



## Competitive operating arena

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 and upgrade our Properties, provides a vast range of amenities and organized eye-catching events, which make our Properties the ideal destination for existing and prospective tenants.

## Operating and maintenance (O&M) expenses

We provide common area maintenance services, including security and housekeeping services to our tenants, for which we derive income from maintenance services.

Maintaining our O&M expenses at the optimal level enables us to achieve higher net distributable cash flows and thus provide higher returns to Unitholders. These O&M 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 the potential to impact our ability to control these expenses.

## OUTLOOK

The commercial real estate market is linked to the economic development of the nation. With the Indian economy being one of the fastest growing large economies in the world, we expect demand for commercial real estate to remain buoyant. The micro markets of Gurugram, Noida, Mumbai and Kolkata are likely to witness a scenario of demand outstripping supply over the coming years, thus providing occupancy gains to players.

The high-quality assets of Brookfield India REIT have consistently accounted for a disproportionate share of the total net absorption in these micro-markets and are well-positioned to gain from an uptick in demand.

Occupiers are accelerating their back-to-office programs, and we have seen a significant improvement in the physical occupancies across our campuses. This has led to several of our tenants renewing and even expanding their presence in our campuses. As occupiers in the technology sector return to offices, they will need to accommodate the increase in headcount of 30-40% that has materialized over the last few years, which will only lead to a further increase in space take-up at our assets.



We are continuing to see preference for Grade A institutional assets as the recovery pans out. Marquee occupiers have and will likely continue to prefer to relocate and consolidate their operations in low density campuses with high quality of services, and move away from Grade B assets.

There are additional positive levers that we can rely on to improve the cash generation potential of our assets, such as:

- 4.1M sf of leased area achieved escalations in FY2023 with an average rent escalation of 11%. The full year impact of this would be visible in our cash flows in FY2024. Additionally, 1.2M sf of area is due for expiry in FY2024, the In-Place Rents of which are below-market prices and we expect to achieve re-leasing at higher rents.

Brookfield India REIT remains focused on consistently growing NOI and delivering returns to Unitholders through quarterly distributions. We would continue to maintain sharp focus on prudent capital allocation and balance sheet discipline as well as reducing our cost of debt.

## FINANCIAL OVERVIEW

### Basis of Preparation of Consolidated Financial Statements

The Consolidated Financial Statements discussed hereunder comprise:

- Consolidated balance sheet and statement of net assets at fair value as on March 31, 2023.
- Consolidated statements of profit and loss, cash flows, changes in Unitholders' equity and statement of total returns at fair value for the period April 1, 2022 to March 31, 2023.
- Additional financial disclosures as required under the REIT Regulations.

The Board of Directors of the Manager on behalf of Brookfield India REIT passed a resolution on May 18, 2023 for issuance of the Consolidated Financial Statements. They have been prepared in accordance with the requirements of the REIT Regulations read with the SEBI circular number CIR/IMD/DF/146/2016 dated December 29, 2016; the Ind AS to the extent not inconsistent with the REIT Regulations (presentation of unit capital as equity instead of compound instruments under Ind AS 32 – Financial Instruments: Presentation), read with relevant rules issued thereunder and other accounting principles generally accepted in India. The financial information in Consolidated Financial Statements for the year ended March 31, 2023, and Consolidated Financial Statements for the year ended March 31, 2022, are not comparable due to acquisition of SDPL Noida during the year March 31, 2022.

