

## POLICY ON RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

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| <i>Approving Authority</i> | Governing Board of K. Raheja Corp Investment Managers LLP (“ <b>Manager</b> ” or “ <b>Investment Manager</b> ”) as the manager of Mindspace Business Parks REIT (“ <b>Mindspace REIT</b> ” or “ <b>REIT</b> ”)  |
| <i>Approval Date</i>       | December 24, 2019   |
| <i>Effective Date</i>      | This policy on related party transactions and conflict of interest (“ <b>Related Party Transactions Policy</b> ” or “ <b>Policy</b> ”) shall come into effect from the date on which units are allotted to the successful Applicants pursuant to the Offer. |

### I. Applicability

This Policy shall be applicable to related party transactions of Mindspace REIT and its Asset SPVs with related parties, as defined under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended.

### II. Introduction & Purpose

The Governing Board has adopted this Policy with respect to Related Party transactions and conflict of interest situations, in terms of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, including any rules, circulars, guidelines or notifications issued thereunder (“**REIT Regulations**”) and applicable law. The Audit Committee may, from time to time, review, and recommend amendments to the Policy to the Governing Board. The Governing Board shall review the Policy once every three years and may amend the Policy from time to time, subject to applicable law. The Policy is adopted to regulate the transactions of Mindspace REIT with its Related Parties, based on the laws and regulations applicable to Mindspace REIT and best practices. The objective of the Policy is to ensure proper approval, supervision and reporting of the transactions between Mindspace REIT and its Related Parties.

### III. Definitions

- i. “**Applicable Law**” means any statute, law, regulation, ordinance, rule, judgement, order, decree, bye-law, approval of any governmental agency, directive, guideline, policy, requirement or other government restriction or any similar form of decision of or determination by, or any interpretation having the force of law of any of the foregoing governmental agency having jurisdiction, applicable to any party, in force from time to time, including but not limited to the REIT Regulations;
- ii. “**Associate**” of any person shall have the meaning ascribed to such term under the REIT Regulations.
- iii. “**Audit Committee**” means the audit committee constituted by the Governing Board, from time to time.
- iv. “**Governing Board**” shall mean the governing board of the Manager.
- v. “**Asset SPVs**” shall collectively mean, Avacado Properties and Trading (India) Private Limited, Gigaplex Estate Private Limited, Horizonview Properties Private Limited, Intime Properties Limited, K.Raheja IT Park (Hyderabad) Limited, KRC Infrastructure and Projects Private Limited, Mindspace Business Parks Private Limited, Sundew Properties Limited and such other SPVs that shall form part of Mindspace REIT in future.
- vi. “**Holdco**” shall have such meaning as assigned under the SEBI REIT Regulations
- vii. “**Listing Agreement**” shall mean the listing agreement entered into with the Stock Exchanges by the Manager or the Trustee on behalf of Mindspace REIT, in line with the format as specified under the

Securities and Exchange Board of India circular number CIR/ CFD/CMD/6/2015 dated October 13, 2015 on “Format of uniform Listing Agreement”

- viii. **“Offer”** shall mean the initial offer of Units to public by Mindspace REIT
- ix. **“Offer Documents”** shall mean the draft offer document, offer document and final offer document prepared in accordance with Applicable Law, for the purpose of the Offer;
- x. **“Related Party”** shall have such meaning as assigned under the SEBI REIT Regulations
- xi. **“Right of First Offer Agreement”** shall mean the deed of right of first offer to be executed between Manager, Trustee and Sponsor
- xii. **“SEBI REIT Regulations”** or “REIT Regulations” shall mean SEBI (Real Estate Investment Trusts) Regulations, 2014, as amended from time to time and circulars issued by the Securities and Exchange Board of India time to time.
- xiii. **“SEBI”** shall mean Securities and Exchange Board of India.
- xiv. **“Stock Exchanges”** shall mean BSE Limited and the National Stock Exchange of India Limited
- xv. **“Sponsor”** shall have such meaning as assigned under the SEBI REIT Regulations or as approved by SEBI.
- xvi. **“Trustee”** shall mean Axis Trustee Services Limited or such other trustee as appointed for Mindspace REIT, in accordance with the REIT Regulations.
- xvii. **“Unit”** shall mean an undivided beneficial interest in Mindspace REIT, and such Units together represent the entire beneficial interest in Mindspace REIT.
- xviii. **“Unitholders”** shall mean any person who holds any Unit of Mindspace REIT.

#### **IV. General Requirements**

- i. In terms of the REIT Regulations, the Manager shall ensure that all future related party transactions shall be: (a) on an arm’s length basis; (b) in the best interest of the Unitholders; (c) consistent with the strategy and investment objectives of Mindspace REIT; and (d) compliant with applicable law and (e) disclosed to the Stock Exchanges and the Unitholders periodically in accordance with the Listing Agreement and the REIT Regulations.
- ii. Mindspace REIT may, subject to the conditions specified under the Policy and the REIT Regulations: (a) acquire assets from Related Parties; (b) sell assets or securities to Related Parties; (c) lease assets to Related Parties; (d) lease assets from Related Parties; (e) invest in securities issued by Related Parties; or (f) borrow/lend from/to Related Parties or carry out such transactions with Related Parties as may be permitted under Applicable Law.
- iii. Mindspace REIT shall not undertake lending to any person other than the Holdco or the Asset SPVs in which it has invested in, subject to requirements stipulated under the REIT Regulations.

#### **V. Approval of the Unitholders**

- i. In the event related party transactions are proposed to be entered into after the Offer, transactions with respect to sale or purchase of properties will be undertaken in compliance with Regulation 19(3) of the REIT Regulations.
- ii. Unitholders’ approval shall be obtained in accordance with Regulation 22 of the REIT Regulations (where the votes cast in favour of a resolution shall be more than the votes cast against the resolution) and the request for such approval shall be accompanied by a transaction document as specified under Regulation 19(5)(c) of the REIT Regulations which shall include the disclosures specified under

Regulation 19(6) of the REIT Regulations, prior to entering into any related party transactions after the Offer if:

- (a) the total value of all the related party transactions, in a financial year, pertaining to acquisition or sale of assets/properties, whether directly or through the Holdco and/or the Asset SPVs, or investments into securities exceeds 10% of the value of Mindspace REIT; or
- (b) the value of net funds borrowed from the Related Parties, in a financial year, exceeds 10% of the total consolidated borrowings of Mindspace REIT, Holdco and/or the Asset SPVs.

It is hereby clarified that voting by any person who is a related party with respect to a Related Party transaction, as well as the voting by the Associates of such person, shall not be considered on such related party transaction.

iii. In the event of any properties being leased to Related Parties of Mindspace REIT after the Offer, if:

- (a) such lease area exceeds 20% of the total area of the underlying assets;
- (b) value of assets under such lease exceeds 20% of the value of the total underlying assets in accordance with the last valuation undertaken in accordance with the REIT Regulations; or
- (c) rental income obtained from such leased assets exceeds 20% of the value of the rental income of all underlying assets,

a fairness opinion from an independent valuer shall be obtained by the Manager and submitted to the Trustee and approval of Unitholders in accordance with Regulation 22 shall be obtained.

iv. For any related party transaction requiring the approval of the Unitholders the agreement shall be entered into within six months from the date of approval of the Unitholders, as the case may be. However, in case the agreement is not entered into within such period, approval from the Unitholders may be sought for extension for another six months in accordance with Regulation 22 with the updated valuation report.

## **VI. Disclosure and Reporting**

- i. The Manager shall submit to the Trustee, quarterly reports on the activities of Mindspace REIT, including the status of compliance with the requirements specified under the REIT Regulations with respect to related party transactions, within 30 days of the end of each quarter.
- ii. Related party transactions shall be disclosed to the Stock Exchanges and the Unitholders periodically, in accordance with the REIT Regulations and the Listing Agreement. With respect to any related party transaction, the Manager shall adequately disclose the details of any fees or commissions received or to be received by such Related Party to the Stock Exchanges and Unitholders.
- iii. In terms of the REIT Regulations, the annual report and half yearly report to be submitted by the Manager to all Unitholders, electronically or by physical copies, and to the Stock Exchanges within three months from the end of the Financial Year and within 45 days from the end of the half year ending on September 30, shall contain, *inter alia*, details of all related party transactions, including acquisitions or disposal of any assets, directly or through the Asset SPVs during the year, the value of which exceeds 5% of value of Mindspace REIT assets in accordance with the last valuation undertaken in accordance with the REIT Regulations.
- iv. Any arrangement or transaction or contract with any Related Party shall be disclosed to the Unitholders and to the Designated Stock Exchange other than arrangements or transactions provided in the REIT Regulations.

## **VII. Other conditions**

- i. In addition to any other requirement that may be prescribed in terms of the REIT Regulations or other applicable laws, all related party transactions to be entered into in the future will be reviewed and approved by the Audit Committee.

- ii. As a general rule, the Manager must demonstrate to the Audit Committee that related party transactions satisfy the criteria set out hereunder at the time of recommending the same for the approval of the Audit Committee.
- iii. The Manager will maintain a register to record all related party transactions entered into by Mindspace REIT and the basis on which they are entered into.
- iv. No Related Party shall retain cash or other rebates from any property agent in consideration for referring transactions in REIT assets to the property agent.
- v. The Audit Committee shall review at least quarterly/half yearly as the case may be in each financial year, the related party transactions entered into during such quarter / half year to ascertain that the guidelines and procedures established to monitor the related party transactions have been complied with.
- vi. The review by the Audit Committee will include the examination of the nature of the transaction and its supporting documents or such other data as may be deemed necessary by the Audit Committee.
- vii. While considering a related party transaction, any member of the Audit Committee who has a potential interest in any related party transaction will recuse himself or herself and abstain from discussion and voting on the related party transaction.
- viii. The Audit Committee may also, in the interest of the conduct of affairs of Mindspace REIT, grant omnibus approval for related party transactions (subject to individual limit per transaction and aggregate limit for all such transactions) that cannot be foreseen and for which the aforesaid details are not available subject to the REIT Regulations. While assessing a proposal for approval under the omnibus route, the Audit Committee to satisfy itself on the need for such approval and that the same is in the interest of Mindspace REIT.
- ix. Transactions of the following nature are not to be subjected to the omnibus approval mechanism: (a) the transactions which are not in the ordinary course of business or not at arm's length; (ii) transactions which are not repetitive or unforeseen in nature; (iii) transactions exceeding the threshold limits specified for omnibus approval (the Audit Committee shall, after obtaining approval of the Governing Board, specify the criteria for making the omnibus approval); (iv) inter-corporate loans given / taken by Mindspace REIT to / from Related Parties and purchase / sale of investments from / to Related Parties; and (v) any other transaction as may be specified by the Audit Committee.
- x. Transactions between two or more of the REITs with a common manager or sponsor shall be deemed to be related party transactions for each of the REITs and the provisions of the REIT Regulations and this Policy shall apply.

#### **VIII. Potential Conflict of Interest**

- i. All resolutions in writing concerning investments with respect to matters concerning related party transactions of Mindspace REIT must be approved by majority of all non-related members.
- ii. Where matters concerning Mindspace REIT relate to transactions entered into or to be entered into by the Manager for and on behalf of Mindspace REIT with a Related Party, the Governing Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted in accordance with the parameters set forth.
- iii. In the event that the employees of the Manager also provides services to KRC group entities or third parties, including the Sponsor, Sponsor Group, or their affiliates, it shall ensure that it continues to have adequate control in place to ensure segregation of its activities as manager to Mindspace REIT from such other activities, if any
- iv. To ensure compliance with the Right of First Offer Agreement, the Manager will maintain a register of all opportunities / transactions arising from the implementation of the Right of First Offer Agreement.
- v. The Audit Committee at such intervals as it may deem fit, review the implementation of Right of First Offer Agreement to ensure compliance. The review will include an examination of supporting documents and such other data deemed necessary to the Audit Committee. If a member of the Audit

Committee has an interest in a transaction arising from the implementation of the Right of First Offer Agreement he or she is to abstain from participating in the review and approval process in relation to that transaction.

- vi. The transactions pursuant to which employees of the Manager provide advice to the Sponsor/ Sponsor Group shall be reported to the Audit Committee and the Audit Committee shall ensure that the interests of Mindspace REIT is protected.
- vii. The Sponsors and certain entities forming part of the Sponsor Group may be interested in businesses which directly compete with the activities of Mindspace REIT. To the extent applicable, the Sponsors and such Sponsor Group entities shall perform their duty in relation to Mindspace REIT independent of their related business.
- viii. Other Related Parties to Mindspace REIT may be interested in businesses which directly compete with the activities of Mindspace REIT. To the extent applicable, such Related Parties shall perform their duty in relation to Mindspace REIT independent of their related business.

#### **IX. Amendment to the Policy**

Notwithstanding the above, this Policy will stand amended to the extent of any change in Applicable Law, including any amendment to the REIT Regulations, without any action from the Manager or approval of the Unitholders.