



“Brookfield India Real Estate Trust
Q2 FY '26 Earnings Conference Call”
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Moderator:

Ladies and gentlemen, good day, and welcome to Brookfield India Real Estate Trust Q2 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded.

On the call today, we have from the management, Mr. Alok Aggarwal, Chief Executive Officer and Managing Director; Mr. Rachit Kothari, Non-Executive Director; Mr. Amit Jain, Chief Financial Officer of Brookprop Management Services Private Limited; and Mr. Shailendra Sabhnani from Brookfield.

I now hand the conference over to the management. Thank you, and over to you, sir.

Alok Aggarwal:

Good evening, everyone. This is Alok, and welcome to Brookfield India Real Estate Trust Q2 FY '26 Earnings Call. I extend a warm welcome to all our unitholders, analysts and participants joining us today.

Let me begin by sharing some insights on India's macroeconomic environment and its continued relevance to the office real estate sector. India continues to be one of the fastest-growing large economies in the world. The macroeconomic environment remains supportive with stable inflation and a pro-growth monetary policy stance.

Following the cumulative 100 basis points repo rate cut this year, liquidity has improved, and that's creating a positive setup for businesses and investments. The Indian office market continues to demonstrate remarkable resilience and depth. Gross-leasing activity for first 9 months in calendar year 2025 achieved a record 60 million square feet. The sector is on track to surpass 90 million square feet of annual leasing activity this year.

Global capability centers, or GCCs, contributed more than 38% of total absorption in Q3 CY 2025, a clear indicator of sustained occupier confidence and India's position as "Office to the World". And a noteworthy development during the quarter was SEBI's recent classification of REITs as equity instruments.

This progressive move is expected to enhance liquidity, broaden institutional participation and further strengthen investor confidence in the REIT ecosystem, a positive step that reinforces REITs position as a mainstream asset class within capital markets.

Turning to Brookfield India REIT, I'm pleased to report a strong quarter of business performance for Brookfield India REIT, marked by healthy leasing activity, continued occupancy growth and robust financial performance.

When we talk about leasing occupancy, during Q2 FY '26, we achieved gross leasing of 592k square feet, maintaining strong leasing momentum. About 46% of this leasing came from GCCs, reaffirming their continued preference for high-quality institutionally managed campuses like ours.

Our committed occupancy has now surpassed 90%, an increase of over 10% since the SEZ policy reforms were initiated in 2023 end. Importantly, leasing traction continues to be broad-based across SEZ, IT, commercial and NPA spaces.

Over the last 24 months, we have cumulatively leased over 6.4 million square feet, with GCCs contributing more than 35% of that leasing volume. We also recorded a re-leasing spread of 21%, reflecting the underlying strength of our portfolio and the quality of our tenant base.

We're also excited to announce a proposed acquisition of Ecoworld, a fully built and stable grade-A large office campus located in Outer Ring Road, Bangalore, one of the best performing micro markets in India. This campus has committed occupancy of 94% and expected to touch occupancy of 96% to 97% in the next 3 months.

This transaction, when completed will be transformation for Brookfield India REIT. This will mark entry of Brookfield India REIT to Bangalore at scale. The transaction will increase our operating area by over 31%, expand our GAV by about 35% and take our pan-India footprint to 7 cities.

This will also improve tenant diversification by increasing the share of GCCs to 45% from 37% and reduce the share of top 10 tenants to 30% from 34%. Post acquisition, our portfolio will have over 32 million square feet of operating assets, making us one of the largest and most diversified office REITs in India.

In terms of our ESG commitments and progress, during this quarter, we continued to do so and we have got recognition from global ESG institutions. We have received 5-star GRESB rating for the fourth consecutive year.

Our key recognitions in the ESG include Edge certifications by IFC for majority of buildings in Downtown Powai, recognizing excellence in energy and water efficiency; 5-Star BEE rating for several assets, including Downtown Powai, SEZ, Prudential, Delphi, Spectra and Winchester buildings; British Safety Council, 5-star ratings for a majority of our assets.

Looking ahead, we expect the leasing environment to remain robust, driven by continued expansion of GCCs and India's position as a global technology and service hub. With over 90% of occupancy, a strong leasing pipeline and the proposed Ecoworld acquisition, we are well positioned for sustained NOI and distribution growth in the coming quarters.

Let me request Amit to take you through the financial performance. Thank you.

Amit Jain:

Yes. Thank you, Alok, and good evening, everyone. I'm pleased to share that we have continued our strong financial performance in Q2 FY 2026. Our net operating income for the quarter stood at INR510 crores. This reflects steady Y-o-Y growth of around 13%. Including North Commercial portfolio, the NOI stands at INR640 crores. We declared a distribution of INR5.25 per unit, translating to INR336 crores in totality, a 14% Y-o-Y increase compared to Q2 FY 2025.

Our net asset value stands at INR349 per unit, up 4% in H1 FY '26. Adjusting for noncash, non-GAAP items like deferred tax liabilities and goodwill for North Commercial portfolio, the pro forma NAV will be INR354 per unit.

Our balance sheet remains robust with LTV at 21.6% excluding shareholder instruments and AAA stable ratings from both ICRA and CRISIL. The average interest rate today stands at 7.5% for the REIT and would be positively benefited by any future repo rate cuts given the majority of our portfolio debt are repo-linked.

We have a long-dated debt maturity profile with minimal near-term amortizations and ample headroom for future acquisitions. In addition to what Alok highlighted, the proposed acquisition of Ecoworld is going to be a great addition to Brookfield India REIT in terms of numbers. The proposed acquisition at INR13,125 crores is at a discount of 6.5% compared to average GAV computed by 2 independent registered valuers.

Addition of Ecoworld will help increase our pro forma NAV to INR355 per unit from current INR349 per unit and would also be accretive from a DPU standpoint, increasing the DPU by 3% on pro-forma basis compared to current run rate. With this acquisition, the share of dividends in total distribution is also expected to double to approximately 30% from current levels of 15% to 16%.

Let me now request Rachit to take you through more details on the proposed acquisition of Ecoworld.

Rachit Kothari:

Thanks, Amit. It's a big milestone for us, and we are very excited to be announcing what is going to be, if approved, the largest deal in the Indian REIT space to date. But more than that, we are excited for the fact that this truly completes our pan-India story. That's the journey we had set out on when we listed this REIT in 2021.

As many of you would be aware, most large parks in Bangalore are already under a REIT structure or are proposed to be under REIT structures. And to that extent, this acquisition was both strategic and important to our REIT in particular.

The REIT was close to the situation for over a year. We had been talking to the investors about it as a part of our earnings presentation and had already raised about INR4,500 crores of capital that we are now proposing to top up by launching another INR2,500 crores to INR3,500 crores of fundraise that will help us conclude this transaction.

There are a few important points that I'd like to mention since we have the benefit of all of you on this call. First, this acquisition will mark a large entry for our REIT into Bengaluru, as Alok highlighted, making it a truly pan-India REIT. Bangalore will be almost 30% of our value and income economics going forward.

Second, the transaction has been structured very well to match payment with income. The REIT is going to pay for the leased towers upfront when they close the transaction, and we'll get 18 months to pay for the vacant tower, which is going to refurbishment, which will give it time to relaunch it, lease it and also raise capital to finance it.

Third, the projected metrics are very attractive on both counts, yields and returns. The REIT is proposing to acquire this asset at a 7.7% forward cap rate on the lease start, which sets up to almost 8% DPU yield on the incremental INR3,500 crores equity that is going to be deployed here, which is 25% higher than where our stock is trading in yield terms today. Second, a portion of the asset is still under rented, which creates a 7% per annum growth potential over the next 5 years as these mark-to-markets get realized.

And lastly, on the returns, the asset IRR with 7.7% entry cap rate and a 7% growth will stack up to close to 14.5% on the INR13,125 crores price that we have, which would mean an 18% equity IRR on the acquisition stand-alone but 25% incremental IRR for the REIT on the INR3,500 crores equity that is yet to be raised to finance this deal, making it a truly attractive proposition to significantly uplift the overall total return of the REIT while keeping the LTVs below 35%.

And lastly, we have been highly focused, as you are all aware, on increasing share of dividends in our DPU to increase its appeal to a larger investor base. This transaction will pull our dividend share up to almost 30% in the short term, which will improve the post-tax yields in the hands of our investors and make the stock more inclusive.

With that, we'll ask the moderator to open for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Puneet from HSBC.

Puneet: Congratulations on good performance on leasing. But more importantly, if you can also explain on this transaction, how would you look at the 7.7% forward cap rate, if you can just throw some detail there, it will be very helpful?

Rachit Kothari: Yes. So Puneet, Rachit here. This cap rate is based on a forward estimate for financial year 2027, which is almost next 12 months versus where we've achieved this transaction today, if you look at this asset, it's about 94% occupied at INR102 of average rent, which is about INR850-odd crores of run rate in OLR terms and add to it the service provider income, we're almost close to about INR870 crores or INR860-odd crores, right

Puneet: This is inclusive of service provider, I thought...

Rachit Kothari: So INR850 crores is inclusive of service provider. Add to it 2 things, first, 5% growth for the next 12 months because this is September 2025 ending numbers to September 2026 ending numbers.

Puneet: FY '27?

Rachit Kothari: That is correct. So on an average, September at the middle of that financial year would be the midpoint that you can compare to where you are right now on these metrics. So that September to September a 5% growth on the OLR. INR102 got committed as of date, Puneet, if that's the confusion.

- Puneet:** No, no. So my understanding is INR850 crores divided by INR13,000 crores, right? It doesn't come to 7.5% is what I'm trying to understand. Am I missing something here?
- Rachit Kothari:** Okay. So let me break it down. INR850 crores is from 7.1 million square feet at 94% occupancy. For this, the REIT is paying INR12,000 crores. So you have to first take INR850 crores to its true income potential. As Alok outlined, there are advanced conversations that can take this occupancy to 96%, 97% in the near term.
- So when you gross up for that and you provide for a year of growth to take this to forward income, that will come to almost INR900 crores or INR910 crores. That you have to divide by INR12,000 crores to arrive at the 7.6%, 7.7% number.
- Puneet:** Okay, INR910 crores by INR12,000 crores, that's what you're saying?
- Rachit Kothari:** Yes, that's correct. So INR850 crores of run rate plus INR40 crores of a year of escalations and another INR20 crores on account of the lease up, that is in advanced stages, we have good visibility of INR900 crores to INR920 crores kind of a number, which gives you the 7.6% to 7.7% cap rate on the INR12,000 crores.
- Now on the deferred component, which is the tranche 2, that INR1,125 crores is against a separate 700,000 square feet building, for which we are getting 18 months to pay and, at the same time, 18 months' time to lease it, which at a market rent of about INR115 would generate NOI of close to INR105 crores, which will set up to close to late 8 kind of a cap rate on that tower separately.
- Puneet:** A few more things. So occupancy for this building was only 85% till almost 6 months back. How soon would the 94% start generating rental? Is there a fit out period, etc.?
- Rachit Kothari:** Yes. So 85% was including the towers for which we are deferring the payment. If you adjust for that, you take out 10% from the denominator, 85% will gross up to 93%, 94%, which is really where we are at right now. So this is all very near term. But Alok, feel free to add.
- Alok Aggarwal:** Yes, of course, the market has seen a lot of traction and rent frees are in tune of 3, 4, 5 months. And most of these leases will start generating rents in near term. It's not going to take a few quarters, next few months
- Puneet:** So for the existing 7.1 million square feet, would you see a need for any major refurbishments in the next 1 to 2 years?
- Alok Aggarwal:** No, these are all occupied. Where the refurbishments have to be done, they have already been done. So no major refurbishments required rather than the general refurbishments which would be required in any campus.
- Puneet:** Understood. And lastly, just on the technical side, when I look at the valuer's report, the rental is INR92 versus your presentation which say INR102. Can you help me bridge the gap? I think the parking and other things need to be added, but if you can just break it down, it will be very helpful?

- Harris:** Yes. Puneet. Yes, this INR92 number is the warm shell average rental. In addition to this there is approximately INR4 to INR5 of parking rent which will take the average rent to INR 97. And there is the committed LOIs that is going to come in, almost 0.7 million square feet of signed LOIs, which are at higher rents of closer to INR110 and this along with adjusting for campus 3 which is going into refurbishment, will take this average rental to INR102. So that is the INR102 number that you see in the presentation today.
- Moderator:** The next question is from the line of Yashas Gilganchi from BOB Capital Markets Limited.
- Yashas Gilganchi:** Congratulations on signing the binding agreement to acquire Ecoworld. I would like to know when you expect to close the deal and when the asset is likely to start generating revenues for BIRET? And also, is there a ramp-up period before the asset is expected to start operating at a stabilized level?
- Rachit Kothari:** Yes, so on the closing, I think our target is to close it within this quarter or early next quarter. I think the intention is to do it as soon as possible, which means you can expect income to come from next quarter onwards from this portfolio either partially or for the full quarter.
- And we don't expect any significant ramp-up period because we are very close to the 96% mark on the occupancy. Of course, there will be lease-ups in the portfolio. Traditionally, the asset has been 98%, 99% occupied. So we may still see a couple of percentage points picking up, but it will be fairly stable from an income generation standpoint.
- Yashas Gilganchi:** Okay. So just so I understand this correctly. So you expect to close the deal this quarter and the revenues to start coming in, in Q4?
- Rachit Kothari:** That's correct. That's our target.
- Moderator:** The next question comes from the line of Karan Khanna from Ambit Capital.
- Karan Khanna:** Congrats on the acquisition. So my first question, just a clarification. If you look at the recent acquisition of Ecoworld, there seems to be another sponsor asset in proximity, which is Ecospace, which does not seem to be part of the deal. So could you share some insight in terms of how we should read this? And at what stage would you also look to acquire the 1.6 million square feet at Ecospace?
- Rachit Kothari:** Yes. No, it's a good observation. I think at this point in time, our focus is on Ecoworld. Ecospace can potentially come in the following years should the sponsor want to sell that asset. But we'll react to it when it comes to market. But at this point, I think our focus is just on Ecoworld to conclude this transaction. Ecospace is a smaller asset. As you said, it's one-fifth the size of what we are buying. So it will be, I would say, very complementary and strategic to us whenever it comes to market.
- Karan Khanna:** Sure. Rachit, just a follow-up. The sponsor recently acquired a mixed-use land parcel in BKC as well, and you have about 0.3 million square feet in 3 floors in G BKC. And this asset which you've acquired is again in G block. So at what stage would you look to potentially bring that

about 1 million square feet in BKC in as part of the REIT or is it too early to think of the BKC assets coming into the REIT platform?

Rachit Kothari: Yes. I think it's a little bit too early. I think it's still at a greenfield stage. At least 4 to 5 years of hard work left on that property before it starts generating rent. So it will become suitable for the REIT at a later point in time. on your observation on Godrej BKC, I think it can be fairly near term, should again the seller want to -- or the sponsor want to sell the asset. This is 250,000 square feet in BKC in one of the better buildings. So clearly, the REIT will be interested as well.

Karan Khanna: Sure. So my second question to you, Alok, what feedback are you getting from your tenants regarding future leasing opportunities considering the global uncertainties. Are you seeing some pause in terms of leasing decisions? Or any delays in terms of finalization of deals?

Alok Aggarwal: So Karan, actually, we have been living with these uncertainties from the last, I would say, 5 to 6 years, but I can tell you, things have never been so better what we've seen in the last 12 months. We have seen that happening, occupancy for REIT has moved up considerably and it's kind of inching every month.

And today, we have -- as because SEZ reforms also have played a role, we have SEZ vacancy has gone down. And what we have converted, we are able to get new tenants, into our campuses.

And if you really see the occupancy terms -- occupancy numbers, I would say you can go through Slide 14. So there, you can get a sense, most of our non-SEZ assets are around 95%, 98%. Even SEZ without non processing areas is 91%. Only non processing area, which started coming to market 18 months, 20 months back, is ramping up.

It's moving from 0 to 61% and will move to higher numbers. Pipeline is strong. So fairly strong momentum. And what is happening in U.S., at least what we think and what we hear, that will again drive stronger, I would say, outsourcing or movement to India. That probably will strengthen. So that's the sense we have.

Karan Khanna: And last question, Alok, how are you observing the demand from flex-space operators across your portfolio, especially since many of the REITs have been highlighting that they're among their top tenants? So how do you view this segment as a demand driver, and is its presence your portfolio increasing?

Alok Aggarwal: No. So our target is to have about 5% or maximum 10% of our space go to flex space operators. So that's a target and the demand is there. In Powai, we have given a space, full building, which got vacated has been given to COWRKS, and they have tied up with a global tenant. So they are definitely helping us in moving our occupancies.

Moderator: The next question is from the line of Mohit Agrawal from IIFL.

Mohit Agrawal: Just continuing with the previous question on the SEZ properties. Could you give some specific color on when the occupancy across your Gurgaon properties, G1, G2 and actually even N2 start moving up? So some specific time lines in the next couple of quarters or so?

Alok Aggarwal: Occupancy is always already moving up. And let me kind of talk about G2, which was, I think the last to last quarter was at 73%. Now it's at 78%. So 5% kind of occupancy has moved up in the last 2 quarters. Again, G1 occupancy, if you see over the last 6 months, you will see improvement. K1, again, had moved substantially up. N2 again have moved up.

So it's kind of moving up. But our sense is as we are saying our target for year-end, around 93%. So that largely will be contributed by these SEZs only. There's the scope for non-SEZ properties to move up as well, but they're already at 95%, 98%,. So there, the scope is limited. Of course, we will move up. Largely, these SEZs will driving up the growth in occupancy.

Mohit Agrawal: My second question is on the acquisition. Post this acquisition, you will be having a debt to GAV of almost 34%. This is including the INR2,500 crores fundraise that we'll be doing. So how comfortable are you with this level of debt? And what would be a comfortable target for you in the long run? Also, the second part to that question, really, what is the cost of debt for both the SPV level debt and the REIT level debt that you'll be raising?

Shailendra: So Mohit, we've historically also stated that our long-term sustainable debt range is typically in the 33% to 35% range. And with this acquisition and the debt sizing that we are doing, we are effectively getting into this range. This comfortably maintains ratings at a AAA level while ensuring the best capital efficiency. So we see this pretty much as a fairly sustainable kind of ZIP code that we will remain in.

In terms of the cost of financing, if you look at the current portfolio, we are at 7.5%. The new debt on Ecoworld should also be in the same ZIP code. And the REIT bond pricing should be in the 7% to 7.25% kind of ZIP code, which is where current yields are. Obviously, the pricing there would be more dependent on how the markets are closer to when we actually do this transaction. But that's pretty much how the debt number would look like.

Moderator: The next question comes from the line of Pritesh Sheth from Axis Capital.

Pritesh Sheth: Just one question on the acquisitions. So you talked about 18% IRR and 25% incremental IRR. Just sort of some clarification, can you exactly, again, reiterate those numbers just for the clarification sake?

Rachit Kothari: So let me break this down for you. I think on the INR12,000 crores that are supposed to go out upfront, the cap rate is about 7.7%. And that -- this is against the leased towers. And these leased towers have a 7% growth profile on a 5-year basis as a combination of the contracted growth of 5% per year, plus addition of MTM, so there's about 30%, 35% of area that's coming up for expiry at almost 30% MTM in this period, right? So this gives us a 7% annualized CAGR on that. So this stacks up to 14.5% asset level IRR.

The tranche 2, which is against the empty tower, will be bought at a late 8 kind of a cap rate with a 5% growth profile. So that also stacks up to a 14% asset level IRR. So on an average on the asset, you're making 14% to 14.5%, right? On top of it, if you just look at the acquisition stand-alone at 33% LTV, which has been our guidance all throughout, borrowing are going to be at 7.5% as Shailendra described. So you will be able to add on the equity side another 3% to 4%

for the equity IRR because of the leverage. So that's about 18% on the acquisition stand-alone 33% LTV, right? Are you with me this far?

Pritesh Sheth: Yes, yes. Absolutely.

Rachit Kothari: Right. And now because to finance this acquisition, part of the money is going to be raised through incremental debt between 7% to 7.25%, as Shailendra described, 50% of money is going to come from that and 50% is the incremental fundraise right? So you're basically going to get 18% returns while financing half of it at 7% to 7.25%, which means it's going to be 25% on the incremental equity raise.

Pritesh Sheth: Just on the existing portfolio. So I think you talked about this CRISIL house -- erstwhile CRISIL house which got released. But just trying to understand the MTM or the range that we would have contracted for that. Or maybe just in terms of percentage, you can quote how much re-leasing spread that we got on that?

Alok Aggarwal: Almost about 30% over the long-term lease we had.

Pritesh Sheth: And on this interest rate, the cost of debt that we have now, I think it has gone off for quite a bit quarter-to-quarter. Yet, I think on the cash interest outflow, we have not seen too much changes in this quarter. So potentially, it will come next quarter, is it?

Amit Jain: So yes, the full impact of 100 bps rate cut is not fully built into the portfolio mid of the quarter. So from next quarter onwards, you will see a full quarterly impact of 100 bps rate cut.

Pritesh Sheth: Yes. Just on the existing debt, I mean, we would have a new debt which will come in once we complete the acquisition. But just on the existing debt, how much on an absolute basis you see this interest cost further going down?

Amit Jain: So in absolute terms, it will be, say, a yearly impact of around INR6 crores on the total debt number.

Pritesh Sheth: And just on this SEZ properties, again, I mean, you gave a qualitative comments earlier, but you mentioned a strong leasing pipeline that you're looking at. If you can quantify occupancy targets for the SEZ property by this year-end or next year, what would it be?

Alok Aggarwal: So as I said that by March end, we are looking at around 93% occupancy. And as I said, bulk of that occupancy ramp-up happened from SEZ Properties REIT because honestly it's already at 95% plus. So you can do the math actually. I don't have individual account, but the SEZ will move up to, let's say, around, I mean, around 90%, 91%.

Moderator: The next question comes from the line of Sumit Kumar from JM Financial.

Sumit Kumar: Just wanted to get a clarification on the deal terms...

Moderator: The line for Sumit Kumar has been disconnected. The next question comes from the line of Kunal from Bank of America.

Kunal: One question on the refurbishment capex that you have planned for the 7.7 million part of the asset acquisition. So if you can just help us sort of come up to speed on if any major refurbishments have been undertaken in the park over the last 5, 6 years. Because I know the asset has been in operation for several years. Or if you could sort of give a quick comparison as to how you would expect the refurbishment capex here over the next 5 years to be different from the rest of your portfolio?

Alok Aggarwal: So I mean, if you really see, in this asset, some of the buildings have come up, I would say, in the last, of course, 10 to 15 years. These buildings have been maintained very well. These are the best buildings, maintained very well and occupied by marquee tenants. We are proposing the INR 150 crore upgrade in Campus 3ABC because this campus is getting vacated, so there, we're going to put INR150 crores, bring the building to be the top-notch buildings available today.

In addition to this, currently it is the right opportunity to put in the capex and upgrade the asset and get it leased out for the next 20 years. Once the asset is leased we don't get this opportunity for upgrading the building. Other buildings in the campus, normal upgrades have been done, no major requirement or work there.

Kunal: Alok, essentially, would you think that as you're looking to realize the MTM potential they should not need upgrade capex in the current status of the building should get you there?

Alok Aggarwal: No, no. for existing buildings, whatever the MTM will happen. They are getting leased even in the past also, on as is where is basis. No major capex is required. For campus 3ABC, we are putting INR150 Crores.

Rachit Kothari: So Kunal, if the question was, have we spent money upgrading the 7.1 million square feet in the previous ownership, the answer to that is yes, and a lot of it is now complete as of this quarter. Most of those capex programs are complete. Half of the portfolio is actually fairly new, delivered between 2015 to 2018, for most part.

So those buildings continue to, of course, perform very well and do not require that much capex. But the older part of the portfolio have been taken care of, except for 3 ABC like Alok mentioned we are projecting a INR150 crores capex. It is very likely that somebody just take it as is, but at least for now, our plan is to refurbish it and relaunch it and hopefully get INR5 to INR10 more on the rent if we can.

Kunal: Exactly. I had exactly that in mind because, I mean, there's been some recent feedback that with buildings approaching 15-year mark, there are cases when if you need to push for an MTM increase, upgrade capex is sort of required. If that's been undertaken last few years as well, I think that's exactly what I wanted to clarify.

Moderator: The next question is from the line of Girish Choudhary from Avendus Spark.

Girish Choudhary: Firstly, how should one see the DPU trajectory going ahead especially in near to medium term because the asset is essentially getting operationalized or consolidated towards the end of fiscal

'26? And as and when the funding structure settles, could we see some temporary dip or a flattish trajectory off of TPU?

Rachit Kothari: So the question is just on the acquisition or for the overall REIT, just to clarify?

Girish Choudhary: For the overall REIT?

Rachit Kothari: Yes, Girish, so look, in the overall REIT, when we add this property, we're still only about 91% occupied. There's a fair amount of lease up that is there in front of us. Alok mentioned we're looking to end the year at the 93% mark. So there will be fill up coming from the lease up. There will be, of course, the rent growth that we have as a part of our contracts.

And lastly, I think the borrowing cost benefit has not fully flown into the DPU, as Amit pointed out. So I think it will be a combination of all these 3, which are all positive that should ideally push this up forward. We do not anticipate a decline at this point in the DPU performance, certainly in a situation where the incremental acquisition that we are doing is at 20% higher DPU levels than what we are currently trading at.

Amit Jain: And also expectation are that repo rate should go down further. So if that happens, that will be an incremental impact on the cash flows for the REIT.

Girish Choudhary: And secondly, on the acquisition on the asset Ecoworld, like you mentioned, the current occupancy is 94%. And you intend -- and then your assumptions mentioned 97.5%. So just to understand this better, how much is committed till now because to achieve 97.5% rental generating, we need a lot of commitments by -- in the next 2, 3 months, right?

Alok Aggarwal: Fair observation. So 94% is committed. And we have advanced discussions, which probably can take to very advanced decisions, where it has not been signed but, in principle, agreed. That makes it 96%. So then balance end up 100 to 150 basis points is something it has to go up. But the pipeline is very strong. We've seen how the property has got ramped up. So we are confident we should be able to achieve those numbers.

Rachit Kothari: And I'll also add that there are 3 components of spaces in this park, right? If you see -- and this on Page 5 of our acquisition deck, a commercial portfolio of 4 million is 97% occupied, SEZ 97% occupied. The only vacancy is an NPA spaces that we are in the process of converting. Once that conversion finishes, we will see this also go to 97%. That confidence is there in the management today that with only a small amount of space left, it should be fairly straightforward to get 97%, 98% occupancy.

Moderator: The next question is from the line of Sumit Kumar from JM Financial.

Sumit Kumar: My question is on the 2 clauses of the deal structure. One is the rent fee true-up and the other one would be the FSI earn out, if you could explain it in a little bit detail, please?

Rachit Kothari: Yes. So rent-free true-up is fairly straightforward. On the committed tenancies that are there in the portfolio today, which are part of the 94%, whatever entry periods have been committed

because some of these are new leases, those rent-free periods will be compensated by the seller in cash. So that totals to almost close to INR100 crores.

The number has been settled at INR100 crores. So this, in a way is cash that will be available for distribution without having income lags from the rent-free period, right? So this ensures that the full rent potential of the properties translating into NDCF. Are we clear on that? And then I can move forward...

Sumit Kumar: Yes, yes. Okay, okay. So this is nothing speculative, right? Everything is tied up based on the leases that have been signed till date?

Rachit Kothari: Yes. No, I'm glad you asked, and I think that's exactly the point. This is not speculative. This is against committed tenancies. So there's no leasing assumed there. These are all leased areas.

Sumit Kumar: And on the FSI earn-out, what is that? And on what conditions will that become payable?

Rachit Kothari: Yes. So I think this is -- again, this is more detailed out in I think Page 18 of the acquisition presentation. But I think the idea really here was that the campus 3 ABC that we are planning to refurbish, while our base case plan is to refurbish it, for whatever reason, there is an FSI upside here that gets unlocked because of the TOD policy in Karnataka. Given this property sits very close to the metro line, there is a possibility that the REIT might undertake a full redevelopment of this property if it is profitable for the REIT.

And in that situation, there's a formula that has been determined to see if the seller can be paid something additional. However, the management has done its estimate and its negotiations. And up to 1 million square feet of additional FSI, nothing becomes payable, which I think is really the plan.

I think 5.5 acres should not take more than 1 million square feet of additional FSI on top of what is already there. So it's very unlikely that something like this becomes payable unless there are savings and costs as per the formula. But for whatever it's worth, if there is no FSI, there is no upside for the REIT and no sharing of the it with the seller.

Sumit Kumar: Okay. Just one follow-up on this. Suppose if this goes for redevelopment, then the FY '29 uplift of NOI will not hold, it will get pushed forward?

Rachit Kothari: That is correct. It will get pushed forward and the economics mentioned on Page 18 will take over which means that the property will then be instead of INR150 crores, we'll be spending INR1,500 crores to build it. And that will lead to another INR1,500 crores of profit. So that's honestly, a 2x kind of investment if we were to redevelop it. And that economics is on Page 18. But we expect that if we manage to get additional FSI, unless we are really committed to a tenant in Campus 3, we see it is likely that a redevelopment may make more sense on that date.

Moderator: The next question is from the line of Murtuza Arsiwalla from Kotak Securities.

- Murtuza Arsiwalla:** Just wanted to reemphasize on that 3, I'm on Slide 18 itself. So in the base case, where there is a 1.5 billion of capex, that is going to be spent by the seller in the base case scenario or that's an additional cost to us over and above 11 billion?
- Rachit Kothari:** That's a cost to the REIT. It will be spent by the REIT.
- Murtuza Arsiwalla:** That's spent by the REIT. And should the upside case work out, which is that you get the additional FSI, in that case, the total cost of the project then becomes 30 billion which includes the 1.5 billion, capex? Like you just go through the entire FSI premium, the approval cost and the additional 15 billion of development cost, so the entire project becomes 30 billion project as opposed to your base case, which is 11.2 billion, which you pay and the 1.5 billion of capex.
- Rachit Kothari:** That is correct. So INR15 billion will be inclusive of that, maybe a little bit here or there but nothing significant, but it will be inclusive of that.
- Moderator:** The next question is from the line of Puneet from HSBC.
- Puneet:** My question is, number one, on the FY '27 expiry for this project. There is -- including the campuses, there's still 0.7 million square feet expiry, and you've talked about additional 3.5% occupancy. So roughly close to 1 million square feet will need to be leased out. What is the visibility on that? And do you think there is potential for some bit of disruption in '27 in terms of some rent freeze, etc., which can distort the FY '27 NOI?
- Alok Aggarwal:** Our judgment is that -- this is FY '27, right?
- Puneet:** Yes.
- Alok Aggarwal:** Yes. We should be able to kind of, this trend should continue. That's my sense.
- Puneet:** So all 0.7 will renew in a way?
- Alok Aggarwal:** I think so.
- Puneet:** And secondly, on this campus redevelopment, you have already factored in 1 million square feet of additional FSI, right? And in case -- and is that still contingent on government approvals, etc.? Or is it a done deal and you're looking for anything over and above this 1 million square feet?
- Rachit Kothari:** No, no. No additional FSI. It's not a done deal right now. In fact, the TOD policy is not notified. For all practical purposes, the base case is what you see on the left side of the page. The right side is only an upside if it happens in short order. Otherwise, I think the REIT will be well secured on its plan to refurbish the building. So nothing...
- Puneet:** Okay. And INR1,125 is still a firm payment. It's not a condition precedent on this TOD?
- Alok Aggarwal:** Yes,. The INR 1125 crore is for the structure that stands today. FSI earn-out is the contingent payment.

Puneet: And if you can just share some numbers on net debt for North commercial portfolio and for the GIC co-owned portfolio?

Amit Jain: It should be a part of the presentation.

Puneet: It's a gross debt number, net debt?

Amit Jain: INR33,300-odd crores would be the gross debt for the North Commercial portfolio.

Puneet: Yes, net?

Amit Jain: It wouldn't be much different to my mind, but we can come back on that one,

Puneet: The other question was on the GIC JV portfolio

Puneet: GIC, yes, net debt there?

Amit Jain: INR4,500 crores is the gross debt number, Puneet, on the GIC-owned JV portfolio, which is G1 and Kairos, we'll come back to you separately on the net debt numbers on this.

Puneet: Okay, got it. Thank you and all the best.

Rachit Kothari: Thank you.

Alok Aggarwal: So we can close if there are no more questions,. So with a strong operational base, disciplined capital management, the transformational acquisition in the pipeline, Brookfield India REIT is entering its next phase of scale and growth.

With that, I would close the meeting. Thank you.

Moderator: Thank you. On behalf of Brookfield India Real Estate Trust, that concludes this conference. Thank you for joining us today, and you may now disconnect your lines.