

YoY Change 12-Month Forecast

INR 131.2 Bn

Investment Volume Q3 22



67%

Foreign investors' share Q3 22



60%

Share of Commercial-segment Q3 22



25%

Share of Warehousing Q3 22



8%

Share of Debt Investments Q3 22



ECONOMIC INDICATORS

Q2 2022	YoY Change	12-Month Forecast
13.5% GDP Growth	▲	■
6.7% CPI Growth*	▲	▼
7.5% Consumer Spending	▼	▲
9.7% Govt. Final Expenditure Growth	▲	▲

* September 2022

Source: Oxford Economics, RBI

ECONOMIC OVERVIEW: Robust GDP growth in Jun-22 quarter; economy exhibiting resilience

India's real GDP grew by 13.5% y-o-y as of quarter ending June-2022. Last year around the same time, GDP growth stood at 20.1% y-o-y largely arising from a low base owing to a stringent first lockdown during Q2-2020. For the June quarter this year, GDP growth was largely contributed by a pick-up in private consumption spending and also capital investments. This growth, however, came in lower than the RBI's earlier projected growth rate of 16.2% for the quarter. For the Sept-22 quarter, GDP growth is estimated at between 6.0-6.5% y-o-y, while full year (FY2022-23 – April-March) GDP growth is pegged at ~7% by the Indian central bank. The widely tracked high frequency macroeconomic indicators for India, such as the monthly GST collections and the Purchasing Managers Index (both Services and Manufacturing), have been exhibiting resilience. Therefore, economic activity is believed to remain resilient in the near-term despite risks emanating from high inflation, rising interest rates and the on-going geopolitical stress. However, the recent spike in CPI inflation to 7.4% as of September, as against 7.1% as of June quarter end and a volatile oil prices have been causing worry. The September quarter has already witnessed two steep rate hikes delivered by the RBI, and the benchmark repo rate now stands at a 3-year high of 5.9%.

INVESTMENT OVERVIEW: Commercial segment led investments in this quarter

The third quarter recorded private equity investment inflows of INR 131.2 bn (USD 2.27 bn), a near 1.3x growth in investment receipts as compared to the previous quarter and same period last year (Q3-21). At a city-level, Bengaluru (21%) witnessed a high share in fund flow, followed Delhi (18%) and Mumbai (15%). Multi-city investments accounted for close to 26% of the fund inflows for Q3, with notable ones like Actis - Mahindra Lifescape investment worth INR 2,200 Cr focused on warehousing development.

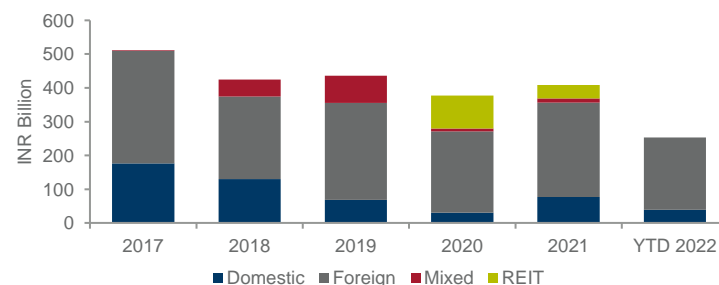
Office segment witnessed the highest investor interest in this quarter, with inflows of INR 79.9 bn (USD 1.0 bn), accounting for almost 60% share of overall investments. With improving office sector demand on the back of employees returning to office, many investors have backed prominent commercial developments in Bengaluru, Delhi NCR, Mumbai and other cities. Warehousing segment held a 25% share in the quarter's fund flows led by the Actis - Mahindra Lifescape deal and Bain & Capital-Ivanhoe Cambridge investment in Lodha's Logistics Arm.

Foreign investors constituted a majority share of 67% in the quarter's investment volume with some large transactions in the commercial segment. Debt investments held a lesser share of 8% in the fund flows for Q3 with notable debt inflows from BPEA credit and Credit Suisse, while equity investments, with 92% share, constituted a larger share in the quarter.

Fund raising activity for residential segment announced

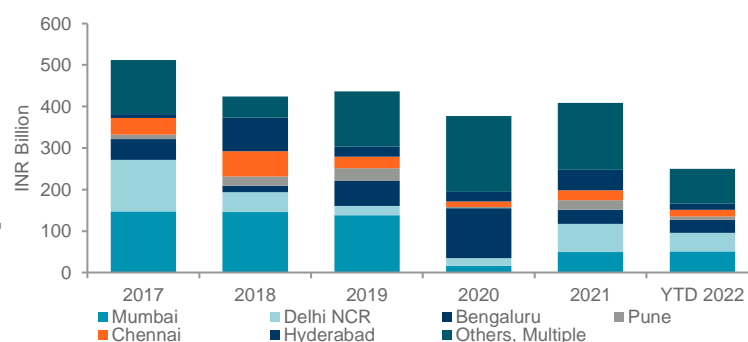
Kotak Investment Advisors is planning residential focused fund of about USD 1 bn with focus on India's top 5 cities. Abu Dhabi Investment Authority and Allianz SE are reportedly investing in this new fund which is set to start by 2023. An alternative investment platform WSB Real Estate Partners and alternative credit platform Blacksoil have raised over INR 500 cr through WSB Real Estate Debt Fund II, which is set to focus on residential projects (mid income and affordable segment) in cities like Mumbai, Pune, Bangalore, Hyderabad and Chennai through structured debt

DOMESTIC VS FOREIGN INVESTMENTS



Source: Economic Times, Cushman & Wakefield Research

INVESTMENT VOLUME – CITY-WISE



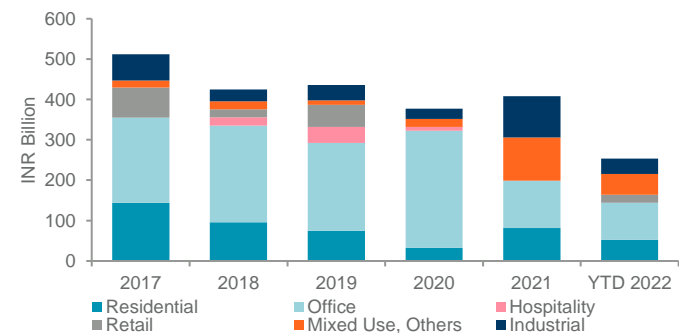
India's maiden retail REIT being planned

Blackstone backed retail arm Nexus Malls is expected to launch India's first retail REIT named Nexus Select Trust in coming quarters. Major part of portfolio under this REIT will be retail malls (under Nexus ownership) across India along with some amount of office and hospitality assets. Blackstone is planning raise fund of USD 500-600 million through this REIT listing. Recently, Nexus malls have proposed acquisition of Delhi's premium mall Select Citywalk and it is expected to be added to the proposed retail REIT.

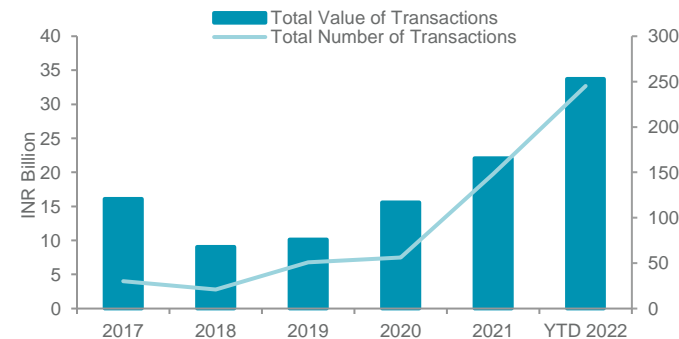
Corporate Transactions in Real Estate

The quarter recorded corporate transaction volumes of INR 13.40 bn (USD 0.17 bn), a q-o-q increase of 16.30%. Mumbai constituted a majority share of 59% of the total investment volume during the quarter, followed by Bengaluru with a 28% share.

INVESTMENT VOLUME – ASSET-WISE



CORPORATE TRANSACTIONS VOLUME



Outlook

Investment climate within the real estate sector has seen some headwinds in recent quarters with the underlying macroeconomic risks that are brewing. However, both the commercial real estate (office, retail and warehousing) as well as residential markets have been performing strongly in recent quarters. Therefore, overall investor sentiment should largely be balanced at this point in time. We expect a lot of interest in the upcoming maiden REIT dedicated for Retail sector, as India's retail sector has rebounded sharply and there is dearth for quality assets in this underpenetrated retail market. Blackstone (via Nexus Malls) holds the largest portfolio of professionally-managed Grade-A retail properties in India.

SIGNIFICANT INVESTMENT TRANSACTIONS – Q3 2022

INVESTOR	INVESTEES	TRANSACTION TYPE	CITY	INVESTMENT (INR BILLION)
GIC	Bhartiya Group	Commercial	Bengaluru	28
Actis Group	Mahindra Lifescapes	Warehousing	Multiple	22
Capita Land	Capita Land Development	Commercial	Chennai	14
PAG	Elan Group	Commercial	Delhi NCR	4

SIGNIFICANT CORPORATE TRANSACTIONS – Q3 2022

BUYER	BUYER'S SECTOR	TRANSACTION TYPE	CITY	INVESTMENT (INR MILLION)
Advanced Realty (Private) Ltd	Real Estate	Office	Mumbai	1381.0
Happiest Minds Technologies Pvt Ltd	Other	Office	Bengaluru	1015.0
National Realty Pvt Limited	Real Estate	Office	Mumbai	824.0

PLATFORMS FORMED – Q3 2022

INVESTORS	TRANSACTION TYPE	INVESTMENT (INR BILLION)
Kotak Investment Advisors Limited	Residential	79.4
WSB Real Estate Debt Fund II	Residential	5.0

Sources: Economic Times, Cushman & Wakefield Research

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