

INDIA AND PUNE OFFICE MARKET INDUSTRY OVERVIEW REPORT

INDIA AND PUNE OFFICE MARKET OVERVIEW

CUSHMAN & WAKEFIELD

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REPORT FOR:

K. Raheja Corp. Investment Managers Private Limited (Acting as Investment Manager to Mindspace Business Parks REIT) and Mindspace Business Parks Private Limited ("MBPPL")

Contents

Instructions.....	3
A. India Office Market Overview	5
B. Pune City Overview	10
C. Pune Office Overview	12
Pune – Key Statistics.....	12
Key Office Clusters - Overview	13
Pune City Commercial Market Overview	14
Existing & Upcoming Infrastructure - Pune	17
Supply, Absorption and Vacancy Trends of the City	19
Upcoming Supply & Pre-Commitments - Pune	20
Sector Demand Analysis	21
Pune: Key Office Clusters Rental Analysis	22
D. SBD East has emerged as the leading Front Office Market	24
SBD East Office Micro Market Overview	25
Infrastructure Overview – SBD East	27
Key Statistics for SBD East:	28
SBD East – Supply, Absorption & Vacancy	29
Rental Trend Analysis.....	32
Sector Demand Analysis	33
Office Market Outlook	34

Instructions

This report titled “India and Pune Office Real Estate Overview” has been prepared for the client, K. Raheja Corp. Investment Managers Private Limited (Acting as Investment Manager to Mindspace Business Parks REIT) and Mindspace Business Parks Private Limited (“MBPPL”). The report is governed by the terms & conditions mentioned in the signed engagement letter dated January 06, 2024.

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**INDIA & PUNE
OFFICE MARKET
OVERVIEW**



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A. India Office Market Overview

Overview

India's office real estate has witnessed significant growth over the years as the Indian economy recorded robust growth over the years. Grade A office stock in major 6 cities in India has increased from 405 msf as of 2016 to 671 msf as of 2023 (CAGR - ~7.5% over 2016-23).

The office business in India is driven by access to cost-effective, English-speaking, skilled workforce at unmatched scale. This demographic trend is early stage and is not materially impacted by short-term fluctuations in GDP growth projections, the near-term outlook of the domestic banking sector, etc.

While majority of the tenancies in India during the pre-2000 era was majorly attributable to the Industrial Houses, Bank, Government Body office, corporate headquarters, growth in the Indian office real estate post 2000 can be majorly attributed to the robust growth in the Technology sector and the growing interests of foreign MNCs establishing their Global Capability Centers / Global Inhouse Centers in India. This has been majorly led by the structural shift of the Indian economy from agricultural to manufacturing and to services sectors.

Over the short to medium term, we expect the growth in the office real estate sector to be majorly driven by flight to quality, halted consolidation discussions, which were earlier put on hold and expansion requirements from major corporates.

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. Over the long term, we expect the strong growth momentum in the Indian office real estate sector to continue and be majorly driven by

1. The evolution of work dynamics, including flexible work arrangements and hybrid models, will influence the demand for office spaces.
2. India's position as a key player in the global outsourcing and services industry is likely to persist. The outsourcing of business processes, IT services, and research and development activities will drive demand for office spaces in major business hubs.
3. The entrepreneurial ecosystem in India is thriving, with a significant number of startups emerging across various industries. The expansion of these startups and their demand for office spaces can contribute to the growth of the real estate sector.

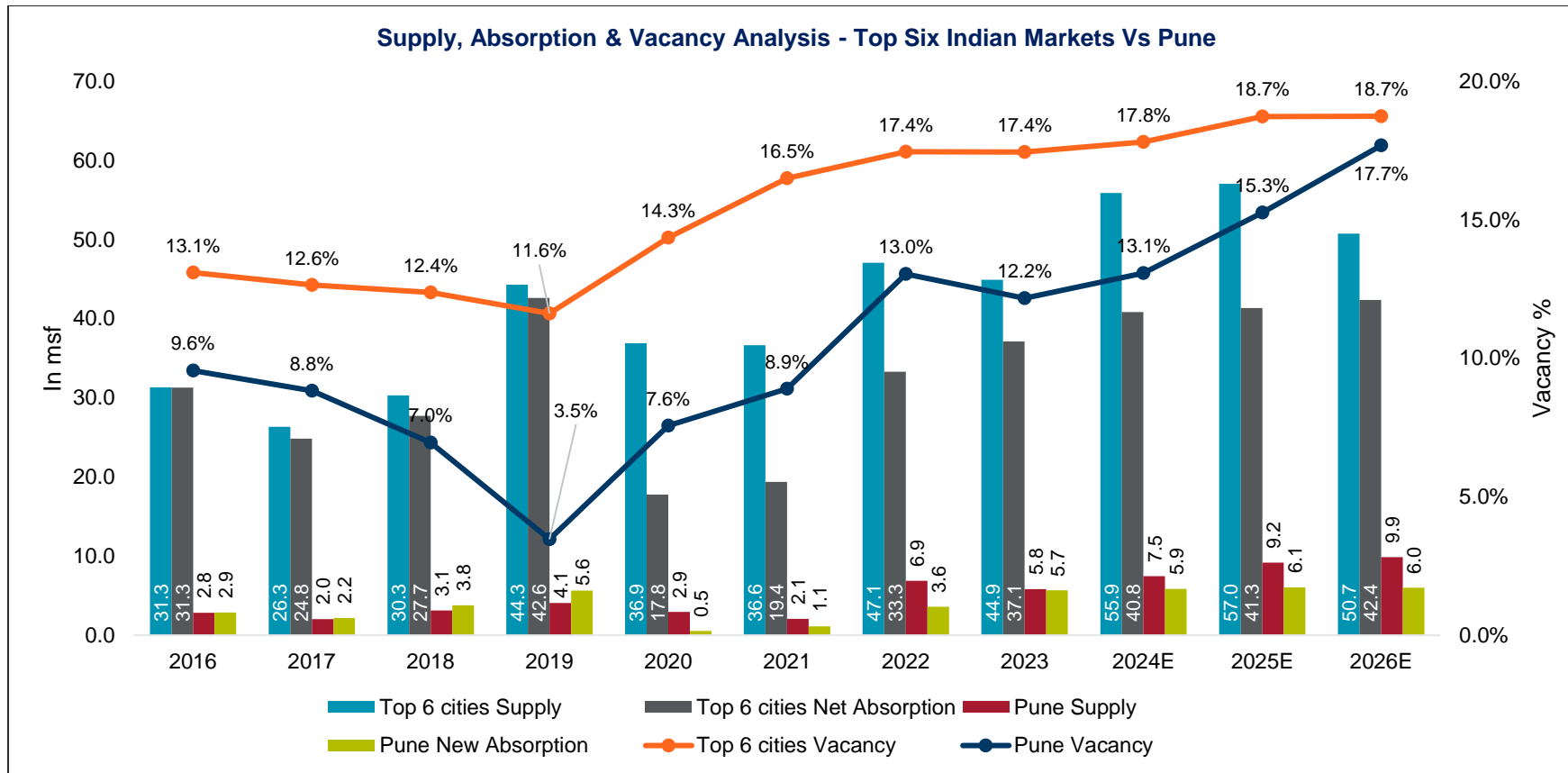
Supply, Net Absorption & Vacancy Analysis

Approximately 265.5 msf of new supply is delivered in the top six markets over the period 2016 – 2023 against the net absorption of approximately 234.0 msf during 2016 – 2023. The average annual absorption during 2016 – 2023 is ~29.3 msf.

The top 6 cities witnessed fresh supply during 2023 of ~44.9 msf against the net absorption of ~37.1 msf. Thereby, vacancy in the top six markets stood at 17.4% in 2023.

Top 6 cities are expected to witness fresh supply of ~163.6 msf until 2026F, of which Bangalore and Hyderabad contribute to ~26.5% and 18.2% respectively. We expect the vacancy levels to increase to 18.7% by 2026F, mainly driven by the infusion of fresh supply over the upcoming years.

Over a longer term, we opine that the demand for the office space would surpass the supply available in the markets.



Source: Cushman and Wakefield Research

*Please Note: Top 6 cities data comprises of the 6 major cities in India i.e. Bengaluru, Chennai, Delhi, Noida, Gurugram, Hyderabad, Mumbai and Pune.

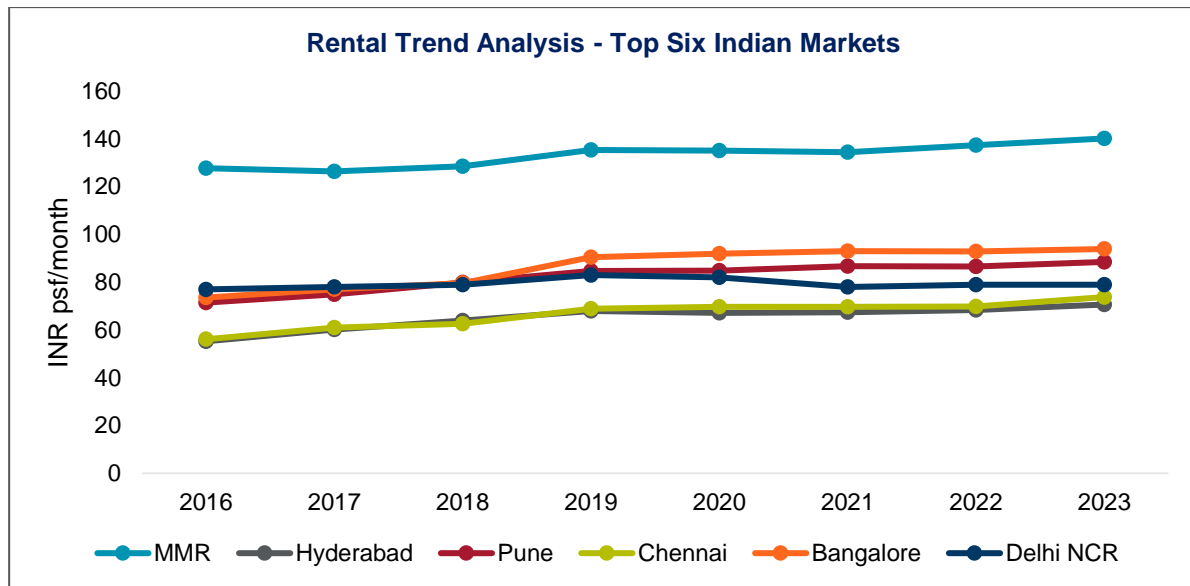
Note: 1. Future supply estimates are based on analysis of under construction projects considering their physical progress, available information on their approvals and interactions held with various stake holders, future absorption estimates are derived basis past trend, current vacancy an estimated supply. Vacancy estimates are based on supply and absorption trend.

2. Absorption refers to the Net absorption. The Net absorption value refers to the difference between the occupied stock for two subsequent periods

Rental Trends in top 6 Markets

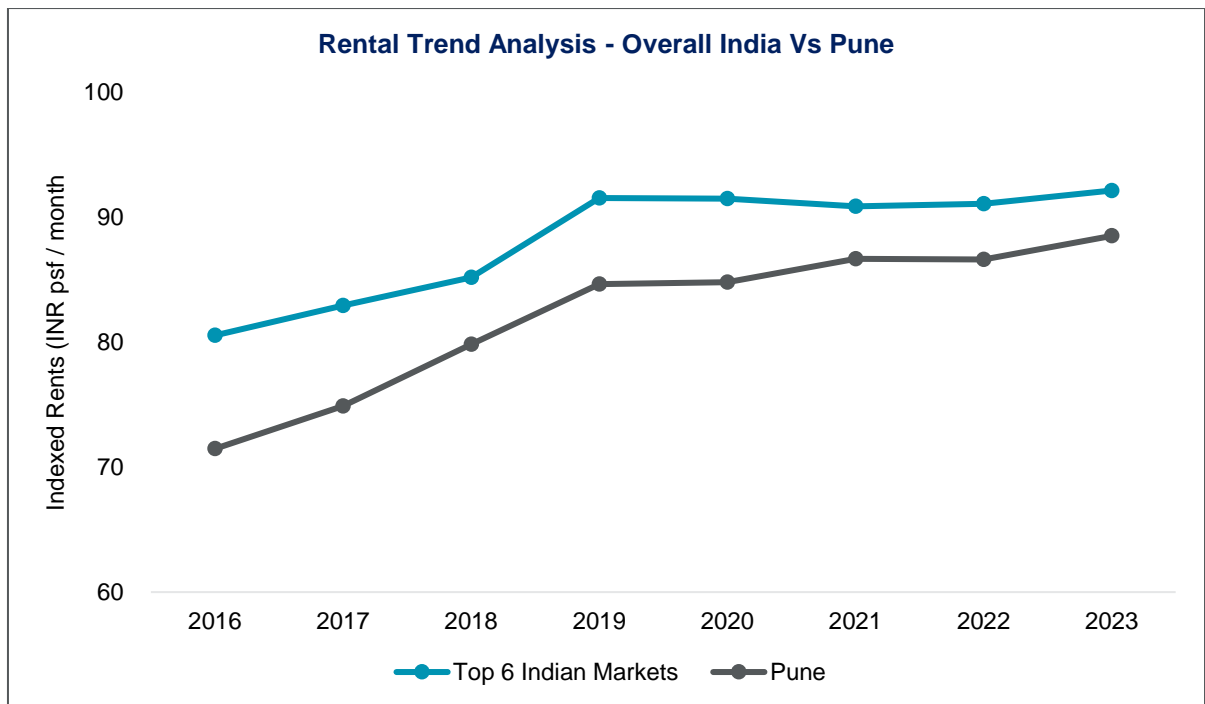
Rentals in top 6 markets of India have grown at a CAGR of ~3.6% in Hyderabad, ~4.0% in Chennai, ~3.5% in Bangalore, ~3.1% in Pune, ~1.3% in Mumbai, and ~0.4% in NCR.

The combined rentals in India have grown at a CAGR of ~1.9% over the period 2016 – 2023. Good quality grade A assets with quality landlord profile in key micro markets have witnessed rental growth over the last few quarters. As the markets continue to open, we expect the strong tailwinds to the rentals over the upcoming years.



Source: Cushman and Wakefield Research

Note: The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 5% depending upon negotiations, final structuring of the lease agreement and other parameters.



Source: Cushman and Wakefield Research

Note: The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 5% depending upon negotiations, final structuring of the lease agreement and other parameters.

B. Pune City Overview

Particulars	India*	Pune - Overall	CBD	**SBD East	SBD West	PBD East	PBD West
Total completed stock 2023 (msf)	671.0	70.8	5.0	36.7	9.7	2.8	16.3
Current occupied stock 2023 (msf)	553.9	62.2	4.9	34.4	8.9	1.5	12.2
Current Vacancy 2023 (%)	17.4%	12.2%	1.3%	6.4%	8.7%	46.2%	25.0%
Avg. Annual Absorption – 2016 – 2023 (msf)	29.2	3.2	0.2	1.8	0.7	0.1	0.4
Future Supply – 2024F – 2026F (msf)	163.6	26.5	4.2	16.3	3.7	0.0	2.3
Market Rent – 2023 (INR psf / month)	92	88	102	101	92	65	60

Source: Cushman & Wakefield Research

*India data comprises of the major cities in India i.e. Bengaluru, Chennai, Hyderabad, NCR, Mumbai and Pune

**Subject micro market

Note: Cushman & Wakefield has considered the future supply after analyzing each of the project based on the physical progress of the project, available information on approvals and interactions held with various stake holders.

Location Key:

CBD – Laxmi Road, Camp, Bund Garden, Boat Club, Koregaon Park, Dhole Patil Road, Pune Station, Shivaji Nagar, FC Road, JM Road, Wakdevadi, SB Road, Model Colony, Ganeshkhind Road, etc.

SBD East – Kalyani Nagar, Kharadi, Mundhwa, Yerwada, Nagar Road, Viman Nagar, Hadapsar, Kondhwa, etc.

SBD West – Aundh, Baner, Pashan, Kothrud, Karve Nagar, Khadki, Paud Road

PBD East – Phursungi, Wagholi, Charoli, Solapur Road, Saswad Road, Katraj, etc.

PBD West – Hinjewadi, Wakad, Pimpri, Bhosari, Chinchwad, Bavdhan, Mulshi, Talawade, Tathawade, Nanded, Pimple Saudagar, etc.

Pune, often referred to as the "Oxford of the East" and the "Detroit of India," is a thriving city in the state of Maharashtra. Over the years, Pune has evolved into a multifaceted hub, hosting various industries and educational institutions. Here are some key aspects that drive the demand for office space in the Pune region:

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

- **Automobile and Manufacturing Industry:** Known as the "Detroit of India," Pune has a robust presence in the automobile and manufacturing sectors. Several automotive giants and manufacturing units have established their operations in the city. This sector's growth contributes significantly to the demand for office spaces accommodating corporate offices, research and development centers, and production facilities.
- **IT Parks and Special Economic Zones (SEZs):** Pune has witnessed a surge in the development of IT parks and SEZs, providing a conducive environment for IT and business process outsourcing (BPO) companies. These zones foster innovation, collaboration, and business growth, attracting both domestic and international firms.
- **Strategic Location:** Pune's strategic location, situated between Mumbai and Bangalore, two major economic hubs, enhances its accessibility and connectivity. The city is well-connected by road, rail, and air, making it an attractive location for businesses seeking a central presence in India.
- **Infrastructure Development:** Pune has witnessed significant infrastructure development initiatives, including metro rail projects, road expansions, and the expansion of Pune International Airport. These ongoing and planned projects enhance the city's connectivity and make it more conducive for business operations.
- **Educational and Social Infrastructure:** Pune boasts a well-developed social infrastructure, including reputed educational institutions, healthcare facilities, shopping malls, and recreational spaces. This creates a desirable living and working environment, attracting professionals and their families.

C. Pune Office Overview

Pune – Key Statistics

The table below highlights the key statistics of Pune's Grade A office market:

Particulars	Details
Total completed stock (2023)	Approximately 70.8 msf
Current occupied stock (2023)	Approximately 62.2 msf
Current Vacancy (2023)	Approximately 12.2%
Avg. Annual Net Absorption (2016 – 2023)	Approximately 3.2 msf
Future Supply (2024 – 2026)	2024: Approximately 7.5 msf 2025: Approximately 9.2 msf 2026: Approximately 9.9 msf

Source: Cushman & Wakefield Research

Note: Cushman & Wakefield has considered the future supply after analyzing each of the project based on the physical progress of the project, available information on approvals and interactions held with various stake holders

Key Office Clusters - Overview

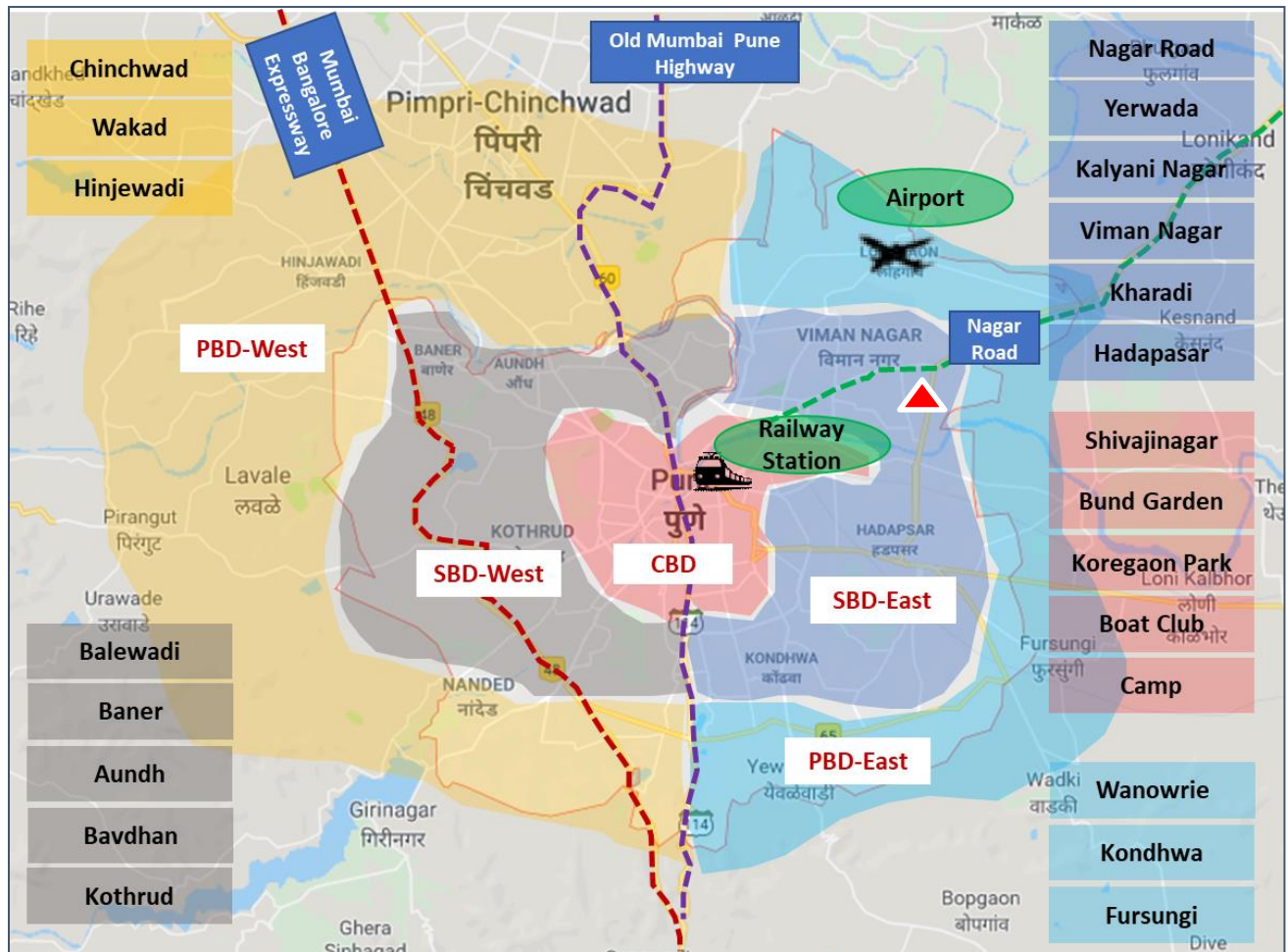
Pune has been a hub for commercial activities due to the presence of automobile industry in the city. However, this did not translate into demand for organised commercial office space in the city and the scale or volume of office space in the city had been nominal up till early 1990's. Over the past decade there has been an influx of IT companies which has changed the economic profile of the city. IT/ITES sector has become the dominant economic driver of the city. In mid-1990's, IT office demand and development started to be witnessed across the city. During the mid-1990 when development of Hinjewadi Phase 1 was initiated, most developments were campus developments by Companies such as Infosys, Wipro, etc. It was the lack of multi-tenanted IT options that lead to the development of Baner Road as an IT destination. This was complemented by the development of the Expressway that is an arterial road connecting Mumbai to Pune and is near Baner that enhanced the connectivity to Mumbai. Over the past few years, there has also been an increase in the number of financial institutions expanding their base in the city.

IT/ITES SEZ development in Pune started from the year 2005 onwards. EON Free Zone was the first notified SEZ in the city and it witnessed active leasing and occupancy. Currently, there are 7 operational SEZs in the city.

The micro-markets can be divided into broadly 3 categories:

- 1. Front Office Markets (CBD and SBD East):** These markets mostly cater to the front offices for major corporates and command a premium to rentals as compared to other parts of Pune. These markets are in close proximity to the premium residential catchment areas, which cater to senior officials for such corporates. Majority of the buildings in CBD are Non-IT buildings whereas SBD East has a mix of IT and Non-IT buildings.
- 2. Back Office Markets (PBD East & PBD West):** These markets mostly cater to the back offices of major corporates and have rentals at significant discount as compared to other parts of Pune. These markets are majorly characterized with IT buildings. PBD West is a fast-developing hub for residential and commercial developments.
- 3. Mixed Office Markets (SBD West):** SBD West is surrounded by residential developments catering to major talent pool. Co-working companies prefer this location.

Pune City Commercial Market Overview



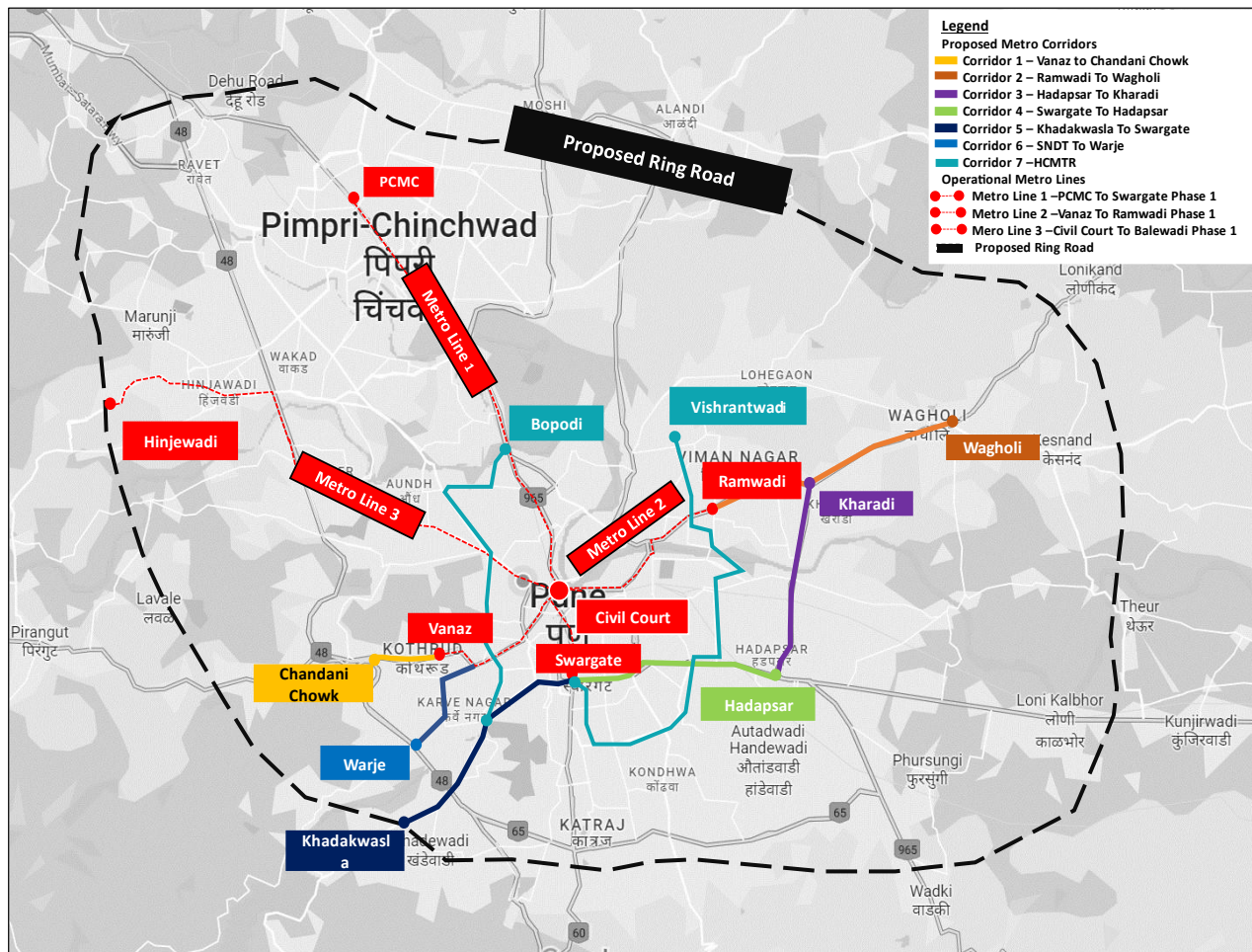
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Micro-Market	Description
<p>CBD (Central Business District)</p>	<ol style="list-style-type: none"> Development profile: Traditional office market comprising of limited quality Grade A office buildings. However, the micro market has now also transformed into a preferred residential area of the city. Developers/Occupiers profile: It houses some large corporate such as Cognizant, L&T Infotech, Bank of India, Bajaj, Citi Bank, Persistent System, Cosmos Bank etc. Large Government institutions and PSUs such as LIC are also located in CBD. Key Developers: ABIL Group, Panchshil Realty, Godrej Properties etc. Quoted Rentals: The current grade A rentals in CBD office market varies in range of INR 90 - 105 psf / month Supply/Absorption/Vacancy: Vacancy levels have dropped post pandemic, and this micro market has seen increased absorption. Vacancy has dropped to ~1.3% in 2023 from ~3.9% in 2021.
<p>SBD East (Secondary Business District East)</p>	<ol style="list-style-type: none"> Development profile: SBD East has mainly modern, Grade A facilities for IT/ITES as well as Non-IT tenants with best in class infrastructure and building specifications and SEZ parks. The micro market is dominated by commercial and retail segment and emerged as an alternative to CBD due to attractive pricing and good quality of developments, proximity to CBD and presence of Pune International Airport within this micro-market. Developers/Occupiers profile: Major tenants include Banking & Financial Institutions, IT/ITeS, Consulting and Engineering companies such as Capgemini, HCL, Tech Mahindra, Tata, Mphasis, HSBC, BNY Mellon, etc. Key Developers: CapitaLand, Mindspace, K Raheja Corp , Panchshil Realty, etc. Quoted Rentals: The current office market rentals varies in range of INR 80 - 100 psf / month. Supply/Absorption/Vacancy: Vacancy levels have dropped from ~8.1% in 2022 to 6.4% in 2023 owing to a record high net absorption in 2023 of ~3.3 msf since 2016
<p>SBD West (Secondary Business District West)</p>	<ol style="list-style-type: none"> Development profile: The micro market has developments with mix of modern, investment grade facilities, professionally managed buildings, equipped with latest technology features and modern tenant improvements and presence of small to medium size of floor plates. Developers/Occupiers profile: Major tenant sectors include IT/ ITeS, Engineering and Consulting companies. Tenants are majorly small to medium enterprises, with few larger organizations. Eg: Siemens, Technosys Consulting, Symtrax Softwares, etc. Key Developers: Panchshil Realty, Amar Builders, Brookfield, etc. Quoted Rentals: The current office market rentals in SBD West varies in range of INR 75 - 95 psf / month. Supply/Absorption/Vacancy: Between 2021 - 2023, vacancy levels have remained range bound between 8.0% and 12.0%. SBD West has good traction due to constant influx of quality grade A building supply. SBD West provides as a mix of both good front office and back-office stock for corporates.

Micro-Market	Description
<p>PBD East (Peripheral Business District East)</p>	<ol style="list-style-type: none"> Development profile: This micro market has been emerging as a potential back office location due to its proximity to residential catchments and large-scale office space availability. The micro market has presence of a well-organized SEZ development catering mainly to IT/ITeS tenants. Developers/Occupiers profile: Major tenants include from Technology, Media & Telecom, E-commerce sectors such as Accenture, Amazon, Honeywell. Key Developers: SP Info City by Shapoorji Pallonji is the prominent development in the micro market. Quoted Rentals: The current office market rentals in PBD East varies in range of INR 50 - 65 psf / month Supply/Absorption/Vacancy: The traction in this micro market is low due to its distance from the CBD, thus corporates prefer this micro market only for back-office purposes. Vacancy levels are at ~46.2% as of 2023.
<p>PBD West (Peripheral Business District West)</p>	<ol style="list-style-type: none"> Development profile: This micro market houses Grade A IT/ ITES space within established IT Parks at competitive rentals with large floor plates and availability of MIDC (Maharashtra Industrial Development Corporation) infrastructure. This micro-market hosts state sponsored Rajiv Gandhi Info Tech Park in dedicated MIDC area. Developers/Occupiers profile: Major tenants include from Technology, Engineering & Manufacturing, and the Others sector such as Infosys, Volkswagen, Mercedes, Cognizant, Wipro, etc. Key Developers: CapitaLand, Embassy, Global Group, Kohinoor Group are the major developers. Quoted Rentals: The current office market rentals in PBD West varies in range of INR 45 - 60 psf / month Supply/Absorption/Vacancy: The traction in this micro market is growing due to upcoming metro and other infrastructure developments and dedicated IT Parks in the micro market. Vacancy levels have dropped from ~27% in 2022 to ~25% in 2023.

Existing & Upcoming Infrastructure - Pune

The State Government of Maharashtra has undertaken a number of initiatives to reduce the infrastructure inadequacies that Pune city is facing due to increasing population density in the city. Some of the key infrastructure initiatives undertaken (which are either completed, under implementation or at an advance planning stage) by the State Government are:



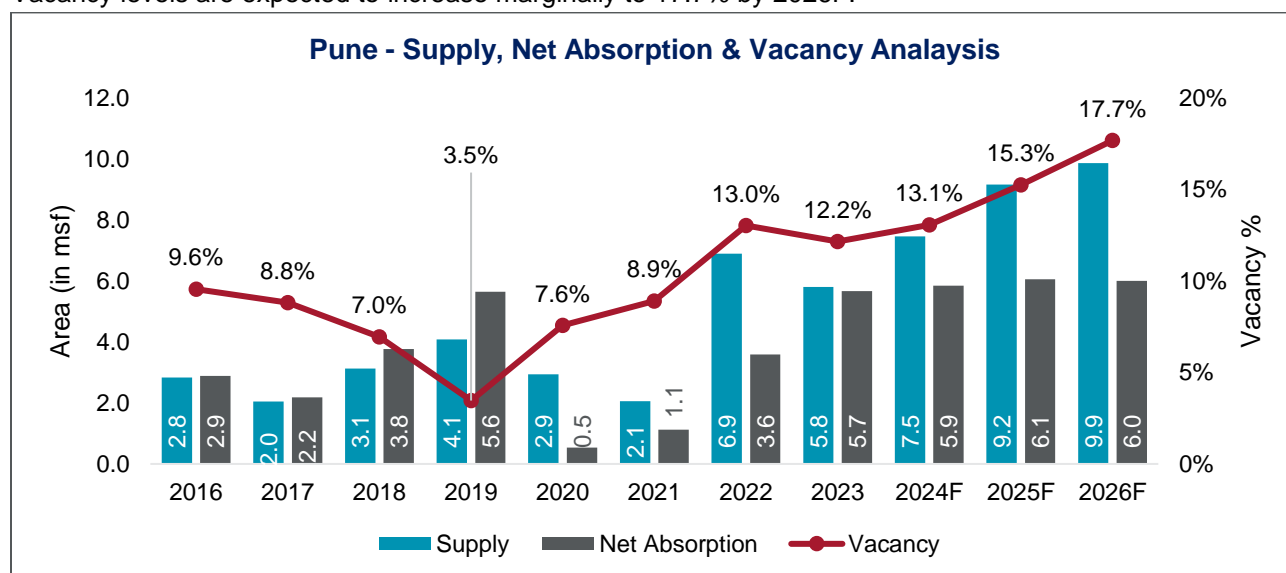
Map Not to Scale

Particulars	Existing	Upcoming
Metro Line 1	PCMC to Swargate (17.4 Km) Operational Between – PCMC to Shivji Nagar	<ol style="list-style-type: none"> 1. Khadakwasla to Swargate 2. Swargate to Hadapsar 3. Hadapsar to Kharadi
Metro Line 2	Vanaz to Ramwadi (15.7 Km) Operational Between – Vanaz to Ruby Hall Clinic	<ol style="list-style-type: none"> 1. Vanaz to Chandni Chowk 2. Ramwadi to Wagholi
Metro Line 3	-	<ol style="list-style-type: none"> 1. Civil Court to Hinjewadi

Supply, Absorption and Vacancy Trends of the City

As of 2023, approximately 70.8 msf of Grade A inventory is present in Pune. Approximately ~5.8 msf of new Grade A supply was completed in 2023; of which ~ 3.5 msf was absorbed during the period. Office demand during 2016-18 was robust, and vacancies hovered around 7-9%. 2019 was a marquee year for India's Office Real Estate markets, witnessing record high supply and net absorption during the year. Vacancy levels during 2019 declined to 3.5%.

The Office Real Estate markets in Pune have witnessed strong traction from the occupiers in 2023 owing to a record high net absorption since 2016. Pune is expected to witness ~26.5 msf of new supply across micro-markets, from 2024 to 2026. We expect the overall net absorption to keep pace with the supply. Vacancy levels are expected to increase marginally to 17.7% by 2026F.



Source: Cushman & Wakefield Research

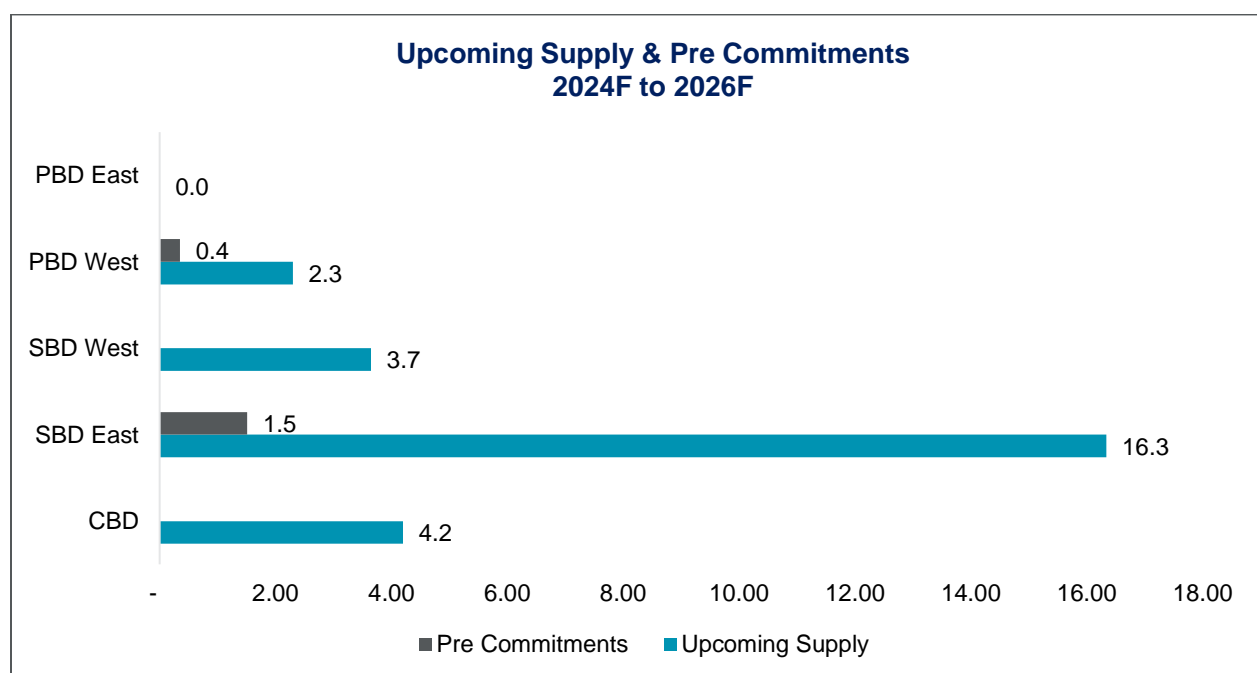
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Net Absorption: Refers to the difference between the occupied stock for two subsequent periods

Note: Cushman & Wakefield has considered the future supply after analyzing each of the project based on the physical progress of the project, available information on approvals and interactions held with various stake holders

Upcoming Supply & Pre-Commitments - Pune

Pune Commercial Real Estate market has performed exceptionally well in 2023 owing to record high net absorption since 2016. During 2024-2026, Pune is expected to witness a total supply of ~26.5 msf of which SBD East micro-market account for ~61.7% respectively. Approximately 7.0% is pre-committed out of the overall expected supply. SBD East micro market have been witnessing strong interests owing to good quality Grade A supply from developers with strong profile as well as SBD East being a strategic location. Leasing activity has been majorly driven by expansion, relocation and consolidation strategies executed by major corporates. While several returns to office strategies are being discussed, increased traction from Manufacturing Companies, Flexible Workspaces, IT companies in terms of offshoring or pipeline of projects respectively will continue to boost the office demand.

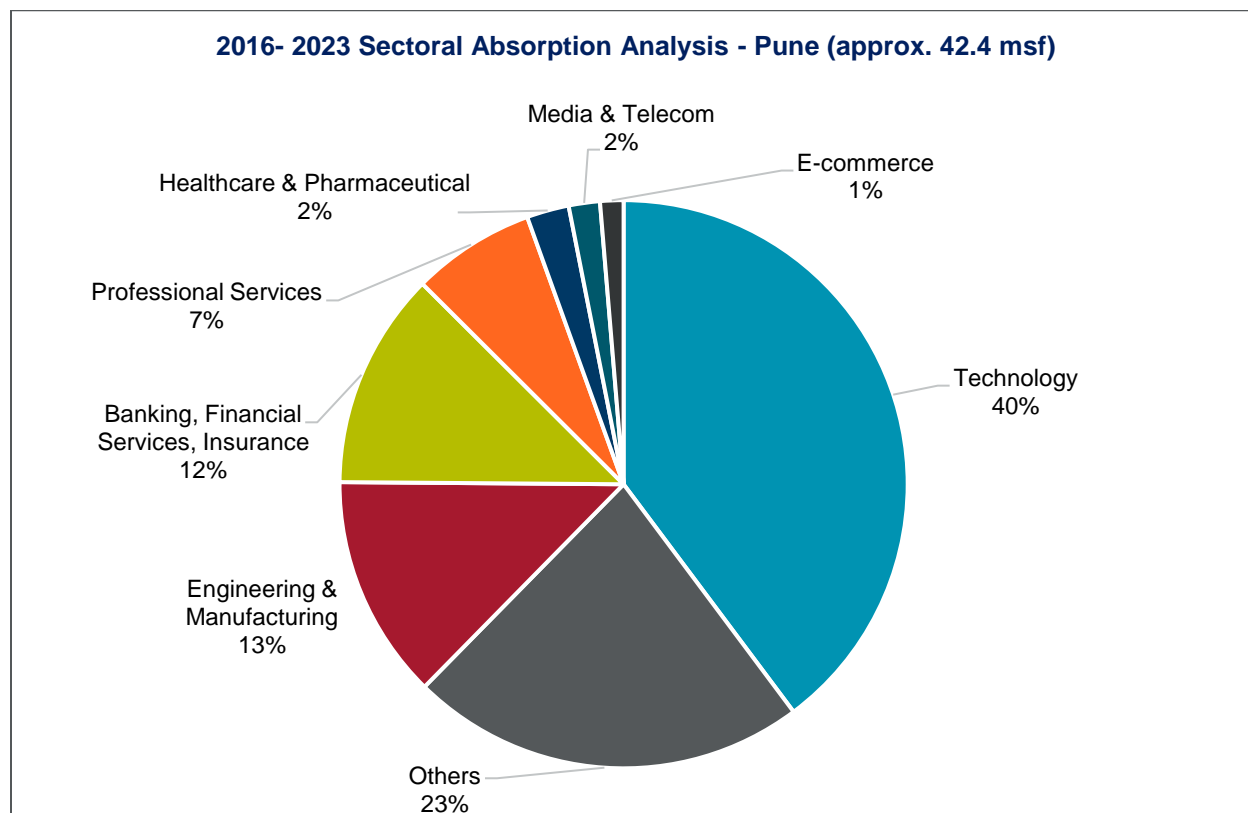


Source: Cushman & Wakefield Research

Note: Cushman & Wakefield has considered the future supply after analyzing each of the project based on the physical progress of the project, available information on approvals and interactions held with various stake holders

Sector Demand Analysis

Pune has a diverse tenant base across India's key services sector industries. The following chart depicts sectoral absorption analysis of Pune (2016-2023):

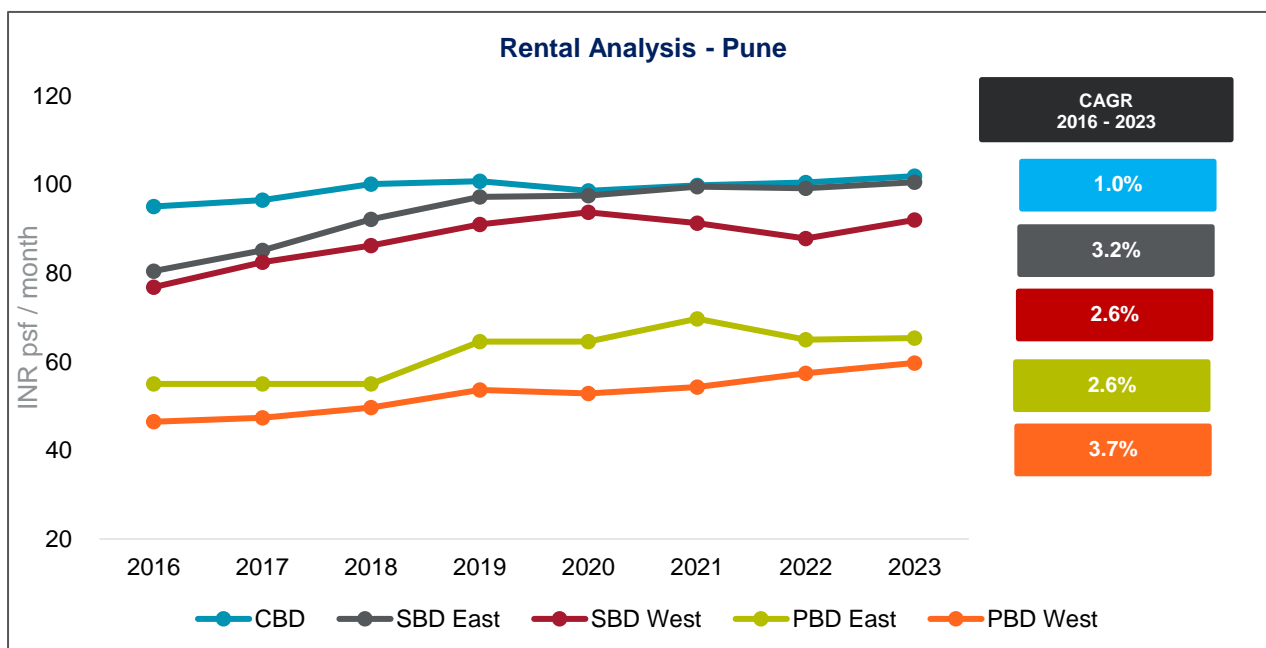


Source: Cushman & Wakefield Research

Note: Others include automobile, education, flexible workspaces, hospitality, logistics and shipping, oil and gas, research and analysis, food and beverage and real estate and related services. The sectoral absorption analysis is based on gross absorption activity of the city i.e., including any relocations and consolidations.

Technology is one of the largest sectors in Pune which has generated a demand of ~40% since 2016. Pune being a booming IT hub in India witnesses sustained demand from this sector. Due to favorable rentals for office spaces, larger floor plates, availability of talent pool at affordable cost, traction from Technology sector has witnessed a growth in the recent years. It is followed by the Others and the Engineering and Manufacturing sector contributing to ~23% and 13% of the demand since 2016 respectively. Demand from industries like BFSI, professional services, healthcare and pharmaceuticals sector has also witnessed increased traction in the recent years.

Pune: Key Office Clusters Rental Analysis



Source: Cushman & Wakefield Research

Note: The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 5% depending upon negotiations, final structuring of the lease agreement and other parameters.

Rental trends in CBD and SBD East micro markets command premium in the city. CBD rentals have appreciated at a CAGR of ~1.0% since 2016. SBD West includes areas such as Baner, Balewadi, Wakad etc witnessed good rental appreciation at CAGR of ~2.6% since year 2016. SBD East which includes locations such as Kharadi, Yerwada, Mundhwa, Kalyani Nagar, Viman Nagar, Hadapsar etc witnesses rental appreciation at CAGR of ~3.2% since year 2016.

Pune- Major Lease Transactions in last 5 years

SUBJECT PROPERTY	MICROMARKET	YEAR	APPROX. AREA (SQ. FT.)	RENT (INR/SQ.FT./MONTH)	LANDLORDS	TENANT
Gera Commerzone Kharadi	SBD East	2023	0.2	80	Mindspace Business Parks REIT	BP Business Solutions India Private Limited
Raheja Woods	SBD East	2023	0.2	75	Mindspace Business Parks REIT	315 Work Avenue
45 ICON	SBD West	2023	0.2	80	Brookfield Asset Management Ltd	Roche
CapitalLand ITPP Block 1	SBD East	2023	0.2	80	Capitaland	Deloitte Consulting India Private Limited
Nalanda Shelter Tower A	PBD West	2023	0.1	65	Capitaland	Panasonic
Embassy Techzone	PBD West	2023	0.1	53	Embassy Property Developments Limited	Garfield Health Solutions East Private Limited
Phoenix Fountain Head	SBD East	2023	0.1	57	Phoenix	Bajaj Finance Limited
Embassy Techzone	PBD West	2023	0.0	54	Embassy Property Developments Limited	Volkswagen
India Land Global Tech Park	PBD West	2023	0.1	43	Global Group	Atlas Copco India Limited
AP 81	CBD	2022	0.5	90	Amar Builders	Smartworks
Gera Commerzone Kharadi	SBD East	2022	0.3	75	Mindspace Business Parks REIT	Amazon
CapitalLand ITPP Block 1	SBD East	2022	0.2	75	Ascendas Singbridge	ZS Associates
Sky One Corporate Park	SBD East	2022	0.2	95	Lunkad Realty	Simpliworks
Godrej Eternia A	CBD	2022	0.2	73	Godrej Properties	Larsen And Toubro Infotech Limited
The Square	SBD East	2021	0.2	87	Mindspace Business Parks REIT	ADP
ICC Tech Park	CBD	2021	0.3	100	Panchshil Realty	Mindtree
Shanti One	SBD East	2020	0.2	88	G corp	Tom - Tom
EON Free Zone	SBD East	2020	0.2	92	Panchshil Realty	Broadcom
ITPP Hinjewadi	PBD West	2020	0.4	46	Capitaland	Infosys
Gera Commerzone Kharadi	SBD East	2019	0.3	88	Mindspace Business Parks REIT	Allstate
Business Bay	SBD East	2019	0.2	124	Panchshil Realty	MasterCard Technology Private Limited
Embassy Tech Zone	PBD West	2019	0.2	53	Embassy Property Developments Limited	HCL

Source: Cushman & Wakefield Research

D. SBD East has emerged as the leading Front Office Market

The SBD East micro-market in Pune has emerged as a dynamic hub for corporate activities, reflecting a distinctive shift in the city's commercial real estate landscape. Comprising prominent areas such as Magarpatta City and Kharadi, this micro-market has become a focal point for major corporates, commanding premium rentals compared to other parts of Pune.

SBD East boasts a unique mix of IT parks and non-IT office developments, creating a diverse tenant profile. The Maharashtra IT Policy has played a significant role in shaping the landscape, with large IT parks dominating the scene. These developments adhere to specific guidelines, aligning with the state's IT policies.

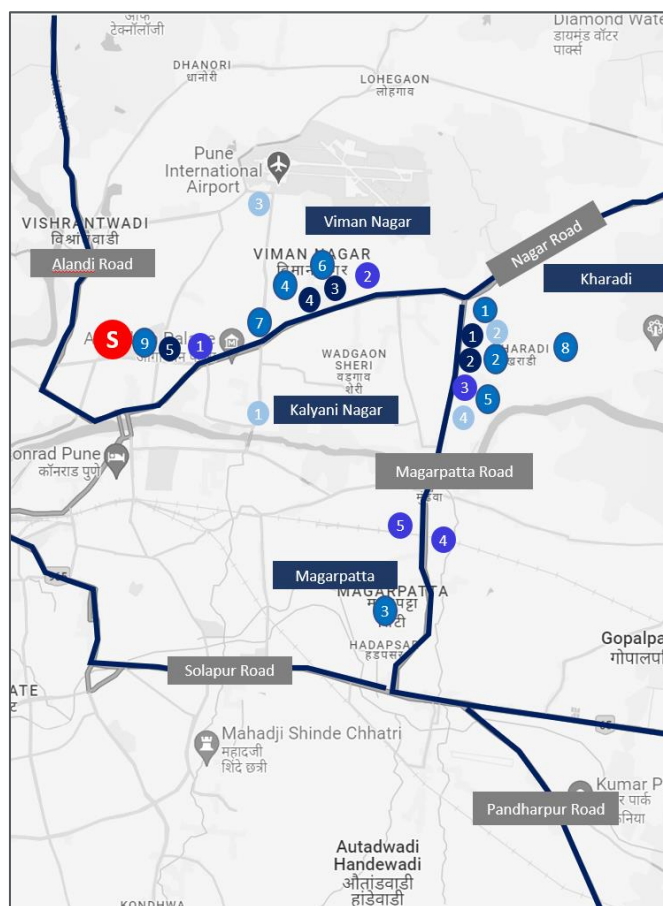
Historically, the BFSI sector preferred the central areas of Pune for their proximity to premium residential zones catering to senior management. However, a noticeable trend has seen occupiers shifting their preference from the traditional locations to SBD East. The micro-market has positioned itself as an attractive destination due to continually improving infrastructure, accessibility from premium residential catchment areas, and a big talent pool.

The SBD East micro-market has seen consistent Grade A supply, offering quality assets to occupiers. The current vacancy rate in the overall Grade A front office market is around 6.4%.

Looking ahead, the SBD East micro-market is poised for further growth, with approximately 16.3 msf of Grade A supply expected to be delivered by 2026. Noteworthy projects by leading developers, such as Mapletree, Mindspace, Amar builders, Panchshil Realty, etc are set to contribute to the micro-market's expansion, solidifying its position as a premier destination for corporate offices in Pune.

SBD East Office Micro Market Overview

Yerwada is part of the Eastern Secondary Business District (SBD-East) of Pune. SBD-East has emerged as one of the most established micro-markets of Pune. This micro market has witnessed a surge in take up over the past promise, of years due to its proximity to airport and Ahmednagar Road also known as Nagar Road, availability of large floor plates and quality of developments. SBD-East micro-market houses well-known commercial developments like Eon-IT Park, Gera Commerzone Kharadi, Commerzone Yerwada, World Trade Centre, Magarpatta Cyber City, Weikfield IT Park etc. Major tenants include Banking & Financial Institutions, IT/ITES, Consulting and Engineering companies are operational in this micro-market. It is home to major IT and ITes and BFSI companies such as HSBC, Tech Mahindra, BNY Melon, Citi Bank, Deutsche Bank, ZS Associates, etc. Due its proximity to Airport and strong social infrastructure and better connectivity to the rest of the Pune City, this micro-market has emerged as one of the most preferred commercial destinations. Developers such as Panchshil Realty, Gera Development, K Raheja Corp, CapitalLand India, Phoenix, etc. Developers have their projects in the micro market.



S Subject Property

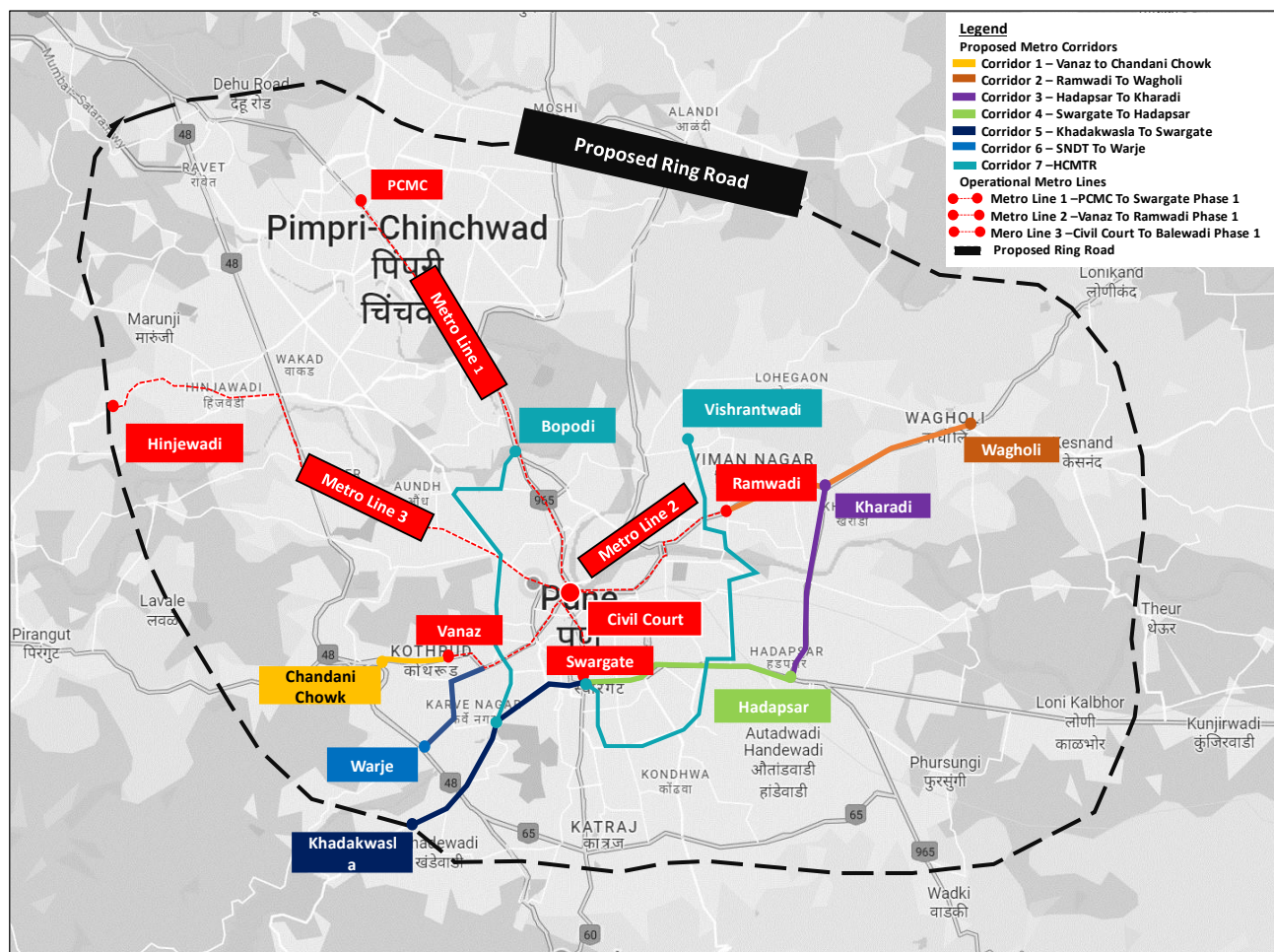
Map Not to Scale

● Key Commercial Developments ● Social Infrastructure ● Hospitality Developments ● Proposed Commercial Developments

Key Commercial Developments	Social Infrastructure	Hospitality Developments	Proposed Commercial Developments
1. ITPP Kharadi	1. Sahayadri Super Speciality Hospital	1. Radison Blue Kharadi	1. Panchshil Avenue
2. EON Free Zone	2. Phoenix Market City	2. Fairfield by Marriott	2. Prestige Alphatech
3. Magarpatta Cyber City	3. Manipal Hospital	3. Hyatt Regency	3. Poloroche
4. Phoenix Fountainhead	4. Amanora Town Centre	4. ibis Pune	4. Nyati Enthral
5. World Trade Centre	5. Seasons Mall	5. Ritz Carlton Pune	
6. Panchshil Business Park			
7. Amar Tech Center			
8. Gera Commerzone Kharadi			
9. Commerzone Yerwada			

Infrastructure Overview – SBD East

The State Government of Maharashtra has undertaken a number of initiatives to reduce the infrastructure inadequacies that Pune city is facing due to increasing population density in the city. Some of the key infrastructure initiatives undertaken (which are either completed, under implementation or at an advance planning stage) by the State Government are:



Pune Metro Rail Project – SBD East

Particulars	Existing	Upcoming
Metro Line 2	Vanaz to Ramwadi (15.7 Km)	
	Operational Between – Vanaz to Ruby Hall Clinic	1. Vanaz to Chandni Chowk 2. Ramwadi to Wagholi

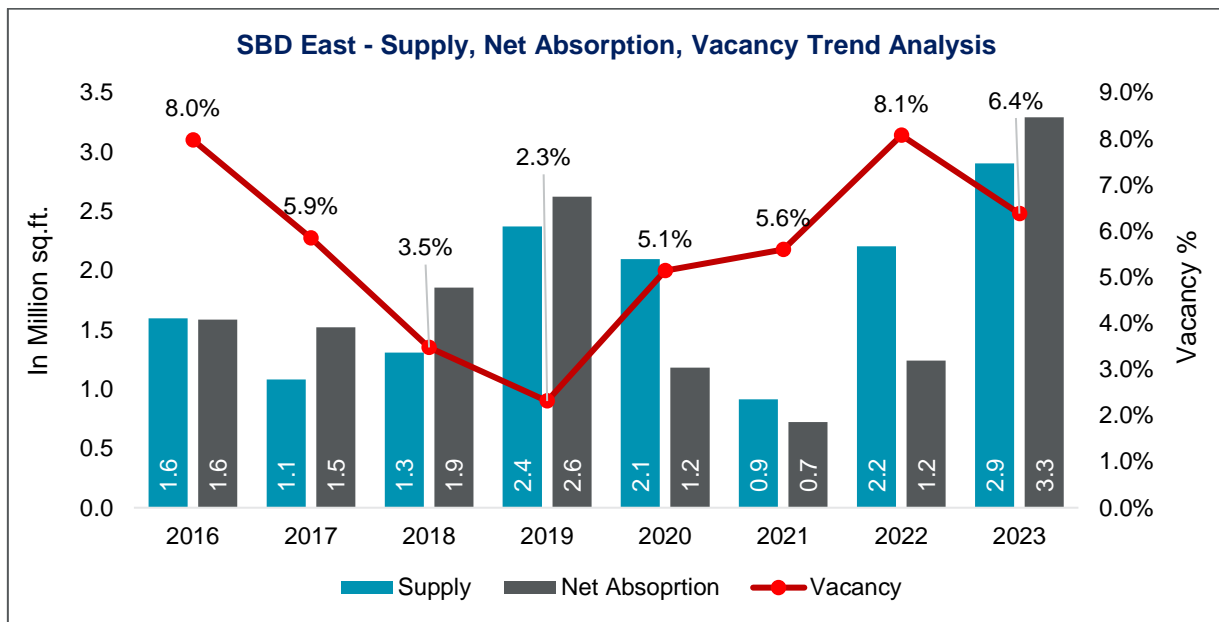
Key Statistics for SBD East:

Particulars	Details
Total completed stock (2023)	Approximately 36.7 Million sq. ft.
Current occupied stock (2023)	Approximately 34.4 Million sq. ft.
Current Vacancy (2023)	Approximately 6.4%
Future Supply (2024 – 2026)	Approximately 16.3 Million sq. ft.

Source: Cushman & Wakefield Research

Note: Cushman & Wakefield has considered the future supply after analyzing each of the project based on the physical progress of the project, available information on approvals and interactions held with various stake holders

SBD East – Supply, Absorption & Vacancy



Source: Cushman & Wakefield Research

Note: 1. Future supply estimates are based on analysis of under construction projects considering their physical progress, available information on their approvals and interactions held with various stake holders, future absorption estimates are derived basis past trend, current vacancy an estimated supply. Vacancy estimates are based on supply and absorption trend.

2. Net Absorption: Refers to the difference between the occupied stock for two subsequent periods

- The total stock of commercial office space in SBD East as on 2023 is approximately 36.7 Million sq. ft. (Grade A office space)
- The total net absorption of commercial office space in SBD East during 2023 has been approximately 3.3 million sq. ft. and during 2022 total net absorption was approximately 1.2 Million sq. ft.
- The supply in this micro market as of 2023 was 2.9 Million sq. ft. in comparison to the 2.2 Million sq. ft. supply in 2022. Also, the future supply in this micro market from 2024 to 2026 is ~16.3 Million sq. ft.
- The vacancy level for office space in SBD East dropped to 6.4% in 2023 from 8.1% in 2022. The reason can be attributed to healthy absorption in 2023 in SBD East micro market.

Some of the prominent operational commercial developments in SBD East include:

Building Name	Developer	Location	Year of Completion	Completed Leasable area (Million sq. ft.)	Vacancy as on 2023 (Mn sq. ft.)	Warm shell Quoted Rentals (INR per sq. ft. per month)	Main Occupiers
Eon Free Zone	Panchshil Realty	Kharadi	2008 - 2019	6.6	0.2	100 -110	L&T, Mphasis, Genpact
Commerzone Yerwada	Mindspace	Yerwada	2008 - 2015	2.9	0.0	70 - 80	Nvidia, Indiqube, Johnson Controls, UBS
World Trade Centre	Panchshil Realty	Kharadi	2011 - 2020	2.2	0.0	95 - 105	Wework, POSCO, Fiat
Gera Commerzone	Mindspace	Kharadi	2019 - 2023	1.9	0.0	85 -90	BP Business Solutions India Pvt Ltd, Allstate, Crowdstrike
Capitaland ITPP	Capitaland	Kharadi	2020 - 2022	1.5	0.2	85 – 90	Deloitte, KPMG, Tablespace
Park City B1	Brookfield	Kalyani Nagar	2023	0.9	0.0	110 - 120	Mastercard

Source: Cushman and Wakefield Research

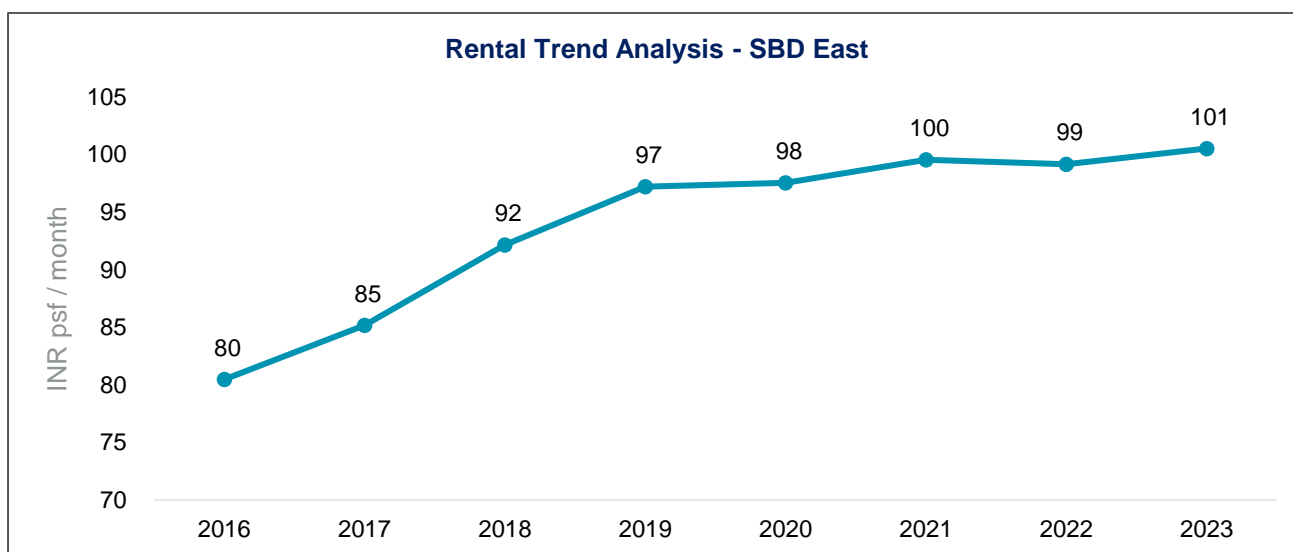
Some of the prominent under construction commercial developments in SBD East are:

Building Name	Developer	Location	Year of Completion	Leasable Area (Million sq. ft.)	Construction Status
AP IT Park	Amar Builders	Kharadi	2026	4.0	Under Construction
Global Business City	Mapletree	Kharadi	2025	2.3	Under Construction
ITPP Tower 2	Capitaland	Kharadi	2024	1.5	Under Construction
Panchshil Business Hub	Panchshil Realty	Kharadi	2026	1.3	Under Construction
Nyati Enthral	Nyati Group	Kharadi	2024	1.2	Under Construction
Keppel Land	Keppel Corporation	Kharadi	2025	1.2	Under Construction
Gera Commerzone Building B4	Mindspace	Kharadi	2025	1.0	Under Construction
Park City B2	Brookfield	Yerwada	2026	0.9	Under Construction
Gera Commerzone Building B1	Mindspace	Kharadi	2024	0.7	Under Construction
Poloroche	ABIL Group	Viman Nagar	2024	0.6	Under Construction
Panchshil Avenue	Panchshil Realty	Kalyani Nagar	2024	0.5	Under Construction

Source: Cushman and Wakefield Research

Rental Trend Analysis

The vacancy levels in the Secondary Business District East (SBD East) micro market have decreased from 8.1% in 2022 to 6.4% in 2023. The reason can be attributed to large transactions in the micro market in 2023. Current quoted market rentals in SBD East are in the range of INR 80 - 100 per sq. ft./ month. Yerwada which forms a part of SBD East have rentals in the range of INR 70 to 80 per sq. ft. / month. The rental escalations from the years 2016 - 23 have witnessed moderate growth resulting in a CAGR of approximately 2.8%. In addition, it has been observed that there is high demand for Commercial Office Developments by Grade A developers (viz. Mindspace REIT, Panchshil Realty, Capitaland, Phoenix, etc.) Further, the upcoming Grade A developments like upcoming buildings in Gera Commerzone Kharadi, Panchshil Avenue, Ascendas ITPP Tower 2, Prestige Alphatech, Poloroche, etc are going to improve absorption in this micro market and rentals are expected to witness an upward trend.



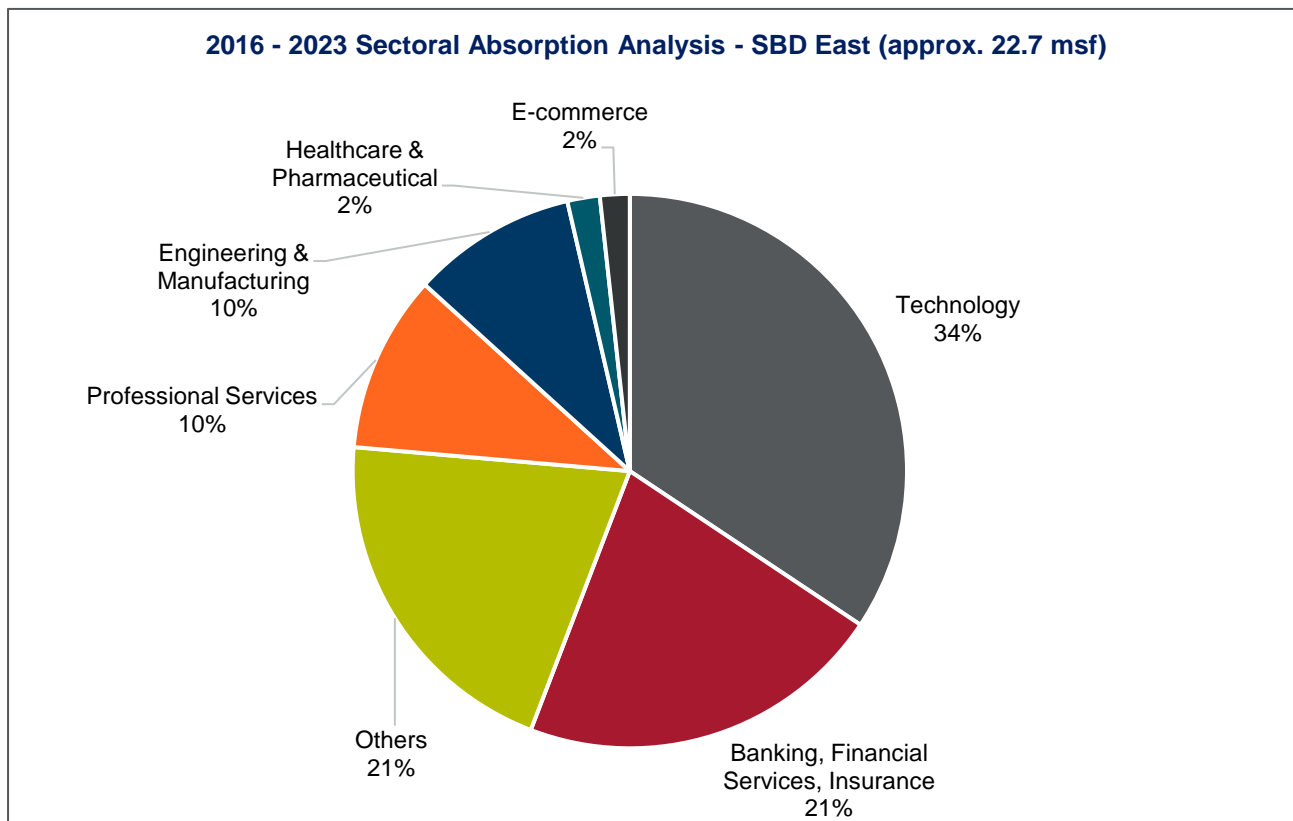
Source: Cushman & Wakefield Research

Note: The rentals are basis prevailing quote in the micro market. Actual achievable rent may vary +/-5% depending upon negotiations, final structuring of the lease agreement and other parameters

Major Lease transaction in SBD East micro market are:

Tenant	Development	Location	Area Leased (Mn sq.ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of facility
HSBC	Business Bay	Yerwada	0.5	Q1 2023	92	Warm Shell
Deutsche Bank	Business Bay	Yerwada	0.4	Q1 2023	92	Warm Shell
BP Business Solutions	Gera Commerzone	Kharadi	0.2	Q4 2023	80	Warm Shell
315 Work Avenue	Raheja Woods	Kalyani Nagar	0.2	Q3 2023	75	Warm Shell
Deloitte	ITPP Capitaland	Kharadi	0.2	Q2 2023	80	Warm Shell
Mphasis	Eon Phase II	Kharadi	0.1	Q1 2023	85	Warm Shell
Indiqube	Amar Tech Centre	Viman Nagar	0.1	Q2 2023	80	Warm Shell
Scumberger	Commerzone Yerwada	Yerwada	0.1	Q1 2023	75	Warm Shell
Aegis	Commerzone Yerwada	Yerwada	0.03	Q1 2023	72	Warm Shell
Bajaj Allianz	Commerzone Yerwada	Yerwada	0.02	Q3 2023	72	Warm Shell

Sector Demand Analysis



Source: Cushman & Wakefield Research

Note: Others include automobile, education, flexible workspaces, hospitality, logistics and shipping, oil and gas, research and analysis, food and beverage and real estate and related services. The sectoral absorption analysis is based on gross absorption activity of the city i.e., including any relocations and consolidations.

SBD East micro market is one of the biggest micro markets having large concentration of IT and BFSI tenants. This is primarily due to availability of premium grade A developments, enhanced connectivity through different modes of transportation, proximity to other office nodes etc.

Occupiers from Technology sector contributed to ~34% of leasing activity in SBD East. SBD East stock represent ~88% of the total stock amongst the Front Office Markets in Pune and accounts for ~53% of the gross absorption in the same. Further, the micro-market contributes to ~97% of the gross absorption within the BFSI sector and ~82% within the Technology sector in the front office markets in Pune.

Technology sector has contributed to 34% of the total gross absorption in the micro-market. Capgemini, Genpact, Mphasis, HCL, L&T Infotech are some of the prominent tenants from Technology sector which leased offices in SBD East micro market. BFSI sector has contributed to ~21% to the leasing activity.

Office Market Outlook

The total commercial stock in eastern Secondary Business District (SBD East) as of 2023 is approximately 36.7 million sq. ft. (approx. 51.8% of the city's total stock of commercial office stock). Current quoted market rentals in SBD East are in the range of INR 80 -100 per sq. ft./ month. Due to locational advantages, the developments in SBD East tend to command higher rental rates. Further, over 2016 - 2023 the rentals in the micro market witness growth resulting in a CAGR of approximately 3.2%. SBD East has seen a new high in net absorption since 2016. SBD East has seen average annual net absorption of approximately 1.8 million sq. ft. between 2016 to 2023. Vacancy in this micro market has dropped from 8.1% in 2022 to 6.4% in 2023 owing to high absorption in the micro market. Basis the lease rates and the capitalisation rates prevailing in the micro market, the capital value of Grade - A office spaces is in the range of INR 10,000 to 11,500 per sq. ft. on leasable area. The Subject Property is a part of Commerzone Yerwada, admeasuring ~2.9 msf of leasable area and the achievable rent in this park is in the range of INR 72 -78 per sq. ft. per month. Looking ahead to the future, SBD East is anticipated to experience an influx of new supply of approximately 16.3 million sq. ft. between 2024 to 2026. The projections for 2024 suggest an expected net absorption of about 3.7 million sq. ft., reflecting a noteworthy increase of approximately 12.4% compared to the absorption levels observed in 2023. This anticipated growth is driven by the high demand in the micro market and the quality of the upcoming supply, suggesting a potential increase in rentals in the upcoming years.

Annexure 1: Instructions (Caveats & Limitations)

1. The Market Study Report (hereafter referred to as the “Report”) will not be based on comprehensive market research of the overall market for all possible situations. Cushman & Wakefield India (hereafter referred to as “C&WI”) will cover specific markets and situations, which will be highlighted in the Report. C&WI will not be carrying out comprehensive field research based analysis of the market and the industry given the limited nature of the scope of the assignment. In this connection, C&WI will rely solely on the information supplied to C&WI and update it by reworking the crucial assumptions underlying such information as well as incorporating published or otherwise available information.
2. In conducting this assignment, C&WI carried out analysis and assessments of the level of interest envisaged for the property(ies) under consideration and the demand-supply for the office / retail sector in general. C&WI will also obtain other available information and documents that are additionally considered relevant for carrying out the exercise. The opinions expressed in the Report will be subject to the limitations expressed below.
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 - iii. Other relevant information provided to us by the Client and its affiliates and subsidiaries at C&WI’s request;
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3. The Report reflects matters as they currently exist. Changes may materially affect the information contained in the Report.

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5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid. No consideration has been given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.

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