

Risk Factors

For March 31, 2021

1. COVID-19 has caused a material decline in general business activity and demand for real estate transactions, and if this persists, it would adversely affect our ability to execute our growth strategies, including identifying and completing acquisitions and expanding into new markets. On a cumulative basis, during FY21, tenants surrendered 0.24 msf, comprising space earmarked for growth and COVID-19 related downsizing.

Factors related to the COVID-19 pandemic, or a future pandemic, that could have an adverse impact on our financial condition, results of operations and cash flows, primarily include:

- a complete or partial closure of, or other operational issues at, one or more of our properties;
- tenants' inability to pay rent on their leases, in part or full or our inability to re-lease space that is or becomes vacant;
- slowdown in getting lease commitments for new spaces;
- any impairment in value of our properties;
- an increase in operational costs; and
- the extent of construction delays on our under-construction properties due to work-stoppage orders, disruptions in the supply of materials, shortage of labour, delays in inspections, or other factors

2. Distributions to unitholders will be based on the net distributable cash flows available for distribution. Our ability to make distributions to the Unitholders may be affected by several factors including:
 - » business and financial position of Asset SPVs, debt servicing requirements of Asset SPVs,
 - » construction and leasing of under construction area,
 - » applicable laws and regulations, which may restrict the payment of dividends by the Asset SPVs or other distributions.
3. The REIT Regulations impose certain restrictions on our operations, including maintaining a specific threshold of investment in rent generating properties and conditions on availing debt financing. These conditions may restrict our ability to raise additional funds as well as limit our ability to make investments.
4. Real estate markets are cyclical in nature, and a recession, slowdown or downturn in the real estate market as well as in specific sectors, such as technology, where our tenants are concentrated, increase in property taxes, changes in development regulations and zoning laws, availability of financing, rising interest rates, increasing competition, adverse changes in the financial condition of our tenants, increased operating costs, disruptions in amenities and public infrastructure and outbreaks of infectious disease

such as COVID-19, among others, may lead to a decline in demand for our Portfolio, which may adversely affect our business, results of operations and financial condition.

5. A significant portion of our revenues are derived from a limited number of tenants. Any conditions that impact these tenants could adversely affect our business, results of operations and financial condition. We are required by the terms of the lease deeds, grant documents or sale deeds with certain statutory authorities to lease a proportion of our Portfolio to tenants from the IT and ITeS sectors. Some of the assets are large and contribute significantly to our revenue from operations resulting in asset concentration. Assets are primarily located in four key office markets and select micro markets within these office markets resulting in market and micro market concentration.
6. Our title to the land where the Portfolio is located may be subject to legal uncertainties and defects, which may interfere with our ownership of the assets and result in us incurring costs to remedy and cure such defects. Any failure or inability to cure such defects may adversely affect the Portfolio including the rentals, which may also impact returns for the Unitholders.
7. Existing lease/license agreements are subject to risks including (i) non-renewal upon expiration, (ii) delay or failure in making rental payments by the lessees/licensees, (iii) premature termination, (iv) failure to re-lease or re-license the vacant space and our dependence on rental income may adversely affect our profitability, our ability to meet financial obligations and to make distributions to our unitholders.
8. We may be unable to renew leases or license arrangements, lease or license vacant area or re-lease or re-license area on favourable terms or at all, which could adversely affect our business, results of operations and cash flows.
9. By letter dated 11th September, 2020 to Horizonview, TNRERA stated that only real estate projects which are proposed to be let out on rent alone are not required to be registered with TNRERA and all other real estate projects whether allotted as freehold or leasehold are to be registered with TNRERA; therefore Horizonview is directed to register the Commerzone Porur project under section 3 of the RERA, before executing/registering lease deed with prospective lessees.

Horizonview has filed a response dated November 17, 2020 for inter alia re-iterating and clarifying the factual and legal position on grounds including that (i) the premises in the project are not contemplated to be allotted as freehold or leasehold; (ii) Horizonview is merely letting out premises on rent; (iii) the rights granted/ proposed to be granted by Horizonview are in the nature of a tenancy for a specified period; (iv) letting out of premises on rent

by Horizonview will be governed by the provisions of the Tamil Nadu Regulation of Rights and Responsibilities of Landlords and Tenants Act, 2017 ["**TNRRLTA**"], which will apply to the letting out/leasing of premises by Horizonview in Commerzone Porur; (v) Horizonview and its tenants will be complying with Section 4 of TNRRLTA by filing the form with the Rent Authority, as specified in the First Schedule of the said Act; (vi) as confirmed by MahaRERA in its FAQs published on its website, the RERA Act does not include rental projects, lease / leave and License deals; and therefore, as the premises in the Commerzone project are to be let out/leased on periodical rent by Horizonview, and not to be allotted or sold (as freehold or leasehold) as contemplated of RERA, registration of Commerzone Porur project is not required under Section 3 of RERA.

Any delay in clarification and resolution of the issue with TNRERA, may result in Horizonview having to resort to legal remedies in respect of such clarification. Any unfavorable outcome may attract the provisions relating to registration under RERA and affect our ability to register the lease agreements with our tenants in this project.

10. Due to a variety of factors, including competitive pricing pressure in our markets, changing market dynamics including demand supply, a general economic downturn and the desirability of our properties compared to other properties in our markets, we may be unable to realize our estimated market rents across the properties in our Portfolio at the time of future leasing.
11. Valuation is an estimate and not a guarantee, and it is dependent upon the accuracy of the assumptions as to income, expense and market conditions. Further, the valuation methodologies used to value our Portfolio involve subjective judgments and projections, which may not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may turn out to be incorrect. Further, valuations do not necessarily represent the price at which a real estate asset would sell, since market prices of assets can only be determined by negotiation between a willing buyer and seller. As such, the value of an asset forming part of our Portfolio may not reflect the price at which such asset could be sold in the market, and the difference between value and the ultimate sales price could be material.
12. We have certain contingent liabilities, which if they materialize, may adversely affect our results of operations, financial condition and cash flows. For details, see "note no. 45 to Notes to accounts - Contingent Liabilities and Capital Commitments of Consolidated Financial Statements for the financial year ended March 31, 2021"
13. Any appeal against the order of the Karnataka High Court dated 12th June, 2019 in a Writ Petition quashing the list of disqualified directors issued by the Ministry of Corporate Affairs or any adverse orders in the pending review petition or any subsequent adverse developments, may affect the ability of Mr. Ravi C. Raheja and Mr. Neel C. Raheja (designated partners of the Manager) to continue as designated partners of the Manager and directors on board of certain Asset SPVs, which may have an adverse effect on our business and reputation.
14. There are outstanding litigations, title irregularities and regulatory actions involving the Asset SPVs, which may adversely affect our business, results of operations and cash flows. For details, see "Brief details of material litigations and regulatory actions as at the year ended March 31, 2021" in this report.
15. Our business and results of operations are subject to compliances with various laws, and any non-compliances may adversely affect our business and results of operations. Our business is governed by various laws and regulations, including Transfer of Property Act, 1882, Special Economic Zones Act, 2005 and Special Economic Zone Rules, 2006, Maharashtra Industrial Development Act, 1961, Mumbai Metropolitan Region Development Authority Act, 1974, Maharashtra Information Technology and Information Technology Enabled Services Policy, 2015, rent control legislations of various states, municipal laws of various states and environment related regulations. Our business could be adversely affected by any change in laws, municipal plans or stricter interpretation of existing laws, or promulgation of new laws, rules and regulations applicable to us.

For instance, the Ministry of Corporate Affairs (MCA) has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 and has introduced the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("**CSR Rules**"). The CSR Rules provides, among others, specific treatment of unspent CSR amount based on whether it pertains to an ongoing project. Any failure on the part of our Asset SPVs to make the necessary transfer towards CSR requirements and ensure compliance under the CSR Rules may result in penal actions being initiated against the relevant Asset SPV by the concerned regulatory authority.
16. Any non-compliance with, and changes in, environmental, health and safety laws and regulations could adversely affect the development of our properties and our financial condition. We are subject to environmental, health and safety regulations in the ordinary course of our business. If we face any environmental issue during the development of a property or if the government introduces more stringent regulations, we may incur delays in our estimated timelines and may need to incur additional costs. Such as, Environment Clearances, in respect of approximately 2.4 msf of Total Leasable Area held and operated by KRIT and Intime, were not obtained on account of lack of clarity at the relevant time with respect to classification of the relevant area forming part of these Asset SPVs. The said buildings of KRIT and Intime have received occupation certificates and the buildings have been occupied by various clients for more than ten years. In 2017, the MoEF notified a regularization scheme for cases relating to construction without the requisite environment clearance. KRIT and Intime have made applications under this scheme for such regularization. The aforesaid applications, were considered and the State Level Environment Impact Assessment Authority ("**SEIAA**") issued 'Standard Terms of Reference' issued by the MoEF, along with certain 'Specific Terms of Reference' ("**TORS**") which included, among others, obligation on the state government/state pollution control board to take action against the

- project proponent under the provisions of section 19 of the Environment (Protection) Act, 1986. As per the terms of the TOR, the Telangana State Pollution Control Board (“**TSPCB**”) has now issued letters to Environment Engineer (EE), with a copy to KRIT and Intime, directing EE to ensure immediate stoppage of construction work and to enquire and take necessary action on alleged violation of EIA Notification against KRIT and Intime under the provisions of Section 19 of the Environment Protection Act, 1986. Accordingly, the EE filed complaints in the Court of the Hon’ble IX Metropolitan Magistrate, Cyberabad at Kukatpally (“**MM Court**”) against KRIT and Intime under section 19 of the Environment Protection Act, 1986 read with section 190 and 200 of Criminal procedure Code (“**Cr. PC**”) for the offence under section 5 and 15 of the Environment Protection Act, 1986. The MM Court found KRIT and Intime punishable for offense under section 15 of Environment Protection Act, 1986 and accordingly convicted them under section 252 of Cr. PC for the same offense and sentenced to pay ₹ 25,000 for each offense. Accordingly, KRIT and Intime have made requisite payments to the MM Court. SEIAA considered the above matters of KRIT and Intime in its 106th and 107th meeting and has approved the issuance of EC subject to submission of bank guarantee of following amounts: (i) ₹ 3,391,000 by Intime for building 5B; (ii) ₹ 3,947,000 by KRIT for Building 1A and 1B; (iii) ₹ 10,141,000 by KRIT for Building 2A and 2B; (iv) ₹ 4,413,000 by KRIT for Building 3A and 3B; (v) ₹ 5,203,000 by KRIT for Building 4A and 4B; (vi) ₹ 5,444,000 by KRIT for Building 10 for implementation of Remediation plan; Natural Resource Augmentation Plan and Community Resource Augmentation Plan, alongwith detailed action plan for implementation. KRIT and Intime have submitted letters to the Member Secretary SEIAA, requesting to share bank guarantee format alongwith details of beneficiary for submission of bank guarantees. These environment remedial actions, will require us to incur additional costs, which may have a negative impact on our business, results of operations and cash flows.
17. Any delay, failure or inability on part of Asset SPVs to obtain, maintain or renew all regulatory approvals that are required for their respective business, may adversely impact our development and business.
18. For our assets located on land leased from MIDC and MMRDA, the relevant Asset SPVs are required to comply with the terms and conditions provided in the respective lease agreements with such government bodies. Any non-compliance by the Asset SPVs of the respective lease agreements with such government bodies or by the tenants of the terms of the lease deed executed with them, may result in the action by the regulatory authorities, including revocation/termination of lease, demolition of the construction or payment of fines. In the event that our leases are revoked, not renewed or terminated prematurely, it could have an adverse impact on the Asset SPVs and in turn adversely affect our business, financial condition and results of operations.
19. Inability to access infrastructure, certain logistical challenges in new markets and our relative inexperience with newer markets, may prevent us from expanding our presence in new markets in India which may adversely affect our business, results of operations and cash flows.
20. We have entered and may enter into several related party transactions, which could involve conflicts of interest. The Manager may face conflicts of interests in choosing our service providers, and certain service providers may provide services to the Manager, the Sponsor Group on more favorable terms than those applicable to us.
21. Some of our assets are located on land notified as SEZs and the Asset SPVs are required to comply with the SEZ Act and the rules made thereunder.
22. The income tax benefits available to SEZ developers have been withdrawn for the SEZs which have commenced development after March 31, 2017, while for their tenants/units, income tax benefits are available on income earned by them on account of the exports from the SEZs, provided they commence operations in the SEZs on or before March 31, 2021, if necessary approvals have been received by March 31, 2020. This may result in SEZs becoming less attractive for tenants in the future.
- Further, some of our Asset SPVs have made applications for de-notifying certain land parcels notified as SEZs and hence they will be eligible to avail lower fiscal incentives than what were previously available to them, which may adversely affect our business, results of operations and financial condition.
23. Due to various regulatory and other restrictions, we may not be able to successfully meet financing requirements for completion of construction of Under Construction Area, construction of Future Development Area and for refurbishments, renovation and improvements beyond our current estimates
- Our inability to raise adequate finances may adversely affect our business, results of operations and cash flows.
24. Liquidity in the credit market has been constrained due to market disruptions, including due to the COVID-19 pandemic, which may make it costly to obtain new lines of credit or refinance existing debt. As a result of the ongoing credit market turmoil, we may not be able to refinance our existing indebtedness or to obtain additional financing on attractive terms. Further, adverse economic conditions could negatively affect commercial real estate fundamentals and result in lower occupancy, lower rental rates and declining values in our Portfolio and in the collateral securing any loan investments we may make.
25. Our ability to make distributions to unitholders could be adversely affected if expenses increase due to various factors. Also, any adverse tax changes or withdrawal of tax benefits may adversely affect our financial condition and results of operation.
- Any maintenance or refurbishment may result in disruption of operations and it may not be possible to collect the full or any rental income on area affected by such renovations and refurbishment of our assets.

26. The restrictive covenants under the financing agreements, entered or to be entered into with various lenders or investors, from time to time, include or could include, among others, obtaining prior consent of the lenders (i) for change in the capital structure, (ii) for amendment of constitutional documents, (iii) for declaration of dividends/distribution of profits in case of defaults, (iii) for incurring further indebtedness against the security provided, and (iv) for providing surety or guarantee to any third party. These or other limitations may adversely affect our flexibility and our ability to make distributions to our unitholders.
27. We are not fully insured against some business risks and the occurrence of accidents that cause losses in excess of limits specified under our policies, or losses arising from events not covered by our insurance policies, such as damage caused to our property and equipment due to war, which could adversely affect our business and results of operations.
- While we believe that we have industry standard insurance for our Portfolio, if a fire or natural disaster substantially damages or destroys some or all of our assets in the Portfolio, the proceeds of any insurance claim may be insufficient to cover any expenses faced by us, including rebuilding costs.
28. Under the REIT Regulations, a REIT is required to hold assets acquired by it for a period of three years from the date of purchase and in case of under-construction properties or under-construction portions of existing properties acquired by it, three years from the date of their completion. Additionally, any sale of property or shares of Asset SPVs exceeding 10% of the value of the REIT assets will require prior approval of the Unitholders. These factors could have an adverse effect on our business, financial condition and results of operations.
29. Any disagreements with our collaborators or joint venture partners or any delay or failure to satisfy the terms and conditions set-out in the binding agreements with such collaborators or the joint-venture partners, may adversely impact our business and operations.
30. We do not own the trademarks or logos for “Mindspace”, “Mindspace Business Parks”, “K Raheja Corp”, “Commerzone” “CAMPLUS” and “The Square” that are associated with our Portfolio. Further, we do not own the trademark or logo for “Mindspace Business Parks REIT” and “Mindspace REIT”. These trademarks and logos are licensed to our Asset SPVs, the Manager and us, as applicable, by the Sponsors or Sponsor Group entities who are either the registered owners of these trademarks and logos or have made applications for registered ownership some of which are pending. We may not be able to prevent infringement of the trademark, and a passing off action may not provide sufficient protection. Accordingly, we may be required to litigate to protect our trademark and logo, which could be time consuming and expensive and may adversely affect our business and results of operations.
31. Our Asset SPVs may, in the future be exposed to a variety of risks associated with development of an Integrated IT Township, which may adversely affect our business, results of operations and financial condition.
32. Land is subject to compulsory acquisition by the government and compensation in lieu of such acquisition may be inadequate. Additionally, we may be subject to conditions of use or transfer of land wherever such land is subject to orders under the Urban Land (Ceiling and Regulation) Act, 1976.