

# MINDSPACE BUSINESS PARKS REIT

## EXECUTIVE SUMMARY

- ❑ **MindSpace Business Parks REIT (“MindSpace REIT”)** owns a quality office portfolio located in 4 key office markets of India. The Portfolio has Total Leasable Area of 29.5 msf and is one of the largest Grade-A office portfolios in India (Source: C&W Report). Their Portfolio comprises 23.0 msf of Completed Area, 2.8 msf of Under Construction Area and 3.6 msf of Future Development Area, as of March 31, 2020. Their Portfolio has 5 integrated business parks with superior infrastructure and amenities and 5 quality independent offices. Their assets provide a community-based ecosystem and they have been developed to meet the evolving standards of tenants and the demands of “new age businesses”, which makes them among the preferred options for both multinational and domestic corporations.
- ❑ Their Portfolio is located in 4 key office markets of India, namely, Mumbai Region, Hyderabad, Pune and Chennai (“**Portfolio Markets**”), which accounted for approximately 58% of total Grade-A net absorption in the top 6 markets in India.
- ❑ As of March 31, 2020, their Portfolio is well diversified with 172 tenants and no single tenant contributed more than 7.7% of the Gross Contracted Rentals. Furthermore, as of March 31, 2020, approximately 84.9% of the Gross Contracted Rentals were derived from leading multinational corporations and approximately 39.4% from Fortune 500 companies. **Their tenant base comprises a mix of multinational and Indian corporates, including affiliates of Accenture, Qualcomm, BA Continuum, JP Morgan, Amazon, Schlumberger, UBS, Capgemini, Facebook, Barclays and BNY Mellon, as on March 31, 2020.**
- ❑ Their Portfolio is stabilized with 92% Committed Occupancy and a WALE of 5.8 years, as of March 31, 2020. Its Committed Occupancy is 240 bps higher than average occupancy in their Portfolio Markets, as of March 31, 2020, while rental growth has been 320 bps higher for the last 3 fiscal years (Source: C&W Report).
- ❑ Between April 1, 2017 and March 31, 2020, through its operating expertise, MindSpace REIT has:
  - Leased 7.6 msf of office space; achieved average re-leasing spreads of 28.9% on 3.0 msf of re-leased space and leased 4.6 msf new area (including Pre-Leased Area and Committed Area, as of March 31, 2020) to 60 tenants; achieved re-leasing spread of 23.1% for 1.1 msf of area re-leased during fiscal year 2020;
  - Grown their Portfolio by 4.9 msf through strategic on-campus development of their business parks;
  - Maintained consistently high Occupancy and achieved Committed Occupancy of 92% (240 bps higher than average occupancy in their Portfolio Markets (Source: C&W Report)), as of March 31, 2020;
  - Grown In-place Rent of their Portfolio at a CAGR of 6.7% (320 bps higher than average rent growth in their Portfolio Markets (Source: C&W Report)); and
  - Undertaken strategic renovations at certain assets, to improve tenant experience. They have cumulatively invested ₹ 73.70 crore to renovate their Portfolio, as of March 31, 2020.
- ❑ The Total Market Value of the Portfolio, which comprises Market Value of the Portfolio and the facility management division, as of March 31, 2020, as per the Valuer is ₹ 23,675.1 crore.
- ❑ MindSpace REIT has been assigned a **corporate credit rating of ‘Provisional CCR AAA/Stable’ by CRISIL Limited.**

## Issue Details

**Offer of Units aggregating upto ₹4,500 Cr**  
(Fresh Issue of Units aggregating upto ₹1,000 Cr and Offer for sale of Units aggregating upto ₹3,500 Cr).

## Issue highlights

**Net Issue size: ₹ 3,375 Cr**

(excluding allocation to Strategic Investors of ₹ 1,125 Cr)

**No. of units: ~12.27 Cr Units**

(excluding allocation to Strategic Investors of 4.09 Cr Units)

## Issue summary

**Price band : ₹ 274 – 275**

**Bid Lot: 200 Units & in multiple thereafter**

**Minimum Bid Amount =**

₹ 54,800~ – ₹ 55,000^

(~ Lower Price Band and ^Upper Price Band)

**BRLMs: Axis Capital, Morgan Stanley, DSP Merrill Lynch, Citigroup Global, JM Financial, Kotak Mahindra Capital, CLSA India, Nomura Financial, UBS Securities, Ambit Capital, HDFC Bank, IDFC Securities, ICICI Securities**

**Issue opens on\*: Monday, 27<sup>th</sup> Jul’2020**

**Issue closes on: Wednesday, 29<sup>th</sup> Jul’2020**

\* The Anchor Investor Bidding Date shall be on 24<sup>th</sup> Jul’2020

## Sponsor:

Cape Trading LLP, Anbee Constructions LLP

**Manager:** K Raheja Corp Investment Managers LLP

**Trustee :** Axis Trustees Services Ltd

**Registrar:** KFin Technologies Pvt. Ltd.

## Indicative Timeline for Listing

Activity	On or about
Finalisation of Basis of Allotment	06-08-2020
Initiation of Refunds/Designated Date	07-08-2020
Credit of units	07-08-2020
Trading commences	12-08-2020

**Listing:** BSE and NSE

## OFFER STRUCTURE

<b>Offer Size</b>	₹ 4,500 Crore		
<b>Offer Details</b>	Fresh Issue of units aggregating up to ₹ 1,000 Cr + Offer for sale of Units aggregating up to ₹ 3,500 Cr		
<b>Allocation to Strategic Investors</b>	₹ 1,125 Cr (40,909,000 Units), subject to a maximum of 25% of the Offer.		
<b>Offer Size (excluding Strategic Investor Portion)</b>	₹ 3,375 Cr		
<b>Offer Schedule*</b>	<b>For Anchor Investors</b>	<b>For Non Anchor Investors</b>	
<b>Offer Opens on</b>	24-07-2020	27-07-2020	
<b>Offer Closes on</b>	24-07-2020	29-07-2020	
<b>Price Band</b>	₹ 274 to ₹ 275		
<b>Minimum Bid</b>	200 units and in multiple of 200 units thereafter		
<b>Issuance &amp; Trading of Units</b>	The Units of the Scheme will be available only in the dematerialized form.		
<b>Category</b>	<b>Institutional Investors</b>		<b>Other Investors</b>
<b>Bucket Size (%) available for Allotment/allocation</b>	Not more than 75% of the Issue (excluding Strategic Investor Portion)		Not less than 25% of the Issue (excluding Strategic Investor Portion)
<b>Bucket Size (Units) at upper band</b>	<b>Anchor</b>	<b>Non Anchor</b>	
	~5.52 Cr Units	~3.68 Cr Units	
<b>Bucket Size (₹ Cr) at upper band</b>	₹ 1,519 Cr	₹ 1,012 Cr	₹ 844 Cr
<b>Trading Lot</b>	Such number of Units, the value of which is not less than ₹ 50,000		
<b>Who can Apply</b>	<ul style="list-style-type: none"> <li>QIBs; or</li> <li>family trusts or intermediaries registered with SEBI, all with net-worth of more than ₹ 500 Cr, as per the last audited financial statements</li> </ul>		<ul style="list-style-type: none"> <li>Bidders other than Institutional Investors, eligible to apply in this Issue</li> </ul>
<b>Strategic Investors</b>	<ul style="list-style-type: none"> <li>Infrastructure finance company registered with the RBI as a NBFC;</li> <li>Scheduled Commercial Bank;</li> <li>Multilateral and/or bilateral development financial institution;</li> <li>Systemically important NBFC registered with the RBI; or</li> <li>FPI or An insurance company registered with the IRDAI; or A mutual fund</li> </ul>		
<b>Date of Unit Subscription Agreement</b>	July 16, 2020		
<b>Strategic Investor Allocation Price</b>	₹ 275 per Unit		
<b>Number of Units proposed to be subscribed/ total subscription amount*</b>	4.09 Cr Units. / Subscription Amount of ₹ 1,125 Cr		

\*The Strategic Investors have undertaken to deposit the total subscription amount in the Escrow Account prior to the Bid/Issue Opening Date

## STRATEGIC INVESTOR PORTION

<b>Date of the Unit Subscription and Purchase Agreements</b>	July 16, 2020		
<b>Strategic Investor Allocation Price*</b>	₹ 275		
<b>Total number of Units proposed to be subscribed/ total subscription amount^</b>	4.09 Cr Units / ₹ 1,125 crore		
	<b>Number of Units Proposed to be subscribed</b>	<b>Subscription Amount (₹)</b>	
<b>Strategic Investor</b>			
Capital Income Builder	10,969,200	3,016,530,000	
American Funds Insurance Series – Capital Income Builder	110,400	30,360,000	
Capital Group Capital Income Builder (LUX)	22,600	6,215,000	
Capital Group Capital Income Builder (Canada)	25,000	6,875,000	

Strategic Investor	Number of Units Proposed to be subscribed	Subscription Amount (₹)
SMALLCAP World Fund, Inc.	3,272,800	900,020,000
American Funds Insurance Series – Global Small Capitalization Fund	654,600	180,015,000
American Funds Insurance Series – Global Growth and Income Fund	1,309,000	359,975,000
GIC Private Limited (for and on behalf of Government of Singapore)	12,571,400	3,457,135,000
GIC Private Limited (for and on behalf of The Monetary Authority of Singapore)	3,792,200	1,042,855,000
Fidelity Central Investment Portfolios LLC: Fidelity Emerging Markets Equity Central Fund - Real Estate Sub	265,000	72,875,000
Fidelity Investment Trust: Fidelity Total Emerging Markets Fund - Real Estate Sub	58,400	16,060,000
FIAM Emerging Markets Opportunities Commingled Pool – Real Estate Sub	658,800	181,170,000
Fidelity Investment Trust: Fidelity Series Emerging Markets Opportunities Fund - Real Estate Sub	3,669,600	1,009,140,000
Fidelity Investment Trust: Fidelity Emerging Asia Fund	178,600	49,115,000
Fidelity Advisor Series VIII: Fidelity Advisor Emerging Asia Fund	78,600	21,615,000
Fullerton Alpha – Relative Returns Asia Ex-Japan Equities Fund	841,600	231,440,000
Fullerton Multi-Asset Strategy Fund	44,000	12,100,000
Fullerton Lux Funds – Asia Growth & Income Equities	518,000	142,450,000
NTUC Income Insurance Co-operative Limited	1,869,200	514,030,000
<b>Total</b>	<b>40,909,000</b>	<b>11,249,975,000</b>

\*In the event Strategic Investor Allocation Price is lower than the Offer Price, the Strategic Investors have agreed to deposit the difference between the Strategic Investor Allocation Price and the Offer Price into the Escrow Account within two Working Days of the determination of the Offer Price  
 ^The Strategic Investors have undertaken to deposit the total subscription amount in the Escrow Account no later than the day prior to the Bid/Offer Opening Date

## OBJECTS OF THE ISSUE

Objects	Amount
Partial or full pre-payment or scheduled repayment of certain debt facilities of the Asset SPVs availed from banks/financial institutions (including any accrued interest and any applicable penalties/premium);	900
Purchase of NCRPS of MBPPL; and	33.4
General Corporate Purposes	[ • ]
<b>Total</b>	<b>[ • ]</b>

## BASIS FOR ISSUE PRICE

Based on the evaluation of the qualitative and quantitative factors listed below, the Unit Value at the Floor Price, the Cap Price and the Offer Price is as follows:

Particulars	At Floor Price ₹ 274	At Cap Price ₹ 275	At Offer Price
Equity Value (₹ Cr)	16,248.7	16,308.0	[ • ]
Total No. of Units (Post Issue)	59,30,18,182	59,30,18,182	[ • ]

## Price/ Net Asset Value per Unit ratio in relation to Offer Price

Particulars	Amount (₹)	At Floor Price	At Cap Price	At Offer Price
Net Asset Value per Unit as of March 31, 2020	319.5	85.8%	86.1%	[ • ]

## Comparison with Industry Peers

Particulars	NAV per Unit (₹)*	Premium / (Discount to NAV) %^
Embassy Office Parks REIT	374.64	(8.54%)

\* NAV as of March 31, 2020

^ Calculated as Unit Price / NAV -1. Embassy Office Parks REIT unit price is as of June 30, 2020

## BACKGROUND OF THE MINDSPACE REIT

Mindspace REIT (“Mindspace REIT”) was settled on November 18, 2019 at Mumbai, Maharashtra, India as a contributory determinate irrevocable trust under the provisions of the Indian Trusts Act, 1882, pursuant to a trust deed dated November 18, 2019. Mindspace REIT was registered with SEBI on December 10, 2019, at Mumbai as a REIT pursuant to the REIT Regulations having registration number IN/REIT/19-20/0003. Mindspace REIT has been settled by the Sponsors for an initial sum of ₹ 10,000. As on date of this Offer Document:

- Cape Trading LLP (“CTL”) and Anbee Constructions LLP (“ACL”) are the sponsors of Mindspace REIT;
- K Raheja Corp Investment Managers LLP (held by Mr. Ravi C. Raheja and Mr. Neel C. Raheja, as the partners) has been appointed as the Manager to Mindspace REIT; and
- Axis Trustee Services Limited has been appointed as the Trustee to Mindspace REIT.

Pursuant to the Formation Transactions, assets forming part of the Portfolio are proposed to be held by Mindspace REIT through the Asset SPVs.

## INVESTMENT OBJECTIVES

Mindspace REIT has been settled, *inter alia*, with the following investment objectives:

- To carry on the activity of a REIT, as permissible under the REIT Regulations;
- Raise funds in accordance with applicable law, for purpose of attaining the objects and purpose of the REIT;
- Make investments or re-investments in accordance with REIT Documents (as defined in the Trust Deed) and applicable law including any business of operation and maintenance of any real estate assets directly held by Mindspace REIT;
- Park amounts held by Mindspace REIT pending investment or distribution, or as a reserve of Mindspace REIT anticipated obligations, in money market instruments, short term deposits with banks and financial institutions, debt based market funds and such other investments/ deployment to the extent permitted under REIT Regulations;
- Make distributions to the Unit holders in the manner set out in the Trust Deed;
- Do all other things necessary and conducive to the attainment of the aforesaid objectives of Mindspace REIT, pursuant to any authorisation to the Manager, agents or delegates; and
- Carry on generally such other activities as may be permitted under applicable laws.

However, the Trust Deed constrains Mindspace REIT from carrying on any business or trade, in contradiction of restrictions and requirements embodied within applicable law, including the REIT Regulations.

### Certain investment conditions applicable to Mindspace REIT

In accordance with the REIT Regulations, Mindspace REIT is required to ensure compliance with, *inter alia*, the following investment conditions:

- Invest not less than 80% of the value of its assets in completed and rent and/ or income generating properties;
- Not more than 20% of the value of its assets may only be invested in certain permitted forms of investments (whether directly or through a company or an LLP) which include, among other things, (a) under construction properties, completed but not rent generating properties, (b) listed or unlisted debt of companies or body corporates in the real estate sector and (c) certain specified securities, including (a) mortgage backed securities, (b) equity shares of companies listed on a recognized stock exchange in India which derive not less than 75% of their operating income from real estate activity in accordance with the audited accounts of the previous financial year, (c) unlisted equity shares of companies which derive not less than 75% of their operating income

from real estate activity according to the audited accounts of the previous financial year and (d) money market instruments or cash equivalents; and

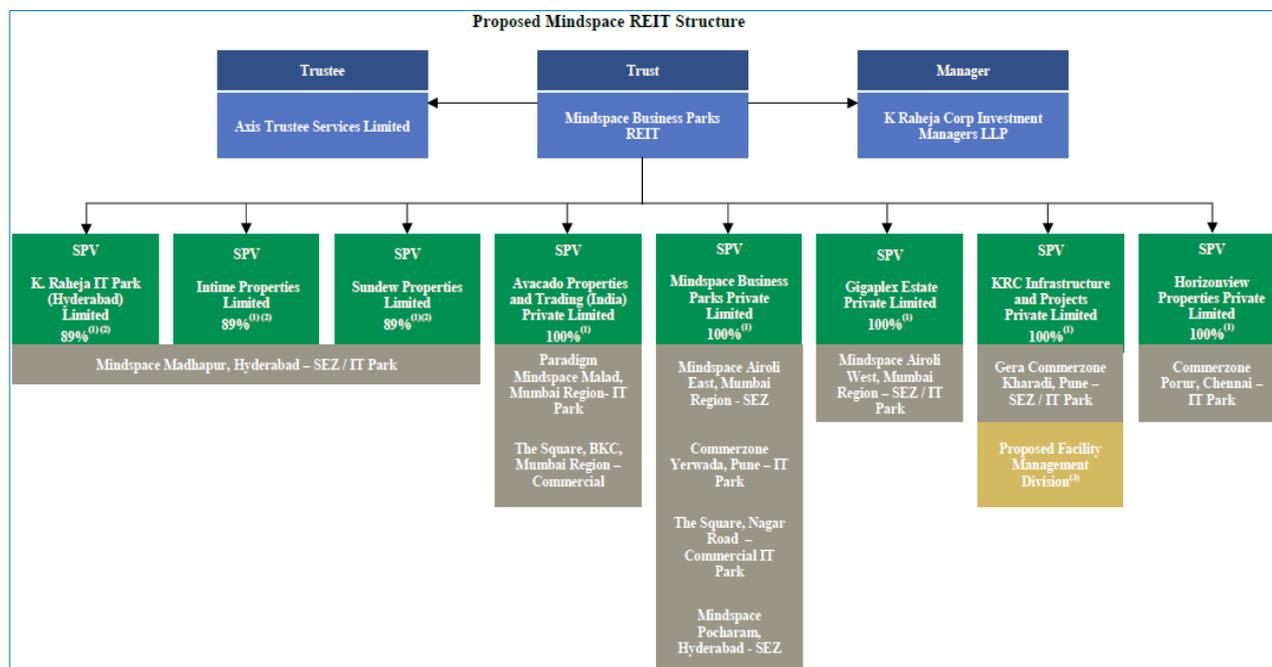
- Not less than 51% of the consolidated revenues of Mindspace REIT, and the Asset SPVs, other than gains arising from disposal of properties, must at all times arise from rental, leasing real estate assets or other income incidental to the leasing of such assets.

Further, the Manager is required to monitor these thresholds on a half-yearly basis and at the time of the acquisition of an asset and in the event these conditions are breached, the Manager must inform the Trustee and ensure that these conditions are satisfied within six months of any such breach (or within one year with Unitholder approval).

In addition to the investment ratios set out above, the REIT Regulations also impose restrictions on certain investments including, among other things, investments in vacant land, agricultural land or mortgages other than mortgage backed securities, and assets located outside India. Mindspace REIT is also restricted from co-investing with any person(s) in any transaction in the event the investment by such other person(s) is on terms more favorable than those offered to Mindspace REIT.

The Portfolio acquired by Mindspace REIT is also required to be held for a period of at least 3 years from the date of completion or purchase, as applicable, pursuant to the REIT Regulations.

### Proposed Mindspace REIT Structure



Note: 1. % indicates Mindspace REIT's proposed shareholding in respective Asset SPVs. 2. 11% shareholding in these Asset SPVs is held by APIIC. 3. KRC Infra will commence facility management division with effect from the first day of the quarter following listing of Units on the Stock Exchanges under the brand name "CAMPLUS". "CAMPLUS" is owned by Newfound (a KRC group company) and KRC Infra is a permitted user of the brand.

### Members of Governing Board of the Manager

**Ravi C. Raheja** is the group president of KRC group. With over 23 years of work experience across real estate, retail and hospitality industry, he plays a key role in guiding the finance, corporate strategy and planning teams across divisions of the KRC group. He plays an active role in the operations of the real estate business, which include residential townships, business and IT Parks and mixed-use developments across the country. Under his stewardship the KRC group has built a strong portfolio of rent yielding assets. He also plays a key role in the group's philanthropic initiatives through K. Raheja Corp Foundation, Sadhana Education Society and S. L. Raheja Hospital.

**Neel C. Raheja** is the group president of KRC group. He has been instrumental in the diversification of the KRC group's business from real estate development to retail and hospitality for the last 2 decades. He has also played a key role in the organisation's presence in retail brands namely Shoppers Stop, Inorbit Mall and Crossword. He has over 21 years of experience across the real estate, hospitality and retail industry.

**Alan Miyasaki** is the non-independent member on the Governing Board of the Manager. He is the senior managing director and head of real estate Asia acquisitions, in Blackstone, Singapore. Since joining Blackstone in 2001, he has been involved in a variety of real estate transactions in both the United States and Asia. Since 2007, He played a key role in building Blackstone's real estate business in Asia including executing investments in Greater China, India, Singapore, Japan and Australia. He is also responsible for the day-to-day management of the real estate group's investment activities in Asia.

**Deepak Ghaisas** is the independent member of the Governing Board of the Manager. He currently serves as a member on the board of governors of IIT-Kanpur and the chairperson on the board of governors of Indian Institute of Information Technology and Design, Jabalpur.

**Manisha Girotra** is the independent member of the Governing Board of the Manager. She is currently the chief executive officer of Moelis and Company in India. She is currently a director on the boards of Ashok Leyland Limited, Jio Payments Bank Limited and Naspers and a trustee of the Neurology Foundation and Trust.

**Bobby Parikh** is the independent member of the Governing Board of the Manager. He has several years of experience in advising clients on business model identification, mergers and acquisitions, and business re-organisation.

#### *The key personnel of the Manager*

**Vinod Rohira** is the chief executive officer of the Manager. He began his career with the KRC group, over 2 decades ago and has been instrumental in leading the development of approximately 25 million square feet of commercial real estate for the KRC group, across India. Currently, his focus is on driving the commercial business' strategic operations with a particular emphasis on stakeholders' management and business development.

**Preeti Chheda** is the chief financial officer of the Manager. She has been associated with KRC group for over 12 years across various roles in commercial real estate including equity and debt fund raising, acquisitions, overseeing the management of commercial real estate assets, raising private equity for real estate projects, investor relations and financial reporting.

#### *Members of the core team of the Manager*

**Shivaji Nagare** is designated as the senior vice president – projects, of the Manager. He has 27 years of experience in civil engineering and project management across commercial, industrial, hospitality and residential sectors in India and Middle East.

**Sudarshan Malpani** shall be designated as the senior vice president – leasing, of the Manager. He currently leads leasing for the commercial business of the KRC group. He has over 20 years of experience in account management, transaction management, brokerage and commercial leasing for some of India's reputed real estate brands. He has been associated with KRC group for around one and a half years.

**Pankaj Gupta** shall be designated as the senior vice president – property management of the Manager. He currently leads asset management at the KRC group. Pankaj has been associated with the KRC group for over 14 years across various businesses of the KRC group including real estate, hospitality and retail. Pankaj has over 20 years of experience.

**Dilnawaz Bhagalia** is the legal counsel to the Manager. She commenced her career as a legal consultant to Sheth Developers Pvt. Ltd. and was associated with for approximately 15 years.

**Vishal Kumar** is the Compliance Officer of the Manager. He has around 13 years of post-qualification experience across legal, secretarial and compliance functions. He has been associated with the KRC group for approximately 2 years handling compliance for the commercial business, secretarial and corporate legal matters.

**Deepak Aswani** is designated as the general manager- finance and investor relations of the Manager. He has around 14 years of post-qualification experience in the field of corporate finance, investment banking and capital markets.

## **BUSINESS OVERVIEW**

**Mindspace Business Parks REIT ("Mindspace REIT")** owns a quality office portfolio located in 4 key office markets of India. The Portfolio has Total Leasable Area of 29.5 msf and is one of the largest Grade-A office portfolios in India (*Source: C&W Report*). Their Portfolio comprises 23.0 msf of Completed Area, 2.8 msf of Under Construction Area and 3.6 msf of Future Development Area, as of March 31, 2020. Their Portfolio has 5 integrated business parks with

superior infrastructure and amenities (such as restaurants, crèches and outdoor sports arenas) and 5 quality independent offices. Their assets provide a community-based ecosystem and they have been developed to meet the evolving standards of tenants and the demands of “new age businesses”, which makes them among the preferred options for both multinational and domestic corporations.

The scale and quality of their Portfolio has given them a market leading position and replicating a similar portfolio of large-scale, integrated business parks by other players may be challenging due to long development timelines and a lack of similar sized aggregated land parcels in comparable locations. They are committed to tenant service and to developing long-standing relationships with their occupiers.

Over the last 2 decades, India has emerged as a leading hub for technology and corporate services due to its favourable demographics, large talent pool and competitive cost advantage in providing high value added services. This has led to an increased demand for quality office space from multinational as well as large domestic corporations.

Their Portfolio is located in 4 key office markets of India, namely, Mumbai Region, Hyderabad, Pune and Chennai (“**Portfolio Markets**”), which accounted for approximately 58% of total Grade-A net absorption in the top 6 markets in India, namely, Chennai, Mumbai Region, Pune, Hyderabad, Bengaluru and the National Capital Region (“**Top 6 Indian Markets**”) during the fiscal year 2020 (*Source: C&W Report*). The Portfolio Markets have exhibited strong market dynamics with net absorption exceeding supply, resulting in low vacancy and rental growth between 2014 and Q1 2020 (*Source: C&W Report*). Their assets are located in the established micro-markets of their respective Portfolio Markets, with proximity and/or connectivity to major business, social and transportation infrastructure. MindSPACE Madhapur and MindSPACE Airoli East are the largest business parks in their respective Portfolio Markets (*Source: C&W Report*).

As of March 31, 2020, their Portfolio is well diversified with 172 tenants and no single tenant contributed more than 7.7% of the Gross Contracted Rentals. Furthermore, as of March 31, 2020, approximately 84.9% of the Gross Contracted Rentals were derived from leading multinational corporations and approximately 39.4% from Fortune 500 companies. **Their tenant base comprises a mix of multinational and Indian corporates, including affiliates of Accenture, Qualcomm, BA Continuum, JP Morgan, Amazon, Schlumberger, UBS, Capgemini, Facebook, Barclays and BNY Mellon, as on March 31, 2020.**

Their Portfolio is stabilized with 92% Committed Occupancy and a WALE of 5.8 years, as of March 31, 2020. Its Committed Occupancy is 240 bps higher than average occupancy in their Portfolio Markets, as of March 31, 2020, while rental growth has been 320 bps higher for the last 3 fiscal years (*Source: C&W Report*).

Their Portfolio is well positioned to achieve further organic growth through a combination of rent commencement from leased out space which is contracted, as of March 31, 2020, and has not generated rental income for the full year during fiscal year 2020, contractual rent escalations, lease-up of vacant space, re-leasing at market rents (considering the Market Rent across its Portfolio, they estimate to realize mark to market of approximately 22.6% above the average In-place Rent, as of March 31, 2020), and new construction within its Portfolio to accommodate tenant demand. Its Portfolio’s NOI is projected to grow by 59.2% over the Projections Period, primarily due to these factors.

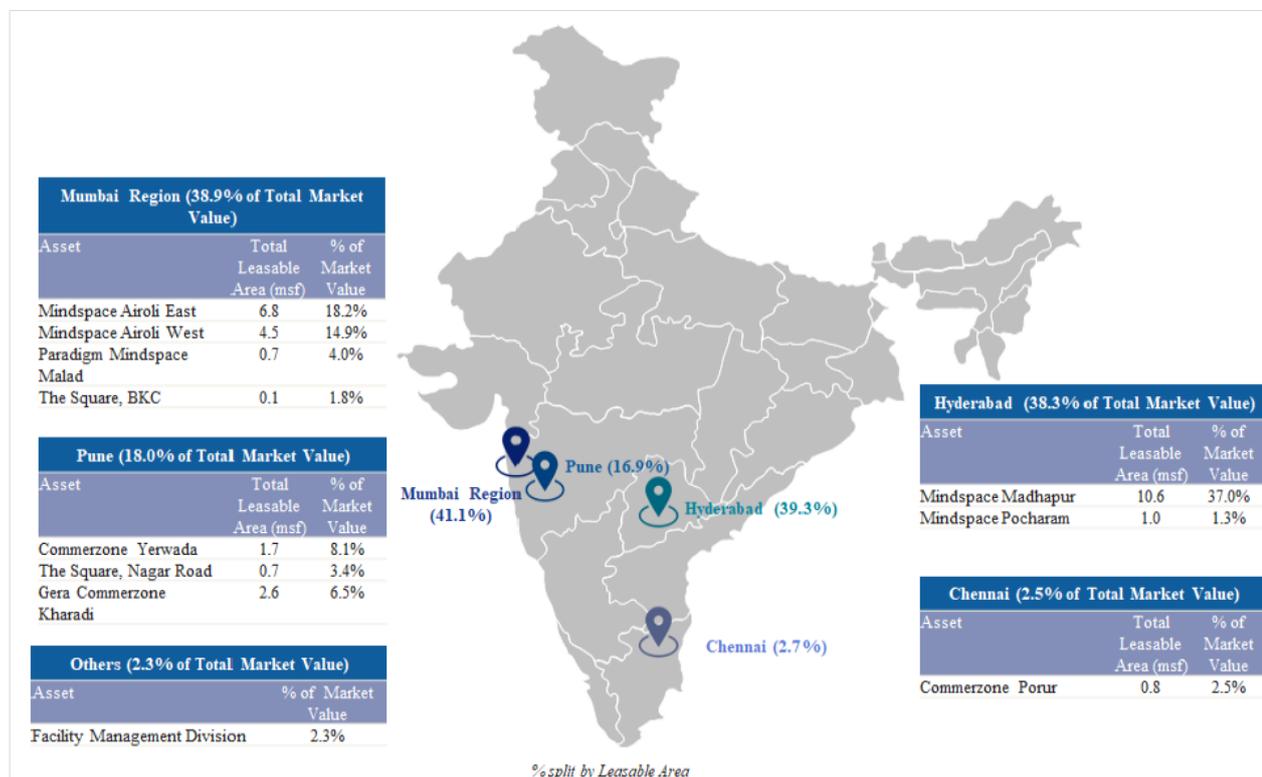
Between April 1, 2017 and March 31, 2020, through its operating expertise, MindSPACE REIT has:

- leased 7.6 msf of office space; achieved average re-leasing spreads of 28.9% on 3.0 msf of re-leased space and leased 4.6 msf new area (including Pre-Leased Area and Committed Area, as of March 31, 2020) to 60 tenants; achieved re-leasing spread of 23.1% for 1.1 msf of area re-leased during fiscal year 2020;
- grown their Portfolio by 4.9 msf through strategic on-campus development of their business parks;
- maintained consistently high Occupancy and achieved Committed Occupancy of 92% (240 bps higher than average occupancy in their Portfolio Markets (*Source: C&W Report*)), as of March 31, 2020;
- grown In-place Rent of their Portfolio at a CAGR of 6.7% (320 bps higher than average rent growth in their Portfolio Markets (*Source: C&W Report*)); and
- undertaken strategic renovations, such as lobby and façade upgrades and addition of cafes, food courts and boardwalks, at certain assets, to improve tenant experience. They have cumulatively invested ₹ 73.70 crore to renovate their Portfolio, as of March 31, 2020.

MindSPACE REIT will be managed by the Manager that is led by Mr. Vinod Rohira, their chief executive officer, who has approximately 20 years of experience in the real estate industry and supported by a 7 member core team with an experience in operating, developing, leasing and managing commercial real estate in India. Their Sponsors are part of the KRC group, a leading real estate company in India with approximately 4 decades of experience in

developing and managing real estate in India. As of March 31, 2020, the KRC group has acquired and/or developed properties across various businesses (approximately 28.5 msf of commercial projects, 6 operational malls, 2,554 operational hotel keys and residential projects across 5 cities in India). In addition, KRC group operates 278 retail outlets across India as of March 31, 2020.

The Total Market Value of the Portfolio, which comprises Market Value of the Portfolio and the facility management division, as of March 31, 2020, as per the Valuer is ₹ 23,675.1 crore, which is illustrated in the map below:



Note: The Market Value of facility management division, which will be housed in KRC Infra with effect from the 1<sup>st</sup> day of the quarter following the listing of Units, is ₹ 553.20 crore (i.e. 2.3% of the Total Market Value).

## BUSINESS UPDATE – COVID 19

Since all of company's business and operations are located in India, the COVID-19 pandemic affects its operations due to majority of its tenants limiting their operating staff and hours while others opting to work from home, interruption in construction activities at its under-construction sites due to the government directives to contain the spread of COVID-19, negative impact on the business and financial condition of some of its tenants and their ability to pay rent.

While the company did not face significant disruptions in its operations from COVID-19 during the financial year ended March 31, 2020 and collected 99.4% of the Gross Contracted Rentals for the month of March 2020, its properties were not fully occupied by the tenants for the months of April and May 2020. However, they maintained and managed their properties throughout the lockdown to ensure business continuity and safety of its tenants.

As of May 31, 2020, Committed Occupancy of its Portfolio was 92.4% and In-place Rent across its Portfolio was ₹ 52.5 psf. The company derive 99.4% of its Gross Contracted Rentals from leasing of office premises, and they have not seen a significant decline in the rent receipts during these 2 months (They have collected 97.8% and 95.2% of its Gross Contracted Rentals for the months of April and May 2020, respectively). Further, they continue to enter into commitments with potential tenants for securing pre-leasing as well as lease-up of vacant space in its assets.

Since April 1, 2020, they have leased 0.7 msf of area (of which 40.5% was leased to its existing tenants and 59.5% was leased to new tenants) including pre-committed 42,567 sf of area in its under-construction asset, Commerzone Porur. Also, they have not availed any deferments or moratoriums with respect to any of its financial commitments. However, the complete extent of pandemic's impact on its business and operations for the quarter ending June 30, 2020 and fiscal year 2021 is currently uncertain and its effect on the business and operations in the medium to long term will depend on future developments, including the scope, severity and duration of the pandemic, the actions to contain COVID-19, and the direct and indirect economics of the pandemic and containment measures, among others.

## REVENUE – PROPERTY WISE RENTAL INCOME

### Property-wise Revenue from Operations

Entity Name	Property Name	Year Ended March 31,					
		2020		2019		2018	
		Revenue (₹ Cr)	% to Revenue	Revenue (₹ Cr)	% to Revenue	Revenue (₹ Cr)	% to Revenue
Mindspace Business Parks Pvt. Ltd. (MBPPL)	Mindspace Airoli-East	356.9	20.2%	351.9	24.6%	332.0	26.3%
	Commerzone Yerwada	161.1	9.1%	142.7	10.0%	134.6	10.7%
	The Square, Nagar Road	91.6	5.2%	74.0	5.2%	24.3	1.9%
	Mindspace Pocharam	13.0	0.7%	13.9	1.0%	13.8	1.1%
Gigaplex Estate Pvt. Ltd. (Gigaplex)	Mindspace Airoli (West)	226.9	12.8%	194.7	13.6%	139.6	11.1%
Sundew Properties Ltd (Sundew)	Madhapur	299.2	16.9%	291.0	20.3%	272.2	21.5%
Intime Properties Ltd (Intime)	Madhapur	128.0	7.3%	117.8	8.2%	113.5	9.0%
K. Raheja IT Park (Hyderabad) Ltd (KRIT)	Madhapur	183.5	10.4%	175.3	12.25%	162.6	12.87%
KRC Infrastructure and Projects Pvt.Ltd.(KRC Infra)	Gera Commerzone Kharadi	229.6	13.0%	0.7	0.05%	-	-
Horizonview Properties Pvt. Ltd. (Horizonview)	Chennai	-	-	-	-	-	-
Avacado Properties And Trading (India) Pvt. Ltd. (Avacado)	Paradigm, Malad	76.2	4.3%	69.6	4.86%	70.5	5.58%
<b>Revenue from Operations</b>		<b>1,766.0</b>	<b>100.0%</b>	<b>1,431.6</b>	<b>100.0%</b>	<b>1,263.1</b>	<b>100.0%</b>

### PORTFOLIO DETAILS AS OF 31<sup>ST</sup> MARCH 2020

Portfolio	Type of Assets	Total Leasable Area (msf)	Committed Occupancy (%)	WALE (Years)	Revenue from Operations for FY 2020 (₹ Cr)	Market Value(1) (₹ Cr)	% of Total Market Value
<b>Mumbai Region</b>		<b>12.1</b>	<b>86.5%</b>	<b>5.7</b>	<b>660.0</b>	<b>9,202.2</b>	<b>38.9%</b>
Mindspace Airoli East	Business Park	6.8	98.0%	4.8	356.9	4,310.7	18.2%
Mindspace Airoli West	Business Park	4.5	72.3%	8.1	226.9	3,520.5	14.9%
Paradigm Mindspace Malad	Office	0.7	93.8%	3.3	76.2	940.9	4.0%
The Square, BKC	Office	0.1	-	-	-	430.2	1.8%
<b>Hyderabad</b>		<b>11.6</b>	<b>97.4%</b>	<b>5.5</b>	<b>623.7</b>	<b>9,057.0</b>	<b>38.3%</b>
Mindspace Madhapur	Business Park	10.6	97.6	5.6	610.7	8,758.5	37.0%
Mindspace Pocharam	Office	1.0	92.4%	2.9	13.0	298.4	1.3%
<b>Pune</b>		<b>5.0</b>	<b>90.0%</b>	<b>7.0</b>	<b>482.3</b>	<b>4,268.1</b>	<b>18.0%</b>
Commerzone Yerwada	Business Park	1.7	99.9%	5.6	161.1	1,910.0	8.1%
Gera Commerzone Kharadi	Business Park	2.6	71.3%	10.9	229.6	1,548.6	6.5%
The Square, Nagar Road	Office	0.7	100.0%	5.5	91.6	809.4	3.4%
<b>Chennai</b>		<b>0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>594.6</b>	<b>2.5%</b>
Commerzone Porur	Office	0.8	-	-	-	594.6	2.5%
<b>Facility Management Div</b>	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>553.2</b>	<b>2.3%</b>
<b>Total Portfolio</b>		<b>29.5<sup>^</sup></b>	<b>92.0%</b>	<b>5.8</b>	<b>1,766.0</b>	<b>23,675.1</b>	<b>100.0%</b>

The Market Value of Mindspace Madhapur is with respect to 89.0% ownership of the respective Asset SPVs that own Mindspace Madhapur.

The Square, BKC was acquired by them in August 2019 and is currently not leased.

The facility management division with approximately 140 employees will be housed in one of the Asset SPVs, KRC Infra, with effect from the first day of the quarter following the listing of the Units. Accordingly, KRC Infra is expected to commence operations of the facility management division with effect from October 1, 2020.

<sup>^</sup> Includes 23.0 msf of Completed Area, 2.8 msf of Under Construction Area and 3.6 msf of Future Development Area.

While Mindspace Airoli East has aggregate development potential of 2.1 msf, Mindspace REIT has currently formulated development plans for 0.9 msf and, accordingly, only 0.9 msf of the future development area has been considered for the purpose of valuation.

## VALUATION SUMMARY

### Value Summary as on 31<sup>st</sup> March 2020

Asset Name and Location	Leasable Area (msf)*		Market Value (₹ Cr)^			REIT Ownership
	Completed	Under-construction/ Future development	Completed	Under construction	Total	
Mindspace Madhapur, Hyderabad	9.9 msf	0.6 msf	8672.9	85.6	8758.5	89%
Mindspace Airoli East, Mumbai Region	4.7 msf	2.1 msf~	4,118.4	192.2	4,310.7	100%
Mindspace Airoli West, Mumbai Region	3.5 msf	1.0 msf	2,964.5	556.1	3,520.5	100%
Paradigm Mindspace Malad, Mumbai Region	0.7 msf	-	940.9	NA	940.9	100%
The Square, BKC, Mumbai Region	0.1 msf	-	430.2	NA	430.2	100%
Commerzone Yerwada, Pune	1.7 msf	-	1,910.0	NA	1,910.0	100%
Gera Commerzone Kharadi, Pune	1.3 msf	1.3 msf	1,211.0	3,376	1,548.6	100%
The Square, Nagar Road, Pune	0.7 msf	-	809.4	NA	809.4	100%
Commerzone Porur, Chennai	-	0.8 msf	NA	594.6	594.6	100%
Mindspace Pocharam, Hyderabad	0.4 msf	0.6 msf	137.9	160.6	298.4	100%
<b>Sub-Total</b>	-	-	<b>21,195.2</b>	<b>1,926.7</b>	<b>23,121.9</b>	-
Facility Management Business	-	-	460.6	92.6	553.2	
<b>Total</b>	-	-	<b>21,655.8</b>	<b>2,019.3</b>	<b>23,675.1</b>	-

\* Based on Architect's Certificate

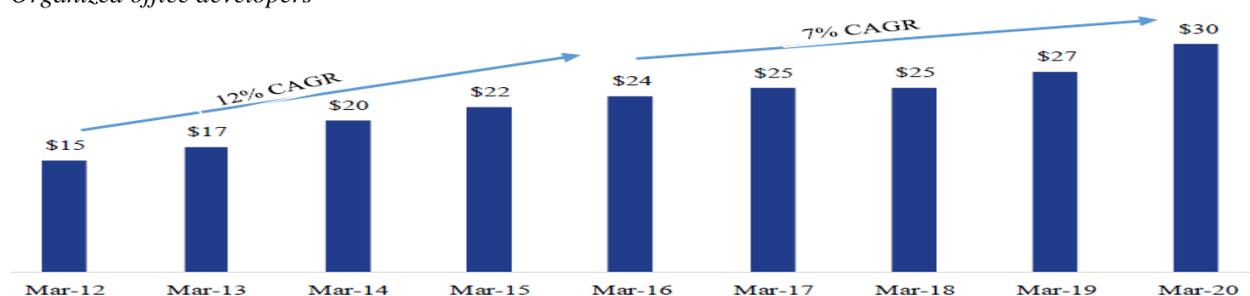
^ Value is for 100% ownership interest in the Subject Property except for Mindspace Madhapur, Hyderabad where value is for 89% ownership (excluding 11% ownership by APIIC)

~ While the park has aggregate development potential of 2.1 msf, Mindspace REIT has currently formulated development plans for 0.9 msf (incl. High Street), and, accordingly, only 0.9 msf of the future development area has been considered for the purpose of valuation.

## INDUSTRY OVERVIEW:

### Prominent Trends in India Office Market

Changing profile of tenants; Increasing demand for quality office space; Consolidation and expansion strategies; Organized office developers

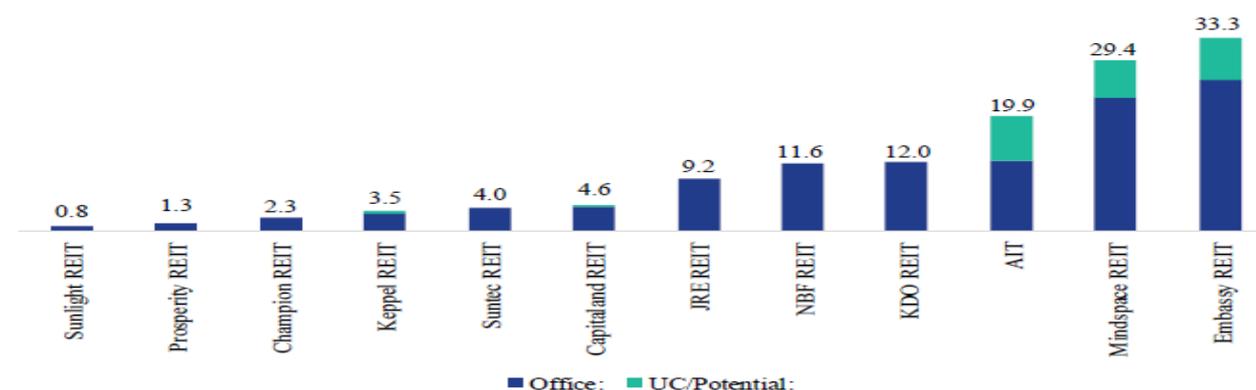


Source: RBI

Note: As per RBI, exchange rate as of March 31, 2020 has been taken as Rupees 75.3859 per USD.

With the changing landscape of the commercial real estate, the sector is witnessing emergence of large organized office developers.

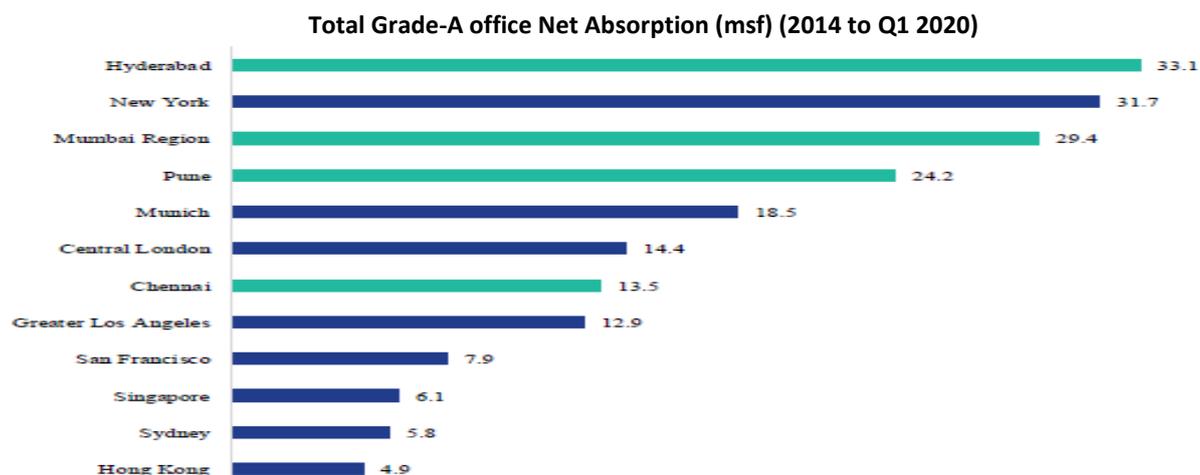
The snapshot of select Asian office REITs (some include retail space as well) (in msf):



Source: C&W Report

**Comparison between Key Indian and Select Global Cities**

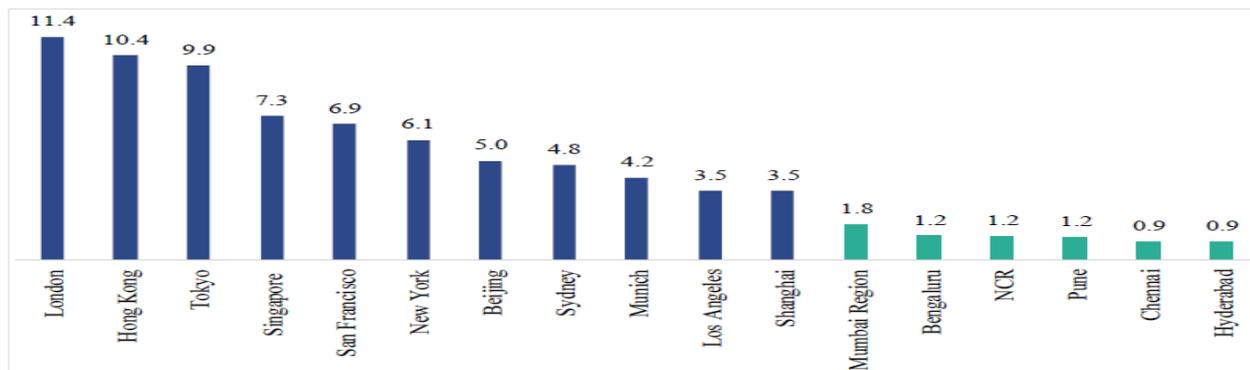
Growth of services sector in India along with increasing traction from MNC tenants has led to a higher absorption in major Indian cities. The graph for **Total Grade-A office net absorption** (in msf) in the Portfolio Markets compared to major global cities (2014 to Q1 2020):



Source: C&W Report  
Rentals across Global Locations (Q1 2020)

The Top 6 Indian Markets offer affordable commercial office spaces at 50% to 90% lower rents in comparison to the global cities, thereby gaining more traction not only from domestic companies but international as well.

**Major Global cities Rental Comparison – Q1 2020 (US\$ psf/month)**



Source: C&W Report

**Q1 2020 Capital Values comparison (US\$ psf)**



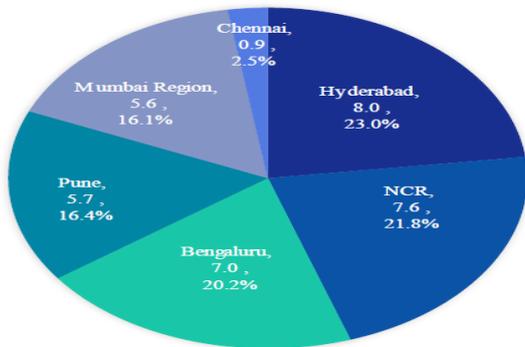
Source: C&W Report

**Portfolio Markets**

**Overview of the Portfolio Markets**

Mindspace REIT has one of the largest portfolios of Grade-A commercial assets in India, which is located in its Portfolio Markets, which are also among the key office markets of India, namely, Mumbai Region, Hyderabad, Pune and Chennai. Portfolio Markets represent approximately 58% of total Grade-A net absorption in the Top 6 Indian Markets in FY 2020.

**Market Share of the Top 6 Indian Markets, by Net Absorption (FY 2020)**



Source: C&W Report

**Supply, Net Absorption, Vacancy Trends in the Portfolio Markets**

Portfolio Markets showed long term favourable demand supply dynamics between 2014 to Q1 2020 period with net absorption (100.3 msf) exceeding supply (96.4 msf) and overall Grade-A office stock growing 1.5 times. Pre-leased area has increased by 50.1% between 2014 and Q1 2020. Vacancy levels declined steadily from 17.2% in 2014 to 10.4% in Q1 2020 (683 bps lower).

**Supply, Net Absorption & Vacancy Trends – Portfolio Markets (2014 to 2022F)**

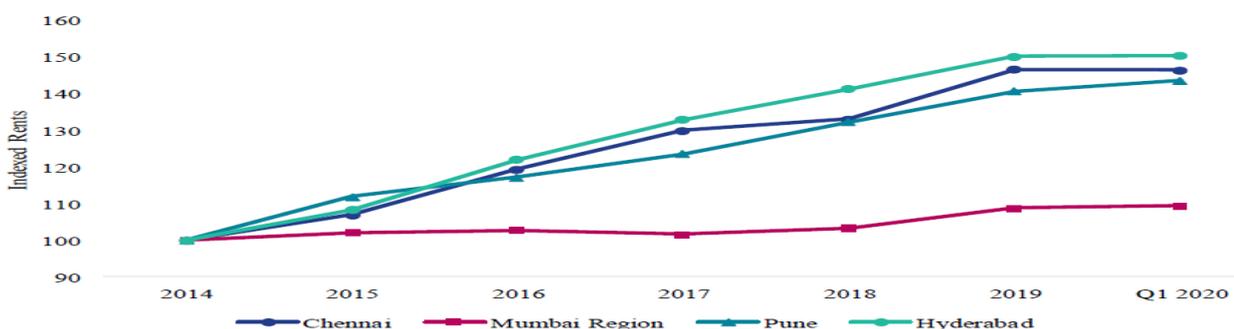


Source: C&W Report

**Rental Trends in the Portfolio Markets**

The rentals in the Portfolio Markets have grown at a CAGR of 8.1% in Hyderabad, 7.5% in Chennai, 7.1% in Pune and 1.7% in the Mumbai Region in the time period 2014 to Q1 2020. During the same period the combined rentals in the Portfolio Markets have grown from ₹ 79.3 psf per month to ₹ 96.8 psf per month.

**Rental trends in the Portfolio Markets (2014 to Q1 2020)**



Source: C&W Report

## Mindspace REIT's Micro-markets

Mindspace REIT Assets are present in seven micro-markets across 4 cities in India. The table below highlights the key statistics for these seven micro-markets:

Particulars	Details
Stock (Q1 2020)	Approx 121.3 msf
Current occupied stock (Q1 2020)	Approx 113.0 msf
Current vacancy (Q1 2020)	6.8%
Average annual absorption (2014 - Q1 2020)	Approx 8.3 msf
Market rent (₹ psf / month) (Q1 2020)	98.2

(Source: C&W Report)

### The highlights of the key statistics of 4 major Cities office market:

Particulars	Hyderabad	Mumbai	Pune	Chennai
Stock (Q1 2020)	Approx 58.8 msf	Approx 92.2 msf	Approx 54.0 msf	Approx 50.5 msf
Current occupied stock (Q1 2020)	Approx 55.3 msf	Approx 76.3 msf	Approx 51.6 msf	Approx 45.8 msf
Current vacancy (Q1 2020)	Approx 5.9%	Approx 17.2%	Approx 4.5%	Approx 9.4%
Average annual absorption (2014-Q1 2020)	Approx 5.3 msf p.a.	Approx 4.7 msf	Approx 3.9 msf	Approx 2.6 msf
Future supply (Q2 2020 - 2022)	Q2 to Q4 2020: Approx 7.0 msf (60.0% of the supply is preleased) 2021: Approx 8.9 msf (34.7% of the supply is preleased) 2022: Approx 12.9 msf (19.7% of the supply is preleased)	Q2 – Q4 2020: Approx 4.1 msf (approx 35.9% of supply is pre-leased) 2021: Approx 7.0 msf (approx 16.6% of supply is pre-leased) 2022: Approx 3.6 msf	Q2– Q4 2020: Approx 1.8 msf (24.5% of the supply is pre-leased) 2021: Approx 6.4 msf (14.5% of the supply is pre-leased) 2022: Approx 7.7 msf (6.1% of the supply is pre-leased)	Q2 – Q4 2020: Approx 3.6 msf (27.7% of supply is preleased) 2021: Approx 3.5 msf (45.7% of supply is pre-leased) 2022: Approx 1.3 msf (22.6% of supply is pre-leased)

## COMPETITIVE STRENGTHS

### • Portfolio with Significant Scale

Company's Portfolio comprises 5 integrated business parks and 5 quality independent offices, totalling 29.5 msf of Total Leasable Area, comprising 23 msf of Completed Area (of which 3.3 msf was achieved in fiscal year 2020), 2.8 msf of Under Construction Area and 3.6 msf of Future Development Area, as of March 31, 2020. In addition, over the last 5 fiscal years, they have added 7.5 msf of area, of which 3.3 msf was added in fiscal year 2020, which includes 1.2 msf in Mindspace Madhapur, 1.3 msf in Gera Commerzone Kharadi, 0.7 msf in Mindspace Airoli East and Mindspace Airoli West and 0.1 msf of The Square, BKC. As of March 31, 2020, 32 buildings in its Portfolio (16.2 msf of Leasable Area) were LEED/IGBC Gold/Platinum certified/pre-certified, demonstrating its commitment towards environment sustainability.

### • Diversified and Quality Tenant Base with Long-Standing Relationships

As of March 31, 2020, they had 172 tenants, with a WALE of 5.8 years, which provide stability to its Portfolio. Its tenant base is well-diversified with no single tenant contributing more than 7.7% of the Gross Contracted Rentals, as of March 31, 2020. In terms of Gross Contracted Rentals, as of March 31, 2020, approximately 84.9% is attributable to multinational corporations and approximately 39.4% is attributable to Fortune 500 companies.

### • Portfolio with Stable Cash Flows and Strong Growth Potential

Company's Portfolio is stabilized with 92% Committed Occupancy (240 bps higher than its Portfolio Markets) (Source: C&W Report), 96.5% Same Store Committed Occupancy and a WALE of 5.8 years, as of March 31, 2020. They have demonstrated strong growth over the last 3 fiscal years, with 7.6 msf of total leasing. They have:

- Stable cash flows with contracted escalations;
- Proven mark-to-market potential across the Portfolio;

- On-Campus development of existing business parks;
- Flexible capital structure for inorganic growth;

#### Details of identified ROFO Assets:

Asset	Location	Completed Area (msf)	Under Construction Area (msf)	Future Development Area (msf)	Approximate Total Leasable Area (msf)	Status
Mindspace Juinagar	Mumbai Region	0.8	0.2	4.0	5.0	-
Commerzone Pallikaranai	Chennai	-	0.7	1.1	1.8	Tower 2: Sub structure WIP
Commerzone Madhapur	Hyderabad	-	1.8	-	1.8	1 <sup>st</sup> and 2 <sup>nd</sup> slab WIP
<b>Total</b>		<b>0.8</b>	<b>2.7</b>	<b>5.1</b>	<b>8.6</b>	

- **Strong Industry Fundamentals**

India's services sector continues to be the key driver of India's growth and within the services sector; the technology industry has been the major growth driver. This growth in technology services is driven by:

- Large English-Speaking Talent Pool:.
- Competitive Cost Advantage:
- Transition to Value Added Services:

- **Presence in 4 Key Office Markets of India**

- Area (msf) leased between 2014 to Q1 2020



- **Experienced Management Team Backed by the KRC group**

Mindspace REIT will be managed by the Manager led by Vinod Rohira, the chief executive officer, and Preeti Chheda, the chief financial officer. Vinod Rohira has been instrumental in leading the development of approximately 25.0 msf of commercial real estate for the KRC group, across India. Preeti Chheda has approximately 20 years of experience.

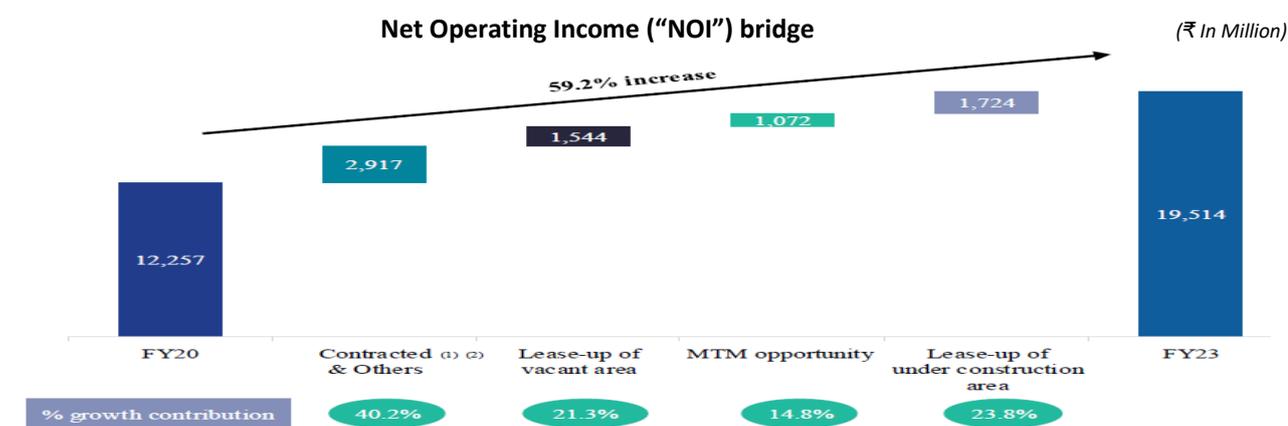
Their Sponsors are Anbee Constructions LLP and Cape Trading LLP, which form part of the KRC group, which is one of the leading and reputed real estate developers in India with significant experience and knowledge of undertaking large-scale real estate developments across India. As of March 31, 2020, the KRC group has developed properties across various businesses (more than 28.5 msf area of commercial projects, 6 operational malls, 2,554 operational hotel keys and residential projects across 5 cities in India). In addition, KRC group operates 278 retail outlets across India.

## KEY BUSINESS STRATEGIES

### Enhance the Value of the Portfolio through Proactive Property Management, Asset Improvements and Tenant Engagement

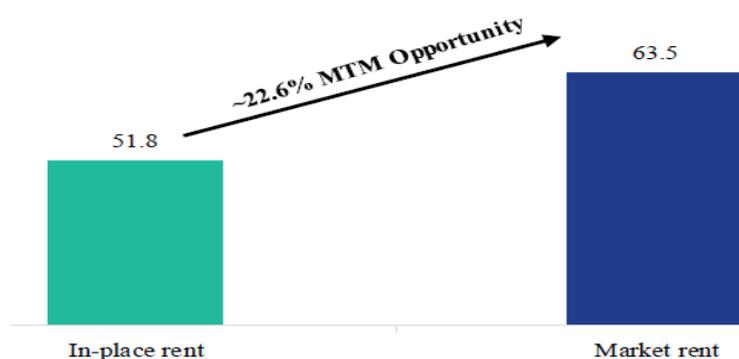
- Property management initiatives
- Asset improvement initiatives
- Tenant engagement and proactive leasing strategy

- **Increase NOI through the Portfolio's Embedded Organic Growth as well as through On-Campus Development**



(1) Contracted & Others include contractual rent escalations, full year impact of contractual leases; others primarily include revenue from power supply, impact of Ind AS adjustments, downtime and vacancy allowance. (2) Includes NOI from leases which are contracted, as of March 31, 2020, and has not generated rental income for the full year during fiscal year 2020. (3) 1.8% of growth contribution is on account of Ind AS adjustments.

Due to the long-term nature of their existing leases and strong market rent growth, the market rents of their assets are 22.6% above the average in-place rents, as of March 31, 2020.



- Continue on-campus development of the existing business parks

As of March 31, 2020, their Portfolio has a current development pipeline of 6.5 msf on land that is located within their business parks of which 2.8 msf was under construction, as set forth below:

The current development pipeline as of March 1, 2020.

Assets	Location	Under Construction Area (msf)	Expected Completion
Commerzone Porur - Tower A & B	Chennai	0.8	Q1 FY 2021*
Mindspace Airoli West - B9	Mumbai	1.0	Q4 FY 2021
Mindspace Madhapur-B-22 (Hotel Bldg)	Hyderabad	0.1	Q4 FY 2021
Gera Commerzone Kharadi (Bldg 5)	Pune	0.7	Q3 FY 2022
Mindspace Pocharam – B 9	Hyderabad	0.2	Post FY 2023
<b>Total</b>		<b>2.8</b>	

\* Completion certificate received in June 2020.

Mindspace REIT is focused on completing these projects on time and in budget and also on securing pre-leasing. As of March 31, 2020, they have pre-committed 0.2 msf of area in its under-construction assets, Mindspace Airoli West and Mindspace Madhapur. 9% and 11% of area expected to be completed in fiscal year 2021 has been pre-leased, as of March 31, 2020 and May 31, 2020, respectively. Over the Projections Period, on-campus developments are expected to contribute approximately ₹172.4 crore, or 23.8%, of the total increase in its NOI.

Mindspace REIT also has a future development pipeline of 3.6 msf across 4 assets, namely, Mindspace Airoli East, Gera Commerzone Kharadi, Mindspace Pocharam and Mindspace Madhapur. They intend to execute this development based upon the expansion needs of their tenants as well as the demand-supply dynamics of each of the micro-markets in which their assets are located.

- **Achieve Growth through Value Accretive Acquisitions**

Mindspace REIT will also seek to grow their Portfolio through the acquisition of brownfield or completed office assets, which have the potential to provide long-term stable cash flows. They intend to continue their core strategy of acquiring, owning and managing quality office assets within micro-markets that have strong tenant demand and limited supply.

## PROJECTION

### Projected facility Rental, Revenue from Operations, Net Operating Income, EBITDA, Cash Flow, Net Distributable Cash Flow<sup>^</sup>

(₹ In Cr)

Project	Rental			Revenue from Operations			Net Operating Income		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Mindspace Madhapur (Intime)	111.7	118.5	128.9	134.3	143.4	154.2	113.3	121.5	131.3
Mindspace Madhapur (Sundew)	300.0	380.1	403.2	363.9	457.8	486.2	299.4	386.9	408.4
Mindspace Madhapur (KRIT)	146.0	180.8	202.8	184.7	218.3	246.8	147.9	179.4	205.5
MBPPL	461.5	506.1	533.6	626.2	680.9	717.8	468.4	510.9	538.7
• Mindspace Airoli East	280.1	308.1	322.1	374.2	409.4	430.5	283.8	310.0	325.2
• Commerzone Yerwada	122.0	131.7	139.9	174.6	184.8	192.5	128.4	136.4	141.8
• The Square, Nagar Road	50.2	56.2	60.8	64.2	72.9	79.5	46.4	54.3	60.2
• Mindspace Pocharam	9.2	10.1	10.8	13.2	13.8	15.3	9.8	10.2	11.5
Gigaplex	165.4	211.7	279.5	229.3	292.5	387.0	166.3	205.8	290.5
Avacado	67.6	111.8	116.4	75.3	120.4	125.5	60.1	104.7	109.1
• Paradigm Mindspace Malad	67.4	74.0	75.3	75.1	82.6	84.4	62.7	69.7	70.8
• The Square, BKC <sup>^</sup>	0.2	37.8	41.1	0.2	37.8	41.1	(2.6)	35.0	38.3
KRC Infra	80.2	113.5	163.9	159.4	287.8	381.1	93.4	152.2	209.4
• Gera Commerzone Kharadi*	80.2	113.5	163.9	94.2	137.6	211.0	74.7	109.6	161.8
• Facility management div(CAMPLUS)#	-	-	-	65.2	150.2	170.1	18.7	42.6	47.6
Horizonview@	5.8	48.4	57.9	6.2	57.1	73.8	(0.1)	46.0	58.5
Elimination (inter segment revenue)	-	-	-	(65.2)	(150.2)	(170.1)	-	-	-
<b>Total</b>	<b>1,338.2</b>	<b>1,670.9</b>	<b>1,886.2</b>	<b>1,714.1</b>	<b>2,108.0</b>	<b>2,402.3</b>	<b>1,348.7</b>	<b>1,707.4</b>	<b>1,951.4</b>

<sup>^</sup> KRC Infra plans to commence facility management business with effect from the first day of the quarter following the listing of Units on the Stock Exchanges, under the brand name CAMPLUS, for providing facilities management services to the assets in the Portfolio and third parties, if any, located within the assets. Accordingly, for the purpose of Projections, it is assumed that KRC Infra would commence facility management business effective October 1, 2020

Elimination of inter segment revenue to the extent facility management income is paid/ payable to CAMPLUS by Asset SPVs

Project	EBITDA@			Cash Flow@#			Net Distributable Cash Flow*		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	2HFY 2021	FY2022	FY2023
Mindspace Madhapur (Intime)	148.4	143.1	152.2	83.0	93.6	99.4	75.2	230.7	234.7
Mindspace Madhapur (Sundew)	316.3	357.6	375.1	275.8	322.7	334.9	95.4	220.3	238.7
Mindspace Madhapur (KRIT)	218.5	224.8	247.2	78.0	114.6	130.9	134.7	303.9	339.7
MBPPL <sup>^</sup>	511.3	470.4	491.6	467.1	474.0	440.5	220.9	366.1	384.5
• Mindspace Airoli East	270.5	292.9	304.1	265.8	283.0	303.0	-	-	-
• Commerzone Yerwada	122.5	130.3	134.4	130.5	136.4	137.4	-	-	-
• The Square, Nagar Road	43.6	50.3	56.2	49.8	53.9	61.9	-	-	-
• Mindspace Pocharam	9.5	9.8	11.1	9.5	8.9	11.4	-	-	-
• Other income/ expenses at SPV level	65.2	(12.6)	(14.2)	11.5	(8.2)	(73.2)	-	-	-
Gigaplex	151.2	188.2	264.7	157.2	214.1	269.7	-	-	-
Avacado	74.1	95.9	99.2	69.9	90.0	84.8	31.7	65.3	64.5
• Paradigm Mindspace Malad	66.7	66.0	66.2	61.2	64.9	62.3	-	-	-
• The Square, BKC	(3.6)	31.2	34.4	10.8	32.6	35.9	-	-	-
• Other income/expenses at SPV level	11.0	(1.3)	(1.4)	(2.1)	(7.5)	(13.4)	-	-	-
KRC Infra	83.1	138.9	192.1	85.6	141.1	205.6	17.5	38.9	46.8
• Gera Commerzone Kharadi	66.4	98.3	147.0	68.9	106.5	163.8	-	-	-
• Facility management Div-CAMPLUS	18.8	42.6	47.4	18.8	42.6	47.4	-	-	-
• Other income/expenses at SPV level	(2.1)	(2.0)	(2.3)	(2.1)	(8.0)	(5.6)	-	-	-
Horizonview	(1.6)	40.5	51.1	14.2	41.7	59.5	3.8	7.5	7.5

Project	EBITDA@			Cash Flow@#			Net Distributable Cash Flow*		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	2HFY 2021	FY2022	FY2023
Mindspace REIT level expenses	(5.3)	(9.6)	(10.3)	(5.3)	(9.6)	(10.3)	-	-	-
Eliminations	(122.7)	(98.6)	(98.6)	-	-	-	-	-	-
<b>Total/sub Total</b>	<b>1,373.3</b>	<b>1,551.2</b>	<b>1,764.3</b>	<b>1,225.5</b>	<b>1,482.2</b>	<b>1,615.0</b>	<b>579.2</b>	<b>1,232.7</b>	<b>1,316.4</b>
Manager Fees	-	-	-	-	-	-	(3.2)	(7.3)	(7.8)
Trustee and other miscellaneous expenses at REIT level	-	-	-	-	-	-	(2.1)	(2.3)	(2.5)
<b>Grand Total</b>	<b>1,373.3</b>	<b>1,551.2</b>	<b>1,764.3</b>	<b>1,225.5</b>	<b>1,482.2</b>	<b>1,615.0</b>	<b>573.9</b>	<b>1,223.1</b>	<b>1,306.1</b>

@While the post Offer Capital and corporate structure would be in effect immediately on completion of the IPO, for the purposes of the Projections Report, it has been assumed that the post Offer capital and corporate structure will be implemented with effect from October 1, 2020. As a result, the Projections for the Financial Years 2022 and 2023 are not comparable to the Mindspace REIT's Projections for the Financial Year 2021 which would reflect the REIT structure for a period of six months only. Also, the Projections for the Financial Years 2021, 2022 and 2023 are not comparable to the historical financial information included in this section and elsewhere in the offering document. Accordingly, the investors should consider the above adjustments while comparing the financial information of various periods or years.

Other income includes interest income on account of lending to KRC Group (assumed for the period upto September 30, 2020 prior to the implementation of the post Offer capital and corporate structure) and other Asset SPVs and expenses include costs incurred at Asset SPV level and not attributable to any asset. On completion of IPO, all lending to KRC Group will be settled and the post Offer Capital and corporate structure would be in effect immediately, and to that extent there may be variations on account of the period between actual completion of the IPO and October 1, 2020., Elimination of interest income on account of lending within Asset SPVs.

#Other expenses include overhead costs incurred at Asset SPV level and not attributable to any asset. Income taxes at SPV level are net of refunds.

~ Net Distributable Cash Flow for the fiscal year ending March 31, 2021 only includes Net Distributable Cash Flow projected to be received during 2H FY2021

^ After considering 11% dividend distribution to APIIC

## DISTRIBUTION POLICY

The Manager is required to and shall declare and distribute at least 90% of the NDCF of Mindspace REIT as distributions ("REIT Distributions") to the Unit holders. Such REIT Distributions shall be declared and made for every quarter of a Financial Year. The first distribution shall be made upon completion of the first full quarter after the listing of the Units on the Stock Exchanges. Further, in accordance with the REIT Regulations, REIT Distributions shall be made no later than 15 days from the date of such declarations.

In terms of the REIT Regulations, if the distribution is not made within 15 days of declaration, the Manager shall be liable to pay interest to the Unit holders at the rate of 15% p.a. until the distribution is made.

## REIT TAXATION FRAMEWORK

### Taxation in the hands of unit holders

Nature of Income	Taxability/Exemption	Withholding Rate (WHT)
Dividend received from SPVs distributed by REIT *	Exempt u/s 10(23FD)	NA
Interest received from SPVs distributed by REIT	Taxable u/s 115UA (3) - Resident – Applicable rate - Non-Resident –5%	- Resident – 10% (194LBA) - Non-Resident – 5% (194LBA) - Cat I & II AIF and MF - NIL
Capital Gains & Other Income taxed in hands of REIT and distributed by REIT	Exempt u/s 10(23FD)	NA
Capital Gains on Sale of REIT Units through SE	Taxable - u/s 111A / 112A LTCG** – 10%, STCG – 15% or treaty rate if beneficial	NA

\* Dividend received from a SPV which has not opted for the concessional tax regime (25.17%) u/s 115BAA is exempt in hands of Unit holders. In case SPV has opted for section 115BAA, dividend would be taxable in the hands of Unit holder and also subject to WHT @ 10%

\*\* Held by unit holders for more than 36 months

Tax rates excluding applicable surcharge and cess

### **Applicable Sections of the Income Tax Act**

- Section 10(23FD) – Exemption of income of unit holder of business trust:

Any distributed income, referred to in section 115UA, received by a unit holder from the business trust, not being that proportion of the income which is of the same nature as the income referred to in sub-clause (a) of clause (23FC) or sub-clause (b) of said clause (in a case where the special purpose vehicle has exercised the option under section 115BAA) or 10(23FCA), shall be exempt from tax

- Section 10(23FC) – Exemption of certain income of business trust:

Any income of business trust by way of:

- interest received or receivable from a special purpose vehicle; or
- Dividend received or receivable from a special purpose vehicle shall be exempt from tax

- Section 10(23FCA) – Exemption of Rental income of Real Estate Investment Trust:

Any income of a business trust, being a real estate investment trust, by way of renting, leasing or letting out of any real estate asset owned directly by such business trust shall be exempt from tax

- Additional tax @ 10% on dividend exceeding 1 million u/s 115 BBDA is not applicable on any dividend declared, distributed or paid after 31 March 2020

### **Mindsight REIT SPV Taxation**

Pursuant to the amendments introduced vide Finance Act, 2020; the Asset SPVs have elected to discharge their income-tax liability without exercising the option available under section 115BAA of the Income Tax Act. Accordingly, Income taxes for Asset SPVs have been computed at income tax rates applicable for FY2021, which are expected to be applicable for the entire period of Projections as provided under IT Act without exercising the option available to discharge their tax liability as per section 115BAA of the IT Act.

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