



DISTRIBUTION POLICY

Reference	MREIT/DP-V2/2024
Approving Authority	Board of Directors (“ Board ”) of K Raheja Corp Investment Managers Private Limited (Formerly known as “K Raheja Corp Investment Managers LLP”) (“ Manager ”) in its capacity as the Manager of Mindspace Business Parks REIT (“ MindSpace REIT ”)
Effective Date	This amended policy on distribution (“ Distribution Policy ” or “ Policy ”) shall come into effect from April 1, 2024.

Revision History		
Version	Date	Change Type
V1	July 17, 2023	Approved
V2	January 29, 2024	Amended

1. Preamble

This Distribution Policy aims to outline the distribution framework in relation to Mindspace REIT and its Asset SPVs.

2. 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. “**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 any other special purpose vehicles which may form part of Mindspace REIT.
- III. “**Act**” means the Companies Act, 2013 as amended from time to time.
- IV. “**Board of Directors**” shall mean the Board of Directors of the Manager.
- V. “**SEBI**” shall mean Securities and Exchange Board of India.
- VI. “**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 time to time.
- VII. “**Unit**” shall mean an undivided beneficial interest in Mindspace REIT, and such Units together represent the entire beneficial interest in Mindspace REIT.
- VIII. “**Unitholders**” shall mean any person who holds any Unit of Mindspace REIT.



3. Distribution Mechanism

- I. The net distributable cash flows of Mindspace REIT are based on the cash flows generated from Mindspace REIT's assets.
- II. In terms of the REIT Regulations, not less than 90% of the net distributable cash flows of the Asset SPVs are required to be distributed to Mindspace REIT, in proportion of their shareholding in the Asset SPV, subject to applicable provisions of the Companies Act, 2013 or the Limited Liability Partnership Act, 2008. Presently, cash flows receivable by Mindspace REIT may be in the form of dividends, interest income, principal repayment, proceeds of any capital reduction or buyback from the Asset SPVs or as specifically permitted under the Trust Deed or in such other form as may be permissible under the Applicable Laws.
- III. The Manager shall declare and distribute at least 90% of the net distributable cash flows of Mindspace REIT as distribution ("**REIT Distribution**") to the Unitholders. Such REIT Distribution shall be declared and made for every quarter of a Financial Year. Further, in accordance with the REIT Regulations, REIT Distribution shall be made no later than 15 days from the date of such declaration. The REIT Distribution, when made, shall be made in Indian Rupees. The net distributable cash flows shall be calculated as per "**Annexure- A**" to this Policy as may be amended by the Manager from time to time.
- IV. Mindspace REIT's Distribution Policy is to distribute as per Mindspace REIT's net distributable cash flows (the "**Net Distributable Cash Flows**"). Mindspace REIT's distribution policy is to distribute at least 90% of the Net Distributable Cash Flows of Mindspace REIT.
- V. Presently, Mindspace REIT proposes to calculate REIT Distribution in the manner provided in "**Annexure- A**".

In terms of the REIT Regulations, if the distribution is not made within 15 days of declaration, the Manager shall be liable to pay interest to the Unitholders at the rate of 15% per annum until the distribution is made. Such interest shall not be recovered in the form of fees or any other form payable to the Manager by Mindspace REIT.

Annexure- A

A. Computation of Net Distributable Cash Flow at HoldCo/ SPV level:

Particulars
Cash flow from operating activities as per Cash Flow Statement of HoldCo/ SPV
(+) Cash Flows received from SPV's which represent distribution of NDCF computed as per relevant framework (refer note 1 and 9 below) (relevant in case of HoldCos)
(+) Treasury income / income from investing activities (interest income received from FD, tax refund, any other income in the nature of interest, profit on sale of Mutual funds, investments, assets etc., dividend income etc., excluding any Ind AS adjustments. Further clarified that these amounts will be considered on a cash receipt basis)
(+) Proceeds from sale of infrastructure investments, infrastructure assets or shares of SPVs or Investment Entity adjusted for the following <ul style="list-style-type: none"> • Applicable capital gains and other taxes • Related debts settled or due to be settled from sale proceeds • Directly attributable transaction costs • Proceeds reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations
(+) Proceeds from sale of infrastructure investments, infrastructure assets or sale of shares of SPVs or Investment Entity not distributed pursuant to an earlier plan to re- invest as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations, if such proceeds are not intended to be invested subsequently
(-) Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss Account and any shareholder debt / loan from Trust
(-) Debt repayment (to include principal repayments as per scheduled EMI's except if refinanced through new debt including overdraft facilities and to exclude any debt repayments / debt refinanced through new debt, in any form or equity raise as well as repayment of any shareholder debt / loan from Trust)
(-) any reserve required to be created under the terms of, or pursuant to the obligations arising in accordance with, any: (i). loan agreement entered with banks / financial institution from whom the Trust or any of its SPVs/ HoldCos have availed debt, or (ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the Trust or any of its SPVs/ HoldCos, or (iii). terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the Trust or any of its SPVs/ HoldCos, (iv). agreement pursuant to which the SPV/ HoldCo operates or owns the infrastructure asset, or generates revenue or cashflows from such asset (such as, concession agreement, transmission services agreement, power purchase agreement, lease agreement, and any other agreement of a like nature, by whatever name called); or (v). statutory, judicial, regulatory, or governmental stipulations; or – (refer note 2)
(-) any capital expenditure on existing assets owned / leased by the SPV or Holdco, to the extent not funded by debt / equity or from reserves created in the earlier years (refer note 10)
NDCF for HoldCo/SPV's

B. Computation of Net Distributable Cash Flow at Trust level: -

Particulars
Cashflows from operating activities of the Trust
(+) Cash flows received from SPV's / Investment entities which represent distribution of NDCF computed as per relevant framework (refer note 1 and 9 below)
(+) Treasury income / income from investing activities of the Trust (interest income received from FD, any investment entities as defined in Regulation 18(5), tax refund, any other income in the nature of interest, profit on sale of Mutual funds, investments, assets etc., dividend income etc., excluding any Ind AS adjustments. Further clarified that these amounts will be considered on a cash receipt basis)
(+) Proceeds from sale of infrastructure investments, infrastructure assets or shares of SPVs/Holdcos or Investment Entity adjusted for the following <ul style="list-style-type: none"> • Applicable capital gains and other taxes • Related debts settled or due to be settled from sale proceeds • Directly attributable transaction costs • Proceeds reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations
(+) Proceeds from sale of infrastructure investments, infrastructure assets or sale of shares of SPVs/ Hold cos or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations, if such proceeds are not intended to be invested subsequently
(-) Finance cost on Borrowings, excluding amortisation of any transaction costs as per Profit and Loss account of the Trust
(-) Debt repayment at Trust level (to include principal repayments as per scheduled EMI's except if refinanced through new debt including overdraft facilities and to exclude any debt repayments / debt refinanced through new debt in any form or funds raised through issuance of units)
(-) any reserve required to be created under the terms of, or pursuant to the obligations arising in accordance with, any: (i). loan agreement entered with financial institution, or (ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the Trust or any of its SPVs/ HoldCos, or (iii). terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the Trust or any of its SPVs/ HoldCos, or (iv). agreement pursuant to which the Trust operates or owns the infrastructure asset, or generates revenue or cashflows from such asset (such as, concession agreement, transmission services agreement, power purchase agreement, lease agreement, and any other agreement of a like nature, by whatever name called); or (v). statutory, judicial, regulatory, or governmental stipulations; or – (refer note 2)
(-) any capital expenditure on existing assets owned / leased by the InvIT, to the extent not funded by debt / equity or from contractual reserves created in the earlier years (refer note 10)
NDCF at Trust Level



Notes/ Other Rules:

1. NDCF computed at SPV level for a particular period to be added under this line item, even if the actual cashflows from SPV to REIT has taken place post that particular period, but before finalization and adoption of accounts of the REIT.
2. The specified agreements could be for either PPP or non-PPP projects. The Trust retains the option to distribute any surplus amounts, unless such surplus is required to create reserves for any subsequent period.
3. The option to retain 10% distribution under Regulation 18(16) needs to be computed by taking together the retention done at SPV level and Trust level. Refer Illustration below:

Illustration:

Particulars	SPV A	SPV B	Total at SPV level
NDCF as computed	100	150	250
Amount retained by SPV	5	10	15
Net amount distributed to Trust	95	140	235

REIT	Scenario 1	Scenario 2
Received from SPV	235	235
Add:- other items at Trust level for computation of NDCF	65	(35)
Total NDCF	300	200
Combined NDCF for computing Max retention		
NDCF of Trust (A)	300	200
NDCF of SPV's (B)	250	250
Less: - Amount distributed by SPV's (C)	(235)	(235)
D = A + B - C	315	215
Max retention amount – 10% of D	31.5	21.5
Amount already retained by SPV	15	15
Max amount that can be retained by Trust	16.5	6.5

4. Further, Trust along with its SPVs needs to ensure that minimum 90% distribution of NDCF be met for a given financial year on a cumulative periodic basis as specified for mandatory distributions in the REIT regulations (subject to provisions of Note 1 above).

5. Surplus cash available in SPVs due to:
 - 10% of NDCF withheld in line with the Regulations in any earlier year or half year or
 - Such surplus being available in a new SPV on acquisition of such SPV by REIT
 - Any other reason, excluding if such surplus cash is available due to any debt raise could be considered for distribution by the SPV to the REIT, or by the Trust to its Unitholders in part or in full, but needs to be disclosed separately in the NDCF computation and Distribution.
6. Similarly, any restricted cash (disclosed as such) should not be considered for NDCF computation by the SPV or REIT (e.g. unspent CSR balance for any year deposited in a separate account as per Companies Act which will be utilized in subsequent years, DSRA reserve, major maintenance reserve etc).
7. Further, it is expressly provided that no Trust or SPVs can distribute any cashflows by obtaining external debt, except to the extent clarified in note 2 above (this will exclude any working capital / OD facilities obtained by Trust/ SPVs as part of Treasury management / working capital purposes as long as they are squared off within the quarter).
8. Further, it is also clarified that Proceeds from sale of real estate investments, real estate assets or shares of SPVs or Investment Entity adjusted for transaction costs or repayment of debt taken for such assets or other items as mentioned above which is intended to be reinvested or planned to be reinvested as per Regulation 18(16)(d) of REIT Regulations, could be temporarily parked in Overdraft accounts or used to repay any additional/ unrelated debt. Further if such proceeds are not intended to be reinvested as per the timeline provided in the Regulations and such net proceeds are to be distributed back to Unitholders, then redrawing such temporarily parked funds to distribute such net proceeds will not be considered as a contravention of note 7 above.
9. Cash flows received from SPV's / Investment entities which represent distributions of NDCF computed as per relevant framework at the Trust level for further distribution to Unitholders shall exclude any such cash flows used by the Trust for onward lending to any other SPVs / Investment entities to meet operational / interest expenses or debt servicing of such other SPVs / Investment entities.
10. Capital expenditure include amounts incurred and paid towards asset enhancement and are capitalized to asset value in the financial statements including lease payments. It is further clarified that Existing Assets as referred to in this line item includes any new structure / building / other infrastructure constructed on an existing real estate asset which is already a part of the REIT.