

Issue Details

Listing	NSE & BSE
Open Date	27/7/2020
Close Date	29/7/2020
Price Band	274-275

Issue Structure (In %)

Fresh issue	22.22
Offer for Sale	77.78

Shareholding Pattern (%)

	Pre	Post
Promoter	100.0	
Public	0.0	
Total	100.0	100.0

Business Overview:

Mindspace REIT is the owner of a high quality office portfolio in India that serves as essential corporate infrastructure to multinational and domestic tenants and has significant growth prospects.

Its portfolio consists of 5 integrated business parks with superior infrastructure and amenities and 5 independent offices aggregating to 29.5 msf of total leasable area. It is one of the largest Grade-A office portfolios in India located in four key office markets of India at Mumbai, Hyderabad, Pune and Chennai which account for approximately 58.0% of total Grade-A net absorption in the top six markets in India. As on date, it has capacity of 29.5 msf of leasable area with 23 msf completed, 2.8 msf under construction and 3.6 msf of future development area. The portfolio is stabilized with 92.0% Committed Occupancy and a WALE of 5.8 years, as of March 31, 2020, which provides long-term visibility to our revenues

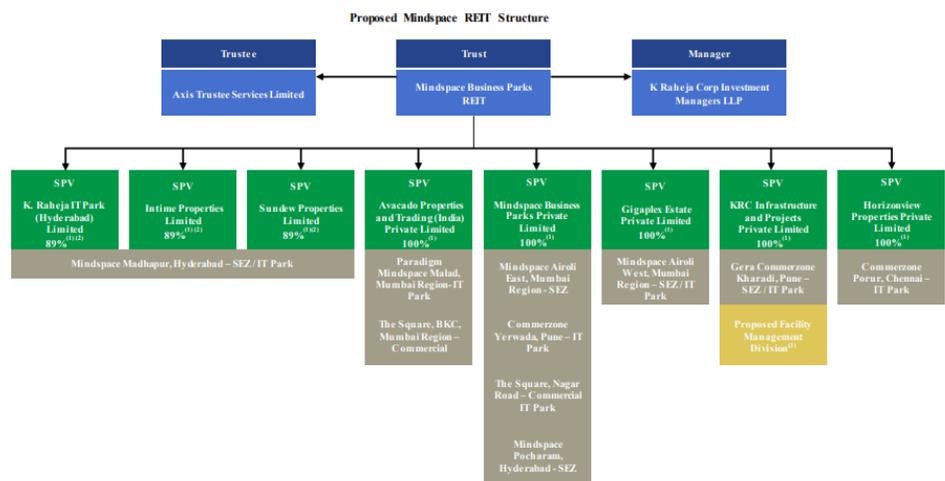
As of March 31, 2020, its Portfolio is well diversified with 172 tenants and no single tenant contributing more than 7.7% of Gross Contracted Rentals. Further, as on March 31, 2020, approximately 84.9% of its Gross Contracted Rentals were derived from leading multinational corporations and approximately 39.4% from Fortune 500 companies.

Proposed Structure and Portfolio:

Sponsor: Cape Trading LLP (CTL) and Anbee Constructions LLP (ACL)

Manager: K Raheja Corp Investment Managers LLP (held by Mr. Ravi C. Raheja and Mr. Neel C. Raheja, as the partners)

Trustee: Axis Trustee Services Limited



Note:

- % indicates Mindspace REIT's proposed shareholding in respective Asset SPVs.
- 11% shareholding in these Asset SPVs is held by APIC.
- 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.

Source: Offer document.

Portfolio	Type of asset	Total Leasable Area (msf)	Committed Occupancy (%)	WALE (Years)	Revenue from Operations for FY 2020 (₹ million)	Market Value (₹ million)	% of Total Market Value
Mumbai Region		12.1	86.5%	5.7	6,600	92,022	38.9%
Mindspace Airoli East	Business Park	6.8	98.0%	4.8	3,569	43,107 ⁽²⁾	18.2%
Mindspace Airoli West	Business Park	4.5	72.3%	8.1	2,269	35,205	14.9%
Paradigm Mindspace Malad	Independent Office	0.7	93.8%	3.3	762	9,409	4.0%
The Square, BKC ⁽²⁾	Independent Office	0.1	-	-	-	4,302	1.8%
Hyderabad		11.6	97.4%	5.5	6,237	90,570	38.3%
Mindspace Madhapur	Business Park	10.6	97.6%	5.6	6,107	87,585 ⁽³⁾	37.0%
Mindspace Pocharam	Independent Office	1.0	92.4%	2.9	130	2,984	1.3%
Pune		5.0	90.0%	7.0	4,823	42,681	18.0%
Commerzone Yerwada	Business Park	1.7	99.9%	5.6	1,611	19,100	8.1%
Gera Commerzone Kharadi	Business Park	2.6	71.3%	10.9	2,296	15,486	6.5%
The Square, Nagar Road	Independent Office	0.7	100.0%	5.5	916	8,094	3.4%
Chennai		0.8	-	-	-	5,946	2.5%
Commerzone Porur	Independent Office	0.8	-	-	-	5,946	2.5%
Facility Management Division⁽³⁾						5,532	2.3%
Total		29.5⁽⁴⁾	92.0%	5.8	17,660	236,751	100%

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

(2) The Square, BKC was acquired by us in August 2019 and is currently not leased.

(3) 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.

(4) Includes 23.0 msf of Completed Area, 2.8 msf of Under Construction Area and 3.6 msf of Future Development Area.

(5) 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.

Source: Offer document

Objects of the Issue

The Net Proceeds will be utilised towards the following objects:

- Partial or full repayment or pre-payment of certain debt facilities of the Asset SPVs availed from banks/financial institutions;
- Purchase of Non-Cumulative Redeemable Preference Shares (NCRPS) of Mindspace Business Parks Private Limited (MBPPL); and
- For General purposes

Particulars	Estimated Amount (Rs. in millions)
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)	9000
Purchase of NCRPS of MBPPL	334
General purposes	\$
Total	□

\$ To be finalized upon determination of Offer Price

Source: Offer document.

Issue Structure & Valuation

The proposed REIT issue size is of Rs. 4,500 cr. consisting of the Fresh Issue, aggregating to Rs. 1,000 cr. The price band for the issue is Rs. 274 per share (lower price band) to Rs 275 per share (upper price band), and the bid lot is 200 shares and multiple thereof. The number of units for strategic Investors will be 4,09,09,000 which would constitute to be in the range of 5% to 25% of the offer size. Excluding this, 75% of the offer would be for institutional investors and remaining 25% for non-institutional investors.

Recent Performance of REIT:

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

- Leased 7.6 msf of office space and achieved average re-leasing spreads of 28.9% on 3.0 msf of re-leased space, leased 4.6 msf of new area (including Pre-Leased Area and Committed Area, as of March 31, 2020) to 60 tenants and achieved re-leasing spread of 23.1% for 1.1 msf of area re-leased during FY20.
- Grown its portfolio by 4.9 msf primarily through strategic on-campus development of our business parks.
- Maintained consistently high Occupancy and achieved Committed Occupancy of 92.0% (240 bps higher than average occupancy in its Portfolio Markets).
- Grown In-place Rent of portfolio at a CAGR of 6.7%.
- Undertaken strategic renovations, such as lobby and façade upgrades and addition of cafes, food courts and boardwalks, at certain assets, to improve tenant experience and has cumulatively invested Rs 737 mn to renovate its portfolio.

Impact of COVID:

The REIT did not face significant disruptions in its operations from COVID-19 during the financial year ended March 31, 2020 and collected 99.4% of its Gross Contracted Rentals for the month of March 2020. Though the properties were not fully occupied by the tenants for the months of April and May 2020, it maintained and managed the properties throughout the lockdown to ensure business continuity and safety of tenants. It has not witnessed significant decline in the rent receipts during these two months and collected 97.8% and 95.2% of the Gross Contracted Rentals for the months of April and May 2020, respectively.

While the pandemic has affected majority of the industries, the industries that are being severely impacted by this pandemic include aviation, education, entertainment and events, food and beverage, co-working and hospitality. During the months of March, April and May 2020, the REIT has an exposure of 1% of its Gross Contracted Rentals attributable to these industries.

However, there are certain issues revolving around interruption in construction activities at its under-construction sites due to the government directives to contain the spread of COVID-19 and negative impact on the business and financial condition of some of its tenants and their ability to pay rent.

Some the Key areas for the REIT which should be observed before investing:

- Despite decent rent collection by the REIT in the month of April and May, there are concerns regarding the profitability and growth of such funds considering the current COVID scenarios and extended lockdowns in major cities of the country, which has led to uncertainties around cash collection and future rent escalations.
- There will be difficulties surrounding new construction and under construction portfolio on account of disruptions caused in supply chain, disruptions in the supply of materials, shortage of labour, delays in inspections and labour re-mobilization in near and medium term where all construction activity have been halted to comply with government directives during the lockdown.
- In addition to these impacts, on a long term basis there will be uncertainties surrounding the demand side whereby many major IT companies and corporates have announced that they will move towards 'Work from Home' model for their employees and a lesser number of employees will be coming to offices.

SWOT ANALYSIS:

<p>STRENGTH</p> <ul style="list-style-type: none"> ➤ Portfolio with significant scale comprising of total leasable area of 23 msf, 2.8 msf. of under construction and 3.6 msf. of future development. ➤ Committed occupancy of 92% ➤ Diversified and Quality Tenancy base. 	<p>WEAKNESS</p> <ul style="list-style-type: none"> ➤ Decline in general business activity and demand for real estate transactions can affect the growth and expansion strategy. ➤ Inability to seek protection under existing insurance coverage for liabilities and expenses that may arise due to impact of COVID-19 on business and operations;
<p>OPPORTUNITY</p> <ul style="list-style-type: none"> ➤ Presence in 4 key market areas of the country. ➤ Experienced management team backed by KRC group. 	<p>THREAT</p> <ul style="list-style-type: none"> ➤ Impact of COVID on rent collection and completion of under-construction properties. ➤ Increased operating costs to maintain the safety standards in the property. ➤ Lower demand owing to companies opting from Work from Home model.

Disclosures and Disclaimer

Ventura Securities Limited (VSL) is a SEBI registered intermediary offering broking, depository and portfolio management services to clients. VSL is a member of BSE and NSE. VSL is a depository participant of NSDL. VSL states that no disciplinary action whatsoever has been taken by SEBI against it in last five years except administrative warning issued in connection with technical and venial lapses observed while inspection of books of accounts and records. Ventura Guaranty Limited is the holding Company of VSL; Ventura Commodities Limited and Ventura Allied Services Private Limited are subsidiaries of VSL. Research Analyst (RA) involved in the preparation of this research report and VSL, disclose that neither RA nor VSL nor its associates (i) have any financial interest in the company which is the subject matter of this research report (ii) holds ownership of one percent or more in the securities of subject company (iii) have any material conflict of interest at the time of publication of this research report (iv) have received any compensation from the subject company in the past twelve months (v) have managed or co-managed public offering of securities for the subject company in past twelve months (vi) have received any compensation for investment banking, merchant banking or brokerage services from the subject company in the past twelve months (vii) have received any compensation for products or services from the subject company in the past twelve months (viii) have received any compensation or other benefits from the subject company or third party in connection with the research report. RA involved in the preparation of this research report discloses that he / she has not served as an officer, director or employee of the subject company. RA involved in the preparation of this research report and VSL discloses that they have not been engaged in the market making activity for the subject company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. We may have earlier issued or may issue in future, reports on the companies covered herein with recommendations/ information inconsistent or different than those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of VSL. This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients / prospective clients of VSL. VSL will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of clients / prospective clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. And such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document. The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently for the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by VSL, its associates, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts. The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. We do not provide tax advice to our clients, and all investors are strongly advised to consult regarding any potential investment. VSL and the RA involved in the preparation of this research report and its associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report/document has been prepared by VSL, based upon information available to the public and sources believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. VSL has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change. This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public /used by the public media without the express written consent of VSL. This report or any portion hereof may not be printed, sold or distributed without the written consent of VSL. This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The opinions and projections expressed herein are entirely those of the author and are given as a part of the normal research activity of VSL and are given as of this date and are subject to change without notice. Any opinion, estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimates or projection. This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. Neither the company nor its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Securities Market.

Ventura Securities Limited

Corporate Office: 8th Floor, 'B' Wing, I Think Techno Campus, Pokhran Road No. 02, Off Eastern Express Highway, Thane (West), 400 607

SEBI Registration No.: INH000001634