



# VALUATION REPORT

**Bharti Airtel Centre, Sector – 18, Gurugram, NCR**

Date of Valuation: 31<sup>st</sup> March 2024

Date of Report: **10<sup>th</sup> May, 2024**

**Submitted to: Brookfield India Real Estate Trust**





## **Disclaimer**



*This report is prepared exclusively for the benefit and use of Brookfield India Real Estate Trust ("Brookfield India REIT" or "REIT") and / or its associates and its unitholders for the proposed acquisition. Brookfield India REIT, a Real Estate Investment Trust under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended till date ("SEBI REIT Regulations"). The Brookfield India REIT may share the report with its appointed advisors for any statutory or reporting requirements or include it in stock exchange filings, any preliminary/placement document/ information memorandum/ transaction document/any publicity material / research reports / presentations or press releases to the unitholders, or any other document in connection with the proposed acquisition of the property by Brookfield India REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 09<sup>th</sup> April 2024 without the prior written consent of the Valuer.*

*The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the REIT has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.*

*This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 09<sup>th</sup> April 2024. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.*

*This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.*

**Executive Summary**

<b>Bharti Airtel Centre, Sector-18, Gurugram, Haryana</b>	
<b>Valuation Date:</b>	31 <sup>st</sup> March 2024
<b>Site Visit Date:</b>	22 <sup>nd</sup> April 2024
<b>Valuation Methodology:</b>	Discounted Cash Flow Method using Rental Reversion.
<b>Valuation Purpose:</b>	Disclosure of valuation of asset to be formed as a part of portfolio of Brookfield India REIT in accordance with the SEBI (REIT) Regulations, 2014.
<b>Location / Situation:</b>	<p>Bharti Airtel Centre (herein after referred to as “Subject Property”) is located in Phase IV of Sector 18 in Gurugram, one of the established and prime business district namely Gurugram North (hereinafter referred to as the “Subject Micro Market”).</p> <p>The Subject Property is accessible via NH- 48 and is well connected with other parts of the city through road and other infrastructure. The nearest metro station is Cyber City rapid metro which is approx. 1.7 kms away from the Subject Property. Both international as well as domestic airports are in the range of 12-16 kms from the Subject Property.</p> <p>The profile of surrounding development for the Subject Property constitutes developed residential and commercial developments. The commercial developments in the vicinity are AIHP Tower, ASF Towers, Indiabulls.</p> <p>The Subject Property is also in proximity to DLF Cyber City.</p>
<b>Description:</b>	<p>The Subject Property admeasure 6,92,586 sq. ft. of leasable area. Currently the committed occupancy* is 100%, occupied by Bharti Group of Companies. The property was completed in 2009.</p> <p>The Subject Property comprises of 3 basements and 8 floors of office space. The Subject Property has a façade of glazing glass and circular courtyard with spiral shaped water fountain, forming the epicentre of the area around. The office blocks are safely encircling the courtyard, maximizing the daylight and external view to its occupants. The office space also has a small cafeteria and a sitting space on all the floors facing the courtyard in the centre.</p> <p>For parking the Subject Property has three basements, out of which two basements are dedicated for the four-wheeler parking with total parking slots of 1028.</p>
	 <p>View of the Subject Property</p>  <p>View of the Subject Property</p>  <p>View of the Subject Property</p>  <p>View of Access Road</p>



	<p>The Subject Property also consist of amenities such as health club, day care and a cafeteria in the courtyard with a high skylight. Further it has fully functional food court at the ground floor.</p> <p>Other amenities in the Subject Property includes Lift, Power Back Up, Intercom Facility etc.</p>	
<b>Total Area:</b>	<p>Total Land Area: ~4.7 Acres Completed Leasable Area: 692,586 sq. ft.</p>	

Source: Architect's Certificate (Dated: 8th May, 2024), \*Rent Roll as of 31<sup>st</sup> March 2024, Lease Deeds / Leave and Licence Agreements and Client information.

\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed Leasable area.



**MARKET VALUE OF THE SUBJECT PROPERTY BASED ON**

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which she has no knowledge, the opinion of value of the aforementioned Subject Property comprising land and improvements thereon and the right to provide facility management services to the entire Subject Property, as on 31st March 2024, is as follows:

<b>Component</b>	<b>Market Value as on</b>	<b>In Figures</b>	<b>In Words</b>
Completed Building	31 <sup>st</sup> March 2024	INR 12,275 Million	Indian Rupees Twelve Billion and Two Hundred and Seventy - Five Million Only

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.



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**From: L. Anuradha, MRICS**  
IBBI Registered Valuer (L&B)  
(IBBI/RV/02/2022/14979)

**To: Brookfield India Real Estate Trust**

**Subject Property: Bharti Airtel Centre, Sector - 18, Gurugram, NCR**

**Report Date: 10<sup>th</sup> May 2024**

**Valuation Date: 31<sup>st</sup> March 2024**

## **A REPORT**

### **1 Instructions**

**Brookfield India Real Estate Trust (hereinafter referred to as the “REIT” or the “Client”)** has appointed Ms. L. Anuradha, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the “Valuer”), in order to undertake the valuation of office property located in Gurugram (hereinafter referred to as “Subject Property” and/or “Bharti Airtel Centre”) for the proposed acquisition of the property under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

### **2 Professional Competency of The Valuer**

Ms. L. Anuradha is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset classes of Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since September 2022. She completed her Bachelor’s in Architecture in 2002 and Master’s in Planning from School of Planning & Architecture in 2004.

L. Anuradha has more than 16 years of experience in the domain of urban infrastructure, valuation and real estate advisory. She was working as an Associate Director for Cushman and Wakefield (hereinafter referred to as “C&WI”) from 2013-2022 and was leading the team for Tamil Nadu, Kerala and Sri Lanka. Prior to joining C&WI, she has been involved in various strategy level initiatives in Institutional development and Infrastructure for donor agencies and various Government and Private clients. Anuradha worked with SIVA group in the M&A practice where she was involved with the financial appraisal and valuation of real estate projects. Prior to this she has worked with PriceWaterhouse Coopers in the Government, Real estate, and Infrastructure Development Practice where she was involved in carrying out financial appraisal and strategies for some of the





State Governments in India. Her foundation in real estate valuation was at Jones Lang LaSalle where she worked for 3 years on multiple valuations and entry strategies for Indian NBFCs and funds.

Her last employment was at C&WI. As an Associate Director of the Valuation and Advisory team at C&WI, Ms. Anuradha provided support on identified business/ new opportunities, evaluated proposals for new property investments and/ or dispositions while providing analytical support for Investment recommendations. Anuradha was also key personnel in carrying out the Market study for the Mindspace REIT Micro Markets in India. She has undertaken valuations exercises for multiple private equity/ real estate funds, financial institutions, developers, and corporates across asset classes of commercial, retail, residential and hospitality. Her clientele included HDFC, Xander, DLF, RMZ, Embassy Group, CapitaLand, Tata Capital, Tata Realty, TVS group etc.

### **3 Independence and Conflicts of Interest**

The Valuer confirms that there are no conflicts of interest so far as discharging her duties as a valuer for the Subject Property/ business is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Property in past five years from the date of this report.

The Valuer or any of her employees involved in valuing the assets of the REIT have not invested nor shall invest in securities of any of the Subject Property being valued till the time she is designated as Valuer and not less than six months after ceasing to be a Valuer of the REIT.

### **4 Purpose of Valuation**

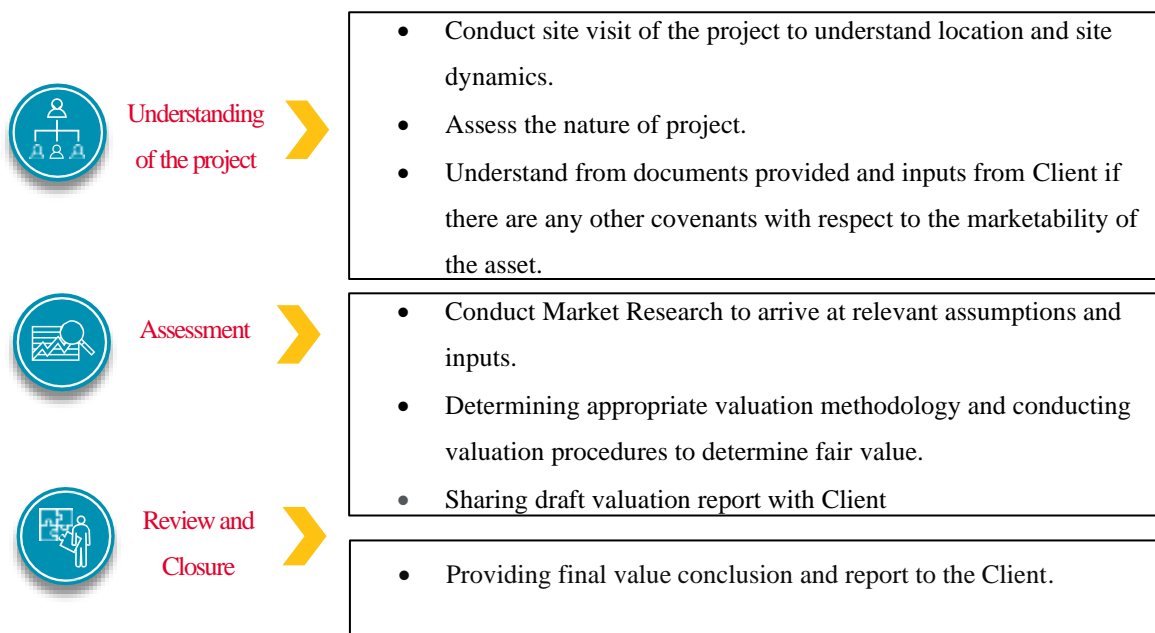
The Report is being prepared to be relied upon by the Reliant Parties and inclusion, as a whole or any extracts thereof, in any documents prepared in relation to proposed property(ies) acquisition by "REIT" (and such offering the "Acquisition") including the transaction document required under regulations issued by the Securities and Exchange Board of India ("SEBI") or any other relevant regulator within or outside India, and in any other documents to be issued or filed in relation to the Acquisition, including any preliminary or final international offering documents for distribution to investors outside India, and any publicity material, research reports, presentations or press releases, in connection with the Acquisition (collectively, the "Documents").

## 5 Basis of Valuation

It is understood that the valuation is required by the Client of the Subject Property which is proposed to be acquired (“Proposed Acquisition”) by Brookfield India REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the “Market Value” of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

Market Value” is defined as ‘*The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.*’

## 6 Valuation Approach & Methodology



The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

### **Discounted Cash Flow Method using Rental Reversion**

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the Subject Property.

***For the purpose of valuation of the Subject Property, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.***



## **7 Assumptions, Departures and Reservations**

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock - in period, escalation terms, etc. pertaining to the Subject Property is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

## **8 Inspection**

The Property was inspected on 22<sup>nd</sup> April 2024 by the Valuer. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the Client it has been assumed that no material change in the condition of the property has taken place.

## **9 General Comment**

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

## **10 Confidentiality**

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with disclosure of valuation of assets, proposed to be forming part of the portfolio of Brookfield India REIT under the applicable law.



## 11 Authority

The Client acknowledges and agrees that the Valuer's services hereunder (including, without limitation, the Deliverables itself and the contents thereof) are being provided solely to the Client in relation for the disclosure of valuation of assets proposed to be forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 [SEBI (REIT) Regulations], as amended, together with circulars, clarifications, guidelines and notifications thereunder by SEBI and also disclosure as per fair value accounting under Indian Accounting Standards (Ind AS 40) and disclosure in the Documents and in the valuation report, as may be required.

The Valuer consents to the usage of her name as an expert, in relation to the Report, in the Documents. If the Client desires to use the Deliverables or the Valuer's name in any other offering other than the Documents as contemplated under the LOE, then the Client shall obtain the Valuer's prior written approval for such usage. The Client shall indemnify the Valuer for any losses suffered by her due to such usage other than for the Acquisition as contemplated under the LOE. Additionally, the Client herewith consents to provide or cause to be provided, an indemnification agreement in his favor, reasonably satisfactory to her for any use of the Report other than for the purpose permitted under the LOE. It is however clarified that the indemnity shall not cover any losses resulting from the use of the Report for the Acquisition including disclosure in the Documents and in the valuation report.

## 12 Reliant Parties

The reliance on the valuation reports prepared as part of this engagement is extended to **Brookprop Management Services Private Limited ("Brookprop" or "The Manager")**, the **Brookfield India Real Estate Trust ("Brookfield REIT")** and their unit holders and Axis Trustee Services Limited, the trustee to the **Brookfield REIT ("Trustee")** for the purpose as highlighted in this report (valuation). The auditors, debenture trustees, stock exchanges, unit holders of the REIT, **Securities and Exchange Board of India (SEBI)**, and credit rating agencies, would be extended reliance by the Valuer but would not be liable to such parties, except in case of gross negligence and wilful misconduct by the Valuer.

## 13 Limitation of Liability

The Valuer shall endeavor to provide services to the best of its ability and professional standards and in bonafide good faith. Subject to the terms and conditions in this Agreement, the Valuer's total aggregate liability to the Manager arising in connection with the performance or contemplated performance of the services herein, regardless of cause and/or theory of recovery, shall not exceed the total fees paid to Valuer by Client hereunder.

The Valuer acknowledges that it shall consent to be named as an 'expert' in the Documents and that its liability to any person, in its capacity as an expert and for the Report, shall be without any limitation and in accordance with law. In the event that the Manager, the sponsors, the trustee, the REIT, the intermediaries appointed in connection with the Acquisition be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all



such cases, the Manager agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.

#### **14 Disclosure and Publication**

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

#### **15 Anti-Bribery & Anti-Corruption**

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case she is insisted upon or asserted by the Client to violate any of the above said undertakings in any form or manner, on pretext of business relationship or otherwise, the Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.



## **B National Capital Region Overview**



For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman and Wakefield India Private Limited (C&WI), who has been appointed by the Client as an independent consultant to carry out Industry and market report.

## 1 National Capital Region Overview

National Capital Region (NCR) is the world’s second largest urban agglomeration by population and the largest by area (*Source: www.un.org*). It is an urban agglomeration, which encompasses the entire National Capital Territory (NCT) of Delhi as well as urban areas surrounding it in neighbouring states of Haryana, Uttar Pradesh and Rajasthan. In the last two decades, urbanization in Delhi has spread rapidly towards adjoining towns in the neighbouring states of Haryana and Uttar Pradesh. The proliferation of service and industrial activities resulted in significant migration of people from Delhi, mainly towards Gurugram, Noida and Ghaziabad.

The map below highlights the key office micro markets of NCR illustrating the geographical expanse of the office market. The micro markets covered for the analysis are the prime contributors to the office supply in NCR.



*Source: Cushman and Wakefield Research  
(Map not to scale)*

NCR is presented as a consolidated office market comprising four independent micro markets:

1. Delhi (which further comprises micro-markets viz, Delhi CBD & Delhi SBD)
2. Gurugram (which further comprises micro-markets viz, Gurugram North, Gurugram South & Rest of Gurugram)
3. Noida (which further comprises micro-markets viz, Sector 62, Noida–Greater Noida (NGN) Expressway & Rest of Noida)
4. Delhi International Airport Limited (DIAL)



The table below highlight the key statistics of NCR's office micro markets:

Particulars	NCR overall	Delhi	DIAL	Gurugram*	Noida	Gurugram North <sup>^</sup>
<b>Total Completed Stock till Q1 CY 2024 (msf)</b>	92.37	3.45	1.52	64.12	23.29	29.37
<b>Current Occupied Stock till Q1 CY 2024 (msf)</b>	72.01	2.65	1.35	50.23	17.77	27.15
<b>Current Vacancy Q1 CY 2024 (%)</b>	22.0%	23.2%	10.9%	21.7%	23.7%	7.6%
<b>Avg. Annual Absorption – CY 2015 – Q1 CY 2024 (msf)</b>	3.54	0.16	0.13	2.30	0.96	0.81
<b>Future Supply Q2 CY 2024 E – CY 2026 E (msf)</b>	15.88	-	3.45	8.32	4.11	3.60
<b>Market Rent – Q1 CY 2024 (INR psf / month)</b>	89	146	229	95	54	115
<b>CAGR for Market Rent (CY 2015 – Q1 CY 2024)</b>	2.0%	1.1%	4.4%	2.1%	3.7%	3.7%

Source: Cushman and Wakefield Research

Notes:

1. Only Grade A office spaces have been considered for the analysis presented in the above table.
2. Ghaziabad, Greater Noida and Faridabad have minimal office supply and have not been captured in the analysis.
3. \* Brookfield India REIT's city market for Subject Property..
4. ^Subject Micro Market within Brookfield India REIT's city market for Subject Property.
5. Stock ("stock" and / or "relevant stock") and Supply ("supply" and / or "relevant supply") numbers are computed by excluding the buildings which are less than 1 lakh square feet in area and applying certain other criteria . Additionally, for Noida, non-IT buildings are also excluded from the analysis.
6. Vacancy and Net Absorption numbers are computed on the relevant stock.
7. The future supply estimates are based on analysis of proposed and under construction buildings.
8. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.
9. Rentals presented above are quoted weighted average values on completed stock.



## 2 Brookfield India REIT’s City Market - Gurugram

Bharti Airtel Centre is a freehold, Grade-A asset located in Gurugram North. The Subject Micro Market has well-planned infrastructure, is in proximity to key office and residential vectors and has established social infrastructure.

### 2.1 Overview

Gurugram (often called the millennium city) is located towards the South-West of Delhi. Gurugram falls under the Indian state of Haryana. Gurugram district is the second largest city of Haryana and serves as its industrial and financial center. As per the Census 2011, Gurugram has the 3rd highest per capita income in India after Chandigarh and Mumbai. The area of the Gurugram District is 1,258 sq. km. Further, the Indira Gandhi International Airport which is currently the only International Airport servicing the civil aviation demands of NCR is located at approximately 12 km from Cyber City. Compared to other suburban locations in Delhi, Gurugram enjoys several competitive advantages like presence of large multi-national corporations (MNCs) and their corporate office hubs, presence of multiple nationalized developers, connectivity, support infrastructure etc. Locational advantages along with presence of physical and social infrastructure has helped Gurugram to emerge as one of the prime office markets of NCR.



Source: Cushman and Wakefield Research  
(Map not to scale)

Note: CPR stands for Central Peripheral Road

Note: The DMRC Yellow Line metro is under construction and will be extended from Millennial City Centre Gurugram to Udyog Vihar, via Old Gurugram and finally terminating at Cyber City rapid metro station. Also, a station for Delhi – Alwar RRTS is proposed to enter Gurugram from Aerocity with a station at Cyber City and Rajiv Chowk on NH – 48. The source for the said metro routes is the information available in the public domain and may differ subject to final approvals.



### **Real Estate Overview**

**Office:** The established office clusters of Gurugram are concentrated towards Cyber City, Udyog Vihar, MG Road, Golf Course Road and Sohna Road. Golf Course Extension Road is the next emerging office location after the clusters stated above. Gurugram is primarily characterized by investment grade developments offering modern amenities. To name a few, established players like DLF, Brookfield, Bharti, Hines, Vatika, Tata Realty, Ascendas, etc. have their footprint in Gurugram.

**Retail:** The retail landscaping of Gurugram is skewed towards retail mall format. MG Road, Golf Course Road, Sohna Road and NH 48 are the established retail mall locations of Gurugram. Galleria Market in DLF Phase – IV is one of the prominent high streets in Gurugram. Presence of a significant young working population in Gurugram led to the emergence of new formats viz. F&B hubs like DLF Cyber Hub, Sector 29 and 32nd Milestone, and are well accepted now. Golf Course Extension Road, Southern Periphery Road and Northern Periphery Road are the emerging locations for retail development. Golf Course Extension Road is primarily skewed towards high street retail formats.

**Residential:** The established residential clusters of Gurugram are concentrated towards Golf Course Road, Sohna Road, Sector 51 – 56 and Udyog Vihar. Golf Course Extension Road has also gained prominence as a residential location over past 2-3 years. Southern Periphery Road and Northern Periphery Road are the upcoming residential locations.

**Other lifestyle:** The hospitality segment in the Gurugram comprises of international and national renowned hotel groups such as Taj, Oberoi, Trident, Hyatt and many more located centrally in the city and servicing to foreign and domestic travellers. The hospitality segment in the city has grown tremendously to accommodate the growing demand from office occupants and residential population of the city. Currently, Gurugram houses over 2,500 keys in 4 & 5-star category of hospitality segment.

With more than 16,000 students graduating every year, Gurugram has ample talent pool to cater the office occupants present in the city. MDI, Amity University, ICFAI Business School etc. are few of the renowned educational campuses present in Gurugram.

Gurugram is divided into three office micro markets:

- Gurugram North – NH 48 starting from Ambience Mall till IFFCO Chowk covering up to 3 km of motorable distance on each side from NH 48 and MG Road. The Subject Property is located in Gurugram North micro market.
- Gurugram South – NH 48 starting from IFFCO Chowk till Hero Honda Chowk covering up to 3 km of motorable distance on each side from NH 48, Golf Course Road and Sohna Road.
- Rest of Gurugram – Golf Course Extension Road, Gurugram Faridabad Road, Southern Peripheral Road, New Gurugram, Northern Periphery Road and the geographical stretch of NH 48 beyond Hero Honda Chowk covering up to 3 km of motorable distance on each side from NH 48.



The key drivers of demand for office space in Gurugram are as follows:

- **Connectivity and linkages:** Gurugram is well connected to other nodes of NCR via robust road and metro network. Hence, efficient management of commuting by public and private mode of communication makes it a conducive location for workforce travelling for work.
- **Proximity to Indira Gandhi International airport:** Gurugram is in close proximity to airport and hence attracted large occupier base to the city. Its closeness to airport helped the city to grow at a very fast pace.
- **Presence of social and lifestyle infrastructure:** Along with good physical infrastructure the city offers a healthy mix of social and lifestyle infrastructure. Presence of good schools like Shri Ram, Shiv Nadar, Lotus valley, Suncity etc.; good hospitals like Artemis, Medanta, Fortis etc.; retail malls like Ambience mall, MGF Metropolis etc.; F&B formats like Cyber Hub, 32nd Milestone, Sector 29 etc.; crèche like Klay, IPSAA, Footprint etc.; has made Gurugram as one of the most preferred micro markets for the working population. The city offers easy accessibility to the amenities required by the working population to lead life independently.
- **Access to educated talent pool from Delhi, Haryana, Punjab, Rajasthan and Uttar Pradesh:** As the city is accessible through multiple modes of transportation and it offers residential spaces across various price categories, it attracts talent pool from all adjoining locations.
- **Growth of IT and GCC in India:** As India is moving ahead into a higher growth trajectory; the real estate requirement of the growing technology industry is also increasing. Traditionally, the Indian Technology industry was centered in Bangalore and later expanded to other cities such as Noida, Gurugram, Hyderabad, Pune, Chennai, and Mumbai. Concurrently, India has become a host to a staggering count of over 1,580 Global Capability Centers (GCCs) in the fiscal year 2023. These GCCs have collectively amassed a revenue of nearly USD 46 billion, providing employment to over 1.66 million individuals. The allure of India's adept workforce and well-equipped office infrastructure has beckoned numerous multinational corporations to establish GCCs within the country. With the growth in IT Sector and GICs/GCCs, the demand for real estate from these companies have also seen an increase. These companies generally have high stickiness and typically prefer office spaces which offer large floor plates, amenities in the park and have proximity to the talent pool catchment areas.
- **Healthy mix of commercial, IT/ITeS, Non-IT and SEZ Developments:** Gurugram offers a healthy mix of commercial, IT/ ITeS, Non-IT and SEZ office space and hence attracts the occupier base across categories.



## 2.2 Key Statistics – Gurugram

Evolution of Gurugram as an office market has been phenomenal. With Gurugram emerging as an alternate to Delhi, it has witnessed multiple patterns of development viz. from strata sold developments to fully owned buildings and to integrated / campus developments. Supply introduced in the market in recent years has followed the demand characteristics, which gave rise to suitable patterns and quality of developments as required by the occupiers.

Particulars	Details
<b>Total Completed Stock (Q1 CY 2024)</b>	Approximately 64.12 msf
<b>Current Occupied Stock (Q1 CY 2024)</b>	Approximately 50.23 msf
<b>Current Vacancy (Q1 CY 2024)</b>	Approximately 21.7%
<b>Avg. Annual Net Absorption (CY 2015 – Q1 CY 2024)</b>	Approximately 2.30 msf
<b>Future Supply (Q2 CY 2024 E – CY 2026 E)</b>	Q2 CY 2024E to Q4 CY2024E: Approximately 1.83 msf CY 2025E: Approximately 3.75 msf CY 2026E: Approximately 2.74 msf

Source: Cushman and Wakefield Research

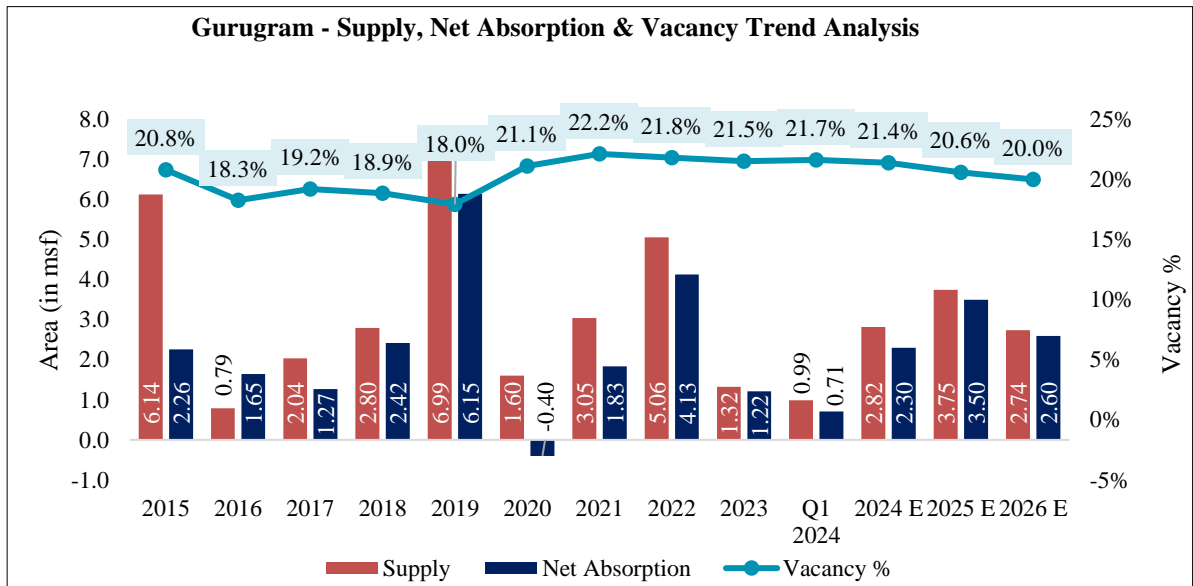
Notes:

1. Only Grade A office spaces have been considered for the analysis presented in the above table. Vacancy and Net Absorption numbers are computed on the relevant stock.
2. Only the relevant stock has been considered for this analysis excluding the buildings which are less than 1 lakh square feet in area and applying certain other criteria.
3. The future supply estimates are based on analysis of proposed and under construction buildings.
4. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.



### 2.3 Supply, Net Absorption & Vacancy

The supply, net absorption & vacancy trend for Gurugram is as follows:



Source: Cushman and Wakefield Research

**Notes:**

1. Only the relevant stock has been considered for this analysis excluding the buildings which are less than 1 lakh square feet in area and applying certain other criteria.
2. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
3. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.

The micro markets in Gurugram developed their individual flavours in terms of nature of developments (campus and integrated, strata and non-strata buildings) and larger developers created an ecosystem favouring their developments. Occupiers prefer office spaces offering better amenities and the health & safety standards. With infrastructure getting a boost from the government and city limits expanding, new micro markets are gaining prominence as office destination.

Gurugram has shown positive trend in supply and net absorption. The net absorption as of Q1 CY 2024 is 0.99 msf with vacancy of 22% as compared to 0.05 msf and 22% vacancy in Q1 CY 2023. With increased hiring across the sectors specially Technology and BFSI (which are large contributors to office market of India) the new demand is likely to keep growing for the office market. Gurugram’s nature of hosting diverse demand from sectors like Technology, BFSI, professional services, media and telecom would help keeping the net absorption figures growing. In our view, the future supply would follow net absorption trends, maintaining the real estate growth momentum in the city. Hence, the vacancy levels are expected to move southward in the coming future.

The analysis of current overall vacancy level of Gurugram suggest that the vacancy levels for non-strata development is 15% as compared to the strata developments as 33%. This clearly demonstrates the preference of occupiers in the market.

It is further evident from the fact that the vacancy of the prominent non-strata developments of Gurugram has consistently remained sub 5%. As on Q1 CY 2024, office buildings like One Horizon Center, DLF Cyber Park are fully occupied. TRIL Commercial and multiple buildings in DLF Cyber City have vacancy below 5%.



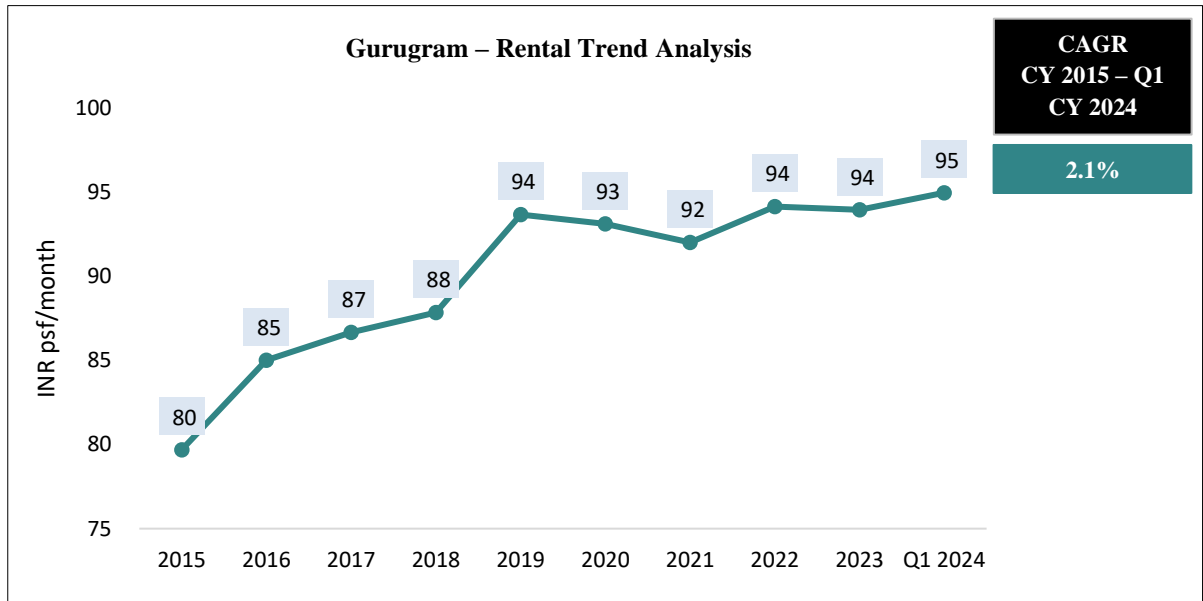
Further, DLF Downtown which was completed in CY 2022 was more than 90% pre-committed prior to its completion and is currently fully occupied.

Looking ahead, Gurugram's office landscape is set to be primarily shaped by non-strata owned developments. This is evident in the anticipated future supply of approximately 8.32 msf scheduled for completion between Q2 CY 2024E – CY 2026E.



## 2.4 Rental Trend Analysis

The rental trend for Gurugram is as follows:



Source: Cushman and Wakefield Research

Notes:

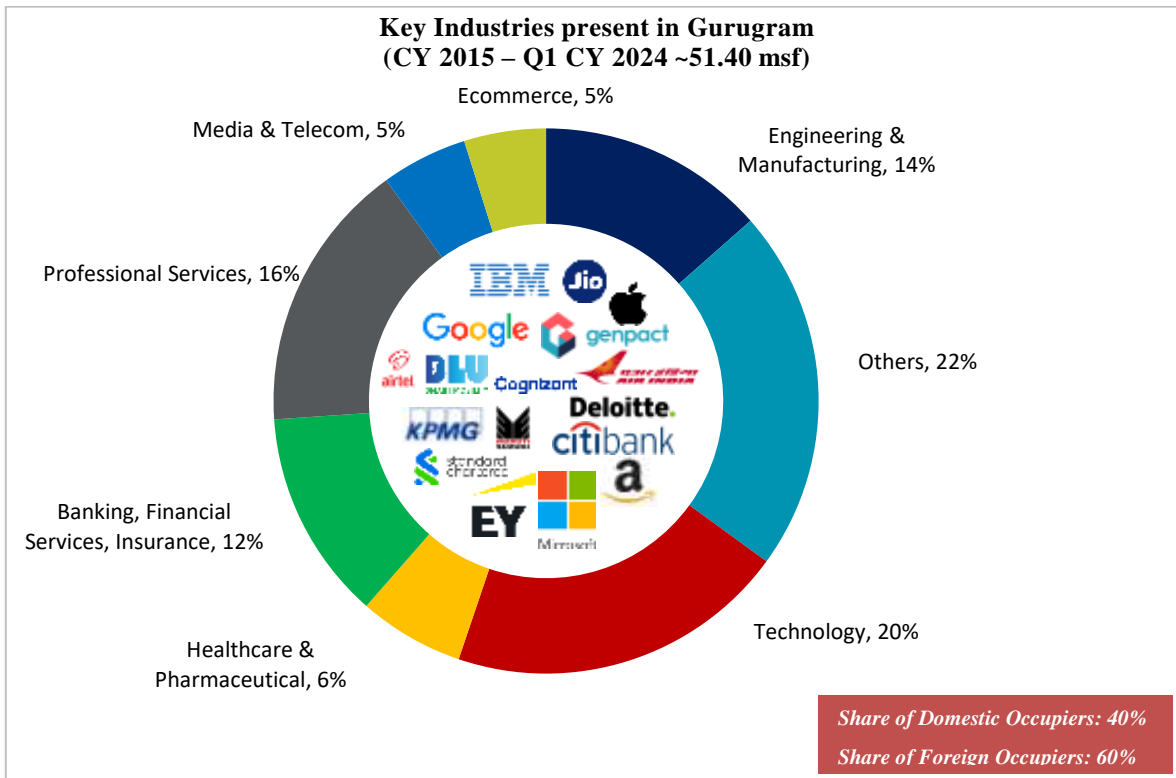
1. Only the relevant stock has been considered for this analysis excluding the buildings which are less than 1 lakh square feet in area across Gurugram.
2. The quoted rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.
3. Rentals presented above are weighted average values on completed stock.

Gurugram witnessed a stabilised rental growth of approximately 3.3% between CY 2015 to CY 2018 and witnessed sharp spike in CY 2018 – CY 2019, resulting in a rental growth of ~6.6%. Approximately 75% of the supply addition in the city between CY 2020 and CY 2022 are either in the developing office micro market or strata sold because of this the rentals in the city have remained stable post CY 2019.

New supply addition in last 1-2 years in the established micro markets like NH 48 Prime, DLF Cyber City have given an upward push to the rentals. The developments like HQ 27, DLF Downtown added in established clusters are quoted at higher rentals prevailing in their respective cluster.

Among Gurugram’s micro markets, DLF Cyber City commands the highest rentals followed by Golf Course Road. NH 48 Prime micro market witnessed a drastic increase in rentals in 2019 due to the addition of DLF Cyber Park. With denotification allowed in SEZ developments; the rentals for said developments are expected to increase from current levels (as it broadens the potential occupier base for the property). Thus, creating an overall positive impact for the city.

**2.5 Sectoral Demand Analysis – Gurugram (CY 2015 – Q1 CY 2024)**



Source: Cushman and Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for Domestic & Foreign occupier bifurcation.
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc.
3. The sectoral absorption analysis is based on gross absorption activity of Gurugram’s relevant stock i.e., including any relocations, consolidations etc. All pre-commitments & sale/purchase transactions are excluded from this analysis.

Gurugram’s office supply constitutes an equal mix of commercial and IT/ITeS developments and reflects similar positioning in demand. Technology is the prominent sector contributing 20% to the overall demand. The other prominent industries contributing 42% to the demand are Professional Services (16%), BFSI (12%) and Engineering & Manufacturing (14%). In the recent years, factors like start-ups, individual set-ups, emergence of e-commerce, change in consumer behaviour has further led to the increase in demand of office space (including flexi workspace). The mix of foreign and domestic occupants in Gurugram is 60:40.





### **3 Gurugram North – (Subject Micro Market)**

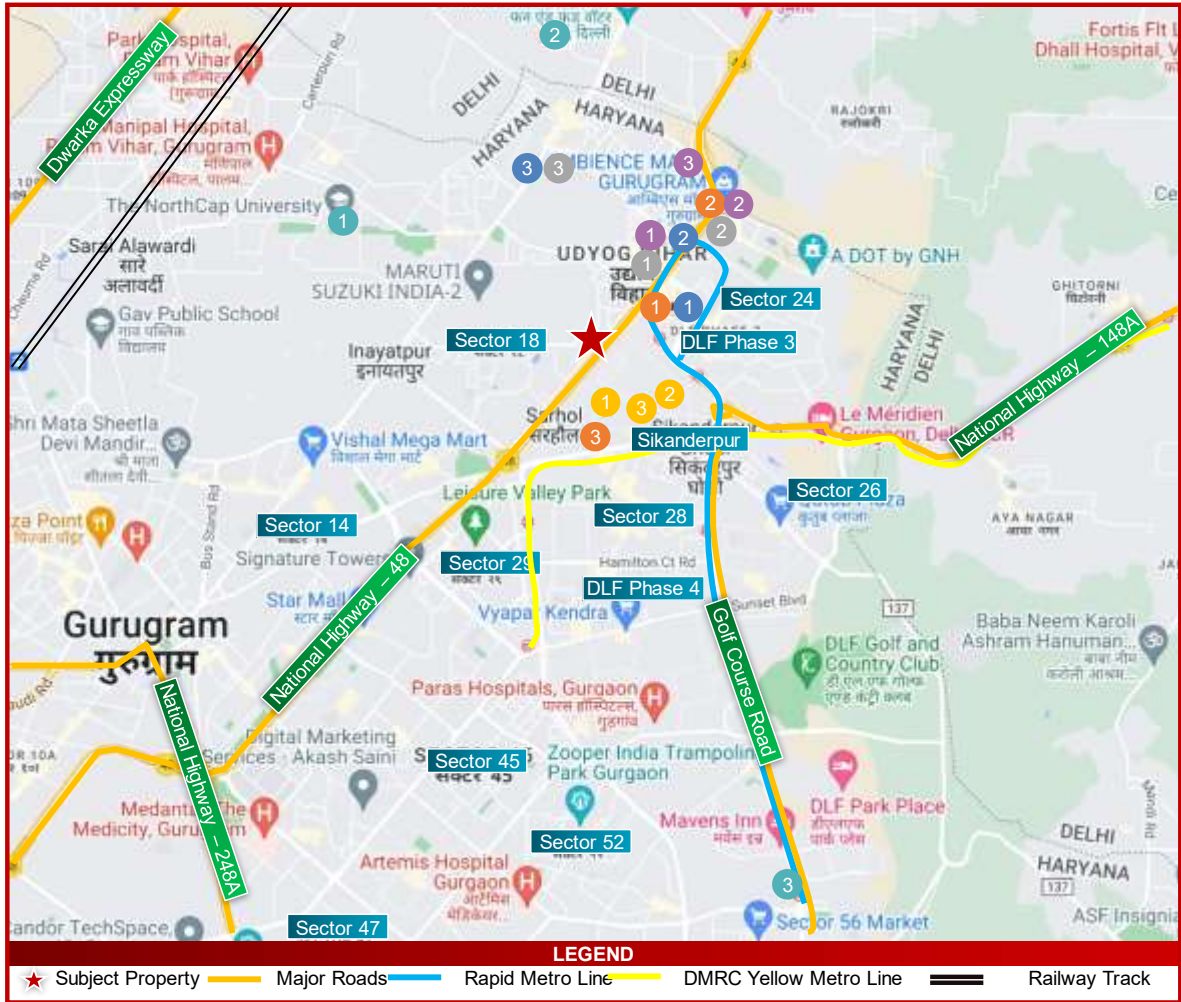
#### **3.1 Overview**

Gurugram North is the largest and prime business district of Gurugram. It is an established office, residential and retail destination of Gurugram. The office supply in the Subject Micro Market is interspersed between investment grade and sub-investment grade developments. The office supply constitutes a mix of IT, Non-IT and SEZ developments, primarily skewed towards IT.

Residential supply in this micro market constitutes a mix of independent plotted development and high-rise group housing developments catering to Middle-Income, Upper Middle-Income and High-Income Group. The retail landscaping of Gurugram North is a mix of high street and retail malls.

Emergence of DLF Cyber City as an office and leisure destination has resulted in upgrading the available infrastructure, imposing a positive impact on the Subject Micro Market. Some of the prominent office developments in this micro market are DLF Cyber City, Candor TechSpace G2, DLF Cyber Park, RMZ Centra One, and the Subject Property. In addition, some of the renowned hotels within close proximity of the Subject Property includes The Leela, The Bristol, The Oberoi/ Trident, and Le Meridien.

**3.2 Social and Physical Infrastructure**



Source: Cushman & Wakefield Research  
(Map not to scale)

- Key Commercial Developments
- Social Infrastructure
- Lifestyle Infrastructure
- Proposed/Under Construction Office Developments
- Hospitality Developments
- Higher Education Institutions

Key Office Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed/ Under Construction Office Developments	Hospitality Developments	Higher Education Institutions
1. DLF Cyber City (1.9 km)	1. American Montessori Public School (1.6 km)	1. DLF Cyber Hub (1.4 km)	1. DLF Atrium Place (1.5 km)	1. Oberoi/ Trident Hotel (1.9 km)	1. The NorthCap University (4.9 km)
2. DLF Cyber Park (2.0 km)	2. Delhi Public School (1.7 km)	2. Ambience Mall (2.6 km)	2. DLF Downtown Block 4 (2.4 km)	2. The Leela (2.6 km)	2. Fairfield Institute of Management & Technology (5.2 km)
3. Candor Techspace G2 (3.5 km)	3. DAV Public School (1.8 km)	3. MGF Metropolitan Mall (3.1 km)	3. Candor Techspace G2 Building no.12 (3.5 km)	3. Radisson Hotel (3.1 km)	3. IILM University (8.6 km)

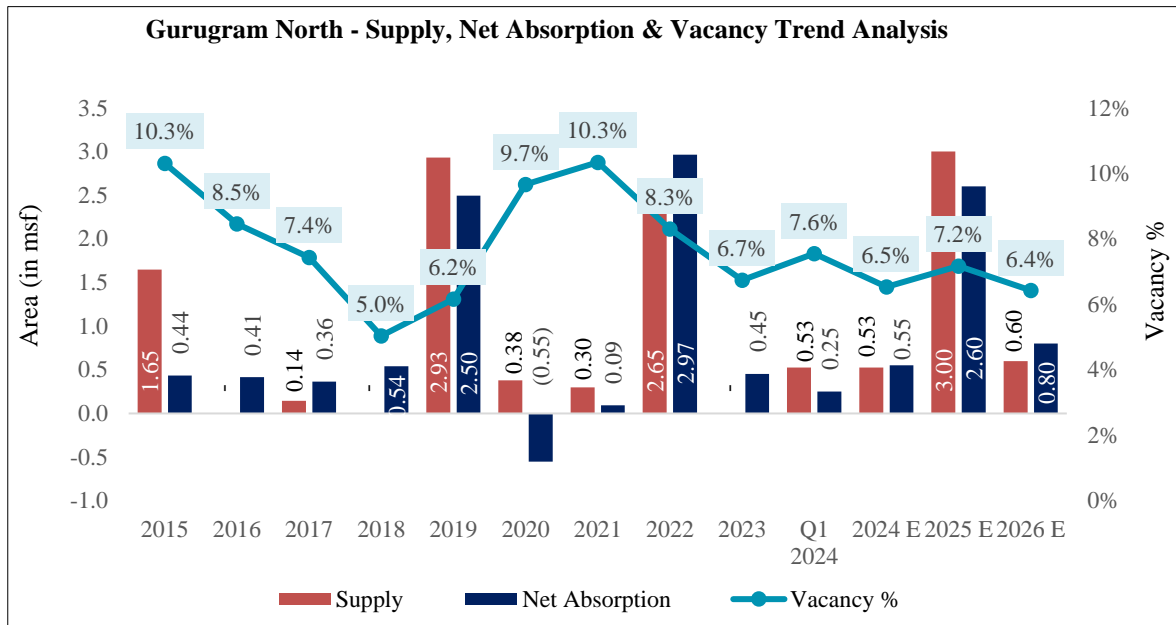


The Subject Property is located in Sector 18 of Gurugram and is accessible via NH 48 which is the main road, connecting Gurugram to other cities of NCR.

Both international as well as domestic airports are in the range of 12-16 kms from the Subject Micro Market (assuming Subject Property being the point of measurement). Currently the nearest metro station is Cybercity station on Rapid Metro line. Further, the state government has approved the expansion of existing Delhi Metro Yellow line to Old Gurugram, which will be connecting HUDA City Centre Metro Station to Udyog Vihar via Subash Chowk, Hero Honda Chowk, Old Gurugram, and Palam Vihar Extension and shall have 27 new stations. The 28 km extension is currently under construction.



### 3.3 Supply, Net Absorption & Vacancy Analysis



Source: Cushman and Wakefield Research

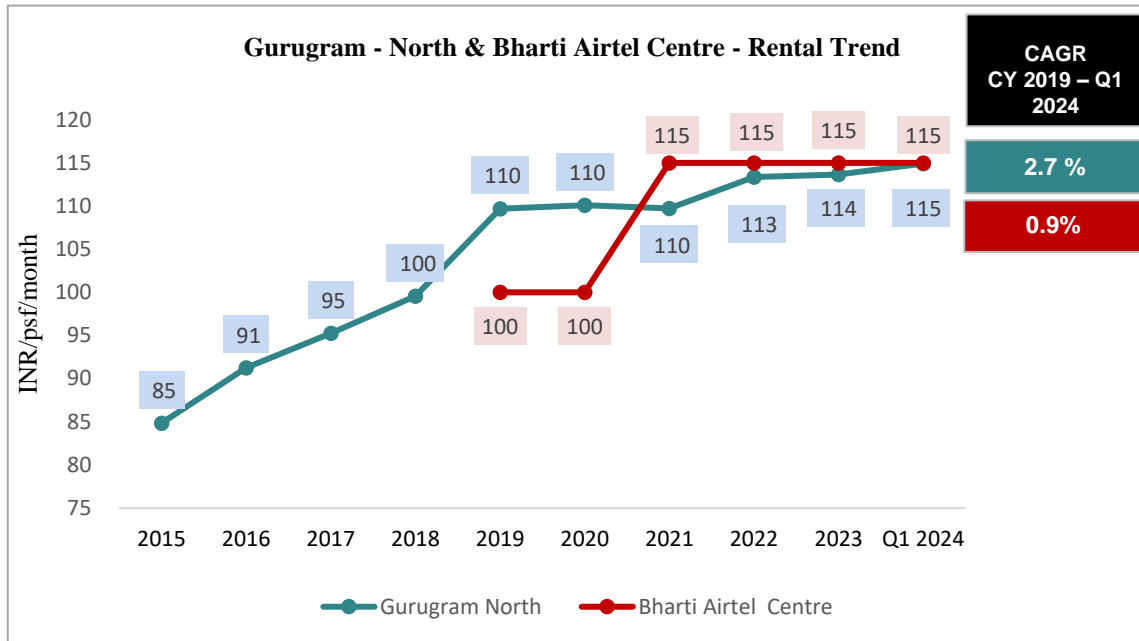
Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings with less than 1 lakh square feet of area and applying certain other criteria.
2. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
3. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.

The Subject Micro Market refers to the geographical stretch of NH 48 starting from Ambience Island till IFFCO Chowk covering up to 3 km of motorable distance on each side from NH 48 and MG Road. It is the biggest and prime business district of the city, contributing about 46% of total stock of Gurugram. Gurugram North has witnessed limited supply since 2015 and witnessed consistent demand from occupiers. Gurugram North benefits from its location and presence of established players like Brookfield and DLF. The quality of developments coupled with locational advantages will continue to drive demand for the Subject Micro Market. The vacancy in the Subject Micro Market has remained sub 10% since CY 2015. The net absorption as of Q1 2024 for the Subject Micro Market is 0.25 msf with vacancy at 7.6%.



### 3.4 Rental Trend Analysis



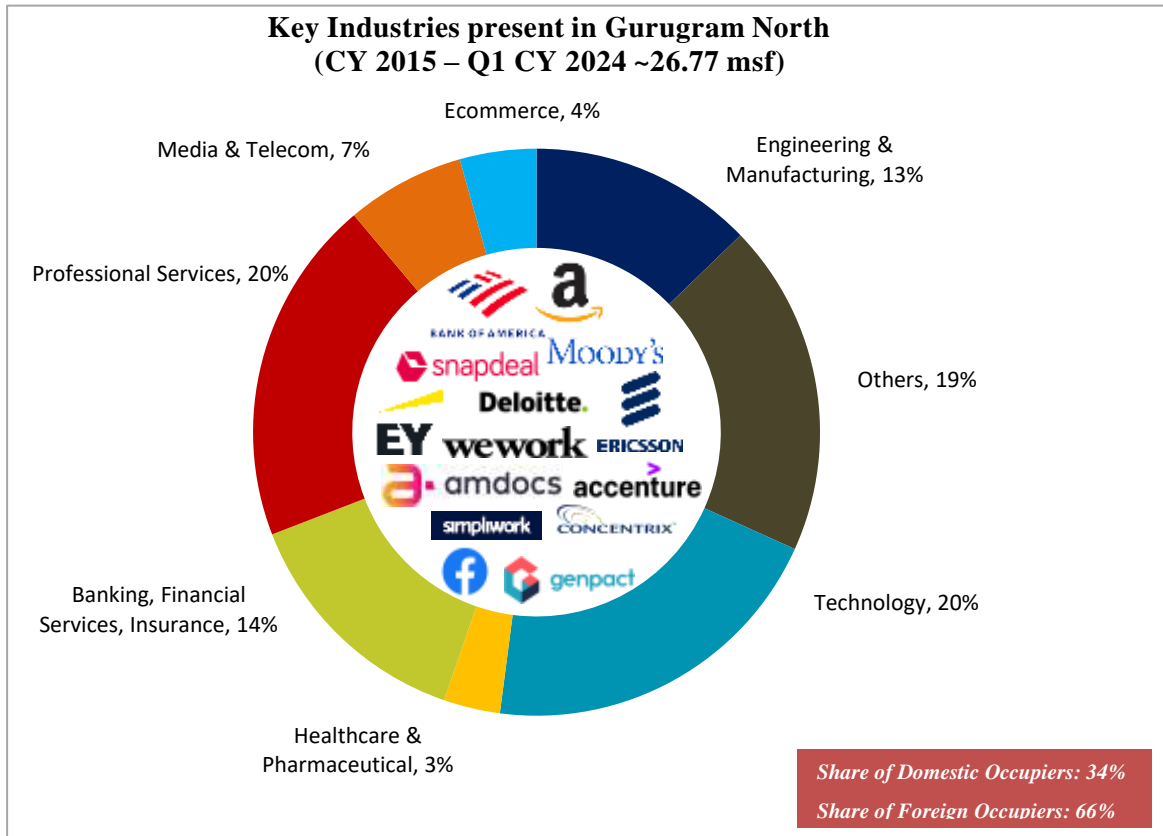
Source: Cushman and Wakefield Research

Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings which are less than 1 lakh square feet in area and applying certain other criteria.
2. The quoted rentals of the Subject Micro Market shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.
3. Rentals for Bharti Airtel Centre have been sourced from Client. These rentals are as on Financial Year ending i.e., as of end of March. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
4. Rentals presented above are weighted average values on completed stock.

Gurugram North is the micro market closer to Delhi, IGI airport as well as easily accessible by NH 48 and hence enjoys superior connectivity with Delhi and NCR at large, as compared to other micro markets of Gurugram. The Subject Micro Market has been developed majorly by players like DLF, Brookfield, Ambience, BPTP etc. and hence offers quality developments with better amenities. Gurugram North is also benefiting with regular infrastructure upgradation. This micro market has witnessed above average rental growth as it has managed to attract significant occupier base owing to its access to physical infrastructure and social amenities like F&B hubs at Cyber hub, Sector 29 etc. which are sought after by contemporary working population.

**3.5 Sectoral Demand Analysis – Gurugram North (CY 2015 – Q1 CY 2024)**



Source: Cushman and Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for Domestic & Foreign occupier bifurcation.
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc. The sectoral absorption analysis is based on gross absorption activity of Gurugram North 's relevant stock i.e., including any relocations, consolidations etc. All pre-commitments & sale/purchase transactions are excluded from this analysis.

Gurugram North is dominated by Technology and Professional Services sector which together contributes 40% of the leasing activity in the period CY 2015 – Q1 CY 2024. The tenants are attracted to the Subject Micro Market due to availability of good physical and social infrastructure. The technology occupiers in this micro market are involved in the activities of software development, process engineering, research and development etc. The Engineering occupiers in this micro market are involved in the activities of telecom research & development, automobile sales etc. The other prime contributors to the demand are Engineering & Manufacturing and BFSI, together contributing 27%. The mix of foreign and domestic occupants in Gurugram North is 66:34.



#### **4 Market Outlook**

Gurugram North comprises of some well-established office developments including Bharti Airtel Centre, Candor TechSpace G2, DLF Cyber City, DLF Cyber Park, DLF Downtown etc.

The Subject Micro Market has always remained the preferred office destination, which is reflected in the vacancy levels (which have been largely sub 10% since CY 2015 – except the Covid impacted years) and the prevailing rentals. The net absorption as of Q1 CY 2024 for the Subject Micro Market is 0.25 msf with vacancy at 7.6%. Further, with limited supply addition and continuous traction from occupiers, the vacancy expected to be rangebound between 6% and 8%.

According to the market assessment provided, the current weighted quoted average market rentals of Subject Micro Market is INR 115 per sq. ft./m and may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.

Work from home period has also significantly reduced and many organisations have started calling their workforce back to office. Considering the well-maintained infrastructure, key location, improved connectivity (through planned elevated corridors and underpasses and expansion of metro network), increasing trend in return to office, the annual growth rate of 5% to 6% in market rents over medium to long term appears achievable for the Subject Property.

Also, the Subject Micro Market constitutes large IT Parks which fit well with requirement of Technology sector. We expect that the factors including growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs will further drive significant demand in the office real estate sector and thus the Subject Micro Market.



## **C      SUBJECT PROPERTY REPORT**





## **1 Address, Ownership and Title details of the Subject Property**

Address:	Bharti Airtel Ltd. Plot No. 16, Phase IV, Sector 18, Gurugram, Haryana 122015
Ownership & title details:	Land Tenure: Freehold. The Subject Property is wholly owned by Rostrum Realty Projects Private Limited.

*Source: Client Information*

### **1.1 Encumbrances**

Unless disclosed and recorded in the Subject Property Report – Part C, the Subject Property is considered to possess a good and marketable title and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Khaitan & Co. (Hereinafter referred to as ‘Legal Counsels’). We have not checked and verified the title of the Subject Property.

### **1.2 Revenue Pendencies**

On the basis of the Title Reports prepared by the Legal Counsels and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

### **1.3 Material Litigation**

Based on discussions with the Client and Title Reports shared, there are no material litigations relating to the Subject Property or any compounding charges.

## 2 Location

### 2.1 General

Bharti Airtel Centre (hereinafter referred to as “Subject Property”) comprising of freehold land of approximately ~4.7 Acres is Airtel’s corporate facility located in Phase IV of Sector 18, Gurugram.

It is part of Gurugram North micro market which is one of the established and prime business district, residential and retail micro-markets of Gurugram. Gurugram’s largest office cluster viz. DLF Cyber City is located in micro market of Gurugram North. Being located in Gurugram North micro market, the Subject Property has access to good physical and social infrastructure. The Subject Property is well connected with other parts of the city through road and other infrastructure. NH 48 is the main connecting road, connecting Gurugram to other cities of NCR.

Subject Property is in close proximity to Cybercity Rapid Metro Station which further enhances its accessibility from different parts of NCR. Also, the state government has approved the expansion of existing Delhi Metro Yellow line to Old Gurugram, which will be connecting HUDA City Centre Metro Station to Cyber City Metro via Subash Chowk (nearest landmark to Subject Property), Hero Honda Chowk, Old Gurugram and Palam Vihar Extension. Once operational, the said metro route will have 27 new stations. The same is currently under construction. The location map of the Subject Property is as follows:



Source: Cushman and Wakefield Research

(Map not to scale)



Site Boundaries:

The site boundaries for the Subject Property are as under:

North: Service Road

South: RMZ infinity park

East: NH- 48 (Delhi – Jaipur Expressway)

West: MM Tower Parcel

## **2.2 Accessibility**

The Subject Property is well connected to major locations in the city as well as in the NCR via multiple modes of communication. The distances from major landmarks of NCR are as follows:

- On NH 48 (Delhi – Jaipur highway)
- Approximately 1.4 km from Cyber City Rapid Metro Station
- Approximately 02 km from DLF Cyber City
- Approximately 05 km from Sikanderpur Metro Station
- Approximately 10 km from Gurugram Railway Station
- Approximately 12 km from IGI Airport
- Approximately 25 km from Connaught Place

## **2.3 Ground Conditions**

Based on visual inspection, there was no evidence of adverse ground conditions at the Subject Property or immediate vicinity.

## **2.4 Environmental Considerations**

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the Subject Property with respect to risks pertaining to earthquakes, high winds/ cyclone and flooding was studied. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

## **2.5 Town Planning and Statutory Considerations**

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the Subject Property, and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.



### **3 Subject Property - Asset Description**

Subject Property is an IT/ITeS development. The detail of building is as follows:

**Completed building with Occupancy Certificate (OC) received.**

<b>Particulars</b>	<b>Leasable Area (sq. ft.)</b>	<b>Floor (#)</b>	<b>Status</b>	<b>Completion Date</b>
Tower 1 (Wings A and B)	692,586	8 (including LGF and UGF)	Completed	N. A
<b>Total</b>	<b>692,586</b>			

*Source: Architect's Certificate (Dated: 8<sup>th</sup> May 2024), Rent Roll as of 31<sup>st</sup> March 2024, Lease Deeds / Leave and Licence Agreements and Client Information*



### 3.1 Key Asset Information

**Completed Building with Occupancy Certificates (OC) received.**

Particulars	Details
<b>Entity:</b>	Rostrum Realty Private Limited
<b>Age of building based on the date of Occupancy Certificate:</b>	Tower 1 – 14 years 4 months
<b>Asset Type:</b>	IT / ITeS
<b>Sub-Market:</b>	Gurugram North
<b>Approved and Existing Usage:</b>	IT / ITeS
<b>Land Area (acres):</b>	~4.7
<b>Freehold/Leasehold:</b>	Freehold Land
<b>Leasable Area:</b>	6,92,586 sq. ft.
<b>Occupied Area:</b>	6,92,586 sq. ft.
<b>Committed Occupancy (%) *:</b>	100%
<b>Current Effective Rent (excluding parking):</b>	INR 114.61 per sq. ft. per month (office Tenants only)
<b>Number of Tenants:</b>	4 (office) Bharti Group**

*Source: Architect's Certificate (Dated: 8<sup>th</sup> May 2024), Rent Roll as of 31<sup>st</sup> March 2024, Lease Deeds / Leave and Licence Agreements and Client information.*

*Note: \*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed Leasable area*

*\*\* Bharti Group includes Bharti Airtel Limited, Brightstar Telecommunication India Limited, Bharti Foundation, Bharti Airtel Limited Refer company structure set out in (Annexure 2)*



### 3.2 Subject Property Inspection

<b>Date of Inspection:</b>	The Subject Property comprising 1 tower was physically inspected on 22 <sup>nd</sup> April 2024.
<b>Inspection Details:</b>	<p>The inspection comprised of visual inspection of:</p> <ol style="list-style-type: none"> <li>a. Operational building</li> <li>b. Visits to their key utility areas such as LT electric room, DG Room, Pump room, HVAC installations, power back up, STP, etc</li> </ol>
<b>Key Observations:</b>	
<p>The Subject Property is an IT/ITeS office space offering large floor plates.</p> <ul style="list-style-type: none"> <li>• <b>Completed/ Operational Building:</b> The operational building Tower 1 having two wings with OC received admeasure 692,586 sq. ft. of leasable area. The operational building comprises. <ol style="list-style-type: none"> <li>a. Office: 1 office tower having leasable area of 692,586 sq. ft. The office tower is entirely occupied by Airtel group companies.</li> </ol> </li> </ul> <p><b><u>Other Amenities</u></b></p> <ul style="list-style-type: none"> <li>• The Subject Property has STP, rooftop solar panels, EV charging stations, rainwater harvesting tank and pits and organic composting plant. The safety features and power back-up facilities are at par with the best in the industry.</li> </ul> <p><b><u>Awards &amp; Certifications</u></b></p> <ul style="list-style-type: none"> <li>• Subject Property has been awarded LEED Gold rating for sustainability in addition to BEE 5 Star rating, Best Innovative Kaizen in Quality - Platinum Award, BEE 5-star rating, CII National Maintenance Circle Competition "Best Case Study on Innovation in Maintenance", and CII National 5S Excellence Award - Diamond rating.</li> </ul> <p><b><u>Parking</u></b></p> <ul style="list-style-type: none"> <li>• The large parking requirement is catered by multilevel basements parking slots contributing to 1,028 parking spaces.</li> </ul> <p><b><u>Other Observations</u></b></p> <ul style="list-style-type: none"> <li>• The Subject Property has one entry and exit point which are managed according to the traffic circulation plan.</li> <li>• The visual inspection of the building did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance.</li> <li>• The utility areas also appeared well maintained, visually.</li> <li>• No instances of any major logging or water accumulation were observed during the inspection.</li> </ul>	

Source: Architect's Certificate (Dated: 8<sup>th</sup> May 2024), \*Rent Roll as of 31<sup>st</sup> March 2024

**Note:**

a. The Subject Property inspection did not comprise any structural survey, technical/ engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.



### **3.3 Investigation and nature and source of information**

The Valuer undertook physical visits of the Subject Property wherein the building and related assets were visually inspected to assess the condition of the building and the apparent state of its maintenance/ upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by C&WI who were appointed by the Client to undertake market research and portfolio analysis of the Property proposed to be part of the REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title Report prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject Property.

Architect's Certificates (Dated: 8th May 2024) mentioning site areas and Subject Property areas.

Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific building in the Subject Property.

Lease agreements and commercial clauses thereof for major tenants on a sample basis.

Masterplan/ Development plan applicable in the jurisdiction of the Subject Property.

Management representation regarding the following:

Major repairs undertaken and proposed in the Subject Property (*please refer Annexure 8*)

Statement of Assets

Revenue pendency, if any

Options or rights of pre-emption and any other encumbrances concerning or affecting the Subject Property.



### **3.4 Tenant Profile**

As of 31<sup>st</sup> March 2024, the Subject Property is entirely occupied by Bharti Group which account for ~100% of leased area and ~100% of the gross rental income.

<b>Rank</b>	<b>Top 10 Tenants according to Leased Area</b>	<b>Leased Area (sq. ft.)</b>
<b>1</b>	<b>Bharti Group*</b>	<b>692,586</b>
	<b>Total</b>	<b>692,586</b>

*Source: Rent Roll as of 31<sup>st</sup> March 2024 and Client Information*

<b>Rank</b>	<b>Top 10 Tenants according to Gross Rentals</b>	<b>Share of Gross Rentals</b>
<b>1</b>	<b>Bharti Group*</b>	<b>100%</b>
	<b>Total</b>	<b>100%</b>

*Source: Rent Roll as of 31<sup>st</sup> March 2024 and Client Information*

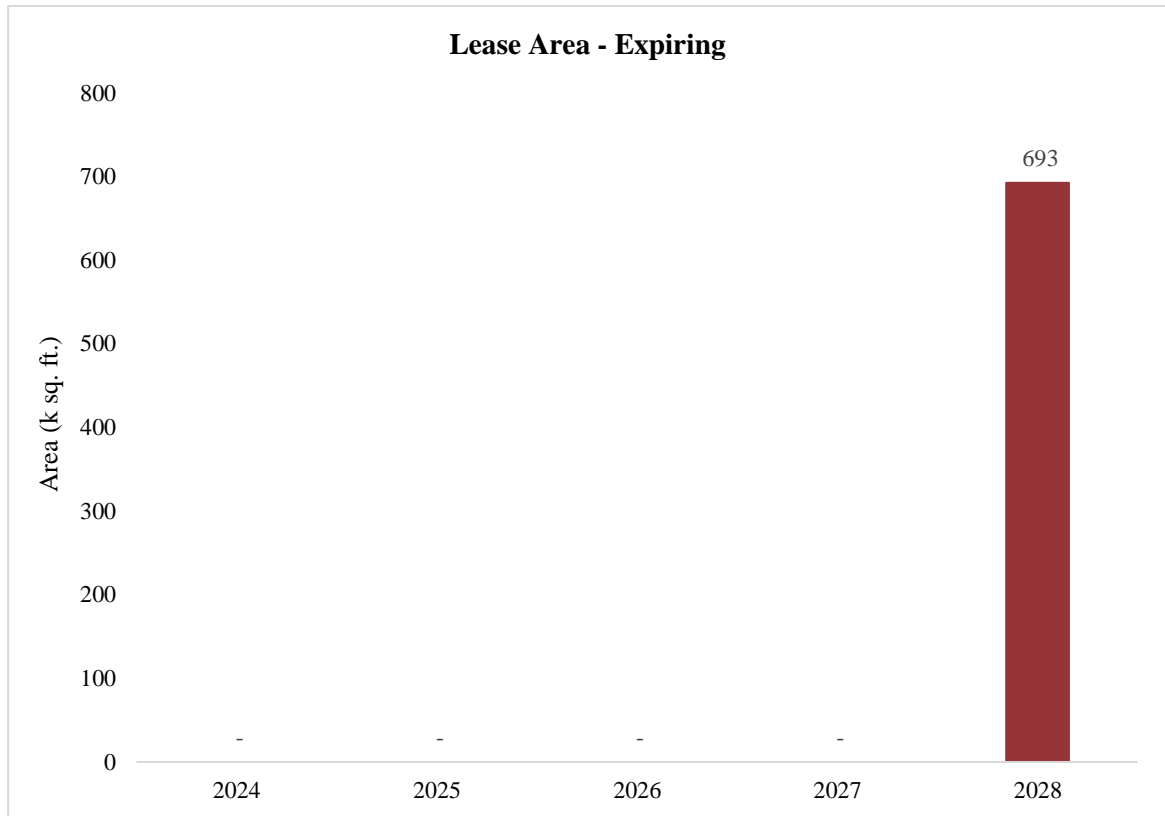
*\* Bharti Group Includes Bharti Airtel Limited, Brightstar Telecommunication India Limited, Bharti Foundation, Bharti Airtel Limited.*





### 3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the Subject Property is 4.0 years, with ~100% of occupied area expiring between 2023 and 2028 as shown in the chart below.



Source: Rent Roll as of 31<sup>st</sup> March 2024 and Client Information

Notes:

1. The chart is prepared on the basis of Calendar Year.
2. Here 2024 represents April 2024 to December 2024.



## **4 Valuation Approach & Methodology**

### **4.1 Asset-specific Review:**

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or submarkets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the Subject Property under review.

As the first step to the valuation of the asset, the rent roll and lease deeds were reviewed to identify tenancy characteristics for the asset.

Property Documents and architect certificates as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.

Physical site inspections were undertaken to assess the current status of the Subject Property.

### **4.2 Micro-Market Review:**

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by Cushman and Wakefield (C&WI), who has been appointed by the Client as an independent consultant to carry out industry and market research. Accordingly, the review was carried out in the following manner –

An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/ market report prepared by C&WI and readily available information in public domain to ascertain the transaction activity of commercial/ IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/ planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable market rent (Valuer's view on achievable rent for the Subject Property for leasing vacant spaces as well as upon releasing).



### **4.3 Cash Flow Projections:**

1. The Subject Property is a completed building. The cash flows have been projected as mentioned below to arrive at the value estimate.
2. Net operating income (NOI) has primarily been used to arrive at the value of the Subject Property. The below steps were undertaken to arrive at the value. The projected future cash flows from the Subject Property are based on existing lease terms. These cash flows have been projected for a duration of 10-years from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:  
**Step 1:** Projecting the rental income as per the existing lease terms for a cashflow period of 10 years.  
**Step 2:** Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.  
**Step 3:** Computing the monthly rental income projected as part of Step 1 & 2 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).
3. Recurring operational expenses, and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For the Subject Property, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Property.
4. The net income on quarterly basis has been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Property through this approach.

### **4.4 Information Sources:**

Subject Property related information relied upon for the valuation exercise has been provided to the Valuer by the Client and the market data has been provided by C&WI, unless otherwise mentioned. The documents provided have been assumed to be a true copy of the original. The rent rolls have been cross checked with the lease deeds on a sample basis only to ensure its correctness.



## 5 Assumptions considered in Valuation (DCF Method)

The following assumptions have been made to arrive at the market value of the Subject Property as on 31<sup>st</sup> March 2024:

Cashflow Period	Unit	Details
Valuation Date	Date	31-March-24
Cashflow Period	Years	10
Cashflow Exit Period	End Date	31-March-34

### Subject Property Details:

Property Details	Unit	Details
Total Property Leasable Area	Sq. ft.	692,586
Area Leased	Sq. ft.	692,586
Committed Occupancy*	%	100.0%
Stabilized Vacancy	%	2.5%
Further leasing	Sq. ft.	-
Existing Lease Rollovers	%	97%
Rent Free Period – Existing Leases	Months	1
Rent Free Period – New Leases	Months	4
Total Parking Slots	#	1,028
Estimated Leasing Period	# of quarters	-

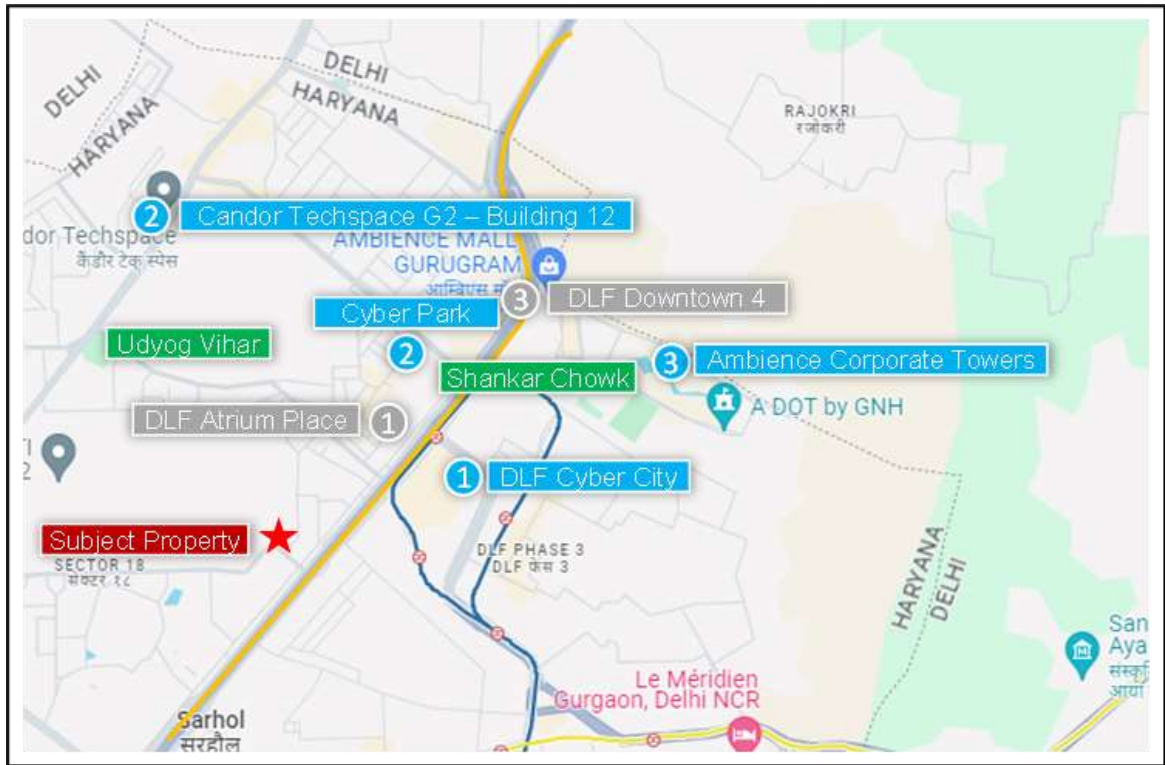
Source: Architect's Certificate (Dated: 8<sup>th</sup> May 2024), \*Rent Roll as of 31<sup>st</sup> March 2024

Note: Further Leasing and Estimated Leasing Period relate to the existing Vacant Area.

\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent) / Completed Leasable area).

- **Rent-free period:** In accordance with market benchmarks for Grade A properties, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.
- **Future absorption:**
  - Over 2015 – Q1 2024, the Gurugram North micro market has witnessed an average annual net absorption of approximately 0.81 msf.
  - Going forward, the micro market is expected to have an average annual demand of approximately 1.34 msf per annum till 2026E.
  - Currently the Subject Property is 100% occupied and stabilised vacancy provision for 2.5% has been assumed. Therefore, there is no area to be further leased in the Subject Property.
  - The entire property is leased to Bharti Group with due lease expiry at the end of CY 2028. For the purpose of valuation, post expiry of current lease, we have assumed the entire area as vacant area. The same area will be re-leased within 4 quarters from the date of lease expiry wherein rent-free period is assumed to be 4 months along with brokerage of 2 months of rental.

**Subject Property and Relevant Existing/Upcoming Supply in the Gurugram North Micro Market**



Source: Cushman and Wakefield Research

Note: Blue boxes signify existing supply and grey box signifies upcoming supply.



**Revenue Assumptions**

Revenue Assumptions	Unit	Details
Achievable Market Rent – Office (Base)	Per sq. ft. per month	INR 115.00
Achievable Market Rent – Office (including Parking)	Per sq. ft. per month	INR 118.00
Other Income	Per sq. ft. per month	INR 0.08
Rental Growth Rate (for FY'25 onwards)	% p.a.	5.0%
O&M Income Growth Rate –FY 26 onwards (excluding sinking fund)	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9
Normal Market Escalation at end	# of years	3
Market Escalation at the end of Escalation period	%	15%
O&M Income for future leases	Per sq. ft. per month	INR 21.50

- **Market rent - office:**
  - Achievable market rent includes parking charges of INR 3 per sq. ft. per month (considering the parking rent of INR 4,000 per slot per month)
  - Considering the location, accessibility, quality and size of the building, we expect the Subject Property's monthly rental would be INR 118 per sq. ft. per month (inclusive of parking charges) and the same is considered for our calculations.
- **Market rent growth rate:** Considering the overall occupancy and future supply profile in the Subject Micro Market, we expect annual growth in achievable market rentals to be in the range of 5 to 6% in the medium to long term.
- **Other income:** We have been provided with other income for Visitor Car Park, Signage, ATM, Telecom Tower, and other miscellaneous income. We have considered an annual growth of 5% on other income.
- **O&M Income:** O&M Income were shared by the Client. O&M income constitutes, O&M Expense and Mark-up of 20% on O&M expense and sinking fund. Since O&M revenues include sinking fund which is being charged at a constant rate without any growth assumed on it, the growth rate for O&M Income has been suitably adjusted to normalise it over the future tenure. O&M Income has been provided for FY'24 and the same has been projected to increase at 5% per annum from FY'25 onwards excluding sinking fund.



**Operating Cost Assumptions**

<b>Cost Assumptions</b>	<b>Unit</b>	<b>Details</b>
Brokerage cost (Renewal/ Release)	Month Rent	1 Month Rent
Brokerage cost (New Lease)	Month Rent	2 Month Rent
Other Costs for vacant area for the property owner	Per sq. ft./month	INR 7.66
Current O&M Expense	Per sq. ft. per month	INR 15.31
Property Tax	Per sq. ft./month	INR 0.88
Cost Escalation	% p.a.	5.0%
Maintenance Capex	Per sq. ft. per month	INR 2.1

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we have assumed brokerage expense amounting to two months for new leases and one month for existing lease rollovers.
- **Property Tax:** Property tax has been provided by the Client for FY'24 and the same has been projected to increase at 5% per annum from FY'25 onwards.
- **O&M Expense:** O&M Cost has been provided by the Client for FY'24 and the same has been projected to increase at 5% per annum from FY'25 onwards.



**Discount Rate & Capitalisation rate assumptions**

- Capitalization Rate:**

Capitalization rate (“Cap rate”) is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value, indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/ low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were pursued. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for the proposed public listing with better liquidity/ marketability of ownership interest, the cap rate for the Subject Property has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	13,70,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	4,21,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	91,00,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	23,00,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	7,00,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	12,50,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	18,80,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	27,00,000	24,000	7.75%-8%

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market player





- **Discount Rate**

The discount rate applied to the available cash flows reflects the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost of Equity, we have benchmarked with listed comparable REITs. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/ properties in the market.

The derived discount rate of 11.75% was found to be aligned with the expectations of international investors investing in similar assets.

## 6 Market Value

The Valuer is of the opinion that the subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which she has no knowledge, the opinion of value of the aforementioned Subject Property comprising land and improvements thereon and the right to provide facility management services to the entire Subject Property, as on 31<sup>st</sup> March 2024, is as follows:

Component	Market Value as on	In Figures	In Words
Completed Building	31 <sup>st</sup> March 2024	INR 12,275 Million	Indian Rupees Twelve Billion Two Hundred and Seventy - Five Million Only

### Ready Reckoner Rate

Component	Rate
Built up area	INR 7,900 per sq. ft.
Land area	INR 1,32,000 per sq. yard.

For reference, please refer Annexure 7.

I, L. Anuradha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by

(L. Anuradha)

IBBI/RV/02/2022/14979



## **D ANNEXURES**



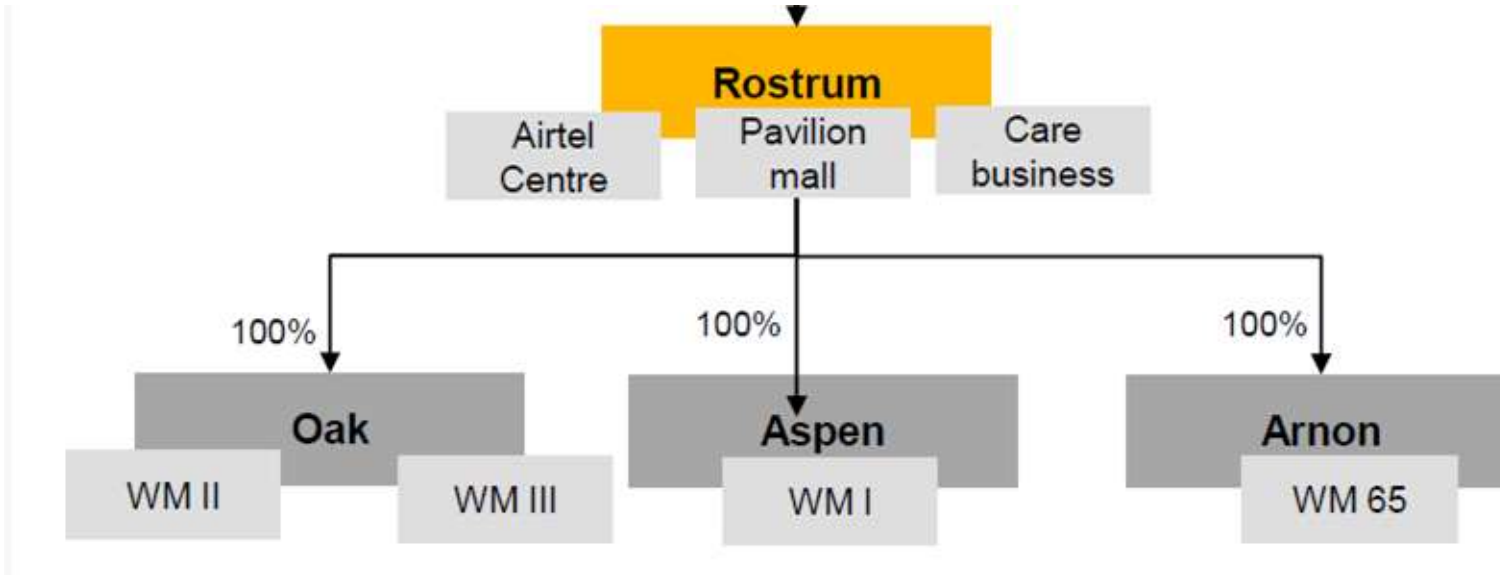
**Annexure 1: Cash Flows**

Particulars	Unit	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30	31-Mar-31	31-Mar-32	31-Mar-33	31-Mar-34	31-Mar-35
<b><u>OPERATING INCOME</u></b>												
Lease Rentals	INR Million	1,091	1,106	1,107	1,107	167	1,123	1,162	1,239	1,337	1,337	1,425
O&M Income	INR Million	203	206	206	206	95	225	235	245	256	268	280
Other Income (Telecom)	INR Million	1	1	1	1	1	1	1	1	1	1	1
<b>Total Income</b>	<b>INR Million</b>	<b>1,295</b>	<b>1,313</b>	<b>1,313</b>	<b>1,314</b>	<b>263</b>	<b>1,348</b>	<b>1,398</b>	<b>1,486</b>	<b>1,594</b>	<b>1,606</b>	<b>1,707</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>	<b>1,295</b>	<b>1,313</b>	<b>1,313</b>	<b>1,314</b>	<b>263</b>	<b>1,348</b>	<b>1,398</b>	<b>1,486</b>	<b>1,594</b>	<b>1,606</b>	<b>1,707</b>
<b><u>OPERATING COSTS</u></b>												
Property Taxes	INR Million	(8)	(8)	(8)	(9)	(9)	(10)	(10)	(11)	(11)	(12)	(12)
O&M Expense	INR Million	(134)	(140)	(147)	(155)	(158)	(166)	(175)	(183)	(192)	(202)	(212)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>(141)</b>	<b>(148)</b>	<b>(156)</b>	<b>(164)</b>	<b>(168)</b>	<b>(176)</b>	<b>(185)</b>	<b>(194)</b>	<b>(204)</b>	<b>(214)</b>	<b>(225)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>1,154</b>	<b>1,164</b>	<b>1,157</b>	<b>1,150</b>	<b>96</b>	<b>1,172</b>	<b>1,213</b>	<b>1,292</b>	<b>1,390</b>	<b>1,392</b>	<b>1,482</b>
<b>Terminal Value</b>	<b>INR Million</b>	-	-	-	-	-	-	-	-	-	18,523	
<b>Transaction Cost</b>	<b>INR Million</b>	-	-	-	-	-	-	-	-	-	(185)	
<b>Fit Out Income</b>	<b>INR Million</b>	-	-	-	-	-	-	-	-	-	-	
<b>Total Net Income</b>	<b>INR Million</b>	<b>1,154</b>	<b>1,164</b>	<b>1,157</b>	<b>1,150</b>	<b>96</b>	<b>1,172</b>	<b>1,213</b>	<b>1,292</b>	<b>1,390</b>	<b>19,729</b>	
Maintenance Capex	INR Million	(18)	(19)	(20)	(21)	(22)	(23)	(25)	(26)	(27)	(28)	
Brokerage Expenses	INR Million	-	-	-	-	(194)	-	-	-	-	-	
<b>Total Construction Costs</b>	<b>INR Million</b>	<b>(21)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net Cashflows</b>	<b>INR Million</b>	<b>1,114</b>	<b>1,145</b>	<b>1,137</b>	<b>1,129</b>	<b>(120)</b>	<b>1,149</b>	<b>1,189</b>	<b>1,266</b>	<b>1,363</b>	<b>19,701</b>	



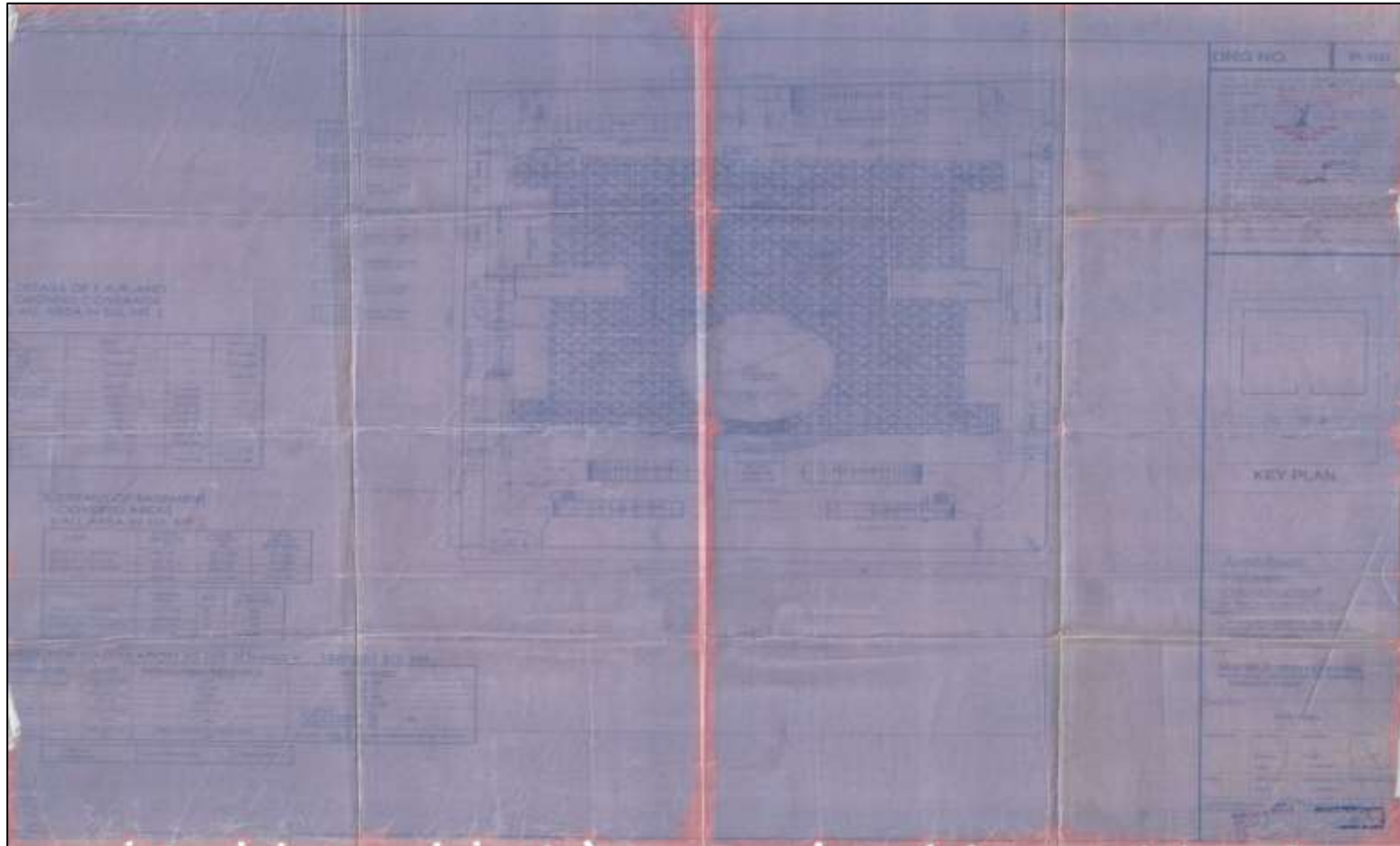
Note: We have arrived at the valuation of the Subject Property using the quarterly cash flows and reproduced the above-mentioned annual cashflows for representation purposes.

**Annexure 2: Ownership Structure**





**Annexure 3: Site Layout**



*Source: As provided by Client*

**Annexure 4: Subject Property Photographs**



View of Subject Property



View of Subject Property



View of Subject Property



View of Subject Property



View of Subject Property



View of Subject Property



View of Cafeteria



View of LT Room



View of DG Room



View of Parking



**Annexure 5: Statement of Key Assets**

<i>Building</i>	<i>No/Name</i>	<i>Airtel Centre</i>
No. of DG Capacity	KVA	(4 X2000 KVA) (1X 750 KVA)
No. of Transformer/Capacity	KVA	(2X2500 KVA)
Chiller Rating	TR	(4*750 TR)
Cooling Tower		(3*900 TR)
FF Systems	KW/HP	Jockey 1*10 HP, 7.5 kw Main Sprinkler pump 74 HP, 55 Kw Main Hydrant pump 74 HP, 55 Kw Fire Diesel pump 91 HP 68 Kw
Water pumping System	KW/HP	Filter feed pump 2* 3.7 kw Softener feed pump 2* 2.2 kw Domestic water Transfer OH 2* 11kw Soft water transfer OH 2* 11kw Filter press pump 2* 0.37 kw Filter feed pump 2* 3 kw Circulation pump 2* 0.37 kw Irrigation transfer pump 2* 3 kw Soft water transfer OH 2* 11 kw
STP Rating	KLD	1* 200 KLD
Warmshell/Bareshell		Bareshell

Source: As provided by Client



**Annexure 6: List of sanctions and approvals**

List of one-time sanctions/ approvals which are obtained or pending:

**Approvals Received**

- a) Building Plan Approvals for building and amendment thereof
- b) Full Occupancy Certificate received for the building
- c) Consent to Establish (CTE)
- d) Consent to Operate (CTO)
- e) Environment Clearance Certificate
- f) Renewal of Fire NOC
- g) Height clearance NOC from AAI
- h) Environmental Clearance



**Annexure 7: Ready Reckoner Rate for Built Up area and Land Area**

Rate list of Tehsil Gurugram Proposed Rates for the year 2022 w.e.f.....

Sr. No.	Huda Sectors	Rates for the Year of 2021-2022				Proposed Rates for the Year of 2022				Proposed Rates for the Year of 2023			
		Residential (Rs. Per Sq. Yards)	Commercial (Rs. Per Sq. Yards)	Commercial/Retail (Rs. Per Sq. Feet)	Office/IT Space Rs. Per Sq. Feet)	Residential (Rs. Per Sq. Yards)	Commercial/ Sco/Scf (Rs. Per Sq. Yards)	Commercial/ Retail (Rs. Per Sq. Feet)	Office/IT Space Rs. Per Sq. Feet)	Residential (Rs. Per Sq. Yards)	Commercial/ Sco/Scf (Rs. Per Sq. Yards)	Commercial/ Retail (Rs. Per Sq. Feet)	Office/IT Space Rs. Per Sq. Feet)
1	Sec- 42, 43	50000	146000	10000	7000	55000	166000	10000	7000	60000	198000	12000	8400
2	Sec-14, 15, 16, 17, 40	45000	150000	8000	6500	50000	150000	8000	6500	55000	181500	11000	8300
3	Sec- 38,	40000	140000	8900	6300	45000	140000	8900	6300	54000	168000	11000	7500
4	Sec- 21,22, 22A, 23, 23A,	35000	140000	8800	6100	40000	140000	8800	6100	48000	168000	10800	7300
5	Sector 1, 2, 3, 3A, 4, 5, 6, 7, 12, 12A, 13	38000	138000	8000	6600	40000	138000	8000	6600	48000	162000	11000	7900
6	Sec-18, 19, 20,	NA	110000	8000	6600	NA	110000	8000	6600	NA	132000	11000	7900
7	Sec-26	NA	88000	8000	6600	NA	88000	8000	6600	NA	108000	11000	7900
8	Sector 104, 105, 106, 109, 110, 110A, 111, 112, 113, 114, 115	30000	100000	4500	3000	34000	100000	4500	3000	44000	120000	5400	3800

Joint Sub-Registrar  
Gurugram

Sub Registrar  
Gurugram

SDG (C-1)  
Gurugram

SDG  
Gurugram

Deputy Commissioner-cum-  
Registrar, Gurugram



**Annexure 8: Major Repairs Undertaken and Proposed in the Subject Property**

As informed by Client, following major repairs/ upgrades have been taken up in the past:

1. Upgrades: None
2. List of ESG initiatives
  - LEED Gold
  - LEED Zero Water
  - Blood Donation Camp
  - CO sensor in basement parking area
  - Lux level increased in basements without additional electricity consumption.



## Annexure 9: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the “Report”) covers specific markets and situations that are highlighted in the Report based on readily available secondary market information and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
  - a. The valuation method adopted is based on the Valuer’s expertise and knowledge taking into account the generally available market information and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to **Brookfield India REIT** (or “the Client”) or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
  - b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
  - c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
  - d. The Valuer has relied on her own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
  - e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services or an independent validation of the projections. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated and should not be used for any other purpose.
  - f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
  - g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.
3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited



information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations, and this is on a bona-fide basis, believed to be reliable.

5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third-party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum agreed in the LoE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.



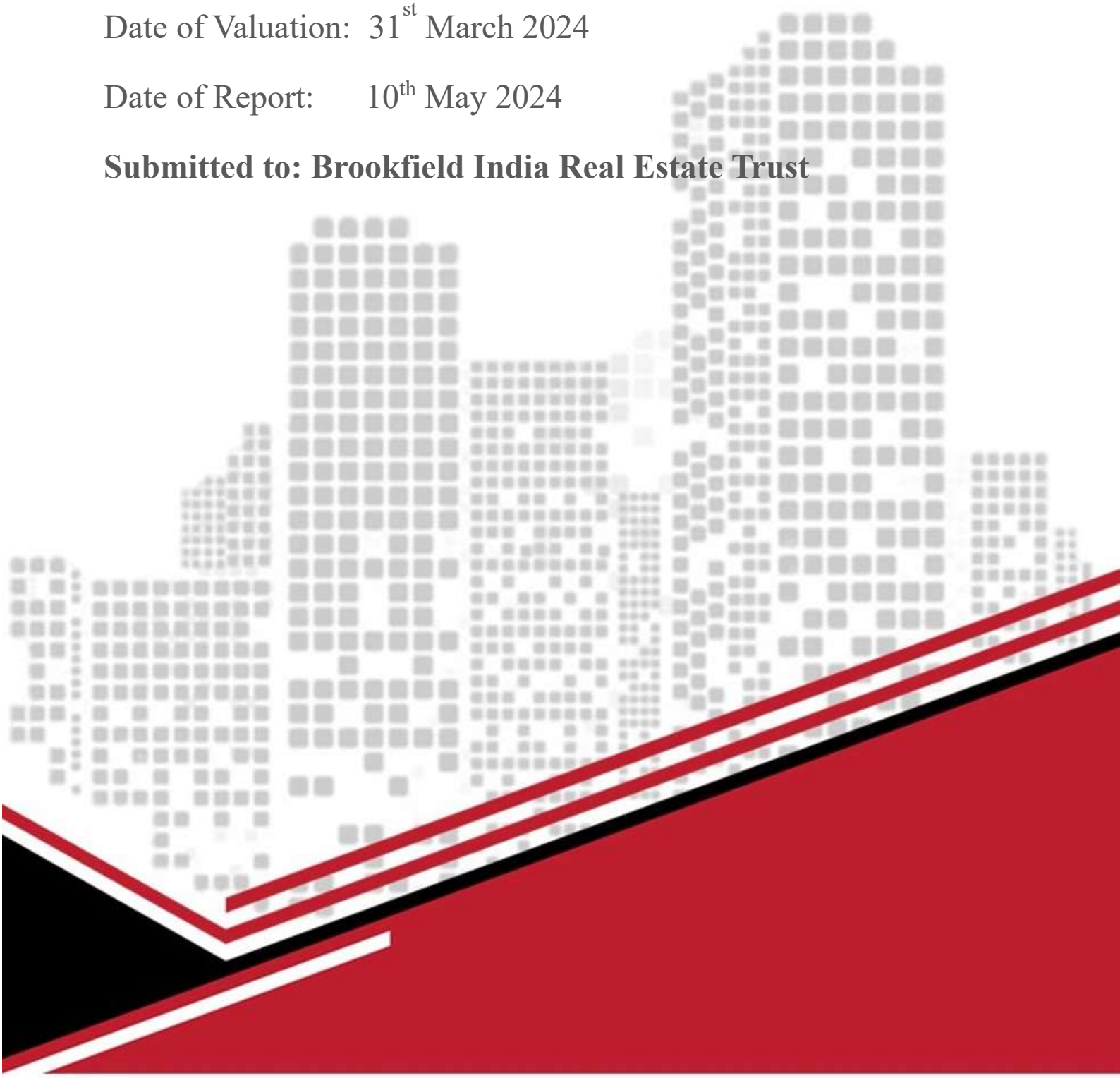
# VALUATION REPORT

**Pavilion Mall, Civil Lines, Ludhiana, Punjab**

Date of Valuation: 31<sup>st</sup> March 2024

Date of Report: 10<sup>th</sup> May 2024

**Submitted to: Brookfield India Real Estate Trust**





## Disclaimer

*This report is prepared exclusively for the benefit and use of Brookfield India Real Estate Trust ("Brookfield India REIT" or "REIT") and / or its associates and its unitholders for the proposed acquisition. Brookfield India REIT, a Real Estate Investment Trust under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended till date ("SEBI REIT Regulations"). The Brookfield India REIT may share the report with its appointed advisors for any statutory or reporting requirements or include it in stock exchange filings, any preliminary/placement document/ information memorandum/ transaction document/any publicity material / research reports / presentations or press releases to the unitholders, or any other document in connection with the proposed acquisition of the property by Brookfield India REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 09th April 2024 without the prior written consent of the Valuer.*





*The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the REIT has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.*

*This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 09th April 2024. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute, or regulation.*

*This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.*



## Executive Summary

<b>Pavilion Mall, Civil Lines, Ludhiana, Punjab</b>	
<b>Valuation Date:</b>	31 <sup>st</sup> March 2024
<b>Site Visit Date:</b>	23 <sup>rd</sup> April 2024
<b>Valuation Methodology:</b>	Discounted Cash Flow Method using Rental Reversion.
<b>Valuation Purpose:</b>	Disclosure of valuation of asset to be formed as a part of portfolio of Brookfield India REIT in accordance with the SEBI (REIT) Regulations, 2014.
<b>Location / Situation:</b>	<p>Pavilion Mall (hereinafter referred to as “Subject Property”) is an operational retail mall, located in Civil Lines, Ludhiana, Punjab (herein after referred to as “Subject Micro Market”),</p> <p>Civil Lines is an established cluster of Ludhiana. The Subject Micro Market is a prime location renowned for its array of dining and shopping options. The Subject Micro Market holds historical significance as it was initially established during the British colonial era. It was designated as the area where civil servants and government officials resided, hence named as "Civil Lines."</p> <p>The Subject Property is constructed on a corner triangular plot and is accessible towards north from Hambran road (24m wide) (which is one of the main arterial roads of Ludhiana) and towards east from Kailash Cinema Road (24m wide). This strategic location provides seamless connectivity between the Subject Property and the rest of the city.</p> <p>The Subject Property is primarily surrounded with commercial and residential developments. Other developments located in vicinity of Subject Property are Guru Nanak Stadium &amp; Dayanand Medical College.</p>
	 <p>External view of the Subject Property</p>  <p>Internal view of the Subject Property</p>  <p>Food Court</p>  <p>Multiplex</p>



<p><b>Description:</b></p>	<p>Pavilion Mall is a single standalone building constituting 9 floors and 3 basements (being primarily used for parking). The Subject Property got operational in year 2014.</p> <p>The leasable area of the Subject Property is 389,588 sq. ft. and its committed occupancy is 87.16%*. The Subject Property is a prominent shopping and entertainment destination offering a mix of national, international, and local brands at one place.</p> <p>The Subject Property is a prominent shopping and entertainment destination located in established cluster Civil Lines in Ludhiana. It has Ludhiana's first 7-screen multiplex PVR, Ludhiana's largest kids play area, a 450-seater food court, a night club, and a gym. It also has a 27-room hotel running on the 6<sup>th</sup> floor. Pavilion is the first mall in India to be conferred with Gold LEED pre-certification.</p> <p>The following table illustrates the floor-wise zoning of the Subject Property:</p> <table border="1" data-bbox="392 743 1161 1240"> <thead> <tr> <th>Floor</th> <th>Usage</th> </tr> </thead> <tbody> <tr> <td><b>Basement 1,2 and 3</b></td> <td>Utility areas and Stacked Parking</td> </tr> <tr> <td><b>Lower Ground/Atrium Floor</b></td> <td>Women's Fashion</td> </tr> <tr> <td><b>Upper Ground/Ground Floor</b></td> <td>Premium and Luxury Brands</td> </tr> <tr> <td><b>First Floor</b></td> <td>Men's Fashion</td> </tr> <tr> <td><b>Second Floor</b></td> <td>Kids and Lifestyle</td> </tr> <tr> <td><b>Third Floor</b></td> <td>PVR and Food court</td> </tr> <tr> <td><b>Fourth Floor</b></td> <td>Entertainment and F&amp;B</td> </tr> <tr> <td><b>Fifth Floor</b></td> <td>Entertainment (Smaash)</td> </tr> <tr> <td><b>Sixth Floor</b></td> <td>Hotel (The Stories)</td> </tr> <tr> <td><b>Seventh Floor</b></td> <td>Fitness Centre (SS Royale Gym)</td> </tr> <tr> <td><b>Eight Floor</b></td> <td>Vacant</td> </tr> <tr> <td><b>Ninth Floor</b></td> <td>Night Club (Tokyo Eye)</td> </tr> </tbody> </table> <p>The mall offers a dedicated lift for floors above the fifth level to efficiently cater to visitors accessing the hotel, nightclub, and gym. Additionally, another set of lifts provides access to other areas within the mall.</p>	Floor	Usage	<b>Basement 1,2 and 3</b>	Utility areas and Stacked Parking	<b>Lower Ground/Atrium Floor</b>	Women's Fashion	<b>Upper Ground/Ground Floor</b>	Premium and Luxury Brands	<b>First Floor</b>	Men's Fashion	<b>Second Floor</b>	Kids and Lifestyle	<b>Third Floor</b>	PVR and Food court	<b>Fourth Floor</b>	Entertainment and F&B	<b>Fifth Floor</b>	Entertainment (Smaash)	<b>Sixth Floor</b>	Hotel (The Stories)	<b>Seventh Floor</b>	Fitness Centre (SS Royale Gym)	<b>Eight Floor</b>	Vacant	<b>Ninth Floor</b>	Night Club (Tokyo Eye)	
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<p><b>Total Area:</b></p>	<p>Total Land Area: ~2.5 Acres Total Leasable Area: 389,588 sq. ft.</p>																											

Source: Architect's Certificate (Dated: 8<sup>th</sup> May 2024), \*Rent Roll as at 31<sup>st</sup> March 2024, Lease Deeds / Leave and Licence Agreements and Client information.

\*Committed occupancy



**MARKET VALUE OF THE SUBJECT PROPERTY BASED ON**

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which she has no knowledge, the opinion of value of the aforementioned Subject Property comprising land and improvements thereon and the right to provide facility management services to the entire Subject Property, as on 31st March 2024, is as follows:

<b>Component</b>	<b>Market Value as on</b>	<b>In Figures</b>	<b>In Words</b>
Completed Building	31 <sup>st</sup> March 2024	INR 2,530 Million	Indian Rupees Two Billion Five Hundred and Thirty Million Only

This summary is strictly confidential to the addressee. It must not be copied, distributed, or considered in isolation from the full report.



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**From: L. Anuradha, MRICS**  
IBBI Registered Valuer (L&B)  
(IBBI/RV/02/2022/14979)

**To: Brookfield India Real Estate Trust**

**Subject Property: Pavilion Mall, Civil Lines, Ludhiana, Punjab**

**Report Date: 10<sup>th</sup> May 2024**

**Valuation Date: 31<sup>st</sup> March 2024**

## **A REPORT**

### **1 Instructions**

**Brookfield India Real Estate Trust (hereinafter referred to as the “Instructing Party” or the “Client”)**, has appointed Ms. L. Anuradha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred to as the “Valuer”), in order to undertake the valuation of retail mall located in Ludhiana (hereinafter referred to as “Subject Property” and/or “Pavilion Mall”) for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The Subject Property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

### **2 Professional Competency of The Valuer**

Ms. L. Anuradha Vijay is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset classes of Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since September 2022. She completed her Bachelor’s in Architecture in 2002 and Master’s in Planning from School of Planning & Architecture in 2004.

L. Anuradha has more than 16 years of experience in the domain of urban infrastructure, valuation, and real estate advisory. She was working as an Associate Director for Cushman and Wakefield (hereinafter referred to as “C&WI”) from 2013-2022 and was leading the team for Tamil Nadu, Kerala, and Sri Lanka. Prior to joining C&WI, she has been involved in various strategy level initiatives in Institutional development and Infrastructure for donor agencies and various Government and Private clients. L. Anuradha worked with SIVA group in the M&A practice where she was involved with the financial appraisal and valuation of real estate projects. Prior to this she has worked with PriceWaterhouseCoopers in the Government, Real estate, and Infrastructure Development Practice where she was involved in carrying out financial appraisal and strategies for some of the



State Governments in India. Her foundation in real estate valuation was at Jones Lang LaSalle where she worked for 3 years on multiple valuations and entry strategies for Indian NBFCs and funds.

Her last employment was at C&WI. As an Associate Director of the Valuation and Advisory team at C&WI, Ms. L. Anuradha provided support on identified business/ new opportunities, evaluated proposals for new property investments and/ or dispositions while providing analytical support for Investment recommendations. L. Anuradha was also key personnel in carrying out the Market study for the Mindspace REIT Micro Markets in India. She has undertaken valuations exercises for multiple private equity/ real estate funds, financial institutions, developers, and corporates across asset classes of commercial, retail, residential and hospitality. Her clientele included HDFC, Xander, DLF, RMZ, Embassy Group, CapitaLand, Tata Capital, Tata Realty, TVS group etc.

### **3 Independence and Conflicts of Interest**

The Valuer confirms that there are no conflicts of interest so far as discharging her duties as a valuer for the Subject Property/ business is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Property in past five years from the date of this report.

The Valuer or any of her employees involved in valuing the assets of the REIT have not invested nor shall invest in securities of any of the Subject Property being valued till the time she is designated as Valuer and not less than six months after ceasing to be a Valuer of the REIT.

### **4 Purpose of Valuation**

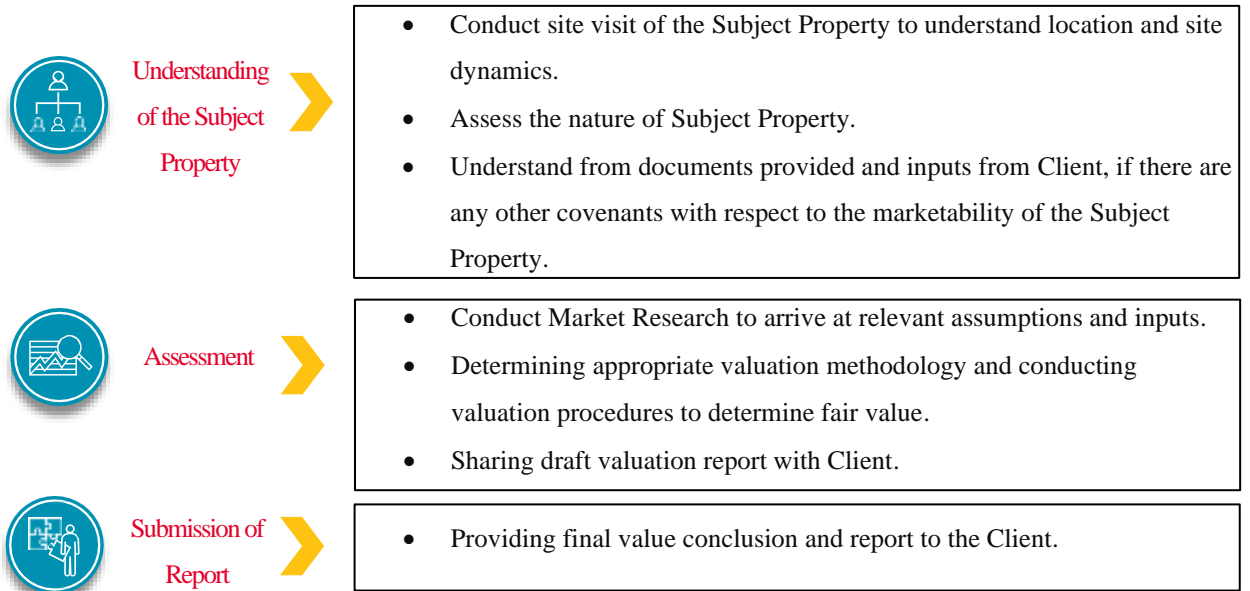
The Report is being prepared to be relied upon by the Reliant Parties and inclusion, as a whole or any extracts thereof, in any documents prepared in relation to proposed property(ies) acquisition by "REIT" (and such offering the "Acquisition") including the transaction document required under regulations issued by the Securities and Exchange Board of India ("SEBI") or any other relevant regulator within or outside India, and in any other documents to be issued or filed in relation to the Acquisition, including any preliminary or final international offering documents for distribution to investors outside India, and any publicity material, research reports, presentations or press releases, in connection with the Acquisition (collectively, the "Documents").

### **5 Basis of Valuation**

It is understood that the valuation is required by the Client of the Subject Property which is proposed to be acquired ("Proposed Acquisition") by Brookfield India REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

“Market Value” is defined as ‘*The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.*’

## 6 Valuation Approach & Methodology



The basis of valuation for the Subject Property being Market Value, the same has been derived by the following approach:

### Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the Subject Property to prospective tenants, typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/ above market leases on the valuation of the Subject Property.

*For the purpose of valuation of the Subject Property, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.*

## 7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the Subject Property is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.





## **8 Inspection**

The Subject Property was inspected on 23<sup>rd</sup> April 2024 by the Valuer. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which have been assumed to be correct. Based on the discussions with the Client it has been assumed that no material change in the condition of the Subject Property has taken place.

## **9 General Comment**

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Subject Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any purpose other than for which this valuation exercise has been undertaken for.

## **10 Confidentiality**

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with disclosure of valuation of assets, forming part of the portfolio of Brookfield India REIT under the applicable law.

## **11 Authority**

The Client acknowledges and agrees that the Valuer's services hereunder (including, without limitation, the Deliverables itself and the contents thereof) are being provided solely to the Client in relation for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 [SEBI (REIT) Regulations], as amended, together with circulars, clarifications, guidelines and notifications thereunder by SEBI and also disclosure as per fair value accounting under Indian Accounting Standards (Ind AS 40) and disclosure in the Documents and in the valuation report, as may be required.

The Valuer consents to the usage of her name as an expert, in relation to the Report, in the Documents. If the Client desires to use the Deliverables or the Valuer's name in any other offering other than the Documents as contemplated under the LOE, then the Client shall obtain the Valuer's prior written approval for such usage. The Client shall indemnify the Valuer for any losses suffered by him due to such usage other than for the purpose as contemplated under the LOE. Additionally, the Client herewith consents to provide or cause to be provided, an indemnification agreement in her favor, reasonably satisfactory to him for any use of the Report other than for the purpose permitted under the LOE. It is however clarified that the indemnity shall not cover



any losses resulting from the use of the Report for the purpose stated above including disclosure in the Documents and in the valuation report.

## 12 Reliant Parties

The reliance on the valuation reports prepared as part of this engagement is extended to **Brookprop Management Services Private Limited ("Brookprop" or "The Manager")**, the **Brookfield India Real Estate Trust ("Brookfield REIT")** and their unit holders and Axis Trustee Services Limited, the trustee to the **Brookfield REIT ("Trustee")** for the purpose as highlighted in this report (valuation). The auditors, debenture trustees, stock exchanges, unit holders of the REIT, **Securities and Exchange Board of India (SEBI)**, and credit rating agencies, would be extended reliance by the Valuer but would not be liable to such parties, except in case of gross negligence and wilful misconduct by the Valuer.

## 13 Limitation of Liability

The Valuer shall endeavor to provide services to the best of its ability and professional standards and in bonafide good faith. Subject to the terms and conditions in the LOE, the Valuer's total aggregate liability to the Client arising in connection with the performance or contemplated performance of the services herein, regardless of cause and/or theory of recovery, shall not exceed the fee paid to the Valuer for the engagement.

The Valuer acknowledges that it shall consent to be named as an 'expert' in the Offer Documents and that its liability to any person, in its capacity as an expert and for the Report, shall be without any limitation and in accordance with law. In the event that the Manager, the sponsors, the trustee, the REIT or other intermediaries appointed in connection with disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and she shall not object to her inclusion as a necessary party/ respondent. In all such cases, the Client agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by her while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against her in this regard.

## 14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.



## **15 Anti-Bribery & Anti-Corruption**

Both Parties represents, warrants, and undertakes that:

They are familiar with applicable Anti-Corruption Laws under the LOE including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, the Valuer shall have a discretionary right to terminate the LOE without any liability or obligation on her part.

Such termination of the LOE shall not in any way prejudice the rights and obligations (including payment for the services delivered under the LOE) already accrued to the Valuer, prior to such termination.



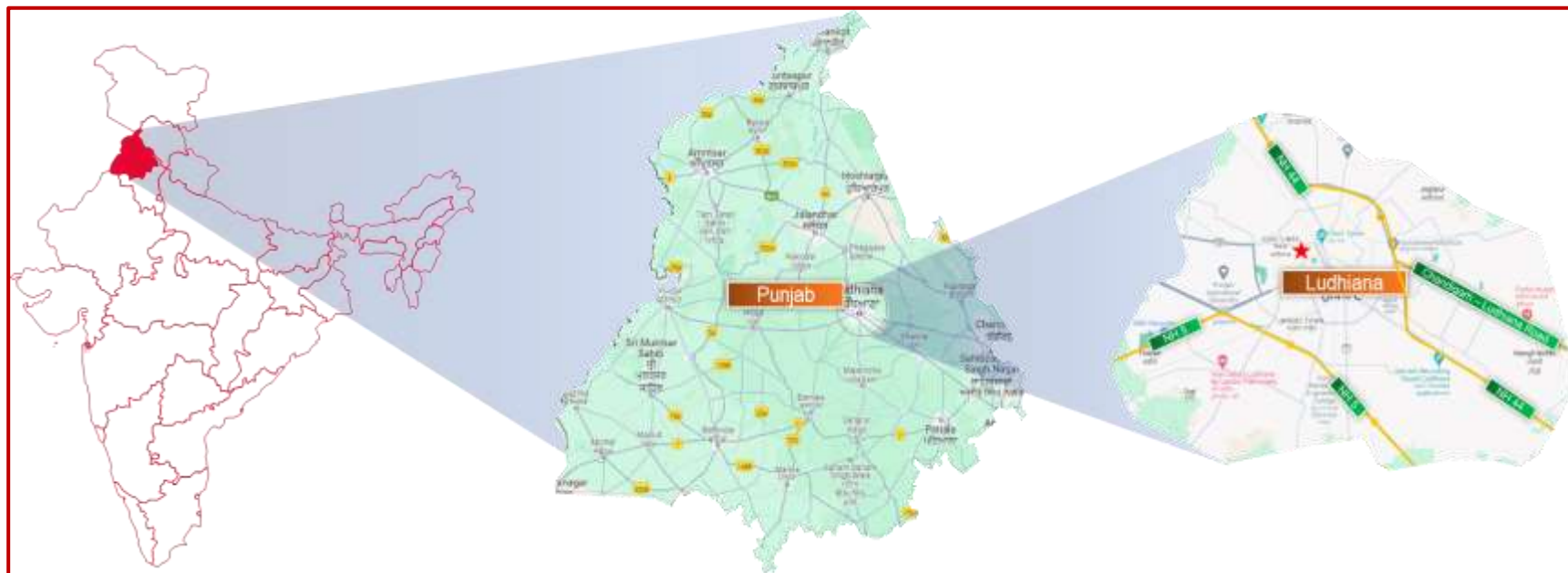
## **B LUDHIANA OVERVIEW**



For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman and Wakefield India Private Limited (C&WI), who has been appointed by the Client as an independent consultant to carry out Industry and Market Report.

## 1 Ludhiana Overview

Ludhiana, the first metropolitan centre of the state of Punjab, is located 100 kms from Chandigarh, the capital of Punjab and Haryana, 310 kms from New Delhi and 150 kms from Amritsar. It has emerged as one of the important business centres of Punjab. Ludhiana, the economic capital of the state of Punjab, is a major centre for trade and commerce in North India.

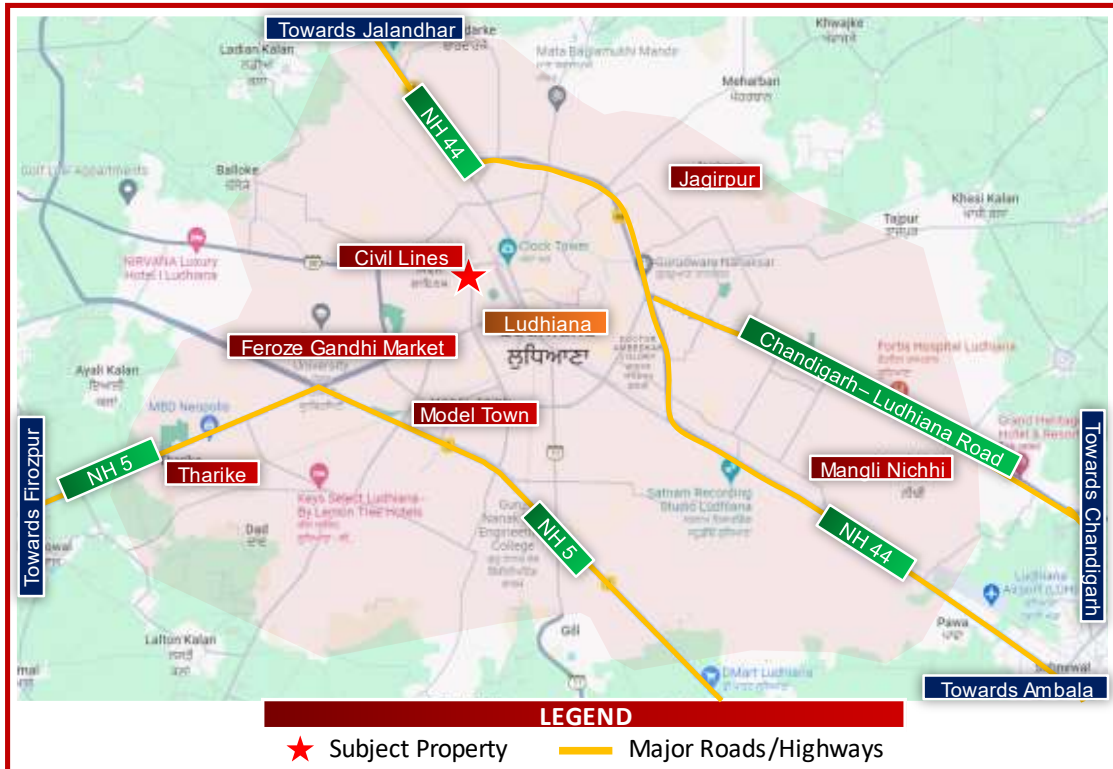


Source: Cushman and Wakefield Research

(Map not to scale)

It is renowned for its thriving textile industry, especially hosiery manufacturing. The city also boasts a significant presence in industries such as bicycle manufacturing, auto parts, agriculture, and machine tools.

The geographical boundary of Ludhiana is given in the map below:



Source: Cushman and Wakefield Research  
(Map not to scale)

It is the largest city in Punjab in terms of both area and population. It had a population of 3.49 million in as per census 2011, spreading over an area of approximately 3,767 sq. km. The following table briefly presents the population estimates and demographic profile of Ludhiana.

Particulars	Details
<b>Population</b>	3.49 Million
<b>Average Literacy Rate</b>	82.2%
<b>Sex Ratio</b>	873 females for every 1000 males
<b>Population Density</b>	978 / sq. km.
<b>Area (sq. km.)</b>	3,767

(Source: <https://ludhiana.nic.in>)

Ludhiana is also known for some of its educational and research institutions. The major institutions located in Ludhiana are Punjab Agricultural University, College of Agriculture, College of Agricultural Engineering and Technology, College of Home Science and College of Basic Sciences & Humanities. Some of the other popular educational institutions in Ludhiana are Dayanand Medical College, Christian Medical College, and Baba Jaswant Singh Dental College. Ludhiana also has a sound primary, secondary, and senior secondary education system with notable government and private schools imparting quality education.



## 1.1 Evolution of Ludhiana

Ludhiana, located in the Indian state of Punjab, has undergone significant evolution over the years, transforming from a small town to a major industrial and commercial hub. Here's a brief overview of its evolution:



Ludhiana, a major industrial city in the Indian state of Punjab, has undergone significant evolution over the years. The history of Ludhiana dates to the time of the Lodhi Dynasty, from which the city derives its name. But it wasn't until the British Raj that Ludhiana began to develop as a town, with significant improvements in infrastructure. Following is a brief overview of the various periods of evolution of Ludhiana:

### Early History

Ludhiana has a rich history dating back to the Lodhi dynasty, from which it gets its name. The name was originally "Lodhi-ana", meaning "Lodhi town", which has since shifted from "Lodiana" to the present form of Ludhiana. It was a prominent centre of trade and commerce during the Mughal era due to its strategic location on the Grand Trunk Road.

### Colonial Period

The arrival of the British in India brought significant changes to Ludhiana. The British recognized its potential as a commercial and administrative hub and invested in infrastructure development, including the construction of roads, railways, and canals. The city became an important hub for British colonial administration and trade, especially in textiles. This facilitated trade and commerce, laying the groundwork for Ludhiana's future growth as an industrial city.

### Industrialisation

Beginning in the late 19th century, Ludhiana's strategic location, access to raw materials, and skilled labour pool laid the foundation for its growth. The textile industry played a pivotal role in Ludhiana's industrialization. With the advent of British rule and the establishment of modern textile mills, Ludhiana became a major producer of cotton textiles. The city's cotton mills flourished, benefiting from the availability of raw cotton from Punjab's fertile lands and the demand for textiles both locally and in other parts of India. The post-independence period saw diversification in industries, including bicycle manufacturing, auto parts, hosiery, and agricultural implements.

### Diversification

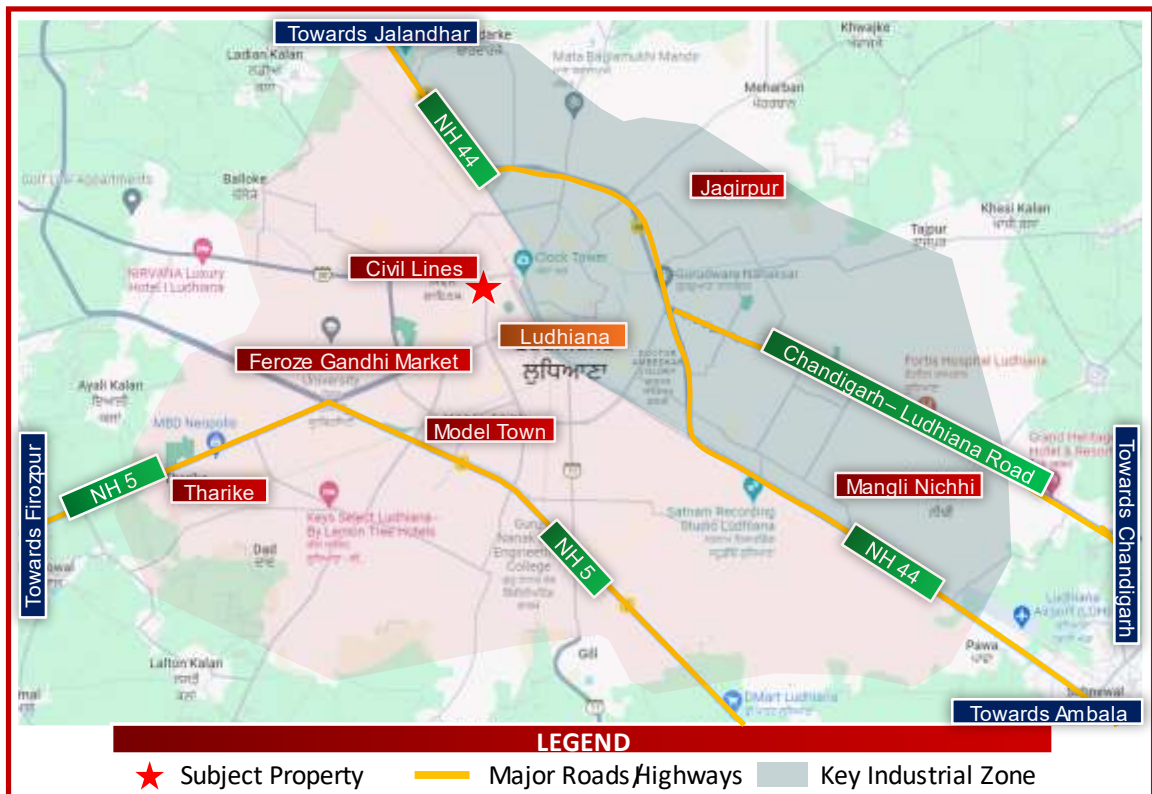
While textiles remained a dominant industry, Ludhiana diversified its industrial base over time. One significant area of diversification was the emergence of bicycle manufacturing with numerous factories producing bicycles and bicycle parts for both domestic and international markets. Additionally, Ludhiana is known for its thriving hosiery industry, manufacturing a wide range of knitwear and garments. The city has also seen growth in industries such as auto parts manufacturing, agricultural machinery, and light engineering. This diversification has not only expanded Ludhiana's economic base but has also created employment opportunities and contributed to the city's overall development.

### Urbanisation

Ludhiana experienced rapid urbanization as rural migrants flocked to the city in search of livelihoods. This led to the expansion of residential areas, commercial zones, and industrial estates.

## 1.2 Economy Overview – Industries of Ludhiana

Ludhiana is commonly known as the "Manchester of India", the "hub of the Indian Hosiery Industry" and also as Industrial Capital of small-scale Industry in the country. The city is famous for its hosiery goods, woollen garments, and leather items. Machine tools, dyes, cycle parts, mopeds, sewing machines and motor parts are also included in the list of the items exported from Ludhiana. Following is a brief overview of the major industries in Ludhiana:



Source: Cushman and Wakefield Research

(Map not to scale)



**Textile and garment industry** - Ludhiana has a thriving textile and garment industry. The city is renowned for its robust manufacturing units that produce a vast array of textiles and garments. From traditional Punjabi attire to high-end fashion, Ludhiana's textile industry caters to both domestic and international markets.

**Key Points – i) Specialized Clusters:** Ludhiana houses specialized clusters of textile units, fostering collaboration and efficiency in production.

**ii) Global Export Hub:** The city's textile industry has positioned itself as a global export hub, contributing significantly to India's textile exports.

**Automobile Manufacturing** - Ludhiana has emerged as a prominent player in the automobile manufacturing sector, making noteworthy contributions to India's automotive landscape. The city is home to a myriad of automobile units, ranging from ancillary parts to complete vehicle manufacturing.

**Key Points – i) Diverse Product Range:** Ludhiana's automobile industry spans the production of diverse components, including auto parts, two-wheelers, and commercial vehicles.

**ii) Technological Advancements:** The city's manufacturers continually invest in cutting-edge technologies, ensuring they stay at the forefront of the rapidly evolving automotive industry.

**Machinery and Equipment Production** – Ludhiana has a robust machinery and equipment production sector. The city hosts an extensive network of manufacturing units producing a wide range of machinery for various industries.

**Key Points – i) Precision Engineering:** Ludhiana's machinery industry is synonymous with precision engineering, catering to the needs of diverse sectors such as agriculture, construction, and more.

**ii) Innovation Hub:** The city fosters innovation in machinery production, with research and development playing a pivotal role in shaping the industry's future.

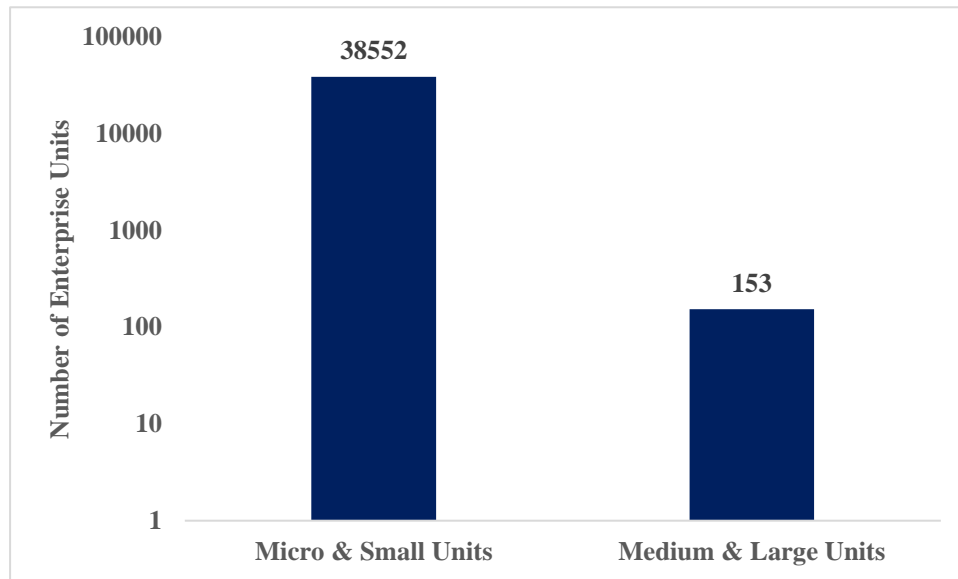
**Agriculture Implements and Tools** – Ludhiana's significance extends to the agricultural sector, with a notable focus on the production of high-quality implements and tools. The city's manufacturers supply a plethora of agricultural equipment to meet the evolving needs of farmers

**Key Points – i) Customized Solutions:** Ludhiana's manufacturers offer customized agricultural implements, that address the specific requirements of farmers across the country.

**ii) Sustainable Practices:** The industry is increasingly adopting sustainable practices, aligning with Ludhiana's commitment to environmental responsibility.



Small businesses in Ludhiana are major contributors to employment generation, providing livelihoods to a significant portion of the local population. These businesses offer job opportunities to a diverse range of individuals, including skilled and unskilled workers, thereby reducing unemployment rates and poverty levels in the city. Following is the breakup of registered enterprises basis their size:



The World Bank ranked Ludhiana as the city in India with the best business environment in 2009 and 2013. The riches are brought mostly by small-scale industrial units. Ludhiana is Asia's largest hub for bicycle manufacturing and produces more than 50% of India's bicycle production each year. Ludhiana produces 60% of India's tractor parts and a large portion of auto and two-wheeler parts. Many parts used in German cars such as Mercedes and BMW are exclusively produced in Ludhiana to satisfy the world requirement. It is one of the largest manufacturers of domestic sewing machines. Hand tools and industrial equipment are other specialties. Ludhiana contribute most to Punjab than any other city.

The apparel industry of Ludhiana, popularly known as Ludhiana hosiery industry provides employment to numerous people and produces India's largest share of winter clothing. It is especially known for its woollen sweaters and cotton T-shirts with the majority of India's woollen clothing brands being based here. Ludhiana is also famous for its industry of shawls and stoles and satisfies the demand of major domestic and international brands. As a result of its dominance in the textile industry it is often dubbed as the Manchester of India. Ludhiana is now sourcing production to major corporate brands all over India. Cloths manufactured here sell in big brand showrooms.

### 1.3 Ludhiana – Infrastructure overview

Ludhiana city is well connected through rail and road network with major cities like Chandigarh, Jalandhar, Amritsar, and other cities of the Punjab. NH 44 - Grand Trunk Road passes through the city and connects it to the country’s capital New Delhi and NH 95 connects the city to state’s capital Chandigarh. The road distance of Ludhiana from major cities are:

City	Distance (kms)
Jalandhar	60
Moga	67
Patiala	96
Chandigarh	102
Ambala	122
Ferozepur	122
Amritsar	139
Bathinda	140
Delhi	322

In terms of rail connectivity Ludhiana currently has one railway station named as “Ludhiana Junction” which provides direct connectivity to cities like Amritsar, Ambala, New Delhi, and other cities across India. Air connectivity it is primarily dependent upon Chandigarh Airport as Ludhiana International airport has been inaugurated recently and is handling very limited flights and passenger traffic.

The Map below indicates major infrastructure nodes of Ludhiana city:



Source: Cushman and Wakefield Research

(Map not to scale)

Further, few of the infrastructure initiatives, in past and in current date which have been undertaken to improve the connectivity are highlighted in the table below:

Particulars	Status	Details
Smart City	Under Progress	<p>Ludhiana was among 100 cities in the country and three in Punjab, which was selected under the SCM to be developed as a smart city in the first round of the selection by the MoHUA in 2015.</p> <p>Ludhiana is emerging as the best smart city in the state by ranking first in the state and 53rd among 100 cities being developed as smart in the country, the government has confirmed. The rankings were decided on the basis of various parameters, mainly depending on the progress of the works under the SCM, by taking into consideration details of projects completed, in progress, under tendering and still under planning, besides analysing the expenditure aspect as well.</p>
Budha Nallah – Canal Road widening	Under Construction	<p>Budha Nallah – Canal Road has remained a busy route where heavy traffic passes through the bridges over Budha Nallah and Canal, which are presently unstructured. Presently, the project is under-construction. Its foundation stone was laid near Haibowal bridge in January 2024</p>
Widening of National Highways	Under Construction	<p>The widening of NH 44 into a 6-lane highway is under process on both sides. Ferozpur Road is also expected to become a 6-lane highway by 2025, for which the work is underway.</p>
Delhi-Amritsar-Katra Expressway	Under Construction	<p>This 669 km greenfield expressway Delhi-Amritsar-Katra is being built at a cost of Rs 40,000 crore. The expressway will connect Ludhiana through Ferozpur road. This will benefit significantly in reducing travel time between Ludhiana and key business districts.</p>
Ludhiana International Airport	Completed	<p>Flights from the Ludhiana Sahnewal Airport commenced on 6th September 2023 as the chief minister flagged of the first flight to Hindon Airport in Delhi. This Airport is proposed to have direct flights to Delhi, Bengaluru, Kolkata, and Goa. Currently, very few flights are being operated from this airport.</p>
Redevelopment of Ludhiana Railway Station	Under Progress	<p>Ludhiana Railway station went into redevelopment last year. The entire railway station is to be revamped in a phased manner. The project, which was awarded at engineering, procurement, and construction (EPC) mode, has been targeted to be completed by August 2, 2025.</p>

Particulars	Status	Details
Ludhiana Metro	Proposed – Feasibility checks in progress	<p>The metro in Ludhiana will be of total 29 kms, out of which 22 kms will be elevated and 7 kms will be underground. The two proposed corridors are:</p> <p>Corridor I: Ayali Chowk – BBMB Powerhouse, the line will run from East to West following a distance of 16 kms and will have 14 stations – 10 elevated and 4 underground.</p> <p>Corridor II: Gill Village – Rahon Road Chungi, the line will run from North to South covering a distance of 13 kms and will have 13 stations – 6 elevated and 7 underground.</p>

#### 1.4 Ludhiana – Migration and Tourism

While Ludhiana is primarily known as an industrial and commercial hub, it also offers several attractions and experiences for tourists. Migration is a significant aspect of Ludhiana's demographic and socio-economic landscape, contributing to the city's growth and diversity.

- **Migration –**

- **Industrial Magnet:** Ludhiana's status as an industrial hub has attracted migrants from various parts of Punjab, as well as neighbouring states such as Uttar Pradesh, Bihar, and Rajasthan. The city's thriving manufacturing sector, particularly in textiles, bicycles, and auto parts, offers employment opportunities for both skilled and unskilled laborers.
- **Rural to Urban Migration:** Ludhiana has witnessed significant rural-to-urban migration, with people moving from rural areas to the city in search of better livelihoods and economic opportunities. This migration pattern is driven by factors such as mechanization of agriculture, land fragmentation, and aspirations for urban lifestyles.
- **Seasonal Migration:** Ludhiana also experiences seasonal migration, particularly in the agricultural sector. During peak farming seasons, migrant workers from other parts of Punjab and neighbouring states come to Ludhiana's rural areas to work in fields and farms, contributing to agricultural activities.
- **Informal Sector Employment:** Many migrants in Ludhiana are employed in the informal sector, including small-scale industries, construction, transportation, and services. These jobs often provide daily wages or piece-rate earnings, attracting migrants seeking temporary or informal employment opportunities.
- **Academic Migration:** Ludhiana is home to several colleges and universities offering undergraduate and postgraduate programs in various disciplines. Punjab Agricultural University (PAU) is a prominent institution known for its agricultural research and



education. Additionally, Guru Nanak Dev Engineering College, Punjab College of Technical Education, and Guru Nanak Khalsa College are among the top colleges in Ludhiana.

- **Tourism** - In the post-independence era, Ludhiana emerged as the industrial capital of Punjab, which overshadowed its potential as a tourist location. However, over the past few years, there has been a shift, with the state government and local bodies emphasizing the development of tourism. Efforts have been made to promote the city's unique festivals, cuisine, and rural sports, such as Kila Raipur Sports Festival, widely known as the Rural Olympics.

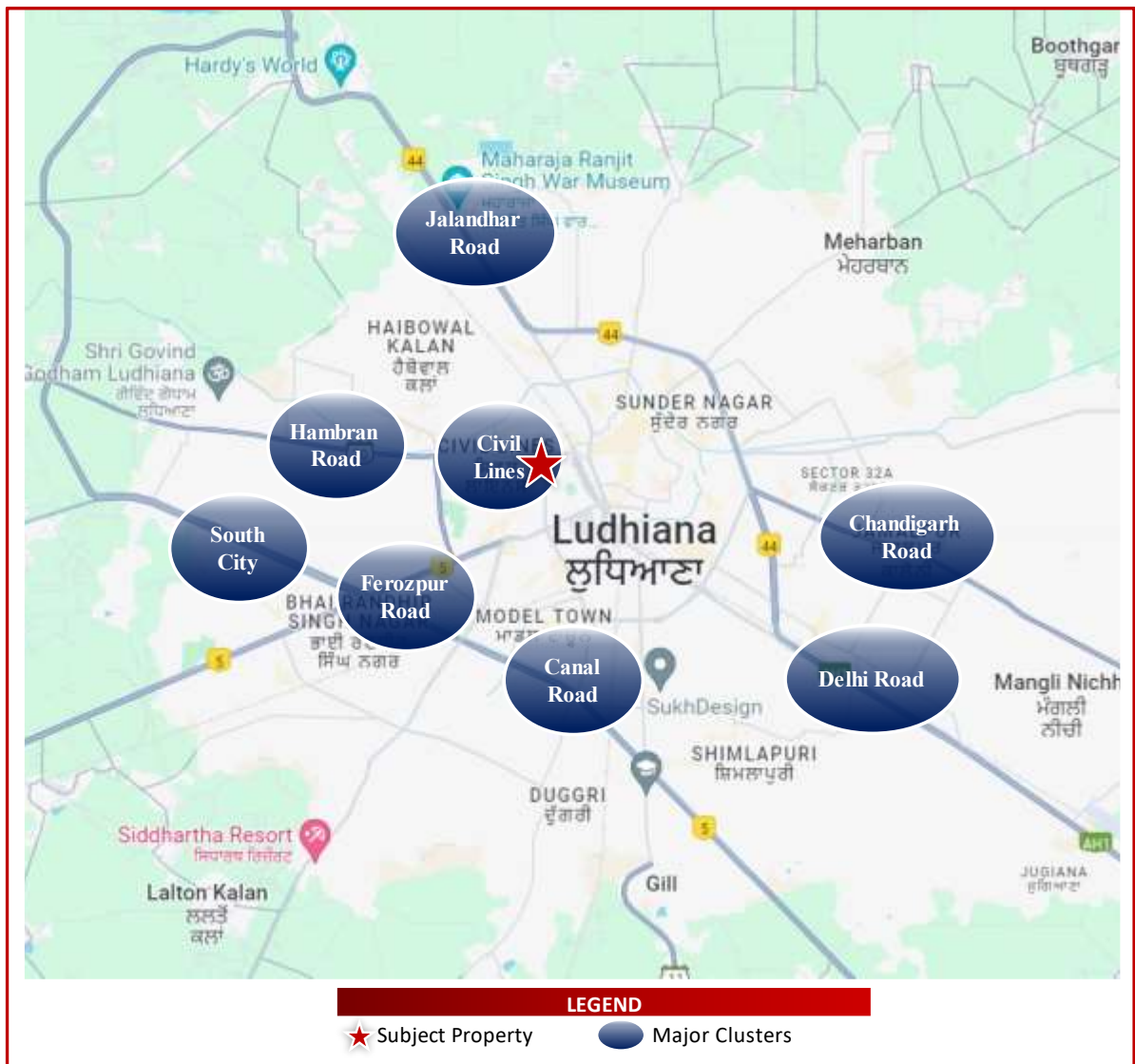
Religious sites, like Gurudwara Charan Kamal and Alamgir Sahib Gurudwara, have been important to the tourism of Ludhiana. Significant investments have been made in these sites, which attract thousands of pilgrims every year. Furthermore, the city's cultural dynamics, exemplified by its Punjabi folk music and dance, have been instrumental in drawing cultural enthusiasts.

The latest trend in Ludhiana's tourism is the amalgamation of cultural experiences with modern leisure activities. The city has seen a rise in boutique hotels, malls, and eateries that provide a contemporary twist to the traditional Punjabi experience. Additionally, there is a growing trend of agro tourism where visitors indulge in the rural way of life, enjoying farm stays and organic farming experiences.

Looking forward, Ludhiana is set to grow as a multi-faceted destination. The government's 'Punjab Tourism for Economic Growth' project aims to highlight the state's heritage and history, which includes Ludhiana's contributions. With an increase in the number of events like literary festivals, food expos, and cultural showcases, the city is poised to offer a well-rounded experience to tourists.

### 1.5 Ludhiana – Real Estate Overview

Ludhiana, being a large city in Punjab, India, has numerous residential areas catering to various demographics and preferences. The map below illustrates Ludhiana's primary residential clusters along with its categorization based on demographic attributes and select prominent retail malls. The Subject Property is centrally located and is accessible through all prime residential clusters of the city.



Source: Cushman and Wakefield Research

(Map not to scale)



The details of various clusters in Ludhiana are described in the given in the table below :

Cluster	Nature of the cluster	Primary activity	Developer Activity
<b>Civil Lines Road</b>	Established Residential	Comprises of Unorganized Plotted Housing Development and traditional markets	Presence of retail development by Bharti Realty - Pavilion, Omaxe Plaza, etc.
<b>Ferozepur Road</b>	Established Commercial	Proximity to prominent commercial and residential areas in the city with prominent malls and hotels located along this road. One of the most established areas in the city	Presence of national level developers such as, Vipul, Ansals, etc.
<b>Hambran Road</b>	Upcoming	Currently the area comprises of negligible organized commercial /retail activity with limited organized residential developments	Golf Links is the only organized residential project comprising of both plotted and high-rise apartments located in the immediate vicinity
<b>Canal Road</b>	Actively Upcoming	Small scale plotted developments, emerging private developer apartment activity such as Umbera Greens	Presence of local developers such as JLPL, Ashok Malhotra Group and Umbera
<b>South City</b>	Actively Upcoming	Organized & Unorganized mid – high end plotted housing colonies along with two Group Housing projects and upcoming SCO complexes	Presence of national and regional developers such as Hero Group, Janpath Group, AIPL (erstwhile IREO) etc.
<b>Jalandhar Road</b>	Upcoming	Proximity to existing commercial and residential areas in the city.	Eldeco & Aerens are few of the developers with a footprint in this vector
<b>Delhi Road</b>	Established	Industrial & logistics Comprises of industrial units of Eastman Forging, Hero Cycles, etc.	Presence of logistics and industries, negligible real estate activity in terms of residential, retail, etc.
<b>Chandigarh Road</b>	Upcoming	Comprises of Industrial Units, an upcoming Group Housing Project along with an upcoming retail mall	Presence of logistics and industries along with residential activity from regional developers such as Hampton, GK Group, etc.





### **Residential Overview**







The residential real estate market in Ludhiana offers a diverse range of housing options catering to different preferences and budgets. Ludhiana's residential real estate market includes a mix of housing types such as independent houses, builder floors, apartments, villas, and plotted developments. Ferozpur and Chandigarh Road are the most attractive localities for mixed land use projects and integrated townships. Sarabha Nagar, Civil Lines and Gurdev Nagar are the prime locations for high-end plotted developments which are attracting the interest of developers. Model Town Extension, Rajguru Nagar, Maya Nagar, and Green Park are the developing residential clusters.

### **Retail Overview**

Ludhiana primarily comprises of high-street retail markets which are prominent shopping streets of Ludhiana. These are smaller shopping complexes with one or two anchor tenant(s) occupying majority of the area along with other small jewellery/fashion/electronics stores. Most of the footfall in these high-street markets come from the anchor tenant(s). Other retail malls like the Subject Property in Ludhiana are MBD Neopolis, Silver Arch and Wave mall. As per the interaction with local market intermediaries and analysing the footfall, the Subject Property and MBD Neopolis are two of the most prominent retail malls in the Subject Micro Market. Silver Arc and Wave Mall, on the other hand, have lower footfall and higher vacancy. While the Subject Property is located in the Civil Lines area, most other malls of similar format are located on Ferozpur Road.



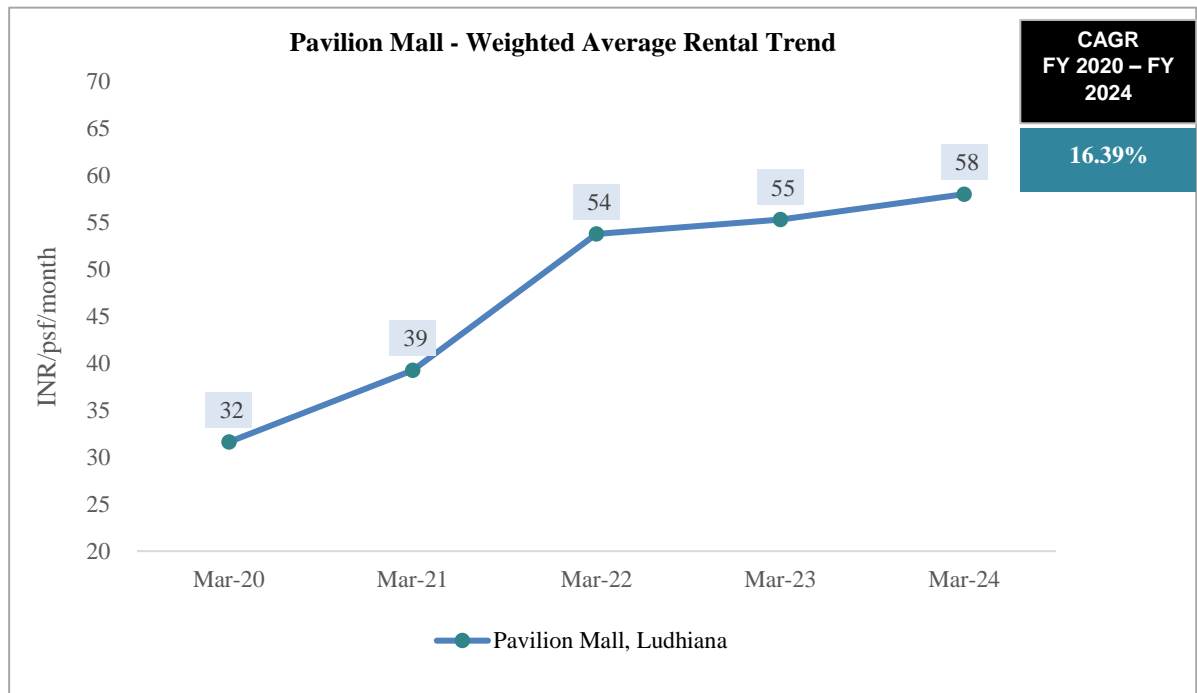
The detailed overview of the Subject Property comparative to Other Malls has been described below:

Particulars	Subject Property	MBD Neopolis	Wave Mall	Grand Walk Mall	Silver Arc Mall	Sunview Plaza
						
<b>Location</b>	Civil Lines	Ferozpur Road	Ferozpur Road	Ferozpur Road	Ferozpur Road	South City
<b>Vacancy</b>	~13%	~3% - 5%	~10 – 15%	0%-2%	~15% - 20%	0% - 5% (Phase 1)
<b>Rentals (Ground Floor) (INR per sq. ft. per month)</b>	~130	~150-160	~140-150	Mostly on RS basis ~180-200	Mostly on RS basis ~180-200	~150-160
<b>Area (Sq. ft.)</b>	3.90 Lakhs	~4.5 Lakhs	~3 Lakhs	~1.5 Lakhs	~2.5 Lakhs	~2 Lakhs
<b>Age of Mall</b>	~10 Years	~13 Years	~17 Years	~8 Years	~12 Years	~5 Years
<b>Key Tenants</b>	Shoppers Stop, PVR Cinemas, Smaaash	Smart Bazaar, Max, Lifestyle, Pantaloons	NYFC Gym, Mr. DIY, Mastizone	H&M, Kapsons, The Collective	The G.T Road Restaurant, PVR Inox, Mr. DIY	Tim Hortons, Nik Bakers, Starbucks



## 1.6 Rental Trend

The Subject Property has witnessed an increasing trend since FY 2020. The weighted average rental trend of the Subject Property is given in the chart below:



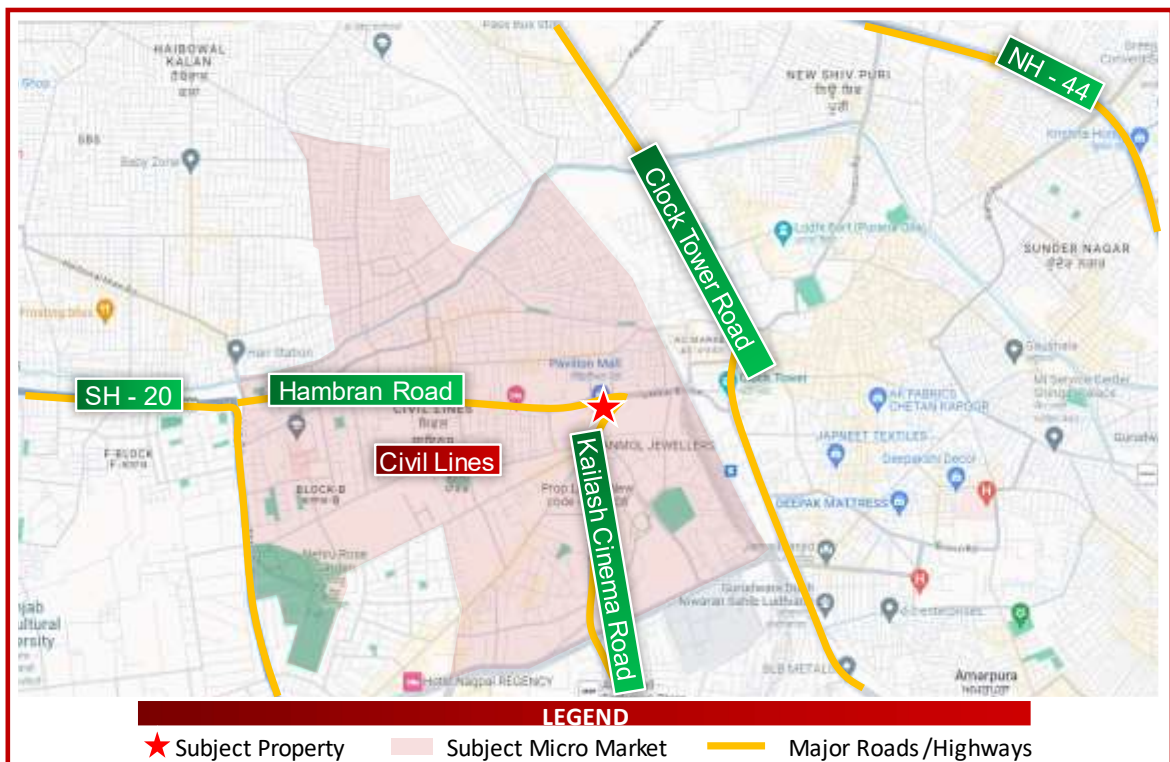
**Notes:**

1. Rentals for Pavilion Mall have been sourced from Brookprop Management Services Private Limited.
2. These rentals are as on Financial Year ending i.e., as of end of March. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.

## 2 Civil Lines – Subject Micro Market

### 2.1 Overview

The Subject Property is located in Civil lines, which is being referred to as Subject Micro Market. The Subject Property falls at the intersection point between Hambran road and Kailash Cinema Road. The retail landscape of the Subject Micro Market has been primarily developed into high-street format (typically in form of large showrooms providing a wide range of products). The residential developments primarily include plotted developments and villas. The Subject Micro Market is also well known for the affluent people residing in the nearby residential localities and contributing a significant portion to retail footfall. The current average pricing of the residential plots in this region are in the range of INR 1,50,000-2,00,000 per sq. yd. The Subject Micro Market also houses various government offices and educational institutions. All the above factors lead to generate a significant portion of footfall at the Subject Property.



Source: Cushman and Wakefield Research  
(Map not to scale)

## 2.2 Social and Physical Infrastructure



Source: Cushman and Wakefield Research  
(Map not to scale)



Social Infrastructure	Lifestyle Infrastructure	Hospitality Developments	Higher Education Institutions
1. Police DAV Public School (1.5 Km)	1. MBD Neopolis (7.6Km)	1. Hotel Gulmor (1.8 Km)	1. Dayanand Medical College (1.3 Km)
2. Kundan Vidya Mandir School (1.7Km)	2. Wave Mall (7.4 Km)	2. Hotel Friends Regency (2 Km)	2. Khalsa College for Women (1.4 Km)
3. Hero DMC Heart Institute (2.6 Km)	3. Grand Walk Mall (6.3 Km)	3. FabHotel Prime K9 Grand (0.5 Km)	3. Arya College (1.3 Km)
4. Sidh Peeth Dandi Swami Mandir (1 Km)	4. Silver Arc Mall (2.8 Km)		
5. ISKCON Temple, Ludhiana (0.5 Km)	5. Omaxe Plaza (2.1 Km)		

Civil Lines, where the Subject Property is located, runs along a road (Ludhiana road), which is the main road, connecting Ludhiana to other cities of Punjab through NH5 (Ferozpur Road). Hambran Road and the Mall road (Kailash Cinema Road) are also major roads running through the Subject Micro Market which provide connectivity to the Subject Property through other parts of the city.

Ludhiana Railway station is located at approximately 2 km from Subject Micro Market (assuming Subject Property being the point of measurement).



### **3 Market Outlook**

Pavilion mall comprising of freehold land of approximately 2.5 Acres is a prominent shopping and entertainment destination in established cluster Civil Lines in Ludhiana.

The Subject Micro Market is a well-established residential and retail vector. The Subject Micro Market has limited future supply and is a preferred micro market by occupiers. Further, other successful malls in Ludhiana like MBD Neopolis, Grand walk, and Wave Mall have witness range bound vacancy levels of 5-10%

According to the market assessment provided, the current market rentals of Non-Strata malls in the city for ground floor vanilla tenants are in the range of INR 120 – INR 140 per sq. ft./m and may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.

The significant industrial activity in Ludhiana constitutes numerous small and medium size industrial ventures. Consequently, there is a significant proportion of the population in Ludhiana who either own or are working at senior positions at these industrial units. This population forms the potential footfall for the Subject Property. Also considering the history of the Subject Micro Market where administrators, officers, and other officials reside, there is a substantial base of visitors with high income and high purchasing power residing around the Subject Property. This makes the Subject Micro Market an attractive location for retail developments where the Subject Property is the only Non-strata well maintained retail mall. Considering the well-maintained infrastructure, key location, the annual growth rate of 5% in market rents over medium to long term appears achievable for the Subject Property.



## **C      SUBJECT PROPERTY REPORT**



## 1 Address, Ownership and Title details of the Subject Property

Address:	Pavilion Mall, Civil Lines, Ludhiana, Punjab 141008
Ownership & title details:	Land Tenure: Freehold. The Subject Property is wholly owned by Rostrum Realty Projects Private Limited.

*Source: Client Information*

### 1.1 Encumbrances

Unless disclosed and recorded in the Subject Property Report – Part C, the Subject Property is considered to possess a good and marketable title and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Khaitan and Co (Hereinafter referred to as ‘Legal Counsels’). We have not checked and verified the title of the Subject Property.

### 1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsels and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

### 1.3 Material Litigation

Based on discussions with the Client and Title Reports shared, there are no material litigations relating to the Subject Property or any compounding charges.



## 2 Location

### 2.1 General

The Subject Property is located in Civil Lines, Ludhiana, Punjab (Hereinafter referred to as Subject Micro Market), an established commercial hub with popular place for dining and shopping. The Subject Property is located on a corner plot and is accessible via a 24-meter-wide road towards north namely Hambran road (it is one of the main arterial roads of Ludhiana) and a 24-meter-wide road towards east know as Kailash Cinema Road. This strategic location provides connectivity between the Subject Property and the key nodes in the city.

The Subject Property is primarily surrounded with commercial and residential developments. Other developments located in vicinity of Subject Property are Guru Nanak Stadium & Dayanand Medical College.

The location map of the Subject Property is as follows:



Source: Cushman and Wakefield Research  
(Map not to scale)

#### **Site Boundaries:**

The site boundaries for the Subject Property are as under:

- North: Main Hambran Road (Secondary Access Road)
- South: Others Property
- East: Kailash Cinema Road (Primary Access Road)
- West: Officer's Colony



## **2.2 Accessibility**

The Subject Property is well connected to major locations in the city via multiple modes of communication.

The distances from major landmarks are as follows:

- Approximately 02 km from Ludhiana Railway Station
- Approximately 03 km from Feroz Gandhi Market
- Approximately 15 km from Ludhiana Airport
- Approximately 88 km from Chandigarh
- Approximately 320 km from Delhi

## **2.3 Ground Conditions**

Based on visual inspection, there was no evidence of adverse ground conditions at the Subject Property or immediate vicinity.

## **2.4 Environmental Considerations**

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the Subject Property with respect to risks pertaining to earthquakes, high winds/ cyclone and flooding was studied. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

## **2.5 Town Planning and Statutory Considerations**

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the Subject Property, and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

### 3 Subject Property - Asset Description

Pavilion has a leasable area of 389,588 sq. ft. The Subject Property consists of 1 tower.

The floor wise break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Zoning	Key Tenants
<b>Tower 1</b>	<b>389,588</b>	<b>Completed</b>	<b>NA</b>
Basement 1, 2 and 3	-	Parking	NA
Lower Ground and Atrium Floor	58,886	Women's Fashion	Shopper Stop, Marks and Spencer, House of Koncept
Upper Ground Floor and Ground Floor	49,456	Premium Brands	Shopper Stop, Marks and Spencer, Only
Floor 1	54,538	Men's Fashion	Shopper Stop, Hamleys, Miniso
Floor 2	31,043	Kids and Lifestyle	Mother care, SPA nation, Pure Home + Living
Floor 3	65,205	PVR and Food Court	PVR, Bikanerwala
Floor 4	46,099	Entertainment	Timezone, The Beer Café
Floor 5	33,776	Entertainment	Smaaash
Floor 6	12,667	Hotel	The Stories – 27 Rooms
Floor 7	12,500	Gym	The Fitness Center
Floor 8	12,714	Vacant	-
Floor 9	12,705	Night Club	Tokyo Eye

*Source: Architect's Certificate (8<sup>th</sup> May 2024), Rent Roll as at 31<sup>st</sup> March 2024, Lease Deeds / Leave and Licence Agreements and Client Information*



### 3.1 Key Asset Information

#### Completed Buildings with Occupancy Certificates (OC) received.

Particulars	Details
<b>Entity:</b>	Rostrum Realty Private Limited
<b>Age of building based on the date of Occupancy Certificate:</b>	10 Years 1 month
<b>Asset Type:</b>	Commercial
<b>Sub-Market:</b>	Civil Lines, Ludhiana
<b>Approved and Existing Usage:</b>	Commercial
<b>Land Area (acres):</b>	~2.5
<b>Freehold/Leasehold:</b>	Freehold Land
<b>Leasable Area:</b>	389,588 sq. ft.
<b>Occupied Area:</b>	339,583 sq. ft.
<b>Occupancy (%):</b>	87.16%
<b>Current Effective Rent (excluding parking):</b>	INR 58.03 per sq. ft per month
<b>Number of Tenants:</b>	96

Source: Architect's Certificate (8<sup>th</sup> May 2024), Rent Roll as at 31<sup>st</sup> March 2024, Lease Deeds / Leave and Licence Agreements and Client information.

### 3.2 Subject Property Inspection

<b>Date of Inspection:</b>	The Subject Property comprising 1 operational building was physically inspected on 23 <sup>rd</sup> April 2024.
<b>Inspection Details:</b>	<p>The inspection comprised of visual inspection of:</p> <ol style="list-style-type: none"> <li>a. Operational building</li> <li>b. Visits to their key utility areas such as LT electric room, DG Room, Pump room, HVAC installations, power back up, STP, etc.</li> </ol>
<b>Key Observations:</b>	
<p>The Subject Property is a Retail Mall catering to various types of tenants offering amenities like parking spaces, concierge, medical assistance, and EV charging</p> <ul style="list-style-type: none"> <li>• <b>Completed/ Operational Building:</b> The operational building with OC received admeasures 389,588 sq. ft. of leasable area. The operational building comprises of 9 floors and 3 basements which are being used as parking space for visitors. Major tenants include Shopper Stop, PVR, Smaaash, Timezone, Marks and Spencer's and The Stories (Hotel).</li> </ul> <p><b><u>Other Amenities</u></b></p> <ul style="list-style-type: none"> <li>• The Subject property has Stacked Parking, Concierge, Medical Assistance, Ambulance, EV Charging Station, STP, and LED lights. The safety features and power back-up facilities are at par with the best in the industry.</li> </ul> <p><b><u>Awards &amp; Certifications</u></b></p> <ul style="list-style-type: none"> <li>• Pavilion is the first mall in India to be conferred with BEE 5 Star rating for energy efficiency.</li> </ul> <p><b><u>Parking</u></b></p> <ul style="list-style-type: none"> <li>• The large parking requirement is catered by multilevel basements and stacked parking slots contributing to 735 Four-wheeler parking spaces</li> </ul> <p><b><u>Other Observations</u></b></p> <ul style="list-style-type: none"> <li>• The Subject Property has one entry and exit point for four wheelers along with a separate entry and exit for 2 wheelers and pedestrians which are managed according to the traffic circulation plan.</li> <li>• The visual inspection of the building did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance.</li> <li>• The utility areas also appeared well maintained, visually.</li> <li>• No instances of any major logging or water accumulation were observed during the inspection.</li> </ul>	

Source: Architect's Certificate (Dated: 8<sup>th</sup> May 2024), \*Rent Roll as at 31<sup>st</sup> March 2024

**Note:**

- a. The Subject Property inspection did not comprise any structural survey, technical/ engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.



### 3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the building and related assets were visually inspected to assess the condition of the building and the apparent state of its maintenance/ upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by C&WI who were appointed by the Client to undertake market research and portfolio analysis of the Property proposed to be part of the REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title Report prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject Property.

Architect's Certificates (Dated: 8<sup>th</sup> May 2024) [CA1] mentioning site areas and Subject Property areas.

Relevant approval documents from competent authorities regarding occupancy, operations, and fire safety with respect to specific building in the Subject Property.

Lease agreements and commercial clauses thereof for major tenants on a sample basis.

Masterplan/ Development plan applicable in the jurisdiction of the Subject Property.

Management representation regarding the following:

Major repairs undertaken and proposed in the Subject Property (please refer Annexure 8)

Statement of Assets

Revenue pendency, if any

Options or rights of pre-emption and any other encumbrances concerning or affecting the Subject Property.



### 3.4 Tenant Profile

As of 31<sup>st</sup> March 2024, the Subject Property's top 10 tenants occupying space in the Subject Property, account for ~65% of leased area and ~51% of the gross rental income.

Rank	Top 10 Tenants according to Leased Area	Leased Area (sq. ft.)
1	Shopper Stop	52,238
2	PVR Cinemas	40,998
3	Smaash	33,776
4	Timezone	25,016
5	Marks and Spencer's	19,962
6	The Stories	12,667
7	Fitness Centre	12,500
8	Hamleys	9,083
9	Tokye Eye	8,418
10	Bikanerwala	5,625
<b>Total</b>		<b>220,283</b>

Source: Rent Roll as at 31<sup>st</sup> March 2024 and Client Information

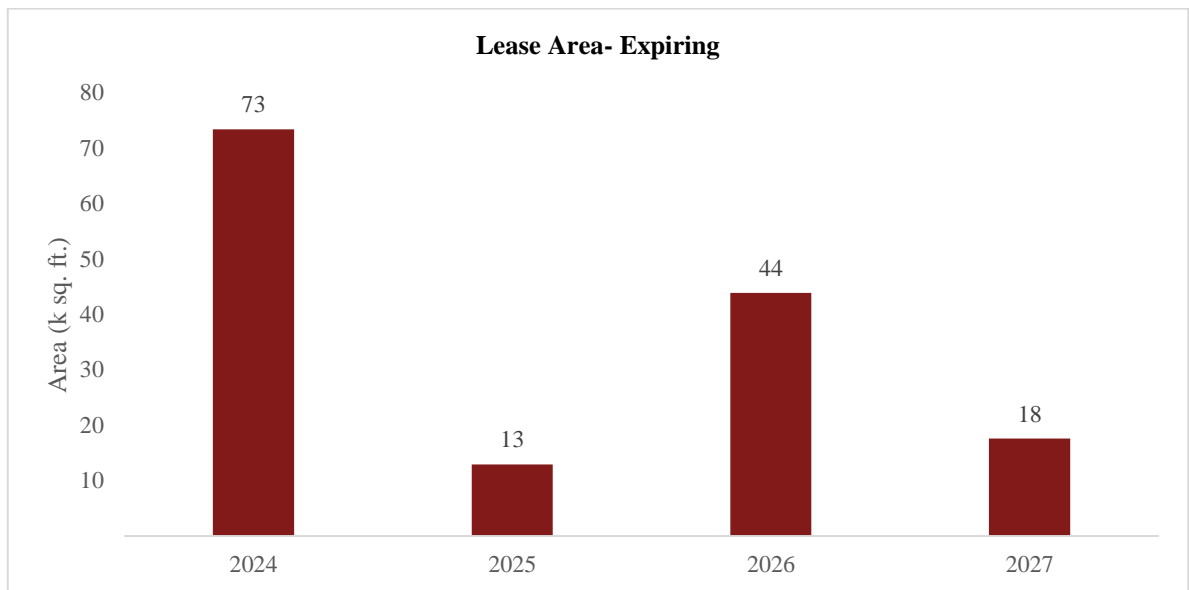
Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Shoppers Stop	14%
2	PVR Cinemas	13%
3	Marks and Spencer's	5%
4	Smaash	5%
5	Timezone	4%
6	Van Heusen	2%
7	The Stories	2%
8	Madame	2%
9	Only	2%
10	Vero Moda	2%
<b>Total</b>		<b>51%</b>

Source: Rent Roll as at 31<sup>st</sup> March 2024 and Client Information



### 3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the Subject Property is 4.0 years, with ~44% of occupied area expiring between 2024 and 2027 as shown in the chart below.



Source: Rent Roll as at 31<sup>st</sup> March 2024 and Client Information

Notes:

1. The chart is prepared on the basis of Calendar Year.
2. Here 2024 represents April 2024 to December 2024.





## 4 Valuation Approach & Methodology

### 4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or submarkets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the Subject Property under review.

As the first step to the valuation of the asset, the rent roll and lease deeds were reviewed to identify tenancy characteristics for the asset.

Property Documents and architect certificates as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.

Physical site inspections were undertaken to assess the current status of the Subject Property.

### 4.2 Micro-market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by Cushman and Wakefield (C&WI), who has been appointed by the Client as an independent consultant to carry out industry and market research. Accordingly, the review was carried out in the following manner –

An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the Micro-Market was undertaken primarily based on the findings of the industry/ market report prepared by C&WI and readily available information in public domain to ascertain the transaction activity of commercial/ IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/ planned assets), comparable recent lease transactions witnessed in the Micro-Market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the Micro-Market where the asset is located) and achievable market rent (Valuer's view on achievable rent for the Subject Property for leasing vacant spaces as well as upon releasing).



### 4.3 Cash Flow Projections:

1. The Subject Property is a completed building. The cash flows have been projected as mentioned below to arrive at the value estimate.
2. Net operating income (NOI) has primarily been used to arrive at the value of the Subject Property. The below steps were undertaken to arrive at the value. The projected future cash flows from the Subject Property are based on existing lease terms. These cash flows have been projected for a duration of 10-years from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

**Step 1:** Projecting the rental income as per the existing lease terms for a cashflow period of 10 years.

**Step 2:** Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.

**Step 3:** Based on the contractual turnover rent percentage of respective tenants and average tenant sales psf per month, Turnover rent is estimated for each tenant and is compared with the minimum guaranteed rentals in line with the tenant contracts. The higher of the two is adopted for the purpose of estimating cash flows.

**Step 4:** Computing the monthly rental income projected as part of Step 1,2, & 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).

3. Recurring operational expenses, and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For the Subject Property, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Property.
4. The net income on quarterly basis has been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Property through this approach.

### 4.4 Information Sources:

Subject Property related information relied upon for the valuation exercise has been provided to the Valuer by the Client and the market data has been provided by C&WI, unless otherwise mentioned. The documents provided have been assumed to be a true copy of the original. The rent rolls have been cross checked with the lease deeds on a sample basis only to ensure its correctness.



## 5 Assumptions considered in Valuation (DCF Method)

The following assumptions have been made to arrive at the market value of the Subject Property as on 31<sup>st</sup> March 2024:

Cashflow Period	Unit	Details
Valuation Date	Date	31-March-24
Cashflow Period	Years	10
Cashflow Exit Period	End Date	31-March-34

### Subject Property Details:

Subject Property Details	Unit	Details
Total Property Leasable Area	Sq. ft.	389,588
Area Leased	Sq. ft.	339,583
Occupancy	%	87.2%
Vacant Area	Sq. ft.	50,005
Vacancy	%	12.8%
Stabilized Vacancy	%	7.5%
Further leasing	Sq. ft.	20,786
Existing Lease Rollovers	%	100%
Rent free Period - Existing Leases	Months	1
Rent free Period - New Leases	Months	3
Estimated Leasing Period	# of quarters	3

Source: Architect's Certificate (Dated: 8<sup>th</sup> May 2024), \*Rent Roll as at 31<sup>st</sup> March 2024

Note: Further Leasing and Estimated Leasing Period relate to the existing Vacant Area.

- **Rent-free period:** In accordance with market benchmarks for retail malls, rent-free period of one month has been considered for existing lease rollovers and three months for new leases.
- **Future absorption:**
  - The Subject Property is located in a premium residential Micro-Market and has one of the best tenant mixes. The mall has achieved a stable occupancy level that is at par with the top malls in Ludhiana.
  - Considering the above, it would be reasonable to believe that the Subject Property shall be able to lease up ~0.02 msf within 3 quarters from July 2024 after incorporating a 7.5% stabilised vacancy considering the locational attributes of the Subject Property
  - We have considered 3 months delay in leasing for the vacant spaces and fresh spaces that may come up because of expiry of lease period in 2024.
  - For the purpose of valuation, we have assumed area leased to large anchor tenants as vacant area post expiry of their current lease. The same area will be re-leased within 3 quarters from the date of lease expiry wherein rent-free period is assumed to be 3 months along with brokerage of 2 months of rental.



**Revenue Assumptions**

<b>Revenue Assumptions</b>	<b>Unit</b>	<b>Details</b>
Market Rent – Atrium and LGF - Anchor	Per sq. ft. per month	INR 50.00
Market Rent – Atrium and LGF - Vanilla	Per sq. ft. per month	INR 110.00
Market Rent – GF and UGF - Anchor	Per sq. ft. per month	INR 50.00
Market Rent – GF and UGF - Vanilla	Per sq. ft. per month	INR 130.00
Market Rent - 1F- Anchor	Per sq. ft. per month	INR 30.00
Market Rent - 1F- Vanilla	Per sq. ft. per month	INR 110.00
Market Rent - 2F- Vanilla	Per sq. ft. per month	INR 50.00
Market Rent - 3F- Anchor	Per sq. ft. per month	INR 30.00
Market Rent - 3F- Vanilla	Per sq. ft. per month	INR 40.00
Market Rent - 4F- Anchor	Per sq. ft. per month	INR 25.00
Market Rent - 4F- Vanilla	Per sq. ft. per month	INR 40.00
Market Rent – Upper Floors (5 <sup>th</sup> – 9 <sup>th</sup> ) - Anchor	Per sq. ft. per month	INR 25.00
Market Rent Growth rate	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9 years
Normal Market Escalation at end	# of years	3
Market Escalation at the end of Escalation period	%	15.0%
O&M Income for future leases	Per sq. ft. per month	INR 22.96

- **Market rent - Rent:** We have assumed the floor-wise market rentals of the Subject Property considering the location, accessibility, quality, size of the building, and keeping in view the future supply, which is very limited.
- **Market rent growth rate:** Considering the current vacancy levels and future supply profile in the Subject Micro Market, we expect annual growth in achievable market rentals to be 5% in the medium to long term.
- **Other income:** We have been provided with other income for Visitor Car Park, ATM, Telecom Tower, Kiosk, and miscellaneous income. We have considered an annual growth of 5% on other income.
- **O&M Income:** O&M Income were shared by the Client. O&M income constitutes, O&M Expense and Mark-up of 20% on O&M expense and sinking fund. Since O&M revenues include sinking fund which is being charged at a constant rate without any growth assumed on it, the growth rate for O&M Income has been suitably adjusted to normalise it over the future tenure. O&M Income has been provided for FY'24 and the same has been projected to increase at 5% per annum from FY'25 onwards excluding sinking fund.



### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (Renewal/ Release)	Month Rent	1 Month Rent
Brokerage cost (New Lease)	Month Rent	2 Month Rent
Property Tax	Per sq. ft./month	INR 4.04
Cost Escalation	% p.a.	5.0%
Transaction Cost on sale	% of Terminal Value	1.0%
Marketing expense	Per sq. ft./month	40.32
O&M Expense	Per sq. ft./month	22.38
Maintenance Capex	Per sq. ft./month	INR 2.1

Please note that there is a general development expenditure of INR 14 million to be incurred on the Subject Property.

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we have assumed brokerage expense amounting to two months for new leases and one month for existing lease rollovers.
- **Property Tax:** Property tax has been provided for FY'24 and the same has been projected to increase at 5% per annum from FY'25 onwards.
- **Marketing Expense:** Marketing expense is to be incurred to fill up the vacant area of the mall. The Client has provided us with the per sq. ft. expense which is to be incurred on vacant area. We have assumed marketing expense to be incurred until the Subject Property reaches stabilised occupancy levels.
- **O&M Expense:** O&M Expenses are provided to us by the Client. These are escalated annually by 5%. O&M expense for FY'24 was provided by the Client and the same has been escalated from FY'25 onwards.
- **Transaction cost:** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.



### Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

Capitalization rate (“Cap rate”) is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value, indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/ low risk interest rates.

In order to arrive at the capitalization rate for the property, we consider that these investments have been made through private equity and the subject valuation is being carried out for public listing with better liquidity/ marketability of ownership interest, the cap rate for the Subject Property has been assumed to be 9% in line with the available market information and appropriately adjusted for Tier 3 cities wherein the Subject Property is located. This cap rate is applied on the one year forward NOI in the terminal year.



- **Discount Rate**

The discount rate applied to the available cash flows reflects the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost of Equity, we have benchmarked with listed comparable of Nexus Select Trust REIT which has been trading since May 2023. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/ properties in the market.

The derived discount rate of 11.75% for completed buildings was found to be aligned with the expectations of international investors investing in similar assets.

## 6 Market Value

The Valuer is of the opinion that the subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which she has no knowledge, the opinion of value of the aforementioned Subject Property comprising land and improvements thereon and the right to provide facility management services to the entire Subject Property, as on 31<sup>st</sup> March 2024, is as follows:

Component	Market Value as on	In Figures	In Words
Completed Building	31 <sup>st</sup> March 2024	INR 2,530 Million	Indian Rupees Two Billion Five Hundred and Thirty Million Only

### Ready Reckoner Rate

Component	Rate
Land area	INR 45,000 per sq. yard.

*Note: The rate for the Built-up Area is not available*

For reference, please refer Annexure 7.

I, L. Anuradha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by

(L. Anuradha)

IBBI/RV/02/2022/14979





## **D ANNEXURES**



## Annexure 1: Cash Flows

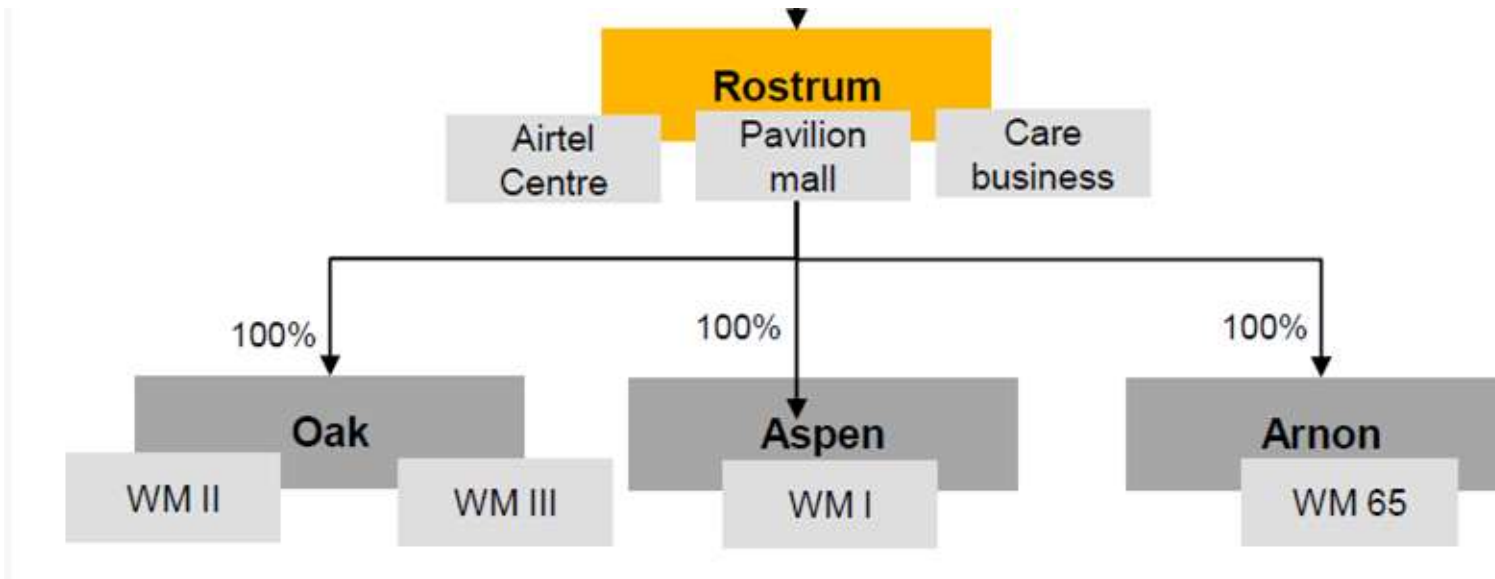
### Completed Buildings

Particulars	Unit	Apr-24	Apr-25	Apr-26	Apr-27	Apr-28	Apr-29	Apr-30	Apr-31	Apr-32	Apr-33	Apr-34
		Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33	Mar-34	Mar-35
<b><u>OPERATING INCOME</u></b>												
Lease Rentals	INR Million	251	278	276	289	301	290	287	300	316	329	351
O&M Income	INR Million	79	89	94	98	100	111	122	128	134	144	151
Other Income	INR Million	7	7	8	8	9	9	10	10	10	11	12
<b>Total Income from occupancy</b>	<b>INR Million</b>	<b>338</b>	<b>375</b>	<b>378</b>	<b>395</b>	<b>410</b>	<b>410</b>	<b>419</b>	<b>438</b>	<b>460</b>	<b>483</b>	<b>513</b>
<b><u>OPERATING COSTS</u></b>												
O&M Costs For Vacant Areas	INR Million	(3)	-	-	-	-	-	-	-	-	-	-
Property Taxes	INR Million	(20)	(21)	(22)	(23)	(24)	(25)	(27)	(28)	(29)	(31)	(32)
O&M Expense	INR Million	(99)	(107)	(112)	(118)	(123)	(130)	(136)	(143)	(150)	(158)	(165)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>(121)</b>	<b>(127)</b>	<b>(134)</b>	<b>(141)</b>	<b>(148)</b>	<b>(155)</b>	<b>(163)</b>	<b>(171)</b>	<b>(179)</b>	<b>(188)</b>	<b>(198)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>216</b>	<b>248</b>	<b>244</b>	<b>255</b>	<b>262</b>	<b>255</b>	<b>256</b>	<b>267</b>	<b>281</b>	<b>295</b>	<b>316</b>
<b>Terminal Value</b>	<b>INR Million</b>	-	-	-	-	-	-	-	-	-	3,507	-
<b>Transaction Cost</b>	<b>INR Million</b>	-	-	-	-	-	-	-	-	-	(35)	-
<b>Total Net Income</b>	<b>INR Million</b>	<b>216</b>	<b>248</b>	<b>244</b>	<b>255</b>	<b>262</b>	<b>255</b>	<b>256</b>	<b>267</b>	<b>281</b>	<b>3,767</b>	-
Marketing Expenses	INR Million	(5)	-	-	-	-	-	-	-	-	-	-
Maintenance Capex	INR Million	(10)	(11)	(11)	(12)	(13)	(13)	(14)	(15)	(15)	(16)	-
Brokerage Expenses	INR Million	(6)	(1)	(3)	(2)	(2)	(6)	(1)	(1)	(1)	(9)	-
Total construction costs	INR Million	(14)	-	-	-	-	-	-	-	-	-	-
<b>Net Cashflows</b>	<b>INR Million</b>	<b>180</b>	<b>236</b>	<b>229</b>	<b>240</b>	<b>248</b>	<b>236</b>	<b>242</b>	<b>252</b>	<b>265</b>	<b>3,743</b>	-

Note: We have arrived at the valuation of the Subject Property using the quarterly cash flows and reproduced the above-mentioned annual cashflows for representation purposes.

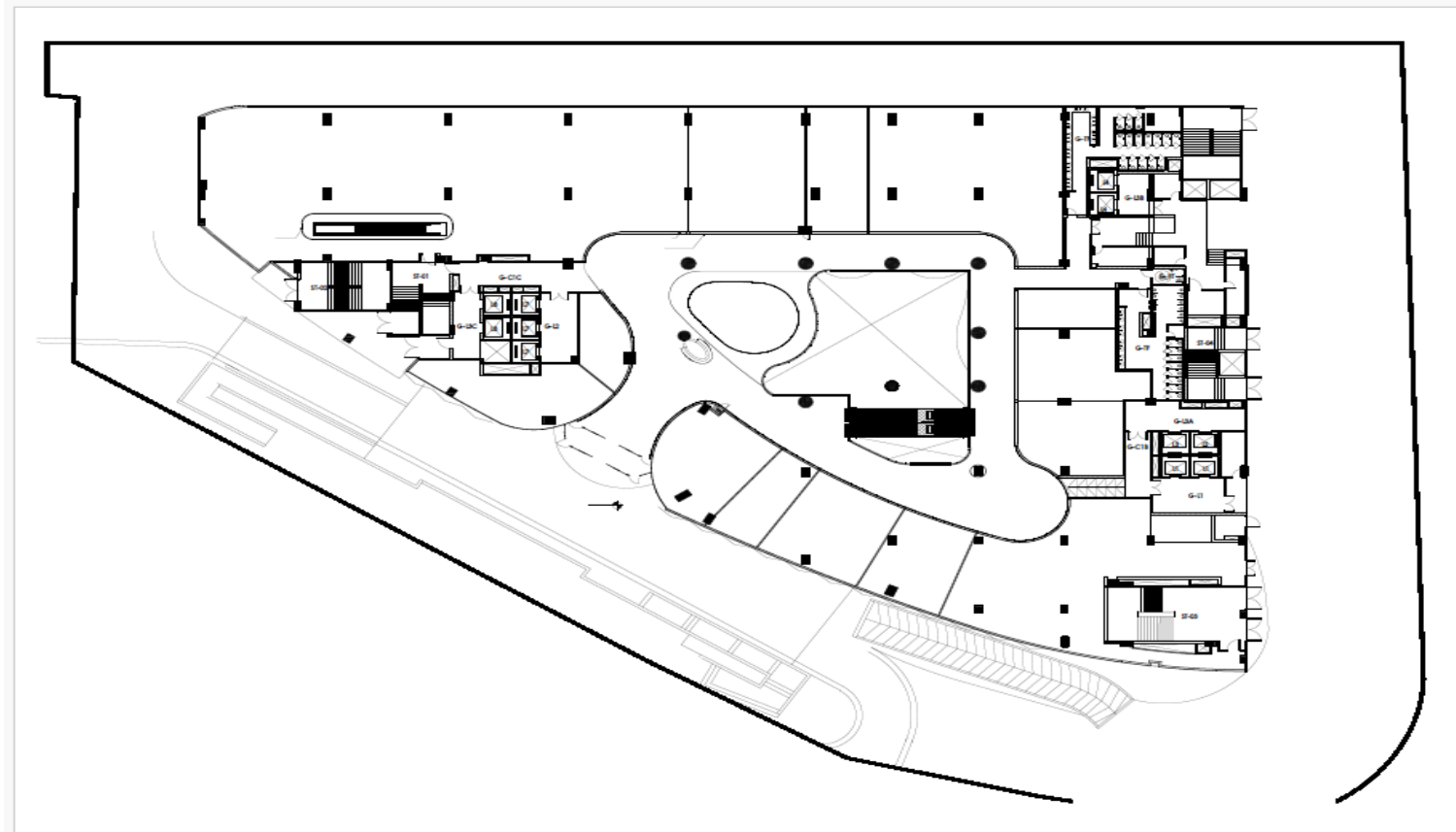


Annexure 2: Ownership Structure





Annexure 3: Site Layout



Source: As provided by Client

**Annexure 4: Subject Property Photographs**



External View of Subject Property



External View of Subject Property



Internal View of Subject Property



Internal View of Subject Property



View of Parking



View of Food Court

**Annexure 5: Statement of Key assets**

<i>Building</i>	<i>No/Name</i>	<i>Pavilion Mall</i>
No. of DG Capacity	KVA	(3 X1500 KVA) (1X 750 KVA)
No. of Transformer/Capacity	KVA	(2X2250 KVA)
Chiller Rating	TR	(4*350 TR)
Cooling Tower		(3*375 TR)
FF Systems	KW/HP	Sprinkler Jockey 1*10 HP, 7.5 kw Hydrant Jockey 1*10 HP, 7.5 Kw Main Sprinkler pump 120 HP, 90 Kw Main Hydrant pump 120 HP, 90 Kw Fire Diesel pump 149 HP
Water pumping System	KW/HP	Treated water transfer pump 2 * 7.5 Kw Soft water transfer pump 2 * 7.5 Kw RO water Transfer Pump 2* 4 Kw STP - Softener OH 2* 7.5 Kw STP - Flushing Water OH 2*7.5 Kw
STP Rating	KLD	1* 250 KLD
Warmshell/Bareshell		Bareshell

*Source: As provided by Client*



## **Annexure 6: List of sanctions and approvals**

List of one-time sanctions/ approvals which are obtained or pending:

### **Approvals Received**

- a) Building Plan Approvals for all existing buildings and amendments thereof
- b) Consent to Establish (CTE)
- c) Environment Clearance Certificate
- d) Height clearance NOC from AAI
- e) Fire NOC
- f) BOCW Registration
- g) Occupancy Certificate for the entire constructed building
- h) Approval of Service Plan Estimates
- i) Consent to Operate (CTO) from Punjab Pollution control board.

Annexure 7: Ready Reckoner Rate for Land Area

ਸ਼ਹਿਰ ਦੇ ਭੂ-ਮੁਲਾਂ (ਰੁਪਏ)

Sr	Village	Location Name (Ahead)	Location Name (Ahead)	Collector Rate 2023-24			New Proposer Rate 107 2023-24			Remarks
				Agriculture	Commercial	Industrial	Agriculture	Commercial	Industrial	
117	ਸ਼ਹਿਰੀ	Chhara Kutha Market Road	ਚਰਾ ਕੂਠਾ ਮਾਰਟ ਰੋਡ	50000	20000	20000	50000	20000	20000	
118	ਸ਼ਹਿਰੀ	Chhara Market	ਚਰਾ ਮਾਰਟ	20000	67000	40000	20000	67000	40000	
119	ਸ਼ਹਿਰੀ	Chhara Market main road upto chhara road	ਚਰਾ ਮਾਰਟ ਮੇਨ ਰੋਡ ਅੱਗੇ ਚਰਾ ਰੋਡ ਤੱਕ	50000	70000	50000	50000	70000	50000	
120	ਸ਼ਹਿਰੀ	Chhara Khudi	ਚਰਾ ਕੂਠਾ	140000	180000	170000	140000	180000	170000	
121	ਸ਼ਹਿਰੀ	Chhara Khudi	ਚਰਾ ਕੂਠਾ	25000	30000	25000	25000	30000	25000	
122	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	20000	67000	40000	20000	67000	40000	
123	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	20000	45000	30000	20000	45000	30000	
124	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	24000	45000	30000	24000	45000	30000	
125	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	30000	50000	40000	30000	50000	40000	
126	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	24000	45000	30000	24000	45000	30000	
127	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	24000	45000	30000	24000	45000	30000	
128	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	40000	67000	40000	40000	67000	40000	
129	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	150000	0	0	150000	0	0	
130	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	140000	140000	140000	140000	140000	140000	
131	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	8000	20000	15000	8000	20000	15000	
132	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	15000	25000	20000	15000	25000	20000	
133	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	8000	20000	15000	8000	20000	15000	
134	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	70000	70000	50000	70000	70000	50000	
135	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	20000	50000	40000	20000	50000	40000	
136	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	15000	30000	20000	15000	30000	20000	
137	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	30000	50000	40000	30000	50000	40000	
138	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	17000	14000	13000	17000	14000	13000	
139	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	82000	80000	40000	82000	80000	40000	
140	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	8000	20000	15000	8000	20000	15000	
141	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	24000	30000	25000	24000	30000	25000	
142	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	24000	40000	30000	24000	40000	30000	
143	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	70000	67000	40000	70000	67000	40000	
144	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	7000	10000	7000	7000	10000	7000	
145	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	0	0	0	0	0	0	
146	ਸ਼ਹਿਰੀ	Chhara Bazar	ਚਰਾ ਬਾਜ਼ਾਰ	24000	40000	30000	24000	40000	30000	

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Source: <https://ludhiana.nic.in/collector-rate-2023-24/>





### **Annexure 8: Major Repairs Undertaken and Proposed in the Subject Property**

As informed by Client, following major repairs / upgrades have been taken up in the past:

1. Upgrades: None
2. List of ESG initiatives:
  - Bottle Crusher Machine
  - Composter Machine
  - VFD In Chiller Plant 4
  - ANPR System resulting in reduced processing time & reduced emissions.
  - Regular Medical Check-up Camps



## Annexure 9: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the “Report”) covers specific markets and situations that are highlighted in the Report based on readily available secondary market information and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
  - a. The valuation method adopted is based on the Valuer’s expertise and knowledge taking into account the generally available market information and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to **Brookfield India Real Estate Trust** (or “the Client”) or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
  - b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
  - c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
  - d. The Valuer has relied on her own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
  - e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services or an independent validation of the projections. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated and should not be used for any other purpose.
  - f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations, or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
  - g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.
3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited



information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations, and this is on a bona-fide basis, believed to be reliable.

5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third-party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum agreed in the LoE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates, and employees, must not use, reproduce, or divulge to any third party any information it receives from the Valuer for any purpose.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.