

Success Story of a Registered Valuers

Name and asset class of the RV	Shubhendu Saha, MRICS Land and Building																																																								
Assignment	Valuation of Portfolio of M/s XXXX comprising Commercial office buildings, IT SEZs, Power Distribution business and Facility Management Business.																																																								
Purpose and Scope of The Work	<p>The purpose of valuation was Initial public Offering and subsequent disclosure of Net Asset Value on a semi-annual basis 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. The portfolio comprised the following properties:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #003366; color: white;"> <th style="padding: 5px;">Location</th> <th style="padding: 5px;">Project</th> <th style="padding: 5px;">Completed Area (In sq.ft.)</th> <th style="padding: 5px;">Under Construction Area (In sq.ft.)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Hyderabad</td> <td>Intime Mindspace, Madhapur, Hyderabad</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">Hyderabad</td> <td>KRIT Mindspace, Madhapur, Hyderabad (including vacant land)</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">XXXX</td> </tr> <tr> <td style="text-align: center;">Hyderabad</td> <td>Sundew Mindspace, Hyderabad</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">XXXX</td> </tr> <tr> <td style="text-align: center;">Hyderabad</td> <td>Mindspace Pocharam, Hyderabad (including vacant land)</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">XXXX</td> </tr> <tr> <td style="text-align: center;">Mumbai</td> <td>Mindspace Airoli East</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">XXXX</td> </tr> <tr> <td style="text-align: center;">Mumbai</td> <td>Mindspace Airoli West</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">XXXX</td> </tr> <tr> <td style="text-align: center;">Mumbai</td> <td>Paradigm Malad, Mumbai</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">Mumbai</td> <td>The Square, Bandra Kurla Complex</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">Pune</td> <td>Gera Commerzone, Kharadi, Pune</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">XXXX</td> </tr> <tr> <td style="text-align: center;">Pune</td> <td>Commerzone, Yerwada, Pune</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">Pune</td> <td>The Square, Nagar Road, Pune</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">XXXX</td> </tr> <tr> <td style="text-align: center;">Chennai</td> <td>Commerzone Porur, Chennai</td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">-</td> </tr> <tr style="background-color: #f2f2f2;"> <td style="text-align: center;">Total</td> <td></td> <td style="text-align: center;">XXXX</td> <td style="text-align: center;">XXXX</td> </tr> </tbody> </table> <p>The scope of services broadly included:</p> <ol style="list-style-type: none"> a) Physical inspection of each of the properties b) Conducting the relevant market research in the specific markets in order to arrive at the requisite assumptions for the value c) Providing valuation conclusion for the property through relevant method d) Review of one-time sanctions/approvals, clearances, material litigations, revenue pendencies, e) Preparation of the valuation report in accordance with the Schedule V of the SEBI REIT Regulations 	Location	Project	Completed Area (In sq.ft.)	Under Construction Area (In sq.ft.)	Hyderabad	Intime Mindspace, Madhapur, Hyderabad	XXXX	-	Hyderabad	KRIT Mindspace, Madhapur, Hyderabad (including vacant land)	XXXX	XXXX	Hyderabad	Sundew Mindspace, Hyderabad	XXXX	XXXX	Hyderabad	Mindspace Pocharam, Hyderabad (including vacant land)	XXXX	XXXX	Mumbai	Mindspace Airoli East	XXXX	XXXX	Mumbai	Mindspace Airoli West	XXXX	XXXX	Mumbai	Paradigm Malad, Mumbai	XXXX	-	Mumbai	The Square, Bandra Kurla Complex	XXXX	-	Pune	Gera Commerzone, Kharadi, Pune	XXXX	XXXX	Pune	Commerzone, Yerwada, Pune	XXXX	-	Pune	The Square, Nagar Road, Pune	XXXX	XXXX	Chennai	Commerzone Porur, Chennai	XXXX	-	Total		XXXX	XXXX
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Mandate	The Investment Manager of XXXX appointed the valuer on behalf of the XXXX																																																								
Basis of Valuation	Market Value as defined in the International Valuation Standards published by IVSC																																																								
Premise of Value	Existing use Value																																																								

Valuation Mandate Date	June 2019 (IPO) and September 2020 (Semi Annual reporting)
Physical Inspection Date	September 2019 (IPO) and March 2021 (Annual valuation)
Time Stipulation of The Assignment	30 days from the end of first half and second of each financial year
Team of Physical Inspectors and Others	The Valuer and support staff
Brief Description About Inspection	The inspections comprised visual inspection of completed/operational buildings comprising the property, visits to their key utility areas like LT electric room, pump room, HVAC installations, power back up, STP and under-construction building. The common areas within the operational buildings were visited on a sample basis as the areas under tenant occupation had access restriction. Additionally, the accessible portions of under construction buildings/projects were also visited to understand the physical progress.
Valuation Approach & Methodology	<ul style="list-style-type: none"> • Income Approach <p>The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).</p> <ul style="list-style-type: none"> ▪ Income Approach - Direct Capitalization Method <p>Direct capitalization involves capitalizing a ‘normalized’ single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.</p> ▪ Income Approach - Discounted Cash Flow Method <p>Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is mentioned below:</p> ▪ Income Approach - Discounted Cash Flow Method using Rental Reversion <p>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.</p> <p>For the purpose of the valuation of Income Approach - Discounted Cash Flow Method using Rental Reversion has been adopted Assumptions, Departures and Reservations</p>

<p>Key Challenges</p>	<ul style="list-style-type: none"> • Multiple site visits across four cities and study of multiple micro markets within restricted time period. Site visits involved visiting of the common area facilities, tenant premises and under construction buildings. Coordination between the developer, tenant was challenging as most of the buildings were multi tenanted. <p>However, with the clear site visit plan, able to complete the site visits within a specified time.</p> <ul style="list-style-type: none"> • The portfolio of properties valued include multi-tenanted commercial buildings, SEZ buildings, under construction buildings, hospitality developments and other ancillary use developments. Arriving at the valuation of multiple type of buildings in compliance with the regulatory guidelines was challenging. <p>With extensive data collection, market research and coordinating with other intermediaries (Like IPC's) able to arrive at the market value of each of the asset types with utmost efficiency.</p> <ul style="list-style-type: none"> • Coordination with client and intermediaries for the valuation review report. Effectively coordinated with client and intermediaries in aligning the report formats and other documentation processes. • Continuous deliberation with other fiduciaries like lawyers, architects and auditors to ensure thorough diligence of the properties from physical, commercial and legal perspective so that the valuation reports can clear the regulatory scrutiny properly.
<p>Outcome or Conclusion</p>	<p>Successfully submitted the valuation reports within a stipulated time, Valuation reports were used in initial listing of XXXX and subsequent financial reporting publications of XXX, which was listed on Indian stock exchanges in August 2020.</p>