Mindspace Business Parks REIT

30 September 2020

Bloomberg: MINDSPCE:IN

Initiating Coverage

Covid-19 impact limits upside

We initiate coverage on Mindspace Business Parks REIT (MBPR) with an ACCUMULATE rating and a NAV-based target price of Rs335.

The strong pre-covid growth in demand has been replaced by a more cautious stance by lessees with planned additional space offtake being delayed or cancelled. This has consequently led to lowered expectations of space offtake and modest rental increase, if any. Despite the rising concerns, we find comfort in extremely low cancellations of rented space and continued payment of rent on time by lessees in the past six months.

Despite the lowered expectations of growth in rentals and slow pace of leasing, we note that the occupancy has remained stable in the past six months despite the Covid impact, with continued rental payments. Therefore, while the growth in rentals could be slow, we like MBPR due to (1) Attractive locations of office space in primarily key IT/ITES centers, which have been the core demand drivers for leasable Grade A office space. (2) Extremely low vacancy rate (92% is the portfolio occupancy as on FY20) (3) Strong sponsors and experienced managers. (4) Steady portfolio occupancy and well diversified marquee tenant base (5) robust balance sheet and comfortable cash flows.

However, we expect the Covid impact to limit demand and consequently the potential increase in rental rates is expected to be low. Weakening demand will lead to rise in cap rates.

Based on the above thesis, we have arrived at a target price of Rs335 with an Accumulate rating. We have taken capitalization rate of 8.50% in our projections, which implies a decline of 75bps-100bps from the pre-Covid level.

Lowered expected office space absorption (post Covid) in FY21 will limit rental growth: Post Covid, many of the planned increases in office space offtake have been either delayed or cancelled. Consequently, the strong growth in leasing momentum, which had been witnessed over the past few years, has slowed sharply. While we do not expect any sharp increase in renewals of rentals, we also do not expect any meaningful reduction in rentals. In our conversation with industry experts, we have noted that there have been very few cancellations of leases and most of the lessees have been paying the lease rentals on time. Further, we are informed that there has been negligible renegotiating of rental agreements. Therefore, while we do expect weakness in rental growth, we do not expect the rentals and/or the occupancy to decline sharply.

Decline in demand has led to cap rate expansion: Given this environment, we expect cap rate expansion as reduction in demand will lead to lower distribution yield. We have already priced in cap rate of 8.5% for MBPR, which is an increase of approximately 75bps-100bps from pre-Covid levels.

Special Purpose Vehicles (SPV) housing office space at attractive locations will maintain strong demand – mark to market is 22.6%: The overall demand growth for office space in individual cities has been strong, which has led to a decline in vacancy rate despite strong growth in supply. This has given us comfort that MBPR will be able to re-lease/lease office space at market rentals. While on an overall basis, we expect reduction in demand, the low vacancy rates imply that the release/lease can happen at mark-to-market, which is approximately 22% above the current average rental rate for the leased space.

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Revenues	14,316	17,660	19,466	21,992	24,301
YoY (%)	*13.3*	*23.4*	*10.2*	*13.0*	*10.5*
NOI	11,224	14,467	15,965	18,073	20,037
NOI Margin (%)	*78.4*	*81.9*	*82.0*	*82.2*	*82.5*
EBITDA	10,133	11,115	12,289	13,958	15,561
EBITDA Margin (%)	*70.8*	*62.9*	*63.1*	*63.5*	*64.0*
Adjusted PAT	4,789	4,746	6,566	7,612	8,565
YoY (%)	*222.9*	*-0.9*	*38.4*	*15.9*	*12.5*
EPU (Rs)	8.60	8.53	11.07	12.84	14.44
DPU (Rs)	NA	NA	16.52	18.43	20.18
Dividend Yield (%)	-	-	*5.4*	*6.0*	*6.5*
RoE (%)	*28.0*	*22.3*	*20.6*	*26.6*	*34.0*
EV/EBITDA (x)	NA	NA	19.9	17.7	16.4
P/E (x)	35.9	36.2	27.9	24.0	21.4

Source: Company, Nirmal Bang Institutional Equities Research

ACCUMULATE

Sector: Real Estate

CMP: Rs309

Target Price: Rs335

Upside: 8.5%

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Key Data

Current Shares O/S (man)	593.0
Mkt Cap (Rsbn/US$bn)	182.6/2.5
52 Wk H / L (Rs)	317/299
Daily Vol. (3M NSE Avg.)	-

Shareholding (%)	3QFY20	4QFY20	1QFY21
Promoters	-	-	63.22
Institutions	-	-	7.22
Others	-	-	10.46
FII	-	-	18.24

Price Performance (%)

	1 M	6 M	1 Yr
Mindspace Business Parks REIT	(2.0)	-	-
Nifty Index	(3.8)	29.3	(2.7)

Source: Bloomberg

Revenue growth driven by multiple factors: MBPR has been able to maintain a steady growth rate in rentals in its portfolio and has achieved a CAGR of 6.2% overFY16-FY20 when the rental rates increased from Rs40.8psf/month to Rs51.8psf/month. As per the offer document of MBPR, the company has weighted average lease expiry term of 5.8 years and average mark-to-market potential of 22.6% across various properties. We believe that as and when any particular area comes up for re-leasing it will be either released to the same tenant or absorbed by some other tenant at the then prelevant market rate.

Historically, the revenue from operations has been growing because of increase in completed area as well as rising occupancy and base rentals. Going forward, the revenue is expected to grow at a CAGR of 11.2% over FY20-FY23 on the back of: (1) Increase in portfolio from 23msf in FY20 to 25.7msf in FY23 (0.8msf in FY21 and 1.8msf in FY22). (2) Increase in portfolio occupancy from 87.7% in FY20 to 90.7% in FY22. (3) Rentals (psf/month) increasing at a CAGR of 7.3% over FY20-FY23.

Strong sponsors and experienced managers give additional comfort for revenue growth: The highly experienced management maintains regular communication with the real estate heads of the corporate tenants through a dedicated customer relationship management (CRM) program, which ensures that they anticipate and cater to tenants' needs.

The company has a history of high tenant retention because of the various tenant engagement programs undertaken by it and the world-class infrastructure offered by it through its city center buildings and commercial parks. Several largest occupiers, including a business and technology services company, an IT solutions and services company, Accenture, Qualcomm, BA Continuum and Barclays, have expanded within the company's portfolio.

Strong balance sheet: As per SEBI regulations, the company can borrow net debt up to 49% of the total enterprise value (TEV). For borrowing net debt in excess of 25% of the TEV, approval of the unit holders is a pre requisite.

The gross debt outstanding in FY20 stood at Rs74,069mn. Through the IPO proceeds, the company repaid debt of Rs9,000mn. The gross debt is expected to be at Rs65,069mn in FY21.

With the company's plans of expansion, we expect the gross debt to rise to Rs67,069mn in FY22E and further to Rs73,069mn in FY23E while the net debt is expected to be at Rs64,293 in FY22E and at Rs71,93mn in FY23E compared to Rs71,508mn in FY20.

The net debt to equity ratio is expected to improve from 3.4x in FY20 to 2.8x in FY23.

Existing valuation factors in the growth potential: At the current market price, we believe that the foreseeable growth opportunities and potential have already been factored in. We have arrived at a target price of Rs335 based on NAV + NDCF distribution valuation. The key components of our valuation are:

1. NAV of the commercial assets as of September FY23E. We have valued commercial assets using the DCF method, using a discounting rate of 9.00% and capitalization rate of 8.50% in the year in which the occupancy of commercial asset stabilizes.

The target price includes distribution (NDCF) of Rs45/unit for a period up to September 2022, as according to the REIT regulations, the company is obligated to distribute at least 90% of the net distributable cash flows. Accordingly, we have assumed a payout ratio of 90% of the distributable cash flow every year.

1. Investment summary

We initiate coverage on MBPR with an ACCUMULATE rating and NAV-based target price of Rs335. The entire portfolio of the company is spread over 8 SPVs in cities focused on IT/ITES industry. Despite a strong parentage and experienced promoters, the negative impact of Covid on demand for office space has adversely impacted the valuation of the stock.

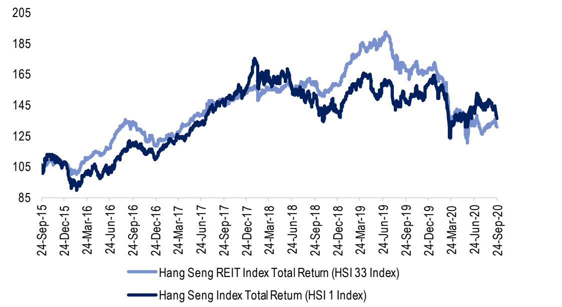
In the recent past, the spread of Covid-19 globally has led to a slowdown in demand for office space, with many companies either delaying or cancelling their planned offtake. However, we note that in the past six months very few companies have: (1) Reduced the leased area already occupied. (2) Renegotiated with the lessors for lower rentals. This gives us comfort that while the strong growth in rental rates might not happen in the post-Covid era, the occupancy levels and the agreed rental rate increases will not be affected by the slowdown.

While the Covid impact is expected to be short to medium term in nature, in the long term, demand growth for Grade A office space is expected to remain strong. This will primarily be driven by: (1) Strong and continued growth in IT/ITES demand with increasing number of MNCs setting up Indian offices to take benefit of the cost arbitrage (2) We note that in the past few years, the sharp decline in vacancy rates despite strong growth in supply indicates that demand has moved faster than supply (3) Demand is further driven by emerging sectors like data analytics, internet start-ups with strong funding (4) Shift of many offices from Grade B offices to Grade A offices.

Therefore, our valuation is based on: (1) Weakening demand, which has led to cap rate expansion (2) Experienced and professional managers focused on improving the quality of experience (3) High cost of fit outs will limit churn within the SPV even if the rates decline (4) Approximately 85% of the lessees are MNCs, which are not directly impacted by the slowdown in India (5) Cost arbitrage due to the lowest rental rates in the world and inexpensive intellectual capital will maintain interest among international firms to shift to India.

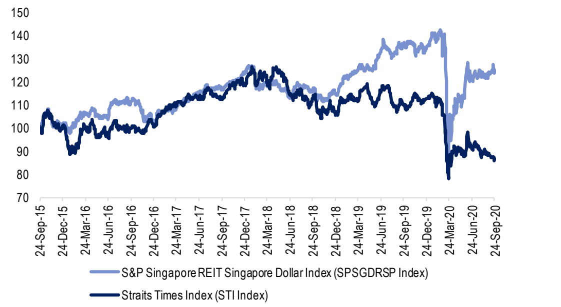
REITs have recently outperformed the index in HK and Singapore: As shown by the charts below, the Hong Kong and Singapore REIT index in these countries have outperformed the major index in those countries (HIS Index and STI Index) over a 5-year period. In our view, while REITs are considered a strong play on yields, we note their strong performance in Hong Kong and Singapore markets.

Exhibit 1: Heng Seng REIT Index Total Return vs Heng Seng Index Total Return



Source: Bloomberg, Nirmal Bang Institutional Equities

Exhibit 2: S&P Singapore REIT Index vs Straits Times Index



Source: Bloomberg, Nirmal Bang Institutional Equities

Strong sponsors; experienced and pro-active professional managers; high tenant retention: The highly experienced management maintains regular communication with the real estate heads of the corporate tenants through a dedicated CRM program, which ensures that they anticipate and cater to tenants' needs. The company has a history of high tenant retention because of the various tenant engagement programs undertaken by it and the world-class infrastructure offered by it through its city center buildings and commercial parks. Several largest occupiers, including a business and technology services company, an IT solutions and services company, Accenture, Qualcomm, BA Continuum and Barclays, have expanded within the company's portfolio.

High fit out cost will limit lessee attrition: Tenants in India typically incur tenant improvement capex between Rs2,000/psf to Rs6,000/psf for fitting out the premises according to the nature of business activity and office location whereas in other developed markets landlords spend a significant amount of tenant improvement capex themselves to attract and retain tenants. (Source: C&W Report) Since tenants typically undertake significant tenant improvement capex on their own, they have higher "stickiness" due to high relocation costs.

Growth in rental rates: Rental income primarily comprises facility rentals and income from maintenance services. MBPR has been able to maintain a steady growth rate in rentals in its portfolio and has achieved a CAGR of 6.2% overFY16-FY20 when the rental rates increased from Rs40.8 psf/month to Rs51.8 psf/month.

22.6% average mark-to-market potential: Further, considering the steady growth in rentals due to escalation (as highlighted above), we note that the current rentals being charged by the company have the potential for 22.6% escalation - in line with the prevalent rentals in the micro markets.

WALE of 5.8 years gives stability of tenure: Weighted average lease expiry (WALE) is 5.8 years for the company, which helps in maintaining stability of tenure.

Structured increase in portfolio: The company owns and operates one of the largest portfolios of commercial assets spread across 23mn sq. ft. of operational area as on FY20. The company is expected to add 6.5mn sq. ft. of under construction and future developable area going forward.

Assets located at strategic IT/ITES focused locations: Most of the assets of the company are located in the IT/ITES centers, which have seen strong growth in the past decade. The IT/ITES industry in India has grown exponentially due to (1) Cost arbitrage due to lower rentals relative to other international cities in the developed world (2) Cost arbitrage on relatively inexpensive and experienced intellectual capital compared to the developed world.

Due to the reasons mentioned above, many of the international companies have set up offices in India to reduce costs. With rental rate spread between India and the developed world still very high and given the inexpensive intellectual capital, we expect demand for Indian Grade A office space to remain strong. Further, given that the service sector forms more than 50% of India's GDP, we expect increasing demand from the Indian service sector. Demand for office space is expected to be further driven by rise of new businesses like data analytics, e-commerce etc.

Steady portfolio occupancy and well diversified marquee tenant base: The occupancy of the portfolio of assets is 92%. No single tenant contributes more than 7.7% to the gross contracted rentals. As on FY20, the company derived 84.9% of the gross contracted rentals from multinational companies and 39.4% of the gross contracted rentals from Fortune 500 companies. Some of the renowned international companies in the company's clientele list include Accenture, Qualcomm, BA Continuum, JP Morgan, Amazon, Schlumberger, UBS, Capgemini, Facebook, Barclays and BNY Mellon.

Industry Dynamics

Brief regarding the commercial real estate markets where Mindspace REIT has its presence:

I. Mumbai Metropolitan Region (MMR):

Mumbai is the most populous city in India and has a higher literacy rate (90.3%) than the national average (74.0%) (Source: Census of India, 2011). The city contributed approximately 3.6% to the total GVA (current prices) in India in FY19 (Source: Economic Survey of Maharashtra). Mumbai is India's financial capital and houses headquarters and corporate offices of major financial institutions, banks and private equity funds (such as HDFC Bank, Warburg Pincus and BNP Paribas). It is also a hub for major global consultancy firms (such as McKinsey & Company and BCG), legal and professional services (such as EY), media houses, accounting professionals and major corporates (such as Johnson & Johnson, Hindustan Unilever, Nestle and Procter & Gamble).

II. Pune:

Pune is the second most populous city in Maharashtra and is located at a distance of approximately 150 km from Mumbai. Pune houses Grade-A office spaces and SEZs [15 operational SEZs which account for 22.1 msf of office stock (Source: Ministry of Commerce & Industry)] with large floor plates and quality infrastructure and amenities, which attracts major technology companies such as IBM and Cognizant as well as financial companies such as Credit Suisse and Barclays. The city is also an established industrial, defense and automobile hub and houses companies such as Mahindra & Mahindra, Tata Motors, Bajaj Auto, JCB, Hyundai, Volkswagen, Mercedes Benz, Fiat, Forbes Marshall and GE India.

III. Chennai:

Chennai is the cultural, economic and educational center of South India, which is located on the Coromandel Coast of the Bay of Bengal. It is the capital city of Tamil Nadu with an estimated population of 9.97mn, as per 2011 Census of India. It is one of the largest electronics and hardware hubs accounting for 45% of the total sector exports (Source: Government of Tamil Nadu Statistical Hand Book, 2010-2011). Additionally, the Chennai-Hosur-Bengaluru stretch is among the largest auto manufacturing clusters in India and houses large MNCs such as Ford Motors and Hyundai. Chennai is among the preferred destinations for office space for technology and financial services companies. It is home to companies such as Infosys, Wipro, Accenture, TCS, Cognizant, American Express, Fidelity and Royal Bank of Scotland. Also, the recent formalization of the Tamil Nadu Information Communication Technology Policy is expected to provide further boost to the technology industry in Chennai through the establishment of additional hubs for software development, product development and IT-enabled services.

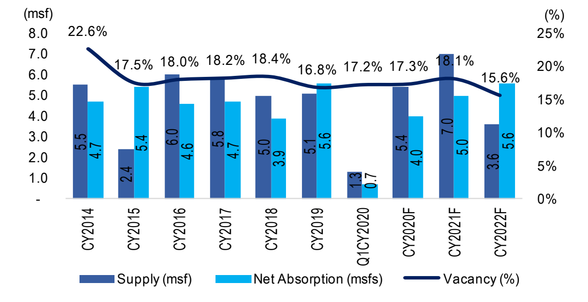
IV. Hyderabad:

Hyderabad is the capital city of Telangana and the fourth most populous city in India. Affordable cost of living, rapid infrastructure development and a proactive government have driven the corporate activity and investments in the city. The city has emerged as the second largest IT exporter in India. Hyderabad has experienced enhanced growth in commercial office space and residential segments. Several major tenants such as JP Morgan, Accenture, IBM, Amazon and Capgemini, who had a footprint in the city prior to 2014, have expanded in the last five years. Also, several new tenants such as Apple, Uber, DBS, PepsiCo, ZF and Legato have entered Hyderabad post 2014. The overall office space vacancy was approximately 15.3% in 2014, which decreased to 5.9% in 1Q2020. (Source: MBPR RHP).

Supply, Net Absorption and Vacancy trends:

I. Mumbai Metropolitan Region (MMR):

The following graph represents supply, net absorption and vacancy trends in MMR (2014 to 2022F):



Vacancy in MMR stood at 17.2% in 1Q2020. Overall vacancies are higher due to high vacancy in certain micro-markets, which traditionally have strata buildings with smaller floor plates and sub-optimal infrastructure. Due to COVID-19 and the challenges faced by the commercial real estate sector, C&W expects the vacancy to remain stable at 17.3% in 2020. However, robust demand and traction from occupiers in the long term are expected to reduce the vacancy to 15.6% by 2022.

Source: C&W Report, Mindspace REIT RHP

Trends in micro markets where Mindspace REIT has its presence:

A. Micro Market – Thane-Belapur Road
Mindspace Asset – Mindspace Airoli East, Mumbai
Mindspace Airoli West, Mumbai

Particulars	3QCY19	4QCY19	1QCY20	2QCY20
Inventory (msf)	20.1	19.9	20.8	19.9
Vacancy Rate (%)	25.8%	26.0%	28.3%	25.1%
YTD Leasing activity (msf)	1.6	2.4	0.5	0.5
Under Construction (msf)	3.9	3.9	4.4	4.6
YTD Construction Completion (msf)	1.1	1.1	0.9	-
YTD Net Absorption (msf)	1.0	1.0	0.2	0.2
Rentals (Rs psf/month)	66.10	67.00	67.00	67.00

Vacancy in Thane-Belapur Road micro-market stood at 15.5% in 1Q2020. Mindspace REIT enjoyed approximately 590bps lower vacancy in comparison to the market (comprising of strata buildings with few amenities and small floor plates, which are unsuitable for large tenants) in 1Q2020. Due to COVID-19 and the challenges faced by the commercial real estate sector, C&W expects a delay in completion of the under-construction projects, resulting in an increase in vacancy to 19.3% in 2021 amid an influx of 2.8msf of supply in the same year.

Source: C&W Report

B. Micro Market – Malad/Goregaon
Mindspace Asset – Paradigm Mindspace Malad, Mumbai

Particulars	3QCY19	4QCY19	1QCY20	2QCY20
Inventory (msf)	12.1	12.8	13.5	13.5
Vacancy Rate (%)	23.8%	20.4%	18.3%	18.5%
YTD Leasing activity (msf)	1.3	4.1	0.3	0.5
Under Construction (msf)	1.4	3.2	1.2	1.2
YTD Construction Completion (msf)	1.2	1.2	-	-
YTD Net Absorption (msf)	0.4	0.7	0.1	0.1
Rentals (Rs psf/month)	109.00	110.00	110.00	110.00

Vacancy increased to 19.0% in 2019 due to completion of approximately 1.2msf of office space in the micro-market. Although current average vacancy in the micro-market is higher, offices comparable to Paradigm Mindspace Malad have approximately 500bps lower vacancy than the micro-market in 1Q2020. Further, in contrast to the historical supply-demand dynamics in the micro-market, net absorption of 0.4msf is forecast in 2020 due to expectation of subdued demand in the micro-market primarily due to COVID-19.

Source: C&W Report

C. Micro Market – SBD
Mindspace Asset – The Square BKC, Mumbai

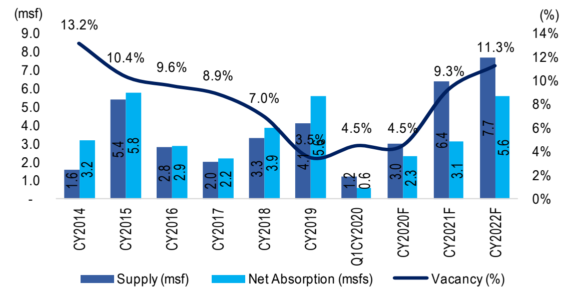
Particulars	3QCY19	4QCY19	1QCY20	2QCY20
Inventory (msf)	9.5	9.5	9.6	9.7
Vacancy Rate (%)	15.9%	15.5%	15.4%	15.6%
YTD Leasing activity (msf)	0.9	1.0	0.5	0.6
Under Construction (msf)	1.5	1.5	1.5	0.9
YTD Construction Completion (msf)	1.0	1.0	0.1	0.1
YTD Net Absorption (msf)	0.7	0.7	0.1	0.1
Rentals (Rs psf/month)	266.70	263.00	265.70	265.70

Vacancy in the micro-market stood at 11.3% as of 1Q2020. Due to the COVID-19 pandemic and the challenges faced by the commercial real estate sector, vacancy is expected to increase to 13.6% in 2021F. However, with continuous demand and traction from occupiers coupled with limited supply in future, C&W expects vacancy to reduce to 8.4% by 2022F.

Source: C&W Report

II. Pune:

The following graph represents supply, net absorption and vacancy trends in Pune (2014 to 2022F):



Strong demand led to a reduction in vacancy from 13.2% in 2014 to 4.5% in 1Q2020. Due to COVID-19 and the challenges faced by the commercial real estate sector, C&W expects vacancy to remain at the level of 4.5% in 2020. With delayed completion of under-construction projects and staggered revival of growth in demand, vacancy is expected to increase to 11.3% by 2022.

Source: C&W Report, Mindspace REIT RHP

Trends in micro markets where Mindspace REIT has its presence:

A. Micro Market – Secondary Business District– East (SBD East)
Mindspace Asset – Gera Commerzone Kharadi, Pune
Commerzone Yerwada, Pune
The Square Nagar Road, Pune

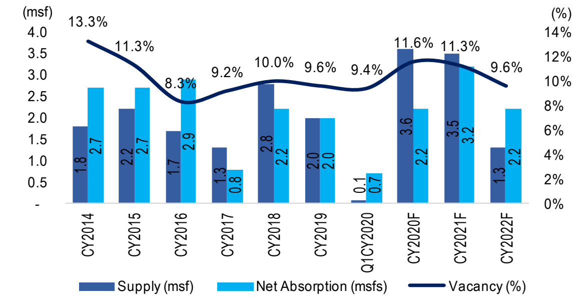
Particulars	3QCY19	4QCY19	1QCY20	2QCY20
Inventory (msf)	28.1	28.1	28.1	28.9
Vacancy Rate (%)	3.0%	2.4%	2.2%	3.7%
YTD Leasing activity (msf)	1.5	2.2	0.7	6.6
Under Construction (msf)	6.2	12.5	10.1	6.6
YTD Construction Completion (msf)	2.2	2.2	-	0.8
YTD Net Absorption (msf)	2.3	2.5	0.0	0.4
Rentals (Rs psf/month)	88.20	88.20	90.85	90.85

Vacancy in SBD East micro-market declined significantly from 12.5% in 2014 to 3.3% in 1Q2020 due to absorption outstripping supply. Under-construction projects have witnessed strong pre-lease commitments with 44% of supply being leased out during 2Q to 4Q of 2020. Due to COVID-19 and the challenges faced by the commercial real estate sector, the under-construction projects are expected to be delayed, resulting in decrease in vacancy level to 3.0% in 2020F.

Source: C&W Report

III. Chennai:

The following graph represents supply, net absorption and vacancy trends in Bengaluru (2014 to 2022F):



Strong demand from Technology and Financial Services sectors has led to vacancy reducing from 13.3% in 2014 to 9.4% in 1Q2020. Due to COVID-19 and the challenges faced by the commercial real estate sector, vacancy is expected to increase to 11.6% in 2020, but with continuous demand and traction from occupiers coupled with upcoming supply in future, C&W expects it to stabilize at 9.6% by 2022.

Source: C&W Report, Mindspace REIT RHP

Trends in micro markets where Mindspace REIT has its presence:

A. Micro Market – South West
Mindspace Asset – Mindspace Porur, Chennai

Particulars	3QCY19	4QCY19	1QCY20	2QCY20
Inventory (msf)	11.1	11.1	11.4	11.9
Vacancy Rate (%)	1.6%	2.1%	1.8%	2.5%
YTD Leasing activity (msf)	0.7	1.6	0.2	0.3
Under Construction (msf)	3.5	4.3	4.9	3.6
YTD Construction Completion (msf)	0.1	0.1	0.1	0.5
YTD Net Absorption (msf)	0.4	0.4	0.1	0.5
Rentals (Rs psf/month)	72.00	75.20	75.20	73.41

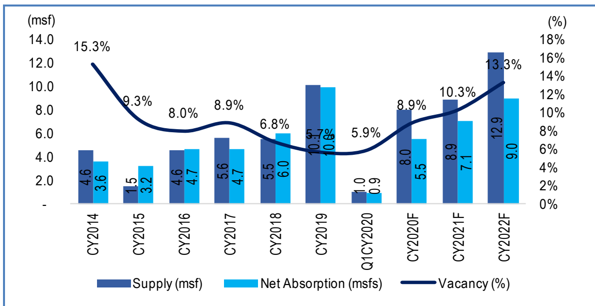
Due to COVID-19 and the challenges faced by the commercial real estate sector, vacancy is expected to increase to 9.8% in 2020. But, with continuous demand and traction from occupiers coupled with upcoming supply in future, C&W expects it to remain stable at 4.2% by 2022. The South West micro-market has witnessed limited supply, which has driven rental growth.

Commerzone Porur is currently under construction and is expected to commence operations from FY21.

Source: C&W Report

IV. Hyderabad:

The following graph represents supply, net absorption and vacancy trends in Hyderabad (2014 to 2022F):



Strong demand and limited supply have led to a reduction in vacancy from 15.3% in 2014 to 5.9% in 1Q2020. Pre-commitment levels continue to be strong with 34.1% of future supply pre-committed. Due to COVID-19 and the challenges faced by the commercial real estate sector, C&W expects delay in completion of the under-construction projects and suppression of demand for the next 6 to 12 months. With relatively lower demand v/s the upcoming supply, C&W expects an increase in vacancy to 8.9% in 2020 and 13.3% in 2022.

Source: C&W Report, Mindspace REITRHP

Trends in micro markets where Mindspace REIT has its presence:

A. Micro Market – Madhapur
Mindspace Asset – Mindspace Madhapur, Hyderabad

Particulars	3QCY19	4QCY19	1QCY20	2QCY20
Inventory (msf)	41.6	41.6	41.6	44.0
Vacancy Rate (%)	1.5%	2.3%	1.5%	4.5%
YTD Leasing activity (msf)	3.3	4.1	1.4	1.7
Under Construction (msf)	14.6	16.2	17.2	12.7
YTD Construction Completion (msf)	7.1	7.1	-	2.4
YTD Net Absorption (msf)	7.6	7.3	0.3	1.4
Rentals (Rs psf/month)	73.68	78.04	78.00	78.00

Vacancy in Madhapur has increased to 4.5% (from 1.5% in 1Q) and is expected to go up again in 2H2020 to early 2021 as two large projects (>1.0 msf each) are nearing completion. The rental rates have been on an upward trend in the micro market.

Mindspace Madhapur had an occupancy of 89.2% and WALE of 5.6 years with average rental of Rs48.30 psf/month as of FY20, implying an MTM upside of ~61.5%.

Source: C&W Report

B. Micro Market – Peripheral East
Mindspace Asset – Mindspace Pocharam, Hyderabad

Particulars	3QCY19	4QCY19	1QCY20	2QCY20
Inventory (msf)	2.0	2.0	2.0	2.0
Vacancy Rate (%)	33.2%	31.5%	31.5%	31.5%
YTD Leasing activity (msf)	0.1	0.1	-	-
Under Construction (msf)	-	-	-	-
YTD Construction Completion (msf)	0.7	0.7	-	-
YTD Net Absorption (msf)	0.2	0.2	-	-
Rentals (Rs psf/month)	36.33	38.63	38.60	38.60

Vacancy in Peripheral East market has been high at 31.5%. No new leasing activity has taken place in 1HCY20. The rental rates are at Rs38.60 psf/month.

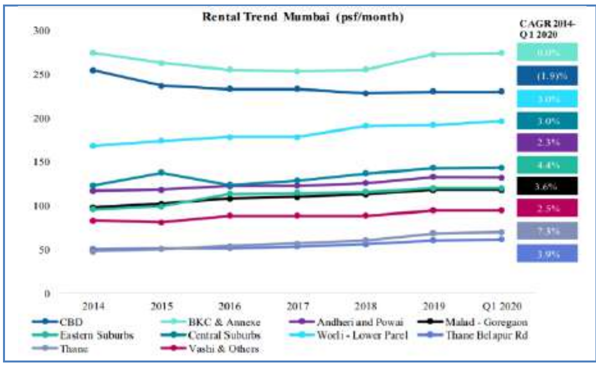
Mindspace Pocharam had an occupancy of 92.4% and WALE of 2.9 years with average rental of Rs20.50 psf/month as of FY20, implying an MTM upside of ~88.3%.

Source: C&W Report

Rental Rate trends:

I. Mumbai Metropolitan Region (MMR):

The following chart depicts rental rate growth in MMR (CY2014 to 1QCY2020):



Various micro-markets of Mumbai have observed limited rental growth over the past few years. However, select micro-markets are expected to witness accelerated growth due to favorable demand/supply dynamics. These micro-markets are suitable for Technology and Financial Services tenants as they offer competitive rentals, large floor plates and proximity to talent pools. Further, upcoming infrastructure projects (Navi Mumbai International Airport, Mumbai Metro expansion and Goregaon-Mulund Link Road) are expected to augment the connectivity of these micro-markets and contribute to the increase in the demand for office space. However, due to COVID-19, C&W expects the rentals to witness stagnation in the near term.

Source: C&W Report, Mindspace REIT RHP

II. Pune:

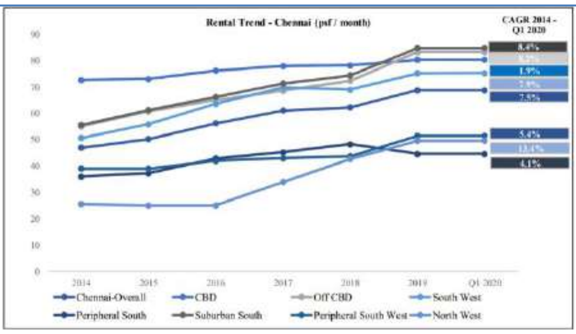
The following chart depicts rental rate growth in Pune (CY2014 to 1QCY2020):

With increased demand from Technology and Financial Services companies and favorable demand-supply dynamics, Pune rentals have grown at a CAGR of 7.1% since 2014. Due to the COVID-19 pandemic, C&W expects the rentals to be stagnant and a slightly longer timeframe for leasing of available spaces in the near future as a result of temporarily suppressed demand for the next 12 months.

Source: C&W Report, Mindspace REIT RHP

III. Chennai:

The following chart depicts rental rate growth in Chennai (CY2014 to 1QCY2020):

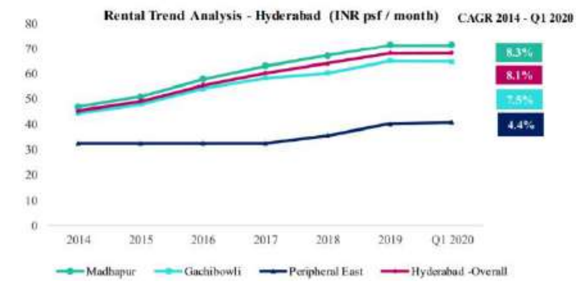


Chennai rentals have grown at a CAGR of 7.5% since 2014 due to strong demand from Technology and Financial Services companies.

Source: C&W Report, Mindspace REIT RHP

IV. Hyderabad:

The following chart depicts rental rate growth in Hyderabad (CY2014 to 1QCY2020):



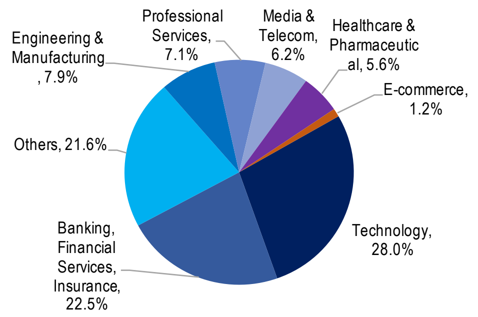
Hyderabad has witnessed an 8.1% CAGR in the market rental over a 5-year period.

Source: C&W Report, Mindspace REIT RHP

Sectoral Distribution:

I. Mumbai Metropolitan Region (MMR):

The following chart depicts sectoral absorption analysis of Mumbai Region:

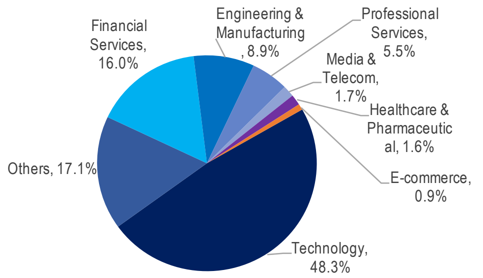


MMR has a diverse tenant base across key services sector industries. Being the financial capital of India, MMR also has a large percentage of financial services tenants.

Source: C&W Report, Mindspace REIT RHP

II. Pune:

The following chart depicts sectoral absorption analysis of Pune (CY2014 to 1QCY2020):

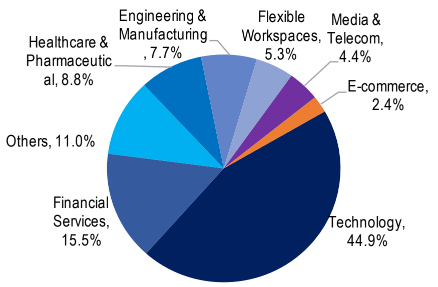


The Technology sector has been the major demand driver, accounting for 48.3% of the total gross absorption from 2014 to 1Q2020.

Source: C&W Report, Mindspace REIT RHP

III. Chennai:

The following chart depicts sectoral absorption analysis of Chennai (CY2014 to 1QCY2020):

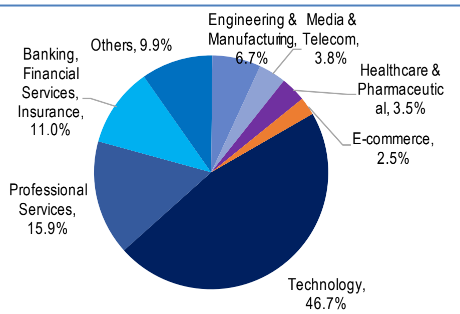


The Technology sector has been the major demand driver, accounting for 44.9% of the total gross absorption from CY2014 to 1QCY2020.

Source: C&W Report, Mindspace REIT RHP

IV. Hyderabad:

The following chart depicts sectoral absorption analysis of Hyderabad (CY2014 to 1QCY2020):



Technology is the dominant demand driver for the Hyderabad office market and accounts for approximately 46.7% of the net absorption since 2014. Further, approximately 33.6% of the total net absorption was generated from GCCs in Hyderabad in the last five years.

Source: C&W Report, Mindspace REIT RHP

What is driving demand for office space in India?

Key demand drivers:

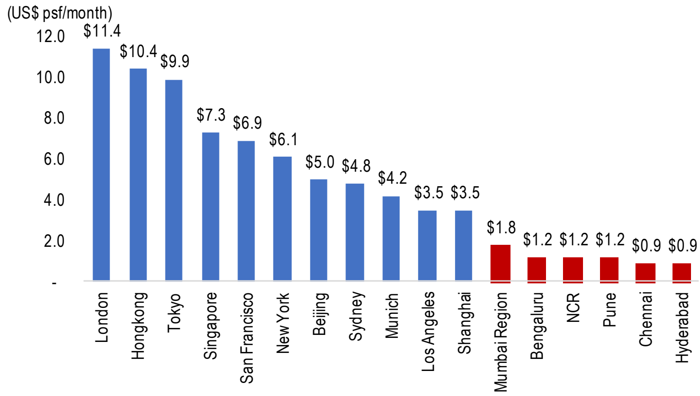
1. **Cost arbitrage – rentals in India are the lowest in the world and intellectual capital is inexpensive.**
2. **Internal demand – India's increasing services economy but lowest per capita office space.**
3. **Growth of new industries – e-commerce, data analytics and new start-ups.**
4. **Shift from Grade B and lower quality to Grade A quality.**

1. Cost arbitrage – rentals in India are the lowest in the world and labor is cheap.

The top six Indian cities not only offer affordability (with regards to the commercial real estate) to the global companies but also attract global technology players because of high availability of quality labor force at cheaper rates. This has led to an increase in the number of employees in the technology sector by 11x over FY2001 to FY2020.

Commercial rental affordability across Indian cities compared to global cities:

The top six Indian markets offer affordable commercial office spaces at 50-90% lower rents in comparison to the global cities, thereby gaining more traction not only from domestic companies but international companies too. The following graph depicts rental comparison for major global cities and the top six Indian markets (March 2020):

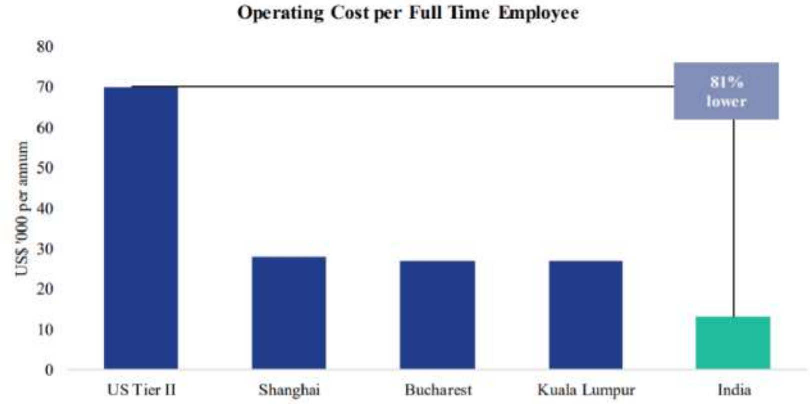


Source: C&W Report, Mindspace REIT RHP

Operating cost of technology sector in India is ~81% lower compared to Tier II US cities:

India's unique selling proposition is its cost competitiveness in providing technology services, which are relatively more cost-effective than the US. Due to lower salary levels and more affordable real estate, the cost of sourcing services from India is approximately 81% lower compared to Tier II cities in the US. India is one of the preferred destinations for technology services in the world and continues to be a leader in the global outsourcing industry with a 56% market share (Source: NASSCOM, Techade Strategic Review 2020). The following graph depicts operating cost per full-time employee for select cities in the world. The data for India pertains to Bengaluru.

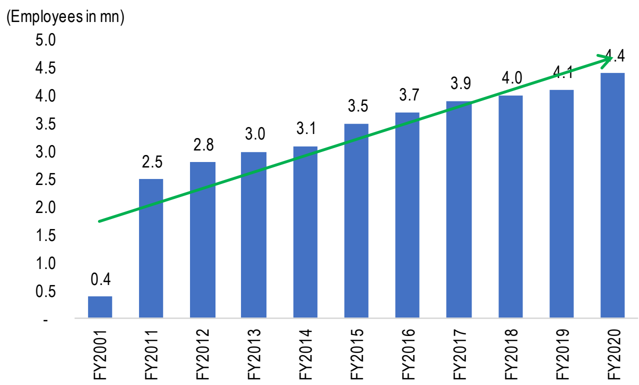
India also attracts international companies because of a large, english speaking talent pool and low cost, high quality office infrastructure.



Source: NASSCOM Strategic Review Report 2019, Mindspace REIT RHP

Cheap labor and high affordability of commercial real estate driving increase in number of direct employees in Technology sector:

Because of high affordability of labor and commercial real estate, the technology industry remains one of the largest private sector employers. The number of direct employees in the technology sector has grown 1.76x between FY11 and FY20 and 11 times between FY2001 and FY2020 (seethe table below).



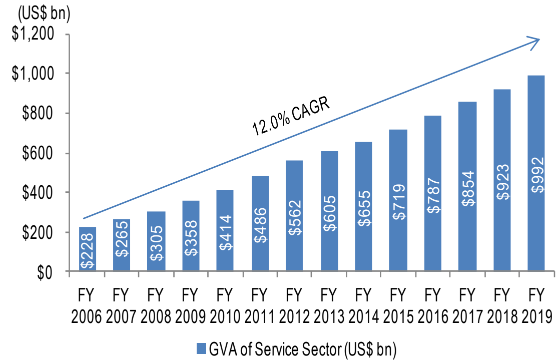
Source: NASSCOM, Embassy REIT DRHP, Mindspace REIT RHP

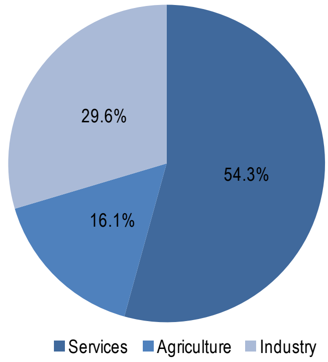
2. Internal demand – India's increasing services economy but lowest per capita office space

India has seen transformation from an agrarian economy to a manufacturing economy and is now turning into a service driven economy. With respect to contribution to India's Gross Value Added (GVA), the technology sector tops the charts within the services sector, primarily because of high labor affordability. However, the per capita office space available in India remains very low compared to the global average. This provides a large headroom for demand for office space in the future.

Increasing contribution of technology sector to India's GVA:

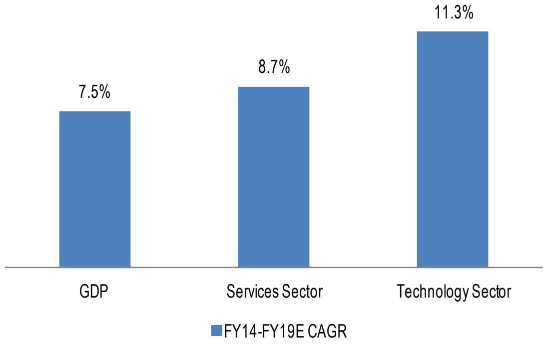
The service sector continues to be the top contributor to India's GVA. It contributed 54.3% to India's GVA in FY19 compared to 29.6% for industry and 16.1% for agriculture. GVA of the service sector increased to US$1.0 trillion in FY19, recording a growth rate of 7.5% over FY18. In 2018, India was the eighth largest exporter of commercial services with a global market share of 3.5%.





Source: RBI and MOSPI

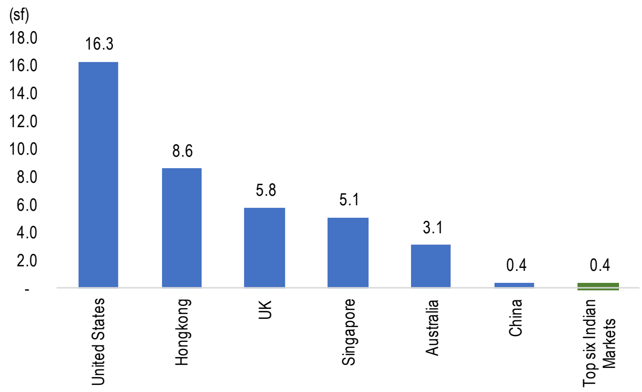
Source: Economic Survey 2018-2019, Ministry of Finance



Source: IMF, RBI, NASSCOM

Per capita office space:

Grade-A office stock in Chennai, Mumbai, Pune, Hyderabad, Bengaluru and the National Capital Region (NCR) (Top Six Indian Markets), as of March 31, 2020, was approximately 477.5 msf. Comparison of India's per capita office stock in top six Indian markets with other countries is as follows:



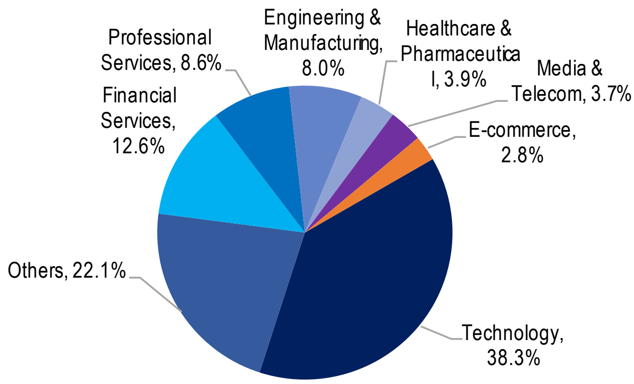
Source: C&W Report, Mindspace REIT RHP

3. **Growth of new industries – technology, e-commerce, R&D, fintech, analytics, artificial intelligence, aerospace, digital transformation and new start-ups.**

While the technology sector currently commands a majority share of demand for commercial real estate, there has been a rise in the share of new sectors such as e-commerce, R&D, fintech, analytics, artificial intelligence, aerospace, digital transformation etc. Historically, over the last 5 years, the top Indian cities have been leaders in terms of gross absorption globally and this has led to a decline in vacancy rate despite continuous increase in supply.

Technology sector remains the highest absorbing sector in top six India markets:

The Technology sector commands the largest share of Grade A office absorption in the top six Indian markets. The following chart depicts sectoral absorption analysis for the top six Indian markets (2014 to Q1CY2020):

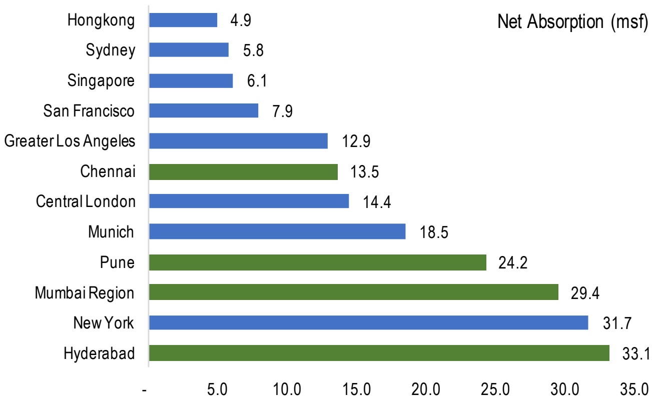


Source: C&W Report, Mindspace REIT RHP

Note: Others include automobile, education, flexible workspaces, hospitality, logistics, shipping, oil and gas, research and analysis, food and beverage, real estate and related services.

Absorption of Grade A office space across cities from CY2014 to 1QCY2020:

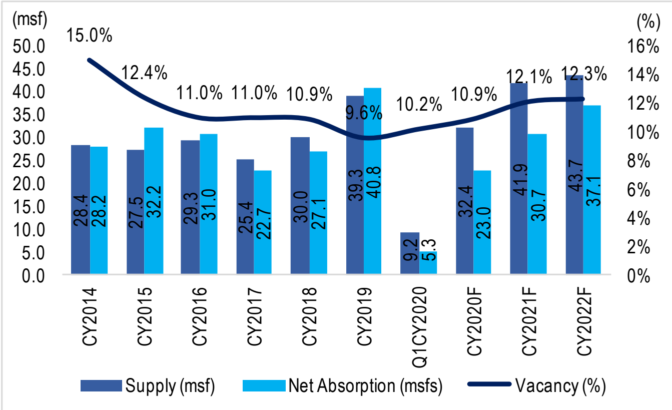
Growth of the service sector in India along with increasing traction from MNC tenants has led to a higher net absorption of office space in major Indian cities. The following graph depicts total Grade A office net absorption (in msf) in the portfolio markets compared to major global cities (2014 to Q1CY2020):



Source: C&W Report, Mindspace REIT RHP

Supply, net absorption and vacancy in top six India markets:

Difficulty in obtaining funding for land acquisitions coupled with scarcity of aggregated land in established markets is expected to constrain the supply of large-scale integrated parks in the future. Increasing demand and stable supply resulted in lower vacancy level of 10.2% in 1Q2020 compared to 15.0% in 2014 for the top six Indian markets. Due to COVID-19 and the challenges faced by the commercial real estate sector, C&W expects vacancy to remain at around 10.9% in 2020F. Further, delay in the delivery of under-construction buildings due to COVID-19 will result in increased supply in 2021F and 2022F. However, with increasing demand from occupiers and high supply in the long term, the vacancy level is expected to be at 12.3% in 2022F.The following graph depicts supply, net absorption and vacancy trends for the top six Indian markets (2014 to 2022F):



Source: C&W Report, Mindspace REIT RHP

4. Shift from Grade B and lower quality to Grade A quality

There has been a shift in the profile of office occupiers, transitioning from call centers/BPO units to MNCs focused on high-value added, core business activities. Such high-value tenants tend to focus on building quality amenities and facility management like integrated offices, relaxation spaces, day care centers, sports zones, support infrastructure (hotels, food & beverages, onsite convenience stores, retail facilities etc.) and mobile enabled work spaces. Such high value tenants are less sensitive to costs compared to the traditional call centers and BPO units.

Key drivers of Mindspace Business Parks REIT's revenue growth:

While the drivers mentioned in the earlier section highlight the reasons for continuous growth of demand in the Indian commercial real estate space, mentioned below are certain key catalysts which according to us should drive the revenue for MBPR in the near future:

1. Experienced and renowned local sponsor backing:

Cape Trading LLP (CTL) and Anbee Constructions LLP (ACL) are the sponsors of Mindspace REIT. Both ACL and CTL form part of the KRC group, which is one of India's leading real estate development and retail business groups, with experience of over four decades in developing and operating assets across commercial, hospitality, retail, malls and residential segments. The KRC group has acquired and/or developed properties across various businesses totaling approximately 28.5mn square feet of commercial real estate, as of March 31, 2020.

Anbee Constructions LLP (ACL):

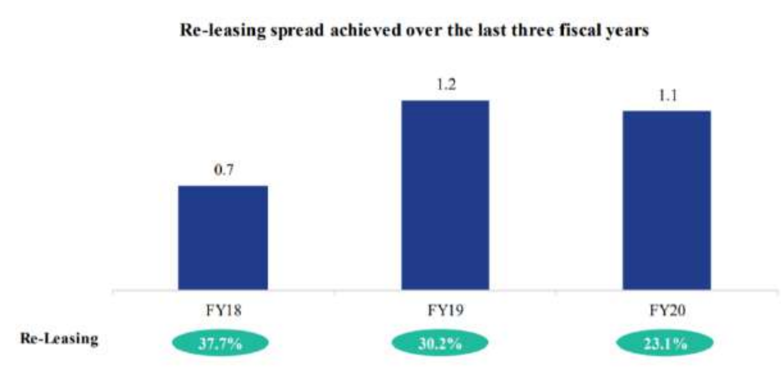
ACL is authorized to carry on the business of construction, building, development, contracting, erection of buildings, houses, malls, hotels, resorts, IT Parks, SEZs and business centers and to act as a sponsor and/or settlor of REIT(s) and setting up of REITs.

Cape Trading LLP (CTL):

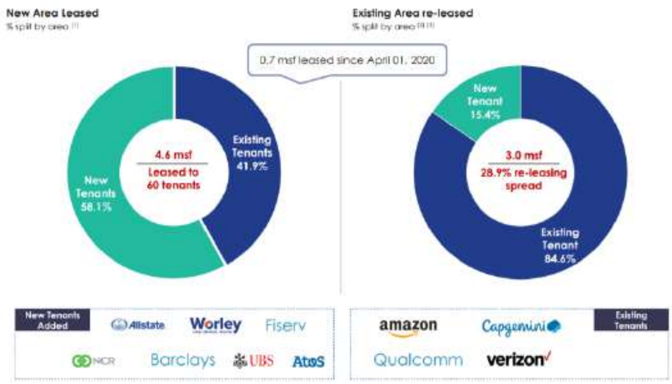
CTL is authorized to carry on the business, of trading and dealing in merchandise, goods, articles, commodities for the purpose of local trade and exports, especially dealing as exporters, importers, buyers, sellers and merchants of hardware, building materials, metal-ware, tools, fixtures, any other industrial, non-industrial or consumer products and construction, building, development, contracting, erection of buildings, houses, malls, hotels, resorts, IT Parks, SEZs and business centers and to act as a sponsor and/or settlor of REIT(s) and setting up of REITs.

2. Experienced management undertaking tenant engagement:

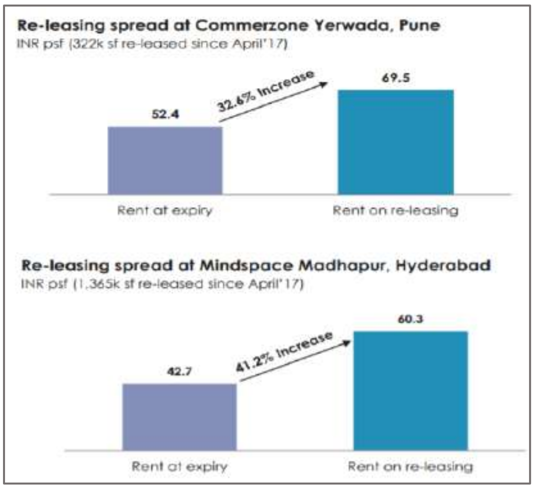
The highly experienced management maintains regular communication with the real estate heads of the corporate tenants through a dedicated CRM program, which ensures that they anticipate and cater to tenants' needs. The management also understands and caters to the changing demand and needs of the global clients scouting for office space in India. The management understands that the new age tenants focus on building quality amenities and facility management like integrated offices, relaxation spaces, day care centers, sports zones, support infrastructure (hotels, food &beverages, onsite convenience stores, retail facilities etc.) and mobile enabled work spaces. This has led to high re-leasing spread for the company besides helping the company to achieve higher rental rates.



Source: Mindspace REIT RHP



Source: Mindspace REIT presentation

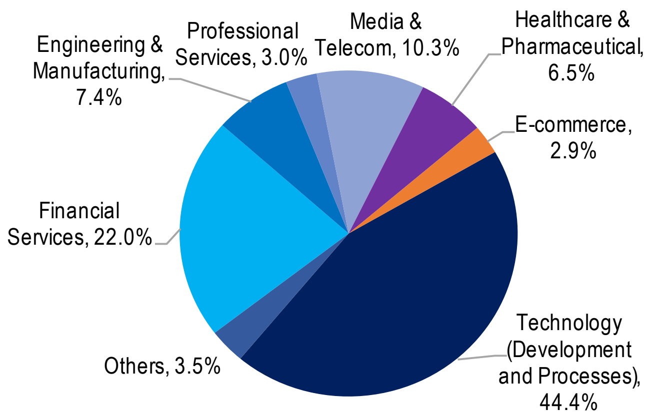


Source: Mindspace REIT presentation

3. Steady portfolio occupancy and marquee tenant base:

The company commands one of the highest occupancies in the industry at 92.0% as of FY20. The tenant profile of the company consists of 172+tenants across various sectors like Technology, Telecom, Financial Services, Healthcare, Research, Consulting and Retail, thereby cushioning the company from the adverse effects of concentration and consolidation in a particular sector. No single tenant contributes more than 7.7% to the gross contracted rentals. As on FY20, the company derived 84.9% of the gross contracted rentals from multinational companies and 39.4% of the gross contracted rentals from Fortune 500 companies.

Some of the renowned international companies in the clientele list of MBPR include Accenture, Qualcomm, BA Continuum, JP Morgan, Amazon, Schlumberger, UBS, Capgemini, Facebook, Barclays and BNY Mellon.

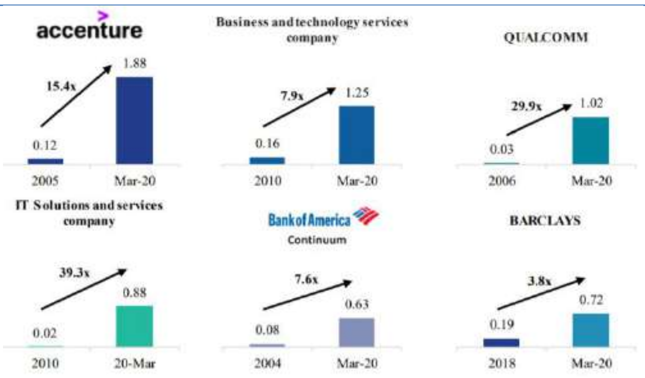


Source: Mindspace REIT RHP

4. High tenant retention:

The company has a history of high tenant retention because of the various tenant engagement programs undertaken by it and the world-class infrastructure offered by it through its city center buildings and commercial parks.
Leases in India are typically on a "warm shell" basis, resulting in landlords incurring limited tenant improvement capex. Tenants in India typically incur tenant improvement capex between Rs2,000 to ₹ Rs6,000 psf for fitting out the premises according to the nature of business activity and office location. On the contrary, in other developed markets landlords spend a significant amount of tenant improvement capex to attract and retain tenants (Source: C&W Report). Since the tenants in India typically undertake significant tenant improvement capex on their own, they have higher "stickiness" due to high relocation costs.

The company has also been able to retain tenants across multiple sectors through regular tenant engagements. Several largest occupiers, including a business and technology services company, an IT solutions and services company, Accenture, Qualcomm, BA Continuum and Barclays, have expanded within the company's portfolio.

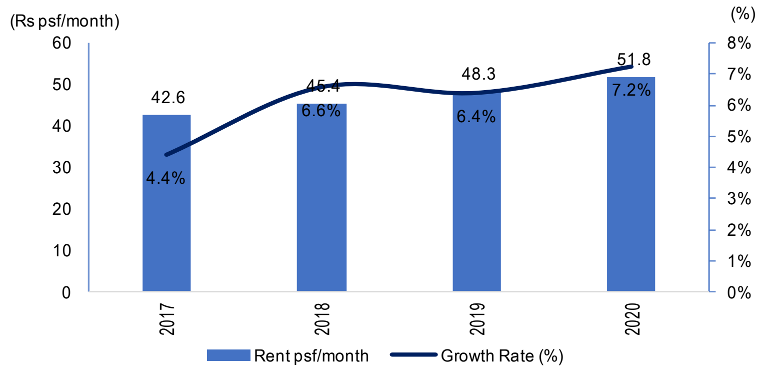


Source: Mindspace REIT RHP

Source: Mindspace REIT presentation

5. **Steady growth in rental rates:**

Rental income primarily comprises facility rentals and income from maintenance services. MBPR has been able to maintain a steady growth rate of rentals in its portfolio and has achieved a CAGR of 6.2% over FY16-FY20 when the rental rates increased from Rs40.8 psf/month to Rs51.8 psf/month.



Source: Mindspace REIT RHP

6. **22.6% average mark to market potential:**

As per the offer document of MBPR, the company has weighted average lease expiry term of 5.8 years and average mark to market potential of 22.6% across various properties. We believe that as and when any particular area comes up for re-leasing it will be either released to the same tenant or absorbed by some other tenant at the then prelevant market rate.

7. **Assets located at strategic locations:**

All the assets are strategically located in key micro markets of four top performing cities in India, namely Chennai, Pune, Mumbai and Hyderabad. The company has 29.5mn sq. ft. of operational, under construction and planned area of commercial space spread across four cities in India.

8. **Structured increase in portfolio across business segments:**

The company owns and operates one of the largest portfolio of commercial assets spread across 23mn sq. ft. of operational area as on FY20. The company is expected to add 6.5mn sq. ft. of under construction and future developable area going forward. The additions include:

a) Commerzone Porur, Chennai – 0.8mn sq. ft., expected to be operational from FY21E.
b) Gera Commerzone Kharadi, Pune – 0.7mn sq. ft., expected to be operational from FY22E
c) Mindspace Airoli West, Mumbai – 1.0mn sq. ft., expected to be operational from FY22E.
d) Mindspace Madhapur, Hyderabad– 0.1mn sq. ft., expected to be operational from FY22E.
e) Mindspace Pocharam, Hyderabad – 0.2mn sq. ft., expected to be operational by FY26E.
f) Gera Commerzone Kharadi, Pune – 0.6mn sq. ft., expected to be operational by FY27E.
g) Mindspace Madhapur, Hyderabad– 0.5mn sq. ft., expected to be operational from FY27E.
h) Mindspace Airoli East, Mumbai – 2.1mn sq. ft., expected to be operational from FY27E.
i) Mindspace Pocharam, Hyderabad – 0.4mn sq. ft., expected to be operational by FY30E.

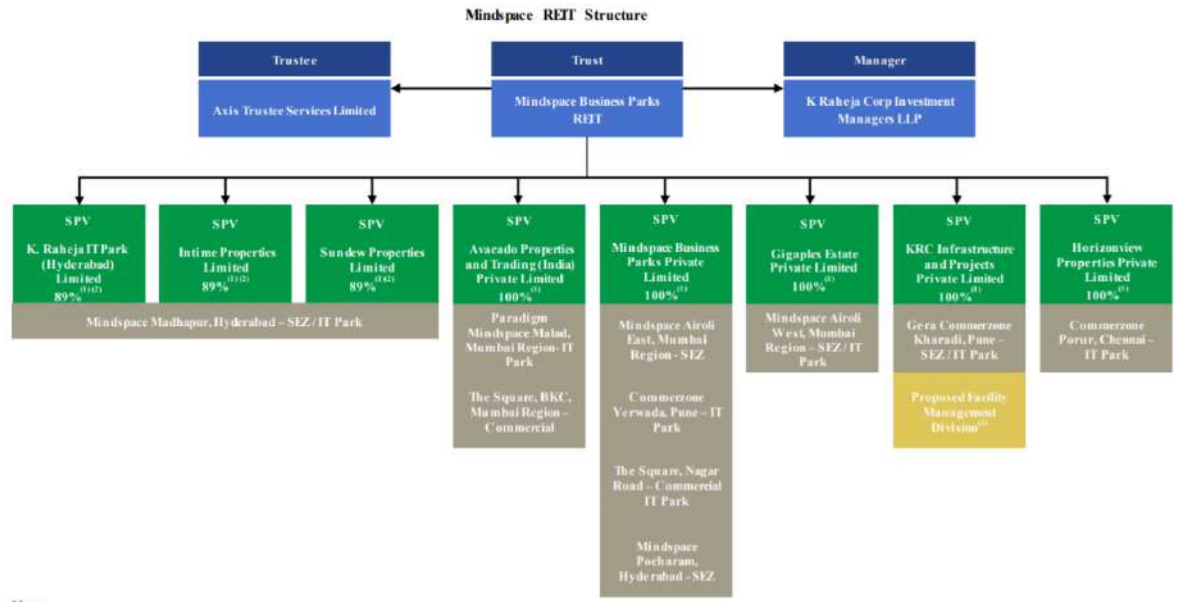
Structure of Mindspace Business Parks REIT

MBPR was settled on November 18, 2019 at Mumbai, Maharashtra, India as a contributory determinate irrevocable trust under the provisions of the Indian Trusts Act, 1882, pursuant to a trust deed dated November 18, 2019. Mindspace REIT was registered with SEBI on December 10, 2019, at Mumbai as a REIT pursuant to the REIT regulations. CTL and ACL are the sponsors of Mindspace REIT.

K Raheja Corp Investment Managers LLP has been appointed as the manager to MBPR. Mr. Ravi C. Raheja and Mr. Neel C. Raheja are the partners of the Manager and hold 50% each.

Axis Trustee Services Limited has been appointed as the trustee to MBPR.

The properties owned by MBPR are held as follows: (i) 10 portfolio assets are held through 8 asset SPVs



Note:
1. % indicates Mindspace REIT's shareholding in respective Asset SPVs.
2. 11% shareholding in these Asset SPVs is held by APIIC.
3. KRC Infra will commence facility management division with effect from the first day of the quarter following listing of Units on the Stock Exchanges under the brand name "CAMPLUS". "CAMPLUS" is owned by Newfound (a KRC group company) and KRC Infra is a permitted user of the brand.

Source: Company

Sponsors:

CTL and ACL are the sponsors of Mindspace REIT. Both ACL and CTL form part of the KRC group, which is one of India's leading real estate development and retail business groups, with experience of over four decades in developing and operating assets across commercial, hospitality, retail, malls and residential segments. The KRC group has acquired and/or developed properties across various businesses totaling approximately 28.5mn square feet of commercial real estate, as of March 31, 2020.

Anbee Constructions LLP (ACL):

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Exhibit 3: Capital contributions by partners of ACL as on date of final offer document:

Name of Partner	Designation	Capital Contribution (Rs)	Profit Sharing (%)
Mr. Ravi C. Raheja	Designated Partner	74,000	74.0%
Mr. Neel C. Raheja	Designated Partner	1,000	1.0%
Mr. Chandru L. Raheja	Partner	12,500	12.5%
Mrs. Jyoti C. Raheja	Partner	12,500	12.5%
Total		**1,00,000**	**100%**

Source: Company

Cape Trading LLP (CTL):

CTL is authorized to carry on the business of trading and dealing in merchandise, goods, articles, commodities for the purpose of local trade and exports, especially dealing as exporters, importers, buyers, sellers and merchants of hardware, building materials, metal-ware, tools, fixtures, any other industrial, non-industrial or consumer products and construction, building, development, contracting, erection of buildings, houses, malls, hotels, resorts, IT Parks, SEZs and business centers and to act as a sponsor and/or settlor of REIT(s) and setting up of REITs.

Exhibit 4: Capital contributions by partners of CTL as on date of final offer document:

Name of Partner	Designation	Capital Contribution (Rs)	Profit Sharing (%)
Mr. Ravi C. Raheja	Designated Partner	1,000	1.0%
Mr. Neel C. Raheja	Designated Partner	74,000	74.0%
Mr. Chandru L. Raheja	Partner	12,500	12.5%
Mrs. Jyoti C. Raheja	Partner	12,500	12.5%
Total		**1,00,000**	**100%**

Source: Company

Manager:

K Raheja Corp Investment Managers LLP has been appointed as the manager to MBPR. The partners of the Manager entered into an LLP agreement to enable the Manager to (i) provide fund, investment, asset, portfolio and project management services (ii) undertake development of real estate (iii) provide any other type of services to manage, administer or advise trust or funds, including REITs, infrastructure investment trusts, whether in India or outside India. Mr. Ravi C. Raheja and Mr. Neel C. Raheja are the partners of the Manager and the holding pattern of the manager is as follows:

Exhibit 5: Capital contributions by partners of CTL as on date of final offer document:

Name of Partner	Designation	Capital Contribution (Rsmn)	Profit Sharing (%)
Mr. Ravi C. Raheja	Designated Partner	55.05	50.0%
Mr. Neel C. Raheja	Designated Partner	55.05	50.0%
Total		**110.10**	**100%**

Source: Company

Entitlements to the manager:

1. **Property Management Fees:** In relation to the property management services provided under the property management and support service agreement, the Manager shall be entitled to a monthly fee of 3% of the total rent.
2. **Support Services Fees:** In relation to the support services provided under the property management and support service agreement, the Manager shall be entitled to a monthly fee of 0.50% of the total rent.
3. **REIT Management Fees:** 0.5% of the NDCF.

Trustee:

Axis Trustee Services Limited is the Trustee of MBPR. As the Trustee, it ensures compliance with statutory requirements and believes in ethical standards and best practices in corporate governance. It aims to provide best services in the industry with its well trained and professionally qualified staff. The Trustee is involved in varied facets of debenture and bond trusteeships, including advisory functions and management functions. The Trustee also acts as a security trustee and is involved in providing services with respect to security creation, compliance and holding security on behalf of lenders.

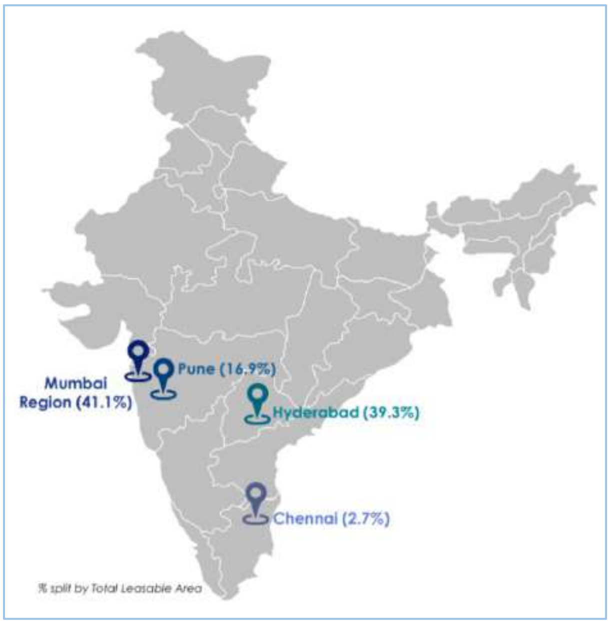
The Trustee shall be entitled to an annual fee of Rs2mn, excluding all applicable taxes and any other out of pocket expenses, as applicable.

Exhibit 6: Details of assets as on FY20:

SPV	Asset	Ownership	Completed Area (mn sq. ft.)	Under construction Area (mn sq. ft.)	Future Developable Area (mn sq. ft.)
Mindspace Business Parks Private Limited (MBPPL)	Mindspace Airoli East, Mumbai	100%	4.7	-	2.1
Mindspace Business Parks Private Limited (MBPPL)	Mindspace Pocharam, Hyderabad	100%	0.4	0.2	0.4
Mindspace Business Parks Private Limited (MBPPL)	Commerzone Yerwada, Pune	100%	1.7	-	-
Mindspace Business Parks Private Limited (MBPPL)	The Square, Nagar Road, Pune	100%	0.7	-	-
Gigaplex Estate Private Limited (Gigaplex)	Mindspace Airoli West, Mumbai	100%	3.5	1.0	-
Sundew Properties Limited (Sundew), Intime Properties Limited (Intime), K. Raheja IT Park (Hyderabad) Limited (KRIT)	Mindspace Madhapur, Hyderabad	89%	9.9	0.1	0.5
KRC Infrastructure and Projects Private Limited (KRC Infra)	Gera Commerzone Kharadi, Pune	100%	1.3	0.7	0.6
Horizonview Properties Private Limited (Horizonview)	Commerzone Porur, Chennai	100%	-	0.8	-
Avacado Properties And Trading (India) Private Limited (Avacado)	Paradigm Mindspace Malad, Mumbai	100%	0.7	-	-
Avacado Properties And Trading (India) Private Limited (Avacado)	The Square, BKC, Mumbai	100%	0.1	-	-
Total			**23.0**	**2.8**	**3.6**

Source: Company

Exhibit 7: Geographical distribution of portfolio of MBPR:



Source: Mindspace REIT presentation

NAV based valuation

We have arrived at a target price of Rs335 based on NAV + NDCF distribution valuation comprising:

2. NAV of the commercial assets as of September FY23E. We have valued commercial assets using the DCF method, with a discounting rate of 9.00% and capitalization rate of 8.50% in the year in which the occupancy of commercial asset stabilizes.

3. The target price includes distribution (NDCF) of Rs45/unit for a period up to September 2022 as according to the REIT regulations, the company is obligated to distribute at least 90% of the net distributable cash flows. Accordingly, we have assumed a payout ratio of 90% of the distributable cashflow every year.

Exhibit 8: Valuation summary:

SPV	Asset	Ownership	Completed Area (mn sq. ft.)	Under construction Area (mn sq. ft.)	Future Developable Area (mn sq. ft.)	NAV (Rs mn)	NAV per unit (Rs)	Proportions (%)
Mindspace Business Parks Private Limited (MBPPL)	Mindspace Airoli East, Mumbai	100%	4.7	-	2.1	51,030	86	25.7%
Mindspace Business Parks Private Limited (MBPPL)	Mindspace Pocharam, Hyderabad	100%	0.4	0.2	0.4	3,298	6	1.7%
Mindspace Business Parks Private Limited (MBPPL)	Commerzone Yerwada, Pune	100%	1.7	-	-	14,883	25	7.5%
Mindspace Business Parks Private Limited (MBPPL)	The Square, Nagar Road, Pune	100%	0.7	-	-	8,157	14	4.1%
Gigaplex Estate Private Limited (Gigaplex)	Mindspace Airoli West, Mumbai	100%	3.5	1.0	-	37,861	64	19.1%
Sundew Properties Limited (Sundew), Intime Properties Limited (Intime), K. Raheja IT Park (Hyderabad) Limited (KRIT)	Mindspace Madhapur, Hyderabad	89%	9.9	0.1	0.5	69,459	117	35.0%
KRC Infrastructure and Projects Private Limited (KRC Infra)	Gera Commerzone Kharadi, Pune	100%	1.3	0.7	0.6	38,084	64	19.2%
Horizonview Properties Private Limited (Horizonview)	Commerzone Porur, Chennai	100%	-	0.8	-	5,782	10	2.9%
Avacado Properties And Trading (India) Private Limited (Avacado)	Paradigm Mindspace Malad, Mumbai	100%	0.7	-	-	7,837	13	3.9%
Avacado Properties And Trading (India) Private Limited (Avacado)	The Square, BKC, Mumbai	100%	0.1	-	-	3,409	6	1.7%
Total			**23.0**	**2.8**	**3.6**	**2,39,799**	**404**	**120.7%**
Less: Debt						-70,069	-118	-35.3%
Add: Cash						2,226	4	1.1%
Add: NDCF						26,712	45	13.4%
Net NAV						**1,98,668**	**335**	**100.0%**
Units						593.02		
Target Price						**335**		

Source: Nirmal Bang Institutional Equities Research

Peer comparison

Mindspace Business Parks REIT (MBPR) and Embassy Office Parks REIT (EOPR) have portfolio occupancy of 92.0% and 92.2%, respectively and have WALE of 5.8 years and 6.7 years, respectively. The in-place rentals for MBPR are however significantly lower at Rs51.8 psf/month compared to Rs69 psf/month for EOPR, thus leaving significant room for upside for MBPR.

On NAV+NDCF valuation basis, we find that while EOPR is currently trading at its NAV, MBPR is trading below its NAV, thereby leaving an upside of 8.5% compared to our target price.

While the technology sector dominates the tenant base in both the REIT's, MBPR has a better diversified tenant base compared to EOPR as the contribution of the technology sector tenants to the gross rentals for MBPR is 44.4% compared to 50.0% for EOPR. Also, the contribution of gross rentals for MBPR from its top 10 tenants is 41.6% compared to 42.0% for EOPR. The top 10 tenant's diversification for MBPR is comparatively better compared to EOPR as the dependency on a particular sector is as high as EOPR.

Exhibit 9: Operational parameters:

Particulars	Mindspace Business Parks REIT (MBPR)	Embassy Office Parks REIT (EOPR)
Mumbai Metropolitan Region (MMR)		
Operational Area (msf)	9.0	2.0
Under Construction Area (msf)	1.0	-
Future Developable Area (msf)	2.1	-
Total MMR area (msf)	**12.1**	**2.0**
Average occupancy (%)	*86.5%*	*89.6%*
WALE (Years)	5.7	3.7
Hyderabad		
Operational Area (msf)	10.3	-
Under Construction Area (msf)	0.3	-
Future Developable Area (msf)	0.9	-
Total Hyderabad area (msf)	**11.6**	**-**
Average occupancy (%)	*97.4%*	*0.0%*
WALE (Years)	5.5	-
Pune		
Operational Area (msf)	3.7	5.5
Under Construction Area (msf)	0.7	0.9
Future Developable Area (msf)	0.6	2.4
Total Pune area (msf)	**5.0**	**8.8**
Average occupancy (%)	*90.0%*	*87.8%*
WALE (Years)	7.0	4.7
Chennai		
Operational Area (msf)	-	-
Under Construction Area (msf)	0.8	-
Future Developable Area (msf)	-	-
Total Chennai area (msf)	**0.8**	**-**
Average occupancy (%)	*0.0%*	*0.0%*
WALE (Years)	-	-
Bengaluru		
Operational Area (msf)	-	14.7
Under Construction Area (msf)	-	1.1
Future Developable Area (msf)	-	2.0

Particulars	Mindspace Business Parks REIT (MBPR)	Embassy Office Parks REIT (EOPR)
Total Bengaluru area (msf)	**-**	**17.8**
Average occupancy (%)	*0.0%*	*96.0%*
WALE (Years)	-	7.8
Noida		
Operational Area (msf)	-	3.9
Under Construction Area (msf)	-	0.7
Future Developable Area (msf)	-	-
Total Noida area (msf)	**-**	**4.6**
Average occupancy (%)	*0.0%*	*85.2%*
WALE (Years)	-	8.2
Portfolio level		
Total Operational Area (msf)	23.0	26.2
Total Under construction Area (msf)	2.8	2.7
Total Future Developable Area (msf)	3.6	4.4
Total area (msf)	**29.5**	**33.3**
Average occupancy (%)	*92.0%*	*92.2%*
WALE (Years)	5.8	6.7
In place Rentals (Rs psf/month)	51.8	69.0
NBIE NAV+NDFC valuation (Rs mn)	**1,98,668**	**2,37,338**
NBIE NAV+NDFC valuation per unit (TP) (Rs)	**335**	**362**
Current Market Price (Rs)	309	362
Upside/(Downside)	8.5%	-0.1%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Top 10 Tenant profile comparison:

Mindspace Business Parks REIT	Sector	% of Gross Contracted Rentals
Accenture	Technology	7.7%
Qualcomm	Telecommunication and Media	5.3%
Business and technology services company	Technology	5.1%
Barclays	Financial Services	5.0%
IT solutions and services company	Technology	4.5%
BA Continuum	Financial Services	3.0%
Schlumberger	Engineering and Manufacturing	2.9%
JP Morgan	Financial Services	2.9%
Amazon	E-Commerce	2.9%
UBS	Financial Services	2.4%
Total		**41.6%**

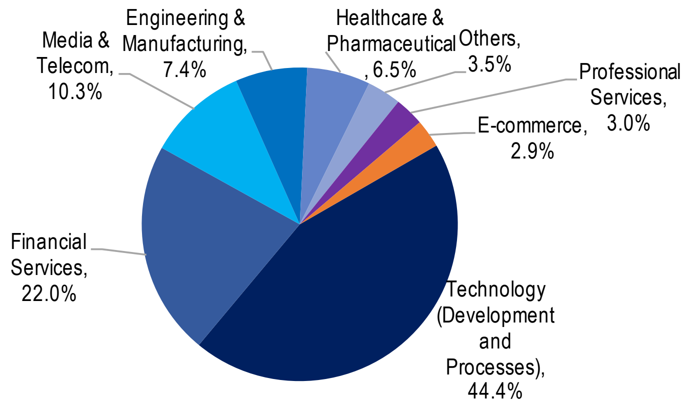
Source: Company, Nirmal Bang Institutional Equities Research

Embassy Office Parks REIT	Sector	% of Gross Contracted Rentals
IBM	Technology	12.0%
Cognizant	Technology	9.0%
NTT Data	Technology	4.0%
ANSR	Research & Analytics	3.0%
Cerner	Healthcare	3.0%
PwC	Research & Analytics	3.0%
Google India	Technology	2.0%
Nokia	Telecom	2.0%
JP Morgan	Financial Services	2.0%
Lowe's	Retail	2.0%
Total		**42.0%**

Source: Company, Nirmal Bang Institutional Equities Research

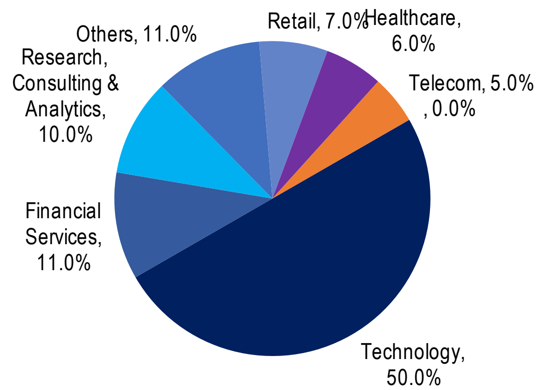
Exhibit 11: Tenant Sectoral Distribution:

Mindspace Business Parks REIT (MBPR)



Source: Company

Embassy Office Parks REIT (EOPR)



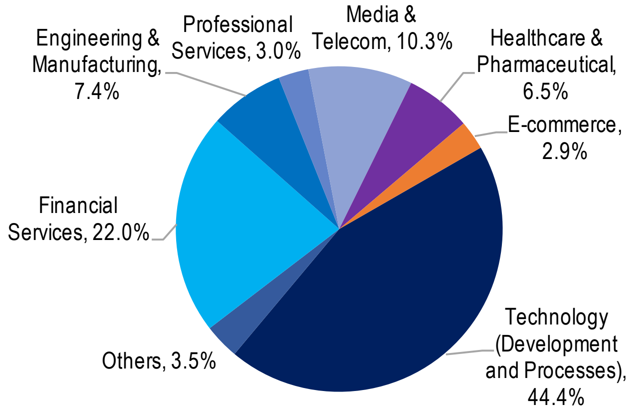
Source: Company

Tenant Base:

MBPR commands one of the highest occupancies in the industry at 92.0% in FY20. The tenant profile of the company consists of 172+ tenants across various sectors like Technology, Telecom, Financial Services, Healthcare, Research, Consulting and Retail, thereby cushioning the company from the adverse effects of concentration and consolidation in a particular sector. No single tenant contributes more than 7.7% of the gross contracted rentals. As on FY20, the company derived 84.9% of the gross contracted rentals from multinational companies and 39.4% of the gross contracted rentals from Fortune 500 companies.

Some of the renowned international companies in the clientele list of MBPR include Accenture, Qualcomm, BA Continuum, JP Morgan, Amazon, Schlumberger, UBS, Capgemini, Facebook, Barclays and BNY Mellon.

Exhibit 12: Sectorial distribution of tenants:



Source: Mindspace REIT RHP

Exhibit 13: Top 10 tenants contributing to gross contracted rentals:

Tenant	Sector	Asset	Occupied Area (msf)	WALE (years)	% of Gross Contracted Rentals
Accenture	Technology	Mindspace Airoli East, Mumbai Mindspace Airoli West, Mumbai Mindspace Madhapur, Hyderabad	1.9	7.6	7.7%
Qualcomm	Telecommunication and Media	Mindspace Madhapur, Hyderabad	1.0	6.5	5.3%
Business and technology services company	Technology	Mindspace Airoli East, Mumbai Mindspace Madhapur, Hyderabad	1.2	7.1	5.1%
Barclays	Financial Services	Gera Commerzone Kharadi, Pune The Square Nagar Road, Pune	0.7	11.3	5.0%
IT solutions and services company	Technology	Mindspace Airoli East, Mumbai	0.9	4.4	4.5%
BA Continuum	Financial Services	Mindspace Madhapur, Hyderabad Paradigm Mindspace Malad, Mumbai	0.6	2.8	3.0%
Schlumberger	Engineering and Manufacturing	Commerzone Yerwada, Pune	0.3	4.5	2.9%
JP Morgan	Financial Services	Mindspace Madhapur, Hyderabad Paradigm Mindspace Malad, Mumbai	0.5	4.2	2.9%
Amazon	E-Commerce	Mindspace Madhapur, Hyderabad The Square Nagar Road, Pune Commerzone Yerwada, Pune	0.5	6.3	2.9%
UBS	Financial Services	Commerzone Yerwada, Pune Mindspace Airoli West, Mumbai	0.4	10.7	2.4%
Total			**8.2**		**41.6%**

Source: Mindspace REIT RHP

Assumptions regarding commercial assets:

- We have considered a completed leasable area of 23.8mn sq. ft. for FY21E, 25.7mn sq. ft. from FY22E to FY25E, 25.9mn sq. ft. for FY26E, 29.1mn sq. ft. from FY27E to FY29E and 29.5mn sq. ft. from FY30E onwards.
- Occupancy – for the property already operating at optimum occupancy of ~95% and above, we have assumed the occupancy to be maintained at this level. For properties operating at below optimum level occupancy, we have phased the occupancy over 4-5 years for different properties to achieve the optimum occupancy at 95%.
- We have assumed a base rent provided in the prospectus for FY20 for each property (net of maintenance cost) and then increased the base rent with inflation of 5% per annum. For the area expiring each year, we have assumed the expiring area to be released at the market rent prevalent at that time. For the new area coming up, we have assumed that the new area will be absorbed over 4-5 years at the market rate prevalent at that time.
- For periods beyond FY24E, we have assumed the mark-to-market rent to grow by 5% p.a.
- We have multiplied the leasable area with the occupancy rate to get the leased area. We have then multiplied the leased area with the lease rate to arrive at revenues.
- We have then subtracted depreciation to arrive at EBIT and then subtracted income-tax @25.17%.
- We have then added back depreciation and subtracted capital expenditure to arrive at the cash flows.
- To arrive at the terminal value, we have assumed long-term growth rate of 5% per annum, which is the same as the inflation rate. We have assumed a capitalization rate of 8.50% per annum. We have computed the terminal value in the year in which the occupancy of commercial asset stabilizes.
- After discounting future cash flows of commercial assets, we have arrived at a valuation of Rs239,799mn.
- **Proposed development area:**

  For the proposed development area, we have assumed that the construction will start in the year after the construction of under construction area, if any, is completed.
  If any project has only proposed development area and there is no under construction area, then the construction of the proposed development area is assumed to begin from FY22E.
- **Base rent:**

  For the purpose of NAV calculation, we have assumed the base rent for FY20 as provided in the prospectus. Thus, the base rent is computed as follows:
  5% p.a. increase each year.
  Add: mark-to-market increase in the lease rentals for the proportionate lease area expiring each year or for new leasing done each year.

  Note: For periods beyond FY24E, we have assumed a growth of 5% p.a. for the mark-to-market rent.
- **Capex phasing:**

  a) **For the currently under construction area:** The remaining capex is spread across the remaining under construction period.

  b) **For the proposed development area:** The capex is spread across four years from the year of commencement of the construction.
- **CAM (psf):**

  CAM (psf) for each asset for FY20 is assumed as the CAM (psf) calculated on a totality basis for MBPR as follows:
  Reported maintenance services revenue for FY20 (given)
  Divide: Total occupied area
  CAM (psf) for periods beyond FY21E is increased at 5% p.a.

Key assumptions

Exhibit 14: Given below are key assumptions for calculation of NAV:

CAPEX psf (Rs)	6,350
Discounting Rate	9.00%
Capitalization Rate	8.50%
Base Rent Growth Rate	5.00%
Mark to Market Rent Growth Rate from FY24	5.00%
Common Area Maintenance (CAM) (Rs psf) for FY20	10.28
Common Area Maintenance (CAM) Growth Rate	5.00%
Other Operating Income Growth Rate	5.00%
Depreciation psf (Rs)	49.83

Source: Nirmal Bang Institutional Equities Research

Exhibit 15: Calculation of Weighted Average Cost of Capital (WACC):

Weighted average cost of capital	
Tax rate	25.17%
Pre tax cost of debt	9.50%
Cost of debt	**7.11%**
Risk-free rate	6.01%
Beta	0.77
Market premium	9.17%
Cost of equity	**13.07%**
WACC	**9.00%**

Source: Nirmal Bang Institutional Equities Research

Asset wise assumptions:

1. **Mindspace Madhapur, Hyderabad:**

Mindspace Madhapur is currently the largest asset (operational area wise) for MBPR, spread across 97.2 acres of freehold land with 9.9mn sq. ft. of completed area, 0.1mn sq. ft. of under construction area and 0.5mn sq. ft. of future developable area, resulting in a total leasable area of 10.6mn sq. ft. as of FY20. It contributes 35% to our NAV. As of FY20, Mindspace Madhapur had committed occupancy of 97.6% and occupancy of 89.2% with an in-place rental of Rs48.30/sq. ft./month.

The completed area of 9.9mn sq. ft. comprises 5.0mn sq. ft. of SEZ area and 4.9mn sq. ft. of Non-SEZ area. The under-construction area of 0.1mn sq. ft. and the future developable area of 0.5mn sq. ft. are Non-SEZ areas.

The ownership structure of Mindspace Madhapur is spread across 3 SPVs, namely Sundew Properties Limited (Sundew) [completed area – 5.6mn sq. ft.; under-construction area – 0.1mn sq. ft.], K. Raheja IT Park (Hyderabad) Limited (KRIT) [completed area – 2.7mn sq. ft.; future developable area – 0.5mn sq. ft.] and Intime Properties Limited (Intime) [completed area – 1.7mn sq. ft.]. Mindspace REIT owns 89% of Mindspace Madhapur, Hyderabad through 3 SPVs while 11% is owned by APIIC in each of the three SPVs.

The under-construction area of 0.1mn sq. ft. is 66% completed as on FY20 and has been 100% pre-leased to Chalet Hotels Limited. The company expects the construction to be completed by 4QFY21. However, on a conservative basis, we have assumed the under-construction area to become operational and yield rentals from FY22.

Exhibit 16: Key revenue assumptions are as below:

Mindspace Madhapur, Hyderabad	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
- Completed Area (msf)	9.9	9.9	9.9	10.1	10.1	10.1	10.1	10.1	10.6	10.6	10.6	10.6
- Under Construction Area (msf)	0.1	0.1	0.1	-	0.5	0.5	0.5	0.5	-	-	-	-
- Proposed Development Area (msf)	0.5	0.5	0.5	0.5	-	-	-	-	-	-	-	-
- Occupied Area (msf)	9.5	8.9	9.4	9.8	9.8	9.8	9.8	9.8	10.0	10.1	10.2	10.3
Leasable Area (msf)	**10.6**	**10.6**	**10.6**	**10.6**	**10.6**	**10.6**	**10.6**	**10.6**	**10.6**	**10.6**	**10.6**	**10.6**
Committed Occupancy (%)	95.90%	97.60%	97.60%	97.60%	97.60%	97.60%	97.60%	97.60%	97.60%	97.60%	97.60%	97.60%
Occupancy (%)	95.90%	89.20%	94.20%	96.87%	97.12%	97.38%	97.60%	97.60%	94.88%	95.82%	96.77%	97.60%
New area occupancy (%)			0.00%	40.00%	60.00%	80.00%	97.60%	97.60%	40.00%	60.00%	80.00%	97.60%
Base Rent (Rs psf)	45.00	48.30	51.77	55.93	60.23	63.03	66.08	69.38	74.10	78.46	83.08	87.87
Growth (%)	7.7%	7.3%	7.2%	8.0%	7.7%	4.7%	4.8%	5.0%	6.8%	5.9%	5.9%	5.8%
Lease Area Expiring (msf)			0.70	0.80	1.00	0.50	0.40					
Lease Expiry % of Gross Rentals (%)			6.9%	7.4%	10.5%	5.3%	4.4%					
In-Place Rents at Expiration (Rs psf)			40.50	39.90	51.20	53.50	57.20					
Mark to Market Price (Rs psf)			65.69	69.75	72.04	56.18	60.06	63.06	66.22	69.53	73.00	76.65
Mark to Market Potential (%)			62.2%	74.8%	40.7%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Capex Phasing	45%	66%	100.0%	0.0%	20.0%	60.0%	80.0%	100.0%				
Capex (Rs mn)	-1,333	-825	-809		-635	-1,905	-2,540	-3,175				
Additional capex each year	-1,133	508	16	-	-635	-1,270	-635	-635	-	-	-	-
CAM (psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47	15.19	15.95	16.75
Growth (%)	8.9%	8.2%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The fall in occupancy from 95.90% in 2019 to 89.20% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

Exhibit 17: Key NAV assumptions for Mindspace Madhapur, Hyderabad are as below:

Particulars	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Completed Area (msf)	9.9	9.9	9.9	10.1	10.1	10.1	10.1	10.1	10.6	10.6	10.6	10.6
Occupancy (%)	95.90%	89.20%	94.20%	96.87%	97.12%	97.38%	97.60%	97.60%	94.88%	95.82%	96.77%	97.60%
Base Rent (Rs psf)	45.00	48.30	51.77	55.93	60.23	63.03	66.08	69.38	74.10	78.46	83.08	87.87
Growth (%)	*7.66%*	*7.33%*	*7.18%*	*8.04%*	*7.69%*	*4.65%*	*4.83%*	*5.00%*	*6.80%*	*5.89%*	*5.88%*	*5.77%*
Revenue from Operations - Reported (Rs mn)	5,841	6,107	6,911	7,760	8,358	8,786	9,245	9,717	10,573	11,302	12,079	12,880
Revenue from Operations - Calculated (Rs mn)	5,152	5,143	5,822	6,551	7,073	7,422	7,798	8,188	8,923	9,542	10,203	10,884
Growth (%)	*6.76%*	*-0.17%*	*13.19%*	*12.53%*	*7.97%*	*4.93%*	*5.07%*	*5.00%*	*8.98%*	*6.94%*	*6.92%*	*6.68%*
Assumed CAM	1,088	1,095	1,214	1,328	1,398	1,472	1,549	1,626	1,742	1,848	1,959	2,075
CAM Rate (Rs psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47	15.19	15.95	16.75
Growth (%)	*8.88%*	*8.16%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	21.1%	21.3%	20.9%	20.3%	19.8%	19.8%	19.9%	19.9%	19.5%	19.4%	19.2%	19.1%
Other Operating Income	-399	-131	-125	-119	-113	-107	-102	-97	-92	-87	-83	-79
Growth (%)			5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Revenues	**5,841**	**6,107**	**6,911**	**7,760**	**8,358**	**8,786**	**9,245**	**9,717**	**10,573**	**11,302**	**12,079**	**12,880**
Less: CAM without markup	-1,088	-1,095	-1,214	-1,328	-1,398	-1,472	-1,549	-1,626	-1,742	-1,848	-1,959	-2,075
Less: Depreciation	-496	-496	-496	-502	-502	-502	-502	-502	-527	-527	-527	-527
EBT	**4,257**	**4,516**	**5,201**	**5,931**	**6,459**	**6,813**	**7,194**	**7,589**	**8,304**	**8,928**	**9,593**	**10,278**
Less: Income Tax @ 25.17%	-1,071	-1,137	-1,309	-1,493	-1,626	-1,715	-1,811	-1,910	-2,090	-2,247	-2,415	-2,587
PAT	**3,185**	**3,380**	**3,892**	**4,438**	**4,833**	**5,098**	**5,383**	**5,679**	**6,214**	**6,681**	**7,178**	**7,691**
Add: Depreciation	496	496	496	502	502	502	502	502	527	527	527	527
Less: Capex	-1,133	508	16	-	-635	-1,270	-635	-635	-	-	-	-
Cashflows	**2,548**	**4,383**	**4,404**	**4,940**	**4,700**	**4,330**	**5,250**	**5,546**	**6,741**	**7,208**	**7,705**	**8,218**
Discounting Years	-	-	-	-	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50
Discounting Factors	-	-	-	-	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48
Discounted Cashflows	-	-	-	-	4,130	3,491	3,883	3,763	4,196	4,116	4,037	3,951
Terminal Value												96,685
Discounted Terminal Value												46,477
NAV (89% ownership) *	**69,459**											

Source: Company, Nirmal Bang Institutional Equities Research

CAM = Common Area Maintenance

**Mindspace REIT owns 89% of Mindspace Madhapur, Hyderabad through 3 SPV's while 11% is owned by APIIC in each of the three SPV's.*

2. Mindspace Airoli East, Mumbai:

Mindspace Airoli East is currently the second largest asset (operational area wise) for MBPR, spread across 50.1 acres of leasehold land (from MIDC with 43 years remaining) with 4.7mn sq. ft. of completed area and 2.1mn sq. ft. of future developable area, resulting in a total leasable area of 6.8mn sq. ft. as of FY20. It contributes 25.7% to our NAV. As of FY20, Mindspace Airoli East had committed occupancy and occupancy of 98.0% with an in-place rental of Rs49.00/sq. ft./month.

The completed area of 4.7mn sq. ft. is a SEZ area and out of the 2.1mn sq. ft. of future developable area, 0.9mn sq. ft has been identified as Non-SEZ area.

Mindspace Airoli East is 100% owned by Mindspace REIT through the SPV - Mindspace Business Parks Private Limited (MBPPL).

Exhibit 18: Key revenue assumptions are as below:

Mindspace Airoli East, Mumbai	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
- Completed Area (msf)	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	6.8	6.8	6.8	6.8
- Under Construction Area (msf)	-	-	-	-	2.1	2.1	2.1	2.1	-	-	-	-
- Proposed Development Area (msf)	2.1	2.1	2.1	2.1	-	-	-	-	-	-	-	-
- Occupied Area (msf)	4.5	4.6	4.6	4.6	4.6	4.6	4.6	4.6	5.5	5.9	6.3	6.7
Leasable Area (msf)	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Committed Occupancy (%)	95.90%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%
Occupancy (%)	95.90%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	80.10%	86.28%	92.45%	98.00%
New area occupancy (%)			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	60.00%	80.00%	98.00%
Base Rent (Rs psf)	46.70	49.00	52.19	55.48	58.61	61.51	65.07	68.33	81.57	90.81	100.77	110.93
Growth (%)	3.8%	4.9%	6.5%	6.3%	5.7%	4.9%	5.8%	5.0%	19.4%	11.3%	11.0%	10.1%
Lease Area Expiring (msf)	-	-	0.60	0.70	0.40	0.30	0.30	-	-	-	-	-
Lease Expiry % of Gross Rentals (%)	-	-	12.9%	13.0%	9.4%	6.7%	9.2%	-	-	-	-	-
In-Place Rents at Expiration (Rs psf)	-	-	46.30	52.90	54.40	58.10	68.80	-	-	-	-	-
Mark to Market Price (Rs psf)	-	-	57.27	59.35	62.51	61.01	72.24	75.85	79.64	83.63	87.81	92.20
Mark to Market Potential (%)	-	-	23.7%	12.2%	14.9%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Capex Phasing	0%	0%	0.0%	0.0%	20.0%	60.0%	80.0%	100.0%	-	-	-	-
Capex (Rs mn)	-	-	-		-2,667	-8,001	-10,668	-13,335	-	-	-	-
Additional capex each year	-	-	-	-	-2,667	-5,334	-2,667	-2,667	-	-	-	-
CAM (psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47	15.19	15.95	16.75
Growth (%)	8.9%	8.2%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The rise in occupancy from 95.90% in 2019 to 98.00% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

2. The fall in occupancy to 80.10% in 2027 is because of new leasing of 2.1mn sq. ft. of area assumed to be operational from 2027.

Exhibit 19: Key NAV assumptions for Mindspace Airoli East are as below:

Particulars	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Completed Area (msf)	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	6.8	6.8	6.8	6.8
Occupancy (%)	95.90%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	80.10%	86.28%	92.45%	98.00%
Base Rent (Rs psf)	46.70	49.00	52.19	55.48	58.61	61.51	65.07	68.33	81.57	90.81	100.77	110.93
Growth (%)	*3.78%*	*4.93%*	*6.52%*	*6.30%*	*5.65%*	*4.94%*	*5.79%*	*5.00%*	*19.39%*	*11.33%*	*10.97%*	*10.08%*
Revenue from Operations - Reported (Rs mn)	3,519	3,569	3,789	4,015	4,236	4,446	4,695	4,930	6,689	7,895	9,260	10,689
Revenue from Operations - Calculated (Rs mn)	2,529	2,712	2,889	3,070	3,244	3,404	3,601	3,782	5,337	6,399	7,609	8,879
Growth (%)	*2.92%*	*7.22%*	*6.52%*	*6.30%*	*5.65%*	*4.94%*	*5.79%*	*5.00%*	*41.13%*	*19.90%*	*18.90%*	*16.69%*
Assumed CAM	515	569	598	627	659	692	726	763	947	1,070	1,204	1,341
CAM Rate (Rs psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47	15.19	15.95	16.75
Growth (%)	*8.88%*	*8.16%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	20.4%	21.0%	20.7%	20.4%	20.3%	20.3%	20.2%	20.2%	17.7%	16.7%	15.8%	15.1%
Other Operating Income	475	288	302	318	333	350	368	386	405	426	447	469
Growth (%)			5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Revenues	**3,519**	**3,569**	**3,789**	**4,015**	**4,236**	**4,446**	**4,695**	**4,930**	**6,689**	**7,895**	**9,260**	**10,689**
Less: CAM without markup	-515	-569	-598	-627	-659	-692	-726	-763	-947	-1,070	-1,204	-1,341
Less: Depreciation	-234	-234	-234	-234	-234	-234	-234	-234	-339	-339	-339	-339
EBT	**2,770**	**2,765**	**2,957**	**3,154**	**3,343**	**3,520**	**3,735**	**3,933**	**5,403**	**6,486**	**7,716**	**9,009**
Less: Income Tax @ 25.17%	-697	-696	-744	-794	-841	-886	-940	-990	-1,360	-1,632	-1,942	-2,268
PAT	**2,073**	**2,069**	**2,212**	**2,360**	**2,502**	**2,634**	**2,795**	**2,943**	**4,043**	**4,853**	**5,774**	**6,741**
Add: Depreciation	234	234	234	234	234	234	234	234	339	339	339	339
Less: Capex	-	-	-	-	-2,667	-5,334	-2,667	-2,667	-	-	-	-
Cashflows	**2,307**	**2,304**	**2,447**	**2,594**	**69**	**-2,466**	**362**	**511**	**4,382**	**5,192**	**6,113**	**7,081**
Discounting Years	-	-	-	-	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50
Discounting Factors	-	-	-	-	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48
Discounted Cashflows	-	-	-	-	61	-1,988	268	346	2,728	2,965	3,203	3,404
Terminal Value												83,301
Discounted Terminal Value												40,043
NAV	**51,030**											

Source: Company, Nirmal Bang Institutional Equities Research
CAM = Common Area Maintenance

3. Mindspace Airoli West, Mumbai:

Mindspace Airoli West is currently the third largest asset (operational area wise) for MBPR, spread across 50.0 acres of leasehold land (from MIDC with 82 years remaining) with 3.5mn sq. ft. of completed area and 1.0mn sq. ft. of under construction area, resulting in a total leasable area of 4.5mn sq. ft. as of FY20. It contributes 19.1% to our NAV. As of FY20, Mindspace Airoli West had committed occupancy of 72.30% and occupancy of 68.80% with an in-place rental of Rs53.50/sq. ft./month.

The completed area of 3.5mn sq. ft. comprises 3.1mn sq. ft. of SEZ area and 0.4mn sq. ft. of Non-SEZ area. The 1.0mn sq. ft. of under construction area is classified as a Non-SEZ area.

Mindspace Airoli West is 100% owned by Mindspace REIT through the SPV - Gigaplex Estate Private Limited (Gigaplex).

Exhibit 20: Key revenue assumptions are as below:

Mindspace Airoli West, Mumbai	2019	2020	2021	2022	2023	2024	2025	2026
- Completed Area (msf)	3.5	3.5	3.5	4.5	4.5	4.5	4.5	4.5
- Under Construction Area (msf)	1.0	1.0	1.0	-	-	-	-	-
- Proposed Development Area (msf)	-	-	-	-	-	-	-	-
- Occupied Area (msf)	3.3	2.4	2.6	3.1	3.5	3.9	4.2	4.3
Leasable Area (msf)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Committed Occupancy (%)	95.90%	72.30%	77.30%	82.30%	87.30%	92.30%	95.00%	95.00%
Occupancy (%)	95.90%	68.80%	73.80%	69.88%	78.33%	86.78%	94.08%	95.00%
New area occupancy (%)	-	-	0.00%	40.00%	60.00%	80.00%	95.00%	95.00%
Base Rent (Rs psf)	51.20	53.50	56.04	58.82	64.08	69.69	75.97	79.76
Growth (%)	5.6%	4.5%	4.7%	5.0%	8.9%	8.8%	9.0%	5.0%
Lease Area Expiring (msf)	-	-	0.10	0.00	0.20	0.10	0.01	-
Lease Expiry % of Gross Rentals (%)	-	-	4.0%	0.0%	8.8%	4.6%	0.1%	-
In-Place Rents at Expiration (Rs psf)	-	-	53.20	-	51.60	54.50	76.60	-
Mark to Market Price (Rs psf)	-	-	51.34	-	55.99	57.23	80.43	84.45
Mark to Market Potential (%)	-	-	-3.5%	0.0%	8.5%	5.0%	5.0%	5.0%
Capex Phasing	86%	47%	100.0%	0.0%	20.0%	60.0%	80.0%	100.0%
Capex (Rs mn)	-5,630	-6,032	-6,563	-	-	-	-	-
Additional capex each year	-18	-402	-531	-	-	-	-	-
CAM (psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78
Growth (%)	8.9%	8.2%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The fall in occupancy from 95.90% in 2019 to 68.80% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

2. The fall in occupancy to 69.88% in 2022 is because of new leasing of 1.0mn sq. ft. of area assumed to be operational from 2022.

Exhibit 21: Key NAV assumptions for Mindspace Airoli West are as below:

Particulars	2019	2020	2021	2022	2023	2024	2025	2026
Completed Area (msf)	3.5	3.5	3.5	4.5	4.5	4.5	4.5	4.5
Occupancy (%)	95.90%	68.80%	73.80%	69.88%	78.33%	86.78%	94.08%	95.00%
Base Rent (Rs psf)	51.20	53.50	56.04	58.82	64.08	69.69	75.97	79.76
Growth (%)	*5.57%*	*4.49%*	*4.74%*	*4.98%*	*8.94%*	*8.76%*	*9.00%*	*5.00%*
Revenue from Operations - Reported (Rs mn)	1,947	2,269	2,517	3,137	3,727	4,390	5,091	5,392
Revenue from Operations - Calculated (Rs mn)	2,041	1,530	1,719	2,219	2,709	3,264	3,857	4,090
Growth (%)	*4.69%*	*-25.04%*	*12.35%*	*29.07%*	*22.11%*	*20.48%*	*18.17%*	*6.03%*
Assumed CAM	379	294	331	428	503	585	666	707
CAM Rate (Rs psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78
Growth (%)	*8.88%*	*8.16%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	18.6%	19.2%	19.3%	19.3%	18.6%	17.9%	17.3%	17.3%
Other Operating Income	-473	445	467	490	515	541	568	596
Growth (%)	-	-	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Revenues	**1,947**	**2,269**	**2,517**	**3,137**	**3,727**	**4,390**	**5,091**	**5,392**
Less: CAM without markup	-379	-294	-331	-428	-503	-585	-666	-707
Less: Depreciation	-173	-173	-173	-224	-224	-224	-224	-224
EBT	**1,395**	**1,802**	**2,014**	**2,485**	**3,000**	**3,581**	**4,201**	**4,462**
Less: Income Tax @ 25.17%	-351	-454	-507	-625	-755	-901	-1,057	-1,123
PAT	**1,044**	**1,349**	**1,507**	**1,860**	**2,245**	**2,679**	**3,143**	**3,339**
Add: Depreciation	173	173	173	224	224	224	224	224
Less: Capex	-18	-402	-531	-	-	-	-	-
Cashflows	**1,199**	**1,119**	**1,148**	**2,084**	**2,469**	**2,904**	**3,368**	**3,563**
Discounting Years	-	-	-	-	1.50	2.50	3.50	4.50
Discounting Factors	-	-	-	-	0.88	0.81	0.75	0.69
Discounted Cashflows	-	-	-	-	2,179.75	2,359.01	2,517.89	2,451.58
Terminal Value	-	-	-	-	-	-	-	-
Discounted Terminal Value	-	-	-	-	-	-	-	28,842
NAV	**37,861**							

Source: Company, Nirmal Bang Institutional Equities Research
CAM = Common Area Maintenance

4. Commerzone Yerwada, Pune:

Commerzone Yerwada is currently the fourth largest asset (operational area wise) for MBPR, spread across 25.7 acres of freehold land with 1.7mn sq. ft. of completed area as of FY20. It contributes 7.5% to our NAV. As of FY20, Commerzone Yerwada had committed occupancy and occupancy of 99.90% with an in-place rental of Rs55.30/sq. ft./month.

The completed area of 1.7mn sq. ft. is classified as Non-SEZ area.

Commerzone Yerwada is 100% owned by Mindspace REIT through the SPV - Mindspace Business Parks Private Limited (MBPPL).

Exhibit 22: Key revenue assumptions are as below:

Commerzone Yerwada, Pune	2019	2020	2021	2022	2023
- Completed Area (msf)	1.7	1.7	1.7	1.7	1.7
- Under Construction Area (msf)	-	-	-	-	-
- Proposed Development Area (msf)	-	-	-	-	-
- Occupied Area (msf)	1.6	1.7	1.7	1.7	1.7
Leasable Area (msf)	1.7	1.7	1.7	1.7	1.7
Committed Occupancy (%)	95.90%	99.90%	99.90%	99.90%	99.90%
Occupancy (%)	95.90%	99.90%	99.90%	99.90%	99.90%
New area occupancy (%)	-	-	0.00%	0.00%	0.00%
Base Rent (Rs psf)	51.90	55.30	59.17	63.22	69.95
Growth (%)	7.9%	6.6%	7.0%	6.9%	10.6%
Lease Area Expiring (msf)	-	-	0.10	0.11	0.30
Lease Expiry % of Gross Rentals (%)	-	-	5.7%	9.5%	10.9%
In-Place Rents at Expiration (Rs psf)	-	-	48.80	60.40	51.50
Mark to Market Price (Rs psf)	-	-	76.52	78.88	86.31
Mark to Market Potential (%)	-	-	56.8%	30.6%	67.6%
Capex Phasing	0%	0%	0.0%	0.0%	0.0%
Capex (Rs mn)	-	-	-		-
Additional capex each year	-	-	-	-	-
CAM (psf)	9.51	10.28	10.80	11.34	11.90
Growth (%)	8.9%	8.2%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The rise in occupancy from 95.90% in 2019 to 99.90% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

2. The increase in base rentals by 10.6% YoY in 2023 is because of assumed releasing of 0.3mn sq. ft. area at MTM rate of Rs86.31psf/month.

Exhibit 23: **Key NAV assumptions for Commerzone Yerwada are as below:**

Particulars	2019	2020	2021	2022	2023
Completed Area (msf)	1.7	1.7	1.7	1.7	1.7
Occupancy (%)	95.90%	99.90%	99.90%	99.90%	99.90%
Base Rent (Rs psf)	51.90	55.30	59.17	63.22	69.95
Growth (%)	*7.90%*	*6.55%*	*6.99%*	*6.86%*	*10.64%*
Revenue from Operations - Reported (Rs mn)	1,427	1,611	1,714	1,821	1,984
Revenue from Operations - Calculated (Rs mn)	1,001	1,111	1,189	1,270	1,406
Growth (%)	*7.01%*	*11.00%*	*6.99%*	*6.86%*	*10.64%*
Assumed CAM	183	207	217	228	239
CAM Rate (Rs psf)	9.51	10.28	10.80	11.34	11.90
Growth (%)	*8.88%*	*8.16%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	18.3%	18.6%	18.2%	17.9%	17.0%
Other Operating Income	243	293	308	323	339
Growth (%)	-	-	5.00%	5.00%	5.00%
Total Revenues	**1,427**	**1,611**	**1,714**	**1,821**	**1,984**
Less: CAM without markup	-183	-207	-217	-228	-239
Less: Depreciation	-84	-84	-84	-84	-84
EBT	**1,160**	**1,321**	**1,413**	**1,510**	**1,662**
Less: Income Tax @ 25.17%	-292	-332	-356	-380	-418
PAT	**868**	**988**	**1,058**	**1,130**	**1,243**
Add: Depreciation	84	84	84	84	84
Less: Capex	-	-	-	-	-
Cashflows	**952**	**1,072**	**1,141**	**1,214**	**1,327**
Discounting Years	-	-	-	-	1.50
Discounting Factors	-	-	-	-	0.88
Discounted Cashflows	-	-	-	-	1,166
Terminal Value	-	-	-	-	15,610
Discounted Terminal Value	-	-	-	-	13,717
NAV	**14,883**				

Source: Company, Nirmal Bang Institutional Equities Research

CAM = Common Area Maintenance

5. Gera Commerzone Kharadi, Pune:

Gera Commerzone Kharadi is currently the fifth largest asset for MBPR (operational area wise), spread across 25.8 acres of freehold land with 1.3mn sq. ft. of completed area, 0.7mn sq. ft. of under construction area and 0.6mn sq. ft. of future development area, resulting in a total leasable area of 2.6mn sq. ft. as of FY20. It contributes 19.2% to our NAV. As of FY20, Gera Commerzone Kharadi had committed occupancy and occupancy of 71.30% with an in-place rental of Rs69.00/sq. ft./month (as considered by the valuers in the final prospectus).

The completed area of 1.3mn sq. ft. is classified as SEZ area. The under-construction area of 0.7mn sq. ft. and future developable area of 0.6mn sq. ft. have been classified as a Non-SEZ area.

Gera Commerzone Kharadi is 100% owned by Mindspace REIT through the SPV - KRC Infrastructure and Projects Private Limited (KRC Infra).

Exhibit 24: Key revenue assumptions are as below:

Gera Commerzone Kharadi, Pune	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
- Completed Area (msf)	1.3	1.3	1.3	2.0	2.0	2.0	2.0	2.0	2.6	2.6	2.6	2.6
- Under Construction Area (msf)	0.7	0.7	0.7	-	0.6	0.6	0.6	0.6	-	-	-	-
- Proposed Development Area (msf)	0.6	0.6	0.6	0.6	-	-	-	-	-	-	-	-
- Occupied Area (msf)	1.2	0.9	1.0	1.2	1.5	1.7	1.9	1.9	2.0	2.2	2.3	2.4
Leasable Area (msf)	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Committed Occupancy (%)	95.90%	71.30%	76.30%	81.30%	86.30%	91.30%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Occupancy (%)	95.90%	71.30%	76.30%	63.62%	77.23%	87.41%	95.00%	95.00%	79.66%	86.74%	91.46%	95.00%
New area occupancy (%)	-	-	0.00%	30.00%	60.00%	80.00%	95.00%	95.00%	30.00%	60.00%	80.00%	95.00%
Base Rent (Rs psf)	-	69.00	72.45	76.07	79.88	83.87	88.06	92.47	97.09	101.94	107.04	112.39
Growth (%)	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Lease Area Expiring (msf)	-	-	-	-	-	-	-	-	-	-	-	-
Lease Expiry % of Gross Rentals (%)	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-
In-Place Rents at Expiration (Rs psf)	-	-	-	-	-	-	-	-	-	-	-	-
Mark to Market Price (Rs psf)	-	-	-	-	-	-	-	-	-	-	-	-
Mark to Market Potential (%)	-	-	0.0%	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Capex Phasing	137%	59%	100.0%	0.0%	20.0%	40.0%	60.0%	80.0%				
Capex (Rs mn)	-5,884	-2,520	-4,290	-	-769	-1,538	-2,307	-3,076				
Additional capex each year	-2,401	3,364	-1,770	-	-769	-769	-769	-769	-	-	-	-
CAM (psf)	-	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47	15.19	15.95	16.75
Growth (%)	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The fall in occupancy from 95.90% in 2019 to 71.30% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

2. The fall in occupancy to 63.62% in 2022 and to 79.66% in 2027 is because of new leasing of 0.7mn sq. ft. and 0.6mn sq. ft. of area assumed to be operational from 2022 and 2027 respectively.

Exhibit 25: Key NAV assumptions for Gera Commerzone Kharadi are as below:

Particulars	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Completed Area (msf)	1.3	1.3	1.3	2.0	2.0	2.0	2.0	2.0	2.6	2.6	2.6	2.6
Occupancy (%)	95.90%	71.30%	76.30%	63.62%	77.23%	87.41%	95.00%	95.00%	79.66%	86.74%	91.46%	95.00%
Base Rent (Rs psf)	-	69.00	72.45	76.07	79.88	83.87	88.06	92.47	97.09	101.94	107.04	112.39
Growth (%)	*0.00%*	*0.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Revenue from Operations - Reported (Rs mn)	7	2,296	2,475	2,879	3,317	3,713	4,079	4,283	4,741	5,233	5,673	6,098
Revenue from Operations - Calculated (Rs mn)	-	758	852	1,138	1,451	1,724	1,968	2,066	2,381	2,722	3,014	3,287
Growth (%)	-	-	*12.36%*	*33.60%*	*27.48%*	*18.83%*	*14.12%*	*5.00%*	*15.24%*	*14.33%*	*10.71%*	*9.06%*
Assumed CAM	-	113	127	170	216	257	293	308	355	406	449	490
CAM Rate (Rs psf)	-	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47	15.19	15.95	16.75
Growth (%)	-	-	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	-	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
Other Operating Income	7	1,425	1,496	1,571	1,649	1,732	1,818	1,909	2,005	2,105	2,210	2,321
Growth (%)			5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Revenues	**7**	**2,296**	**2,475**	**2,879**	**3,317**	**3,713**	**4,079**	**4,283**	**4,741**	**5,233**	**5,673**	**6,098**
Less: CAM without markup	-	-113	-127	-170	-216	-257	-293	-308	-355	-406	-449	-490
Less: Depreciation	-64	-64	-64	-98	-98	-98	-98	-98	-128	-128	-128	-128
EBT	**-57**	**2,119**	**2,284**	**2,611**	**3,003**	**3,358**	**3,688**	**3,878**	**4,258**	**4,699**	**5,096**	**5,480**
Less: Income Tax @ 25.17%	14	-533	-575	-657	-756	-845	-928	-976	-1,072	-1,183	-1,283	-1,379
PAT	**-43**	**1,586**	**1,709**	**1,954**	**2,247**	**2,513**	**2,760**	**2,902**	**3,186**	**3,517**	**3,814**	**4,101**
Add: Depreciation	64	64	64	98	98	98	98	98	128	128	128	128
Less: Capex	-2,401	3,364	-1,770	-	-769	-769	-769	-769	-	-	-	-
Cashflows	**-2,380**	**5,014**	**3**	**2,052**	**1,576**	**1,842**	**2,089**	**2,230**	**3,314**	**3,644**	**3,941**	**4,229**
Discounting Years	-	-	-	-	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50
Discounting Factors	-	-	-	-	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48
Discounted Cashflows	-	-	-	-	1,385	1,485	1,545	1,513	2,063	2,081	2,065	2,033
Terminal Value												49,748
Discounted Terminal Value												23,914
NAV	**38,084**											

Source: Company, Nirmal Bang Institutional Equities Research
CAM = Common Area Maintenance

6. Paradigm Mindspace Malad, Mumbai:

Paradigm Mindspace Malad is spread across 4.2 acres of leasehold land with 0.7mn sq. ft. of completed area as of FY20. It contributes 3.9% to our NAV. As of FY20, Paradigm Mindspace Malad had committed occupancy of 93.80% and occupancy of 91.40% with an in-place rental of Rs86.10/sq. ft./month.

The completed area of 0.7mn sq. ft. is classified as an IT Park.

Paradigm Mindspace Malad is 100% owned by Mindspace REIT through the SPV - Avacado Properties And Trading (India) Private Limited (Avacado).

Exhibit 26: Key revenue assumptions are as below:

Paradigm Mindspace Malad, Mumbai	2019	2020	2021	2022	2023	2024	2025	2026
- Completed Area (msf)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
- Under Construction Area (msf)	-	-	-	-	-	-	-	-
- Proposed Development Area (msf)	-	-	-	-	-	-	-	-
- Occupied Area (msf)	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Leasable Area (msf)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Committed Occupancy (%)	95.90%	93.80%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Occupancy (%)	95.90%	91.40%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
New area occupancy (%)	-	-	0.00%	30.00%	60.00%	80.00%	95.00%	95.00%
Base Rent (Rs psf)	85.50	86.10	90.08	94.57	99.20	104.98	110.25	115.76
Growth (%)	4.9%	0.7%	4.6%	5.0%	4.9%	5.8%	5.0%	5.0%
Lease Area Expiring (msf)	-	-	0.10	0.00	0.10	0.10	0.00	-
Lease Expiry % of Gross Rentals (%)	-	-	23.3%	0.9%	23.7%	14.8%	1.1%	-
In-Place Rents at Expiration (Rs psf)	-	-	92.00	71.80	92.40	104.70	116.40	-
Mark to Market Price (Rs psf)	-	-	88.14	85.23	98.59	109.94	122.22	128.33
Mark to Market Potential (%)	-	-	-4.2%	18.7%	6.7%	5.0%	5.0%	5.0%
Capex Phasing	0%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capex (Rs mn)	-	-9	-	-	-	-	-	-
Additional capex each year	-	-9	-	-	-	-	-	-
CAM (psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78
Growth (%)	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The fall in occupancy from 95.90% in 2019 to 91.40% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

Exhibit 27: **Key NAV assumptions for Paradigm Mindspace Malad are as below:**

Particulars	2019	2020	2021	2022	2023	2024	2025	2026
Completed Area (msf)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Occupancy (%)	95.90%	91.40%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Base Rent (Rs psf)	85.50	86.10	90.08	94.57	99.20	104.98	110.25	115.76
Growth (%)	*4.91%*	*0.70%*	*4.62%*	*4.99%*	*4.89%*	*5.83%*	*5.02%*	*5.00%*
Revenue from Operations - Reported (Rs mn)	696	762	828	869	912	964	1,013	1,063
Revenue from Operations - Calculated (Rs mn)	690	662	720	756	793	839	881	925
Growth (%)	*4.04%*	*-4.02%*	*8.74%*	*4.99%*	*4.89%*	*5.83%*	*5.02%*	*5.00%*
Assumed CAM	77	79	86	91	95	100	105	110
CAM Rate (Rs psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78
Growth (%)	*8.88%*	*8.16%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	11.1%	11.9%	12.0%	12.0%	12.0%	11.9%	11.9%	11.9%
Other Operating Income	-70	21	22	23	24	25	27	28
Growth (%)	-	-	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Revenues	**696**	**762**	**828**	**869**	**912**	**964**	**1,013**	**1,063**
Less: CAM without markup	-77	-79	-86	-91	-95	-100	-105	-110
Less: Depreciation	-35	-35	-35	-35	-35	-35	-35	-35
EBT	**584**	**648**	**707**	**744**	**782**	**830**	**873**	**918**
Less: Income Tax @ 25.17%	-147	-163	-178	-187	-197	-209	-220	-231
PAT	**437**	**485**	**529**	**557**	**585**	**621**	**653**	**687**
Add: Depreciation	35	35	35	35	35	35	35	35
Less: Capex	-	-9	-	-	-	-	-	-
Cashflows	**472**	**511**	**564**	**592**	**620**	**656**	**688**	**722**
Discounting Years	-	-	-	-	1.50	2.50	3.50	4.50
Discounting Factors	-	-	-	-	0.88	0.81	0.74	0.68
Discounted Cashflows	-	-	-	-	545	529	509	490
Terminal Value								8,495
Discounted Terminal Value								5,764
NAV	**7,837**							

Source: Company, Nirmal Bang Institutional Equities Research
CAM = Common Area Maintenance

7. The Square Nagar Road, Pune:

The Square Nagar Road asset is spread across 10.1 acres of freehold land with 0.7mn sq. ft. of completed area as of FY20. It contributes 4.1% to our NAV. As of FY20, The Square Nagar Road had committed occupancy and occupancy of 100% with an in-place rental of Rs61.30/sq. ft./month.

The completed area of 0.7mn sq. ft. is classified as a Non-SEZ area.

The Square Nagar Road is 100% owned by Mindspace REIT through the SPV - Mindspace Business Parks Private Limited (MBPPL).

Exhibit 28: Key revenue assumptions are as below:

The Square, Nagar Road, Pune	2019	2020	2021	2022	2023
- Completed Area (msf)	0.7	0.7	0.7	0.7	0.7
- Under Construction Area (msf)	-	-	-	-	-
- Proposed Development Area (msf)	-	-	-	-	-
- Occupied Area (msf)	0.7	0.7	0.7	0.7	0.7
Leasable Area (msf)	0.7	0.7	0.7	0.7	0.7
Committed Occupancy (%)	100.00%	100.00%	100.00%	100.00%	100.00%
Occupancy (%)	95.90%	100.00%	100.00%	100.00%	100.00%
New area occupancy (%)	-	-	0.00%	0.00%	0.00%
Base Rent (Rs psf)	59.20	61.30	64.88	68.12	71.53
Growth (%)	2.4%	3.5%	5.8%	5.0%	5.0%
Lease Area Expiring (msf)	-	-	0.01	-	-
Lease Expiry % of Gross Rentals (%)	-	-	3.7%	0.0%	0.0%
In-Place Rents at Expiration (Rs psf)	-	-	69.60	-	-
Mark to Market Price (Rs psf)	-	-	102.59	-	-
Mark to Market Potential (%)	-	-	47.4%	0.0%	0.0%
Capex Phasing	0%	0%	0.0%	0.0%	0.0%
Capex (Rs mn)	-	-	-	-	-
Additional capex each year	-	-	-	-	-
CAM (psf)	9.51	10.28	10.80	11.34	11.90
Growth (%)	0.0%	0.0%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The rise in occupancy from 95.90% in 2019 to 100.00% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

Exhibit 29: Key NAV assumptions for The Square Nagar Road are as below:

Particulars	2019	2020	2021	2022	2023
Completed Area (msf)	0.7	0.7	0.7	0.7	0.7
Occupancy (%)	95.90%	100.00%	100.00%	100.00%	100.00%
Base Rent (Rs psf)	59.20	61.30	64.88	68.12	71.53
Growth (%)	*2.42%*	*3.55%*	*5.84%*	*5.00%*	*5.00%*
Revenue from Operations - Reported (Rs mn)	740	916	966	1,015	1,065
Revenue from Operations - Calculated (Rs mn)	506	546	578	607	638
Growth (%)	*1.57%*	*7.97%*	*5.84%*	*5.00%*	*5.00%*
Assumed CAM	81	92	96	101	106
CAM Rate (Rs psf)	9.51	10.28	10.80	11.34	11.90
Growth (%)	*8.88%*	*8.16%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	16.1%	16.8%	16.6%	16.6%	16.6%
Other Operating Income	153	278	292	306	322
Growth (%)	-	-	5.00%	5.00%	5.00%
Total Revenues	**740**	**916**	**966**	**1,015**	**1,065**
Less: CAM without markup	-81	-92	-96	-101	-106
Less: Depreciation	-37	-37	-37	-37	-37
EBT	**622**	**787**	**833**	**877**	**922**
Less: Income Tax @ 25.17%	-156	-198	-210	-221	-232
PAT	**465**	**589**	**623**	**656**	**690**
Add: Depreciation	37	37	37	37	37
Less: Capex	-	-	-	-	-
Cashflows	**502**	**626**	**660**	**693**	**727**
Discounting Years	-	-	-	-	1.50
Discounting Factors	-	-	-	-	0.88
Discounted Cashflows	-	-	-	-	639.01
Terminal Value	-	-	-	-	8,555
Discounted Terminal Value	-	-	-	-	7,518
NAV	**8,157**				

Source: Company, Nirmal Bang Institutional Equities Research

CAM = Common Area Maintenance

8. **Commerzone Porur, Chennai:**

Commerzone Porur is spread across 6.0 acres of freehold land with 0.8mn sq. ft. of under construction area as of FY20. It contributes 2.9% to our NAV. As of FY20, Commerzone Porur is assumed to have an in-place rental of Rs59.50/sq. ft./month (as considered by the valuers in the final prospectus).

The under-construction area of 0.8mn sq. ft. is classified as a Non-SEZ area.

Commerzone Porur is 100% owned by Mindspace REIT through the SPV - Horizonview Properties Private Limited (Horizonview).

Exhibit 30: Key revenue assumptions are as below:

Commerzone Porur, Chennai	2019	2020	2021	2022	2023	2024	2025	2026	2027
- Completed Area (msf)	-	-	0.8	0.8	0.8	0.8	0.8	0.8	0.8
- Under Construction Area (msf)	0.8	0.8	-	-	-	-	-	-	-
- Proposed Development Area (msf)	-	-	-	-	-	-	-	-	-
- Occupied Area (msf)	-	-	0.1	0.2	0.4	0.5	0.6	0.6	0.8
Leasable Area (msf)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Committed Occupancy (%)	95.90%	0.00%	15.00%	30.00%	45.00%	60.00%	75.00%	80.00%	95.00%
Occupancy (%)	95.90%	0.00%	15.00%	30.00%	45.00%	60.00%	75.00%	80.00%	95.00%
New area occupancy (%)	-	-	15.00%	30.00%	45.00%	60.00%	75.00%	80.00%	95.00%
Base Rent (Rs psf)	-	59.50	62.48	65.60	68.88	72.32	75.94	79.74	83.72
Growth (%)	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Lease Area Expiring (msf)	-	-	-	-	-	-	-	-	-
Lease Expiry % of Gross Rentals (%)	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	-	-
In-Place Rents at Expiration (Rs psf)	-	-	-	-	-	-	-	-	-
Mark to Market Price (Rs psf)	-	-	-	-	-	-	-	-	-
Mark to Market Potential (%)	-	-	0.0%	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%
Capex Phasing	81%	113%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Capex (Rs mn)	-4,150	-5,826	-	-	-	-	-	-	-
Additional capex each year	-1,546	-1,676	-	-	-	-	-	-	-
CAM (psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47
Growth (%)	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The fall in occupancy from 95.90% in 2019 to 0.00% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

Exhibit 31: Key NAV assumptions for Commerzone Porur are as below:

Particulars	2019	2020	2021	2022	2023	2024	2025	2026	2027
Completed Area (msf)	-	-	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Occupancy (%)	95.90%	0.00%	15.00%	30.00%	45.00%	60.00%	75.00%	80.00%	95.00%
Base Rent (Rs psf)	-	59.50	62.48	65.60	68.88	72.32	75.94	79.74	83.72
Growth (%)	*0.00%*	*0.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Revenue from Operations - Reported (Rs mn)	-	-	107	224	353	495	649	727	906
Revenue from Operations - Calculated (Rs mn)	-	-	91	191	301	422	553	620	773
Growth (%)	-	-	-	*110.00%*	*57.50%*	*40.00%*	*31.25%*	*12.00%*	*24.69%*
Assumed CAM	-	-	16	33	52	73	96	107	134
CAM Rate (Rs psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47
Growth (%)	*8.88%*	*8.16%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	-	17.3%	17.3%	17.3%	17.3%	17.3%	17.3%	17.3%	17.3%
Other Operating Income	-	-	-	-	-	-	-	-	-
Growth (%)			5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Revenues	**-**	**-**	**107**	**224**	**353**	**495**	**649**	**727**	**906**
Less: CAM without markup	-	-	-16	-33	-52	-73	-96	-107	-134
Less: Depreciation	-	-	-40	-40	-40	-40	-40	-40	-40
EBT	**-**	**-**	**51**	**151**	**261**	**381**	**513**	**580**	**733**
Less: Income Tax @ 25.17%	-	-	-13	-38	-66	-96	-129	-146	-184
PAT	**-**	**-**	**38**	**113**	**195**	**285**	**384**	**434**	**548**
Add: Depreciation	-	-	40	40	40	40	40	40	40
Less: Capex	-4,150	-5,826	-	-	-	-	-	-	-
Cashflows	**-4,150**	**-5,826**	**78**	**153**	**236**	**326**	**424**	**474**	**589**
Discounting Years	-	-	-	-	1.50	2.50	3.50	4.50	5.50
Discounting Factors	-	-	-	-	0.88	0.81	0.74	0.68	0.62
Discounted Cashflows	-	-	-	-	207	263	314	322	366
Terminal Value									6,924
Discounted Terminal Value									4,310
NAV	**5,782**								

Source: Company, Nirmal Bang Institutional Equities Research
CAM = Common Area Maintenance

9. The Square BKC, Mumbai:

The Square BKC is spread across 0.9 acres of leasehold land (from MIDC with 56 years remaining) with 0.1mn sq. ft. of completed area as of FY20. The asset was acquired by MBPR in August 2019. It contributes 1.7% to our NAV. As of FY20, The Square BKC is assumed to have an in-place rental of Rs250.75/sq. ft./month (as considered by the valuers in the final prospectus).

The completed area of 0.1mn sq. ft. is classified as a commercial area.

The Square BKC is 100% owned by Mindspace REIT through the SPV - Avacado Properties And Trading (India) Private Limited (Avacado).

Exhibit 32: Key revenue assumptions are as below:

The Square, BKC, Mumbai	2019	2020	2021	2022	2023	2024	2025	2026	2027
- Completed Area (msf)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
- Under Construction Area (msf)	-	-	-	-	-	-	-	-	-
- Proposed Development Area (msf)	-	-	-	-	-	-	-	-	-
- Occupied Area (msf)	0.1	-	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Leasable Area (msf)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Committed Occupancy (%)	95.90%	0.00%	15.00%	30.00%	45.00%	60.00%	75.00%	80.00%	95.00%
Occupancy (%)	95.90%	0.00%	5.00%	30.00%	45.00%	60.00%	75.00%	80.00%	95.00%
New area occupancy (%)			15.00%	30.00%	45.00%	60.00%	75.00%	80.00%	95.00%
Base Rent (Rs psf)	-	250.75	263.29	276.45	290.27	304.79	320.03	336.03	352.83
Growth (%)	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Lease Area Expiring (msf)	-	-	-	-	-	-	-	-	-
Lease Expiry % of Gross Rentals (%)	-	-	0.0%	0.0%	0.0%	0.0%	0.0%	-	-
In-Place Rents at Expiration (Rs psf)	-	-	-	-	-	-	-	-	-
Mark to Market Price (Rs psf)	-	-	-	-	-	-	-	-	-
Mark to Market Potential (%)	-	-	0.0%	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%
Capex Phasing	0%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Capex (Rs mn)	-	-	-	-	-	-	-	-	
Additional capex each year	-	-	-	-	-	-	-	-	-
CAM (psf)	-	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47
Growth (%)	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The fall in occupancy from 95.90% in 2019 to 0.00% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

Exhibit 33: Key NAV assumptions for The Square BKC are as below:

Particulars	2019	2020	2021	2022	2023	2024	2025	2026	2027
Completed Area (msf)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Occupancy (%)	95.90%	0.00%	5.00%	30.00%	45.00%	60.00%	75.00%	80.00%	95.00%
Base Rent (Rs psf)	-	250.75	263.29	276.45	290.27	304.79	320.03	336.03	352.83
Growth (%)	*0.00%*	*0.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Revenue from Operations - Reported (Rs mn)	-	-	19	119	188	263	345	386	482
Revenue from Operations - Calculated (Rs mn)	-	-	18	114	180	252	331	371	463
Growth (%)	-	-	-	*530.00%*	*57.50%*	*40.00%*	*31.25%*	*12.00%*	*24.69%*
Assumed CAM	-	-	1	5	7	10	14	15	19
CAM Rate (Rs psf)	-	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47
Growth (%)	-	-	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	-	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Other Operating Income	-	-	-	-	-	-	-	-	-
Growth (%)			5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Revenues	**-**	**-**	**19**	**119**	**188**	**263**	**345**	**386**	**482**
Less: CAM without markup	-	-	-1	-5	-7	-10	-14	-15	-19
Less: Depreciation	-6	-6	-6	-6	-6	-6	-6	-6	-6
EBT	**-6**	**-6**	**12**	**109**	**175**	**247**	**325**	**365**	**457**
Less: Income Tax @ 25.17%	1	1	-3	-27	-44	-62	-82	-92	-115
PAT	**-4**	**-4**	**9**	**81**	**131**	**185**	**244**	**273**	**342**
Add: Depreciation	6	6	6	6	6	6	6	6	6
Less: Capex	-	-	-	-	-	-	-	-	-
Cashflows	**1**	**1**	**15**	**87**	**136**	**190**	**249**	**279**	**348**
Discounting Years	-	-	-	-	1.50	2.50	3.50	4.50	5.50
Discounting Factors	-	-	-	-	0.88	0.81	0.74	0.68	0.62
Discounted Cashflows	-	-	-	-	120	153	184	189	216
Terminal Value									4,089
Discounted Terminal Value									2,546
NAV	**3,409**								

Source: Company, Nirmal Bang Institutional Equities Research
CAM = Common Area Maintenance

10. Mindspace Pocharam, Hyderabad:

Mindspace Pocharam is spread across 66.5 acres of freehold land with 0.4mn sq. ft. of completed area, 0.2mn sq. ft. of under construction area and 0.4mn sq. ft. of future developable area, resulting in a total leasable area of 1.0mn sq. ft. as of FY20. It contributes 1.7% to our NAV. As of FY20, Mindspace Pocharam had committed occupancy and occupancy of 92.4% with an in-place rental of Rs20.50/sq. ft./month (as considered by the valuers in the final prospectus).

The completed area of 0.4mn sq. ft. and under construction area of 0.2mn sq. ft. is classified as a SEZ area.

Mindspace Pocharam is 100% owned by Mindspace REIT through the SPV - Mindspace Business Parks Private Limited (MBPPL).

Exhibit 34: Key revenue assumptions are as below:

Mindspace Pocharam, Hyderabad	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
- Completed Area (msf)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.6	0.6	0.6	1.0	1.0	1.0	1.0
- Under Construction Area (msf)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.4	-	-	-	-
- Proposed Development Area (msf)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	-	-	-	-	-	-	-	-
- Occupied Area (msf)	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.7	0.8	0.9	1.0
Leasable Area (msf)	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**	**1.0**
Committed Occupancy (%)	95.90%	92.40%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%	95.00%
Occupancy (%)	95.90%	92.40%	95.00%	95.00%	95.00%	95.00%	95.00%	73.03%	79.79%	89.93%	95.00%	67.06%	75.65%	88.55%	95.00%
New area occupancy (%)	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	30.00%	50.00%	80.00%	95.00%	30.00%	50.00%	80.00%	95.00%
Base Rent (Rs psf)	-	20.50	21.53	23.69	24.87	26.35	28.37	33.02	36.94	42.34	46.33	53.64	59.82	68.32	74.63
Growth (%)	0.0%	0.0%	5.0%	10.0%	5.0%	5.9%	7.7%	16.4%	11.8%	14.6%	9.4%	15.8%	11.5%	14.2%	9.2%
Lease Area Expiring (msf)	-	-	-	0.10	-	0.10	0.10	-	-	-	-	-	-	-	-
Lease Expiry % of Gross Rentals (%)	-	-	0.0%	42.0%	0.0%	26.5%	18.0%	-	-	-	-	-	-	-	-
In-Place Rents at Expiration (Rs psf)	-	-	-	22.40	-	25.70	28.90	-	-	-	-	-	-	-	-
Mark to Market Price (Rs psf)	-	-	-	26.70	-	26.99	30.35	31.86	33.46	35.13	36.88	38.73	40.67	42.70	44.83
Mark to Market Potential (%)	-	-	0.0%	19.2%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Capex Phasing	169%	59%	70.0%	80.0%	90.0%	95.0%	100.0%	20.0%	50.0%	80.0%	100.0%	0.0%	-	-	-
Capex (Rs mn)	-2,062	-2,512	-856	-979	-1,101	-1,162	-1,224	-546	-1,365	-2,184	-2,730	-			
Additional capex each year	65	-450	-856	-122	-122	-61	-61	678	-819	-819	-546	-	-	-	-
CAM (psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47	15.19	15.95	16.75	17.59	18.47	19.39
Growth (%)	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Source: Company, Nirmal Bang Institutional Equities Research

Note: 1. The fall in occupancy from 95.90% in 2019 to 92.40% in 2020 is because in the absence of information about asset wise historical occupancy, we have assumed the reported committed occupancy of the portfolio to be the occupancy for the years 2016 to 2019. The occupancy for 2020 is the reported actual occupancy for the asset.

2. The fall in occupancy to 73.03% in 2026 and to 67.06% in 2030 is because of assumed new leasing of 0.2mn sq. ft. and 0.4mn sq. ft. of area assumed to be operational in 2026 and 2030 respectively.

Exhibit 35: Key NAV assumptions for Mindspace Pocharam are as below:

Particulars	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Completed Area (msf)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.6	0.6	0.6	1.0	1.0	1.0	1.0
Occupancy (%)	95.90%	92.40%	95.00%	95.00%	95.00%	95.00%	95.00%	73.03%	79.79%	89.93%	95.00%	67.06%	75.65%	88.55%	95.00%
Base Rent (Rs psf)	-	20.50	21.53	23.69	24.87	26.35	28.37	33.02	36.94	42.34	46.33	53.64	59.82	68.32	74.63
Growth (%)	*0.00%*	*0.00%*	*5.00%*	*10.05%*	*5.00%*	*5.93%*	*7.70%*	*16.39%*	*11.85%*	*14.64%*	*9.42%*	*15.78%*	*11.52%*	*14.21%*	*9.23%*
Revenue from Operations - Reported (Rs mn)	139	130	140	152	160	169	180	235	282	356	407	568	705	924	1,074
Revenue from Operations - Calculated (Rs mn)	-	86	93	102	107	113	122	165	202	261	301	432	543	726	851
Growth (%)	-	-	*7.95%*	*10.05%*	*5.00%*	*5.93%*	*7.70%*	*35.15%*	*22.20%*	*29.21%*	*15.58%*	*43.35%*	*25.82%*	*33.67%*	*17.19%*
Assumed CAM	41	43	46	49	51	54	56	69	79	93	104	135	160	196	221
CAM Rate (Rs psf)	9.51	10.28	10.80	11.34	11.90	12.50	13.12	13.78	14.47	15.19	15.95	16.75	17.59	18.47	19.39
Growth (%)	*8.88%*	*8.16%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
CAM as a proportion to rent	-	50.2%	50.2%	47.9%	47.9%	47.4%	46.3%	41.7%	39.2%	35.9%	34.4%	31.2%	29.4%	27.0%	26.0%
Other Operating Income	98	1	1	1	1	1	2	2	2	2	2	2	2	2	2
Growth (%)			5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Revenues	**139**	**130**	**140**	**152**	**160**	**169**	**180**	**235**	**282**	**356**	**407**	**568**	**705**	**924**	**1,074**
Less: CAM without markup	-41	-43	-46	-49	-51	-54	-56	-69	-79	-93	-104	-135	-160	-196	-221
Less: Depreciation	-19	-19	-19	-19	-19	-19	-19	-28	-28	-28	-28	-50	-50	-50	-50
EBT	**79**	**68**	**75**	**84**	**90**	**96**	**105**	**138**	**175**	**234**	**275**	**384**	**495**	**678**	**803**
Less: Income Tax @ 25.17%	-20	-17	-19	-21	-23	-24	-26	-35	-44	-59	-69	-97	-125	-171	-202
PAT	**59**	**51**	**56**	**63**	**67**	**72**	**78**	**103**	**131**	**175**	**205**	**287**	**371**	**508**	**601**
Add: Depreciation	19	19	19	19	19	19	19	28	28	28	28	50	50	50	50
Less: Capex	65	-450	-856	-122	-122	-61	-61	678	-819	-819	-546	-	-	-	-
Cashflows	**143**	**-380**	**-782**	**-40**	**-37**	**29**	**36**	**809**	**-660**	**-616**	**-312**	**337**	**420**	**557**	**651**
Discounting Years	-	-	-	-	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.50	11.50
Discounting Factors	-	-	-	-	0.88	0.81	0.74	0.68	0.62	0.57	0.52	0.48	0.44	0.40	0.37
Discounted Cashflows	-	-	-	-	-32	24	27	549	-411	-352	-164	162	185	226	242
Terminal Value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,657
Discounted Terminal Value	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,842
NAV	**3,298**														

Source: Company, Nirmal Bang Institutional Equities Research

CAM = Common Area Maintenance

Sensitivity analysis

We have conducted a sensitivity analysis to analyze the impact of change in capitalization rate and discount rate on the NAV and target price (NAV/share + NDFC). We observe that the NAV ranges between Rs288,049mn and Rs144,310mn and the target price ranges between Rs486 and Rs243. The table below summarizes our observations:

Exhibit 36: Discount Rate and Capitalization rate sensitivity to NAV (Rs mn):

		Discounting Rate				
	NAV + NDCF (Rs mn)	7.00%	8.00%	9.00%	10.00%	11.00%
Capitalization Rate	6.50%	2,88,049	2,68,857	2,51,117	2,34,703	2,19,498
	7.50%	2,54,329	2,37,218	2,21,396	2,06,752	1,93,182
	8.50%	2,28,543	2,13,023	1,98,668	1,85,377	1,73,058
	9.50%	2,08,186	1,93,922	1,80,725	1,68,503	1,57,171
	10.50%	1,91,706	1,78,459	1,66,200	1,54,842	1,44,310

Source: Nirmal Bang Institutional Equities Research

Exhibit 37: Discount Rate and Capitalization rate sensitivity to NAV(Rs/share) +NDCF:

		Discounting Rate				
	Target Price (Rs)	7.00%	8.00%	9.00%	10.00%	11.00%
Capitalization Rate	6.50%	486	453	423	396	370
	7.50%	429	400	373	349	326
	8.50%	385	359	335	313	292
	9.50%	351	327	305	284	265
	10.50%	323	301	280	261	243

Source: Nirmal Bang Institutional Equities Research

Yield analysis

We observe that the yield of MBPR's commercial portfolio, as per our NAV, ranges between 7.22% and 8.38% for periods between September FY21 and FY23. The G-Sec yield for the same period is expected to range between 6.00% and 6.50%.

MBPR yield is calculated as: Total revenues (excluding CAM) ÷ year end NBIE Gross NAV for commercial assets.

Particulars	MBPR Yield	10-year G-Sec Yield (expected)
As on 30th September 2020	7.22%	6.00%
As on 31st March 2021	7.25%	6.00%
As on 30th September 2021	7.68%	6.00%
As on 31st March 2022	7.81%	6.00%
As on 30th September 2022	8.32%	6.50%
As on 31st March 2023	8.38%	6.50%

Source: Nirmal Bang Institutional Equities Research

Key details of commercial assets – SPV wise

1. Mindspace Madhapur, Hyderabad:

Mindspace Madhapur is currently the largest asset (operational area wise) for MBPR, spread across 97.2 acres of freehold land with 9.9mn sq. ft. of completed area, 0.1mn sq. ft. of under construction area and 0.5mn sq. ft. of future developable area, resulting in a total leasable area of 10.6mn sq. ft. as of FY20. It contributes 35.0% to our NAV. As of FY20, Mindspace Madhapur has committed occupancy of 97.6% and occupancy of 89.2% with an in-place rental of Rs48.30/sq. ft./month.

The completed area of 9.9mn sq. ft. comprises 5.0mn sq. ft. of SEZ area and 4.9mn sq. ft. of Non-SEZ area. The under-construction area of 0.1mn sq. ft. and the future developable area of 0.5mn sq. ft. are Non-SEZ areas.

The ownership structure of Mindspace Madhapur is spread across 3 SPVs, namely Sundew Properties Limited (Sundew) [completed area – 5.6mn sq. ft.; under-construction area – 0.1mn sq. ft.], K. Raheja IT Park (Hyderabad) Limited (KRIT) [completed area – 2.7mn sq. ft.; future developable area – 0.5mn sq. ft.] and Intime Properties Limited (Intime) [completed area – 1.7mn sq. ft.]. Mindspace REIT owns 89% of Mindspace Madhapur, Hyderabad through 3 SPVs while 11% is owned by APIIC in each of the three SPVs.

The under-construction area of 0.1mn sq. ft. is 66% completed as on FY20 and has been 100% pre-leased to Chalet Hotels Limited. The company expects the construction to be completed by 4QFY21. However, on a conservative basis, we have assumed the under-construction area to become operational and yield rentals from FY22.

The asset is located in Madhapur micro-market, the largest office micro-market in Hyderabad. The details of the asset structure are as follows:

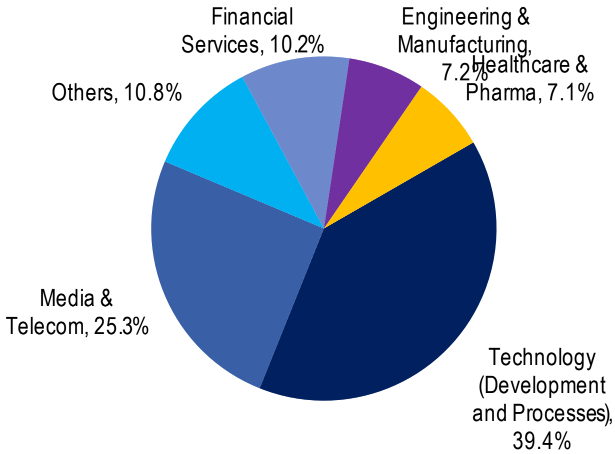
Details of Asset	Area (mn sq. ft.)	Classification
Sundew Properties Limited (Sundew)		
- Building 11 (mn sq. ft.)	0.6	Non - SEZ
- Building 12A (mn sq. ft.)	0.9	SEZ
- Building 12B (mn sq. ft.)	0.7	SEZ
- Building 12C (mn sq. ft.)	0.8	SEZ
- Building 14 (mn sq. ft.)	0.5	SEZ
- Building 20 (mn sq. ft.)	0.9	SEZ
- Building 12D (mn sq. ft.)	1.2	SEZ
Sundew Properties Limited (Sundew) Total	**5.6**	
K. Raheja IT Park (Hyderabad) Limited (KRIT)		
- Building 1A (mn sq. ft.)	0.2	Non - SEZ
- Building 1B (mn sq. ft.)	0.2	Non - SEZ
- Building 2A (mn sq. ft.)	0.3	Non - SEZ
- Building 2B (mn sq. ft.)	0.4	Non - SEZ
- Building 3A (mn sq. ft.)	0.2	Non - SEZ
- Building 3B (mn sq. ft.)	0.2	Non - SEZ
- Building 4A&B (mn sq. ft.)	0.4	Non - SEZ
- Building 5A (mn sq. ft.)	0.1	Non - SEZ
- Building 7 (mn sq. ft.)	0.2	Non - SEZ
- Building 8 (mn sq. ft.)	0.2	Non - SEZ
- Building 10 (mn sq. ft.)	0.3	Non - SEZ
K. Raheja IT Park (Hyderabad) Limited (KRIT) Total	**2.7**	
Intime Properties Limited (Intime)		
- Building 5B (mn sq. ft.)	0.2	Non - SEZ
- Building 6 (mn sq. ft.)	0.4	Non - SEZ
- Building 9 (mn sq. ft.)	1.1	Non - SEZ
Intime Properties Limited (Intime) Total	**1.7**	
Completed area as of 31/03/2020 (mn sq. ft.)	**9.9**	
Sundew Properties Limited (Sundew)		
- Building 22 (mn sq. ft.)	0.1	Non - SEZ
Sundew Properties Limited (Sundew) Total	**0.1**	
Under construction area as of 31/03/2020 (mn sq. ft.)	**0.1**	
K. Raheja IT Park (Hyderabad) Limited (KRIT)		

Details of Asset	Area (mn sq. ft.)	Classification
- Additional development potential	0.5	Non - SEZ
K. Raheja IT Park (Hyderabad) Limited (KRIT) Total	**0.5**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**0.5**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**10.6**	

Source: Company

As of March 31, 2020, Mindspace Madhapur had 88 tenants, including Qualcomm, BA Continuum, Verizon, Amazon, Accenture and Pegasystems, and its top ten tenants accounted for 56.6% of its gross contracted rentals. Technology and Media & Telecom sector tenants form majority of tenant base for Mindspace Madhapur, Hyderabad.

Exhibit 38: Tenant Sector Mix by Gross Contracted Rentals as of 31st March 2020



Source: Company

2. Mindspace Airoli East, Mumbai:

Mindspace Airoli East is currently the second largest asset (operational area wise) for MBPR, spread across 50.1 acres of leasehold land (from MIDC with 43 years remaining) with 4.7mn sq. ft. of completed area and 2.1mn sq. ft. of future developable area, resulting in a total leasable area of 6.8mn sq. ft. as of FY20. It contributes 25.7% to our NAV. As of FY20, Mindspace Airoli East has committed occupancy and occupancy of 98.0% with an in-place rental of Rs49.00/sq. ft./month.

The completed area of 4.7mn sq. ft. is a SEZ area and out of the 2.1mn sq. ft. of future developable area, 0.9mn sq. ft has been identified as Non-SEZ area.
Mindspace Airoli East is 100% owned by Mindspace REIT through the SPV - Mindspace Business Parks Private Limited (MBPPL).

Pursuant to a Memorandum of Understanding entered into with a KRC group entity, 1.8 acres of land is proposed to be transferred, subject to receipt of all requisite prior approvals, permits and consents from the relevant authorities, as may be required and other conditions as specified in the MoU.

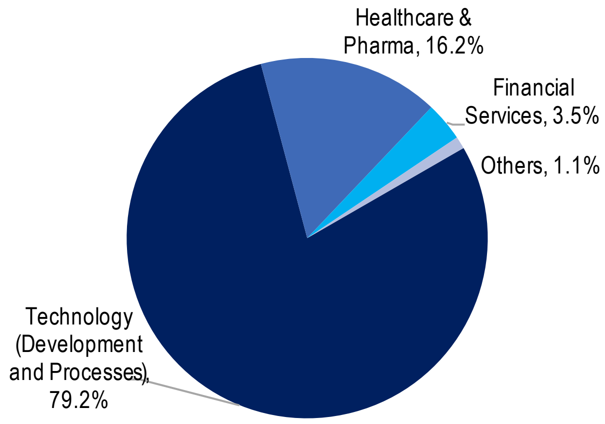
The business park is strategically located on Thane-Belapur Road within Navi Mumbai, near Airoli Railway Station and in close proximity to the upcoming international airport. The details of the asset structure are as follows:

Details of Asset	Area (mn sq. ft.)	Classification
Mindspace Business Parks Private Limited (MBPPL)		
- Building 1 (mn sq. ft.)	0.4	SEZ
- Building 2 (mn sq. ft.)	0.3	SEZ
- Building 3 (mn sq. ft.)	0.4	SEZ
- Building 4 (mn sq. ft.)	0.3	SEZ
- Building 5&6 (mn sq. ft.)	0.9	SEZ
- Building 7 (mn sq. ft.)	0.3	SEZ
- Building 8 (mn sq. ft.)	0.3	SEZ
- Building 9 (mn sq. ft.)	0.4	SEZ
- Building 10 (mn sq. ft.)	0.4	SEZ
- Building 11 (mn sq. ft.)	0.4	SEZ
- Building 12 (mn sq. ft.)	0.4	SEZ
- Building 14 (mn sq. ft.)	0.3	SEZ
- Club house (mn sq. ft.)	0.0	SEZ
Mindspace Business Parks Private Limited (MBPPL) Total	**4.7**	
Completed area as of 31/03/2020 (mn sq. ft.)	**4.7**	
Under construction area as of 31/03/2020 (mn sq. ft.)	**-**	
Mindspace Business Parks Private Limited (MBPPL)		
- Building 15 (mn sq. ft.)	0.8	Non - SEZ
- Retail Space (High Street) (mn sq. ft.)	0.1	Non - SEZ
- Other plans not finalized (mn sq. ft.)	1.3	
Mindspace Business Parks Private Limited (MBPPL) Total	**2.1**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**2.1**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**6.8**	

Source: Company

As of March 31, 2020, Mindspace Airoli East had 29 tenants, including, Accenture, Syntel, Wipro, EClerx, Inventurus and Gebbs. Its top ten tenants accounted for 87.3% of its gross contracted rentals, as of March 31, 2020. Technology Sector tenants form majority of the tenant base for Mindspace Airoli East, Mumbai.

Exhibit 39: Tenant Sector Mix by Gross Contracted Rentals as of 31st March 2020



Source: Company

3. Mindspace Airoli West, Mumbai:

Mindspace Airoli West is currently the third largest asset (operational area wise) for MBPR, spread across 50.0 acres of leasehold land (from MIDC with 82 years remaining) with 3.5mn sq. ft. of completed area and 1.0mn sq. ft. of under construction area, resulting in a total leasable area of 4.5mn sq. ft. as of FY20. It contributes 19.1% to our NAV. As of FY20, Mindspace Airoli West has committed occupancy of 72.30% and occupancy of 68.80% with an in-place rental of Rs53.50/sq. ft./month.

The completed area of 3.5mn sq. ft. comprises 3.1mn sq. ft. of SEZ area and 0.4mn sq. ft. of Non-SEZ area. The 1.0mn sq. ft. of under construction area is classified as a Non-SEZ area.

Mindspace Airoli West is 100% owned by Mindspace REIT through the SPV - Gigaplex Estate Private Limited (Gigaplex).

Pursuant to a Memorandum of Understanding entered into with a KRC group entity, 16.4 acres of land is proposed to be transferred, subject to conditions as specified in the MoU.

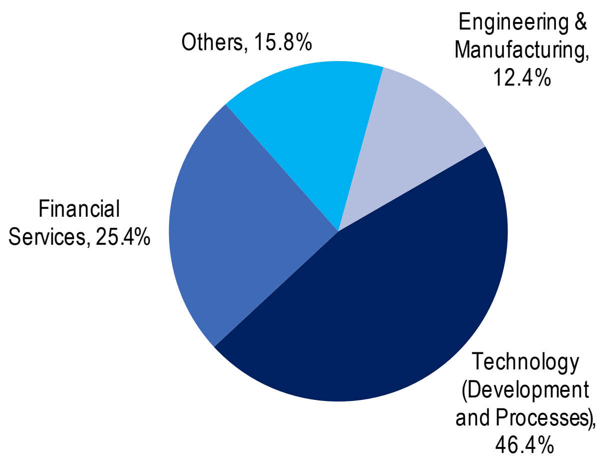
The business park is strategically located on Thane-Belapur Road within Navi Mumbai, near Airoli Railway Station and in close proximity to the upcoming international airport. The details of the asset structure are as follows:

Details of Asset	Area (mn sq. ft.)	Classification
Gigaplex Estate Private Limited (Gigaplex)		
- Building 1 (mn sq. ft.)	0.4	Non-SEZ
- Building 2 (mn sq. ft.)	0.7	SEZ
- Building 3 (mn sq. ft.)	0.7	SEZ
- Building 4 (mn sq. ft.)	0.8	SEZ
- Building 5 (mn sq. ft.)	0.4	SEZ
- Building 6 (mn sq. ft.)	0.4	SEZ
- Center Court (mn sq. ft.)	0.0	SEZ
Gigaplex Estate Private Limited (Gigaplex) Total	**3.5**	
Completed area as of 31/03/2020 (mn sq. ft.)	**3.5**	
- Gigaplex Estate Private Limited (Gigaplex)		
- Building 9 (mn sq. ft.)	1.0	Non-SEZ
- Gigaplex Estate Private Limited (Gigaplex) Total	1.0	
Under construction area as of 31/03/2020 (mn sq. ft.)	**1.0**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**-**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**4.5**	

Source: Company

As of March 31, 2020, Mindspace Airoli West had 28 tenants, including, Accenture, Capgemini, Axis, Here Sol, GeP, UBS, Atos India and IDFC. Its top ten tenants accounted for 95.2% of its gross contracted rentals, as of March 31, 2020. Technology and Financial Services sector tenants form majority of the tenant base for Mindspace Airoli West, Mumbai.

Exhibit 40: Tenant Sector Mix by Gross Contracted Rentals as of 31st March 2020



Source: Company

4. Commerzone Yerwada, Pune:

Commerzone Yerwada is currently the fourth largest asset (operational area wise) for MBPR, spread across 25.7 acres of freehold land with 1.7mn sq. ft. of completed area as of FY20. It contributes 7.5% to our NAV. As of FY20, Commerzone Yerwada has committed occupancy and occupancy of 99.90% with an in-place rental of Rs55.30/sq. ft./month.

The completed area of 1.7mn sq. ft. is classified as Non-SEZ area.

Commerzone Yerwada is 100% owned by Mindspace REIT through the SPV - Mindspace Business Parks Private Limited (MBPPL).

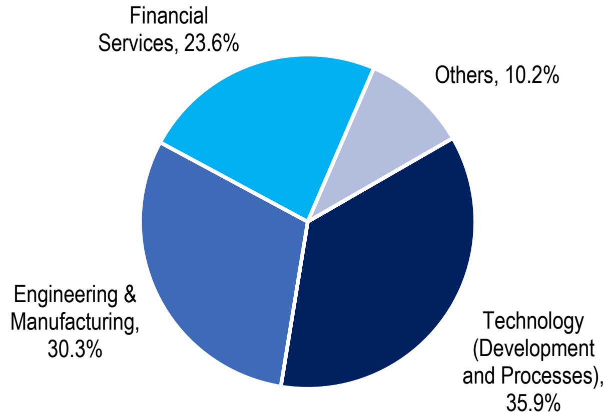
The business park is strategically located within the Secondary Business District East micro-market of Pune, in proximity to the railway station, Pune International Airport and the upcoming metro station. The details of the asset structure are as follows:

Details of Asset	Area (mn sq. ft.)	Classification
Mindspace Business Parks Private Limited (MBPPL)		
- Building 1 (mn sq. ft.)	0.0	Non-SEZ
- Building 4 (mn sq. ft.)	0.2	Non-SEZ
- Building 5 (mn sq. ft.)	0.4	Non-SEZ
- Building 6 (mn sq. ft.)	0.2	Non-SEZ
- Building 7 (mn sq. ft.)	0.4	Non-SEZ
- Building 8 (mn sq. ft.)	0.4	Non-SEZ
- Amenity Building (mn sq. ft.)	0.1	Non-SEZ
Mindspace Business Parks Private Limited (MBPPL) Total	**1.7**	
Completed area as of 31/03/2020 (mn sq. ft.)	**1.7**	
Under construction area as of 31/03/2020 (mn sq. ft.)	**-**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**-**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**1.7**	

Source: Company

As of March 31, 2020, Commerzone Yerwada had 21 tenants, including Schlumberger, UBS and BNY Mellon and its top ten tenants accounted for 90.5% of its gross contracted rentals. Technology and Engineering & Manufacturing sector tenants form majority of the tenant base for Commerzone Yerwada, Pune.

Exhibit 41: Tenant Sector Mix by Gross Contracted Rentals as of 31st March 2020



Source: Company

5. Gera Commerzone Kharadi, Pune:

Gera Commerzone Kharadi is currently the fifth largest asset for MBPR (operational area wise), spread across 25.8 acres of freehold land, with 1.3mn sq. ft. of completed area, 0.7mn sq. ft. of under construction area and 0.6mn sq. ft. of future development area, resulting in a total leasable area of 2.6mn sq. ft. as of FY20. It contributes 19.2% to our NAV. As of FY20, Gera Commerzone Kharadi has committed occupancy and occupancy of 71.30% with an in-place rental of Rs69.00/sq. ft./month (as considered by the valuers in the final prospectus).

The completed area of 1.3mn sq. ft. is classified as SEZ area. The under-construction area of 0.7mn sq. ft. and future developable area of 0.6mn sq. ft. have been classified as Non-SEZ area.

Gera Commerzone Kharadi is 100% owned by Mindspace REIT through the SPV - KRC Infrastructure and Projects Private Limited (KRC Infra).

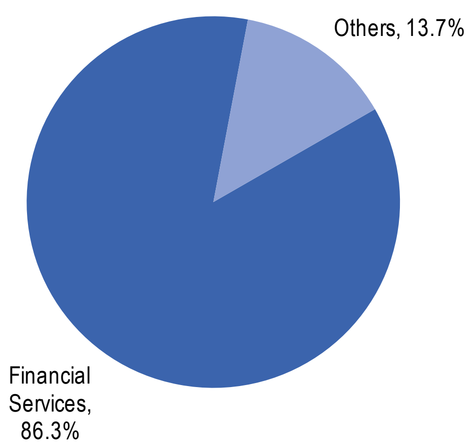
The business park is strategically located within the Secondary Business District East micro-market of Pune, in proximity to the railway station, Pune International Airport and the upcoming metro station. The details of the asset structure are as follows:

Details of Asset	Area (mn sq. ft.)	Classification
KRC Infrastructure and Projects Private Limited (KRC Infra)		
- Building 3 (mn sq. ft.)	0.5	SEZ
- Building 6 (mn sq. ft.)	0.8	SEZ
KRC Infrastructure and Projects Private Limited (KRC Infra) Total	**1.3**	
Completed area as of 31/03/2020 (mn sq. ft.)	**1.3**	
KRC Infrastructure and Projects Private Limited (KRC Infra)		
- Building 5 (mn sq. ft.)	0.7	Non-SEZ
KRC Infrastructure and Projects Private Limited (KRC Infra) Total	**0.7**	
Under construction area as of 31/03/2020 (mn sq. ft.)	**0.7**	
KRC Infrastructure and Projects Private Limited (KRC Infra)		
- Building 4 (mn sq. ft.)	0.6	Non – SEZ
KRC Infrastructure and Projects Private Limited (KRC Infra) Total	**0.6**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**0.6**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**2.6**	

Source: Company

As of March 31, 2020, Commerzone Kharadi had three tenants, Barclays, All State and a logistics company. Financial Services sector tenants form majority of the tenant base for Gera Commerzone Kharadi, Pune.

Exhibit 42: Tenant Sector Mix by Gross Contracted Rentals as of 31st March 2020



Source: Company

6. Paradigm Mindspace Malad, Mumbai:

Paradigm Mindspace Malad is spread across 4.2 acres of leasehold land, with 0.7mn sq. ft. of completed area as of FY20. It contributes 3.9% to our NAV. As of FY20, Paradigm Mindspace Malad has committed occupancy of 93.80% and occupancy of 91.40% with an in-place rental of Rs86.10/sq. ft./month.

The completed area of 0.7mn sq. ft. is classified as an IT Park.

Paradigm Mindspace Malad is 100% owned by Mindspace REIT through the SPV - Avacado Properties And Trading (India) Private Limited (Avacado).

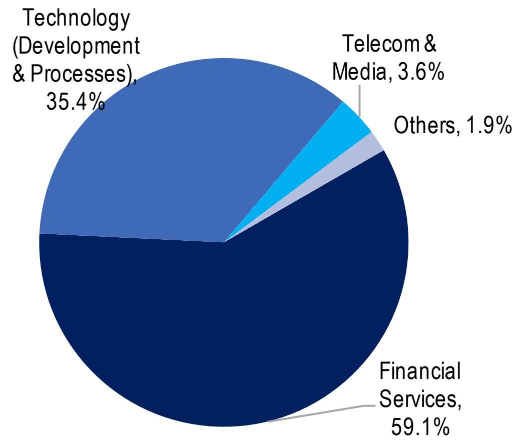
The asset is located in Malad-Goregaon micro-market of Mumbai Metropolitan Region. This micro-market has good social infrastructure and is in close proximity to residential areas, the upcoming metro and multiple suburban railway stations. The details of the asset structure are as follows:

Details of Asset	Area (mn sq. ft.)	Classification
Avacado Properties And Trading (India) Private Limited (Avacado)		
- Building 1 (mn sq. ft.)	0.4	IT Park
- Building 2 (mn sq. ft.)	0.3	IT Park
Avacado Properties And Trading (India) Private Limited (Avacado) Total	**0.7**	
Completed area as of 31/03/2020 (mn sq. ft.)	**0.7**	
Under construction area as of 31/03/2020 (mn sq. ft.)	**-**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**-**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**0.7**	

Source: Company

As of March 31, 2020, Paradigm Mindspace Malad had 14 tenants, including companies such as JP Morgan, Tech Mahindra, BA Continuum and Zibanka. Its top ten tenants accounted for 99.1% of its gross contracted rentals, as of March 31, 2020. Financial Services sector tenants form majority of the tenant base for Paradigm Mindspace Malad, Mumbai.

Exhibit 43: Tenant Sector Mix by Gross Contracted Rentals as of 31st March 2020



Source: Company

7. The Square Nagar Road, Pune:

The Square Nagar Road is spread across 10.1 acres of freehold land, with 0.7mn sq. ft. of completed area as of FY20. It contributes 4.1% to our NAV. As of FY20, The Square Nagar Road had committed occupancy and occupancy of 100.00% with an in-place rental of Rs61.30/sq. ft./month.

The completed area of 0.7mn sq. ft. is classified as a Non-SEZ area.

The Square Nagar Road is 100% owned by Mindspace REIT through the SPV - Mindspace Business Parks Private Limited (MBPPL).

A portion of the land in The Square, Nagar Road has been leased out to the Maharashtra State Electricity Distribution Company Limited for construction, maintenance and operation of an electrical transforming sub-station.

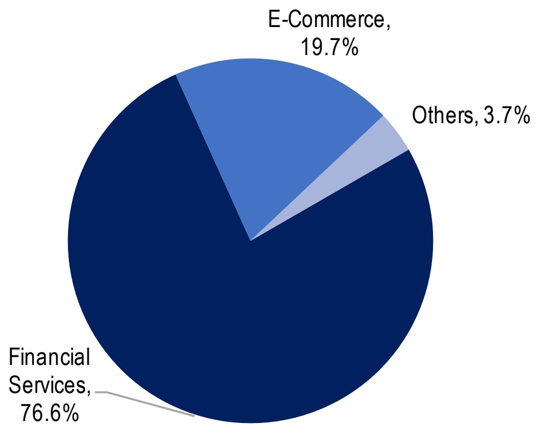
The asset is strategically located within the Secondary Business District East micro-market of Pune, in proximity to the railway station, Pune International Airport and the upcoming metro station. The details of the asset structure are as follows:

Details of Asset	Area (mn sq. ft.)	Classification
Mindspace Business Parks Private Limited (MBPPL)		
- IT Building (mn sq. ft.)	0.2	Non-SEZ
- Mall Building (mn sq. ft.)	0.6	Non-SEZ
Mindspace Business Parks Private Limited (MBPPL) Total	**0.7**	
Completed area as of 31/03/2020 (mn sq. ft.)	**0.7**	
Under construction area as of 31/03/2020 (mn sq. ft.)	**-**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**-**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**0.7**	

Source: Company

As of March 31, 2020, The Square Nagar Road houses four tenants, namely, Barclays, Fiserv, Amazon and PVR. Financial Services sector tenants form majority of the tenant base for The Square Nagar Road, Pune.

Exhibit 44: Tenant Sector Mix by Gross Contracted Rentals as of 31st March 2020



Source: Company

8. Commerzone Porur, Chennai:

Commerzone Porur is spread across 6.0 acres of freehold land, with 0.8mn sq. ft. of under construction area as of FY20. It contributes 2.9% to our NAV. As of FY20, Commerzone Porur is assumed to have an in-place rental of Rs59.50/sq. ft./month (as considered by the valuers in the final prospectus).

The under-construction area of 0.8mn sq. ft. is classified as a Non SEZ area.

Commerzone Porur is 100% owned by Mindspace REIT through the SPV - Horizonview Properties Private Limited (Horizonview).

Horizonview has entered into a development agreement with RPIL Signalling Systems Limited for the purpose of construction of a Grade-A IT park across 6.0 acres of land. Pursuant to this agreement, Horizonview is required to construct and hand over units of an agreed area to RPIL Signalling Systems Limited in exchange of its share of the total leasable area.

The asset is an under-construction asset in Chennai, Tamil Nadu. The asset is located in the South West Chennai micro-market, which is close to the central business district and the Chennai International Airport. The details of the asset structure are as follows:

Details of Asset	Area (mn sq. ft.)	Classification
Completed area as of 31/03/2020 (mn sq. ft.)	**-**	
Horizonview Properties Private Limited (Horizonview)		
- Tower A & B	0.8	Non-SEZ
Horizonview Properties Private Limited (Horizonview) Total	0.8	
Under construction area as of 31/03/2020 (mn sq. ft.)	**0.8**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**-**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**0.8**	

Source: Company

9. The Square BKC, Mumbai:

The Square BKC is spread across 0.9 acres of leasehold land (from MIDC with 56 years remaining) with 0.1mn sq. ft. of completed area as of FY20. The asset was acquired by MBPR in August 2019. It contributes 1.7% to our NAV. As of FY20, The Square BKC is assumed to have an in-place rental of Rs250.75/sq. ft./month (as considered by the valuers in the final prospectus).

The completed area of 0.1mn sq. ft. is classified as a commercial area.

The Square BKC is 100% owned by Mindspace REIT through the SPV - Avacado Properties And Trading (India) Private Limited (Avacado).

The asset is a Grade-A city-center office building located in the Bandra Kurla Complex (BKC) area of MMR. BKC has emerged as one of Mumbai's leading financial hubs and one of the most established commercial micro-markets in the city due to its proximity to domestic and international airports and excellent connectivity to the rest of the city. BKC houses the front offices of various banks and corporate headquarters and commands high rents due to its well-planned infrastructure, strong connectivity and availability of quality office space. The details of the asset structure are as follows:

Details of Asset	Area (mn sq. ft.)	Classification
Avacado Properties And Trading (India) Private Limited (Avacado)		
- The Square BKC	0.1	Commercial
Avacado Properties And Trading (India) Private Limited (Avacado) Total	0.1	
Completed area as of 31/03/2020 (mn sq. ft.)	**0.1**	
Under construction area as of 31/03/2020 (mn sq. ft.)	**-**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**-**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**0.1**	

Source: Company

10. Mindspace Pocharam, Hyderabad:

Mindspace Pocharam is spread across 66.5 acres of freehold land, with 0.4mn sq. ft. of completed area, 0.2mn sq. ft. of under construction area and 0.4mn sq. ft. of future developable area, resulting in a total leasable area of 1.0mn sq. ft. as of FY20. It contributes 1.7% to our NAV. As of FY20, Mindspace Pocharam had committed occupancy and occupancy of 92.4% with an in-place rental of Rs20.50/sq. ft./ month (as considered by the valuers in the final prospectus).

The completed area of 0.4mn sq. ft. and under construction area of 0.2mn sq. ft. is classified as SEZ area.

Mindspace Pocharam is 100% owned by Mindspace REIT through the SPV - Mindspace Business Parks Private Limited (MBPPL).

Pursuant to a Memorandum of Understanding (MoU) entered into with a KRC group entity, 40 acres of land is proposed to be transferred, subject to conditions as specified in the MoU.

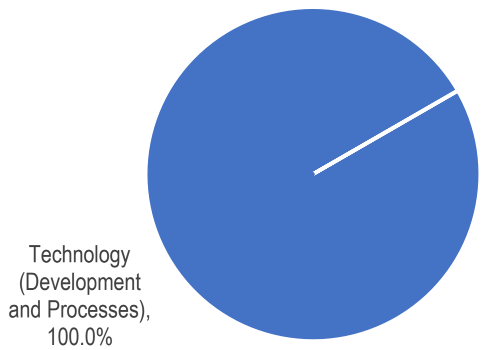
The asset is a Grade-A independent office located in Hyderabad. It is located in the Peripheral East micro-market of Hyderabad. The details of the asset structure are as follows:

Details of Asset	Area (mn sq. ft.)	Classification
Mindspace Business Parks Private Limited (MBPPL)		
- Building 8 (mn sq. ft.)	0.4	SEZ
Mindspace Business Parks Private Limited (MBPPL) Total	**0.4**	
Completed area as of 31/03/2020 (mn sq. ft.)	**0.4**	
Mindspace Business Parks Private Limited (MBPPL)		
- Building 9 (mn sq. ft.)	0.2	SEZ
Mindspace Business Parks Private Limited (MBPPL) Total	**0.2**	
Under construction area as of 31/03/2020 (mn sq. ft.)	**0.2**	
Mindspace Business Parks Private Limited (MBPPL)		
- Future Development Building (mn sq. ft.)	0.4	SEZ/Non-SEZ
Mindspace Business Parks Private Limited (MBPPL) Total	**0.4**	
Future Development Area as of 31/03/2020 (mn sq. ft.)	**0.4**	
Total leasable area as of 31/03/2020 (mn sq. ft.)	**1.0**	

Source: Company

As of March 31, 2020, Mindspace Pocharam had one tenant, which belongs to the Technology (Development and Processes) sector. Thus, the Technology sector tenants form majority of the tenant base for Mindspace Pocharam, Hyderabad.

Exhibit 45: Tenant Sector Mix by Gross Contracted Rentals as of 31st March 2020



Source: Company

Profit & Loss account

Revenue from operations

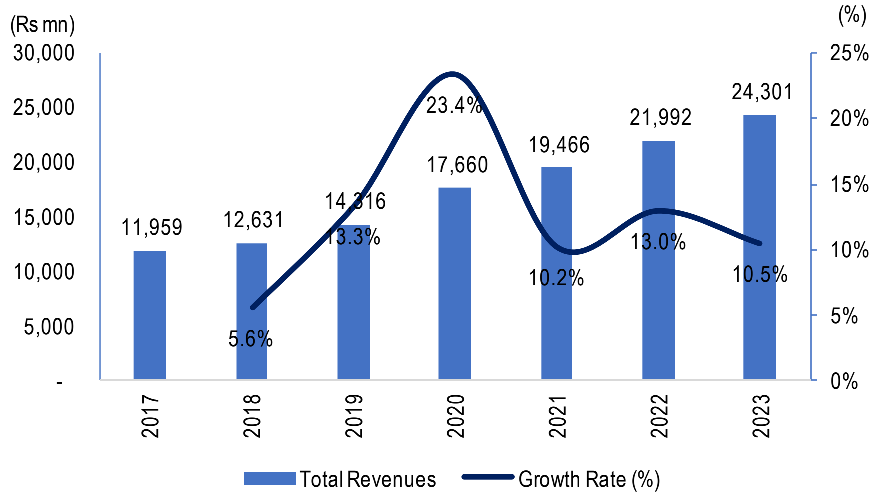
Revenue from operations has been growing consistently because of an increase in the completed area, besides increasing occupancy and base rentals. In FY2018, revenue grew by 5.6% because of the completed area increasing to 19.4mn sq. ft. with the addition of 1.3mn sq. ft. of area in the year and the overall portfolio rentals increasing 6.6% to Rs45.40psf/month. In FY2019, revenue grew by 13.3% because of the completed area increasing to 19.7mn sq. ft. with the addition of 0.3mn sq. ft. of area and the overall portfolio rentals increasing 6.4% to Rs48.30psf/month. In FY2020, the addition of 3.3mn sq. ft. area [1.2msf – Mindspace Madhapur, 1.3msf – Gera Commerzone Kharadi, 0.7msf – Mindspace Airoli East and Mindspace Airoli West and 0.1msf – The Square, BKC.] led to revenue growth of 23.4%. The overall portfolio rentals also increased 7.2% to Rs51.80psf/month.

The decline in growth rate in FY21E to 10.2% is due to the addition of only 0.8mn sq. ft. of operational area at Commerzone Porur, Chennai. The occupancy is also expected to increase only marginally to 88.5% and the overall psf rent is expected to increase by 6.6% to Rs55.2 psf/month.

The growth rate of revenue in FY22E is expected to be 13.0% because of the expected addition of 1.8mn sq. ft. of operational area at Mindspace Madhapur, Hyderabad and Gera Commerzone Kharadi, Pune. The occupancy is also expected to decline marginally to 87.6% because of the addition of 1.8msf area and the overall psf rent is expected to increase by 7.6% to Rs59.4 psf/month.

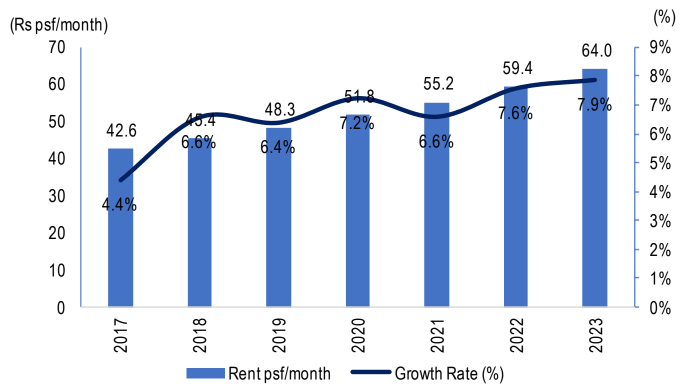
The growth rate of revenue in FY23E is expected to be 10.5%. The decline is due to NIL addition of operational area during the year. The occupancy is expected to increase marginally to 90.8% and the overall psf rent is expected to increase by 7.9% to Rs64.0 psf/month.

Exhibit 46: Revenue from operations



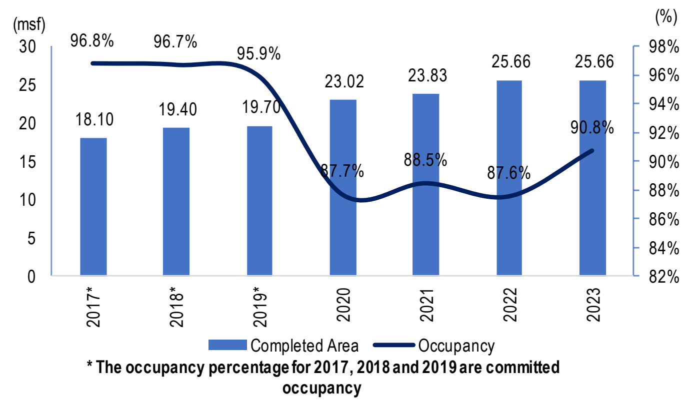
Source: Company, Nirmal Bang Institutional Equities

Exhibit 47: Rent psf/month



Source: Company, Nirmal Bang Institutional Equities

Exhibit 48: Completed area and occupancy

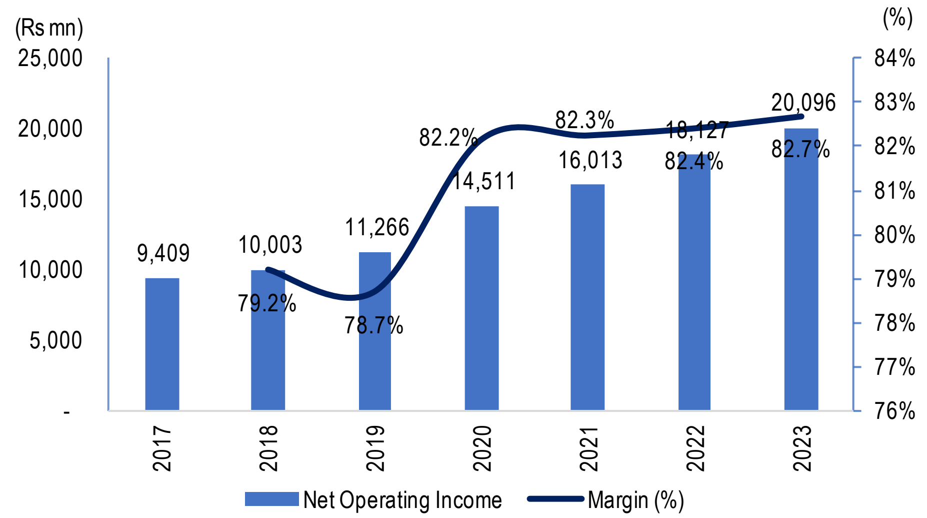


Source: Company, Nirmal Bang Institutional Equities

Net Operating Income (NOI):

The NOI margin is expected to remain stable and grow marginally from 82.2% in FY20 to 82.7% in FY23E. The growth in NOI and NOI margin is primarily attributable to the revenue growth. The sharp increase in NOI and NOI margin in FY20 to 82.2% from 78.7% in FY19 is because of sharp growth in revenue and comparatively marginal growth in direct operating expenses.

Exhibit 49: Net Operating Income (NOI):



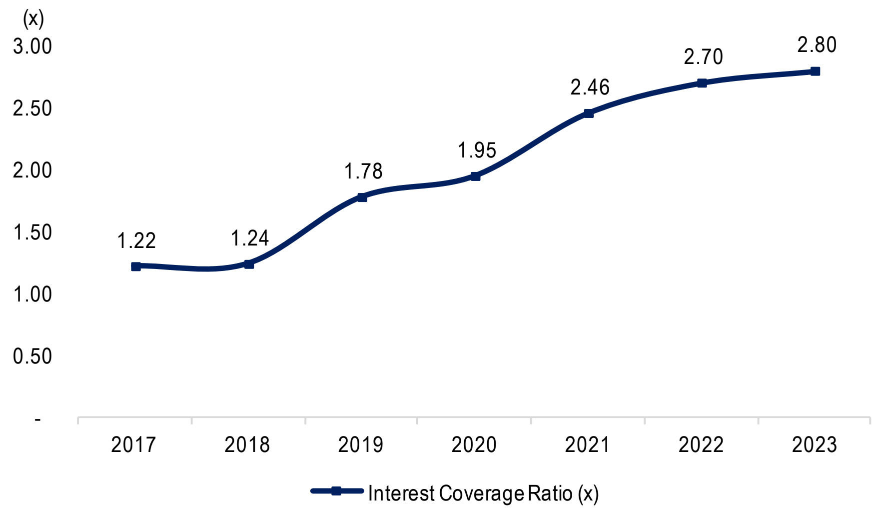
Source: Company, Nirmal Bang Institutional Equities

Balance sheet

Interest Coverage Ratio:

The EBIT is expected to be at Rs14,127mn in FY23E. With growing revenue and dipping interest cost, the interest coverage ratio is expected to drastically improve to 2.80x in FY23E from 1.95x in FY20.

Exhibit 50: Interest Coverage Ratio:



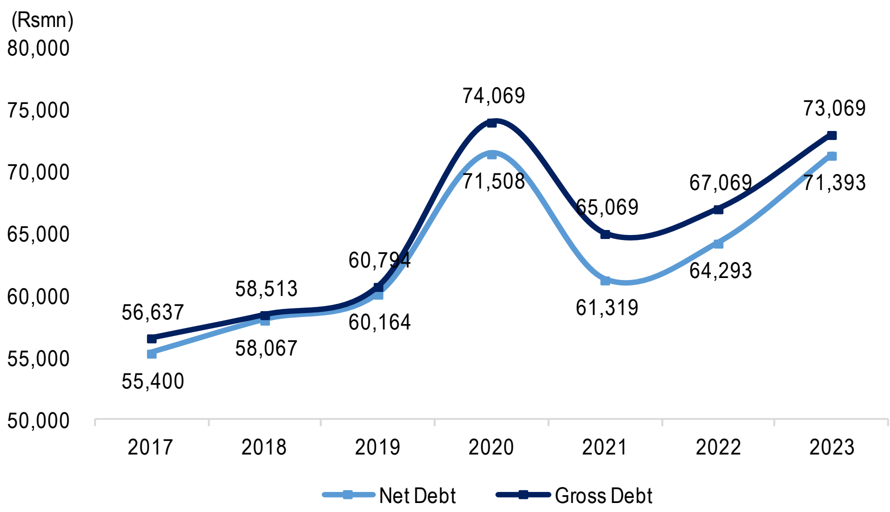
Source: Company, Nirmal Bang Institutional Equities

Gross debt and net debt:

The gross debt outstanding in FY20 stood at Rs74,069mn. The company through IPO proceeds repaid debt of Rs9,000mn. The gross debt is expected to be at Rs65,069mn in FY21.

With the company's plans of expansion, we expect the gross debt to rise to Rs67,069mn in FY22E and further to Rs73,069mn in FY23E while the net debt is expected to be at Rs64,293 in FY22E and at Rs71,93mn in FY23E compared to Rs71,508mn in FY20.

Exhibit 51: Decline in gross debt, steady net debt:



Source: Company, Nirmal Bang Institutional Equities

Cash Flows

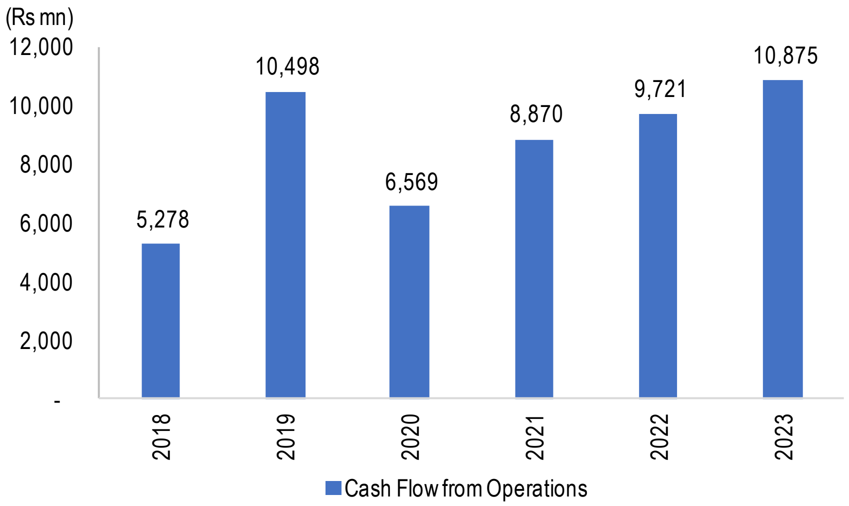
Cash flow from operations:

In FY19, the cash flow from operations increased sharply as a result of 220% rise in PAT, which was driven by: (1) 13.3% increase in revenues and (2) 12.4% decline in expenses, led by a sharp decline in other expenses (filing fees and stamping charges and impairment for diminution in value of investments held). Apart from this, the working capital improved in FY19 as a result of the decrease in other financial assets (fixed deposits with banks).

The sharp decline in operating cash flows in FY20 was due to the increase in interest receivables on loan from body corporates (from related parties) [other financial assets] and decrease in other current liabilities payable to other payables.

Going forward, the cash flow from operations is expected to grow steadily with increase in PAT and negative working capital.

Exhibit 52: Cash flow from operations:



Source: Company, Nirmal Bang Institutional Equities

Management team profile

Mr. Vinod Rohira, Chief Executive Officer:

Mr. Vinod Rohira is the chief executive officer (CEO) of the Manager. He holds a master's degree in business administration from the University of Chicago. He began his career with the KRC group over two decades ago and has been instrumental in leading the development of approximately 25mn square feet of commercial real estate for the KRC group across India. Currently, his focus is on driving the commercial business' strategic operations with a particular emphasis on stakeholders' management and business development. He is on the FICCI Real Estate Committee, a congregation of top industry frontrunners, to drive policy changes in India.

Ms. Preeti Chheda, Chief Financial Officer:

Ms. Preeti Chheda is the chief financial officer (CFO) of the Manager. Preeti is a qualified chartered accountant. She is also a company secretary and a CFA charter holder. Preeti has also passed the Uniform CPA Examination from the Colorado State Board of Accountancy, USA. Having done her articleship with Price Waterhouse, Preeti's post qualification career started with Marico Industries Limited in the corporate finance team, before she joined Shell Gas (LPG) India Private Limited as the finance controller and company secretary. Preeti has been associated with the KRC group for over 12 years across various roles in commercial real estate, including equity and debt fund raising, acquisitions, overseeing the management of commercial real estate assets, raising private equity for real estate projects, investor relations and financial reporting.

Mr. Shivaji Nagare, Senior Vice President – Projects:

Mr. Shivaji Nagare is designated as the senior vice president – projects of the Manager. He holds a bachelor's degree in civil engineering from the Maharashtra Institute of Technology, Pune. Prior to joining the KRC group, Shivaji was associated with Archgroup Consultants, Shapoorji Pallonji and Company Limited and Reliance Engineering Associates (Private) Limited.

Mr. Sudarshan Malpani, Senior Vice President – Leasing:

Mr. Sudarshan Malpani shall be designated as the senior vice president – leasing of the Manager. He holds a bachelor's degree in commerce from the University of Mumbai. Sudarshan currently leads leasing for the commercial business of the KRC group. He has over 20 years of experience in accounts management, transaction management, brokerage and commercial leasing for some of India's reputed real estate brands. Sudarshan has been associated with the KRC group for around one and a half years, prior to which he was with Jones Lang LaSalle for almost over a decade and as managing director, international desk for one year.

Mr. Pankaj Gupta, Senior Vice President – Property Management:

Mr. Pankaj Gupta shall be designated as the senior vice president – property management of the Manager. He is a qualified chartered accountant and holds a post graduate diploma in management from the Indian Institute of Management Kozhikode Society. Pankaj currently leads the asset management at the KRC group. Pankaj has been associated with the KRC group for over 14 years across various businesses of the group, including real estate, hospitality and retail.

Exhibit 53: Top shareholders:

Name	Holding (%)
Sponsor and sponsor group	63.22
Government of Singapore	3.89
Capital Group	2.92
Fidelity Group	1.81
Nomura Group	0.97
Smallcap World Fund Inc.	0.76
Cohen And Steers Global Realty Shares Inc	0.69
HSBC Global Investment Funds	0.69
NTUC Income Insurance	0.49
IIFL Asset Management Company	0.46
Fullerton Fund Management Company Ltd	0.39

Source: www.mindspacereit.com

Note: The above shareholding calculated from the strategic and anchor investor allocation data available on the website of Mindspace REIT

Financial statement

Exhibit 54: Income statement

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Net sales	**14,316**	**17,660**	**19,466**	**21,992**	**24,301**
Growth YoY (%)	*13.3*	*23.4*	*10.2*	*13.0*	*10.5*
Direct Operating expenses	3,092	3,193	3,502	3,920	4,264
Net Operating Income	**11,224**	**14,467**	**15,965**	**18,073**	**20,037**
Net Operating Income Growth (%)	***12.5***	***28.9***	***10.4***	***13.2***	***10.9***
Net Operating Income Margin (%)	***78.4***	***81.9***	***82.0***	***82.2***	***82.5***
Indirect Operating expenses	1,091	3,352	3,676	4,115	4,476
EBITDA	**10,133**	**11,115**	**12,289**	**13,958**	**15,561**
EBITDA growth (%)	***29.0***	***9.7***	***10.6***	***13.6***	***11.5***
EBITDA Margin (%)	***70.8***	***62.9***	***63.1***	***63.5***	***64.0***
Depreciation and Amortization	2,196	1,146	1,242	1,433	1,433
EBIT	**7,937**	**9,969**	**11,047**	**12,525**	**14,127**
EBIT Margin (%)	***55.4***	***56.4***	***56.7***	***57.0***	***58.1***
Finance Costs	4,462	5,114	4,493	4,631	5,045
Other income	2,598	2,662	2,793	2,930	3,074
Earnings before tax	**6,073**	**7,517**	**9,347**	**10,824**	**12,157**
Tax- total	919	2,379	2,353	2,724	3,060
Rate of tax (%)	*15.1*	*31.6*	*25.2*	*25.2*	*25.2*
Net profit	**5,154**	**5,138**	**6,994**	**8,100**	**9,097**
Minority Interest	365	392	428	488	532
Adjusted Net Profit	**4,789**	**4,746**	**6,566**	**7,612**	**8,565**
% growth	*222.9*	*(0.9)*	*38.4*	*15.9*	*12.5*
EPU	8.60	8.53	11.07	12.84	14.44
% growth	*222.9*	*(0.9)*	*38.4*	*15.9*	*12.5*
DPU (FD)	NA	NA	16.52	18.43	20.18
% growth	-	-	-	*11.5*	*9.5*

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 56: Balance sheet

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Shareholders' Equity	**17,134**	**21,254**	**31,943**	**28,622**	**25,217**
Minority Interest	1,336	1,663	2,091	2,579	3,111
Loans	60,794	74,069	65,069	67,069	73,069
Other Financial Liabilities	1,491	1,997	2,097	2,202	2,312
Provisions	8	9	9	10	10
Deferred tax liability	1,513	2,788	2,788	2,788	2,788
Other non-current liability	278	601	631	663	696
Total capital employed	**82,554**	**1,02,381**	**1,04,629**	**1,03,933**	**1,07,203**
Property, plant and equipment	60,544	75,910	75,298	73,987	76,747
Non-Current Investments	9	18	19	20	21
Oher financial assets	1,551	1,345	1,412	1,483	1,557
Other non-current assets	3,071	3,935	4,617	5,184	5,705
Total non-current assets	**65,175**	**81,208**	**81,347**	**80,674**	**84,030**
Trade payables	692	823	903	1,010	1,099
Other current liabilities	8,082	8,976	9,425	9,896	10,391
Total current liabilities	**8,774**	**9,799**	**10,327**	**10,906**	**11,490**
Current Investments	-	-	-	-	-
Inventories	33	52	57	64	69
Trade receivables	301	362	407	460	508
Cash and bank balance	630	2,561	3,750	2,776	1,676
Loans and advances	21,001	21,764	22,852	23,995	25,195
Other current assets	4,189	6,232	6,544	6,871	7,214
Total current assets	**26,154**	**30,971**	**33,609**	**34,165**	**34,663**
Net current assets	**17,380**	**21,172**	**23,282**	**23,259**	**23,173**
Total capital employed	**82,554**	**1,02,381**	**1,04,629**	**1,03,933**	**1,07,203**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 55: Cash flow

Y/E March (Rsmn)	FY19	FY20	FY21E	FY22E	FY23E
Profit after tax	**4,789**	**4,746**	**6,566**	**7,612**	**8,565**
Depreciation	2,196	1,146	1,242	1,433	1,433
Finance costs	4,462	5,114	4,493	4,631	5,045
Other income	(2,481)	(2,602)	(2,732)	(2,869)	(3,012)
Working capital changes	1,532	(1,835)	(699)	(1,086)	(1,156)
Operating cash flow	**10,498**	**6,569**	**8,870**	**9,721**	**10,875**
Purchase of Investments/CAPEX/Sale	(8,003)	(16,498)	(652)	(122)	(4,193)
Others	(3)	(9)	(1)	(1)	(1)
Cash Flow from investing	**(8,006)**	**(16,507)**	**(653)**	**(123)**	**(4,194)**
Issue/ (buyback of equity)	-	-	10,000	-	-
Proceeds/repayment of borrowings	2,281	13,275	(9,000)	2,000	6,000
Finance costs	(4,462)	(5,114)	(4,493)	(4,631)	(5,045)
Dividends	(229)	(531)	(9,799)	(10,929)	(11,968)
Others	102	4,239	6,263	2,989	3,232
Cash flow from financing	**(2,308)**	**11,869**	**(7,028)**	**(10,571)**	**(7,781)**
Total cash generation	**184**	**1,931**	**1,189**	**(973)**	**(1,100)**
Opening cash balance	446	630	2,561	3,750	2,776
Closing cash & bank balance	**630**	**2,561**	**3,750**	**2,776**	**1,676**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 57: Key ratios

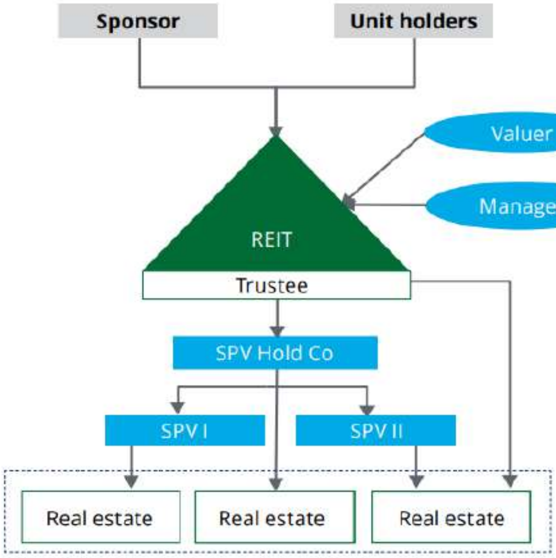
Y/E March	FY19	FY20	FY21E	FY22E	FY23E
Profitability and return ratios					
NOI margin (%)	78.4	81.9	82.0	82.2	82.5
EBITDA margin (%)	70.8	62.9	63.1	63.5	64.0
Net profit margin (%)	33.5	26.9	33.7	34.6	35.2
RoE (%)	28.0	22.3	20.6	26.6	34.0
RoCE (%)	10.2	10.5	11.4	13.1	14.4
Working capital & liquidity ratios					
Receivable (days)	7.7	7.6	7.6	7.6	7.6
Inventory (days)	4.6	3.8	3.8	3.8	3.8
Payable (days)	97.2	60.2	60.2	60.2	60.2
Current ratio (x)	3.0	3.2	3.3	3.1	3.0
Valuation ratios					
EV/sales (x)	NA	NA	12.6	11.2	10.5
EV/EBITDA (x)	NA	NA	19.9	17.7	16.4
P/E (x)	35.9	36.2	27.9	24.0	21.4
P/BV (x)	NA	NA	5.7	6.4	7.3

Source: Company, Nirmal Bang Institutional Equities Research

Appendix – 1: Understanding a REIT

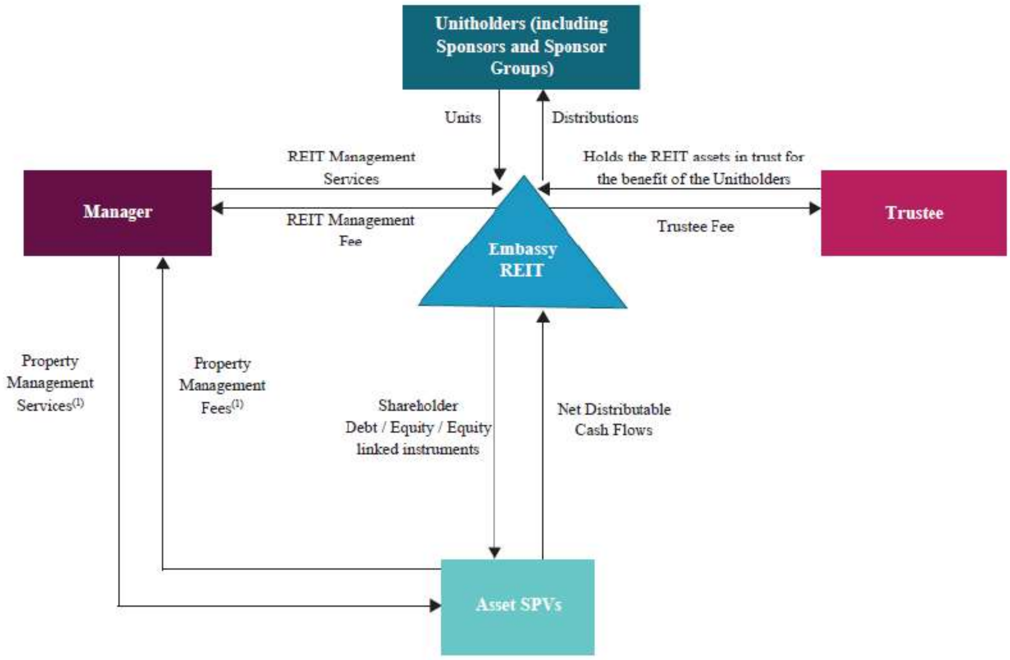
Structure of a REIT

Exhibit 58: Basic Structure of a REIT



Source: Deloitte Analysis

Exhibit 59: Detailed Structure of a REIT



Source: Embassy Office Parks REIT DRHP

Definitions

1. **Sponsor:**

   "Sponsor" means any person(s) who set(s) up the REIT and designated as such at the time of application made to the Board.

2. **Sponsor Groups:**

   It includes:

   i. The Sponsor.

   ii. In case of a body corporate sponsor:

      a) Entities or person(s) which are controlled by such body corporate.

      b) Entities or person(s) who controls such body corporate.

      c) Entities or person(s) which are controlled by person(s) as referred at clause b).

   iii. In case of an individual sponsor:

      a) Immediate relative of such individual.

      b) Entities or person(s) controlled by such individual.

3. **Unit holder:** "unit holder" means any person who owns units of the REIT.

4. **Manager:** "Manager" means a company or LLP or body corporate incorporated in India which manages assets and investments of the REIT and undertakes operational activities of the REIT.

5. **Investment Management Agreement:** means an agreement between the trustee and the manager which lays down the roles and responsibilities of the manager towards the REIT.

6. **Trustee:** "trustee" means a person who holds the REIT assets in trust for the benefit of the unit holders, in accordance with these regulations.

7. **Valuer: "**valuer" means any person who is a "registered valuer" under section 247 of the Companies Act, 2013 or as specified by the Board from time to time.

8. **Special Purpose Vehicle (SPV):**

   means a company or LLP:

   i. in which [either the REIT or the holdco] holds or proposes to hold 28 not less than 50% of the equity share capital or interest.

   ii. which holds not less than 80% of its assets directly in properties and does not invest in other special purpose vehicles; and

   iii. which is not engaged in any activity other than holding and developing property and any other activity incidental to such holding or development.

9. **Hold Co or holding company:**

   Hold Co or holding company means a company or LLP:

   i. in which REIT holds or proposes to hold not less than 50% of the equity share capital or interest and which it in turn has made investments in other SPV(s), which ultimately hold the property(ies);

   ii. which is not engaged in any other activity other than holding of the underlying SPV(s), holding of real estate/properties and any other activities pertaining to and incidental to such holdings.

10. **Rent generating property:** "rent generating property" means property which has been leased or rented out in accordance with an agreement entered into for the purpose.

11. **Methodology for calculating net operating income:**

Particulars
Facility Rentals
Maintenance Services Income
Revenue from works contract services
Revenue from power supply
Other Operating income
Revenue from Operations
***Less:** Direct Operating expenses:*
Property Tax
Insurance
Maintenance service expenses
Cost of works contract services
Cost of materials sold
Cost of power purchased
Power – O&M expenses
Net Operating Income

Investments conditions for investments by REIT:

Permitted Investment Structure:

Real estate assets in India to be directly held by REIT or through a special purpose vehicle (SPV) or a two-level structure through a holding company (Hold Co). However, there are certain requirements for holding assets through a Hold Co/SPV which are as follows:

a) Ultimate holding interest of the REIT in the underlying SPVs to be at least 26%.

b) Other shareholders/partners of the Hold Co/SPV should not restrict the REIT, Hold Co or SPV from complying with the REIT regulations, and an agreement has to be entered into with such shareholders/partners to that effect.

c) Appointment of nominees on the board of Hold Co/SPV by the manager in consultation with the Trustee.

d) In every meeting of a Hold Co and/or SPV, the voting of the REIT shall be exercised.

Certain Criteria's:

1. At least 51% of the consolidated revenue of the REIT, Hold Co and SPV to be from rental, leasing and letting out of assets, or incidental revenue
2. Other Criteria's:

At least 80 % of the value of REIT	Maximum 20% of value of REIT
Invested in: 1. Completed and rent and/or income-generating real estate. Lock in period – 3 years from purchase date.	Invested in: 1. Under construction property. Lock in period – 3 years after completion. 2. Completed non-rent generating property. Lock in period – 3 years from purchase date 3. Listed/unlisted debt of real estate company (other than investment in debt of Hold Co/SPV.) 4. Mortgage-backed securities. 5. Listed equity shares of companies in India, generating 75% of operating income from real estate activities. 6. Unlisted equity shares of companies, deriving 75% of operating income from real estate activities. 7. Unlisted equity shares in under construction properties: Lock in period – 3 years after completion. 8. Unlisted equity shares in Completed non-rent generating property: Lock in period – 3 years from purchase date 9. Unutilized FSI and TDR with respect to existing investments. 10. Government securities. 11. Cash or money market instruments.

Restricted Investments:

1. Investment not permitted in vacant land, mortgages or agricultural land (with certain exceptions).
2. Investment in other REITs or lending (except lending to Hold Co/SPV) is not permitted.

Distribution Policy for a REIT

Distribution by a SPV to Hold Co/REIT: Minimum of 90% of its net distributable cash flows.

Distribution by a Hold Co to REIT: Minimum net distributable cash flows to be distributed:

1. 100% of cash flows received from SPVs and,
2. 90% of the balance.

Distribution by a REIT to unitholders:

1. In respect of net distributable cash flow – Minimum 90%.
2. In respect of sale proceeds arising from the sale of property or equity shares/interest in a Hold Co/SPV, unless reinvestment is proposed within a period of 1 year – Minimum 90%.

Frequency of distributions: every quarter.

Taxation

Taxation for a REIT:

1. Following incomes arising in hands of REIT is exempt from taxation in hands of REIT:

   a. Interest income received or receivable by REIT from an Indian company in which the REIT holds a controlling interest and any specific percentage of shareholding or interest as required under the REIT Regulations ('SPV') should be exempt from tax in the hands of REIT.
   b. Dividend income received or receivable by a REIT from a SPV should be exempt in the hands of the REIT.
   c. Any income received through renting or leasing or letting out of real estate assets (as defined under the REIT Regulations) owned directly by REIT shall be exempt from tax in the hands of the REIT.

2. Following incomes shall be taxable in hands of REIT:

   Capital gains is taxable as follows:

Assets#	Period of holding	Nature of capital gains	Applicable tax rates
Unlisted shares	• More than 24 months • Less than or equal to 24 months	Long Term Capital Gains ('LTCG') Short Term Capital Gains ('STCG')	20%++ 30%++
Unlisted securities (other than unlisted shares)	• More than 36 months • Less than or equal to 36 months	LTCG STCG	20%++ 30%++
Immovable Property being land and/ or building	• More than 24 months • Less than or equal to 24 months	LTCG STCG	20%++ 30%++

#A concessional rate of 10%++ (in case of LTCG) and 15%++ (in case of STCG) may be applicable if the capital gains arises from transfer of listed equity shares or units of an equity-oriented fund and the transfer is subjected to securities transaction tax ('STT') on purchase and sale of equity shares or on transfer of units of equity-oriented fund.

Source: Mindspace Business Parks REIT DRHP

++ excluding applicable surcharge and cess

Taxation for a unitholder of REIT:

1. Income distributed by REIT is taxable in the hands of the unitholders in the same manner and proportion as the underlying income stream received by the REIT.

Residential status of Unitholders	Nature of income	Tax rates
Resident unitholders	• Interest income	At applicable rates*
	• Rental income	At applicable rates*
	• Qualified Dividend income	Tax-exempt (Refer note below)
	• Disqualified Dividend income	At applicable rates* (Refer note below)
	• Other income taxable in hands of REIT	Tax-exempt
Non-resident unitholders	• Interest income	5%++*
	• Rental income	At applicable rates@*
	• Qualified Dividend income	Tax-exempt (Refer note below)
	• Disqualified Dividend income	At applicable rates@* (Refer note below)
	• Other income taxable in hands of REIT	Tax-exempt

Source: Mindspace Business Parks REIT RHP

Note: Taxability of income in the nature of dividend distributed by REIT to unitholders is dependent on the taxation regime adopted by the SPV(s), which distributes the dividend to REIT. If the SPV(s) has not opted for a concessional corporate tax rate under section 115BAA of the ITA ('Qualifying SPV'), dividend received from such Qualifying SPV ('Qualified Dividend') and distributed by REIT is exempt in the hands of the unitholders. Any dividend other than Qualified Dividend distributed by REIT ('Disqualified Dividend') is taxable in the hands of the unitholders.

2. Capital gains arising on sale of units if REIT which are subject to STT by unitholder is taxable as follows:
   a. Units held for more than 36 months – Long Term Capital Gain – 10% (plus surcharge and cess) on gains exceeding Rs 0.1 million.
   b. Units held for less than or equal to 36 months – Short Term Capital Gain - 15% (plus surcharge and cess).
   c. Nonresident unit holders can avail benefits of DTAA.
   d. In case of domestic companies that are liable to pay MAT under provisions of section 115 JB of the ITA, the gains arising, if any, on sale of units of REIT are to be included as part of book profits for the purposes of computing MAT lability. MAT paid by such companies should be available as credit for set-off against future tax liability, provided such companies do not opt to be governed by the concessional tax rate under section 115BAA of the ITA.

Withholding taxes on income distribution to REIT and its unitholders:

1. Distributions made to REIT:

   a. Any rent received/ receivable by a REIT in respect of any real estate asset is not subject to withholding tax.
   b. Any income by way of interest (other than 'interest on securities') received /receivable by a REIT from SPV is not subject to withholding tax.
   c. Any income by way of interest on securities received /receivable by a REIT from SPV is subject to withholding tax at the rate of 10%.

2. Distributions made by REIT:

   Withholding taxes shall be required to be deducted at source at the time of payment/ credit (whichever is earlier) from following income distributions by REIT to its unitholders:

Income recipient	Nature of income	Applicable tax rates
• Resident unitholders	Interest income Rental income Disqualified Dividend income Qualified Dividend income	10% 10% 10% Not subject to withholding tax
• Non-resident unitholders	Interest income Rental Income Disqualified Dividend income^ Qualified Dividend income	5%++ At rates in force# 10%++ Not subject to withholding tax
• Category I & II Alternative Investment Funds • Mutual Funds	Any distribution	Not subject to withholding tax

^ If the ITA provides withholding tax rate for any specific category of non-resident unitholders, then the same need to be considered.
# Non-resident unitholders may seek to avail any beneficial provisions under applicable DTAA that India may have entered into with its country of residence.

Source: Mindspace Business Parks REIT RHP

DISCLOSURES

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