

Brookfield

India Real Estate Trust

“Brookfield India Real Estate Trust Q2 FY'23 Earnings Conference Call”

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Brookfield

India Real Estate Trust



MANAGEMENT:

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MR. RACHIT KOTHARI – BROOKFIELD ASSET MANAGEMENT

Moderator: Ladies and gentlemen, good day and welcome to Brookfield India Real Estate Trust Earnings Call for Q2 FY'23. As a reminder, all participant lines will be in the listen-only until the floor is open for questions. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. On the call, we have the following persons:

Mr. Ankur Gupta -- Managing Partner, Brookfield Asset Management and Director, Brookprop Management Services Private Limited; Mr. Alok Aggarwal -- Chief Executive Officer, Brookprop Management Services Private Limited; Mr. Sanjeev Kumar Sharma -- Chief Financial Officer, Brookprop Management Services Private Limited; Mr. Shailendra Sabhnani and Mr. Rachit Kothari from Brookfield.

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

Rachit Kothari: Good evening everyone and welcome to the Second Quarter FY'2023 Earnings Call for the Brookfield India REIT.

We are pleased to report another quarter of consistent performance and the core of our business stays very strong.

To summarize the last two quarters:

Firstly, we have seen a resilient improvement in physical occupancy and leasing as evidenced by a total of 700,000 sq.ft. of space that was tied up in the last six months. Despite the headwinds of interest rate increases, our borrowing costs continue to be competitive, given our superior asset quality, high cash flow generation and long duration of our facilities. At the same time, our strong embedded growth potential continues to cushion our distributions against any volatility in interest rates.

At the close of previous financial year, our NOI run rate was shy of Rs.900 crores, which is now slated to cross Rs.1,000 crores if we factor the mark-to-market and our expected 1 million square feet of renewals. With that, the REIT will be halfway through in capturing the organic growth potential of 25% that it had at the beginning of this year, and we will progress the other half through conversion of our leasing pipeline. Once stabilized, our Rs.1,135 crores NOI run rate will translate into a 25% higher NDCF at more than Rs.6 per unit, very similar to the quarters we had in the period of 90%-plus occupancy right after our IPO.

Lastly, we continue to progress our plans to broad base the REIT as we evaluate a sizable, mature and fully complete acquisition pipeline of 6.4 million square feet.

I would request Alok to deep dive into the business update.

Alok Aggarwal: A very good evening to everyone. Welcome to the Q2 FY'23 Earnings Call for Brookfield India Real Estate Trust.

I'm pleased to announce that we have executed on our stated strategy for H1 FY'23 and have delivered another strong quarter performance.

The leasing recovery that we saw in FY'22 continues to strengthen with increasing number of tenants returning to office. We have achieved 6,17,000 sq.ft. of gross leasing during H1'FY23. Additionally, we signed 1,10,000 sq.ft. of expansion options, which are likely to get exercised in the near to medium term. The return-to-office programs of tenants are driving both renewal and expansion demand, is 83% of our gross leasing being driven by existing tenants. With 2 million square feet of ongoing discussion, we are seeing that expansion demand is truly back. Our effective economic occupancy remains healthy at 89% and our existing leases have delivered robust embedded growth with a 9% average escalation of 9,09,000 sq.ft. during the quarter.

This healthy leasing demand is likely to witness a major fillip when the upcoming (DESH) policy comes into effect. It is expected to help attract a wider set of potential occupiers of our high quality SEZ campuses.

In the last quarter, we had stated that a stabilized NOI run rate to reach around Rs.1,100 crores. In H1 FY'23, we have already achieved 9% growth in our NOI run rate, driven by rental escalations, incremental leasing and increase in our operating margin. With the large renewal deal that is currently being negotiated, we believe that we will be able to increase our stabilized NOI run rate by Rs.37 crores, giving us a further headroom of approximately 18%.

This robust organic growth has allowed us to achieve our actual distribution guidance of Rs.10.20 per unit provided at the beginning of the financial year. Leasing recovery has company has continued pace, and we have a healthy leasing pipeline, which will only strengthen our performance in the future.

I'm also delighted to share that our efforts towards sustainability have been recognized by GRESB and we have been awarded a Five Star Rating in our first year of submission. We have achieved 100% score in the Social and Governance categories, and our overall score is best-in-class across Asia. Additionally, our recently completed towers at N1 and N2 have received a development score of 96%, which further emphasizes our focus on building our campuses by keeping ESG at the forefront.

With a strong execution on our ESG initiatives underway, we believe, we will be able to achieve our net zero commitment by 2040 compared to our stated objective of 2050. We are currently working on Net Zero plan for all our buildings and have already taken measures, such as installing state-of-the-art building management systems to help monitor and control our assets more efficiently. Our "Forest of Hope Plantation" drive as part of our "Trees of Hope Campaign" led to the planting of 3,000 trees with enthusiastic participation from our tenants and our employees.

REIT has an attractive pipeline of innovative growth opportunities and is evaluating 6.4 million square feet across two assets – Candor TechSpace in Gurugram and Downtown Powai in Mumbai. With our headroom in LTV, and enabling resolution in place to raise additional capital, we are well positioned to execute on our inorganic growth strategy at the appropriate time. We will continue our efforts to deliver long-term value to our business, partners, and community.

Now, I would like to invite Sanjeev to provide the financial updates.

Sanjeev K. Sharma:

Thanks, Alok. Good evening, everyone. We have had yet another quarter of robust organic growth, backed by a strong cash flow generation from our assets.

I am pleased to announce that we have achieved an NDCF of Rs.172 crores, means Rs.5.12 per unit in Q2 FY'2023 and Rs.344 crores means Rs.10.25 per unit in H1 of Financial Year '23, achieving our NDCF guidance for H1 FY23.

Additionally, factoring the strong cash flow generation, we are seeing from our existing leases and given the recent leasing success we have had over H1 FY23, we draw comfort in giving a full year FY'2023 NDCF guidance of Rs. 20.25 per unit.

The board has approved the distribution of Rs.171 crores, means Rs.5.10 per unit this quarter. The non-taxable component of distribution in this quarter is 52%.

Our operating lease rentals for the quarter are Rs.206 crores, which is 32% higher than the same period last year. The adjusted NOI for the quarter including income support from the sponsor group is Rs.241 crores which is 48% higher than Q2 FY'2022. For H1 FY23, we achieved 29% growth in our operating lease rentals at Rs.409 crores and a 43% growth in our adjusted NOI at Rs.476 crores. This growth is primarily driven by addition of Candor TechSpace N2 into the portfolio and a significant improvement in our CAM margins over FY'2022.

Our gross asset value has been appraised at Rs.164 billion as on 30th September 2022 and our NAV is Rs.337 per unit, which is a Rs.13 per unit growth over last year.

Over the course of H1 FY23, we have achieved 9% growth in our NOI run rate over the last quarter of FY'2022. This has been achieved through a combination of contractual escalations, lease up and margin recovery, witnessed in H1 this year.

Our NOI-to-operating lease rental ratio improved from 103% in Q4 of FY'22 to 109% in this quarter, which is primarily driven by some of the occupiers moving to higher hours of operation and the higher physical attendance we have seen at our assets. Over the last few quarters, we have demonstrated our ability to achieve our organic growth potential and we hope to maximize the potential of our assets in due course of time. We continue to maintain a strong balance sheet with a 31% loan-to-value and AAA Stable rating from CRISIL.

Our robust cash flows, and high quality assets have ensured that our borrowing costs are competitive, and the low percentage of principal due over the next four years, ensure that we have minimal refinancing risk.

Thank you everyone.

Moderator: We will now begin the question-and-answer session. First question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

A Chattopadhyay: I've got a couple of questions. The first question is just to understand for the balance what you have indicated the exits of 0.6 million square feet we are expecting in second half. Specifically which assets would this be – will it be Powai and G2? And last quarter we had mentioned that we are hoping to backfill any of these exits. So, what is status on that? Secondly, our second half distribution guidance seems to be marginally lower than the first half whatever we have distributed. So, could you help us understand, is there some asset level adjustment or is it due to some balance sheet adjustments on debt or higher interest costs?

Alok Aggarwal: So, you're talking about 0.6 million square feet, which probably expecting exit. So, some is in G2, and some is in Kensington, Bombay.

A Chattopadhyay: In Powai, we are hoping to retain the majority of tenants. Is that a correct assessment?

Alok Aggarwal: The large tenant we are talking to, so that we are going to retain. That is something in advanced stage of discussion, and that's likely to close in a couple of weeks. So, that's happening. There are some smaller tenants where discussions are on, but – Adhidev, this is Alok, let me repeat the answer because I think the call got disconnected, exits are happening in G2, N2 and Kensington. In G2, we are hopeful that existing hard options will get converted. In N2, we are confident of being able to do new leasing, even before these expiries happen and when expiries will happen of course, we have pipeline, and we are confident that these areas also we should be able to backfill. In Kensington as I said, there is a large tenant with whom we are very close to signing the stay and some smaller tenants could be leaving, the pipeline is strong and we are confident of backfilling, of course there could be some lag between vacation and the backfill.

A Chattopadhyay: Sir, to understand correctly then the current committed occupancy of 84%, so we are expecting let's say by the end of the year at a higher number or at similar numbers just at overall portfolio level, what would be the direction we should look at?

Alok Aggarwal: Number would be positive, we should be able to move beyond this.

A Chattopadhyay: So, you hope to backfill and do a little bit more leasing over there?

Alok Aggarwal: In new leasing, we're hoping some backfilling can happen, but let's see how does it pan out.

Ankur Gupta: If I may just add a couple, as a team we do not manage for occupancy with the static number. That's why we give a guidance of our NOI bridge. The target for us is to maximize NOI, which is probably a better indication of value creation. So, the path that we lay out in the bridge from 900-odd crores to Rs.1,100-plus crores, that is the real metric that we are measuring ourselves on. And as Rachit said in his opening remarks, we are probably halfway there including the large renewal deal that we're talking about in Kensington. That will take us about half way mark to that value creation. And this is I'm talking about that the organic growth. And the other part of that is the increase in occupancy from 84%, 85% level into the mid-90s%, that are traditionally run at. So, combination of the two is what we're focused on. And once these assets achieve Rs.1,100 crores plus NOI number, was closer to that. As occupancy inches up to the early 90s, the target itself would be revised upwards given that we are in a higher inflation environment, which means rentals should inch up. That is the way we are managing our portfolio, which is strong current distribution on the back of 84, 85 or mid-80s lease portfolio, but ability to capture mark-to-market. So, while some vacancy could get created in Kensington, for example, those are the smaller ones, where there will be higher potential to mark those leases to market. There are larger ones, which are helpful in keeping the stability and also tremendous mark-to-market that will happen in the larger lease. So, a combination of mark-to-market and overall income is what we are focused on here. Does that answer your question in more detail?

A Chattopadhyay: Yes, that is pretty clear. Just second on the distribution guidance for the second half, if you could just help us understand, is it something to the asset level or is it some utilization of cash at the REIT level?

Sanjeev K. Sharma: Our NDCF for last six months is Rs.10.25. And as you rightly mentioned, with the increasing interest regime, we feel that over a period of next six months, we will be additionally able to generate Rs.10 reasonably in the current environment of increasing interest cost. That's why we have given the guidance which I will say is reasonably achievable.

Moderator: The next question is from the line of Puneet from HSBC. Please go ahead.

Puneet: My first question is on the cost of debt. The cost of debt seems to have gone up from 7.16% to 7.45% quarter-on-quarter. How do you see that trending up -- do you think the gap that you guys have shown in terms of lower increase in newer interest cost versus repo rate, that gap will narrow or will it largely now move in line with the repo rates?

Ankur Gupta: It's not a surprise that globally interest rates have gone up, and they have gone up for us as well, and they've gone up for most of our peers in this universe. The charge you indicated which is what we've always maintained that we have higher headroom to absorb macro increases in interest cost while maintaining our rating. The sponsorship group that we have and the duration of debt that we are able to get, along with the fact that there are only about 50% of the benchmark rate was passed on to us. And we are hearing news that at least rate of increase is going to come down... but again, I'm not a macro-economic expert here, but I would expect that there is probably more tapering, then multiple baseline increases in rents, and interest costs. Some of

that will be passed on to us from our lenders. But we still are hopeful that on an absolute number basis, we are in good territory, and we are yielding multiple opportunities to lower our cost of debt through either refinancing the debt stack or working with existing lenders to reduce the margins further.

Puneet: So, what I'm trying to understand is that in absence of refinancing, you have largely variable debt, if there were to be hypothetically no further repo rates, will the 71 bps gaps that you currently have, will it narrow or will it remain here? So, if they were to be no more repo rate, will it stay at 7.45% or will still continue to inch up?

Ankur Gupta: Today, there's opportunity for us to refinance the debt at lower interest rates. So, we would obviously take that opportunity if interest regime in the country does not change. We are actually working with our existing lenders. I think 7.5% interest is a fair interest in the regime that we're in right now. But if repo rate increases was to flat out right now, then there is probably going to be further headroom for us to lower our interest cost.

Puneet: Second, if you can talk about your growth plans on the Gurugram acquisition, where are you in terms of processes and how soon can we expect those?

Ankur Gupta: We are further along today than we were in the last call, and we are hoping that the stated objective of having inorganic growth is put to work between this quarter and next quarter, for both Gurugram as well as the ROFO asset that we have in Downtown Powai.

Puneet: The net debt has gone up by almost 700 million, CAPEX was about 284 million. Why is there a gap here? I thought largely goes up in line.

Sanjeev K. Sharma: So, two components here. One is the repayment of tenant deposits and brokerages, because we are not getting any equivalent security deposits from the tenants when releasing is not happening to that extent, that is being funded temporarily. And second is towards certain small amounts for funding the working capital also, because there are couple of items in the working capital always; one is straight lining of lease impact, second is withholding tax, which got affected in the current quarter, but will come back in the coming quarters. So, temporary funding has been arranged for that also.

Puneet: You said straight lining of lease and what is the second one?

Sanjeev K. Sharma: Withholding tax deduction and similar items.

Puneet: I thought on the tenant deposit side, since your occupancy is inching up, that should have taken care unless the new terms of trade are now different than what it used to be in terms of total number of months of deposit?

Alok Aggarwal: Actually, what happens here is when a tenant is leaving, you pay the deposit upfront, and when he is coming he pays half maybe on the LOI, half when he moves in actually. So, it's just a bit of a timing issue there.

Moderator: The next question is from the line of Amandeep Singh from Ambit Capital. Please go ahead.

Amandeep Singh: My first question was on physical occupancies. So, when you mentioned it has went up and also resulted in higher CAM, will it be possible to give a break up on how it has been on blended basis and micro market wise if possible?

Alok Aggarwal: See, physical occupancy has been gradually moving up. But I think, let me be honest, we were expecting to close the year with about almost maybe 80%. I think it will not be 80%, probably, we will cross 50% and somewhere I don't have exact number, but it could be 50%-plus. But let's say, in Noida we have two assets; in one of the assets, it's already crossed 50% with the smaller tenants, most of them are back to offices, not three days a week, but five days a week actually, that's N1. N2 is slightly lower as we have larger tenants. Last time also I said that larger tenants are slightly more kind of accommodating with their employees and their occupancies are slightly lower again three day a week work is a norm. In Gurgaon, it's again between 40% and 50%. In Bombay, while the occupancies are very high, but except in Kensington because we have a very large tenant, and as I said, large tenants are more accommodating to their employees. That's why in Mumbai, in part of that asset on average it reduces, to about 30% to 40%. And Kolkata remains again slightly lower; 30% to 40%. So, that's where it is, but average, I would say 40% to 50% and then it would probably cross 50% by the end of this month, and we can be anywhere between 50% and 60% by end of this year.

Amandeep Singh: When you say about having 1 million square feet of net leasing prospects, so any sense on the micro market or is it similar to the last quarter? And also as per your discussion with the tenants, are they giving any sense on timelines of getting this converted into leases because these physical occupancies are still taking time?

Alok Aggarwal: Candor, of course, Kensington vacancy portion is much smaller, prospective tenants are spread across the geographies. And we have done some new leasing. We are confident that we should be able to do more new leasing with new tenants. Now, whether it could happen this quarter or pushed to next quarter, that's difficult to say, but we are hopeful and confident that we should be able to close new leasing with the new tenants.

Moderator: Next question is from the line of Atul Tiwari from Citi Group. Please go ahead.

Atul Tiwari: A similar question on net leasing. So, what kind of net leasing can we expect in the second half of this year of FY'23, any rough idea based on the discussion that you're having?

Alok Aggarwal: What we are reasonably confident of I'm talking about the kind of a new leasing, we should be able to cross half a million square feet mark. That's something we are hoping to cross, some can get spilled over.

- Atul Tiwari:** So, reasonable to say infer from whatever was said about cost of debt that in case there is no new repo rate hike, broadly, we are peaking out in terms of cost of debt at 7.45%, while the cost may go up, but you have some opportunity to refinance it lower, so broadly 7.45% should be to see, is that a right infer?
- Ankur Gupta:** At these repo rate levels for triple-A rated paper 7.5% plus/minus is a reasonable cost of debt. So, we are working with existing lenders to maintain that and potentially is the peak or the narrative on interest rates hike was to change, potentially even look to refinance at lower rate.
- Moderator:** The next question is from the line of Kunal Tayal from Bank of America.
- Kunal Tayal:** A couple of questions from me. Ankur, I think firstly, do you say that rental rates would go up once the occupancy levels cross the 90% mark. I was just wondering if some of that would be contingent upon physical occupancy achieving a certain threshold level as well.
- Ankur Gupta:** So, physical occupancy is a very difficult number because occupancy of an asset pre-COVID levels were never tracked. We have information from Brookfield as to what used to happen. Physical occupancy of an asset was never about 100% ever. Today, as we look at tenant asking their employees to come back to work, when people say 50% can come back to work, it does not mean that 50% all will stay at home. So, from almost everybody being at home during the peak of the COVID due to the lockdown to organizations now almost as a whole saying that everybody will be back to work at some point, there will be some flexibility, some hybrid nature of working. So, that evolution from almost 0 to 100 needs to be thought to as to what existed pre-COVID, right? Some jobs may not ever need an office space and that's perfectly fine because a lot of new job creation has also happened which require high quality office spaces.
- Kunal Tayal:** I get that. I mean would it be fair to guesstimate therefore that at 50% physical occupancy that you are planning to exit the year at, it shouldn't be a hindrance in asking for higher ranges?
- Ankur Gupta:** I don't think so because organizations plan for many, many years. And again 50% is again a number which does not mean that that only 50% of employees come back to work.
- Kunal Tayal:** My second question, I just wanted to ask about a couple of data points you've put forward, the leasing pipeline of 2 million, does that compare to 1.1 million last quarter or because I think this time you split it into renewals and new. Or should we look at 1 of the new versus 1.1 last quarter?
- Sarthak Patel:** So, Kunal, it should be compared with the 1 versus 1.1, the renewal pipeline is an additional data which we've added from this quarter onward.
- Kunal Tayal:** Your new leasing of 0.13 million, that's on the lower side versus the last 2 quarters. Any new developments per se or just it can be a quarterly aberration and that's what might have paid out in the quarter?

- Alok Aggarwal:** Well, yes, it could be a quarterly aberration. Leasing could be lumpy and we could cover up the next quarter. So, that's what I've always maintained.
- Moderator:** The next question is from the line of Puneet from HSBC. Please go ahead.
- Puneet:** My first question is we talked about new leasing of 0.5 million square feet while your expiries are closer to a million. So, should one assume that the occupancy rate would actually go down by the end of the fiscal year?
- Alok Aggarwal:** Future expiries are expected to 0.6 million, that's what we are saying. And once we do our new leasing of more than 0.5 million, then we should be able to maintain the occupancy rate.
- Sarthak Patel** On the Slide 30, it mentions 972,000 square feet of expiries for H2 FY23. Out of that, 300,000 is expected to renew. So, you will be left with about 600,000 of area, right, which would likely be vacated. The area which is getting vacated would then be backfilled by 0.5 million square feet of new leasing.
- Puneet:** So, the 0.5 million square feet is only for the area which is not fitting renewals, completely new lease?
- Alok Aggarwal:** Yes. On page #19, you have a breakup there.
- Puneet:** Secondly, can you talk about the re-leasing spreads for the current quarter, I couldn't find that?
- Alok Aggarwal:** Yes. For this quarter, we leased at rentals which were in line with expiries, and they were already kind of a slightly more than the market. We couldn't get our re-leasing spread there. This was one-off cases.
- Puneet:** And last one is you also talked about the DESH policy. Any update on what's the progress there and what is your exposure or benefit that you're likely to see in terms of area that will benefit from the DESH policy?
- Alok Aggarwal:** See, DESH policy is something we are in constant touch with government and DESH policy could be a big changer for SEZs for the simple reason that it will add to a new bunch of tenants to SEZs. It's that a lot of new tenants we've been attracting, but DESH policy can really expand that kind of a basket of tenants which would find very easy to take space in SEZs. So, if you really see vacancy of our about 2 million square feet total we can see we have. , part is SEZ, part is non-SEZ. We are anyway talking to some of the tenants which are not dependent on DESH policy. As far as existing tenants are going to take space, but DESH policy which we are very confident of kind of coming into pass as a bill is definitely going to not only increase the new leasing momentum very strongly, also going to give us hopefully good fillip to rental escalation as soon as it gets implemented.
- Puneet:** So, of the total area, how much is SEZ which is vacant?

- Alok Aggarwal:** Vacant is about 2.3 million square feet. Out of that, SEZ is about 2.0 million square feet.
- Puneet:** And what's the progress there? When is it likely to be released?
- Alok Aggarwal:** So, we have been promised this winter session. We are hopeful. We are also kind of under discussion that if it could be implemented earlier. Discussions are on and let's keep our fingers crossed. We are confident and hopeful.
- Moderator:** The next question is from the line of Ranjan Pithadia, an individual investor. Please go ahead.
- Participant:** So, my first question is regarding the acquisitions. How we are planning to fund it because we are now trading at discount to NAV. So, will it be rights issues, preferential issue or now it is not on the table?
- Ankur Gupta:** So, Ranjan, this is Ankur. As I said, the assets themselves are more ready to be contributed for the REIT. There is a process to be followed in any acquisition which is a combination of discussion with the vendor. It's also a decision that the Board will deliberate as to what is the right mix of debt equity and any other instrument. And finally, it will be put up for shareholder approvals as the condition might be. But we will come back to our investors and to the market when those discussions take shape.
- Participant:** The second question was regarding that actually our average debt profile is of 10 year, and so we are having interest rates around 7.5%. Now that is slim characteristics of 10-year Indian government bond yield. So, will that not put an upward pressure on our interest cost? Because just on this call, you clearly explained that it would likely be 7.5% if there are no increases. But these 2 seem little bit contradicted. So, can you explain on that part?
- Ankur Gupta:** I would say that humbly these 2 are different data points. Ten-year government debt is a benchmark which changes every day. It's like stock market. You know what is the 10-year government bond trading at and that's a fixed rate instrument that is being valued by markets everyday. These are bilaterally discussed, bank rates which is a spread to the benchmark rate. So, we are comparing 2 different rates here.
- Moderator:** The next question is from the line of Ganesh Kudva, an individual investor. Please go ahead.
- Ganesh Kudva:** My question fundamental regarding REITs. And as far as REIT's returns are concerned, a significant portion of our return comes in the form of repayment of shareholders loan. Now while I can understand this being part of the cash flow being returned, I'm also confused as to how this forms part of the yield. Yield should be from a revenue receipt like rentals or interest on deposits and things like that, isn't it.?
- Ankur Gupta:** Maybe I'll take a stab at answering your question, Ganesh. If you look at the yield from our portfolio, we give a NDCF bridge which starts with rental income, less property expenses plus recoveries, adjusted for working capital minus interest cost on our external debt. So, from

property rental income all the way to net distributable cash flows, NDCF and our dividend yield is very close to the NDCF number. So, our dividend yield is a good proxy of rental income less expenses which are property-related in nature. Now the form of repayment of this cash flow has various components, which includes one part of it is the shareholder contribution in the SPV and when SPVs have cash flow surplus, the return that capital invested back to the trust which the trust is able to repatriate back to investors. So, it's more of an instrument, which allows us to take out the rental income from the SPVs and make the distribution. So, I would like to believe that the Rs. 20 and change of distribution for the year is a pure yield on what shareholders have put in place into the REIT as price per unit of their basis. Can we take our next question if that's okay in the interest of time?

Moderator: The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: Just wanted to understand like next year we are expecting almost 40% of area on expiries coming up there. With your earlier commentary on like you will retain some of the large tenants and smaller tenants may be a little difficult to retain. So, what's the sense you're getting in terms of this expiry next year? Firstly, what kind of confidence you have on getting this leased up substantially?

Alok Aggarwal: Kunal, we have high confidence.

Kunal Lakhan: And also, on the mark to market you're saying, 50% you plan to achieve.

Alok Aggarwal: Yes, absolutely.

Kunal Lakhan: And just second is a more generic question is in your discussions with tenants, what's the sense you're getting to say larger tenants vis-a-vis smaller tenants. Is there no urgency from the smaller tenants to tie up new spaces? So, what's the sense you're getting? And even in terms of the upcoming expiries, right, if you can give some color on like how much of these expiries are coming from say larger tenants versus relatively smaller tenants?

Alok Aggarwal: So, Kunal, look at the profile for the asset actually. I mean if you really go back, we have been capturing huge mark-to-market whenever we made a new leasing here. It's 95% leased. It's in a fantastic location. The last tenant is where we are really capturing a huge part of mark-to-market. If some small tenant wants to vacate, it's fine. I'm sure it's going to work in our favor. We're going to again capture huge part of mark-to-markets. Smaller tenants will probably retain part of space actually. So, that's okay. Some churn happens all the time, it's not that first time it's going to happen. So, that's okay. I mean in a sense they're not vacating the space, they're not kind of walking away. They will provide us some space for new tenants. So, that's fine. We should be able to capture the essential part of mark-to-market. So, it's not a concern here.

Kunal Lakhan: My only limited point was that from what we have seen with the REITs, all the 3 REITs across, it's the smaller area which is kind of scattered also across portfolios, that vacancy kind of

continues and stays and the larger spaces are lot more easier to lease out. That was my limited point behind asking that question.

Ankur Gupta: Kunal, this is Ankur. If the problem was reverse, we'll all have problem, right?

Alok Aggarwal: Well, I think I would tend not to agree here. Smaller spaces do well and sometimes when the places are smaller, you are really able to get kind of a good mark-to-market we're able to do actually. So, I would slightly disagree here. And the good part is the large tenant is staying. We're able to get larger part of mark-to-markets. I think there is upside from the smaller space, which we're going to get vacated.

Ankur Gupta: Since there are no other questions in the queue, we just wanted to thank everybody for their participation and in support of our business. We'd also like to inform the analysts on this call and then of course, we'll be putting out invitation that we're organizing an Analyst Day physically for the first time at our properties in NCR and in Mumbai. So, we look forward to physically meeting most of you on this call during our interactions at our properties. Thank you everybody and look forward to catching up with you very soon later this month and giving you all updates about our business for next quarter Analyst call. Thank you very much.

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