

# **Valuation Report:**

## **Kensington, Powai, Mumbai Region**

**Submitted to:**

**Brookfield India Real Estate Trust**

**Prepared by:**

**Shubhendu Saha, MRICS**

*(IBBI/RV/05/2019/11552)*

**Date of Valuation: 30 September 2022**

**Date of Report: 06 November 2022**

**Disclaimer**

*This report is prepared exclusively for the benefit and use of Brookfield India Real Estate Trust (“Brookfield India REIT”) (the “Recipient” or the “Company” or “Instructing Party”) and / or its associates and for presentations, research reports, publicity materials, press releases prepared for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT and does not carry any right of publication or disclosure to any other party. The Company may share the report with its appointed advisors for any statutory or reporting requirements. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement (“LOE”) dated 15 March 2021 and addendum dated 15 September 2022 without the prior written consent of the Valuer.*

*The information in this report reflects prevailing conditions and the view of the Valuer as of its date, all of which are, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Company has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.*

*This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 15 March 2021 and addendum dated 15 September 2022. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.*

*This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.*

**Executive Summary**

<b>Kensington (A &amp; B), SEZ Building, Powai, Mumbai, India</b>	
<b>Valuation Date:</b>	30 September 2022
<b>Valuation Purpose:</b>	Disclosure of valuation of assets forming part of the portfolio of Brookfield REIT in accordance with The SEBI (REIT) Regulations, 2014
<b>Location / Situation:</b>	<p>Kensington is located at Hiranandani Business Park, CTS No. 28A, Powai, Mumbai Maharashtra – 400076, India. The standalone private IT/ITeS Special Economic Zone (SEZ) development is spread over 8.96 acres comprising of buildings known as Kensington A and Kensington B (hereinafter referred to as the Subject Property) is located at Andheri &amp; Powai micro market, which is home to a number of IT and Non-IT establishments. Andheri &amp; Powai micro-market is bounded by Powai Lake to its north, Andheri to its west, Ghatkopar and Vidya Vihar to its south and Vikhroli and Kanjurmarg to its east. The micro-market enjoys good road connectivity via Jogeshwari-Vikhroli Link Road (JVLR), Chandivali Road and Hiranandani Link Road. Kensington is surrounded by residential projects developed by Hiranandani Group. Some of the prominent office developments in the vicinity are Supreme Business Park, Scorpio House, L&amp;T Business Park, Delphi, Godrej IT Park, Solitaire Corporate Park, Kanakia Wall Street, Times Square, Raiaskaran Tech Park etc. It also houses prominent tenants such as Tata Consultancy Services, Wipro, Cognizant, etc.</p>
<b>Description:</b>	<p>Kensington is a private IT/ITeS SEZ office space comprising one ready and operational building with two wings (Kensington A &amp; Kensington B) occupied by multiple tenants.</p> <p><b>Completed Buildings with Occupancy Certificate (OC) received – Kensington (A &amp; B)</b></p> <p>The operational buildings collectively admeasure 1,562,541 sq. ft. of leasable area with 95.1% committed occupancy*.</p> <p>The large parking requirement is catered by four parking levels contributing to 1,721 parking spaces. Kensington has two entry and two exit points providing access to D.P. Road and Internal Wide Road.</p>
<b>Total Area:</b>	<p>Total Land Area: 8.96 acres</p> <p>Total Leasable Area**: 1,562,541 sq. ft.</p>



View of Subject Property



View of Subject Property



View of Entrance area



View of Entrance

Source: Architect’s Certificate dated 30 September 2022, \*Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information.

\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area

\*\*Total leasable area includes area occupied by “Hitachi Payment Services Pvt Ltd” for ATM purpose (25 Sq Ft). The income for the said area is included in the “Other Income”.

\*In addition to the Committed occupancy as stated in the table above, the spaces, which are currently occupied by Apollo India Services LLP and Baker Hughes, would be vacated by Q2 FY 2023. Considering the said Apollo India Services LLP and Baker Hughes spaces, the committed occupancy shall be 91.5% (vs 95.1% as shown in above table).

**MARKET VALUE OF THE SUBJECT PROPERTY**

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 27,548 Million	Indian Rupees Twenty-Seven Billion Five Hundred and Forty-Eight Million Only

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

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**From:** Shubhendu Saha, MRICS  
IBBI Registered Valuer (L&B)  
(IBBI/RV/05/2019/11552)

**To:** Brookfield India Real Estate Trust

**Property:** Kensington, Powai, Mumbai, Maharashtra, India

**Report Date:** 06 November 2022

**Valuation Date:** 30 September 2022

## **A REPORT**

### **1 Instructions**

Brookfield India Real Estate Trust (hereinafter referred to as the “**Instructing Party**” or the “**Client**”), has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the “**Valuer**”), to undertake the valuation of office property located in Mumbai (hereinafter referred to as “**Subject Property**” and/or “**Kensington**”) for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

### **2 Professional Competency of The Valuer**

Mr. Shubhendu Saha, the Valuer for the Subject Property is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor’s in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master’s in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. From 2009 to 2015, he was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career, he worked with renowned organisations like ICRA Limited, Copal Research

(now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He is the first registered valuer under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 to undertake the valuation of REIT assets for an IPO. Mr. Saha also led the valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity funds, real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele includes, Mindspace REIT, Embassy REIT, K Raheja Corp, Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

### **3 Independence and Conflicts of Interest**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Subject Property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Property in past five years from the date of his engagement as the Valuer.

### **4 Purpose of Valuation**

The purpose of this valuation is for the disclosure of valuation of asset forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 [SEBI (REIT) Regulations], as amended, together with circulars, clarifications, guidelines and notifications thereunder by SEBI and also disclosure as per fair value accounting under Indian Accounting Standards (Ind AS 40).

### **5 Basis of Valuation**

Given the purpose of valuation as mentioned above, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with the IVSC International Valuation Standards issued in 2021 and effective from 31 January 2022.

As per IVSC International Valuation Standards, "Market Value" is defined as *'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

## 6 Valuation Approach & Methodology

The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

### Market Approach

In 'Market Approach', the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

### Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

#### Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

#### Income Approach - Discounted Cash Flow Method

The income approach is based on the premise that value of an income producing asset is a function of future benefits and income derived from that asset. Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income and cost associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

#### Income Approach - Discounted Cash Flow Method using Rental Reversion

Given the market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase the attractiveness of the property to prospective tenants. Such benefits are typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, typically the impact of such sub/above market leases on the valuation of the Subject Property are normalised by estimating the rental revenue achievable at the end of the term, based on the expected rents in the market.

The valuation for the Subject Property has been derived by adopting income approach, utilising the discounted cash flow method with rental reversion.



**7 Assumptions, Departures and Reservations**

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the Subject Property is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation

**8 Inspection**

The Property was inspected on 24 March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

**9 General Comment**

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

**10 Confidentiality**

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents.

**11 Authority**

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

## 12 Reliant Parties

The Reliant Parties would mean Brookprop Management Services Private Limited (“Brookprop” or “Manager”), Brookfield India REIT and their unitholders and Axis Trustee Services Limited (“Trustee”). The reliance on this report is extended to the Reliant Parties for the purpose as highlighted in this Valuation Report. The auditors, debenture trustees, stock exchanges, unit holders of the REIT, Securities and Exchange Board of India (SEBI), and credit rating agencies, would be extended reliance by the Valuer but would not be liable to such parties, except in case of gross negligence and wilful misconduct by the Valuer.

The valuation exercise is conducted strictly and only for the use of the Reliant Parties and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation, which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer’s maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of Letter of Engagement (“LOE”) and this report the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million).
- In the event that any of the BSREP India Holdings V Pte. Ltd (the “Sponsor”), Manager, Trustee, Brookfield India REIT or other intermediaries appointed in connection with the disclosure of this valuation of assets forming part of the portfolio of Brookfield India REIT subject to any claim (“Claim Parties”) in connection with, arising out of or attributable to the Valuation, the Claim Parties will be entitled to require the Valuer, to be a necessary party/respondent to such claim and the Valuer shall not object to his inclusion as a necessary party/respondent. However, the legal cost with respect to appointment of lawyers by the Valuer as a respondent/defendant shall be borne by the Client. If the Valuer, as the case may be, does not co-operate to be named as a necessary party/respondent to such claims or co-operate in providing adequate/ successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the Valuer in this regard and his liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.
- The Valuer is neither responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/validation of the zoning regulations/development controls etc.

**14 Disclosure and Publication**

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities and Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

**15 Anti-Bribery & Anti-Corruption**

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

## **B MUMBAI REGION CITY REPORT**

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

## 1 Mumbai Region City Overview

Particulars	Mumbai- Overall	CBD	*Andheri & Powai	Thane Belapur Rd	Malad - Goregaon	Worli - Lower Parel	BKC & Annex	Thane	Central Suburbs	Eastern Suburbs	Vashi & Others	Competitive REIT Micro Market
Total completed stock 9M 2022 (msf)	104.5	2.1	20.9	17.3	14.7	13.4	10.4	10.4	5.5	6.1	3.8	17.0
Current occupied stock 9M 2022 (msf)	80.6	1.8	17.7	12.9	12.4	7.3	8.6	9.0	4.0	4.7	2.3	14.6
Current Vacancy 9M 2022 (%)	22.8%	11.8%	15.0%	25.6%	15.3%	45.6%	17.7%	13.1%	28.0%	22.8%	40.0%	14.1%
Avg. Annual Absorption – 2015 – 9M 2022 (msf)	3.7	0.0	0.5	0.7	0.6	0.1	0.5	0.7	0.3	0.2	0.1	0.7
Future Supply – Q4 2022 – 2024 (msf)	12.4	0.0	3.2	2.7	1.8	1.6	0.2	2.0	0.4	0.0	0.5	2.5
Market Rent – 9M 2022 (INR psf / month)	134.6	229.2	131.7	60.8	124.9	179.0	275.8	71.6	137.8	136.8	91.5	146.1

Source: Cushman & Wakefield Research

Notes: The rentals are in INR psf / month on leasable area, the rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.

\* Brookfield India REIT's micro market for the Subject Property

^ A competitive REIT micro-market has been created, which consists of comparable set of buildings in micro markets of Andheri and Powai, Malad and Goregaon and Eastern Suburbs. The peer set considered is based on parameters such as size of the parks, floor plates, tenant profile, proximity to catchment area, infrastructure and certain additional criteria.

Mumbai is India's financial and commercial capital. The presence of vibrant capital and money markets makes the city the first choice of entry for financial services firms. Mumbai houses the headquarters of major corporates & financial institutions such as ICICI Bank, HDFC Bank, Life Insurance Corporation of India, etc. India's main stock exchanges & capital market and commodity exchanges (National Stock Exchange – NSE, Bombay Stock Exchange – BSE and Multi Commodity Exchange – MCX) are also located in Mumbai. It is also home to Bollywood, the Indian Television and Film Industry.

The key drivers of demand for office space in Mumbai Region are as follows:

- **Financial capital and Services hub:** Mumbai, which is referred as India's financial capital, houses corporate head offices of many Indian banks such as ICICI Bank, HDFC Bank, etc. and stock exchanges such as, NSE, BSE etc. It is also home to global consultancy firms, legal and professional services, media houses, accounting professionals, etc. like Boston Consulting Group, HDFC Bank, EY, Johnson & Johnson, Warburg Pincus, Hindustan Unilever, Nestle, McKinsey & Company, Procter & Gamble, BNP Paribas.
- **Global In-house Centers/ Global Capability Centers:** Mumbai is a hub for Global In-house Centers (GICs) / Capability Centers (GCCs) of many Investment Banks mainly from the North American and European markets such as Deutsche Bank, Bank of America, JP Morgan, etc.
- **Social Infrastructure:** Mumbai has established educational institutions and colleges (IIT-Bombay, NMIMS, SP Jain, NIFT etc.), Malls (Phoenix Palladium, High Street Phoenix, R City, Oberoi Mall, Inorbit Mall, etc.), Hospitals (Lilavati, Hiranandani, Fortis, Tata Memorial Hospital, Jaslok Hospital, etc.) and hotels (St. Regis, Renaissance, JW Marriott, Hilton, Four Seasons, ITC Maratha, Leela etc.).
- **Transport infrastructure:** Mumbai is well connected via road with availability of infrastructure like the Eastern Express Highway, Western Express Highway, Eastern Free Way, Bandra-Worli Sea Link, etc. It also provides good railway connectivity with three railway lines, an operational metro line across 390 km carrying 8 million passengers daily and a monorail line. Mumbai is also well connected via air with other cities in India and other global cities with the help of 2 operational passenger terminals (Domestic and International) and one cargo terminal at Chhatrapati Shivaji Maharaj International Airport. Mumbai is the gateway city of India with 2nd busiest airport (Chhatrapati Shivaji Maharaj International Airport having 45.87 million passengers in FY20 connecting to 61 domestic and 48 international destinations). Mumbai Region also has the largest container port of India (Jawaharlal Nehru Port Trust with 68.45 million tons of cargo in FY20).
- **Ongoing/Planned infrastructure projects:** Key initiatives include USD 12 billion of proposed investment from 2019-24 for the Navi Mumbai International Airport (expected to be completed by 2024 with a capacity of 60 million passengers per annum), various road projects (including The 29.80 km Mumbai Coastal Road Project (MCRP) is an under-construction access-controlled expressway with a route connecting Princess Street Flyover in South Bombay with Kandivali in the northern suburbs. The 8-lane freeway, with 2-lanes reserved for BRTS corridor, will have 22 entries and exits, two earthquake resistant undersea tunnels of 3.4 km each at Girgaum Chowpaty and Malabar Hill, and 13 cross tunnels to be used for emergency).

## 2 Brookfield India REIT's Micro-Markets

Brookfield India REIT has the following asset in Mumbai:

Kensington Tower (A & B Wing), Andheri & Powai, Mumbai (herein after referred to as REIT asset).

Kensington Towers is a freehold, 1.56 million sq. ft. Grade-A office SEZ complex and is uniquely positioned as the only private IT/ITeS SEZ in the Mumbai region excluding Thane and Navi Mumbai. It is well positioned in the micro-market due its proximity to well-developed social infrastructure and the upcoming metro stations (IIT - 2.6 km from the Subject Property) which is a key differentiating factor, given an increasing focus by corporate occupiers on the ease of commute for their employees. The office park is situated within Hiranandani Gardens, Powai, a modern township comprising residential towers, office complexes, hospitals, schools and high street retail. This 'live-work-play' ecosystem has grown to become a key differentiating factor for the office park, driven by an increasing focus by corporate occupiers on lifestyle solutions for their employees.

Kensington asset located in Andheri and Powai micro market, which is one of the established commercial precincts in Mumbai with well-planned infrastructure and proximity to residential areas. Demand for office space in this micro-market has significantly increased over the last few years due to larger properties, improving infrastructure, availability of quality residences and excellent connectivity to other parts of Mumbai. The office park will further benefit through improved intra-city transportation links resulting from the ongoing metro construction in both east-west and north-south corridors.

### 2.1 Overview

Andheri & Powai are suburbs of Mumbai city situated in northern part of Mumbai. Andheri & Powai micro-market is one of the most established commercial precincts in the suburban region of Mumbai. There are several commercial establishments and several high-end residential projects located in this micro market. The micro market is an established office hub having office of various national and multinational companies. It also has several high-end residential projects by renowned developers like Hiranandani Developers, Omkar Realtors, Kanakia group, Mahindra Lifespaces, etc.

Additionally, R-City mall, Haiko mall, and Infiniti Mall located in and around the micro market are some of the established and leading retail malls that witnesses significant footfalls. The micro market has good social infrastructure with the presence of restaurants, multiplexes, schools, hospitals and colleges. The micro market is well connected to major parts of Mumbai by both railways and roadways. Connectivity to the eastern suburbs is via Jogeshwari – Vikhroli Link Road (JVLR) while S V Road and Western Express Highway provides easy accessibility to western suburbs and South Mumbai. The JVLR has improved connectivity of Powai with Western Express Highway while Lal Bahadur Shastri (LBS) Marg offers connectivity to eastern suburbs of Vikhroli, Kanjurmarg and Bhandup. The micro market is well connected to both Mumbai and Navi Mumbai via Western Railway line, Central and Harbour railway line, with trains at regular intervals. Also, presence of operational Metro Line 1, which connects Andheri to Ghatkopar enhances east-west connectivity of the micro-market. Proximity to both domestic and international airport also makes the commute easier for business travellers.

Upcoming infrastructure developments like Mumbai Metro Line 3, Line 4 and Line 6 will further smoothen the road traffic in this micro-market.

The increase in rental values of office space in South Mumbai and other micro markets coupled with shortage of availability of quality office space in the city has led companies to look for alternative options in suburban micro-markets such as Andheri & Powai, Malad – Goregaon, etc.

The demand for office space in this micro-market has increased over the past few years as the assets are located among the best performing micro markets are distinguished by scale and infrastructure and driven by proximity to talent pool catchment areas, proximity to residential projects and better connectivity as compared to other parts of the city.

Some of the prominent office developments in the vicinity are Supreme Business Park, Scorpio House, L&T Business Park, Delphi, Godrej IT Park, Solitaire Corporate Park, Kanakia Wall Street, Times Square, Raiaskaran Tech Park etc. Prominent corporates such as JP Morgan, Deutsche Bank, Crisil, Deloitte, Nomura, Morgan Stanley, JM Financial, TCS, Balmer Lawrie and Co. Ltd., Federal Bank, Fullerton etc. are located in this micro market. Further, companies such as Hindustan Unilever Limited, Glenmark and Crisil have their corporate headquarters located in this micro market.

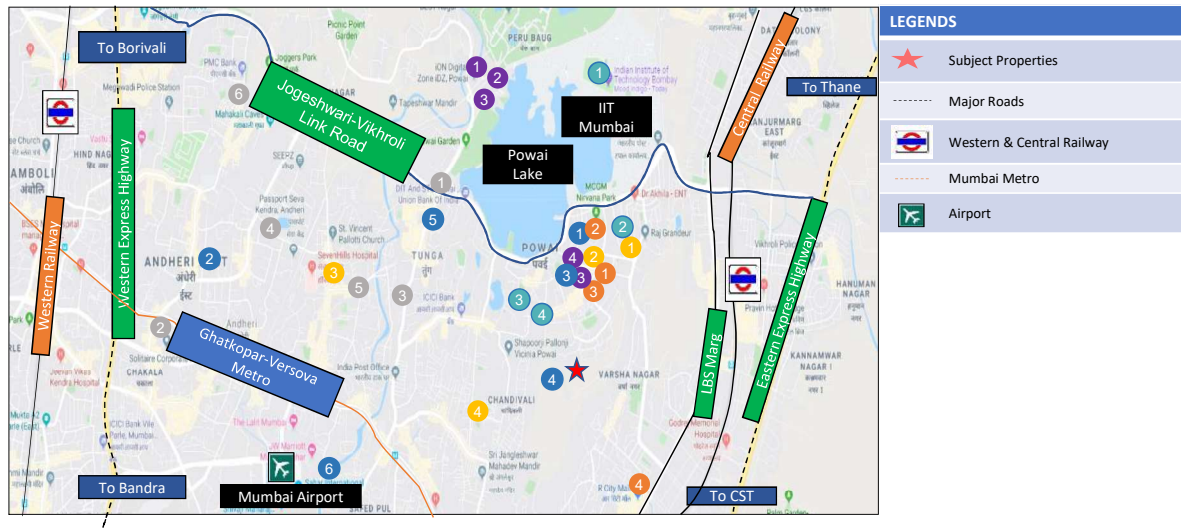
Kensington is located in Andheri & Powai micro market. This micro market in close proximity to talent pool catchment area and also has good accessibility and connectivity with the major hubs and transport modes. Further the REIT asset is a Grade A asset with developed office ecosystem and caters to multinational tenants.

The average quoted\* monthly Grade A rentals for office space in subject micro market ranges from INR 130-170 psf / month for commercial and INR 120-150 psf / month for IT/ITES/IT SEZ and the typical lease tenure is 3+3+3 years with first 3 years as lock – in period.

*\* Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.*



2.2 Social and Physical Infrastructure



Source: Cushman & Wakefield Research

(Map not to scale)



Key Office Developments	Social Infrastructure	Lifestyle Infrastructure	Under Construction Office Developments	Hospitality Developments	Higher Education Institutions
1. Delphi (1.4 km)	1. Hiranandani Hospital (1.9 km)	1. Galleria (1.3 km)	1. Renaissance Commercial Tower (4.7 km)	1. Ramada Plaza (4.8 km)	1. IIT Powai (4.0 km)
2. Kanakia Wall street (7.3 km)	2 Hiranandani School (1.3 km)	2. Binge Central (1.4 km)	2. Runwal RMI (8.3)	2. Renaissance Hotel (4.5 km)	2. IBS Business School (2.0 km)
3. Ventura (0.9 km)	3. Sevenhills Hospital (6.8 km)	3. Haiko (1.1 km)	3. Lighthall Annexe (3.9 km)	3. Lakeside Chalet (4.2 km)	3. Chandrabhan Sharma College (1.6 km)
4. Supreme Business Park (0.7 km)	4. Nahar International School (3.2 km)	4. R-City Mall (4.1 km)	4. 2nd Avenue (6.7 km)	4. Meluha- The Fern (1.4 km)	4. S.M. Shetty College (1.2 km)
5. Prima Bay (4.0 km)			5. NDW Altima (9.2 km)	5. Rodas An Ecotel (1.3 km)	
6. The ORB (5.7 km)			6. Nexus 10 (6.4 km)		

The subject micro market is connected to Jogeshwari-Vikhroli Link Road (JVLR) which further connects the Western & Eastern Express Highway on either side. It is also easily accessible from LBS Road via Vikhroli. Kanjurmarg Railway Station is the nearest railway station from the Subject Property. Metro Line-6, in between

Swami Samarth Nagar to Vikhroli (EEH) has been proposed to provide further inputs in the infrastructure of Greater Mumbai. Proposed Metro line is 15.31 Km in length & running from Swami Samarth Nagar to Vikhroli (EEH) passing through Jogeshwari, WEH, Powai. This line is fully elevated, and it connects Western Express & Eastern Express Highways. It gives interchange facilities at Aadarsh Nagar of Line-2A, JVLR station of Line-7, Aaray Depot station of Line-3 and Gandhi Nagar of Line-4 at different locations. It has 13 stations & most of the alignment is passing on the median of Jogeshwari-Vikhroli link road. It will cut travel time between Andheri and Eastern Express Highway by 30-45 minutes. Metro Line 3 is under construction whereas Metro Lines 2A (partly operational till Dahanukarwadi) & 7 are operational

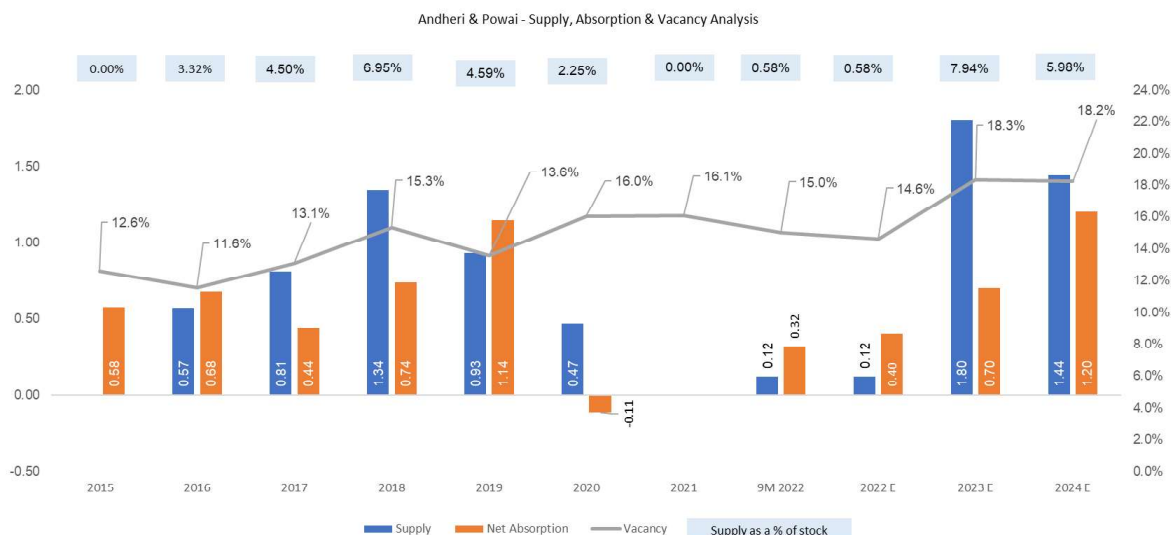
### 2.3 Key Statistics

Particulars	Details
Total completed stock (9M 2022)	Approximately 20.86 million sq. ft.
Current occupied stock (9M 2022)	Approximately 17.72 million sq. ft.
Current Vacancy (9M 2022)	Approximately 15.0%
Avg. Annual Net Absorption (2015 – 9M 2022)	Approximately 0.49 million sq. ft.
Future Supply (Q2 2022 E – 2024 E)	2023: Approximately 1.80 million sq. ft. 2024: Approximately 1.44 million sq. ft.

Source: Cushman & Wakefield Research

## 2.4 Supply, Absorption & Vacancy Trend Analysis

The supply, absorption & vacancy trend for Andheri & Powai is as follows:



Source: Cushman & Wakefield Research

### Notes:

1. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply. Vacancy estimates are based on supply and absorption trends.
2. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-committments, renewals etc. The pre-committments are recorded as absorption in the year in which the tenant occupies the building.

Office space demand in Andheri & Powai micro market has remained strong over the years owing to demand from Global Capability Centers (GCC) and professional services companies. This micro market has gained increased traction owing to quality A grade developments, proximity to the talent catchment areas and larger floor plates. Brookfield group currently owns more than 4.0 million sq. ft. of grade-A office space in the micro-market, largest amongst the developers who own grade A office spaces in this micro market.

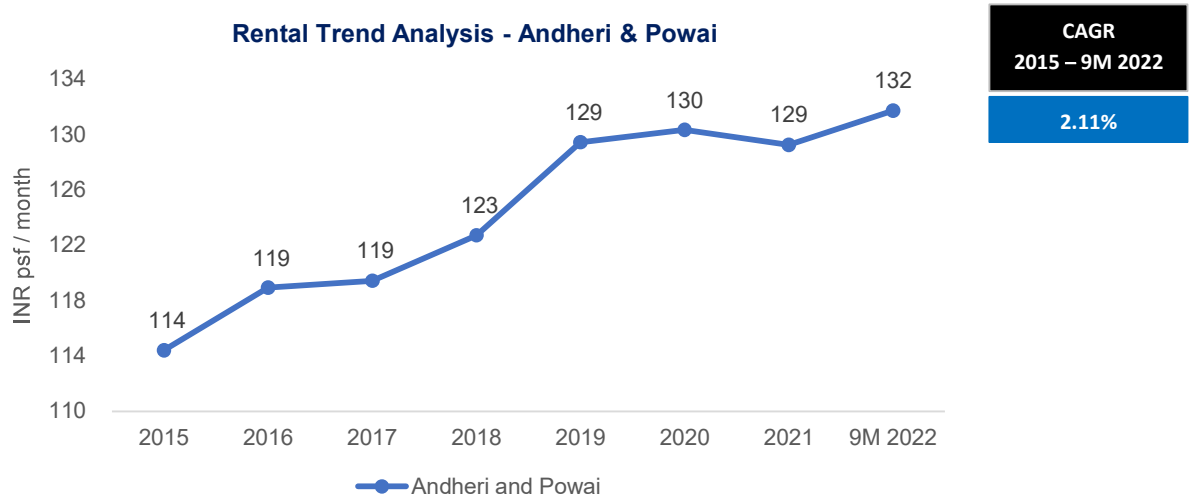
Vacancy has remained range-bound between 12%-16% over 2016-2019. Average annual absorption in the micro market stood at ~0.71 million sq. ft. over the same period. However, with the infusion of ~0.47 million sq. ft. of new supply in 2020 and comparatively weak fresh leasing activity over 2020-2021 resulted into vacancy increasing from 13.56% in 2019 to 16.07% in 2021. Further, ~0.20 msf of new supply was delivered during Q1 2022 and ~0.08 msf of stock was withdrawn during the quarter via outright purchase of three floors at Fulcrum by an American Footwear company. The markets have started to witness strong traction during 9M 2022, vacancy stood at 15.03% as at 9M 2022.

We expect the market to continue the remaining portion of the year with strong leasing traction. However, with significant new supply expected to be delivered during 2023-2024, we expect the vacancy levels to increase to 18.23% by 2024.

Further, future supply of ~3.24 million sq. ft. is expected to be delivered in this micro-market over Q4 2022 E – 2024 E, though majority of the upcoming supply in the micro market is not comparable to the REIT asset.

**2.5 Rental Trend Analysis**

The rental trend for Andheri & Powai is as follows:

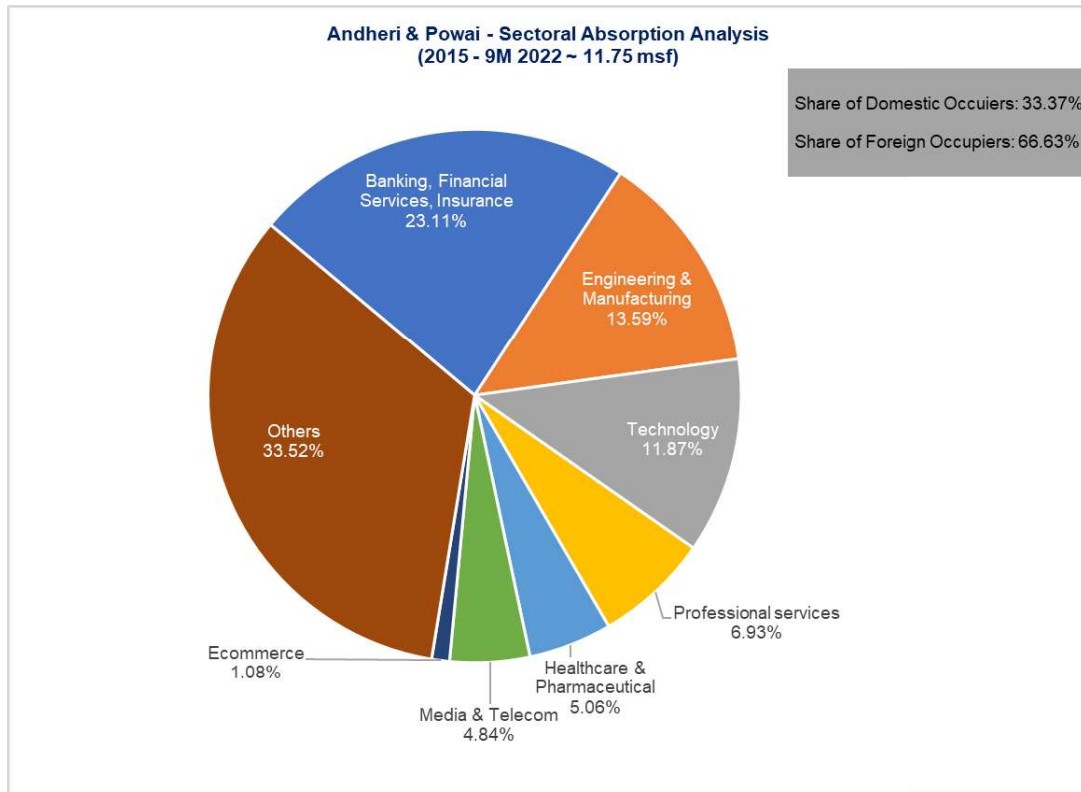


Source: Cushman & Wakefield Research

*Notes: The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.*

Due to increasing traction in the Andheri & Powai micro market, the rentals in this micro market have witnessed an increasing trend over 2016 – 2019, growing at CAGR of 2.73% over the same period. 2020 – 2021 was mostly impacted due to the pandemic, rentals have remained broadly stable post 2019. The average quoted\* monthly Grade A rentals for office space in subject micro market ranges from INR 130-170 psf / month for commercial and INR 120-150 psf / month for IT/ITES/IT SEZ .

**2.6 Sectoral Demand Analysis – (2016 – 9M 2022)**



Source: Cushman & Wakefield Research

*Notes: Others include tenants involved in hospitality, logistics & shipping, FMCG, retail, real estate & related services, etc. The sectoral absorption analysis is based on gross absorption activity of micro market including any relocations, consolidations etc.*

Andheri & Powai micro market is one of the biggest micro markets having large concentration of BFSI tenants. This is primarily due to availability of premium grade A developments, enhanced connectivity, proximity to talent pool catchment areas etc. Occupiers from BFSI sector contributed to 23.11% of leasing activity in Andheri & Powai micro market followed by Engineering & Manufacturing which contributed 11.87% to the leasing activity. TIAA Global have leased ~61,000 sq. ft. in Q3 2022 in addition to ~122,000 sq.ft. leased during Q4 2021. Engineering & Manufacturing tenants and Technology tenants such as L&T Hydrocarbon Engineering Ltd, Baker Hughes, STT Global Data Centers India Pvt Ltd and FIS Global have also leased spaces in this micro market thereby making Technology sector the second and third most dominant sectors in this micro market, respectively.

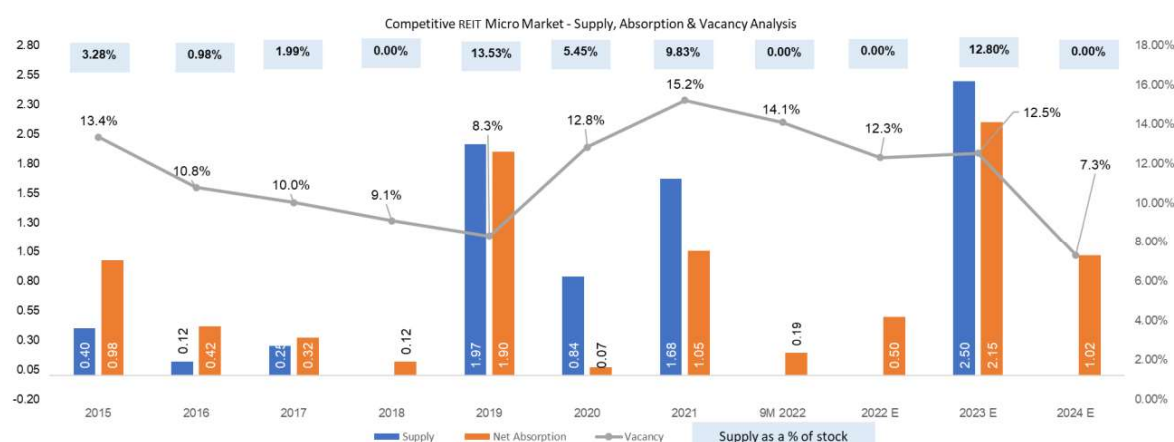
Further, ~66.63% of the occupiers in this micro market are foreign MNCs as the micro market, consisting of quality grade A buildings and easily accessible due to the physical and social infrastructure present in the micro market.

### 3 Competitive REIT Micro Market

#### 3.1 Overview

The Subject Property is a Grade A asset with a developed office ecosystem catering to multinational tenants and having bigger floor plate. Keeping in mind parameters such as proximity, tenant profile, grade of asset and certain additional criteria the peer set (assets comparable to the Subject Property) of the Subject Property is also present in two other micro markets viz. Malad Goregaon and Eastern Suburbs. Hence, the comparable set of buildings in Andheri & Powai, Malad Goregaon and Eastern suburbs micro markets are together referred as the competitive REIT micro market. The buildings in these micro markets are selected keeping in mind parameters such as size of the parks, floor plates, tenant profile, proximity to catchment area, infrastructure and certain additional criteria.

#### 3.2 Supply, Absorption & Vacancy Analysis



Source: Cushman & Wakefield Research

Notes:

1. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply. Vacancy estimates are based on supply and absorption trends.

2. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

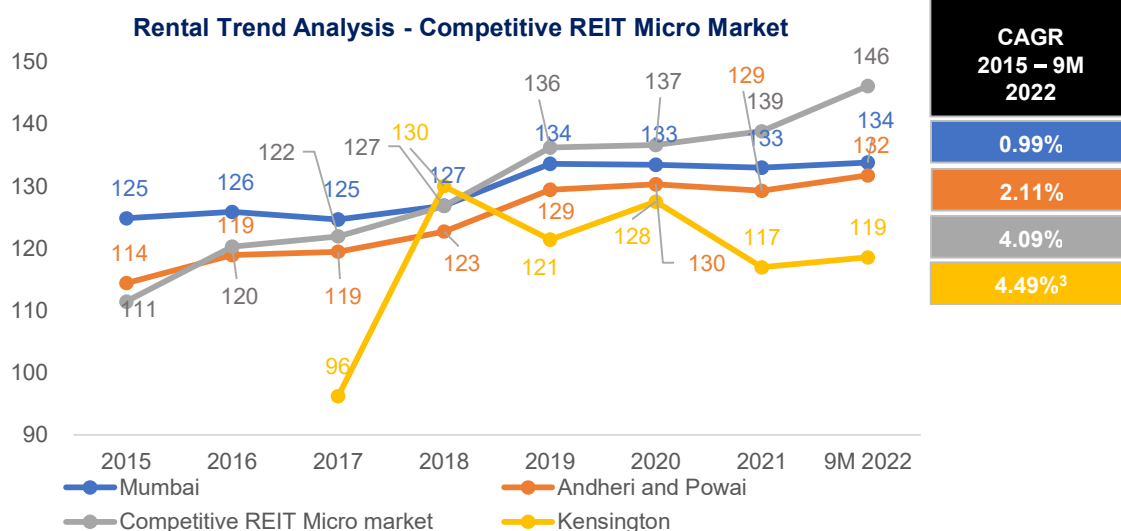
As of 9M 2022, approximately 17.03 million sq. ft. of Grade A stock is present in the Competitive REIT Micro Market of which ~75.74% (12.90 million sq. ft.) is IT/IT SEZ stock. Absorption in Competitive REIT Micro Market led by BFSI and Technology tenants consistently outpaced the total supply leading to declining vacancy levels from 13.40% in 2015 to 8.32% in 2019. However, due to the outbreak of COVID-19, net absorption in the Competitive REIT micro-market (apart from the 1.1 msf of pre-commitment at Nirlon Knowledge Park being translated into absorption) remained broadly muted during 2020-2021, vacancy levels increased to ~15.22% by 2021. The Competitive REIT micro-market witnessed strong traction during 9M 2022, net absorption stood at ~0.19 million sq. ft., thereby vacancy levels dropped to 14.10% by 9M 2022.

Demand for office space in this micro-market over the years have been driven by presence of larger properties, improving infrastructure, availability of quality residences and excellent connectivity to other parts of Mumbai. The micro-market also attracts demand from large GCCs and professional services organizations,

such as KPMG, JP Morgan, Deutsche bank, Morgan Stanley, Deloitte etc. both in technology and financial services sector for their expansion and consolidation.

Given the limited available supply in the Competitive REIT micro-market, coupled with majority of the only new supply expected in 2023 being pre-committed, we expect the vacancy to gradually reduce to 7.31% by 2024.

### 3.3 Rental Trend Analysis



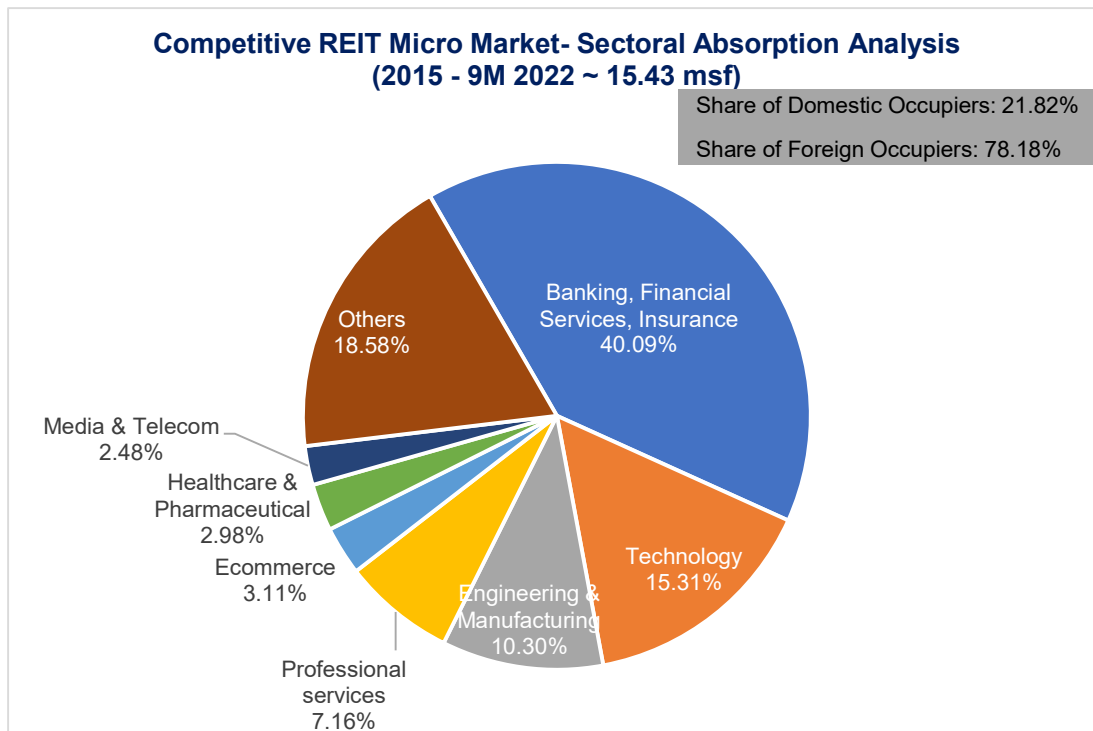
Source: Cushman & Wakefield Research

Note:

- The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.
- Rentals for Kensington have been sourced from client. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
- CAGR from 2017 – 9M 2022.

Due to increasing traction in competitive REIT micro market, the rentals in competitive REIT micro market have witnessed an increasing trend since 2015, growing at a CAGR of 5.15% during 2015-2019. Despite the impacts from COVID-19 related pandemic, the quoted rentals in the micro-market have displayed significant resilience, rentals grew at a CAGR of 0.95% over 2019- 2021. The current quoted office market rentals varies in range of INR 130-170 psf / month for commercial and INR 120-150 psf / month for IT/ITES/IT SEZ. This micro market witnesses strong traction from GCCs because of enhanced connectivity and proximity of the micro market to residential and talent pool catchment areas. Further, the rental trends in the competitive market for the REIT asset Kensington Towers have also witnessed an increasing rental trend and have surpassed the micro market in recent years .

3.4 Sectoral Demand Analysis – (2016 – 9M 2022)



Source: Cushman & Wakefield Research

Note: Others include tenants involved in hospitality, logistics & shipping, FMCG, retail, real estate & related services, etc. The sectoral absorption analysis is based on gross absorption activity of micro market including any relocations, consolidations etc.

This competitive REIT micro market is the biggest micro market having large concentration of BFSI tenants. This is primarily due to availability of premium grade A developments, enhanced connectivity, proximity to talent pool catchment areas etc. Occupiers from BFSI sector such as Deutsche Bank, TIAA Global, Nomura, JP Morgan etc. contributed to 40.09% of leasing activity in Competitive REIT micro market. Technology sector which contributed 15.31% to the leasing activity is the second most dominant sector in this micro market with occupiers such as Tata Consultancy Services (TCS), Accenture, Wipro, Here Solutions etc. Engineering & Manufacturing and Professional services also contributed ~10.30% and ~7.16% to the leasing activity respectively.

Further, ~78.18% of the occupiers in this micro market are foreign MNCs as the micro market consists of quality grade A buildings and is easily accessible due to the physical and social infrastructure present in the micro market.



#### 4 Market Outlook

According to the market assessment report of Cushman & Wakefield current average market rentals of comparable properties in the Andheri & Powai and competitive REIT micro-market are in the range of INR 120-150 per sq. ft./m for IT/ITES/IT SEZ properties, which is broadly in line with the recent leases signed in the Subject Property. Further over 2016-2019, during the pre-COVID period, the rentals in Subject Property's competitive REIT micro market grew at a CAGR of 4.09% (2015 – 9M 2022) and have displayed significant resilience during the COVID period, growing at a CAGR of 2.57% over 2019-9M 2022.

The outbreak of COVID-19, declared by the World Health Organisation as a Global Pandemic on the 11 March 2020, has impacted many aspects of daily life and the global economy. In India, the government had adopted several measures to contain the spread of Covid-19, which caused business disruption impacting the economic activity.

Vaccinations for the pandemic were launched on 16 January 2021 in India. As of April 2022, 1.85bn vaccinations have been administered. India's recovery rate stands at 98.71%. India has also started to roll-out the booster doses during April 2022. Given the decline in COVID-19 cases across the country, the Ministry of Home Affairs has revoked all the restrictions by the Centre from 31 March 2022 and has commented that the disaster management act will not be invoked for COVID-safety measures .

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While some organizations have been contemplating strategies with respect to the hybrid work models - flexible arrangement, allowing employees to combine onsite and offsite work as required, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

## **C      PROPERTY REPORT**

**1 Address, ownership and title details of Subject Property**

<b>Address:</b>	Kensington, Hiranandani Business Park, CTS No. 28A, Powai, Mumbai, Maharashtra 400076
<b>Ownership &amp; title details:</b>	Land tenure: freehold; the land and buildings thereupon are owned and controlled by the Brookfield India REIT

**1.1 Encumbrances**

Unless disclosed and recorded in the Property Report – Part C, the Subject Property is considered to possess a good and marketable title and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Report prepared by DSK Legal (hereinafter referred to as 'Legal Counsel'). We have not checked and verified the title of the Subject Property.

**1.2 Revenue Pendencies**

On the basis of the Title Report prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

**1.3 Material Litigation**

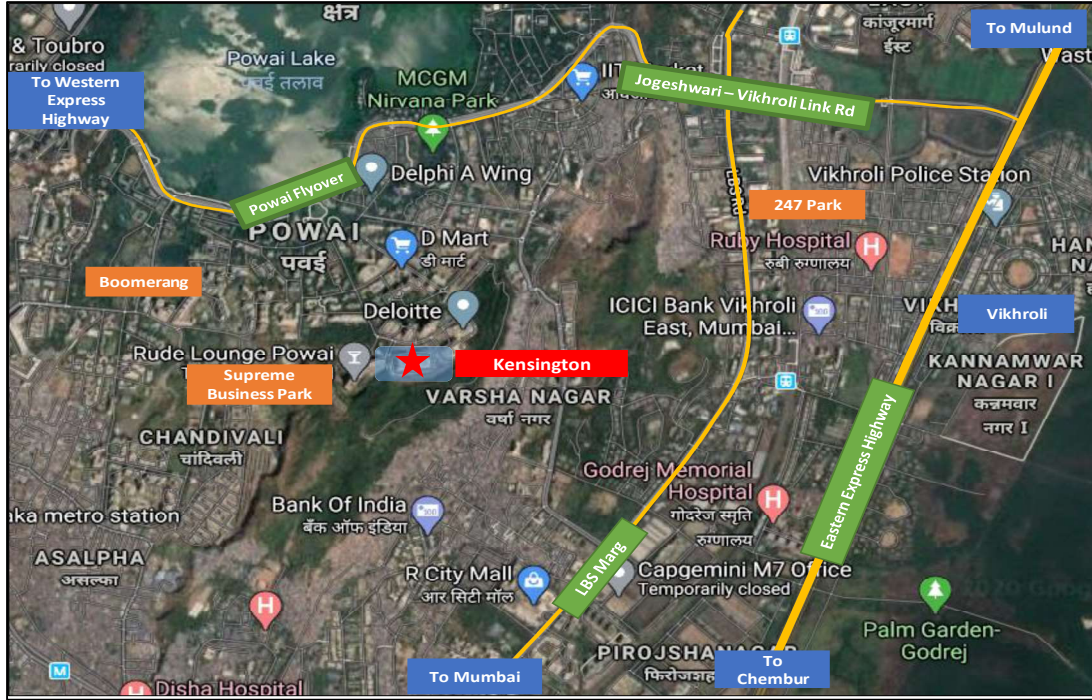
Based on discussions with the Client and Title Report shared, there are no material litigation including tax disputes relating to the Subject Property or any compounding charges affecting the valuation of the Subject Property.

**2 Location****2.1 General**

The Subject Property is located at Andheri & Powai micro-market, which is bounded by Powai Lake to its north, Andheri to its west, Ghatkopar and Vidya Vihar to its south and Vikhroli and Kanjurmarg to its east. The micro-market enjoys good road connectivity via Jogeshwari-Vikhroli Link Road (JVLR), Chandivali Road and Hiranandani Link Road. Kensington is surrounded by residential projects developed by Hiranandani Group. Some of the prominent office developments in the vicinity are Supreme Business Park, Scorpio House, L&T Business Park, Delphi, Godrej IT Park, Solitaire Corporate Park, Kanakia Wall Street, Times Square, Raiaskaran Tech Park etc. It also houses prominent tenants such as Tata Consultancy Services, Wipro, Cognizant, etc.

Kensington is within close proximity to some of the renowned hotels like Meluha, The Fern and The Beatle and is also well connected to major locations in city via multiple modes of communication.

The site layout map of the Subject Property is as follows:



(Map not to scale)

The site boundaries for the Subject Property are as follows:

- North: South Avenue Road
- East: Hiranandani Gardens
- South: Forest Area
- West: Supreme Business Park

Kensington is the only private IT/ITeS SEZ in the Mumbai region excluding Thane and Navi Mumbai and is well positioned in the Andheri & Powai micro-market due its proximity to the residential areas, well developed social infrastructure and the upcoming metro station (IIT - 2.6 km from the Subject Property).

**2.2 Accessibility**

The Subject Property is well connected to major locations in city via multiple modes of communication. The distance of Kensington from major landmarks in Mumbai Metropolitan Region (MMR) is as follows:

- Approximately 4 km from LBS Marg
- Approximately 2.3 km from IIT Powai
- Approximately 4.2 km from Kanjurmarg Railway Station
- Approximately 14 km from Eastern Express Highway
- Approximately 6.5 km from Chhatrapati Shivaji International Terminal
- Approximately 8.2 km from Western Express Highway
- Approximately 11 km from Mumbai Domestic Terminal
- Approximately 11 km from Bandra Kurla Complex

**2.3 Ground Conditions**

Based on visual inspection, there were no evidence of adverse ground conditions at the Subject Property or its immediate vicinity.

**2.4 Environmental Considerations**

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Mumbai where the Subject Property is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too.

No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster. The Subject Property is located on a higher elevation compared to its immediate surroundings, indicating low risk of flooding and does not face any significant problems of flooding or waterlogging.

**2.5 Town Planning and Statutory Considerations**

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

**3 Subject Property - Asset Details**

Kensington constitutes one building with two wings (Kensington A & Kensington B) and is categorized under one component viz. completed buildings. The listing of buildings is as follows:

**Completed Buildings with Occupancy Certificate (OC) received – Kensington (A & B)**

The building wise break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Floor (#)	Floor Plate (sq. ft.)	Status	Expected Completion Date	Quarters to Lease
Kensington A*	855,223	13	65,786	Completed	NA	4
Kensington B	707,318	13	54,409	Completed	NA	NA
<b>Total</b>	<b>1,562,541</b>					

Source: Architect's Certificate dated 30 September 2022, Rent Roll as on 30 September 2022, Lease Deeds/Leave and License Agreements and client information

\* Total leasable area for Kensington A includes area occupied by "Hitachi Payment Services Pvt Ltd" for ATM purpose (25 Sq Ft). The income for the said area is included in the "Other Income".

### 3.1 Key Asset Information

#### Completed Buildings with Occupancy Certificate (OC) received

Particulars	Details
<b>Entity:</b>	Festus Properties Private Limited
<b>Interest owned by Brookfield India REIT (%):</b>	Subject Property is wholly owned by Festus Properties Private Limited which is 100% owned and controlled by the Brookfield India REIT <sup>1</sup>
<b>Age of building based on the date of occupancy certificate:</b>	Kensington (A & B) - 13 years and 3 months
<b>Asset type:</b>	Approved IT/ITeS SEZ
<b>Sub-market:</b>	Andheri & Powai
<b>Approved and existing usage:</b>	IT/ITeS SEZ
<b>Land Area (acres):</b>	8.96
<b>Freehold/Leasehold:</b>	Freehold Land
<b>Leasable Area<sup>2</sup>:</b>	1,562,541 sq. ft.
<b>Occupied Area:</b>	1,485,413 sq. ft.
<b>Committed Occupancy (%)<sup>3,5</sup></b>	95.1%
<b>Current Effective Rent (excluding parking)<sup>4</sup></b>	INR 98 per sq. ft. per month (exclusive of ATM and Telecom income)
<b>Current Effective Rent (excluding parking)<sup>4</sup></b>	INR 98 per sq. ft. per month (inclusive of ATM and Telecom income)
<b>Number of Tenants</b>	07 (Office)

Source: Architect's Certificate dated 30 September 2022, Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information.

Notes:

1. Refer company structure set out in Annexure 1
2. Total leasable area includes area occupied by "Hitachi Payment Services Pvt Ltd" for ATM purpose (25 Sq Ft). The income for the said area is included in the "Other Income".
3. Committed Occupancy = (Occupied area + Completed area under Letters of Intent) / Completed area
4. The Current Effective Rent is as per the Rent Roll dated 30 September 2022. Kensington has 1,721 car parks. We have assumed the car parks to maintain status quo. The parking charges are assumed to be applicable over and above the applicable lease rent.
5. Occupancy as stated in the table above, includes the space, which are currently occupied by Apollo India Services LLP and Baker Hughes, would be vacated by Q2 FY 2023. Considering the said Apollo India Services LLP and Baker Hughes space, the occupancy shall be 91.5% (vs 95.1% as shown in above table).

### 3.2 Property Inspection

The Property comprising of one operational building with two wings Kensington A & Kensington B was physically inspected on 24 March 2022. There have not been any subsequent visits to the site.

The inspection comprised visual inspection of operational buildings comprising the property and visits to key utility areas like LT Electric Room (LT), Pump Room, Lift Machine Rooms (LMR), Building management system (BMS) and DG sets. The building doesn't have HVAC installations and STP. It has DG led power back-up facility servicing the common areas only. Tenants have installed their own HVAC facilities and power back up.

The buildings in the property has typical/identical plan. Each building has lower basement, upper basement, stilt, two level podium and 3rd to 15th upper floors constructed on plot bearing and situated at C.T.S. No. 28/A and 28/B of village Powai and C.T.S. No. 11-A/1 of village Chandivali 'S' Ward, Mumbai.

The large parking requirement is catered by four parking levels contributing to 1,721 parking spaces. The Subject Property has two entry and two exit points providing access to D.P. Road and Internal Wide Road. The Subject Property has separate lift and lobby area on each floor of the building. Also, there is an arrangement of other utilities like LT room, LMRs, BMS, DG sets and pump rooms are available in basement/ lower ground floors and on terrace of each buildings. Kensington B is let out to a single tenant, namely Tata Consultancy Services (TCS) on a Bareshell basis, with all the major utilities like HVAC, power back up etc installed by the tenant.

At the time of property visit, Lobby upgradation work was in progress. The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. No instances of any major logging or water accumulation was observed during the inspection. The utility areas also appeared well maintained, visually. Regular upgradation activities are undertaken within the campus.

The property inspection did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.

It has been given to understand that a separate budget of INR 68 million has been provisioned to be spent by Q1 CY 2023, for asset upgradations relating to food court, lobby, podium, etc. Additionally, it has been given to understand that a separate budget of INR 33 million has been provisioned to be spent by Q4 CY 2022 against tenant improvements to be made for ERGO Technology & Services Pvt Ltd. In addition to above, from CY 2023 onwards, 2.0% of rental income (including parking income) has been provisioned for maintenance of the premises.



### 3.3 Investigation, Nature and Source of Information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

- a. Title Report prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject Property
- b. Architect's certificate mentioning site areas and property areas
- c. Relevant approval documents from competent authorities regarding committed occupancy, operations and fire safety with respect to specific buildings in the Subject Property
- d. Lease agreements and commercial clauses thereof for top ten tenants on a sample basis
- e. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
- f. Management representation regarding the following:
  - i. Major repairs undertaken and proposed in the Subject Property (please refer Annexure 8)
  - ii. Statement of Assets
  - iii. Revenue pendency, if any
  - iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

### 3.4 Tenant Profile

As of 30 September 2022, Subject Property has 7 tenants (for office space) occupying space in the subject property, which include companies like TCS, Cognizant, Wipro, XPO, L&T, etc. The Subject Property's top 5 tenants account for ~89.72% of leased area and ~89.65% of gross rental income.

Rank	Top 5 Tenant according to Leasable Area	Leasable Area (sq. ft.)
1	Tata Consultancy Services	8,81,898
2	GE Oil & Gas India Pvt Ltd	1,51,627
3	Cognizant Technology Solutions India Pvt Ltd	1,23,280
4	Wipro Ltd	1,03,740
5	XPO India Shared Services LLP	72,207
<b>Total</b>		<b>1,332,752</b>

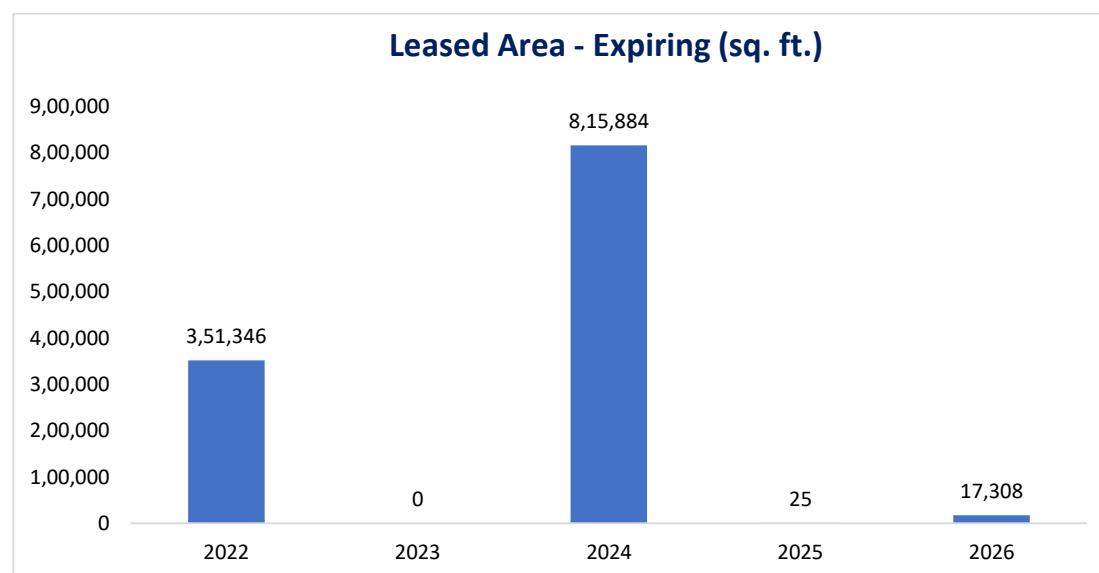
Source: Rent Roll as on 30 September 2022 and Client Information

Rank	Top 5 Tenants according to Gross Rentals	Share of Gross Rentals
1	Tata Consultancy Services	51.98%
2	GE Oil & Gas India Pvt Ltd	12.94%
3	Wipro Ltd	10.06%
4	Cognizant Technology Solutions India Pvt Ltd	8.86%
5	XPO India Shared Services LLP	5.80%
<b>Total</b>		<b>89.65%</b>

Source: Rent Roll as on 30 September 2022 and Client Information

### 3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 2.06 years, with 24.57% of occupied area expiring during CY 2022 as shown in the chart below.



Source: Rent Roll as on 30 September 2022 and Client Information

#### **4 Valuation Methodology**

In order to compute the Market Value of the Subject Property it is prudent to understand the market dynamics and the location where the Subject Property is located (existing and future supply, demand from occupiers, average office space take up by an occupier in a particular sector, existing vacancy numbers and the rentals, likely growth of the office space etc.). Understanding of the micro market positioning (where the Subject Property is located) with respect to a location is also very important. The next step then becomes to understand the situation of the Subject Property (current achievable rentals, vacancy numbers, competing supply in the micro market etc.) with respect to the micro market.

Each of the step required to assess the Market Value of the Subject Property is detailed below.

##### **4.1 Market and Location Assessment:**

The Client appointed Cushman & Wakefield (CWI) to prepare an office market research report, which has been relied upon and reviewed by the Valuer to develop the understanding and assess the relevant micro-markets of the Subject Property. The said review was carried out in the following manner:

- i. Market dynamics influencing the rents along with Subject Property rents were studied in detail. Further, the location setting of the Subject Property in the respective micro-markets were assessed. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by CWI and readily available information in public domain to ascertain the transaction activity of office space. The analysis entailed review of comparable properties in terms of potential competition (both completed and under-construction/future developments), comparable recent lease transactions witnessed in the micro-market along with the trends in leasing within the Subject Property in recent past, wherever available. This analysis enabled the Valuer to have an informed opinion on the market rent (applicable rental for the micro-market where the respective Subject Property are located) and achievable market rent (Valuer's view on achievable rent for the respective Subject Property for leasing vacant spaces, potential leasable area under development or planned as well as upon re-leasing of the existing let out area).
- ii. For tenants occupying relatively large space within the Subject Property, where there may be some instances of areas being let out at lower than market rent, it is assumed that the leases shall revert to market rent following the expiry of the lease, factoring appropriate re-leasing time.

##### **4.2 Portfolio Assessment:**

- i. As the first step, the rent rolls (which includes review of corresponding leases deeds) on a reasonable sample basis were reviewed to identify tenancy characteristics for the Subject Property. As part of the rent roll review, major tenancy agreements were reviewed on a reasonable sample basis.
- ii. For anchor/large tenants, adjustments on achievable market rent or additional lease-up timeframe have been adopted upon lease reversion wherever relevant.
- iii. Title Report, Architect's certificate and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
- iv. Physical site inspections were undertaken to assess the current status of the Subject Property.

##### **4.3 Preparation of Future Cash Flows:**

- i. Net operating income (NOI) has primarily been used to arrive at the Market Value of the Subject Property. The cash flows for the operational, under construction and future development area have

been projected separately for the purpose of estimating and reporting valuation in accordance with the SEBI (REIT) Regulations

- ii. The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the Subject Property. For vacant area, under-construction area and future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation wherein 11<sup>th</sup> year NOI is capitalized (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

Each of the lease was assessed to project the cash flows for a period of 10 years. The assessment was carried out in the following manner:

<b>Step 1</b>	Rental income from existing tenants up to the period of lease expiry, lock-in expiry, escalation milestones, etc. is projected whichever is applicable. In the event of any vacant spaces, achievable market-rent is assumed for future income for such spaces with suitable time for leasing up the space.  This data is then used to generate market aligned revenue stream from existing and potential tenants for the desired time period.
<b>Step 2</b>	In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable market rent, the contracted terms are adopted going forward until the next lease review/renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.
<b>Step 3</b>	Computing the monthly rental income projected as part of Step 2 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).

- iii. Recurring operational expenses, fit-out income (wherever applicable, however, the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market practices and conditions. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all Subject Property, operational revenues and expenses of the respective properties are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income, which accrues as cash inflows to the Subject Property and normalised for the purpose of cash flow projections. The 1-year forward income for the 11<sup>th</sup> year has been capitalized to assess the terminal value of the development at the end of year 10.

**4.4 Information Sources**

Property related information relied upon for the valuation exercise have been provided to the Valuer by the Client and the market data has been provided by Cushman and Wakefield, unless otherwise mentioned. The documents provided has been assumed to be a true copy of the original. The rent rolls have been cross checked with the lease deeds on a sample basis only to ensure its correctness.

**5 Assumptions considered in Valuation**

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

Cashflow Period	Unit	Details
Valuation Date	Date	30-Sep-22
Cashflow Period	Years	10
Cashflow Exit Period	End Date	30-Sep-32

**Property details**

Property Details	Unit	Details
Total Property Leasable Area*	sq. ft.	1,562,541
Area Leased	sq. ft.	1,485,413
Committed Occupancy**	%	95.1%
Vacant Area	sq. ft.	77,128
Vacancy	%	4.9%
Stabilized Vacancy	%	2.5%
Further Leasing	sq. ft.	38,065
Existing Lease Rollovers	%	100%
Rent Free Period- Existing Leases	Months	2
Rent Free Period- New Leases	Months	4
Total Parking Bays	#	1,721
Paid Parking Bays	#	38
Estimated Leasing Period	# of quarters	2

\*Total leasable area for Kensington A includes area occupied by "Hitachi Payment Services Pvt Ltd" for ATM purpose (25 Sq Ft). The income for the said area is included in the "Other Income".

\*\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area

Note:

Further Leasing and Estimated Leasing Period relate to the existing Vacant Area.

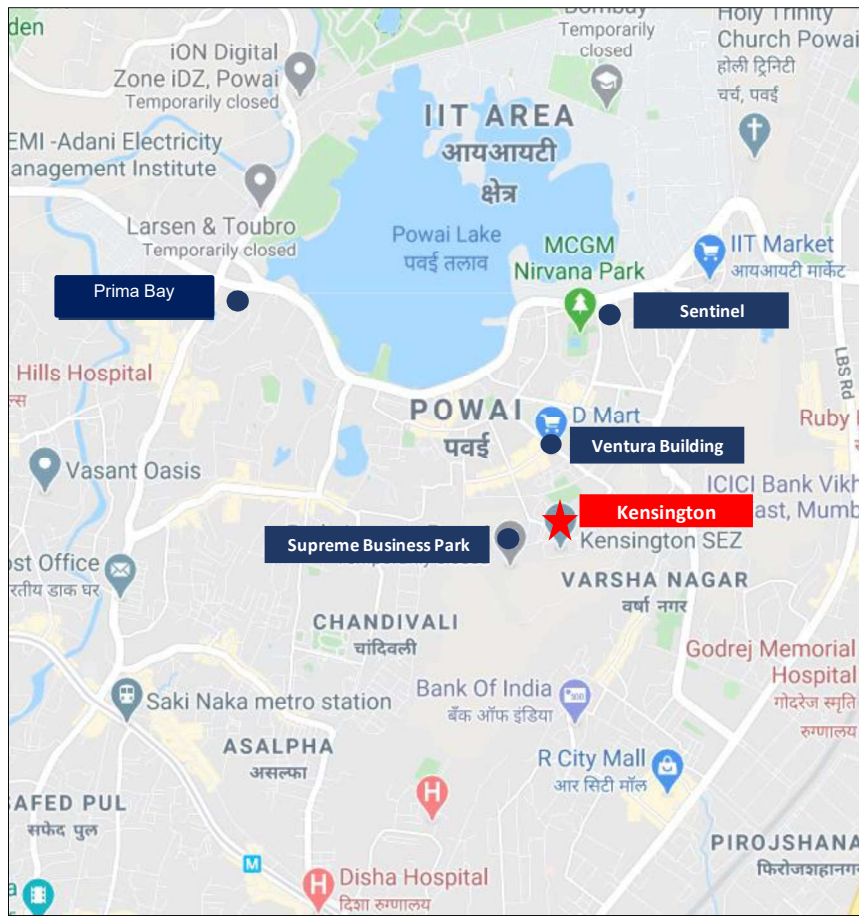
In addition to the vacancy as stated in the table above, the spaces, which are currently occupied by Apollo India Services LLP and Baker Hughes, would be vacated by Q2 FY 2023. Considering the said Apollo India Services LLP and Baker Hughes spaces, the vacancy shall be 8.5% (vs 4.9% as shown in above table) and estimated leasing period shall be 4 quarters (vs 2 as shown above table). Additionally, 38 paid parking bays are allotted to Apollo India Services LLP. Post expiry of the said Apollo India Services LLP space we have not considered these parking bays to be free, inline with other leases in the subject property.

**Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and four months for new leases.

**Future absorption:**

- Over 2015 – 9M 2022, the subject property's competitive REIT micro market has witnessed an average annual net absorption of approximately 0.65 million sq. ft.
- Going forward, the Subject Property's competitive REIT micro market is expected to have an average annual demand of approximately 1.54 million sq. ft. per annum over Q4 CY 2022 - 2024.
- Subject Property has minimal competition considering limited current/future SEZ developments in the micro market. Also, the vacancy level of the Subject Property stands at 8.5%.
- Considering the above, it would be reasonable to believe that the Subject Property shall be able to lease 0.09 million sq. ft. within four quarters from Jan 2023.
- Further leasing of 0.09 million sq. ft. has been assumed after incorporating a 2.5% stabilised vacancy, which is a standard for Grade A office properties.

**Subject Property and Relevant Existing/Upcoming Supply in the Competitive REIT Micro Market**



**Revenue Assumptions**

Revenue Assumptions	Unit	Details
Achievable Market Rent – Office	Per sq. ft. per month	INR 125.00
Market 4W Parking Rent*	Per bay per month	INR 5,000.00
Rental Growth rate – (for FY 24 – FY 25)	% p.a.	6.0%
Rental Growth rate – (for FY 26 onwards)	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9
Normal Market Escalation at end	# of years	1
Market Escalation at the end of escalation period	%	4.75%
CAM/O&M Income for future leases	Per sq. ft. per month	INR 11.43

\*Note: The Subject Property has 1,721 car parks, of which no car parks are paid. We have assumed the car parks to maintain status quo.

- **Achievable market rent – office:**

- During 2021 to 9M 2022, approximately 0.22 million sq. ft. was leased in the rental range of INR 115-125 per sq. ft. per month.

**Lease Transactions 2019 –2022**

Tenants	Year	Area (sq. ft)	Rent (INR per sq. ft)
Baker Hughes	2022	74,331	120
ERGO Technology & Services Pvt Ltd	2022	55,905	115
XPO India Shared Services LLP	2021	72,207	115
Larsen and Toubro Limited	2021	17,308	125
Wipro Ltd	2019	103,740	120
Larsen and Toubro Limited	2019	41,289	125

Source: Rent Roll as at 30 September 2022 and Client Information

- Considering the location, accessibility, quality, size of the building, and keeping in view the strong demand in the competitive REIT micro-market coupled with limited available supply and only supply expected to be delivered in 2023 has been mostly pre-committed in the competitive REIT micro-market, it can reasonably be assumed that the Subject Property shall be able to command a monthly rental of INR 125 per sq. ft. per month.
- **Rental growth rate:** Considering the strong demand in the competitive REIT micro-market coupled with limited available supply and only supply expected to be delivered in 2023 has been mostly pre-committed and improvements in connectivity and upcoming infrastructure to further boost the demand for the micro-market, we expect annual growth in achievable market rentals to be in the range of 5-6% in the medium to long term.
- **Other income:** We have been provided with other income for Visitor Car Park, ATM, Telecom Towers income. We have considered an annual growth of 5.0% on other income.
- **CAM/O&M Mark-up:** O&M revenues and expenses were shared by the client. O&M revenues include sinking fund which is being passed through to the tenants. For FY 2023, the O&M income is considered to be INR 11.43 per sq.ft. per month which is derived on the basis of 15.85% mark-up of the O&M Cost, which is escalated for subsequent years. The O&M margin is INR 1.56 per sq. ft. per month for FY 2023 for the rollover/new leases as the contracts for existing tenancies are already locked in.



- **Efficiency:** As per our market study, we understand that the efficiency of Subject Property is in line with the efficiency of other IT office space developments. Hence, we have not made any adjustments regarding the same for our valuation analysis.

#### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (Renewal/Release)	Month Rent	2 Month Rent
Brokerage cost (New Lease)	Month Rent	2 Month Rent
CAM/O&M Margin	Per sq. ft./month	INR 1.56
Payroll Cost	Per sq. ft./month	INR 2.16
Property Tax	Annual	INR 69 Million
Cost Escalation	% p.a.	5.0%
Property Tax Escalation	% p.a.	5.0%
Payroll Cost Escalations	% p.a.	8.0%
Transaction Cost on Sale	% of Terminal Value	1.0%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we have assumed brokerage expense amounting to two months for new leases and existing lease rollovers.
- **Payroll cost :** As provided by the client, we have considered budgeted payroll cost of INR 2.16 per sq. ft., per month. The escalation is effective 1 January of every year.
- **Property tax and Insurance Cost:** Property Tax has been considered at the same level as FY 21-22 and projected to increase at 5.0% per annum. Insurance cost forms a part of CAM/O&M cost. The escalation is effective 1 April of every year.
- **Transaction cost** has been assumed at 1.0% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

### Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

Capitalisation rate (“Cap rate”) is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates. In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for disclosure of valuation of assets forming part of the portfolio of Brookfield REIT in accordance with The SEBI (REIT) Regulations, 2014 with better liquidity/marketability of ownership interest, the cap rate for the subject property has been assumed to be 8.00% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Source: Secondary Market Research

Note:

\*CPPIB took 51% stake in the property erstwhile held by Prestige estates

The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of ~11.75% for completed properties was found to be aligned with the expectations of international investors investing in similar assets.

**6 Market Value**

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 22	INR 27,548 Million	Indian Rupees Twenty-Seven Billion Five Hundred and Forty-Eight Million Only

**Ready Reckoner Rate**

Component	Rate
.Built up Area	INR 25,828 per sq. ft.
.Land Area	INR 7,567 per sq. ft

\*For reference, please refer Annexure 7

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by



**SHUBHENDU  
SAHA**

Digitally signed by SHUBHENDU SAHA  
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(Shubhendu Saha)

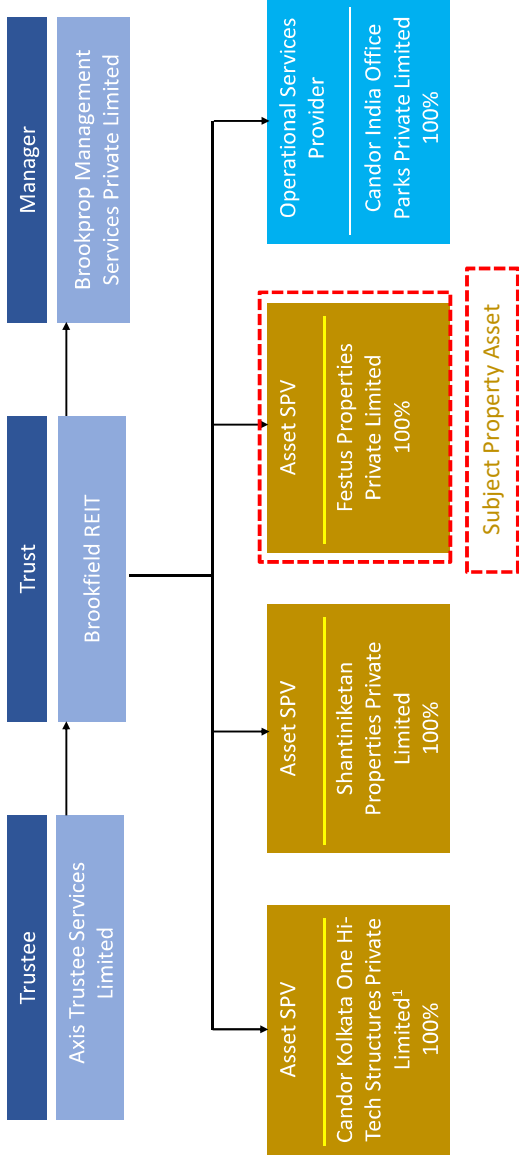
IBBI/RV/05/2019/11552

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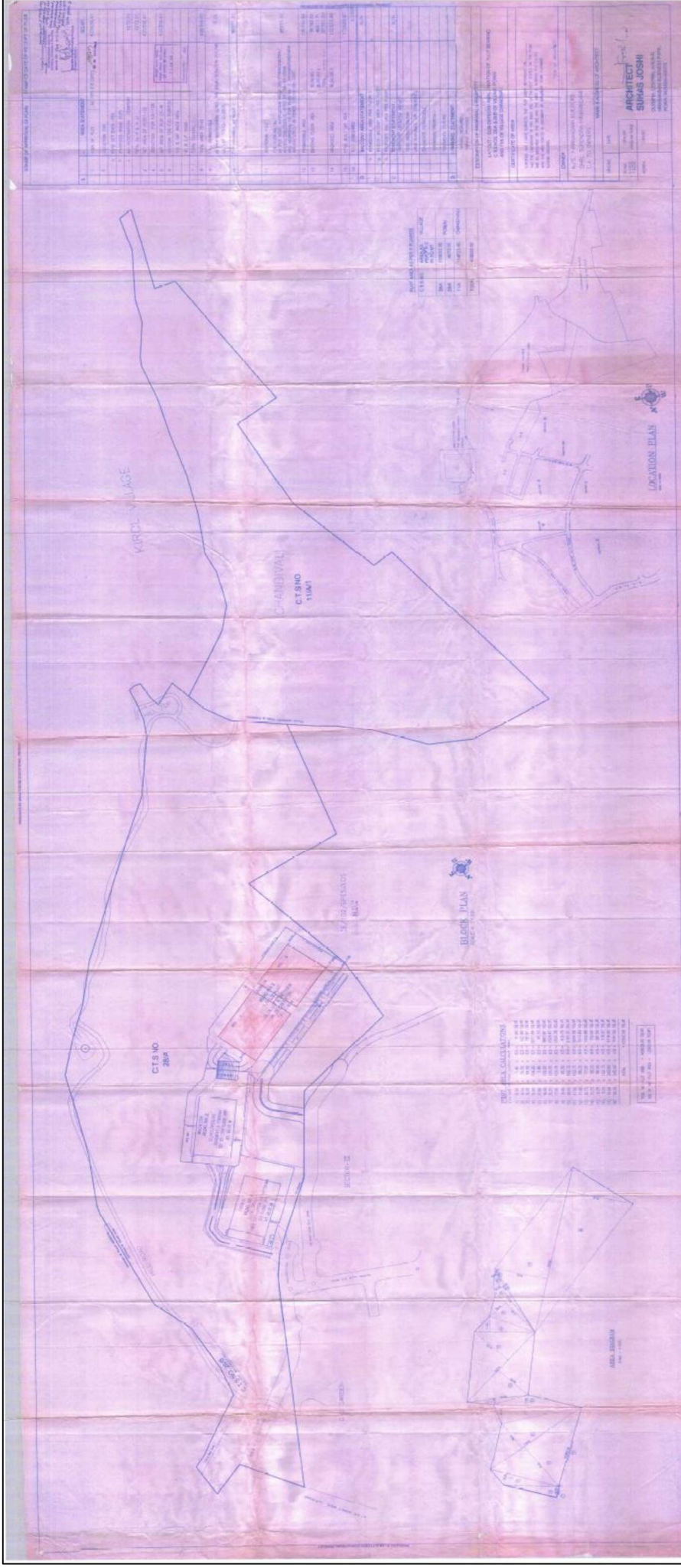
**Annexure 1: Ownership Structure of Subject Property**



**Note:**

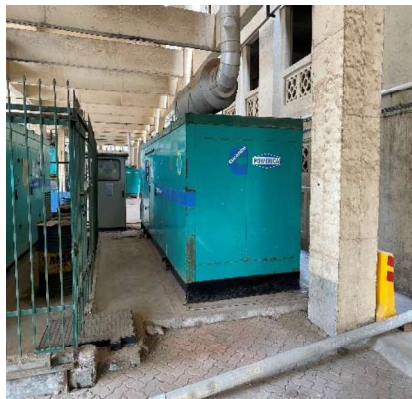
1. By way of a scheme of amalgamation filed with the NCLT, Candor Gurgaon 2 has merged into Candor Kolkata. The NCLT has approved the scheme by way of its order dated August 8, 2019 and has approved the application for rectification of the aforesaid order by way of its order dated November 14, 2019. The scheme has been made effective from May 4, 2020 with the approval of the BoA dated March 5, 2020 and ROC, Mumbai dated May 4, 2020.

**Annexure 2: Property Layout Plan**



Source: Client Information

**Annexure 3: Property Photographs**



**Annexure 4: Statement of Assets**

Building	No/Name	Kensington-A	Kensington-B
No of DG Capacity	KVA	1 X 500kVA	1 X 500kVA
No of Transformer/Capacity	KVA	NA	750kVA
Chiller Rating	TR	NA	NA
Cooling Tower		NA	NA
FF System (Pumps & Engine)	KW/HP	DD Pump – 2 X 72 HP Fire Pump Hydrant – 1 X 75 HP Fire Pump Sprinkler – 1 X 75 HP Jockey Pump Hydrant – 1 X 10 HP Jockey Pump Sprinkler – 1 X 10 HP Booster Pump – 1 X 7.5 HP	DD Pump – 1 X 133 HP Fire Pump Hydrant – 1 X 150 HP Fire Pump Sprinkler – 1 X 150 HP Jockey Pump Hydrant – 1 X 12.5 HP Jockey Pump Sprinkler – 1 X 12.5 HP Booster Pump – 1 X 7.5 HP
Water Pumping System (Domestic & Flushing)	KW/HP	Domestic Pump High Zone- 3 X 15 HP Domestic Pump Low Zone – 3 X 7.5 HP Flushing Pump High Zone – 3 X 15 HP Flushing Pump Low Zone -3 X 7.5 HP	Domestic Pump High Zone- 4 X 10 HP Domestic Pump Low Zone – 4 X 5.5 HP Flushing Pump High Zone -2 X 15 HP Flushing Pump Low Zone -2 X 10 HP
STP Rating	KLD	NA	NA
No of Lifts	#	Passenger Lift – 14 Service Lift – 2 Parking Lift – 2	Passenger Lift – 14 Service Lift – 2 Parking Lift – 2
Warm Shell/ Bare Shell		Bare Shell	Bare Shell

Source: Client Information



**Annexure 5: List of Sanctions and Approvals**

List of one-time sanctions/approvals which are obtained or pending

**Approvals Received**

- a) Building Plan Approvals for all existing buildings and amendments thereof
- b) Full Occupancy Certificates received for all the existing/operational buildings
- c) Sewerage Approvals for all buildings and the common campus area
- d) Approved Zoning plan
- e) Approved Master Plan
- f) Consent to Establish (CTE)
- g) Environment Clearance Certificate
- h) One-time Fire NOC
- i) Height clearance NOC from AAI
- j) SEZ Notification by The Gazette of India
- k) Forest NOC
- l) Consent to Operate (CTO)
- m) Fire Form B
- n) Architect's Certificate

**Annexure 6: Cash Flows – Completed Buildings with Occupancy Certificate (OC) received (Kensington A & B)**

Particulars	Unit	01-Oct-22	01-Oct-23	01-Oct-24	01-Oct-25	01-Oct-26	01-Oct-27	01-Oct-28	01-Oct-29	01-Oct-30	01-Oct-31	01-Oct-32
		30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
<b>OPERATING INCOME</b>												
Lease Rentals	INR Million	1,592.0	1,608.5	2,004.1	2,653.5	2,740.4	2,915.6	3,077.7	3,223.6	3,376.4	3,386.5	3,758.4
A/TM Income	INR Million	1.9	2.0	2.1	2.2	2.4	2.5	2.6	2.7	2.9	3.0	3.2
O&M Income	INR Million	146.1	127.0	185.7	224.4	234.1	243.0	254.7	267.0	279.9	298.8	315.1
Other Income (Telecom)	INR Million	1.2	1.3	1.4	1.4	1.5	1.6	1.6	1.7	1.8	1.9	2.0
	INR Million	1,741.3	1,738.8	2,193.3	2,881.5	2,978.3	3,162.7	3,336.7	3,495.0	3,660.9	3,690.2	4,078.7
<b>Total Income from occupancy</b>	<b>INR Million</b>	<b>1,741.3</b>	<b>1,738.8</b>	<b>2,193.3</b>	<b>2,881.5</b>	<b>2,978.3</b>	<b>3,162.7</b>	<b>3,336.7</b>	<b>3,495.0</b>	<b>3,660.9</b>	<b>3,690.2</b>	<b>4,078.7</b>
<b>OPERATING COSTS</b>												
O&M cost (O&M Expenses) - excl Payroll	INR Million	(176.4)	(185.3)	(194.5)	(204.2)	(214.5)	(225.2)	(236.4)	(248.3)	(260.7)	(273.7)	(287.4)
Payroll cost	INR Million	(42.9)	(46.3)	(50.0)	(54.0)	(58.3)	(63.0)	(68.0)	(73.4)	(79.3)	(85.7)	(92.5)
Property Taxes	INR Million	(74.3)	(78.0)	(81.9)	(86.0)	(90.3)	(94.8)	(99.5)	(104.5)	(109.7)	(115.2)	(121.0)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>(293.6)</b>	<b>(309.5)</b>	<b>(326.4)</b>	<b>(344.2)</b>	<b>(363.0)</b>	<b>(382.9)</b>	<b>(404.0)</b>	<b>(426.2)</b>	<b>(449.7)</b>	<b>(474.6)</b>	<b>(500.9)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>1,447.7</b>	<b>1,429.3</b>	<b>1,866.9</b>	<b>2,537.3</b>	<b>2,615.3</b>	<b>2,779.8</b>	<b>2,932.7</b>	<b>3,068.8</b>	<b>3,211.2</b>	<b>3,215.6</b>	<b>3,577.8</b>
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	-	44,722.6
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	-	(447.2)
Fit Out Income	INR Million	2.4	2.5	2.7	2.8	2.7	-	-	-	-	-	-
<b>Total Net Income</b>	<b>INR Million</b>	<b>1,450.1</b>	<b>1,431.9</b>	<b>1,869.6</b>	<b>2,540.1</b>	<b>2,618.0</b>	<b>2,779.8</b>	<b>2,932.7</b>	<b>3,068.8</b>	<b>3,211.2</b>	<b>47,491.0</b>	
Maintenance Capital Expenditure	INR Million	(17.7)	(32.2)	(40.1)	(53.1)	(54.8)	(58.3)	(61.6)	(64.5)	(67.5)	(67.7)	
Brokerage Expenses	INR Million	(89.4)	(40.4)	(202.4)	-	(67.3)	-	-	-	-	-	(185.2)
Capital Expenditure	INR Million	(100.7)	-	-	-	-	-	-	-	-	-	-
<b>Net Cashflows</b>	<b>INR Million</b>	<b>1,232.4</b>	<b>1,359.3</b>	<b>1,627.0</b>	<b>2,487.0</b>	<b>2,495.9</b>	<b>2,721.4</b>	<b>2,871.2</b>	<b>3,004.4</b>	<b>3,143.7</b>	<b>47,238.1</b>	

Note: In alignment with operating expenses line items of reported financials of Festus.

**Annexure 7: Ready Reckoner Rate and Land Rate**

**Year**  
2022/2023

**Annual Statement of Rates**

**Selected District** Mumbai (Suburbs)

**Select Village** Powai - Kurla

**Search By**  Survey No  Location

Select	Subdivision	Open ground	Residential flat	Office	Shops	Industrial	Unit (Rs./)
SurveyNo	Income with more than 114 / 541C-1-5 hectare.	81450	243150	278010	303930	243150	Square meters
SurveyNo	114 / 541C- Territory: Income from Navaikas Division in Powai village.	80600	233820	259580	285890	233820	Square meters
SurveyNo	114/541 - Territories: Dishani developed properties on Adishankaracharya Marg.	112330	303020	348470	378770	303020	Square meters
1 2							

**Survey Number** 28/A

**Year**  
2022/2023

**Annual Statement of Rates**

**Selected District** Mumbai (Suburbs)

**Select Village** Powai - Kurla

**Search By**  Survey No  Location

Select	Subdivision	Open ground	Residential flat	Office	Shops	Industrial	Unit (Rs./)
SurveyNo	Income with more than 114 / 541C-1-5 hectare.	81450	243150	278010	303930	243150	Square meters
SurveyNo	114 / 541C- Territory: Income from Navaikas Division in Powai village.	80600	233820	259580	285890	233820	Square meters
SurveyNo	114/541 - Territories: Dishani developed properties on Adishankaracharya Marg.	112330	303020	348470	378770	303020	Square meters
1 2							

**Survey Number** 22/6 , 26 , 28B

**Annexure 8: Major Repairs Undertaken and Proposed in the Subject Property**

The upgrade works are currently ongoing in Kensington.

**Annexure 9: Caveats & Limitations**

1. The Valuation Report (hereafter referred to as the “Report”) covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
  - a. The valuation method adopted is based on the Valuer’s expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to **Brookfield India Real Estate Trust** (or “the Client”) or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
  - b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
  - c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
  - d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
  - e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services or an independent validation of the projections. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated and should not be used for any other purpose.
  - f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.

- g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.
3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
  4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is bona-fidely believed to be reliable.
  5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.
  6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum not exceeding the total fees paid for each instruction accepted. C&WI, unless specifically mentioned otherwise in the main report. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
  7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose.
  8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

# **Valuation Report:**

## **Candor Techspace K1, Rajarhat, Kolkata**

**Submitted to:**

**Brookfield India Real Estate Trust**

**Prepared by:**

**Shubhendu Saha, MRICS**

*(IBBI/RV/05/2019/11552)*

Date of Valuation: 30 September 2022

Date of Report: 06 November 2022

## Disclaimer

*This report is prepared exclusively for the benefit and use of Brookfield India Real Estate Trust ("Brookfield India REIT") (the "Recipient" or the "Company" or "Instructing Party") and / or its associates and for, presentations, research reports, publicity materials, press releases prepared for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT and does not carry any right of publication or disclosure to any other party. The Company may share the report with its appointed advisors for any statutory or reporting requirements. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 15 March 2021 and addendum dated 15 September 2022 without the prior written consent of the Valuer.*

*The information in this report reflects prevailing conditions and the view of the Valuer as of its date, all of which are, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Company has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.*

*This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 15 March 2021 and addendum dated 15 September 2022. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.*

*This report should not be deemed an indication of the state of affairs of the real estate financing industry, nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.*



**Executive Summary**

<b>Candor Techspace IT/ITeS SEZ (K1), Rajarhat, Kolkata</b>	
<b>Valuation Date:</b>	30 September 2022
<b>Valuation Purpose:</b>	Disclosure of valuation of assets forming part of the portfolio of Brookfield REIT in accordance with The SEBI (REIT) Regulations, 2014
<b>Location / Situation:</b>	<p>Candor Techspace K1 is located at Plot No. 1, DH Street no. 316, New Town, Rajarhat, North 24 Parganas, West Bengal, 700156, India (herein after referred to as K1 and/ or Subject Property). K1 is spread over 48.383 acres of land parcel comprising an IT/ITeS SEZ. It is accessible via Major Arterial Road (East-West) on west and via Street No. 368 on north. It is located in an established office micro-market which has witnessed a gradual drift of office space occupiers from Central Business District of Kolkata.</p>
<b>Description:</b>	<p>K1 constitutes 12 completed buildings along with 1 under construction building and other future development area. The listing of buildings under each component is as follows:</p> <p><b>Completed buildings with Occupancy Certificates (OC) received – Tower A1, A2, A3, B1, B2, B3, C1*, C2*, C3*, G1, G2 &amp; G3</b></p> <p>The operational buildings collectively admeasure 3,060,655 sq. ft. of leasable area with 84% committed occupancy**.</p> <p><b>Under- Construction Building: Tower F (Commercial cum Retail Development</b></p> <p>The under-construction building admeasures 5,60,816 sq. ft, which is expected to be ready by Q2 FY 2026. As per the information provided by the Client, application for approval on building plan has been submitted however, the same has not been obtained as on the date of valuation. Only the excavation has started as on date of valuation.</p> <p><b>Future development</b></p> <p>The future development constitutes IT/ITeS leasable area of 980,448 sq. ft. and mixed-use leasable area of 1,142,725 sq. ft, which are expected to be ready by Q2 FY 2028-29 and Q3 2028-29 respectively. The leasable area of the future development is indicative and is subject to change once the internal business plans are in place or the construction is completed. No approvals have been obtained as on the date of valuation.</p>
<b>Total Area:</b>	<p>Total Land Area: 48.383 Acres</p> <p>Completed Leasable Area: 3,060,655 sq. ft.</p> <p>Under Construction Leasable Area: 5,60,816 sq. ft.</p> <p>Future Development Leasable Area: 21,23,173 sq. ft.</p> <p>Total Leasable Area: 5,744,644 sq. ft.</p>



Open space inside the Subject Property



Building A2



Building B1

Source: Architect's Certificate (Dated: 03 November 2022), \*\*Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

*\*Towers C1, C2 and C3 have partial occupancy certificates. Full occupancy certificates will be obtained once the entire project is completed. These buildings are fit for occupation as Information Technology and IT enabled services business (use group)/ Business building for the portion, which has received the occupancy certificates.*

*\*\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area*

<b>MARKET VALUE OF THE SUBJECT PROPERTY</b>			
<b>Component</b>	<b>Market Value as on</b>	<b>In Figures</b>	<b>In Words</b>
Completed Building	30 September 2022	INR 22,175 Million	Indian Rupees Twenty-Two Billion One Hundred and Seventy-Five Million Only
Under Construction/ Future Developments*	30 September 2022	INR 4,326 Million	Indian Rupees Four Billion Three Hundred and Twenty-Six Million Only

*This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.*

*\*includes 0.56 million sq. ft. of commercial cum retail development which is under construction, wherein Gurgaon Infospace Limited (GIL) shall pay Candor Techspace K1 a sum of INR 1,000 million (inclusive of GST) (out of which INR 600 million has already been received) in instalments and be entitled to receive 28% of revenue comprising rentals, CAM margins, parking and any other revenue.*

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**From:** Shubhendu Saha, MRICS  
IBBI Registered Valuer (L&B)  
(IBBI/RV/05/2019/11552)

**To:** Brookfield India Real Estate Trust

**Property:** Candor Techspace K1, New Town, Rajarhat, Kolkata

**Report Date:** 06 November 2022

**Valuation Date:** 30 September 2022

## **A REPORT**

### **1 Instructions**

Brookfield India Real Estate Trust (hereinafter referred to as the “**Instructing Party**” or the “**Client**”), has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the “**Valuer**”), to undertake the valuation of office property located in Kolkata (hereinafter referred to as “**Subject Property**” and/or “**Candor Techspace K1**”) for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

### **2 Professional Competency of The Valuer**

Mr. Shubhendu Saha, the Valuer for the Subject Property is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor’s in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master’s in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. From 2009 to 2015, he was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career, he worked with renowned organisations like ICRA Limited, Copal Research

(now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He is the first registered valuer under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 to undertake the valuation of REIT assets for an IPO. Mr. Saha also led the valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity funds, real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele includes, Mindspace REIT, Embassy REIT, K Raheja Corp, Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

### **3 Independence and Conflicts of Interest**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Subject Property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Property in past five years from the date of his engagement as the Valuer.

### **4 Purpose of Valuation**

The purpose of this valuation is for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 [SEBI (REIT) Regulations], as amended, together with circulars, clarifications, guidelines and notifications thereunder by SEBI and also disclosure as per fair value accounting under Indian Accounting Standards (Ind AS 40).

### **5 Basis of Valuation**

Given the purpose of valuation as mentioned above, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with the IVSC International Valuation Standards issued in 2021 and effective from 31 January 2022.

As per IVSC International Valuation Standards, "Market Value" is defined as *'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

## 6 Valuation Approach & Methodology

The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

### Market Approach

In 'Market Approach', the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

### Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

#### Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

#### Income Approach - Discounted Cash Flow Method

The income approach is based on the premise that value of an income producing asset is a function of future benefits and income derived from that asset. Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income and cost associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

#### Income Approach - Discounted Cash Flow Method using Rental Reversion

Given the market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase the attractiveness of the property to prospective tenants. Such benefits are typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, typically the impact of such sub/above market leases on the valuation of the Subject Property are normalised by estimating the rental revenue achievable at the end of the term, based on the expected rents in the market.

The valuation for the Subject Property has been derived by adopting income approach, utilising the discounted cash flow method with rental reversion.

**7 Assumptions, Departures and Reservations**

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the Subject Property is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

**8 Inspection**

The Property was inspected on 1 April 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

**9 General Comment**

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

**10 Confidentiality**

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents.

**11 Authority**

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.



**12 Reliant Parties**

The Reliant Parties would mean Brookprop Management Services Private Limited (“Brookprop” or “Manager”), Brookfield India REIT and their unitholders and Axis Trustee Services Limited (“Trustee”). The reliance on this report is extended to the Reliant Parties for the purpose as highlighted in this Valuation Report. The auditors, debenture trustees, stock exchanges, unit holders of the REIT, Securities and Exchange Board of India (SEBI), and credit rating agencies, would be extended reliance by the Valuer but would not be liable to such parties, except in case of gross negligence and wilful misconduct by the Valuer.

The valuation exercise is conducted strictly and only for the use of the Reliant Parties and for the purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

**13 Limitation of Liability**

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer’s maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of Letter of Engagement (“LOE”) and this report the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million).
- In the event that any of the BSREP India Holdings V Pte. Ltd (the “Sponsor”), Manager, Trustee, Brookfield India REIT or other intermediaries appointed in connection with the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT subject to any claim (“Claim Parties”) in connection with, arising out of or attributable to the Valuation, the Claim Parties will be entitled to require the Valuer, to be a necessary party/ respondent to such claim and the Valuer shall not object to his inclusion as a necessary party/ respondent. However, the legal cost with respect to appointment of lawyers by the Valuer as a respondent/ defendant shall be borne by the Client. If the Valuer, as the case may be, does not co-operate to be named as a necessary party/ respondent to such claims or co-operate in providing adequate/ successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the Valuer in this regard and his liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.
- The Valuer is neither responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/validation of the zoning regulations/development controls etc.

**14 Disclosure and Publication**

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities and Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

**15 Anti-Bribery & Anti-Corruption**

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, the Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

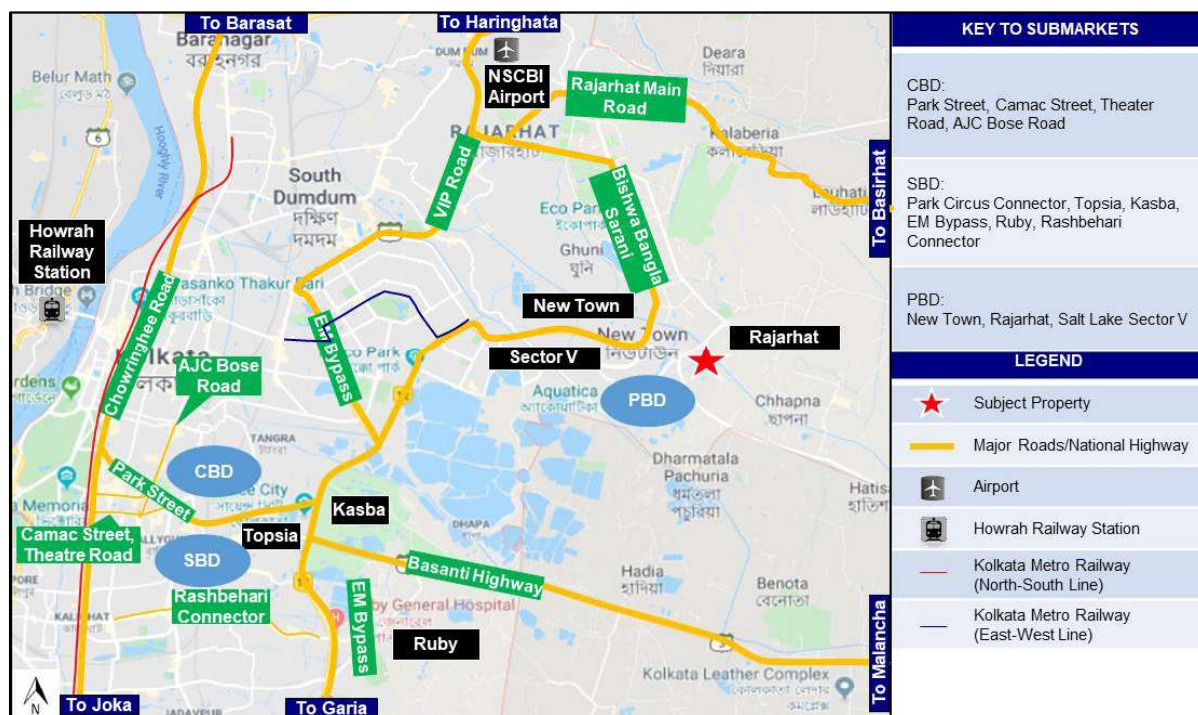
## **B KOLKATA CITY REPORT**

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

### 1 Kolkata City Overview

Kolkata is the political and economic capital of West Bengal. It is the largest city in eastern India, stretching across 1,480 sq. km. (205 sq. km. under Kolkata Municipal Corporation or KMC). Further, it is the seventh largest city of India in terms of area and population. The urban agglomeration of Kolkata is called Kolkata Metropolitan Area or KMA which stretches up to Kalyani Bansberia in the north, Barasat in the east, Baruipur in south east and Pujali Uluberia in south west.

The map below highlights the key office micro markets of Kolkata illustrating the geographical expanse of office market. The micro markets covered for the analysis are the prime contributors to the office supply in the city.



CBD- Central Business District | SBD- Suburban Business District | PBD- Peripheral Business District

Source: Cushman & Wakefield Research  
(Map not to scale)

The table below highlights the key statistics of Kolkata's office market:

Particulars	Kolkata*	^Rajarhat (Competitive REIT Micro Market)
<b>Total Completed Stock till 9M 2022 (million sq. ft.)</b>	18.46	8.95
<b>Current Occupied Stock till 9M 2022 (million sq. ft.)</b>	13.60	7.14
<b>Current Vacancy 9M 2022 (%)</b>	26.36%	20.23%
<b>Avg. Annual Absorption - 2015 – 9M 2022 (million sq. ft.)</b>	0.61	0.21
<b>Future Supply – Q4 2022 E– 2024 E (million sq. ft.)</b>	1.00	0.30
<b>Market Rent – 9M 2022 (INR psf / month)</b>	41	38
<b>CAGR for Market Rent (2015 -9M 2022)</b>	-0.31%	0.40%

Source: Cushman & Wakefield Research

Notes:

1. Only Grade A office spaces have been considered for the analysis presented in the above table.
2. \*Brookfield India REIT's city market for Subject Property.
3. ^Brookfield India REIT's micro market within Brookfield's REIT city market for Subject Property. Further, the relevant supply in the micro market of New Town has been reported under Rajarhat.
4. The supply estimates are based on analysis of proposed and under construction buildings.
5. Stock ("stock" and / or "relevant stock") and Supply ("supply" and / or "relevant supply") numbers are excluding the non-IT buildings and IT buildings less than 1 lakh square feet and applying certain other criteria.
6. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.
7. Rentals presented above are weighted average values on completed stock.

The Central Business District (CBD) of Kolkata office market constitute Park Street, Camac Street, AJC Bose Road and Theatre Road. These micro markets are predominantly dotted with sub investment grade structures and heritage buildings and have not witnessed any new supply for last three years. The Secondary Business District (SBD) of Kolkata office market constitute Park Circus Connector and Rashbehari Avenue Connector. SBD got developed with saturation of developable area in CBD. These micro markets constitute a mix of investment and sub investment grade structures. The Peripheral Business District (PBD) of Kolkata office market constitute Rajarhat and Salt Lake. The micro markets evolved as the city limits grew and requirement for quality office space emerged. The micro markets are dotted with modern infrastructure and amenities. The micro markets primarily constitute investment grade structures. It also houses campus developments for TCS, Cognizant etc.

The residential zones of Kolkata can be defined as a) Central Zone, which is the traditional city hub of Kolkata and presently face saturation in supply. The residents of this zone typically fall under the High-Income Group (HIG) category. b) North Zone – areas closer to the Central zone are well developed and caters primarily to

middle- and high-income group population, the same dwindles as we move further north which is presently a hub for affordable housing projects. c) East Zone is the strongest growth vector of the city. This includes Rajarhat (New Town), Salt Lake, Ultadanga, Kankurgachi, Lake Town, VIP Road, Maniktala and Narkeldanga. On the backdrop of significant greenfield residential developments, this area ranks highest in terms of the potential real estate activity and is billed as the future of Kolkata. The key growth driver for this region is its proximity to Netaji Subhash Chandra Bose International Airport. d) South Zone of the city comprises of diverse areas – premium ones like Alipore, Ballygunge, Rashbehari, Gariahat and Tollygunge in it and affordable housing areas like Garia and Narendrapur in South East and Maheshtala, Behala and Joka in the South West. The retail landscaping of Kolkata offers a mix of high street and retail mall format. Park Street, Camac Street, Lindsay Street, Theatre Road, Elgin Road, Shyambazar and Hatibagan are few of the prominent high streets of Kolkata. East and South Kolkata houses few of the prominent retail malls viz. City Centre, Axis Mall, DLF Galleria, South City Mall, Metropolis Mall, Acropolis Mall etc.

The major growth drivers for office market in Kolkata are:

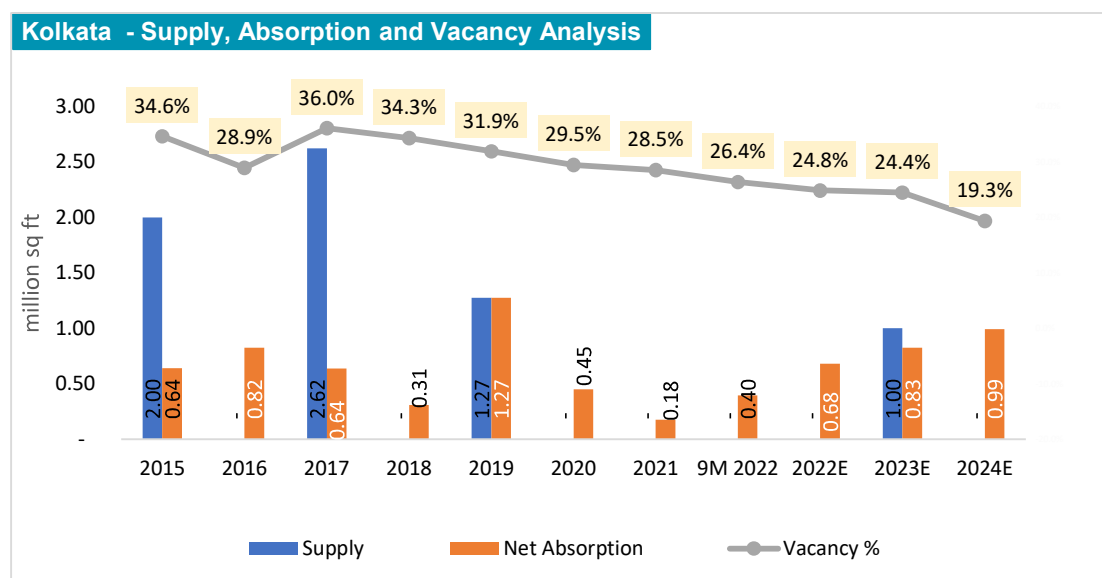
- **Robust metro network underway for commute within Kolkata:** Kolkata was the first city to have metro railways in India in 1984 covering a stretch of 12 stations from Dum Dum to Tollygunge. The expansion of metro railway network would enhance connectivity viz. reducing significantly the commute time.
- **Presence of road, rail, air and water connectivity with the rest of India:** Kolkata has the strategic benefit of four-tier connectivity via roadways, railways, air and waterways since pre-independence. In case of railway network, there are 12 Eastern Lines, 3 South-Eastern Lines, 1 Circular Line, 4 South Lines and 9 Chord lines. The major stations are Howrah Railway Station and Sealdah Railway Station. Kolkata is well connected across the city as well as with the entire country via various National Highways and water bridges. Kolkata is also a major port and together with the Haldia dock systems, the Kolkata Port Trust has been amongst the busiest in the country. Kolkata Port serves regular passenger traffic to Port Blair from the Netaji Subhas Docks. Netaji Subhash Chandra Bose Airport is an international airport operational since the early 1900s. Spread across 2,460 acres, it is the largest hub of air traffic for the eastern corridor of the country.
- **City limits expanding to offer low occupation cost:** Kolkata has come a long way from an unstructured market to an organized one. Salt Lake Sector 5, New Town and Rajarhat have captured a huge part of the office market due to availability of well-maintained Grade A and Grade B office developments at competitive rates.
- **Presence of prominent educational institutes viz. Indian Statistical Institute, IIM, IEST, Jadavpur University etc.:** With the presence of prestigious institutions like Presidency College, Jadavpur University, IIM, ISI, Shibpur University, etc., the city year on year delivers fresh graduates to fulfil the

manpower requirement of various industries across the nation. Further, West Bengal has one of the biggest manpower pools in India with resources available at all levels of hierarchy.

- **Availability of resources at lower cost:** Although Kolkata is a metro city having all amenities as in the other metros of India, the living cost here is comparatively less. Thus, the cost of hiring is also lower as compared to other metropolitan cities.
- **Being the only office market in eastern India:** Kolkata is the only active office market in Eastern India. Thus, it houses the zonal offices of all national players in the country and with the expansion of the city towards Rajarhat and New Tow on the companies are also considering branching out further due to availability of Grade A facilities at comparatively cheaper rentals. However, in the recent past Bhubaneswar, Orissa is gaining some focus in the office market.

**1.1 Supply, Absorption & Vacancy**

The supply, absorption & vacancy trend for Kolkata is as follows:



Source: Cushman & Wakefield Research

Notes:

1. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
2. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.
3. Stock ("stock" and / or "relevant stock") and Supply ("supply" and / or "relevant supply") numbers are excluding the non-IT buildings and IT buildings less than 1 lakh square feet and applying certain other criteria.

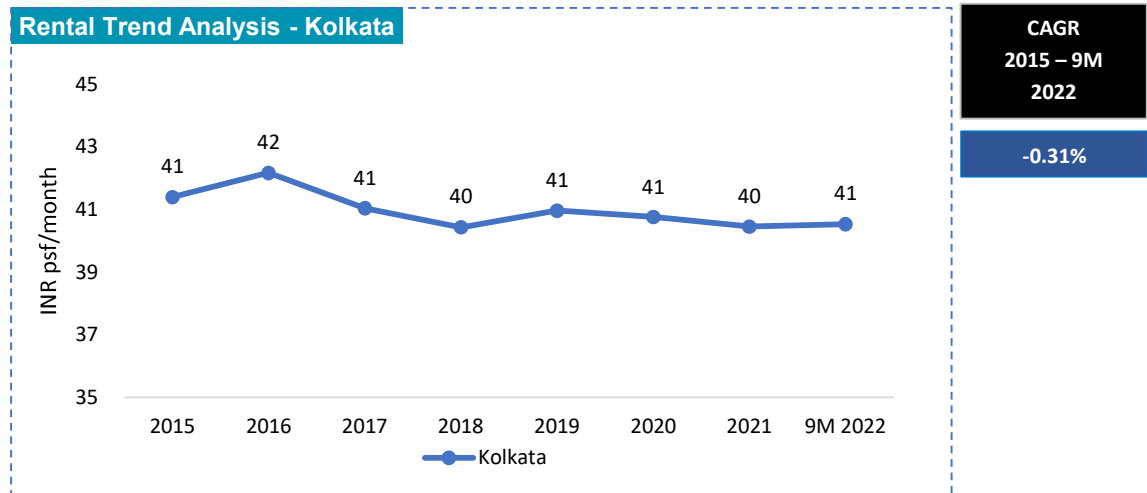
Kolkata witnessed a positive absorption of approximately 0.45 million sq. ft. in 2020, 0.18 million sq. ft. in 2021 and approximately 0.40 million sq. ft. till Q3 2022. Kolkata is the city of large space take ups by IT / ITeS occupiers (which is also evident by the built to suit supply / campus developments in the city) and has presence of occupiers like Wipro, Microsoft, Tech Mahindra, Cognizant, Genpact, Capgemini, ISI etc. As large developments by players like Brookfield and DLF are being planned to accommodate the needs of such large occupiers; such developments are likely to benefit even better.

The city-market vacancy stands at around 26.4% as on Q3 2022, however with continuous occupier interests in this market and limited future supply, it is expected that the vacancy shall reduce to nearly 19.3% by 2024E.



**1.2 Rental Trend Analysis**

The rental trend for Kolkata is as follows:



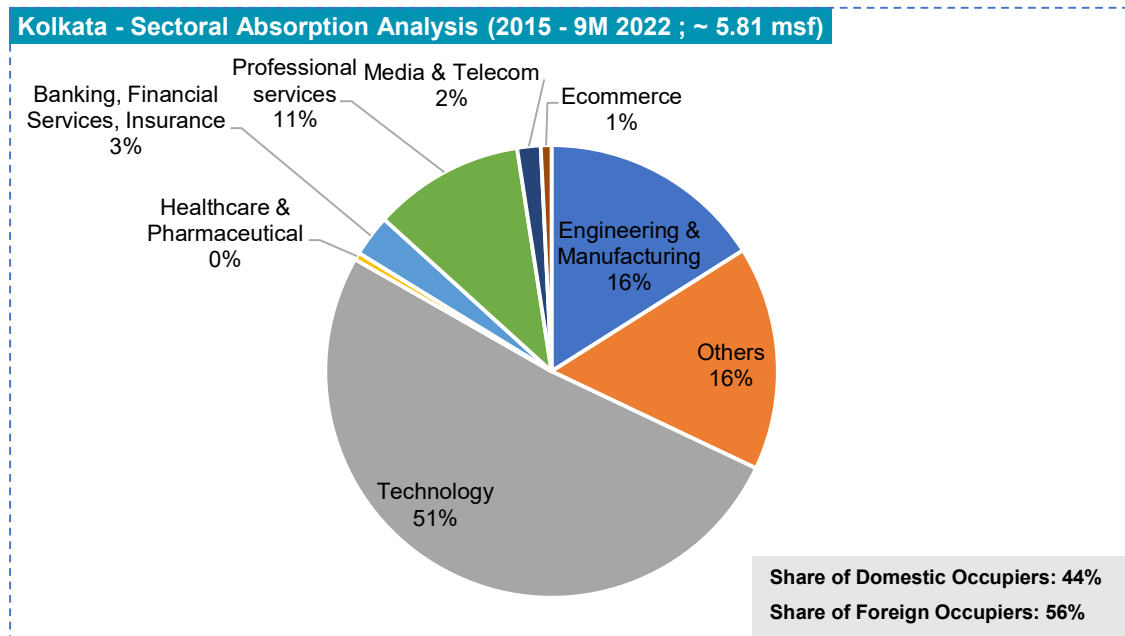
Source: Cushman & Wakefield Research

Notes:

1. Only the relevant stock has been considered for this analysis excluding the non-IT buildings, the IT buildings less than 1 lakh square feet, and applying certain other criteria.
2. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.
3. Rentals presented above are weighted average values on completed stock.

No perceptible change is visible in the rentals of Kolkata and most of its micro markets. Due to enhanced mobility from expansion of the metro connectivity and the upcoming East West Metro corridor, the demand for the office space is expected to rise and may result in positive impact on the rentals.

**1.3 Sectoral Demand Analysis – Kolkata (2015 – 9M 2022)**



Source: Cushman & Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for this Domestic & Foreign bifurcation analysis
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc.
3. The sectoral absorption analysis is based on gross absorption activity of Kolkata’s relevant stock i.e., including relocations, consolidations etc.

Technology is the dominant sector in Kolkata which has generated a demand of 51%. The other prominent contributors to the demand are Engineering and Manufacturing (16%), Professional Services (11%), Banking, Financial Services, Insurance (3%) and Media & Telecom (2%). The mix of domestic vs. foreign occupants in Kolkata is 44:56.

## 2 Rajarhat- Competitive REIT Micro Market

Candor Techspace (K1) is a freehold, Grade-A asset located in Rajarhat micro market of Kolkata, with well-planned infrastructure, proximity to residential areas and established social infrastructure.

### 2.1 Overview

Rajarhat micro market forms a part of New Town Planning Area (NTPA). This Brookfield India REIT micro market is being developed under the development authority named West Bengal Housing Infrastructure Development Corporation (WBHIDCO).

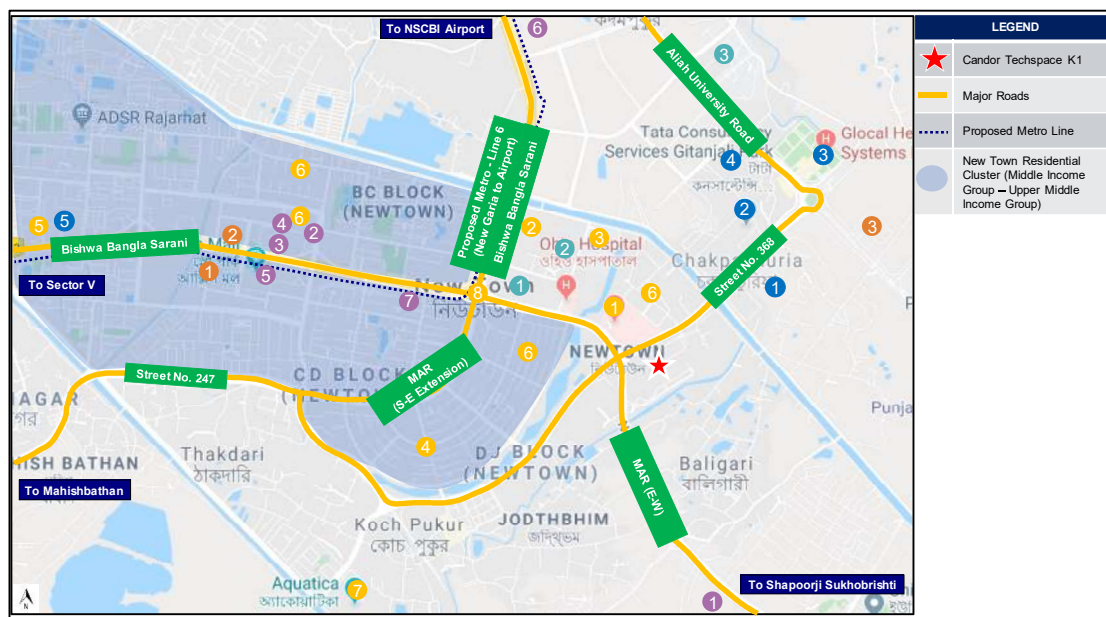
Rapid urbanization and growing demand for housing and office spaces in Kolkata lead to the emergence of Rajarhat area in the eastern outskirts of Kolkata to serve the dual purposes of:

- Establishing new business center to reduce the mounting pressure on the existing Central Business Districts (CBD) and
- adding residential supply to cater to increasing housing needs

With continuous focus on improving the existing infrastructure, Rajarhat has emerged as a prominent office micro market. There has been a gradual drift of office space occupiers from CBD towards Salt Lake and Rajarhat. This Brookfield India REIT micro market is the highly planned region of Kolkata which primarily constitutes supply of investment grade office buildings. It houses the project viz. Bengal Silicon Valley (a WB Government initiative), which is one of the government initiatives to promote business is spread across approximately 200 acres of land (current and future expansions) and has seen participation by corporates such as Reliance JIO, TCS, RP Sanjiv Goenka First Source, Wipro, Microsoft, Tech Mahindra, Cognizant, Genpact, Capgemini, ISI etc. etc. Additionally, this micro market has commendable existing infrastructure and the metro route expansion from New Garia to Airport via Rajarhat and East-West metro would further improve its connectivity from various parts of Kolkata.

Candor Techspace K1 is a prominent office SEZ, and the largest campus style office development in eastern India. In addition, K1 is within close proximity to some of the renowned hotels like The Westin, Fairfield by Marriott, Lemon Tree, Pride Plaza, etc.

## 2.2 Social and Physical Infrastructure



Source: Cushman & Wakefield Research  
(Map not to scale)

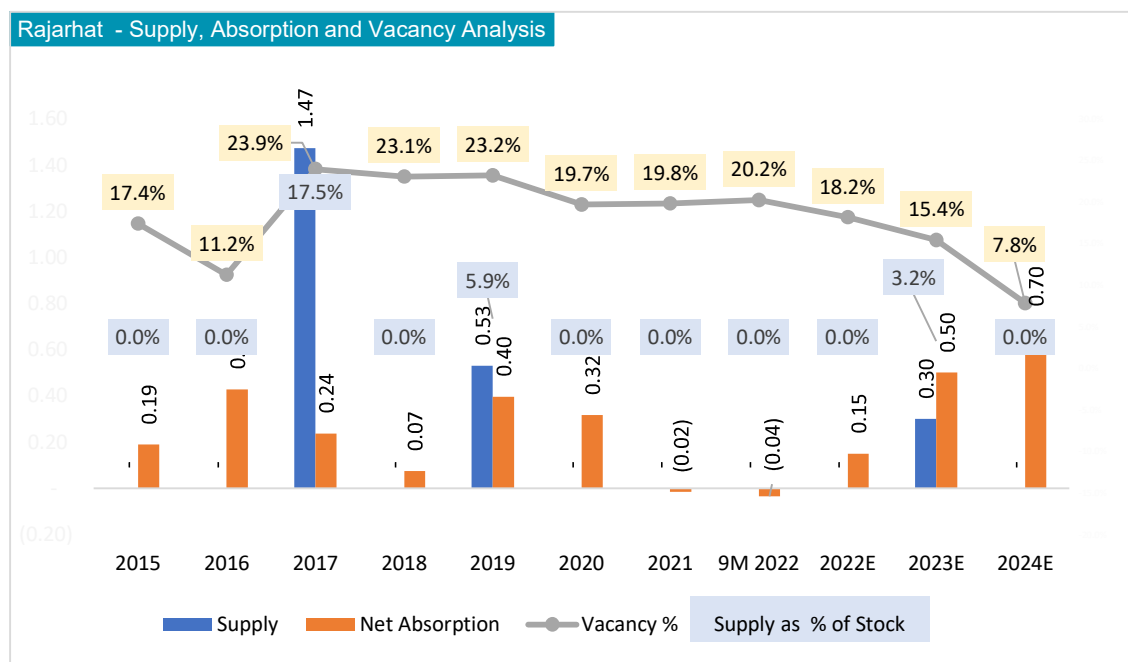


Key Office Developments	Social Infrastructure	Malls and High Street	Hospitality Developments	Higher Education Institutions
1. DLF 2 SEZ (1.0 km)	1. Tata Medical Centre (0.8 km)	1. Axis Mall (2.8 km)	1. Hotel Zone by The Park (2.0 km)	1. University of Engineering & Management (2.0 km)
2. TCS Geetanjali Park (1.8 km)	2. Bishwa Bangla Convention Centre (2.1 km)	2. DLF Galleria (3.1 km)	2. Pride Plaza (3.2 km)	2. Presidency University (1.5 km)
3. Ambuja Ecospace (2.5 km)	3. DPS New Town (1.8 km)	3. Centrus Mall (2.6 km)	3. Lemon Tree Premiere (3.2 km)	3. Aliah University (2.8 km)
4. Mani Casadona (2.9 km)	4. New Town School (2.0 km)		4. IBIS Hotel (3.2 km)	
5. DLF II SEZ (4.2 km)	5. Nazrul Tirtha (4.1 km)		5. Novotel (2.8 km)	
	6. Day Care Centers (<5 km)		6. The Westin (3.5 km)	
	7. Aquatica (3.0 km)		7. Hotel Fairfield by Marriott (2.0 km)	
	8. Bishwa Bangla Gate (1.6 km)			

The Brookfield India REIT micro market is connected to Bishwa Bangla Sarani (which is the main connecting road to rest of Kolkata and NSCBI Airport) through VIP Road.

The presence of govt undertakings and development authority viz. West Bengal Housing Infrastructure Development Corporation (WBHIDCO) and New Town Kolkata Development Authority (NKDA) in the Brookfield India REIT micro market has played a pivotal role in infrastructure developments. The Brookfield India REIT micro-market has planned infrastructure in terms of wide roads with strategic road network as envisaged by the Govt. of West Bengal since it falls under the New Town Planning Area. A prime upcoming infrastructure in the region is the Line 6 (New Garia – Airport via Rajarhat) of Kolkata Metro, which is presently under construction and the nearest metro station (proposed - CBD 1) lies approximately 1.5 km due west from the Subject Property. The Line 2 (East- West Metro from Sector V – Howrah) is another partly operational metro route which lies approximately 6 km due west from the Subject Property. Presently the nearest operational metro station (Sector V) lies 6 km away (approx. 15-minute drive) whereas after Line 6 becomes operational the nearest metro station (CBD 1) would be just 1.5 km away (approx. 5-minute drive).

**2.3 Supply, Absorption & Vacancy Analysis**



Source: Cushman & Wakefield Research

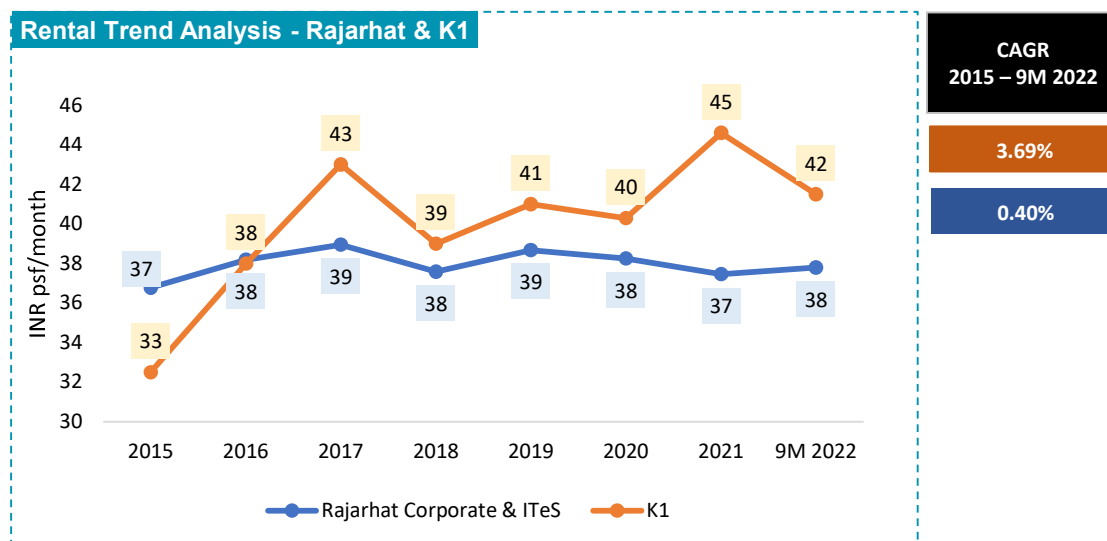
Notes:

1. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
2. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.
3. Stock ("stock" and / or "relevant stock") and Supply ("supply" and / or "relevant supply") numbers are excluding the non-IT buildings and IT buildings less than 1 lakh square feet and applying certain other criteria.

Regular upgradation in physical infrastructure has resulted in improvement of connectivity and expanding the city limits. Rajarhat commands highest demand in Kolkata as indicated by 20% vacancy levels (unlike Kolkata market as whole). The Brookfield India REIT micro market emerged to accommodate the increasing demand by occupiers for quality space. Further, this micro market allowed the development formats which are conducive to accommodate large office space requirement of the occupiers.

Brookfield is one of the three national players significantly active in Rajarhat and holds the highest leasable area in the micro market. The Subject Property currently owns about 34% of relevant investment grade office stock. Hence, with continuous demand from occupiers and the established location of the Brookfield India REIT micro market, we expect the vacancy levels to reach to ~8% levels by year 2024E.

**2.4 Rental Trend Analysis**



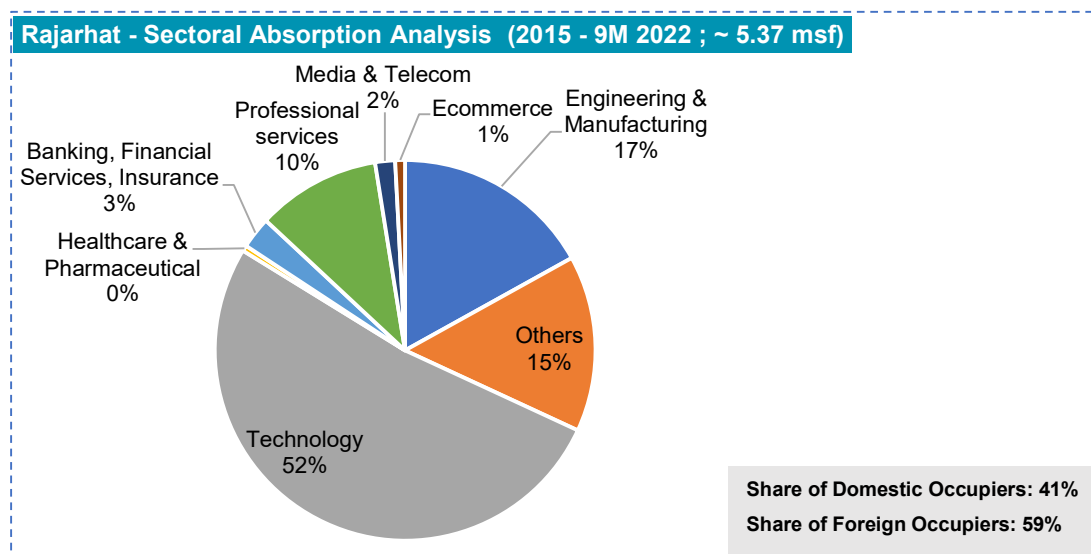
Source: Cushman & Wakefield Research

Note:

1. Only the relevant stock has been considered for this analysis excluding the non-IT buildings, the IT buildings less than 1 lakh square feet, and applying certain other criteria.
2. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.
3. Rentals presented above are weighted average values on completed stock.

The Brookfield India REIT micro market has attracted consistent demand due to the availability of planned infrastructure and land for developments. Additionally, there have been various efforts from the government towards enabling conducive regulations to attract investors as well as developers for office developments. The significantly lower rentals as compared to CBD and ancillary areas and availability of large spaces in investment grade office buildings offering modern facilities and amenities has led to a gradual drift of office occupiers from the CBD area to Salt Lake and more towards Rajarhat. Additionally, the upcoming Line 6 of Kolkata Metro (New Garia to Airport via Rajarhat New Town) is expected to favorably affect the micro market and create significant demand and in turn have positive impact on rentals.

**2.5 Sectoral Demand Analysis (2015 – 9M 2022)**



Source: Cushman & Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for this Domestic & Foreign bifurcation analysis
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc.
3. The sectoral absorption analysis is based on gross absorption activity of Rajarhat’s relevant stock i.e., including relocations, consolidations etc.

Kolkata has seen a major drift in the occupiers’ preferences from CBD to Rajarhat micro market in the last decade. The major reason for such change in occupier behaviour is due to quality supply available in the micro market and comparatively lower rentals in Rajarhat in comparison to CBD. The area is well planned and offers smooth road connectivity with the rest of the city. As of 9M 2022, approximately 52% of the occupants are from Technology sector and around 17% is from Engineering and Manufacturing sector and 10% from Professional services. The mix of domestic vs. foreign occupants in Rajarhat is 41:59.



## 2.6 Market Outlook

According to the market assessment report of Cushman & Wakefield current average market rentals of comparable properties in the Rajarhat are in the range of INR 35 - 45 per sq. ft./m, which is broadly in line with the recent leases signed in the Subject Property.

Rajarhat has shown resilience (even during COVID period) with decrease in the vacancy levels over years 2019 till 9M 2022 viz. 23% in 2019 to 20.2% in 9M 2022. Further, the micro market has limited future supply addition till CY 2024. With the positive momentum for the micro market; vacancy levels are likely to further dip and the rentals are likely to grow from current levels. The annual growth rate of 4 - 5% in market rents over medium to long term appears achievable for the micro market.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments until the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While some organizations have been contemplating strategies with respect to the hybrid work models - flexible arrangement, allowing employees to combine onsite and offsite work as required, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

## **C      PROPERTY REPORT**

## 1 Address, ownership and title details of Subject Property

<b>Address:</b>	Plot No. 1, DH Street no. 316, New Town, North 24 Parganas, Rajarhat, Kolkata, West Bengal – 700156, India
<b>Ownership &amp; title details:</b>	Land tenure: Freehold; the land and buildings thereupon are owned by Candor Kolkata One Hi-Tech Structures Private Limited which, is 100% owned and controlled by the Brookfield India REIT

### 1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, the Subject Property is considered to possess a good and marketable title and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Report prepared by Fox & Mandal (hereinafter referred to as 'Legal Counsel'). The title of the Subject Property has not been checked and verified independently.

### 1.2 Revenue Pendencies

On the basis of the Title Report prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

### 1.3 Material Litigation

Based on discussions with the Client and Title Report shared, there are no material litigation including tax disputes relating to the Subject Property or any compounding charges affecting the valuation of the Subject Property.

## 2 Location

### 2.1 General

The Subject Property is located in New Town, Rajarhat, Kolkata. It is part of Rajarhat micro market which is one of the newly established office micro-markets of Kolkata.

K1 has a prominent frontage on one of the main arterial roads viz: Major Arterial Road (East – West). The road connects K1 to Shapoorji Sukhobrishti (via SP Sukhobrishti Complex Road) in east and Narkelbagan, Bishwa Bangla Sarani in west respectively. Further, K1 is located at distance of 1.5 km from the upcoming metro station- CBD 1. The metro route expansion from New Garia to Airport via Rajarhat and East-West metro would further accentuate the connectivity of the Subject Property from various regions of Kolkata.

The site layout map of the Subject Property is as follows:



(Map not to scale)

The site boundaries for the Subject Property are as under:

North: Access Road- Street no. 368

East: Bajgola Canal & Developed Commercial Formats

West: Access Road- Major Arterial Road and a few vacant Land Parcels

South: Peripheral Drainage Canal and a Small Village

## 2.2 Accessibility

The Subject Property is well connected to major locations in the city via multiple modes of communication.

The distances from major landmarks in the city are as follows:

- Approximately 01 km from Narkel Bagan
- Approximately 1.5 km from upcoming CBD-1 Metro Station
- Approximately 06 km from Sector V, Salt Lake
- Approximately 12 km from NSCB International Airport
- Approximately 14 km from Sovabazar - Sutanuti Metro Station
- Approximately 14 km from Sealdah Railway Station
- Approximately 17 km from Howrah Railway Station
- Approximately 18 km from Park Street (CBD of Kolkata)

**2.3 Ground Conditions**

Based on visual inspection, there were no evidence of adverse ground conditions at the Subject Property or its immediate vicinity.

**2.4 Environmental Considerations**

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Kolkata where the Subject Property is located lies at the boundary of the seismic zones III and IV of the zonation maps of India with moderate risk of earthquakes and high winds or cyclones.

No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster. The Subject Property is located on relatively lower elevation compared to its immediate surroundings, indicating moderate risk of flooding and may face minimal problems of waterlogging. However, adequate flood mitigation measures have been taken at the Subject Property, as informed by the Client.

**2.5 Town Planning and Statutory Considerations**

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property except for 14 acre of subject property land parcel, which shall be de-notified from SEZ to Non – SEZ as informed by client and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

### 3 Subject Property - Asset Details

K1 constitutes 12 completed buildings, 1 under construction building along with future development area. The listing of buildings under both components is as follows:

**Completed buildings with Occupancy Certificates (OC) received**– Tower A1, A2, A3, B1, B2, B3, C1\*, C2\*, C3\*, G1, G2, G3

#### Under- Construction Building: Tower F (Commercial cum Retail Development)

The under-construction building admeasures 5,60,816 sq. ft, which is expected to be ready by Q2 FY 2026. Only the excavation has started as on date of valuation (as per the information provided by the Client).

**Future development buildings** – The future development constitutes IT/ITeS leasable area of 980,448 sq. ft. and mixed-use leasable area of 11,42,725 sq. ft. The leasable area of the future development is indicative and is subject to change once the internal business plans are in place or the construction is completed.

The building wise break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Floor (#)	Floor Plate (sq. ft.)	Status	Expected Completion Date
Tower A1	294,756	10	29,476	Completed	NA
Tower A2	288,789	10	28,879	Completed	NA
Tower A3	222,088	8	27,761	Completed	NA
Tower B1	267,750	8	33,469	Completed	NA
Tower B2	158,166	6	26,361	Completed	NA
Tower B3	182,962	8	22,870	Completed	NA
Tower C1	340,852	10	34,085	Completed	NA
Tower C2	289,568	8	36,196	Completed	NA
Tower C3	241,445	9	26,827	Completed	NA
Tower G1	272,659	7	38,951	Completed	NA
Tower G2	263,507	7	37,644	Completed	NA
Tower G3	238,113	7	34,016	Completed	NA
Tower F	5,60,816	-	-	Under Construction	Q2 FY 2025-26
IT/ITeS	980,448	-	-	Future Development	Q2 FY 2028-29
Mixed-use	11,42,725	-	-	Future Development	Q3 FY 2028-29
<b>Total/WA</b>	<b>5,744,644</b>		<b>31,231</b>		

Source: Architect's Certificate (Dated: 03 November 2022), \*\*Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

\*Towers C1, C2 and C3 have partial occupancy certificates. Full occupancy certificates will be obtained once the entire project is complete. These buildings are fit for occupation as Information Technology and IT enabled services business (use group)/ Business building for the portion which has received the occupancy certificates.

^Leasing Period for future development is taken in phased manner. The leasing is assumed to start from Q2 2026-27 in the IT/ITeS and Q2 2029-30 in the Mixed-use development.

### 3.1 Key Asset Information

#### Completed Buildings with Occupancy Certificates (OC) received

Particulars	Details
<b>Entity:</b>	Candor Kolkata One Hi-Tech Structures Private Limited
<b>Interest owned by REIT (%):</b>	Subject Property is wholly owned by Candor Kolkata One Hi-Tech Structures Private Limited, which is 100% owned and controlled by the Brookfield India REIT <sup>1</sup>
<b>Age of building based on the date of Occupancy Certificate:</b>	Tower A1 - 6 years and 7 months Tower B1 - 6 years and 7 months Tower C1 - 3 years and 1 months Tower A2 - 6 years and 7 months Tower B2 - 6 years and 7 months Tower C2 - 3 years and 7 months Tower A3 - 6 years and 7 months Tower B3 - 6 years and 7 months Tower C3 - 3 years and 4 months Tower G1 - 5 years and 1 months Tower G2 - 5 years and 1 months Tower G3 - 5 years and 1 months
<b>Asset Type:</b>	Approved IT/ITeS SEZ
<b>Sub-Market:</b>	New Town, Rajarhat
<b>Approved and Existing Usage:</b>	IT/ITeS SEZ
<b>Land Area (acres):</b>	~48.383
<b>Freehold/Leasehold:</b>	Freehold Land
<b>Leasable Area:</b>	3,060,655 sq. ft.
<b>Occupied Area:</b>	25,67,888 sq. ft.
<b>Committed Occupancy (%)</b>	84%
<b>Current Effective Rent (excluding parking)</b>	INR 42.5 per sq. ft. per month (Office tenants only)
<b>Current Effective Rent (excluding parking)</b>	INR 43.5 per sq. ft. per month (Office and Retail and Telecom tenants only)
<b>Number of Tenant</b>	13 (office)

Source: Architect's Certificate (Dated: 03 November 2022), Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

Note: 1. Refer company structure set out in Annexure 1.

**Under Construction Building: Tower F (Commercial cum Retail Development)**

Particulars	Details
<b>Interest owned by REIT (%):</b>	Subject Property is wholly owned by Candor Kolkata One Hi-Tech Structures Private Limited, which is 100% owned and controlled by the Brookfield India REIT
<b>Expected Completion Date of Construction:</b>	Mixed-use – Q2 FY 2025-26
<b>Asset Type:</b>	Approved IT/ITeS SEZ
<b>Sub-Market:</b>	New Town, Rajarhat
<b>Approved Usage:</b>	Commercial/Retail
<b>Leasable Area:</b>	5,60,816 sq. ft.
<b>Status of Construction:</b>	Under Construction. Only excavation has started as on date of valuation. (as per the information provided by Client)
<b>Approvals Received and Pending:</b>	As per the information provided by the Client, application for approval on building plan has been submitted however, the same has not been obtained as on the date of valuation

Source: Architect's Certificate (Dated: 03 November 2022), and Client Information



**Future Development**

Particulars	Details
<b>Interest owned by REIT (%):</b>	Subject Property is wholly owned by Candor Kolkata One Hi-Tech Structures Private Limited, which is 100% owned and controlled by the Brookfield India REIT
<b>Expected Completion Date of Construction:</b>	IT/ITeS – Q2 FY 2028-29 Mixed-use – Q3 FY 2028-29
<b>Asset Type:</b>	Approved IT/ITeS SEZ/Retail
<b>Sub-Market:</b>	New Town, Rajarhat
<b>Approved Usage:</b>	IT/ITeS/Commercial/Retail
<b>Leasable Area:</b>	21,23,173 sq. ft.
<b>Status of Construction:</b>	Future Development
<b>Approvals Received and Pending:</b>	No approvals have been obtained as on date of valuation

Source: Architect's Certificate (Dated: 03 November 2022) and Client Information

### 3.2 Property Inspection

The Subject Property, comprising 12 operational buildings, 1 under construction building and future development area. The properties were physically inspected on 1 April 2022. There have not been any subsequent visits to the site.

The inspection comprised visual inspection of operational buildings constituting the property, visits to their key utility areas such as LT electric room, pump room, HVAC installations, power back up, STP and area provisioned for future development. The common areas and vacant floors within the operational buildings were visited on a sample basis as the areas under tenant occupation had access restriction.

The Subject Property is an IT/ITeS SEZ office space developed in a campus format offering large floor plates with significant open / green areas and number of amenities for occupiers. The 12 operational buildings in the campus are Tower A1, A2, A3, B1, B2, B3, C1, C2, C3, G1, G2, G3 along with an under-construction and future development area distributed at different ends of the campus.

The operational buildings and parts thereof with OC received collectively admeasure 3,060,655 sq. ft. of leasable area. The 12 office towers are occupied by multiple tenants wherein tower A2 offers multi-cuisine food courts, in-house kitchens, bank branches and ATM, creche, pharmacy, medical centre and other retail outlets and tower A3 offers amenities such as gymnasium, swimming pool and table tennis at the ground floor. In addition, there is under-construction commercial cum retail development of ~ 5,60,816 sq. ft which is being developed through Joint Development Arrangement with a third party. Currently as per the information shared, excavation has been started.

The visual inspection of the buildings area did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. No instances of any major logging or water accumulation was observed during the inspection. The utility areas also appeared well maintained, visually. The Subject Property has two entry and exit gates designed to ensure smooth traffic movement both inside and outside the campus. Regular upgradation work is being undertaken within the campus to ensure its upkeep as per the modern age requirement. K1 has been awarded IGBC Gold rating for sustainability and 4 Star Rating by the Bureau of Energy Efficiency (BEE) in addition to the group wide ISO 9001, 14001 and OHSAS 18001 certifications.

The large parking requirement is catered by multilevel basements and open area parking slots contributing to 4,360 parking spaces (including 529 parking spaces in under construction development). The Subject Property has separate lift and lobby areas on each floor of the buildings present in the campus. Also, there is an arrangement of other utilities like LT room, LMRs, BMS, DG sets, pump rooms and solar panels which are available in basement/ lower ground floors and on terrace of the buildings.

The property inspection did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.

### 3.3 Investigation, Nature, and Source of Information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake the office market research.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

- a. Title Report prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject Property
- b. Architect's certificates (Dated: 03 November 2022) mentioning site areas and property areas
- c. Relevant approval documents from competent authorities regarding occupancy, operations, and fire safety with respect to specific buildings in the Subject Property
- d. Lease agreements and commercial clauses thereof for major tenants on a sample basis
- e. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
- f. Management representation regarding the following:
  - i. Major repairs undertaken and proposed in the Subject Property (*please refer Annexure 8*)
  - ii. Statement of Assets
  - iii. Revenue pendency, if any
  - iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

### 3.4 Tenant Profile

As of 30 September 2022, the Subject Property's top 10 tenants occupying space in the subject property, account to ~99% of the Leased Area and ~98% of the Gross Rental Income (including office, retail and telecom tenants).

Rank	Top 10 Tenant according to Leased Area	Leased Area (sq. ft.)
1	Cognizant	1,137,015
2	TCS	665,267
3	Accenture	253,111
4	Capgemini	229,944
5	Genpact	123,591
6	Martinet (Retail)	39,755
7	Indo Rama Ventures	38,256
8	Concentrix (IBM Daksh)	29,946
9	Codeclouds IT	7,475
10	Seamless	5,421
<b>Total</b>		<b>2,529,781</b>

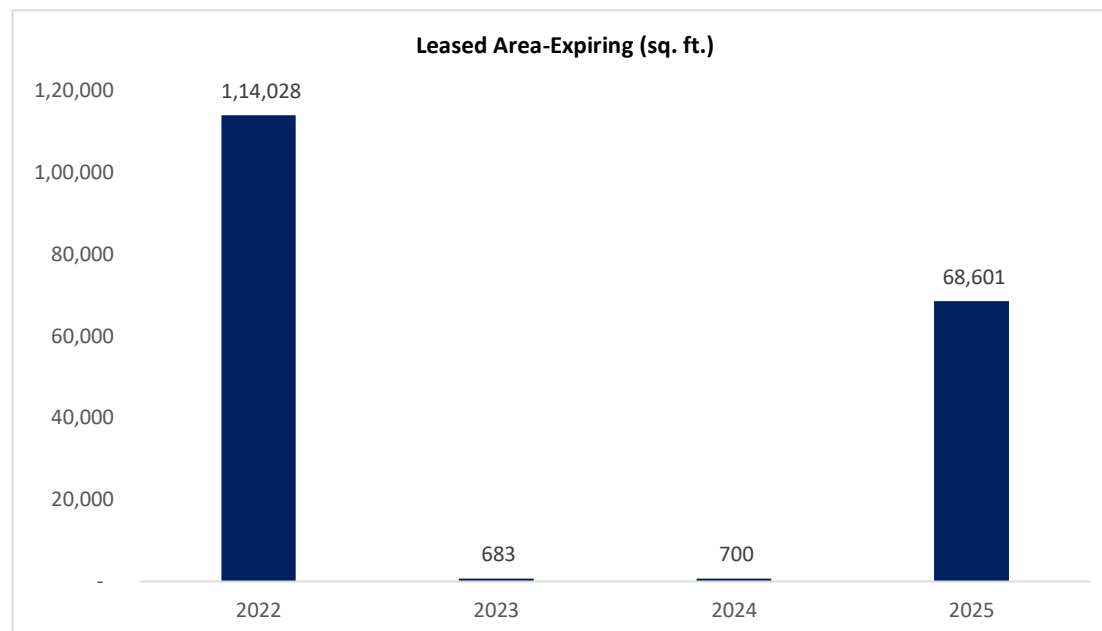
Source: Rent roll as at 30 September 2022 and Client Information

Rank	Top 10 Tenant according to Gross Rentals	Share of Gross Rentals
1	Cognizant	44.6%
2	TCS	25.0%
3	Accenture	9.9%
4	Capgemini	7.7%
5	Genpact	5.3%
6	Martinet	2.2%
7	Indo Rama Ventures	1.4%
8	Concentrix (IBM Daksh)	1.1%
9	Codeclouds IT	0.3%
10	SBI (Branch)	0.3%
<b>Total</b>		<b>97.7%</b>

Source: Rent roll as at 30 September 2022 and Client Information

### 3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is ~7.1 years, with ~7.2% of occupied area expiring between 2022 and 2025 as shown in the chart below (including office retail and telecom tenants).



Source: Rent roll as at 30 September 2022 and Client Information

**Notes:**

1. The chart is prepared on the basis of Calendar Year.
2. The time period for 2022 is considered from 1 October till 31 December

## 4 Valuation Methodology

In order to compute the Market Value of the Subject Property it is prudent to understand the market dynamics and the location where the Subject Property is located (existing and future supply, demand from occupiers, average office space take up by an occupier in a particular sector, existing vacancy numbers and the rentals, likely growth of the office space etc.). Understanding of the micro market positioning (where the Subject Property is located) with respect to a location is also very important. The next step then becomes to understand the situation of the Subject Property (current achievable rentals, vacancy numbers, competing supply in the micro market etc.) with respect to the micro market.

Each of the steps required to assess the Market Value of the Subject Properties is detailed below:

### 4.1 Market and Location Assessment:

The Client appointed Cushman & Wakefield (CWI) to prepare an office market research report, which has been relied upon and reviewed by the Valuer to develop the understanding and assess the relevant micro-market of the Subject Property. The said review was carried out in the following manner:

- i. Market dynamics influencing the rents along with Subject Property rents were studied in detail. Further, the location setting of the Subject Properties in the respective micro-markets were assessed. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by CWI and readily available information in public domain to ascertain the transaction activity of office space. The analysis entailed review of comparable properties in terms of potential competition

(both completed and under-construction/future developments), comparable recent lease transactions witnessed in the micro-market along with the trends in leasing within the Subject Property in recent past, wherever available. This analysis enabled the Valuer to have an informed opinion on the market rent (applicable rental for the micro-market where the respective Subject Properties are located) and achievable market rent (Valuer's view on achievable rent for the Subject Property for leasing vacant spaces, potential leasable area under development or planned as well as upon re-leasing of the existing let out area).

- ii. For tenants occupying relatively large space within the Subject Property, where there may be some instances of areas being let out at lower than market rent, it is assumed that the leases shall revert to market rent following the expiry of the lease, factoring appropriate re-leasing time.

#### 4.2 Portfolio Assessment:

- i. As the first step, the rent roll (which includes review of corresponding leases deeds) on a reasonable sample basis were reviewed to identify tenancy characteristics for the Subject Property. As part of the rent roll review, major tenancy agreements were reviewed on a reasonable sample basis.
- ii. For anchor/large tenants, adjustments on achievable market rent or additional lease-up timeframe have been adopted upon lease reversion wherever relevant.
- iii. Title Report, Architect's certificates (Dated: 03 November 2022) and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
- iv. Physical site inspection was undertaken to assess the current status of the Subject Property.

#### 4.3 Preparation of Future Cash Flows:

1. Net operating income (NOI) has primarily been used to arrive at the Market Value of the Subject Property. The cash flows for the operational, under construction and future development area have been projected separately for the purpose of estimating and reporting valuation in accordance with the SEBI (REIT) Regulations
2. The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the Subject Property. For vacant area, under-construction area and future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation wherein 11<sup>th</sup> year NOI is capitalized (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

Each of the lease was assessed to project the cash flows for a period of 10 years. The assessment was carried out in the following manner:

##### Step 1

Rental income from existing tenants up to the period of lease expiry, lock-in expiry, escalation milestones, etc. is projected whichever is applicable. In the event of any vacant spaces, achievable market-rent is assumed for future income for such spaces with suitable time for leasing up the space.

	This data is then used to generate market aligned revenue stream from existing and potential tenants for the desired time period.
<b>Step 2</b>	In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable market rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.
<b>Step 3</b>	Computing the monthly rental income projected as part of Step 2 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).

3. Recurring operational expenses, fit-out income (wherever applicable, however, the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market practices and conditions. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all Subject Properties, operational revenues and expenses of the respective properties are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income, which accrues as cash inflows to the Subject Properties and normalised for the purpose of cash flow projections. The 1-year forward income for the 11<sup>th</sup> year has been capitalized to assess the terminal value of the development at the end of year 10.

#### 4.4 Information Sources

Property related information relied upon for the valuation exercise have been provided to the Valuer by the Client and the market data has been provided by Cushman and Wakefield, unless otherwise mentioned. The documents provided has been assumed to be a true copy of the original. The rent rolls have been cross checked with the lease deeds on a sample basis only to ensure its correctness.

## 5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

### Completed Buildings with Occupancy Certificate (OC) received

Cashflow Period	Unit	Details
Valuation Date	Date	30-September-22
Cashflow Period	Years	10
Cashflow Exit Period	End Date	30-September-32

### Property Details

Property Details	Unit	Details
Total Property Leasable Area	Sq. ft.	30,60,655
Area Leased	Sq. ft.	25,67,888
Committed Occupancy*	%	84%
Vacant Area**	Sq. ft.	4,92,767
Vacancy	%	16%
Stabilized Vacancy	%	5.0%
Further Leasing**	Sq. ft.	3,39,734
Existing Lease Rollovers	%	100%
Rent Free Period- Existing Leases - Post First Year	Months	1
Rent Free Period- New Leases	Months	4
Total Parking Slots	#	3,831
Estimated Leasing Period	# of quarters	10

*Note: Further Leasing and Estimated Leasing Period relate to the existing Vacant Area.*

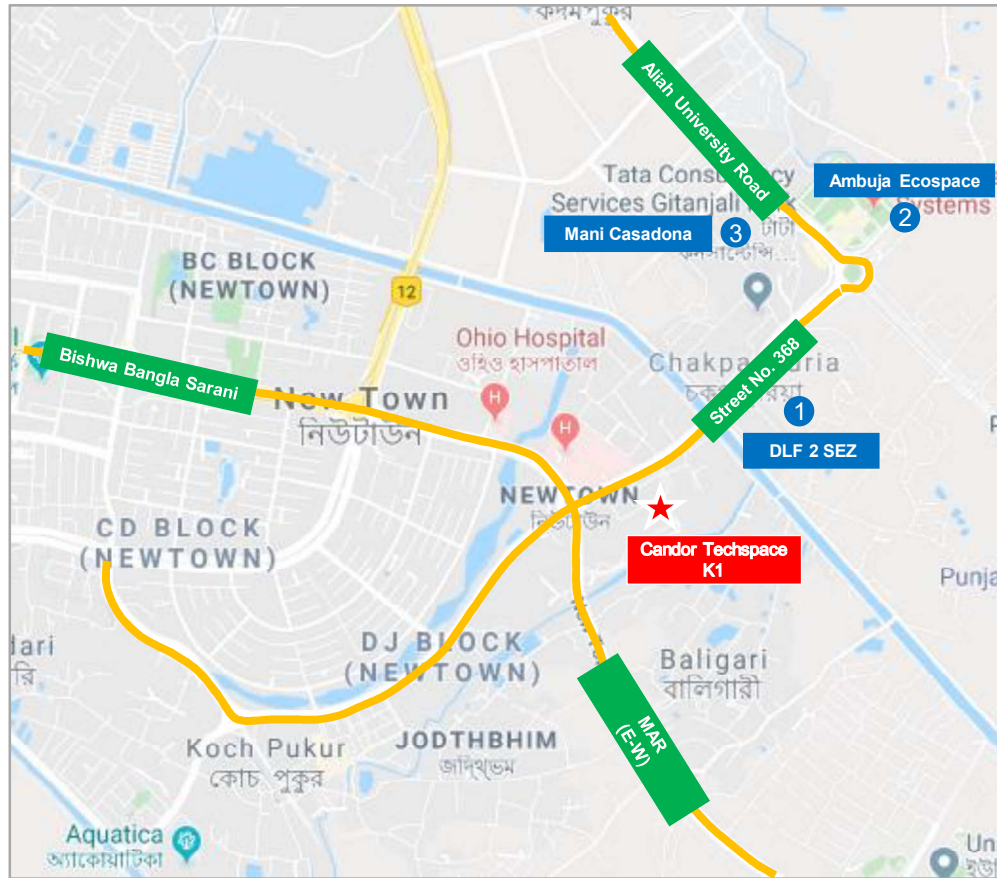
*\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area*

*\*\*Vacant Area includes the area of captive use of ~2700 sq. ft. which has not been considered for Further Leasing*

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.
- **Future absorption:**
  - Over 2015- 9M 2022, the Rajarhat micro market has witnessed an average annual net absorption of approximately 0.21 million sq. ft.
  - Going forward, the micro market is expected to have an average annual demand of approximately 0.62 million sq. ft. per annum till 2024.
  - Considering the above, it would be reasonable to believe that the Subject Property shall be able to lease up ~0.33 million sq. ft. within 10 quarters from January 2023.
- Further leasing area of ~0.34 million sq. ft. has been assumed after incorporating a 5% stabilised vacancy which is a standard for Grade A office properties in this market.



**Subject Property and Relevant Existing/Upcoming Supply in Rajarhat REIT Micro Market**



Note: Blue boxes signify existing supply and currently there is no upcoming supply in the micro-market.

**Revenue Assumptions**

Revenue Assumptions	Unit	Details
Achievable Market Rent– Office (Base)	Per sq. ft. per month	INR 41.00
Achievable Market Rent– Retail (Base)	Per sq. ft. per month	INR 59.00
Achievable Market Rent – Office (including Parking)	Per sq. ft. per month	INR 42.00
Achievable Market Rent – Retail (including Parking)	Per sq. ft. per month	INR 60.00
Achievable Market Rent – Amenity Area	Per sq. ft. per month	INR 25.00
Other Income	Per sq. ft. per month	INR 0.31
Rental Growth Rate (from FY'24 onwards)	% p.a.	5.0%
O&M Markup Growth Rate (including Sinking Fund) from FY'24 onwards	% p.a.	4.0%
O&M Markup Growth Rate (CIOP <sup>1</sup> Margin )	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9
Normal Market Escalation at end	# of years	3
Market Escalation at the end of Escalation period	%	15%
O&M Markup for future leases	Per sq. ft. per month	INR 5.80

**Notes:**

1. *CIOP (Candor India Office Park) provides project management services to the properties of Brookfield India REIT which include services pertaining to construction, operations, procurement, accounting, legal and compliance services.*

- **Achievable market rent – office:**

- Achievable market rent includes parking charges of INR 1 per sq. ft. per month (considering the parking rent of INR 3,000 per slot per month)
- In year 2021 and 2022, approximately 1.02 million sq. ft. of office was leased in the rental range of INR 37-46 per sq. ft. per month (including parking)

**Lease Transactions 2020-2022**

Tenants	Year	Area (sq. ft)	W. Avg Rent (INR per sq. ft)
TCS	2020, 2021 & 2022	413,719	43
Concentrix Daksh (IBM Daksh)	2020	29,946	41
Indo Rama Ventures	2020	38,256	41
Capgemini	2021	229,944	37
Met Technologies	2021	2,700	47
II Global	2020	2,300	49

Source: Rent roll as at 30 September 2022 and Client Information

- Considering the location, accessibility, quality, size of the building, and keeping in view the future supply, which is very limited, it can reasonably be assumed that the Subject Property shall be able to command a monthly rental of INR 42 per sq. ft. per month (including parking charges).
- **Rental growth rate:** Over 2015- 9M 2022, the contractual rent in Subject Property grew at a CAGR of 3.69%. As the number for vaccinated population is firming up, the occupiers have started evaluating their return to office strategy. Hence, we have considered annual rental growth 5.0% from FY24 onwards.
- **Other income:** We have been provided with other income for Visitor Car Park, Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income. We have considered an annual growth of 5% on other income.

- **O&M Mark-up:** O&M revenues and expenses were shared by the client. O&M Mark-up constitutes two components, namely, O&M Mark-up including sinking fund and CIOP Mark-up. Since O&M revenues include sinking fund which is being charged at a constant rate without any growth assumed on it; the growth rate for O&M Mark-up has been suitably adjusted to normalise it over the future tenure. The O&M Mark-up for the Subject Property ranges from INR 5.02-8.69 per sq. ft. per month. Further, the total CIOP expense for K1 is INR 59.93 Million p.a. Tenants are charged INR 3.31 – 7.74 per sq. ft. per month, based on their type on account of CIOP expense plus Mark-up.
- **Efficiency:** As per our market study, we understand that the efficiency of Subject Property is in line with the efficiency of other SEZ developments. Hence, we have not made any adjustments regarding the same for our valuation analysis.

#### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (Renewal/Release)	Month Rent	1 Month Rent
Brokerage cost (New Lease)	Month Rent	2 Month Rent
Other Costs for vacant area for the property owner	Per sq. ft./month	INR 6.76
Property Tax	Per sq. ft./month	INR 0.26
Cost Escalation	% p.a.	5.0%
Transaction cost on sale	% of Terminal Value	1.0%
Maintenance capex as % of Revenue (Base Rent + Parking)	%	2

*Please note that there is a general development expenditure of INR 7 million to be incurred on the subject property.*

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we have assumed brokerage expense amounting to two months for new leases and one month for existing lease rollovers.
- **Property tax and Insurance cost:** Property tax has been provided by client the same has been projected to increase at 5% per annum from Q3 FY' 23 onwards. Insurance cost forms a part of O&M cost and has been adjusted against the O&M Margin.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

**Discount Rate & Capitalization rate assumptions**

- **Capitalization Rate:**

Capitalization rate (“Cap rate”) is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates. In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a proposed public listing with better liquidity/marketability of ownership interest, the cap rate for the Subject Property has been assumed to be 8.5% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	13,70,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	4,21,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	91,00,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	23,00,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	7,00,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	12,50,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	18,80,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	27,00,000	24,000	7.75%-8%

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players

\*CPPIB took 51% stake in the property erstwhile held by Prestige estates

- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of 11.75% for completed buildings, and 13% for under construction / future development buildings was found to be aligned with the expectations of international investors investing in similar assets.

### Under Construction and Future Development

Please note that all assumptions mentioned above under the “Completed Property” section holds true for Under-construction and Future development buildings. The exceptions if any are as elaborated below:

#### Property Details

Property Details	Unit	IT/ITeS	Mixed-use
Total Property Leasable Area	Sq. ft.	980,448	1,703,541
Stabilized Vacancy	%	5%	5%
Existing Lease Rollovers	%	100%	100%
Rent Free Period – Existing Leases Rollover	Months	1	1
Rent Free Period – New Leases	Months	4	4
Estimated Leasing Period <sup>^</sup>	# of quarters	18	21

<sup>^</sup>Leasing Period for future development is taken in phased manner. The leasing is assumed to start from Q2 2026-27 in the IT/ITeS and Q2 2029-30 in the Mixed-use development (Retail).

The mixed used development consists of under-construction commercial cum retail development with leasable area of 5,60,816 sq. ft.

#### Construction Related Assumptions

Construction Related Assumptions	Unit	IT/ITeS	Mixed-use	
			Under Construction (Tower F)	Future Development
Start Date of Construction		Apr-23	Oct-22	Jul-25
End Date of Construction		Sep 28	Sep-25	Dec-28
Total Construction Cost <sup>4</sup>	INR Million	4,634*	2,553	5,856
Construction Cost Incurred till date	INR Million	-	-	-
Construction Cost to be Incurred	INR Million	4,634*	2,553	5,856

\*includes cost of constructing MLCP

#### Notes:

1. Reliance on Client inputs for the assumptions relating to construction.
2. INR 210 Million on account of approval cost is included in the construction cost to be incurred and has been taken into our valuation calculation.
3. The assumptions on cost to be incurred for future developments as well as for under construction projects are based on inputs provided from the client while applying independent professional judgement by the valuer.
4. Total Construction Cost includes cost of development of the common areas in the Subject Property.

**Revenue Assumptions**

Revenue Assumptions	Unit	Office Tower	Mixed Use-Commercial	Mixed Use-Retail
Achievable Market Rent— Office (Base)	Per sq. ft. per month	INR 41.00	-	-
Achievable Market Rent— Mixed Use-Commercial (Base)	Per sq. ft. per month	-	INR 44.10	-
Achievable Market Rent— Mixed Use-Retail (Base)	Per sq. ft. per month	INR 59.00	-	INR 59.00
Achievable Market Rent— Office (including Parking)	Per sq. ft. per month	INR 42.00	-	-
Achievable Market Rent — Mixed Use-Commercial (including Parking)	Per sq. ft. per month	-	INR 46.20	-
Achievable Market Rent — Mixed Use-Retail (including Parking)	Per sq. ft. per month	INR 60.00	-	INR 60.00
Other Income	Per sq. ft. per month	INR 0.31	-	-
Rental Growth Rate (from FY'24 onwards)	% p.a.	5.0%	5.0%	5.0%
O&M Markup Growth Rate (including Sinking Fund)	% p.a.	4.0%	4.0%	4.0%
O&M Markup Growth Rate (CIOP Margin)	% p.a.	5.0%	5.0%	5.0%
Normal Market Lease Tenure	# of years	9	9	9
Normal Market Escalation at end	# of years	3	3	3
Market Escalation at the end of Escalation period	%	15%	15%	15%
O&M Markup for future leases	Per sq. ft. per month	INR 5.80	INR 5.80	INR 5.80

**Capitalization Rate and Discount Rate**

With reference to the explanation in completed property section, the cap rate for the Subject Property has been assumed to be 8.5% in line with the available market information applied on the one year forward NOI in the terminal year. Owing to the various risks pertaining to the under-construction/ future development properties, we have considered a risk premium of 125bps, to derive the discount rate of 13 % for under-construction / future development properties. This is in line with the expectations of international investors investing in similar assets.

**6 Market Value**

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

<b>MARKET VALUE OF THE SUBJECT PROPERTY</b>			
<b>Component</b>	<b>Market Value as on</b>	<b>In Figures</b>	<b>In Words</b>
Completed Building	30 September 2022	INR 22,175 Million	Indian Rupees Twenty-Two Billion One Hundred and Seventy-Five Million Only
Under Construction/ Future Developments*	30 September 2022	INR 4,326 Million	Indian Rupees Four Billion Three Hundred and Twenty-Six Million Only

*This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.*

\* includes 0.56 million sq. ft. of under construction commercial cum retail development, wherein Gurgaon Infospace Limited (GIL) shall pay Candor Kolkata a sum of INR 1,000 million (inclusive of GST) (out of which INR 600 million has already been received) in instalments and be entitled to receive 28% of revenue comprising rentals, CAM margins, parking and any other revenue.

**Ready Reckoner Rate**

<b>Component</b>	<b>Rate</b>
Built up Area	INR 5,260 per sq. ft.
Land Area	INR 7,305 per sq. ft.

\*Note: Ready Reckoner Rates have been temporarily slashed by 10% till 30 December 2022. The current rate is INR 4,734 per sq. ft. and INR 6,575 per sq. ft. for Built up Area and Land Area respectively.

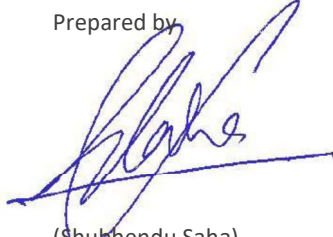
\*For reference, please refer Annexure 7



I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by



(Shubhendu Saha)  
IBBI/RV/05/2019/11552

**SHUBHENDU  
SAHA**

Digitally signed by SHUBHENDU SAHA  
DN: c=IN, postalCode=110063, st=DELHI, l=WEST DELHI, o=Personal,  
serialNumber=7d8898dca20a40e8b7c090127c92a792dc403971ac11a  
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pseudonym=fa06d560d86b47ac9382bf12f3506f0,  
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739f9223f91d129, email=SHUBHENDU.FASV@HOTMAIL.COM,  
cn=SHUBHENDU SAHA  
Date: 2022.11.07 10:49:38 +05'30'

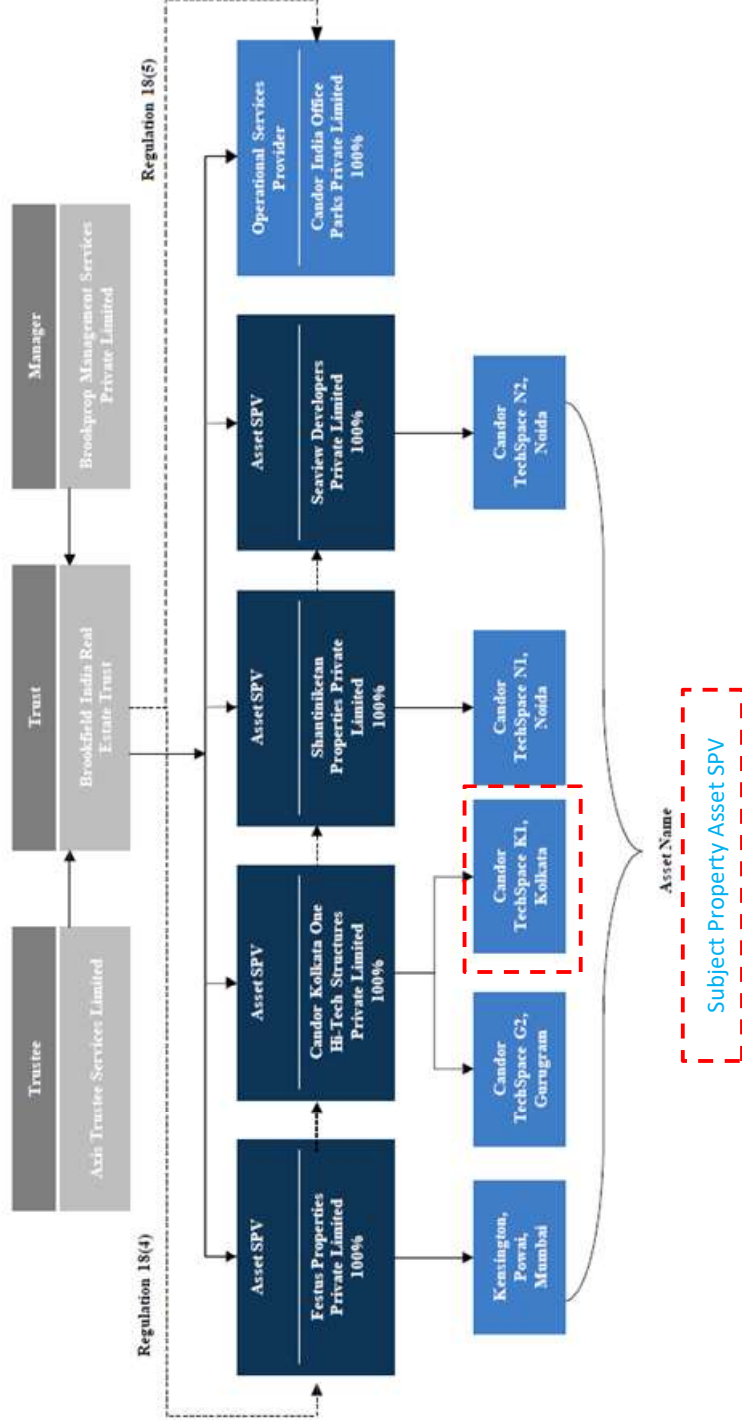
Regd. Address: 53, Anuradha Apartments, A2, Paschim Vihar, New Delhi 110063

M: +919910386675

E: shubhendu\_leo@hotmail.com

**Annexure 1: Ownership Structure of Subject Property**

***Brookfield India REIT structure post N2 Acquisition***



**Note:**

1. By way of a scheme of amalgamation filed with the NCLT, Candor Gurgaon 2 has merged into Candor Kolkata. The NCLT has approved the scheme by way of its order dated 8 August 2019 and has approved the application for rectification of the aforesaid order by way of its order dated 14 November 2019. The scheme has been made effective from 4 May 2020 with the approval of the BoA dated 5 March 2020 and ROC, Mumbai dated 4 May 2020

**Annexure 2: Property Layout Plan**

**Completed and Future Development Buildings**



**Annexure 3: Property Photographs**



View of Tower A2



View of Tower A3



View of Tower B1



View of Tower B2



View of Tower G1



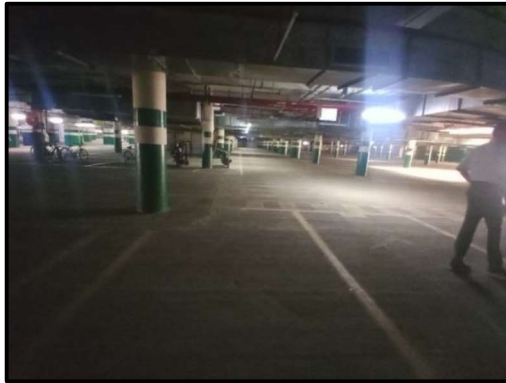
View of Tower G3



A Block of the Subject Property



G Block of the Subject Property



View of Basement Area



View of Future Development area

**Annexure 4: Statement of Assets**

Building	No/Name	A1	A2	A3	B1	B2	B3	C1	C2	C3	G1	G2	G3
No of DG Capacity	KVA		6 x 1250 KVA		5 x 1010 KVA			2 x 1010 KVA, KVA	4 x 1500			8 x 1250 KVA	
No of Transformer/Capacity	KVA		4 x 2500 KVA		3 x 2000 KVA			2 x 1500KVA 1x 1000KVA	1 x 2500KVA		2 x 2000 KVA.	1600 KVA	3 x
Chiller Rating	Tr		4 x 750 TR		2 x 750 TR 2 x 380 TR			4 x 525 TR. 1 x 200 TR.			3 x 750 TR	x 186.5 TR	2
Cooling Tower	Tr		HVAC: 4 x 825 TR, 1 x 925 TR DG: 8 x 125 TR		HVAC: 2 x 825 TR, 2 x 450 TR, 1 x 500 TR DG: 5			HVAC: 2 x 200 TR, 1 x 500 TR DG: 5 x 125 TR			HVAC: 2 x 825 TR, 2 x 250 TR, 1 x 500 TR 8 x 125 TR		DG:
FF System (Pumps & Engine)	KW/HP		Jockey: 2 x 10 HP Hydrant: 1 x 100 HP Sprinkler: 1 x 100 HP Diesel Engine: 1 x 133 HP		Jockey: 2 x 10 HP Hydrant: 1 x 100 HP Sprinkler: 1 x 100 HP Diesel Engine: 1 x 138 HP			Jockey: 2 x 10 HP Hydrant: 1 x 100 HP Sprinkler: 1 x 100 HP Diesel Engine: 1 x 105 HP			Jockey: 2 x 10 HP Hydrant: 1 x 100 HP Sprinkler: 1 x 100 HP Diesel Engine: 1 x 105 HP		
Water Pumping System (Domestic & Flushing)	KW/HP		Domestic Transfer pump 2 x 15 HP Domestic Transfer pump 4 x 10 HP		Domestic Transfer Pump: 2 x 15 HP			Domestic Transfer pump: 3 x 10 HP Domestic Transfer pump: 1 x 25 HP			Domestic Transfer pump: 1 x 20 HP Domestic transfer pump: 1 x 10 HP		
STP Rating	KLD							NA					
Warm Shell/ Bare Shell			Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell

**Annexure 5: List of Sanctions and Approvals**

List of one-time sanctions/approvals which are obtained or pending:

**Approvals Received**

- a) Building Plan Approvals for all existing/ under-construction buildings and amendments thereof
- b) Full Occupancy Certificates received for all the operational buildings except for C1, C2 and C3 wherein only Partial Occupancy Certificates have been received
- c) Consent to Establish (CTE)
- d) Fire NOC
- e) Height clearance NOC from AAI
- f) SEZ Approval for Authorized operations
- g) Consent to Operate (CTO)
- h) EC
- i) Extension of POC for Towers A1, A2 & B3

**Approvals Pending**

- a) Approvals for Under Construction and Future Development

## Annexure 6: Cash Flows – Completed Buildings (Tower A1, A2, A3, B1, B2, B3, C1, C2, C3, G1, G2, G3)

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
<b>OPERATING INCOME</b>												
Lease Rentals (including Parking income)	INR Million	1,343.3	1,462.1	1,583.8	1,659.6	1,681.5	1,777.1	1,854.9	1,944.2	2,026.1	2,102.6	2,224.6
O&M Markup	INR Million	258.2	309.9	341.1	359.6	375.2	391.6	408.7	426.5	445.1	464.5	484.8
Other Income (Telecom, Promotional, Visitor Parking & Misc. Activities)	INR Million	12.1	12.7	13.3	14.0	14.7	15.4	16.2	17.0	17.8	18.7	19.7
Total Income	INR Million	1,613.6	1,784.7	1,938.2	2,033.1	2,071.4	2,184.1	2,279.8	2,387.6	2,489.1	2,585.8	2,729.1
Total Income from occupancy	INR Million	1,613.6	1,784.7	1,938.2	2,033.1	2,071.4	2,184.1	2,279.8	2,387.6	2,489.1	2,585.8	2,729.1
<b>OPERATING COSTS</b>												
CAM Costs For Vacant Areas	INR Million	(24.4)	(13.5)	(2.3)	-	-	-	-	-	-	-	-
Property Taxes	INR Million	(10.2)	(10.7)	(11.2)	(11.8)	(12.4)	(13.0)	(13.6)	(14.3)	(15.0)	(15.8)	(16.6)
Total Operating Costs	INR Million	(34.6)	(24.2)	(13.6)	(11.8)	(12.4)	(13.0)	(13.6)	(14.3)	(15.0)	(15.8)	(16.6)
Net operating Income	INR Million	1,579.0	1,760.6	1,924.7	2,021.4	2,059.0	2,171.1	2,266.1	2,373.3	2,474.0	2,570.0	2,712.5
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	31,912.2	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(319.1)	-
Fit Out Income	INR Million	3.7	3.8	4.2	4.3	4.4	4.1	1.0	-	-	-	-
Total Net Income	INR Million	1,582.7	1,764.4	1,928.8	2,025.6	2,063.4	2,175.2	2,267.1	2,373.3	2,474.0	34,163.1	2,712.5
<b>Property Management Fees</b>												
Other Operating Expenses (R&M, Legal, Prof	INR Million	(26.9)	(29.2)	(31.7)	(33.2)	(33.6)	(35.5)	(37.1)	(38.9)	(40.5)	(42.1)	-
Brokerage Expenses	INR Million	(14.7)	(12.3)	(12.8)	(26.2)	(41.3)	(5.0)	(1.1)	-	(0.2)	(15.7)	(12.1)
Total Construction Costs	INR Million	(7.0)	-	-	-	-	-	-	-	-	-	-
Net Cashflows	INR Million	1,534.1	1,722.8	1,884.4	1,966.2	1,988.5	2,134.7	2,228.9	2,334.4	2,433.3	34,105.3	-



**Under-Construction – Tower F (Commercial cum Retail Development)**

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
<b>OPERATING INCOME</b>												
Lease Rentals (including Parking income)	INR Million	-	-	-	39.00	174.40	310.65	416.00	439.37	459.82	481.56	505.27
O&M Markup	INR Million	-	-	-	17.17	45.43	75.70	90.01	94.03	98.24	102.63	107.22
Total Income	INR Million	-	-	-	56.17	219.83	386.36	506.01	533.40	558.05	584.19	612.50
<b>Total Income from occupancy</b>												
	INR Million	-	-	-	42.66	164.17	288.06	376.13	396.44	414.81	434.28	455.34
<b>OPERATING COSTS</b>												
CAM Costs For Vacant Areas	INR Million	-	-	-	(29.24)	(24.86)	(7.13)	-	-	-	-	-
Property Taxes	INR Million	-	-	-	(1.51)	(2.09)	(2.12)	(2.22)	(2.34)	(2.45)	(2.58)	(2.70)
Total Operating Costs	INR Million	-	-	-	(30.75)	(26.95)	(9.25)	(2.22)	(2.34)	(2.45)	(2.58)	(2.70)
<b>Net operating Income</b>												
	INR Million	-	-	-	11.90	137.22	278.81	373.91	394.11	412.36	431.71	452.64
<b>Terminal Value</b>												
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	5,325.18	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	(53.25)	-
<b>Total Net Income</b>												
	INR Million	-	-	-	11.90	137.22	278.81	373.91	394.11	412.36	5,703.63	452.64
GIL upfront payment	INR Million	271.19	67.80	-	-	-	-	-	-	-	-	-
Maintenance Capex	INR Million	-	-	-	(0.56)	(2.51)	(4.47)	(5.99)	(6.33)	(6.62)	(6.93)	-
Brokerage Expenses	INR Million	-	-	-	(23.08)	(22.12)	(22.54)	-	-	-	-	-
Total Construction Costs (including Approval cost)	INR Million	(664.61)	(715.25)	(1,173.56)	-	-	-	-	-	-	-	-
<b>Net Cashflows</b>												
	INR Million	(383.42)	(647.45)	(1,173.56)	(11.74)	112.59	251.80	367.92	387.78	405.74	5,696.70	-


## Future Development- IT/ITes

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
<b>OPERATING INCOME</b>												
Lease Rentals (including Parking income)	INR Million	-	-	-	1.53	78.01	203.40	361.01	573.79	661.40	691.35	734.89
O&M Markup	INR Million	-	-	-	3.08	30.41	62.46	111.07	157.56	171.74	179.42	187.45
Other Income (Telecom, Promotional, Visitor Parking, & Misc. Activities)	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	-	-	-	4.61	108.42	265.86	472.08	731.34	833.13	870.76	922.34
<b>Total Income from occupancy</b>												
	INR Million	-	-	-	4.61	108.42	265.86	472.08	731.34	833.13	870.76	922.34
<b>OPERATING COSTS</b>												
CAM Costs For Vacant Areas	INR Million	-	-	-	-	-	-	-	-	-	-	-
Property Taxes	INR Million	-	-	-	(13.28)	(11.83)	(25.29)	(30.99)	(4.65)	-	-	-
	INR Million	-	-	-	(0.61)	(1.26)	(2.74)	(4.45)	(4.67)	(4.90)	(5.15)	(5.37)
Total Operating Costs	INR Million	-	-	-	(13.90)	(13.09)	(28.04)	(35.43)	(9.32)	(4.90)	(5.15)	(5.37)
<b>Net operating Income</b>												
	INR Million	-	-	-	(9.28)	95.33	237.82	436.65	722.03	828.23	865.61	916.97
<b>Terminal Value</b>												
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	-	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	10,787.93	-
	INR Million	-	-	-	-	-	-	-	-	-	(107.88)	-
Total Net Income	INR Million	-	-	-	(9.28)	95.33	237.82	436.65	722.03	828.23	11,545.66	916.97
<b>Maintenance Capex</b>												
Brokerage Expenses	INR Million	-	-	-	(0.03)	(1.56)	(4.07)	(7.22)	(11.48)	(13.23)	(13.83)	-
Total Construction Costs	INR Million	(287.59)	(575.19)	(952.90)	(6.81)	(21.66)	(21.14)	(35.82)	(18.65)	-	-	-
	INR Million	(287.59)	(575.19)	(952.90)	(1,095.91)	(1,113.00)	(609.38)	-	-	-	-	-
Net Cashflows	INR Million	(287.59)	(575.19)	(952.90)	(1,112.03)	(1,040.90)	(386.77)	383.60	691.90	815.00	11,531.83	-

**Future Development- Mixed-Use (Retail)**

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
<b>OPERATING INCOME</b>												
Lease Rentals (including Parking Income)	INR Million	-	-	-	-	-	-	11.96	345.08	875.80	1,198.40	1,271.67
O&M Markup	INR Million	-	-	-	-	-	-	10.37	85.29	174.88	206.30	217.61
Total Income	INR Million	-	-	-	-	-	-	22.33	430.37	1,050.68	1,406.70	1,489.28
Total Income from occupancy	INR Million	-	-	-	-	-	-	22.33	430.37	1,050.68	1,406.70	1,489.28
<b>OPERATING COSTS</b>												
CAM Costs For Vacant Areas	INR Million	-	-	-	-	-	-	(85.99)	(72.23)	(17.06)	-	-
Property Taxes	INR Million	-	-	-	-	-	-	(4.07)	(5.66)	(5.94)	(6.24)	(6.55)
Total Operating Costs	INR Million	-	-	-	-	-	-	(90.06)	(77.89)	(23.01)	(6.24)	(6.55)
Net operating Income	INR Million	-	-	-	-	-	-	(67.74)	352.48	1,027.67	1,400.46	1,482.73
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	17,443.88	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(174.44)	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Net Income	INR Million	-	-	-	-	-	-	(67.74)	352.48	1,027.67	18,669.90	1,482.73
Maintenance Capex	INR Million	-	-	-	-	-	-	(0.24)	(6.90)	(17.52)	(23.97)	-
Brokerage Expenses	INR Million	-	-	-	-	-	-	(31.06)	(84.90)	(77.73)	-	-
Total Construction Costs	INR Million	-	-	(418.32)	(1,673.28)	(1,673.28)	(1,673.28)	(418.32)	-	-	-	-
Net Cashflows	INR Million	-	-	(418.32)	(1,673.28)	(1,673.28)	(1,673.28)	(517.35)	260.68	932.43	18,645.93	-

**Annexure 7: Ready Reckoner Rate and Land Rate**  
**Ready Reckoner Rate**



## Directorate of Registration and Stamp Revenue


Finance (Revenue) Department, Government of West Bengal

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(\*) marked items are mandatory

District	North 24 Parganas	Thana	Rajarhat	Covered Area	Not Available
Local Body	Gram Panchayat Plus	Mouza *	Hideo (Block - D H)	Super Built-up Area *	Covered Area
Road		Road Zone			1
Premises No.		Ward No.			
Jurisdiction of *	A.D.S.R. RAJARHAT	Gram Panchayat Plus	RAJARHAT BISHNUPUR-I		
Plot No *	RS: 00001 / Bata No	Project Name	Not Available		
Apartment Type	<input type="checkbox"/> Flat/Apartment <input type="checkbox"/> Industrial <input type="checkbox"/> Covered Garage <input type="checkbox"/> Open Garage <input type="checkbox"/> Commercial Premises	Area in Sq. Feet			
Use of Flat *	Office	Floor Type		Tiles	
Flat located in which floor	0	Flat No.		Flat No.	
Age of the Flat (in year)	5	Litigated Property?		No.	
Is property on Road	Yes	Width of Approach Road (In feet)		Width of Approach Road	
Encumbered By Tenant?	No	Is Tenant is a Purchaser?		No.	
Is building has more than two floors?	No				
Other Amenities	<input checked="" type="checkbox"/> Lift Facility <input checked="" type="checkbox"/> Roof Garden <input checked="" type="checkbox"/> Swimming Pool <input type="checkbox"/> Club Facility <input checked="" type="checkbox"/> Gymnasium <input checked="" type="checkbox"/> Shopping Complex				
Type the characters shown					
Market Value:- Rs.4734/-					
Service Count: 5,78,126					

**Land Rate**



## Directorate of Registration and Stamp Revenue

### Finance (Revenue) Department, Government of West Bengal

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Market View of Land

(\*) marked items are mandatory

District * Local Body * Road Premises No. Jurisdiction of * Project Name	North 24 Parganas Gopin Purcharal Pus Road Premises No. A.D.S.R. RAJARHAT Not Available	Thana * Mouza * Road Zone Ward No. Gram Panchayat Plus *	Rajarhat Hosi (Block - 9 H) Road Zone Ward No. RAJARHAT BINHUPURA
---	--	--	---

To get owner details of property please enter LR plot no and LR khata no.

Plot No	RS / 0001 / 0	RS Khata No.	1 / /
Proposed Land Use *	Office	Nature of Land * (as recorded in RDR)	Office
Area of Land *	Acres Decimals	Chatak	Sq. Feet
Adjacent to Metal Road	Yes No	Chatak	1
Encumbered by Tenant	Yes No	Approach Road Width * (in feet)	
Bargadar	No	Tenant is Purchaser ?	No
Ligated Property	<input checked="" type="radio"/> YES <input type="radio"/> NO	Bargadar is Purchaser?	<input type="radio"/> YES <input checked="" type="radio"/> NO

This plot has any road access in any side as mentioned property below.

North side	East side	West side	South side
<input checked="" type="radio"/> YES <input type="radio"/> NO	<input type="radio"/> YES <input checked="" type="radio"/> NO	<input type="radio"/> YES <input checked="" type="radio"/> NO	<input type="radio"/> YES <input checked="" type="radio"/> NO

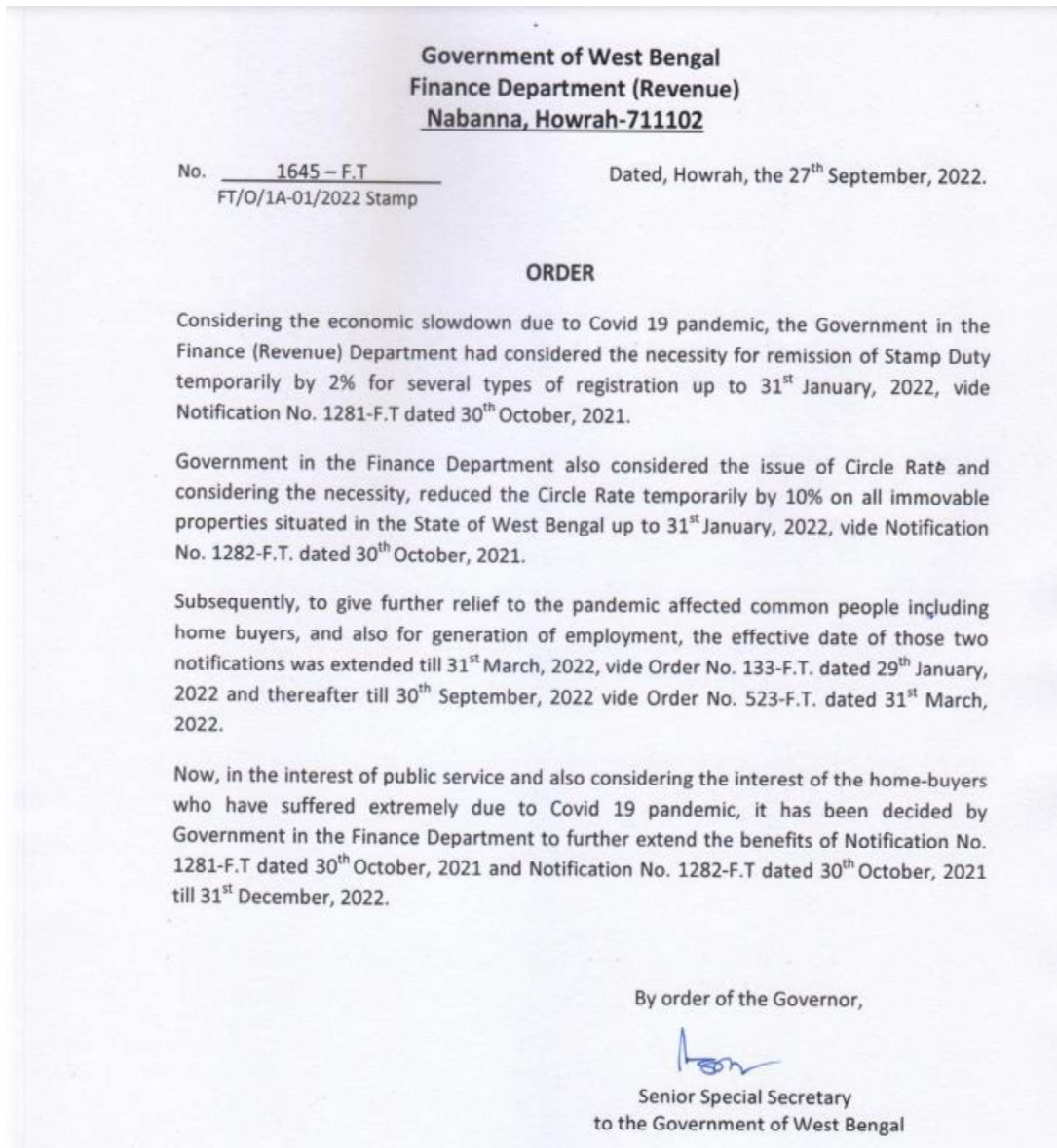
Type the characters shown

Market Value - Rs 5,275/-

SERVICE CHARGE - 47.01555  
 M.R. To be verified from the appropriate Registration Office after filling up proper e-Registration form

Valuation Report, Candor Techspace K1, Rajarhat, Kolkata

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**Latest Notification for Temporary Reduction of Circle Rate/IGR:**

Source: [stamp\\_duty.pdf \(wbregistration.gov.in\)](http://stamp_duty.pdf(wbregistration.gov.in))

**Annexure 8: Major Repairs Undertaken and Proposed in the Subject Property**

As informed by client, following major repairs/upgrades have been taken up in the past:

- Installed rooftop solar panels and undertaken initiatives to reduce water and energy consumption and reduce our carbon footprint;
- Introduced several amenities such as a telecom store, pharmacy, convenience stores, banks, salons, courier and concierge services and F&B outlets including some which operate round-the-clock
- During the lockdown period refurbished the amenities block with amenities such as swimming pool and also undertook structural renovations and refurbishments

**Annexure 9: Caveats & Limitations**

1. The Valuation Report (hereafter referred to as the “Report”) covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
  - a. The valuation method adopted is based on the Valuer’s expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to **Brookfield India Real Estate Trust** (or “the Client”) or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
  - b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
  - c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
  - d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
  - e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services or an independent validation of the projections. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated and should not be used for any other purpose.
  - f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.



- g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.
3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
  4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is bona-fidely believed to be reliable.
  5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.
  6. The Valuer's total aggregate liability to the Client including that of any third-party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum not exceeding the total fees paid for each instruction accepted. Unless specifically mentioned otherwise in the main report, the Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
  7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose.
  8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

# **Valuation Report:**

## **Candor Techspace G2, Gurugram, NCR**

**Submitted to:**

**Brookfield India Real Estate Trust**

**Prepared by:**

**Shubhendu Saha, MRICS**

*(IBBI/RV/05/2019/11552)*

**Date of Valuation: 30 September 2022**

**Date of Report: 6 November 2022**

### **Disclaimer**

*This report is prepared exclusively for the benefit and use of Brookfield India Real Estate Trust ("Brookfield India REIT") (the "Recipient" or the "Company" or "Instructing Party") and / or its associates and for, presentations, research reports, publicity materials, press releases prepared for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT and does not carry any right of publication or disclosure to any other party. The Company may share the report with its appointed advisors for any statutory or reporting requirements. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 15 March 2021 and addendum dated 15 September 2022 without the prior written consent of the Valuer.*

*The information in this report reflects prevailing conditions and the view of the Valuer as of its date, all of which are, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Company has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.*

*This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 15 March 2021 and addendum dated 15 September 2022. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.*

*This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.*

## Executive Summary

Candor Techspace IT/ITeS SEZ (G2), Sector-21, Gurugram, NCR	
<b>Valuation Date:</b>	30 September 2022
<b>Valuation Purpose:</b>	Disclosure of valuation of asset forming part of portfolio of Brookfield India in accordance with the SEBI (REIT) Regulations, 2014
<b>Location / Situation:</b>	<p>Candor Techspace G2 is located Old Delhi – Gurugram road, Dundaheera, Gurugram (herein after referred to as G2 and/ or Subject Property). G2 is spread over 28.526 acres of land parcel comprising of IT/ITeS SEZ developments. It is accessible via Old Delhi Road (30-metre-wide road) which further connects to Dwarka Link Road on north and Gurugram city on south. It is well connected with other parts of the city through road and metro rail network. It is located in one of the established office, residential and retail micro-markets of Gurugram. The profile of surrounding development for the Subject Property constitutes developed residential and commercial developments.</p>
<b>Description:</b>	<p>G2 constitutes 13 completed buildings along with future development area. The listing of buildings under each component is as follows:</p> <p><b>Completed buildings with Occupancy Certificate (OC) received – Tower 1, 2, 3, 4 (Amenity Block-1), 4A (Amenity Block-2), 5, 6, 7, 8A, 8B, 9, 10 (MLCP), 11.</b></p> <p>The operational buildings collectively admeasure 3,916,845 sq. ft. of leasable area with 85.27% committed occupancy*.</p> <p><b>Future development – Building name is Not Available (NA)</b></p> <p>The future development has leasable area of 99,924 sq. ft and is expected to be ready by Q3 FY 2024-25. The leasable area of the future development is indicative and is subject to change once the internal business plans are in place or the construction is completed. No approvals have been obtained as on the date of valuation.</p>
<b>Total Area:</b>	<p>Total Land Area: 28.526 Acres</p> <p>Completed Leasable Area: 3,916,845 sq. ft.</p> <p>Future Development Leasable Area: 99,924 sq. ft.</p> <p>Total Leasable Area: 4,016,769 sq. ft.</p>



View of Tower 1 at Subject Property



View of Tower 6 at Subject Property



View of Amenity Block at Subject Property

Source: Architect's Certificate (Dated: 03 November 2022), \*Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client information

\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area

MARKET VALUE OF THE FINANCIAL INTEREST* OF SUBJECT PROPERTY			
Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 45,637 Million	Indian Rupees Forty-Five Billion Six Hundred and Thirty Seven Million Only
Future Development	30 September 2022	INR 613 Million	Indian Rupees Six Hundred and Thirteen Million Only

*\*Candor Kolkata One Hi-Tech Structures Private Limited (formerly known as "Candor Gurgaon Two Developers & Projects Private Limited"; now amalgamated in Candor Kolkata One Hi-Tech Structures Private Limited w.e.f. Jan 9, 2019) has an agreement with Gurgaon Infospace Limited (GIL). The title to the land is held by Gurgaon Infospace Limited, a third party and is not affiliated to the Candor Kolkata One Hi-Tech Structures Private Limited. Candor Kolkata One Hi-Tech Structures Private Limited has developmental rights with respect to the property pursuant to a Joint Development Agreement (JDA) with GIL entered on November 16, 2006 as amended from time to time. Under the said agreement Candor Kolkata One Hi-Tech Structures Private Limited is entitled to 72% of the gross sale revenue and deposits from the tenants arising out of the lease of the developed areas and GIL is entitled to receive balance 28%.*

*This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.*

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**From:** Shubhendu Saha, MRICS  
IBBI Registered Valuer (L&B)  
(IBBI/RV/05/2019/11552)

**To:** Brookfield India Real Estate Trust

**Property:** Candor Techspace G2, Sector – 21, Gurugram, NCR

**Report Date:** 6 November 2022

**Valuation Date:** 30 September 2022

## **A REPORT**

### **1 Instructions**

Brookfield India Real Estate Trust (hereinafter referred to as the “**Instructing Party**” or the “**Client**”), has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the “**Valuer**”), to undertake the valuation of office property located in Gurugram (hereinafter referred to as “**Subject Property**” and/or “**Candor Techspace G2**”) for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

### **2 Professional Competency of The Valuer**

Mr. Shubhendu Saha, the Valuer for the Subject Property is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor’s in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master’s in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. From 2009 to 2015, he was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career, he worked with renowned organisations like ICRA Limited, Copal Research



(now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He is the first registered valuer under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 to undertake the valuation of REIT assets for an IPO. Mr. Saha also led the valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity funds, real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele includes, Mindspace REIT, Embassy REIT, K Raheja Corp, Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

### **3 Independence and Conflicts of Interest**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Subject Property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Property in past five years from the date of his engagement as the Valuer.

### **4 Purpose of Valuation**

The purpose of this valuation is for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 [SEBI (REIT) Regulations], as amended, together with circulars, clarifications, guidelines and notifications thereunder by SEBI and also disclosure as per fair value accounting under Indian Accounting Standards (Ind AS 40).

### **5 Basis of Valuation**

Given the purpose of valuation as mentioned above, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with the IVSC International Valuation Standards issued in 2021 and effective from 31 January 2022.

As per IVSC International Valuation Standards, "Market Value" is defined as *'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

## 6 Valuation Approach & Methodology

The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

### Market Approach

In 'Market Approach', the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

### Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

#### Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

#### Income Approach - Discounted Cash Flow Method

The income approach is based on the premise that value of an income producing asset is a function of future benefits and income derived from that asset. Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income and cost associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

#### Income Approach - Discounted Cash Flow Method using Rental Reversion

Given the market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase the attractiveness of the property to prospective tenants. Such benefits are typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, typically the impact of such sub/above market leases on the valuation of the Subject Property are normalised by estimating the rental revenue achievable at the end of the term, based on the expected rents in the market.

The valuation for the Subject Property has been derived by adopting income approach, utilising the discounted cash flow method with rental reversion.

**7 Assumptions, Departures and Reservations**

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the Subject Property is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation

**8 Inspection**

The Property was inspected on 16 March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise and the Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

**9 General Comment**

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

**10 Confidentiality**

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents.

**11 Authority**

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

## 12 Reliant Parties

The Reliant Parties would mean Brookprop Management Services Private Limited (“Brookprop” or “Manager”), Brookfield India REIT and their unitholders and Axis Trustee Services Limited (“Trustee”). The reliance on this report is extended to the Reliant Parties for the purpose as highlighted in this Valuation Report. The auditors, debenture trustees, stock exchanges, unit holders of the REIT, Securities and Exchange Board of India (SEBI), and credit rating agencies, would be extended reliance by the Valuer but would not be liable to such parties, except in case of gross negligence and wilful misconduct by the Valuer.

The valuation exercise is conducted strictly and only for the use of the Reliant Parties and for the purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer’s maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of Letter of Engagement (“LOE”) and this report the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million).
- In the event that any of the BSREP India Holdings V Pte. Ltd (the “Sponsor”), Manager, Trustee, Brookfield India REIT or other intermediaries appointed in connection with the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT subject to any claim (“**Claim Parties**”) in connection with, arising out of or attributable to the Valuation, the Claim Parties will be entitled to require the Valuer, to be a necessary party/ respondent to such claim and the Valuer shall not object to his inclusion as a necessary party/ respondent. However, the legal cost with respect to appointment of lawyers by the Valuer as a respondent/ defendant shall be borne by the Client. If the Valuer, as the case may be, does not co-operate to be named as a necessary party/ respondent to such claims or co-operate in providing adequate/ successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the Valuer in this regard and his liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.
- The Valuer is neither responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/validation of the zoning regulations/development controls etc.

**14 Disclosure and Publication**

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities and Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

**15 Anti-Bribery & Anti-Corruption**

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

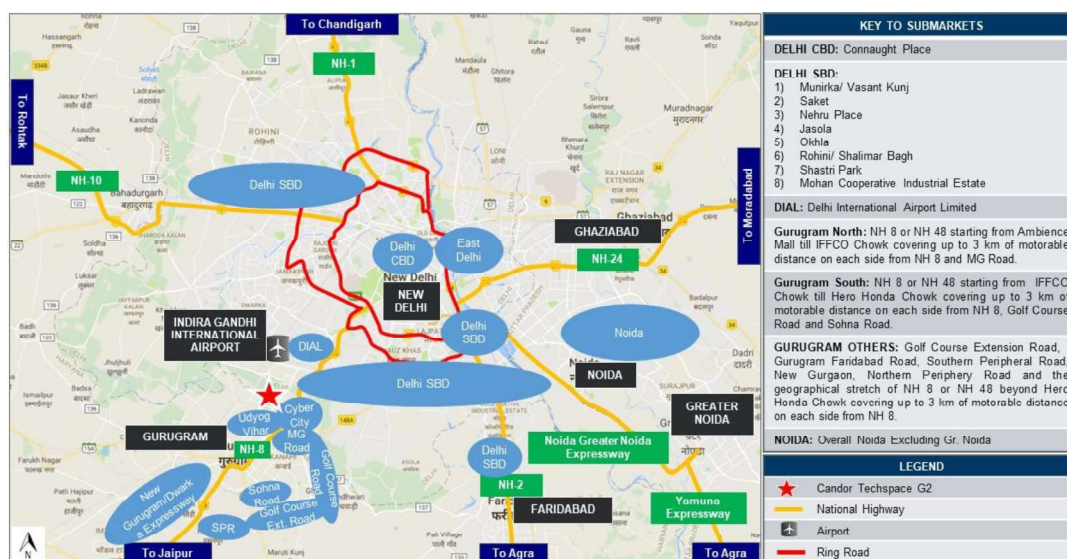
## **B NATIONAL CAPITAL REGION REPORT**

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

### 1 National Capital Region Overview

National Capital Region (NCR) is the world’s second largest urban agglomeration by population and the largest by area (Source: www.un.org). It is an urban agglomeration, which encompasses the entire National Capital Territory (NCT) of Delhi as well as urban areas surrounding it in neighbouring states of Haryana, Uttar Pradesh and Rajasthan. In the last decade and half, urbanization in Delhi has spread rapidly towards adjoining towns in the neighbouring states of Haryana and Uttar Pradesh. The proliferation of service and industrial activities resulted in significant migration of people from Delhi, mainly towards Gurugram, Noida and Ghaziabad.

The map below highlights the key office micro markets of NCR illustrating the geographical expanse of the office market. The micro markets covered for the analysis are the prime contributors to the office supply in NCR.



Source: Cushman & Wakefield Research (Map not to scale)

NCR is presented as a consolidated office market comprising four independent micro markets:

1. Delhi (which further comprises micro-markets viz, Delhi CBD & Delhi SBD)
2. Gurugram (which further comprises micro-markets viz, Gurugram North, Gurugram South & Gurugram Others)
3. Noida (which further comprises micro-markets viz, Sector 62, Noida–Greater Noida (NGN) Expressway & Rest of Noida)
4. DIAL

The table below highlight the key statistics of NCR's office micro markets:

Particulars	NCR overall	Delhi	DIAL	Gurugram*	Noida	<sup>^</sup> Gurugram North
Total Completed Stock till 9M 2022 (million sq. ft.)	86.03	3.29	1.37	59.64	21.73	27.31
Current Occupied Stock till 9M 2022 (million sq. ft.)	66.22	2.41	1.23	47.14	15.45	25.14
Current Vacancy 9M 2022 (%)	23.02%	26.69%	10.03%	20.97%	28.91%	7.96%
Avg. Annual Absorption - 2015 – 9M 2022 (million sq. ft.)	3.61	0.16	0.14	2.44	0.87	0.80
Future Supply – Q4 2022 E – 2024 E (million sq. ft.)	13.94	0.00	0.00	11.42	2.52	1.42
Market Rent – 9M 2022 (INR psf / month)	87.97	143.23	224.52	94.42	53.32	114.23
CAGR for Market Rent (2015 – 9M 2022)	2.05%	1.08%	4.90%	2.25%	4.03%	3.97%

Source: Cushman & Wakefield Research

Notes:

1. Only Grade A office spaces have been considered for the analysis presented in the above table.
2. Ghaziabad, Greater Noida and Faridabad have minimal office supply and have not been captured in the analysis.
3. \*Brookfield India REIT's city market for Subject Property.
4. <sup>^</sup>Brookfield India REIT's micro market within Brookfield India REIT's city market for Subject Property.
5. Stock ( "stock" and / or "relevant stock") and Supply ( "supply" and / or "relevant supply") numbers are computed by excluding the buildings less than 1 lakh square feet and applying certain other criteria . Additionally, for Noida, non-IT buildings are also excluded from the analysis.
6. Vacancy and Net Absorption numbers are computed on the relevant stock.
7. The future supply estimates are based on analysis of proposed and under construction buildings.
8. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters. Rentals for Brookfield India REIT properties have been sourced from client. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
9. Rentals presented above are weighted average values on completed stock.

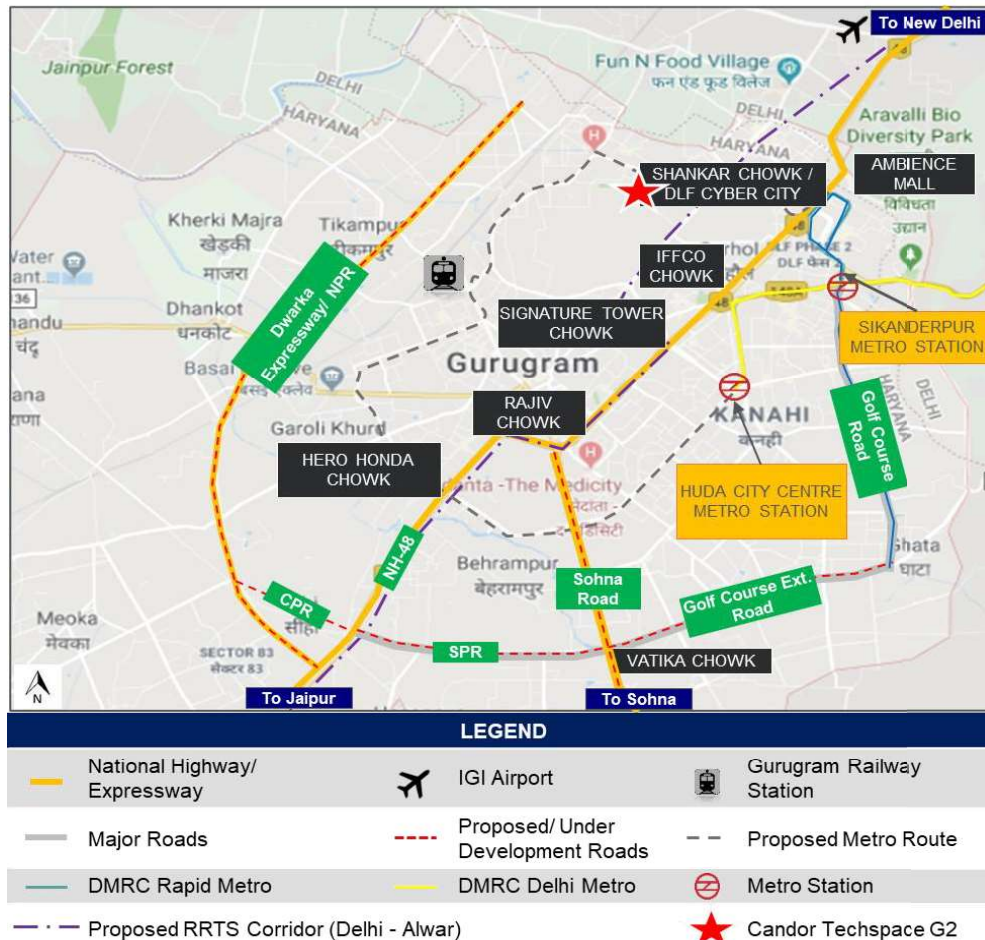


**2 Brookfield India REIT’s City Market- Gurugram**

Candor Techspace G2 is a freehold, Grade-A asset located in Gurugram city market of NCR, with well-planned infrastructure, proximity to residential areas and established social infrastructure.

**2.1 Overview**

Gurugram (often called the millennium city) is located towards the southwest of Delhi. Gurugram falls under the Indian state of Haryana. Gurugram district is the second largest city of Haryana and serves as its industrial and financial centre. As per the Census 2011, Gurugram it has the 3rd highest per capita income in India after Chandigarh and Mumbai. The area of the Gurugram District is 1,258 sq. km. Connaught Place, the CBD of Delhi is at approximately 22 km from the Cyber City, the CBD of Gurugram. Further, the Indira Gandhi International Airport which is currently the only International Airport servicing the civil aviation demands of NCR is located at approximately 12 km from the Cyber City. Compared to other suburban locations in Delhi, Gurugram enjoys several competitive advantages like presence of large multi-national corporations (MNCs) and their corporate office hubs, presence of multiple nationalized developers, connectivity, address value, support infrastructure etc. Locational advantages along with presence of physical and social infrastructure has helped Gurugram to emerge as one of the prime office markets of NCR.



Source: Cushman & Wakefield Research

(Map not to scale)

Note: SPR stands for Southern Peripheral Road

Note: The DMRC Yellow Line metro is proposed to be extended from HUDA City Centre to Udyog Vihar, via Old Gurugram and finally terminating at DLF Mousari Avenue rapid metro station. However, exact locations of metro stations are yet to be finalized. Also, a station for Delhi – Alwar RRTS is proposed at Rajiv Chowk on NH – 48. The source for the said metro routes is the information available in the public domain and may differ subject to final approvals.

The established office clusters of Gurugram are concentrated towards Cyber City, Udyog Vihar, MG Road, Golf Course Road and Sohna Road. Golf Course Extension Road is the next emerging office location after the clusters stated above. Southern Periphery Road (SPR) and Northern Periphery Road (NPR) are the upcoming office locations. Gurugram is primarily characterized by investment grade developments offering modern amenities. To name a few, established players like DLF, Brookfield, Hines, Vatika, Tata Realty, Ascendas, Bharti etc. have their footprint in Gurugram.

The retail landscaping of Gurugram is skewed towards retail mall format. MG Road, Golf Course Road, Sohna Road and NH 48 are the established retail mall locations of Gurugram. Galleria Market in DLF Phase-IV is one of the prominent high streets in Gurugram. Presence of a significant young working population in Gurugram led to the emergence of new formats viz. F&B hubs like DLF Cyber Hub, Sector 29 and 32nd Milestone and are well accepted now. Golf Course Extension Road, Southern Periphery Road and Northern Periphery road are the emerging locations for retail development. Golf Course Extension Road will have a healthy mix of high street and retail mall development formats.

The established residential clusters of Gurugram are concentrated towards Golf Course Road, Sohna Road, Sector 51 - 56 and Udyog Vihar. Golf Course Extension Road is the next emerging residential location after the clusters stated above. Southern Periphery Road and Northern Periphery Road are the upcoming residential locations.

Gurugram is divided into three office micro markets:

- Gurugram North – NH-48 starting from Ambience Mall till IFFCO Chowk covering up to 3 km of motorable distance on each side from NH-48 and MG Road. The Subject Property is located in Gurugram North micro market.
- Gurugram South – NH-48 starting from IFFCO Chowk till Hero Honda Chowk covering up to 3 km of motorable distance on each side from NH-48, Golf Course Road and Sohna Road.
- Rest of Gurugram – Golf Course Extension Road, Gurugram Faridabad Road, Southern Peripheral Road, New Gurgaon, Northern Periphery Road and the geographical stretch of NH-48 beyond Hero Honda Chowk covering up to 3 km of motorable distance on each side from NH-48.

The key drivers of demand for office space in Gurugram are as follows:

- **Connectivity and linkages:** Gurugram is well connected to other nodes of NCR via. robust road and metro network. Hence, efficient management of commuting by public and private mode of communication makes it a conducive location for workforce travelling for work.

- **Proximity to Indira Gandhi International airport:** Gurugram is in close proximity to airport and hence attracted large occupier base to the city. Its closeness to airport helped the city to grow at a very fast pace.
- **Presence of social and lifestyle infrastructure:** Along with good physical infrastructure the city offers a healthy mix of social and lifestyle infrastructure. Presence of good schools like Shriram, Shiv Nadar, Lotus valley, Suncity etc.; good hospitals like Artemis, Medanta, Fortis etc.; retail malls like Ambience, MGF Metropolis etc.; F&B formats like Cyber Hub, 32nd Milestone, Sector 29 etc.; crèche like Klay, IPSAA, Footprint etc.; has made Gurugram as one of the most preferred micro market for the working population. The city offers easy accessibility to the amenities required by the working population to lead life independently.
- **Access to educated talent pool from Delhi, Haryana, Punjab, Rajasthan and Uttar Pradesh:** As the city is accessible through multiple modes of transportation and it offers residential spaces across various price categories; it attracts talent pool from all adjoining locations.
- **Healthy mix of commercial, IT/ITeS and SEZ developments:** Gurugram offers a healthy mix of commercial, IT/ ITeS and SEZ office space and hence attract the occupier base across categories.

## 2.2 Key Statistics – Gurugram

Particulars	Details
<b>Total Completed Stock (9M 2022)</b>	Approximately 59.64 million sq. ft.
<b>Current Occupied Stock (9M 2022)</b>	Approximately 47.14 million sq. ft.
<b>Current Vacancy (9M 2022)</b>	Approximately 20.97%
<b>Avg. Annual Net Absorption (2015 – 9M 2022)</b>	Approximately 2.44 million sq. ft.
<b>Future Supply (Q4 2022 E – 2024 E)</b>	Q4 2022E: Approximately 1.73 million sq. ft. 2023E: Approximately 3.60 million sq. ft. 2024E: Approximately 6.10 million sq. ft.

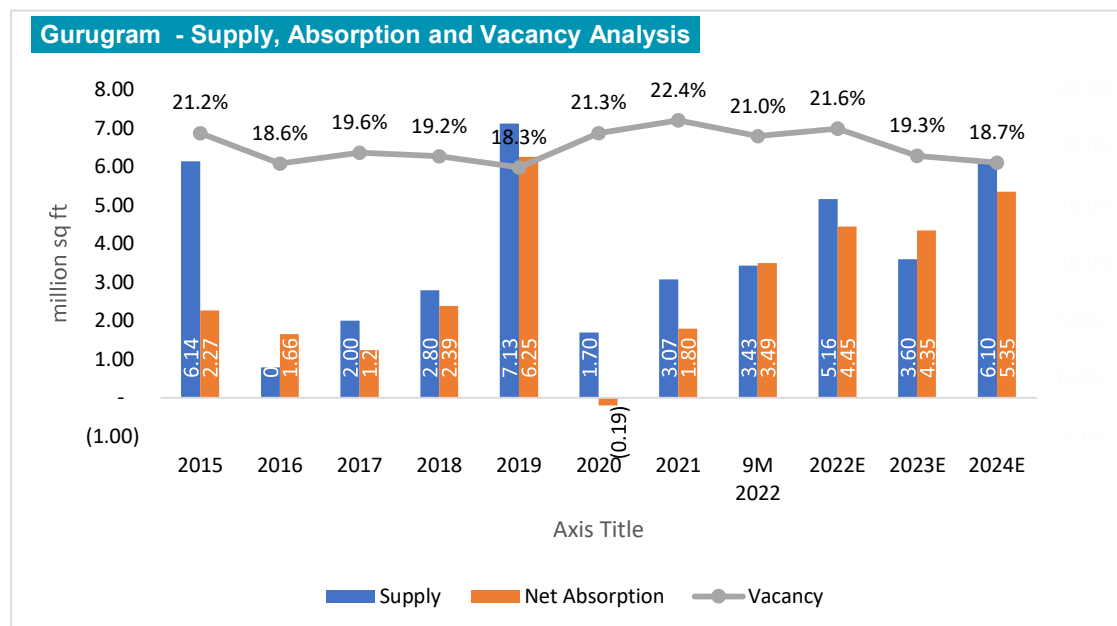
Source: Cushman & Wakefield Research

Notes:

1. Only Grade A office spaces have been considered for the analysis presented in the above table. Vacancy and Net Absorption numbers are computed on the relevant stock.
2. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet and applying certain other criteria
3. The future supply estimates are based on analysis of proposed and under construction buildings.
4. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.

### 2.3 Supply, Absorption & Vacancy

The supply, absorption & vacancy trend for Gurugram is as follows:



Source: Cushman & Wakefield Research

Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet and applying certain other criteria
2. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
3. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.

Evolution of Gurugram as an office market has been phenomenal. With Gurugram emerging as an alternate to Delhi, it has witnessed multiple patterns of development viz. from strata sold developments to fully owned buildings and to integrated / campus developments. Supply introduced in the market in recent years has followed the demand characteristics, which gave rise to suitable patterns and quality of developments as required by the occupiers. Larger integrated / campus developments offering adequate floor plates and options for consolidation and expansion is the need of the hour. The city has been constantly striving to meet these requirements.

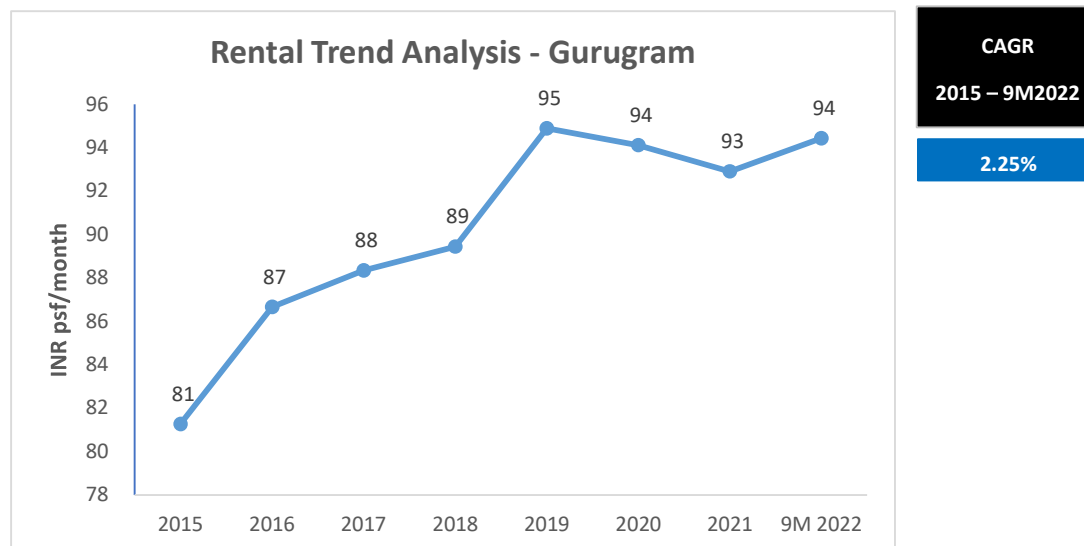
Multiple projects launched in 2009-11 underwent staggered developments and eventually got completed in 2014-15. Since this supply addition wasn't in line with the existing demand at the time, it caused increased vacancy levels in Gurugram. The supply was eventually absorbed in subsequent years. Further, the micro markets in Gurugram developed their individual flavours in terms of nature of developments (campus and integrated) and larger developers created an ecosystem favouring their developments. With infrastructure getting boost from the government and city limits expanding; office spaces offering better amenities are preferred over others. The increased confidence levels in the market are illustrated by uptick in demand numbers with 2019 net absorption outperforming historical data points significantly. 2019 was an exceptional

year in terms of net addition in existing office stock as well; approximately 7.13 million sq. ft. of fresh office supply got released in the market. Despite exceptional supply getting added to the market, the vacancy levels for the year 2019 dropped to 18.3% as against 19.2% in 2018. However, 2020 came as a setback year with office markets across India getting impacted by Covid 2019. As a result, Gurugram witnessed a negative net absorption and the vacancy levels increased to 21.3%. Despite the challenges being imposed Covid 2019; the office market showed resilience and the revival to recovery path was visible in year 2021 and 9M 2022. Gurugram witnessed a positive absorption of approximately 1.80 million sq. ft. in 2021 and approximately 3.50 million sq. ft. in 9M 2022. Initiatives taken by government in terms of introducing the vaccination drive in accelerated manner and organizations realizing the importance of workplace for collaboration and innovation resulted in giving a push to the office market.

Further, with increased hiring across the sectors specially IT and BFSI (which are large contributors to office market of India) the new demand is likely to keep growing for the office market. Gurugram's nature of hosting diverse demand from sectors like Technology, BFSI, professional services, media and telecom would help keeping the net absorption figures growing. In our view, the future supply would follow net absorption trends, maintaining the real estate growth momentum in the city. Hence, the vacancy levels are expected to continuously improve and reach around similar levels as that 2019 by year 2024E.

## 2.4 Rental Trend Analysis

The rental trend for Gurugram is as follows:



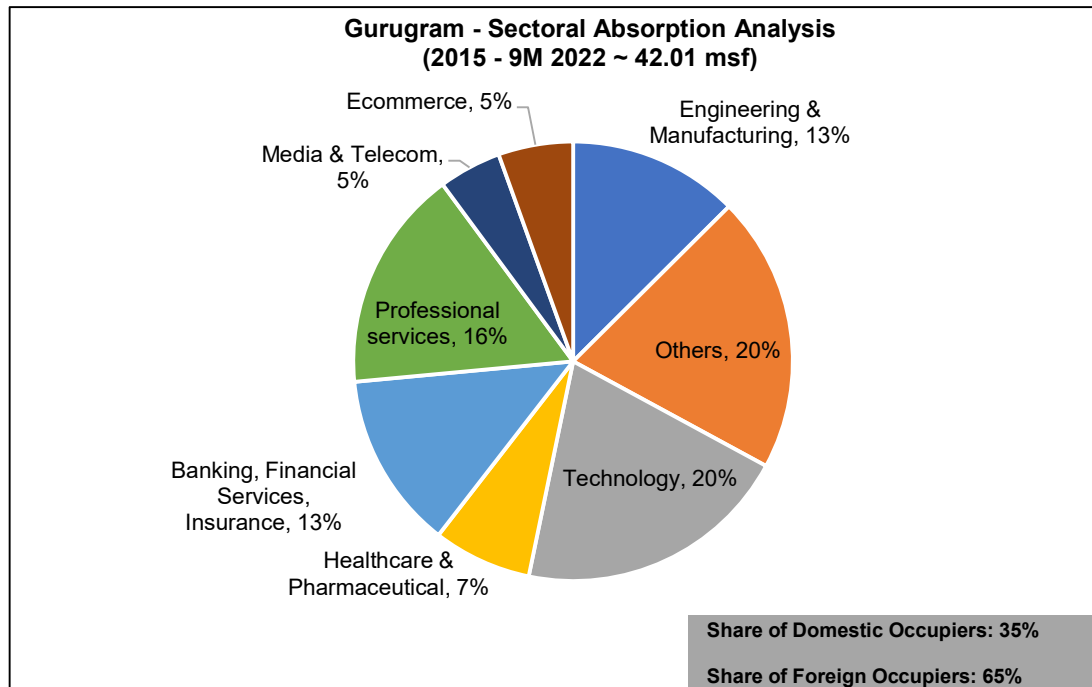
Source: Cushman & Wakefield Research

### Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet across Gurugram.
2. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters. Rentals for Brookfield India REIT Gurugram properties have been sourced from client. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
3. Rentals presented above are weighted average values on completed stock.

Gurugram witnessed a stabilised rental growth of approximately 3.25% between year 2015 to 2018. However, backed by heightened office demand for the year 2019, Gurugram witnessed sharp spike in rental from year 2018 – 2019, resulting in a rental growth of ~6.1%. Covid 2019 impacted the growth trajectory, and the market witnessed a dip in rentals. However, despite the challenges posed by Covid 2019; the dip in rentals has remained marginal and are still upward of 2018 levels. Gurugram has witnessed a positive CAGR of 2.25% from 2015 to 9M 2022.

**2.5 Sectoral Demand Analysis – Gurugram (2015 –9M 2022)**



Source: Cushman & Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for Domestic & Foreign occupier bifurcation
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc.
3. The sectoral absorption analysis is based on gross absorption activity of Gurugram’s relevant stock i.e., including any relocations, consolidations etc. All pre-commitments & sale/purchase transactions are excluded from this analysis.

Gurugram’s office supply constitutes equal mix of commercial and IT/ITeS & SEZ developments and reflects similar positioning in demand. Technology is the prominent sector contributing 20% to the overall demand. The other prominent industries contributing 42% to the demand are professional services (16%), BFSI (13%) and Engineering & Manufacturing (13%). Emergence of new requirements viz. startups, individual set ups, change in consumer behaviour has led to the increase in demand from industries like flexi workspace, E-commerce etc. in the recent years. The mix of foreign vs. domestic occupants in Gurugram is 65:35.

### **3 Gurugram North - Competitive REIT Micro Market**

#### **3.1 Overview**

Gurugram North is the largest office micro markets of Gurugram. It is an established office, residential and retail destination of Gurugram. The office supply in this Brookfield India REIT micro market is interspersed between investment grade and sub investment grade developments. The office supply constitutes a mix of IT and Non-IT developments primarily skewed towards IT.

Residential supply in this micro market constitutes a mix of independent plotted development and high-rise group housing developments catering to Middle-Income, Upper Middle-Income Group and High-Income Group. The retail landscaping of Gurugram North is a mix of high street and retail malls. The office supply additions here are primarily driven by DLF.

Emergence of DLF Cyber City as an office and leisure destination has resulted in upgrading the available infrastructure imposing a positive impact on the Brookfield India REIT micro market. Some of the prominent office developments in this micro market are DLF Cyber City, Candor Techspace G2, DLF Cyber Park, RMZ Centra One etc. G2 is within close proximity to some of the renowned hotels like The Oberoi/ Trident, Hyatt Place, Radisson, Leela Ambience etc.



### 3.2 Social and Physical Infrastructure



Source: Cushman & Wakefield Research  
(Map not to scale)



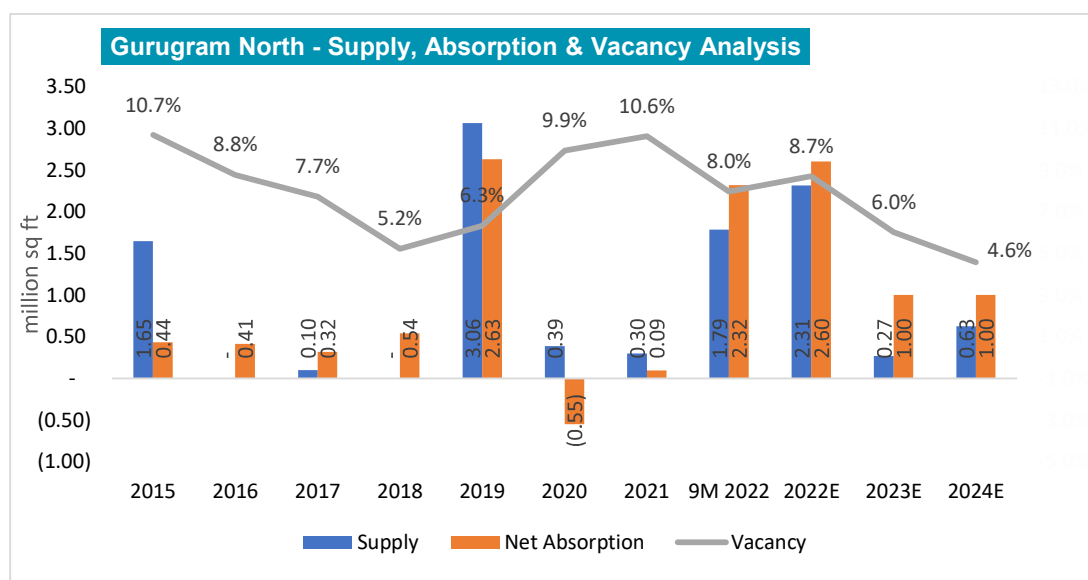
Key Office Developments	Social Infrastructure	Lifestyle Infrastructure	Under Construction & Proposed Office Developments	Hospitality Developments	Higher Education Institutions
1. DLF Cyber City (3.2 km)	1. Rotary Public School (1.5 km)	1. Ansal Plaza (4.2 km)	1. DLF Hines JV (2.5 km)	1. Hotel Hyatt Place (1.8 km)	1. Northcap University (3 km)
2. DLF Cyber Park (2.1 km)	2. Swiss Cottage School (4 km)	2. DLF Cyber Hub (3.2 km)		2. Oberoi/ Trident Hotel (2 km)	2. ICFAI Business School (0 km)
3. Ambience Corporate Towers (6.6 km)	3. Columbia Asia Hospital (4.2 km)	3. Ambience Mall (6.6 km)		3. Hotel Leela (6.6 km)	3. Fairfield Institute of Management & Technology (2.5 km)
	4. KLAY Preschool & Day Care Center (500 m)	4. MGF Metropolitan Mall (7.2 km)		4. Westin Hotel (6.5 km)	
		5. City Centre Mall (7.1 km)		5. Radisson Hotel (3.2 km)	

Sector 21, Gurugram where the Subject Property is located lies on a road (old Gurugram road) running parallel to NH 48, which is the main road, connecting Gurugram to other cities of NCR. There are multiple connecting roads which connects old Gurugram road to National Highway 48. Old Gurugram road is also a major road providing connectivity to the Subject Property through other parts of the city. Additionally, multiple U-turn

under passes and flyovers have been planned at various intersecting junctions between NH-48 and old Gurugram road to ease the traffic flow.

Indira Gandhi International Airport is located at approximately 9 km from Brookfield India REIT’s micro market (assuming Subject Property being the point of measurement). Currently the nearest metro line to the Subject property is Rapid Metro with Cybercity station being the nearest metro station. Further, the state government has approved the expansion of existing Delhi Metro Yellow line to Old Gurugram, which will be connecting HUDA City Centre Metro Station to Udyog Vihar via Subash Chowk, Hero Honda Chowk, Old Gurugram, and Palam Vihar Extension and shall have 27 new stations. The approval from the central government is yet to be obtained.

### 3.3 Supply, Absorption & Vacancy Analysis



Source: Cushman & Wakefield Research

Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet and applying certain other criteria
2. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
3. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.

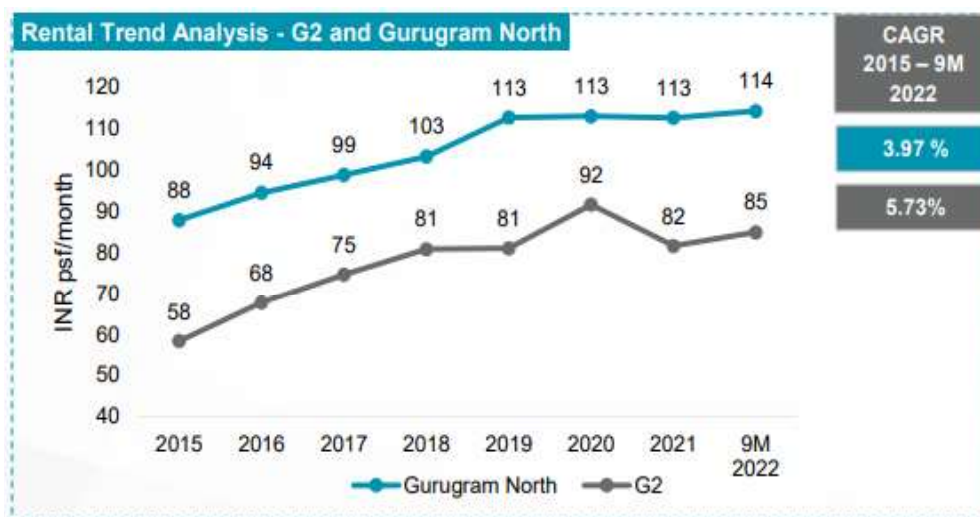
This Brookfield India REIT micro market refers to the geographical stretch of NH-48 starting from Ambience Island till IFFCO Chowk covering up to 3 km of motorable distance on each side from NH-48 and MG Road.

It is the biggest micro market of the city, contributing about 46% of total stock of Gurugram. Gurugram North has witnessed limited supply since 2015 and witnessed consistent demand from occupiers. The Brookfield India REIT micro market benefits from its location and presence of established players like Brookfield and DLF. The Brookfield India REIT micro market offers large integrated office developments addressing the office

space requirements of large occupiers. The quality of developments coupled with locational advantages will continue to drive demand for the micro market.

Because of the outbreak of Covid-19 and short-term challenges faced by economy at large, Gurugram North vacancy increased to 10.6% in 2021 as against 6.3% in 2019. However, as the impact of virus is settling, the Brookfield India REIT micro market has shown significant recovery with witnessing a net absorption of approximately 2.32 million sq. ft. in three quarters (i.e. 9M 2022). The vacancy as of 9M 2022 for the Brookfield India REIT micro market is 8.0% as against 10.6% in 2021. Hence, with continuous demand from occupiers and the established location of the Brookfield India REIT micro market, we expect the vacancy to reach to 2019 levels by year 2023E.

### 3.4 Rental Trend Analysis



Source: Cushman & Wakefield Research

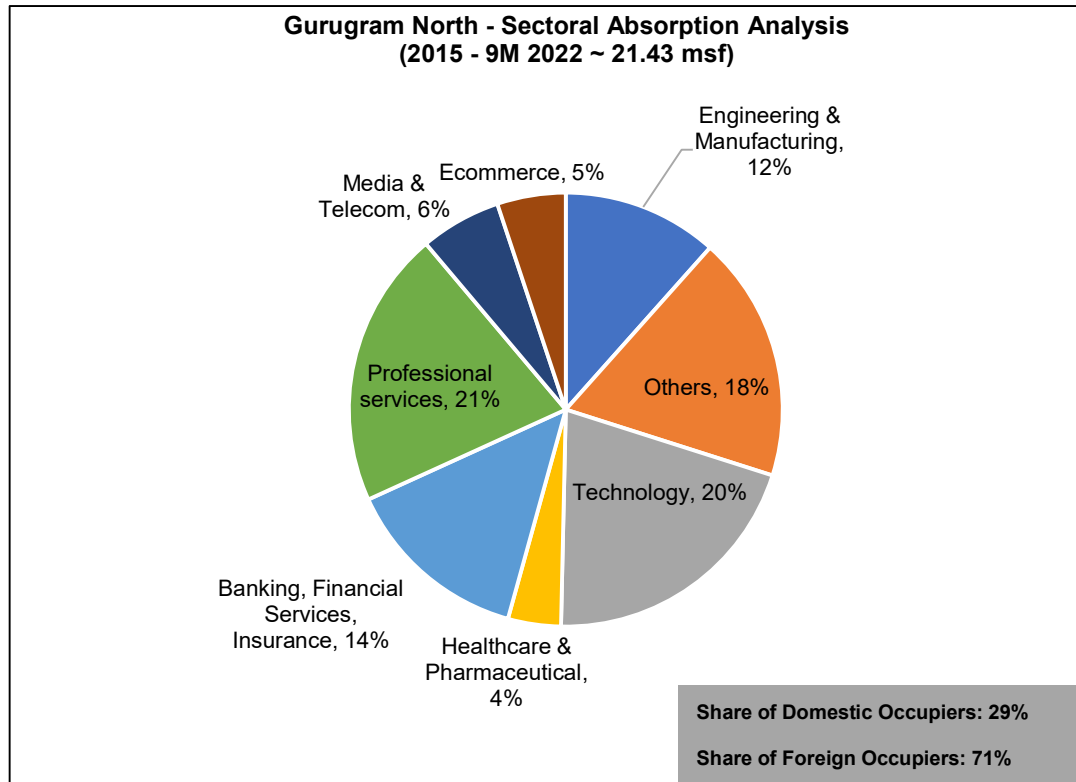
#### Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet and applying certain other criteria.
2. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters. Rentals for Candor Techspace G2 have been sourced from client. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
3. Rentals presented above are weighted average values on completed stock.

Gurugram North is the micro market closer to Delhi, IGI airport as well as easily accessible by NH-48 and hence enjoys superior connectivity with the Delhi and larger NCR at large, as compared to the rest of Gurugram. The Brookfield India REIT micro market has been developed majorly by players like DLF, Brookfield, Ambience, BPTP etc. and hence offers quality developments with better amenities. Gurugram North is also benefiting with regular infrastructure upgradation. This micro market has witnessed above average rental growth as it has managed to attract significant occupier base owing to its access to physical infrastructure and social amenities like F&B hubs at Cyber hub, Sector 29 etc. which are sought after by contemporary working population. Rental trend analysis suggests that G2 has witnessed a rental growth of 5.73% as compared to a growth of 3.97% in the Brookfield India REIT micro market over the same period. Despite there being increase

in vacancy levels, Gurugram North has not witnessed dip in the rentals. Hence, with the revival of office demand the rentals are expected to grow.

**3.5 Sectoral Demand Analysis (2015 – 9M 2022)**



Source: Cushman & Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for Domestic & Foreign occupier bifurcation
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc. The sectoral absorption analysis is based on gross absorption activity of Gurugram North’s relevant stock i.e., including any relocations, consolidations etc. All pre-commitments & sale/purchase transactions are excluded from this analysis.

Gurugram North is dominated by Technology and Professional Services sector which together contributes 41% of the leasing activity in the years 2015 – 9M 2022. The tenants are attracted to the Brookfield India REIT micro market due to availability of good physical and social infrastructure. The technology occupiers in this micro market are involved in the activities of software development, process engineering, research and development etc. The other prime contributors to the demand are Engineering & Manufacturing and BFSI together contributing 26% followed by Professional Services (21%). The engineering occupiers in this micro market are involved in the activities of telecom research and development, automobile sales etc. The mix of foreign vs. domestic occupants in Gurugram North is 71:29.

### 3.6 Market Outlook

According to the market assessment report of Cushman & Wakefield, current average market rentals of comparable properties in the Gurugram North are in the range of INR 90-125 per sq. ft. per month, which is broadly in line with the recent leases signed in the Subject Property.

Gurugram North has shown resilience and have not witnessed dip in rentals despite there being increase in the vacancy levels over year 2020 and 2021 as compared to 2019. Further, the micro market has shown significant recovery in terms of office demand by witnessing approximately 2.32 million sq. ft. of net absorption in 9M 2022. This has led to reduction in the vacancy of the micro market from 10.6% in 2021 to 8.0% in 9M 2022. Hence, considering the positive sentiment for the micro market the vacancy levels are expected to reach 2019 levels by 2023 (between 6-7%). Further, Considering the quality of future supply in the Brookfield India REIT micro market and improvements in connectivity through planned elevated corridors and underpasses and expansion of metro network impacting positively on the rentals, annual growth rate of 5-6% in the market rentals appears achievable.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments until the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While some organizations have been contemplating strategies with respect to the hybrid work models - flexible arrangement, allowing employees to combine onsite and offsite work as required, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

## **C      PROPERTY REPORT**

## 1 Address, ownership and title details of Subject Property

Address:	Old Delhi – Gurugram road, Dundaheera, Gurugram, Haryana – 122001, India
Ownership & title details:	<p>Land tenure: Freehold.</p> <p>Candor Kolkata One Hi-Tech Structures Private Limited (formerly known as “Candor Gurgaon Two Developers &amp; Projects Private Limited”; now amalgamated in Candor Kolkata One Hi-Tech Structures Private Limited w.e.f. Jan 9, 2019) has an agreement with Gurgaon Infospace Limited (GIL). The title to the land is held by Gurgaon Infospace Limited, a third party and is not affiliated to the Candor Kolkata One Hi-Tech Structures Private Limited. Candor Kolkata One Hi-Tech Structures Private Limited has developmental rights with respect to the property pursuant to a Joint Development Agreement (JDA) with GIL entered on November 16, 2006 as amended from time to time. Under the said agreement Candor Kolkata One Hi-Tech Structures Private Limited is entitled to 72% of the gross sale revenue and deposits from the tenants arising out of the lease of the developed areas and GIL is entitled to receive balance 28%</p>

### 1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, the Subject Property is considered to possess a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Report prepared by Ind-Legal (hereinafter referred to as ‘Legal Counsel’). We have not checked and verified the title of the Subject Property.

### 1.2 Revenue Pendencies

On the basis of the Title Report prepared by the Legal Counsel and discussion with the Client, there are no revenue pendency including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

### 1.3 Material Litigation

Based on discussions with the Client and Title Report shared, there are no material litigation including tax disputes relating to the Subject Property or any compounding charges affecting the valuation of the Subject Property.

## 2 Location

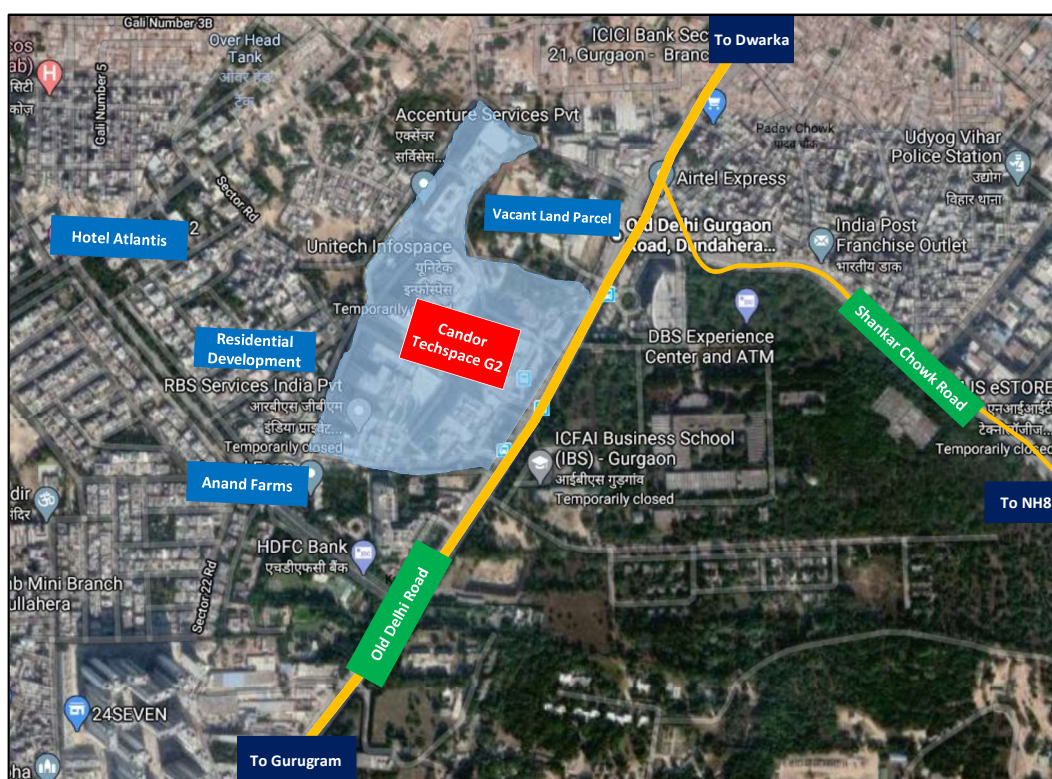
### 2.1 General

The Subject Property is located at Old Delhi – Gurugram road, Dundaheera, Gurugram. It is part of Gurugram North micro market which is one of the established office, residential and retail micro-markets of Gurugram. Gurugram’s largest office cluster viz. DLF Cyber City is located in micro market of Gurugram North. Being located in Gurugram North micro market, Subject Property has access to good physical and social infrastructure. G2 is accessible via old Delhi-Gurugram road (30-meter-wide road) which further connects

Dwarka Link Road on north, NH 48 on east and Gurugram city on south. NH 48 is the main connecting road; connecting Gurugram to other cities of NCR. Also, multiple U-turn under passes and flyovers have been planned at various intersecting junctions between NH 48 and old Gurugram road to ease the traffic situation.

G2 lies in close proximity to Cybercity Rapid Metro Station which further enhances its accessibility from different parts of NCR. Also, the state government has approved the expansion of existing Delhi Metro Yellow line to Old Gurugram, which will be connecting HUDA City Centre Metro Station to Udyog Vihar via Subash Chowk (nearest landmark to Subject Property), Hero Honda Chowk, Old Gurugram and Palam Vihar Extension. Once operational, the said metro route will have 27 new stations. The approval from the central government is yet to be obtained.

The site layout map of the Subject Property is as follows:



(Map not to scale)

The site boundaries the Subject Property are as follows:

North: Vacant Land Parcel

West & South: Developed Residential Formats

East: Access Road

## 2.2 Accessibility

The Subject Property is well connected to major locations in the city as well as in the NCR via multiple modes of communication. The distances from major landmarks of NCR are as follows:

- Approximately 02 km from NH 48 (Delhi – Jaipur highway)
- Approximately 03 km from IndusInd Cyber City Metro Station



- Approximately 03 km from DLF Cyber City
- Approximately 09 km from Gurugram Railway Station
- Approximately 09 km from IGI Airport
- Approximately 23 km from Connaught Place

### **2.3 Ground Conditions**

Based on visual inspection, there were no evidence of adverse ground conditions at the Subject Property or its immediate vicinity.

### **2.4 Environmental Considerations**

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Delhi NCR where the Subject Property is located falls in Seismic Zone IV with high risk of earthquakes. However, the city faces moderate risk in terms of high winds or cyclones.

No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster. The Subject Property is located at higher elevation compared to its immediate surroundings, indicating low risk of flooding and unlikely to face any significant problems of waterlogging.

### **2.5 Town Planning and Statutory Considerations**

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property, and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

### 3 Subject Property - Asset Details

G2 is an IT/ITeS SEZ business park with 13 completed buildings along with future development area. The listing of buildings under each component is as follows:

**Completed buildings with Occupancy Certificate (OC) received**– Tower 1, 2, 3, 4 (Amenity Block-1), 4A (Amenity Block-2), 5, 6, 7, 8A, 8B, 9, 10 (MLCP), 11

**Future development**– The future development has leasable area of 99,924 sq. ft. The leasable area of the future development is indicative and is subject to change once the internal business plans are in place or the construction is completed.

The tower wise break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Floor (#)	Average Floor Plate (sq. ft.)	Status	Expected Completion Date
Tower 1	641,845	12	53,487	Completed	NA
Tower 2	565,370	Upto 11	51,397	Completed	NA
Tower 3	479,285	Upto 8	59,911	Completed	NA
Block 4 (Amenity Block-1)	67,802	-	-	Completed	NA
Block 4A (Amenity Block-2)	22,675	-	-	Completed	NA
Tower 5	25,071	2	12,536	Completed	NA
Tower 6	633,048	10	63,305	Completed	NA
Tower 7	443,898	9	49,322	Completed	NA
Tower 8A	540,053	10	54,005	Completed	NA
Tower 8B					
Tower 9	202,761	6	33,794	Completed	NA
Tower 10 (MLCP)	98,796	-	-	Completed	NA
Tower 11	196,241	11	17,840	Completed	NA
NA	99,924	-	-	Future Development	Q3 FY 2024-25
<b>Total</b>	<b>4,016,769</b>		<b>28,414</b>		

Source: Architect's Certificate (Dated: 03 November 2022), Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

### 3.1 Key Asset Information

#### Completed Buildings with Occupancy Certificates (OC) received

Particulars	Details
<b>Entity:</b>	Candor Kolkata One Hi-Tech Structures Private Limited
<b>Interest owned by REIT (%):</b>	<i>Candor Kolkata One Hi-Tech Structures Private Limited (formerly known as "Candor Gurgaon Two Developers &amp; Projects Private Limited"; now amalgamated in Candor Kolkata One Hi-Tech Structures Private Limited w.e.f. Jan 9, 2019) has an agreement with Gurgaon Infospace Limited (GIL). The title to the land is held by Gurgaon Infospace Limited, a third party and is not affiliated to the Candor Kolkata One Hi-Tech Structures Private Limited. Candor Kolkata One Hi-Tech Structures Private Limited has developmental rights with respect to the property pursuant to a Joint Development Agreement (JDA) with GIL entered on November 16, 2006 as amended from time to time. Under the said agreement Candor Kolkata One Hi-Tech Structures Private Limited is entitled to 72% of the gross sale revenue and deposits from the tenants arising out of the lease of the developed areas and GIL is entitled to receive balance 28%</i>
<b>Age of building based on the date of occupancy certificate:</b>	<p>Tower 2 - 11 years</p> <p>Tower 2 - 11 years</p> <p>Tower 3 - 11 years</p> <p>Block 4 (Amenity Block-1)- 11 years</p> <p>Block 4A (Amenity Block-2)- 4 years and 10 months</p> <p>Tower 5 - 11 years</p> <p>Tower 6 - 4 years and 10 months</p> <p>Tower 7 - 4 years and 7 months</p> <p>Tower 8A - 4 years and 10 months</p> <p>Tower 8B - 4 years and 10 months</p> <p>Tower 9- 4 years and 7 months</p> <p>Tower 10 (MLCP)- 4 years and 7 months</p> <p>Tower 11 – 2 year 7 months</p>
<b>Asset type:</b>	Approved IT/ITeS SEZ
<b>Sub-market:</b>	Gurugram North
<b>Approved and existing usage:</b>	IT/ITeS SEZ

<b>Land Area (acres):</b>	~28.526
<b>Freehold/Leasehold:</b>	Freehold Land
<b>Leasable Area:</b>	3,916,845 sq. ft.
<b>Occupied Area:*</b>	3,339,875 sq. ft.
<b>Committed Occupancy (%)*</b>	85.27%
<b>Current Effective Rent (excluding parking)</b>	INR 81.09 per sq. ft. per month (Office tenants only)
<b>Current Effective Rent (excluding parking)</b>	INR 80.69 per sq. ft. per month (Office, Retail and Telecom tenants only)
<b>Number of Tenants</b>	16 (office)

Source: Architect's Certificate (Dated: 03 November 2022), Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

Note:

Refer company structure set out in Annexure 1.

\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area

### Future Development

Particulars	Details
<b>Interest owned by REIT (%):</b>	Candor Kolkata One Hi-Tech Structures Private Limited (formerly known as "Candor Gurgaon Two Developers & Projects Private Limited"; now amalgamated in Candor Kolkata One Hi-Tech Structures Private Limited w.e.f. Jan 9, 2019) has an agreement with Gurgaon Infospace Limited (GIL). The title to the land is held by Gurgaon Infospace Limited, a third party and is not affiliated to the Candor Kolkata One Hi-Tech Structures Private Limited. Candor Kolkata One Hi-Tech Structures Private Limited has developmental rights with respect to the property pursuant to a Joint Development Agreement (JDA) with GIL entered on November 16, 2006 as amended from time to time. Under the said agreement Candor Kolkata One Hi-Tech Structures Private Limited is entitled to 72% of the gross sale revenue and deposits from the tenants arising out of the lease of the developed areas and GIL is entitled to receive balance 28%
<b>Expected completion date of construction:</b>	Q3 FY 2024-25
<b>Asset type:</b>	Approved IT/ITeS SEZ
<b>Sub-market:</b>	Gurugram North

<b>Approved Usage:</b>	IT/ITeS SEZ
<b>Leasable Area:</b>	99,924 sq. ft
<b>Status of construction:</b>	Future Development
<b>Approvals received and pending:</b>	No approvals have been obtained as on date of valuation

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*Source: Architect's Certificate (Dated: 03 November 2022), and Client Information*

### 3.2 Property Inspection

The Subject Property comprising 13 operational buildings along with 1 future development area was physically inspected on 16 March 2022. There have not been any subsequent visits to the site. The inspection comprised visual inspection of operational buildings constituting the property, visits to their key utility areas such as LT electric room, pump room, HVAC installations, power back up, STP, under-construction buildings and area provisioned for future development.

The Subject Property is an IT/ITeS SEZ office space developed in a campus format offering large floor plates with significant open/green areas and number of amenities for occupiers. On the date of site inspection, the Subject Property had 13 operational buildings comprising 10 office towers namely 1, 2, 3, 5, 6, 7, 8A, 8B, 9, 11, two amenity blocks (Block 4 & 4A) one MLCP (Tower 10) and a future development area.

The office towers are occupied by multiple tenants and amenity blocks constituting retail area caters to all basic requirement of occupiers viz. F&B (in form of multi- cuisine food courts and in-house kitchens), pharmacy, bank ATM, creche, sports arena, wellness centre, convenience store, dental clinic etc. In addition, Tower 10 (MLCP) constitutes 98,796 sq. ft. of office area and 289,035 sq. ft. of car parking area to cater 499 cars parking. 5th and 6th floors of MLCP are being used as office and are occupied by Saxo India.

The visual inspection of the operational towers did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. No instances of any major logging or water accumulation was observed during the inspection. The utility areas also appeared well maintained, visually. The Subject Property has two entry and two exit points, which are managed according to the campus traffic circulation plan. Apart from regular upgradation activities, the Subject Property has witnessed a major revamp (both inside and outside the campus) leading to overall improved aesthetics. It has been awarded IGBC Platinum Rating for sustainability in addition to the group wide ISO certification for Quality, Environmental and Occupational Health & Safety Management Systems namely ISO 9001, ISO 14001 and OHSAS 18001.

### 3.3 Investigation, Nature and Source of Information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

- a. Title Report prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject Property
- b. Architect's Certificates (Dated: 03 November 2022) mentioning site areas and property areas
- c. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the Subject Property
- d. Lease agreements and commercial clauses thereof for major tenants on a sample basis
- e. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
- f. Management representation regarding the following:
  - i. Major repairs undertaken and proposed in the Subject Property (*please refer Annexure 8*)
  - ii. Statement of Assets
  - iii. Revenue pendency, if any
  - iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

### 3.4 Tenant Profile

As of 30 September 2022, the Subject Property's top 10 tenants occupying space in the subject property, account for ~94.75% of leased area and ~95% of the gross rental income (including office, retail and telecom tenants).

Rank	Top 10 Tenant according to Leasable Area	Leasable Area (sq. ft.)
1	Accenture Solutions Pvt. Ltd.	1,187,432
2	TLG India Pvt Ltd	584,834
3	RBS	437,598
4	Legato Health Technologies LLP	269,372
5	Amdocs Development Centres India	204,053
6	Saxo Group India Pvt Limited	137,758
7	BT E-Serv India Pvt Ltd	116,631
8	Moody's (Group Companies)*	93,848
9	R1 RCM Global Pvt Ltd (formerly Accretive)	68,747
10	EUI Limited	64,212
<b>Total</b>		<b>3,164,485</b>

Source: Rent Roll as at 30 September 2022 and Client Information

Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Accenture Solutions Pvt. Ltd.	36%
2	TLG India Pvt Ltd	16%
3	RBS	14%
4	Legato Health Technologies LLP	8%
5	Amdocs Development Centres India	6%
6	Saxo Group India Pvt Limited	5%
7	BT E-Serv India Pvt Ltd	4%
8	Moody's (Group Companies)*	3%
9	R1 RCM Global Pvt Ltd (formerly Accretive)	2%
10	EUI Limited	2%
<b>Total</b>		<b>95%</b>

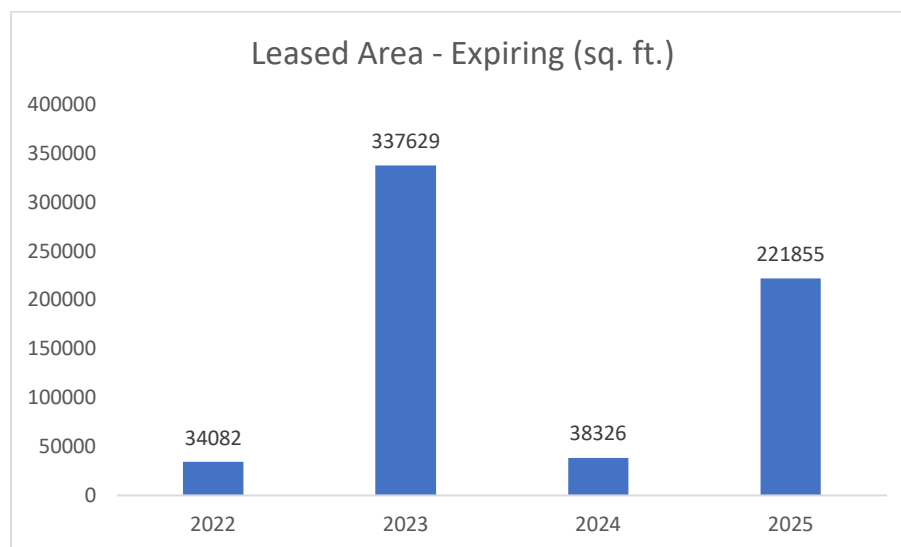
Source: Rent Roll as at 30 September 2022 and Client Information

\*Moody's (Group Companies) Includes (Mis Support Center Private Limited, Moody's Shared Services India Private Limited, Moody's Analytics India Pvt Ltd).



### 3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 7.9 years, with ~19% of occupied area expiring between 2022 and 2025 as shown in the chart below (including office, retail and telecom tenants).



Source: Rent Roll as at 30 September 2022 and Client Information

**Notes:**

1. The chart is prepared on the basis of Calendar Year.
2. The time period for 2022 is considered from 30 September till 31 December.

## 4 Valuation Methodology

In order to compute the Market Value of the Subject Properties it is prudent to understand the market dynamics and the location where the Subject Property is located (existing and future supply, demand from occupiers, average office space take up by an occupier in a particular sector, existing vacancy numbers and the rentals, likely growth of the office space etc.). Understanding of the micro market positioning (where the Subject Property is located) with respect to a location is also very important. The next step then becomes to understand the situation of the Subject Property (current achievable rentals, vacancy numbers, competing supply in the micro market etc.) with respect to the micro market.

Each of the steps required to assess the Market Value of the Subject Properties is detailed below:

### 4.1 Market and Location Assessment:

The Client appointed Cushman & Wakefield (CWI) to prepare an independent industry and market research report, which has been relied upon and reviewed by the Valuer to develop the understanding and assess the relevant micro-markets of the Subject Properties. The said review, was carried out in the following manner:

- i. Market dynamics influencing the rents along with Subject Property rents were studied in detail. Further, the location setting of the Subject Properties in the respective micro-markets were assessed. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by CWI and readily available information in public domain to ascertain the transaction activity of office space. The analysis entailed review of comparable properties in terms of potential competition (both completed and under-construction/future developments), comparable recent lease transactions witnessed in the micro-market along with the trends in leasing within the Subject Properties in recent past, wherever available. This analysis enabled the Valuer to have an informed opinion on the market

rent (applicable rental for the micro-market where the respective Subject Properties are located) and achievable market rent (Valuer's view on achievable rent for the respective Subject Properties for leasing vacant spaces, potential leasable area under development or planned as well as upon re-leasing of the existing let out area).

- ii. For tenants occupying relatively large space within the Subject Properties, where there may be some instances of areas being let out at lower than market rent, it is assumed that the leases shall revert to market rent following the expiry of the lease, factoring appropriate re-leasing time.

#### 4.2 Portfolio Assessment:

- i. As the first step, the rent rolls (which includes review of corresponding leases deeds) on a reasonable sample basis were reviewed to identify tenancy characteristics for the Subject Properties. As part of the rent roll review, major tenancy agreements were reviewed on a reasonable sample basis.
- ii. For anchor/large tenants, adjustments on achievable market rent or additional lease-up timeframe have been adopted upon lease reversion wherever relevant.
- iii. Title Report, Architect's Certificates (Dated: 03 November 2022) and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Properties.
- iv. Physical site inspections were undertaken to assess the current status of the Subject Properties.

#### 4.3 Preparation of Future Cash Flows:

- i. Net operating income (NOI) has primarily been used to arrive at the Market Value of the Subject Properties. The cash flows for the operational, under construction and future development area have been projected separately for the purpose of estimating and reporting valuation in accordance with the SEBI (REIT) Regulations
- ii. The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the Subject Properties. For vacant area, under-construction area and future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation wherein 11<sup>th</sup> year NOI is capitalized (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

Each of the lease was assessed to project the cash flows for a period of 10 years. The assessment was carried out in the following manner:

##### Step 1

Rental income from existing tenants up to the period of lease expiry, lock-in expiry, escalation milestones, etc. is projected whichever is applicable. In the event of any vacant spaces, achievable market-rent is assumed for future income for such spaces with suitable time for leasing up the space.

This data is then used to generate market aligned revenue stream from existing and potential tenants for the desired time period.

<b>Step 2</b>	In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable market rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.
<b>Step 3</b>	Computing the monthly rental income projected as part of Step 2 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).

- i. Recurring operational expenses, fit-out income (wherever applicable, however, the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market practices and conditions. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all Subject Properties, operational revenues and expenses of the respective properties are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income, which accrues as cash inflows to the Subject Properties and normalised for the purpose of cash flow projections. The 1-year forward income for the 11<sup>th</sup> year has been capitalized to assess the terminal value of the development at the end of year 10.

#### **4.4 Information Sources**

Property related information relied upon for the valuation exercise have been provided to the Valuer by the Client and the market data has been provided by Cushman and Wakefield, unless otherwise mentioned. The documents provided have been assumed to be a true copy of the original. The rent rolls have been cross checked with the lease deeds on a sample basis only to ensure its correctness.

## 5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

### Completed Building with Occupancy Certificate (OC) received

Cashflow Period	Unit	Details
Valuation Date	Date	30-September-22
Cashflow Period	Years	10
Cashflow Exit Period	End Date	30-September-32

### Property Details

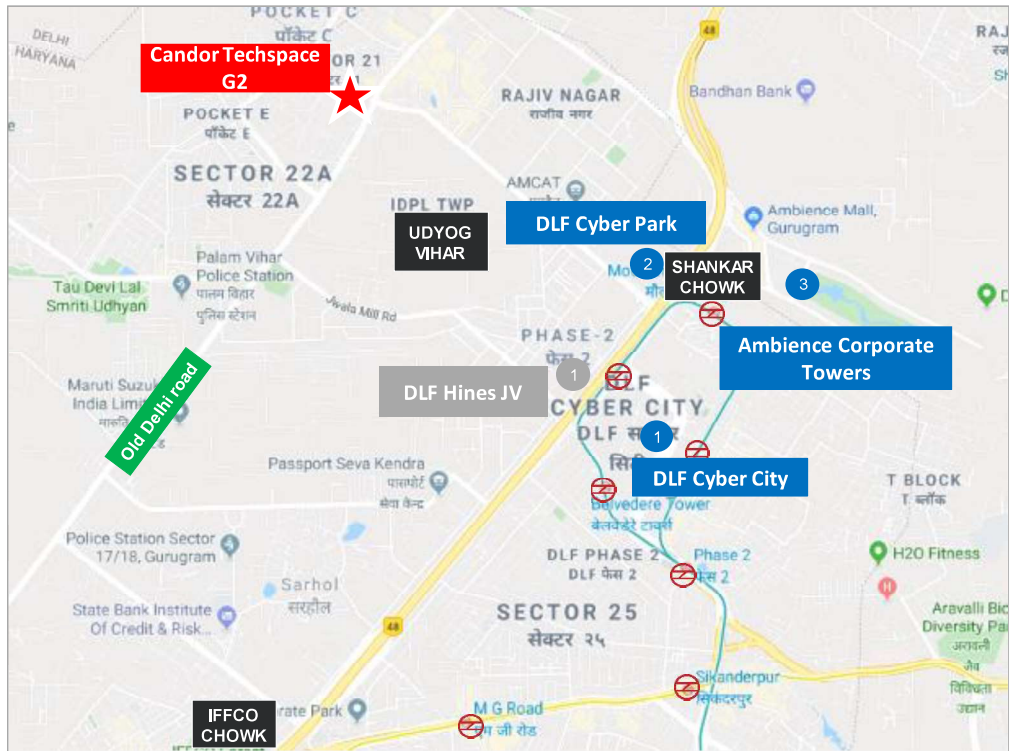
Property Details	Unit	Details
Total Property Leasable Area	Sq. ft.	3,916,845
Area Leased	Sq. ft.	3,339,875
Committed Occupancy*	%	85.27%
Vacant Area	Sq. ft.	5,76,970
Vacancy	%	14.73%
Stabilized Vacancy	%	2.5%
Further Leasing	Sq. ft.	4,79,049
Existing Lease Rollovers	%	100%
Rent Free Period- Existing Leases - Post First Year	Months	1
Rent Free Period- New Leases	Months	4
Total Parking Slots	#	6,212
Estimated Leasing Period	# of quarters	8

*Note: Further Leasing and Estimated Leasing Period relate to the existing Vacant Area.*

*\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area*

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.
- **Future absorption:**
  - Over 2015- 9M 2022, the Gurugram North micro market has witnessed an average annual net absorption of approximately 0.80 million sq. ft.
  - Going forward, the micro market is expected to have an average annual demand of approximately 1.00 million sq. ft. per annum till 2024E.

**Subject Property and Relevant Existing/Upcoming Supply in the Gurugram North Micro Market**



*Note: Blue boxes signify existing supply and grey box signify upcoming supply*

- Considering the above, it would be reasonable to believe that the Subject Property shall be able to lease up ~0.41 million sq. ft. within 6 quarters from January 2023.
- Further leasing area of ~0.41 million sq. ft. has been assumed after incorporating a 2.5% stabilised vacancy which is a standard for Grade A office properties in the market.

**Revenue Assumptions**

Revenue Assumptions	Unit	Details
Achievable Market Rent– Office (Base)	Per sq. ft. per month	INR 88.00
Achievable Market Rent– Retail (Base)	Per sq. ft. per month	INR 114.00
Achievable Market Rent – Office (including Parking)	Per sq. ft. per month	INR 94.00
Achievable Market Rent – Retail (including Parking)	Per sq. ft. per month	INR 120.00
Other Income	Per sq. ft. per month	INR 0.26
Rental Growth Rate (for FY'24 - FY'27)	% p.a.	6.0%
Rental Growth Rate (for FY'28 onwards)	% p.a.	5.0%
O&M Markup Growth Rate (including Sinking Fund)	% p.a.	4.0%
O&M Markup Growth Rate (CIOP Margin)	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9
Normal Market Escalation at end	# of years	3
Market Escalation at the end of Escalation period	%	15%
O&M Markup for future leases	Per sq. ft. per month	INR 6.41

*\*Note: CIOP (Candor India Office Park) provides project management services to the properties of Brookfield India REIT which include services pertaining to construction, operations, procurement, accounting, legal and compliance services.*

- **Achievable market rent – office:**

- Achievable market rent includes parking charges of INR 6 per sq. ft. per month (considering the parking rent of INR 5,000 per slot per month)
- In year 2022- 2023, approximately 0.76 million sq. ft. was leased in the rental range of INR 75-126 per sq. ft. per month (including parking).

**Lease Transactions 2022-2023**

Tenants	Year	Area (sq. ft)	Rent (INR per sq. ft)
Accenture	2022	80,005	80.00
Legato	2022	211,268	77.68
Legato Incubation	2022	58,104	85.00

*Source: Rent roll as at 30 September 2022 and Client Information*

- Considering the location, accessibility, quality, size of the building, and keeping in view of the future supply which is very limited, enable the SEZ buildings to command a premium hence it can reasonably be assumed that the Subject Property shall be able to command a monthly rental of INR 94 per sq. ft. per month (including parking charges).
- **Rental growth rate:** Considering the balanced absorption and future supply profile in the competitive REIT micro-market, we expect annual growth in achievable market rentals to be in the range of 5-6% in the medium to long term.
- **Other income:** We have been provided with other income for Visitor Car Park, Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income. We have considered an annual growth of 5% on other income.

- **O&M Mark-up:** O&M revenues and expenses were shared by the client. O&M Mark-up constitutes two components, namely, O&M Mark-up and CIOP Mark-up. The growth rate for O&M Mark-up has been suitably adjusted to normalise it over the future tenure. The O&M Mark-up for the Subject Property for FY'22 range from INR 5.12-10 per sq. ft. per month. Further, the total CIOP expense for G2 is INR 76.69 Million p.a. Tenants are charged INR 3.34 – 7.74 per sq. ft. per month, based on their type on account of CIOP expense plus Mark-up.
- **Efficiency:** As per our market study, we understand that the efficiency of Subject Property is in line with the efficiency of other SEZ developments. Hence, we have not made any adjustments regarding the same for our valuation analysis.

### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (Renewal/Release)	Month Rent	1 Month Rent
Brokerage cost (New Lease)	Month Rent	2 Month Rent
Other Costs for vacant area for the property owner	Per sq. ft./month	INR 7.12
Property Tax	Per sq. ft./month	0.13
Cost Escalation	% p.a.	5.0%
Transaction Cost on sale	% of Terminal Value	1.0%
Maintenance Capex as % of Revenue (Base Rent + Parking)	%	2%

*Please note that there is a general development expenditure of INR 157 million to be incurred on the subject property.*

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we have assumed brokerage expense amounting to two months for new leases and one month for existing lease rollovers.
- **Property tax, Insurance Cost & Landowner JDA share:** Property tax has been provided for FY'22 and the same has been projected to increase at 5% per annum from FY'22 onwards. Both Insurance cost & Landowner JDA share form a part of O&M cost and has been adjusted against the O&M Margin.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

### Discount Rate & Capitalization Rate Assumptions

- **Capitalization Rate:**

Capitalization rate (“Cap rate”) is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates. In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a proposed public listing with better liquidity/marketability of ownership interest, the cap rate for the Subject Property has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	13,70,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	4,21,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	91,00,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	23,00,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	7,00,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	12,50,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	18,80,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	27,00,000	24,000	7.75%-8%

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players

\*CPPIB took 51% stake in the property erstwhile held by Prestige estates



- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of 11.75% for completed buildings, and 13.0% for under construction / future development buildings was found to be aligned with the expectations of international investors investing in similar assets.

**Future Development**

Please note that all assumptions mentioned above under the “Completed Property” section holds true for “Future development” buildings. The exceptions if any are as elaborated below:

**Property Details**

Property Details	Unit	Future Development
Total Property Leasable Area	Sq. ft.	99,924
Stabilized Vacancy	%	2.5%
Existing Lease Rollovers	%	100%
Rent Free Period – Existing Leases Rollover	Months	1
Rent Free Period – New Leases	Months	4
Estimated Leasing Period	# of quarters	4

**Construction Related Assumptions**

Construction Related Assumptions	Units	Future Development
Start Date of Construction		Jul -23
End Date of Construction		Dec -24
Total Construction Cost <sup>3</sup>	INR Million	327
Construction Cost Incurred till Date	INR Million	-
Construction Cost to be Incurred	INR Million	327

**Notes:**

1. Reliance on Client inputs for the assumptions relating to construction.
2. The assumptions on cost to be incurred for future developments as well as for under construction projects are based on inputs provided from the client while applying independent professional judgement by the valuer.
3. Total Construction Cost includes cost of development of the common areas in the Subject Property.

**Revenue Assumptions**

Revenue Assumptions	Unit	Details
Achievable Market Rent– Office (Base)	Per sq. ft. per month	INR 88.00
Achievable Market Rent– Retail (Base)	Per sq. ft. per month	INR 114.00
Achievable Market Rent – Office (including Parking)	Per sq. ft. per month	INR 94.00
Achievable Market Rent – Retail (including Parking)	Per sq. ft. per month	INR 120.00
Other Income	Per sq. ft. per month	INR 0.26
Rental Growth Rate (for FY'24 - FY'27)	% p.a.	6.0%
Rental Growth Rate (for FY'28 onwards)	% p.a.	5.0%
O&M Markup Growth Rate	% p.a.	4.0%
O&M Markup Growth Rate (CIOP Margin)	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9
Normal Market Escalation at end	# of years	3
Market Escalation at the end of Escalation period	%	15%
O&M Markup for future leases	Per sq. ft. per month	INR 6.41

**Capitalization Rate and Discount Rate**

With reference to the explanation in completed property section, the cap rate for the Subject Property has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year. Owing to the various risks pertaining to the under-construction/ future development properties, we have considered a risk premium of 125bps, to derive the discount rate of 13.00% for under-construction / future development properties. This is in line with the expectations of international investors investing in similar assets.

## 6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the financial interest\* in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 45,637 Million	Indian Rupees Forty-Five Billion Six Hundred and Thirty Seven Million Only
Future Development	30 September 2022	INR 613 Million	Indian Rupees Six Hundred and Thirteen Million Only

\* Candor Kolkata One Hi-Tech Structures Private Limited (formerly known as "Candor Gurgaon Two Developers & Projects Private Limited"; now amalgamated in Candor Kolkata One Hi-Tech Structures Private Limited w.e.f. Jan 9, 2019) has an agreement with Gurgaon Infospace Limited (GIL). The title to the land is held by Gurgaon Infospace Limited, a third party and is not affiliated to the Candor Kolkata One Hi-Tech Structures Private Limited. Candor Kolkata One Hi-Tech Structures Private Limited has developmental rights with respect to the property pursuant to a Joint Development Agreement (JDA) with GIL entered on November 16, 2006 as amended from time to time. Under the said agreement Candor Kolkata One Hi-Tech Structures Private Limited is entitled to 72% of the gross sale revenue and deposits from the tenants arising out of the lease of the developed areas and GIL is entitled to receive balance 28%

### Ready Reckoner Rate

Component	Rate
Built up Area	INR 6,100 per sq. ft.
Land Area	INR 140,300 per sq. yards

\*For reference, please refer Annexure 7

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by



(Shubhendu Saha)

IBBI/RV/05/2019/11552

Regd. Address: 53, Anuradha Apartments, A2, Paschim Vihar, New Delhi 110063

M: +919910386675

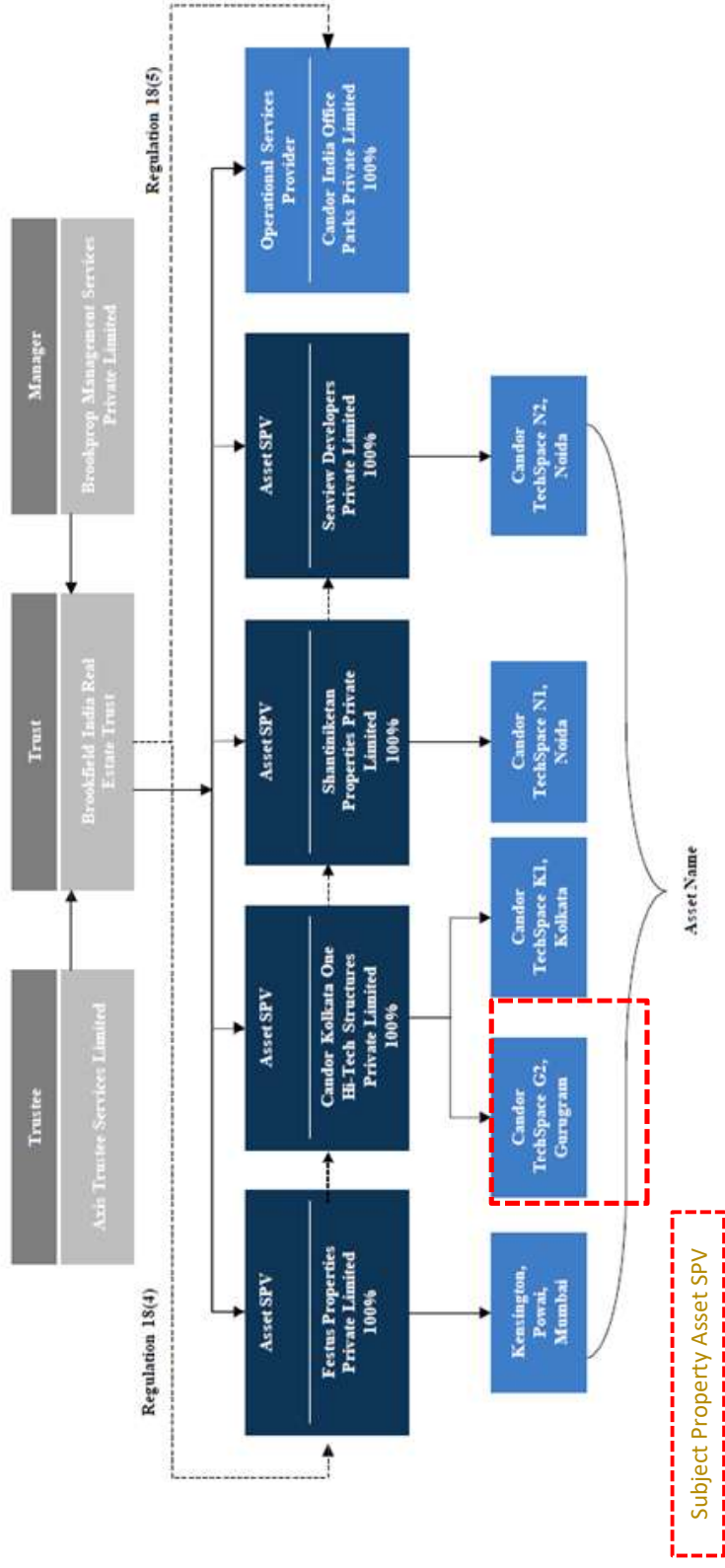
E: shubhendu\_leo@hotmail.com

**SHUBHENDU SAHA**

Digitally signed by SHUBHENDU SAHA  
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 Date: 2022.11.07 10:44:34 +05'30'

**Annexure 1: Ownership Structure of Subject Property**

**Brookfield India REIT structure post N2 Acquisition**

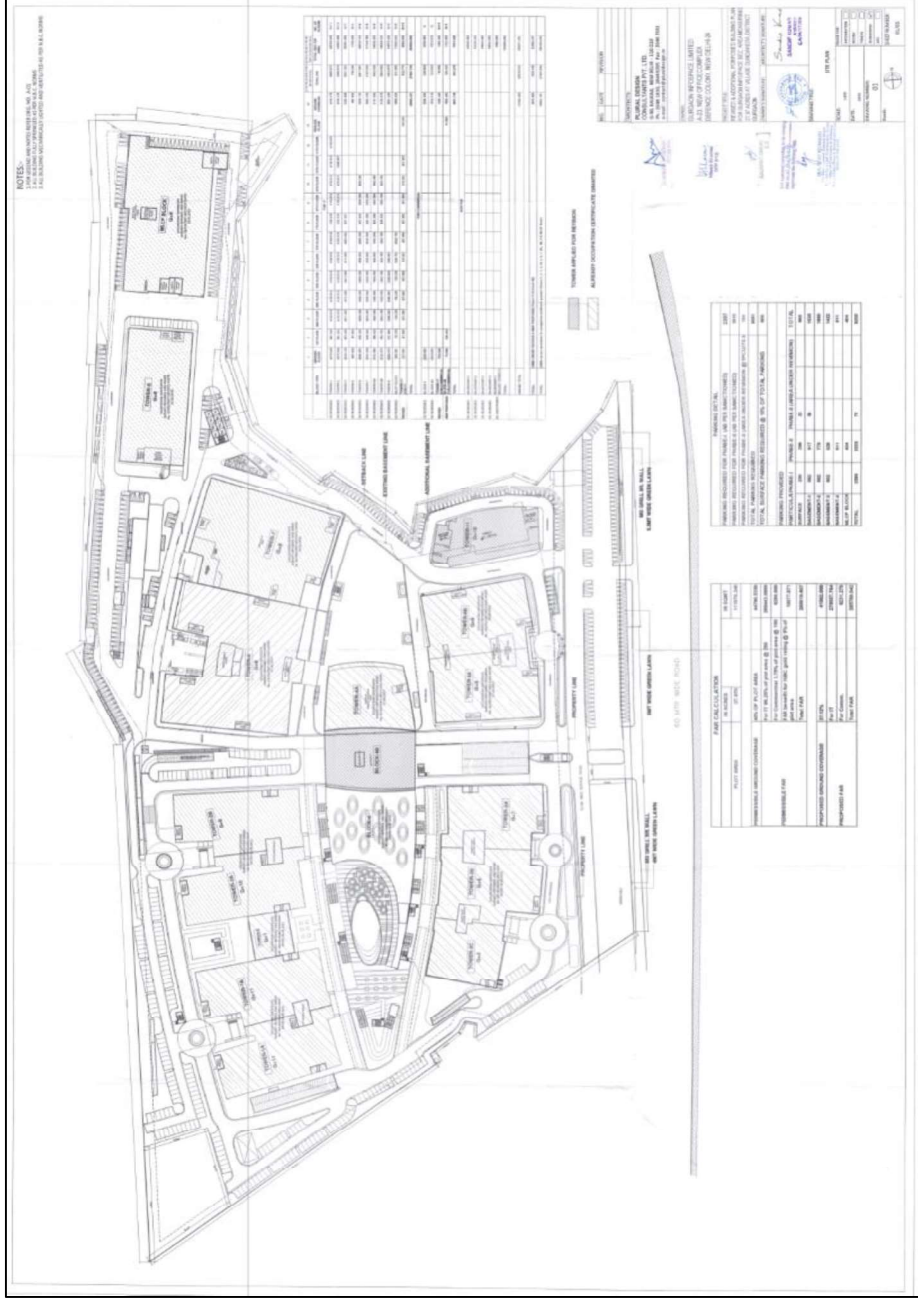


**Note:**

1. By way of a scheme of amalgamation filed with the NCLT, Candor Gurgaon 2 has merged into Candor Kolkata. The NCLT has approved the scheme by way of its order dated 8 August 2019 and has approved the application for rectification of the aforesaid order by way of its order dated 14 November 2019. The scheme has been made effective from 4 May 2020 with the approval of the BoA dated 5 March 2020 and ROC, Mumbai dated 4 May 2020.

Annexure 2: Property Layout Plan

Completed and Future Development Buildings



**Annexure 3: Property Photographs**



Tower 1



Tower 2



Tower 7



Tower 9



Tower 8A & 8B

Internal View of Amenity Block



Block 3, HVAC Room



Block 7, HVAC Room



Block 9 & 10 DG Room



WTP & Fire Pump Room



HSD Yard



Tower 11



**Annexure 4: Statement of Assets**

Building	No/Name	B1	B5	B2	B3	B4 & 4A	B6	B7	B11	B8	B9	MLCP
No of DG Capacity	KVA	(3X1250KVA+ 3x1010KVA)		(3x1250KVA+3x1010KVA)	(3x1250KVA + 2x1010KVA)		(4x 1500KVA)	(4x 1500KVA)	DG(2x 1010KVA+3x1500KVA)		(4x 1250KVA)	
No of Transformer/Capacity	KVA	(2X1250KVA+ 2x1500KVA)		(1X1250KVA+ 3x1500KVA)	(2X1250KVA+ 2x1500KVA)		(3X2000KVA)	(3X1250KVA)	T/F (4X 1600KVA)		(3X1250KVA)	
Chiller Rating	TR	4 X 800TR + 1 X 850TR			2 X 600TR + 1 X 195TR		3 X 500TR	3 X 500TR	3 X 439TR +1x340TR		2 X 546TR	
Cooling Tower		HVAC for block 1&2 (4x1000TR + 1x1200TR) DG( 3x150TR +3x120TR),		DG(3x120TR+3x150TR )	HVAC ( 3x750TR) DG (3x150+3x2x120TR),		HVAC (4x600TR) DG 5x190TR each	HVAC (3x600TR) DG 4x190TR each,	HVAC (4x550TR + 1x450TR) DG(3x190TR+2x120TR),		HVAC (2x600TR) DG(4x150TR)	
FF System (Pumps & Engine)	KW/HP				Jockey 2x20HP, Sprinkler 1x100, Hydrant 1x100hp, Diesel engine 1x133 HP			Jockey 2x10HP, sprinkler 1x120, Hydrant 1x120 & Diesel engine 1x123 HP, diesel engine for water curtain 1x60HP & electric pump 1x60HP				
Water Pumping System (Domestic & Flushing)	KW/HP		Domestic: 4 x 11 KW Flushing: 4 x 15 KW STP Flushing Pumps: 2 x 11 KW		Domestic: 2 x 15 KW Flushing: 2 x 15 KW		Domestic: 3 x 11 KW	Domestic: 2 x 11 KW	Domestic: 2 x 3 KW	Domestic: 3 x 7.5 KW	Flushing pumps are common for phase 2 towers (2x11KW)	
STP Rating	KLD	850 KLD X 1 + 200 KLD X 1										
Warm Shell/ Bare Shell		Bare shell	Bare shell	Bare shell	Bare shell	Bare shell	Bare shell	Bare shell	Bare shell	Bare shell	Bare shell	Bare shell

**Annexure 5: List of Sanctions and Approvals**

List of one-time sanctions/approvals which are obtained or pending:

**Approvals Received**

- a) Building Plan Approvals for all existing/ under-construction buildings and amendments thereof
- b) Full Occupancy Certificates received for all the operational buildings
- c) Permission to Develop IT Park
- d) Sewerage Approvals for all buildings and the common campus area
- e) Consent to Establish (CTE)
- f) Environment Clearance Certificate
- g) One-time Fire NOC
- h) Height clearance NOC from AAI
- i) SEZ Notification by The Gazette of India and by Haryana Government
- j) Approval of Service Plan Estimates
- k) Consent to Operate (CTO)
- l) EC Approval

**Approvals Pending**

- a) Approvals for Future Development

**Annexure 6: Cash Flows – Completed Buildings with Occupation Certificate (OC) received - (Tower 1, 2, 3, 4 (Amenity Block-1), 4A (Amenity Block-2), 5, 6, 7, 8A, 8B, 9, 10 (MLCP), 11)**


Year Particulars	Unit	Year										
		1 1-Oct-23 30-Sep-24	2 1-Oct-23 30-Sep-24	3 1-Oct-24 30-Sep-25	4 1-Oct-25 30-Sep-26	5 1-Oct-26 30-Sep-27	6 1-Oct-27 30-Sep-28	7 1-Oct-28 30-Sep-29	8 1-Oct-29 30-Sep-30	9 1-Oct-30 30-Sep-31	10 1-Oct-31 30-Sep-32	11 1-Oct-32 30-Sep-33
<b>OPERATING INCOME</b>												
Lease Rentals (including Parking income)	INR Million	3,418	3,948	4,368	4,644	4,887	5,135	5,443	5,703	6,019	6,245	6,803
O&M Markup	INR Million	384	486	532	555	580	605	632	659	688	713	747
Other Income (Telecom, Promotional, Visitor Parking & Misc. Activities)	INR Million	13	13	14	15	15	16	17	18	19	20	21
Total Income	INR Million	3,816	4,447	4,914	5,214	5,482	5,756	6,091	6,380	6,726	6,978	7,571
Total Income from occupancy	INR Million	3,816	4,447	4,914	5,214	5,482	5,756	6,091	6,380	6,726	6,978	7,571
Land Owner Share	INR Million	(961)	(1,109)	(1,227)	(1,304)	(1,373)	(1,442)	(1,529)	(1,602)	(1,691)	(1,754)	(1,911)
<b>OPERATING COSTS</b>												
CAM Costs For Vacant Areas	INR Million	(35)	(15)	-	-	-	-	-	-	-	-	-
Property Taxes	INR Million	(7)	(7)	(7)	(8)	(8)	(8)	(9)	(9)	(10)	(10)	(11)
Total Operating Costs	INR Million	(41)	(22)	(7)	(8)	(8)	(8)	(9)	(9)	(10)	(10)	(11)
Net operating Income	INR Million	2,813	3,316	3,680	3,902	4,102	4,305	4,554	4,769	5,026	5,214	5,650
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	70,625	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(706)	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Net Income	INR Million	2,813	3,316	3,680	3,902	4,102	4,305	4,554	4,769	5,026	75,132	5,650
<b>Maintenance Capex</b>												
Brokerage Expenses	INR Million	(49)	(57)	(63)	(67)	(70)	(74)	(78)	(82)	(87)	(90)	-
Total Construction Costs	INR Million	(72)	(56)	(20)	(30)	(0)	(20)	(22)	(30)	(51)	(128)	(141)
Net Cashflows	INR Million	2,535	3,203	3,596	3,805	4,031	4,212	4,454	4,657	4,888	74,915	-


## Future Development


Year Particulars	Unit	1		2		3		4		5		6		7		8		9		10		11	
		1-Oct-22 30-Sep-23	1-Oct-23 30-Sep-24	1-Oct-24 30-Sep-25	1-Oct-25 30-Sep-26	1-Oct-26 30-Sep-27	1-Oct-27 30-Sep-28	1-Oct-28 30-Sep-29	1-Oct-29 30-Sep-30	1-Oct-30 30-Sep-31	1-Oct-31 30-Sep-32	1-Oct-32 30-Sep-33											
<b>OPERATING INCOME</b>																							
Lease Rentals (including Parking Income)	INR Million	-	-	5	98	131	135	149	151	155	172	173											
O&M Markup	INR Million	-	-	3	15	17	17	18	19	20	21	22											
Other Income (Telecom, Promotional, Visitor Parking & Misc. Activities)	INR Million	-	-	-	-	-	-	-	-	-	-	11											
Total Income	INR Million	-	-	8	113	148	152	167	169	175	192	206											
Total Income from occupancy	INR Million	-	-	8	113	148	152	167	169	175	192	206											
Land Owner Share	INR Million	-	-	(2)	(27)	(37)	(38)	(42)	(42)	(43)	(48)	(48)											
<b>OPERATING COSTS</b>																							
CAM Costs For Vacant Areas	INR Million	-	-	(5)	(1)	-	-	-	-	-	-	-											
Property Taxes	INR Million	-	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)											
Total Operating Costs	INR Million	-	-	(6)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)											
Net operating Income	INR Million	-	-	1	85	111	114	125	127	131	144	157											
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	1,825	-											
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(18)	-											
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-											
Total Net Income	INR Million	-	-	1	85	111	114	125	127	131	1,951	157											
<b>Maintenance Capex</b>																							
Brokerage Expenses	INR Million	-	-	(0)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)											
Total Construction Costs	INR Million	-	-	(11)	(11)	-	-	-	-	-	-	-											
Total Construction Costs	INR Million	(54)	(218)	(54)	-	-	-	-	-	-	-	-											
Net Cashflows	INR Million	(54)	(216)	(64)	72	109	112	123	125	129	1,949	157											


**Annexure 7: Ready Reckoner Rate and Land Rate**


Rate list of Tehsil Gurugram Proposed Rates for the year 2022 w.e.f.....													
Sr. No.	Huda Sectors	Proposed 2nd Half Rates for the Year of 2019-2020				Rates for the Year of 2021-2022				Proposed Rates for the Year of 2022			
		Residential (Rs. Per Sq. Yards)	Commercial (Rs. Per Sq. Yards)	Commercial/Retail (Rs. Per Sq. Feet)	Office/IT Space Rs. Per Sq. Feet)	Residential (Rs. Per Sq. Yards)	Commercial (Rs. Per Sq. Yards)	Commercial/Retail (Rs. Per Sq. Feet)	Office/IT Space Rs. Per Sq. Feet)	Residential (Rs. Per Sq. Yards)	Commercial/ Sco/Scf (Rs. Per Sq. Yards)	Commercial/Retail (Rs. Per Sq. Feet)	Office/IT Space Rs. Per Sq. Feet)
1	Sec- 42, 43	50000	165000	10000	7000	60000	165000	10000	7000	55000	165000	10000	7000
2	Sec-14, 15, 16, 17, 40	45000	150000	9000	6600	45000	150000	9000	6600	50000	150000	9000	6600
3	Sec- 38,	40000	140000	8900	6300	40000	140000	8900	6300	45000	140000	8900	6300
4	Sec- 21,22, 22A, 23, 23A,	35000	140300	8600	6100	35000	140300	8600	6100	40000	140300	8600	6100
5	Sector 1, 2, 3, 3A, 4, 6, 7, 12, 12A, 13	35000	135000	9000	6600	35000	135000	9000	6600	40000	135000	9000	6600
6	Sec-18, 19, 20,	NA	110000	9000	6600	NA	110000	9000	6600	NA	110000	9000	6600
7	Sec-25	NA	88000	9000	6600	NA	88000	9000	6600	NA	88000	9000	6600
8	Sector 104, 105, 106, 109, 110, 110A, 111, 112, 113, 114, 115	30000	100000	4500	3000	30000	100000	4500	3000	36000	100000	4500	3000


  
 Joint Sub Registrar  
Gurugram

  
 Sub Registrar  
Gurugram

  
 SDO  
Gurugram

  
 DDA  
Gurugram

  
 Additional Deputy Commissioner  
Gurugram

  
 Deputy Commissioner-cum-Registrar,  
Gurugram

**Annexure 8: Major Repairs Undertaken and Proposed in the Subject Property**

As informed by client, following major repairs/upgrades have been taken up in the past:

- Installation of a 66 KV sub-station in the office park, which we believe has reduced reliance on diesel generator sets, and has resulted in savings in electricity charges, lowering common area maintenance costs for our tenants;
- Installation of rooftop solar panels and additional rain water harvesting pits to reduce our carbon footprint and water consumption along with measures to recycle water and waste;
- Setting up terrace gardens, dedicated sports and gaming zones and introduction of several amenities such as a pharmacy, convenience stores and medical facilities;
- Renovations at the office park such as refurbishing the food court, landscaping the property and improving the lobby to enhance tenant experience; and
- Resolution of traffic congestion issues by creating dedicate zones for light and heavy commercial vehicles, working with local municipal bodies to improve external road infrastructure, managing traffic with the help of local traffic police, reduction of campus ingress and egress timings by increasing the number of operational entry and exit gates from two to four, usage of RFID based parking and relocating the parking area within the campus.

**Annexure 9: Caveats & Limitations**

1. The Valuation Report (hereafter referred to as the “Report”) covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
  - a. The valuation method adopted is based on the Valuer’s expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to **Brookfield India Real Estate Trust** (or “the Client”) or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
  - b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
  - c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
  - d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
  - e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services or an independent validation of the projections. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
  - f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.

- g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.
3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
  4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is bona-fidely believed to be reliable.
  5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.
  6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum not exceeding the total fees paid for each instruction accepted. Unless specifically mentioned otherwise in the main report, the Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
  7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose.
  8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.



# **Valuation Report:**

## **Candor Techspace N1, Sector 62, Noida**

**Submitted to:**

**Brookfield India Real Estate Trust**

**Prepared by:**

**Shubhendu Saha, MRICS**

*(IBBI/RV/05/2019/11552)*

Date of Valuation: 30 September 2022

Date of Report: 06 November 2022

## **Disclaimer**

*This report is prepared exclusively for the benefit and use of Brookfield India Real Estate Trust ("Brookfield India REIT") (the "Recipient" or the "Company" or "Instructing Party") and / or its associates and for, presentations, research reports, publicity materials, press releases prepared for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT and does not carry any right of publication or disclosure to any other party. The Company may share the report with its appointed advisors for any statutory or reporting requirements. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 15 March 2021 and addendum dated 15 September 2022 without the prior written consent of the Valuer.*

*The information in this report reflects prevailing conditions and the view of the Valuer as of its date, all of which are, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Company has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.*

*This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 15 March 2021 and addendum dated 15 September 2022. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.*

*This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.*

## Executive Summary

Candor Techspace IT/ITeS (N1), Sector - 62, Noida, Uttar Pradesh, India	
<b>Valuation Date:</b>	30 September 2022
<b>Valuation Purpose:</b>	Disclosure of valuation of asset forming part of portfolio of Brookfield India in accordance with the SEBI (REIT) Regulations, 2014
<b>Location / Situation:</b>	<p>Candor Techspace N1 is located Plot no. B2, sector 62, Noida, Gautam Buddha Nagar (herein after referred to as N1 and/ or Subject Property). N1 is spread over 19.250 acres of land parcel comprising of IT/ITeS office space. It is accessible via two roads viz. 30-meter-wide sector road towards west, which connects to National Highway 9 (erstwhile NH 24) on north and a 45-meter-wide internal road towards east. It is well connected with other parts of the city through road and metro rail network.</p>
<b>Description:</b>	<p>N1 constitutes 9 buildings and can be segregated under three components viz. completed and future development buildings. The listing of buildings under each component is as follows:</p> <p><b>Completed buildings with Occupancy Certificate (OC) received – Block 1, 2, 3, 5, 6, 7 (Amenity Block I and II) &amp; Block 8</b></p> <p>The operational buildings collectively admeasure 1,957,084 sq. ft.# of leasable area with 86% committed occupancy*.</p> <p><b>Future development – Block 4A and Block 4B</b></p> <p>Block 4A and 4B admeasuring 440,051 sq. ft. and 418,409 sq. ft. of leasable area respectively are currently planned for future. The leasable area of the future development is indicative and is subject to change once the internal business plans are in place or the construction is completed. Block 4A and 4B are expected to be ready by Q4 FY 2026-27 and Q4 FY 2025-26 respectively.</p>
<b>Total Area:</b>	<p>Total Plot Area: 19.250 Acres</p> <p>Completed Leasable Area#: 19,57,084 sq. ft.</p> <p>Future Development Leasable Area: 858,460 sq. ft.</p> <p>Total Leasable Area#: 28,15,544 sq. ft.</p>



External View of Subject Property



External View of Subject Property



View of Block 8 (Amenity Block)

Source: Architect's Certificate (dated: 03 November 2022), Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

\*The leasable area is increased because of the change in efficiency.

\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area

<b>MARKET VALUE OF THE SUBJECT PROPERTY</b>			
<b>Component</b>	<b>Market Value as on</b>	<b>In Figures</b>	<b>In Words</b>
Completed Building	30 September2022	INR 19,550 Million	Indian Rupees Nineteen Billion Five Hundred and Fifty Million Only
Future Developments	30 September2022	INR 2,746 Million	Indian Rupees Two Billion Seven Hundred and Forty-Six Million Only

*This summary is strictly confidential to the addressee. It must not be copied, distributed, or considered in isolation from the full report.*

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**From:** Shubhendu Saha, MRICS  
IBBI Registered Valuer (L&B)  
(IBBI/RV/05/2019/11552)

**To:** Brookfield India Real Estate Trust

**Property:** Valuation of Candor Techspace N1, Sector – 62, Noida, Uttar Pradesh

**Report Date:** 06 November 2022

**Valuation Date:** 30 September 2022

## **A REPORT**

### **1 Instructions**

Brookfield India Real Estate Trust (hereinafter referred to as the “**Instructing Party**” or the “**Client**”), has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the “**Valuer**”), to undertake the valuation of office property located in Noida (hereinafter referred to as “**Subject Property**” and /or “**Candor Techspace N1**”) for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

### **2 Professional Competency of The Valuer**

Mr. Shubhendu Saha, the Valuer for the Subject Property is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor’s in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master’s in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. From 2009 to 2015, he was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited),

a leading International Property Consulting firm in India. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career, he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation, and development land, which became part of the 7th edition of Red Book. He is the first registered valuer under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 to undertake the valuation of REIT assets for an IPO. Mr. Saha also led the valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity funds, real estate funds, financial institutions, developers, and corporates across asset classes of commercial, retail, residential and hospitality. His clientele includes, Mindspace REIT, Embassy REIT, K Raheja Corp, Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

### **3 Independence and Conflicts of Interest**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Subject Property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Property in past five years from the date of his engagement as the Valuer.

### **4 Purpose of Valuation**

The purpose of this valuation is for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 [SEBI (REIT) Regulations], as amended, together with circulars, clarifications, guidelines, and notifications thereunder by SEBI and also disclosure as per fair value accounting under Indian Accounting Standards (Ind AS 40).

### **5 Basis of Valuation**

Given the purpose of valuation as mentioned above, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

As per IVSC International Valuation Standards, "Market Value" is defined as *"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an*



*arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

## **6 Valuation Approach & Methodology**

The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

### **Market Approach**

In 'Market Approach', the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

### **Income Approach**

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

#### **Income Approach - Direct Capitalization Method**

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

#### **Income Approach - Discounted Cash Flow Method**

The income approach is based on the premise that value of an income producing asset is a function of future benefits and income derived from that asset. Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income and cost associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

#### **Income Approach - Discounted Cash Flow Method using Rental Reversion**

Given the market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase the attractiveness of the property to prospective tenants. Such benefits are typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, typically the impact of such

sub/above market leases on the valuation of the Subject Property are normalised by estimating the rental revenue achievable at the end of the term, based on the expected rents in the market.

The valuation for the Subject Property has been derived by adopting income approach, utilising the discounted cash flow method with rental reversion.

## **7 Assumptions, Departures and Reservations**

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the Subject Property is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation

## **8 Inspection**

The Property was inspected on 14 March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

## **9 General Comment**

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

## **10 Confidentiality**

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents.

**11 Authority**

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

**12 Reliant Parties**

The Reliant Parties would mean Brookprop Management Services Private Limited (“Brookprop” or “Manager”), Brookfield India REIT and their unitholders and Axis Trustee Services Limited (“Trustee”). The reliance on this report is extended to the Reliant Parties for the purpose as highlighted in this Valuation Report. The auditors, debenture trustees, stock exchanges, unit holders of the REIT, Securities and Exchange Board of India (SEBI), and credit rating agencies, would be extended reliance by the Valuer but would not be liable to such parties, except in case of gross negligence and wilful misconduct by the Valuer.

The valuation exercise is conducted strictly and only for the use of the Reliant Parties and for the purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

**13 Limitation of Liability**

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading, or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer’s maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of Letter of Engagement (“LOE”) and this report the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million).
- In the event that any of the BSREP India Holdings V Pte. Ltd (the “Sponsor”), Manager, Trustee, Brookfield India REIT or other intermediaries appointed in connection with the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT subject to any claim (“Claim Parties”) in connection with, arising out of or attributable to the Valuation, the Claim Parties will be entitled to require the Valuer, to be a necessary party/ respondent to such claim and the Valuer shall not object to his inclusion as a necessary party/ respondent. However, the legal cost with respect to appointment of lawyers by the

Valuer as a respondent/ defendant shall be borne by the Client. If the Valuer, as the case may be, does not co-operate to be named as a necessary party/ respondent to such claims or co-operate in providing adequate/ successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the Valuer in this regard and his liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.

- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc.

#### **14 Disclosure and Publication**

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities and Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

#### **15 Anti-Bribery & Anti-Corruption**

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

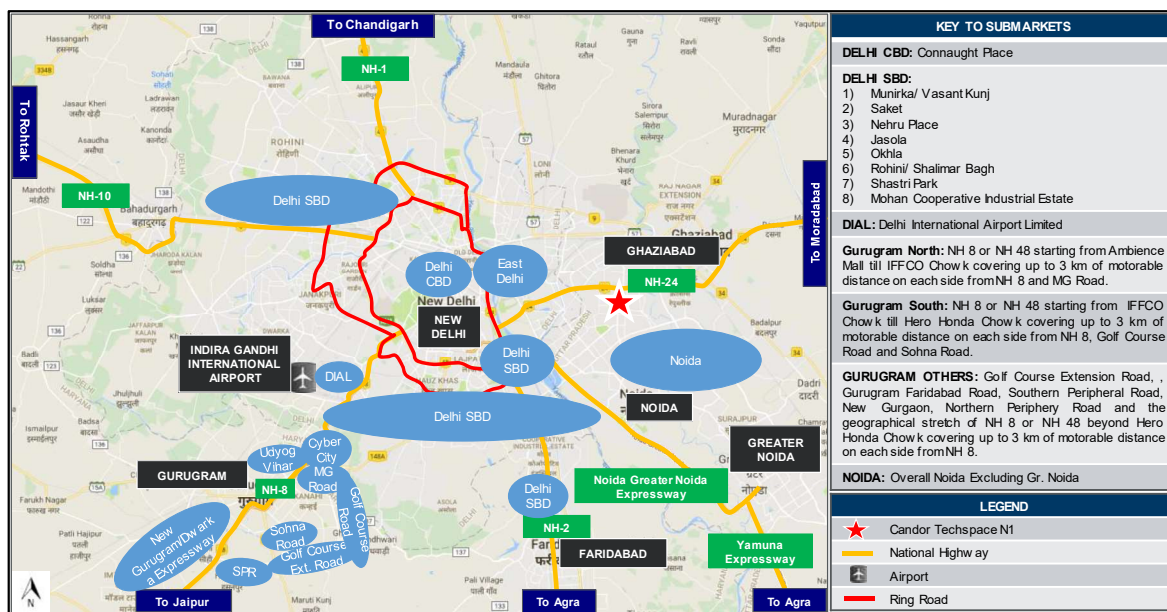
## **B NATIONAL CAPITAL REGION REPORT**

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

### 1 National Capital Region Overview

National Capital Region (NCR) is the world’s second largest urban agglomeration by population and the largest by area (Source: www.un.org). It is an urban agglomeration, which encompasses the entire National Capital Territory (NCT) of Delhi as well as urban areas surrounding it in neighbouring states of Haryana, Uttar Pradesh and Rajasthan. In the last decade and half, urbanization in Delhi has spread rapidly towards adjoining towns. The proliferation of service and industrial activities resulted in significant migration of people from Delhi, mainly towards Gurugram, Noida and Ghaziabad.

The map below highlights the key office micro markets of NCR illustrating the geographical expanse of the office market. The micro markets covered for the analysis are the prime contributors to the office supply in NCR.



Source: Cushman & Wakefield Research

(Map not to scale)

NCR is presented as a consolidated office market comprising four independent micro markets:

1. Delhi (which further comprises micro-markets viz, Delhi CBD & Delhi SBD)
2. Gurugram (which further comprises micro-markets viz, Gurugram North, Gurugram South & Gurugram Others)
3. Noida (which further comprises micro-markets viz, Sector 62, Noida–Greater Noida (NGN) Expressway & Rest of Noida)
4. DIAL

The table below highlight the key statistics of NCR's office micro markets:

Particulars	NCR overall	Delhi	DIAL	Gurugram	Noida*	^Sector 62, Noida
Total Completed Stock till Q3 2022 (million sq. ft.)	86.08	3.29	1.37	59.64	21.73	6.91
Current Occupied Stock till Q3 2022 (million sq. ft.)	66.22	2.41	1.23	47.14	15.45	5.98
Current Vacancy Q3 2022 (%)	23.02%	26.69%	10.03%	20.97%	28.91%	13.54%
Avg. Annual Absorption - 2015 – Q3 2022 (million sq. ft.)	3.61	0.16	0.14	2.44	0.87	0.21
Future Supply – Q4 2022 E – 2024 E (million sq. ft.)	13.94	-	-	11.42	2.52	-
Market Rent – Q3 2022 (INR psf / month)	87.97	143.23	224.52	94.42	53.32	52.72
CAGR (2015 – Q3 2022)	2.05%	1.08%	4.90%	2.25%	4.03%	5.77%

Source: Cushman & Wakefield Research

Notes:

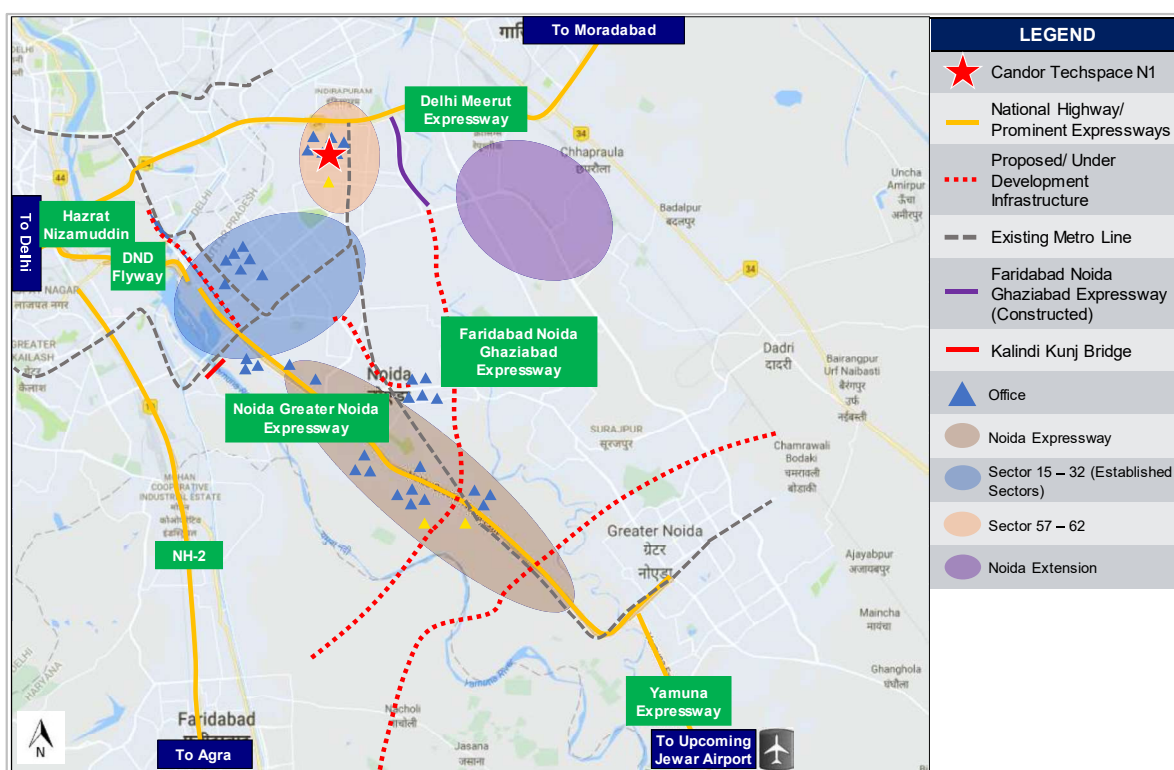
1. Only Grade A office spaces have been considered for the analysis presented in the above table.
2. Ghaziabad, Greater Noida and Faridabad have minimal office supply and have not been captured in the analysis.
3. \*Brookfield India REIT's city market for Subject Property.
4. ^Brookfield India REIT's micro market within Brookfield India REIT's city market for Subject Property.
5. Stock ("stock" and / or "relevant stock") and Supply ("supply" and / or "relevant supply") numbers are computed by excluding the buildings less than 1 lakh square feet and applying certain other criteria . Additionally, for Noida, non-IT buildings are also excluded from the analysis.
6. Vacancy and Net Absorption numbers are computed on the relevant stock.
7. The future supply estimates are based on analysis of proposed and under construction buildings.
8. The rentals are based on the prevailing quotes in the micro-market. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters. Rentals for Brookfield India REIT properties have been sourced from client. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
9. Rentals presented above are weighted average values on completed stock.

## 2 Brookfield India REIT’s City Market - Noida

Candor Techspace N1 is, Grade-A asset developed on a leasehold land parcel, located in Noida city market of NCR, with well-planned infrastructure, proximity to residential areas and established social infrastructure.

### 2.1 Overview

Noida, located in the State of Uttar Pradesh, is an integral part of the NCR. It is a planned city located in Gautam Buddha Nagar district. Further, it is located at about 25 km south-east of Central Delhi and can be accessed from the Central Delhi via: Delhi - Noida Direct (DND) Flyway or Toll Bridge; Sarita Vihar or Kalindi Kunj Road; and the Nizamuddin Flyover. It is bound on the west and south-west by the Yamuna River and on the north-east by Ghaziabad.



Source: Cushman & Wakefield Research  
(Map not to scale)

Primary office clusters in Noida are concentrated towards sector 16, 18, 32 and 57 - 65 and a belt running along Noida Expressway. Office developments in sectors 16, 18, 32 and 57-65 constitute a mix of investment grade and sub investment grade developments. Noida Expressway primarily constitutes investment grade developments. Sector 16,18, 32 houses commercial developments, however the other two office clusters predominantly offer IT / ITes and SEZ developments. To name few, established players like Brookfield, Blackstone, The 3C Company, Logix Group and Advant etc. have their footprint in Noida. Along with prominent office spaces, Noida Expressway has recently become a hub for international schools as well. Some



well know schools operational on Expressway are Lotus Valley International School, Gyanshree School, Mayoor School, Pathways International Amity International etc.

Traditionally retail cluster in Noida had remained confined to Sector 18 which is also known as the “Atta Market”. The Sector 18 market is also the main high street retail destination of Noida. Gradually, as the development activity in the city progressed a number of malls got developed in sector 16,18 and 32. Few of the prominent retail malls in the city are Great India Place, DLF Mall of India (one of the largest in NCR with leasable area of approximately 2 million sq.ft), Centre Stage Mall, Gardens Galleria, Spice Mall, Logix City Center Mall etc. ~ together, all these retail malls contribute to a significant percentage of organized retail supply of the city.

Residential supply of the city can be divided under established and upcoming sectors. The established sectors of Noida such as 14, 15, 21, 22, 45, 55, 56, etc. constitute plotted developments through government or unorganized players and high-rise developments primarily under cooperative group housing schemes. Central Noida, comprising sectors 72 – 79, the sectors along the under-construction FNG expressway and sectors in Noida Extension are high density sectors. Hence, most of the projects in these micro markets comprises high-rise group housing projects. These sectors are being developed by organized players/ developers and primarily cater to Middle Income Group. The sectors along Noida – Greater Noida Expressway have residential projects along both sides. Residential developments in this micro market comprise both plotted developments and high-rise group housing projects. These sectors are being developed by organized players/ developers and cater to all segments viz. Middle-Income Group, Upper Middle-Income Group and High-Income Group.

With approx. 25,000 students graduating every year, Noida has ample talent pool to cater the office occupants present in the city. Amity University, Jaypee Institute of Information & Technology and Sharda University are few of the renowned educational campuses present in Noida.

Noida has been divided into three micro markets:

- Sector 62, Noida – refers to the Northern part of Noida, abutting NH – 24 and covering the surrounding sectors of 57, 58, 59 and 60 towards south and sectors 63 and 64 towards east
- Noida–Greater Noida (NGN) Expressway – refers to the geographical expanse of NGN expressway
- Rest of Noida – refers to office clusters in sectors 16-18, sectors 32-34 and Greater Noida West

The micro markets are well connected to other nodes of NCR via. robust road and metro network. Hence, efficient management of commuting by public and private mode of communication makes it a conducive location for workforce travelling for work. Noida is the only city in NCR where the physical infrastructure was planned ahead of real estate development. Hence, the city enjoys superior physical infrastructure and planned architectural layout. Noida has availability of residential and office spaces with rentals and capital

values significantly lower than Gurugram and Delhi. Hence, the city stands out as it offers quality living at much lower occupation cost.

The key drivers of demand for office space in Noida are as follows:

- **Connectivity and linkages:** Noida is well connected to other nodes of NCR via. robust road and metro network. Hence, efficient management of commuting by public and private mode of communication makes it a conducive location for workforce travelling for work. Noida is the only city in NCR where the physical infrastructure was planned ahead of real estate development. Hence, the city enjoys superior physical infrastructure and planned architectural layout.
- **Lower occupation cost:** Noida has availability of residential and office spaces with rentals and capital values significantly lower than Gurugram and Delhi. Hence, the city stands out as it offers quality living at much lower occupation cost.
- **Access to educated talent pool from Delhi, Haryana, Punjab, Rajasthan and Uttar Pradesh:** Noida is accessible through multiple modes of transportation and offers residential spaces across various price categories; it attracts talent pool from all adjoining locations.

## 2.2 Key Statistics – Noida

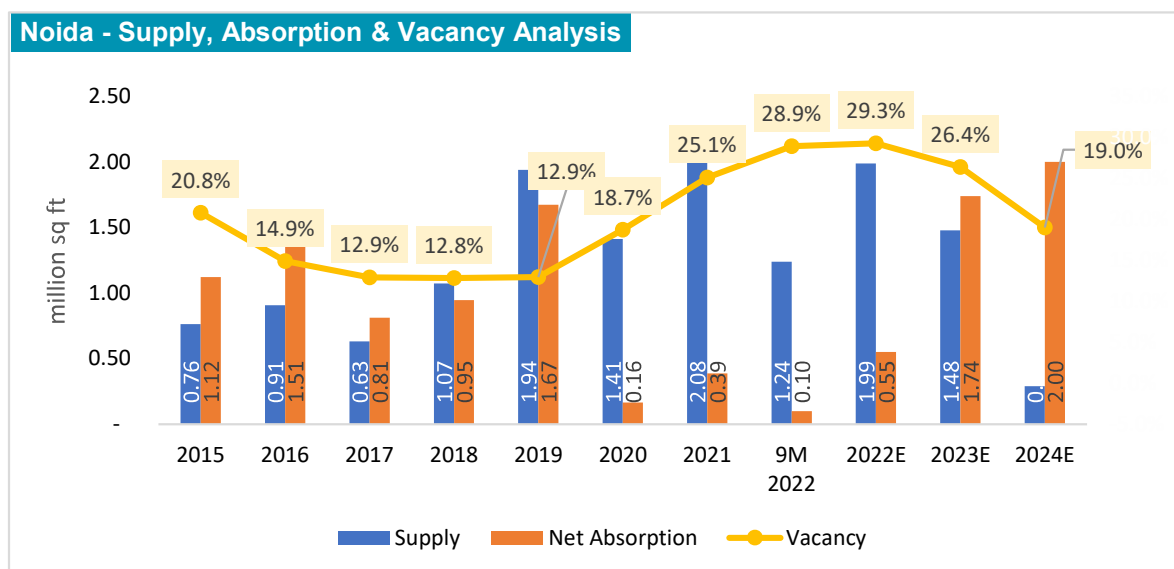
Particulars	Details
<b>Total Completed Stock (Q3 2022)</b>	Approximately 21.73 million sq. ft.
<b>Current Occupied Stock (Q3 2022)</b>	Approximately 15.45 million sq. ft.
<b>Current Vacancy (Q3 2022)</b>	Approximately 28.91%
<b>Avg. Annual Net Absorption (2015- Q3 2022)</b>	Approximately 0.87 million sq. ft.
<b>Future Supply (Q4 2022 – 2024 E)</b>	Q4 2022: Approximately 0.75 million sq. ft. 2023E: Approximately 1.48 million sq. ft. 2024E: Approximately 0.29 million sq. ft.

Source: Cushman & Wakefield Research

Notes:

1. Only Grade A office spaces have been considered for the analysis presented in the above table. Vacancy and Net Absorption numbers are computed on the relevant stock.
2. Stock (“stock” and / or “relevant stock”) and Supply (“supply” and / or “relevant supply”) numbers are computed by excluding the non-IT buildings, the IT buildings less than 1 lakh square feet and applying certain other criteria .
3. The future supply estimates are based on analysis of proposed and under construction buildings.
4. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in

**2.3 Supply, Absorption & Vacancy**



Source: Cushman & Wakefield Research

**Notes :**

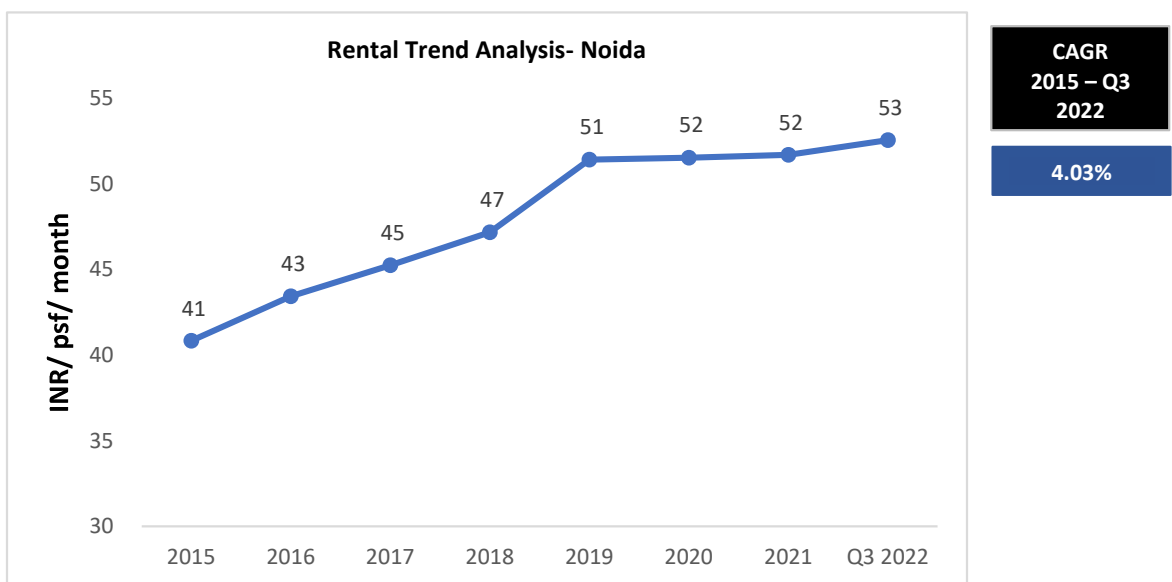
1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet, excluding non-IT buildings and applying certain other criteria
2. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
3. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.

Noida has emerged as a preferred IT / ITes destination over the years due to excellent physical infrastructure, affordable rentals and availability of large office spaces. The growth is backed by availability of large talent pool and residential spaces across all price points. The overall perception of Noida has also evolved as an office destination.

Noida over past 6.75 years has seen an average additional supply of approximately 1.30 million sq. ft. and an annual average net absorption of approximately 0.87 million sq. ft. However, 2021 has been the exceptional period with supply and demand outperforming its historical benchmarks. The increase in supply was matched by commensurate increase in demand and hence demonstrating higher confidence levels for the office market of Noida. Noida has always benefited from the presence of superior infrastructure as compared to other cities of NCR. With improvement in intercity connectivity and quality developments in Gurgaon trading at single digit vacancy numbers, the incremental demand from occupiers is likely to get absorbed by Noida.

The shift in development status of the city from being dominated by sub investment grade structures to good campus / large integrated park-based development has resulted the city to grow exponentially in office segment. The trend is likely to continue with increasing occupier base in Noida and new major infrastructure developments getting developed viz. Jewar Airport in Noida.

**2.4 Rental Trend Analysis**



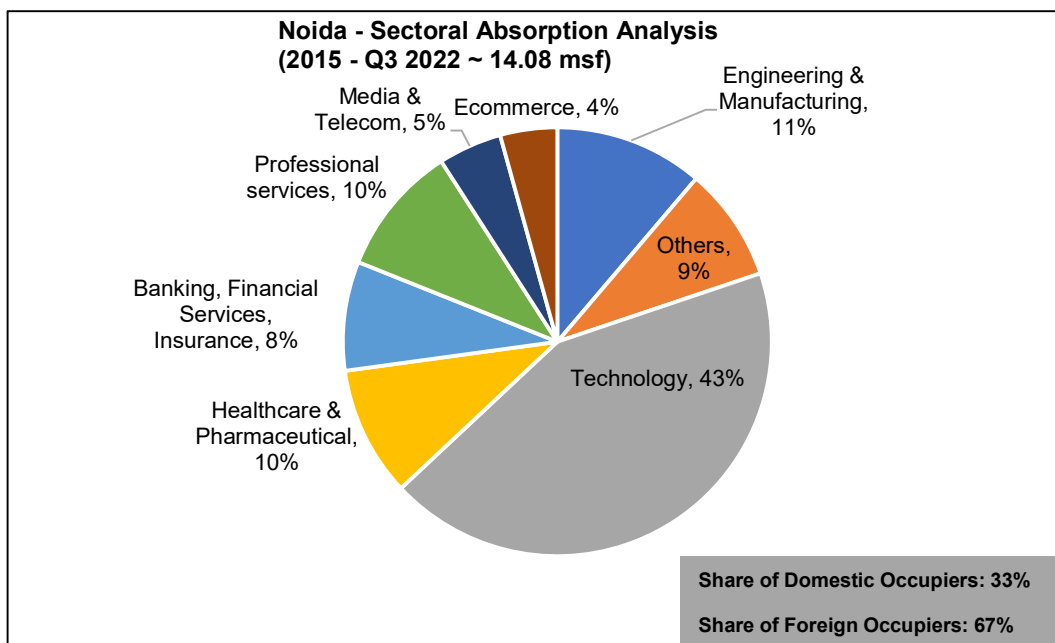
Source: Cushman & Wakefield Research

**Notes:**

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet across NCR and applying certain other criteria. Additionally, for Noida non-IT buildings have been eliminated from stock and supply.
2. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters. Rentals for Brookfield India REIT Noida properties have been sourced from client. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
3. Rentals presented above are weighted average values on completed stock.

Established micro markets of Gurugram reaching saturation; benefited Noida owing to quality workspaces available at competitive rentals. The city market also benefits due to availability of superior infrastructure required to travel to a workplace. The trend is likely to continue with new infrastructure initiatives viz. Airport at Jewar creating more demand drivers.

**2.5 Sectoral Demand Analysis – Noida (2015 –Q3 2022)**



Source: Cushman & Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for Domestic & Foreign occupier bifurcation
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc. The sectoral absorption analysis is based on gross absorption activity of Noida's relevant stock i.e. including any relocations, consolidations etc. All pre-commitments & sale/purchase transactions are excluded from this analysis.

Noida’s office supply which is predominantly IT/ITes & SEZ in nature is dominated by Technology occupiers contributing half of the overall demand viz. contributing 43% to the overall demand. The other prominent industries contributing 48% to the demand are Engineering & Manufacturing (11%), Professional Services (10%), Healthcare & Pharmaceutical (10%), BFSI (8%) and E- Commerce (4%). Emergence of new requirements viz. start-ups, individual set ups, change in consumer behaviour has led to the increase in demand from industries like flexi workspace, E-commerce etc. in the recent years. The mix of foreign vs. domestic occupants in Noida is 67:33.

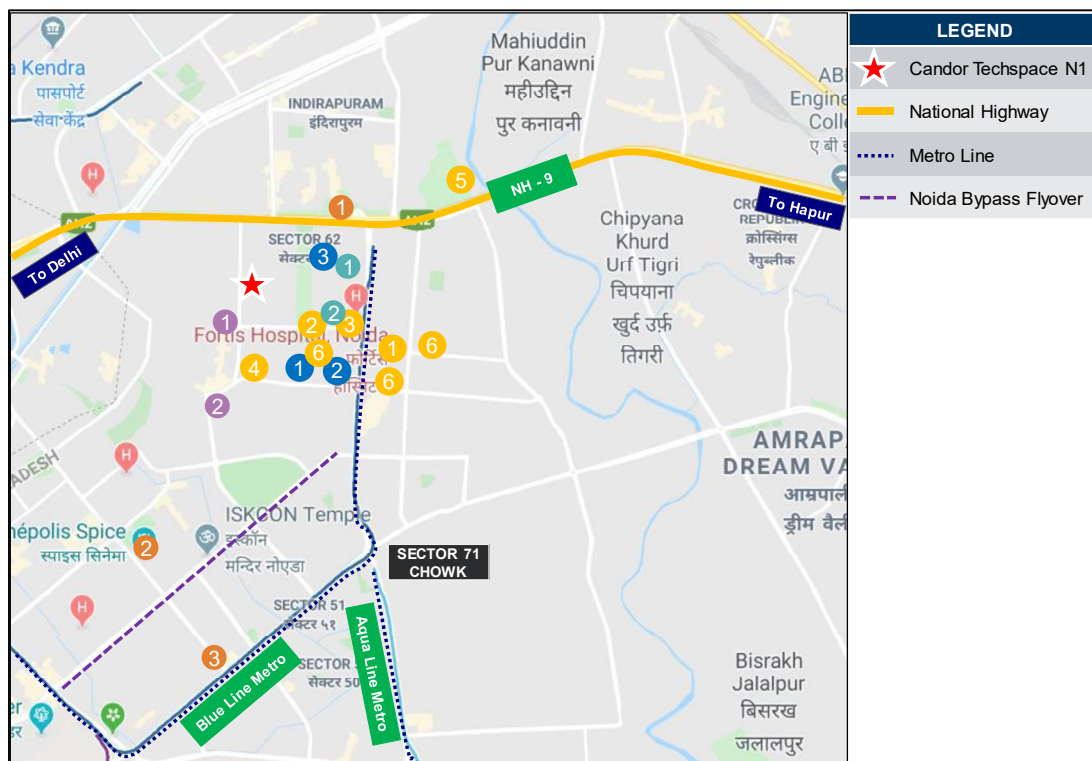
### **3 Sector 62 - Competitive REIT Micro Market**

#### **3.1 Overview**

Sector-62 as per Noida master plan 2031 is zoned as institutional sector. This Brookfield India REIT micro market is located in northern part of Noida and abuts NH - 24. The surrounding sectors of the Brookfield India REIT micro markets are 57, 58, 59 and 60 towards south and sector 63 and 64 towards east. Further, it shares its boundaries with Village Khora and sector 62 A towards west.

Sector 62 is characterized by the presence of large public and private sector institutions like Indian Academy of Highway Engineers, The Institute of Chartered Accountants of India, Jaipuria institute of Management, Jaypee Institute of Information Technology, Symbiosis Law School Bank of India Staff Training College and Indian Institute of Management, Lucknow Campus. In terms of office space, Sector 62, Noida constitutes a mix of investment grade and sub investment grade structures. Further, the office supply is primarily IT/ ITes in nature. Few of the prominent IT/ITeS developments in the Brookfield India REIT micro market are Candor Techspace N1, 3C Knowledge Boulevard & Green Boulevard, Stellar IT Park, Logix Cyber Park, Embassy Galaxy IT Park, Okaya Blue Silicon etc. Candor Techspace N1 is one of the largest IT / ITes development in sector 62 in terms of leasable area.

**3.2 Social and Physical Infrastructure**



Source: Cushman & Wakefield Research  
(Map not to scale)



Key Office Developments	Social Infrastructure	Lifestyle Infrastructure	Hospitality Developments	Higher Education Institutions
1. Stellar IT Park	1. Global Business School (3.2 km)	1. Shipra Mall (3.5 km)	1. Park Ascent Hotel (1 km)	1. Jaypee Institute of Information & Technology (2.3 km)
2. Logix Cyber Park (1.2 km)	2. KLAY Prep School and Day-care (1.6 km)	2. Spice Mall (5.2 km)	2. Radisson Noida (2.6 km)	2. JSS Academy of Technical Education (1 km)
3. Galaxy Business Park (1.6 km)	3. Fortis Hospital (2.0 km)	3. Logix City Center (7.7 km)		
	4. Ashirwad Hospital (1.7 km)			
	5. SJM Hospital & IVF Centre (5.4 km)			
	6. Day Cares (1.5 km)			

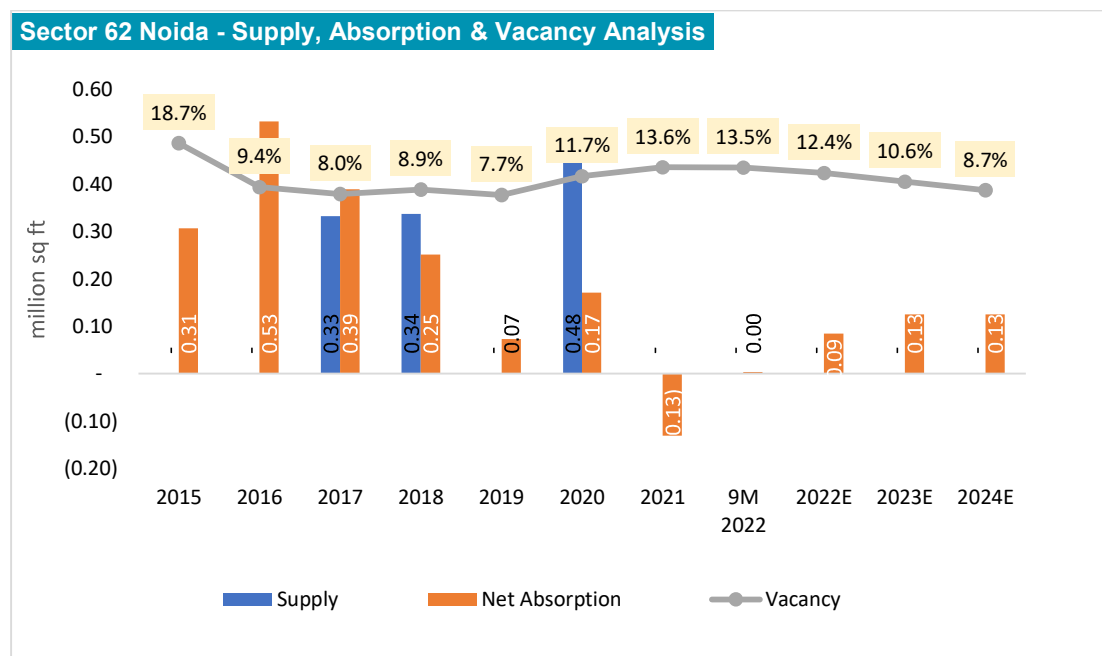


National Highway – 9 (Erstwhile NH – 24) is the primary road connecting Brookfield India REIT micro market to rest of Delhi NCR. Widening of NH 9 (which is under construction) and development of signal free elevated corridor from Nizamuddin in Delhi up till UP Border on NH 9 (currently operational) has significantly enhanced the connectivity of Sector 62 with rest of NCR. The Brookfield India REIT micro market is also connected through blue line of metro rail. The nearest metro station to Subject Property is in Sector 62 at a distance of approximately 2 km. Further, Sector 62 enjoys a signal free connectivity from Sector 18 Noida (through underpass at Sector 18 which joins to a 4.8 km elevated corridor from Sector 28 up till Sector 61). This has significantly improved traffic and vehicular movement for commute to sector 62.

Additionally, 750-meter-long underpass in Sector 71 further bring traffic relief to those travelling from Noida Extension towards Noida City Centre and going further towards Delhi.

### 3.3 Supply, Absorption & Vacancy Analysis

The supply, absorption vacancy trend analysis for Sector 62, Noida are as follows:



Source: Cushman & Wakefield Research

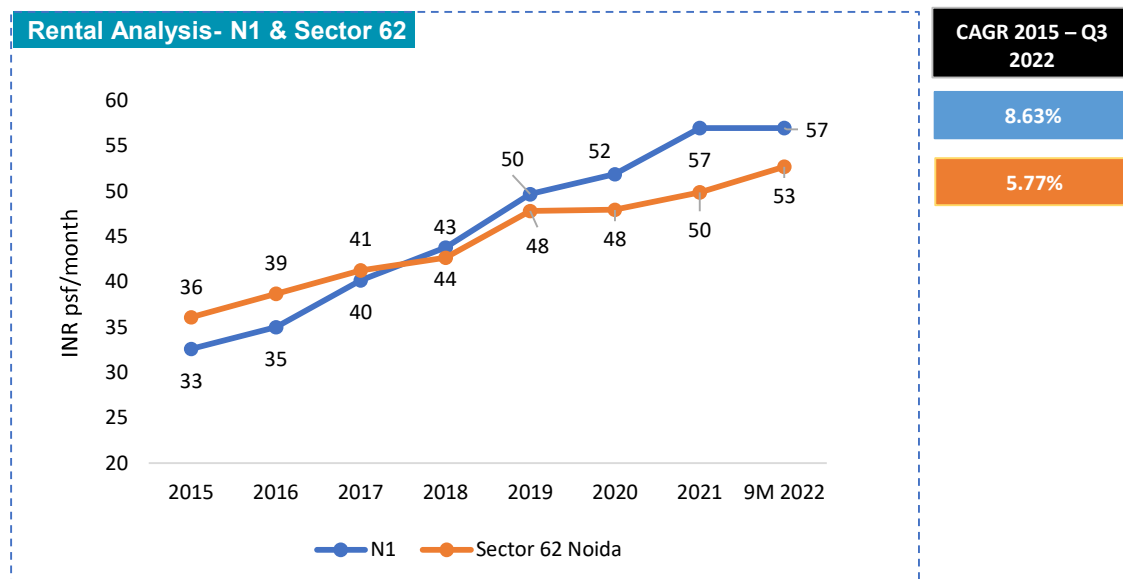
Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet and applying certain other criteria.
2. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
3. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.

The demand in Sector 62 is dominated by technology occupiers and therefore, large space take-ups constituting space consolidation/expansion is a norm for the micro market. Thus, a single tenant activity at any time period creates substantial impact in this micro market parameters. As Noida continues to attract the technology sector, the Brookfield India REIT micro market is expected to have consistent net absorption levels for next 2-3 years.

### 3.4 Rental Trend Analysis

The rental trend analysis for Sector 62 and the Subject Property is as follows.



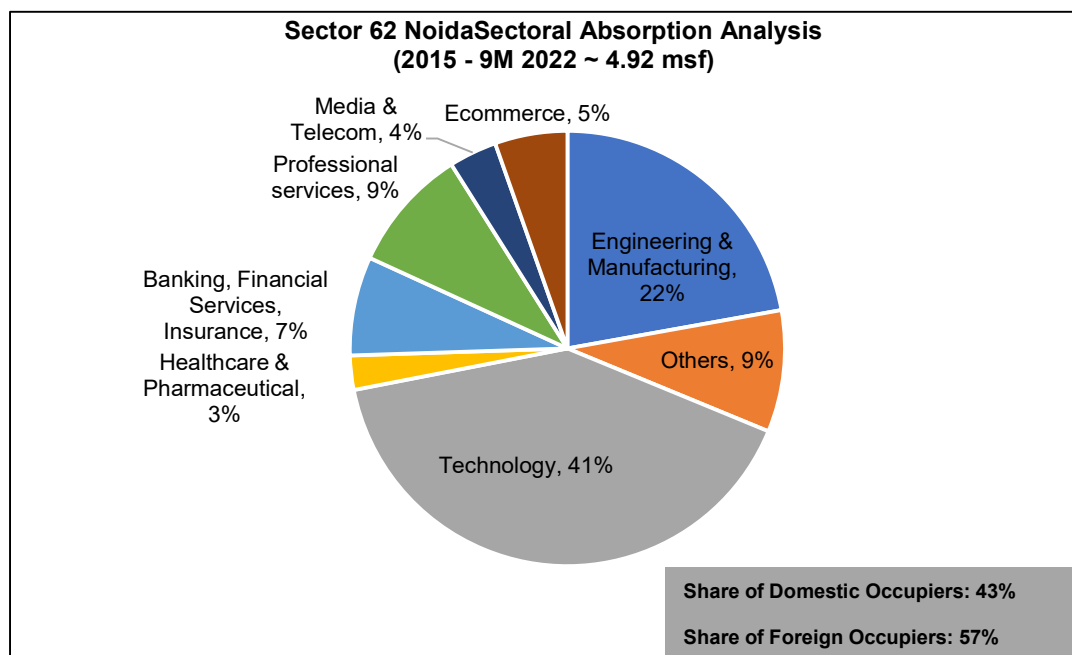
Source: Information from Client and Cushman & Wakefield Research

Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet, the non-IT buildings and applying certain other criteria.
2. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters. Rentals for Candor Techspace N1 have been sourced from client. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants
3. Rentals presented above are weighted average values on completed stock.

The graph above represents the rental growth rate of N1 versus entire cluster. The analysis suggests that N1 has witnessed a rental growth of 7.53%, as compared to a growth of 5.37% in the Brookfield India REIT micro market over the same period. The difference in rental growth also illustrates occupiers’ willingness to pay premium for the office developments offering better amenities and upgraded infrastructure addressing the superior standards and evolving requirements of the occupiers.

**3.5 Sectoral Demand Analysis (2015 – Q3 2022)**



Source: Cushman & Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for Domestic & Foreign occupier bifurcation
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc. The sectoral absorption analysis is based on gross absorption activity of NCR i.e. including any relocations, consolidations etc. All pre-commitments & sale/purchase transactions are excluded from this analysis.

Sector 62 is dominated by technology sector which contributed 41% to the leasing activity for the years 2015 – Q3 2022. The tenants are attracted to the Brookfield India REIT micro market due to availability of larger floor plates, affordable rentals and good connectivity. The technology occupiers in this micro market are involved in the activities of software development, research and development etc. The other prime contributors to the demand are Engineering & Manufacturing (22%), Professional Services (9%), BFSI (7%) and E- Commerce (5%) together contributing 43%. The mix of foreign vs. domestic occupants in Sector 62, Noida is 57:43.

### 3.6 Market Outlook

According to the market assessment report of Cushman & Wakefield current average market rentals of comparable properties in the Sector 62, Noida are in the range of INR 45-55 per sq. ft./m which is broadly in line with the recent leases signed in the Subject Property.

Noida Sector 62 has shown resilience (even during COVID period) with growth in the rentals despite of increase in vacancy levels. Further, the micro market has limited future supply addition specially in well-established office developments such as Embassy Galaxy IT Park, Logix Cyber Park etc. With the positive momentum for the micro market; vacancy levels are likely to further dip and the rentals are likely to grow from current levels. Going forward, considering the well-maintained infrastructure, key location, improved connectivity (through upcoming sector 71 underpass and expansion of Metro Corridor) of the micro market and IT/BFSI returning to offices, the annual growth rate of 5 - 6% in market rents over medium to long term appears achievable for the micro market.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments until the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While some organizations have been contemplating strategies with respect to the hybrid work models - flexible arrangement, allowing employees to combine onsite and offsite work as required, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centres by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

## **C      PROPERTY REPORT**

## 1 Address, ownership and title details of Subject Property

<b>Address:</b>	Plot no. B2, Sector 62, Noida, Gautam Buddha Nagar, Uttar Pradesh, 201301, India
<b>Ownership &amp; title details:</b>	Land tenure: Leasehold; and building thereupon are owned by Shantiniketan Properties Private Limited, which is 100% owned and controlled by the Brookfield India REIT

The tenure of the underlying land of the Subject Property is leasehold with lessee being New Okhla Industrial Development Authority (NOIDA Authority). The remaining tenure of the land is ~76 years. Given that the purpose and obligations associated with lease of the underlying land has essentially been achieved, the likelihood of lease getting cancelled or not renewed at the end of the tenure is negligible. Thus, no specific adjustments are required to be made towards the legal tenure of underlying land's ownership.

### 1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, the Subject Property is considered to possess a good and marketable title and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Report prepared by Ind-Legal (hereinafter referred to as 'Legal Counsel'). We have not checked and verified the title of the Subject Property.

### 1.2 Revenue Pendencies

On the basis of the Title Report prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

### 1.3 Material Litigation

Based on discussions with the Client and Title Report shared, there are no material litigation including tax disputes relating to the Subject Property or any compounding charges affecting the valuation of the Subject Property.

## 2 Location

### 2.1 General

N1 is located in Block B, Industrial Area, Sector 62, Noida. Sector-62 as per Noida master plan 2031 is zoned as an institutional sector. Sector 62 is located in the northern part of Noida and abuts NH - 24. The surrounding sectors of the Brookfield India REIT micro markets are 57, 58, 59 and 60 towards south and sector 63 and 64 towards east. Further, it shares its boundaries with Village Khora and sector 62 A towards west. The Subject Property is accessible via 30-meter-wide sector road towards west, which connects to NH 9 (erstwhile NH 24)

on north and a 45-meter-wide internal road towards east. NH 9 is the main connecting road; connecting Noida to other cities of NCR. Widening of NH 9 (which is currently under construction) and development of signal free elevated corridor from Nizamuddin in Delhi up till UP Border on NH 9 (currently operational) has significantly enhanced the connectivity of Brookfield India REIT micro market with rest of NCR. Also, the Subject Property enjoys a good connectivity from Sector 18 Noida (the city centre for Noida) through underpass at Sector 18, which joins to a 4.8 km elevated corridor from Sector 28 up till Sector 61.

N1 lies in close proximity to Sector 62 Metro Station, which further enhances its accessibility from different parts of NCR.

The site location map of the Subject Property is as follows:



(Map not to scale)

The site boundaries for the Subject Property are as under:

- North: IIM Lucknow Noida Campus
- East: Access Road & Developed Commercial Formats
- West: Access Road & Village Khora
- South: Commercial Office Space (project recently launched)

**2.2 Accessibility**

The Subject Property is well connected to major locations in the city as well as in the NCR via multiple modes of communication. The distances from major landmarks of NCR are as follows:



- Approximately 01 km from NH 24
- Approximately 07 km from Sector 18, Noida (Noida CBD)
- Approximately 10 km from DND Expressway
- Approximately 16 km from Connaught Place
- Approximately 16 km from New Delhi Railway Station
- Approximately 32 km from Indira Gandhi International Airport

### **2.3 Ground Conditions**

Based on visual inspection, there were no evidence of adverse ground conditions at the Subject Property or its immediate vicinity.

### **2.4 Environmental Considerations**

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Delhi NCR where the Subject Property is located falls in Seismic Zone IV with high risk of earthquakes. However, the city faces moderate risk in terms of high winds or cyclones.

No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster. The Subject Property is located on slightly lower elevation compared to its immediate surroundings, indicating moderate risk of flooding but unlikely to face any major disruptions because of waterlogging.

### **2.5 Town Planning and Statutory Considerations**

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

### 3 Subject Property - Asset Details

N1 constitutes 9 buildings and can be segregated under three components viz. completed and future development buildings. The listing of buildings under each component is as follows: The listing of buildings under each component is as follows:

**Completed buildings with Occupancy Certificate (OC) received** – Block 1, 2, 3, 5,6, 7 (Amenity Block and Extension Amenity Block) and Block 8 (Amenity Block)

**Future development buildings** – Block 4A and 4B

The building wise break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Floor (#)	Floor Plate (sq. ft.)	Status	Expected Completion Date
Block 1	2,79,805	11	25,437	Completed	NA
Block 2	3,93,986	13	30,307	Completed	NA
Block 3	3,35,606	13	25,816	Completed	NA
Block 6	3,37,679	13	25,975	Completed	NA
Block 7 (Amenity Block II)	27,256	1	27,256	Completed	NA
Block 5	4,91,052	15	32,737	Completed	NA
Block 8 (Amenity Block III)	79,761	2	39,881	Completed	NA
Block 7 (Amenity Block I)*	11,940	1	11,940	Completed	NA
Block 4A	4,40,050	15	29,337	Future Development	Q4 FY 2026-27
Block 4B	4,18,409	15	27,894	Future Development	Q4 FY 2025-26
<b>Total</b>	<b>28,15,544</b>		<b>27,658</b>		

Source: Architect's Certificate (dated: 03 November 2022), Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

### 3.1 Key Asset Information

#### Completed Buildings with Occupancy Certificate (OC) received

Particulars	Details
<b>Entity:</b>	Shantiniketan Properties Private Limited
<b>Interest Owned by REIT (%):</b>	Subject Property is wholly owned by Shantiniketan properties Private Limited, which is 100% owned and controlled by the Brookfield India REIT <sup>1</sup>
<b>Age of building based on the date of Occupancy Certificate:</b>	Block 1 - 11 years and 8 months Block 2 - 11 years and 8 months Block 3 - 5 years and 4 months Block 6 - 3 year and 9 months Block 7 (Amenity Block) - 4 year and 3 months Block 5 – 2 year 1 months Block 8 – 9 months Block 7 (Extension Amenity Block) – 9 months
<b>Asset Type:</b>	Approved IT/ITeS
<b>Sub-Market:</b>	Noida Sector – 62
<b>Approved and Existing Usage:</b>	IT/ITeS
<b>Land Area (acres):</b>	~19.250
<b>Freehold/Leasehold:</b>	Leasehold Land
<b>Leasable Area<sup>#</sup>:</b>	19,57,084 sq. ft.
<b>Occupied Area:</b>	16,83,020 sq. ft.
<b>Committed Occupancy (%)<sup>*</sup></b>	86%
<b>Current Effective Rent (excluding parking)</b>	INR 49 per sq. ft. per month (Office tenants only)
<b>Current Effective Rent (excluding parking)</b>	INR 49.8 per sq. ft. per month (Office, Retail and Telecom tenants)
<b>Number of Tenants</b>	26 (office)

Source: Architect's Certificate (dated: 03 November 2022), Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

<sup>#</sup>The leasable area is increased because of the change in efficiency.

<sup>\*</sup>Committed Occupancy = (Occupied area + Completed area under Letters of Intent) / Completed area

Notes:

1. Refer company structure set out in Annexure 1

**Future Development - Block 4B**

Particulars	Details
<b>Interest owned by REIT (%):</b>	Subject Property is wholly owned by Shantiniketan Properties Private Limited, which is 100% owned and controlled by the Brookfield India REIT
<b>Expected completion date of construction:</b>	Q4 FY 2025-26
<b>Asset Type:</b>	Approved IT/ITeS
<b>Sub-Market:</b>	Noida Sector – 62
<b>Approved Usage:</b>	IT/ITeS
<b>Leasable Area:</b>	418,409 sq. ft.
<b>Status of Construction:</b>	Future Development
<b>Approvals Received and Pending:</b>	No approvals have been obtained as on date of valuation

*Source: Architect's Certificate (dated: 03 November 2022) and Client Information*

**Future Development – Block 4A**

Particulars	Details
<b>Interest owned by REIT (%):</b>	Subject Property is wholly owned by Shantiniketan Properties Private Limited, which is 100% owned and controlled by the Brookfield India REIT
<b>Expected completion date of construction:</b>	Q4 FY 2026-27
<b>Asset Type:</b>	Approved IT/ITeS
<b>Sub-Market:</b>	Noida Sector – 62
<b>Approved Usage:</b>	IT/ITeS
<b>Leasable Area:</b>	440,051 sq. ft.
<b>Status of Construction:</b>	Future Development
<b>Approvals Received and Pending:</b>	No approvals have been obtained as on date of valuation

*Source: Architect's Certificate (dated: 03 November 2022) and Client Information*

### 3.2 Property Inspection

The Subject Property comprising 7 operational buildings along with two future development area was physically inspected on 14 March 2022. There have not been any subsequent visits to the site. The following inspection report is as on the abovementioned date. The inspection comprised visual inspection of operational buildings constituting the property, visits to their key utility areas such as LT electric room, pump room, HVAC installations, power back up, STP, under-construction buildings and area provisioned for future development.

The Subject Property is an IT/ITeS office space developed in a campus format offering large floor plates with significant open/green areas and number of amenities for occupiers. The operational buildings in the campus are Block 1, 2, 3, 5, 6, 7 and Block 8 and the future development buildings are Block 4A and Block 4B, are expected to be completed by Q4-FY 2027, according to the information received from the client.

The operational buildings and parts thereof with OC received collectively admeasure 19,57,084 sq. ft. of leasable area. The four office blocks are occupied by multiple tenants and the Block 7 (Amenity Block) constituting retail area caters to all basic requirement of occupiers viz. F&B (in form of multi-cuisine food court), 24x7 paramedics, Day Care Centre, bank ATM, salon, convenience store, pharmacy etc. At the time of property inspection, upgradation work in Block 7 was in progress.

Block 8 (Amenity Block) is a recently completed Ground + 2 retail floors which offers a separate F&B hub and shall be open to public along with inhouse occupiers.

The visual inspection of the buildings and the future development area did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. No instances of any major logging or water accumulation was observed during the inspection. The utility areas also appeared well maintained, visually. Apart from regular upgradation activities, the Subject Property has two entry and two exit points which are managed according to the campus traffic circulation plan. N1 has been awarded 5 Star rating by the Bureau of Energy Efficiency (BEE) in addition to the group wide ISO 9001, 14001 and OHSAS 18001 Certification.

The large parking requirement is catered by multilevel basements and open area parking slots contributing to 4,195 (including future developments) parking spaces. The Subject Property has separate lift and lobby areas on each floor of the buildings present in the campus. Also, there is an arrangement of other utilities like LT room, LMRs, BMS, DG sets, pump rooms and solar panels are available in basement/ lower ground floors and on terrace of the buildings.

The property inspection did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.

### 3.3 Investigation, Nature and Source of Information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

- a. Title report prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject Property
- b. Architect's Certificate (dated: 03 November 2022) mentioning site areas and property
- c. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the Subject Property
- d. Lease agreements and commercial clauses thereof for major tenants on a reasonable sample basis
- e. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
- f. Management representation regarding the following:
  - i. Major repairs undertaken and proposed in the Subject Property (please refer Annexure 8)
  - ii. Statement of Assets
  - iii. Revenue pendency, if any
  - iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

### 3.4 Tenant Profile

As of 30 September 2022, the Subject Property's top 10 tenants account for ~71% of the leased area and ~68% of the gross rental income (including office and retail tenants).

Rank	Top 10 Tenant according to Leased Area	Leased Area (sq. ft.)
1	Barclays	3,99,157
2	Amazon	1,88,564
3	Innovaccer	1,12,121
4	Landis Gyr	1,01,691
5	ION Trading	87,655
6	Pine Labs	82,837
7	Pentair	57,541
8	Acidaes	55,135
9	Markit India	54,260
10	Barco	51,548
<b>Total</b>		<b>11,90,509</b>

Source: Rent Roll as at 30 September 2022 and Client Information

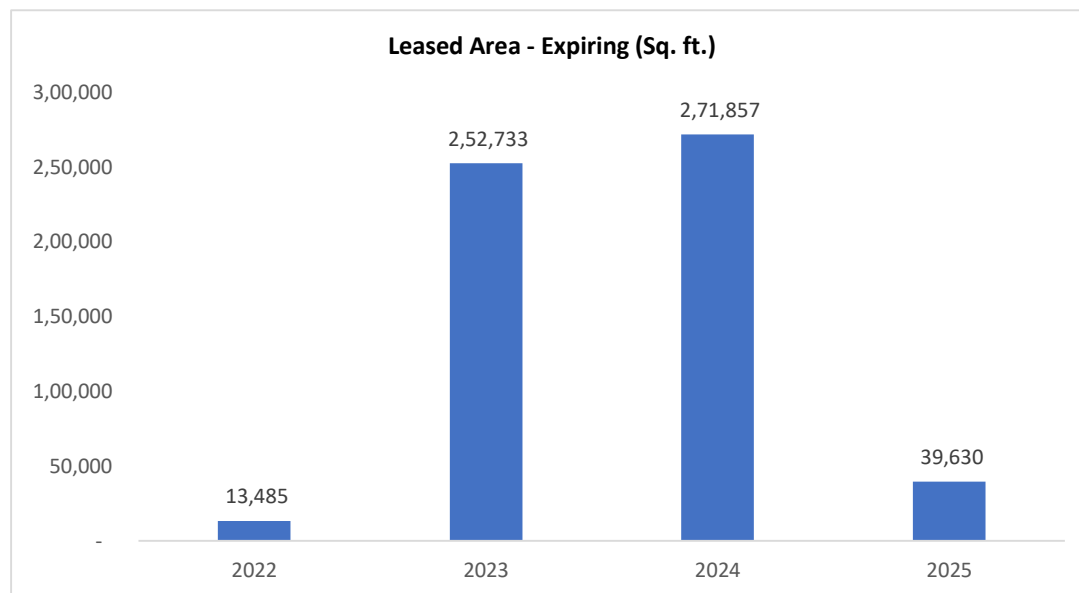
S. No.	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Barclays	20.10%
2	Amazon	10.45%
3	Innovaccer	6.80%
4	Landis Gyr	5.98%
5	Pine Labs	4.52%
6	ION Trading	4.17%
7	Markit India	3.49%
8	Pentair	3.49%
9	Acidaes	3.18%
10	Barco	3.04%
<b>Total</b>		<b>68.04%</b>

Source: Rent Roll as at 30 September 2022 and Client Information



### 3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 7.2 years, with ~34.33% of occupied area expiring between 2022 and 2025 as shown in the chart below (including office, retail and telecom tenants).



Source: Rent Roll as at 30 September 2022 and Client Information

Note:

1. The above year mentioned is on calendar year basis.
2. The time period for 2022 is considered from 1 October till 31 December

## 4 Valuation Methodology

In order to compute the Market Value of the Subject Properties it is prudent to understand the market dynamics and the location where the Subject Property is located (existing and future supply, demand from occupiers, average office space take up by an occupier in a particular sector, existing vacancy numbers and the rentals, likely growth of the office space etc.). Understanding of the micro market positioning (where the Subject Property is located) with respect to a location is also very important. The next step then becomes to understand the situation of the Subject Property (current achievable rentals, vacancy numbers, competing supply in the micro market etc.) with respect to the micro market.

Each of the steps required to assess the Market Value of the Subject Properties is detailed below:

### 4.1 Market and Location Assessment:

The Client appointed Cushman & Wakefield (CWI) to prepare an independent industry and market research report, which has been relied upon and reviewed by the Valuer to develop the understanding and assess the relevant micro-markets of the Subject Properties. The said review, was carried out in the following manner:

- i. Market dynamics influencing the rents along with Subject Property rents were studied in detail. Further, the location setting of the Subject Properties in the respective micro-markets were assessed. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by CWI and readily available information in public domain to ascertain the transaction activity of office space. The analysis entailed review of comparable properties in terms of potential competition

(both completed and under-construction/future developments), comparable recent lease transactions witnessed in the micro-market along with the trends in leasing within the Subject Properties in recent past, wherever available. This analysis enabled the Valuer to have an informed opinion on the market rent (applicable rental for the micro-market where the respective Subject Properties are located) and achievable market rent (Valuer's view on achievable rent for the respective Subject Properties for leasing vacant spaces, potential leasable area under development or planned as well as upon re-leasing of the existing let out area).

- ii. For tenants occupying relatively large space within the Subject Properties, where there may be some instances of areas being let out at lower than market rent, it is assumed that the leases shall revert to market rent following the expiry of the lease, factoring appropriate re-leasing time.

#### 4.2 Portfolio Assessment:

- i. As the first step, the rent rolls (which includes review of corresponding leases deeds) on a reasonable sample basis were reviewed to identify tenancy characteristics for the Subject Properties. As part of the rent roll review, major tenancy agreements were reviewed on a reasonable sample basis.
- ii. For anchor/large tenants, adjustments on achievable market rent or additional lease-up timeframe have been adopted upon lease reversion wherever relevant.
- iii. Title report, Architect's Certificate (dated: 03 November 2022) and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Properties.
- iv. Physical site inspections were undertaken to assess the current status of the Subject Properties.

#### 4.3 Preparation of Future Cash Flows:

- i. Net operating income (NOI) has primarily been used to arrive at the Market Value of the Subject Properties. The cash flows for the operational, under construction and future development area have been projected separately for the purpose of estimating and reporting valuation in accordance with the SEBI (REIT) Regulations
- ii. The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the Subject Properties. For vacant area, under-construction area and future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation wherein 11<sup>th</sup> year NOI is capitalized (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

Each of the lease was assessed to project the cash flows for a period of 10 years. The assessment was carried out in the following manner:

##### Step 1

Rental income from existing tenants up to the period of lease expiry, lock-in expiry, escalation milestones, etc. is projected whichever is applicable. In the event of any

	<p>vacant spaces, achievable market-rent is assumed for future income for such spaces with suitable time for leasing up the space.</p> <p>This data is then used to generate market aligned revenue stream from existing and potential tenants for the desired time period.</p>
<b>Step 2</b>	<p>In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable market rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.</p>
<b>Step 3</b>	<p>Computing the monthly rental income projected as part of Step 2 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).</p>

- iii. Recurring operational expenses, fit-out income (wherever applicable, however, the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market practices and conditions. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all Subject Properties, operational revenues and expenses of the respective properties are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income, which accrues as cash inflows to the Subject Properties and normalised for the purpose of cash flow projections. The 1-year forward income for the 11<sup>th</sup> year has been capitalized to assess the terminal value of the development at the end of year 10.

#### 4.4 Information Sources

Property related information relied upon for the valuation exercise have been provided to the Valuer by the Client and the market data has been provided by Cushman and Wakefield, unless otherwise mentioned. The documents provided has been assumed to be a true copy of the original. The rent rolls have been cross checked with the lease deeds on a sample basis only to ensure its correctness.

## 5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

### Completed Buildings with Occupancy Certificate (OC) received

Cashflow Period	Unit	Details
Valuation Date	Date	30-Sep-22
Cashflow Period	Years	10
Cashflow Exit Period	End Date	30-Sep-32

### Property Details

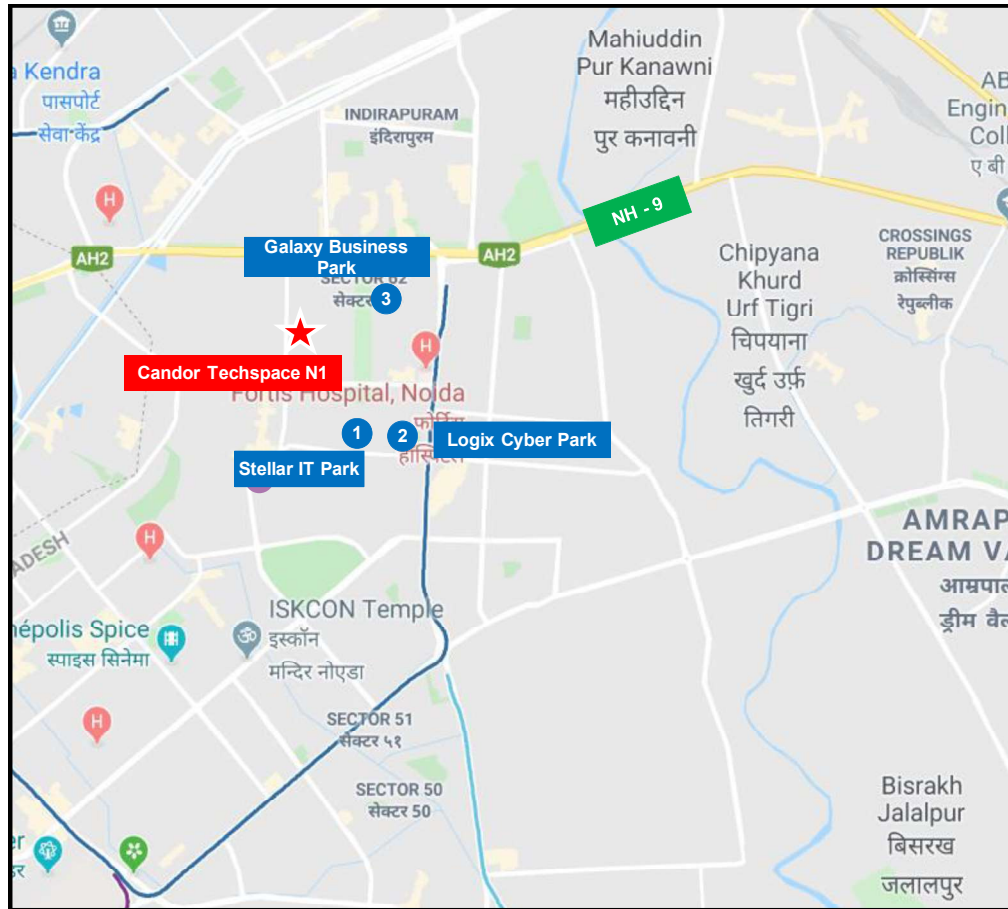
Property Details	Unit	Details
Total Property Leasable Area	Sq. ft.	19,57,084
Area Leased	Sq. ft.	16,83,020
Committed Occupancy*	%	86.00%
Vacant Area	Sq. ft.	2,74,065
Vacancy	%	14.0%
Stabilized Vacancy	%	2.5%
Further Leasing	Sq. ft.	2,25,138
Existing Lease Rollovers	%	100%
Rent Free Period- Existing Leases - Post First Year	Months	1
Rent Free Period- New Leases	Months	4
Total Parking Slots	#	3,038
Estimated Leasing Period	# of quarters	5

*Note: Further Leasing and Estimated Leasing Period relate to the existing Vacant Area.*

*\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area*

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.
- **Future absorption:**
  - Over 2015- Q3 2022, the sector 62, Noida micro market has witnessed an average annual net absorption of approximately 0.21 million sq. ft.
  - Going forward, the micro market is expected to have an average annual demand of approximately 0.15 million sq. ft. per annum till 2024.
  - Considering the above, it would be reasonable to believe that the Subject Property shall be able to lease up ~0.22 million sq. ft. within 5 quarters from January 2023.
- Further leasing of ~0.22 million sq. ft. has been assumed after incorporating a 2.5% stabilised vacancy which is a standard for Grade A office properties in the market.

**Subject Property and Relevant Existing/Upcoming Supply in the Sector 62 Micro Market**



Note: Blue boxes signify existing supply. Further, currently there is no upcoming supply in the micro-market

**Revenue Assumptions**

Revenue Assumptions	Unit	Details
Achievable Market Rent– Office (Base)	Per sq. ft. per month	INR 54.00
Achievable Market Rent– Retail (Base)	Per sq. ft. per month	INR 83.00
Achievable Market Rent – Office (including Parking)	Per sq. ft. per month	INR 56.00
Achievable Market Rent – Retail (including Parking)	Per sq. ft. per month	INR 85.00
Other Income (on leasable area)	Per sq. ft. per month	INR 0.53
Rental Growth Rate (for FY'24 - FY'27)	% p.a.	6.0%
Rental Growth Rate (from FY'28 onwards)	% p.a.	5.0%
O&M Markup Growth Rate - FY 24 onwards	% p.a.	4.0%
O&M Markup Growth Rate (CIOP Margin) *	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9
Normal Market Escalation at end	# of years	3
Market Escalation at the end of Escalation period	%	15%
O&M Markup for future leases	Per sq. ft. per month	INR 6.85

\**Note:* CIOP (Candor India Office Park) provides project management services to the properties of Brookfield India REIT which include services pertaining to construction, operations, procurement, accounting, legal and compliance services.

- **Achievable market rent – office:**

- Achievable market rent includes parking charges of INR 2 per sq. ft. per month (considering the parking rent of INR 3,000 per slot per month)
- In FY 2022-2023, approximately 0.44 million sq. ft. was leased in the rental range of INR 46-69 per sq. ft. per month (including parking). Some of the office leases done in FY 2023 is given below :

**Lease Transactions 2022-23**

Tenants	Year	Area (sq. ft)	Rent (INR per sq. ft)
Amazon	2022	1,35,046	46 -52
AWP Allianz	2022	13,380	53
Acidaes	2022	33,334	50
Bitpad	2022	10,777	62
McGraw Hill	2022	35,715	54
Innovaccer	2022	61,265	55 – 62

*Source: Rent Roll as at 30 September 2022 and Client Information*

- Considering the location, accessibility, quality, size of the building, and keeping in view the future supply which is very limited, it can reasonably be assumed that the Subject Property shall be able to command a monthly rental of INR 56 per sq. ft. per month (including parking charges).
- **Rental growth rate:** Considering the balanced absorption and future supply profile in the competitive REIT micro-market, we expect annual growth in achievable market rentals to be in the range of 5 - 6% in the medium to long term.
- **Other income:** We have been provided with other income for Visitor Car Park, Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income. We have considered an annual growth of 5% on other income.

- O&M Mark-up:** O&M revenues and expenses were shared by the client. O&M Mark-up constitutes two components, namely, O&M Mark-up including sinking fund and CIOP Mark-up. Since O&M revenues include sinking fund which is being charged at a constant rate without any growth assumed on it; the growth rate for O&M Mark-up has been suitably adjusted to normalise it over the future tenure. The O&M Mark-up for the Subject Property for FY'22 has been assumed at INR 6 -11 per sq. ft. per month. Further, the total CIOP expense for N1 is INR 55.08 Million p.a. Tenants are charged INR 3.31 – 7.74 per sq. ft. per month, based on their type on account of CIOP expense plus Mark-up.
- Efficiency:** As per our market study, we understand that the efficiency of Subject Property is in line with the efficiency of other IT/ITeS developments. Hence, we have not made any adjustments regarding the same for our valuation analysis.

#### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage Cost (Renewal/Release)	Month Rent	1 Month Rent
Brokerage Cost (New Lease)	Month Rent	2 Month Rent
Other Costs for Vacant Area for the Property Owner	Per sq. ft./month	INR 7.41
Land Lease Payment Rent	Per sq. ft./month	0.33
Cost Escalation	% p.a.	5.0%
Transaction Cost on Sale	% of Terminal Value	1.0%
Maintenance Capex as % of Revenue (Base Rent + Parking)	%	2

*Please note that there is a general development expenditure of INR 139 million to be incurred on the subject property.*

- Brokerage:** In accordance with the market benchmarks for Grade A property, we have assumed brokerage expense amounting to two months for new leases and one month for existing lease rollovers.
- Lease rent payment:** The Subject Property being the leasehold property involves lease rent payments of 11.02 million per annum (as per the lease deed). It will be escalated by 50% in FY' 26.
- Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

### Discount Rate & Capitalisation Rate Assumptions

- **Capitalization Rate:**

Capitalisation rate (“Cap rate”) is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates. In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a proposed public listing with better liquidity/marketability of ownership interest, the cap rate for the Subject Property has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players

\*CPPIB took 51% stake in the property erstwhile held by Prestige estates



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2022

- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of 11.75% for completed buildings was found to be aligned with the expectations of international investors investing in similar assets.

2022

Revenue Assumptions	Unit	Details
Achievable Market Rent– Office (Base)	Per sq. ft. per month	INR 54.00
Achievable Market Rent– Retail (Base)	Per sq. ft. per month	INR 83.00
Achievable Market Rent – Office (including Parking)	Per sq. ft. per month	INR 56.00
Achievable Market Rent – Retail (including Parking)	Per sq. ft. per month	INR 85.00
Rental Growth Rate (for FY'24 - FY'27)	% p.a.	6.0%
Rental Growth Rate (for FY'28 onwards)	% p.a.	5.0%
O&M Markup Growth Rate - FY 24 onwards	% p.a.	4.0%
O&M Markup Growth Rate (CIOP Margin)	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9
Normal Market Escalation at end	# of years	3
Market Escalation at the end of escalation period	%	15%
O&M Markup for future leases	Per sq. ft. per month	INR 6.85

### **Future Development**

Please note that all assumptions mentioned above under the “Completed Property” section holds true for Future development buildings. The exceptions if any are as elaborated below:

### **Property Details**

Property Details	Unit	Block 4A	Block 4B
Total Property Leasable Area	Sq. ft.	440,051	418,409
Stabilized Vacancy	%	2.5%	2.5%
Existing Lease Rollovers	%	100%	100%
Rent Free Period – New Leases	Months	4	4
Total Parking Slots	#	593	564
Estimated Leasing Period	# of quarters	9	7

### **Construction Related Assumptions**

Construction Related Assumptions	Units	Block 4A	Block 4B
Start Date of Construction		Apr-24	Apr-23
End Date of Construction		Mar-27	Mar-26
Total Construction Cost <sup>3</sup>	INR Million	2,266	2,002

#### Notes:

1. Reliance on Client inputs for the assumptions relating to construction.
2. The assumptions on cost to be incurred for future developments as well as for under construction projects are based on inputs provided from the client while applying independent professional judgement by the valuer.
3. Total Construction Cost includes cost of development of the common areas in the Subject Property.

### **Revenue Assumptions**

#### **Capitalization Rate and Discount Rate**

With reference to the explanation in completed property section, the cap rate for the Subject Property has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year. Owing to the various risks pertaining to the under-construction/ future development properties, we have considered a risk premium of 125bps, to derive the discount rate of 13% for under-construction / future development properties. This is in line with the expectations of international investors investing in similar assets.

2022

## 6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 19,550 Million	Indian Rupees Nineteen Billion Five Hundred and Fifty Million Only
Future Developments	30 September 2022	INR 2,746 Million	Indian Rupees Two Billion Seven Hundred and Forty-Six Million Only

### Ready Reckoner Rate

Component	Rate
Carpet Area	INR 194,250 per sq. meter
Land Area	INR 65,000 per sq. meter

\*For reference, please refer Annexure 7

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by

**SHUBHENDU  
SAHA**

Digitally signed by SHUBHENDU SAHA  
DN: c=IN, postalCode=110063, st=DELHI, l=WEST DELHI, o=Personal,  
serialNumber=7d8898dca20a40e8b7c090127c92a792dc403971ac11ab4d9  
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Date: 2022.11.07 10:47:01 +05'30'

(Shubhendu Saha)

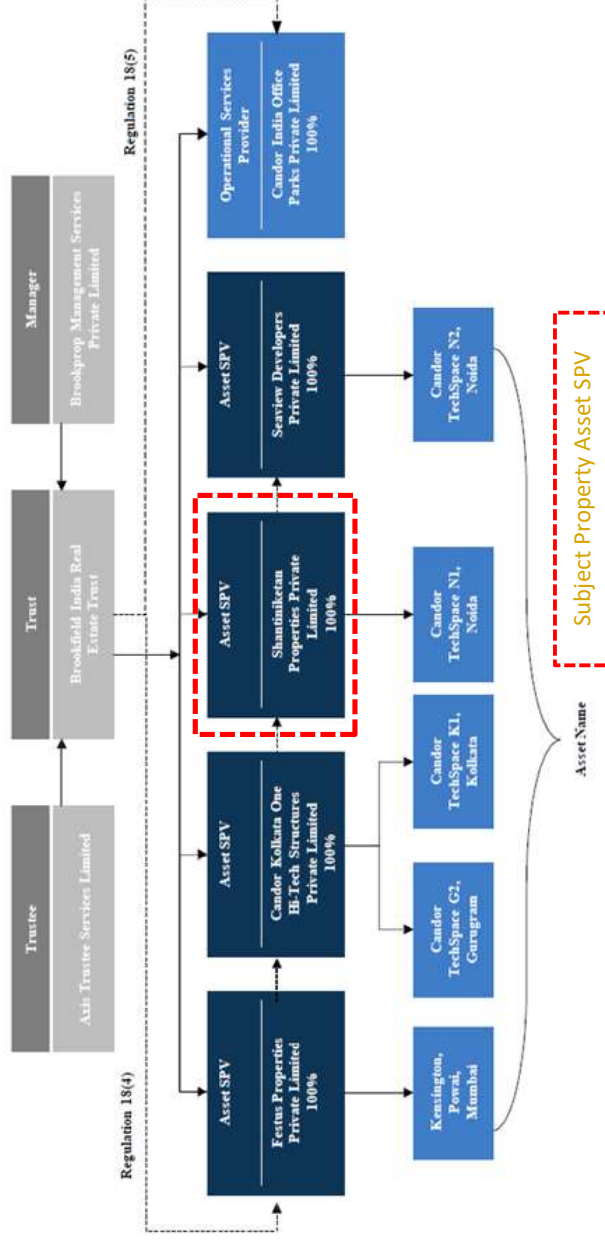
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M: +91 9910386675

E: shubhendu\_leo@hotmail.com

**Annexure 1: Ownership Structure of Subject Property**

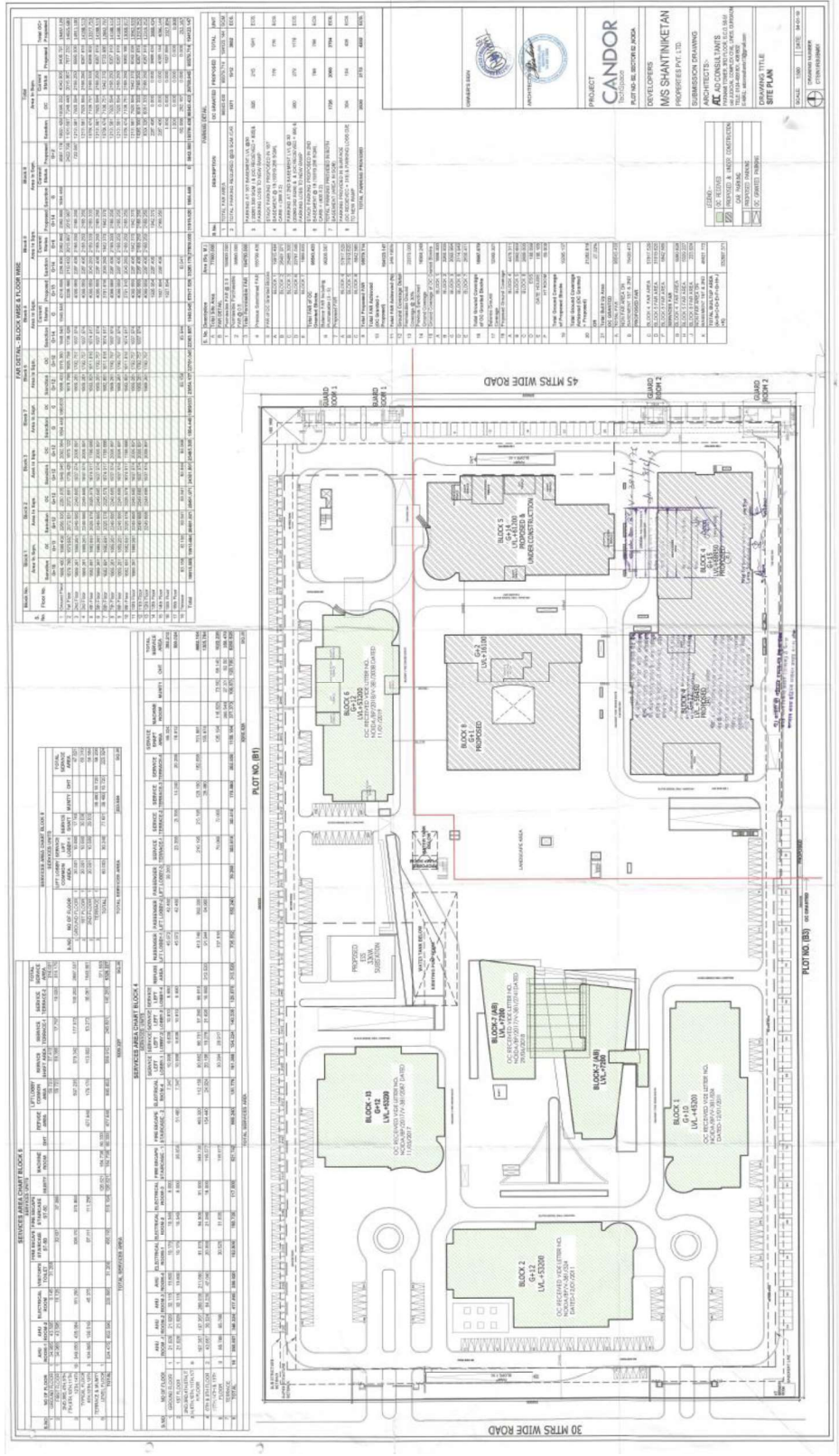


**Note:**

By way of a scheme of amalgamation filed with the NCLT, Candor Gurgaon 2 has merged into Candor Kolkata. The NCLT has approved the scheme by way of its order dated 8 August 2019 and has approved the application for rectification of the aforesaid order by way of its order dated 14 November 2019. The scheme has been made effective from 4 May 2020 with the approval of the BoA dated 5 March 2020 and ROC, Mumbai dated 4 May 2020

Annexure 2: Property Layout Plan

Completed and Future Development Buildings



**Annexure 3: Property Photographs**



External View of Block 5



Food Court



External View of Block 3



View of DG Room



Internal View of Pump Room



Internal View of LT Panel Room



View of Lobby



View of Amenity Block (Block 8)



External view of Subject Property



External view of Block 7





November 2022

**Annexure 5: List of Sanctions and Approvals**

List of one-time sanctions/approvals which are obtained or pending:

**Approvals Received**

- a) Building Plan Approvals for all existing/ under construction buildings and amendments thereof
- b) Full Occupancy Certificates received for all the operational buildings
- c) Consent to Establish (CTE)
- d) Environment Clearance Certificate
- e) One-time Fire NOC
- f) Height clearance NOC from AAI
- g) Consent to Operate (CTO)
- h) Extension of EC permission
- i) NOC for ground water abstraction

**Approvals Pending**

- a) Environmental Clearance for Future Development Building

**Annexure 6: Cash Flows – Completed Buildings (Block 1, 2, 3, 5,6, 7 and 8)**

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
<b>OPERATING INCOME</b>												
Lease Rentals (including Parking Income)	INR Million	945.4	1,124.4	1,336.5	1,375.2	1,446.0	1,579.3	1,727.8	1,803.4	1,871.0	1,918.4	2103.5
O&M Markup	INR Million	179.2	222.7	245.0	255.5	266.5	277.9	289.9	302.4	315.4	328.9	343.1
Other Income (Telecom, Promotional, Visitor Parking & Misc. Activities)	INR Million	13.0	13.7	14.3	15.1	15.8	16.6	17.4	18.3	19.2	20.2	21.2
Total Income	INR Million	1,137.7	1,360.8	1,595.8	1,645.7	1,728.3	1,873.8	2,035.1	2,124.0	2,205.5	2,267.5	2,467.8
Total Income from occupancy	INR Million	1,137.7	1,360.8	1,595.8	1,645.7	1,728.3	1,873.8	2,035.1	2,124.0	2,205.5	2,267.5	2,467.8
<b>OPERATING COSTS</b>												
CAAM Costs For Vacant Areas	INR Million	(15.3)	(1.3)	-	-	-	-	-	-	-	-	-
Lease Rent Payments	INR Million	(7.8)	(7.8)	(7.9)	(9.8)	(11.7)	(11.7)	(11.7)	(11.7)	(11.8)	(11.8)	(11.5)
Total Operating Costs	INR Million	(23.1)	(9.1)	(7.9)	(9.8)	(11.7)	(11.7)	(11.7)	(11.7)	(11.8)	(11.8)	(11.5)
Net operating Income	INR Million	1,114.6	1,351.7	1,587.9	1,636.0	1,716.6	1,862.1	2,023.4	2,112.3	2,193.8	2,255.7	2,456.2
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	30,702.7	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(307.0)	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Net Income	INR Million	1,114.6	1,351.7	1,587.9	1,636.0	1,716.6	1,862.1	2,023.4	2,112.3	2,193.8	32,651.5	2,456.2
Maintenance Capex	INR Million	(18.9)	(22.5)	(26.7)	(27.5)	(28.9)	(31.6)	(34.6)	(36.1)	(37.4)	(38.4)	-
Brokerage Expenses	INR Million	(47.0)	(28.0)	(11.0)	(3.1)	-	(6.5)	(2.3)	(1.2)	(5.7)	(48.6)	(53.1)
Total Construction Costs	INR Million	(139.0)	-	-	-	-	-	-	-	-	-	-
Net Cashflows	INR Million	909.7	1,301.2	1,550.2	1,605.3	1,687.7	1,824.0	1,966.6	2,075.0	2,150.7	32,564.5	-

**Future Development- Block 4A**

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
<b>OPERATING INCOME</b>												
Lease Rentals (including Parking income)	INR Million	-	-	-	-	23.8	175.1	341.7	406.8	432.4	454.2	467.8
O&M Markup	INR Million	-	-	-	-	10.6	48.0	78.8	85.4	89.2	93.2	97.3
Other Income (Telecom, Promotional, Visitor Parking & Misc. Activities)	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	-	-	-	-	34.4	223.1	420.5	492.2	521.6	547.3	565.1
Total Income from occupancy	INR Million	-	-	-	-	34.4	223.1	420.5	492.2	521.6	547.3	565.1
<b>OPERATING COSTS</b>												
CAM Costs For Vacant Areas	INR Million	-	-	-	-	(17.6)	(19.9)	(2.0)	-	-	-	-
Lease Rent Payments	INR Million	(1.7)	(1.7)	(1.7)	(2.2)	(2.6)	(2.6)	(2.6)	(2.6)	(2.7)	(2.7)	(2.7)
Net operating Income	INR Million	(1.7)	(1.7)	(1.7)	(2.2)	14.2	200.6	415.9	489.5	519.0	544.7	562.4
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	7,030.5	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(70.3)	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Net Income	INR Million	(1.7)	(1.7)	(1.7)	(2.2)	14.2	200.6	415.9	489.5	519.0	7,504.9	562.4
Brokerage Expenses	INR Million	-	-	-	-	(20.9)	(29.0)	(16.3)	-	-	-	-
Total Construction Costs	INR Million	-	(377.6)	(755.3)	(755.3)	(377.6)	-	-	-	-	-	-
Net Cashflows	INR Million	(1.7)	(379.4)	(757.0)	(757.4)	(384.8)	168.1	392.8	481.4	510.3	7,495.8	-

**Future Development- Block 4B**

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
<b>OPERATING INCOME</b>												
Lease Rentals (including Parking income)	INR Million	-	-	-	8.2	156.8	330.1	382.1	410.2	430.5	439.5	471.8
O&M Markup	INR Million	-	-	-	7.5	46.0	72.2	77.8	81.2	84.8	88.6	92.5
Other Income (Telecom, Promotional, Visitor Parking & Misc. Activities)	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	-	-	-	15.7	202.8	402.3	459.9	491.4	515.3	528.1	564.3
Total Income from occupancy	INR Million	-	-	-	15.7	202.8	402.3	459.9	491.4	515.3	528.1	564.3
<b>OPERATING COSTS</b>												
CAM Costs For Vacant Areas	INR Million	-	-	-	(17.3)	(16.5)	(1.5)	-	-	-	-	-
Lease Rent Payments	INR Million	(1.6)	(1.6)	(1.6)	(2.1)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
Net operating income	INR Million	(1.6)	(1.6)	(1.6)	(3.7)	183.8	398.3	457.4	488.9	512.8	525.5	561.8
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	7,022.1	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(70.2)	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Net Income	INR Million	(1.6)	(1.6)	(1.6)	(3.7)	183.8	398.3	457.4	488.9	512.8	7,477.4	561.8
Brokerage Expenses	INR Million	-	-	-	(16.5)	(33.8)	(12.5)	-	-	-	-	-
Total Construction Costs	INR Million	(333.6)	(667.3)	(667.3)	(333.6)	-	-	-	-	-	-	-
Net Cashflows	INR Million	(335.3)	(668.9)	(668.9)	(354.0)	146.9	379.2	449.7	480.7	504.2	7,468.7	-

**Annexure 7: Ready Reckoner Rate and Land Rate**

**Ready Reckoner Rate**

प्रारम्भ-1 में आवाटेरा किया गया थी- कोड	सेक्टर का क्रमांक	सामस्त श्रेणी को अक्षयक गूने जिनका भू प्रयोजन प्राधिकरण द्वारा सुनिश्चित है की दरें प्रति वर्गमीटर रूपये में									एकल के विन (कमोड एन-कले कालिफिकेशन बन्धि की निर्मित दर कार्सेट एरिया प्रति वर्गमीटर में					
		A			B			C			प्राधिकरण से आवंटित कालिफिकेशन पूरापुष्ट में निर्मित दुकान, कार्यालय व गोपान की दर कार्सेट एरिया प्रति वर्गमीटर निर्धारित दर			प्राधिकरण से आवंटित गैर कालिफिकेशन पूरापुष्ट में निर्मित दुकान, कार्यालय व गोपान की दर कार्सेट एरिया प्रति वर्गमीटर निर्धारित दर		
		भूखण्ड आवासीय प्रयोजन			भूखण्ड वाणिज्यिक प्रयोजन			भूखण्ड औद्योगिक प्रयोजन								
		i	ii	iii	i	ii	iii	i	ii	iii	पुकाण	कपाण	गोपान व अन्य	दुकान	कार्यालय	गोपान व अन्य
		12 मी० से अधिक किन्तु 18 मी० तक चौड़ी सड़क पर	18 मी० से अधिक किन्तु 24 मी० तक चौड़ी सड़क पर	24 मी० से अधिक चौड़ी सड़क पर	100 वर्ग मी० तक	100 वर्ग मी० से अधिक किन्तु 1000 वर्ग मी० तक	1000 वर्ग मी० से अधिक किन्तु 20000 वर्ग मी० तक	4000 वर्ग मी० तक से मूखण्ड के लिए	4000 वर्ग मी० से अधिक किन्तु 20000 वर्ग मी० तक	20000 वर्ग मी० तक से अधिक						
0058	53	75600	79200	82800	287000	240000	159000	-	-	-	281200	219200	213300	199500	194250	189000
0059	54	46200	48400	50600	287000	240000	159000	-	-	-	281200	219200	213300	199500	194250	189000
0060	55	75600	79200	82800	287000	240000	159000	-	-	-	281200	219200	213300	199500	194250	189000
0061	56	75600	79200	82800	287000	240000	159000	-	-	-	281200	219200	213300	199500	194250	189000
0062	57	46200	48400	50600	287000	240000	159000	20000	19000	17000	251200	195500	189600	178500	173250	168000
0063	58	46200	48400	50600	287000	240000	159000	20000	19000	17000	251200	195500	189600	178500	173250	168000
0064	59	46200	48400	50600	287000	240000	159000	20000	19000	17000	251200	195500	189600	178500	173250	168000
0065	60	46200	48400	50600	287000	240000	159000	20000	19000	17000	251200	195500	189600	178500	173250	168000
0066	61	75600	79200	82800	287000	240000	159000	-	-	-	281200	219200	213300	199500	194250	189000
0067	62	75600	79200	82800	315000	259000	166000	-	-	-	281200	219200	213300	199500	194250	189000
0068	63	46200	48400	50600	315000	259000	166000	20000	19000	17000	296300	231100	225100	210000	204750	199500
0069	63 A	46200	48400	50600	240000	196000	148000	20000	19000	17000	222000	171800	165900	157500	152250	147000
0070	64	46200	48400	50600	287000	240000	159000	20000	19000	17000	251200	195500	189600	178500	173250	168000
0071	65	46200	48400	50600	287000	240000	159000	20000	19000	17000	251200	195500	189600	178500	173250	168000
0072	66	42000	44000	46000	287000	240000	159000	-	-	-	281200	219200	213300	199500	194250	189000
0073	67	46200	48400	50600	287000	240000	159000	20000	19000	17000	251200	195500	189600	178500	173250	168000

सहायक महानिरीक्षक निर्बंधन (प्रथम)  
गौतमबुद्धनगर।

अपर जिलाधिकारी(वित्त एवं राजस्व)  
गौतमबुद्धनगर।

जिलाधिकारी  
गौतमबुद्धनगर।



November 2022

**Annexure 8: Major Repairs Undertaken and Proposed in the Subject Property**

As informed by client, following major repairs/upgrades have been taken up in the past:

- Reduction of campus ingress and egress timings by upgrading entry and exit points, constructing a new gate and widened the approach road, upgrading parking systems to RFID based parking and upgrading electromechanical equipment.
- Introduction of several tenant convenience facilities such as day care centres, a salon, ATMs, a gift store and 24x7 convenience stores and enhanced the amenities offered on campus; and
- Installation of rooftop solar panels

**Annexure 9: Caveats & Limitations**

1. The Valuation Report (hereafter referred to as the “Report”) covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
  - a. The valuation method adopted is based on the Valuer’s expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to **Brookfield India Real Estate Trust** (or “the Client”) or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
  - b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
  - c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
  - d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
  - e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services or an independent validation of the projections. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
  - f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.





# **Valuation Report:**

## **Candor Techspace N2, Sector-135, Noida**

**Submitted to:**

**Brookfield India Real Estate Trust**

**Prepared by:**

**Shubhendu Saha, MRICS**

*(IBBI/RV/05/2019/11552)*

**Date of Valuation: 30 September 2022**

**Date of Report: 6 November 2022**

### Disclaimer

*This report is prepared exclusively for the benefit and use of Brookfield India Real Estate Trust ("Brookfield India REIT") (the "Recipient" or the "Company" or "Instructing Party") and / or its associates and for, presentations, research reports, publicity materials, press releases prepared for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT and does not carry any right of publication or disclosure to any other party. The Company may share the report with its appointed advisors for any statutory or reporting requirements. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 15 March 2021 and addendum dated 15 September 2022 without the prior written consent of the Valuer.*

*The information in this report reflects prevailing conditions and the view of the Valuer as of its date, all of which are, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Company has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.*

*This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 15 March 2021 and addendum dated 15 September 2022. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.*

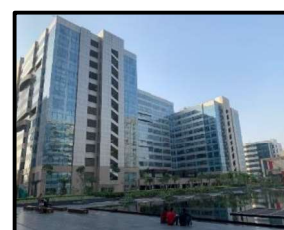
*This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.*

## Executive Summary

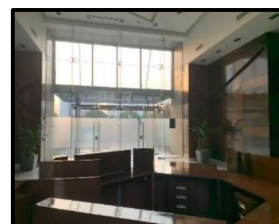
Candor Techspace IT/ITeS SEZ (N2), Sector-135, Noida, Uttar Pradesh	
<b>Valuation Date:</b>	30 September 2022
<b>Valuation Purpose:</b>	Disclosure of valuation of asset forming part of portfolio of Brookfield India in accordance with the SEBI (REIT) Regulations, 2014
<b>Location / Situation:</b>	Candor Techspace N2 is located at Plot No. 20, 21, Noida – Greater Noida Expressway, Sector-135, Noida, Uttar Pradesh – 201304, India (herein after referred to as N2 and/ or Subject Property). N2 is spread over 29.653 acres of land parcel comprising an IT/ITeS SEZ. It is accessible via a 45 meter wide sector road off Noida-Greater Noida Expressway on north. It is well connected with other parts of the city through road and metro rail network. It is located in one of the established IT/ITeS and SEZ office destinations of Noida.
<b>Description:</b>	<p>N2 constitutes 14 completed buildings. The subject property can be segregated under two components viz. completed and future development buildings. The listing of buildings under each component is as follows:</p> <p><b>Completed buildings with Occupancy Certificate (OC) received – Tower 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 11A, Amenity Block-1 (Ground Floor) and Amenity Block-2</b></p> <p>The operational buildings collectively admeasure 3,764,117 sq. ft. of leasable area with 75.5%** committed occupancy*.</p> <p><b>Future development – Tower 12 and Amenity Block-1 (First Floor)^</b></p> <p>Tower 12 admeasuring 760,000 sq. ft. of leasable area and Amenity Block-1 (first floor) admeasuring 10,873 sq. ft. of leasable area are currently planned for future and are expected to be ready by Q2 FY 2026-27 and Q3 FY 2023-24 respectively. The leasable area of the future development is indicative and is subject to change once the internal business plans are in place or the construction is completed. No approvals have been obtained as on the date of valuation.</p>
<b>Total Area:</b>	<p>Total Land Area: 29.653 Acres</p> <p>Completed Leasable Area: 3,764,117 sq. ft.</p> <p>Future Development Leasable Area: 770,873 sq. ft.</p> <p>Total Leasable Area: 4,534,990 sq. ft.</p>



View of Tower 4, 5, 6



View of Tower 8, 9, 10



View of Tower 5 Lobby



View of Amenity Block-2

Source: Architect's Certificate (03 November 2022), \*Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area

^The first floor of Amenity Block-1 is considered as future development and has not been counted as an additional tower for the purposes of computing the no. of buildings in the future development component.

<b>MARKET VALUE OF THE SUBJECT PROPERTY</b>			
<b>Component</b>	<b>Market Value as on</b>	<b>In Figures</b>	<b>In Words</b>
Completed Building	30 September 2022	INR 38,686 Million	Indian Rupees Thirty-Eight Billion Six Hundred and Eighty Six Million Only
Future Developments	30 September 2022	INR 2,284 Million	Indian Rupees Two Billion Two Hundred and Eighty Four Only

*This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.*

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**From:** Shubhendu Saha, MRICS  
IBBI Registered Valuer (L&B)  
(IBBI/RV/05/2019/11552)

**To:** Brookfield India Real Estate Trust

**Property:** Valuation of Candor Techspace N2, Sector – 135, Noida, Uttar Pradesh

**Report Date:** 06 November 2022

**Valuation Date:** 30 September 2022

## **A REPORT**

### **1 Instructions**

Brookfield India Real Estate Trust (hereinafter referred to as the “REIT” or the “Client”) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the “Valuer”), to undertake the valuation of office property located in Noida (hereinafter referred to as “Subject Property” and/or “Candor Techspace N2”) for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 10 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

### **2 Professional Competency of The Valuer**

Mr. Shubhendu Saha, the Valuer for the Subject Property is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor’s in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master’s in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. From 2009 to 2015, he was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career, he worked with renowned organisations like ICRA Limited, Copal Research



(now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He is the first registered valuer under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 to undertake the valuation of REIT assets for an IPO. Mr. Saha also led the valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity funds, real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele includes, Mindspace REIT, Embassy REIT, K Raheja Corp, Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

### **3 Independence and Conflicts of Interest**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Subject Property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Property in past five years from the date of his engagement as the Valuer.

### **4 Purpose of Valuation**

The purpose of this valuation is for the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 [SEBI (REIT) Regulations], as amended, together with circulars, clarifications, guidelines and notifications thereunder by SEBI and also disclosure as per fair value accounting under Indian Accounting Standards (Ind AS 40).

### **5 Basis of Valuation**

Given the purpose of valuation as mentioned above, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with the IVSC International Valuation Standards issued on 2021, effective from 31 January 2022.

As per IVSC International Valuation Standards, "Market Value" is defined as *'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

### **6 Valuation Approach & Methodology**

The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

**Market Approach**

In 'Market Approach', the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

**Income Approach**

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

**Income Approach - Direct Capitalization Method**

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

**Income Approach - Discounted Cash Flow Method**

The income approach is based on the premise that value of an income producing asset is a function of future benefits and income derived from that asset. Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income and cost associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

**Income Approach - Discounted Cash Flow Method using Rental Reversion**

Given the market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase the attractiveness of the property to prospective tenants. Such benefits are typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, typically the impact of such sub/above market leases on the valuation of the Subject Property are normalised by estimating the rental revenue achievable at the end of the term, based on the expected rents in the market.

The valuation for the Subject Property has been derived by adopting income approach, utilising the discounted cash flow method with rental reversion.

**7 Assumptions, Departures and Reservations**

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 10 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc.

pertaining to the Subject Property is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

## **8 Inspection**

The Property was inspected on 14 March 2022 by the Valuer. There have not been any subsequent visits to the site. No measurement or building survey has been carried out as part of the valuation exercise and the Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

## **9 General Comment**

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

## **10 Confidentiality**

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents.

## **11 Authority**

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any purchase or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

## **12 Reliant Parties**

The Reliant Parties would mean Brookfield India REIT, Brookprop Management Services Private Limited ("Brookprop" or "Manager") and their unitholders and Axis Trustee Services Limited ("Trustee"). The reliance on this report is extended to the Reliant Parties for the purpose as highlighted in this Valuation Report. The auditors, lawyers and book running lead managers, would be extended reliance by the Valuer but would not be liable to such parties, except in case of gross negligence and wilful misconduct by the Valuer.

The valuation exercise is conducted strictly and only for the use of the Reliant Parties and for the purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

### **13 Limitation of Liability**

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of Letter of Engagement ("LOE") and this report the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million).
- In the event that any of the BSREP India Holdings V Pte. Ltd (the "Sponsor"), Manager, Trustee, Brookfield India REIT or other intermediaries appointed in connection with the disclosure of valuation of assets forming part of the portfolio of Brookfield India REIT subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Valuation, the Claim Parties will be entitled to require the Valuer, to be a necessary party/ respondent to such claim and the Valuer shall not object to his inclusion as a necessary party/ respondent. However, the legal cost with respect to appointment of lawyers by the Valuer as a respondent/ defendant shall be borne by the Client. If the Valuer, as the case may be, does not co-operate to be named as a necessary party/ respondent to such claims or co-operate in providing adequate/ successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the Valuer in this regard and his liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.
- The Valuer is neither responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/validation of the zoning regulations/development controls etcd

### **14 Disclosure and Publication**

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities and Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment)

Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

## **15 Anti-Bribery & Anti-Corruption**

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

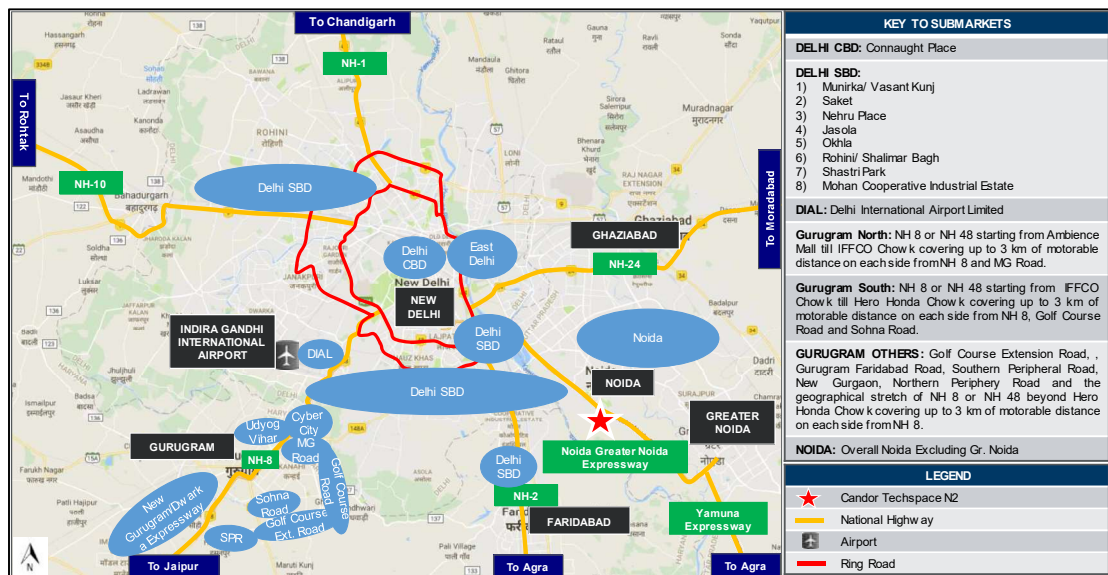
## **B NATIONAL CAPITAL REGION REPORT**

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

**1 National Capital Region Overview**

National Capital Region (NCR) is the world’s second largest urban agglomeration by population and the largest by area (Source: www.un.org). It is an urban agglomeration which encompasses the entire National Capital Territory (NCT) of Delhi as well as urban areas surrounding it in neighbouring states of Haryana, Uttar Pradesh and Rajasthan. In the last decade and half, urbanization in Delhi has spread rapidly towards adjoining towns. The proliferation of service and industrial activities resulted in significant migration of people from Delhi, mainly towards Gurugram, Noida and Ghaziabad.

The map below highlights the key office micro markets of NCR illustrating the geographical expanse of the office market. The micro markets covered for the analysis are the prime contributors to the office supply in NCR.



Source: Cushman & Wakefield Research (Map not to scale)

NCR is presented as a consolidated office market comprising of four independent micro markets:

1. Delhi (which further comprises micro-market viz Delhi CBD, Delhi SBD and East Delhi)
2. Gurugram (which further comprises micro-market viz Gurugram North, Gurugram South and Gurugram Others)
3. Noida (which further comprises micro-market viz Sector 62, Noida-Greater Noida (NGN) Expressway and Rest of Noida)
4. DIAL

The table below highlight the key statistics of NCR’s office micro markets:

Particulars	NCR overall	Delhi	DIAL	Gurugram	Noida*	NGN Express way
Total Completed Stock till 9M 2022 (million sq. ft.)	86.03	3.29	1.37	59.64	21.73	13.85
Current Occupied Stock till 9M 2022 (million sq. ft.)	66.22	2.41	1.23	47.14	15.45	8.86
Current Vacancy 9M 2022 (%)	23.02%	26.69%	10.03%	20.97%	28.91%	36.00%
Avg. Annual Absorption - 2015 – 9M 2022 (million sq. ft.)	3.61	0.16	0.14	2.44	0.87	0.61
Future Supply – Q4 2022 E – 2024 E (million sq. ft.)	13.94	0.00	0.00	11.42	2.52	2.52
Market Rent – 9M 2022 (INR psf / month)	87.97	143.23	224.52	94.42	53.32	53.57
CAGR (2015 – 9M 2022)	2.05%	1.08%	4.90%	2.25%	4.03%	3.09%

Source: Cushman & Wakefield Research

Notes:

1. Only Grade A office spaces have been considered for the analysis presented in the above table.
2. Ghaziabad, Greater Noida and Faridabad have minimal office supply and have not been captured in the analysis.
3. \*Brookfield India REIT's city market for Subject Property.
4. ^Brookfield India REIT's micro market within Brookfield India REIT's city market for Subject Property.
5. Stock ("stock" and / or "relevant stock") and Supply ("supply" and / or "relevant supply") numbers are computed by excluding the buildings less than 1 lakh square feet and applying certain other criteria. Additionally, for Noida, non-IT buildings are also excluded from the analysis.
6. Vacancy and Net Absorption numbers are computed on the relevant stock.
7. The future supply estimates are based on analysis of proposed and under construction buildings.
8. The rentals are based on the prevailing quotes in the micro-market. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters. Rentals for Brookfield India REIT properties have been sourced from Brookprop Management Services Private Limited. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
9. Rentals presented above are weighted average values on completed stock.

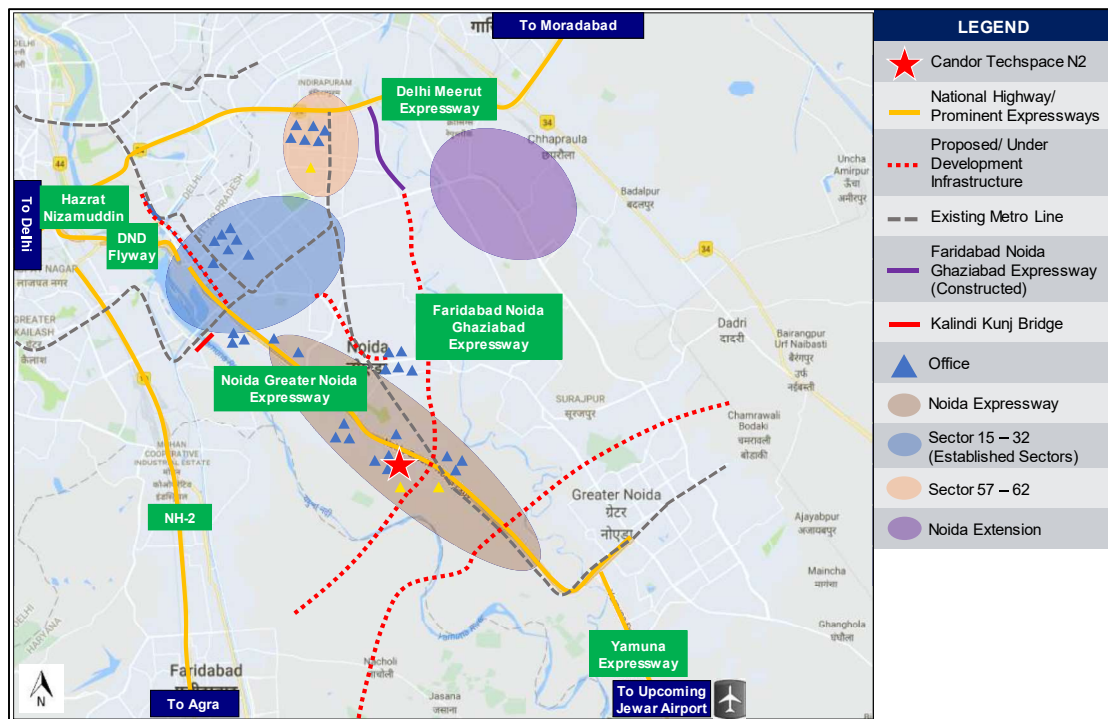


**2 Brookfield India REIT’s City Market- Noida**

Candor Techspace N2 is a leasehold, Grade-A asset located in Noida city market of NCR, with well-planned infrastructure, proximity to residential areas and established social infrastructure.

**2.1 Overview**

Noida, located in the State of Uttar Pradesh, is an integral part of the NCR. It is a planned city located in Gautam Buddha Nagar district. Further, it is located at about 25 km south-east of Central Delhi and can be accessed from the Central Delhi via: Delhi - Noida Direct (DND) Flyway or Toll Bridge; Sarita Vihar or Kalindi Kunj Road; and the Nizamuddin Flyover. It is bound on the west and south-west by the Yamuna River and on the north-east by Ghaziabad.



Source: Cushman & Wakefield Research  
(Map not to scale)

Primary office clusters in Noida are concentrated towards Sector 16, 18, 32 and 57 - 65 and a belt running along Noida Expressway. Office developments in Sectors 16, 18, 32 and 57-65 constitute a mix of investment grade and sub investment grade developments. Noida Expressway primarily constitute investment grade developments. Sector 16,18, 32 houses commercial developments, however the other two office clusters predominantly offer IT / ITes and SEZ developments. To name few, established players like Brookfield, Blackstone, Advant etc. have their footprint in Noida. Along with prominent office spaces, Noida Expressway is a hub for international schools as well. Some well know schools operational on Expressway are Lotus Valley International School, Gyanshree School, Mayoer School, Pathways International Amity International etc.

Traditionally retail cluster in Noida had remained confined to Sector 18 which is also known as the “Atta Market”. The Sector 18 market is also the main high street retail destination of Noida. Gradually, as the

development activity in the city progressed a number of malls got developed in Sectors 16, 18 and 32. Few of the prominent retail malls in the city are Great India Place, DLF Mall of India (one of the largest in NCR with leasable area of approximately 2 million sq. ft.), Centre Stage Mall, Gardens Galleria, Spice Mall, Logix City Centre Mall etc. ~ together, all these retail malls contribute to a significant percentage of organized retail supply of the city.

Residential supply of the city can be divided under established and upcoming sectors. The established sectors of Noida such as 14, 15, 21, 22, 45, 55, 56, etc. constitute plotted developments through government or unorganized players and high-rise developments primarily under cooperative group housing schemes. Central Noida, comprising Sectors 72 – 79, the sectors along the under-construction FNG expressway and sectors in Noida Extension are high density sectors. Hence, most of the projects in these micro markets comprises high-rise group housing projects. These sectors are being developed by organized players/ developers and primarily cater to Middle Income Group. The sectors along Noida – Greater Noida Expressway have residential projects along both sides. Residential developments in this micro market comprise both plotted developments and high-rise group housing projects. These sectors are being developed by organized players/ developers and cater to all segments viz. Middle-Income Group, Upper Middle-Income Group and High-Income Group.

With approx. 25,000 students graduating every year, Noida has ample talent pool to cater the office occupants present in the city. Amity University, Jaypee Institute of Information & Technology and Sharda University are few of the renowned educational campuses present in Noida.

Noida has been divided into three micro markets:

- Sector 62, Noida – refers to the Northern part of Noida, abutting NH – 24 and covering the surrounding sectors of 57, 58, 59 and 60 towards south and Sectors 63 and 64 towards east
- Noida–Greater Noida (NGN) Expressway – refers to the geographical expanse of NGN expressway
- Rest of Noida – refers to office clusters in Sectors 16-18, sectors 32-34 and Greater Noida West

The micro markets are well connected to other nodes of NCR via. robust road and metro network. Hence, efficient management of commuting by public and private mode of communication makes it a conducive location for workforce travelling for work. Noida is the only city in NCR where the physical infrastructure was planned ahead of real estate development. Hence, the city enjoys superior physical infrastructure and planned architectural layout. Noida has availability of residential and office spaces with rentals and capital values significantly lower than Gurugram and Delhi. Hence, the city stands out as it offers quality living at much lower occupation cost.

The key drivers of demand for office space in Noida are as follows:

- **Connectivity and linkages:** Noida is well connected to other nodes of NCR via. robust road and metro network. Hence, efficient management of commuting by public and private mode of communication makes it a conducive location for workforce travelling for work. Noida is the only city in NCR where the physical infrastructure was planned ahead of real estate development. Hence, the city enjoys superior physical infrastructure and planned architectural layout.
- **Lower occupation cost:** Noida has availability of residential and office spaces with rentals and capital values significantly lower than Gurugram and Delhi. Hence, the city stands out as it offers quality living at much lower occupation cost.
- Access to educated talent pool from Delhi, Haryana, Punjab, Rajasthan and Uttar Pradesh

**2.2 Key Statistics – Noida**

Particulars	Details
<b>Total Completed Stock (9M 2022)</b>	Approximately 21.73 million sq. ft.
<b>Current Occupied Stock (9M 2022)</b>	Approximately 15.45 million sq. ft.
<b>Current Vacancy (9M 2022)</b>	Approximately 28.91%
<b>Avg. Annual Net Absorption (2015 – 9M 2022)</b>	Approximately 0.87 million sq. ft.
<b>Future Supply (Q4 2022 E – 2024 E)</b>	Q4 2022E: Approximately 0.75 million sq.ft.
	2023E: Approximately 1.48 million sq. ft.
	2024E: Approximately 0.29 million sq. ft.

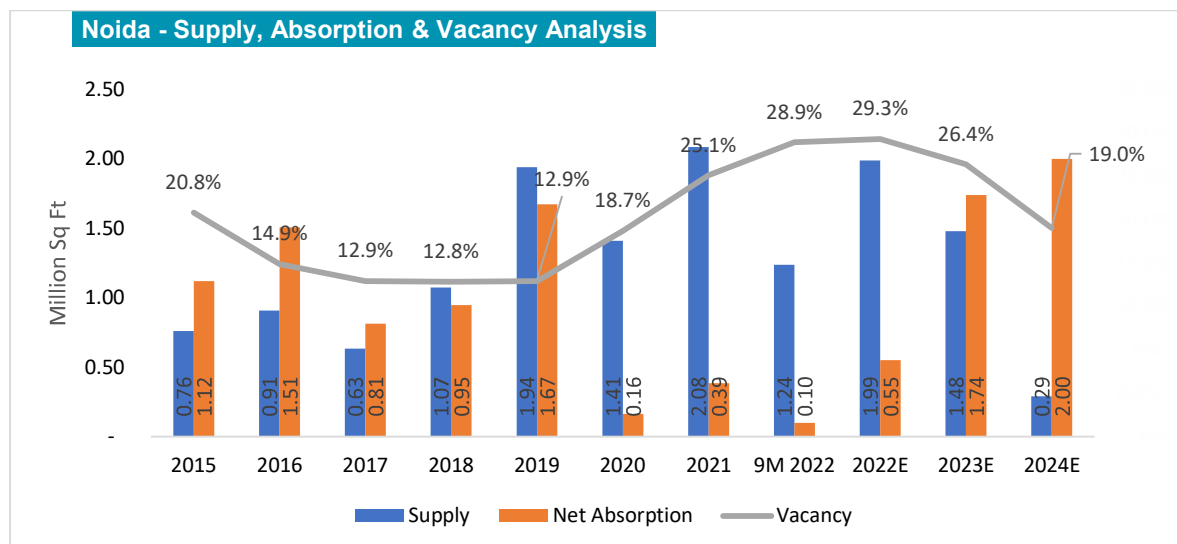
Source: Cushman & Wakefield Research

Notes:

1. Only Grade A office spaces have been considered for the analysis presented in the above table.
2. Stock ("stock" and / or "relevant stock") and Supply ("supply" and / or "relevant supply") numbers are computed by excluding the non-IT buildings, the IT buildings less than 1 lakh square feet and applying certain other criteria .
3. Vacancy and Net Absorption numbers are computed on the relevant stock.
4. The future supply estimates are based on analysis of proposed and under construction buildings.
5. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-committments, renewals etc. The pre-committments are recorded as absorption in the year in which the tenant moves in.

**2.3 Supply, Absorption & Vacancy**

**2.3.1 Noida – Supply, Absorption and Vacancy Analysis**



Source: Cushman & Wakefield Research

**Notes:**

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet, excluding non-IT buildings and applying certain other criteria
2. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
3. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.

Noida has emerged as a preferred IT / ITes destination over the years due to excellent physical infrastructure, affordable rentals and availability of large office spaces. The growth is backed by availability of large talent pool and residential spaces across all price points. The overall perception of Noida has also evolved as an office destination.

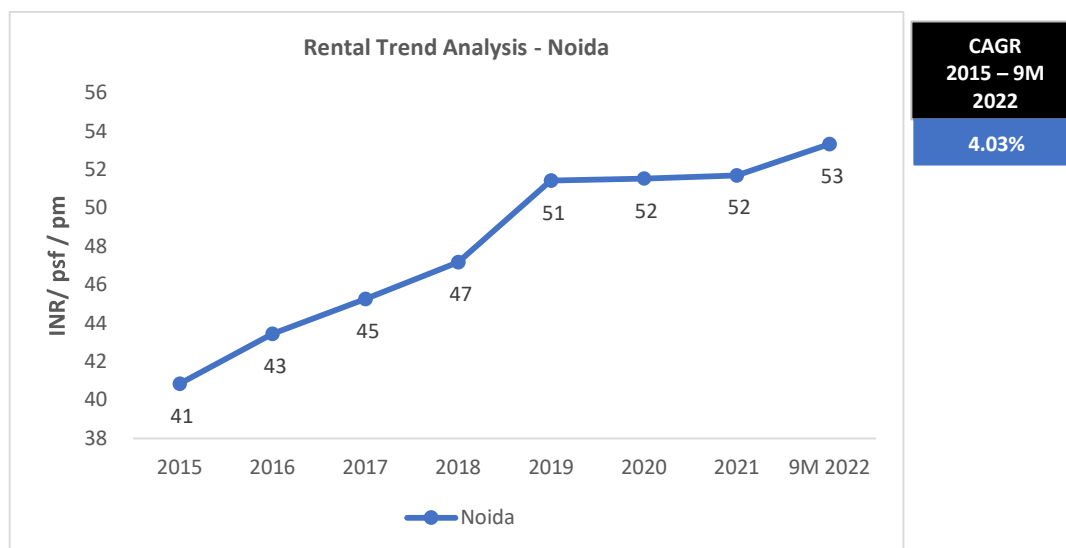
Noida over past 7.75 years has seen an average additional supply of approximately 1.30 msf. and an annual average net absorption of approximately 0.87 msf. However, 2019 has been the exceptional period with supply and demand outperforming its historical benchmarks. The increase in supply was matched by commensurate increase in demand and hence demonstrating higher confidence levels for the office market of Noida. Noida has always benefited from the presence of superior infrastructure as compared to other cities of NCR. With improvement in intercity connectivity and quality developments in Gurgaon trading at single digit vacancy numbers, the incremental demand from occupiers is likely to get absorbed by Noida.

The shift in development status of the city from being dominated by sub investment grade structures to good campus / large integrated park-based development has resulted the city to grow exponentially in office segment. The trend is likely to continue with increasing occupier base in Noida and new major infrastructure developments getting developed viz. Jewar Airport in Noida.

Continuous above average supply addition in years 2019 – 2021 and Covid 2019 resulted in sharp increase in the vacancy levels for Noida from 12.9% in 2019 to 28.91% in 9M 2022. However, unlike other office markets of Delhi NCR, Noida demonstrated positive net absorption of 0.16 msf. and 0.39 msf in 2020 and 2021 respectively. Hence, with continuous occupier interest and resilience shown by the market in Covid times, it is expected that the vacancy shall reduce to 19.02% by 2024E.

## 2.4 Rental Trend Analysis

### 2.4.1 Rental Trend Analysis - Noida



Source: Cushman & Wakefield Research

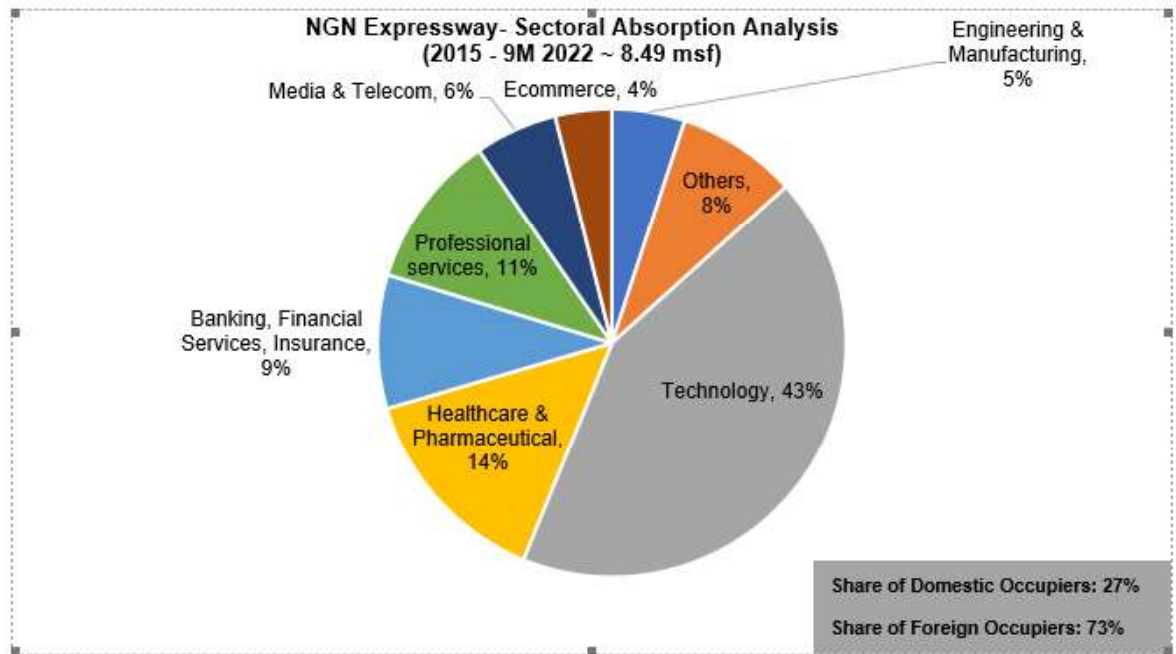
#### Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet across NCR and applying certain other criteria. Additionally, for Noida non-IT buildings have been eliminated from stock and supply.
2. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters. Rentals for Brookfield India REIT Noida properties have been sourced from Brookprop Management Services Private Limited. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
3. Rentals presented above are weighted average values on completed stock.
4. Non strata owned office stock constitutes office developments which have controlled ownership and are conducive for institutional level participation.

Noida has witnessed a rental CAGR of 5.93% since 2015 till 2019 (Pre-covid period) & CAGR of 1.33% since 2019 till 9M 2022 (during covid period). Positive outlook, consistent office demand due to expansion of IT/ITeS occupier base and saturation of office space in established micro markets of Gurugram has benefited Noida due to availability of quality workspaces at competitive rentals. The city also benefits from availability of superior infrastructure required to travel to a workplace. The Airport at Jewar is expected to further create positive impact on Noida's office market. Hence, the rentals for market is expected to grow in the range of 5% - 6%.

**2.5 Sectoral Demand Analysis**

**2.5.1 Sectoral Demand Analysis – Noida (2015 – 9M 2022)**



Source: Cushman & Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for Domestic & Foreign occupier bifurcation
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc.
3. The sectoral absorption analysis is based on gross absorption activity of Noida’s relevant stock, i.e. including any relocations, consolidations etc. All pre-commitments & sale/purchase transactions are excluded from this analysis.

Noida’s office supply which is predominantly IT/ITes & SEZ in nature is dominated by Technology occupiers contributing almost half of the overall demand viz. contributing 43% to the overall demand. The other prominent industries contributing 30% to the demand are Professional Services (11%), Healthcare and Pharmaceutical (14%) and Engineering & Manufacturing (5%). Emergence of new requirements viz. start-ups, individual set ups, change in consumer behaviour has led to the increase in demand from industries like flexi work space, E-commerce etc. in the recent years. The mix of foreign vs. domestic occupants in Noida is 73:27.

**3 Noida-Greater Noida (NGN) Expressway - Competitive REIT Micro Market**

**3.1 Overview**

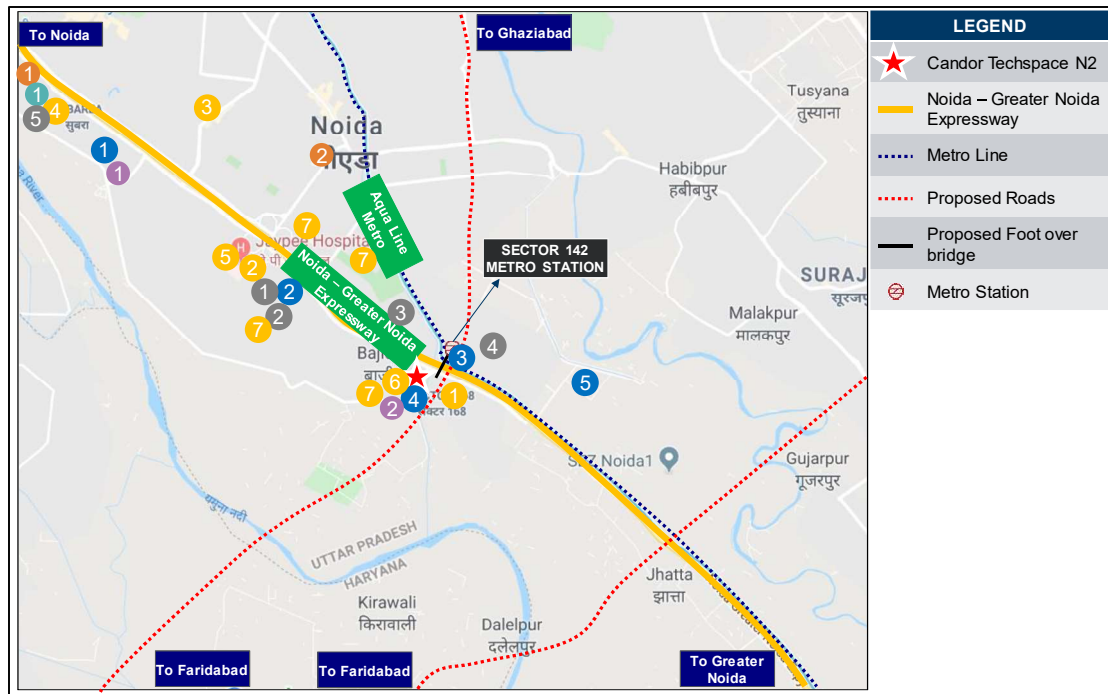
The Noida-Greater Noida Expressway is one of the fastest growing office clusters of Noida. This Brookfield India REIT micro market is located in southeastern part of Noida and is being developed as an integrated vector with presence of residential, institutional, commercial, IT/ITes, and SEZ developments along both side of Expressway. Noida-Greater Noida Expressway micro market possesses excellent physical infrastructure and is one of the established IT /ITes and SEZ destinations of Noida. This micro market is dotted with presence of

both nationalized and local developers. The office supply here primarily constitutes investment grade structures.

Some of the prominent SEZ and IT/ITeS developments in this Brookfield India REIT micro market includes Candor Techspace N2 SEZ, Logix Technology Park, Oxygen Boulevard SEZ, NSL TechZone SEZ, Express Trade Tower – II, Advant Business Park, Stellar IT Park, Assotech Business Cresterra etc. Candor Techspace N2 is a multi-tenanted office SEZ and the largest office campus in Noida. Brookfield India REIT micro market also houses the office of various corporates such as Axis Bank, Adobe, ATS etc. N2 is within close proximity to some of the renowned hotels like Sandal Suite by Lemon Tree etc.

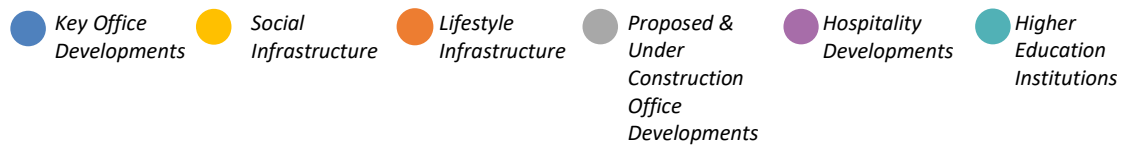


**3.2 Social and Physical Infrastructure**



Source: Cushman & Wakefield Research

(Map not to scale)



Key Office Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed/Under Construction Office Developments	Hospitality Developments	Higher Education Institutions
1. Logix Techno Park (9.6 km)	1. Shiv Nadar School (1.2 km)	1. Hypernova Mall (12.6 km)	1. World Trade Center (3.8 km)	1. Hide Away Suites (5.3 km)	1. Amity University (11.3 km)
2. Express Trade Tower 2 (4.7 km)	2. DPS, Sector 132 (7.1 km)	2. Market, Sector 110 (6.5 km)	2. ATS Bouquet (4.1 km)	2. Sandal Suites by Lemon Tree (1.5 km)	
3. Advant Navis Business Park (3.5 km)	3. Pathways School Noida (8.6 km)		3. Sovereign Corporate Tower (3.6 km)		
4. Assotech Business Cresterra (1.5 km)	4. Genesis Global School (4.2 km)		4. Stellar 1423/1425 (4.6 km)		
5. Oxygen Business Park (6.9 km)	5. Jaypee Hospital (7.1 km)		5. Windsor Grande (8.4 km)		
	6. Police Station, Sector 135 (1.5 km)				

Key Office Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed/Under Construction Office Developments	Hospitality Developments	Higher Education Institutions
	7. Day Cares (2 km)				

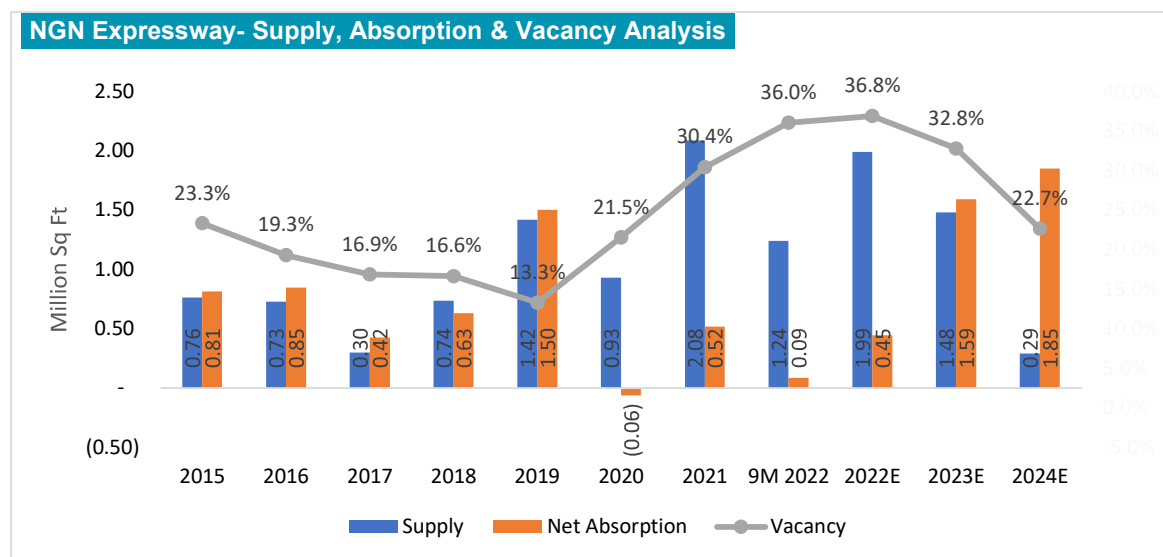
Noida-Greater Noida Expressway, which is a 23.5 km. long 8-lane expressway connects the Brookfield India REIT micro market to rest of the city and other parts of NCR. This micro market is also connected to other parts of the city through Aqua line of metro rail with nearest metro station located at sector 142 on expressway. A foot over bridge from the said metro station has been proposed for development by the client to enhance the connectivity of Subject Property with the metro station.

Further, the under-construction Faridabad Noida Ghaziabad (FNG) Expressway and a proposed 75-meter-wide expressway starting from Noida Sector 150 up till Faridabad will enhance the connectivity of Noida-Greater Noida Expressway with Ghaziabad and Faridabad.

**3.3 Supply, Absorption & Vacancy Analysis**

**3.3.1 Supply, Absorption & Vacancy Analysis – NGN Expressway**

The supply, absorption vacancy trend analysis for NGN Expressway are as follows.



Source: Cushman & Wakefield Research

Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet, excluding non-IT buildings and applying certain other criteria
2. Future supply estimates are based on analysis of proposed and under construction buildings, however future absorption estimates are derived basis past trends, current vacancy and estimated supply.
3. The net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant moves in.

The Noida-Greater Noida Expressway is one of the fastest growing office clusters of Noida. The Brookfield REIT micro market enjoys superior connectivity with Delhi and other parts of Noida. The micro market has witnessed favourable supply – demand dynamics from year 2015-2019 (until Covid 19 impacted the office markets). For this period the average net absorption numbers have remained aligned to average supply numbers. With occupiers willing to expand across the cities the micro market has witnessed entry of many such occupiers over the same period. With significant differential in rentals as compared to micro markets of Gurugram, the subject micro market offers investment grade developments with superior amenities. As the office stock in Brookfield REIT micro market is almost equally bifurcated into IT SEZ and IT/ITeS developments, the demand is dominated by technology occupiers and therefore, large space take-ups constituting space consolidation/expansion is a norm for the micro market. Thus, a single tenant activity at any time period creates substantial impact on micro market’s vacancy levels.

Impact of COVID-19 was visible on Brookfield REIT micro market’s net absorption. It reported negative net absorption of 0.06 msf in year 2020 after reporting significantly high net absorption of 1.50 msf in 2019. However, as the situation improved in lieu of various measures taken by Government of India i.e. accelerated vaccination and introduction of the booster dose, lifting of various lockdown restrictions and occupiers

realizing the need of workspace for efficient operations the net absorption in Brookfield REIT micro market started picking up from year 2021 onwards.

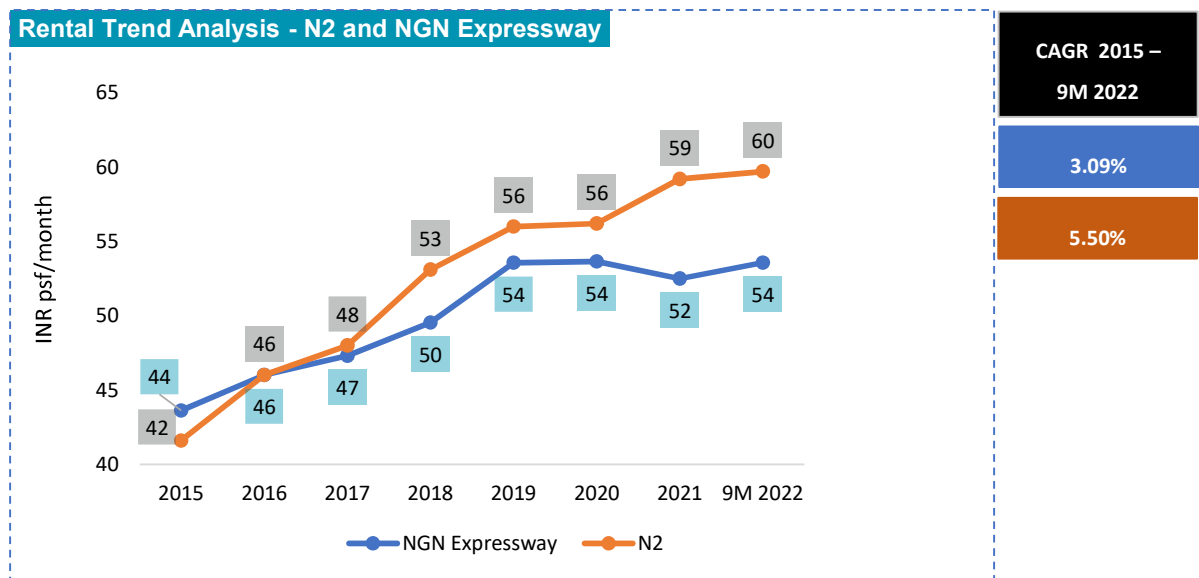
With revival of office demand, it is expected that the net absorption numbers in Brookfield REIT micro market will marginally surpass 2019 numbers by year 2024E.

Currently, the vacancy levels in Brookfield REIT micro market are at 36.01% and subject property at 24.5%.

### 3.4 Rental Trend Analysis

#### 3.4.1 Rental Trend Analysis – N2 and NGN Expressway

The rental trend analysis for N2, NGN Expressway, NGN Expressway Non-Strata Owned are as follows.



Source: Information from Client and Cushman & Wakefield Research

Notes:

1. Only the relevant stock has been considered for this analysis excluding the buildings less than 1 lakh square feet, the non-IT buildings and applying certain other criteria.
2. The rentals shown above denote likely achievable values. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters. The rentals for Candor Techspace N2 are sourced from Brookprop Management Services Private Limited. These are actual transacted rentals which include Fresh leases, Term renewals and space extension by existing tenants.
3. Rentals presented above are weighted average values on completed stock.
4. Non strata owned office stock constitutes office developments which have controlled ownership and are conducive for institutional level participation.

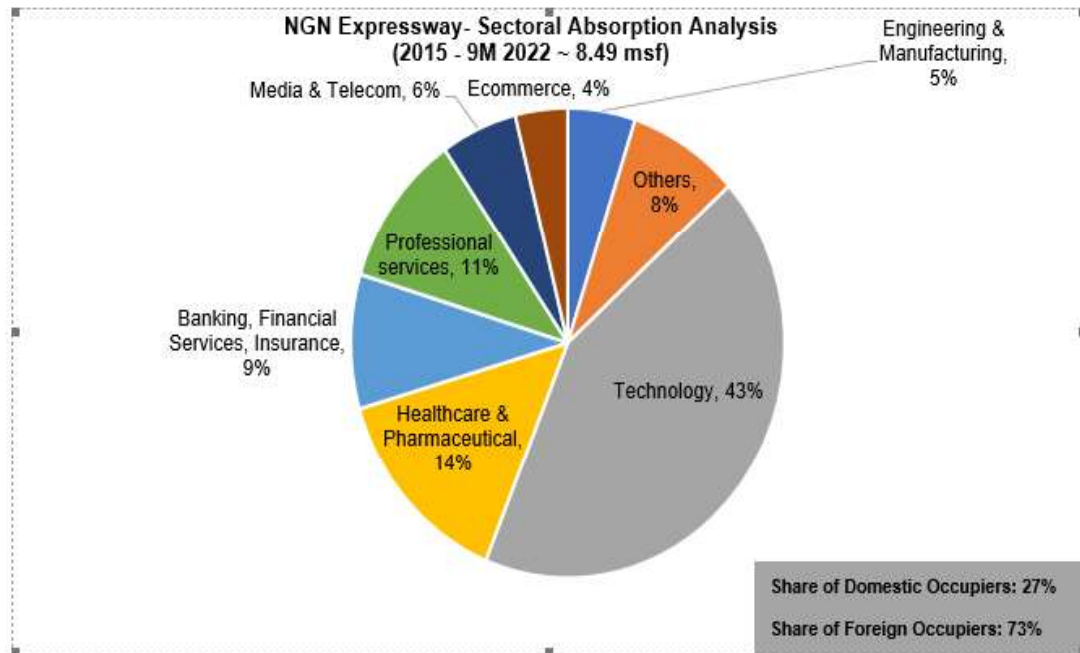
The Brookfield India REIT micro market is a preferred destination for IT / ITeS occupier base. It is one of the largest office micro markets of Noida offering superior infrastructure and office developments offering world class amenities.

The graph above represents the rental growth rate of N2 versus the entire office stock of Brookfield India REIT micro market. Analysis of data points suggests attainment of above average rental growth rate for the period

2015 till 9M 2022. This signifies positive positioning of the Brookfield India REIT micro market amongst the occupiers. N2 has witnessed a rental growth of 5.50%, as compared to a growth of 3.09% in the entire stock of Brookfield India REIT micro market over the same period. Despite of Covid-19 impact which led to decrease in the net absorption, the rentals have been relatively stable during the period (2020 – 9M 2022).

### 3.5 Sectoral Demand Analysis (2015 – 9M 2022)

#### 3.5.1 Sectoral Demand Analysis – NGN Expressway (2015 – 9M 2022)



Source: Cushman & Wakefield Research

Notes:

1. The lease transactions of less than 10,000 sq. ft. were ignored for Domestic & Foreign occupier bifurcation
2. Others include Automobile, Education, FMCG, Logistics & Shipping, Aviation, Diversified, Real Estate & Related Services, etc.
3. The sectoral absorption analysis is based on gross absorption activity of Noida-Greater Noida (NGN) Expressway's relevant stock i.e. including any relocations, consolidations etc. All pre-commitments & sale/purchase transactions are excluded from this analysis.

Noida-Greater Noida Expressway micro market is dominated by technology sector, which contributed 43% to the leasing activity for the years 2015 – Q1 2022. The tenants are attracted to this Brookfield India REIT micro market due to availability of larger floor plates, affordable rentals and enhanced connectivity. The technology occupiers in this micro market are involved in the activities of software developments, research and development etc. The other prime contributors to the demand are BFSI, Engineering & Manufacturing, Professional Services, E- Commerce and Healthcare & Pharmaceutical together contributing 43%. The mix of foreign vs. domestic occupants in NGN Expressway, Noida is 73:27.

### 3.6 Market Outlook

According to the market assessment report of Cushman & Wakefield current average market rentals of comparable properties in Noida-Greater Noida Expressway are in the range of INR 50-60 per sq. ft./m which is broadly in line with the recent leases signed in the Subject Property. Further over 2015-9M 2022, the rentals in Brookfield India REIT micro market grew at a CAGR of 3.09%, which has shown resilience and positive outlook despite of increase in office supply. Noida's rental CAGR growth of 5.93% from 2015-2019 & 1.33% from 2019 – 9M 2022 shows a positive outlook despite surge in vacancy in 2020 & 2021.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc. As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments until the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

While some organizations have been contemplating strategies with respect to the hybrid work models - flexible arrangement, allowing employees to combine onsite and offsite work as required, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

## **C      PROPERTY REPORT**

**1 Address, ownership and title details of Subject Property**

<b>Address:</b>	Plot No. 20, 21, Noida – Greater Noida Expressway, Sector 135, Noida Uttar Pradesh – 201304, India
<b>Ownership &amp; title details:</b>	Land tenure: Leasehold; and building thereupon are owned by Seaview Developers Private Limited, which is 100% owned and controlled by the Brookfield India REIT

The tenure of the underlying land of the Subject Property is leasehold with lessee being New Okhla Industrial Development Authority (NOIDA Authority). The remaining tenure of the land is ~75 years. Given that the purpose and obligations associated with lease of the underlying land has essentially been achieved, the likelihood of lease getting cancelled or not renewed at the end of the tenure is negligible. Thus, no specific adjustments are required to be made towards the legal tenure of underlying land's ownership.

**1.1 Encumbrances**

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property is considered to possess a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Report prepared by Ind-Legal (hereinafter referred to as 'Legal Counsel'). We have not checked and verified the title of the Subject Property.

**1.2 Revenue Pendencies**

On the basis of the Title Report prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

**1.3 Material Litigation**

Based on discussions with the Client and Title Report shared, there are no material litigation including tax disputes relating to the Subject Property or any compounding charges affecting the valuation of the Subject Property.

**2 Location****2.1 General**

The Subject Property is located in Sector-135, Noida. It is located in one of the established IT /ITeS and SEZ office destinations of Noida. The Subject Property is accessible via a 45-meter-wide sector road off Noida-Greater Noida Expressway. Noida-Greater Noida Expressway connects the Subject Property to rest of the city and other parts of NCR.

N2 lies in close proximity to Sector 142 Metro Station (Aqua Line), which further enhances its accessibility from different parts of NCR. A foot over bridge from the said metro station has been proposed for development by the client to enhance the connectivity of Subject Property with the metro station. Further,



the under-construction Faridabad Noida Ghaziabad (FNG) Expressway and a proposed 75-meter-wide expressway starting from Noida Sector 150 up till Faridabad will enhance the connectivity of Subject Property with Ghaziabad and Faridabad.

The site layout map of the Subject Property is as follows:



(Map not to scale)

The site boundaries for the Subject Property are as under:

North: Noida-Greater Noida Expressway

East: Access Road & Developed Residential Group Housing Formats

West: Police station, Stellar IT Park

South: Commercial Development

## 2.2 Accessibility

The Subject Property is well connected to major locations in the city as well as in the NCR via multiple modes of communication. The distances from major landmarks of NCR are as follows:

- Approximately 0.1 km from Noida Expressway
- Approximately 14 km from Sector 18, Noida
- Approximately 14 km from DND Expressway
- Approximately 27 km from New Delhi Railway Station
- Approximately 28 km from Connaught Place

- Approximately 36 km from Indira Gandhi International Airport

### **2.3 Ground Conditions**

Based on visual inspection, there were no evidence of adverse ground conditions at the Subject Property or its immediate vicinity.

### **2.4 Environmental Considerations**

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Delhi NCR where the Subject Property is located falls in Seismic Zone IV with high risk of earthquakes. However, the city faces moderate risk in terms of high winds or cyclones.

No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster. The Subject Property is located on similar elevation as compared to its immediate surroundings, indicating low risk of flooding and is unlikely to face any significant problems waterlogging.

### **2.5 Town Planning and Statutory Considerations**

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property, and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

**3 Subject Property - Asset Details**

N2 is an IT/ITeS SEZ business park with 12 completed buildings. The subject property can be classified as: completed, under-construction and future development. The listing of buildings under each component is as follows:

**Completed buildings with Occupancy Certificate (OC) received**– Tower 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 11A, Amenity Block-1 (Ground Floor) and Amenity Block-2

**Future development buildings** – Tower 12 and Amenity Block-1 (First Floor)

The building wise break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Floor (#)	Floor Plate (sq. ft.)	Status	Expected Completion Date
Tower-1	208,116	7	29,717	Completed	NA
Tower-2	260,171	8	32,521	Completed	NA
Tower-3	205,145	7	29,292	Completed	NA
Tower-4	290,210	9	32,246	Completed	NA
Tower-5	300,295	14	21,450	Completed	NA
Tower-6	424,921	14	30,352	Completed	NA
Tower-7	311,093	14	22,221	Completed	NA
Tower-8	236,287	11	21,481	Completed	NA
Tower-9	383,992	13	29,538	Completed	NA
Tower-10	260,154	12	21,680	Completed	NA
Amenity Block-1 (Ground Floor)	15,303	-	-	Completed	NA
Amenity Block-2	38,121	-	-	Completed	NA
Tower-11	675,760	17	39,745	Completed	NA
Tower-11A	154,548	4	38,637	Completed	NA
Tower-12	760,000	-	-	Future Development	Q2 FY 2026-27
Amenity Block-1 (First Floor) ^	10,873	-	-	Future Development	Q3 FY 2023-24
<b>Total</b>	<b>4,534,990</b>		<b>29,073</b>		

Source: Architect's Certificate (03 November 2022), Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

^The first floor of Amenity Block-1 is considered as future development and has not been counted as an additional tower for the purposes of computing the no. of buildings in the future development component.

**3.1 Key Asset Information****Completed Buildings with Occupancy Certificate (OC) received**

Particulars	Details
<b>Entity:</b>	Shantiniketan Properties Private Limited
<b>Interest owned by REIT (%):</b>	Subject Property is wholly owned by Seaview Developers Private Limited, which is 100% owned and controlled by the Brookfield India REIT <sup>1</sup>
<b>Age of building based on the date of occupancy certificate:</b>	Tower 1 – 11 years and 6 months Tower 2 - 11 years and 6 months Tower 3 - 11 years and 6 months Tower 4 - 11 years and 6 months Tower 5 - 4 years and 11 months Tower 6 - 4 years and 3 months Tower 7 - 3 years and 11 months Tower 8 - 9 years and 5 months Tower 9 - 9 years and 2 months Tower 10 - 7 years and 3 months Tower 11 – 1 years and 5 months Amenity Block-1 (Ground Floor) - 11 years and 6months Amenity Block-2 - 4 years and 11 months Tower 11A 2 months
<b>Asset type:</b>	Approved IT/ITeS SEZ
<b>Sub-market:</b>	Noida – Greater Noida Expressway Road
<b>Approved and existing usage:</b>	IT/ITeS SEZ
<b>Land Area (acres):</b>	~29.653
<b>Freehold/Leasehold:</b>	Leasehold Land
<b>Leasable Area:</b>	3,764,117 sq. ft.
<b>Occupied Area:</b>	2,842,102 sq. ft.
<b>Committed Occupancy (%)</b>	75.5% <sup>2</sup>
<b>Current Effective Rent (excluding parking)</b>	INR 54.22 per sq. ft. per month
<b>Number of Tenants</b>	20 (office)

Source: Architect's Certificate (Dated:03 November 2022), Rent Roll as at 30 September 2022, Lease Deeds / Leave and Licence Agreements and Client Information

Note: 1. Refer company structure set out in Annexure 1

**Future Development- Tower 12**

Particulars	Details
<b>Interest owned by REIT (%):</b>	Subject Property is wholly owned by Seaview Developers Private Limited, which is 100% owned and controlled by the Brookfield India REIT
<b>Expected completion date of construction:</b>	Q2 FY 2026-27
<b>Asset type:</b>	Approved IT/ITeS SEZ
<b>Sub-market:</b>	Noida – Greater Noida Expressway Road
<b>Approved Usage:</b>	IT/ITeS SEZ
<b>Leasable Area:</b>	760,000 sq. ft.
<b>Status of construction:</b>	Future Development
<b>Approvals received and pending:</b>	No approvals have been obtained as on date of valuation

*Source: Architect's Certificate (03 November 2022), and Client Information*

**Future Development- Amenity Block-1 (First Floor)**

Particulars	Details
<b>Interest owned by REIT (%):</b>	Subject Property is wholly owned by Seaview Developers Private Limited, which is 100% owned and controlled by the Brookfield India REIT
<b>Expected completion date of construction:</b>	Q3 FY 2023- 24
<b>Asset type:</b>	Approved IT/ITeS SEZ
<b>Sub-market:</b>	Noida – Greater Noida Expressway Road
<b>Approved Usage:</b>	IT/ITeS SEZ
<b>Leasable Area:</b>	10,873 sq. ft.
<b>Status of construction:</b>	Future Development
<b>Approvals received and pending:</b>	No approvals have been obtained as on date of valuation

*Source: Architect's Certificate (03 November 2022), and Client Information*

### **3.2 Property Inspection**

The Subject Property comprising 12 operational buildings along with future development area was physically inspected on 14 March 2022. There have not been any subsequent visit to the sites. The inspection comprised visual inspection of operational buildings constituting the property, visits to their key utility areas such as LT electric room, pump room, HVAC installations, power back up, STP, under-construction buildings and area provisioned for future development.

The Subject Property is an IT/ITeS SEZ office space developed in a campus format offering large floor plates with significant open/green areas and number of amenities for occupiers. The 12 operational buildings in the campus are Tower 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 11A, Amenity Block-1 (Ground Floor) and Amenity Block-2. The future development buildings is Tower 12 and Amenity Block-1 (First Floor).

The operational buildings and parts thereof (with OC) collectively admeasure 3,764,117 million sq. ft. of leasable area. The 12 office towers are occupied by multiple tenants, whereas, amenity blocks constitute retail area catering to all basic requirement of occupiers viz. food & beverages (F&B) (in form of multi cuisine food courts), creche, bank branch and ATM, indoor sports, 24X7 Paramedics, convenience store, etc.

Tower 12 (Future development) are being developed with modern age aesthetics, which intend to create differential experience for the occupiers viz. walk through along waterbodies, larger lobby area, improved amenity area etc.

The visual inspection of the buildings and the future development area did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. No instances of any major logging or water accumulation were observed during the inspection. The utility areas also appeared well maintained, visually. In addition to three existing entry and exit points, an additional entry/exit gate is planned in near future, which shall further improve traffic movement both inside and outside the campus. Regular upgradation activities are being undertaken within the campus to ensure its upkeep as per the modern age requirement (Please refer to Annexure 9 for more details). The Subject Property has been awarded IGBC Platinum Rating for sustainability and 5 Star Rating by the Bureau of Energy Efficiency (BEE) in addition to the group wide ISO 9001,14001 and OHSAS 18001 Certification.

The property inspection did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.

### **3.3 Investigation, Nature and Source of Information**

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties of REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

- a. Title Report prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject Property
- b. Architect's Certificate as on 03 November 2022 mentioning site areas and property areas
- c. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the Subject Property
- d. Lease agreements and commercial clauses thereof for major tenants on a sample basis
- e. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
- f. Management representation regarding the following:
  - i. Major repairs undertaken and proposed in the Subject Property (*please refer Annexure 9*)
  - ii. Statement of Assets
  - iii. Revenue pendency, if any
  - iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

**3.4 Tenant Profile**

As of 30 September 2022, Subject Property has 26 tenants (for office space) which include companies like Genpact, Steria, Cognizant, Accenture, Conduent, TCS, Qualcomm, Xavient, etc. The Subject Property's top 10 tenants account to ~81% of the Gross Rental income and ~83% of the leased area.

Rank	Top 10 Tenant according to Leasable Area	Leasable Area (sq. ft.)
1	Samsung	377,118
2	Genpact	325,542
3	Steria	290,100
4	Cognizant	286,410
5	Accenture	281,724
6	Xavientsd	273,066
7	Conduent	152,928
8	Qualcomm	140,466
9	TCS	123,124
10	R1 RCM	106,577
<b>Total</b>		<b>2,357,055</b>

Source: Rent roll as at 30 September 2022 and Client Information

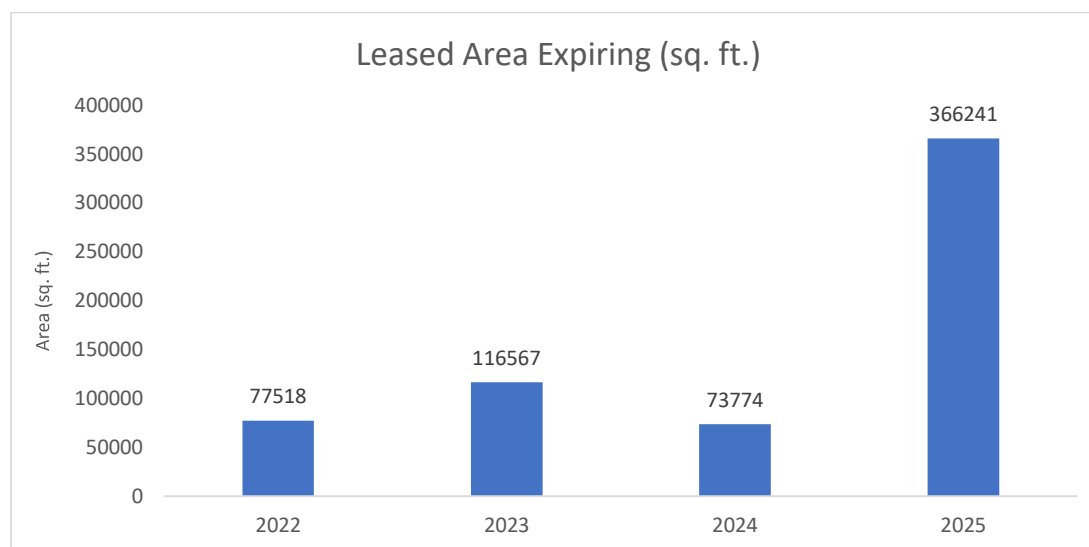
Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Samsung	12.6%
2	Genpact	11.0%
3	Cognizant	10.2%
4	Accenture	9.7%
5	Xavient	9.0%
6	Steria	9.0%
7	Qualcomm	5.7%
8	Conduent	5.5%
9	TCS	4.5%
10	R1 RCM	4.0%
<b>Total</b>		<b>81.3%</b>

Source: Rent roll as at 30 September 2022 and Client Information



### 3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 7.6 years, with 22.31% of occupied area expiring between 2022 and 2025 as shown in the chart below.



Source: Rent roll as at 30 September 2022 and Client Information

**Notes:**

1. The chart is prepared on the basis of Calendar Year.
2. The time-period for 2022 is considered from 1 October till 31 December.

## 4 Valuation Methodology

In order to compute the Market Value of the Subject Properties it is prudent to understand the market dynamics and the location where the Subject Property is located (existing and future supply, demand from occupiers, average office space take up by an occupier in a particular sector, existing vacancy numbers and the rentals, likely growth of the office space etc.). Understanding of the micro market positioning (where the Subject Property is located) with respect to a location is also very important. The next step then becomes to understand the situation of the Subject Property (current achievable rentals, vacancy numbers, competing supply in the micro market etc.) with respect to the micro market.

Each of the steps required to assess the Market Value of the Subject Properties is detailed below:

### 4.1 Market and Location Assessment:

The Client appointed Cushman & Wakefield (CWI) to prepare an independent industry and market research report, which has been relied upon and reviewed by the Valuer to develop the understanding and assess the relevant micro-markets of the Subject Properties. The said review was carried out in the following manner:

- i. Market dynamics influencing the rents along with Subject Property rents were studied in detail. Further, the location setting of the Subject Properties in the respective micro-markets were assessed. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by CWI and readily available information in public domain to ascertain the transaction activity of office space. The analysis entailed review of comparable properties in terms of potential competition (both completed and under-construction/future developments), comparable recent lease transactions

witnessed in the micro-market along with the trends in leasing within the Subject Properties in recent past, wherever available. This analysis enabled the Valuer to have an informed opinion on the market rent (applicable rental for the micro-market where the respective Subject Properties are located) and achievable market rent (Valuer's view on achievable rent for the respective Subject Properties for leasing vacant spaces, potential leasable area under development or planned as well as upon re-leasing of the existing let out area).

- ii. For tenants occupying relatively large space within the Subject Properties, where there may be some instances of areas being let out at lower than market rent, it is assumed that the leases shall revert to market rent following the expiry of the lease, factoring appropriate re-leasing time.

#### 4.2 Portfolio Assessment:

- i. As the first step, the rent rolls (which includes review of corresponding leases deeds) on a reasonable sample basis were reviewed to identify tenancy characteristics for the Subject Properties. As part of the rent roll review, major tenancy agreements were reviewed on a reasonable sample basis.
- ii. For anchor/large tenants, adjustments on achievable market rent or additional lease-up timeframe have been adopted upon lease reversion wherever relevant.
- iii. Title Report, Architect's certificate and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Properties.
- iv. Physical site inspections were undertaken to assess the current status of the Subject Properties.

#### 4.3 Preparation of Future Cash Flows:

- i. Net operating income (NOI) has primarily been used to arrive at the Market Value of the Subject Properties. The cash flows for the operational, under construction and future development area have been projected separately for the purpose of estimating and reporting valuation in accordance with the SEBI (REIT) Regulations
- ii. The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the Subject Properties. For vacant area, under-construction area and future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation wherein 11<sup>th</sup> year NOI is capitalized (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

Each of the lease was assessed to project the cash flows for a period of 10 years. The assessment was carried out in the following manner:

##### Step 1

Rental income from existing tenants up to the period of lease expiry, lock-in expiry, escalation milestones, etc. is projected whichever is applicable. In the event of any vacant spaces, achievable market-rent is assumed for future income for such spaces with suitable time for leasing up the space.

This data is then used to generate market aligned revenue stream from existing and potential tenants for the desired time period.

<b>Step 2</b>	In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable market rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.
<b>Step 3</b>	Computing the monthly rental income projected as part of Step 2 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).

- iii. Recurring operational expenses, fit-out income (wherever applicable, however, the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market practices and conditions. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all Subject Properties, operational revenues and expenses of the respective properties are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income, which accrues as cash inflows to the Subject Properties and normalised for the purpose of cash flow projections. The 1-year forward income for the 11<sup>th</sup> year has been capitalized to assess the terminal value of the development at the end of year 10.

## 5 Information Sources

Property related information relied upon for the valuation exercise have been provided to the Valuer by the Client and the market data has been provided by Cushman and Wakefield, unless otherwise mentioned. The documents provided has been assumed to be a true copy of the original. The rent rolls have been cross checked with the lease deeds on a sample basis only to ensure its correctness.

## 6 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

### Completed Buildings with Occupancy Certificate (OC) received

Cashflow Period	Unit	Details
Valuation Date	Date	30-September-22
Cashflow Period	Years	10
Cashflow Exit Period	End Date	30-September-32

### Property Details

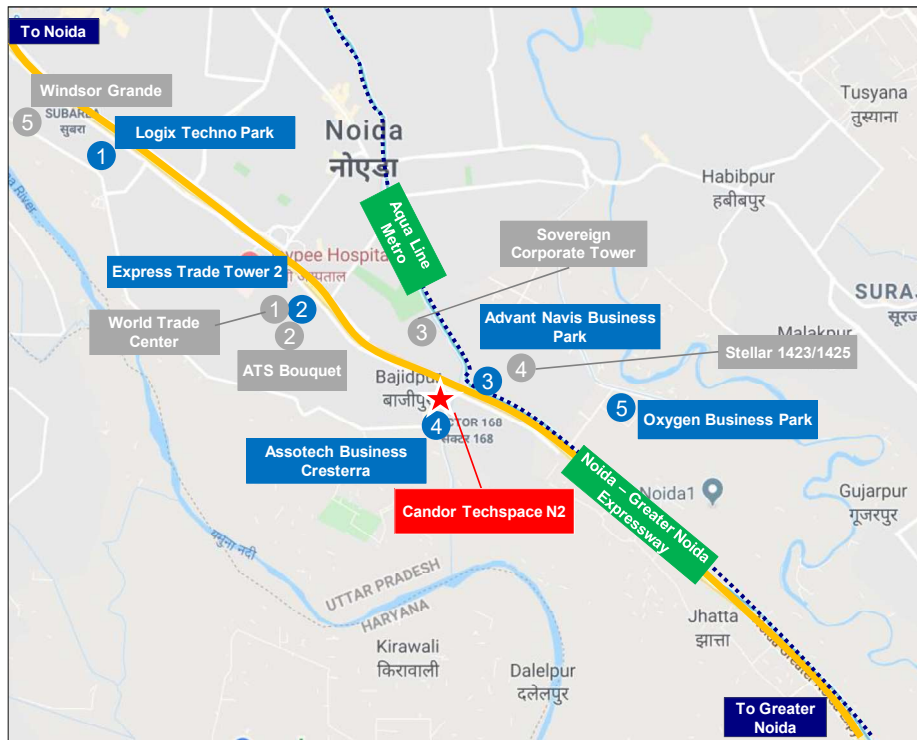
Property Details	Unit	Details
Total Property Leasable Area	Sq. ft.	3,764,117
Area Leased	Sq. ft.	2,842,166
Committed Occupancy*	%	75.5%
Vacant Area	Sq. ft.	921,950
Vacancy	%	24.5%
Stabilized Vacancy	%	2.5%
Further Leasing	Sq. ft.	827,847
Existing Lease Rollovers	%	100%
Rent Free Period- Existing Leases - Post First Year	Months	1
Rent Free Period- New Leases	Months	4
Total Parking Slots	#	3,522
Estimated Leasing Period	# of quarters	16

*Note: Further Leasing and Estimated Leasing Period relate to the existing Vacant Area.*

*\*Committed Occupancy = (Occupied area + Completed area under Letters of Intent)/ Completed area*

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.
- **Future absorption:**
  - Over 2015 – 9M 2022, the Noida Greater Noida Expressway micro market has witnessed an average annual net absorption of approximately 0.70 million sq. ft.
  - Going forward, this micro market is expected to have an average annual demand of approximately 1.69 million sq. ft. per annum till year 2024.

**Subject Property and Relevant Existing/Upcoming Supply in the Noida Greater Noida Expressway Micro Market**



*Note: Blue boxes signify existing supply and grey boxes signify upcoming supply.*

- Considering the above, it would be reasonable to believe that the Subject Property shall be able to lease ~0.83 million sq. ft. within 17 quarters from Jan 2023.
- Further leasing of ~0.83 million sq. ft. has been assumed after incorporating a 2.5% stabilised vacancy which is a standard for Grade A office properties in the market.

**Revenue Assumptions**

Revenue Assumptions	Unit	Details
Achievable Market Rent – Office (Base)	Per sq. ft. per month	INR 57.00
Achievable Market Rent – Retail (Base)	Per sq. ft. per month	INR 98.00
Achievable Market Rent – Office (including Parking)	Per sq. ft. per month	INR 59.00
Achievable Market Rent – Amenity Area	Per sq. ft. per month	INR 20.00
Achievable Market Rent – Retail (including Parking)	Per sq. ft. per month	INR 105.00
Other Income	Per sq. ft. per month	INR 0.34
Rental Growth Rate (for FY'24 - FY'27)	% p.a.	6.0%
Rental Growth Rate (for FY' 28 onwards)	% p.a.	5.0%
O&M Markup Growth Rate (including Sinking Fund)	% p.a.	4.0%
O&M Markup Growth Rate (CIOP* Margin)	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9
Normal Market Escalation at end	# of years	3
Market Escalation at the end of Escalation period	%	15%
O&M Markup for future leases	Per sq. ft. per month	INR 6.00
Income Support (Vacant Area)**	Per sq. ft. per month	INR 72.00

*Note: \*CIOP (Candor India Office Park) provides project management services to the properties of Brookfield India REIT which include services pertaining to construction, operations, procurement, accounting, legal and compliance services.*

*\*\*Please note that for the acquisition of N2, as per the client – the seller (Brookfield Sponsor Group) will provide Income Support of INR 72 per sq. ft./month to cover Office Rents and O&M Expenses for all vacant areas including Tower 11A until their Rent Commencement Date till N2 gets fully leased up. In addition, the Income Support shall be applicable to rent free period for recent leases executed in Tower 11. This Income Support shall commence from 01-Jan-2022 and extend till 31-Mar-2024 and shall be subject to an overall cap of INR 1,500 Million, out of which INR 605 Million have been received till 30 September 2022. Based on the above information shared by the client, we have built-in the Income Support in the completed area.*

- **Achievable market rent – office:**

- Achievable market rent includes parking charges of INR 2 per sq. ft. per month (considering the parking rent of INR 4,000 per slot per month)
- In year 2021 and 9M 2022, approximately 0.56 million sq. ft. was leased in the rental range of INR 52-60 per sq. ft. per month (including parking).

**Lease Transactions and Renewals 2021-2022**

Tenants	Year	Area (sq. ft)	Rent (INR per sq. ft)
Samsung	2021	377,118	52
Axtria	2021	80,493	58
Newgen Software	2021	37,300	58
Qualcomm	2021	39,897	59
Newgen Software	2022	20400	84
Cognizant	2022	61,830	63
Qualcomm	2022	100569	64
Genpact	2022	22859	62
Capgemini	2022	30584	62
Xavient	2022	22,844	60

*Source: Rent roll as at 30 September 2022 and Client Information*

- Considering the location, accessibility, quality, size of the building, and keeping in view the future supply which is very limited, it can reasonably be assumed that the Subject Property shall be able to command a monthly rental of INR 59 per sq. ft. per month (including parking charges).
- **Rental growth rate:** Considering the balanced absorption and future supply profile in the competitive REIT micro-market, we expect annual growth in achievable market rentals to be in the range of 5-6% in the medium to long term.
- **Other income:** We have been provided with other income for Visitor Car Park, Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income. We have considered an annual growth of 5% on other income.
- **O&M Mark-up:** O&M revenues and expenses were shared by the Manager. O&M Mark-up constitutes two components, namely, O&M Mark-up including sinking fund and CIOP Mark-up. Since O&M revenues include sinking fund which is being charged at a constant rate without any growth assumed on it; the growth rate for O&M Mark-up has been suitably adjusted to normalise it over the future tenure. The O&M Mark-up for the Subject Property for FY'22 has been assumed to range from INR 5.05-9.07 per sq. ft. per month. Further, the total CIOP expense for N2 is provided to be INR 88.79 Million p.a. Tenants are charged INR 3.31 – 7.74 per sq. ft. per month, based on their type on account of CIOP expense plus Mark-up.
- **Efficiency:** As per our market study, we understand that the efficiency of Subject Property is in line with the efficiency of other SEZ developments. Hence, we have not made any adjustments regarding the same for our valuation analysis.

#### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage Cost (Renewal/Release)	Month Rent	1 Month Rent
Brokerage Cost (New Lease)	Month Rent	2 Month Rent
Other Costs for Vacant Area for the Property Owner	Per sq. ft./month	INR 7.01
Land Lease Rent Payment	Per sq. ft./month	0.31
Cost Escalation	% p.a.	5.0%
Transaction Cost on Sale	% of Terminal Value	1.0%
Maintenance Capex as % of Revenue (Base Rent + Parking)	%	2

Please note that there is a general development expenditure of INR 234 million to be incurred on the subject property.

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we have assumed brokerage expense amounting to two months for new leases and one month for existing lease rollovers.
- **Lease rent payment & Rent permission:** The Subject Property being the leasehold property involves lease rent payments of 17.65 million per annum (as informed by the client). It will be escalated by 50% in FY 2026-27. For Special Economic Zones, there is a one-time rent permission that is required to be paid once in 10 years in advance. For the subject property an amount of INR 166.16 million was paid in 2019 and its impact has been distributed over next ten years. For the terminal year the annualised amount has been suitably inflated based on historical growth of allotment rates in Noida.

- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.



### Discount Rate & Capitalization Rate Assumptions

- **Capitalization Rate:**

Capitalization rate (“Cap rate”) is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates. In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a proposed public listing with better liquidity/marketability of ownership interest, the cap rate for the Subject Property has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players

\* CPPIB took 51% stake in the property erstwhile held by Prestige estates

- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of 11.75% for completed buildings, and 13.00% for under construction / future development buildings was found to be aligned with the expectations of international investors investing in similar assets.

#### **Under-Construction/ Future Development**

Please note that all assumptions mentioned above under the “Completed Property” section holds true for Under construction/ Future development buildings. The exceptions if any are as elaborated below:

#### **Property details**

Property Details	Unit	Tower 12	Amenity Block-1 (First Floor)
Total Property Leasable Area	Sq. ft.	760,000	10,873
Stabilized Vacancy	%	2.50%	2.50%
Existing Lease Rollovers	%	100%	100%
Rent Free Period – Existing Leases Rollover	Months	1	1
Rent Free Period – New Leases	Months	4	4
Total Parking Slots	#	894	2
Estimated Leasing Period	# of quarters	5	2

#### **Construction Related Assumptions**

Construction Related Assumptions	Units	Tower 12
Start Date of Construction		Oct-23
End Date of Construction		Sep-26
Total Construction Cost <sup>3</sup>	INR Million	3,973
Construction Cost Incurred till date	INR Million	0
Construction Cost to be Incurred	INR Million	3,973

*\*Expected date of receiving occupancy certificate*

#### **Notes:**

1. Reliance on Client inputs for the assumptions relating to construction.
2. The assumptions on cost to be incurred for future developments as well as for under construction projects are based on inputs provided from the client while applying independent professional judgement by the valuer.
3. Total Construction Cost includes cost of development of the common areas in the Subject Property.

**Revenue Assumptions**

Revenue Assumptions	Unit	Details
Achievable Market Rent – Office (Base)	Per sq. ft. per month	INR 57.00
Achievable Market Rent – Retail (Base)	Per sq. ft. per month	INR 98.00
Achievable Market Rent – Office (including Parking)	Per sq. ft. per month	INR 59.00
Achievable Market Rent – Amenity Area	Per sq. ft. per month	INR 20.00
Achievable Market Rent – Retail (including Parking)	Per sq. ft. per month	INR 105.00
Other Income	Per sq. ft. per month	INR 0.34
Rental Growth Rate (for FY'24 - FY'27)	% p.a.	6.0%
Rental Growth Rate (for FY' 28 onwards)	% p.a.	5.0%
O&M Markup Growth Rate (including Sinking Fund)	% p.a.	4.0%
O&M Markup Growth Rate (CIOP Margin)	% p.a.	5.0%
Normal Market Lease Tenure	# of years	9
Normal Market Escalation at end	# of years	3
Market Escalation at the end of Escalation period	%	15%
O&M Markup for future leases	Per sq. ft. per month	INR 6.00
Income Support (Vacant Area)*	Per sq. ft. per month	INR 72.00

**Capitalization Rate and Discount Rate**

With reference to the explanation in completed property section, the cap rate for the Subject Property has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year. Owing to the various risks pertaining to the under-construction/ future development properties, we have considered a risk premium of 125bps, to derive the discount rate of 13.00% for under-construction / future development properties. This is in line with the expectations of international investors investing in similar assets.

**7 Market Value**

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 38,686 Million	Indian Rupees Thirty-Eight Billion Six Hundred and Eighty Six Million Only
Future Developments	30 September 2022	INR 2,284 Million	Indian Rupees Two Billion Two Hundred and Eighty four Million Only

**Ready Reckoner Rate**

Component	Rate
Carpet Area	INR 204,750 per sq. meter
Land Area	INR 28,000 per sq. meter

\*For reference, please refer Annexure 8

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by



(Shubhendu Saha)

IBBI/RV/05/2019/11552

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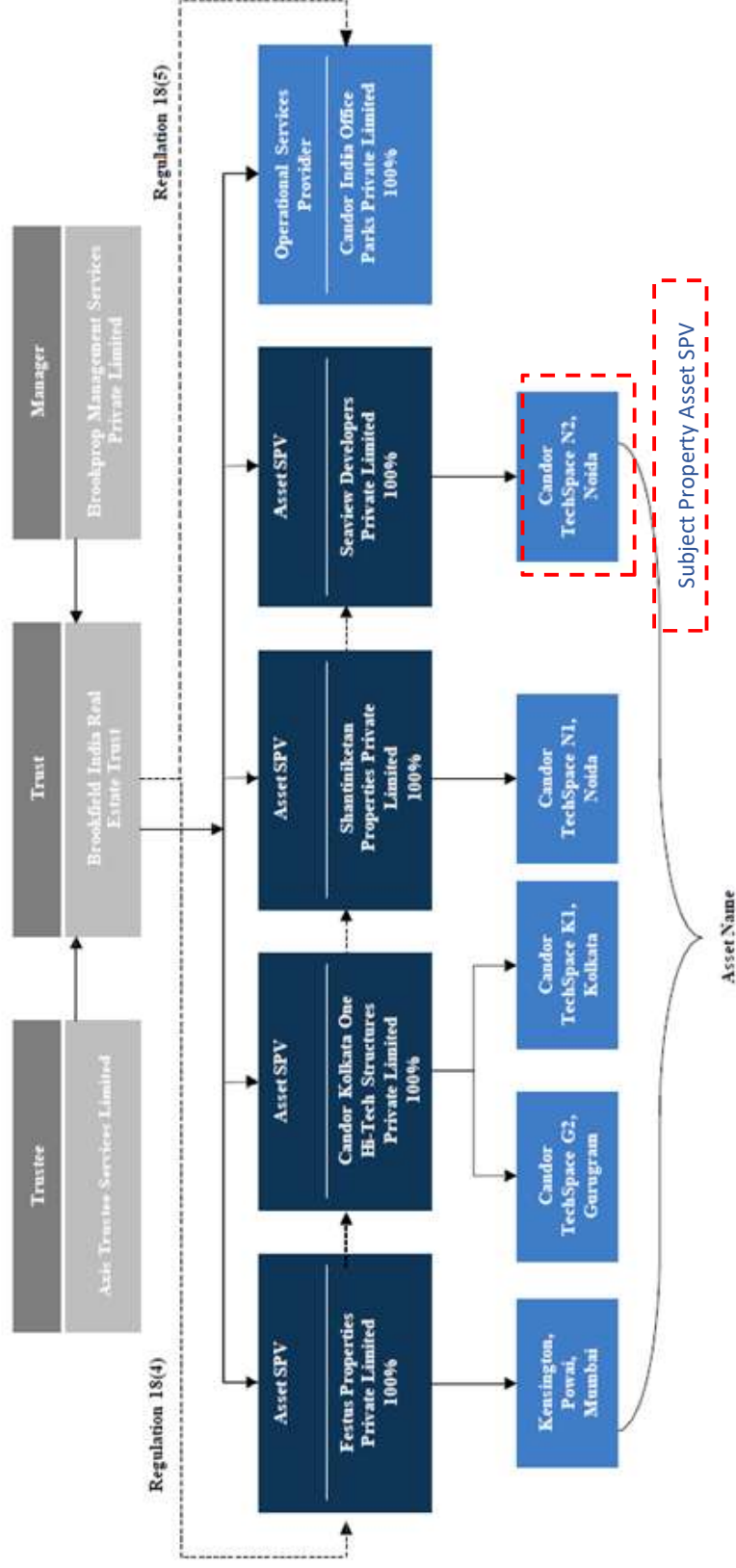
E: shubhendu\_leo@hotmail.com

**SHUBHENDU  
SAHA**

Digitally signed by SHUBHENDU SAHA  
DN: c=IN, postalCode=110063, st=DELHI, l=WEST DELHI, o=Personal, serialNumber=7d8898dca20a40e8b7c090127c92a792dc403971ac11ab4d99d29a92343c6875, pseudonym=fab6d560d86b47ac9382bf12f93506f0, 2.5.4.20=8722227a074243d136a02dbc1102b09b685061f5c9c086129739f9223f91d129, email=SHUBHENDU.FASV@HOTMAIL.COM, cn=SHUBHENDU SAHA  
Date: 2022.11.07 10:56:55 +05'30'

**Annexure 1: Ownership Structure of Subject Property**

***Brookfield India REIT structure post N2 Acquisition***

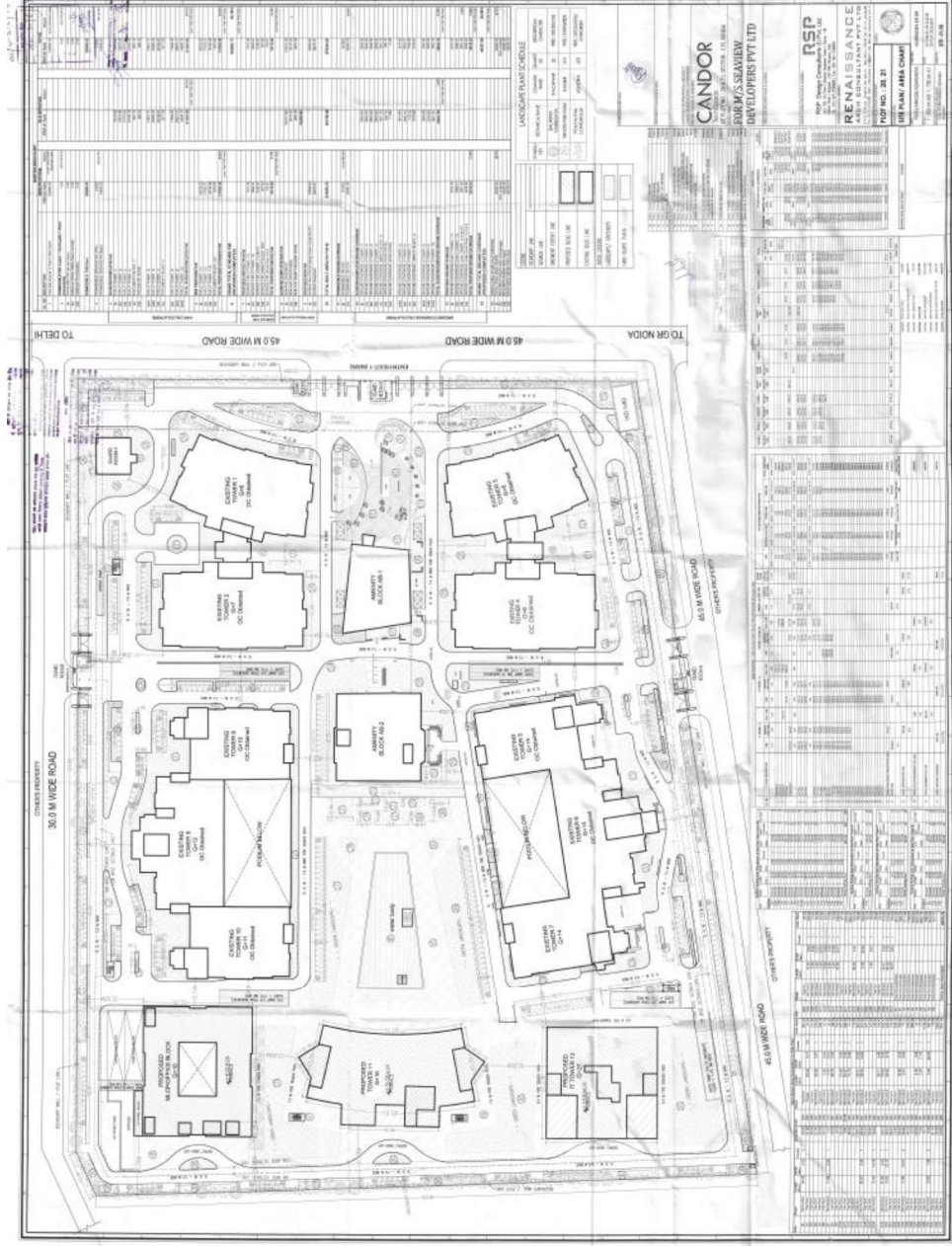


**Note:**

1. *By way of a scheme of amalgamation filed with the NCLT, Candor Gurgaon 2 has merged into Candor Kolkata. The NCLT has approved the scheme by way of its order dated 8 August 2019 and has approved the application for rectification of the aforesaid order by way of its order dated 14 November 2019. The scheme has been made effective from 4 May 2020 with the approval of the BoA dated 5 March 2020 and ROC, Mumbai dated 4 May 2020*

**Annexure 2: Property Layout Plan**

**Completed and Future Development Buildings**



**Annexure 3: Property Photographs**



External View of Tower 9



External View of Tower 11



External View of Tower 10



View of Tower 11A (UC)



Top View of Subject Property

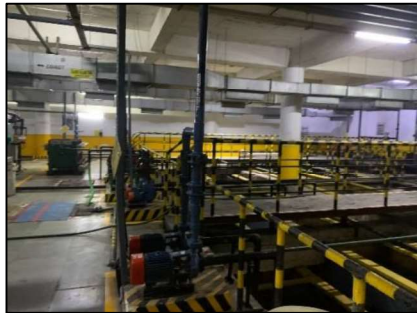




View of Tower 4 Terrace



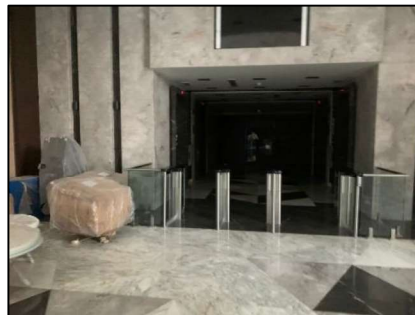
Internal View of Plant Room Tower 4,5,6



View of STP Room Tower 8, 9, 10



View of Transformer Room Tower 8, 9, 10



Internal View of Lobby



External View of Tower 4, 5, 6

**Annexure 4: Statement of Assets**

Building	No/Name	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11
No of DG Capacity	KVA	3 x 1500 KVA, 1 x 750 KVA		4 x 1500 KVA		6 x 1500 KVA		7 x 1500 KVA				3 x 2000 KVA
No of Transformer/Capacity	KVA	2 x 1500 KVA, 1 x 1500 KVA		3 x 1500 KVA		4 x 2000 KVA		3 x 2000 KVA, 1 x 1500 KVA				2 x 2250 KVA
Chiller Rating	TR	3 x 400 TR		4 x 400 TR		5 x 500 TR		4 x 500 TR				3x750 TR
Cooling Tower	TR	DG: 4 x 250 TR, HVAC: 3 x 400 TR		DG: 4 x 250 TR, HVAC: 4 x 400 TR		DG: 6 x 250 TR, HVAC: 5 x 600 TR		DG: 7 x 250 TR, HVAC: 5 x 500 TR				DG: 1 x 200 TR, 1 x 400 TR, HVAC: 3 x 750 TR
FF System (Pumps & Engine)	KW/HP	<p>Jockey: 2 x 15 HP, Sprinkler: 1 x 120 HP, Hydrant: 1 x 120 HP, Curtain Pump: 1 x 30 KW, Diesel Engine: 1 x 127 HP</p> <p>Jockey: 2 x 25 HP, Sprinkler: 1 x 240 HP, Hydrant: 1 x 240 HP, Curtain Pump: 1 x 45 KW, Diesel Engine: 1 x 254 HP Curtain/Diesel Engine: 1 x 72 HP</p>										
Water Pumping System (Domestic & Flushing)	KW/HP	Domestic: 2 x 4 KW, Flushing: 2 x 5.5 KW	Domestic: 2 x 4 KW	Domestic: 2 x 5.5 KW	Domestic: 2 x 7.5 KW	Domestic: 2 x 9 KW, Flushing: 2 x 7.5 KW	Domestic: 2 x 15 KW, Flushing: 4 x 7.5 KW	Domestic: 2 x 11 KW, Flushing: 2 x 11 KW	Domestic: 2 x 7.5 KW	Domestic: 2 x 15 KW	Domestic: 2 x 11 KW, Flushing: 2 x 11 KW	Domestic: 2 x 11 KW, Flushing: 2 x 11 KW
STP Rating	KLD	300 KLD * 1										
Warm Shell/ Bare Shell		Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell	Bare Shell

**Annexure 5: List of Sanctions and Approvals**

List of one-time sanctions/approvals which are obtained or pending:

**Approvals Received**

- a) Building Plan Approvals for all existing/ under-construction buildings and amendments thereof
- b) Full Occupancy Certificate received for all the operational buildings
- c) Consent to Establish (CTE)
- d) Environment Clearance Certificate
- e) Fire NOC
- f) Height clearance NOC from AAI
- g) SEZ Notification by The Gazette of India and by Haryana Government
- h) Consent to Operate (CTO)

**Approvals Pending**

- a) Approvals for Future Development

## Annexure 6: Cash Flows – Completed Buildings (Tower 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 11A, Amenity Block-1 (Ground Floor) and Amenity Block-2)

Years Particulars	Unit										
	1	2	3	4	5	6	7	8	9	10	11
	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
<b>OPERATING INCOME</b>											
Lease Rentals (including Parking income)	1,921.1	2,194.4	2,453.0	2,738.7	3,068.6	3,233.4	3,397.2	3,578.2	3,756.1	4,009.2	4,254.4
O&M Markup	292.8	337.5	374.1	416.5	450.2	466.2	482.4	499.5	520.1	542.8	566.4
Other Income (Telecom, Promotional, Visitor Parking & Misc. Activities)	16.1	16.9	17.7	18.6	19.5	20.5	21.5	22.6	23.7	24.9	26.1
Total Income	2,230.0	2,548.8	2,844.8	3,173.8	3,538.3	3,720.1	3,901.1	4,100.3	4,300.0	4,576.8	4,847.0
Total Income from occupancy	2,230.0	2,548.8	2,844.8	3,173.8	3,538.3	3,720.1	3,901.1	4,100.3	4,300.0	4,576.8	4,847.0
<b>OPERATING COSTS</b>											
CAM Costs For Vacant Areas	(67.0)	(50.3)	(32.7)	(13.2)	-	-	-	-	-	-	-
Lease Rent Payments	(27.3)	(27.3)	(27.3)	(29.1)	(34.4)	(34.4)	(34.4)	(34.4)	(47.0)	(47.0)	(47.0)
Total Operating Costs	(94.3)	(77.7)	(60.0)	(42.3)	(34.4)	(34.4)	(34.4)	(34.4)	(47.0)	(47.0)	(47.0)
Net operating Income	2,135.7	2,471.2	2,784.8	3,131.5	3,504.0	3,685.8	3,866.8	4,065.9	4,252.9	4,529.8	4,799.9
Terminal Value	-	-	-	-	-	-	-	-	-	59,988.9	-
Transaction Cost	-	-	-	-	-	-	-	-	-	(600.0)	-
Fit Out Income	-	-	-	-	-	-	-	-	-	-	-
Total Net Income	2,135.7	2,471.2	2,784.8	3,131.5	3,504.0	3,685.8	3,866.8	4,065.9	4,252.9	63,928.7	4,799.9
Maintenance Capex	(38.4)	(43.9)	(49.1)	(54.8)	(61.4)	(64.7)	(67.9)	(71.6)	(75.1)	(80.2)	-
Brokerage Expenses	(32.5)	(31.4)	(32.6)	(32.6)	(14.3)	(15.8)	(15.2)	(26.9)	(35.9)	(35.5)	(57.4)
Total Construction Costs	(234.0)	-	-	-	-	-	-	-	-	-	-
Net Cashflows	1,830.8	2,395.8	2,703.2	3,017.4	3,428.3	3,605.3	3,783.6	3,967.4	4,141.9	63,813.0	-
Rental Support	687.57	207.61	-	-	-	-	-	-	-	-	-
Net Cashflows	2,518.39	2,603.44	2,703.16	3,017.39	3,428.34	3,605.28	3,783.60	3,967.41	4,141.94	63,813.05	-

**Future Development- Tower 12**

Years Particulars	Unit										
	1	2	3	4	5	6	7	8	9	10	11
	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	31-Dec-31	31-Dec-32	31-Dec-33
<b>OPERATING INCOME</b>											
Lease Rentals (including Parking income)	-	-	-	-	52.0	513.7	692.0	715.5	788.1	795.7	822.8
O&M Markup	-	-	-	-	28.3	118.6	133.6	139.6	145.9	152.5	159.3
Other Income (Telecom, Promotional, Visitor Parking & Misc. Activities)	-	-	-	-	-	-	-	-	-	-	-
Total Income	-	-	-	-	80.3	632.3	825.6	855.1	934.0	948.2	982.1
Total Income from occupancy	-	-	-	-	80.3	632.3	825.6	855.1	934.0	948.2	982.1
<b>OPERATING COSTS</b>											
CAM Costs For Vacant Areas	-	-	-	-	(61.3)	(6.1)	-	-	-	-	-
Lease Rent Payments	(3.0)	(3.0)	(3.0)	(3.0)	(3.3)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)
Total Operating Costs	(3.0)	(3.0)	(3.0)	(3.0)	(64.6)	(10.6)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)
Net operating Income	(3.0)	(3.0)	(3.0)	(3.0)	15.7	621.7	821.1	850.6	929.5	943.7	977.6
Terminal Value	-	-	-	-	-	-	-	-	-	12,220.4	-
Transaction Cost	-	-	-	-	-	-	-	-	-	(122.2)	-
Fit Out Income	-	-	-	-	-	-	-	-	-	-	-
Total Net Income	(3.0)	(3.0)	(3.0)	(3.0)	15.7	621.7	821.1	850.6	929.5	13,041.9	977.6
<b>Maintenance Capex</b>											
Brokerage Expenses	-	-	-	-	(1.0)	(10.3)	(13.8)	(14.3)	(15.8)	(15.9)	-
Total Construction Costs	-	(1,589.0)	(1,589.0)	(794.5)	(58.0)	(57.3)	-	-	-	-	-
Net Cashflows	(3.0)	(1,592.0)	(1,592.0)	(797.5)	(43.4)	554.1	807.3	836.3	913.8	13,026.0	-

**Future Development- Amenity Block-1 (First Floor)**

Years Particulars	Unit											
	1 1-Oct-22 31-Dec-22	2 1-Jan-23 31-Mar-23	3 1-Apr-23 30-Jun-23	4 1-Jul-23 30-Sep-23	5 1-Oct-23 31-Dec-23	6 1-Jan-24 31-Mar-24	7 1-Apr-24 30-Jun-24	8 1-Jul-24 30-Sep-24	9 1-Oct-24 31-Dec-24	10 1-Jan-25 31-Mar-25	11 1-Apr-25 30-Jun-25	12 1-Jul-25 30-Sep-25
<b>OPERATING INCOME</b>												
Lease Rentals (including Parking income)	-	-	-	-	-	-	1.1	3.0	3.6	3.6	3.6	3.6
O&M Markup	-	-	-	-	-	0.19	0.4	0.4	0.4	0.4	0.4	0.4
Other Income (Telecom, Promotional, Visitor Parking & Misc. Activities)	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	-	-	-	-	-	0.19	1.5	3.4	4.0	4.0	4.0	4.0
Total Income from occupancy	-	-	-	-	-	0.19	1.5	3.4	4.0	4.0	4.0	4.0
<b>OPERATING COSTS</b>												
CAM Costs For Vacant Areas	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	-	-	-	-	-	-
Lease Rent Payments	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Total Operating Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	(0.13)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net operating Income	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	0.1	1.5	3.4	4.0	4.0	4.0	4.0
Terminal Value	-	-	-	-	-	-	-	-	-	-	-	-
Transaction Cost	-	-	-	-	-	-	-	-	-	-	-	-
Fit Out Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Income	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	0.06	1.5	3.4	4.0	4.0	4.0	4.0
<b>Maintenance Capex</b>												
Maintenance Capex	-	-	-	-	-	-	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Brokerage Expenses	-	-	-	-	-	(1.17)	(1.2)	-	-	-	-	-
Total Construction Costs	-	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows	(0.24)	(0.24)	(0.24)	(0.24)	(0.25)	(1.11)	0.25	3.31	3.93	3.93	3.94	3.94

**Annexure 8: Ready Reckoner Rate and Land Rate**

**Ready Reckoner Rate**

प्लॉट-1 में आवंटित किया गया लैंड कोड	सेक्टर का क्रमांक	समस्त श्रेणी की अक्षुब्ध भूमि जिनका भू प्रयोजन प्राधिकरण द्वारा सुनिश्चित है की दरे प्रति वर्गमीटर रूपये में									एकल से कम (खाली प्लॉट-कार) वाणिज्यिक सन्धि की शर्तों पर कार्रवाई किया प्रति वर्गमीटर में					
		A			B			C			प्राथमिक से अग्रिम वाणिज्यिक प्रयोजन के लिए			प्राथमिक से अग्रिम वाणिज्यिक प्रयोजन के लिए		
		भूखण्ड आवासीय प्रयोजन			भूखण्ड वाणिज्यिक प्रयोजन			भूखण्ड औद्योगिक प्रयोजन			दुकान			दुकान		
		i	ii	iii	i	ii	iii	i	ii	iii	दुकान	कार्यालय	गोदाम व अन्य	दुकान	कार्यालय	गोदाम व अन्य
		12 मीटर से अधिक किन्तु 18 मीटर तक चौड़ी सड़क पर	18 मीटर से अधिक किन्तु 24 मीटर तक चौड़ी सड़क पर	24 मीटर से अधिक चौड़ी सड़क पर	100 वर्ग मीटर तक	100 वर्ग मीटर से अधिक 1000 वर्ग मीटर तक	1000 वर्ग मीटर से अधिक 10000 वर्ग मीटर तक	4000 वर्ग मीटर तक के लिए	4000 वर्ग मीटर से अधिक 20000 वर्ग मीटर तक	20000 वर्ग मीटर से अधिक 60000 वर्ग मीटर तक						
0138	130	55150	57750	60400	315000	259000	166000	-	-	-	206300	231100	225100	210000	204750	199500
0139	131	55150	57750	60400	315000	259000	166000	-	-	-	206300	231100	225100	210000	204750	199500
0140	132	55150	57750	60400	240000	195000	148000	-	-	-	222000	171800	165900	157500	152250	147000
0141	133	55150	57750	60400	315000	259000	166000	-	-	-	206300	231100	225100	210000	204750	199500
0142	134	55150	57750	60400	315000	259000	166000	-	-	-	206300	231100	225100	210000	204750	199500
0143	135	55150	57750	60400	315000	259000	166000	-	-	-	206300	231100	225100	210000	204750	199500
0144	136	55150	57750	60400	240000	195000	148000	-	-	-	222000	171800	165900	157500	152250	147000
0145	137	55150	57750	60400	315000	259000	166000	-	-	-	206300	231100	225100	210000	204750	199500
0146	138	42000	44000	46000	240000	195000	148000	15000	14500	13000	222000	171800	165900	157500	152250	147000
0147	139	42000	44000	46000	240000	195000	148000	-	-	-	222000	171800	165900	157500	152250	147000
0148	140	42000	44000	46000	240000	195000	148000	15000	14500	13000	222000	171800	165900	157500	152250	147000
0149	140 A	42000	44000	46000	240000	195000	148000	15000	14500	13000	222000	171800	165900	157500	152250	147000
0150	141	42000	44000	46000	240000	195000	148000	-	-	-	222000	171800	165900	157500	152250	147000
0151	142	55150	57750	60400	315000	259000	166000	-	-	-	206300	231100	225100	210000	204750	199500
0152	143	55150	57750	60400	315000	259000	166000	-	-	-	206300	231100	225100	210000	204750	199500
0153	143 B	55150	57750	60400	315000	259000	166000	-	-	-	206300	231100	225100	210000	204750	199500

सहायक महानिरीक्षक निबंधन (प्रथम)  
गौतमबुद्धनगर।

अपर जिलाधिकारी(वित्त एवं राजस्व)  
गौतमबुद्धनगर।

जिलाधिकारी  
गौतमबुद्धनगर।





**Annexure 9: Major Repairs Undertaken and Proposed in the Subject Property**

As informed by client, following major repairs/upgrades have been taken up in the past:

- Improved amenity offerings by setting up two amenity blocks including a large food court to make it an attractive office campus for large tenants; and
- Improved the ingress-egress of the property through widening and refurbishment of the SEZ gates, upgraded parking systems to RFID based systems and upgraded electromechanical equipment.
- Nearly completed the refurbishment of Tower 1

**Annexure 10: Caveats & Limitations**

1. The Valuation Report (hereafter referred to as the “Report”) covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
  - a. The valuation method adopted is based on the Valuer’s expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to **Brookfield India Real Estate Trust** (or “the Client”) or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
  - b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
  - c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
  - d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
  - e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services or an independent validation of the projections. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
  - f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.

- g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.
3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
  4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is bona-fidely believed to be reliable.
  5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.
  6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum not exceeding the total fees paid for each instruction accepted. Unless specifically mentioned otherwise in the main report. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
  7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose.
  8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.