



**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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Candor TechSpace N2 in January 2022 for an enterprise price of ₹39.7 B. It is the largest office SEZ in Noida with a total area of 4.5 M sf and has strengthened our reputation as one of the largest office landlords in Noida. The acquisition was partially funded by a ₹9.5 B preferential issue, to institutional investors including to certain members of Brookfield Group. This is a testament of our high-quality portfolio and positive business outlook.

**Leasing and collection status**

Post-acquisition of Candor TechSpace N2, our total leasable area has increased by 32% to 18.6 M sf. Gross leasing in FY2022 was 1.6 M sf (including N2 for the full year) of which 1.2 M sf were new leases and 0.4 M sf were renewals. The average re-leasing spread achieved during the year was 11%. As of March 31, 2022, Brookfield India REIT's total leased area was 11.6 M sf (including 2.9 M sf of Candor TechSpace N2). Further, 0.3 M sf of future expansion options have already been signed and another 1.5 M sf of area is under leasing discussions.

Our Portfolio maintained strong rental collections of 99%+ for FY2022, in line with the rate for FY2021. The average rental escalation was 9% on 2.8 M sf of leasable area (including Candor TechSpace N2 for the full year) during FY2022 as per contractual terms.

**COLLECTIONS**

99.6%

OPERATING LEASE RENTALS COLLECTED

8.7%

AVG ESCALATION ON 2.8 M SF OF LEASABLE AREA

**GROSS LEASING**

1.6 M sf

11%\*

AVERAGE RE-LEASING SPREAD



**Tenant profile**

Our office parks primarily serve marquee tenants who find them ideal for conducting business efficiently and ensuring higher satisfaction among employees. In FY2022, our office parks attracted 8 new tenants including marquee ones like Samsung, Legato and Ergo. As of March 31, 2022, Brookfield India REIT's portfolio comprised 134 multi-sectoral tenants. Of the leased area, 51% was occupied by technology companies, 18% by consulting companies, 11% by financial services companies, 6% by hardware companies, 5% by healthcare companies and 9% by others. 41% of the leased area is occupied by Fortune 500 companies. Also, the percentage of area occupied by MNCs is 78% of the leased area. Top 10 tenants accounted for 61% Gross Contracted Rental.

The addition of Candor TechSpace N2 to our portfolio has diversified our tenant base and enhanced our Effective Economic Occupancy by c.400 basis points to 87%.

\*Re-leasing spread calculated only on office areas



### Top 10 tenants by Gross Contracted Rental

15%

ACCENTURE SOLUTIONS  
PVT. LTD.

15%

TATA CONSULTANCY  
SERVICES LIMITED

10%

COGNIZANT TECHNOLOGY  
SOLUTIONS INDIA  
PVT. LTD.

6%

TLG INDIA PVT. LTD.

3%

RBS SERVICES INDIA  
PVT. LTD.

3%

GENPACT INDIA  
PRIVATE LIMITED

3%

LEGATO HEALTH  
TECHNOLOGIES LLP

3%

SAMSUNG INDIA ELECTRONICS  
PRIVATE LIMITED

2%

BARCLAYS GLOBAL  
SERVICE CENTRE  
PRIVATE LIMITED

2%

AMDOCS DEVELOPMENT  
CENTRE INDIA LLP

### Key Operational Developments at properties

Brookfield India REIT is focused on continuously enhancing value proposition to the tenants through investments in upgrading premises and introducing better amenities.

In FY2022, we undertook several efforts towards this. We completed and received the occupancy certificate for the new amenity block of 80,000 sf in Candor TechSpace N1. Construction of 673,000 sf of IGBC Platinum rated Tower 11 in Candor TechSpace N2 has also been completed and occupancy certificate for Candor TechSpace N2 Tower 11A was received on May 30, 2022.

In addition to the above, we are undertaking various asset upgrade and tenant improvement initiatives across campuses. In Candor TechSpace K1, we have completed a new health center and food court and in Candor TechSpace N1, we have completed a new amphitheater and landscaping. We continue to work towards upgrades of the podium, lobbies, façade and canopy at Kensington as well as upgrades of gyms in Candor TechSpace G2 and Candor TechSpace N1.

Further, we have ₹3,107 M of capex projects underway. This includes ₹801 M for Asset Upgrades/ Tenant Improvements across our asset SPVs and ₹2,306 M towards new/ongoing developments at Candor TechSpace N2 and K1.

### FACTORS AFFECTING BROOKFIELD'S ACTIVITIES, RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We face certain risks and challenges of both internal and external relevance. These have potential to adversely impact our business, performance and financial conditions. At Brookfield India REIT, we are actively tracking these risks and challenges as well as undertaking actions to mitigate them. In this context, please also refer to the "Risk Factors" section of this report on page 131 to 134.

#### General macroeconomic scenario especially in our operational markets

Office leasing activity is correlated to overall economic condition of India. A thriving economy ensures higher domestic output, exports and drives growth of corporates, prompting them to hire more employees and switch to a better office. Weaker markets would lead to cost cutting and lower commercial real estate demand. Factors like market sentiments, liquidity and interest costs, income and demographic conditions, employment levels, regulatory policies and regulatory changes have a bearing on the supply and demand of commercial real estate. An adverse economic scenario especially in our Portfolio markets of Gurugram, Noida, Kolkata and Mumbai can significantly impact REIT operations.

In FY2021, the economy and thus the commercial real estate was greatly impacted by COVID-19. However, with lifting up of restrictions, vaccinations and subsiding cases,



both have strongly rebounded and leasing activity has gained traction from the second half of FY2022.

We further rely on certain micro-markets and industry sectors for our revenues. A large portion of Brookfield India REIT’s revenues is reliant on Candor Kolkata which owns Candor TechSpace G2 in Gurugram North micro market and Candor TechSpace K1 in Kolkata, East micro market. In FY2022, Candor TechSpace G2 accounted for 36.8% (42.4% in FY2021) of our combined revenue from operations and Candor TechSpace K1 accounted for 23.0% (24.3% in FY2021). In terms of tenant profile, as of March 31, 2022, 51% of the total leasable area was leased to tenants in the technology sector, 18% to tenants in the consulting sector and 11% to tenants in the financial services sector.

Therefore, any developments that may adversely affect the demand for commercial real estate in our micro-market or sectors on which we rely may impact our business activities.

The Portfolio of Brookfield India REIT include high-quality assets with best-in-class amenities, location advantage and infrastructure making it highly demanded. Our Manager is focused on continuously adding more high-quality assets to grow and diversify the Portfolio. The acquisition of Candor TechSpace N2 in FY2022 has provided diversification in terms of tenant sectoral profile.

**Ability to grow Leasable Area of the Portfolio**

The growth of our operating lease rentals is dependent on our ability to increase leasing area by developing vacant space in the Portfolio assets as well as undertaking meaningful upgrades to enhance the value proposition to tenants.

Our Manager undertakes detailed analysis of demand-supply dynamics, absorption rate and rentals in each micro-market. Accordingly, development is undertaken at the most opportune moment when demand is favorable. In FY2022, the Manager committed a capex various upgrades and developments. This included developing an 80,000 sf amenity block (completed) in Candor TechSpace N1, a 0.5 M sf mixed-use development

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in Candor TechSpace K1 (expected to complete in Q1 FY2026) and a 0.2 M sf new tower in Candor TechSpace N2 (occupancy certificate for Tower 11A was received on May 30, 2022). Further, a capex of ₹801 M has been committed towards various asset upgrade/tenant improvement programs across all assets.

As of March 31, 2022, Brookfield India REIT’s Portfolio comprised 4.6 M sf of Under Construction Area and Future Development Potential.

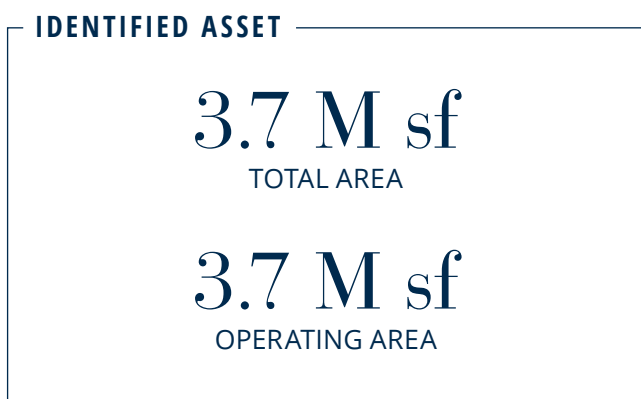
**Targeting right inorganic opportunities to grow Leasable Area**

Our ability to enhance distribution to the Unitholders is dependent on continually increasing leasable area through acquisition of high-quality, income accretive assets. Our Manager undertakes the responsibility of evaluating and acquiring potential opportunities. This includes 3.7 M sf of Identified Asset (of similar quality and grade to the existing Portfolio) for which Brookfield India REIT has a right to acquire.

Additionally, as per agreed terms set out under definitive agreements Brookfield India REIT has a right of first offer (ROFO) on Brookfield Group’s 100% owned Properties comprising 6.7 M sf in Mumbai. The Sponsor Group has intimated us that they have initiated a carve-out of the rent-generating assets totaling 2.7 M sf in Powai Business District.

In FY2022, Brookfield India REIT in line with its strategy of growing high-quality assets, acquired the Identified Asset Candor TechSpace N2 in Noida having an area of 4.5 M sf.

**Pipeline of potential acquisition asset**







## Growth in rental rates

Operating lease rentals and maintenance services at Properties are our primary source of revenue. It is therefore critical that we enter new leasing or re-leasing agreements at acceptable rental rates. This is dependent on factors like the location, demand-supply dynamics, competitive pricing pressures, regulatory policies on zoning and land use as well as the quality, infrastructure and maintenance of Properties and providing services that meet the requirements of existing and prospective tenants.

Our Manager enters into rental agreements as leases expire or terminate to ensure high risk-adjusted income. Rental rates for offices, bank branches, ATMs, retail stores and telecom towers in the premises are generally fixed with periodic escalations through lease tenure. Food and beverage outlets are generally charged on a revenue sharing basis. We also have sectoral prominent tenants occupying multiple floors in large buildings for long durations. Re-lease or renewal of such large leases may have a disproportionate impact on rental rates in a given period.

As we step out of the pandemic, we expect rentals to remain robust. We have seen that recent leasing in FY2022 was done at an 11% re-leasing spread. The bulk of this leasing was achieved in assets with lower MTM potential like Candor TechSpace K1 and Candor TechSpace N1. In FY2023, we have a larger share of expiries in asset with higher MTM potential. Therefore, the rental upside in FY2023 should be higher.

# ₹62.7 per sf per month

IN-PLACE RENT

# 19%

MTM OPPORTUNITY

## Terms of lease and occupancy rate

The stability and results of our operations are determined by long-term lease agreements and higher Committed Occupancy level. These are driven by factors like demand-supply dynamics in our micro markets, the comparative rental rates, attractiveness and infrastructure of our office parks and the ability to quickly re-lease space or enter into new leases.

The Asset SPVs of Brookfield India REIT typically enter into long-term lease agreements with tenants ranging between five years to fifteen years – three to five years of initial commitment and subsequent renewal option. This ensures sustained and stable cash flow visibility.

Further, our Manager has deep relations with tenants led by our property management and local expertise.

This combined with Brookfield's global institutional relationships, has enabled us to maintain a high tenant retention rate with tenants. Our Manager continues to strengthen such relationships with tenants through proactive communications regarding their needs and requirements, and undertaking engagement activities such as celebrating festivals, organizing sports tournaments and entertainment events, health awareness seminars and quiz contests. These have also helped attract new tenants.

As of March 31, 2022, our Portfolio had a Committed Occupancy of 83% and a WALE of 7.1 years. The expiry profile has also significantly improved with reduction in Cumulative Expiry (% of Rentals) until FY2025 from 44% in FY2021 to 29% in FY2022 primarily due to the addition of Candor TechSpace N2 and realization of expiries during FY2022.



**Committed Occupancy, WALE and Lease Maturity Profile (as of March 31, 2022)**

Particulars	Kensington	Candor TechSpace G2	Candor TechSpace N1	Candor TechSpace N2	Candor TechSpace K1	Brookfield India REIT	
Committed Occupancy (%)	90	83	77	80	84	83	
WALE (years)	2.1	8.1	7.0	8.2	7.5	7.1	
Lease maturity profile – area expiring (M sf)							
Year	2023	0.5	0.2	0.1	0.1	0.2	1.0
	2024	0.7	0.0	0.2	0.1	0.0	1.0
	2025	0.1	0.2	0.3	0.1	0.0	0.7
	2026	0.0	0.2	0.0	0.3	0.4	1.1

**Cost of financing and capital structure**

We incur capital expenditure towards maintaining and upgrading the assets as well as for acquiring new assets. While we have entered into financing agreements for all the ongoing development projects in our Portfolio, we may require additional capital to complete the development of the future projects and acquisitions.

Our simple capital structure and ability to raise and maintain low-cost debt supported by CRISIL AAA rating enables us to deliver positive operational results and higher returns to Unitholders. In FY2022, our finance costs were ₹2,080.69 M, accounting for 23.1% of our total income.

**Regulatory framework**

Our ability to deliver positive operational results are determined by a favorable regulatory regime and our compliance to it. We are governed by the laws of Indian real estate sector which is regulated by various governmental authorities and the REIT regulations governed by SEBI.

Our Manager by virtue of its experience in the Indian real estate industry and significant devotion of time and resources ensure compliance to the real estate regulations. This includes regulations on acquisition of land and land usage, floor area ratio, access to infrastructure (road, water, electricity, community facilities, open spaces, sewage disposal system) and environmental suitability. The Manager also ensures compliance with REIT requirements relating to maintaining a specific threshold of investment in rent or income generating properties.

Our Kensington office park is required to follow all compliance relating to its registration as a private IT Park on SEZ land with the Directorate of Industries, Mumbai. Further, Kensington, Candor TechSpace G2, Candor TechSpace N2 and most portion of Candor TechSpace K1 are notified as SEZs and are required to comply with SEZ-related rules and regulations. These assets are also entitled to certain tax benefits and drive positive results of operations.

**Competitive operating landscape**

Our Properties face competition from Grade A office premises. Increased availability of such premises along with better rent, location, services and amenities could

result in price and supply volatility which may affect our ability to lease. Further, sustained new launches from market participants could saturate the market.

Our Properties are located in key markets of Mumbai, Noida, Gurugram and Kolkata where demand for such properties is high, especially from technology players who have entrenched presence here. Besides, our Manager continues to maintain good condition of and upgrade these Properties along with providing vast range of amenities and organizing events, making them an ideal destination. This is evident in our Properties accounting for over 50% share of net office space absorption in their micro-markets over the last five years.

**Operating and maintenance (O&M) expenses**

Optimal level of O&M expenses enables us to achieve higher net distributable cash flows and thus higher returns to Unitholders. These expenses are incurred towards repair and maintenance (of buildings, common areas, machinery and others), power and fuel, property management, housekeeping and security services. Factors like low asset occupancy levels, high fuel prices and general cost inflation, periodic renovation, refurbishment and costs related to re-leasing among others have potential to impact our ability to control these expenses.

Our Manager ensures that all maintenance service agreements with tenants are structured as cost plus contracts. The tenants are billed on the actual costs incurred towards maintenance by Asset SPVs along with a markup as per contract. At our Candor Asset SPVs, the property management, facilities management and support services are provided by CIOP for a maintenance fee based on a per sf basis as per the contract between the entities.

In FY2022, the common area maintenance and other direct expenses declined by 9.33% due to the mid-year termination of CIOP's operating services arrangement with Identified Assets and due to new vacancies, positive impact of true up in FY2021 and decrease in common area maintenance expenses (cost-plus contracts).

**OUTLOOK**

The CRE market is linked to the economic development of the nation. With the Indian economy headed for a strong