

# Valuation Report

Mindspace (Sundew  
Properties Limited),  
Madhapur, Hyderabad

Telangana, India

Submitted To:

K. Raheja Corp. Investment Managers Private  
Limited (formerly known as K Raheja Corp  
Investment Managers LLP)

(acting as Manager to Mindspace Business Parks REIT)

Date of Valuation:

31-Mar -2024

Date of Report:

24-Apr -2024



Prepared By:

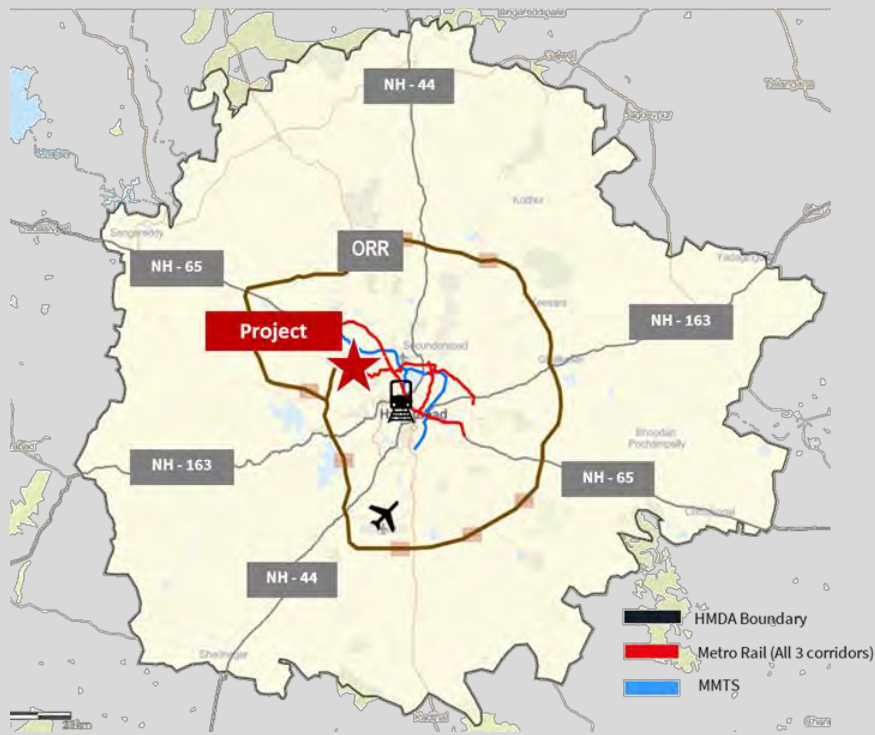
**KZEN VALTECH PRIVATE LIMITED**

**IBBI/RV-E/05/2022/164**

## EXECUTIVE SUMMARY

Property Name	Mindspace Madhapur (Sundew), Madhapur, Hyderabad, Telangana, India 500 081																														
Property Address	Mindspace Madhapur, Titus Towers, TSIIIC software layout, Madhapur, Hyderabad, Telangana, 500081																														
Land Area	40.25 Acres																														
Brief Description	<p>The Project is located in Madhapur micro market in the western part of Hyderabad; adjacent to Raidurg Metro Station and at a distance of ~ 31 km from Hyderabad International Airport. The proposed Metro Phase 2 would connect Raidurg to Hyderabad International Airport, which would further improve the connectivity of the Project.</p> <p>The Project is developed as Grade A IT Park spread across eight IT Buildings (11, 12A, 12B, 12C, 12D, 14, 20, 22). The Project has excellent visibility along the access road and has 3 entry and exit points. Buildings 11 and 22 are Non SEZ and Buildings (12A, 12B, 12C, 12D, 14, 20) are under SEZ and has a secured gate.</p> <p>The Project is surrounded by mixed use development comprising residential, retail, and commercial developments.</p>																														
Asset Details	<p>Leasable area details as shared by the Client is given below:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Building Name</th> <th>Leasable Area (sq. ft.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Building 11</td> <td>602,566</td> </tr> <tr> <td>2.</td> <td>Building 12A</td> <td>856,837</td> </tr> <tr> <td>3.</td> <td>Building 12B</td> <td>676,772</td> </tr> <tr> <td>4.</td> <td>Building 12C</td> <td>801,436</td> </tr> <tr> <td>5.</td> <td>Building 12D</td> <td>1,246,519</td> </tr> <tr> <td>6.</td> <td>Building 14</td> <td>531,126</td> </tr> <tr> <td>7.</td> <td>Building 20</td> <td>918,109</td> </tr> <tr> <td>8.</td> <td>Building 22</td> <td>127,398</td> </tr> <tr> <td></td> <td>Total Leasable Area</td> <td>5,760,763</td> </tr> </tbody> </table> <p>Based on the site inspection, all blocks are operational. There are no under-construction buildings within the property.</p>	Sl. No.	Building Name	Leasable Area (sq. ft.)	1.	Building 11	602,566	2.	Building 12A	856,837	3.	Building 12B	676,772	4.	Building 12C	801,436	5.	Building 12D	1,246,519	6.	Building 14	531,126	7.	Building 20	918,109	8.	Building 22	127,398		Total Leasable Area	5,760,763
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Location Map



Key Assumptions

The table below summarizes key Valuation assumptions used in the estimate

Particulars	Description																																													
Asset Specific Information																																														
Nature of Asset	Commercial / Office with Amenities																																													
Current Status	Completed and Operational																																													
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Revenue Assumptions	
In-Place Rent	INR 64.2 per sq. ft. per Month
Market / Marginal Rent	INR 74.6 per sq. ft. per Month
Parking Rent	INR 2,100 per CPS per Month
Financial Assumptions	
Exit Cap Rate	8.00%
Discount Rate / WACC	11.75%

Market Value on 31-Mar-2024 For Completed Project - INR 56,634.04 million (INR Fifty-Six Billion Six Hundred Thirty Four Million and Forty Thousand Only)

*Note: Based on the inputs provided by the Client, Mindspace REIT holds 89% of the ownership interest in the project and the valuation presented is for 89% interest in the project only. The total value of the asset with 100% interest is INR 63,633.75 million (INR Sixty-Three Billion Six Hundred Thirty-Three Million Seven Hundred and Fifty Thousand Only)*



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## **LIST OF ABBREVIATIONS**

BPO	Business Process Outsourcing
CBD	Central Business District
DCR	Development Controls & Regulations
GHMC	Greater Hyderabad Municipal Corporation
HMDA	Hyderabad Metropolitan Development Authority
INR	Indian National Rupees
IT/ITES	Information Technology/IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
km	Kilometre
NH	National Highway
ORR	Outer Ring Road
PBD	Peripheral Business District
RICS	Royal Institution of Chartered Surveyors
SEBI	Securities and Exchange Board of India
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft.	square feet
sq. m.	square metre
REIT	Real Estate Investment Trust
Y-o-Y	Year-on-Year

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.

# 1 INTRODUCTION

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## 1.1 INSTRUCTIONS

K Raheja Corp. Investment Managers Private Limited (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / IT office project I named '**Mindspace Madhapur (Sundew)**' located in **Madhapur, Hyderabad**, Telangana, India (hereinafter referred to as the 'Project').

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

### 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

### 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHAI, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute

Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## **1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## **1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS**

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this section 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 Project 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.

## **1.7 INSPECTION OF THE PROJECT**

Building 11 of the project was inspected on 22 March 2024 and the remaining buildings of this project were inspected on 23 March 2024 by the Valuer in the presence of client-nominated representative, 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.

## **1.8 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 Project 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.

## 1.9 CONFIDENTIALITY

The contents of this Valuation 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.

## 1.10 AUTHORITY

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## 1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls with any government departments/authorities, among other aspects., etc.

## 1.12 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.

### **1.13 ANTI-BRIBERY AND ANTI-CORRUPTION**

The Valuer represents, warrants and undertakes that:

The Valuer is 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.



## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data/information provided by the Client and estimate has limited coverage wherever full data/information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and/or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and/or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.
10.	Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.

11. Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12. Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13. Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14. Disclaimer	<p>The estimate of Market Value is based on documents/information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different approaches and methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately.

The table below presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. <b>This method is sometimes referred to as 'Rent Roll method as well.</b>

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved (completed & operational commercial / office space, the value is estimated **using the 'Discounted Cash Flow Method'** (basis term and rent reversion) under **'Income Approach'**

## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Revenue pendency if any
  - Options or Rights of Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5%-11.5% to about 7.5%-8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted a exit cap rate of 8% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net***

***operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective contribution to the total capital of the company (WACC).

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the subject property against similar portfolios/properties in the market. For discounting the cash flows, an appropriate discount rate considering the location of Project and market dynamics of the micro market, has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the completed portion of the project.

This derived discount rate was found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

Property Name	Mindspace Madhapur (Sundew), Madhapur, Hyderabad, Telangana, India 500 081																											
Property Address	Mindspace Madhapur, Titus Towers, TSIC software layout, Madhapur, Hyderabad, Telangana, 500081																											
Land Area	40.25 acres																											
Brief Description	<p>The Project is located in Madhapur micro market in the Western part of Hyderabad; adjacent to Raidurg Metro Station and at a distance of ~ 31 km from Hyderabad International Airport. The proposed Metro Phase 2 would connect Raidurg to Hyderabad International Airport, which would further improve the connectivity of the Project.</p> <p>The Project is developed as Grade A IT Park and comprises of 5.76 million sq. ft. of leasable area spread across eight IT Buildings (11, 12A, 12B, 12C, 12D, 14, 20, 22). The Project has excellent visibility along the access road and has 3 entry and exit points. Buildings 11 and 22 are Non SEZ and Buildings (12A, 12B, 12C, 12D, 14, 20) are under SEZ and has a secured gate.</p> <p>The Project is surrounded by mixed use development comprising residential, retail, and commercial developments.</p>																											
Asset Details	As described in Executive Summary Section																											
Valuation Methods	For completed and operational Buildings, the estimate of Market Value is prepared using ' <b>Discounted Cash Flow Method</b> ' using Rent Reversion																											
Nature of the Interest by the Client	89% freehold interest in the Project as informed by the Client																											
Purchase Price of the Project	<p>INR 41,956.83 million, as given by the Client</p> <p><i>Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the project and the valuation presented is for 89% interest in the project only. The total value of the asset with 100% interest is INR 47,142.51 million</i></p>																											
Historical Valuation of the Project in 3 Previous Years	<p>Below table summarizes historical valuation of the Project as given by the Client:</p> <table border="1"> <thead> <tr> <th>Sl.</th> <th>Date of Valuation</th> <th>Market Value (INR Million)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>30-Sep-2023</td> <td>56,432</td> </tr> <tr> <td>2.</td> <td>31-Mar-2023</td> <td>55,348</td> </tr> <tr> <td>3.</td> <td>30-Sep-2022</td> <td>55,024</td> </tr> <tr> <td>4.</td> <td>31-Mar-2022</td> <td>53,737</td> </tr> <tr> <td>5.</td> <td>30-Sep-2021</td> <td>52,016</td> </tr> <tr> <td>6.</td> <td>31-Mar-2021</td> <td>50,665 (Completed: 49,973, Under Construction: 692)</td> </tr> <tr> <td>7.</td> <td>30-Sep-2020</td> <td>50,121 (Completed: 49,489, Under Construction: 632)</td> </tr> <tr> <td>8.</td> <td>31-Mar-2020</td> <td>48,114 (Completed: 47,582, Under Construction: 532)</td> </tr> </tbody> </table> <p><i>Note: The above figures are for 89% interest of Sundew Properties Limited in the Project.</i></p>	Sl.	Date of Valuation	Market Value (INR Million)	1.	30-Sep-2023	56,432	2.	31-Mar-2023	55,348	3.	30-Sep-2022	55,024	4.	31-Mar-2022	53,737	5.	30-Sep-2021	52,016	6.	31-Mar-2021	50,665 (Completed: 49,973, Under Construction: 692)	7.	30-Sep-2020	50,121 (Completed: 49,489, Under Construction: 632)	8.	31-Mar-2020	48,114 (Completed: 47,582, Under Construction: 532)
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Ready Reckoner Rate	For Built-up Area Ground floor – INR 7,300 per sq. ft. and first & other floors - INR 6,600 per sq. ft. Land Rate – INR 44,900 per sq. yd.
Date of Valuation	31-Mar-2024
Date of Inspection	22 and 23-Mar-2024
Market Value as on 31-Mar-2024	For Completed Project - INR 56,634.04 (INR Fifty-Six Billion Six Hundred Thirty Four Million and forty Thousand Only)  <i>Note: Based on the inputs provided by the Client, Mindspace REIT holds 89% of the ownership interest in the project and the valuation presented is for 89% interest in the project only. The total value of the asset with 100% interest is INR 63,633.75 (INR Sixty-Three Billion Six Hundred Thirty-Three Million Seven Hundred and Fifty Thousand Only)</i>
Matters Affecting the Property and its Value	Please refer to Chapter 7 of this Valuation Report
Assumptions, Disclaimers, Limitations and Qualifications	This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance on this report and extension of <b>Valuer's</b> liability is conditional upon the <b>reader's acknowledgement and understanding</b> of these statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project
Prepared by	KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164) Represented through its Director Mr. Sachin Gulaty FRICS FIV FIIA IBBI/RV/02/2021/14284



**Name:** Sachin Gulaty FRICS FIV FIIA

**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284



## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND/OR PROJECT

The table below presents details of the Project Site and/or Project.

Table 5.1: Details of the Project Site and/or Project

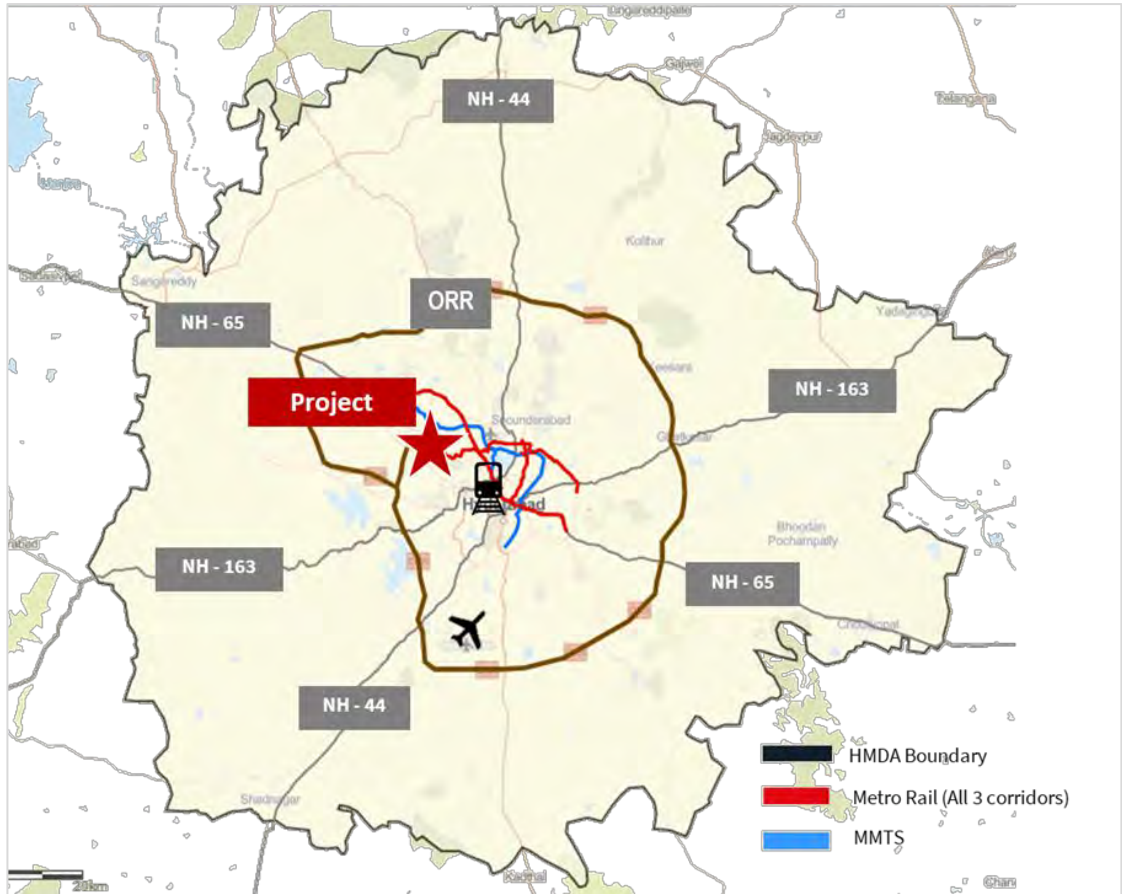
DETAILS OF PROPERTY	
Property Name	Mindspace Madhapur (Sundew), Madhapur, Hyderabad, Telangana, India 50081
Property Address	Mindspace Madhapur, Titus Towers, TSIIIC software layout, Madhapur, Hyderabad, Telangana, 500081
Land Area	40.25 Acres
Block-Wise Break-Up of Leasable Area and Current Status	<u>As described in Executive Summary section</u>
Access	Accessible through 60 m wide Hitech City Main Road and 36 m wide internal road
Frontage	Excellent frontage along the abutting road
Shape and Visibility	Regular in shape and has excellent visibility along the abutting road
Approval Status	Project has requisite approvals in place as confirmed by the Client.
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The Project is located in Madhapur in the Western part of Hyderabad. It is located adjacent to the Raidurg Metro Station and at a distance of ~ 31 km from Hyderabad International Airport.

The following map presents the location of the Project with respect to the city.

Map 5.1: Location of the Project Site with respect to the Hyderabad City



Source: Real Estate Market Research & Analysis; JLL, March 2024

**Table 5.2: Distances of the Project from Major Landmarks in the City**

Location / Landmark	Approximate Distance from Project (km)
Raidurg Metro station	Adjacent to the Mindspace Park
Cyber Tower	~ 1.3
Inorbit Mall	~ 1.4
Outer Ring Road (ORR)	~ 2.5
Secunderabad Railway station	~ 19
Hyderabad International Airport	~ 31

Source: Real Estate Market Research & Analysis; JLL, March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The Project is developed as Grade A IT Park and is located in Madhapur micro market of Hyderabad. It is located accessible through 60 m wide road from HITEC City main road and 36 m internal road. In terms of Project Site attributes, the Project Site is regular in shape and has relatively flat terrain. The Project has excellent frontage and visibility along the abutting road and the overall IT Park has 3 entry / exit points. The Project is regular in shape with fairly even topography.

The Project is spread across ~40.25 acres of land and spread across eight buildings.

The Project micro market has excellent social and physical infrastructure and is the most sought-after micro market for commercial office in Hyderabad.

The following map presents the location of the Project and its surroundings.

Map 5.2: Location of Project and its Surrounding Developments



Source: Real Estate Market Research & Analysis; JLL, March 2024

The table below presents the boundary/edge conditions of the Project (overall Mindspace Park).

Table 5.3: Project (overall Mindspace Park) and its Site Boundaries

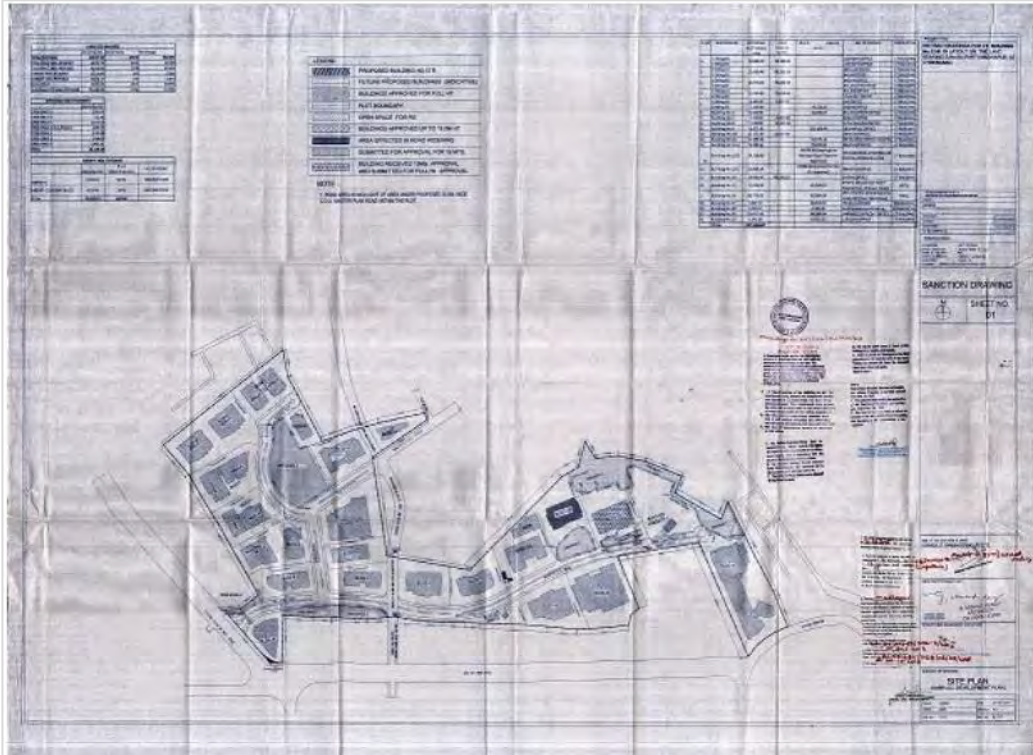
North	Private Property
South	Private Property and 36 m wide road
West	60 m wide road (HITEC City main road)
East	Private Property and 24 m wide road

Source: Real Estate Market Research & Analysis; JLL, March 2024

The Project is predominantly surrounded by Grade A commercial / office, residential, retail and hospitality developments.

The map on the following page presents the conceptual Layout Plan of the Project as shared by the Client.

## Map 5.3: Conceptual Layout Plan for the Project



Source: Client, March 2024

## 5.4 DESCRIPTION OF THE PROJECT

the Project has occupancy certificate and/or leases signed and it is spread across eight (8) IT Buildings (11, 12A, 12B, 12C, 12D, 14, 20, 22). The Project has excellent visibility along the access road and has 3 entry and exit points. Buildings 11 and 22 are Non SEZ and Buildings (12A, 12B, 12C, 12D, 14, 20) are under SEZ and has a secured gate.

The table below presents key asset specific information.

Table 5.4: Key Asset Specific Information of the Project

Particulars	Description
Name of the Entity	Sundew Properties Limited
Interest owned by Mindspace REIT	Project is wholly owned by Sundew Properties Limited, which is 89% owned and controlled by Mindspace REIT
Land Extent	40.25 Acres
Asset Type	IT Park with Non-SEZ and SEZ buildings
Sub-Market	Madhapur
Approved and Existing Usage	IT Offices and Building 22 is operational as Hotel
Current Status	100% Complete and Operational
Approvals Status	List of approvals are specified in annexure 4
Freehold/Leasehold	The underlying land is taken on freehold basis
Leasable Area	5.76 million sq. ft.
Occupied Area	5.5 million sq. ft.
Committed Area	5.6 million sq. ft.
Occupancy <sup>3/</sup>	95.6%



Particulars	Description
Committed Occupancy <sup>4/</sup>	97.7%
Number of Tenants	46

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Client has obtained occupation certificate for entire leasable area measuring 5.76 million sq. ft.

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupiers

## 5.5 PROJECT INSPECTION

The Project is part of a larger campus spread across Eight (8) IT Buildings (11, 12A, 12B, 12C, 12D, 14, 20, 22). Buildings 11 and 22 are Non SEZ and Buildings 12A, 12B, 12C, 12D, 14, 20 are under SEZ and have a secured gate, The Property was inspected on 22 and 23 March 2024 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.

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 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.

Some of the photographs of the Project and surroundings are given below.



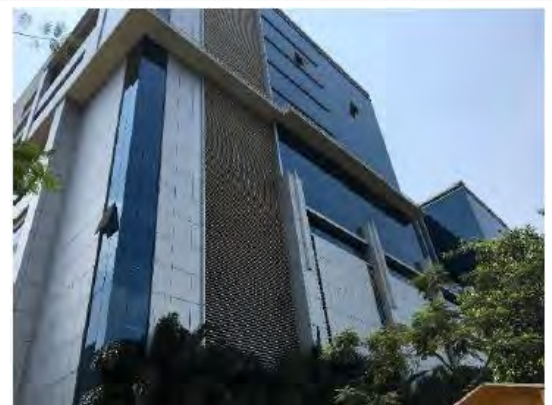
Building 11



Building 22



Access Road



Building 20

## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### **Site Services and Finishes**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

### **Condition and Repairs**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in any of the operational buildings. However, there is upgrade CAPEX to the tune of approx. INR 1607.9 million which shall be completed by Q3 FY27.

### **Environmental Considerations**

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project 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 Project is located falls in Seismic Zone II with low risk. The city faces low risk in terms of high winds or cyclones too. The Project is not likely to face any higher risk than the overall risk profile of the city. Project is regular in shape with fairly even topography. No hazardous activity was noted in the vicinity of the Project, which may expose it for any induced disaster.

### **Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

### **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 Project 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.

### **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 to the valuer, relating to the Project or any compounding charges.

## 5.7 TENANCY ANALYSIS

### **Tenant Profile of Top 10 Tenants**

As on 31 March 2024, The Project has 45 tenants which include companies like Cognizant, AMD, HighRadius, IBM, Pega Systems etc. The Project's Top 10 tenants account 57.30% of the Gross Rental Income

The top 10 Tenants as per Leasable areas is listed below: -

**Table 5.6: Top 10 Tenants as per Leasable Area\***

Sl. No.	Tenant	Leasable Area (Sq Ft)
1	Cognizant Technology Solutions (I) Pvt. Ltd.	793,071
2	Optum Global Solution India Limited	407,401
3	AMD India Private Limited	363,262
4	HighRadius Technologies Pvt Ltd	351,874
5	LTIMindtree Limited	348,419
6	CARRIER TECHNOLOGIES INDIA LIMITED	248,822
7	Pegasystems Worldwide India Pvt. Ltd.	237,711
8	IBM India Private Limited	231,535
9	Terafina Software Solutions Pvt. Ltd.	193,578
10	Open Text Technologies India Pvt. Ltd.	167,772
	TOTAL	3,343,445

\*Includes contracted areas for which rent may start at a future date

The top 10 Tenants as per Gross Rents are listed below: -

**Table 5.7: Top 10 Tenants as per Gross Rentals\***

Sl. No.	Tenant	Share of Gross Rentals (%)
1	Cognizant Technology Solutions (I) Pvt. Ltd.	9.60%
2	LTIMindtree Limited	7.50%
3	AMD India Private Limited	7.00%
4	HighRadius Technologies Pvt Ltd	6.50%
5	Optum Global Solution India Limited	5.50%
6	Terafina Software Solutions Pvt. Ltd.	5.30%
7	IBM India Private Limited.	4.40%
8	CARRIER TECHNOLOGIES INDIA LIMITED	4.40%
9	Pegasystems Worldwide India Pvt. Ltd.	4.0%
10	Open Text Technologies India Pvt. Ltd.	3.60%
	TOTAL	57.3%

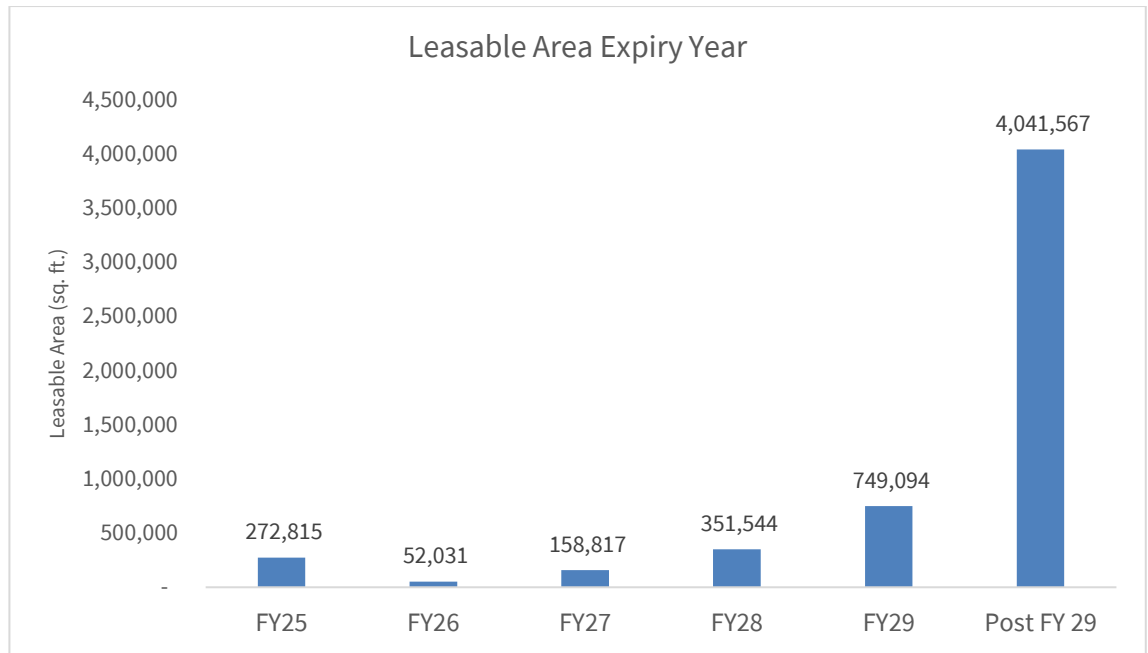
Source: Analysis, March 2024

\* Includes contracted areas for which rent may start at a future date

### **Lease Expiry Analysis**

The WALE of the project is 7.7 years, the occupied area expiring between FY 25 and FY 29 as shown in the chart on the following page: expiry as shown in the chart below:

Figure 5-1: Leasable Area Expiry Year Analysis



### **Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 5% every year or 15% every 3 years.



## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Hyderabad is one of the fastest-growing cities in India. The city has succeeded in building on its IT/ITeS and pharmaceutical capabilities and managed to attract several global technology and pharmaceutical giants to invest in and operate from the city. In 2020, Hyderabad topped the JLL City Momentum Index (CMI) for the second time after 2018. An active real estate market with healthy rental growth along with a thriving start-up culture have been the catalysts for Hyderabad to surpass all other major metro cities around the world and top the index. Proactive initiatives and investor friendly policies such as the new industrial policy of TS-iPass has helped support the fast and strong economic growth of the city in the last 5 years. The city is also home to 4,000 start-ups, primarily in the field of AI, Life sciences and Big Data analytics. The 2020 Global Start-up Ecosystem Report (GSER) by start-up Genome and the Global Entrepreneurship Network has put the state of Telangana among the top 30 global ecosystems for affordable talent in 2020 and Hyderabad is amongst the Top 100 emerging ecosystems.

### 6.3 ECONOMY & DEMOGRAPHICS

IT/ITeS and pharmaceutical industries are the two major sectors that contribute the maximum to the city's GDP. Riding on the strong expansion by all marquee tenants, IT exports by Telangana in FY 2022–23 grew by 31.4% to INR 2,41,275 crore, compared to the national average of 9.4%. During the same financial year, the state added approximately 127,594 new jobs at an annual growth rate of 16.3%. This accounts for a staggering 44% of the total IT jobs added in the country during the same period. Along with IT/ITeS, the pharmaceutical industry adds significantly to the exports from the city by commanding a 30% share in India's bulk drug production. The city now boasts of over 1 million professionals employed by the IT sector.

Owing to its robust and fast-developing infrastructure along with ease of living that offers a cosmopolitan environment, Hyderabad is amongst the most preferred destinations by the young workforce of the country. As per India Workforce Report by LinkedIn, Hyderabad is the 3rd largest city to attract people from every corner of India. Hyderabad accounts for about 8.5% of total migrants across cities in India.

### 6.4 INFRASTRUCTURE INITIATIVES

The Telangana State Road Transport Corporation's (TSRTC) city buses, and Indian Railways' Multi-Modal Transport System along with Hyderabad Metro Rail (HMR) form the key public transport system for Hyderabad city. The current Hyderabad Metro Rail network consists of 57 stations covering 67 km. This connects the eastern and western parts of the city through the dense CBD of Hyderabad. This service is further being extended to connect the Rajiv Gandhi International airport at Shamshabad with the IT hubs- Madhapur, Gachibowli, and surrounding areas in the western part. Over the last 3 years, the city has experienced massive road development projects in all major areas.

The major infrastructure push to Hyderabad is being carried out through the most comprehensive road development plan. The flagship program by the state government and Greater Hyderabad Municipal Corporation (GHMC) is aimed to improve 54 junctions in the city by building new elevated flyways and underpasses along with the construction of new

roads. The INR 24,000 crore project involves reducing the traffic congestion in the city and use it as a catalyst to improve the ease of living.

### **Existing infrastructure**

Existing Project	Completion timeline	Details	Key Impact Zones
Nehru Outer Ring Road (ORR)	2008 – 2018 (in phases)	158 km elevated 8-lane expressway built to encircle city periphery	Madhapur, Gachibowli
Rajiv Gandhi International Airport (RIGA)	2008 (On-going expansion)	Improved air connectivity of Hyderabad with key cities across the world.  Direct air connectivity with the key cities in the USA, UK, Europe, Middle East, Singapore, and Hong Kong.	Suburbs Others, Gachibowli
PVNR Expressway	2009	11.6 km signal-free elevated highway from Mehidipatnam to Attapur	SBD, Suburbs Others
Durgam Cheruvu Bridge	2020	0.5 km cable bridge over Durgam Cheruvu connecting Jubilee Hills to Madhapur Reduces travel time	SBD
Strategic Road Development Programme (SRDP)	Started in 2018	-	CBD, SBD, Madhapur, Gachibowli, Suburbs Others

Source: Real Estate Market Research & Analysis; JLL, March 2024

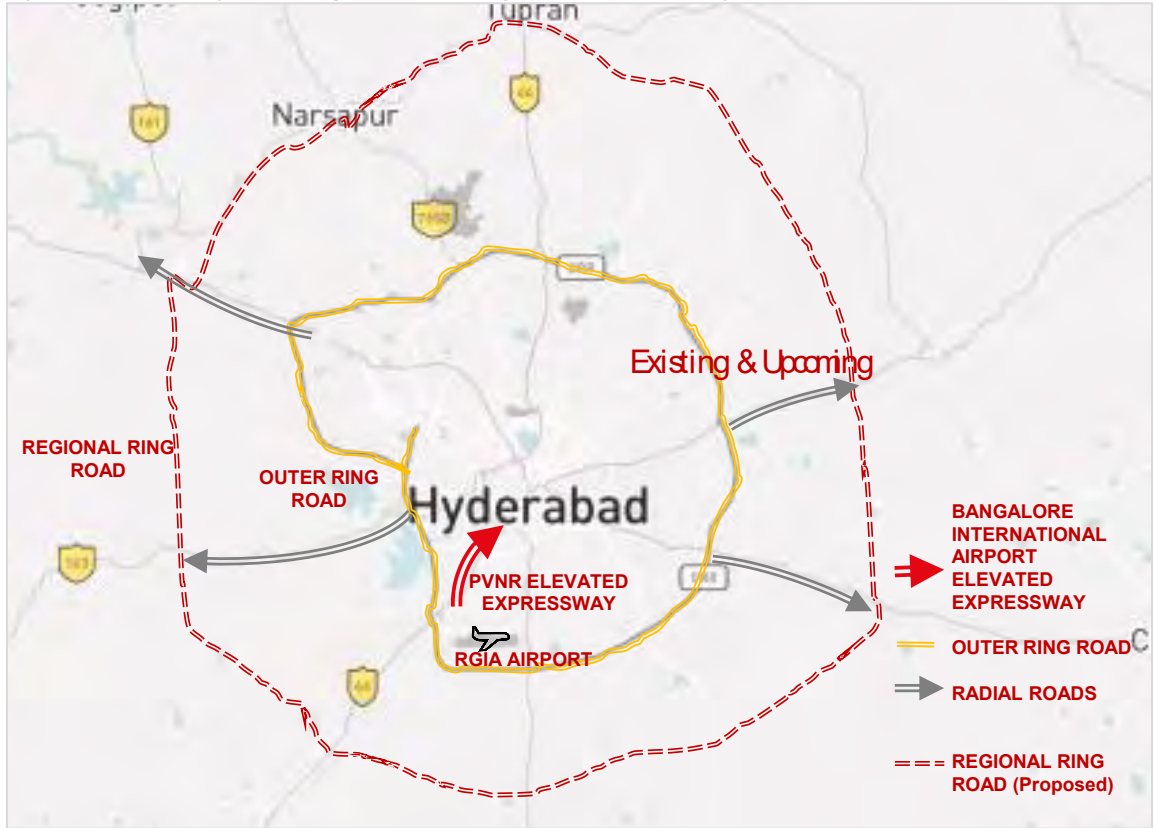
### **Upcoming Infrastructure**

Some of the key upcoming projects for the city are mentioned below:

Upcoming Project	Completion timeline	Details	Key Impact Zones
Regional Ring Road	NA	6 lane, 330 km Circular Road network to be developed around extended suburbs of Hyderabad city to ensure excellent connectivity with supporting smaller towns around Hyderabad. Intercity connectivity with other districts of Telangana is likely to improve	NA
Elevated Corridors	2022 - 2024	Elevated Road network in key junctions of the city Helps in easing traffic congestion	Suburbs Others, CBD, SBD
Elevated Bus Rapid Transport System (EBRTS)	NA	<b>To complement Hyderabad's transport infrastructure,</b> an elevated BRTS is planned between KPHB and the Financial District with further extension up to Kokapet. Being implemented by the Hyderabad Airport Metro Limited EBRTS will have 23 stops for electric buses and aims to resolve the traffic congestion along the Metro corridor.	Madhapur, Gachibowli

Source: Real Estate Market Research & Analysis; JLL, March 2024

**Hyderabad – Key existing & upcoming roads in the city**



Source: Real Estate Market Research & Analysis; JLL, March 2024

**Existing Metro Rail Lines**

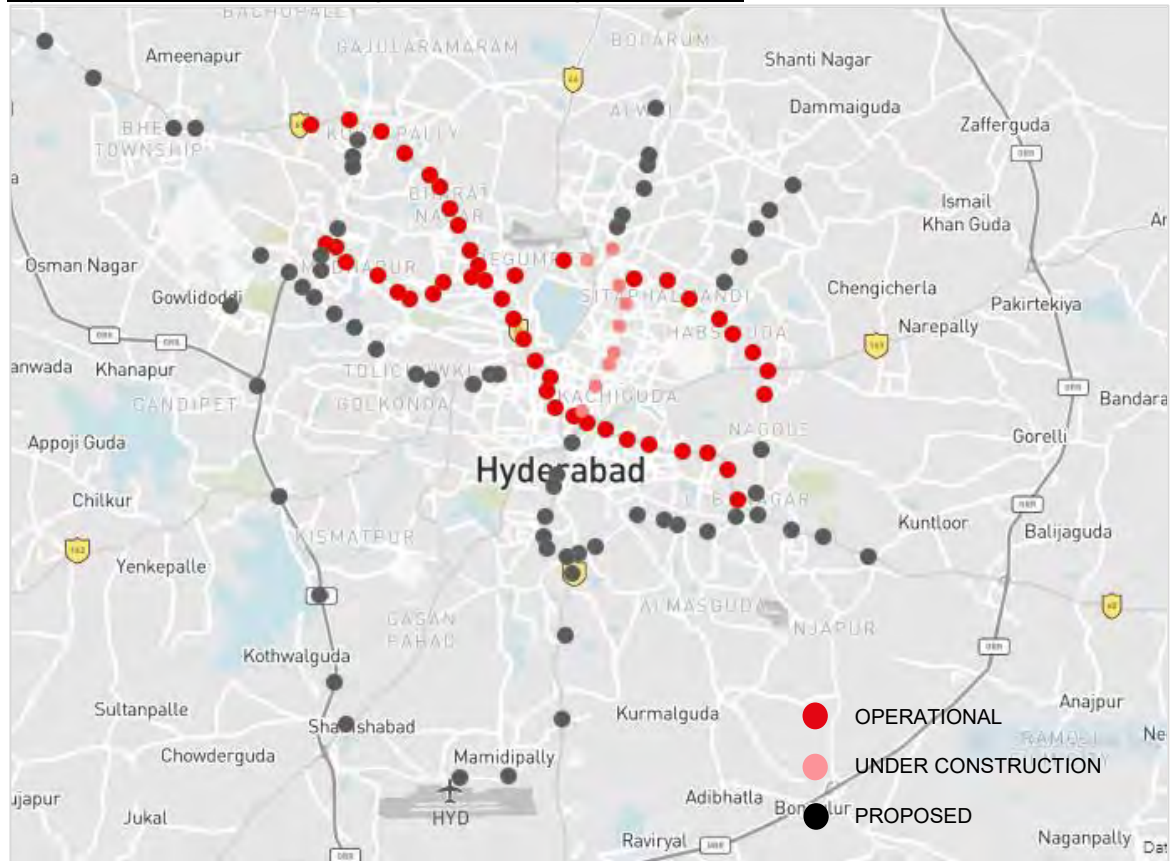
Existing Project	Completion timeline	Details	Key Impact Zones
Hyderabad Metro Rail – Phase I	2017 - 2020	69 km elevated network connecting eastern and western parts of city via CBD	SBD, CBD, Madhapur

**Upcoming Metro Rail Lines**

Upcoming Project	Completion timeline	Details	Key Impact Zones
Hyderabad Metro Rail – Phase II	NA (3-4 years from commencement)	<ul style="list-style-type: none"> <li>58 km network connecting airport and other residential suburbs</li> <li>Raidurg to Shamshabad Airport – 31 km</li> <li>Nagole to LB Nagar – 5 km</li> <li>Lakdi ka pul to BHEL – 22 km</li> </ul>	Gachibowli, SBD, Suburbs Others
Hyderabad Airport Metro	NA	Hyderabad Metro’s Airport Express Line is an upcoming rail line that’ll connect Mindspace REIT Junction and Rajiv Gandhi International Airport in Shamshabad via 10 stations. This 32 km line of the Hyderabad Metro Phase 2 project will be funded by Telangana Government and executed by HAML (Hyderabad Airport Metro Ltd).	

Source: Real Estate Market Research & Analysis; JLL, March 2024

**Hyderabad – Map of existing and upcoming metro lines**



Source: Real Estate Market Research & Analysis: JLL, March 2024

**6.5 HYDERABAD - OFFICE SUB MARKETS**

The office sub-markets of Hyderabad City are classified into six micro markets based on the market trend as mentioned below.

Sub-market	Locations	Map of Hyderabad office market
CBD	Begumpet, SP Road, Secunderabad, Punjagutta, Nagarjuna Circle, Raj Bhavan Road.	<p>The map shows the geographical distribution of office sub-markets in Hyderabad. The CBD is highlighted in green, SBD in pink, Madhapur in purple, Gachibowli in brown, Peripheral East in orange, and Suburbs-Others in grey. The map also shows major roads and surrounding areas like Bahadurpalle, Bachupally, and Nandamuri Nagar.</p>
SBD	Banjara Hills, Jubilee Hills, Shaikpet, Kavuri Hills, Ameerpet, Nagarjuna Hills	
Madhapur	Hafeezpet, Madhapur, Kondapur, Madhapur, Raidurg, Kukatpally	
Gachibowli	Kokapet, Manikonda, Financial District, Nanakramguda, Puppalguda, Khajaguda	
Peripheral East	Uppal, Pocharam	
Suburbs-Others	Shamshabad	

Source: Real Estate Market Research &amp; Analysis: JLL, March 2024

**Key Submarkets-Development and Occupier Profile**

Madhapur	<p>Development Profile: it is the most established office market in the western part of the city, well connected by the public transport in the city</p> <p>Key Occupiers: Qualcomm, Wells Fargo, Deloitte, AMD, Intel, Facebook, Microsoft, JPMC, Synchrony, Dell</p> <p>Key Developers: Mindspace REIT, Phoenix Group, RMZ, Salarpuria, Capitaland, Meenakshi Constructions, Divyasree</p>
Gachibowli	<p>Development profile: Developed as an extension to existing office market in Madhapur, along the ORR in the western part of the city. Primarily emerged as home to owned campuses of large companies but office market expanded in the last decade</p> <p>Key Occupiers: Largely home to campuses of Wipro, Infosys, Amazon, Microsoft along with notable presence from Apple, Google, CTS, Micron, ZF</p> <p>Key Developers: Phoenix Group, GAR Corp, Salarpuria, DLF, Vamsiram Builders</p>
Peripheral East	<p>Development profile: Office market is in nascent stage of development with key projects being operational in Pocharam &amp; Uppal in the eastern periphery</p> <p>Key Occupiers: Infosys, Genpact, Cyient</p> <p>Key Developers: Mindspace REIT, NSL Constructions</p>
Suburbs Others	<p>Development profile: Very early-stage market around Shamshabad in the southern periphery driven mostly by its proximity to the International Airport Office</p> <p>Key Occupiers: Cube Infrastructure, HBL, OSI Systems</p> <p>Key Developers: GMR</p>
CBD	<p>Development profile: Oldest office market originated in the center of the city. Projects are largely owned by individual landlords with standalone properties</p> <p>Key Occupiers: <b>SONATA Software, Dr.Reddy's</b></p> <p>Key Developers: Gowra Ventures, Ashoka Builders</p>
SBD	<p>Development profile: Developed around affluent localities in the city adjoining Madhapur. Most properties developed by key developers were as standalone developments</p> <p>Key Occupiers: DE Shaw, First American Financial</p> <p>Key Developers: Phoenix Group, Vamsiram Builders</p>

Source: Real Estate Market Research &amp; Analysis: JLL, March 2024

**Hyderabad Office Real Estate Market Highlights Q1 2024**

Gross leasing in the Hyderabad office market in Q1 2024 stood at 1.37 mn sq ft, up by 40.4% y-o-y. On a q-o-q basis, this was lower by 50%. Leasing activity in existing properties was strong especially in marquee assets. The quarterly gross leasing activity was led by Madhapur which accounted for a ~78% share. IT/ITeS led with the biggest share of 23.7%, followed by BFSI and Flex with 22.0% and 17.3% shares, respectively. The healthcare segment also held a 17% share in the quarterly leasing, underpinning the strong demand from this sector, especially in the form of GCCs and R&D centres.

The net absorption in Q1 2024 stood at 1.55 mn sq ft, nearly 3X up from the same period last year, albeit lower by 44.1% q-o-q. This also included end-user property purchases of 0.32 mn sq ft during the quarter. Net absorption was also impacted by lower completions in Q1, with new supply at a four-quarter low.

The city recorded completions of 2.08 million sq ft during the quarter, largely concentrated in SBD and Gachibowli, with only a solitary mid-sized completion in Madhapur during the quarter. With this, total Grade A office stock in the city rose to 124.0 million sq ft.

At the overall city level, vacancy rose by 10 bps q-o-q to 24.6%. In the same period, Madhapur's vacancy stood at 14.5%, down by 100 bps q-o-q and at its lowest in four quarters.

Overall office rents rose marginally by 0.4% q-o-q to INR 64.5 per sq ft per month.

### **City Market Trends**

Sub-Markets	Total Stock (sq. ft)	Net Absorption (sq. ft)			Vacancy %		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	124,021,083	1,551,978	-44.1%	195.8%	24.6%	10 bps	360 bps
CBD	3,104,883	0	-100.0%	-100.0%	10.6%	10 bps	110 bps
SBD	4,386,241	90,000	34.3%	16.2%	37.3%	1,560 bps	1,170 bps
Madhapur	71,507,977	962,764	-42.3%	181.1%	14.5%	-100 bps	90 bps
Gachibowli	40,735,894	476,215	-55.9%	NA	40.6%	0 bps	600 bps
Peripheral East	2,989,000	0	NA	NA	46.3%	0 bps	1,110 bps
Suburbs Others	1,297,083	23,000	NA	-54.0%	17.3%	-170 bps	-410 bps

Source: Real Estate Market Research & Analysis; JLL, March 2024

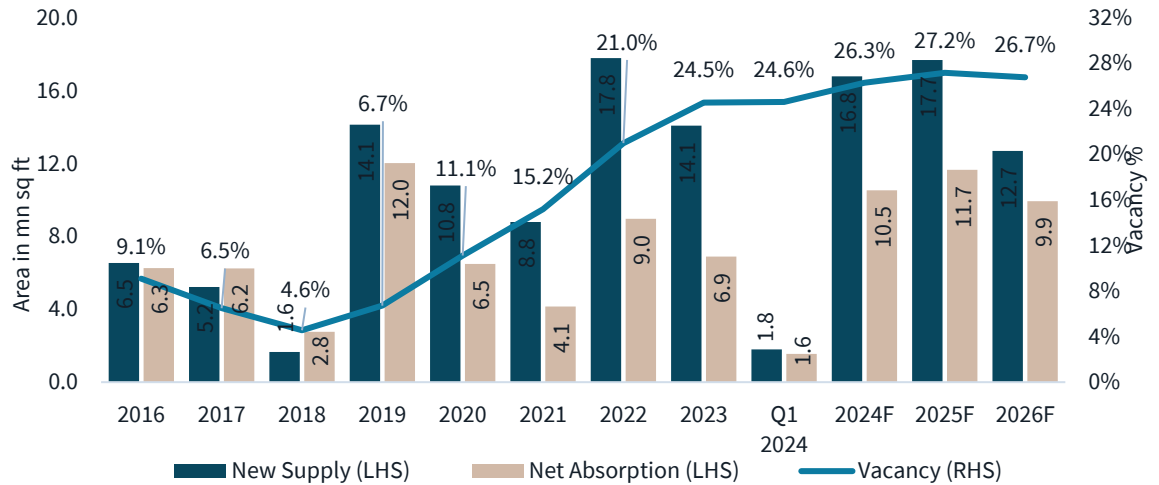
### **Leasing Activity**

Leasing activity in Hyderabad stood at a healthy 1.37 mn sq ft in Q1 2024, with space demand holding steady on same period comparison. In fact, on a y-o-y basis leasing volumes were up by 40.4%, though q-o-q activity was down by 50%. Deals were largely driven by expansion activity from existing tenants

Madhapur was the runaway leader accounting for a 78% share of the gross leasing activity in the quarter, with Gachibowli's share at 21%. The demand for flex spaces continued to remain healthy with flex operators managing to lease out ~3,100 seats in the city as occupiers embraced plug and play workspaces as part of their optimized workplace strategies. There are some large-scale transactions that are currently in active stages of closure in the city, predominantly in the Madhapur submarket.

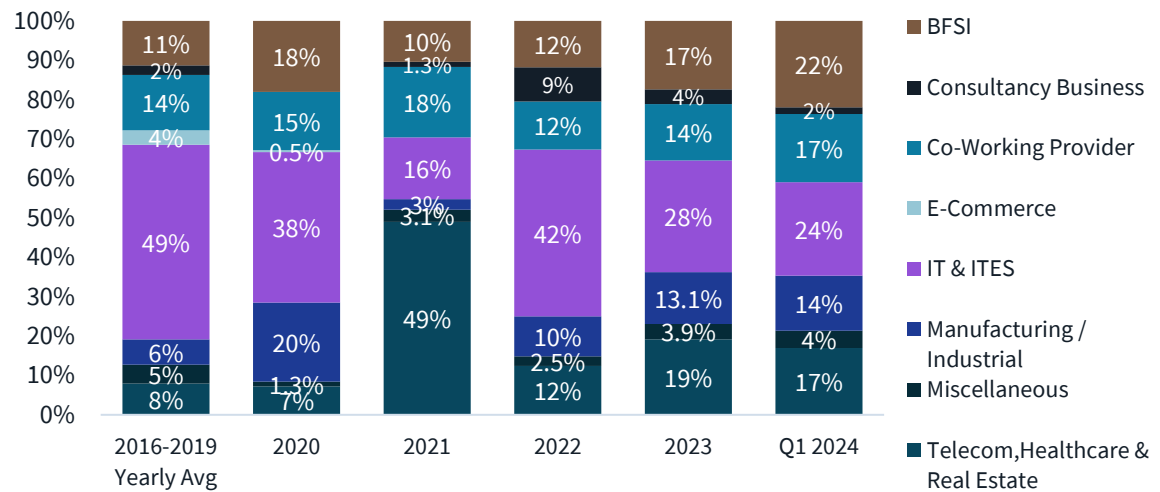
Hyderabad's net absorption was clocked at 1.55 mn sq ft, driven by the fresh leases in both existing and newly completed buildings and some end-user office space purchases which themselves totalled to 0.32 mn sq ft, reported during the quarter. The net absorption though lower on account of less completions in Q1, was also up by nearly 3x y-o-y.

### Total Completions, Net Absorption and Vacancy Rate – Overall



Source: Real Estate Market Research & Analysis; JLL, March 2024

### Occupier share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, March 2024

### Vacancy

While demand has remained quite healthy, the supply infusion in the city has remained strong. As a result of which vacancy in the city rose by 10 bps q-o-q to 24.6%. Since covid, the vacancy levels in the city have moved northwards amidst a strong supply even as demand has shown a recent resurgence since 2022.

### Market Rents

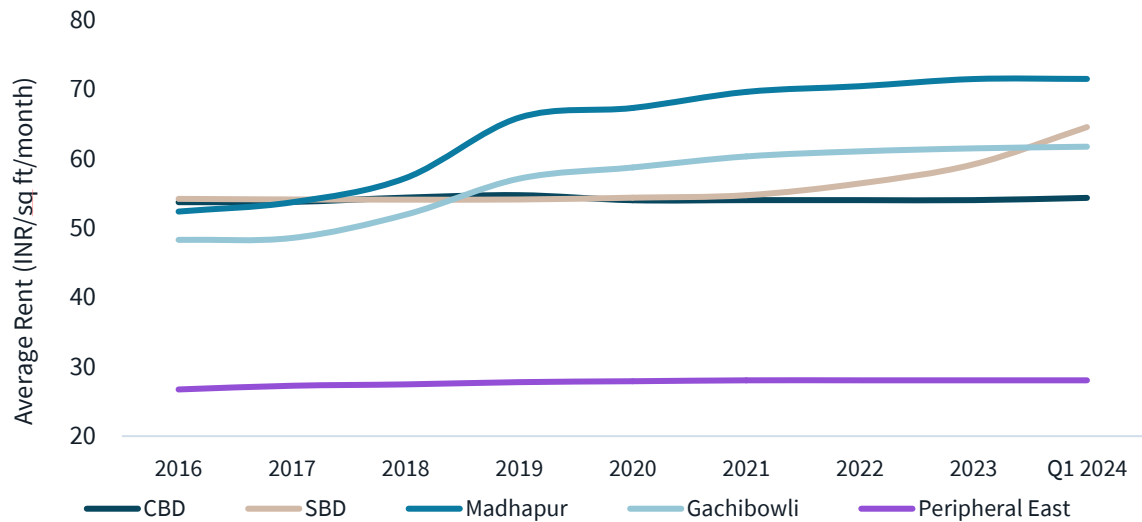
With limited supply till 2018 in the city, rents remained stable across the city. However, as a new wave of quality supply hit the market in 2019, rents witnessed significant growth in key micro markets like Madhapur and Gachibowli. However, post covid the rental growth has been limited but continues to be on the growth curve in the city amidst completions from top developers largely in Madhapur and Gachibowli entering the market at higher rentals.

With the completion of projects by RMZ, Salarpuria & Capitaland in 2023, rental values moved up by 1.5% y-o-y by end of the year. In Q1 2024, rents were further seen to grow by 0.4% q-o-q to now be at INR 64.5 per sq ft per month. Rent change q-o-q was seen to be higher in the SBD sub-market due to stock realignment and the removal of average assets from the Grade A building basket. Also, the new completion in the SBD entered the market at a healthy premium to this submarket’s average.



GROSS RENT (INR/SQ FT/PM) GFA			
	Q3 23	Q-o-Q Change	Y-o-Y Change
Overall	64.1	0.6%	1.7%
CBD	54.0	0.0%	0.0%
SBD	56.6	0.4%	3.5%
Madhapur	71.5	0.7%	2.1%
Gachibowli	61.1	0.0%	0.0%
Peripheral East	28.1	0.0%	0.0%

### Submarket wise Gross Rents



Source: Real Estate Market Research & Analysis; JLL, March 2024

*Note: Mindspace REIT micro markets, 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.*

### New supply

In the last few, years Hyderabad has witnessed a massive growth in new supply across the key submarkets. While the average annual supply from up to 2018 has been 4.8 million sq ft, it jumped to 13.2 million sq ft in the last four years in the city. With delayed projects coming on board in the next few quarters, new supply is expected to witness robust growth in the latter part of 2023 and in 2024, largely driven by Madhapur and Gachibowli submarkets. After recording its lowest ever supply in Q1 2023 at 0.7 million sq ft, Hyderabad recorded a gross supply of 8.5 million sq ft in the next two quarters of 2023. In Q3 2023, city witnessed 3.2 million sq ft of new supply largely led by Madhapur submarket, taking the overall office stock in the city to 116.3 million sq ft.

In the last few, years Hyderabad has witnessed a massive growth in new supply across the key submarkets. While the average annual supply up to 2018 has been 4.8 million sq ft, it jumped to 13.2 million sq ft in the last four years in the city. Even in 2023, new supply jumped to 15 mn sq ft, with another 2.1 mn sq ft completed in Q1 2024. Most of the new supply additions over the past 3-4 years have been led by Madhapur and Gachibowli submarkets. The city's total Grade A office stock now stands at 124.0 mn sq ft.



**Outlook**

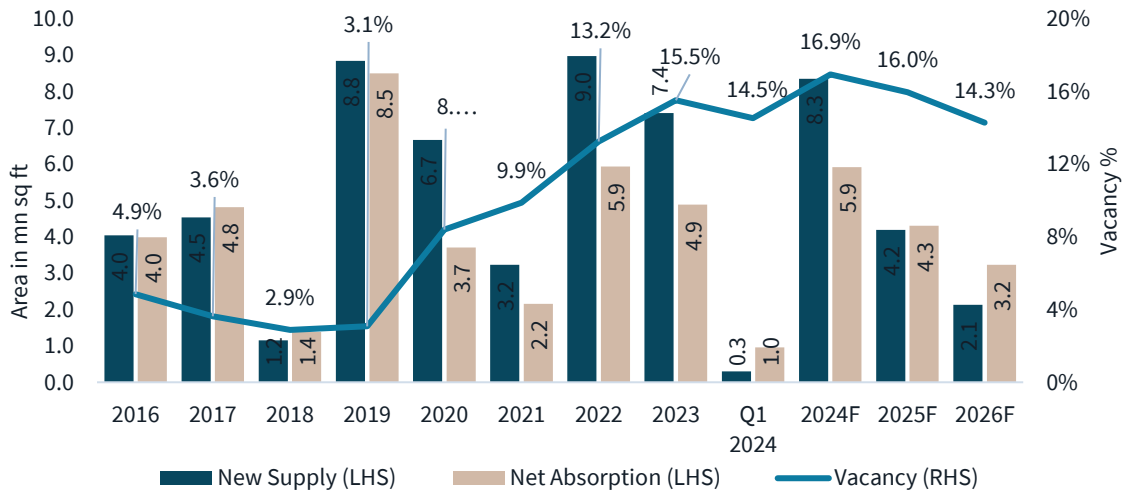
New supply over the next one year is likely to be driven by leading developers like RMZ, Phoenix Group & Vamsiram Builders as many large projects are in advanced stages of construction, mostly located in the submarket of Madhapur followed by Gachibowli. Amidst robust supply in the pipeline, vacancy in the city is expected to come under pressure in the medium term in the range of 25-27%, but expected to be largely tight in the Madhapur corridor. While a significant proportion of the upcoming supply in the medium to long term is still due for absorption, the rising demand and healthy leasing activity as well as ongoing deals are expected to support the net absorption levels to surpass 2023 levels in the short term and sustain in the medium term as well. Large part of leasing activity is expected to be witnessed in Madhapur market owing to quality supply from leading developers in key localities of the submarket and then gradually moving towards Gachibowli in the longer term

**6.6 MICRO MARKET: MADHAPUR**

The project lies in the Madhapur micro market.

**Supply, Demand Trend**

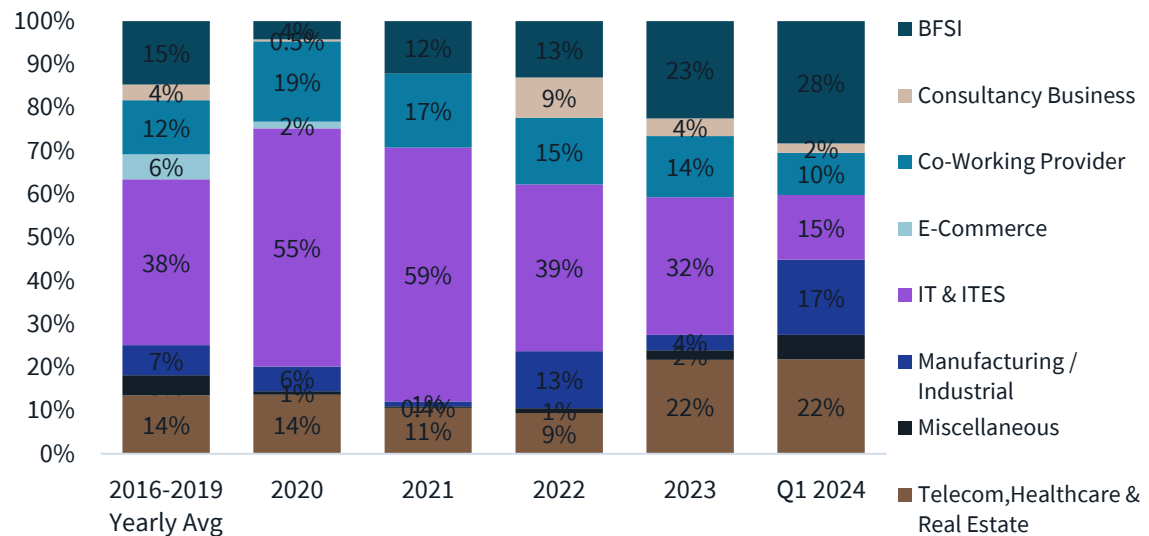
**Total Completions, Net Absorption and Vacancy Rate**



Source: Real Estate Market Research & Analysis; JLL, March 2024

## Leasing activity

### Occupier's share in gross leasing activity



Source: Real Estate Market Research & Analysis: JLL, March 2024

As Madhapur enjoys superior connectivity and well-established infrastructure in the city, it has been the most sought-after office market in the city from tenants across all segments. It commands a market share of 60-70% of total leasing activity in the city as large companies prefer expanding into this market along with robust demand from mid-sized tenants. Demand has always matched or outpaced the supply in the submarket amidst large inflow of pre-commitments in the properties of Salarpuria, Mindspace REIT, RMZ, Phoenix & Divyasree. Albeit a mismatch in 2020 owing to covid, it recorded a healthy recovery 2021 & 2022.

Robust leasing activity was observed in more recent completions by RMZ, Salarpuria & Capitaland in 2023, which supported the strong net absorption numbers of 4.9 mn sq ft for the full year. This amounted to a share of 71% of the overall net absorption over the same period. For Q1 2024 as well, Madhapur net absorption stood at 0.96 mn sq ft, a 62% contribution to the quarterly net absorption number for the city. With a healthy volume of deal closures in the quarter, Madhapur recorded gross leasing of 1.06 mn sq ft, accounting for 77.4% of total gross leasing in Q1 2024.

## Supply

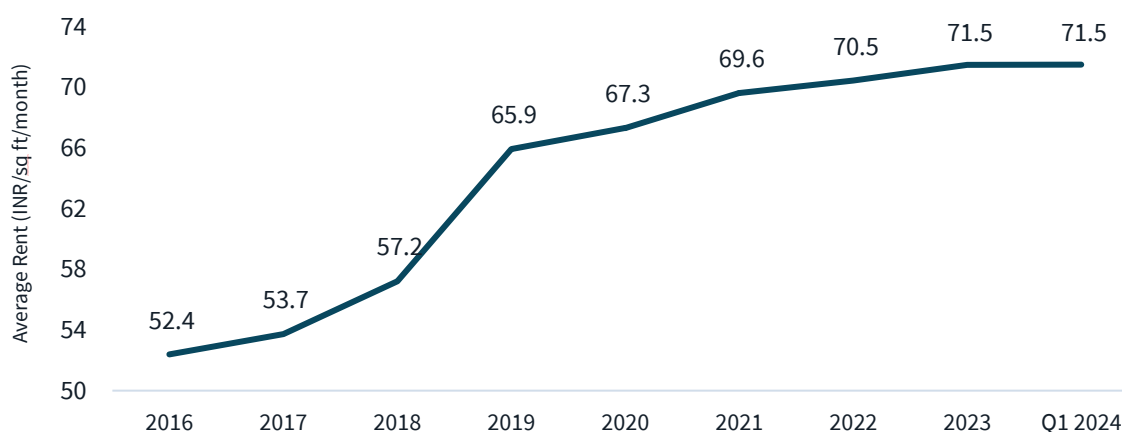
In the last 5 years, total Grade A office stock in Madhapur recorded a growth of 97% to reach 71.2 million sq ft, nearly doubling during this period. With marquee office projects getting operational by key developers like RMZ, Capitaland, Salarpuria & Divyasree, supply remained very robust in this submarket with an average annual supply of 7 million sq ft from 2019 till 2023. In Q1 2024, completions were sluggish at 0.3 mn sq ft, with the office stock reaching 71.5 mn sq ft at the end of the quarter.

## Vacancy

As the submarket has been largely driven by large scale pre-commitments along with being the most sought-after market by small to medium sized tenants as well, vacancy always remained below 5% until 2019. However, due to huge supply alongside sluggish demand due to covid, vacancy rose from 3% to 8% in 2020. After reporting a sustained growth since that time, vacancy has started to moderate in recent times. In Q1 2024, vacancy dropped by 100 bps q-o-q to reach 14.5%, the lowest in a year.

## Rents

As Madhapur being the most active market attracting large scale expansions along with entry of new tenants, rents in the submarket remained superior to the average city rents. With the completion of projects by RMZ & Salarpuria in 2019 which commanded higher rentals than the submarket average, the rents in the submarket recorded a growth of ~15% during that year to INR 65.9 per sq ft per month. This rise in rental values continued into the next couple of years till 2021. However, owing to sluggish demand along with limited quality supply in 2022, rents registered a moderate growth. But with the completion of marquee projects, rents in 2023 recorded a healthy growth of 1.3% to stand at INR 71.5 per sq ft per month by end of the year. The lease transactions in the Madhapur micro market are recorded in the range of INR 65 – 80 per sq. ft per month. The lease transactions in Madhapur where the Project is located are in the range of INR 72 to 76 per sq. ft per month. In Q1 2024, rents were largely unchanged q-o-q. However, on a y-o-y basis, rents are up by 1.33%.



Note: Mindspace REIT micro markets, 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.

## Outlook

A strong supply in 2023 with marquee assets entering the submarket saw healthy occupier traction from major GCCs across the tech, Healthcare and BFSI segments. As a result, net absorption stood at 4.9 mn sq ft in 2023. Going forward, this submarket is likely to register a healthy supply of 8.3 million sq ft for the full year of 2024 with vacancy falling into the range of 14-15% on the back of strong demand. Rents are expected to see a marginal upside as well as most of the ongoing transactions are expected to close higher than market-average rentals.

## Prominent Lease Transactions within the Micro-Market

Below are some of the lease transactions witnessed in the micro-market:

Table 6-1: Major Lease Transactions in the Micro-Market of the Project

Sl. No.	Occupier Name	Name of the Building	Sub-Market	Area Leased (sq. ft)	Lease Rentals (INR per sq ft per month)	Transacted Period
1	Ryan International	ITPH - Block 1 (East Wing)	Madhapur	60,000	74	Q1 2024
2	Technip	Phoenix Avance H10 A1	Madhapur	180,000	68	Q1 2024
3	Foundever/Site I	Cyber Pearl Phase 2	Madhapur	20,873	65	Q1 2024
4	Feuji	Raheja Commerzone (KRC Wing)	Madhapur	46,625	70-75	Q1 2024
5	Sanofi Healthcare India Pvt. Ltd.	RMZ TheSpire - Tower 100	Madhapur	231,845	72	Q1 2024
6	Awfis	Aurobindo Orbit	Madhapur	35,000	73	Q1 2024
7	Blujay Solutions	Salarpuria knowledge City Argus (Parcel 2)	Madhapur	21,000	115	Q1 2024

Sl. No.	Occupier Name	Name of the Building	Sub-Market	Area Leased (sq. ft)	Lease Rentals (INR per sq ft per month)	Transacted Period
8	Petrocon Engineers & Consultants	Laxmi Cyber City 2	Madhapur	23,000	75	Q1 2024
9	Cigna Healthcare	Salarpuria knowledge Park Block 2	Madhapur	300,000	76	Q1 2024
10	Redbricks	RMZ Nexity Tower 30	Madhapur	52,000	75	Q1 2024

Source: Real Estate Market Research & Analysis; JLL, March 2024

### **Investment Activities within the Micro-Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc.

### **Investment Activities within the Country**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

**Table 6-2: List of transactions / deals in recent past:**

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Fringe	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Infocity	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Infocity	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 - 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - ,8700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Easter n Suburb s &	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90-8.20%	2023

Valuation Report | Mindspace Madhapur, Hyderabad

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
				Sohna Road				
17	Chennai	Embassy Splendid TechZone	Pallavara-Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) +1,600,000 (UC) +2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Source: Real Estate Market Research & Analysis; JLL, March 2024

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial/ office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub/above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market/marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

### 7.2 CASH FLOW PROJECTIONS

The cash flows for the Project have been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimate of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table on the following page:

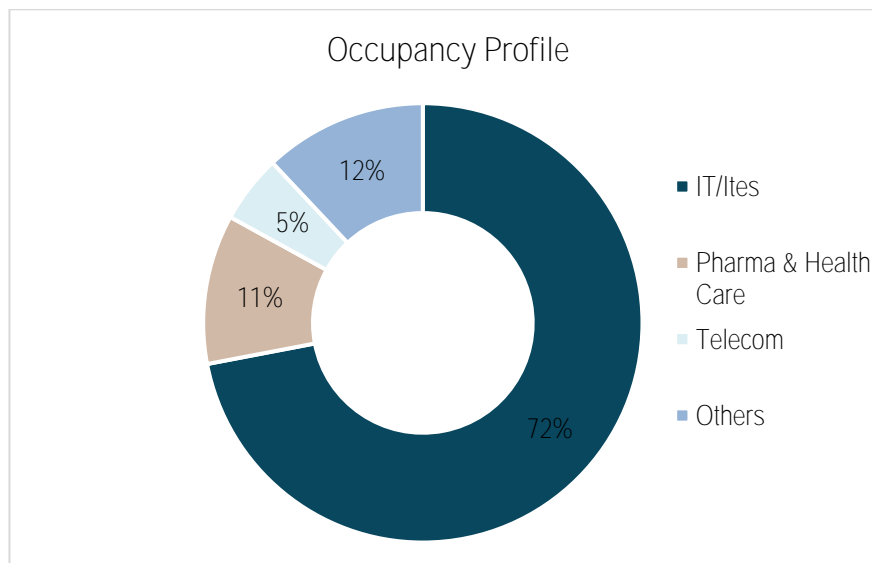
**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent-free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### 7.3 ABSORPTION/ LEASING VELOCITY AND OCCUPANCY PROFILE

Occupancy profile of the project is as follows: -

- ~72% space is taken by IT/ITeS
- ~11% of the space is taken by Pharma.
- ~8% of the space is taken by Engineering & Manufacturing and
- ~10% of the space is taken by others.



## 7.4 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and/or inputs used in the cash flow configuration used for providing Valuation of the Project.

**Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Blocks**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-24	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-34	As per workings
Asset Details		
Total Leasable Area	As described in Executive Summary section	As per the information provided by the Client
Leased Area	As described in Executive Summary section	As per the information provided by the Client
Vacant Area / Vacancy	134,670 / 2.3%	As per the information provided by the Client
Vacancy Allowance	2%	As per market benchmarks for large scale Grade A office projects.
Area to be Leased	134,670 sq. ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market
Rent Free Period for New Leases	3 months	As prevalent in the micro-market
Construction Related Assumptions		
Construction Cost to be incurred (including upgrade costs)	INR 1,839 Mn	As per the information provided by the Client
Estimated Completion Date for Payments of Construction Costs	Q2 FY27	As per the information provided by the Client
Estimates of already carried out major repairs	INR 258 Mn	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases, i.e., 15% every 3 years Or 4.5% every year	As prevalent in the market, it is observed that lease agreements are primarily at 4.5% rent escalations every year. Or at 15% every 3 years
Market / Marginal Rent Office for FY 25	INR 74.6 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 55 – 80 per sq. ft. per month for last 5



Parameters	Assumptions / Inputs	Remarks / Basis
		years. The asking instances are observed in the range of INR 70 - 80 per sq. ft. per month. Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent - Amenities	Not Applicable	
Other Income	1% of base rentals	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 base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Market Rent - Car Parking Space for FY 25	INR 2,100 per sq. ft. per month	The Grade A offices offers car parking rates in the range of INR 2,000 – 3,500 per slot per month. Based on the market benchmarking of recent leased rates within the micro-market, the achievable car park rate for the subject property is derived.
Market / Marginal Rent Food Court	Not Applicable	
Market / Marginal Rent Kiosk for FY 25	INR 241.50 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Market / Marginal Rent Terrace fro FY 25	INR 37.28 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Other Operating Income		
Market Rent Growth from FY 26 onwards	5% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Parking Rent Growth from FY 26 onwards	5% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received higher rentals for the same carpet area.

Parameters	Assumptions / Inputs	Remarks / Basis
		Going forward, for leases which will expire during the next 10 years, we have considered an efficiency at 76% or actual, whichever is lower
Maintenance Services Income / CAM Income for FY25	INR 12.78 per sq. ft per month	As given by the Client and as prevalent in the market
Operating Cost Assumptions		
Brokerage - New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2 month receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY 25 for FY25	INR 10.23 per sq. ft per month	As given by the Client and as prevalent in the market
Property Tax for FY 25	INR 1.70 per sq. ft per month	As given by the Client
Insurance for FY25	INR 0.23 per sq. ft per month	As given by the Client
Cost Escalation	3% per annum	As prevalent in the market.
CAM Escalation (Income + Expenses)	5% per annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1% of Terminal Value	As prevalent in the market
Other Operating Expenses	2% of Base Rent + Car Parking Charges	As prevalent in the market.
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.00% (post yield shrinkage). Capitalized based on the Net Cash Flows of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

## 7.5 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

**Table 7.3: Market Value of the Project**

Component	Leasable Area (sq. ft.)	Market Value (INR Million)	Percentage Share
Commercial / IT Office Space	5,760,763	56,634.04	89%

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

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project Mindspace Madhapur (Sundew) located in Madhapur, Hyderabad Telangana, India 500081, comprising total leasable area of 5,760,763 sq. ft as on 31 March 2024 is estimated to be **INR 56,634.04 million (INR Fifty Six Billion Six Hundred Thirty Four Million and Forty Thousand Only.)**

Note: Based on the inputs provided by the client, the valuation presented is for 89% interest of Mindspace REIT in the project only. The total value of the asset with 100% interest is INR 63,633.75 million (INR Sixty Three Billion Six Hundred Thirty-Three Million Seven Hundred and Fifty Thousand Only).

**Table 7.4: Ready Reckoner rates for the Project**

Component	Ready Reckoner Rate
Commercial (Built-Up Area)	Ground floor – INR 7,300 per sq. ft. first & other floors – INR 6,600 per sq. ft.
Land	INR 44,900 per sq. yard.

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



**Name:** Sachin Gulaty FRICS FIV FIIA,

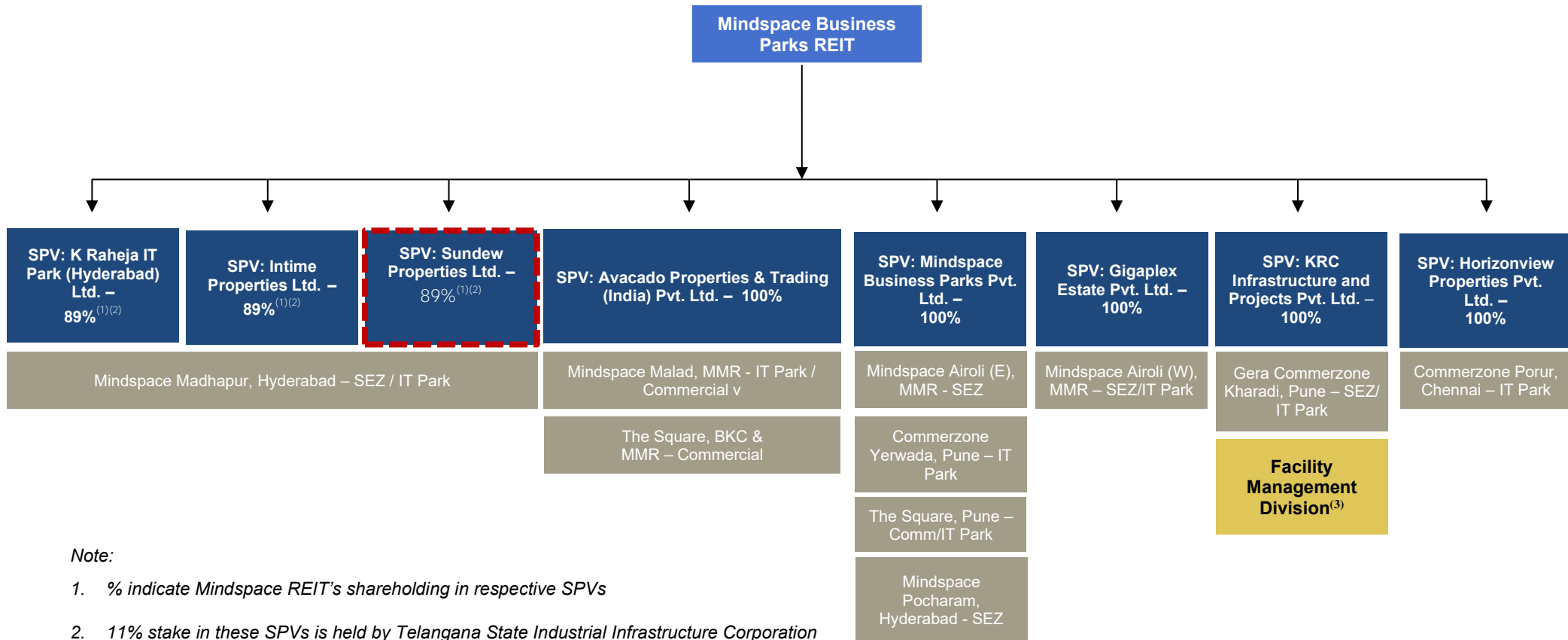
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

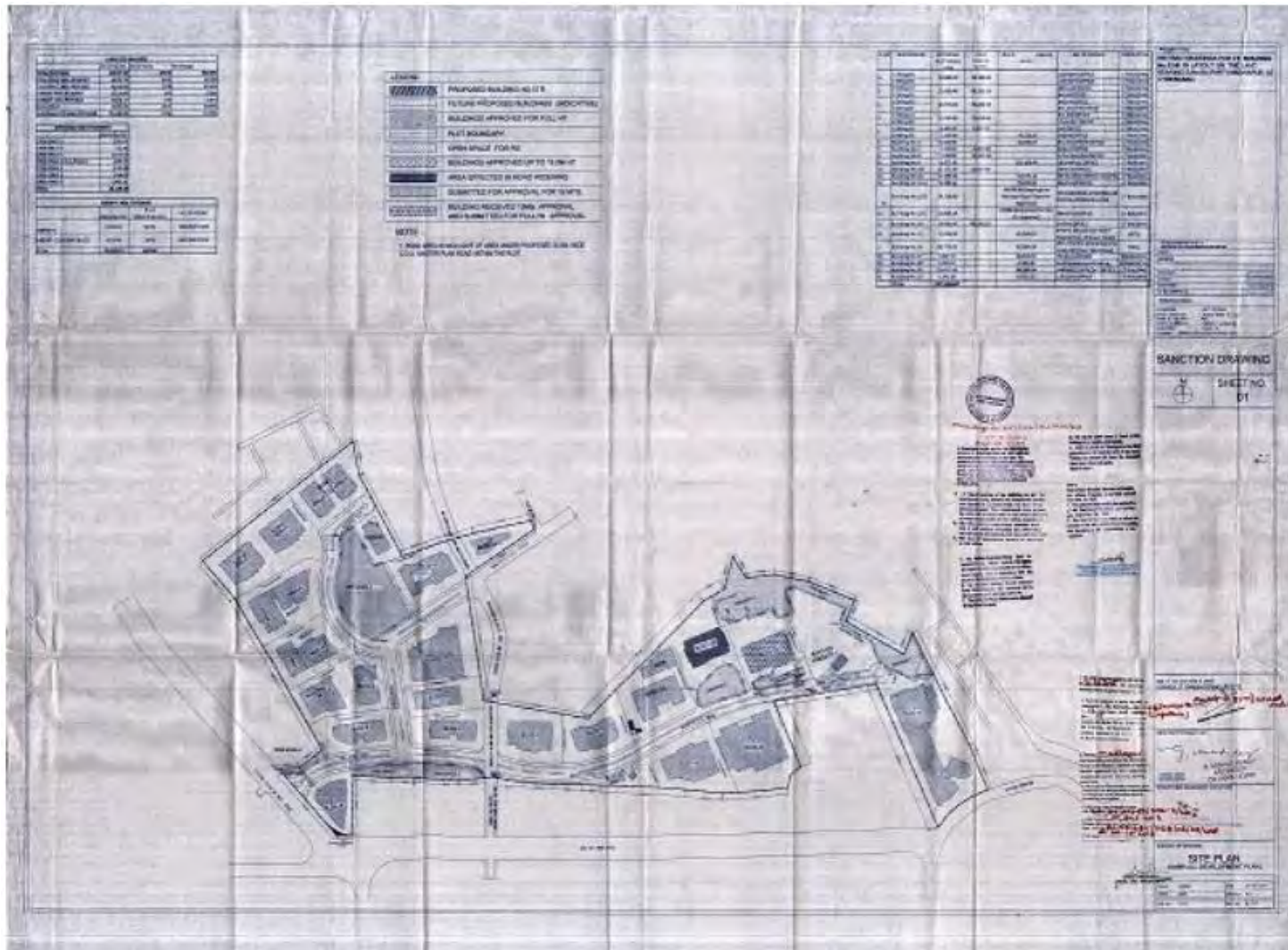
## Annexure - 1 Ownership Structure of the Project



**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 Layout Plan of the Project



### Annexure - 3 Statement of Key Assets within the Project

Table 7.5 Statement of Key Assets within the Project

Building	No. / Name	B11	B12A	B12B	B12C	B12D	B14	B20	B22
Floor	Nos	3B+G+14F	3B+G+14F, G+4FMLCP	B1+B2+G+14F	3B+GF+13F +Terracecafateria	3B+GF+1P+13 F+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 Elevators /Make	No/ Make	8- Mitsubishi, 6- Thyssenkrupp	19- Hitachi	14- Hitachi	18- Toshiba	27-Toshiba	13- Thussenkrupp	14- Mitsubishi	
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	Not Applicable
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	

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## **Approvals and NOCs Received for the Project**

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

### **Approvals Received**

- a) Approved masterplans for all buildings
- b) All buildings have received OC
- c) Consent to Operate (CFO) valid for all operational buildings, except Building 22
- e) Height Clearance NOC from AAI for all buildings
- f) Fire NOC for all Buildings
- g) Environmental Clearances for all buildings
- h) SEZ Notification
- i) Consent for Establishment (CFE) for all buildings

### **Approvals Pending**

- a) a) B22- CTO applied on 29/3/23 and yet to receive – Obtained
- b) B12A CFO renewal application submitted 5th Oct 2023 – Obtained



Annexure – 5

**Ready Reckoner Rate Applicable for the Project**

Ready Reckoner Rate for the Built-up Area

**REGISTRATION & STAMPS DEPARTMENT**  
Government of Telangana

**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	<a href="#">Get</a>
2.	0 - 1	RESIDENTIAL LOCALITY	3,000	3,000	3,000	01(Residential)	01/02/2022	<a href="#">Get</a>
3.	0 - 2	COMMERCIAL-1	4,500	4,500	4,500	01(Residential)	01/02/2022	<a href="#">Get</a>
4.	0 - 2	MADHAPUR MAIN ROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	4,500	4,500	4,500	02(Commercial)	01/02/2022	<a href="#">Get</a>
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	4,500	4,500	4,500	01(Residential)	01/02/2022	<a href="#">Get</a>
7.	0 - 2	MADHAPUR MAIN RD TO JUBILEE HILLS VIA YSR STAT	4,500	4,500	4,500	01(Residential)	01/02/2022	<a href="#">Get</a>
8.	0 - 3	MADHAPUR	3,000	3,000	3,000	01(Residential)	01/02/2022	<a href="#">Get</a>
9.	0 - 3	MADHAPUR MAINROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>
11.	0 - 3	MINDSPACE JUNCTION TO INORBIT MALL	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>

Ready Reckoner Rate for the Land

**REGISTRATION & STAMPS DEPARTMENT**  
Government of Telangana

**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
2.	0 - 1	RESIDENTIAL LOCALITY	32,200	01(Residential)	01/02/2022	<a href="#">Get</a>
3.	0 - 2	COMMERCIAL-1	44,900	01(Residential)	01/02/2022	<a href="#">Get</a>
4.	0 - 2	MADHAPUR MAIN ROAD	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	32,200	02(Commercial)	01/02/2022	<a href="#">Get</a>
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	44,900	01(Residential)	01/02/2022	<a href="#">Get</a>
7.	0 - 2	MADHAPUR MAIN RD TO JUBILEE HILLS VIA YSR STAT	44,900	01(Residential)	01/02/2022	<a href="#">Get</a>
8.	0 - 3	MADHAPUR	32,200	01(Residential)	01/02/2022	<a href="#">Get</a>
9.	0 - 3	MADHAPUR MAINROAD	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>
11.	0 - 3	MINDSPACE JUNCTION TO INORBIT MALL	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>

Source: IGRS Telangana 2024



## Annexure - 6 Cashflow of the Project

**Table 7.6 Discounted Cash Flow (INR Mn) for Completed Building (11,12A, 12B, 12C, 12D 14 and 20)**

Sl. No.	Particulars	1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
		Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred. (Including Upgrade)	-	678.00	800.00	291.00	-	-	-	-	-	-	-	-
A	Base Rental		4,241.24	4,575.31	4,828.56	5,070.17	5,317.73	5,911.89	6,126.25	6,431.40	6,973.04	7,272.96	7,792.60
B	Car Parking Income		61.98	62.21	60.81	60.86	60.91	62.46	60.87	72.59	91.60	97.70	106.27
C	Fit-out rentals/ tenant improvements		306.93	284.92	151.89	140.92	85.36	-	-	-	-	-	-
D	Facility Rentals		<b>4,610.15</b>	<b>4,922.43</b>	<b>5,041.27</b>	<b>5,271.95</b>	<b>5,464.00</b>	<b>5,974.35</b>	<b>6,187.12</b>	<b>6,503.99</b>	<b>7,064.64</b>	<b>7,370.66</b>	<b>7,898.87</b>
E	Maintenance services income		835.97	888.76	933.20	979.86	1,028.86	1,080.30	1,134.31	1,191.03	1,250.58	1,313.11	1,378.76
F	Other Operating Income		42.41	45.75	48.29	50.70	53.18	59.12	61.26	64.31	69.73	72.73	77.93
G	Revenue from Operations		<b>5,488.53</b>	<b>5,856.95</b>	<b>6,022.75</b>	<b>6,302.52</b>	<b>6,546.04</b>	<b>7,113.76</b>	<b>7,382.69</b>	<b>7,759.34</b>	<b>8,384.95</b>	<b>8,756.50</b>	<b>9,355.56</b>
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		691.34	725.90	762.20	800.31	840.32	882.34	926.46	972.78	1,021.42	1,072.49	1,126.11
I	Property Tax		114.92	118.37	121.92	125.58	129.34	133.22	137.22	141.34	145.58	149.95	154.44
J	Insurance Premium		15.35	15.81	16.28	16.77	17.27	17.79	18.32	18.87	19.44	20.02	20.62
K	Net Operating Income (NOI)		<b>4,666.93</b>	<b>4,996.88</b>	<b>5,122.36</b>	<b>5,359.87</b>	<b>5,559.10</b>	<b>6,080.41</b>	<b>6,300.69</b>	<b>6,626.35</b>	<b>7,198.52</b>	<b>7,514.04</b>	<b>8,054.39</b>
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	99,673.01	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		57.14	13.26	26.85	62.27	137.04	31.19	209.13	208.64	75.46	242.72	-
M	Property Management Fee		162.84	173.89	178.13	186.29	193.10	211.17	218.69	229.89	249.70	260.52	279.19
N	Other operational expenses		86.06	92.75	97.79	102.62	107.57	119.49	123.74	130.08	141.29	147.41	157.98
O	Net Cashflows	-	<b>3,682.89</b>	<b>3,916.98</b>	<b>4,528.58</b>	<b>5,008.68</b>	<b>5,121.39</b>	<b>5,718.56</b>	<b>5,749.13</b>	<b>6,057.74</b>	<b>6,732.06</b>	<b>106,536.41</b>	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes

Table 7.7 Discounted Cash Flow (INR Mn) for Building 22

Sl. No.	Particulars	1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
		Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred	-	70.00	-	-	-	-	-	-	-	-	-	-
A	Base Rental		92.24	97.54	97.54	101.46	107.29	107.29	111.61	118.02	118.02	122.77	127.22
B	Car Parking Income		-	-	-	-	-	-	-	-	-	-	-
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		<b>92.24</b>	<b>97.54</b>	<b>97.54</b>	<b>101.46</b>	<b>107.29</b>	<b>107.29</b>	<b>111.61</b>	<b>118.02</b>	<b>118.02</b>	<b>122.77</b>	<b>127.22</b>
E	Maintenance services income		-	-	-	-	-	-	-	-	-	-	-
F	Other Operating Income		0.92	0.98	0.98	1.01	1.07	1.07	1.12	1.18	1.18	1.23	1.27
G	Revenue from Operations		<b>93.16</b>	<b>98.51</b>	<b>98.51</b>	<b>102.48</b>	<b>108.36</b>	<b>108.36</b>	<b>112.73</b>	<b>119.20</b>	<b>119.20</b>	<b>124.00</b>	<b>128.50</b>
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		-	-	-	-	-	-	-	-	-	-	-
I	Property Tax		2.60	2.68	2.76	2.84	2.93	3.01	3.10	3.20	3.29	3.39	3.49
J	Insurance Premium		0.35	0.36	0.37	0.38	0.39	0.40	0.41	0.43	0.44	0.45	0.47
K	Net Operating Income (NOI)		<b>90.22</b>	<b>95.48</b>	<b>95.39</b>	<b>99.26</b>	<b>105.05</b>	<b>104.95</b>	<b>109.21</b>	<b>115.58</b>	<b>115.47</b>	<b>120.16</b>	<b>124.54</b>
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	1,541.15	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		-	-	-	-	-	-	-	-	-	-	-
M	Property Management Fee		3.26	3.45	3.45	3.59	3.79	3.79	3.95	4.17	4.17	4.34	4.50
N	Other operational expenses		1.84	1.95	1.95	2.03	2.15	2.15	2.23	2.36	2.36	2.46	2.54
O	Net Cashflows	-	<b>15.11</b>	<b>90.08</b>	<b>89.99</b>	<b>93.64</b>	<b>99.11</b>	<b>99.01</b>	<b>103.03</b>	<b>109.04</b>	<b>108.93</b>	<b>1,654.51</b>	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes

## Annexure - 7 Material Litigations

### 1. Title litigation and Irregularities

The Office of the Land Reforms Tribunal Cum Deputy Collector & Special Grade Revenue Divisional Officer, Attapur ("Tribunal") had, by letter dated August 27, 2009, sought information from Sundew under Section 8(2) of the Andhra Pradesh Land Reforms (Ceiling on Agriculture Holdings) Act, 1973 ("APLRAC") in respect of the entire land parcel at Mindspace Madhapur (Sundew).

The Revenue Department of the Government of Andhra Pradesh forwarded a Memo dated September 5, 2009 for furnishing of certain information to the Government of Andhra Pradesh, including information requested by the aforesaid letter dated August 27, 2009. Sundew has filed a detailed response on September 30, 2009 stating that (a) the land was originally granted by the Government of Andhra Pradesh to KRIT which was a joint venture company with APIIC, (b) the land was vested in Sundew by way of demerger order of the Andhra Pradesh High Court, (c) the land has been declared as an SEZ and is therefore exempt from the local laws; (d) the land was shown as a non-agricultural land in the master plan of Hyderabad and is therefore not "land" covered under the APLRAC. The Tribunal issued a final notice to Sundew in January 2012 requesting Sundew to submit a declaration for full and correct particulars of the lands held by Sundew. In September 2009, Sundew also submitted a copy of the order dated August 9, 2012, which was passed by the Hon'ble High Court of Andhra Pradesh ("High Court") in a similar matter (being Writ Petition No. 19300/2012 filed by Neogen Properties Pvt. Ltd.) wherein a stay was granted by the High Court until further orders. The matter is currently pending before the Tribunal.

### 2. Criminal Matters

There are no pending criminal matters against Sundew.

### 3. Regulatory Actions

KRIT had proposed a rights issue of shares in which Andhra Pradesh Industrial Infrastructure Corporation ("APIIC") (now, TSIIC) abstained from subscribing to the rights shares. Consequently, upon closure of the rights issue subscription by the other shareholders of KRC group, the stake of APIIC in KRIT reduced from 11%. Thereafter, upon demerger of certain undertakings of KRIT into Intime and Sundew, the APIIC's stake reduced in each of these entities instead of what it was initially at 11%. Such rights issue of shares was undertaken in compliance with applicable law and agreement between the parties, and after KRIT had waited over one year for APIIC to decide.

Subsequently, APIIC / GoAP disputed such dilution of their stake in KRIT, Intime and Sundew, which led to an inquiry by Vigilance and Enforcement Department of GoAP against the Government Officials and correspondingly, KRIT. APIIC issued a letter dated July 10, 2012 to KRIT, referring to a report of vigilance and enforcement department ("VED Report") in relation to the Mindspace Madhapur project. Subsequently, the equity stake of APIIC was restored to 11% in KRIT, Intime and Sundew together with compensating APIIC for any loss of corporate benefits in the intervening period. The VED Report alleged certain irregularities, which include alleging a financial loss to APIIC and GoAP pursuant to sale of the land to its sister concerns and sale of constructed area, at a nominal price, dilution of 11% equity stake of APIIC and loss of immovable asset base to APIIC due to the dilution of equity.

KRIT denied such irregularities, violations or financial loss caused to APIIC /GoAP. While denying the loss alleged by APIIC, KRIT, Intime and Sundew provided a joint undertaking dated February 14, 2014 to APIIC inter alia undertaking (i) to pay the amounts to APIIC in respect of APIIC's claim of losses, due to any differences in values pertaining to the sale transactions in Mindspace Madhapur project; (ii) that payments shall be made by KRIT within

30 days of receipt of such written demand from APIIC; and (iii) that KRIT shall be bound by the decision of APIIC and comply with the same within the stipulated timelines.

KRIT has further provided an undertaking dated October 24, 2016 to APIIC, inter alia undertaking to pay losses incurred by Government of Telangana /APIIC as per the VED Report and to maintain the agreed shareholding of the Government of Telangana or APIIC in KRIT, Intime and Sundew post conversion of KRIT to public limited company and the Government of Telangana/ APIIC will not be required to infuse additional funds to maintain its equity stake in KRIT, Intime and Sundew.

While KRIT has attempted to make payments to the extent of the loss incurred by APIIC along with interest, by letter dated April 23, 2019, APIIC has confirmed to KRIT that it will be informed about the quantum of the amount to be paid, once the quantum of loss is determined by an independent third party appointed for such purpose. KRCPL, by way of its letter dated December 9, 2019, has undertaken that it shall assume any financial liability that KRIT, Intime or Sundew may incur in this behalf.

#### **4. Material Civil/ Commercial Litigation**

1. Sundew filed an application before the then Andhra Pradesh Electricity Regulatory Commission (now Telangana State Electricity Regulatory Commission ("TSERC") on March 10, 2014 requesting TSERC to take on record the 'deemed distribution licensee' status of Sundew for the development, operation and maintenance of SEZ at Madhapur, Hyderabad. TSERC passed an order dated February 15, 2016 ("TSERC Order") identifying Sundew as a deemed distribution licensee for a period of 25 years with effect from April 1, 2016 subject to inter alia Sundew obtaining capital infusion from its promoters before March 31, 2016. Sundew filed an application dated March 16, 2016 ("Interlocutory Application") before TSERC seeking modification of condition in respect of equity infusion and extension of time to comply with the same. TSERC passed an order dated August 4, 2016 directing compliance with TSERC Order and denying extension of time and also directed the existing licensee to continue the power supply till September 30, 2016. TSERC, by its letter dated September 22, 2016, has granted extension of time to continue power supply till the state transmission utility grants network connectivity and open access. Aggrieved, Sundew filed a petition ("Review Petition") before TSERC on August 26, 2016, seeking inter alia review of the order dated August 4, 2016. Additionally, Sundew also filed an appeal to the Appellate Tribunal for Electricity ("APTEL") challenging the TSERC Order and in relation to the conditions imposed by TSERC which was dismissed on September 27, 2019. The matter is currently pending before the TSERC with respect to the review petition filed by Sundew. Aggrieved by the order dated September 27, 2019, Sundew has also filed a civil appeal on November 15, 2019 before the Supreme Court of India. By an order dated February 22, 2021 passed in the civil appeal, the Supreme Court of India directed TSERC to hear the pending applications/ petitions filed by Sundew before TSERC, to list the matter for final hearing and granted liberty to the parties to file their written note of arguments. The matter before TSERC is listed for hearing on January 9, 2023. The matter before TSERC was heard on April 24, 2023 and is reserved for order. The matter before the Supreme Court of India is tentatively listed on April 2, 2024

Table 7.8: Indirect Tax Litigation

SR.NO	ENTITY	PARK	TAX TYPE	AUTHORITY PENDING	TAX DEMAND (IN 'MN)	INTEREST (QUANTIFIED)	PENALTY (QUANTIFIED)	ISSUE IN BRIEF	PERIOD	INTEREST	PENALTY
1	Sundew Properties Ltd	Mindspace Madhapur	Service Tax	CESTAT	1.97	-	1.97	Service tax on pure fit out charges collectd from customers and Irregular availment of cenvat credit on construction services	December 2010 to March 2012	as applicable	1.97
2	Sundew Properties Ltd	Mindspace Madhapur	Service Tax	CESTAT	0.38	-	0.04	Service tax on pure fitout charges collected from the customers	April 2012 to June 2012	as applicable	0.04

## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 specialized 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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.
8. 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.
9. 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  
(K Raheja IT Park Limited)  
Madhapur, Hyderabad

Telangana, India

Submitted To:

K. Raheja Corp. Investment Managers Private  
Limited (formerly known as K Raheja Corp  
Investment Managers LLP)

(acting as Manager to Mindspace Business Parks REIT)

Date of Valuation:

31-Mar-2024

Date of Report:

24-Apr-2024



Prepared By:

**KZEN VALTECH PRIVATE LIMITED**

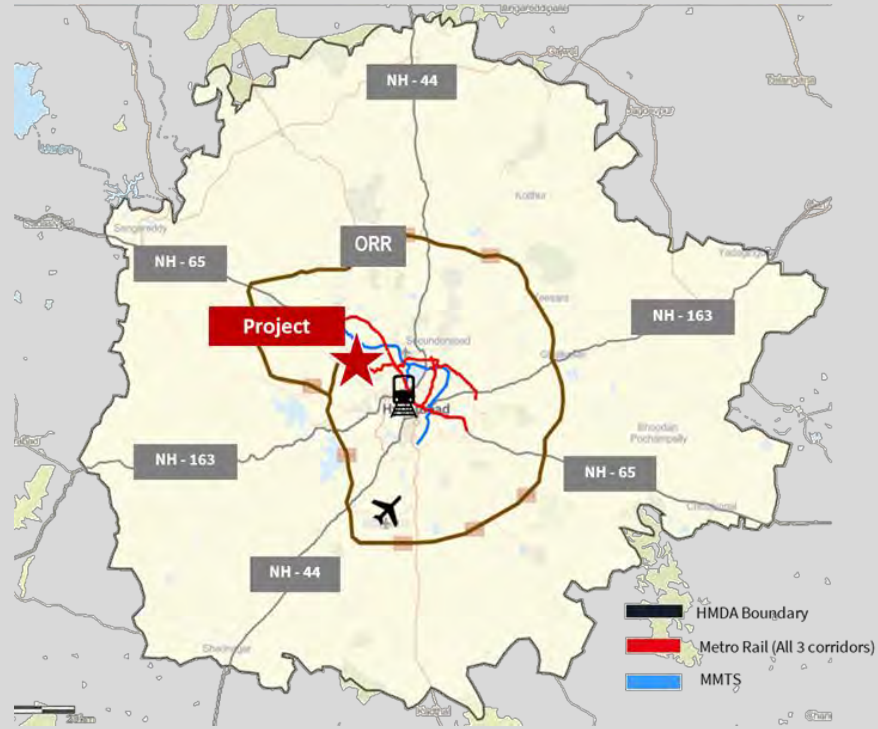
**IBBI/RV-E/05/2022/164**



## EXECUTIVE SUMMARY

Property Name	Mindspace Madhapur (KRIT), Madhapur, Hyderabad, Telangana, India 500 081																																							
Property Address	Mindspace Madhapur, Titus Towers, TSIIIC software layout, Madhapur, Hyderabad, Telangana, 500081																																							
Land Area	48.43 Acres																																							
Brief Description	<p>The Project is located in Madhapur micro market in the Western part of Hyderabad; it is located adjacent to Raidurg Metro Station and at a distance of ~ 31 km from Hyderabad International Airport. The proposed Metro Phase 2 would connect Raidurg to Hyderabad International Airport, which would further improve the connectivity of the Project.</p> <p>The Project is developed as Grade A IT park comprises of ten (10) IT Buildings and ~ 1.79 acres of land earmarked for future development.</p> <ul style="list-style-type: none"> <li>• Completed and operational buildings - 2A, 2B, 3A, 3B, 4 A&amp;B, 5A, 10,</li> <li>• Under Construction buildings - 1A/1B, 7/8, and Experience Centre with collective leasable area of ~ 3.06 Mn accessible via 36 m wide internal road.</li> <li>• Future development – land parcel of ~1.79 acres</li> </ul> <p>The Project has excellent visibility along the access road and has 3 entry and exit points, The property is surrounded by mixed use development comprising residential, retail, and commercial developments.</p>																																							
Asset Details	<p>Leasable area details as shared by the Client is given below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Sl. No.</th> <th style="width: 60%;">Building Name</th> <th style="width: 30%;">Leasable Area (sq. ft.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Building 2A</td> <td>259,105</td> </tr> <tr> <td>2.</td> <td>Building 2B</td> <td>431,898</td> </tr> <tr> <td>3.</td> <td>Building 3A</td> <td>200,720</td> </tr> <tr> <td>4.</td> <td>Building 3B</td> <td>243,228</td> </tr> <tr> <td>5.</td> <td>Building 4A&amp;B</td> <td>461,995</td> </tr> <tr> <td>6.</td> <td>Building 5A</td> <td>113,665</td> </tr> <tr> <td>7.</td> <td>Building 10</td> <td>343,684</td> </tr> <tr> <td>8.</td> <td>Kiosk Area</td> <td>10,866</td> </tr> <tr> <td>9</td> <td>Building 1A &amp; 1B (Re-Development, under-construction)</td> <td>1,328,708</td> </tr> <tr> <td>10</td> <td>Building 7 &amp; 8 (Re-development, Future Redevelopment)</td> <td>1,610,601</td> </tr> <tr> <td>11</td> <td>Experience Center (Under-construction))</td> <td>129,439</td> </tr> <tr> <td></td> <td style="text-align: right;"><b>Total Leasable Area</b></td> <td><b>5,133,909</b></td> </tr> </tbody> </table>	Sl. No.	Building Name	Leasable Area (sq. ft.)	1.	Building 2A	259,105	2.	Building 2B	431,898	3.	Building 3A	200,720	4.	Building 3B	243,228	5.	Building 4A&B	461,995	6.	Building 5A	113,665	7.	Building 10	343,684	8.	Kiosk Area	10,866	9	Building 1A & 1B (Re-Development, under-construction)	1,328,708	10	Building 7 & 8 (Re-development, Future Redevelopment)	1,610,601	11	Experience Center (Under-construction))	129,439		<b>Total Leasable Area</b>	<b>5,133,909</b>
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Location Map



**Key Assumptions** The table below summarizes key Valuation assumptions used in the estimate.

Particulars	Description				
Asset Specific Information					
Nature of Asset	<b>Commercial Office/IT Park</b>				
Current Status	Operational, Under Construction and Future Development				
Total Leasable Area	5.13 mn. Sq. ft,				
Asset Details	Sl. No.	Building Name	Age of the Building	Usage Type	Status Area
	1.	Building 2A	~ 14 years 10 months	Non-SEZ	Completed
	2.	Building 2B	~ 17 years 2 months	Non-SEZ	Completed
	3.	Building 3A	~ 18 years	Non-SEZ	Completed
	4.	Building 3B	~ 17 years 2 months	Non-SEZ	Completed
	5.	Building 4 A&B	~ 14 years 4 months	Non-SEZ	Completed
	6.	Building 5A	~ 15 years 9 months	Non-SEZ	Completed
	7.	Building 10	~ 17 years 2 months	Non-SEZ	Completed
	9.	Building 1A & 1B	under-construction	Non-SEZ	under-construction

	<table border="1"> <tr> <td>10.</td> <td>Building 7 &amp; 8)</td> <td>under-construction</td> <td>Non-SEZ</td> <td>under-construction</td> </tr> <tr> <td>11.</td> <td>Experience Center</td> <td>under-construction</td> <td>Non-SEZ</td> <td>under-construction</td> </tr> </table> <p>In addition to the above, the undivided rights, title and interest in the following assets are also part of the Project.</p> <ul style="list-style-type: none"> <li>▪ Total utility areas and internal roads.</li> <li>▪ Total open spaces.</li> </ul>	10.	Building 7 & 8)	under-construction	Non-SEZ	under-construction	11.	Experience Center	under-construction	Non-SEZ	under-construction
10.	Building 7 & 8)	under-construction	Non-SEZ	under-construction							
11.	Experience Center	under-construction	Non-SEZ	under-construction							
	Revenue Assumptions										
	In-Place Rent	INR 69.6 per sq. ft. per Month									
	Market / Marginal Rent	INR 74.6 per sq. ft. per Month for FY2024-25									
	Parking Rent	INR 2,100 per CPS per Month for FY2024-25									
	Financial Assumptions										
	Exit Cap Rate	8.00%									
	Discount Rate / WACC	11.75%									
Market Value	<p>For Completed Project - INR 20,982.98 million (INR Twenty Billion Nine Hundred Eighty Two Million Nine Hundred Eighty Thousand Only)</p> <p>For Under construction, Future Redevelopment, and land Projects INR 12,717.18 million (INR Twelve Billion Seven Hundred Seventeen Million One Hundred and Eighty Thousand Only)</p> <p><i>Note: Based on the inputs provided by Client, Mindspace REIT holds 89% of the ownership interest in the project and the valuation presented is for 89% interest in the project only. The total value of the asset with 100% interest is INR 37,865.34 million (INR Thirty-Seven Billion Eight Hundred Sixty Five Million Three Hundred and Forty Thousand Only).</i></p>										

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## **LIST OF ABBREVIATIONS**

BPO	Business Process Outsourcing
CBD	Central Business District
DCR	Development Controls & Regulations
GHMC	Greater Hyderabad Municipal Corporation
FAR	Floor Area Ratio
HMDA	Hyderabad Metropolitan Development Authority
INR	Indian National Rupees
IT/ITES	Information Technology/IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
NH	National Highway
ORR	Outer Ring Road
PBD	Peripheral Business District
RICS	Royal Institution of Chartered Surveyors
SEBI	Securities and Exchange Board of India
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft.	square feet
sq. m.	square metre
REIT	Real Estate Investment Trust
TSIIC	Telangana State Industrial Infrastructure Corporation
Y-o-Y	Year-on-Year

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.

# 1 INTRODUCTION

---

## 1.1 INSTRUCTIONS

K Raheja Corp. Investment Managers Private Limited (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a Commercial Office/IT Park project named '**Mindspace Madhapur (KRIT)**' located in **Madhapur, Hyderabad**, Telangana, India (hereinafter referred to as the 'Project').

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies

(Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHAI, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## 1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.



## 1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this section 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 Project 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.

## 1.7 INSPECTION OF THE PROJECT

Building 10 of the project was inspected on 22 March 2024 and the remaining buildings of this project were inspected on 23 March 2024 by the Valuer in the presence of client-nominated representative, 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.

## 1.8 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 Project 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.

## 1.9 CONFIDENTIALITY

The contents of this Valuation 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.

## 1.10 AUTHORITY

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## 1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls with any government departments/authorities, among other aspects., etc.

## 1.12 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.

## 1.13 ANTI-BRIBERY AND ANTI-CORRUPTION

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data/information provided by the Client and estimate has limited coverage wherever full data/information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and/or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and/or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.

10. Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11. Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12. Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13. Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14. Disclaimer	<p>The estimate of Market Value is based on documents/information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different approaches and methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately. The table below presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl. No.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This <b>method is sometimes referred to as 'Rent Roll method as well.</b>

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved (completed & operational space, (other than the land portions of future development portion which has been valued using Comparable Sales / Quoted Instances Method under 'Market Approach'), the value is estimated using the 'Discounted Cash Flow Method' (basis term and rent reversion) under 'Income Approach'.

## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Revenue pendency if any
  - Options or Rights of Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5%-11.5% to about 7.5%-8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted a exit cap rate of 8% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective contribution to the total capital of the company (WACC).

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

Cost of equity = Risk Free Rate (Rf) + Beta ( $\beta$ ) \* (Market Return (Rm) – Risk Free Rate (Rf))

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the subject property against similar portfolios/properties in the market. For discounting the cash flows, an appropriate discount rate considering the location of Project and market dynamics of the micro market, has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the completed portion of the project.

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. The Valuer has considered a risk premium of 125bps, to derive the WACC of 13% for under-construction / future development properties.

This derived discount rate was found to be aligned with the expectations of investors investing in similar assets.



## 4 VALUATION CERTIFICATE

Property Name	Mindspace Madhapur (KRIT), Madhapur, Hyderabad, Telangana, India 500 081																											
Property Address	Mindspace Madhapur, Titus Towers, TSIC software layout, Madhapur, Hyderabad, Telangana, 500081																											
Land Area	48.43 acres																											
Brief Description	<p>The Project is located in Madhapur micro market in the Western part of Hyderabad; it is located adjacent to Raidurg Metro Station and at a distance of ~ 31 km from Hyderabad International Airport. The proposed Metro Phase 2 would connect Raidurg to Hyderabad International Airport, which would further improve the connectivity of the Project.</p> <p>The Project has excellent visibility along the access road and has 3 entry and exit points.,</p>																											
Valuation Approaches	<p>Since 7 buildings are completed and operational and 3 Buildings are under construction. <b>The estimate of Market Value is prepared using 'Discounted Cash Flow Approach' using Rent Reversion</b></p> <p>For land earmarked for future development, the estimate of Market Value is prepared using <b>'Government benchmarked price / Guideline Value' method.</b></p>																											
Nature of the Interest by the Client	89% freehold interest in the Project as informed by the Client																											
Purchase Price of the Project	<p>INR 20,902.55 million, as given by the Client</p> <p><i>Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the project and the valuation presented is for 89% interest in the project only. The total value of the asset with 100% interest is INR 23,486.01 million</i></p>																											
Historical Valuation of the Project in 3 Previous Years	<p>Below table summarizes historical valuation of the Project as given by the Client:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Date of Valuation</th> <th>Market Value (INR Million) (Completed, Under Construction / Future Development)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>30-Sept-2023</td> <td>31,345 (20127, 11,218)</td> </tr> <tr> <td>2.</td> <td>31-Mar-2023</td> <td>30,476 (19,474, 10,729)</td> </tr> <tr> <td>3.</td> <td>30-Sep-2022</td> <td>28,705 (23,422, 5,283)</td> </tr> <tr> <td>4.</td> <td>31-Mar-2022</td> <td>27,172 (22,665, 4,507)</td> </tr> <tr> <td>5.</td> <td>30-Sep-2021</td> <td>26,691 (21,957, 4,734)</td> </tr> <tr> <td>6.</td> <td>31-Mar-2021</td> <td>24,373 (23,705, 668)</td> </tr> <tr> <td>7.</td> <td>30-Sep-2020</td> <td>25,235 (24,606, 629)</td> </tr> <tr> <td>8.</td> <td>31-Mar-2020</td> <td>23,970 (23,646, 324)</td> </tr> </tbody> </table> <p><i>Note: The above figures are for 89% interest of Mindspace REIT in the Project.</i></p>	Sl. No.	Date of Valuation	Market Value (INR Million) (Completed, Under Construction / Future Development)	1.	30-Sept-2023	31,345 (20127, 11,218)	2.	31-Mar-2023	30,476 (19,474, 10,729)	3.	30-Sep-2022	28,705 (23,422, 5,283)	4.	31-Mar-2022	27,172 (22,665, 4,507)	5.	30-Sep-2021	26,691 (21,957, 4,734)	6.	31-Mar-2021	24,373 (23,705, 668)	7.	30-Sep-2020	25,235 (24,606, 629)	8.	31-Mar-2020	23,970 (23,646, 324)
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8.	31-Mar-2020	23,970 (23,646, 324)																										
Ready Reckoner Rate and TSIC Allotment Rate	<p>For Built-up Area Ground floor – INR 7,300 per sq. ft. and first &amp; other floors - INR 6,600 per sq. ft.</p> <p>Land Rate – INR 44,900 per sq. yd.</p> <p>Land Rate (as per TSIC) – INR 120,000 per sq. m.</p>																											
Date of Valuation	31-March-2024																											

Date of Inspection	22 and 23-Mar-2024
Market Value as on 31-March - 2024	<p>For Completed Project - INR 20,982.98 million (INR Twenty Billion Nine Hundred Eighty-Two Million Nine Hundred Eighty Thousand Only)</p> <p>For Under construction, Future Redevelopment, and land Projects INR 12,717.18 million (INR Twelve Billion Seven Hundred Seventeen Million One Hundred and Eighty Thousand Only)</p> <p><i>Note: Based on the inputs provided by Client, Mindspace REIT holds 89% of the ownership interest in the project and the valuation presented is for 89% interest in the project only. The total value of the asset with 100% interest is INR 37,865.34 million (INR Thirty-Seven Billion Eight Hundred Sixty-Five Million Three Hundred and Forty Thousand Only)</i></p>
Matters Affecting the Property and its Value	Please refer to Chapter 7 of this Valuation Report
Assumptions, Disclaimers, Limitations and Qualifications	<p>This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations &amp; Qualifications section located within this report. Reliance on this report and extension of <b>Valuer's</b> liability is conditional upon the <b>reader's acknowledgement and understanding of these</b> statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project</p>
Prepared by	<p>KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)</p> <p>Represented through its Director</p> <p>Mr. Sachin Gulaty FRICS FIV FIIA</p> <p>IBBI/RV/02/2021/14284</p>



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**Name:** Sachin Gulaty FRICS FIV FIIA  
**Designation:** Director  
**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND/OR PROJECT

The table below presents details of the Project Site and/or Project.

Table 5.1: Details of the Project Site and/or Project

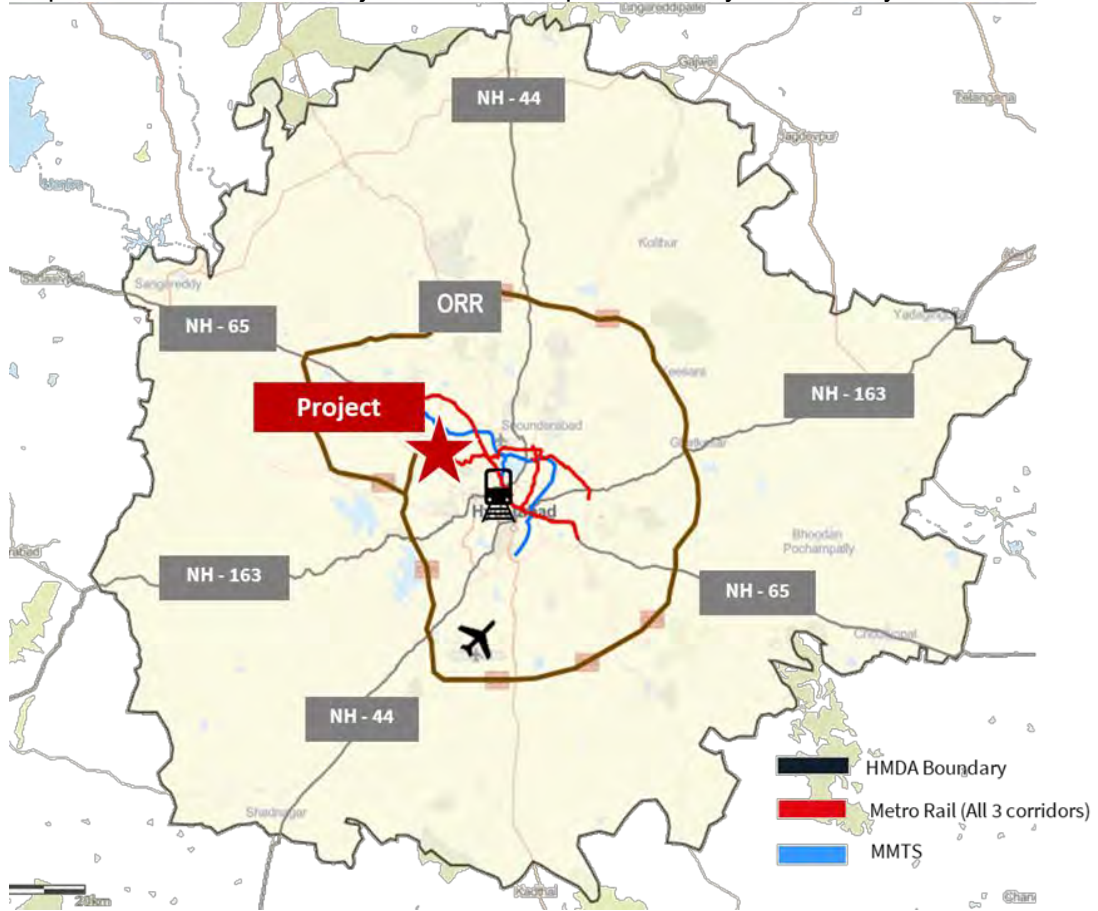
DETAILS OF PROPERTY	
Property Name	Mindspace Madhapur (KRIT), Madhapur, Hyderabad, Telangana, India 500 081
Property Address	Mindspace Madhapur, Titus Towers, TSIIIC software layout, Madhapur, Hyderabad, Telangana, 500081
Land Area	48.43 acres
Block-Wise Break-Up of Leasable Area and Current Status	Please refer Executive Summary
Access	Accessible through approx. 60 m. wide Hitech City Main Road and 36 m. wide Internal Road
Frontage	Approximately 180 m. frontage along Hitech City Main Road
Shape and Visibility	Regular in shape. Relatively flat terrain. Excellent visibility from Hitech city Main Road
Approval Status	Project has requisite approvals in place as confirmed by the Client.
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The Project is located in Madhapur in the Western part of Hyderabad. It is located adjacent to the Raidurg Metro Station and at a distance of ~ 31 km from Hyderabad International Airport.

The following map presents the location of the Project with respect to the city.

Map 5.1: Location of the Project Site with respect to the Hyderabad City



Source: Real Estate Market Research & Analysis: JLL, March 2024

Table 5.2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Raidurg Metro station	Adjacent to the Mindspace Park
Cyber Tower	~ 1.3
Inorbit Mall	~ 1.4
Outer Ring Road (ORR)	~ 2.5
Secunderabad Railway station	~ 19
Hyderabad International Airport	~ 31

Source: Real Estate Market Research & Analysis: JLL, March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The Project is developed as IT Park and is located in Madhapur micro market of Hyderabad. It is located accessible through 60 m wide road from HITEC City main road and 36 m internal road. In terms of Project Site attributes, the Project Site is regular in shape and has relatively flat terrain. The Project has excellent frontage and visibility along the abutting road and the overall IT Park has 3 entry / exit points. The Project is regular in shape with fairly even topography.

The Project is spread across 48.43 acres of land and spread across ten buildings with total leasable area of ~ 5.13 million sq. ft. and ~ 1.79 acres of land earmarked for future development.

The Project micro market has excellent social and physical infrastructure and is the most sought-after micro market for Commercial office in Hyderabad.

The following map presents location of the Project and its surroundings.

Map 5.2: Location of Project and its Surrounding Developments



Source: Real Estate Market Research & Analysis; JLL, March 2024

The table below presents the boundary/edge conditions of the Project (overall Mindspace Park).

Table 5.3: Project Site and its Site Boundaries

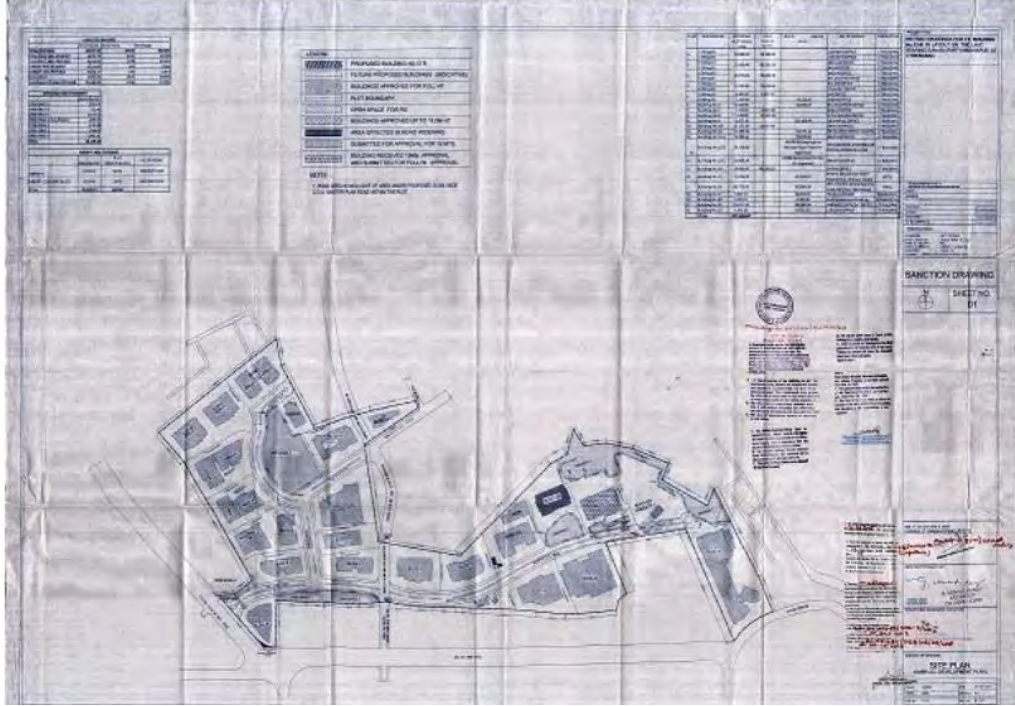
North	Private Property
South	Private Property and 36 m wide road
West	60 m wide road (HITEC City main road)
East	Private Property and 24 m wide road

Source: Real Estate Market Research & Analysis; JLL, March 2024

The Project is predominantly surrounded by Grade A commercial / office, residential, retail and hospitality developments. The map on the following page presents the conceptual Layout Plan of the Project as shared by the Client.



Map 5.3: Conceptual Layout Plan for the Project



Source: Client, March 2024

## 5.4 DESCRIPTION OF THE PROJECT

The Project is spread across ten (10) buildings i.e., Building (2A, 2B, 3A, 3B, 4 A&B, 5A, 10, 1A-1B, 7& 8 and Experience center). Building 2A, 2B, 3A, 3B, 4 A&B, 5A, 10 are completed & operational and Buildings 1A-1B, and Experience center are Under construction and Buildings 7 & 8 are under Future redevelopment, additionally the project has ~ 1.79 acres of land earmarked for future development.

The table below presents key asset specific information.

Table 5.4: Key Asset Specific Information of the Project - Completed Portion

Particulars	Description
Name of the Entity	K Raheja IT park (Hyderabad) Limited
Interest owned by Mindspace REIT	Project is wholly owned by K Raheja IT Park (Hyderabad) Ltd, which is 89% owned and controlled by Mindspace REIT while balance 11% is held by Telangana State Industrial Infrastructure Corporation (TSIIC)
Land Extent	48.43 Acres
Asset Type	IT Park with Non-SEZ buildings
	~ 1.79 acres of land earmarked for future development
Sub-Market	Madhapur
Approved and Existing Usage	IT Offices
Current Status	Operational
Approvals Status	List of approvals are specified in annexure 4
Freehold/Leasehold	The underlying land is taken on freehold basis
Leasable Area	2.06 million sq. ft.
Occupied Area	1.92 million sq. ft.

Particulars	Description
Committed Area	1.99 million sq. ft.
Occupancy <sup>3/</sup>	93.1%
Committed Occupancy <sup>4/</sup>	96.3%
Number of Tenants	30

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Client has obtained occupation certificate for entire leasable area measuring 2.06 million sq. ft. (excludes leasable area for building 7 and 8 which is proposed for redevelopment)

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupiers

**Table 5.5: Key Asset Specific Information of the Project - Under Construction / Future Development Portion**

Particulars	Description
Name of the Entity	K Raheja IT park (Hyderabad) Limited
Interest owned by Mindspace REIT	Project is wholly owned by K Raheja IT Park (Hyderabad) Ltd, which is 89% owned and controlled by Mindspace REIT while balance 11% is held by Telangana State Industrial Infrastructure Corporation (TSIIC)
Land Extent	48.43 Acres
Asset Type	Commercial / IT Park with Non-SEZ buildings and Ancillary
Sub-Market	Madhapur
Approved and Existing Usage	Commercial / IT Offices and Ancillary
Current Status	Under construction (1A and 1B – Completion Q4 FY26, excavation under progress, and Experience Center - basement work in progress completion in Q1 FY26) and (7&8, demolition completed, project completion in Q4 FY27).
Approvals Status	List of approvals are specified in annexure 4
Freehold/Leasehold	The underlying land is taken on freehold basis
Leasable Area	3.07 million sq. ft.
Occupied Area	0 million sq. ft.
Committed Area	0 million sq. ft.
Occupancy <sup>3/</sup>	0%
Committed Occupancy <sup>4/</sup>	0%
Number of Tenants	Not Applicable as Under Construction

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupiers

## 5.5 PROJECT INSPECTION

The Project is part of a larger campus having total leasable area of 5.13 mn. sq. ft. spread across ten (10) Buildings (2A, 2B, 3A, 3B, 4 A&B, 5A, 10, 1A, 1B, 7, 8 and Experience center) and additional ~ 1.79 acres of land is earmarked for future development. Buildings (2A, 2B, 3A, 3B, 4 A&B, 5A, 10) are completed & operational and buildings 1A, 1B, and Experience Center are currently under Construction, buildings 7 & 8 are under future redevelopment. The Property was inspected on 22 and 23 March 2024 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.

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 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.

Some of the photographs of the Project and surroundings are given below.



## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### Developable Area of the Project

The total site area of the project is ~ 48.43 Acres with total leasable area of 5.13Mn sq ft under 10 Buildings which includes under construction buildings and Experience center and ~ 1.79 acres of land earmarked for future development.

### Site Services and Finishes

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.



**Condition and Repairs**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in any of the operational buildings. However, there is upgrade CAPEX to the tune of approx. INR 441.00 million which shall be completed by Q4 FY25. Till March 31, 2024, upgrade capex of INR 1,718 million has been undertaken.

**Environmental Considerations**

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project 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 Project is located falls in Seismic Zone II with low risk. The city faces low risk in terms of high winds or cyclones too. The Project is not likely to face any higher risk than the overall risk profile of the city. Project is regular in shape with fairly even topography. No hazardous activity was noted in the vicinity of the Project, which may expose it for any induced disaster.

**Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

**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 Project 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.

**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 to the valuer, relating to the Project or any compounding charges.

**5.7 TENANCY ANALYSIS****Tenant Profile of Top 10 Tenants**

As on 31 March 2024 The Project has 30 tenants which include companies like Smartworks, BA continuum, Verizon, Tablespace Redbrick etc. The Project's Top 10 tenants account for 91.3% of the Gross Rental Income.

The top 10 Tenants as per Leasable areas is listed below: -

Table 5.6: Top 10 Tenants as per Leasable Area\*

Sl No.	Tenant	Leasable Area (Sq Ft)
1	Smartworks Coworking Spaces Private Limited	443,948
2	Verizon Data Services India Pvt Ltd	309,812
3	BA Continuum India Pvt Ltd	302,327
4	Tablespace Technologies Pvt. Ltd.	263,312
5	Brane Enterprises Pvt. Ltd.	149,207
6	DXC Technology India Pvt. Ltd.	137,205
7	24-7 Intouch India Pvt. Ltd. (Knoah Solutions Pvt. Ltd.)	92,986
8	<b>Infinx Services Pvt Ltd</b>	47,493
9	<b>Redbrick IT Support Ltd</b>	47,466
10	<b>Convergys India Services Pvt. Ltd.</b>	46,280
	<b>TOTAL</b>	<b>1,840,036</b>

The top 10 Tenants as per Gross Rents are listed below: -

**Table 5.7: Top 10 Tenants as per Gross Rentals\***

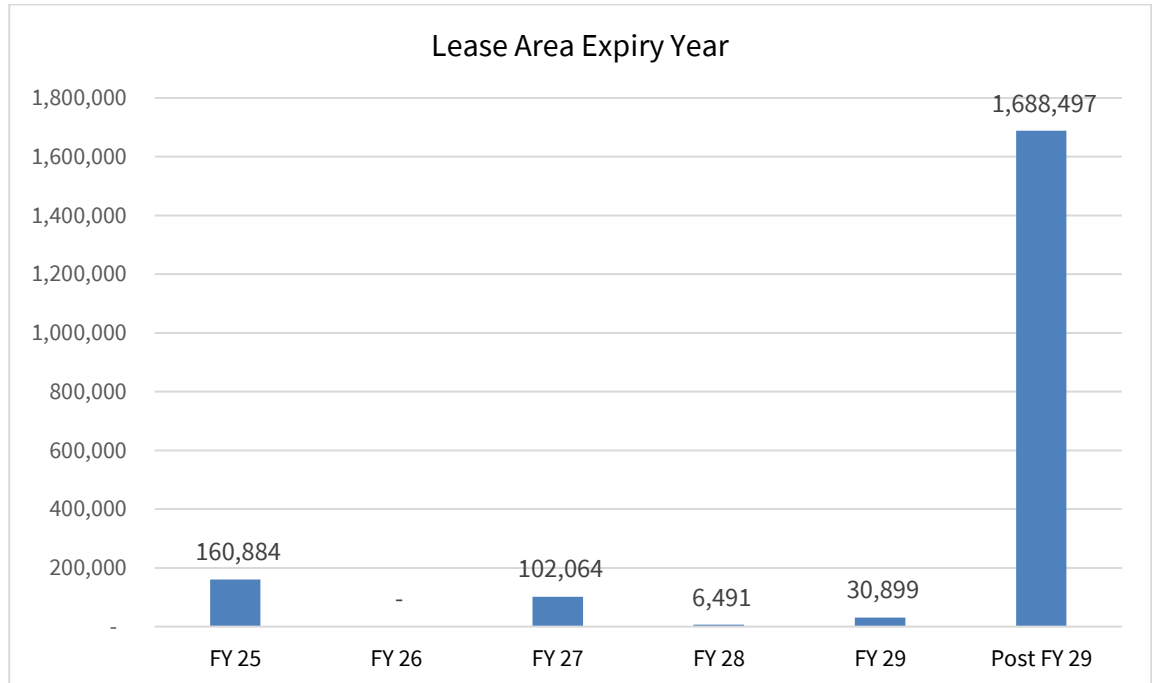
Sl. No.	Tenant	Share of Gross Rentals (%) *
1	Smartworks Coworking Spaces Private Limited	23.80%
2	Verizon Data Services India Pvt Ltd	17.40%
3	BA Continuum India Pvt Ltd	14.00%
4	Tablespace Technologies Pvt. Ltd.	10.90%
5	Brane Enterprises Pvt. Ltd.	7.80%
6	DXC Technology India Pvt. Ltd.	5.4%
7	24-7 Intouch India Pvt. Ltd. (Knoah Solutions Pvt. Ltd.)	5.0%
8	Redbrick IT Support Ltd.	2.5%
9	Convergys India Services Pvt. Ltd.	2.3%
10	Infinx Services Pvt. Ltd.	2.3%
	<b>TOTAL</b>	<b>91.3%</b>

Source: Analysis, March 2024

\* Includes contracted areas for which rent may start at a future date

### **Lease Expiry Analysis**

The WALE of the property is 7.8 years, with ~15.05% of the occupied area expiring between FY 25 and FY 29 as shown in the chart on the following page: expiry as shown in the chart below:



### **Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 5% every year or 15% every 3 years.

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

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### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Hyderabad is one of the fastest-growing cities in India. The city has succeeded in building on its IT/ITeS and pharmaceutical capabilities and managed to attract several global technology and pharmaceutical giants to invest in and operate from the city. In 2020, Hyderabad topped the JLL City Momentum Index (CMI) for the second time after 2018. An active real estate market with healthy rental growth along with a thriving start-up culture have been the catalysts for Hyderabad to surpass all other major metro cities around the world and top the index. Proactive initiatives and investor friendly policies such as the new industrial policy of TS-iPass has helped support the fast and strong economic growth of the city in the last 5 years. The city is also home to 4,000 start-ups, primarily in the field of AI, Life sciences and Big Data analytics. The 2020 Global Start-up Ecosystem Report (GSER) by start-up Genome and the Global Entrepreneurship Network has put the state of Telangana among the top 30 global ecosystems for affordable talent in 2020 and Hyderabad is amongst the Top 100 emerging ecosystems.

### 6.3 ECONOMY & DEMOGRAPHICS

IT/ITeS and pharmaceutical industries are the two major sectors that contribute the maximum to the city's GDP. Riding on the strong expansion by all marquee tenants, IT exports by Telangana in FY 2022–23 grew by 31.4% to INR 2,41,275 crore, compared to the national average of 9.4%. During the same financial year, the state added approximately 127,594 new jobs at an annual growth rate of 16.3%. This accounts for a staggering 44% of the total IT jobs added in the country during the same period. Along with IT/ITeS, the pharmaceutical industry adds significantly to the exports from the city by commanding a 30% share in India's bulk drug production. The city now boasts of over 1 million professionals employed by the IT sector.

Owing to its robust and fast-developing infrastructure along with ease of living that offers a cosmopolitan environment, Hyderabad is amongst the most preferred destinations by the young workforce of the country. As per India Workforce Report by LinkedIn, Hyderabad is the 3rd largest city to attract people from every corner of India. Hyderabad accounts for about 8.5% of total migrants across cities in India.

### 6.4 INFRASTRUCTURE INITIATIVES

The Telangana State Road Transport Corporation's (TSRTC) city buses, and Indian Railways' Multi-Modal Transport System along with Hyderabad Metro Rail (HMR) form the key public transport system for Hyderabad city. The current Hyderabad Metro Rail network consists of 57 stations covering 67 km. This connects the eastern and western parts of the city through the dense CBD of Hyderabad. This service is further being extended to connect the Rajiv Gandhi International airport at Shamshabad with the IT hubs- Madhapur, Gachibowli, and surrounding areas in the western part. Over the last 3 years, the city has experienced massive road development projects in all major areas.

The major infrastructure push to Hyderabad is being carried out through the most comprehensive road development plan. The flagship program by the state government and

Greater Hyderabad Municipal Corporation (GHMC) is aimed to improve 54 junctions in the city by building new elevated flyways and underpasses along with the construction of new roads. The INR 24,000 crore project involves reducing the traffic congestion in the city and use it as a catalyst to improve the ease of living.

### **Existing infrastructure**

Existing Project	Completion timeline	Details	Key Impact Zones
Nehru Outer Ring Road (ORR)	2008 – 2018 (in phases)	158 km elevated 8-lane expressway built to encircle city periphery	Madhapur, Gachibowli
Rajiv Gandhi International Airport (RIGA)	2008 (On-going expansion)	Improved air connectivity of Hyderabad with key cities across the world. Direct air connectivity with the key cities in the USA, UK, Europe, Middle East, Singapore, and Hong Kong.	Suburbs Others, Gachibowli
PVNR Expressway	2009	11.6 km signal-free elevated highway from Mehidipatnam to Attapur	SBD, Suburbs Others
Durgam Cheruvu Bridge	2020	0.5 km cable bridge over Durgam Cheruvu connecting Jubilee Hills to Madhapur Reduces travel time	SBD
Strategic Road Development Programme (SRDP)	Started in 2018	-	CBD, SBD, Madhapur, Gachibowli, Suburbs Others

Source: Real Estate Market Research & Analysis; JLL, March 2024

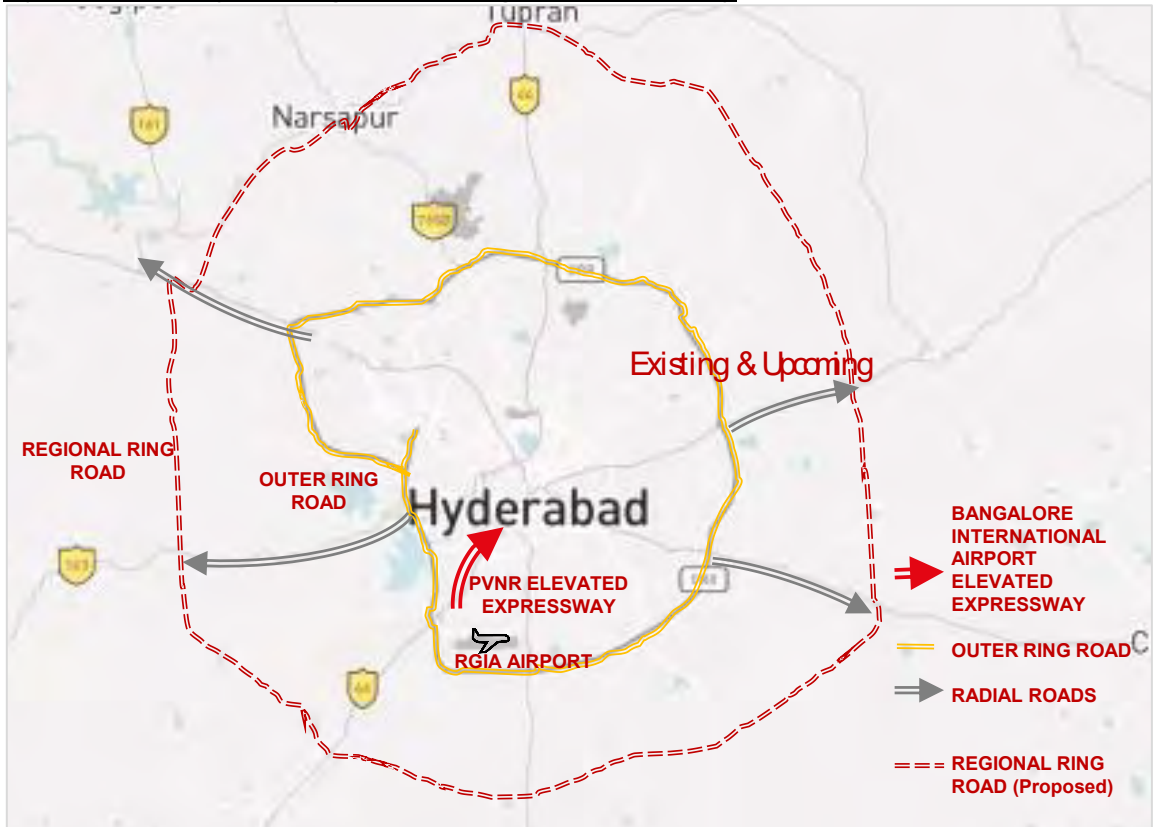
### **Upcoming Infrastructure**

Some of the key upcoming projects for the city are mentioned below:

Upcoming Project	Completion timeline	Details	Key Impact Zones
Regional Ring Road	NA	6 lane, 330 km Circular Road network to be developed around extended suburbs of Hyderabad city to ensure excellent connectivity with supporting smaller towns around Hyderabad. Intercity connectivity with other districts of Telangana is likely to improve	NA
Elevated Corridors	2022 - 2024	Elevated Road network in key junctions of the city Helps in easing traffic congestion	Suburbs Others, CBD, SBD
Elevated Bus Rapid Transport System (EBRTS)	NA	<b>To complement Hyderabad's transport infrastructure</b> , an elevated BRTS is planned between KPHB and the Financial District with further extension up to Kokapet. Being implemented by the Hyderabad Airport Metro Limited EBRTS will have 23 stops for electric buses and aims to resolve the traffic congestion along the Metro corridor.	Madhapur, Gachibowli

Source: Real Estate Market Research & Analysis; JLL, March 2024

**Hyderabad – Key existing & upcoming roads in the city**



Source: Real Estate Market Research & Analysis; JLL, March 2024

**Existing Metro Rail Lines**

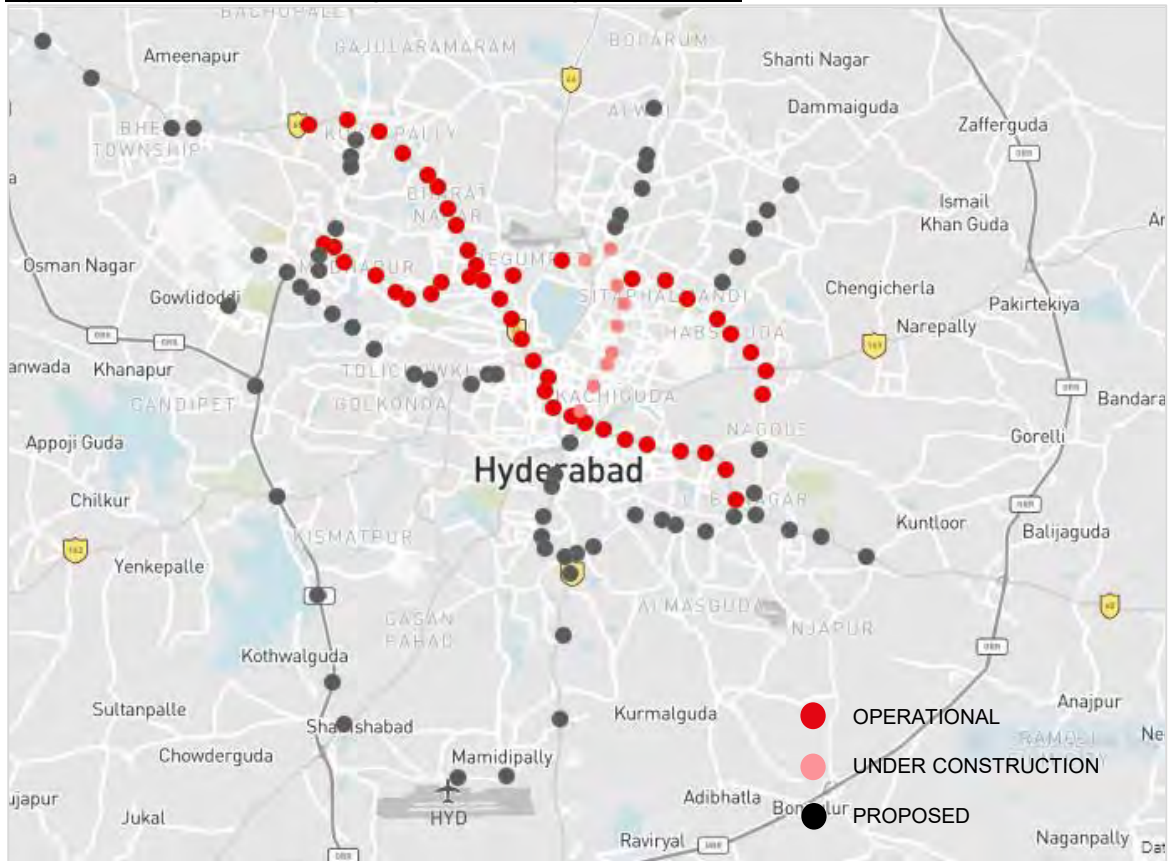
Existing Project	Completion timeline	Details	Key Impact Zones
Hyderabad Metro Rail – Phase I	2017 - 2020	69 km elevated network connecting eastern and western parts of city via CBD	SBD, CBD, Madhapur

**Upcoming Metro Rail Lines**

Upcoming Project	Completion timeline	Details	Key Impact Zones
Hyderabad Metro Rail – Phase II	NA  (3-4 years from commencement)	<ul style="list-style-type: none"> <li>58 km network connecting airport and other residential suburbs</li> <li>Raidurg to Shamshabad Airport – 31 km</li> <li>Nagole to LB Nagar – 5 km</li> <li>Lakdi ka pul to BHEL – 22 km</li> </ul>	Gachibowli, SBD, Suburbs Others
Hyderabad Airport Metro	NA	<b>Hyderabad Metro’s Airport Express Line is an upcoming rail line that’ll connect Mindspace REIT Junction and Rajiv Gandhi International Airport in Shamshabad via 10 stations. This 32 km line of the Hyderabad Metro Phase 2 project will be funded by Telangana Government and executed by HAML (Hyderabad Airport Metro Ltd).</b>	

Source: Real Estate Market Research & Analysis; JLL, March 2024

**Hyderabad – Map of existing and upcoming metro lines**



Source: Real Estate Market Research & Analysis; JLL, March 2024

**6.5 HYDERABAD - OFFICE SUB MARKETS**

The office sub-markets of Hyderabad City are classified into six micro markets based on the market trend as mentioned below.

Sub-market	Locations	Map of Hyderabad office market
CBD	Begumpet, SP Road, Secunderabad, Punjagutta, Nagarjuna Circle, Raj Bhavan Road.	
SBD	Banjara Hills, Jubilee Hills, Shaikpet, Kavuri Hills, Ameerpet, Nagarjuna Hills	
Madhapur	Hafeezpet, Madhapur, Kondapur, Madhapur, Raidurg, Kukatpally	
Gachibowli	Kokapet, Manikonda, Financial District, Nanakramguda, Puppalguda, Khajaguda	
Peripheral East	Uppal, Pocharam East	

Suburbs- Others	Shamshabad	
--------------------	------------	--

Source: Real Estate Market Research & Analysis: JLL, March 2024

### Key Submarkets-Development and Occupier Profile

Madhapur	<p>Development Profile: it is the most established office market in the western part of the city, well connected by the public transport in the city</p> <p>Key Occupiers: Qualcomm, Wells Fargo, Deloitte, AMD, Intel, Facebook, Microsoft, JPMC, Synchrony, Dell</p> <p>Key Developers: Mindspace REIT, Phoenix Group, RMZ, Salarpuria, Capitaland, Meenakshi Constructions, Divyasree</p>
Gachibowli	<p>Development profile: Developed as an extension to existing office market in Madhapur, along the ORR in the western part of the city. Primarily emerged as home to owned campuses of large companies but office market expanded in the last decade</p> <p>Key Occupiers: Largely home to campuses of Wipro, Infosys, Amazon, Microsoft along with notable presence from Apple, Google, CTS, Micron, ZF</p> <p>Key Developers: Phoenix Group, GAR Corp, Salarpuria, DLF, Vamsiram Builders</p>
Peripheral East	<p>Development profile: Office market is in nascent stage of development with key projects being operational in Pocharam &amp; Uppal in the eastern periphery</p> <p>Key Occupiers: Infosys, Genpact, Cyient</p> <p>Key Developers: Mindspace REIT, NSL Constructions</p>
Suburbs Others	<p>Development profile: Very early-stage market around Shamshabad in the southern periphery driven mostly by its proximity to the International Airport Office</p> <p>Key Occupiers: Cube Infrastructure, HBL, OSI Systems</p> <p>Key Developers: GMR</p>
CBD	<p>Development profile: Oldest office market originated in the center of the city. Projects are largely owned by individual landlords with standalone properties</p> <p>Key Occupiers: <b>SONATA Software, Dr.Reddy's</b></p> <p>Key Developers: Gowra Ventures, Ashoka Builders</p>
SBD	<p>Development profile: Developed around affluent localities in the city adjoining Madhapur. Most properties developed by key developers were as standalone developments</p> <p>Key Occupiers: DE Shaw, First American Financial</p> <p>Key Developers: Phoenix Group, Vamsiram Builders</p>

Source: Real Estate Market Research & Analysis: JLL, March 2024

### Hyderabad Office Real Estate Market Highlights Q1 2024

Gross leasing in the Hyderabad office market in Q1 2024 stood at 1.37 mn sq ft, up by 40.4% y-o-y. On a q-o-q basis, this was lower by 50%. Leasing activity in existing properties was strong especially in marquee assets. The quarterly gross leasing activity was led by Madhapur which accounted for a ~78% share. IT/ITeS led with the biggest share of 23.7%, followed by BFSI and Flex with 22.0% and 17.3% shares, respectively. The healthcare segment also held a 17% share in the quarterly leasing, underpinning the strong demand from this sector, especially in the form of GCCs and R&D centres.



The net absorption in Q1 2024 stood at 1.55 mn sq ft, nearly 3X up from the same period last year, albeit lower by 44.1% q-o-q. This also included end-user property purchases of 0.32 mn sq ft during the quarter. Net absorption was also impacted by lower completions in Q1, with new supply at a four-quarter low.

The city recorded completions of 2.08 million sq ft during the quarter, largely concentrated in SBD and Gachibowli, with only a solitary mid-sized completion in Madhapur during the quarter. With this, total Grade A office stock in the city rose to 124.0 million sq ft.

At the overall city level, vacancy rose by 10 bps q-o-q to 24.6%. In the same period, Madhapur's vacancy stood at 14.5%, down by 100 bps q-o-q and at its lowest in four quarters.

Overall office rents rose marginally by 0.4% q-o-q to INR 64.5 per sq ft per month.

### **City Market Trends**

Sub-Markets	Total Stock (sq. ft)	Net Absorption (sq. ft)			Vacancy %		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	124,021,083	1,551,978	-44.1%	195.8%	24.6%	10 bps	360 bps
CBD	3,104,883	0	-100.0%	-100.0%	10.6%	10 bps	110 bps
SBD	4,386,241	90,000	34.3%	16.2%	37.3%	1,560 bps	1,170 bps
Madhapur	71,507,977	962,764	-42.3%	181.1%	14.5%	-100 bps	90 bps
Gachibowli	40,735,894	476,215	-55.9%	NA	40.6%	0 bps	600 bps
Peripheral East	2,989,000	0	NA	NA	46.3%	0 bps	1,110 bps
Suburbs Others	1,297,083	23,000	NA	-54.0%	17.3%	-170 bps	-410 bps

Source: Real Estate Market Research & Analysis; JLL, March 2024

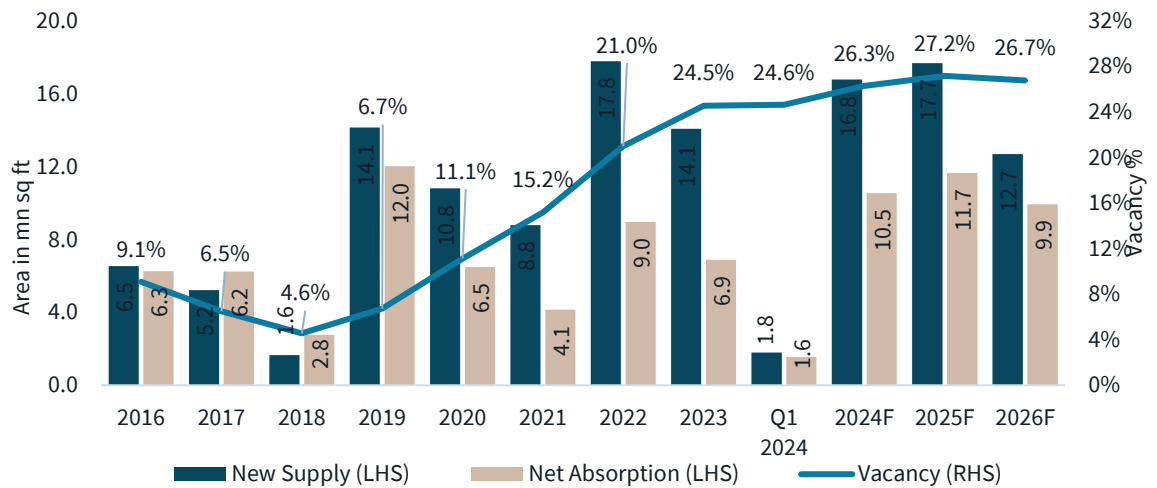
### **Leasing Activity**

Leasing activity in Hyderabad stood at a healthy 1.37 mn sq ft in Q1 2024, with space demand holding steady on same period comparison. In fact, on a y-o-y basis leasing volumes were up by 40.4%, though q-o-q activity was down by 50%. Deals were largely driven by expansion activity from existing tenants

Madhapur was the runaway leader accounting for a 78% share of the gross leasing activity in the quarter, with Gachibowli's share at 21%. The demand for flex spaces continued to remain healthy with flex operators managing to lease out ~3,100 seats in the city as occupiers embraced plug and play workspaces as part of their optimized workplace strategies. There are some large-scale transactions that are currently in active stages of closure in the city, predominantly in the Madhapur submarket.

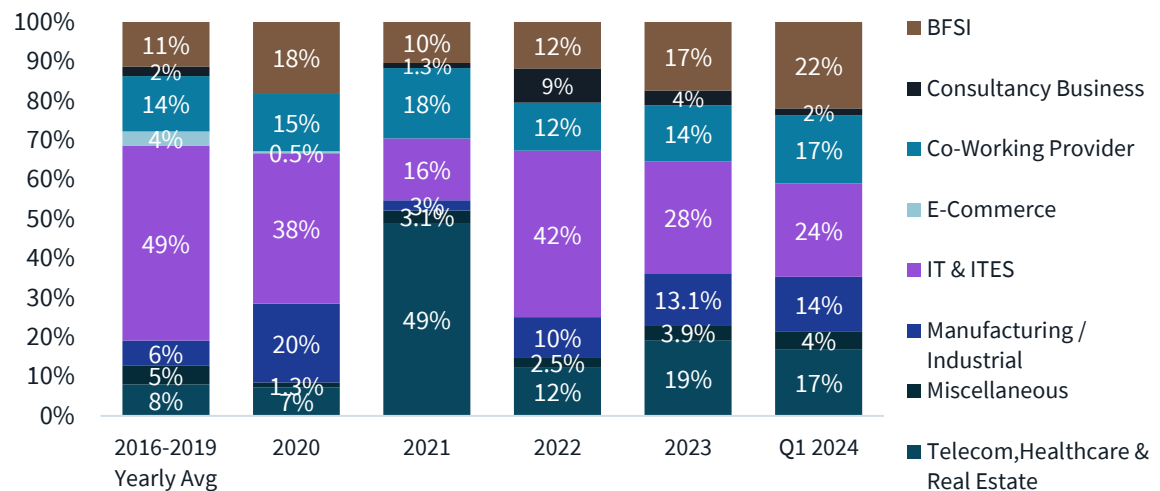
Hyderabad's net absorption was clocked at 1.55 mn sq ft, driven by the fresh leases in both existing and newly completed buildings and some end-user office space purchases which themselves totalled to 0.32 mn sq ft, reported during the quarter. The net absorption though lower on account of less completions in Q1, was also up by nearly 3x y-o-y.

### Total Completions, Net Absorption and Vacancy Rate – Overall



Source: Real Estate Market Research & Analysis; JLL, March 2024

### Occupier share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, March 2024

### Vacancy

While demand has remained quite healthy, the supply infusion in the city has remained strong. As a result of which vacancy in the city rose by 10 bps q-o-q to 24.6%. Since covid, the vacancy levels in the city have moved northwards amidst a strong supply even as demand has shown a recent resurgence since 2022.

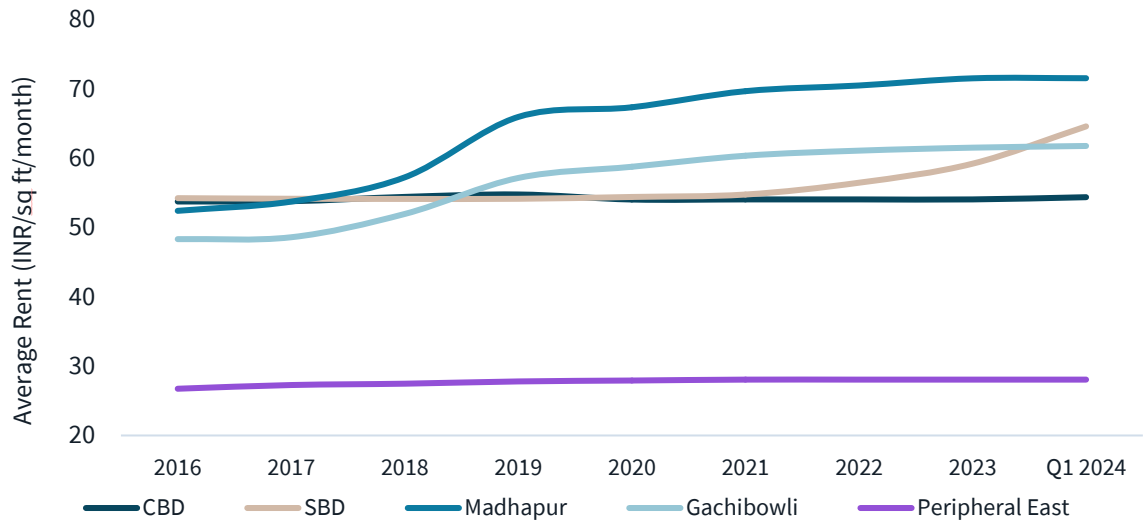
### Market Rents

With limited supply till 2018 in the city, rents remained stable across the city. However, as a new wave of quality supply hit the market in 2019, rents witnessed significant growth in key micro markets like Madhapur and Gachibowli. However, post covid the rental growth has been limited but continues to be on the growth curve in the city amidst completions from top developers largely in Madhapur and Gachibowli entering the market at higher rentals.

With the completion of projects by RMZ, Salarpuria & Capitaland in 2023, rental values moved up by 1.5% y-o-y by end of the year. In Q1 2024, rents were further seen to grow by 0.4% q-o-q to now be at INR 64.5 per sq ft per month. Rent change q-o-q was seen to be higher in the SBD sub-market due to stock realignment and the removal of average assets from the Grade A building basket. Also, the new completion in the SBD entered the market at a healthy premium to this submarket's average.

GROSS RENT (INR/SQ FT/PM) GFA			
	Q3 23	Q-o-Q Change	Y-o-Y Change
Overall	64.1	0.6%	1.7%
CBD	54.0	0.0%	0.0%
SBD	56.6	0.4%	3.5%
Madhapur	71.5	0.7%	2.1%
Gachibowli	61.1	0.0%	0.0%
Peripheral East	28.1	0.0%	0.0%

### Submarket wise Gross Rents



Source: Real Estate Market Research & Analysis; JLL, March 2024

*Note: Mindspace REIT micro markets, 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.*

### New supply

In the last few, years Hyderabad has witnessed a massive growth in new supply across the key submarkets. While the average annual supply from up to 2018 has been 4.8 million sq ft, it jumped to 13.2 million sq ft in the last four years in the city. With delayed projects coming on board in the next few quarters, new supply is expected to witness robust growth in the latter part of 2023 and in 2024, largely driven by Madhapur and Gachibowli submarkets. After recording its lowest ever supply in Q1 2023 at 0.7 million sq ft, Hyderabad recorded a gross supply of 8.5 million sq ft in the next two quarters of 2023. In Q3 2023, city witnessed 3.2 million sq ft of new supply largely led by Madhapur submarket, taking the overall office stock in the city to 116.3 million sq ft.

In the last few, years Hyderabad has witnessed a massive growth in new supply across the key submarkets. While the average annual supply up to 2018 has been 4.8 million sq ft, it jumped to 13.2 million sq ft in the last four years in the city. Even in 2023, new supply jumped to 15 mn sq ft, with another 2.1 mn sq ft completed in Q1 2024. Most of the new supply additions over the past 3-4 years have been led by Madhapur and Gachibowli submarkets. The city's total Grade A office stock now stands at 124.0 mn sq ft.

**Outlook**

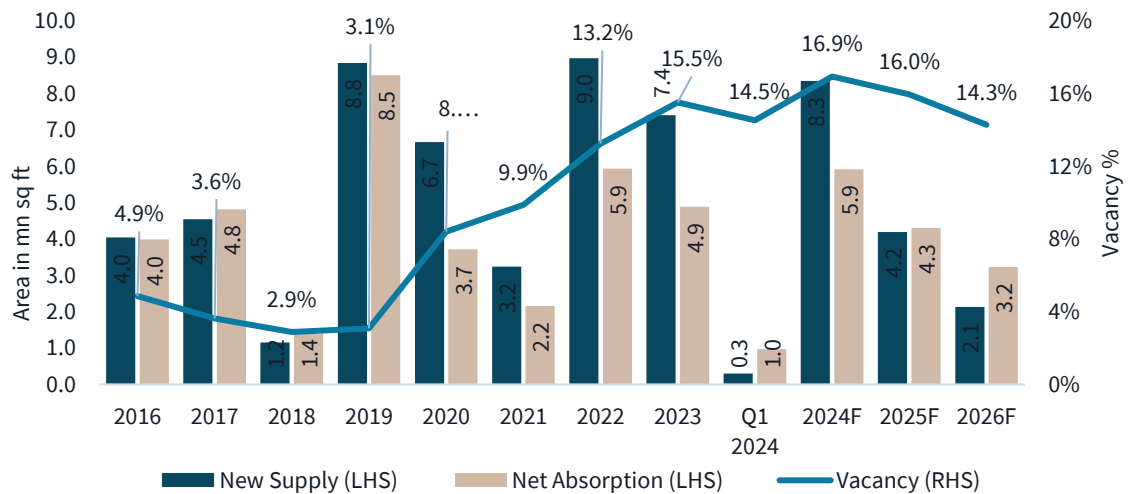
New supply over the next one year is likely to be driven by leading developers like RMZ, Phoenix Group & Vamsiram Builders as many large projects are in advanced stages of construction, mostly located in the submarket of Madhapur followed by Gachibowli. Amidst robust supply in the pipeline, vacancy in the city is expected to come under pressure in the medium term in the range of 25-27%, but expected to be largely tight in the Madhapur corridor. While a significant proportion of the upcoming supply in the medium to long term is still due for absorption, the rising demand and healthy leasing activity as well as ongoing deals are expected to support the net absorption levels to surpass 2023 levels in the short term and sustain in the medium term as well. Large part of leasing activity is expected to be witnessed in Madhapur market owing to quality supply from leading developers in key localities of the submarket and then gradually moving towards Gachibowli in the longer term

**6.6 MICRO MARKET: MADHAPUR**

The project lies in the Madhapur micro market.

**Supply, Demand Trend**

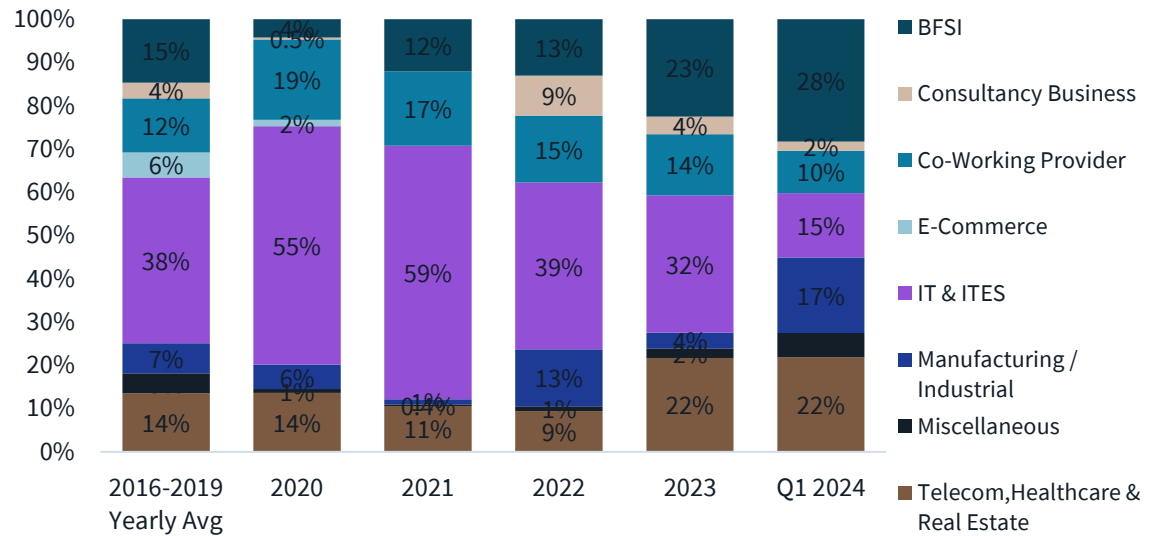
**Total Completions, Net Absorption and Vacancy Rate**



Source: Real Estate Market Research & Analysis; JLL, March 2024

## Leasing activity

### Occupier's share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, March 2024

As Madhapur enjoys superior connectivity and well-established infrastructure in the city, it has been the most sought-after office market in the city from tenants across all segments. It commands a market share of 60-70% of total leasing activity in the city as large companies prefer expanding into this market along with robust demand from mid-sized tenants. Demand has always matched or outpaced the supply in the submarket amidst large inflow of pre-commitments in the properties of Salarpuria, Mindspace REIT, RMZ, Phoenix & Divyasree. Albeit a mismatch in 2020 owing to covid, it recorded a healthy recovery 2021 & 2022.

Robust leasing activity was observed in more recent completions by RMZ, Salarpuria & Capitaland in 2023, which supported the strong net absorption numbers of 4.9 mn sq ft for the full year. This amounted to a share of 71% of the overall net absorption over the same period. For Q1 2024 as well, Madhapur net absorption stood at 0.96 mn sq ft, a 62% contribution to the quarterly net absorption number for the city. With a healthy volume of deal closures in the quarter, Madhapur recorded gross leasing of 1.06 mn sq ft, accounting for 77.4% of total gross leasing in Q1 2024.

## Supply

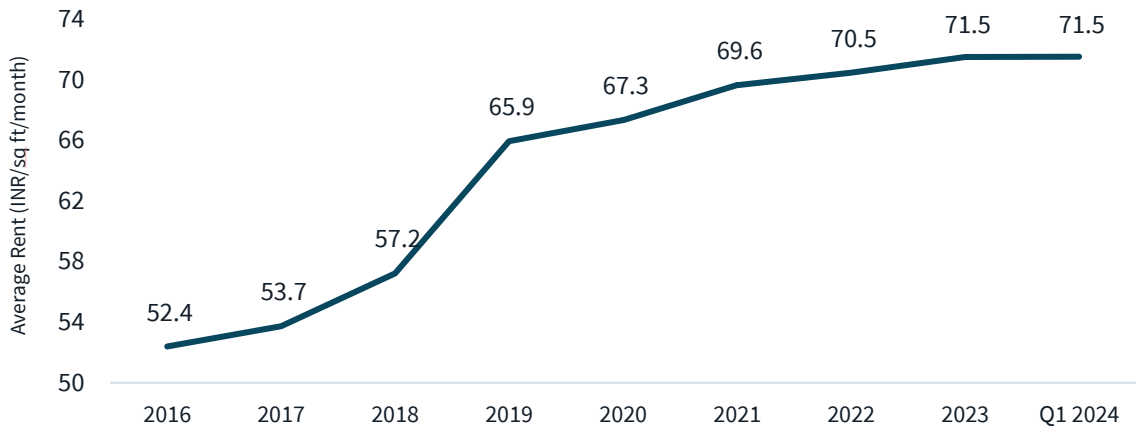
In the last 5 years, total Grade A office stock in Madhapur recorded a growth of 97% to reach 71.2 million sq ft, nearly doubling during this period. With marquee office projects getting operational by key developers like RMZ, Capitaland, Salarpuria & Divyasree, supply remained very robust in this submarket with an average annual supply of 7 million sq ft from 2019 till 2023. In Q1 2024, completions were sluggish at 0.3 mn sq ft, with the office stock reaching 71.5 mn sq ft at the end of the quarter.

## Vacancy

As the submarket has been largely driven by large scale pre-commitments along with being the most sought-after market by small to medium sized tenants as well, vacancy always remained below 5% until 2019. However, due to huge supply alongside sluggish demand due to covid, vacancy rose from 3% to 8% in 2020. After reporting a sustained growth since that time, vacancy has started to moderate in recent times. In Q1 2024, vacancy dropped by 100 bps q-o-q to reach 14.5%, the lowest in a year.

## Rents

As Madhapur being the most active market attracting large scale expansions along with entry of new tenants, rents in the submarket remained superior to the average city rents. With the completion of projects by RMZ & Salarpuria in 2019 which commanded higher rentals than the submarket average, the rents in the submarket recorded a growth of ~15% during that year to INR 65.9 per sq. ft per month. This rise in rental values continued into the next couple of years till 2021. However, owing to sluggish demand along with limited quality supply in 2022, rents registered a moderate growth. But with the completion of marquee projects, rents in 2023 recorded a healthy growth of 1.3% to stand at INR 71.5 per sq. ft per month by end of the year. The lease transactions in the Madhapur micro market are recorded in the range of INR 65 – 80 per sq. ft per month. The lease transactions in Madhapur where the Project is located are in the range of INR 72 to 76 per sq. ft per month. In Q1 2024, rents were largely unchanged q-o-q. However, on a y-o-y basis, rents are up by 1.33%.



Note: Mindspace REIT micro markets, 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.

## Outlook

A strong supply in 2023 with marquee assets entering the submarket saw healthy occupier traction from major GCCs across the tech, Healthcare and BFSI segments. As a result, net absorption stood at 4.9 mn sq ft in 2023. Going forward, this submarket is likely to register a healthy supply of 8.3 million sq ft for the full year of 2024 with vacancy falling into the range of 14-15% on the back of strong demand. Rents are expected to see a marginal upside as well as most of the ongoing transactions are expected to close higher than market-average rentals.

## Prominent Lease Transactions within the Micro-Market

Below are some of the lease transactions witnessed in the micro-market:

Table 6-1: Major Lease Transactions in the Micro-Market of the Project

Sl. No.	Occupier Name	Name of the Building	Sub-Market	Area Leased (sq. ft)	Lease Rentals (INR per sq ft per month)	Transacted Period
1	Ryan International	ITPH - Block 1 (East Wing)	Madhapur	60,000	74	Q1 2024
2	Technip	Phoenix Avance H10 A1	Madhapur	180,000	68	Q1 2024
3	Foundever/Site I	Cyber Pearl Phase 2	Madhapur	20,873	65	Q1 2024
4	Feuji	Raheja Commerzone (KRC Wing)	Madhapur	46,625	70-75	Q1 2024
5	Sanofi Healthcare India Pvt. Ltd.	RMZ TheSpire - Tower 100	Madhapur	231,845	72	Q1 2024
6	Awfis	Aurobindo Orbit	Madhapur	35,000	73	Q1 2024

Sl. No.	Occupier Name	Name of the Building	Sub-Market	Area Leased (sq. ft)	Lease Rentals (INR per sq ft per month)	Transacted Period
7	Blujay Solutions	Salarpuria knowledge City Argus (Parcel 2)	Madhapur	21,000	115	Q1 2024
8	Petrocon Engineers & Consultants	Laxmi Cyber City 2	Madhapur	23,000	75	Q1 2024
9	Cigna Healthcare	Salarpuria knowledge Park Block 2	Madhapur	300,000	76	Q1 2024
10	Redbricks	RMZ Nexity Tower 30	Madhapur	52,000	75	Q1 2024

Source: Real Estate Market Research & Analysis; JLL, March 2024

### **Investment Activities within the Micro-Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc.

### **Investment Activities within the Country**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

**Table 6-2: List of transactions / deals in recent past:**

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Fringe	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Infocity	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Infocity	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 - 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - 8,700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90-8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram-Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) +1,600,000 (UC)+2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Source: Real Estate Market Research & Analysis; JLL, March 2024



## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial/ office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub/above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market/marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

### 7.2 CASH FLOW PROJECTIONS

The cash flows for the Project has been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimate of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.
- 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.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table below:

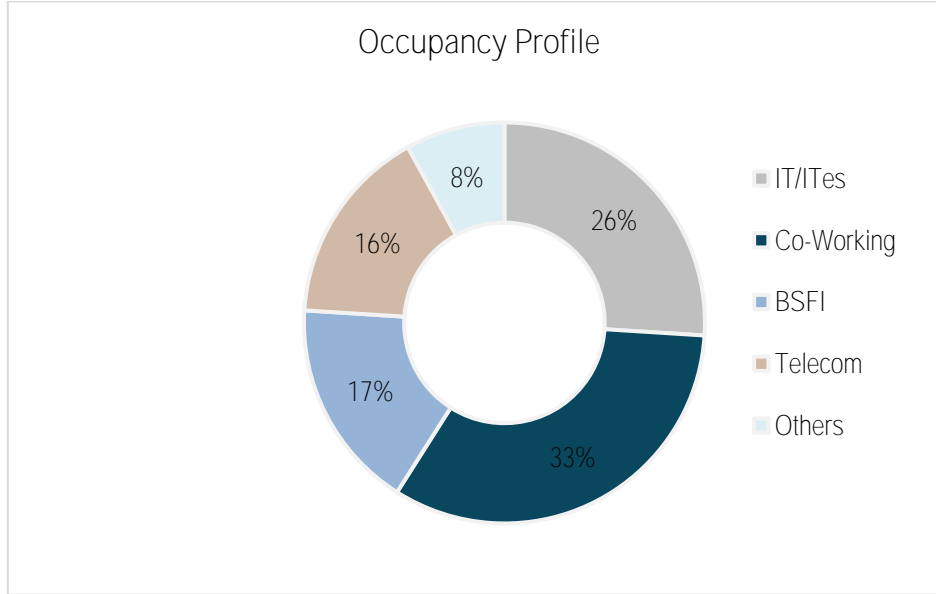
**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### 7.3 ABSORPTION/ LEASING VELOCITY AND OCCUPANCY PROFILE

Occupancy profile of the project is as follows: -

- ~33% taken by Co working.
- 26% taken by IT/ITeS sector.
- ~17% taken by BSFI.
- 16% taken by Telecom and Media
- ~8% taken by Others and F&B



## 7.4 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and/or inputs used in the cash flow configuration used for providing Valuation of the Project.

**Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Buildings**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31 March 24	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March -34	As per workings
Asset Details		
Total Leasable Area	2.06 million sq. ft	As per the information provided by the Client
Leased Area	1.99 million sq. ft	As per the information provided by the Client
Vacant Area / Vacancy	0.08 million sq. ft./ 2.8%	As per the information provided by the Client
Vacancy Allowance	2%	As per market benchmarks for large scale Grade A office projects.
Area to be Leased	0.08 million sq. ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market
Rent Free Period for New Leases	3 months	As prevalent in the micro-market
Construction Related Assumptions		
Construction Cost to be incurred (upgrade costs)	INR 441 Mn	As per the information provided by the Client

Parameters	Assumptions / Inputs	Remarks / Basis
Estimated Completion Date for Incurring Expenditure	Q4 FY25	As per the information provided by the Client
Estimates of already carried out major repairs	INR 1,718 Mn	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases, i.e., 15% every 3 years or 5% every year	As prevalent in the market, it is observed that lease agreements are primarily at 5% rent escalations every year. Or at 15% every 3 years
Market / Marginal Rent – Office for FY 25	INR 74.6 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 55 – 80 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 70 - 80 per sq. ft. per month. Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent – Amenities	Not Applicable	
Other Income	1% of base rentals	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 base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Market Rent - Car Parking Space for FY 25	INR 2,100 per sq. ft. per month	The Grade A offices offers car parking rates in the range of INR 2,000 – 3,500 per slot per month. Based on the market benchmarking of recent leased rates within the micro-market, the achievable car park rate for the subject property is derived.
Market / Marginal Rent - Food Court for FY 25	INR 241.50 per sq. ft. per month for	Based on the market benchmarking of recent leases within the micro-market
Market / Marginal Rent – Kiosk for FY 25	INR 241.50 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Market / Marginal Rent Terrace for FY 25	Not Applicable	

Parameters	Assumptions / Inputs	Remarks / Basis
Other Operating Income		
Market Rent Growth for FY 26 onwards	5% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Parking Rent Growth for FY 26 onwards	5% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received 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
Maintenance Services Income / CAM Income	INR 15.02 per sq. ft per month	As given by the Client and as prevalent in the market
Operating Cost Assumptions		
Brokerage - New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2 month receivable on base rent	As prevalent in the market
Maintenance Services Cost	INR 12.47 per sq. ft per month	As given by the Client and as prevalent in the market
Property Tax	INR 1.70 per sq. ft per month	As given by the Client
Insurance	INR 0.43 per sq. ft per month	As given by the Client
Cost Escalation	3% per annum	As prevalent in the market.
CAM Escalation (Income + Expense)	5% per annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1% of Terminal Value	As prevalent in the market
Other Operating Expenses	2% of Base Rent + Car Parking Charges	As prevalent in the market.
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report

Parameters	Assumptions / Inputs	Remarks / Basis
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.00% (post yield shrinkage). Capitalized based on the Net Cash Flows of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

**Table 7.3: Key Assumptions Used in the Estimate of Under Construction / Future Development Block**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March 2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March -34	As per workings
Asset Details		
Total Leasable Area	3.07 mn Sq. ft	As per the information provided by the Client
Leased Area	0 Sq. ft	As per the information provided by the Client
Vacant Area / Vacancy	100.00%	As per the information provided by the Client
Vacancy Allowance	2%	As per Valuation Guidelines practice for a conservative approach we maintain a structural vacancy of 2%. Although micro-market has seen a healthy absorption for Grade A projects.
Area to be Leased	3.0 mn. Sq. ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market
Rent Free Period for New Leases	3 months	As prevalent in the micro-market
Construction Related Assumptions		
Construction Cost to be incurred	INR 6,066 Mn for 1A-1B INR 8,154 Mn for 7&8 INR 1,021 Mn for Experience Centre	As per the information provided by the Client

Parameters	Assumptions / Inputs	Remarks / Basis
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases, i.e., 15% every 3 years Or 4.5% every year	As prevalent in the market, it is observed that lease agreements are primarily at 4.5% rent escalations every year. Or at 15% every 3 years
Market / Marginal Rent - Office	INR 74.6.00 per sq. ft. per month - Commercial Area	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 55 – 80 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 70 - 80 per sq. ft. per month. Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market Rent - Car Parking Space	Not Applicable	
Market / Marginal Rent - Food Court for FY 25	INR 241.5 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Market / Marginal Rent – Kiosk for FY 25	INR 241.5 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Market / Marginal Rent - Terrace	Not Applicable	
Other Income	1.0% of base rentals	As prevalent in the market, we consider a normalized level of other income for future. Hence, we have considered other income at 1.0% of base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Other Operating Income		
Market Rent Growth	5% per annum (FY26 onwards)	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Parking Rent Growth	5% per annum (FY26 onwards)	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and

Parameters	Assumptions / Inputs		Remarks / Basis
			received 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
Maintenance Services Income / CAM Income	INR 15.02 per sq. ft per month		As given by the Client and as prevalent in the market
Operating Cost Assumptions			
Brokerage - New Leases	2 months receivable on base rent		As prevalent in the market
Brokerage - Renewals / Release	2 month receivable on base rent		As prevalent in the market
Maintenance Services Cost	INR 12.47 per sq. ft per month		As given by the Client and as prevalent in the market
Property Tax	INR 1.70 per sq. ft per month		As given by the Client
Insurance	INR 0.43 per sq. ft per month		As given by the Client
Cost Escalation	3% per annum		As prevalent in the market.
CAM Escalation	5% per annum		As prevalent in the market.
Other Assumptions			
Transaction Cost on Sale	1% of Terminal Value		As prevalent in the market
Other Operating Expenses	2% of Base Rent + Car Parking Charges		As prevalent in the market.
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)		As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 13.00%		Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.00% (post yield shrinkage). Capitalized based Net Cash Flows of the 11 <sup>th</sup> year		Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.		Value assumptions as practiced in the market
Experience Center Assumptions - Additional			
Club Membership Volume	2,000 Members		As given by the Client and as prevalent in the market
Membership Pricing	Membership Volume	Membership Pricing (INR)	As given by the Client and as prevalent in the market



Parameters	Assumptions / Inputs		Remarks / Basis
	Founder	600,000	
	Individual / Family	300,000	
	Corporate 1	200,000	
	Corporate 2	250,000	
	Corporate 3	300,000	
	*Clubhouse shall also have additional income streams from banquets, spa, F&B etc.		
Annual Membership Fee	75,000 INR per annum		As given by the Client and as prevalent in the market
Cost Escalation	5% per annum		As given by the Client and as prevalent in the market
Clubhouse Operating Expenses	40 INR per sq. ft per month		As given by the Client and as prevalent in the market
Cost Escalation	5% per annum		As given by the Client and as prevalent in the market

### **Valuation of land for future development – 1.79 acres**

Project has 1.79 acres of land for future development located at the entrance gate. Further it is forming part of the larger IT park and designated for IT/ITES development. We note the update on the litigation on the said plot as specified in Annexure 7.

However, as there are no concrete development plans on the said plot at present, and the update on writ petition is only recent, we continue to estimate the value of the land using government benchmarked price. We may potentially re-look at approach during the subsequent valuation exercise depending on the progress.

## **7.5 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

**Table 7.4: Market Value of the Project**

Component	Area	Market Value (INR Million)
Commercial Office/IT Space – completed	2.06 million sq. ft	20,982.98
Commercial Office/IT Space –under construction and Future Development	3.07 million sq. ft & ~ 1.79 acres of land	12,717.18

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. The Market Value presented is for 89% interest in the Subject Property only.

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project Mindspace Madhapur (KRIT) located in Madhapur, Hyderabad Telangana, India 500081, as on 31 March 2024 is estimated to be:

**For Completed Project - INR 20,982.98 million** (INR Twenty Billion Nine Hundred Eighty Two Million Nine Hundred Eighty Thousand Only)

**For Under construction, Future Redevelopment, and land Projects INR 12,717.18 million** (INR Twelve Billion Seven Hundred Seventeen Million One Hundred and Eighty Thousand Only)

*Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the project and the valuation presented is for 89% interest in the project only. The total value of the asset with 100% interest is INR 37,865.34 million (INR Thirty-Seven Billion Eight Hundred Sixty-Five Million Three Hundred and Forty Thousand Only).*

**Table 7.5: Ready Reckoner rates and TSIIC Allotment Rates for the Project**

Component	Ready Reckoner Rate
Commercial (Built-Up Area)	Ground floor – INR 7,300 per sq. ft. First & other floors – INR 6,600 per sq. ft.
Land	INR 44,900 per sq. yard.
Land (as Per TSIIC)	INR 120,000 per sq. m

Source: Registration & Stamps Department, Govt of Telangana and TSIIC, March 2024

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



**Name:** Sachin Gulaty FRICS FIV FIIA,

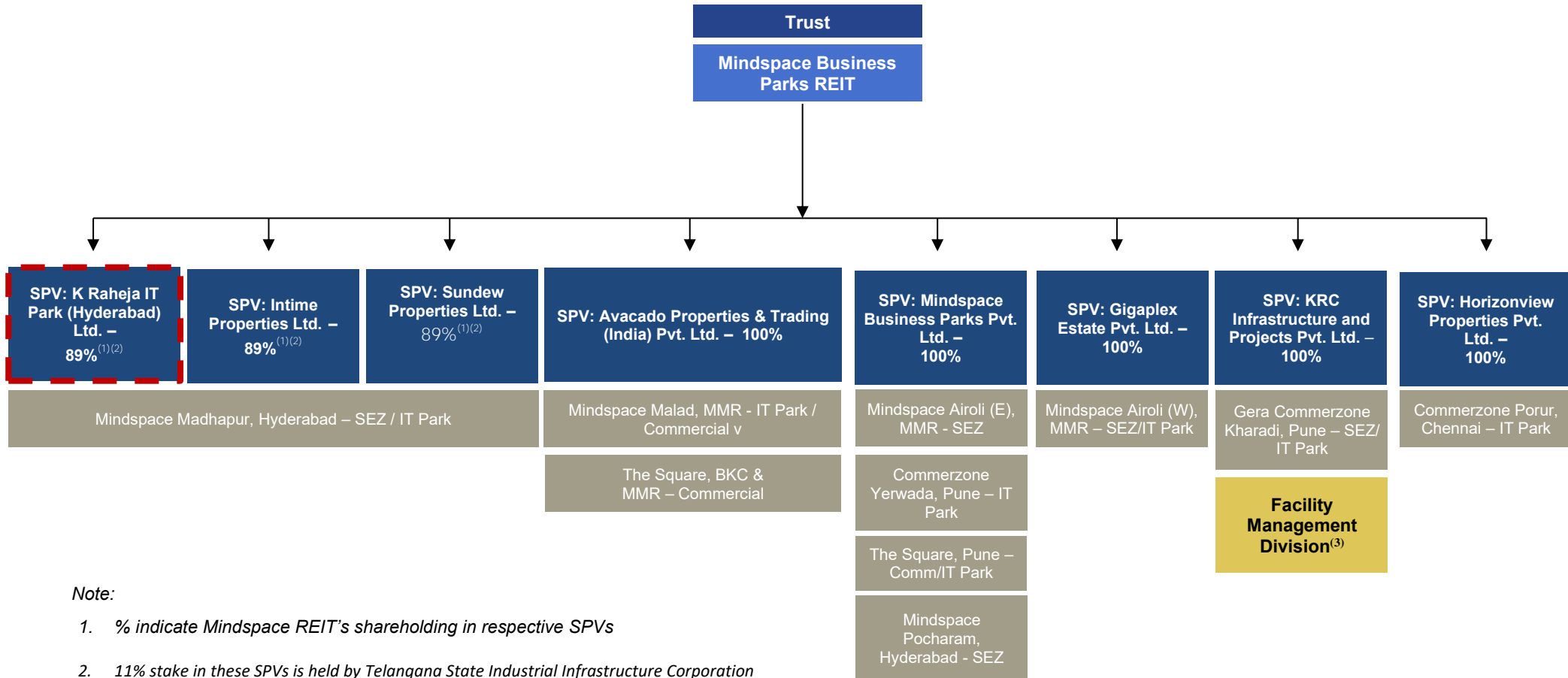
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

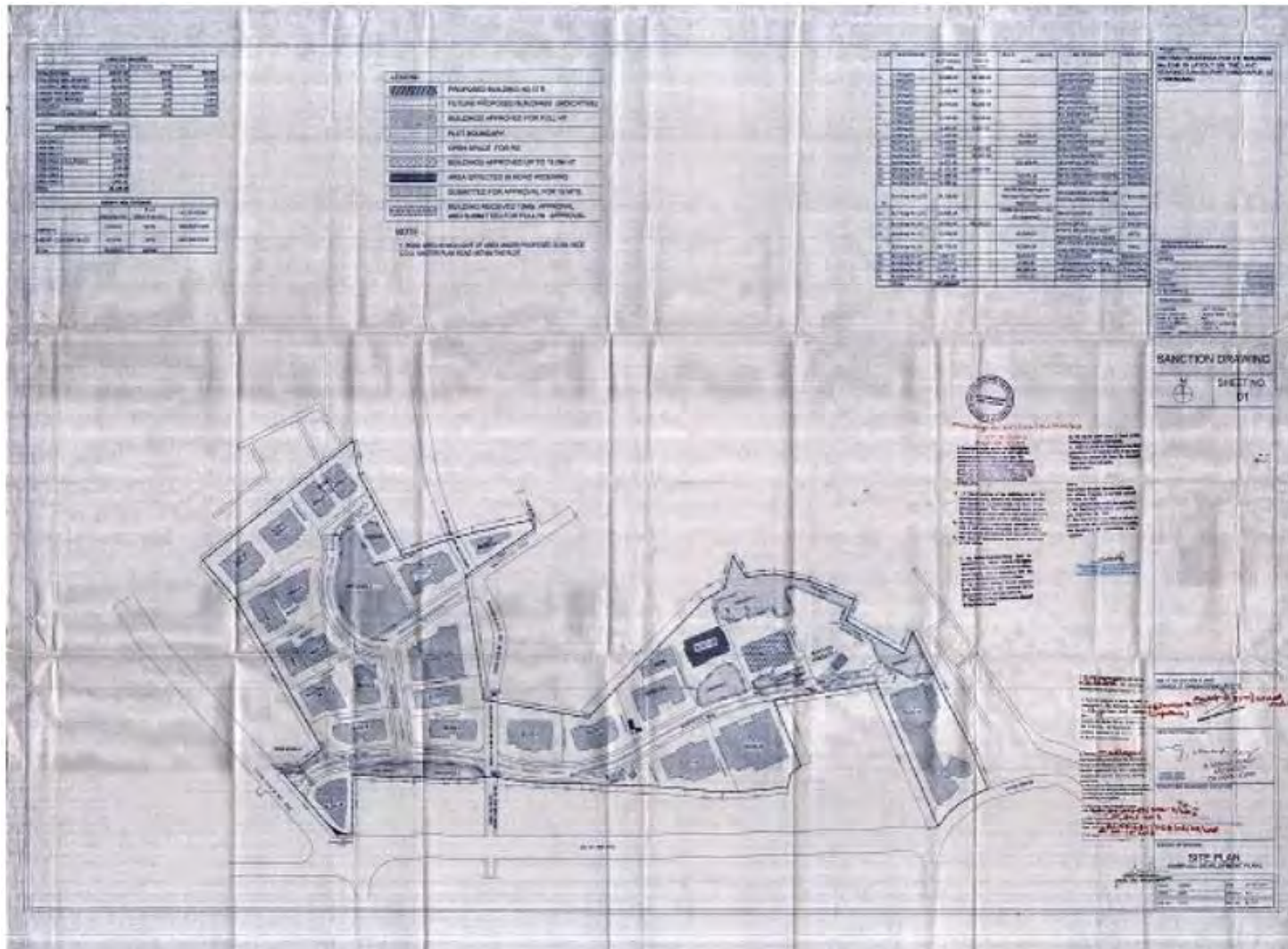
## Annexure - 1 Ownership Structure of the Project



**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 Layout Plan of the Project



### Annexure - 3

## Statement of Key Assets within the Project

Table 7.6 Statement of Key Assets within the Project

Building	No. / Name	B2A	B2B	B3A	B3B	B4	B5A	B10
Floor	Nos	2B+S+10F	B+GF+9F	B+GF+4F	2B+GF+6F	G+2P+8F	G+3F	2B+G+10F
Warm Shell / Bare shell		Warm Shell	Warm Shell	Warm Shell	Warm Shell	Bare 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	60
Water Cooled Chiller	TR	NA	NA	NA	NA	NA	NA	NA
No of Elevators /Make	No/ Make	10-Mitsubishi	10-Mitsubishi	4-OTIS	5-Mitsubishi	06+2-KONE	4-OTIS	5-Kone
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	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	2 x 2500
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
Jockey Pump	KW / Make	11 - Kirloskar Brothers		9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers	68 - Kirloskar Brothers	11 - Kirloskar Brothers	9.3 - Kirloskar Brothers
Fire Diesel Pump	KW / Make	68 - Kirloskar Brothers		68 - Kirloskar Brothers	68 - Kirloskar Brothers	68 - Kirloskar Brothers	68 - Kirloskar Brothers	68 - Kirloskar Brothers
Hydrant Pump	KW / Make	75 - Kirloskar Brothers		55 - Kirloskar Brothers	55 - Kirloskar Brothers	55 - Kirloskar Brothers	75 - Kirloskar Brothers	55 - Kirloskar Brothers
Sprinkle Pump	KW / Make	75 - Kirloskar Brothers		55 - Kirloskar Brothers	55 - Kirloskar Brothers	55 - Kirloskar Brothers	75 - Kirloskar Brothers	55 - Kirloskar Brothers
STP Rating	KLD	350		150		150	80	150

## **Annexure - 4**

### **Approvals and NOCs Received for the Project**

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

#### **Approvals Received**

- a) Approved masterplans for all buildings
- b) Full Occupancy Certificates for all Buildings
- c) Consent to Operate for all buildings
- d) Height Clearance NOC from AAI for all buildings
- e) Fire NOC for all Buildings
- f) All approvals for B1A-1B received including CFE, AAI NOC and EC
- g) EC received for B7&8
- h) Consent to Operate for all Buildings (except Building 5A, 7, and 8; not applicable for B5A)
- i) CFE for B7&8
- j) EC received for all buildings except for Buildings (not required for Building 5A)
- k) Approvals for Experience Centre (EC, municipal approval, CFE, building permit)
- l) Demolition approval received for building 7 and 8

#### **Approvals Pending**

- a) Municipal approval of B8 applied, yet to receive- received 15 mt height approval. Applied for Full height. Approval expected shortly.

## Annexure - 5

### Ready Reckoner Rate Applicable for the Project

#### Ready Reckoner Rate for the Built-up Area

REGISTRATION & STAMPS DEPARTMENT Government of Telangana								
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	<a href="#">Get</a>
2.	0 - 1	RESIDENTIAL LOCALITY	3,000	3,000	3,000	01(Residential)	01/02/2022	<a href="#">Get</a>
3.	0 - 2	COMMERCIAL-1	4,500	4,500	4,500	01(Residential)	01/02/2022	<a href="#">Get</a>
4.	0 - 2	MADHAPUR MAIN ROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	4,500	4,500	4,500	02(Commercial)	01/02/2022	<a href="#">Get</a>
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	4,500	4,500	4,500	01(Residential)	01/02/2022	<a href="#">Get</a>
7.	0 - 2	MADHAPUR MAIN RD TO JUBILE HILLS VIA YSR STAT	4,500	4,500	4,500	01(Residential)	01/02/2022	<a href="#">Get</a>
8.	0 - 3	MADHAPUR	3,000	3,000	3,000	01(Residential)	01/02/2022	<a href="#">Get</a>
9.	0 - 3	MADHAPUR MAINROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>
11.	0 - 3	MINDSPACE JUNCTION TO INORBIT MALL	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>

Source: IGRS Telangana 2023



## Ready Reckoner Rate for the Land

REGISTRATION & STAMPS DEPARTMENT Government of Telangana						
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	<a href="#">Get</a>
2.	0 - 1	RESIDENTIAL LOCALTY	32,200	01(Residential)	01/02/2022	<a href="#">Get</a>
3.	0 - 2	COMMERCIAL-1	44,900	01(Residential)	01/02/2022	<a href="#">Get</a>
4.	0 - 2	MADHAPUR MAIN ROAD	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	32,200	02(Commercial)	01/02/2022	<a href="#">Get</a>
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	44,900	01(Residential)	01/02/2022	<a href="#">Get</a>
7.	0 - 2	MADHAPUR MAIN RD TO JUBILEE HILLS VIA YSR STAT	44,900	01(Residential)	01/02/2022	<a href="#">Get</a>
8.	0 - 3	MADHAPUR	32,200	01(Residential)	01/02/2022	<a href="#">Get</a>
9.	0 - 3	MADHAPUR MAINROAD	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>
11.	0 - 3	MINDSPACE JUNCTION TO INORBIT MALL	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>

Source: IGRS Telangana 2023

## Allotment Rate for the Land (as Per TSIIC)

TELANGANA STATE INDUSTRIAL INFRASTRUCTURE CORPORATION LIMITED			
STATEMENT OF REVUSED LAND RATES W.E.F. 01.05.2023 VALID UPTO 31.03.2024			
Sl. No.	CURRENT ZONE	NAME OF THE IP/AN/GC/SEZ ETC	RATE (in Rs. per Sq.Mtrs)
[1]	[2]	[3]	[5]
1	CYBERABAD	FINANCIAL DISTRICT NANAKRAMGUDA	₹ 1,15,000
2	CYBERABAD	HITECHCITY LAYOUT MADHAPUR	₹ 1,20,000
3	CYBERABAD	IP GACHIBOWLI	₹ 1,15,000
4	CYBERABAD	IT PARK-MANIKONDA & NANAKRAMGUDA	₹ 1,10,000
5	CYBERABAD	SOFTWARE UNITS LAYOUT MADHAPUR	₹ 1,20,000
6	CYBERABAD	IP RAKAMCHERLA	₹ 2,862
7	CYBERABAD	IP VIKARABAD	₹ 6,899
8	CYBERABAD	CHANDULAL BARADARI	₹ 37,632
9	CYBERABAD	IHC CHANDULAL BARADARI	₹ 37,632

Source: TSIIC, Telangana 2023



## Annexure - 6 Cashflow of the Project

Table 7.7 Discounted Cash Flow (INR Mn) – Completed Buildings

Sl. No.	Particulars	1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
		Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred	-	441.00	-	-	-	-	-	-	-	-	-	-
	Leasable Area												
A	Base Rental		1,579.46	1,860.54	1,942.16	2,054.50	2,153.67	2,258.78	2,376.23	2,389.92	2,637.18	2,696.33	2,945.96
B	Car Parking Income		4.64	4.65	4.65	4.61	4.53	4.52	4.59	4.61	4.69	6.08	7.75
C	Fit-out rentals/ tenant improvements		0.24	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		1,584.34	1,865.19	1,946.81	2,059.11	2,158.20	2,263.30	2,380.82	2,394.52	2,641.87	2,702.41	2,953.71
E	Maintenance services income		351.67	383.12	402.28	422.39	443.51	465.68	488.97	513.42	539.09	566.04	594.35
F	Other Operating Income		15.79	18.61	19.42	20.54	21.54	22.59	23.76	23.90	26.37	26.96	29.46
G	Revenue from Operations		1,951.81	2,266.91	2,368.51	2,502.04	2,623.24	2,751.58	2,893.55	2,931.84	3,207.33	3,295.42	3,577.52
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		309.13	324.59	340.81	357.86	375.75	394.54	414.26	434.98	456.72	479.56	503.54
I	Property Tax		42.13	43.39	44.69	46.04	47.42	48.84	50.30	51.81	53.37	54.97	56.62
J	Insurance Premium		10.76	11.08	11.41	11.75	12.11	12.47	12.84	13.23	13.63	14.03	14.46
K	Net Operating Income (NOI)		1,589.79	1,887.85	1,971.59	2,086.40	2,187.97	2,295.73	2,416.14	2,431.82	2,683.62	2,746.86	3,002.91
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	37,160.98	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		37.86	-	16.51	1.71	5.41	10.60	2.03	128.29	46.98	122.85	-
M	Property Management Fee		56.00	65.93	68.82	72.79	76.29	80.01	84.16	84.64	93.39	95.53	104.41
N	Other operational expenses		31.68	37.30	38.94	41.18	43.16	45.27	47.62	47.89	52.84	54.05	59.07

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purpose

Table 7.8 Discounted Cash Flow (INR Mn) - Under construction (Buildings 1A &amp; 1B)

Sl. No.	Particulars	1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
		Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred	-	1,409.66	2,277.27	2,363.76	-	-	-	-	-	-	-	-
	Leasable Area												
A	Base Rental		-	-	312.40	1,144.73	1,365.36	1,426.80	1,491.00	1,558.10	1,628.21	1,701.48	1,778.05
D	Facility Rentals		-	-	312.40	1,144.73	1,365.36	1,426.80	1,491.00	1,558.10	1,628.21	1,701.48	1,778.05
E	Maintenance services income		-	-	55.02	196.20	285.35	299.62	314.60	330.33	346.85	364.19	382.40
F	Other Operating Income		-	-	3.12	11.45	13.65	14.27	14.91	15.58	16.28	17.01	17.78
G	Revenue from Operations		-	-	370.54	1,352.37	1,664.36	1,740.68	1,820.51	1,904.01	1,991.34	2,082.68	2,178.23
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		-	-	109.64	172.68	241.75	253.84	266.53	279.86	293.85	308.55	323.97
I	Property Tax		-	-	28.76	29.62	30.51	31.42	32.37	33.34	34.34	35.37	36.43
J	Insurance Premium		-	-	7.34	7.56	7.79	8.02	8.26	8.51	8.77	9.03	9.30
K	Net Operating Income (NOI)		-	-	224.80	1,142.51	1,384.31	1,447.40	1,513.35	1,582.30	1,654.38	1,729.74	1,808.52
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	22,380.49	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		-	-	142.23	76.45	-	-	-	-	-	-	-
M	Property Management Fee		-	-	11.04	40.47	48.27	50.44	52.71	55.08	57.56	60.15	62.85
N	Other operational expenses		-	-	6.25	22.89	27.31	28.54	29.82	31.16	32.56	34.03	35.56
O	Net cashflows	-	(1,409.66)	(2,277.27)	(2,298.47)	1,002.70	1,308.74	1,368.42	1,430.82	1,496.06	1,564.26	24,016.06	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes

Table 7.9 Discounted Cash Flow (INR Mn) – Under construction (Buildings 7 &amp; 8)

Sl. No.	Particulars	1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
		Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred	-	1,307.04	2,238.24	2,768.93	1,713.00	-	-	-	-	-	-	-
	Leasable Area												
A	Base Rental		-	-	-	390.99	1,443.49	1,723.76	1,801.33	1,882.39	1,967.10	2,055.62	2,148.12
D	Facility Rentals		-	-	-	390.99	1,443.49	1,723.76	1,801.33	1,882.39	1,967.10	2,055.62	2,148.12
E	Maintenance services income		-	-	-	70.57	251.65	366.00	384.30	403.52	423.70	444.88	467.12
F	Other Operating Income		-	-	-	3.91	14.43	17.24	18.01	18.82	19.67	20.56	21.48
G	Revenue from Operations		-	-	-	465.47	1,709.58	2,107.00	2,203.65	2,304.73	2,410.46	2,521.05	2,636.72
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		-	-	-	139.54	219.78	307.69	323.08	339.23	356.20	374.00	392.71
I	Property Tax		-	-	-	35.90	36.98	38.09	39.23	40.41	41.62	42.87	44.16
J	Insurance Premium		-	-	-	9.17	9.44	9.72	10.02	10.32	10.63	10.95	11.27
K	Net Operating Income (NOI)		-	-	-	280.86	1,443.37	1,751.49	1,831.32	1,914.77	2,002.02	2,093.23	2,188.59
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	27,083.80	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		-	-	-	178.81	97.30	-	-	-	-	-	-
M	Property Management Fee		-	-	-	13.82	51.03	60.93	63.68	66.54	69.54	72.67	75.94
N	Other operational expenses		-	-	-	7.82	28.87	34.48	36.03	37.65	39.34	41.11	42.96
O	Net cashflows	-	(1,307.04)	(2,238.24)	(2,768.93)	(1,632.60)	1,266.18	1,656.08	1,731.62	1,810.58	1,893.14	29,063.26	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes

Table 7.10 Discounted Cash Flow (INR Mn) - Under construction (Experience Center)

Sl. No.	Particulars	1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
		Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
A	Inflow												
	<u>Clubhouse</u>												
	Membership Revenue		-	87.38	144.75	117.62	119.37	119.03	71.30	23.36	24.53	20.48	13.46
	Clubhouse Operations		-	18.98	61.25	106.06	152.05	201.95	241.65	264.19	279.29	293.25	307.91
	Revenue from Clubhouse		-	106.36	206.00	223.68	271.41	320.98	312.95	287.55	303.82	313.73	321.37
	<u>Office + Retail</u>		-	-	-	-	-	-	-	-	-	-	-
	Gross Rentals		-	38.91	53.64	56.05	58.57	61.21	63.96	66.84	69.85	72.99	-
	CAM margin & other income		-	1.14	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52	1.52
	Revenue from Office + Retail		-	40.05	55.16	57.57	60.09	62.73	65.48	68.36	71.37	74.51	1.52
	Revenue from Operations		-	146.41	261.16	281.25	331.50	383.71	378.43	355.91	375.18	388.24	322.89
B	Outflow		-	-	-	-	-	-	-	-	-	-	-
	Construction Cost		575.21	400.00	-	-	-	-	-	-	-	-	-
	Project overheads cost		30.50	15.25	-	-	-	-	-	-	-	-	-
	<u>Direct Operating Expenses</u>		-	-	-	-	-	-	-	-	-	-	-
	Clubhouse Operating Cost		-	67.02	80.23	88.96	100.54	112.65	116.62	123.02	129.78	136.93	144.47
	Property tax		-	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43
	Insurance expenses		-	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
	Net Operating Income (NOI)		(605.71)	(338.93)	177.86	189.22	227.89	267.99	258.75	229.83	242.34	248.25	175.35
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	4,537.76	-
C	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
	Brokerage Fees		-	-	-	-	-	-	-	-	-	45.38	-
	Asset Management Fee		-	1.36	1.88	1.96	2.05	2.14	2.24	2.34	2.44	2.55	2.67
	Clubhouse - Member Acquisition Cost		-	8.74	5.74	6.02	5.91	5.99	1.14	1.20	1.26	0.79	0.55
	Clubhouse - Refurbishment Capex		-	-	-	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
	Clubhouse - Property Management Fee		-	7.45	6.98	8.68	10.32	12.15	9.75	10.37	10.89	11.07	11.43
	Other overheads		-	0.39	0.54	0.56	0.59	0.61	0.64	0.67	0.70	0.73	-
	Sales & Marketing Expense		-	17.77	-	-	-	-	-	-	-	-	-
	EBITDA		(605.71)	(374.63)	162.74	151.99	189.03	227.09	224.98	195.25	207.04	4,705.49	

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes

**Table 7.11 Opinion Market Value of the Land**

Particulars	Land Area (sq. m.)	Unit Value (INR per sq. m.)	Unit Valuation of the Land (INR Million per Acre)	Total Value (INR Million)
Opinion Market Value of the Land under the Project using Guideline Value Method	7,243.95	120,000.00	485.63	869.27

## Annexure - 7

### Material Litigations

#### 1. Title litigation and irregularities

Softsol India Limited (“Softsol”) and others (“Petitioners”) have filed writ petition on February 8, 2013 in the Hyderabad High Court (“Court”) against KRIT (wrongly named as M/s. K Raheja Corporation) and others (“Respondents”) inter alia seeking declaration (a) that the allotment of land admeasuring approximately 4500 square yards (3763 square metres) (“Suit Land”) of land adjacent to Softsol’s plot is illegal and (b) for handover of the same to the Industrial Area Local Authority (“IALA”), being one of the Respondents, for developing the Suit Land as a common facility centre / area / park for general use by software companies. The Suit Land is part of the land admeasuring approximately 110 acres allotted by the Government of Andhra Pradesh to KRIT for the Mindspace Madhapur project.

By an ex-parte interim stay order dated February 11, 2013 (“Stay Order”), it was inter alia directed by the Court that, no construction activity shall be undertaken or continued over the triangular piece of 2 acres 40 cents of land earlier identified at the time of allotment as ‘Common Facility Centre’ in the software layout. IALA and APIIC have filed affidavits opposing the writ petition, confirming the allotment and rights of KRIT in the Suit Land, and for vacating the Stay Order. The matter is pending before the Court.

Greater Hyderabad Municipal Corporation (“GHMC”) had filed an application in the Court for clarification that the Stay Order does not preclude GHMC from acquiring a portion of 0.14 acres (approximately 567 square meters) for road widening. Subsequently, GHMC has acquired the portion of land and constructed the road. The matter is listed for hearing on January 4, 2023. The matter was listed for hearing on March 7, 2023. The matter was heard by the Court and the writ petition was dismissed and the Stay Order was vacated. By way of abundant caution, KRIT filed a caveat before the Court.

#### 2. Criminal matters

Sharmin Habib (“Complainant”) lodged a first information report (“FIR”) on October 10, 2017 with the Madhapur Police Station alleging that certain staff members of the Raheja Group (“Accused”) prevented the Complainant and a staff from entering the premises for conducting the business of a day care centre in the name of Kidz Paradise in in Building No. 2.B, Mindspace Madhapur (KRIT), and harassed them. The concerned investigating officer has filed final report dated November 16, 2017 of the matter before the Metropolitan Magistrate, Kukatpally at Miyapur, Cyberabad (“Court”), stating inter alia that while there was a rental dispute between the Complainant and the Accused which was pending in the Court, the particular incident was in relation to a regular security aspect of access in the IT Park being allowed on showing identity card, whereas Complaint tried to enter without showing identity card. The investigating officer also reported that the Complainant did not comply with the notices under Section 91 of the Criminal Procedure Code, and that no such incident had occurred as alleged by the Complainant. The investigating officer further recorded that the complaint was filed on completely flimsy grounds and filed the final report before the Court recommending closure of the case on basis of lack of evidence. The matter is currently pending.

#### 3. Regulatory actions

1. The Comptroller and Auditor General of India (“CAG”) had issued a report on public sector undertakings for the year ended March 2016 (“CAG Report”) where certain audit observations were made with respect to certain public sector undertakings including: (a) a low rate of return on investments made by APIIC (now, TSIIC) in KRIT; (b) allocation of the development and construction of complexes for IT and ITES companies to K. Raheja Corporation Private Limited by the erstwhile Government of Andhra Pradesh (“GoAP”) without adopting a due tender process; (c) transfer of certain portion of land to non-

IT/ITES sister companies of the KRC group, namely, Trion Properties Limited – Inorbit Malls and Chalet Hotels– Westin Hotel at a discounted price, in violation of GoAP directions dated August 11, 2003 and without prior consultation with APIIC, pursuant to the demerger of KRIT. KRIT responded to the observations under the CAG report by its letter dated September 21, 2017 submitting its issue-wise detailed explanations and explaining various factual inaccuracies in respect of the said observations under the CAG Report, denying the irregularities and deficiencies. No further correspondence has been received.

2. KRIT had proposed a rights issue of shares in which Andhra Pradesh Industrial Infrastructure Corporation (“APIIC”) (now, TSIIC) abstained from subscribing to the rights shares. Consequently, upon closure of the rights issue subscription by the other shareholders of KRC group, the stake of APIIC in KRIT reduced from 11%. Thereafter, upon demerger of certain undertakings of KRIT into Intime and Sundew, the APIIC’s stake reduced in each of these entities instead of what it was initially at 11%. Such rights issue of shares was undertaken in compliance with applicable law and agreement between the parties, and after KRIT had waited over one year for APIIC to decide.

Subsequently, APIIC / GoAP disputed such dilution of their stake in KRIT, Intime and Sundew, which led to an inquiry by Vigilance and Enforcement Department of GoAP against the Government Officials and correspondingly, KRIT. APIIC issued a letter dated July 10, 2012 to KRIT, referring to a report of vigilance and enforcement department (“VED Report”) in relation to the Mindspace Madhapur project. Subsequently, the equity stake of APIIC was restored to 11% in KRIT, Intime and Sundew together with compensating APIIC for any loss of corporate benefits in the intervening period. The VED Report alleged certain irregularities, which include alleging a financial loss to APIIC and GoAP pursuant to sale of the land to its sister concerns and sale of constructed area, at a nominal price, dilution of 11% equity stake of APIIC and loss of immovable asset base to APIIC due to the dilution of equity.

KRIT denied such irregularities, violations or financial loss caused to APIIC /GoAP. While denying the loss alleged by APIIC, KRIT, Intime and Sundew provided a joint undertaking dated February 14, 2014 to APIIC inter alia undertaking (i) to pay the amounts to APIIC in respect of APIIC’s claim of losses, due to any differences in values pertaining to the sale transactions in Mindspace Madhapur project; (ii) that payments shall be made by KRIT within 30 days of receipt of such written demand from APIIC; and (iii) that KRIT shall be bound by the decision of APIIC and comply with the same within the stipulated timelines.

KRIT has further provided an undertaking dated October 24, 2016 to APIIC, inter alia undertaking to pay losses incurred by Government of Telangana /APIIC as per the VED Report and to maintain the agreed shareholding of the Government of Telangana or APIIC in KRIT, Intime and Sundew post conversion of KRIT to public limited company and the Government of Telangana/ APIIC will not be required to infuse additional funds to maintain its equity stake in KRIT, Intime and Sundew.

While KRIT has attempted to make payments to the extent of the loss incurred by APIIC along with interest, by letter dated April 23, 2019, APIIC has confirmed to KRIT that it will be informed about the quantum of the amount to be paid, once the quantum of loss is determined by an independent third party appointed for such purpose. KRCPL, by way of its letter dated December 9, 2019, has undertaken that it shall assume any financial liability that KRIT, Intime or Sundew may incur in this behalf.

3. The Income Tax Department had issued a warrant dated November 29, 2017 under Section 132 of the Income Tax Act, 1961 against (“Income Tax Act”) against Avacado, Gigaplex, KRIT, MBPPL, Chalet Hotels, Genext, Inorbit Malls, KRCPL, KRPL, Shoppers Stop and others (“Parties”). Pursuant to the Warrant, the Income Tax Department carried out a search on November 30, 2017. The search covered various matters for which notices were already issued from time to time. The search was concluded on December 6, 2017 at the office and residence of the Parties. Pursuant to the search, the Income Tax Department issued notices to each of the Parties under Section 153A of the Income Tax Act directing them to prepare and furnish true and correct returns of total income for assessment years (“AY”) from 2008-2009, 2012-13 to 2017-18 within a stipulated timeline from the date of service of the notices and these returns have been furnished before the Income Tax Department. Further, the Income Tax Department issued notices under Section 142(1)/143(2) of the Income Tax Act for assessment years 2008-2009, 2012-13 to 2017-2018/2018-19, to the Parties seeking certain information. These details have been furnished before the Income Tax Department by the Parties from time to time. Post the Warrant, the assessment proceedings under section 153A of the Income Tax Act were initiated for AY 2012-13 to AY 2018-19. The assessment under section 143(3) read with section 153A of the Income Tax Act for AY 2012-2013 to AY 2017-2018 and under Section 143(3) of the Income Tax Act, for AY 2018-2019 were completed. KRIT filed appeals before the CIT(A) against the order for AY 2012-13 to AY 2017-18 and against the order for AY 2018-19 which are currently pending.
4. Anand Achary sent legal notices dated October 26, 2023 and November 11, 2023, respectively to Ranju Alex, the Area Vice President, South Asia of Marriott International Inc, and Westin Hotel, Amitabh Rai, Cluster General Manager, Westin Hyderabad, Sanjay Sethi, Chief Executive Officer and Managing Director, Chalet Hotels Limited and others alleging grabbing of an alleged park area and unauthorised conversion of the park area for commercial use. By way of abundant caution, KRIT and Chalet Hotels Limited have individually filed caveats before the High Court of Telangana

#### 4. Material civil/commercial litigation

KRIT filed an arbitration application on September 21, 2015 before the Hyderabad High Court (“High Court”) against Premier Kinder Care Services Private Limited (“Premier”). KRIT prayed for appointment of sole arbitrator to resolve disputes between KRIT and Premier in relation to (a) the term sheet dated March 10, 2011 entered into between KRIT and Premier for grant of lease by the KRIT to Premier in respect of Unit No. 2 admeasuring 3171 sq. ft. in Building No.2B at Mindspace Madhapur (KRIT) (“Premises”); (b) failure of Premier in making payments of ₹ 11.42 million due on account arrears of rent, balance security deposit together with interest thereon and (c) to deliver the possession of the Premises to KRIT. The notice of the petition has been served on Premier by publication in newspapers, pursuant to the order of the High Court dated November 25, 2016. The High Court by its order dated March 11, 2020 allowed the application for appointment of sole arbitrator. The arbitrator was appointed. By award dated July 22, 2021 (“Award”), the arbitrator allowed the claim of KRIT and a mediator was appointed who has submitted the mediator report dated August 2, 2021 to KRIT. The possession of the premises was taken and leased out.



Table 7.12: Summary of Pending Tax Litigation

ASSESSMENT YEAR	SIGNIFICANT ISSUE IN DISPUTE	AUTHORITY - RAISING ISSUE	AUTHORITY - PASSING ORDER	APPEAL PREFERRED BY	AUTHORITY - ISSUE PENDING BEFORE	NEXT DATE OF HEARING IF APPLICABLE	EXPOSURE - TAX, INTEREST AND PENALTY
2009-10	Restoration of CIT order u/s 263 for non allowability of deduction u/s. 80IA against IHP.	CIT	CIT	Dept.	High Court	Not available	-
2010-11	Restoration of CIT order u/s 263 for non allowability of deduction u/s. 80IA against IHP and on account of non fulfilment of minimum no of lease condition.	CIT	CIT	Dept.	High Court	Not available	-
2010-11	Allowability of deduction u/s. 80IA against IHP	Assessing Officer	Assessing Officer	Dept.	High Court	Not available	-
2011-12	Restoration of CIT order u/s 263 for non allowability of deduction u/s. 80IA against IHP and on account of non fulfilment of minimum no of lease condition.	CIT	CIT	Dept.	High Court	Not available	-
2012-13	Rental Income assessed under the head "Business" instead of IHP + Deduction u/s 80IA not allowed. Additional ground taken for claim of Education Cess.	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	5,594,322
2013-14	Rental Income assessed under the head "Business" instead of IHP + Deduction u/s 80IA not allowed	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	65,624,550
2014-15	Rental Income assessed under the head "Business" instead of IHP + Deduction u/s 80IA not allowed	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	138,166,291
2012-13	Deduction u/s 80IA not allowed	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2013-14	Deduction u/s 80IA not allowed	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2014-15	Deduction u/s 80IA not allowed	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2015-16	Deduction u/s 80IA not allowed	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	171,390,751

2016-17	Deduction u/s 80IA not allowed	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	181,357,135
2017-18	Deduction u/s 80IA not allowed	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	185,355,401
2018-19	Deduction u/s 80IA not allowed	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	185,013,203

Note: Direct tax litigations are at the SPV level.

**Table 7.13: Indirect Tax Litigation**

SR.NO	ENTITY	PARK	TAX TYPE	AUTHORITY PENDING	TAX DEMAND (IN 'MN)	INTEREST (QUANTIFIED)	PENALTY (QUANTIFIED)	ISSUE IN BRIEF	PERIOD	INTEREST	PENALTY
1	K Raheja IT Park (Hyderabad) Ltd	Mindspace Madhapur	Service Tax	CESTAT	19.77	-	-	Service tax on pure fitout charges collected from the customers	April 2015 to June 2017	as applicable	as applicable
2	K Raheja IT Park (Hyderabad) Ltd	Mindspace Madhapur	Customs	Reply to SCN filed with Commissioner, Customs, Hyderabad	9.08	-	-	Customs duty demand at the time of debonding of assets from the STPI	November 2014 and May 2016	as applicable	as applicable
3	K Raheja IT Park (Hyderabad) Ltd	Mindspace Madhapur	Service Tax	CESTAT	96.10	-	96.10	Service tax on pure fitout charges collected from the customers	April 2010 to March 2015	as applicable	96.10

## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 specialized 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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 (Intime Properties Limited), Madhapur, Hyderabad

Telangana, India

Submitted To:

K. Raheja Corp. Investment Managers Private Limited (formerly known as K Raheja Corp Investment Managers LLP)

(acting as Manager to Mindspace Business Parks REIT)

Date of Valuation:

31-Mar-2024

Date of Report:

24-Apr-2024



Prepared By:

**KZEN VALTECH PRIVATE LIMITED**

**IBBI/RV-E/05/2022/164**

## EXECUTIVE SUMMARY

Property Name	Mindspace Madhapur (Intime), Madhapur, Hyderabad, Telangana, India 500 081															
Property Address	Mindspace Madhapur, Titus Towers, TSIIIC software layout, Madhapur, Hyderabad, Telangana, 500081															
Land Area	8.52 Acres															
Brief Description	<p>The Project is located in Madhapur micro market in the Western part of Hyderabad; it is located adjacent to Raidurg Metro Station and at a distance of ~ 31 km from Hyderabad International Airport. The proposed Metro Phase 2 would connect Raidurg to Hyderabad International Airport, which would further improve the connectivity of the Project.</p> <p>The Project is developed as Grade A IT Park with IT Buildings (5B, 6, 9). The Project has excellent visibility along the access road and has 3 entry and exit points.</p> <p>The Project is surrounded by mixed use development comprising residential, retail, and commercial developments.</p>															
Asset Details	<p>Leasable area details for Intime Properties Limited as shared by the Client is given below:</p> <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Building Name</th> <th>Leasable Area (sq. ft.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Building 5B</td> <td>245,977</td> </tr> <tr> <td>2.</td> <td>Building 6</td> <td>388,543</td> </tr> <tr> <td>3.</td> <td>Building 9</td> <td>1,095,002</td> </tr> <tr> <td></td> <td>Total Leasable Area</td> <td>1,729,522</td> </tr> </tbody> </table> <p>Based on the site inspection, all buildings are operational. There are no under-construction buildings within the property.</p>	Sr. No.	Building Name	Leasable Area (sq. ft.)	1.	Building 5B	245,977	2.	Building 6	388,543	3.	Building 9	1,095,002		Total Leasable Area	1,729,522
Sr. No.	Building Name	Leasable Area (sq. ft.)														
1.	Building 5B	245,977														
2.	Building 6	388,543														
3.	Building 9	1,095,002														
	Total Leasable Area	1,729,522														
Location Map	<p>The map shows the project location (marked with a red star) in Madhapur, Hyderabad. It highlights the project's proximity to the Outer Ring Road (ORR), National Highways (NH-44, NH-65, NH-163), and Metro Rail corridors. The Hyderabad Metropolitan Region (HMR) boundary is also indicated. The map includes a legend for HMR Boundary, Metro Rail (All 3 corridors), and MMTS.</p>															
Key Assumptions	The table below summarizes key Valuation assumptions used in the estimate.															

Particulars	Description					
Asset Specific Information						
Nature of Asset	Commercial / IT Office with Amenities					
Current Status	Completed and Operational					
Total Leasable Area	1,729,522 sq. ft.					
Asset Details	Sl. No.	Building Name	Age of the Building	Usage Type	Status Area	Leasable Area (sq. ft.)
	1.	Building 5B	~ 15 years and 8 months	Non-SEZ	Completed	245,977
	2.	Building 6	~ 14 years and 05 months	Non-SEZ	Completed	388,543
	3.	Building 9	~ 13 years and 9 months	Non-SEZ	Completed	1,095,002
	<p>In addition to the above, the undivided rights, title and interest in the following assets are also part of the Project.</p> <ul style="list-style-type: none"> <li>▪ Total utility areas and internal roads.</li> <li>▪ Total open spaces.</li> </ul>					
Revenue Assumptions						
In-Place Rent	INR 69.5 per sq. ft. per Month					
Market / Marginal Rent	INR 74.6 per sq. ft. per Month					
Parking Rent	INR 2,100 per CPS per Month					
Financial Assumptions						
Exit Cap Rate	8.00%					
Discount Rate / WACC	11.75%					

Market Value on  
31-Mar-2024

For Completed Project - INR 17,407.07 million (INR Seventeen Billion Four Hundred Seven Million and Seventy Thousand Only)

*Note: Based on the inputs provided by Client, the valuation presented is for 89% interest of Mindspace REIT in the project only. The total value of the asset with 100% interest is INR 19,558.5 million (INR Nineteen Billion Five Hundred Fifty Eight Million and Five Hundred Thousand Only)*

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## **LIST OF ABBREVIATIONS**

BPO	Business Process Outsourcing
CBD	Central Business District
DCR	Development Controls & Regulations
GHMC	Greater Hyderabad Municipal Corporation
HMDA	Hyderabad Metropolitan Development Authority
INR	Indian National Rupees
IT/ITES	Information Technology/IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
km	Kilometre
NH	National Highway
ORR	Outer Ring Road
PBD	Peripheral Business District
RICS	Royal Institution of Chartered Surveyors
SEBI	Securities and Exchange Board of India
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft.	square feet
sq. m.	square metre
REIT	Real Estate Investment Trust
Y-o-Y	Year-on-Year

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.

# 1 INTRODUCTION

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## 1.1 INSTRUCTIONS

K Raheja Corp. Investment Managers LLP (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project named '**Mindspace Madhapur (Intime)**' located in **Madhapur, Hyderabad**, Telangana, India (hereinafter referred to as the 'Project').

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHA, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## **1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## 1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this section 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 Project 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.

## 1.7 INSPECTION OF THE PROJECT

Building 9 of the project was inspected on 22 March 2024 and Buildings 5 and 6 of the project were inspected on 23 March 2024 by the Valuer in the presence of client-nominated representative, 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.

## 1.8 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 Project 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.

## 1.9 CONFIDENTIALITY

The contents of this Valuation 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.

## 1.10 AUTHORITY

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## 1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls with any government departments/authorities, among other aspects., etc.

## 1.12 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.

## 1.13 ANTI-BRIBERY AND ANTI-CORRUPTION

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data/information provided by the Client and estimate has limited coverage wherever full data/information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and/or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.

9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and/or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.
10.	Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11.	Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12.	Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13.	Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14.	Disclaimer	<p>The estimate of Market Value is based on documents/information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>



## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different approaches and methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately.

The table below presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl. No.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This method is sometimes referred to as 'Rent Roll method as well.

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved (completed & operational commercial / office space, the value is estimated using the 'Discounted Cash Flow Method' (basis term and rent reversion) under 'Income Approach'.

## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Revenue pendency if any
  - Options or Rights of Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5%-11.5% to about 7.5%-8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted a exit cap rate of 8% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective contribution to the total capital of the company (WACC).

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the subject property against similar portfolios/properties in the market. For discounting the cash flows, an appropriate discount rate considering the location of Project and market dynamics of the micro market, has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the completed portion of the project.

This derived discount rate was found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

Property Name	Mindspace Madhapur (Intime), Madhapur, Hyderabad, Telangana, India 500 081																											
Property Address	Mindspace Madhapur, Titus Towers, TSIC software layout, Madhapur, Hyderabad, Telangana, 500081																											
Land Area	8.52 Acres																											
Brief Description	<p>The Project is located in Madhapur micro market in the Western part of Hyderabad; it is located adjacent to Raidurg Metro Station and at a distance of ~ 31 km from Hyderabad International Airport. The proposed Metro Phase 2 would connect Raidurg to Hyderabad International Airport, which would further improve the connectivity of the Project.</p> <p>The Project is developed as Grade A IT Park and comprises of three IT Buildings (5B, 6, 9). The Project has excellent visibility along the access road and has 3 entry and exit points. The Project is surrounded by mixed use development comprising residential, retail, and commercial developments.</p>																											
Valuation Methods	For completed and operational Buildings, the estimate of Market Value is prepared using ' <b>Discounted Cash Flow Method</b> ' using <b>Rent Reversion</b>																											
Nature of the Interest by the Client	89% freehold interest in the Project as informed by the Client																											
Purchase Price of the Project	<p>INR 13,517.33 million, as given by the Client</p> <p><i>Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the project and the valuation presented is for 89% interest in the project only. The total value of the asset with 100% interest is INR 15,188.01 million</i></p>																											
Historical Valuation of the Project in 3 Previous Years	<p>Below table summarizes historical valuation of the Project as given by the Client:</p> <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Date of Valuation</th> <th>Total Market Value (INR Mn)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>30-Sep-2023</td> <td>17,001</td> </tr> <tr> <td>2.</td> <td>31-Mar-2023</td> <td>16,831</td> </tr> <tr> <td>3.</td> <td>30-Sep-2022</td> <td>16,775</td> </tr> <tr> <td>4.</td> <td>31-Mar-2022</td> <td>16,436</td> </tr> <tr> <td>5.</td> <td>30-Sep-2021</td> <td>16,204</td> </tr> <tr> <td>6.</td> <td>31-Mar-2021</td> <td>15,790</td> </tr> <tr> <td>7.</td> <td>30-Sep-2020</td> <td>16,061</td> </tr> <tr> <td>8.</td> <td>31-Mar-2020</td> <td>15,501</td> </tr> </tbody> </table> <p><i>Note: The above figures are for 89% interest of Intime Properties Limited in the Project.</i></p>	Sr. No.	Date of Valuation	Total Market Value (INR Mn)	1.	30-Sep-2023	17,001	2.	31-Mar-2023	16,831	3.	30-Sep-2022	16,775	4.	31-Mar-2022	16,436	5.	30-Sep-2021	16,204	6.	31-Mar-2021	15,790	7.	30-Sep-2020	16,061	8.	31-Mar-2020	15,501
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7.	30-Sep-2020	16,061																										
8.	31-Mar-2020	15,501																										
Ready Reckoner Rate	<p>For Built-up Area            Ground floor – INR 7,300 per sq. ft. and first &amp; other floors - INR 6,600 per sq. ft.            Land Rate – INR 44,900 per sq. yard.</p>																											
Date of Valuation	31-Mar-2024																											
Date of Inspection	22 and 23-Mar-2024																											

	For Completed Project - INR 17,407.07 million (INR Seventeen Billion Four Hundred Seven Million and Seventy Thousand Only)
Market Value as on 31-Mar-2024	<i>Note: Based on the inputs provided by Client, the valuation presented is for 89% interest of Mindspace REIT in the project only. The total value of the asset with 100% interest is INR 19,558.5 million (INR Nineteen Billion Five Hundred Fifty-Eight Million and Five Hundred Thousand Only)</i>
Matters Affecting the Property and its Value	Please refer to Chapter 7 of this Valuation Report
Assumptions, Disclaimers, Limitations and Qualifications	This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance on this report and <b>extension of Valuer's liability is conditional upon the reader's acknowledgement and understanding of these statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose.</b> No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project
Prepared by	KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164) Represented through its Director Mr. Sachin Gulaty FRICS FIV FIIA IBBI/RV/02/2021/14284



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**Name:** Sachin Gulaty FRICS FIV FIIA  
**Designation:** Director  
**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND/OR PROJECT

The table below presents details of the Project Site and/or Project.

Table 5.1: Details of the Project Site and/or Project

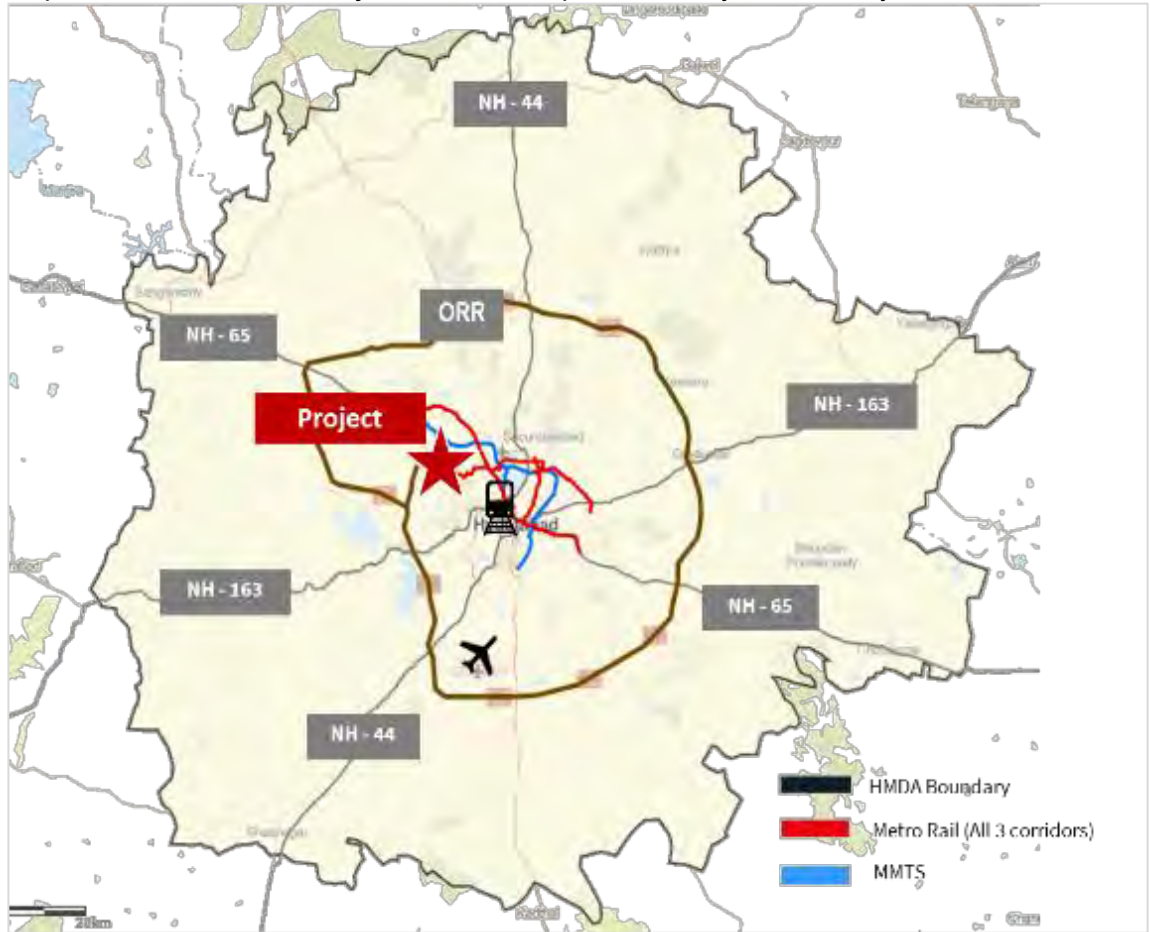
DETAILS OF PROPERTY	
Property Name	Mindspace Madhapur (Intime), Madhapur, Hyderabad, Telangana, India 500 081
Property Address	Mindspace Madhapur, Titus Towers, TSIC software layout, Madhapur, Hyderabad, Telangana, 500081
Land Area	8.52 Acres
Block-Wise Break-Up of Leasable Area and Current Status	Please refer Table 1.1
Access	Accessible through 60 m wide Hitech City Main Road and 36 m wide internal road
Frontage	Excellent frontage along the abutting road
Shape and Visibility	Regular in shape and has excellent visibility along the abutting road
Approval Status	Project has requisite approvals in place as confirmed by the Client.
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The Project is located in Madhapur in the Western part of Hyderabad. It is located adjacent to the Raidurg Metro Station and at a distance of ~ 31 km from Hyderabad International Airport.

The map on the following page presents the location of the Project with respect to the city.

Map 5.1: Location of the Project Site with respect to the Hyderabad City



Source: Real Estate Market Research & Analysis; JLL, March 2024

The distance of the Project from major landmarks in the city is given in the table below.

Table 5.2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Raidurg Metro station	Adjacent to the Mindspace Park
Cyber Tower	~ 1.3
Inorbit Mall	~ 1.4
Outer Ring Road (ORR)	~ 2.5
Secunderabad Railway station	~ 19
Hyderabad International Airport	~ 31

Source: Real Estate Market Research & Analysis; JLL, March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The Project is developed as IT Park and is located in Madhapur micro market of Hyderabad. It is located accessible through 60 m wide road from HITEC City main road and 36 m internal road. In terms of Project Site attributes, the Project Site is regular in shape and has relatively flat terrain. The Project has excellent frontage and visibility along the abutting road and the overall IT Park has 3 entry / exit points. The Project is regular in shape with fairly even topography.



The Project is spread across ~8.52 acres of land and spread across three buildings with total leasable area of ~ 1.73 million sq. ft.

The Project micro market has excellent social and physical infrastructure and is the most sought-after micro market for commercial office in Hyderabad.

The following map presents the location of the Project and its surroundings.

Map 5.2: Location of Project and its Surrounding Developments



Source: Real Estate Market Research & Analysis; JLL, March 2024

The table below presents the boundary/edge conditions of the Project (overall Mindspace Park).

Table 5.3: Project (overall Mindspace Park) and its Site Boundaries

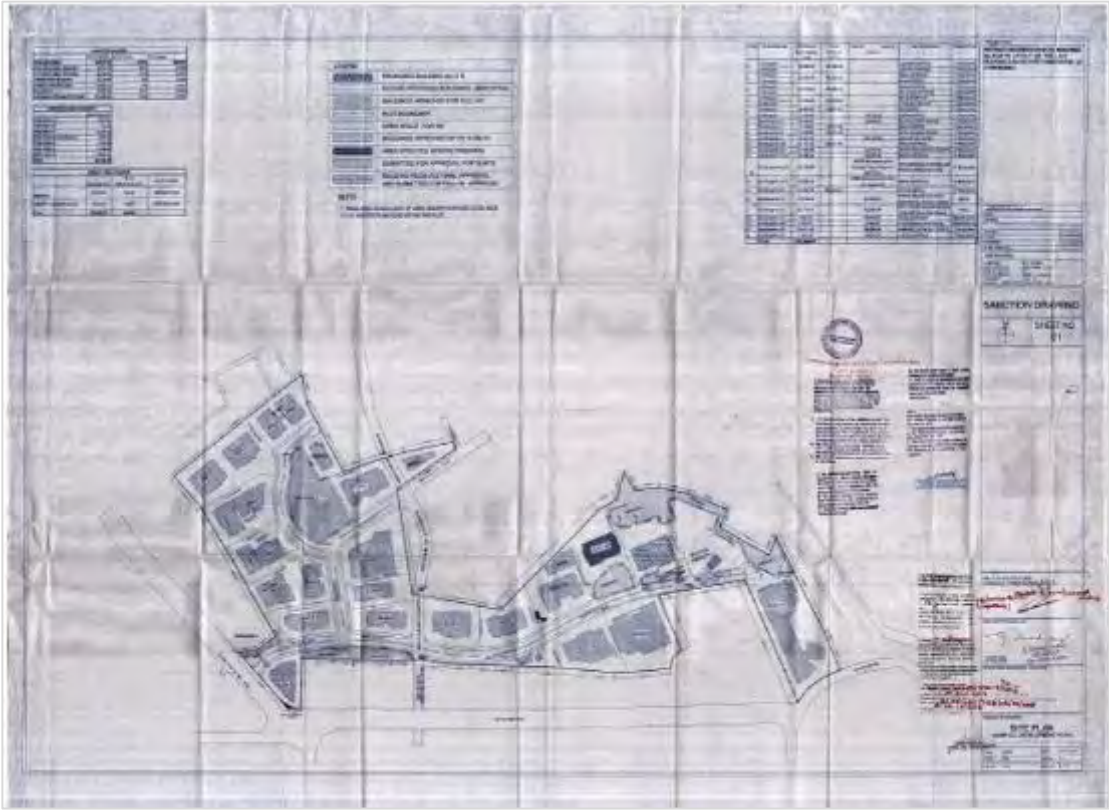
North	Private Property
South	Private Property and 36 m wide road
West	60 m wide road (HITEC City main road)
East	Private Property and 24 m wide road

Source: Real Estate Market Research & Analysis; JLL, March 2024

The Project is predominantly surrounded by Grade A commercial / office, residential, retail and hospitality developments.

The map on the following page presents the conceptual Layout Plan of the Project as shared by the Client.

Map 5.3: Conceptual Layout Plan for the Project



Source: Client, March 2024

## 5.4 DESCRIPTION OF THE PROJECT

As stated earlier, the Project has total leasable area of 1.73 million sq. ft. as per the occupancy certificate and leases signed and it is spread across three (3) buildings i.e., Building 5B, 6 and 9. All the buildings are completed & operational and are non-SEZ buildings.

The table on the following page presents key asset specific information.

**Table 5.4: Key Asset Specific Information of the Project**

Particulars	Description
Name of the Entity	Intime Properties Limited
Interest owned by Mindspace REIT	Project is wholly owned by Intime Properties Limited, which is 89% owned and controlled by Mindspace REIT <sup>1/</sup>
Land Extent	8.52 Acres
Asset Type	IT Park with Non-SEZ buildings
Sub-Market	Madhapur
Approved and Existing Usage	IT Offices
Current Status	100% Complete and Operational
Approvals Status	List of approvals are specified in annexure 4
Freehold/Leasehold	The underlying land is taken on freehold basis
Leasable Area	1.73 million sq. ft.
Occupied Area	1.59 million sq. ft.

Particulars	Description
Committed Area	1.59 million sq. ft.
Occupancy <sup>3/</sup>	92.1%
Committed Occupancy <sup>4/</sup>	92.1%
Number of Tenants	31

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Client has obtained occupation certificate for entire leasable area measuring 1.73 million sq. ft.

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupiers

## 5.5 PROJECT INSPECTION

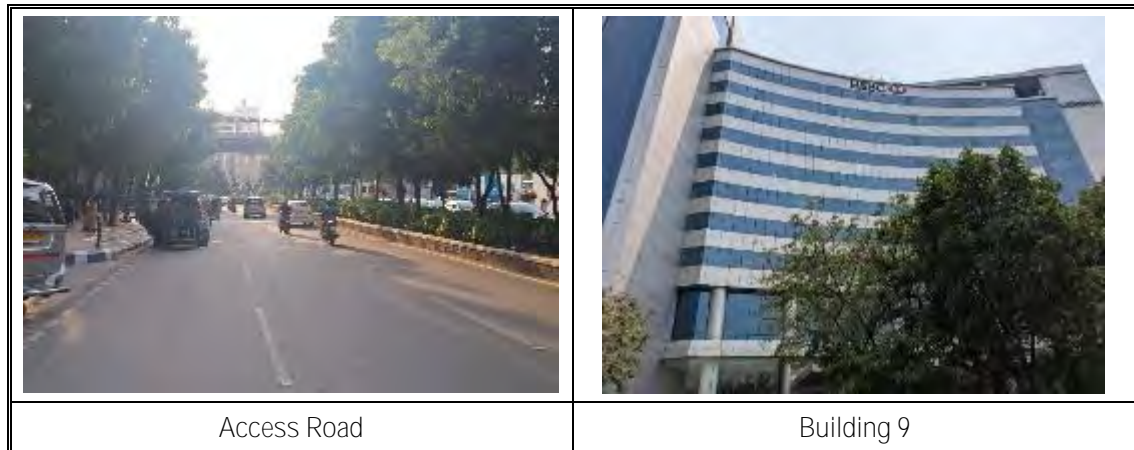
The Project is part of a larger campus. spread across three (3) IT Buildings (5B, 6 & 9). All buildings are completed & operational and are non-SEZ buildings, The Project was inspected on 22 and 23 March 2024 by the Valuer.

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.

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 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.

Some of the photographs of the Project and surroundings are given below.





## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### Developable Area of the Project

The Total area of the Project is ~ 8.52 acres with a total leasable area of ~ 1.73 Mn sq. ft under 3 buildings.

### Site Services and Finishes

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

### Condition and Repairs

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in any of the operational buildings. However, there is upgrade CAPEX to the tune of approx. INR 191.3 million which shall be completed by Q4 FY25.

### Environmental Considerations

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

For the purpose of assessing the vulnerability of the Project 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 Project is located falls in Seismic Zone II with low risk. The city faces low risk in terms of high winds or cyclones too. The Project is not likely to face any higher risk than the overall risk profile of the city. Project is regular in shape with fairly even topography. No hazardous activity was noted in the vicinity of the Project, which may expose it for any induced disaster.

### Option or Pre-Emption Rights and Encumbrances

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based



on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

### **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 Project 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.

### **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 to the valuer, relating to the Project or any compounding charges.

## **5.7 TENANCY ANALYSIS**

### **Tenant Profile of Top 10 Tenants**

As on 31 March 2024, The Project has 30 tenants which include companies like Qualcomm India, BA Continuum Verizon, Wework, HSBC, Vodafone etc. The Project's Top 10 tenants account 87.9% of the Gross Rental Income. Top 10 Tenants as per leasable areas are listed on the following page:

**Table 5.5: Top 10 Tenants as per Leasable Area\***

Sl. No.	Tenant	Leasable Area (sq. ft.)
1	Qualcomm India Private Limited	388,543
2	BA Continuum India Pvt Ltd	245,977
3.	Verizon Data Services India Pvt. Ltd.	194,071
4.	Wework India Management Private Limited	101,857
5.	HSBC Electronic Data Processing India Pvt Ltd.	99,760
6	Vodafone Idea Limited	96,377
7	Verisk Analytics India Private Limited	92,442
8	Oplus India Research and Development India Pvt. Ltd.	72,336
9	Newmark CRE Services Pvt. Ltd.	65,309
10	ACS Global Tech Solutions Pvt. Ltd.	55,891
	TOTAL	1,412,563

\*Includes contracted areas for which rent may start at a future date

The top 10 Tenants as per Gross Rents are listed below:

**Table 5.6: Top 10 Tenants as per Gross Rentals\***

Sl. No.	Tenant	Share of Gross Rentals
1	Qualcomm India Private Limited	22.7%
2	Verizon Data Services India Pvt. Ltd.BA Continuum India Pvt Ltd	13.0%
3	BA Continuum India Pvt Ltd Verizon Data Services India Pvt. Ltd.	13.0%
4	Vodafone Idea Limited	6.7%
5	HSBC Electronic Data Processing India Pvt Ltd.Wework India Management Private Limited	6.3%

Sl. No.	Tenant	Share of Gross Rentals
6	Wework India Management Private Limited HSBC Electronic Data Processing India Pvt Ltd.	6.2%
7	Verisk Analytics India Private Limited	5.8%
8	Oplus India Research and Development India Pvt Ltd	5.2%
9	Newmark CRE Services Pvt Ltd	4.5%
10	Teleperformance Global Services Private Limited	4.5%
	TOTAL	87.9%

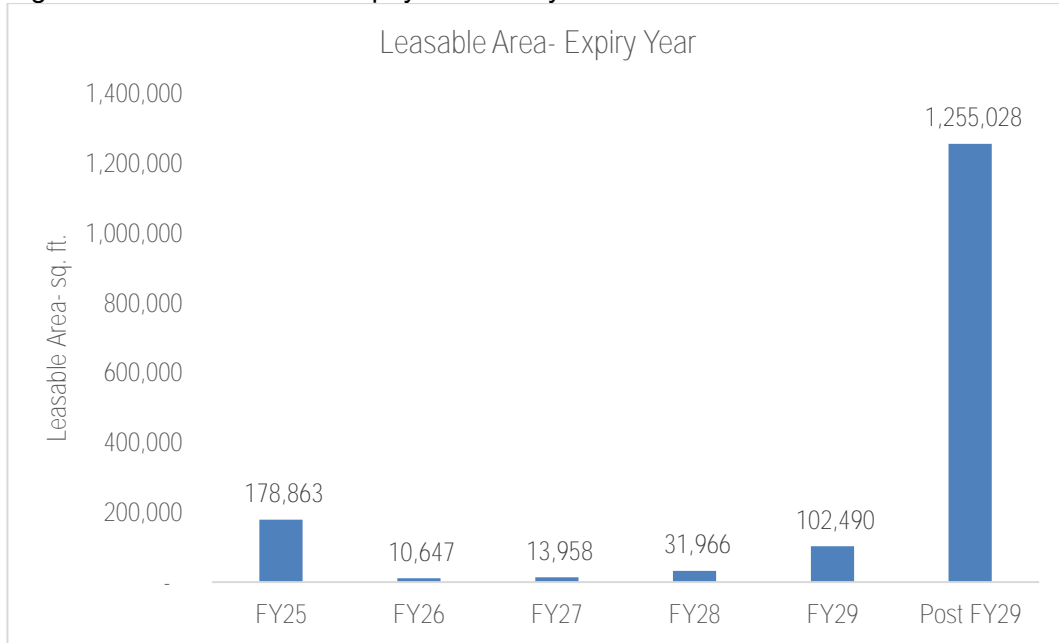
Source: Analysis, March 2024

\* Includes contracted areas for which rent may start at a future date

**Lease Expiry Analysis**

The WALE of the project is 6.7 years, the occupied area expiring between FY 25 and FY 29 as shown in the chart on the following:

Figure 5-1: Leasable Area Expiry Year Analysis



Source: Analysis, March 2024

**Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 5% every year or 15% every 3 years.

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

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### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Hyderabad is one of the fastest-growing cities in India. The city has succeeded in building on its IT/ITeS and pharmaceutical capabilities and managed to attract several global technology and pharmaceutical giants to invest in and operate from the city. In 2020, Hyderabad topped the JLL City Momentum Index (CMI) for the second time after 2018. An active real estate market with healthy rental growth along with a thriving start-up culture have been the catalysts for Hyderabad to surpass all other major metro cities around the world and top the index. Proactive initiatives and investor friendly policies such as the new industrial policy of TS-iPass has helped support the fast and strong economic growth of the city in the last 5 years. The city is also home to 4,000 start-ups, primarily in the field of AI, Life sciences and Big Data analytics. The 2020 Global Start-up Ecosystem Report (GSER) by start-up Genome and the Global Entrepreneurship Network has put the state of Telangana among the top 30 global ecosystems for affordable talent in 2020 and Hyderabad is amongst the Top 100 emerging ecosystems.

### 6.3 ECONOMY & DEMOGRAPHICS

IT/ITeS and pharmaceutical industries are the two major sectors that contribute the maximum to the city's GDP. Riding on the strong expansion by all marquee tenants, IT exports by Telangana in FY 2022–23 grew by 31.4% to INR 2,41,275 crore, compared to the national average of 9.4%. During the same financial year, the state added approximately 127,594 new jobs at an annual growth rate of 16.3%. This accounts for a staggering 44% of the total IT jobs added in the country during the same period. Along with IT/ITeS, the pharmaceutical industry adds significantly to the exports from the city by commanding a 30% share in India's bulk drug production. The city now boasts of over 1 million professionals employed by the IT sector.

Owing to its robust and fast-developing infrastructure along with ease of living that offers a cosmopolitan environment, Hyderabad is amongst the most preferred destinations by the young workforce of the country. As per India Workforce Report by LinkedIn, Hyderabad is the 3rd largest city to attract people from every corner of India. Hyderabad accounts for about 8.5% of total migrants across cities in India.

### 6.4 INFRASTRUCTURE INITIATIVES

The Telangana State Road Transport Corporation's (TSRTC) city buses, and Indian Railways' Multi-Modal Transport System along with Hyderabad Metro Rail (HMR) form the key public transport system for Hyderabad city. The current Hyderabad Metro Rail network consists of 57 stations covering 67 km. This connects the eastern and western parts of the city through the dense CBD of Hyderabad. This service is further being extended to connect the Rajiv Gandhi International airport at Shamshabad with the IT hubs- Madhapur, Gachibowli, and surrounding areas in the western part. Over the last 3 years, the city has experienced massive road development projects in all major areas.

The major infrastructure push to Hyderabad is being carried out through the most comprehensive road development plan. The flagship program by the state government and Greater Hyderabad Municipal Corporation (GHMC) is aimed to improve 54 junctions in the city by building new elevated flyways and underpasses along with the construction of new roads. The INR 24,000 crore project involves reducing the traffic congestion in the city and use it as a catalyst to improve the ease of living.

### **Existing infrastructure**

Existing Project	Completion timeline	Details	Key Impact Zones
Nehru Outer Ring Road (ORR)	2008 – 2018 (in phases)	158 km elevated 8-lane expressway built to encircle city periphery	Madhapur, Gachibowli
Rajiv Gandhi International Airport (RIGA)	2008 (On-going expansion)	Improved air connectivity of Hyderabad with key cities across the world.  Direct air connectivity with the key cities in the USA, UK, Europe, Middle East, Singapore, and Hong Kong.	Suburbs Others, Gachibowli
PVNR Expressway	2009	11.6 km signal-free elevated highway from Mehidipatnam to Attapur	SBD, Suburbs Others
Durgam Cheruvu Bridge	2020	0.5 km cable bridge over Durgam Cheruvu connecting Jubilee Hills to Madhapur Reduces travel time	SBD
Strategic Road Development Programme (SRDP)	Started in 2018	-	CBD, SBD, Madhapur, Gachibowli, Suburbs Others

Source: Real Estate Market Research & Analysis; JLL, March 2024

### **Upcoming Infrastructure**

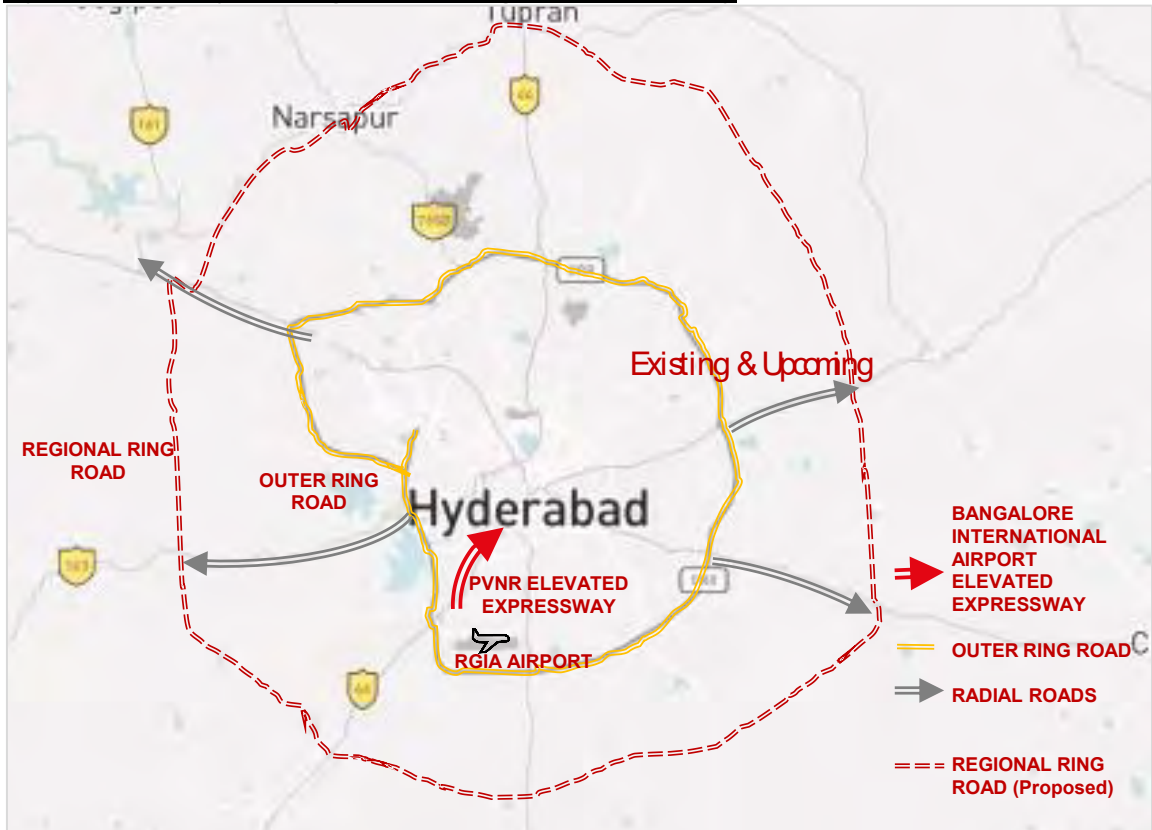
Some of the key upcoming projects for the city are mentioned below:

Upcoming Project	Completion timeline	Details	Key Impact Zones
Regional Ring Road	NA	6 lane, 330 km Circular Road network to be developed around extended suburbs of Hyderabad city to ensure excellent connectivity with supporting smaller towns around Hyderabad. Intercity connectivity with other districts of Telangana is likely to improve	NA
Elevated Corridors	2022 - 2024	Elevated Road network in key junctions of the city Helps in easing traffic congestion	Suburbs Others, CBD, SBD
Elevated Bus Rapid Transport System (EBRTS)	NA	<b>To complement Hyderabad's transport infrastructure,</b> an elevated BRTS is planned between KPHB and the Financial District with further extension up to Kokapet. Being implemented by the Hyderabad Airport Metro Limited EBRTS will have 23 stops for electric buses and aims to resolve the traffic congestion along the Metro corridor.	Madhapur, Gachibowli

Source: Real Estate Market Research & Analysis; JLL, March 2024



**Hyderabad – Key existing & upcoming roads in the city**



Source: Real Estate Market Research & Analysis: JLL, March 2024

**Existing Metro Rail Lines**

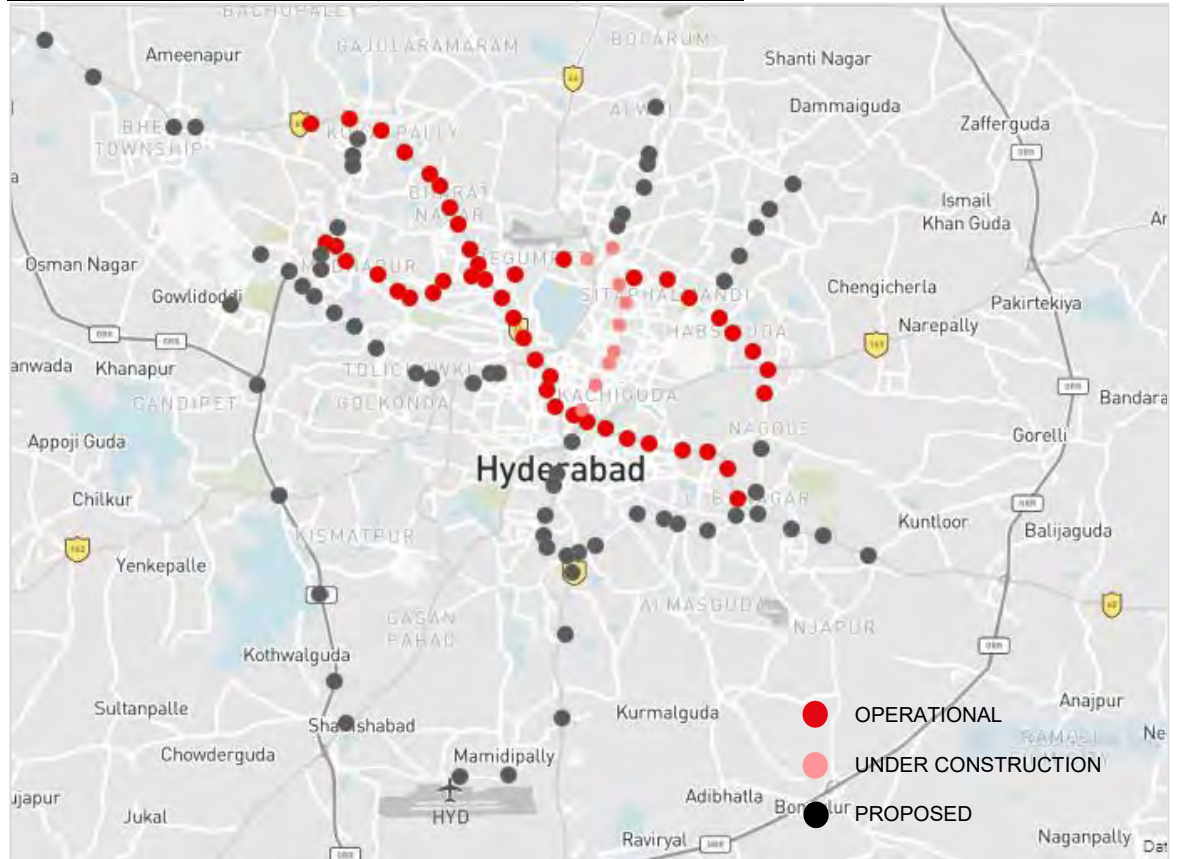
Existing Project	Completion timeline	Details	Key Impact Zones
Hyderabad Metro Rail – Phase I	2017 - 2020	69 km elevated network connecting eastern and western parts of city via CBD	SBD, CBD, Madhapur

**Upcoming Metro Rail Lines**

Upcoming Project	Completion timeline	Details	Key Impact Zones
Hyderabad Metro Rail – Phase II	NA (3-4 years from commencement)	<ul style="list-style-type: none"> <li>58 km network connecting airport and other residential suburbs</li> <li>Raidurg to Shamshabad Airport – 31 km</li> <li>Nagole to LB Nagar – 5 km</li> <li>Lakdi ka pul to BHEL – 22 km</li> </ul>	Gachibowli, SBD, Suburbs Others
Hyderabad Airport Metro	NA	Hyderabad Metro's Airport Express Line is an upcoming rail line that'll connect Mindspace REIT Junction and Rajiv Gandhi International Airport in Shamshabad via 10 stations. This 32 km line of the Hyderabad Metro Phase 2 project will be funded by Telangana Government and executed by HAML (Hyderabad Airport Metro Ltd).	

Source: Real Estate Market Research & Analysis: JLL, March 2024

**Hyderabad – Map of existing and upcoming metro lines**



Source: Real Estate Market Research & Analysis; JLL, March 2024

**6.5 HYDERABAD - OFFICE SUB MARKETS**

The office sub-markets of Hyderabad City are classified into six micro markets based on the market trend as mentioned below.

Sub-market	Locations	Map of Hyderabad office market
CBD	Begumpet, SP Road, Secunderabad, Punjagutta, Nagarjuna Circle, Raj Bhavan Road.	
SBD	Banjara Hills, Jubilee Hills, Shaikpet, Kavuri Hills, Ameerpet, Nagarjuna Hills	
Madhapur	Hafeezpet, Madhapur, Kondapur, Madhapur, Raidurg, Kukatpally	
Gachibowli	Kokapet, Manikonda, Financial District, Nanakramguda, Puppalguda, Khajaguda	

Peripheral East	Uppal, Pocharam	
Suburbs- Others	Shamshabad	

Source: Real Estate Market Research & Analysis; JLL, March 2024

### Key Submarkets-Development and Occupier Profile

Madhapur	<p>Development Profile: it is the most established office market in the western part of the city, well connected by the public transport in the city</p> <p>Key Occupiers: Qualcomm, Wells Fargo, Deloitte, AMD, Intel, Facebook, Microsoft, JPMC, Synchrony, Dell</p> <p>Key Developers: Mindspace REIT, Phoenix Group, RMZ, Salarpuria, Capitaland, Meenakshi Constructions, Divyasree</p>
Gachibowli	<p>Development profile: Developed as an extension to existing office market in Madhapur, along the ORR in the western part of the city. Primarily emerged as home to owned campuses of large companies but office market expanded in the last decade</p> <p>Key Occupiers: Largely home to campuses of Wipro, Infosys, Amazon, Microsoft along with notable presence from Apple, Google, CTS, Micron, ZF</p> <p>Key Developers: Phoenix Group, GAR Corp, Salarpuria, DLF, Vamsiram Builders</p>
Peripheral East	<p>Development profile: Office market is in nascent stage of development with key projects being operational in Pocharam &amp; Uppal in the eastern periphery</p> <p>Key Occupiers: Infosys, Genpact, Cyient</p> <p>Key Developers: Mindspace REIT, NSL Constructions</p>
Suburbs Others	<p>Development profile: Very early-stage market around Shamshabad in the southern periphery driven mostly by its proximity to the International Airport Office</p> <p>Key Occupiers: Cube Infrastructure, HBL, OSI Systems</p> <p>Key Developers: GMR</p>
CBD	<p>Development profile: Oldest office market originated in the center of the city. Projects are largely owned by individual landlords with standalone properties</p> <p>Key Occupiers: <b>SONATA Software, Dr.Reddy's</b></p> <p>Key Developers: Gowra Ventures, Ashoka Builders</p>
SBD	<p>Development profile: Developed around affluent localities in the city adjoining Madhapur. Most properties developed by key developers were as standalone developments</p> <p>Key Occupiers: DE Shaw, First American Financial</p> <p>Key Developers: Phoenix Group, Vamsiram Builders</p>

Source: Real Estate Market Research & Analysis; JLL, March 2024

### Hyderabad Office Real Estate Market Highlights Q1 2024

Gross leasing in the Hyderabad office market in Q1 2024 stood at 1.37 mn sq ft, up by 40.4% y-o-y. On a q-o-q basis, this was lower by 50%. Leasing activity in existing properties was strong especially in marquee assets. The quarterly gross leasing activity was led by Madhapur which accounted for a ~78% share. IT/ITeS led with the biggest share of 23.7%, followed by BFSI and Flex with 22.0% and 17.3% shares, respectively. The healthcare segment also held

a 17% share in the quarterly leasing, underpinning the strong demand from this sector, especially in the form of GCCs and R&D centres.

The net absorption in Q1 2024 stood at 1.55 mn sq ft, nearly 3X up from the same period last year, albeit lower by 44.1% q-o-q. This also included end-user property purchases of 0.32 mn sq ft during the quarter. Net absorption was also impacted by lower completions in Q1, with new supply at a four-quarter low.

The city recorded completions of 2.08 million sq ft during the quarter, largely concentrated in SBD and Gachibowli, with only a solitary mid-sized completion in Madhapur during the quarter. With this, total Grade A office stock in the city rose to 124.0 million sq ft.

At the overall city level, vacancy rose by 10 bps q-o-q to 24.6%. In the same period, Madhapur's vacancy stood at 14.5%, down by 100 bps q-o-q and at its lowest in four quarters.

Overall office rents rose marginally by 0.4% q-o-q to INR 64.5 per sq ft per month.

### **City Market Trends**

Sub-Markets	Total Stock (sq. ft)	Net Absorption (sq. ft)			Vacancy %		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	124,021,083	1,551,978	-44.1%	195.8%	24.6%	10 bps	360 bps
CBD	3,104,883	0	-100.0%	-100.0%	10.6%	10 bps	110 bps
SBD	4,386,241	90,000	34.3%	16.2%	37.3%	1,560 bps	1,170 bps
Madhapur	71,507,977	962,764	-42.3%	181.1%	14.5%	-100 bps	90 bps
Gachibowli	40,735,894	476,215	-55.9%	NA	40.6%	0 bps	600 bps
Peripheral East	2,989,000	0	NA	NA	46.3%	0 bps	1,110 bps
Suburbs Others	1,297,083	23,000	NA	-54.0%	17.3%	-170 bps	-410 bps

Source: Real Estate Market Research & Analysis; JLL, March 2024

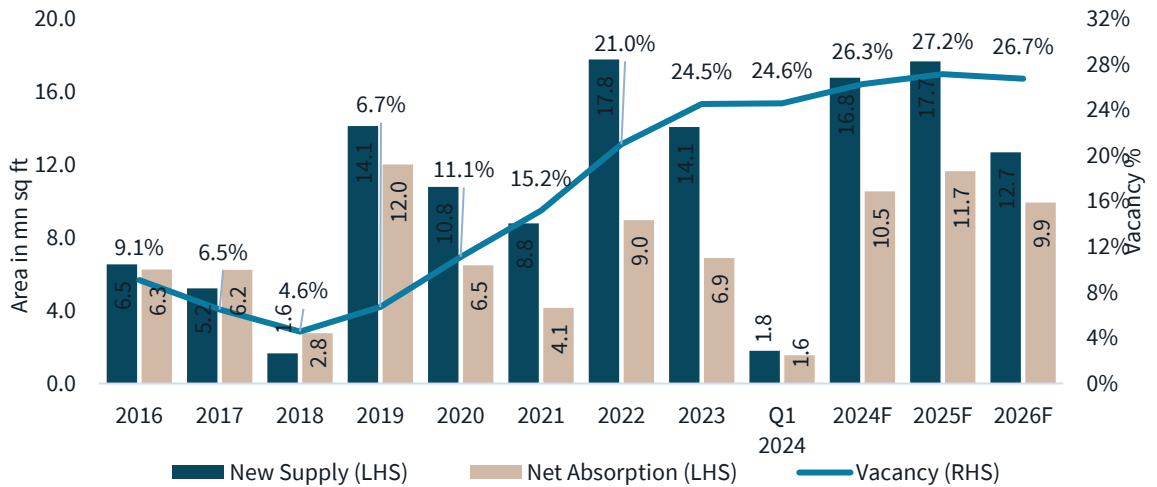
### **Leasing Activity**

Leasing activity in Hyderabad stood at a healthy 1.37 mn sq ft in Q1 2024, with space demand holding steady on same period comparison. In fact, on a y-o-y basis leasing volumes were up by 40.4%, though q-o-q activity was down by 50%. Deals were largely driven by expansion activity from existing tenants

Madhapur was the runaway leader accounting for a 78% share of the gross leasing activity in the quarter, with Gachibowli's share at 21%. The demand for flex spaces continued to remain healthy with flex operators managing to lease out ~3,100 seats in the city as occupiers embraced plug and play workspaces as part of their optimized workplace strategies. There are some large-scale transactions that are currently in active stages of closure in the city, predominantly in the Madhapur submarket.

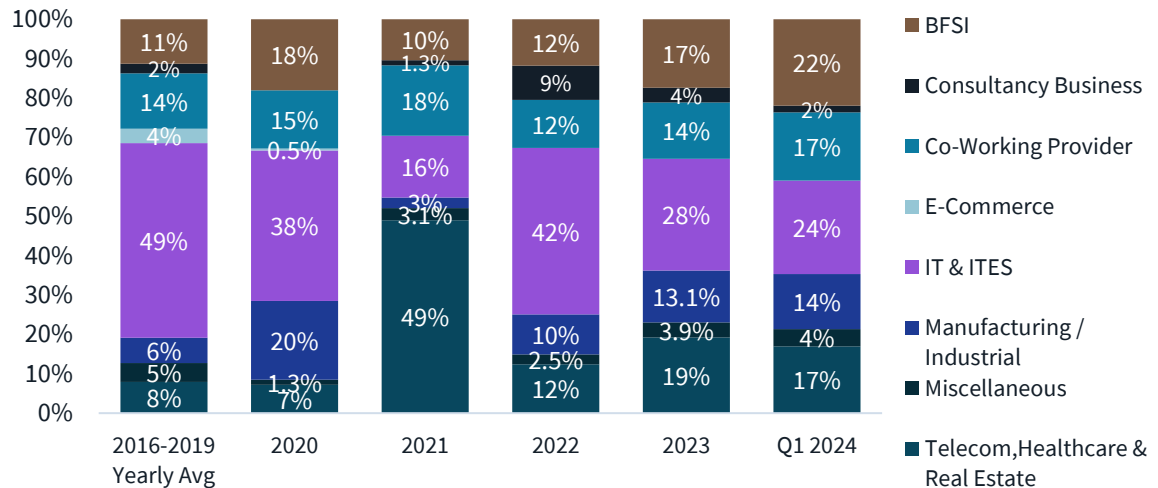
Hyderabad's net absorption was clocked at 1.55 mn sq ft, driven by the fresh leases in both existing and newly completed buildings and some end-user office space purchases which themselves totalled to 0.32 mn sq ft, reported during the quarter. The net absorption though lower on account of less completions in Q1, was also up by nearly 3x y-o-y.

### Total Completions, Net Absorption and Vacancy Rate – Overall



Source: Real Estate Market Research & Analysis; JLL, March 2024

### Occupier share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, March 2024

### Vacancy

While demand has remained quite healthy, the supply infusion in the city has remained strong. As a result of which vacancy in the city rose by 10 bps q-o-q to 24.6%. Since covid, the vacancy levels in the city have moved northwards amidst a strong supply even as demand has shown a recent resurgence since 2022.

### Market Rents

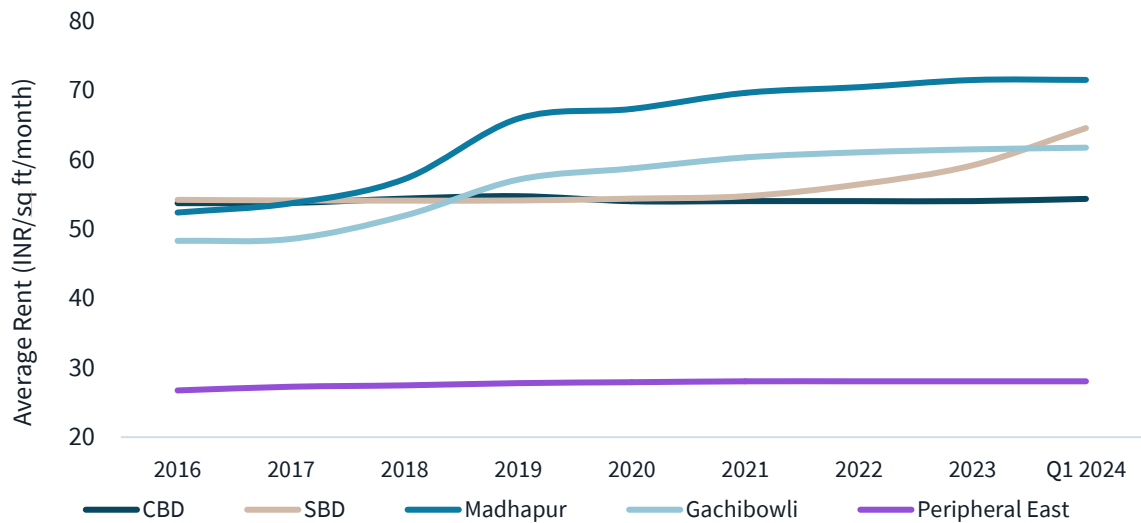
With limited supply till 2018 in the city, rents remained stable across the city. However, as a new wave of quality supply hit the market in 2019, rents witnessed significant growth in key micro markets like Madhapur and Gachibowli. However, post covid the rental growth has been limited but continues to be on the growth curve in the city amidst completions from top developers largely in Madhapur and Gachibowli entering the market at higher rentals.

With the completion of projects by RMZ, Salarpuria & Capitaland in 2023, rental values moved up by 1.5% y-o-y by end of the year. In Q1 2024, rents were further seen to grow by 0.4% q-o-q to now be at INR 64.5 per sq ft per month. Rent change q-o-q was seen to be higher in the SBD sub-market due to stock realignment and the removal of average assets from the

Grade A building basket. Also, the new completion in the SBD entered the market at a healthy premium to this submarket's average.

GROSS RENT (INR/SQ FT/PM) GFA			
	Q3 23	Q-o-Q Change	Y-o-Y Change
Overall	64.1	0.6%	1.7%
CBD	54.0	0.0%	0.0%
SBD	56.6	0.4%	3.5%
Madhapur	71.5	0.7%	2.1%
Gachibowli	61.1	0.0%	0.0%
Peripheral East	28.1	0.0%	0.0%

### Submarket wise Gross Rents



Source: Real Estate Market Research & Analysis; JLL, March 2024

*Note: Mindspace REIT micro markets, 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.*

### New supply

In the last few, years Hyderabad has witnessed a massive growth in new supply across the key submarkets. While the average annual supply from up to 2018 has been 4.8 million sq ft, it jumped to 13.2 million sq ft in the last four years in the city. With delayed projects coming on board in the next few quarters, new supply is expected to witness robust growth in the latter part of 2023 and in 2024, largely driven by Madhapur and Gachibowli submarkets. After recording its lowest ever supply in Q1 2023 at 0.7 million sq ft, Hyderabad recorded a gross supply of 8.5 million sq ft in the next two quarters of 2023. In Q3 2023, city witnessed 3.2 million sq ft of new supply largely led by Madhapur submarket, taking the overall office stock in the city to 116.3 million sq ft.

In the last few, years Hyderabad has witnessed a massive growth in new supply across the key submarkets. While the average annual supply up to 2018 has been 4.8 million sq ft, it jumped to 13.2 million sq ft in the last four years in the city. Even in 2023, new supply jumped to 15 mn sq ft, with another 2.1 mn sq ft completed in Q1 2024. Most of the new supply additions over the past 3-4 years have been led by Madhapur and Gachibowli submarkets. The city's total Grade A office stock now stands at 124.0 mn sq ft.

**Outlook**

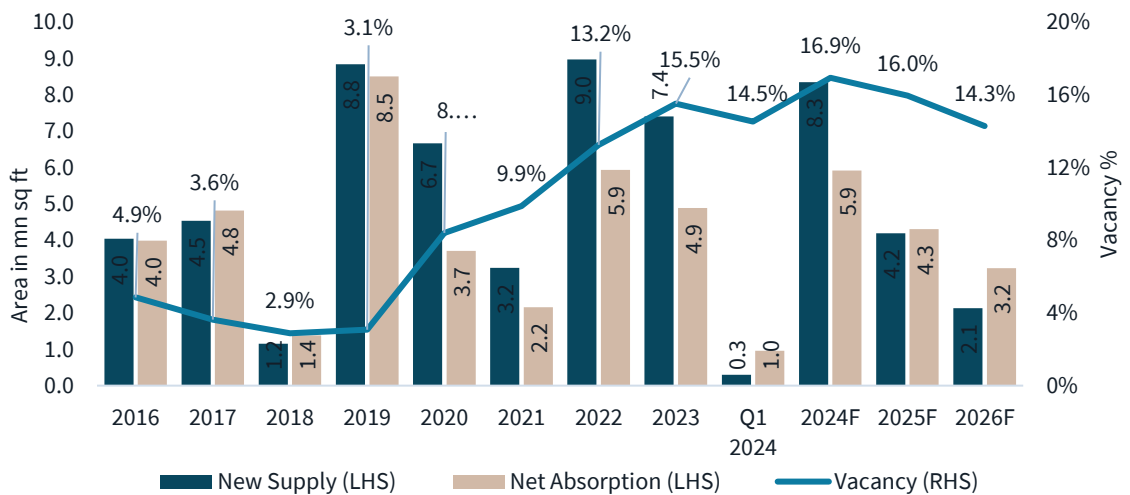
New supply over the next one year is likely to be driven by leading developers like RMZ, Phoenix Group & Vamsiram Builders as many large projects are in advanced stages of construction, mostly located in the submarket of Madhapur followed by Gachibowli. Amidst robust supply in the pipeline, vacancy in the city is expected to come under pressure in the medium term in the range of 25-27%, but expected to be largely tight in the Madhapur corridor. While a significant proportion of the upcoming supply in the medium to long term is still due for absorption, the rising demand and healthy leasing activity as well as ongoing deals are expected to support the net absorption levels to surpass 2023 levels in the short term and sustain in the medium term as well. Large part of leasing activity is expected to be witnessed in Madhapur market owing to quality supply from leading developers in key localities of the submarket and then gradually moving towards Gachibowli in the longer term

**6.6 MICRO MARKET: MADHAPUR**

The project lies in the Madhapur micro market.

**Supply, Demand Trend**

**Total Completions, Net Absorption and Vacancy Rate**

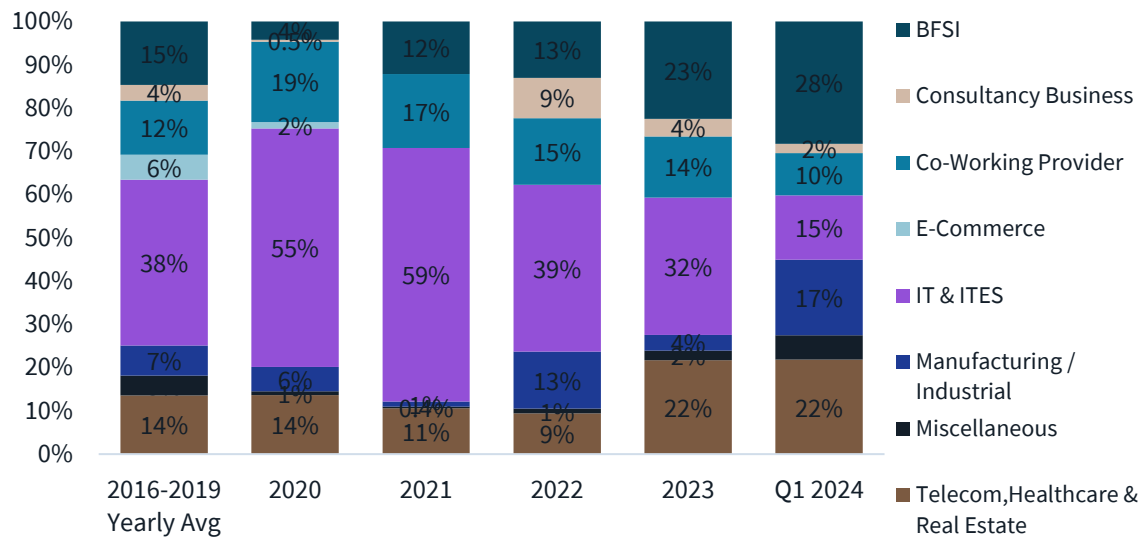


Source: Real Estate Market Research & Analysis; JLL, March 2024



**Leasing activity**

**Occupier's share in gross leasing activity**



Source: Real Estate Market Research & Analysis: JLL, March 2024

As Madhapur enjoys superior connectivity and well-established infrastructure in the city, it has been the most sought-after office market in the city from tenants across all segments. It commands a market share of 60-70% of total leasing activity in the city as large companies prefer expanding into this market along with robust demand from mid-sized tenants. Demand has always matched or outpaced the supply in the submarket amidst large inflow of pre-commitments in the properties of Salarpuria, Mindspace REIT, RMZ, Phoenix & Divyasree. Albeit a mismatch in 2020 owing to covid, it recorded a healthy recovery 2021 & 2022.

Robust leasing activity was observed in more recent completions by RMZ, Salarpuria & Capitaland in 2023, which supported the strong net absorption numbers of 4.9 mn sq ft for the full year. This amounted to a share of 71% of the overall net absorption over the same period. For Q1 2024 as well, Madhapur net absorption stood at 0.96 mn sq ft, a 62% contribution to the quarterly net absorption number for the city. With a healthy volume of deal closures in the quarter, Madhapur recorded gross leasing of 1.06 mn sq ft, accounting for 77.4% of total gross leasing in Q1 2024.

**Supply**

In the last 5 years, total Grade A office stock in Madhapur recorded a growth of 97% to reach 71.2 million sq ft, nearly doubling during this period. With marquee office projects getting operational by key developers like RMZ, Capitaland, Salarpuria & Divyasree, supply remained very robust in this submarket with an average annual supply of 7 million sq ft from 2019 till 2023. In Q1 2024, completions were sluggish at 0.3 mn sq ft, with the office stock reaching 71.5 mn sq ft at the end of the quarter.

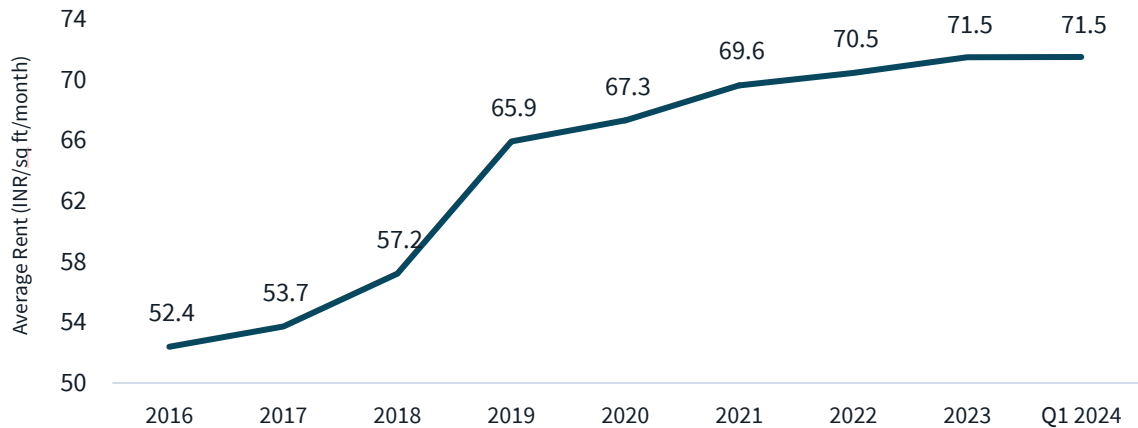
**Vacancy**

As the submarket has been largely driven by large scale pre-commitments along with being the most sought-after market by small to medium sized tenants as well, vacancy always remained below 5% until 2019. However, due to huge supply alongside sluggish demand due to covid, vacancy rose from 3% to 8% in 2020. After reporting a sustained growth since that time, vacancy has started to moderate in recent times. In Q1 2024, vacancy dropped by 100 bps q-o-q to reach 14.5%, the lowest in a year.



## Rents

As Madhapur being the most active market attracting large scale expansions along with entry of new tenants, rents in the submarket remained superior to the average city rents. With the completion of projects by RMZ & Salarpuria in 2019 which commanded higher rentals than the submarket average, the rents in the submarket recorded a growth of ~15% during that year to INR 65.9 per sq ft per month. This rise in rental values continued into the next couple of years till 2021. However, owing to sluggish demand along with limited quality supply in 2022, rents registered a moderate growth. But with the completion of marquee projects, rents in 2023 recorded a healthy growth of 1.3% to stand at INR 71.5 per sq ft per month by end of the year. The lease transactions in the Madhapur micro market are recorded in the range of INR 65 – 80 per sq. ft per month. The lease transactions in Madhapur where the Project is located are in the range of INR 72 to 76 per sq. ft per month. In Q1 2024, rents were largely unchanged q-o-q. However, on a y-o-y basis, rents are up by 1.33%.



Note: Mindspace REIT micro markets, 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.

## Outlook

A strong supply in 2023 with marquee assets entering the submarket saw healthy occupier traction from major GCCs across the tech, Healthcare and BFSI segments. As a result, net absorption stood at 4.9 mn sq ft in 2023. Going forward, this submarket is likely to register a healthy supply of 8.3 million sq ft for the full year of 2024 with vacancy falling into the range of 14-15% on the back of strong demand. Rents are expected to see a marginal upside as well as most of the ongoing transactions are expected to close higher than market-average rentals.

## Prominent Lease Transactions within the Micro-Market

Below are some of the lease transactions witnessed in the micro-market:

Table 6-1: Major Lease Transactions in the Micro-Market of the Project

Sl. No.	Occupier Name	Name of the Building	Sub-Market	Area Leased (sq. ft)	Lease Rentals (INR per sq ft per month)	Transacted Period
1	Ryan International	ITPH - Block 1 (East Wing)	Madhapur	60,000	74	Q1 2024
2	Technip	Phoenix Avance H10 A1	Madhapur	180,000	68	Q1 2024
3	Foundever/Site I	Cyber Pearl Phase 2	Madhapur	20,873	65	Q1 2024
4	Feuji	Raheja Commerzone (KRC Wing)	Madhapur	46,625	70-75	Q1 2024
5	Sanofi Healthcare India Pvt. Ltd.	RMZ TheSpire - Tower 100	Madhapur	231,845	72	Q1 2024

Sl. No.	Occupier Name	Name of the Building	Sub-Market	Area Leased (sq. ft)	Lease Rentals (INR per sq ft per month)	Transacted Period
6	Awfis	Aurobindo Orbit	Madhapur	35,000	73	Q1 2024
7	Blujay Solutions	Salarpuria knowledge City Argus (Parcel 2)	Madhapur	21,000	115	Q1 2024
8	Petrocon Engineers & Consultants	Laxmi Cyber City 2	Madhapur	23,000	75	Q1 2024
9	Cigna Healthcare	Salarpuria knowledge Park Block 2	Madhapur	300,000	76	Q1 2024
10	Redbricks	RMZ Nexity Tower 30	Madhapur	52,000	75	Q1 2024

Source: Real Estate Market Research & Analysis; JLL, March 2024

### **Investment Activities within the Micro-Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc.

### **Investment Activities within the Country**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

**Table 6-2: List of transactions / deals in recent past:**

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Fringe	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Infocity	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Infocity	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 - 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - ,8700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90-8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram-Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) +1,600,000 (UC)+2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Source: Real Estate Market Research & Analysis; JLL, March 2024

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial/ office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub/above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market/marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

### 7.2 CASH FLOW PROJECTIONS

The cash flows for the Project have been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimate of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table below:

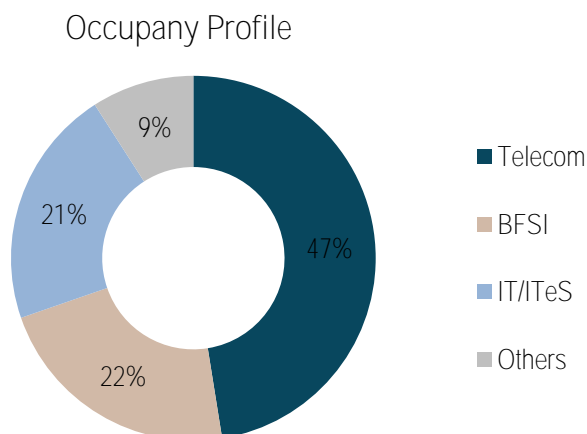
**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent-free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### 7.3 ABSORPTION/ LEASING VELOCITY AND OCCUPANCY PROFILE

Occupancy profile of the project is as follows: -

- ~47% space is taken by Telecom.
- ~22% of the space is taken by BSFI.
- ~21% space is taken by IT /ITeS
- ~9% of area is occupied by others.



## 7.4 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and/or inputs used in the cash flow configuration used for providing Valuation of the Project.

**Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Buildings**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March -24	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-34	As per workings
Asset Details		
Total Leasable Area	1,729,522 sq. ft	As per the information provided by the Client
Leased Area	1,592,952 sq. ft	As per the information provided by the Client
Vacant Area / Vacancy	136,570/ 7.9%	As per the information provided by the Client
Vacancy Allowance	2%	As per market benchmarks for large scale Grade A office projects. .
Area to be Leased	136,570 sq. ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market
Rent Free Period for New Leases	3 months	As prevalent in the micro-market
Construction Related Assumptions		
Construction Cost to be incurred (CAPEX)	INR 195 Mn (Upgrades: INR 191.3 Mn)	As per the information provided by the Client
Construction Cost to be incurred by	Q4 FY 25	As per the information provided by the Client
Estimates of already carried out major repairs	INR 243 Mn	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases, i.e., 15% every 3 years Or 4.5% every year	As prevalent in the market, it is observed that lease agreements are primarily at 4.5% rent escalations every year. Or at 15% every 3 years
Market / Marginal Rent – Office for FY 25	INR 74.6 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of

Parameters	Assumptions / Inputs	Remarks / Basis
		INR 55 – 80 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 70 - 80 per sq. ft. per month. Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent – Amenities	Not Applicable	
Other Income	1% of base rentals	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 base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Market Rent - Car Parking Space for FY 25	INR 2,100 per sq. ft. per month	The Grade A offices offers car parking rates in the range of INR 2,000 – 3,500 per slot per month. Based on the market benchmarking of recent leased rates within the micro-market, the achievable car park rate for the subject property is derived.
Market / Marginal Rent - Food Court	Not Applicable	
Market / Marginal Rent – Kiosk for FY 25	INR 241.50 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Market / Marginal Rent – Terrace for FY 25	INR 37.28 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Other Operating Income		
Market Rent Growth from FY 26 onwards	5% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Parking Rent Growth from FY 26 onwards	5% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76%	Recent re-leasing suggest that the Client has leased the same

Parameters	Assumptions / Inputs	Remarks / Basis
		premises at relatively lower efficiency and received 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
Maintenance Services Income / CAM Income for FY25	INR 13.18 per sq. ft per month	As given by the Client and as prevalent in the market
Operating Cost Assumptions		
Brokerage - New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2 month receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	INR 11.29 per sq. ft per month	As given by the Client and as prevalent in the market
Property Tax for FY25	INR 1.70 per sq. ft. per month	As given by the Client
Insurance for FY25	INR 0.32 per sq. ft per month	As given by the Client
Cost Escalation	3% per annum	As prevalent in the market.
CAM Escalation (Income + Expense)	5% per annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1% of Terminal Value	As prevalent in the market
Other Operating Expenses	2% of Base Rent + Car Parking Charges	As prevalent in the market.
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.00% (post yield shrinkage). Capitalized based on the Net Cash Flows of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market



## 7.5 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

**Table 7.3: Market Value of the Project**

Component	Leasable Area (sq. ft.)	Market Value (INR Million)	Percentage Share
Commercial / Office Space	1,728,622	17,407.07	89%

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

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project Mindspace Madhapur (Intime) located in Madhapur, Hyderabad Telangana, India 500081, comprising total leasable area of 1,728,622 sq. ft as on 31March 2024 is estimated to be **INR 17,407.07 million (INR Seventeen Billion Four Hundred Seven Million and Seventy Thousand Only)**

Note: Based on the inputs provided by client, Mindspace REIT holds 89% of the ownership interest in the project and the valuation presented is for 89% interest in the project only. The total value of the asset with 100% interest is INR 19,558.50 million (INR Nineteen Billion Five Hundred Fifty Eight Million and Five Hundred Thousand Only)

**Table 7.4: Ready Reckoner rates for the Project**

Component	Ready Reckoner Rate
Commercial (Built-Up Area)	Ground floor – INR 7,300 per sq. ft. first & other floors – INR 6,600 per sq. ft.
Land	INR 44,900 per sq. yard.

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



**Name:** Sachin Gulaty FRICS FIV FIIA,

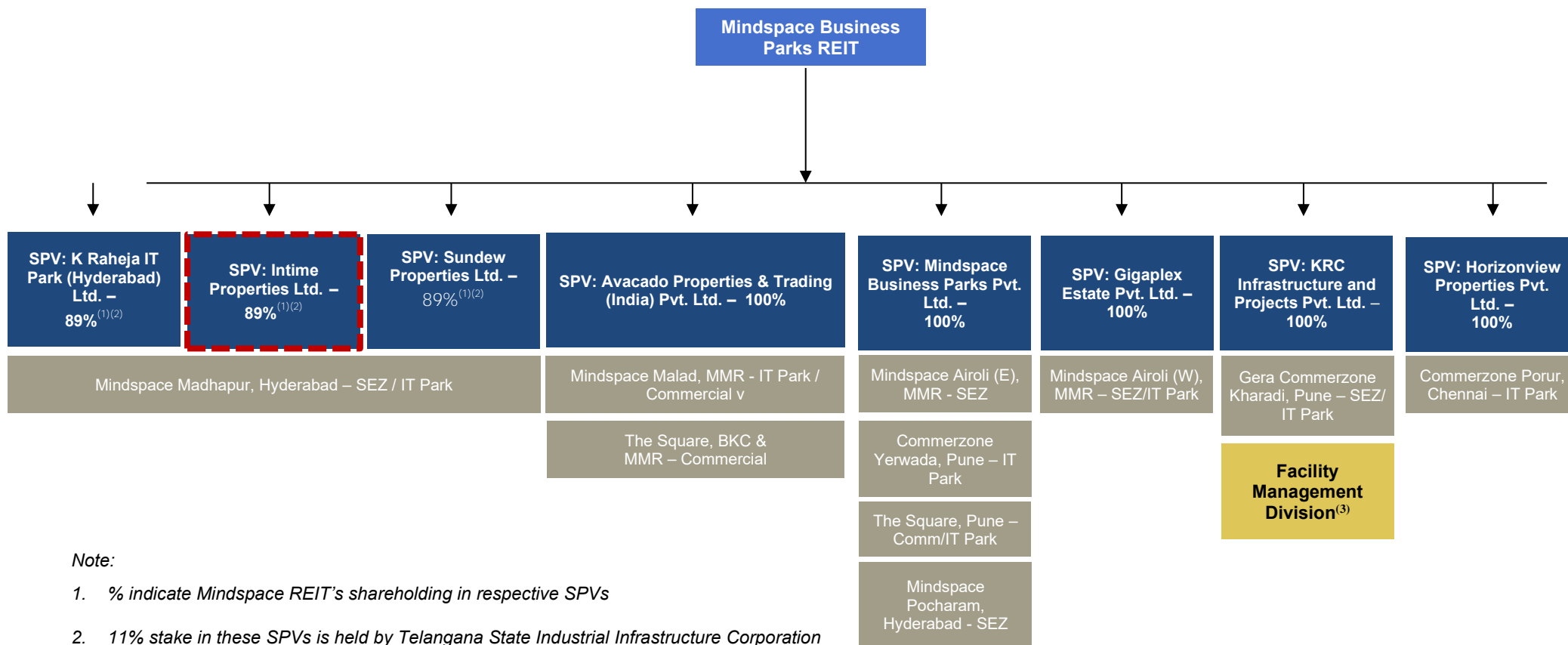
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

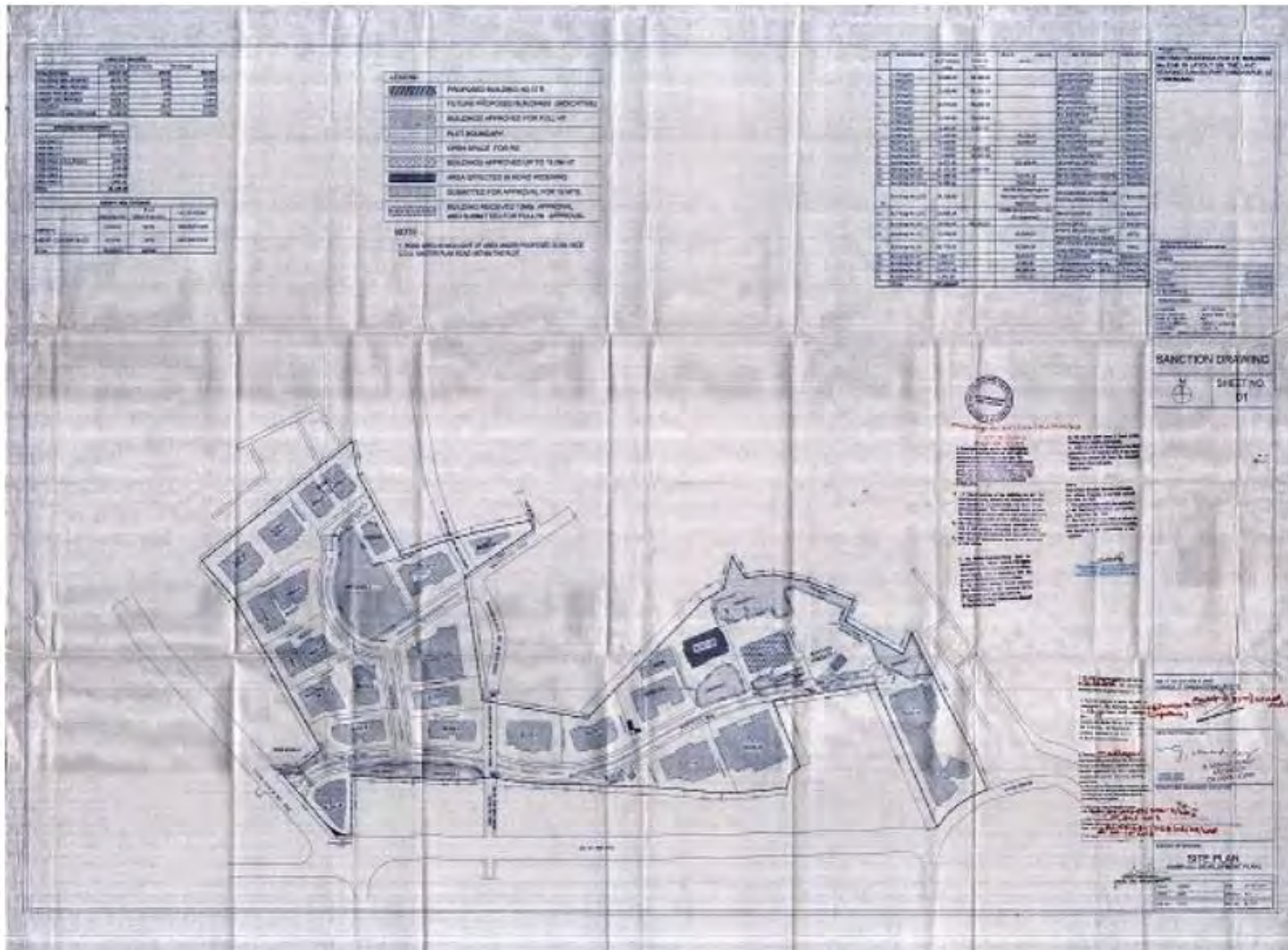
## Annexure - 1 Ownership Structure of the Project



**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 Layout Plan of the Project



### Annexure - 3

### Statement of Key Assets within the Project

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 Elevators /Make	No/ Make	6-Thyssenkrupp	7-Otis	25-Mitsubishi
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
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 - 4**

### **Approvals and NOCs Received for the Project**

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

#### **Approvals Received**

- Approved masterplans for all buildings
- Full Occupancy Certificates for all Buildings
- Height Clearance NOC from AAI for all buildings
- Environmental clearances for all buildings
- Consent for Establishment for all buildings
- Consent for Operate for all buildings.
- Fire NOC for all buildings

#### **Approvals Pending**

- None

## Annexure - 5

# Ready Reckoner Rate Applicable for the Project

### Ready Reckoner Rate for the Built-up Area

**REGISTRATION & STAMPS DEPARTMENT**  
Government of Telangana

**Unit Rates - Locality Wise**

S.No.	Ward-Block	Locality	Apartment value (Rs. per Sq.Ft)			Classification	Effective Date (dd/mm/yyyy)	Error No. / Remarks
			Ground Floor	First Floor	Other Floors			
1.	0 - 1	RESID IN COMM-1	4,500	4,500	4,500	02(Commercial)	01/02/2022	<a href="#">Get</a>
2.	0 - 1	RESIDENTIAL LOCALITY	3,000	3,000	3,000	01(Residential)	01/02/2022	<a href="#">Get</a>
3.	0 - 2	COMMERCIAL-1	4,500	4,500	4,500	01(Residential)	01/02/2022	<a href="#">Get</a>
4.	0 - 2	MADHAPUR MAIN ROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	4,500	4,500	4,500	02(Commercial)	01/02/2022	<a href="#">Get</a>
6.	0 - 3	RES PRDP ABUTTING TO ROTHAGUDA IN TO MADHAPUR	4,500	4,500	4,500	01(Residential)	01/02/2022	<a href="#">Get</a>
7.	0 - 2	MADHAPUR MAIN RD TO JUBILEE HILLS VIA YSR STAT	4,500	4,500	4,500	01(Residential)	01/02/2022	<a href="#">Get</a>
8.	0 - 3	MADHAPUR	1,000	1,000	1,000	01(Residential)	01/02/2022	<a href="#">Get</a>
9.	0 - 3	MADHAPUR MAINROAD	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>
10.	0 - 3	MADHAPUR (2) JUBILEE HILLS ROAD VIA YSR STATUE	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>
11.	0 - 3	MINDSPACE JUNCTION TO INORBIT MALL	7,300	6,600	6,600	02(Commercial)	01/02/2022	<a href="#">Get</a>

Source: IGRS Telangana 2024



Ready Reckoner Rate for the Land

**REGISTRATION & STAMPS DEPARTMENT**  
Government of Telangana

**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 - 3	RESD IN COMM-1	32,200	02(Commercial)	01/02/2022	<a href="#">Get</a>
2.	0 - 1	RESIDENTIAL LOCALITY	32,200	01(Residential)	01/02/2022	<a href="#">Get</a>
3.	0 - 2	COMMERCIAL-1	44,900	01(Residential)	01/02/2022	<a href="#">Get</a>
4.	0 - 2	MADHAPUR MAIN ROAD	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>
5.	0 - 3	COMMERCIAL PROPERTIES IN MADHAPUR RESIDENTIAL	32,200	02(Commercial)	01/02/2022	<a href="#">Get</a>
6.	0 - 3	RES PROP ABUTTING TO KOTHAGUDA JN TO MADHAPUR	44,900	01(Residential)	01/02/2022	<a href="#">Get</a>
7.	0 - 2	MADHAPUR MAIN RD TO JUBILE HILLS VIA YSR STAT	44,900	01(Residential)	01/02/2022	<a href="#">Get</a>
8.	0 - 3	MADHAPUR	32,200	01(Residential)	01/02/2022	<a href="#">Get</a>
9.	0 - 3	MADHAPUR MAINROAD	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>
10.	0 - 3	MADHAPUR TO JUBILEEHILLS ROAD VIA YSR STATUE	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>
11.	0 - 3	MINDSPACE JUNCTION TO INORBIT MALL	44,900	02(Commercial)	01/02/2022	<a href="#">Get</a>

Source: IGRS Telangana 2024

## Annexure - 6 Cashflow of the Project

Table 7.5 Discounted Cash Flow (INR Mn)

Sl. No.	Particulars	1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
		Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred (including Upgrades)	-	195.00	-	-	-	-	-	-	-	-	-	-
A	Base Rental		1,332.96	1,516.67	1,574.49	1,639.70	1,738.85	1,793.01	1,826.23	2,007.48	2,154.92	2,159.09	2,425.75
B	Car Parking Income		8.36	8.36	8.33	8.14	10.70	12.17	13.74	14.12	15.13	16.99	17.79
C	Fit-out rentals/ tenant improvements		11.94	11.94	11.68	11.28	11.28	11.28	11.28	11.28	1.88	-	-
D	Facility Rentals		1,353.26	1,536.97	1,594.50	1,659.12	1,760.83	1,816.47	1,851.26	2,032.89	2,171.92	2,176.08	2,443.53
E	Maintenance services income		279.10	295.52	310.29	325.81	342.10	359.20	377.16	396.02	415.82	436.61	458.44
F	Other Operating Income		13.33	15.17	15.74	16.40	17.39	17.93	18.26	20.07	21.55	21.59	24.26
G	Revenue from Operations		1,645.69	1,847.65	1,920.54	2,001.33	2,120.31	2,193.60	2,246.68	2,448.98	2,609.29	2,634.28	2,926.23
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		234.26	245.98	258.28	271.19	284.75	298.99	313.94	329.63	346.11	363.42	381.59
I	Property Tax		35.30	36.36	37.45	38.58	39.73	40.93	42.15	43.42	44.72	46.06	47.44
J	Insurance Premium		6.11	6.29	6.48	6.67	6.87	7.08	7.29	7.51	7.74	7.97	8.21
K	Net Operating Income (NOI)		1,370.01	1,559.02	1,618.33	1,684.89	1,788.96	1,846.61	1,883.30	2,068.42	2,210.72	2,216.83	2,488.99
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	30,801.21	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		46.87	1.44	1.69	5.12	3.12	18.79	87.02	70.78	20.93	154.73	-
M	Property Management Fee		47.83	54.32	56.36	58.64	62.24	64.20	65.43	71.85	76.77	76.92	86.37
N	Other operational expenses		26.83	30.50	31.66	32.96	34.99	36.10	36.80	40.43	43.40	43.52	48.87
O	Net Cashflows	-	1,053.49	1,472.76	1,528.63	1,588.17	1,688.61	1,727.51	1,694.05	1,885.36	2,069.61	32,742.87	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes



## Annexure - 7

### Material Litigations

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#### 1. Litigation

There are no litigations in relation to the land held by Intime.

#### 2. Criminal matters

There are no pending criminal matters against Intime.

#### 3. Regulatory actions

KRIT had proposed a rights issue of shares in which Andhra Pradesh Industrial Infrastructure Corporation (“APIIC”) (now, TSIIC) abstained from subscribing to the rights shares. Consequently, upon closure of the rights issue subscription by the other shareholders of KRC group, the stake of APIIC in KRIT reduced from 11%. Thereafter, upon demerger of certain undertakings of KRIT into Intime and Sundew, the APIIC’s stake reduced in each of these entities instead of what it was initially at 11%. Such rights issue of shares was undertaken in compliance with applicable law and agreement between the parties, and after KRIT had waited over one year for APIIC to decide.

Subsequently, APIIC / GoAP disputed such dilution of their stake in KRIT, Intime and Sundew, which led to an inquiry by Vigilance and Enforcement Department of GoAP against the Government Officials and correspondingly, KRIT. APIIC issued a letter dated July 10, 2012 to KRIT, referring to a report of vigilance and enforcement department (“VED Report”) in relation to the Mindspace Madhapur project. Subsequently, the equity stake of APIIC was restored to 11% in KRIT, Intime and Sundew together with compensating APIIC for any loss of corporate benefits in the intervening period. The VED Report alleged certain irregularities, which include alleging a financial loss to APIIC and GoAP pursuant to sale of the land to its sister concerns and sale of constructed area, at a nominal price, dilution of 11% equity stake of APIIC and loss of immovable asset base to APIIC due to the dilution of equity.

KRIT denied such irregularities, violations or financial loss caused to APIIC /GoAP. While denying the loss alleged by APIIC, KRIT, Intime and Sundew provided a joint undertaking dated February 14, 2014 to APIIC inter alia undertaking (i) to pay the amounts to APIIC in respect of APIIC’s claim of losses, due to any differences in values pertaining to the sale transactions in Mindspace Madhapur project; (ii) that payments shall be made by KRIT within 30 days of receipt of such written demand from APIIC; and (iii) that KRIT shall be bound by the decision of APIIC and comply with the same within the stipulated timelines.

KRIT has further provided an undertaking dated October 24, 2016 to APIIC, inter alia undertaking to pay losses incurred by Government of Telangana /APIIC as per the VED Report and to maintain the agreed shareholding of the Government of Telangana or APIIC in KRIT, Intime and Sundew post conversion of KRIT to public limited company and the Government of Telangana/ APIIC will not be required to infuse additional funds to maintain its equity stake in KRIT, Intime and Sundew.

While KRIT has attempted to make payments to the extent of the loss incurred by APIIC along with interest, by letter dated April 23, 2019, APIIC has confirmed to KRIT that it will be informed about the quantum of the amount to be paid, once the quantum of loss is determined by an independent third party appointed for such purpose. KRCPL, by way of its letter dated December 9, 2019, has undertaken that it shall assume any financial liability that KRIT, Intime or Sundew may incur in this behalf.

#### 4. Material civil/commercial litigation

There are no material civil/commercial litigation involving Intime.

Table 7.6: Summary of Pending Tax Litigation

ASSESSMENT YEAR	SIGNIFICANT ISSUE IN DISPUTE	AUTHORITY-RAISING ISSUE	AUTHORITY-PASSING	APPEAL PREFERRED BY	AUTHORITY ISSUE PENDING	NEXT DATE OF HEARING IF	EXPOSURE-TAX, INTEREST
2009-10	Department appeal against the order of ITAT quashing the CIT order u/s. 263 for assessing Rental Income under the head "Business".	CIT	CIT	Dept.	High Court	Not available	
2010-11	Department appeal against the order of ITAT quashing the CIT order u/s. 263 for assessing Rental Income under the head "Business".	CIT	CIT	Dept.	High Court	Not available	
2014-15	Rental Income assessed under the head "Business" instead of IHP.	Assessing Officer	Assessing Officer	Company	CIT(A)	Hearing completed - Notice received and adjourned till 20.04.2023	

Note: Direct tax litigations are at the SPV level.

Table 7.7: Indirect Tax Litigation

TAX TYPE	AUTHORITY PENDING	TAX DEMAND (IN 'MN)	INTEREST (QUANTIFIED)	PENALTY (QUANTIFIED)	ISSUE IN BRIEF	PERIOD	INTEREST	PENALTY
Service Tax	CESTAT	15.30	-	-	Service tax on pure fit out charges collected from the customers	April 2015 to June 2017	As Applicable	As applicable
Service Tax	CESTAT	20.70	-	20.70	Service tax on pure fit out charges collected from the customers	April 2010 to March 2015	As Applicable	20.70
Customs	Reply to SCN filed with Commissioner, Customs, Central Excise & Service Tax, Hyderabad	15.93	-	-	Customs duty demand at the time of debonding of assets from the STPI	April 16	As Applicable	As applicable

## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 specialized 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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

Maharashtra, India

Submitted To:

K. Raheja Corp. Investment Managers Private Limited (formerly known as K Raheja Corp Investment Managers LLP)

(acting as the Manager to MindSPACE Business Parks REIT)

Date of Valuation:

31-March-2024

Date of Report:

24-April-2024



Prepared By:

KZEN VALTECH PRIVATE LIMITED

IBBI/RV-E/05/2022/164

## EXECUTIVE SUMMARY

Property Name	Mindspace Airoli East, Navi Mumbai, Maharashtra, India
Property Address	Plot No. 3, Kalwa Trans Thane Creek Industrial Area, Mindspace, Opp. Airoli Station, Kalwa, Airoli, Thane, Navi Mumbai 400708
Land Area	Total Plot Area: ~50.1 acres
Brief Description	<p>The property is located in the Thane-Belapur Road micro market within Navi Mumbai in the Mumbai region. It lies along the Thane-Belapur Road. It is located at a distance of about 1.5 km from the Airoli Suburban Railway Station and about 15 km from the Eastern Express Highway.</p> <p>The property is developed as a Grade A, Information Technology (IT), Special Economic Zone (SEZ) Park and has two components i.e., a completed component and an under construction component. The total leasable area of the property is 6,420,121 sq. ft.</p> <p>Completed Buildings – 12 Commercial / Office SEZ Buildings and Club House</p> <p>The completed component of the property comprises 12 commercial / office SEZ buildings (Buildings 1, 2, 3, 4, 5&amp;6, 7, 8, 9, 10, 11, 12 and 14), and a Club House with total leasable area of 4,774,581 sq. ft.</p> <p>Under Construction Buildings – Office Building 15, High Street Retail and (Hotel + office) building</p> <p>The property includes High Street Retail, Building 15 and Mixed use building (Hotel + office) which is under construction and a future development (Building 15). All these buildings are proposed to be Non SEZ developments. The total leasable area of these under construction and future development buildings is 1,645,540 sq. ft and they are expected to be completed by Q1 FY28 (Building 15), Q4 FY25 (High Street Retail), Q2 FY28(Hotel portion) + Q4 FY27(Office portion)</p> <p>The property is owned entirely by Mindspace Business Parks Private Limited (“MBPPL”) in which 100% interest is held by Mindspace Real Estate Investment Trust (REIT).</p> <p>The property has good frontage along the access road with one (1) main entrance, separate exit and separate secured gates for the buildings within. The property is predominantly surrounded by commercial office spaces followed by residential and industrial developments.</p> <p>Mindspace Business Parks Private Limited has also 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 property. It is not allowed to expand the power distribution outside the limits of the SEZ.</p>

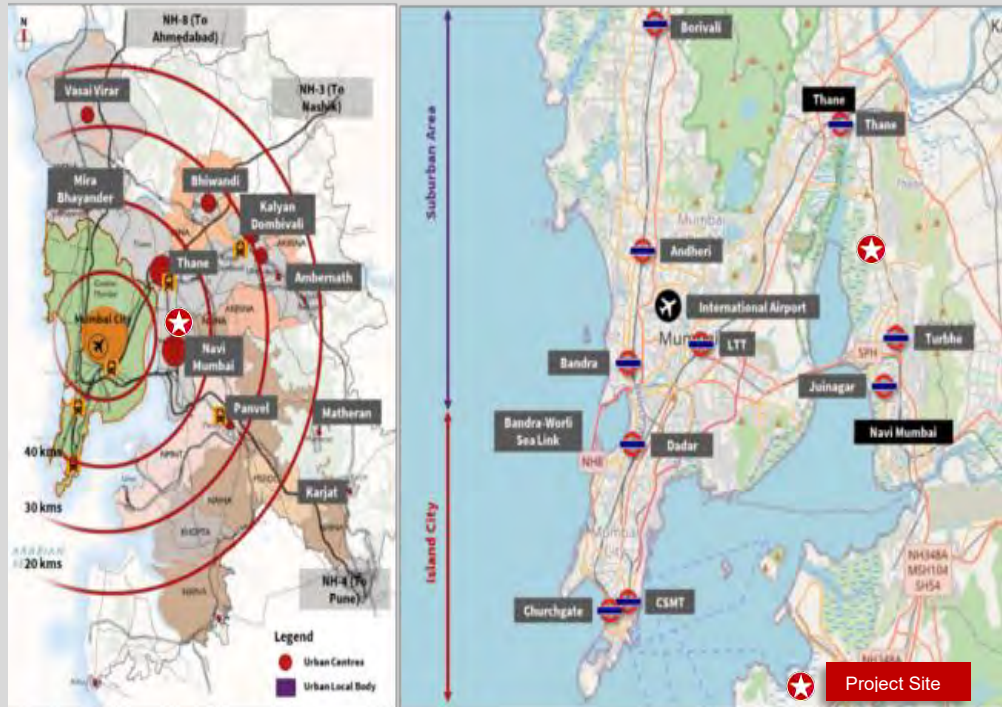
Asset Details Leasable area details as shared by the Client is given below:

Sl. No.	Building Name	Leasable Area (sq. ft.)
1.	Building 1 – Office building	368,007
2.	Building 2 – Office building	387,073
3.	Building 3 – Office building	354,404
4.	Building 4 – Office building	349,433
5.	Building 5&6 – Office building	872,549
6.	Building 7 – Office building	345,376
7.	Building 8 – Office building	295,423
8.	Building 9 – Office building	359,848

9.	Building 10 – Office building	366,319
10.	Building 11 – Office building	353,159
11.	Building 12 – Office building	371,972
12.	Building 14 – Office building	344,247
13.	Club House	6,771
14.	Building 15 – Under construction	800,000
15.	High Street Retail – Under construction	45,908
16.	Hotel + Office – Under construction	799,632
	<b>Total Leasable Area</b>	<b>6,420,121</b>

During the site inspection it was found that the Project Site has 12 office buildings that are complete and operational along with the Club House. Additionally, the property has an under construction High Street Retail building which is expected to be completed as per timelines specified above

Location Map



Key Assumptions

The table below summarizes key valuation assumptions used in the estimate.

Particulars	Description
Asset Specific Information	
Nature of Asset	Commercial / Office with Amenities
Current Status	Office Buildings 1, 2, 3, 4, 5&6, 7, 8, 9, 10, 11, 12, 14 and Club House – Completed and Operational. High Street Retail – Under Construction Office Building 15 – Future Development. Hotel + Office Building – Under Construction (Approvals in process)

Total Leasable Area	6,420,121 sq. ft (includes completed buildings and future developments)					
Asset Details	Sl. No.	Building Name	Leasable Area (sq. ft.)	Usage Type	Status	Age of the Building
	1.	Building 1 – Office building	368,007	IT SEZ	Completed	11 years and 8 months
	2.	Building 2 – Office building	387,073	IT SEZ	Completed	12 years and 7 month
	3.	Building 3 – Office building	354,404	IT SEZ	Completed	14 years and 2 months
	4.	Building 4 – Office building	349,433	IT SEZ	Completed	12 years and 2 months
	5.	Building 5&6 – Office building	872,549	IT SEZ	Completed	13 years and 3 months
	6.	Building 7 – Office building	345,376	IT SEZ	Completed	14 years
	7.	Building 8 – Office building	295,423	IT SEZ	Completed	15 years and 6 months
	8.	Building 9 – Office building	359,847	IT SEZ	Completed	11 years and 3 months
	9.	Building 10 – Office building	366,319	IT SEZ	Completed	10 years and 9 months
	10.	Building 11 – Office building	353,159	IT SEZ	Completed	10 years and 8 months
	11.	Building 12 – Office building	371,972	IT SEZ	Completed	9 years and 4 months



	12.	Building 14 – Office building	344,247	IT SEZ	Completed	14 years
	13.	Club House	6,771		Completed	10 years and 3 months
	14.	Building 15	800,000	Non SEZ IT	Under Construction	Completion expected in Q1 FY28
	15.	High Street Retail –	45,908	Non SEZ Commercial	Under Construction	Completion expected in Q1 FY25
	16.	Hotel + Office	799,632		Under Construction	Completion expected Office Q4 FY27 & Hotel Q2 FY28
		Total	6,420,121			
	<p>In addition to the above, the undivided rights, title and interest in the following assets are also part of the Project.</p> <ul style="list-style-type: none"> <li>▪ Amenities and infrastructure</li> <li>▪ Total utility areas and internal roads</li> <li>▪ Total open spaces</li> </ul>					
Revenue Assumptions						
In-Place Rent	INR 62.9 per sq. ft per month					
Market / Marginal Rent	<p>Completed Buildings</p> <p>Office Buildings – INR 61.95 per sq. ft per month</p> <p>Kiosk – INR 262.50 per sq. ft per month</p> <p>F&amp;B – INR 141.75 per sq. ft per month</p> <p>Under Construction Buildings</p> <p>High Street Retail – INR 66.15 per sq. ft per month</p> <p>(Hotel + Office)</p> <p>Hotel – INR 59 per sq. ft per month</p> <p>Office – INR 61.95 per sq. ft per month</p> <p>Future Development</p> <p>Building 15 – INR 61.95 per sq. ft per month</p>					
Parking Rent	INR 1,575 per CPS per month (applicable for completed buildings only)					
Financial Assumptions – Buildings						
Exit Cap Rate	8.00%					

	Discount Rate / WACC	Completed Buildings: All Office Buildings (B1, B2, B3, B4, B5&6, B7, B8, B9, B10, B11, B12, B14) – 11.75% Under Construction Buildings: High Street Retail& (Hotel + office building) – 13.00% Future Developments: Office Buildings (Building 15) – 13.00%		
	Financial Assumptions - Power Distribution Services			
	Discount Rate / WACC	10.50%		
	License End Date	3 <sup>rd</sup> November 2032		
Market Value	Component	Market Value as on	In Figures (INR Mn)	In Words
	Total Market Value (Completed / Operational, including power distribution business of MBPPL)	31 <sup>st</sup> March 2024	45,423.99	INR Forty Five Billion Four Hundred Twenty Three Million Nine Hundred Ninety Thousand Only
	Total Market Value (Under construction buildings and future development buildings)	31 <sup>st</sup> March 2024	2,099.86	INR Two Billion Ninety Nine Million Eight Hundred Sixty Thousand Only
		Total Value	47,523.86	INR Forty Seven Billion Five Hundred Twenty Three Million Eight Hundred Sixty Thousand Only

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## **LIST OF ABBREVIATIONS**

CBD	Central Business District
CY	Current Year
INR	Indian Rupees
IT / ITES	Information Technology / IT Enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
Km	Kilometre
NH	National Highway
PBD	Peripheral Business District
REIT	Real Estate Investment Trust
RICS	Royal Institution of Chartered Surveyors
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft	square feet
sq. m	square metre

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft
1 acre	4046.9 sq. m
1 sq. m	1.196 sq. yards
1 sq. m	10.764 sq. ft
1 metre	1.0936 yards
1 metre	3.28 ft
1 cent	435.6 sq. ft

# 1 INTRODUCTION

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## 1.1 INSTRUCTIONS

K Raheja Corp. Investment Managers Private Limited (formerly known as K Raheja Corp Investment Managers LLP) (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project located named '**Mindspace Airoli East**' (**Buildings B1, B2, B3, B4, B5&6, B7, B8, B9, B10, B11, B12, B14, B15, Club House, High Street Retail and (Hotel + office building)**) located in **Airoli, Navi Mumbai**, Maharashtra, India (hereinafter referred to as the 'Project').

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHAI, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("**IOVRVF**"), is a Fellow of Royal Institution of Chartered Surveyors ("**RICS**"), Fellow and Lifetime Member of Institute of Valuers, India ("**IOV**"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## 1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

The Valuer certifies that he / she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the

Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## **1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS**

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this section 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 Project 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.

## **1.7 INSPECTION OF THE PROJECT**

The Project was inspected on 27 March 2024 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.

## **1.8 GENERAL COMMENT**

A valuation is an estimation 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 Project 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.

## **1.9 CONFIDENTIALITY**

The contents of this Valuation 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.

## **1.10 AUTHORITY**

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.



## 1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification / validation of the zoning regulations / development controls with any government departments / authorities, among other aspects., etc.

## 1.12 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.

## 1.13 ANTI-BRIBERY AND ANTI-CORRUPTION

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data / information provided by the Client and estimate has limited coverage wherever full data / information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and / or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data / information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and / or cost incurred data

		to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.
10.	Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11.	Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12.	Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use / current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase / acquisition, or any other statute in force that might affect the Project.
13.	Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14.	Disclaimer	<p>The estimate of Market Value is based on documents / information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and / or any of their associated companies and / or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the depreciated Replacement Cost Method) separately.

The table on the following page presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl. No.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This method is sometimes referred to as 'Rent Roll method as well.

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved (completed & operational, under construction / future development commercial / office space, (other than the land portions of future development portion which has been valued using Comparable Sales / Quoted Instances Method under 'Market Approach' and power distribution services which has been valued using Discount Cash Flow Method under 'Income Approach'), the value is estimated using the 'Discounted Cash Flow Method' (basis term and rent reversion) under 'Income Approach'.

## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas.
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan / Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project.
  - Statement of assets
  - Revenue pendency if any
  - Options of Rights of Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5% - 11.5% to about 7.5% - 8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed / public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted an exit cap rate of 8.00% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective 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.

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the Project Site against similar portfolios / properties in the market. For discounting the cash flows, an appropriate discount rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the completed portion of the project.

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. The Valuer has considered a risk premium of 125bps, to derive the WACC of 13.00% for under construction / future development properties.

These derived discount rates were found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

Property Name	Mindspace Airoli East, Navi Mumbai, Maharashtra, India												
Property Address	Plot No. 3, Kalwa Trans Thane Creek Industrial Area, Mindspace, Opp. Airoli Station, Kalwa, Airoli, Thane, Navi Mumbai 400708												
Land Area	Total Plot Area: ~50.1 acres												
Brief Description	<p>The property is located in the Thane-Belapur Road micro market within Navi Mumbai in the Mumbai region. It lies along the Thane-Belapur Road. It is located at a distance of about 1.5 km from the Airoli Suburban Railway Station and about 15 km from the Eastern Express Highway.</p> <p>The property is developed as a Grade A, Information Technology (IT), Special Economic Zone (SEZ) Park and has two components i.e., a completed component, and under construction component along with future development component.</p> <p>Completed Buildings – 12 Commercial / Office SEZ Buildings and Club House</p> <p>The completed component of the property comprises 12 commercial / office SEZ buildings (Buildings 1, 2, 3, 4, 5&amp;6, 7, 8, 9, 10, 11, 12 and 14) and a Club House</p> <p>Under Construction and Future Development Buildings – Office Building 15, High Street Retail and (Hotel + office) building</p> <p>The property includes High Street Retail and (Hotel + office building) which are under construction, and Building 15 which is future development. All these buildings are proposed to be Non SEZ developments.</p> <p>The Project also includes power distribution services to the customers (occupiers and operators within the property).</p> <p>The property has good frontage along the access road with one (1) main entrance, separate exit and separate secured gates for the buildings within. The property is predominantly surrounded by commercial office spaces followed by residential and industrial developments.</p>												
Valuation Methods	<p>The estimate of Market Value is prepared using following methods:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Asset Type</th> <th>Methodology Adopted</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Completed Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> <tr> <td>2.</td> <td>Under Construction Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> <tr> <td>3.</td> <td>Power Distribution services</td> <td>Discounted Cashflow Method</td> </tr> </tbody> </table>	Sl. No.	Asset Type	Methodology Adopted	1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion	2.	Under Construction Assets	Discounted Cash Flow Method using Rent Reversion	3.	Power Distribution services	Discounted Cashflow Method
Sl. No.	Asset Type	Methodology Adopted											
1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion											
2.	Under Construction Assets	Discounted Cash Flow Method using Rent Reversion											
3.	Power Distribution services	Discounted Cashflow Method											
Nature of the Interest by the Client	100% leasehold interest in the Project as informed by the Client												
Purchase Price of the Project	INR 37,591 million, as given by the Client												
Historical Valuation of the Project in	Below table summarizes historical valuation of the Project as given by the Client:												



3 Previous Years	Sl. No.	Date of Valuation	Total Market Value (Completed / Operational, Future Development / Under Construction) (INR million) *	
	1.	30-Sept-2023	44,404(42,968, 1,437)	
	2.	31-Mar-2023	45,213(43,446, 1,767)	
	3.	30-Sep-2022	45,531(43,736, 1,795)	
	4.	31-Mar-2022	44,720 (42,943, 1,777)	
	5.	30-Sep-2021	43,742 (41,823, 1,919)	
	6.	31-Mar-2021	42,699 (40,849, 1,850)	
	7.	30-Sep-2020	42,425 (40,644, 1,781)	
	8.	31-Mar-2020	43,107 (41,184, 1,922)	
*Includes valuation for power distribution business of MBPPL.				
Ready Reckoner Rate	Built-up Area (Office) – INR 62,400 per sq mt Land Area – INR 20,750 per sq mt			
Date of Valuation	31-March-2024			
Date of Inspection	27-March-2024			
Market Value as on 31-Mar-2024	Component	Market Value as on	In Figures (INR Mn)	In Words
	Total Market Value (Completed / Operational, including power distribution business of MBPPL)	31 <sup>st</sup> March 2024	45,423.99	INR Forty Five Billion Four Hundred Twenty Three Million Nine Hundred Ninety Thousand Only
	Total Market Value (Under construction buildings and future development buildings)	31 <sup>st</sup> March 2024	2,099.86	INR Two Billion Ninety Nine Million Eight Hundred Sixty Thousand Only
	Total Value		47,523.86	INR Forty Seven Billion Five Hundred Twenty Three Million Eight Hundred Sixty Thousand Only

Matters Affecting the Property and its Value	Please refer to Chapter 7 of this Valuation Report
Assumptions, Disclaimers, Limitations and Qualifications	This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance <b>on this report and extension of Valuer's liability is conditional upon the reader's acknowledgement</b> and understanding of these statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project
Prepared by	KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164) Represented through its Director Mr. Sachin Gulaty FRICS FIV FIIA IBBI/RV/02/2021/14284




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**Name:** Sachin Gulaty FRICS FIV FIIA  
**Designation:** Director  
**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND / OR PROJECT

The table below presents details of the Project Site and/or Project.

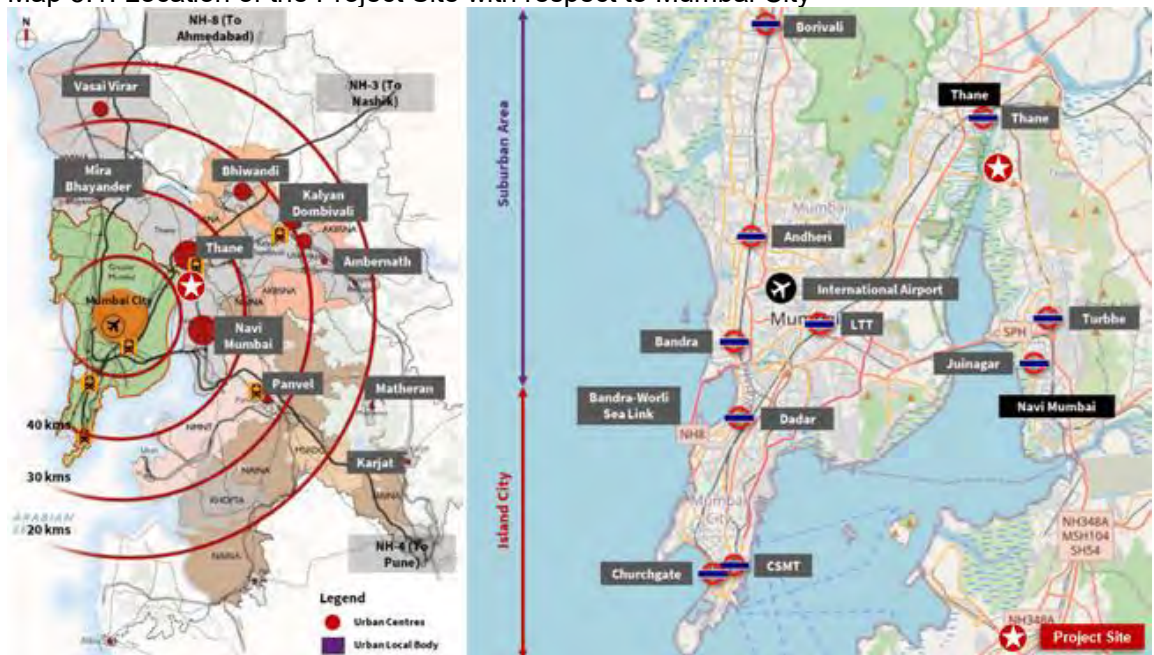
Table 5.1: Details of the Project Site and / or Project

DETAILS OF PROPERTY	
Property Name	Mindspace Airoli East, Navi Mumbai, Maharashtra, India
Property Address	Plot No. 3, Kalwa Trans Thane Creek Industrial Area, Mindspace, Opp. Airoli Station, Kalwa, Airoli, Thane, Navi Mumbai 400708
Land Area	Total Plot Area: ~50.1 acres
Block-Wise Break-Up of Leasable Area and Current Status	Block wise Leasable area details are mentioned above in Executive summary.
Access	Accessible through Thane-Belapur Road
Frontage	Approximately 450 m frontage along Thane-Belapur Road
Shape and Visibility	The topography of the project features terrain that is relatively flat and is regular in shape. It has excellent visibility from Thane-Belapur Road.
Approval Status	List of approvals are specified in annexure
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The Project Site is strategically located along the Thane-Belapur Road in the Thane-Belapur Road micro market of Navi Mumbai in the vicinity of Mumbai city and Thane. It is located at a distance of about 1.5 km from the Airoli Suburban Railway Station and about 15 km from the Eastern Express Highway. It is also situated near the upcoming Navi Mumbai International Airport. The map below presents the location of the Project with respect to the city.

Map 5.1: Location of the Project Site with respect to Mumbai City



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The distance of the Project from major landmarks in the city is given in the table below.

Table 5.2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Airoli Railway Station	1.5
Airoli Circle	3.2
Mindspace Airoli West	4.0
Eastern Express Highway	15.0
Navi Mumbai International Airport	28.0

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The property is located in the Thane-Belapur Road micro market of Navi Mumbai in the Mumbai region. It lies along the Thane-Belapur Road and has excellent visibility from this access road. It is located at a distance of about 1.5 km from the Airoli Suburban Railway Station and about 15 km from the Eastern Express Highway. The topography of the project features terrain that is relatively flat and is regular in shape. The property has good frontage along the access road with one (1) main entrance and separate secured gates for the buildings within. The property is predominantly surrounded by commercial office spaces followed by residential and industrial developments.

The property is a Grade A, IT, SEZ Park and has three components i.e., a completed, under-construction component and a future development component. The map below presents location of the Project and its surroundings.

Map 5.2: Location of the Project and its Surrounding Developments



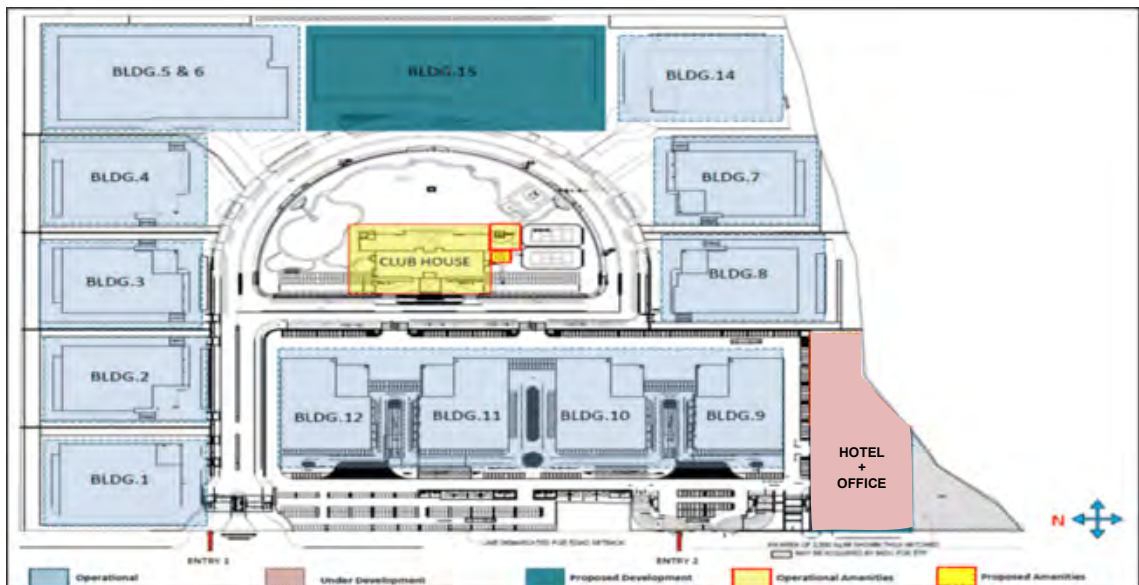
Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project has good accessibility due to its location along the Thane-Belapur Road facilitating easy connectivity to Thane, Mumbai and other parts of Navi Mumbai. Upcoming and proposed infrastructure such as the Navi Mumbai International Airport, New Thane Creek bridge at Vashi and the Sewri-Worli Connector are expected to further enhance the connectivity of the Project micro market with other parts of Mumbai as well as the country and thereby improve accessibility.

The map below presents the conceptual Layout Plan of the Project as shared by the Client.

Map 5.3: Conceptual Layout Plan for the Project

Completed, Under Construction, and Future Development Buildings:



Source: Client, 31<sup>st</sup> March 2024

The table below presents the boundary / edge conditions of the Project Site.

**Table 5.3: Project Site and its Site Boundaries**

North	Commercial development
South	Commercial development
West	Thane-Belapur Road
East	Vacant Land

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project is surrounded by commercial office spaces predominantly followed by residential and industrial developments in the vicinity. Grade A commercial / office developments and mid-scale residential developments are also present in the micro-market.

## 5.4 DESCRIPTION OF THE PROJECT

The table below presents key asset specific information.

**Table 5.4: Key Asset Specific Information of the Project – Completed Buildings**

Particulars	Description
Name of the Entity	Mindspace Business Parks Private Limited
Interest owned by Mindspace REIT	The underlying land is on leasehold basis from Maharashtra Industrial Development Corporation (MIDC); the buildings thereupon are wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1</sup>
Land Extent of Project (completed, under construction and future development)	Total Plot Area: ~50.1 acres
Asset Type	IT Park with SEZ buildings
Sub-Market	Navi Mumbai
Approved and Existing Usage	IT SEZ
Current Status	Buildings 1, 2, 3, 4, 5&6, 7, 8, 9, 10, 11, 12, 14 and Club House - Completed and Operational
Approvals Status	List of approvals are specified in Annexure 4
Freehold / Leasehold	The underlying land of the Project Site is held as leasehold from MIDC, which lease is valid for a term of 99 years from 1st August, 1964. Further, the company has right to renew the lease for a period of 99 years upon the terms and conditions therein. 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 <b>towards the legal tenure of underlying land's ownership.</b>
Leasable Area	4.77 million sq. ft
Occupied Area	3.93 million sq. ft
Committed Area	3.93 million sq. ft
Occupancy <sup>3</sup>	72.7%
Committed Occupancy <sup>4</sup>	82.2%



Particulars	Description
Number of Tenants	26

<sup>1</sup> Refer company structure set out in Annexure 1

<sup>2</sup> Client has obtained occupancy certificate for entire leasable area measuring 4.2 million sq. ft (completed office buildings B1, B2, B3, B4, B5&6, B7, B8, B9, B10, B11, B12, B14)

<sup>3</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants / occupiers

<sup>4</sup> Committed occupancy also includes area, which has been pre-leased to tenants / occupiers

**Table 5.5: Key Asset Specific Information of the Project – Under Construction / Future Developments**

Particulars	Description
Name of the Entity	Mindspace Business Parks Private Limited
Interest owned by Mindspace REIT	The underlying land is on leasehold basis from MIDC; the buildings thereupon are wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1</sup>
Asset Type	Proposed Non SEZ buildings
Sub-Market	Navi Mumbai
Approved Usage	Non SEZ IT (Building 15) and Non SEZ Commercial (High Street Retail)
Current Status	Office Building 15 – Future Development, yet to commence construction. High Street Retail – RCC works completed, Finishing work in progress. Hotel + Office Building – Under Construction (Approvals in process)
Approvals Status	List of approvals are specified in Annexure
Freehold / Leasehold	The underlying land of the Project Site is held as leasehold from MIDC, which lease is valid for a term of 99 years from 1st August, 1964. Further, the company has right to renew the lease for a period of 99 years upon the terms and conditions therein. 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 <b>towards the legal tenure of underlying land's ownership.</b>
Leasable Area	1.60 million sq. ft
Occupied Area	Nil
Occupancy	Nil
Committed Occupancy	Nil

Note: Only the currently formulated development potential of 1.60 million sq. ft (including the under construction / future developments. Building 15, High Street Retail & (Hotel + office building)) have been considered for the purpose of valuation.

## 5.5 PROJECT INSPECTION

The Project is part of a larger campus development spread across ~50.1 acres of land parcel. The topography of the project features terrain that is relatively flat and is regular in shape. The Project comprises 12 completed SEZ office buildings (Buildings 1, 2, 3, 4, 5&6, 7, 8, 9, 10, 11, 12 and 14) and a Club House. The Project was inspected by the Valuer on 27 March 2024

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.

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 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.

Some photographs of the Project and surroundings are given below.



External Views of Buildings



External Views of Buildings



External Views of Buildings



External Views of Buildings

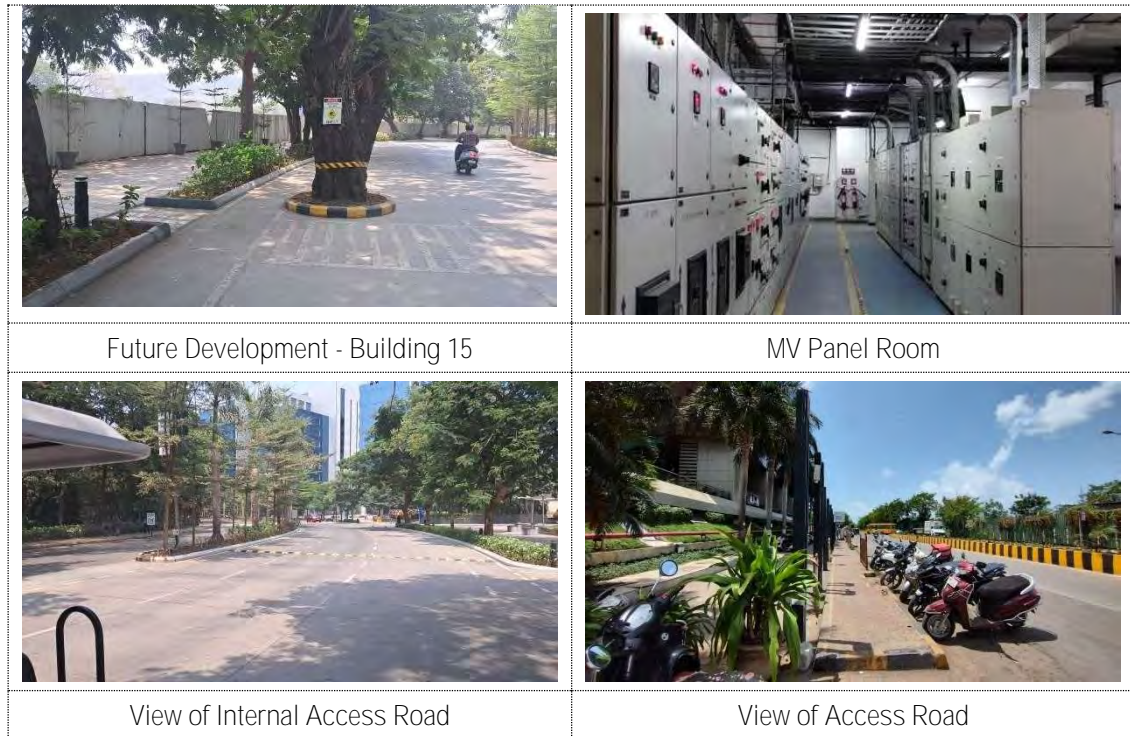


Clubhouse Area



Under Construction – High Street Retail





## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### Site Services and Finishes

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

### Condition and Repairs

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in the operational building.

Below mentioned properties are undergoing upgradation / further development the budget and cost incurred details for the same are as follows:

For Completed Project –

Office buildings (B1, B2, B3, B4, B5, B6, B7, B8, B9, B10, B11, B12, B14) and Club House – INR 160 million CAPEX (upgrade) to be incurred by Q4 FY25. These buildings have incurred improvements / upgrades of INR 1,659 mn till March 31, 2024.

For Under Construction / Future Development –

Office building (B15)– INR 5,015 million CAPEX (Construction cost, project support services) to be incurred till Q1 FY28. The construction is expected to start by Q3 FY25 while building is expected to be completed by Q1 FY28.

High Street Retail - INR 115 million CAPEX (Construction cost, project support services) to be incurred till Q4 FY25

(Hotel + office Building)

INR 5,143 million CAPEX Construction cost, project support services) to be incurred till Q2 FY28

**Environmental Considerations**

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project 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 Project is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Project 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 Project, which may expose it for any induced disaster.

The Project is located at a relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and perennial water logging.

**Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders or as specified below, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

**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 Project 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.

**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 to the Valuer (which are specified in Annexure 7), relating to the Project or any compounding charges.

**5.7 TENANCY ANALYSIS****Tenant Profile of Top 10 Tenants**

As on 31<sup>st</sup> March 2024, the Project has 31 tenants (for office space) which include Accenture Services Pvt. Ltd. (Accenture Solutions Pvt. Ltd.), Larsen & Toubro Infotech Limited (LTIMindtree Limited), Wipro Limited, L&T Technology Services Ltd., Gebbs Healthcare Solutions Pvt. Ltd Cognizant Technology Solutions (I) Pvt. Ltd., etc.

The Project's top 10 tenants account for ~79.1% of the Gross Rental income.

The top 10 Tenants as per Leasable areas is listed below: -

**Table 5.6: Top 10 Tenants as per Leasable areas**

Sl. No.	Tenant	Leasable Area (Sq Ft)
1	Wipro Limited	587,792
2	Accenture Services Pvt. Ltd. (Accenture Solutions Pvt. Ltd.)	514,975
3	LTIMindtree Limited	463,629
4	Citiustech Healthcare Technology Pvt. Ltd	268,144
5	eClerx Services Ltd	266,959
6	Cognizant Technology Solutions (I) Pvt. Ltd.	252,898
7	Inventurus Knowledge Solutions Ltd.	248,416
8	State Street Syntel Services Pvt. Ltd	176,994
9	Syntel Private Limited	172,439
10	L&T Technology Services Ltd.	151,261
	Total	3,103,507

The top 10 Tenants as per Gross Rents are listed below: -

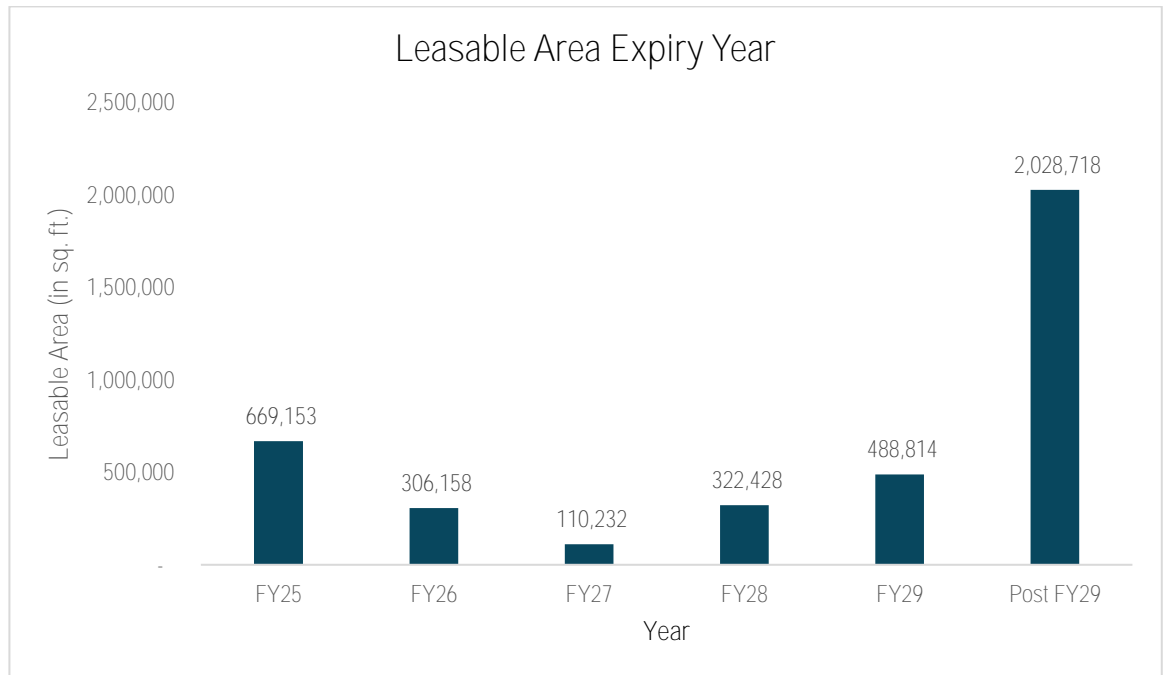
**Table 5.7: Top 10 Tenants as per Gross Rentals**

Sl. No.	Tenant	Share of Gross Rentals*
1	Accenture Services Pvt. Ltd. (Accenture Solutions Pvt. Ltd.)	13.4%
2	LTIMindtree Limited	13.1%
3	Wipro Limited	8.7%
4	Citiustech Healthcare Technology Pvt. Ltd	8.0%
5	Inventurus Knowledge Solutions Ltd.	7.4%
6	eClerx Services Ltd	6.9%
7	Cognizant Technology Solutions (I) Pvt. Ltd.	6.8%
8	State Street Syntel Services Pvt. Ltd	5.2%
9	Syntel Private Limited	5.0%
10	L&T Technology Services Ltd.	4.6%
	Total	79.1%

\* For some of the tenants, rent commencement date may not have occurred

### **Lease Expiry Analysis**

The WALE of the property is 4.5 years based on area shared by the client, with 30% of occupied area expiring between FY25 and FY29 as shown in the chart below:



### **Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 5% every year or 15% every 3 years.

## **5.8 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, MBPPL also has the license to distribute power within the Project Site.

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 Project Site. The SPV is not allowed to expand the power distribution outside the limits of the SEZ, i.e., the Project Site in this case.

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Mumbai, the financial capital of India, is a bustling metropolis that boasts a vibrant economy and is one of the key industrial hubs of India. Situated on the Western coast of the country, the city serves as a centre for commerce, trade, and finance. It houses the headquarters of numerous multinational corporations, top financial institutions, and major Indian companies. Additionally, it is home to Asia's oldest stock exchange – the Bombay Stock Exchange. Its strategic location, well-developed infrastructure, and connectivity through air, road, and rail networks make it a preferred destination for businesses. The city's robust economy is fuelled by various sectors, including finance, banking, information technology, manufacturing, entertainment, media, and services. Mumbai contributes ~5-6% to the overall GDP of the country and is also the top contributor to the country's exchequer, accounting for nearly 1/3rd of India's overall direct tax collections.

Mumbai's real estate market holds the distinction of being one of the most expensive markets in India. The capital value and rents in prime office submarkets rank among the highest in the country. However, despite these high costs, the market continues to exhibit strong activity levels. The office real estate market in Mumbai ranks as the third largest in India in terms of Grade A office stock, surpassed only by Bengaluru and Delhi NCR. The city's ability to cater to a diverse range of industries, attract top talent, and provide excellent business support services ensures that Mumbai continues to attract domestic as well as international businesses looking to establish or expand their presence in India.

### 6.3 INFRASTRUCTURE INITIATIVES

#### Existing infrastructure

Existing Project	Completion timeline	Details	Key impact zones
Bandra Worli Sea Link	2009	5.6 km long, 8-lane wide bridge that links Bandra with South Mumbai.	SBD Central, BKC & Annex and BKC Outskirts
Sea Link to Bandra Kurla Complex (BKC) Connector	2021	604 meter long, two-lane flyover	BKC & Annex and BKC Outskirts
BKC – Eastern Express Highway Connector	2019	1.6 km connector from G Block of BKC to the EEH	BKC & Annex, BKC Outskirts and Eastern Suburbs
Western Express Highway (WEH)	2002	North-south 8-10 lane arterial road of 25.33 km	BKC & Annex, BKC Outskirts, Western Suburbs and Malad-Goregaon
Eastern Express Highway (EEH)	2003	23.55 km city express highway	BKC & Annex, BKC Outskirts and Eastern Suburbs

Eastern Freeway	2013	16.8 km long controlled-access highway	CBD, SBD Central and Eastern Suburbs
JVLR (Jogeshwari Vikhroli Link Road)	1994	10.6 km long 6 lane road connecting the WEH and EEH	Western and Eastern Suburbs and Malad-Goregaon
SCLR (Santacruz Chembur Link Road)	2014	6.45-kilometre-long (4.01 mi) arterial road connecting WEH and EEH	BKC Outskirts, and Eastern suburbs
Ghodbunder Road	NA	Key arterial road connected to the Western Express Highway at Ghodbunder and the Eastern Express Highway at Majiwada	Thane
Thane Belapur Road	NA	Major road connecting Thane and Navi Mumbai. The road has been widened to a total of 6 lanes	Thane and Thane-Belapur Road
Mumbai – Pune Expressway	2002	6-lane wide tolled expressway spanning a distance of 94.5 km	Thane-Belapur Road, Navi Mumbai Others
Western Line (Suburban Railway)	1867	Consists of 37 stations from Dahanu Road to Churchgate railway station.	CBD, BKC & Annex, BKC Outskirts, SBD Central, Western Suburbs, Malad-Goregaon
Central Line (Suburban Railway)	1853	Consists of 24 stations from Chhatrapati Shivaji Maharaj Terminus to Kalyan	CBD, SBD Central, BKC & Annex, BKC Outskirts, Western Suburbs, Eastern Suburbs, Thane
Harbour Line (Suburban Railway)	1910	The Harbour line is a branch line of the Mumbai Suburban Railway	CBD, SBD Central, Thane-Belapur Road and Navi Mumbai Others
Monorail Line 1 (Jacob Circle – Wadala)	2014	20.21 km line and is fully elevated	SBD Central
Chhatrapati Shivaji Maharaj International Airport	1942	It has two operating terminals spread over 750 hectares handling 950 aircraft per day.	Western Suburbs, Malad-Goregaon
Mumbai Coastal Road Project (Partial opening of Phase 1 connecting Worli & Marine Drive)	2024	Partial opening of 4.5 km stretch from Worli to Marine Drive was opened to traffic.	CBD, SBD Central

### **Upcoming infrastructure**

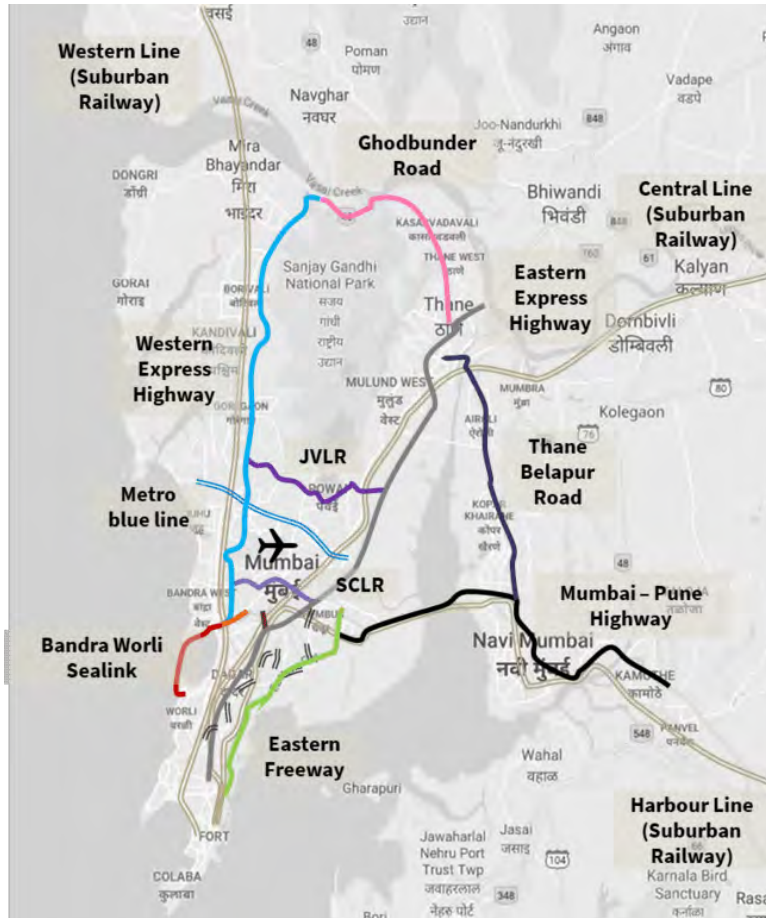
Submarket of Thane-Belapur Road and Navi Mumbai Others will benefit from the proposed Navi Mumbai International Airport. A proposed airport would positively impact the real estate market in Navi Mumbai by improving the area's commercial value, mainly through generating employment opportunities. Furthermore, it will also ease the burden on Mumbai's Chhatrapati Shivaji International Airport (CSIA) which accounts for over 25% of the entire air traffic in India.

Submarkets like CBD, SBD Central, Western Suburbs and Malad-Goregaon will benefit from the coastal road project. It will help improve the connectivity and reduce commuting time by 70%. Further, it will create easy access to the commercial hotspots of South Mumbai. Most importantly, it will decongest the expressway and local railways. This will lead to an uptick in the housing demand in the nearby suburbs and boost property prices

Upcoming Project	Completion timeline	Details	Key impact zones
Mumbai Coastal Road Project (Phase 1)	2024	8-lane project of 10.58 km from Princess Street flyover to Worli end of Bandra Worli Sea Link. Comprises of twin tunnels each 3.45 km long equipped with the latest technology.	CBD, BKC & Annex, BKC Outskirts, SBD Central, Western Suburbs, Malad-Goregaon
Navi Mumbai International Airport	2025	It will be connected with Navi Mumbai Metro's Line 1 and with the proposed Mumbai Metro's Line 8 (Gold Line).	Thane-Belapur Road and Navi Mumbai Others
Goregaon Mulund Link Road	2028	12-km long road infrastructure project that will connect Mulund directly to Goregaon. Construction in 4 phases	Malad-Goregaon and Eastern Suburbs
Suburban corridor between Panvel-Karjat on CR	2025	5 stations of Panvel, Chikale, Mahape, Chowk and Karjat and will pass through 58 bridges	Thane-Belapur Road and Navi Mumbai Others
Suburban corridor link between Airoli-Kalwa on CR	2024	8 kms long elevated link between Airoli and Kalwa is crucial for decongesting Thane station in future.	Thane-Belapur Road, Navi Mumbai Others and Thane
Quadrupling of Virar-Dahanu road on WR	2025	8 new stations and several new structures, like station buildings at Virar, Vaitarna, Saphale, Kelve Road, Palghar, Umroli, Boisar and Wangaon-Dahanu road	Malad-Goregaon
Extension of Harbour Line between Goregaon- Borivali	2026	3-km elevated stretch over Malad to extend the existing harbour line	Malad-Goregaon



**Mumbai - Map of existing and upcoming infrastructure**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Existing Metro Lines - Mumbai**

Existing Project	Completion timeline	Details	Key impact zones
Metro Blue Line 1 (Versova – Ghatkopar)	2014	11.40 km line is fully elevated and consists of 12 stations	Malad-Goregaon and Eastern Suburbs
Metro Red Line 7	2022	Dahisar – Andheri – CSMIA T1	Western Suburbs and Malad-Goregaon
Metro Yellow line 2A	2022	Dahisar – Andheri West	Western Suburbs and Malad-Goregaon

**Upcoming Metro Lines – Mumbai**

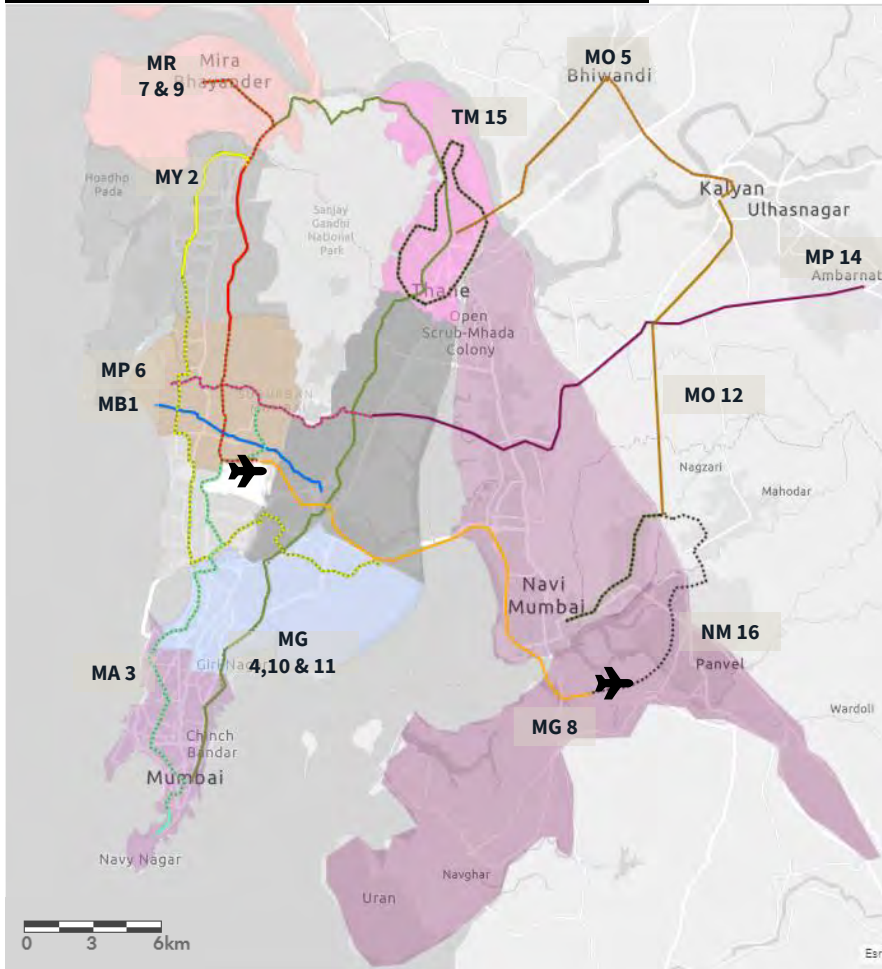
Completion of all the upcoming metro lines will benefit all the micro-markets of the city such as CBD, SBD BKC, SBD Central, Western Suburbs, Malad-Goregaon, Eastern Suburbs, Thane, and Navi Mumbai. The proposed metro aims to connect the areas that are not connected by the existing railway and enable commuters to reach the station within 500 m to 1 km. Residential developments in micro markets of Thane and Navi Mumbai will receive a boost, due to improved connectivity with the commercial hubs in the Western Suburbs and Malad-Goregaon



Upcoming Project		Completion timeline	Details	Key impact zones
Metro Aqua line 3 (Phase 1)	MA 3	2024	Colaba-Bandra-SEEPZ	CBD and SBD Central, BKC & Annex, BKC Outskirts, Western Suburbs
Metro Green Line 4	MG 4,10,11	2025	Wadala – Kasarvadavali – Gaimukh	Eastern Suburbs and Thane
Metro Orange Line 5	MO 5	2025	Thane – Bhiwandi – Kalyan	Thane
Metro Pink Line 6	MP 6	2026	Lokhandwala – Jogeshwari – Kanjurmarg	Western and Eastern Suburbs,
Metro Gold Line 8	MG 8	2026	CSMIA T2 – NMIA (indicative)	Western Suburbs, Thane-Belapur Road, Navi Mumbai Others and Malad-Goregaon
Metro Red Line 9	MR 7 & 9	2025	Dahisar – Mira Bhayandar	Dahisar, Mira Road, Bhayandar
Metro Green Line 10	MG 4,10,11	2025	Gaimukh – Shivaji Chowk (Mira Road)	Thane
Metro Green Line 11	MG 4,10,11	2030	Wadala – CSMT	SBD Central and CBD
Metro Orange Line 12	MO 12	2027	Kalyan – Dombivali – Taloja	Navi Mumbai Others
Metro Magenta Line 14	MM 14	2027	Vikhroli – Badlapur (indicative)	Eastern Suburbs and Thane
Thane Metro	TM 15	2026	Raila Devi – New Thane (indicative)	Thane
Navi Mumbai Metro Phase 2 & 3	NM 16	2026-27	Belapur – NMIA Taloja – Khandeshwar	Thane-Belapur Road and Navi Mumbai Others

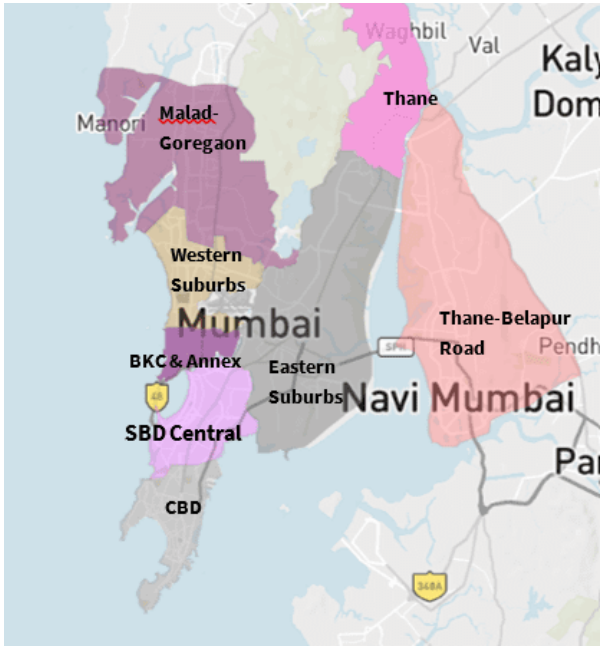
Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Mumbai - Map of existing and upcoming metro line**



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

## 6.4 MUMBAI - OFFICE SUBMARKETS

Submarket	Locations	
CBD	Nariman Point, Churchgate, Fort, Ballard Estate, Cuffe Parade	 <p>The map shows Mumbai divided into several office submarkets: CBD (Central Business District), SBD Central, BKC &amp; Annex, BKC Outskirts, Western Suburbs, Malad-Goregaon, Eastern Suburbs, Thane, and Thane-Belapur Road. It also shows surrounding areas like Manori, Goregaon, Thane, Kalyan, and Dom.</p>
SBD Central	Lower Parel, Dadar, Worli, Prabhadevi, Parel, Mahalaxmi	
BKC & Annex	BKC	
BKC Outskirts	Kalina, Kurla, Bandra East, Santacruz East	
Western Suburbs	Andheri East, Jogeshwari, Andheri West	
Malad-Goregaon	Goregaon, Malad, Borivali	
Eastern Suburbs	Powai, LBS Marg, Ghatkopar, Vikhroli, Mulund, Sion	
Thane	Wagle Estate, Ghodbunder Road	
Thane-Belapur Road	Airoli, Mahape, Khoparkhairane, Turbhe, Juinagar, Nerul, CBD Belapur	

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### Leasing Activity

#### City Market Trends

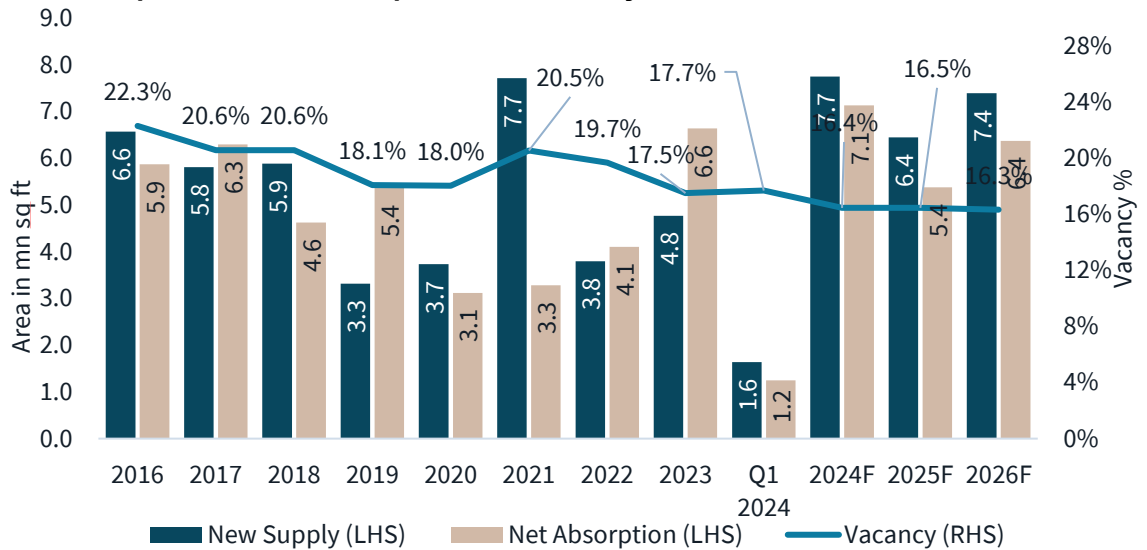
	Total Stock (mn sq. ft)	Net Absorption (mn sq. ft)				Vacancy (%)	
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	130.4	1.25	-61.0%	23.2%	17.7%	20 bps	-130 bps
CBD	5.0	0.01	23.6%	-62.1%	8.8%	-30 bps	-80 bps
SBD Central	18.4	0.08	-85.1%	-77.0%	24.1%	-40 bps	-150 bps
BKC & Annex	10.2	0.02	-144.3%	-34.8%	7.3%	-20 bps	-130 bps
BKC Outskirts	6.4	0.17	169.5%	63.4%	13.5%	20 bps	-140 pbs
Western Suburbs	20.6	0.21	63.0%	77.7%	16.8%	-90 bps	-60 bps
Malad-Goregaon	19.9	0.32	-78.1%	2280.2%	16.4%	330 bps	-210 bps
Eastern Suburbs	15.7	0.22	-27.0%	238.3%	10.9%	140 bps	-440 bps
Thane	9.7	0.09	-30.7%	1073.3%	19.8%	280 bps	260 bps

	Total Stock (mn sq. ft)	Net Absorption (mn sq. ft)				Vacancy (%)	
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Thane-Belapur Road	20.3	0.11	-81.6%	-60.5%	18.9%	-60 bps	-430 bps
Navi Mumbai Others	4.2	0.01	0.0%	-60.1%	57.2%	-20 bps	-190 bps

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

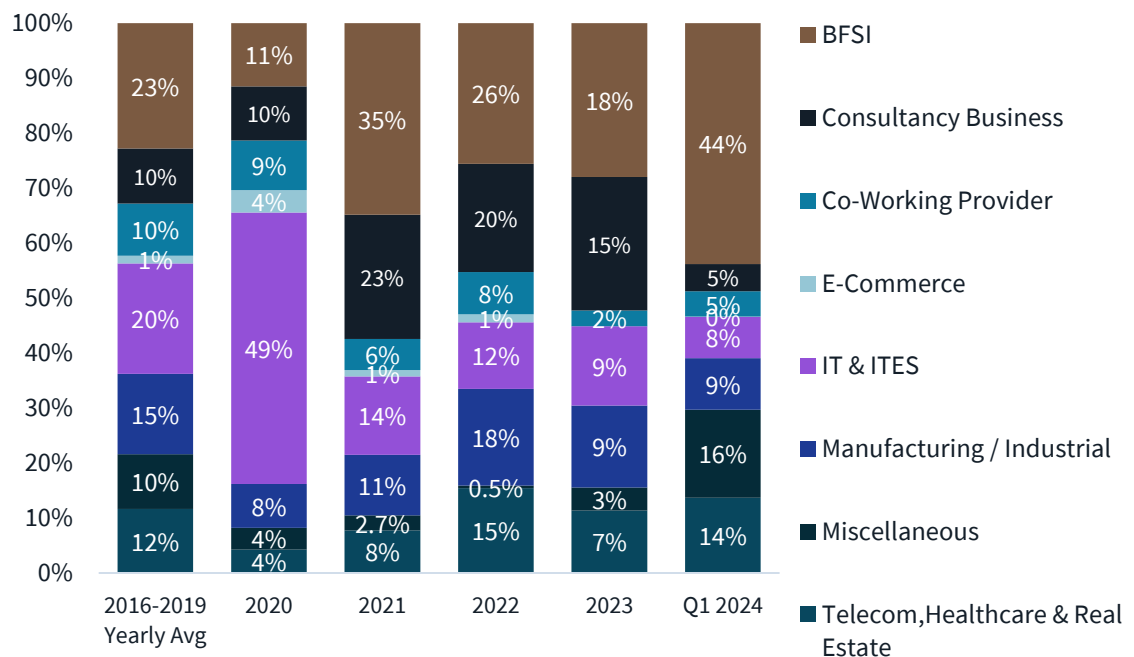
**Supply, Demand Trend**

**Total Completions, Net Absorption and Vacancy Rate - Overall**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Leasing Activity**



The city's office leasing activity stood at 2.1 million sq ft in Q1 2024, representing an increase of 40.4% compared to Q1 2023. Importantly, this was the strongest ever first quarter leasing performance compared to all previous Q1 performances. Leasing was driven by increased space take up from BFSI occupiers who accounted for ~44% of the overall activity, followed by the real estate and construction segment, which accounted for ~14%. During the quarter, the Malad-Goregaon submarket witnessed the highest traction with a share of 29.0% in leasing activity. Eastern Suburbs and Western Suburbs followed with respective shares of 20.3% and 15.8%.

Leasing activity was dominated by the strong performance of domestic firms, which accounted for 78% of the overall leasing activity. The trend of end-user deals in managed office spaces continued during the quarter. All major pre-commitments remained intact. Office space leasing activity during the quarter was mostly driven by large to medium-sized deals.

In recent times, the city witnessed increased demand by the occupiers from data centres, medical technology, health analytics, online education, gaming, pharma, and FMCG sectors. We expect vacancy levels to remain rangebound in the medium term.

### **Vacancy**

New supply during the quarter outpaced net absorption leading to a 20 bps q-o-q rise in vacancy levels to 17.7%. However, at a submarket level, vacancy levels decreased in all but three submarkets of BKC Outskirts, Malad-Goregaon and Thane. On a y-o-y basis, vacancy has decreased by 130 bps.

### **New Supply**

A supply of 1.6 million sq ft came on stream in 1Q24, largely driven by a couple of large-sized projects in the Malad-Goregaon and Thane sub-markets. The BKC Outskirts sub-market also recorded a supply of 0.1 million sq ft. The pace of the construction activity remains at optimum levels. Some of the key projects that became operational during the quarter were Oberoi Commerz 3 Phase 2 (0.7 million) in Goregaon, 63 GMA (0.4 million) in Goregaon, and Centrum Business Square (0.4 million) in Thane.

By the end of 2026, overall stock is expected to see an addition of around 20 million sq ft of Grade A space, with Eastern Suburbs, Thane-Belapur Road and Western Suburbs combining to account for 74% of the future supply.

### **Outlook**

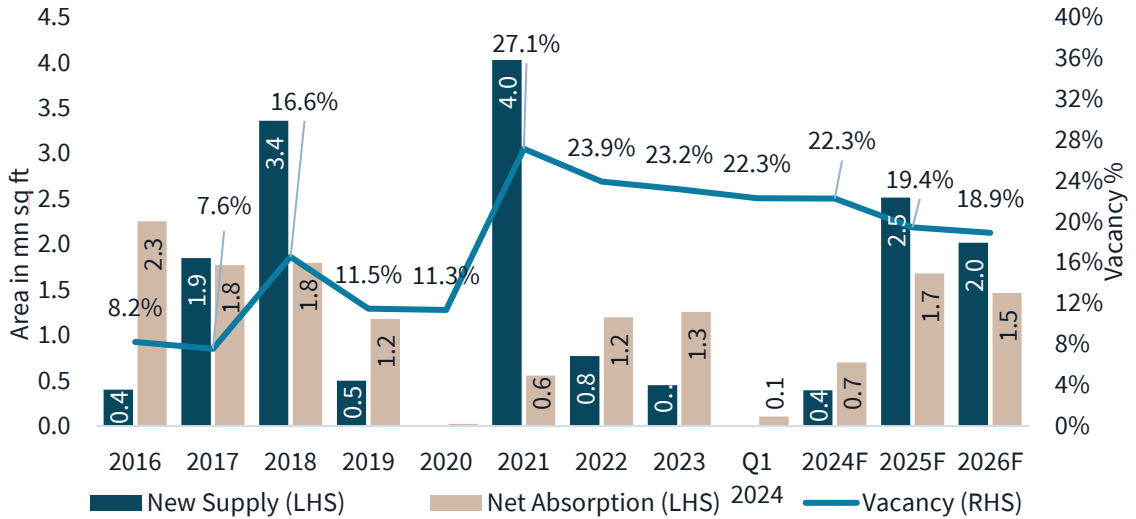
A total of nearly 7.5-8.0 million sq ft of office space is scheduled to be completed by end-2024. An optimum pace of construction activity is expected to continue in 2024. Total net absorption in 2024 is expected to be around 6.5-7.5 million sq ft as quality projects will continue to witness healthy demand from occupiers. Demand is expected to be driven by the BFSI, Consulting, and manufacturing sectors. As absorption outpaces supply, vacancy levels are expected to go down by 2024-end. Capital values are expected to rise faster than rents due to rising investor interest, leading to a compression of yields in key submarkets for quality assets.

## 6.5 MICRO MARKET: THANE-BELAPUR ROAD

The Mindspace Airoli East project lies in the Thane-Belapur Road micro market.

### Supply, Demand Trend

#### Total Completions, Net Absorption and Vacancy Rate

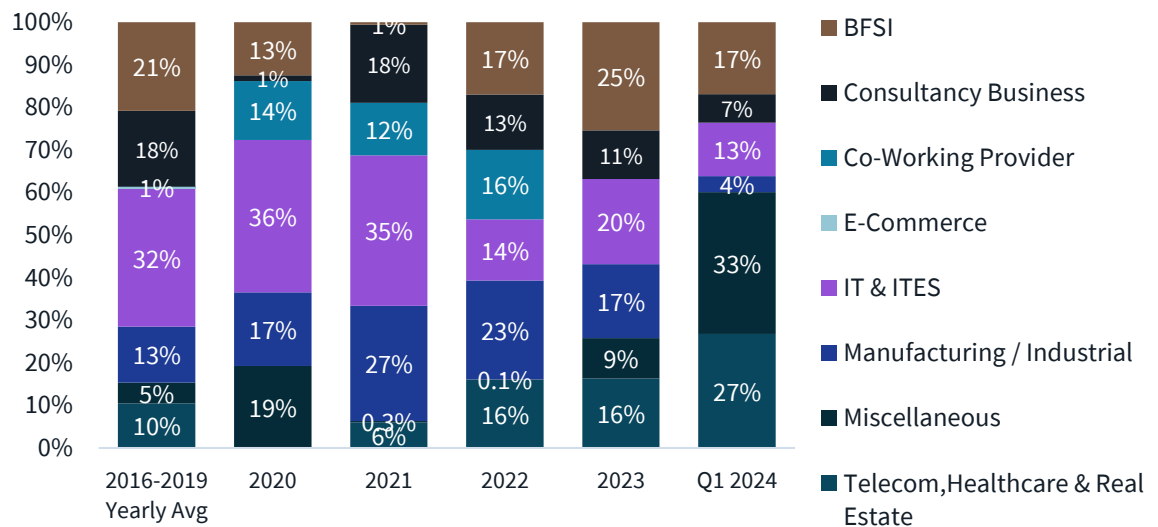


Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Mindspace Airoli East project lies in the Thane Belapur Road micro-market.

### Leasing Activity

#### Occupier share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The submarket witnessed a leasing activity of 185,898 sq ft in Q1 2024, down by 26.2% y-o-y. Most of the absorption came from space take-ups in the projects completed in the past 3 years. Inventurus Knowledge Solutions leased 44,533 sq ft in Mindspace Airoli, Sriram Finance Limited leased 31,408 sq ft in Q Parc and IndusInd Bank leased 27,084 sq ft in International Infotech Park. Thane-Belapur Road is one of the most favoured submarkets

amongst IT/ITeS occupiers as it offers a good supply of quality space with large floor plates, ideal for consolidating and expanding within the campus.

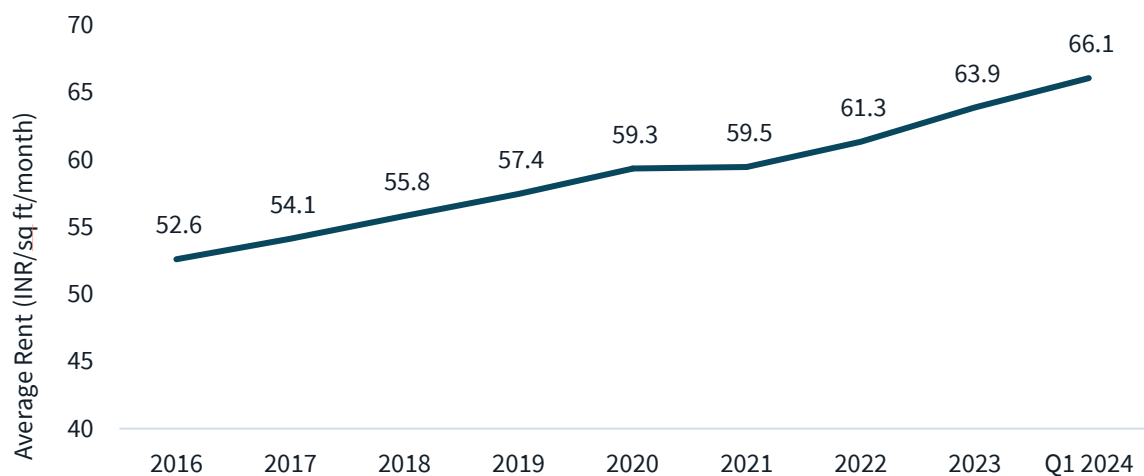
### **Supply**

No new supply addition was recorded during the quarter, keeping the stock unchanged at 20.3 million sq ft. Thane-Belapur Road is still the largest submarket in the city, accounting for a 15.6% share of the total city Grade A office stock.

### **Vacancy**

The vacancy rate declined by 50 bps q-o-q to 18.9% despite the net absorption keeping pace with new supply addition. However, good-quality projects by prominent developers continued to exhibit single-digit vacancies.

### **Rents**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

*Note: Mindspace REIT micro markets, 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.*

### **Prominent Lease Transactions within the Micro-Market**

Below are some of the lease transactions witnessed in the micro-market.

Sl. No.	Occupier Name	Name of the Building	Location	Area Leased (sq. ft.)	Lease Rentals (INR per sq. ft. per Month)	Transacted Period
1	HMM Shipping India Private Limited	Rupa Renaissance	Thane-Belapur Road	18,100	60	Q1 2024
2	Furgo Survey India Private Limited	Rupa Renaissance	Thane-Belapur Road	21,990	56	Q1 2024
3	Xplore Tech Services Private Limited	Rupa Solitaire	Thane-Belapur Road	23,348	60	Q1 2024
4	Lenskart Eytech Private Limited	Rupa Renaissance	Thane-Belapur Road	16,600	79	Q1 2024

5	Inventurus Knowledge Solutions Private Limited	Mindspace Airoli East Building 5 & 6	Thane-Belapur Road	44,533	64	Q1 2024
6	RSM Astute Consulting Private Limited	Rupa Renaissance	Thane-Belapur Road	12,500	73	Q1 2024

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The lease transactions in the Thane Belapur Road micro market are recorded in the range of INR 50 – 80 per sq. ft per month. The lease transactions in Airoli East location where the Project is located are in the range of INR 55 to 65 per sq. ft per month. Market rent for Mindspace Airoli East has been considered in line with the achievable market rent for completed buildings at INR 61.95 per sq. ft per month

### **Investment Activities within the Micro Market**

The City has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro market location, Project, leases prevailing etc.

### **Investment Activities within India**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

SL. NO	CITY	PROPERTY NAME	LOCATION	MICRO MARKET	LEASABLE AREA (SQ FT)	CAPITAL VALUE (INR PER SQ FT)	NET YIELD	TRANSACTION PERIOD
1	Mumbai	One BKC	BKC, Mumbai	BKC & Annex	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Outskirts	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Infocity	Navalur	PBD OMR	~1,418,174	5,500 - 6,000	8.00% - 8.50%	2021
5	Chennai	Global Infocity	Perungudi	SBD OMR	~2,700,000	8,500 - 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 - 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 - 8,000	9.00% - 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200- ,8700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019



12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 - 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 - 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 - 45,000	8.00 - 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90- 8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram - Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) + 1,600,000 (UC) + 2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Project Site is **Mindspace Airoli East** which is one of the known developments for IT/ITeS companies located in the Thane-Belapur Road micro market at Airoli in Navi Mumbai City. The Project is a part of **Mindspace Business Parks REIT** (Mindspace REIT) portfolio. The location has excellent connectivity to residential locations and social infrastructure too.

The project offers Grade A, IT SEZ space spread across 12 completed and operational buildings with good amenities and facilities. There are prominent clients in the larger campus such as Larsen & Toubro Infotech Limited (LTIMindtree Limited), Accenture Services Pvt. Ltd. (Accenture Solutions Pvt. Ltd.), L&T Technology Services Ltd., Gebbs Healthcare Solutions Pvt. Ltd Cognizant Technology Solutions (I) Pvt. Ltd., etc. and is a preferred office space in the micro market due to the quality of buildings, ease of connectivity and nature of campus development. Considering the past transactions in the city and Project attributes in terms of size, occupancy profile, micro market trend etc. the cap rate has been arrived for the Project.

The Cap Rate applied to arrive at the terminal value of the property is 8.00%.

### **Outlook**

Over the next three years, the Thane-Belapur Road submarket is likely to add about 4.9 million sq ft of Grade A supply. As a result of this continuous infusion of supply into the submarket, rents are expected to remain stable or rise marginally, driven by a few marquee projects. Tech occupiers along with occupiers from the manufacturing segment and managed flex players are likely to be the mainstay of demand in this submarket.

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial / office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub / above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market / marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

#### 7.1.1 CASH FLOW PROJECTIONS

The cash flows for the Project have been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction / future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant / under-construction / future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimation of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table below:

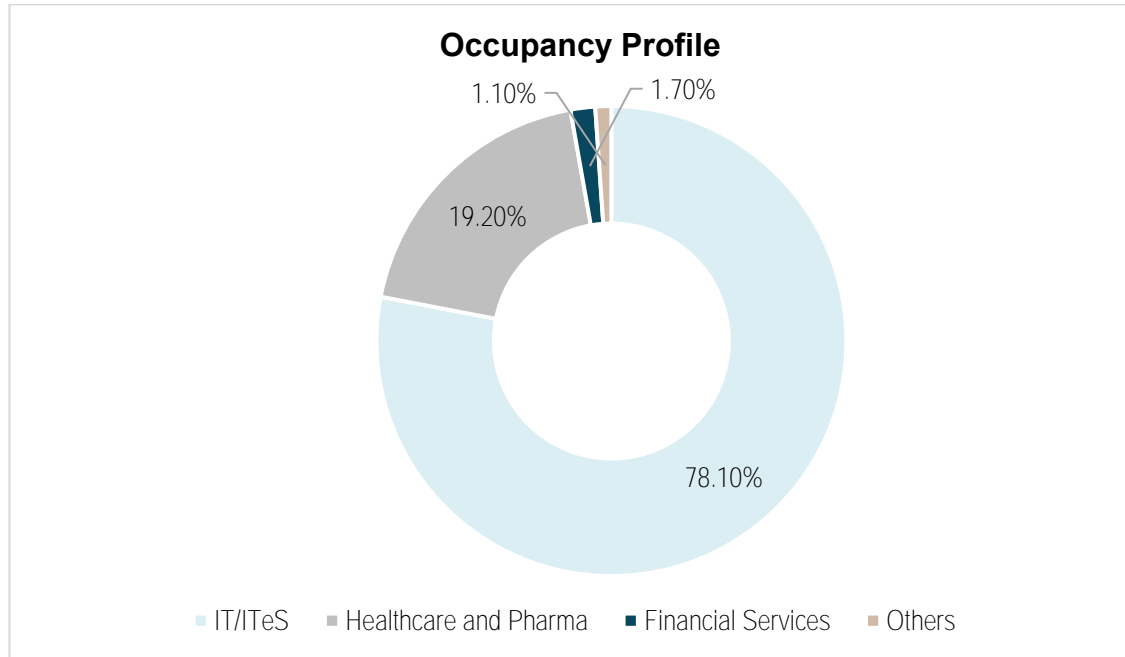
**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### **7.1.2 ABSORPTION / LEASING VELOCITY AND OCCUPANCY PROFILE**

Occupancy profile of the project is as follows: -

- ~78.1 space is taken by IT/ITeS Sector
- ~19.2% space is taken by Healthcare and Pharma
- ~01.7% space is taken by Financial Services
- ~1.1% space is taken by Other sectors including F&B



### 7.1.3 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and / or inputs used in the cash flow configuration used for providing Valuation of the Project.

**Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Blocks**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Refer Error! Reference source not found.	As per the information provided by the Client
Leased Area	Refer Error! Reference source not found.	As per the information provided by the Client
Vacant Area / Vacancy	849,078 sq ft / 17.78%	As per the information provided by the Client
Vacancy Allowance	2.0%	As per market benchmarks for large scale Grade A office projects.
Area to be Leased	849,078 sq ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market for Grade A properties, the rent free period for existing lease rollovers is two months.
Rent Free Period for Vacant area Leasing	6 months	As prevalent in the micro-market for Grade A properties, the rent free period for new leases is six months.

Parameters	Assumptions / Inputs	Remarks / Basis
Construction Related Assumptions		
Approx. construction Cost to be Incurred	INR 160 Mn	As per the information provided by the Client
Estimated Completion Date for incurring expenses	Q4 2025	As per the information provided by the Client
Estimates of already carried out major repairs	INR 1,659 Mn	As per the information provided by the Client
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases, i.e., 4.5% every year	As prevalent in the market it is observed that lease agreements are primarily at 4.5% rent escalations every year.
Market / Marginal Rent – Office for FY25	Completed Buildings INR 61.95 per sq. ft per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 55 – 65 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 70 – 80 per sq. ft. per month. Please refer Section 6.5  Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent - Amenities	Not Applicable	
Market Rent - Car Parking Space for FY25	INR 1,575 per CPS per month	The Grade A offices offers car parking rates in the range of INR 1,000 – 2,000 per slot per month. Based on the market benchmarking of recent leased rates within the micro market, the achievable car park rate for the Project Site is derived.
Market / Marginal Rent – F&B for FY25	F&B – INR 141.75 per sq. ft per month	The lease transactions of F&B in Grade A, IT park in the said micro market are recorded in the range of INR 130 – 150 per sq. ft per month for last 5 years. The asking instances are observed in the range of INR 140 – 160 per sq. ft per month.
Market / Marginal Rent – Kiosk for FY25	Kiosk – INR 262.50 per sq. ft per month	The lease transactions of kiosk in Grade A IT park in the said micro market are recorded in the range of INR 250 – 270 per sq. ft. per month

Parameters	Assumptions / Inputs	Remarks / Basis
		for last 5 years. The asking instances are observed in the range of INR 260 – 280 per sq. ft. per month.
Market / Marginal Rent - Terrace	Not Applicable	
Other Income	1% of base rentals	As prevalent in the market, we consider a normalized level of other income for future. Hence, we have considered other income at 1.0% of base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Market Rent Growth from FY26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5-6% per annum for the Project
Parking Rent Growth from FY26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76%	Recent re-leasing suggests that the Client has leased the same premises at relatively lower efficiency and received 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
Maintenance Services Income / CAM Income for FY25	INR 11.77 per sq ft per month	The CAM rate in Grade-A Commercial Development is observed to be in the range of INR 10 – 15 per sq. ft. per month. The CAM income in the Project is in-line with market trend and is as provided by Client
Operating Cost Assumptions		
Brokerage – New/Vacant Leases	4-month receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2-month receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	INR 9.22 per sq ft per month	As shared by client and as prevalent in the market

Parameters	Assumptions / Inputs	Remarks / Basis
Property Tax for FY25	INR 1.63 per sq ft per month	As shared by client and as prevalent in the market
Insurance for FY25	INR 0.28 per sq ft per month	As shared by client and as prevalent in the market
Cost Escalation	3.0% per Annum	As prevalent in the market
CAM Escalation	5.0% per Annum	As prevalent in the market
Other Assumptions		
Transaction Cost on Sale	1% of Terminal Value	As prevalent in the market
Other Operating Expenses	2% of Base Rent + Car Parking Charges	As prevalent in the market
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.0% (post yield shrinkage). Capitalized based on the Net Cash Flow of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

**Table 7.3: Key Assumptions Used in the Estimate of Under Construction / Future Developments**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Refer <b>Table 5.5</b>	As per the information provided by the Client
Leased Area	Refer <b>Table 5.5</b>	As per the information provided by the Client
Vacant Area / Vacancy	0 sq. ft / 100%	As per the information provided by the Client
Vacancy Allowance	2.0%	As per market benchmarks for large scale Grade A office projects.

Parameters	Assumptions / Inputs	Remarks / Basis
Area to be Leased	1.6 mn sq ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	Building 15, High Street Retail, Hotel + office building – 2 months	As prevalent in the micro-market for Grade A properties, the rent free period for existing lease rollovers is two months
Rent Free Period for New Leases	Building 15 – 6 months High Street Retail – 3 months Office portion of Hotel + office building – 4 months	As prevalent in the micro-market for Grade A properties, the rent free period for new leases is six months
Construction Related Assumptions		
Approx. construction Cost to be Incurred	Building 15 – INR 5,015 Mn High Street Retail – INR 115 Mn Hotel + Office Building – INR 5,143 Mn	As per the information provided by the Client
Estimated Completion Date	As Indicated in Executive Summary section	As per the information provided by the Client
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases i.e., 4.5% every year	As prevalent in the market it is observed that lease agreements are primarily at 4.5% rent escalations every year.
Market / Marginal Rent – Office and Retail for FY25	High Street Retail – INR 66.15 per sq. ft per month Building 15 – INR 61.95 per sq. ft per month (Hotel + Office) Hotel – INR 59 per sq. ft per month Office – INR 61.95 per sq. ft per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 55 – 65 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 70 – 80 per sq. ft. per month. Please refer 6.5  The lease transactions in retail space in the said micro market are recorded in the range of INR 60 – 70 per sq. ft per month for last 5 years. The asking instances are observed in the range of INR 70 – 80 per sq. ft. per month.  Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.



Parameters	Assumptions / Inputs	Remarks / Basis
Market / Marginal Rent – Amenities	Not Applicable	
Market Rent – Car Parking Space	Not Applicable	
Market / Marginal Rent – Food Court	Not Applicable	
Market / Marginal Rent – Kiosk	Not Applicable	
Market / Marginal Rent – Terrace	Not Applicable	
Other Income	1% of base rentals	As prevalent in the market, we consider a normalized level of other income for future. Hence, we have considered other income at 1.0% of base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Market Rent Growth from FY26	High Street Retail– 5% per annum Building 15 – 5% per annum (Hotel + Office) Hotel portion - 5% per annum Office portion – 5% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Parking Rent Growth from FY26	High Street Retail – 5% per annum Building 15 – 5% per annum (Hotel + Office) Hotel portion – 5% per annum Office portion – 5% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	Building 15 – 76% High Street Retail – 70% Hotel + office building – 76%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received 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
Maintenance Services Income / CAM Income for FY25	INR 11.77 per sq ft per month	The CAM rate in Grade-A Commercial Development is observed to be in the range of INR 10 – 15 per sq. ft. per month. The CAM income in the Project is in-line

Parameters	Assumptions / Inputs	Remarks / Basis
		with market trend and is as provided by Client
Operating Cost Assumptions		
Brokerage – New Leases	Building 15 – 4 months receivable on base rent High Street Retail – 2 months receivable on base rent Hotel + office building Office portion – 4 months receivable on base rent	As prevalent in the market
Brokerage – Renewals / Release	Building 15 – 2 months receivable on base rent High Street Retail – 2 months receivable on base rent Hotel + office building Office portion - 2 months receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	INR 9.22 per sq ft per month	As shared by the Client and as prevalent in the market
Property Tax for FY25	INR 1.63 per sq ft per month	As shared by client and as prevalent in the market
Insurance for FY25	INR 0.28 per sq ft per month	As shared by client and as prevalent in the market
Cost Escalation	3.0% per Annum	As prevalent in the market
CAM Escalation (Income & Expense)	5.0% per Annum	As prevalent in the market
Other Assumptions		
Transaction Cost on Sale	1% of Terminal Value	As prevalent in the market
Other Operating Expenses	2% of Base Rent + Car Parking Charges	As prevalent in the market
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 13.00%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.0% (post yield shrinkage). Capitalized based on the Net Cash Flow of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted	Value assumptions as practiced in the market

Parameters	Assumptions / Inputs	Remarks / Basis
	with transaction costs, to arrive at terminal value.	

## 7.2 VALUATION ASSUMPTIONS FOR POWER DISTRIBUTION SERVICES

### 7.2.1 ADOPTED METHODOLOGY

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:

- Amount of approved Gross Fixed Assets ("GFA") is considered.
- Further, Net Fixed Asset (NFA) which is GFA reduced by accumulated depreciation allowed as on date is computed.
- To compute the Net Cashflows, mainly return on equity, interest on notational debt, recovery of depreciation, interest on working capital have been added.
- Licensee is allowed to charge 14% return on equity which is 30% of GFA. In case of no actual loan, the commission allows a return on normative loan equal to 70% of GFA based on MYT regulations 2019. 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.
- Approved power procurement, operational and maintenance expenses are allowed completely pass through.

### 7.2.2 KEY ASSUMPTIONS AND INPUTS

Following are the key details as per the Commission order dated 31 March 2024:

Table 7.4 Key Assumptions Used for Power Distribution Services

Particulars	Unit	Figure
Gross Fixed Assets	INR Mn	524
Notional Equity (30% of GFA)	INR Mn	157
Notional Debt as on March 2024 (70% of GFA)	INR Mn	367
Return on Equity	%	14%
Depreciation Rate	% Per annum	5.3%
License End Date	Date	03 November 2032

### 7.2.3 KEY PROJECTIONS FOR CASH FLOWS

Following are the key projections, as provided by the Client

Table 7.5 Key Projections for Power Distribution Services

Particulars	Unit	Q1 FY 2025	Q2 FY 2025	Q3 FY 2025	Q4 FY 2025
Number of units sold	Mn units	15.7	14.7	15.3	14.3
Revenue from Sales	INR Mn	184	172	179	168
Power purchase expense	INR Mn	96	90	94	88
O&M expenses	INR Mn	18	17	18	17
Planned Capex	INR Mn	0.1	0.1	0.1	0.1

For the purpose of discounting the future cash flows Weighted Average Cost of Capital (WACC) of 10.5% has been utilized.

Following are the key projections for the purpose of projecting the future cashflows and further discounting the same to arrive at the market value for the Power Distribution Services.

**Table 7.6 Key Assumptions for Operating Parameters**

ASSUMPTION	UNIT	DETAILS
Power Purchase Cost (Increase % p.a. post)	% per annum	5.0%
O&M (Increase % p.a.)	% per annum	7.0%
Depreciation (SLM) -MERC	%	5.3%
Depreciation (SLM) -Companies Act	%	3.2%
Transition Loss	%	0.7%
Prov for Contingency (% of GB)	%	0.0%

### 7.3 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is estimated to be as follows:

**Table 7.7: Market Value of the Project**

Component	Market Value as on	In Figures (INR Mn)	In Words
Total Market Value (Completed / Operational, including power distribution business of MBPPL) <sup>1</sup>	31st March 2024	45,423.99	INR Forty Five Billion Four Hundred Twenty Three Million Nine Hundred Ninety Thousand Only
Total Market Value (Under construction buildings and future development buildings) <sup>2</sup>	31st March 2024	2,099.86	INR Two Billion Ninety Nine Million Eight Hundred Sixty Thousand Only
Total Value		47,523.86	INR Forty Seven Billion Five Hundred Twenty Three Million Eight Hundred Sixty Thousand Only

Note: The above-mentioned value includes proportionate undivided ownership in the Amenities and Infrastructure, Utility Areas and Internal Roads and total open spaces of the Entire Campus

<sup>1</sup> The completed component value includes value of power distribution business

<sup>2</sup> The under construction component value includes value of land parcel under future development as shown in Table 7.7

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project Mindspace Airoli East comprising total leasable area of 6,420,121 sq. ft including future development located in Navi Mumbai, Maharashtra, India and power distribution business as on 31 March 2024 is estimated to be **INR 47,523.86 million (INR Forty Seven Billion Five Hundred Twenty Three Million Eight Hundred Sixty Thousand Only).**

**Table 7.8: Ready Reckoner Rate**

Component	Ready Reckoner Rate (INR per sq. m)
Commercial (Built-Up Area)	62,400
Land Area (Open Plot)	20,750

Note: The mentioned ASR value is as on 31<sup>st</sup> March 2024

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation.
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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



**Name:** Sachin Gulaty FRICS FIV FIIA,

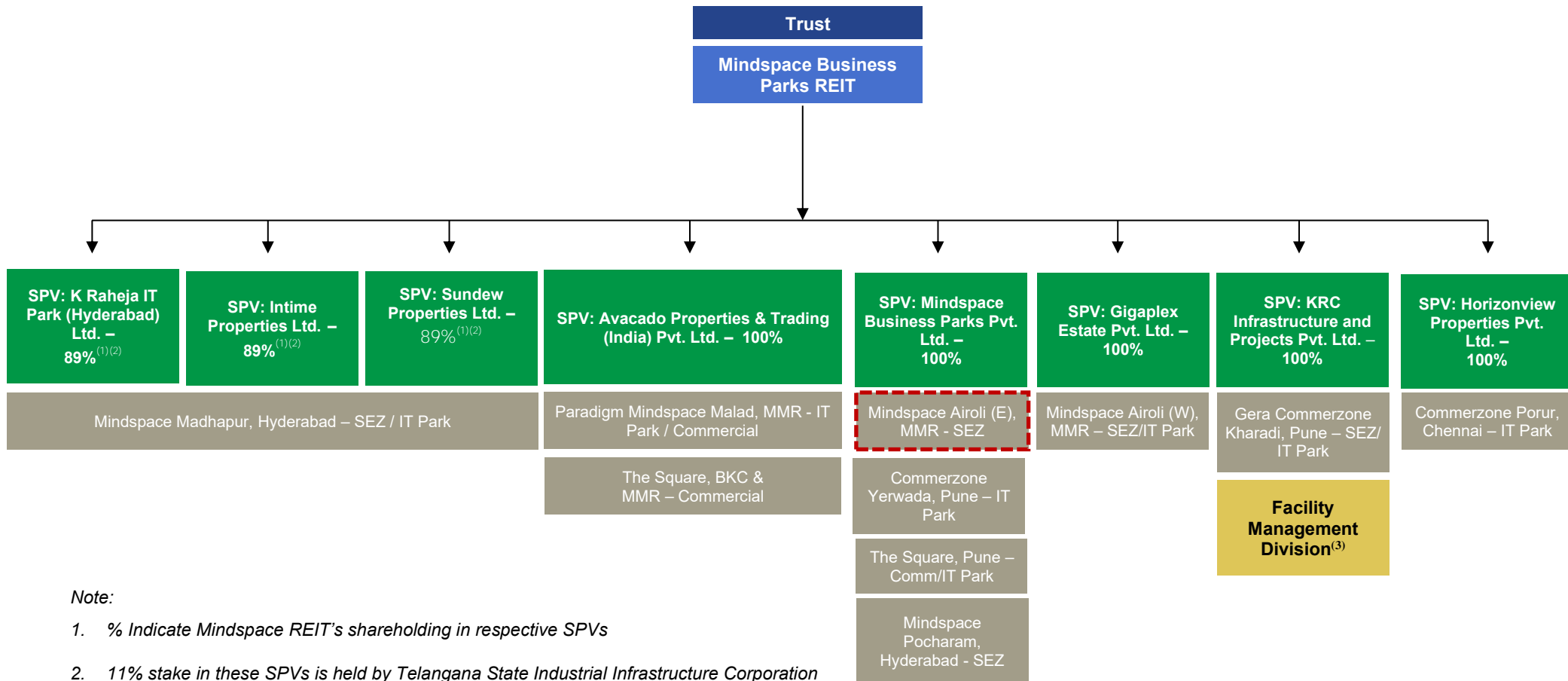
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

## Annexure - 1 Ownership Structure of the Project

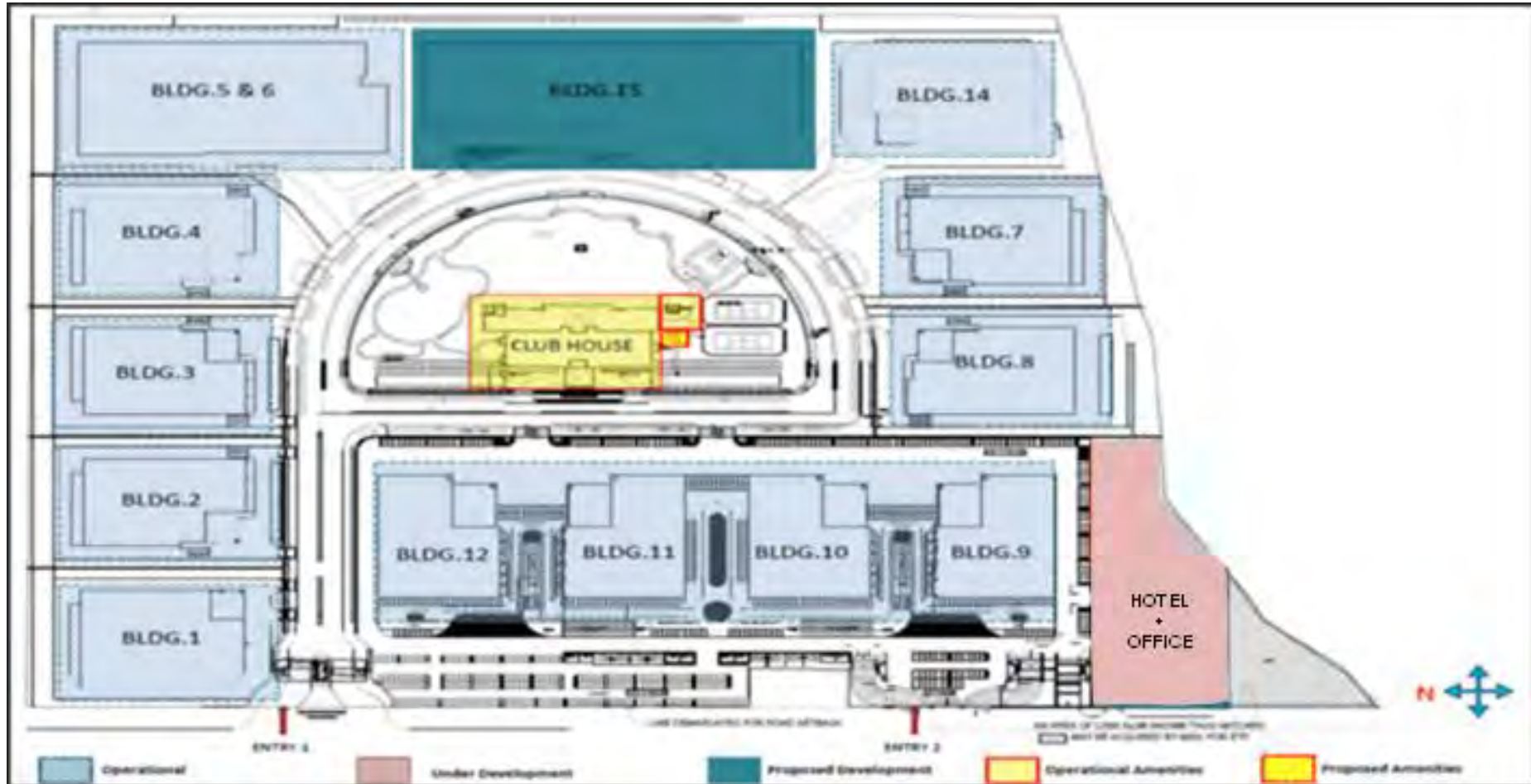


**Note:**

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 Layout Plan of the Project

Completed, Under Construction, and Future Development Buildings:



**Annexure - 3**  
**Statement of Key Assets within the Project**

Complex	Name							
Building	No. / Name	B1	B2	B3	B4	B5 & B6	B7	B8
Floor	Nos	G+3P+8	G+3P+8	G+3P+8	G+3P+8	G+2P+8		G+7
Warm Shell / Bare shell		Warm shell	Warm shell	Warm shell	Warm shell	Warm shell	Bare shell	Warm shell
Air Cooled Chiller	TR	250	300	250	350	2x 350	NA	322
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
No of Elevators / Make	No/ Make	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp, 7 Otis		7-Thyssenkrupp
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
No of Transformers / Capacity	No./ KVA	2 x 2000	2 x 2000	2 x 2000	2 x 2000	4 x 2000	NA	2 x 1500
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
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
Fire Diesel Pump	KW / Make	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
Sprinkle Pump	KW / Make	125 Kirlsokar brothers	104 Kirlsokar brothers	110, Crompton Greaves	125 Crompton Greaves	125 Crompton Greaves		110, Crompton Greaves
STP Rating	KLD	150	160	220	320	750		160



Complex Building	Name No. / Name	B9	B10	B11	B12	B14	Club House
Floor	Nos	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	Warm shell
Air Cooled Chiller	TR	350	350	305	350	300	NA
Water Cooled Chiller	TR	2 x 450	2 x 450	3 x 316	2 x 560	3 x 300	NA
No of Elevators /Make	No/ Make	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	7-Thyssenkrupp	NA
No of DG / Capacity	No. / KVA	4 X 1010	4 X 1010	4 X 1010	4 X 1010	3 X 1010	NA
No of Transformers / Capacity	No./ KVA	2 x 2000	2 x 2000	2 x 2000	2 x 2000	2 x 2000	NA
Booster Pump	KW / Make	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 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	
Hydrant Pump	KW / Make	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	125 Kirlsokar brothers	125 Kirlsokar brothers	125 Kirlsokar brothers	110, Kirlsokar brothers	37, Kirlsokar brothers
STP Rating	KLD	150	150	150	150	220	Nil

Source: Client 31<sup>st</sup> March 2024

**Annexure - 4**

**Approvals and NOCs Received for the Project**

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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) Environmental clearance for development
- d) One-time Fire NOC and Form B for completed buildings
- e) Height clearance NOC from AAI
- f) Tree cutting NOCs
- g) SEZ Notification
- h) SPA and Fire approval received from MIDC
- i) 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
- j) Approved plan for Retail + Kiosk
- k) Consent to establish
- l) Club house Consent to establish received
- m) Property cards for entire plot
- n) Form B

**Approvals Pending**

- a) Application for partial denotification of upto 2.21 Ha
- b) Applied for plan sanction for mixed use Building (Office + Hotel)

## Annexure - 5

### Ready Reckoner Rate Applicable for the Project

ASR Value as on 31<sup>st</sup> March 2024

**नोंदणी व मुद्रांक विभाग, महाराष्ट्र शासन**  
बाजारमूल्य दर पत्रक

Home	Valuation Rules	User Manual	Close	Feedback			
Year 2023/2024	Annual Statement of Rates			Language English			
Selected District	ठाणे						
Select Taluka	ठाणे						
Select Village	गावाचे नाव : ऐरोली						
Search By	<input type="radio"/> Survey No <input checked="" type="radio"/> Location						
Select	उपविभाग	खुली जमीन	निवासी सदनिका	ऑफिस	दुकाने	औद्योगिक	एकक (Rs.)
SurveyNo	1/54/2-(दिघे,चिचवली,ऐरोली भाग)महाराष्ट्र औद्योगिक विकास महामंडळाचे अखत्यारीतील रहिवासी वापर भूखंड	33800	0	0	0	0	चौ. मीटर
SurveyNo	1/54/3-(दिघे,चिचवली,ऐरोली भाग)महाराष्ट्र औद्योगिक विकास महामंडळाचे अखत्यारीतील व्यापारी वापर भूखंड	64900	0	0	0	0	चौ. मीटर
SurveyNo	1/54-ऐरोली नोंड दिघे ( उत्तर भाग )	20800	53400	62400	75600	62400	चौ. मीटर
SurveyNo	1/55-ऐरोली नोंड रबाळे (पश्चिम भाग)	10600	45000	51800	56200	51800	चौ. मीटर
SurveyNo	1/56-ऐरोली नोंड गोंठवली (उत्तर भाग)	13600	41000	49600	60400	49600	चौ. मीटर

Source: IGR Maharashtra

#### MIDC Land Rates

Regional Office:  Industrial Area:

#### Airoli Knowledge Park

[Basic Information](#)    [City Information](#)    [Location Details](#)    [Contact Us](#)  
[Clients](#)    [Infrastructure](#)    [Plots/Sheds Available](#)    [Industrial Maps](#)

#### Objective :

#### Industry Category : Growth Center

#### Land Rates

Industrial Plots per sq. mtr	: 20750
Commercial Plots per sq. mtr	: 62250
Residential Plots per sq. mtr	: NA

#### NOTE :

- MIDC reserves the right to revise the rates without prior notice.
- If the plot is facing State Highway/National Highway or the service road parallel to highways, then 15% additional premium will have to be paid.
- If the plot is having the more frontage than the standard size, then additional frontage charges will have to be paid for the excess frontage per running meter decided by the corporation time to time.
- If the plot is situated at the junction as stated at
  - 1) above or having the excess frontage as stated at
  - 2) above, in that case the additional premium will have to be recovered which will be on higher side.

**Annexure - 6**  
**Cash Flow Profile**

Table 7.9 Discounted Cash Flow of Completed Project – Office Building (B1, B2, B3, B4, B5 &amp; 6, B7, B8, B9, B10, B11, B12, B14 and Club House) (INR million)

		1-April-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred		-	160.00	-	-	-	-	-	-	-	-	-
	Leasable Area		4,774,580.61										
A	Base Rental		2,939.30	3,506.14	3,809.09	4,048.63	4,196.99	4,274.18	4,536.56	4,745.03	5,012.03	5,161.56	5,423.33
B	Car Parking Income		7.65	7.67	7.67	7.68	7.15	6.97	8.00	10.98	11.47	11.97	12.53
C	Fit-out rentals / tenant improvements		10.15	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		2,957.11	3,513.81	3,816.76	4,056.31	4,204.14	4,281.15	4,544.57	4,756.01	5,023.50	5,173.53	5,435.86
E	Maintenance services income		591.77	680.49	726.59	765.32	803.58	843.76	885.95	930.25	976.76	1,025.60	1,076.88
F	Other Operating Income		29.39	35.06	38.09	40.49	41.97	42.74	45.37	47.45	50.12	51.62	54.23
G	Revenue from Operations		3,578.27	4,229.36	4,581.44	4,862.11	5,049.69	5,167.65	5,475.88	5,733.70	6,050.38	6,250.74	6,566.97
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		528.50	554.92	582.67	611.80	642.39	674.51	708.24	743.65	780.83	819.87	860.87
I	Property Tax		93.39	96.19	99.08	102.05	105.11	108.27	111.51	114.86	118.30	121.85	125.51
J	Insurance Premium		16.17	16.65	17.15	17.67	18.20	18.74	19.30	19.88	20.48	21.09	21.73
K	Net Operating Income (NOI)		2,940.22	3,561.59	3,882.54	4,130.59	4,283.99	4,366.13	4,636.83	4,855.31	5,130.76	5,287.92	5,558.87
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	68,790.99	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		130.10	132.34	44.51	45.76	64.39	110.62	35.07	77.69	53.11	163.13	-
M	Property Management Fee		104.53	124.21	134.92	143.39	148.61	151.34	160.65	168.12	177.58	182.88	192.15
N	Other operational expenses		58.94	70.28	76.34	81.13	84.08	85.62	90.89	95.12	100.47	103.47	108.72
O	Net Cashflows	-	2,486.64	3,234.76	3,626.77	3,860.32	3,986.90	4,018.55	4,350.22	4,514.38	4,799.61	73,629.43	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.10 Discounted Cash Flow of Future Development – Building B15 (INR million)

		1-April-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	929.00	1,816.00	1,814.00	456.00	-	-	-	-	-	-	-
	Leasable Area	800,000.00											
A	Base Rental		-	-	-	-	292.63	695.03	757.16	791.23	826.83	864.04	902.92
B	Facility Rentals		-	-	-	-	292.63	695.03	757.16	791.23	826.83	864.04	902.92
C	Maintenance services income		-	-	-	-	72.47	132.54	148.44	155.87	163.66	171.84	180.43
D	Other Operating Income		-	-	-	-	2.93	6.95	7.57	7.91	8.27	8.64	9.03
E	Revenue from Operations		-	-	-	-	368.03	834.52	913.17	955.01	998.76	1,044.53	1,092.39
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
F	Maintenance services Expenses		-	-	-	38.44	74.00	105.95	118.67	124.60	130.83	137.37	144.24
G	Property Tax		-	-	-	12.82	17.61	18.14	18.68	19.25	19.82	20.42	21.03
H	Insurance Premium		-	-	-	2.22	3.05	3.14	3.23	3.33	3.43	3.53	3.64
I	Net Operating Income (NOI)		-	-	-	(53.49)	273.37	707.29	772.59	807.83	844.68	883.20	923.48
J	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	11,428.02	-
K	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
	Brokerage Fees		-	-	-	76.50	160.64	-	-	-	-	-	-
	Property Management Fee		-	-	-	-	10.34	24.57	26.77	27.97	29.23	30.54	31.92
L	Other operational expenses		-	-	-	-	5.85	13.90	15.14	15.82	16.54	17.28	18.06
M	Net Cashflows	-	(929.00)	(1,816.00)	(1,814.00)	(585.98)	96.53	668.82	730.68	764.04	798.91	12,263.40	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.11 Discounted Cash Flow of Under Construction – High Street Retail (INR million)

		1-April-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred	-	115.41	-	-	-	-	-	-	-	-	-	-
	Leasable Area	45,907.80											
A	Base Rental		-	22.91	37.88	39.58	41.36	43.22	45.17	47.20	49.32	51.73	56.39
B	Facility Rentals		-	22.91	37.88	39.58	41.36	43.22	45.17	47.20	49.32	51.73	56.39
C	Maintenance services income		-	3.37	5.69	7.36	7.73	8.11	8.52	8.94	9.39	9.86	10.35
D	Other Operating Income		-	0.23	0.38	0.40	0.41	0.43	0.45	0.47	0.49	0.52	0.56
E	Revenue from Operations		-	26.50	43.95	47.33	49.50	51.77	54.14	56.62	59.21	62.11	67.31
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
F	Maintenance services Expenses		0.64	3.00	4.55	5.88	6.18	6.49	6.81	7.15	7.51	7.88	8.28
G	Property Tax		0.22	0.92	0.95	0.98	1.01	1.04	1.07	1.10	1.14	1.17	1.21
H	Insurance Premium		0.04	0.16	0.16	0.17	0.17	0.18	0.19	0.19	0.20	0.20	0.21
I	Net Operating Income (NOI)		(0.90)	22.41	38.28	40.30	42.14	44.06	46.07	48.17	50.37	52.85	57.61
J	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	712.98	-
K	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
	Brokerage Fees		4.05	2.13	-	-	-	-	-	-	-	4.71	-
	Property Management Fee		-	0.81	1.34	1.40	1.46	1.53	1.60	1.67	1.74	1.83	1.99
L	Other operational expenses		-	0.46	0.76	0.79	0.83	0.86	0.90	0.94	0.99	1.03	1.13
M	Net Cashflows	-	(120.36)	19.02	36.18	38.11	39.85	41.67	43.57	45.56	47.64	758.26	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.13 Discounted Cash Flow of Under Construction – Mixed Use Building - Hotel (INR million)

		1-April-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred	-	259.52	196.93	439.17	787.27	-	-	-	-	-	-	-
	Leasable Area	268,916.00											
A	Base Rental		-	-	-	-	97.35	198.00	206.91	216.22	225.95	236.12	246.74
B	Facility Rentals		-	-	-	-	97.35	198.00	206.91	216.22	225.95	236.12	246.74
C	Maintenance services income		-	-	-	-	-	-	-	-	-	-	-
D	Other Operating Income		-	-	-	-	-	-	-	-	-	-	-
E	Revenue from Operations		-	-	-	-	97.35	198.00	206.91	216.22	225.95	236.12	246.74
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
F	Maintenance services Expenses		-	-	-	-	-	-	-	-	-	-	-
G	Property Tax		-	-	-	2.87	5.92	6.10	6.28	6.47	6.66	6.86	7.07
H	Insurance Premium		-	-	-	0.50	1.02	1.06	1.09	1.12	1.15	1.19	1.22
I	Net Operating Income (NOI)		-	-	-	(3.37)	90.40	190.85	199.54	208.63	218.13	228.07	238.45
J	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	2,950.84	-
K	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
	Brokerage Fees		-	-	-	-	-	-	-	-	-	-	-
	Property Management Fee		-	-	-	-	3.41	6.93	7.24	7.57	7.91	8.26	8.64
L	Other operational expenses		-	-	-	-	1.95	3.96	4.14	4.32	4.52	4.72	4.93
M	Net Cashflows	-	(259.52)	(196.93)	(439.17)	(790.64)	85.05	179.96	188.16	196.74	205.71	3,165.92	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.14 Discounted Cash Flow of Under Construction – Mixed Use Building - Office (INR million)

		1-April-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred	-	401.17	751.04	1,231.04	1,076.87	-	-	-	-	-	-	-
	Leasable Area	530,716.00											
A	Base Rental		-	-	-	114.18	423.34	482.93	504.66	527.37	551.10	575.90	601.82
B	Facility Rentals		-	-	-	114.18	423.34	482.93	504.66	527.37	551.10	575.90	601.82
C	Maintenance services income		-	-	-	19.53	66.99	93.79	98.48	103.40	108.57	114.00	119.70
D	Other Operating Income		-	-	-	1.14	4.23	4.83	5.05	5.27	5.51	5.76	6.02
E	Revenue from Operations		-	-	-	134.85	494.57	581.55	608.19	636.05	665.19	695.66	727.54
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
F	Maintenance services Expenses		-	-	-	34.00	53.55	74.98	78.72	82.66	86.79	91.13	95.69
G	Property Tax		-	-	-	11.34	11.68	12.03	12.40	12.77	13.15	13.54	13.95
H	Insurance Premium		-	-	-	1.96	2.02	2.08	2.15	2.21	2.28	2.34	2.42
I	Net Operating Income (NOI)		-	-	-	87.54	427.31	492.46	514.92	538.41	562.97	588.64	615.48
J	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	7,616.59	-
K	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
	Brokerage Fees		-	-	-	121.79	31.97	-	-	-	-	-	-
	Property Management Fee		-	-	-	4.04	14.97	17.07	17.84	18.64	19.48	20.36	21.27
L	Other operational expenses		-	-	-	2.28	8.47	9.66	10.09	10.55	11.02	11.52	12.04
M	Net Cashflows	-	(401.17)	(751.04)	(1,231.04)	(1,117.44)	371.91	465.73	486.99	509.22	532.46	8,173.36	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.15 Cash Flow Projections of Power Distribution Services

		1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32
		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
Particulars	Unit									
Revenue	INR Million	703.46	432.28	488.48	554.19	630.95	684.26	717.04	751.77	464.44
Expense	INR Million	437.33	381.38	442.16	512.66	594.44	651.36	686.68	723.95	452.60
Planned Capex	INR Million	0.20								
Net Cashflow	INR Million	265.93	50.90	46.31	41.53	36.52	32.90	30.36	27.82	11.83

## Annexure - 7 Material Litigations

### (i) **Title litigation and irregularities:**

1. A complaint was filed by Maharashtra Pollution Control Board (MPCB) before the Judicial Magistrate, First Class, Belapur- District - Thane (Criminal Case No. 995 of 2022) under Sections 15 and 16 of the Environment (Protection) Act, 1986 read with the Environment Impact Assessment Notification, 2006 against MBPPL for carrying out expansion activity at Mindspace Airoli East project without obtaining prior environmental clearance. The matter is currently pending.

### (ii) **Criminal Matters:**

There are no pending criminal matters against Mindspace Airoli East.

### (iii) **Regulatory actions:**

1. The Income Tax Department had issued a warrant dated November 29, 2017 under Section 132 of the Income Tax Act, 1961 ("**Income Tax Act**") MBPPL and others ("**Parties**"). Pursuant to the Warrant, the Income Tax Department carried out a search on November 30, 2017. The search covered various matters for which notices were already issued from time to time. The search was concluded on December 6, 2017 at the office and residence of the Parties. Pursuant to the search, the Income Tax Department issued notices to each of the Parties under Section 153A of the Income Tax Act directing them to prepare and furnish true and correct returns of total income for assessment years ("**AY**") from 2008-2009, 2012-13 to 2017-18 within a stipulated timeline from the date of service of the notices and these returns have been furnished before the Income Tax Department. Further, the Income Tax Department issued notices under Section 142(1)/143(2) of the Income Tax Act for assessment years 2008-2009, 2012-13 to 2017-2018/2018-19, to the Parties seeking certain information. These details have been furnished before the Income Tax Department by the Parties from time to time.
2. MBPPL filed appeals before the CIT(A) against the order for AY 2012-13 to AY 2017-18 and against order for AY 2018-19. MBPPL made an application under the VsV for AY 2012-13, AY 2013-14 & AY 2014-15. MBPPL received final order for AY 2012-13, accepting the VsV Application. The appeal for AY 2015-16 and 2016-17 were disposed by the CIT(A) in favour of MBPPL with direction to the assessing officer. The appeal for AY 2012-13 was dismissed by the CIT(A) in view of VsV order for the said year. VsV application for AY 2013-14 was rejected and the final order under VsV for AY 2014-15 is currently pending. The appeal for AY 2013-14 was disposed by the CIT(A) against MBPPL and an appeal has been filed before the ITAT against the same. Appeal filed before ITAT for AY 2013-14 has been withdrawn by MBPPL. The Income Tax Department filed an appeal for AY 2015-16 and AY 2016-17 before ITAT against the order of the CIT(A) and the same were disposed by the ITAT in favour of MBPPL. MBPPL received a notice under section 148 for assessment year 2014-15. MBPPL filed return of income under protest in response to the said notice for assessment year 2014-15 and also sought reasons for reopening the assessment. MBPPL received reasons for reopening and response against the same has been submitted objecting to the reopening of assessment. The Income Tax Department passed an order rejecting the objections filed. MBPPL filed a writ petition with the Bombay High Court against the notice under section 148 and rejection order. Bombay High Court has passed the order quashing the notice under section 148. Subsequently, Supreme Court has upheld the validity of the notice. MBPPL received notice u/s 148A(b) and response against the same has been submitted objecting to the reopening of assessment. The Income Tax Department passed an order under section 148A(d) rejecting the objections filed and served notice under section 148 of the Income Tax Act. The return of income was filed under protest in response to the said notice. MBPPL has filed Writ Petition before Bombay High Court against the notice u/s 148 and order u/s 148A(d).



3. Maharashtra State Electricity Distribution Company Limited (“MSEDCL”) filed a petition dated October 16, 2018 against Maharashtra State Load Despatch Centre, wherein electricity distribution companies in Maharashtra including, MBPPL and Gigaplex (which hold electricity distribution licenses) and others, were impleaded as parties, before Maharashtra Electricity Regulatory Commission (“MERC”) seeking payment of alleged past dues, removal of anomalies and directions regarding over-drawal of electricity. Through its final common order dated September 26, 2019, MERC partly allowed MSEDCL's prayer against which MSEDCL and one of the electricity distributions companies have filed separate appeals before the Appellate Tribunal for Electricity (“APTEL”). Pursuant to an order dated December 18, 2019, the APTEL instructed that notices be issued to respondents in the appeal, including Gigaplex and MBPPL. By an order dated September 15, 2020, interim applications for condonation of delay in filing the appeals were allowed. By an order dated September 14, 2022, the APTEL directed that the matter is already at the stage of hearing and that the appeals be included in the “List of Finals of Court - I” to be taken up from the list, in their turn. The appeals are pending before the APTEL.

**(iv) Material civil / commercial litigation:**

1. Kharghar Vikhroli Transmission Private Limited (“KVTPPL”) has filed a petition before Maharashtra Electricity Regulatory Commission, Mumbai (“MERC”) against Maharashtra State Electricity Transmission Company Limited (“MSETCL”) and others (including Gigaplex and MBPPL as respondents) under the applicable provisions of the Electricity Act, 2003 read with the transmission service agreement dated August 14, 2019 (“TSA”) entered between KVTPPL, MSETCL, MBPPL, Gigaplex and certain other companies including distribution companies seeking, inter-alia, compensation/relief for increased cost of the project during construction period due to the ‘change in law’ event being increase in the acquisition price of shares of KVTPPL (including the purchase cost of Vikhroli land). The total additional cost of the project claimed by KVTPPL is ₹ 717.00 million along with 9.35% on compounded interest basis. The liability of Gigaplex is 0.05% i.e. the percentage share computed based on allocated transmission capacity rights as mentioned in the TSA. The MERC by its order dated August 2, 2022, partly allowed the petition granting KVTPPL the additional cost of the project of ₹ 717.00 million without the carrying cost, in accordance with Article 12 of the TSA. KVTPPL will be entitled to recover the impact of change in law after declaring the date of commissioning of the project in accordance with the provisions of the TSA without any carrying cost. KVTPPL and MSEDCL have filed separate Appeals (Appeal No. 385 of 2022 and Appeal No. 393 of 2022 respectively) (together, “Appeals”) before the Appellate Tribunal for Electricity at New Delhi (“APTEL”) against the MERC Order dated August 2, 2022. By an order dated March 31, 2023 in Appeal No. 385 of 2022, and by its order dated May 18, 2023 in Appeal No. 393 of 2023, the APTEL directed Appeals to be included in the “List of Finals of Court - II”, once pleadings are completed. These appeals are pending before the APTEL.
2. Kharghar Vikhroli Transmission Private Limited (“KVTPPL”) has filed a petition before Maharashtra Electricity Regulatory Commission, Mumbai (“MERC”) against Maharashtra State Electricity Transmission Company Limited (“MSETCL”) and others (including Gigaplex and MBPPL as respondents) under the applicable provisions of the Electricity Act, 2003 read with the transmission service agreement dated August 14, 2019 (“TSA”) entered between KVTPPL, MSETCL, MBPPL, Gigaplex and certain other companies including distribution companies seeking, inter-alia, compensation/relief for increased cost of the project during construction period due to the ‘change in law’ event being increase in the acquisition price of shares of KVTPPL (including the purchase cost of Vikhroli land). The total additional cost of the project claimed by KVTPPL is ₹ 717.00 million along with 9.35% on compounded interest basis. The liability of Gigaplex is 0.05% i.e. the percentage share computed based on allocated transmission capacity rights as mentioned in the TSA. The MERC by its order dated August 2, 2022, partly allowed the petition granting KVTPPL the additional cost of the project of ₹ 717.00 million without the carrying cost, in accordance with Article 12 of the TSA. KVTPPL will be entitled to recover the impact of change in law after declaring the date of commissioning of the project in accordance with the provisions of the TSA without any carrying cost. KVTPPL and MSEDCL have filed separate Appeals (Appeal No. 385 of 2022 and Appeal No. 393 of 2022 respectively) (together, “Appeals”) before the Appellate Tribunal for Electricity at New Delhi (“APTEL”) against the MERC Order dated

- August 2, 2022. By an order dated March 31, 2023 in Appeal No. 385 of 2022, and by its order dated May 18, 2023 in Appeal No. 393 of 2023, the APTEL directed Appeals to be included in the "List of Finals of Court - II", once pleadings are completed. These appeals are pending before the APTEL.
3. Gigaplex, KRC Infra and MBPPL ("**KRC DISCOMs**") had filed a petition dated December 16, 2021 before the Maharashtra Electricity Regulatory Commission, Mumbai ("**MERC**") under Section 86 (1) (f) of the Electricity Act, 2003 ("**EA, 2003**") seeking approval for additional power purchase cost incurred over the period from October 11, 2021 to October 31, 2021 on account of reasons beyond the control of the KRC DISCOMs. The MERC impleaded (i) M/s Kreate Energy India Pvt Ltd ("**KEIPL**"), (ii) Maharashtra State Load Despatch Centre; and (iii) Lloyds Metals and Energy Limited as Respondents in this matter. By an order dated November 8, 2022, the MERC partly allowed the petition, and directed KEIPL to pay ₹ 19.60 million to KRC DISCOMs within 15 days from the date of the order as compensation for increased power purchase expenses on account of illegal diversion of contracted power to third party. Further, the MERC directed the KRC DISCOMs to adjust such compensation amount in upcoming FAC computation as rebate in power purchase expenses. KEIPL filed an appeal (against the order in the Case No 1/MP of 2022 dated November 8, 2022 ("**Impugned Order**") before the Appellate Tribunal for Electricity at New Delhi ("**APTEL**") seeking stay on the Impugned Order dated November 8, 2022 (Appeal No. 428 of 2022). Hearing in the matter was held on 8th and 9th December 2022. By interim order dated December 22, 2022, APTEL granted stay of the Impugned Order under appeal, subject to fulfilment of the following conditions: (a) KEIPL shall, within three weeks from December 22, 2022, pay KRC DISCOMs ₹ 1.16 million; and (b) KEIPL shall in addition, within three weeks from December 22, 2022, furnish an unconditional bank guarantee from a Nationalised Bank in favour of the MERC, for an amount of ₹ 17.93 million and the bank guarantee, so furnished, shall be kept alive and in force during the pendency of the appeal and (c) the order further requires KEIPL to file an affidavit of compliance, of the aforesaid directions, with the Registry within four weeks from December 22, 2022. By an order dated January 17, 2023, the APTEL has recorded that a compliance affidavit had been filed by KEIPL in Appeal No. 428 of 2022, stating that the earlier order of the Tribunal, in IA No. 1951 of 2022 dated December 22, 2022 which required KEIPL to remit ₹ 1.16 million to the KRC DISCOMs and to furnish an unconditional bank guarantee in favour of MERC for a sum of ₹ 17.93 million has been complied with. By an order dated May 1, 2023, the APTEL directed to re-include the Appeal in the "List of Finals" after pleadings are completed. The matter is pending before the APTEL.
  4. Lloyds Metals & Energy Ltd (LMEL) has filed an fresh Appeal before the APTEL against the MERC Order dated November 8, 2022 in Case No. 1/MP/ of 2022. Next date of hearing is on January 01, 2024. Hearing of application seeking permission to bring on additional documents was held on April 4, 2024. The Appellant proposed to bring on record certain emails and the same is not opposed by KRC Discoms. The Hon'ble APTEL noted that the pleadings are completed and added the appeal to the list of finals.
  5. Gigaplex, KRC Infra and MBPPL ("**KRC DISCOMs**") had filed a petition before the MERC under Section 86 (1) f of the EA, 2003 against KEIPL for adjudication of dispute between KRC DISCOMs and KEIPL. KRC DISCOMs had entered into a power purchase agreement dated May 27, 2021 (PPA) with KEIPL for supply of power up to 14 MW, for the period from July 2021 to June 2022. However, KEIPL did not supply power to the KRC DISCOMs during the period from April to June 2022. During this period KRC DISCOMs had to procure the power from the other available sources at market rates. This resulted into additional power purchase cost ₹ 101 million to be incurred by KRC DISCOMs on account of material breach of the PPA by KEIPL. Therefore, the KRC DISCOMs have filed this petition (Case No. 162 of 2022) before the MERC seeking compensation of the entire additional power purchase cost incurred by them for the period from April 2022 to June 2022 due to KEIPL's failure to supply power under PPA. The first hearing in this matter was held on November 11, 2022. As directed in the Order dated November 11, 2022, KEIPL has filed its reply and the KRC DISCOMs have filed their rejoinder to the reply of KEIPL. Pursuant to final e-hearing held by MERC on August 1, 2023 and MERC has reserved the case for its order. By an Order dated September 27, 2023 MERC allowed the petition and directed KEIPL to pay ₹101 million with carrying cost to KRC DISCOMs within one month as compensation for increased power purchase expenses on account of non-performance of contract by KEIPL. KRC DISCOMs have been directed to pay late payment surcharge on the March 2022 bill presented by KEIPL as per the PPA.4

The Maharashtra Electricity Regulatory Commission, Mumbai (“**MERC**”) issued the Mid Term Review (“**MTR**”) Order for Gigaplex. The MERC in the said order dated March 31, 2023 has disallowed the deferment of tariff recovery proposed by Gigaplex in its petition. Gigaplex filed an appeal before the Appellate Tribunal for Electricity at New Delhi (“**APTEL**”) against the MERC MTR order dated March 31, 2023. By way of order dated August 8, 2023, the APTEL directed to include the Appeal No 529 of 2023 in the “List of Finals” after completion of pleadings. Gigaplex is in process to filing the rejoinder. Gigaplex proposed to allow MSEDL tariff as recovery strategy and also agreed to forego the carrying cost on the regulatory asset if created using MSEDCL Tariff..The appeal is pending before APTEL.

Table 7.16: Summary of pending tax litigation

ASSESSMENT YEAR	SIGNIFICANT ISSUE IN DISPUTE	AUTHORITY - RAISING ISSUE	AUTHORITY - PASSING ORDER	APPEAL PREFERRED BY	AUTHORITY - ISSUE PENDING BEFORE	NEXT DATE OF HEARING IF APPLICABLE	EXPOSURE - TAX, INTEREST AND PENALTY
MBPPL							
2014-15	Rental Income assessed under the head IHP instead of Business.	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2017-18	Rental Income assessed under the head IHP instead of Business & no speaking order on the losses & unabsorbed depreciation of demerged undertaking	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2018-19	Depreciation to be Computed on assets from the year in which income from such asset is taxed under the head PGBP & Disallowance of Interest on TDS	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-

Note: Direct Tax litigations are reported at the SPV level

Table 7.17: Indirect Tax Litigation

SR.NO	ENTITY	TAX TYPE	ASSET	AUTHORITY PENDING	TAX DEMAND (IN 'MN)	INTEREST (QUANTIFIED)	PENALTY (QUANTIFIED)	ISSUE IN BRIEF	PERIOD	INTEREST	PENALTY
1	Mindspace Business Parks Private Limited	Service Tax	Mindspace Airoli (E), Commerzone Yerwada, The Square Signature Business Chamber Nagar Road Pune, Mindspace Pocharam	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	33.39	-	-	Service tax on reimbursement of electricity and allied charges	April 2008 to June 2017	as applicable	as applicable
2	Mindspace Business Parks Private Limited	Service Tax		Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	5.83	-	-			as applicable	as applicable
3	Mindspace Business Parks Private Limited	Service Tax		Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	35.45	-	-			as applicable	as applicable
4	Mindspace Business Parks Private Limited	Service Tax		Reply to SCN filed with Commissioner of Service Tax, Pune	7.24	-	-			as applicable	as applicable
5	Mindspace Business Parks Private Limited	Service Tax		Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	5.35	-	-			as applicable	as applicable
6	Mindspace Business Parks Private Limited	Service Tax		Reply to SCN filed with Assistant Commissioner, Central Tax (GST), Pune	4.76	-	-			as applicable	as applicable
7	Mindspace Business Parks	Customs		CESTAT	11.06	-	-	Refund claim filed for excess payment of Customs duty	Aug-16	not applicable	not applicable

	Private Limited							at the time of debonding from STPI Scheme			
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## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (formerly known as 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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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

Maharashtra, India

Submitted To:

K. Raheja Corp. Investment Managers Private  
Limited (formerly known as K Raheja Corp  
Investment Managers LLP)

(acting as the Manager to Mindspace Business Parks  
REIT)

Date of Valuation:

31-Mar-2024

Date of Report:

24-Apr-2024



Prepared By:

**KZEN VALTECH PRIVATE LIMITED**

**IBBI/RV-E/05/2022/164**

## EXECUTIVE SUMMARY

Property Name	Mindspace Airoli West, Navi Mumbai, Maharashtra, India																											
Property Address	Special Economic Zone, Plot No. IT-5, Airoli Knowledge Park, TTC Industrial Area, Villages Airoli and Dighe, Thane 400710																											
Land Area	~ 50.0 Acres																											
Brief Description	<p>The property is located in Airoli West in the Thane Belapur micro market of MMR region along the Airoli Knowledge Park Road. It is located at a distance of about 2.0 km from Dighe Railway Station and 3.8 km from the Airoli Railway Station.</p> <p>Completed Buildings- Office Building (B1, B2, B3, B4, B5, B6, B9), Data Centre Building (B10) and Centre Court</p> <p>The property is developed as Grade A, IT SEZ and Non-SEZ Park with eight(8) office and data centre buildings (B1, B2, B3, B4, B5, B6, B9 &amp; B10) out of which five(5) of them are SEZ buildings whereas Building 1 (B1), Building 9 (B9) &amp; Building 10 (B10) are non-SEZ buildings. Floors of Building 5 are now demarcated as non-processing area (NPA) within SEZ. It also includes one(1) centre court (which is owned by Mindspace REIT via its SPV) is considered for valuation collectively comprising of 4,951,132 sq. ft. of total leasable area.</p> <p>Under construction – Data Centre Building (B8)</p> <p>Area under construction comprises of one (1) Non-SEZ data center building (B8) (which is owned by Mindspace REIT via its SPV) is considered for valuation comprising of 315,110 sq. ft. of total leasable area. The under construction Building B8 is expected to be completed by Q4 FY25.</p> <p>Future Development - Land</p> <p>The property also includes ~6.42 acres and ~1.96 acres of land earmarked for future development.</p> <p>The property is owned entirely by Gigaplex Estate Private Limited (“GEPL”) in which 100% interest is held by Mindspace Real Estate Investment Trust (REIT).</p> <p>The property has good frontage along the access road with one(1) main entrance and the rest of the properties are accessible via separate secured gate. The property is surrounded by commercial office spaces followed by residential and industrial developments in the vicinity.</p> <p>Gigaplex Estate Private Limited has also 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 property. It is not allowed to expand the power distribution outside the limits of the SEZ.</p>																											
Asset Details	<p>Leasable area details as shared by the Client is given below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Sl. No.</th> <th style="width: 60%;">Building Name</th> <th style="width: 30%;">Leasable Area (sq. ft.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Building 1 - Office Building Completed</td> <td>420,175</td> </tr> <tr> <td>2.</td> <td>Building 2 - Office Building Completed</td> <td>721,112</td> </tr> <tr> <td>3.</td> <td>Building 3 - Office Building Completed</td> <td>756,226</td> </tr> <tr> <td>4.</td> <td>Building 4 - Office Building Completed</td> <td>834,747</td> </tr> <tr> <td>5.</td> <td>Building 5 - Office Building Completed</td> <td>416,094</td> </tr> <tr> <td>6.</td> <td>Building 6 - Office Building Completed</td> <td>391,777</td> </tr> <tr> <td>7.</td> <td>Building 8 - Data Centre Under Construction</td> <td>315,110</td> </tr> <tr> <td>8.</td> <td>Building 9 - Office Building Completed</td> <td>1,095,094</td> </tr> </tbody> </table>	Sl. No.	Building Name	Leasable Area (sq. ft.)	1.	Building 1 - Office Building Completed	420,175	2.	Building 2 - Office Building Completed	721,112	3.	Building 3 - Office Building Completed	756,226	4.	Building 4 - Office Building Completed	834,747	5.	Building 5 - Office Building Completed	416,094	6.	Building 6 - Office Building Completed	391,777	7.	Building 8 - Data Centre Under Construction	315,110	8.	Building 9 - Office Building Completed	1,095,094
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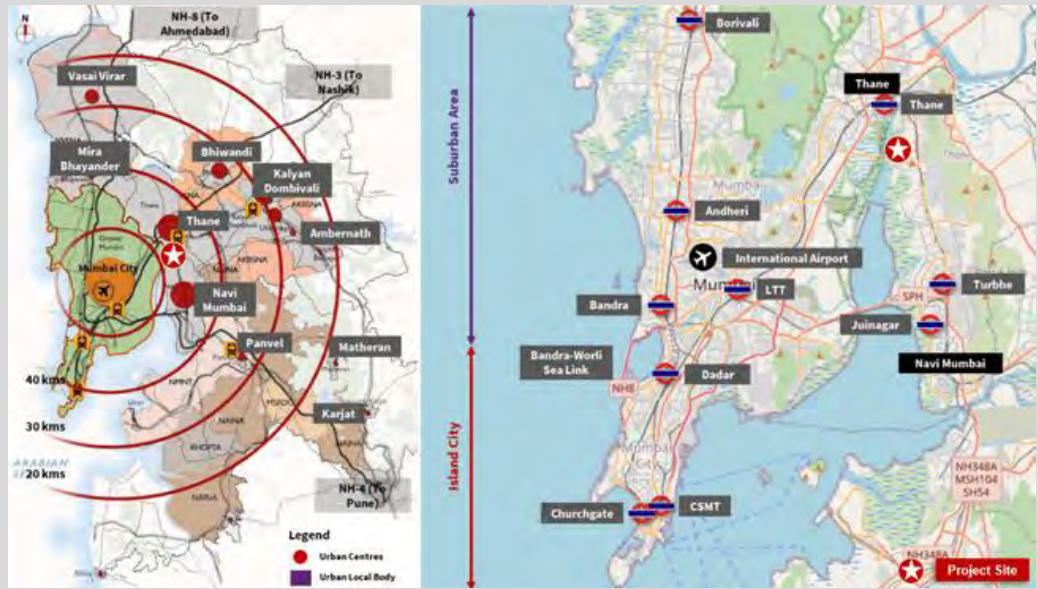
9.	Building 10 - Data Centre Completed	315,110
10.	Centre Court – Completed	796
	Total Leasable Area	5,266,242

Based on-site inspection, it was found that all the office blocks, centre court and one data centre (Building B10) are completed and fully operational. The construction of data centre building B8 is underway and is scheduled to be completed by Q4 FY25.

Details of the Project in terms of Land Earmarked for Future Development:

Sl. No.	Land Parcels	Land Area (Acres.)
1.	Land Parcel 1 – (For future development)	6.42
2.	Land Parcel 2 – (For future development)	1.96
	Total Land Area	8.38

Location Map



Key Assumption

The table below summarizes key valuation assumptions used in the estimate.

Particulars	Description
Asset Specific Information	
Nature of Asset	Commercial / Office with Amenities
Current Status	Office Buildings (B1, B2, B3, B4, B5, B6, B9), Data Centre (Building B10) and Centre Court are Completed and Operational. Data Center Building (B8) is under-construction and is scheduled to be completed by Q4 FY25. The Property also includes two (2) land parcels for future development of 6.42 acres and 1.96 acres respectively.
Total Leasable Area	5,266,242 sq. ft.

Asset Details						
Sl. No.	Building Name	Leasable Area (sq. ft.)	Usage Type	Status	Age of the Building	
1.	Building 1 - Office Building	420,175	Non-SEZ	Completed	10 years 6 months	
2.	Building 2 - Office Building	721,112	SEZ	Completed	7 years 6 months	
3.	Building 3 - Office Building	756,226	SEZ	Completed	7 years 2 months	
4.	Building 4 - Office Building	834,747	SEZ	Completed	5 years 9 months	
5.	Building 5 - Office Building	416,094	SEZ	Completed	9 years 8 months	
6.	Building 6 - Office Building	391,777	SEZ	Completed	8 years 6 months	
7.	Building 8 - Data Centre	315,110	Non-SEZ	Under Construction	To be completed by Q4 FY25	
8.	Building 9 - Office Building	1,095,094	Non-SEZ	Completed	2 years 9 months	
9.	Building 10 - Data Centre	315,110	Non-SEZ	Completed	1 year 3 months	
10.	Centre Court	796	Non-SEZ	Completed	5 years and 8 months	
	Total Leasable Area	5,266,242				

Gigaplex Estate Private Limited has also invested in the infrastructure to facilitate the distribution of the power to the customers (occupiers and operators within the subject properties). Details of the Project in terms of Land Earmarked for Future Development:

Sl. No.	Land Parcels	Land Area (Acres.)
1.	Land Parcel 1 – (For future development)	6.42
2.	Land Parcel 2 – (For future development)	1.96
	Total Land Area	8.38

In addition to the above, the undivided rights, title and interest in the following assets are also part of the Project.

	<ul style="list-style-type: none"> <li>▪ Amenities</li> <li>▪ Total utility areas and internal roads.</li> <li>▪ Total open spaces.</li> </ul>
Revenue Assumptions	
In-Place Rent	INR 59.6 per sq. ft. per Month
Market / Marginal Rent	Office Building - INR 58.9 per sq. ft. per Month Data Center - INR 79.8 per sq. ft. per Month
Parking Rent	INR 2,100 per CPS per Month
Financial Assumptions - Buildings	
Exit Cap Rate	8.00%
Discount Rate / WACC	Completed Buildings: All Office Buildings (B1, B2, B3, B4, B5, B6, B9, Centre Court) & Data Centre Building (B10) – 11.75% Under-construction: Data Centre Building (B8) – 13.00%
Financial Assumptions - Power Distribution Services	
Discount Rate / WACC	10.5%
License End Date	12 <sup>th</sup> June 2038

## Market Value

Component	Market Value as on	In Figures (INR Mn)	In Words
Total Market Value (Completed / Operational, including power distribution business of Gigaplex Estate Private Limited)	31 <sup>st</sup> March 2024	44,929.59	INR Forty-Four Billion Nine Hundred Twenty-Nine Million Five Hundred Ninety Thousand Only.
Total Market Value (Under construction / future development building and future development land parcel)	31 <sup>st</sup> March 2024	3,091.19	INR Three Billion Ninety-One Million One Hundred Ninety Thousand Only
Total Value		48,020.78	INR Forty-Eight Billion Twenty Million Seven Hundred Eighty Thousand Only

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## **LIST OF ABBREVIATIONS**

CBD	Central Business District
CY	Current Year
INR	Indian Rupees
IT / ITES	Information Technology / IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
km	Kilometre
NH	National Highway
PBD	Peripheral Business District
REIT	Real Estate Investment Trust
RICS	Royal Institution of Chartered Surveyors
SBD	Secondary Business District
SEZ	Special Economic Zone

sq. ft	square feet
sq. m	square metre

### **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.



# 1 INTRODUCTION

## 1.1 INSTRUCTIONS

K Raheja Corp. Investment Managers Private Limited (formerly known as K Raheja Corp Investment Managers LLP) (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project located named '**Mindspace Airoli West**' (**B1, B2, B3, B4, B5, B6, B8, B9, B10, and Centre Court**) located in **Airoli, Navi Mumbai**, Maharashtra, India (hereinafter referred to as the 'Project').

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of master's in planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHAI, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## **1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## 1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this section 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 Project 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.

## 1.7 INSPECTION OF THE PROJECT

The Project was inspected on 27 March 2024 by the Valuer in the presence of Client-nominated representative 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.

## 1.8 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 Project 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.

## 1.9 CONFIDENTIALITY

The contents of this Valuation 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.

## 1.10 AUTHORITY

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## 1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls with any government departments/authorities, among other aspects., etc.

## **1.12 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.

## **1.13 ANTI-BRIBERY AND ANTI-CORRUPTION**

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data/information provided by the Client and estimate has limited coverage wherever full data/information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and/or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and/or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.

10.	Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11.	Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12.	Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13.	Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14.	Disclaimer	<p>The estimate of Market Value is based on documents/information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.*

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately.



The table below presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl. No.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This method is sometimes referred to as 'Rent Roll method as well.

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved (completed, operational & under-construction commercial / office space, (other than the land portions of future development portion which has been valued using Comparable Sales / Quoted Instances Method under 'Market Approach' and power distribution services which has been valued using Discount Cash Flow Method under 'Income Approach'), the value is estimated using the 'Discounted Cash Flow Method' (basis term and rent reversion) under 'Income Approach'.



## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas.
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project.
  - Statement of assets
  - Revenue pendency if any
  - Options or Rights of Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5%-11.5% to about 7.5%-8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted an exit cap rate of 8.00% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective 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.

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the Project Site against similar portfolios/properties in the market. For discounting the cash flows, an appropriate discount rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the completed portion of the project.

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. The Valuer has considered a risk premium of 125bps, to derive the WACC of 13% for under-construction / future development properties.

These derived discount rates were found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

Property Name	Mindspace Airoli West, Navi Mumbai, Maharashtra, India															
Property Address	Special Economic Zone, Plot No. IT-5, Airoli Knowledge Park, TTC Industrial Area, Villages Airoli and Dighe, Thane 400710															
Land Area	~ 50.0 Acres															
Brief Description	<p>The property is located in Airoli West in the Thane-Belpaur Road micro market of MMR region along the Airoli Knowledge Park Road. It is located at a distance of about 2.0 km from Dighe Railway Station and 3.8 km from the Airoli Railway Station.</p> <p>Completed Buildings- Office Building (B1, B2, B3, B4, B5, B6, B9), Data Centre Building (B10) and Centre Court</p> <p>The property is developed as Grade A, IT SEZ and Non-SEZ Park with eight (8) buildings (B1, B2, B3, B4, B5, B6, B9 &amp; B10) out of which five (5) of them are SEZ buildings whereas Building 1 (B1), Building 9 (B9) &amp; Building 10 (B10) are non-SEZ buildings. It also includes one (1) centre court (which is owned by Mindspace REIT via its SPV) is considered for valuation.</p> <p>Under construction– Data Centre Building (B8)</p> <p>Area under construction comprises of one (1) Non-SEZ data center building (B8) (which is owned by Mindspace REIT via its SPV) is considered for valuation.</p> <p>Future Development - Land</p> <p>The property also includes ~6.42 and ~1.96 acres of land earmarked for future development.</p> <p>The property is owned entirely by Mindspace REIT, and it also includes power distribution services of for SEZ clients of the project.</p> <p>The property has good frontage along the access road with one (1) main entrance and the rest of the properties are accessible via separate secured gate. The property is surrounded by commercial office spaces followed by residential and industrial developments in the vicinity.</p> <p>Gigaplex Estate Private Limited has also 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 property. It is not allowed to expand the power distribution outside the limits of the SEZ.</p>															
Valuation Methods	<p>The estimate of Market Value is prepared using following methods:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Asset Type</th> <th>Methodology Adopted</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Completed Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> <tr> <td>2.</td> <td>Under Construction Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> <tr> <td>3.</td> <td>Power Distribution services</td> <td>Discounted Cashflow Method</td> </tr> <tr> <td>4.</td> <td>Land Parcels</td> <td>Comparable Sales/ Quoted Instance Method</td> </tr> </tbody> </table>	Sl. No.	Asset Type	Methodology Adopted	1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion	2.	Under Construction Assets	Discounted Cash Flow Method using Rent Reversion	3.	Power Distribution services	Discounted Cashflow Method	4.	Land Parcels	Comparable Sales/ Quoted Instance Method
Sl. No.	Asset Type	Methodology Adopted														
1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion														
2.	Under Construction Assets	Discounted Cash Flow Method using Rent Reversion														
3.	Power Distribution services	Discounted Cashflow Method														
4.	Land Parcels	Comparable Sales/ Quoted Instance Method														
Nature of the Interest by the Client	100% leasehold interest in the Project as informed by the Client															

Purchase Price of the Project	INR 30,700 million, as given by the Client			
Historical Valuation of the Project in 3 Previous Years	Below table summarizes historical valuation of the Project as given by the Client:			
	Sl. No.	Date of Valuation	Total Market Value (Completed / Operational / Future Development)) (INR Mn)*	
	1.	30-Sep-2023	44,443 (42,261, 2,182)	
	2.	31-Mar-2023	44,865 (42,951, 1,915)	
	3.	30-Sep-2022	42,921 (37,531, 5,390)	
	4.	31-Mar-2022	41,134 (31,122, 7,013)	
	5.	30-Sep-2021	39,105 (31,692, 7,413)	
	6.	31-Mar-2021	36,474 (28,720, 7,754)	
	7.	30-Sep-2020	35,145 (29,178, 5,967)	
	8.	31-Mar-2020	35,205 (29,645, 5,561)	
	*Includes valuation for power distribution business of Gigaplex Estate Private Limited.			
Ready Reckoner Rate	Built-up Area (Office) – INR 62,400 per sq mt Land Area – INR 20,750 per sq mt			
Date of Valuation	31-March-2024			
Date of Inspection	27-March-2024			
Market Value	Component	Market Value as on	In Figures (INR Mn)	In Words
	Total Market Value (Completed / Operational, including power distribution business of Gigaplex Estate Private Limited.)	31 <sup>st</sup> March 2024	44,929.59	INR Forty-Four Billion Nine Hundred Twenty-Nine Million Five Hundred Ninety Thousand Only.
	Total Market Value (Under construction building and future development land parcel)	31 <sup>st</sup> March 2024	3,091.19	INR Three Billion Ninety-One Million One Hundred Ninety Thousand Only
	Total Value		48,020.78	INR Forty-Eight Billion Twenty Million Seven Hundred Eighty Thousand Only
Matters Affecting the Property and its Value	Please refer to Chapter 7 of this Valuation Report			

Assumptions, Disclaimers, Limitations and Qualifications This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance on this report and **extension of Valuer's liability is conditional upon the reader's** acknowledgement and understanding of these statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project

Prepared by KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)  
Represented through its Director.  
Mr. Sachin Gulaty FRICS FIV FIIA  
IBBI/RV/02/2021/14284



**Name:** Sachin Gulaty FRICS FIV FIIA

**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND/OR PROJECT

The table below presents details of the Project Site and/or Project.

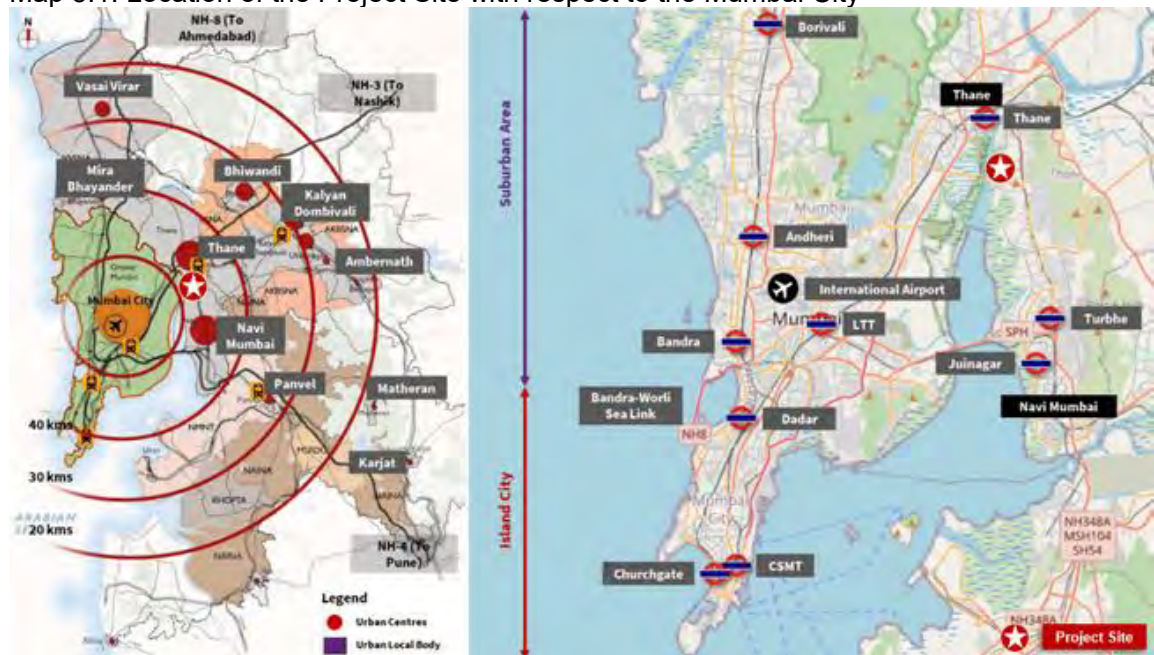
Table 5.1: Details of the Project Site and/or Project

DETAILS OF PROPERTY	
Property Name	Mindspace Airoli West, Navi Mumbai, Maharashtra, India
Property Address	Special Economic Zone, Plot No. IT-5, Airoli Knowledge Park, TTC Industrial Area, Villages Airoli and Dighe, Thane 400710
Land Area	~ 50.0 Acres
Block-Wise Break-Up of Leasable Area and Current Status	Block wise Leasable area and details are mentioned above in Executive summary.
Access	Accessible through Airoli Knowledge Park Road
Frontage	Excellent frontage along Airoli Knowledge Park Road
Shape and Visibility	Regular in shape. Relatively flat terrain. Excellent visibility from Airoli Knowledge Park Road
Approval Status	List of approvals are specified in annexure
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The property is strategically located in the Thane-Belpaur Road micro market of MMR region along the Airoli Knowledge Park Road which connects to Thane Belapur Road. It is located at a distance of about 2.0 km from Dighe Railway Station and 3.8 km from the Airoli Railway Station. It is also situated near to the upcoming Navi Mumbai International Airport. The following map presents the location of the Project with respect to the city.

Map 5.1: Location of the Project Site with respect to the Mumbai City



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The distance of the Project from major landmarks in the city is given in the table below.

Table 5.2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Navi Mumbai International Airport	24.0
Airoli Railway Station	3.8
Dighe Railway Station	2.0
Mindspace Airoli East	3.2
Airoli Circle	3.4

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The property is developed as Grade A, IT SEZ and Non-SEZ Park with eight(8) buildings (B1, B2, B3, B4, B5, B6, B9 & B10) out of which five(5) of them are IT SEZ buildings whereas Building 1 (B1), Building 9 (B9) & Building 10 (B10) are IT Non-SEZ buildings. It also includes one(1) centre court. Under construction includes IT Non-SEZ data centre building (B8) and 8.38 acres of land parcels under future development. The topography of the project features terrain that is relatively flat and has a regular shape. It has excellent frontage along the access road.

At the IT Park, there are three food courts which are currently in operation. These can be found on the ground and first floors of buildings 2, 3, and 4 and on 4<sup>th</sup> floor of building 9. Additionally, there are three private dining rooms (PDRs) available to employees, each of which can accommodate between 10 and 15 people. The park also provides day-care services for employees.

The property is surrounded by commercial office spaces followed by residential and industrial developments in the vicinity. The following map presents location of the Project and its surroundings.



Map 5.2: Location of Project and its Surrounding Developments



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project has good accessibility due to its location along the Airoli Knowledge Park Road which connects to Thane Belapur Road and thereby improves connectivity to Thane, Navi Mumbai and other regions of Mumbai City. Upcoming Navi Mumbai International Airport is expected to further enhance the connectivity of Project with other parts of the country and improve travel time in the future.

The map on the following page presents the conceptual Layout Plan of the Project as shared by the Client.



Map 5.3: Conceptual Layout Plan for the Project



Source: Client, 31<sup>st</sup> March 2024

The table below presents the boundary/edge conditions of the Project Site.

Table 5.3: Project Site and its Site Boundaries

North	MIDC Ground
South	MSEB – Substation
West	Airoli Knowledge Park Road
East	Dighe Railway Station

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project is surrounded by commercial office spaces followed by residential and industrial developments in the vicinity. Grade A commercial / office developments and mid-scale residential developments are also present in the micro-market.

## 5.4 DESCRIPTION OF THE PROJECT

The table on the following page presents key asset specific information.

**Table 5.4: Key Asset Specific Information of the Completed Project**

Particulars	Description
Name of the Entity	Gigaplex Estate Private Limited
Interest owned by Mindspace REIT	Project is wholly owned by Gigaplex Estate Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1/</sup>
Land extent of Project (including completed, under construction and future development)	~ 50.0 acres
Asset Type	IT SEZ and Non-SEZ Park
Sub-Market	Thane-Belapur Road
Approved and Existing Usage	IT SEZ and Non-SEZ Park
Current Status	Office Buildings (B1, B2, B3, B4, B5, B6, B9), Data Centre (Building B10) and Centre Court are Completed and Operational. Client has obtained occupation certificate for entire office building(B1,B2,B3,B4,B5,B6 & B9) and data center building (B10) .
Approvals Status	List of approvals are specified in annexure
Freehold/Leasehold	The Project Site land is leasehold (admeasuring 202,300 sq. mtrs. in Airoli, Navi Mumbai) leased from Maharashtra Industrial Development Corporation ('MIDC'). The lease is valid for a term of 95 years from 1st June, 2007, and shall expire on 31st May, 2102. Further, the company has right to renew the lease for a period of 95 years upon the terms and conditions therein including payment of premium. Since the purpose and obligations associated with the lease have been fulfilled, the likelihood of the lease getting cancelled or not renewed at the end of the tenure is very low. Therefore, no adjustments need to be made to the legal tenure of the underlying land's ownership.
Leasable Area	~ 5.0 million sq. ft.
Occupied Area	~ 3.5 million sq. ft.
Committed Area	~ 4.0 million sq. ft.
Occupancy <sup>3/</sup>	70.1%
Committed Occupancy <sup>4/</sup>	80.0%
Number of Tenants	55

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Client has obtained occupation certificate for entire office building(B1,B2,B3,B4,B5,B6 & B9) and data center building (B10) .

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupier.

<sup>5/</sup> From date of receipt of first part OC

**Table 5.5: Key Asset Specific Information for Under Construction**

Particulars	Description
Name of the Entity	Gigaplex Estate Private Limited
Interest owned by Mindspace REIT	Project is wholly owned by Gigaplex Estate Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1/</sup>
Asset Type	Non-SEZ Building
Sub-Market	Thane-Belapur
Approved and Existing Usage	IT Non-SEZ
Current Status	The under construction building B8 is expected to be completed by Q4 FY25
Approvals Status	List of approvals are specified in annexure
Freehold/Leasehold	The Project Site land is leasehold (admeasuring 202,300 sq. mtrs. in Airoli, Navi Mumbai) leased from Maharashtra Industrial Development Corporation ('MIDC'). The lease is valid for a term of 95 years from 1st June, 2007, and shall expire on 31st May, 2102. Further, the company has right to renew the lease for a period of 95 years upon the terms and conditions therein including payment of premium. Since the purpose and obligations associated with the lease have been fulfilled, the likelihood of the lease getting cancelled or not renewed at the end of the tenure is very low. Therefore, no adjustments need to be made to the legal tenure of the underlying land's ownership.
Leasable Area	0.3 Mn sq.ft
Occupied Area	Not applicable as the building in under-construction
Committed Area	0.3 Mn sq.ft
Occupancy <sup>3/</sup>	Not applicable as the building in under-construction
Committed Occupancy <sup>4/</sup>	100%
Number of Tenants <sup>5/</sup>	1

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Occupancy certificate yet to be received for under construction data centre building (B8).

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupiers

<sup>5/</sup> The under-construction area is pre committed to a single tenant.

**Table 5.6: Key Asset Specific Information for Future Development**

Sl. No.	Land Parcels	Land Area (Acres.)
1.	Land Parcel 1 – (For future development)	6.42
2.	Land Parcel 2 – (For future development)	1.96
	Total Land Area	8.38

Source: Client, March 2024

## 5.5 PROJECT INSPECTION

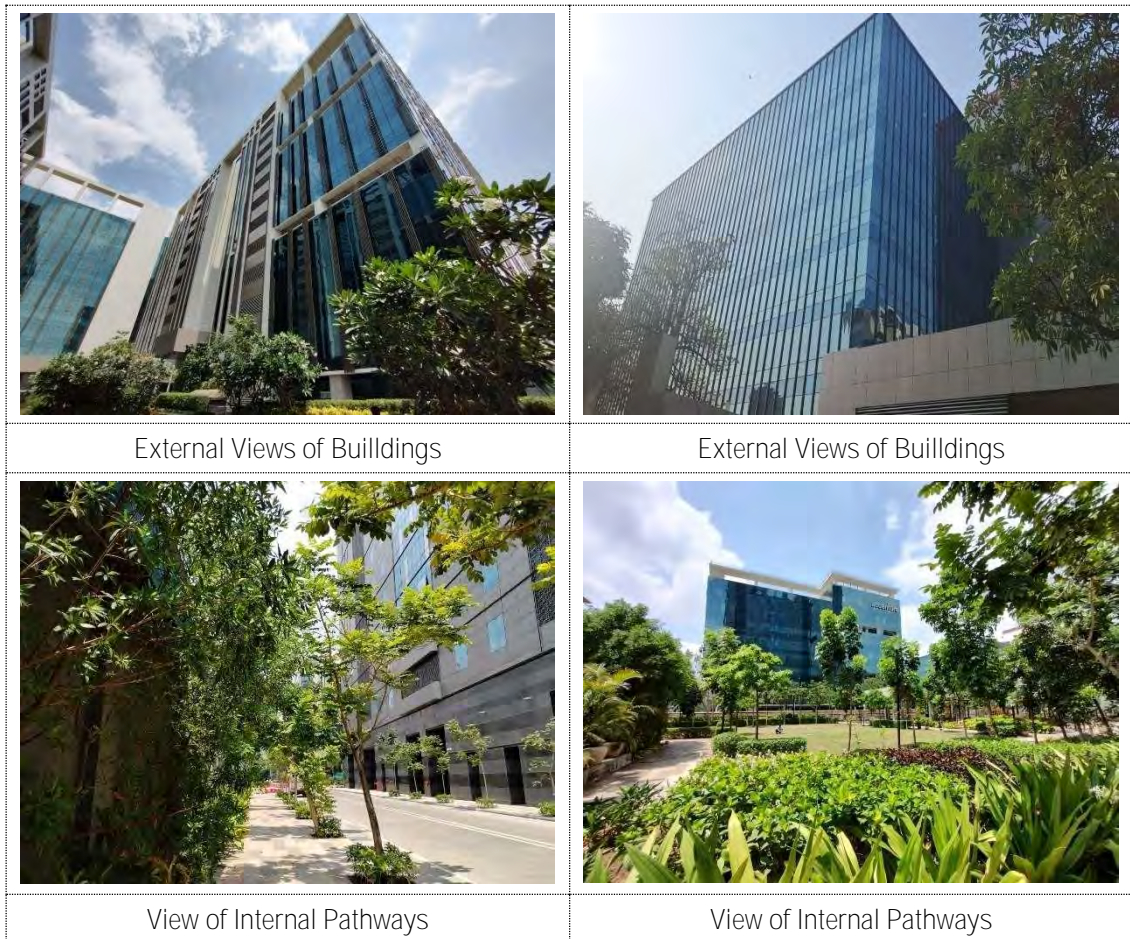
The Project is part of a larger campus development spread across ~ 50 Acres of land parcel. The topography of the project features terrain that is relatively flat and has a regular shape. The project comprises of eight (8) buildings (B1, B2, B3, B4, B5, B6, B9 & B10) out of which five (5) of them are SEZ buildings whereas Building 1(B1), Building 9 (B9) & Building 10 (B10) are non-SEZ buildings. It also includes one (1) centre court. All Office Blocks and the Centre

Court are completed and operational. The project also includes two (2) Land Parcels for future development of ~6.42 acres and ~1.96 acres. Area under construction comprises of Non-SEZ data center building B8 as on the date of inspection by the Valuer. The Project was inspected by the Valuer on 27 March 2024.

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.

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 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.

Some of the photographs of the Project and surroundings are given below.







Internal Views of Buildings



Internal Views of Buildings



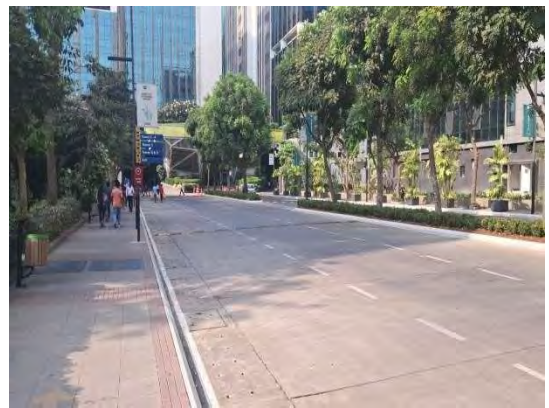
View of Under Construction Building



View of Under Construction Building



View of Access Road



View of Access Road

## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### **Site Services and Finishes**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

### **Condition and Repairs**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in the operational building.

Below mentioned properties are undergoing upgradation / further development the budget and cost incurred details for the same are as follows:

#### **For Completed Project –**

Office Building (B1, B2, B3, B4, B5 B6, B9), Data Centre Building (B10) and Centre Court. The project has received full occupancy certificate. However, there is CAPEX (Upgrade cost) to the tune of approx. INR 178 million which shall be completed by Q4 FY25. Till date major repairs / upgrades / improvements to the tune of INR 200 million have been incurred.

#### **For Under Construction–**

Data Centre Building (B8) – approx. INR 1,025 million CAPEX (Construction cost, project support services and approval cost) is to be incurred while the construction of the building (B8) is expected to be completed as specified earlier in the report.

### **Environmental Considerations**

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project 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 Project is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Project 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 Project, which may expose it for any induced disaster.

The Project is located at a relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and perennial water logging.

### **Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Saraf and Partners (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

### **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 Project 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.

### **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 to the Valuer (which are specified in Annexure 7), relating to the Project or any compounding charges.

## **5.7 TENANCY ANALYSIS**

### **Tenant Profile**

As on 31<sup>st</sup> March 2024, Project Site has 55 tenants (for office & data centre facility) which include companies like Accenture Services Pvt. Ltd., Princeton Digital Group India Management Pt. Ltd., HDFC Bank Limited, etc. The Project Site's top 10 tenant accounts for ~64.4% of the Gross Rental income.

The top 10 Tenants as per Leasable areas is listed below: -

**Table 5.6: Top 10 Tenants as per Leasable areas\***

Sl. No.	Tenant	Leasable Area (Sq Ft)
1	HDFC Bank Limited	646,073
2	Accenture Services Pvt. Ltd. (Accenture Solutions Pvt. Ltd.)	389,740
3	Princeton Digital Group India Management Pt. Ltd.	315,110
4	Axis Bank Ltd	208,158
5	GeP Solutions Pvt. Ltd	200,679
6	UBS Business Solutions (I) Pvt. Ltd	197,940
7	Jacobs Engineering India Private Limited (Worley India Pvt. Ltd.)	196,476
8	Here Solutions India Private Limited	194,213
9	IDFC First Bank Ltd	189,716
10	Tablespace Technologies Pvt. Ltd.	160,230
	Total	2,698,335

\* Includes contracted areas for which rent may start at a future date

Top 10 Tenants as per Gross Rents are listed below: -

**Table 5.7: Tenants as per Gross Rentals\***

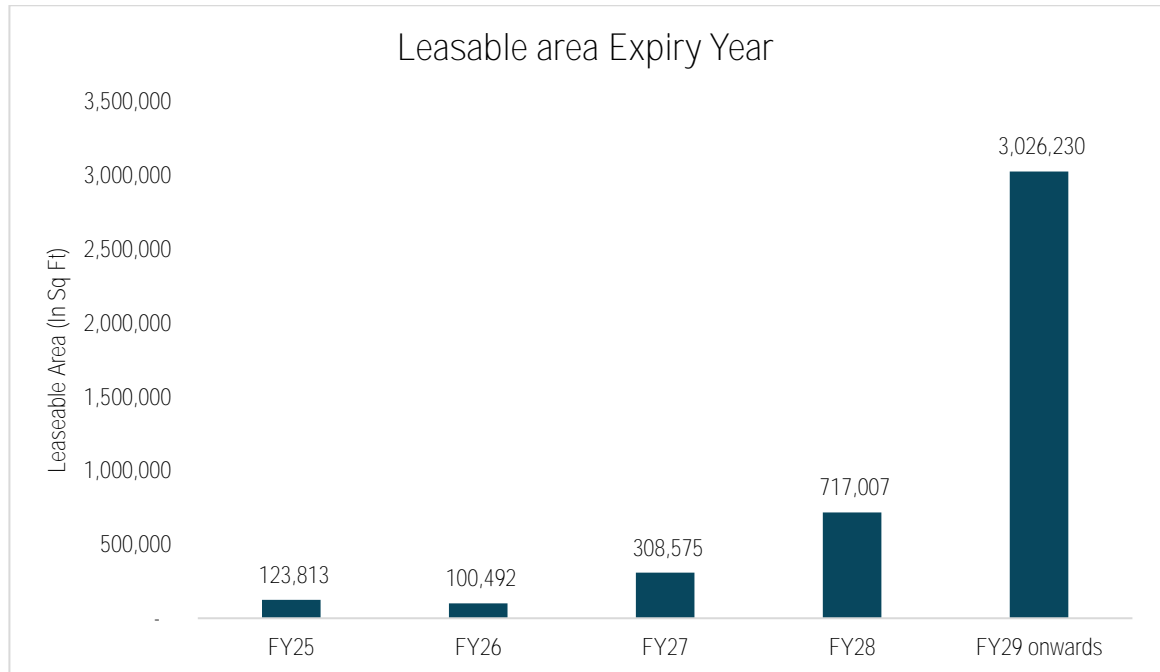
Sl. No.	Tenant	Share of Gross Rentals
1	Accenture Services Pvt. Ltd. (Accenture Solutions Pvt. Ltd.)	10.8%
2	Princeton Digital Group India Management Pt. Ltd.	10.5%
3	UBS Business Solutions (I) Pvt. Ltd	6.3%
4	Jacobs Engineering India Private Limited (Worley India Pvt. Ltd.)	5.8%

5	Here Solutions India Private Limited	5.7%
6	IDFC First Bank Ltd	5.3%
7	HDFC Bank Limited	5.2%
8	GeP Solutions Pvt. Ltd	5.2%
9	Axis Bank Ltd	4.9%
10	Dow Chemical International Pvt. Ltd.	4.6%
	Total	64.4%

\* Includes contracted areas for which rent may start at a future date

### **Lease Expiry Analysis**

The WALE of the property is 8.5 years based on area as shared by client, with 23.7% of occupied area expiring between year FY 2025 and year FY 2028 as shown in the chart below:



### **Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 5% every year or 15% every 3 years.

## **5.8 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 also has the license to distribute power within the Project Site. 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 Project Site. The SPV is not allowed to expand the power distribution outside the limits of the SEZ, i.e., the Project Site in this case.



## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Mumbai, the financial capital of India, is a bustling metropolis that boasts a vibrant economy and is one of the key industrial hubs of India. Situated on the Western coast of the country, the city serves as a centre for commerce, trade, and finance. It houses the headquarters of numerous multinational corporations, top financial institutions, and major Indian companies. Additionally, it is home to Asia's oldest stock exchange – the Bombay Stock Exchange. Its strategic location, well-developed infrastructure, and connectivity through air, road, and rail networks make it a preferred destination for businesses. The city's robust economy is fuelled by various sectors, including finance, banking, information technology, manufacturing, entertainment, media, and services. Mumbai contributes ~5-6% to the overall GDP of the country and is also the top contributor to the country's exchequer, accounting for nearly 1/3rd of India's overall direct tax collections.

Mumbai's real estate market holds the distinction of being one of the most expensive markets in India. The capital value and rents in prime office submarkets rank among the highest in the country. However, despite these high costs, the market continues to exhibit strong activity levels. The office real estate market in Mumbai ranks as the third largest in India in terms of Grade A office stock, surpassed only by Bengaluru and Delhi NCR. The city's ability to cater to a diverse range of industries, attract top talent, and provide excellent business support services ensures that Mumbai continues to attract domestic as well as international businesses looking to establish or expand their presence in India.

### 6.3 INFRASTRUCTURE INITIATIVES

#### Existing infrastructure

Existing Project	Completion timeline	Details	Key impact zones
Bandra Worli Sea Link	2009	5.6 km long, 8-lane wide bridge that links Bandra with South Mumbai.	SBD Central, BKC & Annex and BKC Outskirts
Sea Link to Bandra Kurla Complex (BKC) Connector	2021	604 meter long, two-lane flyover	BKC & Annex and BKC Outskirts
BKC – Eastern Express Highway Connector	2019	1.6 km connector from G Block of BKC to the EEH	BKC & Annex, BKC Outskirts and Eastern Suburbs
Western Express Highway (WEH)	2002	North-south 8-10 lane arterial road of 25.33 km	BKC & Annex, BKC Outskirts, Western Suburbs and Malad-Goregaon

Eastern Express Highway (EEH)	2003	23.55 km city express highway	BKC & Annex, BKC Outskirts and Eastern Suburbs
Eastern Freeway	2013	16.8 km long controlled-access highway	CBD, SBD Central and Eastern Suburbs
JVLR (Jogeshwari Vikhroli Link Road)	1994	10.6 km long 6 lane road connecting the WEH and EEH	Western and Eastern Suburbs and Malad-Goregaon
SCLR (Santacruz Chembur Link Road)	2014	6.45-kilometre-long (4.01 mi) arterial road connecting WEH and EEH	BKC Outskirts, and Eastern suburbs
Ghodbunder Road	NA	Key arterial road connected to the Western Express Highway at Ghodbunder and the Eastern Express Highway at Majiwada	Thane
Thane Belapur Road	NA	Major road connecting Thane and Navi Mumbai. The road has been widened to a total of 6 lanes	Thane and Thane-Belapur Road
Mumbai – Pune Expressway	2002	6-lane wide tolled expressway spanning a distance of 94.5 km	Thane-Belapur Road, Navi Mumbai Others
Western Line (Suburban Railway)	1867	Consists of 37 stations from Dahanu Road to Churchgate railway station.	CBD, BKC & Annex, BKC Outskirts, SBD Central, Western Suburbs, Malad-Goregaon
Central Line (Suburban Railway)	1853	Consists of 24 stations from Chhatrapati Shivaji Maharaj Terminus to Kalyan	CBD, SBD Central, BKC & Annex, BKC Outskirts, Western Suburbs, Eastern Suburbs, Thane
Harbour Line (Suburban Railway)	1910	The Harbour line is a branch line of the Mumbai Suburban Railway	CBD, SBD Central, Thane-Belapur Road and Navi Mumbai Others
Monorail Line 1 (Jacob Circle – Wadala)	2014	20.21 km line and is fully elevated	SBD Central
Chhatrapati Shivaji Maharaj International Airport	1942	It has two operating terminals spread over 750 hectares handling 950 aircraft per day.	Western Suburbs, Malad-Goregaon
Mumbai Coastal Road Project (Partial opening of Phase 1 connecting Worli & Marine Drive)	2024	Partial opening of 4.5 km stretch from Worli to Marine Drive was opened to traffic.	CBD, SBD Central

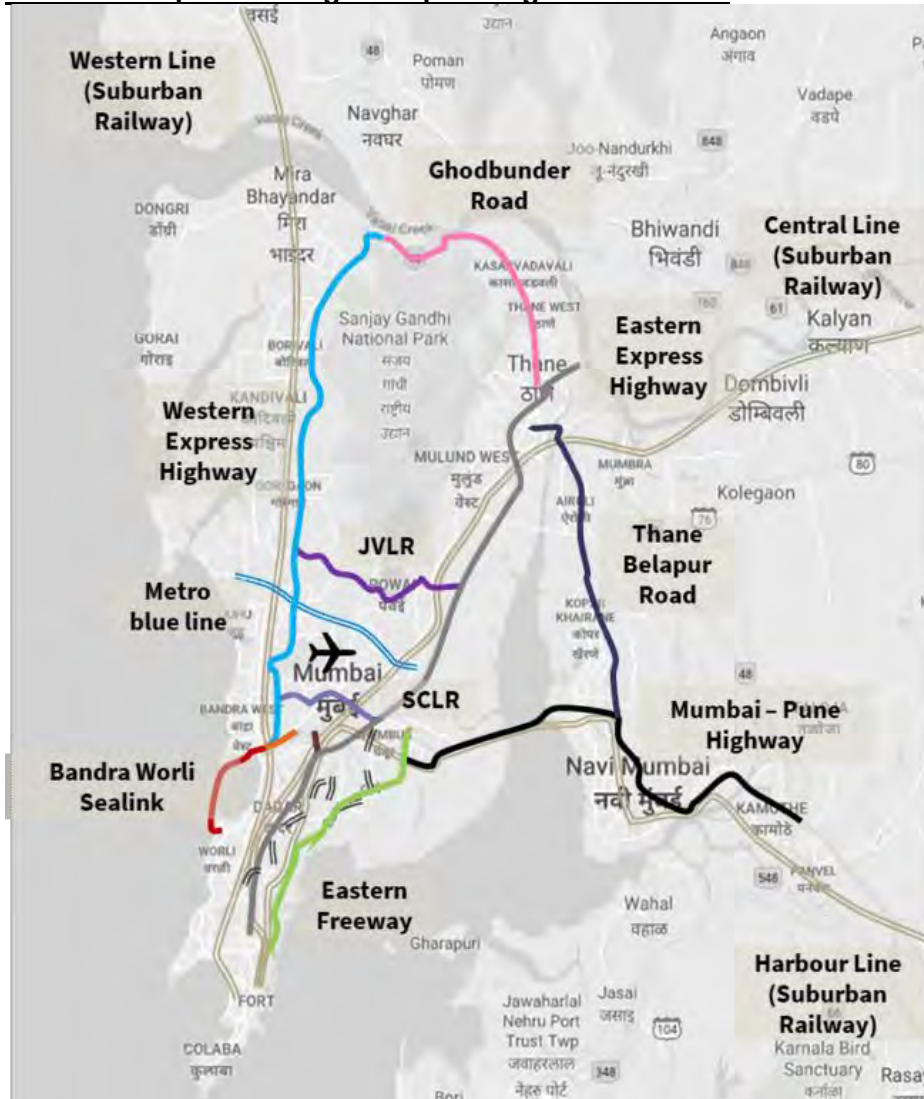
### **Upcoming infrastructure**

Submarket of Thane-Belapur Road and Navi Mumbai Others will benefit from the proposed Navi Mumbai International Airport. A proposed airport would positively impact the real estate market in Navi Mumbai by improving the area's commercial value, mainly through generating employment opportunities. Furthermore, it will also ease the burden on Mumbai's Chhatrapati Shivaji International Airport (CSIA) which accounts for over 25% of the entire air traffic in India.

Submarkets like CBD, SBD Central, Western Suburbs and Malad-Goregaon will benefit from the coastal road project. It will help improve the connectivity and reduce commuting time by 70%. Further, it will create easy access to the commercial hotspots of South Mumbai. Most importantly, it will decongest the expressway and local railways. This will lead to an uptick in the housing demand in the nearby suburbs and boost property prices

Upcoming Project	Completion timeline	Details	Key impact zones
Mumbai Coastal Road Project (Phase 1)	2024	8-lane project of 10.58 km from Princess Street flyover to Worli end of Bandra Worli Sea Link. Comprises of twin tunnels each 3.45 km long equipped with the latest technology.	CBD, BKC & Annex, BKC Outskirts, SBD Central, Western Suburbs, Malad-Goregaon
Navi Mumbai International Airport	2025	It will be connected with Navi Mumbai Metro's Line 1 and with the proposed Mumbai Metro's Line 8 (Gold Line).	Thane-Belapur Road and Navi Mumbai Others
Goregaon Mulund Link Road	2028	12-km long road infrastructure project that will connect Mulund directly to Goregaon. Construction in 4 phases	Malad-Goregaon and Eastern Suburbs
Suburban corridor between Panvel-Karjat on CR	2025	5 stations of Panvel, Chikale, Mahape, Chowk and Karjat and will pass through 58 bridges	Thane-Belapur Road and Navi Mumbai Others
Suburban corridor link between Airoli-Kalwa on CR	2024	8 kms long elevated link between Airoli and Kalwa is crucial for decongesting Thane station in future.	Thane-Belapur Road, Navi Mumbai Others and Thane
Quadrupling of Virar-Dahanu road on WR	2025	8 new stations and several new structures, like station buildings at Virar, Vaitarna, Saphale, Kelve Road, Palghar, Umroli, Boisar and Wangaon-Dahanu road	Malad-Goregaon
Extension of Harbour Line between Goregaon- Borivali	2026	3-km elevated stretch over Malad to extend the existing harbour line	Malad-Goregaon

**Mumbai - Map of existing and upcoming infrastructure**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Existing Metro Rail Lines**

Existing Project	Completion timeline	Details	Key impact zones
Metro Blue Line 1 (Versova – Ghatkopar)	2014	11.40 km line is fully elevated and consists of 12 stations	Malad-Goregaon and Eastern Suburbs
Metro Red Line 7	2022	Dahisar – Andheri – CSMIA T1	Western Suburbs and Malad-Goregaon
Metro Yellow line 2A	2022	Dahisar – Andheri West	Western Suburbs and Malad-Goregaon

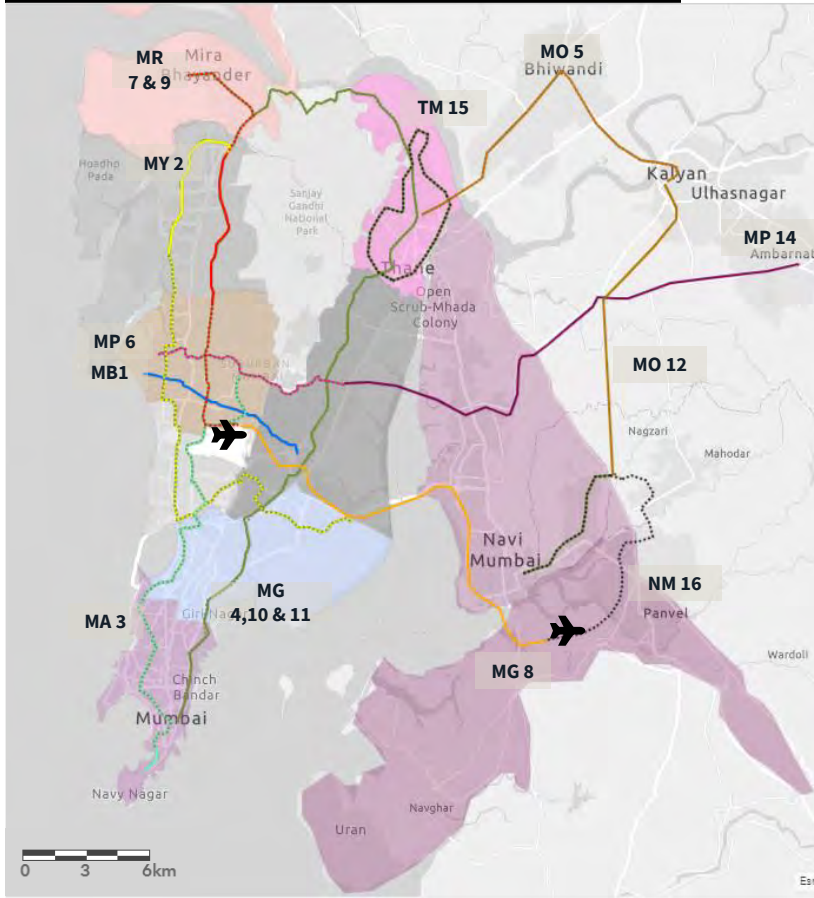
### Upcoming Metro Lines - Mumbai

Completion of all the upcoming metro lines will benefit all the micro-markets of the city such as CBD, SBD BKC, SBD Central, Western Suburbs, Malad-Goregaon, Eastern Suburbs, Thane, and Navi Mumbai. The proposed metro aims to connect the areas that are not connected by the existing railway and enable commuters to reach the station within 500 m to 1 km. Residential developments in micro markets of Thane and Navi Mumbai will receive a boost, due to improved connectivity with the commercial hubs in the Western Suburbs and Malad-Goregaon

Upcoming Project		Completion timeline	Details	Key impact zones
Metro Aqua line 3 (Phase 1)	MA 3	2024	Colaba-Bandra-SEEPZ	CBD and SBD Central, BKC & Annex, BKC Outskirts, Western Suburbs
Metro Green Line 4	MG 4,10,11	2025	Wadala – Kasarvadavali – Gaimukh	Eastern Suburbs and Thane
Metro Orange Line 5	MO 5	2025	Thane – Bhiwandi – Kalyan	Thane
Metro Pink Line 6	MP 6	2026	Lokhandwala – Jogeshwari – Kanjurmarg	Western and Eastern Suburbs,
Metro Gold Line 8	MG 8	2026	CSMIA T2 – NMIA (indicative)	Western Suburbs, Thane-Belapur Road, Navi Mumbai Others and Malad-Goregaon
Metro Red Line 9	MR 7 & 9	2025	Dahisar – Mira Bhayandar	Dahisar, Mira Road, Bhayandar
Metro Green Line 10	MG 4,10,11	2025	Gaimukh – Shivaji Chowk (Mira Road)	Thane
Metro Green Line 11	MG 4,10,11	2030	Wadala – CSMT	SBD Central and CBD
Metro Orange Line 12	MO 12	2027	Kalyan – Dombivali – Taloja	Navi Mumbai Others
Metro Magenta Line 14	MM 14	2027	Vikhroli – Badlapur (indicative)	Eastern Suburbs and Thane
Thane Metro	TM 15	2026	Raila Devi – New Thane (indicative)	Thane
Navi Mumbai Metro Phase 2 & 3	NM 16	2026-27	Belapur – NMIA Taloja – Khandeshwar	Thane-Belapur Road and Navi Mumbai Others

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Mumbai - Map of existing and upcoming metro line**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

## 6.4 MUMBAI - OFFICE SUBMARKETS

Submarket	Locations	
CBD	Nariman Point, Churchgate, Fort, Ballard Estate, Cuffe Parade	
SBD Central	Lower Parel, Dadar, Worli, Prabhadevi, Parel, Mahalaxmi	
BKC & Annex	BKC	
BKC Outskirts	Kalina, Kurla, Bandra East, Santacruz East	
Western Suburbs	Andheri East, Jogeshwari, Andheri West	
Malad-Goregaon	Goregaon, Malad, Borivali	
Eastern Suburbs	Powai, LBS Marg, Ghatkopar, Vikhroli, Mulund, Sion	
Thane	Wagle Estate, Ghodbunder Road	
Thane-Belapur Road	Airoli, Mahape, Khoparkhairane, Turbhe, Juinagar, Nerul, CBD Belapur	

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

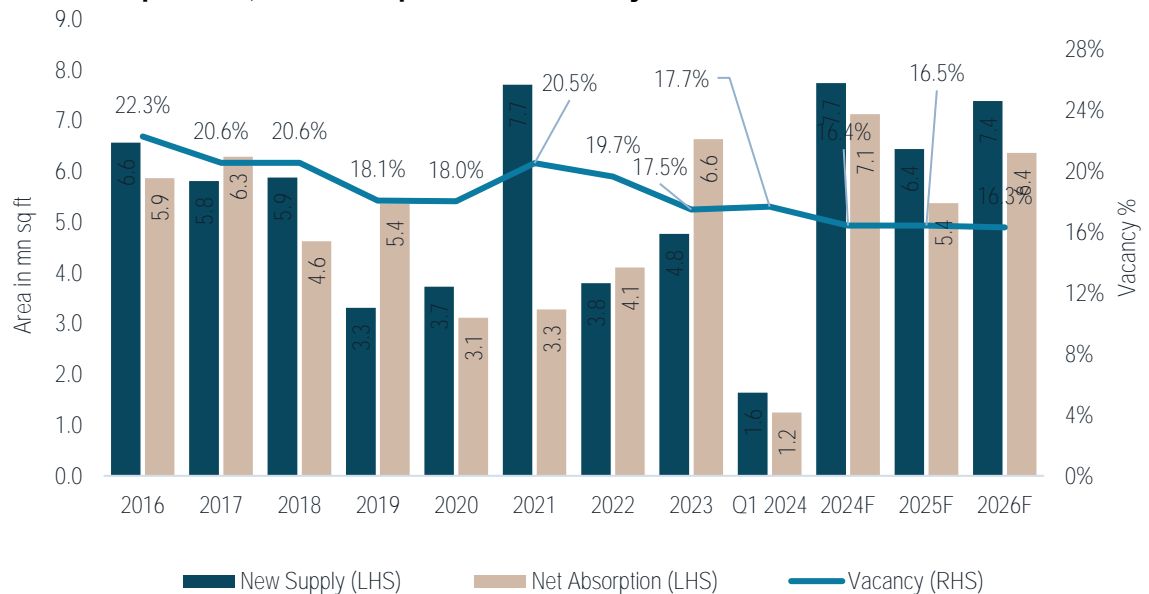
### City Market Trends

Submarket	Total Stock (Mn sq ft)	Net Absorption (mn sq ft)			Vacancy %		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	130.4	1.25	-61.0%	23.2%	17.7%	20 bps	-130 bps
CBD	5.0	0.01	23.6%	-62.1%	8.8%	-30 bps	-80 bps
SBD Central	18.4	0.08	-85.1%	-77.0%	24.1%	-40 bps	-150 bps
BKC & Annex	10.2	0.02	-144.3%	-34.8%	7.3%	-20 bps	-130 bps
BKC Outskirts	6.4	0.17	169.5%	63.4%	13.5%	20 bps	-140 bps
Western Suburbs	20.6	0.21	63.0%	77.7%	16.8%	-90 bps	-60 bps
Malad-Goregaon	19.9	0.32	-78.1%	2280.2%	16.4%	330 bps	-210 bps
Eastern Suburbs	15.7	0.22	-27.0%	238.3%	10.9%	140 bps	-440 bps
Thane	9.7	0.09	-30.7%	1073.3%	19.8%	280 bps	260 bps
Thane-Belapur Road	20.3	0.11	-81.6%	-60.5%	18.9%	-60 bps	-430 bps
Navi Mumbai Others	4.2	0.01	0.0%	-60.1%	57.2%	-20 bps	-190 bps

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

## Supply, Demand Trend

### Total Completions, Net Absorption and Vacancy Rate



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

## Leasing Activity

The city's office leasing activity stood at 2.1 million sq ft in Q1 2024, representing an increase of 40.4% compared to Q1 2023. Importantly, this was the strongest ever first quarter leasing performance compared to all previous Q1 performances. Leasing was driven by increased space take up from BFSI occupiers who accounted for ~44% of the overall activity, followed by the real estate and construction segment, which accounted for ~14%. During the quarter, the Malad-Goregaon submarket witnessed the highest traction with a share of 29.0% in leasing activity. Eastern Suburbs and Western Suburbs followed with respective shares of 20.3% and 15.8%.

Leasing activity was dominated by the strong performance of domestic firms, which accounted for 78% of the overall leasing activity. The trend of end-user deals in managed office spaces continued during the quarter. All major pre-commitments remained intact. Office space leasing activity during the quarter was mostly driven by large to medium-sized deals.

In recent times, the city witnessed increased demand by the occupiers from data centres, medical technology, health analytics, online education, gaming, pharma, and FMCG sectors. We expect vacancy levels to remain rangebound in the medium term.

## Vacancy

New supply during the quarter outpaced net absorption leading to a 20 bps q-o-q rise in vacancy levels to 17.7%. However, at a submarket level, vacancy levels decreased in all but three submarkets of BKC Outskirts, Malad-Goregaon and Thane. On a y-o-y basis, vacancy has decreased by 130 bps.

## New Supply

A supply of 1.6 million sq ft came on stream in 1Q24, largely driven by a couple of large-sized projects in the Malad-Goregaon and Thane sub-markets. The BKC Outskirts sub-market also recorded a supply of 0.1 million sq ft. The pace of the construction activity remains at optimum levels. Some of the key projects that became operational during the quarter were Oberoi



Commerz 3 Phase 2 (0.7 million) in Goregaon, 63 GMA (0.4 million) in Goregaon, and Centrum Business Square (0.4 million) in Thane.

By the end of 2026, overall stock is expected to see an addition of around 20 million sq ft of Grade A space, with Eastern Suburbs, Thane-Belapur Road and Western Suburbs combining to account for 74% of the future supply.

**Outlook**

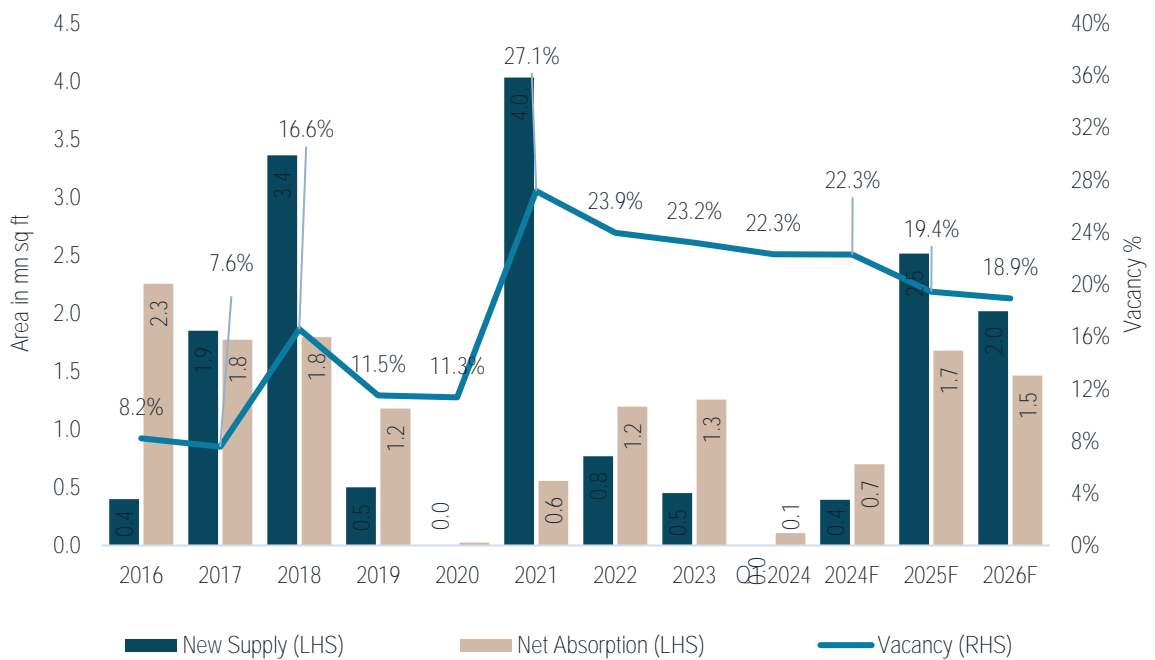
A total of nearly 7.5-8.0 million sq ft of office space is scheduled to be completed by end-2024. An optimum pace of construction activity is expected to continue in 2024. Total net absorption in 2024 is expected to be around 6.5-7.5 million sq ft as quality projects will continue to witness healthy demand from occupiers. Demand is expected to be driven by the BFSI, Consulting, and manufacturing sectors. As absorption outpaces supply, vacancy levels are expected to go down by 2024-end. Capital values are expected to rise faster than rents due to rising investor interest, leading to a compression of yields in key submarkets for quality assets.

**6.5 MICRO MARKET: THANE-BELAPUR ROAD**

The Mindspace Airoli West project lies in the Thane-Belapur Road micro market.

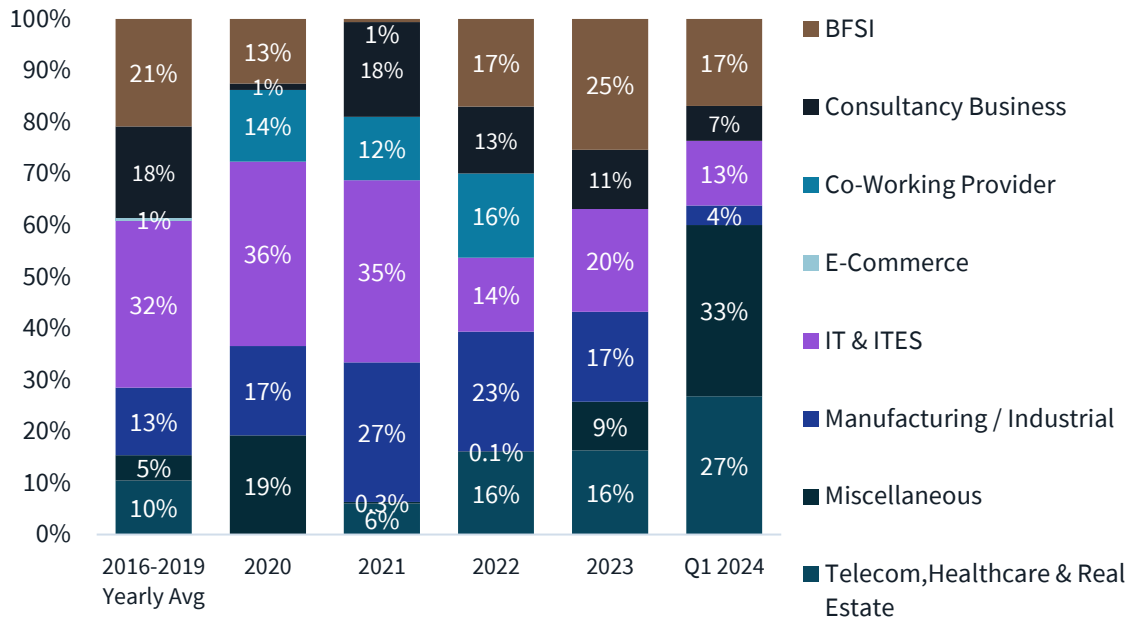
**Supply, Demand Trend**

**Total Completions, Net Absorption and Vacancy Rate**



Source: Real Estate Market Research & Analysis: JLL, 31<sup>st</sup> March 2024

### Occupier share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### Leasing Activity

The submarket witnessed a leasing activity of 185,898 sq ft in Q1 2024, down by 26.2% y-o-y. Most of the absorption came from space take-ups in the projects completed in the past 3 years. Inventurus Knowledge Solutions leased 44,533 sq ft in Mindspace Airoli, Sriram Finance Limited leased 31,408 sq ft in Q Parc and IndusInd Bank leased 27,084 sq ft in International Infotech Park. Thane-Belapur Road is one of the most favoured submarkets amongst IT/ITeS occupiers as it offers a good supply of quality space with large floor plates, ideal for consolidating and expanding within the campus.

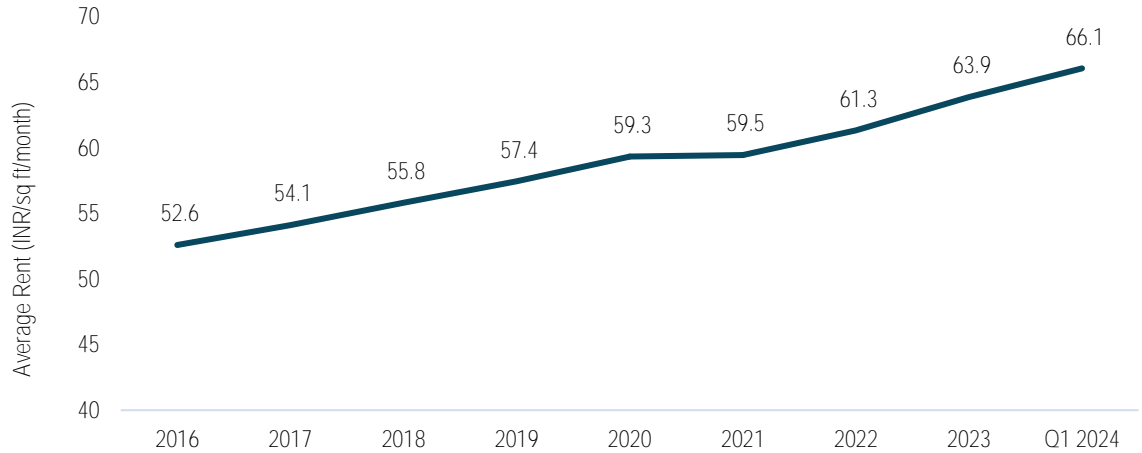
### Supply

No new supply addition was recorded during the quarter, keeping the stock unchanged at 20.3 million sq ft. Thane-Belapur Road is still the largest submarket in the city, accounting for a 15.6% share of the total city Grade A office stock.

### Vacancy

The vacancy rate declined by 50 bps q-o-q to 18.9% despite the net absorption keeping pace with new supply addition. However, good-quality projects by prominent developers continued to exhibit single-digit vacancies.

## Rents



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Note:** Mindspace REIT micro markets, 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.

The average rent in the submarket stood at INR 66.1 per sq ft per month in Q1 2024, registering a q-o-q increase of 3.4%. Thane-Belapur Road remains a much more affordable alternative than Thane for IT/ITeS occupiers. Prominent projects, such as Mindspace REIT Airoli, Gigaplex, and Loma IT Park, were seeing deal closures in the range of INR 58–62 per sq ft per month.

## Prominent Lease Transactions within the Micro-Market

Below are some of the lease transactions witnessed in the micro-market.

Sl. No.	Occupier Name	Name of the Building	Location	Area Leased (sq. ft.)	Lease Rentals (INR per sq. ft. per Month)	Transacted Period
1	HMM Shipping India Private Limited	Rupa Renaissance	Thane-Belapur Road	18,100	60	Q1 2024
2	Furgo Survey India Private Limited	Rupa Renaissance	Thane-Belapur Road	21,990	56	Q1 2024
3	Xplore Tech Services Private Limited	Rupa Solitaire	Thane-Belapur Road	23,348	60	Q1 2024
4	Lenskart Eytech Private Limited	Rupa Renaissance	Thane-Belapur Road	16,600	79	Q1 2024
5	Inventurus Knowledge Solutions Private Limited	Mindspace Airoli East Building 5 & 6	Thane-Belapur Road	44,533	64	Q1 2024
6	RSM Astute Consulting Private Limited	Rupa Renaissance	Thane-Belapur Road	12,500	73	Q1 2024

7	Shriram Finance Limited	Q Parc Phase 2	Thane-Belapur Road	31,408	63	Q1 2024
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Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The lease transactions in the Thane-Belapur Road micro market are recorded in the range of INR 50 – 80 per sq. ft per month. The lease transactions in Airoli West location where the Project is located are in the range of INR 55 to 65 per sq. ft per month. Market rent for Mindspace Airoli West Project has been considered in line with the achievable market rent for completed buildings at INR 55 per sq. ft per month.

### **Investment Activities within the Micro Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro market location, Project, leases prevailing etc.

### **Investment Activities within the Country**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

#### **List of transactions / deals in major cities recent past**

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC & Annex	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Outskirts	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Infocity	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Infocity	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 - 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - ,8700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	-421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	-200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	-2,700,000 + -3,700,000	Enterprise value INR 11,225	7.90-8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram - Thoraipakkam Road	PBD OMR	-1,400,000 (Completed) +1,600,000 (UC)+2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Source: Real Estate Market Research & Analysis; JLL, March 2024

Project Site is **Mindspace Airoli West** which is one of the known developments for IT/ITeS companies located in the Thane-Belapur Road micro market at Airoli in Navi Mumbai City. The Project is a part of **Mindspace Business Parks REIT** (Mindspace REIT) portfolio. The location has excellent connectivity to residential locations and social infrastructure too.

The project offers Grade A, IT SEZ and non-SEZ space with good amenities and facilities. There are prominent clients in the larger campus. and is a preferred office space in this micro market due to the quality of buildings, ease of connectivity and nature of campus development. Considering the past transactions in the city and Project attributes in terms of size, occupancy profile, micro market trend etc. the cap rate has been arrived for the Project.

The Cap Rate applied to arrive at the terminal value of the property is 8.00%.

### **Outlook**

Over the next three years, the Thane-Belapur Road submarket is likely to add about 4.9 million sq ft of Grade A supply. As a result of this continuous infusion of supply into the submarket, rents are expected to remain stable or rise marginally, driven by a few marquee projects. Tech occupiers along with occupiers from the manufacturing segment and managed flex players are likely to be the mainstay of demand in this submarket.

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial/ office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub/above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market/marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

#### 7.1.1 Cash Flow Projections

The cash flows for the Project has been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe 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 estimation of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11th year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table on the following page:

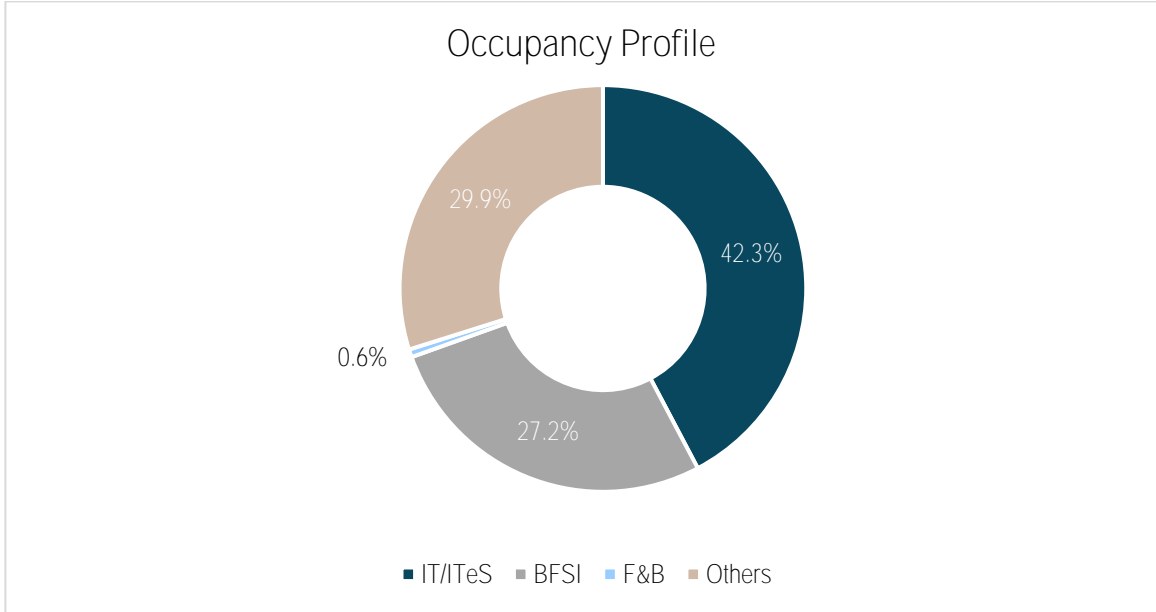
**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent-free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### **7.1.2 Absorption/ Leasing Velocity and Occupancy Profile**

Occupancy profile of the project is as follows: -

- ~42.3% of the space is taken by IT/ITeS sector.
- ~29.9% taken by Others (Professional Services, Healthcare & Pharma, Co-Working).
- ~27.2% by BFSI.
- A small area ~ 0.6% by F & B.



### 7.1.3 **Key Assumptions and Inputs**

The table below presents key assumptions and/or inputs used in the cash flow configuration used for providing Valuation of the Project.

**Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Blocks**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Refer Table 5.4	As per the information provided by the Client
Leased Area	Refer Table 5.4	As per the information provided by the Client
Vacant Area / Vacancy	990,125 sq. ft. (~20%)	As per the information provided by the Client
Vacancy Allowance	2.0 %	As per market benchmarks for large scale Grade A office projects. .
Area to be Leased	990,125 sq. ft. (~20%)	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market for Grade A properties, the rent free period for existing lease rollovers is two months.
Rent Free Period for New Leases	<ul style="list-style-type: none"> <li>▪ Office and Center Court- 4 months</li> </ul>	As prevalent in the micro-market for Grade A properties, the rent free period for new leases varies between 3-6 months.



Parameters	Assumptions / Inputs	Remarks / Basis
Estimated Leasing Period	Not Applicable for this property	
Construction Related Assumptions		
Approx. Construction Cost to be incurred	<ul style="list-style-type: none"> <li>▪ INR 190 Mn</li> </ul>	As per the information provided by the Client
Estimated Completion Date for Incurring the Expenditure	As specified in section 5.6	As per the information provided by the Client
Estimates of already carried out major repairs / improvements / upgrades	INR 200 Mn	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	<p>Escalation in rentals as per the Rent Roll for the validity period of the leases:</p> <ul style="list-style-type: none"> <li>▪ B1,B2,B3,B4,B5, B6,B9 and Centre Court – 4.5% per annum</li> <li>▪ B10 (Data Centre) – 4% per annum</li> </ul>	As prevalent in the market
Market / Marginal Rent – Office for FY25	<ul style="list-style-type: none"> <li>▪ B1,B2,B3,B4,B5, B6,B9 and Centre Court - INR 58.9 per sq. ft. per month</li> <li>▪ B10 (Data Centre) - INR 79.8 per sq. ft. per month</li> </ul>	<p>The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 55 – 65 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 60 - 70 per sq. ft. per month. Please refer section 6.5</p> <p>Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.</p>
Market / Marginal Rent – Amenities for FY25	Not Applicable	
Market Rent - Car Parking Space for FY25	INR 2,100.00 per CPS per month	The Grade A offices offers car parking rates in the range of INR 1,500 – 2,500 per slot per month. Based on the market benchmarking of recent leased rates within the micro-market, the achievable car park rate for the Project Site is derived.
Market / Marginal Rent - Food Court for FY25	INR 69.55 per sq. ft. per month	The lease transactions of food court in Grade A IT park in the said micro market are recorded in the range of INR 65 – 75 per sq. ft. per month for last 5 years. The asking instances

Parameters	Assumptions / Inputs	Remarks / Basis
		are observed in the range of INR 70 - 80 per sq. ft. per month.
Market / Marginal Rent – Kiosk for FY25	INR 337.05 per sq. ft. per month	The lease transactions of kiosk in Grade A IT park in the said micro market are recorded in the range of INR 330 – 350 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 340 – 360 per sq. ft. per month.
Market / Marginal Rent – Terrace for FY25	Not Applicable	
Other Income	1.0% of base rentals	As prevalent in the market, we consider a normalized level of other income for future. Hence, we have considered other income at 1.0% of base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Market Rent Growth from FY26	5% per annum	As prevalent in the market
Parking Rent Growth from FY26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5.0% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received 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 76.0% or actual, whichever is lower
Maintenance Services Income / CAM Income for FY25	<ul style="list-style-type: none"> <li>▪ Office - INR 12.36 per sq. ft. per month</li> <li>▪ Data Centre INR 2.00 per sq. ft. per month</li> </ul>	The CAM income in the Project is in-line with market trend and is as provided by Client
Operating Cost Assumptions		
Brokerage - New Leases	<ul style="list-style-type: none"> <li>▪ Office - 4 months on base rent</li> <li>▪ Data Centre - 3 months on base rent</li> </ul>	As prevalent in the market

Parameters	Assumptions / Inputs	Remarks / Basis
Brokerage - Renewals / Release	2 months on base rent	As prevalent in the market
Maintenance Services Cost for FY25	<ul style="list-style-type: none"> <li>▪ Office- INR 9.93 per sq. ft. per month</li> <li>▪ Data Centre – INR 1.00 per sq. ft. per month</li> </ul>	As shared by client and as prevalent in the market
Property Tax for FY25	INR 2.04 per sq. ft. per month	As shared by client and as prevalent in the market
Insurance for FY25	INR 0.34 per sq. ft. per month	As shared by client and as prevalent in the market
Cost Escalation	3.0% per Annum	As prevalent in the market.
CAM Escalation (Income + Expense)	5.0% per Annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1.0% of Terminal Value	As prevalent in the market
Other Operating Expenses	2.0% of Base Rent + Car Parking Charges if any	As prevalent in the market
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income if any)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.0% (post yield shrinkage). Capitalized based on the net cash flow of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

**Table 7.3: Key Assumptions Used in the Estimate of Under Construction Blocks**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Refer Table 5.5	As per the information provided by the Client
Leased Area	Refer Table 5.5	As per the information provided by the Client
Vacant Area / Vacancy	0 sq. ft. (0%)	As per the information provided by the Client
Vacancy Allowance	2 %	As per market benchmarks for large scale Grade A office projects. .
Area to be Leased	0 sq. ft. (~0%)	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market for Grade A properties, the rent free period for existing lease rollovers is two months.
Rent Free Period for New Leases	3 months	As prevalent in the micro-market for Grade A properties, the rent free period for new leases is three months.
Estimated Leasing Period	Not Applicable as the vacancy is less than stabilized vacancy	
Construction Related Assumptions		
Approx. Construction Cost to be incurred	▪ B8 (Data Centre) - INR 1,024.4 Mn	As per the information provided by the Client
Estimated Completion Date	Please refer to Table 5.5	As per the information provided by the Client
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases, i.e. 4.0% every year	As prevalent in the market it is observed that lease agreements are primarily at 4.0% rent escalations every year.
Market / Marginal Rent – Data Centers for FY25	Data Centre) - INR 79.8 per sq. ft. per month	The lease transactions in Grade A Data Centre development in the said micro market are recorded in the range of INR 75 – 85 per sq. ft. per month for last 5 years. The asking

Parameters	Assumptions / Inputs	Remarks / Basis
		instances are observed in the range of INR 80 - 90 per sq. ft. per month. Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent - Amenities	Not Applicable	
Market Rent - Car Parking Space	Not Applicable	
Market / Marginal Rent - Food Court	Not Applicable	
Market / Marginal Rent - Kiosk	Not Applicable	
Market / Marginal Rent – Terrace	Not Applicable	
Other Income	1.0% of base rentals	
Market Rent Growth from FY26	5.0% per annum	As prevalent in the market
Parking Rent Growth from FY26	Not Applicable	
Lease Tenure	40 years	As per the information provided by the Client
Target Efficiency	76%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received 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 76.0% or actual, whichever is lower
Maintenance Services Income / CAM Income for FY25	INR 2.00 per sq. ft. per month	The CAM rate in Data Centre Development is observed to be in the range of INR 1 – 5 per sq.ft. per month. The CAM income in the Project is in-line with market trend and is as provided by Client
Operating Cost Assumptions		
Brokerage - New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2 months receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	INR 1.00 per sq. ft. per month	As shared by client and as prevalent in the market

Parameters	Assumptions / Inputs	Remarks / Basis
Property Tax for FY25	INR 2.04 per sq. ft. per month	As shared by client and as prevalent in the market
Insurance for FY25	INR 0.34 per sq. ft. per month	As shared by client and as prevalent in the market
Cost Escalation	3% per Annum	As prevalent in the market.
CAM Escalation (Income + Expense)	5% per Annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1% of Terminal Value	As prevalent in the market
Other Operating Expenses	2% of Base Rent + Car Parking Charges if any	As prevalent in the market
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income if any)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: (for data centre building B8) – 13%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.0% (post yield shrinkage). Capitalized based on the net cashflows of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

## 7.2 VALUATION ASSUMPTIONS FOR POWER DISTRIBUTION SERVICES

### 7.2.1 Adopted Methodology

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:

Amount of approved Gross Fixed Assets ("GFA") is considered.

Further, Net Fixed Asset (NFA) which is GFA reduced by accumulated depreciation allowed as on date is computed.

To compute the Net cashflows, mainly return on equity, interest on notational debt, recovery of depreciation, interest on working capital have been added.

Licensee is allowed to charge 14% return on equity which is 30% of GFA. In case of no actual loan, the commission allows a return on normative loan equal to 70% of GFA based on MYT regulations 2019. 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.

Approved power procurement, operational and maintenance expenses are allowed completely pass through.

### 7.2.2 **Key Assumptions and Inputs**

Following are the key details as per the Commission order dated 31<sup>st</sup> March 2024:

**Table 7.4 Key Assumptions Used for Power Distribution Services**

Particulars	Unit	Figure
Gross Fixed Assets	INR Mn	313
Notional Equity (30% of GFA)	INR Mn	94
Notional Debt as on March 2024 (70% of GFA)	INR Mn	219
Return on Equity	%	14%
Depreciation Rate	% Per annum	5.3%
License End Date	Date	12 June 2038

### 7.2.3 **Key Projections for Cash Flows**

Following are the key projections, as provided by the Client.

**Table 7.5 Key Projections for Power Distribution Services**

Particulars	Unit	Q1 FY 2025	Q2 FY 2025	Q3 FY 2025	Q4 FY 2025
Number of units sold	Mn units	7.8	7.4	7.9	7.3
Revenue from Sales	INR Mn	106	101	108	100
Power purchase expense	INR Mn	48	45	48	45
O/M expenses	INR Mn	8	9	9	9
Planned Capex	INR Mn	0.1	0.1	0.1	0.1

For the purpose of discounting the future cash flows Weighted Average Cost of Capital (WACC) of 10.5% has been utilized.

Following are the key projections for the purpose of projecting the future cashflows and further discounting the same to arrive at the market value for the Power Distribution Services.

**Table 7.6 Key Assumptions for Operating Parameters**

Assumption	Unit	Details
Power Purchase Cost (Increase % p.a. post)	% per annum	5.0%
O&M (Increase % p.a.)	% per annum	7.0%
Depreciation (SLM) -MERC	%	5.3%
Depreciation (SLM) -Companies Act	%	3.8%
Transition Loss	%	0.7%
Prov for Contingency (% of GB)	%	0.0%

### 7.3 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

**Table 7.7: Market Value of the Project**

Component	Market Value as on	In Figures (INR Mn)	In Words
Total Market Value (Completed / Operational, including power distribution business of Gigaplex Estate Private Limited)	31st March 2024	44,929.59	INR Forty-Four Billion Nine Hundred Twenty-Nine Million Five Hundred Ninety Thousand Only.
Total Market Value (Under construction building and future development land parcel)	31st March 2024	3,091.19	INR Three Billion Ninety-One Million One Hundred Ninety Thousand Only
Total Value		48,020.78	INR Forty-Eight Billion Twenty Million Seven Hundred Eighty Thousand Only

Note: The above-mentioned value includes proportionate undivided ownership in the Amenities, Utility Areas and Internal Roads and total open spaces of the Entire Campus

<sup>1</sup> The completed component value includes value of power distribution business

<sup>2</sup> The under-construction component value includes value of land parcels under future development (which may be considered for sale) as shown in table 7.7

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project Mindspace Airoli West, comprising total leasable area of 5,266,242 sq. ft. located in Navi Mumbai, Maharashtra, India as on 31<sup>st</sup> March 2024 is estimated to be **INR 48,020.78 million (INR Forty-Eight Billion Twenty Million Seven Hundred Eighty Thousand Only).**

**Table 7.8: Market Value of the Land Component**

Component	Market Value as on	In Figures (INR Mn)	In Words
Land for Future Development	31 <sup>st</sup> March 2024	911.42	INR Nine Hundred Eleven Million Four Hundred Twenty Thousand Only

**Table 7.9: Ready Reckoner Rate**

Component	Ready Reckoner Rate (INR per sq.m)
Built-Up Area	62,400
Land Area	20,750



**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



**Name:** Sachin Gulaty FRICS FIV FIIA,

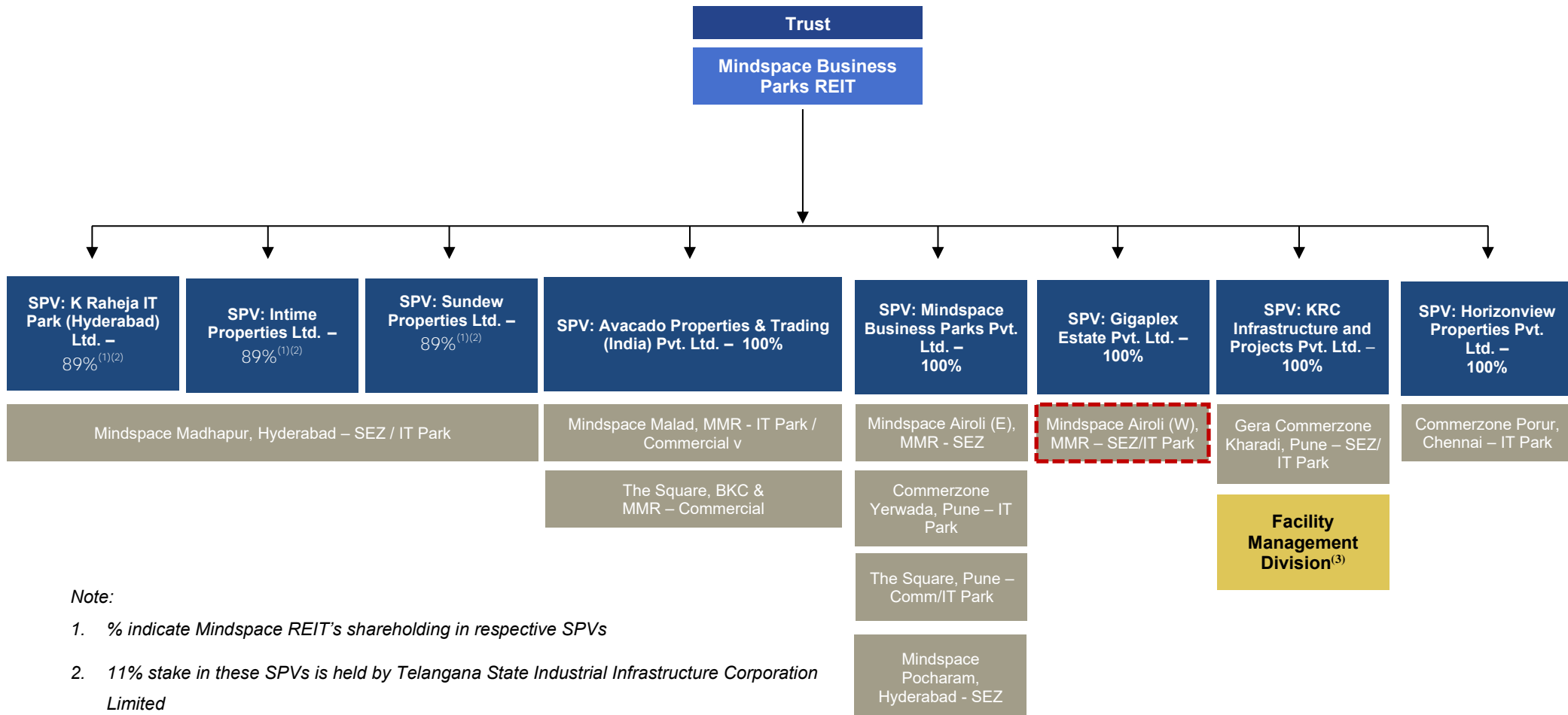
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

## Annexure - 1 Ownership Structure of the Project



**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 Layout Plan of the Project



Source: Client, 31<sup>st</sup> March 2024

### Annexure - 3

## Statement of Key Assets within the Project

Building	No. / Name	B1	B2	B3	B4	B5	B6	B9
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	B+S+P1+P2+P3+16F
Warm Shell / Bare shell		Warm 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	2X350
Water Cooled Chiller	TR	2 x 500, 1x 650	3 x 650	3 x 650	3 x 700	3 x 350	2 x 555	3X650
No of Elevators /Make	No/ Make	7-Fujitech	10- Toshiba	10 - Toshiba	12-Otis	7-Fujitech	7-Toshiba	18-Hitach
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	5X1010
No of Transformers / Capacity	No./ KVA	3 x 1600	4 x 2000	4 x 2000	4 x 2000	2 x 2000	2 x 2000	6X2000
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	2* 9.3/ wilo
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	Low zone- 2* 5.5/Wilo, High Zone- 2* 7.5/Wilo
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	2* 161.72/Wilo
Hydrant Pump	KW / Make	75, Kirlsokar oil Engine	178, Arrow Engineer	180, Bharat Bijlee	180, Bharat Bijlee	75, Kirlsokar oil Engine	132, Kirlsokar Brothers	180/ Wilo
Sprinkle Pump	KW / Make	75, Kirlsokar oil Engine	180, Greves Cotton Ltd	132, Bharat Bijlee	180, CG	75, Kirlsokar oil Engine	132, Kirlsokar Brothers	180/ Wilo
STP Rating	KLD	200	300	300	350	200	165	650

Source: Client 31<sup>st</sup> March 2024

## Annexure - 4

### Approvals and NOCs Received for the Project

---

Property Inspection - Mindspace Airoli West

#### 1. Approvals Received

- a) Building Approvals for all buildings and amendments thereof
- b) Consent to Operate for Building 1, Building 2, Building 3, Building 4, Building 5, Building 6, Building 9 and Building 10
- c) Full Occupancy Certificates received for all existing/operational buildings
- d) Drainage Approvals for all buildings and the common campus area
- e) SEZ Notification
- f) NOC issued by AAI for height clearance
- g) Consent to establish (CTE) for all buildings
- h) Environmental clearances for all buildings
- i) One-time Fire NOC
- j) Total SEZ Area 16.52 from which 8.57 Ha was denotified and 0.09 Ha was added and notified resulting in 8.04 Ha of notified SEZ area
- k) Form B
- l) Renewal of CTO received for B9/B10

#### 2. Approvals Pending

- a) Application for partial denotification of upto 2.25 Ha made to Government of Maharashtra pertaining to Building 5
- b) Height Clearance for all buildings applied for revalidation

## Annexure - 5

### Ready Reckoner Rate Applicable for the Project

ASR value as on 31<sup>st</sup> March 2024

Annual Statement of Rates							
Year	20232024						
Selected District	Thane						
Select Taluka	Thane						
Select Village	Village Name : Airoli						
Search By	<input checked="" type="radio"/> Survey no <input type="radio"/> Location						
Enter Survey No	145	Search					
subdivision	open land	Residential Flats	Office	shops	Industrial	Unit (Rs./)	Attribute
1/54-Airoli Node Lamps (North Side)	20800	53400	62400	75600	62400	Sq. meter	Survey No

Source: IGR Maharashtra

#### MIDC Land Rates

Regional Office:  Industrial Area:

**Airoli Knowledge Park**

[Basic Information](#)    [City Information](#)    [Location Details](#)    [Contact Us](#)  
[Clients](#)    [Infrastructure](#)    [Plots/Sheds Available](#)    [Industrial Maps](#)

**Objective :**

**Industry Category : Growth Center**

**Land Rates**

Industrial Plots per sq. mtr	: 20750
Commercial Plots per sq. mtr	: 62250
Residential Plots per sq. mtr	: NA

**NOTE :**

- MIDC reserves the right to revise the rates without prior notice.
- If the plot is facing State Highway/National Highway or the service road parallel to highways, then 15% additional premium will have to be paid.
- If the plot is having the more frontage than the standard size, then additional frontage charges will have to be paid for the excess frontage per running meter decided by the corporation time to time.
- If the plot is situated at the junction as stated at
  - 1) above or having the excess frontage as stated at
  - 2) above, in that case the additional premium will have to be recovered which will be on higher side.

## Annexure - 6 Cash Flow Profile

Table 7.10: Discounted Cash Flow of Completed Project - Office Building (B1, B2, B3, B4, B6, B9 and centre court)

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	77.29	-	-	-	-	-	-	-	-	-	-
	Leasable Area	4,219,927.57											
	Overall occupancy - Existing Leases		73.65%	72.22%	68.36%	56.31%	38.28%	30.92%	29.58%	25.47%	11.79%	4.81%	4.81%
	Overall occupancy - Leases Moved to Market		7.53%	17.80%	30.25%	43.69%	61.72%	69.08%	70.42%	74.53%	88.21%	95.19%	95.19%
	Overall occupancy - of the Project		81.18%	90.02%	98.61%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Vacancy Allowance		0.00%	0.00%	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
A	Base Rental		2,327.46	2,733.65	3,061.30	3,296.80	3,434.76	3,654.56	3,835.19	3,972.22	4,113.90	4,370.37	4,658.08
B	Car Parking Income		4.55	4.32	4.80	4.85	5.85	7.09	7.41	7.75	8.10	8.46	8.92
C	Fit-out rentals/tenant improvements		96.18	91.53	91.53	91.53	91.53	91.53	91.53	85.14	10.82	-	-
D	Facility Rentals		2,428.19	2,829.50	3,157.63	3,393.18	3,532.13	3,753.19	3,934.14	4,065.11	4,132.81	4,378.83	4,667.00
E	Maintenance services income		533.53	621.22	703.66	745.62	782.90	822.04	863.15	906.30	951.62	999.20	1,049.16

F	Other Operating Income		23.27	27.34	30.61	32.97	34.35	36.55	38.35	39.72	41.14	43.70	46.58
G	Revenue from Operations		2,984.99	3,478.06	3,891.91	4,171.77	4,349.38	4,611.77	4,835.64	5,011.14	5,125.57	5,421.73	5,762.74
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		528.11	554.51	582.24	611.35	641.92	674.01	707.71	743.10	780.26	819.27	860.23
I	Property Tax		103.53	106.64	109.84	113.13	116.53	120.02	123.62	127.33	131.15	135.09	139.14
J	Insurance Premium		17.30	17.82	18.36	18.91	19.48	20.06	20.66	21.28	21.92	22.58	23.25
K	Net Operating Income (NOI)		2,336.05	2,799.09	3,181.47	3,428.37	3,571.46	3,797.68	3,983.64	4,119.43	4,192.25	4,444.80	4,740.11
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	58,658.89	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		97.70	58.56	39.47	89.58	78.08	27.53	14.20	51.93	104.53	87.35	-
M	Property Management Fee		85.80	99.99	111.59	119.92	124.83	132.64	139.04	143.67	146.09	154.79	164.98
N	Other operational expenses		46.64	54.76	61.32	66.03	68.81	73.23	76.85	79.60	82.44	87.58	93.34
			-	-	-	-	-	-	-	-	-	-	-
O	Net Cashflows	-	2,028.62	2,585.78	2,969.09	3,152.84	3,299.74	3,564.28	3,753.55	3,844.23	3,859.18	62,773.97	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.



Table 7.11: Discounted Cash Flow of Completed Project – Office Building (B5)

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	123.34	-	-	-	-	-	-	-	-	-	-
	Leasable Area	416,094.00											
	Overall occupancy - Existing Leases		91.67%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	66.67%
	Overall occupancy - Leases Moved to Market		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	33.33%
	Overall occupancy - of the Project		91.67%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Vacancy Allowance		1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
A	Base Rental		79.92	257.75	275.74	275.74	296.42	317.10	317.10	340.88	364.66	364.66	399.46
B	Car Parking Income		-	-	-	-	-	-	-	-	-	-	-
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		79.92	257.75	275.74	275.74	296.42	317.10	317.10	340.88	364.66	364.66	399.46
E	Maintenance services income		58.43	66.68	70.02	73.52	77.20	81.06	85.11	89.36	93.83	98.52	103.45
F	Other Operating Income		0.80	2.58	2.76	2.76	2.96	3.17	3.17	3.41	3.65	3.65	3.99
G	Revenue from Operations		139.16	327.01	348.51	352.01	376.58	401.32	405.37	433.65	462.14	466.83	506.91
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-

H	Maintenance services Expenses		52.07	54.68	57.41	60.28	63.29	66.46	69.78	73.27	76.93	80.78	84.82
I	Property Tax		10.21	10.52	10.83	11.16	11.49	11.84	12.19	12.56	12.93	13.32	13.72
J	Insurance Premium		1.71	1.76	1.81	1.86	1.92	1.98	2.04	2.10	2.16	2.23	2.29
K	Net Operating Income (NOI)		75.17	260.06	278.46	278.71	299.87	321.05	321.36	345.72	370.11	370.50	406.07
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	5,025.13	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		-	-	-	-	-	-	-	-	-	-	-
M	Property Management Fee		2.83	9.11	9.75	9.75	10.48	11.21	11.21	12.05	12.89	12.89	14.12
N	Other operational expenses		1.60	5.16	5.51	5.51	5.93	6.34	6.34	6.82	7.29	7.29	7.99
			-	-	-	-	-	-	-	-	-	-	-
O	Net Cashflows	-	(52.59)	245.80	263.20	263.45	283.46	303.50	303.81	326.85	349.92	5,375.45	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.12: Discounted Cash Flow of Under Construction – Data Centre Building (B8)

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	735.35	289.02	-	-	-	-	-	-	-	-	-
	Leasable Area	315,110.00											
	Overall occupancy - Existing Leases		39.72%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Overall occupancy - Leases Moved to Market		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Overall occupancy - of the Project		39.72%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Vacancy Allowance		0.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
A	Base Rental		115.50	293.17	304.89	317.09	329.77	342.96	356.68	370.95	385.79	401.22	417.27
B	Car Parking Income		-	-	-	-	-	-	-	-	-	-	-
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		115.50	293.17	304.89	317.09	329.77	342.96	356.68	370.95	385.79	401.22	417.27
E	Maintenance services income		3.11	6.13	5.36	7.88	9.46	9.93	10.43	10.95	11.50	12.07	12.68
F	Other Operating Income		1.15	2.93	3.05	3.17	3.30	3.43	3.57	3.71	3.86	4.01	4.17
G	Revenue from Operations		119.77	302.23	313.30	328.14	342.53	356.33	370.68	385.61	401.14	417.30	434.12
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-

H	Maintenance services Expenses		-	1.04	2.74	4.02	4.83	5.07	5.32	5.59	5.87	6.16	6.47
I	Property Tax		-	3.98	8.20	8.45	8.70	8.96	9.23	9.51	9.79	10.09	10.39
J	Insurance Premium		-	0.67	1.37	1.41	1.45	1.50	1.54	1.59	1.64	1.69	1.74
K	Net Operating Income (NOI)		119.77	296.54	301.00	314.26	327.55	340.80	354.58	368.93	383.85	399.37	415.52
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	5,142.10	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		-	-	-	-	-	-	-	-	-	-	-
M	Property Management Fee		4.08	10.36	10.78	11.21	11.66	12.12	12.61	13.11	13.64	14.18	14.75
N	Other operational expenses		2.31	5.86	6.10	6.34	6.60	6.86	7.13	7.42	7.72	8.02	8.35
			-	-	-	-	-	-	-	-	-	-	-
O	Net Cashflows		-	(621.98)	(8.70)	284.12	296.71	309.30	321.81	334.84	348.39	362.49	5,519.26

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.13: Discounted Cash Flow of Completed Project - Data Centre Building (B10)

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No	Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	-	-	-	-	-	-	-	-	-	-	-
	Leasable Area	315,110.00											
	Overall occupancy - Existing Leases		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Overall occupancy - Leases Moved to Market		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Overall occupancy - of the Project		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Vacancy Allowance		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%
A	Base Rental		287.64	299.15	311.12	323.56	336.50	349.96	363.96	378.52	393.66	409.41	417.27
B	Car Parking Income		-	-	-	-	-	-	-	-	-	-	-
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		287.64	299.15	311.12	323.56	336.50	349.96	363.96	378.52	393.66	409.41	417.27
E	Maintenance services income		7.94	8.34	8.75	9.19	9.65	10.13	10.64	11.17	11.73	12.32	12.68
F	Other Operating Income		2.88	2.99	3.11	3.24	3.37	3.50	3.64	3.79	3.94	4.09	4.17
G	Revenue from Operations		298.46	310.48	322.98	335.99	349.52	363.60	378.24	393.48	409.33	425.82	434.12
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-

H	Maintenance services Expenses		3.97	4.17	4.38	4.60	4.83	5.07	5.32	5.59	5.87	6.16	6.47
I	Property Tax		7.73	7.96	8.20	8.45	8.70	8.96	9.23	9.51	9.79	10.09	10.39
J	Insurance Premium		1.29	1.33	1.37	1.41	1.45	1.50	1.54	1.59	1.64	1.69	1.74
K	Net Operating Income (NOI)		285.47	297.02	309.03	321.53	334.54	348.07	362.15	376.79	392.03	407.89	415.52
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	5,142.10	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		-	-	-	-	-	-	-	-	-	-	-
M	Property Management Fee		10.17	10.57	11.00	11.44	11.90	12.37	12.87	13.38	13.92	14.47	14.75
N	Other operational expenses		5.75	5.98	6.22	6.47	6.73	7.00	7.28	7.57	7.87	8.19	8.35
			-	-	-	-	-	-	-	-	-	-	-
O	Net Cashflows	-	269.55	280.46	291.81	303.62	315.91	328.70	342.00	355.84	370.24	5,527.32	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

**Table 7.14 Comparable Sales/ Quoted Instances Method (Comparative Matrix for Value Estimate for 1.96 acres of land earmarked for future development)**

Attribute Ranking	Project Site	Transacted Instance 1 (T1)	P/D	Transacted Instance 2(T2)	P/D
Location and Proximity to Development & Neighbourhood Profile	Located along Airoli Knowledge Park Road, Digha – Airoli West, TTC Industrial Area, Airoli, Navi Mumbai, Maharashtra 400708. Neighbourhood majorly comprises of Commercial and Residential developments.	Located off Thane Belapur Road, Digha Naka, Navi Mumbai, Maharashtra 400708. Neighbourhood majorly comprises of Industrial and Commercial developments.	0.0%	Located off Thane Belapur Road, Airoli, Navi Mumbai, Maharashtra 400708. Neighbourhood majorly comprises of Industrial and Commercial developments.	0.0%
Size of the Land Parcel (Acres)	1.96	6.50	2.5%	6.02	2.5%
Land Use and Zoning	Leasehold.	Leasehold.	0.0%	Leasehold.	0.0%
Availability of Similar Land Parcels	Low Availability in the micro market.	Low Availability in the micro market.	0.0%	Low Availability in the micro market.	0.0%
Site Development	Vacant Plot of land	Vacant Plot of land	0.0%	Vacant Plot of land	0.0%
Visibility and Frontage along the access road	Average Visibility & Frontage along access road	Good Visibility & Frontage along access road	-5.0%	Good Visibility & Frontage along access road	-5.0%
Accessibility to the Property	Good Access from Airoli Knowledge Park Road	Good Access from Digha MIDC road which directly connects to Thane Belapur Road.	0.0%	Access from Internal MIDC Road	0.0%
General Attributes - Contiguity, Topography, Shape, HT Line, Open Drain, etc.	Property has flat terrain, contiguous in nature and regular in shape.	Property has flat terrain, contiguous in nature and regular in shape.	0.0%	Property has flat terrain, contiguous in nature and regular in shape.	-5.0%
Price Appreciation / Margin for Negotiation		Transacted (Q1, 2021)	15.0%	Transacted (Q1, 2023)	5.0%
Transacted/Asking Value (INR per acre of Land Area)		210,000,000		231,011,721	
Total Adjustment			12.5%		-2.5%
Adjusted Price per Unit (INR per acre)		236,250,000		225,236,428	

P - Premium, D – Discount

Instances	Transaction / Quoted Price (INR per acre)	Price Adjustments (Percent)	Adjusted Pricing (INR per acre)	Weightage (Percent)	Achievable Pricing for the Project Site (INR per acre)
Asking Instance 1 (A1)	210,000,000	12.5%	236,250,000	50.0%	118,125,000
Asking Instance 2 (A2)	231,011,721	-2.5%	225,236,428	50.0%	112,618,214
<b>Achievable Unit Pricing for the Project Site on 'as is where is' basis (INR per acre and area)</b>				100.0%	230,743,214
Say the Achievable Unit Pricing for the Project Site <b>'as is where is' basis (INR per acre. of land area)</b> - Rounded off					230,700,000

Table 7.15 Summary Valuation Analysis (Land Parcel 1 ~1.96 acres)

Particular	Values
Total Area of the Land Parcel (acre)	1.96
Unit Value of Land Parcel (INR Million per acre)	230.7
Discount for Limited Usage	40%
Unit Value of Land Parcel (INR Million per acre)	138.42
Deduct: Amenity Plot Area (acres)	-
Total Land Area (Net of Amenity Plot Area)	1.96
Total Value of the Land Parcel (INR Million)	271.30



**Table 7.16 Comparable Sales/ Quoted Instances Method (Comparative Matrix for Value Estimate for 6.42 acres of land earmarked for future development)**

Attribute Ranking	Project Site	Transacted Instance 1 (T1)	P/D	Transacted Instance 2(T2)	P/D
Location and Proximity to Development & Neighbourhood Profile	Located along Airoli Knowledge Park Road, Digha – Airoli West, TTC Industrial Area, Airoli, Navi Mumbai, Maharashtra 400708. Neighbourhood majorly comprises of Commercial and Residential developments.	Located off Thane Belapur Road, Digha Naka, Navi Mumbai, Maharashtra 400708. Neighbourhood majorly comprises of Industrial and Commercial developments.	0.0%	Located off Thane Belapur Road, Airoli, Navi Mumbai, Maharashtra 400708. Neighbourhood majorly comprises of Industrial and Commercial developments.	0.0%
Size of the Land Parcel (Acres)	6.42	6.50	0.0%	6.02	0.0%
Land Use and Zoning	Leasehold.	Leasehold.	0.0%	Leasehold.	0.0%
Availability of Similar Land Parcels	Low Availability in the micro market.	Low Availability in the micro market.	0.0%	Low Availability in the micro market.	0.0%
Site Development	Vacant Plot of land	Vacant Plot of land	0.0%	Vacant Plot of land	0.0%
Visibility and Frontage along the access road	Average Visibility & Frontage along internal mindspace road	Good Visibility & Frontage along access road	-5.0%	Good Visibility & Frontage along access road	-5.0%
Accessibility to the Property	Access from Internal Mindspace Road	Good Access from Digha MIDC road which directly connects to Thane Belapur Road.	-5.0%	Access from Internal MIDC Road	0.0%
General Attributes - Contiguity, Topography, Shape, HT Line, Open Drain, etc.	Property has flat terrain, contiguous in nature and irregular in shape. In proximity to railway line.	Property has flat terrain, contiguous in nature and regular in shape.	-5.0%	Property has flat terrain, contiguous in nature and regular in shape.	-5.0%
Price Appreciation / Margin for Negotiation		Transacted (Q1, 2021)	15.0%	Transacted (Q1, 2023)	5.0%
Transacted/Asking Value (INR per acre of Land Area)		210,000,000		231,011,721	
Total Adjustment			0.0%		-5.0%
Adjusted Price per Unit (INR per acre)		210,000,000		219,461,135	

P - Premium, D – Discount

Instances	Transaction / Quoted Price (INR per acre)	Price Adjustments (Percent)	Adjusted Pricing (INR per acre)	Weightage (Percent)	Achievable Pricing for the Project Site (INR per acre)
Asking Instance 1 (A1)	210,000,000	0.0%	210,000,000	50.0%	105,000,000
Asking Instance 2 (A2)	231,011,721	-5.0%	219,461,135	50.0%	109,730,567
<b>Achievable Unit Pricing for the Project Site on 'as is where is' basis (INR per acre and area)</b>				100.0%	214,730,567
<b>Say the Achievable Unit Pricing for the Project Site 'as is where is' basis (INR per acre. of land area) - Rounded off</b>					214,700,000

Table 7.17 Summary Valuation Analysis (Land Parcel 2 ~ 6.42 acres)

Particular	Values
Total Area of the Land Parcel (acre)	6.42
Unit Value of Land Parcel (INR Million per acre)	214.7
Discount for Limited Usage	40%
Unit Value of Land Parcel (INR Million per acre)	128.8
Total Value of the Land Parcel (INR Million)	827.0

Table 7.189 Cash Flow Projections of Power Distribution Services

		1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34	1-Apr-35	1-Apr-36	1-Apr-37	1-Apr-38
		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
Particulars	Unit															
Revenue	INR Million	415.57	241.50	271.12	305.72	346.09	393.17	448.02	509.17	542.67	568.73	596.62	627.26	659.70	693.96	147.91
Expense	INR Million	221.08	195.43	226.57	262.68	304.57	353.16	409.52	472.17	507.19	534.77	563.87	594.60	627.04	661.29	139.75
Planned Capex	INR Million	0.20														
EBITDA	INR Million	194.29	46.06	44.55	43.04	41.52	40.01	38.50	36.99	35.48	33.96	32.75	32.66	32.66	32.67	8.16

## Annexure - 7

### Material Litigations

#### (i) **Title litigation and irregularities**

1. Baburam Ramkishan Yadav ("**Baburam**"), president of Universal Education Society ("**UES**"), filed a suit and injunction application before the Court of Civil Judge (J.D.) Vashi at C.B.D. ("**Civil Court Vashi**") seeking injunction restraining Gigaplex from encroaching upon land admeasuring approximately 500 square meters on which a school is operated by UES ("**Suit Property**"), which is in the Mindspace Airoli West admeasuring approximately 202,300 square meters ("**Larger Land**"). The matter is currently pending.

Gigaplex denied the claims *inter alia* stating that Gigaplex is a lessee of MIDC in respect of the Larger Land, and that Baburam has illegally encroached upon about 250 square meters on the eastern boundary of the Larger Land. By its order dated August 20, 2018, the Vashi Civil Court rejected Baburam's injunction application ("**Order**"). Baburam has challenged the Order before the Court of District Judge Thane which has been shifted to Belapur Court. The suit and appeal filed by Baburam are currently pending before the relevant courts in Belapur.

Gigaplex filed a suit against UES and MIDC before the Court of Civil Judge (Senior Division) Thane at Thane ("**Civil Court Thane**"), *inter alia* for possession of 569.80 square metres or such area as may be found in unauthorized occupation of UES, damages of ₹ 10.80 million, mesne profits of ₹ 0.30 million per month till the recovery of possession and injunction to restrain Baburam from further trespassing on the land at Mindspace Airoli West. Subsequently, Gigaplex also filed an injunction application before the Civil Court Thane seeking, *inter alia*, a temporary injunction to restrain Universal Education Society, its trustees, office bearers etc. from trespassing and encroaching the Suit Property and the adjacent plot of land leased by MIDC to Gigaplex. In an interim application for injunction filed by Gigaplex, a status quo order was passed on July 26, 2019 by the Civil Court Thane. The status quo was continued by the Civil Court Thane till the final decision in the matter, through its order dated March 5, 2020, disposing of the injunction application. The suit was transferred to the Civil Court at Belapur and is currently pending.

Baburam also filed a complaint before Rabale police station, Navi Mumbai, against a security guard in charge of Gigaplex for allegedly threatening him and damaging of a display board at the Suit Property. Baburam also issued a letter addressing the Commissioner of Navi Mumbai, the Police Commissioner of Navi Mumbai, the Chief Minister of Maharashtra and others, for harassment by security personnel of Gigaplex in the Suit Property. No action has been taken against Gigaplex in this regard.

#### (ii) **Criminal matters**

Nil.

#### (iii) **Regulatory actions**

1. The Joint Director of Industries, Government of Maharashtra ("**JDI**") had issued a letter of intent dated July 26, 2007 ("**LOI**") to B. Raheja Builders Private Limited (now, Gigaplex Estate Private Limited) for establishing and registering an IT software unit for 'Software Development'. Subsequent to the letter from JDI, MIDC, by its letter dated June 30, 2009, intimated Gigaplex to register as an IT Park, being a private developer. Thereafter, the JDI, by its letter dated May 16, 2016 ("**JDI Letter**"), sought clarification from Gigaplex in relation to non-registration of the IT software unit within the stipulated timeline and sought to initiate action against Gigaplex under the IT/ITES policy. Gigaplex was in the process of completing the endorsement of the lease deed dated November 1, 2007 executed with MIDC in relation

to the Mindspace Airoli West project, for payment of stamp duty, which remained with the relevant revenue authorities for endorsement, for submission to JDI. The lease deed was endorsed by the revenue authorities on September 11, 2019. By its letter dated October 9, 2019 to the JDI, Gigaplex has responded to the JDI Letter *inter alia* stating that (a) the land was granted by MIDC under lease deed dated November 1, 2007 for proposed I.T. software unit (Software Development), but due to recession and other reasons, the erstwhile management of B. Raheja Builders Pvt. Ltd. decided to pursue development as private IT Park (instead of software development) with due approval of the Director Industry, IT, pursuant to the NOC issued by MIDC; (b) accordingly, Gigaplex has developed the land as private IT Park; and (c) Gigaplex also voluntarily approached the stamp authorities and paid the full stamp duty and registration fees in relation to the lease deed, and (d) the development of private IT Park was undertaken with due approval of Director of Industry (IT), Maharashtra and no benefit was received by it under the IT/ITES policy. No further correspondence has been received.

The Income Tax Department had issued a warrant dated November 29, 2017 under Section 132 of the Income Tax Act, 1961 against Avacado, Gigaplex, KRIT, MBPPL, Chalet Hotels, Genext, Inorbit Malls, KRCPL, KRPL, Shoppers Stop and others ("**Parties**"). Pursuant to the Warrant, the Income Tax Department carried out a search on November 30, 2017. The search covered various matters for which notices were already issued from time to time. The search was concluded on December 6, 2017 at the office and residence of the Parties. Pursuant to the search, the Income Tax Department issued notices to each of the Parties under Section 153A of the Income Tax Act directing them to prepare and furnish true and correct returns of total income for assessment years ("**AY**") from 2008-2009, 2012-13 to 2017-18 within a stipulated timeline from the date of service of the notices and these returns have been furnished before the Income Tax Department. Further, the Income Tax Department issued notices under Section 142(1)/143(2) of the Income Tax Act for assessment years 2008-2009, 2012-13 to 2017-2018/2018-19, to the Parties seeking certain information. These details have been furnished before the Income Tax Department by the Parties from time to time. Post the Warrant, the assessment proceedings under section 153A of the Income Tax Act were initiated for AY 2012-13 to AY 2018-19. The assessment under section 143(3) read with section 153A of the Income Tax Act for AY 2012-13 to AY 2017-2018 and under Section 143(3) of the Income Tax Act, for AY 2018-2019 were completed. Gigaplex filed appeals before the CIT(A) against the order for AY 2012-13 to AY 2017-18 and against the order for AY 2018-19. The appeal for AY 2016-17 and AY 2017-18 were disposed by the CIT(A) in favour of Gigaplex. The appeals for AY 2014-15 and AY 2015-16 were disposed by the CIT(A) against Gigaplex and an appeal has been filed before the ITAT for the same. The same has been disposed by ITAT against Gigaplex. The Income Tax Department filed an appeal for AY 2016-17 and AY 2017-18 before ITAT against the order of the CIT(A) and the same were disposed by the ITAT in favour of Gigaplex. The Income Tax Department has filed an appeal before the High Court against the order of the ITAT for AY 2016-17 and AY 2017-18. The matter is currently pending.

2. Maharashtra State Electricity Distribution Company Limited ("**MSEDCL**") filed a petition dated October 16, 2018 against Maharashtra State Load Despatch Centre, wherein electricity distribution companies in Maharashtra including, MBPPL and Gigaplex (which hold electricity distribution licenses) and others, were impleaded as parties, before Maharashtra Electricity Regulatory Commission ("**MERC**") seeking payment of alleged past dues, removal of anomalies and directions regarding over-drawal of electricity. Through its final common order dated September 26, 2019, MERC partly allowed MSEDCL's prayer against which MSEDCL and one of the electricity distributions companies have filed separate appeals before the Appellate Tribunal for Electricity ("**APTEL**"). Pursuant to an order dated December 18, 2019, the APTEL instructed that notices be issued to respondents in the appeal, including Gigaplex and MBPPL. By an order dated September 15, 2020, interim applications for condonation of delay in filing the appeals were allowed. By an order dated September 14, 2022, the APTEL directed that the matter is already at the stage of hearing and that the appeals be included in

the “*List of Finals of Court - I*” to be taken up from the list, in their turn. The appeals are pending before the APTEL.

3. The Joint District Registrar (Class I) and Collector of Stamps, Thane City, Thane (“**Lower Authority**”) imposed a penalty of ₹ 87.65 million on Gigaplex under Section 39 of the Maharashtra Stamp Act, 1958 (“**MSA**”) vide its letter dated August 12, 2022, and December 8, 2022. Gigaplex had sought partial denotification from IT/ITES SEZ into regular IT/ITES Park in relation to plot no. IT-5, Airoli Knowledge Park, TTC Industrial Estate, Village Airoli and Digha, District Thane in 2016. The deficit stamp duty on the transaction amounting to ₹ 39.8 million and registration fee of ₹ 0.02 million was submitted on December 9, 2016 but the penalty under Section 39 of the MSA from the date of execution of the document at the rate of 2% per month amounting to ₹ 87.65 million is still pending for payment. Being aggrieved by the letter dated December 8, 2022, Gigaplex has filed an Appeal Case No. 29/2023 under section 53(1A) of the Maharashtra Stamp Act before the Inspector General of Registration and Controller of Stamps, Maharashtra State, Pune (“**IGR&CS**”) with a prayer to issue directions to the Lower Authority to grant a no dues certificate for this partial de-notification. By its order dated March 13, 2023, IGR&CS observed that while the Lower Authority had imposed penalty as per Section 39 of the MSA, it failed to follow the procedure given therein and therefore the letter dated December 8, 2022 needs to be set aside. The IGR&CS held that it has no jurisdiction to entertain the said Appeal being premature, and directed the Lower Authority to follow the process contemplated under Section 39 of the MSA at the earliest. The matter has been resolved, without payment of penalty and NOC dated August 25, 2023 has been issued for partial denotification of Gigaplex SEZ.

**(iv) Material civil/commercial litigation**

1. Kharghar Vikhroli Transmission Private Limited (“**KVTPL**”) has filed a petition before Maharashtra Electricity Regulatory Commission, Mumbai (“**MERC**”) against Maharashtra State Electricity Transmission Company Limited (“**MSETCL**”) and others (including Gigaplex and MBPPL as respondents) under the applicable provisions of the Electricity Act, 2003 read with the transmission service agreement dated August 14, 2019 (“**TSA**”) entered between KVTPL, MSETCL, MBPPL, Gigaplex and certain other companies including distribution companies seeking, inter-alia, compensation/relief for increased cost of the project during construction period due to the ‘change in law’ event being increase in the acquisition price of shares of KVTPL (including the purchase cost of Vikhroli land). The total additional cost of the project claimed by KVTPL is ₹ 717.00 million along with 9.35% on compounded interest basis. The liability of Gigaplex is 0.05% i.e. the percentage share computed based on allocated transmission capacity rights as mentioned in the TSA. The MERC by its order dated August 2, 2022, partly allowed the petition granting KVTPL the additional cost of the project of ₹ 717.00 million without the carrying cost, in accordance with Article 12 of the TSA. KVTPL will be entitled to recover the impact of change in law after declaring the date of commissioning of the project in accordance with the provisions of the TSA without any carrying cost. KVTPL and MSEDCL have filed separate Appeals (Appeal No. 385 of 2022 and Appeal No. 393 of 2022 respectively) (together, “**Appeals**”) before the Appellate Tribunal for Electricity at New Delhi (“**APTEL**”) against the MERC Order dated August 2, 2022. By an order dated March 31, 2023 in Appeal No. 385 of 2022, and by its order dated May 18, 2023 in Appeal No. 393 of 2023, the APTEL directed Appeals to be included in the “*List of Finals of Court - I*”, once pleadings are completed. These appeals are pending before the APTEL.
2. Gigaplex, KRC Infra and MBPPL (“**KRC DISCOMs**”) had filed a petition dated December 16, 2021 before the Maharashtra Electricity Regulatory Commission, Mumbai (“**MERC**”) under Section 86 (1) (f) of the Electricity Act, 2003 (“**EA, 2003**”) seeking approval for additional power purchase cost incurred over the period from October 11, 2021 to October 31, 2021 on account of reasons beyond the control of the KRC DISCOMs. The MERC impleaded (i) M/s Kreate Energy India Pvt Ltd (“**KEIPL**”), (ii) Maharashtra State Load Despatch Centre; and (iii) Lloyds Metals and Energy Limited as Respondents in this matter. By an order dated November 8, 2022, the MERC partly allowed the petition, and directed KEIPL to pay ₹ 19.60 million to KRC

DISCOMs within 15 days from the date of the order as compensation for increased power purchase expenses on account of illegal diversion of contracted power to third party. Further, the MERC directed the KRC DISCOMs to adjust such compensation amount in upcoming FAC computation as rebate in power purchase expenses. KEIPL filed an appeal (against the order in the Case No 1/MP of 2022 dated November 8, 2022 ("**Impugned Order**") before the Appellate Tribunal for Electricity at New Delhi ("**APTEL**") seeking stay on the Impugned Order dated November 8, 2022 (Appeal No. 428 of 2022). Hearing in the matter was held on 8<sup>th</sup> and 9<sup>th</sup> December 2022. By interim order dated December 22, 2022, APTEL granted stay of the Impugned Order under appeal, subject to fulfilment of the following conditions: (a) KEIPL shall, within three weeks from December 22, 2022, pay KRC DISCOMs ₹ 1.16 million; and (b) KEIPL shall in addition, within three weeks from December 22, 2022, furnish an unconditional bank guarantee from a Nationalised Bank in favour of the MERC, for an amount of ₹ 17.93 million and the bank guarantee, so furnished, shall be kept alive and in force during the pendency of the appeal and (c) the order further requires KEIPL to file an affidavit of compliance, of the aforesaid directions, with the Registry within four weeks from December 22, 2022. By an order dated January 17, 2023, the APTEL has recorded that a compliance affidavit had been filed by KEIPL in Appeal No. 428 of 2022, stating that the earlier order of the Tribunal, in IA No. 1951 of 2022 dated December 22, 2022 which required KEIPL to remit ₹ 1.16 million to the KRC DISCOMs and to furnish an unconditional bank guarantee in favour of MERC for a sum of ₹ 17.93 million has been complied with. By an order dated May 1, 2023, the APTEL directed to re-include the Appeal in the "*List of Finals*" after pleadings are completed. The matter is pending before the APTEL.

3. Lloyds Metals & Energy Ltd (LMEL) has filed a fresh Appeal before the APTEL against the MERC Order dated November 8, 2022 in Case No. 1/MP/ of 2022. Hearing of application seeking permission to bring on additional documents was held on April 4, 2024. The Appellant proposed to bring on record certain emails and the same is not opposed by KRC Discoms. The Hon'ble APTEL noted that the pleadings are completed and added the appeal to the list of finals.
4. Gigaplex, KRC Infra and MBPPL ("**KRC DISCOMs**") had filed a petition before the MERC under Section 86 (1) f of the EA, 2003 against KEIPL for adjudication of dispute between KRC DISCOMs and KEIPL. KRC DISCOMs had entered into a power purchase agreement dated May 27, 2021 (PPA) with KEIPL for supply of power up to 14 MW, for the period from July 2021 to June 2022. However, KEIPL did not supply power to the KRC DISCOMs during the period from April to June 2022. During this period KRC DISCOMs had to procure the power from the other available sources at market rates. This resulted into additional power purchase cost ₹ 101 million to be incurred by KRC DISCOMs on account of material breach of the PPA by KEIPL. Therefore, the KRC DISCOMs have filed this petition (Case No. 162 of 2022) before the MERC seeking compensation of the entire additional power purchase cost incurred by them for the period from April 2022 to June 2022 due to KEIPL's failure to supply power under PPA. The first hearing in this matter was held on November 11, 2022. As directed in the Order dated November 11, 2022, KEIPL has filed its reply and the KRC DISCOMs have filed their rejoinder to the reply of KEIPL. Pursuant to final e-hearing held by MERC on August 1, 2023 and MERC has reserved the case for its order. By an Order dated September 27, 2023 MERC allowed the petition and directed KEIPL to pay ₹101 million with carrying cost to KRC DISCOMs within one month as compensation for increased power purchase expenses on account of non-performance of contract by KEIPL. KRC DISCOMs have been directed to pay late payment surcharge on the March 2022 bill presented by KEIPL as per the PPA.4. KEIPL has filed a review petition before the MERC on November 9, 2023 for review of the MERC Order dated September 27, 2023.
4. The Maharashtra Electricity Regulatory Commission, Mumbai ("**MERC**") issued the Mid Term Review ("**MTR**") Order for Gigaplex. The MERC in the said order dated March 31, 2023 has disallowed the deferment of tariff recovery proposed by Gigaplex in its petition. Gigaplex filed an appeal before the Appellate Tribunal for Electricity at New Delhi ("**APTEL**") against the

MERC MTR order dated March 31, 2023. By way of order dated August 8, 2023, the APTEL directed to include the Appeal No 529 of 2023 in the “List of Finals” after completion of pleadings. Gigaplex has filed its rejoinder to the reply filed by MERC . Gigaplex proposed to allow MSEDL tariff as recovery strategy and also agreed to forego the carrying cost on the regulatory asset if created using MSEDCL Tariff. The appeal is pending before APTEL

5. Gigaplex received a demand notice dated December 11, 2023 from Maharashtra Industrial Development Corporation (“**MIDC**”) for recovery of differential premium of ₹ 527.74 million for the change in its shareholding on account of acquisition of shares of Gigaplex by the Mindspace REIT in August 2020. Gigaplex responded to the demand notice on January 2, 2024, objecting to the same. MIDC has decided to refer the matter to Advocate General of Government of Maharashtra for his opinion Gigaplex has submitted a Bank Guarantee dated February 22, 2024 for ₹ 527.74 million to MIDC. The matter is currently pending.



Table 7.20: Summary of Pending Tax Litigations

ASSESSMENT YEAR	SIGNIFICANT ISSUE IN DISPUTE	AUTHORITY - RAISING ISSUE	AUTHORITY - PASSING ORDER	APPEAL PREFERRED BY	AUTHORITY - ISSUE PENDING BEFORE	NEXT DATE OF HEARING IF APPLICABLE	EXPOSURE - TAX, INTEREST AND PENALTY
GIGAPLEX							
2018-19	Interest Amount Reduced in CWIP & Depreciation to be Computed on assets from the year in which income from such asset is taxed under the head PGBP	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2016-17	Rental Income assessed under the head IHP instead of Business & Depreciation to be Computed on assets from the year in which income from such asset is taxed under the head PGBP	Assessing Officer	ITAT	Dept.	High Court	Not available	-
2017-18	Rental Income assessed under the head IHP instead of Business & Depreciation to be Computed on assets from the year in which income from such asset is taxed under the head PGBP	Assessing Officer	ITAT	Dept.	High Court	Not available	-

Note: Direct tax litigations are at the SPV level.

## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (formerly known as 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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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

Maharashtra, India

Submitted To:

K. Raheja Corp. Investment Managers Private  
Limited (formerly known as K Raheja Corp  
Investment Managers LLP)

(acting as Manager to Mindspace Business Parks REIT)

Date of Valuation:

31-March-2024

Date of Report:

24-April-2024



Prepared By:

KZEN VALTECH PRIVATE LIMITED

IBBI/RV-E/05/2022/164

## EXECUTIVE SUMMARY

Property Name	Paradigm Mindspace Malad, Mumbai, Maharashtra, India													
Property Address	Paradigm S. No. 1406A\18, Mindspace, Link Road, Malad, (West), Mumbai 400064													
Land Area	~4.2 acres													
Brief Description	<p>The property is located in the north-western part, in the Western Suburbs micro market of Mumbai City off the New Link Road. It is located at a distance of about 2.0 km from the Malad Suburban Railway Station, about 4.0 km from the Western Express Highway and about 2 km from Inorbit Mall Malad.</p> <p>The property is developed as Grade A IT Park with two wings 1) Wing A comprising of 385,111 sq. ft of leasable area and 2) Wing B comprising of 368,171 sq. ft of leasable area. The main entrance to the Project Site is from Zakeria Road. Further, the IT building is also facilitated with a separate gate which is accessible from Zakeria Road.</p> <p>The property is surrounded by mixed use development comprising residential, retail, and commercial developments.</p>													
Asset Details	Leasable area details as shared by the Client is given below:													
	<table border="1"> <thead> <tr> <th>Sl.</th> <th>Building Name</th> <th>Leasable Area (sq. ft.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Paradigm A – IT Building</td> <td>385,111</td> </tr> <tr> <td>2.</td> <td>Paradigm B – IT Building</td> <td>368,171</td> </tr> <tr> <td></td> <td>Total Leasable Area</td> <td>753,282</td> </tr> </tbody> </table>	Sl.	Building Name	Leasable Area (sq. ft.)	1.	Paradigm A – IT Building	385,111	2.	Paradigm B – IT Building	368,171		Total Leasable Area	753,282	
Sl.	Building Name	Leasable Area (sq. ft.)												
1.	Paradigm A – IT Building	385,111												
2.	Paradigm B – IT Building	368,171												
	Total Leasable Area	753,282												
	Based on the site inspection, IT Building is fully completed and operational.													
Location Map	<p>The left map shows the Mumbai region with urban centers and local bodies. The right map shows the island city area with the project site marked with a red star.</p>													
Key Assumptions	The table below summarizes key valuation assumptions used in the estimate.													

Particulars	Description					
Asset Specific Information						
Nature of Asset	IT (Non SEZ)					
Current Status	Completed and Operational					
Total Leasable Area	753,282 sq. ft					
Asset Details	Sl. No.	Building Name	Leasable Area (In sq. ft.)	Usage Type	Status	Age of Building
	1.	Paradigm A – IT Building	385,111	IT Non – SEZ	Completed	19 Years 7 Months
	2.	Paradigm B – IT Building	368,171	IT Non – SEZ	Completed	19 Years 7 Months
	<p>In addition to the above, the undivided rights, title and interest in the following assets are also part of the Project.</p> <ul style="list-style-type: none"> <li>▪ Amenities</li> <li>▪ Total utility areas and internal roads</li> <li>▪ Total open spaces</li> </ul>					
Revenue Assumptions						
In-Place Rent	INR 100.1 per sq. ft per month					
Market / Marginal Rent	INR 96.6 per sq. ft. per Month					
Parking Rent	INR 5,250 per CPS per month					
Financial Assumptions						
Exit Cap Rate	8.00%					
Discount Rate / WACC	11.75%					

Market Value For Completed Project: Total Market Value - INR 11,328.74 million (INR Eleven Billion Three Hundred Twenty-Eight Million Seven Hundred and Forty Thousand Only)

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## **LIST OF ABBREVIATIONS**

CBD	Central Business District
IT / ITES	Information Technology / IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
km	Kilometre
NH	National Highway
PBD	Peripheral Business District
REIT	Real Estate Investment Trust
RICS	Royal Institution of Chartered Surveyors
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft	square feet
sq. m	square metre

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft
1 acre	4046.9 sq. m
1 sq. m	1.196 sq. yards
1 sq. m	10.764 sq. ft
1 metre	1.0936 yards
1 metre	3.28 ft
1 cent	435.6 sq. ft



# 1 INTRODUCTION

## 1.1 INSTRUCTIONS

K. Raheja Corp. Investment Managers Private Limited (formerly known as K Raheja Corp Investment Managers LLP) (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project named '**Paradigm Mindspace Malad (Paradigm A and B buildings)**' located in **Malad, Mumbai**, Maharashtra, India (hereinafter referred to as the 'Project').

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master's in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHAI, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## 1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

The Valuer certifies that he / she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## 1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this section 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 Project 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.

## **1.7 INSPECTION OF THE PROJECT**

The Project was inspected on 28 March 2024 by the Valuer in the presence of Client-nominated representative 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.

## **1.8 GENERAL COMMENT**

A valuation is an estimation 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 Project 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.

## **1.9 CONFIDENTIALITY**

The contents of this Valuation 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.

## **1.10 AUTHORITY**

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## **1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification / validation of the zoning regulations / development controls with any government departments / authorities, among other aspects., etc.

## **1.12 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.

## **1.13 ANTI-BRIBERY AND ANTI-CORRUPTION**

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data/information provided by the Client and estimate has limited coverage wherever full data/information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Estimate of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and / or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental Estimate has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and / or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.

10.	Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11.	Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12.	Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13.	Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14.	Disclaimer	<p>The estimate of Market Value is based on documents / information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and / or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,

International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different approaches and methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately.



The table below presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This method is sometimes referred to as 'Rent Roll method as well.

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved, completed & operational commercial, office space, the value is estimated using the '**Discounted Cash Flow Method**' (basis term and rent reversion) under '**Income Approach**'.



## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan / Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Revenue pendency if any
  - Options or Rights of Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5% - 11.5% to about 7.5% - 8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed / public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted an exit cap rate of 8.00% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective 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.

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the subject property against similar portfolios/properties in the market. For discounting the cash flows, an appropriate discount rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the completed portion of the project.

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. The Valuer has considered a risk premium of 125bps, to derive the WACC of 13.00% for under construction / future development properties.

These derived discount rates were found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

Property Name	Paradigm Mindspace Malad, Mumbai, Maharashtra, India																												
Property Address	Paradigm S. No. 1406A\18, Mindspace, Link Road, Malad, (West), Mumbai 400064																												
Land Area	~4.2 acres																												
Brief Description	<p>The property is located in the north-western part, in the Western Suburbs micro market of Mumbai City off the New Link Road. It is located at a distance of about 2.0 km from the Malad Suburban Railway Station, about 4.0 km from the Western Express Highway and about 2 km from Inorbit Mall Malad.</p> <p>The property is developed as Grade A IT Park with two wings 1) Wing A and 2) Wing B. The main entrance to the Project Site is from Zakeria Road. Further, the IT building is also facilitated with a separate gate which is accessible from Zakeria Road.</p> <p>The property is surrounded by mixed use development comprising residential, retail and commercial developments.</p>																												
Valuation Methods	<p>The estimate of Market Value is prepared using following methods:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Asset Type</th> <th>Methodology Adopted</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Completed Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> </tbody> </table>		Sl. No.	Asset Type	Methodology Adopted	1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion																					
Sl. No.	Asset Type	Methodology Adopted																											
1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion																											
Nature of the Interest by the Client	100% freehold interest in the Project as informed by the Client																												
Purchase Price of the Project	INR 8,205 million, as given by the Client																												
Historical Valuation of the Project in 3 Previous Years	<p>Below table summarizes historical valuation of the Project as given by the Client:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Date of Valuation</th> <th>Market Value (INR Mn)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>30-Sep-2023</td> <td>10,938 (Completed)</td> </tr> <tr> <td>2.</td> <td>31-Mar-2023</td> <td>10,582 (Completed)</td> </tr> <tr> <td>3.</td> <td>30-Sep-2022</td> <td>10,218 (Completed)</td> </tr> <tr> <td>4.</td> <td>31-Mar-2022</td> <td>10,136 (Completed)</td> </tr> <tr> <td>5.</td> <td>30-Sep-2021</td> <td>9,881 (Completed)</td> </tr> <tr> <td>6.</td> <td>31-Mar-2021</td> <td>9,569 (Completed)</td> </tr> <tr> <td>7.</td> <td>30-Sep-2020</td> <td>9,311 (Completed)</td> </tr> <tr> <td>8.</td> <td>31-Mar-2020</td> <td>9,409 (Completed)</td> </tr> </tbody> </table>		Sl. No.	Date of Valuation	Market Value (INR Mn)	1.	30-Sep-2023	10,938 (Completed)	2.	31-Mar-2023	10,582 (Completed)	3.	30-Sep-2022	10,218 (Completed)	4.	31-Mar-2022	10,136 (Completed)	5.	30-Sep-2021	9,881 (Completed)	6.	31-Mar-2021	9,569 (Completed)	7.	30-Sep-2020	9,311 (Completed)	8.	31-Mar-2020	9,409 (Completed)
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Ready Reckoner Rate	<p>Built-up Area (Office) – INR 201,260 per sq. m</p> <p>Land Area – INR 80,060 per sq. m</p>																												

Date of Valuation 31-Mar-2024

Date of Inspection 28-Mar-2024

Market Value as on 31-Mar-2024	Component	Market Value as on	In Figures (INR Mn)	In Words
	Total Market Value	31 <sup>st</sup> March 2024	11,328.74	INR Eleven Billion Three Hundred Twenty-Eight Million Seven Hundred and Forty Thousand Only
	Total Value		11,328.74	INR Eleven Billion Three Hundred Twenty-Eight Million Seven Hundred and Forty Thousand Only

Matters Affecting the Property and its Value Please refer to Chapter 7 of this Valuation Report

Assumptions, Disclaimers, Limitations and Qualifications This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance on this report and extension of **Valuer's** liability is conditional upon the reader's **acknowledgement and understanding** of these statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project

Prepared by KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)  
 Represented through its Director  
 Mr. Sachin Gulaty FRICS FIV FIIA  
 IBBI/RV/02/2021/14284



**Name:** Sachin Gulaty FRICS FIV FIIA  
**Designation:** Director  
**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND / OR PROJECT

The table below presents details of the Project Site and/or Project

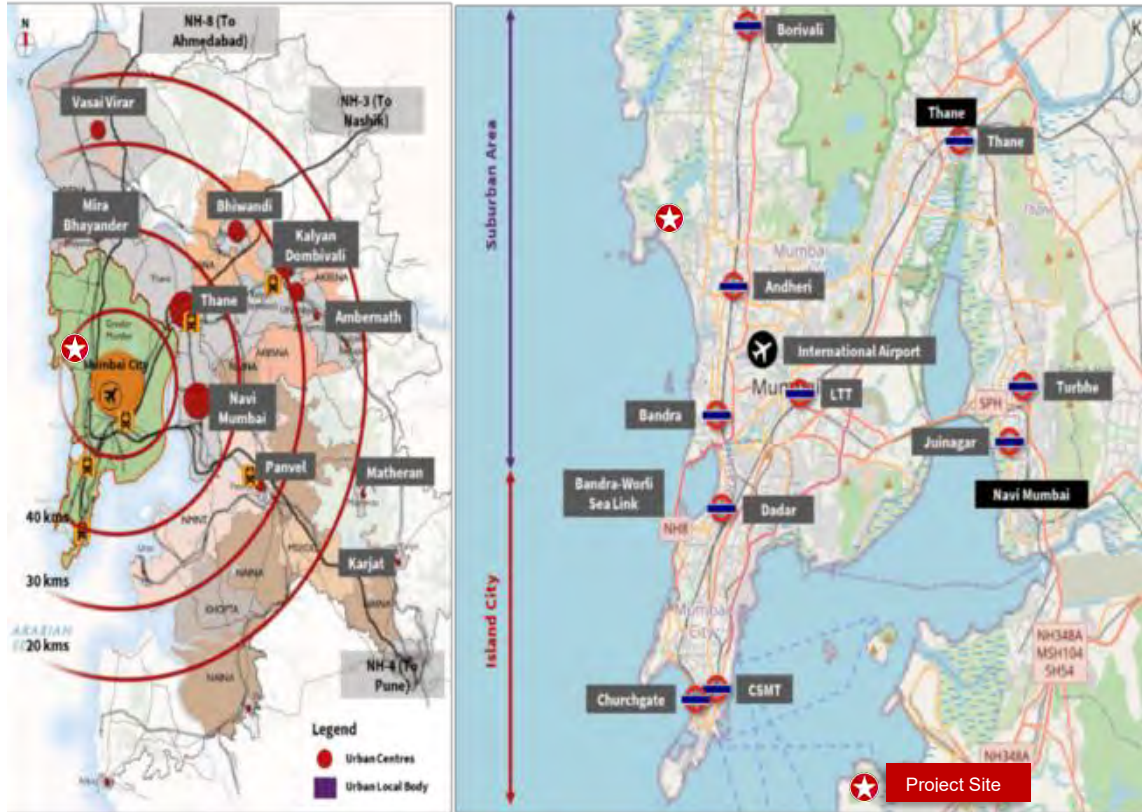
Table 5.1: Details of the Project Site and/ or Project

DETAILS OF PROPERTY	
Property Name	Paradigm Mindspace Malad, Mumbai, Maharashtra, India
Property Address	Paradigm S. No. 1406A\18, Mindspace, Link Road, Malad, (West), Mumbai 400064
Land Area	~4.2 acres
Block-Wise Break-Up of Leasable Area and Current Status	Block-Wise Leasable Area details are mentioned in the Executive Summary
Access	Accessible through approx. 15m wide Zakeria Road
Frontage	Approximately 160 m. frontage along Zakeria Road
Shape and Visibility	The topography of the project features terrain that is relatively flat and is regular in shape. It has excellent visibility from Zakeria Road.
Approval Status	List of approvals are specified in annexure.
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The property is located in the north-western part, in the Western Suburbs micro market of Mumbai City off the New Link Road. It is located at a distance of about 2.0 km from the Malad Suburban Railway Station, about 4.0 km from the Western Express Highway and about 2 km from Inorbit Mall Malad. The map on the following page presents the location of the Project with respect to the city.

Map 5.1: Location of the Project Site with respect to Mumbai City



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The distance of the Project from major landmarks in the city is given in the table below.

Table 5.2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Malad Suburban Railway Station	2.0
Mumbai International Airport	15.5
Western Express Highway	4.0
Inorbit Mall Malad	2.0

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The Project is developed as commercial / office space off New Link Road in Malad. The Project is surrounded by mixed use developments comprising residential, retail and commercial asset classes. The Project is spread across 4.2 acres of land. The Project has good frontage along the access road and has two (2) entrances. The topography of the project features terrain that is relatively flat and is regular in shape. The map on the following page presents location of the Project and its surroundings.



Map 5.2: Location of the Project and its Surrounding Developments

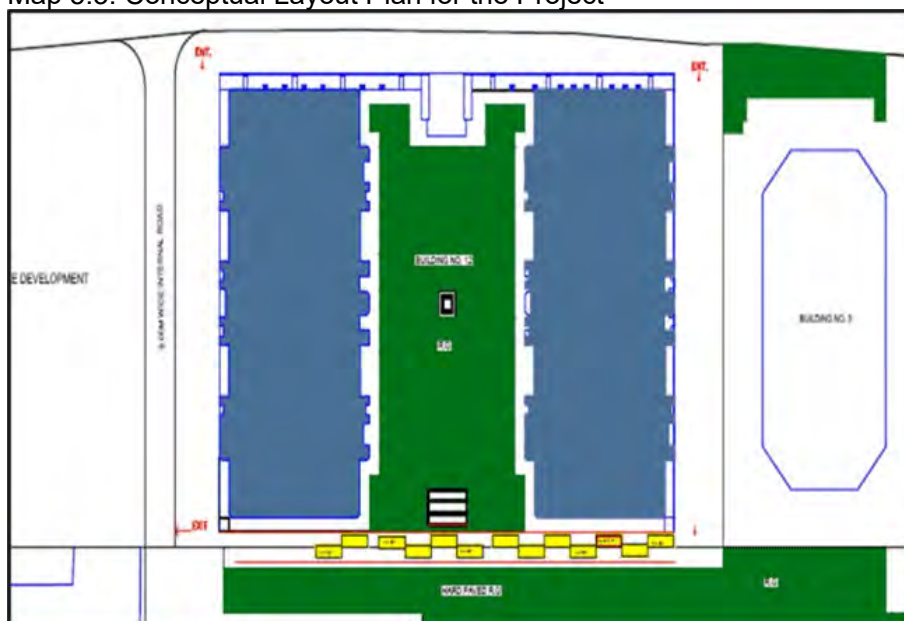


Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project Site is located in the Western Suburbs micro market. This micro market is conveniently located between the southern belt and peripheral western belt and is well connected to various locations through Western Express Highway. With the development of upcoming and proposed infrastructure projects like the Western Coastal Road, metro lines starting from Dahisar and connecting Andheri and Santacruz Electronics Export Processing Zone (SEEPZ) to Nariman Point, etc. the connectivity is expected to be enhanced in the near future.

The map below presents the conceptual Layout Plan of the Project as shared by the Client.

Map 5.3: Conceptual Layout Plan for the Project



Source: Client, 31<sup>st</sup> March 2024

The table below presents the boundary / edge conditions of the Project Site.

**Table 5.3: Project Site and its Site Boundaries**

North	Zakeria Road
South	Mindspace Garden
West	MDP Road
East	Commercial development

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project is predominantly surrounded by commercial, residential and hospitality developments in the vicinity. Grade A commercial / office developments and premium residential developments are also present in the micro market.

## 5.4 DESCRIPTION OF THE PROJECT

The table below presents key asset specific information.

**Table 5.4: Key Asset Specific Information of the Project**

Particulars	Description
Name of the Entity	Avocado Properties and Trading (India) Private Limited
Interest owned by Mindspace REIT	Project Site is wholly owned by Avocado Properties and Trading (India) Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1</sup>
Land Extent of Project	~4.2 acres
Asset Type	IT Park with Non SEZ buildings
Sub-Market	Western Suburbs
Approved and Existing Usage	IT Non SEZ
Current Status	IT Building – Completed and Operational
Approvals Status	List of approvals are specified in Annexure 4
Freehold / Leasehold	The underlying land is taken on freehold basis
Leasable Area	0.75 million sq. ft
Occupied Area	0.75 million sq. ft
Committed Area	0.75 million sq. ft
Occupancy <sup>3</sup>	99.6%
Committed Occupancy <sup>4</sup>	99.6%
Number of Tenants	11

<sup>1</sup> Refer company structure set out in Annexure 1

<sup>2</sup> Client has obtained occupation certificate for entire leasable area measuring 0.7 million sq. ft.

<sup>3</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants / occupiers.

<sup>4</sup> Committed occupancy also includes area, which has been pre-leased to tenants / occupiers

## 5.5 PROJECT INSPECTION

The Project is part of a larger campus spread across two (2) buildings (Paradigm A and B). All building blocks are completed and operational and are Non SEZ buildings, as on the date of inspection by the Valuer. The Project was inspected by the Valuer on 28 March 2024.



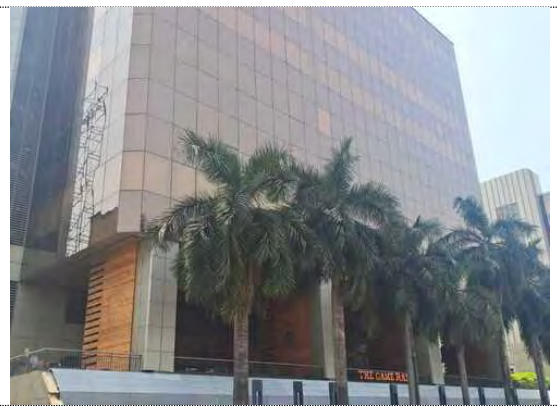
The inspection comprised visual inspection of operational buildings comprising the property and visits to key utility areas like LT Electric Room, Pump Room, HVAC installations, Power Back up, STP. The common areas within the buildings were visited on a sample basis as the areas under tenant occupation had access restriction.

The visual inspection of the buildings revealed ongoing repair and maintenance work in both the buildings. The utility areas appeared well maintained, visually. No instances of any major logging or water accumulation were observed during the inspections. The inspections did not comprise any structural survey, technical / engineering review or safety audit and the Estimate of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.

Some photographs of the Project and surroundings are presented in the next pages.



External Views of Buildings



External Views of Buildings



Internal Views of Buildings



Internal Views of Buildings



View of Parking



View of Parking



## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### Developable Area of the Project

The total site area of the project is ~4.2 acres with total leasable area of 0.75 mn sq. ft under two (2) buildings (Paradigm A & B)

### Site Services and Finishes

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

### Condition and Repairs

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. Maintenance and repair work is ongoing for both the buildings.

Below mentioned properties are undergoing upgradation / further development the budget and cost incurred details for the same are as follows:

The Project has approx. 0.75 mn sq. ft leasable area under two buildings and is fully completed and operational. Thus, no pending cost to complete is factored as of date of valuation for the Project. However, there is upgrade CAPEX to the tune of approx. INR 81.25 million which shall be completed by Q4 FY25.

**Environmental Considerations**

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 estimating the vulnerability of the Project 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 Project is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Project 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 Project, which may expose it for any induced disaster. The Project is located at a relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and perennial water logging.

**Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

**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 Project 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.

**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 to the Valuer (which are specified in Annexure 7), relating to the Project or any compounding charges.

**5.7 TENANCY ANALYSIS****Tenant Profile of Top 10 Tenants**

As on 31<sup>st</sup> March 2024, the Project has 11 tenants (for office space) which include J P Morgan, Tech Mahindra, Smartworks, Firstsource Solutions, etc. The Project's top 10 tenants account for ~99% of the Gross Rental income. The top 10 Tenants as per Leasable areas is listed below: -

Table 5.5: Top 10 Tenants as per Leasable areas\*

Sl. No.	Tenants	Leasable Area (sq. ft.)
1	J.P Morgan Services India Pvt. Ltd.	255,326
2	Firstsource Solutions Ltd	171,780
3	Smartworks Coworking Spaces Pvt. Ltd.	100,086
4	Tech Mahindra	82,000
5	Convergys India Services Pvt. Ltd.	50,055
6	Travelex India Pvt. Ltd.	31,000
7	NY VFXWAALA LLP	20,862
8	Concentrix Services India Pvt Ltd	17,351



Sl. No.	Tenants	Leasable Area (sq. ft.)
9	MAIA Hospitality and Entertainment	11,262
10	Foodlink F&B Holdings (India) Pvt. Ltd	5,385
	Total	745,107

\* Includes contracted areas for which rent may start at a future date

The top 10 Tenants as per Gross Rents are listed below: -

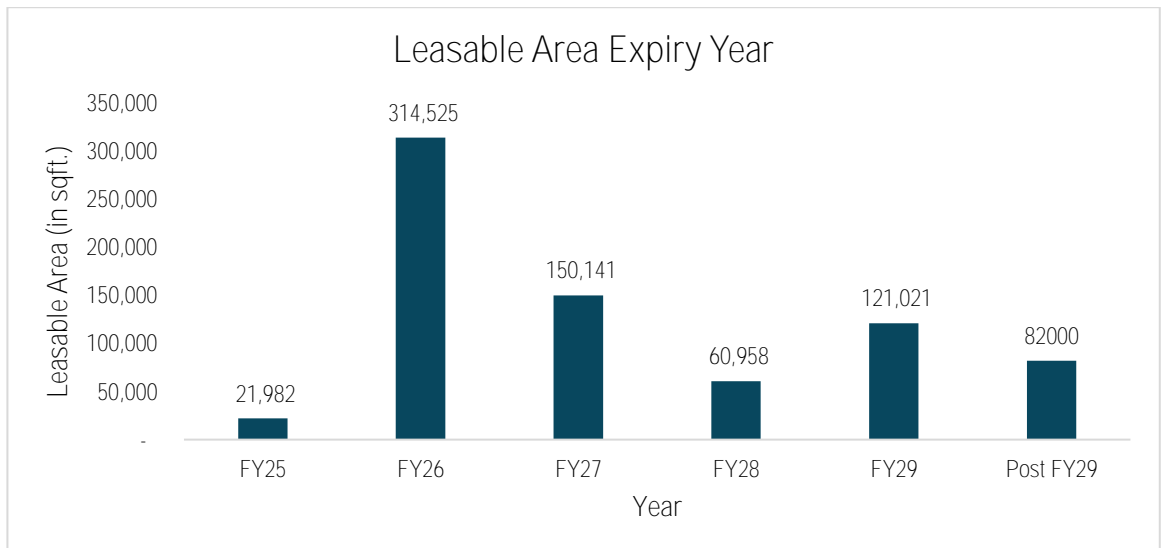
**Table 5.6: Top 10 Tenants as per Gross Rentals\***

Sl. No.	Tenants	Share of Gross Rentals
1	J.P Morgan Services India Pvt. Ltd.	37.1%
2	Firstsource Solutions Ltd	21.7%
3	Smartworks Coworking Spaces Pvt. Ltd.	12.6%
4	Tech Mahindra	10.0%
5	Convergys India Services Pvt. Ltd.	6.2%
6	Travelex India Pvt. Ltd.	4.0%
7	NY VFXWAALA LLP	3.1%
8	Concentrix Services India Pvt Ltd	2.1%
9	MAIA Hospitality and Entertainment	1.6%
10	Foodlink F&B Holdings (India) Pvt. Ltd	0.8%
	Total	99.3%

\* Includes contracted areas for which rent may start at a future date

### **Lease Expiry Analysis**

The WALE of the property basis area is 2.9 years, with expiry details as shown in the chart below:



### **Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 5% every year or 15% every 3 years.

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Mumbai, the financial capital of India, is a bustling metropolis that boasts a vibrant economy and is one of the key industrial hubs of India. Situated on the Western coast of the country, the city serves as a centre for commerce, trade, and finance. It houses the headquarters of numerous multinational corporations, top financial institutions, and major Indian companies. Additionally, it is home to Asia's oldest stock exchange – the Bombay Stock Exchange. Its strategic location, well-developed infrastructure, and connectivity through air, road, and rail networks make it a preferred destination for businesses. The city's robust economy is fuelled by various sectors, including finance, banking, information technology, manufacturing, entertainment, media, and services. Mumbai contributes ~5-6% to the overall GDP of the country and is also the top contributor to the country's exchequer, accounting for nearly 1/3rd of India's overall direct tax collections.

Mumbai's real estate market holds the distinction of being one of the most expensive markets in India. The capital value and rents in prime office submarkets rank among the highest in the country. However, despite these high costs, the market continues to exhibit strong activity levels. The office real estate market in Mumbai ranks as the third largest in India in terms of Grade A office stock, surpassed only by Bengaluru and Delhi NCR. The city's ability to cater to a diverse range of industries, attract top talent, and provide excellent business support services ensures that Mumbai continues to attract domestic as well as international businesses looking to establish or expand their presence in India.

### 6.3 INFRASTRUCTURE INITIATIVES

#### Existing infrastructure

Existing Project	Completion timeline	Details	Key impact zones
Bandra Worli Sea Link	2009	5.6 km long, 8-lane wide bridge that links Bandra with South Mumbai.	SBD Central, BKC & Annex and BKC Outskirts
Sea Link to Bandra Kurla Complex (BKC) Connector	2021	604 meter long, two-lane flyover	BKC & Annex and BKC Outskirts
BKC – Eastern Express Highway Connector	2019	1.6 km connector from G Block of BKC to the EEH	BKC & Annex, BKC Outskirts and Eastern Suburbs
Western Express Highway (WEH)	2002	North–south 8-10 lane arterial road of 25.33 km	BKC & Annex, BKC Outskirts, Western Suburbs and Malad-Goregaon
Eastern Express Highway (EEH)	2003	23.55 km city express highway	BKC & Annex, BKC Outskirts and Eastern Suburbs

Eastern Freeway	2013	16.8 km long controlled-access highway	CBD, SBD Central and Eastern Suburbs
JVLR (Jogeshwari Vikhroli Link Road)	1994	10.6 km long 6 lane road connecting the WEH and EEH	Western and Eastern Suburbs and Malad-Goregaon
SCLR (Santacruz Chembur Link Road)	2014	6.45-kilometre-long (4.01 mi) arterial road connecting WEH and EEH	BKC Outskirts, and Eastern suburbs
Ghodbunder Road	NA	Key arterial road connected to the Western Express Highway at Ghodbunder and the Eastern Express Highway at Majiwada	Thane
Thane Belapur Road	NA	Major road connecting Thane and Navi Mumbai. The road has been widened to a total of 6 lanes	Thane and Thane-Belapur Road
Mumbai – Pune Expressway	2002	6-lane wide tolled expressway spanning a distance of 94.5 km	Thane-Belapur Road, Navi Mumbai Others
Western Line (Suburban Railway)	1867	Consists of 37 stations from Dahanu Road to Churchgate railway station.	CBD, BKC & Annex, BKC Outskirts, SBD Central, Western Suburbs, Malad-Goregaon
Central Line (Suburban Railway)	1853	Consists of 24 stations from Chhatrapati Shivaji Maharaj Terminus to Kalyan	CBD, SBD Central, BKC & Annex, BKC Outskirts, Western Suburbs, Eastern Suburbs, Thane
Harbour Line (Suburban Railway)	1910	The Harbour line is a branch line of the Mumbai Suburban Railway	CBD, SBD Central, Thane-Belapur Road and Navi Mumbai Others
Monorail Line 1 (Jacob Circle – Wadala)	2014	20.21 km line and is fully elevated	SBD Central
Chhatrapati Shivaji Maharaj International Airport	1942	It has two operating terminals spread over 750 hectares handling 950 aircraft per day.	Western Suburbs, Malad-Goregaon
Mumbai Coastal Road Project (Partial opening of Phase 1 connecting Worli & Marine Drive)	2024	Partial opening of 4.5 km stretch from Worli to Marine Drive was opened to traffic.	CBD, SBD Central

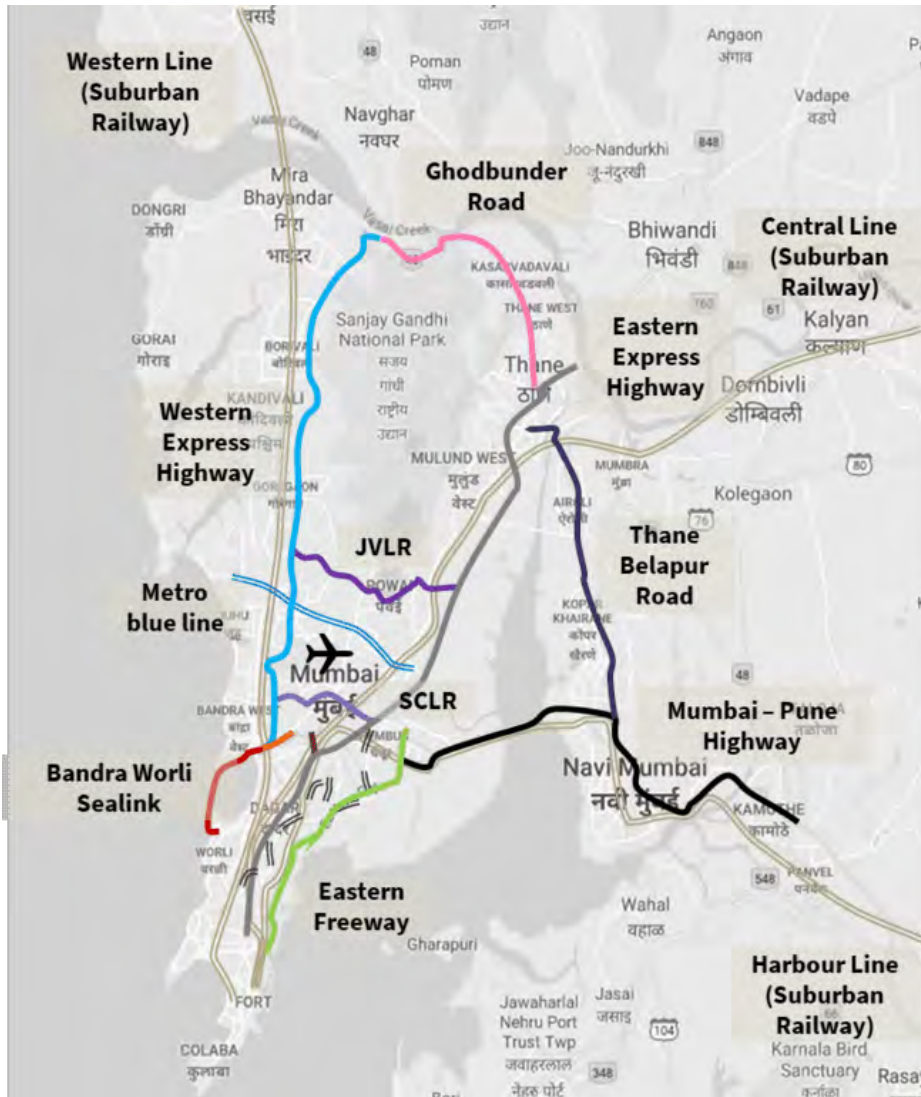
### **Upcoming infrastructure**

Submarket of Thane-Belapur Road and Navi Mumbai Others will benefit from the proposed Navi Mumbai International Airport. A proposed airport would positively impact the real estate market in Navi Mumbai by improving the area's commercial value, mainly through generating employment opportunities. Furthermore, it will also ease the burden on Mumbai's Chhatrapati Shivaji International Airport (CSIA) which accounts for over 25% of the entire air traffic in India.

Submarkets like CBD, SBD Central, Western Suburbs and Malad-Goregaon will benefit from the coastal road project. It will help improve the connectivity and reduce commuting time by 70%. Further, it will create easy access to the commercial hotspots of South Mumbai. Most importantly, it will decongest the expressway and local railways. This will lead to an uptick in the housing demand in the nearby suburbs and boost property prices.

Upcoming Project	Completion timeline	Details	Key impact zones
Mumbai Coastal Road Project (Phase 1)	2024	8-lane project of 10.58 km from Princess Street flyover to Worli end of Bandra Worli Sea Link.	Mumbai Coastal Road Project (Phase 1)
Navi Mumbai International Airport	2025	It will be connected with Navi Mumbai Metro's Line 1 and with the proposed Mumbai Metro's Line 8 (Gold Line).	Thane-Belapur Road and Navi Mumbai Others
Goregaon Mulund Link Road	2028	12-km long road infrastructure project that will connect Mulund directly to Goregaon. Construction in 4 phases	Malad-Goregaon and Eastern Suburbs
Suburban corridor between Panvel-Karjat on CR	2025	5 stations of Panvel, Chikale, Mohape, Chowk and Karjat and will pass through 58 bridges	Thane-Belapur Road and Navi Mumbai Others
Suburban corridor link between Airoli-Kalwa on CR	2024	8 kms long elevated link between Airoli and Kalwa is crucial for decongesting Thane station in future.	Thane-Belapur Road, Navi Mumbai Others and Thane
Quadrupling of Virar-Dahanu road on WR	2025	8 new stations and several new structures, like station buildings at Virar, Vaitarna, Saphale, Kelve Road, Palghar, Umroli, Boisar and Wangaon-Dahanu road	Malad-Goregaon
Extension of Harbour Line between Goregaon-Borivali	2026	3-km elevated stretch over Malad to extend the existing harbour line	Malad-Goregaon

**Mumbai - Map of existing and upcoming infrastructure**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Existing Metro Rail Lines - Mumbai**

Existing Project	Completion timeline	Details	Key impact zones
Metro Blue Line 1 (Versova - Ghatkopar)	2014	11.40 km line is fully elevated and consists of 12 stations	Malad-Goregaon and Eastern Suburbs
Metro Red Line 7	2022	Dahisar – Andheri – CSMIA T1	Western Suburbs and Malad-Goregaon
Metro Yellow line 2A	2022	Dahisar – Andheri West	Western Suburbs and Malad-Goregaon



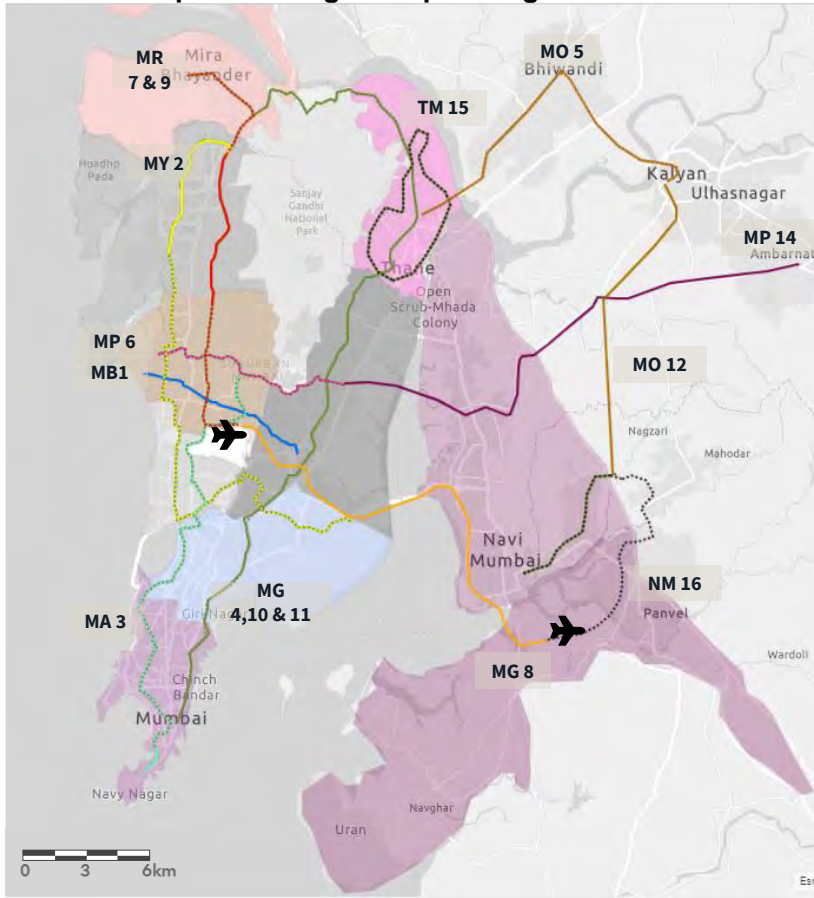
**Upcoming Metro Lines - Mumbai**

Completion of all the upcoming metro lines will benefit all the micro-markets of the city such as CBD, SBD BKC, SBD Central, Western Suburbs, Malad-Goregaon, Eastern Suburbs, Thane, and Navi Mumbai. The proposed metro aims to connect the areas that are not connected by the existing railway and enable commuters to reach the station within 500 m to 1 km. Residential developments in micro markets of Thane and Navi Mumbai will receive a boost, due to improved connectivity with the commercial hubs in the Western Suburbs and Malad-Goregaon

Upcoming Project		Completion timeline	Details	Key impact zones
Metro Aqua line 3 (Phase 1)	MA 3	2024	Colaba-Bandra-SEEPZ	CBD and SBD Central, BKC & Annex, BKC Outskirts, Western Suburbs
Metro Green Line 4	MG 4,10,11	2025	Wadala – Kasarvadavali – Gaimukh	Eastern Suburbs and Thane
Metro Orange Line 5	MO 5	2025	Thane – Bhiwandi – Kalyan	Thane
Metro Pink Line 6	MP 6	2026	Lokhandwala – Jogeshwari – Kanjurmarg	Western and Eastern Suburbs,
Metro Gold Line 8	MG 8	2026	CSMIA T2 – NMIA (indicative)	Western Suburbs, Thane-Belapur Road, Navi Mumbai Others and Malad-Goregaon
Metro Red Line 9	MR 7 & 9	2025	Dahisar – Mira Bhayandar	Dahisar, Mira Road, Bhayandar
Metro Green Line 10	MG 4,10,11	2025	Gaimukh – Shivaji Chowk (Mira Road)	Thane
Metro Green Line 11	MG 4,10,11	2030	Wadala – CSMT	SBD Central and CBD
Metro Orange Line 12	MO 12	2027	Kalyan – Dombivali – Taloja	Navi Mumbai Others
Metro Magenta Line 14	MM 14	2027	Vikhroli – Badlapur (indicative)	Eastern Suburbs and Thane
Thane Metro	TM 15	2026	Raila Devi – New Thane (indicative)	Thane
Navi Mumbai Metro Phase 2 & 3	NM 16	2026-27	Belapur – NMIA Taloja – Khandeshwar	Thane-Belapur Road and Navi Mumbai Others

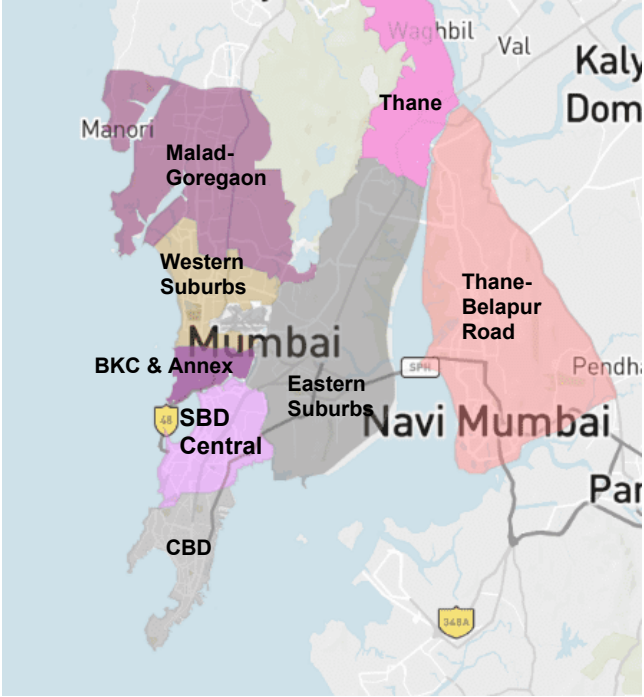
Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### Mumbai - Map of existing and upcoming metro line



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

## 6.4 MUMBAI - OFFICE SUBMARKETS

Submarket	Locations	
CBD	Nariman Point, Churchgate, Fort, Ballard Estate, Cuffe Parade	 <p>The map shows Mumbai divided into several submarkets: CBD (Central Business District) in the center, SBD Central (Suburban Business District) in the west, BKC &amp; Annex (Bandra Kurla Complex &amp; Annex) in the west, BKC Outskirts (Bandra Kurla Complex Outskirts) in the west, Western Suburbs in the west, Eastern Suburbs in the east, Thane in the north, Thane-Belapur Road in the east, and Malad-Goregaon in the north-west. Other areas like Manori, Waghbil, Val, Kalyan, Dom, and Navi Mumbai are also labeled.</p>
SBD Central	Lower Parel, Dadar, Worli, Prabhadevi, Parel, Mahalaxmi	
BKC & Annex	BKC	
BKC Outskirts	Kalina, Kurla, Bandra East, Santacruz East	
Western Suburbs	Andheri East, Jogeshwari, Andheri West	
Malad-Goregaon	Goregaon, Malad, Borivali	
Eastern Suburbs	Powai, LBS Marg, Ghatkopar, Vikhroli, Mulund, Sion	
Thane	Wagle Estate, Ghodbunder Road	
Thane-Belapur Road	Airoli, Mahape, Khoparkhairane, Turbhe, Juinagar, Nerul, CBD Belapur	

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Gross leasing activity in Mumbai was recorded at 2.11 million sq ft in Q1 2024, a historic high compared to all previous Q1 performances. Domestic occupiers took the lead in driving demand, contributing around 78% of the total leasing activity. In terms of the occupier segment, activity was mainly driven by BFSI (44%), real estate and construction (14%), and manufacturing (9%) sectors.

### Leasing Activity

#### City Market Trends

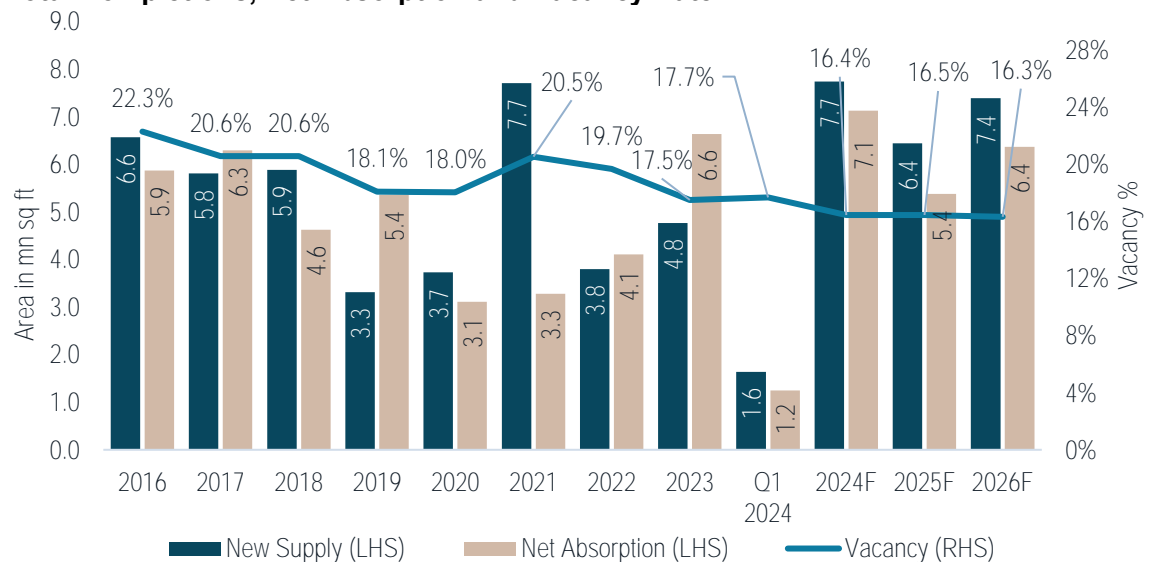
	Total Stock (mn sq. ft)	Net Absorption (mn sq. ft)			Vacancy (%)		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	130.4	1.25	-61.0%	23.2%	17.7%	20 bps	-130 bps
CBD	5.0	0.01	23.6%	-62.1%	8.8%	-30 bps	-80 bps
SBD Central	18.4	0.08	-85.1%	-77.0%	24.1%	-40 bps	-150 bps
BKC & Annex	10.2	0.02	-144.3%	-34.8%	7.3%	-20 bps	-130 bps
BKC Outskirts	6.4	0.17	169.5%	63.4%	13.5%	20 bps	-140 bps

Western Suburbs	20.6	0.21	63.0%	77.7%	16.8%	-90 bps	-60 bps
Malad-Goregaon	19.9	0.32	-78.1%	2280.2%	16.4%	330 bps	-210 bps
Eastern Suburbs	15.7	0.22	-27.0%	238.3%	10.9%	140 bps	-440 bps
Thane	9.7	0.09	-30.7%	1073.3%	19.8%	280 bps	260 bps
Thane-Belapur Road	20.3	0.11	-81.6%	-60.5%	18.9%	-60 bps	-430 bps
Navi Mumbai Others	4.2	0.01	0.0%	-60.1%	57.2%	-20 bps	-190 bps

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### Supply, Demand Trend

#### Total Completions, Net Absorption and Vacancy Rate



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The city's office leasing activity stood at 2.1 million sq ft in Q1 2024, representing an increase of 40.4% compared to Q1 2023. Importantly, this was the strongest ever first quarter leasing performance compared to all previous Q1 performances. Leasing was driven by increased space take up from BFSI occupiers who accounted for ~44% of the overall activity, followed by the real estate and construction segment, which accounted for ~14%. During the quarter, the Malad-Goregaon submarket witnessed the highest traction with a share of 29.0% in leasing activity. Eastern Suburbs and Western Suburbs followed with respective shares of 20.3% and 15.8%.

Leasing activity was dominated by the strong performance of domestic firms, which accounted for 78% of the overall leasing activity. The trend of end-user deals in managed office spaces continued during the quarter. All major pre-commitments remained intact. Office space leasing activity during the quarter was mostly driven by large to medium-sized deals.

In recent times, the city witnessed increased demand by the occupiers from data centres, medical technology, health analytics, online education, gaming, pharma, and FMCG sectors. We expect vacancy levels to remain rangebound in the medium term.

**Vacancy**

New supply during the quarter outpaced net absorption leading to a 20 bps q-o-q rise in vacancy levels to 17.7%. However, at a submarket level, vacancy levels decreased in all but three submarkets of BKC Outskirts, Malad-Goregaon and Thane. On a y-o-y basis, vacancy has decreased by 130 bps.

**New Supply**

A supply of 1.6 million sq ft came on stream in 1Q24, largely driven by a couple of large-sized projects in the Malad-Goregaon and Thane sub-markets. The BKC Outskirts sub-market also recorded a supply of 0.1 million sq ft. The pace of the construction activity remains at optimum levels. Some of the key projects that became operational during the quarter were Oberoi Commerz 3 Phase 2 (0.7 million) in Goregaon, 63 GMA (0.4 million) in Goregaon, and Centrum Business Square (0.4 million) in Thane.

By the end of 2026, overall stock is expected to see an addition of around 20 million sq ft of Grade A space, with Eastern Suburbs, Thane-Belapur Road and Western Suburbs combining to account for 74% of the future supply.

**Outlook**

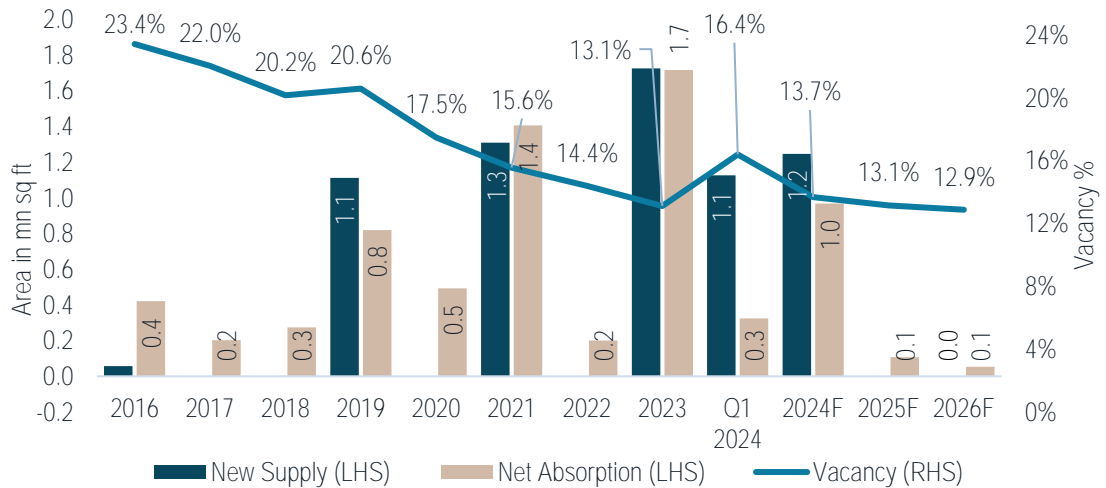
A total of nearly 7.5-8.0 million sq ft of office space is scheduled to be completed by end-2024. An optimum pace of construction activity is expected to continue in 2024. Total net absorption in 2024 is expected to be around 6.5-7.5 million sq ft as quality projects will continue to witness healthy demand from occupiers. Demand is expected to be driven by the BFSI, Consulting, and manufacturing sectors. As absorption outpaces supply, vacancy levels are expected to go down by 2024-end. Capital values are expected to rise faster than rents due to rising investor interest, leading to a compression of yields in key submarkets for quality assets.

## 6.5 MICRO MARKET : WESTERN SUBURBS

The Paradigm Mindspace Malad project lies in the Western Suburbs micro market.

### Supply, Demand Trend

#### Total Completions, Net Absorption and Vacancy Rate

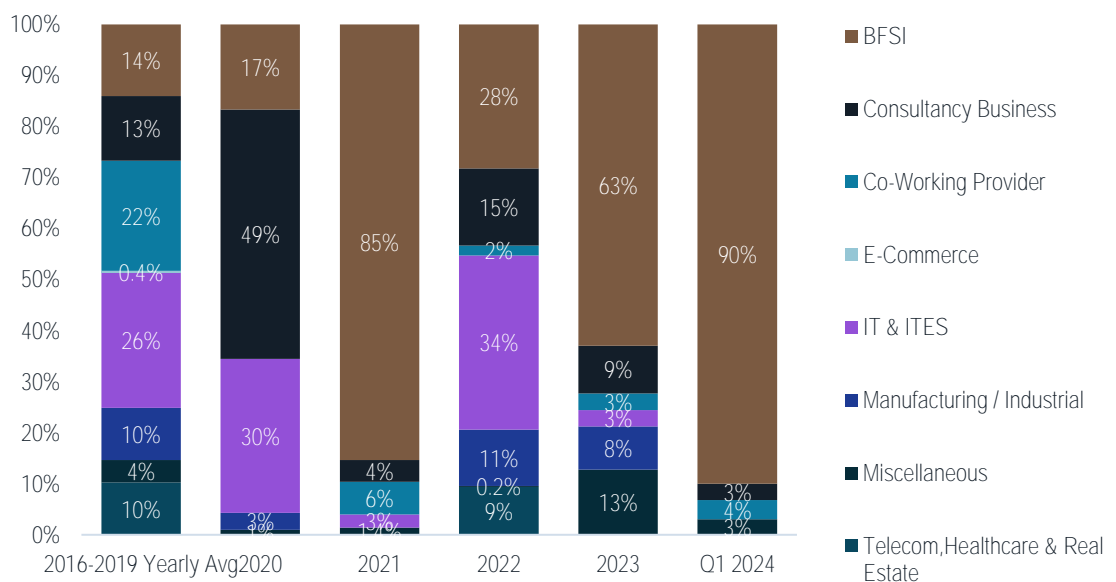


Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Paradigm Mindspace Malad project lies in the Western Suburbs micro-market.

### Leasing Activity

#### Occupier share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The submarket recorded leasing activity of 609,756 sq ft, 4.4x of the leasing witnessed in Q1 2023. It emerged as the primary contributor to India's overall leasing activity with a share of 29%. Leasing in the Malad-Goregaon submarket was driven by domestic BFSI occupiers who accounted for ~77% of the activity. In terms of expansion driven activity, net absorption stood at 324,893 sq ft. Moreover, in Malad-Goregaon, where there is limited availability in marquee

projects, all prominent under-construction projects usually witness high pre-commitment levels. During the quarter, some of the key transactions were - ICICI Prudential Life Insurance Company leased 251,688 sq ft in Malad Mindspace, Yes Bank leased 132,000 sq ft in R Tech Park, BA Continuum India leased 81,472 sq ft in Malad Mindspace.

The Malad-Goregaon submarket offers quality IT/ITeS buildings with large floor plates. Historically, players in the BFSI back office segment, ITeS, e-commerce and technology sectors seeking consolidation and fresh take-up have driven activity in this submarket. Due to its location, with easy connectivity to the international airport and the availability of quality space, this submarket has always been preferred by large IT firms.

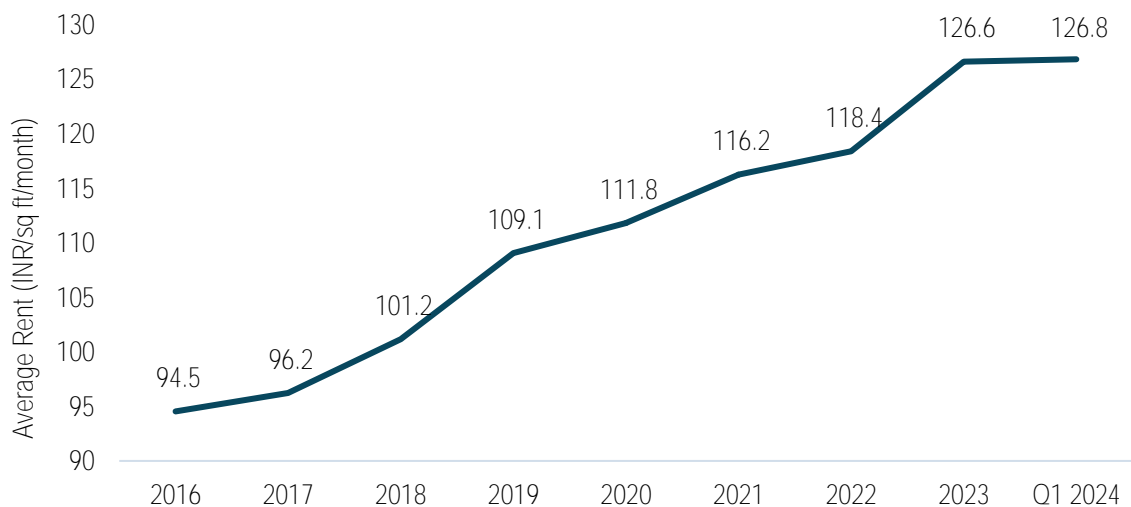
### **Supply**

Oberoi Commerz 3 Phase 2 (0.7 million) and 63 GMA (0.4 million) at Goregaon were completed during Q1 2024. With new supply of 1.1 million sq ft during the quarter, Grade A office stock increased to 19.9 million sq ft, ~15% of the overall city stock.

### **Vacancy**

With new supply of 1.1 million sq ft and no pre-commitments, the vacancy rates jumped by 330 bps to 16.4%. However, superior quality projects such as Nirlon, Nesco, and Oberoi Commerz I & II operate at single digit vacancy levels.

### **Rents**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

*Note: Mindspace REIT micro markets, 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.*

The average rent in the Malad-Goregaon was at INR 126.8 per sq ft per month, in Q1 2024, up 0.2% q-o-q. The Malad-Goregaon offer similar-quality buildings as the BKC and SBD Central at considerably affordable rents compared to those commanded by the SBDs. Rents for IT stock in this submarket are higher than those in the Thane and Thane-Belapur Road submarkets. The lease transactions in the Malad-Goregaon micro market are recorded in the range of INR 120 – 130 per sq. ft per month. The lease transactions in Malad where the Project is located are in the range of INR 90 to 100 per sq. ft per month.

**Prominent Lease Transactions within the Micro-Market**

Below are some of the lease transactions witnessed in the micro-market

Sl. No.	Occupier Name	Name of the Building	Location	Area Leased (sq. ft.)	Lease Rentals (INR per sq. ft. per Month)
1	Yes Bank Limited	R Tech Park	Malad-Goregaon	132,000	115
2	Kotak Mahindra Bank Limited	Infinity IT Park, Mumbai Building 4	Malad-Goregaon	57,143	105
3	Motilal Oswal Financial Services Limited	Interface Building 7	Malad-Goregaon	19,585	98
4	Redbrick Offices Limited	Oberoi Commerz 1	Malad-Goregaon	23,086	157
5	Bajaj Finserve Direct Limited	Mindspace Malad Eureka Towers	Malad-Goregaon	17,375	98
6	ICICI Prudential Life Insurance Company	Mindspace Malad Prism A	Malad-Goregaon	251,688	91.5
7	BA Continuum India Private Limited	Mindspace Malad Prism A	Malad-Goregaon	81,472	112.3

Source: Real Estate Market Research & Analysis: JLL, 31<sup>st</sup> March 2024

Market rent for Paradigm Mindspace Malad Project has been considered in line with the achievable market rent for completed buildings at INR 96.6 per sq. ft per month.

**Investment Activities within the Micro Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc.

**Investment Activities within India**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

**List of transactions / deals in major cities recent past**

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC & Annex	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Outskirts	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40000 - 43,000	7.25% - 7.75%	2021



Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
4	Chennai	Sandhya Infocity	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Infocity	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 - 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - ,8700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000- 9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000- 11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90- 8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram - Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) +1,600,000 (UC)+2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Source: Real Estate Market Research & Analysis; JLL, March 2024

Project Site is Paradigm Mindspace Malad which is one of the known developments located in the Western Suburbs micro market in Mumbai city. The Project is a part of **Mindspace Business Parks REIT (Mindspace REIT)** portfolio. The location has excellent connectivity to residential locations and social infrastructure too.

The project offers Grade A, IT (Non SEZ) space spread across two wings with good amenities and facilities. There are prominent clients in the Park such as J P Morgan, Tech Mahindra, Smartworks, Firstsource Solutions, etc., and it is a preferred IT commercial development in this micro market due to the quality of buildings, ease of connectivity and nature of IT Park. Considering the past transactions in the city and Project attributes in terms of size, occupancy profile, micro market trend etc. the cap rate has been arrived for the Project.

The Cap Rate applied to arrive at the terminal value of the property is 8.00%.

## **Outlook**

Demand for this submarket is expected to be mostly driven by IT, BFSI GCCs and consulting firms. With good quality upcoming supply, the market is expected to add around 1.2 million sq ft of Grade A space to its stock over the next three years.

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial / office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub / above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market / marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

#### 7.1.1 CASH FLOW PROJECTIONS

The cash flows for the Project have been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant / under-construction / future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimation of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table below:

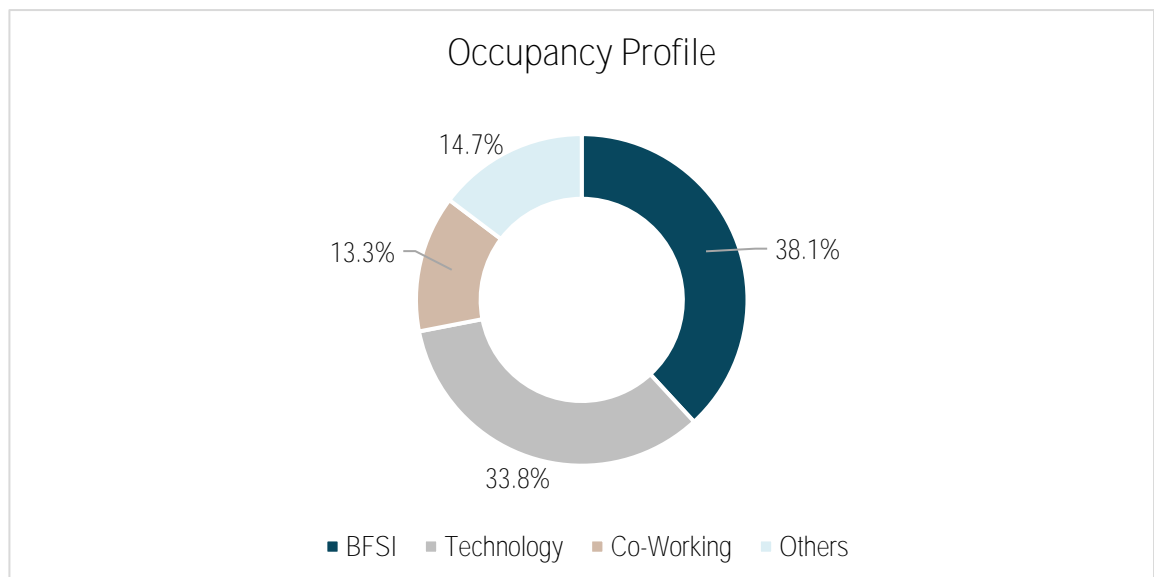
**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent-free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### 7.1.2 ABSORPTION / LEASING VELOCITY AND OCCUPANCY PROFILE

Occupancy profile of the project is as follows:

- ~38% of the space is taken by BFSI sector.
- ~34% has been taken up by Technology
- ~13% is occupied by Co-Working Provider.
- ~15% has been occupied by Miscellaneous and Other industries



### 7.1.3 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and / or inputs used in the cash flow configuration used for providing Valuation of the Project.

**Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Blocks**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Refer <b>Table 5.4</b>	As per the information provided by the Client
Leased Area	Refer <b>Table 5.4</b>	As per the information provided by the Client
Vacant Area / Vacancy	2,655 sq ft / 0.4%	As per the information provided by the Client
Vacancy Allowance	2.0%	As per market benchmarks for large scale Grade A office projects.
Area to be Leased	2,655 sq ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro market
Rent Free Period for New Leases	3 months	As prevalent in the micro market
Construction Related Assumptions		
Approx. construction cost to be incurred	INR 81.25 mn	As per the information provided by the Client
Estimated Completion Date for incurring expenses	Q4 FY25	As per the information provided by the Client
Estimates of already carried out major repairs	INR 184 mn	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases i.e.,4.5% every year	As prevalent in the market it is observed that lease agreements are primarily at 4.5% rent escalations every year.
Market / Marginal Rent – Office for FY25	INR 96.6 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 90 – 115 per sq. ft. per month for last 5 years. The asking

Parameters	Assumptions / Inputs	Remarks / Basis
		instances are observed in the range of INR 95 – 120 per sq. ft per month. Please refer section 6.5 Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent – Amenities	Not Applicable	
Market Rent – Car Parking Space for FY25	INR 5,250 per CPS per month	The Grade A offices offers car parking rates in the range of INR 4,500 – 5,500 per slot per month. Based on the market benchmarking of recent leased rates within the micro-market, the achievable car park rate for the subject property is derived.
Market / Marginal Rent – Food Court for FY25	INR 115.5 per sq. ft. per month	The lease transactions of food court in Grade A, IT park in the said micro market are recorded in the range of INR 100 – 120 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 115 – 125 per sq. ft. per month. Please refer Error! R eference source not found. Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent – Kiosk	Not Applicable	
Market / Marginal Rent – Terrace	Not Applicable	
Other Income	1% of base rentals	As prevalent in the market, we consider a normalized level of other income for future. Hence, we have considered other income at 1.0% of base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Market Rent Growth from FY26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Parking Rent Growth from FY26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a

Parameters	Assumptions / Inputs	Remarks / Basis
		market rent growth of 4.5% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received 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
Maintenance Services Income / CAM Income	INR 11.99 per sq ft per month	The CAM rate in Grade-A Commercial Development is observed to be in the range of INR 10 – 15 per sq. ft. per month. The CAM income in the Project is in-line with market trend and is as provided by Client
Operating Cost Assumptions		
Brokerage – New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage – Renewals / Release	2 month receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	INR 9.44 per sq ft per month	As given by the Client and as prevalent in the market
Property Tax for FY25	INR 3.27 per sq ft per month	As given by the Client
Insurance for FY25	INR 0.38 per sq ft per month	As given by the Client
Cost Escalation	3.0% per Annum	As prevalent in the market.
CAM Escalation (Income + Expense)	5.0% per Annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1.0% of Terminal Value	As prevalent in the market
Other Operating Expenses	2.0% of Base Rent + Car Parking Charges	As prevalent in the market.
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.0% (post yield shrinkage). Capitalized based on the net cash flow of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and	Value assumptions as practiced in the market

Parameters	Assumptions / Inputs	Remarks / Basis
	outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	



## 7.2 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is estimated to be as follows:

Table 7.3: Market Value of the Project

Component	Leasable Area (sq. ft.)	Market Value (INR Million)	Percentage Share
IT (Non SEZ) Park incl. Amenities – Completed	753,282	11,328.74	100%

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

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project comprising total leasable area of 753,282 sq. ft of project Paradigm Mindspace Malad (Paradigm A and B buildings), located in Malad, Mumbai, Maharashtra, India, as on 31<sup>st</sup> March 2024 is estimated to be **INR 11,328.74 million (INR Eleven Billion Three Hundred Twenty-Eight Million Seven Hundred and Forty Thousand Only)**

Table 7.4 Ready Reckoner Rates for the Property

Component	Ready Reckoner Rate (INR per sq. m)
Commercial (Built-Up Area)	201,260
Land Area (Open Plot)	80,060

Note: The mentioned ASR value is as on 31<sup>st</sup> March 2024

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



**Name:** Sachin Gulaty FRICS FIV FIIA,

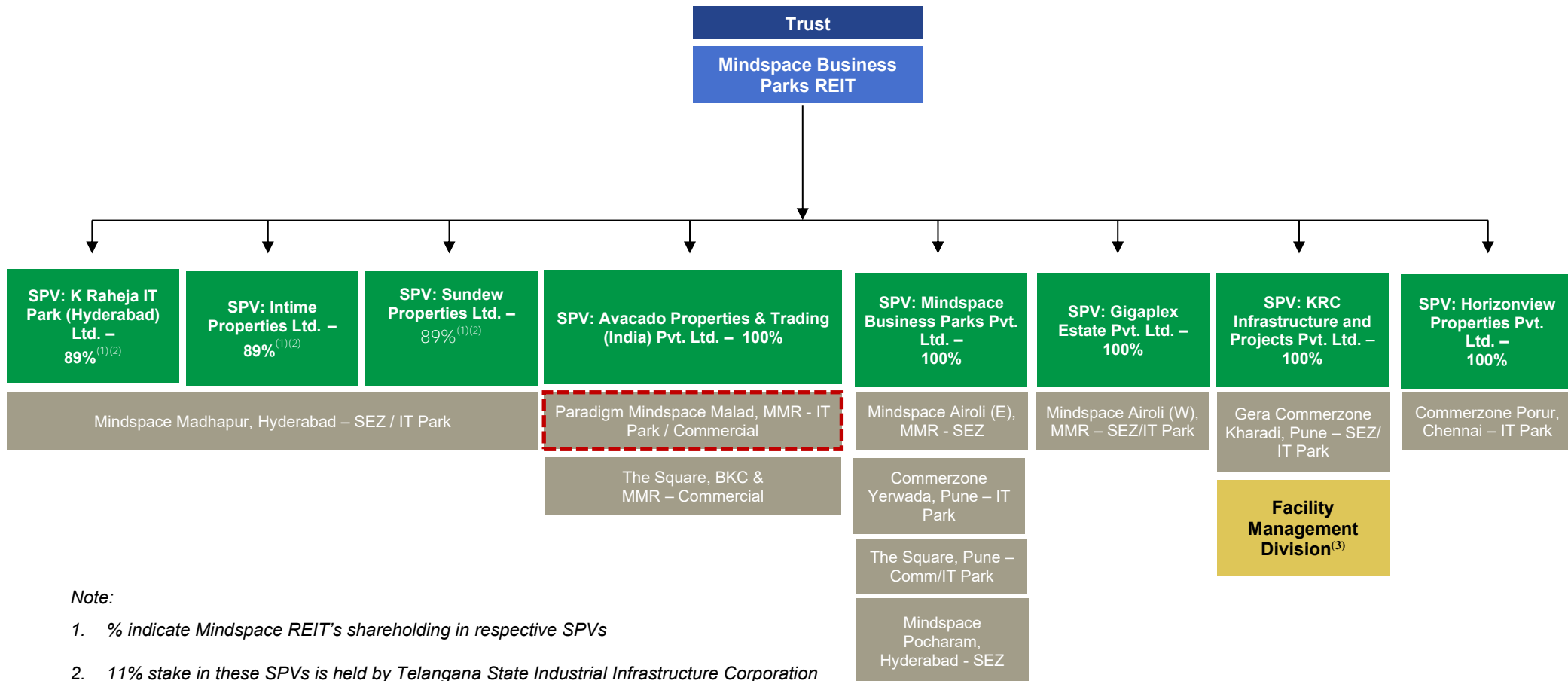
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

## Annexure - 1 Ownership Structure of the Project



**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 Layout Plan of the Project



Source: Client

**Annexure - 3****Statement of Key Assets within the Project**

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 / Make	No. / Make	16- Mitsubishi
No. of DG / Capacity	No. / KVA	1 x 320, 1 x 400
No. of Transformers / Capacity	No. / KVA	NA
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

Source: Client

## **Annexure - 4**

### **Approvals and NOCs Received for the Project**

---

#### **Approvals Received**

- Full Occupancy Certificates
- One-time fire NOC
- Form B
- Consent to Operate

#### **Approvals Pending**

- None

## Annexure - 5

### Ready Reckoner Rate Applicable for the Project

ASR Value as on 31st March 2024

**नोंदणी व मुद्रांक विभाग, महाराष्ट्र शासन**  
**बाजारमूल्य दर पत्रक**

Home	Valuation Rules	User Manual	Close	Feedback			
Annual Statement of Rates				Language			
Year 20232024				English			
Selected District	मुंबई(उपनगर)						
Select Village	मालाड ( दक्षिण ) ( बोरोवली )						
Search By	<input type="radio"/> Survey No <input checked="" type="radio"/> Location						
Select	उपविभाग	खुली जमीन	निवासी सदनिका	ऑफिस	दुकाने	औद्योगिक	एकक (R./)
<a href="#">SurveyNo</a>	63/297 A-पाम प्रोजेक्ट संकुलनातील गिळकती	93840	203130	233600	253910	203130	चौरस मीटर
<a href="#">SurveyNo</a>	63/297-भुभाग: उत्तरेस गावाची सीमा, पूर्वेस लिंक रोड, दक्षिणेस वॉर्ड हद्द व पश्चिमेस काडी.	80060	175010	201260	218760	175120	चौरस मीटर
<a href="#">SurveyNo</a>	63/298-भुभाग: उत्तरेस मामलेदार वाडी मार्ग, पूर्वेस एस. फी. रोड, दक्षिणेस वॉर्ड हद्द व पश्चिमेस लिंक रोड.	58650	134160	154280	193400	134160	चौरस मीटर
<a href="#">SurveyNo</a>	63/299-रस्ता : स्वामी विक्रानंद रोड.	65190	131230	191400	257000	131230	चौरस मीटर
<a href="#">SurveyNo</a>	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

Source: IGR Maharashtra

**Annexure - 6**  
**Cash Flow Profile**

Table 7.5 Discounted Cash Flow (INR million)

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	81.25	-	-	-	-	-	-	-	-	-	-
	Leasable Area	753,282.00											
	Overall occupancy - Existing Leases		99.23%	67.59%	37.63%	32.74%	17.11%	10.89%	10.89%	10.89%	0.00%	0.00%	0.00%
	Overall occupancy - Leases Moved to Market		0.69%	32.41%	62.37%	67.26%	82.89%	89.11%	89.11%	89.11%	100.00%	100.03%	100.00%
	Overall occupancy - of the Project		99.91%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.03%	100.00%
	Vacancy Allowance		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
A	Base Rental		900.15	858.19	922.96	983.63	1,011.57	1,088.01	1,137.25	1,188.43	1,238.50	1,319.18	1,395.47
B	Car Parking Income		6.36	5.89	8.08	9.08	9.54	10.36	10.83	11.32	11.83	12.36	13.20
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		906.51	864.08	931.05	992.71	1,021.10	1,098.38	1,148.08	1,199.75	1,250.32	1,331.54	1,408.67
E	Maintenance services income		106.14	111.54	117.12	122.97	129.12	135.58	142.36	149.48	156.95	164.85	173.04
F	Other Operating Income		9.00	8.58	9.23	9.84	10.12	10.88	11.37	11.88	12.38	13.19	13.95
G	Revenue from Operations		1,021.65	984.20	1,057.40	1,125.52	1,160.34	1,244.84	1,301.81	1,361.11	1,419.66	1,509.58	1,595.67
	Direct Operating Expenses												
H	Maintenance services Expenses		85.35	89.61	94.10	98.80	103.74	108.93	114.37	120.09	126.10	132.40	139.02
I	Property Tax		29.56	30.45	31.36	32.30	33.27	34.27	35.29	36.35	37.44	38.57	39.72
J	Insurance Premium		3.49	3.59	3.70	3.81	3.93	4.04	4.17	4.29	4.42	4.55	4.69
K	Net Operating Income (NOI)		903.26	860.55	928.24	990.61	1,019.41	1,097.60	1,147.98	1,200.37	1,251.70	1,334.06	1,412.23
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	17,476.36	-
	Indirect Operating Expenses												
L	Brokerage Fees		1.37	70.55	29.46	12.54	27.09	-	-	-	26.20	1.98	-
M	Property Management Fee		32.04	30.54	32.91	35.09	36.09	38.82	40.58	42.41	44.19	47.07	49.79
N	Other operational expenses		18.13	17.28	18.62	19.85	20.42	21.97	22.96	23.99	25.01	26.63	28.17
O	Net Cash Flow		770.46	742.17	847.25	923.12	935.81	1,036.81	1,084.43	1,133.97	1,156.30	18,734.74	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

## Annexure - 7

### Material Litigations

---

#### A. Avacado

##### (i) Title litigation and irregularities

1. Nusli N. Wadia ("Plaintiff") filed a suit ("Suit") before the Bombay High Court ("High Court") against Ivory Properties, Mr. Ravi C. Raheja, Mr. Neel C. Raheja, Mr. Chandru L. Raheja, Inorbit Malls, Avacado and others ("Defendants") pertaining to inter alia revocation of the registered agreements for sale of certain buildings, including the registered agreements executed in favour of Avacado for acquiring buildings viz. Paradigm constructed on demarcated portion of the land located at Mindspace Malad project, and demolishing of the building Paradigm located at Mindspace Malad project. The Plaintiff's claim with regard to Avacado is restricted to its transaction relating to Paradigm building constructed on the demarcated portion of land located at Mindspace Malad project and does not extend to the equity shares of Avacado or any other assets held by Avacado.

The Suit was filed inter alia alleging certain insufficient payment to the Plaintiff, breach and non-adherence of the project agreement of 1995 entered into between the Plaintiff and Ivory Properties in respect of certain land situated at Malad West and Kanheri, including the demarcated portion of the land on which building Paradigm is constructed in Mindspace Malad project ("1995 Agreement"), and pertaining to sale of certain buildings inter alia on ground of sale of such buildings to alleged related parties. The Plaintiff sought inter alia (i) orders of declarations and permanent injunctions relating to the termination of the 1995 Agreement, (ii) the termination of some of the registered agreements and memorandums of understanding entered between the Plaintiff, Ivory Properties and purchasers in respect of some of the buildings constructed on the demarcated portions of land in Malad (including the building viz. Paradigm located at Mindspace Malad project), (iii) demolishing of such buildings and (iv) damages from Ivory Properties, Mr. Ravi C. Raheja, Mr. Neel C. Raheja and Mr. Chandru L. Raheja to the extent of ₹ 3,509.98 million along with interest. A notice of motion was also filed by the Plaintiff seeking interim and ad-interim reliefs for inter alia appointment of receiver for buildings sold by the Plaintiff and Ivory Properties to various Defendants (including Avacado), restraining Ivory Properties and other Defendants (including Avacado) from alienating, encumbering or parting with possession of the building and restraining Ivory Properties and other Defendants (including Avacado) from dealing with (including renewal of leases / licenses) or creating fresh leases / licenses in respect of the buildings, and from receiving or recovering any sum in respect thereof by way of rent, license fee or compensation for occupation, or if received or recovered be directed to deposit the said rent, license fee or compensation to the High Court. No ad-interim relief was granted to the Plaintiff.

The Defendants filed replies inter alia stating that the Suit is barred by limitation and that the transactions under the registered documents are genuine and in accordance with the 1995 Agreement and that the Plaintiff had deliberately made false and defamatory comments to cause damage to the reputation of the Defendants inter alia to pressurize Ivory Properties and its directors into meeting the Plaintiff's demands for unjustifiable amounts beyond what is payable under the 1995 Agreement. Further, Ivory Properties has also filed a counterclaim for various reliefs relating to specific performance of the 1995 Agreement and refund of ₹ 16 million with interest paid to the Plaintiff, and in the alternative for payment of estimated damages of ₹ 6,091.40 million inter alia towards loss of profit from the balance development potential and ₹ 5,000 million along with interest for compensation towards defamation.

The notice of motion for interim relief and the Suit are pending for the final hearing before the High Court.

Separately, in relation to a transaction of divestment by the KRC group of their shareholding in respect of one of its group companies, the Plaintiff, through his advocates & solicitors, had



addressed certain letters, including to KRCPL, CCI and the merchant bankers acting in that transaction. The Plaintiff had also issued caution public notice dated October 1, 2016, cautioning the public about the risks and consequences in dealing with the suit property. The allegations and averments have been responded by KRCPL and the merchant bankers and the transaction of divestment was completed.

Further, the Plaintiff, through his advocates, addressed a letter dated February 13, 2020, including to Mindspace REIT, the Manager, the Trustee, the Sponsors, Avacado, Mr. Ravi C. Raheja, Mr. Neel C. Raheja, Mr. Chandru L. Raheja, Ivory Properties and KRCPL, expressing his objection to the proposed Offer and any actions concerning the building at Paradigm Mindspace Malad. The allegations and averments made by the Plaintiff have been responded by parties concerned. No further correspondence has been received.

The Plaintiff has filed an Interim Application for amendment of the suit plaint to bring on record the facts relating to the ULC permission and DRC issued by the authorities concerned, which is pending.

**(ii) Criminal matters**

There are no pending criminal matters against Avacado.

**(iii) Regulatory actions**

1. The Income Tax Department had issued a warrant dated November 29, 2017 under Section 132 of the Income Tax Act, 1961 ("Income Tax Act") against Avacado, Gigaplex, KRIT, MBPPL, Chalet Hotels, Genext, Inorbit Malls, KRCPL, KRPL, Shoppers Stop and others ("Parties"). Pursuant to the Warrant, the Income Tax Department carried out a search on November 30, 2017. The search covered various matters for which notices were already issued from time to time. The search was concluded on December 6, 2017 at the office and residence of the Parties. Pursuant to the search, the Income Tax Department issued notices to each of the Parties under Section 153A of the Income Tax Act directing them to prepare and furnish true and correct returns of total income for assessment years ("AY") from 2008-2009, 2012-13 to 2017-18 within a stipulated timeline from the date of service of the notices and these returns have been furnished before the Income Tax Department. Further, the Income Tax Department issued notices under Section 142(1)/143(2) of the Income Tax Act for assessment years 2008-2009, 2012-13 to 2017-2018/2018-19, to the Parties seeking certain information. These details have been furnished before the Income Tax Department by the Parties from time to time.

Avacado filed appeals for AY 2012-13 to AY 2017-18 before the Commissioner of Income Tax (Appeals) ("CIT(A)") against the order received under section 143(3) r.w.s. 153A of the Act. The same were disposed of by the CIT(A) against Avacado for AY 2012-13 to AY 2014-15 and in favour of Avacado for AY 2015-16 to AY 2017-18. Avacado made an application under the Direct Tax Vivad se Vishwas Act, 2020 ("VsV") for AY 2012-13 and AY 2014-15 and the final order was received in favour of Avacado. The Income Tax Department filed an appeal for AY 2015-16 and AY 2016-17 in Income Tax Appellate Tribunal ("ITAT") against the order of the CIT(A) and the final order is received in favour of Avacado. The Income Tax Department has filed an appeal before the Bombay High Court against the order of the ITAT for AY 2015-16 and 2016-17. Avacado filed an appeal before the ITAT against the order for AY 2013-14 which is currently pending. Avacado received a notice under section 148 for assessment year 2014-15. Avacado filed return of income under protest in response to the said notice and also sought reasons for reopening the assessment undertaken during the assessment year 2014-15. Pursuant to which, Avacado received reasons for reopening and submitted a response objecting to the reopening of assessment. The Income Tax Department passed an order rejecting the objections filed. Avacado has received notice u/s 148A(b) and response against the same has been submitted, objecting to the reopening of assessment. The Income Tax Department passed an order u/s 148A(d) rejecting the objections filed and served notice u/s 148 of the Income Tax Act. The return of income was filed under protest in response to the

said notice. Avacado has filed Writ Petition before Bombay High Court against the notice u/s 148 and order u/s 148A(d).

2. MPCB allegedly issued a show cause notice dated November 11, 2016 ("First SCN") to Avacado for alleged failure in obtaining no objection/ permission from the CGWA for extraction of ground water in respect of the Paradigm Mindspace project. MPCB served a show cause notice dated March 14, 2017 on Avacado, referring to the First SCN stating that the First SCN was issued pursuant to the directions given to MPCB and CGWB by the National Green Tribunal judgement dated January 11, 2016 and November 8, 2016 (in the matter of Asim Sarode V/s District Collector, Nanded and others, where Avacado was not a party) to jointly prepare a list of industries and infrastructure projects which require permission for extracting ground water and to issue directions for closure of such industries and infrastructure projects for whom the default persists. By letter dated April 6, 2017, Avacado responded to MPCB inter alia stating that (a) there is no requirement for Avacado to apply for or obtain NOC from CGWA, as Avacado does not appear in the list of industries and infrastructure projects which require permission for extracting ground water as published on the MPCB website; (b) Avacado does not withdraw ground water at the Paradigm Mindspace Malad project; and (c) the First SCN was not received by Avacado. No further correspondence has been received.
  
3. The Office of Tehsildar, Borivali ("Tehsildar") issued demand notices dated February 5, 2021 and dated March 2, 2021 under provisions of Maharashtra Land Revenue Code, 1966 to Ivory Properties and others for retrospective payment of non-agricultural tax ("NA Tax") of ₹ 52.63 million. The demand notices were issued pursuant to the letter dated February, 5, 2021 of the Collector (Mumbai Suburban Office) ("Collector"), wherein it was recorded that all urban lands in state being used for non-agriculture purpose, NA Tax assessment had been stayed for the period August 1, 2006 to July 31, 2011 till the revised guidelines were finalised as per government letter NAP0311/CR28/L5 dated August 24, 2011 and that as per Government of Maharashtra decision dated February 5, 2018, the stay was lifted. Ivory Properties vide letter dated March 30, 2021, has denied the quantification and leviability of the NA Tax assessment with retrospective effect and has requested the Tehsildar not to take any coercive action, without giving a reasonable opportunity to file a reply. Ivory Properties also tendered, without prejudice, an 'on account' deposit of a sum of ₹ 3.00 million to the Office of Tehsildar, without admitting or accepting any liability. The Tehsildar had subsequently issued another demand notice dated December 15, 2021, to Ivory Properties and others for payment of NA Tax of ₹ 53.73 million. Ivory Properties vide letter dated February 25, 2022 inter alia replied that it had not accepted or admitted the liability, leviability or quantification of the said amount; however to show bonafide intent, (while reserving all rights and remedies) Ivory Properties had tendered, a refundable deposit of ₹ 15 million to the Office of Tehsildar, without prejudice to all contentions on all counts. The Government of Maharashtra, Revenue and forest Department by way of its letter dated April 07, 2022, has put a stay on the NA Tax assessment until further order.

**(iv) *Material civil/commercial litigation***

There are no other material civil/commercial litigation involving Avacado.

**Table 7.6: Summary of Pending Tax Litigation**

ASSESSMENT YEAR	SIGNIFICANT ISSUE IN DISPUTE	AUTHORITY - RAISING ISSUE	AUTHORITY - PASSING ORDER	APPEAL PREFERRED BY	AUTHORITY - ISSUE PENDING BEFORE	NEXT DATE OF HEARING IF APPLICABLE	EXPOSURE - TAX, INTEREST AND PENALTY
AVACADO							
2013-14	Disallowance under section 14A	Assessing Officer	CIT(A)	Company	ITAT	Not available	17,266,022
2015-16	Disallowance under section 14A	Assessing Officer	ITAT	Dept	High Court	Not available	14,415,952
2016-17	Disallowance under section 14A	Assessing Officer	ITAT	Dept	High Court	Not available	16,143,856

Note: Direct tax litigations are at the SPV level.

**Table 7.7: Indirect Tax Litigation**

SR.NO	ENTITY	PARK	TAX TYPE	AUTHORITY PENDING	TAX DEMAND (IN 'MN)	INTEREST (QUANTIFIED)	PENALTY (QUANTIFIED)	ISSUE IN BRIEF	PERIOD	INTEREST	PENALTY
1	Avacado Properties & Trading (India) Pvt Ltd	Mindspace Malad	Service Tax	CESTAT	5.56	-	-	Service tax on renting of immovable property services	April 2008 to March 2011	as applicable	Waived in OIO
2	Avacado Properties & Trading (India) Pvt Ltd	Mindspace Malad	Service Tax	Reply to SCN filed with Additional Commissioner, Service Tax	0.93	-	-	Service tax on renting of immovable property services	April 2011 to September 2011	as applicable	as applicable

## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (formerly known as 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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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, Mumbai

Maharashtra, India

Submitted To:

K. Raheja Corp. Investment Managers Private Limited (formerly known as K Raheja Corp Investment Managers LLP)

(acting as Manager to Mindspace Business Parks REIT)

Date of Valuation:

31-Mar-2024

Date of Report:

24-Apr-2024



Prepared By:

**KZEN VALTECH PRIVATE LIMITED**

**IBBI/RV-E/05/2022/164**

## EXECUTIVE SUMMARY

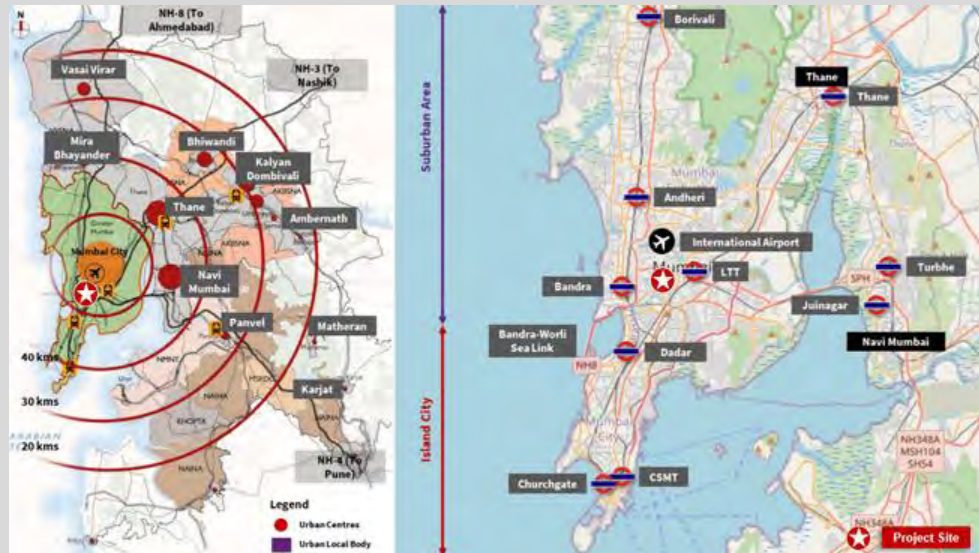
Property Name	The Square, BKC, Mumbai, Maharashtra, India
Property Address	Plot C-61, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051
Land Area	~ 0.9 Acres
Brief Description	<p>The property is located in the central part, of the Secondary Business District – BKC micro market of Mumbai City along the Bandra Kurla Complex Road. It is located at a distance of about 3.6 km from the Bandra East Railway Station and about 6.8 km from Chhatrapati Shivaji Maharaj International Airport.</p> <p>The property is developed as Grade A, Commercial Non-SEZ property which comprises of 146,350 sq. ft of leasable area under a single independent office building.</p> <p>The property is owned entirely by Avocado Properties and Trading (India) Private Limited in which 100% interest is held by Mindspace Real Estate Investment Trust (REIT).</p> <p>The property has good frontage along the access road with two (2) main entrance. The property is surrounded by commercial office spaces followed by retail and hospitality developments in the vicinity.</p>

Asset Details Leasable area details as shared by the Client is given below:

Sl.	Building Name	Leasable Area (sq. ft.)
1.	The Square BKC	146,350
	Total Leasable Area	146,350

Based on the site inspection, all blocks are operational. There are no under-construction buildings within the property.

Location Map



Key Assumptions The table below summarizes key Valuation assumptions used in the estimate.

Particulars	Description
Asset Specific Information	
Nature of Asset	Commercial / Office with Amenities

Current Status	Completed and Operational					
Total Leasable Area	146,350 sq. ft.					
Asset Details	Sl. No.	Building Name	Leasable Area (sq. ft.)	Usage Type	Status	Age of the Building
	1.	The Square BKC	146,350	Non-SEZ Commercial	Completed	24 years 8 months
Revenue Assumptions						
In-Place Rent	INR 240 per sq. ft. per Month					
Market / Marginal Rent	INR 289 per sq. ft. per Month					
Parking Rent	Not Applicable					
Financial Assumptions						
Exit Cap Rate	7.75%					
Discount Rate / WACC	11.75%					
Market Value	For Completed & Operational Project: INR 4,917.40 million (INR Four Billion Nine Hundred Seventeen Million Four Hundred Thousand Only).					



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## **LIST OF ABBREVIATIONS**

CBD	Central Business District
CY	Current Year
INR	Indian Rupees
IT / ITES	Information Technology / IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
km	Kilometre
NH	National Highway
PBD	Peripheral Business District
REIT	Real Estate Investment Trust
RICS	Royal Institution of Chartered Surveyors
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft	square feet
sq. m	square metre

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.

# 1 INTRODUCTION

---

## 1.1 INSTRUCTIONS

K. Raheja Corp. Investment Managers Private Limited (formerly known as K Raheja Corp Investment Managers LLP) (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project named '**The Square**' located in **BKC, Mumbai**, Maharashtra, India (hereinafter referred to as the 'Project').

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHAI, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## **1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## **1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS**

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this

section 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 Project 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.

## **1.7 INSPECTION OF THE PROJECT**

The Project was inspected on 28 March 2024 by the Valuer in the presence of Client-nominated representative 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.

## **1.8 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 Project 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.

## **1.9 CONFIDENTIALITY**

The contents of this Valuation 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.

## **1.10 AUTHORITY**

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## **1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls with any government departments/authorities, among other aspects., etc.

## **1.12 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.

## **1.13 ANTI-BRIBERY AND ANTI-CORRUPTION**

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data / information provided by the Client and estimate has limited coverage wherever full data / information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Estimate of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and / or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and/or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.
10.	Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried



		out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11.	Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12.	Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13.	Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14.	Disclaimer	<p>The estimate of Market Value is based on documents / information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately.

The table below presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings.
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This method is sometimes referred to as 'Rent Roll method as well.

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved (completed & operational commercial / office space, the value is estimated using the **'Discounted Cash Flow Method'** (basis term and rent reversion) under **'Income Approach'**.

## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Revenue pendency if any
  - Options or Rights of Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5%-11.5% to about 7.5%-8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted an exit cap rate of 7.75% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective 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.

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

Cost of equity = Risk Free Rate (Rf) + Beta ( $\beta$ ) \* (Market Return (Rm) – Risk Free Rate (Rf))

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the subject property against similar portfolios/properties in the market.

For discounting the cash flows, an appropriate discount rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the project. The derived discount rate was found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

Property Name	The Square, BKC, Mumbai, Maharashtra, India																								
Property Address	Plot C-61, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051																								
Land Area	~ 0.9 Acres																								
Brief Description	<p>The property is located in the central part, in the Secondary Business District – BKC micro market of Mumbai City along the Bandra Kurla Complex Road. It is located at a distance of about 3.6 km from the Bandra East Railway Station and about 6.8 km from Chhatrapati Shivaji Maharaj International Airport.</p> <p>The property is developed as Commercial Non-SEZ property under a single independent office building.</p> <p>The property is owned entirely by Avacado Properties and Trading (India) Private Limited in which 100% interest is held by Mindspace Real Estate Investment Trust (REIT).</p> <p>The property has good frontage along the access road with two main entrances. The property is surrounded by commercial office spaces followed by retail and hospitality developments in the vicinity.</p>																								
Valuation Methods	Since all buildings are completed and operational, the estimate of Market Value is prepared using ' <b>Discounted Cash Flow</b> Method' using Rent Reversion																								
Nature of the Interest by the Client	100% freehold interest in the Project as informed by the Client																								
Purchase Price of the Project	INR 3,751 million, as given by the Client																								
Historical Valuation of the Project in 3 Previous Years	<p>Below table summarizes historical valuation of the Project as given by the Client:</p> <table border="1"> <thead> <tr> <th>Sl.</th> <th>Date of Valuation</th> <th>Market Value (INR Mn)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>30-Sep-2023</td> <td>4,732</td> </tr> <tr> <td>2.</td> <td>31-Mar-2023</td> <td>4,653</td> </tr> <tr> <td>3.</td> <td>30-Sep-2022</td> <td>4,636</td> </tr> <tr> <td>4.</td> <td>31-Mar-2022</td> <td>4,569</td> </tr> <tr> <td>5.</td> <td>30-Sep-2021</td> <td>4,271</td> </tr> <tr> <td>6.</td> <td>31-Mar-2021</td> <td>3,905</td> </tr> <tr> <td>7.</td> <td>30-Sep-2020</td> <td>3,781</td> </tr> </tbody> </table>	Sl.	Date of Valuation	Market Value (INR Mn)	1.	30-Sep-2023	4,732	2.	31-Mar-2023	4,653	3.	30-Sep-2022	4,636	4.	31-Mar-2022	4,569	5.	30-Sep-2021	4,271	6.	31-Mar-2021	3,905	7.	30-Sep-2020	3,781
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7.	30-Sep-2020	3,781																							
Ready Reckoner Rate	<p>Built-up Area (Office) - INR 345,060 per sq.mt.</p> <p>Land Area - INR 161,070 per sq.mt.</p>																								
Date of Valuation	31-Mar-2024																								
Date of Inspection	28-Mar-2024																								

Market Value as on 31-Mar-2024	Component	Market Value as on	In Figures (INR Mn)	In Words
	Total Market Value	31 <sup>st</sup> March 2024	4,917.40	INR Four Billion Nine Hundred Seventeen Million Four Hundred Thousand Only
	Total Value		4,917.40	INR Four Billion Nine Hundred Seventeen Million Four Hundred Thousand Only

Matters Affecting the Property and its Value

Please refer to Chapter 7 of this Valuation Report

Assumptions, Disclaimers, Limitations and Qualifications

This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance on this report and **extension of Valuer's liability is conditional upon the reader's acknowledgement and understanding of** these statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project

Prepared by

KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)

Represented through its Director

Mr. Sachin Gulaty FRICS FIV FIIA

IBBI/RV/02/2021/14284



**Name:** Sachin Gulaty FRICS FIV FIIA

**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND/OR PROJECT

The table below presents details of the Project Site and/or Project

Table 5.1: Details of the Project Site and/or Project

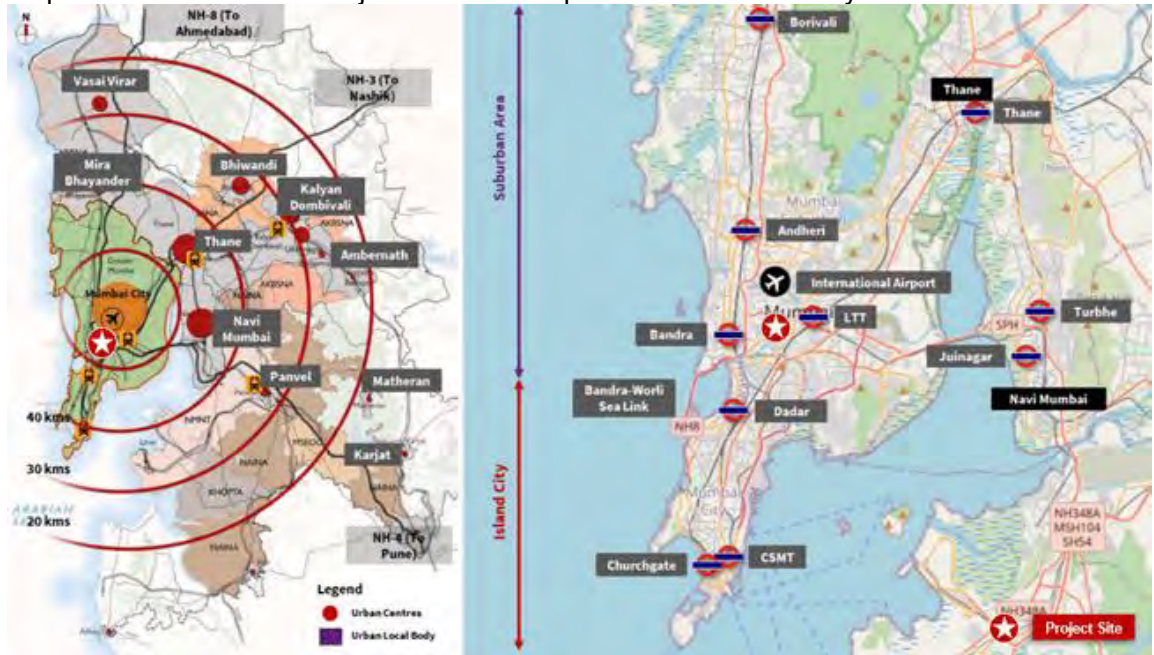
DETAILS OF PROPERTY	
Property Name	The Square, BKC, Mumbai, Maharashtra, India
Property Address	Plot C-61, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051
Land Area	~ 0.9 Acres
Block-Wise Break-Up of Leasable Area and Current Status	Block-Wise Leasable Area details are mentioned in the Executive Summary
Access	Accessible through Bandra Kurla Complex Road and Trident Road
Frontage	Approximately 50 m. frontage along Bandra Kurla Complex Road
Shape and Visibility	The topography of the project features terrain that is relatively flat and has a regular shape. Excellent visibility from Bandra Kurla Complex Road
Approval Status	Project has requisite approvals in place as confirmed by the Client.
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The property is located in the central part, in the Secondary Business District – BKC micro market of Mumbai City along the Bandra Kurla Complex Road which further connects to Lal Bahadur Shastri Marg towards east and Western Express highway towards West. It is located at a distance of about 3.6 km from the Bandra East Railway Station and about 6.8 km from Chhatrapati Shivaji Maharaj International Airport. The map in the following page presents the location of the Project with respect to the city.



Map 5.1: Location of the Project Site with respect to the Mumbai City



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The distance of the Project from major landmarks in the city is given in the table below.

Table 5.2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Mumbai International Airport	6.8
Bandra Railway Station	3.6
Kurla Railway Station	2.2
Maker Maxity	2.5
Jio World Convention Centre	0.9

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The Project is developed as commercial / office space along Bandra Kurla Complex Road in BKC. The Project is surrounded predominantly by commercial office spaces followed by residential and retail developments in the vicinity. The Project is spread across ~0.9 acres of Land Parcel. The topography of the project features terrain that is relatively flat and has a regular shape. The Project has good frontage along the access road and has two (2) entrances.

The map on the following page presents location of the Project and its surroundings.

Map 5.2: Location of Project and its Surrounding Developments

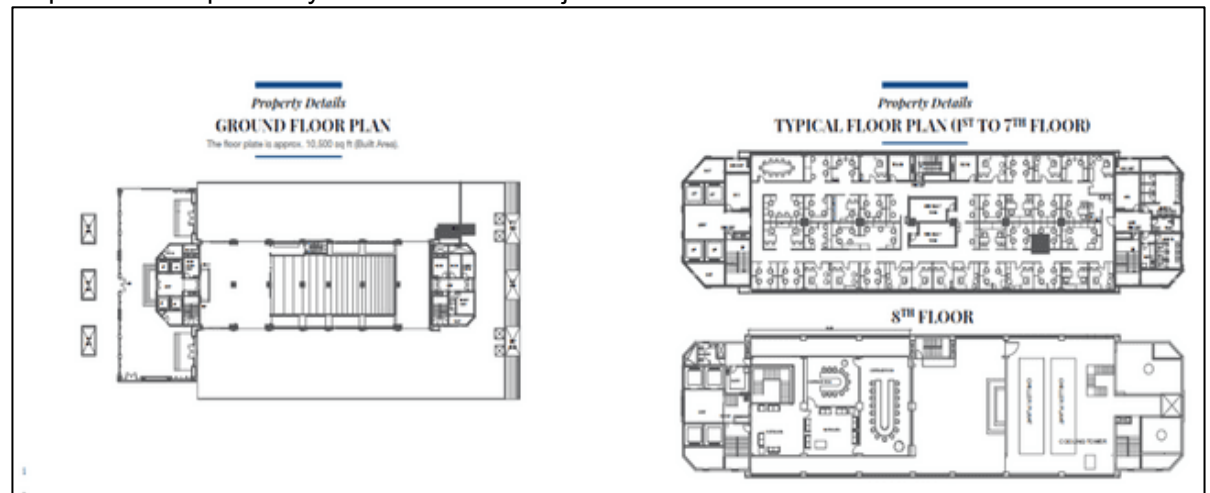


Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project has good accessibility due to its location along the Bandra Kurla Complex Road and vicinity to Western Express Highway and Lal Bahadur Shastri Marg. Upcoming Metro Line-3 (Aqua Line), Mumbai – Ahmedabad High Speed Rail and Coastal Road will enhance the connectivity of Project with other parts of the city and travel time in the future.

The map below presents the conceptual Layout Plan of the Project as shared by the Client.

Map 5.3: Conceptual Layout Plan for the Project



Source: Client, 31<sup>st</sup> March 2024

The table below presents the boundary/edge conditions of the Project Site.

**Table 5.3: Project Site and its Site Boundaries**

North	Bandra Kurla Complex Road
South	Trident Road
West	Vibgyor Towers
East	Trent House

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project is surrounded by commercial office spaces predominantly followed by residential and retail developments in the vicinity. Grade A commercial / office developments and premium residential developments are also present in the micro-market.

## 5.4 DESCRIPTION OF THE PROJECT

The table below presents key asset specific information.

**Table 5.4: Key Asset Specific Information of the Project**

Particulars	Description
Name of the Entity	Avacado Properties and Trading (India) Private Limited
Interest owned by Mindspace REIT	Project Site is wholly owned by Avacado Properties and Trading (India) Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1/</sup>
Land Extent of Project	~ 0.9 acres
Asset Type	Commercial Non-SEZ building
Sub-Market	SBD BKC
Approved and Existing Usage	Commercial Office, Non-IT
Current Status	100% Complete and Operational
Approvals Status	Project has requisite approvals in place as confirmed by the Client.
Freehold/Leasehold	The underlying land is taken on leasehold basis from MMRDA
Leasable Area	~ 0.15 Mn sq. ft.
Occupied Area	~ 0.15 Mn sq. ft.
Committed Area	~ 0.15 Mn sq. ft.
Occupancy <sup>3/</sup>	100.0%
Committed Occupancy <sup>4/</sup>	100.0%
Number of Tenants	1 (office space)

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Occupation certificate for entire leasable area measuring ~0.15 Mn sq. ft has been obtained.

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupiers

## 5.5 PROJECT INSPECTION

The Project is spread across ~ 0.9 Acres of Land Parcel. The topography of the project features terrain that is relatively flat and has a regular shape. The Project is located at relatively higher elevation compared to overall topography of the city, indicating moderate risk of flooding. The Project comprises of G+8 floors with 2 levels of basement parking. It is leased

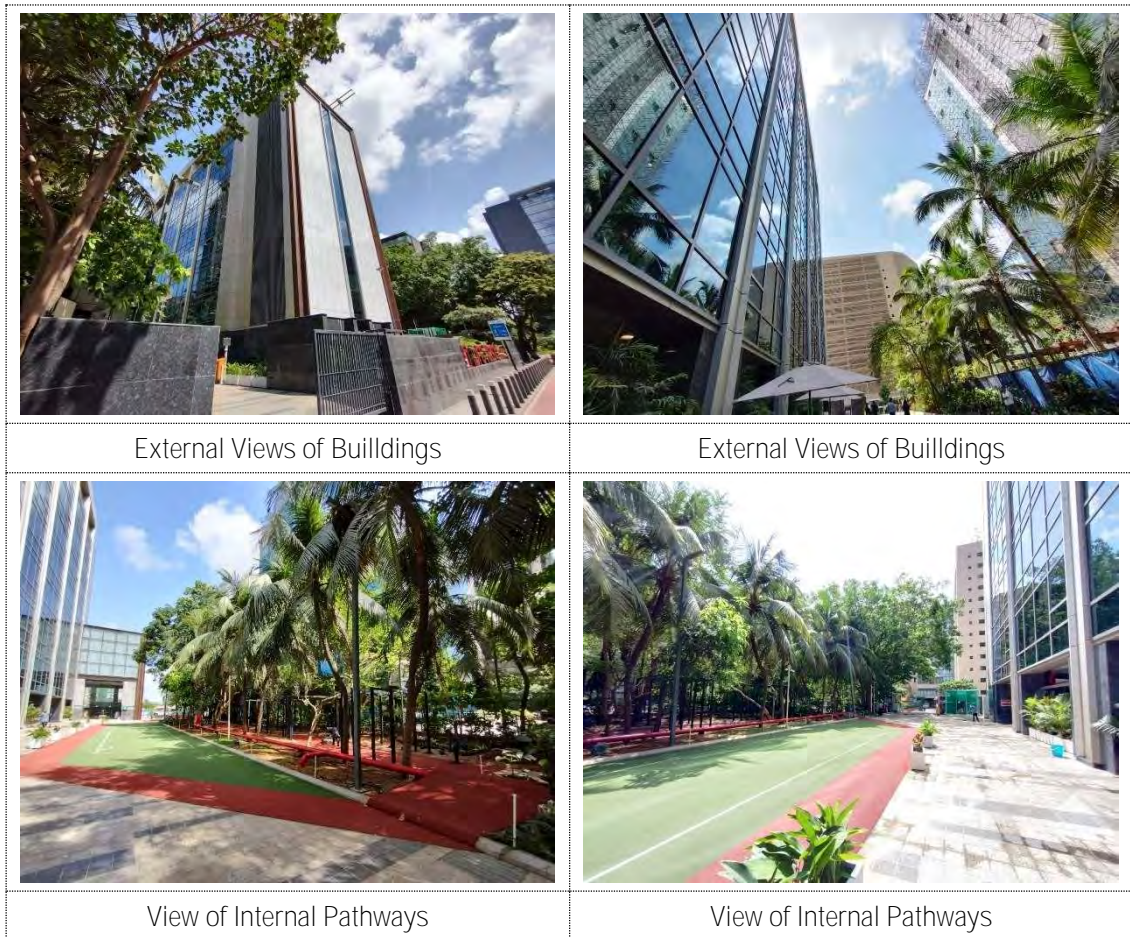


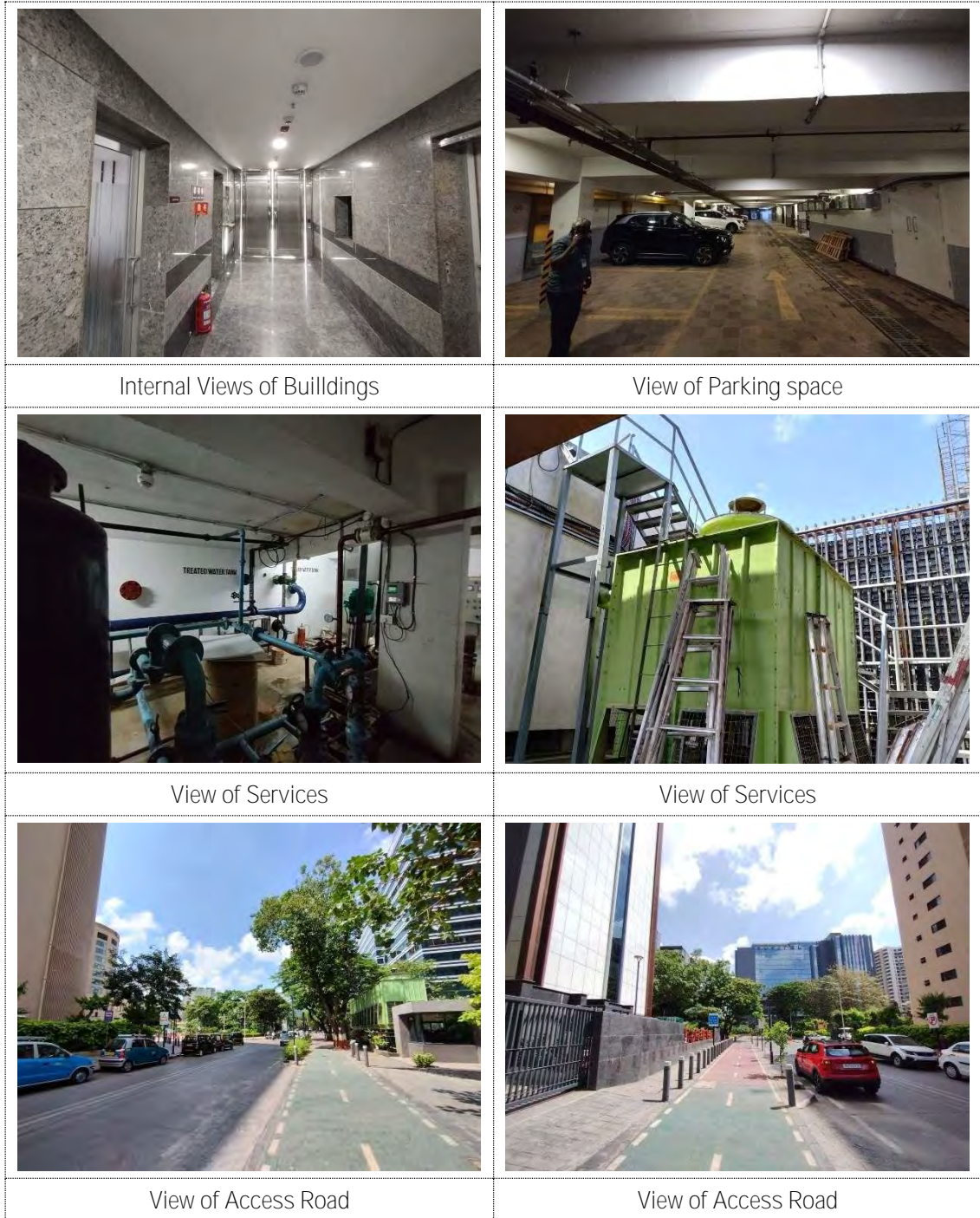
out to a single tenant i.e., IDFC First Bank Limited. The entire building block is completed & operational, as on the date of inspection by the Valuer. The Project was inspected by the Valuer on 28 March 2024.

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.

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 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.

Some of the photographs of the Project and surroundings are given below.





## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### Developable Area of the Project

The total site area of the project is ~0.9 Acres with total leasable area of ~0.15 Mn sq. ft. under a single completed and operational building comprising of G+8 floors with 2 levels of basement parking.

### Site Services and Finishes

The visual inspection was done for the Project including common areas and key utility areas such as LT Electric Room, Pump Room, STP, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services.



**Condition and Repairs**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in the operational building. The commercial development is well maintained post the recent upgradation of the facility with respect to the newly installed utilities such as firefighting system, electric panels, DG sets, HVAC systems etc. The Project also underwent an upgradation of façade and roof area in lobby.

As mentioned earlier, the Project has approx. 0.15 Mn sq. ft. of Leasable Area and it is a fully completed and operational asset. The project has received full occupancy certificate. Thus, no pending cost to complete is factored as of date of valuation for the Project. However, there is upgrade CAPEX to the tune of approx. INR 17 million which shall be completed by Q3 FY25.

**Environmental Considerations**

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project 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 Project is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Project 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 Project, which may expose it for any induced disaster.

The Project is located at a relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and perennial water logging.

**Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Saraf and Partners (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

**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 Project 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.

**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 to the Valuer, relating to the Project or any compounding charges.

**5.7 TENANCY ANALYSIS****Tenant Profile**

As on 31<sup>st</sup> March 2024, Subject Property has a single tenant (for office space) i.e., IDFC First Bank Limited. The Subject Property's tenant account for ~100% of the Gross Rental income.

**Table 5.5: Tenants as per Leasable areas**

Sr No.	Tenant	Leasable Area (Sq Ft)
1	IDFC First Bank Limited	146,350
	TOTAL	146,350

Tenants as per Gross Rents are listed below: -

**Table 5.6: Tenants as per Gross Rentals**

Sr No.	Tenant	Share of Gross Rentals
1	IDFC First Bank Limited	100%
	TOTAL	100%

### **Lease Expiry Analysis**

Based on details as shared by client 100% of occupied area is expiring in the year FY 2032 as further detailed in Leave and License agreement / LOI.

### **Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 10% every 3 years.

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Mumbai, the financial capital of India, is a bustling metropolis that boasts a vibrant economy and is one of the key industrial hubs of India. Situated on the Western coast of the country, the city serves as a centre for commerce, trade, and finance. It houses the headquarters of numerous multinational corporations, top financial institutions, and major Indian companies. Additionally, it is home to Asia's oldest stock exchange – the Bombay Stock Exchange. Its strategic location, well-developed infrastructure, and connectivity through air, road, and rail networks make it a preferred destination for businesses. The city's robust economy is fuelled by various sectors, including finance, banking, information technology, manufacturing, entertainment, media, and services. Mumbai contributes ~5-6% to the overall GDP of the country and is also the top contributor to the country's exchequer, accounting for nearly 1/3rd of India's overall direct tax collections.

Mumbai's real estate market holds the distinction of being one of the most expensive markets in India. The capital value and rents in prime office submarkets rank among the highest in the country. However, despite these high costs, the market continues to exhibit strong activity levels. The office real estate market in Mumbai ranks as the third largest in India in terms of Grade A office stock, surpassed only by Bengaluru and Delhi NCR. The city's ability to cater to a diverse range of industries, attract top talent, and provide excellent business support services ensures that Mumbai continues to attract domestic as well as international businesses looking to establish or expand their presence in India.

### 6.3 INFRASTRUCTURE INITIATIVES

#### Existing infrastructure

Existing Project	Completion timeline	Details	Key impact zones
Bandra Worli Sea Link	2009	5.6 km long, 8-lane wide bridge that links Bandra with South Mumbai.	SBD Central, BKC & Annex and BKC Outskirts
Sea Link to Bandra Kurla Complex (BKC) Connector	2021	604 meter long, two-lane flyover	BKC & Annex and BKC Outskirts
BKC – Eastern Express Highway Connector	2019	1.6 km connector from G Block of BKC to the EEH	BKC & Annex, BKC Outskirts and Eastern Suburbs
Western Express Highway (WEH)	2002	North–south 8-10 lane arterial road of 25.33 km	BKC & Annex, BKC Outskirts, Western Suburbs and Malad-Goregaon
Eastern Express Highway (EEH)	2003	23.55 km city express highway	BKC & Annex, BKC Outskirts and Eastern Suburbs



Eastern Freeway	2013	16.8 km long controlled-access highway	CBD, SBD Central and Eastern Suburbs
JVLR (Jogeshwari Vikhroli Link Road)	1994	10.6 km long 6 lane road connecting the WEH and EEH	Western and Eastern Suburbs and Malad-Goregaon
SCLR (Santacruz Chembur Link Road)	2014	6.45-kilometre-long (4.01 mi) arterial road connecting WEH and EEH	BKC Outskirts, and Eastern suburbs
Ghodbunder Road	NA	Key arterial road connected to the Western Express Highway at Ghodbunder and the Eastern Express Highway at Majiwada	Thane
Thane Belapur Road	NA	Major road connecting Thane and Navi Mumbai. The road has been widened to a total of 6 lanes	Thane and Thane-Belapur Road
Mumbai – Pune Expressway	2002	6-lane wide tolled expressway spanning a distance of 94.5 km	Thane-Belapur Road, Navi Mumbai Others
Western Line (Suburban Railway)	1867	Consists of 37 stations from Dahanu Road to Churchgate railway station.	CBD, BKC & Annex, BKC Outskirts, SBD Central, Western Suburbs, Malad-Goregaon
Central Line (Suburban Railway)	1853	Consists of 24 stations from Chhatrapati Shivaji Maharaj Terminus to Kalyan	CBD, SBD Central, BKC & Annex, BKC Outskirts, Western Suburbs, Eastern Suburbs, Thane
Harbour Line (Suburban Railway)	1910	The Harbour line is a branch line of the Mumbai Suburban Railway	CBD, SBD Central, Thane-Belapur Road and Navi Mumbai Others
Monorail Line 1 (Jacob Circle – Wadala)	2014	20.21 km line and is fully elevated	SBD Central
Chhatrapati Shivaji Maharaj International Airport	1942	It has two operating terminals spread over 750 hectares handling 950 aircraft per day.	Western Suburbs, Malad-Goregaon
Mumbai Coastal Road Project (Partial opening of Phase 1 connecting Worli & Marine Drive)	2024	Partial opening of 4.5 km stretch from Worli to Marine Drive was opened to traffic.	CBD, SBD Central

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### **Upcoming infrastructure**

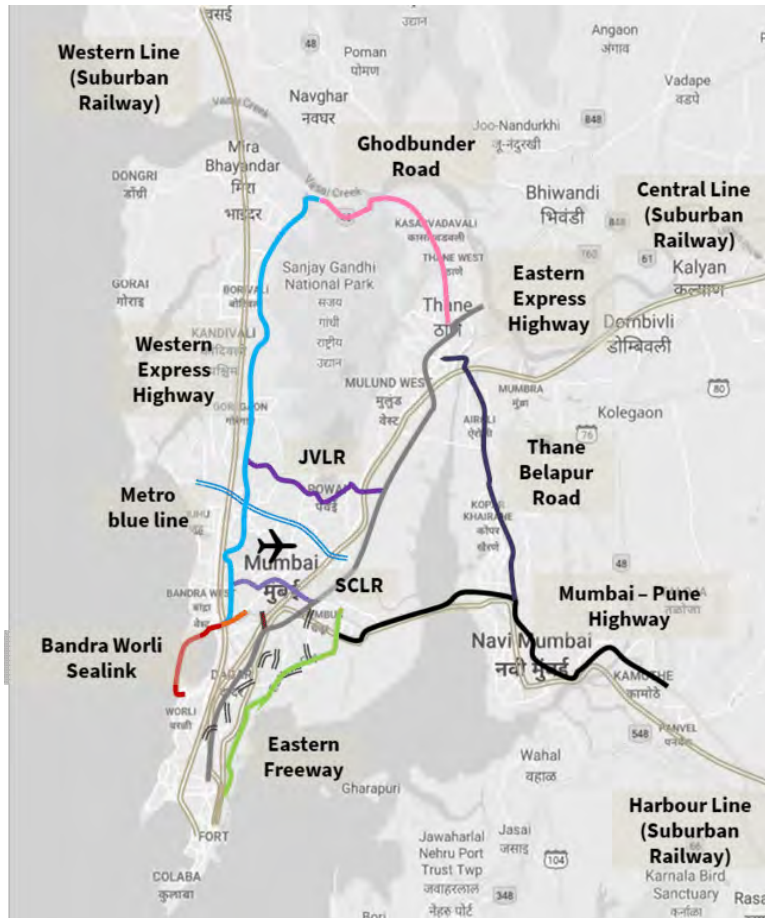
Submarket of Thane-Belapur Road and Navi Mumbai Others will benefit from the proposed Navi Mumbai International Airport. A proposed airport would positively impact the real estate market in Navi Mumbai by improving the area's commercial value, mainly through generating employment opportunities. Furthermore, it will also ease the burden on Mumbai's Chhatrapati Shivaji International Airport (CSIA) which accounts for over 25% of the entire air traffic in India.

Submarkets like CBD, SBD Central, Western Suburbs and Malad-Goregaon will benefit from the coastal road project. It will help improve the connectivity and reduce commuting time by 70%. Further, it will create easy access to the commercial hotspots of South Mumbai. Most importantly, it will decongest the expressway and local railways. This will lead to an uptick in the housing demand in the nearby suburbs and boost property prices.

Upcoming Project	Completion timeline	Details	Key impact zones
Mumbai Coastal Road Project (Phase 1)	2024	8-lane project of 10.58 km from Princess Street flyover to Worli end of Bandra Worli Sea Link.	Mumbai Coastal Road Project (Phase 1)
Navi Mumbai International Airport	2025	It will be connected with Navi Mumbai Metro's Line 1 and with the proposed Mumbai Metro's Line 8 (Gold Line).	Thane-Belapur Road and Navi Mumbai Others
Goregaon Mulund Link Road	2028	12-km long road infrastructure project that will connect Mulund directly to Goregaon. Construction in 4 phases	Malad-Goregaon and Eastern Suburbs
Suburban corridor between Panvel-Karjat on CR	2025	5 stations of Panvel, Chikale, Mohape, Chowk and Karjat and will pass through 58 bridges	Thane-Belapur Road and Navi Mumbai Others
Suburban corridor link between Airoli-Kalwa on CR	2024	8 kms long elevated link between Airoli and Kalwa is crucial for decongesting Thane station in future.	Thane-Belapur Road, Navi Mumbai Others and Thane
Quadrupling of Virar-Dahanu road on WR	2025	8 new stations and several new structures, like station buildings at Virar, Vaitarna, Saphale, Kelve Road, Palghar, Umroli, Boisar and Wangaon-Dahanu road	Malad-Goregaon
Extension of Harbour Line between Goregaon-Borivali	2026	3-km elevated stretch over Malad to extend the existing harbour line	Malad-Goregaon

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Mumbai – Map of existing and upcoming infrastructure**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Existing Metro Rail Lines - Mumbai**

Existing Project	Completion timeline	Details	Key impact zones
Metro Blue Line 1 (Versova - Ghatkopar)	2014	11.40 km line is fully elevated and consists of 12 stations	Malad-Goregaon and Eastern Suburbs
Metro Red Line 7	2022	Dahisar – Andheri – CSMIA T1	Western Suburbs and Malad-Goregaon
Metro Yellow line 2A	2022	Dahisar – Andheri West	Western Suburbs and Malad-Goregaon

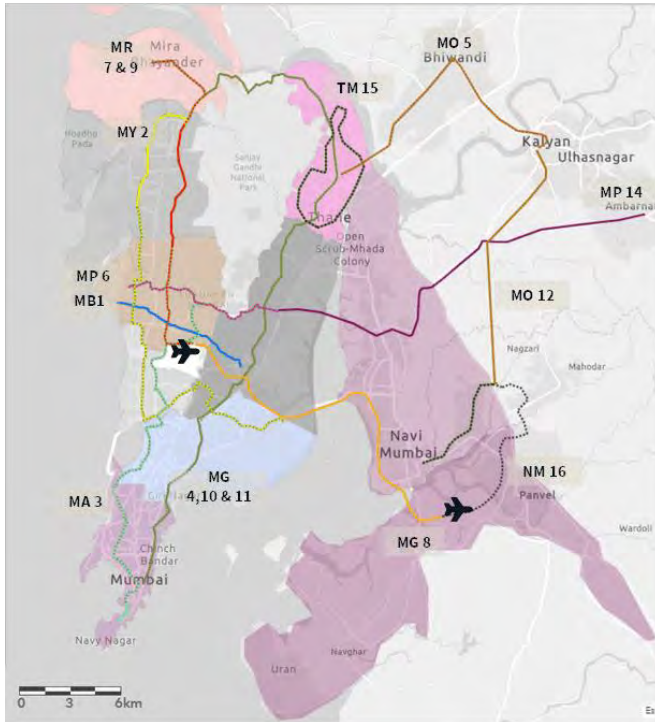
### Upcoming Metro Rail Lines – Mumbai

Completion of all the upcoming metro lines will benefit all the micro-markets of the city such as CBD, SBD BKC, SBD Central, Western Suburbs, Malad-Goregaon, Eastern Suburbs, Thane, and Navi Mumbai. The proposed metro aims to connect the areas that are not connected by the existing railway and enable commuters to reach the station within 500 m to 1 km. Residential developments in micro markets of Thane and Navi Mumbai will receive a boost, due to improved connectivity with the commercial hubs in the Western Suburbs and Malad-Goregaon.

Upcoming Project		Completion timeline	Details	Key Impact Zones
Metro Aqua line 3 (Phase 1)	MA 3	2024	Colaba-Bandra-SEEPZ	CBD and SBD Central, BKC & Annex, BKC Outskirts, Western Suburbs
Metro Green Line 4	MG 4,10,11	2025	Wadala – Kasarvadavali – Gaimukh	Eastern Suburbs and Thane
Metro Orange Line 5	MO 5	2025	Thane – Bhiwandi – Kalyan	Thane
Metro Pink Line 6	MP 6	2026	Lokhandwala – Jogeshwari – Kanjurmarg	Western and Eastern Suburbs,
Metro Gold Line 8	MG 8	2026	CSMIA T2 – NMIA (indicative)	Western Suburbs, Thane-Belapur Road, Navi Mumbai Others and Malad-Goregaon
Metro Red Line 9	MR 7 & 9	2025	Dahisar – Mira Bhayandar	Dahisar, Mira Road, Bhayandar
Metro Green Line 10	MG 4,10,11	2025	Gaimukh – Shivaji Chowk (Mira Road)	Thane
Metro Green Line 11	MG 4,10,11	2030	Wadala – CSMT	SBD Central and CBD
Metro Orange Line 12	MO 12	2027	Kalyan – Dombivali – Taloja	Navi Mumbai Others
Metro Magenta Line 14	MM 14	2027	Vikhroli – Badlapur (indicative)	Eastern Suburbs and Thane
Thane Metro	TM 15	2026	Raila Devi – New Thane (indicative)	Thane
Metro Green Line 4	MG 4,10,11	2025	Wadala – Kasarvadavali – Gaimukh	Eastern Suburbs and Thane
Navi Mumbai Metro Phase 2 & 3	NM 16	2026-27	Belapur – NMIA	Navi Mumbai Metro Phase 2 & 3

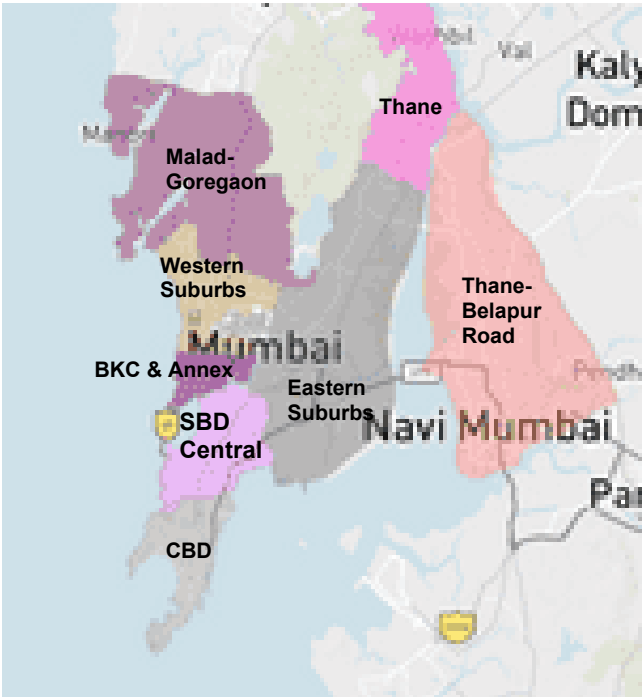
Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Mumbai - Map of existing and upcoming metro line**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

## 6.4 MUMBAI - OFFICE SUBMARKETS

Submarket	Locations	
CBD	Nariman Point, Churchgate, Fort, Ballard Estate, Cuffe Parade	 <p>The map shows the following submarkets in Mumbai: CBD (Central Business District), SBD Central (Suburban Business District Central), BKC &amp; Annex (Bandra Kurla Complex &amp; Annex), BKC Outskirts (Bandra Kurla Complex Outskirts), Western Suburbs, Eastern Suburbs, Malad-Goregaon, Thane, Thane-Belapur Road, and Navi Mumbai. The map also shows surrounding areas like Kalyan and Dom.</p>
SBD Central	Lower Parel, Dadar, Worli, Prabhadevi, Parel, Mahalaxmi	
BKC & Annex	BKC	
BKC Outskirts	Kalina, Kurla, Bandra East, Santacruz East	
Western Suburbs	Andheri East, Jogeshwari, Andheri West	
Malad-Goregaon	Goregaon, Malad, Borivali	
Eastern Suburbs	Powai, LBS Marg, Ghatkopar, Vikhroli, Mulund, Sion	
Thane	Wagle Estate, Ghodbunder Road	
Thane-Belapur Road	Airoli, Mahape, Khoparkhairane, Turbhe, Juinagar, Nerul, CBD Belapur	

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Gross leasing activity in Mumbai was recorded at 2.11 million sq ft in Q1 2024, a historic high compared to all previous Q1 performances. Domestic occupiers took the lead in driving demand, contributing around 78% of the total leasing activity. In terms of the occupier segment, activity was mainly driven by BFSI (44%), real estate and construction (14%), and manufacturing (9%) sectors.

### Leasing Activity

#### City Market Trends

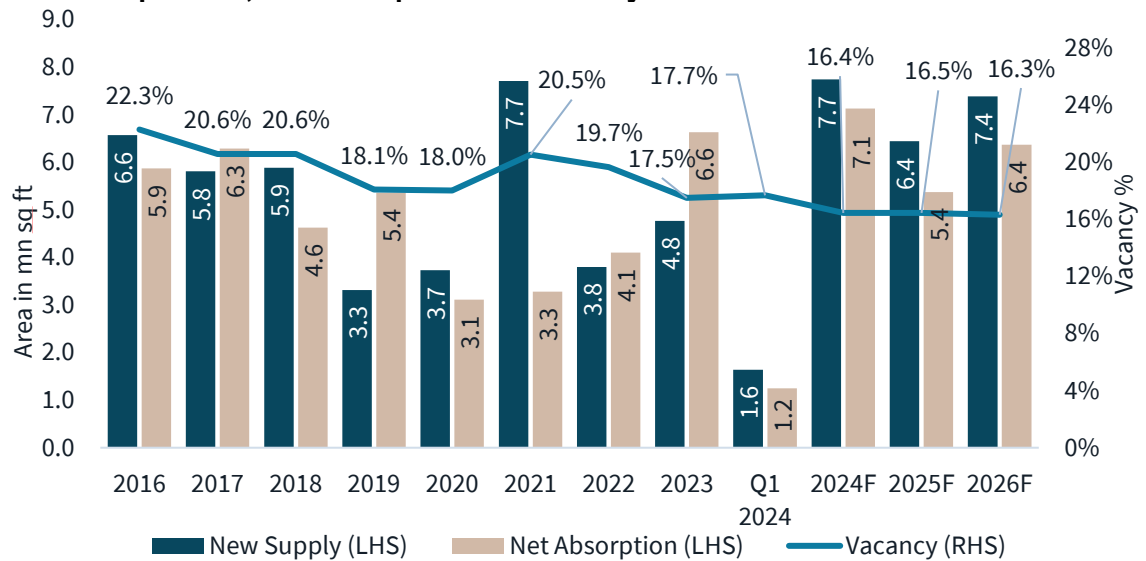
Particular	Total Stock (mn sq ft)	Net Absorption (mn sq ft)			Vacancy %		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	130.4	1.25	-61.0%	23.2%	17.7%	20 bps	-130 bps
CBD	5.0	0.01	23.6%	-62.1%	8.8%	-30 bps	-80 bps
SBD Central	18.4	0.08	-85.1%	-77.0%	24.1%	-40 bps	-150 bps
BKC & Annex	10.2	0.02	-144.3%	-34.8%	7.3%	-20 bps	-130 bps
BKC Outskirts	6.4	0.17	169.5%	63.4%	13.5%	20 bps	-140 bps
Western Suburbs	20.6	0.21	63.0%	77.7%	16.8%	-90 bps	-60 bps
Malad-Goregaon	19.9	0.32	-78.1%	2280.2%	16.4%	330 bps	-210 bps

East Suburbs	15.7	0.22	-27.0%	238.3%	10.9%	140 bps	-440 bps
Thane	9.7	0.09	-30.7%	1073.3%	19.8%	280 bps	260 bps
Thane-Belapur Road	20.3	0.11	-81.6%	-60.5%	18.9%	-60 bps	-430 bps
Navi Mumbai Others	4.2	0.01	0.0%	-60.1%	57.2%	-20 bps	-190 bps

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### Supply, Demand Trend

#### Total Completions, Net Absorption and Vacancy Rate - Overall



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The city's office leasing activity stood at 2.1 million sq ft in Q1 2024, representing an increase of 40.4% compared to Q1 2023. Importantly, this was the strongest ever first quarter leasing performance compared to all previous Q1 performances. Leasing was driven by increased space take up from BFSI occupiers who accounted for ~44% of the overall activity, followed by the real estate and construction segment, which accounted for ~14%. During the quarter, the Malad-Goregaon submarket witnessed the highest traction with a share of 29.0% in leasing activity. Eastern Suburbs and Western Suburbs followed with respective shares of 20.3% and 15.8%.

Leasing activity was dominated by the strong performance of domestic firms, which accounted for 78% of the overall leasing activity. The trend of end-user deals in managed office spaces continued during the quarter. All major pre-commitments remained intact. Office space leasing activity during the quarter was mostly driven by large to medium-sized deals.

In recent times, the city witnessed increased demand by the occupiers from data centres, medical technology, health analytics, online education, gaming, pharma, and FMCG sectors. We expect vacancy levels to remain rangebound in the medium term.

### Vacancy

New supply during the quarter outpaced net absorption leading to a 20 bps q-o-q rise in vacancy levels to 17.7%. However, at a submarket level, vacancy levels decreased in all but three submarkets of BKC Outskirts, Malad-Goregaon and Thane. On a y-o-y basis, vacancy has decreased by 130 bps.

**New Supply**

A supply of 1.6 million sq ft came on stream in 1Q24, largely driven by a couple of large-sized projects in the Malad-Goregaon and Thane sub-markets. The BKC Outskirts sub-market also recorded a supply of 0.1 million sq ft. The pace of the construction activity remains at optimum levels. Some of the key projects that became operational during the quarter were Oberoi Commerz 3 Phase 2 (0.7 million) in Goregaon, 63 GMA (0.4 million) in Goregaon, and Centrum Business Square (0.4 million) in Thane.

By the end of 2026, overall stock is expected to see an addition of around 20 million sq ft of Grade A space, with Eastern Suburbs, Thane-Belapur Road and Western Suburbs combining to account for 74% of the future supply.

**Outlook**

A total of nearly 7.5-8.0 million sq ft of office space is scheduled to be completed by end-2024. An optimum pace of construction activity is expected to continue in 2024. Total net absorption in 2024 is expected to be around 6.5-7.5 million sq ft as quality projects will continue to witness healthy demand from occupiers. Demand is expected to be driven by the BFSI, Consulting, and manufacturing sectors. As absorption outpaces supply, vacancy levels are expected to go down by 2024-end. Capital values are expected to rise faster than rents due to rising investor interest, leading to a compression of yields in key submarkets for quality assets.

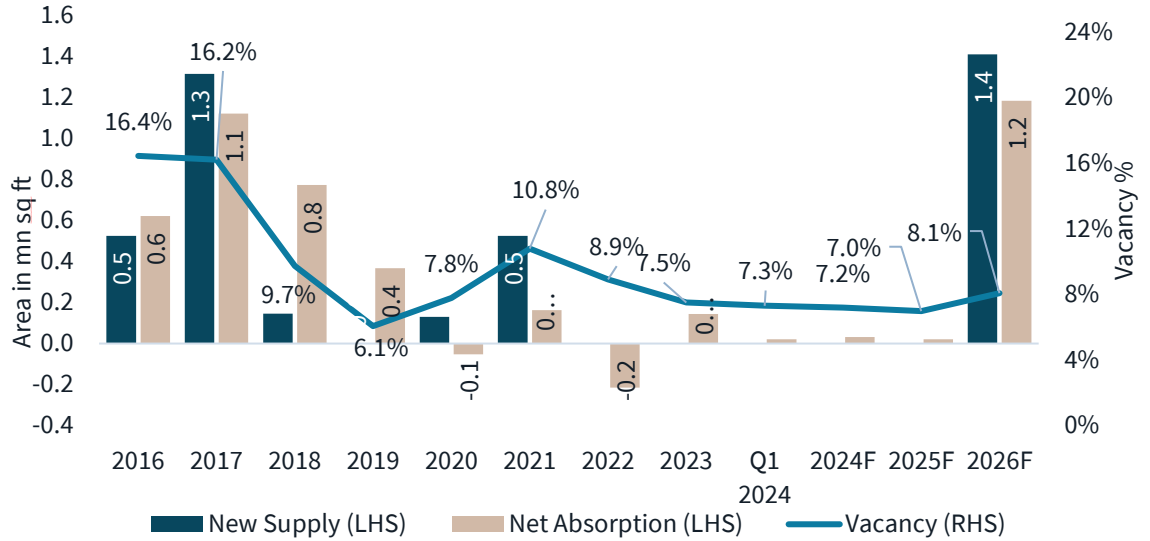


## 6.5 MICRO MARKET : BKC & ANNEX

The Square BKC project lies in the BKC & Annex micro market.

### Supply, Demand Trend

#### Total Completions, Net Absorption and Vacancy Rate

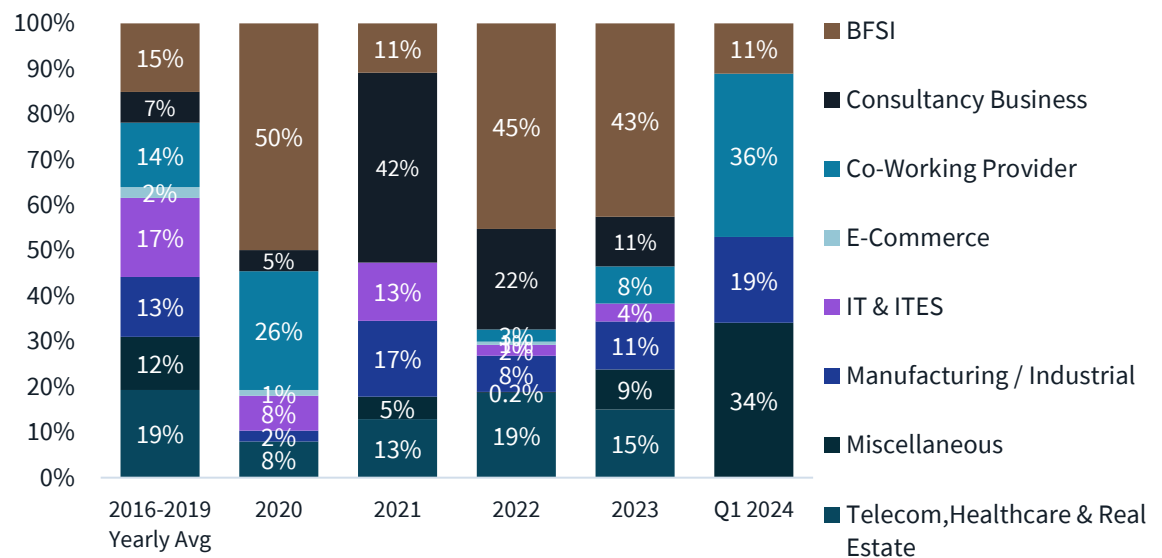


Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Square BKC project lies in the BKC & Annex micro-market.

### Leasing Activity

#### Occupiers share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

## Quarterly Updates

### Leasing activity

The submarket witnessed leasing activity of around 163,967 sq ft led by flex (35.9% share) occupiers. With churn activity accounting for most of the transactions, net space take up during the quarter was recorded at 20,432 sq ft. Some of the key transactions in Q1 2024 were BHIVE Workspace leasing around 62,000 sq ft in Adani Inspire, Taipei Economic & Cultural Centre leasing around 15,000 sq ft in Platina and Mastercard India Services Private Limited leasing ~10,700 sq ft in Maker Maxity.

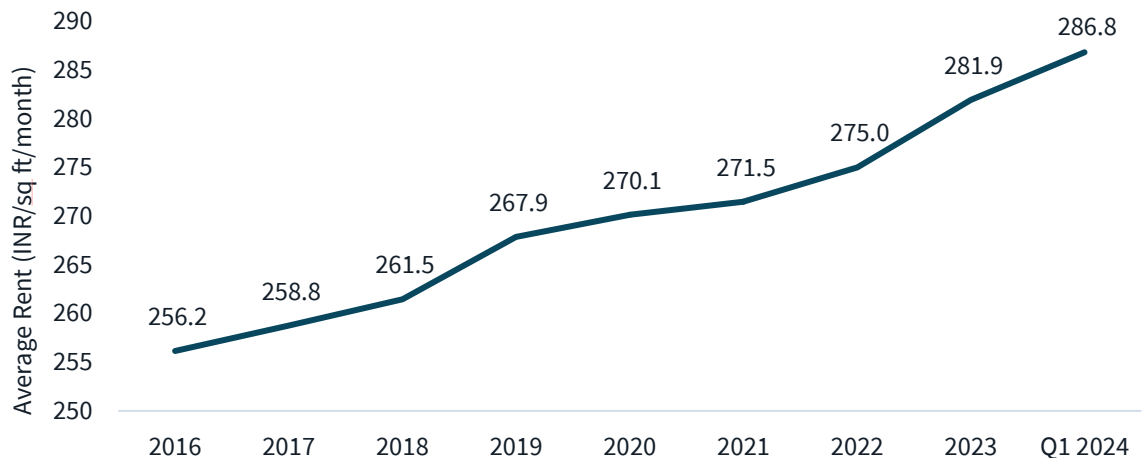
### Supply

No new projects were completed during the quarter; hence, the stock remained at 10.2 million sq ft, representing 8% of total city commercial Grade A space.

### Vacancy

Positive net absorption with no addition to the stock resulted in a 20 bps fall in vacancy rate to 7.0% in Q1 2024. Prominent projects such as Maker Maxity and Godrej BKC are operating with less than 5% vacancy levels, while One BKC is operating at an occupancy of 85-90%.

### Rents



**Source:** Real Estate Market Research & Analysis; JLL, 31st March 2024

*Note: Mindspace REIT micro markets, 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.*

BKC & Annex commands premium rents as it offers the city's best-quality office buildings, with the average rent of BKC & Annex at INR 286.8 per sq ft per month. Recently BKC has become one of the most expensive business submarkets in the country. The lease transactions in the BKC & Annex micro market are recorded in the range of INR 260 – 300 per sq. ft per month. The lease transactions in BKC where the Project is located are in the range of INR 285 to 295 per sq. ft per month.

### **Prominent Lease Transactions within the Micro-Market**

Below are some of the lease transactions witnessed in the micro-market

**Table 6.1: Major Lease Transactions in the Micro-Market of the Project**

Sl. No.	Occupier	Project Name	Location	Area Leased (sq. ft.)	Lease Rental Range (INR per sq. ft. per month)	Transaction Quarter & Year
1	Nayara Energy Limited	Phase 2, Godrej BKC	BKC & Annex	9,544	335	Q1 2024
2	SMFG India Credit Company	Adani Inspire	BKC & Annex	8,441	218	Q1 2024
3	Sureka Energy Limited	Windsor	BKC & Annex	9,032	208	Q1 2024
4	Adani Enterprises	Adani Inspire	BKC & Annex	36,648	240	Q1 2024
5	Tepei Economic & Cultural Centre in Mumbai	Platina	BKC & Annex	14,984	300	Q1 2024
6	Mastercard India Services Private Limited	Maker Maxity	BKC & Annex	10,688	600	Q1 2024
7	BHIVE Workspace	Adani Inspire	BKC & Annex	62,188	205	Q1 2024

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

BKC & Annex commands premium rents as it offers the city's best-quality office buildings, with the average rent of BKC & Annex at INR 286.8 per sq ft per month. Recently BKC has become one of the most expensive business submarkets in the country.

### **Investment Activities within the Micro-Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc.

### **Investment Activities within India**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

#### **List of transactions / deals in major cities recent past**

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC & Annex	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Outskirts	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Infocity	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Infocity	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 - 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - 8,700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90-8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram-Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) +1,600,000 (UC)+2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Source: Real Estate Market Research & Analysis; JLL, March 2024

**The Square BKC** is one of the known commercial developments in BKC & Annex Micro-Market at BKC in Mumbai City. The Project is a part of Mindspace Business Parks REIT (Mindspace REIT) portfolio. The location has excellent connectivity to residential locations and social infrastructure too.

The project offers Grade A space spread across one blocks with good amenities and facilities. The project is a preferred commercial development in this micro-market due to the quality of buildings, ease of connectivity and nature of campus development. Considering the past transactions in the city and Project attributes in terms of size, occupancy profile, micro market trend etc. the cap rate is arrived for the Project.

The Cap Rate applied to arrive at the terminal value of the property is 7.75%.

### **Outlook**

Limited supply in BKC & Annex is likely to drive rents upwards marginally in the near term as well. Moreover, domestic and foreign investors remain attracted to the BKC submarket for its investment opportunities, given its superior-quality office buildings, proximity to the airport, and good connectivity with the rest of the city.

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial/ office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub/above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market/marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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, tenancy agreements were reviewed.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

### 7.2 CASH FLOW PROJECTIONS

The cash flows for the Project has been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction / future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant / under-construction / future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimation of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table below:

**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### 7.3 ABSORPTION/ LEASING VELOCITY AND OCCUPANCY PROFILE

Occupancy profile of the project is as follows: -

- ~100% of the space is taken by BFSI sector. (Single tenant - IDFC First Bank Limited)

### 7.4 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and/or inputs used in the cash flow configuration used for providing Valuation of the Project.

**Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Blocks**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Refer Table 5.4	As per the information provided by the Client
Leased Area	Refer Table 5.4	As per the information provided by the Client
Vacant Area / Vacancy	Nil	As per the information provided by the Client

Parameters	Assumptions / Inputs	Remarks / Basis
Vacant Area / Vacancy Allowance	Nil	As per the information provided by the Client
Vacant Area / Vacancy Allowance	2%	As per market benchmarks for large scale Grade A office projects. .
Area to be Leased	Nil	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the market
Rent Free Period for New Leases	3 months	As prevalent in the market
No. of Car Parking Spaces Leased	<b>2 levels of basement parking's</b>	As per the information provided by the Client
Construction Related Assumptions		
Approx. Construction Cost to be incurred	INR 17 mn.	As per the information provided by the Client
Estimated Completion Date for Incurring the Expenditure	Q3 FY25	As per the information provided by the Client
Estimates of already carried out major repairs	INR 274 mn.	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases, i.e., 4.5% every year	As prevalent in the market it is observed that lease agreements are primarily at 4.5% rent escalations every year.
Market / Marginal Rent - Office for FY25	c. INR 289 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 280 – 295 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 290 - 305 per sq. ft. per month. Please refer Table 6.1 Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent - Amenities	Not Applicable	
Market Rent - Car Parking Space	Not Applicable	
Market / Marginal Rent - Food Court	Not Applicable	
Market / Marginal Rent - Kiosk	Not Applicable	

Parameters	Assumptions / Inputs	Remarks / Basis
Market / Marginal Rent - Terrace	Not Applicable	
Other Income	Nil	
Market Rent Growth from FY26	5.0% per annum (FY26 onwards)	As prevalent in the market
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	60%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received 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 60.0% or actual, whichever is lower
Maintenance Services Income / CAM Income for FY25	INR 14.38 per sq. ft. per month	The CAM income in the Project is in-line with market trend and is as provided by Client
Operating Cost Assumptions		
Brokerage - New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2 months receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	INR 11.70 per sq. ft. per month	As shared by client and as prevalent in the market
Property Tax for FY25	INR 6.9 per sq. ft. per month	As shared by client and as prevalent in the market
Insurance for FY25	INR 0.8 per sq. ft. per month	As shared by client and as prevalent in the market
Cost Escalation	3% per Annum	As prevalent in the market.
CAM Escalation (Income + Expense)	5% per Annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1% of Terminal Value	As prevalent in the market
Other Operating Expenses	2% of Base Rent + Car Parking Charges if any	As prevalent in the market
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income if any)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report.
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 7.75% (post yield shrinkage).	Refer Section 3.2 of this report



Parameters	Assumptions / Inputs	Remarks / Basis
	Capitalized based on the net cash flow of the 11 <sup>th</sup> year	
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

## 7.5 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is estimated to be as follows:

**Table 7.3: Market Value of the Project**

Component	Leasable Area (sq. ft.)	Market Value (INR Million)	Percentage Share
Commercial / Office Space incl. Amenities - Completed	146,350	4,917.40	100%

Note: The above-mentioned value includes proportionate undivided ownership in the Amenities, Utility Areas and Internal Roads and total open spaces of the Entire Campus

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project comprising total leasable area of 146,350 sq. ft. of Project, The Square located in BKC, Mumbai, Maharashtra, India is estimated to be **INR 4,917.40 million (INR Four Billion Nine Hundred Seventeen Million Four Hundred Thousand Only)**.

**Table 7.4: Ready Reckoner Rate of the Project**

Component	Ready Reckoner Rate (INR per sq.m)
Commercial (Built-Up Area)	345,060
Land Area (Open Plot)	161,070

Note: The mentioned ASR value is as on 31<sup>st</sup> March 2024

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



**Name:** Sachin Gulaty FRICS FIV FIIA,

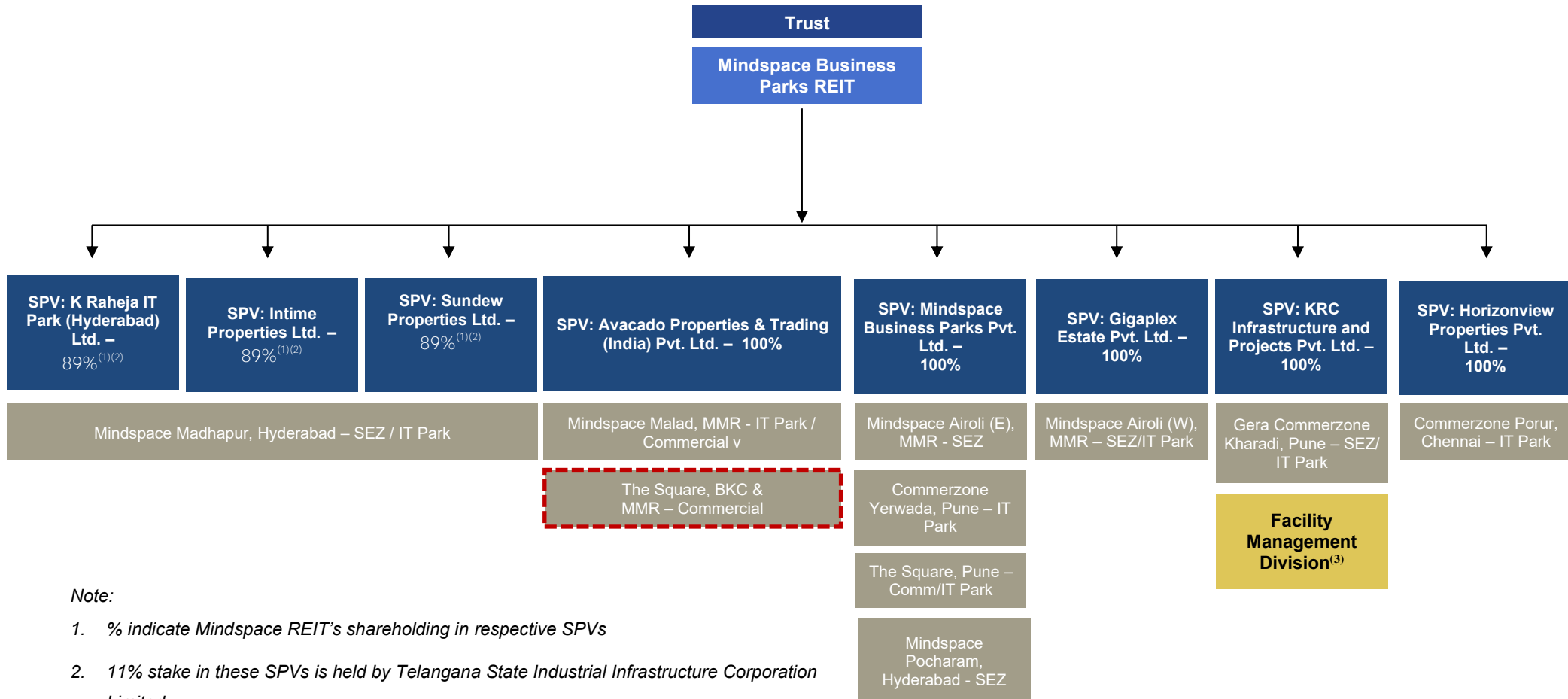
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

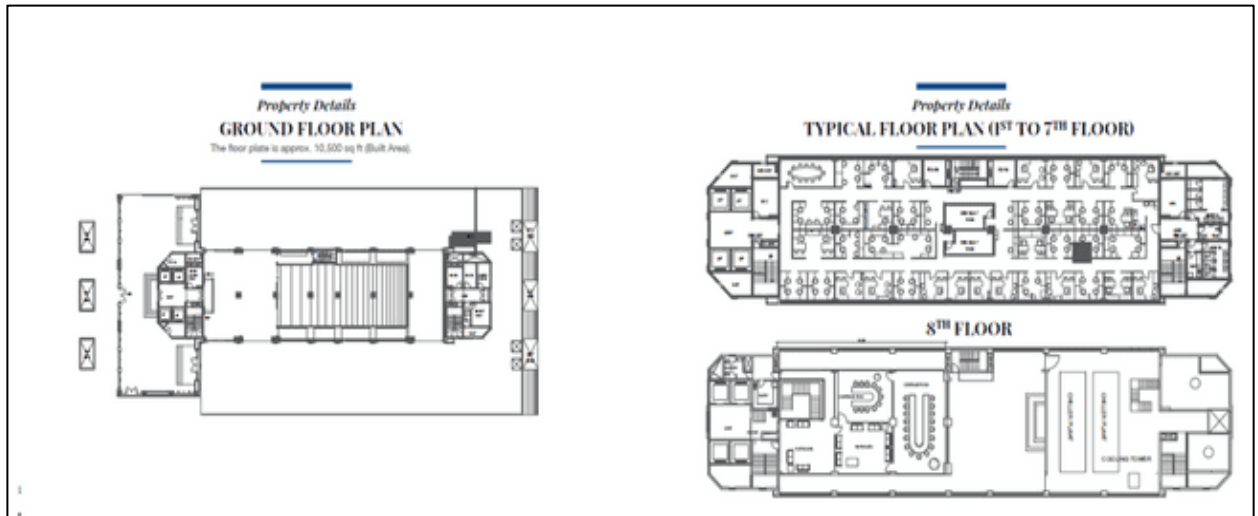
## Annexure - 1 Ownership Structure of the Project



**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 Layout Plan of the Project



Source: Client 31<sup>st</sup> March 2024

### Annexure - 3

## Statement of Key Assets within the Project

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 /Make	No/ Make	2- Mitsubishi, 1-Otis
No of DG / Capacity	No. / KVA	2 x 1010
No of Transformers / Capacity	No./ KVA	NA
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

Source: Client 31<sup>st</sup> March 2024

## **Annexure - 4**

### **Approvals and NOCs Received for the Project**

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#### **Approvals Received**

- Full Occupancy Certificates
- Height Clearance NOC from AAI
- One-time Fire NOC and
- Form B

#### **Approvals Pending**

- Completion certificate for addition/alteration work awaited

## Annexure - 5 Ready Reckoner Rate Applicable for the Project

ASR Value as on 31<sup>st</sup> March 2024

Annual Statement of Rates							
Year	20232024						
Selected District	Mumbai (suburb)						
Select Village	Kolekalyan (Andheri)						
Search By	<input checked="" type="radio"/> Survey no <input type="radio"/> Location						
Enter Survey No	4207						Search
subdivision	open land	Residential Flats	Office	shops	Industrial	Unit (Rs./)	Attribute
31/173A-G Block in Bandra Kurla Complex and adjoining properties.	161070	300060	345060	403300	300250	square meters	CTS No

Source: IGR Maharashtra

## Annexure - 6 Cash Flow Profile

Table 7.5: Discounted Cash Flow (INR Mn)

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	17.00	-	-	-	-	-	-	-	-	-	-
	Leasable Area	146,350.00											
	Overall occupancy - Existing Leases		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	66.94%	0.00%	0.00%	0.00%
	Overall occupancy - Leases Moved to Market		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	33.06%	100.00%	100.00%	100.00%
	Overall occupancy - of the Project		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Vacancy Allowance		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%
A	Base Rental		421.49	421.49	435.54	463.64	463.64	479.09	510.00	428.67	551.59	576.42	602.36
B	Car Parking Income		-	-	-	-	-	-	-	-	-	-	-
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		421.49	421.49	435.54	463.64	463.64	479.09	510.00	428.67	551.59	576.42	602.36
E	Maintenance services income		25.25	26.52	27.84	29.23	30.70	32.23	33.84	35.18	36.57	38.39	40.31
F	Other Operating Income		-	-	-	-	-	-	-	-	-	-	-
G	Revenue from Operations		446.74	448.00	463.38	492.87	494.33	511.32	543.84	463.85	588.16	614.81	642.67
	Direct Operating Expenses												
H	Maintenance services Expenses		20.55	21.57	22.65	23.79	24.98	26.22	27.54	28.91	30.36	31.88	33.47



I	Property Tax		12.14	12.50	12.87	13.26	13.66	14.07	14.49	14.92	15.37	15.83	16.31
J	Insurance Premium		1.32	1.36	1.40	1.44	1.49	1.53	1.58	1.62	1.67	1.72	1.78
K	Net Operating Income (NOI)		400.21	400.05	413.93	441.86	441.69	456.97	500.24	418.38	540.76	565.38	591.11
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	7,551.01	-
	Indirect Operating Expenses												
L	Brokerage Fees		-	-	-	-	-	-	-	92.43	-	-	-
M	Property Management Fee		14.75	14.75	15.24	16.23	16.23	16.77	17.85	15.00	19.31	20.17	21.08
N	Other operational expenses		8.43	8.43	8.71	9.27	9.27	9.58	10.20	8.57	11.03	11.53	12.05
O	Net Cashflows	-	360.03	376.86	389.97	416.36	416.19	430.62	472.19	302.37	510.42	8,084.69	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

## Annexure - 7 Material Litigations

There are no material litigations, pending criminal matters, material civil/commercial litigation against the property.

**Table 7.6: Summary of Pending Tax Litigation at the SPV level**

ASSESSMENT YEAR	SIGNIFICANT ISSUE IN DISPUTE	AUTHORITY - RAISING ISSUE	AUTHORITY - PASSING ORDER	APPEAL PREFERRED BY	AUTHORITY - ISSUE PENDING BEFORE	NEXT DATE OF HEARING IF APPLICABLE	EXPOSURE - TAX, INTEREST AND PENALTY
AVACADO							
2013-14	Disallowance under section 14A	Assessing Officer	CIT(A)	Company	ITAT	Not available	17,266,022
2015-16	Disallowance under section 14A	Assessing Officer	ITAT	Company	High Court	Not available	14,415,952
2016-17	Disallowance under section 14A	Assessing Officer	ITAT	Company	High Court	Not available	16,143,856

Note: Direct tax litigations are at the SPV level.

**Table 7.7: Indirect Tax Litigation**

SR. NO	ENTITY	PARK	TAX TYPE	AUTHORITY PENDING	TAX DEMAND (IN 'MN)	INTEREST (QUANTIFIED)	PENALTY (QUANTIFIED)	ISSUE IN BRIEF	PERIOD	INTEREST	PENALTY
1	Avacado Properties & Trading (India) Pvt Ltd	The Square BKC	Service Tax	CESTAT	5.56	-	-	Service tax on renting of immovable property services	April 2008 to March 2011	as applicable	Waived in OIO
2	Avacado Properties & Trading (India) Pvt Ltd	The Square BKC	Service Tax	Reply to SCN filed with Additional Commissioner, Service Tax	0.93	-	-	Service tax on renting of immovable property services	April 2011 to September 2011	as applicable	

## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (formerly known as 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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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

Maharashtra, India

Submitted To:

K. Raheja Corp. Investment Managers Private  
Limited (formerly known as K Raheja Corp  
Investment Managers LLP)

(acting as Manager to Mindspace Business Parks REIT)

Date of Valuation:

31-Mar-2024

Date of Report:

24-Apr-2024



Prepared By:

**KZEN VALTECH PRIVATE LIMITED**

**IBBI/RV-E/05/2022/164**

## EXECUTIVE SUMMARY

Property Name	Commerzone IT Park, Yerwada, Pune, Maharashtra, India
Property Address	Commerzone Yerwada, Samrat Ashok Path, Commerzone IT Park, Yerwada, Pune, Maharashtra 411006.
Land Area	~25.7 Acres
Brief Description	<p>The property is located in the northeastern part, in the Secondary Business District East micro market of Pune City along the Jail Road. It is located at a distance of about 6.5 km from the Phoenix Market City and about 700 m. from Alandi Road, which further connects to Pune Ahmednagar Highway.</p> <p>The property is a Grade-A IT park and is developed as commercial / office space comprises of 1,681,127 sq. ft of leasable area under six (6) IT Buildings (B1, B4 B5, B6, B7, &amp; B8) and an Amenity Building. The property has good frontage along the access road and has 3 entrances. One of the entrances is only dedicated to Building B8.</p> <p>The property is surrounded by mixed-use development comprising residential, retail, and commercial developments.</p>

Asset Details Leasable area details as shared by the Client is given below:

Sl. No.	Building Name	Leasable Area (sq. ft.)
1.	Building 1	43,200
2.	Building 4	210,199
3.	Building 5	371,399
4.	Building 6	179,269
5.	Building 7	373,358
6.	Building 8	424,181
7.	Amenity	79,521
	Total Leasable Area	1,681,127

Based on the site inspection, all blocks are operational. There are no under-construction buildings within the property.

Location Map



Key Assumptions

The table below summarizes key valuation assumptions used in the estimate

Particulars	Description					
Asset Specific Information						
Nature of Asset	Commercial / Office with Amenities					
Current Status	Completed and Operational					
Total Leasable Area	1,681,127					
Asset Details	Sl. No.	Building Name	Leasable Area (Sq.ft)	Usage Type	Status	Age of the Building
	1.	Building 1	43,200	Non SEZ IT	Completed	~ 15 years
	2.	Building 4	210,199	Non SEZ IT	Completed	~ 14 years 8 months
	3.	Building 5	371,399	Non SEZ IT	Completed	~ 10 years 2 months
	4.	Building 6	179,269	Non SEZ IT	Completed	~ 14 years 10 months
	5.	Building 7	373,358	Non SEZ IT	Completed	~ 14 years 2 months

	6.	Building 8	424,181	Non – SEZ IT	Completed	~ 8 years 11 months
	7.	Amenity	79,521	Non – SEZ IT	Completed	~ 10 years 6 months
	<p>In addition to the above, the undivided rights, title and interest in the following assets are also part of the Project.</p> <ul style="list-style-type: none"> <li>• Total Amenity Plot and the premises on which the Amenity Building is situated</li> <li>• Total utility areas and internal roads</li> <li>• Total open spaces</li> </ul>					
Revenue Assumptions						
In-Place Rent	INR 74.7 per sq. ft. per Month					
Market / Marginal Rent	INR 77.5 per sq. ft. per Month					
Parking Rent	INR 2,363 per CPS per Month					
Financial Assumptions						
Exit Cap Rate	8.00%					
Discount Rate / WACC	11.75%					

Market Value For Completed Project - INR 18,258.57 million (INR Eighteen Billion Two Hundred Fifty Eight Million Five Hundred and Seventy Thousand Only)



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## **LIST OF ABBREVIATIONS**

CBD	Central Business District
CY	Current Year
INR	Indian National Rupees
IT/ITES	Information Technology/IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
km	Kilo-metre
NH	National Highway
PBD	Peripheral Business District
REIT	Real Estate Investment Trust
RICS	Royal Institution of Chartered Surveyors
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft.	square feet
sq. m.	square metre
WACC	Weighted Average Cost of Capital

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.

# 1 INTRODUCTION

---

## 1.1 INSTRUCTIONS

K Raheja Corp. Investment Managers Private Limited (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project named **Commerzone (Building 1, 4, 5, 6, 7, 8 and Amenity)** located in **Yerwada, Pune**, Maharashtra, India (hereinafter referred to as the 'Project').

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldeep Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHAI, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## 1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## 1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, Limitations and Disclosures) detailed after this section 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 Project 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.

## **1.7 INSPECTION OF THE PROJECT**

The Project was inspected on 26 March 2024 by the Valuer in the presence of Client-nominated representative 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.

## **1.8 GENERAL COMMENT**

A valuation is an estimation 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 Project 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.

## **1.9 CONFIDENTIALITY**

The contents of this Valuation 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.

## **1.10 AUTHORITY**

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## **1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search,, and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls with any government departments/authorities, among other aspects. , etc.

## **1.12 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.

## **1.13 ANTI-BRIBERY AND ANTI-CORRUPTION**

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data/information provided by the Client and estimate has limited coverage wherever full data/information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and/or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and/or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.
10.	Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried



		out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11.	Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12.	Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13.	Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14.	Disclaimer	<p>The estimate of Market Value is based on documents/information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different approaches and methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately.

The table below presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl. No.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This method is <b>sometimes referred to as 'Rent Roll method as well.</b>

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved (completed & operational commercial / office space, the value is estimated using the '**Discounted Cash Flow Method**' (basis term and rent reversion) under '**Income Approach**'.

## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Options or Rights of Pre-emption and any other encumbrances concerning or affecting the property
  - Revenue pendency if any
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5%-11.5% to about 7.5%-8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted a exit cap rate of 8.00% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective 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.

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the Project Site against similar portfolios/properties in the market. For discounting the cash flows, an appropriate discount rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the project. The derived discount rate was found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

Property Name	Commerzone IT Park, Yerwada, Pune, Maharashtra, India																												
Property Address	Commerzone Yerwada, Samrat Ashok Path, Commerzone IT Park, Yerwada, Pune, Maharashtra 411006.																												
Land Area	~25.7 Acres																												
Brief Description	<p>The property is located in the north-eastern part, in the Secondary Business District East micro market of Pune City along the Jail Road. It is located at a distance of about 6.5 km from the Phoenix Market City and about 700 m. from Alandi Road, which further connects to Pune Ahmednagar Highway.</p> <p>The property is developed as commercial / office under six (6) IT Buildings (B1, B4, B5, B6, B7, &amp; B8) and an Amenity Building. The property has good frontage along the access road and has 3 entrances. One of the entrances is only dedicated to Building B8.</p> <p>The property is surrounded by mixed use development comprising residential, retail, and commercial developments.</p>																												
Valuation Methods	<p>The estimate of Market Value is prepared using following methods:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Asset Type</th> <th>Methodology Adopted</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Completed Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> </tbody> </table>		Sl. No.	Asset Type	Methodology Adopted	1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion																					
Sl. No.	Asset Type	Methodology Adopted																											
1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion																											
Nature of the Interest by the Client	100% freehold interest in the Project as informed by the Client																												
Purchase Price of the Project	INR 16,656 million, as given by the Client																												
Historical Valuation of the Project in 3 Previous Years	<p>Below table summarizes historical valuation of the Project as given by the Client:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Date of Valuation</th> <th>Market Value (INR Mn)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>30-Sep-2023</td> <td>19,102</td> </tr> <tr> <td>2.</td> <td>31-Mar-2023</td> <td>19,389</td> </tr> <tr> <td>3.</td> <td>30-Sep-2022</td> <td>19,642</td> </tr> <tr> <td>4.</td> <td>31-Mar-2022</td> <td>19,814</td> </tr> <tr> <td>5.</td> <td>30-Sep-2021</td> <td>19,848</td> </tr> <tr> <td>6.</td> <td>31-Mar-2021</td> <td>19,606</td> </tr> <tr> <td>7.</td> <td>30-Sep-2020</td> <td>19,050</td> </tr> <tr> <td>8.</td> <td>31-Mar-2020</td> <td>19,100</td> </tr> </tbody> </table>		Sl. No.	Date of Valuation	Market Value (INR Mn)	1.	30-Sep-2023	19,102	2.	31-Mar-2023	19,389	3.	30-Sep-2022	19,642	4.	31-Mar-2022	19,814	5.	30-Sep-2021	19,848	6.	31-Mar-2021	19,606	7.	30-Sep-2020	19,050	8.	31-Mar-2020	19,100
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8.	31-Mar-2020	19,100																											
Ready Reckoner Rate	<p>Built-up Area (Office) – INR 112,770 per sq mt</p> <p>Land Area - INR 29,510 per sq mt</p>																												
Date of Valuation	31-Mar-2024																												

Date of Inspection	26-Mar-2024
Market Value as on 31-Mar-2024	For Completed Project - INR 18,258.57 Mn (INR Eighteen Billion Two Hundred Fifty Eight Million Five Hundred and Seventy Thousand Only)
Matters Affecting the Property and its Value	Please refer to Chapter 7 of this Valuation Report
Assumptions, Disclaimers, Limitations and Qualifications	This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance on this report and extension of <b>Valuer's</b> liability is conditional upon the <b>reader's acknowledgement and understanding of these</b> statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project
Prepared by	KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164) Represented through its Director Mr. Sachin Gulaty FRICS FIV FIIA IBBI/RV/02/2021/14284



**Name:** Sachin Gulaty FRICS FIV FIIA

**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND/OR PROJECT

The table below presents details of the Project Site and/or Project

Table 5.1: Details of the Project Site and/or Project

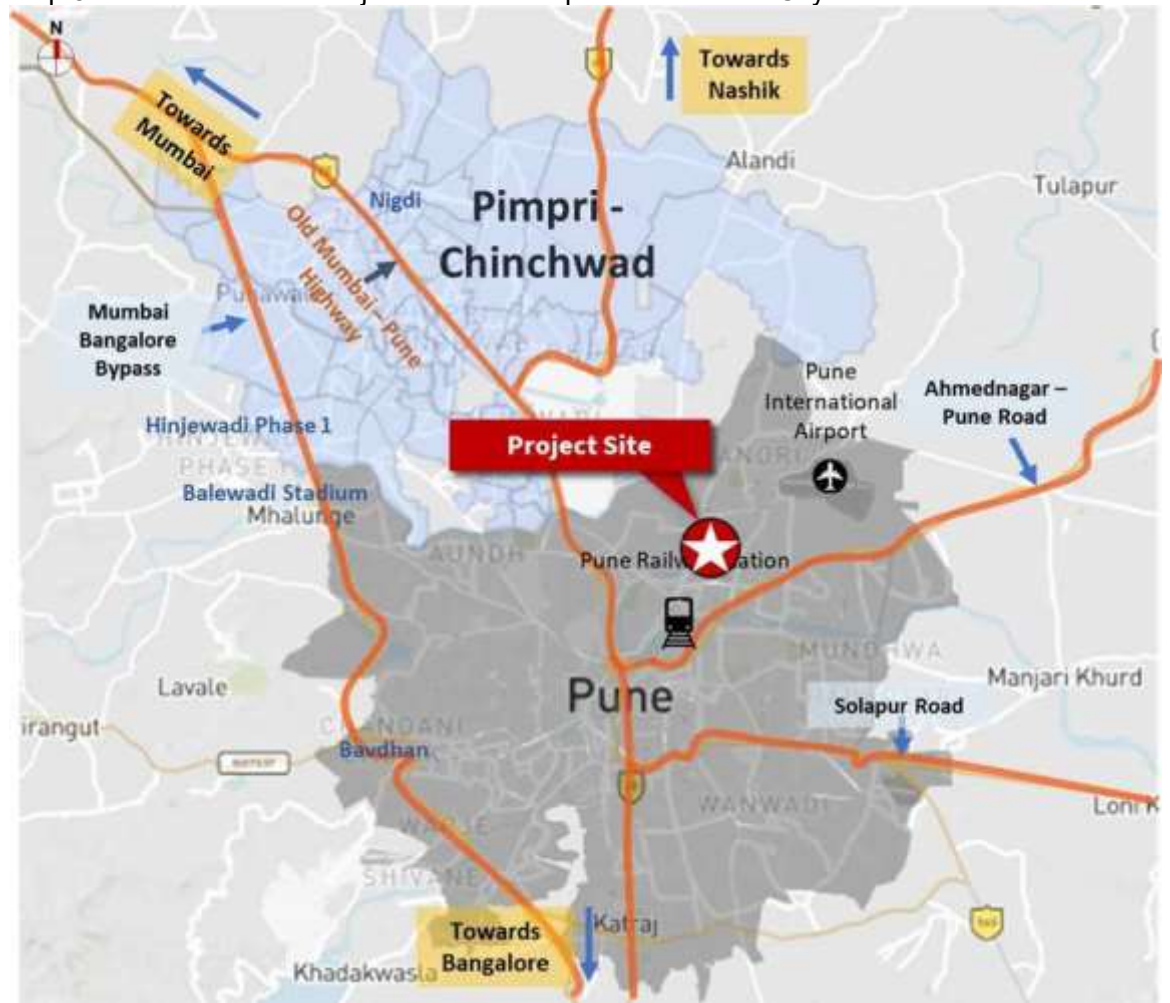
DETAILS OF PROPERTY	
Property Name	Commerzone IT Park, Yerwada, Pune, Maharashtra, India
Property Address	Commerzone Yerwada, Samrat Ashok Path, Commerzone IT Park, Yerwada, Pune, Maharashtra 411006.
Land Area	~25.7 Acres
Block-Wise Break-Up of Leasable Area and Current Status	Block wise Leasable area details are mentioned above in Executive summary.
Access	Accessible through approx. 18 m. wide Jail Road and 20 m. wide Internal Road
Frontage	Approximately 150 m. frontage along Jail Road Yerwada
Shape and Visibility	Regular in shape. Relatively flat terrain. Excellent visibility from Jail Road Yerwada
Approval Status	Project has requisite approvals in place as confirmed by the Client.
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The Project is located in the northeastern part, Secondary Business District (SBD) East micro market of the city along the Jail Road. It is located at a distance of about 6.5 km from the Phoenix Market City and about 700 m from Alandi Road, which further connects to Pune Ahmednagar Highway. The map on the following page presents the location of the Project with respect to the city.



Map 5.1: Location of the Project Site with respect to the Pune City



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The distance of the Project from major landmarks in the city is given in the table below.

Table 5.2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Pune Railway Station	6.0
Pune International Airport	5.0
Viman Nagar Chowk	5.0
Phoenix Market city	6.5
Shivaji Nagar	10.0
Pune University	10.0

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The Project is developed as commercial / office space along Jail Road in Yerwada. The Project is surrounded by mixed use development comprising residential, retail, and commercial asset classes. The Project is spread across 25.7 acres of land. The Project has good frontage along the access road and has 3 entrances and has a relatively flat topography with no significant variations in the height of the land. The map on the following page presents location of the Project and its surroundings.

Map 5.2: Location of Project and its Surrounding Developments

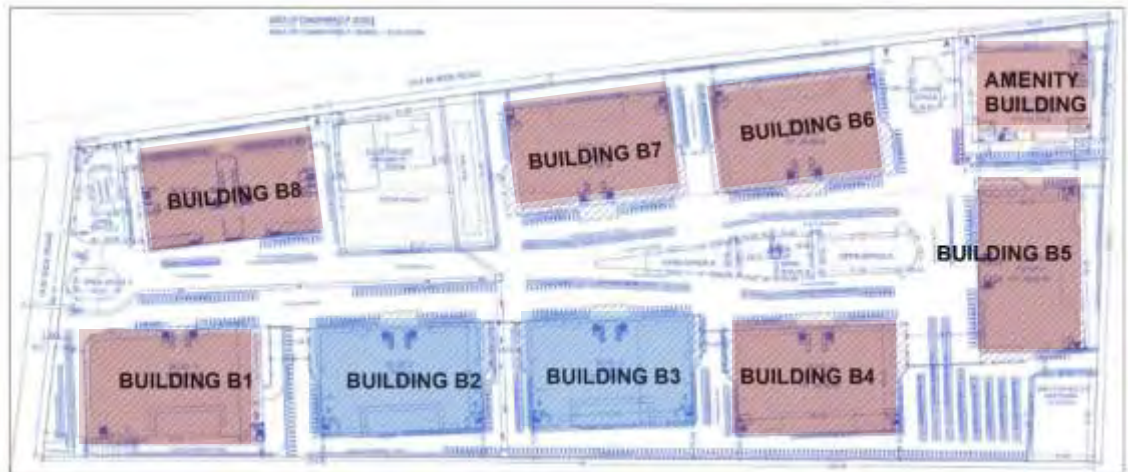


Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project has good accessibility due to its location along the Jail Road and Internal Road and vicinity to Pune Ahmednagar Highway. Existing Metro Aqua Line and BRTS Corridor enhances the connectivity of Project with other parts of the city and reduces the travel time.

The map below presents the conceptual Layout Plan of the Project as shared by the Client.

Map 5.3: Conceptual Layout Plan for the Project



Source: Client, 31<sup>st</sup> March 2024

Note: Buildings marked in Red are considered for valuation in this report.

The table below presents the boundary/edge conditions of the Project Site.

**Table 5.3: Project Site and its Site Boundaries**

North	Jail Road
South	Vacant Land
West	Vacant Land
East	Internal Road

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project Site is predominantly surrounded by commercial, residential and hospitality developments in the vicinity. Grade A commercial / office developments and premium residential developments are also present in the micro-market.

## 5.4 DESCRIPTION OF THE PROJECT

The table below presents key asset specific information.

**Table 5.4: Key Asset Specific Information of the Project**

Particulars	Description
Name of the Entity	Mindspace Business Parks Private Limited
Interest owned by Mindspace REIT	Project is wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1/</sup>
Land Extent of Project	~25.7 acres
Asset Type	IT Park with Non-SEZ buildings
Sub-Market	SBD East
Approved and Existing Usage	IT Offices
Current Status	100% Complete and Operational
Approvals Status	Project has requisite approvals in place as confirmed by the Client.
Freehold/Leasehold	The underlying land is taken on freehold basis
Leasable Area	1.68 million sq. ft.
Occupied Area	1.58 million sq. ft.
Committed Area	1.64 million sq. ft.
Occupancy <sup>3/</sup>	94.0%
Committed Occupancy <sup>4/</sup>	97.6%
Number of Tenants	24

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Client has obtained occupation certificate for entire leasable area measuring 1.68 million sq. ft.

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupiers

## 5.5 PROJECT INSPECTION






The Project is part of a larger campus spread across six (6) IT Buildings (B1, B4, B5, B6, B7, & B8) and an Amenity Building. All building blocks are completed & operational and are non-SEZ buildings, as on the date of inspection by the Valuer. The Project was inspected by the Valuer on 26 March 2024.



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.

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 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.

Some of the photographs of the Project and surroundings are given below.

	
External Views of Buildings	External Views of Buildings
	
View of Internal Lobby Space	View of Parking space
	
View of Services	View of Services
	
View of Internal Pathways	View of Open Space in Campus



## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### Developable Area of the Project

The total site area of the project is ~25.7 Acres with total leasable area of 1.68 Mn sq ft under 6 Buildings and 1 Amenity Building out of 8 Buildings in total.

### Site Services and Finishes

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

The exterior of the buildings

### Condition and Repairs

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in any of the operational buildings.

Below mentioned properties are undergoing upgradation / further development the budget and cost incurred details for the same are as follows:

The Project has approx. 1.68 mn sq. ft leasable area under six IT buildings and 1 Amenity Building and is fully completed and operational. Thus, no pending cost to complete is factored as of date of valuation for the Project. However, there is upgrade CAPEX to the tune of approx. INR 1,415 million which shall be completed by Q3 FY27.

### Environmental Considerations

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project 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 Project is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Project 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 Project, which may expose it for any induced disaster.

The Project is located at a relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and perennial water logging.

### **Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

### **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 Project 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.

### **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 to the Valuer (which are specified in Annexure 7), relating to the Project or any compounding charges.

## **5.7 TENANCY ANALYSIS**

### **Tenant Profile of Top 10 Tenants**

As on 31<sup>st</sup> March 2024, Project Site has 24 tenants (for office space) which include companies like Nvidia, UBS(India), Schlumberger, TCS, BNY Mellon etc. The Project Site's top 10 tenants account for ~89% of the Gross Rental income.

The top 10 Tenants as per Leasable areas is listed below: -

**Table 5.5: Top 10 Tenants as per Leasable areas\***

Sl. No.	Tenant	Leasable Area (Sq Ft)
1	Nvidia Graphics Pvt. Ltd.	371,399
2	Schlumberger India Technology Centre Pvt. Ltd	255,444
3	UBS Solutions India Pvt Ltd	234,386
4	Tata Consultancy Services Ltd	184,858
5	BNY Mellon International Operations (India) Pvt. Ltd	98,497
6	Noble Foundation	79,521
7	Cencora India Technology Services Pvt. Ltd.	56,000
8	DST Worldwide Services India Pvt. Ltd. (SS&C Fintech Services India Pvt Ltd)	52,000
9	Workday India Pvt. Ltd.	42,000
10	LNW India Solutions Private Limited	42,000
	Total	1,416,106

\* Includes contracted areas for which rent may start at a future date

The top Tenants arranged as per Gross Rents are listed below:

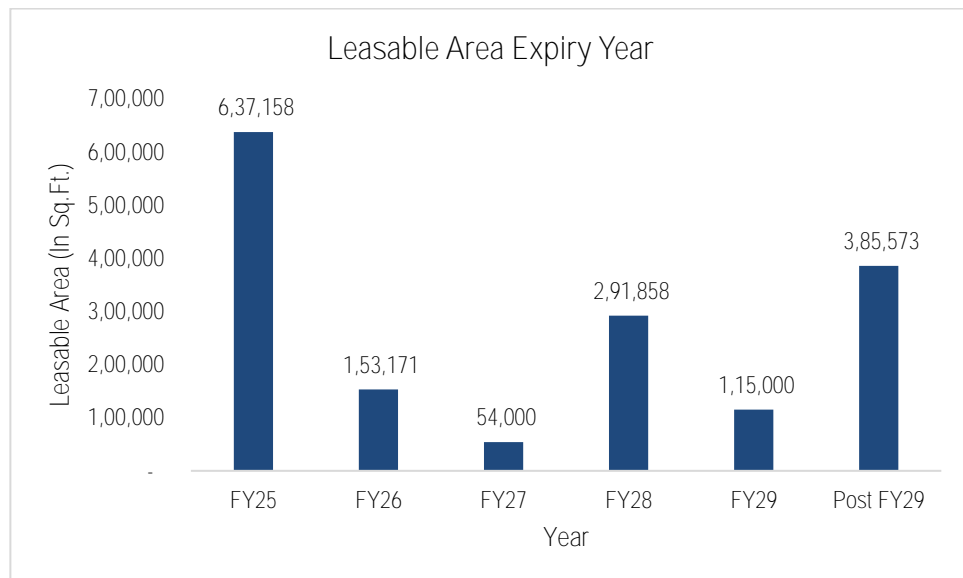
**Table 5.6: Top 10 Tenants as per Gross Rentals\***

Sl. No.	Tenant	Share of Gross Rentals
1	Schlumberger India Technology Centre Pvt. Ltd	24.90%
2	Nvidia Graphics Pvt. Ltd.	17.56%
3	UBS Business Solutions (I) Pvt. Ltd	12.53%
4	Tata Consultancy Services Ltd	10.49%
5	BNY Mellon International Operations (India) Pvt. Ltd	7.66%
6	Cencora India Technology Services Pvt. Ltd.	4.40%
7	DST Worldwide Services India Pvt. Ltd. (SS&C Fintech Services India Pvt Ltd)	3.13%
8	Workday India Pvt. Ltd.	3.06%
9	Noble Foundation	2.93%
10	KPMG	2.52%
	Total	89.1%

\* Includes contracted areas for which rent may start at a future date

### **Lease Expiry Analysis**

The WALE of the property is 3.7 years, with 79.14% of occupied area expiring between FY 2025 and FY 2029 as shown in the chart below:



### **Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 5% every year or 15% every 3 years.

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Pune is popularly known as the 'Queen of Deccan India' which has ranked within the top 20 cities globally in JLL's City Momentum Index (CMI) since 2017. Pune has now been declared as the largest city in the state of Maharashtra in terms of geographical area coverage. The city has been a major educational hub since many decades having presence of premium educational institutes in the country. Pune is also an important industrial hub having presence of prominent foreign as well as domestic automobile, automobile ancillaries and electronics manufacturers. Attractive demographics and readily available skilled workforce have attracted corporates from various sectors like IT/ITeS, manufacturing/industrial, BFSI, consulting etc. to have their set-up in the city. Other drivers like proximity to Mumbai, good connectivity through air, rail and roads, flow of Foreign Direct Investments (FDIs) have been instrumental in its growth. The city was also ranked 2nd among the top three best Indian cities (along with Hyderabad and Bengaluru) in Mercer's Quality of Living Rankings, 2023. All the above factors, in addition to large-scale urban infrastructure upgrade currently underway in Pune, have made it one of the most attractive real estate investment hubs in the state of Maharashtra after Mumbai.

### 6.3 INFRASTRUCTURE INITIATIVES

Pune is currently undergoing three major infrastructure development projects. Pune Metropolitan Region Development Authority (PMRDA), Maharashtra Metro Rail Corporation Limited (MMRC), Pune Municipal Corporation (PMC), Maharashtra State Road Development Corporation (MSRDC) and City and Industrial Development Corporation of Maharashtra (CIDCO) are involved in the development of Pune Metro Line 3, Pune Metro Line 1 and 2, Pune Ring Road and New International Airport at Purandar, respectively. Another infrastructure project – Mula Mutha Rejuvenation Project, has been passed for execution in the central part of the city.

#### **Existing Infrastructure**

Table 6.1 Existing Infrastructure in the City

Existing Project	Completion timeline	Details	Key Impact Zones
Pune International Airport	2004-05	It is a Military as well as Public airport owned by the Indian Airforce and operated by AAI.	Viman nagar, Yerwada, Kalyani nagar, Kharadi
Pune Junction	Opened: 1858, Rebuilt: 1925	One of the major junctions in Maharashtra connecting Pune to all the major cities of India.	Bund garden road, Camp, Koregaon park
Swargate bus depot	1976	Contains inter-city and intra-city transportation facilities.	Core Pune area / Peth areas
Pune - Mumbai expressway	2002	India's first 6-lane wide concrete, access-controlled tolled expressway. Distance – 94.5 km;	Bavdhan. Pashan, Baner, Balewadi, Hinjewadi, Wakad

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024



## **Upcoming Infrastructure**

**Proposed Pune Ring Road** - The proposed Outer Ring Road in Pune will be developed as an eight-lane expressway with a total length of approximately 140 km. It will be developed through a public-private partnership (PPP), and the project will be divided into two parts. The first part will be a 74.08-km stretch from Urse, located on the Yashwantrao Chavan Expressway, to Shivare on the Pune-Satara National Highway, which will be referred to as the Eastern Ring Road. The second part will be a 65.45-km stretch from Shivare to Urse, known as the Western Ring Road. Six key highways passing through the city will be linked to the proposed Ring Road, namely Pune-Bengaluru highway (NH-48), Pune-Mumbai highway (NH-48), Pune-Nashik highway (NH-60), Pune-Solapur highway (NH-65), Pune-Ahmednagar highway (NH-753F) and Pune-Saswad Palkhi Marg (NH-965). According to the proposed alignment, the Ring Road will feature eight flyovers, four bridges over railroad tracks, seven viaducts, 14 underground roads and 13 tunnels. A total of 1,900 hectares of land will be acquired from 87 villages encircling the city, with the total estimated cost of the project being INR 18,000 crore. The expected completion of the Outer Ring Road in Pune is December 2026.

**New Airport Terminal at Lohegaon and Proposed International Airport** - A new terminal of around 500,000 sq ft, next to the existing Pune International Airport terminal in Lohegaon, was inaugurated on 10th March 2024 by PM Narendra Modi through a virtual platform. After missing successive deadlines set by the Airports Authority of India (AAI), the new terminal building at Pune International Airport is now complete and open for public use. The new terminal has been integrated with the existing terminal, taking the total built-up area to 750,000 square feet, and the combined passenger handling capacity to 16 million passengers per annum. The new terminal is equipped with three gates each for departure and arrival, which aims to reduce the crowd congestion experienced in the older facility. A new airport, Chhatrapati Sambhaji Rajee International Airport, was supposed to be constructed in Purandar Taluka, but the Ministry of Defence cancelled the No Objection Certificate it issued in August 2021, and the project has been put on hold.

**Mula Mutha Rejuvenation Project** - Another infrastructure project namely Mula Mutha Rejuvenation Project, has been proposed for development. The rejuvenation project, modelled on the Sabarmati riverfront in Ahmedabad includes the development of 44 km of river stretch, including 22.2 km of Mula river, 10.4 km of Mutha river and 11.8 km of Mula-Mutha river. Work on two stretches (13 km) from Sangamwadi to Bund Garden and Bund Garden to Mundhwa bridge has been started. Also, a 300m sample stretch has been completed to showcase it to the authorities.

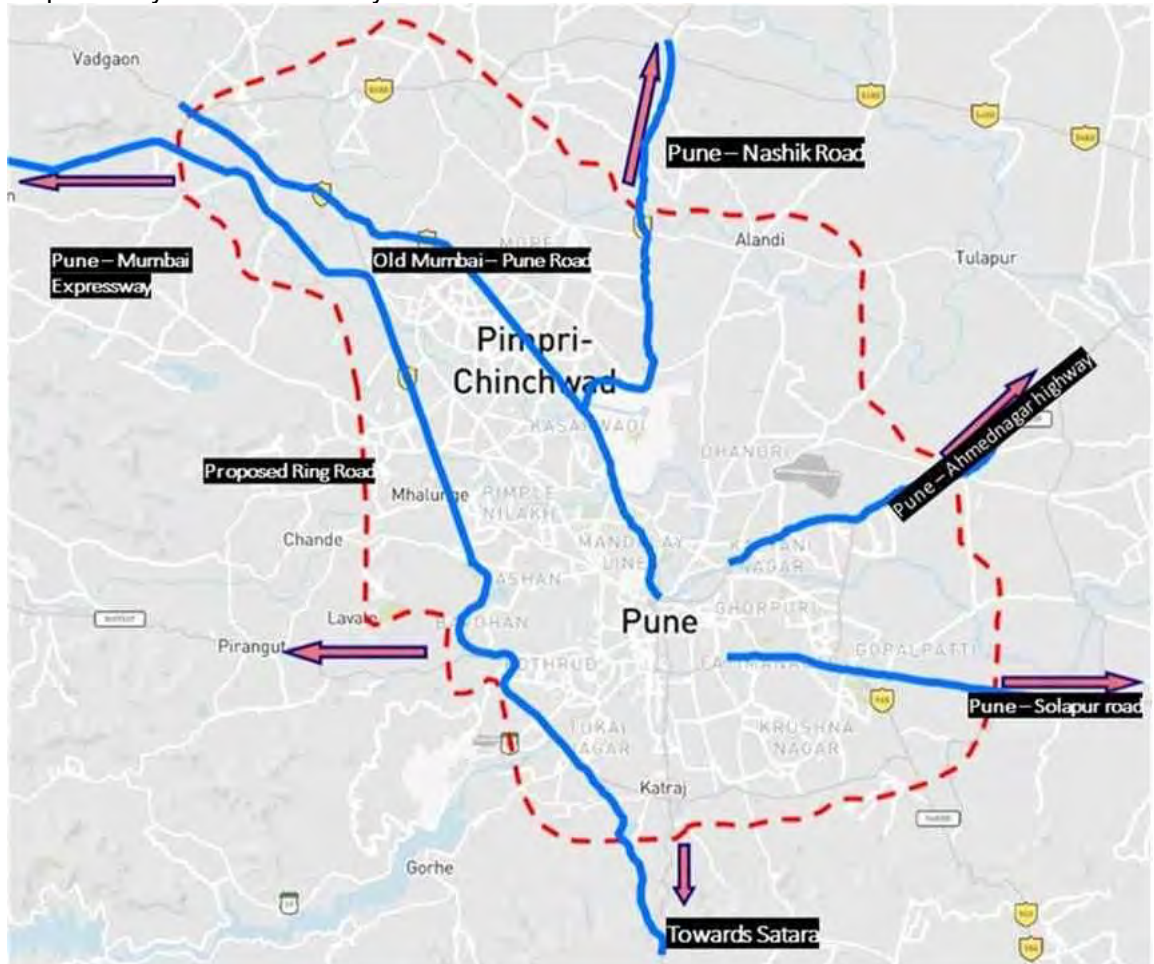
Table 6.2 Upcoming Infrastructure in the City

Upcoming Project	Completion timeline	Details	Key Impact Zones
Pune Ring Road	May 2026	Eight-lane expressway with total length of 173 km. Land acquisition work is under progress. It would be developed using a PPP model.	Talegaon Dabhade, Hinjewadi, Mahalunge, Sus, Lavale, Bhugaon, Bavdhan, Warje, Shivane, Dhayari, Kondhwa, Loni Kalbhor, Manjari, Wagholi, Alandi, Chakan
New Airport Terminal, Lohegaon	Dec 2023	The total built-up area of new terminal is 500,000 sq ft, which after integration with the old terminal will be an area of 750,000 sq ft with a total passenger handling capacity of 16 mn passengers per annum (MPPA)	Viman nagar, Yerwada, Kalyani Nagar, Kharadi, Wagholi.

Mula Mutha Rejuvenation Project	March 2025	Development of 44 km of river stretch, including 22.2 km of Mula river, 10.4 km of Mutha river and 11.8 km of Mula-Mutha river.	Sangamwadi, Bund Garden, Koregaon Park, Mundhwa, Kalyani nagar, Wadgaon sheri, Kharadi, Shivaji nagar, J.M Road, Deccan
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**Pune – Key roads in the city**

Map 6.1 Key Roads in the City



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

**Upcoming Metro Rail Lines**

Pune Metro Lines - The Pune Metro Rail has three lines under construction with a total coverage of 54.58 km. Line 1 will run from PCMC Building to Swargate, and Line 2 will run from Vanaz to Ramwadi. Both lines are being implemented by MahaMetro and the Central Government in a 50:50 joint venture. Both lines are partially operational: Line 1 is operational from PCMC Bhavan to Shivaji Nagar, and Line 2 is operational from Vanaz to Ruby Hall Clinic. The extended stretches were inaugurated on 1 August 2023. Currently, Pune Metro Line 1 is in the final stage of completion, expected to become fully operational by the end 2024. As of March 2024, the entire stretch of Pune Metro Line 2 from Vanaz to Ramwadi has become operational. Line 3, which will run from Megapolis Circle in Hinjewadi IT Park Phase 3 to Shivaji Nagar, is being constructed through a public-private partnership involving Pune Metropolitan Region Development Authority and Tata-Siemens. Construction has begun, and the route is expected to be completed by 2026–27. The proposed extension of Pune Metro Line 1 from Swargate to Katraj, which will be completely underground, has been approved by the civic body and is expected to be operational by 2027.

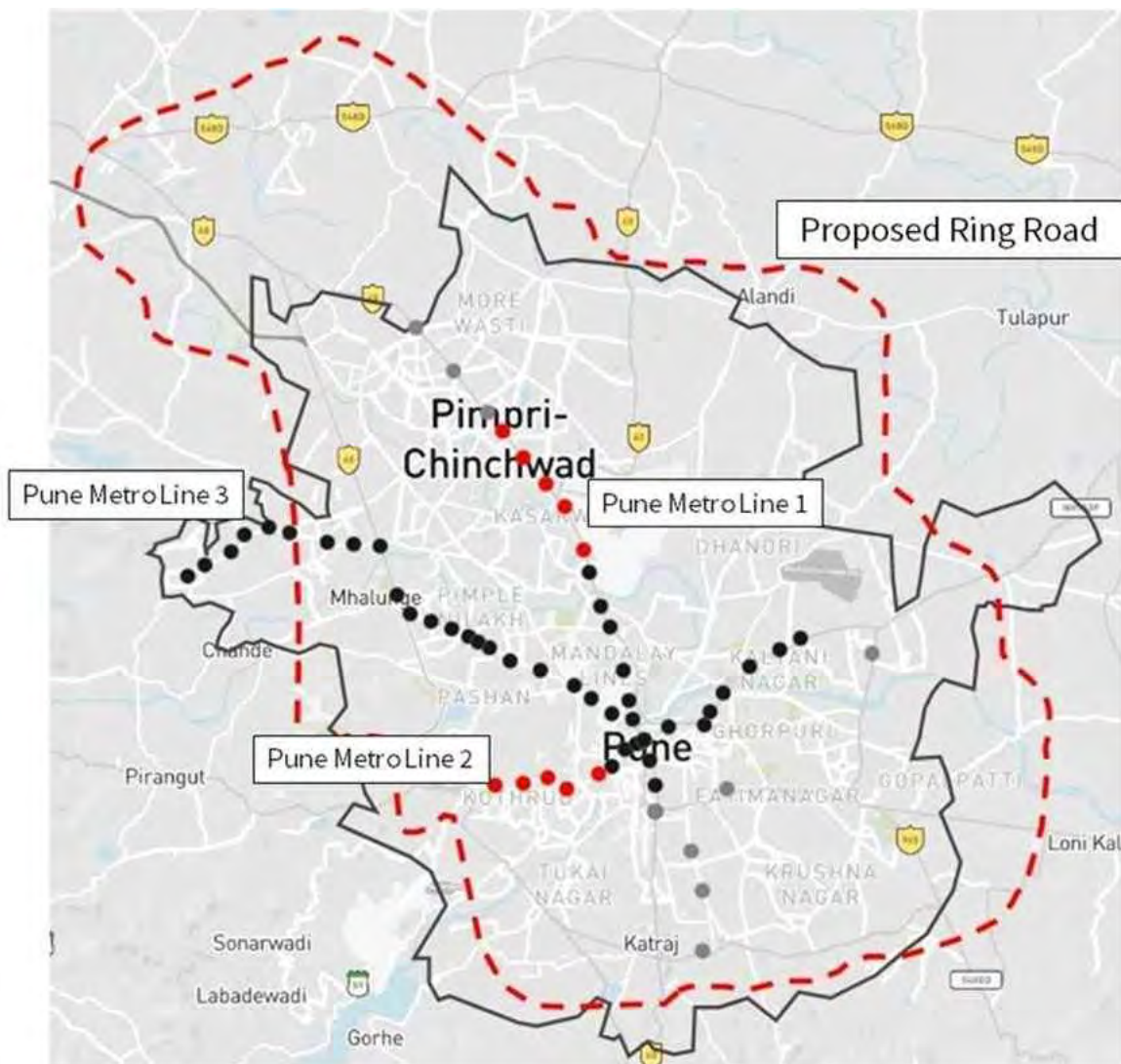
Table 6.3 Upcoming Metro in the City

Upcoming Project	Completion timeline	Details	Key Impact Zones
Pune Metro Line 1 or Purple line	PCMC Bhavan to Shivajinagar – August 2023. Entire line – 2024.	Will run from PCMC Bhavan to Swargate. Total length: 16.6 km. No. of stations: 14 out of which 9 stations are elevated and 5 stations are underground. Proposed extension: Swargate to Katraj and PCMC Bhavan to Nigdi.	Pimpri, Chinchwad, Kasarwadi, Pimple Gurav, Sanghvi, Khadki, Range Hills, Shivajinagar, Peth areas (Old Pune).
Pune Metro Line 2 or Aqua line	Entire line operational – March 2024.	Will run from Vanaz to Ramwadi. Total length – 14.7 km. No. of stations – 16 (all elevated). Proposed extension – Ramwadi to Wagholi.	Kothrud, Erandwane, Deccan Gymkhana, J.M Road, PMC Bhavan, Pune Junction, Bund Garden Road, Yerawada, Kalyani nagar, Viman nagar, Kharadi
Pune Metro Line 3 or Metropolitan line	2026-27	Will run from Megapolis circle in Hinjewadi Phase 3 to Civil court in Shivaji nagar. Total length – 23.3 km. No. of stations – 23 (all elevated)	Hinjewadi Phase 1,2,3, Wakad, Balewadi, Mahalunge, Baner, Aundh, Pune university, Ganeshkhind road, Shivajinagar.

Source: Real Estate Market Research &amp; Analysis: JLL, 31st March 2024

**Pune - Map of upcoming metro lines and proposed ring road**

Map 6.2 Map of Proposed Metro Lines and Ring Road



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

## 6.4 PUNE - OFFICE SUB MARKETS

The office sub-markets of Pune City are classified into six micro markets based on the market trend as mentioned below.

Table 6.4 Pune Commercial Micro-markets

Submarket	Locations	Map of Pune office market
CBD	Camp, Station Road, Raja Bahadur Mills Road, Dhole Patil Road, Bund Garden Road, Sangamwadi, Koregaon Park, Fergusson College Road, Ganesh Khind Road, Senapati Bapat Road, Shivaji Nagar, Wakdewadi, Shankar Seth Road	<p><b>Map 6.3 Commercial Micro-market in the City</b></p>
SBD East	Airport Road, Jail Road, Yerwada, Nagar Road, Viman nagar, Kalyani Nagar, Kharadi, Hadapsar	
SBD West	Aundh, Baner, Balewadi, Bavdhan, Nanded Phata, Kothrud, Erandwane, Warje	
Suburbs East	Fursungi, Wagholi	
Suburbs West	Hinjewadi, Pimple Saudagar, Pimpri, Chinchwad, Bhosari.	

Source: Real Estate Market Research & Analysis: JLL, 31st March 2024

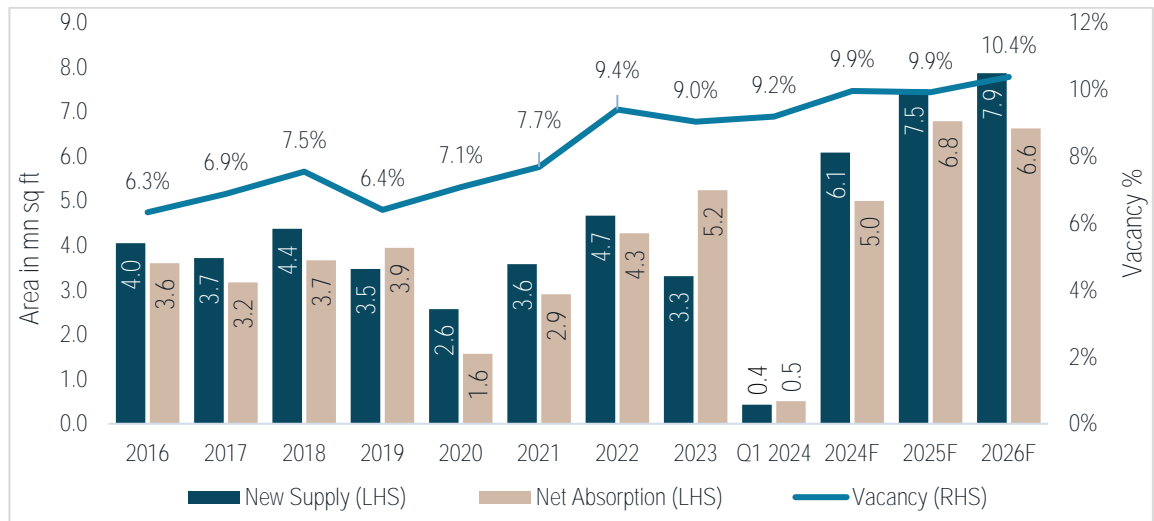
### Leasing Activity

#### City Market Trends

Table 6.5 City Market Trends

Micro Market	Total Stock (sq ft)	Net Absorption (Mn sq ft)			Vacancy %		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	78,784,210	504,812	-72.0%	-67.1%	9.2%	20 bps	-40 bps
CBD	6,487,236	0	-100%	-100%	3.2%	0 bps	-300 bps
SBD East	44,187,635	364,889	-70%	-63%	7.1%	80 bps	-60 bps
SBD West	11,395,869	135,969	-75%	-62%	7.0%	-120 bps	190 bps
Suburbs East	1,882,000	0	NA	NA	28.5%	0 bps	1020 bps
Suburbs West	14,831,469	3,954	+119%	-98%	17.2%	-60 bps	-150 bps





Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

Pune's office market activity was sluggish in Q1 2024. Net absorption of 0.5 mn sq ft was recorded in Q1 2024, which was largely driven by fresh leasing in existing office stock. Majority of the net absorption in Q1 was contributed by SBD East sub-market which accounted for a 72% share followed by SBD West with a share of 27%. Suburbs West recorded a minimal net absorption with a share of 1% whereas Suburbs East and CBD sub-markets did not witness leasing activity in Q1.

Gross leasing of around 1.81 mn sq ft was recorded during the quarter, up by 41.4% y-o-y. Healthy pre-commitments were witnessed in the upcoming projects which accounted for a share of 48% in the total gross leasing of Q1 2024. Pre-commitments of around 0.87 mn sq ft took place all of which were signed by co-working players. Gross leasing activity in the quarter was largely driven by the co-working segment with an occupier share of around 49.6%, followed by manufacturing/industrial and IT/ITeS segments with occupier shares of 24.0% and 22.4%, respectively.

The occupier share of IT/ITeS has declined while correspondingly the share of co-working operators in the leasing activity has increased. This is because the corporates especially in the IT/ITeS segment require a more flexible work set-up in times of uncertainty and for more dynamic portfolio planning. Co-working operators like Table Space, Smartworks, WeWork, Indique, Redbrick etc. are the key players in the Pune office market.

In Q1 2024, majority of the key transactions are by the co-working players leasing space for their managed offices. Some of the notable transactions in Pune in Q1 2024 include – Smartworks pre-leased the entire building named Autograph of 550,000 sq ft in Balewadi, Faurecia leased 190,000 sq ft in Capitaland Nalanda in Hinjewadi, Redbrick pre-leased 168,000 sq ft in Panchshil Avenue in Kalyani Nagar and Smartworks pre-leased the entire building named Solitaire Business Hub III of 150,000 sq ft in Balewadi.

## **Vacancy**

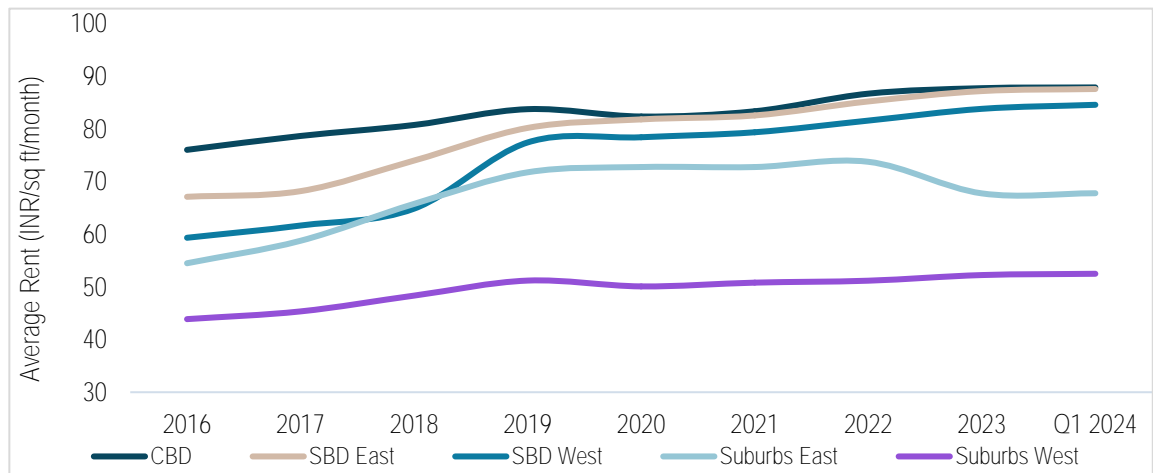
The overall vacancy rate of the Pune office market in Q1 2024 settled at 9.2%, up by 20 bps q-o-q whereas down by 40 bps y-o-y. The quarterly increase in the vacancy rate was due to the new supply addition in the market and a comparatively low net absorption. In Q1 2024, the CBD submarket recorded the lowest vacancy rate in the city of 3.2%, which was stable q-o-q, whereas it declined by 300 bps y-o-y, mainly because there is no new supply addition in the sub-market in the last 5-6 quarters and the existing buildings have low availability of office

space. SBD West sub-market has a vacancy rate of 7.0% in Q1 2024, down by 120 bps q-o-q as there has been limited supply addition in the sub-market and the existing stock has limited available space. SBD East sub-market has a vacancy rate of 7.1% in Q1 2024, up by 80 bps q-o-q, whereas down by 60 bps y-o-y. This sub-market has been the favoured sub-market in terms of healthy supply as well as demand and thus enjoys a stable vacancy range. Suburbs East sub-market recorded the highest vacancy rate in the city of 28.5% in Q1 2024, which was stable q-o-q, whereas on a y-o-y basis it has increased by 1020 bps. Suburbs West sub-market has a vacancy rate of 17.2% in Q1 2024, down by 60 bps q-o-q, as well as on a y-o-y basis it was down by 150 bps.

### **Submarket Rents**

Table 6.6 Submarket Gross Rents

	Gross Rent (INR/sq ft/PM) GFA		
	Q1 2024	Q-o-Q Change	Y-o-Y Change
Overall	80.1	0.6%	2.4%
CBD	87.9	0.2%	1.4%
SBD East	87.6	0.4%	2.1%
SBD West	84.6	0.9%	3.1%
Suburbs East	67.8	0.0%	-8.1%
Suburbs West	52.5	0.5%	2.4%



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

Note : Mindspace REIT micro markets, 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.

The overall average rents in the city in Q1 2024 settled at INR 80.1 per sq ft per month, up 0.6% q-o-q as well as 2.4% y-o-y. In Q1 2024, CBD sub-market recorded the highest average rent in the city at INR 87.9 per sq ft per month, closely followed by SBD East sub-market which is INR 87.6 per sq ft per month. Average rents in the Suburbs West sub-market are the lowest in the city, which is INR 52.5 per sq ft per month in Q1 2024. Average rent in SBD West and Suburbs East sub-markets in Q1 2024 settled at INR 84.6 and INR 67.8 per sq ft per month. Rental growth in Q1 2024 was witnessed in all the sub-markets except for the Suburbs East sub-market. The city witnessed healthy rental growth every quarter till 2019, however, since 2020, the rents have largely remained stable with marginal growth every quarter.

Prominent projects in the CBD sub-market like ICC Tech Park, ICC trade tower and ICC Pavillion on Senapati Bapat Road have rents in the range of INR 115-125 per sq ft per month, whereas AP81 in Koregaon Park has rent in the range of INR 90-100 per sq ft per month which are higher than the sub-market average rent. SBD East sub-market has the highest share of grade A stock with a large share of premium projects like World trade centre, Eon Free Zone, Gera Commerzone, International Tech Park Pune in Kharadi and Panchshil Business Park in

Viman nagar that command rents higher than the sub-market and overall city average. Suburbs West has limited grade A office leasable stock which is majorly owned by institutional players and that is mainly SEZ in nature. This and factors like poor connectivity to the city centre and lower land prices has kept the rents of the sub-market competitive compared to the city..

### **New supply**

In Q1 2024, Pune witnessed completion of one office project namely Gera Commerzone STPI – Building 1 in Kharadi in the SBD East sub-market, which added a new supply of around 0.77 mn sq ft to the total Grade A stock of the city. The project had no pre-leasing during the time it got operational. However, there was withdrawal of 0.34 mn sq ft of projects which were downgraded to Grade B. Thus, the net increase in the total stock was 0.43 mn sq ft. The new supply is entering the city's office market in a slow and steady pace as the pre-commitment levels are low. However, in Q1 2024, a healthy pre-leasing of 0.87 mn sq ft was witnessed in the upcoming projects unlike the previous 2-3 quarters where pre-leasing did not take place.

### **Outlook**

Pune expects a total new supply of 6.42 mn sq ft in 2024, out of which 0.77 mn sq ft has become operational in Q1 2024. The pre-commitment level in the upcoming projects in 2024 is around 5-10% whereas it is around 10-15% in the upcoming projects in 2025. Some of the key completions in the city by the end of 2026 include Amar AP4 Phase 1, Panchshil Business Hub – S.no 40, International Tech Park Pune - Block 2, Keppel Kohinoor upcoming project in Kharadi, EON West Phase 1 in Wakad and Godrej Centre in Koregaon Park. Between the period Q2 2024 to end-2026, Pune office market is likely to see total new supply of 21 mn sq ft, out of which majority supply, comprising around 50% belongs to SBD East submarket which is followed by CBD sub-market which constitutes around 20-25% of the total supply. CBD sub-market has not witnessed a substantial new supply since Q1 2022. Thus, with the introduction of new supply of around 5 mn sq ft over the next three years, demand as well as rentals in the sub-market are expected to increase. This new supply in CBD sub-market is by prominent developers like RMZ Corp, Godrej, Amar builders and Poonawalla Group etc. Majority of the new supply in the next three years is located in the Kharadi micro-market in SBD East is by prominent developers like K Raheja Corp, Capitaland Group, Panchshil Realty, Keppel land and Kohinoor, Amar builders etc. Similarly, Suburbs West sub-market expects a limited but premium quality supply in the next three years with the completion of EON West Phase 1 and Phoenix Millennium Towers in Wakad. These projects are expected to drive the rental growth the sub-market in the coming years.

The demand is expected to grow at a slow and steady pace in 2024 and 2025. The premium quality upcoming supply that will be entering the market in 2025 and 2026 is likely to command higher rentals, and thus is expected to drive the rental growth in the city.

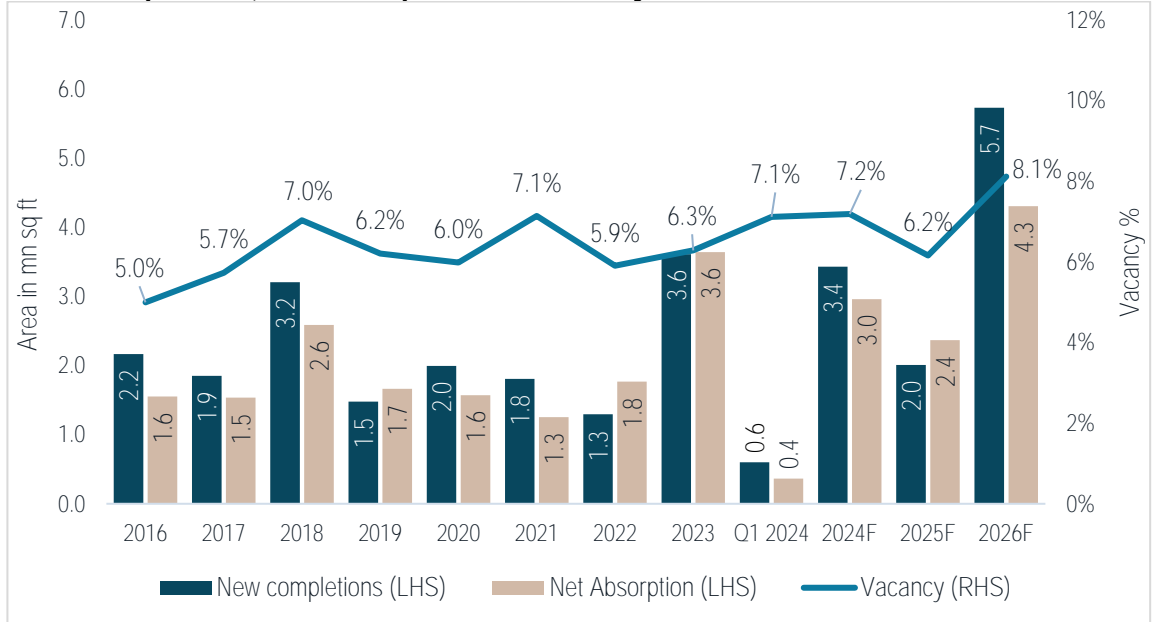


## 6.5 MICRO MARKET : SECONDARY BUSINESS DISTRICT EAST

The Commerzone project lies in the Secondary Business District East.

### Supply, Demand Trend

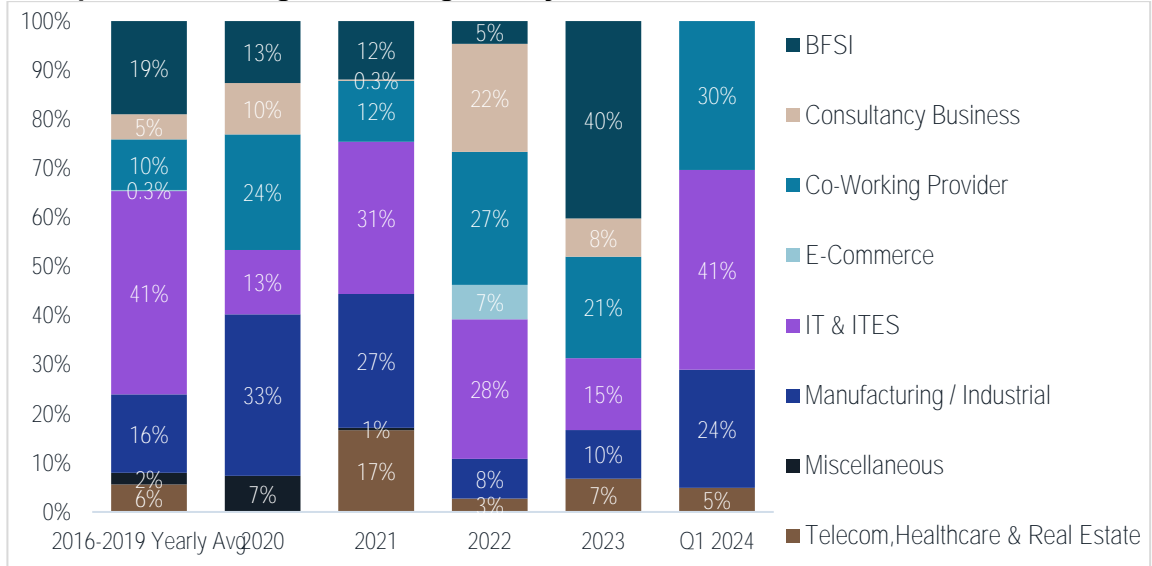
#### Total Completions, Net Absorption and Vacancy Rate



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

### Leasing activity

#### Occupier's share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

SBD East comprises key micro-markets like Yerwada, Kalyani Nagar, Viman Nagar, Kharadi and Hadapsar. It has accounted for around 72% of the total net absorption in the city in the first quarter of 2024, whereas, in 2023 it accounted for around 70% of the total annual net absorption. This highlights the occupiers' preference for the sub-market. It recorded a net absorption of 0.36 mn sq ft in Q1 2024, which was down by 70% q-o-q as well as down by 63% y-o-y. The net absorption comprised new leasing and exits. The sub-market witnessed a gross leasing volume of 0.65 mn sq ft in Q1 2024, which was driven by the IT/ ITES segment

with an occupier share of 41%, followed by co-working and manufacturing/industrial segments with occupier shares of 30% and 24%, respectively. Some of the notable transactions in the submarket include Redbrick pre-leasing 168,000 sq ft in Panchshil Avenue in Kalyani Nagar, Vertiv leasing 91,661 sq ft in Sky One Corporate Park Tower A in Viman Nagar, Amdocs taking up 76,531 sq ft in Magarpatta Cybercity in Hadapsar and Coforge leasing 50,000 sq ft in Shanti One in Yerwada. This thus indicates that SBD East is a very dynamic micro-market which is preferred by various tenant industries, mainly BFSI and IT/ITeS GCCs, thus attracting majority demand in the city. This is due to the availability of premium grade supply by institutional players along with green certifications which are now a key ask from global occupiers. In the recent quarters, co-working segment is also seen increasing its footprint in the sub-market.

### **Supply**

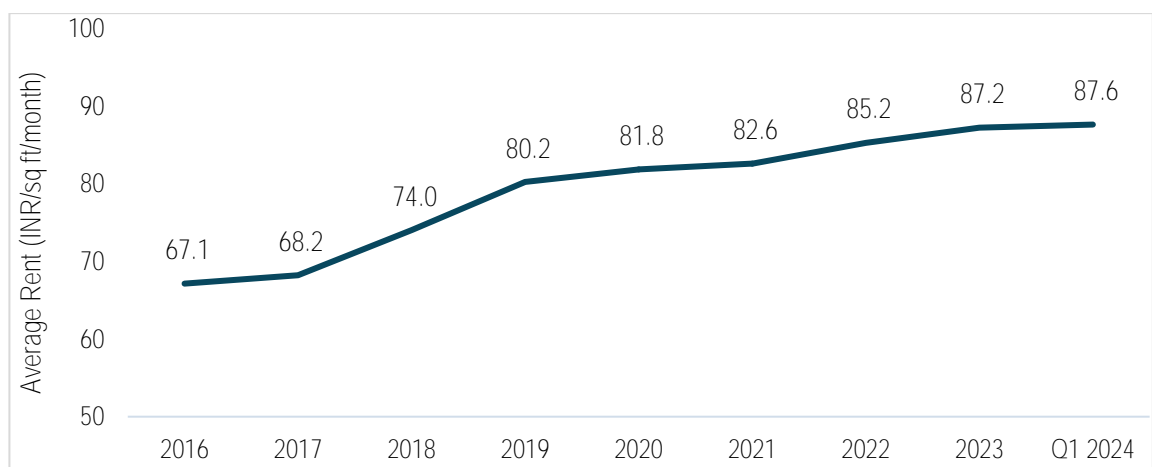
The entire new supply that entered the Pune Office market in Q1 2024 was witnessed in the SBD East submarket. Gera Commerzone STPI – Building 1 in Kharadi got completed in Q1 2024, thus adding a new supply of 0.77 mn sq ft to the total Grade A stock of the sub-market. However, there was a withdrawal of 0.17 mn sq ft due to a project downgrade. Thus, the net increase in the total stock of SBD East submarket was 0.60 mn sq ft.

### **Vacancy**

Vacancy in Q1 2024 in the SBD East sub-market settled at 7.1%, up by 80 bps q-o-q from 6.3% in Q4 2023, due to the new supply entering the sub-market. This sub-market has been the favoured sub-market in terms of healthy supply as well as demand and thus enjoys a stable vacancy range.

### **Rents**

The average rents in the SBD East sub-market in Q1 2024 settled at INR 87.6 per sq ft per month, which have seen a growth of 0.4% q-o-q as well as a growth of 2.1% y-o-y. Premium projects along with healthy demand have kept the rentals in the sub-market strong and range bound even during the pandemic. Prominent projects in the submarket like Panchshil Business Bay and Panchshil Tech Park One in Yerwada command rents in the range of INR 120-130 and INR 110-120 per sq ft per month respectively. Panchshil Business Park in Viman Nagar commands rent in the range of INR 100-110 per sq ft per month whereas Eon Free Zone and World Trade Centre in Kharadi command rents in the range of INR 90-100 per sq ft per month. Similar quality projects like, Gera Commerzone Kharadi and ITPP Kharadi command rents in the range of INR 80-85 per sq ft per month. The lease transactions in SBD East micro-market are recorded in the range of INR 60-90 per sq ft per month. The lease transactions in SBD East where the project is located are in the range of 65-80 per sq ft per month.



Note : Mindspace REIT micro markets, 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.

Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

**Prominent Lease Transactions within the Micro-Market**

Below are some of the lease transactions witnessed in the micro-market

**Table 6.7: Major Lease Transactions in the Micro-Market of the Project**

Sl. No.	Name of the Building	Name of the Occupier	Location	Area Leased (sq. ft.)	Lease Rental Range (INR per sq. ft. per Month)	Transacted Period
1	Cybercity	Amdocs	Hadapsar	76,531	80	Q1 2024
2	Panchshil Avenue	Redbrick	Kalyani Nagar	168,000	100-102	Q1 2024
3	Phoenix Fountain Head - Tower 2	Keyence	Viman Nagar	42,000	70-75	Q1 2024
4	Cybercity Tower 12	John Deere	Hadapsar	23,400	90-100	Q1 2024
5	Shanti One	AWFIS	Yerawada	30,000	75-78	Q1 2024
6	Sky One Corporate Park - Tower A	Vertiv	Viman Nagar	91,661	80-85	Q1 2024
7	Weikfield IT Park	IGT Solutions	Viman Nagar	36,000	75-80	Q1 2024
8	Shanti One	Coforge	Yerawada	50,000	65-70	Q1 2024
9	Suzlon One Earth	Figmd	Hadapsar	11,000	70-75	Q1 2024
10	ITPP Kharadi Block 1	Kanini Software	Kharadi	30,000	85-90	Q1 2024
11	ITPP Kharadi Block 1	Airtel	Kharadi	32,000	85-90	Q1 2024
12	ITPP Kharadi Block 1	HP	Kharadi	40,000	85-90	Q1 2024
13	ITPP Kharadi Block 1	SAP	Kharadi	10,000	85-90	Q1 2024

Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

Market rent for Commerzone IT Park has been considered in line with the achievable market rent for completed buildings at INR 77.5 per sq. ft per month for FY25.

**Investment Activities within the Micro-Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc. The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

**Investment Activities within India**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

Table 6.8: List of transactions / deals in major cities recent past

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Fringe	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40,000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Info city	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Info city	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 – 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - ,8700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90- 8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram-Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) + 1,600,000 (UC) + 2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Project Site is **Commerzone IT Park** which is one of the known developments for IT/ITeS companies located in the Southwest Micro-Market at Yerwada in Pune City. The Project is a part of the **Mindspace Business Parks REIT** (Mindspace REIT) portfolio. The location has excellent connectivity to residential locations and social infrastructure too.

The project offers Grade A space spread across six (6) IT Buildings (B1, B4, B5, B6, B7, & B8) and an Amenity Building. There are prominent clients in the larger campus such as Nvidia, UBS(India), Schlumberger, TCS, BNY Mellon etc., and is preferred commercial development in this micro-market due to the quality of buildings, ease of connectivity and nature of campus development. Considering the past transactions in the city and Project attributes in terms of size, occupancy profile, micro market trend etc. the cap rate is arrived for the Project.

The Cap Rate applied to arrive at the terminal value of the property is 8.00%.

### **Outlook**

In 2024, SBD east sub-market expects total new completions of 3.6 mn sq ft out of which 0.77 mn sq ft became operational in Q1 2024. Between the period Q2 2024 to end-2026, SBD East sub-market is likely to see cumulative new supply of 10.6 mn sq ft. Around 50% of the total upcoming supply in the city during this period (Q2 2024 to 2026F) belongs to this submarket. Key completions in this sub-market include Amar AP4 Phase1, International Tech Park Pune Block 2, Panchshil Business Hub – S.no 40, Keppel and Kohinoor upcoming project and Gera Commerzone STPI – Building 4 – all located in Kharadi. With quality supply entering the submarket in the next three years and a good number of RFPs from the BFSI, IT/ITeS and manufacturing companies – largely for GCCs and Centres of Excellence operations in the submarket, demand is expected to outshine other submarkets. Rents, therefore, are expected to see a steady growth in 2025 and 2026.

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial/ office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub/above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market/marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

### 7.2 CASH FLOW PROJECTIONS

The cash flows for the Project has been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimate of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table below:

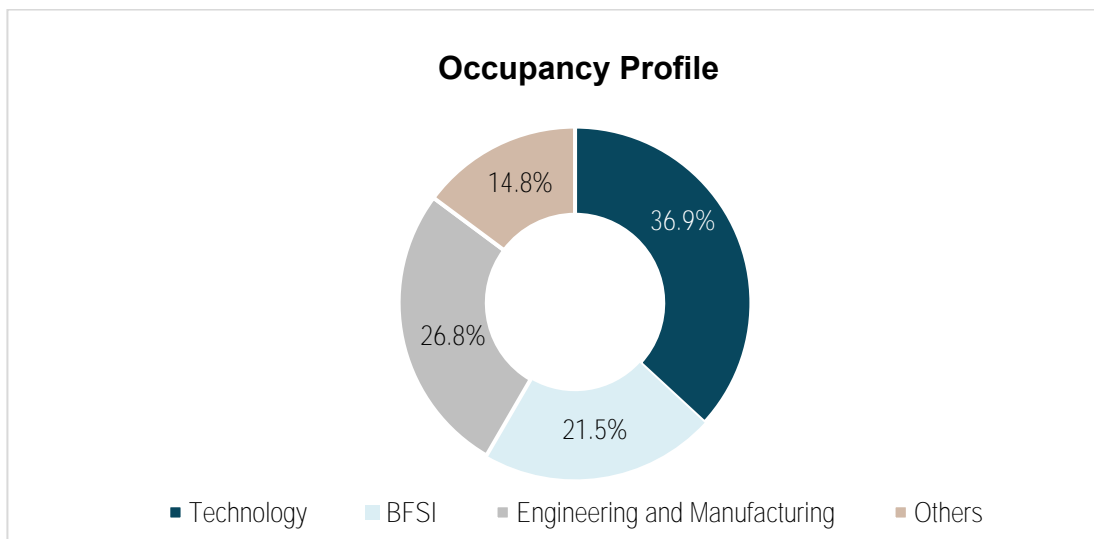
**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent-free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### 7.3 ABSORPTION/ LEASING VELOCITY AND OCCUPANCY PROFILE

Occupancy profile of the project is as follows: -

- ~37% of the space is taken by Technology sector.
- ~22% taken by BFSI
- ~27% in Engineering and Manufacturing.
- ~15% of the space is taken by Other sectors



## 7.4 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and/or inputs used in the cash flow configuration used for providing Valuation of the Project.

**Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Blocks**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31- March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Refer Table 5.4	As per the information provided by the Client
Leased Area	Refer Table 5.4	As per the information provided by the Client
Vacant Area / Vacancy	41,168 sq ft	As per the information provided by the Client
Vacancy Allowance	2%	As per market benchmarks for large scale Grade A office projects.
Area to be Leased	41,168 sq ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market for Grade A properties, the rent free period for existing lease rollovers is two months.
Rent Free Period for New Leases	3 months	As prevalent in the micro-market for Grade A properties, the rent free period for new leases is three months.
Construction Related Assumptions		
Approx construction cost to be incurred (CAPEX)	INR 1,415 Mn	As per the information provided by the Client
Estimated Completion Date (CAPEX)	Q3 FY27	As per the information provided by the Client
Estimates of already carried out major repairs	INR 255 Mn	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases, i.e. 4.5% every year from FY26	As prevalent in the market it is observed that lease agreements are primarily at 4.5% rent escalations every year.



Parameters	Assumptions / Inputs	Remarks / Basis
Market / Marginal Rent – Office for FY25	INR 77.5 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 65 – 80 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 80 - 95 per sq. ft. per month. Please refer table 6.6 and 6.7. Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent – Amenities for FY25	INR 75.5 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Market Rent - Car Parking Space for FY25	INR 2,363 per CPU per month	The Grade A offices offers car parking rates in the range of INR 1,500 – 3,000 per slot per month. Based on the market benchmarking of recent leased rates within the micro-market, the achievable car park rate for the Project Site is derived.
Market / Marginal Rent - Food Court	Not Applicable	
Market / Marginal Rent – Kiosk for FY25	INR 77.5 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Market / Marginal Rent – Terrace for FY25	INR 39.8 per sq. ft. per month	Based on the market benchmarking of recent leases within the micro-market
Other Income	1% of base rentals	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 base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Market Rent Growth	2.0% per annum for FY25 and 5% per annum FY26 onwards	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Parking Rent Growth from FY26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5.0% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Market Escalation	5.0% per annum	As prevalent in the market
Target Efficiency	76%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received higher rentals for the same carpet area.

Parameters	Assumptions / Inputs	Remarks / Basis
		Going forward, for leases which will expire during the next 10 years, we have considered an efficiency at 76% or actual, whichever is lower
Maintenance Services Income / CAM Income	INR 14.19 per sq ft per month	The CAM rate in Grade-A Commercial Development is observed to be in the range of INR 10 – 15 per sq.ft. per month. The CAM income in the Project is in-line with market trend and is as provided by Client
Operating Cost Assumptions		
Brokerage - New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2-months receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	INR 12.08 per sq ft per month	As given by the Client and as prevalent in the market
Property Tax for FY25	INR 2.72 per sq ft per month	As given by the Client
Insurance for FY25	INR 0.43 per sq ft per month	As given by the Client
Cost Escalation	3% per Annum	As prevalent in the market.
CAM Escalation (Income + Expense)	5% per Annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1% of Terminal Value	As prevalent in the market
Other Operating Expenses	2% of Base Rent + Car Parking Charges	As prevalent in the market.
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.00% (post yield shrinkage). Capitalized based on the Net Cashflows of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

## 7.5 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is estimated to be as follows:

Table 7.3: Market Value of the Project

Component	Leasable Area (sq. ft.)	Market Value (INR Million)	Percentage Share
Commercial / Office Space incl. Amenities – Completed	1,681,127	18,258.57	100%

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

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project comprising total leasable area of 1,681,127 sq. ft. of project Commerzone (Building 1,4,5,6,7,8 and Amenity), located in Yerwada, Pune, Maharashtra, India, 411006, as on 31<sup>st</sup> March 2024 is estimated to be **INR 18,258.57 million (INR Eighteen Billion Two Hundred Fifty Eight Million Five Hundred and Seventy Thousand Only)**

Table 7.4 Ready Reckoner Rates for the Property

Component	Ready Reckoner Rate (INR per sq.m)
Commercial (Built-Up Area)	112,770
Land Area (Open Plot)	29,510

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation.
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



**Name:** Sachin Gulaty FRICS FIV FIIA,

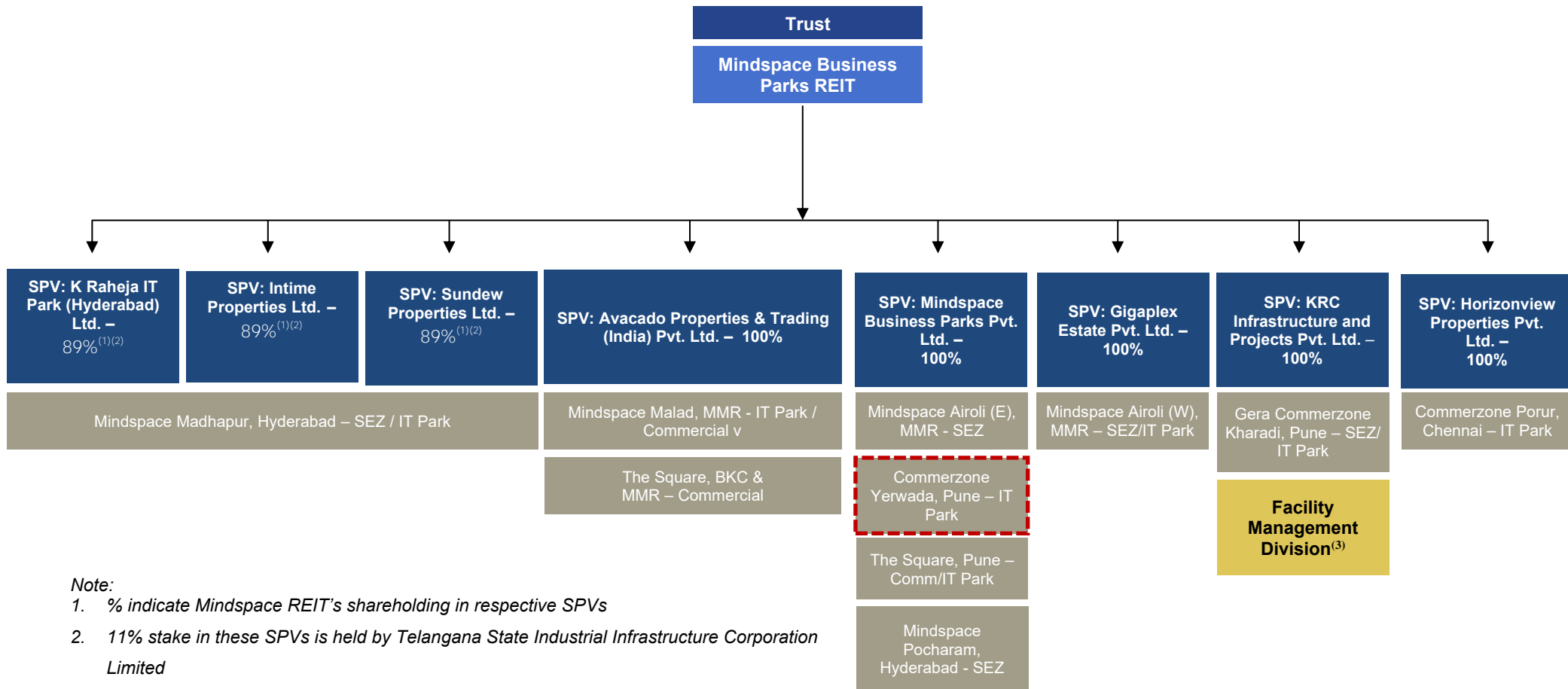
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

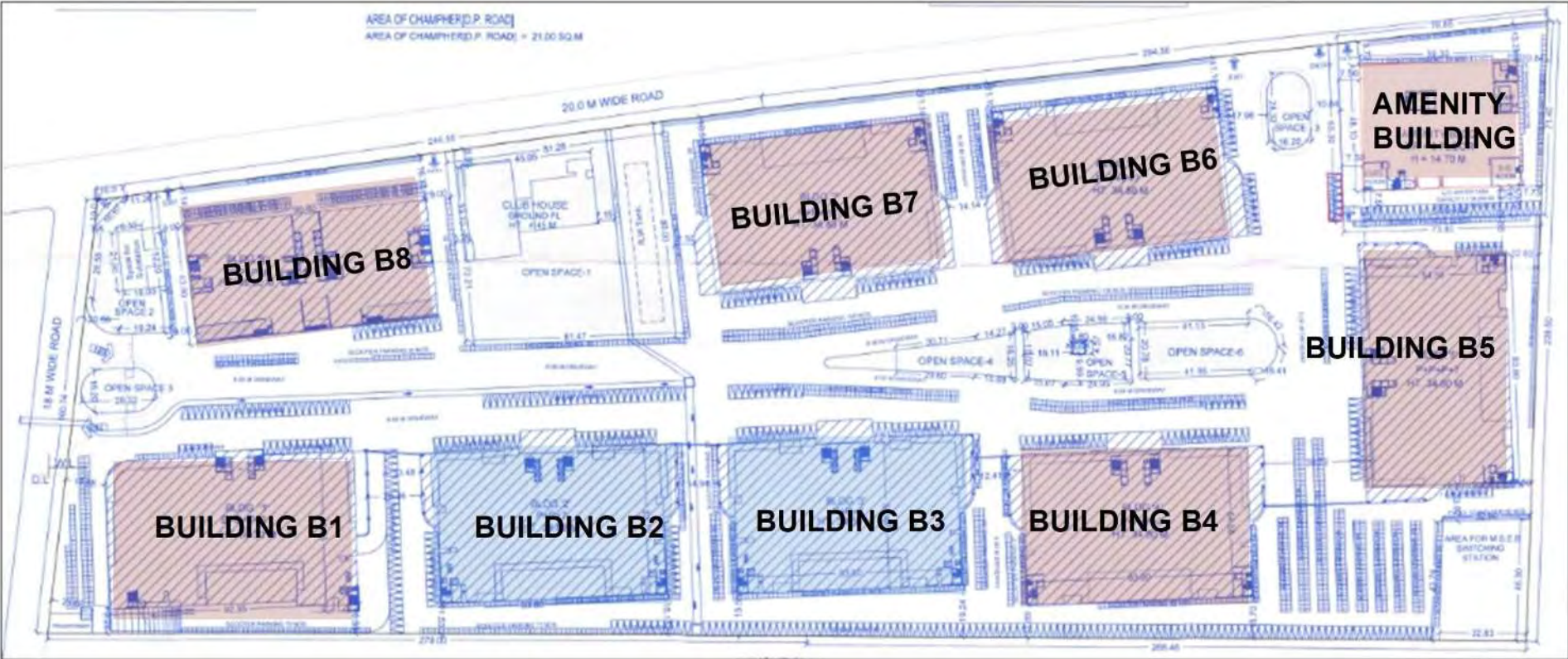
**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

## Annexure - 1 Ownership Structure of the Project



**Annexure - 2**  
**Layout Plan of the Project**



### Annexure - 3

## Statement of Key Assets within the Project

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 Elevators /Make	No/ Make	8-OTIS	8-OTIS	8-Thyssenkrupp	8-Thyssenkrupp	8-Thyssenkrupp	8-OTIS	8-Thyssenkrupp	10-Toshiba
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
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 - 4**

### **Approvals and NOCs Received for the Project**

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

#### **1. 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 all buildings
- g) Environmental Clearances
- h) Consent for Establishment
- i) Lift Licenses for all buildings
- j) Occupancy Certificates
- k) Share Transfer Application – DOI

#### **2. Approvals Pending**

None

## Annexure - 5 Ready Reckoner Rate Applicable for the Project

ASR Value as on 31<sup>st</sup> March 2024

**बाजारमूल्य दर पत्रक**

Item: Valuation Rates User Manual Close

Year: 2023-24 Annual Statement of Rates Language: English

Selected District: पुणे  
 Select Taluka: धुळे  
 Select Village: येरवडा  
 Search By:  Survey No  Location

Sr.No	संपत्ति प्रकार	सूची नं.मीन	निवासी सदनिका	अडोलीस	दुकाने	औद्योगिक	एकक (Sq.ft)
Survey No.	25-403.1-निवासी प्रकल्प	35520	90300	124400	185300	0	चौ. मीटर
Survey No.	25-403.2-कल्याणनगर	41260	93740	158260	231350	0	चौ. मीटर
Survey No.	25-403.3-सांगर अशांस रोड वरील निवासी	24860	58500	69860	100490	0	चौ. मीटर
Survey No.	25-403.4-मुकुंद भवन टुस्ट यांचा निवासी प्रकल्प	29510	64030	112770	154030	0	चौ. मीटर
Survey No.	25-403.5-पो व इनामदार यांचा निवासी प्रकल्प	29510	67760	112770	154030	0	चौ. मीटर
1314							

Source : IGR Maharashtra



**Annexure - 6**  
**Discounted Cash Flow Profile**

Table 7.5 Discounted Cash Flow (INR Mn)

		1-APR-23	1-APR-24	1-APR-25	1-APR-26	1-APR-27	1-APR-28	1-APR-29	1-APR-30	1-APR-31	1-APR-32	1-APR-33	1-APR-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	160.00	700.00	555.00	-	-	-	-	-	-	-	-
	Leasable Area	1,681,127.40											
	Overall occupancy - Existing Leases		72.85%	55.17%	50.10%	42.47%	27.04%	19.18%	12.96%	11.15%	10.04%	7.51%	4.73%
	Overall occupancy - Leases Moved to Market		24.91%	44.64%	49.71%	57.34%	72.77%	80.63%	86.85%	88.66%	89.77%	92.51%	95.08%
	Overall occupancy - of the Project		97.75%	99.81%	99.81%	99.81%	99.81%	99.81%	99.81%	99.81%	99.81%	100.01%	99.81%
	Vacancy Allowance		1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
A	Base Rental		1,409.42	1,543.94	1,628.79	1,638.73	1,760.06	1,822.55	1,905.12	2,009.26	2,085.61	2,070.12	2,369.13
B	Car Parking Income		7.85	12.54	13.09	13.74	14.39	15.04	15.72	16.42	17.16	15.34	19.55
C	Fit-out rentals/ tenant improvements		139.01	111.11	77.09	6.12	2.55	-	-	-	-	-	-
D	Facility Rentals		1,556.29	1,667.59	1,718.97	1,658.59	1,777.00	1,837.59	1,920.84	2,025.68	2,102.78	2,085.47	2,388.67
E	Maintenance services income		276.97	293.99	308.69	324.12	340.33	357.34	375.21	393.97	413.67	435.24	456.07
F	Other Operating Income		14.09	15.44	16.29	16.39	17.60	18.23	19.05	20.09	20.86	20.70	23.69
G	Revenue from Operations		1,847.36	1,977.02	2,043.95	1,999.10	2,134.93	2,213.15	2,315.10	2,439.75	2,537.30	2,541.41	2,868.44
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		243.79	255.98	268.78	282.22	296.33	311.14	326.70	343.04	360.19	378.20	397.11
I	Property Tax		54.87	56.52	58.21	59.96	61.76	63.61	65.52	67.49	69.51	71.60	73.74
J	Insurance Premium		8.65	8.90	9.17	9.45	9.73	10.02	10.32	10.63	10.95	11.28	11.62
K	Net Operating Income (NOI)		1,540.05	1,655.62	1,707.78	1,647.47	1,767.11	1,828.37	1,912.55	2,018.59	2,096.65	2,080.33	2,385.97
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	29,526.32	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		99.41	25.36	9.29	52.13	21.32	16.15	24.15	-	11.91	177.45	-
M	Property Management Fee		54.96	58.91	60.73	58.62	62.81	64.95	67.90	71.60	74.33	73.72	84.43
N	Other operational expenses		28.35	31.13	32.84	33.05	35.49	36.75	38.42	40.51	42.06	41.71	47.77
			-	-	-	-	-	-	-	-	-	-	-
O	EBIDTA	-	1,197.33	840.22	1,049.92	1,503.66	1,647.49	1,710.52	1,782.09	1,906.47	1,968.36	31,313.78	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

## Annexure - 7 Material Litigations

### (i) Title litigation and irregularities

1. Shrimant Chhatrapati Udayan Raje Pratapsinh Maharaj Bhonsale ("Plaintiff") has filed a suit before the Civil Judge Senior Division Pune ("Civil Court") against Shri Mukund Bhavan Trust ("MBT"), its trustees, and the State of Maharashtra ("Defendants") for declaration of title and possession of lands in Yerwada, Pune admeasuring approximately 322.7 acres ("Suit Land"); including approximately 25 acres 27 gunthas (approximately 1,03,940 square meters) ("Commerzone Land") of land in which units (approximate 1.68 msf of leasable area as per lease deeds) in Commerzone Yerwada, one of our Portfolio, are situated. MBT, as the owner of 79.32 acres land ("MBT Land"), had executed a registered development agreement in 2004 with KRCPL with respect to the Commerzone Land. Commerzone Yerwada land, which includes the rights in demarcated portions of the Commerzone Land, was transferred from KRCPL to MBPPL pursuant to the scheme of arrangement sanctioned on September 7, 2017). Neither KRCPL nor MBPPL is joined as a defendant to the suit.

The Plaintiff is seeking, inter alia declarations and injunctions in his favour in relation to ownership and possession of the Suit Land and to set aside compromise decrees passed in (i) 1953 in Suit No. 152/1951; (ii) 1990 in Suit No. 1622/1988; and (iii) 2003 in Civil Appeal No. 787/2001; all in proceedings between MBT and the State of Maharashtra.

The Plaintiff also filed an application for temporary injunction which is pending. No interim or ad-interim relief has been granted to the Plaintiff. MBT applied to the Civil Court for rejection of the plaint filed by the Plaintiff on the grounds of limitation, which was rejected by order dated April 29, 2014. MBT filed revision petition against the said rejection order, in the Bombay High Court, which was dismissed on April 26, 2016. MBT filed SLP No.18977 of 2016 against the said dismissal order, which is pending before the Supreme Court of India.

The Plaintiff filed an application on March 9, 2015 in the Civil Court for amendment to the prayers in the suit, inter alia to limit the Plaintiff's claim for possession only with regard to vacant land in possession of the Defendants and lands alienated subsequent to the filing of the suit, and to seek compensation from MBT with regard to constructed units and alienated part of the Suit Land instead of seeking possession of the developed portion for which registered deed with regard to alienation were executed prior to the filing of the suit in 2009. The application for amendment of the plaint was rejected by the Civil Court by its order dated November 14, 2016. Aggrieved, the Plaintiff filed Writ Petition No. 4268/2017 in the Bombay High Court challenging the said order dated November 14, 2016, which is currently pending before the Bombay High Court.

Two applications made by third parties, being M/s. Mahanagar Developers and M/s. Mahanagar Constructions for being joined as party defendants in the suit, were granted on November 14, 2016 by Civil Court. The Plaintiff challenged this order by filing Writ Petition No. 4415/2017 in the Bombay High Court. By a common order dated February 15, 2018 passed in the aforesaid two writ petitions (Nos. 4268/2017 and 4415/2017), the Bombay High Court requested the trial judge not to proceed in considering any interim application, till the adjourned date of hearing of these petitions. These matters are currently pending before the Bombay High Court.

The Plaintiff registered a notice of lis-pendens dated July 7, 2011 in respect of the Suit No.133/ 2009 and applied for mutation in the revenue records. Purshottam M. Lohia, a trustee of MBT and Panchashil Tech Park Private Limited (an entity claiming certain rights in survey No.191A Yerwada village) ("Panchashil") opposed the mutation, which opposition was rejected. Panchashil filed appeal before the District Superintendent of Land Records and

relied on the government notification dated September 21, 2017 directing revenue authorities to remove or cancel all mutations entries in respect of notice of lis-pendens (“Notification”).

2. Ravindra Laxman Barhate filed complaint and revenue proceedings against Shri Mukund Bhavan Trust (“MBT”) and others in relation to the allotment and exemption order under the Urban Land Ceiling Act, 1976 in respect of the MBT Land (as mentioned in para 1 above).

A complaint was filed on November 27, 2015 by Ravindra Laxman Barhate with the Divisional Collector Pune and other authorities, against MBT and others (together, “Respondents”) alleging tampering, cheating as also breach of terms and conditions by the Respondents inter alia with respect to order dated November 24, 2003 passed under Section 20(1) of the Urban Land Ceiling Act, 1976 in respect of the MBT Land at Yerwada, Pune (“ULC Order”) and seeking action against the Respondents and cancellation of the ULC Order.

MBT filed a writ petition before the Bombay High Court, for quashing any enquiry / investigation on the basis of the said complaint filed by Ravindra Laxman Barhate. By order dated March 5, 2018, the Bombay High Court has restrained the Additional Collector from passing any order on this complaint until the next hearing date. Through its order dated January 6, 2020, the Bombay High Court inter alia restrained the State of Maharashtra and certain other respondents from passing any order pursuant to the complaint filed on November 27, 2015 until disposal of the writ petition. The matter is currently pending.

Ravindra Laxman Barhate also filed a Revenue Appeal No.1826/2015 before the Revenue Minister, State of Maharashtra (“Revenue Minister”) against the Commissioner & Collector, Pune and MBT, challenging a report dated June 20, 2011 of the Divisional Commissioner, Pune (“Report”) wherein MBT was stated to be the owner of the MBT Land(which include the demarcated portions of the land pertaining to Commerzone Yerwada); inter alia to set aside the Report, pass an order directing the relevant authorities to submit a new inquiry report and restrain the purchase-sale, construction on the disputed land. By way of order dated September 23, 2015, the Revenue Minister ordered that status quo be maintained as regards the record of the suit property.

MBT had filed a writ petition challenging the order dated September 23, 2015 passed by the Revenue Minister. Since the State Government of Maharashtra withdrew the said order dated September 23, 2015, stating that the pending proceedings will be heard by the Principal Secretary, Revenue Department, the said writ petition was disposed of by order dated October 28, 2015 as not surviving while keeping open all contentions of both the parties on merits. MBT challenged the said Order dated October 28, 2015 in the Supreme Court of India (“Court”) inter alia on the ground of maintainability of such proceedings before the Principal Secretary, Revenue Department. By order dated January 21, 2016, the Supreme Court of India has stayed the proceedings pending before the Principal Secretary, Revenue Department. By order dated August 6, 2021, the Court allowed the appeal by setting aside the impugned order dated October 28, 2015 of Bombay High Court and restored the aforesaid writ petition to the file of the Bombay High Court to facilitate the Bombay High Court revisiting the petition afresh. The Court clarified that the setting aside of the impugned order dated October 28, 2015 will not have any consequence in regard to the statements which have been recorded of the State of Maharashtra to withdraw the order dated September 23, 2015.

3. A letter dated February 4, 2019 from the Office of Executive Engineer, BDD Zone No.4 was forwarded by an architect firm to MBPPL on February 11, 2019 wherein PMC sought clarifications regarding certain objections pertaining to the land at Commerzone Yerwada, regarding payment of ₹ 156.98 million consisting of ₹ 56.34 million principal of recoverable amount and ₹ 100.64 million on account of interest. MBPPL by way of its letter dated February 28, 2019 replied to PMC inter alia stating that the letter has been addressed to the incorrect recipient who is not a developer of the relevant portion of the land, and sought clarifications with respect to the contents of the letter and disputed the payment demand. Further, by way of its letter dated July 2, 2019, MBPPL requested for a reply to its letter dated February 28,

2019 and stated that it would be ready to pay amounts, if any payable, if and once the clarifications sought by it are provided. By letter dated July 20, 2019 to MBPPL, PMC provided the copy of the audit report to MBPPL and requested MBPPL to provide its clarifications in respect of objectionable issues and furnish the challans in lieu of payment of the recoverable amount. By letter dated August 17, 2021 the architect firm and another, PMC stated that it has not received any clarifications and provided the challans of amounts by assessing interest thereon and required submission of challan/receipt towards payment of an amount of ₹ 183.60 million recoverable against all objectionable issues. By its reply letter dated September 6, 2021 to PMC, MBPPL has again stated that the earlier PMC letter dated February 4, 2019 and the PMC letter dated August 17, 2021 are addressed to the wrong persons and informed PMC of the non-receipt of relevant information and documents from PMC as requested by MBPPL earlier. By letter dated October 11, 2021 to PMC, MBPPL replied stating that the impugned challans, demands and notice are illegal, null and void and ultra vires; and called upon PMC to withdraw the impugned challans and letter forthwith. Further, without prejudice to the contentions raised in the reply and without admitting any liability to pay the amount as per the impugned challans, MBPPL has submitted to pay in full and final settlement on all accounts of all demands raised in the said challans, a lumpsum one-time amount of ₹ 26.64 million without any liability for interest thereon or for any other payments relating to the subject and to provide an opportunity of hearing and furnishing clarifications, if required by PMC. By letter dated January 5, 2022, to the architect firm and another, PMC stated that it has informed them earlier to make the payment of the objectionable and recoverable amount along with the interest in the treasury of PMC as per the scrutiny carried out by the Chief Auditor, PMC ("CA") of the sanctioned building plans in respect of land at Commerzone Yerwada. In pursuance of the same, the revised/rectified challans were being issued by PMC upon the verification of the written clarification provided by the Architect and another. However, if any objection is raised or received in respect of the revised/rectified challans from the CA shall be bound to take action or act as per the instructions given by the CA. In reply to the PMC letter dated January 5, 2022, MBPPL on January 25, 2022 submitted a reply/ letter to PMC and its officers stating that without prejudice to its contentions, rights and remedies and without admitting any liability to pay any amount under the four revised challans dated January 4, 2022 ("Challans") an aggregate amount of ₹ 26.64 million i.e. (₹ being development charges, ₹ 6.53 million being balcony charges and ₹ 20.11 million being staircase charges) towards the payments in full and final settlement of the Challans in order to show bonafide of MBPPL and full and final settlement of all accounts and demands raised by PMC and requested PMC to accept the payment accordingly without any further demands on MBPPL on any account and to treat the matter as closed. MBPPL further stated that if the matter is not closed, to treat the said letter dated January 25, 2022, as a notice under Section 487 of the Maharashtra Municipal Corporation Act, 1949 and under Section 159 of the Maharashtra Regional and Town Planning Act, 1966 in relation to the letters and challans. Subsequently, by letter dated March 10, 2022, PMC informed MBPPL that it has not accepted the cheque issued by MBPPL vide its letter dated January 25, 2022 and requested MBPPL to issue demand draft for the amount as per the Challans and make the payment to PMC at the earliest. On April 7, 2022 MBPPL submitted a reply/ letter to PMC enclosing a demand draft as desired by the PMC, for an amount of ₹ 26.64 million towards the payment as set out in MBPPL's earlier communications. The PMC returned the demand draft submitted by MBPPL vide its letter dated July 11, 2022 while demanding entire payment. MBPPL submitted letters dated July 21, 2022 and July 22, 2022 to PMC and remitted the entire payment of ₹ 101.36 million. Through its letter dated August 8, 2022, MBPPL intimated the PMC that MBPPL made the payment of an amount of ₹ 6.09 million being challan late fees on July 28, 2022.

4. MBPPL (“Petitioner”) has filed writ petition on November 14, 2022 in the Bombay High Court (“Court”) against Pune Municipal Corporation and others (“Respondents”) inter alia, seeking to impugn and set aside the Demand Notice dated January 5, 2022 enclosing challans for certain amounts allegedly due and payable by the Petitioner (“Impugned Demand Notice”) and for refund of the amount of ₹ 107.45 million paid by the Petitioner under protest to the Respondents towards the Impugned Demand Notice. The matter is currently pending for admission.

**(ii) Criminal matters**

There are no pending criminal matters against Commerzone Yerwada.

**(iii) Regulatory actions**

1. Deputy Assessor and Collector (Indira Docks), Mumbai issued demand notice dated June 7, 2012 for payment of ₹ 0.4 million towards octroi for import of certain goods at Commerzone Yerwada project. MBPPL replied by way of its letters dated March 2, 2017, March 14, 2017 and March 22, 2017 stating, inter alia that it has made payments for the aforesaid goods. MBPPL received another demand notice dated March 21, 2018 in relation to the aforesaid payment of octroi. MBPPL replied by way of letter dated April 18, 2018 and reiterated that there is no liability to pay octroi in this case. No further correspondence has been received.
2. MBPPL has received several demand notices from the stamp duty and revenue authorities in relation to alleged deficit payment of stamp duty aggregating to ₹ 10.18 million along with penalty in certain instances with respect to certain leave and license agreements / lease deed entered into by MBPPL, in its capacity as licensor/ lessor. MBPPL has from time to time responded to such demand notices inter alia stating that the liability for stamp duty on the documents was that of the respective licensee / lessees.
3. Ministry of Water Resources, River Development and Ganga Rejuvenation, Central Ground Water Board issued a show cause notice dated March 22, 2019 to MBPPL for non-compliance and contravention of the mandatory conditions of the NOC issued of ground water extraction for Commerzone Yerwada project and directed MBPPL to rectify the non-compliances. MBPPL has replied by way of its letter dated April 12, 2019 stating that it has initiated all actions required for compliance with the no-objection certificate and requesting withdrawal of the show cause notice dated March 22, 2019. No further correspondence has been received.
4. The Income Tax Department had issued a warrant dated November 29, 2017 under Section 132 of the Income Tax Act, 1961 (“Income Tax Act”) against Avacado, Gigaplex, KRIT, MBPPL, Chalet Hotels, Genext, Inorbit Malls, KRCPL, KRPL, Shoppers Stop and others (“Parties”). Pursuant to the Warrant, the Income Tax Department carried out a search on November 30, 2017. The search covered various matters for which notices were already issued from time to time. The search was concluded on December 6, 2017 at the office and residence of the Parties. Pursuant to the search, the Income Tax Department issued notices to each of the Parties under Section 153A of the Income Tax Act directing them to prepare and furnish true and correct returns of total income for assessment years (“AY”) from 2008-2009, 2012-13 to 2017-18 within a stipulated timeline from the date of service of the notices and these returns have been furnished before the Income Tax Department. Further, the Income Tax Department issued notices under Section 142(1)/143(2) of the Income Tax Act for assessment years 2008-2009, 2012-13 to 2017-2018/2018-19, to the Parties seeking

certain information. These details have been furnished before the Income Tax Department by the Parties from time to time.

5. MBPPL filed appeals before the CIT(A) against the order for AY 2012-13 to AY 2017-18 and against order for AY 2018-19. MBPPL made an application under the VsV for AY 2012-13, AY 2013-14 & AY 2014-15. MBPPL received final order for AY 2012-13, accepting the VsV Application. The appeal for AY 2015-16 and 2016-17 were disposed by the CIT(A) in favour of MBPPL with direction to the assessing officer. The appeal for AY 2012-13 was dismissed by the CIT(A) in view of VsV order for the said year. VsV application for AY 2013-14 was rejected and the final order under VsV for AY 2014-15 is currently pending. The appeal for AY 2013-14 was disposed by the CIT(A) against MBPPL and an appeal has been filed before the ITAT against the same. Appeal filed before ITAT for AY 2013-14 has been withdrawn by MBPPL. The Income Tax Department filed an appeal for AY 2015-16 and AY 2016-17 before ITAT against the order of the CIT(A) and the same were disposed by the ITAT in favour of MBPPL. MBPPL received a notice under section 148 for assessment year 2014-15. MBPPL filed return of income under protest in response to the said notice for assessment year 2014-15 and also sought reasons for reopening the assessment. MBPPL received reasons for reopening and response against the same has been submitted objecting to the reopening of assessment. The Income Tax Department passed an order rejecting the objections filed. MBPPL filed a writ petition with the Bombay High Court against the notice under section 148 and rejection order. Bombay High Court has passed the order quashing the notice under section 148. Subsequently, Supreme Court has upheld the validity of the notice. MBPPL received notice u/s 148A(b) and response against the same has been submitted objecting to the reopening of assessment. The Income Tax Department passed an order under section 148A(d) rejecting the objections filed and served notice under section 148 of the Income Tax Act. The return of income was filed under protest in response to the said notice. MBPPL has filed Writ Petition before Bombay High Court against the notice u/s 148 and order u/s 148A(d).
6. The Collector of Stamps (Enforcement), Mumbai issued an interim demand letter dated December 18, 2017 and rectification order dated December 20, 2017 for deficit stamp duty aggregating to ₹ 333.28 million. By way of letter dated December 26, 2017, MBPPL expressed its disagreement with respect to determination of the amount of stamp duty for the demerger of certain undertakings of Trion Properties Pvt. Ltd. into MBPPL and stated that it will effect the payment of the disputed amount under protest and requested that the original order of the NCLT be returned to MBPPL duly endorsed, to enable MBPPL to make the payment and register the same. The amount of ₹ 333.28 million was paid under protest on December 27, 2017. No further correspondence has been received.
7. KRCPL received a letter dated December 29, 2023 from the office of Joint District Registrar, Pune requested KRCPL to avail the benefit of Amnesty Scheme 2023 on the deficit stamp duty and penalty thereon to be paid since the deficit stamp duty and penalty thereon has not been paid on the document No. 2380/2019 registered in the office of Joint Sub Registrar, Haveli No. 15, Pune. MBPPL is in the process of submitting a reply to the aforesaid letter.

**(iii) Material Civil / Commercial Litigation**

1. With respect to the termination of a license agreement between MBPPL and Capstone Securities Analysis Private Limited (“Capstone”), a licensee at Unit No.003 in Building No.1 in Commerzone Yerwada, MBPPL has filed an eviction suit against Capstone in the Small Causes Court at Pune (“Court”) for payment of arrears of license fees and other charges

aggregating to ₹ 10.80 million and has sought injunction. By way of two separate orders dated June 16, 2022, application dated February 4, 2021 filed by MBPPL seeking directions against Capstone for depositing the monthly License Fee in Court was allowed by the Court, and application dated July 9, 2021 filed by Capstone for fixation of standard rent was rejected. On July 16, 2022 the Court allowed the application filed by MBPPL for interim/ad-interim injunction restraining Capstone from creating third party interest in the suit property and parting with the possession of the suit property in any manner, till final disposal of the suit. On July 16, 2022 Capstone filed an application seeking a stay to the effect and operation of the order passed on June 16, 2022 thereby directing Capstone to deposit the license fees in Court. On August 24, 2022 MBPPL filed an application for striking off the defence by Capstone and the matter was adjourned till September 8, 2022. On September 8, 2022 the matter was adjourned till October 01, 2022 for filing say by Capstone to the application for striking off defence filed by MBPPL and hearing on the application for stay filed by Capstone to both the orders passed on June 16, 2022. Capstone has filed two revision applications against MBPPL being aggrieved by the aforesaid orders dated June 16, 2022. Both the revision applications were rejected by the District Court vide order dated October 11, 2022 ("Order"). Being aggrieved by the said Order, Capstone had on October 19, 2022 and November 2, 2022, filed applications before the Court seeking a stay on the effect and operation of the said Order dated October 11, 2022 so as to seek an appropriate order from the Bombay High Court by filing a petition. On November 5, 2022, Capstone has further filed applications inter-alia seeking 15 days time for challenging the Order passed by the District Court, before the Bombay High Court and for a stay on the Order passed under Exhibit 9 i.e. application for depositing license fee in the Court. Vide order dated November 5, 2022, the applications were partly allowed, and the effect and operation of the order passed below Exhibit 9 was stayed / suspended only till November 11, 2022. On November 11, 2022, Capstone filed an application seeking a stay on the order passed below Exhibit 9 informing the Court that Capstone has filed two writ petitions bearing nos. WPST/27433/2022 and WPST/27435/2022 before the Bombay High Court ("Writ Petitions") thereby challenging the Orders passed under Exhibit 9 (whereby the Court allowed MBPPL's application filed under Order 15-A of CPC) and 25 (Capstone application for fixing standard rent). MBPPL had filed an application with a prayer to strike off the defence of Capstone, since Capstone had defied the order passed under Exhibit 9. By Order dated November 11, 2022, the Court allowed the application of MBPPL for striking off defence filed by Capstone and rejected the application filed by Capstone seeking a stay on the order passed below Exh. 9 and sought adjournment in the matter for 15 days to obtain appropriate orders from the Bombay High Court. The matter has been posted to January 6, 2023 for framing of issues. On January 6, 2023 MBPPL submitted that the defence had been struck-off as no Written Statement was filed on record, therefore issues should not be framed and the matter could be posted for evidence. The Defendant appeared and filed on record an Application inter-alia stating that it has filed a Revision Application No. 45 of 2022 before the Hon'ble District Court, Pune thereby challenging the Orders dated November 11, 2022 passed under Exhibit 33 (Striking off the Defence) & Exhibit 45 (Adjournment Application filed by the Defendant which was rejected by Court) and the same was posted to January 20, 2023 for appearance of MBPPL. Further, vide the said Application, the Defendant stated that the Writ Petitions are awaiting hearing and hence the matter may be adjourned suitably in order to obtain necessary orders from the Bombay High Court. MBPPL resisted the Application filed by the Defendant by filing a say. The aforesaid Application filed by the Defendant was rejected and the suit was posted to March 8, 2023, for filing of 'Affidavit of Evidence'. On March 8, 2023, the Defendant has filed an seeking a stay on the proceeding inter-alia stating that the Civil Revision Application against the Order of Striking-off Defence is pending before the Hon'ble District Court and sought an adjournment to obtain appropriate orders from the District Court. MBPPL raised objections to the said Application and filed reply to the same and pressed

for rejection of the said Application. The matter has been adjourned to April 11, 2023. On April 11, 2023, Capstone filed an application to stay the proceeding inter-alia stating that the civil revision application against the order of striking-off defence is pending before the District Court and sought an adjournment to obtain appropriate orders from the District Court where revision application has been filed. MBPPL objected to the said application and filed its reply to the application for stay and informed the Court that a similar application has been filed by Capstone on a previous occasion and the same is pending for orders and sought a rejection of the application for stay. Upon submissions, the Court adjourned the matter to June 23, 2023 for (1) Order on the application for stay, (2) Order on the application for stay filed by Capstone previously at Exhibit 48, (3) filing of evidence affidavit by MBPPL and further proceedings accordingly. On June 23, 2023, MBPPL filed a purshis inter-alia placing on record the final order dated June 6, 2023 passed by the District Court in Revision Application No. 45 of 2022. The advocate for Capstone appeared and filed on record a purshis inter-alia stating that Capstone has paid all amounts with interest as per order dated June 6, 2023 passed in Civil Revision Application No. 45 of 2022, i.e. ₹ 10.92 million to MBPPL vide cheque dated June 14, 2023. Further, vide the said Purshis, Capstone submitted to the Court that it has complied with the order dated June 6, 2023 passed by the District Court and therefore the order dated November 11, 2023 by the Court in Civil Suit No. 79 of 2021 is required to be set aside and the written statement / defence of Capstone is required to be taken back on record. MBPPL stated that Capstone has not provided a detailed summary / statement / break-up of the payments made so as to ascertain the amounts so paid by it in compliance to the Order dated June 6, 2023 passed by the District Court. The matter has been adjourned till July 11, 2023 . On August 3, 2023 Capstone appeared and filed on record a Purshis inter-alia stating that (a) Capstone has paid ₹ 10.92 million to MBPPL in compliance of orders passed in Civil Revision Application No. 45 of 2022 and (b) an additional amount of ₹ 0.35 million has also been transferred to MBPPL's account in view of MBPPL's claim of shortfall amount, and (c) Capstone has paid the license fee for the month of July and August 2023 at the rate of ₹ 0.42 million and as such an amount of ₹ 0.11 million is paid in excess as per month license fee is directed to be paid at ₹ 0.36 million. . Issues are framed and matter is kept for evidence and is currently pending.

2. Revision Application No. 45 of 2022 was filed by Capstone before the Hon'ble District Court, Pune thereby being aggrieved by the order/s dated November 11, 2022 passed under Exhibit 33 (Application for Striking off the Defence) & Exhibit 45 (Adjournment Application filed by the Defendant which was rejected by Court) and the same was posted to January 20, 2023 for appearance of MBPPL. On January 20, 2023 MBPPL appeared in the matter and sought adjournment in the matter for advancing final arguments. On March 23, 2023, Capstone appeared and filed on record the Application inter-alia stating that (i) the Applicant is ready and willing to pay an amount of ₹ 9.4 million from January 2021 to March 2023 to the account of MBPPL directly, if so directed by the Hon'ble Court, (ii) the Applicant is ready and willing to deposit the monthly license fee before the 7th day of every month to MBPPL; and (iii) seeking to set aside the order of Small Cause Court, Pune dated November 11, 2022 in Civil Suit No. 79 of 2021; and the matter has been adjourned to April 5, 2023, for filing of Reply by Respondent to the Application. The matter came up for hearing on April 5, 2023, April 24, 2023 and thereafter on April 27, 2023 when MBPPL has filed its reply. Upon submissions, the Court adjourned the matter to May 2, 2023 for arguments. The matter was adjourned to June 6, 2023 for order. Capstone's Application was allowed by an order dated June 6, 2023 with certain conditions and the revision application was disposed off on June 6, 2023 upon compliance of certain conditions within stipulated time whereby the said order dated November 11, 2022 passed in Civil Suit No. 79 of 2021 by the trial court striking off the written



statement of Capstone will be held to be set aside, and in case Capstone fails to comply with the conditions in the said order dated June 6, 2023 within stipulated time, then the order dated November 11, 2022 passed by the trial Court will automatically revive and remain in existence. In pursuance of the said order dated June 6, 2023, the revision application was disposed of by the District Court.

Table 7.6 Summary of Pending Tax Litigations

Assessment Year	Significant Issue In Dispute	Authority - Raising Issue	Authority - Passing Order	Appeal Preferred By	Authority - Issue Pending Before	Next Date Of Hearing If Applicable	Exposure - Tax, Interest And Penalty
MBPPL							
2014-15	Rental Income assessed under the head IHP instead of Business.	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2017-18	Rental Income assessed under the head IHP instead of Business & no speaking order on the losses & unabsorbed depreciation of demerged undertaking	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2018-19	Depreciation to be Computed on assets from the year in which income from such asset is taxed under the head PGBP & Disallowance of Interest on TDS	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-

Note : Direct Tax Litigations are at the SPV Level

Table 7.7 Indirect Tax Litigation

Sl.No	Entity	Park	Tax Type	Authority Pending	Tax Demand (In 'Mn)	Interest (Quantified)	Penalty (Quantified)	Issue In Brief	Period	Interest	Penalty
1	Mindspace Business Parks Private Limited	Commerzone Yerwada	Service Tax	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	33.39	-	-	Service tax on reimbursement of electricity and allied charges	April 2008 to June 2017	as applicable	as applicable
2	Mindspace Business Parks Private Limited	Commerzone Yerwada	Service Tax	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	5.83	-	-			as applicable	as applicable
3	Mindspace Business Parks Private Limited	Commerzone Yerwada	Service Tax	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	35.45	-	-			as applicable	as applicable
4	Mindspace Business Parks Private Limited	Commerzone Yerwada	Service Tax	Reply to SCN filed with Commissioner of Service Tax, Pune	7.24	-	-			as applicable	as applicable
5	Mindspace Business Parks Private Limited	Commerzone Yerwada	Service Tax	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	5.35	-	-			as applicable	as applicable
6	Mindspace Business Parks Private Limited	Commerzone Yerwada	Service Tax	Reply to SCN filed with Assistant Commissioner, Central Tax (GST), Pune	4.76	-	-			as applicable	as applicable
7	Mindspace Business Parks Private Limited	Commerzone Yerwada	Customs	CESTAT	11.06	-	-	Refund claim filed for excess payment of Customs duty at the time of debonding from STPI Scheme	Aug-16	not applicable	not applicable

## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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

Maharashtra, India

Submitted To:

K. Raheja Corp. Investment Managers Private  
Limited (formerly known as K Raheja Corp  
Investment Managers LLP)

(acting as the Manager to Mindspace Business Parks  
REIT)

Date of Valuation:

31-March-2024

Date of Report:

24-April-2024



Prepared By:

**KZEN VALTECH PRIVATE LIMITED**

**IBBI/RV-E/05/2022/164**

## EXECUTIVE SUMMARY

Property Name	Gera Commerzone SEZ and IT Park, Kharadi, Pune, Maharashtra, India
Property Address	S.No. 65/1, 65/2 & 65/3. Village Kharadi, Taluka Haveli, Dist-Pune-411014
Land Area	~26.0 Acres
Brief Description	<p>The property is located in the north-eastern part, in the Secondary Business District East micro market of Pune City along the Eon IT Park Road. It is located at a distance of about 6.0 km from the Phoenix Market City and about 2 km. from Nagar Road.</p> <p>The property is developed as Grade A, IT (Non SEZ) and SEZ Park with six (6) blocks (G1, G2, R1, R2, R3, &amp; R4) in total out of which only four (4) blocks (R1, R2, R3, &amp; R4) and Glass box, (which are owned by Mindspace REIT via its Special Purpose Vehicle-SPV) is considered for valuation collectively comprising of 2,937,246 sq. ft of leasable area. The main entrance to the Project Site is from EON IT Park Road.</p> <p>The property is owned entirely with 100% interest by KRC Infrastructure and Projects Private Limited.</p> <p>The property is surrounded by mixed use development comprising residential, retail, and commercial developments.</p> <p>KRC Infrastructure and Projects Private Limited has also 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 property. It is not allowed to expand the power distribution outside the limits of the SEZ.</p> <p>KRC Infrastructure and Projects Private Limited also houses the facility management services (Campus).</p>

Asset Details Leasable area details as shared by the Client is given below:

Sl. No.	Building Name	Leasable Area (sq. ft.)
1.	Building R1	531,373
2.	Building R2	1,007,933
3.	Building R3	669,477
4.	Building R4	726,963
5.	Glass Box	1,500
	Total Leasable Area	2,937,246

Based on the site inspection, out of 4 Buildings under consideration, 3 Buildings (R1, R3 & R4) are completed and operational, and Building (R2) is under construction, where the construction of the basic structure has been completed and is expected to be fully completed by Q3 FY25

Location Map



Key Assumptions

The table below summarizes key Valuation assumptions used in the estimate.

Particulars	Description																														
Asset Specific Information																															
Nature of Asset	Commercial / Office with Amenities																														
Current Status	There are four buildings being considered. Three buildings, R1 and R3 and R4, are complete and currently operational. One of the buildings, R2, is currently under construction.  It also includes power distribution services of KRC Infrastructure and Projects Pvt. Ltd and facility management services (Camplus).																														
Total Leasable Area	2,937,246 sq. ft.																														
Asset Details	In addition to the above, the undivided rights, title and interest in the following assets are also part of the Project. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Sl. No.</th> <th>Building Name</th> <th>Leasable Area (In sq. ft.)</th> <th>Usage Type</th> <th>Status</th> <th>Age of Building</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Building R1</td> <td>531,373</td> <td>IT SEZ</td> <td>Completed</td> <td>4 Years 1 Month</td> </tr> <tr> <td>2.</td> <td>Building R2</td> <td>1,007,933</td> <td>IT Non – SEZ</td> <td>Under Construction</td> <td>Under Construction</td> </tr> <tr> <td>3.</td> <td>Building R3</td> <td>669,477</td> <td>IT Non – SEZ</td> <td>Completed</td> <td>1 Year (Final OC received in Mar 2023)</td> </tr> <tr> <td>4.</td> <td>Building R4</td> <td>726,963</td> <td>IT SEZ</td> <td>Completed</td> <td>4 Years 1 Month</td> </tr> </tbody> </table>	Sl. No.	Building Name	Leasable Area (In sq. ft.)	Usage Type	Status	Age of Building	1.	Building R1	531,373	IT SEZ	Completed	4 Years 1 Month	2.	Building R2	1,007,933	IT Non – SEZ	Under Construction	Under Construction	3.	Building R3	669,477	IT Non – SEZ	Completed	1 Year (Final OC received in Mar 2023)	4.	Building R4	726,963	IT SEZ	Completed	4 Years 1 Month
Sl. No.	Building Name	Leasable Area (In sq. ft.)	Usage Type	Status	Age of Building																										
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4.	Building R4	726,963	IT SEZ	Completed	4 Years 1 Month																										

	<table border="1"> <tr> <td>5.</td> <td>Glass Box</td> <td>1,500</td> <td>Amenity</td> <td>Completed</td> <td>1 Year (Final OC received in Mar 2023)</td> </tr> </table> <ul style="list-style-type: none"> <li>Total Amenity Plot and the premises on which the Amenity Building is situated</li> <li>Total utility areas and internal roads.</li> <li>Total open spaces.</li> </ul>	5.	Glass Box	1,500	Amenity	Completed	1 Year (Final OC received in Mar 2023)
5.	Glass Box	1,500	Amenity	Completed	1 Year (Final OC received in Mar 2023)		
Revenue Assumptions							
In-Place Rent	INR 80.2 per sq. ft. per Month						
Market / Marginal Rent	INR 85.05 per sq. ft. per Month as of FY 25						
Parking Rent	INR 2,100 per CPS per Month (applicable for completed buildings only) as of FY 25						
Financial Assumptions Buildings	-						
Exit Cap Rate	8.00%						
Discount Rate / WACC	For Completed Blocks – 11.75% For Under Construction Blocks – 13.00%						
Financial Assumptions – Power Distribution services							
Discount Rate / WACC	10.5%						
License End Date	18 <sup>th</sup> June 2042						
Financial Assumptions – Facilities Management Services							
EBITDA multiple	13x						
Discount Rate / WACC	Completed - 11.75% Under Construction – 13.00%						

## Market Value

Component	Market Value as on	In Figures (INR Mn)	In Words
Total Market Value (Completed / Operational, including impact of rent equalization, power distribution business of KRC Infrastructure and Projects Pvt. Ltd. and the Facilities Management Business)	31 <sup>st</sup> March 2024	30,432.35	INR Thirty Billion Four Hundred Thirty Two Million Three Hundred Fifty Thousand Only



Total Market Value (Under construction, including impact of rent equalization and the Facilities Management Business) *Under Construction does not have Power Distribution Services	31 <sup>st</sup> March 2024	8,427.31	INR Eight Billion Four Hundred Twenty-Seven Million Three Hundred Ten Thousand Only
TOTAL VALUE		38,859.67	INR Thirty Eight Billion Eight Hundred Fifty Nine Million Six Hundred Seventy Thousand 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			

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## **LIST OF ABBREVIATIONS**

CBD	Central Business District
CY	Current Year
INR	Indian Rupees
IT/ITES	Information Technology/IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
Km	Kilometre
NH	National Highway
PBD	Peripheral Business District
REIT	Real Estate Investment Trust
RICS	Royal Institution of Chartered Surveyors
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft.	square feet

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.

# 1 INTRODUCTION

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## 1.1 Instructions

K Raheja Corp. Investment Managers Private Limited (formerly known as K Raheja Corp Investment Managers LLP) (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project located named '**Gera Commerzone**' (**Building R1 or B3, R2 or B4, R3 or B5, R4 or B6 & Glass Box**) located in **Kharadi, Pune**, Maharashtra, India (hereinafter referred to as the 'Project').

The SPV also includes power distribution services for of KRC Infrastructure and Projects Pvt. Ltd and facility management services.

## 1.2 Purpose of Valuation

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 Reliant Parties

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 Valuer's Capability

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHA, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("**IOVRVF**"), is a Fellow of Royal Institution of Chartered Surveyors ("**RICS**"), Fellow and Lifetime Member of Institute of Valuers, India ("**IOV**"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## 1.5 Independence, Conflict of Interest and Valuer's Interest

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the

Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## **1.6 Assumptions, Departures and Reservations**

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this section 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 Project 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.

## **1.7 Inspection of the Project**

The Project was inspected on 26 March 2024 by the Valuer in the presence of Client-nominated representative 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.

## **1.8 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 Project 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.

## **1.9 Confidentiality**

The contents of this Valuation 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.

## **1.10 Authority**

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## 1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification / validation of the zoning regulations / development controls with any government departments / authorities, among other aspects., etc.

## 1.12 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.

## 1.13 Anti-Bribery and Anti-Corruption

The Valuer represents, warrants and undertakes that:

The Valuer is 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.



## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data / information provided by the Client and estimate has limited coverage wherever full data / information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and / or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and/or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.
10.	Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried

		out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11.	Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12.	Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13.	Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14.	Disclaimer	<p>The estimate of Market Value is based on documents/information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 Valuation Standards Adopted

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 Basis of Valuation

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 Approach and Methodology

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different approaches and methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the depreciated Replacement Cost Method) separately.

The table below presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl. No.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This <b>method is sometimes referred to as 'Rent Roll method as well.</b>

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved (completed & operational, under construction/ future development commercial / IT office space, (other than the power distribution services which **has been valued using Discount Cash Flow Method under 'Income Approach'** and facility management services which has been valued using **Discount Cash Flow Method under 'Income Approach'**), the value is estimated using the **'Discounted Cash Flow Method'** (basis term and rent reversion) under 'Income Approach'.

## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 Investigation, Nature and Source of Information

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Revenue pendency if any
  - Options or Rights of Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 Capitalization Rate

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5%-11.5% to about 7.5%-8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted an exit cap rate of 8.00% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### 3.3 Discount Rate

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective 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.

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the Project Site against similar portfolios / properties in the market. For discounting the cash flows, an appropriate discount rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the completed portion of the project.

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. The Valuer has considered a risk premium of 125bps, to derive the WACC of 13.00% for under construction / future development properties.

These derived discount rates were found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

Property Name	Gera Commerzone SEZ and IT Park, Kharadi, Pune, Maharashtra, India																
Property Address	S.No. 65/1, 65/2 & 65/3. Village Kharadi, Taluka Haveli, Dist-Pune-411014																
Land Area	~26.0 Acres																
Brief Description	<p>The property is located in the north-eastern part, in the Secondary Business District East micro market of Pune City along the Eon IT Park Road. It is located at a distance of about 6.0 km from the Phoenix Market City and about 2 km. from Nagar Road.</p> <p>The property is developed as Grade A, IT and SEZ / Non SEZ Park with six (6) blocks (G1, G2, R1, R2, R3, &amp; R4) in total out of which only four (4) blocks (R1, R2, R3, &amp; R4) and Glass box, (which are owned by Mindspace REIT via its Special Purpose Vehicle-SPV) is considered for valuation. The main entrance to the Project Site is from EON IT Park Road.</p> <p>The property is owned entirely with 100% interest by KRC Infrastructure and Projects Private Limited.</p> <p>The property is surrounded by mixed use development comprising residential, retail, and commercial developments.</p> <p>KRC Infrastructure and Projects Private Limited has also 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 property. It is not allowed to expand the power distribution outside the limits of the SEZ.</p>																
Valuation Methods	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Asset Type</th> <th>Methodology Adopted</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Completed Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> <tr> <td>2.</td> <td>Under Construction Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> <tr> <td>3.</td> <td>Power Distribution Services</td> <td>Discounted Cashflow Method</td> </tr> <tr> <td>4.</td> <td>Facilities Management Services</td> <td>Discounted Cashflow Method</td> </tr> </tbody> </table>		Sl. No.	Asset Type	Methodology Adopted	1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion	2.	Under Construction Assets	Discounted Cash Flow Method using Rent Reversion	3.	Power Distribution Services	Discounted Cashflow Method	4.	Facilities Management Services	Discounted Cashflow Method
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3.	Power Distribution Services	Discounted Cashflow Method															
4.	Facilities Management Services	Discounted Cashflow Method															
Nature of the Interest by the Client	100% freehold interest in the Project as informed by the Client																
Purchase Price of the Project	INR 18,328 million*, as given by the Client *Includes valuation for facility management division and power distribution business of KRC Infrastructure and Projects Pvt. Ltd.																
Historical Valuation of the Project in 3 Previous Years	Below table summarizes historical valuation of the Project as given by the Client: <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Date of Valuation</th> <th>Total Market Value (Completed / Operational, Under Construction / Future Development) (INR Mn)*</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>30-Sep-2023</td> <td>35,987 (28,999, 6,988)</td> </tr> <tr> <td>2.</td> <td>31-Mar-2023</td> <td>33,153 (28,100, 5,053)</td> </tr> <tr> <td>3.</td> <td>30-Sep-2022</td> <td>30,290 (22,518, 7,772)</td> </tr> <tr> <td>4.</td> <td>31-Mar-2022</td> <td>27,535 (20,353, 7,182)</td> </tr> </tbody> </table>		Sl. No.	Date of Valuation	Total Market Value (Completed / Operational, Under Construction / Future Development) (INR Mn)*	1.	30-Sep-2023	35,987 (28,999, 6,988)	2.	31-Mar-2023	33,153 (28,100, 5,053)	3.	30-Sep-2022	30,290 (22,518, 7,772)	4.	31-Mar-2022	27,535 (20,353, 7,182)
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4.	31-Mar-2022	27,535 (20,353, 7,182)															

5.	30-Sep-2021	26,347 (19,404, 6,943)
6.	31-Mar-2021	24,878 (18,687, 6,191)
7.	30-Sep-2020	21,902 (17,901, 4,001)
8.	31-Mar-2020	21,018 (16,716, 4,302)

\*Includes valuation for facility management division and power distribution business of KRC Infrastructure and Projects Pvt. Ltd.

Ready Reckoner Rate  
Built-up Area (Office) – INR 87,520 per sq mt  
Land Area – INR 26,610 per sq mt

Date of Valuation 31-March-2024

Date of Inspection 26-March-2024

Market Value as on 31-March-2024	Component	Market Value as on	In Figures (INR Mn)	In Words
	Total Market Value (Completed / Operational, including impact of rent equalization,, power distribution business of KRC Infrastructure and Projects Pvt. Ltd. And the Facilities Management Business)	31 <sup>st</sup> March 2024	30,432.35	INR Thirty Billion Four Hundred Thirty Two Million Three Hundred Fifty Thousand Only
	Total Market Value (Under construction, including impact of rent equalization, and the Facilities Management Business) *Under Construction does not have Power Distribution Services	31 <sup>st</sup> March 2024	8,427.31	INR Eight Billion Four Hundred Twenty-Seven Million Three Hundred Ten Thousand Only
	Total Value		38,859.67	INR Thirty-Eight Billion Eight Hundred Fifty Nine Million Six Hundred Seventy Thousand 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				

Matters Affecting the Property and its Value  
Please refer to Chapter 7 of this Valuation Report

Assumptions, Disclaimers, Limitations and Qualifications  
This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance **on this report and extension of Valuer's liability is conditional upon the reader's acknowledgement** and understanding of these statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project



Prepared by KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)  
Represented through its Director  
Mr. Sachin Gulaty FRICS FIV FIIA  
IBBI/RV/02/2021/14284



**Name:** Sachin Gulaty FRICS FIV FIIA  
**Designation:** Director  
**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 Details of the Project Site and/or Project

The table below presents details of the Project Site and/or Project

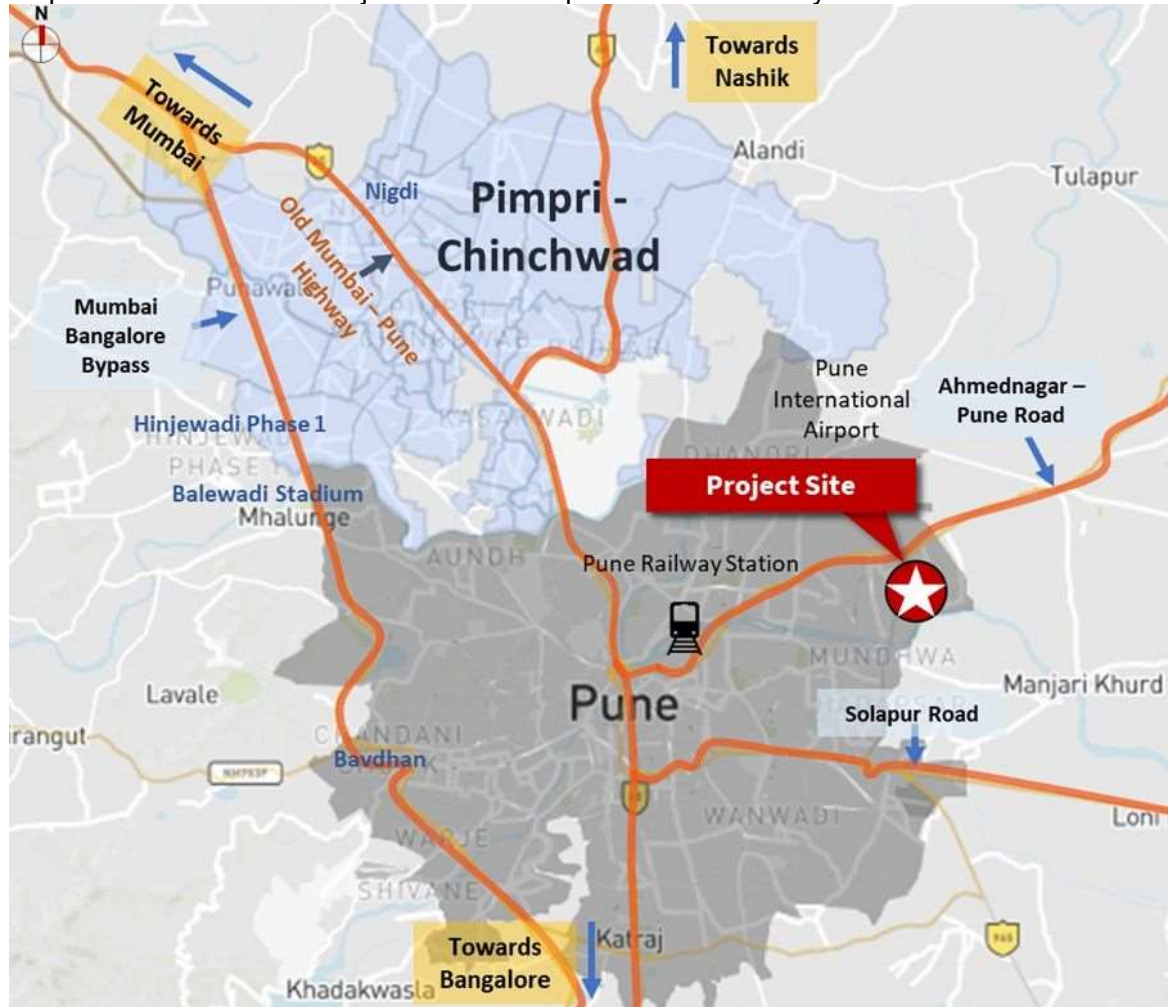
Table 5.1: Details of the Project Site and/or Project

DETAILS OF PROPERTY	
Property Name	Gera Commerzone SEZ and IT Park, Kharadi, Pune, Maharashtra, India
Property Address	S.No. 65/1, 65/2 & 65/3. Village Kharadi, Taluka Haveli, Dist-Pune-411014
Land Area	~26.0 acres
Block-Wise Break-Up of Leasable Area and Current Status	Block wise Leasable area details and details on status of the project are mentioned above in Executive summary. It also includes power distribution services for KRC Infrastructure and Projects Pvt. Ltd. and facility management services ("Camplus").
Access	Accessible through approx. 18 m. wide EON IT Park and 24 m. wide Grant Road
Frontage	Approximately 300 m. frontage along EON IT Park Road, Kharadi
Shape and Visibility	The topography of the project features terrain that is relatively contoured and is irregular in shape. It has excellent visibility from EON IT Park Road and Grant Road Kharadi.
Approval Status	Project has requisite approvals in place as confirmed by the Client.
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 Location of the Project

The Project is located in the north-eastern part, Secondary Business District (SBD) East micro market of the city along the Eon IT Park Road. It is located at a distance of about 6.0 km from the Phoenix Market City and about 1.5 km from Nagar Road. The map on the following page presents the location of the Project with respect to the city.

Map 5.1: Location of the Project Site with respect to the Pune City



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The distance of the Project from major landmarks in the city is given in the table below.

Table 5.2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Pune Railway Station	13.0
Pune International Airport	9.0
Phoenix Market city	2.0
Shivaji Nagar	6.0
Pune University	16.0

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### 5.3 Description of the Project and its Surroundings

The Project is Grade A commercial / office SEZ and IT Park located along EON IT Park Road in Kharadi. The Project is surrounded by mixed use development comprising residential, retail, and commercial asset classes. The Project is spread across 26 acres of land. The topography of the project features terrain that is relatively contoured and is irregular in shape. It has excellent visibility from EON IT Park Road and Grant Road Kharadi.

The map on the following page presents location of the Project and its surroundings.

Map 5.2: Location of Project and its Surrounding Developments



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project has good accessibility due to its location along the EON IT Park Road and vicinity to Pune Ahmednagar Highway. Existing second corridor of Pune metro line & BRTS along with proposed HCMTR which passes through this micro market will enhance the connectivity of Project with other parts of the city and reduce the travel time in the future.

The map below presents the conceptual Layout Plan of the Project as shared by the Client.

Map 5.3: Conceptual Layout Plan for the Project

Completed and Future Development Buildings:



Source: Client, 31<sup>st</sup> March 2024

The table on the following page presents the boundary/edge conditions of the Project Site.

**Table 5.3: Project Site and its Site Boundaries**

North	Residential Project
South	EON IT Park Road
West	Grant Road
East	Lawn

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project is predominantly surrounded by commercial, residential and hospitality developments in the vicinity. Grade A commercial / office developments and premium residential developments are also present in the micro-market.

## 5.4 Description of the Project

The table below presents key asset specific information.

**Table 5.4: Key Asset Specific Information of the Project - Completed Buildings**

Particulars	Description
Name of the Entity	KRC Infrastructure and Projects Private Limited
Interest owned by Mindspace REIT	Project is wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1</sup>
Land Extent including completed and under construction blocks	Total Plot Area: ~26.0 acres
Asset Type	IT SEZ and Non-SEZ buildings
Sub-Market	SBD East
Approved and Existing Usage	IT Offices
Current Status	Building R1, R3 & R4 – Fully completed and operational
Approvals Status	List of approvals are specified in Annexure 4.
Freehold/Leasehold	The underlying land is taken on freehold basis
Leasable Area	1.93 million sq. ft
Occupied Area	1.93 million sq. ft
Committed Area	1.93 million sq. ft.
Occupancy <sup>2/</sup>	100.0%
Committed Occupancy <sup>3/</sup>	100.0%
Number of Tenants	25

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>3/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupier

**Table 5.5: Key Asset Specific Information of the Project – Under Construction Project**

Particulars	Description
Name of the Entity	KRC Infrastructure and Projects Private Limited
Interest owned by Mindspace REIT	Project is wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT
Asset Type	IT Non- SEZ building
Sub-Market	SBD East



Particulars	Description
Approved and Existing Usage	IT Offices
Current Status	Building R2 – Under construction building, RCC work is in progress.
Approvals Status	List of approvals are specified in annexure 04
Freehold/Leasehold	The underlying land is taken on freehold basis
Leasable Area	1.01 Mn sq. ft
Occupied Area	0.0 Mn sq. ft
Committed Area	0.0 Mn sq. ft
Occupancy <sup>1/</sup>	0.0%
Committed Occupancy <sup>2/</sup>	0.0%

<sup>1/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>2/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupier

## 5.5 Project Inspection

The Project is part of a larger campus having (6) buildings (G1, G2, R1, R2, R3 & R4). Out of which two (2) SEZ and two (2) Non SEZ IT Buildings (R1, & R4) and R2 & R3 which also include a Glass Box are considered for valuation. Building R1, R3 and R4 are completed & operational, Building R2 is under construction, as on the date of inspection by the Valuer. The Project was inspected by the Valuer on 26 March 2024.

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.

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 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.

Some of the photographs of the Project and surroundings are given below:

	
External View of One of the Buildings	External View of Under Construction Building
	
View of Internal Lobby Space	View of Services

	
View of Podium Connecting all Buildings	View of Podium Connecting all Buildings
	
View of Terrace	View of Parking Space
	
View of Internal Access Road	View of Access Road

## 5.6 Other Relevant Information Related to the Project

### **Developable Area of the Project**

The total site area of the project is ~26.0 Acres with total leasable area of 2.9 Mn sq ft under 4 Buildings out of 6 Buildings in total.

### **Site Services and Finishes**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

### **Condition and Repairs**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in any of the operational buildings. Only some of the lifts in mall building are gone under maintenance.

### **Environmental Considerations**

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project 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 Project is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Project 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 Project, which may expose it for any induced disaster.

The Project is located at a relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and perennial water logging.

### **Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

### **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 Project 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.

### **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 to the Valuer (which are specified in Annexure 8), relating to the Project or any compounding charges.

## **5.7 Tenancy Analysis**

### **Tenant Profile of Top Tenants for Completed Project**

As on 31<sup>st</sup> March 2024, Project Site has 25 tenants which include companies like Barclays, Global Services, UPS Logistics, Mindcrest India Pvt. Ltd., etc. The Project Site's top 10 tenant account for ~97.0% of the Gross Rental income.

The top 10 Tenants as per Leasable areas is listed below: -

Table 5.6: Top 10 Tenants as per Leasable areas

Sl. No.	Tenant	Leasable Area (sq. ft.)
1	Barclays Global Services Centre Private Limited	531,373
2	BP Business Solutions India Pvt Ltd.	372,000
3	All State Sol. India Pvt Ltd.	334,545
4	Amazon Development Centre India Pvt. Ltd.	204,477
5	Springer Nature Technology and Publishing Solutions Pvt. Ltd.	109,000
6	UPS Logistics Pvt. Ltd.	105,500
7	Mindcrest India Pvt. Ltd.	56,000



8	AllianceBernstein Business Services Pvt. Ltd.	52,000
9	Crowdstrike India Pvt. Ltd.	52,000
10	ANSR Global Corporation Pvt. Ltd.	48,000
	Total	1,864,895

\* Includes contracted areas for which rent may start at a future date

The top 10 Tenants as per Gross Rents are listed below: -

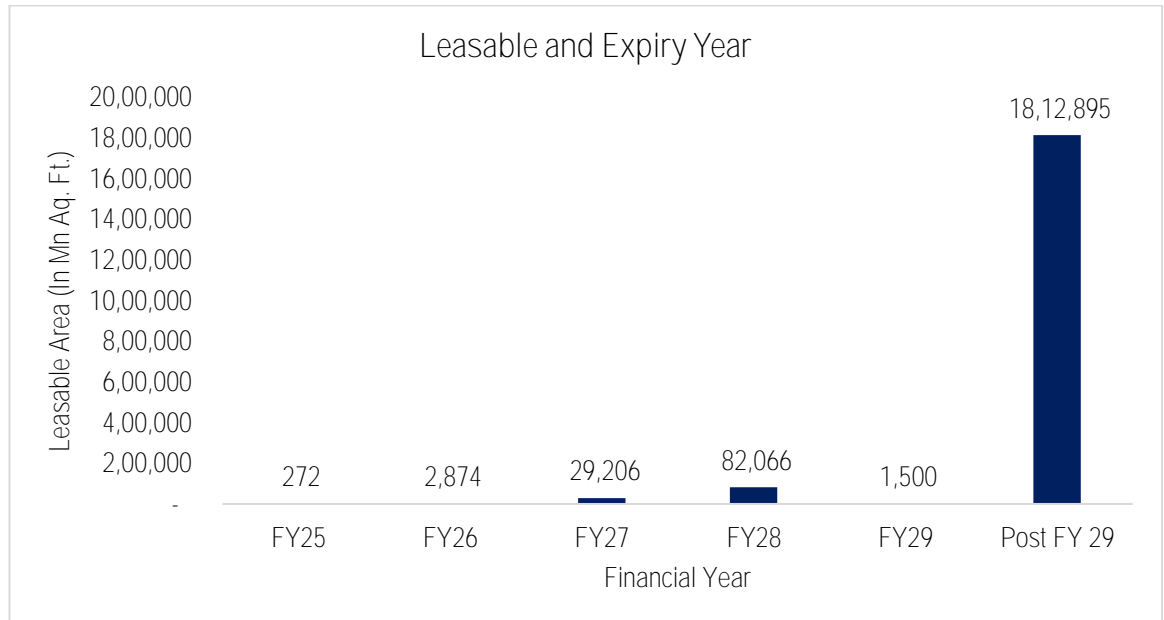
**Table 5.7: Top 10 Tenants as per Gross Rentals\***

Sr No.	Tenant	Share of Gross Rentals
1	Barclays Global Services Centre Private Limited	24.9%
2	BP Business Solutions India Pvt Ltd.	20.1%
3	All State Sol. India Pvt Ltd.	18.7%
4	Amazon Development Centre India Pvt. Ltd.	9.9%
5	UPS Logistics Pvt. Ltd.	6.7%
6	Springer Nature Technology and Publishing Solutions Pvt. Ltd.	5.6%
7	Mindcrest India Pvt. Ltd.	3.1%
8	Alliance Bernstein Business Services Pvt. Ltd.	2.8%
9	Crowdstrike India Pvt. Ltd.	2.8%
10	ANSR Global Corporation Pvt. Ltd.	2.5%
	Total	96.9%

\* Includes contracted areas for which rent may start at a future date

### **Lease Expiry Analysis**

The WALE of the property is 8.6 years, with ~6.0% of occupied area expiring between FY 2025 and FY 2029 as shown in the chart below:



### **Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 4.5% every year or 15.0% every 3 years.

## **5.8 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 Project Site.

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 Project Site. The SPV is not allowed to expand the power distribution outside the limits of the SEZ, i.e., the Project Site in this case.

## **5.9 Facility 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.

Table 5.8 Ownership Interest

Property Name	Location	Construction Status	Leasable Area (mn. sq. ft)
Avacado	Malad Mumbai	Operational	0.8
Commerzone	Yerwada Pune	Operational	2.9
Gigaplex	Airoli West Mumbai	Operational	4.6
Intime	Madhapur Hyderabad	Operational	1.7
KRIT	Madhapur Hyderabad	Operational	2.4
MBPPL	Airoli East Mumbai	Operational	4.7
MBPPL Pocharam	Pocharam Hyderabad	Operational	0.4
Sundew	Madhapur Hyderabad	Operational	5.8
Trion	Pune	Operational	0.8
Citi BKC	Mumbai	Operational	0.1
Horizonview	Porur Chennai	Operational	1.1
Commerzone, Kharadi	Kharadi Pune	Operational	2.2
Building 10-DC	Airoli, West, Mumbai	Operational	0.3
Sub-Total Operational			27.8
Data Center – B8	Airoli, West, Mumbai	Under Construction	0.3
Building 15 & Highstreet	Airoli, East, Mumbai	Under Construction	0.8
Building 1A-1B, 7&8 & Experience Center	Madhapur Hyderabad	Under Construction	3.1
Commerzone, Kharadi	Kharadi Pune	Under Construction	1.0
Sub-Total U/C / Future Dev.			5.2

Note: Leasable areas also include certain areas within parks of Mindspace REIT which are maintained by Campus and are not owned by Mindspace REIT's SPVs. In addition to above, 2.5 msf at Gera Commerzone Kharadi is under Campus Service

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

### 6.1 Introduction

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 City Overview

Pune is popularly known as the 'Queen of Deccan India' which has ranked within the top 20 cities globally in JLL's City Momentum Index (CMI) since 2017. Pune has now been declared as the largest city in the state of Maharashtra in terms of geographical area coverage. The city has been a major educational hub since many decades having presence of premium educational institutes in the country. Pune is also an important industrial hub having presence of prominent foreign as well as domestic automobile, automobile ancillaries and electronics manufacturers. Attractive demographics and readily available skilled workforce have attracted corporates from various sectors like IT/ITeS, manufacturing/industrial, BFSI, consulting etc. to have their set-up in the city. Other drivers like proximity to Mumbai, good connectivity through air, rail and roads, flow of Foreign Direct Investments (FDIs) have been instrumental in its growth. The city was also ranked 2nd among the top three best Indian cities (along with Hyderabad and Bengaluru) in Mercer's Quality of Living Rankings, 2023. All the above factors, in addition to large-scale urban infrastructure upgrade currently underway in Pune, have made it one of the most attractive real estate investment hubs in the state of Maharashtra after Mumbai.

### 6.3 Infrastructure Initiatives

Pune is currently undergoing three major infrastructure development projects. Pune Metropolitan Region Development Authority (PMRDA), Maharashtra Metro Rail Corporation Limited (MMRC), Pune Municipal Corporation (PMC), Maharashtra State Road Development Corporation (MSRDC) and City and Industrial Development Corporation of Maharashtra (CIDCO) are involved in the development of Pune Metro Line 3, Pune Metro Line 1 and 2, Pune Ring Road and New International Airport at Purandar, respectively. Another infrastructure project – Mula Mutha Rejuvenation Project, has been passed for execution in the central part of the city.

#### **Existing infrastructure**

Table 6.1 Existing Infrastructure in the City

Existing Project	Completion timeline	Details	Key Impact Zones
Pune International Airport	2004-05	It is a Military as well as Public airport owned by the Indian Airforce and operated by AAI.	Viman nagar, Yerawada, Kalyani nagar, Kharadi
Pune Junction	Opened: 1858, Rebuilt: 1925	One of the major junctions in Maharashtra connecting Pune to all the major cities of India.	Bund garden road, Camp, Koregaon park
Swargate bus depot	1976	Contains inter-city and intra-city transportation facilities.	Core Pune area / Peth areas
Pune - Mumbai expressway	2002	India's first 6-lane wide concrete, access-controlled tolled expressway. Distance – 94.5 km;	Bavdhan. Pashan, Baner, Balewadi, Hinjewadi, Wakad

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

## **Upcoming Infrastructure**

**Proposed Pune Ring Road** - The proposed Outer Ring Road in Pune will be developed as an eight-lane expressway with a total length of approximately 140 km. It will be developed through a public-private partnership (PPP), and the project will be divided into two parts. The first part will be a 74.08-km stretch from Urse, located on the Yashwantrao Chavan Expressway, to Shivare on the Pune-Satara National Highway, which will be referred to as the Eastern Ring Road. The second part will be a 65.45-km stretch from Shivare to Urse, known as the Western Ring Road. Six key highways passing through the city will be linked to the proposed Ring Road, namely Pune-Bengaluru highway (NH-48), Pune-Mumbai highway (NH-48), Pune-Nashik highway (NH-60), Pune-Solapur highway (NH-65), Pune-Ahmednagar highway (NH-753F) and Pune-Saswad Palkhi Marg (NH-965). According to the proposed alignment, the Ring Road will feature eight flyovers, four bridges over railroad tracks, seven viaducts, 14 underground roads and 13 tunnels. A total of 1,900 hectares of land will be acquired from 87 villages encircling the city, with the total estimated cost of the project being INR 18,000 crore. The expected completion of the Outer Ring Road in Pune is December 2026.

## **New Airport Terminal at Lohegaon and Proposed International Airport -**

A new terminal of around 500,000 sq ft, next to the existing Pune International Airport terminal in Lohegaon, was inaugurated on 10th March 2024 by PM Narendra Modi through a virtual platform. After missing successive deadlines set by the Airports Authority of India (AAI), the new terminal building at Pune International Airport is now complete and open for public use. The new terminal has been integrated with the existing terminal, taking the total built-up area to 750,000 square feet, and the combined passenger handling capacity to 16 million passengers per annum. The new terminal is equipped with three gates each for departure and arrival, which aims to reduce the crowd congestion experienced in the older facility. A new airport, Chhatrapati Sambhaji Raje International Airport, was supposed to be constructed in Purandar Taluka, but the Ministry of Defence cancelled the No Objection Certificate it issued in August 2021, and the project has been put on hold.

**Mula Mutha Rejuvenation Project** - Another infrastructure project namely Mula Mutha Rejuvenation Project, has been proposed for development. The rejuvenation project, modelled on the Sabarmati riverfront in Ahmedabad includes the development of 44 km of river stretch, including 22.2 km of Mula river, 10.4 km of Mutha river and 11.8 km of Mula-Mutha river. Work on two stretches (13 km) from Sangamwadi to Bund Garden and Bund Garden to Mundhwa bridge has been started. Also, a 300m sample stretch has been completed to showcase it to the authorities.

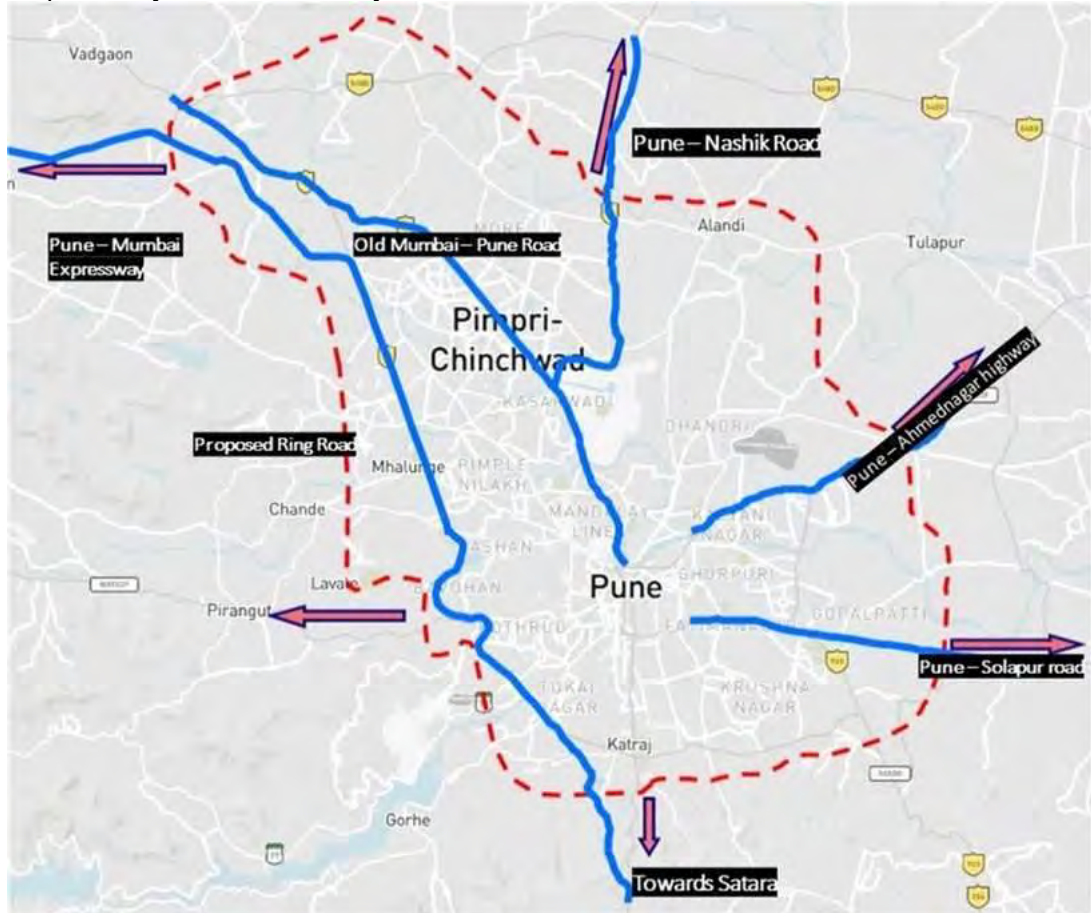
**Table 6.2 Upcoming Infrastructure in the City**

Upcoming Project	Completion timeline	Details	Key impact zones
Pune Ring Road	May 2026	Eight-lane expressway with total length of 173 km. Land acquisition work is under progress. It would be developed using a PPP model in 4 parts.	Talegaon Dabhade, Hinjewadi, Mahalunge, Sus, Lavale, Bhugaon, Bavdhan, Warje, Shivane, Dhayari, Kondhwa, Loni Kalbhor, Manjari, Wagholi, Alandi, Chakan
New Airport Terminal, Lohegaon	Dec 2023	The total built-up area of new terminal is 500,000 sq ft, which after integration with the old terminal will be an area of 750,000 sq ft with a total passenger handling capacity of 16 mn passengers per annum (MPPA)	Viman nagar, Yerawada, Kalyani Nagar, Kharadi, Wagholi.

Mula Mutha Rejuvenation Project	March 2025	Development of 44 km of river stretch, including 22.2 km of Mula river, 10.4 km of Mutha river and 11.8 km of Mula-Mutha river.	Sangamwadi, Bund Garden, Koregaon Park, Mundhwa, Kalyani nagar, Wadgaon sheri, Kharadi, Shivaji nagar, J.M Road, Deccan
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**Pune – Key Roads in the City**

Map 6.1 Key Roads in the City



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Upcoming Metro Rail Lines**

Pune Metro Lines - The Pune Metro Rail has three lines under construction with a total coverage of 54.58 km. Line 1 will run from PCMC Building to Swargate, and Line 2 will run from Vanaz to Ramwadi. Both lines are being implemented by MahaMetro and the Central Government in a 50:50 joint venture. Both lines are partially operational: Line 1 is operational from PCMC Bhavan to Shivaji Nagar, and Line 2 is operational from Vanaz to Ruby Hall Clinic. The extended stretches were inaugurated on 1 August 2023. Currently, Pune Metro Line 1 is in the final stage of completion, expected to become fully operational by the end 2024. As of March 2024, the entire stretch of Pune Metro Line 2 from Vanaz to Ramwadi has become operational. Line 3, which will run from Megapolis Circle in Hinjewadi IT Park Phase 3 to Shivaji Nagar, is being constructed through a public-private partnership involving Pune Metropolitan Region Development Authority and Tata-Siemens. Construction has begun, and the route is expected to be completed by 2026–27. The proposed extension of Pune Metro Line 1 from Swargate to Katraj, which will be completely underground, has been approved by the civic body and is expected to be operational by 2027.

**Upcoming Metro Rail Lines****Table 6.3 Upcoming Metro in the City**

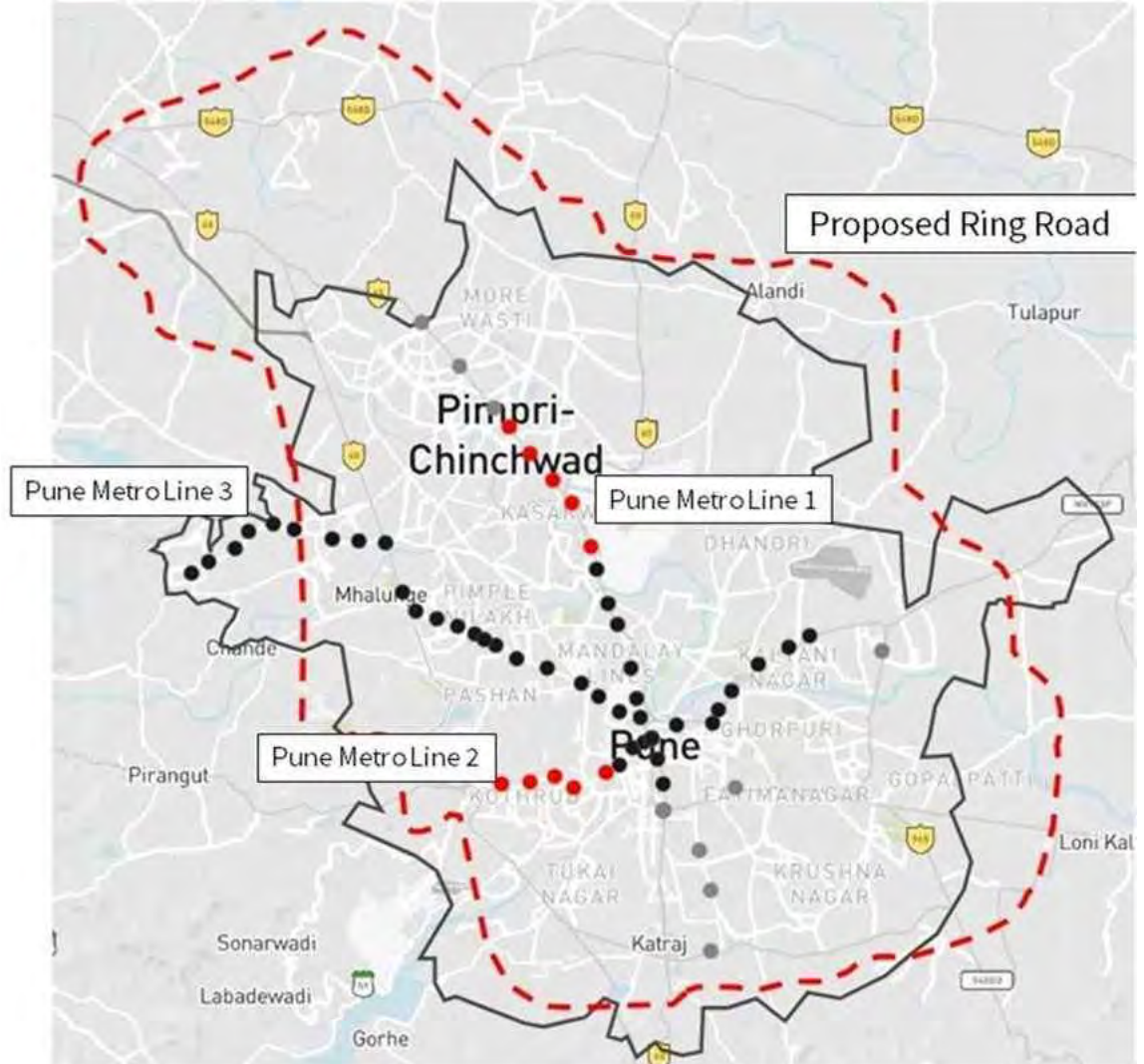
Upcoming Project	Completion timeline	Details	Key Impact Zones
Pune Metro Line 1 or Purple line	PCMC Bhavan to Shivajinagar – August 2023. Entire line – 2024.	Will run from PCMC Bhavan to Swargate. Total length: 16.6 km. No. of stations: 14 out of which 9 stations are elevated and 5 stations are underground. Proposed extension: Swargate to Katraj and PCMC Bhavan to Nigdi.	Pimpri, Chinchwad, Kasarwadi, Pimple Gurav, Sanghvi, Khadki, Range Hills, Shivajinagar, Peth areas (Old Pune).
Pune Metro Line 2 or Aqua line	Entire line operational – March 2024.	Will run from Vanaz to Ramwadi. Total length – 14.7 km. No. of stations – 16 (all elevated). Proposed extension – Ramwadi to Wagholi.	Kothrud, Erandwane, Deccan Gymkhana, J.M Road, PMC Bhavan, Pune Junction, Bund Garden Road, Yerwada, Kalyani nagar, Viman nagar, KharadiYerwada
Pune Metro Line 3 or Metropolitan line	2026-27	Will run from Megapolis circle in Hinjewadi Phase 3 to Civil court in Shivaji nagar. Total length – 23.3 km. No. of stations – 23 (all elevated)	Hinjewadi Phase 1,2,3, Wakad, Balewadi, Mahalunge, Baner, Aundh, Pune university, Ganeshkhind road, Shivajinagar.

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024



**Pune - Map of upcoming metro lines and proposed ring road**

Map 6.2 Map of Proposed Metro Lines and Ring Road



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024



## 6.4 Pune - Office Sub Markets

The office sub-markets of Pune City are classified into six micro markets based on the market trend as mentioned below.

Table 6.4 Pune Commercial Micro-Markets

Submarket	Locations	Map of Pune office market
CBD	Camp, Station Road, Raja Bahadur Mills Road, Dhole Patil Road, Bund Garden Road, Sangamwadi, Koregaon Park, Fergusson College Road, Ganesh Khind Road, Senapati Bapat Road, Shivaji Nagar, Wakdevadi, Shankar Seth Road	<p><b>Map 6.3 Commercial Micro-markets in the City</b></p>
SBD East	Airport Road, Jail Road, Yerawada, Nagar Road, Viman nagar, Kalyani Nagar, Kharadi, Hadapsar	
SBD West	Aundh, Baner, Balewadi, Bavdhan, Nanded Phata, Kothrud, Erandwane, Warje	
Suburbs East	Fursungi, Wagholi	
Suburbs West	Hinjewadi, Pimple Saudagar, Pimpri, Chinchwad, Bhosari.	

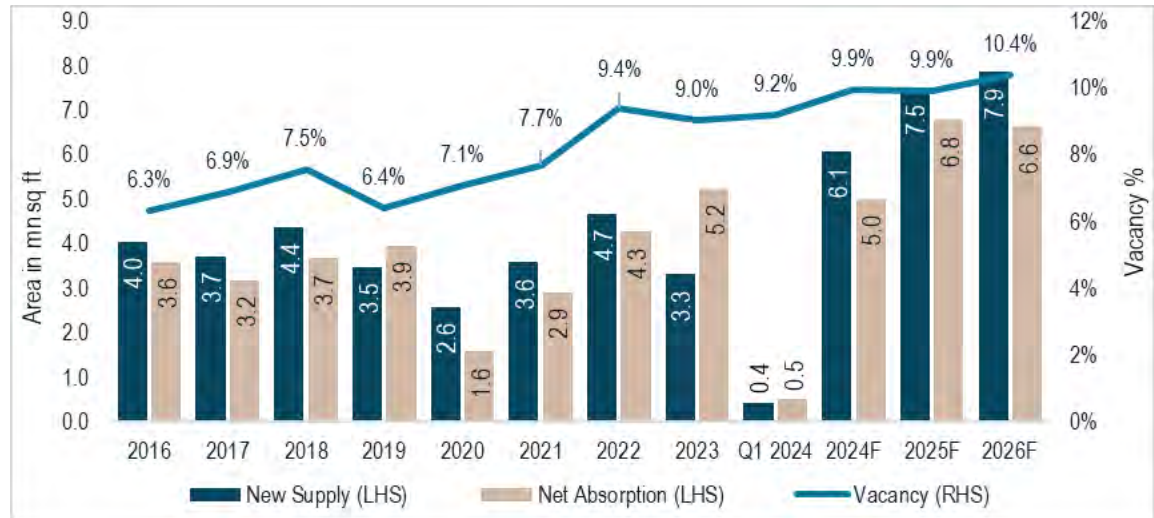
Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### Leasing Activity

#### City Market Trends

Table 6.5 City Market Trends

	Total Stock (mn sq ft)	Net Absorption (Mn sq ft)			Vacancy %		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	78,784,210	504,812	-72.0%	-67.1%	9.2%	20 bps	-40 bps
CBD	6,487,236	0	-100%	-100%	3.2%	0 bps	-300 bps
SBD East	44,187,635	364,889	-70%	-63%	7.1%	80 bps	-60 bps
SBD West	11,395,869	135,969	-75%	-62%	7.0%	-120 bps	190 bps
Suburbs East	1,882,000	0	NA	NA	28.5%	0 bps	1020 bps
Suburbs West	14,831,469	3,954	+119%	-98%	17.2%	- 60 bps	-150 bps



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Pune's office market activity was sluggish in Q1 2024. Net absorption of 0.5 mn sq ft was recorded in Q1 2024, which was largely driven by fresh leasing in existing office stock. Majority of the net absorption in Q1 was contributed by SBD East sub-market which accounted for a 72% share followed by SBD West with a share of 27%. Suburbs West recorded a minimal net absorption with a share of 1% whereas Suburbs East and CBD sub-markets did not witness leasing activity in Q1.

Gross leasing of around 1.81 mn sq ft was recorded during the quarter, up by 41.4% y-o-y. Healthy pre-commitments were witnessed in the upcoming projects which accounted for a share of 48% in the total gross leasing of Q1 2024. Pre-commitments of around 0.87 mn sq ft took place all of which were signed by co-working players. Gross leasing activity in the quarter was largely driven by the co-working segment with an occupier share of around 49.6%, followed by manufacturing/industrial and IT/ITeS segments with occupier shares of 24.0% and 22.4%, respectively.

The occupier share of IT/ITeS has declined while correspondingly the share of co-working operators in the leasing activity has increased. This is because the corporates especially in the IT/ITeS segment require a more flexible work set-up in times of uncertainty and for more dynamic portfolio planning. Co-working operators like Table Space, Smartworks, WeWork, Indiqube, Redbrick etc. are the key players in the Pune office market.

In Q1 2024, majority of the key transactions are by the co-working players leasing space for their managed offices. Some of the notable transactions in Pune in Q1 2024 include – Smartworks pre-leased the entire building named Autograph of 550,000 sq ft in Balewadi, Faurecia leased 190,000 sq ft in Capitaland Nalanda in Hinjewadi, Redbrick pre-leased 168,000 sq ft in Panchshil Avenue in Kalyani Nagar and Smartworks pre-leased the entire building named Solitaire Business Hub III of 150,000 sq ft in Balewadi.

### **Vacancy**

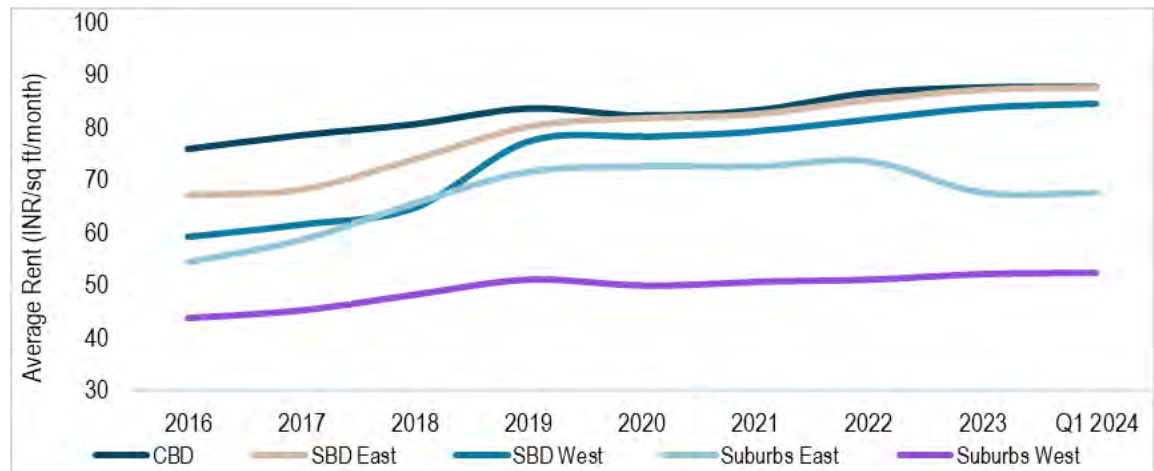
The overall vacancy rate of the Pune office market in Q1 2024 settled at 9.2%, up by 20 bps q-o-q whereas down by 40 bps y-o-y. The quarterly increase in the vacancy rate was due to the new supply addition in the market and a comparatively low net absorption. In Q1 2024, the CBD submarket recorded the lowest vacancy rate in the city of 3.2%, which was stable q-o-q, whereas it declined by 300 bps y-o-y, mainly because there is no new supply addition in the sub-market in the last 5-6 quarters and the existing buildings have low availability of office space. SBD West sub-market has a vacancy rate of 7.0% in Q1 2024, down by 120 bps q-o-q as there has been limited supply addition in the sub-market and the existing stock has limited available space. SBD East sub-market has a vacancy rate of 7.1% in Q1 2024, up by 80 bps

q-o-q, whereas down by 60 bps y-o-y. This sub-market has been the favoured sub-market in terms of healthy supply as well as demand and thus enjoys a stable vacancy range. Suburbs East sub-market recorded the highest vacancy rate in the city of 28.5% in Q1 2024, which was stable q-o-q, whereas on a y-o-y basis it has increased by 1020 bps. Suburbs West sub-market has a vacancy rate of 17.2% in Q1 2024, down by 60 bps q-o-q, as well as on a y-o-y basis it was down by 150 bps.

### **Submarket Rents**

Table 6.6 Submarket Gross Rents

	Gross Rent (INR/sq. ft/pm) GFA		
	Q1 2024	Q-o-Q Change	Y-o-Y Change
Overall	80.1	0.6%	2.4%
CBD	87.9	0.2%	1.4%
SBD East	87.6	0.4%	2.1%
SBD West	84.6	0.9%	3.1%
Suburbs East	67.8	0.0%	-8.1%
Suburbs West	52.5	0.5%	2.4%



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

Note : Mindspace REIT micro markets, 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.

The overall average rents in the city in Q1 2024 settled at INR 80.1 per sq ft per month, up 0.6% q-o-q as well as 2.4% y-o-y. In Q1 2024, CBD sub-market recorded the highest average rent in the city at INR 87.9 per sq ft per month, closely followed by SBD East sub-market which is INR 87.6 per sq ft per month. Average rents in the Suburbs West sub-market are the lowest in the city, which is INR 52.5 per sq ft per month in Q1 2024. Average rent in SBD West and Suburbs East sub-markets in Q1 2024 settled at INR 84.6 and INR 67.8 per sq ft per month. Rental growth in Q1 2024 was witnessed in all the sub-markets except for the Suburbs East sub-market. The city witnessed healthy rental growth every quarter till 2019, however, since 2020, the rents have largely remained stable with marginal growth every quarter.

Prominent projects in the CBD sub-market like ICC Tech Park, ICC trade tower and ICC Pavillion on Senapati Bapat Road have rents in the range of INR 115-125 per sq ft per month, whereas AP81 in Koregaon Park has rent in the range of INR 90-100 per sq ft per month which are higher than the sub-market average rent. SBD East sub-market has the highest share of grade A stock with a large share of premium projects like World trade centre, Eon Free Zone, Gera Commerzone, International Tech Park Pune in Kharadi and Panchshil Business Park in Viman nagar that command rents higher than the sub-market and overall city average. Suburbs West has limited grade A office leasable stock which is majorly owned by institutional players and that is mainly SEZ in nature. This and factors like poor connectivity to the city

centre and lower land prices has kept the rents of the sub-market competitive compared to the city.

### **New supply**

In Q1 2024, Pune witnessed completion of one office project namely Gera Commerzone STPI – Building 1 in Kharadi in the SBD East sub-market, which added a new supply of around 0.77 mn sq ft to the total Grade A stock of the city. The project had no pre-leasing during the time it got operational. However, there was withdrawal of 0.34 mn sq ft of projects which were downgraded to Grade B. Thus, the net increase in the total stock was 0.43 mn sq ft. The new supply is entering the city's office market in a slow and steady pace as the pre-commitment levels are low. However, in Q1 2024, a healthy pre-leasing of 0.87 mn sq ft was witnessed in the upcoming projects unlike the previous 2-3 quarters where pre-leasing did not take place.

### **Outlook**

Pune expects a total new supply of 6.42 mn sq ft in 2024, out of which 0.77 mn sq ft has become operational in Q1 2024. The pre-commitment level in the upcoming projects in 2024 is around 5-10% whereas it is around 10-15% in the upcoming projects in 2025. Some of the key completions in the city by the end of 2026 include Amar AP4 Phase 1, Panchshil Business Hub – S.no 40, International Tech Park Pune - Block 2, Keppel Kohinoor upcoming project in Kharadi, EON West Phase 1 in Wakad and Godrej Centre in Koregaon Park. Between the period Q2 2024 to end-2026, Pune office market is likely to see total new supply of 21 mn sq ft, out of which majority supply, comprising around 50% belongs to SBD East submarket which is followed by CBD sub-market which constitutes around 20-25% of the total supply. CBD sub-market has not witnessed a substantial new supply since Q1 2022. Thus, with the introduction of new supply of around 5 mn sq ft over the next three years, demand as well as rentals in the sub-market are expected to increase. This new supply in CBD sub-market is by prominent developers like RMZ Corp, Godrej, Amar builders and Poonawalla Group etc. Majority of the new supply in the next three years is located in the Kharadi micro-market in SBD East is by prominent developers like K Raheja Corp, Capitaland Group, Panchshil Realty, Keppel land and Kohinoor, Amar builders etc. Similarly, Suburbs West sub-market expects a limited but premium quality supply in the next three years with the completion of EON West Phase 1 and Phoenix Millennium Towers in Wakad. These projects are expected to drive the rental growth the sub-market in the coming years.

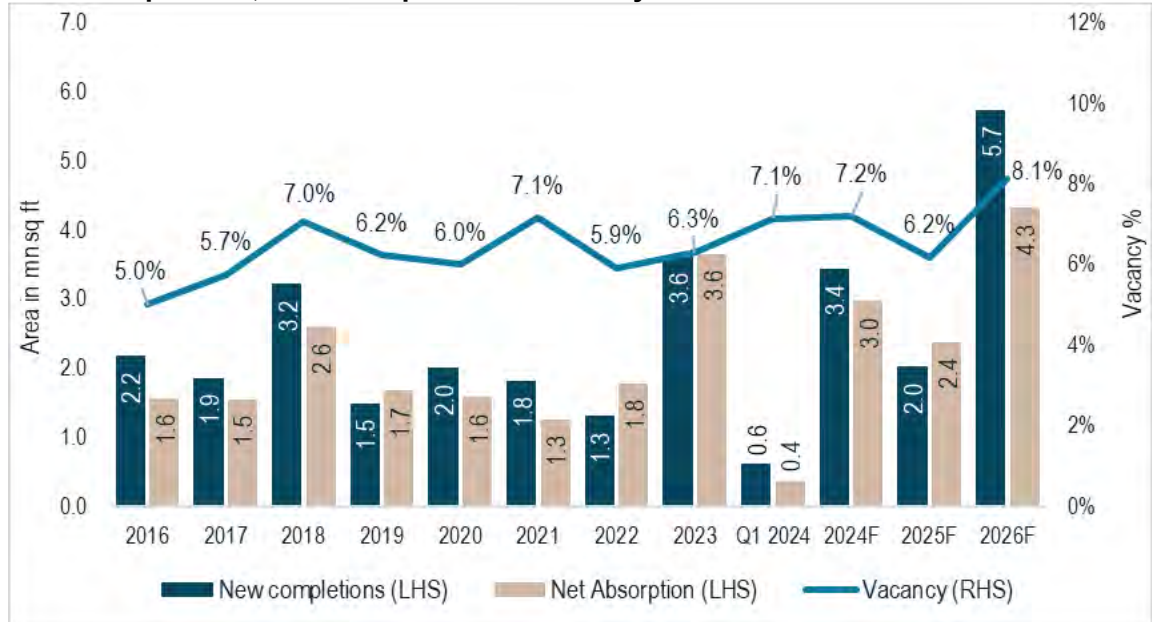
The demand is expected to grow at a slow and steady pace in 2024 and 2025. The premium quality upcoming supply that will be entering the market in 2025 and 2026 is likely to command higher rentals, and thus is expected to drive the rental growth in the city.

## 6.5 Micro Market : Secondary Business District East

The Gera Commerzone project lies in the Secondary Business District East.

### Supply, Demand Trend

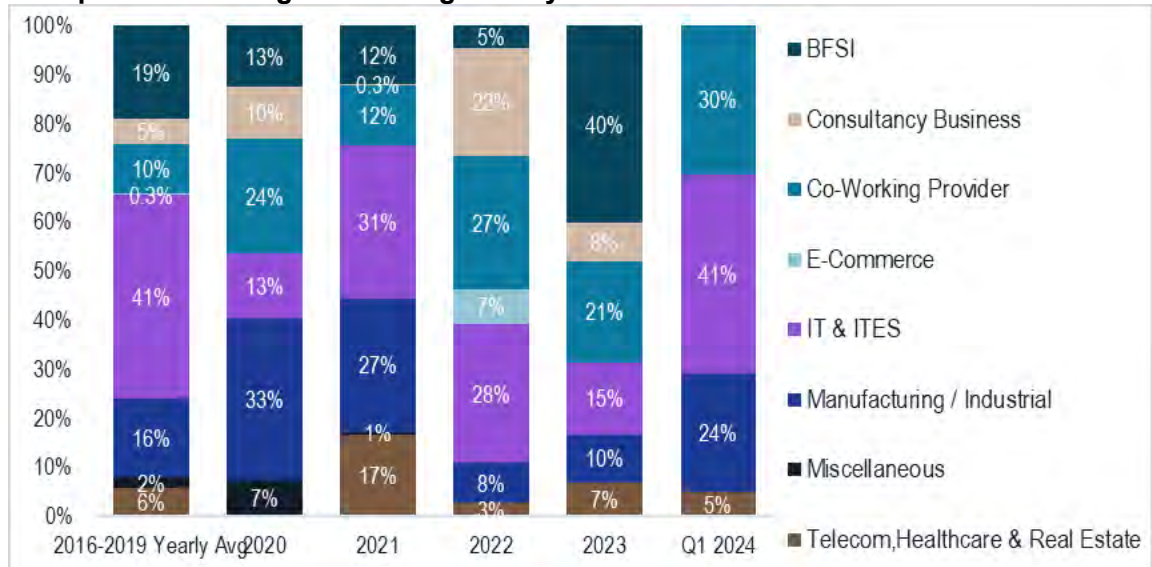
#### Total Completions, Net Absorption and Vacancy Rate



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

### Leasing activity

#### Occupier's share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

SBD East comprises key micro-markets like Yerawada, Kalyani Nagar, Viman Nagar, Kharadi and Hadapsar. It has accounted for around 72% of the total net absorption in the city in the first quarter of 2024, whereas, in 2023 it accounted for around 70% of the total annual net absorption. This highlights the occupiers' preference for the sub-market. It recorded a net absorption of 0.36 mn sq ft in Q1 2024, which was down by 70% q-o-q as well as down by 63% y-o-y. The net absorption comprised new leasing and exits. The sub-market witnessed a gross leasing volume of 0.65 mn sq ft in Q1 2024, which was driven by the IT/ ITES segment



with an occupier share of 41%, followed by co-working and manufacturing/industrial segments with occupier shares of 30% and 24%, respectively. Some of the notable transactions in the submarket include Redbrick pre-leasing 168,000 sq ft in Panchshil Avenue in Kalyani Nagar, Vertiv leasing 91,661 sq ft in Sky One Corporate Park Tower A in Viman Nagar, Amdocs taking up 76,531 sq ft in Magarpatta Cybercity in Hadapsar and Coforge leasing 50,000 sq ft in Shanti One in Yerawada. This thus indicates that SBD East is a very dynamic micro-market which is preferred by various tenant industries, mainly BFSI and IT/ITeS GCCs, thus attracting majority demand in the city. This is due to the availability of premium grade supply by institutional players along with green certifications which are now a key ask from global occupiers. In the recent quarters, co-working segment is also seen increasing its footprint in the sub-market.

### **Supply**

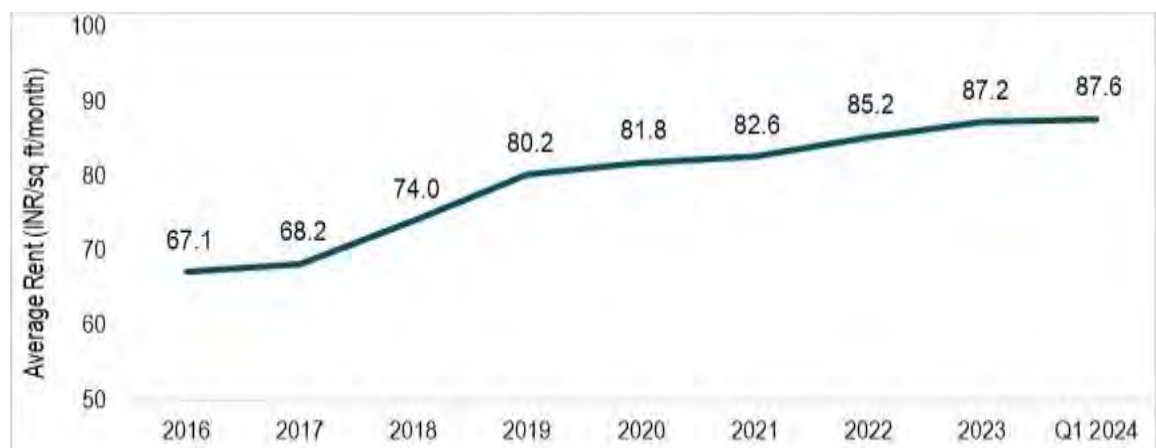
The entire new supply that entered the Pune Office market in Q1 2024 was witnessed in the SBD East submarket. Gera Commerzone STPI – Building 1 in Kharadi got completed in Q1 2024, thus adding a new supply of 0.77 mn sq ft to the total Grade A stock of the sub-market. However, there was a withdrawal of 0.17 mn sq ft due to a project downgrade. Thus, the net increase in the total stock of SBD East submarket was 0.60 mn sq ft.

### **Vacancy**

Vacancy in Q1 2024 in the SBD East sub-market settled at 7.1%, up by 80 bps q-o-q from 6.3% in Q4 2023, due to the new supply entering the sub-market. This sub-market has been the favoured sub-market in terms of healthy supply as well as demand and thus enjoys a stable vacancy range.

### **Rents**

The average rents in the SBD East sub-market in Q1 2024 settled at INR 87.6 per sq ft per month, which have seen a growth of 0.4% q-o-q as well as a growth of 2.1% y-o-y. Premium projects along with healthy demand have kept the rentals in the sub-market strong and range bound even during the pandemic. Prominent projects in the submarket like Panchshil Business Bay and Panchshil Tech Park One in Yerawada command rents in the range of INR 120-130 and INR 110-120 per sq ft per month respectively. Panchshil Business Park in Viman Nagar commands rent in the range of INR 100-110 per sq ft per month whereas Eon Free Zone and World Trade Centre in Kharadi command rents in the range of INR 90-100 per sq ft per month. Similar quality projects like, Gera Commerzone Kharadi and ITPP Kharadi command rents in the range of INR 80-85 per sq ft per month. The lease transactions in SBD East micro-market are recorded in the range of INR 60-90 per sq ft per month. The lease transactions in SBD East where the project is located are in the range of 80-90 per sq ft per month.



Note : Mindspace REIT micro markets, 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.

Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

**Prominent Lease Transactions within the Micro-Market****Table 6.7: Major Lease Transactions in the Micro-Market of the Project**

Sl. No.	Name of the Building	Name of the Occupier	Location	Area Leased (sq. ft.)	Lease Rental Range (INR per sq. ft. per Month)	Transacted Period
1	Cybercity	Amdocs	Hadapsar	76,531	80	Q1 2024
2	Panchshil Avenue	Redbrick	Kalyani Nagar	168,000	100-102	Q1 2024
3	Phoenix Fountain Head - Tower 2	Keyence	Viman Nagar	42,000	70-75	Q1 2024
4	Cybercity Tower 12	John Deere	Hadapsar	23,400	90-100	Q1 2024
6	Shanti One	AWFIS	Yerawada	30,000	75-78	Q1 2024
7	Sky One Corporate Park - Tower A	Vertiv	Viman Nagar	91,661	80-85	Q1 2024
8	Weikfield IT Park	IGT Solutions	Viman Nagar	36,000	75-80	Q1 2024
9	Shanti One	Coforge	Yerawada	50,000	65-70	Q1 2024
10	Suzlon One Earth	Figmd	Hadapsar	11,000	70-75	Q1 2024
11	ITPP Kharadi Block 1	Kanini Software	Kharadi	30,000	85-90	Q1 2024
12	ITPP Kharadi Block 1	Airtel	Kharadi	32,000	85-90	Q1 2024
13	ITPP Kharadi Block 1	HP	Kharadi	40,000	85-90	Q1 2024
14	ITPP Kharadi Block 1	SAP	Kharadi	10,000	85-90	Q1 2024

Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

The lease transactions in the micro market are recorded in the range of INR 75 - 90 per sq. ft. per month. The lease transactions in Kharadi location where the Project is located are in the range of INR 85 to 90 per sq. ft per month. Market rent for Gera Commerzone Project has been considered in line with the achievable market rent for completed buildings at INR 85.0 per sq. ft per month for FY25.

**Investment Activities within the Micro-Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc.

**Investment Activities within India**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

Table 6.8: List of transactions / deals in major cities recent past

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Fringe	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40,000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Info city	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Info city	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 – 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - ,8700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90- 8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram-Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) + 1,600,000 (UC) + 2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Project Site is **Gera Commerzone IT and SEZ Park** which is one of the known developments for IT/ITeS companies located in the Northeast Micro-Market at Yerwada in Pune City. The Project is part of the portfolio of **Mindspace Business Parks REIT** (Mindspace REIT) and one of the established Commercial Real Estate developers into Grade A office developments. The location has excellent connectivity to residential locations and social infrastructure too.

The project offers Grade A space spread across SEZ and non-SEZ IT Buildings (R1, R2, R3 & R4) and Glass Box with good amenities and facilities. There are prominent clients in the



larger campus such as Barclays, Global Services, UPS Logistics, Mindcrest India Pvt. Ltd., etc., and is preferred commercial development in this micro-market due to the quality of buildings, ease of connectivity and nature of campus development. Considering the past transactions in the city and Project attributes in terms of size, occupancy profile, micro market trend etc. the cap rate is arrived for the Project.

The Cap Rate applied to arrive at the terminal value of the property is 8.00%.

### **Outlook**

In 2024, SBD east sub-market expects total new completions of 3.6 mn sq ft out of which 0.77 mn sq ft became operational in Q1 2024. Between the period Q2 2024 to end-2026, SBD East sub-market is likely to see cumulative new supply of 10.6 mn sq ft. Around 50% of the total upcoming supply in the city during this period (Q2 2024 to 2026F) belongs to this submarket. Key completions in this sub-market include Amar AP4 Phase1, International Tech Park Pune Block 2, Panchshil Business Hub – S.no 40, Keppel and Kohinoor upcoming project and Gera Commerzone STPI – Building 4 – all located in Kharadi. With quality supply entering the submarket in the next three years and a good number of RFPs from the BFSI, IT/ITeS and manufacturing companies – largely for GCCs and Centres of Excellence operations in the submarket, demand is expected to outshine other submarkets. Rents, therefore, are expected to see a steady growth in 2025 and 2026.

## 7 MARKET VALUE ESTIMATE

### 7.1 Adopted Procedure

The market practice in most commercial/ office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub/above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market/marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

### 7.2 Cash Flow Projections

The cash flows for the Project has been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimation of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table below:

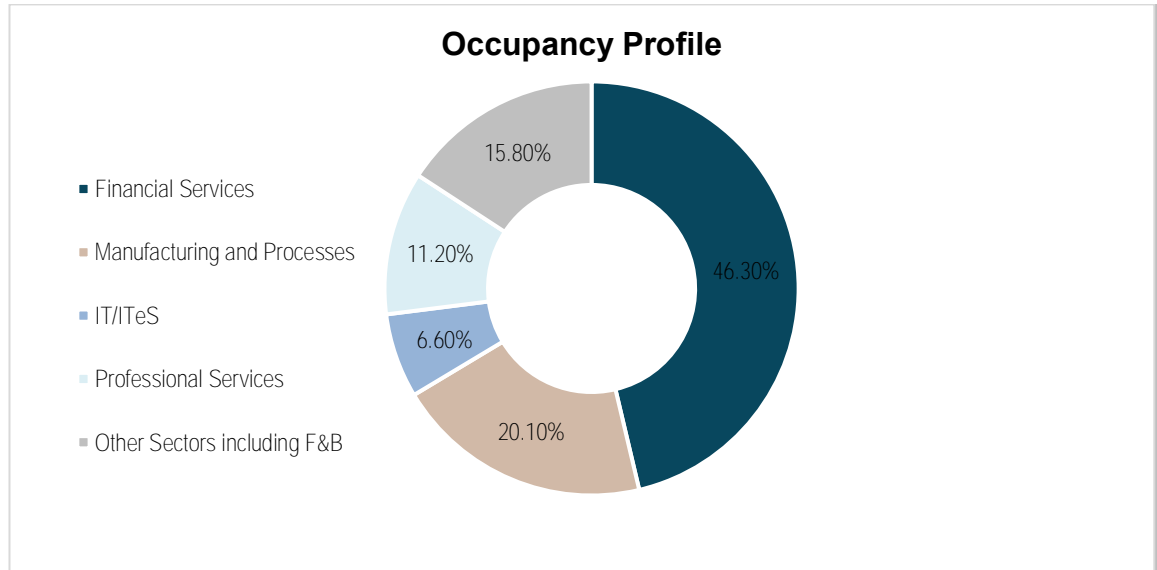
**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent-free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### 7.3 Absorption/ Leasing Velocity and Occupancy Profile

Occupancy profile of the project is as follows: -

- ~46.3% space is taken by Financial Services
- ~20.1% space is taken by Manufacturing and Processes
- ~6.6% space is taken by IT/ITeS Sector
- ~11.2% space is taken by Professional Services
- ~15.8% space is taken by Other sectors including F&B



## 7.4 Key Assumptions and Inputs

The table below presents key assumptions and/or inputs used in the cash flow configuration used for providing Valuation of the Project.

Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Blocks

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Table 5.4	As per the information provided by the Client
Leased Area	Table 5.4	As per the information provided by the Client
Vacant Area / Vacancy	500 sq ft	As per the information provided by the Client
Vacancy Allowance	2.0%	As per market benchmarks for large scale Grade A office projects. .
Area to be Leased	500 sq ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market.
Rent Free Period for New Leases	3 months	As prevalent in the micro-market.

Parameters	Assumptions / Inputs	Remarks / Basis
Construction Related Assumptions		
Construction Cost to be incurred	INR 418 Mn	As per the information provided by the Client
Estimated Date by which Expenses Expected to be Incurred	Q2 FY25	As per the information provided by the Client
Estimates of already carried out major repairs	INR 0 Mn	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases i.e. 4.5% every year.	As prevalent in the market it is observed that lease agreements are primarily at 4.5% rent escalations every year.
Market / Marginal Rent – Office for FY25	INR 85.0 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 80 – 90 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 90 - 95 per sq. ft. per month. Please refer table 6.6 and 6.7. Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market Rent - Car Parking Space for FY25	INR 2,100.0 per sq. ft. per month	The Grade A offices offers car parking rates in the range of INR 1,500 – 3,000 per slot per month. Based on the market benchmarking of recent leased rates within the micro-market, the achievable car park rate for the Project Site is derived.
Market / Marginal Rent - Food Court	Not Applicable	
Market / Marginal Rent – Kiosk for FY25	INR 141.75 per sq. ft. per month	As prevalent in the market
Market / Marginal Rent - Terrace	Not Applicable	
Other Income	1.0% of base rentals	As prevalent in the market, we consider a normalized level of other income for future. Hence, we have considered other income at 1.0% of base rental income. Other income

Parameters	Assumptions / Inputs	Remarks / Basis
		includes components from Events, Telecom Towers, Pop-ups
Market Rent Growth from FY26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5.0% per annum for the Project
Parking Rent Growth from FY26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5.0% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76.0%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received 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 76.0% or actual, whichever is lower
Maintenance Services Income / CAM Income for FY25	Building R1 - INR 2.33 per sq.ft per month Building R3 & R4 - INR 10.32 per sq. ft per month	The CAM rate in Grade-A Commercial Development is observed to be in the range of INR 8 – 12 per sq. ft. per month. However, Building R1 is not completely managed by the client, hence the CAM for R1 is lesser.
Operating Cost Assumptions		
Brokerage - New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2 months receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	Building R1 - INR 1.05 per sq.ft per month Building R3 & R4 - INR 7.64 per sq.ft per month	The CAM in this project is considered as per the information provided by the Client. However, Building R1 is not completely managed by the client, hence the CAM for R1 is lesser.
Property Tax for FY25	INR 4.03 per sq ft per month	As given by the Client
Insurance for FY25	INR 0.38 per sq ft per month	As given by the Client
Cost Escalation	3.0% per Annum	As prevalent in the market.
CAM Escalation (Income+Expense)	5.0% per Annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1.0% of Terminal Value	As prevalent in the market

Parameters	Assumptions / Inputs	Remarks / Basis
Other Operating Expenses	2.0% of Base Rent + Car Parking Charges	As prevalent in the market
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.0% (post yield shrinkage). Capitalized based on the net cash flow of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

**Table 7.3: Key Assumptions Used in the Estimate of Under Construction Block**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Table 5.5	As per the information provided by the Client
Leased Area	Table 5.5	As per the information provided by the Client
Vacant Area / Vacancy	100%	As per the information provided by the Client, the block is Under-construction stage.
Vacancy Allowance	2%	As per market benchmarks for large scale Grade A office projects.
Area to be Leased	1,007,933 sq.ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market for Grade A properties, the rent-free period for existing lease rollovers is two months.
Rent Free Period for New Leases	3 months	As prevalent in the micro-market for Grade A properties, the rent-free period for new leases is three months.

Parameters	Assumptions / Inputs	Remarks / Basis
Construction Related Assumptions		
Approx. construction Cost to be Incurred	INR 2,345 Mn	As per the information provided by the Client
Estimated Completion Date (CAPEX)	Q2 FY26	As per the information provided by the Client
Estimates of already carried out major repairs	INR 0 Mn	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases i.e. 4.5% every year	As prevalent in the market it is observed that lease agreements are primarily at 4.5% rent escalations every year.
Market / Marginal Rent – Office for FY25	INR 85.0 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 80 – 90 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 90 - 95 per sq. ft. per month. Please refer table 6.6 and 6.7.  Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market Rent – Car Parking Space	Not Applicable	
Market / Marginal Rent – Food Court	Not Applicable	
Market / Marginal Rent – Kiosk	Not Applicable	
Market / Marginal Rent – Terrace	Not Applicable	
Other Income	1.0% of base rentals	As prevalent in the market, we consider a normalized level of other income for future. Hence, we have considered other income at 1.0% of base rental income. Other income includes components from Events, Telecom Towers, Pop-ups



Parameters	Assumptions / Inputs	Remarks / Basis
Market Rent Growth from FY 26	5.0% per Annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5.0% per annum for the Project
Parking Rent Growth from FY 26	5.0% per Annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5.0% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76.0%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received 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 76.0% or actual, whichever is lower
Maintenance Services Income / CAM Income for FY25	INR 10.32 per sq. ft per month	The CAM rate in Grade-A Commercial Development is observed to be in the range of INR 8 – 12 per sq.ft. per month. The CAM income in the Project is in-line with market trend and is as provided by Client
Operating Cost Assumptions		
Brokerage – New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage – Renewals / Release	2 months receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	INR 7.64 per sq.ft per month	As given by the Client and as prevalent in the market
Property Tax for FY25	INR 4.03 per sq ft per month	As given by the Client
Insurance for FY25	INR 0.38 per sq ft per month	As given by the Client
Cost Escalation	3.0% per Annum	As prevalent in the market.
CAM Escalation (Income + Expense)	5.0% per Annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1.0% of Terminal Value	As prevalent in the market
Other Operating Expenses	2.0% of Base Rent + Car Parking Charges	As prevalent in the market

Parameters	Assumptions / Inputs	Remarks / Basis
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 13.0%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.0% (post yield shrinkage). Capitalized based on the net cashflows of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

## 7.5 Power Distribution Services

### 7.5.1 ADOPTED METHODOLOGY

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:

- Amount of approved Gross Fixed Assets ("GFA") is considered
- Further, Net Fixed Asset (NFA) which is GFA reduced by accumulated depreciation allowed as on date is computed.
- To compute the Net Cash Flows, mainly return on equity, interest on notational debt, recovery of depreciation, interest on working capital have been added.
- Licensee is allowed to charge 14% return on equity which is 30% of GFA. In case of no actual loan, the commission allows a return on normative loan equal to 70% of GFA based on MYT regulations 2019. 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.
- Approved power procurement, operational and maintenance expenses are allowed completely pass through.

### 7.5.2 KEY ASSUMPTIONS AND INPUTS

Following are the key details as per the Commission order dated 31<sup>st</sup> Mar 2024:

Table 7.4 Key Assumptions Used for Power Distribution Services

Particulars	Unit	Figure
Gross Fixed Assets	INR Mn	323
Notional Equity (30% of GFA)	INR Mn	97
Notional Debt as on September 2023 (70% of GFA)	INR Mn	226
Return on Equity	%	14%
Depreciation Rate	% Per annum	5.3%
License End Date	Date	18 June 2042

**7.5.3 KEY PROJECTIONS FOR CASHFLOWS**

Following are the key projections, as provided by the Client

**Table 7.5 Key Projections for Power Distribution Services**

Particulars	Unit	Q1 FY 2025	Q2 FY 2025	Q3 FY 2025	Q4 FY 2025
Number of units sold	Mn units	6.7	7.1	8.0	8.6
Revenue from Sales	INR Mn	54	57	64	69
Power purchase expense	INR Mn	42	45	51	54
O/M Expenses	INR Mn	7	8	8	9
Planned CAPEX	INR Mn	0.1	0.1	0.1	0.1

For the purpose of discounting the future cash flows Weighted Average Cost of Capital (WACC) of 10.5% has been utilized.

Following are the key projections for the purpose of projecting the future cashflows and further discounting the same to arrive at the market value for the Power Distribution Services.

**Table 7.6 Key Assumptions for Operating Parameters**

Assumption	Unit	Details
Power Purchase Cost (Increase % p.a. post)	% per annum	5.0%
O&M (Increase % p.a.)	% per annum	7.0%
Depreciation (SLM) -MERC	%	5.3%
Depreciation (SLM) -Companies Act	%	3.8%
Transition Loss	%	0.7%
Prov for Contingency (% of GB)	%	0.0%

**7.6 Facilities Management Services****7.6.1 KEY ASSUMPTIONS AND INPUTS****Table 7.7 Key Assumptions Used for Facility Management Services**

Status	Area (mn sq. ft.)	Remarks
Operational Buildings under Facility Management (mix of SEZ and non SEZ buildings)	27.8	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.	5.2	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

Note: Leasable areas also include certain areas within parks of Mindspace REIT which are maintained by Camplus and are not owned by Mindspace REIT's SPVs. In addition to above, 2.5 msf at Gera Commerzone Kharadi is under Campus Service

For 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 – 15 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 March 34

## 7.7 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is estimated to be as follows:

Table 7.8: Market Value of the Project

Component	Market Value as on	In Figures (INR Mn)	In Words
Total Market Value (Completed / Operational, including impact of rent equalization, power distribution business of KRC Infrastructure and Projects Pvt. Ltd. And the Facilities Management Business)	31 <sup>st</sup> March 2024	30,432.35	INR Thirty Billion Four Hundred Thirty Two Million Three Hundred Fifty Thousand Only
Total Market Value (Under construction, including impact of rent equalization and the Facilities Management Business) *Under Construction does not have Power Distribution Services	31 <sup>st</sup> March 2024	8,427.31	INR Eight Billion Four Hundred Twenty-Seven Million Three Hundred Ten Thousand Only
TOTAL VALUE		38,859.67	INR Thirty Eight Billion Eight Hundred Fifty Nine Million Six Hundred Seventy Thousand 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

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project comprising total leasable area of 2,937,246 sq. ft. of project Gera Commerzone, located in Kharadi, Pune, Maharashtra, India, 412207, power distribution of KRC Infrastructure Projects Pvt. Ltd. and facility management services, as on 31 March 2024 is estimated to be **INR 38,859.67 Million (INR Thirty Eight Billion Eight Hundred Fifty Nine Million Six Hundred Seventy Thousand Only).**

Table 7.9 Ready Reckoner Rates for the Property

Component	Ready Reckoner Rate (INR per sq.m)
Commercial (Built-Up Area)	87,520
Land Area (Open Plot)	26,610

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



**Name:** Sachin Gulaty FRICS FIV FIIA,

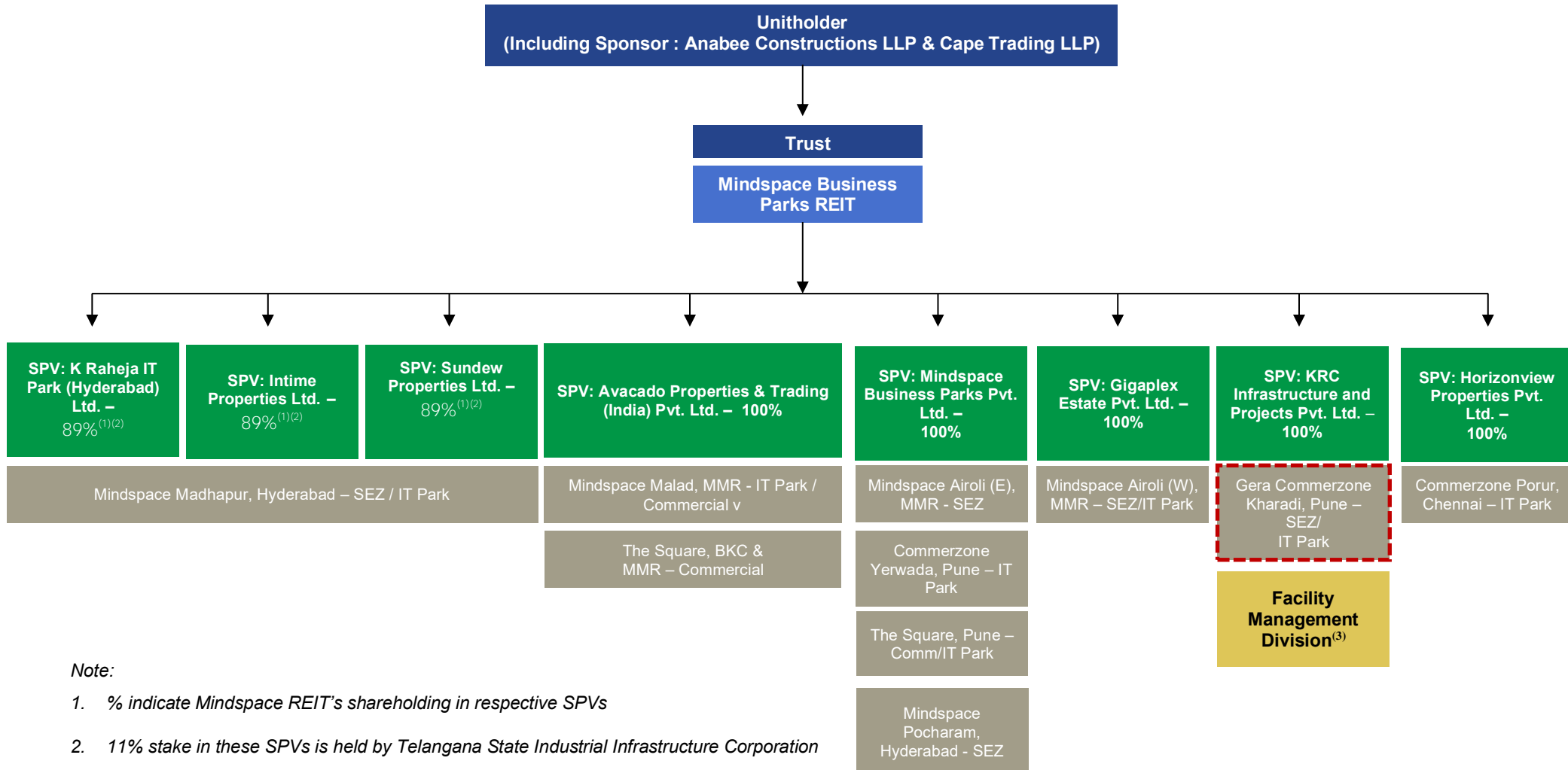
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

## Annexure - 1 Ownership Structure of the Project



**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 Layout Plan of the Project



### Annexure - 3

### Statement of Key Assets within the Project

Building	B3(R1)	B6(R4)	B5(R3)
Floor	2B+2P+12F	1B+1P+13F	2B+3P+13F
Warm Shell / Bare shell	Warm shell	Warm shell	Warm shell
Air Cooled Chiller	2 x 350	1 x 400	2 X 325
Water Cooled Chiller	3 x 550	3 x 350	2 X 650
No of Elevators /Make	14 -Schindler	14 - Toshiba	14 - Toshiba
No of DG / Capacity	4 x 2250	3 x 2000	3 x 2000
No of Transformers / Capacity	4 x 2250	3 x 2000	4 x 2000
Booster Pump		9.3, Graves Cotton	9.3 KW/ Wilo
Jockey Pump		2 x 11 Crompton Graves	2 X 11 KW/ CG Power and Industrial Solutions Limited
Fire Diesel Pump		113, Graves Cotton	113.2 KW/Greaves Cotton LTD
Hydrant Pump		110, Crompton Graves	110 KW/ CG Power and Industrial Solutions Limited
Sprinkle Pump		110, Crompton Graves	110 KW/ CG Power and Industrial Solutions Limited
STP Rating	350	400	325

Source: Client



## **Annexure - 4**

### **Approvals and NOCs Received for the Project**

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

#### **1. Approvals Received**

- a) Approval for masterplans.
- b) Commencement Certificate
- c) Revised Commencement Certificate
- d) Height Clearance NOC from AAI
- e) One-time Fire NOC received and Form B for operational buildings
- f) One-time fire NOC received for Tower Received for all operational buildings
- g) Environmental Clearances
- h) SEZ Notification
- i) Revised Consent for Establishment as per latest EC, received for all buildings.
- j) Consent for Operate for operational Building
- k) Lift Licenses for operational Building
- l) Occupancy Certificate for operational building
- m) LOI for IT Park registration from Directorate of Industry, Maharashtra Govt.
- n) Revalidation/Revised CTE
- o) OC received for part parking areas -B3, 4,6 and 7

#### **2. Approvals Pending**

- a) IT park Registration of G1, G2, R1 , R4 from Directorate of Town Planning – In process.
- b) Provisional Fire NOC for Building R2 – In process.

## Annexure - 5 Ready Reckoner Rate Applicable for the Project

ASR value as on 31<sup>st</sup> March 2024

**Registration and Stamp Department, Government of Maharashtra**  
Market value rate sheet

Home    Valuation Rules    User Manual    Close    Feedback

Year: 20232024    Language: English

Selected District: Pune  
 Select Taluka: Haveli  
 Select Village: Kharadi  
 Search By:  Survey no     Location

Survey No.	subdivision	open land	Residential Plots	Office	shops	Industrial	Unit (Rs./Sq. meter)
	55-669-Residential property	26610	71490	87530	95130	0	Sq. meter
	55-670-Industrial Department and other similar user	17610	68280	69570	81490	0	Sq. meter
	55-672-Village	16020	39770	45740	53910	0	Sq. meter
	55-673-Affected Areas by Defense Department	11160	52430	58370	65540	0	Sq. meter

1 2 1 4

Source: IGR Maharashtra

**Annexure - 6**  
**Discounted Cash Flow Profile**

Table 7.10 Discounted Cash Flow for Completed/Operational Project (INR Mn) – Annual cashflow.

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	418.35	-	-	-	-	-	-	-	-	-	-
	Leasable Area	1,929,312.68											
	Overall occupancy - Existing Leases		99.97%	99.86%	99.48%	96.74%	93.99%	93.51%	70.00%	62.45%	61.63%	40.77%	15.19%
	Overall occupancy - Leases Moved to Market		0.02%	0.14%	0.52%	3.26%	6.01%	6.49%	30.00%	37.55%	38.37%	59.23%	84.81%
	Overall occupancy - of the Project		99.99%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Vacancy Allowance		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
A	Base Rental		1,841.99	1,920.25	2,078.16	2,126.32	2,201.17	2,361.77	2,278.72	2,505.63	2,660.09	2,670.33	3,040.37
B	Car Parking Income		7.31	7.31	7.31	7.31	7.31	7.31	7.32	9.19	9.47	12.24	13.95
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		1,849.29	1,927.56	2,085.47	2,133.63	2,208.48	2,369.08	2,286.04	2,514.82	2,669.56	2,682.57	3,054.32
E	Maintenance services income		183.33	192.51	202.14	212.24	222.86	234.00	245.70	257.98	270.88	284.43	298.65
F	Other Operating Income		18.42	19.20	20.78	21.26	22.01	23.62	22.79	25.06	26.60	26.70	30.40
G	Revenue from Operations		2,051.05	2,139.27	2,308.39	2,367.14	2,453.35	2,626.69	2,554.53	2,797.86	2,967.04	2,993.71	3,383.37
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		134.23	140.94	147.99	155.39	163.16	171.32	179.88	188.88	198.32	208.24	218.65
I	Property Tax		93.48	96.28	99.17	102.15	105.21	108.37	111.62	114.97	118.42	121.97	125.63
J	Insurance Premium		8.92	9.18	9.46	9.74	10.03	10.34	10.65	10.97	11.29	11.63	11.98
K	Net Operating Income (NOI)		1,814.42	1,892.86	2,051.77	2,099.86	2,174.94	2,336.67	2,252.38	2,483.05	2,639.01	2,651.87	3,027.11
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	37,460.51	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		0.21	0.57	5.51	15.72	0.41	22.60	114.95	-	11.90	110.39	-
M	Property Management Fee		65.37	68.14	73.72	75.42	78.07	83.74	80.81	88.90	94.37	94.82	107.97
N	Other operational expenses		36.99	38.55	41.71	42.67	44.17	47.38	45.72	50.30	53.39	53.65	61.09
			-	-	-	-	-	-	-	-	-	-	-
O	Net Cashflows		1,293.50	1,785.60	1,930.83	1,966.04	2,052.30	2,182.94	2,010.90	2,343.86	2,479.35	39,853.51	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.11 Discounted Cash Flow of Under-Construction Project – R2 (INR Mn) – Annual Cashflow

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	1,342.24	580.85	-	-	-	-	-	-	-	-	-
	Leasable Area	1,007,933.06											
	Overall occupancy - Existing Leases		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Overall occupancy - Leases Moved to Market		2.72%	38.11%	82.17%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Overall occupancy - of the Project		2.72%	38.11%	82.17%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Vacancy Allowance		0.00%	0.00%	0.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
A	Base Rental		-	273.09	737.54	1,071.61	1,119.83	1,170.23	1,222.89	1,277.92	1,335.42	1,370.45	1,482.86
B	Car Parking Income		-	-	-	-	-	-	-	-	-	-	-
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		-	273.09	737.54	1,071.61	1,119.83	1,170.23	1,222.89	1,277.92	1,335.42	1,370.45	1,482.86
E	Maintenance services income		-	27.74	87.39	133.46	140.14	147.14	154.50	162.23	170.34	178.86	187.80
F	Other Operating Income		-	2.73	7.38	10.72	11.20	11.70	12.23	12.78	13.35	13.70	14.83
G	Revenue from Operations		-	303.56	832.30	1,215.79	1,271.17	1,329.07	1,389.62	1,452.92	1,519.11	1,563.01	1,685.49
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		11.55	54.58	82.78	106.98	112.33	117.94	123.84	130.03	136.54	143.36	150.53
I	Property Tax		12.21	50.30	51.81	53.37	54.97	56.62	58.31	60.06	61.87	63.72	65.63
J	Insurance Premium		1.16	4.80	4.94	5.09	5.24	5.40	5.56	5.73	5.90	6.08	6.26
K	Net Operating Income (NOI)		(24.93)	193.88	692.77	1,050.36	1,098.63	1,149.11	1,201.90	1,257.10	1,314.81	1,349.85	1,463.06
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	18,105.42	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		17.60	73.92	81.18	-	-	-	-	-	-	27.30	-
M	Property Management Fee		-	9.65	26.07	37.88	39.59	41.37	43.23	45.17	47.21	48.45	52.42
N	Other operational expenses		-	5.46	14.75	21.43	22.40	23.40	24.46	25.56	26.71	27.41	29.66
			-	-	-	-	-	-	-	-	-	-	-
O	Net Cashflows	-	(1,384.76)	(476.00)	570.77	991.04	1,036.65	1,084.34	1,134.21	1,186.36	1,240.90	19,352.11	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.12 Discounted Cash Flow of Under-Construction Project – G1 (INR Mn) – Quarterly cashflows

		1-Oct-22	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30
		30-Sep-23	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30	31-Mar-31
Sl. No.	Particulars								
	Development / Construction Phasing								
	Construction Cost		156.00	266.43	-	-	-	-	-
	Project Support Service (PSS)								
	Upgrade								
	Total Development Cost to be Incurred		156.00	266.43	-	-	-	-	-
	Leasable Area								
	Overall occupancy - Existing Leases								
	Overall occupancy - Leases Moved to Market								
	Overall occupancy - of the Project								
	Vacancy Allowance								
	Overall occupancy - Exclu. Rent Free Period								
A	Base Rental								
B	Facility Rentals								
C	Maintenance services income								
D	Other Operating Income								
E	Revenue from Operations								
	Direct Operating Expenses								
F	Maintenance services Expenses								
G	Property Tax								
H	Insurance Premium								
I	Net Operating Income (NOI)								
	Add: Terminal Cash Flow								
	Indirect Operating Expenses								
J	Brokerage Fees								
K	Property Management Fee								
L	Other operational expenses								
M	Net Cashflows		(156)	(266.43)	-	-	-	-	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.13 Cash Flow Projections of Power Distribution Services

		1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34	1-Apr-35	1-Apr-36	1-Apr-37	1-Apr-38	1-Apr-39	1-Apr-40	1-Apr-41	1-Apr-42
		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	31-Mar-39	31-Mar-40	31-Mar-41	31-Mar-42	18-Jun-42
Particulars	Unit																			
Revenue	INR Mn	244.03	216.24	224.13	232.54	241.50	251.05	261.85	274.23	287.29	301.08	315.63	331.00	347.22	364.35	382.44	401.54	421.71	443.01	101.99
Expense	INR Mn	224.55	175.36	184.82	194.80	205.33	216.44	228.16	240.54	253.60	267.38	281.94	297.30	313.52	330.65	348.73	367.83	388.00	409.30	93.56
Planned Capex	INR Mn	0.50																		
Net Cashflows	INR Mn	18.99	40.88	39.31	37.75	36.18	34.61	33.69	33.69	33.69	33.70	33.70	33.70	33.70	33.70	33.71	33.71	33.71	33.72	8.43

Table 7.14 Cash Flow Projections of Facility Management Services - Completed Buildings

Particulars	Unit	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	31-Mar-33	31-Mar-34	31-Mar-35
Revenue	INR Mn	1,584	1,661	1,741	1,825	1,914	2,006	2,103	2,204	2,311	2,422	2,539	2,661
Net Cashflows	INR Mn	0	469	495	519	543	569	597	625	655	686	10,514	

Table 7.15 Cash Flow Projections of Facility Management Services - Under Construction Buildings

Particulars	Unit	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	31-Mar-33	31-Mar-34	31-Mar-35
Revenue	INR Mn	-	42	140	300	513	543	570	599	629	660	693	728
Net Cashflows	INR Mn	-	6	22	63	117	123	129	136	143	150	2,305	

## Annexure - 7

### Rent Equalization Arrangement Between Gera and KRC

In the Rent Equalization Agreement dated December 27, 2021; between Gera Resorts Private Limited (“Gera”) and KRC Infrastructure and Projects Private Limited (“KRC Infra”), an SPV owned by Mindspace REIT, the revenues (as defined in the said agreement) from identified buildings, namely, G1, R2 and R3 of the property named Gera Commerzone in Pune have been agreed to be distributed between Gera and KRC Infra in the ratio defined in the agreement (“Inter-se Ratio”), for the period between the month of leasing of the first unit to the month of leasing of the last unit (“Agreed Period”). Further party shall settle any shortfall / excess basis the inter-se ratio with the other party at the end of Agreed Period.

As on the date of valuation, only one building (R3) has received occupancy certificate, while R2 and G1 are still under construction and hence assumptions have been made regarding the date from which these buildings may be expected to get leased and generate revenues, using consistent assumptions. Based on these assumptions, the likely differential in revenues expected from these buildings were assessed to be materially insignificant compared to the agreed ratio in the Rent Equalization Agreement, mentioned above.

In a scenario, where the actual revenues in the future do not actualize, the same would be required to be taken into account when the last of the units, as mentioned above, gets leased based on a certificate from a qualified Chartered Accountant, as mentioned in the said agreement.

We expect the outflow/reduction in value of Gera Commerzone Kharadi due to the impact of rent equalization to be INR 68.82 million (Sixty-Eight million Eight hundred Twenty Thousand only) which is apportioned in value of completed and under-construction as below:

Area type	INR Million
Reduction in value of Completed Area	27.53
Reduction in value of Under-construction Area	41.29

## Annexure - 8 Material Litigations

### (i) Title litigation and irregularities

1. Ashok Phulchand Bhandari has instituted a civil suit against Balasaheb Laxman Shivle and 29 others (“**Defendants**”) alleging rights over a portion of land admeasuring approximately 0 hectares 44.15 ares (1.09 acres) (“**Suit Land**”), on which Gera Commerzone Kharadi is situated. KRC Infra is not a party to the suit and further, no summons from the Court have been received by KRC Infra till date. Gera Developments Private Limited, the original purchaser of the Gera Commerzone Kharadi land has also not been joined as a party to the suit.

A Special Civil Suit no. 2102 of 2010 is filed by Ashok Phulchand Bhandari against the Defendants before the Civil Judge, Senior Division, Pune (“**2010 Suit**”) with respect to the Suit Land seeking *inter alia* declaration, specific performance against the Defendants and a decree of permanent injunction restraining the Defendants from causing any construction or development on the Suit Land. Ashok Phulchand Bhandari has also challenged *inter alia* (a) the decree dated September 26, 2008 passed the Civil Judge, Senior Division, Pune, wherein the suit filed in 2005 by Tanhubai Amruta Pathare, (wife of late Amruta Tukaram Pathare, being one of the erstwhile co-owners of a portion of the Suit Land), through her legal heirs, against Popat Amruta Pathare, one of the Defendants (“**2005 Suit**”), was withdrawn on the basis of a compromise pursuis arrived at between the parties to the 2005 Suit and one of the Defendants; (b) registered partition deed / Vatanipatra dated September 15, 1993 pursuant to which Amruta Tukaram Pathare became entitled to a portion of land forming part of the Gera Commerzone land; and (c) will and testament dated January 19, 1995 executed by late Amruta Tukaram Pathare. Further, in view of the 2010 Suit, a notice of lis pendens dated April 10, 2015 was separately filed and registered by Ashok Phulchand Bhandari. The matter is currently pending.

2. The heirs of Balu Laxman Shivle have issued a notice to Gera Developments Private Limited in relation to claim over land admeasuring approximately 0 hectares 80.30 ares (1.98 acres) (“**Disputed Land**”), on which Gera Commerzone Kharadi is situated. No such notice has been received by KRC Infra.

By a notice dated July 16, 2016 (“**Notice**”), the heirs of Balu Laxman Shivle viz. (a) Shobha Balu Shivle, (b) Hrishikesh Balu Shivle, (c) Om Balu Shivle, claimed their share in an area in the Disputed Land, being the share of late Amruta Pathare (“**Land Owner**”). It was also alleged that the registered sale deed dated February 12, 1996 executed in favour of Gera Developments Private Limited was executed without the signatures and consent of the wife and daughter of the Land Owner and that they did not receive any consideration on account of sale of the Disputed Land. By letters dated August 20, 2016 and January 23, 2017, Gera Developments Private Limited has replied to the Notice denying all allegations. No further correspondence has been received.

3. Rahul Bhausaheb Pathare, one of the legal heirs of an erstwhile owner of a portion of land forming part of the Gera Commerzone Kharadi land, through his legal counsel, (“**Claimant**”) has issued a notice dated December 14, 2019 (“**Notice**”) to Gera Developments Private Limited, KRC Infra and others alleging claim over an undivided portion of two lands parcels admeasuring approximately 0 hectares 40 ares (0.98 acres) and 1 hectare 68.6 ares (4.16 acres), respectively, (“**Disputed Lands**”), on which Gera Commerzone Kharadi is situated.

The Claimant has alleged *inter alia* that (a) the Disputed Lands were the undivided property of the Hindu Undivided Family of Pathare family (“**Pathare HUF**”), and his consent / confirmation was not obtained for sale of the same in favour of Gera Developments Private Limited in the year 1996; (b) since the Claimant was a major at the time of execution of the sale deeds executed in the year 1996 in favour of Gera Developments Private Limited, his signature should have been obtained as a coparcener since, in the absence of any reason for sale of the Disputed Lands for the benefit of the Pathare HUF, the Karta of the joint family, Bhausaheb Kaluram Pathare (father of the Claimant), could not have executed the sale deeds on behalf of the joint family; (c) Gera Developments Private Limited has, through forgery, fraudulently added hand-written clauses, regarding right of way, to the sale deeds executed in its favour after the execution thereof; and (d) that the subsequent transactions in respect of the Disputed Lands, including *inter alia* sale of portions thereof in favour of KRC Infra, its mortgage



by KRC Infra, leasing of buildings / premises constructed thereon in favour of various lessees, are illegal and not binding upon the Claimant, to the extent of his share in the Disputed Lands.

The Claimant has also sought to take legal action against the addressees (including KRC Infra) in the event (a) any further agreements / arrangements are entered into in respect of the Disputed Lands, and (b) of failure to revoke and cancel the deeds, documents and agreements executed *inter se* the addressees (including KRC Infra) to the extent of the Claimant's share in the Disputed Lands. KRC Infra, through its legal counsel, has by its letter dated December 24, 2019 sent an interim reply to the Notice *inter alia* denying the allegations made by the Claimant. KRC Infra, through its legal counsel, has by its letter dated June 29, 2020 sent a response to the Claimant stating *inter alia* that in absence of supporting documents received from the Claimant in support of his claim pursuant to the interim reply, the Notice stands withdrawn and his claim does not survive. No further correspondence has been received.

4. Saraswati Malhari Gaikwad (deceased) through her heir and others ("**Appellants**") have filed RTS Appeal No. 805 of 2021 against Gera Developers Private Limited, and another ("**Respondents**") before the Sub Divisional Officer, Haveli, Pune ("**SDO**") being aggrieved by the order passed by the Circle Officer in respect of Mutation Entry No. 13226 for Survey No. 65 Hissa No. 3, Village Kharadi, Taluka Haveli, District Pune. The SDO has issued notice dated December 9, 2021 to the Respondents for appearance in the matter and for filing Vakalatnama. On June 9, 2022 Gera Developers Private Limited has filed its reply *inter alia* seeking dismissal of the RTS Appeal No. 805 of 2021. The application for delay condonation filed by the Appellants has been rejected by the SDO vide order dated November 17, 2022 and the matter has been disposed off.
  
5. Saraswatibai Malhari Gaikwad (deceased) ("**Plaintiff**") through her heir Sangita Shivaji Kate (acting through her constituted attorney Mr. Amit Jeevan Pathare) has filed Special Civil Suit No. 2040 of 2021 ("**2021 Suit**") against Yashwant Punaji Pathare & 65 others ("**Defendants**") before the Civil Judge, Senior Division, Pune ("**Court**") seeking *inter alia* preliminary decree of partition for 1/5<sup>th</sup> undivided share of the Plaintiff in the suit lands including *inter alia* on which Gera Commerzone Kharadi is situated, cancellation of sale deeds, declaration, permanent injunction and several other reliefs. Gera Developments Private Limited ("**Gera Developments**") and Gera Resorts Private Limited ("**Gera Resorts**"), two of the defendants in the matter, being Defendant No. 16 and 17 respectively, have filed an application for rejection of plaint under Order VII Rule 11 of Code of Civil Procedure, which application was rejected by the Court by way of an order passed on May 5, 2022. Thereafter, on June 22, 2022 Gera Developments and Gera Resorts have filed a written statement in the matter. On June 22, 2022 the Plaintiff has filed an application under section 151 of Code of Civil Procedure seeking injunction against certain Defendants from creating third party rights by way of sale, not to carry out construction or development activities. On June 27, 2022, the defendants, Gera Developments and Gera Resorts filed their reply to the temporary injunction application. An application to recall the order dated May 5, 2022 was filed by defendants 1 to 15. The matter was heard on July 16, 2022, wherein the Court rejected the application filed by the defendants 1 and 15. On August 29, 2022, KRC Infra filed an application for intervention as third party for being impleaded in the suit. The hearing was concluded on September 27, 2022 on the intervention application and the matter was posted to October 1, 2022 for passing of an order on the Application for intervention filed by KRC Infra. On October 1, 2022 the matter was further adjourned to October 6, 2022 and further to October 7, 2022. On October 7, 2022 additional arguments were advanced on the intervention application and the matter has been posted for order on the intervention application. By an order dated November 18, 2022, the Court allowed the intervention application filed by KRC Infra and directed the Plaintiff to implead the intervener i.e. KRC Infra as Defendant No. 66 in the suit within one month of the order. On December 3, 2022 the Plaintiff filed applications for amendment of the plaint and for injunction. On December 13, 2022, KRC Infra filed its say to the application for amendment. By an order dated December 13, 2022, the Court allowed the application of the Plaintiff to amend the plaint in Exhibit 5. Further, by the said Order the Court has directed the Plaintiff to serve the amended compilation upon KRC Infra and KRC Infra to file its written

statement along with its say to the application for temporary injunction filed by the Plaintiff. The matter was posted on January 5, 2023 for compliance. On January 5, 2023, KRC Infra filed on record the written statement and say to application for temporary injunction ("**Injunction Application**") along with an Affidavit in support of the say and Application for production of documents along with the list of documents. Thereafter, Defendant Nos. 1 to 14 filed (a) an application seeking adjournment to file an additional written statement; and (b) an application seeking direction from the Court to the Plaintiff to provide documents referred to in the amended Plaint filed by the Plaintiff to the said Defendants. On January 11, 2023, the Plaintiff advanced oral arguments before the Court on the Injunction Application. Thereafter, the Court adjourned the matter to January 24, 2023. On January 24, 2023, Defendant No. 66 filed an application for production of documents and the Plaintiff filed a copy of the order dated January 13, 2023, thereby granting status quo to the order dated December 5, 2022, passed in RTS Appeal No. 429 of 2022 rejecting the Appeal on merits till the final disposal of the Appeal RTS/2/A/1554/2022 filed before the Hon'ble Additional Collector, Pune and the matter was adjourned to February 7, 2023. On February 7, 2023 and February 21, 2023 the Defendant No. 66 advanced arguments before the Court on the Injunction Application. The matter was further posted to March 2, 2023 wherein the Plaintiff concluded her arguments and Defendant No. 66 filed the written notes of arguments. Thereafter the captioned matter has been adjourned to March 15, 2023, for filing written arguments. On March 15, 2023 the matter was adjourned till March 23, 2023. On March 23, 2023, Defendant Nos. 62 and 63 filed an application for amendment of the Written Statement filed by them and the Plaintiff has filed its say to the said application. Thereafter, the Plaintiff and the Defendant Nos. 62 and 63 argued on the aforesaid application and the Court allowed the amendment application. On July 19, 2023, the Court partly allowed the Application for injunction, restraining Defendant 1 and 2 from alienating and creating third party rights in any manner over suit properties 1 (a), 1 (b) and 1 (f) till disposal of the suit. On September 11, 2023 the Advocate for the Plaintiff filed an application for amendment of the suit, *inter alia*, seeking (a) rectification of boundaries in respect of suit property 1(e) of Defendant No. 66 *i.e.* KRC Infra (*viz.* Survey No. 65/3), (b) addition/amendment in para No. 8 and 12 stating that Defendant No. 1 to 19, 51 to 54, 63 to 67 and other defendants have refused for partition and undivided share of the Plaintiff, Thereafter, pursuant to Defendants No. 1 to 14 filing their say and matter has been adjourned to October 5, 2023 for say of other Defendants.. Further, a notice of lis pendens dated February 1, 2022 has been registered at the office of Sub Registrar, Haveli no. 11, Pune. On October 13, 2023, certain defendants filed their say to the amendment application. The application was allowed and on November 3, 2023, the Plaintiff carried out the amendment and filed the amended plaint. On December 13, 2023 the defendant sought time to file additional written statement and the Plaintiff filed an application for amendment. Some Defendants filed additional Written Statements. Plaintiff filed further amendment application. Defendant Nos. 16, 17 and 66 (KRC Infra) filed say to amendment application along with application for production of documents. Matter is kept for arguments on amendment application. Being aggrieved by the Impugned Order, (i) the Plaintiff filed Appeal from Order No. 753 of 2023 along with IA No. 5246/2023, and (ii) Respondent Nos. 1 and 2 filed an Appeal from Order No. 32 of 2024, both before the High Court. At the request of Respondent Nos. 1 and 2, the court was pleased to tag the appeals together. The appeals are posted for hearing on April 10, 2024.

6. Saraswati Malhari Gaikwad (deceased) through her heir Sangita Shivaji Kate (acting through her constituted attorney Mr. Amit Jeevan Pathare) ("**Appellant**") filed an RTS Appeal No. 429 of 2022 on June 2, 2022, before the Sub Divisional Officer, Haveli, Pune ("**SDO**") against Gera Resorts Private Limited through Mr. Nilesh Dave and Mr. Ashish Jangda ("**Respondents**") seeking quashing and setting aside of the order passed on May 26, 2022 by the Circle Officer, Kalas in respect of Mutation Entry No. 27115 ("**Impugned Order**") recording the name of Respondents on

the revenue records in pursuance of the duly registered Deed of Confirmation dated March 10, 2021 executed between Gera Developments Pvt Ltd and Gera Resorts Pvt Ltd in respect of Survey No. 65 Hissa No. 3, Village Kharadi, Taluka Haveli, District Pune. The Appellant has filed an application for stay to the Impugned Order passed by the Circle Officer, Kalas. On June 17, 2022 the Sub Division Officer, Haveli granted a stay on the Impugned Order till the next date of hearing i.e. July 4, 2022. By an order dated December 05, 2022, the SDO has rejected the said RTS Appeal on merit and subjected the matter to the final order /outcome of the Special Civil Suit No. 2040 of 2021 filed before the Civil Judge, Senior Division, Pune ("**Court**").

7. Saraswati Malhari Gaikwad (deceased) through her heir Sangita Shivaji Kate (acting through her constituted attorney Mr. Amit Jeevan Pathare) ("**Appellant**") filed an RTS Appeal No. 2/A/1554/2022 on June 6, 2022 before the Additional Collector, Pune ("**Additional Collector**") against Gera Resorts Private Limited through Mr. Ashish Jangda ("**Respondents**") seeking to quash and set aside the order passed on December 5, 2022 by the Sub Division Officer, Haveli ("**Impugned Order**") in respect of the Mutation Entry No. 27115 recording the name of the Respondents on the revenue records in pursuance of the duly registered Deed of Confirmation dated March 10, 2021 executed between Gera Developments Pvt Ltd and Gera Resorts Pvt Ltd in respect of Survey No. 65 Hissa No. 3, Village Kharadi, Taluka Haveli, District Pune. The Appellant filed an application seeking a stay on the Impugned Order. On January 13, 2023, pursuant to the hearing, the Additional Collector granted a stay on the Impugned Order till the final order disposing of the Appeal. The matter was posted to March 27, 2023. On March 27, 2023, the Appellant filed an Application seeking an amendment to the Appeal to implead KRC Infra as a respondent therein. On April 26, 2023, KRC Infra was served a notice of the aforesaid appeal to appear in the matter. On May 8, 2023 KRC Infra filed its appearance and called upon the appellant to furnish the copies of the appeal memo and documents filed along with the appeal. The matter was posted to June 13, 2023 wherein it was adjourned till July 5, 2023 for furnishing the copy of the appeal memo and documents filed along with the appeal by the Appellant. Pursuant to receipt of appeal memo and the relevant documents, on August 29, 2023, the Appellant filed the written notes of arguments and the matter has been adjourned till October 16, 2023. On October 16, 2023, the Appellant filed an Amendment Application for impleading 13 new respondents ("**Amendment Application**") and the same was allowed and notices were issued to the newly added Respondents on October 16, 2023. However, the copies of the aforesaid were not served on KRC Infra and the matter was posted on December 5, 2023 for receipt of records and proceedings of i) Complaint Case no.6 of 2020 before the Ld. Circle Inspector, Kalas; ii) RTS Appeal No. 429 of 2022 before the Ld. Sub-Divisional Officer. On December 5, 2023 KRC Infra filed its say to the Amendment Application and the Appellant filed on record the R.P.A.D slips and Track Consignment Report of the said notices as the notices issued to the proposed Respondents were unserved. Appellant filed an application to issue notices to the proposed Respondents through the Talathi. KRC Infra objected to it and requested for hearing on the Amendment Application before issuing such notices. The Respondent Nos. 1 and 2 objected to the Amendment Application, filed an application seeking directions to the Appellant to provide copies of the documents relied by the Appellant in the Amendment Application and to file reply to it. KRC Infra was directed to conduct the arguments on the Amendment Application and the Respondent Nos.1 and 2 were directed to file their reply to the Amendment Application. The Court noted that no notices will be issued to the proposed Respondents through the Talathi till the said Amendment Application is decided. Respondent No.66 (KRC Infra) filed additional note of written arguments along with list of documents. Respondent 1 and 2 filed application for vacating the Status Quo Order passed by Additional Collector. The matter is pending.

**(ii) Criminal matters**

There are no pending criminal matters against KRC Infra.

**(iii) Regulatory actions**

1. A notice dated July 25, 2019 was issued by PMC to KRC Infra and Gera Developments Private Limited (“**GERA**”) alleging non-compliance with certain provisions of the approval of reservation shifting dated October 3, 2016 issued by the PMC in relation to a cultural centre, parking and hospital area at Gera Commerzone Kharadi on the basis of a complaint received by PMC. GERA and KRC Infra have replied to the notice, by way of a letter dated August 14, 2019, refuting all allegations. The matter is currently pending.
2. KRC Infra and GERA received two notices both dated June 1, 2021 (“**Notices**”) from Tahsildar, Haveli, Pune (“**Tahsildar**”) under the Maharashtra Land Revenue Code, 1966, in relation to alleged unauthorised excavation and transportation of minor minerals by KRC Infra from the lands situated in Village Kharadi, Taluka Haveli, Pune. KRC Infra filed its written submissions dated June 10, 2021 (“**Written Submissions**”) with the Tahsildar denying the allegations made in the Notices and stating that it has not been provided with copies of the panchnama and the report dated January 9, 2019 and July 26, 2019 of the Talhati, Kharadi, Pune as referred in the aforesaid Notices and it has not done any unauthorised excavation and obtained the prior permission for excavation from the concerned/competent authority and paid the royalty in this regard for which orders have been passed by the said authority. The matter is pending before Tahsildar
3. By letter dated November 1, 2021 to Pune Municipal Corporation (“**PMC**”), KRC Infra informed PMC that it is in receipt of challan dated October 25, 2021 for an amount of ₹ 52.19 million being development charges, building development charges and heritage conversion fund stating that PMC ought to have levied development charges at higher rate of 8% with effect from May 10, 2018 and PMC has recovered excess development charges of ₹ 130.38 million for the period 2015 to 2018 by levying development charges at the rate of 8 % instead of 4%. KRC Infra further requested that PMC should adjust the aforesaid amount against the excess amount paid by KRC Infra earlier and that KRC Infra is making the payment of ₹ 52.19 million as per challan under protest and PMC is requested to ensure that the excess amount of ₹ 130.38 million be returned to KRC Infra at the earliest or the said excess amount be adjusted against development charges payable on the next sanction. Thereafter, on April 13, 2022, KRC Infra filed an appeal under section. 124 – G of the Maharashtra Regional and Town Planning Act, 1966 (“**M RTP Act**”) before the Principal Secretary, Urban Development Department, State of Maharashtra. In response to the said appeal, vide letter dated April 28, 2022, Urban Development Department has requested/directed Director, Town Planning, Govt of Maharashtra & the Commissioner, PMC to furnish their report on the said appeal. The matter is pending.
4. Gera Developments Private Limited and its licensed architect received a letter from the Executive Engineer, Building Development Department Zone No. 1, Pune Municipal Corporation (“**PMC**”) stating that Saraswati Gaikwad (deceased) through her legal heir Sangita Gaikwad (“**Applicant**”) has filed an application cum complaint (“**Application**”) dated January 24, 2022 with PMC in relation to alleged unauthorized construction on the land bearing Survey No. 65/3, Village Kharadi, Taluka Haveli, Pune (“**Land**”). By the Application, the Applicant allegedly claimed to be the owner, having an equal and undivided share in the Land and informed that no partition of the Land has taken place and that there is a suit pending before the Civil Judge, Senior Division Pune with regard to the Land. Pursuant to the Application, the Applicant has requested PMC to stop the ongoing construction on the land and requested PMC not to issue occupation certificate (“**OC**”). In view thereof, PMC has requested Gera Developments Private Limited and its licensed architect to provide clarity regarding the allegations made by the Applicant. By reply dated February 7, 2022, Gera Developers inter alia stated that the land bearing S. No 65/3 admeasuring

2 hectares 15.6 ares was sold by late Punaji Hari Pathare as karta and manager of HUF for the benefit of and for legal necessity of the family members of HUF and accordingly possession was handed over to Gera Developers Private Limited, and that part Occupation Certificate has been issued, the layout and building plans have been sanctioned as per the rules and regulations of PMC.

5. KRC Infra has received a demand notice dated March 11, 2022, from the stamp duty and revenue authority in relation to alleged deficit payment of stamp duty aggregating to ₹ 1.1 million along with penalty with respect to lease deed dated 28<sup>th</sup> October 2020 (“**Lease Deed**”) entered into by KRC Infra, in its capacity as lessor with a lessee. KRC Infra has, by its letter dated March 24, 2022, replied to the said demand notice *inter alia* stating that the liability for stamp duty on the Lease Deed was that of the lessee.

**(iv) Material civil/commercial litigation**

1. Gigaplex, KRC Infra and MBPPL (“**KRC DISCOMs**”) had filed a petition dated December 16, 2021 before the Maharashtra Electricity Regulatory Commission, Mumbai (“**MERC**”) under Section 86 (1) (f) of the Electricity Act, 2003 (“**EA, 2003**”) seeking approval for additional power purchase cost incurred over the period from October 11, 2021 to October 31, 2021 on account of reasons beyond the control of the KRC DISCOMs. The MERC impleaded (i) M/s Kreate Energy India Pvt Ltd (“**KEIPL**”), (ii) Maharashtra State Load Despatch Centre; and (iii) Lloyds Metals and Energy Limited as Respondents in this matter. By an order dated November 8, 2022, the MERC partly allowed the petition, and directed KEIPL to pay ₹ 19.60 million to KRC DISCOMs within 15 days from the date of the order as compensation for increased power purchase expenses on account of illegal diversion of contracted power to third party. Further, the MERC directed the KRC DISCOMs to adjust such compensation amount in upcoming FAC computation as rebate in power purchase expenses. KEIPL filed an appeal (against the order in the Case No 1/MP of 2022 dated November 8, 2022 (“**Impugned Order**”) before the Appellate Tribunal for Electricity at New Delhi (“**APTEL**”) seeking stay on the Impugned Order dated November 8, 2022 (Appeal No. 428 of 2022). Hearing in the matter was held on 8<sup>th</sup> and 9<sup>th</sup> December 2022. By interim order dated December 22, 2022, APTEL granted stay of the Impugned Order under appeal, subject to fulfilment of the following conditions: (a) KEIPL shall, within three weeks from December 22, 2022, pay KRC DISCOMs ₹ 1.16 million; and (b) KEIPL shall in addition, within three weeks from December 22, 2022, furnish an unconditional bank guarantee from a Nationalised Bank in favour of the MERC, for an amount of ₹ 17.93 million and the bank guarantee, so furnished, shall be kept alive and in force during the pendency of the appeal and (c) the order further requires KEIPL to file an affidavit of compliance, of the aforesaid directions, with the Registry within four weeks from December 22, 2022. By an order dated January 17, 2023, the APTEL has recorded that a compliance affidavit had been filed by KEIPL in Appeal No. 428 of 2022, stating that the earlier order of the Tribunal, in IA No. 1951 of 2022 dated December 22, 2022 which required KEIPL to remit ₹ 1.16 million to the KRC DISCOMs and to furnish an unconditional bank guarantee in favour of MERC for a sum of ₹ 17.93 million has been complied with. By an order dated May 1, 2023, the APTEL directed to re-include the Appeal in the “*List of Finals*” after pleadings are completed. The matter is pending before the APTEL.
2. Gigaplex, KRC Infra and MBPPL (“**KRC DISCOMs**”) had filed a petition before the MERC under Section 86 (1) f of the EA, 2003 against KEIPL for adjudication of dispute between KRC DISCOMs and KEIPL. KRC DISCOMs had entered into a power purchase agreement dated May 27, 2021 (PPA) with KEIPL for supply of power up to 14 MW, for the period from July 2021 to June 2022. However, KEIPL did not supply power to the KRC DISCOMs during the period from April to June 2022. During this period KRC DISCOMs had to procure the power from the other available sources at market rates. This resulted into additional power purchase cost ₹ 101 million to be incurred by KRC DISCOMs on account of material breach of the PPA by KEIPL. Therefore, the KRC DISCOMs have filed this petition (Case No. 162 of 2022) before the MERC seeking compensation of the entire additional power purchase cost incurred by them for the period from April 2022 to June 2022 due to KEIPL’s failure to supply power under PPA. The first hearing in this matter was held on November 11, 2022. As directed in the

Order dated November 11, 2022, KEIPL has filed its reply and the KRC DISCOMs have filed their rejoinder to the reply of KEIPL. Pursuant to final e-hearing held by MERC on August 1, 2023 and MERC has reserved the case for its order. By an Order dated September 27, 2023 MERC allowed the petition and directed KEIPL to pay ₹101 million with carrying cost to KRC DISCOMs within one month as compensation for increased power purchase expenses on account of non-performance of contract by KEIPL. KRC DISCOMs have been directed to pay late payment surcharge on the March 2022 bill presented by KEIPL as per the PPA.4.

The Maharashtra Electricity Regulatory Commission, Mumbai (“**MERC**”) issued the Mid Term Review (“**MTR**”) Order for Gigaplex. The MERC in the said order dated March 31, 2023 has disallowed the deferment of tariff recovery proposed by Gigaplex in its petition. Gigaplex filed an appeal before the Appellate Tribunal for Electricity at New Delhi (“**APTEL**”) against the MERC MTR order dated March 31, 2023. By way of order dated August 8, 2023, the APTEL directed to include the Appeal No 529 of 2023 in the “List of Finals” after completion of pleadings. Gigaplex has filed its rejoinder to the reply filed by MERC. Gigaplex proposed to allow MSEDL tariff as recovery strategy and also agreed to forego the carrying cost on the regulatory asset if created using MSEDCL Tariff. Next date for hearing is on April 08, 2024. The appeal is pending before APTEL

## Annexure - 9

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (formerly known as 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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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

Maharashtra, India

Submitted To:

K. Raheja Corp. Investment Managers Private  
Limited (formerly known as K Raheja Corp  
Investment Managers LLP)

(acting as the Manager to Mindspace Business Parks  
REIT)

Date of Valuation:

31-March-2024

Date of Report:

24-April-2024



Prepared By:

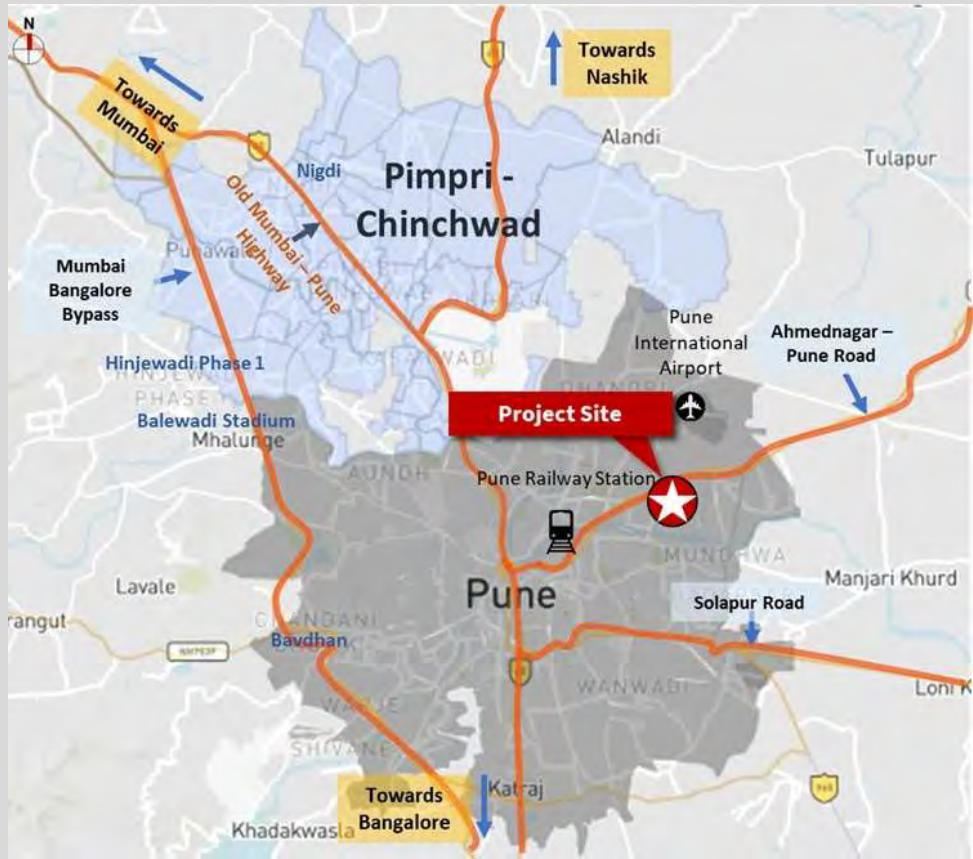
**KZEN VALTECH PRIVATE LIMITED**

**IBBI/RV-E/05/2022/164**

## EXECUTIVE SUMMARY

Property Name	The Square, Nagar Road, Pune, Maharashtra, India												
Property Address	The Square Signature Business Chambers (Nagar Road), Kargil Vijay Nagar, Wadgaon Sheri, Pune, Maharashtra 411014												
Land Area	~10.1 acres												
Brief Description	<p>The property is located in the north-eastern part, in the Secondary Business District East micro market of Pune City along the Nagar Road. It is located at a distance of about 300 m from the Phoenix Market City.</p> <p>The property is developed as Grade A IT Park with two blocks 1) IT building and 2) a building which was Mall earlier later converted to Commercial office building, collectively comprising of 778,634 sq. ft of leasable area. The main entrance to the Project Site is from Nagar Road. Further, the IT building is also facilitated with a separate gate which is accessible from the lane connecting Nagar Road.</p> <p>The property is surrounded by mixed-use development comprising residential, retail, and commercial developments.</p>												
Asset Details	<p>Leasable area details as shared by the Client is given below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Sl. No.</th> <th style="width: 60%;">Building Name</th> <th style="width: 30%;">Leasable Area (sq. ft.)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>The Square – IT Building</td> <td style="text-align: center;">193,211</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>The Square – Commercial Building Completed</td> <td style="text-align: center;">585,423</td> </tr> <tr> <td></td> <td style="text-align: right;">Total Leasable Area</td> <td style="text-align: center;">778,634</td> </tr> </tbody> </table> <p>Based on the site inspection, both IT Building and Commercial Building are fully completed and operational.</p>	Sl. No.	Building Name	Leasable Area (sq. ft.)	1.	The Square – IT Building	193,211	2.	The Square – Commercial Building Completed	585,423		Total Leasable Area	778,634
Sl. No.	Building Name	Leasable Area (sq. ft.)											
1.	The Square – IT Building	193,211											
2.	The Square – Commercial Building Completed	585,423											
	Total Leasable Area	778,634											

Location Map



Key Assumptions

The table below summarizes key Valuation assumptions used in the estimate.

Particulars	Description																		
Asset Specific Information																			
Nature of Asset	Commercial / Office with Amenities																		
Current Status	IT Building – Completed and Operational Mall Building – Completed and Operational																		
Total Leasable Area	778,634 sq. ft.																		
Asset Details	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Building Name</th> <th>Leasable Area (In Sq. Ft.)</th> <th>Usage Type</th> <th>Status</th> <th>Age of Building</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>The Square – IT Building</td> <td>193,211</td> <td>Non – SEZ IT</td> <td>Completed</td> <td>~13 Years</td> </tr> <tr> <td>2</td> <td>The Square – Commercial Building</td> <td>585,423</td> <td>Non – SEZ Commercial</td> <td>Completed</td> <td>~13 Years</td> </tr> </tbody> </table> <p>In addition to the above, the undivided rights, title and interest in the following assets are also part of the Project.</p> <ul style="list-style-type: none"> <li>Total Amenity Plot and the premises on which the Amenity Building is situated.</li> <li>Total utility areas and internal roads.</li> <li>Total open spaces.</li> </ul>	Sl. No.	Building Name	Leasable Area (In Sq. Ft.)	Usage Type	Status	Age of Building	1	The Square – IT Building	193,211	Non – SEZ IT	Completed	~13 Years	2	The Square – Commercial Building	585,423	Non – SEZ Commercial	Completed	~13 Years
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1	The Square – IT Building	193,211	Non – SEZ IT	Completed	~13 Years														
2	The Square – Commercial Building	585,423	Non – SEZ Commercial	Completed	~13 Years														

Revenue Assumptions	
In-Place Rent	INR 78.3 per sq. ft. per Month
Market / Marginal Rent	INR 78.0 per sq. ft. per Month as of FY 25
Parking Rent	INR 2,363 per CPS per Month as of FY 25
Financial Assumptions	
Exit Cap Rate	8.00%
Discount Rate / WACC	For Completed Blocks – 11.75%

Market Value Total Market Value – INR 9,230.47 Million (INR Nine Billion Two Hundred Thirty Million Four Hundred Seventy Thousand Only)

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## **LIST OF ABBREVIATIONS**

CBD	Central Business District
CY	Current Year
INR	Indian National Rupees
IT/ITES	Information Technology/IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
Km	Kilometre
NH	National Highway
PBD	Peripheral Business District
REIT	Real Estate Investment Trust
RICS	Royal Institution of Chartered Surveyors
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft.	square feet

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.

# 1 INTRODUCTION

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## 1.1 INSTRUCTIONS

K Raheja Corp. Investment Managers Private Limited (formerly known as K Raheja Corp Investment Managers LLP) (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project located named '**The Square**' located along, **Nagar Road Pune**, Maharashtra, India (hereinafter referred to as the 'Project').

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.



Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHA, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## **1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## **1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS**

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this section 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 Project 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.

## **1.7 INSPECTION OF THE PROJECT**

The Project was inspected on 26 March 2024 by the Valuer in the presence of Client-nominated representative 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.

## **1.8 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 Project 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.

## **1.9 CONFIDENTIALITY**

The contents of this Valuation 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.

## **1.10 AUTHORITY**

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## **1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls with any government departments/authorities, among other aspects., etc.

## **1.12 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.

## **1.13 ANTI-BRIBERY AND ANTI-CORRUPTION**

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data/information provided by the Client and estimate has limited coverage wherever full data/information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and/or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on Leases and Sales Performance	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	Project Cost Estimates	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and/or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.

10. Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11. Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12. Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13. Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14. Disclaimer	<p>The estimate of Market Value is based on documents/information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different approaches and methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately.

**Table 2.1: Different Valuation Methodologies and Description**

Sl. No.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
3.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This method <b>is sometimes referred to as 'Rent Roll method as well.</b>

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the Project Site under review.

Considering the objective of this exercise and the nature of asset involved (completed & operational commercial / office space), the value is estimated using the 'Discounted Cash Flow method (basis term and rent reversion) under **'Income Approach'**

## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Revenue pendency if any
  - Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5%-11.5% to about 7.5%-8.5% in 2023.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer).



***Based on the above factors, the Valuer has adopted an exit cap rate of 8.00% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective 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.

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the subject property against similar portfolios/properties in the market. For discounting the cash flows, an appropriate discount rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the completed portion of the project.

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. The Valuer has considered a risk premium of 125bps, to derive the WACC of 13% for under-construction / future development properties.

These derived discount rates were found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

Property Name	The Square, Nagar Road, Pune, Maharashtra, India																												
Property Address	The Square Signature Business Chambers (Nagar Road), Kargil Vijay Nagar, Wadgaon Sheri, Pune, Maharashtra 411014																												
Land Area	~10.1 acres																												
Brief Description	<p>The property is located in the north-eastern part, in the Secondary Business District East micro market of Pune City along the Nagar Road. It is located at a distance of about 300 m from the Phoenix Market City.</p> <p>The property is developed as Grade A IT Park with two blocks 1) IT building and 2) a building which was Mall earlier or Mall building. The main entrance to the Project Site is from Nagar Road. Further, the IT building is also facilitated with a separate gate which is accessible from the lane connecting Nagar Road.</p> <p>The property is surrounded by mixed use development comprising residential, retail, and commercial developments.</p>																												
Valuation Methods	The estimate of Market Value is prepared using following methods:																												
	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Asset Type</th> <th>Methodology Adopted</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Completed Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> <tr> <td>2.</td> <td>Under Construction Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> </tbody> </table>		Sl. No.	Asset Type	Methodology Adopted	1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion	2.	Under Construction Assets	Discounted Cash Flow Method using Rent Reversion																		
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1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion																											
2.	Under Construction Assets	Discounted Cash Flow Method using Rent Reversion																											
Nature of the Interest by the Client	100% freehold interest in the Project as informed by the Client																												
Purchase Price of the Project	INR 7,058 million, as given by the Client																												
Historical Valuation of the Project in 3 Previous Years	Below table summarizes historical valuation of the Project as given by the Client:																												
	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Date of Valuation</th> <th>Total Market Value (INR Mn)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>30-Sep-2023</td> <td>INR 9,351 (INR 9,008 Completed and INR 343 Under Construction)</td> </tr> <tr> <td>2.</td> <td>31-Mar-2023</td> <td>INR 9,223 (INR 8,891 Completed and INR 332 Under Construction)</td> </tr> <tr> <td>3.</td> <td>30-Sep-2022</td> <td>INR 9,078 (INR 8,557 Completed and INR 521 Under Construction)</td> </tr> <tr> <td>4.</td> <td>31-Mar-2022</td> <td>INR 9,043 (INR 8,595 Completed and INR 448 Under Construction)</td> </tr> <tr> <td>5.</td> <td>30-Sep-2021</td> <td>INR 8,694 (INR 8,261 Completed and INR 432 Under Construction)</td> </tr> <tr> <td>6.</td> <td>31-Mar-2021</td> <td>INR 8,468 (INR 8,115 Completed and INR 354 Under Construction)</td> </tr> <tr> <td>7.</td> <td>30-Sep-2020</td> <td>INR 8,092 (only completed)</td> </tr> <tr> <td>8.</td> <td>31-Mar-2020</td> <td>INR 8,094 (only completed)</td> </tr> </tbody> </table>		Sl. No.	Date of Valuation	Total Market Value (INR Mn)	1.	30-Sep-2023	INR 9,351 (INR 9,008 Completed and INR 343 Under Construction)	2.	31-Mar-2023	INR 9,223 (INR 8,891 Completed and INR 332 Under Construction)	3.	30-Sep-2022	INR 9,078 (INR 8,557 Completed and INR 521 Under Construction)	4.	31-Mar-2022	INR 9,043 (INR 8,595 Completed and INR 448 Under Construction)	5.	30-Sep-2021	INR 8,694 (INR 8,261 Completed and INR 432 Under Construction)	6.	31-Mar-2021	INR 8,468 (INR 8,115 Completed and INR 354 Under Construction)	7.	30-Sep-2020	INR 8,092 (only completed)	8.	31-Mar-2020	INR 8,094 (only completed)
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Ready Reckoner Rate	Built-up Area (Office) – INR 101,780 per sq mt Land Area – INR 26,920 per sq mt
Date of Valuation	31-March-2024
Date of Inspection	26-March-2024
Market Value as on 31-March-2024	Total Market Value – INR 9,230.47 Million (INR Nine Billion Two Hundred Thirty Million Four Hundred Seventy Thousand Only)
Matters Affecting the Property and its Value	Please refer to Chapter 7 of this Valuation Report
Assumptions, Disclaimers, Limitations and Qualifications	This Valuation Report is provided subject to assumptions, disclaimers, limitations, and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance on this report and extension of <b>Valuer's</b> liability is conditional upon the <b>reader's acknowledgement and understanding of these</b> statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project
Prepared by	KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164) Represented through its Director Mr. Sachin Gulaty FRICS FIV FIIA IBBI/RV/02/2021/14284



**Name:** Sachin Gulaty FRICS FIV FIIA

**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND/OR PROJECT

The table below presents details of the Project Site and/or Project.

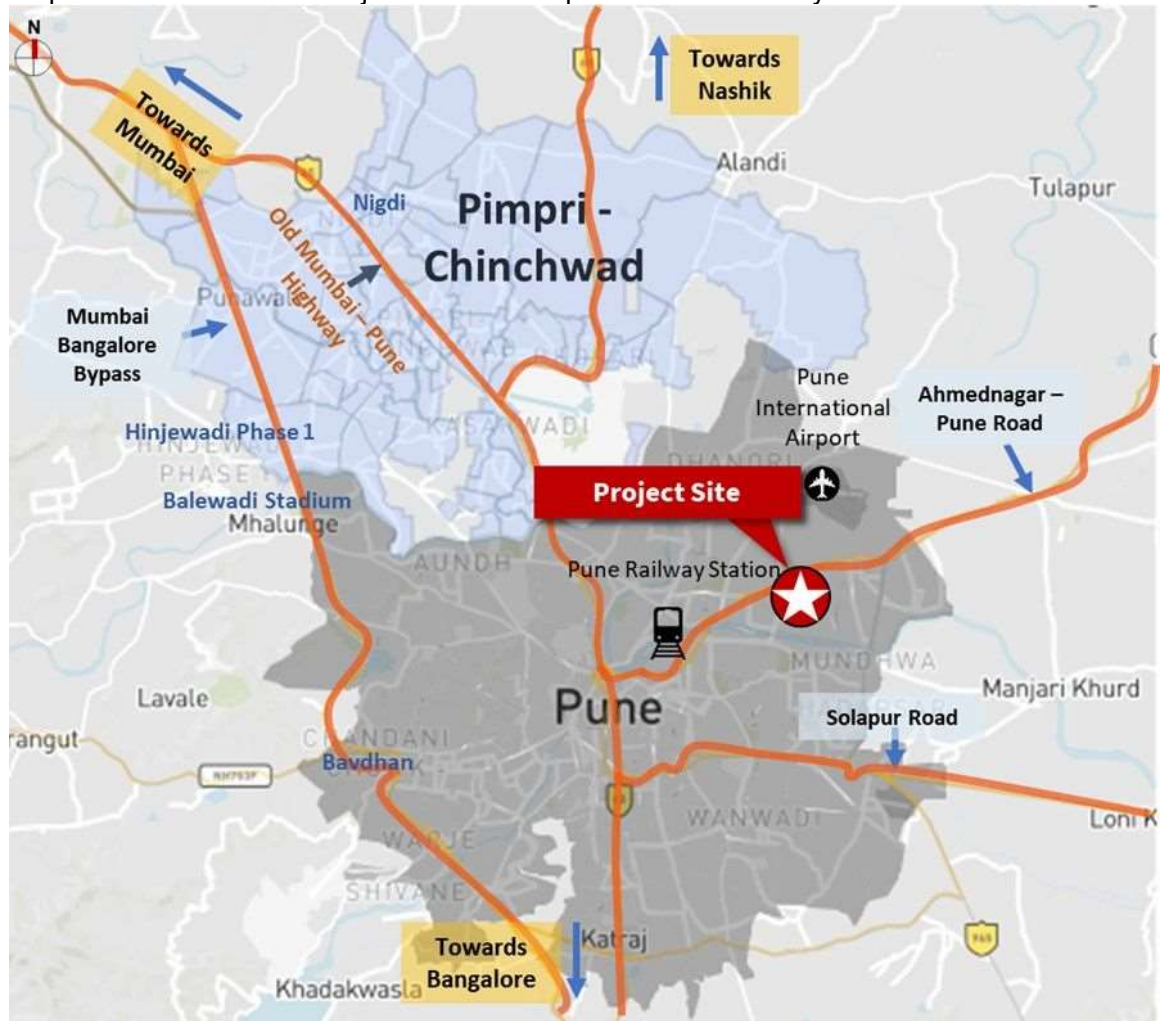
Table 5.1: Details of the Project Site and/or Project

DETAILS OF PROPERTY	
Property Name	The Square, Nagar Road, Pune, Maharashtra, India
Property Address	The Square Signature Business Chambers (Nagar Road), Kargil Vijay Nagar, Wadgaon Sheri, Pune, Maharashtra 411014
Land Area	~10.1 acres
Block-Wise Break-Up of Leasable Area and Current Status	Block wise Leasable area details are mentioned above in Executive summary. Based on the site inspection, all blocks are operational.
Access	Accessible through approx. 60 m. wide Nagar Road
Frontage	Approximately 100 m. frontage along Nagar Road
Shape and Visibility	Regular in shape. Relatively flat terrain. Excellent visibility from Nagar Road
Approval Status	Project has requisite approvals in place as confirmed by the Client.
INFRASTRUCTURE	
Water Supply, Sewerage & Drainage	Available within the Project
Power & Telecommunication	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The Project is located in the north-eastern part, Secondary Business District (SBD) East micro market of the city along the Nagar Road. It is located at a distance of about 300 m from Phoenix Market City. The map on the following page presents the location of the Project with respect to the city.

Map 5.1: Location of the Project Site with respect to the Pune City



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The distance of the Project from major landmarks in the city is given in the table below.

Table 5.2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Pune Railway Station	7.3
Pune International Airport	4.4
Phoenix Market city	0.3
Shivaji Nagar	11.0
Pune University	12.0

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The Project is developed as commercial / office space along Nagar Road. The Project is surrounded by mixed use development comprising residential, retail, and commercial asset classes. The Project is spread across 10.1 acres of land. The Project has good frontage along the access road and has a relatively flat topography with no significant variations in the height of the land and has 2 entrances. The map on the following page presents location of the Project and its surroundings.



Map 5.2: Location of Project and its Surrounding Developments

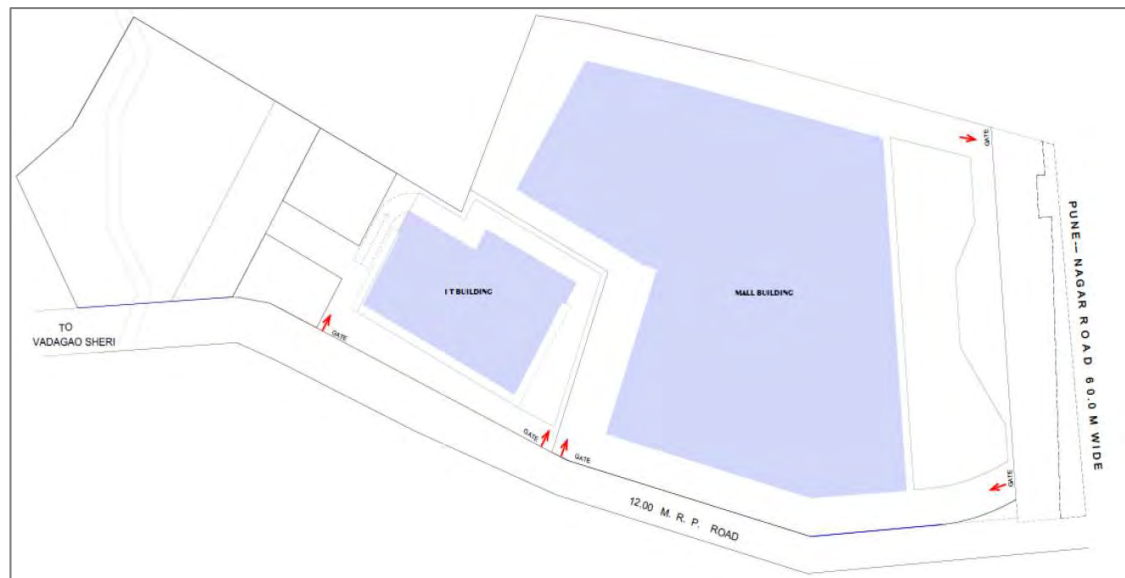


Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Existing Metro Aqua Line and BRTS Corridor enhanced the connectivity of Project with other parts of the city and reduced travel time.

The map below presents the conceptual Layout Plan of the Project as shared by the Client.

Map 5.3: Conceptual Layout Plan for the Project



Source: Client, 31<sup>st</sup> March 2024

The table below presents the boundary/edge conditions of the Project Site.

**Table 5.3: Project Site and its Site Boundaries**

North	Nagar Road
South	Residential Development
West	Commercial & Residential Development
East	Internal Road

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project is predominantly surrounded by commercial, residential and hospitality developments in the vicinity. Grade A commercial / office developments and premium residential developments are also present in the micro-market.

## 5.4 DESCRIPTION OF THE PROJECT

The table below presents key asset specific information.

**Table 5.4: Key Asset Specific Information of the Project – Completed Portion**

Particulars	Description
Name of the Entity	Mindspace Business Parks Private Limited
Interest owned by Mindspace REIT	778,634 sq.ft of leasable area is owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1/</sup>
Land Extent of Project (included Completed, under-construction and future development)	~10.1 acres
Asset Type	IT Park (Non-SEZ buildings)
Sub-Market	SBD East
Approved and Existing Usage	Commercial Building - Office IT Building - IT
Current Status	IT Building – Completed and Operational Commercial Building – Completed and Operational
Approvals Status	List of approvals are specified in annexure 4
Freehold/Leasehold	The underlying land is taken on freehold basis
Leasable Area	0.78 mn sq. ft.
Occupied Area	0.78 mn sq. ft.
Committed Area	0.78 mn sq.ft
Occupancy <sup>2/</sup>	100.0%
Committed Occupancy <sup>3/</sup>	100.0%
Number of Tenants	4

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>3/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupier







## 5.5 PROJECT INSPECTION

The Project is part of a larger campus having total leasable area of 778,634 sq. ft. spread across One IT Building and One Commercial Buildings. Both buildings are completed & operational. They are non-SEZ buildings. The Project was inspected by the Valuer on 26 March 2024.

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.

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 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.

Some of the photographs of the Project and surroundings are given below.

	
External View of Commercial Building	External View of Commercial Building
	
External View of IT Building	View of entrance
	
View of Services	View of Parking





## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### **Developable Area of the Project**

The total site area of the project is ~10.1 Acres with total leasable area of 0.78 Mn sq ft under 2 Buildings (1 IT Building and 1 Commercial Building)

### **Site Services and Finishes**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

### **Condition and Repairs**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in any of the operational buildings. Only some of the lifts in commercial building are gone under maintenance.

### **Environmental Considerations**

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project 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 Project is located falls in Seismic Zone III with moderate risk. The city faces low risk in terms of high winds or cyclones too. The Project 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 Project, which may expose it for any induced disaster.

The Project is located at a relatively higher elevation compared to its immediate surroundings, indicating low risk of flooding and perennial water logging.

### **Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

### **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 Project 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.

### **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 to the Valuer (which are specified in Annexure 7), relating to the Project or any compounding charges..

## **5.7 TENANCY ANALYSIS**

### **Tenant Profile of Top Tenants for Completed Project**

As on 31<sup>st</sup> March 2024, Project Site has 4 tenants (for office space) which include companies like Bajaj Finserv Health Limited, Fiserv India Pvt Ltd, Amazon and ADP Pvt. Ltd.

The top Tenants as per Leasable areas is listed below: -

Table 5.5: Tenants arranged as per Leasable areas\*

Sl. No.	Tenant	Leasable Area
1	Fiserv India Private Limited	333,021
2	ADP Private Limited	252,402
3	Bajaj Finserv Health Limited	97,000
4	Amazon	96,211
	Total	778,634

\* Includes contracted areas for which rent may start at a future date

The top Tenants as per Gross Rents are listed below: -

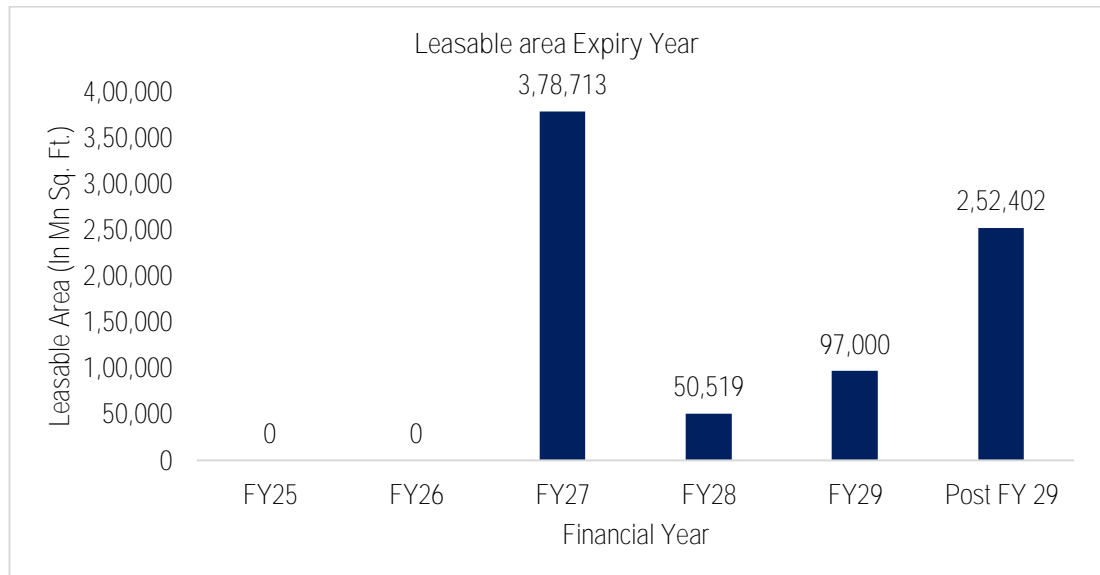
**Table 5.6: Tenants arranged as per Gross Rentals\***

Sl. No.	Tenant	Share of Gross Rentals
1	Fiserv India Pvt Ltd	39.3%
2	ADP Private Limited	38.6%
3	Bajaj Finserv Health Limited	11.9%
4	Amazon	10.2%
	Total	100.0%

\* Includes contracted areas for which rent may start at a future date

### **Lease Expiry Analysis**

The WALE of the property is 4.4 years, with ~67.6% of occupied area expiring between FY 2025 and FY 2029 as shown in the chart below:



Source: Analysis, 31<sup>st</sup> March 2024

### **Escalation Analysis**

The leases of the Project Site have typically seen rental escalation of 4.5% every year or 15.0% every 3 years.

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Pune is popularly known as the 'Queen of Deccan India' which has ranked within the top 20 cities globally in JLL's City Momentum Index (CMI) since 2017. Pune has now been declared as the largest city in the state of Maharashtra in terms of geographical area coverage. The city has been a major educational hub since many decades having presence of premium educational institutes in the country. Pune is also an important industrial hub having presence of prominent foreign as well as domestic automobile, automobile ancillaries and electronics manufacturers. Attractive demographics and readily available skilled workforce have attracted corporates from various sectors like IT/ITeS, manufacturing/industrial, BFSI, consulting etc. to have their set-up in the city. Other drivers like proximity to Mumbai, good connectivity through air, rail and roads, flow of Foreign Direct Investments (FDIs) have been instrumental in its growth. The city was also ranked 2nd among the top three best Indian cities (along with Hyderabad and Bengaluru) in Mercer's Quality of Living Rankings, 2023. All the above factors, in addition to large-scale urban infrastructure upgrade currently underway in Pune, have made it one of the most attractive real estate investment hubs in the state of Maharashtra after Mumbai.

### 6.3 INFRASTRUCTURE INITIATIVES

Pune is currently undergoing three major infrastructure development projects. Pune Metropolitan Region Development Authority (PMRDA), Maharashtra Metro Rail Corporation Limited (MMRC), Pune Municipal Corporation (PMC), Maharashtra State Road Development Corporation (MSRDC) and City and Industrial Development Corporation of Maharashtra (CIDCO) are involved in the development of Pune Metro Line 3, Pune Metro Line 1 and 2, Pune Ring Road and New International Airport at Purandar, respectively. Another infrastructure project – Mula Mutha Rejuvenation Project, has been passed for execution in the central part of the city.

#### Existing infrastructure

Table 6.1 Existing Infrastructure in the City

Existing Project	Completion timeline	Details	Key impact zones
Pune International Airport	2004-05	It is a Military as well as Public airport owned by the Indian Airforce and operated by AAI.	Viman nagar, Yerawada, Kalyani nagar, Kharadi
Pune Junction	Opened: 1858, Rebuilt: 1925	One of the major junctions in Maharashtra connecting Pune to all the major cities of India.	Bund garden road, Camp, Koregaon park
Swargate bus depot	1976	Contains inter-city and intra-city transportation facilities.	Core Pune area / Peth areas
Pune - Mumbai expressway	2002	India's first 6-lane wide concrete, access-controlled tolled expressway. Distance – 94.5 km;	Bavdhan. Pashan, Baner, Balewadi, Hinjewadi, Wakad

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

## Upcoming Infrastructure

**Proposed Pune Ring Road** - The proposed Outer Ring Road in Pune will be developed as an eight-lane expressway with a total length of approximately 140 km. It will be developed through a public-private partnership (PPP), and the project will be divided into two parts. The first part will be a 74.08-km stretch from Urse, located on the Yashwantrao Chavan Expressway, to Shivare on the Pune-Satara National Highway, which will be referred to as the Eastern Ring Road. The second part will be a 65.45-km stretch from Shivare to Urse, known as the Western Ring Road. Six key highways passing through the city will be linked to the proposed Ring Road, namely Pune-Bengaluru highway (NH-48), Pune-Mumbai highway (NH-48), Pune-Nashik highway (NH-60), Pune-Solapur highway (NH-65), Pune-Ahmednagar highway (NH-753F) and Pune-Saswad Palkhi Marg (NH-965). According to the proposed alignment, the Ring Road will feature eight flyovers, four bridges over railroad tracks, seven viaducts, 14 underground roads and 13 tunnels. A total of 1,900 hectares of land will be acquired from 87 villages encircling the city, with the total estimated cost of the project being INR 18,000 crore. The expected completion of the Outer Ring Road in Pune is December 2026.

**New Airport Terminal at Lohegaon and Proposed International Airport** - A new terminal of around 500,000 sq ft, next to the existing Pune International Airport terminal in Lohegaon, was inaugurated on 10th March 2024 by PM Narendra Modi through a virtual platform. After missing successive deadlines set by the Airports Authority of India (AAI), the new terminal building at Pune International Airport is now complete and open for public use. The new terminal has been integrated with the existing terminal, taking the total built-up area to 750,000 square feet, and the combined passenger handling capacity to 16 million passengers per annum. The new terminal is equipped with three gates each for departure and arrival, which aims to reduce the crowd congestion experienced in the older facility. A new airport, Chhatrapati Sambhaji Raje International Airport, was supposed to be constructed in Purandar Taluka, but the Ministry of Defence cancelled the No Objection Certificate it issued in August 2021, and the project has been put on hold.

**Mula Mutha Rejuvenation Project** - Another infrastructure project namely Mula Mutha Rejuvenation Project, has been proposed for development. The rejuvenation project, modelled on the Sabarmati riverfront in Ahmedabad includes the development of 44 km of river stretch, including 22.2 km of Mula river, 10.4 km of Mutha river and 11.8 km of Mula-Mutha river. Work on two stretches (13 km) from Sangamwadi to Bund Garden and Bund Garden to Mundhwa bridge has been started. Also, a 300m sample stretch has been completed to showcase it to the authorities.

Table 6.2 Upcoming Infrastructure in the City

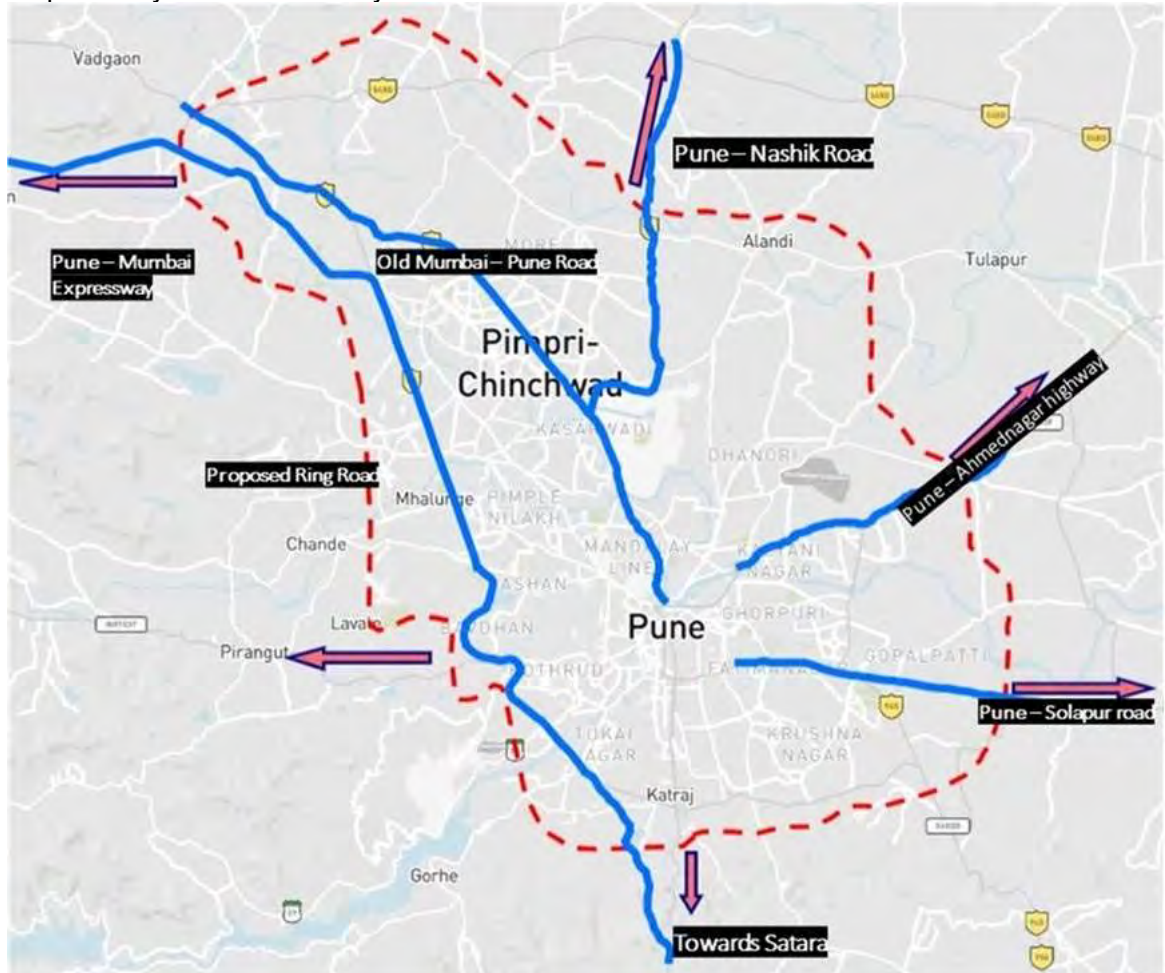
Upcoming Project	Completion timeline	Details	Key Impact Zones
Pune Ring Road	May 2026	Eight-lane expressway with total length of 173 km. Land acquisition work is under progress. It would be developed using a PPP model in 4 parts.	Talegaon Dabhade, Hinjewadi, Mahalunge, Sus, Lavale, Bhugaon, Bavdhan, Warje, Shivane, Dhayari, Kondhwa, Loni Kalbhor, Manjari, Wagholi, Alandi, Chakan
New Airport Terminal, Lohegaon	Dec 2023	The total built-up area of new terminal is 500,000 sq ft, which after integration with the old terminal will be an area of 750,000 sq ft with a total passenger handling capacity of 16 mn passengers per annum (MPPA)	Viman nagar, Yerawada, Kalyani Nagar, Kharadi, Wagholi.



Mula Mutha Rejuvenation Project	March 2025	Development of 44 km of river stretch, including 22.2 km of Mula river, 10.4 km of Mutha river and 11.8 km of Mula-Mutha river.	Sangamwadi, Bund Garden, Koregaon Park, Mundhwa, Kalyani nagar, Wadgaon sheri, Kharadi, Shivaji nagar, J.M Road, Deccan
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**Pune – Key roads in the city**

Map 6.1 Key Roads in the City



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

**Upcoming Metro Rail Lines**

Pune Metro Lines - The Pune Metro Rail has three lines under construction with a total coverage of 54.58 km. Line 1 will run from PCMC Building to Swargate, and Line 2 will run from Vanaz to Ramwadi. Both lines are being implemented by MahaMetro and the Central Government in a 50:50 joint venture. Both lines are partially operational: Line 1 is operational from PCMC Bhavan to Shivaji Nagar, and Line 2 is operational from Vanaz to Ruby Hall Clinic. The extended stretches were inaugurated on 1 August 2023. Currently, Pune Metro Line 1 is in the final stage of completion, expected to become fully operational by the end 2024. As of March 2024, the entire stretch of Pune Metro Line 2 from Vanaz to Ramwadi has become operational. Line 3, which will run from Megapolis Circle in Hinjewadi IT Park Phase 3 to Shivaji Nagar, is being constructed through a public-private partnership involving Pune Metropolitan Region Development Authority and Tata-Siemens. Construction has begun, and the route is expected to be completed by 2026–27. The proposed extension of Pune Metro Line 1 from Swargate to Katraj, which will be completely underground, has been approved by the civic body and is expected to be operational by 2027.

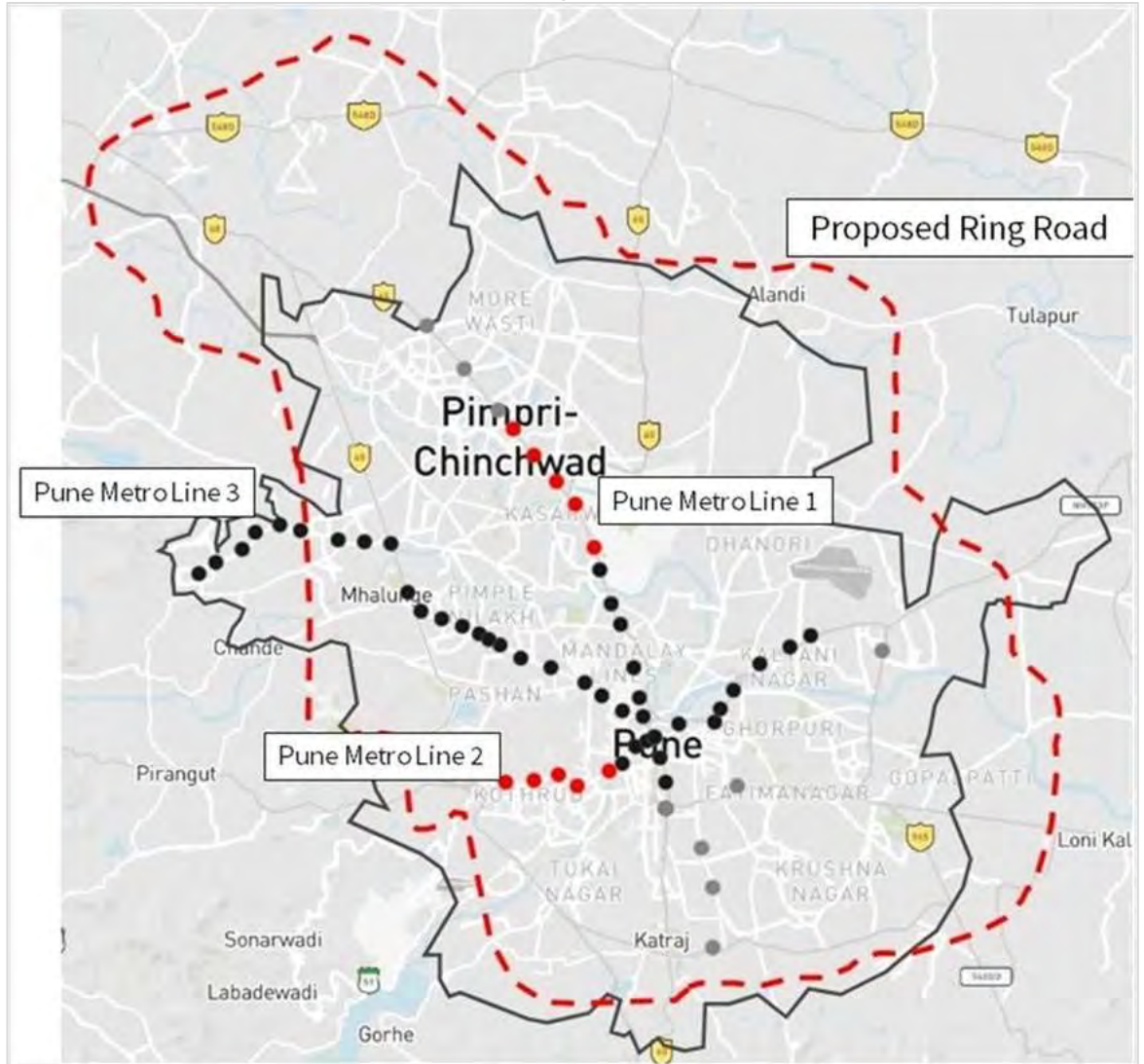
**Upcoming Metro Rail Lines****Table 6.3 Upcoming Metro in the City**

Upcoming Project	Completion timeline	Details	Key impact zones
Pune Metro Line 1 or Purple line	PCMC Bhavan to Shivajinagar – August 2023. Entire line – 2024.	Will run from PCMC Bhavan to Swargate. Total length: 16.6 km. No. of stations: 14 out of which 9 stations are elevated and 5 stations are underground. Proposed extension: Swargate to Katraj and PCMC Bhavan to Nigdi.	Pimpri, Chinchwad, Kasarwadi, Pimple Gurav, Sanghvi, Khadki, Range Hills, Shivajinagar, Peth areas (Old Pune).
Pune Metro Line 2 or Aqua line	Entire line operational – March 2024.	Will run from Vanaz to Ramwadi. Total length – 14.7 km. No. of stations – 16 (all elevated). Proposed extension – Ramwadi to Wagholi.	Kothrud, Erandwane, Deccan Gymkhana, J.M Road, PMC Bhavan, Pune Junction, Bund Garden Road, Yerwada, Kalyani nagar, Viman nagar, KharadiYerwada
Pune Metro Line 3 or Metropolitan line	2026-27	Will run from Megapolis circle in Hinjewadi Phase 3 to Civil court in Shivaji nagar. Total length – 23.3 km. No. of stations – 23 (all elevated)	Hinjewadi Phase 1,2,3, Wakad, Balewadi, Mahalunge, Baner, Aundh, Pune university, Ganeshkhind road, Shivajinagar.

Source: Real Estate Market Research &amp; Analysis; JLL, 31st March 2024

**Pune - Map of upcoming metro lines and proposed ring road**

Map 6.2 Map of Proposed Metro Line and Ring Roads



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024



## 6.4 PUNE - OFFICE SUB MARKETS

The office sub-markets of Pune City are classified into six micro markets based on the market trend as mentioned below.

**Table 6.4 Pune Commercial Micro-markets**

Submarket	Locations	Map of Pune office market
CBD	Camp, Station Road, Raja Bahadur Mills Road, Dhole Patil Road, Bund Garden Road, Sangamwadi, Koregaon Park, Fergusson College Road, Ganesh Khind Road, Senapati Bapat Road, Shivaji Nagar, Wakdewadi, Shankar Seth Road	<p>Map 6.3 Commercial Micro-markets in the City</p>
SBD East	Airport Road, Jail Road, Yerawada, Nagar Road, Viman nagar, Kalyani Nagar, Kharadi, Hadapsar	
SBD West	Aundh, Baner, Balewadi, Bavdhan, Nanded Phata, Kothrud, Erandwane, Warje	
Suburbs East	Fursungi, Wagholi	
Suburbs West	Hinjewadi, Pimple Saudagar, Pimpri, Chinchwad, Bhosari.	

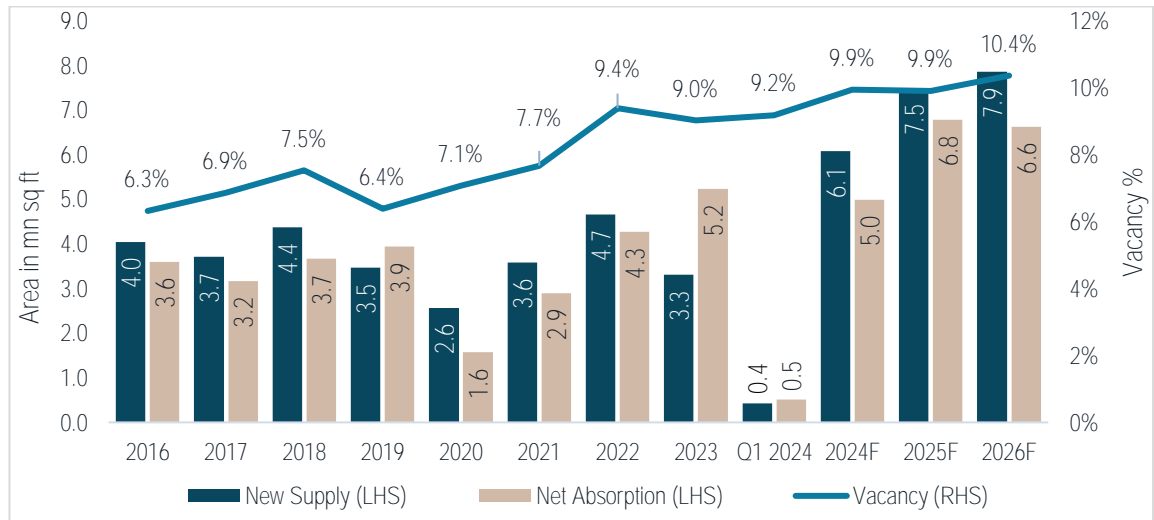
Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

### Leasing Activity

#### City Market Trends

**Table 6.5 City Market Trends**

Micro Market	Total Stock (mn sq ft)	Net Absorption (mn sq ft)			Vacancy %		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	78,784,210	504,812	-72.0%	-67.1%	9.2%	20 bps	-40 bps
CBD	6,487,236	0	-100%	-100%	3.2%	0 bps	-300 bps
SBD East	44,187,635	364,889	-70%	-63%	7.1%	80 bps	-60 bps
SBD West	11,395,869	135,969	-75%	-62%	7.0%	-120 bps	190 bps
Suburbs East	1,882,000	0	NA	NA	28.5%	0 bps	1020 bps
Suburbs West	14,831,469	3,954	+119%	-98%	17.2%	-60 bps	-150 bps



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

Pune's office market activity was sluggish in Q1 2024. Net absorption of 0.5 mn sq ft was recorded in Q1 2024, which was largely driven by fresh leasing in existing office stock. Majority of the net absorption in Q1 was contributed by SBD East sub-market which accounted for a 72% share followed by SBD West with a share of 27%. Suburbs West recorded a minimal net absorption with a share of 1% whereas Suburbs East and CBD sub-markets did not witness leasing activity in Q1.

Gross leasing of around 1.81 mn sq ft was recorded during the quarter, up by 41.4% y-o-y. Healthy pre-commitments were witnessed in the upcoming projects which accounted for a share of 48% in the total gross leasing of Q1 2024. Pre-commitments of around 0.87 mn sq ft took place all of which were signed by co-working players. Gross leasing activity in the quarter was largely driven by the co-working segment with an occupier share of around 49.6%, followed by manufacturing/industrial and IT/ITeS segments with occupier shares of 24.0% and 22.4%, respectively.

The occupier share of IT/ITeS has declined while correspondingly the share of co-working operators in the leasing activity has increased. This is because the corporates especially in the IT/ITeS segment require a more flexible work set-up in times of uncertainty and for more dynamic portfolio planning. Co-working operators like Table Space, Smartworks, WeWork, Indiqube, Redbrick etc. are the key players in the Pune office market.

In Q1 2024, majority of the key transactions are by the co-working players leasing space for their managed offices. Some of the notable transactions in Pune in Q1 2024 include – Smartworks pre-leased the entire building named Autograph of 550,000 sq ft in Balewadi, Faurecia leased 190,000 sq ft in Capitaland Nalanda in Hinjewadi, Redbrick pre-leased 168,000 sq ft in Panchshil Avenue in Kalyani Nagar and Smartworks pre-leased the entire building named Solitaire Business Hub III of 150,000 sq ft in Balewadi.

### **Vacancy**

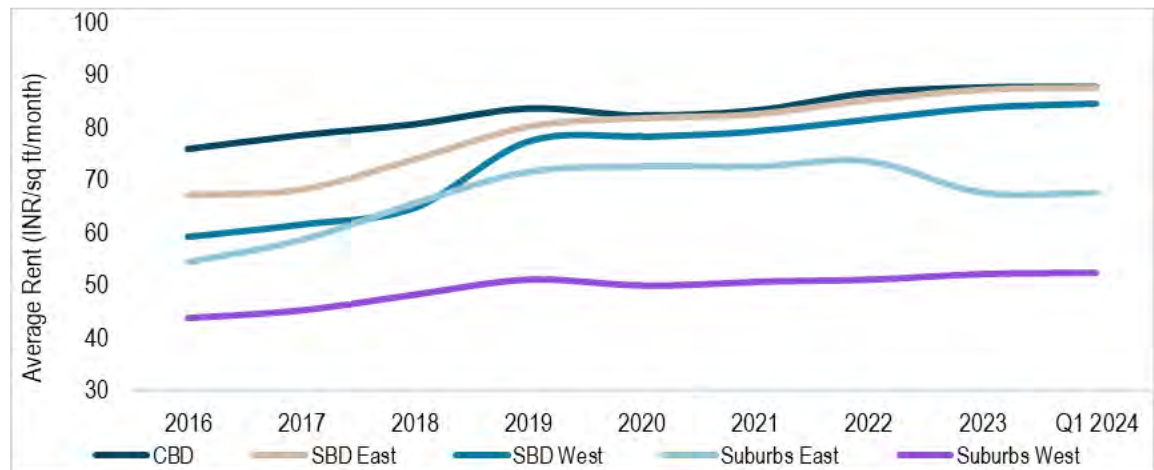
The overall vacancy rate of the Pune office market in Q1 2024 settled at 9.2%, up by 20 bps q-o-q whereas down by 40 bps y-o-y. The quarterly increase in the vacancy rate was due to the new supply addition in the market and a comparatively low net absorption. In Q1 2024, the CBD submarket recorded the lowest vacancy rate in the city of 3.2%, which was stable q-o-q, whereas it declined by 300 bps y-o-y, mainly because there is no new supply addition in the sub-market in the last 5-6 quarters and the existing buildings have low availability of office space. SBD West sub-market has a vacancy rate of 7.0% in Q1 2024, down by 120 bps q-o-q as there has been limited supply addition in the sub-market and the existing stock has limited available space. SBD East sub-market has a vacancy rate of 7.1% in Q1 2024, up by 80 bps

q-o-q, whereas down by 60 bps y-o-y. This sub-market has been the favoured sub-market in terms of healthy supply as well as demand and thus enjoys a stable vacancy range. Suburbs East sub-market recorded the highest vacancy rate in the city of 28.5% in Q1 2024, which was stable q-o-q, whereas on a y-o-y basis it has increased by 1020 bps. Suburbs West sub-market has a vacancy rate of 17.2% in Q1 2024, down by 60 bps q-o-q, as well as on a y-o-y basis it was down by 150 bps.

### **Submarket Rents**

Table 6.6 Submarket Gross Rents

	Gross Rent (INR/sq ft/PM) GFA		
	Q1 2024	Q-o-Q Change	Y-o-Y Change
Overall	80.1	0.6%	2.4%
CBD	87.9	0.2%	1.4%
SBD East	87.6	0.4%	2.1%
SBD West	84.6	0.9%	3.1%
Suburbs East	67.8	0.0%	-8.1%
Suburbs West	52.5	0.5%	2.4%



Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

Note : Mindspace REIT micro markets, 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.

The overall average rents in the city in Q1 2024 settled at INR 80.1 per sq ft per month, up 0.6% q-o-q as well as 2.4% y-o-y. In Q1 2024, CBD sub-market recorded the highest average rent in the city at INR 87.9 per sq ft per month, closely followed by SBD East sub-market which is INR 87.6 per sq ft per month. Average rents in the Suburbs West sub-market are the lowest in the city, which is INR 52.5 per sq ft per month in Q1 2024. Average rent in SBD West and Suburbs East sub-markets in Q1 2024 settled at INR 84.6 and INR 67.8 per sq ft per month. Rental growth in Q1 2024 was witnessed in all the sub-markets except for the Suburbs East sub-market. The city witnessed healthy rental growth every quarter till 2019, however, since 2020, the rents have largely remained stable with marginal growth every quarter.

Prominent projects in the CBD sub-market like ICC Tech Park, ICC trade tower and ICC Pavillion on Senapati Bapat Road have rents in the range of INR 115-125 per sq ft per month, whereas AP81 in Koregaon Park has rent in the range of INR 90-100 per sq ft per month which are higher than the sub-market average rent. SBD East sub-market has the highest share of grade A stock with a large share of premium projects like World trade centre, Eon Free Zone, Gera Commerzone, International Tech Park Pune in Kharadi and Panchshil Business Park in Viman nagar that command rents higher than the sub-market and overall city average. Suburbs West has limited grade A office leasable stock which is majorly owned by institutional players and that is mainly SEZ in nature. This and factors like poor connectivity to the city

centre and lower land prices has kept the rents of the sub-market competitive compared to the city..

### **New supply**

In Q1 2024, Pune witnessed completion of one office project namely Gera Commerzone STPI – Building 1 in Kharadi in the SBD East sub-market, which added a new supply of around 0.77 mn sq ft to the total Grade A stock of the city. The project had no pre-leasing during the time it got operational. However, there was withdrawal of 0.34 mn sq ft of projects which were downgraded to Grade B. Thus, the net increase in the total stock was 0.43 mn sq ft. The new supply is entering the city's office market in a slow and steady pace as the pre-commitment levels are low. However, in Q1 2024, a healthy pre-leasing of 0.87 mn sq ft was witnessed in the upcoming projects unlike the previous 2-3 quarters where pre-leasing did not take place.

### **Outlook**

Pune expects a total new supply of 6.42 mn sq ft in 2024, out of which 0.77 mn sq ft has become operational in Q1 2024. The pre-commitment level in the upcoming projects in 2024 is around 5-10% whereas it is around 10-15% in the upcoming projects in 2025. Some of the key completions in the city by the end of 2026 include Amar AP4 Phase 1, Panchshil Business Hub – S.no 40, International Tech Park Pune - Block 2, Keppel Kohinoor upcoming project in Kharadi, EON West Phase 1 in Wakad and Godrej Centre in Koregaon Park. Between the period Q2 2024 to end-2026, Pune office market is likely to see total new supply of 21 mn sq ft, out of which majority supply, comprising around 50% belongs to SBD East submarket which is followed by CBD sub-market which constitutes around 20-25% of the total supply. CBD sub-market has not witnessed a substantial new supply since Q1 2022. Thus, with the introduction of new supply of around 5 mn sq ft over the next three years, demand as well as rentals in the sub-market are expected to increase. This new supply in CBD sub-market is by prominent developers like RMZ Corp, Godrej, Amar builders and Poonawalla Group etc. Majority of the new supply in the next three years is located in the Kharadi micro-market in SBD East is by prominent developers like K Raheja Corp, Capitaland Group, Panchshil Realty, Keppel land and Kohinoor, Amar builders etc. Similarly, Suburbs West sub-market expects a limited but premium quality supply in the next three years with the completion of EON West Phase 1 and Phoenix Millennium Towers in Wakad. These projects are expected to drive the rental growth the sub-market in the coming years.

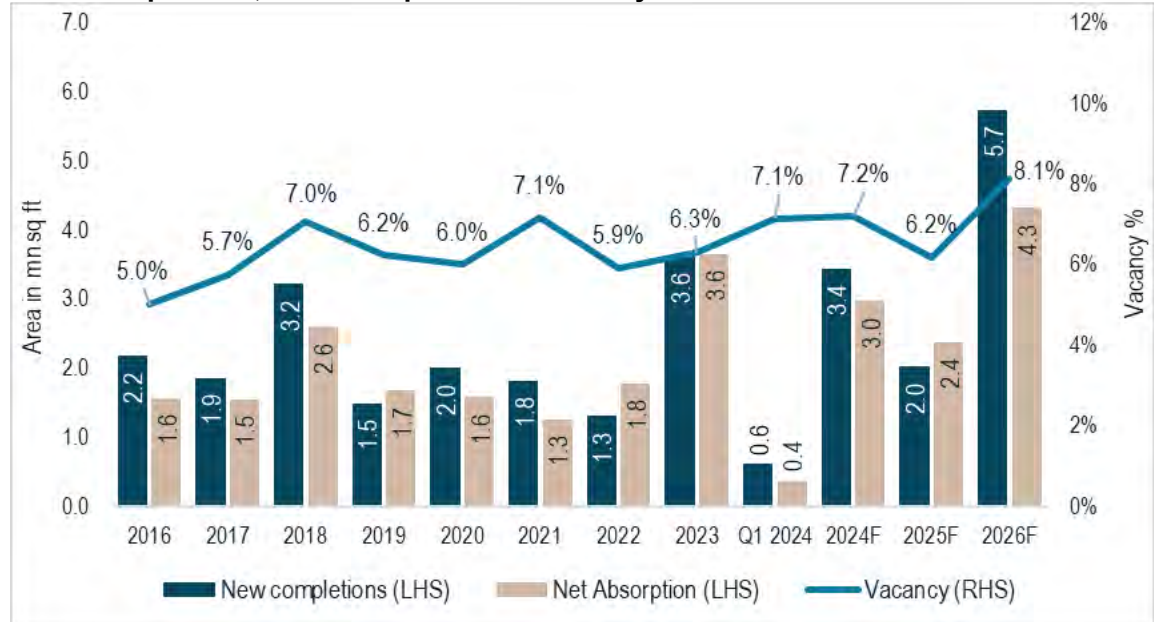
The demand is expected to grow at a slow and steady pace in 2024 and 2025. The premium quality upcoming supply that will be entering the market in 2025 and 2026 is likely to command higher rentals, and thus is expected to drive the rental growth in the city.

## 6.5 MICRO MARKET : SECONDARY BUSINESS DISTRICT EAST

The Square, Nagar Road project lies in the Secondary Business District East.

### Supply, Demand Trend

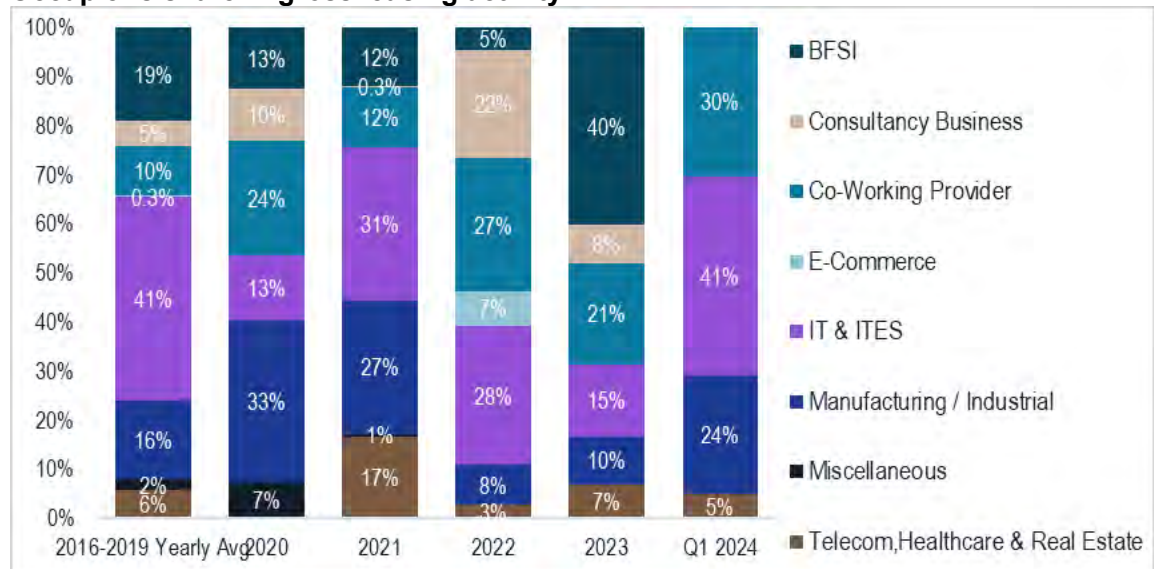
#### Total Completions, Net Absorption and Vacancy Rate



Source: Real Estate Market Research & Analysis: JLL, 31st March 2024

### Leasing activity

#### Occupier's share in gross leasing activity



Source: Real Estate Market Research & Analysis: JLL, 31st March 2024

SBD East comprises key micro-markets like Yerawada, Kalyani Nagar, Viman Nagar, Kharadi and Hadapsar. It has accounted for around 72% of the total net absorption in the city in the first quarter of 2024, whereas, in 2023 it accounted for around 70% of the total annual net absorption. This highlights the occupiers' preference for the sub-market. It recorded a net absorption of 0.36 mn sq ft in Q1 2024, which was down by 70% q-o-q as well as down by 63% y-o-y. The net absorption comprised new leasing and exits. The sub-market witnessed a gross leasing volume of 0.65 mn sq ft in Q1 2024, which was driven by the IT/ ITES segment



with an occupier share of 41%, followed by co-working and manufacturing/industrial segments with occupier shares of 30% and 24%, respectively. Some of the notable transactions in the submarket include Redbrick pre-leasing 168,000 sq ft in Panchshil Avenue in Kalyani Nagar, Vertiv leasing 91,661 sq ft in Sky One Corporate Park Tower A in Viman Nagar, Amdocs taking up 76,531 sq ft in Magarpatta Cybercity in Hadapsar and Coforge leasing 50,000 sq ft in Shanti One in Yerawada. This thus indicates that SBD East is a very dynamic micro-market which is preferred by various tenant industries, mainly BFSI and IT/ITeS GCCs, thus attracting majority demand in the city. This is due to the availability of premium grade supply by institutional players along with green certifications which are now a key ask from global occupiers. In the recent quarters, co-working segment is also seen increasing its footprint in the sub-market.

### **Supply**

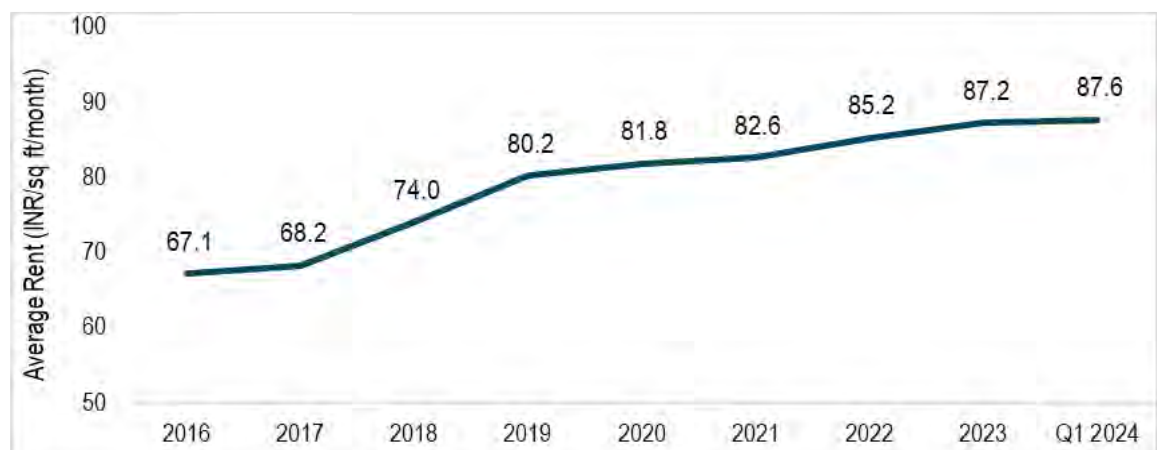
The entire new supply that entered the Pune Office market in Q1 2024 was witnessed in the SBD East submarket. Gera Commerzone STPI – Building 1 in Kharadi got completed in Q1 2024, thus adding a new supply of 0.77 mn sq ft to the total Grade A stock of the sub-market. However, there was a withdrawal of 0.17 mn sq ft due to a project downgrade. Thus, the net increase in the total stock of SBD East submarket was 0.60 mn sq ft.

### **Vacancy**

Vacancy in Q1 2024 in the SBD East sub-market settled at 7.1%, up by 80 bps q-o-q from 6.3% in Q4 2023, due to the new supply entering the sub-market. This sub-market has been the favoured sub-market in terms of healthy supply as well as demand and thus enjoys a stable vacancy range.

### **Rents**

The average rents in the SBD East sub-market in Q1 2024 settled at INR 87.6 per sq ft per month, which have seen a growth of 0.4% q-o-q as well as a growth of 2.1% y-o-y. Premium projects along with healthy demand have kept the rentals in the sub-market strong and range bound even during the pandemic. Prominent projects in the submarket like Panchshil Business Bay and Panchshil Tech Park One in Yerawada command rents in the range of INR 120-130 and INR 110-120 per sq ft per month respectively. Panchshil Business Park in Viman Nagar commands rent in the range of INR 100-110 per sq ft per month whereas Eon Free Zone and World Trade Centre in Kharadi command rents in the range of INR 90-100 per sq ft per month. Similar quality projects like, Gera Commerzone Kharadi and ITPP Kharadi command rents in the range of INR 80-85 per sq ft per month. The lease transactions in SBD East micro-market are recorded in the range of INR 60-90 per sq ft per month. The lease transactions in SBD East where the project is located are in the range of 70-85 per sq ft per month.



Note : Mindspace REIT micro markets, 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.

Source: Real Estate Market Research & Analysis; JLL, 31st March 2024

### **Prominent Lease Transactions within the Micro-Market**

Below are some of the lease transactions witnessed in the micro-market

**Table 6.7: Major Lease Transactions in the Micro-Market of the Project**

Sl. No.	Name of the Building	Name of the Occupier	Location	Area Leased (sq. ft.)	Lease Rental Range (INR per sq. ft. per Month)	Transacted Period
1	Cybercity	Amdocs	Hadapsar	76,531	80	Q1 2024
2	Panchshil Avenue	Redbrick	Kalyani Nagar	168,000	100-102	Q1 2024
3	Phoenix Fountain Head - Tower 2	Keyence	Viman Nagar	42,000	70-75	Q1 2024
4	Cybercity Tower 12	John Deere	Hadapsar	23,400	90-100	Q1 2024
5	Shanti One	AWFIS	Yerawada	30,000	75-78	Q1 2024
6	Sky One Corporate Park - Tower A	Vertiv	Viman Nagar	91,661	80-85	Q1 2024
7	Weikfield IT Park	IGT Solutions	Viman Nagar	36,000	75-80	Q1 2024
8	Shanti One	Coforge	Yerawada	50,000	65-70	Q1 2024
9	Suzlon One Earth	Figmd	Hadapsar	11,000	70-75	Q1 2024
10	ITPP Kharadi Block 1	Kanini Software	Kharadi	30,000	85-90	Q1 2024
11	ITPP Kharadi Block 1	Airtel	Kharadi	32,000	85-90	Q1 2024
12	ITPP Kharadi Block 1	HP	Kharadi	40,000	85-90	Q1 2024
13	ITPP Kharadi Block 1	SAP	Kharadi	10,000	85-90	Q1 2024

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The lease transactions in the micro market are largely recorded in the range of INR 70 - 90 per sq. ft. per month. The lease transactions in Viman Nagar location where the Project is located are in the range of INR 70 to 90 per sq. ft per month. Market rent for The Square – Nagar Road Project has been considered in line with the achievable market rent for completed buildings at INR 78 per sq. ft per month for FY 25.

### **Investment Activities within the Micro-Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc. The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

### **Investment Activities within India**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

Table 6.8: List of transactions / deals in major cities recent past

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Fringe	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40,000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Info city	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Info city	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 – 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - ,8700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90- 8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram-Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) + 1,600,000 (UC) + 2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Project Site is **The Square IT Park** which is one of the known developments for IT/ITeS companies located in the Northeast Micro-Market at Viman Nagar in Pune City. The Project is a part of **Mindspace Business Parks REIT** (Mindspace REIT) portfolio. The location has excellent connectivity to residential locations and social infrastructure too.

The project offers Grade A space spread across one IT Building and one Commercial Building with good amenities and facilities. This project is a preferred commercial development in this micro-market due to the quality of buildings, ease of connectivity and nature of campus



development. Considering the past transactions in the city and Project attributes in terms of size, occupancy profile, micro market trend etc. the cap rate is arrived for the Project.

The Cap Rate applied to arrive at the terminal value of the property is 8.00%.

### **Outlook**

In 2024, SBD east sub-market expects total new completions of 3.6 mn sq ft out of which 0.77 mn sq ft became operational in Q1 2024. Between the period Q2 2024 to end-2026, SBD East sub-market is likely to see cumulative new supply of 10.6 mn sq ft. Around 50% of the total upcoming supply in the city during this period (Q2 2024 to 2026F) belongs to this submarket. Key completions in this sub-market include Amar AP4 Phase1, International Tech Park Pune Block 2, Panchshil Business Hub – S.no 40, Keppel and Kohinoor upcoming project and Gera Commerzone STPI – Building 4 – all located in Kharadi. With quality supply entering the submarket in the next three years and a good number of RFPs from the BFSI, IT/ITeS and manufacturing companies – largely for GCCs and Centres of Excellence operations in the submarket, demand is expected to outshine other submarkets. Rents, therefore, are expected to see a steady growth in 2025 and 2026.

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial/ office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub/above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market/marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

### 7.2 CASH FLOW PROJECTIONS

The cash flows for the Project has been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimate of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table below:

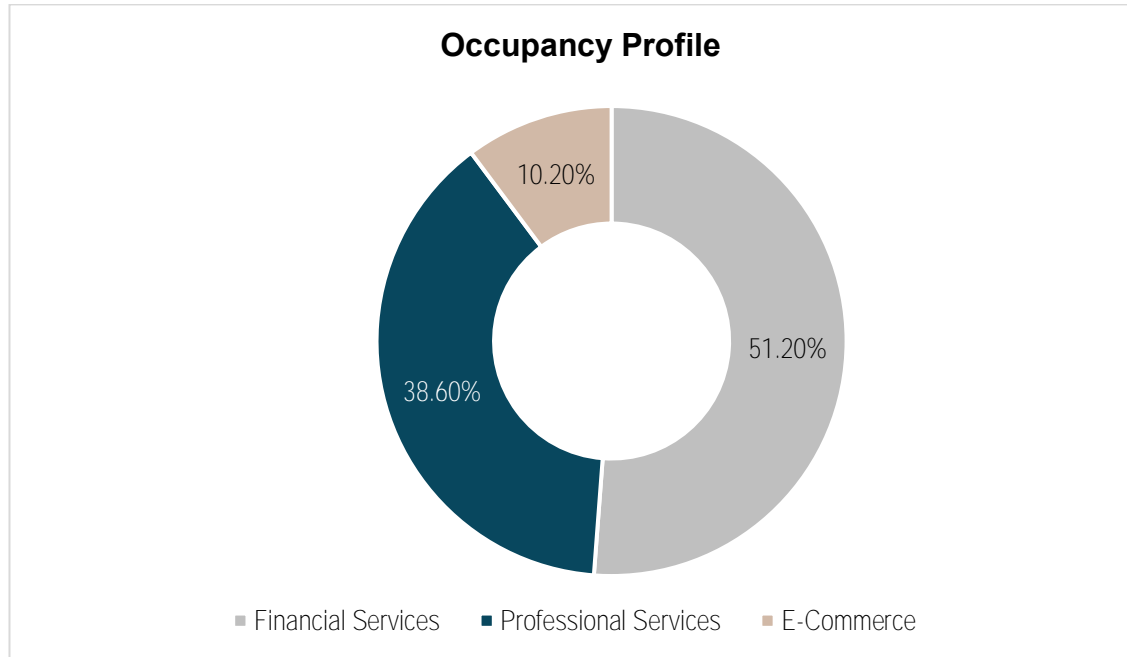
**Table 7.1: Adjustments on Revenues and Operational Expenses**

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent-free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### **7.3 ABSORPTION/ LEASING VELOCITY AND OCCUPANCY PROFILE**

Occupancy profile of the project is as follows: -

- ~51.2% space is taken by Financial services.
- ~38.6% space is taken by Professional Services
- ~10.2% of the space is taken by E Commerce.



## 7.4 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and/or inputs used in the cash flow configuration used for providing Valuation of the Project.

**Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Blocks**

Parameters	Assumptions / Inputs	Remarks / Basis
Cash Flow Period		
Valuation Date	31-March-2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31-March-2034	As per workings
Asset Details		
Total Leasable Area	Table 5.4	As per the information provided by the Client
Leased Area	Table 5.4	As per the information provided by the Client
Vacant Area / Vacancy	0.0%	As per the information provided by the Client
Vacancy Allowance	2.0%	As per market benchmarks for large scale Grade A office projects.
Area to be Leased	00 sq ft	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market
Rent Free Period for New Leases	3 months	As prevalent in the micro-market

Parameters	Assumptions / Inputs	Remarks / Basis
Construction Related Assumptions		
Approx. construction Cost to be incurred (CAPEX)	09 Mn	CAPEX for Upgrade work, as informed by Client.
Estimated Completion Date (CAPEX)	Q1 FY 25	As per the information provided by the Client.
Estimates of already carried out major repairs	306 Mn	As per the information provided by the Client.
Revenue Assumptions		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases i.e. 4.5% every years	As prevalent in the market it is observed that lease agreements are primarily at 4.5% rent escalations every year.
Market / Marginal Rent – Office for FY 25	INR 78.00 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 70 – 85 per sq. ft. per month for last 5 years. The asking instances are observed in the range of INR 70 - 90 per sq. ft. per month. Please refer table 6.6 and 6.7 Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market Rent - Car Parking Space for FY 25	INR 2,363.00 per sq. ft. per month	The Grade A offices offers car parking rates in the range of INR 1,500 – 3,000 per slot per month. Based on the market benchmarking of recent leased rates within the micro-market, the achievable car park rate for the Project Site is derived.
Market / Marginal Rent - Food Court	Not Applicable	
Market / Marginal Rent - Kiosk	Not Applicable	
Market / Marginal Rent - Terrace	Not Applicable	
Other Income	1.0% of base rentals	As prevalent in the market, we consider a normalized level of other income for future. Hence, we have considered other income at 1.0% of base rental income. Other income includes components from Events, Telecom Towers, Pop-ups

Parameters	Assumptions / Inputs	Remarks / Basis
Market Rent Growth from FY 26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5.0% per annum for the Project
Parking Rent Growth from FY 26	5.0% per annum	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Target Efficiency	76.0%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency and received 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 76.0% or actual, whichever is lower
Maintenance Services Income / CAM Income for FY 25	INR 17.27 per sq.ft per month	As given by the Client and as prevalent in the market
Operating Cost Assumptions		
Brokerage - New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2 months receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY 25	INR 14.72 per sq.ft per month	As given by the Client and as prevalent in the market
Property Tax for FY 25	INR 4.21 per sq ft per month	As given by the Client
Insurance for FY 25	INR 0.43 per sq ft per month	As given by the Client
Cost Escalation	3.0% per Annum	As prevalent in the market.
CAM Escalation (Income+Expense)	5.0% per Annum	As prevalent in the market.
Other Assumptions		
Transaction Cost on Sale	1.0% of Terminal Value	As prevalent in the market
Other Operating Expenses	2.0% of Base Rent + Car Parking Charges	As prevalent in the market
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor: 11.75%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.0% (post yield shrinkage).	Refer Section 3.2 of this report

Parameters	Assumptions / Inputs	Remarks / Basis
	Capitalized based on the Net Cashflows of the 11 <sup>th</sup> year	
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

## 7.5 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

**Table 7.3: Market Value of the Project**

Component	Leasable Area (sq. ft.)	Market Value (INR Mn)	Percentage Share
Commercial / Office Space incl. Amenities - Total	778,634	9,230.47	100.0%

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

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project comprising total leasable area of 778,634 sq. ft. of project The Square, located on Nagar Road, Pune, Maharashtra, India, 411014, as on 31 March 2024 is estimated to be **INR 9,230.47 Million (INR Nine Billion Two Hundred Thirty Million Four Hundred Seventy Thousand Only)**.

**Table 7.4 Ready Reckoner Rates for the Property**

Component	Ready Reckoner Rate (INR per sq.m)
Commercial (Built-Up Area)	101,780
Land Area (Open Plot)	26,920

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



**Name:** Sachin Gulaty FRICS FIV FIIA,

**Designation:** Director

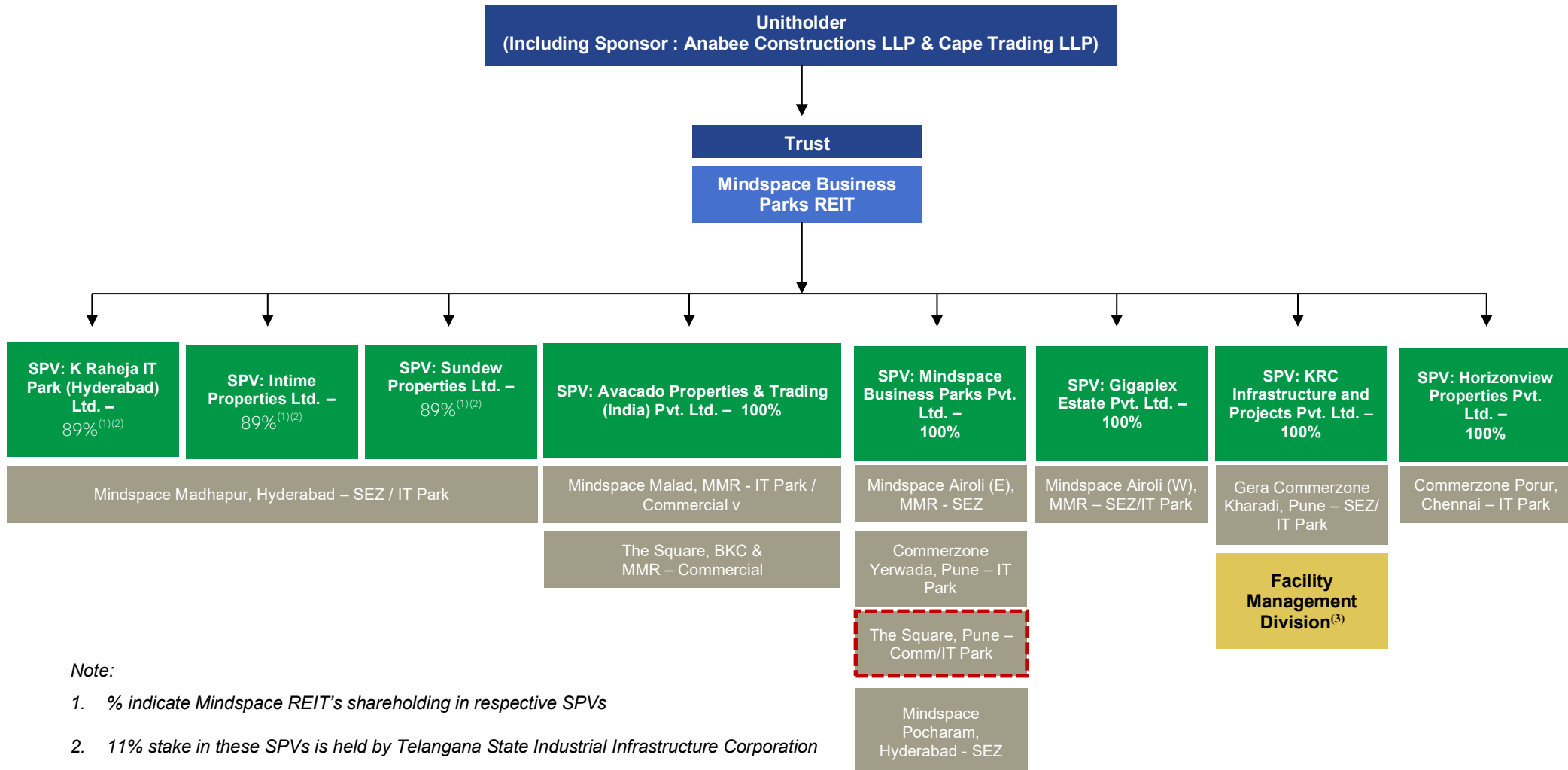
**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in



## Annexure - 1 Ownership Structure of the Project



**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 Layout Plan of the Project



**Annexure - 3**  
**Statement of Key Assets within the Project**

Complex	Name	Trion	
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 Elevators /Make	No/ Make	6- Hyundai	6-Hyundai, 5-Thyssenkrupp
No of DG / Capacity	No. / KVA	2 x 1250	4 x 1500
No of Transformers / Capacity	No./ KVA	2 X 1250	4 x 2000
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	

Source : Client

## **Annexure - 4**

### **Approvals and NOCs Received for the Project**

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

#### **1. Approvals Received**

- a) Approved masterplans
- b) Commencement Certificate
- c) Consent to Operate (for Commercial Block completed portions and IT Building)
- d) Occupancy Certificates for all operational buildings (Revised OC for Commercial Block to be obtained post conversion)
- e) Height Clearance NOC from AAI
- f) One-time Fire NOC and Form B for all buildings
- g) Environmental Clearances
- h) Consent to Establishment
- i) Revised CC for Commercial / Multiplex Building Modification / alteration to IT/office Space. 2nd and 3rd Floor.
- j) Revised Final Fire NOC Received for 2nd Floor of Modified IT/ Office Space. Received
- k) Occupancy Certificate obtained for 2nd Floor of Modified IT/ office Space.
- l) Revised Final Fire NOC for 3<sup>rd</sup> Floor of Modified IT/ Office Space.
- m) Revised CTO as per the modification in 2nd and 3rd Floor.
- n) Occupancy Certificate of 3<sup>rd</sup> Floor

#### **2. Pending Approvals**

None

## Annexure - 5 Ready Reckoner Rate Applicable for the Project

ASR Value as on 31<sup>st</sup> March 2024

The screenshot shows the 'Annual Statement of Rates' for the year 2023-2024. The selected district is Pune, taluka is Haveli, and village is Ramnagar. The table below lists the rates for different land categories:

Select	subdivision	Open land	Residential Plots	Office	Shops	Industrial	Unit (Rs./sq)
Survey No.	29-434 - Ramnagar Village	16470	50820	71150	103970	0	Sq. meter
Survey No.	29-436.1-Residential Project of Teyon Properties Pvt.	26920	77210	101780	132100	0	Sq. meter
Survey No.	29-436.2-Residential Project of Wakefield India Co. Pvt Ltd	10929	80130	102450	133100	0	Sq. meter
Survey No.	29-436-Property on Pune Nagar Road - Road (New Boundary)	26920	77670	89330	112800	0	Sq. meter
Survey No.	29-437.1 - Residential Projects	10900	78250	118510	170620	0	Sq. meter
		1224					

Source : IGR Maharashtra

**Annexure - 6**  
**Discounted Cash Flow Profile**

Table 7.5 Discounted Cash Flow for Completed/Operational Project (INR Mn)

		1-APR-23	1-APR-24	1-APR-25	1-APR-26	1-APR-27	1-APR-28	1-APR-29	1-APR-30	1-APR-31	1-APR-32	1-APR-33	1-APR-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	-	-	-	-	-	-	-	-	-	-	-
	Leasable Area	746,134.23											
	Overall occupancy - Existing Leases		100.00%	100.00%	60.66%	45.86%	37.06%	29.47%	29.47%	18.34%	0.00%	0.00%	0.00%
	Overall occupancy - Leases Moved to Market		0.00%	0.00%	39.34%	54.14%	62.94%	70.53%	70.53%	81.66%	100.00%	100.00%	100.00%
	Overall occupancy - of the Project		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Vacancy Allowance		0.00%	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
A	Base Rental		708.79	745.69	723.06	821.62	855.35	912.80	953.88	925.85	977.03	1,020.99	1,066.94
B	Car Parking Income		3.54	3.54	3.37	3.63	3.69	3.75	3.81	3.55	4.25	4.44	4.64
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		712.33	749.23	726.43	825.25	859.05	916.55	957.69	929.39	981.27	1,025.43	1,071.58
E	Maintenance services income		154.63	162.36	167.07	175.42	184.19	193.40	203.07	213.23	223.89	235.08	246.84
F	Other Operating Income		7.09	7.46	7.23	8.22	8.55	9.13	9.54	9.26	9.77	10.21	10.67
G	Revenue from Operations		874.05	919.04	900.73	1,008.89	1,051.79	1,119.08	1,170.30	1,151.88	1,214.93	1,270.72	1,329.08
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		131.80	138.39	145.31	152.57	160.20	168.21	176.62	185.45	194.72	204.46	214.68
I	Property Tax		37.70	38.84	40.00	41.20	42.44	43.71	45.02	46.37	47.76	49.20	50.67
J	Insurance Premium		3.87	3.99	4.11	4.23	4.36	4.49	4.62	4.76	4.90	5.05	5.20
K	Net Operating Income (NOI)		700.68	737.83	711.32	810.89	844.80	902.68	944.04	915.30	967.54	1,012.02	1,058.53
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	13,099.26	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		-	-	65.34	9.36	18.15	-	-	47.64	-	-	-
M	Property Management Fee		25.18	26.48	25.68	29.17	30.37	32.40	33.85	32.85	34.69	36.25	37.88
N	Other operational expenses		14.25	14.98	14.53	16.51	17.18	18.33	19.15	18.59	19.63	20.51	21.43
			-	-	-	-	-	-	-	-	-	-	-
O	Net Cashflows		661.25	696.37	605.77	755.85	779.10	851.95	891.03	816.22	913.23	14,054.53	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

Table 7.6 Discounted Cash Flow of Completed Project that was Under-Construction in September - 2023 (INR Mn) and received OC in H2 FY24

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing												
	Total Development Cost to be Incurred	-	9.70	-	-	-	-	-	-	-	-	-	-
	Leasable Area	32,500.00											
	Overall occupancy - Existing Leases		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	62.22%	0.00%	0.00%	0.00%
	Overall occupancy - Leases Moved to Market		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	37.78%	100.00%	100.00%	100.00%
	Overall occupancy - of the Project		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Vacancy Allowance		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%
A	Base Rental		33.78	35.30	36.89	38.55	40.29	42.10	44.00	36.93	42.66	44.58	46.59
B	Car Parking Income		-	-	-	-	-	-	-	-	-	-	-
C	Fit-out rentals/ tenant improvements		-	-	-	-	-	-	-	-	-	-	-
D	Facility Rentals		33.78	35.30	36.89	38.55	40.29	42.10	44.00	36.93	42.66	44.58	46.59
E	Maintenance services income		6.74	7.07	7.43	7.80	8.19	8.60	9.03	9.38	9.75	10.24	10.75
F	Other Operating Income		0.34	0.35	0.37	0.39	0.40	0.42	0.44	0.37	0.43	0.45	0.47
G	Revenue from Operations		40.86	42.73	44.69	46.74	48.88	51.12	53.46	46.68	52.84	55.27	57.80
	Direct Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		5.74	6.03	6.33	6.65	6.98	7.33	7.69	8.08	8.48	8.91	9.35
I	Property Tax		1.64	1.69	1.74	1.79	1.85	1.90	1.96	2.02	2.08	2.14	2.21
J	Insurance Premium		0.17	0.17	0.18	0.18	0.19	0.20	0.20	0.21	0.21	0.22	0.23
K	Net Operating Income (NOI)		33.31	34.84	36.44	38.11	39.86	41.69	43.61	36.37	42.06	44.00	46.02
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	569.49	-
	Indirect Operating Expenses		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		-	-	-	-	-	-	-	7.04	-	-	-
M	Property Management Fee		1.19	1.25	1.30	1.36	1.42	1.49	1.56	1.31	1.51	1.58	1.65
N	Other operational expenses		0.68	0.71	0.74	0.77	0.81	0.84	0.88	0.74	0.85	0.89	0.93
			-	-	-	-	-	-	-	-	-	-	-
O	Net Cashflows		21.74	32.88	34.40	35.98	37.63	39.36	41.17	27.29	39.70	611.02	-

Note: We have arrived at the valuation using the quarterly cash flows and reproduced the above-mentioned annual cashflow for representation purposes.

## Annexure - 7 Material Litigations

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**(i) Title Litigation and irregularities**

There are no pending Title Litigation and irregularities against The Square.

**(ii) Criminal matters**

There are no pending criminal matters against The Square.

**(iii) Regulatory Actions**

1. MPCB, pursuant to the meeting of its Consent Appraisal Committee ("**CAC**") held on December 12, 2017, issued a show cause notice dated June 5, 2018 to Trion Properties Pvt. Ltd. (prior to demerger of mall and IT undertakings from Trion Properties Pvt. Ltd. to MBPPL) in relation to certain non-compliances with environmental clearance for one commercial building (approximately 0.56 msf of leasable area as per lease deeds) forming part of The Square, Nagar Road project, and directed MBPPL to stop work on the project until a valid consent is obtained from it.

Earlier, Trion Properties Pvt. Ltd. had obtained environment clearance on May 8, 2007 and consent to operate dated September 30, 2011 which was renewed from time to time. In the renewal of consent to operate application dated August 27, 2013, MPCB had specified the requirement for applying separately for environment clearance and consent to operate for additional construction area. By application dated March 17, 2017 Trion Properties applied for renewal of consent to establish for IT building and for correction of built-up area of the mall building.

By letter dated March 20, 2018, MBPPL (as the successor of Trion) referred to the observations requested the MPCB to grant the consent to establish and replied to the alleged non-compliances observed by the MPCB. MBPPL replied to the show cause notice by way of its letter dated July 6, 2018 stating that it had received amended environment clearance dated June 15, 2018 and complied with the other requirements and requested for withdrawal of the show cause notice and grant of renewed consent. Further, on August 18, 2018, the CAC requested for certain details for considering MBPPL's consent to establish application. MBPPL provided the requested details to the CAC on September 4, 2018. CAC in its meeting held on December 11, 2018 observed that MBPPL had applied for re-validation for consent to establish for remaining BUA for IT activity, and was operating IT activity without obtaining consent from MPCB, and deferred the case and requested MBPPL to provide a presentation along with the relevant documents. On January 19, 2019, CAC requested MBPPL to contact the concerned person for taking prior appointment of the chairman for the presentation.

MBPPL has made an application dated December 11, 2019 to MPCB to obtain consent to operate, for the IT building at The Square, Nagar Road. CAC issued a show cause notice dated August 17, 2020 as to why the application for consent to operate should not be refused, *inter alia* as environment clearance was not in the name of the project and sought clarity and details *inter alia* relating to occupation certificate. By reply dated August 24, 2020, MBPPL provided the required clarifications and details, and requested for processing the application and issuing the necessary consent to operate. The CAC, in its meeting held on December 4, 2020, has approved to grant the consent to operate subject to MBPPL submitting the amended environmental clearance in the name of MBPPL and after payment of additional consent fees. The amended environment clearance dated June 15, 2018 was inadvertently issued in the



individual name of Mr. Anil Mathur. Mr. Anil Mathur has issued the no objection certificate on June 19, 2021 in favour of SEAC-111, Environment Department, Mantralaya, Mumbai for change of name in the said amended environmental clearance from Mr. Anil Mathur to MBPPL and the consent letter has also been submitted to CAC on June 19, 2021 by MBPPL in this regard. By its letter dated September 3, 2021 to MBPPL, SEIAA, Environment & Climate Change Department, Mantralaya, Mumbai has communicated the decision taken by it and SEAC-3 in their respective meetings to transfer the name from Mr. Anil Mathur to MBPPL for the said amended environmental clearance. The consent to 1<sup>st</sup> operate (Part II) was issued on October 6, 2021 (“**CTO**”). By letter dated October 14, 2021 to Member Secretary, CAC, MBPPL stated that MBPPL had issued a bank guarantee for ₹ 1 million (“**BG**”). However, MBPPL observed that the CTO had a condition that the BG was being forfeited since the IT park was operative since 2016 without obtaining consent to operate by MBPPL. MBPPL further stated that since the date of application i.e. December 30, 2015, no objection was received and it was deemed approved and accordingly, the proposed forfeiture of the aforesaid BG should not be effected and thereby requested for withdrawal of the proposal of forfeiture of BG.

2. The Tahsildar, Revenue Department, Collectorate Office Pune (“**Tahsildar**”), by letter dated March 22, 2021 (“**Letter**”) to MBPPL (addressed to Mr. Anil Mathur) requesting MBPPL to provide details (as per the format provided in the said Letter) of the expenditure/provision for ₹ 27.22 million towards the Corporate Environment Responsibility (“**CER**”) in respect of revalidation and proposed amendment in environment clearance to accommodate mixed use occupancies at the Square, Nagar Road and requested for hearing at the Collectorate Office Pune and response to the Letter. The Letter was issued with reference to the office memorandum dated May 1, 2018 (“**OM**”) issued by the Ministry of Environment, Forest and Climate Change, Impact Assessment Division, New Delhi (“**MoEF**”) relating to the CER.

By letter dated March 24, 2021, MBPPL sought additional time to submit its detailed response to the Letter. By letter dated May 6, 2021 to the Tahsildar, MBPPL submitted, among other things, that (i) the environment clearance dated June 15, 2018 issued to MBPPL does not contain any condition or requirement/liability on MBPPL to spend/make provision for CER; (ii) the revalidation and proposed amendment in the environment clearance neither involved expansion in area nor any enhancement in cost of the project; and (iii) there is no liability on MBPPL since the OM specifically provided that CER is not applicable in case of an amendment involving no additional project investment. No further correspondence has been received.

3. Ministry of Environment, Forest & Climate Change (“**MOEF & CC**”), by its letter dated August 13, 2021 to MBPPL (addressed to Mr. Anil Mathur), informed MBPPL that they are directed by National Green Tribunal, Principal Bench, New Delhi (“**NGT**”) to bring to MBPPL’s attention the order dated July 26, 2021 (“**NGT Order**”) passed by the NGT on the application made by Navnath Namdeo Jadhav pursuant to which NGT has instructed the MOEF & CC to ensure the compliance of conditions of environmental clearance granted to the 10 projects located in Mumbai and Pune which includes IT and Mall building at The Square, Nagar Road. MOEF & CC has by the said letter dated August 13, 2021 requested MBPPL to provide information and documents as mentioned therein. By letter dated October 19, 2021 to MOEF & CC, MBPPL has provided the details and documents pertaining to the queries raised.
4. The Collector and Competent Authority, Pune Urban Agglomeration issued a notice dated March 13, 2023 to M/s Semi Conductors Ltd (“**Semi Conductors**”) stating that: (a) the exemption order under Section 20 of the Urban Land Ceiling Act, 1976 was granted in respect of the property being the Square, Nagar Road project and as per the said order, the use or utilization of the land was to be done for industrial purpose and the transfer of the said property was prohibited, (b) pursuant to the documents in respect of building permission submitted by Pune Municipal Corporation to the Urban Land Ceiling authorities, it has been observed that

Semi Conductors changed the user of the property to another user and obtained development permission. Hence, as per the Government Resolution dated August 1, 2019 in order to make the payment of premium, Semi Conductors was called to appear on March 23, 2023, failing which it was to be construed that the transfer was done and user was changed without obtaining permission, and a charge would be entered on the revenue records or property card in respect of the said property. MBPPL submitted a holding reply on March 23, 2023 and sought time to detailed submissions to the notice. On April 18, 2023 MBPPL filed detailed submissions. The matter has been adjourned till July 5, 2023 for the receipt of site report from Village Talathi, Vadgaonsheri regarding actual status of land. The matter has been further adjourned till July 25, 2023 and is currently pending.

5. The Income Tax Department had issued a warrant dated November 29, 2017 under Section 132 of the Income Tax Act, 1961 ("**Income Tax Act**") against Avacado, Gigaplex, KRIT, MBPPL, Chalet Hotels, Genext, Inorbit Malls, KRCPL, KRPL, Shoppers Stop and others ("**Parties**"). Pursuant to the Warrant, the Income Tax Department carried out a search on November 30, 2017. The search covered various matters for which notices were already issued from time to time. The search was concluded on December 6, 2017 at the office and residence of the Parties. Pursuant to the search, the Income Tax Department issued notices to each of the Parties under Section 153A of the Income Tax Act directing them to prepare and furnish true and correct returns of total income for assessment years ("**AY**") from 2008-2009, 2012-13 to 2017-18 within a stipulated timeline from the date of service of the notices and these returns have been furnished before the Income Tax Department. Further, the Income Tax Department issued notices under Section 142(1)/143(2) of the Income Tax Act for assessment years 2008-2009, 2012-13 to 2017-2018/2018-19, to the Parties seeking certain information. These details have been furnished before the Income Tax Department by the Parties from time to time.
6. MBPPL filed appeals before the CIT(A) against the order for AY 2012-13 to AY 2017-18 and against order for AY 2018-19. MBPPL made an application under the VsV for AY 2012-13, AY 2013-14 & AY 2014-15. MBPPL received final order for AY 2012-13, accepting the VsV Application. The appeal for AY 2015-16 and 2016-17 were disposed by the CIT(A) in favour of MBPPL with direction to the assessing officer. The appeal for AY 2012-13 was dismissed by the CIT(A) in view of VsV order for the said year. VsV application for AY 2013-14 was rejected and the final order under VsV for AY 2014-15 is currently pending. The appeal for AY 2013-14 was disposed by the CIT(A) against MBPPL and an appeal has been filed before the ITAT against the same. Appeal filed before ITAT for AY 2013-14 has been withdrawn by MBPPL. The Income Tax Department filed an appeal for AY 2015-16 and AY 2016-17 before ITAT against the order of the CIT(A) and the same were disposed by the ITAT in favour of MBPPL. MBPPL received a notice under section 148 for assessment year 2014-15. MBPPL filed return of income under protest in response to the said notice for assessment year 2014-15 and also sought reasons for reopening the assessment. MBPPL received reasons for reopening and response against the same has been submitted objecting to the reopening of assessment. The Income Tax Department passed an order rejecting the objections filed. MBPPL filed a writ petition with the Bombay High Court against the notice under section 148 and rejection order. Bombay High Court has passed the order quashing the notice under section 148. Subsequently, Supreme Court has upheld the validity of the notice. MBPPL received notice u/s 148A(b) and response against the same has been submitted objecting to the reopening of assessment. The Income Tax Department passed an order under section 148A(d) rejecting the objections filed and served notice under section 148 of the Income Tax Act. The return of income was filed under protest in response to the said notice. MBPPL has filed Writ Petition before Bombay High Court against the notice u/s 148 and order u/s 148A(d).

**(iv) Material civil/commercial litigation**

There are no material civil/commercial litigation involving The Square.

Table 7.7 Summary of Pending Tax Litigations

Assessment Year	Significant Issue In Dispute	Authority - Raising Issue	Authority - Passing Order	Appeal Preferred By	Authority - Issue Pending Before	Next Date Of Hearing If Applicable	Exposure - Tax, Interest And Penalty
MBPPL							
2014-15	Rental Income assessed under the head IHP instead of Business.	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2017-18	Rental Income assessed under the head IHP instead of Business & no speaking order on the losses & unabsorbed depreciation of demerged undertaking	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2018-19	Depreciation to be Computed on assets from the year in which income from such asset is taxed under the head PGBP & Disallowance of Interest on TDS	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-

Note : Direct Tax Litigations are at the SPV Level

Table 7.8 Indirect Tax Litigation

Sl.No	Entity	Park	Tax Type	Authority Pending	Tax Demand (In 'Mn)	Interest (Quantified)	Penalty (Quantified)	Issue In Brief	Period	Interest	Penalty
1	Mindspace Business Parks Private Limited	Commerzone Yerawada	Service Tax	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	33.39	-	-	Service tax on reimbursement of electricity and allied charges	April 2008 to June 2017	as applicable	as applicable
2	Mindspace Business Parks Private Limited	Commerzone Yerawada	Service Tax	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	5.83	-	-			as applicable	as applicable
3	Mindspace Business Parks Private Limited	Commerzone Yerawada	Service Tax	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	35.45	-	-			as applicable	as applicable
4	Mindspace Business Parks Private Limited	Commerzone Yerawada	Service Tax	Reply to SCN filed with Commissioner of Service Tax, Pune	7.24	-	-			as applicable	as applicable
5	Mindspace Business Parks Private Limited	Commerzone Yerawada	Service Tax	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	5.35	-	-			as applicable	as applicable
6	Mindspace Business Parks Private Limited	Commerzone Yerawada	Service Tax	Reply to SCN filed with Assistant Commissioner, Central Tax (GST), Pune	4.76	-	-			as applicable	as applicable
7	Mindspace Business Parks Private Limited	Commerzone Yerawada	Customs	CESTAT	11.06	-	-	Refund claim filed for excess payment of Customs duty at the time of debonding from STPI Scheme	Aug-16	not applicable	not applicable

## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (formerly known as 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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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,  
Chennai

Tamil Nadu, India

Submitted To:

**K. Raheja Corp. Investment Managers Private  
Limited (formerly known as K Raheja Corp  
Investment Managers LLP)**

(acting as Manager to Mindspace Business Parks REIT)

Date of Valuation:

**31-Mar-2024**

Date of Report:

**24-April-2024**



Prepared By:

**KZEN VALTECH PRIVATE LIMITED**

**IBBI/RV-E/05/2022/164**

## EXECUTIVE SUMMARY

<b>Property Name</b>	Commerzone, Porur, Chennai, Tamil Nadu, India
<b>Property Address</b>	Commerzone Porur, Bus Stop, Mount Poonamallee High Road, Adithi Colony, Sriram Nagar, Mugalivakkam, Chennai, Tamil Nadu 600116
<b>Land Area</b>	~6.13 acres
<b>Brief Description</b>	<p>The Project is located in the western part, in the Secondary Business District micro market of Chennai City along Mount Poonamallee Road. It is located at a distance of about 2 km from the Porur Junction and about 5km from the Kathipara Flyover, which is the major interchange junction connecting various parts of the city.</p> <p>The project is developed as Grade A IT Park with two (2) blocks (Block A &amp; B) comprising of 1,132,622 sq. ft. of leasable area*. The Project has excellent visibility and frontage along the access road.</p> <p>The project is surrounded by mixed-use developments comprising commercial, residential, retail, and hospitality developments.</p> <p>*Includes 241,694 sq.ft of leasable area acquired by Horizonview Properties Private Limited from RPIL Signaling Systems Limited in September 2023 in Tower A and Tower B (Floor 1 and Floor 2). Post the acquisition, the entire area of the project is now held by Horizonview Properties Private Limited. The acquisition price for the said area including transaction costs was INR 1,816 Mn which was arrived based on the negotiations between the parties.</p> <p>The value of the Project (including the acquired area) has been arrived at using the valuation methodology specified in section APPROACH AND METHODOLOGY of this report.</p>

**Asset Details** Leasable area details of the project as shared by the Client is given below:

Sl. No.	Building Name	Leasable Area (sq. ft.)
1.	Commerzone - Block A	498,033
2.	Commerzone - Block B	634,589
	<b>Total Leasable Area</b>	<b>1,132,622</b>

Based on the site inspection, all buildings are operational. There are no under-construction buildings within the project.

In addition to the above, the undivided rights, title and interest in the following assets are also part of the Project.

- Total amenities
- Total utility areas and internal roads.
- Total open spaces.

Location Map



Key Assumptions

The table below summarizes key valuation assumptions used in the estimate.

Particulars	Description			
<b>Asset Specific Information</b>				
Nature of Asset	Commercial / Office			
Current Status	Completed and Operational			
Total Leasable Area	1,132,622 sq. ft.			
Age of the Buildings	<b>Sl. No.</b>	<b>Building Name</b>	<b>Age of the Building</b>	
	1.	Commerzone - Block A	3 years 10 months	



	2.	Commerzone - Block B	3 years 10months	
<b>Revenue Assumptions</b>				
In-Place Rent	INR 59.12 per sq. ft. per Month			
Market / Marginal Rent	INR 66.15 per sq. ft. per Month for FY2024-25			
Parking Rent	INR 2,625 per CPS per Month for FY2024-25			
<b>Financial Assumptions</b>				
Exit Cap Rate	8.00%			
Discount Rate / WACC	11.75%			

**Market Value** For Completed Projects - **INR 11,363.39 million** (INR Eleven Billion Three Hundred Sixty Three Million Three Hundred Ninety Thousand Only)

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## **LIST OF ABBREVIATIONS**

BSE	Bombay Stock Exchange
CBD	Central Business District
CMA	Chennai Metropolitan Area
CMDA	Chennai Metropolitan Development Authority
CMWSSB	Chennai Metropolitan Water Supply and Sewerage Board
DCR	Development Controls & Regulations
FSI	Floor Space Index
GNT	Grand Northern Trunk
GST	Grand Southern Trunk
HVAC	Heating, Ventilation, and Air Conditioning
INR	Indian National Rupees
IT	Information Technology
ITES	IT enabled Services
IVSC	International Valuation Standards Committee
km	kilometer
MPR	Mount Poonamallee Road
NH	National Highway
NPV	Net Present Value
OMR	Old Mahabalipuram Road
PBD	Peripheral Business District
REIT	Real Estate Investment Trust
RICS	Royal Institution of Chartered Surveyors
SBD	Secondary Business District
SEZ	Special Economic Zone
SH	State Highway
STP	Sewage Treatment Plant
sq. ft.	square feet
sq. m	square meter
TNCDBR	Tamil Nadu Combined Development and Building Rules
TNEB	Tamil Nadu Electricity Board

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.

# 1 INTRODUCTION

## 1.1 INSTRUCTIONS

K Raheja Corp. Investment Managers Private Limited (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project named '**Commerzone Porur**' located along **Mount Poonamallee Road, Porur, Chennai, Tamil Nadu, India** (hereinafter referred to as the 'Project').

Source: Client, 31 March 2024

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master's in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitaLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHA, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## **1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST**

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## 1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, Limitations and Disclosures) detailed after this section 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 Project 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.

## 1.7 INSPECTION OF THE PROJECT

The Project was inspected on 21 March 2024 by the Valuer in the presence of Client-nominated representative 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 Project has taken place except for acquisition of leasable area amounting to 241,694 sq. ft. in September 2023 and the progress of construction work in accordance with the information shared.

## 1.8 GENERAL COMMENT

A valuation is an estimation 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 Project 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.

## 1.9 CONFIDENTIALITY

The contents of this Valuation 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.

## 1.10 AUTHORITY

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## 1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls with any government departments/authorities, among other aspects.

## 1.12 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.

## 1.13 ANTI-BRIBERY AND ANTI-CORRUPTION

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	<b>Type of Estimate</b>	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data/information provided by the Client and estimate has limited coverage wherever full data/information is not made available by the Client.
2.	<b>Legal Due-Diligence</b>	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	<b>Information Provided by the Client and Others</b>	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the valuation. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	<b>Regulatory Due-Diligence</b>	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	<b>Project Status, Schedule and Project Costing</b>	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and/or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	<b>Market Conditions and Trends</b>	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	<b>Information on Leases and Sales Performance</b>	The Valuer has relied on the rent roll including lease terms & conditions of the existing and pre-committed leases, as given by the Client. The Valuer has not verified individual lease agreements and the Valuer has relied on all information provided to him by the Client, upon which the Valuer will rely, is complete and correct. The Valuer has relied on pre-leasing details to the extent data/information made available by the Client.
8.	<b>Site Investigations and Illustrations</b>	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9.	<b>Project Cost Estimates</b>	Project Cost Estimates used in the estimate is as given by the Client. Project progress including capital expenditure progress reported is based on the cost incurred data as shared by the Client. The Valuer has reviewed the Project Cost estimates and/or cost incurred data to broadly ascertain their correctness on a normative basis while relying on the same as shared by the Client.
10.	<b>Environmental Compliance</b>	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried

	out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11. <b>Present Ground Conditions</b>	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12. <b>Town Planning and Statutory Considerations</b>	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13. <b>Future Market Development and Prospects</b>	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14. <b>Disclaimer</b>	<p>The estimate of Market Value is based on documents/information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p> <p>For ease and simplicity of representation, certain figures may have been rounded.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.*

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different approaches and methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately.

The table below presents different valuation methodologies and their brief description.

Table 2.1: Different Valuation Methodologies and Description

Sl. No.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of only the buildings
4.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This method is sometimes referred to as 'Rent Roll method as well.

#### Approach and Methodology Adopted for Estimating Market Value of the Project

Based on a detailed review of the leases for the Project, the Valuer has noted that a large number of leases of the Project were executed at rent prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand-supply dynamics, quality of spaces, overall health of the economy, existing rent, future growth plans, etc.) at a particular point in time, negotiated rent may tend to move away from the prevalent market rent over a period of time. It has also been witnessed that the market rent 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 estimate the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of the asset involved (completed & operational commercial / office space), the value is estimated using the 'Discounted Cash Flow Method' (basis term and rent reversion) under 'Income Approach'.

## 3 VALUATION ASSUMPTIONS AND INPUTS

### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Lease agreements and commercial clauses thereof for top five tenants on a sample basis
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Revenue pendency if any
  - Options or Rights of Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

### 3.2 CAPITALIZATION RATE

The capitalization rate adopted for valuing the assets has been based on various factors such as:

- Historical entry yields (going in cap rates) for commercial / office asset transactions across various key markets in India, which have steadily shown a downward trend over last 7 - 8 years from 10.5%-11.5% to about 7.5%-8.5% in 2024.
- The increased appetite for income generating assets and availability of various modes of finance (real estate credit flows) backing such acquisitions.
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given entry challenges such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction).
- Inflation (and interest rates) expected to be maintained in check with interventions from the Reserve Bank of India, in case of significant change.
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer).

***Based on the above factors, the Valuer has adopted a exit cap rate of 8.00% for the Project, for the purposes of estimating the Market Value, considering the 1 year forward net operating income after 10 years, is utilized for the purpose of calculation of exit value / terminal cash flow.***

### **3.3 DISCOUNT RATE**

This discount rate used for discounting the available cash flows represents Cost of equity (the opportunity cost for shareholders) and Cost of Debt (the opportunity cost for creditors), weighted by their respective contribution to the total capital of the company (WACC).

The Valuer has computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived using the below formula:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

The cost of debt for completed commercial / office blocks has been considered based on prevalent financing rates for Grade A commercial / office parks in the city. The weightages accorded to equity and debt are derived through benchmarking the subject property against similar portfolios/properties in the market. For discounting the cash flows, an appropriate discount rate considering the location of Project and market dynamics of the micro market, has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC) which is derived to be 11.75% for the completed portion of the project.

This derived discount rate was found to be aligned with the expectations of investors investing in similar assets.

## 4 VALUATION CERTIFICATE

<b>Property Name</b>	Commerzone, Porur, Chennai, Tamil Nadu, India																												
<b>Property Address</b>	Commerzone Porur, Bus Stop, Mount Poonamallee High Road, Adithi Colony, Sriram Nagar, Mugalivakkam, Chennai, Tamil Nadu 600116																												
<b>Land Area</b>	~6.13 acres																												
<b>Brief Description</b>	<p>The Project is located in the western part, in the Secondary Business District micro market of Chennai City along Mount Poonamallee Road. It is located at a distance of about 2 km from the Porur Junction and about 5km from the Kathipara Flyover, which is the major interchange junction connecting various parts of the city.</p> <p>The project is developed as Grade A IT Park with two (2) blocks (Block A &amp; B). The Project has excellent visibility and frontage along the access road.</p> <p>The project is surrounded by mixed-use developments comprising commercial, residential, retail, and hospitality developments.</p>																												
<b>Valuation Methods</b>	<p>The estimate of Market Value is prepared using following method:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Asset Type</th> <th>Methodology Adopted</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Completed Assets</td> <td>Discounted Cash Flow Method using Rent Reversion</td> </tr> </tbody> </table>		Sl. No.	Asset Type	Methodology Adopted	1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion																					
Sl. No.	Asset Type	Methodology Adopted																											
1.	Completed Assets	Discounted Cash Flow Method using Rent Reversion																											
<b>Nature of the Interest by the Client</b>	Project is a freehold asset and it is owned by the Horizonview Properties Private Limited. Mindspace Business Parks REIT (Mindspace REIT) holds 100% ownership of the Horizonview Properties Private Limited.																												
<b>Purchase Price of the Project</b>	<p>INR 7,001 million*, as given by the Client</p> <p>Note*: Includes acquisition of 0.24 mn sq. ft. acquired on September 02, 2023 for INR 1,816 mn including transaction costs (as per information provided by the Client)</p>																												
<b>Historical Valuation of the Project in 3 Previous Years</b>	<p>Below table summarizes historical valuation of the Project as given by the Client:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Date of Valuation</th> <th>Market Value (INR Million) *</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>30-Sep-2023</td> <td>11,048</td> </tr> <tr> <td>2.</td> <td>31-Mar-2023</td> <td>8,205</td> </tr> <tr> <td>3.</td> <td>30-Sep-2022</td> <td>7,873</td> </tr> <tr> <td>4.</td> <td>31-Mar-2022</td> <td>7,562</td> </tr> <tr> <td>5.</td> <td>30-Sep-2021</td> <td>7,314</td> </tr> <tr> <td>6.</td> <td>31-Mar-2021</td> <td>6,993</td> </tr> <tr> <td>7.</td> <td>30-Sep-2020</td> <td>6,204</td> </tr> <tr> <td>8.</td> <td>31-Mar-2020</td> <td>5,946</td> </tr> </tbody> </table> <p>*Does not include the valuation of 0.24msf leasable area which was acquired on 02 Sep 2023.</p>		Sl. No.	Date of Valuation	Market Value (INR Million) *	1.	30-Sep-2023	11,048	2.	31-Mar-2023	8,205	3.	30-Sep-2022	7,873	4.	31-Mar-2022	7,562	5.	30-Sep-2021	7,314	6.	31-Mar-2021	6,993	7.	30-Sep-2020	6,204	8.	31-Mar-2020	5,946
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7.	30-Sep-2020	6,204																											
8.	31-Mar-2020	5,946																											



<b>Ready Reckoner Rate</b>	Land Area – INR 5,800 per sq. ft. as on 31 <sup>st</sup> March 2024
<b>Date of Valuation</b>	31-Mar-2024
<b>Date of Inspection</b>	21-Mar-2024
<b>Market Value as on 31-Mar-2024</b>	For Completed Project - <b>INR 11,363.39 million</b> (INR Eleven Billion Three Hundred Sixty Three Million Three Hundred Ninety Thousand Only)
<b>Matters Affecting the Property and its Value</b>	Please refer to Chapter 7 of this Valuation Report
<b>Assumptions, Disclaimers, Limitations and Qualifications</b>	This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. Reliance on this report and extension of Valuer's liability is conditional upon the reader's acknowledgement and understanding of these statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project
<b>Prepared by</b>	<b>KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)</b> Represented through its Director Mr. Sachin Gulaty FRICS FIV FIIA IBBI/RV/02/2021/14284



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**Name:** Sachin Gulaty FRICS FIV FIIA  
**Designation:** Director  
**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND/OR PROJECT

The table below presents details of the Project Site and/or Project.

Table 5.1: Details of the Project Site and/or Project

DETAILS OF PROJECT	
<b>Property Name</b>	Commerzone, Porur, Chennai, Tamil Nadu, India
<b>Property Address</b>	Commerzone Porur, Bus Stop, Mount Poonamallee High Road, Adithi Colony, Sriram Nagar, Mugalivakkam, Chennai, Tamil Nadu 600116
<b>Land Area</b>	~6.13 acres
<b>Block-Wise Break-Up of Leasable Area and Current Status</b>	Leasable area details of Project as shared by the Client are as mentioned in the Executive Summary section
<b>Access</b>	Accessible through 30m wide Mount Poonamallee Road
<b>Frontage</b>	Approximately ~98m frontage along Mount Poonamallee Road
<b>Shape and Visibility</b>	Regular in shape. Relatively flat terrain. Excellent visibility from access road
<b>Approval Status</b>	Project has requisite approvals in place as confirmed by the Client.
INFRASTRUCTURE	
<b>Water Supply, Sewerage &amp; Drainage</b>	Available within the Project
<b>Power &amp; Telecommunication</b>	Available within the Project

### 5.2 LOCATION OF THE PROJECT

The Project is located at Porur which is classified as SBD Southwest office market of Chennai. It is well accessed by 30m wide Mount Poonamallee Road on the Southern Side. Porur Junction and Kathipara Junction are located approx. 2kms and 5kms from the Project respectively which are the major interchange junctions to various parts of the city. Chennai International Airport is just 9kms from Project. The upcoming metro corridor 4, which would connect lighthouse to Poonamallee Bus Depot, would have a station at Porur Junction. This would strengthen the connectivity and accessibility along MPR as well as to the Project. The Phase 2 Metro is estimated to be completed by 2026. There are many IT/ITes developments located along Mount Poonamallee Road and the larger development being DLF Cybercity located at a distance of ~1km from Project.

Map 5.1: Location of the Project Site with respect to the Chennai City



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Distance and accessibility to the Project from major landmarks in the city is given below:

Table 5.2: Distance of the Project from Major Landmarks of Chennai City

Location / Landmark	Approximate Distance from Project (km)
DLF Cybercity	1.0
Chennai Trade Centre	2.0
Kathipara Junction	5.0
Chennai Airport	11.0
CMBT	11.0
MGR Central Railway Station	18.0

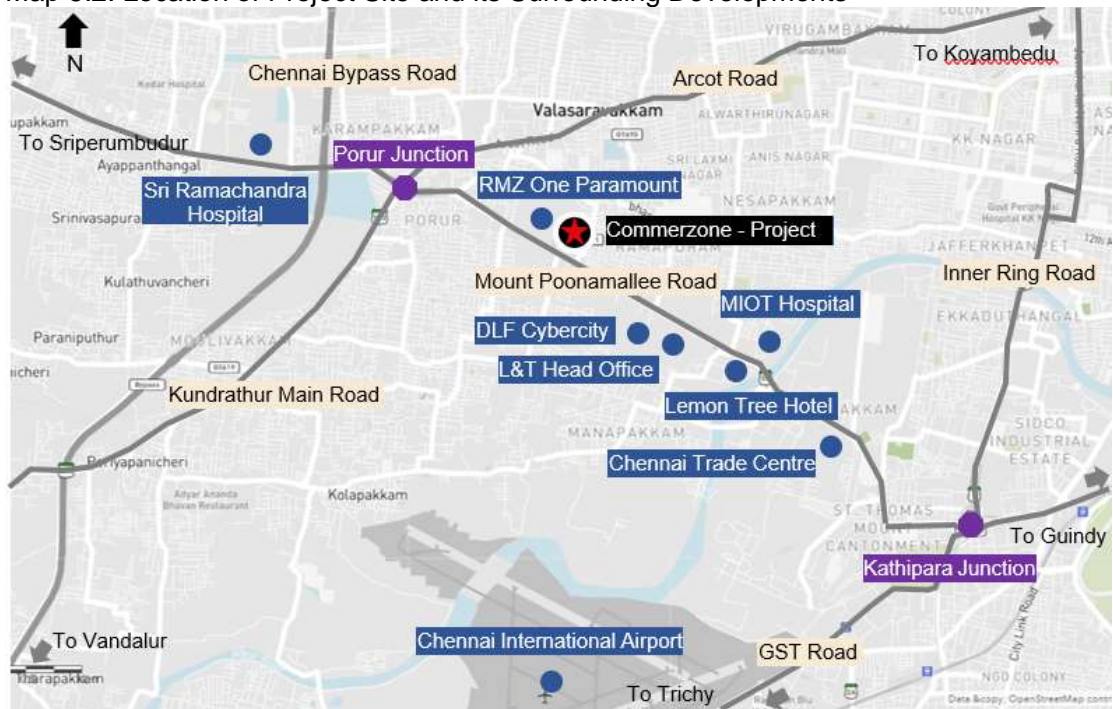
Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The Project is developed as Grade A commercial office space along Mount Poonamallee Road (MPR). The Project is surrounded by mixed use development comprising residential, retail, and commercial asset classes. The Project has trapezoidal plot and contiguous in nature, having flat topography with no significant variations in the elevation of the site. It has excellent visibility and frontage along the access road.

The Project is spread across ~6.13 acres of land. It enjoys good frontage along the access road and has one main entrance. The map below presents location of the Project Site and its surroundings.

Map 5.2: Location of Project Site and its Surrounding Developments



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The map below presents the conceptual Layout Plan of the Project as shared by the Client.

Map 5.3: Conceptual Layout Plan for the Project



The table below presents the boundary/edge conditions of the Project.



Table 5.3: Project and its Site Boundaries

<b>North</b>	One Paramount Campus 20 & 30
<b>South</b>	Mount Poonamallee Road (Access Road)
<b>West</b>	One Paramount (Campus 10)
<b>East</b>	Industrial & Residential Developments

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The Project is surrounded by commercial, residential, retail and hospitality developments in the vicinity. Grade A commercial / office developments and premium residential developments are also present in the micro-market.

## 5.4 DESCRIPTION OF THE PROJECT

The table below presents key asset specific information.

Table 5.4: Key Asset Specific Information of the Project

<b>Particulars</b>	<b>Description</b>
Name of the Entity	Horizonview Properties Private Limited
Interest owned by Mindspace REIT	100% owned and controlled by the Mindspace REIT <sup>1</sup>
Land Extent	~6.13 acres
Asset Type	IT Park with Non-SEZ buildings
Sub-Market	SBD Southwest
Approved and Existing Usage	IT – Non SEZ Office development
Current Status	100% Complete and Operational
Approvals Status	List of approvals are specified in annexure 4
Freehold/Leasehold	The underlying land is taken on freehold basis
Leasable Area	1.13 mn sq. ft.
Occupied Area	0.86 mn sq. ft.
Committed Area	0.95 mn sq. ft.
Occupancy <sup>3/</sup>	76.0%
Committed Occupancy <sup>4/</sup>	84.0%
Number of Tenants	11

**Note:** <sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Client has obtained occupation certificate for entire leasable area measuring 1.13 million sq. ft.

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupiers









## 5.5 PROJECT INSPECTION

The Project is part of a larger campus spread across two (2) blocks (Block A & B). All building blocks are completed & operational and are non-SEZ buildings, as on the date of inspection by the Valuer. The Project was inspected by the Valuer on 21 March 2024.

The inspection comprised visual inspection of operational buildings comprising the Project 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 restrictions.

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 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.

Some of the photographs of the Project and surroundings are given below.

	
<p><b>Primary Access Road – Mount Poonamallee Road</b></p>	<p><b>Exterior View of the Project</b></p>
	
<p><b>Exterior View of the Project</b></p>	<p><b>Main Lobby Area at Ground Floor</b></p>
	
<p><b>Lift Lobby Area</b></p>	<p><b>Cafeteria located in Block B</b></p>
	
<p><b>Meeting Room in Lobby Area</b></p>	<p><b>Utility Area</b></p>

	
<b>Basement – Parking Area</b>	<b>Utility Area</b>
	
<b>Food Court Area located in Block B</b>	<b>Vacant Floor</b>
	
<b>Landscaped Area</b>	<b>Landscaped Area</b>

## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### Site Services and Finishes

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

### Condition and Repairs

The Project is sought to be in good condition. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in any of the operational buildings. Hence, no major building repair works are required except the general testing of plants and machineries in regular intervals.

### Environmental Considerations

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project to any natural or induced disaster the location of the Project with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Chennai where the Project is located falls in Seismic Zone III with moderate risk. The city faces low to moderate risk in terms of high winds or cyclones too. The

Project 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 Project, which may expose it for any induced disaster.

The Project lies in highly vulnerable flood prone area as per the assessment carried out by Tamil Nadu State Disaster Management Authority (TNSDMA) after the event of Chennai flood took place in December 2015 and classified the areas with water level more than 5 feet due to heavy rains as high vulnerability areas. Since the Project is located at a relatively higher elevation compared to its immediate surroundings, indicating low to moderate risk of flooding and perennial water logging. It is also understood that the Project has followed required measures to mitigate the risks from any potential flooding:

### **Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

### **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 Project 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.

### **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 to the Valuer, relating to the Project or any compounding charges

## **5.7 TENANCY ANALYSIS**

### **Tenant Profile of Top Tenants in Project**

As on 31<sup>st</sup> March 2024, the Project has 11 tenants which include companies like Hitachi, R1 RCM, Tablespace, Simpliwork, HDFC Bank Limited, etc. The top tenants as per leasable areas is listed below: -

The top tenants as per leasable areas are listed below:

Table 5.5: Top 10 Tenants Arranged as per Leasable Areas\*

Sl. No.	Tenant	Leasable Area (Sq Ft)
1	Hitachi Energy Technology Services Pvt Ltd	360,904
2	HDFC Bank Limited	306,211
3	Tablespace Technologies Pvt. Ltd.	109,514
4	Simpliwork Offices Pvt Ltd	68,655
5	Ramboll India Private Ltd	50,938
6	R1 RCM Global Pvt Ltd	50,299
7	Qual-et Global	2,634
8	Tata Starbucks Private Limited	1,202



Sl. No.	Tenant	Leasable Area (Sq Ft)
9	Bakya Veg Restaurant	570
10	Shree Foods And Services	560
	<b>Total</b>	<b>951,487</b>

Source: Analysis, 31<sup>st</sup> March 2024

Note\*: Includes contracted areas for which rent may start at a future date

The Tenants as per Gross Rents are listed below:

Table 5.6: Tenants 10 arranged as per Gross Rentals

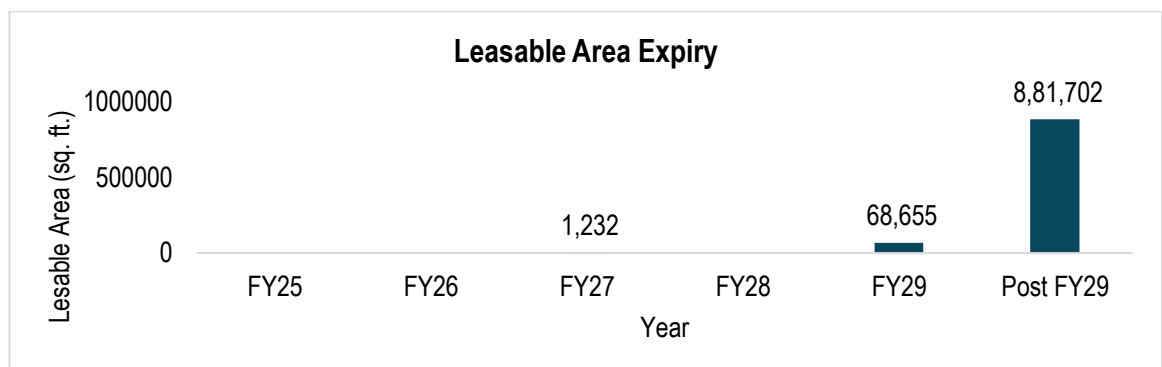
Sl. No.	Tenant*	Share of Gross Rentals (%)
1	Hitachi Energy Technology Services Pvt Ltd	52.0%
2	HDFC Bank Limited	22.5%
3	Tablespace Technologies Pvt. Ltd.	9.7%
4	Simpliwork Offices Pvt Ltd	6.1%
5	Ramboll India Private Ltd	4.8%
6	R1 RCM Global Pvt Ltd	4.5%
7	Tata Starbucks Private Limited	0.2%
8	Bakya Veg Restaurant	0.1%
9	Shree Foods And Services	0.1%
10	Qual-et Global	0.1%
	<b>Total</b>	<b>100.0%</b>

Source: Analysis, 31<sup>st</sup> March 2024

Note: \* - For some of the tenants rent commencement may not have happened. For Bakya Veg Restaurant and Shree Foods and Services Limited rentals are basis estimated revenue share numbers.

### **Lease Expiry Analysis**

The WALE of the Project is 8.5 years, with expiry as shown in the chart below.



Source: Analysis, 31<sup>st</sup> March 2024

### **Escalation Analysis**

The leases of the Project has typically seen rental escalation of 5% every year or 15% every 3 years.

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

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### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Chennai is the fourth-largest metropolitan city in India. Located on the coast of Bay of Bengal, it is one of the largest cultural, economic, and educational centres of South India. Chennai has been ranked as the world's fifth-most dynamic city, as per the JLL City Momentum Index (CMI) for the year 2020. This ranking was supported by the rapidly evolving real estate sector, which is benefiting from the strong growth of the IT and Manufacturing industries and improving infrastructure. The city is culturally diverse and socially cosmopolitan and has been ranked fourth in the Ease of Living Index 2020, published by the Ministry of Housing and Urban Affairs. Chennai's real estate industry showed strong growth in 2019 after a lull of five years, despite a sluggish auto sector and a slowdown in the city's economy. This growth can be attributed to the strengthening of the IT sector, the resurrection of the electronics industry and increased demand for Grade A offices from a host of occupier segments including manufacturing and flex. Just when Chennai's skyline was opening to a robust pipeline of commercial projects, the growth momentum of the city was affected by the onset of the COVID-19 pandemic, which brought the entire city to a standstill amid a complete lockdown. The rapid spread of the virus and the lockdown measures imposed delayed the expansion of business, curtailed capital expenditure and caused disruptions in the business cycle and, thereby, impacted investments and projects. In Q3 2020, with the phased unlocking of the economy, business activities gradually resumed. The strong development potential combined with the city's resilient nature helped the real estate sector get back on track and in Q4 2020 the city showed early signs of recovery. Although 2020 ended on a positive note as the office market in Chennai showed signs of recovery, there was still uncertainty in the market with respect to complete resumption of business-as-usual. Further, the rapid rise of COVID-19 cases in the first half of 2021 impacted leasing activity in the commercial market and compelled several occupiers to go into a 'wait-and-watch' mode.

However, in the second half of 2021, the office market gained stability backed by low COVID infection rates and active demand that translated into improved leasing activity. Occupiers were able to make real estate decisions with greater clarity as confidence recovered. Also, the re-opening of offices provided a further boost to confidence. The year 2022 started on the right note for Chennai's office sector with resurgent demand from occupiers. Chennai's office market started its post pandemic recovery from 2022, with strong demand and robust supply pipeline. In Q4 2022, quarterly net absorption reached its highest level since 2019 and touched 1.24 million sq ft. The leasing momentum sustained despite global market headwinds and the rate-hike cycle, on account of quality supply and healthy pre-commitments in prominent projects. The year 2023 built on the momentum of the previous year and turned out to be one of historic highs for the city's office market. Gross leasing hit a record 9.5 mn sq ft for the year with an especially strong second half. In fact H2 2023 was 25% higher compared to H1 signalling a strongly growing occupier interest in the city. The entry of new GCCs and the ongoing expansion of the manufacturing and flex space segments along with the tech sector were the major factors for the widening of office sector demand base. Net absorption for the year also stood at a historic high of 6.6 mn sq ft with just Q4 accounting for 50% of this number with a strong finish to the year, driven by strong pre-commitments in newly completed assets and robust leasing activity. In Q1 2024, the momentum has continued with the city's first quarter performance the strongest ever with 2.67 mn sq ft of gross leasing activity, a strong 42% growth y-o-y. The driving force behind this leasing activity was domestic occupiers,

contributing approximately 64% of the total leasing. Among the domestic occupiers, tech companies held the leading position, spearheading the demand. Net absorption though was lower, impacted by limited completions and fast lowering of vacancies in quality assets. However, even the Q1 net absorption figures were up by 7.2% on a y-o-y basis.

### 6.3 INFRASTRUCTURE INITIATIVES

The city bus service network, operated by the Metropolitan Transport Corporation (Chennai) Limited (MTC), the Chennai Metro and Chennai Suburban Railway form the key mass rapid transit system (MRTS) of Chennai. The city has an intricate road network of 2,780 km connected by MTC. These roads are further extended by the development of 250 km of radial roads in and around the Chennai metropolitan area (CMA).

The Tamil Nadu Vision 2023 aims to achieve a GSDP growth of 11% per annum at a sustained pace for the upcoming years. Vision 2023 will focus on developing an array of projects to strengthen the state's infrastructure. The state is increasingly becoming the destination for start-ups in SaaS. The emergence of NH-4, large sized SEZs and IT parks have spurred commercial real estate demand in the city.

#### Existing infrastructure

Existing Project	Completion timeline	Details	Key impact zones
<b>Outer Ring Road (ORR),officially State Highway 234</b>	Feb 2021	Along the periphery of Chennai metropolitan area. It's a 62 Km stretch connecting GST Road at Perungalathur, and Vandalur, NH 48 (GWT Road) at Nazarethpettai, NH 716 (CTH Road) at Pattabiram to NH 16 (GNT Road) at Vijayanaallur and to TPP road at Minjur.	PBD GST, South West
<b>The Inner Ring Road (IRR), also known as Jawaharlal Nehru Salai or 100-Foot road</b>	Feb 2021	It is 25.2 km long connecting SH 49A (Rajiv Gandhi Salai) in Tiruvanmiyur, Velachery main road at Vijayanagar, NH 32 (GST road) at Kathipara, NH 4 at Koyambedu, NH 205 at Padi, NH 5 at Madhavaram and joins SH 104 (TPP Road) at Manali. The IRR is a 6-lane road.	CBD, South West, SBD OMR, PBD OMR
<b>Chennai –Trichy Highway/Grand Southern Trunk Road or National Highway 45</b>	Feb 2021	The Road starts from Kathipara Junction in St Thomas Mount, Chennai towards Tiruchirappalli. It's a 460 Km road. The highway has a 4 lane. The Chennai International Airport is located on this highway within the Chennai City limits.	South West, PBD GST, PBD OMR
<b>Chennai-Kolkata NH 16</b>	May 2013	NH 16 has a total length of 1,764 km of which 43 Km pass through Tamil nadu. It connects Andhra Pradesh, Telangana and further northern states to the Chennai port.	CBD, PBD WEST
<b>Chennai-Bengaluru Highway/ NH 48</b>	May 2013	It's a 326 KM stretch between Chennai and Bengaluru. 4 lanes in the stretch between Sriperumbudur and walajah road and six lanes between walajah-Bengaluru and Koyembedu and Sriperumbudur stretch	CBD, South West, PBD GST

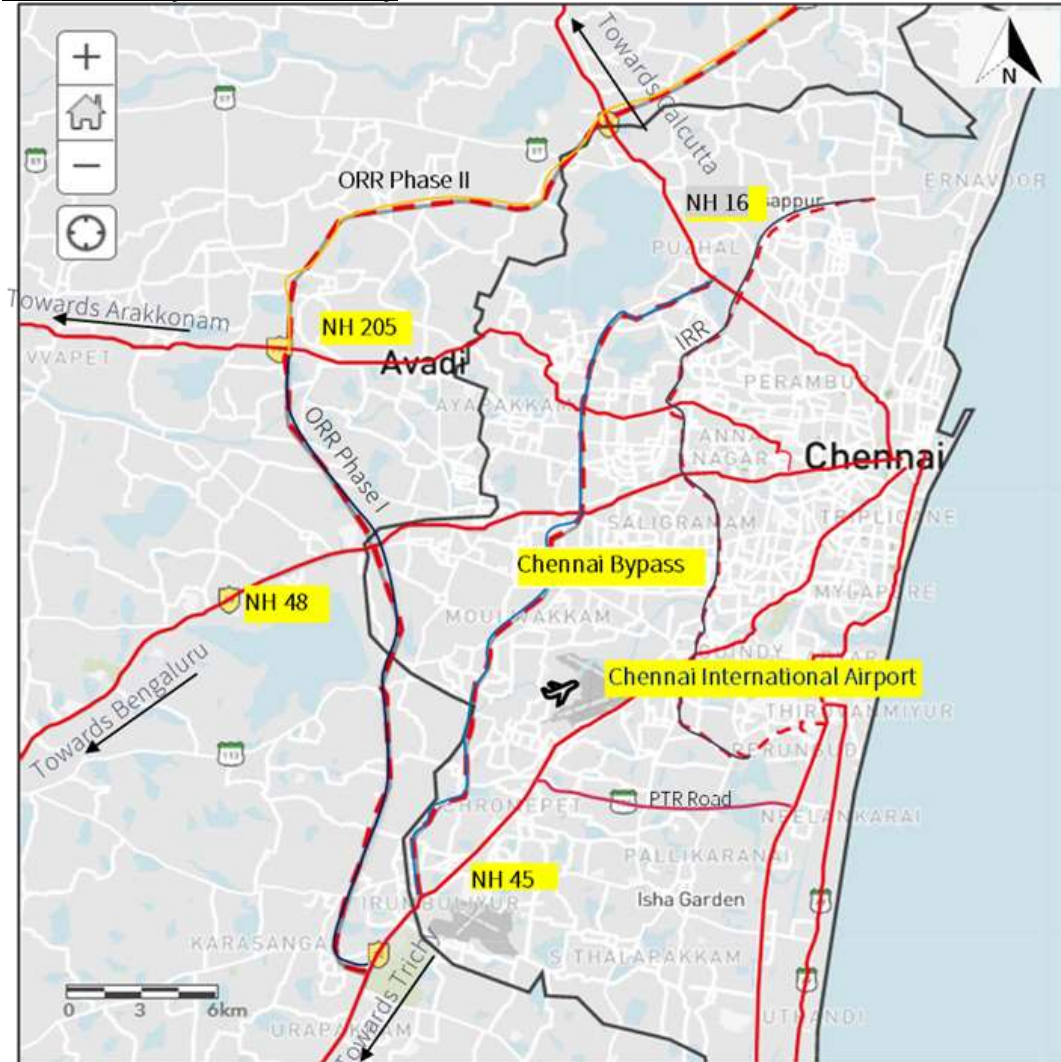
Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

#### Upcoming Infrastructure

The upcoming Bengaluru–Chennai Expressway will not only reduce travel time between the two cities by two to three hours, but it is also anticipated to trigger real estate growth in key micro-markets falling along the corridor. A total of INR 200 billion has been sanctioned for

successful completion of the project by the Government of Tamil Nadu. The state government has prioritised mega projects like upgrading the state's major roads, the ultra-mega power plant project in Uppur and the Madurai-Thoothukudi Industrial Corridor in par with the need for TN Vision 2023. The city also has multiple road development projects like Chennai Port–Maduravoyal Expressway by NHAI, and the greenfield project, Chennai–Salem Expressway, which are in progress under programmes like the PM Gati Shakti and Bharatmala Pariyojana (BMP).

### **Chennai – Key roads in the city**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### **Existing Metro Rail Lines**

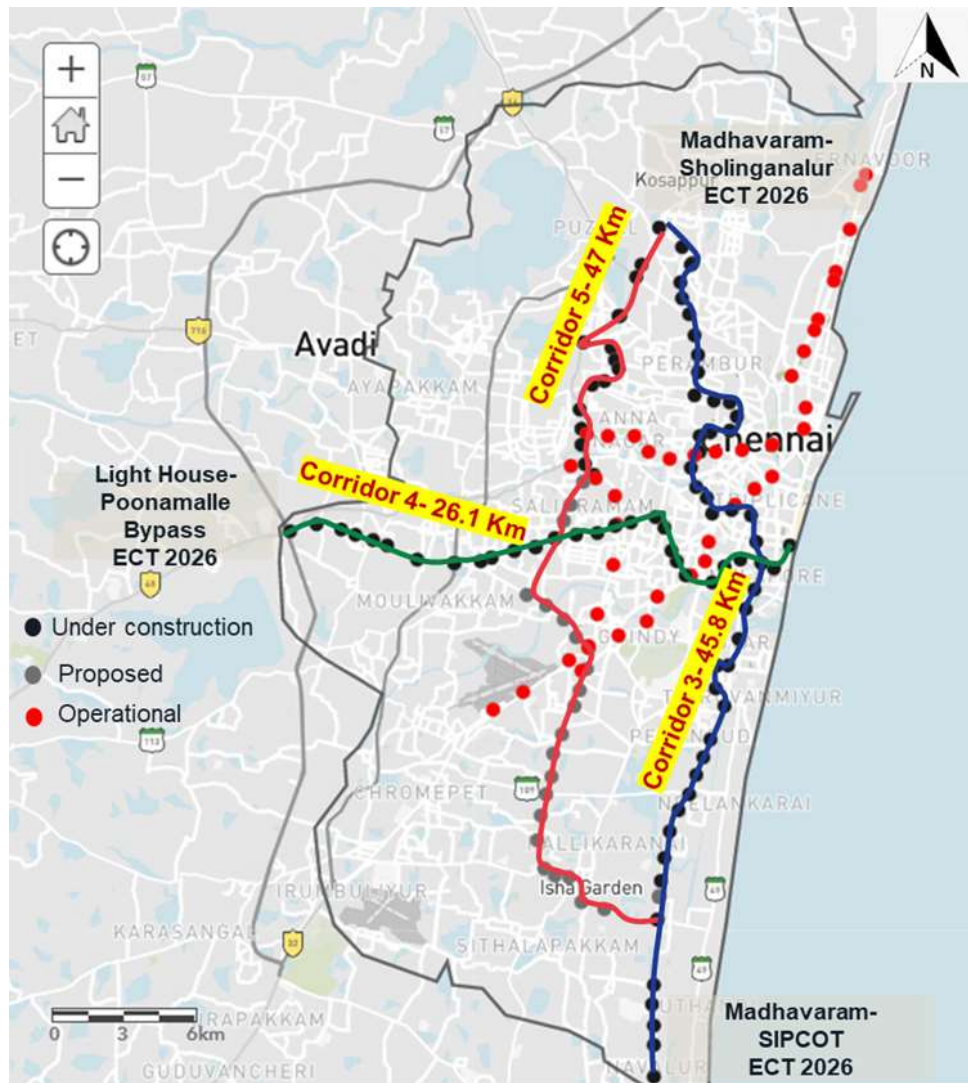
Chennai Metro Rail Phase 1 is fully operational with coverage of 45.1 km and 32 stations. Since the announcement of the Metro Rail Project in 2009, Chennai's real estate witnessed a boost along its corridors. Phase II of this project traverses 118.9 km of the city with 128 stations and will be fully operational by 2026. Construction work for Phase II commenced in the last quarter of 2020. The total cost of the project is INR 691 billion, funded in part by the Government of Tamil Nadu (INR 31 billion), with the rest funded by Asian Infrastructure Investment Bank (AIIB) in the form of a long-term loan for completion down to the last mile. Other projects, such as major flyovers, upcoming link roads and ring roads (planned or under-construction), have opened up new land parcels for commercial and residential developments in Chennai.



**Upcoming Metro Rail Lines**

Project	Completion timeline	Details	Key impact zones
<b>Corridor 3</b>	2026	45.8 Km- Stretch connecting Madhavaram and SIPCOT (Purple line) The line will consist of 50 stations, out of which 30 are underground and 20 are elevated.	CBD, SBD OMR, PBD OMR
<b>Corridor 4</b>	2026	26.1 Km –Stretch connecting Light house to Poonamalle Bypass (Orange line) The line will consist of 30 stations, out of which 12 are underground and 18 are elevated.	CBD, South West
<b>Corridor 5</b>	2026	47 Km- stretch connecting Madhavaram to Sholinganalur (Red line) The line will consist of 48 stations, out of which 6 are underground, 1 at grade and 41 are elevated.	PTR, South West, SBD OMR, PBD WEST

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

## 6.4 CHENNAI - OFFICE SUB MARKETS

The office sub-markets of Chennai City are classified into six micro markets based on the market trend as mentioned below.

Table 6.1: Chennai Office Sub-Market

Sub-market	Locations	Map of Chennai office market
CBD	Anna Salai, Cathedral Road, NH Road junction, RK Salai, RA Puram, Santhome, MRC Nagar, Egmore, T Nagar, Alwarpet.	
South West	Guindy, Mount Poonamalle Road, Anna Nagar, Velachery, Vadapalani, LB Road, SP Road, Adyar and Nelson Manickam Road.	
SBD OMR	Pre-toll Old Mahabalipuram Road	
PBD OMR		
Post-toll Old Mahabalipuram Road and Pallavaram-Thoraipakkam Road (PTR)		
PBD GST	GST Road	

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

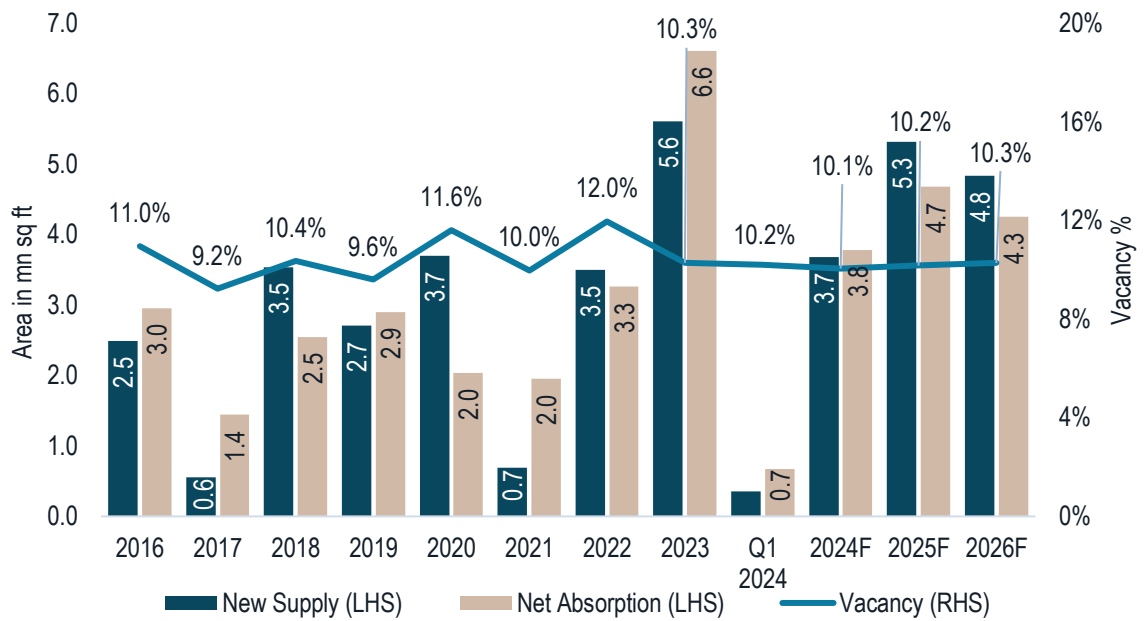
### City Market Trends

Table 6.2: City Market Trends

Sub-Market	Total Stock (sq. ft.)	Net Absorption (sq. ft.)			Vacancy (%)		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q3 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q3 2023 (Y-O-Y Change)
Overall	75,345,059	671,998	-79.8%	7.2%	10.2%	10 bps	-180 bps
CBD	7,69,851	254,032	324.0%	NA	2.5%	-40 bps	-20 bps
Southwest	20,343,264	-74,958	-107.3%	-133.4%	12.5%	50 bps	-330 bps
SBD OMR	21,342,920	160,802	-90.6%	-139.5%	6.8%	20 bps	-200 bps
PBD OMR	17,539,601	278,172	-37.0%	-64.7%	12.7%	-90 bps	110 bps
PBD GST	4,137,550	10,000	-67.4%	NA	23.6%	-20 bps	-100 bps
PBD West	4,282,873	43,950	-26.7%	99.8%	6.8%	-110 bps	-710 bps

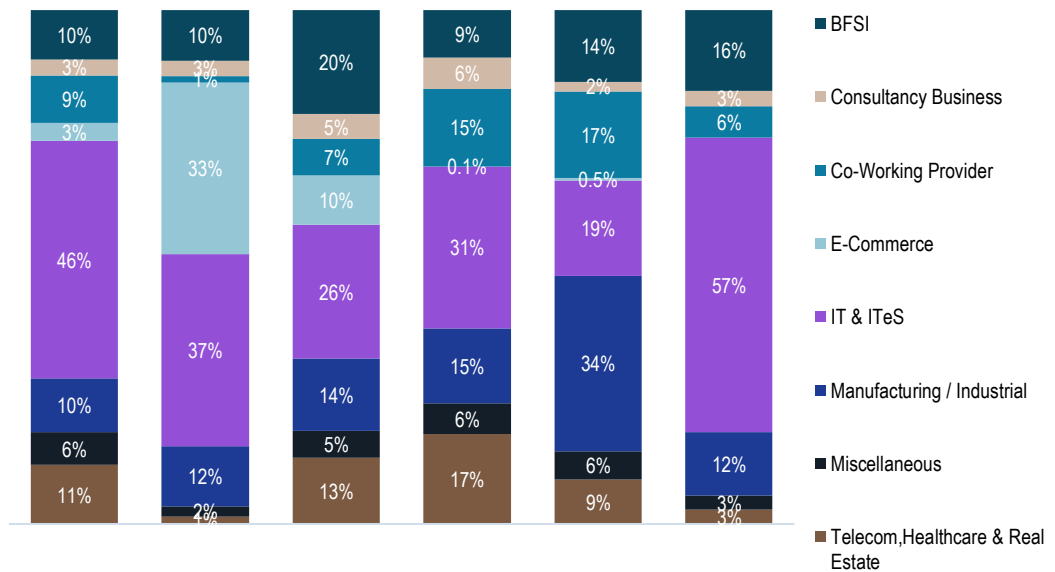
Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Total Completions, Net Absorption and Vacancy Rate – Overall**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

**Leasing Activity**



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The resurgence in the office real estate market in the city started in 2022 and surged to record levels in 2023 with gross leasing volumes in the city reaching 9.5 mn sq ft in the year. The Q1 of 2024 started on a similar note with healthy occupier activity sustaining itself. As office occupancies have risen and there are indications of a strong office-first approach even in the hybrid working models, occupiers are on firm ground in terms of space planning. This makes the market more traction-oriented.

Q1 2024 leasing activity was driven by space take-up in quality assets and a strong pre-commitment deal recorded in an upcoming assets in the South West submarket. Tech occupiers were the most active in Q1, followed by the manufacturing/engineering and BFSI segments. Global sluggishness has caused minimal disruption in the office market in the city, with strong demand from GCCs and flex players driving market momentum. Developers

remain optimistic and continue to add/announce quality supply additions to the city's office stock. Also, the favourable ecosystem incubated by the state government to promote business and attract MNCs to the city through policies like the Startup and Innovation Policy, the Data Centre Policy of Tamil Nadu, The Micro, Small and Medium Enterprise (MSME) Policy, etc. is bearing fruit.

The South West and the SBD OMR submarkets were the key drivers of market activity during the quarter, both combining for over 85% of total market activity in Q1. IT/ITeS occupiers had a commanding 57.4% share in the quarterly leasing activity. Co-working spaces saw sustained demand from both large and medium sized IT companies with improved focus on employee wellbeing. The South West submarket is a prominent destination for flex operators due to factors like good connectivity and limited availability driving the need for fully-managed solutions. Occupiers are showing more interest in managed spaces due to the flexibility in lease terms, customised solutions and ease of operation offered in a flex setup. The sector accounted for around 7% of market activity with over 4,400 seats leased by operators to big and medium-sized firms in Q1 2024. The demand for both conventional and flex space will continue to sustain the city's office real estate market.

The net absorption in Q1 2024 in the city was recorded at 0.67 mn sq ft, impacted q-o-q by slower completions and some occupier exits and vacancies entering the market. However, the pre-commitments in upcoming projects and ongoing transaction activity which includes expansion plans of companies are expected to keep net absorption on an upward trajectory through the year.

The quarter recorded 0.65 million sq ft of new Grade A Office supply, which was the lowest in seven quarters. The prominent submarkets continued to operate at high occupancy levels. The South West submarket, especially in Guindy, is seeing sustained demand traction which can be attributed to its strategic location, accessibility and supply that aligns with demand. This market is also on the radar of flex operators, as startups and medium sized IT companies go for smaller floor plates and flexibility in lease terms. The vacancy in the submarket has now dropped by 330 bps y-o-y to 12.5% in Q1 2024, indicating the undeterred appetite for office spaces in this market.

Of the established submarkets, South West (27%) and SBD OMR (28%) comprise 55% of the Grade A Office stock, while the emerging submarket, PBD OMR accounts for 23% of the city's Grade A Office stock.

### **Vacancy**

While the limited new supply infusion of 0.65 mn sq ft had little to no pre-commitments, the healthy space take-up in existing stock resulted in overall city vacancy dropping slightly by 10 bps q-o-q to 10.2%. On a y-o-y basis, the city vacancy has declined by 180 bps, a strong indication of expansion-driven occupier activity despite healthy supply infusion in the city. The CBD and SBD OMR submarkets have tighter vacancy levels of 2.5% and 6.8%, respectively. Going forward as well, the demand-supply gap is expected to remain steady with a downward bias, indicating a stronger market activity compared to supply addition.

### **Submarket Rents**

Table 6.3: Submarket Rent

	Gross Rent (INR/Sq ft/pm) GFA		
	Q1 2024	Q-o-Q Change	Y-oY Change
Overall	71.5	1.1%	4.8%
CBD	76.6	0.9%	0.9%
South West	76.9	0.9%	4.0%
SBD OMR	87.3	0.8%	4.1%



	Gross Rent (INR/Sq ft/pm) GFA		
	Q1 2024	Q-o-Q Change	Y-oY Change
PBD OMR	55.6	0.0%	5.0%
PBD GST	47.2	0.0%	0.0%
PBD West	46.4	12.6%	15.0%

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

The overall rental growth in the city is 4.8% y-o-y attributed to quality completions quoting higher rentals, and reinstated confidence in developers in commanding higher rentals due to sustained demand. As of now, developers are optimistic about the market and rent growth in the city.

### **New supply**

The quarter recorded 0.65 million sq ft addition to city's stock from smaller-sized projects across the CBD, SBD OMR and PBD OMR. Total city stock now stands at 75.3 mn sq ft. The supply pipeline looks healthy, supported by developers bringing in quality projects against the prevailing low vacancy levels in key submarkets like CBD and SBD OMR.

### **Outlook**

The supply pipeline for the upcoming quarters looks healthy, with about 3.32 million sq ft of stock lined for completion across the city. Around 58% of this upcoming supply over the next three quarters is slated to come up in South West with pre-commitment levels of 62% - all in the upcoming L&T Innovation Campus. Supply in the medium-term is headlined by PBD OMR, with some quality additions in South West as well.

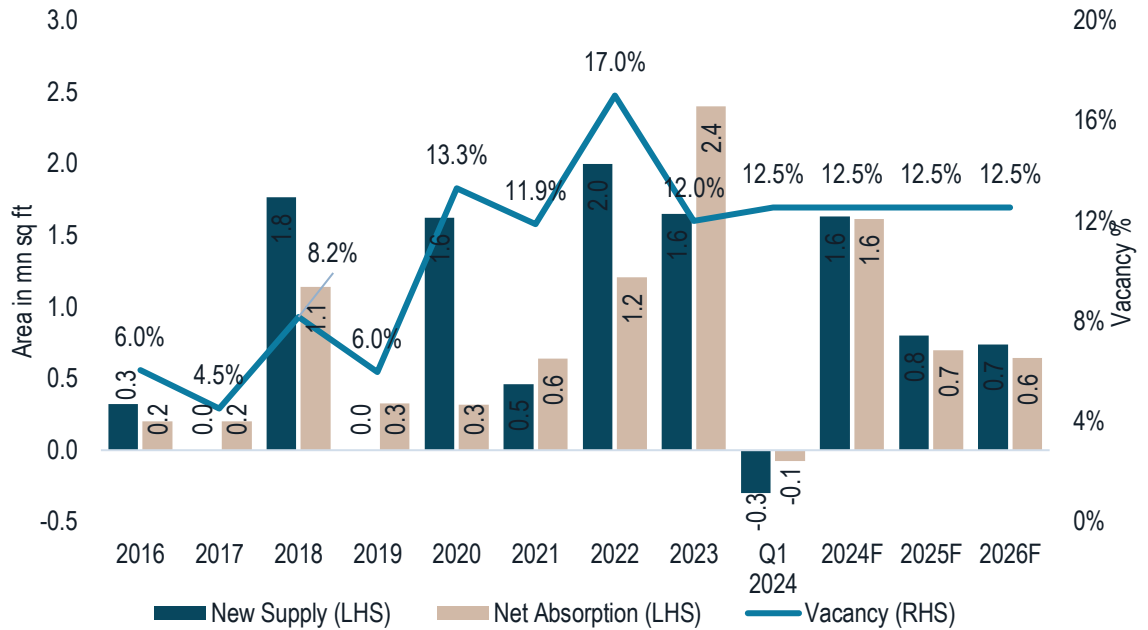
The demand-supply pattern in the medium-term is expected to remain robust, with a sustained demand from IT sector and Manufacturing and Automobile industries. The vacancy levels are expected to remain range-bound on an overall basis, with a similar trend anticipated in the prime submarkets too. However, quality assets are likely to witness tighter vacancy levels. Upcoming quality supply is expected to command premium rents and support further rental growth in the city. In the near-term, rents are expected to inch up by 4-5% on average, backed by pre-commitments, ongoing RFPs and new quality completions, particularly in the PBD OMR submarket. Current market trends also point towards tightening flexibility as developers with limited vacancy are quoting higher rents and able to hold their ground given the strong demand dynamics.

## 6.5 MICRO MARKET : SOUTHWEST

The Commerzone project lies in the Southwest micro market.

### Supply, Demand Trend

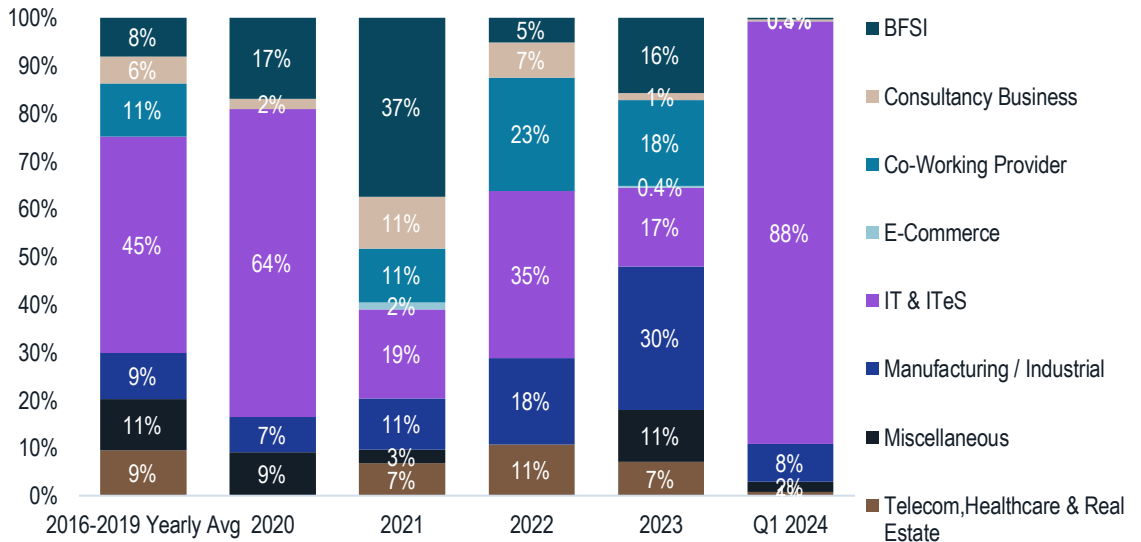
#### Total Completions, Net Absorption and Vacancy Rate



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

### Leasing activity

#### Occupier's share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

While gross leasing activity was headlined by strong pre-commitment activity, some occupier exits and lease expiries resulted in net absorption turning negative in Q1 2024. These new vacant spaces on offer are however expected to get leased out soon, keeping market the market in steady state. The IT/ITeS sector was the chief contributor to leasing activity in the

quarter. The demand in the submarket is driven by good accessibility and building stock with smaller floor plates, which is favourable for start-ups.

### Supply

No new supply was added in Q1 2024 in the South-West submarket with Grade A stock now at 20.3 mn sq ft. L&T Innovation Campus is 100% pre-leased to LTI Mindtree and expected to be completed in 2024 along with ASV Hussainy Tech Park, ASV CRN and The Wings slated for completion as well in the year. In the medium-term, projects by Baashyam and Casagrad are in the pipeline.

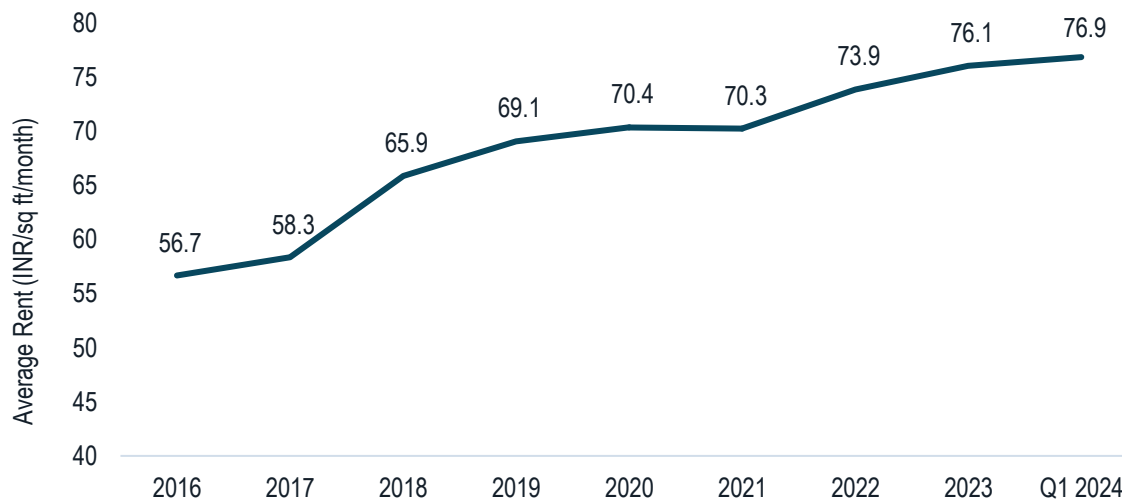
### Vacancy

The vacancy level in the submarket rose by 50 bps q-o-q due to the negative net absorption, but has actually declined by 330 bps y-o-y. The strong supply pipeline with existing pre-commitments and ongoing requirements is likely to be exhausted to its fullest extent, keeping vacancy mostly stable in the near to medium term. This is indicative of the strong demand-supply dynamics that allow for retaining a positive outlook for the market in the medium-term.

### Rents

The rentals have risen by 0.9% q-o-q while showing a strong 4.0% y-o-y growth and stand at an average of INR 76.9 per sq ft per month. **The lease transactions in the Southwest micro market are recorded in the range of INR 60 – 75 per sq. ft. per month. The lease transaction in Porur where the project is located are in the range of INR 65 – 69 per sq. ft. per month.**

#### **Rental Trend in Southwest micro market**



*Mindspace REIT micro markets, 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.*

**Source:** Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

#### **Prominent Lease Transactions within the Micro-Market**

Some of the lease transactions witnessed in the micro-market are presented in the following page:

Table 6.4: Major Lease Transactions in the Micro-Market of the Project

Sl. No.	Occupier Name	Name of the Building	Location	Area Leased (sq. ft.)	Lease Rental Range (INR per sq. ft. per Month)	Transacted Period
1	LTI Mindtree	L&T Innovation Campus – Tower 1	Mount Poonamallee Road	600,000	65	Q1 2024
2	LTI Mindtree	L&T Innovation Campus – Tower 2	Mount Poonamallee Road	600,000	65	Q1 2024
3	JSW	Olympia Cyberscape	Guindy	55,000	65	Q1 2024
4	TVS Nxt	Olympia Cyberscape	Guindy	30,000	65	Q1 2024
5	WPP	RMZ One Paramount Block 20	Mount Poonamallee Road	31,519	69	Q1 2024
6	Kaar Technologies	Ceebros Shyamala Towers	Saligramam	29,000	65	Q1 2024
7	L&T Infrastructure (Assystem)	RMZ One Paramount Campus 10	Mount Poonamallee Road	24,523	69	Q1 2024

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Market rent for Commerzone Porur Project has been considered in line with the achievable market rent for completed buildings at INR 63 per sq. ft per month.

### **Investment Activities within the Micro-Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc.

### **Investment Activities within the country**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

Table 6.5: List of transactions / deals in major cities recent past

Sl. No.	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC & Annex	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Outskirts	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40000 - 43,000	7.25% - 7.75%	2021

Sl. No.	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
4	Chennai	Sandhya Infocity	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Infocity	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 - 8,000	9.00% - 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - ,8700	8.00% - 8.25%	2021
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90-8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavaram-Thoraipakkam Road	PBD OMR	~1,400,000 (Completed) +1,600,000 (UC)+2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion	2024

Source: Real Estate Market Research & Analysis; JLL, 31<sup>st</sup> March 2024

Project Site is **Commerzone IT Park** which is one of the known developments for IT/ITeS companies located in the Southwest Micro-Market at Porur in Chennai City. The Project is a part of **MindSpace Business Parks REIT** (MindSpace REIT) portfolio. The location has excellent connectivity to residential locations and social infrastructure too.

The project offers Grade A space spread across two blocks with good amenities and facilities. There are prominent clients in the larger campus such as HDFC, Hitachi, Simpliwork, R1 RCM, Ramboll, NPCI etc., and is preferred commercial development in this micro-market due to the quality of buildings, ease of connectivity and nature of campus development. Considering the past transactions in the city and Project attributes in terms of size, occupancy profile, micro market trend etc. the cap rate is arrived for the Project.

The Cap Rate applied to arrive at the terminal value of the Project is 8.00%.

### **Outlook**

The South-West submarket is set to witness an additional supply of 1.92 mn sq ft million sq ft by the end of 2024. Net absorption is expected to touch 1.61 million sq ft by the end of the year as well. The submarket continues to enjoy active demand from IT/ITeS occupiers, GCCs from the manufacturing and BFSI segments and from co-working providers as well. The popularity of this submarket among occupiers can be attributed to its proximity to multi-modal transit options and the CBD, as well as the quality supply. The demand-supply gap for this submarket is expected to remain steady with strong occupier interest ensuring a healthy growth in occupied stock and keeping pace with new supply.

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

The market practice in most commercial/ office developments involves contracting tenants / occupiers in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants - typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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, the Valuer has considered the impact of such sub/above market rents on the valuation of the Project.

For the purpose of this valuation exercise, the Valuer has analyzed the tenancy details provided by the Client, to identify variances vis-à-vis prevailing market/marginal rent. Each lease is assessed separately for below aspects, for the rent over a 10 year time horizon:

- 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.
- Title certificates, architect certificates and other related documents as mentioned in relevant sections of the report were reviewed for validation of area details, ownership interests of the Project.
- Physical site inspections were undertaken to assess the status of the Project.

### 7.2 CASH FLOW PROJECTIONS

The cash flows for the Project has been projected separately for each lease, to arrive at their respective value estimates.

Net Operating Income (NOI) has primarily been used to arrive at the value of the Project. The projected future cash flows from the Project are based on existing lease terms for the operational leases 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 Project.

For vacant area and under-construction/future development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up timeframe for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for estimate of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate. Each lease is assessed separately for below aspects, for the rent over a 10-year time horizon:

- 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.
- Generating a market led rental income stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step.
- Computing the monthly income based on rent projected above and translating the same to quarterly income (for the next 10 years and 11<sup>th</sup> year is considered for calculation of terminal value).

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses are projected on quarterly basis. Some of such adjustments on revenue and operational expenses are presented in the table on the following page:

Table 7.1: Adjustments on Revenues and Operational Expenses

Parameters	Description / Basis
Parking Income	Based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces
Miscellaneous Income	Based on income inputs provided by Client for the Project
Insurance	Based on insurance outflow (if any) provided by Client
Annual Lease Rental / Property Taxes	Based on annual lease rental / property tax assessed for the Project as provided by Client
Asset Management Fee	Considered as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.
Margin on CAM	Based on the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.
Revenue Escalation	Based on market-led annual escalation on the market rent
Rent Free Period	Based on the trend prevalent in the submarket, appropriate rent free periods from lease commencement date (for future / new leases) are considered
Brokerage	Based on prevalent market dynamics, brokerage for future / new leases are considered
Fit-Out Income	Based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
Transaction Cost on Exit	Considered as a percentage of the terminal value after aforesaid adjustments

### 7.3 CONSTRUCTION TIMELINES

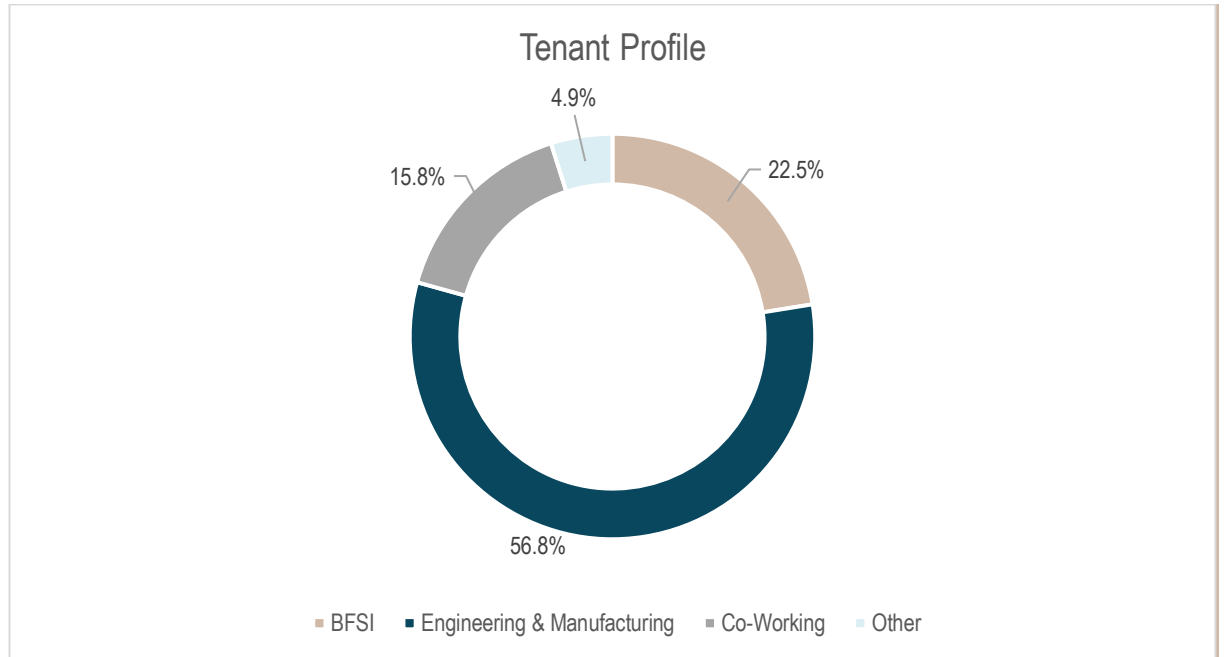
The project has received full occupancy certificate. However, there are certain fit-out cost to be incurred to the tune of INR 625.10 Mn which shall be paid by Q2 FY25.

### 7.4 ABSORPTION/ LEASING VELOCITY AND OCCUPANCY PROFILE

Occupancy profile of the project is as follows:

- 56.8% occupied by Engineering & Manufacturing
- 22.5% of the space is occupied by BFSI
- Co-working has taken up 15.8%
- Balance is held by others 4.9%





Source: Analysis, 31<sup>st</sup> March 2024

## 7.5 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and/or inputs used in the cash flow configuration used for providing Valuation of the Project.

Table 7.2: Key Assumptions Used in the Estimate of Operational / Completed Blocks

Parameters	Assumptions / Inputs	Remarks / Basis
<b>Cash Flow Period</b>		
Valuation Date	31 March 2024	As per workings
Cash Flow Period	10 years	As per workings
Cash Flow Exit Period	31 March 2034	As per workings
<b>Asset Details</b>		
Total Leasable Area	As indicated in Executive Summary	As per the information provided by the Client
Leased Area	As indicated in Executive Summary	As per the information provided by the Client
Vacant Area / Vacancy	181,033 sq. ft. /15.98%	As per the information provided by the Client
Vacancy Allowance	2%	As per market benchmarks for large scale Grade A office projects. .
Area to be Leased	181,033 sq. ft.	As per the information provided by the Client
Rent Free Period for Existing Lease Rollovers	2 months	As prevalent in the micro-market
Rent Free Period for New Leases	3 months	As prevalent in the micro-market
Total No. of Car Parking Spaces	759 Nos	As per the information provided by the Client

Parameters	Assumptions / Inputs	Remarks / Basis
No. of Car Parking Spaces Leased	40 Nos	As per the information provided by the Client
<b>Revenue Assumptions</b>		
Lease Rentals	Actual rentals as per the Rent Roll including additional charges (if any)	As per the information provided by the Client
Rent Escalation	Escalation in rentals as per the Rent Roll for the validity period of the leases i.e. 15% every 3 years and 4.5% every year	As prevalent in the market it is observed that lease agreements are primarily at 15% rent escalations every 3 years or 4.5% every year.
Market / Marginal Rent – Office for FY25	INR 66.15 per sq. ft. per month	The lease transactions in Grade A office space in the said micro market are recorded in the range of INR 60 – 75 per sq. ft. per month. The asking instances are observed in the range of INR 70 – 80 per sq. ft. per month. Please refer table 6.1 and 6.3  Based on the market benchmarking of recent leases on aspects such as location, size of transaction, type of development etc. the achievable rent for the Project is derived.
Market / Marginal Rent - Amenities	Not Applicable	-
Market Rent - Car Parking Space for FY25	INR 2,625 per sq. ft.	The Grade A office offers car parking rates in the range of INR 1,500 – 3,000 per slot per month. Based on the market benchmarking of recent leased rates within the micro-market, the achievable car park rate for the Project is derived.
Market / Marginal Rent - Food Court	Not Applicable	-
Market / Marginal Rent - Kiosk for FY25	INR 105.00 per sq. ft.	-
Market / Marginal Rent – F&B for FY25	INR 89.25 per sq. ft.	-
Other Income	1.0% of base rentals	As prevalent in the market, we consider a normalized level of other income for future. Hence, we have considered other income at 1.0% of base rental income. Other income includes components from Events, Telecom Towers, Pop-ups
Market Rent Growth from FY26	5.00%	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5.0% per annum for the Project

Parameters	Assumptions / Inputs	Remarks / Basis
Parking Rent Growth from FY26	5.0%	Considering the historical growth rate and the current market dynamics we have assumed a market rent growth of 5.0% per annum for the Project
Lease Tenure	9 years	As prevalent in the market
Market Rent Escalation from FY26	5.0% per annum	As prevalent in the market
Target Efficiency	76%	Recent re-leasing suggest that the Client has leased the same premises at relatively lower efficiency for the same carpet area. Going forward, for leases which will expire during the next 10 years, we have considered an efficiency at 76.0% or actual, whichever is lower
Maintenance Services Income / CAM Income for FY25	INR 12.44 per sq. ft. per month for existing tenants  INR 10.60 per sq ft per month for releasing	As provided by Client and in-line with market trend.
<b>Operating Cost Assumptions</b>		
Brokerage - New Leases	2 months receivable on base rent	As prevalent in the market
Brokerage - Renewals / Release	2 month receivable on base rent	As prevalent in the market
Maintenance Services Cost for FY25	~INR 7.82 per sq. ft. per month	Being a newly constructed project and a modern Grade A building, we foresee the current expenses to be low in the Project with higher margin until the expiry of current contractual agreements. We expect the CAM margins to remain at current levels of ~INR 5 psf pm for the contracted period. Post expiry of expiry of contracted period, the margin is expected to revert to market standard.
Property Tax	~INR 3.59 per sq. ft. per month	As provided by the Client
Insurance	~INR 0.39 per sq. ft. per month	As provided by the Client
Cost Escalation	3.0%	As prevalent in the market
CAM Escalation (Income+Expense) from FY26 onwards	0.0% escalation in CAM income for existing tenants  5.0% escalation in CAM income for re-leasing	As prevalent in the market

Parameters	Assumptions / Inputs	Remarks / Basis
	5.0% escalation in CAM Expenses for existing tenants	
<b>Other Assumptions</b>		
Transaction Cost on Sale	1.0%	As prevalent in the market. This is to be incurred towards brokerage and transaction cost
Other Operating Expenses	2.0% of Base Rent + Car Parking Charges	As prevalent in the market
Property Management Fees	3.5% (Base Rent + Car Parking Charges + Fit out Rent + Other Operating Income)	As prevalent in the market
Discounting Rate / WACC	Suggestive Discount Factor 11.75%	Refer Section 3.3 of this report
Cap Rate for Terminal Value	Capitalized using long-term net yield rate of 8.00% (post yield shrinkage). Capitalized based on the net cash flows of the 11 <sup>th</sup> year	Refer Section 3.2 of this report
Cash Flow Configuration	Cash flows have been drawn on quarterly basis for a period of 10 years, considering both cash inflows and outflows. Cash flows of terminal year is then capitalized and adjusted with transaction costs, to arrive at terminal value.	Value assumptions as practiced in the market

## 7.6 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows:

Table 7.3: Market Value of the Project

Component	Leasable Area (sq. ft.)	Market Value (INR Million)	Percentage Share
Commercial / Office Space - Completed	1,132,622	11,363.39	100%

**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

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project comprising total leasable area of 1,132,622 sq. ft. of Project Commerzone (Block A & B), located in Porur, Chennai, Tamil Nadu, India, 600116, as on 31 March 2024 is estimated to be **INR 11,363.39 million (INR Eleven Billion Three Hundred Sixty Three Million Three Hundred Ninety Thousand Only)**

Table 7.4 Ready Reckoner Rates of the Project

Component	Ready Reckoner Rate (INR per sq. ft.)
Land Area (Open Plot)	5,800

Note: The mentioned guideline value is as on 31 March 2024

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



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**Name:** Sachin Gulaty FRICS FIV FIIA,

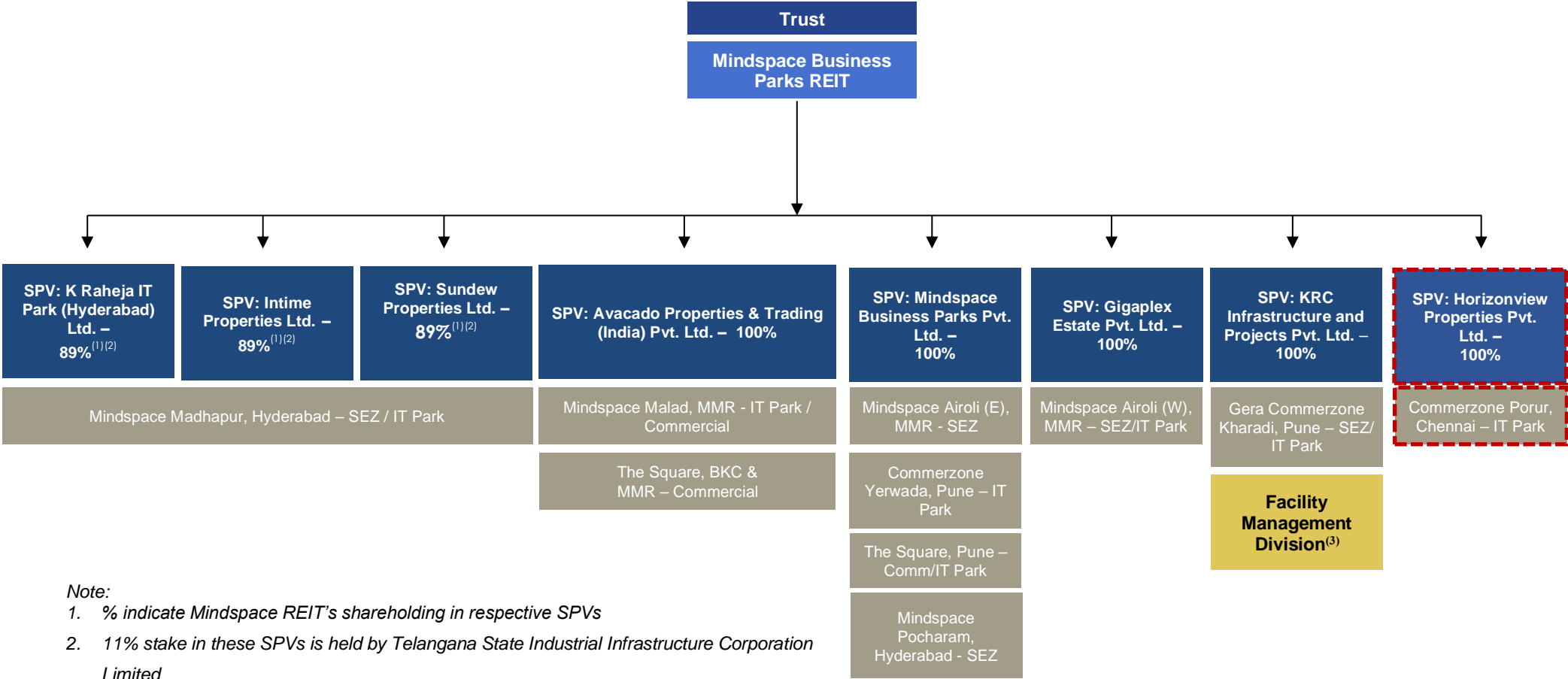
**Designation:** Director

**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in

**Annexure - 1**  
**Ownership Structure of the Project**



- 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 Layout Plan of the Project



**Annexure - 3**  
**Statement of Key Assets within the Project**

Complex	Name	CZ Porur	CZ Porur
Building	No. / Name	A	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
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	

Source: Client, 31<sup>st</sup> March 2024



## Annexure - 4

### Approvals and NOCs Received for the Project

---

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

#### A. APPROVALS RECEIVED

- Completion Certificate
- Lift License
- HSD License (post NOC)
- Power Connection
- Chief Electrical Inspector General Approval (CEIG)
- Fire Compliance
- Fire License
- Consent to Operate (CTO)
- TNRERA NOC
- TNPCB Monthly Submission Form 1
- MOEF, SEIA and TNPCB Six monthly Compliance Report and Annual Report
- Fire License (Yearly)
- CTO (Valid till 31 March 2027)
- Lift License (Every 3 Years)
- HSD License (Valid till 31 Dec 2030)

#### Pending

- None

## Annexure - 5 Ready Reckoner Rate Applicable for the Project

### Guideline Value as on 31<sup>st</sup> March 2024

The screenshot displays the 'GUIDELINE VALUE & PROPERTY VALUATION' section of the Tamil Nadu Registration Department website. It includes a search form with fields for 'Area', 'City/Town', 'Sub-Region/Office', and 'Municipality'. Below the search form, a table lists guideline values for various property types as of 31<sup>st</sup> March 2024. The table has columns for 'Sl No', 'Property Name', 'Area/Type', 'Guideline Value (Per Sq. Meter)', 'Land Classification', 'Effective Date', and 'In Use'. The row for 'Residential Space Type - 1' is highlighted with a red dashed box, showing a guideline value of 12750 per square meter.

Sl No	Property Name	Area/Type	Guideline Value (Per Sq. Meter)	Land Classification	Effective Date	In Use
47	RESIDENTIAL SPACE TYPE - 1	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-
48	RESIDENTIAL SPACE TYPE - 2	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-
49	RESIDENTIAL SPACE TYPE - 3	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-
50	RESIDENTIAL SPACE TYPE - 4	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-
51	RESIDENTIAL SPACE TYPE - 5	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-
52	RESIDENTIAL SPACE TYPE - 6	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-
53	RESIDENTIAL SPACE TYPE - 7	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-
54	RESIDENTIAL SPACE TYPE - 8	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-
55	RESIDENTIAL SPACE TYPE - 9	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-
56	RESIDENTIAL SPACE TYPE - 10	12000 Square Feet	12750 Square Meter	Residential Space Type - 1	31-Mar-2024	-

Source: Registration Department, Govt. of Tamil Nadu

## Annexure - 6 Discounted Cash Flow Profile

		1-Apr-23	1-Apr-24	1-Apr-25	1-Apr-26	1-Apr-27	1-Apr-28	1-Apr-29	1-Apr-30	1-Apr-31	1-Apr-32	1-Apr-33	1-Apr-34
		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	31-Mar-33	31-Mar-34	31-Mar-35
Sl. No.	Particulars	Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11
	Development / Construction Phasing		-	-	-	-	-	-	-	-	-	-	-
	Total Development Cost to be Incurred		625.10	-	-	-	-	-	-	-	-	-	-
	Leasable Area	1,132,621.67	-	-	-	-	-	-	-	-	-	-	-
A	Base Rental		661.27	810.83	883.99	916.50	951.47	1,013.48	1,041.73	1,042.70	1,144.26	1,184.06	1,359.47
B	Car Parking Income		1.10	1.15	1.39	1.39	1.47	1.60	1.60	1.37	1.77	1.77	1.87
C	Fit-out rentals/ tenant improvements		311.49	339.17	339.17	339.17	339.17	166.25	27.90	-	-	-	-
<b>D</b>	<b>Facility Rentals</b>		973.86	1,151.15	1,224.55	1,257.07	1,292.11	1,181.33	1,071.23	1,044.08	1,146.03	1,185.84	1,361.34
E	Maintenance services income		143.23	165.70	165.72	165.74	165.89	166.19	166.75	170.53	176.61	199.14	204.00
F	Other Operating Income		6.61	8.11	8.84	9.17	9.51	10.13	10.42	10.43	11.44	11.84	13.59
<b>G</b>	<b>Revenue from Operations</b>		1,123.70	1,324.96	1,399.11	1,431.97	1,467.52	1,357.66	1,248.40	1,225.03	1,334.08	1,396.82	1,578.93
	<b>Direct Operating Expenses</b>		-	-	-	-	-	-	-	-	-	-	-
H	Maintenance services Expenses		86.26	101.26	101.29	101.31	102.04	103.11	104.05	109.59	118.19	144.32	151.34
I	Property Tax		48.77	50.23	51.74	53.29	54.89	56.53	58.23	59.98	61.78	63.63	65.54
J	Insurance Premium		5.33	5.49	5.65	5.82	5.99	6.17	6.36	6.55	6.75	6.95	7.16
<b>K</b>	<b>Net Operating Income (NOI)</b>		983.35	1,167.99	1,240.44	1,271.55	1,304.59	1,191.84	1,079.77	1,048.92	1,147.36	1,181.93	1,354.89
	Add: Terminal Cash Flow		-	-	-	-	-	-	-	-	-	16,766.78	-
	<b>Indirect Operating Expenses</b>		-	-	-	-	-	-	-	-	-	-	-
L	Brokerage Fees		23.95	-	0.38	-	10.90	0.59	4.29	49.42	31.36	94.55	-
M	Property Management Fee		34.32	40.57	43.17	44.32	45.56	41.70	37.86	36.91	40.51	41.92	48.12
N	Other operational expenses		13.25	16.24	17.71	18.36	19.06	20.30	20.87	20.88	22.92	23.72	27.23
													-
<b>O</b>	<b>EBIDTA</b>		<b>286.73</b>	<b>1,111.17</b>	<b>1,179.19</b>	<b>1,208.87</b>	<b>1,229.08</b>	<b>1,129.25</b>	<b>1,016.75</b>	<b>941.71</b>	<b>1,052.57</b>	<b>17,788.52</b>	-

## Annexure - 7 Material Litigations

---

**(i) Title litigation and irregularities**

Based on legal advice received, the following documents granting development rights in favour of Horizonview for the purposes of constructing an IT Park, have not been registered:

- a. The development agreement, dated November 7, 2006, executed by RPIL, the owner of the land and Horizonview ("**Development Agreement**");
- b. The award dated March 22, 2016, passed by the arbitrator in relation to disputes between RPIL and Horizonview in relation to the Development Agreement ("**Award**");
- c. The letter dated May 18, 2017 executed between RPIL and Horizonview; and
- d. The written arrangement dated February 20, 2019, executed by RPIL and Horizonview modifying the terms of the Development Agreement and the Award.

**(ii) Criminal matters**

There are no pending criminal matters against Horizonview.

**(iii) Regulatory actions**

Horizonview executed conveyance deeds for acquiring property from RPIL Signalling Systems Pvt. Ltd. and lodged them for registration with the Sub-Registrar of Assurances, Kundrathur ("**Registrar**"). The Registrar has issued demand notices for deficit of stamp duty and registration fees aggregating to ₹ 221.28 million in respect of the conveyance deeds. Horizonview has responded to the demand notices, objecting to the same. The Sub-Registrar further issue letters dated December 23, 2023 and January 18, 2024 respectively for payment of a deficit of stamp duty and registration fee. Horizonview vide its letters both dated February 01, 2024 addressed to IGR objected to any deficit amount and sought release of documents.

**(iv) Material civil/commercial litigation**

There are no material civil/commercial litigation involving Horizonview.

## Annexure - 8 Caveats and 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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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

Telangana, India

Submitted To:

K. Raheja Corp. Investment Managers  
Privated Limited (formerly known as K Raheja  
Corp Investment Managers LLP)

(acting as Manager to Mindspace Business Parks REIT)

Date of Valuation:

31-Mar-2024

Date of Report:

24-Apr-2024



Prepared By:

**KZEN VALTECH PRIVATE LIMITED**

**IBBI/RV-E/05/2022/164**

## EXECUTIVE SUMMARY

Property Name	Mindspace Pocharam, Hyderabad – SEZ
Property Address	Mindspace, TSIIIC software layout, Hyderabad, Telangana, 500088
Land Area	26.464 Acres
Brief Description	<p>The Project is located in the eastern part of Hyderabad at Pocharam, in Suburb-Others micro market. It is located ~1.3 km off Hyderabad - Warangal Highway and is accessible through 24 m wide road. It is at a distance of about ~15 km and ~ 41 km from Uppal and Hyderabad International Airport respectively.</p> <p>The Project is developed as IT Park with ~ 0.57 million sq. ft. of leasable area spread across two buildings (Building 8 and 9) developed over ~ 7.464 acre of land and the Project has ~ 19 acres of land earmarked for future development.</p>

### Asset Details

Sl. No.	Land	Extent (acres)
1.	Developed	7.464
2.	Future Development	19.00
	Total Land Area	26.464

Leasable area details as shared by the Client are given below:

Sl. No.	Building Name	Leasable Area (mn sq. ft.)
1.	Building 8 (Completed)	0.38
2.	Building 9 (Completed)	0.19
	Total Leasable Area	0.57

The Project has two completed and vacant buildings and ~ 19 acres of land earmarked with development potential of 429,897 sq. ft. leasable area.

Subject Property has undergone significant changes over the last six months with the existing tenant(s) having moved out of the property. Both leasable buildings in the Subject Property are currently vacant and considerable challenges have been observed over these last six months in leasing this Subject Property. Further, recent market feedback indicates that Subject Property micro-market is no longer being considered as an active destination for IT/ITeS spaces. The IT/ITeS activity in the city has been largely concentrated in the western quadrant and there is no immediate visibility of demand in the eastern quadrant. Given these constraints, the approach to valuation of Subject Property has been changed, in line with guidance provided under International Valuation Standards 2022, to Cost Approach from Income Approach considered previously, as there is currently no direct evidence of rent and no other identifiable income streams and does not appear likely in the near foreseeable future from the Subject Property. The land component has been valued while considering the Comparable Sales Method (under the Market Approach) and built component and plant and machinery component have been valued considering the Depreciated Replacement Cost Method.



Location Map



**Key Assumptions** The table below summarizes key valuation assumptions used in the estimate.

Particulars	Description
Asset Specific Information	
Nature of Asset	Commercial / Office with Amenities
Current Status	Operational and vacant
Total Land Area (land under existing buildings and land earmarked for future development)	~ 26.464 acres
Total Leasable Area (Building 8 & 9)	0.57 mn sq. ft.
Age of the Building	Building 8: 14 years and 6 months Building 9: 1 year 5 months
Cost Assumption	
Replacement Construction Cost of Building (Core & Shell incl. finishes, structural glazing, external development)	INR 2,200 per sq. ft. (on leasable area)
Depreciation Rate	As per Part "C" of Schedule II of The Companies Act 2013)
Building / Structure – RCC (Cold Shell / Bare-shell)	4.87%
Financial Assumptions	
Additional Transaction Costs anticipated given likely higher marketing and agency costs	1.00%

Market Value	<p>Market value of land admeasuring 26.464 acres and 0.57 million sq. ft. of leasable area and plant &amp; machinery – INR1,487.86 million (INR One Billion Four Hundred Eighty Seven Million Eight Hundred Sixty Thousand Only)</p> <ul style="list-style-type: none"> <li>- Land Component <ul style="list-style-type: none"> <li>- Market value of the ~ 26.464 acre land currently accommodating existing built structures – INR818.18 million (INR Eight Hundred Eighteen Million One Hundred Eighty Thousand Only)</li> <li>- Market value of the ~ 7.464 acre land currently accommodating existing built structures – INR230.76 million (INR Two Hundred Thirty Million Seven Hundred Sixty Thousand Only)</li> <li>- Market value of the ~ 19 acre land earmarked for future development - INR587.42 million (INR Five Hundred Eighty Seven Million Four Hundred Twenty Thousand Only)</li> </ul> </li> <li>- Building Component <ul style="list-style-type: none"> <li>- Market value of the Completed buildings developed over ~ 7.464 acre of land with ~ 0.57 million sq. ft. of leasable area (excluding land value) - INR590.68 million (INR Five Hundred Ninety Million Six Hundred Eighty Thousand Only)</li> </ul> </li> <li>- Plant &amp; Machinery Component <ul style="list-style-type: none"> <li>- Market value of plant and machinery for the completed buildings – INR79.00 million (INR Seventy Nine Million Only)</li> </ul> </li> </ul>
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## **LIST OF ABBREVIATIONS**

BPO	Business Process Outsourcing
CBD	Central Business District
DCR	Development Controls & Regulations
GHMC	Greater Hyderabad Municipal Corporation
HMDA	Hyderabad Metropolitan Development Authority
INR	Indian National Rupees
IT/ITES	Information Technology/IT enabled Services
IVSC	International Valuation Standards Committee
JLL	Jones Lang LaSalle Property Consultants (India) Private Limited
NH	National Highway
ORR	Outer Ring Road
PBD	Peripheral Business District
RICS	Royal Institution of Chartered Surveyors
SEBI	Securities and Exchange Board of India
SBD	Secondary Business District
SEZ	Special Economic Zone
sq. ft.	square feet
sq. m.	square metre
REIT	Real Estate Investment Trust
Y-o-Y	Year-on-Year

## **CONVERSION OF UNITS**

1 acre	43559.66 sq. ft.
1 acre	4046.9 sq. m.
1 sq. m.	1.196 sq. yards
1 sq. m.	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft.
1 cent	435.6 sq. ft.

# 1 INTRODUCTION

## 1.1 INSTRUCTIONS

K Raheja Corp. Investment Managers Private Limited (hereinafter referred to as the 'Client'), in its capacity as Manager of the Mindspace Business Parks REIT (Mindspace REIT), has appointed KZEN VALTECH PRIVATE LIMITED, Registered Valuer Entity with Insolvency and Bankruptcy Board of India ("IBBI") bearing registration no. IBBI/RV-E/05/2022/164 (hereinafter referred to as the 'Valuer') to carry out an independent estimate of Market Value of commercial / office properties located in Chennai, Hyderabad, Mumbai and Pune along with incidental or ancillary activities including a facility management business and power distribution facility, vide Engagement Letter dated 27 March 2023. The Client intends to seek independent estimate of Market Value 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.

This Valuation Report has Market Value of a commercial / office project named '**Mindspace REIT**' located in **Pocharam, Hyderabad**, Telangana, India (hereinafter referred to as the 'Project'). The project is an IT Park having leasable area of about 0.57 million sq. ft. spread across two completed buildings and the project has ~ 19 acre of land earmarked for future development. As instructed by the Client and based on information provided, the following blocks/buildings have been considered under the purview of this valuation exercise along with the land earmarked for future development.

Table 1-1: Details of the Project in terms of Buildings and Leasable Area

Sl. No.	Building Name	Leasable Area (mn sq. ft.)
1.	Mindspace Pocharam – Building 8	0.38
2.	Mindspace Pocharam – Building 9	0.19
	Total Leasable Area	0.57

Source: Client, March 2024

## 1.2 PURPOSE OF VALUATION

The purpose of this valuation is to estimate the value of the Project 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.

## 1.3 RELIANT PARTIES

The reliance on the Valuation Report 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 Client shall make all reliant parties aware of the terms and conditions of the engagement under which this exercise is being undertaken and take due acknowledgements to the same effect.

## 1.4 VALUER'S CAPABILITY

**KZEN VALTECH PRIVATE LIMITED**, bearing Registered Valuer Entity number IBBI/RV-E/05/2022/164 with IBBI has been appointed as the Valuer for providing opinions on market value of the respective Subject Properties.

Mr. Sachin Gulaty, Director, KZEN VALTECH PRIVATE LIMITED, is registered as a valuer with IBBI for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 13 August 2021. He qualified for the degree of Bachelor of Architecture from School of Planning and Architecture, New Delhi in 1997, and qualified for the degree of Master's in Planning with specialization in Urban Planning from School of Planning and Architecture, New Delhi in 2002. He, subsequently, undertook distance learning from SVKM's Narsee Monjee Institute of Management Studies ("NMIMS") Global Access – School for Continuing Education, qualified for the two-years Post Graduate Diploma in Banking & Financial Management and was awarded this Post Graduate Diploma in July 2018.

Mr. Gulaty has more than 26 years of experience, including one and a half years of post-graduate education, spread over domains of architecture, urban planning, urban infrastructure, real estate advisory, and real estate asset valuation. He was the National Head of Valuations for Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL India"), a leading International Property Consulting firm in India, from 2010 to 2021. Prior to this role, Mr. Gulaty gained practical experience in providing architecture services, town and city planning, and research related to regulatory studies and urban governance covering urban infrastructure such as water supply, sanitation, solid waste management, and urban transport, among other aspects. In the early part of his career, he worked with renowned architectural services firm, Kuldip Singh & Associates, and The Energy and Resources Institute ("TERI"). His last employment was with JLL as Senior Director and National Head for Valuations.

As the National Head of Valuations at JLL India, he led numerous valuation exercises for multiple financial institutions, private equity/real estate funds, corporates, industrial houses, government departments, and developers across multiple real estate asset classes of commercial, retail, residential, industrial, healthcare, and hospitality, among others. Clientele served by him across his entire career till date, under various employments, includes Brookfield, GIC, Qatar Investment Authority, JP Morgan, BlackRock, CapitalLand, Citibank, Standard Chartered Bank, Yes Bank, Kotak Mahindra, Maruti Suzuki, Indiabulls, Dubai Port World, World Bank, DLF, RMZ, Shriram Properties, DIPAM, NHAI, NBCC, AAI, and RLDA, among others.

Mr. Gulaty, who carries IBBI Registration Number: IBBI/RV/02/2021/14284, is enrolled with the Institute of Valuers Registered Valuers Foundation ("IOVRVF"), is a Fellow of Royal Institution of Chartered Surveyors ("RICS"), Fellow and Lifetime Member of Institute of Valuers, India ("IOV"), admitted as an Arbitrator (India) on the RICS Panel of Dispute Resolvers & Expert Witnesses, and features in the global list of RICS Trained Assessors, has prepared and signed this report on behalf of RV-E.

## 1.5 INDEPENDENCE, CONFLICT OF INTEREST AND VALUER'S INTEREST

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the Project is concerned. The Valuer 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 Project in past five years from his engagement as the Valuer, except as valuer under the SEBI (REIT) Regulations, 2014.

The Valuer certifies that he/she does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Project (including the parties with whom the Client is dealing, including the lender or selling agent, if any) and accepts instructions to value the Project only from the Client.

## **1.6 ASSUMPTIONS, DEPARTURES AND RESERVATIONS**

This Valuation Report has been prepared on the basis of the assumptions within the instructions (Key Assumptions, Qualifications, limitations and Disclosures) detailed after this section of this report. Built up area, land area and plant and machinery pertaining to this Subject Property 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.

## **1.7 INSPECTION OF THE PROJECT**

The project was inspected on 24 March 2024 by the Valuer in the presence of client-nominated representative, and subsequently no site visits have been conducted by the Valuer. A subsequent visit to this property related to plant and machinery has been done on 11 April 2024 by a representative of Mr. Amitava Mukhopadhyay, who is registered as valuer with IBBI for the plant and machinery asset class, who has been engaged by Valuer to opine on market value of the plant and machinery component at the Subject Property. 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.

## **1.8 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 Project 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.

## **1.9 CONFIDENTIALITY**

The contents of this Valuation 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.



## 1.10 AUTHORITY

The 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 Section 1.2 herein. If Client desires to use the Report in any offering or other investment material for purpose other than as mentioned in the Section 1.2 herein, then (a) with Valuer will require, and the Client must provide or cause to be provided, an indemnification agreement in his favor, given by parties reasonably satisfactory to him, and (b) the Client will obtain his consent to the references in such materials to the Report.

## 1.11 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 engagement 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 Indian Rupees Fifty Million.

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 them 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 the Valuer in this regard.

The Valuer will neither be responsible for any legal due diligence, title search, and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls with any government departments/authorities, among other aspects., etc.

## 1.12 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.

## 1.13 ANTI-BRIBERY AND ANTI-CORRUPTION

The Valuer represents, warrants and undertakes that:

The Valuer is 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.

## KEY ASSUMPTIONS, QUALIFICATIONS, LIMITATIONS AND DISCLAIMERS

1.	Type of Estimate	The scope of the assignment covers only estimating Market Value of a specified property and not a business valuation for either the Client or any of their subsidiaries or associated companies, etc. The estimate is based on extent of data/information provided by the Client and estimate has limited coverage wherever full data/information is not made available by the Client.
2.	Legal Due-Diligence	Legal due diligence for establishing clarity of title, ownership, encumbrances if any, notices or disputes if any, among other legal-related issues are not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
3.	Information Provided by the Client and Others	The Valuer has relied on the information provided by the Client and the same has been assumed to be correct and has been used in the estimate. Where it is stated that another party has supplied information to the Valuer, this information is believed to be reliable. The Valuer cannot accept any responsibility for accuracy and non-reliability of such information.
4.	Regulatory Due-Diligence	Regulatory due diligence is not part of scope of work for this assignment. In all likelihood, an independent legal agency would be covering this aspect, details of which can be obtained from the Client.
5.	Project Status, Schedule and Project Costing	Assessment of the Project Status and Schedule is based on the information provided by the Client and does not consider any unforeseeable developments which could impact the same in the future. The estimate <u>does account</u> for any capital expenses incurred by the Client on the existing and/or ongoing development works in the Project. Auditing the project figures is not part of the scope of work under this assignment. In all likelihood, an independent auditing agency would be covering this aspect, details of which can be obtained from the Client.
6.	Market Conditions and Trends	The Valuer has taken into consideration the general conditions in the market with respect to broad demand and supply while carrying out the valuation. The Valuer has compared other comparable properties on the basis of many factors and as far as possible tried to remove / account for the differences in type, location and quality of the properties.
7.	Information on movable and immovable components of Property	The Valuer has relied on land area, built up area, and plant and machinery as given by the Client. The Valuer has relied on all information provided to him by the Client, assuming this to be complete and correct. The Valuer has relied on all details to the extent data/information made available by the Client.

8. Site Investigations and Illustrations	The Valuer has carried out the site visits and based on the information made available by the Client and the estimate is carried out considering that the Project Site is a contiguous land parcel and is free from any encroachments and encumbrances as on the date of valuation. The Valuer has not carried out any structural survey nor tested the building services. No geographical or geo-physical survey was carried out. No environmental assessment has been carried out. Any sketch, plan or map in the report is included to assist reader while visualizing the Project and assume no responsibility in connection with such matters.
9. Project Cost Estimates	Replacement Cost of the built structures and site development have been estimated by Valuer.
10. Environmental Compliance	The Valuer assumed that the Project Site / Project is not contaminated and is not adversely affected by any existing or proposed environmental law and any processes which are carried out on the Project Site are regulated by environmental legislation and are Project Site licensed by the appropriate authorities.
11. Present Ground Conditions	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the current or future occupation, development of the Project. The estimate assumes that the Project Site is free from rot, infestation, structural or latent defect and no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.
12. Town Planning and Statutory Considerations	The Valuer has not made formal search but has generally relied on readily available information to general public. Valuation Report is on current use/ current state basis of the property and the Valuer has not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Project.
13. Future Market Development and Prospects	The Valuer has not accounted any future market development and prospects to the extent information known to the Valuer as on the date of valuation. The Valuer does not warrant that such statements are accurate or correct.
14. Disclaimer	<p>The estimate of Market Value is based on documents/information shared by the Client. The Valuer has not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the Project.</p> <p>The Valuer has relied on the measurements and information provided at all times, whether from public and private sources, and has ensured to the best of their ability the correctness and the validity of the same, by cross checking from various sources. Whilst every effort has been taken to provide authentic data and analysis, the Valuer, and/or any of their associated companies and/or their employees are not responsible for any loss, major or minor incurred on the basis of the information and analyses provided, nor are liable to any damages in any form or shape.</p> <p>Given the confidential nature of real estate transactions, transaction details for most properties, which are privately actually transacted, are not in the public domain. Consequently, there is reliance on information from market sources, which may not be completely accurate. Thus, information has been crosschecked independently from other market sources to ascertain the broad credibility of information being provided by the market sources. This assignment has been done on best effort and knowledge basis.</p>

## 2 VALUATION APPROACH AND METHODOLOGY

### 2.1 VALUATION STANDARDS ADOPTED

This Report is prepared in accordance and compliance with:

1. Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time (“**SEBI Regulations 2014**”), including Regulation 21 Sub-Regulation (3) and mandatory minimum disclosures as specified in Schedule V of these SEBI Regulation 2014,
2. Companies (Registered Valuers and Valuation) Rules, 2017 as amended from time to time (“**Valuer Rules 2017**”), including reporting requirements as specified in Rule 18 to these rules,
3. International Valuation Standards 2022 (“**IVS 2022**”) as set out by International Valuation Standards Committee (“**IVSC**”) and adopted by Royal Institution of Chartered Surveyors (“**RICS**”) presented in the RICS Valuation Standards and Guidelines 2022 (“**RICS Red Book 2022**”), subject to variation to meet local established law, custom, practice, and market conditions.

### 2.2 BASIS OF VALUATION

Basis of valuation of the Project is **Market Value** as defined by IVSC and adopted by Royal Institution of Chartered Surveyors (RICS) to be: *“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

### 2.3 APPROACH AND METHODOLOGY

The purpose of this valuation exercise is to estimate the Market Value of the Project, which is a real estate asset. Market Value of the real estate asset can be estimated using different approaches and methodologies.

**Income Approach:** Under this valuation approach, the income generating potential of the real estate asset is estimated while opining on its market value. This approach is typically adopted for assets that are income-generating (completed and operational with multiple tenancies, multiple strata units that can be sold with phased/milestone-based revenue collections, among others). For income-generating assets with single/multiple tenancies, the discounted cash flow entailing term and reversion method is most commonly adopted.

**Market Approach:** Under this valuation approach, the price that an asset could fetch in an open market is estimated. This approach is typically adopted for homogeneous assets in their micro-market and are typically traded on a unit basis. The most commonly adopted valuation method under this valuation approach is the Listed Transaction / Listed Quoted Instances Method, also commonly known as the Direct Comparison or the Comparable Sales/Quoted Instances Method.

**Cost Approach:** Under this valuation approach, the cost required to create an asset of similar or equal utility is estimated. This valuation approach is typically adopted for real estate assets that can be clearly broken down into constituent elements, namely land and built structures. The most commonly adopted valuation method under this valuation approach is the Physical Method, also commonly known as Land and Building Method, which typically entails estimation of the underlying land value (while normally adopting the Market Approach) and the built structures (while adopting the Depreciated Replacement Cost Method) separately.

The table below presents different valuation methodologies and their brief description.

**Table 2.1: Different Valuation Methodologies and Description**

Sl. No.	Valuation Methodology	Description
1.	Comparable Sales / Quoted Instances Method	This method is based on comparing the subject property directly with other comparable property transaction (actually been sold in the vicinity or are offered for sale). Efforts would be made to collect transacted instances. In case of non-availability of transacted instances in the micro-market, the opinion will be offered based on the available asking/quoted instances in the market with appropriate adjustments for margin for negotiation. Given the homogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. These adjustments are typically made in the form of premium and/or discount factors for various property attributes, which affect the value. This method demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This method is a fair estimate of the prevailing prices.
2.	Depreciated Replacement Cost Method	Replacement cost method is based on the construction cost of assets. The cost to be estimated is the cost of construction as per the construction status at the valuation date. This is based on the inspection of the facility and inputs provided by the Client; however, no structural survey will be conducted. Appropriate depreciation rates will be applied based on schedules given under the Indian Companies Act. This is generally used for estimating the Market Value of buildings and plant and machinery
4.	Discounted Cash Flow Method	This method is based on the present value of the future receivable net income from the current operational leases / revenues. The current revenues and the future achievable revenues derived from the operational project components of the Project Site would be adjusted for the outgoing expenses to derive 10-year cash flows. The same is then discounted at an appropriate discounting rate linked with risk adjusted discounting factor to estimate the market value for the operational project components. This method is sometimes referred to as 'Rent Roll method as well.

#### Approach and Methodology Adopted for Estimated Market Value of the Project

Based on a detailed review of the Project, the Valuer has noted that the existing buildings are vacant, and the earlier leases have expired. No demand has also been observed for this vacant space for quite some time, and in particular over the last six months since the previous valuation of this Project. Further, based on market research, Project micro market was observed to have no demand for office, with demand for office spaces being primarily concentrated to western part of Hyderabad. The Project micro-market also appears to be beginning to emerge as a residential destination with significant upcoming supply of residential strata units. However, the Subject Property can only be used for IT / ITeS purposes. Overall, the Subject Project is now characterized by the following three aspects:

- 1) Previous tenants have moved out of the Project, and Project has no current evidence of revenue generation,
- 2) Further leasing of this space appears to be unlikely in the near to medium foreseeable future given the apparent lack of demand for spaces in the Project micro-market, and.
- 3) Project is earmarked for a specific use, which while being common at the city and national level, it is still a regulatory constraint that determines the uses to which the Project can be put.

Point 60.2 under IVS 105 – Valuation Approaches and Methods on Pages 48-49 of International Valuation Standards 2022 (“IVS 2022”) clearly states that:

*“The cost approach should be applied and afforded significant weight under the following circumstances:*

- (a) participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately,*
- (b) the asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or*
- (c) the basis of value being used is fundamentally based on replacement cost, such as replacement value.”*

Further, Point 70.3 under IVS 400 – Real Property Interests on Page 113 of IVS 2022, clearly states that: *“70.3 It may be used as the primary approach when there is either no evidence of transaction prices for similar property or no identifiable actual or notional income stream that would accrue to the owner of the relevant interest.”*

In addition, Point 70.2 under IVS 300 – Plant and Equipment on Page 107 of IVS 2022 clearly states that: *“70.2 An entity’s actual costs incurred in the acquisition or construction of an asset may be appropriate for use as the replacement cost of an asset under certain circumstances. However, prior to using such historical cost information, the valuer should consider the following:*

- (a) **Timing of the historical expenditures: An entity’s actual costs may not be relevant, or may need to be adjusted for inflation/indexation to an equivalent as of the valuation date, if they were not incurred recently due to changes in market prices, inflation/deflation or other factors ...”***

Under the same section, Point 70.3 on Page 107 of IVS 2022 clearly states that:

*“70.3 Having established the replacement cost, deductions must be made to reflect the physical, functional, technological and economic obsolescence as applicable ...”*

Considering the above guidance from IVS 2022 in light of the circumstances and scenario of Subject Property, the Cost Approach has been considered for this valuation of Project as of 31 March 2024 instead of Income Approach that was considered in the previous valuations of this Project.

Under the Cost Approach, the Summation Method of valuation has been considered, which is *“... a method that calculates the value of an asset by the addition of the separate values of its component parts.”* The following components has been considered while valuing this Project under the Cost Approach:

- 1) Land Component: Market Approach adopting the Comparable Sales /Quoted Instances Method,
- 2) Built Component: Depreciated Replacement Cost Method (adjusted for obsolescence), and
- 3) Plant & Machinery Component: Depreciated Replacement Cost Method.

## 3 VALUATION ASSUMPTIONS AND INPUTS

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### 3.1 INVESTIGATION, NATURE AND SOURCE OF INFORMATION

The Valuer undertook physical visits of the Project 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 Project was sourced from the industry and market report prepared by Jones Lang LaSalle Property Consultants (India) Private Limited ('JLL'), who were appointed by the Client to undertake market research and portfolio analysis of the properties part of the Mindspace REIT.

Project related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original documents. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

In addition, the Valuer relied on the following information and documents shared by the Client with respect to the Project:

- Title certificates prepared by the Legal Counsel of the Client covering the type of ownership interest enjoyed and information on ongoing litigation.
- Architect's certificates dated mentioning site areas and property areas
- Relevant approval documents from competent authorities regarding occupancy, operations and fire safety.
- Masterplan/ Development plan applicable in the jurisdiction of the Project
- Fixed Asset Register for plant and machinery in the Project
- Management representation regarding the following:
  - Major repairs undertaken and proposed in the Project
  - Statement of assets
  - Revenue pendency if any
  - Pre-emption and any other encumbrances concerning or affecting the property.
  - List of material litigations

## 4 VALUATION CERTIFICATE

Property Name	Mindspace Pocharam, Hyderabad - SEZ																									
Property Address	Mindspace, TSIIIC software layout, Hyderabad, Telangana, 500088																									
Land Area	26.464 Acres <i>Note: The current Valuation assessment is limited to ~ 26.464 acre (including developed and land earmarked for future development)</i>																									
Brief Description	<p>The Project is located in the eastern part of Hyderabad at Pocharam in Suburb-Others micro market. It is located ~1.3 km off Hyderabad -Warangal Highway and is accessible through 24 m wide road. It is at a distance of about ~15 km and ~ 41 km from Uppal and Hyderabad International Airport respectively.</p> <p>The Project is developed as IT Park with ~ 0.57 million sq. ft. of leasable area spread across two buildings (Building 8 and 9) developed over ~ 7.464 acre of land and the Project has ~ 19 acres of land earmarked for future development.</p>																									
Asset Details	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Land</th> <th>Extent (acres)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Developed</td> <td>7.464</td> </tr> <tr> <td>2.</td> <td>Future Development</td> <td>19.00</td> </tr> <tr> <td></td> <td>Total Land Area</td> <td>26.464</td> </tr> </tbody> </table> <p>Leasable area details as shared by the Client are given below:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Building Name</th> <th>Leasable Area (mn sq. ft.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Building 8 (Completed)</td> <td>0.38</td> </tr> <tr> <td>2.</td> <td>Building 9 (Completed)</td> <td>0.19</td> </tr> <tr> <td></td> <td>Total Leasable Area</td> <td>0.57</td> </tr> </tbody> </table> <p>The Project has two completed and vacant buildings and ~ 19 acres of land earmarked with development potential of 429,897 sq. ft. leasable area. However currently the development potential is valued at Land Value.</p> <p>Plant and machinery details as shared by Client are presented in Table 7.7 in Annexure 6 to this report.</p>		Sl. No.	Land	Extent (acres)	1.	Developed	7.464	2.	Future Development	19.00		Total Land Area	26.464	Sl. No.	Building Name	Leasable Area (mn sq. ft.)	1.	Building 8 (Completed)	0.38	2.	Building 9 (Completed)	0.19		Total Leasable Area	0.57
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Valuation Methods	<p>Considering the dynamics of the Project, demand scenario of the micro-market and no plan of any future development by the Client, the Valuer has prepared the estimate of Market Value using the following approach(es) / method(s):</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Asset Type</th> <th>Methodology Adopted</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Land Component</td> <td>Market Approach (Comparable Sales / Quoted Instances Method)</td> </tr> </tbody> </table>		Sl. No.	Asset Type	Methodology Adopted	1.	Land Component	Market Approach (Comparable Sales / Quoted Instances Method)																		
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	2.	Completed Assets / Buildings	Depreciated Replacement Cost (adjusted for obsolescence) Method
	3	Plant and Machinery Component	Depreciated Replacement Cost Method
Nature of the Interest by the Client	100% freehold interest in the Project as informed by the Client		
Purchase Price of the Project	INR 2,602.14 million, as given by the Client (including the purchase price for land of 39.996 acres area which was subsequently sold)		
Historical Valuation of the Project in 3 Previous Years	Below table summarizes historical valuation of the Project as given by the Client:		
	Sl. No.	Date of Valuation	Market Value (INR Million)
	1	30-Sep-2023	1,923.12 (Completed: 1,336.49, Under-construction / Future Development: 586.63)
	2	31-Mar-2023	2,326.7 (Completed:1,740.27, Under-construction / Future Development: 586.63)
	3.	30-Sep-2022	2,137 (Completed:1,217, Under-construction / Future Development: 920)
	4.	31-Mar-2022	2,138 (Completed:1,225, Under-construction / Future Development: 913)
	5.	30-Sep-2021	2,838 (Completed:1,260, Under-construction / Future Development: 1,578)
	6.	31-Mar-2021	2,746 (Completed:1,177, Under-construction / Future Development: 1,568)
Ready Reckoner Rate	Built -up area: Ground Floor – INR 2,200 per sq. ft. First & Other Floors - INR 2,200 per sq. ft. Land Area: INR 6,388 per sq. yd. or INR 30.92 million per acre		
Date of Valuation	31-Mar-2024		
Date of Inspection	24-Mar-2024		
Market Value as on 31-Mar-2024	Market value of land admeasuring 26.464 acres and 0.57 million sq. ft. of leasable area and plant & machinery – INR1,487.86 million (INR One Billion Four Hundred Eighty Seven Million Eight Hundred Sixty Thousand Only)  - Land Component		

	<ul style="list-style-type: none"> <li>- Market value of the ~ 26.464 acre land currently accommodating existing built structures – INR818.18 million (INR Eight Hundred Eighteen Million One Hundred Eighty Thousand Only)</li> <li>- Market value of the ~ 7.464 acre land currently accommodating existing built structures – INR230.76 million (INR Two Hundred Thirty Million Seven Hundred Sixty Thousand Only)</li> <li>- Market value of the ~ 19 acre land earmarked for future development - INR587.42 million (INR Five Hundred Eighty Seven Million Four Hundred Twenty Thousand Only)</li> </ul> <ul style="list-style-type: none"> <li>- Building Component                     <ul style="list-style-type: none"> <li>- Market value of the Completed buildings developed over ~ 7.464 acre of land with ~ 0.57 million sq. ft. of leasable area (excluding land value) - INR590.68 million (INR Five Hundred Ninety Million Six Hundred Eighty Thousand Only)</li> </ul> </li> <li>- Plant &amp; Machinery Component                     <ul style="list-style-type: none"> <li>- Market value of plant and machinery for the completed buildings – INR79.00 million (INR Seventy Nine Million Only)</li> </ul> </li> </ul>
Matters Affecting the Property and its Value	Please refer to Chapter 7 of this Valuation Report
Assumptions, Disclaimers, Limitations and Qualifications	This Valuation Report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report, which are made in conjunction with those included within the Assumptions, Limitations & Qualifications section located within this report. <b>Reliance on this report and extension of Valuer's liability is conditional upon the reader's acknowledgement and understanding of these statements. This Valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party, who may use or rely on the whole or any part of the content of this Valuation Report. The Valuer has no pecuniary interest that would conflict with the proper valuation of the Project</b>
Prepared by	KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164) Represented through its Director Mr. Sachin Gulaty FRICS FIV FIIA IBBI/RV/02/2021/14284



**Name:** Sachin Gulaty FRICS FIV FIIA  
**Designation:** Director  
**Valuer Registration No.:** IBBI/RV/02/2021/14284

## 5 PROJECT SITE AND PROJECT ANALYSIS

### 5.1 DETAILS OF THE PROJECT SITE AND/OR PROJECT

The table below presents details of the Project Site and/or Project

Table 5-1: Details of the Project Site and/or Project

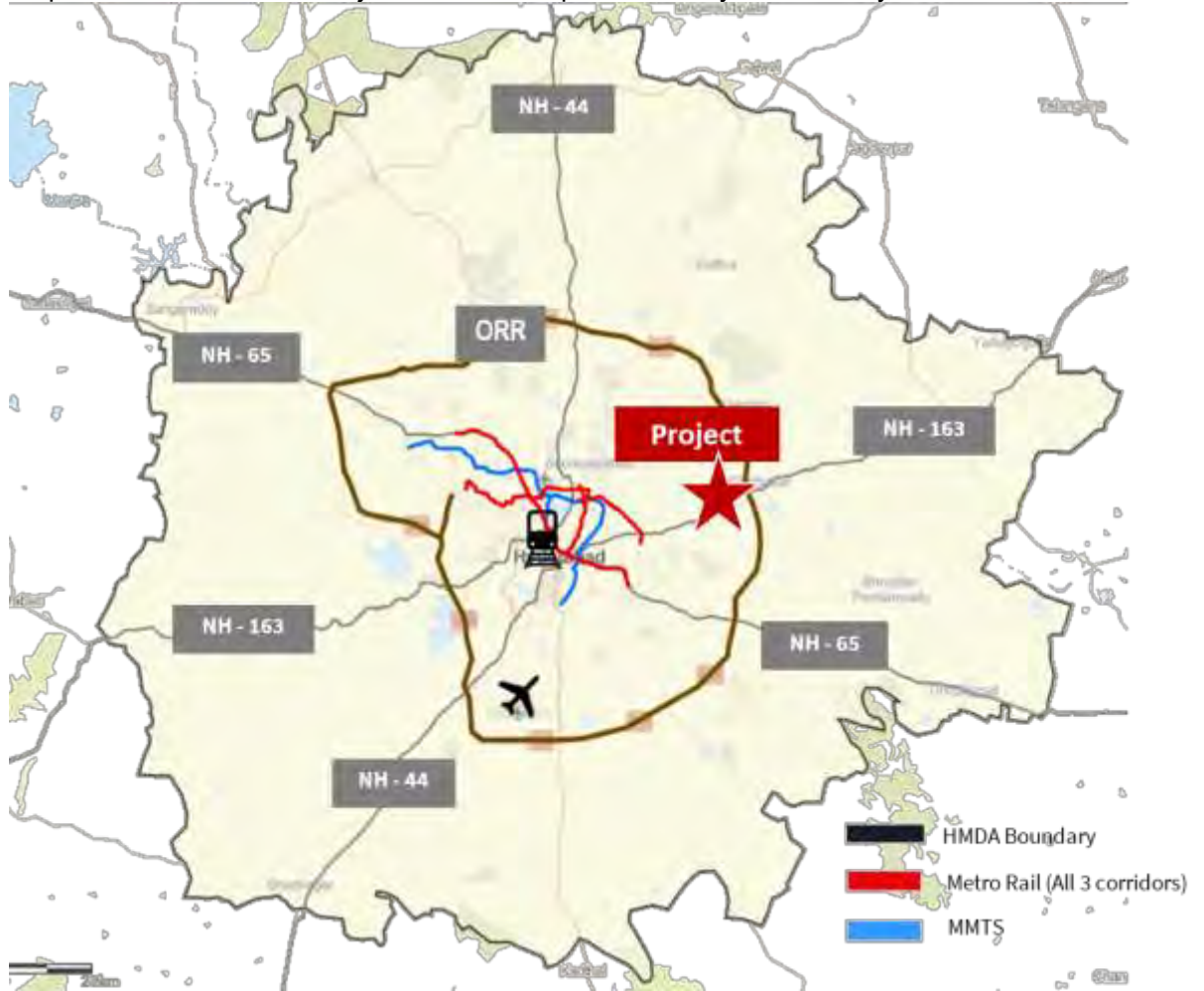
DETAILS OF PROPERTY													
Property Name	Mindspace Pocharam, Hyderabad - SEZ												
Property Address	Mindspace, TSIC software layout, Hyderabad, Telangana, 500088												
Land Area	26.464 Acres <i>Note: The current Valuation assessment is limited to ~ 26.464 acre (including developed and land earmarked for future development)</i>												
Block-Wise Break-Up of Leasable Area and Current Status	<p>Leasable area details as shared by the Client is given below:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Building Name</th> <th>Leasable Area (mn sq. ft.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Building 8</td> <td>0.38</td> </tr> <tr> <td>2.</td> <td>Building 9</td> <td>0.19</td> </tr> <tr> <td></td> <td>Total Leasable Area</td> <td>0.57</td> </tr> </tbody> </table> <p>Based on the information provided by the Client, the Project has two buildings (completed and vacant) developed over ~ 7.464 acres and ~ 19 acre of land for future development.</p>	Sl. No.	Building Name	Leasable Area (mn sq. ft.)	1.	Building 8	0.38	2.	Building 9	0.19		Total Leasable Area	0.57
Sl. No.	Building Name	Leasable Area (mn sq. ft.)											
1.	Building 8	0.38											
2.	Building 9	0.19											
	Total Leasable Area	0.57											
Access	Accessible through approx. 24 m. wide internal road												
Frontage	Excellent frontage along the access road												
Shape and Visibility	Regular in shape and has excellent visibility from access road												
Approval Status	Project has requisite approvals in place as confirmed by the Client												
INFRASTRUCTURE													
Water Supply, Sewerage & Drainage	Available within the Project												
Power & Telecommunication	Available within the Project												

### 5.2 LOCATION OF THE PROJECT

The Project is located in the eastern part of Hyderabad at Pocharam in Suburb-Others micro market. It is located ~1.3 km off Hyderabad -Warangal Highway and is accessible through 24m wide road. It is at a distance of about ~15 km and ~ 41 km from Uppal and Hyderabad International Airport respectively.

The map below presents the location of the Project Site with respect to the city.

Map 5.1: Location of the Project Site with respect to the Hyderabad City



Source: Real Estate Market Research & Analysis; JLL, March 2024

The distance of the Project from major landmarks in the city is given in the table below.

Table 5-2: Distances of the Project from Major Landmarks in the City

Location / Landmark	Approximate Distance from Project Site (km)
Outer Ring Road (ORR)	~ 3
Secunderabad Railway Station	~ 20
Hyderabad RGIA Airport	~ 41
Singapore Township	~ 1
Infosys Campus	~ 2

Source: Real Estate Market Research & Analysis; JLL, March 2024

### 5.3 DESCRIPTION OF THE PROJECT AND ITS SURROUNDINGS

The Project is developed as IT Park and is located in Pocharam in Suburb-Others micro market of Hyderabad. It is located accessible through 24m wide road from the Hyderabad – Warangal Highway. In terms of Project Site attributes, the Project Site is regular in shape and has relatively flat terrain.

The Project consists of two buildings with total leasable area of ~ 0.57 million sq. ft. developed over ~ 7.464 acres of land and ~ 19 acres of land earmarked for future development.

The Project micro market has only Infosys Campus as the other commercial development. In terms of real estate activity, the Project is predominantly surrounded by residential plotted development and few apartment projects including Singapore Township.

The Project enjoys good frontage along the access road. The map below presents location of the Project Site and its surroundings.

Map 5.2: Location of Project and its Surrounding Developments

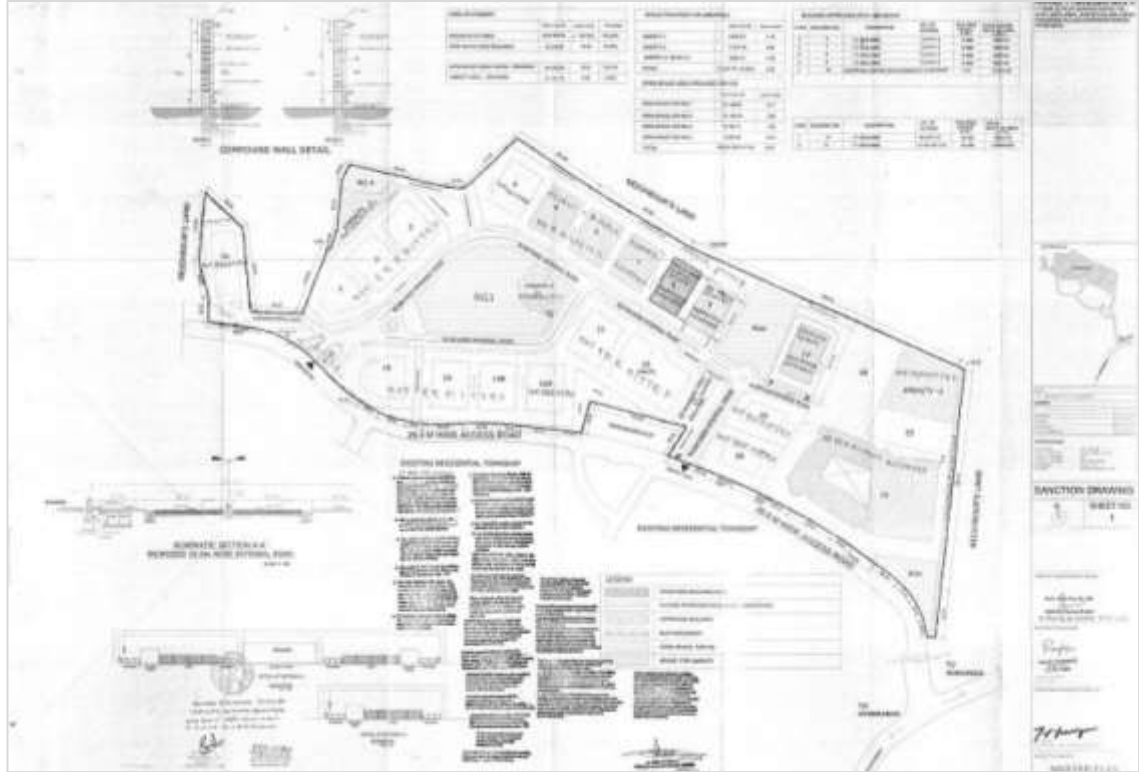


Source: Real Estate Market Research & Analysis: JLL, March 2024



The map below presents the conceptual Layout Plan of the Project as shared by the Client.

Map 5.3: Conceptual Layout Plan for the Project



Source: Client, March 2024

The table below presents the boundary/edge conditions of the Project Site.

Table 5-3: Project Site and its Site Boundaries

North	Private Property
South	Access Road
West	Private Property
East	Private Property

Source: Real Estate Market Research & Analysis; JLL, March 2024

## 5.4 DESCRIPTION OF THE PROJECT

As stated earlier, the Project has total leasable area of 0.57 million sq. ft. as per the occupancy certificate and / or leases signed and it is spread across two (2) buildings i.e., Building 8 and Building 9. The following table presents the details of the Project in terms of buildings and leasable area.

Table 5-4: Details of the Project in terms of Buildings and Leasable Area

Sl. No.	Building Name	Leasable Area (mn sq. ft.)
1.	Mindspace Pocharam – Building 8	0.38
2.	Mindspace Pocharam – Building 9	0.19
	Total Leasable Area	0.57

Source: Client, March 2024

In addition to the above, the following assets are also part of the Project.

- Total utility areas and internal roads
- Total open spaces

The table below presents key asset specific information.

**Table 5-5: Key Asset Specific Information of the Project**

Particulars	Description									
Name of the Entity	Mindspace Business Parks Private Limited									
Interest owned by Mindspace REIT	Project is wholly owned by Mindspace Business Parks Private Limited which is 100% owned and controlled by the Mindspace REIT <sup>1/</sup>									
Land Extent	~ 26.464 acres									
Asset Type	IT Park with vacant SEZ buildings developed over ~7.464 acre land and ~19 acres of land earmarked for future development									
Sub-Market	Suburbs Other / PBD East									
Approved and Existing Usage	IT Offices									
Age of Building <sup>2/</sup>	<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Building Name</th> <th>Age of the Building</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Building 8</td> <td>14 years and 6 months</td> </tr> <tr> <td>2.</td> <td>Building 9</td> <td>1 year and 5 months</td> </tr> </tbody> </table>	Sl. No.	Building Name	Age of the Building	1.	Building 8	14 years and 6 months	2.	Building 9	1 year and 5 months
Sl. No.	Building Name	Age of the Building								
1.	Building 8	14 years and 6 months								
2.	Building 9	1 year and 5 months								
Current Status	Building completed and vacant									
Approvals Status	Project has requisite approvals in place as confirmed by the Client.									
Freehold/Leasehold	The underlying land is taken on freehold basis									
Leasable Area	0.57 million sq. ft.									
Occupied Area	NIL									
Occupancy <sup>3/</sup>	NIL									
Committed Area	NIL									
Committed Occupancy <sup>4/</sup>	NIL									
Number of Tenants	NIL									

<sup>1/</sup> Refer company structure set out in Annexure 1

<sup>2/</sup> Client has obtained occupation certificate for entire leasable area measuring 0.57 million sq. ft.

<sup>3/</sup> Occupancy refers to proportion of area leased, which is actively occupied by the tenants/occupiers

<sup>4/</sup> Committed occupancy also includes area, which has been pre-leased to tenants/occupiers

## 5.5 PROJECT INSPECTION

The Project is part of larger campus having total leasable area of ~ 0.57 mn sq. ft. spread across two buildings and additional ~ 19 acres of land is earmarked for future development. The Property was inspected on 24 March 2024 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 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. However, the broad

specifications of the buildings are not in-line with the current standards of Grade A buildings which are available in other IT/ ITeS hubs of the city like Madhapur / HITEC City and Gachibowli. 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.

Some of the photographs of the Project and surroundings are given below.



## 5.6 OTHER RELEVANT INFORMATION RELATED TO THE PROJECT

### Area Details, Type and Age of Structures

Table 5-6: Building Details

Sl. No.	Building Name	Leasable Area (mn sq. ft.)	Usage Type	Status	Age of the Building
1.	Building 8	0.38	SEZ	Completed and Vacant	14 years and 6 months
2.	Building 9	0.19	SEZ	Completed and Vacant	1 year and 5 months



### **Developable Area of the Project**

The total site area of the Project is ~ 26.464 Acres with total leasable area of 0.57 Mn sq ft spread across two buildings developed over ~ 7.464 acre of land and ~ 19 acres of land earmarked for future development.

### **Site Services and Finishes**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. As per the visual survey there was no concern related to finishes and site services. The campus is well maintained with proper landscaping in common areas.

### **Condition and Repairs**

The visual inspection was done for all the buildings including common areas and key utility areas such as LT Electric Room, Pump Room, STP, Chillers, HVAC Installations etc. The inspection of key utility areas was done on a sample basis, and it did not reveal any cause of concern or ill maintenance in any of the operational buildings.

### **Environmental Considerations**

The Valuer has not carried out any investigations or tests or been supplied with any information from the 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 Project 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 Project is located falls in Seismic Zone II with low risk. The city faces low risk in terms of high winds or cyclones too. The Project is not likely to face any higher risk than the overall risk profile of the city. Project is regular in shape with fairly even topography. No hazardous activity was noted in the vicinity of the Project, which may expose it for any induced disaster.

### **Option or Pre-Emption Rights and Encumbrances**

Unless disclosed and recorded by the Client, the Project is considered to possess 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 favor of the lenders, based on the information given in the Title Reports prepared by Hariani & Co. (hereinafter collectively referred to as 'Legal Counsel'). The Valuer has not checked and verified the title of the Project.

### **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 Project 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.

### **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 to the valuer (as specified in annexure 7), relating to the Project or any compounding charges.

## 6 MARKET SCAN OF THE CITY AND THE MICRO-MARKET

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### 6.1 INTRODUCTION

The valuation exercise takes into account the market performance and various other indicators that are relied upon the industry report which has been prepared by Jones Lang LaSalle India Property Consultants, who are appointed as an independent consultant by the Client.

### 6.2 CITY OVERVIEW

Hyderabad is one of the fastest-growing cities in India. The city has succeeded in building on its IT/ITeS and pharmaceutical capabilities and managed to attract several global technology and pharmaceutical giants to invest in and operate from the city. In 2020, Hyderabad topped the JLL City Momentum Index (CMI) for the second time after 2018. An active real estate market with healthy rental growth along with a thriving start-up culture have been the catalysts for Hyderabad to surpass all other major metro cities around the world and top the index. Proactive initiatives and investor friendly policies such as the new industrial policy of TS-iPass has helped support the fast and strong economic growth of the city in the last 5 years. The city is also home to 4,000 start-ups, primarily in the field of AI, Life sciences and Big Data analytics. The 2020 Global Start-up Ecosystem Report (GSER) by start-up Genome and the Global Entrepreneurship Network has put the state of Telangana among the top 30 global ecosystems for affordable talent in 2020 and Hyderabad is amongst the Top 100 emerging ecosystems.

### 6.3 ECONOMY & DEMOGRAPHICS

IT/ITeS and pharmaceutical industries are the two major sectors that contribute the maximum to the city's GDP. Riding on the strong expansion by all marquee tenants, IT exports by Telangana in FY 2022–23 grew by 31.4% to INR 2,41,275 crore, compared to the national average of 9.4%. During the same financial year, the state added approximately 127,594 new jobs at an annual growth rate of 16.3%. This accounts for a staggering 44% of the total IT jobs added in the country during the same period. Along with IT/ITeS, the pharmaceutical industry adds significantly to the exports from the city by commanding a 30% share in India's bulk drug production. The city now boasts of over 1 million professionals employed by the IT sector.

Owing to its robust and fast-developing infrastructure along with ease of living that offers a cosmopolitan environment, Hyderabad is amongst the most preferred destinations by the young workforce of the country. As per India Workforce Report by LinkedIn, Hyderabad is the 3rd largest city to attract people from every corner of India. Hyderabad accounts for about 8.5% of total migrants across cities in India.

### 6.4 INFRASTRUCTURE INITIATIVES

The Telangana State Road Transport Corporation's (TSRTC) city buses, and Indian Railways' Multi-Modal Transport System along with Hyderabad Metro Rail (HMR) form the key public transport system for Hyderabad city. The current Hyderabad Metro Rail network consists of 57 stations covering 67 km. This connects the eastern and western parts of the city through the dense CBD of Hyderabad. This service is further being extended to connect the Rajiv Gandhi International airport at Shamshabad with the IT hubs- Madhapur, Gachibowli, and surrounding areas in the western part. Over the last 3 years, the city has experienced massive road development projects in all major areas.

The major infrastructure push to Hyderabad is being carried out through the most comprehensive road development plan. The flagship program by the state government and

Greater Hyderabad Municipal Corporation (GHMC) is aimed to improve 54 junctions in the city by building new elevated flyways and underpasses along with the construction of new roads. The INR 24,000 crore project involves reducing the traffic congestion in the city and use it as a catalyst to improve the ease of living.

### **Existing infrastructure**

Existing Project	Completion timeline	Details	Key Impact Zones
Nehru Outer Ring Road (ORR)	2008 – 2018 (in phases)	158 km elevated 8-lane expressway built to encircle city periphery	Madhapur, Gachibowli
Rajiv Gandhi International Airport (RIGA)	2008 (On-going expansion)	Improved air connectivity of Hyderabad with key cities across the world.  Direct air connectivity with the key cities in the USA, UK, Europe, Middle East, Singapore, and Hong Kong.	Suburbs Others, Gachibowli
PVNR Expressway	2009	11.6 km signal-free elevated highway from Mehidipatnam to Attapur	SBD, Suburbs Others
Durgam Cheruvu Bridge	2020	0.5 km cable bridge over Durgam Cheruvu connecting Jubilee Hills to Madhapur Reduces travel time	SBD
Strategic Road Development Programme (SRDP)	Started in 2018	-	CBD, SBD, Madhapur, Gachibowli, Suburbs Others

Source: Real Estate Market Research & Analysis; JLL, March 2024

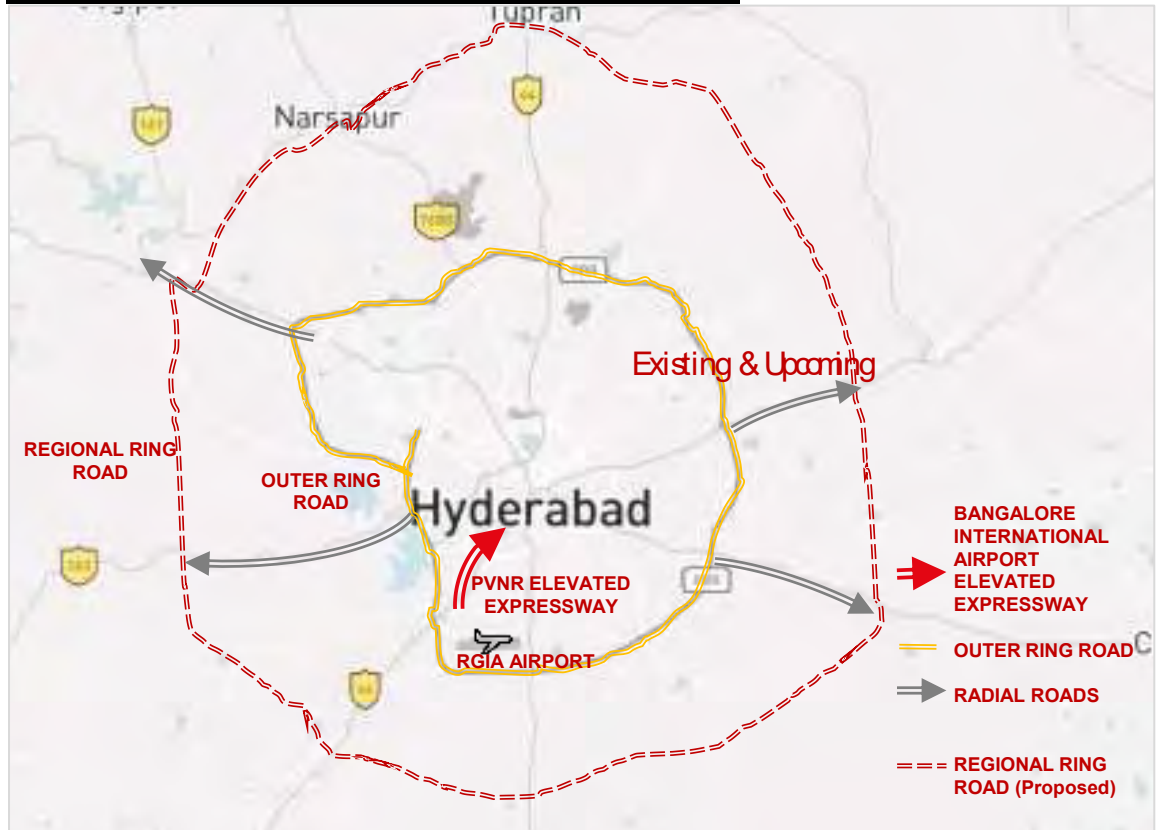
### **Upcoming Infrastructure**

Some of the key upcoming projects for the city are mentioned below:

Upcoming Project	Completion timeline	Details	Key Impact Zones
Regional Ring Road	NA	6 lane, 330 km Circular Road network to be developed around extended suburbs of Hyderabad city to ensure excellent connectivity with supporting smaller towns around Hyderabad. Intercity connectivity with other districts of Telangana is likely to improve	NA
Elevated Corridors	2022 - 2024	Elevated Road network in key junctions of the city Helps in easing traffic congestion	Suburbs Others, CBD, SBD
Elevated Bus Rapid Transport System (EBRTS)	NA	<b>To complement Hyderabad's transport</b> infrastructure, an elevated BRTS is planned between KPHB and the Financial District with further extension up to Kokapet. Being implemented by the Hyderabad Airport Metro Limited EBRTS will have 23 stops for electric buses and aims to resolve the traffic congestion along the Metro corridor.	Madhapur, Gachibowli

Source: Real Estate Market Research & Analysis; JLL, March 2024

**Hyderabad – Key existing & upcoming roads in the city**



Source: Real Estate Market Research & Analysis: JLL, March 2024

**Existing Metro Rail Lines**

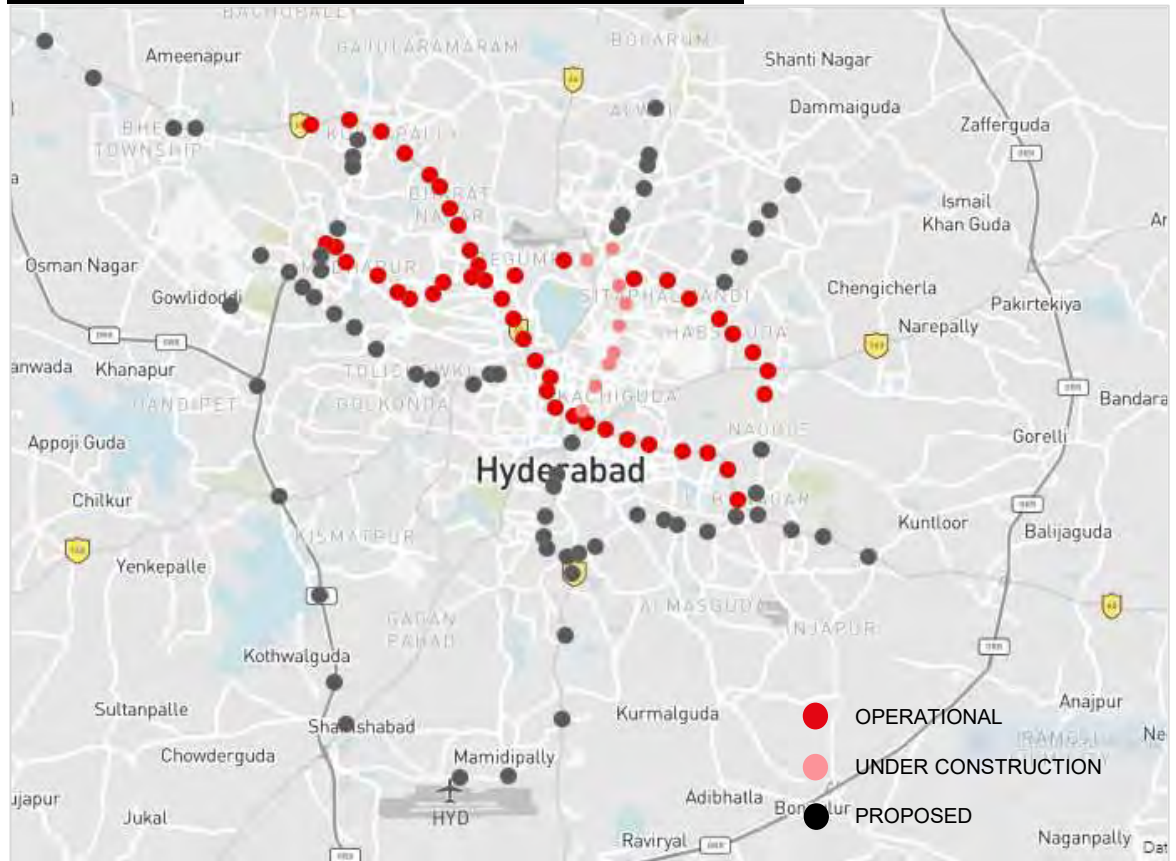
Existing Project	Completion timeline	Details	Key Impact Zones
Hyderabad Metro Rail – Phase I	2017 - 2020	69 km elevated network connecting eastern and western parts of city via CBD	SBD, CBD, Madhapur

**Upcoming Metro Rail Lines**

Upcoming Project	Completion timeline	Details	Key Impact Zones
Hyderabad Metro Rail – Phase II	NA (3-4 years from commencement)	<ul style="list-style-type: none"> <li>58 km network connecting airport and other residential suburbs</li> <li>Raidurg to Shamshabad Airport – 31 km</li> <li>Nagole to LB Nagar – 5 km</li> <li>Lakdi ka pul to BHEL – 22 km</li> </ul>	Gachibowli, SBD, Suburbs Others
Hyderabad Airport Metro	NA	Hyderabad Metro's Airport Express Line is an upcoming rail line that'll connect Mindspace REIT Junction and Rajiv Gandhi International Airport in Shamshabad via 10 stations. This 32 km line of the Hyderabad Metro Phase 2 project will be funded by Telangana Government and executed by HAML (Hyderabad Airport Metro Ltd).	

Source: Real Estate Market Research & Analysis: JLL, March 2024

**Hyderabad – Map of existing and upcoming metro lines**



Source: Real Estate Market Research & Analysis: JLL, March 2024

**6.5 HYDERABAD - OFFICE SUB MARKETS**

The office sub-markets of Hyderabad City are classified into six micro markets based on the market trend as mentioned below.

Sub-market	Locations	Map of Hyderabad office market
CBD	Begumpet, SP Road, Secunderabad, Punjagutta, Nagarjuna Circle, Raj Bhavan Road.	
SBD	Banjara Hills, Jubilee Hills, Shaikpet, Kavuri Hills, Ameerpet, Nagarjuna Hills	
Madhapur	Hafeezpet, Madhapur, Kondapur, Madhapur, Raidurg, Kukatpally	
Gachibowli	Kokapet, Manikonda, Financial District, Nanakramguda, Puppalguda, Khajaguda	
Peripheral East	Uppal, Pocharam East	

Suburbs- Others	Shamshabad	
--------------------	------------	--

Source: Real Estate Market Research & Analysis; JLL, March 2024

### Key Submarkets-Development and Occupier Profile

Madhapur	<p>Development Profile: it is the most established office market in the western part of the city, well connected by the public transport in the city</p> <p>Key Occupiers: Qualcomm, Wells Fargo, Deloitte, AMD, Intel, Facebook, Microsoft, JPMC, Synchro, Dell</p> <p>Key Developers: Mindspace REIT, Phoenix Group, RMZ, Salarpuria, Capitaland, Meenakshi Constructions, Divyasree</p>
Gachibowli	<p>Development profile: Developed as an extension to existing office market in Madhapur, along the ORR in the western part of the city. Primarily emerged as home to owned campuses of large companies but office market expanded in the last decade</p> <p>Key Occupiers: Largely home to campuses of Wipro, Infosys, Amazon, Microsoft along with notable presence from Apple, Google, CTS, Micron, ZF</p> <p>Key Developers: Phoenix Group, GAR Corp, Salarpuria, DLF, Vamsiram Builders</p>
Peripheral East	<p>Development profile: Office market is in nascent stage of development with key projects being operational in Pocharam &amp; Uppal in the eastern periphery</p> <p>Key Occupiers: Infosys, Genpact, Cyient</p> <p>Key Developers: Mindspace REIT, NSL Constructions</p>
Suburbs Others	<p>Development profile: Very early-stage market around Shamshabad in the southern periphery driven mostly by its proximity to the International Airport Office</p> <p>Key Occupiers: Cube Infrastructure, HBL, OSI Systems</p> <p>Key Developers: GMR</p>
CBD	<p>Development profile: Oldest office market originated in the center of the city. Projects are largely owned by individual landlords with standalone properties</p> <p>Key Occupiers: <b>SONATA Software, Dr.Reddy's</b></p> <p>Key Developers: Gowra Ventures, Ashoka Builders</p>
SBD	<p>Development profile: Developed around affluent localities in the city adjoining Madhapur. Most properties developed by key developers were as standalone developments</p> <p>Key Occupiers: DE Shaw, First American Financial</p> <p>Key Developers: Phoenix Group, Vamsiram Builders</p>

Source: Real Estate Market Research & Analysis; JLL, March 2024

### **Hyderabad Office Real Estate Market Highlights Q1 2024**

Gross leasing in the Hyderabad office market in Q1 2024 stood at 1.37 mn sq ft, up by 40.4% y-o-y. On a q-o-q basis, this was lower by 50%. Leasing activity in existing properties was strong especially in marquee assets. The quarterly gross leasing activity was led by Madhapur which accounted for a ~78% share. IT/ITeS led with the biggest share of 23.7%, followed by BFSI and Flex with 22.0% and 17.3% shares, respectively. The healthcare segment also held a 17% share in the quarterly leasing, underpinning the strong demand from this sector, especially in the form of GCCs and R&D centres.

The net absorption in Q1 2024 stood at 1.55 mn sq ft, nearly 3X up from the same period last year, albeit lower by 44.1% q-o-q. This also included end-user property purchases of 0.32 mn sq ft during the quarter. Net absorption was also impacted by lower completions in Q1, with new supply at a four-quarter low.

The city recorded completions of 2.08 million sq ft during the quarter, largely concentrated in SBD and Gachibowli, with only a solitary mid-sized completion in Madhapur during the quarter. With this, total Grade A office stock in the city rose to 124.0 million sq ft.

At the overall city level, vacancy rose by 10 bps q-o-q to 24.6%. In the same period, Madhapur's vacancy stood at 14.5%, down by 100 bps q-o-q and at its lowest in four quarters.

Overall office rents rose marginally by 0.4% q-o-q to INR 64.5 per sq ft per month.

### **City Market Trends**

Sub-Markets	Total Stock (sq. ft)	Net Absorption (sq. ft)			Vacancy %		
		Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)	Q1 2024	Q4 2023 (Q-O-Q Change)	Q1 2023 (Y-O-Y Change)
Overall	124,021,083	1,551,978	-44.1%	195.8%	24.6%	10 bps	360 bps
CBD	3,104,883	0	-100.0%	-100.0%	10.6%	10 bps	110 bps
SBD	4,386,241	90,000	34.3%	16.2%	37.3%	1,560 bps	1,170 bps
Madhapur	71,507,977	962,764	-42.3%	181.1%	14.5%	-100 bps	90 bps
Gachibowli	40,735,894	476,215	-55.9%	NA	40.6%	0 bps	600 bps
Peripheral East	2,989,000	0	NA	NA	46.3%	0 bps	1,110 bps
Suburbs Others	1,297,083	23,000	NA	-54.0%	17.3%	-170 bps	-410 bps

Source: Real Estate Market Research & Analysis; JLL, March 2024

### **Leasing Activity**

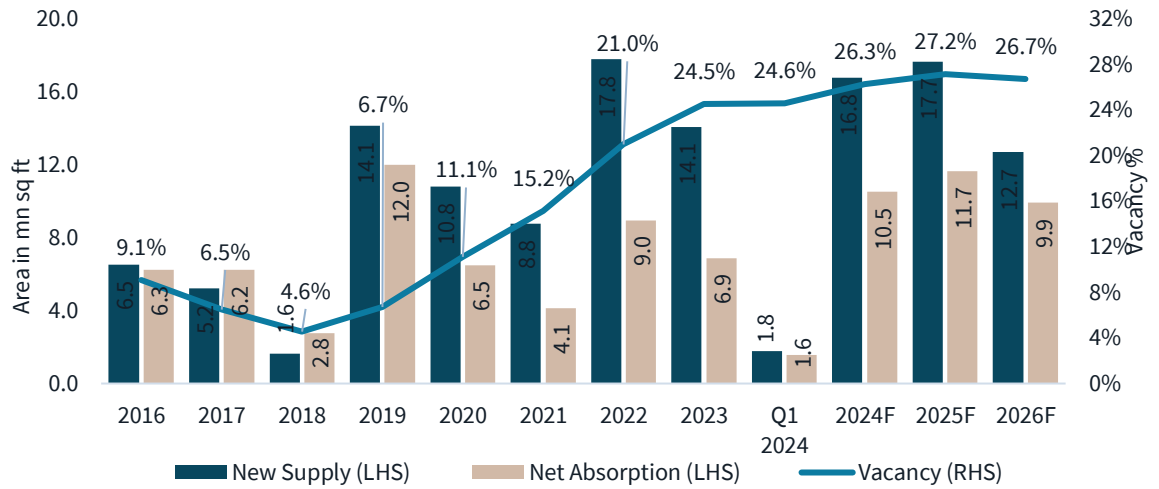
Leasing activity in Hyderabad stood at a healthy 1.37 mn sq ft in Q1 2024, with space demand holding steady on same period comparison. In fact, on a y-o-y basis leasing volumes were up by 40.4%, though q-o-q activity was down by 50%. Deals were largely driven by expansion activity from existing tenants

Madhapur was the runaway leader accounting for a 78% share of the gross leasing activity in the quarter, with Gachibowli's share at 21%. The demand for flex spaces continued to remain healthy with flex operators managing to lease out ~3,100 seats in the city as occupiers embraced plug and play workspaces as part of their optimized workplace strategies. There are some large-scale transactions that are currently in active stages of closure in the city, predominantly in the Madhapur submarket.

Hyderabad's net absorption was clocked at 1.55 mn sq ft, driven by the fresh leases in both existing and newly completed buildings and some end-user office space purchases which themselves totalled to 0.32 mn sq ft, reported during the quarter. The net absorption though lower on account of less completions in Q1, was also up by nearly 3x y-o-y.

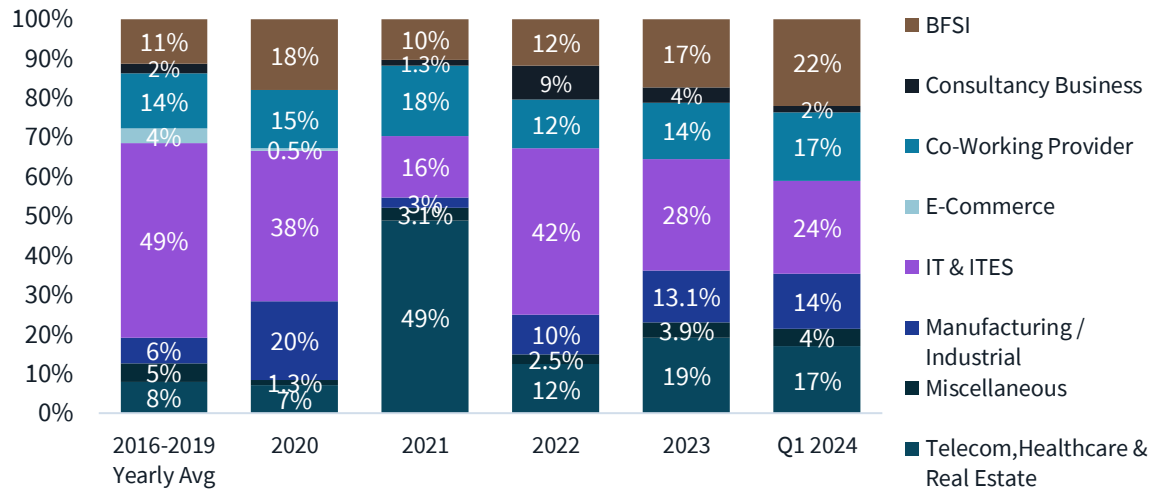


### Total Completions, Net Absorption and Vacancy Rate – Overall



Source: Real Estate Market Research & Analysis; JLL, March 2024

### Occupier share in gross leasing activity



Source: Real Estate Market Research & Analysis; JLL, March 2024

### Vacancy

While demand has remained quite healthy, the supply infusion in the city has remained strong. As a result of which vacancy in the city rose by 10 bps q-o-q to 24.6%. Since covid, the vacancy levels in the city have moved northwards amidst a strong supply even as demand has shown a recent resurgence since 2022.

### Market Rents

With limited supply till 2018 in the city, rents remained stable across the city. However, as a new wave of quality supply hit the market in 2019, rents witnessed significant growth in key micro markets like Madhapur and Gachibowli. However, post covid the rental growth has been limited but continues to be on the growth curve in the city amidst completions from top developers largely in Madhapur and Gachibowli entering the market at higher rentals.

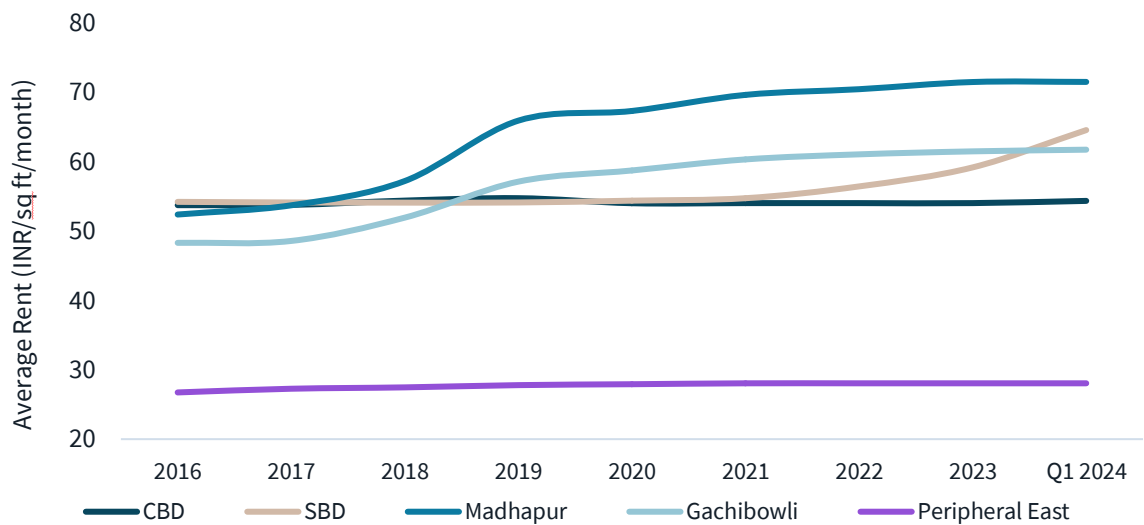
With the completion of projects by RMZ, Salarpuria & Capitaland in 2023, rental values moved up by 1.5% y-o-y by end of the year. In Q1 2024, rents were further seen to grow by 0.4% q-o-q to now be at INR 64.5 per sq ft per month. Rent change q-o-q was seen to be higher in the SBD sub-market due to stock realignment and the removal of average assets from the



Grade A building basket. Also, the new completion in the SBD entered the market at a healthy premium to this submarket's average.

GROSS RENT (INR/SQ FT/PM) GFA			
	Q3 23	Q-o-Q Change	Y-o-Y Change
Overall	64.1	0.6%	1.7%
CBD	54.0	0.0%	0.0%
SBD	56.6	0.4%	3.5%
Madhapur	71.5	0.7%	2.1%
Gachibowli	61.1	0.0%	0.0%
Peripheral East	28.1	0.0%	0.0%

### Submarket wise Gross Rents



Source: Real Estate Market Research & Analysis; JLL, March 2024

*Note: Mindspace REIT micro markets, 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.*

### New supply

In the last few, years Hyderabad has witnessed a massive growth in new supply across the key submarkets. While the average annual supply from up to 2018 has been 4.8 million sq ft, it jumped to 13.2 million sq ft in the last four years in the city. With delayed projects coming on board in the next few quarters, new supply is expected to witness robust growth in the latter part of 2023 and in 2024, largely driven by Madhapur and Gachibowli submarkets. After recording its lowest ever supply in Q1 2023 at 0.7 million sq ft, Hyderabad recorded a gross supply of 8.5 million sq ft in the next two quarters of 2023. In Q3 2023, city witnessed 3.2 million sq ft of new supply largely led by Madhapur submarket, taking the overall office stock in the city to 116.3 million sq ft.

In the last few, years Hyderabad has witnessed a massive growth in new supply across the key submarkets. While the average annual supply up to 2018 has been 4.8 million sq ft, it jumped to 13.2 million sq ft in the last four years in the city. Even in 2023, new supply jumped to 15 mn sq ft, with another 2.1 mn sq ft completed in Q1 2024. Most of the new supply additions over the past 3-4 years have been led by Madhapur and Gachibowli submarkets. The city's total Grade A office stock now stands at 124.0 mn sq ft.

**Outlook**

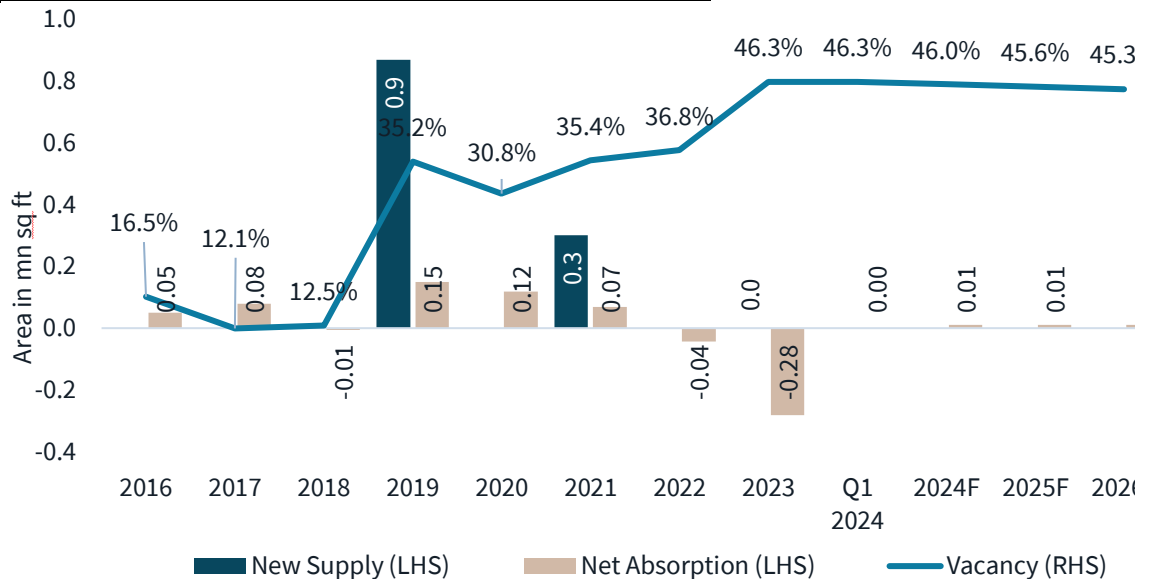
New supply over the next one year is likely to be driven by leading developers like RMZ, Phoenix Group & Vamsiram Builders as many large projects are in advanced stages of construction, mostly located in the submarket of Madhapur followed by Gachibowli. Amidst robust supply in the pipeline, vacancy in the city is expected to come under pressure in the medium term in the range of 25-27%, but expected to be largely tight in the Madhapur corridor. While a significant proportion of the upcoming supply in the medium to long term is still due for absorption, the rising demand and healthy leasing activity as well as ongoing deals are expected to support the net absorption levels to surpass 2023 levels in the short term and sustain in the medium term as well. Large part of leasing activity is expected to be witnessed in Madhapur market owing to quality supply from leading developers in key localities of the submarket and then gradually moving towards Gachibowli in the longer term

**6.6 PERIPHERAL EAST**

**Supply, Demand Trend**

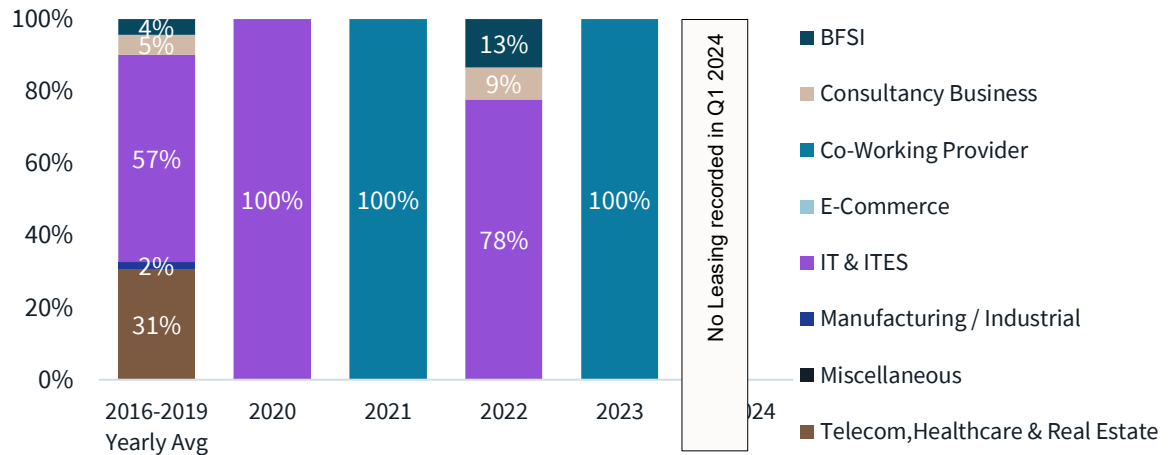
**Leasing activity**

**Total Completions, Net Absorption and Vacancy Rate**



Source: Real Estate Market Research & Analysis; JLL, March 2024

**Occupiers share in gross leasing activity**



Source: Real Estate Market Research & Analysis; JLL, March 2024

**Leasing activity**

This submarket remains a peripheral corridor in terms of visible occupier demand and as a result no transaction activity was recorded in Q1 2024.

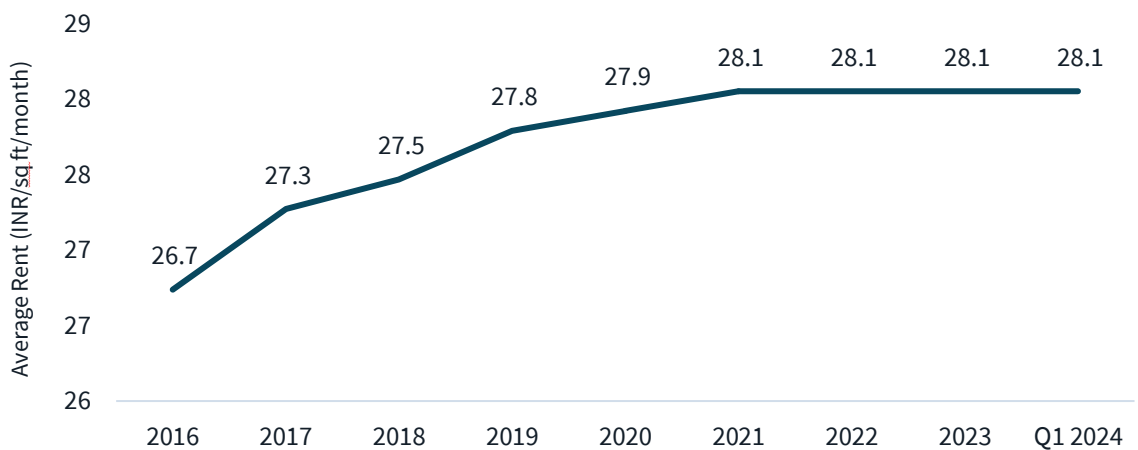
**Supply**

In Q1 2024, Peripheral East saw no new supply and total stock remained unchanged at 3.0 million sq ft.

**Vacancy**

Vacancy remained unchanged q-o-q at 46.3% in Q1 2024 and remains significantly high.

**Rents**



Rental values remained unchanged during the quarter. The gross rents for the submarket are at around INR 28.1 per sq ft per month.

## **Outlook**

Leasing activity is expected to remain low in the next few quarters as the market is yet to establish itself as a promising office market amongst occupiers. However, this trend is likely to reverse in the long term as this submarket is anticipated to gain some traction with special policy interventions from the state government to incentivize both tenants and developers. Large-scale improvement in social and physical infrastructure is an added advantage that can boost this submarket in the long run. There is however no supply lined up in this submarket as the vacancy levels are high and occupier activity is yet to see significant traction.

## **Regulatory Update**

To decongest the city and promote planned development across city, the state government has decided to encourage integrated development of townships abutting the Outer Ring Road (ORR) with public and private initiatives. According to “Telangana Comprehensive Integrated Township Policy Rules 2020”, the proposed township project has to be an integrated and mixed purpose with residential, commercial, educational (at least up to class 10), healthcare facilities, roads, internal public transport like electric vehicles, amenity spaces, greenery in the layout and public utilities.

## **Investment Activities within the Micro-Market**

The city has witnessed few institutional office transactions of varying size. It is observed that the transaction value is based on the nature of the development, the micro-market location, Project, and leases prevailing etc.

## **Investment Activities within the Country**

The table below present details of few large sale transactions in major cities in India. Net yield for these transactions is arrived based on the Capital Value at which the property was transacted and rentals applicable for the same property during transaction. The net yield for such large transactions is witnessed in the range of 7.75% to 9.50%.

**Table 6-1: List of transactions / deals in recent past:**

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
1	Mumbai	One BKC	BKC, Mumbai	BKC	~700,000	35,000-36,000	8.00% - 8.25%	2019
2	Mumbai	Equinox Business Park	Kurla, Mumbai	BKC Fringe	~1,250,000	19,000 - 20,000	8.25% - 8.50%	2018
3	Mumbai	Express Towers	Nariman Point	CBD	~472,377	40000 - 43,000	7.25% - 7.75%	2021
4	Chennai	Sandhya Infocity	Navalur	PBD OMR	~1,418,174	5,500 – 6,000	8.00% - 8.50%	2021
5	Chennai	Global Infocity	Perungudi	SBD OMR	~2,700,000	8,500 – 9,000	7.75% - 8.00%	2018
6	Chennai	One India bulls Park	Ambattur	PBD West	~1,900,000	4,500 – 5,000	8.00% - 8.50%	2018
7	Hyderabad	Phoenix aVance Building 6	HITEC City	PBD West	~640,000	7,500 - 8,000	9.00% – 9.50%	2021
8	Hyderabad	Phoenix Aquila Tower A	Gachibowli	PBD West	~1,180,000	8,200 - ,8700	8.00% - 8.25%	2021

Sl. No	City	Property Name	Location	Micro Market	Leasable Area (sq. ft.)	Capital Value (INR per sq. ft.)	Net Yield	Transacted Period
9	Hyderabad	Waverock	Gachibowli	PBD West	~2,350,000	7,200 - 7,700	8.00% - 8.25%	2017
10	Pune	E Park 2	Kharadi	SBD East	~180,000	7,000-9,000	7.75% - 8.00%	2022
11	Pune	WTC Tower A	Kharadi	SBD East	~28,342	10,000-11,500	7.50% - 8.00%	2019
12	Bengaluru	Prestige RMZ Star Tech	Bangalore	SBD East	~1,370,000	-	7.60% - 7.80%	2022
13	Bengaluru	Embassy Tech Village	Bangalore	SBD East	~9,100,000	9,500 – 11,000	8.00% - 8.25%	2020
14	Gurgaon	One Horizon Centre	Gurgaon	SBD East	~421,134	22,000 – 24,000	8.00% - 8.25%	2020
15	Mumbai	Godrej BKC	BKC	BKC & Annex	~200,000	40,000 – 45,000	8.00 – 8.50%	2023
16	Mumbai & Gurgaon	Downtown Powai & Candor G1	Powai & Sohna Road	Eastern Suburbs & Sohna Road	~2,700,000 + ~3,700,000	Enterprise value INR 11,225	7.90-8.20%	2023
17	Chennai	Embassy Splendid TechZone	Pallavara-Thoralpakkam Road	PBD OMR	~1,400,000 (Completed) +1,600,000 (UC)+2,000,000 (Proposed)	Enterprise value INR 1,269 Cr. (61% economic interest)	8.50% on the completed portion 10% on the u/c portion	2024

Source: Real Estate Market Research & Analysis; JLL, March 2024

## 7 MARKET VALUE ESTIMATE

### 7.1 ADOPTED PROCEDURE

For the purpose of this valuation exercise, given that the Operational / Completed Blocks in the Project are vacant, demand scenario for commercial office in the micro market being very weak, and no plans of any future development by the Client, the Valuer has prepared the estimate of Market Value of the Project while adopting the Cost Approach.

In arriving at the Market Value of the Project, the Valuer has valued the underlying land (incl. land earmarked for future development) on Comparable Sales/ Quoted Instance Method and buildings and plant and machinery on depreciated replacement cost method. While arriving the Market Value of the building, the Valuer has also factored for economic and/or functional obsolescence applicable to the Project.

### 7.2 KEY ASSUMPTIONS AND INPUTS

The table below presents key assumptions and/or inputs used for providing Valuation of the Operational / Completed Blocks in the Project.

**Table 7-1: Key Assumptions Used in the Estimate of Depreciated Replacement of Operational / Completed Blocks**

Parameters	Assumptions / Inputs	Remarks / Basis
Valuation Date	31-March 2024	As per workings
Asset Details		
Total Leasable Area (Building 8 and 9)	0.57 mn sq. ft.	As per the information provided by the Client
Total Leasable Area – Building 8	0.38 mn sq. ft.	As per the information provided by the Client
Total Leasable Area – Building 9	0.19 mn sq. ft.	As per the information provided by the Client
Age of the Building – Building 8	14 years and 6 months	As per the information provided by the Client
Age of the Building- Building 9	1 year and 5 months	As per the information provided by the Client
Cost Assumptions		
RCC Structures (INR per sq. ft.) - Bare/Cold Shell Scope	INR 2,200 per sq. ft.	Applicable on leasable area, and as prevalent in the market
Depreciation Rates		
Building / Structure – RCC (Cold Shell / Bare-shell)	4.87%	As per Part "C" of Schedule II of The Companies Act 2013]]
Other Assumptions		
Additional Transaction Costs anticipated given likely higher marketing and agency costs	1 %	As prevalent in the market

### 7.3 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 the Valuer has no knowledge, the Market Value of the complete ownership interest in the Project comprising land and improvements thereon, as explained above, on the below mentioned dates, is estimated to be as follows:

**Table 7-2: Market Value of the Project**

Component	Extent	Market Value (INR Million)	Percentage Share
Land	26.464 acres	818.18	54.99%
Completed Buildings (Building 8 & 9) - Commercial / Office Space (Leasable Area)	0.57 mn sq. ft.	590.68	39.70%
Plant and Machinery	As per Table 7.7 in Annexure 6	79.00	5.31%

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.

With all assumptions as mentioned in this report, we are of the opinion that the Market Value of the Project Mindspace Pocharam located in Pocharam, Hyderabad Telangana, India 500088 as on 31 March 2024 is estimated to be as follows:

Market value of land admeasuring 26.464 acres and 0.57 million sq. ft. of leasable area and plant & machinery – **INR1,487.86 million (INR One Billion Four Hundred Eighty Seven Million Eight Hundred Sixty Thousand Only)**

- **Land Component**

- Market value of the ~ 26.464 acre land currently accommodating existing built structures – **INR818.18 million (INR Eight Hundred Eighteen Million One Hundred Eighty Thousand Only)**
  - Market value of the ~ 7.464 acre land currently accommodating existing built structures – **INR230.76 million (INR Two Hundred Thirty Million Seven Hundred Sixty Thousand Only)**
  - Market value of the ~ 19 acre land earmarked for future development - **INR 587.42 million (INR Five Hundred Eighty Seven Million Four Hundred Twenty Thousand Only)**

- **Building Component**

- Market value of the Completed buildings developed over ~ 7.464 acre of land with ~ 0.57 million sq. ft. of leasable area (excluding land value) - **INR590.68 million (INR Five Hundred Ninety Million Six Hundred Eighty Thousand Only)**

- **Plant & Machinery Component**

- Market value of plant and machinery for the completed buildings – **INR79.00 million (INR Seventy Nine Million Only)**

**Table 7-3: Ready Reckoner Rates for the Project**

Component	Ready Reckoner Rate
Built-up Area	INR 2,200 per sq. ft.
Land Area (Open Plot)	INR 30.5 million per acre

**KZEN VALTECH PRIVATE LIMITED (IBBI/RV-E/05/2022/164)**, the Valuer for the Project, hereby declares that:

- We are fully competent to undertake the valuation;
- We are independent and have prepared the report on a fair and unbiased basis; and
- We have valued the Project 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, as amended from time to time.



-----  
**Name:** Sachin Gulaty FRICS FIV FIIA,

**Designation:** Director

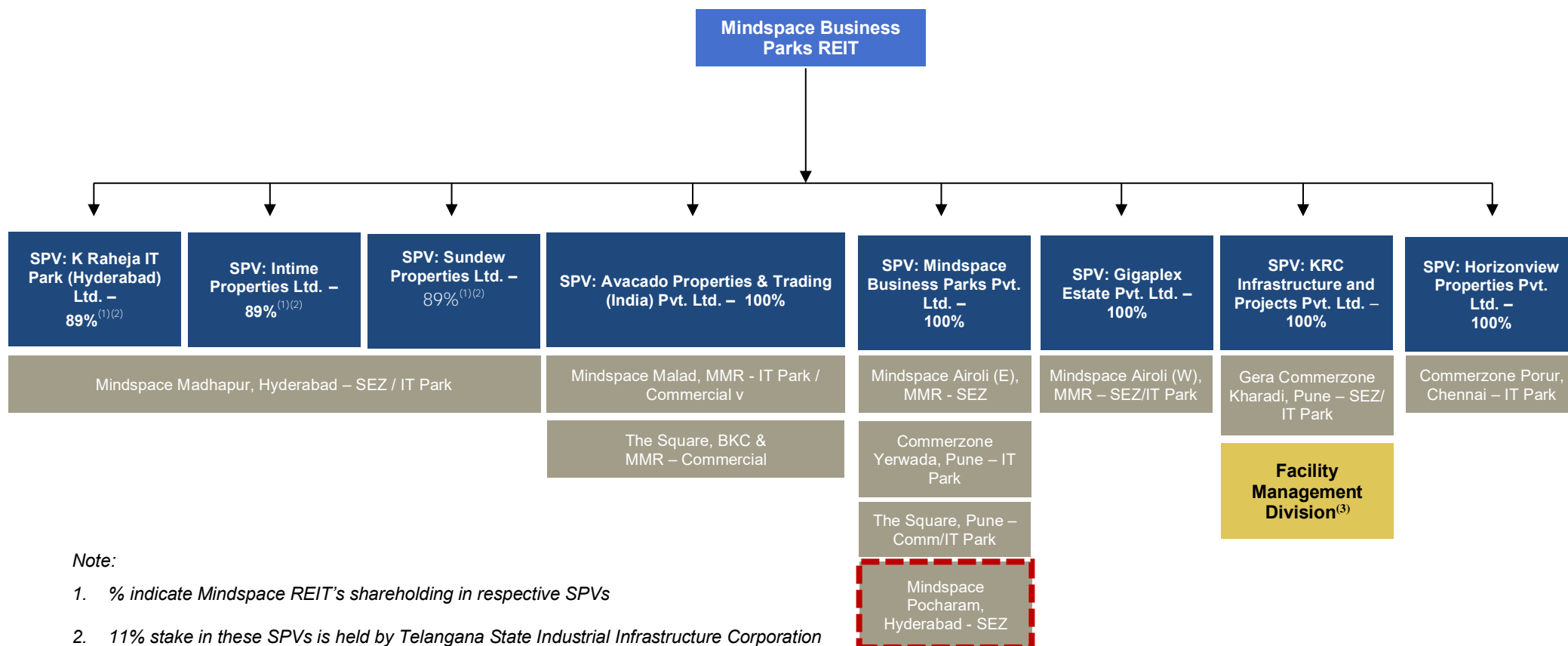
**Valuer Registration No.:** IBBI/RV/02/2021/14284

**Address:** 5<sup>th</sup> Floor, India Accelerator, The Iconic Corenthum, Sector 62, NOIDA – 201309. Uttar Pradesh. INDIA.

**E-Mail ID:** sachin.gulaty@k-zen.in



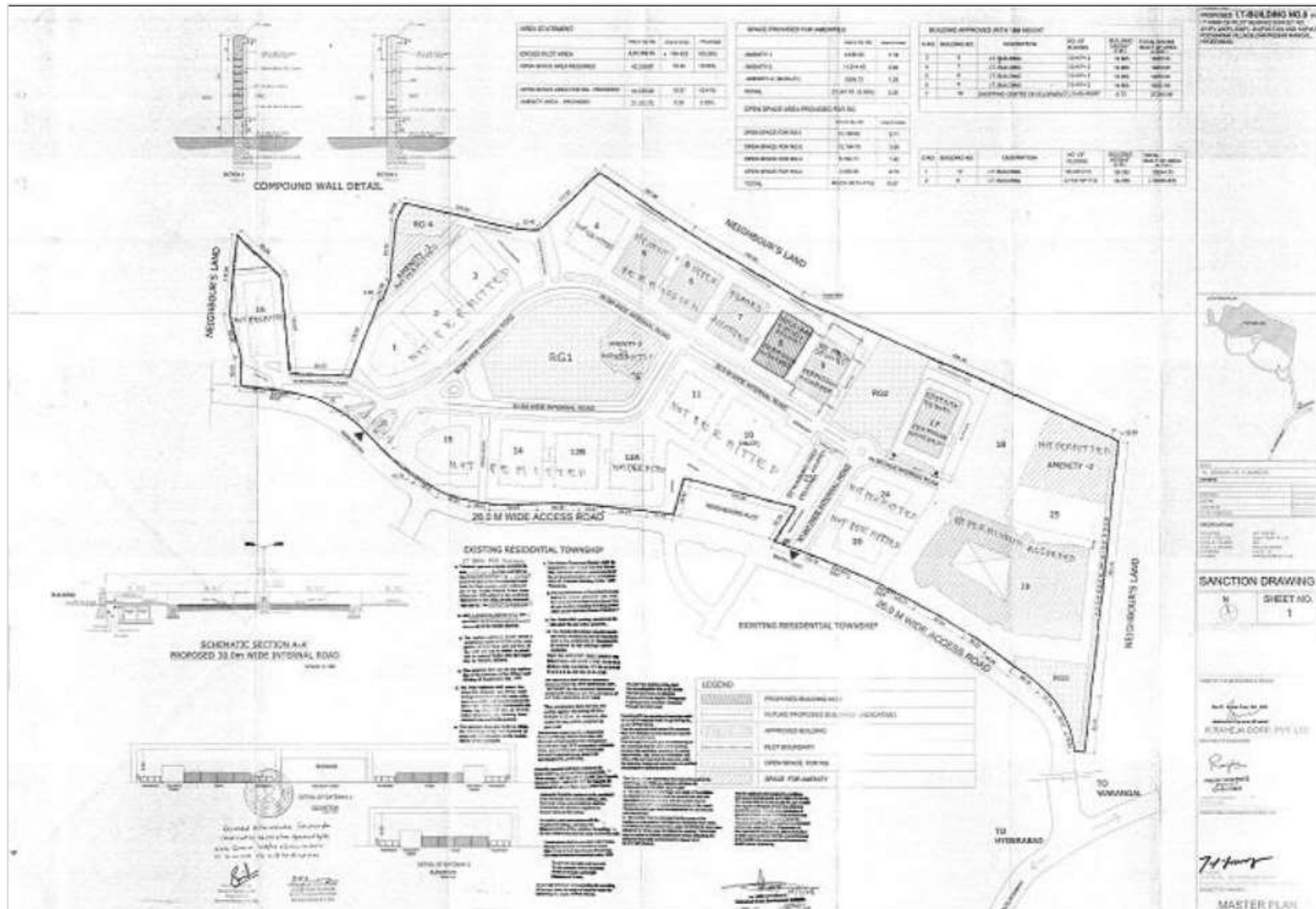
## Annexure - 1 Ownership Structure of the Project



**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 Layout Plan of the Project



### Annexure - 3

## Statement of Key Assets within the Project

Building	No. / Name	B8P	B9
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	NA
No of Elevators /Make	No/ Make	8 -Thussenkrupp	I-Zion
No of DG / Capacity	No. / KVA	3 x 1010	NA
No of Transformers / Capacity	No./ KVA	2 X 2000	NA
Booster Pump	KW / Make	9.3 - Kirloskar Brothers	9.3 - Kirloskar Brothers
Jockey Pump	KW / Make	11 - Kirloskar Brothers	4 - Kirloskar Brothers
Fire Diesel Pump	KW / Make	68 - Kirloskar Brothers	44 - Kirloskar Brothers
Hydrant Pump	KW / Make	75 - Kirloskar Brothers	45 - Kirloskar Brothers
Sprinkle Pump	KW / Make	75 - Kirloskar Brothers	NA
STP Rating	KLD	240	NA

## **Annexure - 4**

### **Approvals and NOCs Received for the Project**

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

#### **Approvals Received**

- a) Approved Masterplans
- b) Consent to Operate valid for all operational buildings except Amenity Building
- c) Full Occupancy Certificates for all buildings for B8 and B9
- d) Height Clearance NOC from AAI for all buildings
- e) Fire NOC for all buildings
- f) Environmental Clearances for all buildings
- g) Consent for Establishment for all buildings
- h) B8- CTO

#### **Approvals Pending**

- a) None

## Annexure - 5

### Ready Reckoner Rate Applicable for the Project

#### Ready Reckoner Rate for the Land

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	<a href="#">Get</a>	
2.	0 - 2	POCHARAM	6,300	01(Residential)	01/02/2022	<a href="#">Get</a>	
3.	0 - 3	ANNANAGAR COLONY#1 to 232	6,300	01(Residential)	01/02/2022	<a href="#">Get</a>	
4.	0 - 11	APHB & LIG.	6,300	01(Residential)	01/02/2022	<a href="#">Get</a>	
5.	0 - 12	SANSKURTHI TOWN SHIP	6,300	01(Residential)	01/02/2022	<a href="#">Get</a>	
6.	0 - 13	RAHEJA#1 to 44	6,300	01(Residential)	01/02/2022	<a href="#">Get</a>	

Source: IGRS Telangana 2024

#### Ready Reckoner Rate for the Built-up Area

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	<a href="#">Get</a>
2.	0 - 2	POCHARAM	2,200	2,200	2,200	01(Residential)	01/02/2022	<a href="#">Get</a>
3.	0 - 3	ANNANAGAR COLONY#1 to 232	2,200	2,200	2,200	01(Residential)	01/02/2022	<a href="#">Get</a>
4.	0 - 11	APHB & LIG.	2,200	2,200	2,200	01(Residential)	01/02/2022	<a href="#">Get</a>
5.	0 - 12	SANSKURTHI TOWN SHIP	2,200	2,200	2,200	01(Residential)	01/02/2022	<a href="#">Get</a>
6.	0 - 13	RAHEJA#1 to 44	2,200	2,200	2,200	01(Residential)	01/02/2022	<a href="#">Get</a>

Source: IGRS Telangana 2024

## Annexure - 6

## Market Value of the Project – Cost Approach

Table 7.4 Market Approach [Comparable Sales / Quoted Instances Method] (Comparative Matrix for Value Estimate for ~26.464 acre land)

ATTRIBUTE RANKING	PROJECT SITE	COMPARABLE 1 (S1)	P/D	COMPARABLE 2 (A1)	P/D	COMPARABLE 3 (A2)	P/D
Location, Proximity to Development and Neighborhood Profile	Pocharam, Ghatkeshar, Medchal-Malkajgiri District, located within ORR	Ghatkeshar, Medchal-Malkajgiri District, located outside the ORR	15.0%	Jogimetla, Pocharam, Ghatkeshar, Medchal-Malkajgiri District, located within ORR	0.0%	Anojiguda, Ghatkeshar, Medchal-Malkajgiri District, located within ORR	0.0%
Size of the Land Parcel (Acres)	26.46	25.23	0.0%	4.00	-10.0%	4.00	-10.0%
Land Use restriction	Limited to Commercial office (IT / ITeS) development as per conditions	Categorized under 'Multi Purpose Use (as per Master Plan)	-50.0%	Residential Use	-50.0%	Residential Use	-50.0%
Visibility and Frontage along the Access Road	Excellent visibility and frontage along the access road	Good visibility and frontage along the access road	5.0%	Excellent visibility and frontage along the access road	0.0%	Excellent visibility and frontage along the access road	0.0%
Accessibility to the Property	Accessible through 80 feet wide road	Accessible through proposed 100 feet wide road	-5.0%	Accessible through 80 feet wide road	0.0%	Accessible through 60 feet wide road	5.0%
Presence of Secondary Access	No	No	0.0%	No	0.0%	No	0.0%
General Attributes - Contiguity, Topography, Shape, HT Line, Open Drain, etc.	The property is regular in shape, has relatively flat terrain and contiguous in nature.	The property is irregular in shape, has relatively flat terrain, adjoins a NALA and contiguous in nature.	10.0%	The property is regular in shape, has relatively flat terrain and contiguous in nature.	0.0%	The property is regular in shape, has relatively flat terrain and contiguous in nature.	0.0%
Price Appreciation / Margin for Negotiation		Transacted (Q1, 2021)	30.0%	Quoted (Q1, 2024)	-10.0%	Quoted (Q1, 2024)	-10.0%
Transacted/Asking Unit Rate (INR per sq. ft.)		678		2,525		1,951	
<i>Total Adjustment</i>			5.0%		-70.0%		-65.0%
Adjusted Price per Unit (INR per sq. ft.)		712		758		683	

Instances	Transaction / Quoted Price (INR per sq. ft.)	Price Adjustments (Percent)	Adjusted Pricing (INR per sq. ft.)	Weightage (Percent)	Achievable Pricing for the Project Site (INR per sq. ft.)
Comparable 1 (S1)	678	5.0%	712	40%	285
Comparable 2 (A1)	2,525	-70.0%	758	30%	227
Comparable 3 (A2)	1,951	-65.0%	683	30%	205
<b>Achievable Unit Pricing for the Project Site on 'as is where is' basis (INR per sq. ft.)</b>					<b>717</b>

SUMMARY VALUATION ANALYSIS		
Total Area of the Land Parcel	11,52,763	sq. ft.
Unit Value of Land Parcel	717	INR per sq. ft.
Unit Valuation of Land Parcel	31.23	INR Million per Acre
Additional Estimated Transaction Cost	1%	
Unit Valuation of Land Parcel – adjusting for additional transaction cost	30.92	INR Million per Acre
Developed Land	230.76	INR Million
Land Under Future Development	587.42	INR Million
Total Value of the Land Parcel	818.18	INR Million

Table 7.5 Depreciated Replacement Cost Calculations for the Building

Sl. No.	Particulars	Description		
		Building 8	Building 9	Total
A	Leasable Area			
1	Project (area in mn sq. ft)	0.38	0.19	0.57
2	Company Share	0.38	0.19	0.57
B.	Area Statement			
1	RCC Structures (sq. ft.) - Bare/Cold Shell Scope	0.38	0.19	0.57
2	Services for Warm Shell Scope	0.38	0.19	0.57
	<i>Total Leasable Area (sq. ft.)</i>	0.38	0.19	0.57
C.	Unit Replacement Cost Estimate			
1	RCC Structures (INR per sq. ft.) - Bare/Cold Shell Scope (INR per sq. ft.)	2,200	2,200	
D.	Estimate on Cost of Construction			
	[Total Cost of Construction for a New equivalent Building]			
1	RCC Structures (INR Million) - Bare/Cold Shell Scope (sq. ft.)	830.33	423.90	1,254.23
	<i>Total Estimated Replacement Cost of the Building</i>	830.33	423.90	1,254.23
E.	Depreciation Rates			

	As per Part "C" of Schedule II of The Companies Act 2013			
1	Permanent (RCC) Structures - Bare/Cold Shell Scope	4.87%	4.87%	
F.	Calculation of Depreciated Replacement Cost			
	Age of Building (No. of Years)	14.60	1.42	
	Depreciation Value for the Building (INR Million)	429.75	28.95	458.70
G.	Depreciated Replacement Cost of the Building	400.58	394.95	795.53

**Table 7.6 Market Value of the Building**

Depreciated Replacement Cost of the Building	795.53
Discount on basis of Obsolescence	
<i>Economic Obsolescence - Demand Factor*</i> <i>*Unlikely use of the buildings for their existing usage of IT/ITeS due to lack of demand for commercial office in the micro market. Likely to be incurable till the time that the Project micro-market becomes attractive for IT/ITeS/commercial office, which seems unlikely in the near to medium term</i>	10%
<i>Functional Obsolescence - Capex Factor*</i> <i>*Due to the vintage of the existing building specifications / layout, incremental capex that is likely be needed to upgrade the building to Grade A standards in terms of the lobby enhancements, etc.</i>	15%
<i>Additional Transaction Cost estimated given probable higher level of difficulty of marketing and transacting this Project</i>	1%
Estimated Market Value of the Building - Block 8 (INR Million)	297.43
Market Value of the Building - Block 9 (INR Million)	293.25
<i>Market Value of the Building (INR Million)</i>	<i>590.68</i>
<i>Unit Cost (INR per sq. ft.)</i>	<i>1,036</i>

**Table 7.7 Depreciated Replacement Cost Calculations for Plant & Machinery**

S. No.	Component System	Estimated Present Depreciated Replacement Cost [INR]
1	BATCHING PLANT	9,66,196
2	BMS	98,708
3	ELECTRICAL	4,41,23,154
4	FIRE	69,53,580
5	HVAC	1,96,83,751
6	LIFT	62,97,502
7	MISCELLANEOUS	8,77,304
	TOTAL	7,90,00,195
	Estimated Market Value of Plant & Machinery [INR Rounded Off]	7,90,00,000
	Estimated Market Value of Plant & Machinery [INR Cr]	7.90



## Annexure - 7 Material Litigations

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### 1. Title litigation and irregularities

The Office of the Land Reforms Tribunal & Revenue Divisional Officer, Hyderabad ("**Tribunal**") had by its letter dated August 11, 2009, sought certain information from Serene Properties Private Limited (now MBPPL) under Section 8(2) of the Andhra Pradesh Land Reforms (Ceiling on Agriculture Holdings) Act, 1973 ("**APLRAC**") in respect of the land at Mindspace Pocharam.

Serene has filed a reply on September 30, 2009. The authorized officer has filed a counter and Serene has filed a rejoinder dated August 29, 2012. Serene has stated that the land transferred in favour of MBPPL was notified for industrial use and has been declared as an SEZ and is not "land" covered under the APLRAC. The proceedings are pending before the Special Grade Deputy Collector and Revenue Divisional Officer, Ranga Reddy District. In September 2012, MBPPL also submitted to the Tribunal a copy of the order dated August 9, 2012, which was passed by the Hon'ble High Court of Andhra Pradesh ("**High Court**") in a similar matter (being Writ Petition No. 19300/2012 filed by Neogen Properties Pvt. Ltd.) wherein a stay was granted by the High Court until further orders. The matter is currently pending before the Tribunal.

### 2. Criminal matters

There are no pending criminal matters against Mindspace Pocharam

### 3. Regulatory actions

- I. The Commissioner, Pocharam Municipality ("**Commissioner**") issued a show cause notice dated November 27, 2021 ("**SCN**") to KRCPL (instead of MBPPL) under the Telangana Municipalities Act, 2019 for removal of fence, and to leave open the cart track out of the land of MBPPL at Pocharam Village for the use of general public. The Commissioner has under the SCN alleged that KRCPL has encroached by erecting a fence to the said cart track. MBPPL, by its letter dated December 6, 2021, replied to the SCN stating that they are verifying the records and the relevant layouts pertaining to the subject and sought additional time to submit a detailed response and requested the Commissioner not to initiate any steps or proceedings in the interim.
- II. The Income Tax Department had issued a warrant dated November 29, 2017 under Section 132 of the Income Tax Act, 1961 ("Income Tax Act") against Avacado, Gigaplex, KRIT, MBPPL, Chalet Hotels, Genext, Inorbit Malls, KRCPL, KRPL, Shoppers Stop and others ("Parties"). Pursuant to the Warrant, the Income Tax Department carried out a search on November 30, 2017. The search covered various matters for which notices were already issued from time to time. The search was concluded on December 6, 2017 at the office and residence of the Parties. Pursuant to the search, the Income Tax Department issued notices to each of the Parties under Section 153A of the Income Tax Act directing them to prepare and furnish true and correct returns of total income for assessment years ("AY") from 2008-2009, 2012-13 to 2017-18 within a stipulated timeline from the date of service of the notices and these returns have been furnished before the Income Tax Department. Further, the Income Tax Department issued notices under Section 142(1)/143(2) of the Income Tax Act for assessment years 2008-2009, 2012-13 to 2017-2018/2018-19, to the Parties seeking certain information. These details have been furnished before the Income Tax Department by the Parties from time to time

- III. MBPPL filed appeals before the CIT(A) against the order for AY 2012-13 to AY 2017-18 and against order for AY 2018-19. MBPPL made an application under the VsV for AY 2012-13, AY 2013-14 & AY 2014-15. MBPPL received final order for AY 2012-13, accepting the VsV Application. The appeal for AY 2015-16 and 2016-17 were disposed by the CIT(A) in favour of MBPPL with direction to the assessing officer. The appeal for AY 2012-13 was dismissed by the CIT(A) in view of VsV order for the said year. VsV application for AY 2013-14 was rejected and the final order under VsV for AY 2014-15 is currently pending. The appeal for AY 2013-14 was disposed by the CIT(A) against MBPPL and an appeal has been filed before the ITAT against the same. Appeal filed before ITAT for AY 2013-14 has been withdrawn by MBPPL. The Income Tax Department filed an appeal for AY 2015-16 and AY 2016-17 before ITAT against the order of the CIT(A) and the same were disposed by the ITAT in favour of MBPPL. MBPPL received a notice under section 148 for assessment year 2014-15. MBPPL filed return of income under protest in response to the said notice for assessment year 2014-15 and also sought reasons for reopening the assessment. MBPPL received reasons for reopening and response against the same has been submitted objecting to the reopening of assessment. The Income Tax Department passed an order rejecting the objections filed. MBPPL filed a writ petition with the Bombay High Court against the notice under section 148 and rejection order. Bombay High Court has passed the order quashing the notice under section 148. Subsequently, Supreme Court has upheld the validity of the notice. MBPPL received notice u/s 148A(b) and response against the same has been submitted objecting to the reopening of assessment. The Income Tax Department passed an order under section 148A(d) rejecting the objections filed and served notice under section 148 of the Income Tax Act. The return of income was filed under protest in response to the said notice. MBPPL has filed Writ Petition before Bombay High Court against the notice u/s 148 and order u/s 148A(d).

The Commissioner, Pocharam Municipality ("Commissioner") issued a show cause notice dated November 27, 2021 ("SCN") to KRCPL (instead of MBPPL) under the Telangana Municipalities Act, 2019 for removal of fence, and to leave open the cart track out of the land of MBPPL at Pocharam Village for the use of general public. The Commissioner has under the SCN alleged that KRCPL has encroached by erecting a fence to the said cart track. MBPPL, by its letter dated December 6, 2021, replied to the SCN stating that they are verifying the records and the relevant layouts pertaining to the subject and sought additional time to submit a detailed response and requested the Commissioner not to initiate any steps or proceedings in the interim.

#### **4. Material civil/commercial litigation**

There are no material civil/commercial litigation involving Mindspace Pocharam.

Table 7.8: Summary of Pending Tax Litigation

ASSESSMENT YEAR	SIGNIFICANT ISSUE IN DISPUTE	AUTHORITY - RAISING ISSUE	AUTHORITY - PASSING ORDER	APPEAL PREFERRED BY	AUTHORITY - ISSUE PENDING BEFORE	NEXT DATE OF HEARING IF APPLICABLE	EXPOSURE - TAX, INTEREST AND PENALTY
2014-15	Rental Income assessed under the head IHP instead of Business.	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2017-18	Rental Income assessed under the head IHP instead of Business & no speaking order on the losses & unabsorbed depreciation of demerged undertaking	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-
2018-19	Depreciation to be Computed on assets from the year in which income from such asset is taxed under the head PGBP & Disallowance of Interest on TDS	Assessing Officer	Assessing Officer	Company	CIT(A)	Not available	-

Note: Direct tax litigations are at the SPV level.

Table 7.9: Summary of Pending Indirect Tax Litigation

Sr.No.	Entity	Tax type	Asset	Authority pending	Tax demand (in 'mn)	Interest (quantified)	Penalty (quantified)	Issue in brief	Period	Interest	Penalty
1	Mindspace Business Parks Private Limited	Service Tax	Mindspace Airoli (E), Commerzone Yerwada, The Square Signature Business Chamber Nagar Road Pune, Mindspace Pocharam	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	33.39	-	-	Service tax on reimbursement of electricity and allied charges	April 2008 to June 2017	as applicable	as applicable
2	Mindspace Business Parks Private Limited	Service Tax	Mindspace Airoli (E), Commerzone Yerwada, The Square Signature Business Chamber Nagar Road Pune, Mindspace Pocharam	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	5.83	-	-			as applicable	as applicable
3	Mindspace Business Parks Private Limited	Service Tax	Mindspace Airoli (E), Commerzone Yerwada, The Square Signature Business Chamber Nagar Road Pune, Mindspace Pocharam	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	35.45	-	-			as applicable	as applicable
4	Mindspace Business Parks Private Limited	Service Tax	Mindspace Airoli (E), Commerzone Yerwada, The Square Signature Business Chamber Nagar Road Pune, Mindspace Pocharam	Reply to SCN filed with Commissioner of Service Tax, Pune	7.24	-	-			as applicable	as applicable
5	Mindspace Business Parks Private Limited	Service Tax	Mindspace Airoli (E), Commerzone Yerwada, The Square Signature Business Chamber Nagar Road Pune, Mindspace Pocharam	Reply to SCN filed with Commissioner of Central Excise & Service Tax, Pune	5.35	-	-			as applicable	as applicable
6	Mindspace Business Parks Private Limited	Service Tax	Mindspace Airoli (E), Commerzone Yerwada, The Square Signature Business Chamber Nagar Road Pune, Mindspace Pocharam	Reply to SCN filed with Assistant Commissioner, Central Tax (GST), Pune	4.76	-	-			as applicable	as applicable
7	Mindspace Business Parks Private Limited	Customs	Mindspace Airoli (E), Commerzone Yerwada, The Square Signature Business Chamber Nagar Road Pune, Mindspace Pocharam	CESTAT	11.06	-	-	Refund claim filed for excess payment of Customs duty at the time of debonding from STPI Scheme	Aug-16	not applicable	not applicable

## Annexure - 8

### Caveats and Limitations

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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 JLL 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 considering the forecasts on demand, supply and pricing as undertaken by JLL 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 Private Limited (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 considered the independent market report prepared by JLL and 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 Project 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 Project 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 Client 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 Project or assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. Review of tenants' ability and willingness to continually pay lease rents as per their respective contractual terms is not within the scope of work of Valuer. Valuer has assumed that all tenants' will be able to pay their rents on time as and when demanded as per their contractual terms and that no arrears exist with respect to any tenancy.
7. 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 (Letter of Engagement). 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.
8. 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.
9. 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.