Valuation Report:

Mindspace-Madhapur (Intime), Madhapur, Hyderabad

Submitted to:

K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 04 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for disclosure of valuation of assets, forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange does not carry any right of publication to any other party. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020 The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

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Executive Summary

Mindspace Madhapur (Intime), Madhapur, Hyderabad		
Valuation Date:	30 September 2022	
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014	
Location / Situation:	The subject property (Buildings 5B, 6 and 9 which are part of Intime Mindspace) is part of Raheja Mindspace IT park located in Madhapur, Hyderabad. Raheja Mindspace Madhapur a major IT park in Hyderabad spread over 110 acres comprises of SEZ and Non-SEZ commercial office space. It enjoys good accessibility and connectivity with other parts of the city. Hitech City –Durgam Cheruvu road and Hitech City internal road connecting to Mumbai highway abuts the subject IT Park. Subject property is accessible through 120 feet internal road with in the Raheja Mindspace IT park. Prominent developments in the vicinity of the IT Park are Inorbit Mall, Ascendas V Park, Salarpuria Sattva IT Park, TCS Deccan Park, Cyber Pearl, Cyber Towers, Trident Hotel, Lemon Tree hotel etc. It Houses prominent tenants like Qualcomm, CSC, Bank of America, IBM, Verizon and Accenture etc	 Bldg 6 in the Subject Property
Description:	Mindspace – Madhapur (Intime) forming part of Mindspace IT Park located in Madhapur, comprises of Non-SEZ buildings. The subject property has one component i.e., completed component. **Completed Buildings – Building 5B, 6 and 9** The completed buildings with occupancy certificate collectively admeasure ~1.7 million sq. ft. of leasable area. Of total 3 buildings all are Non-SEZ buildings. The subject property is accessible through 120 ft Mindspace internal access road and enjoys good frontage and visibility on the access road.	 Bldg 5 in the Subject Property  Bldg 9 in the Subject Property
Total Area:	Total Plot Area: 8.52[1] Acres Completed Leasable Area - 1,736,581 sq. ft. Total - 1,736,581 sq. ft.	

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 16,775 Million	India Rupees Sixteen Billion Seven Hundred and Seventy Five Million Only

Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the Subject Property and the valuation presented is for 89% interest in the Subject Property only. The total value of the asset with 100% interest is INR 18,848 million as on 30 September 2022.

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1] *From Architect's Certificate (dated on 17th June 2020) and lease agreements (post June 17. 2020) shared by the client*

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

To:	**K Raheja Corp Investment Managers LLP**
Property:	**Intime buildings forming part of Mindspace Madhapur (Intime), Madhapur, Hyderabad**
Report Date:	**04 November 2022**
Valuation Date:	**30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"**)**, in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report) for disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor in Planning from the School of Planning and Architecture, New Delhi

in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer. except as valuer under the SEBI (REIT) Regulations, 2014

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purpose. In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the subject property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation

date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is mentioned below:

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the subject property.

For the purpose of the valuation of Subject Properties (other than the portions of future development area part or whole of which may be considered for sale), Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation

8 Inspection

The Property was inspected on 28th and 29th March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the subject property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT under the applicable law.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and wilful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect

13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.

- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).
- In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.
- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc Disclosure and Publication.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate

any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B HYDERABAD CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1 Hyderabad City Overview

Particulars	Hyderabad City	Madhapur*	Gachibowli	Peripheral East*
Total completed stock 9M 2022 (msf)	87.5	54.3	29.2	2.3
Current occupied stock 9M 2022 (msf)	68.7	48.1	17.9	1.3
Current Vacancy 9M 2022 (%)	21.5%	11.4%	38.6%	42.7%
Avg. Annual Absorption - 2016 – 9M 2022 (msf)	6.0	3.9	1.9	0.1
Future Supply – Q4 2022 – 2024 (msf)	35.8	16.5	18.6	-
Market Rent – 9M 2022 (INR psf / month) (approx.)	68.1	71.9	64.0	37.6

Source: Cushman & Wakefield Research **Mindspace REIT's micro markets*

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

Approximately 1.8 msf is the stock which is not captured in the three major micro-markets of the city

Hyderabad is the capital city of Telangana and India's fourth most populous city. Hyderabad Metropolitan Area (HMR) is spread over 7,229 sq.km. Affordable cost of living, rapid infrastructure development and a proactive government have driven the corporate activity and investments in the city. Hyderabad has emerged as 2nd largest IT exporter. Hyderabad is home to global captive centres of renowned technology companies such as Apple, Microsoft, Uber, Google, Facebook, Infosys and Cognizant, institutions (such as Centre for Cellular and Molecular Biology, Centre for Good Governance, Insurance and Regulatory Development Authority) as well as prominent educational institutions (such as Indian School of Business, Indian Institute of Technology, NALSAR University of Law and Agha Khan Academy). The physical infrastructure of the city is well developed with excellent road, rail and air transport networks. Madhapur and Gachibowli economic corridor houses most of the commercial office space establishments in Hyderabad. In Madhapur and

Gachibowli economic corridor, Madhapur is an established micro market with presence of renowned technological, financial services and professional services companies.

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

- **Technology Sector:** Technology services are the primary demand driver for the office space demand in Hyderabad. Hyderabad houses over 1,500 technology companies and provides direct employment to approximately 778,121[2] people. Major technology companies operating from Hyderabad include Apple, Accenture, Google, IBM, Cognizant, Qualcomm, Facebook and others. In addition to the tenanted commercial office spaces, Hyderabad also houses several large size campuses of companies like Infosys, Wipro, Amazon, Cognizant, Cyient, Capgemini, Virtusa and Hitachi Consulting to name a few
- **Engineering & Manufacturing, Financial and Professional Services:** Engineering & Manufacturing, Financial and Professional services companies are the key demand drivers for office space in Hyderabad after the technology companies. Major Engineering & Manufacturing companies include Qualcomm, Micro, Apple and others. Major financial services Companies in Hyderabad include JP Morgan, Wells Fargo, Bank of America, DBS, HSBC, Synchrony and others. Major professional services companies / knowledge centers in Hyderabad include Invesco, E&Y, KPMG, OMICS and others.
- **Social Infrastructure:** Hyderabad has established educational institutions and colleges (International Institute of Information Technology, Indian School of Business, Tata Institute of Social Sciences), shopping malls (Inorbit, Forum, GVK One, City Capital, Central, etc.), hospitals (Apollo, Sunshine, Care etc.), hotels (ITC, Westin, Park Hyatt, Novotel and Taj Krishna) and MICE centers (HITEX Exhibition Centre and HICC Convention Centre).
- **Physical Infrastructure:** Hyderabad is well connected to the rest of the country by National Highways – NH-7, NH-9 and NH-202. Outer Ring Road encircles the city and acts as nodal connecting point with the city and other town located within the state. The city has India's 6th busiest airport which connects Hyderabad to major international hubs and is currently being expanded to handle 34[3] million passengers. The city has a combination of light rail transportation system and metro.

Hyderabad enjoys relatively superior physical infrastructure facilities as compared to other metro cities in India. Integrated infrastructural facilities like outer ring road, metro rail, MMTS, radial roads and arterial roads provide faster and easier connectivity to Madhapur- Gachibowli economic corridor. To sustain the existing developments and grow the technology sector in Hyderabad, Government of Telangana has initiated several steps including the enhancement of physical infrastructure through strategic road development program and establishment of incubation center to promote value added technology initiatives and entrepreneurship.

[2] *https://it.telangana.gov.in/investor-info/fact-sheet/*
[3] *GMR Hyderabad International Airport Limited*

2 Mindspace REIT's Micro-Market (Madhapur)

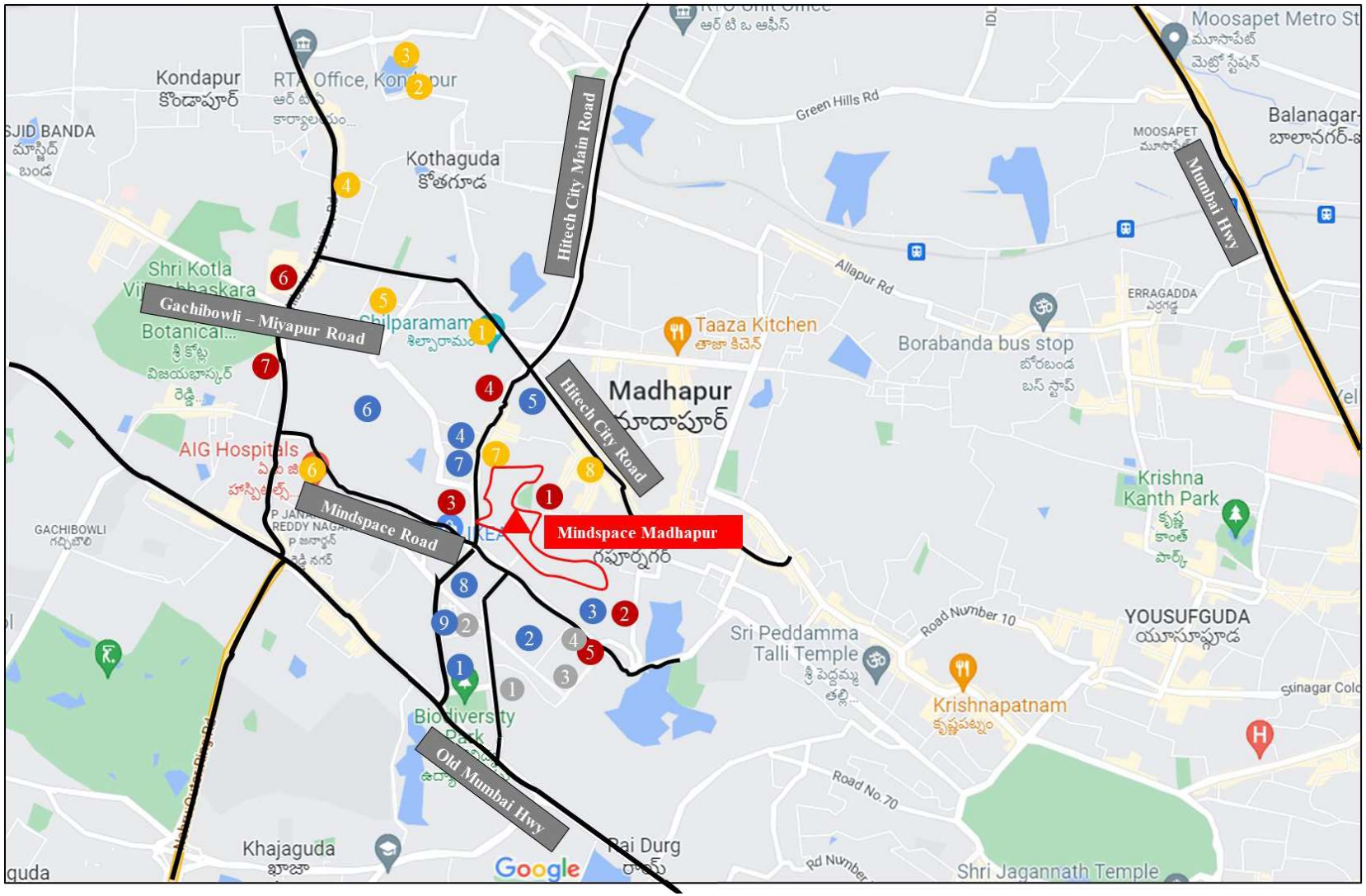
2.1 Overview

Madhapur is an established office space micro market in Hyderabad and is home to large scale commercial developments such as Raheja Mindspace, The V, Phoenix aVance Business Hub (Ascendas IT Park), Cyber Pearl, I-Labs, Divyasree Orion, Salarpuria Sattva Knowledge City as well as TCS and TCL campuses.

In addition to office space, Madhapur also consists of several retail, hospitality and entertainment developments such as HITEX Exhibition Centre, HICC Convention Centre, Inorbit mall, L&T Next Galleria Mall and Shilpa Kala Vedika. Prominent hospitality developments in the micro-market include ITC Kohenur, Westin and Novotel.

Madhapur enjoys excellent physical infrastructure with direct connectivity to the airport and connectivity with other parts of the city via the metro rail, MMTS rail network and road networks. Ongoing infrastructure projects in Madhapur include flyover at Kondapur. These developments are expected to be completed over the eight to twelve months and are expected to ease traffic congestion, thereby providing easier and faster access to other parts of the city.

Madhapur is the most preferred office space micro market in Hyderabad due to the presence of existing office space infrastructure, superior physical infrastructure and social infrastructure. In last decade, Madhapur dominated the other office space micro markets in Hyderabad doubling its office space to 54.3 msf in 9M 2022 from 24.4 msf in 2016 and represents 64.9% of total office absorption in Hyderabad since 2016. The vacancy levels have been at sub 5% during 2016 to 2019, however delay in timelines of under construction projects & consolidation of spaces by existing tenants due to Covid pushed vacancy levels to 10.0% 2021 and further increased to 11.4% in 9M 2022. CAGR rental growth during 2016- 9M 2022 stood at 3.9%.



(Map not to Scale)

Key Office Developments	Social Infrastructure	Lifestyle & Hospitality	Proposed Commercial Developments
1. RMZ Skyview	1. Shilparamam	1. Westin Hotel	1. Salarpuria Knowledge Park
2. Salarpuria Knowledge City	2. Hitex Exhibition Centre	2. Inorbit Mall	2. Aurobindo Orbit
3. The V IT Park	3. HICC Convention Centre	3. Lemon Tree	3. RMZ Nexity
4. Cyber Gate way	4. KIMS Hospital	4. Trident Hotel	4. RMZ Spire
5. Cyber Towers	5. Rainbow Hospital	5. ITC Kohenur	
6. Avance Business Hub	6. AIG Hospital	6. Sarath City Mall	
7. Cyber Pearl	7. Medicover Hospitals	7. SLN Terminus	
8. Aurobindo Galaxy	8. Image Hospitals		
9. My Home Twitza			

Key Commercial Developments *Social Infrastructure* *Lifestyle Infrastructure* *Propose Commercial Developments*

Mindspace is the largest and integrated IT park strategically located in Madhapur, Hyderabad. It has very good connectivity through Hyderabad metro rail, MMTS, outer ring road and other key arterial roads. Mindspace IT park has mix of commercial, retail, hospitality and residential developments

2.2 Key Statistics

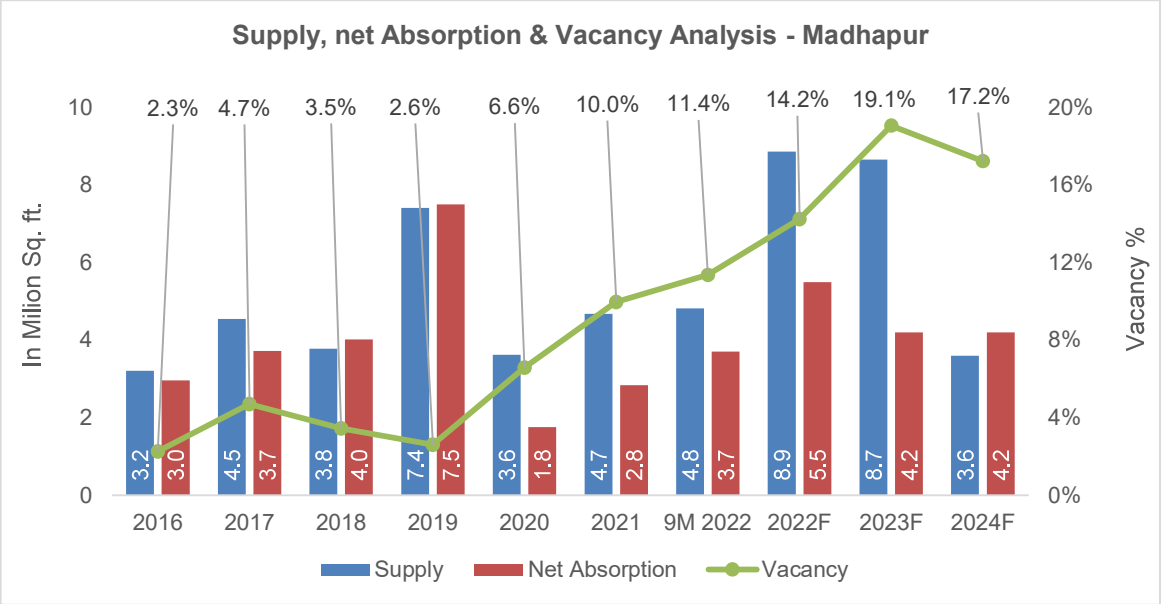
Particulars	Details
Stock (9M 2022)	Approximately 54.3 msf
Current Occupied stock (9M 2022)	Approximately 48.1 msf
Current Vacancy (9M 2022)	Approximately 11.4%
Average. Annual Absorption (2016– 9M 2022)	Approximately 3.9 msf per annum
Future Supply (Q4 2022 – 2024)	Q4 2022: Approximately 4.3 msf 2023: Approximately 8.7 msf 2024: Approximately 3.6 msf

Source: Cushman & Wakefield Research

2.3 Supply, Absorption & Vacancy

Madhapur is an established commercial office space destination in Hyderabad, and it enjoys superior infrastructure facilities as it is connected with other parts of the city and airport through wider roads, metro rail, MMTS and Outer Ring Road. The average supply in Madhapur during 2016-9M 2022 was in the range of 3.2 msf to 7.4 msf. With a stable government and good infrastructure, Madhapur continued to witness healthy demand from 2016 onwards. During 2016-2019, office space demand either matched the supply or outpaced the supply, leading to low vacancy levels. Due to COVID-19 and the challenges faced by the

commercial real estate sector, the construction completion timelines for few projects were delayed coupled with consolidation of spaces by existing tenants, the vacancy levels has reached 11.4% in 9M 2022. However, with signs of economic recovery, several developers fast tracked the construction resulting relatively higher supply in the coming 2-3 years. Demand is expected to recover moderately with absorption levels in the range of 4.2 – 5.5 msf during 2022-2024



Source: Cushman & Wakefield Research

Note: Future supply estimates are based on analyses of under construction buildings, however future absorption estimates are derived basis past trend, current vacancy and estimated supply. Vacancy estimates are based on supply and absorption trend.

Note: Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

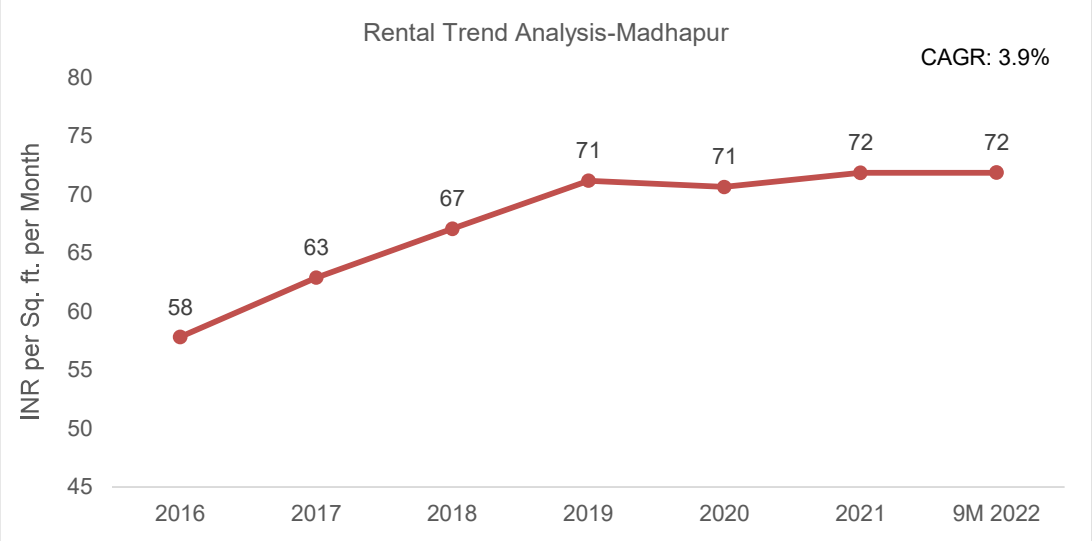
2.4 Rental Trend Analysis

With positive commercial outlook and limited supply, continued expansion of existing tenants and entry of new tenants there has been a continued growth in the rentals in Madhapur between 2016 - 2019. The current ongoing rentals are in the range of INR 68 psf / month to 75 psf / month. Due to robust fundamentals and superior infrastructure, Madhapur rentals outperformed the other micro markets in Hyderabad and grew at a CAGR of 3.9% during 2016 to 9M 2022. Madhapur witnessed pre-Covid rental growth of 7.2% from 2016 – 2019 and remained stable during the 2020 – 2021 (during Covid).

Madhapur office space dominated by IT/ITES tenants have shown growth in their business in last 2-3 years. Several Tier-1 IT/ITeS companies have increased their head count substantially in last 12-24 months. Companies already started calling their employees to offices in phased manner. Over the next six months it is expected to improve further. With more employees coming to office,

we expect companies to start planning to increase their office footprint to off-set the increased headcount in last 12-24 months, the impact of the same has already been reflecting in the leasing activity of last 6 months and would continue in the near term. However as mentioned earlier sections supply is also expected to increase as compared to the absorption leading to increase in vacancy in new buildings.

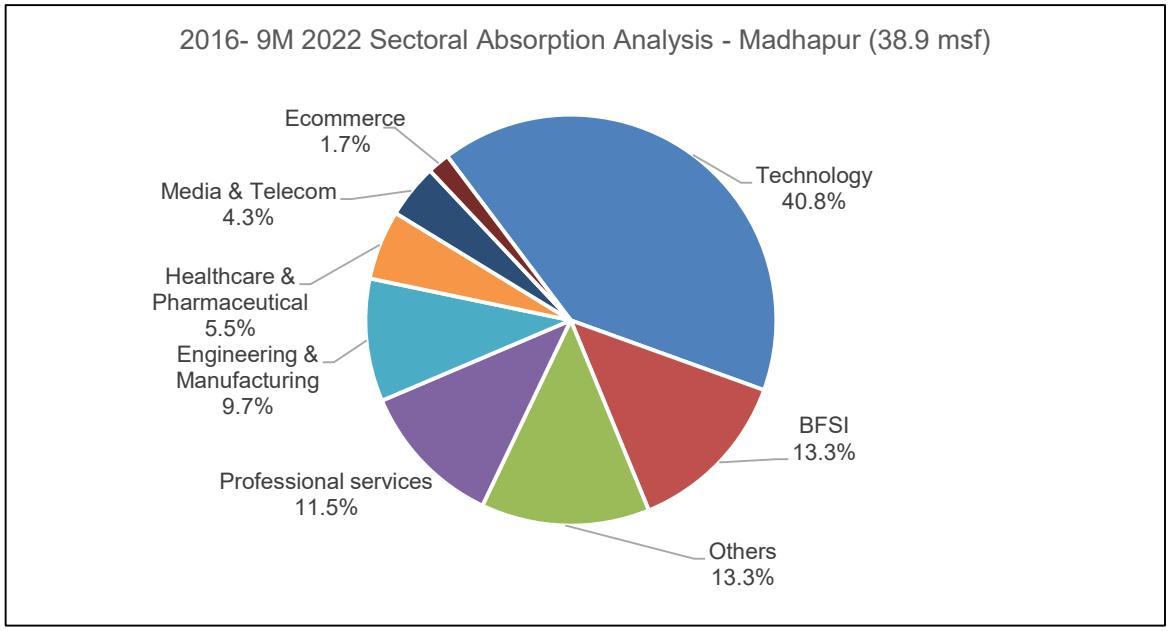
Rentals in Madhapur have seen improvement in last 6 months, we expect rentals to grow further in stabilised assets in the medium term of 6 months due to the overall improvement in leasing activity due to expected higher space take up by IT/ITeS companies coupled with positive economic sentiment.



Source: Cushman & Wakefield Research

Note: The rentals are basis prevailing quote in the micro market. Actual achievable rent may vary +/-10% depending upon negotiations, final structuring of the lease agreement and other parameters

2.5 Sector Demand Analysis



Source: Cushman & Wakefield Research

Note: Others include Research & Analysis, Flexible Workspaces, Food/Beverages, Education, Automobile, Oil & Gas, Logistics & Shipping etc.

Note: The sectoral absorption analysis is based on gross absorption activity of the city i.e. including any relocations, consolidations etc.

Madhapur being the established office space micro market in Hyderabad has attracted major tenants. Technology sector is the major contributor to the demand for office space in Madhapur in last six years. Other sectors like Banking & Financial Services, Professional Services, Engineering & Manufacturing and Flexible office spaces also contributed significantly to the demand in last six years.

2.6 Market Outlook

Hyderabad commercial office space market is expected to grow to next level due to the superior infrastructure, government initiatives to promote the technology sector, active investment by the local and national level developers in the city and overall positive commercial outlook for the city.

During 2016-2019, net absorption either matched supply or exceeded due to expansion of existing tenants within the city and entry of new tenants during 2016-2019 has led to compression in vacancy levels. Further, major portion of the planned supply during 2016-2019 was pre-committed showing strong interest / commitment level of tenant towards the market. Constant increase in net absorption levels from 4.7 msf in 2016 to 10.0 msf in 2019 along with expansion in rentals during the same period had attracted the National level & Hyderabad based developers to launch new projects in 2019 & 2020. However, due to the Covid led disruptions the timelines of under-construction projects

have been pushed to 2021 & beyond, which led to increase in vacancy levels to 15.9% in 2021 and 21.5% in 9M 2022 as compared to 5.7% in 2019.

Approximately 35.8 Million sq. ft. office space is under construction and several projects are at advanced stage or at mid stage of construction. Approximately 6.0% of the upcoming supply is pre-committed. The vacancy levels are expected to rise over next 4-6 Quarters and soften a bit post 6 Quarters due to improvement in absorption levels. Increase in supply a natural cycle and demand catches up eventually resulting in softening of the vacancy rates.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centres by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

We have witnessed improved leasing activity coupled with improvement in rentals in last 3-6 months in Madhapur and we expect the recovery in the leasing activity to continue in near term as well. We expect moderate rental growth over next 6-12 month on account of improved leasing activity.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	Mindspace, Cyberabad, Survey Number 64 (part), Next to VSNL Bldg, Hitech City, Madhapur Village, Hyderabad - 500081, Telangana, India
Ownership & title details:	Subject property is a freehold property and the 100% of the assets owned by the Intime Properties Limited. Mind Space Business Parks REIT (Mindspace REIT) holds 89% ownership of the Intime Properties Limited SPV and the balance 11% is held by Telangana State Industrial Infrastructure Corporation (TSIIC)

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, the Subject Property is considered to possesses a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani & co. (hereinafter collectively referred to as 'Legal Counsels'). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsels and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material Litigation

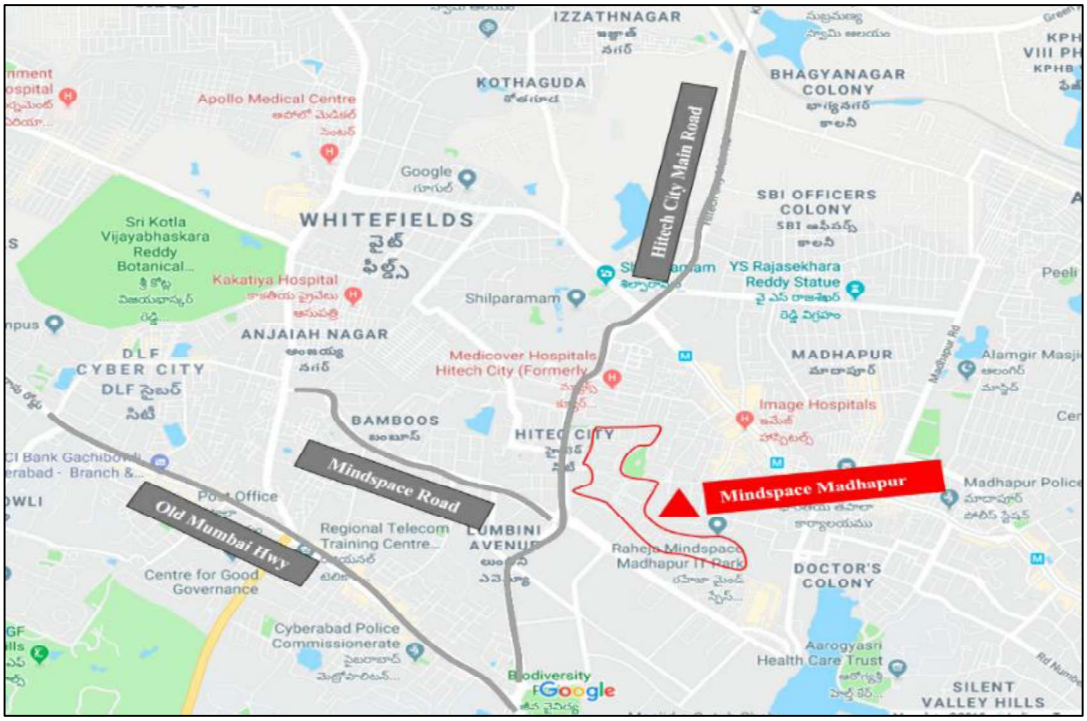
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

2 Location

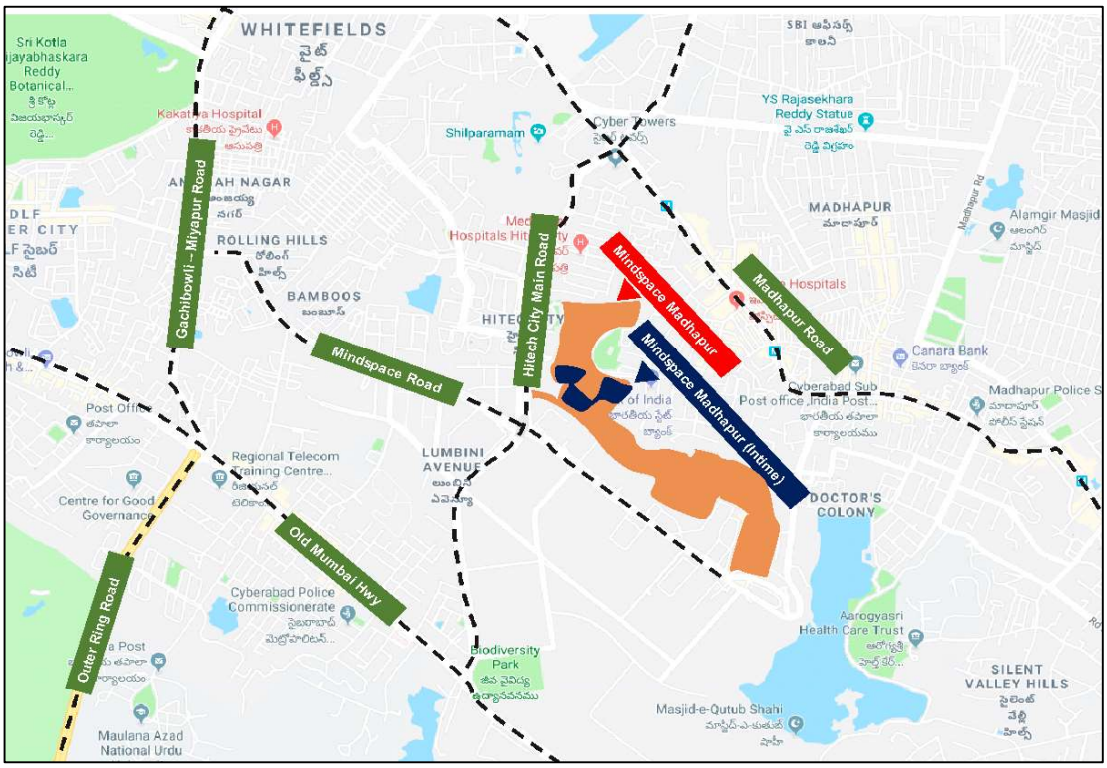
2.1 General

The subject property (Buildings 5B, 6 and 9, which are part of Intime SPV) is part of Raheja Mindspace IT park located in Madhapur, Hyderabad. Raheja Mindspace a major IT park in Hyderabad spread over 110 acres comprises of SEZ and Non-SEZ commercial office space. It enjoys good accessibility and connectivity with other parts of the city. Hitech City –Durgam Cheruvu road and Hitech City internal road connecting to Mumbai highway abuts the subject IT Park. Subject properties are accessible through 120 feet internal road with in the Raheja Mindspace IT park. Prominent developments in the vicinity of the IT Park are Inorbit Mall, Ascendas V Park, Salapuria Sattva IT Park, TCS Deccan Park, Cyber Pearl, Cyber Towers, Trident Hotel, Lemon Tree hotel etc. It Houses prominent tenants like Qualcomm, CSC, Bank of America, IBM, Verizon and Accenture etc.

The location map of the Subject Property is set out below:



(Map Not to Scale)



(Map Not to Scale)

The subject property is spread out over ~8.52 acres of land parcel. Subject property buildings are located on either side of the 120 ft Mindspace internal access road and enjoys good frontage and visibility. Subject property is regular in shape with fairly even topography.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 0.5 km from the Hyderabad Metro Railway Station at Mindspace Circle.
- Approximately 5 km from Hitech City MMTS railway station.
- Approximately 21 km from Secunderabad Railway Station.
- Approximately 34 km from Rajiv Gandhi International airport at Shamshabad.

The property photographs of the Subject Property are attached in Annexure 3.

The Subject Property is well accessible from all locations of Hyderabad and Hyderabad Metro Rail. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Hyderabad where the Subject Property is located falls in Seismic Zone II with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and does not face any significant problems of flooding or waterlogging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Mindspace-Madhapur (Intime) forming part of Mindspace Madhapur IT Park located in Madhapur, comprises of Non-SEZ buildings. The subject property has only completed component.

The completed building wise Leasable Area break up for the Subject Property is mentioned in the table below:

Completed Buildings – Building 5B, 6 and 9

The completed buildings and parts thereof with OC collectively admeasure ~1.7 million sq. ft. of leasable area. Of the total 3 completed buildings all are Non-SEZ buildings. The subject property is accessible through 120 ft Mindspace internal access road and enjoys good frontage and visibility on the access road.

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 5B	245,977	Non-SEZ	Completed
Building 6	388,543	Non-SEZ	Completed
Building 9	1,102,061	Non-SEZ	Completed

Source: Architect's Certificate, Rent Rolls, Lease Deeds/Leave and License Agreements

3.1 Key Asset Information

Completed Buildings with Occupancy Certificate

Particulars	Details
Entity:	Intime Properties Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by Intime Properties Limited which is 89% owned and controlled by the Mindspace REIT[1]
Age of building based on the date of occupancy certificate:	Building 5B – 14 years and 6 months Building 6 - 13 years and 6 months Building 9 - 13 years and 6 months
Asset type:	Non-SEZ building
Sub-market:	Madhapur
Approved and existing usage:	Commercial Office/IT SEZ
Site Area (acres):	~8.52
Freehold/Leasehold:	Freehold
Leasable Area:	1.74 million sq.ft.
Occupied Area:	1.63 million sq.ft.
Occupancy (%)[2]	94.15%
Committed Occupancy (%)[3]	94.15%
Number of Tenants	31

Source: Client information

Notes:

1. *Refer company structure set out in Appendix 1*
2. *Occupancy refers to proportion of area leased which is actively occupied by the tenants*
3. *Committed occupancy also includes area which has been pre-leased to tenants.*

3.2 Property Inspection

The Subject Property is part of a large campus called Mindspace at Madhapur, comprising three operational buildings, namely Building No. 6, 5B and 9, which were inspected on 28 and 29 March 2022.

Building No 9 is one of the largest buildings in the campus with more than a million sq. ft. of leasable area with various office floors occupied by different tenants and some of the floors also being occupied by more than one tenant. At the time of inspection, the renovation of the foyer area was in progress. Building numbers 5B and 6 are occupied entirely by single tenant/occupier each. The inspection comprised visual inspection and visits to key utility areas like LT Electric Room, Pump Room, HVAC installations, Power Back up, STP.

The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation was observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure is based completely on visual survey.

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Sources of information:

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates dated on 17th June 2020 mentioning site areas and property areas
b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property
c. Lease agreements and commercial clauses all the tenants signed after the date 17th June 2020

d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property

e. Management representation regarding the following:

i. List of material litigations

ii. Major repairs undertaken and proposed in the Subject Property

iii. Statement of Assets

iv. Revenue pendency, if any

v. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

3.4 Tenant Profile

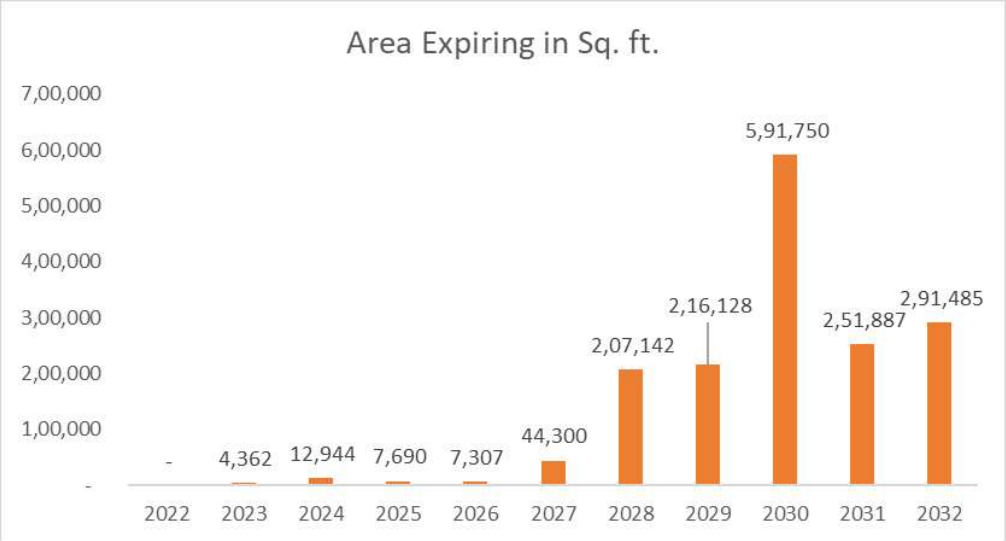
As of 30 September 2022, Subject Property has 31 tenants (for office space) which include companies like Qualcomm, BA Continuum, HSBC, Verizon, etc. The Subject Property's top 10 tenants account to ~94.6% of the Gross Rental income.

Rank	Top 10 Tenant according to Leasable Area	Leasable Area (sq. ft.)
1	Qualcomm	5,74,421
2	BA Continuum	2,45,977
3	Verizon	1,79,111
4	WeWork	1,01,857
5	HSBC	99,760
6	Vodafone	96,377
7	Oppo Mobile	72,336
8	Newmark	65,309
9	ACS Solutions	55,891
10	Teleperformance	32,495
	Total	15,23,534

Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Qualcomm	35.4%
2	BA Continuum	13.6%
3	Verizon	11.4%
4	Vodafone	6.6%
5	WeWork	6.5%
6	HSBC	6.1%
7	Oppo	4.9%
8	Newmark	4.5%
9	ACS Solutions	3.1%
10	Teleperformance	2.4%
	Total	94.6%

3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 7.86 years, with 95% of occupied area expiring between CY2028 and CY 2032 as shown in the chart below.



4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or submarkets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top 5 tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-Market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where

the asset is located) and achievable market rent (Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon releasing).

2. The Valuer also analysed the historical leasing within the asset for anchor tenants to identify the discount that is extended to such tenants at the time of fresh leasing or lease renewals. Rent roll and sample of lease deeds of large anchor-tenants were analysed and applicable adjustments to marginal rent was estimated for individual leases. For other tenants occupying relatively large space within the properties, it is assumed that the leases shall revert to marginal rents (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/proposed area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/proposed areas respectively. The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/proposed area, the achievable market rent led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/proposed area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry

Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Recurring operational expenses, fit-out income (if any– the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.
4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Completed Building

Property Details	Unit	Details
Total Property Leasable Area	sq.ft.	17,36,581
Area Leased	sq.ft.	16,34,995
Leased	%	94.15%
Vacant Area	Sft	1,01,586
Vacancy	%	5.8%
Stabilized Vacancy	%	2.0%
Further leasing	Sft	66,855
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	1751
Paid- 4W Slots	Number	457

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases. Because of the lingering impact of the Covid related slowdown, we expect the tenants being offered an additional 1 month of rent-free period for all the existing lease rollovers happening within the upcoming 12 months (from 1 Oct 2022) in order to retain and support them
    - A stabilized vacancy of 2% is considered for the Subject Property which is in line with the current market trends
- **Future absorption:**
    - Since the subject property is 94.15% leased and the vacancy is above the stabilized vacancy of 2%, We have considered additional 3 months delay in leasing for the vacant spaces, because of temporarily suppressed demand.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 70.00
Market Rent - Food Court	Per sft/month	INR 0.0
Market Rent - Anchor	Per sq.ft./month	INR 66.5
Market 4 W Parking Rent	Per slot/month	INR 2,000
Market 2W Parking rent	Per slot/month	INR 0
Cafeteria Income	Per sq.ft./month	INR 0
Other Income	% of Lease Rentals	1.0%
Market Rent growth rate	% p.a.	5.00%
Parking Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.50%
CAM/O&M Income prevailing in the market	Per sq.ft./month	11.99

- **Market rent - office:**
  - Over one year, the average rentals in Madhapur (in subject property and in competing buildings) have been in the range of INR 60-75 per sq. ft. per month. Considering the location, accessibility, quality, size of the building, and keeping in view of the future supply expected in Madhapur, we have considered the market rental of INR 70.0 per sq. ft. per month for the subject property.

Following is the list of major commercial leasehold transactions held during Oct 2021 to Sep 2022.

S.No.	Property Name	Developer	Tenant Name	Rent (INR/Sq.ft/Month)	Leased Area (INR/Sq.ft/Month)
1	Mindspace B#3A & 3B	K Raheja Corp.	Smartworks	65.0	4,43,937
2	Mindspace – B#5	K Raheja Corp.	BA Continuum India Private Limited	59.0*	3,59,642
3	Salarpuria Knowledge City Opel Block	Salarpuria	Goldman Sachs	74.0	3,50,989
4	The Nexity	RMZ	EA Sports	74.0	3,20,000
5	Avance Business Hub H 09	Phoenix Group	Legato	69.0	2,86,379
6	Salarpuria Sattva Knowledge Park	Salarpuria	BOSCH	74.0	2,36,894
7	Knowledge City (Parcel-3)	Salarpuria	EPAM Systems	74.0	2,03,256
8	Aurobindo Galaxy	Aurobindo Group	IDFC First Bank	69.0	1,52,277
9	Meenakshi Tech Park	Meenakshi Group	Reliance Industries Limited	65.0	1,05,700
10	Mindspace – B#9	K. Raheja Corp	HSBC	65.0	99,760
11	Divyasree Trinity Block # 4	Divyasree	I-sprout	75.0	96,539
12	Mindspace B#9	K Raheja Corp.	WeWork	70.0	96,412
13	L&T Next Avenue Tower 1	L&T	L&T Infotech	72.0	96,316
14	L&T Next Avenue Tower 1	L&T	L&T Infotech	72.0	94,340
15	Salarpuria Knowledge City Parcel - 3	Salarpuria	Goldman Sachs	98.0#	92,818

S.No.	Property Name	Developer	Tenant Name	Rent (INR/Sq.ft/Month)	Leased Area (INR/Sq.ft/Month)
16	Mindspace B#12D	K Raheja Corp.	Thryve Digital	67.0	85,128
17	Aurobindo Galaxy	Aurobindo Group	TableSpace	66.0	79,600
18	Aurobindo Galaxy	Aurobindo Group	Dazn	74.0	79,600
19	Salarpuria Sattva Knowledge Park	Salarpuria	NB Health Care	115.0#	78,361
20	Mindspace B # 12 D	K Raheja Corp.	Mindtree	69.0	70,522

*Notes: * Anchor tenants; # inclusive of fitout rents*

- **Market rent growth rate:** As mentioned earlier in the report, absorption of Madhapur micro market has either matched or exceeded supply from 2016 -2019 (pre Covid period). However, the absorption remains supressed during Covid due to consolidation of space by existing tenants. The market has witnessed recovery in absorption levels in later half of 2021 and continuing, due to expansion of existing tenants and entry of new tenants post Covid's 2nd wave amid stable rentals. Occupiers have started evaluating their return to office strategy and few organisations have already expanded their office space due to the increased hiring witnessed during and after the pandemic. Hence, we have considered an annual rental growth of 5% from April 2023 onwards.
- **Market rent - 4W parking**: Rent for car parks are assumed at INR 2,000 per slot per month in line with the current rentals for paid car parks in Madhapur.
- **Other income:** Analysis of the historical trend of other income suggest a normalized level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental and an annual inflation of 5%. (Note: Other income constitute income from signage, kiosks, conferences and others).
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and received higher effective rent for the same area. Going forward, for leases which will expiry during the next 10 years, we have considered efficiency at lower of actuals or 76%.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin- Stabilised	Per sq.ft./month	INR 2.43
CAM/ O&M Cost-FY 2022-23E	Per sq.ft./month	INR 10.75
Property Tax	Per sq.ft./month	INR 1.20
Insurance	Per sq.ft./month	INR 0.19
Signage licence fees	Per sq.ft./month	INR 0.00
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals	3.50%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, the brokerage expenses amounting to two months for new leases and one month for existing lease rollovers has been considered.
- **CAM margin:** As per the information received by the client, CAM / O&M Cost is expected to be INR 10.75 per sq. ft. per month. CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as financial year ended 31 March 2022 and projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, **property management fees** have been assumed at 3.5%.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Capex Schedule

Following table represent the capex planned to be incurred for campus upgradation of completed buildings in the subject property

Quarter		01-Oct-22	01-Jan-23	01-Apr-23
		31-Dec-22	31-Mar-23	30-Jun-23
Capex	INR Million	31	31	68

Note: We have relied on Client inputs for the assumptions relating to construction timeline and cost

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	13,70,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	4,21,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	91,00,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	23,00,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	7,00,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	12,50,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	18,80,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	27,00,000	24,000	7.75%-8%

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of ~11.75% was found to be aligned with the expectations of international investors investing in similar assets.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no

knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows

Component	Market Value as on	In Figures	In Words
Completed Buildings	30 September 2022	INR 16,775 Million	India Rupees Sixteen Billion Seven Hundred and Seventy Five Million Only

Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the Subject Property and the valuation presented is for 89% interest in the Subject Property only. The total value of the asset with 100% interest is INR 18,848 Million for as on 30 September 2022.

Ready reckoner rate

Component	Rate
Built up Area	Ground floor – INR 7,300 per sq. ft. First & other floors - INR 6,600 per sq. ft.
Land Area	INR 44,900 per sq.yrd.

Source; https://registration.telangana.gov.in/UnitRateMV/unitRateMV

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by

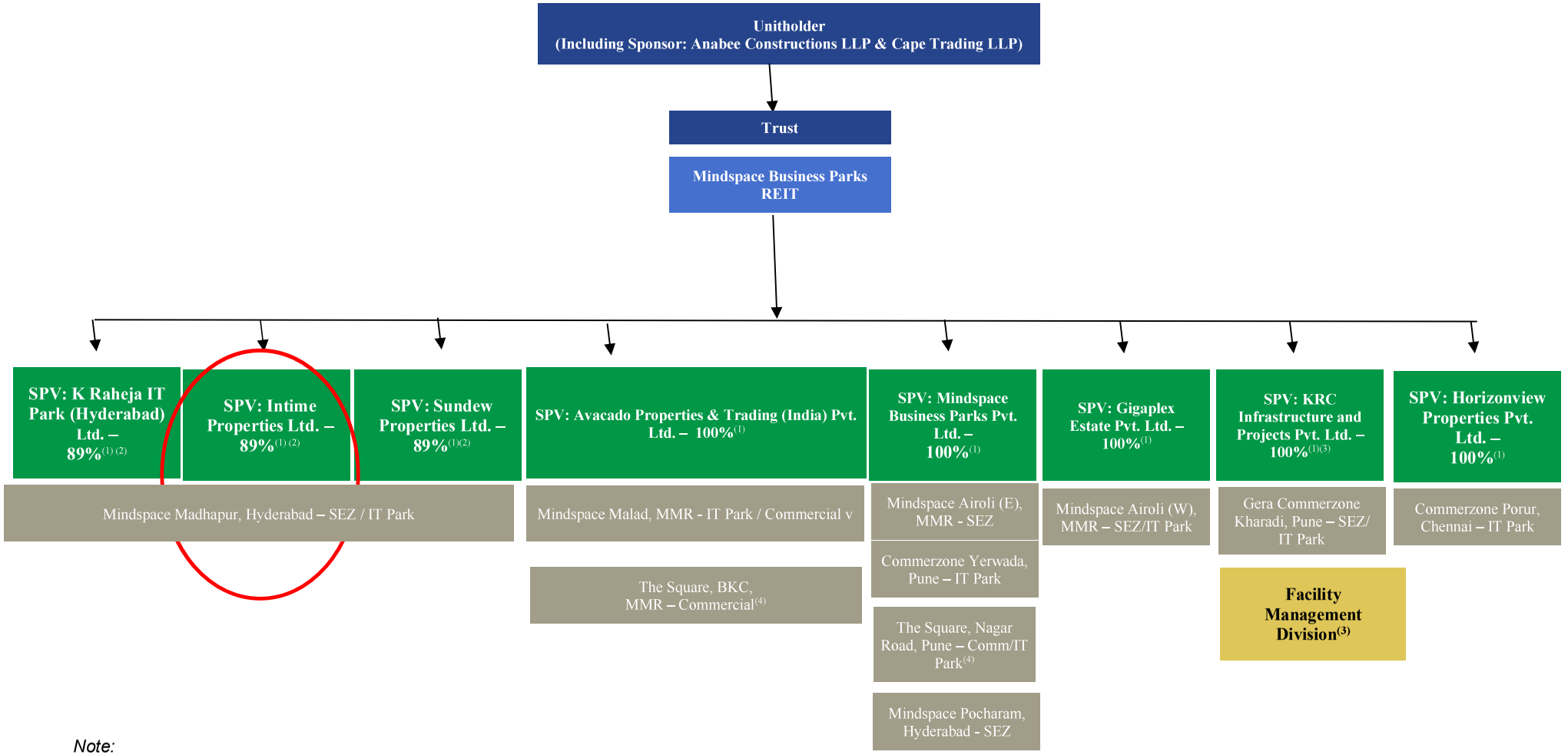


SHUBHENDU SAHA

Digitally signed by SHUBHENDU SAHA
DN: c=IN, postalCode=110063, st=DELHI, l=WEST DELHI, o=Personal, serialNumber=7d8898dca20a40e8b7c090127c92a792dc403971ac11ab4d93d29a92343c6875, pseudonym=fa06d560d86b47ac9382bf12ff350660, 2.5.4.20=8722227a074243d136a02dbc1102b09b685061f5c9c086129739f9223f91d129, email=SHUBHENDU.FASV@HOTMAIL.COM, cn=SHUBHENDU SAHA
Date: 2022.11.07 16:57:57 +05'30'

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M: +91 9910386675
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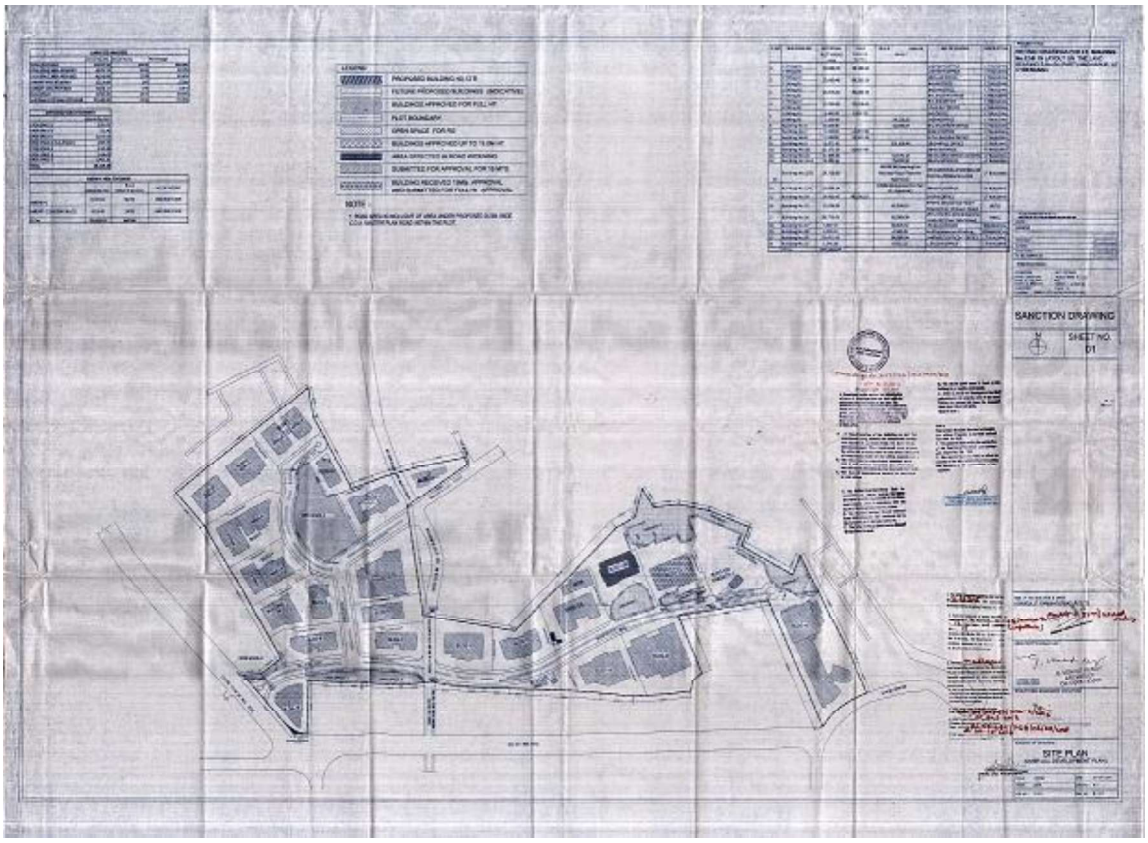
Annexure 1: Ownership Structure of Subject Property



Note:

1. *% indicate Mindspace REIT's shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd.*

Annexure 2: Site Layout



Annexure 3: Property Photographs



External View of Building 5



External View of Building 5



View Entrance to Building 6



External View of Building 6



External View of Building 9



Lift Lobby of Building 9

Annexure 4: Statement of Key Assets

Building	No. / Name	B5B	B6	B9
Floor	Nos	G+3P+5F	3B+G+9F	2B+GF+15F
Warm Shell / Bare shell		Warm Shell	Warm Shell	Warm Shell
Air Cooled Chiller	TR	262	360	300
Water Cooled Chiller	TR	NA	NA	2 x 800, 2 x 600
No of DG / Capacity	No. / KVA	3 x 1010	5 x 1010	7 x 1500
No of Transformers / Capacity	No./ KVA	2 x 1600	2 x 2500	4 X 2500
FF System				
Booster Pump	KW / Make	9.3 - Kirloskar Brothers	5.5- Kirloskar Brothers	11 - Kirloskar Brothers
Jockey Pump	KW / Make	15 - Kirloskar Brothers	11 - Kirloskar Brothers	22 - Kirloskar Brothers
Fire Diesel Pump	KW / Make	68 - Kirloskar Brothers	98 - Kirloskar Brothers	92 - Kirloskar Brothers
Hydrant Pump	KW / Make	75 - Kirloskar Brothers	75 - Kirloskar Brothers	90 - Kirloskar Brothers
Sprinkle Pump	KW / Make	75 - Kirloskar Brothers	75 - Kirloskar Brothers	90 - Kirloskar Brothers
STP Rating	KLD	150	110	415

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Building Plan Approvals

b) Full Occupancy Certificates for all Buildings

c) Height Clearance NOC from AAI

d) Environmental clearances

e) Fire NOC

f) Consent for Establishment

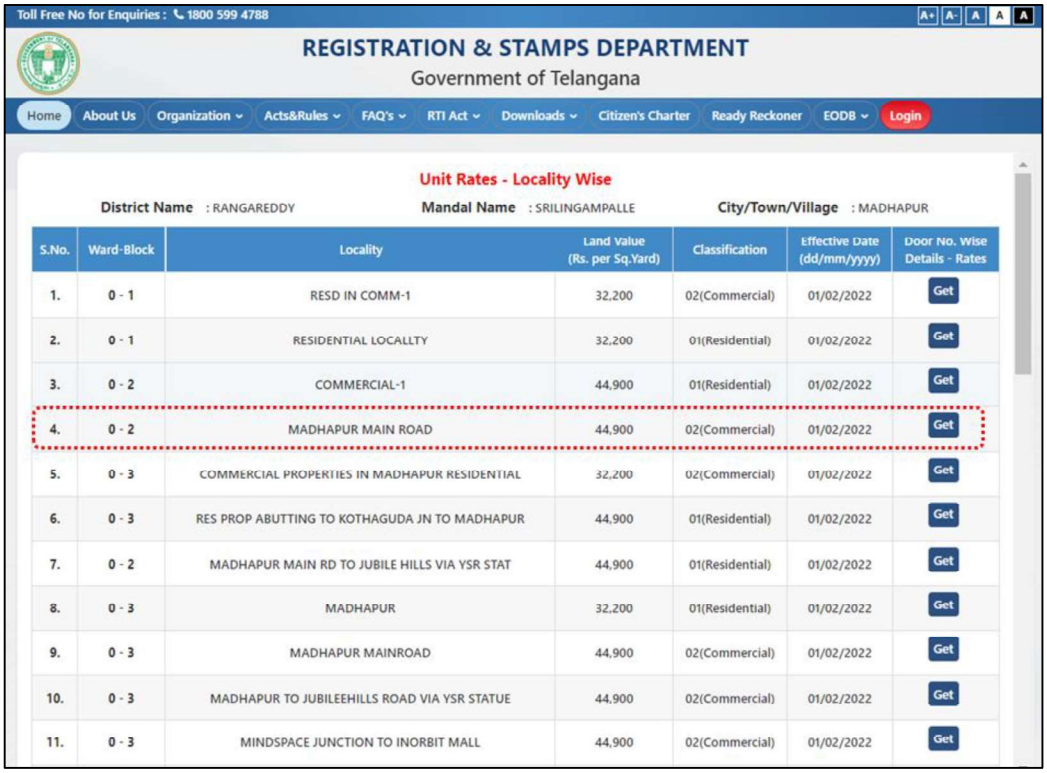
g) Consent to Operate for all Buildings

Annexure 6: Cash Flow Profile

Operating Building with OC

		1	2	3	4	5	6	7	8	9	10	11
Particulars	**Unit**	**01-Oct-22 30-Sep-23**	**01-Oct-23 30-Sep-24**	**01-Oct-24 30-Sep-25**	**01-Oct-25 30-Sep-26**	**01-Oct-26 30-Sep-27**	**01-Oct-27 30-Sep-28**	**01-Oct-28 30-Sep-29**	**01-Oct-29 30-Sep-30**	**01-Oct-30 30-Sep-31**	**01-Oct-31 30-Sep-32**	**01-Oct-32 30-Sep-33**
OPERATING INCOME												
Lease Rentals	INR Million	1,270.1	1,396.9	1,494.8	1,572.9	1,616.3	1,695.5	1,763.4	1,796.5	1,954.0	2,112.9	2,310.3
Parking Income	INR Million	7.8	8.4	8.4	8.4	8.5	9.8	11.9	14.4	15.6	16.3	18.8
O&M income	INR Million	281.5	295.6	310.4	325.9	342.2	359.3	377.3	396.2	416.0	436.8	458.6
Other Income (Kiosk and Conference)	INR Million	12.7	14.0	14.9	15.7	16.2	17.0	17.6	18.0	19.5	21.1	23.1
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	1,572.1	1,714.9	1,828.6	1,923.0	1,983.1	2,081.6	2,170.3	2,225.0	2,405.1	2,587.1	2,810.8
Total Income from occupancy	**INR Million**	**1,572.1**	**1,714.9**	**1,828.6**	**1,923.0**	**1,983.1**	**2,081.6**	**2,170.3**	**2,225.0**	**2,405.1**	**2,587.1**	**2,810.8**
OPERATING COSTS												
O&M cost	INR Million	(229.6)	(241.1)	(253.2)	(265.8)	(279.1)	(293.1)	(307.7)	(323.1)	(339.3)	(356.2)	(374.0)
Insurance Cost	INR Million	(4.0)	(4.1)	(4.3)	(4.4)	(4.5)	(4.7)	(4.8)	(4.9)	(5.1)	(5.2)	(5.4)
Property Taxes	INR Million	(25.4)	(26.1)	(26.9)	(27.7)	(28.6)	(29.4)	(30.3)	(31.2)	(32.2)	(33.1)	(34.1)
Total Operating Costs	**INR Million**	**(259.0)**	**(271.4)**	**(284.3)**	**(297.9)**	**(312.2)**	**(327.1)**	**(342.8)**	**(359.3)**	**(376.5)**	**(394.6)**	**(413.5)**
Net Operating Income	**INR Million**	**1,313.0**	**1,443.5**	**1,544.2**	**1,625.1**	**1,670.9**	**1,754.4**	**1,827.4**	**1,865.7**	**2,028.6**	**2,192.5**	**2,397.2**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	29,965.3	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(299.7)	-
Fit Out Income	INR Million	2.3	0.7	0.7	0.6	0.1	-	-	-	-	-	-
Total Net income	**INR Million**	**1,315.4**	**1,444.2**	**1,544.9**	**1,625.6**	**1,671.1**	**1,754.4**	**1,827.4**	**1,865.7**	**2,028.6**	**31,858.1**	**2,397.2**
Property Mangement Fees	INR Million	(45.2)	(49.7)	(53.2)	(55.9)	(57.4)	(60.3)	(62.8)	(64.0)	(69.6)	(75.3)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(25.6)	(28.1)	(30.1)	(31.6)	(32.5)	(34.1)	(35.5)	(36.2)	(39.4)	(42.6)	
Brokerage Expenses	INR Million	(4.1)	(6.5)	(1.1)	(0.6)	(1.6)	(11.5)	(21.7)	(30.5)	(41.4)	(44.1)	
Campus Upgrade	INR Million	(61.5)	(68.0)	-	-	-	-	-	-	-	-	
Net Cashflows	**INR Million**	**1,179**	**1,292**	**1,461**	**1,537**	**1,580**	**1,649**	**1,707**	**1,735**	**1,878**	**31,696**	

Annexure 7: Ready Reckoner Rate



Toll Free No for Enquiries : 1800 599 4788

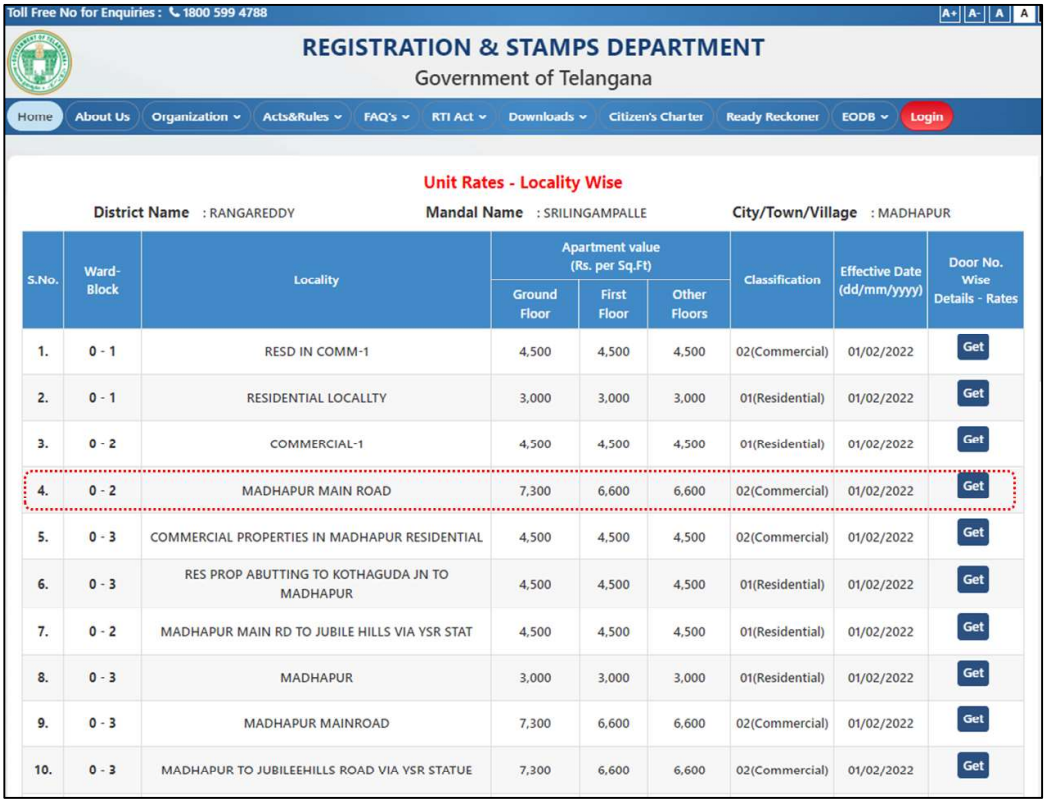
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Unit Rates - Locality Wise

District Name : RANGAREDDY Mandal Name : SRILINGAMPALLE City/Town/Village : MADHAPUR

S.No.	Ward-Block	Locality	Land Value (Rs. per Sq.Yard)	Classification	Effective Date (dd/mm/yyyy)	Door No. Wise Details - Rates
1.	0 - 1	RESD IN COMM-1	32,200	02(Commercial)	01/02/2022	Get
2.	0 - 1	RESIDENTIAL LOCALLTY	32,200	01(Residential)	01/02/2022	Get
3.	0 - 2	COMMERCIAL-1	44,900	01(Residential)	01/02/2022	Get
4.	0 - 2	MADHAPUR MAIN ROAD	44,900	02(Commercial)	01/02/2022	Get
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	32,200	02(Commercial)	01/02/2022	Get
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	44,900	01(Residential)	01/02/2022	Get
7.	0 - 2	MADHAPUR MAIN RD TO JUBILE HILLS VIA YSR STAT	44,900	01(Residential)	01/02/2022	Get
8.	0 - 3	MADHAPUR	32,200	01(Residential)	01/02/2022	Get
9.	0 - 3	MADHAPUR MAINROAD	44,900	02(Commercial)	01/02/2022	Get
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	44,900	02(Commercial)	01/02/2022	Get
11.	0 - 3	MINDSPACE JUNCTION TO INORBIT MALL	44,900	02(Commercial)	01/02/2022	Get



Toll Free No for Enquiries : 1800 599 4788

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Unit Rates - Locality Wise

District Name : RANGAREDDY Mandal Name : SRILINGAMPALLE City/Town/Village : MADHAPUR

S.No.	Ward-Block	Locality	Apartment value (Rs. per Sq.Ft)			Classification	Effective Date (dd/mm/yyyy)	Door No. Wise Details - Rates
			Ground Floor	First Floor	Other Floors			
1.	0 - 1	RESD IN COMM-1	4,500	4,500	4,500	02(Commercial)	01/02/2022	Get
2.	0 - 1	RESIDENTIAL LOCALLTY	3,000	3,000	3,000	01(Residential)	01/02/2022	Get
3.	0 - 2	COMMERCIAL-1	4,500	4,500	4,500	01(Residential)	01/02/2022	Get
4.	0 - 2	MADHAPUR MAIN ROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	Get
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	4,500	4,500	4,500	02(Commercial)	01/02/2022	Get
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	4,500	4,500	4,500	01(Residential)	01/02/2022	Get
7.	0 - 2	MADHAPUR MAIN RD TO JUBILE HILLS VIA YSR STAT	4,500	4,500	4,500	01(Residential)	01/02/2022	Get
8.	0 - 3	MADHAPUR	3,000	3,000	3,000	01(Residential)	01/02/2022	Get
9.	0 - 3	MADHAPUR MAINROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	Get
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	7,300	6,600	6,600	02(Commercial)	01/02/2022	Get

Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** (or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.

g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any except as set out herein.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

Mindspace-Madhapur (KRIT), Madhapur, Hyderabad

Submitted to:

K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 04 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for disclosure of valuation of assets, forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange does not carry any right of publication to any other party. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020 The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

<table>
<tr><th colspan="3">Mindspace Madhapur (KRIT), Madhapur, Hyderabad</th></tr>
<tr><td>Valuation Date:</td><td>30 September 2022</td><td rowspan="3">
External View of Subject Property


External View of Subject Property


External View of Subject Property</td></tr>
<tr><td>Valuation Purpose:</td><td>Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014</td></tr>
<tr><td>Location / Situation:</td><td>The properties comprise completed and operational buildings 2A, 2B, 3A, 3B, 4A & B, 5A, 7, 8, 10, under construction building – Experience Centre, planned (redevelopment) buildings 1A & 1B and 1.79 acres of vacant land (hereinafter referred to as Subject Property), which are part of Raheja Mindspace Madhapur IT park located in Madhapur, Hyderabad. Raheja Mindspace, is spread over 110 acres comprising SEZ and Non-SEZ office space. It enjoys good accessibility and connectivity with other parts of the city. Hitech city –Durgam Cheruvu road and Hitech city internal road connecting to Mumbai highway abuts the subject IT Park. Subject properties are accessible through 120 feet internal road with in the Raheja Mindspace IT park. Prominent developments in the vicinity of the IT Park are Inorbit Mall, Ascendas V Park, Salarpuria Sattva IT Park, TCS Deccan Park, Cyber Pearl, Cyber Towers, Trident Hotel, Lemon Tree hotel etc. It Houses prominent tenants like Qualcomm, CSC, Bank of America, IBM, Verizon and Accenture etc</td></tr>
<tr><td>Description:</td><td>Mindspace Madhapur (KRIT) forming part of Mindspace IT Park located in Madhapur, comprises of Non-SEZ buildings. The subject property has Four components i.e. completed component, under construction, planned (redevelopment) component and vacant land for future development.

Completed Buildings – Building 2A, 2B, 3A, 3B, 4 A&B, 5A, 7, 8 and 10

The ready buildings and parts thereof with Occupancy Certificates (OC) collectively admeasure ~2.42 million sq. ft. Subject property is accessible through 120 ft Mindspace internal access road and enjoys good frontage and visibility on the access road.

Planned (redevelopment) Buildings 1A &1B

Buildings 1A & 1B are Non-SEZ buildings planned with a development potential of ~1.31 million sq. ft. The construction of the same of the same is expected to start from October 01, 2022. Subject property is accessible through 120 ft Mindspace internal access road and enjoys good frontage and visibility on the access road.

Under Construction Building – Experience Centre</td></tr>
</table>

	Experience Centre is a Non-SEZ building planned with a development potential of ~ 0.06 million sq. ft. The building is planned to support the overall park with ancillary services such as Multi level car parking, Restaurant, Gym, Spa, Indoor games, Office space and other amenities. Subject property is accessible through 120 ft Mindspace internal access road and enjoys good frontage and visibility on the access road.	
Total Area:	Total Plot Area: 48.43[1] Acres Completed Leasable Area – 2,417,482* sq. ft. Under construction Area (Experience Centre) – 56,568 Sq. ft. Planned (redevelopment) Area – 1,310,190 sq. ft. Land for Future Development- 1.79 acres Total Leasable Area –3,784,240 sq. ft.	

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 23,422 Million	India Rupees Twenty-Three Billion Four Hundred and Twenty Two Million Only
Under-construction/ Proposed Building	30 September 2022	INR 5,283 Million	India Rupees Five Billion Two Hundred and Eighty Three Million Only

Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the Subject Property and the valuation presented is for 89% interest in the Subject Property only. The total value of the asset with 100% interest is INR 32,065 million as on 30 September 2022.

** Includes Kiosk area of 492 sq. ft. which is under construction.*

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1] *From Architect's Certificate and lease agreements shared by the client*

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

To:	**K Raheja Corp Investment Managers LLP**
Property:	**12 IT/ITeS Buildings and vacant land christened "Mindspace Madhapur (KRIT)" located at Madhapur, Hyderabad**
Report Date:	**04 November 2022**
Valuation Date:	**30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"**)**, in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report for disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor in Planning from the School of Planning and Architecture, New Delhi

in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purpose. In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the subject property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the

property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is mentioned below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the subject property.

For the purpose of the valuation of Subject Properties, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation

8 Inspection

The Property was inspected on 28th and 29th March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the subject property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT under the applicable law.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and wilful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.

- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).
- In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.
- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc Disclosure and Publication.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate

any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B HYDERABAD CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1 Hyderabad City Overview

Particulars	Hyderabad City	Madhapur*	Gachibowli	Peripheral East*
Total completed stock 9M 2022 (msf)	87.5	54.3	29.2	2.3
Current occupied stock 9M 2022 (msf)	68.7	48.1	17.9	1.3
Current Vacancy 9M 2022 (%)	21.5%	11.4%	38.6%	42.7%
Avg. Annual Absorption - 2016 – 9M 2022 (msf)	6.0	3.9	1.9	0.1
Future Supply – Q4 2022 – 2024 (msf)	35.8	16.5	18.6	-
Market Rent – 9M 2022 (INR psf / month) (apprx.)	68.1	71.9	64.0	37.6

Source: Cushman & Wakefield Research **Mindspace REIT's micro markets*

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

Approximately 1.8 msf is the stock which is not captured in the three major micro-markets of the city

Hyderabad is the capital city of Telangana and India's fourth most populous city. Hyderabad Metropolitan Area (HMR) is spread over 7,229 sq.km. Affordable cost of living, rapid infrastructure development and a proactive government have driven the corporate activity and investments in the city. Hyderabad has emerged as 2nd largest IT exporter. Hyderabad is home to global captive centres of renowned technology companies such as Apple, Microsoft, Uber, Google, Facebook, Infosys and Cognizant, institutions (such as Centre for Cellular and Molecular Biology, Centre for Good Governance, Insurance and Regulatory Development Authority) as well as prominent educational institutions (such as Indian School of Business, Indian Institute of Technology, NALSAR University of Law and Agha Khan Academy). The physical infrastructure of the city is well developed with excellent road, rail and air transport networks. Madhapur and Gachibowli economic corridor houses most of the commercial office space establishments in Hyderabad. In Madhapur and

Gachibowli economic corridor, Madhapur is an established micro market with presence of renowned technological, financial services and professional services companies.

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

- **Technology Sector:** Technology services are the primary demand driver for the office space demand in Hyderabad. Hyderabad houses over 1,500 technology companies and provides direct employment to approximately 778,121[2] people. Major technology companies operating from Hyderabad include Apple, Accenture, Google, IBM, Cognizant, Qualcomm, Facebook and others. In addition to the tenanted commercial office spaces, Hyderabad also houses several large size campuses of companies like Infosys, Wipro, Amazon, Cognizant, Cyient, Cap Gemini, Virtusa and Hitachi Consulting amongst others.
- **Engineering & Manufacturing, Financial and Professional Services:** Engineering & Manufacturing, Financial and Professional services companies are the key demand drivers for office space in Hyderabad after the technology companies. Major Engineering & Manufacturing companies include Qualcomm, Micro, Apple and others. Major financial services Companies in Hyderabad include JP Morgan, Wells Fargo, Bank of America, DBS, HSBC, Synchrony and others. Major professional services companies / knowledge centers in Hyderabad include Invesco, E&Y, KPMG, OMICS and others.
- **Social Infrastructure:** Hyderabad has established educational institutions and colleges (International Institute of Information Technology, Indian School of Business, Tata Institute of Social Sciences), shopping malls (Inorbit, Forum, GVK One, City Capital, Central, etc.), hospitals (Apollo, Sunshine, Care etc.), hotels (ITC, Westin, Park Hyatt, Novotel and Taj Krishna) and MICE centers (HITEX Exhibition Centre and HICC Convention Centre).
- **Physical Infrastructure:** Hyderabad is well connected to the rest of the country by National Highways – NH-7, NH-9 and NH-202. Outer Ring Road encircles the city and acts as nodal connecting point with the city and other town located within the state. The city has India's 6th busiest airport which connects Hyderabad to major international hubs and is currently being expanded to handle 34[2] million passengers. The city has a combination of light rail transportation system and metro.

Hyderabad enjoys relatively superior physical infrastructure facilities as compared to other metro cities in India. Integrated infrastructural facilities like outer ring road, metro rail, MMTS, radial roads and arterial roads provide faster and easier connectivity to Madhapur- Gachibowli economic corridor. To sustain the existing developments and grow the technology sector in Hyderabad, Government of Telangana has initiated several steps including the enhancement of physical infrastructure through

[2] *https://it.telangana.gov.in/investor-info/fact-sheet/*

[2] *GMR Hyderabad International Airport Limited*

strategic road development program and establishment of incubation center to promote value added technology initiatives and entrepreneurship.

2 Mindspace REIT's Micro-Market (Madhapur)

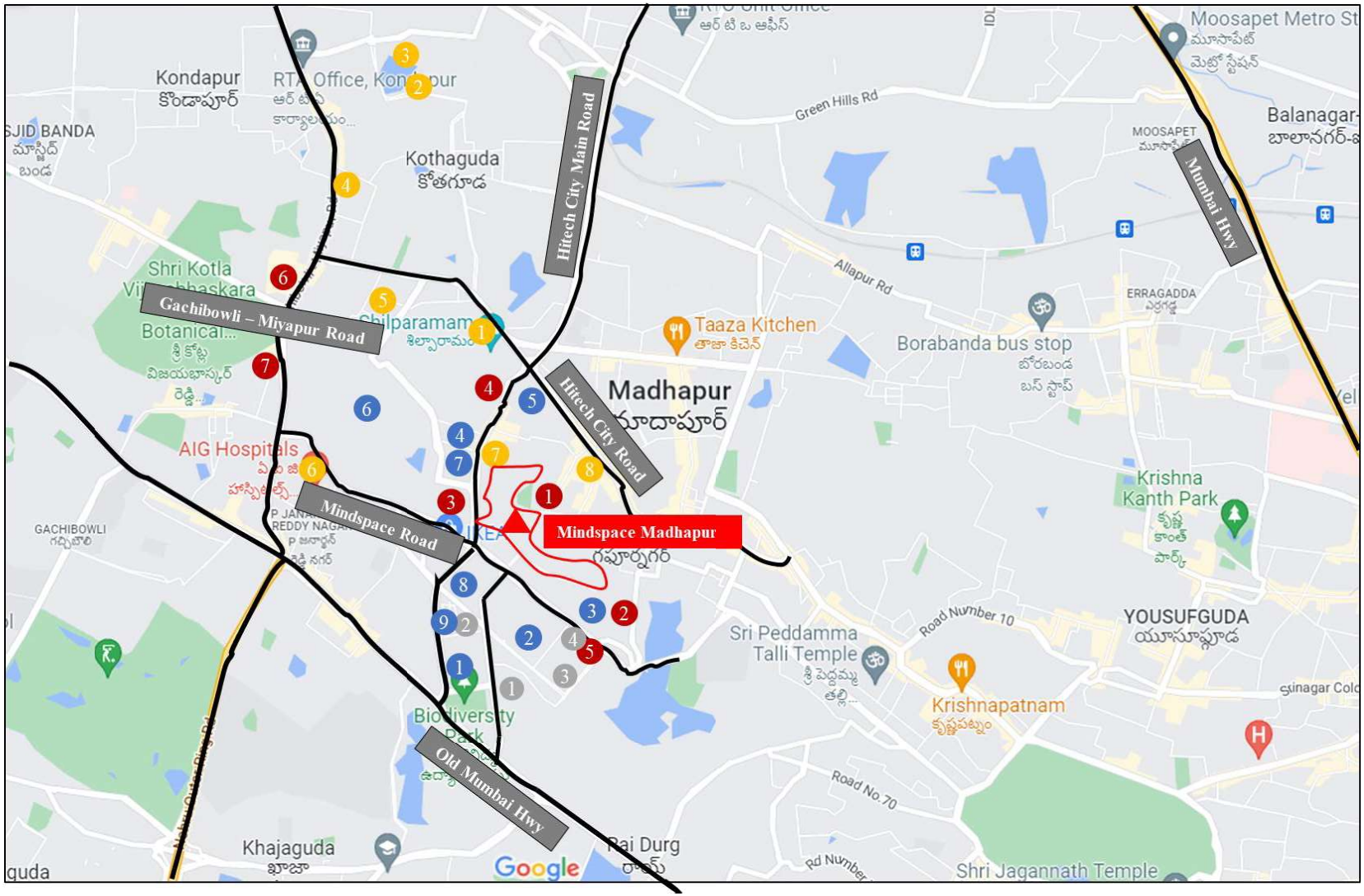
2.1 Overview

Madhapur is an established office space micro market in Hyderabad and is home to large scale commercial developments such as Raheja Mindspace, The V, Cyber Pearl, I-Labs, Divyasree Orion, Salarpuria Sattva Knowledge City as well as TCS and TCL campuses.

In addition to office space, Madhapur also consists of several retail, hospitality and entertainment developments such as HITEX Exhibition Centre, HICC Convention Centre, Inorbit mall, L&T Next Galleria Mall and Shilpa Kala Vedika. Prominent hospitality developments in the micro-market include ITC Kohenur, Westin and Novotel.

Madhapur enjoys excellent physical infrastructure with direct connectivity to the airport and connectivity with other parts of the city via the metro rail, MMTS rail network and road networks. Ongoing infrastructure projects in Madhapur include flyover at Kondapur. These developments are expected to be completed over the eight to twelve months and are expected to ease traffic congestion, thereby providing easier and faster access to other parts of the city.

Madhapur is the most preferred office space micro market in Hyderabad due to the presence of existing office space infrastructure, superior physical infrastructure and social infrastructure. In last decade, Madhapur dominated the other office space micro markets in Hyderabad doubling its office space to 54.3 msf in 9M 2022 from 24.4 msf in 2016 and represents 64.9% of total office absorption in Hyderabad since 2016. The vacancy levels have been at sub 5% during 2016 to 2019, however delay in timelines of under construction projects & consolidation of spaces by existing tenants due to Covid pushed vacancy levels to 10.0% 2021 and further increased to 11.4% in 9M 2022. CAGR rental growth during 2016- 9M 2022 stood at 3.9%.



(Map not to Scale)

Key Office Developments	Social Infrastructure	Lifestyle & Hospitality	Proposed Commercial Developments
1. RMZ Skyview	1. Shilparamam	1. Westin Hotel	1. Salarpuria Knowledge Park
2. Salarpuria Knowledge City	2. Hitex Exhibition Centre	2. Inorbit Mall	2. Aurobindo Orbit
3. The V IT Park	3. HICC Convention Centre	3. Lemon Tree	3. RMZ Nexity
4. Cyber Gate way	4. KIMS Hospital	4. Trident Hotel	4. RMZ Spire
5. Cyber Towers	5. Rainbow Hospital	5. ITC Kohenur	
6. Avance Business Hub	6. AIG Hospital	6. Sarath City Mall	
7. Cyber Pearl	7. Medicover Hospitals	7. SLN Terminus	
8. Aurobindo Galaxy	8. Image Hospitals		
9. My Home Twitza			

Key Commercial Developments *Social Infrastructure* *Lifestyle Infrastructure* *Propose Commercial Developments*

Mindspace is the largest and integrated IT park strategically located in Madhapur, Hyderabad. It has very good connectivity through Hyderabad metro rail, MMTS, outer ring road and other key arterial roads. Mindspace IT park has mix of commercial, retail, hospitality and residential developments

2.2 Key Statistics

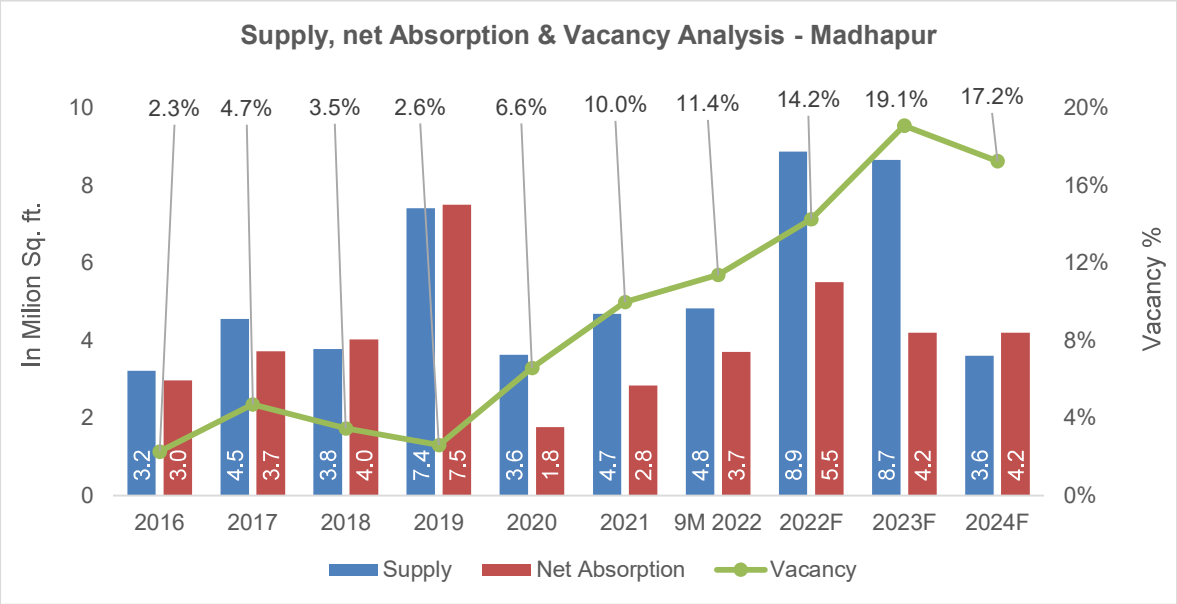
Particulars	Details
Stock (9M 2022)	Approximately 54.3 msf
Current Occupied stock (9M 2022)	Approximately 48.1 msf
Current Vacancy (9M 2022)	Approximately 11.4%
Average. Annual Absorption (2016– 9M 2022)	Approximately 3.9 msf per annum
Future Supply (Q4 2022 – 2024)	Q4 2022: Approximately 4.3 msf 2023: Approximately 8.7 msf 2024: Approximately 3.6 msf

Source: Cushman & Wakefield Research

2.3 Supply, Absorption & Vacancy

Madhapur is an established commercial office space destination in Hyderabad and it enjoys superior infrastructure facilities as it is connected with other parts of the city and airport through wider roads, metro rail, MMTS and Outer Ring Road. The average supply in Madhapur during 2016-9M 2022 was in the range of 3.2 msf to 7.4 msf. With a stable government and good infrastructure, Madhapur continued to witness healthy demand from 2016 onwards. During 2016-2019, office space demand either matched the supply or outpaced the supply, leading to low vacancy levels. Due to COVID-19 and the challenges faced by the

commercial real estate sector, the construction completion timelines for few projects were delayed coupled with consolidation of spaces by existing tenants, the vacancy levels have reached 11.4% in 9M 2022. However, with signs of economic recovery, several developers fast tracked the construction resulting relatively higher supply in the coming 2-3 years. Demand is expected to recover moderately with absorption levels in the range of 4.2 – 5.5 msf during 2022-2024



Source: Cushman & Wakefield Research

Note: Future supply estimates are based on analyses of under construction buildings, however future absorption estimates are derived basis past trend, current vacancy and estimated supply. Vacancy estimates are based on supply and absorption trend.

Note: Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

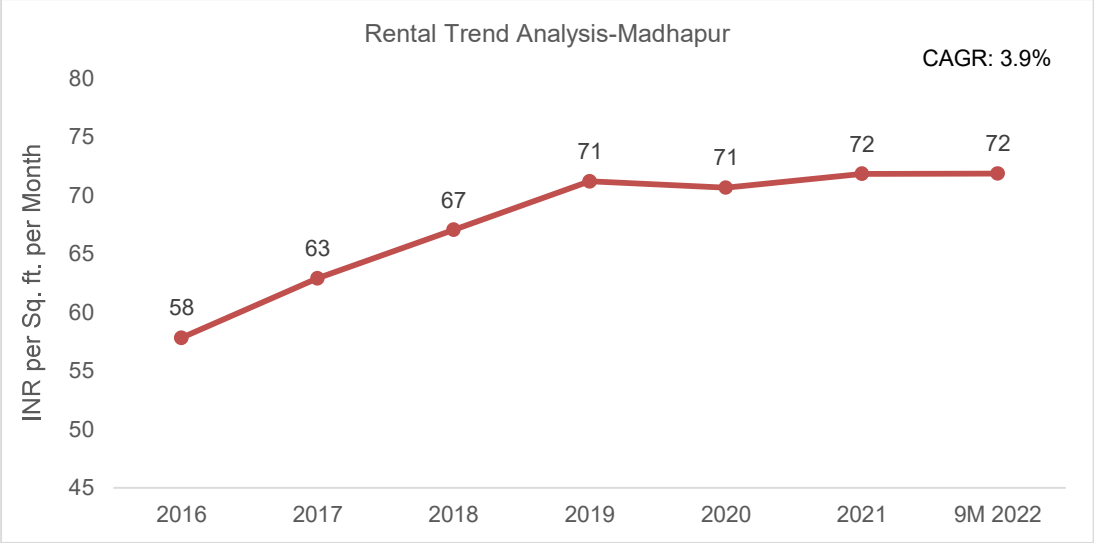
2.4 Rental Trend Analysis

With positive commercial outlook and limited supply, continued expansion of existing tenants and entry of new tenants there has been a continued growth in the rentals in Madhapur between 2016 - 2019. The current ongoing rentals are in the range of INR 68 psf / month to 75 psf / month. Due to robust fundamentals and superior infrastructure, Madhapur rentals outperformed the other micro markets in Hyderabad and grew at a CAGR of 3.9% during 2016 to 9M 2022. Madhapur witnessed pre-Covid rental growth of 7.2% from 2016 – 2019 and remained stable during the 2020 – 2021 (during Covid).

Hyderabad office space dominated by IT/ITES tenants have shown growth in their business in last 2.5 years. Several Tier-1 IT/ITeS companies have increased their head count substantially in last 12-24 months. Companies already started calling their employees to offices in phased manner. Over the next six months it is expected to improve further. With more employees coming to office, we expect

companies to start planning to increase their office footprint to off-set the increased headcount in last 12-24 months, the impact of the same has already been reflecting in the leasing activity of last 6 months and would continue in the near term. However as mentioned earlier sections supply is also expected to increase as compared to the absorption leading to increase in vacancy in new buildings.

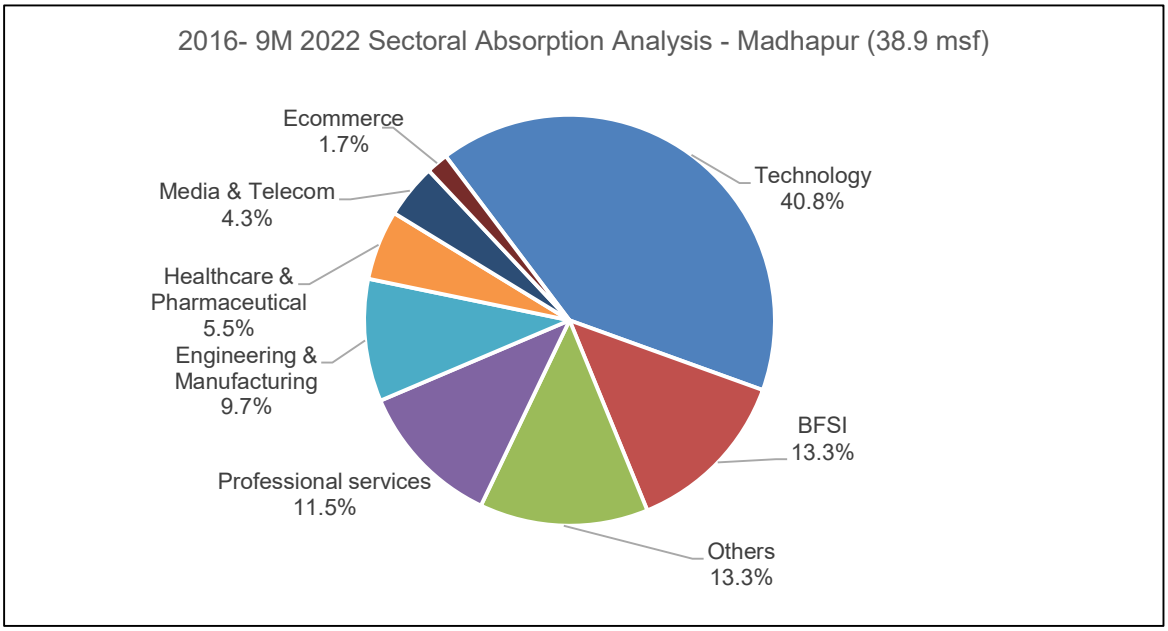
Rentals in Madhapur have seen improvement in last 6 months, we expect rentals to grow further in stabilised assets in the medium term of 6 months due to the overall improvement in leasing activity due to expected higher space take up by IT/ITeS companies coupled with positive economic sentiment.



Source: Cushman & Wakefield Research

Note: The rentals are basis prevailing quote in the micro market. Actual achievable rent may vary +/-10% depending upon negotiations, final structuring of the lease agreement and other parameters

2.5 Sector Demand Analysis



Source: Cushman & Wakefield Research

Note: Others include Research & Analysis, Flexible Workspaces, Food/Beverages, Education, Automobile, Oil & Gas, Logistics & Shipping etc.

Note: The sectoral absorption analysis is based on gross absorption activity of the city i.e. including any relocations, consolidations etc.

Madhapur being the established office space micro market in Hyderabad has attracted major tenants. Technology sector is the major contributor to the demand for office space in Madhapur in last six years. Other sectors like Banking & Financial Services BFSI), Professional Services, Engineering & Manufacturing and Flexible office spaces also contributed significantly to the demand in last six years.

2.6 Market Outlook

Hyderabad commercial office space market is expected to grow to next level due to the superior infrastructure, government initiatives to promote the technology sector, active investment by the local and national level developers in the city and overall positive commercial outlook for the city.

During 2016-2019, net absorption either matched supply or exceeded due to expansion of existing tenants within the city and entry of new tenants during 2016-2019 has led to compression in vacancy levels. Further, major portion of the planned supply during 2016-2019 was pre-committed showing strong interest / commitment level of tenant towards the market. Constant increase in net absorption levels from 4.7 msf in 2016 to 10.0 msf in 2019 along with expansion in rentals during the same period had attracted the National level & Hyderabad based developers to launch new projects in 2019 & 2020. However, due to the Covid led disruptions the timelines of under-construction projects have been pushed to 2021 & beyond, which led to increase in vacancy levels to 15.9% in 2021 and 21.5% in 9M 2022 as compared to 5.7% in 2019.

Approximately 35.8 Million sq. ft. office space is under construction and several projects are at advanced stage or at mid stage of construction. Approximately 6.0% of the upcoming supply is pre-committed. The vacancy levels are expected to rise over next 4-6 Quarters and soften a bit post 6 Quarters due to improvement in absorption levels. Increase in supply a natural cycle and demand catches up eventually resulting in softening of the vacancy rates.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments until the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centres by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

We have witnessed improved leasing activity coupled with improvement in rentals in last 3-6 months in Madhapur and we expect the recovery in the leasing activity to continue in near term as well. We expect moderate rental growth over next 6-12 month on account of improved leasing activity.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	Mindspace Cyberabad, Next to VSNL Bldg Survey Number 64 (part), APIIC Software Unit Layout, Hitechcity, Madhapur Village, Madhapur 500081, Telangana, India
Ownership & title details:	Subject property is a freehold property and the 100% of the assets owned by the K Raheja IT Park (Hyderabad) Private Limited. Mind Space Business Parks REIT (KRC REIT) holds 89% ownership of the K Raheja IT Park (Hyderabad) Pvt Ltd SPV and the balance 11% is held by Telangana State Industrial Infrastructure Corporation (TSIIC)

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, the Subject Property is considered to possesses a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material Litigation

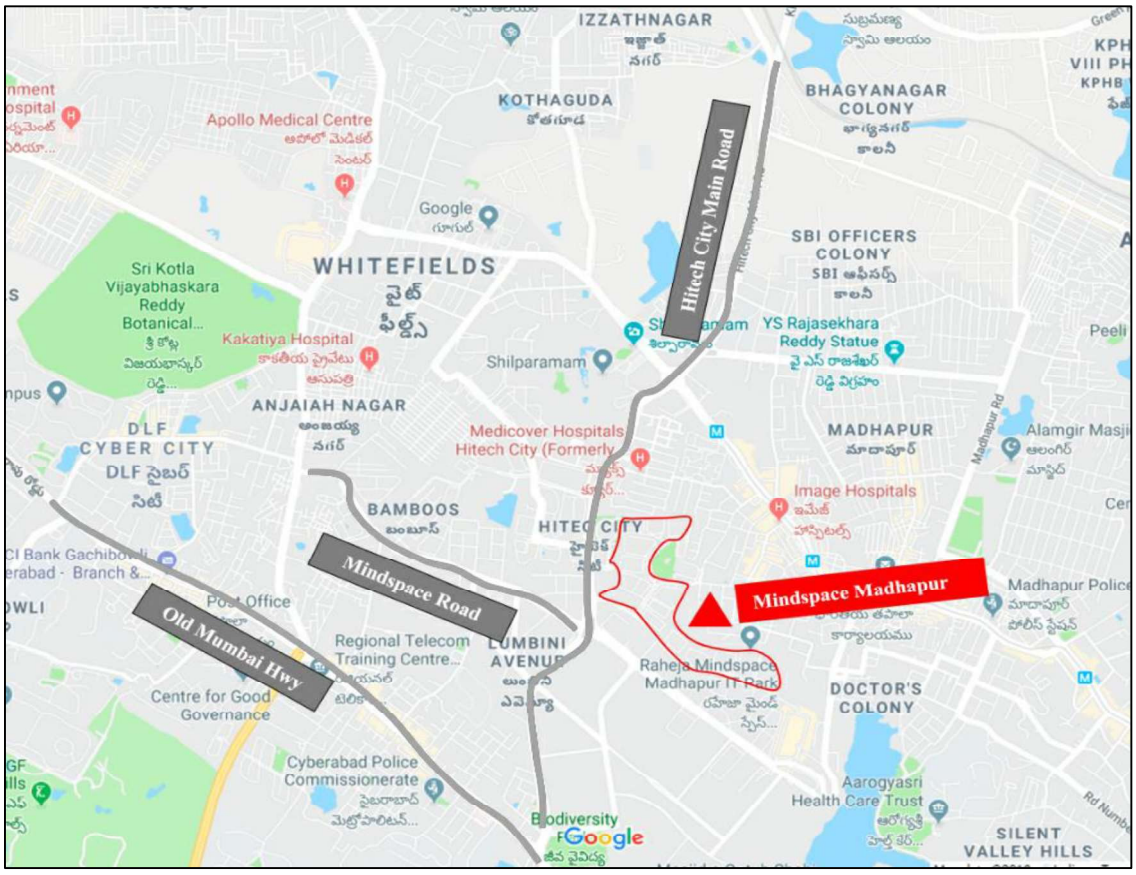
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

2 Location

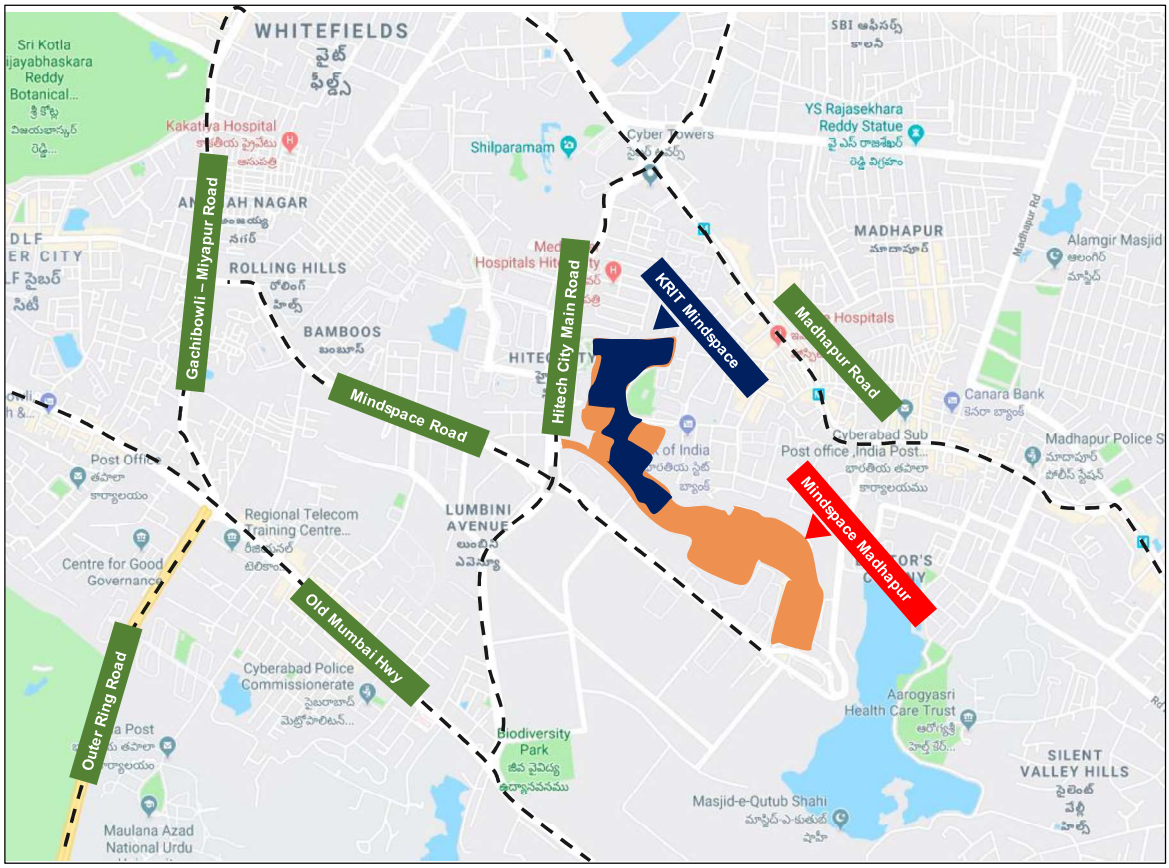
2.1 General

The properties comprise operational and completed buildings 2A, 2B, 3A, 3B, 4A & B, 5A, 7, 8 and 10, planned (redevelopment buildings) 1A & 1B, under construction building Experience Centre and 1.79 acres of vacant land (hereinafter referred to as Subject Property), which are part of Raheja Mindspace IT park located in Madhapur, Hyderabad. Raheja Mindspace, is spread over 110 acres comprising SEZ and Non-SEZ office space. It enjoys good accessibility and connectivity with other parts of the city. Hitech city –Durgam Cheruvu road and Hitech city internal road connecting to Mumbai highway abuts the subject IT Park. Subject properties are accessible through 120 feet internal road with in the Raheja Mindspace IT park. Prominent developments in the vicinity of the IT Park are Inorbit Mall, Ascendas V Park, Salapuria Sattva IT Park, TCS Deccan Park, Cyber Pearl, Cyber Towers, Trident Hotel, Lemon Tree hotel etc. It Houses prominent tenants like Qualcomm, CSC, Bank of America, IBM, Verizon and Accenture etc.

The location map of the Subject Property is set out below:



(Map Not to Scale)



(Map Not to Scale)

The subject property is spread out over ~48 acres of land parcel. Subject property buildings are located on either side of the 120 ft Mindspace internal access road and enjoys good frontage and visibility. Subject property is regular in shape with fairly even topography.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 0.5 km from the Hyderabad Metro Railway Station at Mindspace Circle.
- Approximately 5 km from Hitech City MMTS railway station..
- Approximately 21 km from Secunderabad Railway Station.
- Approximately 34 km from Rajiv Gandhi International airport at Shamshabad

The property photographs of the Subject Property are attached in Annexure 3.

The Subject Property is well accessible from all locations of Hyderabad and Hyderabad Metro Rail. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Hyderabad where the Subject Property is located falls in Seismic Zone II with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and does not face any significant problems of flooding or waterlogging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Mindspace Madhapur (KRIT) forming part of Mindspace IT Park located in Madhapur, comprises of 9 operational buildings, 1 under construction, 2 planned (redevelopment) buildings and 1.79 acres of vacant land spread across approximately 48.43 acres of land. The total leasable area of the 9 completed buildings, 2 planned (redevelopment) buildings, 1 under construction building and 1 proposed building is ~4.3 million sq. ft. The IT park has food court, land scape area, open auditorium and other amenities.

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 1A & 1B	1,310,190	Non-SEZ	Under Redevelopment
Building 2A	271,568	Non-SEZ	Completed
Building 2B	418,134	Non-SEZ	Completed

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 3A	200,720	Non-SEZ	Completed
Building 3B	243,228	Non-SEZ	Completed
Building 4A&B	445,156	Non-SEZ	Completed
Building 5A	113,665	Non-SEZ	Completed
Building 7	190,889	Non-SEZ	Completed
Building 8	172,728	Non-SEZ	Completed
Building 10	340,412	Non-SEZ	Completed
Proposed Building	500,000	Non-SEZ	Future Development
Amenities*	20,982	Non-SEZ	Completed
Experience Centre	56,568	Non-SEZ	Under Construction

Source: Architect's Certificate, Rent Rolls, Lease Deeds/Leave, Client Info and License Agreements

Total leasable area for the property varies versus the architect certificate. The change in area is in accordance with the Lease Deeds/ Leave and License Agreements.

** Note: Amenities include Kiosks (1,170 sq. ft. of which an area of 492 sq. ft. is under construction) and Vantage Café (19,812 sq. ft.)*

3.1 Key Asset Information

Completed Buildings

Particulars	Details
Entity:	K Raheja IT Park (Hyderabad) Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by K Raheja IT Park (Hyderabad) Private Limited which is 89% owned and controlled by the Mindspace REIT[1]
Age of building based on the date of occupancy certificate:	Building 2A - 15 years and 1 month Building 2B - 15 years and 8 months Building 3A - 16 years and 6 months Building 3B - 15 years and 8 months Building 4A&B - 12 years and 10 months Building 5A – 18 years and 3 months Building 7 – 17 years and 3 months Building 8 – 17 years and 3 months Building 10 – 15 years 8 months
Asset type:	Non- SEZ IT Park
Sub-market:	Madhapur
Approved and existing usage:	Commercial Office/IT Park
Site Area (acres):	~48.43
Freehold/Leasehold:	Freehold
Leasable Area:	2.42 million sq. ft.[4]
Occupied Area:	2.01 million sq. ft.
Occupancy (%)[2]	83.33%
Committed Occupancy (%)[3]	83.33%
Number of Tenants	27

Source: Client information

Notes:

1. *Refer company structure set out in Appendix 1*
2. *Occupancy refers to proportion of area leased which is actively occupied by the tenants*
3. *Committed occupancy also includes area which has been pre-leased to tenants.*
4. *Includes Kiosk area of 492 sq. ft which is under construction*

Redevelopment Buildings 1A & 1B

Particulars	Details
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by K Raheja IT Park (Hyderabad) Private Limited which is 89% owned and controlled by Mindspace REIT[1]
Asset type:	Non-SEZ IT Park
Approved Usage:	Commercial office
Leasable Area:	1,310,190 sq. ft.
Status of construction:	The construction for redevelopment of the building's is yet to start and the same is expected to commence from October 01, 2022 and complete by June 30, 2025
Approvals received and pending as on Valuation Date:	List of approvals detailed in Annexure 5

Source: Client information

Under Construction Building Experience Centre

Particulars	Details
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by K Raheja IT Park (Hyderabad) Private Limited which is 89% owned and controlled by Mindspace REIT[1]
Asset type:	Non-SEZ IT Park
Approved Usage:	Commercial office
Leasable Area:	56,568 sq. ft.
Status of construction:	The construction of the building's commenced from February 01, 2022 and complete by March 31, 2024
Approvals received and pending as on Valuation Date:	List of approvals detailed in Annexure 5

Source: Client information

3.2 Property Inspection

The Subject Property is part of a large campus called Mindspace at Madhapur, comprising 9 operational buildings, namely Building No. 2A, 2B, 3A, 3B, 4A & B, 5A, 7, 8 and 10, which were inspected on 28 and 29 March 2022.

At the time of property inspection, Buildings 1A and 1B, which had been vacated were being prepared for redevelopment. Buildings 3 A & B, which has been handed over to a single tenant was undergoing façade and facility upgradation. Apart from the campus level infrastructure upgradations, no other major upgradation was undergoing amongst the remaining buildings.

The visual inspection of the other operational buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation was observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.

According to information received from the Client, cumulative expenditure on major repairs and maintenance towards upgradation has been INR 1,344 Million till 30 September 2022

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Sources of information:

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates dated on 17th June 2020
b. mentioning site areas and property areas
c. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property
d. Lease agreements and commercial clauses for all the tenants signed after the date Jun 17, 2020
e. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
f. Management representation regarding the following:
    i. List of material litigations

ii. Major repairs undertaken and proposed in the Subject Property

iii. Statement of Assets

iv. Revenue pendency, if any

v. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

3.4 Tenant Profile

As of 30 September 2022, Subject Property has 27 tenants (for office space) which include companies like QualComm, CSC, Smartworks, Verizon, etc. The Subject Property's top 10 tenants account to ~96.9% of the Gross Rental income.

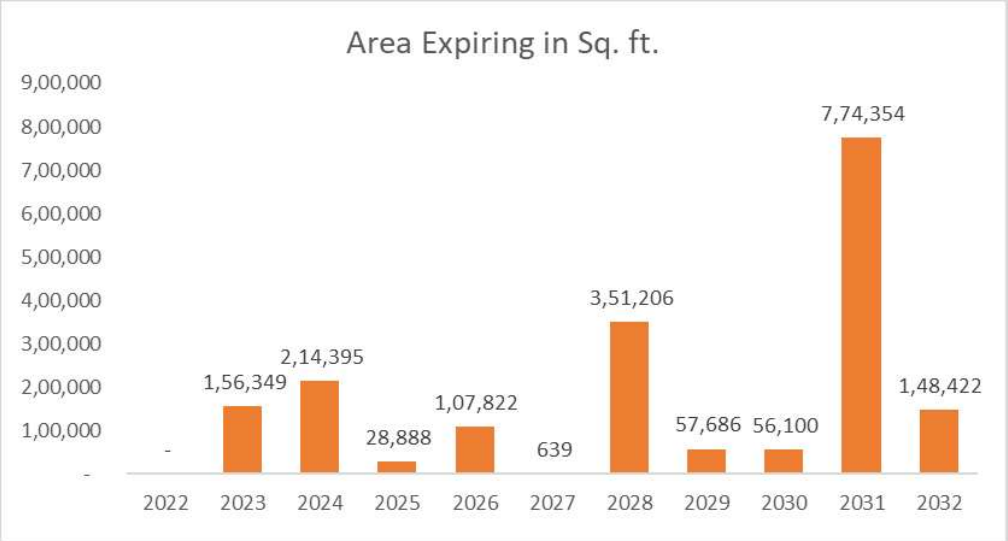
Rank	Top 10 Tenants according to Leasable Area	Leasable Area (sq. ft.)
1	QualComm	450,861
2	Smartworks	443,948
3	CSC	323,028
4	Verizon	309,812
5	BA Continuum	157,620
6	24-7 Intouch	92,986
7	Concentrix	46,280
8	Sumtotal	44,500
9	Infinx	26,947
10	K Raheja	24,542
	Total	1,920,524

Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Smartworks	22.8%
2	QualComm	22.4%
3	Verizon	16.8%
4	CSC	15.1%

Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
5	BA Continuum	7.3%
6	24-7 Intouch	5.0%
7	Sumtotal	2.5%
8	Concentrix	2.4%
9	K Raheja	1.4%
10	WNS	1.1%
	Total	96.9%

3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 7.31 years, with 23.6% of occupied area expiring between CY 2022 and CY 2026 as shown in the chart below.



4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or submarkets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top 5 tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-Market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the achievable market rent (applicable rental for the micro-market where the asset is located) and achievable market rent (The Valuer's view on

achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).

2. The Valuer also analysed the historical leasing within the asset for anchor tenants to identify the discount that is extended to such tenants at the time of fresh leasing or lease renewals. Rent roll and sample of lease deeds of large anchor-tenants were analysed and applicable adjustments to marginal rent was estimated for individual leases. For other tenants occupying relatively large space within the properties, it is assumed that the leases shall revert to marginal rents (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/future development area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/future development areas respectively.
   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.
   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry

Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Recurring operational expenses, fit-out income (if any– the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.
4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Completed Building

Property Details	Unit	Details
Total Property Leasable Area	sq.ft.	24,17,482
Area Leased	sq.ft.	20,14,584
Leased	%	83.33%
Vacant Area	Sft	4,02,898
Vacancy	%	16.7%
Stabilized Vacancy	%	2.0%
Further leasing	Sft	3,54,548
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	2251
4W Slots Paid	Number	62.0

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases. Because of the lingering impact of the Covid related slowdown, we expect the tenants being offered an additional 1 month of rent-free period for all the existing lease rollovers happening within the upcoming 12 months (from 1 October 2022) in order to retain and support them.
    - A stabilized vacancy of 2% is considered for the Subject Property which is in line with the current market trends
- **Future absorption:** Since the subject property is 83.33% leased and the vacancy is well above the stabilized vacancy of 2%. We have considered additional 3 months delay in leasing for the vacant spaces for next 6 months, because of temporarily suppressed demand

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 70.0
Market Rent - Food Court	Per sft/month	INR 100.00
Market Rent - Anchor	Per sq.ft./month	INR 66.5
Market 4 W Parking Rent	Per slot/month	INR 2,000
Market 2W Parking rent	Per slot/month	INR 0
Kiosks Income	Per sq.ft./month	INR 125.0
Cafeteria Income	Per sq.ft./month	INR 50.0
Other income	% of Lease Rentals	1.0%
Market Rent growth rate-	% p.a.	5.00%
Parking Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
CAM/O&M Income prevailing in the market	Per sq.ft./month	12.24

- **Market rent - office:**
    - Over last one year, the average rentals in Madhapur (in subject property and in competing buildings) have been in the range of INR 60-75 per sq. ft. per month. Considering the location, accessibility, quality, size of the building, and keeping in view of the future supply expected in Madhapur, we have considered the market rental of INR 70 per sq. ft. per month for the subject property.

Following is the list of major commercial leasehold transactions held during Oct 2021 to Sep 2022.

S.No.	Property Name	Developer	Tenant Name	Rent (INR/Sq.ft/Month)	Leased Area (INR/Sq.ft/Month)
1	Mindspace B#3A & 3B	K Raheja Corp.	Smartworks	65.0	4,43,937
2	Mindspace – B#5	K Raheja Corp.	BA Continuum India Private Limited	59.0*	3,59,642
3	Salarpuria Knowledge City Opel Block	Salarpuria	Goldman Sachs	74.0	3,50,989
4	The Nexity	RMZ	EA Sports	74.0	3,20,000
5	Avance Business Hub H 09	Phoenix Group	Legato	69.0	2,86,379
6	Salarpuria Sattva Knowledge Park	Salarpuria	BOSCH	74.0	2,36,894
7	Knowledge City (Parcel-3)	Salarpuria	EPAM Systems	74.0	2,03,256
8	Aurobindo Galaxy	Aurobindo Group	IDFC First Bank	69.0	1,52,277
9	Meenakshi Tech Park	Meenakshi Group	Reliance Industries Limited	65.0	1,05,700
10	Mindspace – B#9	K. Raheja Corp	HSBC	65.0	99,760
11	Divyasree Trinity Block # 4	Divyasree	I-sprout	75.0	96,539
12	Mindspace B#9	K Raheja Corp.	WeWork	70.0	96,412

S.No.	Property Name	Developer	Tenant Name	Rent (INR/Sq.ft/Month)	Leased Area (INR/Sq.ft/Month)
13	L&T Next Avenue Tower 1	L&T	L&T Infotech	72.0	96,316
14	L&T Next Avenue Tower 1	L&T	L&T Infotech	72.0	94,340
15	Salarpuria Knowledge City Parcel - 3	Salarpuria	Goldman Sachs	98.0#	92,818
16	Mindspace B#12D	K Raheja Corp.	Thryve Digital	67.0	85,128
17	Aurobindo Galaxy	Aurobindo Group	TableSpace	66.0	79,600
18	Aurobindo Galaxy	Aurobindo Group	Dazn	74.0	79,600
19	Salarpuria Sattva Knowledge Park	Salarpuria	NB Health Care	115.0#	78,361
20	Mindspace B # 12 D	K Raheja Corp.	Mindtree	69.0	70,522

*Notes: * Anchor tenants; # inclusive of fitout rents*

- **Market rent growth rate:** As mentioned earlier in the report, absorption of Madhapur micro market has either matched or exceed supply from 2016 -2019 (pre Covid period). However, the absorption is supressed during Covid due to consolidation of space by existing tenants. The market has witnessed recover in absorption levels in later half of 2021 and continuing, due to expansion of existing tenants and entry of new tenants' post Covid 2nd wave amid the stable rentals. Occupiers have started evaluating their return to office strategy and few organisations have already expanded their office space due to the increased hiring witnessed during and after the pandemic . Hence, we have considered an annual rental growth of 5% from April 2024 onwards.
- **Market rent - 4W parking**: Rent for car parks are assumed at INR 2,000 per slot per month in line with the current rentals for paid car parks in Madhapur.
- **Other income:** Analysis of the historical trend of other income suggest a normalized level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental and an annual inflation of 5%. (Note: Other income constitute income from signage, kiosks, conferences and others).
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and received higher effective rent for the same area. Going forward, for leases which will expiry during the next 10 years, we have considered efficiency at lower of actuals or 76%.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin-Stabilised	Per sq.ft./month	INR 2.43
CAM/ O&M cost- FY 2023E	Per sq.ft./month	INR 11.88
Property Tax	Per sq.ft./month	INR 1.10
Insurance	Per sq.ft./month	INR 0.28
Signage licence fees	Per sq.ft./month	INR 0.00
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Valu	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals	3.5%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, the brokerage expenses amounting to two months for new leases and one month for existing lease rollovers has been assumed.
- **CAM margin:** As per the information received by the client, CAM / O&M Cost is expected to be INR 11.88 per sq ft. per month. CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as financial year ended 31 March 2022 and projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of operating income comprising lease rentals, parking income, Other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Capex Schedule

Following table represents the capex planned to be incurred for campus upgradation of completed buildings in the subject property, Campus upgrade:

Quarter		01-Oct-22	01-Jan-23	01-Apr-23
		31-Dec-22	31-Mar-23	30-Jun-23
Capex	INR Million	125	133	38

Note: We have relied on Client inputs for the assumptions relating to construction timeline and cost.

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	13,70,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	4,21,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	91,00,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	23,00,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	7,00,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	12,50,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	18,80,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	27,00,000	24,000	7.75%-8%

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the

capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of ~11.75% was found to be aligned with the expectations of international investors investing in similar assets.

Planned (redevelopment) Buildings ~1A &1B

Property details

Property Details	Unit	Details
Total Property Leasable Area	sq.ft.	13,10,190
Area Leased	sq.ft.	-
Leased	%	0.00%
Vacant Area	Sft	13,10,190
Vacancy	%	100.0%
Stabilized Vacancy	%	2.0%
Further leasing	Sft	12,83,986
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0

Construction related assumptions

Construction- Related Assumptions	Unit	Details
Start date of construction		1-October-22
End date of construction		30-Jun-25
Total construction cost	INR Million	6,256.8
Construction cost incurred till date	INR Million	124.1
Construction cost to be incurred	INR Million	6,312.8

Quarter	0	1	2	3	4	5	6
		01-Oct-22	01-Jan-23	01-Apr-23	01-Jul-23	01-Oct-23	01-Jan-24
	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-24
Construction Cost	124.06	105.07	131.76	258.07	254.76	570.61	574.76

Quarter	7	8	9	10	11	12	13	14
	01-Apr-24	01-Jul-24	01-Oct-24	01-Jan-25	01-Apr-25	01-Jul-25	01-Oct-25	01-Jan-26
	30-Jun-24	30-Sep-24	31-Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	31-Mar-26
Construction Cost	709.74	599.76	614.29	617.73	456.91	496.26	431.23	311.84

Note: We have relied on Client inputs for the assumptions relating to construction.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 70.00
Market Rent - Office	Per sq.ft./month	INR 66.50
Market 4 W Parking Rent	Per slot/month	INR 2,000
Other income	% of Lease Rentals	1.0%
Market Rent growth rate	% p.a.	5.00%
Parking Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
CAM/O&M Income prevailing in the market	Per sq.ft./month	14.31

- **Market rent - office:**
    - Over last one year, the average rentals in Madhapur (in subject property and in competing buildings) have been in the range of INR 60-75 per sq. ft. per month. Considering the location, accessibility, quality, size of the building, and keeping in view of the future supply expected in Madhapur, we have considered the market rental of INR 70 per sq. ft. per month for the subject property.
- **Market rent growth rate:** As mentioned earlier in the report, absorption of Madhapur micro market has either matched or exceed supply from 2016 -2019 (pre Covid period). However, the absorption is supressed during Covid due to consolidation of space by existing tenants. The market has witnessed recovery in absorption levels in later half of 2021 and continuing due to expansion of existing tenants and entry of new tenants' post Covid 2nd wave amid the stable rentals. Occupiers have started evaluating their return to office strategy and few organisations have already expanded their office space due to the increased hiring witnessed during and after the pandemic. Hence, we have considered an annual rental growth of 5% from April 2024 onwards.
- **Market rent - 4W parking**: Rent for car parks are assumed at INR 2,000 per slot per month in line with the current rentals for paid car parks in Madhapur.
- **Other income:** Analysis of the historical trend of other income suggest a normalized level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental and an annual inflation of 5%. (Note: Other income constitute income from signage, kiosks, conferences and others).

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin	Per sq.ft./month	INR 2.43
CAM/ O&M cost-FY2022-23E	Per sq.ft./month	INR 11.88
Property Tax	Per sq.ft./month	INR 1.10
Insurance	Per sq.ft./month	INR 0.28
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals	3.50%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, the brokerage expenses amounting to two months for new leases and one month for existing lease rollovers has been assumed.
- **CAM margin:**. CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year
- **Property tax and insurance cost** have been considered at the same level as financial year ended 31 March 2022 and projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of operating income comprising lease rentals, parking income, Other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc

Discount Rate & Capitalisation Rate assumptions

- **Capitalization Rate:**

  Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	13,70,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	4,21,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	91,00,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	23,00,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	7,00,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	12,50,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	18,80,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	27,00,000	24,000	7.75%-8%

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of ~11.75% for completed assets, was adjusted owing to the various risks pertaining to the under-construction / future development properties, we have considered a risk premium over the discount rate for completed properties to arrive at a discount rate for under-construction / future development properties. We have considered a risk premium of 125bps, to derive the WACC of 13.00% for under-construction / future development properties. This is in line with the expectations of international investors investing in similar assets.

Under Construction Building ~ Experience Centre

Property details

Property Details	Unit	Details
Total Property Leasable Area	sq.ft.	56,568
Area Leased	sq.ft.	-
Leased	%	0.00%
Vacant Area	Sft	56,568
Vacancy	%	100.0%
Stabilized Vacancy	%	2.0%
Further leasing	Sft	55,437
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	100
Paid 4W Slots	Number	100

Construction related assumptions

Construction- Related Assumptions	Unit	Details
Start date of construction		1-Feb-22
End date of construction		31-March-24
Total construction cost	INR Million	1,200
Construction cost incurred till date	INR Million	29
Construction cost to be incurred	INR Million	1,171

Quarter			1	2	3	4	5	6	7	8
Particulars	Unit		01-Oct-22	01-Jan-23	01-Apr-23	01-Jul-23	01-Oct-23	01-Jan-24	01-Apr-24	01-Jul-24
		30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Mar-24	30-Jun-24	30-Sep-24
Construction Cost	INR Million	0	-	(129)	(224)	(183)	(183)	(183)	(117)	(153)

Note: We have relied on Client inputs for the assumptions relating to construction.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 70.00
Market Rent - Food Court	Per sft/month	INR 102.00
Market 4 W Parking Rent	Per slot/month	INR 2,000
Other income	% of Lease Rentals	1.0%
Market Rent growth rate	% p.a.	5.00%
Parking Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
CAM/O&M Income prevailing in the market	Per sq.ft./month	14.31

- **Market rent - office:**
    - Over last one year, the average rentals in Madhapur (in subject property and in competing buildings) have been in the range of INR 60-75 per sq. ft. per month. Considering the location, accessibility, quality, size of the building, and keeping in view of the future supply expected in Madhapur, we have considered the market rental of INR 70 per sq. ft. per month for office space and INR 100 per sq. ft. per month for retail area in the subject property
- **Market rent growth rate:** As mentioned earlier in the report, absorption of Madhapur micro market has either matched or exceed supply from 2016 -2019 (pre Covid period). However, the absorption is supressed during Covid due to consolidation of space by existing tenants. The market has witnessed recover in absorption levels in later half of 2021 and continuing, due to expansion of existing tenants and entry of new tenants' post Covid 2nd wave amid the stable rentals. Occupiers have started evaluating their return to office strategy and few organisations have already expanded their office space due to the increased hiring witnessed during and after the pandemic. Hence, we have considered an annual rental growth of 5% from April 2024 onwards.
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- **Other income:** Analysis of the historical trend of other income suggest a normalized level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental and an annual inflation of 5%. (Note: Other income constitute income from signage, kiosks, conferences and others).

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin	Per sq.ft./month	INR 2.43
CAM/ O&M cost-FY 2022-23E	Per sq.ft./month	INR 11.88
CAM/ O&M cost proportion - first year	%	50%
CAM/ O&M cost proportion - second year	%	75%
CAM/ O&M cost proportion - third year and onward	%	100%
Property Tax	Per sq.ft./month	INR 1.10
Insurance	Per sq.ft./month	INR 0.28
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals	3.50%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, the brokerage expenses amounting to two months for new leases and one month for existing lease rollovers has been assumed.
- **CAM margin:** CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year
- **Property tax and insurance cost** have been considered at the same level as financial year ended 31 March 2022 and projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of operating income comprising lease rentals, parking income, Other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc

Discount Rate & Capitalisation Rate assumptions

- **Capitalization Rate:**

  Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

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Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
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Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	91,00,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	23,00,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	7,00,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	12,50,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	18,80,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	27,00,000	24,000	7.75%-8%

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of ~11.75% for completed assets is adjusted, owing to the various risks pertaining to the under-construction / future development properties, we have considered a risk premium over the discount rate for completed properties to arrive at a discount rate for under-construction / future development properties. We have considered a risk premium of 125bps, to derive the WACC of 13.00% for under-construction / future development properties. This is in line with the expectations of international investors investing in similar assets.

Valuation of land for future development – 1.79 acres

Subject property has 1.79 acres of land for future development located at the entrance gate. Subject property is proposed for commercial development measuring 500,000 sq. ft. However, the subject property is currently under litigation. Further subject property forming part of the larger IT park and designated for IT/ITES development.

The market value of the plot has been estimated using a weighted average of government benchmarked price (allotment rate) and market benchmarked value (derived using DCF Method) as the land is still under litigation even though the opinion of the legal counsel of KRIT provides certain confidence that the case of retention of plot for future development by KRIT is strong

Method	Weightage	Valuation- INR Million
TSIIC Allotment	66.67%	869
Residual method using DCF	33.33%	1,521
Average Value	**100%**	**1,086**

Following are the property assumptions used in DCF

Property Details	Unit	Details
Total Property Leasable Area	sq.ft.	500,000
Area Leased	sq.ft.	-
Leased	%	0.00%
Vacant Area	Sft	500,000
Vacancy	%	100.0%
Stabilized Vacancy	%	2.0%
Further leasing	Sft	490,000
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	
Paid 4W Slots	Number	

Construction related assumptions

Construction- Related Assumptions	Unit	Details
Start date of construction		01-Apr-27
End date of construction		30-Sep-29
Total construction cost	INR Million	2,552.6
Construction cost incurred till date	INR Million	0
Construction cost to be incurred	INR Million	2,552.6

		0	19	20	21	22	23	24	25	26	27	28
Quarter			01-Apr-27	01-Jul-27	01-Oct-27	01-Jan-28	01-Apr-28	01-Jul-28	01-Oct-28	01-Jan-29	01-Apr-29	01-Jul-29
		30-Sep-22	30-Jun-27	30-Sep-27	31-Dec-27	31-Mar-28	30-Jun-28	30-Sep-28	31-Dec-28	31-Mar-29	30-Jun-29	30-Sep-29
Construction Phasing	%		10%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Construction Cost	INR Million	0	255.3	255.3	255.3	255.3	255.3	255.3	255.3	255.3	255.3	255.3

Note: We have relied on Client inputs for the assumptions relating to construction.

Leasing and Financing Assumptions

Leasing and Financing Assumptions	Unit	Details
Lease Start Date		1-Oct-29
No of Quarters to Lease	#	5
Cap Rate	%	8.00%
Discount Rate	%	13.00%

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 23,422 Million	India Rupees Twenty-Three Billion Four Hundred and Twenty Two Million Only
Under-construction/ Proposed Building	30 September 2022	INR 5,283 Million	India Rupees Five Billion Two Hundred and Eighty Three Million Only

Note: Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the Subject Property and the valuation presented is for 89% interest in the Subject Property only. The total value of the asset with 100% interest is INR 32,065 million for as on 30 September 2022.

Ready reckoner rate Component	Rate
Built up Area	Ground floor – INR 7,300 per sq. ft. First & other floors - INR 6,600 per sq. ft.
Land Area	INR 44,900 per sq. yrd.

Source; https://registration.telangana.gov.in/UnitRateMV/unitRateMV

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

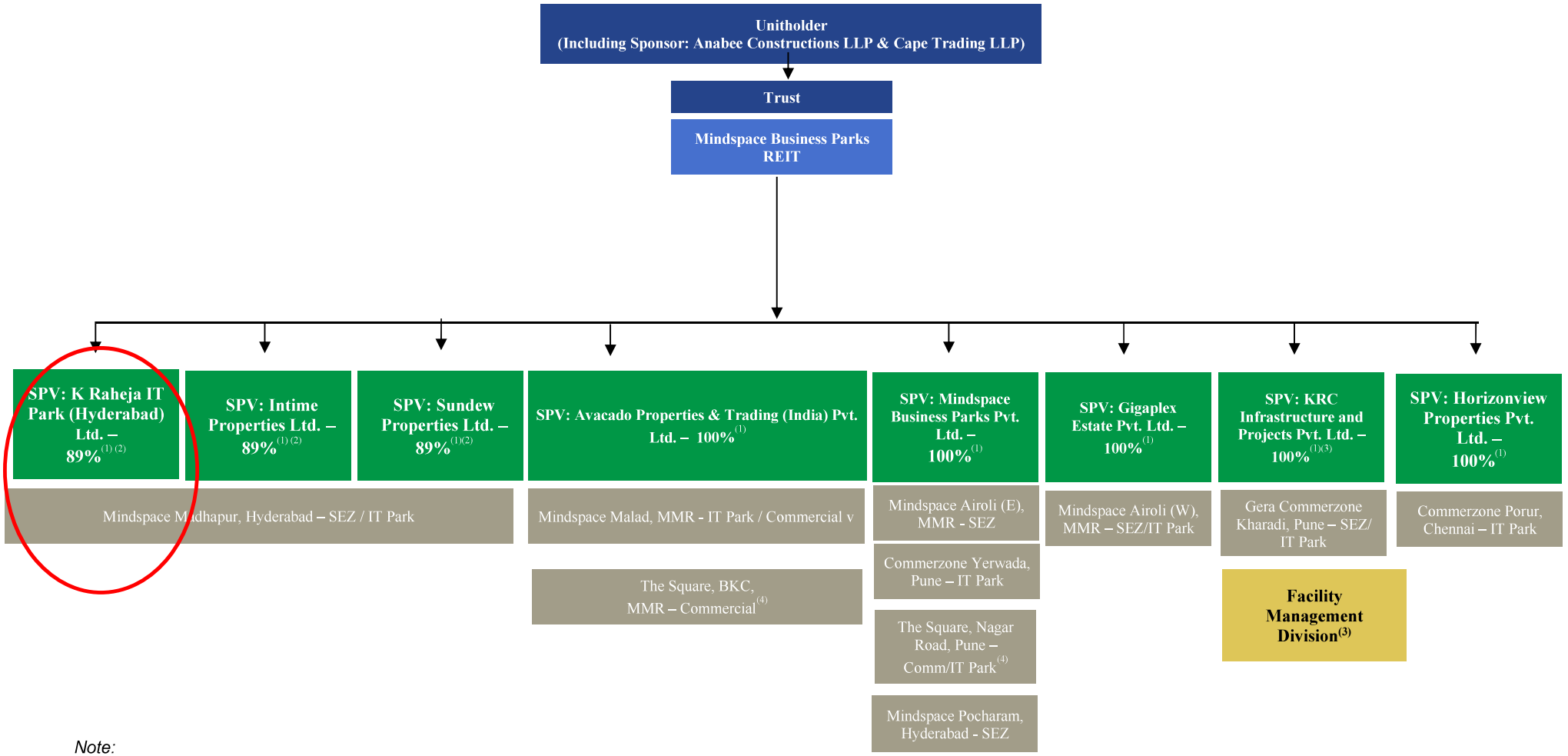
Prepared by

SHUBHENDU SAHA

Digitally signed by SHUBHENDU SAHA
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Date: 2022.11.07 17:01:20 +05'30'

(Shubhendu Saha)
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Regd. Address: 52, Anuradha Apartments, A2, Paschim Vihar, New Delhi 110063
M: +91 9910386675
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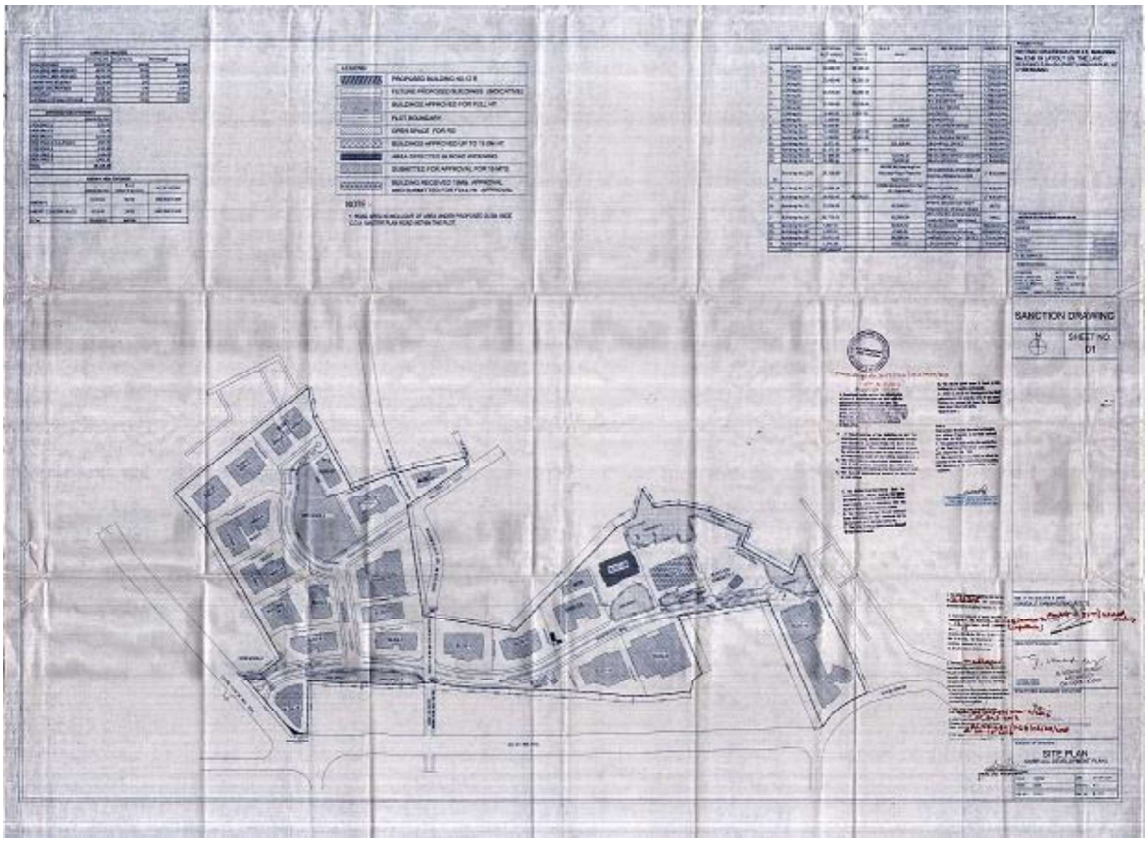
Annexure 1: Ownership Structure of Subject Property



Note:

1. *% indicate Mindspace REIT's shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd.*

Annexure 2: Site Layout



Annexure 3: Property Photographs



External View of Building 1A



External View of Building 2B



External View of Building 2A



Internal View of 2A



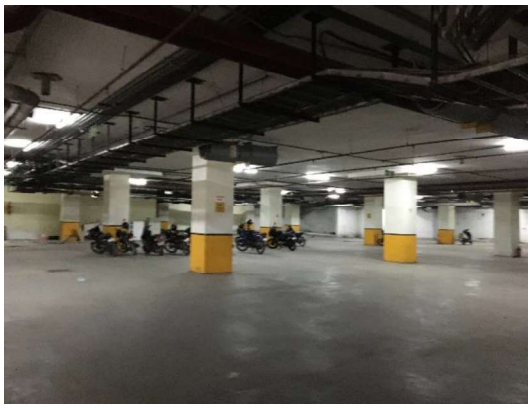
External View of Building 3B



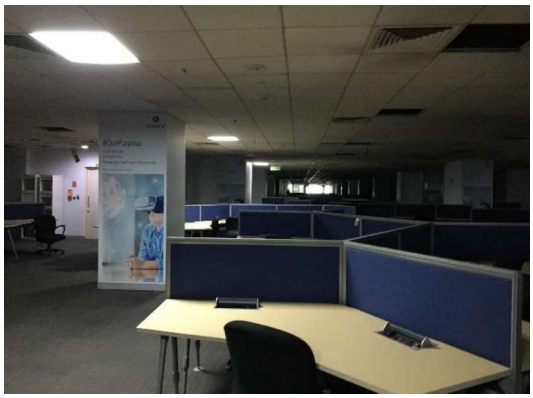
DG Yard of Building 3B



External View of Building 4AB



Parking Bay of Building 4AB



Internal View of Building 4AB



LT Panel Room of Building 4AB



External View of Building 7



External view of Building 7



External View of Building 8



External View of Building 8



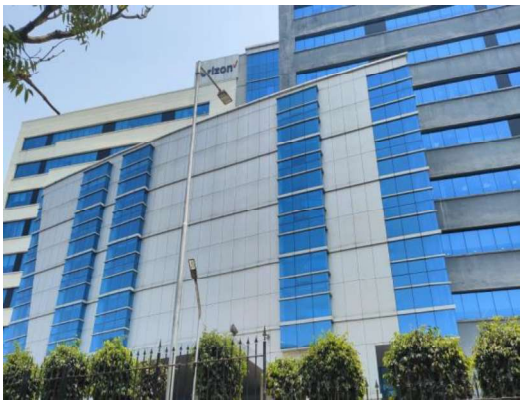
View of DG sets at Building 8



External of Building 10



View lift lobby of Building 10



External View of Building 10

Annexure 4: Statement of Key Assets

Building	No. / Name	B2A	B2B	B3A	B3B	B4	B5A	B7	B8	B10
Floor	Nos	2B+S+10F	B+GF+9F	B+GF+4F	2B+GF+6F	G+2P+8F	G+3F	B+G+4	GF+5F	2B+G+10F
Warm Shell / Bare shell		Warm Shell	Warm Shell	Warm Shell	Warm Shell	Bare Shell	Warm Shell	Warm Shell	Warm Shell	Warm Shell
Air Cooled Chiller	TR	1 x 280 , 1 x 350	1 x 100	1 x 100, 1 x 200	280	NA	182	1 x 160, 1 x 247	100	60
Water Cooled Chiller	TR	NA	NA	NA	NA	NA	NA	NA	NA	NA
No of DG / Capacity	No. / KVA	3 x 1010	3 x 1010	2 x 1010	2 x 1010	NA	1 x 625, 1 x 1000	4 x 750	4 x 750	1 x 380, 1 x 740, 4 x 1010
No of Transformers / Capacity	No./ KVA	2 x 2500	2 x 2500	2 x 1000	2 x 1250	04 x 1500	2 x 1000	02 x 1500	1 X 2000, 1 X 1250	2 x 2500
FF System										
Booster Pump	KW / Make	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	2 x 9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers
Jockey Pump	KW / Make	11 - Kirloskar Brothers		9.3 - Kirloskar Brothers	68 - Kirloskar Brothers	11 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	3 - Kirloskar Brothers	11 - Kirloskar Brothers
Fire Diesel Pump	KW / Make	68 - Kirloskar Brothers		68 - Kirloskar Brothers	68 - Kirloskar Brothers	68 - Kirloskar Brothers	68 - Kirloskar Brothers	85 - Kirloskar Brothers	68 - Kirloskar Brothers	68 - Kirloskar Brothers
Hydrant Pump	KW / Make	75 - Kirloskar Brothers		55 - Kirloskar Brothers	55 - Kirloskar Brothers	75 - Kirloskar Brothers	55 - Kirloskar Brothers	70 - Kirloskar Brothers	55 - Kirloskar Brothers	75 - Kirloskar Brothers
Sprinkle Pump	KW / Make	75 - Kirloskar Brothers		55 - Kirloskar Brothers	55 - Kirloskar Brothers	75 - Kirloskar Brothers	55 - Kirloskar Brothers	70 - Kirloskar Brothers	55 - Kirloskar Brothers	75 - Kirloskar Brothers
STP Rating	KLD	350		150		150	80	80	80	150

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Approved masterplans
b) Building Plan Approvals
c) Full Occupancy Certificates for all Buildings
d) Consent to Operate for Building 5A, 7, and 8
e) Height Clearance NOC from AAI
f) Fire NOC for all Buildings
g) EC & AAI NOC for planned redevelopment buildings 1A & 1B
h) Building permit order for Experience Centre

Approvals Pending

a) Consent to Operate for all Buildings except Building 5A, 7, and 8
b) EC for all buildings except for Buildings except for Building 5A, 7 and 8
c) Approvals for Experience Centre

Annexure 6: Cash Flow Profile

Completed Building (Bldg. 2A, 2B, 3A, 3B, 4A & B, 5A, 7, 8 and 10)

		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	01-Oct-22 30-Sep-23	01-Oct-23 30-Sep-24	01-Oct-24 30-Sep-25	01-Oct-25 30-Sep-26	01-Oct-26 30-Sep-27	01-Oct-27 30-Sep-28	01-Oct-28 30-Sep-29	01-Oct-29 30-Sep-30	01-Oct-30 30-Sep-31	01-Oct-31 30-Sep-32	01-Oct-32 30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	1,669.1	1,899.7	2,116.2	2,248.5	2,363.8	2,426.3	2,640.6	2,741.8	2,909.0	2,870.6	3,242.7
Parking Income	INR Million	1.0	1.1	1.1	1.2	1.3	1.9	2.1	2.3	2.4	2.5	2.6
O&M income	INR Million	425.5	446.8	469.2	492.6	517.2	543.1	570.3	598.8	628.7	660.1	693.2
Other Income (Kiosk and Conference)	INR Million	16.7	19.0	21.2	22.5	23.6	24.3	26.4	27.4	29.1	28.7	32.4
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	2,112.3	2,366.7	2,607.7	2,764.8	2,906.0	2,995.6	3,239.5	3,370.3	3,569.2	3,562.0	3,970.9
Total Income from occupancy	**INR Million**	**2,112.3**	**2,366.7**	**2,607.7**	**2,764.8**	**2,906.0**	**2,995.6**	**3,239.5**	**3,370.3**	**3,569.2**	**3,562.0**	**3,970.9**
OPERATING COSTS												
O&M cost	INR Million	(353.3)	(370.9)	(389.5)	(408.9)	(429.4)	(450.8)	(473.4)	(497.1)	(521.9)	(548.0)	(575.4)
Insurance Cost	INR Million	(8.1)	(8.4)	(8.6)	(8.9)	(9.1)	(9.4)	(9.7)	(10.0)	(10.3)	(10.6)	(10.9)
Property Taxes	INR Million	(32.5)	(33.5)	(34.5)	(35.5)	(36.6)	(37.7)	(38.8)	(40.0)	(41.2)	(42.4)	(43.7)
Total Operating Costs	**INR Million**	**(393.9)**	**(412.8)**	**(432.6)**	**(453.3)**	**(475.1)**	**(498.0)**	**(521.9)**	**(547.0)**	**(573.4)**	**(601.0)**	**(630.0)**
Net Operating Income	**INR Million**	**1,718.4**	**1,953.9**	**2,175.1**	**2,311.5**	**2,430.9**	**2,497.6**	**2,717.5**	**2,823.2**	**2,995.8**	**2,961.0**	**3,340.9**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	41,761.5	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(417.6)	
Fit Out Income	INR Million	0.8	0.8	0.4	0.4	0.4	0.4	0.2	-	-	-	
Total Net income	**INR Million**	**1,719.2**	**1,954.7**	**2,175.5**	**2,311.8**	**2,431.3**	**2,498.0**	**2,717.8**	**2,823.2**	**2,995.8**	**44,304.9**	
Property Mangement Fees	INR Million	(59.1)	(67.2)	(74.9)	(79.5)	(83.6)	(85.8)	(93.4)	(97.0)	(102.9)	(101.6)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(33.4)	(38.0)	(42.3)	(45.0)	(47.3)	(48.6)	(52.9)	(54.9)	(58.2)	(57.5)	
Brokerage Expenses	INR Million	(16.3)	(30.0)	(17.3)	(9.2)	(0.1)	(28.4)	(4.3)	(11.7)	-	(109.6)	
Campus Upgrade	INR Million	(258.0)	(38.0)	-	-	-	-	-	-	-	-	
Net Cashflows	**INR Million**	**1,352.4**	**1,781.4**	**2,041.0**	**2,178.1**	**2,300.3**	**2,335.2**	**2,567.2**	**2,659.6**	**2,834.6**	**44,036.2**	

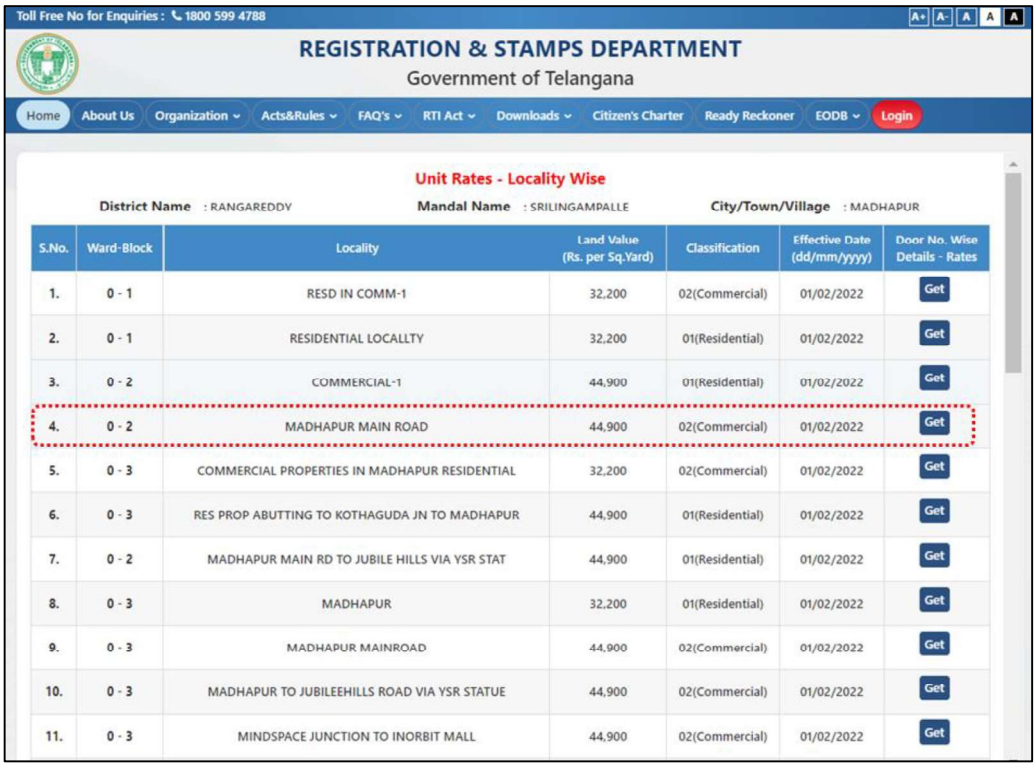
Planned (redevelopment) Building (Bldg. 1A & 1B)

Annual		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	01-Oct-22 30-Sep-23	01-Oct-23 30-Sep-24	01-Oct-24 30-Sep-25	01-Oct-25 30-Sep-26	01-Oct-26 30-Sep-27	01-Oct-27 30-Sep-28	01-Oct-28 30-Sep-29	01-Oct-29 30-Sep-30	01-Oct-30 30-Sep-31	01-Oct-31 30-Sep-32	01-Oct-32 30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	-	-	-	517.2	1,227.7	1,340.1	1,400.4	1,463.4	1,529.2	1,598.1	1,670.0
Parking Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
O&M income	INR Million	-	-	11.2	161.4	288.5	302.9	318.0	333.9	350.6	368.2	386.6
Other Income (Kiosk and Conference)	INR Million	-	-	-	5.2	12.3	13.4	14.0	14.6	15.3	16.0	16.7
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	-	-	11.2	683.8	1,528.5	1,656.4	1,732.4	1,812.0	1,895.2	1,982.2	2,073.2
Total Income from occupancy	**INR Million**	**-**	**-**	**11.2**	**683.8**	**1,528.5**	**1,656.4**	**1,732.4**	**1,812.0**	**1,895.2**	**1,982.2**	**2,073.2**
OPERATING COSTS												
O&M cost	INR Million	-	-	(27.0)	(139.2)	(204.3)	(244.3)	(256.6)	(269.4)	(282.9)	(297.0)	(311.9)
Insurance Cost	INR Million	-	-	(1.2)	(4.8)	(5.0)	(5.1)	(5.3)	(5.4)	(5.6)	(5.7)	(5.9)
Property Taxes	INR Million	-	-	(4.7)	(19.3)	(19.8)	(20.4)	(21.0)	(21.7)	(22.3)	(23.0)	(23.7)
Total Operating Costs	INR Million	-	-	(33.0)	(163.3)	(229.1)	(269.9)	(282.9)	(296.5)	(310.8)	(325.7)	(341.4)
Net operating Income	**INR Million**	**-**	**-**	**(21.8)**	**520.5**	**1,299.4**	**1,386.5**	**1,449.5**	**1,515.5**	**1,584.4**	**1,656.5**	**1,731.8**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	21,647.4	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(216.5)	
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	
Total Net income	**INR Million**	**-**	**-**	**(21.8)**	**520.5**	**1,299.4**	**1,386.5**	**1,449.5**	**1,515.5**	**1,584.4**	**23,087.4**	
Property Mangement Fees	INR Million	-	-	-	(18.3)	(43.4)	(47.4)	(49.5)	(51.7)	(54.1)	(56.5)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	-	-	(10.3)	(24.6)	(26.8)	(28.0)	(29.3)	(30.6)	(32.0)	
Brokerage Expenses	INR Million	-	-	(34.7)	(136.8)	(36.4)	-	-	-	-	-	
Net Cashflows- Before Construction	INR Million	-	-	(56)	355	1,195	1,312	1,372	1,434	1,500	22,999	
Construction Cost	INR Million	(750)	(2,455)	(2,185)	(743)							
Net Cashflows	INR Million	(750)	(2,455)	(2,242)	(388)	1,195	1,312	1,372	1,434	1,500	22,999	

Under Construction Building – Experience Centre

Annual		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	01-Oct-22 30-Sep-23	01-Oct-23 30-Sep-24	01-Oct-24 30-Sep-25	01-Oct-25 30-Sep-26	01-Oct-26 30-Sep-27	01-Oct-27 30-Sep-28	01-Oct-28 30-Sep-29	01-Oct-29 30-Sep-30	01-Oct-30 30-Sep-31	01-Oct-31 30-Sep-32	01-Oct-32 30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	-	19.5	59.7	62.4	65.2	68.1	71.2	74.4	77.7	81.2	86.8
Parking Income	INR Million	0.0	1.4	2.9	3.0	3.2	3.3	3.5	3.7	3.9	4.1	4.3
O&M income	INR Million	-	5.6	11.4	12.0	12.6	13.2	13.9	14.6	15.3	16.1	16.9
Other Income (Kiosk and Conference)	INR Million	-	0.2	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.9
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	0.0	26.7	74.6	78.0	81.6	85.3	89.3	93.4	97.7	102.2	108.8
Total Income from occupancy	**INR Million**	**0.0**	**26.7**	**74.6**	**78.0**	**81.6**	**85.3**	**89.3**	**93.4**	**97.7**	**102.2**	**108.8**
OPERATING COSTS												
O&M cost	INR Million	-	(2.3)	(5.7)	(8.2)	(10.0)	(10.5)	(11.1)	(11.6)	(12.2)	(12.8)	(13.5)
Insurance Cost	INR Million	-	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)
Property Taxes	INR Million	-	(0.4)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)
Total Operating Costs	**INR Million**	**-**	**(2.8)**	**(6.7)**	**(9.3)**	**(11.1)**	**(11.7)**	**(12.2)**	**(12.8)**	**(13.4)**	**(14.1)**	**(14.7)**
Net operating Income	**INR Million**	**0.0**	**23.8**	**67.9**	**68.7**	**70.5**	**73.7**	**77.1**	**80.6**	**84.3**	**88.1**	**94.0**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	1,175.5	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(11.8)	
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	
Total Net income	**INR Million**	**0.0**	**23.8**	**67.9**	**68.7**	**70.5**	**73.7**	**77.1**	**80.6**	**84.3**	**1,251.8**	
Property Mangement Fees	INR Million	(0.0)	(0.7)	(2.2)	(2.3)	(2.4)	(2.5)	(2.6)	(2.8)	(2.9)	(3.0)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(0.0)	(0.4)	(1.3)	(1.3)	(1.4)	(1.4)	(1.5)	(1.6)	(1.6)	(1.7)	
Brokerage Expenses	INR Million	-	(4.9)	-	-	-	-	-	-	-	-	
Net Cashflows- Before Construction	**INR Million**	**0**	**18**	**64**	**65**	**67**	**70**	**73**	**76**	**80**	**1,247**	
Construction Cost	INR Million	(536)	(635)	-	-							
Net Cashflows	**INR Million**	**(536)**	**(618)**	**64**	**65**	**67**	**70**	**73**	**76**	**80**	**1,247**	

Annexure 7: Ready Reckoner Rate



Toll Free No for Enquiries : 1800 599 4788

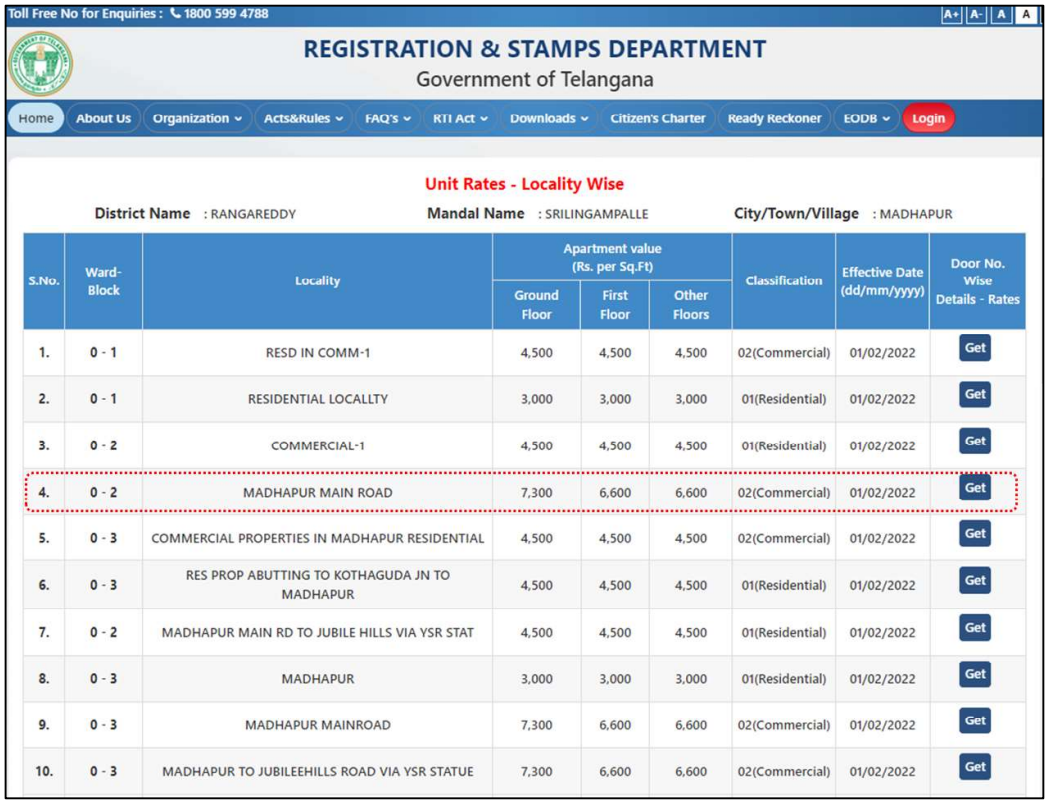
REGISTRATION & STAMPS DEPARTMENT
Government of Telangana

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Unit Rates - Locality Wise

District Name : RANGAREDDY Mandal Name : SRILINGAMPALLE City/Town/Village : MADHAPUR

S.No.	Ward-Block	Locality	Land Value (Rs. per Sq.Yard)	Classification	Effective Date (dd/mm/yyyy)	Door No. Wise Details - Rates
1.	0 - 1	RESD IN COMM-1	32,200	02(Commercial)	01/02/2022	Get
2.	0 - 1	RESIDENTIAL LOCALLTY	32,200	01(Residential)	01/02/2022	Get
3.	0 - 2	COMMERCIAL-1	44,900	01(Residential)	01/02/2022	Get
4.	0 - 2	MADHAPUR MAIN ROAD	44,900	02(Commercial)	01/02/2022	Get
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	32,200	02(Commercial)	01/02/2022	Get
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	44,900	01(Residential)	01/02/2022	Get
7.	0 - 2	MADHAPUR MAIN RD TO JUBILE HILLS VIA YSR STAT	44,900	01(Residential)	01/02/2022	Get
8.	0 - 3	MADHAPUR	32,200	01(Residential)	01/02/2022	Get
9.	0 - 3	MADHAPUR MAINROAD	44,900	02(Commercial)	01/02/2022	Get
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	44,900	02(Commercial)	01/02/2022	Get
11.	0 - 3	MINDSPACE JUNCTION TO INORBIT MALL	44,900	02(Commercial)	01/02/2022	Get



Toll Free No for Enquiries : 1800 599 4788

REGISTRATION & STAMPS DEPARTMENT
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Unit Rates - Locality Wise

District Name : RANGAREDDY Mandal Name : SRILINGAMPALLE City/Town/Village : MADHAPUR

S.No.	Ward-Block	Locality	Apartment value (Rs. per Sq.Ft)			Classification	Effective Date (dd/mm/yyyy)	Door No. Wise Details - Rates
			Ground Floor	First Floor	Other Floors			
1.	0 - 1	RESD IN COMM-1	4,500	4,500	4,500	02(Commercial)	01/02/2022	Get
2.	0 - 1	RESIDENTIAL LOCALLTY	3,000	3,000	3,000	01(Residential)	01/02/2022	Get
3.	0 - 2	COMMERCIAL-1	4,500	4,500	4,500	01(Residential)	01/02/2022	Get
4.	0 - 2	MADHAPUR MAIN ROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	Get
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	4,500	4,500	4,500	02(Commercial)	01/02/2022	Get
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	4,500	4,500	4,500	01(Residential)	01/02/2022	Get
7.	0 - 2	MADHAPUR MAIN RD TO JUBILE HILLS VIA YSR STAT	4,500	4,500	4,500	01(Residential)	01/02/2022	Get
8.	0 - 3	MADHAPUR	3,000	3,000	3,000	01(Residential)	01/02/2022	Get
9.	0 - 3	MADHAPUR MAINROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	Get
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	7,300	6,600	6,600	02(Commercial)	01/02/2022	Get

Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** (or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.

g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any except as set out herein.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

Mindspace-Madhapur (Sundew), Madhapur, Hyderabad

Submitted to:

K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 04 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for disclosure of valuation of assets, forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange does not carry any right of publication to any other party. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020 The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

Mindspace Madhapur (Sundew), Madhapur, Hyderabad		
Valuation Date:	30 September 2022	
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014	
Location / Situation:	Subject property comprises operational and completed buildings 11, 12A, 12B, 12C, 14, 12D, 20 and 22 (hereinafter referred to as Subject Property), which are part of Raheja Mindspace Madhapur IT park located in Madhapur, Hyderabad. Raheja Mindspace, is spread over 110 acres comprising SEZ and Non-SEZ office space. It enjoys good accessibility and connectivity with other parts of the city. Durgam Cheruvu road and Hitech city road connecting to Mumbai highway abuts the Mindspace. Mindspace is accessible through 120 feet internal road. Prominent developments in the vicinity of the IT Park are Inorbit Mall, Ascendas V Park, Salapuria Sattva IT Park, TCS Deccan Park, Cyber Pearl, Cyber Towers, Trident Hotel, Lemon Tree hotel etc. It Houses prominent tenants like Cognizant, UHG, Amazon, J.P. Morgan, Pega Systems etc	 External View of Subject Property
Description:	Mindspace Madhapur (Sundew) forming part of Mindspace IT Park located in Madhapur, comprises of SEZ and Non-SEZ buildings. The Subject Property has one component i.e., completed component. **Completed Buildings – Building 11,12A, 12B, 12C, 14, 20, 12D and 22** The ready buildings and parts thereof with Occupancy Certificates (OC) collectively admeasure ~5.7 million sq. ft. of leasable area. Of which 6 of them are SEZs whereas 2 buildings are a non-SEZ buildings (Building 11 & 22). The non-SEZ buildings are located at the entrance of the Subject Property and remaining six buildings have an entry through a secured gate. The IT Park has food courts, gaming zone and other amenities	 External View of Subject Property  External View of Under Construction Property (Building - 22)
Total Area:	Total Plot Area: 40.25[1] Completed Leasable Area: 5,736,109 sq. ft. Total Leasable Area: 5,736,109 sq. ft.	

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 55,024 Million	Indian Rupees Fifty-Five Billion and Twenty Four Million Only

Note: Based on the inputs provided by client, Mindspace REIT hold 89% of the ownership interest in the Subject Property and the valuation presented is for 89% interest in the Subject Property only. The total value of the asset with 100% interest is INR 61,825 million for as on 30 September 2022.

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1] *From Architect's Certificate (dated on 17TH June 2020) and lease agreements (post June 17. 2020) shared by the client*

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

To:	**K Raheja Corp Investment Managers LLP**
Property:	**IT/ITeS SEZ and IT Park christened "Mindspace Madhapur (Sundew)" located at Madhapur, Hyderabad**
Report Date:	**04 November 2022**
Valuation Date:	**30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"**)**, in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report) for disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor in Planning from the School of Planning and Architecture, New Delhi

in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer except as valuer under the SEBI (REIT) Regulations, 2014

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purpose. In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the subject property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the

property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is mentioned below:

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the subject property.

For the purpose of the valuation of Subject Properties (other than the portions of future development area part or whole of which may be considered for sale), Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation

8 Inspection

The Property was inspected on 28th and 29th March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the subject property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT under the applicable law.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and wilful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect

13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for

any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.

- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).
- In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.
- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc Disclosure and Publication.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B HYDERABAD CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1 Hyderabad City Overview

Particulars	Hyderabad City	Madhapur*	Gachibowli	Peripheral East*
Total completed stock 9M 2022 (msf)	87.5	54.3	29.2	2.3
Current occupied stock 9M 2022 (msf)	68.7	48.1	17.9	1.3
Current Vacancy 9M 2022 (%)	21.5%	11.4%	38.6%	42.7%
Avg. Annual Absorption - 2016 – 9M 2022 (msf)	6.0	3.9	1.9	0.1
Future Supply – Q4 2022 – 2024 (msf)	35.8	16.5	18.6	-
Market Rent – 9M 2022 (INR psf / month) (apprx.)	68.1	71.9	64.0	37.6

Source: Cushman & Wakefield Research **Mindspace REIT's micro markets*

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

Approximately 1.8 msf is the stock which is not captured in the three major micro-markets of the city

Hyderabad is the capital city of Telangana and India's fourth most populous city. Hyderabad Metropolitan Area (HMR) is spread over 7,229 sq.km. Affordable cost of living, rapid infrastructure development and a proactive government have driven the corporate activity and investments in the city. Hyderabad has emerged as 2nd largest IT exporter. Hyderabad is home to global captive centres of renowned technology companies such as Apple, Microsoft, Uber, Google, Facebook, Infosys and Cognizant, institutions (such as Centre for Cellular and Molecular Biology, Centre for Good Governance, Insurance and Regulatory Development Authority) as well as prominent educational institutions (such as Indian School of Business, Indian Institute of Technology, NALSAR University of Law and Agha Khan Academy). The physical infrastructure of the city is well developed with excellent road, rail and air transport networks. Madhapur and Gachibowli economic corridor houses most of the commercial office space establishments in Hyderabad. In Madhapur and

Gachibowli economic corridor, Madhapur is an established micro market with presence of renowned technological, financial services and professional services companies.

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

- **Technology Sector:** Technology services are the primary demand driver for the office space demand in Hyderabad. Hyderabad houses over 1500 technology companies and provides direct employment to approximately 778,121[2] people. Major technology companies operating from Hyderabad include Apple, Accenture, Google, IBM, Cognizant, Qualcomm, Facebook and others. In addition to the tenanted commercial office spaces, Hyderabad also houses several large size campuses of companies like Infosys, Wipro, Amazon, Cognizant, Cyient, Cap Gemini, Virtusa and Hitachi Consulting amongst others.
- **Engineering & Manufacturing, Financial and Professional Services:** Engineering & Manufacturing, Financial and Professional services companies are the key demand drivers for office space in Hyderabad after the technology companies. Major Engineering & Manufacturing companies include Qualcomm, Micro, Apple and others. Major financial services Companies in Hyderabad include JP Morgan, Wells Fargo, Bank of America, DBS, HSBC, Synchrony and others. Major professional services companies / knowledge centres in Hyderabad include Invesco, E&Y, KPMG, OMICS and others.
- **Social Infrastructure:** Hyderabad has established educational institutions and colleges (International Institute of Information Technology, Indian School of Business, Tata Institute of Social Sciences), shopping malls (Inorbit, Forum, GVK One, City Capital, Central, etc.), hospitals (Apollo, Sunshine, Care etc.), hotels (ITC, Westin, Park Hyatt, Novotel and Taj Krishna) and MICE centers (HITEX Exhibition Centre and HICC Convention Centre).
- **Physical Infrastructure:** Hyderabad is well connected to the rest of the country by National Highways – NH-7, NH-9 and NH-202. Outer Ring Road encircles the city and acts as nodal connecting point with the city and other town located within the state. The city has India's 6th busiest airport which connects Hyderabad to major international hubs and is currently being expanded to handle 34[2] million passengers. The city has a combination of light rail transportation system and metro.

Hyderabad enjoys relatively superior physical infrastructure facilities as compared to other metro cities in India. Integrated infrastructural facilities like outer ring road, metro rail, MMTS, radial roads and arterial roads provide faster and easier connectivity to Madhapur- Gachibowli economic corridor. To sustain the existing developments and grow the technology sector in Hyderabad, Government of Telangana has initiated several steps including the enhancement of physical infrastructure through

[2] *https://it.telangana.gov.in/investor-info/fact-sheet/*

[2] *GMR Hyderabad International Airport Limited*

strategic road development program and establishment of incubation center to promote value added technology initiatives and entrepreneurship.

2 Mindspace REIT's Micro-Market (Madhapur)

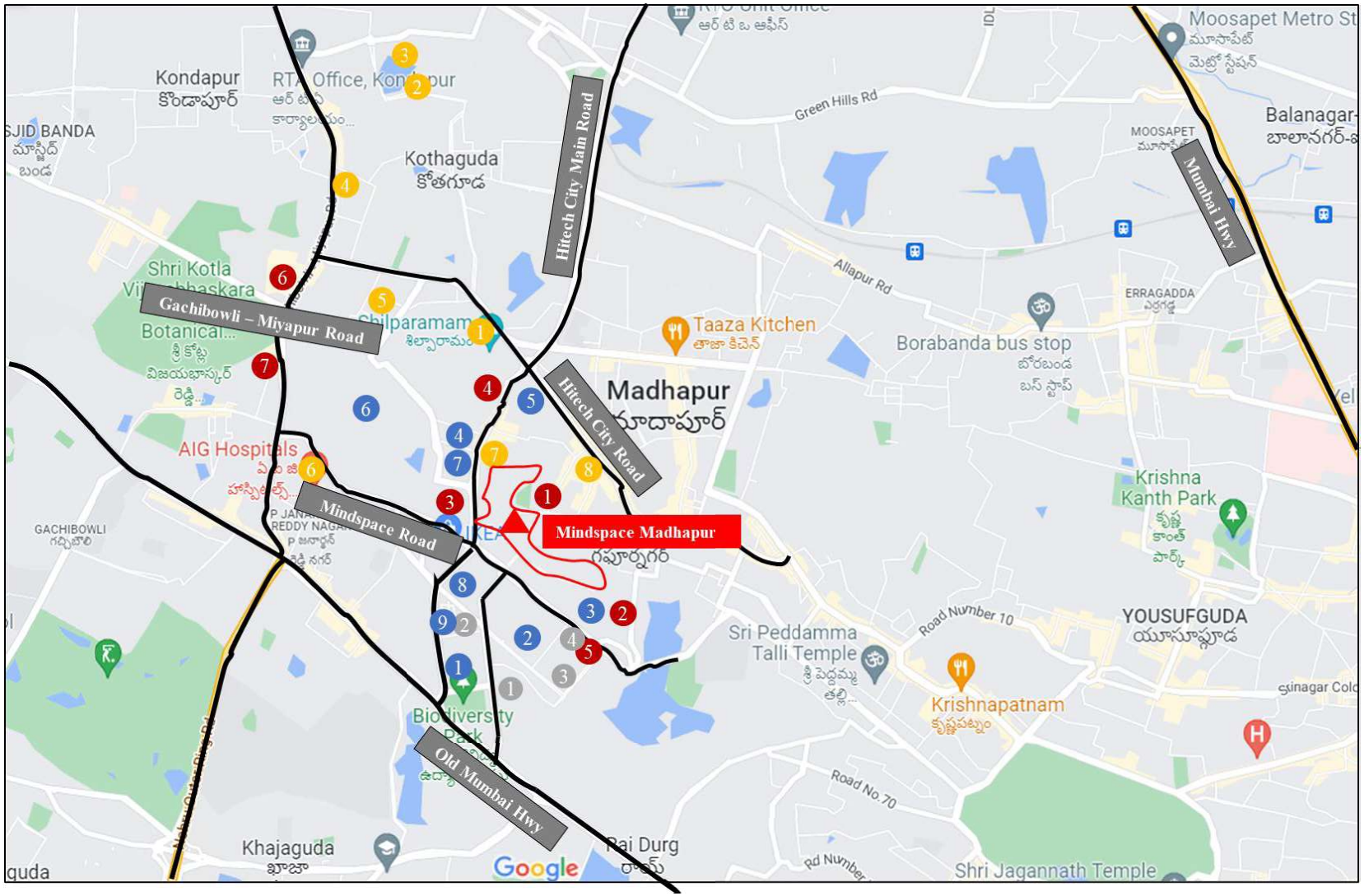
2.1 Overview

Madhapur is an established office space micro market in Hyderabad and is home to large scale commercial developments such as Raheja Mindspace, The V, Cyber Pearl, I-Labs, Divyasree Orion, Salarpuria Sattva Knowledge City as well as TCS and TCL campuses.

In addition to office space, Madhapur also consists of several retail, hospitality and entertainment developments such as HITEX Exhibition Centre, HICC Convention Centre, Inorbit mall, L&T Next Galleria Mall and Shilpa Kala Vedika. Prominent hospitality developments in the micro-market include ITC Kohenur, Westin and Novotel.

Madhapur enjoys excellent physical infrastructure with direct connectivity to the airport and connectivity with other parts of the city via the metro rail, MMTS rail network and road networks. Ongoing infrastructure projects in Madhapur include flyover at Kondapur. These developments are expected to be completed over the eight to twelve months and are expected to ease traffic congestion, thereby providing easier and faster access to other parts of the city.

Madhapur is the most preferred office space micro market in Hyderabad due to the presence of existing office space infrastructure, superior physical infrastructure and social infrastructure. In last decade, Madhapur dominated the other office space micro markets in Hyderabad doubling its office space to 54.3 msf in 9M 2022 from 24.4 msf in 2016 and represents 64.9% of total office absorption in Hyderabad since 2016. The vacancy levels have been at sub 5% during 2016 to 2019, however delay in timelines of under construction projects & consolidation of spaces by existing tenants due to Covid pushed vacancy levels to 10.0% 2021 and further increased to 11.4% in 9M 2022. CAGR rental growth during 2016- 9M 2022 stood at 3.9%.


Mindspace Madhapur
Hitech City Main Road
Hitech City Road
Gachibowli – Miyapur Road
Mindspace Road
Old Mumbai Hwy
Mumbai Hwy
Kondapur
Kothaguda
Madhapur
Shri Kotla
Botanical...
Chilparamam
Taaza Kitchen
Borabanda bus stop
AIG Hospitals
GACHIBOWLI
Krishna Kanth Park
Sri Peddamma Talli Temple
YOUSUFGUDA
Krishnapatnam
Khajaguda
Shri Jagannath Temple
Moosapet Metro St
Balanagar-
Green Hills Rd
Allapur Rd
ERRAGADDA
Road Number 10
Road No. 70
Google

Key Office Developments	Social Infrastructure	Lifestyle & Hospitality	Proposed Commercial Developments
1. RMZ Skyview	1. Shilparamam	1. Westin Hotel	1. Salarpuria Knowledge Park
2. Salarpuria Knowledge City	2. Hitex Exhibition Centre	2. Inorbit Mall	2. Aurobindo Orbit
3. The V IT Park	3. HICC Convention Centre	3. Lemon Tree	3. RMZ Nexity
4. Cyber Gate way	4. KIMS Hospital	4. Trident Hotel	4. RMZ Spire
5. Cyber Towers	5. Rainbow Hospital	5. ITC Kohenur	
6. Avance Business Hub	6. AIG Hospital	6. Sarath City Mall	
7. Cyber Pearl	7. Medicover Hospitals	7. SLN Terminus	
8. Aurobindo Galaxy	8. Image Hospitals		
9. My Home Twitza			

Key Commercial Developments *Social Infrastructure* *Lifestyle Infrastructure* *Propose Commercial Developments*

Mindspace is the largest and integrated IT park strategically located in Madhapur, Hyderabad. It has very good connectivity through Hyderabad metro rail, MMTS, outer ring road and other key arterial roads. Mindspace IT park has mix of commercial, retail, hospitality and residential developments

2.2 Key Statistics

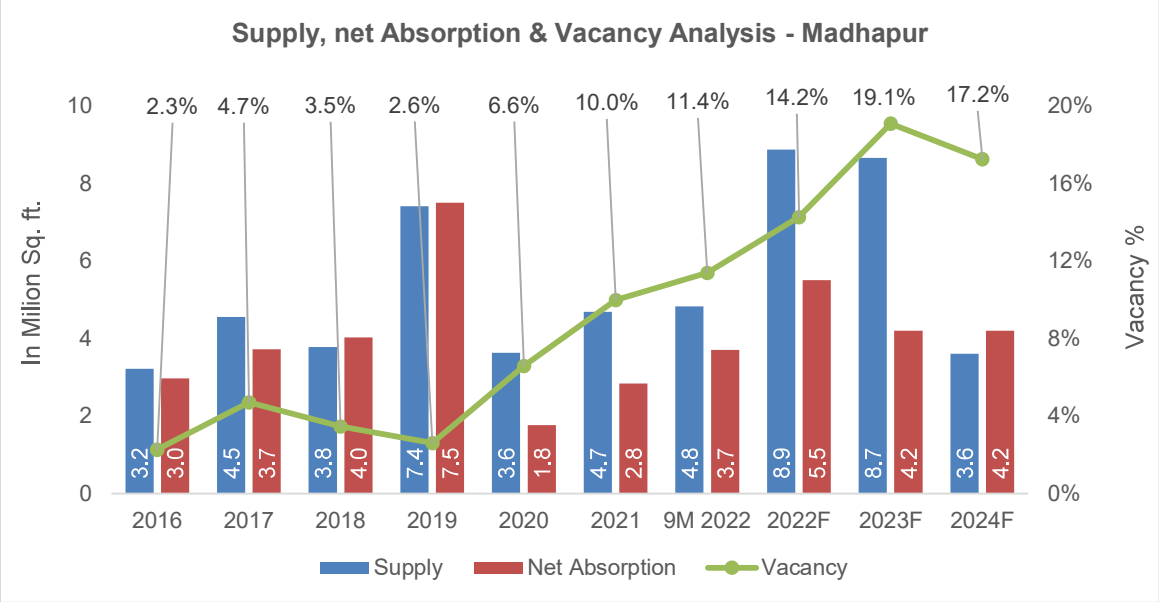
Particulars	Details
Stock (9M 2022)	**Approximately 54.3 msf**
Current Occupied stock (9M 2022)	**Approximately 48.1 msf**
Current Vacancy (9M 2022)	**Approximately 11.4%**
Average. Annual Absorption (2016– 9M 2022)	**Approximately 3.9 msf per annum**
Future Supply (Q4 2022 – 2024)	**Q2 – Q4 2022: Approximately 4.3 msf** **2023: Approximately 8.7 msf** **2024: Approximately 3.6 msf**

Source: Cushman & Wakefield Research

2.3 Supply, Absorption & Vacancy

Madhapur is an established commercial office space destination in Hyderabad and it enjoys superior infrastructure facilities as it is connected with other parts of the city and airport through wider roads, metro rail, MMTS and Outer Ring Road. The average supply in Madhapur during 2016-9M 2022 was in the range of 3.2 msf to 7.4 msf. With a stable government and good infrastructure, Madhapur continued to witness healthy demand from 2016 onwards. During 2016-2019, office space demand either matched the supply or outpaced the supply, leading to low vacancy levels. Due to COVID-19 and the challenges faced by the

commercial real estate sector, the construction completion timelines for few projects were delayed coupled with consolidation of spaces by existing tenants, the vacancy levels has reached 11.4% in 9M 2022. However, with signs of economic recovery, several developers fast tracked the construction resulting relatively higher supply in the coming 2-3 years. Demand is expected to recover moderately with absorption levels in the range of 4.2 – 5.5 msf during 2022-2024



Source: Cushman & Wakefield Research

Note: Future supply estimates are based on analyses of under construction buildings, however future absorption estimates are derived basis past trend, current vacancy and estimated supply. Vacancy estimates are based on supply and absorption trend.

Note: Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

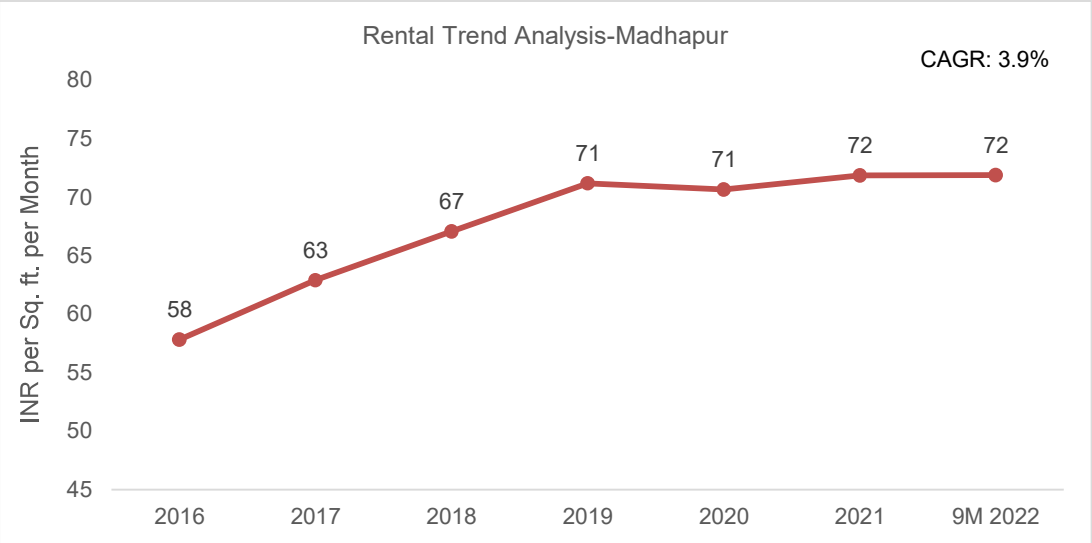
2.4 Rental Trend Analysis

With positive commercial outlook and limited supply, continued expansion of existing tenants and entry of new tenants there has been a continued growth in the rentals in Madhapur between 2016 - 2019. The current ongoing rentals are in the range of INR 68 psf / month to 75 psf / month. Due to robust fundamentals and superior infrastructure, Madhapur rentals outperformed the other micro markets in Hyderabad and grew at a CAGR of 3.9% during 2016 to 9M 2022. Madhapur witnessed pre-Covid rental growth of 7.2% from 2016 – 2019 and remained stable during the 2020 – 2021 (during Covid).

Madhapur office space dominated by IT/ITES tenants have shown growth in their business in last 2.5 years. Several Tier-1 IT/ITeS companies have increased their head count substantially in last 12-24 months. Companies already started calling their employees to offices in phased manner. Over the next six months it is expected to improve further. With more employees coming to office, we expect

companies to start planning to increase their office footprint to off-set the increased headcount in last 12-24 months. the impact of the same has already been reflecting in the leasing activity of last 6 months and would continue in the near term. However as mentioned earlier sections supply is also expected to increase as compared to the absorption leading to increase in vacancy in new buildings.

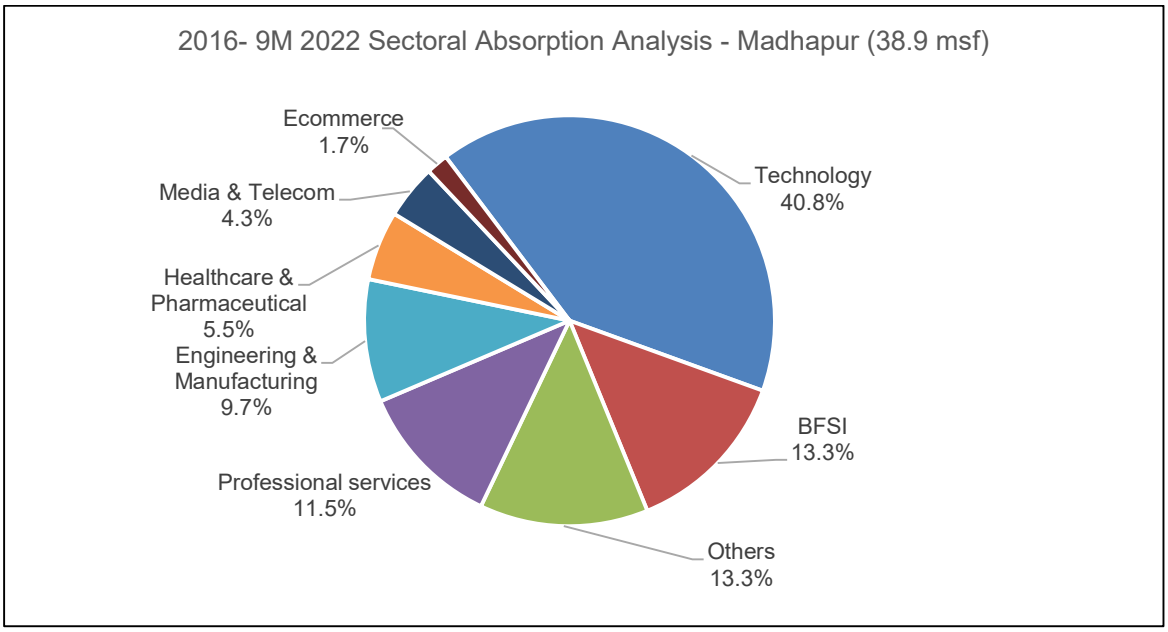
Rentals in Madhapur have seen improvement in last 6 months, we expect rentals to grow in stabilised assets in the medium term of 6 months due to the overall improvement in leasing activity due to expected higher space take up by IT/ITeS companies coupled with positive economic sentiment.



Source: Cushman & Wakefield Research

Note: The rentals are basis prevailing quote in the micro market. Actual achievable rent may vary +/-10% depending upon negotiations, final structuring of the lease agreement and other parameters

2.5 Sector Demand Analysis



Source: Cushman & Wakefield Research

Note: Others include Research & Analysis, Flexible Workspaces, Food/Beverages, Education, Automobile, Oil & Gas, Logistics & Shipping etc.

Note: The sectoral absorption analysis is based on gross absorption activity of the city i.e. including any relocations, consolidations etc.

Madhapur being the established office space micro market in Hyderabad has attracted major tenants. Technology sector is the major contributor to the demand for office space in Madhapur in last six years. Other sectors like Banking & Financial Services (BFSI), Professional Services, Engineering & Manufacturing and Flexible office spaces also contributed significantly to the demand in last six years.

2.6 Market Outlook

Hyderabad commercial office space market is expected to grow to next level due to the superior infrastructure, government initiatives to promote the technology sector, active investment by the local and national level developers in the city and overall positive commercial outlook for the city.

During 2016-2019, net absorption either matched supply or exceeded due to expansion of existing tenants within the city and entry of new tenants during 2016-2019 has led to compression in vacancy levels. Further, major portion of the planned supply during 2016-2019 was pre-committed showing strong interest / commitment level of tenant towards the market. Constant increase in net absorption levels from 4.7 msf in 2016 to 10.0 msf in 2019 along with expansion in rentals during the same period had attracted the National level & Hyderabad based developers to launch new projects in 2019 & 2020. However, due to the Covid led disruptions the timelines of under-construction projects have were pushed to 2021 & beyond, which led to increase in vacancy levels to 15.9% in 2021 and 21.5% in 9M 2022 as compared to 5.7% in 2019.

Approximately 35.8 Million sq. ft. office space is under construction and several projects are at advanced stage or at mid stage of construction. Approximately 6.0% of the upcoming supply is pre-committed. The vacancy levels are expected to rise over next 4-6 Quarters and soften a bit post 6 Quarters due to improvement in absorption levels. Increase in supply a natural cycle and demand catches up eventually resulting in softening of the vacancy rates.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centres by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

We have witnessed improved leasing activity coupled with improvement in rentals in last 3-6 months in Madhapur and we expect the recovery in the leasing activity to continue in near term as well. We expect moderate rental growth over next 6-12 month on account of improved leasing activity.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	Mindspace, Cyberabad, Survey Number 64 (part), Next to VSNL Bldg, Hitech City, Madhapur Village, Hyderabad - 500081, Telangana, India
Ownership & title details:	Subject Property is a freehold property and the 100% of the assets owned by the Sundew Projects Limited. Mind Space Business Parks REIT (Mindspace REIT) holds 89% ownership of the Sundew Projects Limited SPV and the balance 11% is held by Telangana State Industrial Infrastructure Corporation (TSIIC)

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, the Subject Property is considered to possesses a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani & co. (Hereinafter referred to as 'Legal Counsels'). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsels and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material Litigation

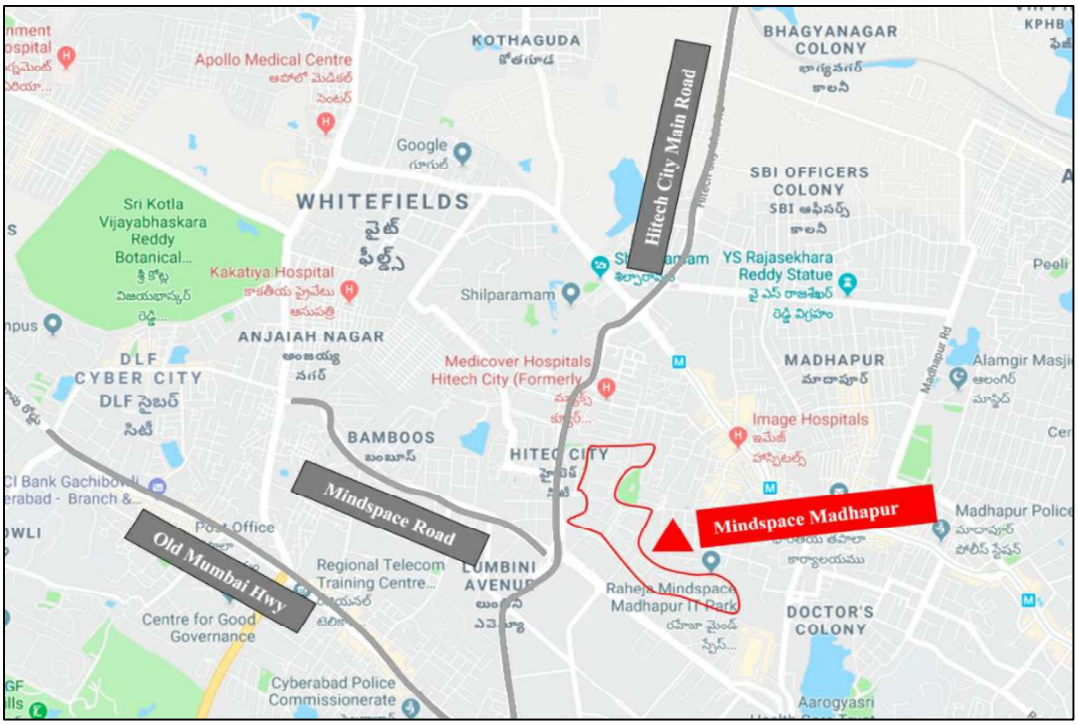
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

2 Location

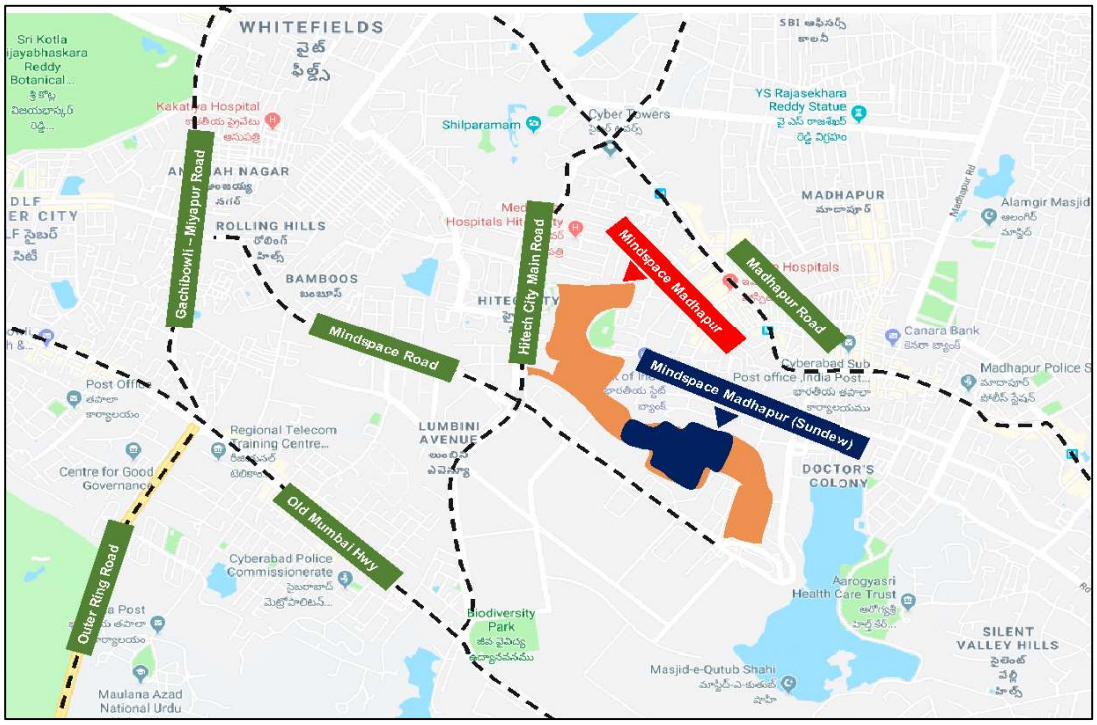
2.1 General

Subject property comprises operational and completed buildings 11, 12A, 12B, 12C,14, 12D, 20 and 22 (hereinafter referred to as Subject Property), which are part of Raheja Mindspace IT park located in Madhapur, Hyderabad. Raheja Mindspace, is spread over 110 acres comprising SEZ and Non-SEZ office space. It enjoys good accessibility and connectivity with other parts of the city. Hitech city. Durgam Cheruvu road and Hitech city road connecting to Mumbai highway abuts the Mindspace. Mindspace is accessible through 120 feet internal road. Prominent developments in the vicinity of the IT Park are Inorbit Mall, Ascendas V Park, Salapuria Sattva IT Park, TCS Deccan Park, Cyber Pearl, Cyber Towers, Trident Hotel, Lemon Tree hotel etc. It Houses prominent tenants like Cognizant, UHG, Amazon, J.P. Morgan, Pega Systems etc

The location map of the Subject Property is set out below:



(Map not to Scale)



(Map not to Scale)

The Subject Property is spread out over ~40.25 acres of land parcel. Subject Property buildings are located on either side of the Mindspace internal access road and enjoys good frontage and visibility. Subject Property is regular in shape with fairly even topography.

2.2 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.3 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 0-1 kms from Hyderabad Metro Railway Station at Mindspace Circle
- Approximately 5-6 kms from Hitech City MMTS railway station
- Approximately 20-21 kms from Secunderabad Railway Station
- Approximately 34-35 kms from Rajiv Gandhi International airport at Shamshabad

The property photographs of the Subject Property are attached in Annexure 3.

The Subject Property is well accessible from all locations of Hyderabad and Hyderabad Metro Rail. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Hyderabad where the Subject Property is located falls in Seismic Zone II with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and does not face any significant problems of flooding or waterlogging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property, and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Mindspace Madhapur (Sundew) forming part of Mindspace IT Park located in Madhapur, comprises of SEZ and Non-SEZ buildings. The Subject Property has one component i.e. completed component.

Completed Buildings – Building 11,12A, 12B, 12C, 14, 12D, 20 and 22

The completed buildings and parts thereof with Occupancy Certificates (OC) collectively admeasure ~5.7 million sq. ft. of leasable area. Of the total 8 completed buildings, 6 are SEZs, 2 are non-SEZ buildings (Buildings 11 & 22). The non-SEZ buildings are located at the entrance of the Subject Property and remaining six buildings have an entry through a secured gate. The IT Park has food courts, gaming zone and other amenities.

The building wise Leasable Area break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 11	595,490	Non-SEZ	Completed
Building 12A	856,837	SEZ	Completed
Building 12B	668,727	SEZ	Completed
Building 12C	786,257	SEZ	Completed
Building 14	529,307	SEZ	Completed
Building 20	925,574	SEZ	Completed
Building 12D	1,246,519	SEZ	Completed
Building 22	127,398	Non- SEZ	Completed

Source: Architect's Certificate, Rent Rolls, Lease Deeds/Leave and License Agreements

Total leasable area for the property varies versus the architect certificate. The change in area is in accordance with the Lease Deeds/ Leave and License Agreements.

3.1 Key Asset Information

Completed Buildings

Particulars	Details
Entity:	Sundew Properties Limited
Interest owned by Mindspace REIT (%)[1]:	**Subject Property is wholly owned by Sundew Properties Limited which is 89% owned and controlled by Mindspace REIT[1]**
Age of building based on the date of occupancy certificate:	**Building 11 - 10 years and 5 months** **Building 12A - 6 years and 7 month** **Building 12B - 7 years and 7 month** **Building 12C - 5 years and 7 months**

	Building 14 - 11 years and 10 months **Building 20 - 9 years and 10 months** **Building 12D – 2 years and 6 months** **Building 22 – 2 years and 5 months**
Asset type:	**SEZ and IT Park with 2 Non-SEZ buildings**
Sub-market:	**Madhapur**
Approved and existing usage:	**Commercial Office/IT SEZ**
Site Area (acres):	**~40.25**
Freehold/Leasehold:	**Freehold**
Leasable Area:	**5.74 million sq. ft.**
Occupied Area:	**5.47 million sq.ft.**
Occupancy (%)[2]	**95.41%**
Committed Occupancy (%)[3]	**95.41%**
Number of Tenants	**44**

Source: Client information

Notes:

1. *Refer company structure set out in Appendix 1*
2. *Occupancy refers to proportion of area leased which is actively occupied by the tenants*
3. *Committed occupancy also includes area which has been pre-leased to tenants.*

3.2 Property Inspection

The Subject Property is part of a large campus called Mindspace at Madhapur, comprising eight operational buildings, namely Building No. 11, 12 A, B, C&D, 14, 20 and 22 were inspected on 28 and 29 March 2022.

All the operational buildings of the Subject Property except Building 11 & 22 are part of designated SEZ and have a separate gated entry. Since the last inspection in March 2021, newly commissioned Building 12 D has achieved an occupancy of 94% compared to 87% occupancy last year. In Buildings 14 and 12C upgradation of STP was taking place at the time of property inspection. Also building 22 has been handed over to the tenant, thought the building is not yet occupied and operational as a hotel.

The inspection of the operational buildings comprised visual inspection and visits to key utility areas like LT Electric Room, Pump Room, HVAC installations, Power Back up, STP. The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance within the operational buildings. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation was observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure is based completely on visual survey

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates dated on 17th June 2020 mentioning site areas and property areas
b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property
c. Lease agreements and commercial clauses for all the tenants signed after the date June 17, 2020
d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
e. Management representation regarding the following:

i. List of material litigations
ii. Major repairs undertaken and proposed in the Subject Property
iii. Statement of Assets
iv. Revenue pendency, if any
v. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

3.4 Tenant Profile

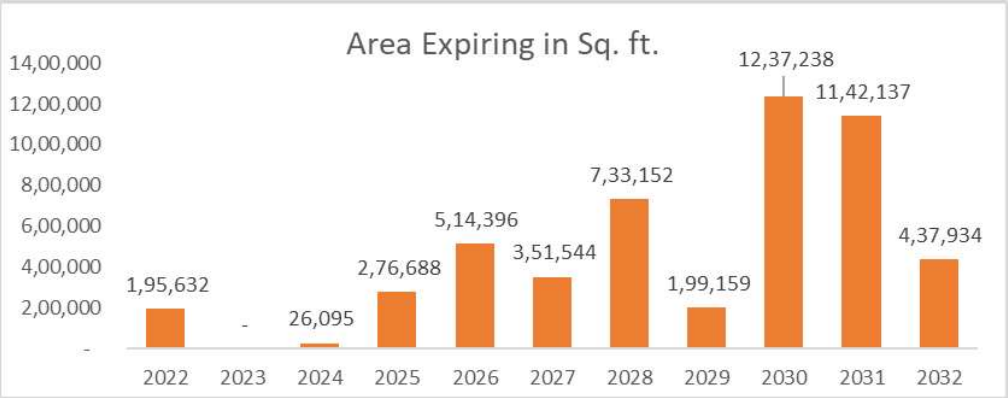
As of 30 September 2022, Subject Property has 44 tenants (for office space) which include companies like UHG, Amazon, AMD, Cognizant etc. The Subject Property's top 10 tenants account to ~58.3% of the Gross Rental income.

Rank	Top 10 Tenant according to Leasable Area	Leasable Area (sq. ft.)
1	Cognizant	855,690
2	UHG	407,401
3	AMD	356,296
4	Amazon	338,782
5	UTC	248,822
6	Pegasystems	237,711
7	IBM	231,535
8	Mindtree	219,915
9	Wipro	219,571
10	Open Text	200,334
	Total	3,315,057

Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Cognizant	11.4%
2	AMD	7.2%
3	Amazon	6.8%
4	UHG	6.3%
5	UTC	5.2%
6	Wipro	5.0%
7	IBM	4.9%
8	Pegasystems	4.3%
9	Open Text	4.0%
10	Mindtree	3.2%
	Total	58.3%

3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 7.90 years, with 17.7% of occupied area expiring between CY 2022 and CY 2026 as shown in the chart below.



4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or sub markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top 5 tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-Market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market research. Accordingly, the review was carried out in the following manner

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable market rent (Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon releasing).

2. The Valuer also analysed the historical leasing within the asset for anchor tenants to identify the discount that is extended to such tenants at the time of fresh leasing or lease renewals. Rent roll and sample of lease deeds of large anchor-tenants were analysed and applicable adjustments to marginal rent was estimated for individual leases. For other tenants occupying relatively large space within the properties, it is assumed that the leases shall revert to marginal rents (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/proposed area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/proposed areas respectively.
   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/proposed area, the achievable market rent led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/proposed area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.
   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry

   Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Recurring operational expenses, fit-out income (if any– the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.
4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Building 11, 12A, B, C &D, 14 and 20

Property Details	Unit	Details
Land Area	acres	
Super Built Up Area	sq.ft.	56,08,711
Total Property Leasable Area	sq.ft.	56,08,711
Area Leased	sq.ft.	53,45,510
Leased	%	95.31%
Vacant Area	Sft	2,63,201
Vacancy	%	4.7%
Stabilized Vacancy	%	2.0%
Further leasing	Sft	1,51,027
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	6,620
4W Slots-Paid	Number	2,490

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases. Because of the lingering impact of the Covid related slowdown, we expect the tenants being offered an additional 1 month of rent-free period for all the existing lease rollovers happening within the upcoming 12 months (from 1 October 2022) in order to retain and support them.
    - A stabilized vacancy of 2% is considered for the Subject Property which is in line with the current market trends
- . **Future absorption:**

  Since the Subject Property is 95.41% leased and the vacancy is above the stabilized vacancy of 2%, We have considered additional 3 months delay in leasing for the vacant spaces for next 6 months because of temporarily suppressed demand

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 70.00
Market Rent - Food Court	Per sft/month	INR 25.00
Anchor Tenant Rent	Per sq.ft./month	INR 66.50
Market 4 W Parking Rent	Per slot/month	INR 2,000
Market 2W Parking rent	Per slot/month	INR 0
Cafeteria Income	Per sq.ft./month	INR 0.0
Other income	% of Lease Rentals	1.00%
Market Rent growth rate	% p.a.	5.00%
Parking Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation perio	%	4.5%
CAM/O&M Income prevailing in the market	Per sq.ft./month	12.17

- **Market rent - office:**

  Over last six months, the average rentals in Madhapur (in Subject Property and in competing buildings) have been in the range of INR 60-70 per sq. ft. per month. Considering the location, accessibility, quality, size of the building, and keeping in view of the future supply expected in Madhapur, we have considered the market rental of INR 70.0 per sq. ft. per month for the subject property.

  Following is the list of major commercial leasehold transactions held during Oct 2021 to Sep 2022

S.No.	Property Name	Developer	Tenant Name	Rent (INR/Sq.ft/Month)	Leased Area (INR/Sq.ft/Month)
1	Mindspace B#3A & 3B	K Raheja Corp.	Smartworks	65.0	4,43,937
2	Mindspace – B#5	K Raheja Corp.	BA Continuum India Private Limited	59.0*	3,59,642
3	Salarpuria Knowledge City Opel Block	Salarpuria	Goldman Sachs	74.0	3,50,989
4	The Nexity	RMZ	EA Sports	74.0	3,20,000
5	Avance Business Hub H 09	Phoenix Group	Legato	69.0	2,86,379
6	Salarpuria Sattva Knowledge Park	Salarpuria	BOSCH	74.0	2,36,894
7	Knowledge City (Parcel-3)	Salarpuria	EPAM Systems	74.0	2,03,256
8	Aurobindo Galaxy	Aurobindo Group	IDFC First Bank	69.0	1,52,277
9	Meenakshi Tech Park	Meenakshi Group	Reliance Industries Limited	65.0	1,05,700
10	Mindspace – B#9	K. Raheja Corp	HSBC	65.0	99,760
11	Divyasree Trinity Block # 4	Divyasree	I-sprout	75.0	96,539
12	Mindspace B#9	K Raheja Corp.	WeWork	70.0	96,412

S.No.	Property Name	Developer	Tenant Name	Rent (INR/Sq.ft/Month)	Leased Area (INR/Sq.ft/Month)
13	L&T Next Avenue Tower 1	L&T	L&T Infotech	72.0	96,316
14	L&T Next Avenue Tower 1	L&T	L&T Infotech	72.0	94,340
15	Salarpuria Knowledge City Parcel - 3	Salarpuria	Goldman Sachs	98.0#	92,818
16	Mindspace B#12D	K Raheja Corp.	Thryve Digital	67.0	85,128
17	Aurobindo Galaxy	Aurobindo Group	TableSpace	66.0	79,600
18	Aurobindo Galaxy	Aurobindo Group	Dazn	74.0	79,600
19	Salarpuria Sattva Knowledge Park	Salarpuria	NB Health Care	115.0#	78,361
20	Mindspace B # 12 D	K Raheja Corp.	Mindtree	69.0	70,522

- **Market rent growth rate:** As mentioned earlier in the report, absorption of Madhapur micro market has either matched or exceeded supply from 2016 -2019 (pre Covid period). However, the absorption remained supressed during Covid due to consolidation of space by existing tenants. The market has witnessed recovery in absorption levels in later half of 2021 and continuing due to expansion of existing tenants and entry of new tenant's post Covid 2nd wave amid stable rentals. Occupiers have started evaluating their return to office strategy and few organisations have already expanded their office space due to the increased hiring witnessed during and after the pandemic. Hence, we have considered an annual rental growth of 5% from April 2023 onwards.
- **Market Rent 4W Parking -** Rent for car parks are assumed at INR 2,000 per slot per month in line with the current rentals for paid car parks in Madhapur.
- **Other income:** Analysis of the historical trend of other income suggest a normalized level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental and an annual inflation of 5%. (Note: Other income constitute income from signage, kiosks, conferences and others)
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and received higher effective rent for the same area. Going forward, for leases which will expiry during the next 10 years, we have considered efficiency at lower of actuals or 76%.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin- Stabilised	Per sq.ft./month	INR 2.43
CAM/ O&M cost-FY2023E	Per sq.ft./month	INR 9.74
Property Tax	Per sq.ft./month	INR 1.16
Insurance	Per sq.ft./month	INR 0.17
Signage licence fees	Per sq.ft./month	INR 0.00
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Operating Income	3.50%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, the brokerage expenses amounting to two months for new leases and one month for existing lease rollovers has been considered.
- **CAM Margin:** As per the information received by the client, CAM / O&M Cost is expected to be INR 9.74 per sq. ft. per month. CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as financial year ended 31 March 2022 and projected to increase at 3% per annum.
- **Other operating expenses** have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, property management fees have been assumed at 3.5% of operating income comprising lease rentals, parking income, Other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Capex Schedule

Following table represent the capex planned to be incurred for upgradation of the completed buildings in the subject property along with finishing of pending works for building 12D

Quarter		01-Oct-22	01-Jan-23	01-Apr-23	01-Jul-23	01-Oct-23
		31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23
Capex	INR Million	141	139	48	46	14

Note: We have relied on Client inputs for the assumptions relating to construction timeline and cost

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.
In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	13,70,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	4,21,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	91,00,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	23,00,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	7,00,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	12,50,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	18,80,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	27,00,000	24,000	7.75%-8%

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of ~11.75% was found to be aligned with the expectations of international investors investing in similar assets.

Building 22

Property details

Property Details	Unit	Details
Super Built Up Area	sq.ft.	1,27,398
Area Leased	sq.ft.	1,27,398
Leased	%	100.00%
Vacancy	%	0.0%
Stabilized Vacancy	%	2.0%
Existing Lease rollovers	%	98.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	896.0
Paid 4W Slots	Number	0.0
Estimated leasing period	No. of quarter	1.0

Construction related assumptions

Construction- Related Assumptions	Unit	Details
Start date of construction		1-Apr-18
End date of construction		31-Mar-2021
Total construction cost	INR Million	663
Construction cost incurred till date	INR Million	570
Construction cost to be incurred	INR Million	93

Quarter		1	2	3
Particulars	Unit	01-Oct-22 31-Dec-22	01-Jan-23 31-Mar-23	01-Apr-23 30-Jun-23
Construction Cost	INR Million	(45)	(45)	-
PSS Cost	INR Million	-	-	-

Note: We have relied on Client inputs for the assumptions relating to construction.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Contracted Rent	Per sq.ft./month	INR 58.00
Cafeteria Income	Per sq.ft./month	INR 0.0
Other income	% Lease Rentals	0.0%
Contracted Rent growth rate	% p.a.	10.00%
Contracted Rent Escalation	years	3.00

- **Rent:** Subject Property is already pre-leased to Chalet Hotels Limited for a period of 67 years to be operated as a hotel at a rent of Rs 58 psft/month.
- **Contracted rent growth rate:** Subject Property is pre-leased to Chalet Hotel for a period of 67 years with rental escalation of 10% at the end of every three years.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin (% on Cost)	%	0%
Current CAM/ O&M cost	Per sq.ft./month	INR 0.00
Property Tax	Per sq.ft./month	INR 1.16
Insurance	Per sq.ft./month	INR 0.17
Signage licence fees	Per sq.ft./month	INR 0.00
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals	3.50%

- **CAM cost:** We have not considered any CAM cost, since the Subject Property will be used as a hotel and the maintenance of the property will be taken care by tenant only.
- **Normalized CAM margin:** We have not considered any CAM margin since the Subject Property will be used as a hotel and the maintenance of the property will be taken care by the tenant only.
- **Property tax and insurance cost** have been benchmarked with the existing operational building in the Sundew portfolio. The existing operational buildings and building 22 are located in same revenue jurisdiction and are part of the Mindspace IT Park
- Other operating expenses and have been assumed at 2% of the lease rentals.
- Based on information received from the Client, property management fees have been assumed at 3.5% of operating income comprising lease rentals, parking income, other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Discount Rate & Capitalisation Rate assumptions

- **Capitalization Rate:**

  Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.
  In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

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**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of ~11.75% was found to be aligned with the expectations of international investors investing in similar assets.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows

Component	Market Value as on	In Figures	In Words
Completed Buildings	30 September 2022	INR 55,024 Million	Indian Rupees Fifty-Five Billion and Twenty Four Million Only

Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the Subject Property and the valuation presented is for 89% interest in the Subject Property only. The total value of the asset with 100% interest is INR 61,825 million for as on 30 September 2022.

Ready reckoner rate

Component	Rate
Built up Area	Ground floor – INR 7,300 per sq. ft. First & other floors - INR 6,600 per sq. ft.
Land Area	INR 44,900 per sq..yrd.

Source; https://registration.telangana.gov.in/UnitRateMV/unitRateMV

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

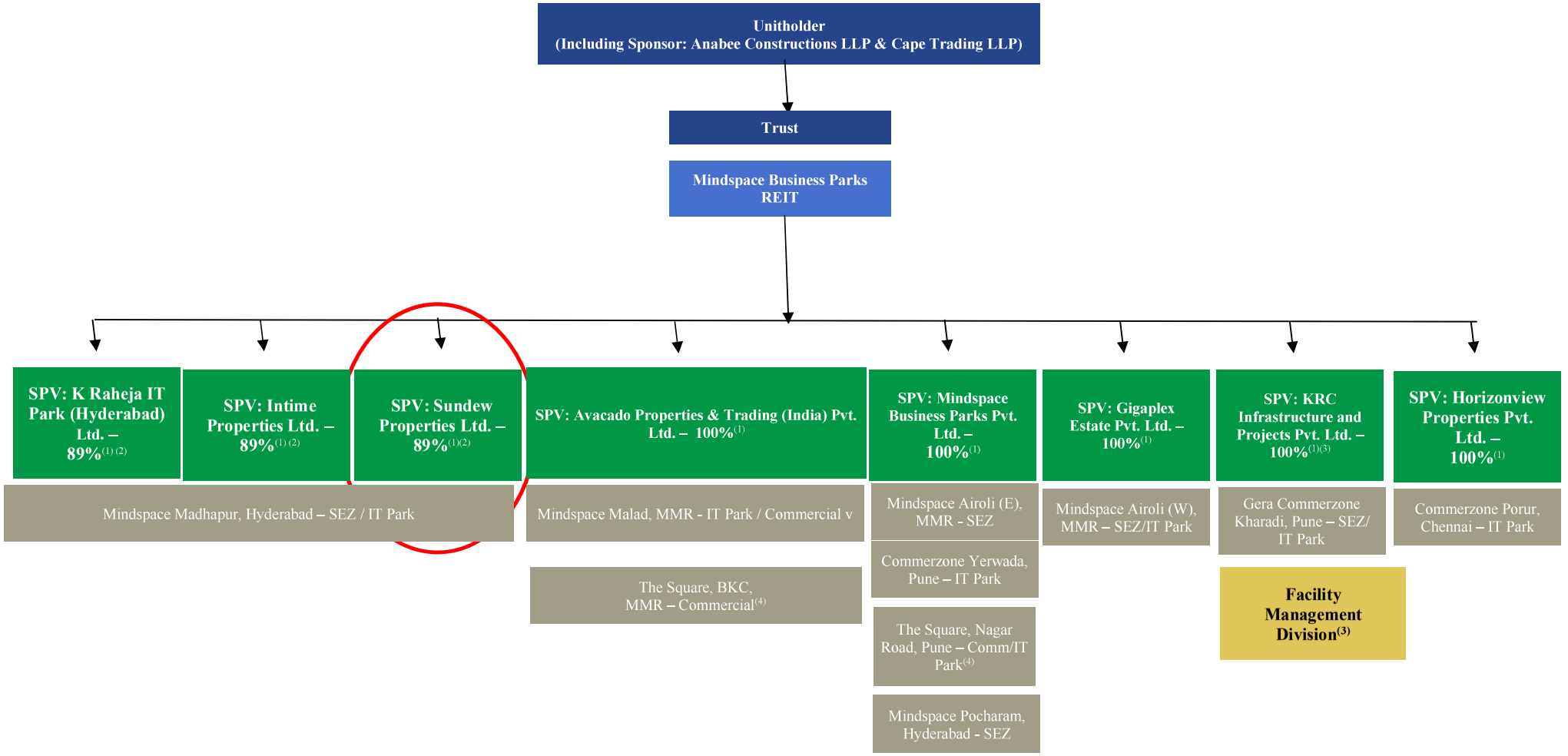
Prepared by

SHUBHENDU SAHA

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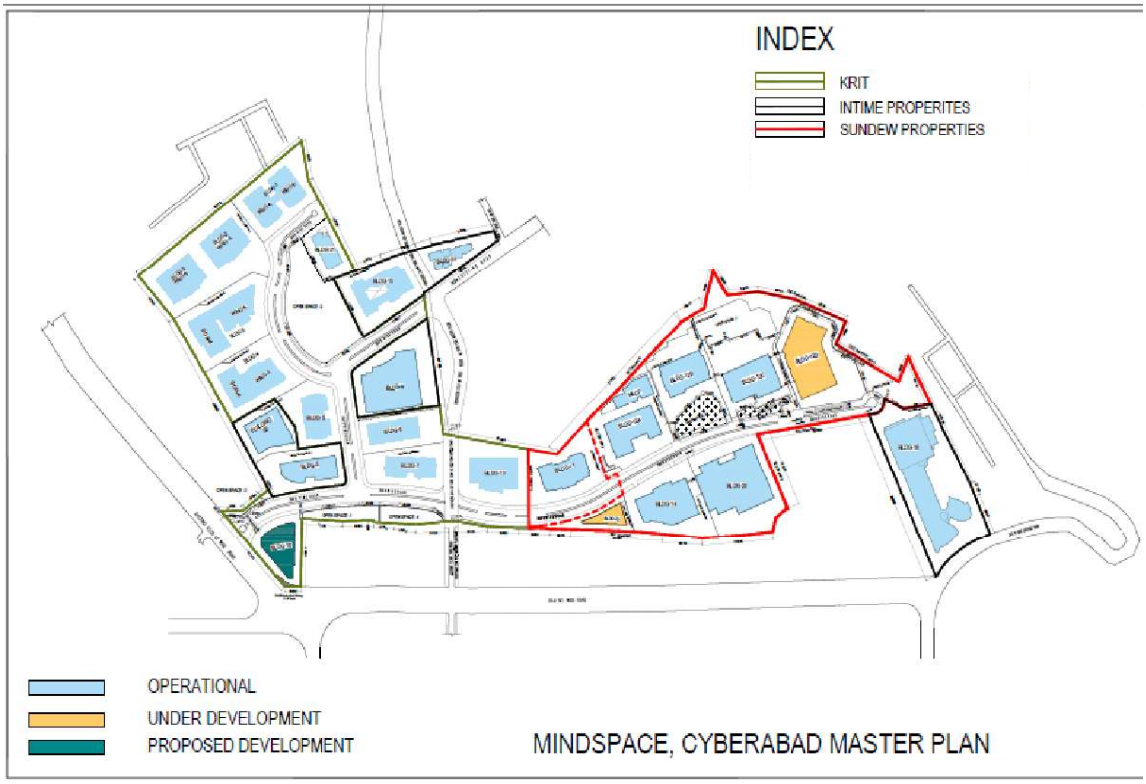
Annexure 1: Ownership Structure of Subject Property



Note:

1. *% indicate Mindspace REIT's shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd.*

Annexure 2: Site Layout



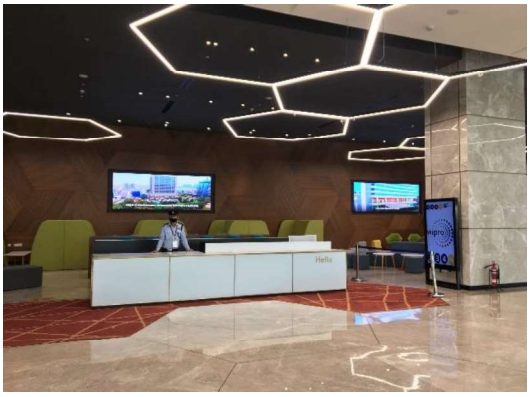
Annexure 3: Property Photographs



External View of Building 12C



Lift Lobby of Building 12C



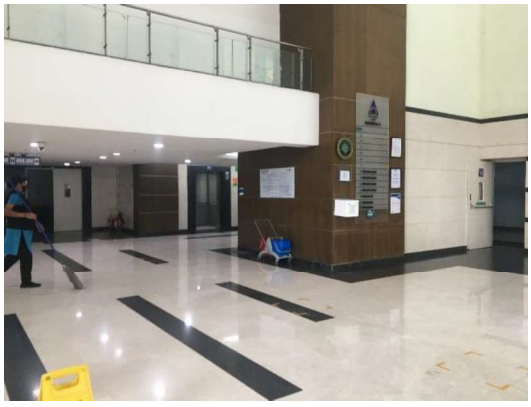
Lobby of Building 12D



External View of Building 12D



External View of Building 14



Lobby of Building 14



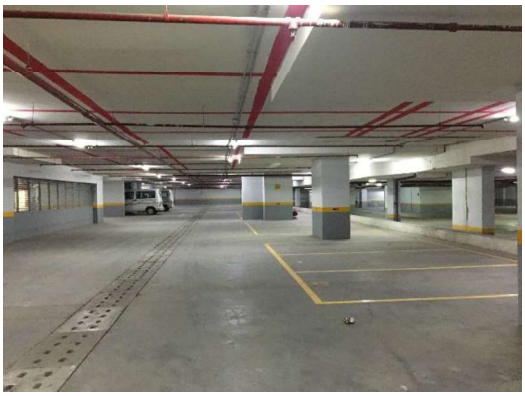
External View of Building 12A



Lift Lobby of Building 12A



External View of Building 12B



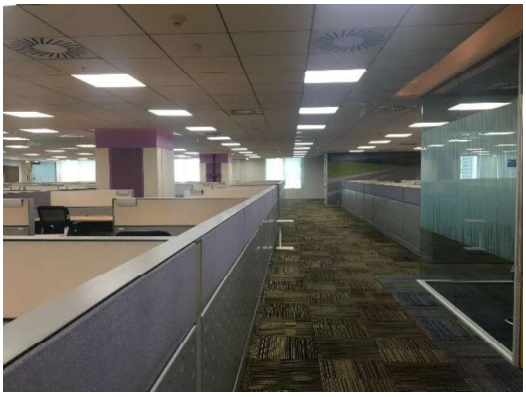
Parking Bay of Building 12B



External of Building 20



External View of Building 11



Internal of Building 11



External View of Building 22

Annexure 4: Statement of Key Assets

Building	No. / Name	B11	B12A	B12B	B12C	B12D	B14	B20
Floor	Nos	3B+G+14F	3B+G+14F, G+4FMLCP	B1+B2+G+14F	3B+GF+13F +Terracecafateri a	3B+GF+1P+13F+ 1TerraceOff	G+2P+8F	G+4.5P+7F
Warm Shell / Bare shell		Warm Shell	Warm Shell	Warm Shell	Warm Shell	Warm Shell	Warm Shell	Warm Shell
Air Cooled Chiller	TR	700	350	285	300	NA	350	1 x 300, 1 x 350
Water Cooled Chiller	TR	2 x 320	2 x 750	2 x 610	2 x 600	NA	2x 600	3 x 600
No of DG / Capacity	No. / KVA	5 x 1500	6 x 1650	5 x 1500	6 x 1550	4 x 2000	1 x 775, 4 x 1010	5 x 1650
No of Transformers / Capacity	No./ KVA	3 x 2500	3 x 2500	3 x 2000	3 x 2500	4 x 2000	2 x 3000	3 x 2500
FF System								
Booster Pump	KW / Make	11 - Kirloskar Brothers	2 x 11 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers
Jockey Pump	KW / Make	5.5 - Kirloskar Brothers	7.5 - Kirloskar Brothers	7.5 - Kirloskar Brothers	5.5 - Grounfos	11 - Kirloskar Brothers	14 - Kirloskar Brothers	5.5 - Kirloskar Brothers
Fire Diesel Pump	KW / Make	110 - Kirloskar Brothers	109.6 - Kirloskar Brothers	109.6 - Kirloskar Brothers	109.6 - Kirloskar Brothers	109.6 - Kirloskar Brothers	97.8 - Kirloskar Brothers	109.6 - Kirloskar Brothers
Hydrant Pump	KW / Make	110 - Kirloskar Brothers	110 - Kirloskar Brothers	90 - Kirloskar Brothers	93 - Kirloskar Brothers	93 - Kirloskar Brothers	75 - Kirloskar Brothers	90 - Kirloskar Brothers
Sprinkle Pump	KW / Make	110 - Kirloskar Brothers	110 - Kirloskar Brothers	90 - Kirloskar Brothers	93 - Kirloskar Brothers	93 - Kirloskar Brothers	75 - Kirloskar Brothers	90 - Kirloskar Brothers
STP Rating	KLD	210	350	260	295.00	644	150	350

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Approved masterplans

b) Commencement Certificate for Building B22 and 12D

c) Consent to Operate valid for all operational buildings, except Building 22

d) Full Occupancy Certificates for all operational buildings including building 22, except Buildings 12 B&C

e) Height Clearance NOC from AAI

f) Fire NOC for all Buildings

g) Environmental Clearances

h) SEZ Notification

i) Consent for Establishment

Approvals Pending

a) Consent to Operate for Building 22 (yet to apply)

Annexure 6: Cash Flow Profile

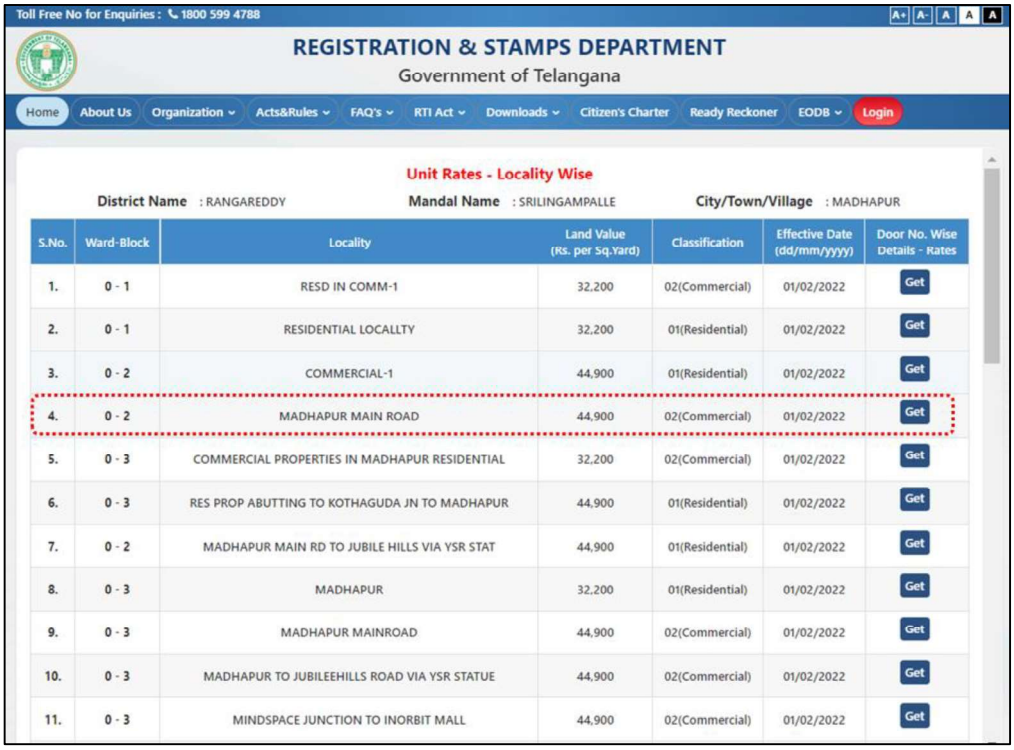
Completed Building (Bldg. 11,12A, 12B, 12C, 14 20 and 12D)

		1	2	3	4	5	6	7	8	9	10	11
Particulars	**Unit**	**01-Oct-22 30-Sep-23**	**01-Oct-23 30-Sep-24**	**01-Oct-24 30-Sep-25**	**01-Oct-25 30-Sep-26**	**01-Oct-26 30-Sep-27**	**01-Oct-27 30-Sep-28**	**01-Oct-28 30-Sep-29**	**01-Oct-29 30-Sep-30**	**01-Oct-30 30-Sep-31**	**01-Oct-31 30-Sep-32**	**01-Oct-32 30-Sep-33**
OPERATING INCOME												
Lease Rentals	INR Million	3,928.8	4,193.7	4,450.5	4,684.3	4,960.0	5,316.4	5,645.1	6,008.7	6,404.2	6,932.6	7,447.3
Parking Income	INR Million	63.0	64.8	64.7	63.7	64.3	65.8	67.0	68.2	69.3	103.7	116.0
O&M income	INR Million	839.6	881.6	925.7	972.0	1,020.6	1,071.6	1,125.2	1,181.4	1,240.5	1,302.5	1,367.7
Other Income (Kiosk and Conference)	INR Million	39.3	41.9	44.5	46.8	49.6	53.2	56.5	60.1	64.0	69.3	74.5
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	4,870.7	5,182.0	5,485.3	5,766.8	6,094.4	6,507.0	6,893.7	7,318.4	7,778.0	8,408.1	9,005.4
Total Income from occupancy	**INR Million**	**4,870.7**	**5,182.0**	**5,485.3**	**5,766.8**	**6,094.4**	**6,507.0**	**6,893.7**	**7,318.4**	**7,778.0**	**8,408.1**	**9,005.4**
OPERATING COSTS												
O&M cost	INR Million	(671.9)	(705.5)	(740.8)	(777.8)	(816.7)	(857.6)	(900.4)	(945.5)	(992.7)	(1,042.4)	(1,094.5)
Insurance Cost	INR Million	(11.9)	(12.3)	(12.7)	(13.0)	(13.4)	(13.8)	(14.2)	(14.7)	(15.1)	(15.6)	(16.0)
Property Taxes	INR Million	(79.5)	(81.9)	(84.4)	(86.9)	(89.5)	(92.2)	(95.0)	(97.8)	(100.8)	(103.8)	(106.9)
Total Operating Costs	**INR Million**	**(763.4)**	**(799.7)**	**(837.8)**	**(877.8)**	**(919.7)**	**(963.6)**	**(1,009.7)**	**(1,058.0)**	**(1,108.6)**	**(1,161.7)**	**(1,217.4)**
Net operating Income	**INR Million**	**4,107.3**	**4,382.3**	**4,647.5**	**4,889.0**	**5,174.8**	**5,543.4**	**5,884.1**	**6,260.4**	**6,669.4**	**7,246.4**	**7,788.0**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	97,349.4	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(973.5)	
Fit Out Income	INR Million	236.4	236.4	236.4	106.9	1.9	-	-	-	-	-	
Total Net income	**INR Million**	**4,343.7**	**4,618.7**	**4,883.9**	**4,995.9**	**5,176.7**	**5,543.4**	**5,884.1**	**6,260.4**	**6,669.4**	**1,03,622.4**	
Property Mangement Fees	INR Million	(149.4)	(158.8)	(167.9)	(171.6)	(177.7)	(190.2)	(201.9)	(214.8)	(228.8)	(248.7)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(79.8)	(85.2)	(90.3)	(95.0)	(100.5)	(107.6)	(114.2)	(121.5)	(129.5)	(140.7)	
Brokerage Expenses	INR Million	(10.9)	(15.1)	(15.3)	(41.5)	(41.2)	(4.4)	(82.1)	(91.8)	(152.1)	(94.2)	
Net Cashflows- Before Construction	INR Million	4,103.6	4,359.7	4,610.4	4,687.9	4,857.4	5,241.0	5,485.8	5,832.3	6,159.1	1,03,138.8	
Construction Cost	INR Million	(372.8)	(13.8)	-	-	-	-	-	-	-	-	
Net Cashflows	**INR Million**	**3,731**	**4,346**	**4,610**	**4,688**	**4,857**	**5,241**	**5,486**	**5,832**	**6,159**	**1,03,139**	

Building 22

Annual		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	01-Oct-22 30-Sep-23	01-Oct-23 30-Sep-24	01-Oct-24 30-Sep-25	01-Oct-25 30-Sep-26	01-Oct-26 30-Sep-27	01-Oct-27 30-Sep-28	01-Oct-28 30-Sep-29	01-Oct-29 30-Sep-30	01-Oct-30 30-Sep-31	01-Oct-31 30-Sep-32	01-Oct-32 30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	88.7	88.7	96.7	97.5	97.5	106.3	107.3	107.3	117.0	118.0	118.0
Parking Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
O&M income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Other Income (Kiosk and Conference)	INR Million	-	-	-	-	-	-	-	-	-	-	-
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	88.7	88.7	96.7	97.5	97.5	106.3	107.3	107.3	117.0	118.0	118.0
Total Income from occupancy	INR Million	88.7	88.7	96.7	97.5	97.5	106.3	107.3	107.3	117.0	118.0	118.0
OPERATING COSTS												
O&M cost	INR Million								-	-	-	-
Insurance Cost	INR Million	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)
Property Taxes	INR Million	(1.8)	(1.9)	(1.9)	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)	(2.4)	(2.4)
Total Operating Costs	INR Million	(2.1)	(2.1)	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)	(2.6)	(2.6)	(2.7)	(2.8)
Net operating Income	INR Million	86.6	86.5	94.5	95.3	95.2	103.9	104.8	104.7	114.3	115.3	115.2
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	1,440.3	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(14.4)	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Net income	INR Million	86.6	86.5	94.5	95.3	95.2	103.9	104.8	104.7	114.3	1,541.2	115.2
Property Mangement Fees	INR Million	(3.1)	(3.1)	(3.4)	(3.4)	(3.4)	(3.7)	(3.8)	(3.8)	(4.1)	(4.1)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(1.8)	(1.8)	(1.9)	(2.0)	(2.0)	(2.1)	(2.1)	(2.1)	(2.3)	(2.4)	
Brokerage Expenses	INR Million								-	-	-	
Net Cashflows- Before Construction	INR Million	81.7	81.7	89.1	89.9	89.8	98.1	98.9	99	108	1,535	
Construction Cost	INR Million	(45)	(45)	-								
Net Cashflows	INR Million	37	37	89	90	90	98	99	99	108	1,535	-

Annexure 7: Ready Reckoner Rate



Toll Free No for Enquiries : 1800 599 4788

REGISTRATION & STAMPS DEPARTMENT
Government of Telangana

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Unit Rates - Locality Wise

District Name : RANGAREDDY **Mandal Name** : SRILINGAMPALLE **City/Town/Village** : MADHAPUR

S.No.	Ward-Block	Locality	Land Value (Rs. per Sq.Yard)	Classification	Effective Date (dd/mm/yyyy)	Door No. Wise Details - Rates
1.	0 - 1	RESD IN COMM-1	32,200	02(Commercial)	01/02/2022	Get
2.	0 - 1	RESIDENTIAL LOCALLTY	32,200	01(Residential)	01/02/2022	Get
3.	0 - 2	COMMERCIAL-1	44,900	01(Residential)	01/02/2022	Get
4.	0 - 2	MADHAPUR MAIN ROAD	44,900	02(Commercial)	01/02/2022	Get
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	32,200	02(Commercial)	01/02/2022	Get
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	44,900	01(Residential)	01/02/2022	Get
7.	0 - 2	MADHAPUR MAIN RD TO JUBILE HILLS VIA YSR STAT	44,900	01(Residential)	01/02/2022	Get
8.	0 - 3	MADHAPUR	32,200	01(Residential)	01/02/2022	Get
9.	0 - 3	MADHAPUR MAINROAD	44,900	02(Commercial)	01/02/2022	Get
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	44,900	02(Commercial)	01/02/2022	Get
11.	0 - 3	MINDSPACE JUNCTION TO INORBIT MALL	44,900	02(Commercial)	01/02/2022	Get



Toll Free No for Enquiries : 1800 599 4788

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Unit Rates - Locality Wise

District Name : RANGAREDDY **Mandal Name** : SRILINGAMPALLE **City/Town/Village** : MADHAPUR

S.No.	Ward-Block	Locality	Apartment value (Rs. per Sq.Ft)			Classification	Effective Date (dd/mm/yyyy)	Door No. Wise Details - Rates
			Ground Floor	First Floor	Other Floors			
1.	0 - 1	RESD IN COMM-1	4,500	4,500	4,500	02(Commercial)	01/02/2022	Get
2.	0 - 1	RESIDENTIAL LOCALLTY	3,000	3,000	3,000	01(Residential)	01/02/2022	Get
3.	0 - 2	COMMERCIAL-1	4,500	4,500	4,500	01(Residential)	01/02/2022	Get
4.	0 - 2	MADHAPUR MAIN ROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	Get
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	4,500	4,500	4,500	02(Commercial)	01/02/2022	Get
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	4,500	4,500	4,500	01(Residential)	01/02/2022	Get
7.	0 - 2	MADHAPUR MAIN RD TO JUBILE HILLS VIA YSR STAT	4,500	4,500	4,500	01(Residential)	01/02/2022	Get
8.	0 - 3	MADHAPUR	3,000	3,000	3,000	01(Residential)	01/02/2022	Get
9.	0 - 3	MADHAPUR MAINROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	Get
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	7,300	6,600	6,600	02(Commercial)	01/02/2022	Get

Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** (or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.

g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any except as set out herein..
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

Mindspace-Pocharam, Hyderabad

Submitted to:
K Raheja Corp Investment Managers LLP

Prepared by:
Shubhendu Saha, MRICS
(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 04 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for disclosure of valuation of assets, forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange does not carry any right of publication to any other party. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020 The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

Mindspace, Pocharam, Hyderabad		
Valuation Date:	30 September 2022	
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014	
Location / Situation:	The property comprising Buildings 8,9, and 19 acres of land for future development (hereinafter referred to as Subject Property) is located in Mindspace, Pocharam, Hyderabad. Raheja Mindspace in Pocharam is spread over 104 acres proposed for development of SEZ and Non-SEZ commercial office space and retail space. It is accessible through 80 ft internal road which connects to 100 ft Hyderabad- Warangal National Highway (NH-202). Sanskruthi Township (Singapore Township) and Infosys Campus are located in immediate vicinity of the Subject Property. Subject Property is located approximately 3 km from Outer Ring Road (ORR).	 Bldg 8 in the Subject Property
Description :	The Subject Property has three components i.e., a one operational building (building 8), one under construction building (building 9) and 19 acres of land for future development. Subject Property is accessible through 80 ft internal road which in turn connects to 80 ft Mindspace Pocharam internal road. Subject Property enjoys good frontage and visibility on the access road. **Completed Buildings – Building 8** The completed building with Occupancy Certificates (OC) collectively admeasures ~377,422 sq. ft. of leasable area. Building number 8 is an SEZ building **Under-construction – Building 9** Building Number 9 is an SEZ building collectively admeasure ~ 192,681 sq. ft. of leasable area and will be 4 floors tall. As on date of valuation the O.C for the building was awaited. However the same is received on 28 October 2022.	 View of Subject Property  Bldg 9 in the Subject Property
Total Area:	Total Plot Area: 66.46[1] Acres Completed Leasable Area - ~377,422 sq. ft. Under Construction^ Leasable Area - 192,681 sq. ft. Land for Future Development – 19 acres Total Leasable Area – 570,102 sq. ft.	

[1] *From Architect's Certificate (dated on 17th June 2020) and lease agreements (post June 17. 2020) shared by the client*

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON			
Component	**Market Value as on**	**In Figures**	**In Words**
Completed Building	30 September 2022	INR 1,217 Million	Indian Rupees One Billion Two Hundred and Seventeen Million Only
Under-construction^/ Future Development	30 September 2022	INR 920 Million*	Indian Rupees Nine Hundred and Twenty Million Only

**Note: The above value includes approximately 19.0 acres of land parcel valued at INR 530 Million (Indian Rupees Nine Hundred and Eight Million Only).*

^As on date of valuation the O.C for the building 9 was awaited. However, the same has been received on 28 October 2022.

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

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

Property: **Buildings 8, 9 and 19 acres of future development land in Mindspace, Pocharam, Hyderabad**

Report Date: **04 November 2022**

Valuation Date: **30 September 2022**

A REPORT

1. Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"**)**, in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancilliary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report) for disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2. Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor in Planning from the School of Planning and Architecture, New Delhi

in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3. Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer. except as valuer under the SEBI (REIT) Regulations, 2014

4. Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purpose. In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5. Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6. Valuation Approach & Methodology

The basis of valuation for the subject property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the

property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is mentioned below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the subject property.

For the purpose of the valuation of Subject Properties (other than the portions of future development area part or whole of which may be considered for sale), Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7. Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

8. Inspection

The Property was inspected on 28th March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared

9. General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the subject property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10. Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT under the applicable law.

11. Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12. Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and wilful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

13. Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for

any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.

- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).
- In the event that any of the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Valuation, the Claim Parties will be entitled to require the Valuer, to be a necessary party/ respondent to such claim and the Valuer shall not object to his inclusion as a necessary party/respondent. However, the legal cost with respect to appointment of lawyers by the Valuer as a respondent/defendant shall be borne by the Client. If the Valuer, as the case may be, does not co-operate to be named as a necessary party/ respondent to such claims or co-operate in providing adequate/ successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the Valuer in this regard and his liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.
- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc Disclosure and Publication.

14. Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15. Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B HYDERABAD CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1 Hyderabad City Overview

Particulars	Hyderabad City	Madhapur*	Gachibowli	Peripheral East*
Total completed stock 9M 2022 (msf)	87.5	54.3	29.2	2.3
Current occupied stock 9M 2022 (msf)	68.7	48.1	17.9	1.3
Current Vacancy 9M 2022 (%)	21.5%	11.4%	38.6%	42.7%
Avg. Annual Absorption - 2016 – 9M 2022 (msf)	6.0	3.9	1.9	0.1
Future Supply – Q4 2022 – 2024 (msf)	35.8	16.5	18.6	-
Market Rent – 9M 2022 (INR psf / month) (apprx.)	68.1	71.9	64.0	37.6

Source: Cushman & Wakefield Research **Mindspace REIT's micro markets*

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

Approximately 1.8 msf is the stock which is not captured in the three major micro-markets of the city

Hyderabad is the capital city of Telangana and India's fourth most populous city. Hyderabad Metropolitan Area (HMR) is spread over 7,229 sq.km. Affordable cost of living, rapid infrastructure development and a proactive government have driven the corporate activity and investments in the city. Hyderabad has emerged as 2nd largest IT exporter. Hyderabad is home to global captive centres of renowned technology companies such as Apple, Microsoft, Uber, Google, Facebook, Infosys and Cognizant, institutions (such as Centre for Cellular and Molecular Biology, Centre for Good Governance, Insurance and Regulatory Development Authority) as well as prominent educational institutions (such as Indian School of Business, Indian Institute of Technology, NALSAR University of Law and Agha Khan Academy). The physical infrastructure of the city is well developed with excellent road, rail and air transport networks. Madhapur and Gachibowli economic corridor houses most of the commercial office space establishments in Hyderabad. In Madhapur and Gachibowli economic corridor, Madhapur is an established micro market with presence of renowned technological, financial services and professional services companies.

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

- **Technology Sector:** Technology services are the primary demand driver for the office space demand in Hyderabad. Hyderabad houses over 1,500 technology companies and provides direct employment to approximately 582,126[2] people. Major technology companies operating from Hyderabad include Apple, Accenture, Google, IBM, Cognizant, Qualcomm, Facebook and others. In addition to the tenanted commercial office spaces, Hyderabad also houses several large size campuses of companies like Infosys, Wipro, Amazon, Cognizant, Cyient, Cap Gemini, Virtusa and Hitachi Consulting amongst others.

- **Engineering & Manufacturing, Professional and Financial Services:** Engineering & Manufacturing, Professional and Financial services companies are among the key demand drivers for office space in Hyderabad. Major Engineering & Manufacturing companies include Qualcomm, Micron, Apple and others. Major professional services companies / knowledge centers in Hyderabad include Deloitte, Invesco, E&Y, KPMG, OMICS and others. Major financial services Companies in Hyderabad include JP Morgan, Wells Fargo, Bank of America, DBS, HSBC, Synchrony and others.

- **Social Infrastructure:** Hyderabad has established educational institutions and colleges (International Institute of Information Technology, Indian School of Business, Tata Institute of Social Sciences), shopping malls (Inorbit, Forum, GVK One, City Capital, Central, etc.), hospitals (Apollo, Sunshine, Care etc.), hotels (ITC, Westin, Park Hyatt, Novotel and Taj Krishna) and MICE centers (HITEX Exhibition Centre and HICC Convention Centre).

- **Physical Infrastructure:** Hyderabad is well connected to the rest of the country by National Highways – NH-7, NH-9 and NH-202. Outer Ring Road encircles the city and acts as nodal connecting point with the city and other town located within the state. The city has India's 6th busiest airport which connects Hyderabad to major international hubs and is currently being expanded to handle 34[2] million passengers. The city has a combination of light rail transportation system and metro.

Hyderabad enjoys relatively superior physical infrastructure facilities as compared to other metro cities in India. Integrated infrastructural facilities like outer ring road, metro rail, MMTS, radial roads and arterial roads provide faster and easier connectivity to Madhapur- Gachibowli economic corridor. To sustain the existing developments and grow the technology sector in Hyderabad, Government of Telangana has initiated several steps including the enhancement of physical infrastructure through

[2] *https://it.telangana.gov.in/investor-info/fact-sheet/*

[2] *GMR Hyderabad International Airport Limited*

strategic road development program and establishment of incubation center to promote value added technology initiatives and entrepreneurship.

2 Mindspace REIT's Micro-Market (Peripheral East)

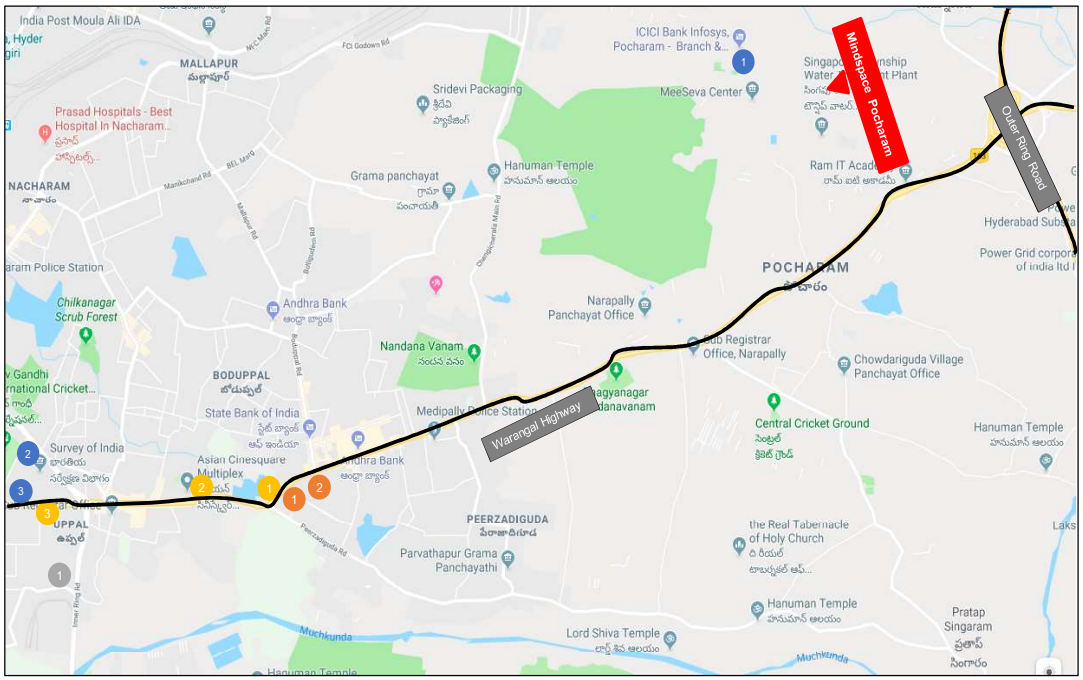
2.1 Overview

Uppal and Pocharam are the commercial office space submarkets located in Peripheral East micro market of Hyderabad. Office space developments are at nascent stage in Uppal and Pocharam. Uppal is well connected with other parts of the city through wider road network and Metro rail. Pocharam is well connected with other parts of the city through outer ring road and Warangal highway. Retail and social infrastructural developments are small and medium scale developments located along Warangal Highway. Uppal and Pocharam has several organized residential developments.

Majority of the commercial office space developments in Hyderabad are concentrated in Madhapur and Gachibowli office space corridor. Mindspace Pocharam and the Infosys campus are the only commercial office space developments present in Pocharam. NSL Arena and Genpact campus are the only commercial office space developments present in Uppal. Due to the limited office space demand, rentals in the Pocharam submarket were stable in last 5-6 years and no major office space supply is expected in next 2-3 years.

Mindspace Pocharam is a freehold, Grade-A, SEZ Development located in Hyderabad, Telangana.

It is located adjacent to the Infosys campus and is accessible through Hyderabad- Warangal National Highway and Outer Ring Road.



(Map not to scale)

Key Office Developments *Social Infrastructure* *Lifestyle Infrastructure*

Key Office Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed Development
1. Infosys Campus	1. Ankura Hospital	1. Big Bazar	1. L&T Metro Rail Commercial Development
2. Genpact Campus	2. Asian Cine Square Multiplex	2. Decathlon	
3. NSL Arena	4. DSL Virtue Mall		

2.2 Key Statistics

Particulars	Details
Total completed stock (9M 2022)	**Approximately 2.3 msf**
Current occupied stock (9M 2022)	**Approximately 1.3 msf**
Current Vacancy (9M 2022)	**Approximately 42.7%**
Avg. Absorption (2016 – 9M 2022)	**Approximately 0.1 msf per annum**
Future Supply (Q4 2022 – 2024F)	**Nil**

Source: Cushman & Wakefield Research

2.3 Market Outlook

Hyderabad commercial office space market is expected to grow to next level due to the superior infrastructure, government initiatives to promote the technology sector, active investment by the local and national level developers in the city and overall positive commercial outlook for the city.

During 2016-2019, net absorption either matched supply or exceeded due to expansion of existing tenants within the city and entry of new tenants during 2016-2019 has led to compression in vacancy levels. Further, major portion of the planned supply during 2016-2019 was pre-committed showing strong interest / commitment level of tenant towards the market. Constant increase in net absorption levels from 4.7 msf in 2016 to 10.0 msf in 2019 along with expansion in rentals during the same period had attracted the National level & Hyderabad based developers to launch new projects in 2019 & 2020. However, due to the Covid led disruptions the timelines of under-construction projects were pushed to 2021 & beyond, which led to increase in vacancy levels to 15.9% in 2021 and 21.5% in 9M 2022 as compared to 5.7% in 2019.

Approximately 35.8 Million sq. ft. office space is under construction and several projects are at advanced stage or at mid stage of construction. Approximately 6.0% of the upcoming supply is pre-committed. The vacancy levels are expected to rise over next 4-6 Quarters and soften a bit post 6 Quarters due to improvement in absorption levels. Increase in supply a natural cycle and demand catches up eventually resulting in softening of the vacancy rates.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centres by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

We have witnessed improved leasing activity coupled with improvement in rentals in last 3-6 months in Madhapur and we expect the recovery in the leasing activity to continue in near term as well. We expect moderate rental growth over next 6-12 month on account of improved leasing activity.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	Survey Nos. 2/1 (part), 2/2 (part), 2/3 (part), 2/4 (part), 6, 7, 8, 9 and 10 (part) Pocharam Village, Ghatkesar Mandal, Medchal Malkajigiri, Telangana
Ownership & title details:	Subject property is a freehold property and the 100% of the assets owned by the Mindspace Business Parks Private Limited. Mind Space Business Parks REIT (Mindspace REIT) holds 100% ownership of the Mindspace Business Parks Private Limited

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property is considered to possesses a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsels and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material Litigation

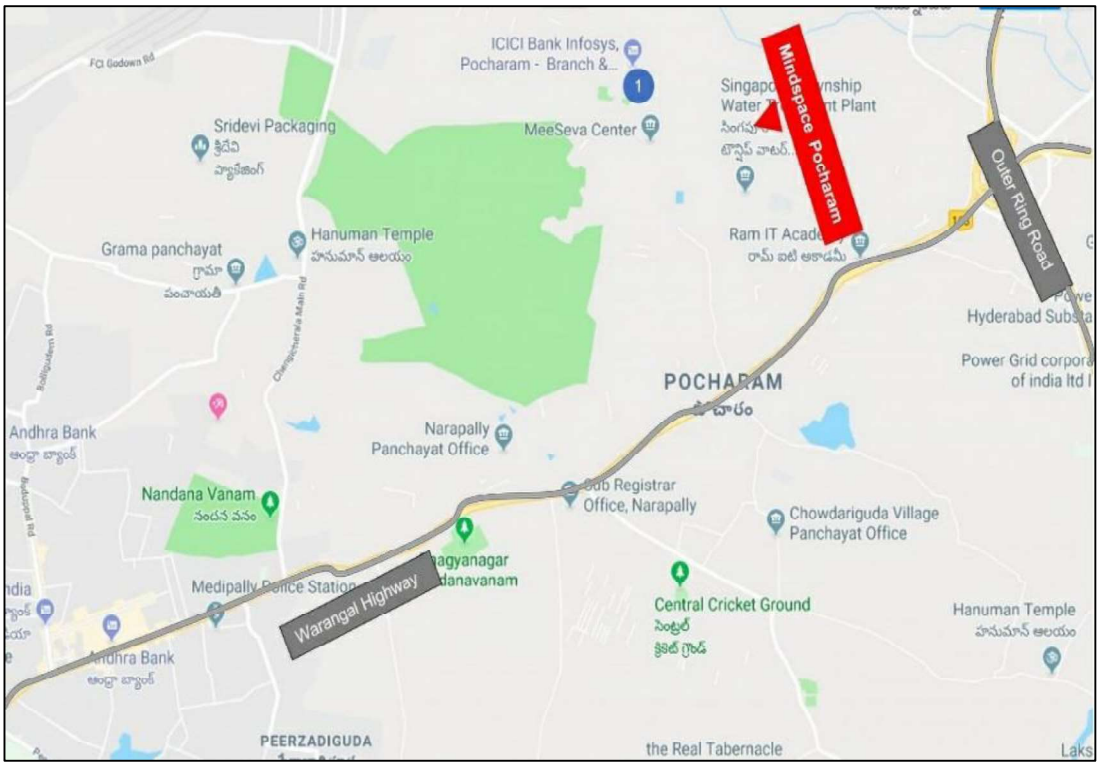
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

2 Location

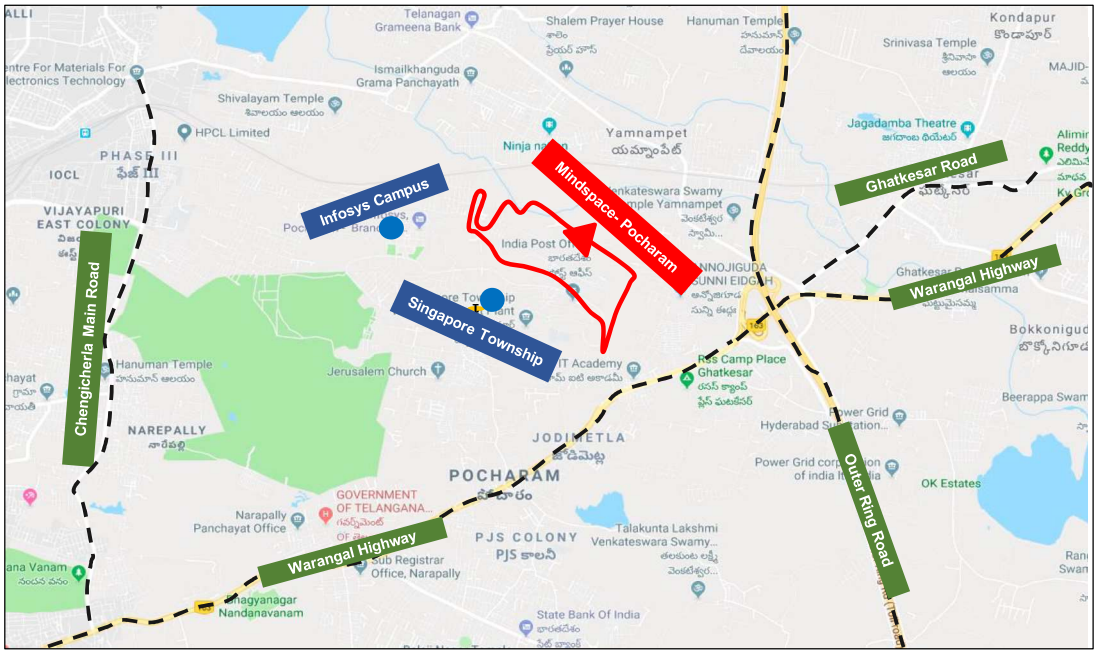
2.1 General

The property comprising Buildings 8, 9 and 19 acres of future development land (hereinafter referred to as Subject Property) is located in Mindspace, Pocharam, Hyderabad. Raheja Mindspace in Pocharam is spread over 104 acres proposed for development of SEZ and Non-SEZ commercial office space and retail space. It is accessible through 80 ft internal road which connects to 100 ft Hyderabad- Warangal National Highway (NH-202). Sanskruthi Township (Singapore Township) and Infosys Campus are located in immediate vicinity of the Subject Property. Subject Property is located approximately 3 km from Outer Ring Road (ORR).

The location map of the Subject Property is set out below:



(Map not to Scale)



(Map not to Scale)

The Subject Property is spread out over ~66.46 acres of land parcel. Subject property buildings and future development land parcel are located on either side of the 80 ft Mindspace Pocharam internal access road and enjoys good frontage and visibility. Subject property is regular in shape with fairly even topography.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 1 km from Hyderabad – Warangal National Highway (NH-202)
- Approximately 3 km from Outer Ring Road at Ghatkesar
- Approximately 25 km from Secunderabad Railway Station
- Approximately 55 km from Shamshabad International Airport

The Subject Property is well accessible from all locations of Hyderabad and outer ring road. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system

The property photographs of the Subject Property are attached in Appendix 3.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Hyderabad where the Subject Property is located falls in Seismic Zone II with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and does not face any significant problems of flooding or waterlogging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Subject property is an SEZ development and is part of Mindspace Business Parks SPV. The Subject Property has three components i.e., a completed component, under construction and a land for future development.

Completed Buildings – Building 8

The completed building with OC collectively admeasures ~377,422 sq. ft. of leasable area. Building 8 part of Mindspace Pocharam SEZ. Building 8 is a currently a single -tenanted building and 56.69% of leasable area is occupied.

Under-construction Buildings – Building 9

Building 9 is an SEZ building collectively admeasure ~ 192,681 sq. ft. of leasable area. As on date of valuation the O.C for the building was awaited. However the same is received on 28 October 2022.The building wise Leasable Area break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 8	377,422	SEZ	Completed
Building 9	192,681	SEZ	Under-construction*
Proposed Building	429,897	SEZ	Future Development

Source: Architect's Certificate, Rent Rolls, Lease Deeds/Leave and License Agreements
**As on date of valuation the O.C for the building was awaited. However, the same has been received on 28 October 2022.*

3.1 Key Asset Information

Completed Buildings

Particulars	Details
Entity:	Mindspace Business Parks Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is 100% owned by Mindspace Business Parks Private Limited. Mind Space Business Parks REIT (Mindspace REIT) [1] holds 100% ownership of the Mindspace Business Parks Private Limited
Age of building based on the date of occupancy certificate:	Building 8 – 6 years 2 months
Asset type:	SEZ and IT Park
Sub-market:	Peripheral East
Approved and existing usage:	Commercial Office/IT SEZ
Site Area (acres):	~66.46
Freehold/Leasehold:	Freehold
Leasable Area:	377,422 sq. ft.
Occupied Area:	213,972 sq. ft.
Occupancy (%)[2]	56.69%
Committed Occupancy (%)[3]	56.69%
Number of Tenants	1

Source: Client information

Notes:

1. *Refer company structure set out in Appendix 1*
2. *Occupancy refers to proportion of area leased which is actively occupied by the tenants*
3. *Committed occupancy also includes area which has been pre-leased to tenants*

Under-construction Building 9*

Particulars	Details
Interest owned by Mindspace REIT (%):	Subject Property is 100% owned by Mindspace Business Parks Private Limited. Mind Space Business Parks REIT (Mindspace REIT) [1] holds 100% ownership of the Mindspace Business Parks Private Limited
Expected completion date of construction:	Building 9 is an under-construction building
Asset type:	SEZ and IT Park
Approved Usage:	Commercial Office/IT SEZ
Leasable Area:	Building 9: 192,681 sq. ft.
Status of construction:	Building 9 comprises of Basement (Part)+ Stilt Floor+ 4 Office Floors. As on date of valuation the O.C for the building was awaited. However the same is received on 28 October 2022.
Approvals received and pending as on Valuation Date:	List of approvals detailed in Annexure 5

Source: Client information

**As on date of valuation the O.C for the building was awaited. However, the same has been received on 28 October 2022.*

Land for Future development

Particulars	Details
Interest owned by Mindspace REIT (%):	Subject land parcel is 100% owned by Mindspace Business Parks Private Limited. Mind Space Business Parks REIT (Mindspace REIT) 1 holds 100% ownership of the Mindspace Business Parks Private Limited
Land type:	Converted land for the future development
Land Area:	19 acres of land for future development

Source: Client information

3.2 Property Inspection

The Subject Property is part of a larger campus with the current scope confined to two buildings (Building no. 8 and 9), which were inspected on 28 March 2022. The inspection comprised visit to the key utility areas of Building 8, namely LT Electric Room, Pump Room, HVAC installations, Power Back up, STP and recently vacated floors. Building No.9 though physically completed does not have an occupancy certificate and is currently lying vacant. Except for the fire protection system, other services and utilities are yet to be installed, though provisions have been made. Although some internal finishing works are yet to be carried out, the building appeared ready for fit outs for any prospective tenant. Building #8 is currently occupied by a single tenant, across five floors with two floors lying vacant.

The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation was observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure is based completely on visual survey.

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates dated on 17th June 2020 mentioning site areas and property areas
b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property
c. Lease agreements and commercial clauses for all the tenants signed after the date Jun 17, 2020
d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
e. Management representation regarding the following:
    i. List of material litigations
    ii. Major repairs undertaken and proposed in the Subject Property
    iii. Statement of Assets
    iv. Revenue pendency, if any
    v. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

3.4 Tenant Profile

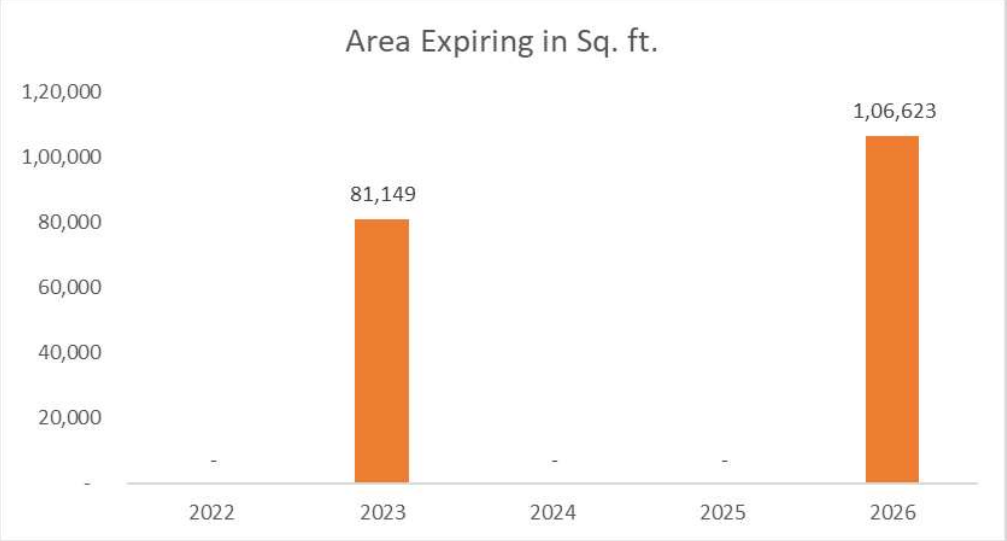
As of 30 September 2022, Subject Property has one tenant (for office space) which include companies Genpact. The Subject Property's single tenants account to ~56.69% of the Gross Rental income.

Rank	Top 10 Tenant according to Leasable Area	Leasable Area (sq. ft.)
1	Genpact	213,972
	Total	**213,972**

Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Genpact	56.69%
	Total	**56.69%**

3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 2.6 years, with 100% of occupied area expiring between CY 2023 and CY 2026 as shown in the chart below.



4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or sub markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-Market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where

the asset is located) and achievable market rent (Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).

2. The Valuer also analysed the historical leasing within the asset for anchor tenants to identify the discount that is extended to such tenants at the time of fresh leasing or lease renewals. Rent roll and sample of lease deeds of large anchor-tenants were analysed and applicable adjustments to marginal rent was estimated for individual leases. For other tenants occupying relatively large space within the properties, it is assumed that the leases shall revert to marginal rents (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/future development area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/future development areas respectively.
   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.
   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.

Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).

3. Recurring operational expenses, fit-out income (if any– the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.
4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Completed Building

Property Details	Unit	Details
Total Leasable Area	sq.ft.	3,77,422
Area Leased	sq.ft.	2,13,972
Leased	%	56.69%
Vacant Area	Sft	1,63,450
Vacancy	%	43.3%
Stabilized Vacancy	%	5.0%
Further leasing	Sft	1,44,579
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	389
4W Slots-Paid	Number	0

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases. Because of the lingering impact of the Covid related slowdown, we expect the tenants being offered an additional 1 month of rent-free period for all the existing lease rollovers happening within the upcoming 12 months (from 1 October 2022) in order to retain and support them
    - A stabilized vacancy of 5% is considered for the Subject Property as compared to standard stabilized vacancy of 2% across established micro markets in Hyderabad, since the Subject Property is located in emerging commercial office space micro market.
- **Future absorption:** Since the Subject Property is 56.69% leased and the vacancy is well above the stabilized vacancy of 5%, we have considered additional 18 months' delay in leasing for the vacant spaces, due to temporarily suppressed demand.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 22.00
Market Rent - Food Court	Per sft/month	INR 17.60
Anchor Tenant Rent	Per sq.ft./month	INR 0.00
Market 4 W Parking Rent	Per slot/month	INR 2,000
Market 2W Parking rent	Per slot/month	INR 0
Cafeteria Income	Per sq.ft./month	INR 0.0
Other Income	% Lease Rentals	1.0%
Market Rent growth rate	% p.a.	5.00%
Parking Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.50%
CAM/O&M Income prevailing in the market	Per sq.ft./month	10.23

- **Market rent - office:** Mindspace Pocharam and Infosys are the only commercial office space developments in Pocharam. Majority of the commercial office space developments are concentrated in Madhapur- Gachibowli office space corridor. And the upcoming supply also focused in Madhapur and Gachibowli. Historically rentals have been in the range of INR 20-25/ sq. ft per month in the Subject Property. In last nine-twelve months no major transactions have taken place in the micro market and rentals have remained stable. Keeping in consideration the supply and absorption dynamics, location and nature (SEZ) of the Subject Property, we have considered the achievable market rent of INR 22/ sq.ft. per month for the subject property
- **Market rent growth rate:** Occupiers have started evaluating their return to office strategy and few organisations have already expanded their office space due to the increased hiring witnessed during and after the pandemic. Hence, we have considered an annual rental growth of 5% from April 2023 onwards.
- **Market rent - 4W parking**: Rent for car parks are assumed at INR 2,000 per slot per month in line with the current rentals for paid car parks in Peripheral East.
- **Other income:** Analysis of the historical trend of other income suggest a normalized level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental and an annual inflation of 5%. (Note: Other income constitute income from signage, kiosks, conferences and others).
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and received higher effective rent for the same area. Going forward, for leases which will expiry during the next 10 years, we have considered efficiency at lower of actuals or 76%.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin- Stabilised	Per sq.ft./month	INR 2.43
Current CAM/ O&M cost	Per sq.ft./month	INR 6.76
Property Tax	Per sq.ft./month	INR 0.22
Insurance	Per sq.ft./month	INR 0.25
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Va	1.0%
Other Operating Expenses	% of Lease Rent	2.0%
Property Management Fees	% of Lease Rent	3.50%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, the brokerage expenses amounting to two months for new leases and one month for existing lease rollovers has been assumed.
- **CAM margin:** As per the information received by the client, CAM / O&M Cost is expected to be INR 6.76 per sq ft. per month. CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as financial year ended 31 March 2022 and projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, property management fees have been assumed at 3.5% of operating income comprising lease rentals, parking income, Other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

  Capitalisation rate (“Cap rate”) is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8.5% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	13,70,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	4,21,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	91,00,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	23,00,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	7,00,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	12,50,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	18,80,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	27,00,000	24,000	7.75%-8%

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of ~12.25% for completed properties considering the location of the subject property and market dynamics of the subject micro market was found to be aligned with the expectations of international investors investing in similar assets.

Under-construction* Building 9

Property Details	Unit	Details
Total Leasable Area	sq.ft.	1,92,681
Area Leased	sq.ft.	-
Leased	%	0.00%
Vacancy	%	100.0%
Stabilized Vacancy	%	5.0%
Further leasing	Sft	1,83,047
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2
Rent Free Period- New Lease	Months	3
Total 4W parking slots	Number	2383
Paid 4W Slots	Number	0.0

* *As on date of valuation the O.C for the building 9 was awaited. However the same is received on 28 October 2022.*

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases. Because of the lingering impact of the Covid related slowdown, we expect the tenants being offered an additional 1 month of rent-free period for all the existing lease rollovers happening within the upcoming 12 months (from 1 October 2022) in order to retain and support them
    - A stabilized vacancy of 5% is considered for the Subject Property as compared to standard stabilized vacancy of 2% across established micro markets in Hyderabad, since the Subject Property is located in emerging commercial office space micro market.
- **Future absorption:** We have considered further leasing area of 183,047 sq. ft. to be leased in 6 quarters starting from April 2026 keeping in view limited current demand and negligible expected supply and overall attractiveness of the subject micro market.

Construction related assumptions

Construction- Related Assumptions	Unit	Details
Start date of construction		1-Apr-18
End date of construction		30-Sep-23
Total construction cost	INR Million	149
Construction cost incurred till date	INR Million	102
Construction cost to be incurred	INR Million	47

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 22.00
Market Rent - Food Court	Per sft/month	INR 0.00
Market Rent - Retail	Per sq.ft./month	INR 0.00
Market 4 W Parking Rent	Per slot/month	INR 2,000
Market 2W Parking rent	Per slot/month	INR 0
Cafeteria Income	Per sq.ft./month	INR 0.0
Other income	% of Lease Rent	1.0%
Market Rent growth rate	% p.a.	5.00%
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Property Tax	Per sq.ft./month	INR 0.22
Insurance	Per sq.ft./month	INR 0.25
Signage licence fees	Per sq.ft./month	INR 0.00
CAM Escalation	% p.a.	5%
Cost Escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals	3.50%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, the brokerage expenses amounting to two months for new leases and one month for existing lease rollovers has been assumed.
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For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

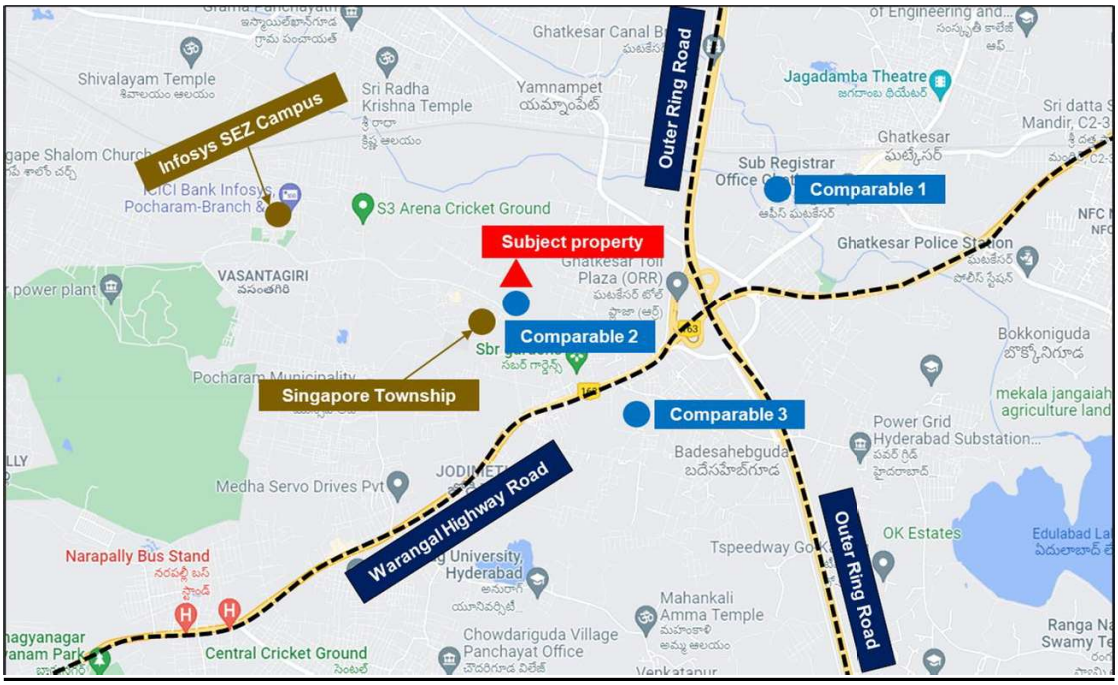
The derived discount rate of ~12.25% for completed properties is adjusted, owing to the various risks pertaining to the under-construction / future development properties, we have considered a risk premium over the discount rate for completed properties to arrive at a discount rate for under-construction / future development properties. We have considered a risk premium of 125bps, to derive the WACC of 13.50% for under-construction / future development properties. This is in line with the expectations of international investors investing in similar assets.

Land for Future development – 19 Acres

We have identified the following comparable properties to estimate the market value of land for future development of the Subject Property through market approach method:

Particulars	Subject property	Comparable -1	Comparable -2	Comparable -3
Location	Raheja Mindspace, Pocharam	Hilland Technologies Pvt Ltd	Ashoka Builders Pvt Ltd	Near Rastriya Vidya Kendram
Land size (Acres)	19.0	25	12	2
Conversion	Converted	Converted	Converted	Not-Converted
Zoning	Residential Zone	Multipurpose Zone	Residential Zone	Residential Zone
Abutting road width (feet)	80	40	85	25
Accessibility	80 ft access road connected to Warangal Highway	Ghatkesar to Warangal National Highway	85 feet access road connecting to Warangal Highway	Annojiguda Internal Road
Shape of the property	Regular	Regular	Regular	Regular
Terrain		Plain	Plain	Plain
Transacted/ Quote		Transacted Q4 2021	Transacted Q3 2021	Quote
Capital Rate INR Mn / acre		37	52	55
Premium/discount on account of				
Freehold/ Leasehold		0.0%	0.0%	0.0%
Accessibility		5.0%	0.0%	10.0%
Location and Neighbourhood profile		20.0%	0.0%	10.0%
Size		0.0%	0.0%	-10.0%
Conversion		0.0%	0.0%	5.0%
Land Use Restrictions		-50.0%	-50.0%	-50.0%
Negotiation		0.0%	0.0%	-10.0%
Shape and Topography		0.0%	0.0%	0.0%
Total		**-25.0%**	**-50.0%**	**-45.0%**
Applicable Land Value INR Mn/ Ac	**27.9**	**27.5**	**26.0**	**30.3**
Total land value INR Mn	**530**			

Comparables Location map



The following adjustments have been made to the above comparables:

- **Freehold/leasehold:** No premium or discount has been given in respect to any other comparables since the Subject Property as well as the comparables are all freehold properties.
- **Accessibility:** A premium of 5% & 10% has been assigned to Subject Property as compared to Comparable 1 and 3, as the Subject Property is accessible through 80 ft road as compared to internal village roads for comparables 1 and 3. No premium or discount has been given in respect to comparable 2, as the subject property and Comparable 2 are accessible though the same road
- **Location/Surrounding Development:** A premium of 20% & 10% has been assigned to Subject Property as compared to comparables 1 and 3 respectively as the Subject Property is better located. No premium or discount has been assigned with respect to Comparable 2 as the subject property and Comparable 2 are in same location
- **Size:** Large land parcels are generally traded at a discounted rate, as compared to smaller land parcels. Hence a discount of 10% has been assigned to subject property as compared to comparable 3. No premium or discount has been assigned with respect to comparables 1& 2 as the subject property and comparables 1&2 are similar sized land parcels
- **Negotiation margin:** A negotiation margin of around 10 - 20% is generally included in the quoted prices. Based on our discussion with the brokers in the market we have assigned a discount of 10% to the Subject Property as compared to comparable 3.
- **Conversion:** A premium of 5% has been assigned to Subject Property as compared to comparable 3 as the Subject Property is converted to non- agricultural use while the comparable

3 is not converted for non- agricultural use. No premium or discount has been assigned to Subject Property as compared to comparables 1&2 as the Subject Property and comparables 1&2 are converted for non-agricultural use.

- **Land Use Restrictions:** Subject property has usage restrictions and it can only be used for IT/ITeS development. Hence, we have given discount of 50% towards the same as comparables can be used for other uses like residential, commercial, retail and others. Currently there is negligible demand for IT/ITes developments in Pocharam and further major portion of the existing buildings has larger vacancy. Due to availability of larger office space options in core area of Madhapur and Gachibowli IT corridor, tenants have not shown preference for Pocharam despite significantly lower rentals offered in Pocharam. There is healthy demand for residential space in the micro market. Considering the usage restriction of using the subject property only for the IT/ITES development, we have considered 50% discount as compared to comparables as comparable can be used for multipurpose developments including residential.
- **Shape and Topography:** No premium or discount has been given in respect to any other comparables since the Subject Property as well as the comparables are all regular in shape

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows

Component	Market Value as on	In Figures	In Words
Operational Buildings	30 September 2022	INR 1,217 Million	Indian Rupees One Thousand Two Hundred and Seventeen Million Only
Under - construction^/ Future Development*	30 September 2022	INR 920 Million*	Indian Rupees Nine Hundred and Twenty Million Only

**The under construction/future development component includes the market value of land for future development as detailed below*

^As on date of valuation the O.C for the building 9 was awaited. However the same is received on 28 October 2022.

Component	Market Value as on	In Figures	In Words
Land for future development	31 March 22	INR 530 Million	Indian Rupees Five Hundred and Thirty Million Only

Ready reckoner rate

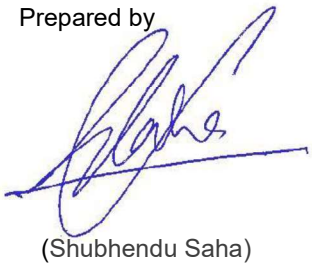
Component	Rate
Built up Area	Ground Floor – INR 2,200 First & Other Floors - INR 2,200 per sq. ft.
Land Area	INR 6,300 per Sq. yd. or INR 30.5 million per acre

Source; https://registration.telangana.gov.in/UnitRateMV/unitRateMV

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by

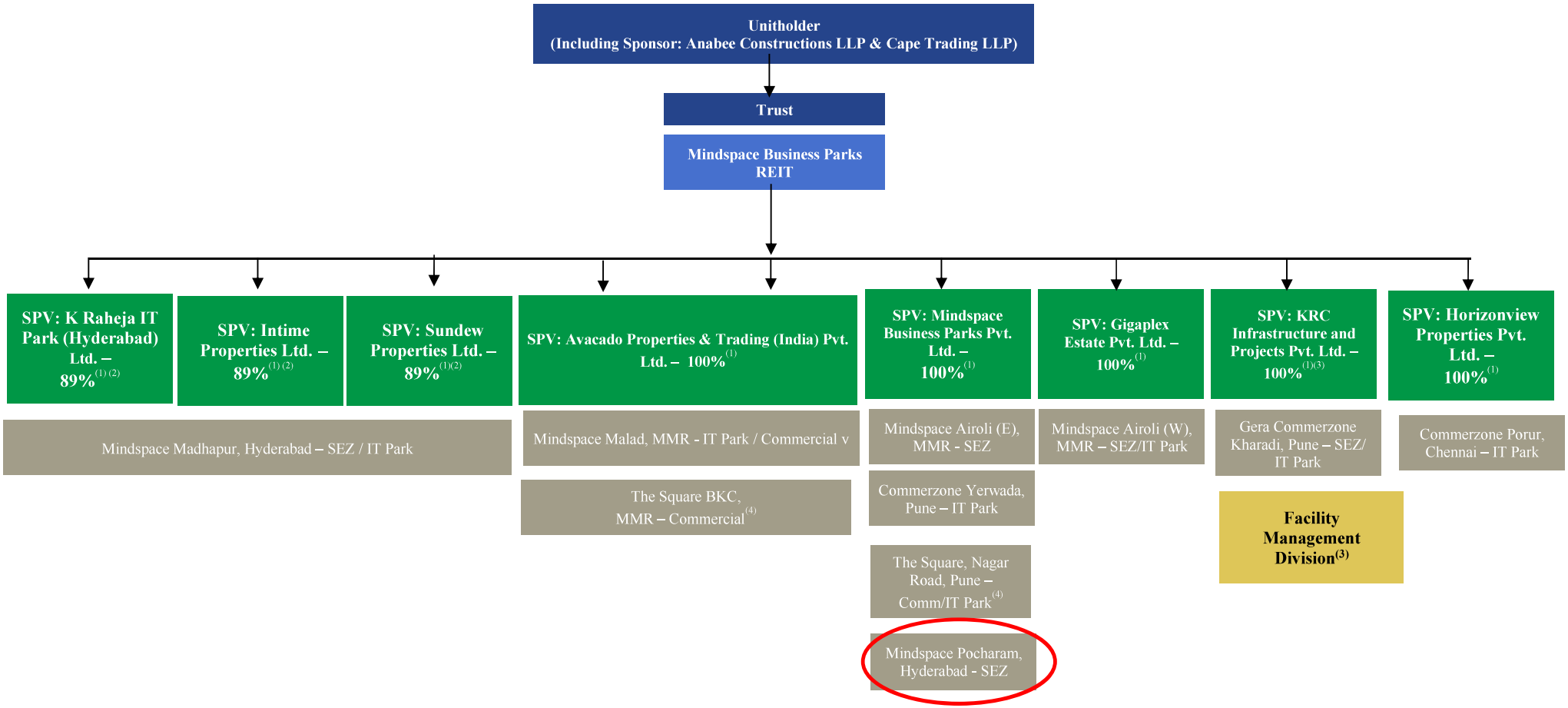


SHUBHENDU SAHA

Digitally signed by SHUBHENDU SAHA
DN: c=IN, postalCode=110063, st=DELHI, l=WEST DELHI, o=Personal, serialNumber=7d8898dca20a40e8b7c090127c92a792dc403971ac11ab4d93d29a92343c6875, pseudonym=fa06d560d86b47ac9382bf12ff3506f0, 2.5.4.20=8722227a074243d136a02dbc1102b09b68506f5c9c086129739f9223f91d129, email=SHUBHENDU.FASV@HOTMAIL.COM, cn=SHUBHENDU SAHA
Date: 2022.11.07 17:11:01 +05'30'

(Shubhendu Saha)
IBBI/RV/05/2019/11552
Regd. Address: 52, Anuradha Apartments, A2, Paschim Vihar, New Delhi 110063
M: +91 9910386675
E: shubhendu_leo@hotmail.com

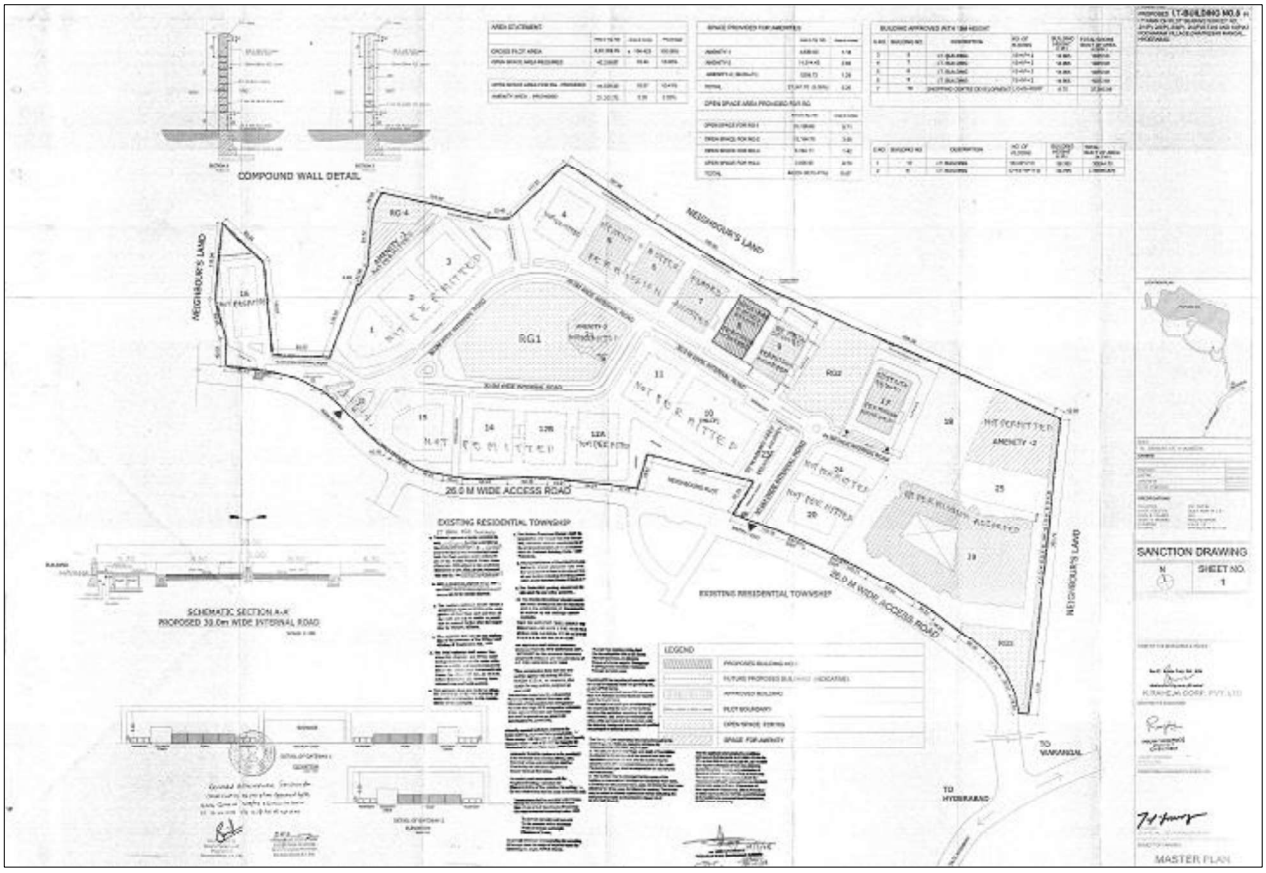
Annexure 1: Ownership Structure of Subject Property



Note:

1. *% indicate Mindspace REIT's shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd.*

Annexure 2: Site Layout



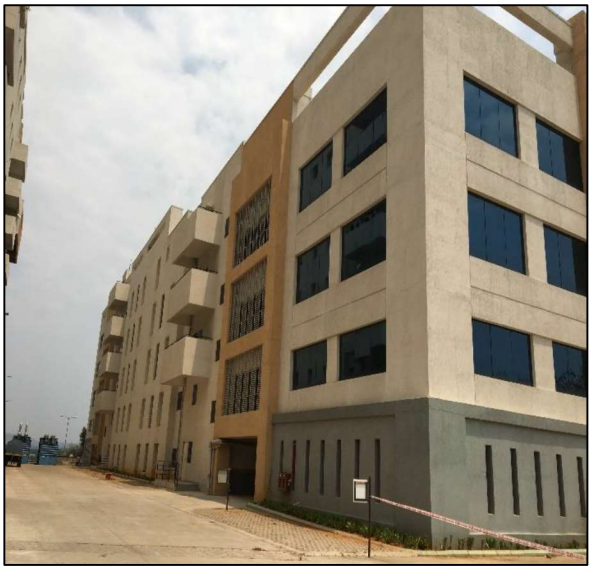
Annexure 3: Property Photographs



Bldg 8 in the Subject Property



Internal Access Road in the Subject



Bldg 9 in the Subject Property



View of Vacant floor in Bldg 8

Annexure 4: Statement of Key Assets

Building	No. / Name	B8P	B17P
Floor	Nos	3B+G+2P+7F	G+2+4F
Warm Shell / Bare shell		Warm Shell	Warm Shell
Air Cooled Chiller	TR	1 x 300, 1 x 350	NA
Water Cooled Chiller	TR	600	2 x 358
No of Elevators /Make	No/ Make	8 -Thussenkrupp	8-Thussenkrupp
No of DG / Capacity	No. / KVA	3 x 1010	2 x 1010
No of Transformers / Capacity	No./ KVA	2 X 2000	2 x 2000
FF System			
Booster Pump	KW / Make	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers
Jockey Pump	KW / Make	11 - Kirloskar Brothers	11 - Kirloskar Brothers
Fire Diesel Pump	KW / Make	68 - Kirloskar Brothers	68 - Kirloskar Brothers
Hydrant Pump	KW / Make	75 - Kirloskar Brothers	75 - Kirloskar Brothers
Sprinkle Pump	KW / Make	75 - Kirloskar Brothers	75 - Kirloskar Brothers
STP Rating	KLD	240	150

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Full Occupancy Certificates for Building 8 & 9

b) Height Clearance NOC from AAI

c) Environmental clearances

d) SEZ Notification

e) Approved Masterplan and Layout Plan

f) Fire NOC for Building 8

Approvals pending

a) Fire NOC for Common area

b) CTO for Building 8 expiring on 31/10/2022 – the same is applied on 12-08-2022, awaiting approval

Annexure 6: Cash Flow Profile

Completed Buildings – Building No 8

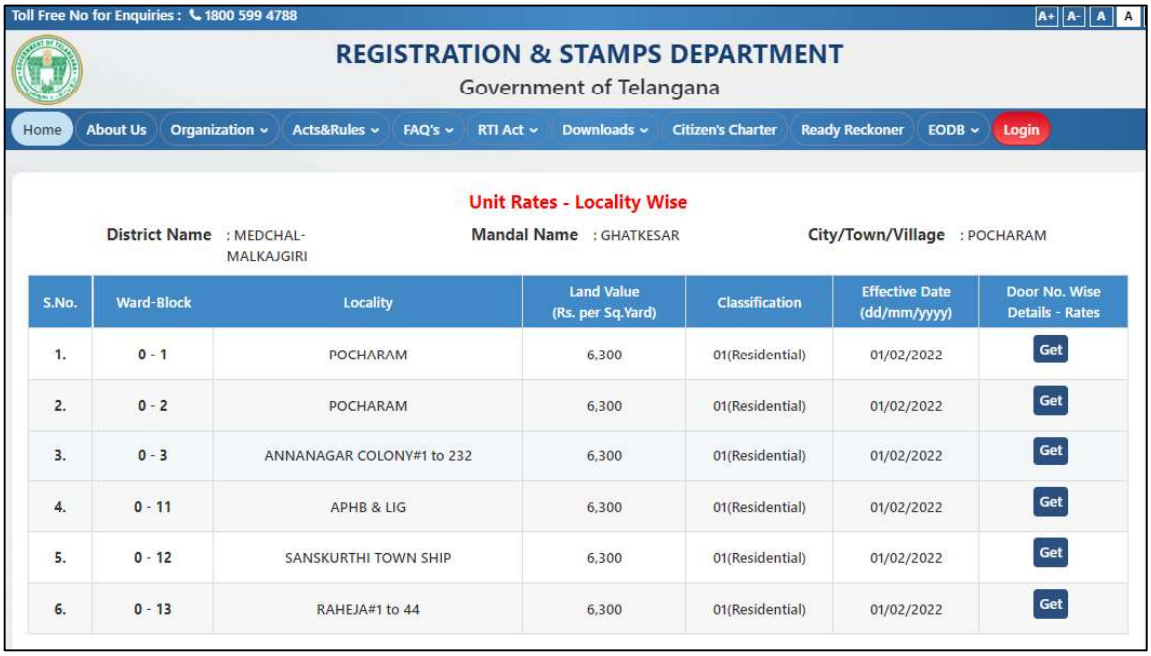
Annual		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	01-Oct-22 30-Sep-23	01-Oct-23 30-Sep-24	01-Oct-24 30-Sep-25	01-Oct-25 30-Sep-26	01-Oct-26 30-Sep-27	01-Oct-27 30-Sep-28	01-Oct-28 30-Sep-29	01-Oct-29 30-Sep-30	01-Oct-30 30-Sep-31	01-Oct-31 30-Sep-32	01-Oct-32 30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	51.0	58.0	78.2	96.5	113.0	122.4	127.9	133.7	139.7	140.3	154.6
Parking Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
O&M income	INR Million	41.9	43.2	45.4	47.7	50.1	52.6	55.2	57.9	60.8	63.9	67.1
Other Income (Kiosk and Conference	INR Million	0.51	0.58	0.78	0.97	1.13	1.22	1.28	1.34	1.40	1.40	1.55
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	93.4	101.8	124.4	145.2	164.2	176.2	184.4	193.0	201.9	205.6	223.2
Total Income from occupancy	**INR Million**	**93.4**	**101.8**	**124.4**	**145.2**	**164.2**	**176.2**	**184.4**	**193.0**	**201.9**	**205.6**	**223.2**
OPERATING COSTS												
O&M cost	INR Million	(30.6)	(31.4)	(33.0)	(34.6)	(36.3)	(38.2)	(40.1)	(42.1)	(44.2)	(46.4)	(48.7)
Insurance Cost	INR Million	(1.16)	(1.20)	(1.23)	(1.27)	(1.31)	(1.35)	(1.39)	(1.43)	(1.47)	(1.52)	(1.56)
Property Taxes	INR Million	(1.0)	(1.0)	(1.1)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)	(1.3)	(1.3)	(1.4)
Total Operating Costs	**INR Million**	**(32.8)**	**(33.6)**	**(35.3)**	**(37.0)**	**(38.8)**	**(40.7)**	**(42.7)**	**(44.7)**	**(46.9)**	**(49.2)**	**(51.6)**
Net operating Income	**INR Million**	**60.6**	**68.2**	**89.1**	**108.2**	**125.4**	**135.5**	**141.7**	**148.2**	**155.0**	**156.3**	**171.6**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	2,018.9	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(20.2)	
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	
Total Net income	**INR Million**	**60.6**	**68.2**	**89.1**	**108.2**	**125.4**	**135.5**	**141.7**	**148.2**	**155.0**	**2,155.1**	
Property Mangement Fees	INR Million	(1.8)	(2.0)	(2.8)	(3.4)	(4.0)	(4.3)	(4.5)	(4.7)	(4.9)	(5.0)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(1.0)	(1.2)	(1.6)	(1.9)	(2.3)	(2.4)	(2.6)	(2.7)	(2.8)	(2.8)	
Brokerage Expenses	INR Million	(1.9)	(1.8)	(3.6)	(4.0)	(1.5)	-	-	-	-	(3.0)	
Net Cashflows	**INR Million**	**56**	**63**	**81**	**99**	**118**	**129**	**135**	**141**	**147**	**2,144**	

Under-construction* Building 9

Annual		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	01-Oct-22 30-Sep-23	01-Oct-23 30-Sep-24	01-Oct-24 30-Sep-25	01-Oct-25 30-Sep-26	01-Oct-26 30-Sep-27	01-Oct-27 30-Sep-28	01-Oct-28 30-Sep-29	01-Oct-29 30-Sep-30	01-Oct-30 30-Sep-31	01-Oct-31 30-Sep-32	01-Oct-32 30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	-	-	-	2.4	34.7	62.1	64.9	67.8	70.8	74.0	77.3
Parking Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
O&M income	INR Million	-	-	-	12.5	25.6	26.8	28.2	29.6	31.1	32.6	34.2
Other Income (Kiosk and Conference)	INR Million	-	-	-	0.02	0.35	0.62	0.65	0.68	0.71	0.74	0.77
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	-	-	-	14.9	60.6	89.5	93.7	98.0	102.6	107.4	112.4
Total Income from occupancy	**INR Million**	**-**	**-**	**-**	**14.9**	**60.6**	**89.5**	**93.7**	**98.0**	**102.6**	**107.4**	**112.4**
OPERATING COSTS												
O&M cost	INR Million	-	-	-	(9.0)	(18.6)	(19.5)	(20.5)	(21.5)	(22.5)	(23.7)	(24.9)
Insurance Cost	INR Million	-	(0.61)	(0.63)	(0.65)	(0.67)	(0.69)	(0.71)	(0.73)	(0.75)	(0.78)	(0.80)
Property Taxes	INR Million	-	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)
Total Operating Costs	**INR Million**	**-**	**(1.1)**	**(1.2)**	**(10.3)**	**(19.8)**	**(20.8)**	**(21.8)**	**(22.8)**	**(24.0)**	**(25.1)**	**(26.4)**
Net operating Income	**INR Million**	**-**	**(1.1)**	**(1.2)**	**4.7**	**40.8**	**68.7**	**71.9**	**75.2**	**78.6**	**82.2**	**86.0**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	1,011.8	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(10.1)	
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	
Total Net income	**INR Million**	**-**	**(1.1)**	**(1.2)**	**4.7**	**40.8**	**68.7**	**71.9**	**75.2**	**78.6**	**1,084.0**	
Property Mangement Fees	INR Million	-	-	-	(0.1)	(1.2)	(2.2)	(2.3)	(2.4)	(2.5)	(2.6)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	-	-	(0.0)	(0.7)	(1.2)	(1.3)	(1.4)	(1.4)	(1.5)	-
Brokerage Expenses	INR Million	-	-	-	(3.3)	(6.7)	-	-	-	-	-	-
Net Cashflows- Before Construction	**INR Million**	**-**	**(1)**	**(1)**	**1**	**32**	**65**	**68**	**71**	**75**	**1,080**	**-**
Construction Cost	INR Million	(48)	-	-	-	-	-	-	-	-	-	-
PSS Cost	INR Million	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows	**INR Million**	**(48)**	**(1)**	**(1)**	**1**	**32**	**65**	**68**	**71**	**75**	**1,080**	**-**

**As on date of valuation the O.C for the building was awaited. However the same is received on 28 October 2022.*

Annexure 7: Ready Reckoner Rate



Toll Free No for Enquiries : 1800 599 4788

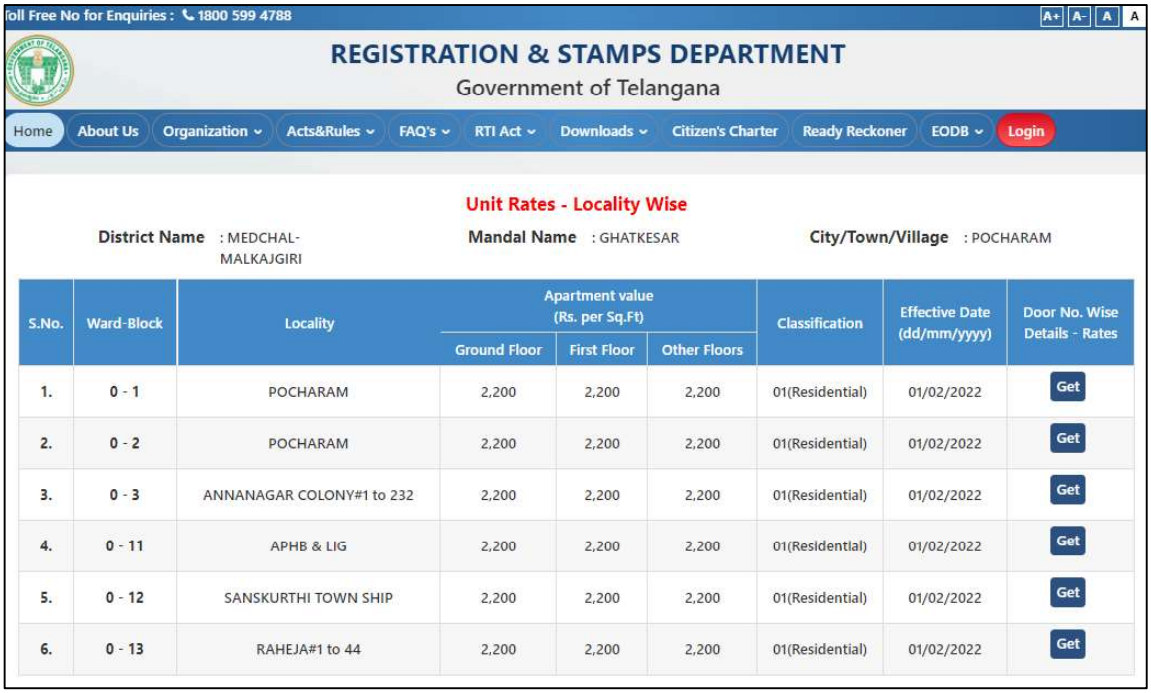
REGISTRATION & STAMPS DEPARTMENT
Government of Telangana

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Unit Rates - Locality Wise

District Name : MEDCHAL-MALKAJGIRI Mandal Name : GHATKESAR City/Town/Village : POCHARAM

S.No.	Ward-Block	Locality	Land Value (Rs. per Sq.Yard)	Classification	Effective Date (dd/mm/yyyy)	Door No. Wise Details - Rates
1.	0 - 1	POCHARAM	6,300	01(Residential)	01/02/2022	Get
2.	0 - 2	POCHARAM	6,300	01(Residential)	01/02/2022	Get
3.	0 - 3	ANNANAGAR COLONY#1 to 232	6,300	01(Residential)	01/02/2022	Get
4.	0 - 11	APHB & LIG	6,300	01(Residential)	01/02/2022	Get
5.	0 - 12	SANSKURTHI TOWN SHIP	6,300	01(Residential)	01/02/2022	Get
6.	0 - 13	RAHEJA#1 to 44	6,300	01(Residential)	01/02/2022	Get



Toll Free No for Enquiries : 1800 599 4788

REGISTRATION & STAMPS DEPARTMENT
Government of Telangana

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Unit Rates - Locality Wise

District Name : MEDCHAL-MALKAJGIRI Mandal Name : GHATKESAR City/Town/Village : POCHARAM

S.No.	Ward-Block	Locality	Apartment value (Rs. per Sq.Ft)			Classification	Effective Date (dd/mm/yyyy)	Door No. Wise Details - Rates
			Ground Floor	First Floor	Other Floors			
1.	0 - 1	POCHARAM	2,200	2,200	2,200	01(Residential)	01/02/2022	Get
2.	0 - 2	POCHARAM	2,200	2,200	2,200	01(Residential)	01/02/2022	Get
3.	0 - 3	ANNANAGAR COLONY#1 to 232	2,200	2,200	2,200	01(Residential)	01/02/2022	Get
4.	0 - 11	APHB & LIG	2,200	2,200	2,200	01(Residential)	01/02/2022	Get
5.	0 - 12	SANSKURTHI TOWN SHIP	2,200	2,200	2,200	01(Residential)	01/02/2022	Get
6.	0 - 13	RAHEJA#1 to 44	2,200	2,200	2,200	01(Residential)	01/02/2022	Get

Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** (or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.

g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any except as set out herein.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

Mindspace, Airoli East, Mumbai Region

Submitted to:

K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 04 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for the disclosure of valuation of assets forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020 .The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

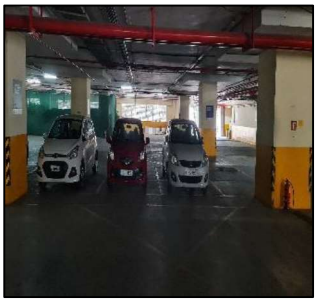
Executive Summary

Mindspace Airoli East, Mumbai Region	
Valuation Date:	30 September, 2022
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014
Location / Situation:	The property Mindspace Airoli East (hereinafter referred to as the Subject Property) is located at Airoli, within Thane Belapur Road micro market which is home to a number of IT and SEZ establishments. The micro market has established buildings by prominent developers like K Raheja Corp, Reliable Group, Loma Group etc. The micro market is strategically located in rapidly growing city of Navi Mumbai with close proximity to the residential areas. It also houses prominent tenants such as Accenture, UBS, IBM, etc.
Description :	Mindspace Airoli East is a Grade A, SEZ and IT Park located in Navi Mumbai. The Subject Property has two components i.e. a completed component and an under-construction component. **Completed Buildings – Building 1, 2, 3, 4, 5&6, 7, 8, 9, 10, 11, 12, 14** The completed buildings admeasure ~4.7 Million sq. ft. of leasable area. All the 12 are SEZ buildings. **Under-Construction: High Street** **Future Development – Building 15** Building 15 and High Street are Non-SEZ building admeasuring 850,000 sq. ft. of leasable area. The building 15 and High Street are expected to be completed in Q2 FY 2025-2026 and Q4 FY 2022-2023 respectively. Additional future development land area admeasures 1.76 acres.
Total Area:	Total Plot Area: 50[1] Acres Completed Leasable Area –4,707,876 sq. ft. Under Construction/ Future Development Leasable Area - 850,000 sq. ft. Future Development Land – 1.76 acres Total –5,557,876 sq. ft.









MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed Building (inclusive of power distribution business)	30 September 2022	INR 43,736 Million	India Rupees Forty-Three Billion Seven Hundred and Thirty-Six Million Only
Under Construction/ Future Developments	30 September 2022	INR 1,795 Million	India Rupees One Billion Seven Hundred and Ninety-Five Million Only

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1] *From Architect's Certificate (Dated: 15 June 2020) shared by the client*

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

To:	**K Raheja Corp Investment Managers LLP**
Property:	**IT/ITeS SEZ and IT Park christened "Mindspace Airoli East" located at Thane Belapur Road, Navi Mumbai**
Report Date:	**04 November 2022**
Valuation Date:	**30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"), in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report) for disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014. The Subject Properties comprise of land for future development or part of which may be considered for sale. The same have been valued separately. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his bachelor in planning from the School of Planning and Architecture, New Delhi in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International

Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of

the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards, issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the subject property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time

of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the subject property.

For the purpose of the valuation of Subject Property (other than the portions of future development area part or whole of which may be considered for sale), Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

8 Inspection

The Property was inspected on 23 March 2022 by the Valuer and subsequently no site visits have been conducted No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the subject property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and willful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).
- In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees

and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.

- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc Disclosure and Publication.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B MUMBAI REGION CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1 Mumbai Region City Overview

Particulars	Mumbai Region- Overall	CBD	Andheri and Powai	*Thane Belapur Rd	*Malad - Goregaon	Worli - Lower Parel	*BKC & Annex	Thane	Central Suburbs	Eastern Suburbs	Vashi & Others
Total completed stock 9M 2022 (msf)	104.4	2.1	20.9	17.3	14.7	13.4	10.4	10.4	5.5	6.1	3.8
Current occupied stock 9M 2022 (msf)	80.6	1.8	17.7	12.8	12.4	7.3	8.6	9.0	4.0	4.7	2.3
Current Vacancy 9M 2022 (%)	22.8%	11.8%	15.0%	25.7%	15.3%	45.6%	17.7%	13.1%	28.0%	22.8%	40.0%
Avg. Annual Absorption – 2016 – 9M 2022 (msf)	3.5	0.0	0.5	0.8	0.5	0.0	0.4	0.7	0.3	0.1	0.2
Future Supply – Q4 2022 – 2024 (msf)	12.5	0.0	3.2	2.7	1.8	1.6	0.2	2.0	0.4	0.0	0.5
Market Rent – 9M 2022 (INR psf / month)	134.6	229.2	131.7	60.9	124.9	179.0	275.8	71.6	137.8	136.8	91.5

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.

*CBD stands for Central Business District. *Mindspace REIT's micro markets.*

Mumbai is India's financial and commercial capital. The presence of vibrant capital and money markets makes the city the first choice of entry for financial services firms. Mumbai houses the headquarters of major corporates & financial institutions such as ICICI Bank, HDFC Bank, Life Insurance Corporation of India, etc. India's main stock exchanges & capital market and commodity exchanges (National Stock Exchange – NSE, Bombay Stock Exchange – BSE and Multi Commodity Exchange – MCX) are also located in Mumbai. It is also home to Bollywood, the Indian Television and Film Industry.

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

- **Financial capital and Services hub:** Mumbai which is referred as India's financial capital and houses corporate head offices of many Indian banks It is also home to global consultancy firms, legal and professional services, media houses, accounting professionals, etc.
- **Global In-house Centers/ Global Capability Centers:** Mumbai is a hub for Global In-house centers (GICs) / Capability centers (GCCs) of many Investment Banks mainly from the North American and European markets such as Deutsche Bank, Bank of America, JP Morgan, etc.
- **Social Infrastructure:** Mumbai has established educational institutions and colleges, Malls, Hospitals and hotels
- **Transport infrastructure:** Mumbai is well connected via road with availability of infrastructure like the Eastern Express Highway, Western Express Highway, Eastern Free Way, Bandra-Worli Sea Link, etc. It also provides good railway connectivity with three railway lines, an operational metro line and a mono rail line. Mumbai is also well connected via air with other cities in India and other global cities with the help of 2 operational passenger terminals (Domestic and International) and one cargo terminal at Chhatrapati Shivaji Maharaj International Airport.

- **Ongoing/Planned infrastructure projects:** Key initiatives include multiple metro lines, various road projects (proposed 29 km Coastal Road, Mumbai Trans Harbour Link, Goregaon Mulund Link Road), monorail and the Navi Mumbai International airport.

2 Mindspace REIT's Micro-Markets (Thane Belapur Road)

2.1 Overview

Navi Mumbai was developed in 1972 as a twin city of Mumbai and is one of the largest planned cities in the world. Navi Mumbai lies on the mainland on the eastern seaboard of Thane Creek. The city limits stretch from Airoli near Thane in the north, to Uran in the south. Navi Mumbai has seen establishment of key industries and companies since late 1990s. CBD Belapur witnessed establishment of BFSI regional presence with offices of RBI, SBI and various other public sector banks. Over the last decade, Navi Mumbai has become an established corridor with large commercial and IT developments which consists of a mix of Indian and multinational tenants.

Thane-Belapur Road micro market has been one of the key markets for Mindspace REIT in the Mumbai Region. Mindspace REIT has two SEZ & IT Park assets in the micro-market: Mindspace Airoli East and Mindspace Airoli West. The assets are located in one of the best performing micro markets and are distinguished by scale and infrastructure and are well positioned in the micro-market, with proximity to major business, social and transportation hubs. This is a key differentiating factor, given an increasing focus by corporate occupiers on the ease of commute for their employees.

Rapid development of residential real estate & establishment of new growth vectors such as Belapur, Panvel, Palm Beach Road etc. has led to a successful establishment of Thane Belapur Road as a micro market. The Thane Belapur stretch has emerged as the preferred location for office tenants because of its proximity to the large residential catchment areas of Thane and Navi Mumbai, affordable rent and robust connectivity. Thane Belapur Road is presently connected to Mumbai and other parts of the country by a multi – modal integrated transport system such as expressways, highways and railways. A world-class international airport being developed in Navi Mumbai with a planned capacity of 60 million is expected to improve direct domestic and international connectivity and drive office demand further; Mindspace Airoli assets are the closest high-quality, large-scale parks to the proposed airport site.

The Thane - Belapur stretch which includes Airoli, Ghansoli, Juinagar, Mahape and Rabale, today is one of the major roads that passes through the Navi Mumbai Municipal Corporation (NMMC) area. It is a major link road between the old Mumbai – Pune highway (NH4) and Sion – Panvel Expressway. With ample supply of A grade IT buildings such as Mindspace Airoli, Reliance Corporate Park, Mindspace Airoli West, etc. Thane Belapur Road has emerged as an established hub for office sector. The micro-market contributes approximately 16.5% of the office stock of Mumbai Region as of 9M 2022. The micro market has seen sustained interest due to large scale developments, competitive rentals to most other Technology led office markets and proximity to the requisite talent pool. Supply of space for IT and IT related activities has increased tremendously in this market leading to high vacancy levels.

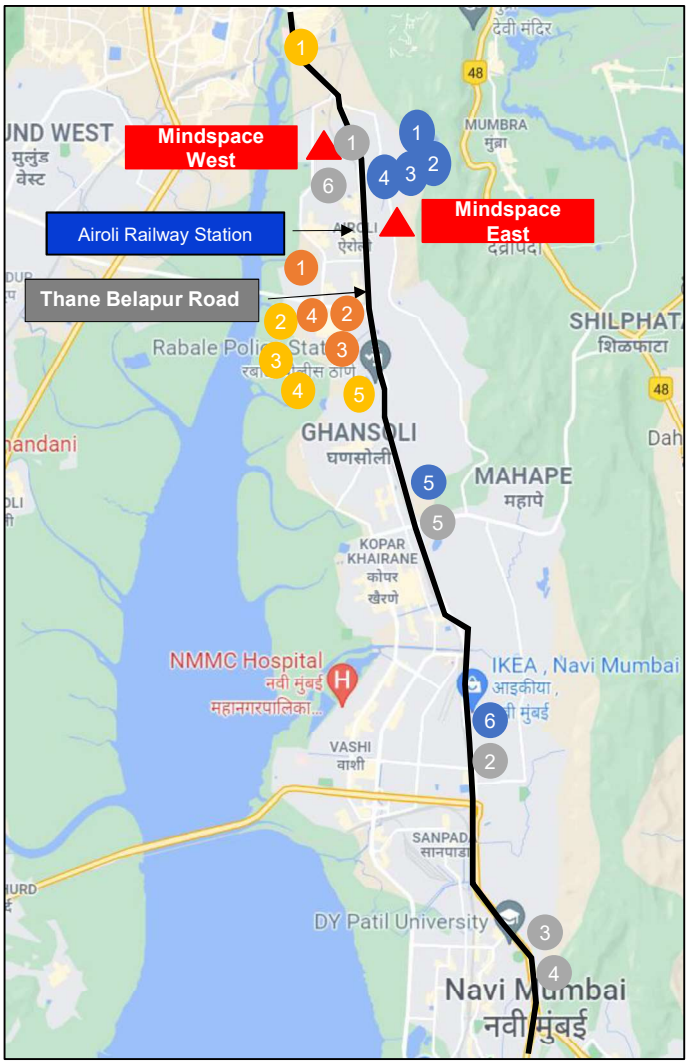
Airoli which is present on the Thane-Belapur Stretch transformed after the development of Airoli-Mulund bridge. It is well-linked to various developed areas of Mumbai and a number of hotels, schools, banks and hospitals via an excellent network of railways and roadways. The micro market is witnessing an increase in population in recent years, owing to its proximity to various employment hubs and offices.

Mindspace Airoli West and Mindspace Airoli East are Grade-A, leasehold business parks located in the Mumbai Region, Maharashtra. The parks have established themselves as the "new age district" for the

rapidly growing IT/ITeS services, housing the leading IT and fintech companies. Mindspace Airoli East and Mindspace Airoli West are the largest business parks, respectively, in Thane Belapur Road micro market with best-in-class infrastructure and amenities catering to the needs of “new age businesses”. The parks are well positioned within Navi Mumbai and are in proximity to Airoli Railway Station and the upcoming international airport.

With large scale campus style commercial development, the Thane Belapur Road has emerged as the hub for office tenants in technology and financial services. The micro-market contributes approximately 16.5% of the office stock of Mumbai Region as of 9M 2022. With campus style development, high-speed connectivity through next-door railway stations and limited number of office parks with comparable scale, Mindspace REIT’s assets have emerged as one of the preferred location of choices.

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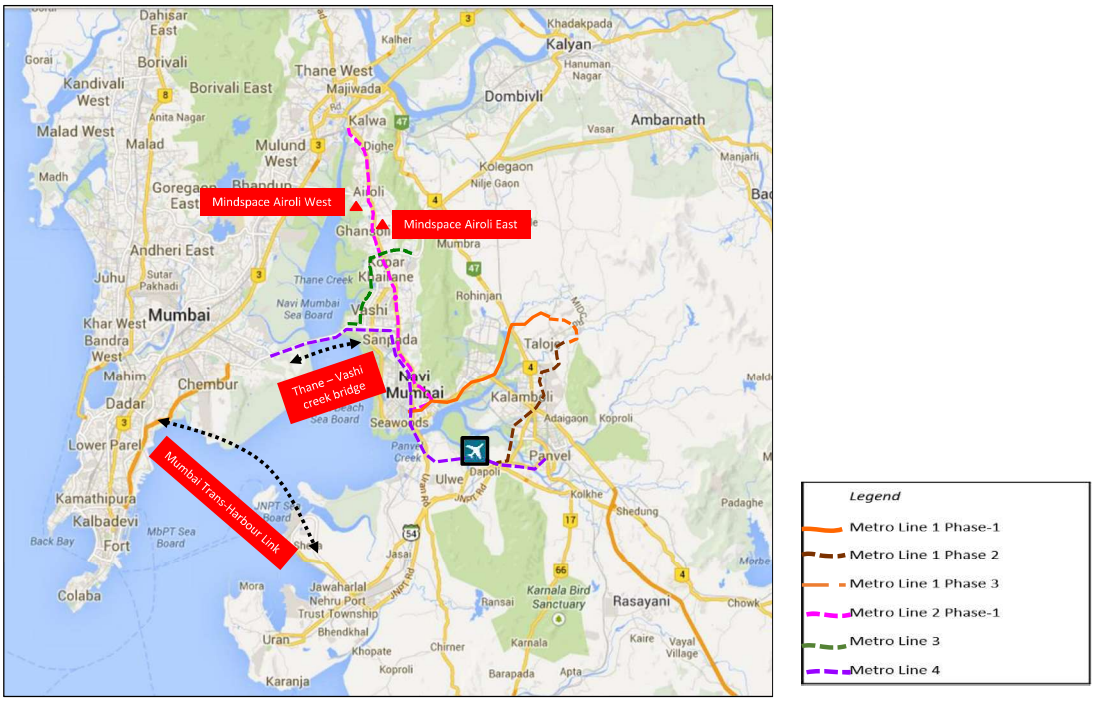
(Map not to Scale)

Key Office Developments *Social Infrastructure* *Lifestyle Infrastructure* *Proposed Development*

Key Commercial Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed Commercial Developments
1. Empire Tower	1. Jai Bhagwan College	1. Smokin Joes (*QSR)	1. Gigaplex Building 9
2. Reliable Tech Park	2. National Burns Hospital	2. The Mint Leaf (*QSR)	2. Mindspace Juinagar building 3
3. Liberty Tower	3. DAV Public School	3. Hotel Golden Crest	3. Cyber Nerul
4. Reliable Tech Plaza	4. Apple Hospital	4.Mc Donald's	4. Shreeji Destiny
5. Aurum Q Park 1 & 2	5. St. Xavier's High School		5. Intellion Park
6. Rupa Renaissance			6. Newa Bhakti Knowledge Park

**QSR stands for Quick Service Restaurant*

2.2 Existing and Upcoming Infrastructure



(Map not to Scale)

Navi Mumbai Metro Lines

Subject property would have improved connectivity with rest of Mumbai via Navi Mumbai metro line 3, which is expected to run parallel to the arterial Thane Belapur Road and would connect major Thane Belapur Road stretch from Dighe to Belapur via Turbhe. Intern-connectivity with other metro lines like Navi Mumbai Metrol Line 1 connecting CBD Belapur to Khandeshwar, Navi Mumbai metro line 4 connecting Vashi with Mahape via Ghansoli and Navi Mumbai Metro line 2 further connecting to Central Mumbai would further enhance the importance of the metro lines.

Navi Mumbai International Airport

A new airport is planned in Navi Mumbai on 1,160 hectares in Ulwe, near Panvel. The new airport in Navi Mumbai is designed to be bigger than the existing Mumbai International Airport and will have two parallel runways for independent operations. The Airport will be developed as one of the world's largest Greenfield Airport through Public Private Partnership (PPP). It is expected that the airport will result in substantial demand for commercial, hospitality and residential real estate in the surrounding areas of Panvel, Thane and Navi Mumbai. The new airport is expected to spur growth in Navi Mumbai as well as improve the connectivity of the subject property to rest of India.

New Thane Creek Bridge at Vashi

Proposed bridge on Thane creek at Vashi is expansion of existing 6-lane bridge into 12-lane bridge. The plan is to add three lanes on each carriageway of the bridge. This proposed new bridge is called the northern carriageway and it will be on the eastern side of the existing bridge. Afforestation of mangroves will be done at Erangal in Borivali. The MSRDC will cut 430 mangroves on a land parcel of

1.4 acres which has been handed over to MSRDC by the forest department. L&T will build most part of the bridge and the bridge is expected to be completed by 2023. This bridge would improve connectivity to MMR, especially to the Suburban regions.

Nhava Sheva Sea Link (Trans Harbour Link)

The ongoing six-lane Mumbai Trans Harbour Link ('MTHL') would connect Nhava Sheva in Navi Mumbai to Sewri central Mumbai. It is expected to be completed by the end of 2023. This trans harbour link would improve the connectivity to CBD and SBD.

Sewri- Worli Connector

The Sewri-Worli connector would be an extension to the MTHL and would further extend the connectivity to other parts of MMR including prime office locations of Worli and BKC via Mumbai Coastal Road Project and Bandra Worli Sea Link. It is expected to be operational by 2023.

2.3 Key Statistics

Particulars	Details
Total completed stock (9M 2022)	Approximately 17.3 msf
Current occupied stock (9M 2022)	Approximately 12.8 msf
Current Vacancy (9M 2022)	Approximately 25.7%
Avg. Absorption (2016 – 9M 2022)	Approximately 0.8 msf
Future Supply (Q4 2022 – 2024)	Q4 2022: Approximately 0.4 msf (~96.1% of the supply is pre-leased) 2023: Approximately 1.3 msf 2024: Approximately 1.0 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.

2.4 Supply, Absorption & Vacancy

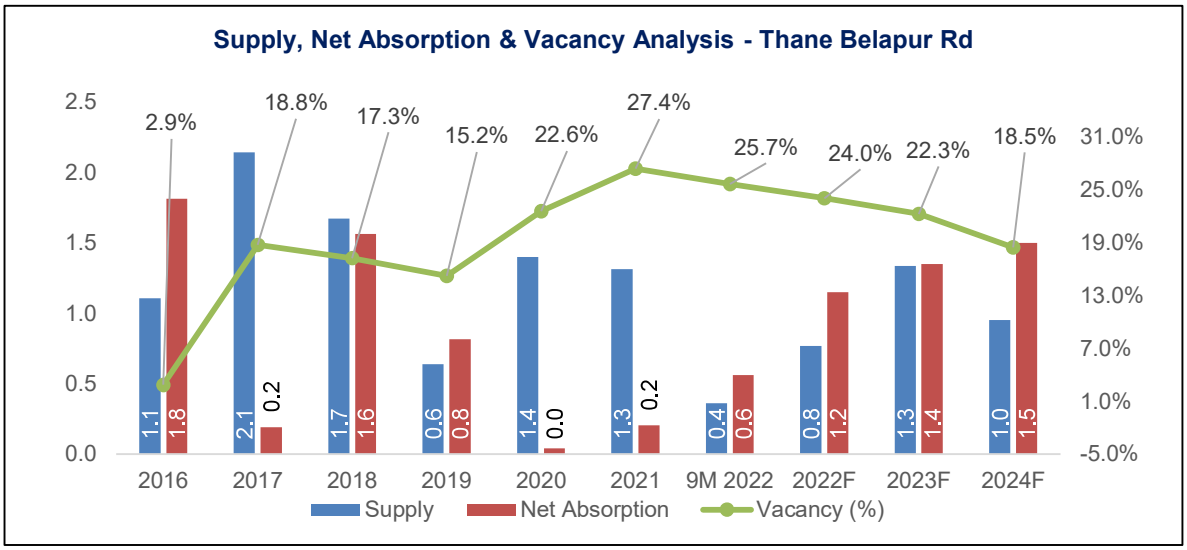
Owing to the growth of technology sector in India, the commercial space demand has also increased, the effect of which can be witnessed in the Thane Belapur Road micro market. Further, due to enhanced connectivity, premium quality developments, availability of integrated parks with larger floor plates and relatively affordable rentals, the micro market is also witnessing an increasing traction from BFSI companies. Absorption in Thane Belapur Road has been a function of supply over the past few years, with average absorption of ~0.8 msf per year (2016 – 9M 2022). ~50.0% of the stock as on 9M 2022 in Thane Belapur Road micro market belongs to Mindspace REIT assets; Mindspace Airoli East and Mindspace Airoli West. Demand had kept pace with consistent infusion of supply during 2017-2019, leading to a declining vacancy that stood at 15.2% in 2019. However, owing to the challenges faced during the pandemic, led to weak net absorption in the micro-market. This coupled with a supply of ~2.7msf, led to the vacancy increasing to 27.4% as of 2021 in the IT companies dominated market. The micro-markets has witnessed strong traction during 9M 2022, vacancy stood at 25.7% as at Q3 2022.

0.4 msf of new supply is expected to be delivered by 2022 of which ~0.3 msf belongs to Mindspace REIT assets. Strong pipeline of RFPs in the micro-market, as the office have started to open up, large pre-commitment at Gigaplex Tower 9, strong traction in the IT parks instils our confidence in the strong performance of the micro-market, the vacancy is expected to reduce 24.0% by 2022F.

Leasing traction is expected to continue to be robust in the micro-market as the micro-market gains more prominence with the growth in the technology sector. Vacancy is expected to gradually decline to 18.5% by 2024F.

Mindspace REIT assets enjoy approximately 9.9 percentage points lower vacancy in comparison to the rest of the market as on Q3 2022 (comprising of buildings with fewer amenities and smaller floor plates which are not much preferred by large tenants).

The following graph represents supply, net absorption and vacancy levels in Thane-Belapur Road micro-market(2016-2024F):



Source: Cushman & Wakefield Research

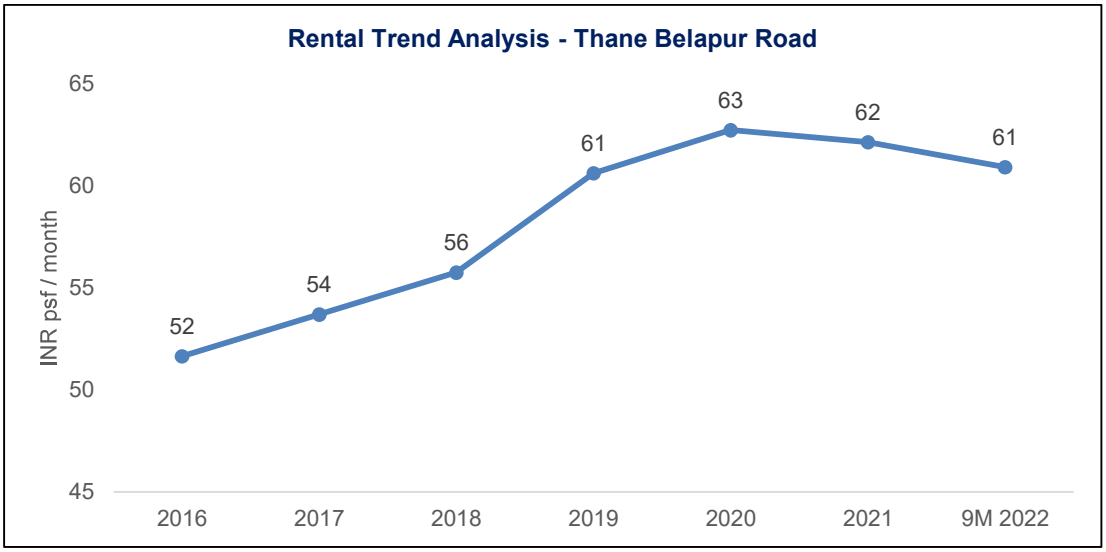
Note: 1. Future supply estimates are based on analysis of under construction projects considering their physical progress, available information on their approvals and interactions held with various stake holders, future absorption estimates are derived basis past trend, current vacancy an estimated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

2. Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

2.5 Rental Trend Analysis

Thane Belapur rents witnessed significant increase in quoted rentals during the period 2016-19. Rentals grew at a CAGR of 5.5% during 2016 – 2019. The micro-market has shown significant resilience during the pandemic. Rentals have remained broadly stable since 2019. However, rentals in select properties have witnessed minor improvements over the last few quarters. This is primarily led by strong traction from tenants from sectors like technology, BFSI, Healthcare & Pharmaceutical etc. Availability of affordable rentals when compared to Mumbai region, enhanced connectivity and larger floor plates also acted as a catalyst to the increasing rentals in this micro market.

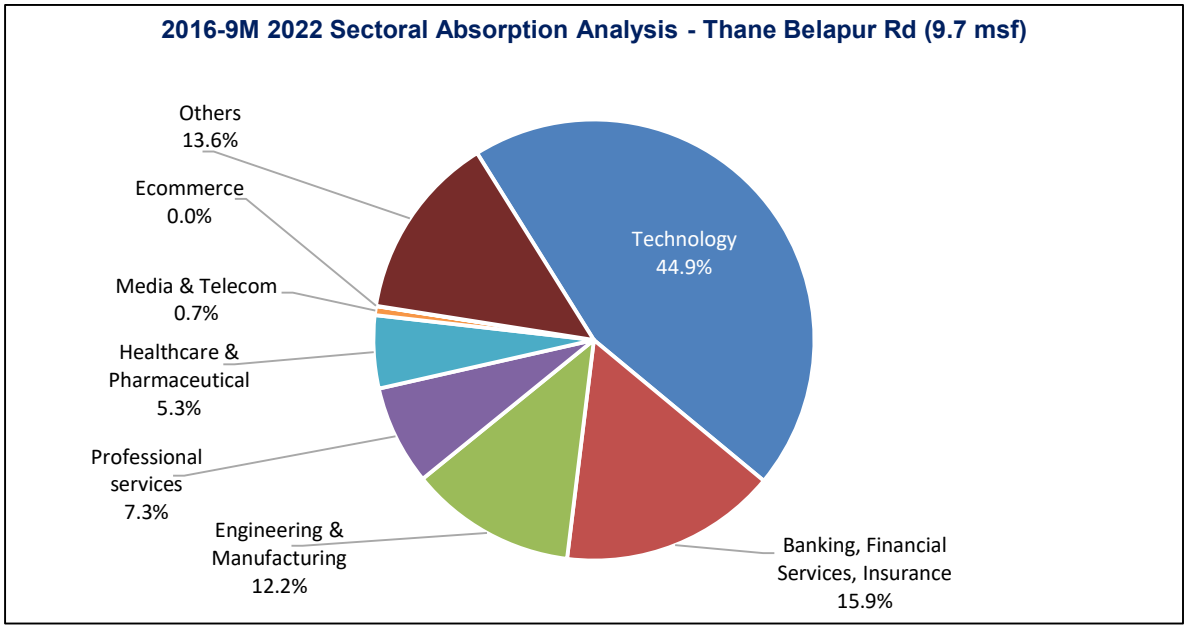
The following graph depicts the rental trend in Thane-Belapur Road micro-market (2016-9M 2022):



Source: Cushman & Wakefield Research,

Note: The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters

2.6 Sector Demand Analysis



Source: Cushman & Wakefield Research

Note: Others include Automobile, Education, Flexible Workspaces, Hospitality, Logistics & Shipping, Oil & Gas, Research & Analysis, Food & Beverage, Real Estate & Related Services, etc. The sectoral absorption analysis is based on gross absorption activity of micro market i.e. including any relocations, consolidations etc.

Thane Belapur Road micro market has witnessed an increased traction from Technology sector which contributed to 44.9% of the leasing activity during 2016 – 9M 2022 The tenants are attracted to this micro market due to availability of larger floor plates, affordable rentals and enhanced connectivity. The technology occupiers in this micro market are involved in the activities of software developments, Research and Development etc. This micro market is also gradually witnessing traction from BFSI sector with prominent tenants such as Yes Bank, ICICI Bank, HDFC Bank etc. moving to this micro market recently. BFSI sector contributed 15.9% to the leasing activity during 2016 – 9M 2022.

2.7 Market Outlook

According to the market assessment report of Cushman & Wakefield current market rentals in the Thane Belapur micro market are in the range of INR 50-60 psf / month which is broadly in line with the recent leases signed in the Subject Property. Further over 2016-19, Thane Belapur rents witnessed significant increase in quoted rentals growing at a CAGR of 5.5% during 2016 – 2019. The micro-market has shown significant resilience during the pandemic. Rentals have remained broadly stable since 2019. However, rentals in select properties have witnessed minor improvements over the last few quarters. Going forward, considering the limited competitive future supply in the Thane Belapur micro market and the upcoming Navi Mumbai International Airport and Metro Corridor will have a positive impact on the rentals, annual growth rate of ~5% in the market rentals appears achievable over medium to long term.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	MIDC Plot No. 3, Kalwa Trans Thane Creek Industrial Area, Mindspace, Opp. Airoli Station, Airoli, Navi Mumbai 400708
Ownership & title details:	Underlying land is on leasehold basis from MIDC; the buildings thereupon are owned by the Mindspace REIT

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property is considered to possesses a good and marketable title and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani and Co. (hereinafter collectively referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material Litigation

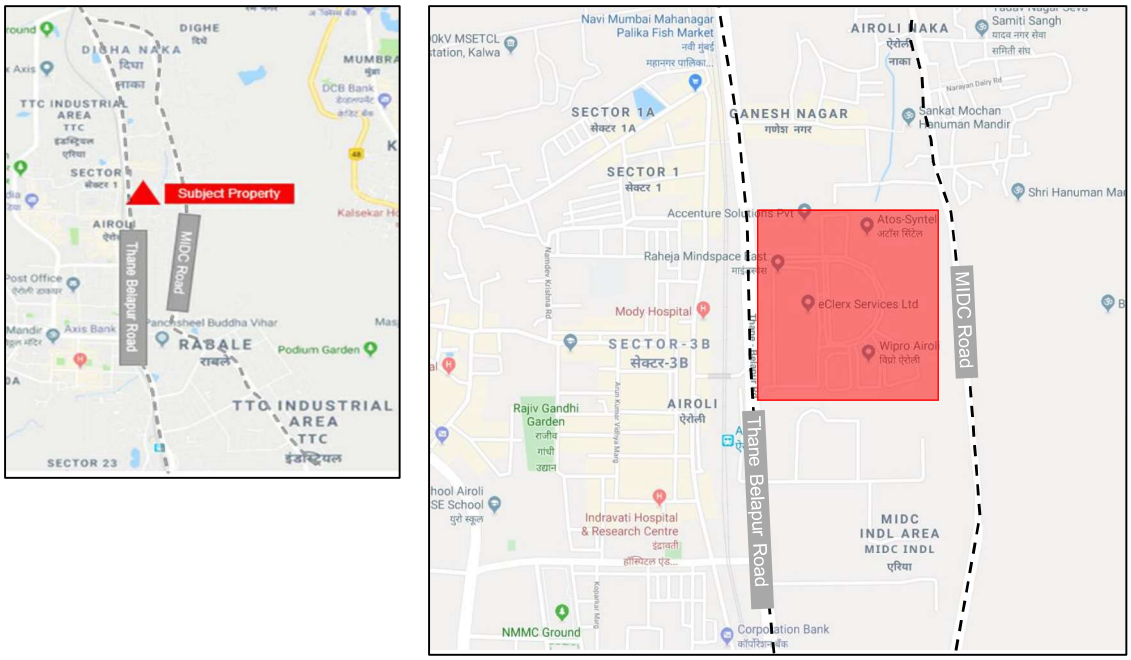
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

2 Location

2.1 General

Subject property comprises of operational and completed buildings 1, 2, 3, 4, 5&6, 7, 8, 9, 10, 11, 12,14 and under construction buildings/ future development of Building 15 and High Street (hereinafter referred to as Subject Property), which are part of Mindspace IT park located in Airoli East, Navi Mumbai. Mindspace, is spread over 50 acres comprising SEZ and future Non-SEZ office space. It enjoys good accessibility and connectivity with other parts of the city. The Subject Property also has a club house which has F&B outlets of Dominos, Subway on the ground floor. The Subject Property also has a gaming zone for employees.

The location map of the Subject Property is set out below:



(Map not to scale)

The subject property is spread out over ~50 acres of land parcel leased from MIDC. Located on the Thane – Belapur Road opposite Airoli Station, the Subject Property enjoys good frontage and has a relatively flat topography with no significant variations in the height of the land. Further, basis our perusal of the site map provided by the client, we noted that the land plot is in regular shape.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 1-1.5 kms from Airoli Railway Station
- Approximately 8-10 kms from Thane Railway Station
- Approximately 9-11 kms from Eastern Express Highway
- Approximately 23-25 kms from Mumbai International Airport

The Subject Property is well accessible from all locations of Mumbai-Navi Mumbai and MMR. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system. The property photographs of the Subject Property are attached in Annexure 3.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Mumbai where the Subject Property is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and does not face any significant problems of flooding or waterlogging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Mindspace Airoli East is a Grade A, SEZ and IT Park located in Navi Mumbai. The Subject Property has two components i.e. a completed component and an under-construction component.

Completed Buildings – Building 1, 2, 3, 4, 5&6, 7, 8, 9, 10, 11, 12, 14

The completed buildings collectively admeasure ~4.7 Million sq. ft. of leasable area. All the 12 are SEZ buildings. The IT Park also has a club house which has F&B outlets of Dominos, Subway on the ground floor.

The building wise Leasable Area break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 1	355,606[1]	SEZ	Completed
Building 2	344,370	SEZ	Completed
Building 3	354,404	SEZ	Completed
Building 4	349,433	SEZ	Completed
Building 5 & 6	862,389	SEZ	Completed
Building 7	345,376	SEZ	Completed
Building 8	295,423	SEZ	Completed
Building 9	359,847	SEZ	Completed
Building 10	366,319	SEZ	Completed
Building 11	353,159	SEZ	Completed
Building 12	371,972	SEZ	Completed
Building 14	344,247	SEZ	Completed
Club House	5,331	SEZ	Completed
Building 15	800,000	Non-SEZ	Future Development
Retail Space	50,000	Non-SEZ	Under Construction

Source: Architect's Certificate, Rent Rolls, Lease Deeds/ Leave and License Agreements

Total leasable area for the property varies versus the architect certificate. The change in area is in accordance with the Lease Deeds/ Leave and License Agreements

Note: [1]Building 1 area as stated in the table above does not include the impact from the lease renewal of Larsen & Toubro Infotech Limited, admeasuring 322,448 Sq. ft. (vs 310,027 sq. ft. at expiry on 30 September 2022). Lease for such renewal of space shall be effective from 01 October 2022. Incorporating the impact from the said space, the total leasable area for Building 1 shall increase to 368,027 Sq. ft. (vs 355,606 as shown in the table above).

Under-Construction/ Future Development – Building 15

Building 15 is a Non - SEZ building admeasuring ~ 800,000 sq. ft. of leasable area. Building 15 is expected to be completed by Q2 FY 2025-2026.

Under-Construction/ Future Development – High Street

High Street a Non - SEZ building admeasuring ~ 50,000 sq. ft. of leasable area. High Street is expected to be completed by Q4 FY 2022-2023.

3.1 Key Asset Information

Completed Buildings

Particulars	Details
Entity:	Mindspace Business Parks Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT[1]
Age of building based on the date of occupancy certificate:	Building 1 - 9 years and 2 months Building 2 - 10 years and 9 months Building 3 - 12 years and 8 months Building 4 - 11 years and 10 months Building 5&6 - 10 years and 6 months Building 7 - 11 years and 6 months Building 8 - 13 years and 5 months Building 9 - 8 years and 7 month Building 10 - 9 years and 5 months Building 11 - 7 years and 10 months Building 12 - 7 years and 8 months Building 14 - 12 years and 4 months Club House – 8 years and 9 months
Asset type:	SEZ and IT Park
Sub-market:	Thane Belapur Road
Approved and existing usage:	Commercial Office/IT SEZ
Site Area (acres):	~50
Freehold/Leasehold:	The underlying land is taken on leasehold basis from MIDC
Leasable Area:	4.7 million sq. ft.
Occupied Area:	4.2 million sq. ft.
Occupancy (%)[2]	88.3%*
Committed Occupancy (%)[3]	88.3%*
Number of Tenants	23

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *Occupancy refers to proportion of area leased which is actively occupied by the tenants out of the total area that has received OC*
3. *Committed occupancy also includes area which has been pre-leased to tenants.*

Under Construction and Future Development Buildings

Particulars	Details
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by MBPPL Estate Private Limited which is 100% owned and controlled by the Mindspace REIT
Expected completion date of construction:	Building 15 – July 2026 High Street – March 2023
Asset type:	IT Park
Approved Usage:	Commercial office and Retail
Leasable Area:	~0.9 million sq. ft.[1]
Status of construction:	Building 15 – Future Development High Street – Under Construction
Approvals received and pending as on Valuation Date:	List of approvals detailed in Annexure 5

Source: Client information

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

The underlying land of the Subject Property is held as leasehold from Maharashtra Industrial Development Corporation (MIDC) with remaining tenure of 82 years. Given that the purpose and obligations associated with lease of the underlying land has essentially been achieved, the likelihood of lease getting cancelled or not renewed at the end of the tenure is negligible. Thus, no specific adjustments are required to be made towards the legal tenure of underlying land's ownership.

3.2 Property Inspection

The Property was inspected on 24th March 2022 by the Valuer and subsequently no site visits have been conducted No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates (Dated: 15 June 2020) mentioning site areas and property areas
b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property
c. Lease agreements and commercial clauses all the tenants signed after the date Jun 15, 2020
d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
e. Management representation regarding the following:
    i. Major repairs undertaken and proposed in the Subject Property
    ii. Statement of Assets
    iii. Revenue pendency, if any
    iv. List of Material Litigations

Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

3.4 Tenant Profile

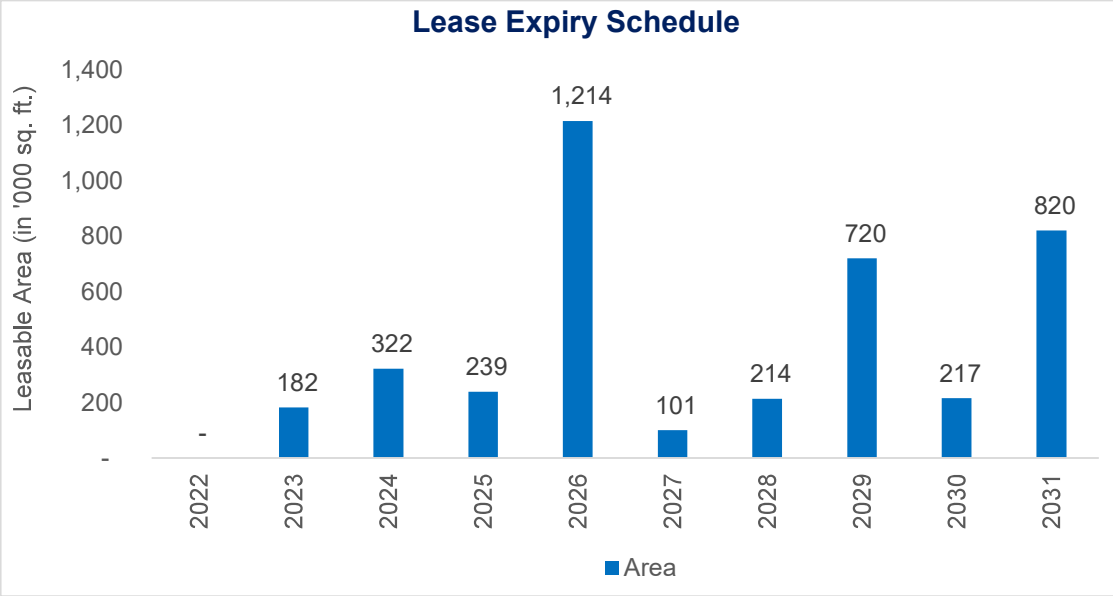
As of 30 September 2022, Subject Property has 24 tenants (for office space) which include companies like Wipro, Accenture, L&T, Citius, Cognizant, Syntel, Wipro etc. The Subject Property's top 10 tenants account to ~89 % of the Gross Rental income.

Rank	Top 10 tenants according to Leasable Area	Leasable area (sq. ft.)
1	Accenture	1,036,722
2	L&T	745,675
3	Syntel	349,433
4	Wipro	345,376
5	eClerx	312,032
6	Cognizant	291,568
7	Citius	268,144
8	Inventurus	149,659
9	Gebbs	148,241
10	Globeop	121,295
Total		**3,768,145**

Rank	Top 10 tenants according to Gross Rentals	Share of Gross Rentals
1	Accenture	20.9%
2	L&T	19.5%
3	Wipro	8.0%
4	eClerx	8.0%
5	Cognizant	7.6%
6	Citius	7.1%
7	Syntel	6.4%
8	Inventurus	4.2%
9	Gebbs	3.9%
10	Globeop	3.4%
Total		**89.0%**

3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 6.1 years, with ~49.4% of occupied area expiring between CY 2022 and CY 2027 as shown in the chart below.



3.6 Power Distribution Services

In accordance with Section 14 (b) of the Electricity Act, 2003 read with Section 4(1) of the SEZ Act, 2005, entities that own and operate SEZ Parks are considered Deemed Distribution Licensee for supplying electricity to consumers within the SEZ area. Pursuant to the above regulations, Mindspace Business Parks Private Limited (SPV) also has the license to distribute power within the Subject Property.

The SPV has invested in the infrastructure to facilitate the distribution of the power to the customers (occupiers and operators within the subject properties). It procures power from Power generators/traders supplying to the grid and then distribute it to the end consumers within the Subject Property. The SPV is not allowed to expand the power distribution outside the limits of the SEZ, i.e., the Subject Property in this case.

4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or micro-markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top 5 tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable market rent (Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).

2. Valuer also analysed the historical leasing within the asset for anchor tenants to identify the discount that is extended to such tenants at the time of fresh leasing or lease renewals. Rent roll and sample of lease deeds of large anchor-tenants were analysed and applicable adjustments to marginal rent was estimated for individual leases. For other tenants occupying relatively large space within the properties, it is assumed that the leases shall revert to marginal rents (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/ Future Development area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/future development areas respectively.

   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.

   Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Recurring operational expenses, fit-out income (if any– the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.

4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

4.4 Approach for Power Distribution Services

Mindspace Business Parks Private Limited (SPV) submitted the detailed tariff petition to Maharashtra Electricity Regulatory Commission (MERC or the Commission), which included demand projections, power procurement plan, capital investment plan, financing plan, and expected revenue (aggregate revenue requirement) from tariff and charges for its power distribution services for a projected period of 5 years. The Commission in accordance with prevailing regulations determined the tariff that may be charged to the customers/operators within the Subject property over the said projected period. The aggregate revenue requirement for the distribution business for each projected year contained mainly power purchase cost, operational & maintenance expenses, depreciation, interest on loan, interest on working capital, return on equity, etc. In other words, licensee can charge cost plus mark up as approved by the Commission to the end users. This mark-up is equivalent to return on its investment in power distribution infrastructure and enabling services. The return on investment comprise annual depreciation on investment, interest expenses on notional debt and return on equity.

1. As the first step to the valuation of the power distribution service, the tariff order from Maharashtra Electricity Regulatory Commission determining the aggregate revenue requirement for 5 years from the date of order has been reviewed.

2. Earnings before interest, depreciation & tax (EBITDA) for each year is projected for the balance life of the license and NPV (net present value) is computed as on valuation date at appropriate discounting rate

3. EBITDA is projected based on the component of aggregate revenue requirement in the latest order from the commission.

4. For the future project capex requirement has been given by the client.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Completed Building

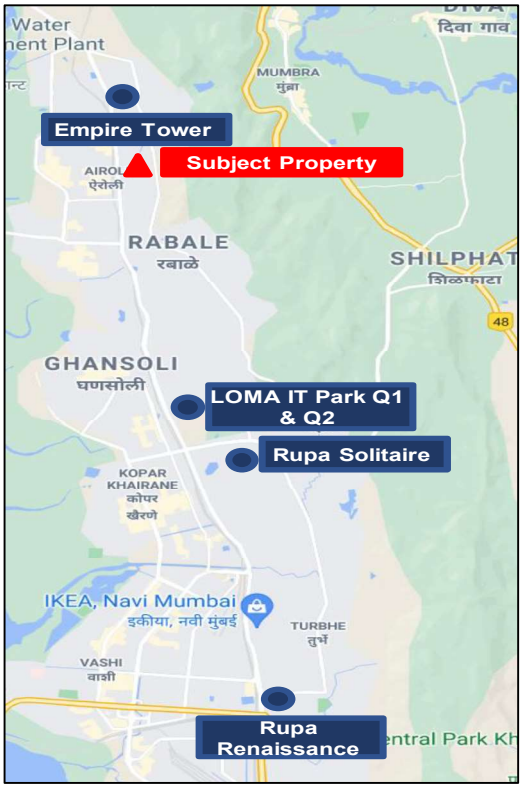
Property details

Property Details	Unit	Details
Total Property Leasable Area	Sq. Ft.	4,707,876
Area Leased	Sq. Ft.	4,154,674
Leased	%	88.2%
Vacant Area*	Sq. Ft.	553,202
Vacancy	%	11.8%
Stabilized Vacancy	%	2.0%
Further leasing	Sq. Ft.	459,045
Existing Lease rollovers	%	100%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
4W parking slots – paid	Number	519
Estimated leasing period	No. of quarter	6

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases.
- **Future absorption: (As per Section 2.4 - Supply, Absorption & Vacancy)**
  - Over 2016 – 9M 2022, the Thane Belapur Road micro market has witnessed an average annual absorption of approximately 0.8 Million sq. ft. The Subject Property's share (Airoli East and West) in the historical absorption was approximately 35% over the same period.
  - Going forward, the micro market is expected to have an average annual demand of approximately 1.5 Million sq. ft. per annum over Q4 2022 - 2024. Assuming the share for the Subject Property at 40% - 45%, annual leasing of about 0.6-0.7 Million sq. ft. can reasonably be assumed.

- Competition for the Subject Property in the near future would primarily arise from relevant inventories in the market with high vacancies namely,
  - Existing - Q Park- Q1 & Q2 (LOMA IT Park) with 1.5 Million sq. ft. and vacancy of 52.5%
  - Existing - Empire Tower with 1.4 Million sq. ft. and vacancy of 15.0%
  - Existing – Rupa Solitaire Park with 1.0 million sq. ft. and vacancy of 7.4%
  - Existing – Rupa Renaissance with 1.4 million sq. ft. and vacancy of 68.0%

Subject Property and Relevant Existing Supply



- Considering the above, it would be reasonable to believe that the Subject Property (as well as Airoli West) shall be able to lease:
  - approx. 0.3 Million sq. ft. of vacant space Airoli East in FY 2023 – FY 2024
  - approx. 0.7 Million sq. ft. of vacant space in Airoli West in FY 2023 – FY 2024
- Further leasing of 0.5 Million sq. ft. has been assumed after incorporating a 2% stabilised vacancy which is a standard for Grade A properties in Commercial Parks.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent – Office	Per sq. Ft./month	INR 59.00
Market Rent - Food Court	Per sq. Ft./month	INR 135.00
Market Rent – Services	Per sq. Ft./month	INR 47.00
Market Rent – Anchor	Per sq. Ft./month	INR 56.00
Market 4 W Parking Rent	Per slot/month	INR 1,500
Other operating income	% of lease rental	1.00%
Market Rent growth rate H2 FY 2023	% p.a.	0.00%
Market Rent growth rate	% p.a.	5.00%
Market Rent growth rate – FY 2025 - 2027	% p.a.	6.00%
Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
Target efficiency	%	76.0%
CAM/O&M Income prevailing in the market	Per sq. Ft./month	11.66

- **Market rent - office:**
  - Over 2019 – 9M 2022, approximately 0.8 million sq. ft. was leased in the rental range of INR 57-63 per sq. ft. per month.

Lease Transactions 2019 – Q1 2022

Tenant	Year	Area	Rent
eClerx Services Ltd	2022	91,954	58
IBM India Pvt. Ltd.	2022	57,000	58
Larsen & Toubro Infotech Limited	2021	45,579	58
GlobeOp Financial Services (I) P. Ltd	2021	61,819	60
Inventurus Knowledge Solutions Pvt. Ltd.	2020	81,373	59
Neural IT Pvt Ltd	2020	11,080	62
L & T Technology Services Limited	2019	17,986	63
L & T Technology Services Limited	2019	24,274	59
L & T Technology Services Limited	2019	41,334	59
Larsen & Toubro Infotech Limited	2019	47,811	57
Citius Healthcare Technology Pvt. Ltd	2019	45,237	57
DST Worldwide Services India Pvt. Ltd.	2019	50,310	62
DST Worldwide Services India Pvt. Ltd.	2019	56,318	59
Larsen & Toubro Infotech Limited	2019	47,811	57
Larsen & Toubro Infotech Limited	2019	47,811	57
Larsen & Toubro Infotech Limited	2019	47,811	57
Citius Healthcare Technology Pvt. Ltd.	2019	56,715	57
WNS Global Services Pvt. Ltd.	2019	87,264	57

  - Considering the location, accessibility, quality, size of the property and keeping in view of the future supply and the recent transactions in the subject property it can reasonably be assumed that Mindspace Airoli East office space shall be able to command a monthly rental of INR 59 per sq. ft. per month.

- **Market rent growth rate**: Market rental over 2016-19, grew at a CAGR of 5.5% during 2016 – 2019. The micro-market has shown significant resilience during the pandemic. Rentals have remained broadly stable since 2019. However, rentals in select properties have witnessed minor improvements over the last few quarters. With the second airport in Mumbai, expected to be operational in 2023, and major future infrastructure development in Navi Mumbai like the Trans Harbour Link Road and Navi Mumbai Metro the connectivity with residential hubs shall be greatly enhanced. The micro-market has started witnessing increased traction in the good quality grade A IT / ITeS office parks. Accordingly, we can expect annual growth in market rentals to be 5-6% in medium to long term.
- **Market rent – 4W parking**: Rent for car parks are assumed at INR 1,500 per slot per month in line with the current rentals for paid car parks in Mindspace Airoli East.
- **Other income:** Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental. Other income includes Car Park, Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income.
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and receive higher rentals for the same carpet area. Going forward, for leases which will expiry during the next 10 years, we have considered efficiency at lower of actuals or 76%.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM margin	Per sq. Ft./month	INR 2.43
CAM/ O&M cost – H2 FY 2023E	Per sq. Ft./month	INR 9.22
Property Tax	Per sq. Ft./month	INR 1.59
Insurance	Per sq. Ft./month	INR 0.36
CAM cost escalation	% p.a.	5.0%
Cost escalation	% p.a.	3.0%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals, parking income, fit out income and other operating income	3.5%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **CAM / O&M Cost / Margin:** As per the information received by the client, CAM / O&M Cost is projected to be INR 9.22 per sq ft. per month for H2 FY 2023 E. CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as FY 22 and projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rentals, parking income, other operating income and fit-out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Source: Secondary Market Research

Note:

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk. For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of 11.75% was found to be aligned with the expectations of international investors investing in similar assets.

Under-construction/Future Development Area

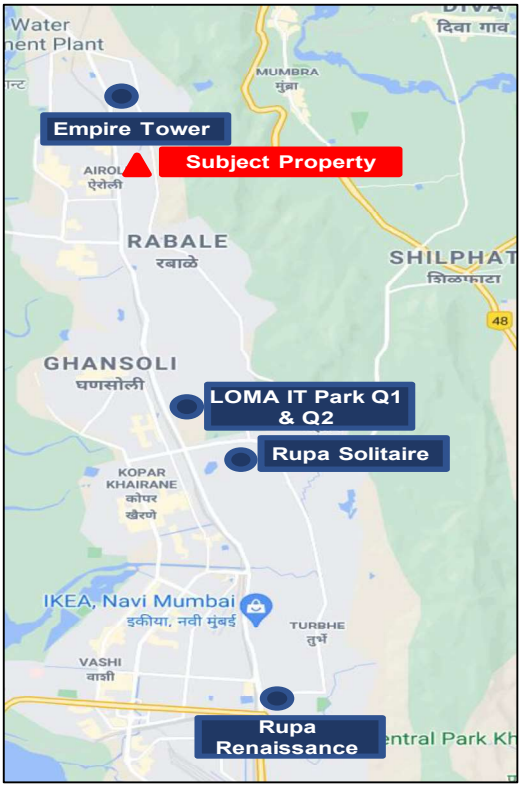
Property details

Property Details	Unit	Building 15	High Street
Total Leasable Area	sq. Ft.	800,000	50,000
Vacancy	%	100%	100%
Stabilized Vacancy	%	2.0%	2.0%
Further leasing	sq. Ft.	784,000	49,000
Existing Lease rollovers	%	100%	100%
Rent Free Period- New Lease	Months	3	3
Estimated leasing period	No. of quarter	6	6

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases.

- **Future absorption: (As per Section 2.4 - Supply, Absorption & Vacancy)**
  - Over 2016 – 9M 2022, the Thane Belapur Road micro market has witnessed an average annual absorption of approximately 1.53 Million sq. ft. The Subject Property's share (Airoli East and West) in the historical absorption was approximately 35% over the same period.
  - Going forward, the micro market is expected to have an average annual demand of approximately 1.5 Million sq. ft. per annum over Q4 2022 - 2024. Assuming the share for the Subject Property at 40% - 45%, annual leasing of about 0.6-0.7 Million sq. ft. can reasonably be assumed.
  - Competition for the Subject Property in the near future would primarily arise from relevant inventories in the market with high vacancies namely,
    - Existing - Q Park- Q1 & Q2 (LOMA IT Park) with 1.5 Million sq. ft. and vacancy of 52.5%
    - Existing - Empire Tower with 1.4 Million sq. ft. and vacancy of 15.0%
    - Existing – Rupa Solitaire Park with 1.0 million sq. ft. and vacancy of 7.4%
    - Existing – Rupa Renaissance with 1.4 million sq. ft. and vacancy of 68.0%

Subject Property and Relevant Existing Supply



- It would be reasonable to believe that the Subject Property shall be able to lease:
  - approx. 24,500 sq. ft. of vacant space Airoli East (High Street) in FY 2023 – FY 2024
- Further leasing of 0.83 Million sq. ft. has been assumed after incorporating a 2% stabilised vacancy which is a standard for Grade A properties in Commercial Parks.

Construction related assumptions

Construction Related Assumptions	Unit	Building 15	High Street
Start Date of Construction		01-Jan-24	01-Jan-22
End Date of Construction		30-July-26	31-Mar-23
Total Construction Cost	INR Million	4,516	503
Construction Cost Incurred till Date	INR Million	0	37
Construction Cost to be Incurred	INR Million	4,516	466

Note: Reliance on Client inputs for the assumptions relating to construction.

Construction Cost Phasing (High Street)	Unit	Dec-22	Mar-23	Jun-23	Sep-23	Dec-22
Cost to be incurred	INR Million	103.6	111.5	119.4	131.8	103.6

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent – Office	Per sq. Ft./month	INR 59.00
Market Rent – Retail	Per sq. Ft./month	INR 63.00
Market 4 W Parking Rent	Per slot/month	INR 1,500
Other operating income	% of lease rental	1.00%
Market Rent growth rate	% p.a.	5.00%
Market Rent growth rate FY 2025 - 2027	% p.a.	6.00%
Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
CAM/O&M Income prevailing in the market	Per sq. Ft./month	11.66

- **Market rent - office:** Considering the location, accessibility, quality, size of the property and keeping in view of the future supply and the recent transactions in the subject property it can reasonably be assumed that Mindspace Airoli East office space shall be able to command a monthly rental of INR 59 per sq. ft. per month and the retail space shall be able to command a monthly rental of INR 63 per sq. ft. per month.

- **Market rent growth rate:** Market rental over 2016-19, grew at a CAGR of 5.5% during 2016 – 2019. The micro-market has shown significant resilience during the pandemic. Rentals have remained broadly stable since 2019. However, rentals in select properties have witnessed minor improvements over the last few quarters. With the second airport in Mumbai, expected to be operational in 2023, and major future infrastructure development in Navi Mumbai like the Trans Harbour Link Road and Navi Mumbai Metro the connectivity with residential hubs shall be greatly enhanced. The micro-market has started witnessing increased traction in the good quality grade A IT / ITeS office parks. Accordingly, we can expect annual growth in market rentals to be 5-6% in medium to long term.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin	Per sq. Ft./month	INR 2.43
CAM / O&M Cost – H2 FY 2023E	Per sq. Ft./month	INR 9.22
Property Tax	Per sq. Ft./month	INR 1.59
Insurance	Per sq. Ft./month	INR 0.36
CAM cost escalation	% p.a.	5.0%
Cost escalation	% p.a.	3.0%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals, parking income, fit out income and other operating income	3.50%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we have assumed brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **CAM / O&M Cost:** As per the information received by the client, CAM / O&M Cost is projected to be INR 9.22 per sq ft. per month for H2 FY 2023 E. CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
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- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to the buildings, legal and professional fees, rates and taxes and other such expenses.
- Based on information received from the Client, property management fees have been assumed at 3.5% of lease rentals, parking income, other operating income and fit-out income
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**
  - Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

    In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
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Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Source: Secondary Market Research

Note:

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of 13.00% was found to be aligned with the expectations of international investors investing in similar assets.

Land for Future development – 1.76 acres

The subject property land for future development admeasuring 1.76 acres with a development potential of 15,092 sq. m

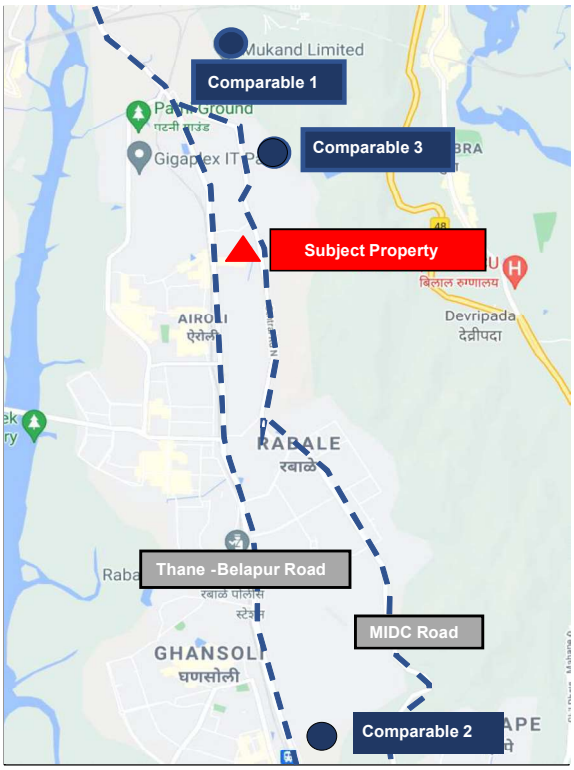
We have identified the following comparable properties to estimate the market value of the land portion of the Subject Property through market approach method. The market value has been derived after adjusting for the purchase cost of the additional FSI available.

Comparable Method	Subject Property	Comparable 1	Premium(+)/ Discount(-)	Comparable 2	Premium(+)/ Discount(-)	Comparable 3	Premium(+)/ Discount(-)
Land Area (in Acre)	1.76	54		92		7	
Capital Value (INR million)		6793		15000		1307	
Capital Value (INR million per Acre)		125		163		198	
Quote / Transaction		Transaction -Q4 2020		Transaction -Q3 2022		Transaction -Q1 2021	
Parameters to arrive at premium(+)/discount(-)							
Accessibility	Thane Belapur Road	Off Thane Belapur Road	5.0%	Thane Belapur Road	0.0%	Off Thane Belapur Road	5.0%
Location	Thane Belapur Road, Airoli	Thane Belapur Road, Kalwa	0.0%	Thane Belapur Road, Ghansoli	0.0%	Thane Belapur Road, Kalwa	0.0%
Frontage	On Main Road	Internal Road	5.0%	On Main Road	0.0%	Internal Road	5.0%
Size (in acres)	1.76	54	10.0%	92	15.0%	6.6	5.0%
Type of Land	Developed	Developed	0.0%	Not Developed	5.0%	Developed	0.0%
Quote / Transaction		Transaction -Q4 2020	0.0%	Transaction -Q3 2022	0.0%	Transaction -Q1 2021	0.0%
Total premium/discount			**20.0%**		**20.0%**		**15.0%**
Adjusted approximate Capital value (INR per Acre)			150		196		228
Weightage			30%		25%		45%
Market Value of the Subject Land Parcel as per Land Sales Comparable method (INR per Acre)	196						
Discount for Limited Usage	50%						
Market Value of the Subject Land Parcel as per Land Sales Comparable method (INR per Acre)	98						
Market Value of the Subject Land Parcel as per Land Sales Comparable method (INR Million)	172						

Net Land value after adjusting for FSI

Particulars	Details
Market values as per Sales Comparable Method (INR Million)	172
Additional FSI available (Sqm)	8,696
MIDC Land Rate (per Sqm)	20,750
Total FSI Value (INR Million)	54.13
Market Value (INR Million)	**226**
Market Value (INR per acre)	**129**

Comparable Location map



In order to arrive at the current market value, the comparable properties have been given discount / premium for factors like accessibility, location, developers' premium and product positioning, possession, etc.

- **Accessibility –** Accessibility is determined by width and the quality of the access road to the Subject Property. Good accessibility facilitates development and therefore, properties with good accessibility are quoted at a premium. Comparable 1 and Comparable 3 have accessibility from internal road and hence premium of 5% is considered for Comparable 1 and 3 against the Subject Property. Comparable 2 have similar accessibility, therefore no premium/ discount is given to the Comparable 2 against the Subject Property.
- **Location –** Proximity of the property to city centre, benchmark sites, business/industrial hub determine the attractiveness of the location. All the comparable having similar location as subject property, therefore no premium/discount is given to the subject property.
- **Frontage –** Property with larger frontage generally trades at a premium as compared to a property having less frontage. Subject property is a front plot and has a frontage to the Thane

Belapur Road. Comparable 1 and 3 are on internal road having lesser frontage and hence premium of 5% is considered for Comparable 1 and 3 against the Subject Property. Comparable 2 has similar frontage, therefore no premium/ discount is given to the subject property against the Comparable 2.

- **Size**- A larger property due to its ticket size typically priced at a lower rate as compared to a smaller property and this adjustment is on that account. Comparable 1, 2 and 3 are larger than the subject property. Hence, a premium of 10%, 15% and 5% respectively is given to the subject property against comparable 1, 2 and 3.

- **Type of land-** The value of the property differs based on the zone of the property/ type of land, which determines the end use of the property. Comparable 1 & 3 have similar type of existing development with infrastructure in place as that of the Subject Property, therefore no premium/discount is given to the subject property. Comparable 2 is not a developed land, hence a premium of 5% is given to subject property against Comparable 2

- **Quote/ Transaction –** Typically, the quoted prices in the market have a negotiation margin incorporated (based on our discussion with brokers). All comparables are transactions over the period 2020-2022, hence, we have used the same comparables and have provided for no premium/discount is given to the subject property against any of the comparables.

- **Weightage –** In the Sales Comparison Methodology, it is preferred to have land parcels with similar characteristics been taken as comparables to the subject property. These characteristics may be defined similar size, location etc. Whilst, we have provided for the suitable adjustments to the characteristics separately, in the absence of comparables with similar characteristics, we have provided weightages to the approximate Capital Value arrived by applying a suitable premiums / discounts, as described above, in order to capture the comparability of the respective comparable. Comparable 3 being closest comparable to the subject property has been assigned a 45% weight. Subsequently, Comparable 1 has been assigned a 30% weight and Comparable 2 has been assigned 25% weight.

- **Discount for Limited Usage:** The subject property is a back plot of ~1.76 acres, which is suitable for developments like a stand-alone commercial complex or a Hotel and not preferred by the key demand segments of the micro-market.

  Both the transactions used as comparables to the land parcels have the end-usage for datacenter development. Typically, minimum land requirement for such datacenter developments is ~6 acres. The land parcels being considered are below the minimum land requirement and thus it warrants for a discount for limited usage.

  The demand for the land parcels for datacenter usage has been growing rapidly and has outpaced the growth of demand in land parcels for residential / commercial usage.

  Moreover, land parcels under the industrial zone can be used to develop the datacenters. As per the recent circular (dated 30 June 2021), these land parcels are exempted for any one time premium (typically at 15% of the current ASR rates) under the ULC act of 1956. This has further increased the premiums for such land parcels.

  Hence, we have provided for a 50% discount for limited usage for the land parcel.

5.1 Valuation Methodology for Power Distribution Services

Referring to the commission's latest order for the operational facility, the cash flows from the power distribution services are projected in the following manner:

Step 1: Amount of approved Gross Fixed Assets ("GFA") is considered

Step 2: Further, Net Fixed Asset (NFA) which is GFA reduced by accumulated depreciation allowed as on date is computed.

Step 3: To compute the EBITDA, mainly return on equity, interest on notational debt, recovery of depreciation, interest on working capital have been added.

Step 4: Licensee is allowed to charge 14% return on equity which is 30% of GFA. Licensees is further allowed to charge interest on notional debt which is 70% of the GFA reduced by the depreciation for each year. Interest rate is equivalent to the actual cost of debt in the SPV which is 9.00%. SLM (Straight Line Method) is considered for depreciation, as per the average rate approved by the commission. Depreciation is considered to the extent of 90% of the GFA.

Step 5: Approved power procurement, operational and maintenance expenses are allowed completely pass through.

5.2 Valuation Assumptions for Power Distribution Services

Following are the key details as per the Commission order dated 30 March 2020:

Particulars	Unit	Figure
Gross Fixed Assets (GFA)	INR Million	489
Accumulated Depreciation YTD FY20	INR Million	-112
Notional Equity (30% of GFA)	INR Million	147
Notional Debt as on March 2020 (70% of GFA)	INR Million	342
Depreciation rate (Straight Line Method)	% pa	5.3%
License End Date	years	03 Nov 2032

Following are the key projections, as provided by the client

Particulars	Units	Q3 FY 23	Q4 FY 23
No of units sold (MU)	Million Units	14.9	13.7
Revenue from Sales	INR Million	113	104
Power purchase expense	INR Million	117	107
O&M expenses			
Project Support Fees	INR Million	11	11
Other R&M expenses	INR Million	4	4

Following are the key assumptions considered for the purpose of projecting the future cashflows and further discounting the same to arrive at the market value for the Power Distribution Services.

Assumptions	Unit	Details
Power Purchase Cost Escalation	% p.a.	5.0%
O&M Cost Escalation	% p.a.	7.0%
Notional Debt	%	70%
Equity	%	30%
Interest on Notional Debt	%	9.0%
Interest on Working Capital	%	9.0%
ROE	%	14.0%

For the purpose of discounting the future cash flows Weighted Average Cost of Capital (WACC) of 10.5% has been utilised.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows

Component	Market Value as on	In Figures	In Words
Completed Building (inclusive of power distribution business)	30 September 2022	INR 43,736 Million	India Rupees Forty-Three Billion Seven Hundred and Thirty-Six Million Only
Under Construction/ Future Developments	30 September 2022	INR 1,795 Million	India Rupees One Billion Seven Hundred and Ninety-Five Million Only

**The under construction/future development component includes the market value of land for future development (which may be considered for sale) as detailed below*

Component	Market Value as on	In Figures (INR Mn)	In Words
Land for future development	30 September 2022	INR 226 Million	India Rupees Two Hundred and Twenty-Six Million Only

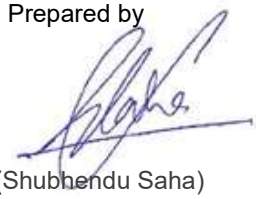
Ready Reckoner Rate

Component	Rate
Built up Area	INR 5,797 per sq. ft.
Land Area	INR 1,932 per sq. ft.

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by

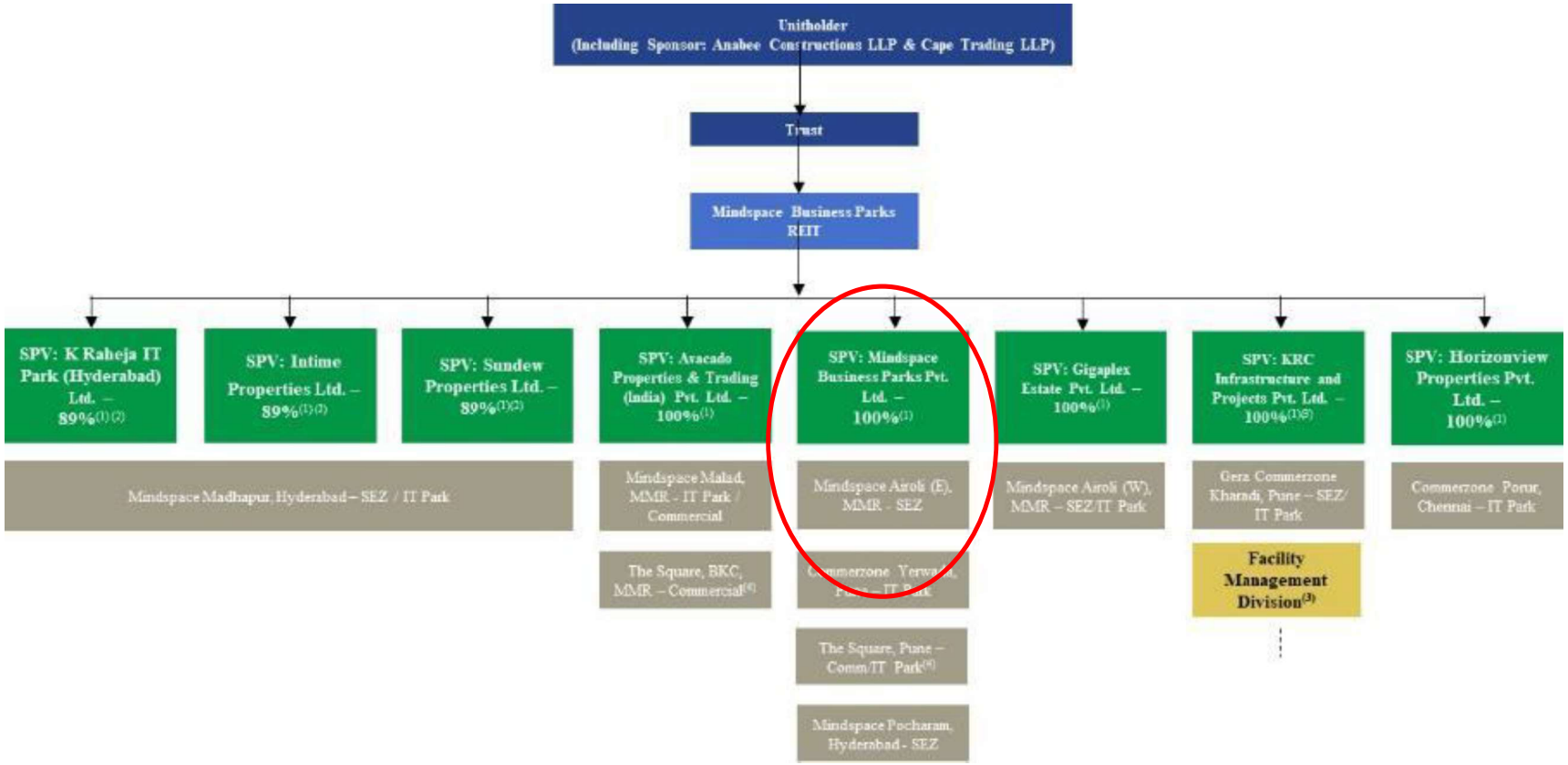


SHUBHENDU SAHA

Digitally signed by SHUBHENDU SAHA
DN: c=IN, postalCode=110063, st=DELHI, l=WEST DELHI, o=Personal, serialNumber=7d8898dca20a40e8b7c090127c92a792dc403971ac11ab4d93d29a92343c6875, pseudonym=fa06d560d86b47ac9382bf12ff3506f0, 2.5.4.20=8722227a074243d136a02dbc1102b09b685061f5c9c086129739f9223f91d129, email=SHUBHENDU.FASV@HOTMAIL.COM, cn=SHUBHENDU SAHA
Date: 2022.11.07 19:58:29 +05'30'

(Shubhendu Saha)
IBBI/RV/05/2019/11552
Regd. Address: 52, Anuradha Apartments, A2, Paschim Vihar, New Delhi 110063
M: +91 9910386675
E: shubhendu_leo@hotmail.com

Annexure 1: Ownership Structure of Subject Property

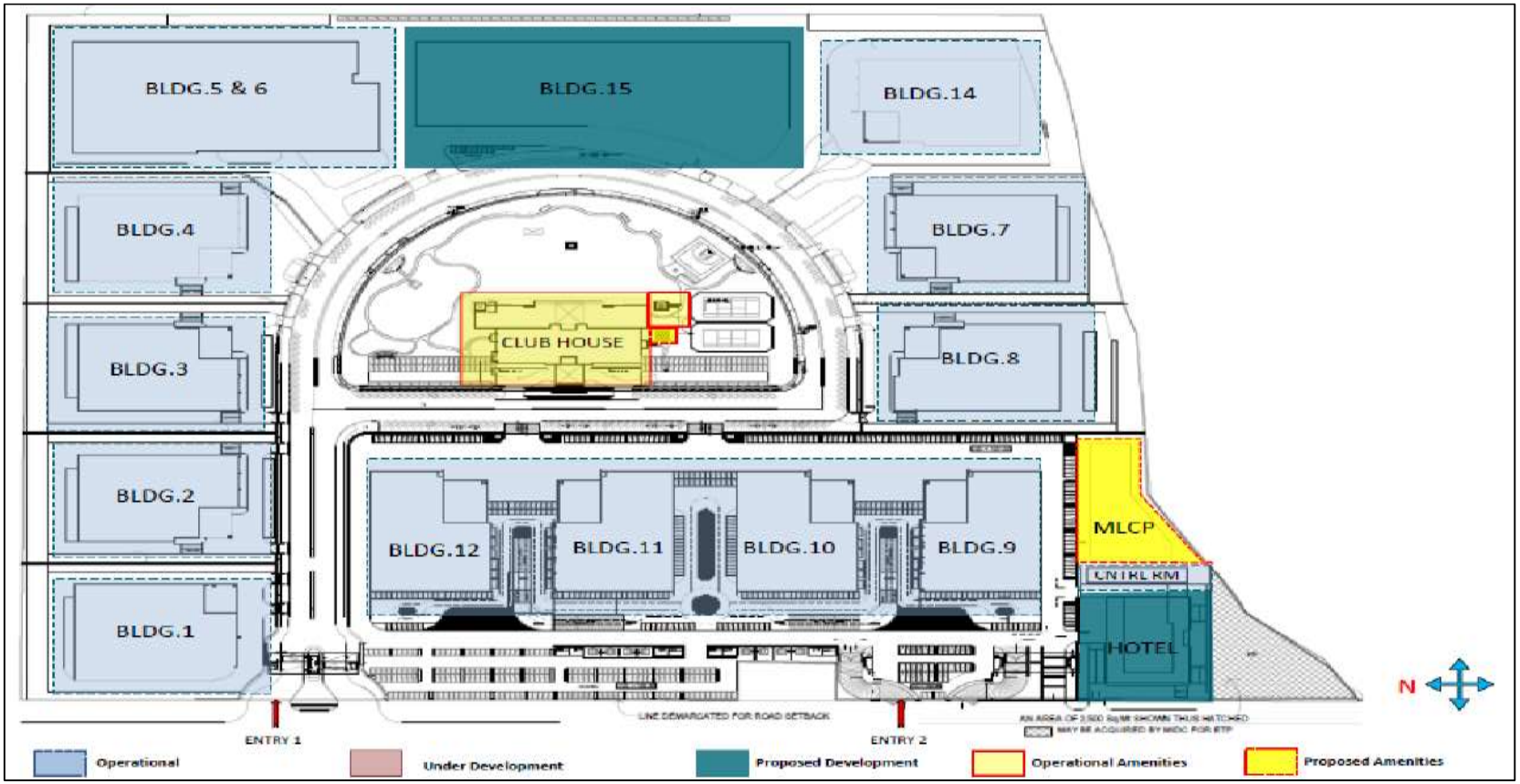


Note:

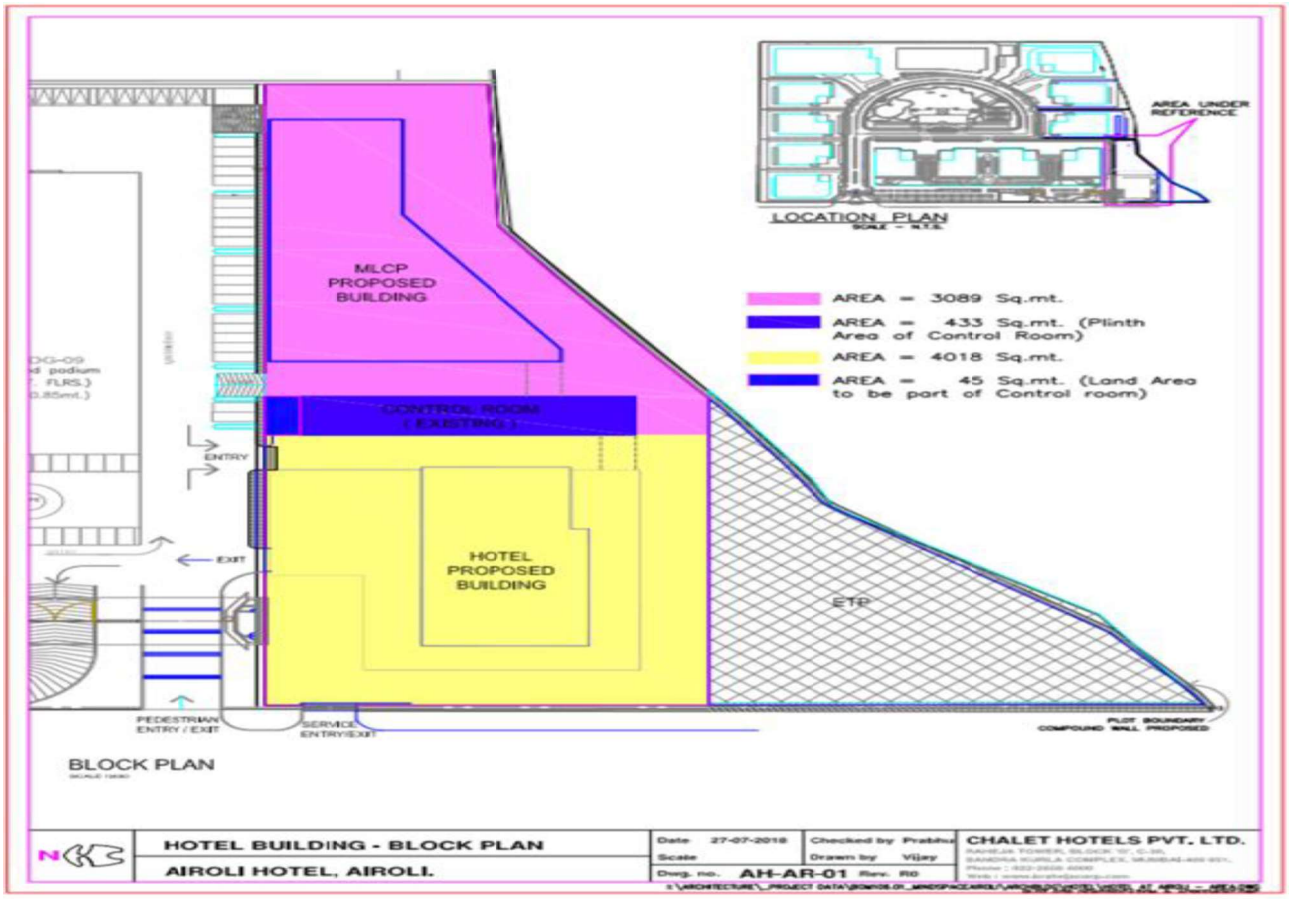
1. *% indicate Mindspace REIT's proposed shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd*

Annexure 2: Property Layout Plan

Completed and Future Development Buildings



Future Development Land



Annexure 3: Property Photographs



Building 1



Clubhouse Area



Building 2 façade upgradation



Under Construction Retail



MV Panel Room



Aerial view of Land for future development

Annexure 4: Statement of assets

Complex	Name	Airoli MS												
Building	**No. / Name**	**B1**	**B2**	**B3**	**B4**	**B5 & B6**	**B7**	**B8**	**B9**	**B10**	**B11**	**B12**	**B14**	**Club House**
Floor	Nos	G+3P+8	G+3P+8	G+3P+8	G+3P+8	G+2P+8		G+7	G+1P+8	G+1P+8	G+1P+8	G+1P+8	G+1P+8	G+1
Warm Shell / Bare shell		Warm shell	Warm shell	Warm shell	Warm shell	Warm shell	Bare shell	Warm shell	Warm shell	Warm shell	Warm shell	Warm shell	Warm shell	Warm shell
Air Cooled Chiller	TR	250	300	250	350	2x 350	NA	322	350	350	305	350	300	NA
Water Cooled Chiller	TR	1 x 275, 2 x 325	2 x 250, 1 x 300	2 x 250, 1 x 300	3 x 300	3 x 600	NA	2 x 280	2 x 450	2 x 450	3 x 316	2 x 560	3 x 300	NA
No of Elevators /Mak	No/ Make	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp, 7 Otis		7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	NA
No of DG / Capacity	No. / KVA	4 X 1010	4 X 1010	2 X 1010	4 X 1010	4 X 2000		2 X 1010, 2 x 750	4 X 1010	4 X 1010	4 X 1010	4 X 1010	3 X 1010	NA
No of Transformers /	No./ KVA	2 x 2000	2 x 2000	2 x 2000	2 x 2000	4 x 2000	NA	2 x 1500	2 x 2000	2 x 2000	2 x 2000	2 x 2000	2 x 2000	NA
FF System														
Booster Pump	KW / Make	2 x 11, Kirloskar Brothers	11, Kirloskar Brothers	2 x 12, Kirlsokar Brothers	11, Kirlsokar Brothers	2 x 11, Kirlsokar Brothers		11, Kirlsokar Brothers	12, Kirlsokar Brothers	12, Kirlsokar Brothers	12, Kirlsokar Brothers	12, Kirlsokar Brothers	12, Kirlsokar Brothers	12, Kirlsokar Brothers
Jockey Pump	KW / Make	2 x 5.5, Kirlsokar Brothers	2 x 180 LPM , Kirlsokar Brothers	2 x 180 LPM , Kirlsokar Brothers	2 x 180 LPM , Kirlsokar Brothers	2 x 180 LPM , Kirlsokar Brothers		2 x 1.1, Kirlsokar Brothers	2 x 5.5, Kirlsokar Brothers	2 x 5.5, Kirlsokar Brothers	2 x 5.5, Kirlsokar Brothers	2 x 15, Kirlsokar Brothers	2 x 5.5, Kirlsokar Brothers	9.3, Kirlsokar Brothers
Fire Diesel Pump	KW / Make	167, Kirlsokar Brothers	167, Kirlsokar Brothers	167, Kirlsokar Brothers	167, Kirlsokar Brothers	167, Kirlsokar Brothers		167, Kirlsokar Brothers	167, Kirlsokar Brothers	167, Kirlsokar Brothers	167, Kirlsokar Brothers	167, Kirlsokar Brothers	167, Kirlsokar Brothers	
Hydrant Pump	KW / Make	125 Kirlsokar brothers	125 Kirlsokar brothers	110 , Kirlsokar brothers	125 Kirlsokar brothers	125 Kirlsokar brothers		110 , Kirlsokar brothers	125 Kirlsokar brothers	125 Kirlsokar brothers	125 Kirlsokar brothers	125 Kirlsokar brothers	110 , Kirlsokar brothers	37, Kirlsokar brothers
Sprinkle Pump	KW / Make	125 Kirlsokar brothers	104 Kirlsokar brothers	110 , Crompton Greaves	125 Crompton Greaves	125 Crompton Greaves		110 , Crompton Greaves	125 Kirlsokar brothers	125 Kirlsokar brothers	125 Kirlsokar brothers	125 Kirlsokar brothers	110 , Kirlsokar brothers	37, Kirlsokar brothers
STP Rating	KLD	150	160	220	320	750		160	150	150	150	150	220	Nil

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Building Approvals for all existing buildings and amendments thereof
b) Full Occupancy Certificates received for all the existing/operational buildings
c) Drainage Approvals for all buildings and the common campus area
d) Approved master plan
e) Environmental clearance for development and future development Building 15
f) One-time Fire NOC and Form B for completed buildings
g) Height clearance NOC from AAI
h) Tree cutting NOCs
i) SEZ Notification,
j) MIDC Clearances
k) Consent to Operate for Building 1, Building 2, Building 3, Building 4, Building 5, Building 6, Building 7, Building 8, Building 9, Building 10, Building 11, Building 12, Building 14
l) Approved Master plan for Retail + Kiosk
m) Partial denotification of the common building

Annexure 6: Cash Flow Profile

Completed

		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	2,822.9	3,171.2	3,465.2	3,556.7	3,904.5	4,161.4	4,292.8	4,456.3	4,654.5	4,788.5	5,424.2
Parking Income	INR Million	8.8	8.8	8.8	8.8	8.8	8.5	8.4	8.8	11.3	13.5	14.5
O&M income	INR Million	676.7	710.5	746.1	783.4	822.5	863.7	906.8	952.2	999.8	1,049.8	1,102.3
Power income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Other operating income	INR Million	28.2	31.7	34.7	35.6	39.0	41.6	42.9	44.6	46.5	47.9	54.2
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	3,536.6	3,922.2	4,254.7	4,384.4	4,774.8	5,075.2	5,251.0	5,461.8	5,712.1	5,899.7	6,595.2
Total Income from occupancy	**INR Million**	**3,536.6**	**3,922.2**	**4,254.7**	**4,384.4**	**4,774.8**	**5,075.2**	**5,251.0**	**5,461.8**	**5,712.1**	**5,899.7**	**6,595.2**
OPERATING COSTS												
O&M cost	INR Million	(535.6)	(562.3)	(590.4)	(620.0)	(651.0)	(683.5)	(717.7)	(753.6)	(791.3)	(830.8)	(872.4)
Power expense	INR Million	-	-	-	-	-	-	-	-	-	-	-
Insurance Cost	INR Million	(21.2)	(21.9)	(22.5)	(23.2)	(23.9)	(24.6)	(25.3)	(26.1)	(26.9)	(27.7)	(28.5)
Property Taxes	INR Million	(94.3)	(97.1)	(100.0)	(103.0)	(106.1)	(109.3)	(112.6)	(115.9)	(119.4)	(123.0)	(126.7)
Total Operating Costs	**INR Million**	**(651.0)**	**(681.3)**	**(713.0)**	**(746.2)**	**(780.9)**	**(817.4)**	**(855.6)**	**(895.6)**	**(937.5)**	**(981.5)**	**(1,027.6)**
Net operating Income	**INR Million**	**2,885.6**	**3,240.9**	**3,541.8**	**3,638.3**	**3,993.9**	**4,257.8**	**4,395.4**	**4,566.2**	**4,774.6**	**4,918.2**	**5,567.6**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	69,595.2	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(696.0)	
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	
Total Net income	**INR Million**	**2,885.6**	**3,240.9**	**3,541.8**	**3,638.3**	**3,993.9**	**4,257.8**	**4,395.4**	**4,566.2**	**4,774.6**	**73,817.5**	
Property Mangement Fees	INR Million	(100.1)	(112.4)	(122.8)	(126.0)	(138.3)	(147.4)	(152.0)	(157.8)	(164.9)	(169.7)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(56.6)	(63.6)	(69.5)	(71.3)	(78.3)	(83.4)	(86.0)	(89.3)	(93.3)	(96.0)	
Brokerage Expenses	INR Million	(20.4)	(67.5)	(14.5)	(41.7)	(51.3)	(12.7)	(30.7)	(48.5)	(32.1)	(92.4)	
Capital expenditure - upgradation	INR Million	(387.2)	(223.2)	-	-	-	-	-	-	(103.0)	-	
Net Cashflows	**INR Million**	**2,321.3**	**2,774.2**	**3,335.0**	**3,399.2**	**3,726.0**	**4,014.3**	**4,126.7**	**4,270.5**	**4,381.2**	**73,459.3**	

Under-Construction

Building 15

		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	-	-	-	-	175.0	639.4	762.0	796.3	832.1	869.6	908.7
Parking Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
O&M income	INR Million	-	-	-	-	57.5	137.6	150.6	158.1	166.1	174.4	183.1
Other operating income	INR Million	-	-	-	-	1.75	6.39	7.62	7.96	8.32	8.70	9.09
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	-	-	-	-	234.2	783.4	920.2	962.4	1,006.5	1,052.6	1,100.9
Total Income from occupancy	**INR Million**	**-**	**-**	**-**	**-**	**234.2**	**783.4**	**920.2**	**962.4**	**1,006.5**	**1,052.6**	**1,100.9**
OPERATING COSTS												
O&M cost	INR Million	-	-	-	(9.0)	(62.2)	(94.3)	(121.6)	(127.7)	(134.1)	(140.8)	(147.8)
Insurance Cost	INR Million	-	-	-	(0.66)	(4.05)	(4.17)	(4.30)	(4.42)	(4.56)	(4.69)	(4.83)
Property Taxes	INR Million	-	-	-	(3.0)	(18.0)	(18.5)	(19.1)	(19.6)	(20.2)	(20.8)	(21.5)
Total Operating Costs	**INR Million**	**-**	**-**	**-**	**(12.6)**	**(84.3)**	**(117.0)**	**(145.0)**	**(151.8)**	**(158.9)**	**(166.3)**	**(174.2)**
Net operating Income	**INR Million**	**-**	**-**	**-**	**(12.6)**	**150.0**	**666.4**	**775.2**	**810.6**	**847.6**	**886.3**	**926.7**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	11,584.0	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(115.8)	
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	
Total Net income	**INR Million**	**-**	**-**	**-**	**(12.6)**	**150.0**	**666.4**	**775.2**	**810.6**	**847.6**	**12,354.5**	
Property Mangement Fees	INR Million	-	-	-	-	(6.2)	(22.6)	(26.9)	(28.1)	(29.4)	(30.7)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	-	-	-	(3.5)	(12.8)	(15.2)	(15.9)	(16.6)	(17.4)	
Brokerage Expenses	INR Million	-	-	-	-	(79.1)	(40.5)	-	-	-	-	
Net Cashflows before construction cost	**INR Million**	**-**	**-**	**-**	**(12.6)**	**61.2**	**590.5**	**733.1**	**766.5**	**801.6**	**12,306.4**	
Construction Cost	INR Million	-	(862.2)	(1,616.3)	(1,299.8)	(262.5)	-	-	-	-	-	
FSI Approval	INR Million	-	(475.0)	-	-	-	-	-	-	-	-	
Net Cashflows	**INR Million**	**-**	**(1,337.2)**	**(1,616.3)**	**(1,312.4)**	**(201.3)**	**590.5**	**733.1**	**766.5**	**801.6**	**12,306.4**	

High Street

Particulars	Unit	1	2	3	4	5	6	7	8	9	10	11
		30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	-	16.4	39.5	43.0	45.0	47.0	49.1	51.3	53.6	54.5	61.0
Parking Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
O&M income	INR Million	0.3	4.3	7.7	8.1	8.5	9.0	9.4	9.9	10.4	10.9	11.4
Other operating income	INR Million	-	0.16	0.39	0.43	0.45	0.47	0.49	0.51	0.54	0.54	0.61
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	0.3	20.9	47.6	51.6	54.0	56.4	59.0	61.7	64.5	65.9	73.1
Total Income from occupancy	**INR Million**	**0.3**	**20.9**	**47.6**	**51.6**	**54.0**	**56.4**	**59.0**	**61.7**	**64.5**	**65.9**	**73.1**
OPERATING COSTS												
O&M cost	INR Million	(1.5)	(3.7)	(5.5)	(6.6)	(6.9)	(7.2)	(7.6)	(8.0)	(8.4)	(8.8)	(9.2)
Insurance Cost	INR Million	(0.11)	(0.23)	(0.24)	(0.25)	(0.25)	(0.26)	(0.27)	(0.28)	(0.28)	(0.29)	(0.3)
Property Taxes	INR Million	(0.5)	(1.0)	(1.1)	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)	(1.3)	(1.3)	(1.3)
Total Operating Costs	**INR Million**	**(2.1)**	**(5.0)**	**(6.8)**	**(7.9)**	**(8.3)**	**(8.7)**	**(9.1)**	**(9.5)**	**(9.9)**	**(10.4)**	**(10.9)**
Net operating Income	**INR Million**	**(1.8)**	**15.9**	**40.8**	**43.7**	**45.7**	**47.8**	**49.9**	**52.2**	**54.6**	**55.5**	**62.2**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	777.2	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(7.8)	
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	
Total Net income	**INR Million**	**(1.8)**	**15.9**	**40.8**	**43.7**	**45.7**	**47.8**	**49.9**	**52.2**	**54.6**	**825.0**	
Property Mangement Fees	INR Million	-	(0.6)	(1.4)	(1.5)	(1.6)	(1.7)	(1.7)	(1.8)	(1.9)	(1.9)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	(0.3)	(0.8)	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)	(1.1)	(1.1)	
Brokerage Expenses	INR Million	(1.1)	(4.5)	(1.1)	-	-	-	-	-	-	(0.9)	
Net Cashflows before construction cost	**INR Million**	**(3)**	**11**	**37.5**	**41**	**43**	**45**	**47**	**49**	**52**	**821**	
Construction Cost	INR Million	(466.2)	-	-	-	-	-	-	-	-	-	
Net Cashflows	**INR Million**	**(469.1)**	**10.5**	**37.5**	**41.3**	**43.2**	**45.2**	**47.2**	**49.4**	**51.6**	**821.1**	

Power Business

Profit & Loss Statement	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30	31-Mar-31	31-Mar-32	3-Nov-32
Revenue	201	601	627	656	686	718	751	787	825	865	536
Regulatory income	45	67	67	33	-	-	-	-	-	-	-
EBITDA	89	120	118	82	47	44	42	40	37	35	20

Note: The license of power business will expire on 03 November 2032

Annexure 7: Ready Reckoner Rate and MIDC Land Rate

Ready Reckoner Rate

Year: 20222023

Annual Statement of Rates

Selected District: ठाणे
Select Taluka: ठाणे
Select Village: गावाचे नाव : ऐरोली
Search By: Survey No / Location
Enter Survey No: 145 Search

उपविभाग	खुली जमीन	निवासी सदनिका	ऑफ़ीस	दुकाने	औद्योगिक	एकक (Rs./)	Attribute
1/54-ऐरोली नोड दिवे (उत्तर भाग)	20800	53400	62400	75600	62400	चौ. मीटर	सर्व्हे नंबर

MIDC Land Rate

Government of Maharashtra — MAHARASHTRA INDUSTRIAL DEVELOPMENT CORPORATION — Magnetic Maharashtra

Destination Maharashtra | MIDC | Doing Business | FDI | Focus Sectors | Events | FAQs | Contact us

Regional Officer : All Search

Industry Name	Industrial Rates	Commercial Rates	Residential Rates	Region
ADDL LOTE- PARSHURAM INDL. AREA	700	1400	NA	Ratnagiri
ADDL MAHAD INDL. AREA	495	968	726	Panvel
ADDL MURBAD INDL. AREA	1540	3740	3080	Thane 2
ADDL OSMANABAD INDL. AREA	NA	NA	NA	Latur
ADDL PALUS (WINE PARK) INDL AREA	NA	NA	NA	Sangli
ADDL PATALGANGA INDL. AREA	4400	11000	8800	Mahape
ADDL SATARA INDL AREA	820	1720	1150	Kolhapur
ADDL SINNAR INDL. AREA	1240	2480	NA	Nashik
ADDL SUPA PARNER PH-II	NA	NA	NA	Nashik
ADDL VINCHUR INDL. AREA	NA	NA	NA	Nashik
ADDL YEVATMAL INDL. AREA	180	360	270	Amravati
Addl. Ambernath (Phase-II)	4000	8000	6000	Thane 2
ADDL. Phaltan	200	NA	NA	Kolhapur
Addl. Shendra	1870	NA	NA	Aurangabad
AHERI MINI INDL. AREA	11	22	17	Nagpur
Ahmednagar I.T Park	NA	NA	NA	Pune 1
AHMEDNAGAR INDL. AREA	2200	4400	3300	Nashik
AHMEDPUR INDL. AREA	55	110	NA	Latur
Airoli Knowledge Park	20750	62250	NA	Thane 1
AJARA INDL. AREA	100	200	NA	Kolhapur

Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein donot constitute any recommendation to ***K Raheja Corp Investment Managers LLP*** (or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services or an independent validation of the projections. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
    g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.
3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.

4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is bona-fidely believed to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum not exceeding the total fees paid for each instruction accepted. C&WI, unless specifically mentioned otherwise in the main report. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

Mindspace Airoli West, Mumbai Region

Submitted to:

K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 04 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for the disclosure of valuation of assets forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

Mindspace Airoli West, Mumbai Region		
Valuation Date:	30 September, 2022	
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014	
Location / Situation:	The property Mindspace Airoli West (hereinafter referred to as the Subject Property) is located at Airoli, located within Thane Belapur Road micro market is home to a number of IT and SEZ establishments. The micro market has presence of established buildings by prominent developers like K Raheja Corp Group, Reliable Group, Loma Group etc. The micro market is strategically located in rapidly growing city of Navi Mumbai with proximity to the residential areas. It also houses prominent tenants such as Accenture, UBS, IBM, etc.	
Description:	Mindspace Airoli West is a Grade A, SEZ and IT Park located in Navi Mumbai. The Subject Property has two components i.e. a completed component and an under-construction component. **Completed Buildings – Building 1, 2, 3, 4, 5, 6, 9 (5th to 12th and 14th to 16th Floors) and Centre Court** The completed buildings collectively admeasure ~4.3 Million sq. ft. of leasable area. Of which 5 of them are SEZs whereas building 1 & 9 (part) are non-SEZ buildings. Building 1 is located at the entrance of the Subject Property and remaining six buildings have an entry through a secured gate. **Future Development / Under-Construction – Building 9 (Stilt floors, 13th floor, 17th to 19th Floors), Building 8 and Building 10 (Data Center)** Building 9 is an under-construction asset with Basement + 4 Podiums + 18 Office floors. Out of the 18 office floors partial O.C. has been received for 5th & 6th floors on 15 June 2021, 9th floor as on 28 July 2021, 8th floor as on 16 November 2021, and 7th, and 10th floor as on 29 December 2021. 11th, 12th and 14th to 16th floors as on 19 July 2022. The under-construction portion is expected to be completed in Q3 FY 2022-2023. The future development land area admeasures 16.45 acres. Of this 7.37 acres will be utilised for construction of data centre buildings namely Building 8 and Building 10 together admeasuring 630,220 sq. ft. of leasable area with each having a leasable area 315,110 sq. ft. The Building 8 and Building 10 will be completed by Feb 2025 and Feb 2023 respectively and each will have 6 floors.	  
Total Area:	Total Plot Area: 50[1] Acres Completed Building Leasable Area –4,339,990 sq. ft. Under Construction Leasable Area –259,722 sq. ft. Under Construction Leasable Area (Data Center) – Building 10 – 315,110 sq. ft.	

[1] *From Architect's Certificate (dated June 15,2020) shared by the client*

	Future Development Leasable Area (Data Center) – Building 8 – 315,110 sq. ft. Future Development Land – 9.07 acres Total –5,229,932 sq. ft.	

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed[1] (inclusive of power distribution business)	30 September 2022	INR 37,531 Million	India Rupees Thirty-Seven Billion Five Hundred and Thirty-One Million Only
Under Construction/ Future Development[2]	30 September 2022	INR 5,390 Million	India Rupees Five Billion Three Hundred and Ninety Million Only

[1]Includes the market value for Gigaplex Building 5, which is completed but not currently rent generating, equivalent to INR 2,797 Million (India Rupees Two Billion Seven Hundred and Ninety-Seven Million Only)

[2]The under construction/future development component includes the market value of land for future development (which may be considered for sale)

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

To:	**K Raheja Corp Investment Managers LLP**
Property:	**IT/ITeS SEZ and IT Park christened "Mindspace Airoli West" located at Thane Belapur Road, Navi Mumbai**
Report Date:	**04 November 2022**
Valuation Date:	**30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"), in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report) for disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his bachelor in planning from the School of Planning and Architecture, New Delhi in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private

Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of

the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the subject property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time

of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the subject property.

For the purpose of the valuation of Subject Property (other than the portions of future development area part or whole of which may be considered for sale), Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation

8 Inspection

The Property was inspected on 24 March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the subject property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and willful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect

13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).
- In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees

and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.

- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc Disclosure and Publication.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B MUMBAI REGION CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1 Mumbai Region City Overview

Particulars	Mumbai Region- Overall	CBD	Andheri and Powai	*Thane Belapur Rd	*Malad - Goregaon	Worli - Lower Parel	*BKC & Annex	Thane	Central Suburbs	Eastern Suburbs	Vashi & Others
Total completed stock 9M 2022 (msf)	104.4	2.1	20.9	17.3	14.7	13.4	10.4	10.4	5.5	6.1	3.8
Current occupied stock 9M 2022 (msf)	80.6	1.8	17.7	12.8	12.4	7.3	8.6	9.0	4.0	4.7	2.3
Current Vacancy 9M 2022 (%)	22.8%	11.8%	15.0%	25.7%	15.3%	45.6%	17.7%	13.1%	28.0%	22.8%	40.0%
Avg. Annual Absorption – 2016 – 9M 2022 (msf)	3.5	0.0	0.5	0.8	0.5	0.0	0.4	0.7	0.3	0.1	0.2
Future Supply – Q4 2022 – 2024 (msf)	12.5	0.0	3.2	2.7	1.8	1.6	0.2	2.0	0.4	0.0	0.5
Market Rent – 9M 2022 (INR psf / month)	134.6	229.2	131.7	60.9	124.9	179.0	275.8	71.6	137.8	136.8	91.5

Source: Cushman & Wakefield Research

*Note: CBD stands for Central Business District. *Mindspace REIT's micro markets.*

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

Mumbai is India's financial and commercial capital. The presence of vibrant capital and money markets makes the city the first choice of entry for financial services firms. Mumbai houses the headquarters of major corporates & financial institutions such as ICICI Bank, HDFC Bank, Life Insurance Corporation of India, etc. India's main stock exchanges & capital market and commodity exchanges (National Stock Exchange – NSE, Bombay Stock Exchange – BSE and Multi Commodity Exchange – MCX) are also located in Mumbai. It is also home to Bollywood, the Indian Television and Film Industry.

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

- **Financial capital and Services hub:** Mumbai which is referred as India's financial capital and houses corporate head offices of many Indian banks It is also home to global consultancy firms, legal and professional services, media houses, accounting professionals, etc.
- **Global In-house Centers/ Global Capability Centers:** Mumbai is a hub for Global In-house centers (GICs) / Capability centers (GCCs) of many Investment Banks mainly from the North American and European markets such as Deutsche Bank, Bank of America, JP Morgan, etc.
- **Social Infrastructure:** Mumbai has established educational institutions and colleges, Malls, Hospitals and hotels
- **Transport infrastructure:** Mumbai is well connected via road with availability of infrastructure like the Eastern Express Highway, Western Express Highway, Eastern Free Way, Bandra-Worli Sea Link, etc. It also provides good railway connectivity with three railway lines, an operational metro line and a monorail line. Mumbai is also well connected via air with other cities in India and other global cities with the help of 2 operational passenger terminals (Domestic and International) and one cargo terminal at Chhatrapati Shivaji Maharaj International Airport.
- **Ongoing/Planned infrastructure projects:** Key initiatives include multiple metro lines, various road projects (proposed 29 km Coastal Road, Mumbai Trans Harbour Link, Goregaon Mulund Link Road), monorail and the Navi Mumbai International airport

2 Mindspace REIT's Micro-Markets (Thane Belapur Road)

2.1 Overview

Navi Mumbai was developed in 1972 as a twin city of Mumbai and is one of the largest planned cities in the world. Navi Mumbai lies on the mainland on the eastern seaboard of Thane Creek. The city limits stretch from Airoli near Thane in the north, to Uran in the south. Navi Mumbai has seen establishment of key industries and companies since late 1990s. CBD Belapur witnessed establishment of BFSI regional presence with offices of RBI, SBI and various other public sector banks. Over the last decade, Navi Mumbai has become an established corridor with large commercial and IT developments which consists of a mix of Indian and multinational tenants.

Thane-Belapur Road micro market has been one of the key markets for Mindspace REIT in the Mumbai Region. Mindspace REIT has two SEZ & IT Park assets in the micro-market: Mindspace Airoli East and Mindspace Airoli West. The assets are located in one of the best performing micro markets and are distinguished by scale and infrastructure and are well positioned in the micro-market, with proximity to major business, social and transportation hubs. This is a key differentiating factor, given an increasing focus by corporate occupiers on the ease of commute for their employees.

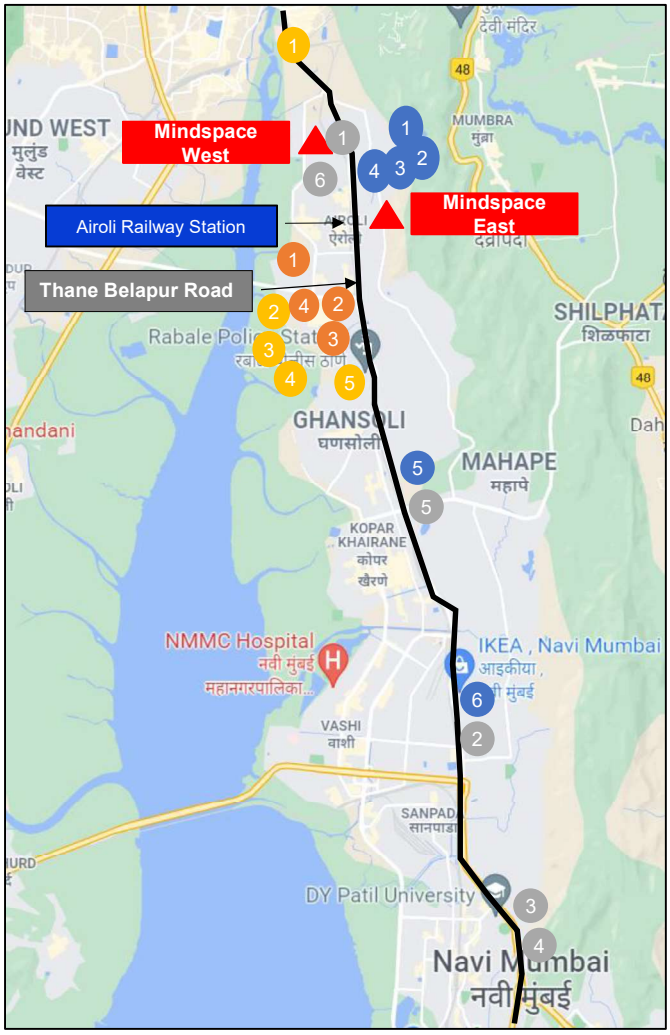
Rapid development of residential real estate & establishment of new growth vectors such as Belapur, Panvel, Palm Beach Road etc. has led to a successful establishment of Thane Belapur Road as a micro market. The Thane Belapur stretch has emerged as the preferred location for office tenants because of its proximity to the large residential catchment areas of Thane and Navi Mumbai, affordable rent and robust connectivity. Thane Belapur Road is presently connected to Mumbai and other parts of the country by a multi – modal integrated transport system such as expressways, highways and railways. A world-class international airport being developed in Navi Mumbai with a planned capacity of 60 million is expected to improve direct domestic and international connectivity and drive office demand further; Mindspace Airoli assets are the closest high-quality, large-scale parks to the proposed airport site.

The Thane - Belapur stretch which includes Airoli, Ghansoli, Juinagar, Mahape and Rabale, today is one of the major roads that passes through the Navi Mumbai Municipal Corporation (NMMC) area. It is a major link road between the old Mumbai – Pune highway (NH4) and Sion – Panvel Expressway. With ample supply of A grade IT buildings such as Mindspace Airoli, Reliance Corporate Park, Mindspace Airoli West, etc. Thane Belapur Road has emerged as an established hub for office sector. The micro-market contributes approximately 16.5% of the office stock of Mumbai Region as of 9M 2022. The micro market has seen sustained interest due to large scale developments, competitive rentals to most other Technology led office markets and proximity to the requisite talent pool. Supply of space for IT and IT related activities has increased tremendously in this market leading to high vacancy levels.

Airoli which is present on the Thane-Belapur Stretch transformed after the development of Airoli-Mulund bridge. It is well-linked to various developed areas of Mumbai and a number of hotels, schools, banks and hospitals via an excellent network of railways and roadways. The micro market is witnessing an increase in population in recent years, owing to its proximity to various employment hubs and offices.

Mindspace Airoli West and Mindspace Airoli East are Grade-A, leasehold business parks located in the Mumbai Region, Maharashtra. The parks have established themselves as the "new age district" for the rapidly growing IT/ITeS services, housing the leading IT and fintech companies. Mindspace Airoli East and Mindspace Airoli West are the largest business parks, respectively, in Thane Belapur Road micro market with best-in-class infrastructure and amenities catering to the needs of "new age businesses". The parks are well positioned within Navi Mumbai and are in proximity to Airoli Railway Station and the upcoming international airport.

With large scale campus style commercial development, the Thane Belapur Road has emerged as the hub for office tenants in technology and financial services. The micro-market contributes approximately 16.5% of the office stock of Mumbai Region as of 9M 2022. With campus style development, high-speed connectivity through next-door railway stations and limited number of office parks with comparable scale, Mindspace REIT's assets have emerged as one of the preferred location of choices.



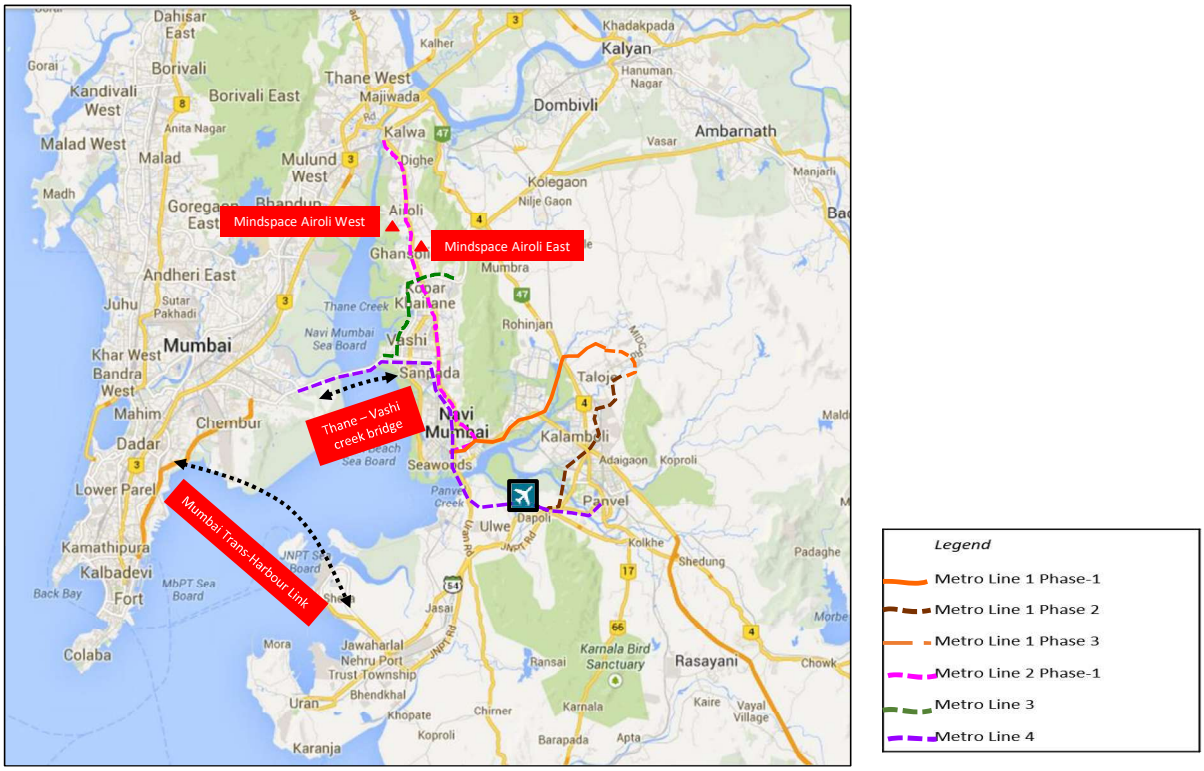
(Map not to Scale)

Key Office Developments *Social Infrastructure* *Lifestyle Infrastructure* *Proposed Development*

Key Commercial Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed Commercial Developments
1. Empire Tower	1. Jai Bhagwan College	1. Smokin Joes (*QSR)	1. Gigaplex Building 9
2. Reliable Tech Park	2. National Burns Hospital	2. The Mint Leaf (*QSR)	2. Mindspace Juinagar building 3
3. Liberty Tower	3. DAV Public School	3. Hotel Golden Crest	3. Cyber Nerul
4. Reliable Tech Plaza	4. Apple Hospital	4. Mc Donalds	4. Shreeji Destiny
5. Aurum Q Park 1 & 2	5. St. Xavier's High School		5. Intellion Park
6. Rupa Renaissance			6. Newa Bhakti Knowledge Park

**QSR stands for Quick Service Restaurant*

2.2 Existing and Upcoming Infrastructure



(Map not to Scale)

Navi Mumbai Metro Lines

Subject property would have improved connectivity with rest of Mumbai via Navi Mumbai metro line 3, which is expected to run parallel to the arterial Thane Belapur Road and would connect major Thane Belapur Road stretch from Dighe to Belapur via Turbhe. Intern-connectivity with other metro lines like Navi Mumbai Metrol Line 1 connecting CBD Belapur to Khandeshwar, Navi Mumbai metro line 4 connecting Vashi with Mhape via Ghansoli and Navi Mumbai Metro line 2 further connecting to Central Mumbai would further enhance the importance of the metro lines.

Navi Mumbai International Airport

A new airport is planned in Navi Mumbai on 1,160 hectares in Ulwe, near Panvel. The new airport in Navi Mumbai is designed to be bigger than the existing Mumbai International Airport and will have two parallel runways for independent operations. The Airport will be developed as one of the world's largest Greenfield Airport through Public Private Partnership (PPP). It is expected that the airport will result in substantial demand for commercial, hospitality and residential real estate in the surrounding areas of Panvel, Thane and Navi Mumbai. The new airport is expected to spur growth in Navi Mumbai as well as improve the connectivity of the subject property to rest of India.

New Thane Creek Bridge at Vashi

Proposed bridge on Thane creek at Vashi is expansion of existing 6-lane bridge into 12-lane bridge. The plan is to add three lanes on each carriageway of the bridge. This proposed new bridge is called the northern carriageway and it will be on the eastern side of the existing bridge. Afforestation of mangroves will be done at Erangal in Borivali. The MSRDC will cut 430 mangroves on a land parcel of 1.4 acres which has been handed over to MSRDC by the forest department. L&T will build most part of the bridge and the bridge is expected to be completed by 2023. This bridge would improve connectivity to MMR, especially to the Suburban regions.

Nhava Sheva Sea Link (Trans Harbour Link)

The ongoing six-lane Mumbai Trans Harbour Link ('MTHL') would connect Nhava Sheva in Navi Mumbai to Sewri central Mumbai. It is expected to be completed by the end of 2023. This trans harbour link would improve the connectivity to CBD and SBD.

Sewri- Worli Connector

The Sewri-Worli connector would be an extension to the MTHL and would further extend the connectivity to other parts of MMR including prime office locations of Worli and BKC via Mumbai Coastal Road Project and Bandra Worli Sea Link. It is expected to be operational by 2023.

2.3 Key Statistics

Particulars	Details
Total completed stock (9M 2022)	Approximately 17.3 msf
Current occupied stock (9M 2022)	Approximately 12.8 msf
Current Vacancy (9M 2022)	Approximately 25.7%
Avg. Absorption (2016 – 9M 2022)	Approximately 0.8 msf
Future Supply (Q4 2022 – 2024)	Q4 2022: Approximately 0.4 msf (~96.1% of the supply is pre-leased) 2023: Approximately 1.3 msf 2024: Approximately 1.0 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.

2.4 Supply, Absorption & Vacancy

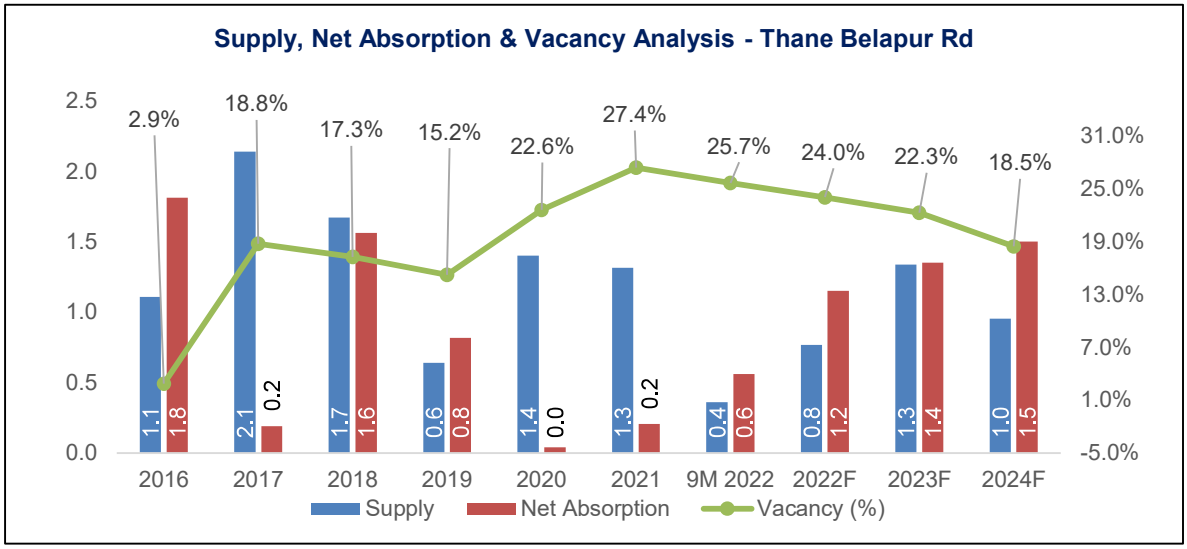
Owing to the growth of technology sector in India, the commercial space demand has also increased, the effect of which can be witnessed in the Thane Belapur Road micro market. Further, due to enhanced connectivity, premium quality developments, availability of integrated parks with larger floor plates and relatively affordable rentals, the micro market is also witnessing an increasing traction from BFSI companies. Absorption in Thane Belapur Road has been a function of supply over the past few years, with average absorption of ~0.8 msf per year (2016 – 9M 2022). ~50.0% of the stock as on 9M 2022 in Thane Belapur Road micro market belongs to Mindspace REIT assets; Mindspace Airoli East and Mindspace Airoli West. Demand had kept pace with consistent infusion of supply during 2017-2019, leading to a declining vacancy that stood at 15.2% in 2019. However, owing to the challenges faced during the pandemic, led to weak net absorption in the micro-market. This coupled with a supply of ~2.7msf, led to the vacancy increasing to 27.4% as of 2021 in the IT companies dominated market. The micro-markets has witnessed strong traction during 9M 2022, vacancy stood at 25.7% as at Q3 2022.

0.4 msf of new supply is expected to be delivered by 2022 of which ~0.3 msf belongs to Mindspace REIT assets. Strong pipeline of RFPs in the micro-market, as the office have started to open up, large pre-commitment at Gigaplex Tower 9, strong traction in the IT parks instils our confidence in the strong performance of the micro-market, the vacancy is expected to reduce 24.0% by 2022F.

Leasing traction is expected to continue to be robust in the micro-market as the micro-market gains more prominence with the growth in the technology sector. Vacancy is expected to gradually decline to 18.5% by 2024F.

Mindspace REIT assets enjoy approximately 9.9 percentage points lower vacancy in comparison to the rest of the market as on Q3 2022 (comprising of buildings with fewer amenities and smaller floor plates which are not much preferred by large tenants).

The following graph represents supply, net absorption and vacancy levels in Thane-Belapur Road micro-market(2016-2024F):



Source: Cushman & Wakefield Research

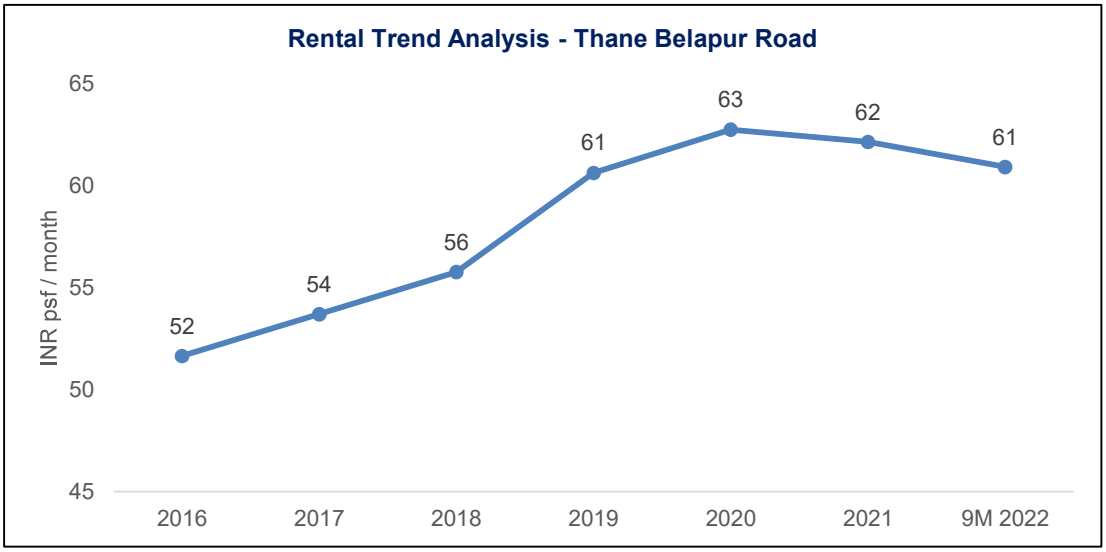
Note: 1. Future supply estimates are based on analysis of under construction projects considering their physical progress, available information on their approvals and interactions held with various stake holders, future absorption estimates are derived basis past trend, current vacancy an estimated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

2. Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

2.5 Rental Trend Analysis

Thane Belapur rents witnessed significant increase in quoted rentals during the period 2016-19. Rentals grew at a CAGR of 5.5% during 2016 – 2019. The micro-market has shown significant resilience during the pandemic. Rentals have remained broadly stable since 2019. However, rentals in select properties have witnessed minor improvements over the last few quarters. This is primarily led by strong traction from tenants from sectors like technology, BFSI, Healthcare & Pharmaceutical etc. Availability of affordable rentals when compared to Mumbai region, enhanced connectivity and larger floor plates also acted as a catalyst to the increasing rentals in this micro market.

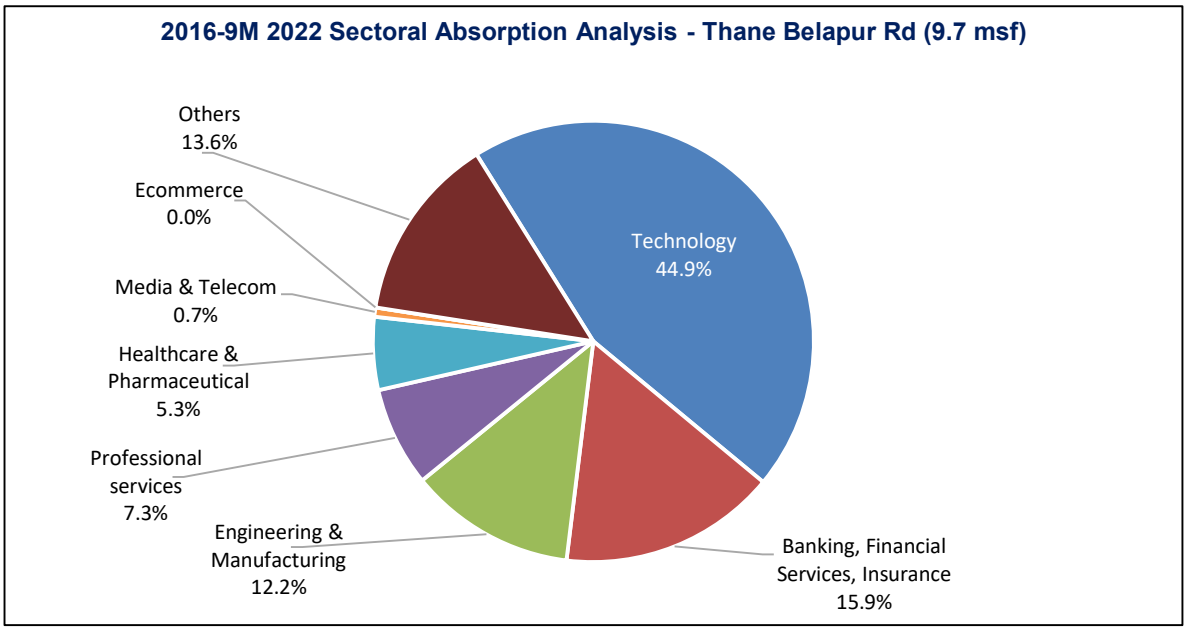
The following graph depicts the rental trend in Thane-Belapur Road micro-market (2016-9M 2022):



Source: Cushman & Wakefield Research,

Note: The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters

2.6 Sector Demand Analysis



Source: Cushman & Wakefield Research

Note: Others include Automobile, Education, Flexible Workspaces, Hospitality, Logistics & Shipping, Oil & Gas, Research & Analysis, Food & Beverage, Real Estate & Related Services, etc. The sectoral absorption analysis is based on gross absorption activity of micro market i.e. including any relocations, consolidations etc.

Thane Belapur Road micro market has witnessed an increased traction from Technology sector which contributed to 44.9% of the leasing activity during 2016 – 9M 2022 The tenants are attracted to this micro market due to availability of larger floor plates, affordable rentals and enhanced connectivity. The technology occupiers in this micro market are involved in the activities of software developments, Research and Development etc. This micro market is also gradually witnessing traction from BFSI sector with prominent tenants such as Yes Bank, ICICI Bank, HDFC Bank etc. moving to this micro market recently. BFSI sector contributed 15.9% to the leasing activity during 2016 – 9M 2022

2.7 Market Outlook

According to the market assessment report of Cushman & Wakefield current market rentals in the Thane Belapur micro market are in the range of INR 50-60 psf / month which is broadly in line with the recent leases signed in the Subject Property. Further over 2016-19, Thane Belapur rents witnessed significant increase in quoted rentals growing at a CAGR of 5.5% during 2016 – 2019. The micro-market has shown significant resilience during the pandemic. Rentals have remained broadly stable since 2019. However, rentals in select properties have witnessed minor improvements over the last few quarters. Going forward, considering the limited competitive future supply in the Thane Belapur micro market and the upcoming Navi Mumbai International Airport and Metro Corridor will have a positive impact on the rentals, annual growth rate of ~5% in the market rentals appears achievable over medium to long term.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	Plot IT - 5, Airoli Knowledge Park, Airoli and Dighe Special Economic Zone, Thane – 400710
Ownership & title details:	Underlying land is on leasehold basis from MIDC; the buildings thereupon are owned by the proposed Mindspace REIT

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property is considered to possesses a good and marketable title and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani and Co. (hereinafter collectively referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material Litigation

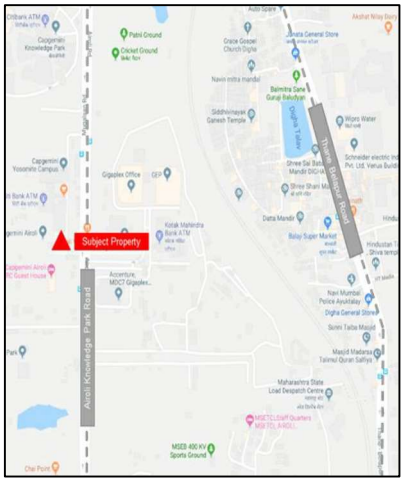
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

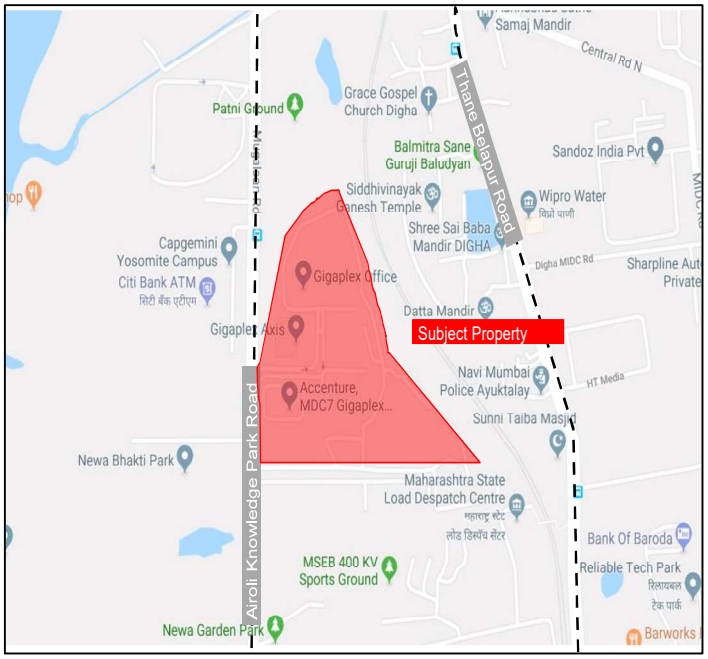
2 Location

2.1 General

Subject property comprises of operational and completed buildings 1, 2, 3, 4, 5, 6 and 9 (5th to 12th and 14th to 16th Floors), under construction building 9 (remaining portion), under construction Building 10 and future development Building 8 (hereinafter referred to as Subject Property), which are part of Mindspace IT park located in Airoli West, Navi Mumbai. The Park is spread over 50 acres comprising SEZ and Non-SEZ office space. It enjoys good accessibility and connectivity with other parts of the city. The Subject Property also has two operational food courts namely Megabite and Gigabite. There are 3 private dining rooms (PDRs) also available to the employees with a seating capacity of 10 to 15 people. The Park also offers day-care facilities to the employees.

The location map of the Subject Property is set out below:





(Map not to scale)

The subject property is spread out over ~50 acres of land parcel leased from MIDC. Located on the Airoli Knowledge Park Road, the Subject Property enjoys good frontage and has a relatively flat topography with no significant variations in the height of the land. Further, basis our perusal of the site map provided by the client, we noted that the land plot is slightly irregular in shape.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 3-4 kms from Airoli Railway Station
- Approximately 5-6 kms from Thane Railway Station
- Approximately 7-8 kms from Eastern Express Highway
- Approximately 22-23 kms from Mumbai International Airport

The property photographs of the Subject Property are attached in Annexure 3.

The Subject Property is well accessible from all locations of Mumbai-Navi Mumbai and MMR. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Mumbai where the Subject Property is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and does not face any significant problems of flooding or waterlogging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Mindspace Airoli West is a Grade A, IT Park located in Navi Mumbai, comprises of SEZ and Non-SEZ buildings. The Subject Property has two components i.e. a completed component and an under-construction component.

Completed Buildings – Building 1, 2, 3, 4, 5, 6 and 9 (5th to 12th and 14th to 16th Floors) and Centre Court

The completed buildings collectively admeasure ~4.3 Million sq. ft of leasable area. Of the total 7 completed buildings, 5 of them are SEZs whereas building 1 and 9 are non-SEZ buildings. Building 1 are located at the entrance of the Subject Property and remaining six buildings have an entry through a secured gate.

The building wise break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 1	409,661	Non-SEZ	Completed
Building 2	715,308	SEZ	Completed
Building 3	756,226	SEZ	Completed
Building 4	834,747	SEZ	Completed
Building 5	374,635	SEZ	Completed
Building 6	391,777	SEZ	Completed
Building 9 (5th to 12th and 14th to 16th Floors)	856,841	Non-SEZ	Completed
Centre Court	796	SEZ	Completed

Source: Architect's Certificate, Rent Rolls, Lease Deeds/Leave and License Agreements

Total leasable area for the property varies versus the architect certificate. The change in area is in accordance with the Lease Deeds/ Leave and License Agreements.

Note: As per the management representation, there are proposed transactions in advanced stages of discussions which are expected to happen at lower efficiency over the next 6 months. We have incorporated the same in our valuation.

The IT Park also has two operational food courts namely Megabite and Gigabite. These are located on the stilt level and podium level of the cluster of buildings 2, 3 and 4. There are 3 private dining rooms (PDRs) also available to the employees with a seating capacity of 10 to 15 people. The Park also offers day-care facilities to the employees.

Under-Construction/ Future Development – Building 9

Building 9 is an under-construction asset with Basement + 4 Podiums + 18 Office floors. Out of the 18 office floors partial O.C. has been received for 5th & 6th floors on 15 June 2021, 9th floor as on 28 July 2021, 8th floor as on 16 November 2021, and 7th, and 10th floor as on 29 December 2021 and 11th, 12th and 14th to 16th floors as on 19 July 2022. The under-construction portion is expected to be completed in Q3 FY 2022-2023.

Under-Construction/ Future Development – Building 8 and Building 10

The future development land area admeasures 16.45 acres. Of this 7.37 acres will be utilised for construction of data centre buildings namely Building 8 and Building 10 together admeasuring 630,220 sq. ft. of leasable area with each having a leasable area 315,110 sq. ft. The Building 8 and Building 10 will be completed by February 2025 and February 2023 respectively and each will have 6 floors.

3.1 Key Asset Information

Completed Buildings

Particulars	Details
Entity:	Gigaplex Estate Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by Gigaplex Estate Private Limited which is 100% owned and controlled by the Mindspace REIT[1]
Age of building based on the date of occupancy certificate:	Building 1 - 12 years and 1 month Building 2 - 5 years and 7 months Building 3 - 6 years and 10 months Building 4 - 4 years and 3 months Building 5 - 8 years and 6 months Building 6 - 7 years and 1 months Centre Court - 4 years and 4 months Building 9 (5th to 12th and 14th to 16th Floors) - 1 year and 3 months
Asset type:	SEZ and IT Park with 1 Non-SEZ building
Sub-market:	Thane Belapur Road
Approved and existing usage:	Commercial Office/IT SEZ
Site Area (acres):	~50
Freehold/Leasehold:	The underlying land is taken on leasehold basis from MIDC
Leasable Area:	4.3 Million sq. ft.
Occupied Area:	3.0 Million sq. ft.
Occupancy (%)[2]	68.67%*
Committed Occupancy (%)[3]	68.67%*
Number of Tenants	26*

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *Occupancy refers to proportion of area leased which is actively occupied by the tenants out of the total area that has received OC*
3. *Committed occupancy also includes area which has been pre-leased to tenants.*
4. *As per the several lease deeds signed with the tenants, the admeasurable carpet area as part of the lease terms for such tenants is ~91,111 sq ft higher than the carpet area as per the architect certificate (Dated: 15 June 2020).*

Under-construction Building

Particulars	Details
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by Gigaplex Estate Private Limited which is 100% owned and controlled by the Mindspace REIT
Expected completion date of construction:	Building 9 - December 2022 Building 8 - February 2025 Building 10 – February 2023
Asset type:	IT Park / IT SEZ
Approved Usage:	Commercial office
Leasable Area:	Building 9 - ~0.26 Million sq. ft. Building 8 - ~0.3 Million sq. ft. Building 10 - ~0.3 Million sq. ft.
Status of construction:	Building 9 is an under-construction asset with Basement + 4 Podiums + 18 Office floors. Out of the 18 office floors partial O.C. has been received for 5th & 6th floors on 15 June 2021, 9th floor as on 28 July 2021, 8th floor as on 16 November 2021, and 7th, and 10th floor as on 29 December 2021 and 11th, 12th and 14th to 16th floors as on 19 July 2022. The remaining portion is under construction with civil construction completed, façade work completed and Fire NOC being in place. The under-construction portion is expected to be completed by Q3 FY 2022-2023. Building 10 – Under Construction Building 8 – Future Development
Approvals received and pending as on Valuation Date:	List of approvals detailed in Annexure 5

Source: Client information

The underlying land of the Subject Property is held as leasehold from Maharashtra Industrial Development Corporation (MIDC) with remaining tenure of 42 years. There is an option to renew the lease for another 90 years. Given that the purpose and obligations associated with lease of the underlying land has essentially been achieved, the likelihood of lease getting cancelled or not renewed at the end of the tenure is negligible. Thus, no specific adjustments are required to be made towards the legal tenure of underlying land's ownership.

3.2 Property Inspection

The Subject Property comprising of seven operational buildings including building 9 with partial O.C. received for floors 5th to 12th and 14th to 16th Floors and under construction portion of building 9 was physically inspected on 25 March 2022. There have not been any subsequent visits to the site. The following inspection report is as on the abovementioned date. The inspection comprised visual inspection of operational buildings comprising the property, visits to their key utility areas like LT Electric Room, Pump Room, HVAC installations, Power Back up, STP and under construction building. The common areas within the operational buildings were visited on a sample basis as the areas under tenant occupation had access restriction.

The Subject Property has five operational buildings namely Building 2, Building 3, Building 4, Building 5 and Building 6 within the processing zone of the Special Economic Zone and the remaining including the under-construction building (named building 9) as part of non-processing zone. Building 4 having got commissioned only in June 2018, is about 50% occupied with currently 5 tenants in the building. Building 2 and Building 3 have identical plans including the utility areas. The basements are integrated for building 2,3 and 4 with multi-car parks installed therein.

Building 9 is an under-construction asset with Basement + 4 Podiums + 18 Office floors. Out of the 18 office floors partial O.C. has been received for 5th & 6th floors on 15 June 2021, 9th floor as on 28 July 2021, 8th floor as on 16 November 2021, and 7th, and 10th floor as on 29 December 2021 and 11th, 12th and 14th to 16th floors as on 19 July 2022. The remaining portion is under construction with civil construction completed, façade work 90% complete and Fire NOC being in place. According to the inputs received from the client, the under-construction portion is expected to be completed by Q3 FY 2022-2023.

In addition to the completed and under construction building, the subject property shall also have a Built to Suit (BTS) building for a Data Centre on 7.37 acres of land within the surplus land available within the campus. The identified site of the proposed BTS building appeared to have provisions for dedicated access.

The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. No instances of any major logging or water accumulation was observed during the inspections. The utility areas also appeared well maintained, visually. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure is based completely on visual survey.

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Sources of information:

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates (Dated: 15 June 2020) and Architect's certificates (Dated: 31 March 2022) for Building 3 mentioning site areas and property areas

b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property

c. Lease agreements and commercial clauses for all the tenants signed after the date Jun 15, 2020

d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property

e. Management representation regarding the following:

    i. Major repairs undertaken and proposed in the Subject Property

    ii. Statement of Assets

    iii. Revenue pendency, if any

    iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

    v. List of material litigations

3.4 Tenant Profile

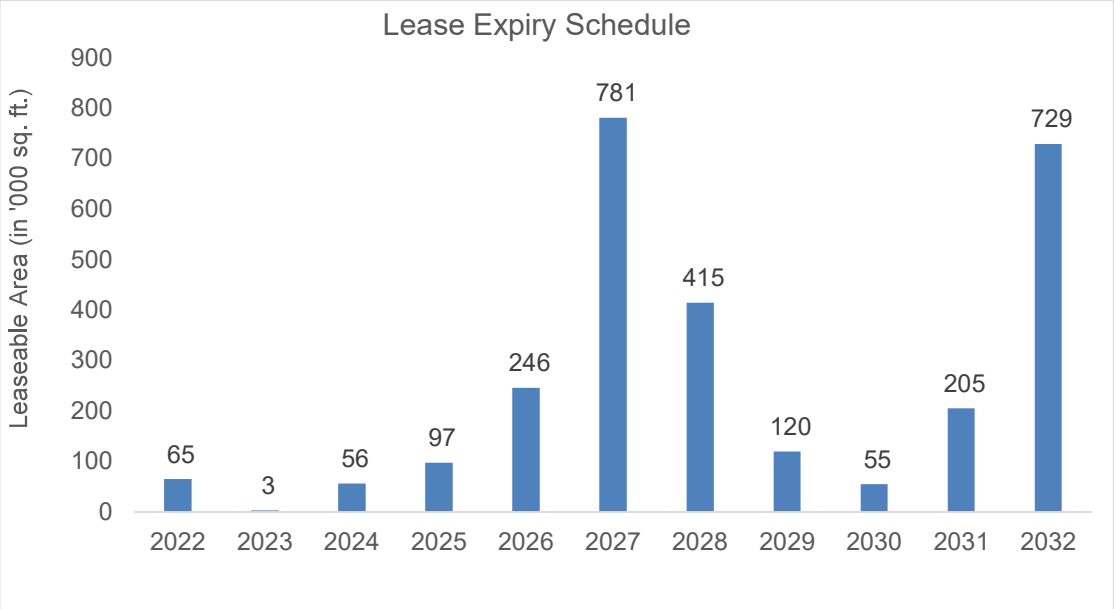
As of 30 September 2022, Subject Property has 26 tenants which include companies like Axis Bank, Accenture, Worley Parsons, UBS, Alight, etc. The Subject Property's top 10 tenants account to ~92% of the Gross Rental income.

Rank	Top 10 Tenant according to Leasable Area	Leasable Area (sq. ft.)
1	Accenture	480,553
2	Worley Parsons	307,229
3	GeP	255,681
4	HDFC	229,984
5	Axis	208,158
6	UBS	197,940
7	Here Sol	194,213
8	Tablespace	160,230
9	Finicity	119,877
10	IDFC	96,739
	Total	**2,250,604**

Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Accenture	22.8%
2	Worley Parsons	14.1%
3	GeP	12.6%
4	UBS	9.5%
5	Axis	8.5%
6	Here Sol	6.2%
7	Finicity	5.7%
8	Alight	4.7%
9	IDFC	4.7%
10	CMA CGM	3.0%
	Total	**91.6%**

3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE)* of the property is ~7.5 years, with 16% of occupied area expiring between CY 2022 and CY 2026 as shown in the chart below.



3.6 Power Distribution Services

In accordance with Section 14 (b) of the Electricity Act, 2003 read with Section 4(1) of the SEZ Act, 2005, entities that own and operate SEZ Parks are considered Deemed Distribution Licensee for supplying electricity to consumers within the SEZ area. Pursuant to the above regulations, Gigaplex Estate Private Limited (SPV) also has the license to distribute power within the Subject Property.

The SPV has invested in the infrastructure to facilitate the distribution of the power to the customers (occupiers and operators within the subject properties). It procures power from Power generators / traders supplying to the grid and then distribute it to the end consumers within the Subject Property. The SPV is not allowed to expand the power distribution outside the limits of the SEZ, i.e., the Subject Property in this case.

4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or micro-markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top 5 tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-Market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner.

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable market rent (Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).

2. The Valuer also analysed the historical leasing within the asset for anchor tenants to identify the discount that is extended to such tenants at the time of fresh leasing or lease renewals. Rent roll and sample of lease deeds of large anchor-tenants were analysed and applicable adjustments to marginal rent was estimated for individual leases. For other tenants occupying relatively large space within the properties, it is assumed that the leases shall revert to marginal rents (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/future development area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/future development areas respectively.
   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.
   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry

   Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Recurring operational expenses, fit-out income (if any – the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.

4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

4.4 Approach for Power Distribution Services

Gigaplex Estates Private Limited (SPV) submitted the detailed tariff petition to Maharashtra Electricity Regulatory Commission (MERC or the Commission), which included demand projections, power procurement plan, capital investment plan, financing plan, and expected revenue (aggregate revenue requirement) from tariff and charges for its power distribution services for a projected period of 5 years. The Commission in accordance with prevailing regulations determined the tariff that may be charged to the customers/operators within the Subject property over the said projected period. The aggregate revenue requirement for the distribution business for each projected year contained mainly power purchase cost, operational & maintenance expenses, depreciation, interest on loan, interest on working capital, return on equity, etc. In other words, licensee can charge cost plus mark up as approved by the Commission to the end users. This mark-up is equivalent to return on its investment in power distribution infrastructure and enabling services. The return on investment comprise annual depreciation on investment, interest expenses on notional debt and return on equity.

1. As the first step to the valuation of the power distribution service, the tariff order from Maharashtra Electricity Regulatory Commission determining the aggregate revenue requirement for 5 years from the date of order has been reviewed.

2. Earnings before interest, depreciation & tax (EBITDA) for each year is projected for the balance life of the license and NPV (net present value) is computed as on valuation date at appropriate discounting rate

3. EBITDA is projected based on the component of aggregate revenue requirement in the latest order from the commission.

4. For the future project capex requirement has been given by the client.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Completed Building

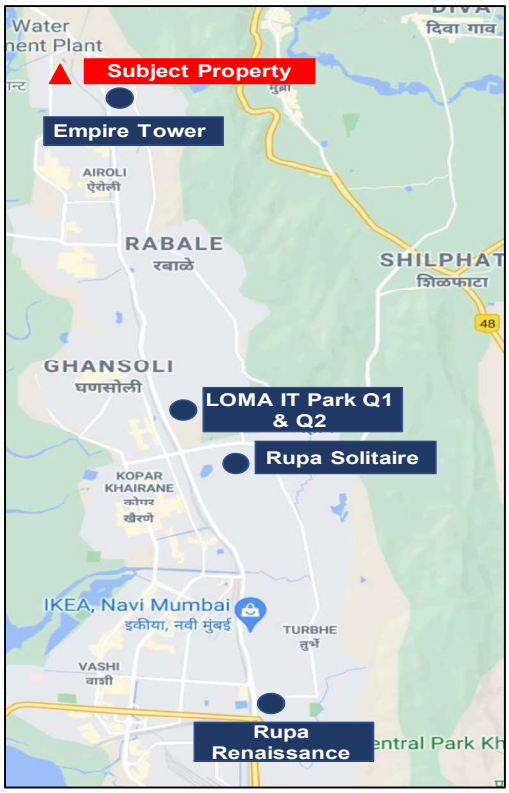
Property Details

Property Details	Unit	Building 5	Other Completed Buildings
Total Property Leasable Area	Sq. Ft.	374,635	3,965,355
Area Leased	Sq. Ft.	-	2,980,289
Leased	%	0%	75.16%
Vacant Area	Sq. Ft.	374,635	985,067
Vacancy	%	100%	24.84%
Stabilized Vacancy	%	2.0%	2.0%
Further leasing	Sq. Ft.	367,142	905,760
Existing Lease rollovers	%	100.0%	100.0%
Rent Free Period - Existing Lease Roll Overs	Months	2	2
Rent Free Period - New Lease	Months	3	3
4W parking slots - paid	Number	-	148
Estimated leasing period	No. of quarter	8	8

Note: As per the management representation, there are proposed transactions in advanced stages of discussions which are expected to happen at lower efficiency over the next 6 months. We have incorporated the same in our valuation.

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases.
- **Future absorption: (As per Section 2.4 - Supply, Absorption & Vacancy)**
  - Over 2016 - 9M 2022, the Thane Belapur Road micro market has witnessed an average annual absorption of approximately 0.8 Million sq. ft. The Subject Property's share (Airoli East and West) in the historical absorption was approximately 35% over the same period.
  - Going forward, the micro market is expected to have an average annual demand of approximately 1.5 Million sq. ft. per annum over Q4 2022 - 2024. Assuming the share for the Subject Property at 40% - 45%, annual leasing of about 0.6-0.7 Million sq. ft. can reasonably be assumed.
  - Competition for the Subject Property in the near future would primarily arise from relevant inventories in the market with high vacancies; namely,
    - Existing - Q Park- Q1 & Q2 (LOMA IT Park) with 1.5 Million sq. ft. and vacancy of 52.5%
    - Existing - Empire Tower with 1.4 Million sq. ft. and vacancy of 15.0%
    - Existing - Rupa Solitaire Park with 1.0 million sq. ft. and vacancy of 7.4%
    - Existing - Rupa Renaissance with 1.4 million sq. ft. and vacancy of 68.0%

Subject Property and Relevant Existing Supply



- Considering the above, it would be reasonable to believe that the Subject Property (as well as Airoli West) shall be able to lease:
  - approx. 0.3 Million sq. ft. of vacant space Airoli East in FY 2023 - FY 2024
  - approx. 0.7 Million sq. ft. of vacant space in Airoli West in FY 2023 - FY 2024

- Further leasing of ~1.3 Million sq. ft. has been assumed after incorporating a 2% stabilised vacancy which is a standard for Grade A properties in Commercial Parks.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent – Office	Per sq. Ft./month	INR 55.00
Market Rent - Food Court	Per sq. Ft./month	INR 64.80
Market Rent - Food Court (small)	Per sq. Ft./month	INR 315.00
Market Rent – Anchor	Per sq. Ft./month	INR 52.00
Market 4 W Parking Rent	Per slot/month	INR 2,000
Other operating income	% of lease rental	1.00%
Market Rent growth rate	% p.a.	5.00%
Market Rent growth rate FY 2025 - 2027	% p.a.	6.00%
Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	Years	9 years
Normal market escalation at end of every	Years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
Target efficiency	%	76.0%
CAM/O&M Income prevailing in the market	Per sq. Ft./month	11.71

- **Market rent - office:**
  - Over 2019- 9M 2022, approximately 1.41 Million sq. ft. was leased in the subject property in the rental range of INR 49-59 per sq. ft. per month.

Lease Transactions 2019 – Q3 2021

Tenant	Year	Area	Rent
Infrasoft Technologies Ltd	2022	34,249	53
Taskus India Pvt. Ltd.	2022	90,540	52
Tablespace Technologies Pvt. Ltd.	2022	1,60,230	56
SitusAMC India Pvt. Ltd.	2022	38,224	50
Ernst & Young Private Limited	2022	56,943	52
Merck Life Science Pvt. Ltd.	2022	17,354	57
Weatherford Drilling and Production Services	2022	9,134	50
Dow Chemical International Pvt. Ltd.	2021	83,724	52
Sharekhan Limited	2021	81,680	51
Essar UK Services Private Limited	2021	28,653	52
HDFC Bank Limited	2021	2,29,984	49
Jacobs Engineering India Private Limited	2021	32,427	58
Consulting Engineering Services	2021	22,710	58
K. Raheja Corporate Services Private Limited	2021	48,573	52
Weatherford Drilling and Production Services	2021	17,674	50
Finicity Technologies Pvt. Ltd.	2021	64,659	53
Infrasoft Technologies Ltd	2021	45,847	53
AGC Networks Limited	2021	41,398	50
Majesco Software & Solutions India Pvt. Ltd.	2021	39,426	52
Anthelio Business Technologies Pvt Ltd	2021	14,545	58
Syntel Pvt. Ltd.	2021	64,810	58
GeP Solutions Pvt. Ltd	2020	55,002	53
Rave Technologies (India) Pvt. Ltd	2020	17,960	59
CrossAsyst Infotech Pvt. Ltd	2020	15,170	52
Finicity Technologies Pvt. Ltd.	2020	33,132	56
Worley Parsons India Pvt. Ltd.	2019	55,077	50
Rave Technologies (India) Pvt. Ltd	2019	13,864	57

Finicity Technologies Pvt. Ltd.	2019	16,454	56
Atos Global IT Solutions & services Pvt. Ltd.	2019	64,810	50
Accenture Services Pvt. Ltd.	2019	124,462	56
Accenture Services Pvt. Ltd.	2019	62,206	56

  - Considering the location, accessibility, quality, size of the property and keeping in view of the future supply and the recent transactions in the subject property it can reasonably be assumed that Mindspace Airoli West office space shall be able to command a monthly rental of INR 55 per sq. ft. per month.

- **Market rent growth rate:** Market rental over 2016-19, grew at a CAGR of 5.5% during 2016 – 2019. The micro-market has shown significant resilience during the pandemic. Rentals have remained broadly stable since 2019. However, rentals in select properties have witnessed minor improvements over the last few quarters. With the second airport in Mumbai, expected to be operational in 2023, and major future infrastructure development in Navi Mumbai like the Trans Harbour Link Road and Navi Mumbai Metro the connectivity with residential hubs shall be greatly enhanced. The micro-market has started witnessing increased traction in the good quality grade A IT / ITeS office parks. Accordingly, we can expect annual growth in market rentals to be 5-6% in medium to long term.
- **Market rent - 4W parking**: Rent for car parks are assumed at INR 2,000 per slot per month in line with the current rentals for paid car parks in Airoli West.
- **Other income:** Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental. Other income includes Car Park, Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income.
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and receive higher rentals for the same carpet area. Going forward, for leases which will expiry during the next 10 years, we have considered efficiency at 76% or actual, whichever is lower.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM margin	Per sq. Ft./month	INR 2.43
CAM/ O&M cost – H2 FY 2023E	Per sq. Ft./month	INR 9.28
Property Tax	Per sq. Ft./month	INR 1.94
Insurance	Per sq. Ft./month	INR 0.34
CAM cost escalation	% p.a.	5.0%
Cost escalation	% p.a.	3.0%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rental	2.0%
Property Management Fees	% of Lease Rentals, Parking income, fit out income and other operating income	3.5%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **CAM / O&M Cost / Margin:** As per the information received by the client, CAM / O&M Cost is projected to be INR 9.28 per sq ft. per month. However, we expect these costs to revert back to the pre-COVID FY 2019 levels of INR 11.0 psf pm, as the physical occupancy levels for the park reverts to the optimal level. However, the CAM margins are not expected to be impacted, as the lease agreements have a minimum level of CAM recovery agreed with the tenants. CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as FY 2022 and are projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rental, parking income, other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Source: Secondary Market Research

Note:

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of ~11.75% for completed properties was found to be aligned with the expectations of international investors investing in similar assets.

Under-construction /Future Development

1. **Building 9**

Property details

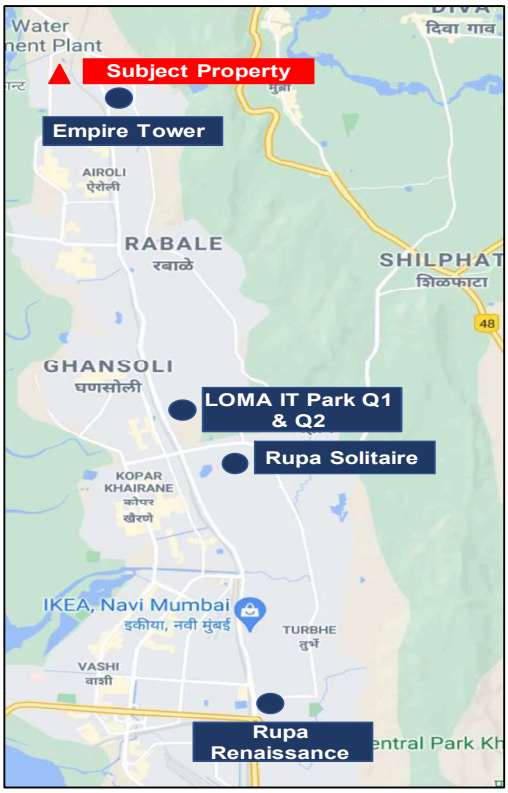
Property Details	Unit	Details
Total Property Leasable Area[1]	Sq. Ft.	259,722
Area Leased	Sq. Ft.	90,540
Leased	%	43.7%
Vacant Area	Sq. Ft.	116,679
Vacancy	%	56.3%
Stabilized Vacancy	%	2.0%
Further leasing	Sq. Ft.	116,679
Existing Lease rollovers	%	98%
Rent Free Period-Existing Lease Roll Overs	Months	2
Rent Free Period- New Lease	Months	3
Estimated leasing period	No. of quarters	1

Notes:

1. *The total leasable area includes 52,504 Sq. Ft. of Food Court area which is assumed to be leased out on expenditure reimbursement basis.*
2. *As per the management representation, there are proposed transactions in advanced stages of discussions which are expected to happen at lower efficiency over the next 6 months. We have incorporated the same in our valuation.*

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases.
- **Future absorption: (As per Section 2.4 - Supply, Absorption & Vacancy)**
  - Over 2016 - 9M 2022, the Thane Belapur Road micro market has witnessed an average annual absorption of approximately 0.8 Million sq. ft. The Subject Property's share (Airoli East and West) in the historical absorption was approximately 35% over the same period.
  - Going forward, the micro market is expected to have an average annual demand of approximately 1.5 Million sq. ft. per annum over Q4 2022 - 2024. Assuming the share for the Subject Property at 40% - 45%, annual leasing of about 0.6-0.7 Million sq. ft. can reasonably be assumed.
  - Competition for the Subject Property in the near future would primarily arise from relevant inventories in the market with high vacancies; namely,
    - Existing - Q Park- Q1 & Q2 (LOMA IT Park) with 1.5 Million sq. ft. and vacancy of 52.5%
    - Existing - Empire Tower with 1.4 Million sq. ft. and vacancy of 15.0%
    - Existing - Rupa Solitaire Park with 1.0 million sq. ft. and vacancy of 7.4%
    - Existing - Rupa Renaissance with 1.4 million sq. ft. and vacancy of 68.0%

Subject Property and Relevant Existing Supply



Construction related assumptions

Construction-related Assumptions	Unit	Details
Start date of construction		01-Oct-17
End date of construction		31-Dec-22
Total construction cost	INR million	4,939
Construction cost incurred till date	INR million	4,449
Construction cost to be incurred	INR million	489

Construction Cost Phasing	Unit	31-Dec-22	31-Mar-23	30-Jun-23
Cost to be incurred	INR Million	150	150	189

Note: We have relied on Client inputs for the assumptions relating to construction.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent – Office	Per sq. Ft./month	INR 55.00
Market 4 W Parking Rent	Per slot/month	INR 1,500
Other operating income	% of lease rental	1.00%
Market Rent growth rate H2 FY 2023	% p.a.	0.00%
Market Rent growth rate	% p.a.	5.00%
Market Rent growth rate FY 2025 - 2027	% p.a.	6.00%
Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
Target efficiency	%	76.0%
CAM/O&M Income prevailing in the market	Per sq. Ft./month	8.19

- **Market rent - office:** Considering the location, accessibility, quality, size of the property and keeping in view of the future supply and the recent transactions in the subject property it can reasonably be assumed that Mindspace Airoli West office space shall be able to command a monthly rental of INR 55 per sq. ft. per month.
- **Market rent growth rate:** Market rental over 2016-19, grew at a CAGR of 5.5% during 2016 – 2019. The micro-market has shown significant resilience during the pandemic. Rentals have remained broadly stable since 2019. However, rentals in select properties have witnessed minor improvements over the last few quarters. With the second airport in Mumbai, expected to be operational in 2023, and major future infrastructure development in Navi Mumbai like the Trans Harbour Link Road and Navi Mumbai Metro the connectivity with residential hubs shall be greatly enhanced. The micro-market has started witnessing increased traction in the good quality grade A IT / ITeS office parks. Accordingly, we can expect annual growth in market rentals to be 5-6% in medium to long term.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM margin	Per sq. Ft./month	INR 2.43
CAM/ O&M cost – H2 FY 2023E	Per sq. Ft./month	INR 9.28
Property Tax	Per sq. Ft./month	INR 1.94
Insurance	Per sq. Ft./month	INR 0.34
CAM cost escalation	% p.a.	5.0%
Cost escalation	% p.a.	3.0%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rental	2.0%
Property Management Fees	% of Lease Rentals, Parking income, fit out income and other operating income	3.5%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **CAM / O&M Cost / Margin:** As per the information received by the client, CAM / O&M Cost is projected to be INR 9.28 per sq ft. per month. However, we expect these costs to revert back to the pre-COVID FY 2019 levels of INR 11.0 psf pm, as the physical occupancy levels for the park reverts to the optimal level. However, the CAM margins are not expected to be impacted, as the lease agreements have a minimum level of CAM recovery agreed with the tenants.CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as FY 2022 and are projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, property management fees have been assumed at 3.5% of lease rental, parking income, other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

2. Building 8 and Building 10

Property details

Property Details	Unit	Building 8	Building 10
Total Leasable Area	sq. Ft.	315,110	315,110
Vacancy	%	0%	0%
Further leasing	sq. Ft.	-	-

Construction related assumption

Construction Related Assumptions	Unit	Building 8	Building 10
Start Date of Construction		01-Nov-23	01-Nov-21
End Date of Construction		28-Feb-25	28-Feb-23
Base Construction Cost	INR Million	1,560	1,418
PSS Cost	INR Million	158	158
Premium Cost	INR Million	62	62
Total Construction Cost	INR Million	1,780	1,638
Construction Cost Incurred till Date	INR Million	0	1,034
Construction Cost to be Incurred	INR Million	1,780	604

Note: In addition to the above total construction costs a common ground development cost of INR 90 million is provisioned, of which INR 77 million has been incurred for the development of data centres by Q4 FY2022.

Construction Cost Phasing (Building 10)	Unit	31-Dec-22	31-Mar-23	30-Jun-23
Cost to be incurred	INR Million	205	213	186

Revenue Assumptions

Revenue Assumptions	Unit	Details
Contracted Weighted Average Rent	Per Sq.Ft./month	INR 75.00
Existing Rent Escalation	% p.a.	4.0%
CAM Income	Per Sq.Ft./month	INR 2.00

Operating Cost Assumptions

Cost Assumptions	Unit	Details
CAM Costs	Per Sq.Ft./month	INR 1.00
Property Tax	Per Sq.Ft./month	1.94
Insurance	Per Sq.Ft./month	0.34
CAM Escalation	% p.a.	5.0%
Cost escalation	% p.a.	3.0%
Property Management Fess	% of Lease Rentals	3.5%
Other Operating Expenses	% of Lease Rentals	2.0%
Transaction cost on sale	% of Terminal Value	1.0%

CAM Cost: As per the information provided by the client, we have considered the CAM cost to be INR 1 per sq.ft. per month. CAM services would be provided only for the maintenance of the campus around the data centre. This cost is expected to escalate at the assumed inflation rate of 5% per annum. The escalation is effective 1 April of every year.

Property tax and insurance cost have been considered at the same level as FY 2022 and are projected to increase at 3% per annum.

Brokerage Expenses: The brokerage expenses have been considered as per the information provided by the client. The total 3 months of rent which is to be paid as brokerage is planned out in the following manner. Brokerage of 1.5 months of rent was paid for Building 10 and 1 month of rent was paid for Building 8 in month of April 2021. The remaining 1.5 months of rent for Building 10 and 2 months of rent for Building 8 is to be paid at the rent start date of the respective leases.

Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rental.

Other operating expenses and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses

Transaction Cost: We have considered the transaction cost as 1% of the terminal value for the terminal year.

Discount Rate & Capitalisation Rate assumptions

- **Capitalization Rate:**

  Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

  In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Source: Secondary Market Research

Note:

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of ~13.00% for under construction properties was found to be aligned with the expectations of international investors investing in similar assets.

  Since the majority floors of Building 9 have received Occupation Certificate and the remaining floors have minor completions required and are awaiting the Occupation Certificate hence the discount rate of 11.75% used in case of completed buildings is adopted for building 9 too as its risk profile appears to be similar to the completed buildings.

Land for Future development – Plot 1 (5.66 acres) and Plot 2 (3.42 acres)

Plot 1

The subject property includes land for future development admeasuring 5.66 acres with a development potential of 20,600 sq. m

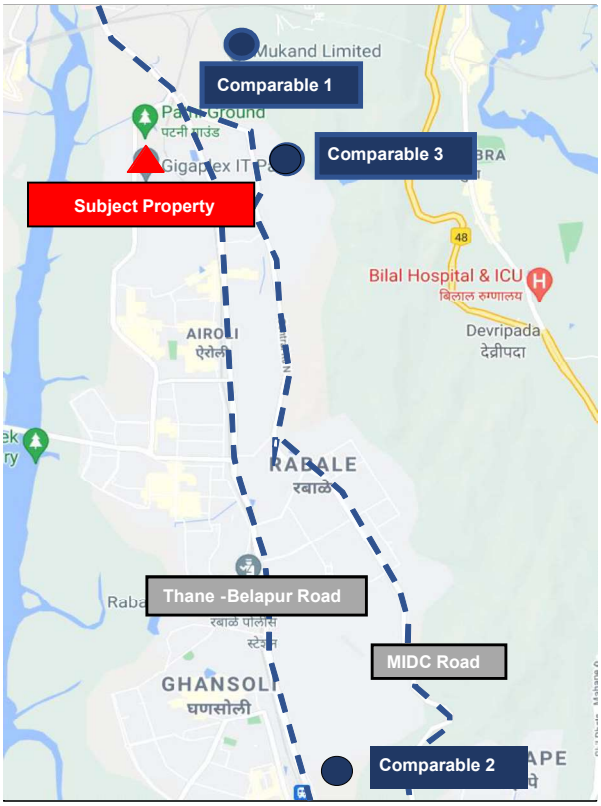
We have identified the following comparable properties to estimate the market value of the land portion of the Subject Property through market approach method. The market value has been derived after adjusting for the purchase cost of the additional FSI available.

Comparable Method	Subject Property	Comparable 1	Premium(+)/ Discount(-)	Comparable 2	Premium(+)/ Discount(-)	Comparable 3	Premium(+)/ Discount(-)
Land Area (in Acre)	5.66	54		92		6.6	
Capital Value (INR million)		6,793		15,000		1,307	
Capital Value (INR per Acre)		125		163		198	
Quote / Transaction		Transaction -Q4 2020		Transaction -Q3 2022		Transaction -Q1 2021	
Parameters to arrive at premium(+)/discount(-)							
Accessibility	Airoli Road	Off Thane Belapur Road	0.0%	Thane Belapur Road	-5.0%	Off Thane Belapur Road	0.0%
Location	Airoli Road, Airoli West	Thane Belapur Road, Kalwa	0.0%	Thane Belapur Road, Ghansoli	0.0%	Thane Belapur Road, Kalwa	0.0%
Frontage	Internal Airoli Road	Internal Road	-2.5%	On Main Road	-5.0%	Internal Road	-2.5%
Size (in acres)	5.66	54	7.5%	92	12.5%	6.6	0.0%
Type of Land	Developed	Developed	0.0%	Not Developed	5.0%	Developed	0.0%
Quote / Transaction		Transaction -Q4 2020	0.0%	Transaction -Q3 2022	0.0%	Transaction -Q1 2021	0.0%
Total premium/discount			**5.0%**		**7.5%**		**-2.5%**
Adjusted approximate Capital value (INR per Acre)			131		175		193
Weightage			30%		25%		45%
Market Value of the Subject Land Parcel as per Land Sales Comparable method (INR per Acre)	170						
Discount for Limited Usage	40%						
Market Value of the Subject Land Parcel as per Land Sales Comparable method (INR per Acre)	102						
Market Value of the Subject Land Parcel as per Land Sales Comparable method (INR Million)	577						

Net Land value after adjusting for FSI

Particulars	Details
Market values as per Sales Comparable Method (INR Million)	577
Additional FSI available (Sqm)	20,600
MIDC Land Rate (per Sqm)	20,750
Total FSI Value (INR Million)	128
Market Value (INR Million)	**449**
Market Value (INR per acre)	**79**

Comparable Location map



In order to arrive at the current market value, the comparable properties have been given discount / premium for factors like accessibility, location, developers' premium and product positioning, possession, etc.

- **Accessibility –** Accessibility is determined by width and the quality of the access road to the Subject Property. Good accessibility facilitates development and therefore, properties with good accessibility are quoted at a premium. Comparable 1 and Comparable 3 have similar accessibility, therefore no premium/ discount is given to the Comparable 1 and 3 against the subject property. Comparable 2 having the accessibility from better road, hence a discount of 5% is given to the subject property against Comparable 2.
- **Location –** Proximity of the property to city centre, benchmark sites, business/industrial hub determine the attractiveness of the location. All the comparable having similar location as

subject property, therefore no premium/discount is given to the subject property against any of the comparables.

- **Frontage –** Property with larger frontage generally trades at a premium as compared to a property having less frontage. Subject property is located on internal road. The Comparable 1, 2 and 3 are located on better approachable road and have better frontage compared to the subject property and hence discount of 2.5%, 5.0% and 2.5% is given to the subject property against comparable 1, 2 and 3 respectively.
- **Size**- A larger property due to its ticket size typically priced at a lower rate as compared to a smaller property and this adjustment is on that account. Comparable 1 and 2 are relatively larger in size compared to the subject property and hence premium of 7.5% and 12.5% for comparable 1 and 2 is considered respectively against the subject property. Comparable 3 and the subject property are similar in size and hence no premium/ discount is given to the subject property against Comparable 3.
- **Type of land-** The value of the property differs based on the zone of the property/ type of land, which determines the end use of the property. Comparable 1 & 3 have similar type of existing development with infrastructure in place as that of the Subject Property, therefore no premium/discount is given to the subject property. Comparable 2 is not a developed land, hence a premium of 5% is given to subject property against Comparable 2
- **Quote/ Transaction –** Typically, the quoted prices in the market have a negotiation margin incorporated (based on our discussion with brokers). All comparables are transactions over the period 2020-2022, hence, we have used the same comparables and have provided for no premium/discount is given to the subject property against any of the comparables.
- **Weightage –** In the Sales Comparison Methodology, it is preferred to have land parcels with similar characteristics been taken as comparables to the subject property. These characteristics may be defined similar size, location etc. Whilst, we have provided for the suitable adjustments to the characteristics separately, in the absence of comparables with similar characteristics, we have provided weightages to the approximate Capital Value arrived by applying a suitable premiums / discounts, as described above, in order to capture the comparability of the respective comparable. Comparable 3 being closest comparable to the subject property has been assigned a 45% weight. Subsequently, Comparable 1 has been assigned a 30% weight and Comparable 2 has been assigned 25% weight.
- **Discount for Limited Usage:** The subject property is a back plot of ~5.66 acres, which is suitable for developments like a stand-alone commercial complex or a Hotel and not preferred by the key demand segments of the micro-market.

  Both the transactions used as comparables to the land parcels have the end-usage for datacenter development. Typically, minimum land requirement for such datacenter developments is ~6 acres. The land parcels being considered are below the minimum land requirement and thus it warrants for a discount for limited usage.

The demand for the land parcels for datacenter usage has been growing rapidly and has outpaced the growth of demand in land parcels for residential / commercial usage.

Moreover, land parcels under the industrial zone can be used to develop the datacenters. As per the recent circular (dated 30 June 2021), these land parcels are exempted for any one time premium (typically at 15% of the current ASR rates) under the ULC act of 1956. This has further increased the premiums for such land parcels.

Hence, we have provided for a 40% discount for limited usage for the land parcel

Plot 2

The subject property includes land for future development admeasuring 3.42 acres. This includes an Amenity plot area of 0.83 acres which has not been valued. The plot has a development potential of 9,425 sq. m.

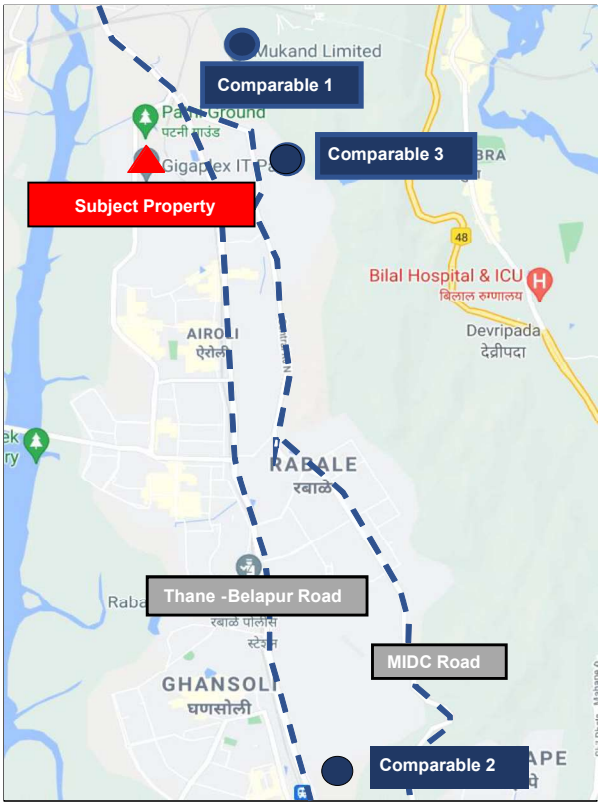
We have identified the following comparable properties to estimate the market value of the land portion of the Subject Property through market approach method. The market value has been derived after adjusting for the purchase cost of the additional FSI available.

Comparable Method	Subject Property	Comparable 1	Premium(+)/ Discount(-)	Comparable 2	Premium(+)/ Discount(-)	Comparable 3	Premium(+)/ Discount(-)
Land Area (in Acre)	3.4	54		92		6.6	
Capital Value (INR million)		6,793		15,000		1,307	
Capital Value (INR per Acre)		125		163		198	
Quote / Transaction		Transaction -Q4 2020		Transaction -Q3 2022		Transaction -Q1 2021	
Parameters to arrive at premium(+)/discount(-)							
Accessibility	Airoli Road	Off Thane Belapur Road	0.0%	Thane Belapur Road	-5.0%	Off Thane Belapur Road	0.0%
Location	Airoli Road, Airoli West	Thane Belapur Road, Kalwa	0.0%	Thane Belapur Road, Ghansoli	0.0%	Thane Belapur Road, Kalwa	0.0%
Frontage	Internal Airoli Road	Internal Road	0.0%	On Main Road	-2.5%	Internal Road	0.0%
Size (in acres)	3.4	54	10.0%	92	15.0%	6.6	2.5%
Type of Land	Developed	Developed	0.0%	Not Developed	5.0%	Developed	0.0%
Quote / Transaction		Transaction -Q4 2020	0.0%	Transaction -Q3 2022	0.0%	Transaction -Q1 2021	0.0%
Total premium/discount			**10.0%**		**12.5%**		**2.5%**
Adjusted approximate Capital value (INR per Acre)			138		183		203
Weightage			30%		25%		45%
Market Value of the Subject Land Parcel as per Land Sales Comparable method (INR per Acre)	178						
Discount for Limited Usage	45%						
Market Value of the Subject Land Parcel as per Land Sales Comparable method (INR per Acre)	98						
Amenity Plot Area (acres)	0.83						
Total Land Area (Net of Amenity Plot Area)	2.59						
Market Value of the Subject Land Parcel as per Land Sales Comparable method (INR Million)*	253						

Net Land value after adjusting for FSI

Particulars	Details
Market values as per Sales Comparable Method (INR Million)	253
Additional FSI available (Sqm)	9,425
MIDC Land Rate (per Sqm)	20,750
Total FSI Value (INR Million)	59
Market Value (INR Million)	**195**
Market Value (INR per acre)	**75**

Comparable Location map



In order to arrive at the current market value, the comparable properties have been given discount / premium for factors like accessibility, location, developers' premium and product positioning, possession, etc.

- **Accessibility –** Accessibility is determined by width and the quality of the access road to the Subject Property. Good accessibility facilitates development and therefore, properties with good accessibility are quoted at a premium. Comparable 1 and Comparable 3 have similar accessibility, therefore no premium/ discount is given to the Comparable 1 and 3 against the subject property. Comparable 2 having the accessibility from better road hence a discount of 5% is given to the subject property against Comparable 2.
- **Location –** Proximity of the property to city centre, benchmark sites, business/industrial hub determine the attractiveness of the location. All the comparable having similar location as

subject property, therefore no premium/discount is given to the subject property against any of the comparables.

- **Frontage –** Property with larger frontage generally trades at a premium as compared to a property having less frontage. Subject property is located on internal road. The Comparable 1 and 3 are located on similar approachable road as of the subject property and no premium or discount is given to the comparable 1 and 3 against the subject property. Comparable 2 is having much better visibility and frontage compared to the subject property and hence 2.5% discount is given to the subject property against the comparable 2.

- **Size**- A larger property due to its ticket size typically priced at a lower rate as compared to a smaller property and this adjustment is on that account. Comparable 1, 2 and 3 are relatively larger in size compared to the subject property and hence premium of 10%, 15% and 2.5% is given to the subject property against comparable 1, 2 and 3 respectively.

- **Type of land-** The value of the property differs based on the zone of the property/ type of land, which determines the end use of the property. Comparable 1 & 3 have similar type of existing development with infrastructure in place as that of the Subject Property, therefore no premium/discount is given to the subject property. Comparable 2 is not a developed land, hence a premium of 5% is given to subject property against Comparable 2

- **Quote/ Transaction –** Typically, the quoted prices in the market have a negotiation margin incorporated (based on our discussion with brokers). All comparables are transactions over the period 2020-2022, hence, we have used the same comparables and have provided for no premium/discount is given to the subject property against any of the comparables.

- **Weightage –** In the Sales Comparison Methodology, it is preferred to have land parcels with similar characteristics been taken as comparables to the subject property. These characteristics may be defined similar size, location etc. Whilst, we have provided for the suitable adjustments to the characteristics separately, in the absence of comparables with similar characteristics, we have provided weightages to the approximate Capital Value arrived by applying a suitable premiums / discount, as described above, in order to capture the comparability of the respective comparable. Comparable 3 being closest comparable to the subject property has been assigned a 45% weight. Subsequently, Comparable 1 has been assigned a 30% weight and Comparable 2 has been assigned 25% weight.

- **Discount for Limited Usage:** The subject property is a back plot of ~5.66 acres, which is suitable for developments like a stand-alone commercial complex or a Hotel and not preferred by the key demand segments of the micro-market.

  Both the transactions used as comparables to the land parcels have the end-usage for datacenter development. Typically, minimum land requirement for such datacenter developments is ~6 acres. The land parcels being considered are below the minimum land requirement and thus it warrants for a discount for limited usage.

  The demand for the land parcels for datacenter usage has been growing rapidly and has outpaced the growth of demand in land parcels for residential / commercial usage.

Moreover, land parcels under the industrial zone can be used to develop the datacenters. As per the recent circular (dated 30 June 2021), these land parcels are exempted for any one time premium (typically at 15% of the current ASR rates) under the ULC act of 1956. This has further increased the premiums for such land parcels.

Hence, we have provided for a 45% discount for limited usage for the land parcel.

5.1 Valuation Methodology for Power Distribution Services

Referring to the commission's latest order for the operational facility, the cash flows from the power distribution services are projected in the following manner:

Step 1: Amount of approved Gross Fixed Assets ("GFA") is considered

Step 2: Further, Net Fixed Asset (NFA) which is GFA reduced by accumulated depreciation allowed as on date is computed.

Step 3: To compute the EBITDA, mainly return on equity, interest on notational debt, recovery of depreciation, interest on working capital have been added.

Step 4: Licensee is allowed to charge 14% return on equity which is 30% of GFA. Licensees is further allowed to charge interest on notional debt which is 70% of the GFA reduced by the depreciation for each year. Interest rate is equivalent to the actual cost of debt in the SPV which is 9.00%. SLM (Straight Line Method) is considered for depreciation, as per the average rate approved by the commission. Depreciation is considered to the extent of 90% of the GFA.

Step 5: Approved power procurement, operational and maintenance expenses are allowed completely pass through.

5.2 Valuation Assumptions for Power Distribution Services

Following are the key assumptions for in accordance with the Commission order dated 30 March 2022

Assumptions	Unit	Figure
Gross Fixed Assets (GFA)	INR Million	297
Accumulated Depreciation YTD FY20	INR Million	-37
Notional Equity (30% of GFA)	INR Million	89
Notional Debt as on March 2020 (70% of GFA)	INR Million	208
Depreciation rate (Straight Line Method)	% pa	5.3%
License End Date	Date	12 Jun 2038

Following are the key projections, as provided by the client

Particulars	Units	Q3 FY 23	Q4 FY 23
No of units sold (MU)	Million Units	6.4	5.6
Revenue from Sales	INR Million	40	35
Power purchase expense	INR Million	47	41
O&M expenses			
Project Support Fees	INR Million	4	4
Other R&M expenses	INR Million	3	3

Following are the key assumptions considered for the purpose of projecting the future cashflows and further discounting the same to arrive at the market value for the Power Distribution Services.

Assumptions	Unit	Details
Power Purchase Cost Escalation	% p.a.	5.0%
O&M Cost Escalation	% p.a.	7.0%
Notional Debt	%	70%
Equity	%	30%
Interest on Notional Debt	%	9.0%
Interest on Working Capital	%	9.0%
ROE	%	14.0%

For the purpose of discounting the future cash flows Weighted Average Cost of Capital (WACC) of 10.5% has been utilised.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates

Component	Market Value as on	In Figures	In Words
Completed[1] (inclusive of power distribution business)	30 September 2022	INR 37,531 Million	India Rupees Thirty-Seven Billion Five Hundred and Thirty-One Million Only
Under Construction/ Future Development[2]	30 September 2022	INR 5,390 Million	India Rupees Five Billion Three Hundred and Ninety Million Only

[1]Includes the market value for Gigaplex Building 5, which is completed but not currently rent generating, equivalent to INR 2,797 Million (India Rupees Two Billion Seven Hundred and Ninety-Seven Million Only)

[2]The under construction/future development component includes the market value of land for future development (which may be considered for sale) as detailed below

Component	Market Value as on	In Figures (INR Mn)	In Words
Land for future development	30 September 2022	INR 643 Million	India Rupees Six Hundred and Forty-Three Million Only

Ready reckoner rate

Component	Rate
Built up Area	INR 5,797 per sq. ft.
Land Area	INR 1,932 per sq. ft.

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

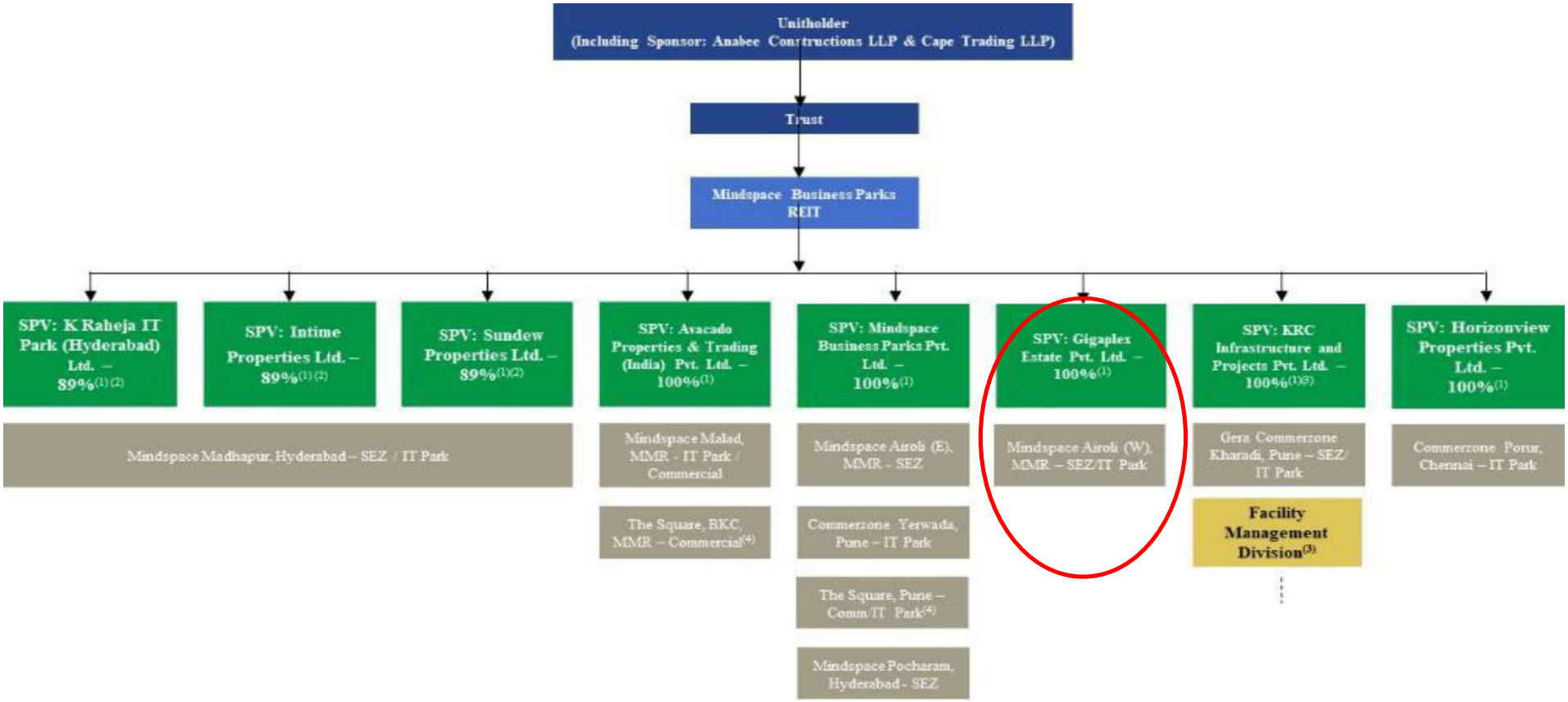
Prepared by

SHUBHENDU SAHA

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Date: 2022.11.07 20:01:31 +05'30'

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M: +91 9910386675
E: shubhendu_leo@hotmail.com

Annexure 1 Ownership Structure of Subject Property

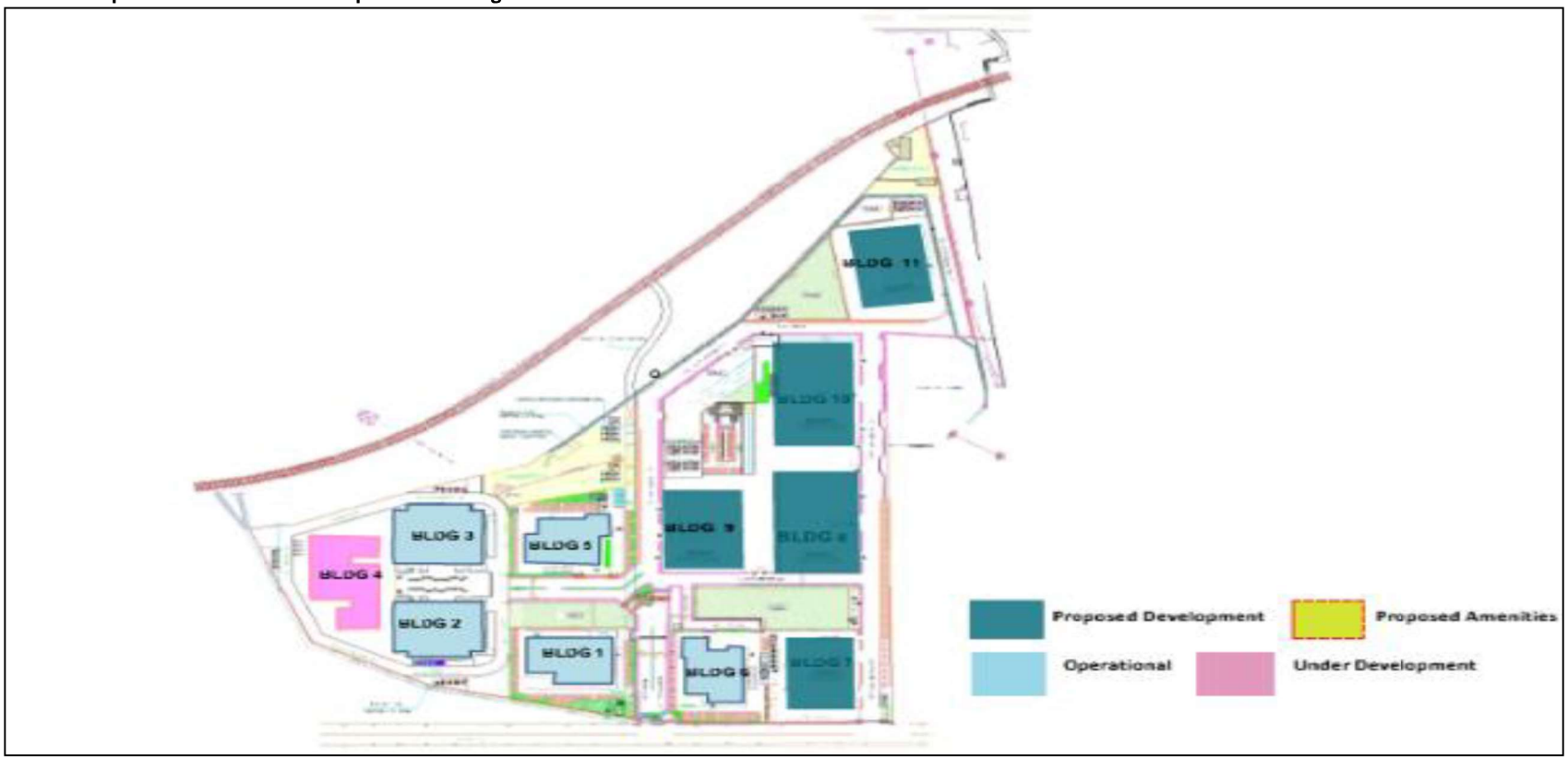


Note:

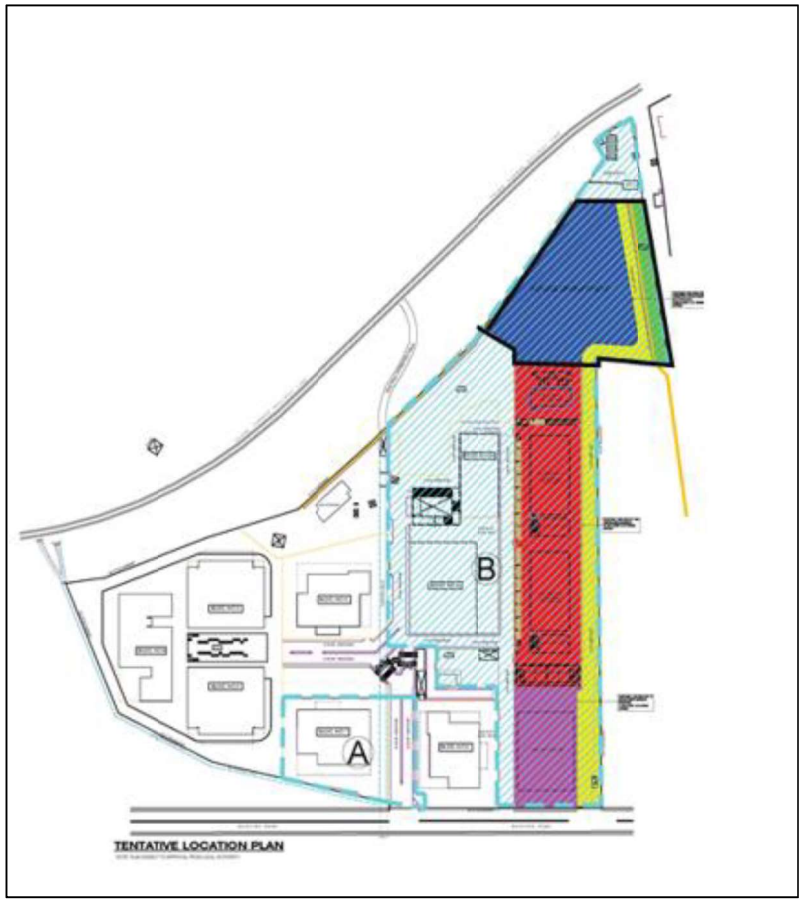
1. *% indicate Mindspace REIT's proposed shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd.*

Annexure 2: Property Layout Plan

Completed and Future Development Buildings



Future Development Land



LEGEND:			
DESCRIPTION		SQ. MTS.	ACRES
CARVED OUT LAND AREA - 2		8,136.37	2.01
LAND FOR DATA CENTER DEVELOPMENT		23,182.72	5.73
CARVED OUT LAND AREA - 1		16,858.13	4.17
AREA UNDER ROAD		12,331.16	3.05
AREA UNDER RG		2,631.00	0.66
AREA UNDER AMENITY-2		3,366.34	0.83
		66,565.72	16.45

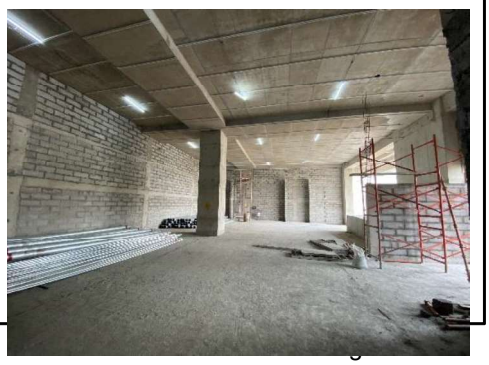
Annexure 3: Property Photographs



Subject Property



Panel Room









Annexure 4: Statement of Key Assets

Complex	Name	Gigaplex					
Building	**No. / Name**	**B1**	**B2**	**B3**	**B4**	**B5**	**B6**
Floor	Nos	B+S+8F	B+S+P1+P2+11+T	B+S+P1+P2+11+T	B+S+P1+P2+12+T	B+S+8F	B+S+8F
Warm Shell / Bare shell		Warm shell	Warm shell	Warm shell	Warm shell	Warm shell	Warm shell
Air Cooled Chiller	TR		2 x 350	2 x 350	2 x 350	350	450
Water Cooled Chiller	TR	2 x 500, 1x 650	3 x 650	3 x 650	3 x 700	3 x 350	2 x 555
No of Elevators /Mak	No/ Make	7-Fujitech	10- Toshiba	10 - Toshiba	12-Otis	7-Fujitech	7-Toshiba
No of DG / Capacity	No. / KVA	3 X 1500	2 X 2250, 2 X 1700	2 X 2250, 2 X 1700	4 X 2000	4 X 1010	4 X 1010
No of Transformers /	No./ KVA	3 x 1600	4 x 2000	4 x 2000	4 x 2000	2 x 2000	2 x 2000
FF System							
Booster Pump	KW / Make	9.3, Kirlsokar Brothers	11, Kirlsokar Brothers	11, Kirlsokar Brothers	11, Kirlsokar Brothers	11, Kirlsokar Brothers	11, Kirlsokar Brothers
Jockey Pump	KW / Make	9.3, Kirlsokar Brothers	7.5, Arrow Engineer	2 x 7.5, Wilo	2 x 7.5, Wilo	4, Kirlsokar Brothers	9.3, Kirlsokar Brothers
Fire Diesel Pump	KW / Make	62.6, Kirlsokar Brothers	178, Greves Cotton Ltd	178, Greves Cotton Ltd	178.8, Greves Cotton Ltd	102, Kirlsokar Brothers	123, Kirlsokar Brothers
Hydrant Pump	KW / Make	75, Kirlsokar oil Engine	178, Arrow Engineer	180, Bharat Bijlee	180, Bharat Bijlee	75, Kirlsokar oil Engine	132, Kirlsokar Brothers
Sprinkle Pump	KW / Make	75, Kirlsokar oil Engine	180, Greves Cotton Ltd	132, Bharat Bijlee	180, CG	75, Kirlsokar oil Engine	132, Kirlsokar Brothers
STP Rating	KLD	200	300	300	350	200	165

Annexure 5: List of sanctions and approvals

Property Inspection – Mindspace Airoli West

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Building Approvals for all buildings and amendments thereof
b) Commencement certificate for under construction Building 9
c) Consent to Operate for Building 1, Building 2, Building 3, Building 4, Building 5, Building 6
d) Full Occupancy Certificates received for all existing/operational buildings
e) Part Occupancy Certificate received for Building 9, 5th to 12th and 14th to 16th Floors.
f) Drainage Approvals for all buildings and the common campus area
g) Approved Master plan and layout plan
h) Royalty Permissions
i) Water Supply Agreement
j) SEZ Notification
k) NOC issued by AAI for height clearance
l) Consent to expansion (CTE)
m) Environmental clearances
n) One-time Fire NOC and Form B for half year ending June 2022
o) Master Plan for Building 9
p) Architect certificate for building 3 (dated 31 March 2022)
q) Applied for Partial de-notification of area admeasuring 2.25 Hectares from Notified area of 8.04 Hectares on 18th October 2021
r) Fire NOC and Form B
s) Construction Commencement Certificate for Building 10
t) Environmental Clearance for Building 10 and Building 8

Annexure 6: Cash Flow Profile

Completed Building (Excluding Building 5)

		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	2,014.4	2,385.9	2,865.1	3,029.5	3,108.5	3,193.0	3,470.2	3,606.0	3,780.4	3,852.8	4,240.1
Parking Income	INR Million	3.5	3.3	3.4	3.9	4.2	4.4	4.8	5.1	5.4	5.6	5.9
O&M income	INR Million	465.9	580.7	689.0	727.5	763.8	802.0	842.1	884.2	928.4	974.9	1,023.6
Power income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Other Operating Income	INR Million	20.1	23.9	28.7	30.3	31.1	31.9	34.7	36.1	37.8	38.5	42.4
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	2,504.0	2,993.8	3,586.2	3,791.2	3,907.7	4,031.4	4,351.8	4,531.5	4,752.1	4,871.8	5,312.0
Total Income from occupancy	INR Million	2,504.0	2,993.8	3,586.2	3,791.2	3,907.7	4,031.4	4,351.8	4,531.5	4,752.1	4,871.8	5,312.0
		(16.26)										
OPERATING COSTS												
O&M cost	INR Million	(482.2)	(535.1)	(561.8)	(589.9)	(619.4)	(650.4)	(682.9)	(717.1)	(752.9)	(790.6)	(830.1)
Power expense	INR Million	-	-	-	-	-	-	-	-	-	-	-
Insurance Cost	INR Million	(16.8)	(17.4)	(17.9)	(18.4)	(19.0)	(19.5)	(20.1)	(20.7)	(21.3)	(22.0)	(22.6)
Property Taxes	INR Million	(96.9)	(99.8)	(102.8)	(105.8)	(109.0)	(112.3)	(115.7)	(119.1)	(122.7)	(126.4)	(130.2)
Total Operating Costs	INR Million	(595.9)	(652.2)	(682.5)	(714.2)	(747.4)	(782.2)	(818.7)	(856.9)	(897.0)	(938.9)	(982.9)
Net operating Income	INR Million	1,908.1	2,341.6	2,903.7	3,077.0	3,160.3	3,249.2	3,533.1	3,674.5	3,855.1	3,932.9	4,329.1
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	54,113.9	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(541.1)	
Fit Out Income	INR Million	89.1	89.1	89.1	89.1	89.1	28.9	23.4	23.4	21.3	1.3	
Total Net income	INR Million	1,997.2	2,430.7	2,992.8	3,166.1	3,249.4	3,278.1	3,556.5	3,698.0	3,876.4	57,507.0	
Property Mangement Fees	INR Million	(74.5)	(87.6)	(104.5)	(110.3)	(113.2)	(114.0)	(123.7)	(128.5)	(134.6)	(136.4)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(40.4)	(47.8)	(57.4)	(60.7)	(62.3)	(63.9)	(69.5)	(72.2)	(75.7)	(77.2)	
Brokerage Expenses	INR Million	(26.6)	(67.4)	(25.7)	(8.0)	(30.1)	(62.7)	(9.5)	(4.6)	(15.2)	(70.9)	
Capital expenditure - Construction	INR Million	(123.0)	-	-	-	-	-	-	-	-	-	
Net Cashflows	INR Million	1,732.7	2,227.9	2,805.3	2,987.1	3,043.8	3,037.4	3,353.9	3,492.7	3,650.9	57,222.5	

Completed Building (Building 5)

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	26.4	164.8	268.6	280.6	293.3	306.5	320.3	334.7	349.7	342.8	403.7
O&M income	INR Million	12.7	48.1	65.0	68.6	72.0	75.6	79.4	83.4	87.6	91.9	96.5
Other Operating Income	INR Million	0.3	1.6	2.7	2.8	2.9	3.1	3.2	3.3	3.5	3.4	4.0
Total Income	INR Million	39.4	214.5	336.3	352.0	368.2	385.2	402.9	421.4	440.8	438.1	504.3
Total Income from occupancy	**INR Million**	**39.4**	**214.5**	**336.3**	**352.0**	**368.2**	**385.2**	**402.9**	**421.4**	**440.8**	**438.1**	**504.3**
		(32.79)										
OPERATING COSTS												
O&M cost	INR Million	(45.5)	(50.5)	(53.0)	(55.6)	(58.4)	(61.3)	(64.4)	(67.6)	(71.0)	(74.6)	(78.3)
Insurance Cost	INR Million	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(2.0)	(2.0)	(2.1)	(2.1)
Property Taxes	INR Million	(9.1)	(9.4)	(9.7)	(10.0)	(10.3)	(10.6)	(10.9)	(11.2)	(11.6)	(11.9)	(12.3)
Total Operating Costs	**INR Million**	**(56.2)**	**(61.5)**	**(64.4)**	**(67.3)**	**(70.5)**	**(73.8)**	**(77.2)**	**(80.8)**	**(84.6)**	**(88.5)**	**(92.7)**
Net operating Income	**INR Million**	**(16.9)**	**153.0**	**271.9**	**284.7**	**297.7**	**311.4**	**325.7**	**340.6**	**356.2**	**349.6**	**411.6**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	5,144.9	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(51.4)	
Total Net income	**INR Million**	**(16.9)**	**153.0**	**271.9**	**284.7**	**297.7**	**311.4**	**325.7**	**340.6**	**356.2**	**5,443.0**	
Property Mangement Fees	INR Million	(0.9)	(5.8)	(9.5)	(9.9)	(10.4)	(10.8)	(11.3)	(11.8)	(12.4)	(12.1)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(0.5)	(3.3)	(5.4)	(5.6)	(5.9)	(6.1)	(6.4)	(6.7)	(7.0)	(6.9)	
Brokerage Expenses	INR Million	(17.9)	(25.0)	-	-	-	-	-	-	-	(14.3)	
Capital expenditure - Construction	INR Million	(145.9)	(31.5)	-	-	-	-	-	-	-	-	
Net Cashflows	**INR Million**	**(182.1)**	**87.4**	**257.0**	**269.2**	**281.5**	**294.4**	**307.9**	**322.1**	**336.8**	**5,409.8**	

Under-Construction Bldg. 9

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	80.0	140.9	143.1	154.9	160.6	163.3	176.8	183.3	186.3	182.3	232.1
Parking Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
O&M income	INR Million	19.0	31.0	32.5	34.1	35.8	37.6	39.5	41.5	43.6	54.3	67.7
Other operating income	INR Million	0.8	1.4	1.4	1.5	1.6	1.6	1.8	1.8	1.9	1.8	2.3
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	99.8	173.3	177.0	190.6	198.1	202.5	218.1	226.6	231.7	238.5	302.1
Total Income from occupancy	**INR Million**	**99.8**	**173.3**	**177.0**	**190.6**	**198.1**	**202.5**	**218.1**	**226.6**	**231.7**	**238.5**	**302.1**
OPERATING COSTS												
O&M cost	INR Million	(26.8)	(36.4)	(38.2)	(40.1)	(42.1)	(44.2)	(46.4)	(48.7)	(51.2)	(53.7)	(56.4)
Insurance Cost	INR Million	(1.1)	(1.2)	(1.2)	(1.3)	(1.3)	(1.3)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)
Property Taxes	INR Million	(6.6)	(6.8)	(7.0)	(7.2)	(7.4)	(7.6)	(7.9)	(8.1)	(8.3)	(8.6)	(8.8)
Total Operating Costs	**INR Million**	**(34.5)**	**(44.3)**	**(46.4)**	**(48.5)**	**(50.8)**	**(53.2)**	**(55.6)**	**(58.2)**	**(61.0)**	**(63.8)**	**(66.8)**
Net operating Income	**INR Million**	**65.3**	**129.0**	**130.7**	**142.1**	**147.3**	**149.4**	**162.5**	**168.4**	**170.8**	**174.6**	**235.3**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	2,941.2	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(29.4)	
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	
Total Net income	**INR Million**	**65.3**	**129.0**	**130.7**	**142.1**	**147.3**	**149.4**	**162.5**	**168.4**	**170.8**	**3,086.4**	
Property Mangement Fees	INR Million	-	(5.0)	(5.1)	(5.5)	(5.7)	(5.8)	(6.3)	(6.5)	(6.6)	(6.4)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	(2.8)	(2.9)	(3.1)	(3.2)	(3.3)	(3.5)	(3.7)	(3.7)	(3.6)	
Brokerage Expenses	INR Million	-	-	-	-	-	-	-	-	-	(17.2)	
Net Cashflows before construction cost	**INR Million**	**65.3**	**121.2**	**122.7**	**133.5**	**138.4**	**140.3**	**152.7**	**158.3**	**160.4**	**3,059.0**	
Construction and PSS Cost	INR Million	(489.1)	-									
Capital expenditure - General Development	INR Million	-	-									
Net Cashflows	**INR Million**	**(423.8)**	**121.2**	**122.7**	**133.5**	**138.4**	**140.3**	**152.7**	**158.3**	**160.4**	**3,059.0**	

Future Development - Bldg. 8 and Bldg.10

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	159.1	282.0	465.3	610.0	634.4	659.8	686.2	713.7	742.2	771.9	802.8
O& M Income	INR Million	4.8	8.5	14.3	18.8	19.8	20.8	21.8	22.9	24.1	25.3	26.5
Total Income	INR Million	163.9	290.6	479.6	628.9	654.2	680.6	708.0	736.6	766.3	797.1	829.3
Total Income from occupancy	**INR Million**	**163.9**	**290.6**	**479.6**	**628.9**	**654.2**	**680.6**	**708.0**	**736.6**	**766.3**	**797.1**	**829.3**
OPERATING COSTS												
O&M Costs	INR Million	(2.4)	(4.3)	(7.2)	(9.4)	(9.9)	(10.4)	(10.9)	(11.5)	(12.0)	(12.6)	(13.3)
Property Taxes	INR Million	(4.6)	(7.9)	(13.0)	(16.8)	(17.3)	(17.8)	(18.3)	(18.9)	(19.5)	(20.0)	(20.6)
Insurance Costs	INR Million	(0.8)	(1.4)	(2.3)	(2.9)	(3.0)	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)	(3.6)
Total Operating Costs	INR Million	(5.3)	(12.5)	(22.4)	(29.1)	(30.2)	(31.3)	(32.4)	(33.6)	(34.9)	(36.2)	(37.5)
Net operating Income	**INR Million**	**158.6**	**278.0**	**457.2**	**599.8**	**624.0**	**649.3**	**675.6**	**702.9**	**731.4**	**761.0**	**791.8**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	9,897.4	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(99.0)	-
Total Net income	**INR Million**	**158.6**	**278.0**	**457.2**	**599.8**	**624.0**	**649.3**	**675.6**	**702.9**	**731.4**	**10,559.4**	
Property Mangement Fees	INR Million	(5.6)	(9.9)	(16.3)	(21.4)	(22.2)	(23.1)	(24.0)	(25.0)	(26.0)	(27.0)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(3.2)	(5.6)	(9.3)	(12.2)	(12.7)	(13.2)	(13.7)	(14.3)	(14.8)	(15.4)	-
Brokerage Expenses	INR Million	(34.0)	-	(49.1)	-	-	-	-	-	-	-	-
Net Cashflows before construction cost	**INR Million**	**115.8**	**262.5**	**382.6**	**566.2**	**589.1**	**613.0**	**637.8**	**663.7**	**690.6**	**10,516.9**	
Construction Cost	INR Million	(630.4)	(903.5)	(771.0)	-	-	-	-	-	-	-	-
Approval Cost	INR Million	(92.9)	-	-	-	-	-	-	-	-	-	-
Net Cashflows	**INR Million**	**(607.5)**	**(641.0)**	**(388.5)**	**566.2**	**589.1**	**613.0**	**637.8**	**663.7**	**690.6**	**10,516.9**	

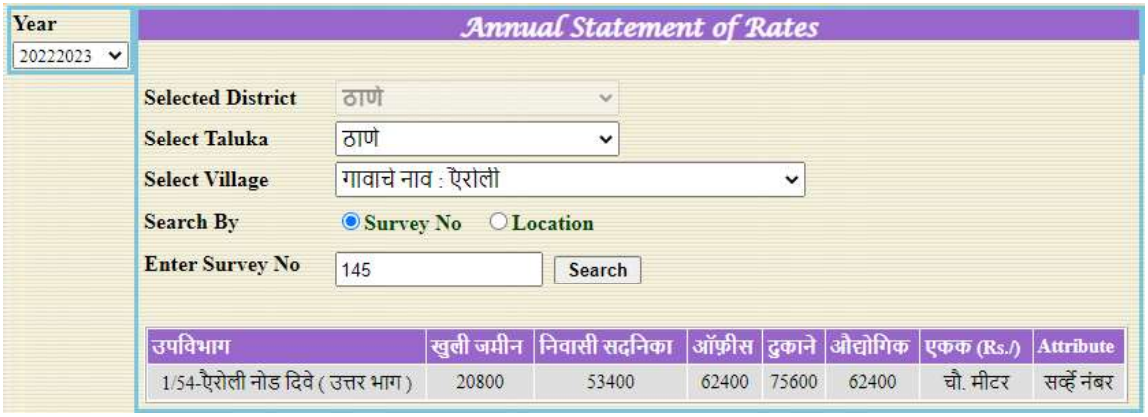
Power Business

Profit & Loss Statement	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30	31-Mar-31	31-Mar-32	31-Mar-33	31-Mar-34	31-Mar-35	31-Mar-36	31-Mar-37	31-Mar-38	12-Jun-38
Revenue	439	458	478	499	522	545	571	597	625	655	687	720	756	793	208
Regulatory income	34	17													
EBITDA	82	63	44	42	40	38	36	34	33	31	29	27	25	23	5

Note: The license of power business will expire on 12 June 2038

Annexure 7: Ready Reckoner Rate and MIDC Land Rate

Ready Reckoner Rate



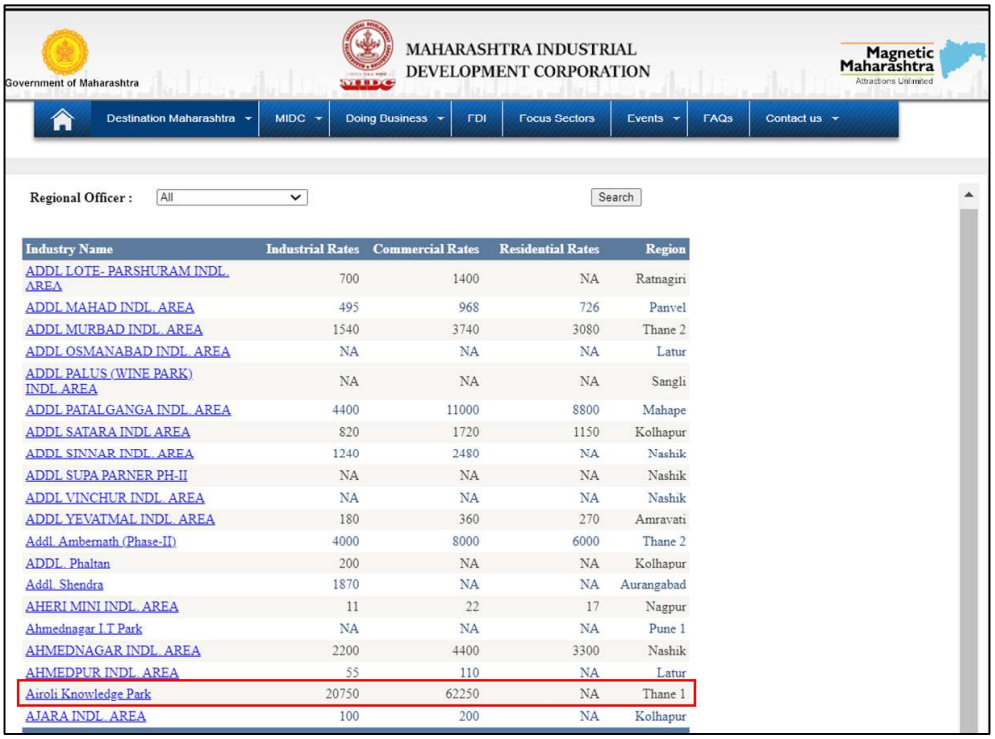
Year: 20222023

Annual Statement of Rates

Selected District: ठाणे
Select Taluka: ठाणे
Select Village: गावाचे नाव : ऐरोली
Search By: Survey No / Location
Enter Survey No: 145 Search

उपविभाग	खुली जमीन	निवासी सदनिका	ऑफ़ीस	दुकाने	औद्योगिक	एकक (Rs./)	Attribute
1/54-ऐरोली नोड दिवे (उत्तर भाग)	20800	53400	62400	75600	62400	चौ. मीटर	सर्व्हे नंबर

MIDC Land Rate



Government of Maharashtra

MAHARASHTRA INDUSTRIAL DEVELOPMENT CORPORATION

Magnetic Maharashtra

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Regional Officer : All Search

Industry Name	Industrial Rates	Commercial Rates	Residential Rates	Region
ADDL LOTE- PARSHURAM INDL. AREA	700	1400	NA	Ratnagiri
ADDL MAHAD INDL. AREA	495	968	726	Panvel
ADDL MURBAD INDL. AREA	1540	3740	3080	Thane 2
ADDL OSMANABAD INDL. AREA	NA	NA	NA	Latur
ADDL PALUS (WINE PARK) INDL AREA	NA	NA	NA	Sangli
ADDL PATALGANGA INDL. AREA	4400	11000	8800	Mahape
ADDL SATARA INDL AREA	820	1720	1150	Kolhapur
ADDL SINNAR INDL. AREA	1240	2480	NA	Nashik
ADDL SUPA PARNER PH-II	NA	NA	NA	Nashik
ADDL VINCHUR INDL. AREA	NA	NA	NA	Nashik
ADDL YEVATMAL INDL. AREA	180	360	270	Amravati
Addl. Ambernath (Phase-II)	4000	8000	6000	Thane 2
ADDL. Phaltan	200	NA	NA	Kolhapur
Addl. Shendra	1870	NA	NA	Aurangabad
AHERI MINI INDL. AREA	11	22	17	Nagpur
Ahmednagar I.T Park	NA	NA	NA	Pune 1
AHMEDNAGAR INDL. AREA	2200	4400	3300	Nashik
AHMEDPUR INDL. AREA	55	110	NA	Latur
Airoli Knowledge Park	20750	62250	NA	Thane 1
AJARA INDL. AREA	100	200	NA	Kolhapur

Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** *(*or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
    g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

The Square BKC, BKC, Mumbai Region

Submitted to:

K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 04 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for the disclosure of valuation of assets forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020.The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

The Square, BKC, Mumbai		
Valuation Date:	30 September, 2022	
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014	
Location / Situation:	The property The Square (hereinafter referred to as the Subject Property) is located in G Block within Bandra Kurla Complex. BKC is one of the most sought after commercial micro-markets of Mumbai and is considered as the Secondary Business District of Mumbai. It is home to IT, commercial office, bank establishments. The micro market has presence of established buildings by prominent developers like K Raheja Corp, Wadhwa Group, Sunteck, Godrej, Adani, etc.	 View of Subject Property
Description:	The Square is a Grade A building located in G Block, Bandra Kurla Complex, Mumbai. **Completed Building with Occupancy Certificate – The Square, BKC** The Subject Property is a commercial building with Occupancy Certificate (OC) admeasuring ~0.15 Million sq. ft of leasable area. The building has ground plus 8 floors and a terrace. The building also has two levels of basement parking. The subject property is accessible from the Bandra Kurla Complex Road.	 View of Subject Property  View of Subject Property
Total Area:	146,350 sq. ft.[1]	

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 4,636 Million	Indian Rupees Four Billion Six Hundred and Thirty-Six Million Only

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1] *Based on Lease Agreement provided*

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

To:	**K Raheja Corp Investment Managers LLP**
Property:	**Leasehold "The Square" located at G Block, BKC, Bandra East, Mumbai**
Report Date:	**04 November 2022**
Valuation Date:	**30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"**)**, in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report) for disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his bachelor in planning from the School of Planning and Architecture, New Delhi in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private

Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of

the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards, issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the subject property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time

of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the subject property.

For the purpose of the valuation of Subject Property, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

8 Inspection

The Property was inspected on 25th March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the subject property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and willful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).
- In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of

the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.

- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc Disclosure and Publication.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B MUMBAI REGION CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1. Mumbai Region City Overview

Particulars	Mumbai Region- Overall	CBD	Andheri and Powai	*Thane Belapur Rd	*Malad - Goregaon	Worli - Lower Parel	*BKC & Annex	Thane	Central Suburbs	Eastern Suburbs	Vashi & Others
Total completed stock 9M 2022 (msf)	104.4	2.1	20.9	17.3	14.7	13.4	10.4	10.4	5.5	6.1	3.8
Current occupied stock 9M 2022 (msf)	80.6	1.8	17.7	12.8	12.4	7.3	8.6	9.0	4.0	4.7	2.3
Current Vacancy 9M 2022 (%)	22.8%	11.8%	15.0%	25.7%	15.3%	45.6%	17.7%	13.1%	28.0%	22.8%	40.0%
Avg. Annual Absorption – 2016 – 9M 2022 (msf)	3.5	0.0	0.5	0.8	0.5	0.0	0.4	0.7	0.3	0.1	0.2
Future Supply – Q4 2022 – 2024 (msf)	12.5	0.0	3.2	2.7	1.8	1.6	0.2	2.0	0.4	0.0	0.5
Market Rent – 9M 2022 (INR psf / month)	134.6	229.2	131.7	60.9	124.9	179.0	275.8	71.6	137.8	136.8	91.5

Source: Cushman & Wakefield Research

*Note: CBD stands for Central Business District. *Mindspace REIT's micro markets.*

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

Mumbai is India's financial and commercial capital. The presence of vibrant capital and money markets makes the city the first choice of entry for financial services firms. Mumbai houses the headquarters of major corporates & financial institutions such as ICICI Bank, HDFC Bank, Life Insurance Corporation of India, etc. India's main stock exchanges & capital market and commodity exchanges (National Stock Exchange – NSE, Bombay Stock Exchange – BSE and Multi Commodity Exchange – MCX) are also located in Mumbai. It is also home to Bollywood, the Indian Television and Film Industry.

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

- **Financial capital and Services hub:** Mumbai which is referred as India's financial capital and houses corporate head offices of many Indian banks It is also home to global consultancy firms, legal and professional services, media houses, accounting professionals, etc.
- **Global In-house Centers/ Global Capability Centers:** Mumbai is a hub for Global In-house centers (GICs) / Capability centers (GCCs) of many Investment Banks mainly from the North American and European markets such as Deutsche Bank, Bank of America, JP Morgan, etc.
- **Social Infrastructure:** Mumbai has established educational institutions and colleges, Malls, Hospitals and hotels
- **Transport infrastructure:** Mumbai is well connected via road with availability of infrastructure like the Eastern Express Highway, Western Express Highway, Eastern Free Way, Bandra-Worli Sea Link, etc. It also provides good railway connectivity with three railway lines, an operational metro line and a mono rail line. Mumbai is also well connected via air with other cities in India and other global cities with the help of 2 operational passenger terminals (Domestic and International) and one cargo terminal at Chhatrapati Shivaji Maharaj International Airport.

- **Ongoing/Planned infrastructure projects:** Key initiatives include multiple metro lines, various road projects (proposed 29 km Coastal Road, Mumbai Trans Harbour Link, Goregaon Mulund Link Road), monorail and the Navi Mumbai International airport.

2. Mindspace REIT's Micro Market (BKC)

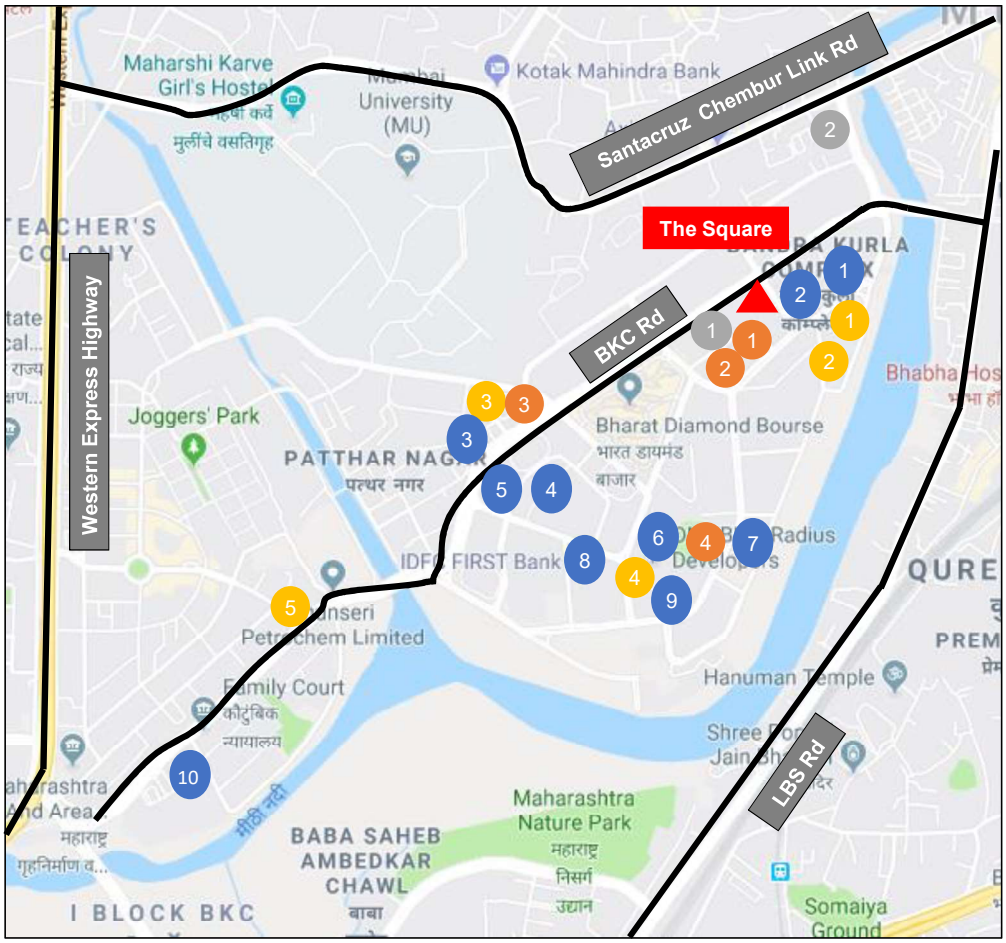
2.1. Overview

The BKC & Annex micro-market has emerged as Mumbai's financial hub and as one of the most established commercial micro-markets in Mumbai and has witnessed substantial development over the last decade. This growth can be attributed to the fact that the assets are located in among the best performing micro markets and are distinguished by scale and infrastructure. The micro market enjoys good connectivity with South Mumbai, Western Suburbs (Bandra, Andheri, Goregaon etc.), Central Suburbs (Chembur, Ghatkopar, Kurla etc.) and International and Domestic Airports along with major business and social hubs. The upcoming Metro line 3 and 2B will further enhance the connectivity for commuters. The micro-market houses some of the marquee tenants in Financial Services and consulting space and has head offices of multiple MNCs, Indian Private Sector Companies and Public Sector Undertakings. The Bandra-Kurla Complex is located towards the center of the city and lies in proximity to residential catchment areas in the suburban district. As a result, it has been a preferred location for commercial establishments to set-up their base, as it is easy to commute by the Mumbai Suburban train network from Bandra railway station as well as Kurla railway station and by road via the Western Express Highway, the Eastern Express Highway and the Bandra Worli Sea Link.

The Square, BKC is a leasehold, Grade-A city-center office building located in the Bandra Kurla Complex ("BKC"), Mumbai's Alternate Business District and one of the most prominent office districts in India. BKC also houses the front offices of various banks and corporate headquarters and commands the highest rent in the city due to its well-planned infrastructure, connectivity to residential hubs and availability of modern high-quality office space.

Some of the prominent commercial projects in the micro market include Maker Maxity, The Capital, Raheja Tower, Platina, IL&FS Finance Centre, First International Financial Centre and One BKC. This micro market has gained traction from some of the most high-valued and marquee tenants such as Deutsche Bank, Bank of America, Merrill Lynch, Standard Chartered Bank, BNP Paribas, TPG (Texas Pacific Group), Bain & Company etc. It also has presence of National Stock Exchange (NSE) and Securities & Exchange Board of India (SEBI) along with self-occupied commercial buildings by companies like ICICI Bank, Punjab National Bank, Bank of Baroda, Dena Bank, State Bank of India, Bank of India, etc. Government companies such as ONGC, Mahanagar Gas Limited, NABARD, IDBI, etc. also have set up their base in BKC & Annex.

The BKC & Annex micro market is also a hub for the international institutions such as Consulate General of the United States and New Zealand Consulate General. BKC & Annex is also characterized by the excellent social and lifestyle infrastructure such as Trident Hotel, Sofitel Hotel, Asian Heart Institute, Michelin stars restaurants etc. BKC today qualifies to be the next Commercial Business District of Mumbai.

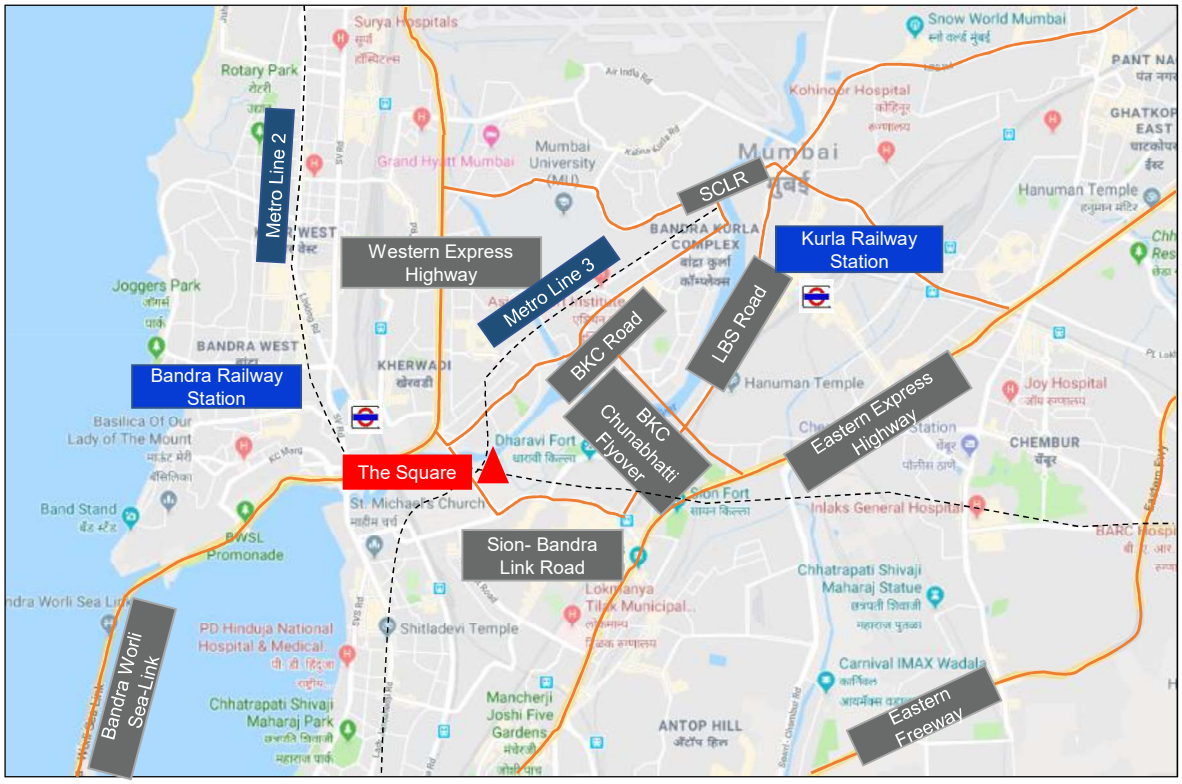


(Map not to Scale)

Key Office Developments *Social Infrastructure* *Lifestyle Infrastructure* *Proposed Development*

Key Commercial Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed Commercial Developments
1. FIFC	1. American School of Bombay	1. Sofitel Hotel	1. Vibgyor
2. TCG Financial Centre	2. Dhirubhai Ambani International School	2. Trident Hotel	2. Sunteck Icon
3. Adani Inspire	3. Asian Heart Hospital	3. Irish House	
4. The Capital	4. Indian Oil Petrol Pump	4. Mumbai Cricket Association	
5. IL&FS Finance Centre	5. Guru Nanak Hospital		
6. One BKC			
7. Parinee Crescenzo			
8. Raheja Tower			
9. Godrej BKC			
10. Maker Maxity			

2.2. Existing and Upcoming Infrastructure



(Map not to scale)

Mumbai Metro Lines

The subject property would directly benefit from Metro Line 2B connecting Mandale to D.N. Nagar and Metro line 3 connecting to Colaba on one side and SEEPZ on the other. Connectivity to the other regions of Mumbai would be further extended by inter-connectivity with Metro Line 1 (Ghatkopar-Versova), Metro Line 2A (Dahisar-DN Nagar) and Metro Line 4 (Wadala - Kasarvadavali).

SCLR Extension

Connectivity of the subject property to the central and western suburbs would be further enhanced via the Santacruz-Chembur Link Road (SCLR) extension project originating from Kapadia Nagar on CST Road near Kurla and to Vakola junction on the Western Express Highway (WEH).

The Secondary Business district is well connected by roads with South, North and Central Mumbai. The BKC Road provides an important linkage with the roads coming from different directions of Mumbai. The nearest rail connectivity is from the Bandra and the Kurla Railway station. The upcoming Metro Line 3 will provide an alternative mode of transport for the BKC commuters and is expected to be completed by 2024.

2.3. Key Statistics

Particulars	Details
Total completed stock (9M 2022)	Approximately 10.4 msf
Current occupied stock (9M 2022)	Approximately 8.6 msf
Current Vacancy (9M 2022)	Approximately 17.7%
Avg. Absorption (2016 – 9M 2022)	Approximately 0.4 msf
Future Supply (Q4 2022 – 2024)	Q4 2022F: Approximately 0.2 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

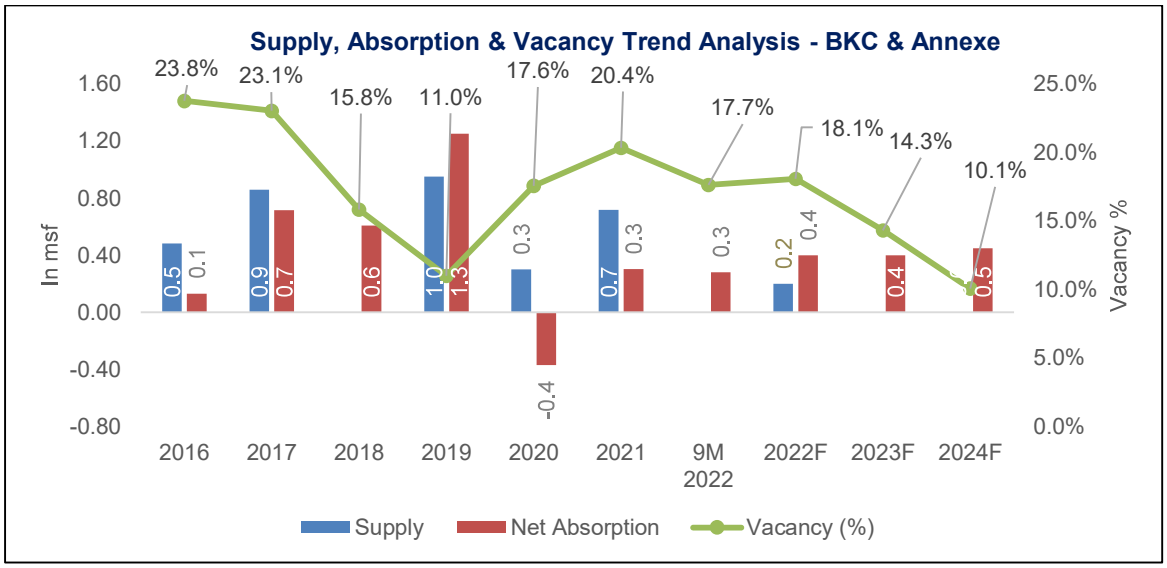
2.4. Supply, Absorption & Vacancy

Due to good presence of A grade buildings coupled with strong connectivity and well-developed social and lifestyle infrastructure BKC & Annex has witnessed continuous traction from tenants who provide high-value services or tenants having their corporates offices in this micro market.

This micro market has witnessed continuous tenant demand from various sectors such as Banking and Financial Services (BFSI), Technology, Healthcare & Pharmaceutical, Medial and Telecom etc. Though, the micro market has a number of Grade A buildings but in essence only few compete with The Square (Mindspace REIT asset). The other buildings are not comparable due to locational attributes, inferior specifications, smaller floor plates, etc.

Consistent demand and controlled supply had led to a declining vacancy trend during 2016-2019. Vacancy declined from 23.8% in 2016 to 11.0% in 2019. However, due to limited fresh leasing activity and infusion of ~1.0 msf of new supply in the micro-market during the pandemic struck period of 2020-2021, the vacancy increased to 20.4% in 2021. The markets have witnessed strong traction during 9M 2022, especially during Q3 2022, thereby vacancy declined to 17.7% as on Q3 2022. Strong demand for space in the micro-market from prime tenants and limited supply of good quality Grade-A developments with Grade-A landlords, especially in the G-Block, BKC, is expected to further drive absorption in the micro-market. New supply of 0.2 msf is expected in this micro market by the year 2022 (VIBGYOR: 0.1 msf and Sunteck Icon: 0.1msf). VIBGYOR, however, is ready and awaiting Occupancy Certificate (OC).

Given the continued strong demand for the micro-market, coupled with limited supply of good quality Grade A commercial supply with the good quality landlords, we expect strong net absorption activity and thereby expect vacancy to gradually reduce to 10.1% by 2024.



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 and 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 net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

2.5. Rental Trend Analysis

Commercial rental values in BKC and Annex are in the range of range of INR 260-290 per sq. ft. on leasable area for Grade-A buildings in G-Block, BKC and are in the range of INR 190-250 per sq. ft on leasable area for Grade-A buildings in the periphery or alternate markets of G-Block, BKC and have seen an increasing trend since the year 2017. Due to sustained leasing activities from high value tenants who are looking to establish their head office or corporate office in this micro market, the rentals in this micro market are amongst the highest in Mumbai region.

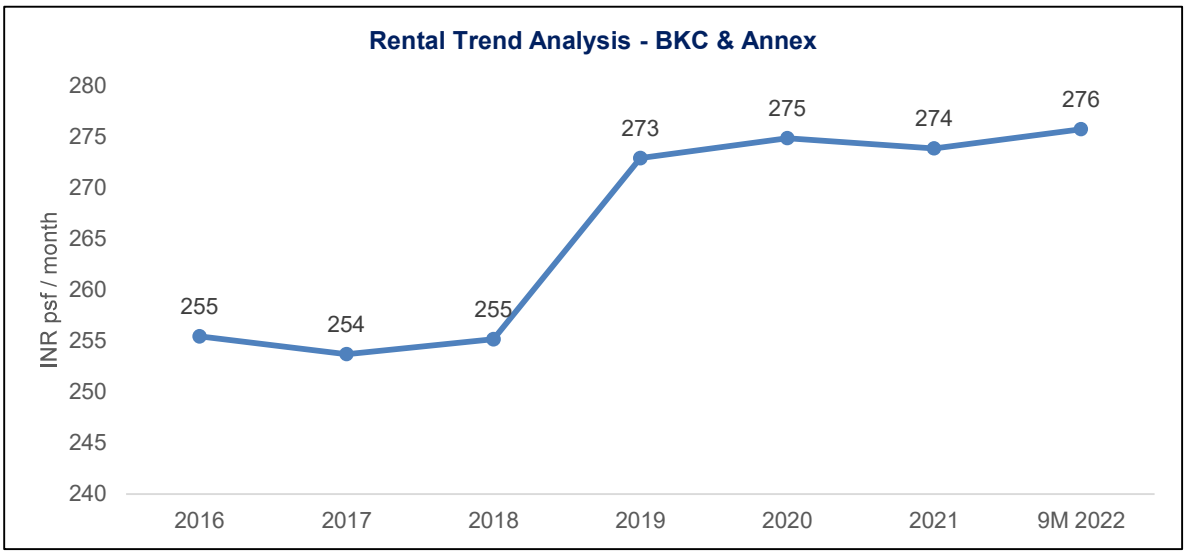
Premium Grade A supply such as Maker Maxity, Godrej BKC, One BKC, FIFC etc. command rentals in the range of INR 300 to INR 450 psf / month on leasable area. These rentals are at a premium to the market benchmarks primarily due to the locational advantage, the quality of construction, amenities and an elite tenant list.

Due to central location, strong connectivity and high-quality infrastructure in place, BKC and Annex commands substantial premium on rentals over other markets and is ~20.3% higher than CBD in 9M 2022.

Limited supply since 2017 and sustained demand led to an increase in the rentals until the year 2019. As the markets have opened up post the pandemic, demand for the commercial office space in the micro-market has witnessed significant uptick. Correspondingly, the rentals in good quality grade A

buildings with grade A landlord profile have witnessed significant improvement over the last few quarters.

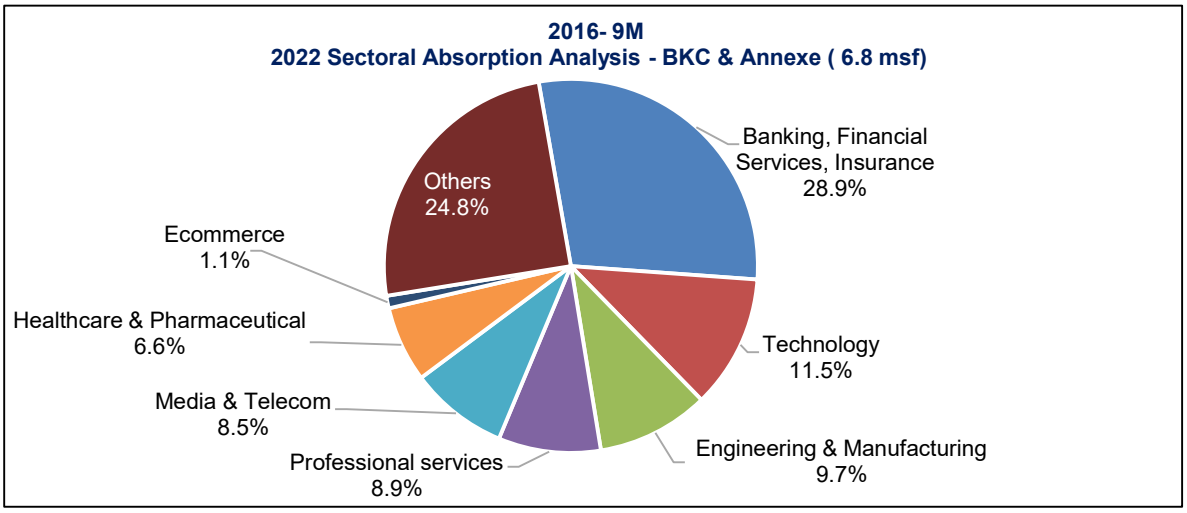
The following graph depicts the rental trend in BKC and Annexe micro-market (2016 – 9M 2022):



Source: Cushman & Wakefield Research,

Note: The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters.

2.6. Sector Demand Analysis



Source: Cushman & Wakefield Research

Note: Others include Automobile, Education, Flexible Workspaces, Hospitality, Logistics & Shipping, Oil & Gas, Research & Analysis, Food & Beverage, Real Estate & Related Services, etc. The sectoral absorption analysis is based on gross absorption activity of micro market i.e. including any relocations, consolidations etc.

BKC & Annex micro market is one of the biggest micro markets having large concentration of BFSI tenants. This is primarily due to availability of premium grade A developments, enhanced connectivity through different modes of transportation, proximity to other commercial nodes etc. Occupiers from BFSI sector contributed to 28.9% of leasing activity in BKC & Annex followed by Technology which contributed 11.5%. Google, Oracle, Microsoft, and Facebook are some of the prominent tenants from Technology sector which leased offices in BKC & Annex micro market. Media & Telecom contributed 8.5% to the leasing activity. Some of the prominent tenants from these sectors recently taking up spaces in BKC are Google (~0.15 msf), Avendus (~98,000 sq.ft), BCG (~91,000 sq ft), Mckinsey (~45,000 sq ft), Sony Music (~30,000 sq ft) and Fullerton India (~25,000 sq ft). Healthcare & Pharmaceutical which contributed 6.6% to the leasing activity in this micro market in 2016 to 9M 2022 time period mainly because of two tenants, Lupin Pharma and Novartis.

Other major tenants who have presence in the micro-market include WeWork, Bank of America, Trafigura, Dream11, IDFC, Cred Avenue etc.

2.7. Market Outlook

According to the market assessment report of Cushman & Wakefield, the current market rentals in the Bandra Kurla Complex micro market are in the range of INR 260-290 per sq ft/month. Further over 2016 - 2018 the rents in Bandra Kurla Complex dropped steadily before increasing significantly in 2019 and remaining steady untill 9M 2022. Going forward, given the limited good quality supply with Grade A landlords in the Bandra Kurla Complex, continuing strong demand for commercial office spaces in the micro-market and commissioning of Metro Line 3 and 2B, which is likely to further boost the demand for office space in the micro-market and thereby on market rental, the long term average annual growth rate of 5% in the market rentals appears achievable.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	C-61, G Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400 051
Ownership & title details:	Underlying land is on leasehold basis from MMRDA

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property is considered to possesses a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Veritas Legal (hereinafter collectively referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material litigation

Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

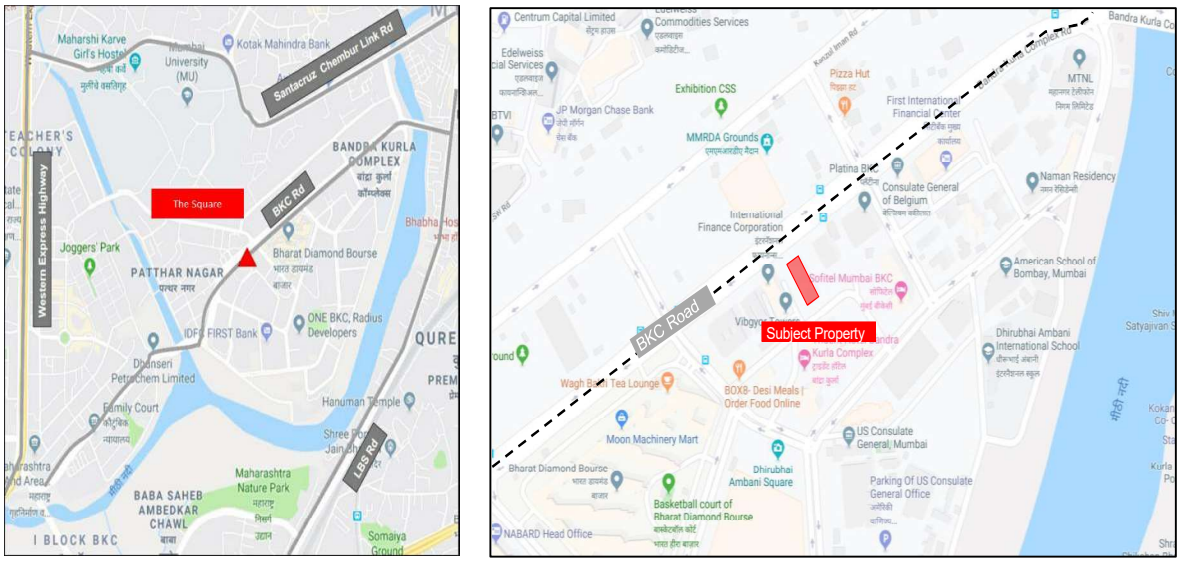
2 Location

2.1 General

Subject property, The Square is a Grade A completed building (hereinafter referred to as Subject Property), is located in G Block, Bandra Kurla Complex, Mumbai, which used to be corporate headquarters of Citigroup in Mumbai. The Subject Property is a commercial building admeasuring ~146,350 sq. ft. of leasable area. The building has ground plus 8 floors and a terrace. The building also has two levels of basement parking, gymnasium and a squash court. The Subject Property is accessible from the Bandra Kurla Complex Link Road. It enjoys good accessibility and connectivity with other parts of the city.

BKC is one of the most sought after commercial micro-markets of Mumbai and is considered as the Secondary Business District of Mumbai and is home to IT, commercial office, bank establishments. The micro market has presence of established buildings by prominent developers like K Raheja Corp, Wadhwa Group, Sunteck, Godrej, Adani, etc

The location map of the Subject Property is set out below:



(Map not to Scale)

The subject property is located in BKC, adjacent to BKC Road. It is located at a distance of approximately 2 kms from Kurla Railway Station and 4 kms from Bandra Railway Station. Prominent landmarks near the subject property are Bharat Diamond Bourse, Reserve Bank of India office and BKC Telephone Exchange.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 2 kms from Kurla Railway Station (Central Railway)
- Approximately 3 kms from Western Express Highway
- Approximately 4 kms from Bandra Railway Station (Western Railway)
- Approximately 5 kms from Eastern Express Highway
- Approximately 7 kms from Mumbai International Airport

The property photographs of the Subject Property are attached in Annexure 3

The Subject Property is well accessible from all locations of Mumbai-Navi Mumbai and MMR. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Mumbai where the Subject Property is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to overall topography of the city, indicating moderate risk of flooding.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

The Square is a commercial building with Occupancy Certificate (OC) located in G Block, Bandra Kurla Complex, Mumbai. The building admeasures ~0.15 Million sq. ft. of leasable area. The building has ground plus 8 floors and a terrace. The building also has two levels of basement parking.

3.1 Key Asset Information

Particulars	Details
Entity:	Avacado Properties and Trading (India) Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by Avacado Properties and Trading (India) Private Limited which is 100% owned and controlled by the Mindspace REIT[1]
Age of building based on the date of occupancy certificate:	23 years and 9 months
Asset type:	Commercial
Sub-market:	Bandra Kurla Complex
Approved and existing usage:	Commercial Office
Site Area (acres):	0.94
Freehold/Leasehold:	The underlying land is taken on leasehold basis from MMRDA
Leasable Area[4]:	0.15 Million sq. ft.
Occupied Area:	0.15 Million sq. ft.
Occupancy (%)[2]	100.0%
Committed Occupancy (%)[3]	100.0%
Number of Tenants	1

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *Occupancy refers to proportion of area leased which is actively occupied by the tenants out of the total area that has received OC*
3. *Committed occupancy also includes area which has been pre-leased to tenants.*
4. *Based on Lease agreement provided*

The underlying land of the Subject Property is held as leasehold from Mumbai Metropolitan Region Development Authority (MMRDA) with remaining tenure of ~54 years. Given that the purpose and

obligations associated with lease of the underlying land has essentially been achieved, the likelihood of lease getting cancelled or not renewed at the end of the tenure is negligible. Thus, no specific adjustments are required to be made towards the legal tenure of underlying land's ownership.

3.2 Property inspection

The Subject Property, comprising a single building of 8 floors, was inspected on 25 March 2022. There have not been any subsequent visits to the site. The following inspection report is as on the abovementioned date. The subject property remained unoccupied since 2015 and has underwent significant upgradation over the recent years, with all the major utilities like, Fire pumps, STP, DG sets for power back up, electrical panels, fire fighting systems getting newly installed/upgraded. The old chillers of the legacy HVAC system has been removed and provisions for AC units have been made at each floor.

At the time of inspection, new façade with adequate smoke vents and upgradation of lobby area roof was in progress.

The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure is based completely on visual survey.

It has been given to understand that a budget of INR 301 Million has been provisioned to undertake upgrade expenses. Of this, INR 267 Million has been incurred until Q2 FY 2022-23.

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates (Dated: 11 June 2020) mentioning site area

b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property

c. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property

d. Management representation regarding the following:

i. Commercial terms of the lease with a potential tenant for the entire building
ii. Major repairs undertaken and proposed in the Subject Property
iii. Statement of Assets
iv. Revenue pendency, if any
v. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.
vi. List of material litigations

4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or micro-markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
2. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner.

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable market rent (Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable market rent (Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).
2. For vacant property the achievable rent for the Subject property has been benchmarked against the prevailing market rent in the micro-market at the time of leasing factoring appropriate time and cost for marketing.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/ future development area have been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/ future development areas respectively. The following steps were undertaken to arrive at the value for operational and under-construction/ future development areas respectively.

   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/ future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/ future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

   Step 3: In the event the escalated contracted rent is higher than the marginal achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the marginal achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.

   Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Recurring operational expenses, fit-out income (if any – the same has been not included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the

respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.

4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Property details

Property Details	Unit	Details
Total Property Leasable Area	sq.ft.	1,46,350
Area Leased	sq.ft.	1,46,350
Leased	%	100.00%
Vacant Area	sq.ft.	-
Vacancy	%	0.0%
Stabilized Vacancy	%	2.0%
Further leasing	sq.ft.	-
Existing Lease rollovers	%	98.0%
Rent Free Period-Existing Lease Roll Overs	Months	2
Rent Free Period- New Lease	Months	3
Estimated leasing period	No. of quarter	-

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers. Since the property is completely leased by a single tenant, which is expiring by 1 Dec 2031, we have provided for a rent-free period of 2 months upon lease rollover for the said space.
- **Future absorption: (As per Section 2.4 - Supply, Absorption & Vacancy)**
  - Over 2016 – 9M 2022, the Bandra Kurla Complex micro market has witnessed an average annual absorption of approximately 0.4 million sq. ft
  - Going forward, the micro market is expected to have an average annual demand of approximately 0.4 million sq. ft. per annum over Q4 CY 2022 - 2024.
  - Competition for the Subject Property in the near future would primarily arise from recent relevant deliveries in the market with high vacancies and new supply; namely,
    - Existing – First International Financial Centre 0.4 million sq. ft. and vacancy of 12.6%,
    - Existing – Godrej BKC 0.73 million sq. ft. and vacancy of 22.4%,
    - Existing – Adani Inspire 0.79 million sq. ft. and vacancy of 34.5%
    - Existing – INS Tower 0.50 million sq. ft and is 100% vacant

- **Future Supply To be updated**
  - Vibgyor – (10-14 floors) with 0.08 million sq. ft. area which is expected to be delivered by 2022.
  - Sunteck Icon with 0.12 million sq. ft. area which is expected to be delivered in 2022

Subject Property and Relevant Existing/Upcoming Supply



Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent – Office	Per sq. Ft./month	INR 270.00
Other operating income	% of lease rental	1.00%
Market Rent growth rate FY 2024 onwards	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
Target Efficiency	%	60.0%
CAM/O&M Income prevailing in the market	Per sq. Ft./month	6.00

- **Market rent - office:** Considering the location, accessibility, quality, size of the building, keeping in view of the future supply, it is assumed that the subject property shall be able to command an average rental of INR 270 per sq. ft. per month.

- **Market rent growth rate:** As BKC emerged to be a preferred location for marquee high quality tenants, it witnessed rentals increasing from INR 254 per sq ft/month in 2017 to INR 273 per sq ft/month in 2019, just before COVID -19 pandemic disrupted the economy and markets. Rentals during pandemic struck period of 2020-2021 have remained resilient at ~INR 274 per sq. ft. / month. As the markets have opened up post the pandemic, demand for the commercial office space in the micro-market has witnessed significant uptick. Correspondingly, the rentals in good quality grade A buildings with grade A landlord profile have witnessed significant improvement over the last few quarters. Average quoted rentals in the micro-market stood at ~INR 276 per sq. ft. / month during 9M 2022.

  Given the strong traction in the micro-market, we expect continued strong net absorption profile over the upcoming quarters. Given the limited future supply in the Bandra Kurla Complex and Metro Line 3 which is likely to further boost the demand for office space in the micro-market and thereby on market rental, an average annual growth rate of ~5% in the market rentals appears achievable.

- **Other income:** Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental. Other income includes Car Park, Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income.
- **Efficiency revision:** The subject property has been leased out to a single tenant at 47% efficiency. Analysis of the recent leases suggest that the typical leases in the micro-market has happened at better efficiency than the subject property. Going forward, upon expiry of the current lease, which will expiry by 1 Dec 2031, we have considered efficiency at 60%.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin	Per sq. Ft./month	INR 1.00
Current CAM/ O&M cost	Per sq. Ft./month	INR 5.00
Property Tax	Per sq. Ft./month	INR 6.93
Annual Ground Lease Rent	INR Million	INR 12.52
Insurance	Per sq. Ft./month	INR 0.24
CAM cost escalation	% p.a.	5.00%
Cost escalation	% p.a.	3.00%
Transaction cost on sale	% of Terminal Value	1.00%
Other Operating Expenses	% of Lease Rentals	2.00%
Property Management Fees	% of Lease Rentals	3.50%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we have considered brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **CAM margin:** CAM margin being earned by the Subject Property has been normalised to INR 1.00 per sq. ft., per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as FY 22 and projected to increase at 3% per annum.
- **Annual Ground Lease Rent:** An annual payment of ground lease rent of INR 12.52 million is payable to MMRDA as it is a leasehold property. The annual ground lease is payable in March of every year.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rental, parking income, fit out income and other operating income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a proposed public listing with better liquidity/marketability of ownership interest, the cap rate for the subject property has been assumed to be 7.75% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Source: Secondary Market Research

Note:

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of 11.75% was found to be aligned with the expectations of international investors investing in similar assets.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows,.

Market Value as on	In Figures (INR Mn)	In Words
30 September 2022	INR 4,636 Million	India Rupees Four Billion Six Hundred and Thirty-Six Million Only

Ready reckoner rate

Component	Rate
Built up area	INR 32,057 per sq. ft.
Land Area	INR 14,964 per sq. ft.

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

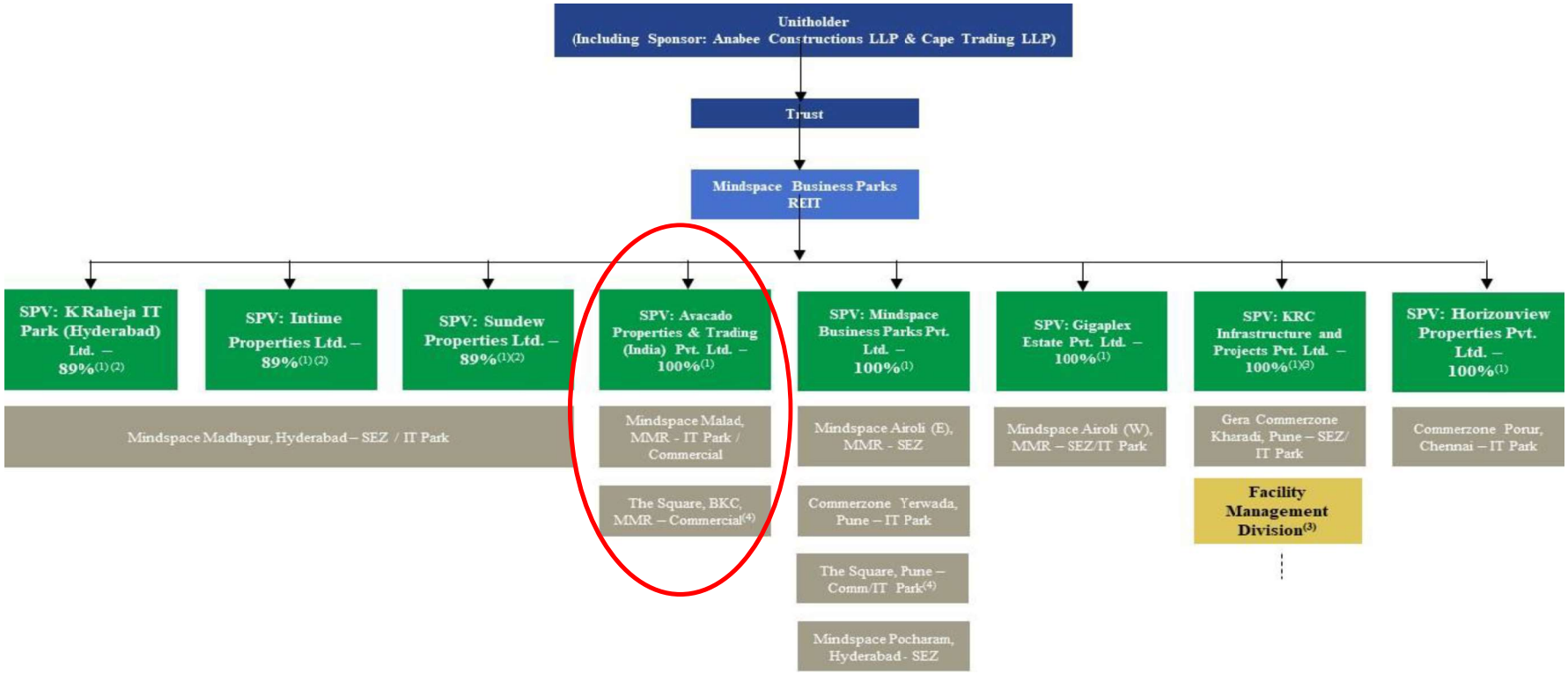
Prepared by

SHUBHENDU SAHA

Digitally signed by SHUBHENDU SAHA
DN: c=IN, postalCode=110063, st=DELHI, l=WEST DELHI, o=Personal, serialNumber=7d8898dca20a40e8b7c090127c92a792dc403971ac11ab4d93d29a92343c6875, pseudonym=fa06d560d86b47ac9382bf12ff3506f0, 2.5.4.20=8722227a074243d136a02dbc1102b09b685061f5c9c086129739f9223f91d129, email=SHUBHENDU.FASV@HOTMAIL.COM, cn=SHUBHENDU SAHA
Date: 2022.11.07 19:52:01 +05'30'

(Shubhendu Saha)
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Regd. Address: 52, Anuradha Apartments, A2, Paschim Vihar, New Delhi 110063
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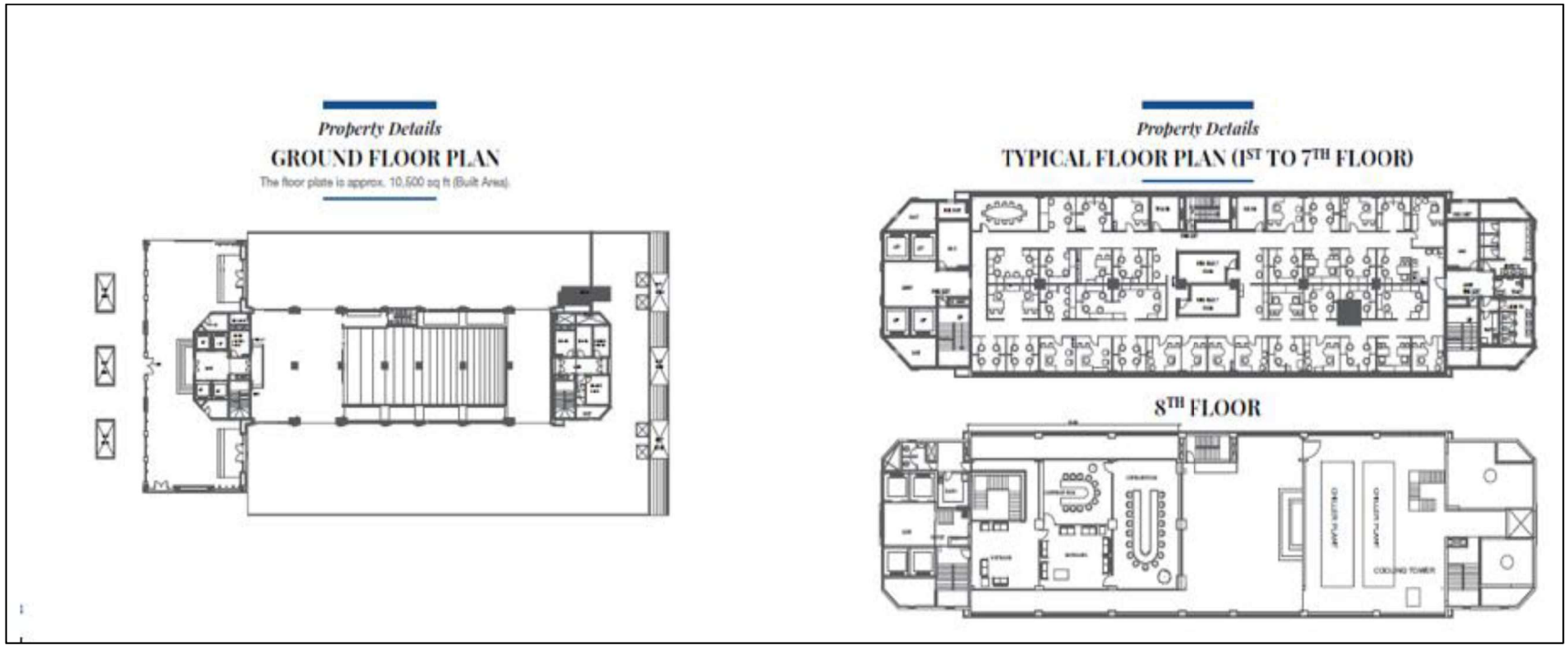
Annexure 1: Ownership Structure of Subject Property



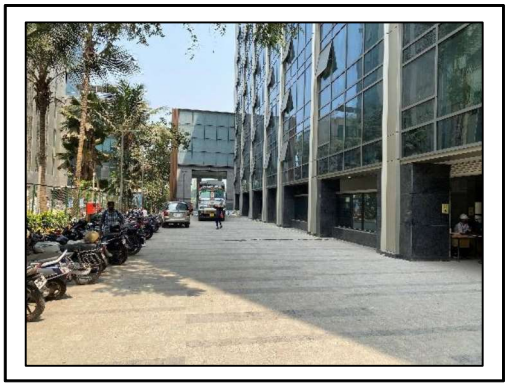
Note:

1. *% indicate Mindspace REIT's proposed shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd*

Annexure 2: Site Layout



Annexure 3: Property Photographs



View of the Subject Property



MBS room



Lobby Area



Lobby Area



View of Floor Area



Pump Room

Annexure 4: Statement of assets

Complex	Name	BKC
Building	**No. / Name**	**C-61**
Floor	Nos	2B+G+12
Warm Shell / Bare shell		Warm shell
Air Cooled Chiller	TR	NA
Water Cooled Chiller	TR	3 x 320
No of Elevators /Mak	No/ Make	2- Mitsubishi, 1- Otis
No of DG / Capacity	No. / KVA	2 x 1010
No of Transformers /	No./ KVA	NA
FF System		
Booster Pump	KW / Make	3.6 - Kirloskar Brothers
Jockey Pump	KW / Make	2 x 9.3 - Kirloskar Brothers
Fire Diesel Pump	KW / Make	149
Hydrant Pump	KW / Make	2 x 55 - Kirloskar Brothers
Sprinkle Pump	KW / Make	55 - Kirloskar Brothers
STP Rating	KLD	100

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Full Occupancy Certificates
b) Height Clearance NOC from AAI
c) Consent to Operate
d) One-time Fire NOC and Form B for half year ending July 2022

Annexure 6: Cashflow Profile

Years		1	2	3	4	5	6	7	8	9	10	11
Particulars	Unit	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME													
Lease Rentals	INR Million		421.5	421.5	421.5	421.5	456.6	463.6	463.6	502.2	510.0	458.5	581.3
O&M income	INR Million		11.3	11.9	12.5	13.1	13.8	14.5	15.2	16.0	16.8	17.6	18.5
Total Income from occupancy	**INR Million**		**432.8**	**433.4**	**434.0**	**434.6**	**470.4**	**478.1**	**478.8**	**518.2**	**526.8**	**476.1**	**599.8**
OPERATING COSTS													
O&M cost	INR Million		(9.5)	(9.9)	(10.4)	(10.9)	(11.5)	(12.1)	(12.7)	(13.3)	(14.0)	(14.7)	(15.4)
Insurance Cost	INR Million		(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)
Ground Lease Rent	INR Million		(12.5)	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)	(12.5)
Property Taxes	INR Million		(12.7)	(13.1)	(13.5)	(13.9)	(14.3)	(14.7)	(15.2)	(15.6)	(16.1)	(16.6)	(17.1)
Total Operating Costs	**INR Million**		**(35.1)**	**(36.0)**	**(36.9)**	**(37.8)**	**(38.8)**	**(39.8)**	**(40.9)**	**(42.0)**	**(43.1)**	**(44.3)**	**(45.6)**
Net operating Income	**INR Million**		**397.7**	**397.4**	**397.1**	**396.8**	**431.5**	**438.3**	**437.9**	**476.2**	**483.6**	**431.7**	**554.2**
Terminal Value	INR Million		-	-	-	-	-	-	-	-	-	7,150.6	
Transaction Cost	INR Million		-	-	-	-	-	-	-	-	-	(71.5)	
Total Net income	**INR Million**		**397.7**	**397.4**	**397.1**	**396.8**	**431.5**	**438.3**	**437.9**	**476.2**	**483.6**	**7,510.9**	
Property Mangement Fees	INR Million		(14.8)	(14.8)	(14.8)	(14.8)	(16.0)	(16.2)	(16.2)	(17.6)	(17.9)	(16.0)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million		(8.4)	(8.4)	(8.4)	(8.4)	(9.1)	(9.3)	(9.3)	(10.0)	(10.2)	(9.2)	-
Brokerage Expenses	INR Million		-	-	-	-	-	-	-	-	-	(46.7)	-
Net Cashflows before construction cost	**INR Million**		**374.5**	**374.2**	**373.9**	**373.6**	**406.4**	**412.8**	**412.4**	**448.6**	**455.6**	**7,439.0**	
Construction Cost	INR Million		(34.0)	-	-	-	-	-	-	-	-	-	-
Net Cashflows	**INR Million**	-	**340.5**	**374.2**	**373.9**	**373.6**	**406.4**	**412.8**	**412.4**	**448.6**	**455.6**	**7,439.0**	

Annexure 7: Ready Reckoner Rate



Year: 20222023

Annual Statement of Rates

Selected District: मुंबई(उपनगर)

Select Village: काळेकल्याण (अंधेरी)

Search By: Survey No / Location

Enter Survey No: 4207 Search

उपविभाग	खुली जमीन	निवासी सदनिका	ऑफ़ीस	दुकाने	औद्योगिक	एकक (Rs./)	Attribute
31/173A-बांद्रा कुर्ला कॉम्प्लेक्स मधील जी ब्लॉक व लगतच्या मिळकती.	161070	300060	345060	403300	300250	चौरस मीटर	सि.टी.एस. नंबर

Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** *(*or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
    g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any -third-party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

Paradigm Mindspace, Malad, Mumbai Region

Submitted to:

K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 04 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for the disclosure of valuation of assets forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

Paradigm Mindspace, Malad West, Mumbai Region	
Valuation Date:	30 September, 2022
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014
Location / Situation:	The property, Paradigm Mindspace (hereinafter referred to as the Subject Property), is located at Malad West, within Malad-Goregaon micro market which is home to a number of IT and commercial establishments. The micro market has established buildings by prominent developers like K Raheja Corp, Nirlon, Oberoi etc. The micro market is strategically located in Mumbai with social infrastructure like Goregaon Sports Club, Infinity Mall, Inorbit Mall, etc. which are in close proximity to the Subject Property. The Subject Property houses prominent tenants such as J.P Morgan Services India Pvt. Ltd., Tech Mahindra, First Source Solutions Ltd. etc.
Description:	Paradigm Mindspace, Malad West is a Grade A, IT Park located in Malad West, Mumbai. The completed buildings with Occupancy Certificate (OC) collectively admeasure ~0.7 Million sq. ft. of leasable area. The Subject Property comprises of 1 building with two wings known as 'Paradigm A & B' which are operational. The Subject Property is accessible from the Zakeria Road.
Total Area:	Total Plot Area – ~4.2 acres[1] Available Leasable area – ~730,393 sq. ft[1]









MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 10,218 Million	India Rupees Ten Billion Two Hundred and Eighteen Million Only

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1] *From Architect's Certificate (dated June 15,2020) shared by the client*

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

To:	**K Raheja Corp Investment Managers LLP**
Property:	**Commercial Office Building christened "Paradigm A & B" located at Malad West, Mumbai**
Report Date:	**04 November 2022**
Valuation Date:	**30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"), in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report) for disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his bachelor in planning from the School of Planning and Architecture, New Delhi in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International

Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of

the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards, issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time

of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the Subject Property.

For the purpose of the valuation of Subject Property, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

8 Inspection

The Property was inspected on 25th March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and willful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).
- In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal

fees and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.

- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc Disclosure and Publication.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B MUMBAI REGION CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1. Mumbai Region City Overview

Particulars	Mumbai Region-Overall	CBD	Andheri and Powai	*Thane Belapur Rd	*Malad - Goregaon	Worli - Lower Parel	*BKC & Annex	Thane	Central Suburbs	Eastern Suburbs	Vashi & Others
Total completed stock 9M 2022 (msf)	104.4	2.1	20.9	17.3	14.7	13.4	10.4	10.4	5.5	6.1	3.8
Current occupied stock 9M 2022 (msf)	80.6	1.8	17.7	12.8	12.4	7.3	8.6	9.0	4.0	4.7	2.3
Current Vacancy 9M 2022 (%)	22.8%	11.8%	15.0%	25.7%	15.3%	45.6%	17.7%	13.1%	28.0%	22.8%	40.0%
Avg. Annual Absorption – 2016 – 9M 2022 (msf)	3.5	0.0	0.5	0.8	0.5	0.0	0.4	0.7	0.3	0.1	0.2
Future Supply – Q4 2022 – 2024 (msf)	12.5	0.0	3.2	2.7	1.8	1.6	0.2	2.0	0.4	0.0	0.5
Market Rent – 9M 2022 (INR psf / month)	134.6	229.2	131.7	60.9	124.9	179.0	275.8	71.6	137.8	136.8	91.5

Source: Cushman & Wakefield Research

*Note: CBD stands for Central Business District. *Mindspace REIT's micro markets.*

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

Mumbai is India's financial and commercial capital. The presence of vibrant capital and money markets makes the city the first choice of entry for financial services firms. Mumbai houses the headquarters of major corporates & financial institutions such as ICICI Bank, HDFC Bank, Life Insurance Corporation of India, etc. India's main stock exchanges & capital market and commodity exchanges (National Stock Exchange – NSE, Bombay Stock Exchange – BSE and Multi Commodity Exchange – MCX) are also located in Mumbai. It is also home to Bollywood, the Indian Television and Film Industry.

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

- **Financial capital and Services hub:** Mumbai which is referred as India's financial capital and houses corporate head offices of many Indian banks It is also home to global consultancy firms, legal and professional services, media houses, accounting professionals, etc.
- **Global In-house Centers/ Global Capability Centers:** Mumbai is a hub for Global In-house centers (GICs) / Capability centers (GCCs) of many Investment Banks mainly from the North American and European markets such as Deutsche Bank, Bank of America, JP Morgan, etc.
- **Social Infrastructure:** Mumbai has established educational institutions and colleges, Malls, Hospitals and hotels
- **Transport infrastructure:** Mumbai is well connected via road with availability of infrastructure like the Eastern Express Highway, Western Express Highway, Eastern Free Way, Bandra-Worli Sea Link, etc. It also provides good railway connectivity with three railway lines, an operational metro line and a mono rail line. Mumbai is also well connected via air with other cities in India and other global cities with the help of 2 operational passenger terminals (Domestic and International) and one cargo terminal at Chhatrapati Shivaji Maharaj International Airport.
- **Ongoing/Planned infrastructure projects:** Key initiatives include multiple metro lines, various road projects (proposed 29 km Coastal Road, Mumbai Trans Harbour Link, Goregaon Mulund Link Road), monorail and the Navi Mumbai International airport.

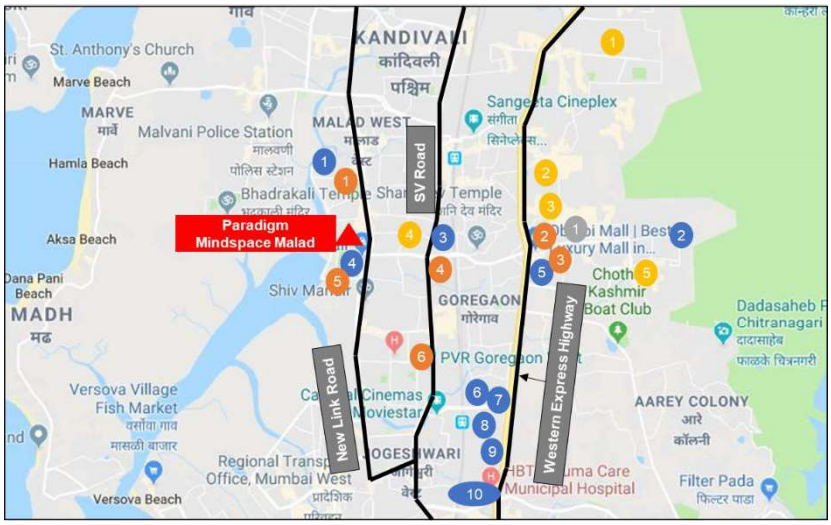
2. Mindspace REIT's Micro Market (Malad - Goregaon)

2.1. Overview

Malad – Goregaon are suburbs of Mumbai city situated in north-western part of Mumbai between Andheri and Borivali. Geographically, Malad – Goregaon is divided into East and West. There are several commercial establishments and several high-end residential projects located in this micro market. The micro market is an established commercial hub having office of various national and multinational companies. It also has several high-end residential projects by Oberoi Group, Omkar Realtors, Lodha Group, etc. Additionally, Oberoi Mall which is located on the eastern part and Inorbit Mall along with Infinity 2 Mall located in the western part are established and leading retail malls that witnesses significant footfalls. The micro market has good social infrastructure with the presence of restaurants, multiplexes, schools, hospitals and colleges. It is well connected by the Western Railway network and can be accessed through S.V. Road, Western Express Highway and Link Road. Upcoming infrastructure developments like Goregaon Mulund Link Road (GMLR), Metro line 2B, extension of Veer Savarkar Junction Flyover, etc. will smoothen the road traffic in this micro-market.

The demand for commercial space in this micro-market has significantly increased over the past few years as the assets are located in among the best performing micro markets and are distinguished by scale and infrastructure and is driven by proximity to talent pool catchment areas, larger floor plates, integrated parks, proximity to residential projects and better connectivity as compared to other parts of the city. The increase in rental values of commercial office space in South Mumbai and other micro markets coupled with shortage of availability of quality office space in the city has led companies to look for alternative options in suburban micro-markets such as Andheri, Malad, Goregaon, Powai etc. Some of the prominent commercial projects in the micro market include Nirlon Knowledge Park, Mindspace, NESCO IT Park, etc. Prominent corporates such as JP Morgan, Deutsche Bank, Morgan Stanley, JM Financial, Citibank etc. are located in this micro market with presence of their respective GICs (Global Inhouse Centers). With the Malad micro market establishing itself as a commercial destination over the past 8-10 years, capital values in this micro market have also witnessed some appreciation.

Paradigm Mindspace Malad is a leasehold, Grade-A asset located in Peripheral Business District micro-market of the Mumbai Region, with well-planned infrastructure and proximity to residential areas. The asset is well positioned in the micro-market and is in proximity to the upcoming metro and multiple suburban railway stations. This is a key differentiating factor, given an increasing focus by corporate occupiers on the ease of commute for their employees.

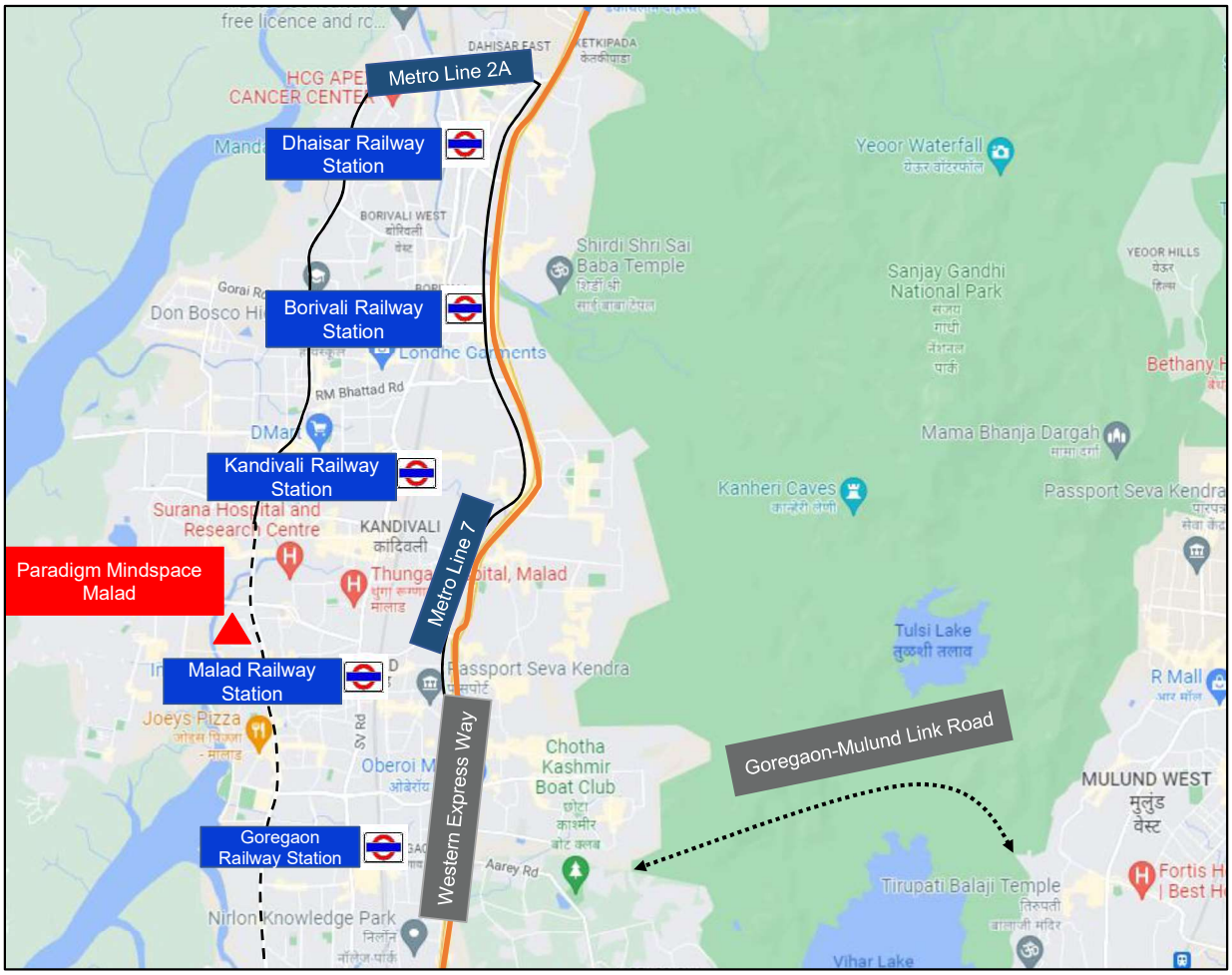


(Map not to Scale)

Key Office Developments *Social Infrastructure* *Lifestyle Infrastructure* *Proposed Development*

Key Commercial Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed Commercial Developments
1. Interface	1. DNA Multi-speciality Hospital	1. Infiniti Mall	1. Oberoi Commerz III
2. Infinity IT Park – TRIL	2. SRV Hospital	2. Oberoi Mall	
3. Techniplex – I & II	3. DTSS college of Commerce	3. Westin Hotel	
4. Prism Towers	4. Dr. S Radhakrishnan International School	4. Radisson Hotel	
5. Oberoi Commerz 1 & 2	5. St. Xavier's High School	5. Inorbit Mall	
6. Nirlon Knowledge Park		6. Hub Mall	
7. NESCO IT Park			
8. Lotus Corporate Park			
9. Raheja Titanium 1			
10. Hubtown Viva			

2.2. Existing and Upcoming Infrastructure



Mumbai Metro

Subject property directly benefits from operational Metro Line 7 connecting from Andheri (E) to Dahisar (E) and operational Metro line 2A providing connectivity from Dahisar to D.N. Nagar. Connectivity is further enhanced to Central Mumbai and Norther suburban Mumbai via existing Western Express Highway, Western Railway, Metro Line 1 (Ghatkopar to Versova), proposed Metro line 2B (DN Nagar to Mandale and the proposed Metro Line 6 (Swami Samarth Nagar to Vikhroli).

Goregaon – Mulund Link Road

Goregoan-Mulund Link Road is expected to connect the eastern and western suburbs through Sanjay Gandhi National Park (SGNP), thereby improving connectivity with the Greater Mumbai region. The existing road from Western Express Highway to Film City in Goregaon will be connected to Amar Nagar in Mulund West and further to Eastern Express Highway. The entire link road will comprise of two flyovers and two underground twin tunnels. While one flyover is planned ahead of Oberoi mall just near Film city, the second will be built near Khindipada on Mulund side.

2.3. Key Statistics

Particulars	Details
Total completed stock (9M 2022)	Approximately 14.7 msf
Current occupied stock (9M 2022)	Approximately 12.4 msf
Current Vacancy (9M 2022)	Approximately 15.3%
Avg. Absorption (2016 – 9M 2022)	Approximately 0.5 msf
Future Supply (Q4 2022 – 2024)	2023: 1.8 msf (80% of the supply is pre-leased)

Source: Cushman & Wakefield Research

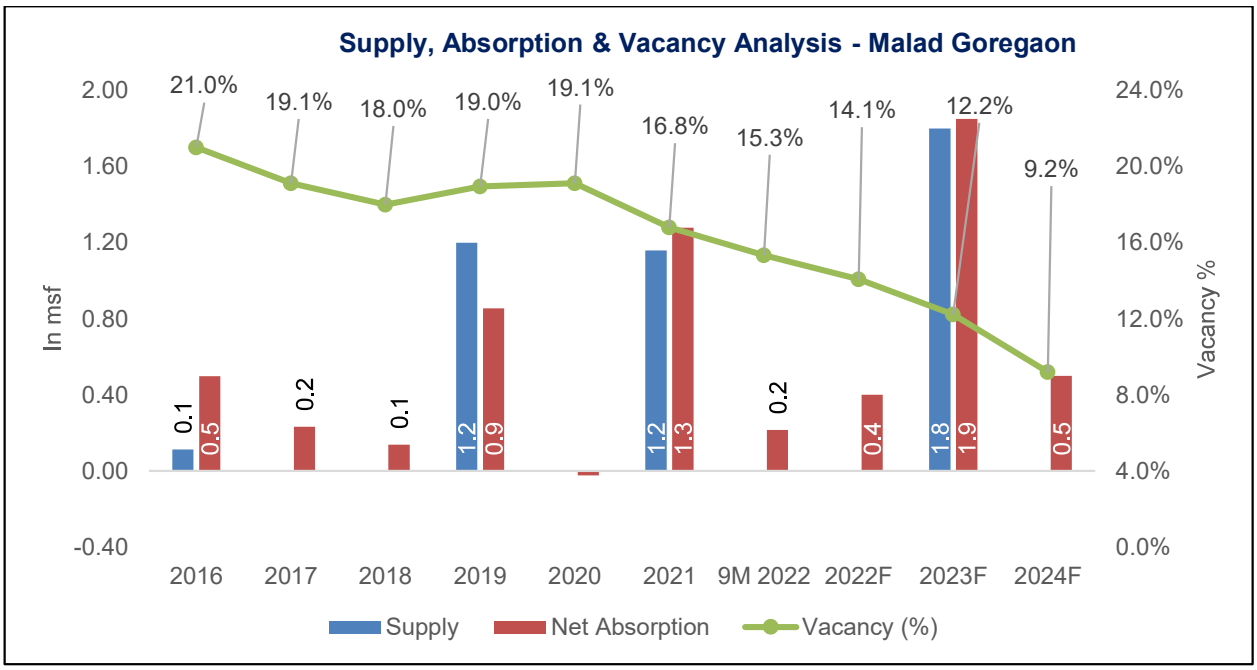
Note: Cushman & Wakefield has considered the future supply after analyzing each of the project based on the physical progress of the project, available information on approvals and interactions held with various stake holders.

2.4. Supply, Absorption & Vacancy

Commercial office space demand in Malad - Goregaon has significantly increased over the past few years owing to demand from GICs, technology and professional services companies. Average annual absorption in the micro market stood at ~0.5 msf during 2016 - 9M 2022. Malad – Goregaon micro market has gained increased traction owing to quality A grade developments, proximity to the talent catchment areas and larger floor plates. However, few buildings in this micro market are not comparable to Paradigm Mindspace Malad (Mindspace REIT asset) due to locational attributes and inferior specifications.

Due to sustained tenant demand and constrained supply, vacancies declined steadily from 21.0% in 2016 to 19.0% in 2019. Net Absorption during the pandemic struck period of 2020-2021 was majorly driven by the execution of pre-commitment at Nirlon Knowledge Park, resulting into vacancy further declining to 16.8% in 2021. The micro-market witnessed strong traction during 9M 2022, with no new supply during the period, the vacancy stood at 15.3% as on Q3 2022. Further, 1.8 msf of new supply is expected to be delivered in the 2023 in Malad – Goregaon micro market of which 80% is pre-committed. Driven by the pre-commitment and continued robust demand in the micro-market, we expect the vacancy levels to gradually decline to 9.2% by 2024F.

The following graph represents supply, net absorption and vacancy levels in Malad-Goregaon micro-market (2016-2024F):



Source: Cushman & Wakefield Research

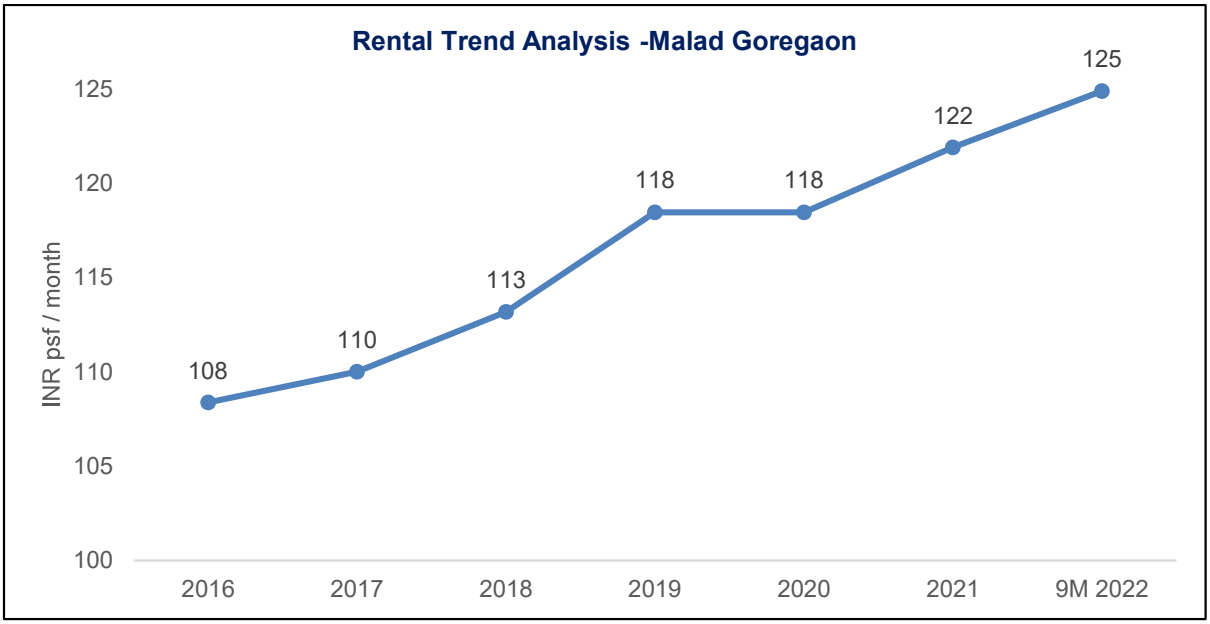
Note: 1. Future supply estimates are based on analysis of under construction projects considering their physical progress, available information on their approvals and interactions held with various stake holders, future absorption estimates are derived basis past trend, current vacancy an estimated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

2. Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

2.5. Rental Trend Analysis

Due to increasing traction and limited supply in Malad – Goregaon micro market, the rentals in this micro market have witnessed an increasing trend since 2016. Rentals during the period 2016-2019 grew at a CAGR of ~3.0%. Driven by the resilience displayed by the micro-market during the pandemic period coupled with limited supply and sustained demand, the rentals continued to grow at a CAGR of ~1.4% during 2019-2021. As the micro-market has witnessed recovery post pandemic, the rentals have grown by 2.5% during 9M 2022. This micro market witnesses an increased traction from GICs because of enhanced connectivity and proximity of the micro market to residential catchment areas.

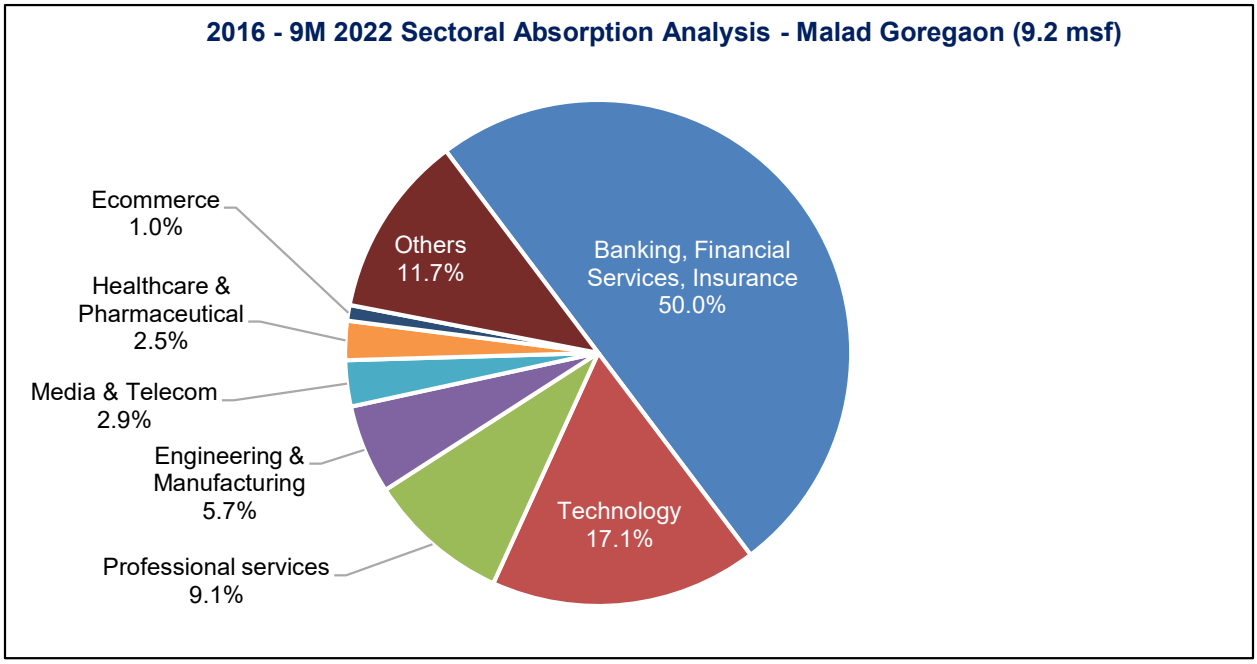
Rentals in Malad sub micro-market however, are in the range of INR 85 – 100 psf / month. Paradigm Mindspace Malad has JP Morgan as anchor tenant which has continued to renew its leases over the years.



Source: Cushman & Wakefield Research,

Note: The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 10% depending upon negotiations, final structuring of the lease agreement and other parameters

2.6. Sector Demand Analysis



Source: Cushman & Wakefield Research

Note: Others include Automobile, Education, Flexible Workspaces, Hospitality, Logistics & Shipping, Oil & Gas, Research & Analysis, Food & Beverage, Real Estate & Related Services, etc. The sectoral absorption analysis is based on gross absorption activity of micro market i.e. including any relocations, consolidations etc.

Malad- Goregaon micro market has seen a significant traction from BFSI sector which contributed 50.0% to the leasing activity in the years 2016 – 9M 2022. Prominent GICs namely JP Morgan, Morgan Stanley, Citi Bank, etc. are some of the major occupiers in the micro markets because of availability of larger floor space, competitive rent, accessibility to nearby established residential hubs and good connectivity to the rest of the city. Technology and Professional services sector contribute to 17.1% and 9.1% respectively to the leasing activity in this micro market in 2016 to 9M 2022 time period.

2.7. Market Outlook

According to the market assessment report of Cushman & Wakefield current market rentals in the Malad sub micro-market are in the range of INR 85-100 psf / month which is broadly in line with the recent leases signed in the Subject Property. Further, over 2016-2019, the rentals in Malad-Goregaon micro-market grew at a CAGR of 3.0%. Driven by the resilience displayed by the micro-market during the pandemic period coupled with limited supply and sustained demand, the rentals continued to grow at a CAGR of ~1.4% during 2019-2021. As the micro-market has witnessed recovery post pandemic, the rentals have grown by 2.5% during 9M 2022. Going forward, considering the limited available future supply in the Malad sub micro-market and developing infrastructure which will enhance connectivity in the Malad sub micro-market thereby boosting the demand for the office spaces in the micro-market, annual growth rate of 5% in the market rentals appears achievable.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	Paradigm S NO 1460 A/18 Mindspace Link Road, Mindspace, Malad (West), Mumbai, Maharashtra 400064
Ownership & title details:	Freehold

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property is considered to possesses a good and marketable title and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani and Co. (hereinafter collectively referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material litigation

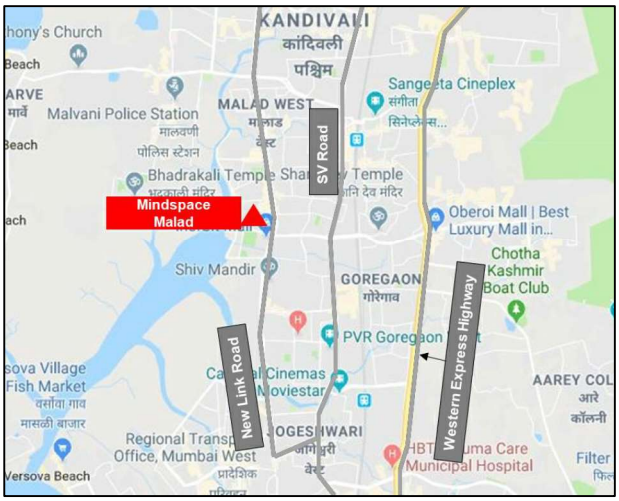
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

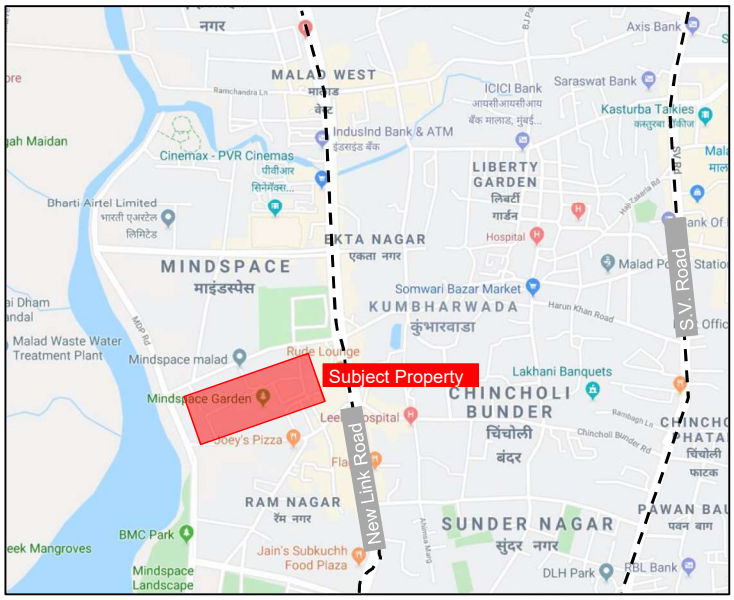
2 Location

2.1 General

Subject property comprises of one operational building with two wings known as Paradigm A and Paradigm B (hereinafter referred to as Subject Property), which are part of Paradigm Mindspace IT park located in Malad West, Mumbai, within Malad-Goregaon micro market which is home to a number of IT and commercial establishments by prominent developers like K Raheja Corp, Nirlon, Oberoi etc. It enjoys good accessibility and connectivity with other parts of the city. The micro market is strategically located in Mumbai with social infrastructure like Goregaon Sports Club, Infinity Mall, Inorbit Mall, etc. which are in close proximity to the Subject Property. The IT Park comprises of 2 non-SEZ buildings and houses prominent tenants such as J.P Morgan Services India Pvt. Ltd., First Source Solutions Ltd., Tech Mahindra, etc.

The location map of the Subject Property is set out below:





(Map not to scale)

Of the gross plot area of ~31 acres, the Subject Property is spread out over ~4.2 acres of land parcel. Located on the Zakeria road, the Subject Property enjoys good frontage and has a relatively flat topography with no significant variations in the height of the land. Further, basis our perusal of the site map provided by the client, we noted that the land plot is regular in shape.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 2-3 kms from Malad Railway Station
- Approximately 3-4 kms from Goregaon Railway Station
- Approximately 3-4 kms from Western Express Highway
- Approximately 12-13 kms from Mumbai International Airport

The Subject Property is well accessible from all locations of Mumbai-Navi Mumbai and MMR. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system.

The property photographs of the Subject Property are attached in Annexure 3.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Mumbai where the Subject Property is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and does not face any significant problems of flooding or waterlogging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Paradigm Mindspace, Malad is a Grade A, IT Park located in Mumbai. The Subject Property comprises of one building with two wings known as 'Paradigm A & B' which are operational.

The completed buildings collectively admeasure ~0.73 Million sq. ft. of leasable area.

The building wise Leasable Area break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Paradigm A	385,111	IT Park	Completed
Paradigm B	345,282	IT Park	Completed
Total	730,393		

Source: Architect's Certificate, Rent Rolls, Lease Deeds/Leave and License Agreements

Total leasable area for the property varies versus the architect certificate. The change in area is in accordance with the Lease Deeds/ Leave and License Agreements

3.1 Key Asset Information

Completed Buildings

Particulars	Details
Entity:	Avacado Properties and Trading (India) Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by Avacado Properties and Trading (India) Private Limited which is 100% owned and controlled by the Mindspace REIT[1]
Age of building based on the date of occupancy certificate:	Paradigm A - 18 years and 2 months Paradigm B - 18 years and 0 months
Asset type:	IT Park
Sub-market:	Malad – Goregaon
Approved and existing usage:	Commercial office/ IT Park
Site Area (acres):	~4.2
Freehold/Leasehold:	Freehold
Leasable Area:	0.73 Million sq. ft.
Occupied Area:	0.69 Million sq. ft.
Occupancy (%)[2]	94.90%
Committed Occupancy (%)[3]	94.90%
Number of Tenants	13

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *Occupancy refers to proportion of area leased which is actively occupied by the tenants out of the total area that has received OC*
3. *Committed occupancy also includes area which has been pre-leased to tenants.*
4. *Total leasable area for the property varies from the architect certificate. The change in area is in accordance with the management representation regarding commercial terms of lease with a potential tenant for the entire building*

3.2 Property inspection

The Subject Property comprising two wings, was inspected on 25 March 2022. There have not been any subsequent visits to the site. The following inspection report is as on the abovementioned date. The inspection comprised visual inspection of the operational building and visits to key utility areas like LT Electric Room, Pump Room, HVAC installations, Power Back up. The common areas within

the buildings were visited on a sample basis as the areas under tenant occupation had restricted access.

In the subject property, Chillers within the HVAC system are predominantly installed by the respective tenants, with only one chiller owned by the building owner to service the common areas. Similarly, DG sets for power back are also owned by the respective tenants and only one DG set is owned by the building owner for the common areas. According to the information shared at the site, transformers have also been installed by the tenants, and the LT Electrical Panel room are also owned by them. The building doesn't have any STP, and the sewage is discharged directly in the municipal waster water system.

The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation was observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure is based completely on visual survey.

It has been given to understand that a separate budget of INR 235 Million has been provisioned to undertake water proofing, podium Levelling and other upgrade expenses. Of this, ~INR 48 Million has been incurred until Q2 FY 2022-23. In addition to the above, INR 219 Million has been provisioned to upgrade the building from bareshell to warmshell structure.

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Sources of information:

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates (dated June 15,2020) mentioning site areas and property areas

b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property

c. Lease agreements and commercial clauses for all the tenants signed after the date Jun 15, 2020

d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property

e. Management representation regarding the following:

i. Major repairs undertaken and proposed in the Subject Property

ii. Statement of Assets

iii. Revenue pendency, if any

iv. List of material litigations

v. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

3.4 Tenant Profile

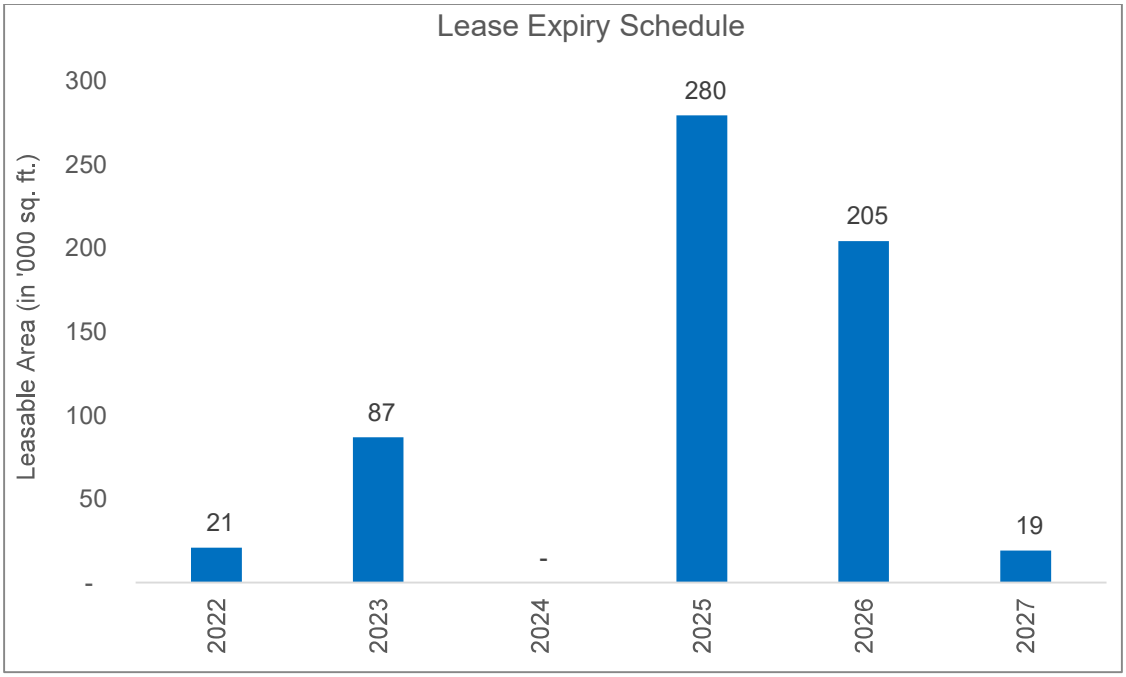
As of 30 September 2022, Subject Property has 13 tenants (for office space) which include companies like JP Morgan, Tech Mahindra, First Source, etc. The Subject Property's top 10 tenants account to ~99% of the Gross Rental income.

Rank	Top 10 tenants according to Leasable Area	Leasable area (sq. ft.)
1	J.P.Morgan	255,326
2	Firstsource	122,543
3	Smartworks	100,086
4	Tech M	82,000
5	Concentrix	50,055
6	Travelex	31,000
7	NYVFX	20,862
8	MAIA	11,262
9	Glocal Junction	5,385
10	Camplus	4,986
	Total	**683,505**

Rank	Top 10 tenants according to Gross Rentals	Share of Gross Rentals
1	J.P.Morgan	37.33%
2	Firstsource	19.25%
3	Smartworks	13.91%
4	Tech M	11.11%
5	Concentrix	6.84%
6	Travelex	4.06%
7	NYVFX	2.92%
8	MAIA	1.77%
9	Glocal Junction	0.92%
10	Camplus	0.63%
	Total	**98.74%**

3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 3.5 years, with 88% of occupied area expiring between CY 2022 and CY 2027 as shown in the chart below.



4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or micro-markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top 5 tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-market Review:

For the purpose of the valuation exercise, reliance has been made on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner.

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable marginal rent (Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).

2. Rent roll and sample of lease deeds of large/anchor-tenants were analysed to assess if any adjustments to marginal rent are required for individual leases. For other leases, it has been assumed that they would revert to marginal rent of the Subject property following the expiry of the lease tenure, factoring appropriate re-leasing time and costs valuer also analysed the leasing within the asset for anchor tenants to identify the discount that is extended to such tenants at the time of fresh leasing or lease renewals. Rent roll and sample of lease deeds of large anchor-tenants were analysed and applicable adjustments to marginal rent was estimated for individual leases. For other tenants occupying relatively large space within the properties, it is assumed that the leases shall revert to marginal rents (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/future development area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/future development areas respectively.
   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

For each lease, the following steps have been undertaken to assess the rental over a 10-year time horizon:

Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.

Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Recurring operational expenses, fit-out income (if any - the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.
4. The net income on quarterly basis have been projected over the next 10 years and the 1 year forward income (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net income over the next 10 years along with the terminal value during the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the asset through this approach.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

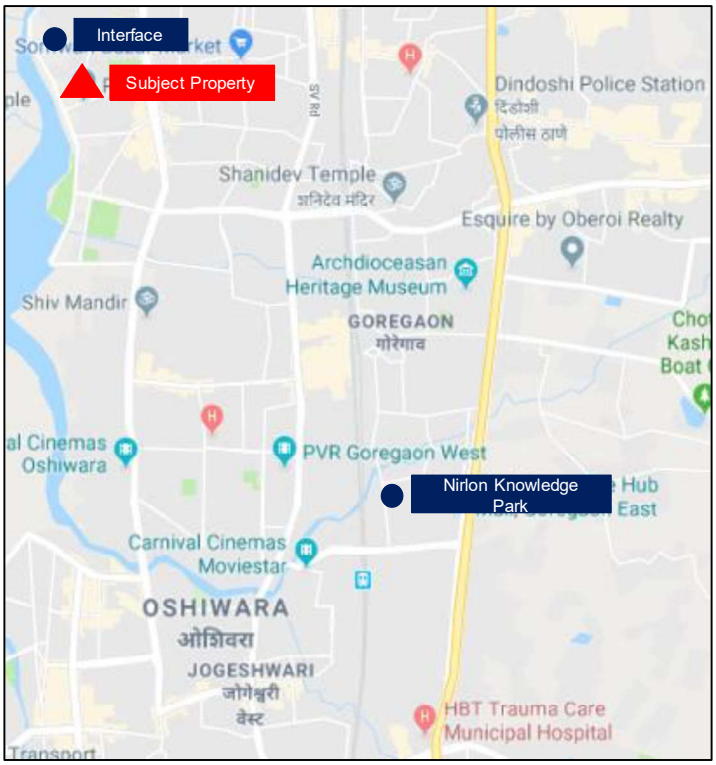
Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Property details

Property Details	Unit	Details
Total Property Leasable Area	sq.ft.	730,393
Area Leased	sq.ft.	693,153
Leased	%	94.90%
Vacant Area	sq.ft.	37,240
Vacancy	%	5.1%
Stabilized Vacancy	%	2.0%
Further leasing	sq.ft.	22,632
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Estimated leasing period	No. of quarter	1

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases.
- **Future absorption: (As per Section 2.4 - Supply, Absorption & Vacancy)**
  - Over 2016 – 9M 2022, the Malad Goregaon micro market has witnessed an annual absorption of approximately 0.5 Million sq. ft.
  - Going forward, the micro market is expected to have an average annual demand of approximately 1.1 Million sq. ft. per annum over Q4 2022-2024.
  - Competition for the Subject Property in the near future would primarily arise from recent relevant deliveries in the market with high vacancies and new supply; namely,
    - Existing - Interface (11, 14 & 16) with 1.0 Million sq. ft. and vacancy of 48.7%,
    - Existing - Nirlon Knowledge Park with 3.1 Million sq. ft. and vacancy of 1.5%.

Subject Property and relevant existing supply



- Considering the above, it would be reasonable to believe that Subject Property shall be able to lease 22,632 sq. ft. during FY2023.
- Further leasing has been assumed after incorporating a 2% stabilised vacancy which is a standard for Grade A properties in commercial parks.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent – Office	Per sq. Ft./month	INR 88.00
Market 4 W Parking Rent	Per slot/month	INR 5,000
Other operating income	% of lease rental	1.00%
Market Rent growth rate	% p.a.	5.00%
Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
Target efficiency	%	76.0%
CAM/O&M Income prevailing in the market	Per sq. Ft./month	11.88

- **Market rent - office:**
  - Over 2019 - CY Q3 2022, approximately 0.57 Million sq. ft. was leased in the rental range of INR 75-102 per sq. ft. per month.
  - Recent leasing transactions over 2019- CY Q1 2022 are set out in the table below:

Tenant	Year	Area	Rent
MAIA Hospitality and Entertainment	2022	11,262	102
Tech Mahindra 2022 82,000 88			
Convergys India Services Pvt. Ltd.	2021	50,114	85
Smartworks Coworking Spaces Pvt. Ltd.	2021	1,00,086	86
Alphasense Technology (I) Pvt. Ltd.	2021	4,750	80
Firstsource Solutions Ltd	2021	23,449	90
Firstsource Solutions Ltd	2020	16,334	90
J.P Morgan Services India P. Ltd.	2020	2,55,326	95
Firstsource Solutions Ltd	2020	16,334	90
Foodlink Services India Pvt. Ltd	2020	5,385	98
Zibanka Media Service Pvt Ltd	2020	770	75
VirtueInfo Soft Web Pvt Ltd	2019	1,637	95
Zibanka Media Service Pvt Ltd	2019	3,250	75

  - Considering the location, accessibility, quality, size of the building and keeping in view of the future supply which consists majorly of IT building hence it can reasonably be assumed that the Subject Property shall be able to command a monthly rental of INR 88 per sq. ft. per month.

- **Market rent growth rate:** Over 2016-2019, the rentals in Malad-Goregaon micro-market grew at a CAGR of ~3.0%. Driven by the resilience displayed by the micro-market during the pandemic period coupled with limited supply and sustained demand, the rentals continued to grow at a CAGR of ~1.4% during 2019-2021. As the micro-market has witnessed recovery

post pandemic, the rentals have grown by 2.5% during 9M 2022. Going forward, we expect continued strong net absorption profile over the upcoming quarters. An average annual growth in market rentals at ~5.0% for Malad sub micro-market can be expected due to limited available stock / future supply and the developing infrastructure, which may further boost the demand for the sub micro-market.

- **Market rent - 4W parking**: Rent for car parks are assumed at INR 5,000 per slot per month in line with the current rentals for paid car parks in Malad West.
- **Other income:** Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental. Other income includes car park, signage, ATM, telecom tower, kiosk, event, vending machine, service connection and other charges and miscellaneous income.
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and received higher rentals for the same carpet area. Going forward, for leases which will expiry during the next 10 years, we have considered efficiency at 76% or actuals, whichever is lower.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin	Per sq. Ft./month	INR 2.43
CAM/ O&M cost – FY 2023E	Per sq. Ft./month	INR 9.45
Property Tax	Per sq. Ft./month	INR 3.37
Insurance	Per sq. Ft./month	INR 0.28
CAM cost escalation	% p.a.	5.00%
Cost escalation	% p.a.	3.00%
Transaction cost on sale	% of Terminal Value	1.00%
Other Operating Expenses	% of Lease Rentals	2.00%
Property Management Fees	% of Lease Rentals, parking income, fit out income and other operating income	3.50%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we have considered brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **CAM / O&M Cost / Margin:** As per the information received by the client, CAM / O&M Cost is projected to be INR 9.45 per sq ft. per month for H2 FY 2023 E. CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as FY 22 and projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses

- Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rental, parking income, other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Upgrade Cost Related Assumptions

Upgrade Cost Phasing	Unit	YE Mar- 23	YE Mar - 24
Cost to be Incurred	INR Million	50.0	136

Note: We have relied on Client inputs for the assumptions relating to upgrade CAPEX (INR 235mn out of which INR 48mn is incurred), related to water proofing, podium levelling and other upgrade expenses. In addition to the above, we have provisioned for bareshell to warmshell conversion CAPEX (valued at INR 219.1 mn) which has been adjusted for conversion to the warmshell property value

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Source: Secondary Market Research

Note:

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

The above information is based on information published in public domain and discussions with various market players

- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of ~11.75% for completed properties was found to be aligned with the expectations of international investors investing in similar assets.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows.

Market Value as on	In Figures (INR Mn)	In Words
30 September 2022	INR 10,218 Million	India Rupees Ten Billion Two Hundred and Eighteen Million Only

Ready reckoner rate

Component	Rate
Built up area	INR 18,697 per sq. ft.
Land Area	INR 7,437 per sq. ft.

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

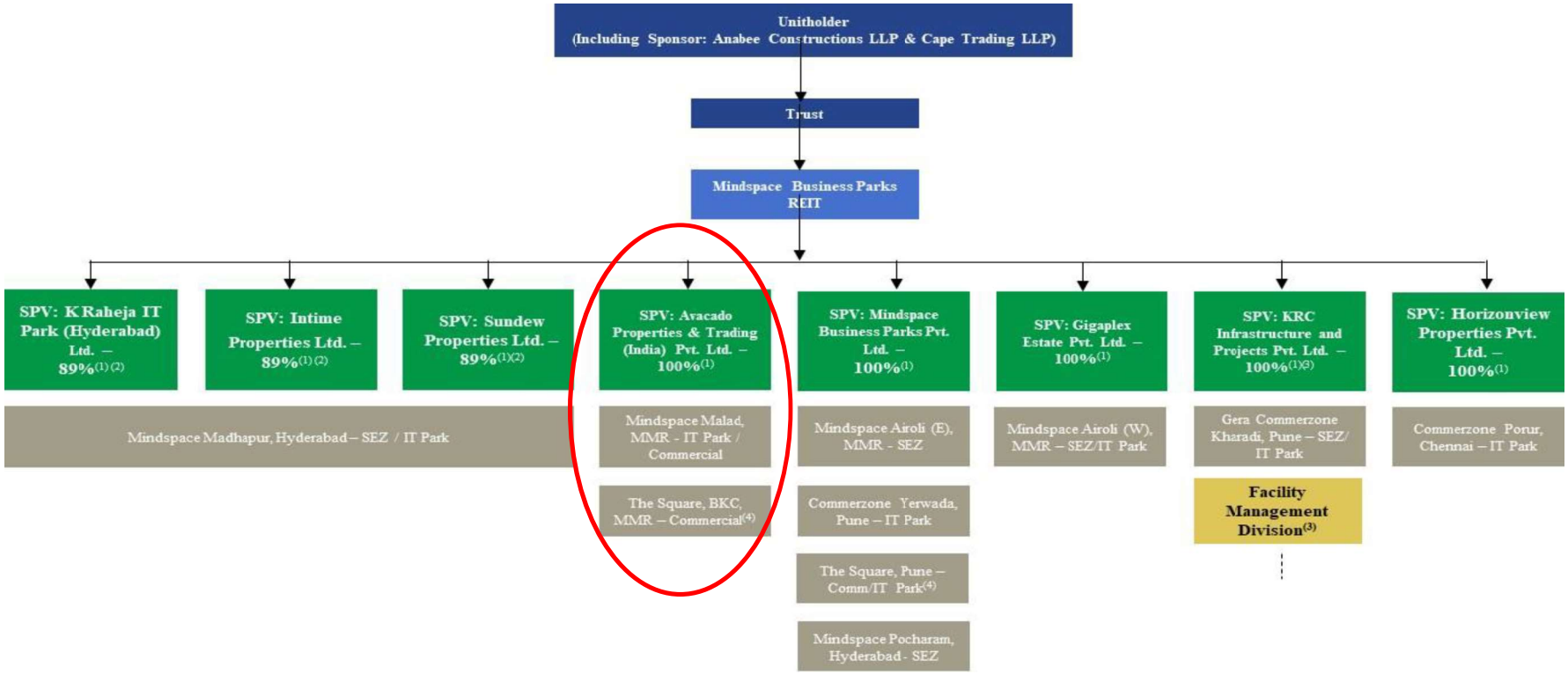
Prepared by

SHUBHENDU SAHA

Digitally signed by SHUBHENDU SAHA
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Date: 2022.11.07 19:55:43 +05'30'

(Shubhendu Saha)
IBBI/RV/05/2019/11552
Regd. Address: 52, Anuradha Apartments, A2, Paschim Vihar, New Delhi 110063
M: +91 9910386675
E: shubhendu_leo@hotmail.com

Annexure 1: Ownership Structure of Subject Property



Note:

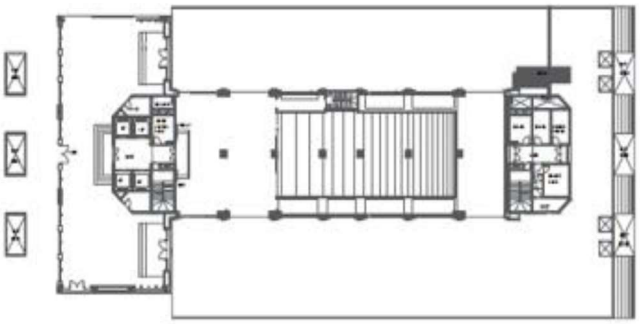
1. *% indicate Mindspace REIT's proposed shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd*

Annexure 2: Site Layout

Property Details

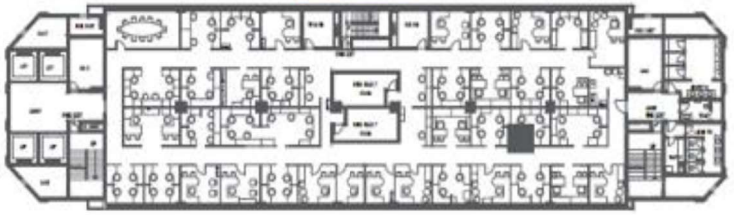
GROUND FLOOR PLAN

The floor plate is approx. 10,500 sq ft (Built Area)

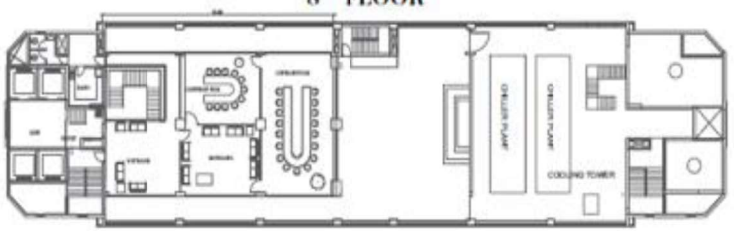


Property Details

TYPICAL FLOOR PLAN (1ST TO 7TH FLOOR)



8TH FLOOR



Annexure 3: Property Photographs



View of the Subject Property



View of the Subject Property



View of the Main Entrance



Common Air Cooler



Common Sewage Treatment Plant



Common Fire pump room

Annexure 4: Statement of assets

Complex	Name	Malad
Building	No. / Name	Paradigm
Floor	Nos	B+GF+GF+9
Warm Shell / Bare shell		Only DG connected to common area
Air Cooled Chiller	TR	3 x 100
Water Cooled Chiller	TR	NA
No of Elevators /Mak	No/ Make	16- Mitsubishi
No of DG / Capacity	No. / KVA	1 x 320, 1 x 400
No of Transformers /	No./ KVA	NA
FF System		
Booster Pump	KW / Make	2 x 9.36 - Kirlsokar Brothers
Jockey Pump	KW / Make	2 x 9.36 - Kirlsokar Brothers
Fire Diesel Pump	KW / Make	NA
Hydrant Pump	KW / Make	37 - Kirlsokar Brothers
Sprinkle Pump	KW / Make	37 - Kirlsokar Brothers
STP Rating	KLD	350

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Full Occupancy Certificates
b) Height Clearance NOC from AAI
c) Environmental clearances
d) Drainage Plan
e) One-time Fire NOC and Form B for half year ending June 2022
f) Consent to Operate

Annexure 6: Cashflow Profile

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	782.6	871.2	836.7	878.1	960.5	1,002.9	1,047.4	1,094.6	1,143.8	1,146.6	1,285.1
Parking Income	INR Million	6.1	6.1	5.4	7.2	9.1	9.6	10.1	10.6	11.1	11.6	12.2
O&M income	INR Million	106.7	112.1	117.7	123.5	129.7	136.2	143.0	150.2	157.7	165.6	173.8
Other operating income	INR Million	7.8	8.7	8.4	8.8	9.6	10.0	10.5	10.9	11.4	11.5	12.9
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	903.2	998.1	968.1	1,017.6	1,108.9	1,158.7	1,211.0	1,266.2	1,324.0	1,335.3	1,484.0
Total Income from occupancy	**INR Million**	**903.2**	**998.1**	**968.1**	**1,017.6**	**1,108.9**	**1,158.7**	**1,211.0**	**1,266.2**	**1,324.0**	**1,335.3**	**1,484.0**
OPERATING COSTS												
O&M cost	INR Million	(84.9)	(89.1)	(93.6)	(98.3)	(103.2)	(108.3)	(113.7)	(119.4)	(125.4)	(131.7)	(138.3)
Insurance Cost	INR Million	(2.5)	(2.6)	(2.7)	(2.8)	(2.9)	(2.9)	(3.0)	(3.1)	(3.2)	(3.3)	(3.4)
Property Taxes	INR Million	(30.9)	(31.9)	(32.8)	(33.8)	(34.8)	(35.8)	(36.9)	(38.0)	(39.2)	(40.3)	(41.6)
Total Operating Costs	**INR Million**	**(118.3)**	**(123.6)**	**(129.1)**	**(134.8)**	**(140.8)**	**(147.1)**	**(153.7)**	**(160.6)**	**(167.8)**	**(175.3)**	**(183.2)**
Net operating Income	**INR Million**	**784.8**	**874.5**	**839.1**	**882.8**	**968.1**	**1,011.6**	**1,057.3**	**1,105.6**	**1,156.2**	**1,160.0**	**1,300.7**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	16,259.0	
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(162.6)	
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	
Total Net income	**INR Million**	**784.8**	**874.5**	**839.1**	**882.8**	**968.1**	**1,011.6**	**1,057.3**	**1,105.6**	**1,156.2**	**17,256.4**	
Property Mangement Fees	INR Million	(27.9)	(31.0)	(29.8)	(31.3)	(34.3)	(35.8)	(37.4)	(39.1)	(40.8)	(40.9)	
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(15.8)	(17.5)	(16.8)	(17.7)	(19.4)	(20.2)	(21.1)	(22.1)	(23.1)	(23.2)	
Brokerage Expenses	INR Million	(14.5)	(0.3)	(29.6)	(22.4)	(0.9)	(1.3)	-	-	-	(32.5)	
Capital expenditure - Upgrade	INR Million	(146.4)	(40.0)	-	-	-	-	-	-	-	-	
Net Cashflows	**INR Million**	**726.7**	**825.6**	**762.9**	**811.4**	**913.6**	**954.3**	**998.7**	**1,044.5**	**1,092.3**	**17,159.8**	

Annexure 7: Ready Reckoner Rate

Year
20222023

Annual Statement of Rates

Selected District मुंबई(उपनगर)

Select Village मालाड (दक्षिण) (बोरीवली)

Search By Survey No Location

Select	उपविभाग	खुली जमीन	निवासी सदनिका	ऑफ़ीस	दुकाने	औद्योगिक	एकक (Rs./)
SurveyNo	63/297 A-पाम प्रोजक्ट संकुलनातील मिळकती	93840	203130	233600	253910	203130	चौरस मीटर
SurveyNo	63/297-भुभाग: उत्तरेस गावाची सीमा, पूर्वेस लिंक रोड, दक्षिणेस वॉर्ड हद्द व पश्चिमेस खाडी.	80060	175010	201260	218760	175120	चौरस मीटर
SurveyNo	63/298-भुभाग: उत्तरेस मामलेदार वाडी मार्ग, पूर्वेस एस. व्ही. रोड, दक्षिणेस वॉर्ड हद्द व पश्चिमेस लिंक रोड.	58650	134160	154280	193400	134160	चौरस मीटर
SurveyNo	63/299-रस्ता : स्वामी विवेकानंद रोड.	65190	131230	191400	257000	131230	चौरस मीटर
SurveyNo	63/300-भुभाग: उत्तरेस मामलेदार वाडी मार्ग, पूर्वेस रेल्वे लाईन, दक्षिणेस गावाची सीमा व पश्चिमेस एस. व्ही रोड.	56340	134480	154660	168100	134480	चौरस मीटर

1 2

Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** *(*or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
    g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any -third-party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

Commerzone, Yerwada, Pune

Submitted to: K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 4 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for the disclosure of valuation of assets, forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange does not carry any right of publication to any other party. The Entity is the investment manager to Mindspace Business Parks, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

Commerzone, Yerwada, Pune		
Valuation Date:	30 September, 2022	
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014	
Location / Situation:	IT Buildings namely, B1, B4, B5, B6, B7 & B8 and the Amenity Building, which are part of Commerzone campus (hereinafter referred to as the "Subject Property") is located at Yerwada, within the SBD East micro market. This micro market is home to a number of IT and SEZ establishments and has presence of established buildings by prominent developers like K Raheja Corp, Panchshil Realty, Nyati Group etc. The micro market is an eastern corridor of the city and is one of the most preferred commercial and residential destinations in the city. It also houses prominent tenants such as Barclays, Mastercard, HSBC, etc.	 View of Subject Property  View of Subject Property  View of Subject Property  Access Road to the Subject Property
Description:	Commerzone is a Grade-A IT Park, housing a total of 8 commercial IT buildings (B1 to B8) and 1 Amenity building. Out of all the buildings in the campus, 6 commercial IT buildings (B1, B4, B5, B6, B7 & B8) and the Amenity building are part of the Subject Property. The Amenity building houses an operating school under the brand name of VIBGYOR. **Completed Buildings – Building IT and Amenity** The commercial ready buildings collectively admeasure ~1.6 Million sq. ft. of leasable area and the amenity building has a leasable area of ~0.1 Million sq. ft. Amenity building is an independent building located outside of the campus of Commerzone. There are total of 3 entrances to the Commerzone campus, out of which, one entrance is dedicated to Building 8.	
Total Area:	Total Plot Area: 25.7[1] Acres Leasable Area – 1,677,139 sq. ft.	

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed Buildings	30 September 2022	INR 19,642 Million	India Rupees Nineteen Billion Six Hundred and Forty-Two Million Only

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1] *From Architect's Certificate (Dated: 31st March 2020) shared by the Client*

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

To:	**K Raheja Corp Investment Managers LLP**
Property:	**IT Buildings B1, B4, B5, B6, B7 & B8 and Amenity Building Part of IT Park christened "Commerzone" located at Yerwada, Pune**
Report Date:	**4 November 2022**
Valuation Date:	**30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"**)**, in its capacity as Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report). for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha, the Valuer for the Subject Property, is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelors in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Subject Property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purpose.

In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the Subject Property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation

date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the Subject Property.

For the purpose of the valuation of Subject Properties, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

8 Inspection

The Property was inspected on 21st March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the Client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents- except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, under the applicable law.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and willful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

13 Limitation of Liability

The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.

The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).

In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner,

on pretext of business relationship or otherwise, the Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B PUNE CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1. Pune City Overview

Particulars	Pune City	CBD	*SBD East	PBD West	SBD West	PBD East
Total Completed Stock 9M 2022 (Million Sq.ft.)	63.3	4.9	33.8	14.3	8.4	1.9
Current occupied stock 9M 2022 (Million Sq.ft.)	55.6	4.7	31.0	10.8	7.3	1.5
Current vacancy 9M 2022 (%)	12.6%	2.8%	8.3%	24.5%	13.7%	20.3%
Average annual absorption 2016 – 9M 2022 (Million Sq.ft.)	3.3	0.3	1.9	0.3	0.7	0.1
Future Supply – Q4 2022 – Q4 2024F (Million sq. ft.)	11.2	1.3	5.8	1.6	1.3	0.9
Market rent – 9M 2022 (INR psf/month)	88	100	99	56	85	65

Source: Cushman & Wakefield Research

*Note: CBD stands for Central Business District, SBD stands for Secondary Business District and PBD stands for Peripheral Business District. *Mindspace REIT's micro markets.*

Pune is the second most populous city in Maharashtra and is located at a distance of ~150 kms from Mumbai. Pune houses multiple important educational institutions which attract talent from across the country and provides a young cosmopolitan workforce. Presence of strong infrastructure and availability of skilled manpower has made Pune an attractive destination for major domestic and multinational companies. Pune is a hub for the technology sector, housing companies such as Wipro, Infosys, Cognizant and Tata Consulting Services. The city is also an established industrial, defence and automobile hub, housing companies like Mahindra and Mahindra, TATA Motors, Bajaj, JCB, Hyundai, Volkswagen, Mercedes Benz, Fiat, Forbes Marshall and GE India.

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

- **Good Quality Offices:** Pune houses many Grade-A office spaces and SEZs (15 operational SEZs[2] which account for 23.05 msf of office stock) which provide large floor plates, international grade structures and amenities attracting major technology companies such as IBM and Cognizant as well as financial companies such as Credit Suisse, Barclays and Citi Corp Service India Limited.

- **Educated and skilled workforce:** High literacy rate of 89.56% (Per Census of India, 2011) and various renowned institutes (800+ colleges[3]) such as College of Engineering Pune, Pune University and National Institute of Construction Management and Research provide companies with the requisite talent pool. (12,000+ engineering graduates every year[4])

- **Well-developed social infrastructure:** There are many high streets (FC Road, JM Road and North Main Road), operational malls (Phoenix Marketcity, Amanora Town Center, Seasons Malls etc.), hotels (JW Marriott, Hyatt Regency, Lemon Tree Premier etc.) and hospitals (Jehangir Hospital, Aditya Birla Memorial Hospital, Deenanath Mangeshkar Hospital etc.) in the city which provide a good network of social infrastructure.

- **Existing and Upcoming infrastructure:** Pune is well-connected by rail, roads (Mumbai – Pune Expressway and Mumbai – Bengaluru Highway) and air (Pune International Airport) to major Indian cities. There are many upcoming infrastructure initiatives such as High-Capacity Mass Transit Route, six-lane Ring Road, Metro Lines (which are currently under-construction), bus rapid transit (operational) and the new international airport (under planning stage) which are expected to further enhance connectivity.

  These new infrastructure initiatives will provide the commuter with ease of travelling to various commercial nodes and reduce the traffic congestion on the roads as well.

[2] *Source: http://sezindia.nic.in/; List of Operational SEZ as on 27/9/21*
[3] *Source: https://punesmartcity.in/explore-pune*
[4] *Source: Zinnov Management Consulting study of 2011/12*

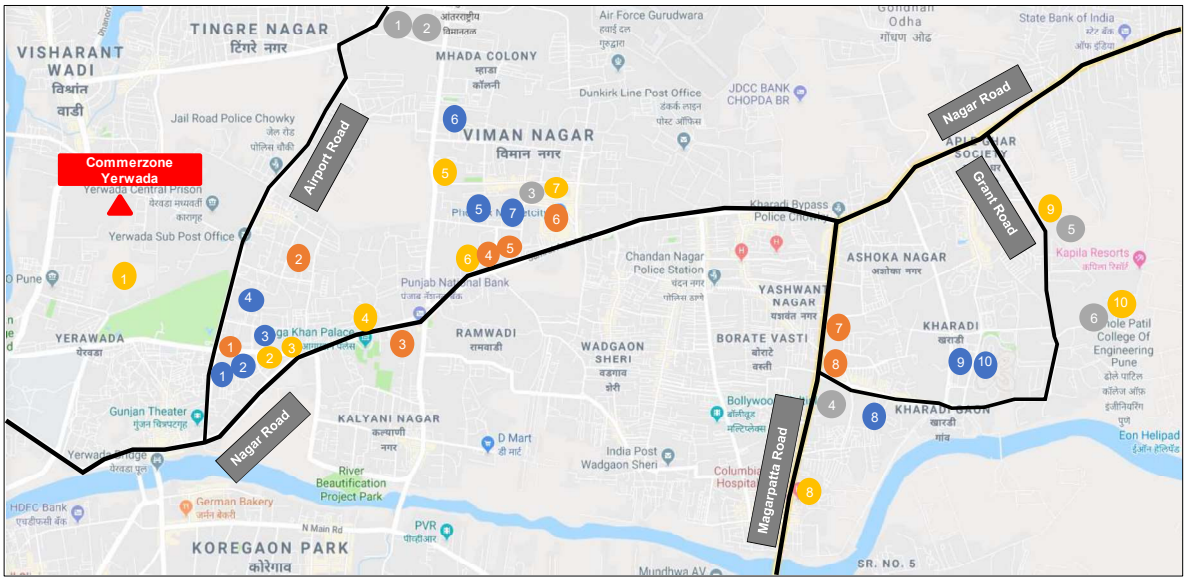
2. Secondary Business District – East (SBD East)

2.1. Overview

Secondary Business District – East (SBD East) of Pune is the eastern corridor of the city, located adjacent to the Central Business District. SBD East is one of the best performing micro-markets in the city. Nagar Road, which is also known as Pune Ahmednagar highway, Magarpatta road and Solapur Highway are the main arterial roads of the city which run through this micro-market. Nagar Road is one of the most developed clusters in terms of social infrastructure. Renowned hotels like Hyatt Regency, Novotel & Hyatt Pune and Phoenix Marketcity Mall are located on this road. The other arterial road known as Magarpatta Road has developments like Amanora Town Center & Seasons Malls and hotels like Radisson Blu and Fairfield Marriott.

Locations like Viman Nagar, Yerwada, Hadapsar and Kharadi form a part of SBD East and are major commercial and residential clusters which are accessible mainly by Nagar Road. Residential developments such as Sky belvedere, Rohan Mithila, Gera Song of Joy, Marvel Zephyr, Panchshil Towers, etc are present in these locations. The renowned townships of Magarpatta and Amanora are accessible by Magarpatta road and Solapur road which are located in Hadapsar.

Presence of strong social and physical infrastructure, upcoming and proposed infrastructure projects, residential development for different segments, good connectivity and proximity to International Airport has led SBD East to emerge as a preferred commercial destination by major multinational and national companies. This micro-market is a sought-after location for national and local developers for development of modern high-quality office spaces. Some prominent commercial developments such as Commerzone, Business Bay, Eon Free Zone etc. are present in the micro-market which houses companies like Barclays, Eaton, Tieto, Credit Suisse, Zensar Technologies, Allstate etc.

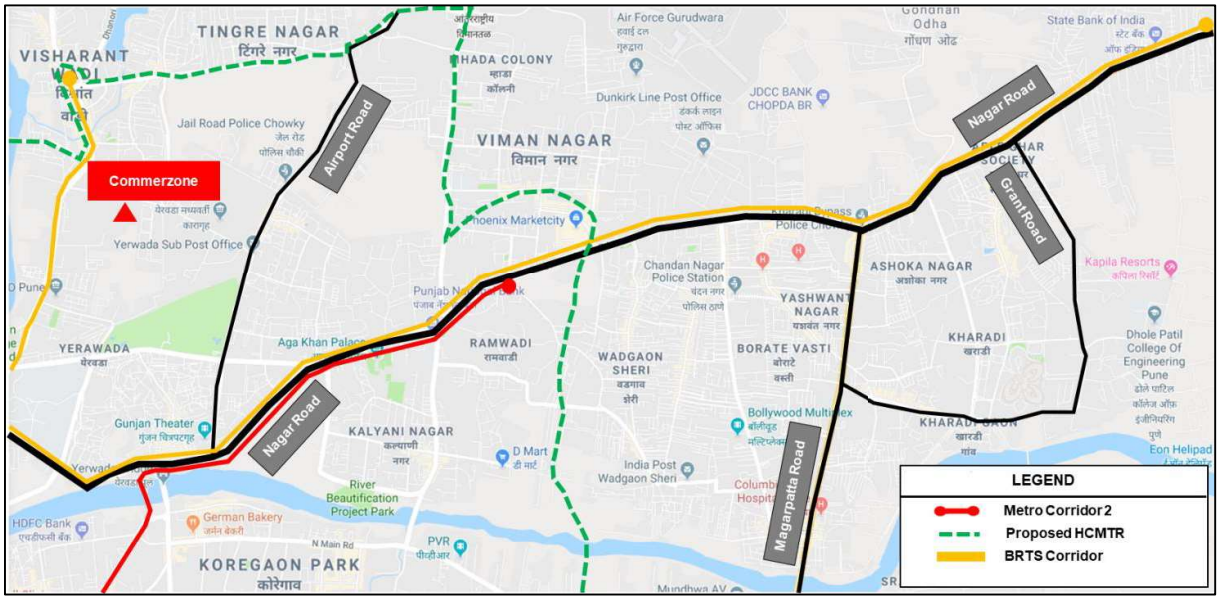


(Map not to Scale)

Key Commercial Developments *Social Infrastructure* *Lifestyle Infrastructure* *Proposed Commercial Developments*

Key Commercial Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed Commercial Developments
1. Business Bay	1. VIBGYOR High School	1. Ritz Carlton	1. The Corporate Park
2. Mutha Towers	2. Don Bosco High School	2. Creaticity Mall	2. The Corporate Park – B
3. Tech Park One	3. Lunkad Hospital	3. Hyatt Place	3. Panchshil Business Park
4. Binarius	4. Ebdoscopic Sinustic Treatment Centre	4. Novotel	4. Nyati Enthral
5. Bajaj House	5. Symbiosis University	5. Hyatt Regency	5. Ascendas - ITP Phase II
6. Lunkad Sky Vista	6. Hi Line Hospital	6. Phoenix Market City Mall	6. Gera Commerzone G1
7. Marvel Edge	7. International Institute of Hotel Management	7. Radisson Blu	
8. Zensar Technologies	8. Columbia Asia Hospital	8. Fairfield Marriott	
9. World Trade Centre	9. Phoenix World School		
10. Eon Free Zone	10. Dhole Patil College of Engineering		

2.2. Existing and Upcoming Infrastructure



(Map not to scale)

An active BRTS (Bus Rapid Transit System) service with a dedicated lane is functional along Nagar road, which connects central Pune locations to outskirts such as Wagholi through Viman Nagar and Yerwada. Also, Pune International Airport is located in SBD East micro-market.

The 2nd corridor of Pune metro line (Phase 1) is currently under-construction and runs from Vanaz to Ramwadi (Phase 1 of this corridor running between Vanaz & Grarware College became operational on March 6, 2022 & remaining stretch is under-construction) and proposed HCMTR passes through this micro-market. This proposed metro line and HCMTR would further improve the connectivity with SBD (Secondary Business District) East micro market.

2.3. Key Statistics

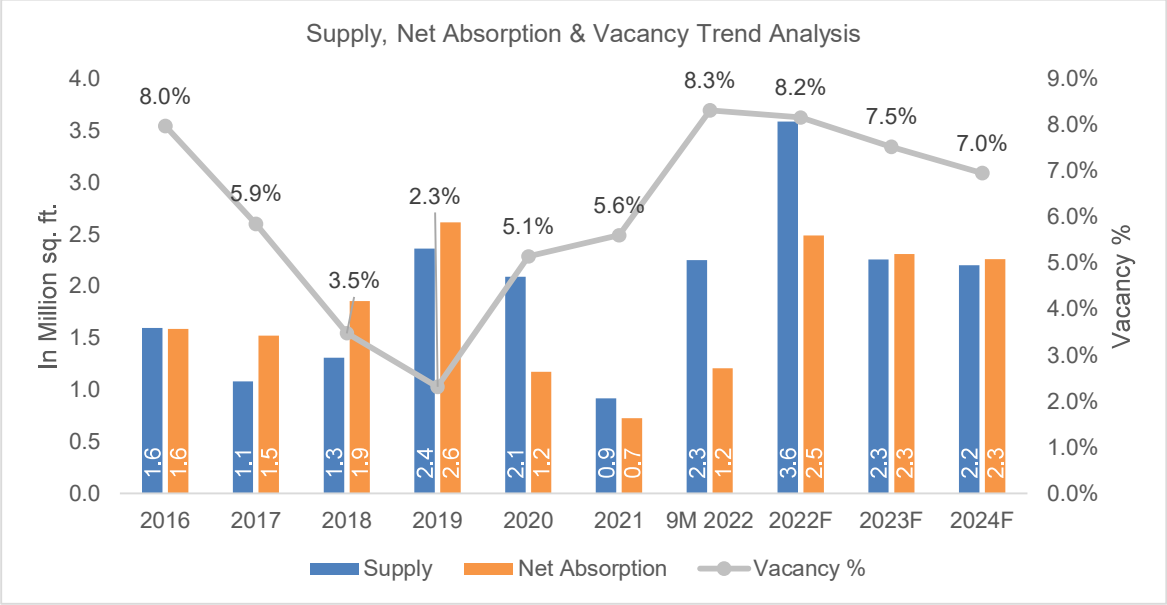
Particulars	Details
Total completed stock (9M 2022)	Approximately 33.8 msf
Current occupied stock (9M 2022)	Approximately 31.0 msf
Current Vacancy (9M 2022)	Approximately 8.3%
Avg. Absorption (2016 – 9M 2022)	Approximately 1.9 msf
Future Supply (Q4 2022 – 2024)	Q4 2022: Approximately 1.3 msf 2023: Approximately 2.3 msf 2024: Approximately 2.2 msf

Source: Cushman & Wakefield Research

2.4. Supply, Absorption & Vacancy

SBD East has a good presence of grade A buildings coupled with strong connectivity and well-developed social infrastructure. This micro market has witnessed continuous demand from various sectors. Vacancy in SBD East micro-market has declined significantly from 8.5% in 2015 to 5.1% in 2020 due to absorption outstripping supply. However, after the outbreak of COVID 19 the vacancy levels in the micro markets have increased and the current vacancy level is at 8.3%. The total grade A stock of office space in the SBD East micro-market is approximately 33.8 msf as of 9M 2022. The net absorption as of 9M 2022 for SBD East is 1.2 msf.

The following graph represents supply, absorption and vacancy trends in SBD East micro-market (2016-2024F).



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. Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

SBD East houses approximately 53% of total stock of Grade A offices in the city, making it the biggest micro-market of Pune for commercial office spaces. It is home to most of the landmark commercial projects in the city. Approximately 34% of total stock in the micro-market was completed from 2015 till 9M 2022. Prominent buildings in the micro-market such as Commerzone Yerwada (Building B8), Eon Free Zone (Building E) and Nyati Unitree were completed in 2015.

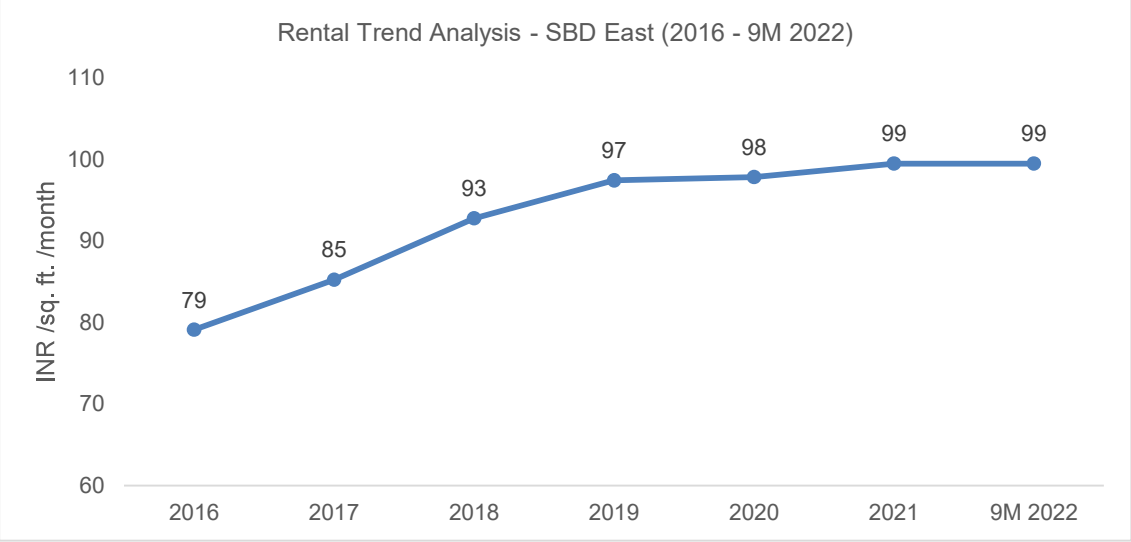
SBD East hosts the first SEZ commercial space Eon Free Zone in the city, integrated IT township Magarpatta and major IT/Business parks of the city. Such projects pioneered the overall development of this micro-market. These projects attracted demand majorly from BFSI, Technology and Professional Services industries. Companies like Barclays, Mastercard, HSBC, Amdocs, Intel, Accenture, ADP etc. are operational in this micro-market. SBD East has witnessed demand followed by supply. Developers of commercial office spaces considered the requirement of the tenants such as buildings with good quality modern amenities, large floor plates and good aesthetics for their projects. Thus, under-construction buildings attracted pre-commitments for significant area of the building, reducing the vacancy levels.

Going forward, major projects are planned in the micro market by established developers. Supply of approximately 2.3 million sq. ft. and 2.2 million sq. ft. is expected in next two years respectively. The vacancy level is expected to remain same in 2022F. However, on account of revival in demand for commercial real estate in the micro market, we expect the vacancy to decrease to 7.5% in 2023F and 7.0% in 2024F.

2.5. Rental Trend Analysis

Commercial rental values in SBD East are in the range of INR 70 to INR 100 psf/ month on leasable area. The rental range variance in this micro market is due to presence of international grade properties with modern facilities which constitutes large IT/Business Parks and individual commercial buildings with smaller floor plates. Owing to the presence of strong social and physical infrastructure, availability of good quality office space and low vacancy levels with good demand-supply dynamics; this micro-market has witnessed a consistent rental escalation for past few years. Rents in SBD East have appreciated by CAGR of 4.0% since 2016. Due to the recent pandemic situation, the real estate sector has also faced challenges and hence have been impacted. However, we expect the rentals to grow thereafter due to healthy demand and development of good quality office spaces.

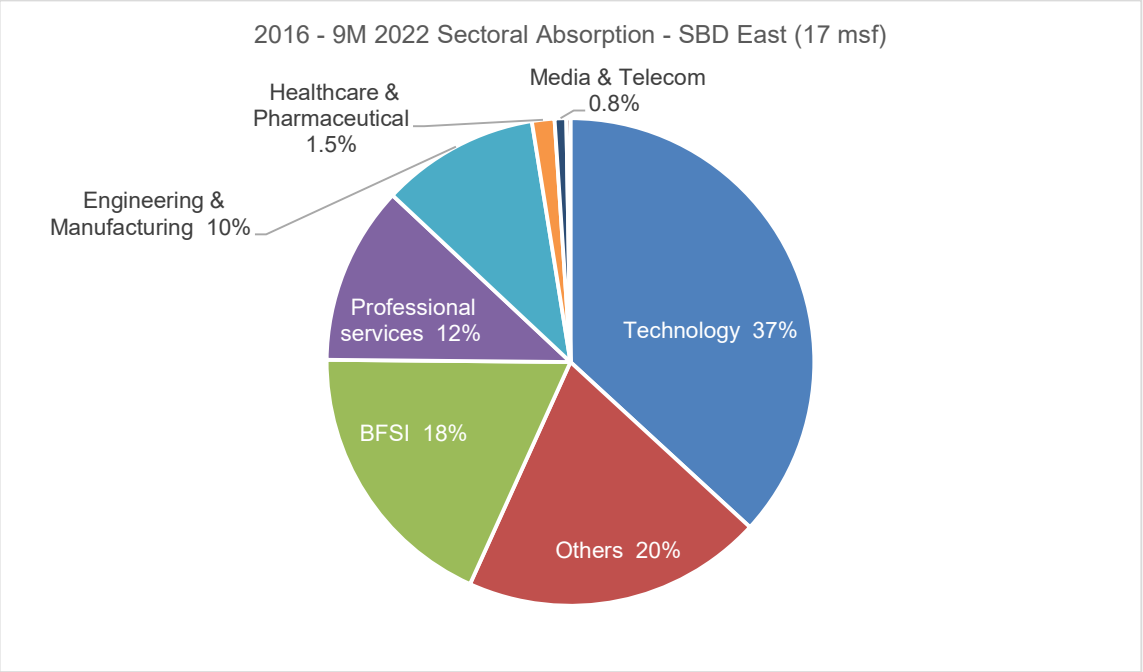
The following graph depicts the rental trend analysis of SBD East micro-market (2016 – 9M 2022):



Source: Cushman and Wakefield Research

Note: The rentals are basis prevailing quote in the micro market. Actual achievable rent may vary +/-10% depending upon negotiations, final structuring of the lease agreement and other parameters. In case of pre-commitments the achievable rent may vary beyond +/-10% depending upon negotiations.

2.6. Sector Demand Analysis



Source: Cushman & Wakefield Research;

Note: Others include Others include Flexible Workspaces, Logistics and Shipping, Oil and Gas, Research & Analysis, Automobile, Food & Beverage, Hospitality, Real Estate & Related Services and Education.

Note: The sectoral absorption analysis is based on gross absorption activity of the city i.e. including any relocations, consolidations etc. Total gross absorption from 2016 till 9M 2022 amounts to 17 msf of area

SBD East micro market has witnessed higher demand from Technology and BFSI sectors, because of availability of larger floor plates, good connectivity and competitive rent. Technology and BFSI sectors contribute approximately 37% and 18% to the leasing activity in this micro market for the time period between 2016 and 9M 2022. Further, it is pertinent to note that flexible workspace which forms a part of Others category has contributed approximately 52% of leasing activity within the Others domain and approximately 10% of the leasing activity at the micro market level for the time period between 2016 and 9M 2022.

2.7. Market Outlook

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

According to the market assessment report of Cushman & Wakefield current market rentals in the SBD East micro market are in the range of INR 70 psf/ month to INR 100 psf / month. Further over 2016 – 9M 2022, the rentals in SBD East micro market grew at a CAGR of 4.0%. SBD East market has remined resilient during the pandemic times, evidenced by single digit range bound vacancy levels. It has also witnessed a healthy market recovery in 9M 2022, and the leasing momentum is likely to continue going forward.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	Commerzone, Samrat Ashok Path, Off Airport Road, Yerwada, Taluka Haveli, Dist. Pune, Maharashtra 411006
Ownership & title details:	Underlying land is freehold; the buildings thereupon are owned by the Mindspace REIT

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, the Subject Property is considered to possesses a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material Litigation

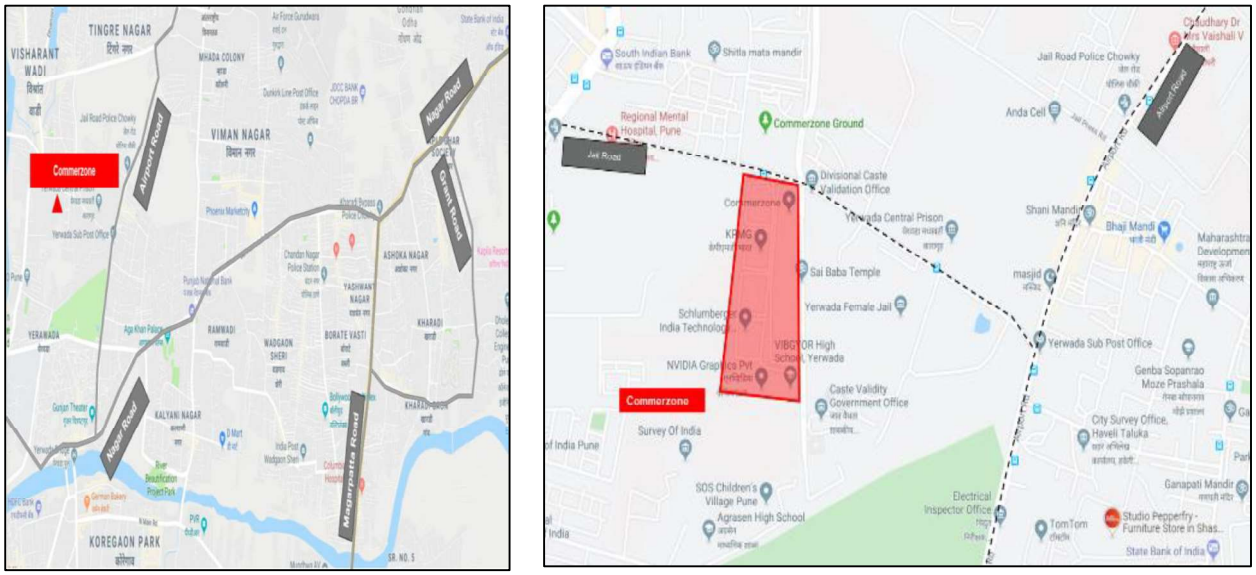
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Draft Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

2 Location

2.1 General

IT Buildings namely, B1, B4, B5, B6, B7 & B8 and the Amenity Building, which are part of Commerzone campus (hereinafter referred to as the "Subject Property") is located at Yerwada, within the SBD East micro market. This micro market is home to a number of IT and SEZ establishments and has presence of established buildings by prominent developers like K Raheja Corp, Panchshil Realty, Nyati Group etc. The micro market is an eastern corridor of the city and is one of the most preferred commercial and residential destinations in the city. It also houses prominent tenants such as Barclays, Mastercard, HSBC, etc.

The location map of the Subject Property is set out below:



(Map not to Scale)

The Subject Property is spread out over ~25.7 acres of land parcel. Located in Yerwada, the Subject Property enjoys good frontage and has a relatively flat topography with no significant variations in the height of the land. Further, basis our perusal of the site map provided by the Client, we noted that the land plot is regular in shape.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 4-5 kms from Viman Nagar Chowk
- Approximately 4-5 kms from International Airport Pune
- Approximately 6-7 kms from Pune Railway Station
- Approximately 9-10 kms from Shivajinagar
- Approximately 10-11 kms from Pune University

The photographs of the Subject Property are attached in Annexure 3.

The Subject Property is well accessible from Airport Road and Nagar Road which are major arterial roads of the city. Upcoming infrastructures like Metro Rail, HCMTR and BRTS will improve the connectivity of the Subject Property with other parts of the city. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Pune where the Subject Property is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at a relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and perennial water logging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Commerzone is a Grade-A IT Park, housing a total of 8 commercial IT buildings (B1 to B8) and 1 Amenity building. Out of all the buildings in the campus, 6 commercial IT buildings (B1, B4, B5, B6, B7 & B8) and the Amenity building are part of the Subject Property. The Amenity building houses an operating school under the brand name of VIBGYOR.

Completed Buildings – Building IT and Amenity

The commercial ready buildings collectively admeasure ~1.6 Million sq. ft. of leasable area and amenity building has leasable area of ~0.1 Million sq. ft. Amenity building is independent building located outside of the campus of Commerzone. There are total of 3 entrances to the Commerzone campus, out of which one entrance is dedicated to building 8.

The building-wise Leasable Area break-up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 1	43,200	Non-SEZ	Completed
Building 4	207,460	Non-SEZ	Completed
Building 5	371,399	Non-SEZ	Completed
Building 6	178,569	Non-SEZ	Completed
Building 7	372,858	Non-SEZ	Completed

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 8	424,131	Non-SEZ	Completed
Amenity Building	79,521[1]	Non-SEZ	Completed

Source: Architect's Certificate (Dated: 31st March 2020), Rent Rolls, Lease Deeds / Leave and License Agreements

[1]Area under full ownership of Mindspace REIT

In addition to the above, the undivided rights, title and interest in the following assets are also part of the Subject Property.

i. The total Amenity Plot and the premises on which the above stated in the Amenity Building is situated;
ii. The total Utility Areas and Internal Roads;
iii. The total Open Spaces;

3.1 Key Asset Information

Completed Buildings

Particulars	Details
Entity:	Mindspace Business Parks Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT[1]
Age of building based on the date of occupancy certificate:	Building 1 – 10 years and 6 months Building 4 - 13 years and 6 months Building 5 - 7 years and 11 months Building 6 - 13 years and 6 months Building 7 - 13 years and 6 months Building 8 - 7 years and 1 months Amenity Building - 5 years and 2 months
Asset type:	IT Park with Non-SEZ building
Sub-market:	SBD East
Approved and existing usage:	IT Offices
Site Area (acres):	~25.7
Freehold/Leasehold:	The underlying land is taken on freehold basis
Leasable Area[2]:	1.7 Million sq. ft.
Occupied Area:	1.7 Million sq. ft.
Occupancy (%)[3]	98.4%
Committed Occupancy (%)[4]	98.4%
Number of Tenants	18 (office space)

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *Client has obtained occupation certificate for entire leasable area admeasuring 1.7 Million sq. ft.*
3. *Occupancy refers to proportion of area leased which is actively occupied by the tenants*
4. *Committed occupancy also includes area which has been pre-leased to tenants.*

3.2 Property Inspection

The Subject Property is part of a larger campus of eight commercial buildings comprising six operational buildings out of eight and an amenity building which is let out to a functioning school. The Property was inspected on 21 March 2022 by the Valuer.

The inspection comprised visual inspection of operational buildings comprising the property and visits to key utility areas like LT Electric Room, Pump Room, HVAC installations, Power Back up, STP. The common areas within the buildings were visited on a sample basis as the areas under tenant occupation had access restriction. Since the last inspection in March 2021, no major changes were observed at the subject property.

The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance within the operational buildings. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation was observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure is based completely on visual survey.

3.3 Investigation and nature and source of information

The Principal Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Sources of information:

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield India (CWI) who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

The Principal Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates dated mentioning site areas and property areas
b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to Subject Property
c. Lease agreements and commercial clauses thereof for top five tenants on a sample basis
d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
e. Management representation regarding the following:
    i. Major repairs undertaken and proposed in the Subject Property

ii. Statement of Assets

iii. Revenue pendency, if any

iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

v. List of material litigations

3.4 Tenant Profile

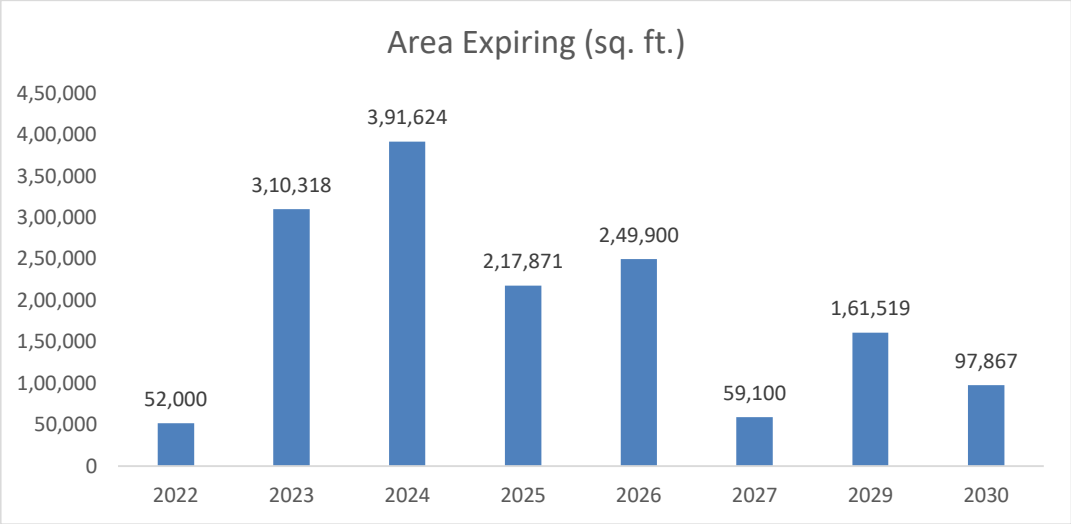
As on 30th September 2022, Subject Property has 18 tenants (for office space) which include companies like Nvidia, UBS(India), Schlumberger, TCS, BNY Mellon etc. The Subject Property's top 10 tenants account for ~89.5% of the Gross Rental income.

Rank	Top 10 Tenant according to Leasable Area	Leasable Area (sq. ft.)
1	Nvidia Graphics Pvt. Ltd.	3,71,399
2	Schlumberger India Technology Centre Pvt. Ltd	2,55,444
3	UBS Solutions India Pvt Ltd	2,34,386
4	Tata Consultancy Services Ltd	1,84,858
5	BNY Mellon International Operations (India) Pvt. Ltd	1,23,997
6	Noble Foundation	79,521
7	TIBCO Software India Pvt. Ltd	56,000
8	Aegis Customer Support Service Pvt. Ltd.	53,460
9	DST Worldwide Services India Pvt. Ltd.	52,000
10	Workday India Pvt. Ltd.	42,000
	Total	**1,453,066**

Rank	Top 10 Tenants according to Gross Rentals	Share of Gross Rentals
1	Schlumberger India Technology Centre Pvt. Ltd	27.0%
2	Nvidia Graphics Pvt. Ltd.	16.5%
3	UBS Solutions India Pvt Ltd	13.3%
4	BNY Mellon International Operations (India) Pvt. Ltd	8.0%
5	Tata Consultancy Services Ltd	7.9%
6	TIBCO Software India Pvt. Ltd	4.3%
7	Workday India Pvt. Ltd.	3.1%
8	Aegis Customer Support Service Pvt. Ltd.	3.0%
9	Noble Foundation	2.9%
10	KPMG	2.4%
	Total	**89.5%**

3.5 Lease Expiry Profile

The WALE of the property is 4.1 years, with 58.9% of occupied area expiring between CY 2022 and CY 2025 as shown in the chart below.



4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or micro-markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top 5 tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-Market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by CWI, who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner:

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by CWI and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable market rent (The Valuer's view on achievable rent for the Subject Property for leasing vacant spaces as well as upon re-leasing).

2. Rent roll and sample of lease deeds of large anchor-tenants were analysed to assess if any adjustments to marginal rent are required for individual leases. For other leases, it has been assumed that they would revert to marginal rents of the Subject Property following expiry of the lease, factoring appropriate re-leasing time.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/future development area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the Subject Property. The following steps were undertaken to arrive at the value for operational and under-construction/future development areas respectively.
   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the Subject property. For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.
   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time.

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.

   Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).

3. Recurring operational expenses, fit-out income (if any – the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free

terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Property.

4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Property through this approach.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30th September 2022:

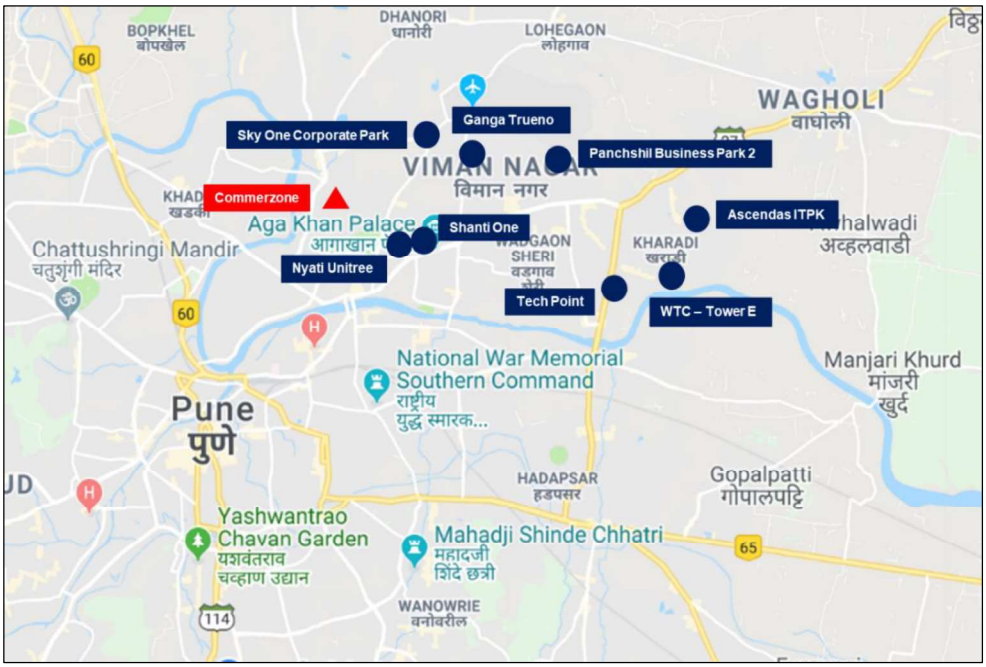
Cashflow Period	Unit	Details
Valuation Date		30-September-22
Cashflow period	Years	10
Cashflow exit period	End date	30-September-22

Completed Building

Property Details	Unit	Details
Total Property Leasable Area	sq. ft.	1,677,389
Area Leased	sq. ft.	1,655,721
Leased	%	98.41%
Vacant area	sq. ft.	26,668
Vacancy	%	1.6%
Stabilized Vacancy	%	2.0%
Further leasing	sq. ft.	-
Existing Lease rollovers	%	100% 99.6%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	1,786
4W Slots leased	Number	442
Estimated leasing period	No. of quarter	1

- **Rent-free period:** In accordance with market benchmarks for Grade A properties, rent-free period of two months has been considered for existing lease rollovers and three months for new leases. Because of the lingering impact of the Covid related slowdown, we expect the tenants being offered an additional 1 month of rent-free period for all the existing lease rollovers happening within the upcoming 6 months (from 1 October 2022) in order to retain and support them.
- **Future absorption:** Since the Subject Property is ~98.41% leased and the vacancy is less than the stabilized vacancy of 2%. Stabilized vacancy is adjusted in existing lease rollover area.

Subject Property and Relevant Existing/Upcoming Supply



Construction related assumptions

Construction-related Assumptions	Unit	Details
Total construction cost	INR million	750
Construction cost incurred till date	INR million	0
Construction cost to be incurred	INR million	750

The client has planned the upgrade work in the Subject Property, which included upgradation of common amenity areas, open spaces and building façade work. The estimated cost of upgradation work is INR 750 million as provided by the Client.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq. ft./month	INR 78
Market Rent - Anchor	Per sq. ft./month	INR 74
Market Rent - Retail	Per sq. ft./month	INR 40
Market 4 W Parking Rent	Per slot/month	INR 2,000
Other operating income	% of lease rental	1.0%
Market Rent growth rate FY 24 onwards	% p.a.	5.0%
Parking income growth rate	% p.a.	5.0%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
Target Efficiency	%	76%
CAM/O&M Income prevailing in the market	Per sq. ft./month	INR 14.24

- **Market rent - office**: In the 9M CY 2022, approximately 1.2 million sq. ft. was absorbed in the rental range of INR 70-100 per sq. ft. per month. A snapshot of the select lease transactions in 9M 2022 are set out below:

Lease Transactions 9M 2022

Tenant	Year	~Area Leased (sq. ft.)	Rent (INR psf/month)
Mastercard	2022	423,000	85 - 90
ZS Associates	2022	332,000	70 – 75
Amazon	2022	225,000	70 – 75
Table Space	2022	164,000	80 – 85
UST Global	2022	150,000	70 – 75
Kion	2022	140,000	90 – 95
We Work	2022	98,000	75 – 80
KPMG	2022	60,000	70 – 75
Opus Consulting	2022	53,000	75 – 80
315 Coworking	2022	40,000	70 – 75
Acuity Knowledge	2022	40,000	70 – 75
L&T Info Tech	2022	37,000	95 – 100
Desser Rand	2022	35,000	85 – 90
Octaserve	2022	30,000	85 – 90
Isprout	2022	28,000	95 - 100
Amdocs	2022	23,500	65 – 70
Brickfolio	2022	11,500	75 – 80
Chain IQ	2022	5,100	95 - 100

Considering the above transactions, monthly rent for office space is in the range of INR 70 psf to INR 100 psf. Market rent for office space has been considered in line with the achievable market rent for completed buildings at INR 78 psf / month. For anchor tenants and amenity spaces, we have considered a discounted rent of INR 74 psf/ month. Anchor tenants are identified on account of two parameters, namely, significant area occupied and rentals at a discount of more than 25% to the market rentals. The rental rate for retail space is considered at INR 40 psf/month.

- **Market rent growth rate:** As the number for the vaccinated population is firming up, the occupiers have started implementing their return to office strategy. Office space market demand have witnessed a recovery with close to 1.2 million sq. ft. being absorbed in 9M 2022. However, the market has also witnessed incremental supply of ~2.2 million sq. ft. in 9M 2022 which is expected to keep the market rentals range bound in the immediate future. Considering the above market dynamics, we have considered a rental growth of 5% from 01 April 2023 onwards for the Subject Property.
- **Market rent - 4W parking**: Rent for car parks is assumed at INR 2,000 per slot per month in-line with the current rentals for paid car parks in SBD East.

- **Other income:** Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental income. Other income includes components from Events, Kiosks, Telecom Towers and Car Parks.
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and receives higher rentals for the same carpet area. Going forward, for leases which will expire during the next 10 years, we have considered an efficiency at 76% or actual, whichever is lower.

Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin	Per sq. ft./month	INR 2.43
CAM/ O&M cost – FY 2023	Per sq. ft./month	INR 7.75
Property Tax	Per sq. ft./month	INR 2.58
Insurance	Per sq. ft./month	INR 0.24
Cost escalation	% p.a.	3%
CAM escalation	% p.a.	5%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals, Fitout Income, Parking Income & Other Operating Income	3.5%

- **Brokerage:** In accordance with the market benchmarks for Grade A properties, we have considered brokerage expenses amounting to two months of rent for new leases and one month of rent for existing lease rollovers.
- **CAM Cost:** Current CAM cost has been projected considering the level of CAM cost incurred in Q1 of FY 2023 and projected to increase at 5% per annum.
- **CAM / O&M Cost – FY 2023E:** As per the information received by the client, CAM / O&M Cost is expected to be INR 7.75 per sq ft. per month. However, we expect these costs to revert back to the pre-COVID FY 2019 levels of INR 12.1 psf pm, as the physical occupancy levels for the park reverts to the optimal level. However, the CAM margins are not expected to be impacted, as the lease agreements have a minimum level of CAM recovery agreed with the tenants.
- **CAM margin:** CAM margin being earned by the Subject Property has been normalised to INR 2.43 per sq. ft., per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered based on the cost incurred in Q1 of FY 2023 and projected to increase at 3% per annum.
- **Other operating expenses** have been assumed at 2% of lease rentals. The other expenses account for minor repairs and maintenance for buildings, legal and professional fees, rates and taxes and other such expenses.
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rentals, parking income, fitout income & other operating income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

- **Discount Rate & Capitalisation rate assumptions**

  Capitalization Rate:

  Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

  In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8.0% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Note: The above information is based on information published in public domain and discussions with various market players.

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of 11.75% was found to be aligned with the expectations of international investors investing in similar assets.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows

Component	Market Value as on	In Figures (INR Mn)	In Words
Completed Buildings	30 September 2022	INR 19,642 Million	India Rupees Nineteen Billion Six Hundred and Forty-Two Million Only

Note: The above-mentioned value includes proportionate undivided ownership in the Amenity Plot, Utility Areas and Internal Roads and total open spaces of the Entire Campus

Ready reckoner rate

Component	Rate
Built up Area	INR 112,770 per sq. m.
Land Area	INR 29,510 per sq. m.

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by

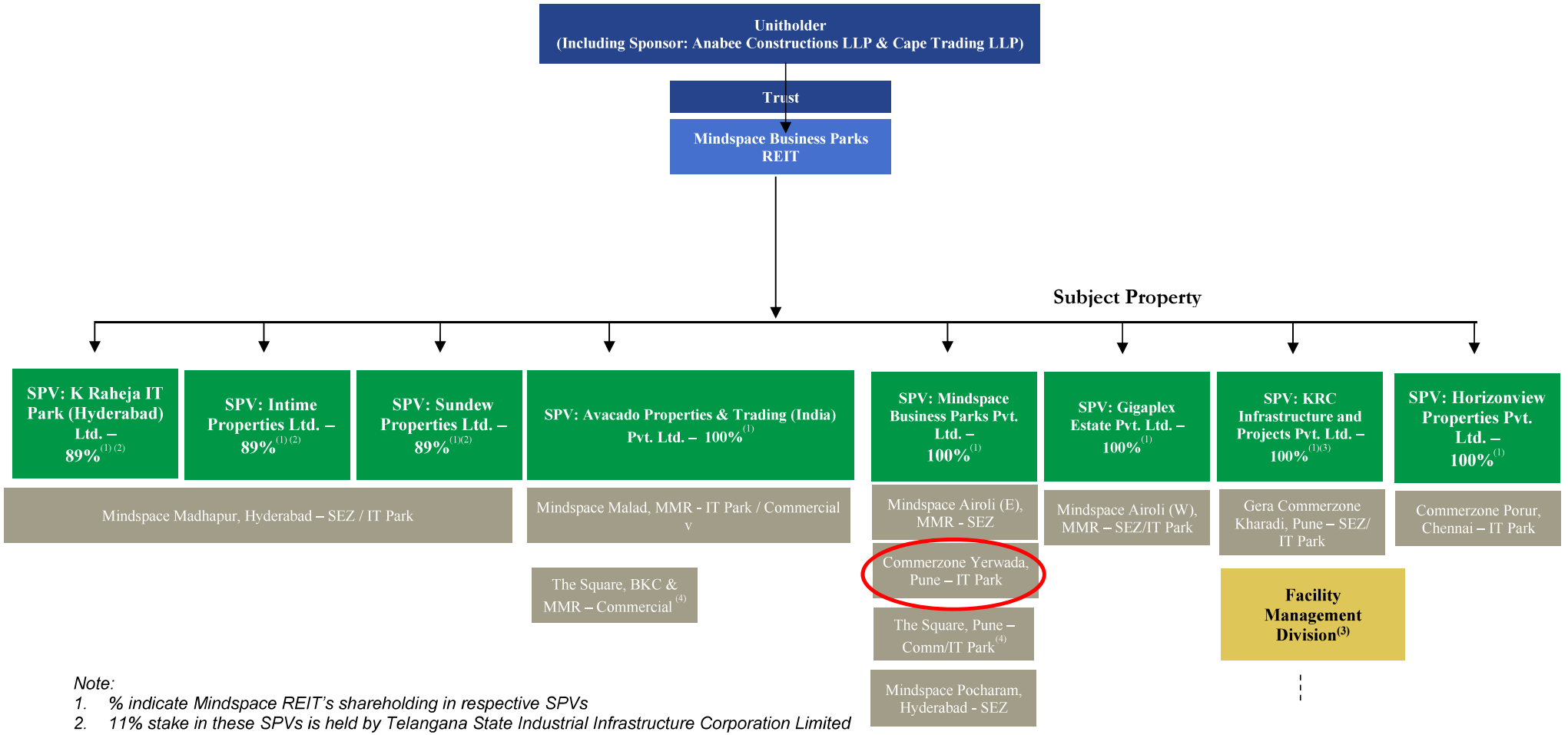


SHUBHENDU SAHA

Digitally signed by SHUBHENDU SAHA
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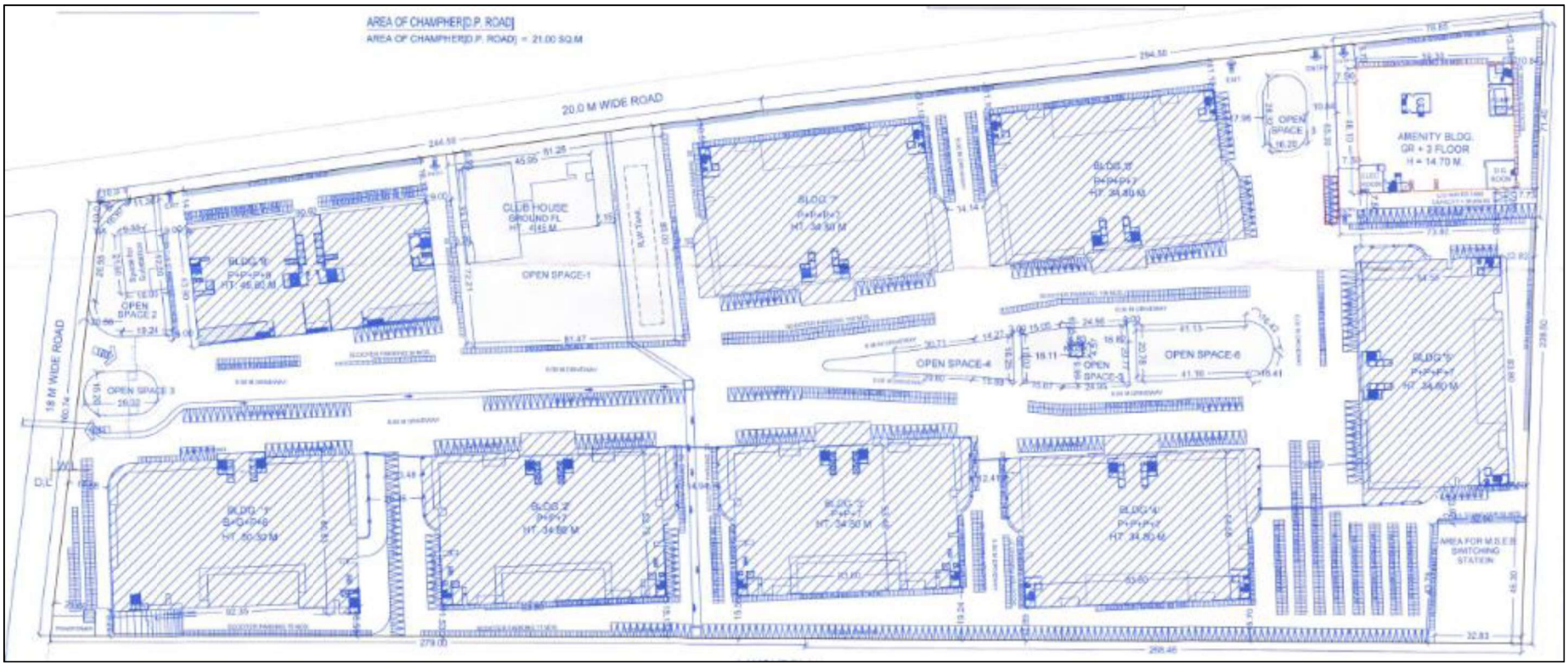
Annexure 1: Ownership Structure of Subject Property



Note:

1. *% indicate Mindspace REIT's shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd.*

Annexure 2: Site Layout Map



Annexure 3: Property Photographs



External View of Building 8



External View of Building 4



External View of Building 5



External View of Building 5



View of Utilities



Common Area of the Subject Property



Internal Road in the Subject Property



Parking area of the Subject Property



Services Installed in the Subject Property



Services Installed in the Subject Property



Services Installed in the Subject Property



Services Installed in the Subject Property

Annexure 4: Statement of Key Assets

Complex	Name	CZ - Pune							
Building	No. / Name	B1	B2	B3	B4	B5	B6	B7	B8
Floor	Nos	1B+1P+7F	2P+7F	2P+7F	G+P1+P2+7	3P+7F	G+P1+P2+7	3P+7F	3P+9F
Warm Shell / Bare shell		Warm shell, but HVAC	Warm shell, but HVAC	Warm shell	Warm shell	Warm shell	Warm shell	Warm shell	Warm shell
Air Cooled Chiller	TR	NA	NA	7 x 180	350	350	350	375	350
Water Cooled Chiller	TR	NA	NA	NA	2 x 450	2 x 650	2 x 450	2 x 450	2 x 650
No of DG / Capacity	No. / KVA	1 x 750, 2 x 1010	4 x 1010	4 x 1010	3 x 1010	4 x 1650	3 x 1010	4 x 1010	3 x 1650
No of Transformers / Capacity	No./ KVA	2 X 2000	2 X 2000	2 X 2000	2 X 1600	2 X 1750	2 X 1600	2 X 1600	3 X 1600
FF System									
Booster Pump	KW / Make	9.6 -Kirloskar Brothers	9.6 -Kirloskar Brothers	5.5 - Kirloskar Brothers	9.6 -Kirloskar Brothers	10 - ABB	9.6 -Kirloskar Brothers	7.5 -Kirloskar Brothers	9.6 -Kirloskar Brothers
Jockey Pump	KW / Make	5.5 - Kirloskar Brothers	5.5 - Kirloskar Brothers	11 - Kirloskar Brothers	11 - Kirloskar Brothers	5.5 - Kirloskar Brothers	4 - Kirloskar Brothers	5.5 - Kirloskar Brothers	2 x 5.5 - Kirloskar Brothers
Fire Diesel Pump	KW / Make	82 - Kirloskar Brothers	68 - Kirloskar Brothers	68 - Kirloskar Brothers	68 - Kirloskar Brothers	112 - Kirloskar Brothers	80 - Kirloskar Brothers	68 - Kirloskar Brothers	111 - Kirloskar Brothers
Hydrant Pump	KW / Make	75 - Kirloskar Brothers	2 x 75 - Kirloskar Brothers	60 - Kirloskar Brothers	82 - Kirloskar Brothers	93.2 - ABB	75 - Kirloskar Brothers	75 - Kirloskar Brothers	112 - Kirloskar Brothers
Sprinkle Pump	KW / Make	75 - Kirloskar Brothers		56 - Kirloskar Brothers	82 - Kirloskar Brothers	93.2 - ABB	75 - Kirloskar Brothers	75 - Crompton Greaves	112 - Kirloskar Brothers
STP Rating	KLD	150	150	150	150	170	150	150	170

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending:

Approvals Received

a) Approved masterplans

b) Commencement Certificate

c) Consent to Operate valid for all operational buildings except Amenity Building

d) Full Occupancy Certificates for all operational buildings

e) Height Clearance NOC from AAI

f) One-time Fire NOC and Form B for half year ending June 2022 for all buildings

g) Environmental Clearances

h) Consent for Establishment

i) Lift Licenses for all buildings

j) Occupancy Certificates

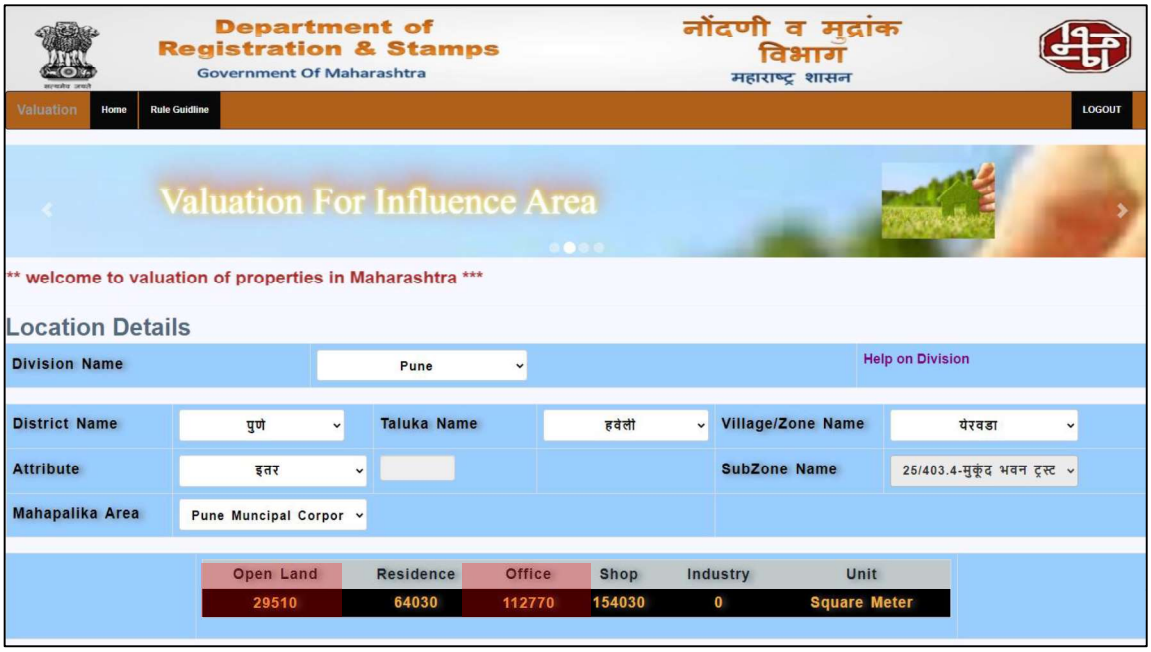
k) Share Transfer Application – DOI

Annexure 6: Cash Flow Profile

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	1,329	1,442	1,683	1,683	1,753	1,896	1,966	2,043	2,187	2,221	2,415
Parking Income	INR Million	6	7	12	13	13	14	15	15	16	17	18
O&M income	INR Million	378	457	480	504	529	556	584	613	643	676	709
Other operating income	INR Million	13	14	17	17	18	19	20	20	22	22	24
Total Income	INR Million	1,726	1,921	2,193	2,217	2,313	2,484	2,583	2,692	2,868	2,936	3,166
Total Income from occupancy	**INR Million**	**1,726**	**1,921**	**2,193**	**2,217**	**2,313**	**2,484**	**2,583**	**2,692**	**2,868**	**2,936**	**3,166**
OPERATING COSTS												
O&M cost	INR Million	(302)	(378)	(396)	(416)	(437)	(459)	(482)	(506)	(531)	(558)	(586)
Insurance Cost	INR Million	(5)	(5)	(5)	(5)	(6)	(6)	(6)	(6)	(6)	(6)	(7)
Property Taxes	INR Million	(53)	(54)	(56)	(57)	(59)	(61)	(63)	(65)	(67)	(69)	(71)
Total Operating Costs	**INR Million**	**(360)**	**(437)**	**(457)**	**(479)**	**(502)**	**(526)**	**(551)**	**(577)**	**(604)**	**(633)**	**(663)**
Net operating Income	**INR Million**	**1,366**	**1,484**	**1,735**	**1,737**	**1,811**	**1,959**	**2,033**	**2,115**	**2,264**	**2,303**	**2,503**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	31,284	2,503
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(313)	-
Fit Out Income	INR Million	94	58	48	4	-	-	-	-	-	-	-
Total Net income	**INR Million**	**1,461**	**1,542**	**1,783**	**1,742**	**1,811**	**1,959**	**2,033**	**2,115**	**2,264**	**33,274**	**-**
Property Mangement Fees	INR Million	(50)	(53)	(62)	(60)	(62)	(67)	(70)	(73)	(78)	(79)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(27)	(29)	(34)	(34)	(35)	(38)	(40)	(41)	(44)	(45)	-
Brokerage Expenses	INR Million	(24)	(39)	(7)	(20)	(23)	-	(17)	(13)	-	(37)	-
CAPEX	INR Million	(395)	(355)	-	-	-	-	-	-	-	-	-
Net Cashflows	**INR Million**	**964**	**1,066**	**1,680**	**1,627**	**1,690**	**1,853**	**1,907**	**1,988**	**2,142**	**33,113**	**-**

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Annexure 7: Ready Reckoner Rate



Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** (or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
    g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose except set out herein.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

Gera Commerzone, Kharadi, Pune

Submitted to: K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 4 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for the disclosure of valuation of assets, forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange does not carry any right of publication to any other party. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

Gera Commerzone Kharadi, Pune		
Valuation Date:	30 September, 2022	
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014	
Location / Situation:	Gera Commerzone Campus is located at Kharadi, which is part of the SBD East (Secondary Business District) micro market. This micro market is home to a number of IT and SEZ establishments and has presence of established buildings by prominent developers like K Raheja Corp, Panchshil Realty, Magarpatta Developers etc. The micro market is an eastern corridor of the city which is one of the most preferred commercial and residential destinations of the city. It also houses prominent tenants such as Barclays, Martercard, HSBC, etc.	 External View of the Subject Property
Description:	Gera Commerzone is a Grade A, SEZ and IT Park. The campus is planned to house a total of six buildings (Buildings 1 – 6). The Mindspace REIT owns two operational buildings 3 & 6, partially completed building 5 and under-construction building 4 (hereinafter referred to as the Subject Property). Building 4 and under-construction portion of building 5 together provide future development admeasuring ~1.5 Million sq. ft. of leasable area. **Completed Building – Building 3, 6 and portion of building 5** Buildings 3 and 6 which are operational SEZ buildings, admeasure ~ 1.3 Million sq. ft. of leasable area. Building 3 (2B+G+12) and Building 6 (4B+G+13) are currently fully occupied. Completed portion of building 5 which is an IT building, admeasures ~0.2 Million sq. ft. is currently fully occupied. **Under-Construction/Planned –** Buildings 4 and under-construction portion in building 5 which are IT buildings, admeasure ~1.5 Million sq. ft. of leasable area. Building 5 is near completion and the excavation for Building 4 is completed and RCC work for basement levels is in progress. The entire campus has common parking and a podium floor. The podium floor houses all the common amenities for the campus.	 External View of the Subject Property  External View of Under Construction Building  External View of Under Construction Building.
Total Area:	Total Plot Area: 25.8[1] Acres Completed Leasable Area: 1,462,627 sq. ft. Under Construction Leasable Area: 1,472,933 sq. ft. Total - 2,935,560 sq. ft.	

[1] *From Architect's Certificate (Dated: 31st March 2020) shared by the Client*

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON			
Component	**Market Value as on**	**In Figures (INR Mn)**	**In Words**
Completed/Operational *(Including Power Distribution Business of KRC Infrastructure and Projects Pvt. Ltd. and the Facilities Management Business[1])*	30-Sep-22	INR 22,518	Indian Rupees Twenty-Two Billion Five Hundred and Eighteen Million only
Under Construction/ Future Development *(Including Power Distribution Business of KRC Infrastructure and Projects Pvt. Ltd. and the Facilities Management Business[1])*	30-Sep-22	INR 7,772	Indian Rupees Seven Billion Seven Hundred and Seventy-Two Million only

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1]Includes value of Facility Management Business for Completed and Under-Construction/Future Area

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

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

Property: **IT/ITeS SEZ and IT Park christened "Gera Commerzone" located at Kharadi, Pune**

Report Date: **4 November 2022**

Valuation Date: **30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"**)**, in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary facilities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014), as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Subject Property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes.

In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the Subject Property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation

date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the Subject Property.

For the purpose of the valuation of Subject Properties, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation

8 Inspection

The Property was inspected on 22nd March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the Client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents- except as maybe required in connection with disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, under the applicable law.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and willful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

13 Limitation of Liability

The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.

The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).

In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said Mindspace REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate

any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B PUNE CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1. Pune City Overview

Particulars	Pune City	CBD	*SBD East	PBD West	SBD West	PBD East
Total Completed Stock 9M 2022 (Million Sq.ft.)	63.3	4.9	33.8	14.3	8.4	1.9
Current occupied stock 9M 2022 (Million Sq.ft.)	55.3	4.7	31.0	10.8	7.3	1.5
Current vacancy 9M 2022 (%)	12.6%	2.8%	8.3%	24.5%	13.7%	20.3%
Average annual absorption 2016 – 9M 2022 (Million Sq.ft.)	3.3	0.3	1.9	0.3	0.7	0.1
Future Supply – Q4 2022 – Q4 2024F (Million sq. ft.)	11.2	1.3	5.8	1.6	1.3	0.9
Market rent – 9M 2022 (INR psf/month)	86	100	99	56	85	65

Source: Cushman & Wakefield Research

*Note: CBD stands for Central Business District, SBD stands for Secondary Business District and PBD stands for Peripheral Business District. *Mindspace REIT's micro markets.*

Pune is the second most populous city in Maharashtra and is located at a distance of ~150 kms from Mumbai. Pune houses multiple important educational institutions which attract talent from across the country and provides a young cosmopolitan workforce. Presence of strong infrastructure and availability of skilled manpower has made Pune an attractive destination for major domestic and multinational companies. Pune is a hub for the technology sector, housing companies such as Wipro, Infosys, Cognizant and Tata Consulting Services. The city is also an established industrial, defence and automobile hub, housing companies like Mahindra and Mahindra, TATA Motors, Bajaj, JCB, Hyundai, Volkswagen, Mercedes Benz, Fiat, Forbes Marshall and GE India.

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

- **Good Quality Offices:** Pune houses many Grade-A office spaces and SEZs (15 operational SEZs[2] which account for 23.05 msf of office stock) which provide large floor plates, international grade structures and amenities attracting major technology companies such as IBM and Cognizant as well as financial companies such as Credit Suisse, Barclays and Citi Corp Service India Limited.

- **Educated and skilled workforce:** High literacy rate of 89.56% (Per Census of India, 2011) and various renowned institutes (800+ colleges[3]) such as College of Engineering Pune, Pune University and National Institute of Construction Management and Research provide companies with the requisite talent pool. (12,000+ engineering graduates every year[4])

- **Well-developed social infrastructure:** There are many high streets (FC Road, JM Road and North Main Road), operational malls (Phoenix Marketcity, Amanora Town Center, Seasons Malls etc.), hotels (JW Marriott, Hyatt Regency, Lemon Tree Premier etc.) and hospitals (Jehangir Hospital, Aditya Birla Memorial Hospital, Deenanath Mangeshkar Hospital etc.) in the city which provide a good network of social infrastructure.

- **Existing and Upcoming infrastructure:** Pune is well-connected by rail, roads (Mumbai – Pune Expressway and Mumbai – Bengaluru Highway) and air (Pune International Airport) to major Indian cities. There are many upcoming infrastructure initiatives such as High-Capacity Mass Transit Route, six-lane Ring Road, Metro Lines (which are currently under-construction), bus rapid transit (operational) and the new international airport (under planning stage) which are expected to further enhance connectivity.

  These new infrastructure initiatives will provide the commuter with ease of travelling to various commercial nodes and reduce the traffic congestion on the roads as well.

[2] *Source: http://sezindia.nic.in/; List of Operational SEZ as on 27/9/21*
[3] *Source: https://punesmartcity.in/explore-pune*
[4] *Source: Zinnov Management Consulting study of 2011/12*

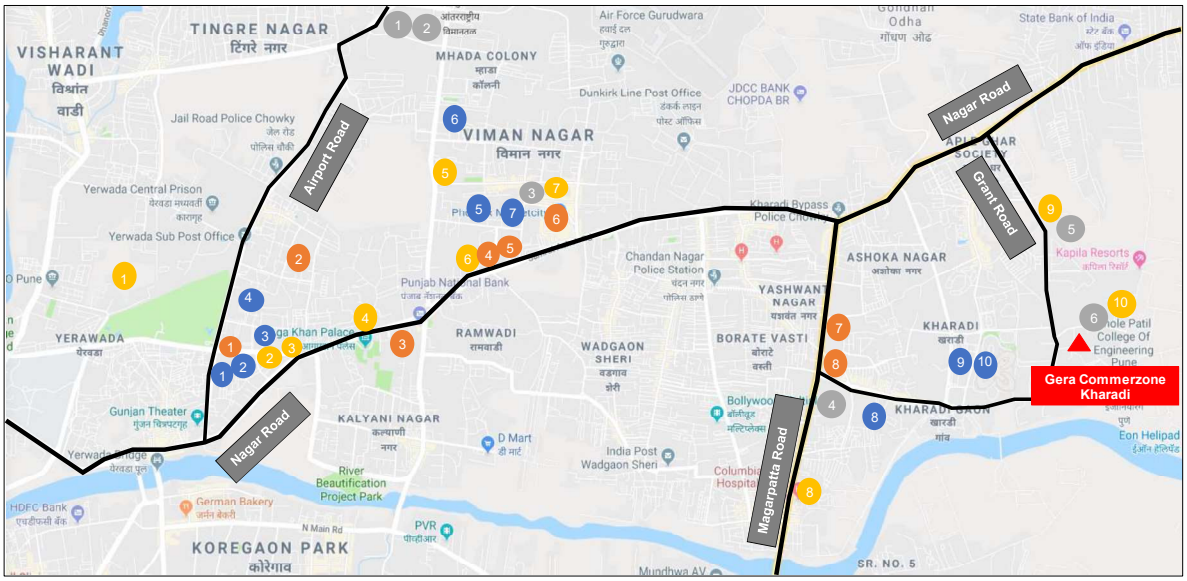
2. Secondary Business District – East (SBD East)

2.1. Overview

Secondary Business District – East (SBD East) of Pune is the eastern corridor of the city, located adjacent to the Central Business District. SBD East is one of the best performing micro-markets in the city. Nagar Road, which is also known as Pune Ahmednagar highway, Magarpatta road and Solapur Highway are the main arterial roads of the city which run through this micro-market. Nagar Road is one of the most developed clusters in terms of social infrastructure. Renowned hotels like Hyatt Regency, Novotel & Hyatt Pune and Phoenix Marketcity Mall are located on this road. The other arterial road known as Magarpatta Road has developments like Amanora Town Center & Seasons Malls and hotels like Radisson Blu and Fairfield Marriott.

Locations like Viman Nagar, Yerwada, Hadapsar and Kharadi form a part of SBD East and are major commercial and residential clusters which are accessible mainly by Nagar Road. Residential developments such as Sky belvedere, Rohan Mithila, Gera Song of Joy, Marvel Zephyr, Panchshil Towers, etc are present in these locations. The renowned townships of Magarpatta and Amanora are accessible by Magarpatta road and Solapur road which are located in Hadapsar.

Presence of strong social and physical infrastructure, upcoming and proposed infrastructure projects, residential development for different segments, good connectivity and proximity to International Airport has led SBD East to emerge as a preferred commercial destination by major multinational and national companies. This micro-market is a sought-after location for national and local developers for development of modern high-quality office spaces. Some prominent commercial developments such as Commerzone, Business Bay, Eon Free Zone etc. are present in the micro-market which houses companies like Barclays, Eaton, Tieto, Credit Suisse, Zensar Technologies, Allstate etc.

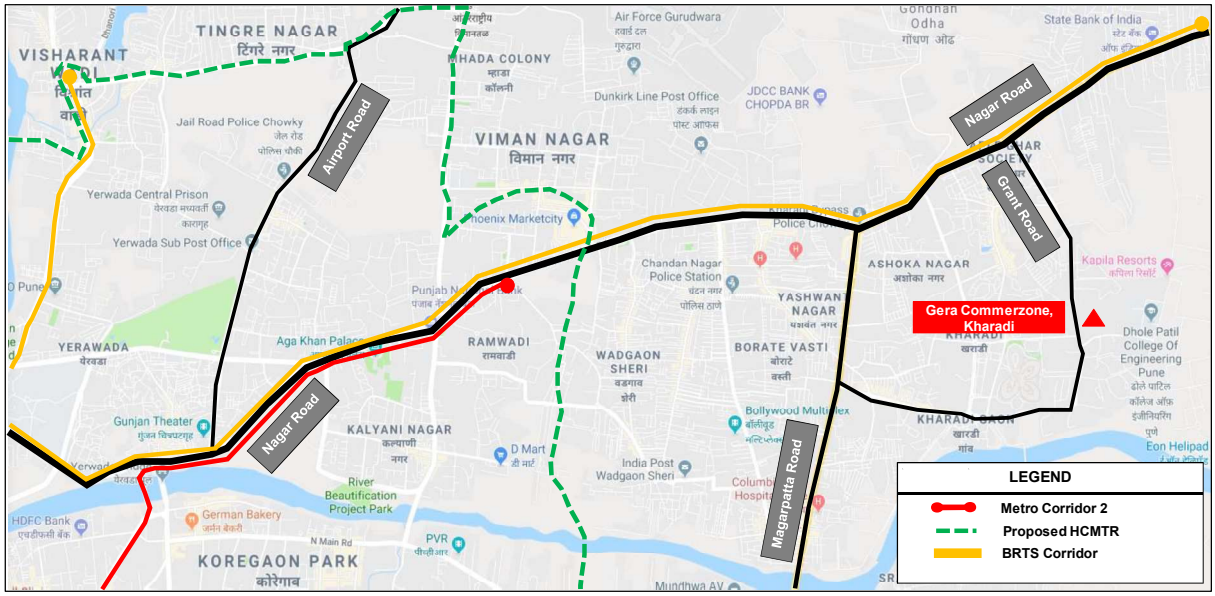


(Map not to Scale)

Key Commercial Developments *Social Infrastructure* *Lifestyle Infrastructure* *Proposed Commercial Developments*

Key Commercial Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed Commercial Developments
1. Business Bay	1. VIBGYOR High School	1. Ritz Carlton	1. The Corporate Park
2. Mutha Towers	2. Don Bosco High School	2. Creaticity Mall	2. The Corporate Park – B
3. Tech Park One	3. Lunkad Hospital	3. Hyatt Place	3. Panchshil Business Park
4. Binarius	4. Ebdoscopic Sinustic Treatment Centre	4. Novotel	4. Nyat Enthral
5. Bajaj House	5. Symbiosis University	5. Hyatt Regency	5. Ascendas - ITP Phase II
6. Lunkad Sky Vista	6. Hi Line Hospital	6. Phoenix Market City Mall	6. Gera Commerzone G1
7. Marvel Edge	7. International Institute of Hotel Management	7. Radisson Blu	
8. Zensar Technologies	8. Columbia Asia Hospital	8. Fairfield Marriott	
9. World Trade Centre	9. Phoenix World School		
10. Eon Free Zone	10. Dhole Patil College of Engineering		

2.2. Existing and Upcoming Infrastructure



(Map not to scale)

An active BRTS (Bus Rapid Transit System) service with a dedicated lane is functional along Nagar road, which connects central Pune locations to outskirts such as Wagholi through Viman Nagar and Yerwada. Also, Pune International Airport is located in SBD East micro-market.

The 2nd corridor of Pune metro line (Phase 1) is currently under-construction and runs from Vanaz to Ramwadi (Phase 1 of this corridor running between Vanaz & Grarware College became operational on March 6, 2022 & remaining stretch is under-construction) and proposed HCMTR passes through this micro-market. This proposed metro line and HCMTR would further improve the connectivity with SBD (Secondary Business District) East micro market.

2.3. Key Statistics

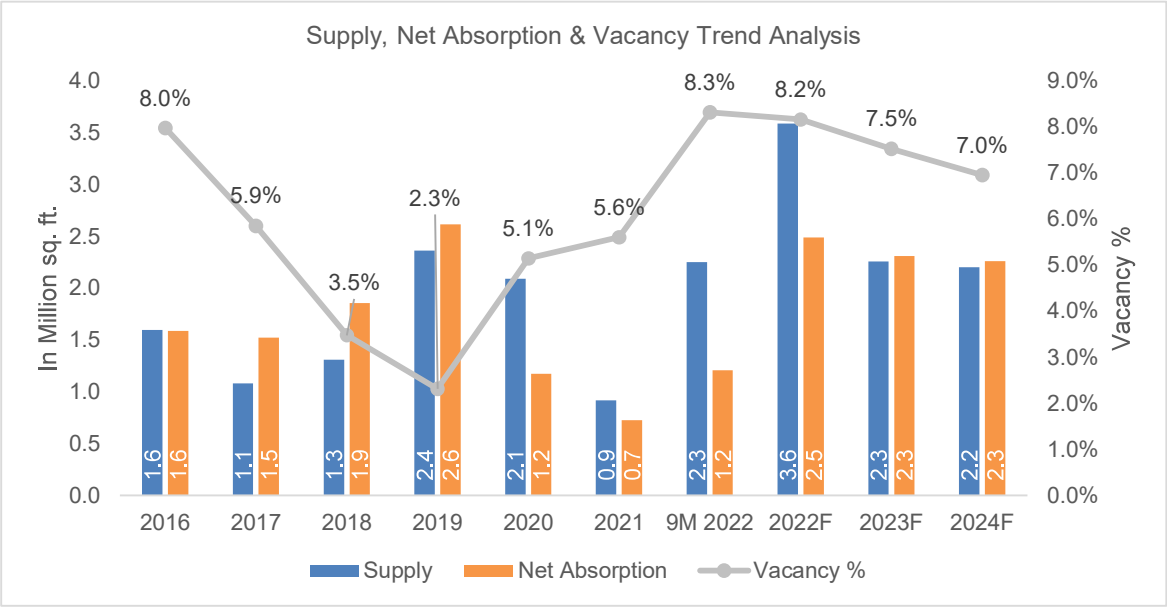
Particulars	Details
Total completed stock (9M 2022)	Approximately 33.8 msf
Current occupied stock (9M 2022)	Approximately 31.0 msf
Current Vacancy (9M 2022)	Approximately 8.3%
Avg. Absorption (2016 – 9M 2022)	Approximately 1.9 msf
Future Supply (Q4 2022 – 2024)	Q4 2022: Approximately 1.3 msf 2023: Approximately 2.3 msf 2024: Approximately 2.2 msf

Source: Cushman & Wakefield Research

2.4. Supply, Absorption & Vacancy

SBD East has a good presence of grade A buildings coupled with strong connectivity and well-developed social infrastructure. This micro market has witnessed continuous demand from various sectors. Vacancy in SBD East micro-market has declined significantly from 8.5% in 2015 to 5.1% in 2020 due to absorption outstripping supply. However, after the outbreak of COVID 19 the vacancy levels in the micro markets have increased and the current vacancy level is at 8.3%. The total grade A stock of office space in the SBD East micro-market is approximately 33.8 msf as of 9M 2022. The net absorption as of 9M 2022 for SBD East is 1.2 msf.

The following graph represents supply, absorption and vacancy trends in SBD East micro-market (2016-2024F).



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. Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

SBD East houses approximately 53% of total stock of Grade A offices in the city, making it the biggest micro-market of Pune for commercial office spaces. It is home to most of the landmark commercial projects in the city. Approximately 34% of total stock in the micro-market was completed from 2015 till 9M 2022. Prominent buildings in the micro-market such as Commerzone Yerwada (Building B8), Eon Free Zone (Building E) and Nyati Unitree were completed in 2015.

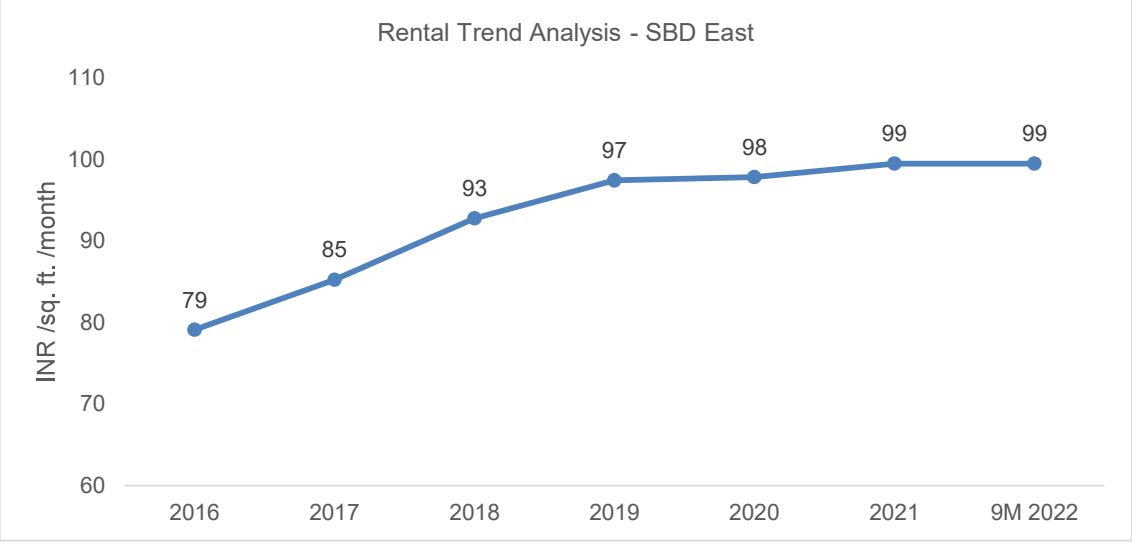
SBD East hosts the first SEZ commercial space Eon Free Zone in the city, integrated IT township Magarpatta and major IT/Business parks of the city. Such projects pioneered the overall development of this micro-market. These projects attracted demand majorly from BFSI, Technology and Professional Services industries. Companies like Barclays, Mastercard, HSBC, Amdocs, Intel, Accenture, ADP etc. are operational in this micro-market. SBD East has witnessed demand followed by supply. Developers of commercial office spaces considered the requirement of the tenants such as buildings with good quality modern amenities, large floor plates and good aesthetics for their projects. Thus, under-construction buildings attracted pre-commitments for significant area of the building, reducing the vacancy levels.

Going forward, major projects are planned in the micro market by established developers. Supply of approximately 2.3 million sq. ft. and 2.2 million sq. ft. is expected in next two years respectively. The vacancy level is expected to remain same in 2022F. However, on account of revival in demand for commercial real estate in the micro market, we expect the vacancy to decrease to 7.5% in 2023F and 7.0% in 2024F.

2.5. Rental Trend Analysis

Commercial rental values in SBD East are in the range of INR 70 to INR 100 psf/ month on leasable area. The rental range variance in this micro market is due to presence of international grade properties with modern facilities which constitutes large IT/Business Parks and individual commercial buildings with smaller floor plates. Owing to the presence of strong social and physical infrastructure, availability of good quality office space and low vacancy levels with good demand-supply dynamics; this micro-market has witnessed a consistent rental escalation for past few years. Rents in SBD East have appreciated by CAGR of 4.0% since 2016. Due to the recent pandemic situation, the real estate sector has also faced challenges and hence have been impacted. However, we expect the rentals to grow thereafter due to healthy demand and development of good quality office spaces.

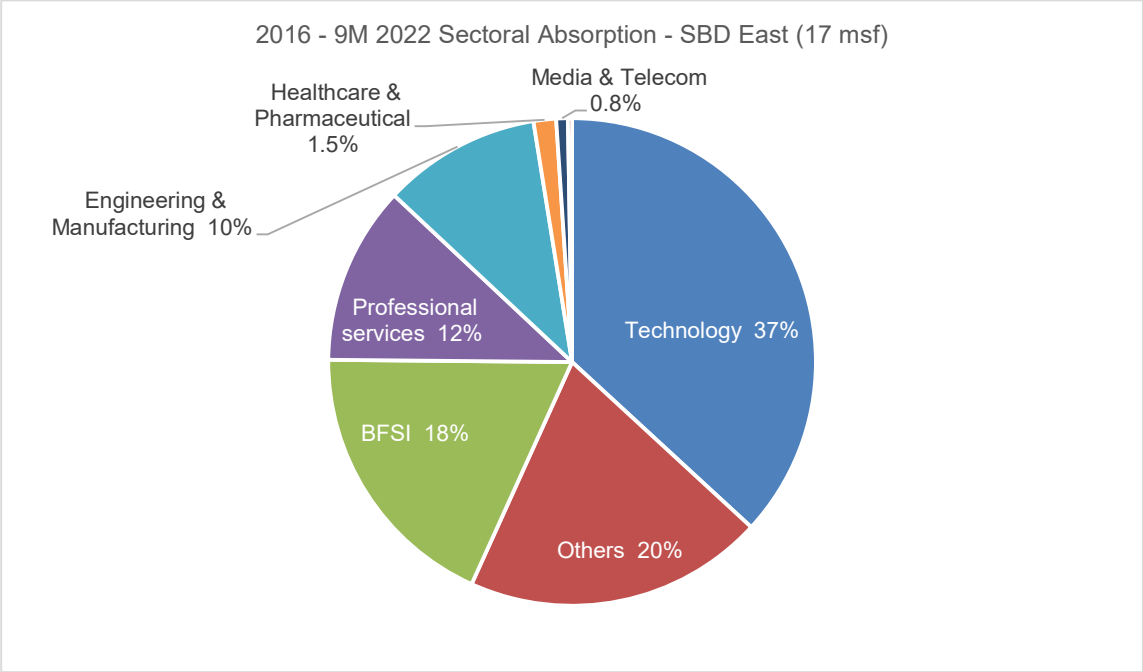
The following graph depicts the rental trend analysis of SBD East micro-market (2016 – 9M 2022):



Source: Cushman and Wakefield Research

Note: The rentals are basis prevailing quote in the micro market. Actual achievable rent may vary +/-10% depending upon negotiations, final structuring of the lease agreement and other parameters. In case of pre-commitments the achievable rent may vary beyond +/-10% depending upon negotiations.

2.6. Sector Demand Analysis



Source: Cushman & Wakefield Research;

Note: Others include Others include Flexible Workspaces, Logistics and Shipping, Oil and Gas, Research & Analysis, Automobile, Food & Beverage, Hospitality, Real Estate & Related Services and Education.

Note: The sectoral absorption analysis is based on gross absorption activity of the city i.e. including any relocations, consolidations etc. Total gross absorption from 2016 till 9M 2022 amounts to 17 msf of area

SBD East micro market has witnessed higher demand from Technology and BFSI sectors, because of availability of larger floor plates, good connectivity and competitive rent. Technology and BFSI sectors contribute approximately 37.0% and 18.0% to the leasing activity in this micro market for the time period between 2016 and 9M 2022. Further, it is pertinent to note that flexible workspace which forms a part of Others category has contributed approximately 52% of leasing activity within the Others domain and approximately 10% of the leasing activity at the micro market level for the time period between 2016 and 9M 2022.

2.7. Market Outlook

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

According to the market assessment report of Cushman & Wakefield current market rentals in the SBD East micro market are in the range of INR 70 psf/ month to INR 100 psf / month. Further over 2016 – 9M 2022, the rentals in SBD East micro market grew at a CAGR of 4.0%. SBD East market has remined resilient during the pandemic times, evidenced by single digit range bound vacancy levels. It has also witnessed a healthy market recovery in 9M 2022, and the leasing momentum is likely to continue going forward.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	Gera Commerzone, Kharadi, S.No. 65 at Kharadi, Tal, Haveli, Pune, Maharashtra 411006
Ownership & title details:	Underlying land is freehold; specific buildings thereupon are owned by Mindspace REIT

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property is considered to possesses a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Wadia Ghandy & Co. for plot number 65 (hereinafter collectively referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsels and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material Litigation

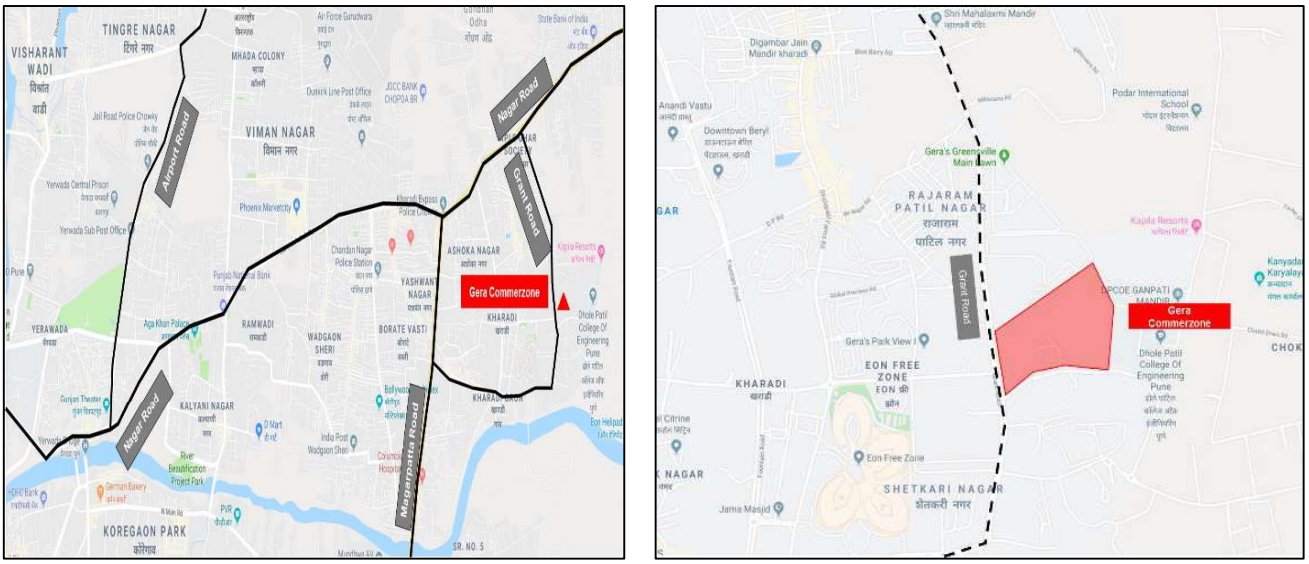
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

2 Location

2.1 General

Gera Commerzone Campus is located at Kharadi, which is part of the SBD East (Secondary Business District) micro market. This micro market is home to a number of IT and SEZ establishments and has presence of established buildings by prominent developers like K Raheja Corp, Panchshil Realty, Magarpatta Developers etc. The micro market is an eastern corridor of the city which is one of the most preferred commercial and residential destinations of the city. It also houses prominent tenants such as Barclays, Mastercard, HSBC, etc.

The location map of the Subject Property is set out below:



(Map not to scale)

The Gera Commerzone is spread out over approximately 26 acres of land. Located on the Grant road, it enjoys good frontage. Further, basis the perusal of the site map provided by the Client; it has been observed that the plot is slightly irregular in shape.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 2-3 kms from Nagar Road
- Approximately 8-9 kms from Pune International Airport
- Approximately 11-12 kms from Pune Railway Station

The property photographs of the Subject Property are attached in Annexure 3.

The Subject Property is well accessible from Nagar Road and Magarpatta Road. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Pune where the Subject Property is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and does not face any significant problems of flooding or waterlogging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Gera Commerzone is a Grade A, SEZ and IT Park. The campus is planned to house a total of six buildings (Buildings 1 – 6). The Mindspace REIT owns two operational buildings 3 & 6, partially completed building 5 and under-construction building 4 (hereinafter referred to as the Subject Property). Building 4 and under-construction portion of building 5 together provide future development admeasuring ~1.5 Million sq. ft. of leasable area.

Completed Building – Building 3, 6 and portion of building 5

Buildings 3 and 6 which are operational SEZ buildings, admeasure ~ 1.3 Million sq. ft. of leasable area. Building 3 (2B+G+12) and Building 6 (4B+G+13) are currently fully occupied. Completed portion of building 5 which is an IT building, admeasures ~0.2 Million sq. ft. is currently fully occupied.

Under-Construction/Planned –

Buildings 4 and under-construction portion in building 5 which are IT buildings, admeasure ~1.5 Million sq. ft. of leasable area. Building 5 is near completion and the excavation for Building 4 is completed RCC work for basement levels is in progress.

The entire campus has common parking and a podium floor. The podium floor houses all the common amenities for the campus.

The building wise leasable area break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Building 3 (Plot no 65)	531,373	SEZ	Completed
Building 4 (Plot no 65)	1,007,933	Non-SEZ	Under-construction
Building 5 (Plot no 65)	204,477	Non-SEZ	Completed
Building 5 (Plot no 65)	465,000	Non-SEZ	Under-construction
Building 6 (Plot no 65)	726,777	SEZ	Completed

Source: Architect's Certificate dated: 31st March 2020 for Building 3 & 6; Architect's Certificate dated: 21st April 2022 for Building 4 and Architect's Certificate dated: 17th October 2022 for Building 5, Rent Rolls, Lease Deeds/Lease and License Agreement.

Note: The leasable area of Building 6 is based on management representation

3.1 Key Asset Information

Completed Buildings

Particulars	Details
Entity:	KRC Infrastructure Projects Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by KRC Infrastructure Private Limited which is 100% owned and controlled by the Mindspace REIT[1]
Age of building based on the date of occupancy certificate:	Building 3: 2 years and 6 months Building 6: 2 years and 4 months Building 5 (completed portion): 3 months
Asset type:	SEZ-IT Park
Sub-market:	SBD East
Approved and existing usage:	Commercial Office
Site Area (acres):	~26
Freehold/Leasehold:	Freehold
Leasable Area[2]:	1.46 million sq. ft.
Occupied Area:	1.46 million sq. ft.
Occupancy (%)[3]	86.0%
Committed Occupancy (%)[4]	100%
Number of Office Tenants	8

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *Client has obtained occupation certificate for entire leasable area admeasuring ~1.46 Million sq. ft.*
3. *Occupancy refers to proportion of area leased which is actively occupied by the tenants*
4. *Committed occupancy also includes area which has been pre-leased to tenants.*

Under-construction Buildings

Particulars	Details
Entity:	KRC Infrastructure Projects Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by KRC Infrastructure Private Limited which is 100% owned and controlled by the Mindspace REIT[1]
Expected completion date of construction:	Building 4 - October 2024 Building 5[5] - March 2023
Asset type:	IT Park
Approved Usage:	Commercial office
Status of construction:	The under-construction buildings are planned with common Basement which varies from 2 to 5 levels + common podium + 13 office floors. Building 5 is near completion whereas, the excavation for Building 4 is completed and RCC work for basement levels is in progress. Based on the information shared by Client, both the buildings are expected to be completed by Q4 FY 2022-23 and Q3 FY2024-25 respectively.
Approvals received and pending as on Valuation Date:	List of approvals detailed in Annexure 5
Site Area (acres):	~26
Freehold/Leasehold:	Freehold
Leasable Area[2]:	1.47 million sq. ft.
Committed Occupancy (%)[4]	10.7%

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *We understand from the Client that occupancy certificate would be obtained as and when the construction work of the building is completed, and respective area is leased in the future*
3. *Occupancy refers to proportion of area leased which is actively occupied by the tenants*
4. *Committed occupancy also includes area which has been pre-leased to tenants.*
5. *Building 5 is partially completed, however, entire building will be completed by March 2023*

3.2 Property Inspection

The Subject Property was inspected on 22nd March 2022, wherein visits to key utility areas of operational buildings comprising the property and visits to key utility areas like LT Electric Room, Pump Room, HVAC installations, Power Back up, STP, except for Building 3, which is under complete occupation of a single tenant, with access to utility areas restricted by the tenant.

Since the last inspection in March 2022, the remaining finishing work on Building 6 is complete and a new food court is commissioned for the campus occupants. The civil structure of Building 5 is nearly complete with commissioning of the building with OC expected by Q4 FY 22-23.

The visual inspection of the operational buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance within the operational buildings. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation was observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure is based completely on visual survey.

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Sources of information:

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties forming part of the portfolio to be part of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates dated 31st March 2020 for Building 3 & 6, along with management representation for the change in leasable area of Building 6 ; Architect's Certificate dated 21st April 2022 for Building 4 and Architect's Certificate dated 17th October 2022 for Building 5 mentioning site areas and property areas.

b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the Subject Property

c. Lease agreements and commercial clauses thereof for top ten tenants on a sample basis

d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property.

e. Management representation regarding the following:

i. Major repairs undertaken and proposed in the Subject Property

ii. Statement of Assets

iii. Revenue pendency, if any

iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

v. List of material litigations

3.4 Tenant Profile

As of 30th September 2022, Subject Property has one tenant in completed Building 3, six tenants in Building 6 and one tenant in completed portion and two tenant in under-construction portion of Building 5 (for office space).

Rank	Top Tenants according to Leasable Area	Leasable Area (sq. ft.)	Building
1	Barclays	531,373	3
2	Allstate	278,545	6
3	Amazon	204,477	5
4	BP Global Investment Ltd	168,000	6
5	Mindcrest India Pvt Ltd	112,000	6
6	Springer Nature Technology and Publishing Solutions Pvt. Ltd.	109,000	5
7	UPS Logistics Pvt Ltd	105,500	6
8	ANSR Global	48,000	5
9	Maveric	28,000	6
10	DISYS India Technologies Pvt. Ltd.	28,000	5
	Total	**1,612,895**	

3.5 Power Distribution Services

In accordance with Section 14 (b) of the Electricity Act, 2003 read with Section 4(1) of the SEZ Act, 2005, entities that own and operate SEZ Parks are considered Deemed Distribution Licensee for supplying electricity to consumers within the SEZ area. Pursuant to the above regulations, KRC Infrastructure and Projects Private Limited (SPV) also has the license to distribute power within the Subject Property.

The SPV has invested in the infrastructure to facilitate the distribution of the power to the customers (occupiers and operators within the subject properties). It procures power from Power generators supplying to the grid and then distribute it to the end consumers within the Subject Property. The SPV is not allowed to expand the power distribution outside the limits of the SEZ, i.e., the Subject Property in this case.

3.6 Facilities Management Services

KRC Infrastructure and Projects Private Limited has commenced facility management business effective October 1, 2020 to provide such services to the Subject Properties within the portfolio as well as properties with ownership interests of/owned by third parties within the same parks as the Subject Properties of the Portfolio (as mentioned in the following table). Facility management services include housekeeping services, management of MEP equipment, façade cleaning, security expenses, repair and maintenance, maintenance of common areas etc. Service charges are levied on a cost-plus mark-up basis to the SPVs owned by REIT, which has ownership interest in the Subject Properties.

S. no.	Building Name	Location	Area Under Management (Mn sq. ft.)
	Common Area Services		
A	**Existing buildings**		
1	Avocado	Malad Mumbai	0.7
2	Commerzone	Yerwada, Pune	2.9
3	Gera Commerzone	Kharadi, Pune	0.9
4	Gigaplex	Airoli West Mumbai	4.3
5	Horizon / Porur	Chennai	1.1
6	Intime	Madhapur Hyderabad	1.7
7	KRIT	Madhapur Hyderabad	2.4
8	MBPPL	Airoli East Mumbai	4.7
9	MBPPL - Pocharam	Pocharam Hyderabad	0.4
10	Sundew	Madhapur Hyderabad	5.7
11	The Square*	Nagar Road, Pune	0.8
12	The Square	BKC, Mumbai	0.1
	Subtotal "A"		**25.9**
B	**Under-construction/Future Development Buildings**		
1	Gera Commerzone	Kharadi, Pune	1.5
2	Gigaplex	Airoli West Mumbai	0.3
3	MBBPL Airoli East	Airoli East Mumbai	0.9
4	Mindspace- Pocharam	Pocharam Hyderabad	0.2
	Subtotal "B"		**2.8**
	Total "A" +"B"		**28.7**
	Campus Area Maintenance Services		
C	**Existing Buildings**		
1	Gera Commerzone	Kharadi, Pune	2.1
	Subtotal "C"		**2.1**
D	**Under-construction/Future Development Buildings**		
1	Gera Commerzone	Kharadi, Pune	2.1
2	Gigaplex Datacenter	Airoli West Mumbai	0.6
	Subtotal "D"		**2.8**
	Total "C" +"D"		**4.8**

*Note: *The Square, Nagar Road, Pune includes the under-construction area of 64,291 sq. ft. The above area shall be completed by Q3 FY-2023*

4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or micro-markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-Market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner:

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable marginal rent (The Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).

2. Rent roll and sample of lease deeds of large/anchor-tenants were analysed to assess if any adjustments to marginal rent are required for individual leases. For other leases, it has been assumed that they would revert to marginal rent of the Subject property following the expiry of the lease tenure, factoring appropriate re-leasing time and costs.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/future development area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/ future development areas respectively.
   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/ future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.
   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time.

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.

   Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).

3. Recurring operational expenses, fit-out income (if any – the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free

terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.

4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

4.4 Approach for Power Distribution Services

KRC Infrastructure Projects Private Limited (SPV) submitted the detailed tariff petition to Maharashtra Electricity Regulatory Commission ("MERC" or the "Commission"), who determined the tariff that may be charged to the customers/operators within the Subject property allowing the licensee to charge cost plus mark up as approved by the Commission to the end users. This mark-up is equivalent to return on its investment comprising primarily of annual depreciation on investment, interest expenses on notional debt and return on equity.

1. As the first step to the valuation of the power distribution service, the tariff order from Maharashtra Electricity Regulatory Commission determining the aggregate revenue requirement for 5 years from the date of order has been reviewed.
2. Earnings before interest, depreciation & tax (EBITDA) for each year is projected for the balance life of the license and NPV (net present value) is computed as on valuation date at appropriate discounting rate
3. EBITDA is projected based on the component of aggregate revenue requirement in the latest order from the commission.
4. For the future project capex requirement has been given by the Client.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30th September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Completed Building – 3, 6 and completed portion of 5

Property Details	Unit	Details
Total Property Leasable Area*	sq. ft.	1,462,627
Area Leased	sq. ft.	1,462,627
Leased	%	100%
Vacant Area	sq. ft.	nil
Vacancy	%	0.00%
Stabilized Vacancy	%	2.00%
Further leasing	sq. ft.	nil
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	1,504
4W Slots leased	Number	1,504
Estimated leasing period	No. of quarter	2.0

- **Rent-free period:** In accordance with market benchmarks for Grade A properties, rent-free period of two months has been considered for existing lease rollovers and three months for new leases.
- **Future absorption:** Since Building 4, 6 and completed portion of 5 in Subject Property is currently 100% leased, current vacancy levels are below the stabilized vacancy of 2%. Therefore, there is no further leasing in the Building 4, 6 and completed portion of 5.

Construction related assumptions

Construction-related Assumptions	Unit	Building 3	Building 6	Building 5
Start date of construction		01-Feb-17	1-Jul-17	1-April-19
End date of construction		31-Dec-19	31-Mar-20	30-Jun-22
Total construction cost	INR million	2,318	2,954	n.a.
Construction cost incurred till date	INR million	2,278	2,902	n.a.
Construction cost to be incurred	INR million	5	n.a.	n.a.

Note: Construction cost is including the PSS (Project Support Services) cost and General Development (GD) cost.

Construction Cost Phasing	Unit	2022
Cost to be Incurred (Building 3)	INR Million	5
Cost to be Incurred (Building 6)	INR Million	n.a.
Cost to be Incurred (Completed Portion of Building 5)	INR Million	n.a.

Note: We have relied on Client inputs for the assumptions relating to construction schedule and budgets.

Building 3 and 6 have received occupancy certificate but there is some construction cost related expenses yet to be incurred as mentioned above.

Construction cost against completed portion of Building 5 is loaded against the under-construction portion of respective building.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq. ft./month	INR 78
Other operating income	% of lease rental	1.0%
Market Rent growth rate – Post FY 23	% p.a.	5.0%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
Target efficiency	%	76.0%
CAM/O&M Income prevailing in the market	Per sq. ft./month	INR 2.32 (for B3) INR 11.81 (for B6)

- **Market rent - office**: In the 9M CY 2022, approximately 1.2 million sq. ft. was absorbed in the rental range of INR 70-100 per sq. ft. per month. A snapshot of the select lease transactions in 9M 2022 are set out below:

Lease Transactions 9M 2022

Tenant	Year	~Area Leased (sq. ft.)	Rent (INR psf/month)	Building Name
Mastercard	2022	423,000	85 - 90	Park City - B1
ZS Associates	2022	332,000	70 – 75	ITPP - Block 1
Amazon	2022	225,000	70 – 75	Gera Commerzone – R3
Table Space	2022	164,000	80 – 85	Raheja Woods
UST Global	2022	150,000	70 – 75	ITPP – Block 1
Kion	2022	140,000	90 – 95	Eon Free Zone – A
We Work	2022	98,000	75 – 80	Raheja Woods
KPMG	2022	60,000	70 – 75	ITPP – Block 1
Opus Consulting	2022	53,000	75 – 80	Commerzone – B4
315 Coworking	2022	40,000	70 – 75	ITPP – Block 1
Acuity Knowledge	2022	40,000	70 – 75	ITPP – Block 1
L&T Info Tech	2022	37,000	95 – 100	Magarpatta Cybercity B5
Desser Rand	2022	35,000	85 – 90	Eon Free Zone – D
Octaserve	2022	30,000	85 – 90	Tech Park One – C
Isprout	2022	28,000	95 - 100	Magarpatta Cybercity T2
Amdocs	2022	23,500	65 – 70	Nyati Unitree
Brickfolio	2022	11,500	75 – 80	WTC – Tower A
Chain IQ	2022	5,100	95 - 100	Park City - B1

Considering the above transactions, monthly rent for office space is in the range of INR 70 psf to INR 100 psf. Market rent for office space has been considered in line with the achievable market rent for completed buildings at INR 78 psf / month. The rental rate for retail space is considered at INR 100 psf/month.

- **Market rent growth rate:** As the number for the vaccinated population is firming up, the occupiers have started implementing their return to office strategy. Office space market demand have witnessed a recovery with close to 1.2 million sq. ft. being absorbed in 9M 2022. However, the market has also witnessed incremental supply of 2.2 million sq. ft. in 9M 2022 which is expected to keep the market rentals range bound in the immediate future. Going forward it is expected the market demand will reach pre-covid levels leading to pick-up in rentals as well. Hence, we have considered a rental growth of 5% from 1st April 2023 onwards for the Subject Property.
- **Market rent - 4W parking**: Rent for car parks is assumed at INR 2,000 per slot per month in-line with the current rentals for paid car parks in SBD East.
- **Other income:** Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered Other income at 1% of lease rental income. Other income includes components from Events, Kiosks, Telecom Towers and Car Parks.
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and receive higher rentals for the same carpet area. Going forward, for leases which will expiry during the next 10 years, we have considered an efficiency at 76% or actual, whichever is lower.

Cost Assumptions

Cost Assumptions	Unit	Building 3	Building 6
Brokerage cost (New Lease)		2 Month Rent	2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent	1 Month Rent
CAM Margin for 1st Year	Per sq. ft./month	INR 1.16	INR 4.59
Normalised CAM Margin	Per sq. ft./month	INR 1.16	INR 2.43
Current CAM/ O&M cost	Per sq. ft./month	INR 1.16	INR 7.28
Property Tax	Per sq. ft./month	INR 3.67	INR 3.67
Insurance	Per sq. ft./month	INR 0.46	INR 0.46
Cost escalation	% p.a.	3%	3%
CAM escalation	% p.a.	5%	5%
Transaction cost on sale	% of Terminal Value	1.0%	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%	2.0%
Property Management Fees	% of Lease Rentals, Fitout Income, Parking Income & Other Operating Income	3.5%	3.5%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **CAM Cost:** Current CAM cost is a projection of cost for a stabilized property as of year ending 30 September 2022. However, considering this is a recently completed property yet to achieve stabilization we have estimated that the maintenance cost would be lower for the initial years. Therefore, in Year 1, we have considered 50% of current CAM cost,

Year 2, 75% of current CAM cost (escalated at 5%), Year 3, 100% of current CAM cost (escalated at 5%^2). Thereafter, this cost has been escalated at 5% per annum.

- **CAM margin:** For Building 3, CAM margin being earned by the Subject Property has been normalised to INR 1.16 per sq. ft., per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year. For Building 6, CAM margin being earned by the Subject Property has been normalised from the current levels to INR 2.43 per sq. ft., per month (at current cost, duly adjusted for inflation till the stabilisation year) thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered actual numbers as on 30 September 2022 half year-ended numbers and projected to increase at 3% per annum effective 1st April of every year.
- **Other operating expenses** have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses.
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rentals, parking income, fitout income & other operating income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate:**

  Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

  In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8.0% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players.

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of 11.75% was found to be aligned with the expectations of international investors investing in similar assets.

Under-construction/Proposed Buildings

Property details

Property Details	Unit	Building 5	Building 4
Total Leasable Area	sq. ft.	455,764[1]	1,007,933[2]
Vacancy	%	65.6%	100%
Stabilized Vacancy	%	2.0%	2.0%
Further leasing	sq. ft.	289,649	593,390
Existing Lease rollovers	%	98.0%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0	2.0
Rent Free Period- New Lease	Months	3.0	3.0
Estimated leasing period	No. of quarter	5.0	8.0

Note:
1. The total leasable area of Building 5 is to leasable area of under-construction portion
2. The total leasable area of Building 4 includes 57,769.91 sq. ft. of area which is assumed to be leased out on expenditure reimbursement basis (i.e. proportionate CAM expense recovered)

- **Rent-free period:** In accordance with market benchmarks for Grade A properties, rent-free period of two months has been considered for existing lease rollovers and three months for new leases.
- **Future absorption:**

  Between 2016 and 9M 2022, the SBD East micro market has witnessed an average annual absorption of approximately 1.9 million sq. ft. Further, the micro-market has a history of robust pre-commitments and demand in the micro-market closely follows any increases in supply year on year.

  Going forward, the micro market is expected to have an average annual demand of approximately 2.4 million sq. ft. and supply of 2.9 million sq. ft. in 2022F & 2023F.

  Competition for the Subject Property in the near future would primarily arise from other under-construction buildings as new supply in the micro-market; namely,

  - Panchshil Business Park-2 with 1 million sq. ft. expected to be delivered in 2023
  - Brookfield B1 with 0.9 million sq. ft. expected to be delivered in 2023
  - Nyati Enthrald with 0.8 million sq. ft. expected to be delivered in 2025

  In addition to above mentioned future supply total of 3.6 million sq. ft. is expected in the year 2022F and 2023F.

Subject Property and Relevant Existing/Upcoming Supply

Considering historical performance of the SBD East micro market, consistently low vacancy levels, robust demand and current pre-commitments amounting to ~9% for 2022F to 2023F, it is expected that the micro market will absorb most of upcoming supply.

Keeping in mind the annual demand and upcoming supply in SBD East micro market for year 2022 till 2024, and the Subject Property's share in upcoming supply, annual leasing of about 0.4-0.5 million sq. ft. can reasonably be assumed in the Subject Property.

Accordingly, it can be reasonably assumed that Building 5 will witness annual leasing of about 0.4-0.5 million sq. ft. Further, the performance of initial phases of the Subject Property will also likely have a positive effect on absorption of Building 4 which is expected to witness similar absorption rate.

We have also considered that Building 4 will attract pre-commitments for some portion of leasable area. We have apportioned the pre-committed area in accordance to reasonable absorption velocity stated above, the available time period for good market exposure during construction and existing pre-commitments in the micro-market.

Considering the above, we have considered the absorption schedule for the Subject Property as follows:

- Building 4 following the completion of construction in Q3 FY 2025: Approximately 0.20 million sq. ft. in Q3 FY 2025 has been assumed to get absorbed and 0.10 million sq. ft. in next 7 quarters has been assumed as absorption.

Lastly, a 2% stabilised vacancy is incorporated in future leasing which is in line with market trends.

Construction related assumptions

Construction-related Assumptions	Unit	Building 5	Building 4
Start date of construction		1-Apr-19	1-Jan-22
End date of construction		31-Mar-23	1-Oct-24
Total construction cost	INR million	3,152	5,344
Construction cost incurred till date	INR million	2,283	813
Construction cost to be incurred	INR million	868	4,530

Note: In addition to the above-mentioned construction cost:

1) *The construction cost to be incurred for Building 1, (INR 1,477 million) part of Gera Commerzone campus, is loaded on Buildings 5 and 4, apportioned to the area of respective buildings. While Building 1 is not owned by Mindspace REIT, as per pre-existing agreement, it is to be constructed and handed over to Gera Developers.*

2) *Cost to be incurred for under-construction Building 4 of INR 4,530 Million is excluding to be incurred approval costs towards approvals/premiums of INR 635 million which is loaded on the Building 4 in accordance to the construction timelines..*

Note: Construction cost is including the PSS (Project Support Services) cost and General Development (GD) cost.

Construction Cost Phasing	Unit	2022	2023	2024	2025
Cost to be Incurred (Building 5)	INR Million	191.8	676.7	-	-
Cost to be Incurred (Building 4)	INR Million	401.1	1752.2	1,702.2	674.5

Note: We have relied on Client inputs for the assumptions relating to construction cost phasing.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq. ft./month	INR 78.00
Market 4 W Parking Rent	Per slot/month	INR 2,000
Market Rent growth rate – Post FY 23	% p.a.	5.0%
Parking income growth rate	% p.a.	5.0%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
CAM/O&M Income prevailing in the market	Per sq. ft./month	INR 9.71

- **Market rent - office**: In the 9M CY 2022, approximately 1.2 million sq. ft. was absorbed in the rental range of INR 70-100 per sq. ft. per month. A snapshot of the select lease transactions in 9M 2022 are set out below:

Lease Transactions 9M 2022

Tenant	Year	~Area Leased (sq. ft.)	Rent (INR psf/month)	Building Name
Mastercard	2022	423,000	85 - 90	Park City - B1
ZS Associates	2022	332,000	70 – 75	ITPP - Block 1
Amazon	2022	225,000	70 – 75	Gera Commerzone – R3
Table Space	2022	164,000	80 – 85	Raheja Woods
UST Global	2022	150,000	70 – 75	ITPP – Block 1
Kion	2022	140,000	90 – 95	Eon Free Zone – A
We Work	2022	98,000	75 – 80	Raheja Woods
KPMG	2022	60,000	70 – 75	ITPP – Block 1
Opus Consulting	2022	53,000	75 – 80	Commerzone – B4
315 Coworking	2022	40,000	70 – 75	ITPP – Block 1
Acuity Knowledge	2022	40,000	70 – 75	ITPP – Block 1
L&T Info Tech	2022	37,000	95 – 100	Magarpatta Cybercity B5
Desser Rand	2022	35,000	85 – 90	Eon Free Zone – D
Octaserve	2022	30,000	85 – 90	Tech Park One – C
Isprout	2022	28,000	95 - 100	Magarpatta Cybercity T2
Amdocs	2022	23,500	65 – 70	Nyati Unitree
Brickfolio	2022	11,500	75 – 80	WTC – Tower A
Chain IQ	2022	5,100	95 - 100	Park City - B1

Considering the above transactions, monthly rent for office space is in the range of INR 70 psf to INR 100 psf. Market rent for office space has been considered in line with the achievable market rent for completed buildings at INR 78 psf / month. The rental rate for retail space is considered at INR 100 psf/month.

- **Market rent growth rate:** As the number for the vaccinated population is firming up, the occupiers have started implementing their return to office strategy. Office space market demand have witnessed a recovery with close to 1.2 million sq. ft. being absorbed in 9M 2022. However, the market has also witnessed incremental supply of 2.2 million sq. ft. in 9M 2022 which is expected to keep the market rentals range bound in the immediate future. Going forward it is expected the market demand will reach pre-covid levels leading to pick-up in rentals as well. Hence, we have considered a rental growth of 5% from 1st April 2023 onwards for the Subject Property.

Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin	Per sq. ft./month	INR 2.43
Current CAM/ O&M cost – FY 2023E	Per sq. ft./month	INR 7.28
Property Tax	Per sq. ft./month	INR 3.67
Insurance	Per sq. ft./month	INR 0.46
Cost escalation	% p.a.	3%
CAM Escalation	%	5%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals, fit out Income, Parking Income & Other Operating Income	3.5%

- **Brokerage:** In accordance with the market benchmarks for Grade A properties, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **CAM Cost:** Current CAM cost is a projection of cost for a stabilized property as of year ending 30 September 2022. However, considering the completed property yet to achieve stabilization we have estimated that the maintenance cost would be lower for the initial years. Therefore, in Year 1, we have considered 50% of current CAM cost, Year 2, 75% of current CAM cost (escalated at 5%), Year 3, 100% of current CAM cost (escalated at 5%^2). Thereafter, this cost has been escalated at 5% per annum.
- **CAM margin:** CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft. per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered actual numbers as on 30 September 2022 half year-ended numbers and projected to increase at 3% per annum effective 1st April of every year.
- **Other operating expenses** and have been assumed at 2% of the lease rentals.
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rentals, parking income, fitout income & other operating income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Discount Rate & Capitalisation Rate assumptions

- **Capitalization Rate:**

  Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

  In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8.0% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

Source: Secondary Market Research

Note: The above information is based on information published in public domain and discussions with various market players

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  Owing to the various risks pertaining to the under-construction / future development properties, we have considered a risk premium over the discount rate for completed properties to arrive at a discount rate for under-construction / future development properties. We have considered a risk premium of 125bps, to derive the WACC of 13.0% for under-construction / future development properties. This is in line with the expectations of international investors investing in similar assets.

5.1 Valuation Methodology for Power Distribution Services

Referring to the commission's latest order for the operational facility, the cash flows from the power distribution services are projected in the following manner:

Step 1: Amount of approved Gross Fixed Assets ("GFA") is considered

Step 2: Further, Net Fixed Asset (NFA) which is GFA reduced by accumulated depreciation allowed as on date is computed.

Step 3: To compute the EBITDA, mainly return on equity, interest on notational debt, recovery of depreciation, interest on working capital have been added.

Step 4: Licensee is allowed to charge 14% return on equity which is 30% of GFA. Licensees is further allowed to charge interest on notional debt which is 70% of the GFA reduced by the depreciation for each year. Interest rate is equivalent to the actual cost of debt in the SPV which is 9.0%. SLM (Straight Line Method) is considered for depreciation, as per the average rate approved by the commission. Depreciation is considered to the extent of 90% of the GFA.

Step 5: Approved power procurement, operational and maintenance expenses are allowed completely pass through.

5.2 Valuation Assumptions for Power Distribution Services

Following are the key assumptions for proposed license in line with Commission's order for other two license in Kharadi, Pune.

Assumptions	Unit	Figure
Gross Fixed Assets (GFA)	INR Million	146
Notional Equity (30% of GFA)	INR Million	44
Notional Debt as on March 2019 (70% of GFA)	INR Million	102
Depreciation rate (Straight Line Method)	% pa	5.28
Remaining License Period	years	22
License End Date	Date	18th June 2042

Following are the key projections, as provided by the client

Particulars	Units	Q3 FY 23	Q4 FY 23
No of units sold (MU)	Million Units	6.2	6.3
Revenue from Sales	INR Million	48	48
Power purchase expense	INR Million	46	46
O&M expenses			
Project Support Fees	INR Million	4	4
Other R&M expenses	INR Million	4	4

Following are the key assumptions considered for the purpose of projecting the future cashflows and further discounting the same to arrive at the market value for the Power Distribution Services.

Assumptions	Unit	Details
Power Purchase Cost Escalation	% p.a.	5.0%
O&M Cost Escalation	% p.a.	7.0%
Notional Debt	%	70%
Equity	%	30%
Interest on Notional Debt	%	9.0%
Interest on Working Capital	%	9.0%
ROE	%	14.0%

For the purpose of discounting the future cash flows, a Weighted Average Cost of Capital (WACC) of 10.5% has been used.

5.3 Valuation Assumptions for Facilities Management Services

Existing Operational Building under facility management	Total area of ~25.9 million sq. ft. as at [September 30, 2022] Mix of SEZ and non SEZ building.	The revenue of facility management is linked to the expense for such facility plus mark up, the growth in the revenues from existing tenants are in line with the inflation expectation of 5%.
Expansion in Existing business and Building under construction	Total area of ~2.8 million sq. ft.	For future development/proposed buildings, revenue and margins of existing properties is considered as a base to compute the projected cash flows of new buildings. Growth in revenue is linked to the improvement in occupancy plus 5% revenue growth from existing tenants. Initially those buildings are likely to have lower margins due to lesser occupancy.

For the purpose of arriving at terminal year income multiple, Indian and International comparable companies listed on various stock exchanges were studied. It was observed that International companies with primary business of facility/property management trade at 10 - 13 times EV/EBITDA multiple. However, there are very limited comparable facility management listed companies. SIS India which is recently listed in Indian stock exchange in India offers facility management services in India including security services, cash logistic etc. Given the fact that facility/property management business is limited to the Subject Properties only with ownership interest of Mindspace REIT, we have considered the EV/EBITDA multiple of 13x to compute the exit value at stabilized year ending September 2033.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows

Component	Market Value as on	In Figures (INR Mn)	In Words
Completed/Operational *(Including Power Distribution Business of KRC Infrastructure and Projects Pvt. Ltd. and the Facilities Management Business[1])*	30-Sep-22	INR 22,518	Indian Rupees Twenty-Two Billion Five Hundred and Eighteen Million only
Under Construction/ Future Development *(Including Power Distribution Business of KRC Infrastructure and Projects Pvt. Ltd. and the Facilities Management Business[1])*	30-Sep-22	INR 7,772	Indian Rupees Seven Billion Seven Hundred and Seventy-Two Million only

Ready reckoner rate

Component	Rate
Built up Area	INR 87,520 per sq. m.
Land Area	INR 26,610 per sq. m.

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

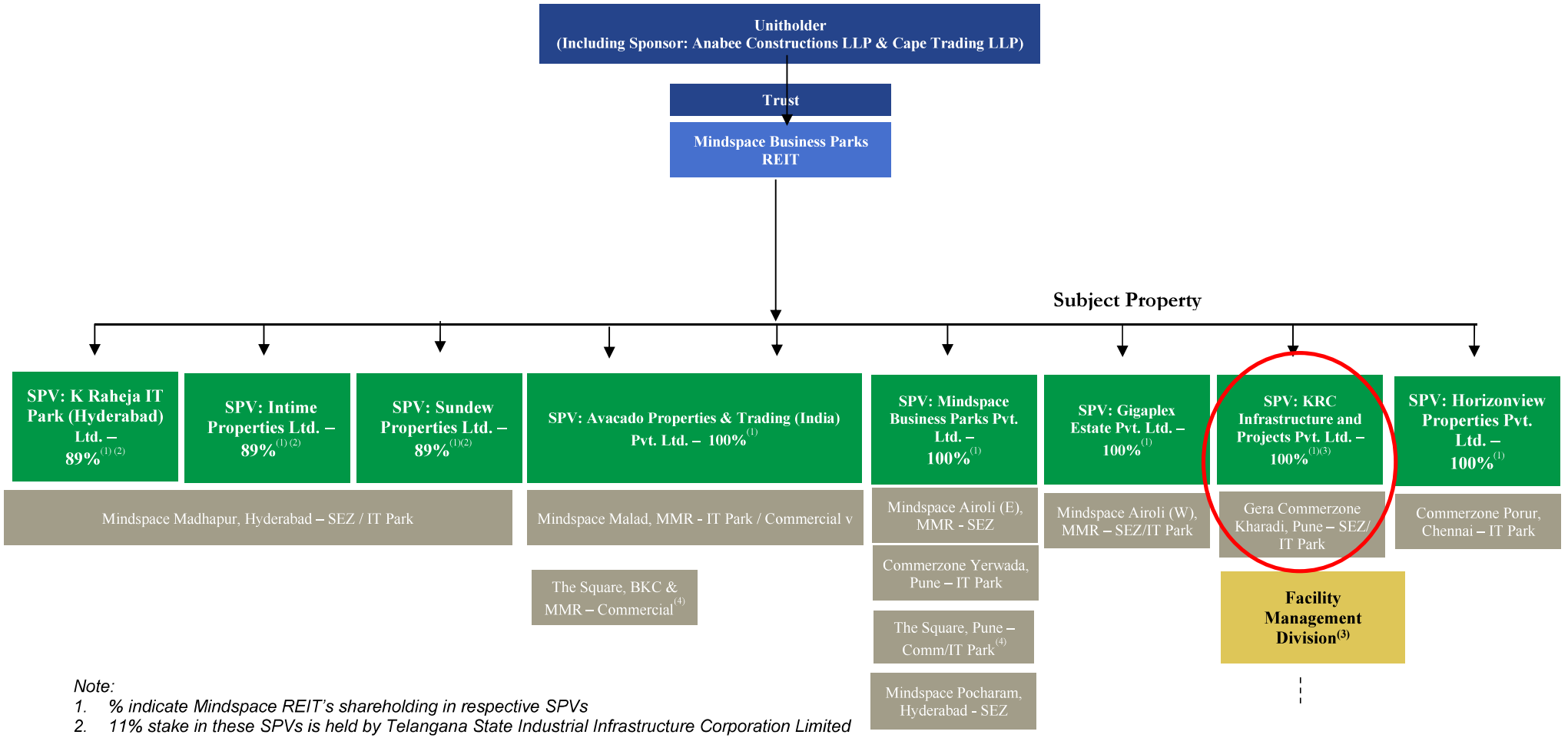
Prepared by

SHUBHENDU SAHA

Digitally signed by SHUBHENDU SAHA
DN: c=IN, postalCode=110063, st=DELHI, l=WEST DELHI, o=Personal, serialNumber=7d8898dca20a40e8b7c090127c92a792dc403971ac11ab4d93d29a92343c6875, pseudonym=fa06d560d86b47ac9382bf12ff3506f0, 2.5.4.20=8722227a074243d136a02dbc1102b09b685061f5c9c086129739f9223f91d129, email=SHUBHENDU.FASV@HOTMAIL.COM, cn=SHUBHENDU SAHA
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Annexure 1: Ownership Structure of Subject Property



Note:

1. *% indicate Mindspace REIT's shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd.*

Annexure 2: Site Layout Map



Annexure 3: Property Photographs



Internal View of the Subject Property



Internal View of the Subject Property



External View of the Subject Property.



External View of the Subject Property.



External View of the Under Construction Portion of the Subject Property



External View of the Under Construction Portion of the Subject Property

Annexure 4: Statement of Key Assets

The following statement of key assets are as of 30 September 2022.

Building	No. / Name	B3(R1)	B6(R4)
Floor	Nos	2B+2P+12F	1B+1P+13F
Warm Shell / Bare shell		Warm shell	Warm shell
Air Cooled Chiller	TR	2 x 350	1 x 400
Water Cooled Chiller	TR	3 x 550	3 x 350
No of DG / Capacity	No. / KVA	4 x 2250	3 x 2000
No of Transformers / Capacity	No./ KVA	4 x 2250	3 x 2000
FF System			
Booster Pump	KW / Make		9.3, Graves Cotton
Jockey Pump	KW / Make		2 x 11 Crompton Graves
Fire Diesel Pump	KW / Make		113, Graves Cotton
Hydrant Pump	KW / Make		110, Crompton Graves
Sprinkle Pump	KW / Make		110, Crompton Graves
STP Rating	KLD	350	400

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Approved masterplans

b) Commencement Certificate

c) Height Clearance NOC from AAI

d) One-time Fire NOC received and Form B for half year ending June 2022 operational building 3 & 6

e) Environmental Clearances

f) SEZ Notification

g) Consent for Establishment (Received and Applied for further amendments)

h) Consent for Operate for operational Building 3 & 6

i) Lift Licenses for operational Building 3, 6 & 5

j) Occupancy Certificate for operational building 3, 6 and 5 (partial)

k) HT Power

Annexure 6: Cash Flow Profile of Buildings and Power Business

Completed Buildings

Building 3 & 6

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	1,153	1,222	1,246	1,340	1,407	1,430	1,527	1,489	1,539	1,685	1,762
Parking Income	INR Million	8	9	9	9	9	10	10	10	12	13	14
O&M income	INR Million	108	107	112	118	124	130	137	143	151	158	166
Power income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Other Operating Income	INR Million	12	12	12	13	14	14	15	15	15	17	18
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	1,281	1,349	1,379	1,480	1,554	1,584	1,688	1,657	1,717	1,873	1,959
Total Income from occupancy	INR Million	1,281	1,349	1,379	1,480	1,554	1,584	1,688	1,657	1,717	1,873	1,959
OPERATING COSTS												
O&M cost	INR Million	(65)	(76)	(80)	(84)	(88)	(93)	(97)	(102)	(107)	(113)	(118)
Power expense	INR Million	-	-	-	-	-	-	-	-	-	-	-
Insurance Cost	INR Million	(7)	(7)	(7)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(9)
Property Taxes	INR Million	(56)	(58)	(60)	(62)	(63)	(65)	(67)	(69)	(71)	(73)	(76)
Total Operating Costs	INR Million	(128)	(141)	(147)	(153)	(160)	(166)	(173)	(180)	(187)	(195)	(203)
Net operating Income	INR Million	1,153	1,208	1,232	1,327	1,394	1,418	1,515	1,477	1,530	1,678	1,755
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	21,942	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(219)	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Net income	INR Million	1,153	1,208	1,232	1,327	1,394	1,418	1,515	1,477	1,530	23,400	-
		-	-	-	-	-	-	-	-	-	-	-
Property Mangement Fees	INR Million	(41)	(43)	(44)	(48)	(50)	(51)	(54)	(53)	(55)	(60)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(23)	(25)	(25)	(27)	(28)	(29)	(31)	(30)	(31)	(34)	-
Brokerage Expenses	INR Million	(0)	-	(1)	(0)	(5)	(0)	-	(61)	(12)	(0)	-
Net Cashflows- before Construction	INR Million	1,088	1,140	1,162	1,252	1,311	1,338	1,430	1,334	1,432	23,306	-
Construction Cost	INR Million	(5)	-	-	-	-	-	-	-	-	-	-
General Development	INR Million	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows	INR Million	1,083	1,140	1,162	1,252	1,311	1,338	1,430	1,334	1,432	23,306	-

Note: We have arrived at the valuation using the quarterly cashflow and reproduced the above mentioned annual cashflow for representation purposes.

Building 5 (Completed Portion):

		30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	108	175	181	201	201	208	231	231	240	265	265
Parking Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
O&M income	INR Million	15	25	27	28	30	31	33	34	36	38	40
Other Operating Income	INR Million	1	2	2	2	2	2	2	2	2	3	3
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	125	202	210	231	232	242	266	268	278	306	308
Total Income from occupancy	INR Million	125	202	210	231	232	242	266	268	278	306	308
OPERATING COSTS												
O&M cost	INR Million	(10)	(16)	(20)	(21)	(22)	(23)	(25)	(26)	(27)	(28)	(30)
Insurance Cost	INR Million	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)
Property Taxes	INR Million	(9)	(9)	(10)	(10)	(10)	(11)	(11)	(11)	(12)	(12)	(12)
Total Operating Costs	INR Million	(21)	(26)	(31)	(32)	(34)	(35)	(37)	(38)	(40)	(42)	(44)
Net operating Income	INR Million	104	175	179	199	199	206	229	229	238	264	264
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	3,303	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(33)	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Net income	INR Million	104	175	179	199	199	206	229	229	238	3,535	-
Property Mangement Fees	INR Million	(4)	(6)	(6)	(7)	(7)	(7)	(8)	(8)	(8)	(9)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(2)	(3)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	-
Brokerage Expenses	INR Million	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows- Post Construction	INR Million	98	166	169	187	187	195	216	216	225	3,520	-
Construction Cost	INR Million	-	-	-	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-	-
Approvals/Premium	INR Million	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows During Construction	INR Million	98	166	169	187	187	195	216	216	225	3,520	-

Note: We have arrived at the valuation using the quarterly cashflow and reproduced the above mentioned annual cashflow for representation purposes.

Under-Construction Buildings

Building 5 (Under-construction Portion):

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	108	397	457	482	502	522	550	573	596	590	677
O&M income	INR Million	20	56	61	64	67	70	74	77	81	85	89
Other Operating Income	INR Million	1	4	5	5	5	5	6	6	6	6	7
Total Income	INR Million	129	458	523	551	574	598	630	657	684	682	773
Total Income from occupancy	INR Million	129	458	523	551	574	598	630	657	684	682	773
OPERATING COSTS												
O&M cost	INR Million	(13)	(30)	(43)	(48)	(51)	(53)	(56)	(59)	(61)	(65)	(68)
Insurance Cost	INR Million	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Property Taxes	INR Million	(13)	(21)	(22)	(23)	(23)	(24)	(25)	(26)	(26)	(27)	(28)
Total Operating Costs	INR Million	(28)	(54)	(68)	(74)	(77)	(80)	(84)	(87)	(91)	(95)	(99)
Net operating Income	INR Million	101	403	455	477	498	518	547	570	593	587	674
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	8,423	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(84)	-
Total Net income	INR Million	101	403	455	477	498	518	547	570	593	8,926	-
Property Mangement Fees	INR Million	(4)	(14)	(16)	(17)	(18)	(18)	(19)	(20)	(21)	(21)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(2)	(8)	(9)	(10)	(10)	(10)	(11)	(11)	(12)	(12)	-
Brokerage Expenses	INR Million	(28)	(19)	-	-	-	-	-	-	-	(22)	-
Net Cashflows- Post Construction	INR Million	67	362	430	451	470	489	516	538	560	8,872	-
Construction Cost	INR Million	(734)	(134)	-	-	-	-	-	-	-	-	-
Approvals/Premium	INR Million	-	-	-	-	-	-	-	-	-	-	-
Net Cashflows During Construction	INR Million	(668)	228	430	451	470	489	516	538	560	8,872	-

Note: We have arrived at the valuation using the quarterly cashflow and reproduced the above mentioned annual cashflow for representation purposes.

Building 4

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	-	-	242	731	1,059	1,107	1,157	1,209	1,263	1,320	1,379
Parking Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
O&M income	INR Million	-	-	56	116	143	151	158	166	174	183	192
Other Operating Income	INR Million	-	-	2	7	11	11	12	12	13	13	14
Total Income	INR Million	-	-	300	854	1,213	1,269	1,326	1,387	1,450	1,516	1,585
Total Income from occupancy	INR Million	-	-	300	854	1,213	1,269	1,326	1,387	1,450	1,516	1,585
OPERATING COSTS												
O&M cost	INR Million	-	-	(50)	(78)	(110)	(115)	(121)	(127)	(133)	(140)	(147)
Insurance Cost	INR Million	-	-	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(7)	(8)
Property Taxes	INR Million	-	-	(48)	(49)	(51)	(52)	(54)	(55)	(57)	(59)	(61)
Total Operating Costs	INR Million	-	-	(104)	(134)	(167)	(174)	(181)	(189)	(198)	(206)	(215)
Net operating Income	INR Million	-	-	196	720	1,047	1,095	1,145	1,198	1,253	1,310	1,370
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	17,129	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(171)	-
Total Net income	INR Million	-	-	196	720	1,047	1,095	1,145	1,198	1,253	18,268	-
Property Mangement Fees	INR Million	-	-	(9)	(26)	(37)	(39)	(41)	(43)	(45)	(47)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	-	(5)	(15)	(21)	(22)	(23)	(24)	(25)	(26)	-
Brokerage Expenses	INR Million	-	-	(91)	(77)	-	-	-	-	-	-	-
Net Cashflows- Post Construction	INR Million	-	-	92	603	988	1,033	1,081	1,131	1,183	18,195	-
Construction Cost	INR Million	(1,653)	(1,827)	(1,050)	-	-	-	-	-	-	-	-
Approvals/Premiums	INR Million	(635)	-	-	-	-	-	-	-	-	-	-
Net Cashflows During Construction	INR Million	(2,288)	(1,827)	(958)	603	988	1,033	1,081	1,131	1,183	18,195	-

Note: We have arrived at the valuation using the quarterly cashflow and reproduced the above mentioned annual cashflow for representation purposes.

Power Business:

Completed Buildings

Profit & Loss Statement	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33	30-Sep-34	30-Sep-35	30-Sep-36	30-Sep-37	30-Sep-38	30-Sep-39	30-Sep-40	30-Sep-41	30-Sep-42
Revenue	67	82	106	110	114	119	124	129	134	139	145	152	158	166	173	181	189	198	208	218	56
EBITDA	-9	14	20	20	19	18	18	17	16	16	15	14	14	13	13	12	11	11	10	9	2

Under Construction Buildings

Profit & Loss Statement	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33	30-Sep-34	30-Sep-35	30-Sep-36	30-Sep-37	30-Sep-38	30-Sep-39	30-Sep-40	30-Sep-41	30-Sep-42
Revenue	72	87	113	118	122	127	132	137	143	149	155	162	169	177	185	193	202	212	222	232	59
EBITDA	-10	15	22	21	20	20	19	18	18	17	16	15	15	14	13	13	12	11	11	10	2

Note: We have arrived at the valuation using the quarterly cashflow and reproduced the above mentioned annual cashflow for representation purposes.

Facilities Management Services

Completed

Profit & Loss Statement	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
Revenue	-	1,397	1,497	1,578	1,657	1,740	1,826	1,918	2,014	2,114	2,220	2,331
EBITDA	-	402	421	442	467	491	516	542	569	597	627	658

Under - Construction

Profit & Loss Statement	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
Revenue	-	56	130	201	249	328	391	414	435	456	479	503
EBITDA	-	11	25	40	52	71	86	91	96	101	106	111

Annexure 7: Ready Reckoner Rate



Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** *(*or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
    g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third-party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose except set out herein.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

The Square, Nagar Road, Pune

Submitted to: K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 4 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for the disclosure of valuation of assets, forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange does not carry any right of publication to any other party. The Entity is the investment manager to Mindspace Business Parks REIT, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

<table>
<tr><th colspan="3">The Square, Nagar Road, Pune</th></tr>
<tr><td>Valuation Date:</td><td colspan="2">30 September, 2022</td></tr>
<tr><td>Valuation Purpose:</td><td colspan="2">Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014</td></tr>
<tr><td>Location / Situation:</td><td>The commercial property known as “The Square” located on Nagar Road, Pune (hereinafter referred to as the “Subject Property”) it is located within Secondary Business District East (SBD East) micro market which is home to a number of IT and SEZ establishments. The micro market has presence of established buildings by prominent developers like K Raheja Corp, Panchshil Realty, Magarpatta developers etc. The micro market is an eastern corridor of the city which is one of the most preferred commercial and residential destinations of the city. It also houses prominent tenants such as Barclays, Mastercard, HSBC, etc.</td><td rowspan="2">
View of the Subject Property

View of the Subject Property

View of the Access Road.</td></tr>
<tr><td>Description:</td><td>The Subject Property is a Grade A IT Park, comprises of two blocks, an IT building and a building that was a mall earlier and is now being used as commercial office space - the Mall block.

The main entrance to the Subject Property is from Nagar Road. Further, the IT building is also facilitated with a separate gate which is accessible from the lane connecting Nagar Road.

Completed Buildings – IT Building and Mall Block (Completed Portion)

The ready/operational buildings collectively admeasure ~0.7 million sq. ft. of leasable area. The Mall Block is located at the entrance of the Subject Property and the IT building is located behind the Mall Block.

Under-Construction/Redevelopment (U/C) – Mall Block (Partial)

Part of the Mall Block admeasuring ~0.06 million sq. ft. of leasable area is currently under-redevelopment. This area under redevelopment was earlier used as multiplex facility and now getting converted to commercial office space after making suitable alterations and refurbishments and thus categorised as under-construction/redevelopment.</td></tr>
</table>

Total Area:	Total Plot Area: 10.1[1] Acres Completed Leasable Area – 710,652 sq. ft. Under Construction Leasable Area – 64,291[2] sq. ft. Total Area – 774,943 sq. ft.	

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed/Operational	30 September 2022	INR 8,557 Million	**Indian Rupees Eight Billion Five Hundred and Fifty-Seven Million Only**
Under Construction	30 September 2022	INR 521 Million	**Indian Rupees Five Hundred and Twenty-One Million Only**

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1] *From Architect's Certificate (Dated: 31 March 2020) shared by the Client*

[2] *for the purpose of rental revenue calculation, although the architect has provided a certificate for the area pre-leased to ADP Private Limited at 76% efficiency, we are relying on the Lease Deed which has leasable area at 75% efficiency.*

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

To:	**K Raheja Corp Investment Managers LLP**
Property:	**IT Park christened "The Square" located at Nagar Road, Pune**
Report Date:	**4 November 2022**
Valuation Date:	**30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"**)**, in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the "Valuer"), in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as incidental or ancillary activities including a facility management business and power distribution facility (together herein referred as "Subject Properties" across the report),. for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of The Valuer

Mr. Shubhendu Saha the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ

International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Subject Property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes.

In addition, other documents in relation to regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes.

Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the Subject Property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying

above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the Subject Property.

For the purpose of the valuation of Subject Properties, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation

8 Inspection

The Property was inspected on 21st March 2022 by the Valuer and subsequently no site visits have been conducted. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the Client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the Subject Property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents- except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, under the applicable law.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the paragraph 4 herein, then (a) with Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favour, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and willful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

13 Limitation of Liability

The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.

The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).

In the event that the Manager, the sponsors, the trustee, the REIT, or other intermediaries appointed by the Manager and / or REIT or its SPVs be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Report, the Claim Parties will be entitled to require the Valuer to be a necessary party/respondent to such claim and he shall not object to his inclusion as a necessary party/ respondent. In all such cases, the Manager, on behalf of the REIT, agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by him while becoming a necessary party/respondent. If the

Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against him in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc.

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B PUNE CITY REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1. Pune City Overview

Particulars	Pune City	CBD	*SBD East	PBD West	SBD West	PBD East
Total Completed Stock 9M 2022 (Million Sq.ft.)	63.3	4.9	33.8	14.3	8.4	1.9
Current occupied stock 9M 2022 (Million Sq.ft.)	55.6	4.7	31.0	10.8	7.3	1.5
Current vacancy 9M 2022 (%)	12.6%	2.8%	8.3%	24.5%	13.7%	20.3%
Average annual absorption 2016 – 9M 2022 (Million Sq.ft.)	3.3	0.3	1.9	0.3	0.7	0.1
Future Supply – Q4 2022 – Q4 2024F (Million sq. ft.)	11.2	1.3	5.8	1.6	1.3	0.9
Market rent – 9M 2022 (INR psf/month)	88	100	99	56	85	65

Source: Cushman & Wakefield Research

*Note: CBD stands for Central Business District, SBD stands for Secondary Business District and PBD stands for Peripheral Business District. *Mindspace REIT's micro markets.*

Pune is the second most populous city in Maharashtra and is located at a distance of ~150 kms from Mumbai. Pune houses multiple important educational institutions which attract talent from across the country and provides a young cosmopolitan workforce. Presence of strong infrastructure and availability of skilled manpower has made Pune an attractive destination for major domestic and multinational companies. Pune is a hub for the technology sector, housing companies such as Wipro, Infosys, Cognizant and Tata Consulting Services. The city is also an established industrial, defence and automobile hub, housing companies like Mahindra and Mahindra, TATA Motors, Bajaj, JCB, Hyundai, Volkswagen, Mercedes Benz, Fiat, Forbes Marshall and GE India.

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

- **Good Quality Offices:** Pune houses many Grade-A office spaces and SEZs (15 operational SEZs[3] which account for 23.05 msf of office stock) which provide large floor plates, international grade structures and amenities attracting major technology companies such as IBM and Cognizant as well as financial companies such as Credit Suisse, Barclays and Citi Corp Service India Limited.

- **Educated and skilled workforce:** High literacy rate of 89.56% (Per Census of India, 2011) and various renowned institutes (800+ colleges[4]) such as College of Engineering Pune, Pune University and National Institute of Construction Management and Research provide companies with the requisite talent pool. (12,000+ engineering graduates every year[5])

- **Well-developed social infrastructure:** There are many high streets (FC Road, JM Road and North Main Road), operational malls (Phoenix Marketcity, Amanora Town Center, Seasons Malls etc.), hotels (JW Marriott, Hyatt Regency, Lemon Tree Premier etc.) and hospitals (Jehangir Hospital, Aditya Birla Memorial Hospital, Deenanath Mangeshkar Hospital etc.) in the city which provide a good network of social infrastructure.

- **Existing and Upcoming infrastructure:** Pune is well-connected by rail, roads (Mumbai – Pune Expressway and Mumbai – Bengaluru Highway) and air (Pune International Airport) to major Indian cities. There are many upcoming infrastructure initiatives such as High-Capacity Mass Transit Route, six-lane Ring Road, Metro Lines (which are currently under-construction), bus rapid transit (operational) and the new international airport (under planning stage) which are expected to further enhance connectivity.

  These new infrastructure initiatives will provide the commuter with ease of travelling to various commercial nodes and reduce the traffic congestion on the roads as well.

[3] *Source: http://sezindia.nic.in/; List of Operational SEZ as on 27/9/21*
[4] *Source: https://punesmartcity.in/explore-pune*
[5] *Source: Zinnov Management Consulting study of 2011/12*

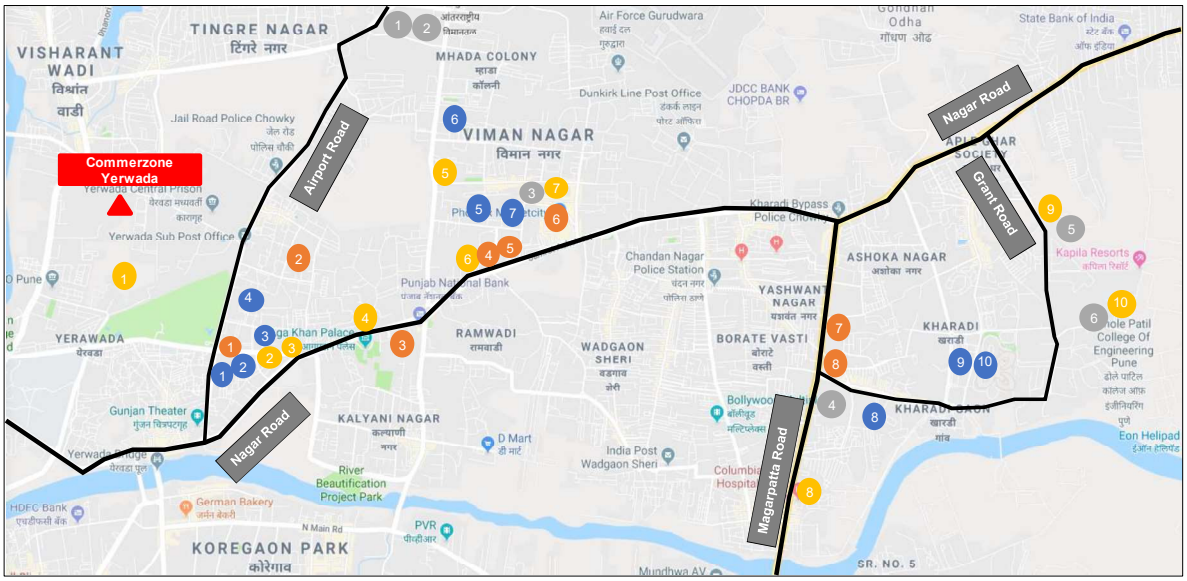
2. Secondary Business District – East (SBD East)

2.1. Overview

Secondary Business District – East (SBD East) of Pune is the eastern corridor of the city, located adjacent to the Central Business District. SBD East is one of the best performing micro-markets in the city. Nagar Road, which is also known as Pune Ahmednagar highway, Magarpatta road and Solapur Highway are the main arterial roads of the city which run through this micro-market. Nagar Road is one of the most developed clusters in terms of social infrastructure. Renowned hotels like Hyatt Regency, Novotel & Hyatt Pune and Phoenix Marketcity Mall are located on this road. The other arterial road known as Magarpatta Road has developments like Amanora Town Center & Seasons Malls and hotels like Radisson Blu and Fairfield Marriott.

Locations like Viman Nagar, Yerwada, Hadapsar and Kharadi form a part of SBD East and are major commercial and residential clusters which are accessible mainly by Nagar Road. Residential developments such as Sky belvedere, Rohan Mithila, Gera Song of Joy, Marvel Zephyr, Panchshil Towers, etc are present in these locations. The renowned townships of Magarpatta and Amanora are accessible by Magarpatta road and Solapur road which are located in Hadapsar.

Presence of strong social and physical infrastructure, upcoming and proposed infrastructure projects, residential development for different segments, good connectivity and proximity to International Airport has led SBD East to emerge as a preferred commercial destination by major multinational and national companies. This micro-market is a sought-after location for national and local developers for development of modern high-quality office spaces. Some prominent commercial developments such as Commerzone, Business Bay, Eon Free Zone etc. are present in the micro-market which houses companies like Barclays, Eaton, Tieto, Credit Suisse, Zensar Technologies, Allstate etc.

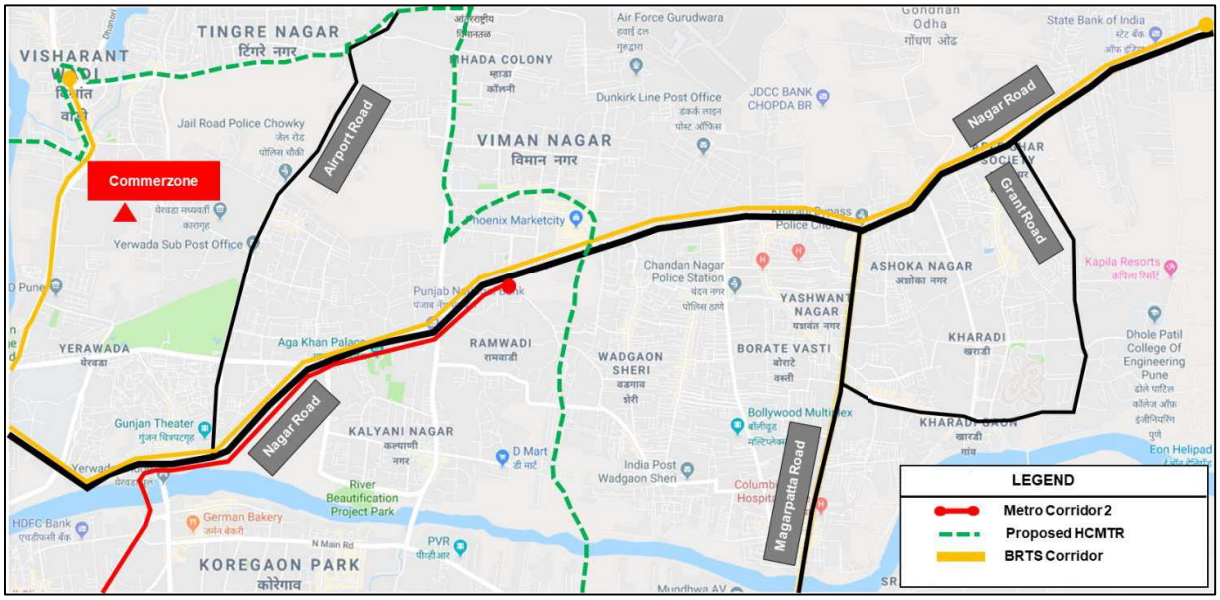


(Map not to Scale)

Key Commercial Developments *Social Infrastructure* *Lifestyle Infrastructure* *Proposed Commercial Developments*

Key Commercial Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed Commercial Developments
1. Business Bay	1. VIBGYOR High School	1. Ritz Carlton	1. The Corporate Park
2. Mutha Towers	2. Don Bosco High School	2. Creaticity Mall	2. The Corporate Park – B
3. Tech Park One	3. Lunkad Hospital	3. Hyatt Place	3. Panchshil Business Park
4. Binarius	4. Ebdoscopic Sinustic Treatment Centre	4. Novotel	4. Nyati Enthral
5. Bajaj House	5. Symbiosis University	5. Hyatt Regency	5. Ascendas - ITP Phase II
6. Lunkad Sky Vista	6. Hi Line Hospital	6. Phoenix Market City Mall	6. Gera Commerzone G1
7. Marvel Edge	7. International Institute of Hotel Management	7. Radisson Blu	
8. Zensar Technologies	8. Columbia Asia Hospital	8. Fairfield Marriott	
9. World Trade Centre	9. Phoenix World School		
10. Eon Free Zone	10. Dhole Patil College of Engineering		

2.2. Existing and Upcoming Infrastructure



(Map not to scale)

An active BRTS (Bus Rapid Transit System) service with a dedicated lane is functional along Nagar road, which connects central Pune locations to outskirts such as Wagholi through Viman Nagar and Yerwada. Also, Pune International Airport is located in SBD East micro-market.

The 2nd corridor of Pune metro line (Phase 1) is currently under-construction and runs from Vanaz to Ramwadi (Phase 1 of this corridor running between Vanaz & Grarware College became operational on March 6, 2022 & remaining stretch is under-construction) and proposed HCMTR passes through this micro-market. This proposed metro line and HCMTR would further improve the connectivity with SBD (Secondary Business District) East micro market.

2.3. Key Statistics

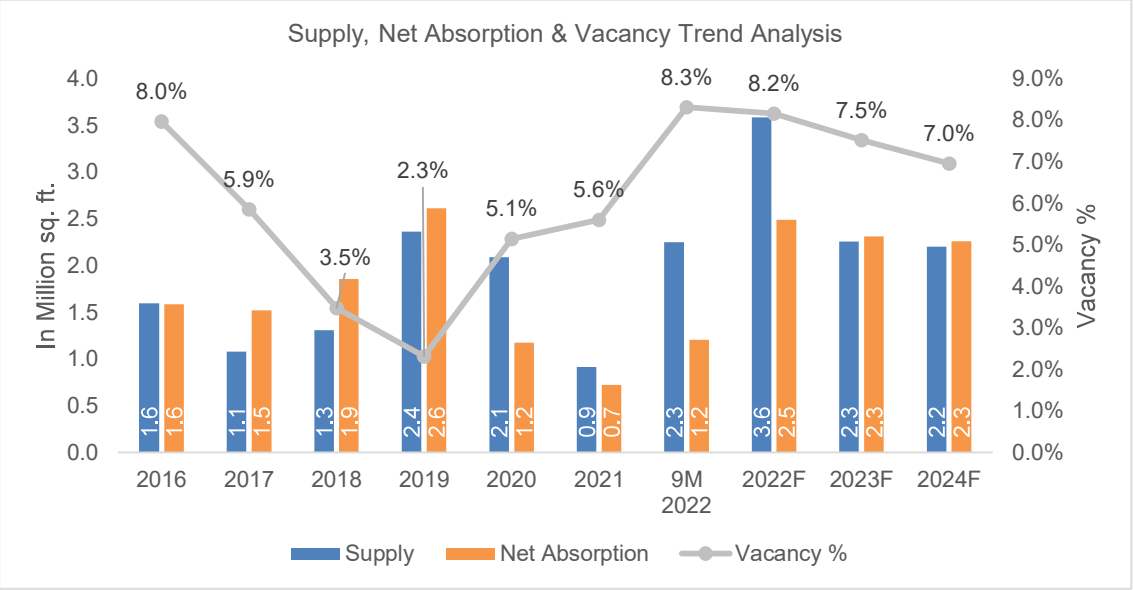
Particulars	Details
Total completed stock (9M 2022)	Approximately 33.8 msf
Current occupied stock (9M 2022)	Approximately 31.0 msf
Current Vacancy (9M 2022)	Approximately 8.3%
Avg. Absorption (2016 – 9M 2022)	Approximately 1.9 msf
Future Supply (Q4 2022 – 2024)	Q4 2022: Approximately 1.3 msf 2023: Approximately 2.3 msf 2024: Approximately 2.2 msf

Source: Cushman & Wakefield Research

2.4. Supply, Absorption & Vacancy

SBD East has a good presence of grade A buildings coupled with strong connectivity and well-developed social infrastructure. This micro market has witnessed continuous demand from various sectors. Vacancy in SBD East micro-market has declined significantly from 8.5% in 2015 to 5.1% in 2020 due to absorption outstripping supply. However, after the outbreak of COVID 19 the vacancy levels in the micro markets have increased and the current vacancy level is at 8.3%. The total grade A stock of office space in the SBD East micro-market is approximately 33.8 msf as of 9M 2022. The net absorption as of 9M 2022 for SBD East is 1.2 msf.

The following graph represents supply, absorption and vacancy trends in SBD East micro-market (2016-2024F).



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. Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

SBD East houses approximately 53% of total stock of Grade A offices in the city, making it the biggest micro-market of Pune for commercial office spaces. It is home to most of the landmark commercial projects in the city. Approximately 34% of total stock in the micro-market was completed from 2015 till 9M 2022. Prominent buildings in the micro-market such as Commerzone Yerwada (Building B8), Eon Free Zone (Building E) and Nyati Unitree were completed in 2015.

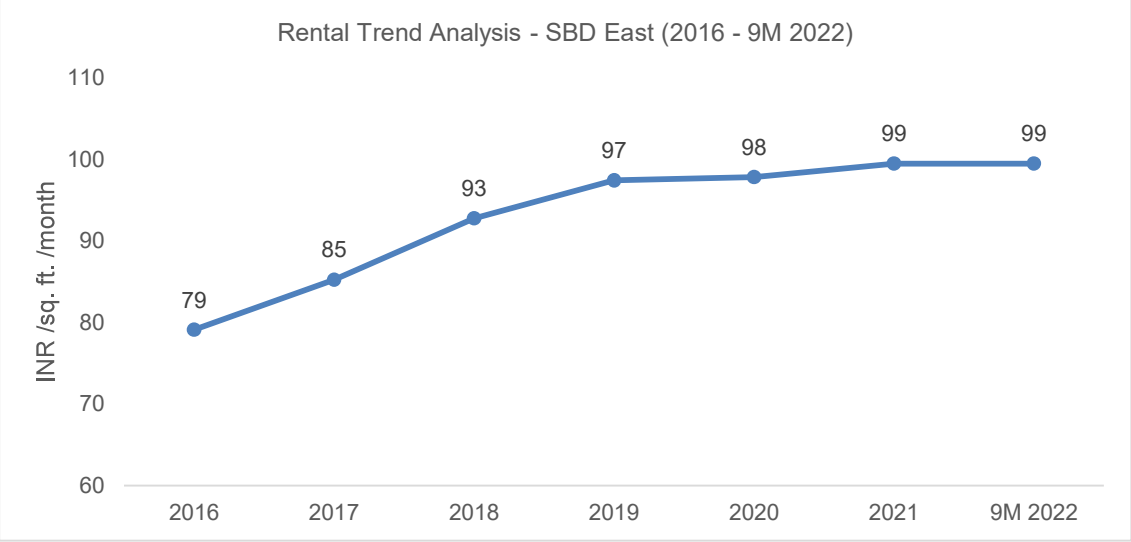
SBD East hosts the first SEZ commercial space Eon Free Zone in the city, integrated IT township Magarpatta and major IT/Business parks of the city. Such projects pioneered the overall development of this micro-market. These projects attracted demand majorly from BFSI, Technology and Professional Services industries. Companies like Barclays, Mastercard, HSBC, Amdocs, Intel, Accenture, ADP etc. are operational in this micro-market. SBD East has witnessed demand followed by supply. Developers of commercial office spaces considered the requirement of the tenants such as buildings with good quality modern amenities, large floor plates and good aesthetics for their projects. Thus, under-construction buildings attracted pre-commitments for significant area of the building, reducing the vacancy levels.

Going forward, major projects are planned in the micro market by established developers. Supply of approximately 2.3 million sq. ft. and 2.2 million sq. ft. is expected in next two years respectively. The vacancy level is expected to remain same in 2022F. However, on account of revival in demand for commercial real estate in the micro market, we expect the vacancy to decrease to 7.5% in 2023F and 7.0% in 2024F.

2.5. Rental Trend Analysis

Commercial rental values in SBD East are in the range of INR 70 to INR 100 psf/ month on leasable area. The rental range variance in this micro market is due to presence of international grade properties with modern facilities which constitutes large IT/Business Parks and individual commercial buildings with smaller floor plates. Owing to the presence of strong social and physical infrastructure, availability of good quality office space and low vacancy levels with good demand-supply dynamics; this micro-market has witnessed a consistent rental escalation for past few years. Rents in SBD East have appreciated by CAGR of 4.0% since 2016. Due to the recent pandemic situation, the real estate sector has also faced challenges and hence have been impacted. However, we expect the rentals to grow thereafter due to healthy demand and development of good quality office spaces.

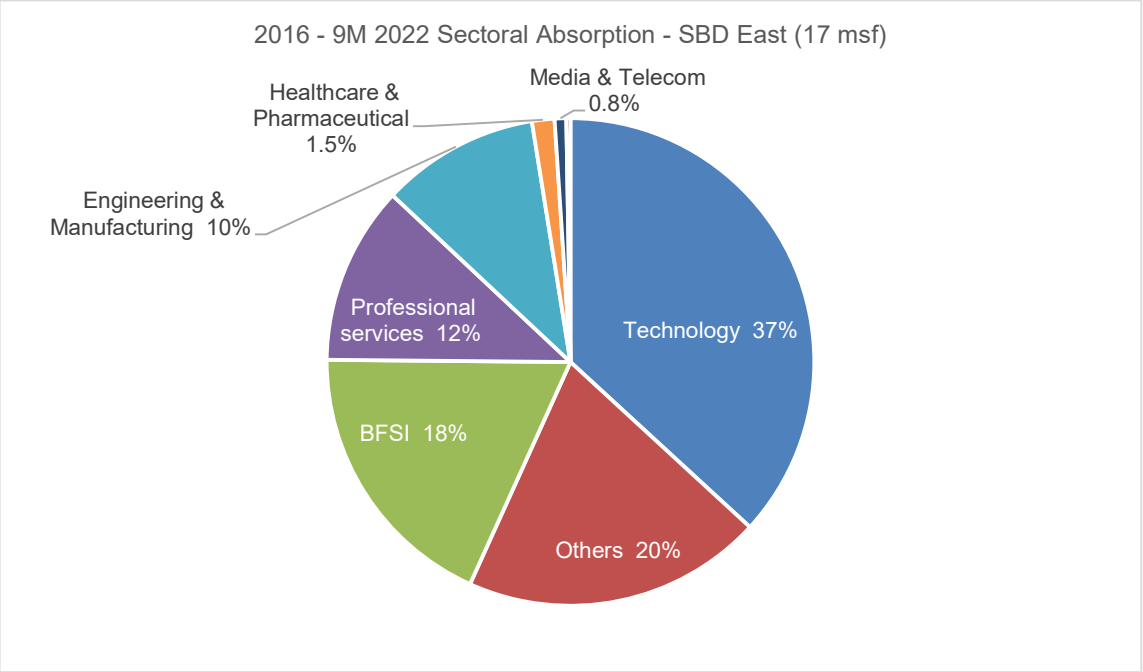
The following graph depicts the rental trend analysis of SBD East micro-market (2016 – 9M 2022):



Source: Cushman and Wakefield Research

Note: The rentals are basis prevailing quote in the micro market. Actual achievable rent may vary +/-10% depending upon negotiations, final structuring of the lease agreement and other parameters. In case of pre-commitments the achievable rent may vary beyond +/-10% depending upon negotiations.

2.6. Sector Demand Analysis



Source: Cushman & Wakefield Research;

Note: Others include Others include Flexible Workspaces, Logistics and Shipping, Oil and Gas, Research & Analysis, Automobile, Food & Beverage, Hospitality, Real Estate & Related Services and Education.

Note: The sectoral absorption analysis is based on gross absorption activity of the city i.e. including any relocations, consolidations etc. Total gross absorption from 2016 till 9M 2022 amounts to 17 msf of area

SBD East micro market has witnessed higher demand from Technology and BFSI sectors, because of availability of larger floor plates, good connectivity and competitive rent. Technology and BFSI sectors contribute approximately 37% and 18% to the leasing activity in this micro market for the time period between 2016 and 9M 2022. Further, it is pertinent to note that flexible workspace which forms a part of Others category has contributed approximately 52% of leasing activity within the Others domain and approximately 10% of the leasing activity at the micro market level for the time period between 2016 and 9M 2022.

2.7. Market Outlook

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments untill the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

According to the market assessment report of Cushman & Wakefield current market rentals in the SBD East micro market are in the range of INR 70 psf/ month to INR 100 psf / month. Further over 2016 – 9M 2022, the rentals in SBD East micro market grew at a CAGR of 4.0%. SBD East market has remined resilient during the pandemic times, evidenced by single digit range bound vacancy levels. It has also witnessed a healthy market recovery in 9M 2022, and the leasing momentum is likely to continue going forward.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	The Square, Ahmednagar Road, Village Wadgaon Sheri, Taluka Haveli, District Pune- 411014
Ownership & title details:	Underlying land is freehold; the buildings thereupon are owned by the Mindspace REIT

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property is considered to possesses a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsel and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material Litigation

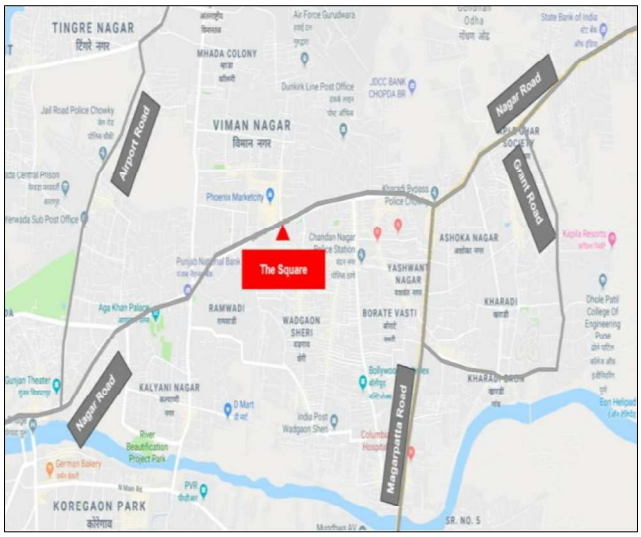
Based on discussions with the Client and Title Reports shared, there are no material litigation including tax disputes other than the litigation disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

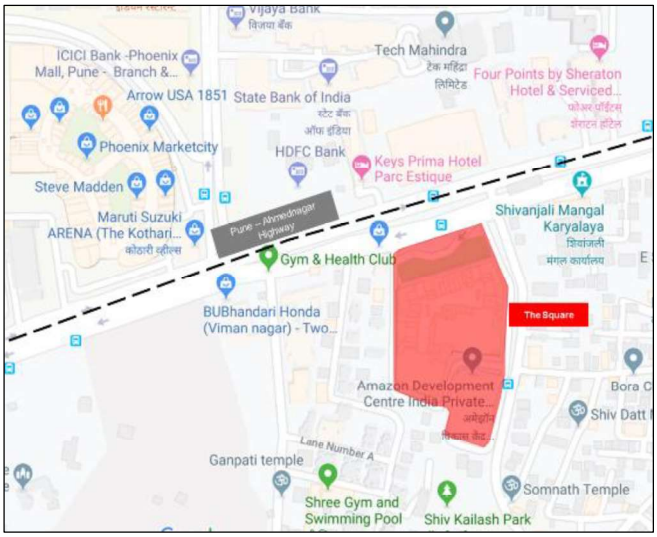
2 Location

2.1 General

The commercial property known as "The Square" located on Nagar Road, Pune (hereinafter referred to as the "Subject Property"). It is located within the Secondary Business District East (SBD East) micro market which is home to a number of IT and SEZ establishments. The micro market has presence of established buildings by prominent developers like K Raheja Corp, Panchshil Realty, Magarpatta developers etc. The micro market is an eastern corridor of the city which is one of the most preferred commercial and residential destinations of the city. It also houses prominent tenants such as Barclays, Mastercard, HSBC, etc.

The location map of the Subject Property is set out below:





(Map not to Scale)

The Subject Property is spread out over ~10.1 acres of land parcel. Located on Nagar Road, the Subject Property enjoys good frontage and has a relatively flat topography with no significant variations in the height of the land. Further, basis our perusal of the site map provided by the Client, we noted that the land plot is slightly irregular in shape.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 1 kms from Viman Nagar Chowk
- Approximately 4-5 kms from International Airport Pune
- Approximately 7-8 kms from Pune Railway Station

The property photographs of the Subject Property are attached in Annexure 1.

The Subject Property is accessible from Nagar Road which is a major arterial road of the city. Upcoming infrastructures like Metro Rail, HCMTR and BRTS are improve the connectivity of the Subject Property with other parts of the city.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Pune where the Subject Property is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The Subject Property is located at relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and perennial water logging.

2.5 Town Planning and Statutory Considerations

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

The Subject Property, a Grade-A IT Park, has two buildings, an IT building and a building that was a mall earlier and is now being used as commercial office space - the Mall Block.

The main entrance to the Subject Property is from Nagar Road. Further, the IT building is also facilitated with a separate gate which is accessible from the lane connecting Nagar Road.

Completed Buildings – IT Building and Mall Block (Completed Portion)

The ready buildings collectively admeasure ~0.7 million sq. ft. of leasable area. The Mall Block is located at the entrance of the Subject Property and the IT building is located behind the Mall Block.

Under-Construction/ Redevelopment (U/C) – Mall Block (U/C Portion)

Part of the Mall Block admeasuring ~0.06 million sq. ft. of leasable area is currently under-construction. This area was earlier used as multiplex facility and now getting converted to commercial office space after making suitable alterations and refurbishments.

The building wise leasable area break up for the Subject Property is mentioned in the table below:

Particulars	Leasable Area (sq. ft.)	Usage type	Status
IT Building	187,020	Non-SEZ	Completed
Mall Block (Completed)	523,632	Non-SEZ	Completed
Mall Block (U/C)	64,291[6]	Non-SEZ	Under-Construction

Source: Architect's Certificate (Completed Portion - Dated: 31 March 2020; Mall Block (U/C) – Dated: 31 March 2021), Rent Rolls, Lease Deeds/Leave and License Agreements

[6] *for the purpose of rental revenue calculation, although the architect has provided a certificate for the area pre-leased to ADP Private Limited at 76% efficiency, we are relying on the LOI which has leasable area at 75% efficiency.*

3.1 Key Asset Information

Completed Building

Particulars	Details
Entity:	Mindspace Business Parks Private Limited
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT[1]
Age of building based on the date of occupancy certificate:	IT Building - 5 years and 11 months Mall Block - 4 years and 11 months
Asset type:	IT Park with 2 Non-SEZ buildings
Sub-market:	Secondary Business District East (SBD East)
Approved and existing usage:	Commercial Office/IT Office Space
Site Area (acres):	~10.1
Freehold/Leasehold:	The underlying land is taken on freehold basis
Leasable Area[2]:	~0.7 million sq. ft.
Occupied Area:	~0.7 million sq. ft.
Occupancy (%)[3]	100%
Committed Occupancy (%)[4]	100%
Number of Tenants	3

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *The Client has obtained occupation certificate for entire leasable area admeasuring 0.7 million sq. ft.*
3. *Occupancy refers to proportion of area leased which is actively occupied by the tenants*
4. *Committed occupancy also includes area which has been pre-leased to tenants.*

Under Construction/Redevelopment Area

Particulars	Details
Entity:	The Square
Interest owned by Mindspace REIT (%):	Subject Property is wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT[1]
Expected completion date of construction:	December 2022
Asset type:	IT Park with 2 Non-SEZ buildings
Approved usage:	Commercial Office/IT Office Space
Leasable Area[2]:	~0.06 million sq. ft.
Occupied Area:	~0.03 million sq. ft.
Occupancy (%)[3]	0%
Committed Occupancy (%)[4]	~45.6%
Number of Tenants	1
Status of construction:	A small portion of the Mall block is now under-construction/ redevelopment. This was earlier used as a multiplex facility and is now getting converted to commercial office space with leasable area of 64,291 sq. ft. after making suitable alterations and refurbishments. Currently, the reconfiguration of the multiplex area with spanning of slabs to create separate office floors out of double heighted portion is in progress The redevelopment work is expected to be completed by December 2022.
Approvals received and pending as on Valuation Date:	List of approvals detailed in Annexure 5

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *For the purpose of rental revenue calculation, although the architect has provided a certificate for the area pre-leased to ADP at 76% efficiency, we are relying on the Lease Deed which has leasable area at 75% efficiency.*
3. *Occupancy refers to proportion of area leased which is actively occupied by the tenants*
4. *Committed occupancy also includes area which has been pre-leased to tenants.*

The underlying land of the Subject Property is freehold in nature.

3.2 Property Inspection

The Subject property comprises two separate blocks. The bigger building (Mall block) was originally built as a retail mall and the layout reflect the same. The smaller building (IT Building) has been let out to a single tenant in its entirety. The Property was inspected on 21 March 2021 by the Valuer.

Since the last inspection in March 2021, the reconfiguration of the multiplex area with spanning of slabs to create separate office floors out of double heighted portion is in progress and is expected to be complete by December 2022. As part of the site visits, visual inspection of operational buildings comprising the property and visits to key utility areas like LT Electric Room, Pump Room, HVAC installations, Power Back up, STP. The common areas within the buildings were visited on a sample basis as the areas under tenant occupation had access restriction.

The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance within the operational buildings. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation was observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure is based completely on visual survey.

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Sources of information:

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield India (CWI) who were appointed by the Client to undertake market research and portfolio analysis of the properties forming part of the portfolio of the Mindspace REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates (Completed Portion - Dated: 31 March 2020; Mall (U/C) – Dated: 31 March 2021), mentioning site areas and property areas

b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the Subject Property

c. Lease agreements and commercial clauses thereof for top tenants on a sample basis

d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property

e. Management representation regarding the following:

i. Major repairs undertaken and proposed in the Subject Property

ii. Statement of Assets

iii. Revenue pendency, if any

iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

v. List of material litigations

3.4 Tenant Profile

Completed Portion -

As of 30 September 2022, completed portion of the Subject Property has 3 tenants which include companies like ADP, Fiserv and Amazon.

Rank	Top Tenants according to Leasable Area	Leasable Area (sq. ft.)
1	Fiserv India Private Limited	333,021
2	ADP Private Limited	190,611
3	Amazon Development Centre (I) Pvt Ltd	187,020
	Total	**710,652**

Rank	Top Tenants according to Gross Rentals	Percentage of Gross Rentals
1	Fiserv India Private Limited	44%
2	ADP Private Limited	32%
3	Amazon Development Centre (I) Pvt Ltd	24%
	Total	**100%**

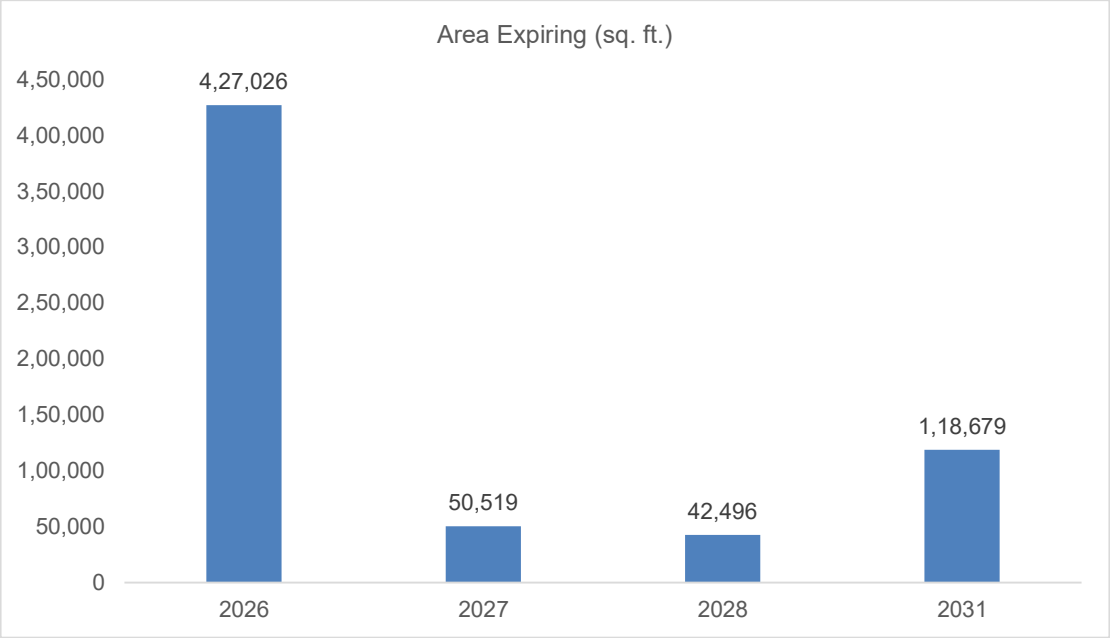
Under-Construction/Redevelopment Portion (Erstwhile Multiplex area) -

As of 30 September 2022, ADP has committed to occupy a total of 219,902 sq. ft. of leasable area in the Subject Property. Off this total committed area, 190,611 sq. ft. of leasable area is part of the completed portion of the Mall block as indicated in above table. Further, they have also pre-committed to lease a part (29,291 sq. ft.[7]) of currently under redevelopment portion of the Mall block (erstwhile multiplex area).

[7] *for the purpose of rental revenue calculation, although the architect has provided a certificate for the area pre-leased to ADP Private Limited at 76% efficiency, we are relying on the Lease Deed which has leasable area at 75% efficiency.*

3.5 Lease Expiry Profile

The WALE of the property is 5.4 years, with no occupied area expiring between CY 2022 and CY (Calendar Year) 2025 as shown in the chart below.



4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or micro-markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to top tenants were reviewed on a sample basis.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-Market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by CWI, who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner:

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by CWI and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located)

and achievable market rent (The Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).

2. Rent roll and sample of lease deeds of large anchor-tenants were analysed to assess if any adjustments to marginal rent are required for individual leases. For other leases, it has been assumed that they would revert to marginal rents of the Subject Property following the expiry of the lease, factoring appropriate re-leasing time.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/future development area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/future development areas respectively.
   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.
   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.

   Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Recurring operational expenses, fit-out income (if any – the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.

4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30th September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-September-22
Cashflow period	Years	10
Cashflow exit period	End date	31-September-32

Completed Building

Property Details	Unit	Details
Total Property Leasable Area	sq. ft.	7,10,652
Area Leased	sq. ft.	7,10,652
Leased	%	100%
Vacant Area	sq. ft.	-
Vacancy	%	0.0%
Stabilized Vacancy	%	2.0%
Further leasing	sq. ft.	-
Existing Lease rollovers	%	98.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Total 4W parking slots	Number	825
4W Slots leased	Number	105

- **Rent-free period:** In accordance with market benchmarks for Grade A properties, rent-free period of two months has been considered for existing lease rollovers and three months for new leases. Because of the lingering impact of the Covid related slowdown, we expect the tenants being offered an additional 1 month of rent-free period for all the existing lease rollovers happening within the upcoming 6 months (from 1 October 2022) in order to retain and support them
- **Future absorption:** The completed buildings of the Subject Property are 100% leased out.

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq. ft./month	INR 78
Market 4 W Parking Rent	Per slot/month	INR 2,000
Other Operating income	% of lease rental	1.00%
Market Rent growth rate FY-24 onwards	% p.a.	5.0%
Parking income growth rate	% p.a.	5.0%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
CAM/O&M Income prevailing in the market	Per sq. ft./month	INR 18.01

- **Market rent - office**: In the 9M CY 2022, approximately 1.2 million sq. ft. was absorbed in the rental range of INR 70-100 per sq. ft. per month. A snapshot of the select lease transactions in 9M 2022 are set out below:
- **Lease Transactions 9M 2022**

Tenant	Year	~Area Leased (sq. ft.)	Rent (INR psf/month)
Mastercard	2022	423,000	85 - 90
ZS Associates	2022	332,000	70 – 75
Amazon	2022	225,000	70 – 75
Table Space	2022	164,000	80 – 85
UST Global	2022	150,000	70 – 75
Kion	2022	140,000	90 – 95
We Work	2022	98,000	75 – 80
KPMG	2022	60,000	70 – 75
Opus Consulting	2022	53,000	75 – 80
315 Coworking	2022	40,000	70 – 75
Acuity Knowledge	2022	40,000	70 – 75
L&T Info Tech	2022	37,000	95 – 100
Desser Rand	2022	35,000	85 – 90
Octaserve	2022	30,000	85 – 90
Isprout	2022	28,000	95 - 100
Amdocs	2022	23,500	65 – 70
Brickfolio	2022	11,500	75 – 80
Chain IQ	2022	5,100	95 - 100

Considering the above transactions, monthly rent for office space is in the range of INR 70 psf to INR 100 psf. Market rent for office space has been considered in line with the achievable market rent for completed buildings at INR 78 psf / month

- **Market rent growth rate:** As the number for the vaccinated population is firming up, the occupiers have started implementing their return to office strategy. Office space market

demand have witnessed a recovery with close to 1.2 million sq. ft. being absorbed in 9M 2022. However, the market has also witnessed incremental supply of ~2.2 million sq. ft. in 9M 2022 which is expected to keep the market rentals range bound in the immediate future. Considering the above market dynamics, we have considered a rental growth of 5% from 01 April 2023 onwards for the Subject Property.

- **Market rent - 4W parking**: Rent for car parks are assumed at INR 2,000 per slot per month in line with the current rentals for paid car parks in SBD East.
- **Other income:** Analysis of the historical of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered Other income at 1% of lease rental income. Other income includes components from Events, Kiosks, Telecom Towers and Car Parks.
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and receives higher rentals for the same carpet area. Going forward, for leases which will expiry during the next 10 years, we have considered efficiency at 76% or actual, whichever is lower.

Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Months' Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin	Per sq. ft./month	INR 2.43
CAM/ O&M cost – FY 2023E	Per sq. ft./month	INR 9.92
Property Tax	Per sq. ft./month	INR 3.74
Insurance	Per sq. ft./month	INR 0.31
Cost escalation	% p.a.	3%
CAM cost escalation	% p.a.	5%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals, fit out Income, Parking Income & Other Operating Income	3.5%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **CAM Cost:** As per the information received by the client, CAM / O&M Cost is expected to be INR 9.92 per sq ft. per month. However, we expect these costs to revert back to the pre-COVID FY 2019 levels of INR 15.45 psf pm, as the physical occupancy levels for the park reverts to the optimal level. However, the CAM margins are not expected to be impacted, as the lease agreements have a minimum level of CAM recovery agreed with the tenants.
- **CAM margin:** CAM margin being earned by the Subject Property has been considered at INR 2.43 per sq. ft., per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered at the same level as financial year ended 31 March 2022 and projected to increase at 3% per annum.
- **Other operating expenses** have been assumed at 2% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses.
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rentals, parking income, fitout income & other operating income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Capitalisation and Discount rate assumptions

- **Capitalization Rate:**

Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8.0% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Note: The above information is based on information published in public domain and discussions with various market players.

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

- **Discount rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  The derived discount rate of 11.75% was found to be aligned with the expectations of international investors investing in similar assets.

Under-construction/Redevelopment

As discussed earlier, the erstwhile multiplex area in the Mall block is now being redeveloped into a commercial office space with 64,291 sq. ft.[8] leasable area. Given this portion will require a fresh Occupancy Certificate, in order to comply with the regulations, this area has been categorised as Under-construction for the purpose of valuation.

Property details

Property Details	Unit	Details
Total Leasable Area	sq. ft.	64,291
Area Leased	sq. ft.	29,291
Leased	%	45.56%
Vacant area	sq. ft.	35,000
Vacancy	%	54.4%
Stabilized Vacancy	%	2.0%
Further leasing	sq. ft.	33,714
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Estimated leasing period	No. of quarter	1.0

- **Rent-free period:** In accordance with market benchmarks for Grade A properties, rent-free period of two months has been considered for existing lease rollovers and three months for new leases. Because of the lingering impact of the Covid related slowdown, we expect the tenants being offered an additional 1 month of rent-free period for all the existing lease rollovers happening within the upcoming 6 months (from 1 October 2022) in order to retain and support them
- **Future Absorption:**
  Since the year CY 2016 the micro market has witnessed average annual net absorption of 1.9 million sq. ft. and average annual supply of 2.0 million sq. ft.
  Going forward, the micro market is expected to have an average annual demand of approximately 2.3 million sq. ft. between Q4 2022 & Q4 2024. Considering the upcoming supply for year 2022, 2023 and 2024 and keeping in mind the pre-commitment that the U/C portion of the Subject Property already has, we have assumed the vacant area of the U/C portion to be occupied by Q1-2023.

[8] *for the purpose of the rental revenue calculation, although the architect has provided a certificate for the area pre-leased to ADP Private Limited at 76% efficiency, we are relying on the LOI which has leasable area at 75% efficiency.*

Construction related assumptions

Construction-related Assumptions	Unit	Details
Start date of construction		1-Oct-21
End date of construction		1-Dec-22
Total construction cost	INR million	390
Construction cost incurred till date	INR million	201
Construction cost to be incurred	INR million	189

Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq. ft./month	INR 78
Market 4 W Parking Rent	Per slot/month	INR 2,000
Other Operating income	% of lease rental	1.00%
Market Rent growth rate FY-24 onwards	% p.a.	5.00%
Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	1 years of lease tenure
Market escalation at end of escalation period	%	4.5%
CAM/O&M Income prevailing in the market	Per sq. ft./month	INR 18.17

- **Market rent - office**: In the 9M CY 2022, approximately 1.2 million sq. ft. was absorbed in the rental range of INR 70-100 per sq. ft. per month. A snapshot of the select lease transactions in 9M 2022 are set out below:

Lease Transactions 9M 2022

Tenant	Year	~Area Leased (sq. ft.)	Rent (INR psf/month)
Mastercard	2022	423,000	85 - 90
ZS Associates	2022	332,000	70 – 75
Amazon	2022	225,000	70 – 75
Table Space	2022	164,000	80 – 85
UST Global	2022	150,000	70 – 75
Kion	2022	140,000	90 – 95
We Work	2022	98,000	75 – 80
KPMG	2022	60,000	70 – 75
Opus Consulting	2022	53,000	75 – 80
315 Coworking	2022	40,000	70 – 75
Acuity Knowledge	2022	40,000	70 – 75
L&T Info Tech	2022	37,000	95 – 100
Desser Rand	2022	35,000	85 – 90
Octaserve	2022	30,000	85 – 90
Isprout	2022	28,000	95 - 100
Amdocs	2022	23,500	65 – 70
Brickfolio	2022	11,500	75 – 80
Chain IQ	2022	5,100	95 - 100

Considering the above transactions, monthly rent for office space is in the range of INR 70 psf to INR 100 psf. Market rent for office space has been considered in line with the achievable market rent for completed buildings at INR 78 psf / month

- **Market rent growth rate:** As the number for the vaccinated population is firming up, the occupiers have started implementing their return to office strategy. Office space market demand have witnessed a recovery with close to 1.2 million sq. ft. being absorbed in 9M 2022. However, the market has also witnessed incremental supply of ~2.2 million sq. ft. in 9M 2022 which is expected to keep the market rentals range bound in the immediate future. Considering the above market dynamics, we have considered a rental growth of 5% from 01 April 2023 onwards for the Subject Property.
- **Market rent - 4W parking**: Rent for car parks are assumed at INR 2,000 per slot per month in line with the current rentals for paid car parks in SBD East.
- **Other income:** Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rental and an annual inflation of 5%. Other income includes components from Events, Kiosks, Telecom Towers and Car Parks.
- **Efficiency revision:** Analysis of the recent re-leases suggest that the Client has leased the same area at lower efficiency and receives higher rentals for the same carpet area. Going forward, for leases which will expiry during the next 10 years, we have considered efficiency at 76% or actual, whichever is lower.

Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
CAM Margin	Per sq. ft./month	INR 2.43
Current CAM/ O&M cost – FY 2023E	Per sq. ft./month	INR 9.92
Property Tax	Per sq. ft./month	INR 3.74
Insurance	Per sq. ft./month	INR 0.31
Cost escalation	% p.a.	3%
CAM cost escalation	% p.a.	5%
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Other Operating Expenses	% of Lease Rentals	2.0%
Property Management Fees	% of Lease Rentals, fit out Income, Parking Income & Other Operating Income	3.5%

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Capitalisation and Discount rate assumptions

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In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8.0% in line with the available market information applied on the one year forward NOI in the terminal year.

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Note: The above information is based on information published in public domain and discussions with various market players.

**CPPIB took 51% stake in the property erstwhile held by Prestige estates.*

- **Discount rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

  For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

  Owing to the various risks pertaining to the under-construction / future development properties, we have considered a risk premium over the discount rate for completed properties to arrive at a discount rate for under-construction / future development properties. We have considered a risk premium of 125bps, to derive the WACC of 13% for under-construction / future development properties. This is in line with the expectations of international investors investing in similar assets.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows

Component	Market Value as on	In Figures (INR Mn)	In Words
Completed/Operational	30 September 2022	INR 8,557 Million	Indian Rupees Eight Billion Five Hundred and Fifty-Seven Million Only
Under Construction	30 September 2022	INR 521 Million	Indian Rupees Five Hundred and Twenty-One Million Only

Ready reckoner rate

Component	Rate
Built up Area	INR 101,780 per sq. m.
Land Area	INR 26,920 per sq. m.

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

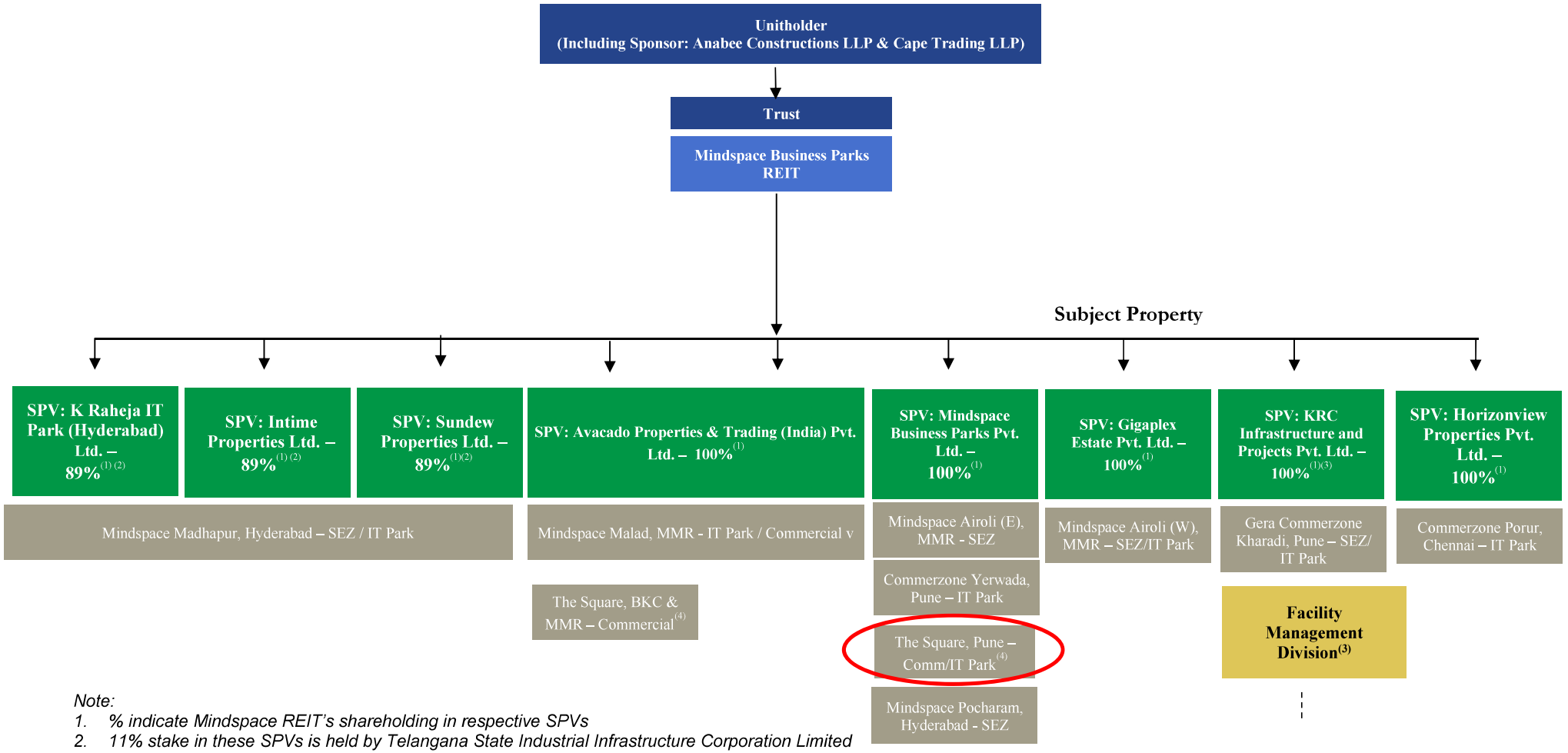
Prepared by

SHUBHENDU SAHA

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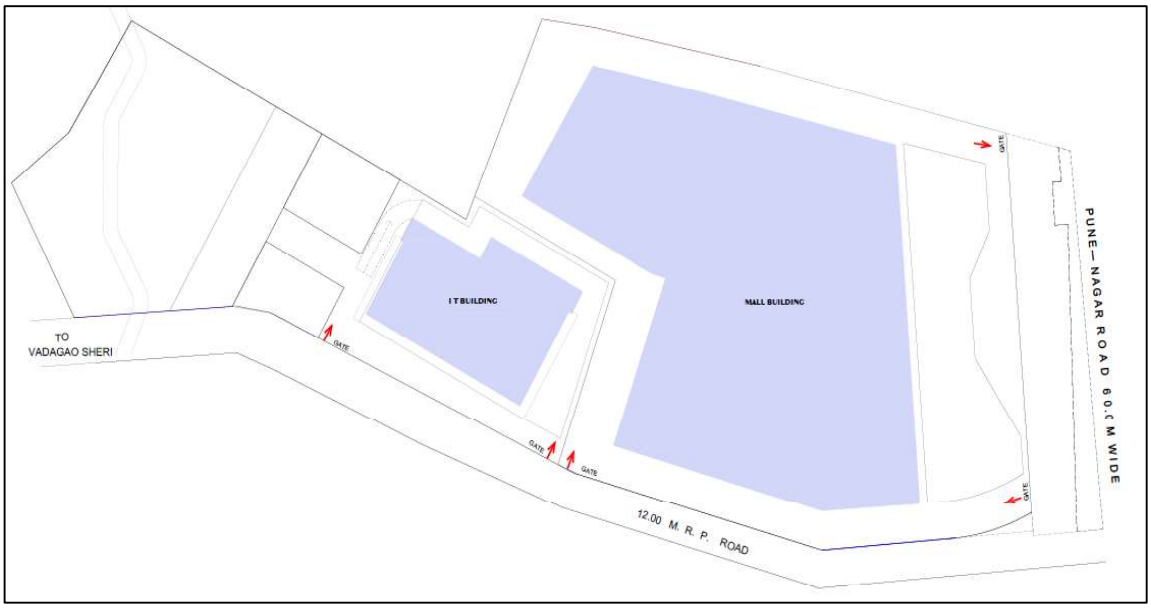
Annexure 1: Ownership Structure of Subject Property



Note:

1. *% indicate Mindspace REIT's shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd.*

Annexure 2: Site Layout



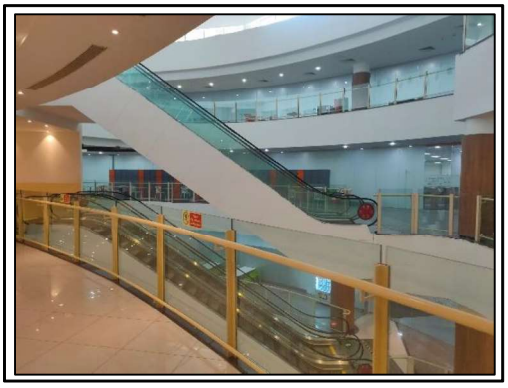
Annexure 3: Property Photographs



View of the Subject Property - Mall Block



View of the Subject Property - IT Building



View of the Mall Block



View of the Parking Area



View of the Chiller Plant



View of the Access Road

Annexure 4: Statement of Key Assets

Building	No. / Name	IT	Mall
Floor	Nos	B1+G+6F	B1+2P+4F
Warm Shell / Bare shell		Warm shell	Warm shell
Air Cooled Chiller	TR	200	
Water Cooled Chiller	TR	1 x 180, 1 x 350	1 x 380, 4 x 450
No of DG / Capacity	No. / KVA	2 x 1250	4 x 1500
No of Transformers / Capacity	No./ KVA	2 X 1250	4 x 2000
FF System			
Booster Pump	KW / Make	10.5, Mother Plant	5.5, Crompton Greaves
Jockey Pump	KW / Make	2 x 7.5, Wilo	2 x 15, Crompton Greaves
Fire Diesel Pump	KW / Make	75, Graves Cotton	75, Graves Cotton
Hydrant Pump	KW / Make	75, Bharat Bijlee	75, Crompton Greaves
Sprinkle Pump	KW / Make	75, Bharat Bijlee	75, Crompton Greaves
STP Rating	KLD	380	

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Approved masterplans

b) Commencement Certificate

c) Consent to Operate (for Mall Block)

d) Occupancy Certificates for all operational buildings (Revised OC for Mall Block to be obtained post conversion)

e) Height Clearance NOC from AAI

f) One-time Fire NOC and Form B half year ending June 2022 for all buildings

g) Environmental Clearances

h) Lift License for IT & Mall Block

i) Consent to Establishment

j) Consent to Operate (for IT Building)

Annexure 6: Cash Flow Profile - Completed Buildings (IT & Mall)

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	624	648	682	651	817	855	903	955	998	966	1,053
Parking Income	INR Million	4	4	4	4	4	4	4	4	4	4	4
O&M income	INR Million	129	157	165	174	182	191	201	211	221	233	244
Other Operating Income	INR Million	6	6	7	7	8	9	9	10	10	10	11
Total Income	INR Million	763	816	857	835	1,011	1,058	1,116	1,180	1,234	1,213	1,312
Total Income from occupancy	**INR Million**	**763**	**816**	**857**	**835**	**1,011**	**1,058**	**1,116**	**1,180**	**1,234**	**1,213**	**1,312**
OPERATING COSTS												
O&M cost	INR Million	(108)	(135)	(142)	(149)	(156)	(164)	(172)	(181)	(190)	(200)	(210)
Insurance Cost	INR Million	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(4)	(4)
Property Taxes	INR Million	(32)	(33)	(34)	(35)	(36)	(38)	(39)	(40)	(41)	(42)	(44)
Total Operating Costs	**INR Million**	**(143)**	**(171)**	**(179)**	**(187)**	**(196)**	**(205)**	**(214)**	**(224)**	**(235)**	**(245)**	**(257)**
Net operating Income	**INR Million**	**620**	**644**	**678**	**648**	**815**	**854**	**902**	**955**	**999**	**967**	**1,055**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	13,186	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(132)	-
Fit Out Income	INR Million	-	-	-	-	-	-	-	-	-	-	-
Total Net income	**INR Million**	**620**	**644**	**678**	**648**	**815**	**854**	**902**	**955**	**999**	**14,021**	**-**
Property Mangement Fees	INR Million	(22)	(23)	(24)	(23)	(29)	(30)	(32)	(34)	(35)	(34)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(13)	(13)	(14)	(13)	(16)	(17)	(18)	(19)	(20)	(19)	-
Brokerage Expenses	INR Million	-	-	-	(40)	-	(5)	(4)	-	-	(23)	-
Net Cashflows	**INR Million**	**585**	**608**	**640**	**572**	**769**	**801**	**847**	**902**	**944**	**13,945**	**-**

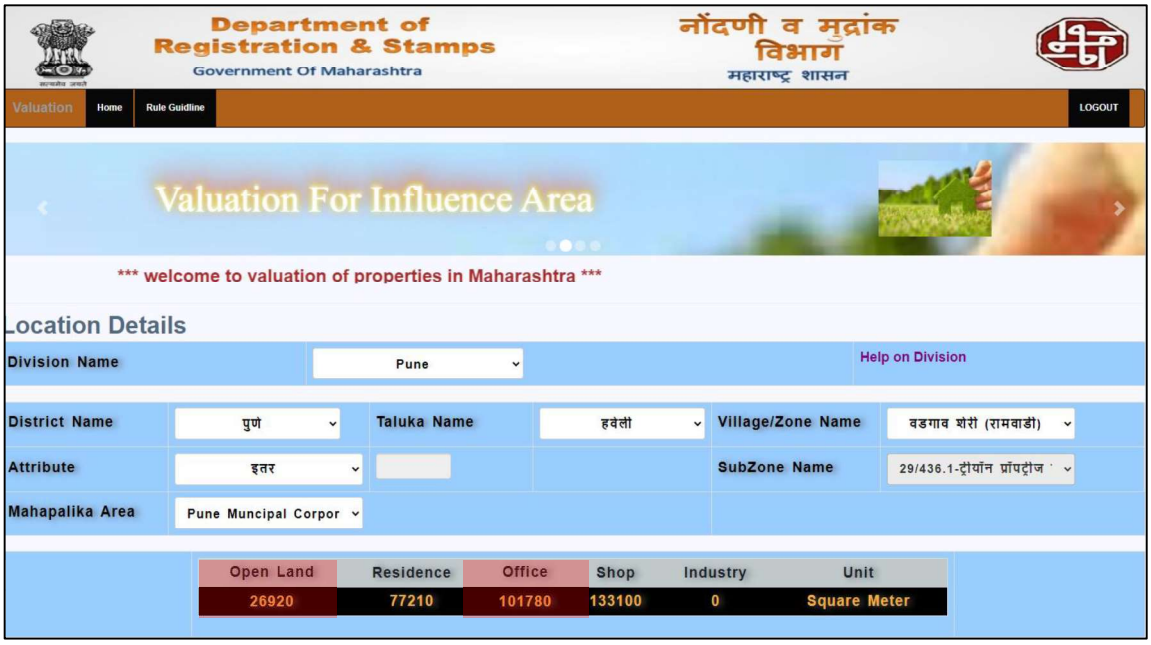
Note: We have arrived at the valuation using the quarterly cashflow and reproduced the above mentioned annual cashflow for representation purposes.

Cash Flow Profile – Under-Construction Building (Mall - Part)

Particulars	Unit	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30	30-Sep-31	30-Sep-32	30-Sep-33
OPERATING INCOME												
Lease Rentals	INR Million	45	66	69	72	75	78	82	85	89	76	95
O&M income	INR Million	3	14	15	16	16	17	18	19	20	21	22
Other Operating Income	INR Million	0	1	1	1	1	1	1	1	1	1	1
Total Income	INR Million	49	81	84	88	92	96	101	105	110	97	118
Total Income from occupancy	INR Million	**49**	**81**	**84**	**88**	**92**	**96**	**101**	**105**	**110**	**97**	**118**
OPERATING COSTS												
O&M cost	INR Million	(10)	(12)	(13)	(13)	(14)	(15)	(16)	(16)	(17)	(18)	(19)
Insurance Cost	INR Million	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Property Taxes	INR Million	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(4)	(4)	(4)	(4)
Total Operating Costs	INR Million	**(13)**	**(15)**	**(16)**	**(17)**	**(18)**	**(19)**	**(19)**	**(20)**	**(21)**	**(22)**	**(23)**
Net operating Income	INR Million	**35**	**65**	**68**	**71**	**74**	**78**	**81**	**85**	**89**	**75**	**95**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	1,183	-
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(12)	-
Total Net income	INR Million	**35**	**65**	**68**	**71**	**74**	**78**	**81**	**85**	**89**	**1,246**	**-**
Property Mangement Fees	INR Million	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	-
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	-
Brokerage Expenses	INR Million	(5)	-	-	-	-	-	-	-	-	(8)	-
CAPEX	INR Million	(189)	-	-	-	-	-	-	-	-	-	-
Net Cashflows	INR Million	**(162)**	**61**	**64**	**67**	**70**	**74**	**77**	**80**	**84**	**1,234**	**-**

Note: We have arrived at the valuation using the quarterly cashflow and reproduced the above mentioned annual cashflow for representation purposes.

Annexure 7: Ready Reckoner Rate



Annexure 8: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** *(*or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
    g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or8 encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third-party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose except set out herein.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.

Valuation Report:

Commerzone Porur, Porur, Chennai Region

Submitted to:

K Raheja Corp Investment Managers LLP

Prepared by:

Shubhendu Saha, MRICS

(IBBI/RV/05/2019/11552)

Date of Valuation: 30 September 2022

Date of Report: 04 November 2022

Disclaimer

This report is prepared exclusively for the benefit and use of K Raheja Corp Investment Managers LLP ("Recipient" or "Entity" or "Manager") and / or its associates and, other than publication in offering document(s) and advertisement related materials prepared for the disclosure of valuation of assets, forming part of the portfolio of Mindspace Business Parks REIT ("Mindspace REIT"), in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange does not carry any right of publication to any other party. The Entity is the investment manager to Mindspace Business Parks, a Real Estate Investment Trust under the Securities and Exchanges Board of India (Real Estate Investment Trust), 2014 and amended till date ("SEBI REIT Regulations"). The Manager may share the report with its appointed advisors for any statutory or reporting requirements, in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement ("LOE") dated 21 September 2020 without the prior written consent of the Valuer.

The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Manager has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer

This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21 September 2020. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.

This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.

Executive Summary

Commerzone Porur, Chennai		
Valuation Date:	30 September, 2022	
Valuation Purpose:	Disclosure of valuation of assets forming part of the portfolio of Mindspace REIT in accordance with The SEBI (REIT) Regulations, 2014	
Location / Situation:	Subject property comprises of completed buildings Tower A & B (herein referred to as Subject Property), which are part of Commerzone Porur located in Porur, Chennai. Commerzone Porur is spread over 6.13 acres comprising IT office space. It enjoys good accessibility and connectivity with other parts of the city. Commerzone Porur is accessible through Mount Poonamalle road. Prominent developments in the vicinity of the IT park are DLF IT SEZ, RMZ One Paramount, Jayanth Tech park, L&T infopark, Saravana Stores, Lemon Tree hotel etc. The micro market houses prominent tenants like IBM, Cognizant, Ernst &Young, Transunion, BNY mellon, Barclays etc.	 View of Subject Property
Description:	Commerzone Porur forming part of Horizonview Properties Private Limited located in Porur comprises of two towers namely Tower A and Tower B **Completed Buildings – Tower A and B** Tower A and Tower B which is recently got completed and has received occupancy certificate admeasures 1,15,529 sq ft. of leasable area. The economic interest of the Mindspace REIT in the Subject property is to the extent of 873,835 sq ft.	 View of Subject Property  Partial View of the floor plate
Total Area:	Total Plot Area – 6.13 acres[1] Total Leasable area – 1,115,529 sq. ft[1] Mindspace REIT's share of Leasable area – 873,835 sq. ft. (As informed by the client)	

MARKET VALUE OF THE SUBJECT PROPERTY BASED ON

Component	Market Value as on	In Figures	In Words
Completed Buildings	30 September 2022	INR 7,873 Million	India Rupees Seven Billion Eight Hundred and Seventy-Three Million Only

This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.

[1] *From Architect's Certificate dated on 18th Oct 2022 and lease agreements (Post 17th Oct 2022) shared by the client*

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From: Shubhendu Saha, MRICS
IBBI Registered Valuer (L&B)
(IBBI/RV/05/2019/11552)

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

Property: **IT Park named "Commerzone Porur" located at Porur, Chennai**

Report Date: **04 November 2022**

Valuation Date: **30 September 2022**

A REPORT

1 Instructions

K Raheja Corp Investment Managers LLP (hereinafter referred to as "Client"**)**, in its capacity as the Manager of the **Mindspace Business Parks REIT** (Mindspace REIT) has appointed Mr. Shubhendu Saha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the Valuer) in order to undertake the valuation of properties comprising commercial office real estate assets located across Mumbai, Hyderabad, Pune and Chennai as well as affiliated facilities including a facility management business and power distribution facility (together herein referred as Subject Properties across the report), for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange. The property and interests valued as part of this valuation exercise are detailed in Part C of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

2 Professional Competency of the Valuer

Mr. Shubhendu Saha, the Valuer for the Subject Property is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master's in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ("Red Book") for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc.

3 Independence and Conflicts of Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from his engagement as the valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

4 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Subject Property as part of the portfolio of Mindspace REIT for the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purpose. In addition, other documents in relation to the regulatory filings such as publicity material, research reports, presentations and press releases will also be prepared, wherein copies, summary or extracts of the valuation report are intended to be included.

5 Basis of Valuation

It is understood that the valuation is required by the Client for the disclosure of valuation of assets, part of the portfolio of Mindspace REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022

Market Value is defined as 'The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

6 Valuation Approach & Methodology

The basis of valuation for the subject property being Market Value, the same may be derived by any of the following approaches:

Market Approach

In **'Market Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

Income Approach - Direct Capitalization Method

Direct capitalization involves capitalizing a 'normalized' single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below.

Income Approach - Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the subject property.

For the purpose of the valuation of Subject Property, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.

7 Assumptions, Departures and Reservations

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 8 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

8 Inspection

The Property was inspected on 30th March 2022 by the valuer. No measurement or building survey has been carried out as part of the valuation exercise. The Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct. Based on the discussions with the client it has been assumed that no material change in the condition of the property has taken place except for the progress of construction work in accordance with the information shared.

9 General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made

by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the subject property herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

10 Confidentiality

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, under the applicable law.

11 Authority

Client acknowledges and agrees that the valuation exercise undertaken (including, without limitation, the Reports itself and the contents thereof) is solely for the purpose set out in paragraph 4 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the paragraph 4 herein, then (a) with the Valuer will require, and Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) Client will obtain his consent to the references in such materials to the Report.

12 Reliant Parties

The reliance on the Valuation Reports prepared as part of this engagement is extended to the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit for the purpose as highlighted in this report (valuation). The Valuer, however, would extend no liability to such reliant parties save and except for gross and wilful negligence.

The valuation exercise is conducted strictly and only for the use of the parties as stated above who need to rely on such valuation ("Reliant Party") and for the Purpose specifically stated. The Instructing Party shall make all reliant parties aware of the terms and conditions of the agreement under which this exercise is being undertaken and take due acknowledgements to the same effect

13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation, under this contract shall not exceed the professional indemnity insurance obtained by him. As on the date of this report, the professional indemnity insurance maintained by the Valuer is for INR 50 Million (Indian Rupees Fifty Million Only).
- In the event that any of the Manager, REIT and other parties including the trustee of REIT, debenture trustee(s), stock exchanges, unitholders of REIT, Securities and Exchange Board of India ("SEBI"), credit rating agencies, lenders of the REIT and/or its special purpose vehicles or any other person within or outside India as the Manager may deem fit in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace REIT, be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Valuation, the Claim Parties will be entitled to require the Valuer, to be a necessary party/ respondent to such claim and the Valuer shall not object to his inclusion as a necessary party/respondent. However, the legal cost with respect to appointment of lawyers by the Valuer as a respondent/defendant shall be borne by the Client. If the Valuer, as the case may be, does not co-operate to be named as a necessary party/ respondent to such claims or co-operate in providing adequate/ successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the Valuer in this regard and his liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.
- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc

14 Disclosure and Publication

The Valuer must not disclose the contents of this valuation report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust)

Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars, it may be noted that the Valuation report is prepared in accordance with said REIT regulations.

15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, The Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.

B CHENNAI MARKET REPORT

For the purpose of the valuation exercise, reliance has been made on the market report prepared by Cushman & Wakefield India Private Limited (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report.

1 Chennai City

Particulars	Chennai	CBD	Off CBD	Suburban South	Peripheral South	*South west	Peripheral South west	North west
Total completed stock 9M 2022 (msf)	59.6	3.0	0.5	18.4	12.0	15.7	6.7	3.2
Current occupied stock 9M 2022 (msf)	50.1	2.6	0.4	16.6	10.2	13.5	4.2	2.5
Current Vacancy 9M 2022 (%)	16.0%	12.2%	21.7%	9.8%	14.3%	14.3%	37.5%	23.1%
Avg. Annual Absorption - 2016 – 9M 2022 (msf)	2.1	0.2	0.0	0.6	0.5	0.7	0.2	0.0
Future Supply – Q4 2022 – 2024 (msf)	12.3	0.2	0.1	2.6	1.4	3.9	4.0	0.0
Market Rent – 9M 2022 (INR psf / month)	69.6	80.4	83.3	85.5	51.4	75.2	50.3	43.0

Source: Cushman & Wakefield Research

*Note: *Mindspace REIT Micro Market*

Chennai has emerged as a favourable investment destination for Manufacturing, Technology and Logistics by virtue of its strategic location and government subsidies, making it one of the most lucrative locations in the country. Demand for commercial office is mainly dominated by Technology, BFSI (Banking, Financial Services & Insurance) and Healthcare & Pharmaceutical sectors. Commercial offices in the city can be broadly divided into IT/ITES (Information Technology / Information Technology Enabled Services) & Commercial offices (Non-IT).

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

- **Skilled talent pool and established institutions**: Presence of top educational institutions, such as the Indian Institute of Technology (IIT—Chennai), Anna University etc. contribute to the pool of skilled workforce in the city.
- **Growing Technology and BFSI industry**: The City has become one of the preferred destinations for office space for global companies. It is home to technology majors like Infosys, Wipro, Accenture, TCS, Cognizant, etc. Also, under BFSI category the city houses companies like American Express, Fidelity, Royal Bank of Scotland etc. who have their GICs in Chennai.
- **Well-developed social infrastructure**: Adequate presence of high-quality large-scale townships, residential developments, schools, established education institutions, hospitals, hotels and retail malls makes the city lucrative destination for the occupiers.
- **Well-developed physical infrastructure**: With the existing roads, port connectivity, rail (metro and Mass Rapid Transit Systems) and air connectivity, Chennai has a good infrastructure network.

Chennai has good connectivity through all the three modes (rail, road and air) to other major cities in India. Infrastructure initiatives undertaken by Government such as Metro Rail Project Phase II, Outer Ring Road, Peripheral Ring Road project, Chennai – Bangalore Industrial Corridor, New International Airport etc. are planned in the city. These infrastructure initiatives will provide the commuter - ease of transportation to various commercial nodes and reduce the traffic congestion in the city.

2 Mindspace REIT's Micro Market – Southwest

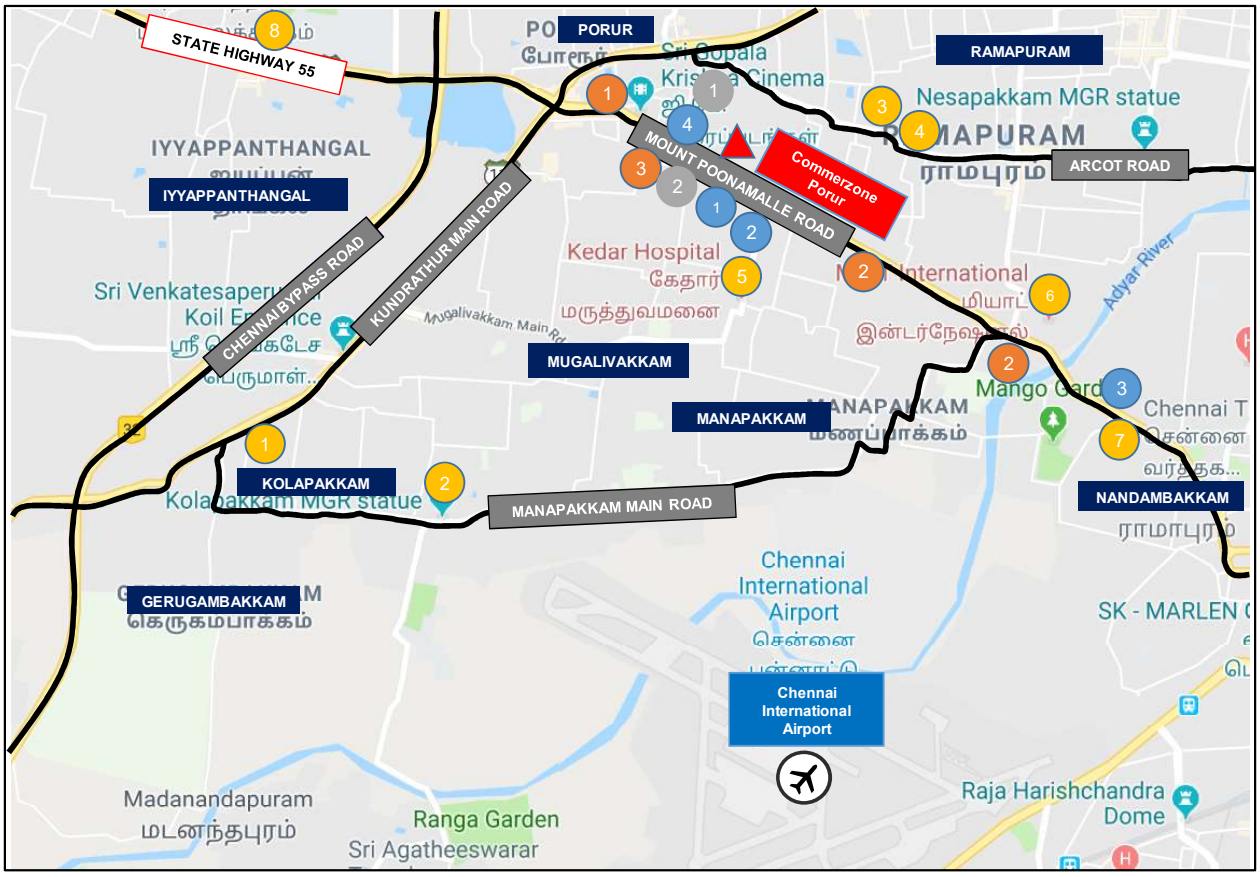
Mindspace REIT has one asset in Chennai which was completed in June 2020 and christened as "Commerzone Porur" is located in the Southwest micro market. The Southwest market has emerged as one of the prominent markets in Chennai due to its closeness to the International airport, residential catchment and good metro connectivity to other parts of the city. Mindspace REIT are strategically positioned in Porur with proximity to Guindy industrial estate, Olympia Tech Park, CBD, Guindy Railway station and Alandur Metro Station. The building amenities are designed to cater to the needs of the tenants and their employees and include food plazas, childcare facilities, parking spaces and several health and recreation facilities such as cafe and gym.

2.1 Overview

The Southwest micro market is one of the preferred commercial real estate destinations which encompasses areas such as Guindy, Porur, Manapakkam, Vadapalani and Ekkaduthangal. Inner ring road and Mount Poonamalle High Road mark the prime connecting roadways in the Southwest micro market. Southwest Micro market is one of the best performing micro markets in the city. Chennai Metro Rail line 2 starting from St. Thomas Mount to Chennai Central is routed via this micro market enabling easier access to commuters in turn boosting the overall real estate scenario in the Southwest region. The Metro stations in the line are CMBT Metro Station, Arumbakkam station, Vadapalani Station, Ashok Nagar Station, Ekkattuthangal Station and Guindy Station. The presence of Guindy & Alandur Metro stations and Guindy MRTS railway station is an added advantage.

Southwest micro market has attracted several office establishments owing to the presence of strong infrastructure facilities, closeness to the CBD and the Chennai International airport. The office establishments are a mix of IT and non-IT parks. DLF IT SEZ which is the largest IT park in Chennai is located in this micro market. Some of the other IT Parks like Jayanth Tech Park and L&T Infopark are also located in the vicinity. The micro market with its well-developed residential catchment is a preferred destination for various IT Majors like IBM, Cognizant etc. to set-up their base. Several firms such as Ernst and Young and Transunion have also established their presence in the micro market. The Southwest micro market also houses several financial institutions such as BNY Mellon, Barclays etc.

The micro market has mid-segment residential catchment located along either sides of Mount Poonamallee Road and Arcot Road. Profile of the buyers include businessmen, professionals and investors. Other support infrastructure in the micro market includes Chennai Trade Centre, Hospitals like Sri Ramachandra Medical College & Research Institute, MIOT International Hospital and Educational institutes like SRM University and Easwari Engineering College.



(Map not to Scale)

Key Office Developments *Social Infrastructure* *Lifestyle Infrastructure* *Proposed Development*

Key Commercial Developments	Social Infrastructure	Lifestyle Infrastructure	Proposed Commercial Development
1. DLF IT SEZ Park	1.PSBB School	1.Saravana Stores	Commerzone Porur
2. L&T Construction HQ	2.Velammal School	2.Lemon Tree Hotel	1.RMZ One paramount Block 20 and 30
3. Jayant Tech Park	3. SRM Dental College	3. FBB (Future Retail)	2. ASV Husainy
4. RMZ One paramount	4.SRM Easwari College		
	5.Kedar Hospital		
	6.MIOT International School		
	7. Chennai Trade Centre		
	8.Sri Ramachandra Hospital		

2.2 Key Statistics

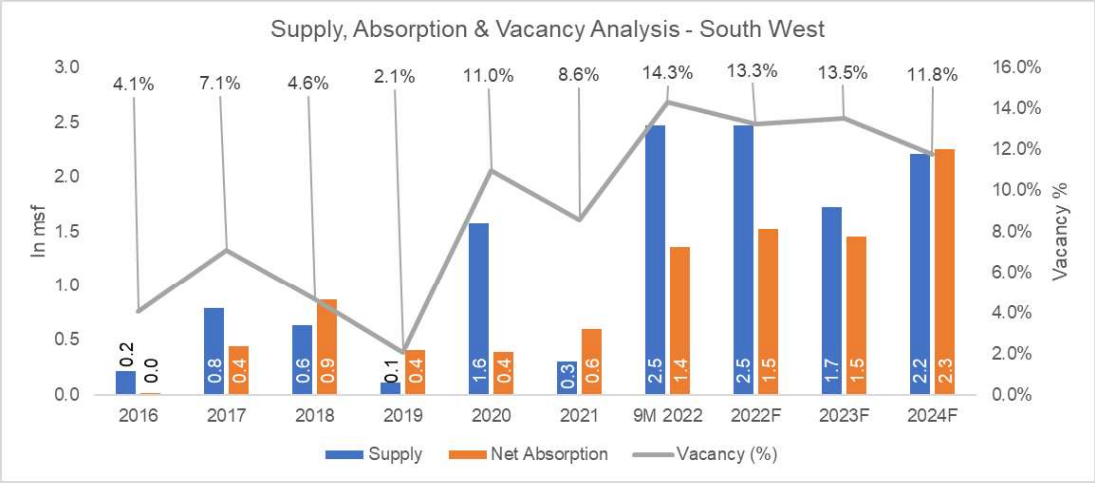
Particulars	Details
Stock (9M 2022)	Approximately 15.7 msf
Current Occupied stock (9M 2022)	Approximately 13.5 msf
Current Vacancy (9M 2022)	Approximately 14.3%
Avg Annual Absorption (2016 – 9M 2022)	Approximately 0.7 msf
Future Supply (2022 – 2024)	2023: Approximately 1.7 msf 2024: Approximately 2.2 msf

Source: Cushman and Wakefield Research

2.3 Supply, Absorption & Vacancy

Due to the strong connectivity and well-developed social infrastructure, tenant demand is expected to increase in this Southwest sub-market. Absorption is largely driven by Technology, BFSI and Engineering & Manufacturing.

There is a supply of 3.9 msf which is under various stages of construction out of which 1.7 msf is expected by 2023 and 2.2 msf is expected by 2024. Due to the additional supply of 2.5 msf from large campuses like RMZ One Paramount, etc. in the micro market, the vacancy levels have increased from 8.6% in 2021 to 14.3% in 9M 2022. Further, it may be noted that most of the supply is coming from large campuses like L&T Realty, ASV, etc. With the number of RFPs and Precommitments in the micro market and demand for completed office space, vacancy levels are expected to reduce from 14.3% in 9M 2022 to 11.8% by 2024F.

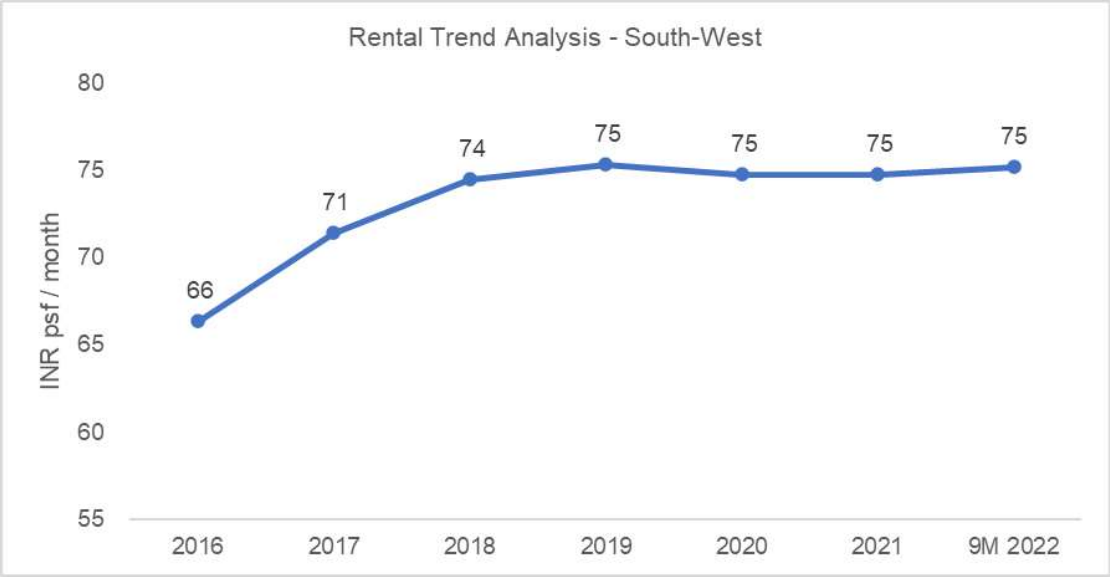


Source: Cushman & Wakefield Research

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. Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

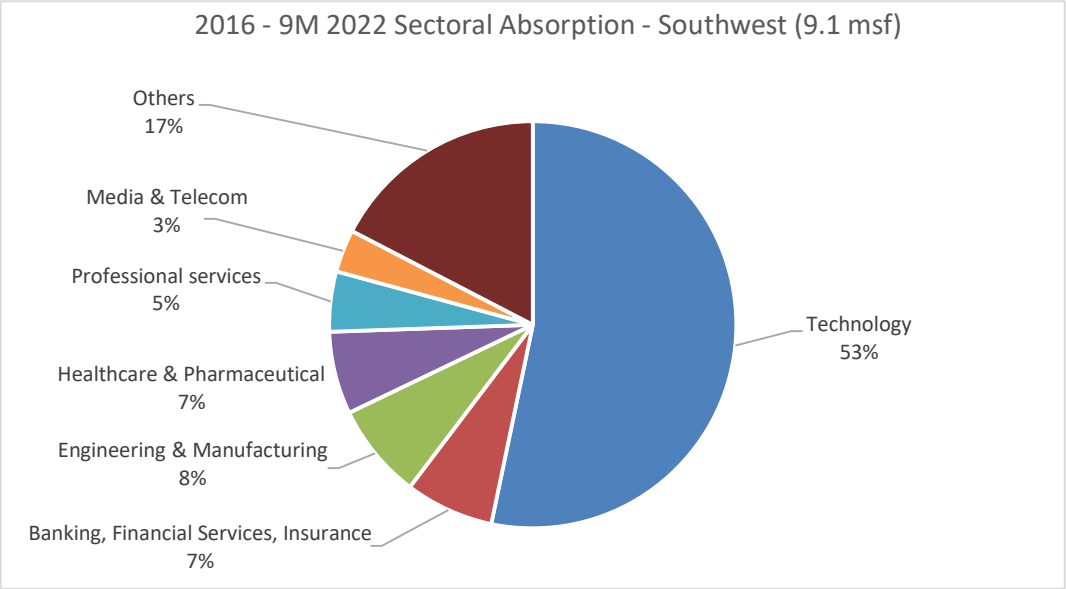
2.4 Rental Trend Analysis



Source: Cushman and Wakefield Research

The Southwest rents have been increasing since 2015 with a CAGR of 2.7% and now stands at INR 65 – 75 psf / month on leasable area. The weighted average rentals in the Southwest micro market is INR 75 psf / month. This includes areas of Guindy, Manapakkam and Porur. However, when we consider the quoted average rentals in Porur micro market (subject micro market), the rentals are in the range of INR 60 - 70 psf / month. The Southwest micro market is expected to witness increased demand for office space in the medium term due to its strategic location, superior social and physical infrastructure and existing tenant base.

2.5 Sector Demand Analysis



Source: Cushman and Wakefield Research

Note: Others include Automobile, Education, Flexible Workspaces, Hospitality, Logistics & Shipping, Oil & Gas, Research & Analysis, Food & Beverage, Real Estate & Related Services, etc. The sectoral absorption analysis is based on gross absorption activity of micro market i.e., including any relocations, consolidations etc.

The technology has a higher share of office take up between the years 2016 - 9M 2022 with 53% of the leasing activity contributed by the sector. The next major contributor of demand in the Southwest has been the Banking, financial services, insurance sector which is contributing 8% of the space. Others contributing to 17% of leasing activity during 2016 – 9M 2022. Major tenants who have taken space in this period include Infosys, Smartworks, Transunion, Barclays, Indiqube, etc. Major tenant names in the micro market include IBM, L&T infotech,IBM, Access Healthcare, NielsenIQ, Bank of New York Mellon and Transunion.

2.6 Market Outlook

With a total of about 3.9 Million sq. ft. of upcoming supply between Q4 2022 – 2024 and because of the subject micro-market's proximity to airport, with improved infrastructure such as ongoing construction of Metro phase 2 - Corridor 4 & 5 and good residential catchment in the micro market, it is expected to witness a steady demand for occupiers planning to expand their office space in Chennai. The under-construction projects are expected to be absorbed by end of year 2023 & 2024. Average historical absorption in the micro market has been 0.6 Million sq. ft. between 2016 – 9M 2022.

As the number for the vaccinated population is firming up, the occupiers have started implementing their return to office strategy. Office space market demand have witnessed a recovery with close to 1.4 million sq. ft. being absorbed in 9M 2022 which is the highest in the last five years. The market has also witnessed incremental supply of 2.5 million sq. ft. in 9M 2022 which is expected to keep the market rentals range bound in the immediate future.

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments until the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 - 2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.

While 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, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

C PROPERTY REPORT

1 Address, ownership and title details of Subject Property

Address:	No. 111/168, Mount Poonamalle Road, Porur, Chennai – 600116
Ownership & title details:	Subject property is a freehold property and the 78% of the assets owned by the Horizonview Properties Private Limited. Mind Space Business Parks REIT (Mindspace REIT) holds 100% ownership of the Horizonview Properties Private Limited

Source: Client information

1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property is considered to possesses a good and marketable title, and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders, based on the information given in the Title Reports prepared by Hariani & Co.(hereinafter referred to as "Legal Counsel"). We have not checked and verified the title of the Subject Property.

1.2 Revenue Pendencies

On the basis of the Title Reports prepared by the Legal Counsels and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject Property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

1.3 Material litigation

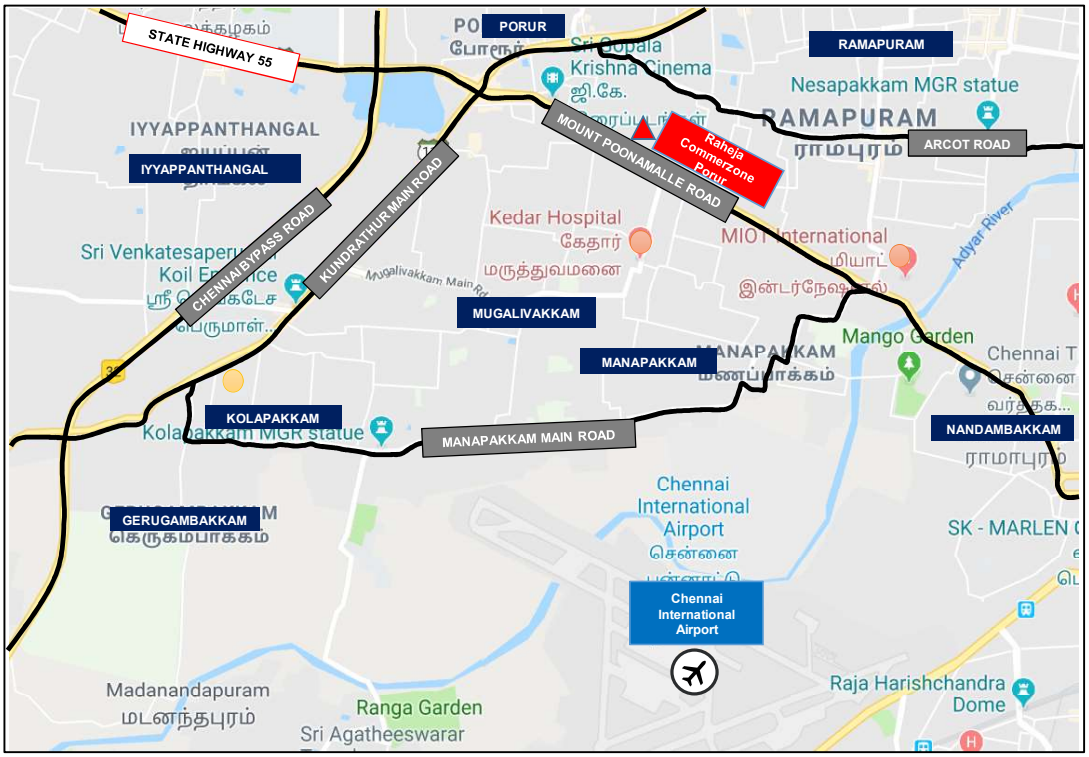
Based on discussions with the Client and title reports shared, there are no material litigation including tax disputes other than the litigations disclosed in the Offer Document filed with SEBI in July 2020, relating to the Subject Property or any compounding charges.

2 Location

2.1 General

Subject property comprises of completed buildings Tower A & B (herein referred to as Subject Property), which are part of Commerzone Porur located in Porur, Chennai. Commerzone Porur is spread over 6.13 acres comprising IT office space. It enjoys good accessibility and connectivity with other parts of the city. Commerzone Porur is accessible through mount poonamalle road. Prominent developments in the vicinity of the IT park are DLF IT SEZ, RMZ one Paramount, Jayanth Tech park, L&T infopark Saravana Stores, Lemon Tree hotel etc. It houses prominent tenants like IBM, Cognizant, Ernst &Young, Transunion, BNY mellon, Barclays etc.

The location map of the Subject Property is set out below:



The subject property is spread out over 6.13 acres of land located along Mount-Poonamalle road, the Subject Property enjoys good frontage and has a relatively flat topography with no significant variations in the height of the land.

2.2 Accessibility

The Subject Property is well connected to major locations in the city via road network. The distance of the Subject Property from major landmarks in the city is as follows:

- Approximately 2-3 kms from MIOT International Hospital
- Approximately 11-12 kms from Chennai International Airport
- Approximately 7-8 kms from Guindy Metro Station
- Approximately 22-23 kms from MGR Central Railway station

The property photographs of the Subject Property are attached in Annexure 3.

Subject Property Infrastructure & connectivity

The Subject Property is well accessible to other parts of the city. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system.

2.3 Ground Conditions

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

2.4 Environmental Considerations

No investigations or tests have been carried out or supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject Property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Chennai where the Subject Property is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject Property which may expose it for any induced disaster.

The micro-market of the Subject Property is classified as a flood prone area with high vulnerability. Tamil Nadu State Disaster Management Authority (TNSDMA) carried out an assessment after the December 2015 Chennai floods and classified areas with water level more than 5 feet due to heavy rains as high vulnerability areas. Porur and Valasaravakkam falls under the high vulnerability areas. However, the Subject Property is located at relatively higher elevation according to the topographical profile of the city and it is given to understand that the following measures have been undertaken to mitigate the risks from any potential flooding:

- The transformer service yards have been placed 3 feet above the ground level thus avoiding any damage
- Storm water drains with connected recharge wells for the purpose of Rain water harvesting and minimising discharge
- Further to add to the benefit of the Subject Property the Corporation has also increased the width of the storm water drains along the subject property compound to avoid any waterlogging.

2.5 Town Planning and Statutory Considerations

General reliance has been made on readily available information to general public with respect to town planning norms. This report is based on the current use/state basis of the property and no consideration has been made to any potential government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject Property.

3 Subject Property - Asset Description

Commerzone Porur forming part of Horizonview properties private limited located in Porur comprises of two towers namely Tower A and Tower B

Completed Buildings – Tower A and B

Tower A and Tower B which is recently completed has received occupancy certificate admeasures 1,115,529 sq ft. of leasable area. Out of which, first two floors have been demarcated for the owner and remaining to the developer (Horizonview Properties Pvt Ltd). Both the owner and developer will have undivided right and interests in all the common areas and amenities. The economic interest of the Mindspace REIT in the Subject property as per latest architect certificate, dated 18th October 2022 is to the extent of 873,835 sq ft.

3.1 Key Asset Information

Completed Buildings

Particulars	Details
Entity	Horizonview Properties Private Limited
Interest owned by Mindspace REIT (%):	Subject Property as per agreement to an extent of 873,835 sq ft is owned by Horizonview Properties Private Limited which is 100% owned and controlled by the Mindspace REIT
Age of building based on the date of occupancy certificate:	Block A – 2 year and 4 months Block B – 2 year and 4 months
Sub Market	Chennai Southwest
Asset type:	IT Park
Approved Usage:	Commercial office
Site Area (acres)	6.13
Freehold/Leasehold:	Freehold
Leasable Area:	0.9 Million sq. ft. (Share of Mindspace REIT)
Status of construction:	Completed
Occupied Area:	5,20,280
Occupancy (%)	60%
Committed Occupancy (%)	60%
Number of Tenants	6

Source: Client information

Notes:

1. *Refer company structure set out in Annexure 1*
2. *Committed occupancy also includes area which has been pre-leased to tenants*
3. *As per Architect's certificate dated 18th Oct 2022 the total leasable area is 1,115,529 sft out of which the share of Mindspace REIT is 873,835 sft.*

3.2 Property Inspection

The Subject Property is a recently completed office building with two separate blocks - A & B and was inspected on 30 March 2022. The building has separate utilities and high side building infrastructure for each block comprising Transformers, DG sets for power back up, HVAC plants, pump rooms etc and a common STP for the entire campus.

The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance within the operational buildings. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation were observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.

3.3 Investigation and nature and source of information

The Valuer undertook physical visits of the Subject Property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject Property was sourced from the industry and market report prepared by Cushman and Wakefield who were appointed by the Client to undertake market research and portfolio analysis of the properties proposed to be part of the REIT.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject Property:

Title certificates prepared by the legal counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property

a. Architect's certificates dated on 18th October 2022 mentioning site areas and property areas
b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property
c. Lease agreements and commercial clauses for all the tenants signed after the date 05 June 2020
d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property
e. Management representation regarding the following:
    i. List of material litigations

ii. Major repairs undertaken and proposed in the Subject Property

iii. Statement of Assets

iv. Revenue pendency, if any

v. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

4 Valuation Approach & Methodology

4.1 Asset-specific Review:

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, tenants looking at spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rents may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or sub markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset.
2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
4. Physical site inspections were undertaken to assess the current status of the Subject Property.

4.2 Micro-market Review:

For the purpose of the valuation exercise, reliance has been placed on the market report prepared by the Cushman & Wakefield (CWI), who has been appointed by the Client as an independent consultant to carry out industry and market report. Accordingly, the review was carried out in the following manner:

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective properties vis-à-vis its locational context, etc. Analysis of the micro-market was undertaken primarily based on the findings of the industry/market report prepared by Cushman & Wakefield and readily available information in public domain to ascertain the transaction activity of commercial/IT office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the micro market over the last 2-3 years, if available. This was undertaken to assess the market rent (applicable rental for the micro-market where the asset is located) and achievable market rent (The Valuer's view on achievable rent for the subject properties for leasing vacant spaces as well as upon re-leasing).
2. The achievable rent for the subject property has been benchmarked against the prevailing rent in the micro market at the time of leasing factoring appropriate time and cost for marketing.

4.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/future development area has been projected separately to arrive at their respective value estimates.

2. Net operating income (NOI) has primarily been used to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/ future development areas respectively.

   The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the subject properties. For vacant area and under-construction/ future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/ future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

   For each lease, principally, the following steps have been undertaken to assess the rent over a 10-year time horizon:

   Step 1: Projecting the rental income for identified tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

   Step 2: Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

   Step 3: In the event the escalated contracted rent is higher than the achievable market rent by 15%, the contracted terms are ignored, and the terms are reverted to market. In the event the escalated contracted rent is below 115% of the achievable rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental income for respective leases until lease expiry as well as post expiry.

   Step 4: Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value).

3. Recurring operational expenses, fit-out income (if any – the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable

expenses and accordingly estimate the margins on the common area maintenance income which accrues as cash inflows to the Subject Properties.

4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the Subject Properties through this approach.

5 Assumptions considered in Valuation

The following assumptions have been made to arrive at the market value of the Subject Property as on 30 September 2022:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-22
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-32

Capital Expenditure Remaining

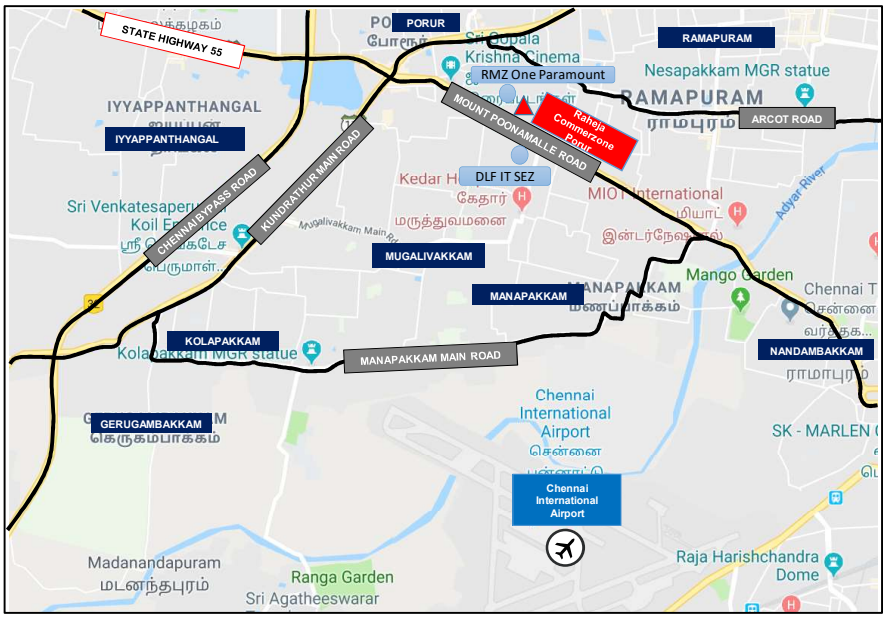
Capital Expenditure Remaining	Unit	Details
Start date of construction		01-Jun-17
End date of construction		31-Mar-21
Total Capital Expenditure	INR Million	4,845
Capital Expenditure incurred till date	INR Million	4,200
Capital Expenditure to be incurred	INR Million	645

Property Details

Operating Parameters	Unit	Details
Total Leasable Area	sq.ft.	873,835
Vacancy	%	40%
Vacant Area	sq.ft.	353,555
Stabilized Vacancy	%	2.0%
Further leasing	Sq. ft.	336,078
Existing Lease rollovers	%	98.0%
Rent Free Period-Existing Lease Roll Overs	Months	2.0
Rent Free Period- New Lease	Months	3.0
Estimated leasing period	No. of quarter	2

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of two months has been considered for existing lease rollovers and three months for new leases.
- **Future absorption:**
  - Over 2016 – 9M 2022, the Southwest micro market has witnessed an average annual absorption of approximately 0.7 Million sq. ft. The micro-market has a history of robust pre-commitments and highest absorption was witnessed in the year 9M 2022 which also experienced highest supply of 2.5 Million sq.ft. Given the increase in vacancy levels in the micro-market, majority of the upcoming supply is expected to be absorbed within next two to three years
  - The micro market is expected to witness an average annual demand of approximately 1.7 Million sq. ft. between Q4 2022 – 2024F. Considering the share of the Tower A & B in the Subject Property (100%), annual leasing of about 0.3 – 0.4 Million sq. ft. can reasonably be assumed for next one year.
  - The same has been apportioned in line with the reasonable absorption velocity stated above, the available time period for good market exposure during construction.
  - Competition for the Subject Property in the near future would primarily arise from recent relevant deliveries in the market with high vacancies and new supply; namely,
    - Future supply – L&T Innovation Campus with 1.0 Million sq. ft. and ASV Husainy Tech Park with 1.0 Million sq. ft. which is expected to be delivered by 2024.

Subject Property and Relevant Existing/Upcoming Supply



- Considering the above, it would be reasonable to believe that the buildings in the Subject Property shall be able to achieve the following leasing schedule:
  - With the current leasing activity in the micro market we have considered approx. 0.1 Million sq. ft. of leasable area in Q2 2023, 0.1 Million sq. ft. of leasable area in Q3 2023 .
- We have taken a 2% stabilized vacancy which is in line with the market trend.

Capital Expenditure Remaining

Capital Expenditure Phasing		2022	2023
Capital Expenditure Phasing	%	6.7%	6.3%
Cost to be Incurred	INR Million	334	311

Revenue Assumptions

Revenue Assumptions	Unit	Details
Achievable Market Rent	Per sq.ft./month	INR 60.00
Market Rent growth rate	% p.a.	5.0%
Parking income growth rate	% p.a.	5.0%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	3 years of lease tenure
Market escalation at end of escalation period	%	15%
CAM/O&M Income prevailing in the market	Per sq.ft./month	10.53

- **Market rent - office:** Achievable market rent for the subject property has been considered in line with the market rent trends. In 2022, approximately 1.8 Million sq. ft. was leased in the rental range of INR 60-70 psf / month. It may be noted that most of the transactions happening in campuses like DLF, RMZ etc have commanded higher rentals. The reason can be attributed

to larger floor plates and scalability. Due to the same factor the property is observed to be getting lower range of the rental band.

- Some of the lease transactions in 9M 2022 have been detailed in the table below

Lease Transactions 9M 2022:

Tenant	Year	Area Leased (sq. ft.)	Rent (INR psf)
CodiTech	2022	79850	75
Maverick Systems	2022	50000	70
R1 RCM	2022	50299	65
Simpliworks	2022	68654	64
Tablespace	2022	109347	64
Wabco	2022	97000	72
Aptiv Connection	2022	48092	74
Celestica	2022	23157	76
Food Hub	2022	19000	76

- **Market rent growth rate:** As the number for the vaccinated population is firming up, the occupiers have started implementing their return to office strategy. Office space market demand have witnessed a recovery with close to 1.4 million sq. ft. being absorbed in 9M 2022 which is the highest in the last five years. The market has also witnessed incremental supply of 2.5 million sq. ft. in 9M 2022 which is expected to keep the market rentals range bound in the immediate future. Considering the additional supply and the recovery momentum, we have considered no market rental escalation till April 2024. . Going forward it is expected that the market demand will reach pre-covid levels leading to pick-up in rentals as well. As the number for the vaccinated population is firming up, the occupiers have started implementing their return to office strategy. Office space market demand have witnessed a recovery with close to 1.2 million sq. ft. being absorbed in 9m 2022 and about 1.4 million sq.ft in South west.. However, the market has also witnessed incremental supply of 2.5 million sq. ft. in 9M 2022 which is expected to keep the market rentals range bound in the immediate future. Considering the above market dynamics, we have considered no market rental escalation till April 2024. Going forward it is expected the market demand will reach pre-covid levels leading to pick-up in rentals as well. Going forward from 01 April 2023, we have considered a growth rate of 5% (i.e. from 01 April 2023 onwards) for the Subject Property.

Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)	INR	2 Month Rent
Brokerage cost (Renewal/Release)	INR	1 Month Rent
CAM Margin	Per sq.ft./month	INR 2.32
CAM/ O&M cost	Per sq.ft./month	INR 7.63
Property Tax	Per sq.ft./month	INR 3.04
Insurance	Per sq.ft./month	INR 0.41
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	2.0%
Property Management fees	% of Lease Rentals, Parking income, Other operating income and fit out income	3.5%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, brokerage expenses amounting to two months for new leases and one month for existing lease rollovers has been assumed.
- **CAM margin:** CAM margin being earned by the Subject Property has been assumed to be at INR 2.32 per sq. ft., per month as on Valuation Date and thereafter escalated at the assumed inflation rate. The escalation is effective 1st April of every year.
- **Property tax and insurance cost** have been considered actual numbers as on 30 September 2022 half year-ended numbers and projected to increase at 3% per annum effective 1st April of every year.
- **Other operating expenses** and have been assumed at 2% of the lease rentals.
- Based on information received from the Client, **property management fees** have been assumed at 3.5% of lease rentals, parking income, other operating income and fit out income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

Capitalisation and Discount rate assumptions

Discounting Assumptions	Unit	Details
Terminal Year Capitalisation rate	% of Net Operating Income	8.00%
Discount Rate	%	11.75%

- **Capitalisation Rate:**

  Capitalisation rate ("Cap rate") is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

  In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Seller	Name of Buyer	Location	City	Name of Building	Type of Building	Year of Transaction	Area (Sq.ft)	Deal Size (INR Mn)	Capitalization Rate
Prestige Estates	CPPIB*	Koramangala	Bangalore	Prestige RMZ Star Tech	Commercial	2022	1,370,000	969	7.6% - 7.8%
Hines	DCCDL - GIC	Gurugram	Gurugram	One Horizon Centre	Commercial	2020	421,134	10,101	~8%
Embassy Sponsor Group	Embassy Office Parks REIT	ORR, Bangalore	Bangalore	Embassy Tech Village	Commercial	2020	9,100,000	97,824	~8%
Tishman Speyer	Shapoorji Pallonji-Allianz	Gachibowli, Hyderabad	Hyderabad	Waverock	Commercial	2019	2,300,000	18,000	~8%
Radius Developers	Blackstone	Bandra, BKC	Mumbai	One BKC	Commercial	2019	700,000	25,000	8%-8.25%
Essar Group	Brookfield Asset Management	Off BKC, Mumbai	Mumbai	Equinox Business Park	Commercial	2018	1,250,000	24,500	~8.5%
Indiabulls Real Estate	Blackstone	Ambattur, Chennai	Chennai	One Indiabulls	Commercial	2018	1,880,000	9,000	8.33%
JV of Shapoorji and CPPIB	Mapletree	Perungudi, Chennai	Chennai	SP Infocity	Commercial	2018	2,700,000	24,000	7.75%-8%

Note: The above information is based on information published in public domain and discussions with various market players.

**CPPIB took 51% stake in the property erstwhile held by Prestige estates*

- **Discount Rate**

  This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk. For the purpose of arriving at the Cost Equity, we have benchmarked with listed comparable of Embassy Office Parks REIT which has been trading since April 2019. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject Property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market. We have derived the WACC of ~11.75% for completed properties. This is in line with the expectations of international investors investing in similar assets.

6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject Property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows,

Component	Market Value as on	In Figures	In Words
Completed Building	30 September 2022	INR 7,873 Million	Indian Seven Billion Eight Hundred and Seventy-Three million only

Ready reckoner rate

The ready reckoner rate as published by the Government of Tamil Nadu for the jurisdiction of the Subject Property's location is

Component	Rate
Land/FSI	INR 3,350 per sq ft

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by

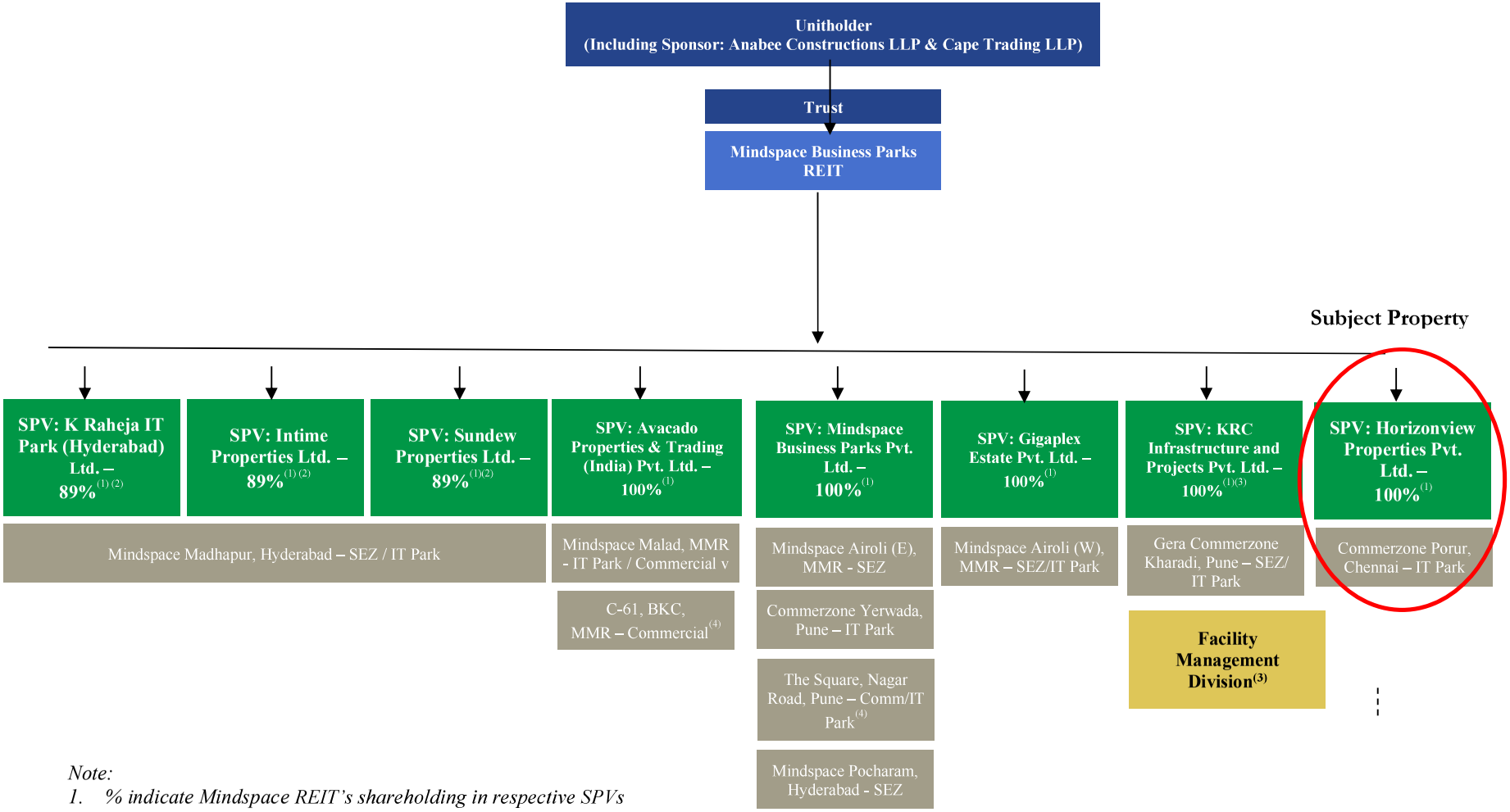


SHUBHENDU SAHA

Digitally signed by SHUBHENDU SAHA
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Date: 2022.11.07 19:47:07 +05'30'

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IBBI/RV/05/2019/11552
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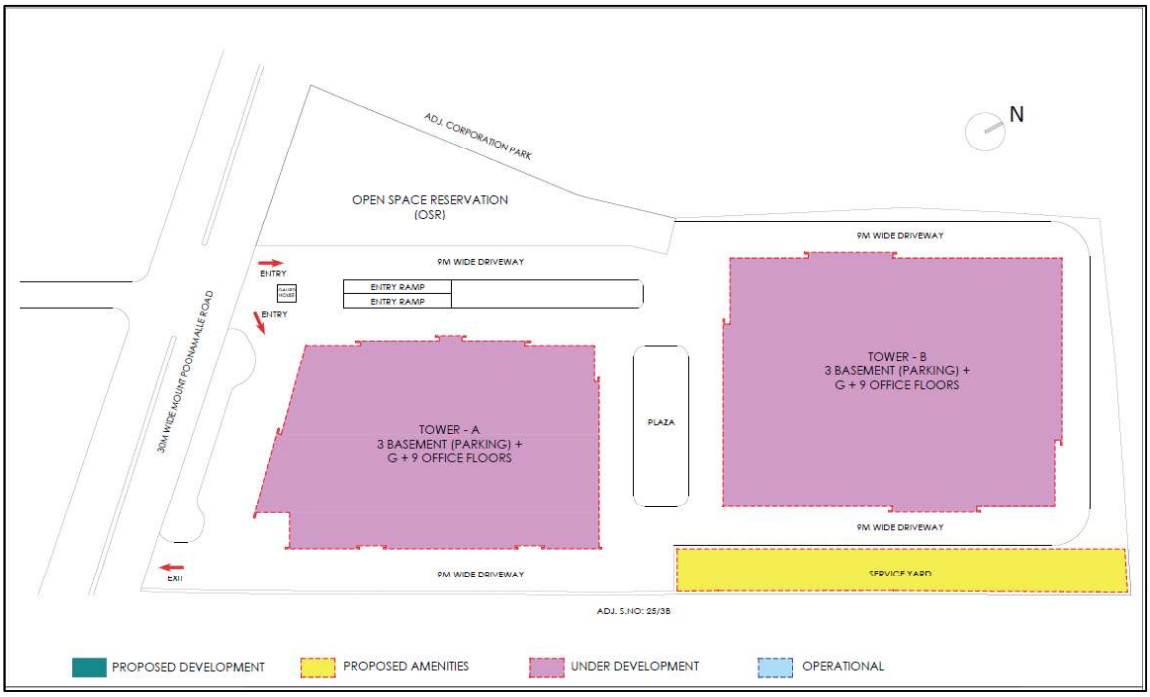
Annexure 1: Ownership Structure of Subject Property



Note:

1. *% indicate Mindspace REIT's shareholding in respective SPVs*
2. *11% stake in these SPVs is held by Telangana State Industrial Infrastructure Corporation Limited*
3. *Facility Management Division is housed in KRC Infrastructure and Projects Pvt. Ltd.*

Annexure 2: Site Layout



Annexure 3: Property Photographs





View of the Subject Property



View of the floor plate at the site



View of the Subject Property

Annexure 4: Statement of assets

Building	No. / Name	Tower A	Tower B
Floor	Nos	3B+GF+9F	3B+GF+9F
Warm Shell / Bare shell		Warm Shell	Warm Shell
Air Cooled Chiller	TR	2 x 250	2 x 300
Water Cooled Chiller	TR	2 x 500	2 x 600
No of DG / Capacity	No. / KVA	4 x 1750	4 x 2000
No of Transformers / Capacity	No./ KVA	2 x 2500	3 x 2000
FF System			
Booster Pump	KW / Make	1 x 900 LPM	1 x 900 LPM
Jockey Pump	KW / Make	2 x 180 LPM	2 x 180 LPM
Fire Diesel Pump	KW / Make	1 x 2850 LPM	1 x 2850 LPM
Hydrant Pump	KW / Make	1 x 2850 LPM	1 x 2850 LPM
Sprinkle Pump	KW / Make	1 x 2850 LPM	1 x 2850 LPM
STP Rating	KLD	370	

Annexure 5: List of sanctions and approvals

List of one-time sanctions/approvals which are obtained or pending

Approvals Received

a) Building/Planning Permit

b) Commencement Certificate

c) Height clearance NOC from AAI

d) Planning Permit

e) Approval from ELCOT

f) Building Permission

g) Occupancy Certificate

f) Lift NOC

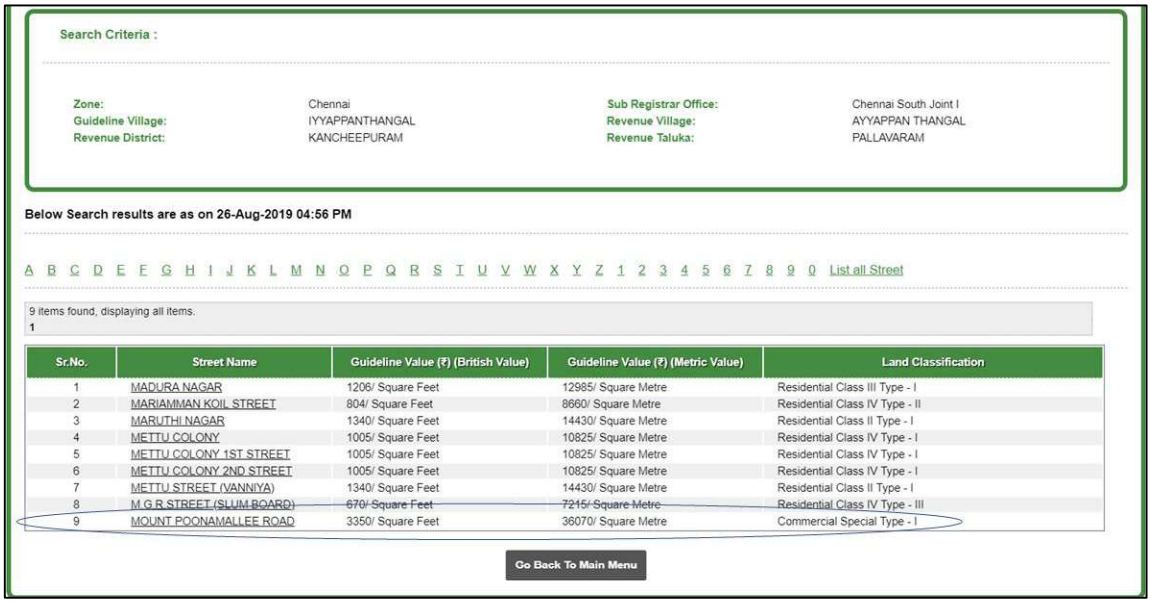
g) Consent to Operate (CTO)

Annexure 6 Cash Flow – Completed Buildings

Particulars	Unit	1 01-Oct-22 30-Sep-23	2 01-Oct-23 30-Sep-24	3 01-Oct-24 30-Sep-25	4 01-Oct-25 30-Sep-26	5 01-Oct-26 30-Sep-27	6 01-Oct-27 30-Sep-28	7 01-Oct-28 30-Sep-29	8 01-Oct-29 30-Sep-30	9 01-Oct-30 30-Sep-31	10 01-Oct-31 30-Sep-32
OPERATING INCOME											
Lease Rentals	INR Million	343.1	651.1	671.8	713.2	748.7	772.6	792.4	841.1	850.0	802.6
Parking Income	INR Million	3.1	10.4	15.1	15.8	16.7	17.5	18.4	20.0	21.0	29.4
O&M income	INR Million	74.1	106.7	112.6	118.2	124.1	130.3	136.8	143.7	150.9	158.4
Other Operating Income	INR Million	3.4	6.5	6.7	7.1	7.5	7.7	7.9	8.4	8.5	8.0
Cafeteria Income	INR Million	-	-	-	-	-	-	-	-	-	-
Total Income	INR Million	423.8	774.6	806.2	854.4	897.0	928.1	955.6	1,013.1	1,030.4	998.4
Total Income from occupancy	**INR Million**	**423.8**	**774.6**	**806.2**	**854.4**	**897.0**	**928.1**	**955.6**	**1,013.1**	**1,030.4**	**998.4**
OPERATING COSTS											
O&M cost	INR Million	(76.0)	(79.8)	(83.8)	(88.0)	(92.3)	(97.0)	(101.8)	(106.9)	(112.3)	(117.9)
Insurance Cost	INR Million	(4.4)	(4.5)	(4.6)	(4.8)	(4.9)	(5.1)	(5.2)	(5.4)	(5.5)	(5.7)
Property Taxes	INR Million	(32.4)	(33.4)	(34.4)	(35.4)	(36.5)	(37.6)	(38.7)	(39.8)	(41.0)	(42.3)
Total Operating Costs	**INR Million**	**(112.8)**	**(117.7)**	**(122.8)**	**(128.1)**	**(133.7)**	**(139.6)**	**(145.7)**	**(152.1)**	**(158.8)**	**(165.9)**
Net operating Income	**INR Million**	**311.0**	**657.0**	**683.4**	**726.2**	**763.3**	**788.5**	**809.8**	**861.0**	**871.5**	**832.6**
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	12,755.7
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(127.6)
Fit Out Income	INR Million	78.3	136.6	136.6	136.6	136.6	136.6	58.7	-	-	-
Total Net Income	**INR Million**	**389.3**	**793.6**	**820.1**	**862.9**	**899.9**	**925.2**	**868.6**	**861.0**	**871.5**	**13,460.7**
Property Mangement Fees	INR Million	(15.0)	(28.2)	(29.1)	(30.5)	(31.8)	(32.7)	(30.7)	(30.4)	(30.8)	(29.4)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(6.9)	(13.2)	(13.7)	(14.6)	(15.3)	(15.8)	(16.2)	(17.2)	(17.4)	(16.6)
Brokerage Expenses		(42.4)	-	-	-	-	-	(9.1)	(2.2)	(4.7)	(54.1)
Net Cashflows before construction cost	**INR Million**	**325.0**	**752.2**	**777.3**	**817.7**	**852.8**	**876.7**	**812.5**	**811.2**	**818.6**	**13,360.6**
Construction Cost	INR Million	**(645)**					**-**	**-**	**-**		
Project support services cost	INR Million										
General Development	INR Million	-									
Net Cashflows	**INR Million**	**(320)**	**752**	**777**	**818**	**853**	**877**	**813**	**811**	**819**	**13,361**
Discount Rate	**11.75%**										
NPV as on 30-Sep-22 (INR Million)	**7,873**										
INR per sq. ft.	**9,010**										

Note: We have arrived at the valuation using the quarterly cashflow and reproduced the above mentioned annual cashflow for representation purposes.

Annexure 7 Ready Reckoner Rate



Search Criteria :

Zone:	Chennai	Sub Registrar Office:	Chennai South Joint I
Guideline Village:	IYYAPPANTHANGAL	Revenue Village:	AYYAPPAN THANGAL
Revenue District:	KANCHEEPURAM	Revenue Taluka:	PALLAVARAM

Below Search results are as on 26-Aug-2019 04:56 PM

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z 1 2 3 4 5 6 7 8 9 0 List all Street

9 items found, displaying all items.
1

Sr.No.	Street Name	Guideline Value (₹) (British Value)	Guideline Value (₹) (Metric Value)	Land Classification
1	MADURA NAGAR	1206/ Square Feet	12985/ Square Metre	Residential Class III Type - I
2	MARIAMMAN KOIL STREET	804/ Square Feet	8660/ Square Metre	Residential Class IV Type - II
3	MARUTHI NAGAR	1340/ Square Feet	14430/ Square Metre	Residential Class II Type - I
4	METTU COLONY	1005/ Square Feet	10825/ Square Metre	Residential Class IV Type - I
5	METTU COLONY 1ST STREET	1005/ Square Feet	10825/ Square Metre	Residential Class IV Type - I
6	METTU COLONY 2ND STREET	1005/ Square Feet	10825/ Square Metre	Residential Class IV Type - I
7	METTU STREET (VANNIYA)	1340/ Square Feet	14430/ Square Metre	Residential Class II Type - I
8	M G R STREET (SLUM BOARD)	670/ Square Feet	7215/ Square Metre	Residential Class IV Type - III
9	MOUNT POONAMALLEE ROAD	3350/ Square Feet	36070/ Square Metre	Commercial Special Type - I

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Annexure 8 Caveats & Limitations

1. The Valuation Report (hereafter referred to as the "Report") covers specific markets and situations that are highlighted in the Report based on independent market report prepared by Cushman and Wakefield and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
    a. The valuation method adopted is based on the Valuer's expertise and knowledge taking into account the forecasts on demand, supply and pricing as undertaken by Cushman and Wakefield as part of an independent market/ industry research and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to ***K Raheja Corp Investment Managers LLP.*** (or "the Client") or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
    b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
    c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
    d. The Valuer has relied on the independent market report prepared by Cushman and Wakefield and his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
    e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services etc. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated, and should not be used for any other purpose.
    f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
    g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.

3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is believed bona-fide to be reliable.
5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the Subject Property or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum as agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose except as set out therein.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be submitted to the exclusive jurisdiction of courts in New Delhi.