



and growth-centric environment to multinational corporates and technology companies. They are distinguished by their size and scale, accessibility to mass transportation, high entry barriers for new supply, limited vacancy and robust rental growth rates.

Key operating metrics of the properties as on March 31, 2022

Asset	Area M sf			Leased Area					
	Completed area	Ongoing/ Future development area	Total area	Area in M sf	*Office Tenants	Committed Occupancy %	WALE (Yrs.)	In-place rent (₹ P sf)	Market Value (₹ B)
Kensington, Powai, Mumbai	1.6 (1.5)	- (-)	1.6 (1.5)	1.4 (1.3)	8 (8)	90 (86)	2.1 (2.5)	97.6 (91.7)	27 (25)
Candor TechSpace G2, Gurugram	3.9 (3.9)	0.1 (0.1)	4.0 (4.0)	3.2 (3.6)	17 (15)	83 (92)	8.1 (7.0)	79.4 (79.9)	45 (44)
Candor TechSpace N1, Noida	1.9 (1.9)	0.9 (0.9)	2.8 (2.8)	1.5 (1.3)	24 (19)	77 (71)	7.0 (7.3)	48.0 (45.8)	21 (20)
Candor TechSpace K1, Kolkata	3.1 (3.1)	2.7 (2.7)	5.7 (5.7)	2.6 (2.8)	14 (15)	84 (91)	7.5 (7.3)	42.1 (42.8)	26 (26)
Initial Portfolio	10.4 (10.3)	3.6 (3.7)	14.1 (14.0)	8.7 (9.0)	60 (52)	84 (87)	6.8 (6.5)	65.9 (65.2)	119 (115)
Candor TechSpace N2, Noida	3.6	0.9	4.5	2.9	21	80	8.2	52.9	41
Consolidated REIT	14.1	4.6	18.6	11.6	75	83	7.1	62.7	160

* Figures in bracket correspond to the previous year March 31, 2021

Our approach to deliver sustained risk adjusted returns to Unitholders

- Stable yield through long-term portfolio contracts
- Property level income growth through contractual rent escalations, mark to market potential and in-situ development potential
- Acquisition of Identified Asset and the ROFO Properties
- Asset value appreciation through continuous upgrades

Achieved through

- Maximising performance of our portfolio by:
- Proactive portfolio management led by an experienced management team
 - Ensuring prudent capital structure
 - Globally benchmarked corporate governance framework
 - Leverage Brookfield's global expertise, relationships and experience of managing similar public market vehicles

ECONOMY AND INDUSTRY OVERVIEW

Indian Macro-economy Review

The ongoing COVID-19 pandemic has been the first of its kind the world has witnessed in the 21st century. The cyclical slowdown that set in the Indian economy before the outbreak of the pandemic got exacerbated on the back of cliff effects and scarring generated by the pandemic. Despite having witnessed one of the steepest contractions in gross domestic product (GDP) in Q1:2020-21 and being hit by three successive waves, the Second Advance Estimates of National Income released on February 28, 2022 indicate that the economy has surpassed its pre-COVID level in 2021-22, on the back of unprecedented policy support from monetary and fiscal authorities¹.

The Indian economy witnessed sharp rebound in FY2022 supported by strong growth in several high frequency indicators. As per the estimates of National Statistics Office, the GDP is estimated to grow 8.7% in FY2022 as against a contraction of 6.6% in FY2021, thus surpassing the pre-pandemic output of FY2020. This is in similar lines with the second advanced estimate of 8.9%.

Strong support from the Government in the form of pumping investments and promoting AtmaNirbhar Bharat through Production Linked Incentive Schemes led to the economy remaining resilient. Continuing with this, the Government introduced a pro-development and growth-oriented Budget 2022-23 that seeks to build a solid foundation of the economy over the next 25 years.

¹ Report on Currency and Finance, 2021-22, Revive and Reconstruct, Reserve Bank of India, April 29, 2022



Overall, the outlook of Indian economy remains positive. Declining COVID-19 caseloads and higher vaccination coverage has resulted in uplifting of most restrictions which has improved consumer and market sentiments. IMF projects the Indian economy to grow 7.1% in FY2023 on the back of fiscal efforts by the government as well as improved liquidity and credit growth that are likely to drive investments and consumptions. (Source: National Statistics Office, Union Budget 2022-23, IMF).

The capital expenditure push in the Union Budget for 2022-23 can also provide the much-needed support to achieve sustained high growth by enhancing productive capacity, crowding in private investment and strengthening aggregate demand. Though both private consumption expenditure and investment marginally surpassed their respective pre-pandemic levels in 2021-22, there is a need to strengthen the growth momentum to compensate for the lost output. (Report on Currency and Finance, 2021-22, Revive and Reconstruct, Reserve Bank of India, April 29, 2022).

Commercial Real Estate (CRE) Industry Review

FY2021 was a challenging year for the real estate industry (both residential and commercial segments) as the pandemic delayed constructions and launches. CRE faced greater challenge due to various workplace restrictions and companies still operating remotely. While the industry saw some revival in last quarter of FY2021, a more intense second wave curtailed market traction.

Despite the continued cyclical upswings and downswings of the COVID-19 pandemic, the Indian real estate sector has remained largely resilient. It is now showing signs of revival, on the back of India's strong position as a driver of the global economy as well as promising growth projections across segments such as office, residential and alternative real estate segments.

Since the second quarter of FY2022 there has been a gradual rise in office market demand with companies returning to offices. (Source: Knight Frank India Real Estate Report July-December 2021)

Over the last two years, IT companies have performed very well. Their headcount has grown by 30% to 40%. The substantial hiring by companies in the sector is an indicator of their plans to return to office, and thus growth in demand for new office spaces.

Office - Positive momentum to sustain through 2023

The gross absorption in office space is expected to touch an average of c. 55 M sf. in 2022 and 2023, a growth of about 15% from 2021. Technology firms would continue to dominate leasing while flexible space operators, BFSI, engineering and manufacturing and life sciences segment are expected to contribute to the growth in office space take-up significantly. Similar to earlier years, Bengaluru, Hyderabad, Mumbai and Delhi-NCR are expected to continue to drive transaction activity in future.

The physical offices are here to stay, along with hybrid working and workplace strategies would evolve to suit the new role of the office, as it becomes a center of collaboration and means to improve productivity levels.

The Pan India sectoral absorption analysis is as follows;

2016 - Q1 2022 Sectoral Absorption Analysis - Pan India (289.6 M sf)



- 18% Banking, Financial Services, Insurance
- 3% Ecommerce
- 10% Engineering & Manufacturing
- 4% Healthcare & Pharmaceutical
- 5% Media & Telecom
- 25% Others
- 8% Professional Services
- 27% Technology

(Source : Cushman & Wakefield Industry Report FY2022)

Key trends shaping the commercial real estate industry

The pandemic has triggered several changes and transformation in operating models for companies. A major one being reimagining the workplace in line with some key trends to drive employee productivity, ensure higher retention and to attract best talent. These trends include:

- **Hybrid work:** Remote working during pandemic revealed that employee productivity got higher due to savings in travel time and better work-life balance. Despite this, working from office continues to remain as it ensures greater collaboration among teams and drives creativity. Organizations may need to adopt a hybrid work model which provides benefits of both, can drive their agility and provide flexibility to workforce.
- **Flexible future:** Operational disruptions triggered by pandemic led to the realization that organizations need to be more flexible to respond with agility to any shocks. Thus, they are increasingly integrating flexible operating model strategy that can increase agility and support workforce mobility.
- **Thriving and equitable workforce:** Organizations would need to reimagine workplaces around human-centricity, giving importance to workforce strategies

and prioritizing their physical and mental wellbeing. Further, with diversity, equity and inclusion becoming critical to attract and retain talent as well as drive performance and innovation, workplaces would be required to be more inclusive where individual needs of diverse workforce are met. These will help create a compelling value proposition to attract and retain employees as well as driving their productivity.

- **Technology:** The transformative potential of data is inevitable. Organizations would need to create a workplace where data is increasingly used in planning and decision-making, thus facilitating in driving tangible insights and ensuing readiness to changes. They would also need transition towards digital solutions relevant to their operations and which supports fluid, hybrid workplaces.

(Source: JLL Top 10 Global CRE Trends 2022 report)

Long-term opportunities for Grade A Office Parks¹

Office for connection and community: The definition of workspace is changing. There is a realization among employers that several forms of work, especially those involving high-end knowledge can be done more effectively away from the workplace. The importance of

workplace would be more from the point of attracting and retaining employees by providing them space to connect, socialize and collaborate. Grade A office parks that offer world-class amenities and infrastructure are an ideal location to bring people together.

IT industry growth: The pandemic has accelerated the digital transformation journey of organizations. Over the next few years, they are expected to substantially increase their IT related spending. Indian IT industry, which has evolved from a low-cost business process outsourcing to a high-end, value-added services and digital business offerings (Internet of Things, cloud, analytics, blockchain) destination is likely to be a key beneficiary. In FY2022, the industry participants undertook extensive hiring activity to deliver the upcoming opportunities. The sector being one of the top absorbers for Grade A office parks, the demand for office space will likely grow rapidly.

De-densification: The COVID-19 outbreak across the world have necessitated corporates to re-assess office layouts and focus on compliance with health and safety norms. This is expected to increase the average space per employee and thus office space demand in the short to medium term. Grade A office parks that are spread across vast areas and have facilities such as ambulance support and pharmacies would be ideal.



¹ Cushman and Wakefield Industry Report



Global Capability Centers (GCCs): GCCs will remain at the forefront of new age technology-enabled solutions for providing end-to-end support on complex work areas to deliver business impact that goes well beyond cost savings and operational improvement. Over the last two decades, India has been a major destination for MNCs for setting up GCCs. Significant growth was seen in the last five to six years. It is expected that in next three years, the employee strength in GCCs from existing 7.5 lacs to 1.38 mn, to go beyond 1.8 mn to 2.0 mn and similarly Global MNCs with centers in India is expected to grow from 1,430 centers in FY2021 to 1900-2000 centers by FY2025E. These centers will be the future growth drivers of Grade A office spaces in India and Brookfield India REIT will benefit from this growing demand of Grade A office spaces.

Fintech and Financial Services: Fintech is a portmanteau of the terms “finance” and “technology” and refers to business that uses technology to enhance or automate financial services and processes, that serves the interests of both consumers and businesses in multiple ways. India is the fastest growing Fintech markets in the world. The key driving factors of Fintech business growth is high volume of funding from venture capital, private equity and institutional investors, financial inclusion initiatives of Government of India like PMJDY, Day- NRLM, Direct Benefit Transfer and Atal Pension Yojna, have accelerated the digital revolution, technological innovations, increasing internet and smartphone penetration, among others. Post COVID-19, the contribution of Fintech industry towards driving the demand for office space has increased exponentially due to the increased digital adoption and a healthy pipeline in potential Unicorn list. The increased entrepreneurship and rapid growth of start ups presents the remarkable growth story for India office space.

Also, the financial services have been one of the emerging sectors in India and consists of banking, capital markets, insurance, non-banking financial services, pension funds, mutual funds, among others. The industry is expected to witness increased activity over the next decade due to the grant of new banking licenses, expansion of existing banks and NBFCs and an increasing financial penetration led by the government's push on digital services. The expected rise of the banking and insurance sector on the back of these measures will be conducive for the contribution of the financial services sector in the future demand for office space.

Flexi Space: The growing interest of enterprise clients in flexible workspaces that were traditionally explored only by freelancing professionals and start ups is a clear indication of new normal for the sector. The reasons for preference of flexi space are global mandate for an agile workplace, reduced administrative hassles, modern office provisions to attract new age workforce, diversification

of operational risk, limited capital expenditure, lease flexibility. Demand for flexi workspaces, will continue to rise in 2022 and beyond. A higher proportion of Grade A supply coming into the market over the next few years and is expected to cater to the demand for managed space with the largest operators ramping up their activity. Over the next decade, managed offices are likely to account for over 10% of pan India Grade A office inventory from 5-6% at present.

E-Commerce: This is also one of the fastest growing sectors in the country, witnessing a record double digit growth at 39% in FY2022. The E-commerce industry has caused a forced shift to online marketplaces for many consumers that also include first time users, a trend that is seen to persist over the long term. With increasing demand and supportive infrastructure, many Indian PE firms are looking forward to investing in the sector. As the growth of the sector is expected to increase manifold, the demand for real estate is also expected to increase substantially.

PERFORMANCE REVIEW FY2022

Brookfield India REIT performance

FY2022 was marked by an increased leasing activity among corporates as they gradually ramped up back to office plans alongside looking to accommodate a larger workforce and a stronger core business. The technology sector continues to account for highest office space demand driven by strong hiring activity. The third wave of the pandemic was markedly less severe than the second. While it resulted in a few weeks of delay in leasing decisions, it did not result in occupiers rethinking their office strategy. In fact, the most of large IT firms have asked their employees to plan their return to work schedules for H1 FY2023.

Brookfield India REIT was a key beneficiary of this demand revival, witnessing a strong leasing momentum backed by the high-quality of our office parks. In line with our strategy of continuously growing our portfolio of high-quality and income generating assets, we acquired

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