IPO Note – Brookfield India Real Estate Trust (REIT)

02-February-2021

Issue Snapshot:
Issue Open: Feb 03 – Feb 05, 2021

Price Band: Rs. 274 – 275

Bid size: 200 units and in multiples thereof

Total Issue Size: Rs 3,800cr

Institutional Investors- upto 75% of the net offer
Non-Institutional (including HNI and Retail) atleast 25% of the net offer

Face Value: Not Applicable
Net Asset Value (Sept 30, 2020) Rs.311

100% Book built Issue

Book Running Lead Manager: Morgan Stanley India, BofA Securities India, Citigroup Global Markets India, HSBC Securities, Ambit Capital, Axis Capital, IIFL Securities, JM Financial, J.P. Morgan India, Kotak Mahindra Capital Company, SBI Capital Markets

Registrar to the issue: Link Intime India Private Limited

Sponsor: BSREP India Office Holdings V Pte. Ltd

Manager: Brookprop Management Services Private Limited

Trustee: Axis Trustee Services Limited

Source for this note is the Offer Document

Background & Operations:

Brookfield REIT is the owner of a high quality office portfolio in India that serves as essential corporate infrastructure to multinational tenants. The Brookfield REIT is India's only institutionally managed public commercial real estate vehicle and is sponsored by an affiliate of Brookfield Asset Management, one of the world's largest alternative asset managers with approximately US$575 billion in assets under management, as of September 30, 2020. Over the last two decades, India has emerged as a leading hub for technology and corporate services due to a highly skilled and young workforce and a distinct competitive cost advantage. With approximately 90 million people expected to be added to the workforce by 2030, this structural driver will further increase office absorption, creating compelling opportunities across the commercial real estate market in India.

The primary objective of its strategy is to provide attractive risk-adjusted total returns to its Unit holders derived from:

- stable yield supported by its Initial Portfolio's long-term contracted cash flows;
- property level income growth that is embedded in its Initial Portfolio through contractual rent escalations, mark-to-market headroom and in-situ development potential;
- acquisitions including those of identified external growth opportunities through the Identified Assets and the ROFO Properties; and
- asset value appreciation, through continuous investment in the properties to upgrade them.

The Brookfield REIT comprises of Grade-A commercial assets located in 4 major cities - Mumbai, Gurugram, Noida and Kolkata. These cities have exhibited strong economic fundamentals, healthy demand across sectors and quality supply addition of office space which are critical drivers for real estate sector. The portfolio assets aggregate to 14.0 msf, (comprising 10.3 msf of Completed Area, 0.1 msf of Under Construction Area and 3.7 msf of Future Development Potential). Portfolio assets are well diversified across 117 tenants, with 75% of Gross Contracted Rentals contracted with multi-national corporations such as Barclays, Bank of America Continuum, RBS, Accenture, TCS and Cognizant. The scale and quality of these office parks make it the preferred "landlord of choice" for its tenants, which is evident from the historical performance in occupancy and new leasing rents of its properties, tenant retention and expansion examples. The management believes that its strong compliance standards, in-line with Brookfield's global operating procedures, have enabled it to attract, retain and grow marquee tenants in the office parks resulting in high renewal rates.

Brookfield REIT has a high-quality tenant base with 87% Committed Occupancy along with long-term contracted rentals - WALE (Weighted average lease expiry) of 7.1 years, which provides long-term visibility of its revenue. The REIT is well positioned to achieve further organic growth through a combination of contractual lease escalations, 36% mark-to-market headroom to in-place rents, lease-up of vacant space and near-term completion of Under Construction Area to meet tenants' expansion needs. These factors create a strong foundation for organic cash flow growth, such that its Portfolio's NOI is projected to grow by 25% (net of one-time adjustment) to Rs 8,186 million, over the Projections Period ending in FY2023.

Between period April 1, 2015 to Sep 30, 2020, through its disciplined operating and investment expertise, the Manager has:

- leased 4.3 msf;
- achieved 85% tenant retention rate;
- added 3.6 msf of Completed Area through on-campus development;
- maintained consistently high occupancy of 87%;
- in-place rents per sf have grown at a CAGR of 4.8%;
- invested Rs 972 million, during FY2018-till September 30, 2020, to renovate its portfolio assets including lobby and façade upgrades, elevator modernizations, renovations of public areas, landscaping, addition of cafes, food courts and boardwalks; and
- focused on environmental sustainability, and undertaken several energy efficiency initiatives such as installing rooftop solar panels and on-campus sub-stations.

The manager has grown its NOI (Net Operating Income) from Rs.5,902.43 million for FY 2018 to Rs.6,763.43 million for FY 2020. Its NOI was Rs.3,446.87 million for the six months ended September 30, 2020. In addition, post the utilization of the net proceeds from the Issue, Its total outstanding indebtedness in principal amount will be less than 18.5% of its initial Market Value, providing it significant financial flexibility to grow through economic cycles.

Objects of the Issue:

The object of the issue (amount raised from fresh issue) is

- Partial or full pre-payment or scheduled repayment of the existing indebtedness of the Asset SPVs; and
- General purposes.

Utilisation of Net Proceeds

Sr No	Particulars	Estimated Amount (Rs in mn)
1	Partial or full pre-payment or scheduled repayment of the existing indebtedness of the Asset SPVs	35,750
2	General purposes	*

*To be finalized upon determination of Issue Price

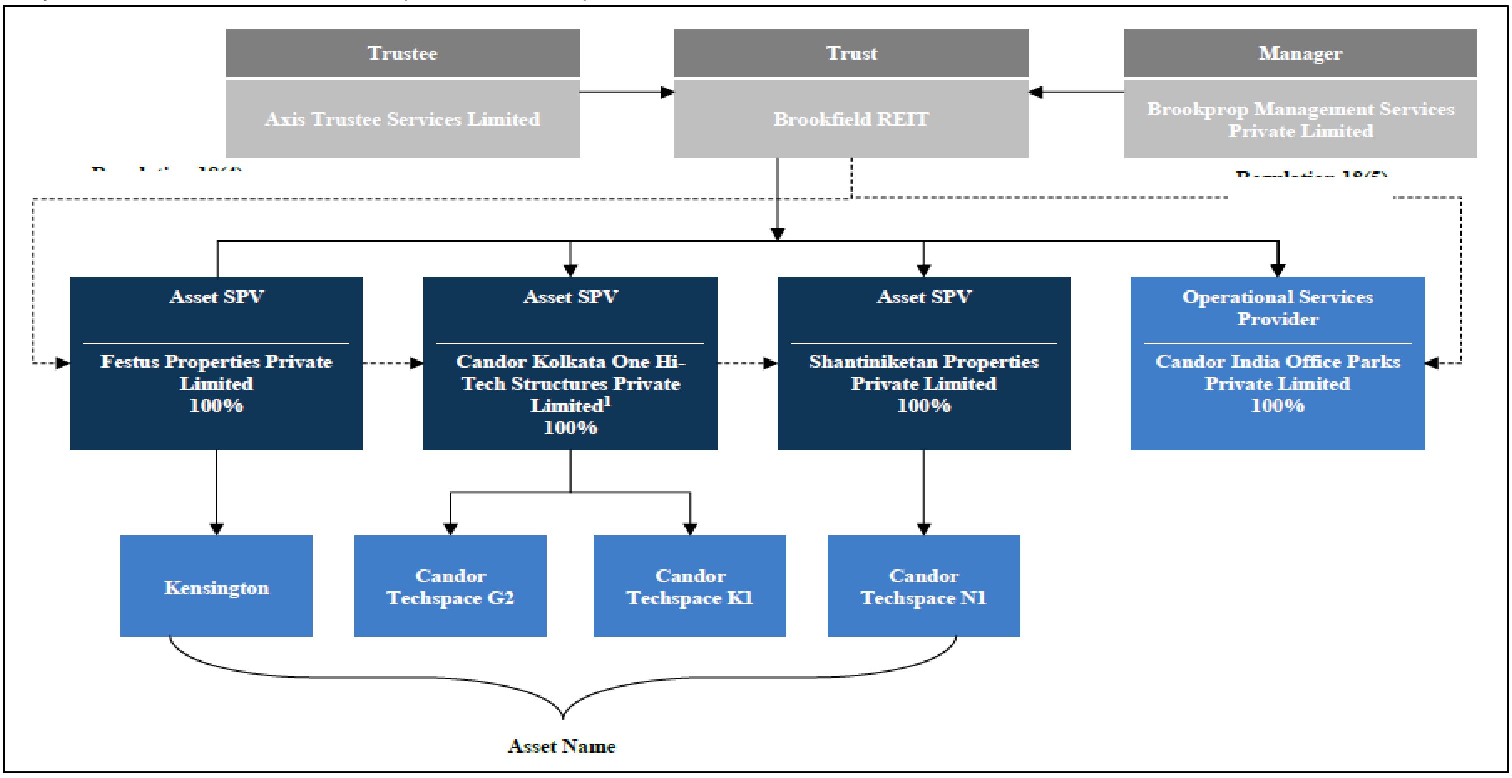
Post the utilisation of the IPO proceeds, its total indebtedness is expected to be less than ~18.5% of its Market Value.

Background about Brookfield REIT:

The Brookfield REIT was registered with SEBI on September 14, 2020 at Mumbai as a real estate investment trust, pursuant to the REIT Regulations, having registration number IN/REIT/20-21/0004.

- BSREP India Office Holdings V Pte. Ltd is the sponsor of the Brookfield REIT,
- Brookprop Management Services Private Limited has been appointed as the manager to the Brookfield REIT and
- Axis Trustee Services Limited shall act as the trustee to the Brookfield REIT.

Proposed Brookfield REIT Structure (Portfolio Assets):



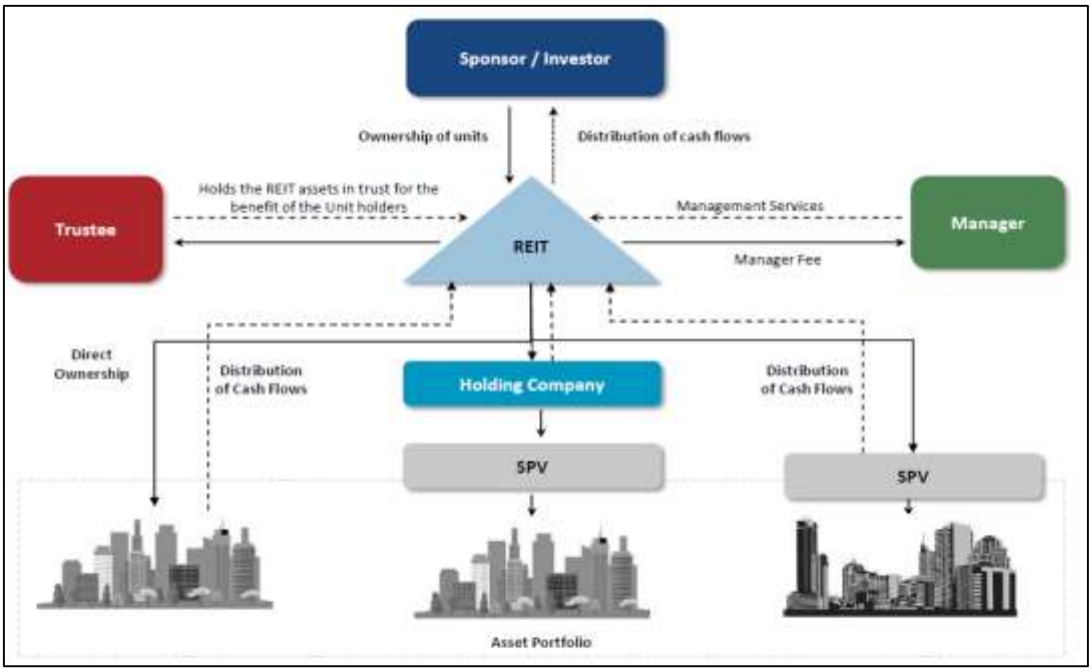
Note: 1 Candor Gurgaon 2 has merged into Candor Kolkata w.e.f May 4, 2020.

What is a Real Estate Investment Trust:

REITs, or real estate investment trusts, are companies that own or finance income-producing real estate in a range of property sectors. Modelled like mutual funds, REITs provide all investors the chance to own valuable real estate, present the opportunity to access dividend-based income and total returns, and help communities grow, thrive and revitalize. The unitholders of a REIT earn a share of the income produced through real estate investment – without actually having to go out and buy, manage or finance property.

Most REITs operate along a straightforward and easily understandable business model: By leasing space and collecting rent on its real estate, the company generates income which is then paid out to shareholders in the form of dividends. REITs must pay out at least 90% of their net distributable cash flows (NDCF).

Structure of a REIT:



Portfolio Details:

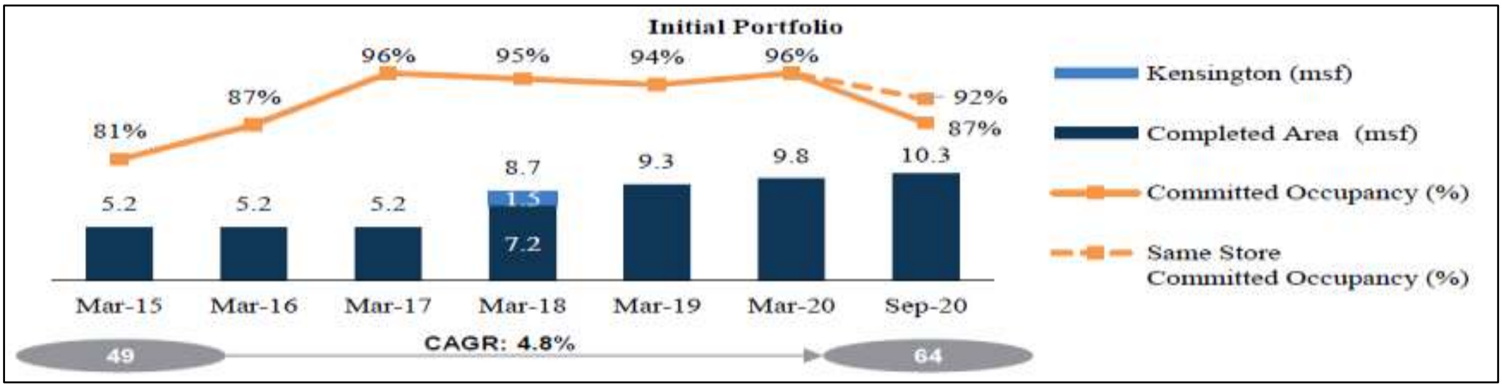
Portfolio	Type of asset	Completed (msf)	Under construction & Future Development (msf)	Committed Occupancy (%)	WALE (years)	In-Place Rentals (CAGR%)	Avg In-Place Rentals (psf/month)	Estimated Market Rent (psf)	MTM Opportunity (%)	Revenue from Operations for FY 2020 (Rs in million)	FY23 NOI (Rs in million)	Market Value (Rs in million)
Kensington, Mumbai	SEZ	1.5		86%	3	8.80%	90	136	51%	1616	1,580	25,374
Candor Techspace G2(1,2), Gurugram	SEZ	3.9	0.1	91%	8	8.00%	78	114	46%	4084	3,213	43,582
Candor Techspace N1, Noida	IT Park	1.9	0.9	72%	7.6	9.30%	45	48	7%	1318	1342	19,736
Candor Techspace K1(2), Kolkata	SEZ & Mixed Use	3.1	2.6	92%	7.6	5.00%	42	41	-2%	2247	1673	25,382
CIOP	-									302	378	
		10.4	**3.6**	**87%**	**7.1**		**62**	**85**	**36%**	**9,567**	**8,186**	**1,14,074**

Note:
1. CIOP (Candor India Office Parks Private Limited) provides and will continue to provide services including property management, facilities management and support services to the Candor Asset SPVs.
2. 0.1 msf is under construction in Candor Techspace N1; rest are all for future development
3. The CAGRs for all properties are for the period between December 31, 2015 and September 30, 2020, except Kensington, which is between December 31, 2017 and September 30, 2020
4. Estimated market rent is as per Industry Report
5. WALE: Weighted Average Lease Expiry, msf: million square feet

Overview and Key Trends about Portfolio Assets:

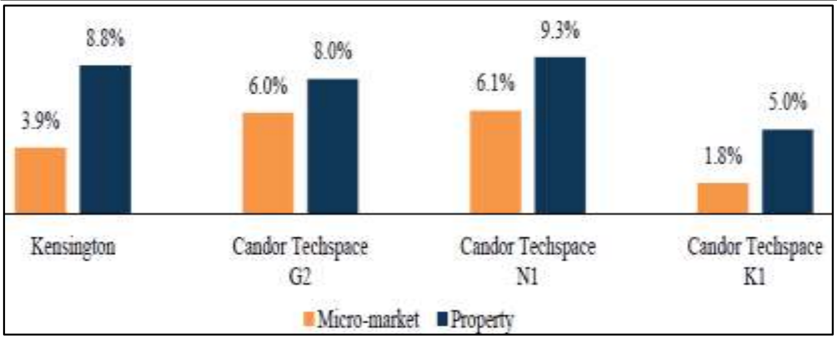
Brookfield REIT Portfolio has 14.0 msf spread across large gated community office parks in four gateway office markets of India. While three of the office parks (Kensington, Candor Techspace G2 and Candor Techspace K1) are SEZs, Candor Techspace N1 is an IT park. SEZs and IT parks are preferred office locations for technology operations in India as they are entitled to certain tax benefits, provide opportunities for expansion and consolidation and are typically equipped with a diverse range of amenities to cater to the employee base of occupiers.

Portfolio is substantially complete with 10.3 msf Completed Area (having 87% Committed Occupancy) and 0.1 msf of Under Construction Area that is expected to be complete by September 2021. Further, the Initial Portfolio has 3.7 msf of Future Development Potential primarily in Candor Techspace N1 and Candor Techspace K1. Portfolio assets are well differentiated in their respective markets due to their campus style offering, strategic location, extensive connectivity, high quality specifications, modern amenities and its focus on sustainability initiatives.

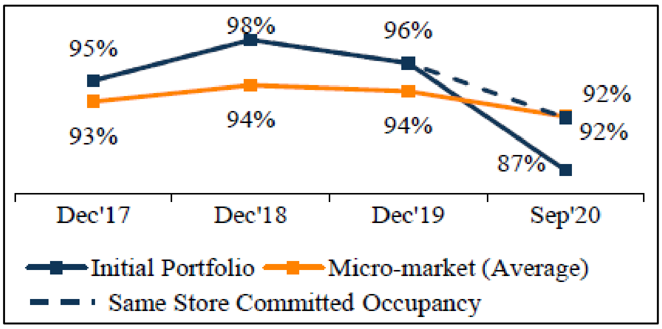


The office parks have outperformed their respective micro-markets and cities in terms of rental growth and occupancy, and provide critical infrastructure for major tenants in key gateway markets and established locations, creating high barriers to entry. As a result, Leasing Rent and Committed Occupancy for its Initial Portfolio has surpassed the averages in their respective micro-markets, delivering sustained outperformance. Leasing Rents at the Portfolio have grown at a faster rate than comparable non-strata properties in their micro-markets. The outperformance has been augmented by the scale of the assets (which helps attract large marquee tenants), extensive amenities, their modern facilities and infrastructure, the integrated campus experience and proactive asset management initiatives.

Portfolio - Average Leasing Rent CAGR (period Dec 31, 2015 to Sep 30, 2020)

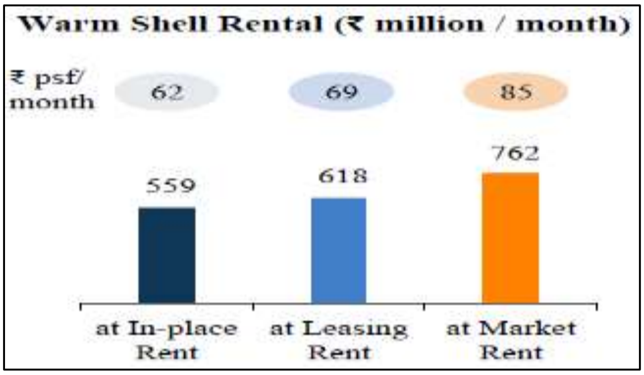


Portfolio - Committed Occupancy



Source: Industry Report. Initial Portfolio= Portfolio

The average in-place rent across the Initial Portfolio was Rs 62 psf/month compared to an estimated average market rent of Rs 85 psf/month as on Sep 30, 2020 according to the Industry Report, resulting in a substantial mark to market potential of 36%. Mark to market potential is calculated as a percentage of the difference between the estimated market rent according to the Industry Report and the in-place rent for a specified period divided by the in-place rent for that specified period.



WALE of the Portfolio is 7.1 years, with only 33% of leases expiring, based on area, in the period between October 1, 2020 and March 31, 2025.

Recent Developments amid COVID-19 pandemic:

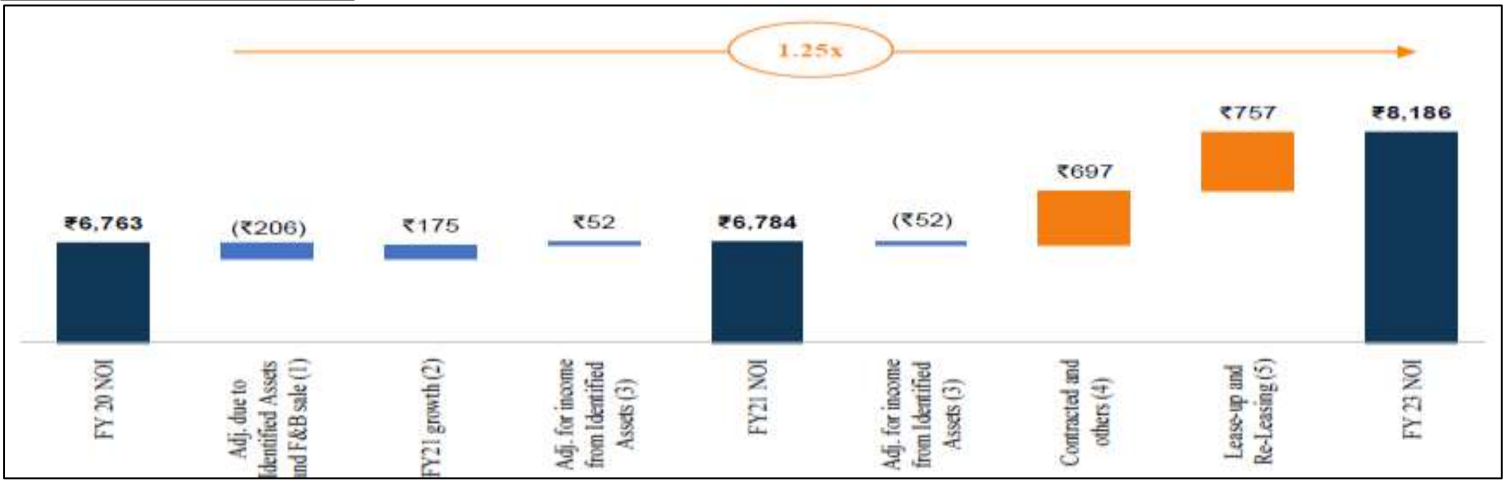
On account of COVID-19, the Manager has agreed to defer the commencement date of certain new leases and a limited number of lease agreements have been terminated prematurely. Further, the Manager has provided rent waivers only to amenity and food and beverage tenants.

During the months of October, November and December 2020, it collected 99%, 98% and 96% of its Gross Contracted Rentals, respectively. In addition to having re-leased 0.5 msf of leases that expired during the six months ended September 30, 2020, Brookfield REIT has received interest and are engaged in discussions with respect to 1.6 msf.

NOI (Net Operating Income) Growth Potential:

Brookfield REIT's Portfolio is well positioned to achieve high organic growth through in-built contractual escalations, re-leasing to existing tenants at market rents (in-place rents have average 36% mark to market potential), lease-up of existing vacancy (1.3 msf), and on-campus development (3.7 msf of Future Development Potential). Between FY 2020 and FY 2023, the NOI of the Portfolio (net of one-time adjustment) is projected to increase by 25%.

Portfolio NOI bridge (Rs million)



Contracted and others - The leases for the portfolio are generally long-term, ranging up to fifteen years, which provides visibility on the growth of its future cash flows. A majority of these leases have built-in escalations of either 12% to 15% every three years, which provide strong cash flow growth and a measure of protection against inflation for the Unitholders. Over the Projections Period, contracted lease terms will generate additional NOI of Rs 697 million representing 48% of the total increase in the NOI (net of one-time adjustment).

Lease up of vacant area and under construction area, and increase in existing below-market rents within its Portfolio – Portfolio had vacant and leasable space of 1.3 msf (of which 0.5 msf is the recently completed tower in Candor Techspace N1), which is believed to be leased out in the near term based on the demand for high quality office space, its strong tenant relationships and the track record of the Manager. Due to long-term nature of leases and strong market rent growth, market rents are 36% above the in-place rentals. The significant upside potential provides higher renewal rental opportunities. Approximately 1.4 msf is expected to come up for expiries between October 1, 2020 and March 31, 2023. This lease-up of vacant area and under construction area, and re-lease of expiring area are together expected to generate additional NOI of Rs 757 million by FY 2023, representing 52% of the total increase in NOI.

Future on-campus development - Portfolio has a Future Development Potential of 3.7 msf, of which 0.1 msf is at Candor Techspace G2 and 0.9 msf is at Candor Techspace N1. The remaining 2.7 msf is located in Candor Techspace K1 (of which 1.7 msf can be developed as mixed-use including commercial office, retail and/or serviced apartments), which will be developed based on strategic and commercial considerations.

High certainty and visible growth from the Identified Assets – Brookfield REIT have rights to acquire two properties owned by members of the Brookfield Group in their existing micro-markets of Gurugram and Noida

Further potential growth from Right of First Offer (ROFO) Pipeline – The trust also holds ROFOs over four existing real estate assets in Mumbai owned by members of the Brookfield Group, with a Leasable Area of 6.7 msf. This ROFO pipeline provides the potential to add prime high quality commercial properties in Mumbai to its portfolio and become one of the largest owners of completed commercial assets in one of India's premier gateway cities while driving distributions growth for its Unitholders.

Competitive Strengths

Global Sponsorship with Local Expertise:

Brookfield REIT is sponsored by an affiliate of Brookfield Asset Management, one of the world's largest alternative asset managers and investors, with assets under management of approximately US$575 billion across real estate, infrastructure, renewable power, private equity and credit, and a global presence of over 150,000 operating employees across more than 30 countries. As of September 30, 2020, Brookfield Asset Management has over US$200 billion of real estate assets under management, and over 500 msf across multiple real estate asset classes, with strong real estate capabilities in leasing, financing, development, design, construction and property management. It will benefit significantly from Brookfield's rich experience in managing listed vehicles globally, including Brookfield Property Partners L.P., which is one of the world's premier commercial real estate companies.

Long-term success in executing its strategy will be supported by Brookfield's extensive local market and asset knowledge in India. Brookfield has had a decade-long presence in India and manages a portfolio of approximately US$17 billion across real estate (US$4.6 billion), infrastructure (US$9.7 billion), renewable power (US$0.6 billion) and private equity (US$2.1 billion), as of September 30, 2020. Brookfield REIT's Manager, which is an affiliate of Brookfield, has a management team with extensive industry experience which helps in managing the office parks in India. Unitholders are likely to benefit from its ability to leverage Brookfield's extensive network of relationships, its deep capital markets experience, operating expertise, a demonstrated track record of managing capital and its commitment of resources to the Manager.

Difficult to Replicate, Dominant and Strategically Located Properties:

The office parks are among the highest quality office parks in India, distinguished by their size and scale and located in the key gateway markets of Mumbai, Gurugram, Noida and Kolkata. The office parks are modern and recently built, with a median age of seven years for and require limited ongoing maintenance capital expenditures. Their properties are strategically located in established micro-markets with easy access to mass transportation, high barriers to entry for new supply, limited vacancy and robust historical rental growth rates. Many of its office parks command premium rents and have higher occupancies than the average rents and occupancies of the broader markets they are located within. The size and scale in key markets of India provide them with extensive market information and enhances its ability to respond to market opportunities. Its office parks are very difficult to replace today on a cost-competitive basis. Institutionally owned and managed, all of its office parks are among the largest in their respective micromarkets and are distinguished by their scale and infrastructure.

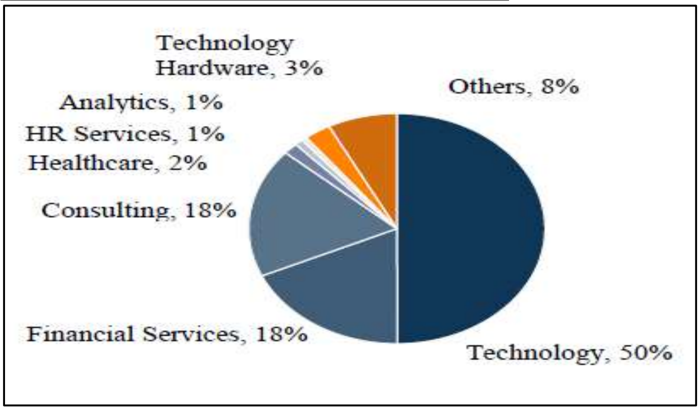
Placemaking Capabilities:

Placemaking is ingrained in the Manager and Sponsor's design, development and operating philosophy, enabling them to provide their tenants with a unique "service-based experience". The size and scale of its fully-integrated office parks allows them to deliver an all-encompassing workspace ecosystem to their tenants with modern infrastructure and amenities, including daycare facilities, premium F&B outlets, convenience shopping kiosks, shuttle services, multi-cuisine food courts and sports and fitness facilities, which further create an empowering and vibrant work environment for their tenants' employees and elevates the properties to have a positive impact on the communities. As a result of these offerings, several tenants have relocated from other commercial properties to their office parks. The properties are built for institutional tenants who have contemporary workspace requirements. Campus-format large integrated parks provides a unique value proposition to their bluechip tenants who have specific needs to house multiple functions and teams out of a single office premises.

Diversified Blue Chip Tenant Roster and Cash Flow Stability:

Brookfield REIT has diversified base of marquee tenants with a stable, long-term tenancy profile with staggered expirations and a WALE of 7.1 years, providing significant cash flow stability to their business. 75% of Gross Contracted Rentals are contracted with multi-national corporations such as Barclays, Bank of America Continuum, RBS, Accenture, Tata Consultancy Services and Cognizant. The tenants operate in a diverse range of industries such as technology, financial services, consulting, analytics and healthcare. The office parks are "business-critical" to the tenants and their employees.

Diversified Tenant Mix (spilt % of area leased)



Top 10 Tenants	Sector	% of Gross Contracted Rentals	% of area leased
Accenture	Consulting	19	17
TCS	Technology	17	17
Cognizant	Technology	10	14
Sapient	Financial Services	7	6
RBS	Financial Services	6	5
Bank of America Continuum	Financial Services	5	3
A Big 4 Accounting Firm	Financial Services	3	2
Barclays	Technology	3	4
Amdocs	HR Services and	3	2
Wipro	Technology	2	1
		75	**73**

Portfolio's Committed Occupancy has been above 94% at the end of the last four financial years, highlighting the stability of the business. During the period between April 1, 2015 and September 30, 2020, in-place rents per sf have grown at a CAGR of 4.8%, demonstrating the healthy rental growth achieved on the Portfolio assets. Through its dedicated property managers and local expertise, the manager has developed deep tenant relationships which combined with Brookfield's global institutional relationships, has led to 4.3 msf of total leasing and an 85% tenant retention rate since April 1, 2015.

Significant Identified Internal and External Growth Opportunities:
The value of the real estate assets will have two sources of growth. The first is expected through opportunities to increase NOI from its initial portfolio, and the second is expected to be through acquisition of additional properties. Brookfield has extensive local market knowledge and a global network of relationships, which will provide opportunities for organic growth as well as growth through acquisitions from third parties.

Internal Growth - As a result of contractual escalation provisions in almost all of its leases, mark-to-market of in-place rents as long-term leases expire, lease-up of recently completed construction and near-term "on-campus" development, lays a strong foundation for organic cash flow growth. In addition, the manager believes that the existing tenants will also provide a source of internal growth as they look to consolidate and expand in their office parks – for example, over the last five financial years, over 60% of newly developed Completed Area, was leased to existing customers.

External Growth – Its conservative and prudent capital structure will enable them to drive additional growth through value accretive acquisitions. Post the utilization of the net proceeds from the Issue, its total outstanding indebtedness in principal amount will be less than 18.5% of the initial Market Value. The REIT is expected to significantly benefit from its rights to acquire two large campus-styled office parks owned by members of the Brookfield Group in Gurugram and Noida, and its right to acquire the ROFO (Rights of First Offer) properties situated in Mumbai, if and when they are sold by members of the Brookfield Group. These acquisition opportunities fit with its overall strategy of owning high quality real estate in established locations.

Experienced, Cycle-Tested Senior Management Team:
All properties in the portfolio, prior to the Issue, are owned and managed, directly and indirectly, by affiliates of Brookfield Asset Management. As such, the Manager's team has deep domain knowledge and experience in managing these properties and has demonstrated a robust track record in delivering value. Since April 1, 2015, the Manager has leased 4.3 msf and delivered 3.6 msf of "on-campus" Completed Area within the initial portfolio assets. The Manager is highly regarded in the real estate community and has extensive relationships with a broad range of tenants, brokers and lenders. Led by Alok Aggarwal (the managing director and chief executive officer – India office business), the Manager's team consists of 44 dedicated experienced professionals, as of September 30, 2020. The team has in-depth experience in real estate investments, asset management, research and property management, with the key managerial personnel and core team having an average of more than 25 years of experience in the real estate industry in India.

Business and Growth Strategies

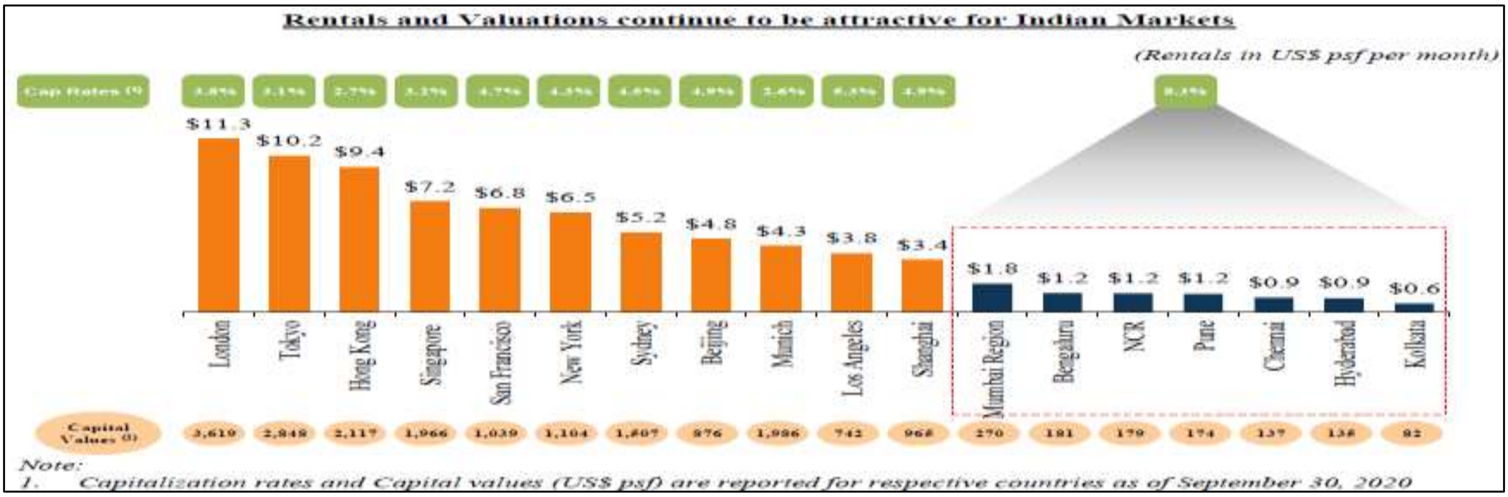
- Leveraging Brookfield and our Manager's Operating Expertise for Proactive Asset and Property Management
- Capitalize on our Initial Portfolio's Embedded Organic Growth and On-Campus Development Potential
- Pursue Disciplined and Accretive Acquisition Growth Opportunities.
- Prudent and Flexible Capital Structure Positioned for Growth

Industry Overview

Real Estate Sector:
The real estate sector is one of the important sectors of the Indian economy because of its multiplier effect. The bulk of demand for Grade-A office stock in India is from multinational corporates based out of the United States and the European Union. The demand for quality office spaces has also led to rental growths growing at a CAGR of approximately 4.2% over the last 5 years. The net absorption of office spaces in Mumbai and National Capital Region (NCR) (which includes Gurugram and Noida) has been in-line with major global office markets led by low per capital supply, growth of technology services sector, increasing traction from international tenants and attractive rentals.

The real estate sector has faced challenges and has been impacted by the COVID-19 pandemic. Even in these uncertain times, the institutional office market is resilient to rent correction as the US$ weighted average rent in India has been in approximately the same range for the last five years. C&WI (Cushman & Wakefield (India) Private Limited - Independent Industry Expert) anticipates vacancy numbers to be in the same range for 2020 as shrinkage in supply will offset deferral in office demand. Long term fundamentals for the office sector remain intact on the back of: (i) availability of talent pool especially science, technology, engineering and medicine graduates; (ii) competitive cost with high quality offices; and (iii) resilient growth from technology and other services sectors.

Mumbai, Gurugram, Noida and Kolkata (the "Brookfield REIT Markets") have exhibited strong market dynamics with robust absorption and limited high-quality supply resulting in lower vacancy levels and higher rental growth during the last five years. Between 2015 and Q3 2020, 45.2msf of non-strata owned supply was delivered in the Brookfield REIT Markets, while the net absorption was 41.2 msf. During the last five years, Grade-A business parks in Brookfield REIT Markets which are non-strata owned have significantly outperformed strata owned office assets, in both occupancy and rental growth. The Indian office market still offers comparatively cheaper rentals compared to global hubs. Moreover, office properties in India offer higher rental yields and are available at attractive capital values, significantly lower than global comparable markets.



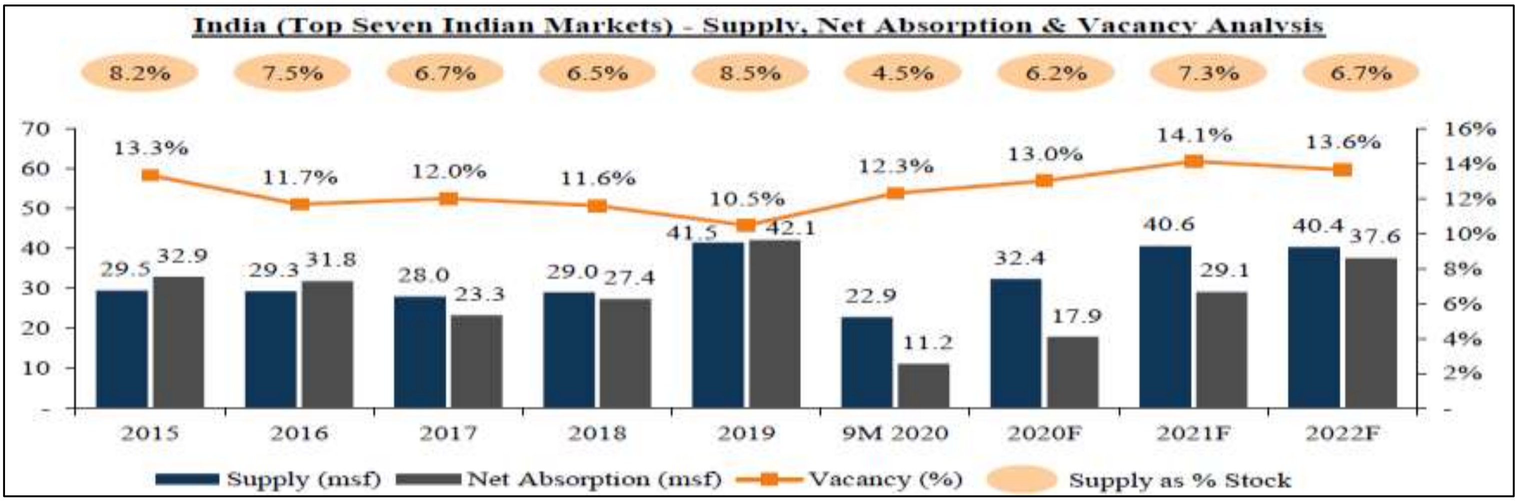
Overview of Indian Office Market:

India's office real estate landscape has significantly evolved over the last decade. From majority of office stock being unorganized into single standalone buildings with no amenities, the landscape has now consolidated with Grade-A developers owning large modern corporate IT parks with a rich amenity mix.

Grade-A office stock in Chennai, Mumbai, Pune, Hyderabad, Bengaluru, NCR and Kolkata has grown at a CAGR of 10.8% between 2008 and Q3 2020 and was approximately 510 msf as of September 30, 2020. Bengaluru, Mumbai and NCR are the top three markets in India by office stock as of September 30, 2020. The bulk of demand for Grade-A office stock in India is from multinational corporates based out of the United States and the European Union. Low per capita supply along with growth of services sector in India and increasing traction from international tenants has led to a higher absorption in major Indian cities compared to some of the other global office markets.

Top Seven Indian Office Markets Trend:

Approximately 180.0 msf of new supply had been delivered in the Top Seven Indian Markets between 2015 and Q3 2020. The net absorption was largely in line with the supply and reached a total of approximately 168.6 msf during the same period. Between Q4 2020 to 2022, additional supply of approximately 90.5 msf is expected to be delivered in the Top Seven Indian Markets, of which approximately 73.4 msf is expected to be absorbed translating into a forecasted vacancy of 13.6%. The combined rentals in the Top Seven Indian Markets have grown at a CAGR of 4.2% between 2015 and Q3 2020.



Prominent Trends in the India Office Market:

Robust demand for high quality office space - Young workforce, changing lifestyles and increasing focus on employee productivity drives the occupiers to look for superior quality Grade-A office spaces offering amenities such as food courts, gymnasium and retail facilities.

Dominance of established office owners and developers - Demand for well-managed quality office spaces, long development cycles and corresponding capital requirement favor large well-capitalized office players. Further, a more cautious approach taken by banks recently (as illustrated below) for lending to real estate has led to consolidation of supply among the larger developers with established track records.

Changing profile of tenants: The scope of work of technology occupiers and Global In-house Centres has seen an improvement in quality over the past years. The tenants have moved from low-end support work to high-end value creation such as analytics and artificial intelligence. The changing tenant profile has led to increased focus on quality of office space, amenity mix, and facility management standards. As a result, the new age occupiers have become relatively less sensitive to occupancy costs.

Generic: SEZs and IT parks are among the most preferred office locations for technology companies in India as they are entitled to certain tax benefits, provide opportunities for expansion and consolidation and are equipped with a diverse range of amenities to cater to the employee base of such companies.

Consolidation and expansion strategies to business parks: Companies in India, especially Global In-house Centres, have started consolidating their multiple offices to single locations within the city. The consolidation decisions are driven by operational efficiencies, single-location synergies and lower costs through economies of scale. Further, there is a preference to consolidate in large office parks which have the ability to provide expansion space in future through new development or expiration of existing leases.

Tenant relationship strategies: Tenant relationships in India have improved as organized real estate developers offer integrated quality campuses with developed ecosystem offering amenities such as retail facilities, crèches and food and beverage facilities including food courts, which are in line with the current and potential demand of these tenants.

Impact of COVID-19 on the Indian Office markets:

The COVID-19 pandemic and preventative or protective actions that governmental authorities around the world have taken to counter the effects of COVID-19, including social distancing, office closures, travel restrictions and the imposition of quarantines, have resulted in a period of economic downturn and business disruption, including restrictions on business activities and the movement of people comprising a significant portion of the world's population, including India.

Cushman & Wakefield (C&WI) anticipates that the delay in decision making for expansion by potential tenants along with delay in construction activities would have a short-term impact on the demand and shrinkage in supply resulting in vacancies to continue to remain at the existing levels. The institutional office market is resilient to rent correction as the US$ weighted average rent in India has been in approximately the same range for the last five years. There could be some supply disruption due to liquidity challenges particularly for high leverage developers will reduce upcoming supply. Further, C&WI expects that on account of the limited availability of raw materials, among other things, there would be a delay in the delivery timeline of the planned future office supply.

Delayed closure of ongoing transactions could impact office demand for the next three to six months. However, according to C&WI, office real estate has exhibited resilience to such disruptions due to long term office lease contracts and quality tenant base such as large multinational corporates and Fortune 500 Companies. Green shoots of the demand recovery are visible with both multinational and Indian corporates either selecting new Grade A space or launching request for proposals in Q2 2020 and Q3 2020 across various office markets. C&WI further expects office demand to recover in six to 12 months led by business continuity spends and increased outsourcing amid tight cash flow scenarios for companies.

According to C&WI, there will be re-assessment of portfolios to de-densify the workspace to focus on hygiene and safety norms. Generally, the space per employee was 4 feet X 2 feet. Social distancing norms in the aftermath of the COVID-19 pandemic require six feet between employees and thus space per employee could increase to 6 feet X 2 feet. De-densification could lead to increase in space per employee.

Technology Sector - Mainstay of office demand in India:

The technology industry, which is one of the global success stories of India and has outperformed the GDP growth rate with an 11.3% CAGR (between FY 2014 and FY 2019). The Indian technology sector continues to evolve as the focus is moving from just cost excellence towards creating business impact as Indian companies and Global In-house Centres (GICs), which now provide end to end services to their clients. The global spending on software and IT services is expected to grow at a robust rate between the financial years 2020 and 2025 as COVID-19 has accelerated the structural shift that was already underway prior to the crisis in relation to usage and deployment of technology especially cloud, data analytics, e-commerce and digital transformation. The technology industry in India is expected to grow at a CAGR of 13% to US$ 350 billion by financial year 2025 from an estimated US$ 191 billion in financial year 2020 due to its large science, technology, engineering and medicine talent pool, competitive cost advantage and favorable demographics (Source: Nasscom).

Availability of highly skilled science, technology, engineering and medicine talent pool continue to attract demand from large multinational IT corporates. India's unique selling proposition is its cost competitiveness in providing technology services, which are significantly more cost-effective than the United States. The cost of sourcing services from India is approximately 81% lower as compared to Tier II cities in the United States. Employee cost advantage along with other economic drivers such as availability of labor, raw materials and readily available talent pool is one of the key drivers for increasing operations of multinational corporates in India. Due to multi-national operations and global clientele, technology companies often require infrastructure that supports a 24/7 work environment. Availability of high-quality offices conforming to global standards at low cost has further enhanced India's appeal for such corporates.

The global technology and Indian technology sectors have been relatively more resilient to the disruptions due to COVID-19. In particular, the revenue and net income growth of S&P 500 IT index constituents has been higher than the diversified S&P 500 Index. Th growth of and Global In-house Centres (GICs) has resulted in an increase in demand for real estate. These tenants typically incur approximately Rs 2,000 to Rs 6,000 psf for fitting out their premises, unlike other developed markets where landlords spend a significant amount of capital expenditure on tenant improvements. Since the tenants invest significant capital on their rented spaces, they are more hesitant to terminate their leases during its tenures, and their duration of occupancy is typically beyond the initial lock-in period of three to five years.

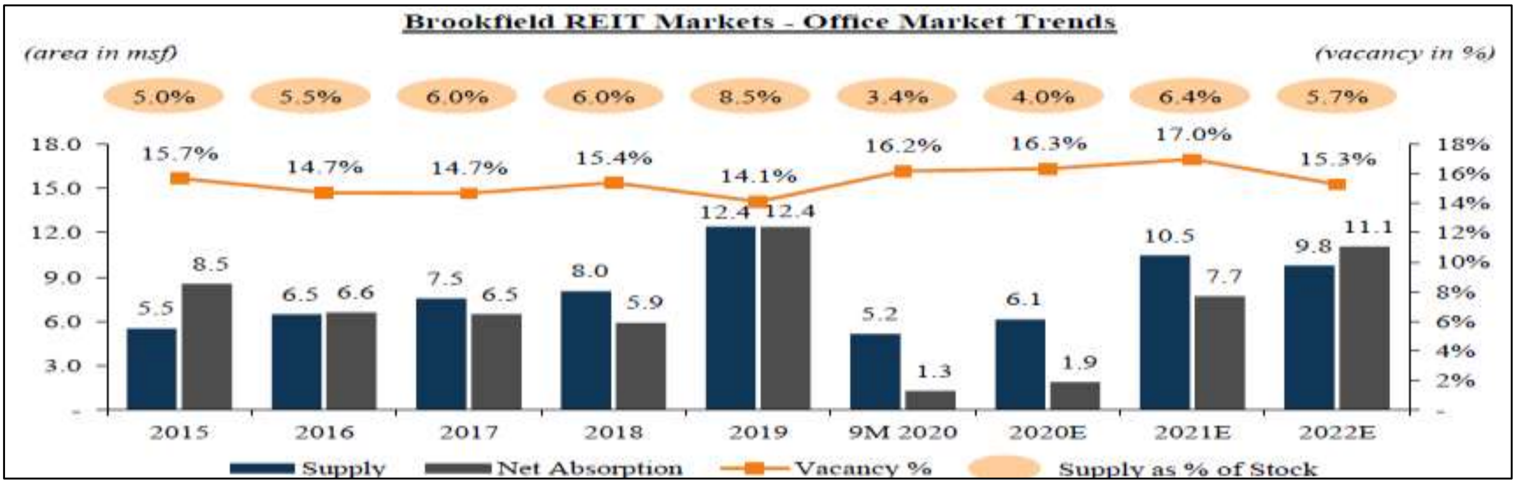
Overview of Brookfield REIT Markets

The Brookfield REIT comprises of Grade-A commercial assets located in four major cities - Mumbai, Gurugram, Noida and Kolkata. These cities have exhibited strong economic fundamentals, healthy demand across sectors and quality supply addition of office space which are critical drivers for real estate sector.

The office stock in Gurugram, Noida and Kolkata have been segmented into non strata and strata owned for detailed comprehension of office stock comparable to Brookfield REIT. Non-strata owned office stock constitutes office developments which have controlled ownership and are conducive for institutional level participation. Strata office stock on the other hand has multiple ownership for a single office development.

	Mumbai	Gurugram	Noida	Kolkata
Total completed stock (Q3 2020) (msf)	94.7	35.0	14.5	6.9
Current occupied stock (Q3 2020) (msf)	77.1	30.9	12.4	6.4
Current vacancy (Q3 2020)	18.6%	11.9%	14.4%	7.9%
Average annual net absorption (2015 – Q3 2020) (msf)	4.4	1.7	0.8	0.2
Future supply (Q4 2020E – 2022E) (msf)	13.0	6.3	1.9	0.0

The Brookfield REIT Markets have exhibited strong market dynamics with robust absorption and limited high-quality supply resulting in lower vacancy levels and robust rental growth during the last five years. Between 2015 and Q3 2020, 45.2 msf of non-strata owned supply was delivered in the Brookfield REIT Markets, while the net absorption was 41.2 msf.



Mumbai Region:

Mumbai is the second largest office market in India by total stock as of Q3 2020. Historically, Mumbai has seen higher vacancy levels which has been mainly due to some of the low performing micro-markets. However, in recent years, with rationalization of supply, vacancies declined till CY2019. Between 2015 and Q3 2020, Mumbai has seen a total supply of 28.1 msf and total absorption of 25.5msf. The Competitive REIT micro-market is amongst the most established commercial micro-market in Mumbai with several commercial, residential and other social projects.

Kensington is the only private IT/ITeS SEZ in this micromarket and is located in close proximity to talent pool catchment area with good accessibility and connectivity with the major hubs and transport nodes. The average in-place rent at Kensington was Rs 90 psf/month compared to a Leasing Rent of Rs 116 psf/month, and an estimated market rent of Rs 136 psf/month according to the Industry Report, resulting in high mark to market potential of 51%. The committed occupancy was at 86% (Sep 30, 2020) as against 91% as on Dec 31, 2019.

The WALE of Kensington is 3.0 years, with 1.3 msf (i.e., 100%) of the leases expiring, based on area, between October 1, 2020 and March 31, 2025.

Gurugram:
Located at the Delhi-Gurugram border, Gurugram North is the largest office micro-market of Delhi NCR and the central business district of Gurugram. The total office stock in Gurugram is approximately 52 msf. There are very few properties that are of comparable quality to Candor Techspace G2. During the last five years, the rental CAGR of non-strata owned office stock at 4.4% was higher than the rental CAGR at 0.8% of strata owned assets. The new supply is expected to rationalize over the next two years while the demand is expected to remain robust driven by technology companies and financial institutions. Demand has outpaced supply in Gurugram North since 2015 resulting in a steep vacancy decline to approximately 6.0% as of Q3 2020.

Candor Techspace G2, due to its unique campus positioning, has outperformed the micro-market in terms of rental growth over the last five years while maintaining high occupancies. The average in-place rent at Candor Techspace G2 was Rs 78 psf/month compared to a Leasing Rent of Rs 83 psf/month, and an estimated market rent of Rs 114 psf/month according to the Industry Report, resulting in high mark to market potential of 46%. The committed occupancy was at 91% (Sep 30, 2020) as against 100% as on Dec 31, 2019. The WALE of Candor Techspace G2 is 8.0 years, with 0.6 msf (i.e. 17%) of the leases expiring, based on area, between October 1, 2020 and March 31, 2025.

Noida:
Sector 62, Noida is an established technology and outsourcing hub within Noida with multiple office parks and competitive rental levels. Sector 62, Noida has witnessed limited new supply since 2015 while the occupier demand has grown more robust. Since 2015, only 1.2 msf of new supply while 1.7 msf was net absorbed in Sector 62, Noida. As an outcome of the recent dynamics, vacancy levels have steeply declined to 12.6% in Q3 2020 from about 18.7% in 2015. Candor Techspace N1, due to its superior positioning, has significantly outperformed the micro-market in terms of rental growth over the last five years.

Candor Techspace N1 has witnessed strong growth in average Leasing Rent on account of the premium office campus experience and amenities that it provides and its extensive connectivity. The average in-place rent at Candor Techspace N1 was Rs 45 psf/month compared to a Leasing Rent of Rs 47 psf/month, and an estimated market rent of Rs 48 psf/month according to the Industry Report, resulting in a mark to market potential of 6%. The committed occupancy was at 72% (Sep 30, 2020) as against 98% as on Dec 31, 2019; committed occupancy was low as of Sep 30, 2020 due to the completion of 0.5 msf during that quarter. The WALE of Candor Techspace N1 is 7.6 years, with only 0.6 msf (i.e., 42%) of the leases expiring, based on area, between October 1, 2020 and March 31, 2025.

Kolkata:
Kolkata is the one of the largest cities in Eastern Indian and its principal commercial, cultural and educational center. Historically, majority supply of office space has been in the form of standalone buildings which are mainly strata sold. The non-strata owned office stock of 6.9 msf has significantly outperformed strata owned office stock of 12.0 msf. Rajarhat (micro-market which forms a part of New Town Kolkata Planning Area) has seen a steady decline in vacancy levels, from 14.2% in 2015 to 7.3% in Q3 2020 which is expected to further decline to 5.4% by 2022 due to limited supply in the market. The micro-market has gained consistent demand traction due the availability of planned infrastructure and land for developments.

Brookfield is amongst the select large scale players having presence in Kolkata. Due to limited presence of large scale developers, the supply of good quality Grade-A office space in Kolkata has been low. However, absorption has outpaced supply in recent years and is expected to continue to do so with no relevant supply coming in between Q4 2020 and 2022. Candor Techspace K1 comprises of 45.38 acres of SEZ notified land and three acres of land outside the SEZ area, which is planned to be developed for mixed-use, such as for commercial, retail and/ or serviced apartments as part of the Future Development Potential. Candor Techspace K1 has outperformed its micro market and the average in-place rent at Candor Techspace K1 was Rs 42 psf/month compared to a Leasing Rent of Rs 38 psf/month, and an estimated market rent of Rs 41 psf/month according to the Industry Report. The committed occupancy was at 92% (Sep 30, 2020) as against 90% as on Dec 31, 2019. The WALE of Candor Techspace K1 is 7.6 years, with 0.5 msf (i.e. 18%) of the leases expiring, based on area, between October 1, 2020 and March 31, 2025.

Fee Structure:

- Trustee fees (per annum) - The Trustee shall be entitled to an initial acceptance fee of Rs 1 million (exclusive of taxes) and an annual fee of Rs 2.5 million (exclusive of taxes).
- REIT Management Fees (per annum) -The Brookfield REIT shall pay to the Manager, REIT Management Fees which shall be 1% of the NDCF (Net distributable cash flows).

Taxation for Unitholders (Resident):

- Business trusts have been conferred special benefits on account of tax pass-through status for income tax purposes, subject to the fulfilment of conditions prescribed in the Act and SEBI Regulations. As per the provisions of section 115UA(1) of the Income Tax Act, the income distributed by Brookfield India REIT shall be deemed to be of the same nature and in the same proportion in the hands of the unit-holder as if such income was received by or accrued to Brookfield India REIT, and is taxed in the unit holders' hands based on their marginal tax rates (slab rates). Any other income taxable in the hands of Brookfield India REIT is exempt in the hands of unitholders.

- Long Term Capital Gains (held for more than 36 months) (exceeding one lakh rupees) arising on transfer of units of Brookfield India REIT through a recognized stock exchange, on which STT is paid, shall be chargeable to tax in the hands of the unit holders at a rate of 10% without indexation benefit (plus applicable surcharge and cess)

- Short-term capital gains (transfer within 36 months) arising on transfer of the units of Brookfield India REIT will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) provided such transaction is subject to STT and through a recognized stock exchange.

Risk Factors:

Risks Related to Organization and Structure:

The Manager does not provide any assurance or guarantee of any distributions to the Unitholders - In accordance with the REIT Regulations, distributions to Unitholders will be based on the NDCF available for distribution. The ability of the Manager to make distributions to the Unitholders may be affected by several factors including among other thing - cash flows from operations generated by its Asset SPVs and CIOP, debt service costs and other liabilities of its Asset SPVs, working capital needs, its ability to access debt financing markets at commercially reasonable interest rates, extent of lease concessions, rent free periods, and incentives given to tenants to attract new tenants and retain existing tenants, the terms of and any payments under, any agreements governing land leased or co-developed by the Asset SPVs, completing the development of the Under Construction Area and Future Development Potential within the anticipated timeline and within the forecasted budget, applicable laws and regulations, which may restrict the payment of dividends by its Asset SPVs or distributions, inability to successfully integrate the assets contemplated to be acquired under the Agreements to Purchase and ROFO Agreements, discharging indemnity or other contractual obligations of the Asset SPVs and CIOP. The Manager may not be able to make distributions to Unitholders in the manner described in the Offer Document or at all, and the quantum of distributions may decrease.

The Manager's inability to consummate transactions in relation to the agreements will impact the Issue and its ability to complete the Issue within the anticipated time frame - The Formation Transactions will only be given effect to after the Bid/ Issue Closing Date. If the Manager is unable to complete the Formation Transactions, as contemplated herein, the Manager, in consultation with the Lead Managers, and subject to any conditions imposed by SEBI or any other regulatory authority, may decide not to proceed with the Issue or to withdraw or reduce the size of the Issue.

The ability of the Manager to acquire or dispose of assets or explore new investment opportunities is subject to conditions provided in the REIT Regulations - Business and operations are subject to various conditions prescribed under the REIT Regulations. For example, the REIT Regulations also prescribe that not more than 20% of the value of the assets of a REIT may be invested in certain permitted forms of investments over and above completed and rent and/or income generating properties, which may be constrained in terms of future investment in under-construction or non-rent/ income generating assets on account of the proposed investment by the manager in CIOP. The Sponsor and Manager are not Indian owned and controlled, are also subject to other restrictions. Compliance with some conditions may affect the ability of the Manager to make investments, including acquisition of assets pursuant to the terms of the Agreements to Purchase and ROFO Agreements which may consequently affect its ability to make distributions to Unitholders.

Assumption of certain liabilities of the Portfolio Companies and such liabilities, if realised, may adversely affect the results of operations, profitability and cash flows, the trading price of the Units and the Manager's ability to make distributions – Pursuant to the Share Acquisition Agreements, the REIT will assume certain financial liabilities of the Portfolio Companies including liabilities, if any, arising out of the acquisition of the Portfolio Companies from third parties by the Brookfield Group. Also, the Manager has conducted due diligence on the Portfolio Companies with the objective of identifying any material liabilities, it may not have been able to identify all such liabilities prior to the consummation of the Formation Transactions. The Manager has relied on independent third parties to conduct a portion of such due diligence (including in relation to title verification and valuation of the Initial Portfolio) and to the extent that such third parties miscalculate or fail to identify risks and liabilities associated with the Initial Portfolio asset in question, the Initial Portfolio may be affected by defects in title, or the valuation of the Initial Portfolio may not be an accurate representation of their value.

Risks Related to Business and Industry:

The extent to which the Coronavirus disease (COVID-19) may affect the business and operations in the future is uncertain and cannot be predicted - COVID-19 spread to a majority of countries across the world, including India, in the calendar year 2020. Despite the lifting of the lockdown, there is significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Government, which makes it impossible for them to predict with certainty the impact that COVID-19 will have on tenant's business and operations in the future. The COVID-19 pandemic may affect the ability to make distributions to Unitholders in a number of ways such as:

- it may require the office parks in the Initial Portfolio to be shut, partially or completely, as a result of lockdowns enforced by the government;
- it may affect the operations of the tenants occupying the assets in the Initial Portfolio and their ability to pay rents on time and/or in full;
- it may result in a slowdown in obtaining new lease commitments due to a general economic slowdown, or cost pressure faced by potential tenants;
- it may affect its ability to re-lease space that is or that becomes vacant;
- it could adversely impact its ability to service its debt obligations, comply with the covenants in their financing agreements and could result in events of default and the acceleration of indebtedness;
- the resultant weaker economic conditions could result in an impairment in the value of the assets in the Initial Portfolio;
- it could result in tenants overhauling their business models and switching to a work-from-home model, which could reduce the overall demand for commercial real estate and the office parks in the Initial Portfolio, which may result in vacancies at the office parks;
- tenants may seek deferrals on their rental payments, ask to modify their obligations under the lease agreements or prematurely terminate the lease agreements;
- it may result in claims by tenants, including in relation to interpretation of lease terms such as force majeure clauses which could result in disputes with tenants;
- it may affect the ability to access capital on commercially acceptable terms, or at all, and any further disruption or instability in global financial markets or deterioration in credit and financing conditions or downgrade of its or India's credit rating may affect access to capital and other sources of funding necessary to fund its operations or address maturing liabilities on a timely basis.
- it may result in delays in the completion of construction of properties on account of the lockdown and work stoppages, disruption in the supply of materials or availability of labour, such delays may also result in an increase in the cost of construction and result in return on investment to be less than that projected;
- it may require the REIT to implement de-densification measures imposed under applicable regulations, or sought by tenants;
- it may affect its ability to execute the growth strategies and identify and complete acquisitions or expand into new markets;
- it may increase vulnerability to cyber-security threats and potential breaches, including phishing attacks, malware and impersonation tactics, resulting from the increase in numbers of individuals working from home;
- it may result in an increase in operational costs as a result of additional cleaning of premises required or hiring of additional support staff;
- it may result in imposition of operational guidelines or other conditions on landlords to protect the health and safety of personnel working at office parks, which may result in additional costs;
- it may result in governmental authorities enacting laws or regulations to restrict the ability of landlords to collect rent for a certain period of time or enforce remedies for the failure to pay rent; and
- the potential negative impact on the health of their personnel, particularly if a significant number of them are affected by COVID-19, could result in a deterioration in their ability to ensure business continuity during this disruption.

Business and profitability are dependent on the performance of the commercial real estate market in India - Fluctuations in the general economic, market and other conditions may affect the commercial real estate market in India and in turn, its ability to lease office parks to tenants on favorable terms. The commercial real estate market in India may particularly be dependent on market prices for developable land and the demand for leasing of finished offices, both of which will continue to have a significant impact on its business, results of operations and financial condition. The commercial real estate market may be affected by several factors outside the Manager's control, such as prevailing global and local economic conditions, cyclical downturns as well as downturns in specific sectors where tenants occupying the assets in the Initial Portfolio are concentrated, such as the technology, consulting and financial services sectors. Further, rising interest rates, increases in property taxes, changes in development regulations, zoning laws and other applicable regulations political instability, acts of terrorism, natural or man-made disasters, pandemics such as COVID-19, reduction in the availability of financing, increases in operating costs and disruptions in amenities and public infrastructure may lead to a decline in demand for the Initial Portfolio, which may adversely affect its business, results of operations and financial condition.

Significant portion of its revenue is derived from a limited number of tenants and sectors, and any adverse developments affecting such tenants or sectors may have an adverse effect on its business, results of operations and financial condition - Tenant concentration – The 10 largest tenants accounted for 75%, 74%, 77% and 77% of the leased area, as of September 30, 2020, March 31, 2020, 2019 and 2018, respectively. Of these, three tenants, Accenture, Tata Consultancy Services and Cognizant accounted for 17%, 17% and 14%, respectively, of the leased area as of September 30, 2020. These three tenants are present in two of the four assets of the Initial Portfolio.

Sector concentration – The tenants in the technology sector accounted for 50%, 48%, 50% and 49% of the leased area of the Initial Portfolio, as of September 30, 2020, March 31, 2020, 2019 and 2018, respectively. Since Kensington is also registered as a private IT Park on SEZ land with the DoI, such registration requires that not less than 80% of its leases be to tenants in the technology sector. Further, the Ministry of Commerce and Industry and Department of Commerce have issued notifications to Candor Gurgaon 2, Candor Kolkata and Festus for setting up a sector-specific SEZ for IT and IT enabled services. Additionally, in accordance with the terms of the lease deed with NOIDA, SPPL Noida is required to develop Candor Techspace N1 for technology services only. Accordingly, the Initial Portfolio will continue to experience concentration from the tenants in the technology sector. Such restrictions may limit the ability of the Manager to select tenants from sectors outside of technology on terms that may be more favorable.

The business, results of operations and financial condition and the Manager's ability to make distributions to Unitholders may be adversely affected if one or more of these large tenants seek to prematurely terminate a majority of their lease agreements for any reason or experience a downturn in their business which may weaken their financial condition and result in their failure to make timely rental payments or result in such tenants not renewing their lease agreements. Similarly, a downturn in any of the sectors in which the tenants of the Initial Portfolio are concentrated and in particular, the technology sector may also adversely affect its business and prospects.

A significant portion of the revenue is derived from leasing activities at Candor Techspace G2 and any adverse development relating to Candor Techspace G2 or the micro-market in which it is located may adversely affect its business, results of operations and financial condition – Revenue from operations are derived from four assets in four micro-markets. For the six months ended September 30, 2020, the revenue from operations of Candor Kolkata (for Candor Techspace G2), SPPL Noida, Candor Kolkata (for Candor Techspace K1) and Festus accounted for 42.8%, 13.8%, 23.8% and 17.5% of the combined revenue from operations, respectively. Candor Techspace G2 is a significant contributor to its revenue from operations and should there be any adverse development relating to Candor Techspace G2 or in Gurugram North may impact its performance. Until the Manager is able to further diversify the portfolio by adding new assets across various micro-markets, the REIT may continue to experience significant dependence of its revenues from operations from leasing activities at Candor Techspace G2.

Condensed Combined Financial Statements included in the Offer Document may not accurately reflect the future financial position, results of operation and cash flows - The Condensed Combined Financial Statements included in the Offer Document are prepared by combining the historical financial data of the Portfolio Companies, as required under the REIT Regulations and have been prepared on the assumption that the Portfolio Companies will be acquired pursuant to the Formation Transaction. Manager cannot assure that its future performance will be consistent with the historical financial performance included elsewhere in the Offer Document.

The Agreements to Purchase/ ROFO agreements entered into by Brookfield REIT are subject to various terms and conditions and the Manager cannot assure that they will be able to acquire the Identified Assets in a timely manner, or at all – The REIT has entered into the Agreements to Purchase whereby the shareholders of the Identified SPVs have agreed to grant them a right to buy and to require the shareholders of the Identified SPVs to sell to them 100% of the issued and paid up equity share capital and convertible securities of the Identified SPVs. Under the ROFO Agreements, the REIT have the right to acquire the shareholding of the members of Brookfield (Sellers) in the ROFO Companies and the identified asset. In the event the rights granted to the REIT under the Agreements to Purchase are not exercised or the conditions precedent to exercising such rights including obtaining the requisite corporate and/ or unitholder approvals, as may be required, are not fulfilled, each within the timeframe stipulated in such agreements, then the Agreements to Purchase shall stand terminated automatically. Consequently, the REIT will cease to have the ability to acquire the relevant Identified SPV or Identified Asset, which may impact its projected growth and income. Manager cannot assure that the terms of the offer made will be acceptable to the Sellers, as applicable, and will be able to successfully acquire the ROFO Properties or the BKC ROFO Property. Further, there can be no assurance that the ROFO Companies will qualify as eligible SPVs under the REIT Regulations at the time of the sale or transfer the ROFO Properties. Further, the Manager cannot assure unitholders of the availability of funds required to undertake the proposed acquisitions, within the timelines set out under the Agreements to Purchase, or at all.

Dependence on rental income may adversely affect its profitability, ability to meet debt and other financial obligations - Income and cash flows for distributions to Unitholders would be adversely affected if a significant number of tenants, or any of the large tenants, among other things, (i) fail to make rental payments when due, (ii) fail to renew the letter of approval granted by SEZ authorities, where applicable; (iii) decline to extend or renew lease agreements, upon expiration, (iv) prematurely terminate the lease agreement, without cause (including termination during the lock-in period), or (v) declare bankruptcy. Any of these actions may result in a significant loss of rental income.

There can be no assurance that the Under Construction Area or Future Development Potential will be completed in its entirety in accordance with anticipated timelines or cost, or that it will achieve the results expected from such projects – Initial Portfolio has Under Construction Area of 0.1 msf and Future Development Potential of 3.7 msf, as of September 30, 2020. Completion of such projects involves incurring substantial time and costs and is subject to a number of factors. These factors include increases in prices and shortages of equipment, technical skills and labor; and construction materials. Such projects may also be affected by adverse changes in the regulatory environment, weather conditions and risks associated with third party service providers. There could also be a delay in obtaining the requisite approvals and permits from the relevant authorities and other unforeseeable problems and circumstances. These factors may lead to delays in, or prevent the completion of, the Under Construction Area or Future Development Potential and may result in costs substantially exceeding those originally budgeted for; the projected returns of such project not being met; dissatisfaction among the tenants, resulting in potential adverse action by them, or any consequent negative publicity or decreased demand; key underlying approvals terminating or expiring; the incurrence penalties from statutory or governmental authorities for any delay in the completion of the proposed property development; or liability for penalties under the terms of pre-committed or other agreements with tenants.

Manager may be unable to renew lease agreements or lease vacant area on favorable terms or at all - Asset SPVs have entered into lease agreements with their respective tenants for terms that generally extend from three to 15 years. Leases and rent agreements with tenants of the assets may expire in the near future and may not be renewed by such tenants. Certain tenants with presence across multiple assets may also decide to move out of some or all of their leased area including due to the COVID-19 pandemic. If any of these events occur, the Manager may face delays in finding suitable replacements, which could result in vacant premises and have an adverse effect on its business, results of operations and cash flows.

The renewal process of the lease agreements with existing tenants may involve delay in execution and registration of such agreements, resulting in the tenants being in possession of units without enforceable legal documents for a limited period, which may limit their ability or the ability of the Manager to enforce the terms of such agreements in a court of law during such period. Generally, Asset SPVs enter into pre-committed lease arrangements for the under-construction properties with prospective tenants and any changes to or delay in execution or non-execution of the final lease agreements may adversely affect its business, results of operations and cash flows. In the event of a termination of a lease by the lessor, tenants may also seek statutory protection or take legal action against eviction. In the event there are such tenant claims against eviction including those under the Maharashtra Rent Control Act or any other statute or court order, it may result in legal disputes and the rentals during that period being limited, which in turn could adversely affect its results of operations and cash flows.

The actual rent received for the assets may be less than the Leasing Rent or the market rent and could experience a decline in realized rent rates from time to time - Manager has made certain comparisons between in-place rents, Leasing Rent and market rents for the office parks. On account of a variety of factors, including competitive pricing pressure in the markets in which the office parks are located, changing market dynamics including demand and supply, a general economic downturn, the potential impact of the ongoing COVID-19 pandemic resulting in deferred or reduced rent collection and the desirability of the office parks compared to other properties in the markets and micro-markets in which the office parks are located, the Manager may be unable to realize the estimated market rents across the office parks at the time of future leasing.

Actual results may be materially different from the expectations express or implied, or Projections included in the Offer Document - Offer Document includes certain forward-looking statements, such as Projections, expectations, plans and analysis of the Projections. Certain assumptions have been made regarding the future financial and operating performance, including but not limited to the construction costs and completion timelines of Under Construction Area and similarly on renovation and maintenance projects. It has been assumed that all projects will be completed and become operational and income generating within the timelines. Revenue from operations, EBITDA, NOI and cash flows are only estimates and there can be no assurance from the Manager on any of these parameters.

The Valuation Report on the Initial Portfolio is only indicative in nature as it is based on a set of assumptions and may not be representative of the true value of the Initial Portfolio - The valuation of the Initial Portfolio is based on certain assumptions relating to the nature of the property, its location, lease rental forecasts and valuation methodologies and these assumptions add an element of subjectivity to these valuations and hence may not be accurate. The Manager cannot provide assurances on the accuracy of these assumptions. Further, in case a new valuer is appointed subsequent to the listing, the Manager cannot assure that the set of assumptions to be used by the new valuer and the end result would be the same. Further, C&WI has provided an Independent Property Consultant Report on the Valuation Report, which is included in the Offer Document. The Independent Property Consultant Report confirms that the opinions and conclusions contained in the Valuation Report are fair and reasonable. Valuation is an estimate and not a guarantee, and it is dependent upon the accuracy of the assumptions as to income, expenses and market conditions. Further, the valuation methodologies used to value the Initial Portfolio will involve subjective judgments and projections, which may not be accurate. The Summary Valuation Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Initial Portfolio or an investment in the Units.

Recent disruptions in the financial markets and current economic conditions could adversely affect the ability of the Manager to service existing indebtedness - As of September 30, 2020, the total outstanding indebtedness was Rs 56,502.38 million (excluding CCDs issued to Brookfield). Liquidity in the credit markets has been constrained due to market disruptions, including due to the COVID-19 pandemic, which may make it costly to obtain new lines of credit or refinance existing debt. Debt financing for acquisitions on acceptable terms may be impacted by investors' or lenders' perception of, and demand for the office parks, future results of operations, financial condition and cash flows, the prevailing economic, political and other conditions, and governmental policies concerning REITs

In case Asset SPVs are unable to obtain, maintain or renew required regulatory approvals and permits in a timely manner or at all, its business, results of operations and financial condition may be adversely affected - In order to operate their respective businesses, Asset SPVs require various approvals, licenses, registrations and permissions from the government, local bodies and other regulators. Regulatory approvals are generally subject to ongoing terms and conditions, and a failure to comply with these terms and conditions may result in an interruption of the operations of its Asset SPVs. With respect to the construction and operation of certain buildings forming a part of the Initial Portfolio Asset SPVs may not have obtained valid approvals from relevant authorities or there may be approvals which have expired and are subject to renewal on an ongoing basis. Certain of the assets in the Initial Portfolio are also currently under-construction and require regulatory approvals before any occupation by tenants and there may be delays on the part of the administrative bodies in reviewing applications and granting approvals.

The Brookfield REIT, Asset SPVs, CIOP, the Manager and the Sponsor have entered into several related party transactions, which could potentially pose a conflict of interest – The Brookfield REIT, Asset SPVs and CIOP have entered and will enter into transactions either inter-se or with related parties, including the Manager, the Sponsor and their respective affiliates and the Sponsor Group, pursuant to the Investment Management Agreement, the Agreements to Purchase, the ROFO Agreements, the Candor Amended and Restated Service Agreement, the Candor Amended and Restated Transition, Operations and Maintenance Agreements, Services Agreement, Shareholder Debt Documentation, the Trade-mark Sublicense Agreement, Candor Trademark Agreement and the Share Acquisition Agreements, the terms of which may be deemed to not be as favorable as those negotiated between unaffiliated third parties. These transactions relate to, among others, the management of the Asset SPVs, maintenance of the assets in the Initial Portfolio, and loans and advances to be made by the Brookfield REIT to its Asset SPVs. The transactions with related parties that have been entered into may have involved, and any future transactions could potentially involve, conflicts of interest, and it may be deemed that they could have achieved more favorable terms had such transactions been entered into with unaffiliated third parties.

The title and development rights or other interests over land on which the Initial Portfolio are located may be subject to legal uncertainties and defects which may have an adverse effect on its ability to own the assets and result in incurring costs to remedy and cure such defects - The Asset SPVs have been acquired by the Brookfield Group from third parties and the rights or title in respect of these lands may be adversely affected by improperly executed, unregistered or insufficiently stamped conveyance instruments in the property's chain of title, unregistered encumbrances in favor of third parties, irregularities in the process followed by the land development authorities and other third parties who acquired the land or conveyed the land in favor of Asset SPVs or irregularities in the process of mutation of the land records in favor of the Asset SPVs, rights of adverse possessors, ownership claims of successors of prior owners, and irregularities or mismatches in record-keeping, non-issuance of public notice prior to acquisition, the absence of conveyance by all right holders, ownership claims of family members or co-owners or prior owners or other defects that the Manager may not be aware of.

Brookefield REIT does not own the trademark or logo for the "Brookfield India Real Estate Trust" or "Brookfield India REIT" and hence its inability to use or protect these intellectual property rights may have an adverse effect on its business and results of operations.

Majority of the assets in the Initial Portfolio are located on land notified as SEZs and a few are registered as private IT parks and the relevant Asset SPVs are required to comply with the SEZ Act and the rules made thereunder along with their respective conditions of registration as private IT parks - Kensington, Candor Techspace G2 and a significant portion of the land on which Candor Techspace K1 is located are on land notified as SEZs and are required to comply with SEZ related rules and regulations. The SEZ Act and rules require Asset SPVs to lease units to tenants possessing a valid letter of approval from the SEZ authorities. Manager cannot assure that letters of approval for all existing tenants will be renewed from time to time as required under the SEZ Act in the future.

CIOP is not an Asset SPV under the REIT Regulations and as such it is not required to comply with the mandatory distribution requirements under the REIT Regulations – Brookfield REIT will own 100% of the equity shares of CIOP and this investment will be classified as a portfolio investment in unlisted equity shares of a company under Regulation 18(5)(da) of the REIT Regulations. CIOP is not a special purpose vehicle as defined under the REIT Regulations, and accordingly the distribution conditions, or any other compliance requirements which are applicable to Asset SPVs under the REIT Regulations, shall not mandatorily be applicable to CIOP.

Business and operations are subject to compliance with various laws, and any change in law or non-compliance may adversely affect its business and results of operations - The laws governing REITs in India are in their early stages and relatively untested. The REIT is subject to compliance with FEMA Rules and other applicable foreign exchange regulations as its Sponsor and Manager are not Indian owned and controlled. Any change in such laws or non-compliance may adversely affect its business and results of operations.

Manager may not be able to maintain adequate insurance to cover all losses that may incur - As of September 30, 2020, the aggregate coverage under insurance policies obtained were Rs 44,997.07 million. The Manager maintains insurance cover on the properties and equipment in the Initial Portfolio in amounts believed to be consistent with the industry practice. The insurance policies cover physical loss or damage to the property arising from a number of specified risks including burglary, housebreaking, loss or damage due to riot, fire, earthquakes and other perils. Despite the insurance coverage, they may not be fully insured against some business risks and the occurrence of accidents that cause losses in excess of limits specified under the concerned policies, or losses arising from events not covered by the insurance policies, which could adversely affect the business and results of operations.

Candor Techspace N1 is located on land leased from NOIDA and is required to comply with the terms and conditions provided in the lease deeds, failing which NOIDA may terminate the lease or take over the premises. The Manager may not be able to renew the lease with NOIDA upon its expiry or premature termination.

Manager and the Operational Services Provider utilize the services of certain third-party operators to manage and operate the Initial Portfolio. Any deficiency or interruption in their services may adversely affect its business.

Risks Related to Relationships with the Sponsors and the Manager:

Sponsor may cease to act as the sponsor in the future - Under the REIT Regulations, the sponsor and sponsor group of a REIT are required to hold 25% of the units of the REIT, on a post-issue basis, for a period of three years from listing. In the event that the Sponsor is not able to comply with the unitholding requirements prescribed under the REIT Regulations for reasons including, among others, any future dilutive events such as issuance of fresh units pursuant to an institutional placement or preferential allotment, invocation of encumbrance over the units of the Sponsor and Sponsor Group, or on account of issuance of Units to a third party contributing assets to the fund in lieu of Units, it will be required to designate such additional entities to act as its sponsor or sponsor group, in order to ensure compliance with the lock-in Unitholding requirements prescribed under the REIT Regulations. Manager cannot assure that they will be able to identify and designate an eligible sponsor group entity for the Brookfield REIT.

Sponsor and Sponsor Group will be able to exercise significant influence over certain of their activities and the interests of the Sponsor and Sponsor Group may conflict with the interests of other Unitholders - After the completion of the Issue, Sponsor and Sponsor Group will own a majority of the issued and outstanding Units and each of them will be entitled to vote severally as Unitholders on all matters other than matters where there are related party restrictions. Further, members of Brookfield will hold 100% of the share capital of the Manager and will therefore exercise control over the Manager. Manager will also rely on the Sponsor, Sponsor Group and members of Brookfield to comply with their obligations under various agreements, including the Share Acquisition Agreements, the Agreements to Purchase and the ROFO Agreements. Any alteration of the terms of its Units, including the terms of the Issue, which may adversely and materially affect the interest of the Unitholders would also require an approval from our Unitholders in accordance with Regulation 22(5) of the REIT Regulations.

Conflicts of interest may arise out of common business objectives shared by Manager, Sponsor, Sponsor Group and the REIT - Manager is owned and controlled by Brookfield. The Sponsor Group and their affiliates are engaged in a number of activities including development of commercial real estate and, therefore, may be interested in businesses, which directly compete with its activities. If these conflicts of interest are managed to the detriment, they could adversely affect its performance.

Dependence on the Manager to manage the business and assets, and its business, results of operations and financial condition could be adversely affected if the Manager fails to perform satisfactorily – The Manager is required to make investment decisions in respect of the underlying assets including any further investment or divestment of assets. It cannot assured that the Manager will be able to implement the investment decisions successfully or that it will be able to expand the Initial Portfolio at any specified rate or to any specified size or to maintain distributions at projected levels. The Manager may not be able to make acquisitions or investments on favorable terms or within a desired time frame, and it may not be able to manage the operations of the underlying assets in a profitable manner. The Manager may delegate certain functions to third parties. Should the Manager, or any third party to whom the Manager has delegated its functions, fail to perform its services, the value of its assets might be adversely affected and this may result in a loss of tenants, which could adversely affect its business, results of operations and financial condition.

Risks Related to the Ownership of the Units:

Trusts such as the Brookfield REIT may be dissolved, and the proceeds from the dissolution thereof may be less than the amount invested by the Unitholders - The Brookfield REIT has been set up as an irrevocable trust registered under the Registration Act and it may only be extinguished (i) upon the liquidation of the REIT assets; (ii) in the event SEBI cancels, revokes or suspends the certificate of registration that has been granted to the REIT; or (iii) in the event the REIT becomes illegal. In the event of dissolution, the net assets remaining after settlement of all liabilities, and the retention of any reserves which the Trustee deems to be necessary to discharge contingent or unforeseen liabilities, shall be paid to the Unitholders.

NAV per Unit may be diluted if further issues are priced below the current NAV per Unit – Brookfield REIT may make fresh issuances of Units in the future, the offering price for which may be above, at or below the then current NAV per Unit. The distribution per Unit may be diluted if new Units are issued and the use of proceeds from such issue of Units generates insufficient cash flow to cover the dilution. Where new Units are issued at less than the NAV per Unit, the then current NAV of each existing Unit may also be diluted.

Any future issuance of Units by the REIT or sales of Units by the Sponsor Group or any of other significant Unitholders may adversely affect the trading price of the Units - Any future issuance of Units by the REIT could dilute the investors' holdings of Units. Any such future issuance of Units may also adversely affect the trading price of the Units, and could impact the ability of the Manager to raise further capital through an offering of the Units. There can be no assurance that it will not issue further Units. In addition, any perception by investors that such issuances by the REIT or sales by any significant Unitholders might occur could also adversely affect the trading price of the Units.

The rights of the Unitholders to recover claims against the Manager or the Trustee are limited - Under the Trust Deed, the Trustee is not liable for any of its actions or omissions, which are in good faith in accordance with, or in pursuance of any request or advice of the Manager. Additionally, the liability of the Trustee under the Trust Deed for an immediately preceding financial year is limited to the fee received by the Trustee except in case of fraud or gross negligence on the part of the Trustee, which shall be determined finally by a court of competent jurisdiction. Further, the Trustee has the right to be indemnified by the REIT in respect of all claims, liabilities, damages and expenses, including legal fees, to which they become subject during the course of their appointment as the Trustee, provided that the action or omission giving rise to such claim, liability, damage or expense is not in material violation of the Trust Deed and does not involve any gross negligence, fraud, misconduct or violation of applicable laws on their part. Under the Investment Management Agreement, the Manager is not liable for any of its actions or omissions done in good faith.

Condensed Financials of Brookfield REIT:

Profit & Loss

Particulars	H1FY21	FY20	FY19	FY18
Income				
Revenue from operations	4,551.4	9,567.1	8,959.2	8,218.5
Other income	123.2	246.9	339.1	444.1
Total income	**4,674.7**	**9,814.0**	**9,298.3**	**8,662.5**
Expenses				
Cost of material consumed	5.3	52.2	49.5	52.3
Employee benefits expenses	152.5	251.0	141.1	275.9
Finance costs	3,484.6	7,141.3	4,403.6	3,287.2
Depreciation and amortization expenses	606.3	1,122.6	957.1	903.0
Other expenses	1,164.0	3,327.5	3,206.0	2,452.5
Total expenses	**5,412.7**	**11,894.7**	**8,757.3**	**6,970.8**
Profit/(Loss) before exceptional items and tax	-738.1	-2,080.7	541.1	1,691.7
Exceptional items	-	2,495.0	-	43.4
Profit/(Loss) before tax	**-738.1**	**414.3**	**541.1**	**1,735.1**
Tax expense	1.2	263.1	698.5	124.3
Profit/(Loss) after tax	**-739.2**	**151.2**	**-157.5**	**1,610.8**

(Source :RHP)

Balance Sheet

Particulars (Rs in Million)	H1FY21	FY20	FY19	FY18
ASSETS				
Non-Current assets				
Property, plant and equipment	116.9	105.1	92.5	89.0
Investment property	44,327.5	44,544.7	42,029.7	36,824.9
Investment property under development	602.9	519.8	1,938.7	4,358.4
Intangible assets	0.6	0.8	1.4	2.1
Financial assets	2,222.7	2,536.9	2,513.9	975.9
Deferred tax assets (net)	28.1	25.3	21.8	24.7
Non-current tax assets (net)	1,863.6	1,711.9	1,353.6	1,053.7
Other non-current assets	52.5	62.5	148.4	223.3
Total non-current assets	**49,214.7**	**49,507.1**	**48,100.0**	**43,551.9**
Current assets				
Trade receivables	285.4	449.0	564.9	318.4
Cash and Cash equivalents	1,011.3	3,265.4	1,325.5	1,090.3
Other bank balances	32.7	0.5	32.0	158.7

Loans	-	-	-	3,054.6
Other financial assets	454.4	365.9	320.0	571.1
Other current assets	368.7	192.5	94.5	187.9
Total current assets	**2,152.5**	**4,273.4**	**2,337.0**	**5,381.0**
TOTAL ASSETS	**51,367.2**	**53,780.5**	**50,437.0**	**48,933.0**
EQUITY AND LIABILITIES				
Capital	652.0	652.0	552.0	152.0
Other equity	-25,439.8	-22,849.2	-25,517.8	-26,341.1
Total equity	**-24,787.8**	**-22,197.1**	**-24,965.7**	**-26,189.0**
Non current liabilities				
Borrowings	68,455.5	66,688.5	61,971.5	33,458.0
Other financial liabilities (including lease liabilities)	1,547.5	1,413.1	1,090.2	929.8
Long term provisions	10.3	13.2	6.7	9.9
Deferred tax liabilities (net)	629.6	638.7	770.3	294.9
Other non-current liabilities	269.7	211.7	249.1	277.4
Total non-current liabilities	**70,912.6**	**68,965.2**	**64,087.9**	**34,970.0**
Current liabilities				
Borrowings	-	1,741.4	2,621.7	-
Trade payables	594.9	623.8	560.8	698.1
Contractual liability	-	-	-	30,500.0
Other financial liabilities (including lease liabilities)	4,108.9	4,091.4	7,794.2	8,622.3
Short term provisions	4.3	4.6	2.2	2.0
Other current liabilities	534.4	548.2	327.9	325.5
Current tax liabilities (net)	-	2.9	8.0	4.2
Total current liabilities	**5,242.4**	**7,012.5**	**11,314.9**	**40,152.0**
Total liabilities	**76,154.9**	**75,977.6**	**75,402.7**	**75,122.0**
TOTAL EQUITY AND LIABILITIES	**51,367.2**	**53,780.5**	**50,437.0**	**48,933.0**

(Source :RHP)

Projected Net Distributable Cash Flows (NDCF) for the Brookfield India REIT:

Particulars (Rs in million)	Q4FY2021	FY2022	FY2023
Kensington	155	1,378	1,118
Candor Techspace G2 and Candor Techspace K1	878	4,141	4,614
Candor Techspace N1	194	1,053	1,247
CIOP	13	118	113
Less: Trustee Fees	-1	-3	-3
Less: REIT Management Fees	-12	-67	-71
Total	**1,227**	**6,620**	**7,018**

(Source :RHP)