

Our approach to deliver sustained risk-adjusted returns to Unitholders

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

Achieved through →

- Proactively managing the portfolio led by an experienced management team
- Maintaining a prudent capital structure
- Following a globally benchmarked corporate governance framework
- Leveraging Brookfield Group's global expertise, relationships and experience of managing similar public market vehicles

ECONOMY AND INDUSTRY OVERVIEW

Indian Macro-economy Review

According to the Economic Survey – 2023, after posting a growth of -6.6% in FY 2020-21 and rebounding strongly to deliver an 8.7% increase in GDP (at constant prices) in FY 2021-22, the economy is expected to grow at a robust 7% (in real terms) for the year ending March 2023.

The Survey revealed that India's economic growth in FY 2022-23 was driven by private consumption and capital formation and these two factors helped generate employment.

Another positive trend that the Economic Survey highlighted was the robust recovery in the service industry, which is also visible in people spending on contact-based services such as restaurants, hotels, shopping malls and cinemas. This reflects the fact that consumers have moved past the fear of contagion. It also pointed out that migrant workers have returned to cities to work at construction sites, further endorsing the trend that the pandemic is behind us.

All this has led to a considerable decline in housing market inventory and stronger corporate balance sheets. Better capitalization of public sector banks has resulted in an increase in the credit supply and better credit flows to MSMEs and individuals.

The Survey cautions that although the rupee is performing better than most other currencies, it still faces the challenge of depreciation, with the likelihood of further increases in policy rates by the US Fed. The widening of the current account deficit may also continue as global commodity prices remain elevated and the growth momentum of the Indian economy remains strong. The loss of export stimulus may occur due to the slowdown in global growth and shrinking trade, which reduces the overall market size in the latter half of the current year.

Looking ahead, the survey projects a baseline GDP growth of 6.5% in real terms in FY2024. The projection is broadly comparable to the estimates provided by multilateral agencies such as the World Bank, the IMF, the ABD, and

by the RBI domestically. The actual outcome for real GDP growth will probably lie in the range of 6.0% to 6.8%, depending on the trajectory of economic and political developments globally.



INDIAN OFFICE MARKETS – KEY STATISTICS*

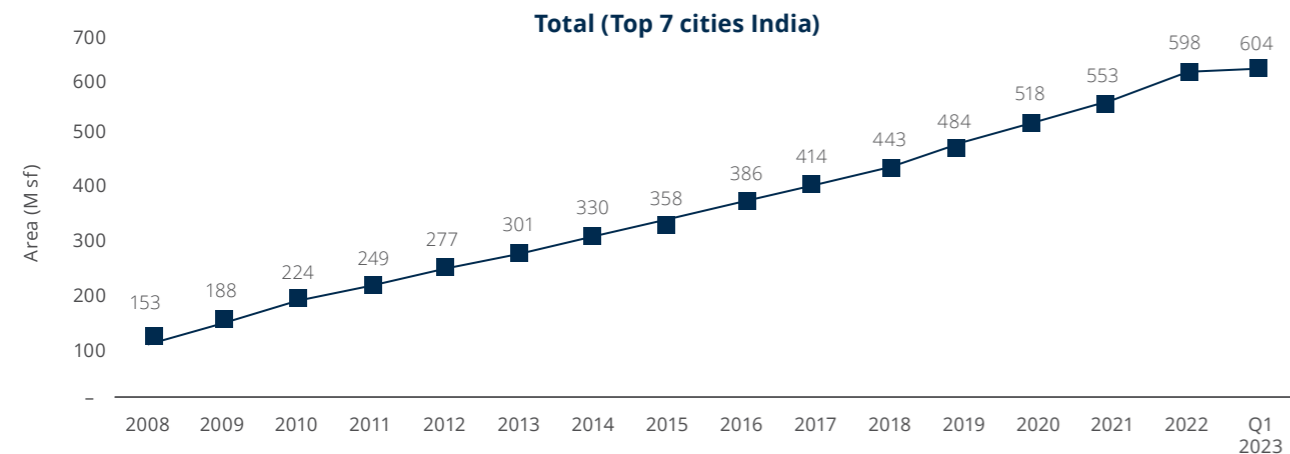
India's office real estate milieu has changed significantly from single standalone buildings with no amenities to large corporate parks with focused amenities. The focus of developers on Grade A office developments, backed by institutional investors and increasing demand from multinational tenants, led to the onset of campus developments.

These campus developments vis-à-vis standalone buildings provide added benefits to tenants, such as cafeterias, conference room facilities, gymnasium, multi-purpose sports courts, pick up and drop facilities from various points, etc. These developments also have heightened security with multiple check points, CCTV cameras, automated car parking, etc.

Hence, the rentals of campus developments command a premium in the range of 20-30% from the standalone buildings within the same micro market. Vacancies for such buildings are relatively lesser as the multinational tenants prefer these developments due to the added facilities provided for the employees. Campus developments also provide the flexibility and scalability option to its tenants. The tenant thereby can avail the synergies of being within the same integrated park and hence is also willing to pay a premium.

The Grade A office stock depicted below has shown a CAGR of approximately 10.10% in the time period 2008–Q1 2023. The individual CAGRs witnessed by the top seven cities in the period 2008–Q1 2023 have been in the range of 7.26-14.90%. The highest CAGR is witnessed by Hyderabad, viz., 14.90%.

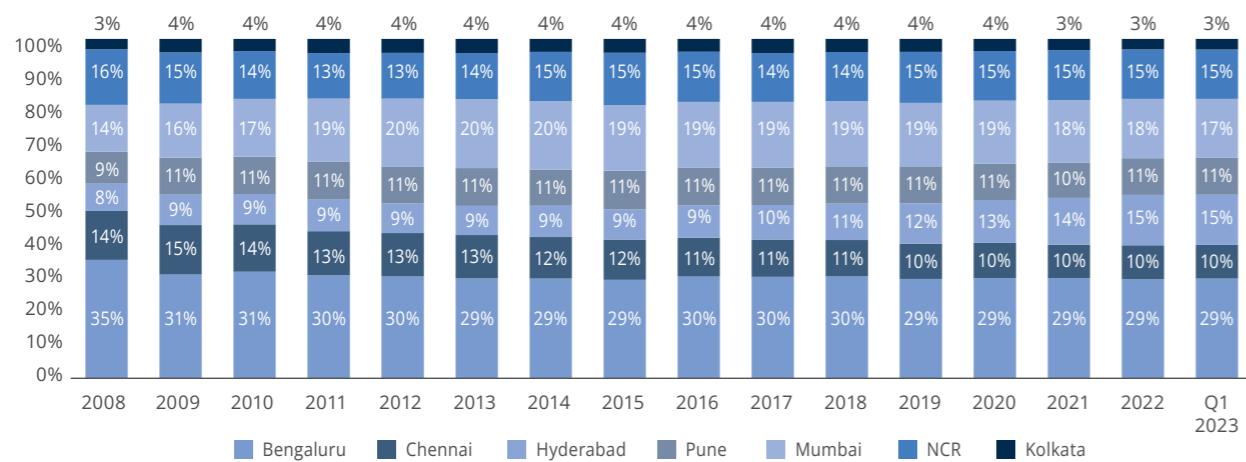
The evolution of the total relevant stock distribution across the top 7 cities in India are depicted below:



Source: Cushman & Wakefield Research

Note: For NCR & Kolkata, the relevant supply has been considered for this analysis excluding the buildings less than 1 lakh sf and applying certain other criteria. Additionally, for Noida within Delhi NCR & Kolkata, non-IT buildings have been excluded from supply.

Distribution of Stock across top 7 cities



Source: Cushman & Wakefield Research

Note: For Delhi NCR & Kolkata, the relevant supply has been considered for this analysis excluding the buildings less than 1 lakh sf and applying certain other criteria. Additionally, for Noida within Delhi NCR & Kolkata, non-IT buildings have been excluded from supply.

*Cushman & Wakefield Research

The above graph demonstrates that Bengaluru, Mumbai, Delhi NCR and Hyderabad have been seeing the largest share of office stock in India since 2008. The share of Hyderabad has gradually increased from 8% (in 2008) to 15% (in Q1 2023). Mumbai and Pune have also seen an increasing trend in their percentage contributions to total stock over the same period. The combined stock of Mumbai, Bengaluru and Delhi NCR has consistently been over 61% of the entire stock presented in the previous chart since 2008. Moreover, Kolkata, although contributing less than 5% in the annual stock of top seven cities, has retained investor interest over the years owing to its unique positioning as the gateway to East India.

The office business in India is driven by access to cost-effective, skilled labor at notable scale. This demographic trend is early stage and is not materially impacted by short-term fluctuations in GDP growth projections, the near-term outlook of the domestic banking sector, etc.

Since 2015, the total Grade A office stock in the top seven markets has grown by a CAGR of ~7.48% from approximately 358M sf in 2015 to approximately 604M sf in Q1 2023.

Prominent Trends in India Office Market

Changing Profile of Tenants – The scope of work of technology occupiers and GCCs has seen an improvement over the past years. The tenants have moved from low-end support work to high-value work such as analytics, artificial intelligence, etc. Such tenants tend to focus on building quality, amenities and facility management and are comparatively less sensitive to costs.

Increasing Demand for High-Quality Office Space – Youth-driven business, changing lifestyles and the need for flexible work drives the tenants to look for superior quality Grade A office spaces with amenities such as food court, gymnasium, retail facilities, etc. Additionally, large-scale organized market-level infrastructure will be the

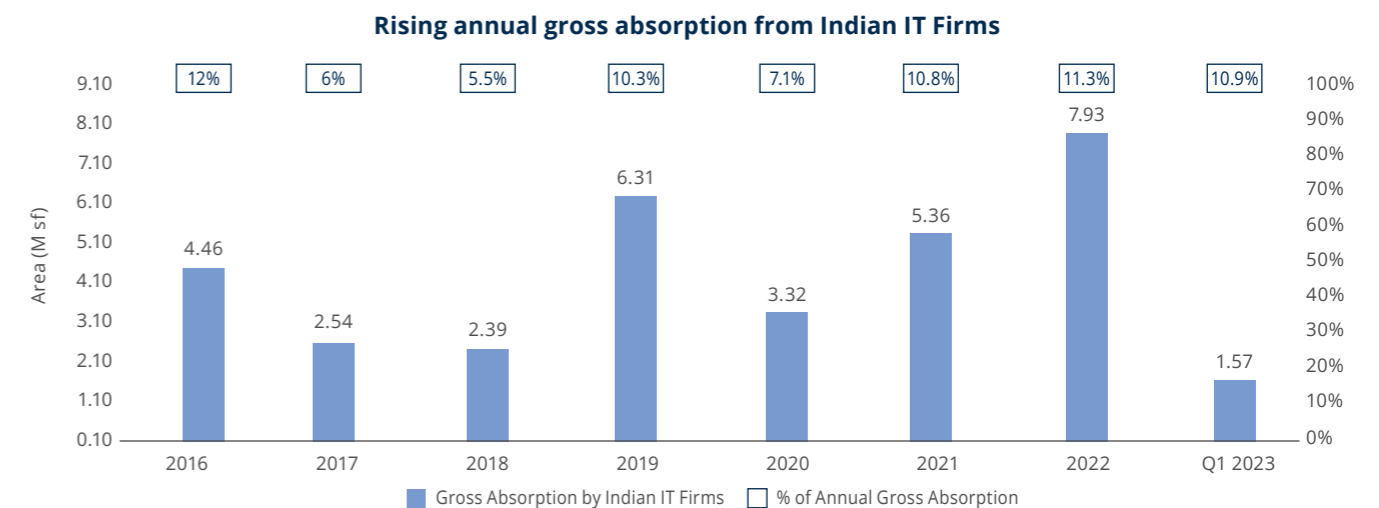
key differentiator when leading tenants select markets going forward.

Consolidation and Expansion Strategies – Companies in India especially GCCs, have started consolidating and expanding their offices to suburban/peripheral locations due to multiple driving factors. Some of these factors include improving operational efficiency, synergies due to consolidation in one integrated park, lower costs through economies of scale, etc. These tenants also prefer consolidation in the parks that are established by organized developers due to the large scale of the assets and the future development potential in the existing parks.

Organized Office Developers – India's office real estate domain has changed over the years from single standalone buildings with no amenities by unorganized or small-scale developers to large corporate parks with focused amenities by organized developers. Further, the developers' focus on Grade A office developments, backed by institutional investors and increasing demand from multinational tenants, also led to the onset of campus developments. Demand for larger, quality offices and the corresponding increase in capital requirement, favor large, organized office players with well-funded balance sheets.

Tenant Relationship Strategies – Tenant relationships in India have improved as organized real estate developers offer integrated high-quality parks/campuses with developed ecosystem offering amenities such as retail facilities, crèches, food and beverage facilities that are in line with the current and potential demand of these tenants.

Increasing demand from Indian origin IT service companies – The gross absorption for office space from Indian origin IT firms has increased from 2.54M sf in 2017 to 7.93M sf in 2022 due to the rise in annual employee addition and higher adoption of asset-light leasing office space as against capital-intensive office ownership. Q1 2023 has already witnessed gross absorption of 1.57M sf.



KEY DEMAND DRIVERS FOR GRADE A OFFICE PARKS¹

The demand for office space in the nation is driven by reasons such as flexibility, comfort and convenience. Most businesses in various industries, including IT, manufacturing, BFSI, startups and even boutique businesses, are looking for office space to accommodate their employees. Additionally, many companies intend to expand to new areas, open remote or satellite offices, or both, adding to the demand for these spaces. 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.

Technology development has elevated commercial real estate to a new level. It is now feasible to offer virtual property tours, improve customer relationship management, conduct online transactions and improve communication between the seller and the buyer, thanks to cutting-edge technologies like artificial intelligence, virtual reality, data analytics and others.

Looking ahead, a Cushman & Wakefield Industry report – 2023 emphasizes that the commercial real estate space is set to benefit from key sectors that will drive demand. It states that India's office market has witnessed a strong growth momentum due to positive performances of tech and innovation hubs and the expansion plans of BSFI players. The availability of skilled talent is also a strong demand driver in the market. Commercial real estate is expected to gain a strong impetus from the following sectors:

Information Technology: The Indian IT industry is the most diverse technological ecosystem in the world. FY2023 is poised to be another growth year with robust business demand. As part of The India's dream of becoming a \$1T digital economy, IT industry is expected to grow between \$350B to \$400B by FY2026 from \$245B in FY2023E.

Indian IT's core competencies and strengths have attracted significant investment from major countries and companies. As the technology sector contributes a major share to India's GDP, the current investment trends on technology and tech start-ups and recent developments relating to the rise of AI and blockchain technology, coupled with positive policy and budgetary support from the government for the sector, point to a positive outlook on growth of the technology industry and in turn the requirement for office spaces will increase.

Further, increased penetration of the cloud management, storage networks, security and back-up services along with SaaS is expected to further boost the demand for real estate sector, as the sensitivity of the data would warrant for an office presence.

Global Capability Centres (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 key destination for MNCs for setting up GCCs. Significant growth was seen in the last five to six years. Indian cities are amongst the most competitive Grade A office destinations with modern amenities at relatively lower rates as compared with cities in other countries for setting up GCCs, which compliments the talent availability and a robust digital ecosystem. As per the Cushman & Wakefield Industry Report, in Q4, CY2022, Delhi NCR has witnessed higher GCC activity led by engineering and manufacturing firms and Mumbai does well in terms of healthcare focused GCCs given the city's varied talent pool and a pharma R&D services ecosystem. 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, as in both the micro markets, Brookfield India REIT has a significant presence.

Fintech: India has 6,636 Fintech start-ups and is amongst the fastest growing Fintech markets in the world. Post COVID-19, the contribution of the 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 startups presents the remarkable growth story for India office space. The government's push towards digitization and the ease of doing business has created a massive opportunity for the startup ecosystem. The sector have attracted the interest of investors, which in turn is boosting the segment to scale up and is creating enormous demand for the office space.

Financial Services: The financial services 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.

e-Commerce: As the D2C market takes off, it is expected to give rise to a large expansion in offline outlets too. With the 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 infrastructure is also expected to increase proportionately.

¹ Cushman and Wakefield Industry Report