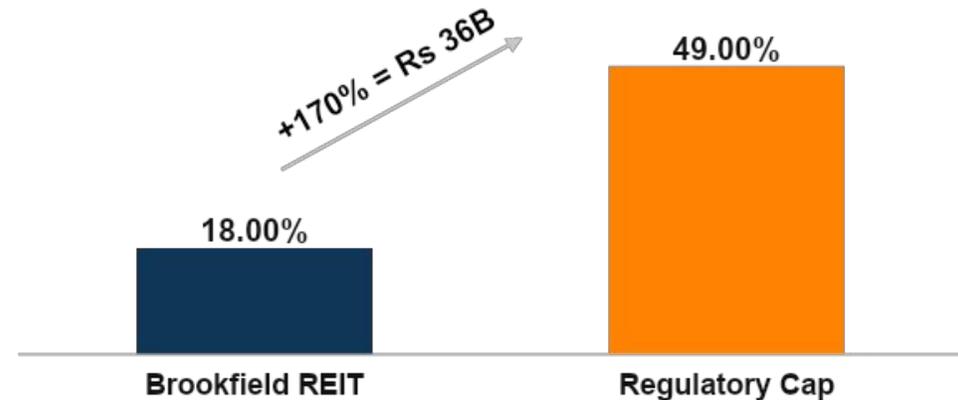
## OPPORTUNITIES

- Potential optimization of finance costs by 50bps+ (equating to ~Rs 100M p.a.) in line with comparable financings
- Favorable announcements on opening new pockets for REIT debt will create favorable dynamics (insurance cos, FPI, etc.)
- Low cost of debt shall help enable accretive acquisitions

Headroom in borrowing Costs

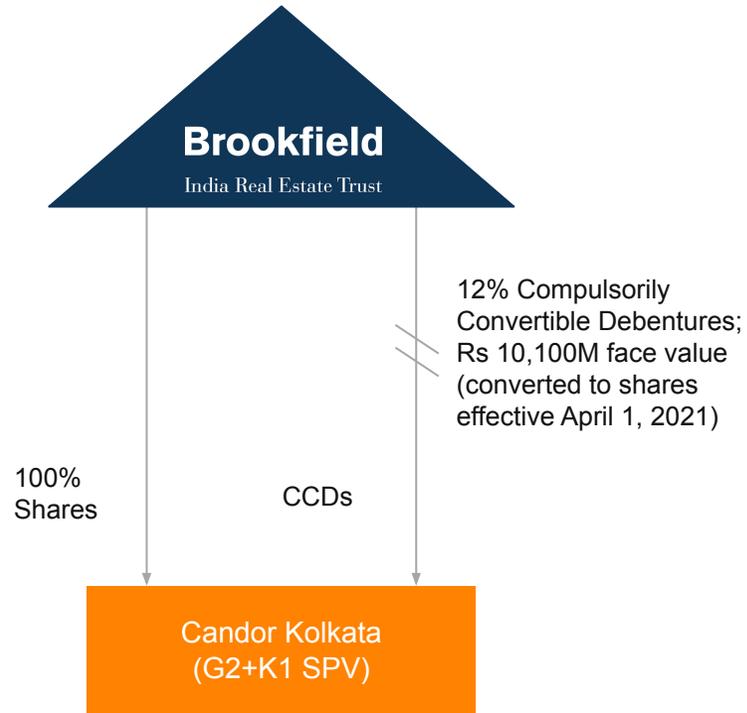


Headroom in LTV

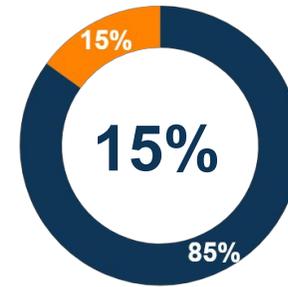


# Doubling Tax-free Distributions

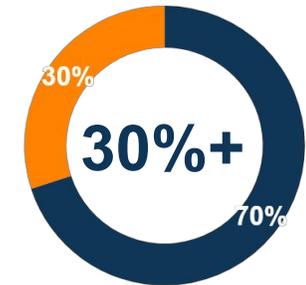
In line with our thinking, we have taken steps to enhance the tax efficiency of our distributions and make it more appealing for a wider variety of investors



**FY22 NDCF  
% TAX FREE, AT IPO**



**FY22 NDCF  
% TAX FREE, POST CONVERSION**



Doubling the tax-free component

**Key highlights of the conversion**

- Effective April 1, 2021
- Neutral to corporate tax outflow for the medium term (~4 yrs)
- Interest of Rs 1,212M p.a. (taxed at marginal rate), will be reclassified to repayment of capital going forward (tax-free)

We estimate > 30% of NDCF being tax free in the hands of investors starting April 1, 2021. Further, future growth in distributions will further enhance the tax-free percentage

Gross Asset Value / Asset Value	The market value as determined by the Valuer as of March 31, 2021
Committed Occupancy	$\frac{(\text{Occupied Area} + \text{Completed Area under Letters of Intent})}{\text{Completed Area}}$ In %
Same-store Occupancy	Represents Committed Occupancy for areas where the occupancy certificate was received on or before March 31, 2020
WALE	Weighted Average Lease Expiry based on area. Calculated assuming tenants exercise all their renewal options post expiry of their initial lock-in period
In-place Rent	Rental income from leased area for the month excluding fit-out and car parking income on a per square foot basis
REIT Portfolio	Assets comprising four office parks (Kensington, Mumbai; G2, Gurugram; N1, Noida; K1, Kolkata)
G1	Candor Techspace G1 (Candor Techspace, Sector 48, Gurugram)
N2	Candor Techspace N2 (Candor Techspace, Sector 135, Noida)
Identified Assets	Two office parks (G1, Gurugram; N2, Noida) for which Brookfield REIT has entered into Agreements to Purchase
Agreements to Purchase	The agreements entered into by Brookfield REIT pursuant to which it has a right to acquire the securities of the companies owning the Identified Assets
ROFO Properties	Office assets for which Brookfield REIT has entered into a right-of-first-offer (ROFO) agreement
Re-leasing Spread	Refers to the realized change in base rent between the leases signed and leases expiring at in-place rents, reflected as a % change
Mark-to-market Headroom / Spread	Refers to the potential change in base rent between new leases signed at market rates and leases expiring at in-place rents, reflected as a % change
Operating Lease Rentals (OLR)	Revenue from leasing of premises including Warm Shell rent, fit-out rent and car parking Income
Net Operating Income (NOI)	Net Operating Income calculated by subtracting Direct Operating Expenses from Revenue from Operations
NDCF	Net distributable cash flows (non-GAAP measure). Please refer to pg. 285-287 of the Offer Document for calculation methodology

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