

YoY Change 12-Month Forecast

INR 58.9 Bn
Investment Volume Q2 22



74.2%
Foreign investors' share Q2 22



50.7%
Share of Multi-segment Q2 22



47.1%
Share of Residential Q2 22



56.7%
Share of Debt Investments Q2 22



ECONOMIC INDICATORS

Q1 2022	YoY Change	12-Month Forecast
4.1% GDP Growth	▲	▲
7.01% CPI Growth*	▲	▼
1.8% Consumer Spending	▼	▲
4.8% Govt. Final Expenditure Growth	▲	▲

* June 2022
Source: Oxford Economics, RBI

ECONOMIC OVERVIEW: Moderate growth of 4.1% in real GDP during March quarter

India's real GDP grew by 4.1% y-o-y in the quarter ending Mar-2022, thereby pegging the full financial year FY2021-22 growth at 8.7% y-o-y. Growth was largely held by the government sector along with private services sector, as manufacturing activity was weak owing to high commodity prices and supply chain disruptions. On the expenditure side, Government expenditure grew by 4.8% in Q1-22, faster than the previous quarter as government resorted to higher spending on infrastructure. Consumer inflation stood at ~7.0% as of June 2022, having tapered down marginally from the recent period highs of 7.8% in April. Inflation continues to remain above RBI's tolerance level of 2-6%, thereby forcing the central bank to drastically raise rates twice in last 2-3 months. Separately, Foreign Direct Investment (FDI) inflows in the construction development sector were recorded at INR 2.63 bn in Q1 2022, an increase of 78.4% on quarterly comparison.

INVESTMENT OVERVIEW: Residential segment led investments in Q2

The second quarter (ending June-22) recorded private equity investment inflows of INR 58.9 bn (USD 0.77 bn), almost similar to the quantum of investment receipts in the previous quarter. At a city-level, multi-city investments accounted for more than half of the private equity inflows for Q2 with a 50.7% share, with Brookfield acquiring a majority stake in commercial and retail assets of Bharti Realty in Delhi NCR and Ludhiana. This was followed by Delhi NCR and Pune constituting respective shares of 29.4% and 11.5% in the quarterly investments.

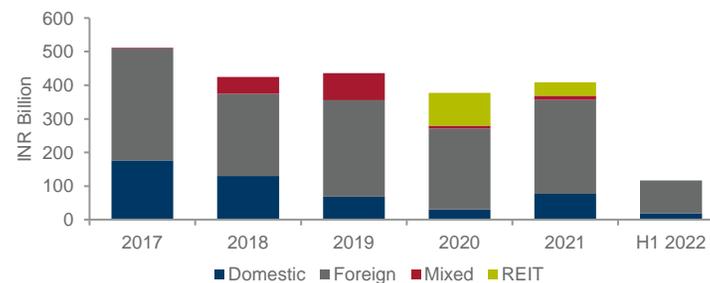
Residential segment garnered highest investor interest in Q2-22, attracting inflows of INR 27.8 bn (USD 0.36 bn), thereby accounting for a 47% share of overall investments. The robust levels of activity in the residential space over last 2 years has been encouraging many investors to infuse funds into this asset class. Multi-segment investments (dominated by office) held a 50.7% share in the quarter's fund flows led by investors including Brookfield Asset Management and Varde Partners. Though industrial segment did not receive any fresh investments during the quarter, Ascendas India Trust entered into definitive agreement for acquiring an industrial facility of Casa Grande at Mahindra World City Chennai, the forward purchase for which was initially announced in 2021.

Foreign investors constituted a majority share of 74.2% in investment volume with some large transactions across multiple segments. Debt investments held a majority share of 56.7% in the fund flows for Q2, while equity investments constituted a larger share during the previous quarter.

Fund raising activity for residential & office segments announced

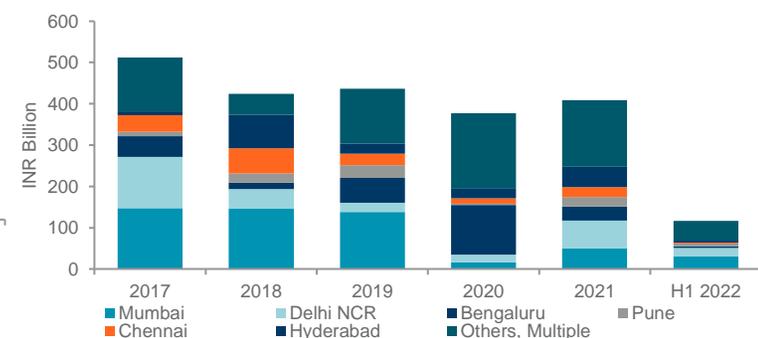
Global private equity investor Actis closed its Asia-focused fund, Actis Asia Real Estate 2 (AARE2), at USD 0.7 bn. The fund intends to invest in commercial real estate in Asia, including India. ASK Property Investment Advisors achieved the initial closure of INR 6.1 bn for a real estate fund targeted towards investment in residential segment across cities including Mumbai, Pune, Noida, Gurgaon, Bengaluru and Chennai. Healthy residential demand in major cities is attracting investors to this asset class over the last 2-3 quarters.

DOMESTIC VS FOREIGN INVESTMENTS



Source: VCCircle, Cushman & Wakefield Research

INVESTMENT VOLUME – CITY-WISE



Rustomjee Group is planning to set up an INR 5.7 bn investment and development fund focusing on residential and mixed-use developments in Mumbai Metropolitan Region. The platform called Mt K Kapital will be a category II Alternate Investment Fund.

Kotak Investment Advisors has partnered with Abu Dhabi Investment Authority to set up an INR 46 bn investment platform in Gujarat's GIFT City. The fund will target investments into office assets in major cities. Strong demand fundamentals from large organizations and the return to work of occupiers continue to keep the interest of institutional investors active in this segment.

Investor-developer partnerships see continued momentum

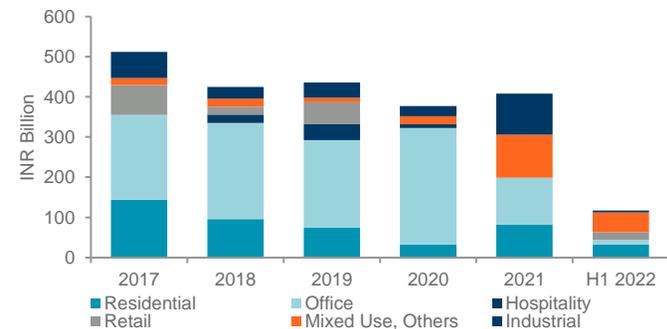
Bain Capital and Ivanhoé Cambridge have formed a USD 1 bn partnership with Lodha Group for the development of industrial and logistic parks and in-city fulfilment centres. The first project under this alliance is a ~110-acre logistics and industrial park at Palava, Mumbai with more investments and land acquisitions expected in future. The sector, which continues to enjoy robust demand led by large e-commerce and 3PL players, has been attracting significant interest from large institutional investors.

CPPIB formed an office platform with Tata Realty & Infrastructure Ltd to develop and own commercial assets in key cities, starting with two assets in Chennai and Gurugram. This alliance is the second for CPPIB in 2022 after the one with RMZ last quarter and signals the pension fund's confidence in India's office market prospects.

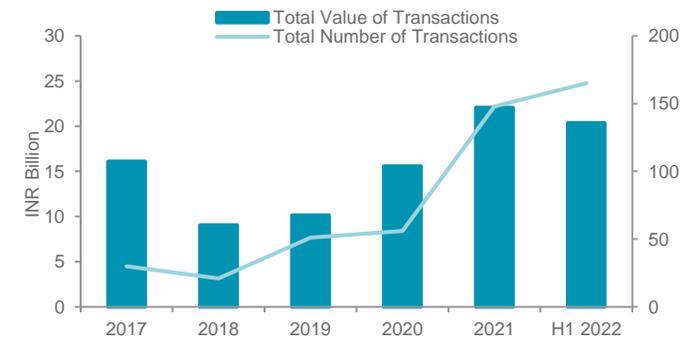
Corporate Transactions in Real Estate

The quarter recorded corporate transaction volumes of INR 11.52 bn (USD 0.15 bn), a q-o-q increase of 30.6%. Mumbai constituted a majority share of 59% of the total investment volume during the quarter. This was followed by Bengaluru with a 35% share.

INVESTMENT VOLUME – ASSET-WISE



CORPORATE TRANSACTIONS VOLUME



Outlook

The continued focus on developer – investor alliances across multiple asset classes will bode well for the overall investment landscape in the country. Office, retail and industrial segments will reap the maximum benefit from platforms created in these segments in the last few quarters. Large pension as well as private equity funds remain upbeat about the overall market fundamentals and continue to form such partnerships with developers. The developers in turn leverage from the superior operational and management capabilities of investors as well as the necessary capital to further their expansion plans. The upswing in residential segment has begun to garner significant investor attention and the trend is expected to continue in the quarters ahead, with the market also witnessing setting up of Alternate Investment Funds by large developers. Going forward, market is expected to see more REIT listings as large developers are in the process of doing the ground-work for becoming REIT-ready and bundling together assets in a portfolio.

SIGNIFICANT INVESTMENT TRANSACTIONS – Q2 2022

INVESTOR	INVESTEES	TRANSACTION TYPE	CITY	INVESTMENT (INR BILLION)
Brookfield Asset Management	Bharti Realty	Office, Retail	Delhi NCR, Ludhiana	25.5
Bain Capital	TARC	Residential	Delhi NCR	13.3
Varde Partners	Omaxe Group	Multiple	Multiple	4.4
HDFC Capital Advisors	Signature Global	Residential	Delhi NCR	4.0
Dalmia Nisus Finance	Shriram Properties	Residential	Bengaluru	0.6

SIGNIFICANT CORPORATE TRANSACTIONS – Q2 2022

BUYER	BUYER'S SECTOR	TRANSACTION TYPE	CITY	INVESTMENT (INR MILLION)
Applied Materials India Pvt Ltd	Manufacturing	Office	Bengaluru	3380.0
Polycab India Ltd	Manufacturing	Office	Mumbai	2020.0
Matrix Fertilizers & Chemicals	Others	Office	Mumbai	550.0
Nxtra Data Ltd	Data Centre	Office	Mumbai	300.0

PLATFORMS FORMED – Q2 2022

INVESTORS	TRANSACTION TYPE	INVESTMENT (INR BILLION)
Ivanhoé Cambridge, Bain Capital – Lodha Group	Industrial	77
CPPIB – TRIL	Office	53

Sources: VCCircle, Cushman & Wakefield Research

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