

# INDEPENDENT PROPERTY CONSULTANT REPORT

CUSHMAN & WAKEFIELD

REPORT DATE: 19 OCTOBER 2024

REPORT FOR:

K. Raheja Corp. Investment Managers Private Limited (acting as Investment  
Manager to Mindspace Business Parks REIT)

# Contents

A. Instructions .....	3
B. Review Findings.....	11
Annexure 1: Instructions (Caveats & Limitations) .....	14
Annexure 2: Valuation Approach, Methodology & Key Assumptions.....	16

## A. Instructions

<b>Appointment:</b>	<p>Cushman &amp; Wakefield India Pvt. Ltd. (C&amp;WI) as an independent international property consultant has been instructed by <b>K. Raheja Corp. Investment Managers Private Limited (Acting as Investment Manager to Mindspace Business Parks REIT)</b> ('Client') to perform an independent review (the "Engagement"), of the Stated Procedure ( as defined below), used for the valuation of office floors part of Building 2A and Building 10, Mindspace , Hyderabad ("Subject Property") and provide an independent report ("Report"). This agreement sets out the scope and other understanding between the parties ("Agreement").</p> <p>The Property considered as part of this study is detailed in Part B of this report. The exercise has been carried out in accordance with the instructions (Caveats &amp; Limitations) detailed in Annexure 1 of this report. The extent of professional liability towards the Client is also outlined within these instructions.</p>
<b>Conflict of Interest:</b>	<p>C&amp;WI confirms that there are no conflicts of interest in our advising you on the value of the Subject Property under the assumed conditions as instructed</p>
<b>Professional Competency of C&amp;WI Valuation &amp; Advisory Services India:</b>	<p>C&amp;WI Valuation &amp; Advisory Services India is an integral part of C&amp;WI Global Valuation &amp; Advisory Services team. The Global Valuation &amp; Advisory team comprises of over 1,970+ professionals across approximately 150+ offices globally and India VAS team comprises of more than 100 professionals.</p> <p>C&amp;W Valuation &amp; Advisory Services India have completed over 19,340 valuation and advisory assignments across varied asset classes/ properties worth USD 1001 billion.</p> <p>We provide quality valuation, risk advisory and consulting services across a range of property types including residential, hospitality, retail, commercial, institutional, Special Economic Zone (SEZ), industrial, etc. We derive global best practices while maintaining the complexities of Indian real estate markets and are ideally positioned to help solve any valuation related real estate challenge, ranging from single asset valuations to valuation of multi-market and multi-property portfolios.</p> <p>In India, we have our presence since 1997. Our dedicated and experienced professionals provide quality services from 8 offices across India (Mumbai, Bengaluru, Chennai, Kolkata, Gurgaon, Hyderabad, Pune and Ahmedabad). We have a strong team of experienced and qualified professionals dedicated to offer Valuation &amp; Advisory services in various locations across the country. C&amp;WI India recognizes that no uniform norms and standards for real estate valuation currently exist in India. With this context and background, C&amp;WI utilizes</p>

	<p>internationally accepted valuation techniques customized to Indian context based on best practices in the industry.</p> <p>Our professionals have diverse backgrounds such as RICS, CAs, CFAs, MBAs, Architects, Planners, Engineer's etc. We are preferred Consultants for global and domestic banks, financial institutions, Asset Reconstruction Companies (ARC's), Private Equity Funds, Non-Banking Financial Company (NBFC) etc.</p>
<b>Disclosures:</b>	<p>C&amp;WI has not been involved with the acquisition or disposal, within the last twelve months of the Subject Property being considered for the Engagement. C&amp;WI has no present or planned future interest in the Client, Trustee, the Sponsors and Sponsor Group to Mindspace Business Parks REIT and the fee for this Report is not contingent upon the review contained herein. C&amp;WI has also prepared the Industry Report which covers the overview of the commercial real estate market, the drivers and trends in the relevant city / micro-market. Our review should not be construed as investment advice; specifically, we do not express /any opinion on the suitability or otherwise of entering into any financial or other transaction with the Client.</p>
<b>Purposes:</b>	<p>The purpose of the Engagement is to review and assess the valuation done by the Valuer, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017, for the acquisition of the Subject Property by the Client ("Proposed Acquisition") under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 "SEBI (REIT) Regulations", as amended, together with clarifications, guidelines and notifications thereunder in any of the Indian stock exchanges. It is hereby clarified that we are not undertaking a valuation under the SEBI REIT Regulations, or any other enactment and the scope of work is expressly limited to what is stated herein.</p> <p>With respect to the aforementioned proposed acquisition, this review and assessment report is intended to be filed with the Securities and Exchange Board of India ("SEBI"), stock exchanges, trustee or any other relevant regulator within or outside India, and in any other documents to be issued or filed in relation to Proposed Acquisition.</p>
<b>Scope of Work:</b>	<p>C&amp;WI has envisaged that the scope of the assignment to include the following in the draft and the final Reports. C&amp;WI shall be given property details including methodology and key assumptions by the Client and based on that to give an independent review of the Stated Procedure. This Engagement should not be considered as an audit of a valuation or an</p>

	<p>independent valuation of a Property. C&amp;WI has not developed its own opinion of value but will verify if the method contained in the Stated Procedure is reasonable and in line with the guidelines of Royal Institute of Chartered Surveyors.</p> <p>C&amp;WI review is limited, by reference to the valuation date and to the facts and circumstances relevant to the asset at the time, to;</p> <ul style="list-style-type: none"><li>• whether the key assumptions as set out in the Stated Procedure are reasonable; and</li><li>• whether the methodology followed as set out in the Stated Procedure is appropriate;</li></ul>
<b>Approach &amp; Methodology:</b>	<p>C&amp;WI has prepared the Industry report including overview of the commercial office scenario for the micro-market / sub-market where the Subject Property is present., C&amp;WI has visited the Subject Property during the study.</p> <p>C&amp;WI has been provided with the information such as rent roll, agreement terms, approval plans and other information such as valuation Methodology and key assumptions including achievable rental for the property, rental growth rate, Capitalisation rate, Discount rate etc. An extract of the Methodology and Key assumptions is provided in Annexure 2</p>
<b>Authority (in accordance with this Agreement):</b>	<p>The Client acknowledges and agrees that C&amp;WI's services hereunder (including, without limitation, the Deliverables itself and the contents thereof) are being provided by C&amp;WI solely to the Client in relation to the proposed acquisition by MREIT Group (MREIT and its Asset SPVs). If the Client desires to use the Deliverables or C&amp;WI's name in any offering other than as contemplated under this Agreement, then the Client shall obtain C&amp;WI's prior written approval for such usage. The Client shall indemnify C&amp;WI for any losses suffered by C&amp;WI due to such usage other than as prescribed under this Agreement. Additionally, the Client herewith consents to provide or cause to be provided, an indemnification agreement in C&amp;WI's favor, reasonably satisfactory to C&amp;WI to indemnify C&amp;WI for any use of the Report other than for the purpose permitted under this Agreement. It is however clarified that the indemnity shall not cover any losses resulting from the use of the Report for statutory/ other reportings for sharing with REIT investors/unitholders for MINDSPACE BUSINESS PARKS REIT in the Valuation Report.</p> <p>The Report (draft and final) shall be addressed to the Client and will be subject to the Caveats &amp; Limitations described in Annexure -1 attached hereto and incorporated herein by reference</p> <p>The Parties to this engagement represent that they are authorized to enter into this</p>

	<p>engagement and the individuals signing this engagement are authorized representatives of the respective parties.</p>
<p><b>Caveats &amp; Limitations</b></p>	<p>C&amp;WI has endeavoured to develop forecasts based on market demand, supply and pricing on assumptions and market information that are considered relevant and reasonable at the point of time of the study, which shall be disclosed in the Deliverables, and therefore all of these forecasts are in the nature of likely or possible events/occurrences. The Deliverables do not constitute an authoritative authentic recommendation to the Client to adopt a particular course of action. The use of the Report at a later date may invalidate certain of the assumptions and bases on which forecasts have been generated, and therefore, is not recommended as a sole input to a financial decision.</p> <p>In the course offering its services hereunder, C&amp;WI shall rely on information and opinions, both written and verbal, as currently obtained from the Client as well as from third parties, including limited information on the market, financial and operating data which information C&amp;WI shall accept as accurate in its reasonable, bona fide belief. No responsibility is assumed for information furnished by the Client that C&amp;WI accepts as accurate in its reasonable and bona fide belief.</p>
<p><b>Confidentiality</b></p>	<p>Except as otherwise required by law, C&amp;WI shall ensure that its affiliates, employees, directors, officers, contractors, agents, consultants and advisors shall not use, reproduce or divulge to any third party any information relating to the reports for any purpose other than to perform the work governed under this Agreement, and shall protect such confidential information from unauthorized disclosure or use by using the same degree of care, but no less than a reasonable degree of care, as C&amp;WI uses to protect its own confidential information of like importance. Notwithstanding anything contained herein, C&amp;WI shall abide and comply with the Non-disclosure Agreement dated 2nd January 2024.</p> <p>The Client undertakes to keep strictly confidential the information or data, whether oral or in written form, forwarded by C&amp;WI to the Client which may comprise confidential information, including any negotiations, discussion, information or data relevant to the advice at all times save that the Client may, disclose such confidential information as it may deem fit including to its affiliates' directors, officers, members, partners, employees, agents and advisors (including without limitation, attorneys, accountants, consultants, financial advisors, book running lead managers, legal advisors and potential sources of capital/ unit holders of the REIT).</p>
<p><b>Prohibition of</b></p>	<p>C&amp;W agrees that the fact that the parties are discussing or considering the purpose, is Confidential Information [i.e. undisclosed price sensitive information (UPSI) as per the SEBI</p>

<p><b>Insider Trading</b></p>	<p>(Prohibition of Insider Trading) Regulations, 2011] and shall not be used by C&amp;W or its representatives to trade in any units of the Mindspace Business Park REIT, neither will it disclose or cause any disclosure of Confidential Information to any person who may in turn trade or cause a trade in the units of Mindspace Business Park REIT. C&amp;WI and its Representatives hereby understand and acknowledge that any person in receipt of unpublished price sensitive information including Confidential Information, pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of SEBI (Prohibition of Insider Trading) Regulations, 2015 and that they shall comply with the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the policy on unpublished price sensitive information and dealing in units of Mindspace Business Park REIT and shall also maintain confidentiality of such unpublished price sensitive information. A copy of the policy on unpublished price sensitive information and dealing in units of Mindspace Business Park REIT is available on its website i.e. <a href="https://www.mindspacereit.com">https://www.mindspacereit.com</a></p>
<p><b>Law/Jurisdiction</b></p>	<p>This engagement shall be subject to Indian laws. The parties to this letter submit to the exclusive jurisdiction of the Courts in Mumbai for settling any dispute arising out of the engagement</p> <p>C&amp;WI and its affiliates, employees, directors, officers, contractors, agents, consultants shall comply with the SEBI (REIT) Regulations applicable to C&amp;WI at all times and shall forthwith inform the Client in case of any breach or incidence of non-compliance.</p>
<p><b>Limitation of Liability:</b></p>	<p>C&amp;WI endeavors to provide services to the best of its ability and professional standards and in bonafide good faith. Subject to the terms and conditions in this Agreement, C&amp;WI's total aggregate liability to the Client arising in connection with the performance or contemplated performance of the services herein, regardless of cause and/or theory of recovery, shall not exceed the professional indemnity insurance limited to Indian Rupees INR 5 million Only.</p> <p>In the event that C&amp;WI is subject to any claims in connection with, arising out of or attributable to in any legal proceedings. In all such cases, the Client agrees to reimburse/refund to C&amp;WI, the reasonable cost (which shall include legal fees and external counsel's fee) incurred by C&amp;WI while becoming a necessary party/respondent. C&amp;WI shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.</p>
<p><b>Third Party</b></p>	<p>The Report issued shall be used by the Client in relation to the purpose stated previously. In the event the Client (i) uses the Report not in accordance with the terms of this</p>



<p><b>Claim Indemnity (in accordance with this Agreement):</b></p>	<p>Agreement/ as per purpose permitted under this Agreement or (ii) permits reliance thereon by, any person or entity as not authorized by C&amp;WI in writing to use or rely thereon, the Client hereby agrees to indemnify and hold C&amp;WI, its affiliates and their respective shareholders, directors, officers and employees (collectively the "Representatives"), harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim, arising from or in any way connected to the use of, or reliance upon, the Report. Notwithstanding anything contained herein, the Client shall not be liable under this clause if such damages, expenses, claims and costs incurred as a result of C&amp;WI's or any of its affiliates' or any of their respective Representatives' gross negligence, fraud, wilful misconduct, or breach of their confidentiality obligations under this Agreement.</p> <p>C&amp;W disclaims any and all liability to any party other than the Client.</p>
<p><b>Disclaimer:</b></p>	<p>C&amp;WI will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc.</p>
<p><b>Disclosure and Publication:</b></p>	<p>You must not disclose the contents of this report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. As per the terms and regulation 2(1) of the Securities Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars. However, the report can be included, as a whole, a summary thereof or any extracts of the report, in any documents prepared in relation to purchase of the Subject Property by MREIT Group (MREIT and its Asset SPVs) and for any documents to be filed with Stock Exchange Board of India or other regulators, other documents pertaining to fund raising, investment materials, research reports, press releases, notice, or communication to unitholders or lenders or sellers without any prior consent.</p>
<p><b>Anti – Bribery &amp; Anti-corruption &amp; UPSI</b></p>	<p>Both Parties will abide by and comply with the Anti-Corruption laws as laws as defined under the Anti- Corruption policy of the Client (see <a href="#">website</a> "https://www.mindspaceindia.com/wp-content/uploads/2019/04/Anti-Corruption-Policy.pdf" for the complete Anti-Corruption Policy), as a binding obligation under this EL. For the purpose compliance with the Anti-Corruption laws by C&amp;W in its' business, all references to the "KRC Group" and "Company" in the Anti-Corruption Policy shall be deemed to be references, and the Anti-Corruption laws will be read accordingly. C&amp;W's</p>



final invoice shall be accompanied with the following certification, duly signed by C&W: "We, K Raheja Corp Investment Managers Private Limited (acting as Investment Manager to Mindspace Business Parks REIT), hereby confirm that as per the terms of the EL dated 3rd September 2024, we have completely implemented and adhered to the Anti-Corruption laws (Clause "10" thereto) in respect of our business.

C&W agrees that the fact that the parties are discussing or considering the purpose, is Confidential Information [i.e. undisclosed price sensitive information (UPS!) as per the SEBI (Prohibition of Insider Trading) Regulations, 2011] and shall not be used by C&W or its representatives to trade in any units of the Mindspace Business Parks REIT, neither will it disclose or cause any disclosure of Confidential Information to any person who may in turn trade or cause a trade in the units of Minds pace Business Parks REIT C&W agrees that the fact that the parties are discussing or considering or have ceased discussing or considering the purpose, is Confidential Information of Disclosing Parties [i.e. undisclosed price sensitive information (UPS!) as per the SEBI (Prohibition of Insider Trading) Regulations, 2011) and shall not be used by C&W or its representatives to trade in any units of the Mindspace Business Parks REIT, neither will it disclose or cause any disclosure of Confidential Information to any person who may in turn trade or cause a trade in the units of Mindspace Business Parks REIT. C&W hereby understands and acknowledges that any person in receipt of unpublished price sensitive information including Confidential Information, pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of SEBI (PIT) Regulations, 2015 and that C&W shall maintain confidentiality of such unpublished price sensitive information in compliance with aforesaid regulations and policy on unpublished price sensitive information and dealing in units of Mindspace Business Parks REIT. A copy of the policy on unpublished price sensitive information and dealing in units of Mindspace Business Parks REIT is available on its website i.e. <https://www.mindspacereit.com>.

**No Conflict of Interest**

The obligations of the C&WI under this engagement shall not prevent and nothing contained herein shall be construed in a manner so as to prevent the C&WI from, acting in any capacity other than as Independent Property Consultant that is separate and distinct from services provided in any other capacity by C&WI to Mindspace Business Parks REIT (whether in respect if similar assets or not), or carrying on any other business or providing any services to third parties and retaining for its own use and benefit all remuneration, profits and advantages which it may derive from the provision of such services. Provided that the C&WI shall take measures to ensure that adequate controls are in place for segregation of its activities as the Independent Property Consultant and its other activities and services provided. Each such engagement undertaken by C&WI shall be in the best interest of the Unitholders of Mindspace Business Parks REIT and in accordance with the



REIT Regulations. Notwithstanding anything contained herein, C&WI or any its affiliates, employees, directors, officers, contractors, agents, consultants shall not invest in the units of Mindspace Business Parks REIT.

## B. Review Findings

Our exercise has been to review the Stated Procedure, which has been used, for conducting valuation of properties in connection with the disclosure of valuation of assets, forming part of the portfolio of Mindspace Business Parks REIT, in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange, in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.

The approach adopted by C&WI would be to review the Stated Procedure, which would have a significant impact on the value of Properties, such as:

- Achievable Rental for the property
- Rental Growth Rate
- Capitalisation Rate
- Discount Rate

C&WI has:

- Independently reviewed the key assumptions as set out in the Stated Procedure and is of the opinion that they are reasonable.
- Independently reviewed the approach and methodology followed and analysis as set out in the Stated Procedure, to determine that it is in line with the guidelines followed by RICS and hence is appropriate.

C&WI finds the assumptions, departures, disclosures, limiting conditions as set out in the Stated Procedure, relevant and broadly on lines similar to RICS guidelines. No other extraordinary assumptions are required for this review.

We observe that the assumptions noted in Annexure 2, reflect these factors.

Below is the summary of the property as per 30 September 2024 rent roll, that has been reviewed:

Sr No	Location	Entity	Project	Leasable Area (In sq. ft.)
1	Hyderabad	Orchid Propcon LLP	Office part of 1 <sup>st</sup> floor & 2 <sup>nd</sup> floor of Building 2A , Mindspace, Hyderabad.	73,599
2		Tulip Propcon LLP	Office 8 <sup>th</sup> floor,9 <sup>th</sup> floor & 10 <sup>th</sup> floor of Building 2A, Mindspace, Hyderabad.	125,640
3		Crest Enterprises	Office part of 1 <sup>st</sup> floor & 8 <sup>th</sup> floor of Building 10, Mindspace, Hyderabad.	62,702
<b>Total</b>				<b>261,941</b>

Below is the Property analysis:

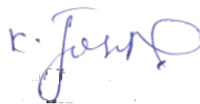
**Office floors part of Building 2A and Building 10, Mindspace, Hyderabad:** C&WI view of the market rent for the asset would be in the range of INR 75 - 80 per sq ft per month. This is keeping in mind the latest transactions within the competing office parks in the vicinity. The other assumptions relating to common area maintenance margin, rent free period, Stabilised vacancy, other income, property management fees, etc. are in line with market norms and/or past performance of the Subject Property. C&WI considers the discount rate appropriate and cap rate in line with the market.

Considering the above-mentioned points, C&WI considers the market assumptions and the approach to valuation for the Subject Property to be reasonable and in line with international standards (RICS).

**Signed for and on Behalf of Cushman & Wakefield India Pvt. Ltd**



Shailaja Balachandran, MRICS  
Executive Director,  
Valuation and Advisory Services



Joseph Ajith  
Senior Associate Director,  
Valuation and Advisory Services



Navya Vatti  
Associate,  
Valuation and Advisory Services

## Annexure 1: Instructions (Caveats & Limitations)

- 1.** The Independent Property Consultant Report is not based on comprehensive market research of the overall market for all possible situations. Cushman & Wakefield India (hereafter referred to as “C&WI”) has covered specific markets and situations, which are highlighted in the Report. The scope comprises of reviewing the assumptions and methodology in the Stated Procedure, for valuation of the Properties. C&WI did not carry out comprehensive field research-based analysis of the market and the industry given the limited nature of the scope of the assignment. In this connection, C&WI has relied on the information supplied to C&WI by the Client.
- 2.** In conducting this assignment, C&WI will carry out analysis and assessments of the level of interest envisaged for the property(ies) under consideration and the demand-supply for the commercial / retail / residential sector(s) as applicable in general. C&WI will also obtain other available information and documents that are additionally considered relevant for carrying out the exercise. The opinions expressed in the Report will be subject to the limitations expressed below.
  - a.** C&WI has endeavoured to develop forecasts on demand, supply and pricing on assumptions that would be considered relevant and reasonable at that point of time. All of these forecasts are in the nature of likely or possible events/occurrences, and the Report will not constitute a recommendation to the Client or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and basis on which forecasts have been generated and is not recommended as an input to a financial decision.
  - b.** It should be noted that C&WI's value assessments will be based upon the facts and evidence available at the date of assessment. It is therefore recommended that the value assessments be periodically reviewed.
  - c.** Changes in socio-economic and political conditions could result in a substantially different situation than those presented at the stated effective date. C&WI assumes no responsibility for changes in such external conditions.
  - d.** In the absence of a detailed field survey of the market and industry (as and where applicable), C&WI has relied upon secondary sources of information, that it reasonably believes to be accurate and reliable and shall obtain third party consents, if required in relation to use of such information by C&WI in the Report, for a macro-level analysis. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis.
  - e.** The services provided will be limited to assessment and will not constitute an audit, a due diligence, tax related services or an independent validation of the projections. Accordingly, C&WI will not express any opinion on the financial information of the business of any party, including Client and its affiliates and subsidiaries. The Report will be prepared solely for the purpose stated and should not be used for any other purpose.

- f.** While the information included in the Report will be believed to be accurate and reliable, no representations or warranties, expressed or implied, as to the accuracy or completeness of such information is being made. C&WI will not undertake any obligation to update, correct or supplement any information contained in the Report.
- g.** In the preparation of the Report, C&WI has relied on the following information:

  - i.** Information provided to us by the Client and its affiliates and subsidiaries and third parties;
  - ii.** Recent data on the industry segments and market projections;
  - iii.** Other relevant information provided to us by the Client and its affiliates and subsidiaries at C&WI's request;
  - iv.** Other relevant information available to C&WI; and
  - v.** Other publicly available information and reports.
- 3.** The Report reflects matters as they currently exist. Changes may materially affect the information contained in the Report.
- 4.** In the course of the analysis, C&WI has relied on information or opinions, both written and verbal, as currently obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which would be accepted as accurate in bona-fide belief. No responsibility is assumed for technical information furnished by the third-party organizations, and this is bona-fidely believed to be reliable.
- 5.** No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid. No consideration has been given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.



## Annexure 2: Valuation Approach, Methodology & Key Assumptions

### **Valuation Approach and Methodology**

#### **1. Purpose Of Valuation**

The purpose of this valuation exercise is to estimate the value of the Subject Property as part of the Proposed Acquisition by MREIT Group (MREIT and its Asset SPVs) (Subject to due diligence, customary approval including board approvals and commercial negotiations) for reporting purposes under the SEBI (Real Estate Investment Trust) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder and also disclosure requirement of fair valuation of investment properties as per SEBI.

#### **2. Valuation Guideline and Definition**

Given the purpose of valuation as mentioned above, the valuation exercise has been carried out to estimate the "Market Value" of the Subject Properties in accordance with the IVSC International Valuation Standards issued in 2021 and effective from 31 January 2022.

As per IVSC International Valuation Standards, "Market Value" is defined as *'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

#### **3. Valuation Approach**

The basis of valuation for the Subject Property being Market Value, the same has been derived by the following approach:

##### **Discounted Cash Flow Method using Rental Reversion**

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the Subject Property.

*For the purpose of the valuation of Subject Property, Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted.*

#### **4. Valuation Methodology**

In order to compute the Market Value of the Subject Property the following understanding /assessment is required:

- a. Micro Market Assessment where the Subject Property is located.
- b. Portfolio Assessment (existing and future supply, demand from occupiers, average office space take up by an occupier in a particular sector, existing vacancy and the rentals)
- c. Situation of the Subject Property (current achievable rentals, vacancy numbers, competing supply in the micro market etc.) with respect to the micro market.

The details are elaborated below:

##### **Portfolio & Rental Assessment:**

- The area details, ownership interests of the Subject Property have been provided by the Client.
- Physical site inspections were conducted to assess the current status of the Subject Property.
- The rent rolls along with corresponding leases terms (on a reasonable sample basis) were reviewed to identify tenancy characteristics for the Subject Property.
- The current effective rent is weighted average rentals for leased office/ retail plus other income.

##### **Preparation of Future Cash Flows:**

- Computing the monthly rental income projected and translating the same to a quarterly cash flow.
- The operational expenses of the respective properties are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable nature expenses and accordingly estimate the margins on the common area maintenance income, which accrues as cash inflows to the Subject Property and normalised for the purpose of cash flow projections.
- The projected future cash flows from the Subject Property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the Subject Property.
- The cash flows for the operational, under construction and proposed development area have been projected separately for the purpose of estimating and reporting valuation in accordance with the SEBI (REIT) Regulations
- For vacant area, under-construction area and proposed development area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/proposed development area.
- Recurring operational expenses, fit-out income (wherever applicable, however, the same has not been included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provision have been adopted in-line with prevalent market practices and conditions.
- In addition, appropriate rent-free periods have been adopted during lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage.

- These cash flows have been projected for 10-year duration from the date of valuation wherein 11th year Net operating income (NOI) is capitalized for the assessment of terminal value. These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate to arrive at the Market Value of the Subject Property.

**Key Assumptions**

**Entity - Orchid Propcon**

**Office part of 1<sup>st</sup> floor and 2<sup>nd</sup> floor of Building 2A, Mindspace, Hyderabad.**

Particulars	Units of measure	Details
<b>Property details</b>		
Type of property		Completed
Leasable area	sq. ft.	73,599
Area leased	sq. ft.	0.0
Occupancy	%	0.0%
Vacancy	%	100.0%
Vacant area	sq. ft.	73,599
<b>Key Assumptions</b>		
Achievable Rental per month	INR per sq. ft.	77
Rental Growth Rate per annum	%	5.0%
Normal Market lease tenure	years	9.0
Capitalization Rate	%	8.0%
Discount Rate	%	11.75%

**Entity - Tulip Propcon**

**Office 8th floor,9th floor & 10th floor of Building 2A, Mindspace, Hyderabad.**

Particulars	Units of measure	Details
<b>Property details</b>		
Type of property		Completed
Leasable area	sq. ft.	125,640
Area leased	sq. ft.	125,640
Occupancy	%	100.0%
Vacancy	%	0.0%
Vacant area	sq. ft.	0.0
<b>Key Assumptions</b>		
Achievable Rental per month	INR per sq. ft.	77
Rental Growth Rate per annum	%	5.0%
Normal Market lease tenure	years	9.0
Capitalization Rate	%	8.0%
Discount Rate	%	11.75%

**Entity – Crest Enterprises**

**Office part of 1st floor & 8th floor of Building 10, Mindspace, Hyderabad.**

Particulars	Units of measure	Details
<b>Property details</b>		
Type of property		Completed
Leasable area	sq. ft.	62,702
Area leased	sq. ft.	0.0
Occupancy	%	0.0%
Vacancy	%	100.0%
Vacant area	sq. ft.	62,702
<b>Key Assumptions</b>		
Achievable Rental per month	INR per sq. ft.	77
Rental Growth Rate per annum	%	5.0%
Normal Market lease tenure	years	9.0
Capitalization Rate	%	8.0%
Discount Rate	%	11.75%

### **About Cushman & Wakefield**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

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