PERFORMANCE REVIEW FY2023

Brookfield India REIT performance

FY2023 was marked by increased leasing activity among corporates as they accelerated their back-to-office plans alongside looking to accommodate a larger workforce and a stronger core business. With the COVID-led disruption largely behind us, there has been an surge in footfalls at offices as corporates continue with their clarion call to employees to be physically present in the office at least a few days a week, if not all. Corporates continue to lease space in Grade A assets to serve as the foundation for their efforts to supercharge growth post-COVID.

Brookfield India REIT has been a key beneficiary of this demand revival, witnessing strong leasing momentum backed by the high quality of our office parks. We have achieved the highest ever gross leasing since IPO at 2.1M sf and inked agreements with several marquee tenants such as TCS, Accenture, Capgemini, Aristocrat and LTI Mindtree. We expect to see continued leasing momentum with the return to office strategies for our tenants playing out with a vengeance.

Having successfully consummated the acquisition of Candor TechSpace N2, Noida in FY2022 and we are continuing to deliver on our inorganic growth strategy, and have announced the proposed acquisition of high-quality and income accretive assets in Downtown Powai and Candor TechSpace G1, Gurugram. This acquisition, subject to Unitholder approval, of high-quality 6.5M sf offices, will significantly increase the scale of Brookfield India REIT, while diversifying our tenant and geographic profile. This acquisition is also the beginning of our long-term partnership with GIC, a global institutional investor with an over 25 years investment track record in India. We expect this strategic partnership to be extremely beneficial to our Unitholders.

Leasing updates

Gross leasing of 2.1M sf achieved in FY2023, including 0.9M sf of new leasing and 1.3M sf of renewals, is the highest-ever leasing achieved since IPO. The average re-leasing spread achieved during the year was 24%. As of March 31, 2023, Brookfield India REIT's total leased area was 12.0M sf.

We signed some marquee deals during FY2023 across our assets, a reflection of the leasing demand we are witnessing across geographies. Some of the key renewal deals included the renewal of 0.9M sf with TCS at Kensington, Downtown Powai, Mumbai; 0.1M sf with British Telecom at Candor TechSpace G2, Gurugram; and 0.1M sf with Mercer at Candor TechSpace N2, Noida. We signed new leases of 0.1M sf each with Aristocrat at Candor TechSpace N2, Noida, Accenture at Candor TechSpace G2, Gurugram; Baker Hughes at Kensington, Downtown Powai, Mumbai; LTI Mindtree at Candor TechSpace N1, Noida; and Capgemini at Candor TechSpace K1, Kolkata.

Kensington, Downtown Powai, Mumbai

- 0.9M sf renewal
- 15 year lease term
- 5 year lock-in
- Renewal spread of ~35%

Candor TechSpace N2, Noida

- 0.1M sf new lease
- 15 year lease term
- 4 year lock-in
- Rentals ~15% higher than Income Support rent

We also achieved strong organic growth with average rental escalation of 11% garnered on 4.1M sf during FY2023, as per contractual terms.

Tenant profile

Our office parks primarily serve marquee tenants who find them ideal for conducting business efficiently and ensuring higher satisfaction among employees. In FY2023, our office parks attracted 7 new office tenants including marquee ones like Aristocrat, LTI Mindtree and McGraw Hill. As of March 31, 2023, Brookfield India REIT's portfolio comprises 148 multi-sectoral tenants. Of the gross contracted rentals, 46% was contracted with technology companies, 20% with consulting companies, 12% with financial services companies, 5% with healthcare companies, 4% with hardware companies, 4% with telecom companies and 10% with others. 40% of the leased area is occupied by Fortune 500 companies. Also, the percentage of area occupied by MNCs is 79% of the leased area. Top 10 tenants accounted for 63% of the Gross Contracted Rental.

Top 10 tenants by Gross Contracted Rental

ACCENTURE SOLUTIONS PRIVATE LIMITED	16%
TATA CONSULTANCY SERVICES LIMITED	15%
COGNIZANT TECHNOLOGY SOLUTIONS INDIA PRIVATE LIMITED	10%
TLG INDIA PRIVATE LIMITED	6%
RBS SERVICES INDIA PRIVATE LIMITED	5%
SAMSUNG INDIA ELECTRONICS PRIVATE LIMITED	2%
GENPACT INDIA PRIVATE LIMITED	2%
BARCLAYS GLOBAL SERVICE CENTRE PRIVATE LIMITED	2%
AMDOCS DEVELOPMENT CENTRE INDIA LLP	2%
XAVIENT SOFTWARE SOLUTIONS INDIA PRIVATE LIMITED	2%

Key Operational Developments at properties

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

In FY2023, we completed and received the occupancy certificate for the 0.2M sf Tower 11A at Candor TechSpace N2, Noida, which was fully committed to Aristocrat within seven months of completion of the tower.

Further, we have ₹2,623M of capex projects underway. This includes ₹300M for asset upgrades/tenant improvements across our asset SPVs and ₹2,323M towards ongoing developments at Candor TechSpace K1, Kolkata.

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 the 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 151 to 154.

General macroeconomic scenario especially in our operational markets

The general economic condition of India, the state of the overall commercial real estate and particularly the performance of commercial real estate sector in the markets of Gurugram, Noida, Kolkata and Mumbai, where our assets are located, have a significant impact on our results of operations. The supply and demand for commercial real estate is affected by several factors including prevailing economic, income and demographic conditions, domestic employment levels, changes in, and manner of implementation of governmental policies, prevailing interest rates, changes in applicable regulatory schemes, demand from multinational corporations and the availability of financing and outbreaks of infectious diseases such as the COVID-19 pandemic. Growth in GDP and per capita income in India is likely to result in an increase in demand for commercial real estate. Conversely, a slowdown in the Indian economy could adversely affect our results of operations, especially if such a slowdown were to be continued and prolonged. Further, global economic conditions may also affect our results of operations since several of our tenants export services or products from India or are affiliates of multinational companies.

In the past, as a result of the implementation of lockdowns and other restrictive measures in response to the spread of the COVID-19 pandemic by the Government of India, the Indian economy, including the real estate sector, faced significant disruptions. However, with the lifting of restrictions, vaccinations and subsiding cases, the economy and the real estate have strongly rebounded and leasing activity has gained traction from the FY2022. While we have seen marked improvement in physical occupancy across our campuses, at 63% in March 2023, some of our tenants have not witnessed such strong "return to office" momentum. Such low physical occupancy of some of our tenants could have an adverse impact on renewals of leases of such occupiers.

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 TechSpace K1, Kolkata which owns Candor TechSpace G2, Gurugram North micro market and Candor TechSpace K1 in Kolkata, East micro market. In FY2023, Candor TechSpace G2, Gurugram accounted for 29.2% (36.8% in FY2022) of our consolidated revenue from operations and Candor TechSpace K1, Kolkata accounted for 16.5% (23% in FY2022).

Further, we depend on certain industry sectors for a significant portion of our revenues. As of March 31, 2023, 46% of the Gross Contracted Rental of our Portfolio was contracted from tenants in the technology sector, while 20% was contracted from tenants in the consulting sector and 12% was contracted from tenants in the financial services sector. Consequently, any developments affecting the demand for commercial real estate for Candor TechSpace G2, Gurugram or in Delhi NCR or demand from technology, consulting and financial services sectors may affect our results of operations. Further, for Kensington, Downtown Powai, Mumbai, the terms of the governmental permissions, i.e., the permanent registration as a private sector information technology park require us to lease 80% of the total built-up area of the property to tenants from the IT/ITeS sector.

Ability to grow Leasable Area of the Portfolio

Our results of operations will be affected by changes in the leasable area of our current Portfolio. Our Portfolio comprises Leasable Area of 18.7M sf, of which 14.3M sf was Completed Area and 3.9M sf was Future Development Potential, as of March 31, 2023.

The growth of our operating lease rentals is dependent on our ability to increase leasable area by developing additional 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 FY2023, the Manager committed a capex program towards various upgrades and developments. This included completion of a 0.2M sf tower in Candor TechSpace N2, Noida and commencement of a 0.6M sf mixed-use development in Candor TechSpace K1, Kolkata (expected to be completed by Q3 FY2026). Further, a capex of ₹300M has been committed towards various asset upgrade/tenant improvement programs across all assets.

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 potential opportunities.

We acquired SDPL Noida (which owns Candor TechSpace N2, Noida) on January 24, 2022, which resulted in an addition of 4.5M sf to our Portfolio. Consistent with Brookfield's growth strategy, our Manager will continue to evaluate potential acquisition opportunities to increase the leasable area. On May 18, 2023, we entered into agreements to acquire 50% share capital (on a fully diluted basis) of Downtown Powai SPV and G1 SPV. Once completed, these acquisitions will be transformative for our growth and will increase our operating area by 44% and consolidated gross asset value by 73%. Downtown Powai is a prime office and high-street retail portfolio and comprises nine commercial properties located in Powai, Mumbai. Candor TechSpace G1, Gurugram is one of the largest high-quality campus office developments in Gurugram, spread across an area of 25.19 acres. Pursuant to this proposed acquisition, our Portfolio's completed area will increase to 20.6M sf from 14.3M sf of completed area in our portfolio, reflecting an increase of 44%.

We plan to continue to explore opportunities to acquire (in entirety or in part including by way of a partnership), manage and own high-quality income-producing commercial real estate assets in key Indian gateway cities, such as those located in prime and preferred locations and with high transportation connectivity and proximate residential catchments for the tenants' workforce

Additionally, as per agreed terms Brookfield India REIT has a right of first offer (ROFO) on Brookfield Group's 100% owned Properties comprising 4.1M sf in Mumbai.

RENT IN-PLACE

₹65 per sf per month

MTM OPPORTUNITY

21%

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.

The rental rates that we charge depend on various factors, including the location of the asset, the quality of the asset, upkeep and maintenance of the asset, the prevailing economic conditions and conditions in the micro market. The rental changes also depend on changes in market rental rates and competitive pricing pressures, changes in governmental policies relating to zoning and land use, demand and supply dynamics in the micro market, the range of amenities and ancillary services provided at the asset and our continued ability to maintain the assets and provide services that meet the requirements of existing and prospective tenants.

Rental rates for office space and space leased for bank branches, ATMs, retail stores and telecom towers in the office parks are generally fixed with periodic rental escalations for the tenure of the leases, while those for food and beverage outlets are generally charged on a revenue-sharing basis. Further, our Portfolio assets have several large buildings which often involve large tenants occupying multiple floors in the same building for long durations. Accordingly, the re-lease or renewal of one or more large leases may have a disproportionate impact on rental rates in a given period. Our Manager believes that the average rental rates for in-place leases at our portfolio are generally below the current market rates and expects to benefit from the significant upside arising from mark to market potential through upcoming lease renewals.

As we step out of the pandemic, we expect rentals to remain robust. We have seen that recent leasing in FY2023 was done at an 24% re-leasing spread. This leasing was spread across all our assets, and we achieved an average rent of ₹95 per sf per month on the office leases.

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 and 15 years – three to five years of initial commitment and subsequent renewal option. This ensures sustained and stable cash flow visibility.

Our Portfolio assets are Grade-A office parks, which are in high demand on account of their significant size, scale and diverse range of amenities offered, integrated campus ecosystem and marquee tenant profile and are characterized by larger floor plates and energy efficient infrastructure. 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 intends to continue to strengthen its long-term relationships with the tenants in our Portfolio assets and proactively maintain communication with them to gain information regarding their needs and requirements. Our Manager also undertakes various tenant engagement activities such as celebrating festivals, organizing sports tournaments and entertainment events, health awareness seminars and quiz contests. Such initiatives help our Manager improve tenant retention levels and attract new tenants. However, in cases where tenants do not renew leases or terminate leases earlier than expected, it generally takes some time to find new tenant which can lead to periods where we have vacant areas within the Portfolio assets that do not generate facility rentals.

As of March 31, 2023, our Portfolio had a Committed Occupancy of 84% and a WALE of 7.9 years. The expiry profile has also significantly improved with reduction in Cumulative Expiry (% of Rentals) until FY2026 from 36% in FY2022 to 22% in FY2023, primarily due to the renewal of TCS at Kensington, Downtown Powai, Mumbai, and realization of expiries during FY2023.

Committed Occupancy, WALE and Lease Maturity Profile (as of March 31, 2023)

Particulars		Kensington, Downtown Powai, Mumbai	Candor TechSpace G2, Gurugram	Candor TechSpace N1, Noida	Candor TechSpace N2, Noida	Candor TechSpace K1, Kolkata	Brookfield India REIT
Committed Occupancy (%)		87	85	96	77	84	84
WALE (years)		11.5	7.7	7.3	7.4	7.1	7.9
Lease maturity profile – area expiring (M sf)							
Financial Year	2024	0.1	0.4	0.3	0.3	0.0	1.2
	2025	0.0	0.1	0.3	0.0	0.0	0.5
	2026	0.0	0.2	0.0	0.3	0.5	1.1
	2027	0.0	0.1	0.0	0.1	0.5	0.7

Cost of financing and capital structure

We incur capital expenditure towards maintaining and upgrading the assets. While we have entered into financing agreements for all the ongoing development projects within 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 / Negative rating enables us to deliver positive operational results and higher returns to Unitholders. Our capital structure has also enabled us to ensure that despite a 250 bps increase in the repo rate in FY2023, we have witnessed an increase of only 144 bps in our interest cost. In FY2023, our finance costs were ₹4,324.57M, accounting for 35.2% of our total income.

Any reduction in our cost of borrowings may positively affect our results of operations. Conversely, an increase in the cost of borrowings will increase our interest costs and adversely affect our results of operations.

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, ensures 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 in Downtown Powai 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, Downtown Powai, Candor TechSpace G2, Gurugram; Candor TechSpace N2, Noida, and most portion of Candor TechSpace K1, Kolkata, are notified as SEZs and are required to comply with SEZ-related rules and regulations. These assets are also entitled to certain tax benefits.

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.