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Mindspace Business Parks REIT Group ⁽¹⁾ Green Financing Framework



(1) Mindspace Business Parks REIT and its Special Purpose Vehicles

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Overview of Mindspace Business Parks REIT

Business Overview

Mindspace Business Parks REIT (“**Mindspace REIT**” or “**The REIT**”) is one of India’s leading providers Grade A commercial spaces. Mindspace REIT has a portfolio with a total leasable area of over 32 million square feet of which over 25 million square feet is ready and operational as on December 31, 2022. The portfolio consists of 5 integrated business parks and 5 quality independent office assets. It has a diversified and high-quality tenant base.

Mindspace REIT is sponsored by Cape Trading LLP and Anbee Constructions LLP, which are part of ‘K Raheja Corp Group’ (“**KRC Group**”). KRC Group is one of India’s prestigious developers with an experience of creating landmarks for over four decades across asset classes of residential, office, retail and hospitality.

Pioneers in Developing Green Eco-system

KRC Group was one of the pioneers who catalyzed the transition of Indian Real Estate Industry toward Green Buildings. In 2007, it was amongst the first industry participants in India to sign a Memorandum of Understanding (MOU) with CII-Green Building Council to construct green buildings. As on December 31, 2022, approximately 90% of operational area of Mindspace Business Parks REIT being green certified (IGBC / LEED Platinum or Gold) is a testament to this. In continuation to its ambition of becoming a leader in environment conservation and climate change mitigation, Mindspace REIT became the first real estate entity in India to commit to RE100 and EV100 initiatives. Recently, Mindspace REIT received 5 Star GRESB Rating and ranked 4th in Asian Office for Development Portfolio. It also received 4 Star Rating for Standing Investment from GRESB, the leading global ESG standard for real estate and infrastructure investments.

Environmental Objective

Real estate industry is a significant contributor to greenhouse emissions globally. Any reduction in emissions by this industry can go a long way in making our planet sustainable and mitigating the impact of climate change. Mindspace Business Parks REIT acknowledges the impact its operations have on the surroundings and planet at large. To minimize its impact on environment, business practices of the REIT has been aligned towards various United Nations Sustainability Development Goals on environment, social and governance (ESG) and devised a comprehensive ESG strategy with defined timelines and quantified targets. Our initiatives are supported by our clear vision - **To be a sustainability leader in the real estate sector by creating long-term value for stakeholders through ESG focused business strategy.**

Our ESG Framework



Pillar 1: Resource Conservation and Efficiency

Through our mindful strategies, we aim to minimize impact on the environment by adopting sustainable practices such as optimum resource utilization, integrating technological interventions, striving for carbon-neutral operations, and promoting green energy across all our projects.

Pillar 2: Employee and Community Relations

Our efforts are directed at the holistic development of our employees by providing them relevant opportunities to learn and grow. We strive to meet the evolving needs of our tenants. Our initiatives also extend towards uplifting the communities around us.

Pillar 3: Responsible Business Conduct

We are committed to the highest standards of ethical conduct and integrity across our organization. We respect human rights of the stakeholders across our value chain. Also, we place a great emphasis on applying stringent measures while empaneling suppliers to make sure they align with our sustainability vision.

Governance Structure



Executive Committee:

We have a cross-functional ESG governance framework, which is especially responsible for identifying, developing, and monitoring our ESG efforts. The Executive Committee comprising board members and Key Management Personnel (KMPs) oversees the ESG implementation. It is responsible for steering the implementation of ESG strategy. The Committee provides specific guidance and operational insights on the ESG initiatives of the REIT and keeps the Board updated on the progress and industry developments in the ESG space. The committee is empowered to form committees/groups as and when required for undertaking ESG initiatives and achieve set targets in relation to ESG strategy.

ESG Committee:

ESG Committee currently includes managers/representatives from across the functions including leasing, asset management, projects, corporate finance and investor relations, and compliance. The Committee is responsible for the implementation of ESG strategy, sustainability initiatives and roadmap to achieve the set targets. The Committee also assesses material and strategically ESG significant matters and implement policies, practices, and disclosures in conformance with the ESG strategy. The ESG committee meets at periodic intervals to ensure alignment towards ESG goals and provides updates to Executive Committee from time to time.

Adopting Sustainable Environmental Practices at Mindspace REIT

Mindspace REIT's vision is to be a sustainability leader in the real estate sector by creating long-term value for stakeholders through ESG focused business strategy. We are committed to investing in initiatives that benefit our stakeholders, while taking necessary measures to reduce our environmental footprint by adopting sustainable practices that help us create lasting values. We endeavor to continue fortifying our position and standing as a reliable partner of choice, to each of our stakeholders, year after year.

To ensure we stay on course to achieving our ESG objectives, we have adopted various quantifiable short-term and long-term targets. Below are some of the key environmental targets of Mindspace REIT,

- Reduce Scope 1 and Scope 2 emissions by 21% (by 2025) and 42% (by 2030)
- Increase share of renewable energy utilized across common areas services and maintained within the portfolio to 35% (by 2025), 50% (by 2030) and 100% (2050) by committing to RE100
- To ensure 100% of new developments are LEED / IGBC certified with minimum Gold Rating
- 95% of total portfolio to be LEED / IGBC certified with minimum Gold rating
- Ensure 100% Tier 1 (direct) suppliers are covered under Supplier Code of Conduct by 2023 and 100% suppliers by 2026
- Transition to Electric Vehicles by 2030 via committing to EV100

Green Financing Framework

Mindspace REIT has established the **Green Financing Framework** (the “Framework”) under which Mindspace REIT and / or its SPVs (“**Mindspace REIT Group**”) may issue green debt securities including non-convertible securities such as bonds and debentures as defined under SEBI Regulations (hereinafter referred to as “**Green Financing Instruments**”), which is aligned with the Green Bond Principles (“GBP”) developed by the International Capital Markets Association (“ICMA”) as amended from time to time . These are a set of voluntary guidelines that recommend transparency, disclosure and promote integrity in the development of green debt instruments.

This Framework is aligned with the four key areas of the GBP (purpose of the Framework):

1. Use of Proceeds
2. Project Evaluation and Selection
3. Management of Proceeds
4. Allocation and Impact Reporting

Use of proceeds

Under this Framework, 100% of the net proceeds of the Green Financing Instruments will be used to:





(a) fund the construction and/or development and / or costs incurred directly or indirectly towards the construction / development





(b) refinance existing external and/or internal Mindspace REIT Group loans availed to fund the construction, development or costs incurred directly or indirectly towards the construction / development; and/or

(c) acquire/part fund/make contributions towards,

in whole or in part, new or existing eligible green projects, that meet one or more of the following categories of eligibility as recognized herein subject to compliance of applicable laws (“**Eligible Green Projects**”)

Eligible Green Projects:

Projects	Description and Project Eligibility
<p>Green Buildings / Projects</p>  <p><i>Sustainable industry, innovation, and infrastructure (SDG9)</i></p>	<p>Description and Project Eligibility</p> <ol style="list-style-type: none"> Investments and / or expenditures related to the purchase, construction, development, redevelopment, operations and maintenance or improvement of properties or group of properties that have received or are expected to receive at least Gold certification / under IGBC / LEED for either Core & Shell or operations & maintenance (O&M) or are at least rated “Certified” under EDGE In case of under-construction properties / group of properties or new development, the properties shall be pre-certified at least Gold under IGBC / LEED for either Core & Shell or at least “Certified” under EDGE Sufficient evidence of the certification must be submitted of the properties and the same certification along with the evidence must be procured within 12 months of completion of the property i.e. from the receipt of occupancy certificate for the entire property. For such buildings pre-certification must be available for it to be considered as eligible green project.
<p>Energy Efficiency</p>  <p><i>Affordable and Clean energy (SDG7)</i></p>  <p><i>Sustainable industry, innovation, and infrastructure (SDG9)</i></p>	<p>Investments that result in energy savings of greater than 20% against ASHRAE 90.1, or make other environmentally beneficial improvements to properties including, but not limited to:</p> <ul style="list-style-type: none"> Projects that improve efficiency of HVAC systems including latest technologies in chillers Cooling optimization solution such as heat recovery wheel Advanced metering strategies, high performance building envelope and advanced building management systems
<p>Sustainable Water & Wastewater Management</p>  <p><i>Clean Water and Sanitation (SDG6)</i></p>	<p>Investments and/or expenditures towards development or purchases for implementing sustainable water management projects within properties or land including, but not limited to:</p> <ul style="list-style-type: none"> Water infrastructure upgrades (including but not limited to smart metering, washrooms (BMS compatible water meters for tenants) and irrigation controls) Rainwater capture systems for both roof and non-roof runoffs, rainwater shall be used for make-up water in cooling towers or landscaping Green roofs resulting in rainwater runoff reductions Low flow water fixtures Sewage treatment plants Condensate recovery Other initiatives that allow for a greater than 15% water reduction outcome as per the Green Building standards specified in LEED / IGBC / EDGE

<p>Clean Transportation</p>  <p><i>Sustainable cities and communities (SDG11)</i></p>	<p>Investments and/or expenditures in clean transportation projects and infrastructure that:</p> <ul style="list-style-type: none"> • Improve connectivity or promote green mobility within the park or to nearest public transport or non-motorized methods like cycling and walking • Result in a reduction in greenhouse gas (“GHG”) emissions through infrastructure for charging stations for electric vehicles • Setting up infrastructure for ease of access to reaching nearest points of public transport such as skywalk or underground tunnels or cycling / pedestrian paths
<p>Renewable Energy</p>  <p><i>Affordable and Clean energy (SDG7)</i></p>	<p>Investments and/or expenditures for project development and purchase / acquisition of projects aimed at providing renewable energy such as offsite solar plant, onsite rooftop solar, or wind energy</p>
<p>Pollution & Waste Prevention or Control / Sustainable waste management</p>  <p><i>Responsible Consumptions and production (SDG12)</i></p>	<ul style="list-style-type: none"> • Investments and/or expenditures related to onsite composting of organic waste
<p>Biodiversity & Conservation</p>  <p><i>Life on Land (SDG15)</i></p>	<p>Plantation of trees and ecological restoration for preservation of biodiversity and native ecosystems</p>
<p>Adaptability & Resilience to Climate Change</p>	<p>Investments in projects and/or expenditure projects where vulnerability/feasibility studies establish anticipated benefits of infrastructure projects that would support a property’s defense and adaptation to extreme weather conditions or to the effects of climate change to flood defense, stormwater management and heatwave mitigation</p>



Sustainable cities and communities (SDG11)

Process for project evaluation and selection

The ESG Committee shall identify Eligible Green Projects / Buildings that satisfy the criteria set forth in Use of Proceeds section. The ESG Committee shall adhere to Mindspace REIT Group's existing policies when assessing perceived ESG risks. It shall prepare an internal memo and submit it to Executive Committee for approving the issuance of Green Financing Instruments. Executive Committee shall review the memo and take the final decision on approving the issuance of Green Financing Instruments. In the case of SPVs of REIT, the final approving decision shall be taken by the Board or the approving committee of the respective SPV as the case may be.

In addition, the ESG Committee shall,

- a) review and approve reporting required pursuant to this Framework; and
- b) monitor on going Green Financing market practices.

Management of Proceeds

The proceeds of the Green Financing Instruments will be deposited in Mindspace REIT Group's accounts and shall be allocated towards Eligible Green Projects in accordance with the Framework. Net proceeds may be used for Eligible Green Projects in the 10 years preceding or following the issuance of the Green Financing, or in the case of Green Buildings, where costs were incurred prior to green building certification, if such certification was obtained within the 10 year look-back period. Look-back period for capital expenditure will be 10 years while the look-back period for operating expenditure shall be 3 years. Until such time as the relevant portion of the proceeds has been allocated, such amounts will be kept in temporary investment instruments that are cash, demand, or time deposit accounts with select scheduled commercial banks in India, certificates of deposit maturing not more than one year after the date of acquisition thereof or mutual funds (for a period not more than one year), which invest in companies organized under the laws of India or in securities issued by Government of India or other governmental bodies in India.

Internal records including information relating to details of Green Financings Instruments issued will be maintained by Mindspace REIT Group's Finance or Accounts department. Its internal records will show the allocation of the net proceeds of the relevant offering to Eligible Green Projects as long as proceeds from a Green Financing offering remains unpaid.

Allocation and Impact Reporting

Until the proceeds are completely utilized, Mindspace REIT Group may engage a third-party to complete a quarterly review of its utilization of net proceeds till the utilization is completed. Mindspace REIT Group will also perform impact reporting on an annual basis.

Mindspace REIT Group shall provide to its Debenture Trustee / stock exchanges / relevant government bodies the following:

1. the use of proceeds (project type, capacity, and location) for each Green Financing Instrument issued and outstanding (quarterly basis till the utilization is completed)
2. the current allocated and outstanding amounts and contractual maturity dates (quarterly basis till the utilization is completed), and
3. percentage of amounts allocated for financing and refinancing (if applicable); (quarterly basis till the utilization is completed)
4. relevant impact metric (annual basis till redemption)
5. management or independent chartered accountant or certifier or reviewer confirmation that the use of proceeds of the Green Financing Securities is in alignment with Mindspace REIT Group's Green Bond Framework (quarterly basis till the utilization is completed)

Mindspace REIT Group may choose to provide until the full repayment / redemption of the Green Financing Instruments relevant qualitative and / or quantitative indicators (impact metrics) for environmental performance on an annual basis from below list pertaining to the Eligible Green Projects funded,

1. Project details
2. Green Certification Level
3. Green Area details
4. Annual Energy Use Intensity
5. Annual Energy Use Reduction
6. Proportion of on-site renewable energy
7. Annual Water Use Reduction
8. Proportion of construction Waste Diverted
9. New clean transportation infrastructure (km)
10. Total renewable energy generated / procured
11. Landscape area of plantation and variety of trees planted
12. Capacity of rainwater tank
13. Any other details which Mindspace REIT Group may choose

External Review

Mindspace REIT may also obtain an independent second party opinion to confirm that this Framework conforms to ICMA's Green Bond Principles which can be found at Mindspace REIT's website along with the Framework.

Amendments to this Framework

The Executive Committee will review this Framework as and when required. Any significant updates to this Framework shall be subject to the prior approval of Executive Committee and an external reviewer as Mindspace REIT Group may appoint from time to time.

Annexure 1

List of SPVs of Mindspace Business Parks REIT as on 23 February 2023

- Avacado Properties and Trading (India) Private Limited (“Avacado”),
- Gigaplex Estate Private Limited (“Gigaplex”)
- Horizonview Properties Private Limited (“Horizonview”)
- Intime Properties Limited (“Intime”)
- KRC Infrastructure and Projects Private Limited (“KRC Infra”)
- K. Raheja IT Park (Hyderabad) Limited (“KRIT”)
- Mindspace Business Parks Private Limited (“MBPPL”)
- Sundew Properties Limited ('Sundew')

The list of SPVs may undergo change from time to time and shall also include any entities in which Mindspace Business Parks REIT or its SPVs holds at least 50% equity stake or interest.

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