

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

[Mark One]

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-23999

MANHATTAN ASSOCIATES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Georgia
(State or Other Jurisdiction of
Incorporation or Organization)

58-2373424
(I.R.S. Employer
Identification No.)

2300 Windy Ridge Parkway, Tenth Floor
Atlanta, Georgia
(Address of Principal Executive Offices)

30339
(Zip Code)

Registrant's Telephone Number, Including Area Code: (770) 955-7070

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	MANH	Nasdaq Global Select Market

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the Registrant's class of capital stock outstanding as of July 22, 2019, the latest practicable date, is as follows: 64,325,170 shares of common stock, \$0.01 par value per share.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	June 30, 2019 (unaudited)	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 119,401	\$ 99,126
Short-term investments	-	1,440
Accounts receivable, net of allowance of \$1,678 and \$2,589, respectively	100,291	100,108
Prepaid expenses and other current assets	19,865	14,708
Total current assets	<u>239,557</u>	<u>215,382</u>
Property and equipment, net	14,512	14,318
Operating lease right-of-use assets	39,701	-
Goodwill, net	62,239	62,240
Deferred income taxes	5,174	5,442
Other assets	11,000	9,768
Total assets	<u>\$ 372,183</u>	<u>\$ 307,150</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 17,272	\$ 18,181
Accrued compensation and benefits	34,130	29,485
Accrued and other liabilities	18,448	12,161
Deferred revenue	98,195	81,894
Income taxes payable	1,087	3,543
Total current liabilities	<u>169,132</u>	<u>145,264</u>
Operating lease liabilities, long-term	35,800	-
Other non-current liabilities	12,564	14,739
Shareholders' equity:		
Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding in 2019 and 2018	-	-
Common stock, \$0.01 par value; 200,000,000 shares authorized; 64,322,067 and 64,860,419 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	643	649
Retained earnings	170,668	163,359
Accumulated other comprehensive loss	(16,624)	(16,861)
Total shareholders' equity	<u>154,687</u>	<u>147,147</u>
Total liabilities and shareholders' equity	<u>\$ 372,183</u>	<u>\$ 307,150</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue:				
Cloud subscriptions	\$ 9,009	\$ 5,377	\$ 16,868	\$ 9,846
Software license	11,721	12,973	24,135	20,528
Maintenance	37,323	36,993	73,422	73,390
Services	93,951	82,267	182,582	161,024
Hardware	2,337	4,261	5,738	7,652
Total revenue	<u>154,341</u>	<u>141,871</u>	<u>302,745</u>	<u>272,440</u>
Costs and expenses:				
Cost of software license	623	2,096	1,215	3,404
Cost of cloud subscriptions, maintenance and services	70,955	56,985	137,533	113,471
Research and development	21,997	18,176	43,210	35,235
Sales and marketing	14,520	13,809	29,301	26,693
General and administrative	16,805	12,885	31,855	25,685
Depreciation and amortization	1,859	2,235	3,773	4,437
Total costs and expenses	<u>126,759</u>	<u>106,186</u>	<u>246,887</u>	<u>208,925</u>
Operating income	27,582	35,685	55,858	63,515
Other (loss) income, net	(71)	986	(442)	1,707
Income before income taxes	27,511	36,671	55,416	65,222
Income tax provision	6,586	9,003	13,519	14,902
Net income	<u>\$ 20,925</u>	<u>\$ 27,668</u>	<u>\$ 41,897</u>	<u>\$ 50,320</u>
Basic earnings per share	\$ 0.32	\$ 0.42	\$ 0.65	\$ 0.75
Diluted earnings per share	\$ 0.32	\$ 0.42	\$ 0.64	\$ 0.75
Weighted average number of shares:				
Basic	64,623	66,429	64,765	66,987
Diluted	65,093	66,535	65,148	67,132

See accompanying Notes to Condensed Consolidated Financial Statements.

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(in thousands)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net income	\$ 20,925	\$ 27,668	\$ 41,897	\$ 50,320
Foreign currency translation adjustment	(22)	(3,402)	237	(3,571)
Comprehensive income	<u>\$ 20,903</u>	<u>\$ 24,266</u>	<u>\$ 42,134</u>	<u>\$ 46,749</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Six Months Ended June 30,	
	2019 (unaudited)	2018 (unaudited)
Operating activities:		
Net income	\$ 41,897	\$ 50,320
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,773	4,437
Equity-based compensation	15,644	9,270
Gain on disposal of equipment	(121)	(37)
Deferred income taxes	272	803
Unrealized foreign currency loss (gain)	156	(1,359)
Changes in operating assets and liabilities:		
Accounts receivable, net	(312)	(7,913)
Other assets	(6,144)	(5,217)
Accounts payable, accrued and other liabilities	4,238	15,846
Income taxes	(3,145)	(14,300)
Deferred revenue	16,149	16,244
Net cash provided by operating activities	<u>72,407</u>	<u>68,094</u>
Investing activities:		
Purchase of property and equipment	(3,305)	(4,055)
Net maturities (purchases) of investments	1,439	(5,196)
Net cash used in investing activities	<u>(1,866)</u>	<u>(9,251)</u>
Financing activities:		
Purchase of common stock	(50,238)	(103,714)
Net cash used in financing activities	<u>(50,238)</u>	<u>(103,714)</u>
Foreign currency impact on cash	(28)	(1,617)
Net change in cash and cash equivalents	20,275	(46,488)
Cash and cash equivalents at beginning of period	99,126	125,522
Cash and cash equivalents at end of period	<u>\$ 119,401</u>	<u>\$ 79,034</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Shareholders' Equity
(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
	Shares	Amount				
For the Three Months Ended June 30, 2019						
Balance, March 31, 2019 (unaudited)	64,593,909	\$ 646	\$ -	\$ 161,356	\$ (16,602)	\$ 145,400
Repurchase of common stock	(303,292)	(3)	(8,462)	(11,613)	-	(20,078)
Restricted stock units issuance	31,450	-	-	-	-	-
Equity-based compensation	-	-	8,462	-	-	8,462
Foreign currency translation adjustment	-	-	-	-	(22)	(22)
Net income	-	-	-	20,925	-	20,925
Balance, June 30, 2019 (unaudited)	64,322,067	\$ 643	\$ -	\$ 170,668	\$ (16,624)	\$ 154,687
For the Six Months Ended June 30, 2019						
Balance, December 31, 2018 (audited)	64,860,419	\$ 649	\$ -	\$ 163,359	\$ (16,861)	\$ 147,147
Repurchase of common stock	(873,198)	(9)	(15,641)	(34,588)	-	(50,238)
Restricted stock units issuance	334,846	3	(3)	-	-	-
Equity-based compensation	-	-	15,644	-	-	15,644
Foreign currency translation adjustment	-	-	-	-	237	237
Net income	-	-	-	41,897	-	41,897
Balance, June 30, 2019 (unaudited)	64,322,067	\$ 643	\$ -	\$ 170,668	\$ (16,624)	\$ 154,687
For the Three Months Ended June 30, 2018						
Balance, March 31, 2018 (unaudited)	66,819,431	\$ 668	\$ -	\$ 159,288	\$ (12,008)	\$ 147,948
Repurchase of common stock	(1,083,203)	(11)	(4,926)	(42,962)	-	(47,899)
Restricted stock units issuance	23,507	1	(1)	-	-	-
Equity-based compensation	-	-	4,927	-	-	4,927
Foreign currency translation adjustment	-	-	-	-	(3,402)	(3,402)
Net income	-	-	-	27,668	-	27,668
Balance, June 30, 2018 (unaudited)	65,759,735	\$ 658	\$ -	\$ 143,994	\$ (15,410)	\$ 129,242
For the Six Months Ended June 30, 2018						
Balance, December 31, 2017 (audited)	67,776,138	\$ 678	\$ -	\$ 186,117	\$ (11,839)	\$ 174,956
Repurchase of common stock	(2,352,312)	(24)	(9,266)	(94,424)	-	(103,714)
Restricted stock units issuance	335,909	4	(4)	-	-	-
Equity-based compensation	-	-	9,270	-	-	9,270
Adjustment due to adoption of ASC 2014-09 Revenue from Contracts with Customers (Topic 606)	-	-	-	1,981	-	1,981
Foreign currency translation adjustment	-	-	-	-	(3,571)	(3,571)
Net income	-	-	-	50,320	-	50,320
Balance, June 30, 2018 (unaudited)	65,759,735	\$ 658	\$ -	\$ 143,994	\$ (15,410)	\$ 129,242

See accompanying Notes to Condensed Consolidated Financial Statements.

**Notes to Condensed Consolidated Financial Statements
(Unaudited)**

1. Basis of Presentation and Principles of Consolidation

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Manhattan Associates, Inc. and its subsidiaries (the “Company,” “we,” “us,” “our,” or “Manhattan”) have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information, with the instructions to Form 10-Q and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required for complete financial statements. In the opinion of management, these condensed consolidated financial statements contain all normal recurring adjustments considered necessary for a fair presentation of our financial position at June 30, 2019, the results of operations for the three and six months ended June 30, 2019 and 2018, and cash flows for the six months ended June 30, 2019 and 2018. The results for the three and six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the full year or any other interim period. These statements should be read in conjunction with our audited consolidated financial statements and management’s discussion and analysis included in our annual report on Form 10-K for the year ended December 31, 2018.

Principles of Consolidation

The accompanying condensed consolidated financial statements include our accounts and the accounts of our wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

New Accounting Pronouncements Adopted in Fiscal Year 2019

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, Leases, which establishes new Accounting Standard Codification (ASC) Topic 842 (ASC 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the new guidance, a lessee is required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with previous GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily depends on its classification as a finance or operating lease. However, unlike previous GAAP which required only capital leases to be recognized on the balance sheet, the new standard requires both types of leases to be recognized on the balance sheet. ASC 842 also requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements.

ASC 842 was previously required to be adopted using the modified retrospective approach. However, in July 2018, the FASB issued ASU 2018-11, which allowed for retrospective application with the recognition of a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Under this option, entities do not need to apply ASC 842 (along with its disclosure requirements) to the comparative prior periods presented.

We adopted ASC 842 in the first quarter of 2019. Accordingly, most of our operating leases (primarily for office space) are recognized as operating lease liabilities and right-of-use assets on our balance sheet. We elected to adopt certain of the optional practical expedients, including the package of practical expedients, which, among other things, gives us the option to not reassess: 1) whether expired or existing contracts are or contain leases; 2) the lease classification for expired or existing leases; and 3) initial direct costs for existing leases. We elected the optional transition method that allows for a cumulative-effect adjustment as of the adoption date coupled with the option to not restate prior periods. We also elected the practical expedient to not separate lease and non-lease components, which allows us to account for lease and non-lease components as a single lease component. We did not elect the hindsight practical expedient in our determination of the lease term for our existing leases.

Adoption of the new standard resulted in the recording of operating lease assets and operating lease liabilities of approximately \$28.5 million and \$31.0 million as of January 1, 2019, respectively. The adoption had no impact on retained earnings, the Consolidated Statements of Income, or the Consolidated Statements of Cash Flows.

2. Revenue Recognition

We recognize revenue when we transfer control of the promised products or services to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. We derive our revenue from software licenses, cloud subscriptions, customer support services and software enhancements (“maintenance”), implementation and training services, and sales of hardware. We exclude sales and usage-based taxes from revenue.

Nature of Products and Services

Our perpetual software licenses provide the customer with a right to use the software as it exists at the time of purchase. We recognize revenue for distinct software licenses once the license period has begun and we have made the software available to the customer.

Cloud subscriptions includes software as a service (“SaaS”) and arrangements which provide customers with the right to use our software within a cloud-based environment that we provide and manage where the customer does not have the right to take possession of the software without significant penalty. SaaS and hosting revenues are recognized ratably over the contract period. For contracts that include a perpetual license and hosting services, we generally consider the arrangement as an overall service, recognized over the initial hosting term. The software license fee typically due at the outset of the arrangement is not payable again if the customer renews the hosting services, so that the customer’s option to renew the hosting services is a material right, the revenue from which, if the option is exercised, we will recognize over the applicable renewal period.

Our perpetual software licenses are typically sold with maintenance under which we provide a comprehensive 24 hours per day, 365 days per year program that provides customers with software upgrades, when and if available, which include additional or improved functionality and technological advances incorporating emerging supply chain and industry initiatives. Revenue related to maintenance is generally paid in advance and recognized ratably over the term of the agreement, typically twelve months.

Our services revenue consists of fees generated from implementation and training services, including reimbursements of out-pocket expenses in connection with our services. Services include system planning, design, configuration, testing, and other software implementation support, and are typically optional and distinct from our software. Fees for our services are separately priced and are generally billed on an hourly basis, and revenue is recognized over time as the services are performed. In certain situations, we render professional services under agreements based upon a fixed fee for portions of or all of the engagement. Revenue related to fixed-fee-based services contracts is recognized over time based on the proportion performed.

As part of a complete solution, our customers periodically purchase hardware products developed and manufactured by third parties from us for use with the software licenses purchased from us. These products include computer hardware, radio frequency terminal networks, radio frequency identification (RFID) chip readers, bar code printers and scanners, and other peripherals. As we do not physically control the hardware that we sell, we are acting as an agent in the transaction and recognize our hardware revenue net of related cost. We recognize hardware revenue when control is transferred to the customer upon shipment.

Significant Judgements

Our contracts with customers typically contain promises to transfer multiple products and services to a customer. Judgement is required to determine whether each product and service is considered to be a distinct performance obligation that should be accounted for separately under the contract. We allocate the transaction price to the distinct performance obligations based on relative standalone selling price (“SSP”). We estimate SSP based on the prices charged to customers, or by using information such as market conditions and other observable inputs. However, the selling price of our software licenses is highly variable. Thus, we estimate SSP for software licenses using the residual approach, determined based on total transaction price less the SSP of other goods and services promised in the contract.

Contract Balances

Timing of invoicing to customers may differ from timing of revenue recognition. Payment terms for our software licenses vary. We have an established history of collecting under the terms of our software license contracts without providing refunds or concessions to our customers. Cloud subscriptions and maintenance are typically billed annually in advance. Services are typically billed monthly as performed. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined that our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with predictable ways to purchase our software and services, not to provide or receive financing. Additionally, we are applying the practical expedient to exclude from consideration any contracts with payment terms of one year or less as we rarely offer terms extending beyond one year.

Deferred revenue mainly represents amounts collected prior to having completed performance of maintenance, cloud subscriptions and professional services. \$23.9 million and \$60.5 million of revenue that was included in the deferred revenue balance

as of December 31, 2018 was recognized during the three and six months ended June 30, 2019, respectively. \$42.2 million of revenue that was included in the deferred revenue balance as of March 31, 2019 was recognized during the three months ended June 30, 2019.

No revenue was recognized during the three and six months ended June 30, 2019 from performance obligations that were satisfied in prior periods.

Remaining Performance Obligations

As of June 30, 2019, approximately \$120.4 million of revenue is expected to be recognized from remaining performance obligations for cloud subscriptions and maintenance contracts with a non-cancelable term greater than 1 year (including deferred revenue as well as amounts that will be invoiced and recognized as revenue in future periods). We expect to recognize revenue on approximately 53% of these remaining performance obligations over the next 24 months with the balance recognized thereafter. We have elected not to provide disclosures regarding remaining performance obligations for contracts with a term of 1 year or less.

Returns and Allowances

We have not experienced significant returns or warranty claims to date and, as a result, have not recorded a provision for the cost of returns and product warranty claims.

We record an allowance for doubtful accounts based on the historical experience of write-offs and a detailed assessment of accounts receivable. Additions to the allowance for doubtful accounts generally represent a sales allowance on services revenue, which are recorded to operations as a reduction to services revenue. The total amount charged to operations was \$0.9 million and \$2.6 million for the three months ended June 30, 2019 and 2018, respectively, and \$1.8 million and \$2.8 million for the six months ended June 30, 2019 and 2018, respectively. In estimating the allowance for doubtful accounts, we consider the age of the accounts receivable, our historical write-offs, and the creditworthiness of the customer, among other factors. Should any of these factors change, the estimates made by us will also change accordingly, which could affect the level of our future allowances. Uncollectible accounts are written off when it is determined that the specific balance is not collectible.

Deferred Commissions

We consider sales commissions to be incremental costs of obtaining a contract with a customer. We defer and recognize an asset for sales commissions related to performance obligations with an expected period of benefit of more than one year. We apply the practical expedient to expense sales commissions when the amortization period would have been one year or less. Deferred commissions were \$6.3 million as of June 30, 2019, of which \$4.5 million is included in other assets and \$1.8 million is included in prepaid expenses and other current assets. Sales commission expense is included in Sales and Marketing expense in the accompanying Consolidated Statements of Income. Amortization of sales commissions was \$0.4 million and \$0.2 million for the three months ended June 30, 2019 and 2018, respectively, and \$0.8 million and \$0.4 million for the six months ended June 30, 2019 and 2018, respectively. No impairment losses were recognized during the periods.

3. Fair Value Measurement

We measure our investments based on a fair value hierarchy disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type of asset or liability and its characteristics. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1—Quoted prices in active markets for identical instruments.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Investments with maturities of 90 days or less from the date of purchase are classified as cash equivalents; investments with maturities of greater than 90 days from the date of purchase but less than one year are generally classified as short-term investments; and investments with maturities of one year or greater from the date of purchase are generally classified as long-term investments. Unrealized holding gains and losses are reflected as a net amount in a separate component of shareholders' equity until realized. For the purposes of computing realized gains and losses, cost is determined on a specific identification basis.

At June 30, 2019, our cash and cash equivalents were \$102.0 million and \$17.4 million, respectively. We had no short-term investments at June 30, 2019, and, currently, have no long-term investments. Cash equivalents consist of highly liquid money market funds of \$9.8 million and certificates of deposit of \$7.6 million. Short-term investments in the prior period consisted of certificates of deposit. For money market funds, we use quoted prices from active markets that are classified at Level 1, the highest level of observable input in the disclosure hierarchy framework. We had no investments classified at Level 2 or Level 3 at June 30, 2019.

4. Leases

We lease our facilities and some of our equipment under noncancelable operating lease arrangements that expire at various dates through 2029. In 2019, we entered into four lease agreements for office space in Bangalore, India for a ten-year term. The total operating lease liabilities for these leases at June 30, 2019 was approximately \$14.4 million. In 2014, we amended our Atlanta headquarters lease to obtain additional space and extended the lease term to September 2025. As part of this amended lease agreement, we received reimbursement of \$1.3 million from the landlord in 2018 for leasehold improvements. For a few of our facility leases, we have certain options to extend the lease term for up to 10 years, at our sole discretion. We have no finance leases.

We present below the operating lease right-of-use assets and lease liabilities as of June 30, 2019 (in thousands):

	June 30, 2019
ASSETS	
Operating lease right-of-use assets	\$ 39,701
LIABILITIES	
Operating lease liabilities, current (included in accrued and other liabilities)	\$ 6,827
Operating lease liabilities, long-term	35,800
Total operating lease liabilities	<u>\$ 42,627</u>

Aggregate future minimum lease payments under noncancelable operating leases as of June 30, 2019 are as follows (in thousands):

Year Ending December 31,	
2019 (excluding the six months ended June 30, 2019)	\$ 3,585
2020	6,968
2021	6,709
2022	6,440
2023	6,614
Thereafter	20,277
Total minimum payments required	50,593
Less short-term leases	(197)
Less imputed interest	(7,769)
Total operating lease liabilities	<u>\$ 42,627</u>

The total lease cost for the three and six months ended June 30, 2019 was \$2.2 million and \$4.2 million, respectively. Total lease cost for the three months ended June 30, 2019 consisted of \$2.1 million of operating lease costs, and \$0.1 million of short-term lease costs. For the six months ended June 30, 2019, total lease cost consisted of \$4.0 million of operating lease cost, and \$0.2 million of short-term lease costs. Our variable lease costs for the three and six months ended June 30, 2019 were immaterial. Total lease costs for the three and six months ended June 30, 2018 was \$1.7 million and \$3.5 million, respectively.

Other information related to operating leases are as follows:

Weighted average remaining lease term	7.3 years
Weighted average discount rate	4%
Supplemental cash flow information - operating cash flows (in thousands):	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows for operating leases	\$ 3,286

5. Equity-Based Compensation

We granted 26,512 and 41,481 restricted stock units (“RSUs”) during the three months ended June 30, 2019 and 2018, respectively, and granted 938,731 and 509,007 RSUs during the six months ended June 30, 2019 and 2018, respectively. Equity-based compensation expense related to RSUs was \$8.5 million and \$5.0 million during the three months ended June 30, 2019 and 2018, respectively, and \$15.6 million and \$9.3 million during the six months ended June 30, 2019 and 2018, respectively.

We present below a summary of changes during the six months ended June 30, 2019 in our unvested units of restricted stock:

	Number of shares/units
Outstanding at December 31, 2018	997,173
Granted	938,731
Vested	(372,832)
Forfeited	(21,406)
Outstanding at June 30, 2019	1,541,666

6. Income Taxes

Our effective tax rate was 23.9% and 24.6% for the three months ended June 30, 2019 and 2018, respectively, and 24.4% and 22.8% for the six months ended June 30, 2019 and 2018, respectively. The decrease in the effective tax rate for the three months ended June 30, 2019 is the result of an increase in deductible tax expense of \$0.2 million in excess tax benefits on restricted stock vestings. The increase in the effective tax rate for the six months ended June 30, 2019 is the result of a decrease in deductible tax expense of \$0.7 million in excess tax benefits on restricted stock vestings and \$0.3 million related to a provisional one-time estimate for the impact of 2017 U.S. Tax Reform recorded in 2018.

We apply the provisions for income taxes related to, among other things, accounting for uncertain tax positions and disclosure requirements in accordance with ASC 740, Income Taxes. For the three months ended June 30, 2019, there were no material changes to our uncertain tax positions. There has been no change to our policy that recognizes potential interest and penalties related to uncertain tax positions within our global operations in income tax expense.

We conduct business globally and, as a result, file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, Manhattan is subject to examination by taxing authorities throughout the world. We are no longer subject to the U.S. federal, substantially all state and local income tax examinations and substantially all non-U.S. income tax examinations for years before 2012.

7. Basic and Diluted Net Income Per Share

Basic net income per share is computed using net income divided by the weighted average number of shares of common stock outstanding (“Weighted Shares”) for the period presented.

Diluted net income per share is computed using net income divided by Weighted Shares and the treasury stock method effect of common equivalent shares (“CESS”) outstanding for each period presented.

In the following table, we present a reconciliation of earnings per share and the shares used in the computation of earnings per share for the three and six months ended June 30, 2019 and 2018 (in thousands, except per share data):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	2019	2018	2019	2018
	(in thousands, except per share data)		(in thousands, except per share data)	
Net income	\$ 20,925	\$ 27,668	\$ 41,897	\$ 50,320
Earnings per share:				
Basic	\$ 0.32	\$ 0.42	\$ 0.65	\$ 0.75
Effect of CEs	-	-	(0.01)	-
Diluted	\$ 0.32	\$ 0.42	\$ 0.64	\$ 0.75
Weighted average number of shares:				
Basic	64,623	66,429	64,765	66,987
Effect of CEs	470	106	383	145
Diluted	65,093	66,535	65,148	67,132

The number of anti-dilutive CEs during the three and six months ended June 30, 2019 and 2018 was immaterial.

8. Contingencies

From time to time, we may be involved in litigation relating to claims arising out of the ordinary course of business, and occasionally legal proceedings not in the ordinary course. Many of our installations involve products that are critical to the operations of our clients' businesses. Any failure in a company's product could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Although we attempt to limit contractually our liability for damages arising from product failures or negligent acts or omissions, there can be no assurance that the limitations of liability set forth in our contracts will be enforceable in all instances. We are not currently a party to any legal proceedings in the ordinary course of business or other legal proceedings the result of which we believe is likely to have a material adverse impact on our business, financial position, results of operations, or cash flows. We expense legal costs associated with loss contingencies as such legal costs are incurred.

9. Operating Segments

We manage our business by geographic region and have three geographic reportable segments: North and Latin America (the "Americas"); Europe, the Middle East and Africa (EMEA); and Asia Pacific (APAC). All segments derive revenue from the sale and implementation of our supply chain commerce solutions. The individual products sold by the segments are similar in nature and are all designed to help companies manage the effectiveness and efficiency of their supply chain commerce. We use the same accounting policies for each reportable segment. The chief executive officer and chief financial officer evaluate performance based on revenue and operating results for each reportable segment.

The Americas segment charges royalty fees to the other segments based on software licenses and cloud subscriptions sold by those reportable segments. The royalties, which totaled approximately \$1.1 million and \$0.6 million for the three months ended June 30, 2019 and 2018, respectively, and \$2.8 million and \$1.6 million for the six months ended June 30, 2019 and 2018, respectively, are included in costs of revenue for each segment with a corresponding reduction in the Americas segment's cost of revenue. The revenues represented below are from external customers only. The geography-based costs consist of costs for professional services personnel, direct sales and marketing expenses, infrastructure costs to support the employee and customer base, billing and financial systems, management and general and administrative support. Certain corporate expenses included in the Americas segment are not charged to the other segments. Such expenses include research and development, certain marketing and general and administrative costs that support the global organization, and the amortization of acquired developed technology. Costs in the Americas segment include all research and development costs, including the costs associated with our operations in India.

In accordance with the segment reporting topic of the FASB Accounting Standards Codification, we present below certain financial information by reportable segment for the three and six months ended June 30, 2019 and 2018 (in thousands):

	Three Months Ended June 30,							
	2019				2018			
	Americas	EMEA	APAC	Consolidated	Americas	EMEA	APAC	Consolidated
Revenue:								
Cloud subscriptions	\$ 7,684	\$ 1,124	\$ 201	\$ 9,009	\$ 4,870	\$ 402	\$ 105	\$ 5,377
Software license	8,152	2,877	692	11,721	8,652	2,814	1,507	12,973
Maintenance	29,304	5,633	2,386	37,323	29,137	5,614	2,242	36,993
Services	74,301	15,409	4,241	93,951	66,191	12,526	3,550	82,267
Hardware	2,337	-	-	2,337	4,095	-	166	4,261
Total revenue	121,778	25,043	7,520	154,341	112,945	21,356	7,570	141,871
Costs and Expenses:								
Cost of revenue	55,512	12,543	3,523	71,578	44,416	11,161	3,504	59,081
Operating expenses	47,835	4,253	1,234	53,322	39,980	3,742	1,148	44,870
Depreciation and amortization	1,605	190	64	1,859	1,960	201	74	2,235
Total costs and expenses	104,952	16,986	4,821	126,759	86,356	15,104	4,726	106,186
Operating income	\$ 16,826	\$ 8,057	\$ 2,699	\$ 27,582	\$ 26,589	\$ 6,252	\$ 2,844	\$ 35,685

	Six Months Ended June 30,							
	2019				2018			
	Americas	EMEA	APAC	Consolidated	Americas	EMEA	APAC	Consolidated
Revenue:								
Cloud subscriptions	\$ 14,604	\$ 1,868	\$ 396	\$ 16,868	\$ 8,973	\$ 768	\$ 105	\$ 9,846
Software license	14,280	8,922	933	24,135	12,143	4,614	3,771	20,528
Maintenance	58,405	10,524	4,493	73,422	58,579	10,630	4,181	73,390
Services	143,624	30,017	8,941	182,582	130,379	24,508	6,137	161,024
Hardware	5,738	-	-	5,738	7,486	-	166	7,652
Total revenue	236,651	51,331	14,763	302,745	217,560	40,520	14,360	272,440
Costs and Expenses:								
Cost of revenue	106,267	25,415	7,066	138,748	88,563	21,174	7,138	116,875
Operating expenses	92,235	9,752	2,379	104,366	78,173	7,231	2,209	87,613
Depreciation and amortization	3,272	373	128	3,773	3,917	388	132	4,437
Total costs and expenses	201,774	35,540	9,573	246,887	170,653	28,793	9,479	208,925
Operating income	\$ 34,877	\$ 15,791	\$ 5,190	\$ 55,858	\$ 46,907	\$ 11,727	\$ 4,881	\$ 63,515

The majority of our software license revenue (80%) relates to our warehouse management product group. Cloud subscriptions revenue primarily relates to our Manhattan Active omnichannel and transportation management solutions.

Total assets of our reportable segments increased during the three and six months ended June 30, 2019 primarily as a result of the adoption of ASC 842. At June 30, 2019, total assets for the Americas, EMEA and APAC segments were \$300.7 million, \$55.2 million and \$16.3 million, respectively.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the condensed consolidated financial statements for the three and six months ended June 30, 2019 and 2018, including the notes to those statements, included elsewhere in this quarterly report. We also recommend the following discussion be read in conjunction with management’s discussion and analysis and consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2018. Statements in the following discussion that are not statements of historical fact are “forward-looking statements.” Actual results may differ materially from the results predicted in such forward-looking statements, for a variety of factors. See “Forward-Looking Statements” below.

References in this filing to the “Company,” “Manhattan,” “Manhattan Associates,” “we,” “our,” and “us” refer to Manhattan Associates, Inc., our predecessors, and our wholly-owned and consolidated subsidiaries.

Business Overview

We develop, sell, deploy, service and maintain software solutions designed to manage supply chains, inventory and omnichannel operations for retailers, wholesalers, manufacturers, logistics providers and other organizations. Our customers include many of the world’s most premier and profitable brands.

Our business model is singularly focused on the development and implementation of complex commerce enablement software solutions that are designed to optimize supply chains, and retail store operations including point of sale effectiveness and efficiency for our customers.

We have five principal sources of revenue:

- cloud subscriptions, including software as a service (“SaaS”) and hosting of software;
- licenses of our software;
- customer support services and software enhancements (collectively, “maintenance”);
- professional services, including solutions planning and implementation, related consulting, customer training, and reimbursements from customers for out-of-pocket expenses (collectively, “services”); and
- hardware sales.

In the three and six months ended June 30, 2019, we generated \$154.3 million and \$302.7 million in total revenue. The revenue mix for the three months ended June 30, 2019 was: cloud subscriptions 6%; software license 8%; maintenance 24%; services 61%; and hardware 1%. The revenue mix for the six months ended June 30, 2019 was: cloud subscriptions 6%; software license 8%; maintenance 24%; services 60%; and hardware 2%.

We have three geographic reportable segments: North and Latin America (the “Americas”), Europe, the Middle East and Africa (EMEA), and Asia-Pacific (APAC). Geographic revenue is based on the location of the sale. Our international revenue was approximately \$48.2 million and \$95.6 million for the three and six months ended June 30, 2019, respectively, which represents approximately 31% and 32% of our total revenue for the three and six months ended June 30, 2019, respectively. International revenue includes all revenue derived from sales to customers outside the United States. At June 30, 2019, we employed approximately 3,200 employees worldwide. We have offices in Australia, Chile, China, France, Germany, India, Japan, the Netherlands, Singapore, Spain, the United Kingdom, and the United States, as well as representatives in Mexico and reseller partnerships in Latin America, Eastern Europe, the Middle East, South Africa, and Asia.

Future Expectations

Our transition to a cloud subscription model, shifting industry dynamics, economic uncertainty in retail, and our adoption of the new revenue recognition standard (ASC Topic 606) on January 1, 2018, impacted our revenue and earnings growth in 2017, 2018, and the first half of 2019. We expect that, going forward, our transition to a cloud subscription model, including enterprise investments in innovation, sales and marketing, IT, facilities and people, as well as retail global macroeconomic conditions as a whole, could impact revenue and earnings growth. The pace at which the market for our products transitions from perpetual, on-premises installation to cloud subscriptions, which result in revenue recognition spread out over the subscription period rather than up front, and the lead times for developing new business, which can be long for our products, can cause uncertainty for our future expectations, particularly with respect to our ability to accurately forecast bookings and revenues from quarter to quarter and over the longer term.

For 2019, our five strategic goals continue to be:

- Focus on customer success and drive sustainable long-term growth;
- Aggressively invest in innovation to expand our products and total addressable market;
- Develop and grow our cloud operations and cloud subscription revenue;
- Expand our Manhattan Active Omni/Point-of-Sale/Customer Engagement Business; and
- Expand our global sales and marketing teams.

Cloud Subscription

Historically, our software licenses were sold as perpetual licenses, under which customers own the software license and revenue is recognized at the time of sale. In 2017, we released Manhattan Active™ Solutions, accelerating our business transition to cloud subscriptions. Under a cloud subscription, customers pay a periodic fee for the right to use our software within a cloud-based environment that we provide and manage over a specified period of time. As part of our subscription program, we allow our existing customers to convert their maintenance contracts to cloud subscription contracts. While it is early in our transition, a few customers converted their maintenance contracts to subscriptions in 2017, 2018 and in the first six months of 2019, and we expect there will be continued opportunities to convert existing maintenance contracts to cloud subscription contracts in the remaining months of 2019 and beyond.

With the launch of Manhattan Active™ Solutions, the transition to a cloud subscription model has had, and will continue to have, an adverse impact on revenue, earnings and cash flow relative to periods in which we primarily sell perpetual licenses. This effect will continue until a stable, recurring mix of perpetual license to cloud subscription revenue develops.

Global Economic Trends and Industry Factors

Global macro-economic trends, technology spending, and supply chain management market growth are important barometers for our business. In the three and six months ended June 30, 2019, approximately 69% and 68% of our total revenue was generated in the United States, 16% and 17% in EMEA, respectively, and the remaining balance in APAC, Canada, and Latin America. In addition, Gartner Inc. (“Gartner”), an information technology research and advisory company, estimates that nearly 80% of every supply chain software solutions dollar invested is spent in North America and Western Europe; consequently, the health of the U.S. and the Western European economies have a meaningful impact on our financial results.

We sell technology-based solutions with total pricing, including software and services, in many cases exceeding \$1.0 million. Our software is often a part of our customers’ and prospects’ much larger capital commitment associated with facilities expansion and business improvement. We believe that, given the lingering uncertainty in the global macro environment primarily in the retail industry and our business transition to Cloud, the current sales cycles for large license sales and cloud subscriptions of \$1.0 million or greater in our target markets have been extended. The current business climate within the United States and geographic regions in which we operate continue to affect customers’ and prospects’ decisions regarding timing of strategic capital expenditures. Delays with respect to such decisions can have a material adverse impact on our business and may further intensify competition in our already highly competitive markets.

While we are encouraged by our results, we, along with many of our customers, still remain cautious regarding the pace of global economic growth. We believe global geopolitical and economic volatility likely will continue to shape customers’ and prospects’ enterprise software buying decisions, making it challenging to forecast sales cycles for our products and the timing of large enterprise software license and cloud subscription sales.

Revenue

Software License and Cloud Subscriptions revenue. Software license and cloud subscriptions revenue, leading indicators of our business performance, are primarily derived from software license, and cloud subscription fees that customers pay for supply chain solutions. In the three months ended June 30, 2019, software license revenue totaled \$11.7 million, or 8% of total revenue, with a gross margin of 94.7%. For the six months ended June 30, 2019, software license revenue totaled \$24.1 million or 8% of total revenue with a gross margin of 95.0%. Software license revenue recognized by the Americas, EMEA, and APAC segments totaled \$8.1 million, \$2.9 million, and \$0.7 million, respectively, in the three months ended June 30, 2019. For the six months ended June 30, 2019, software license revenue recognized by the Americas, EMEA, and APAC segments totaled \$14.3 million, \$8.9 million and \$0.9 million, respectively. Prior to 2017, the overall trend was steady for our large license sales. However, in 2017, we began experiencing extended sales cycles and evaluations with greater focus on capital prioritization as retailers evaluated restructuring and transforming their omni-channel/digital commerce businesses. In addition, during 2017, we introduced Manhattan Active Solutions, our cloud-

based solutions, and began to see our customer's transition from perpetual software licenses to cloud-based services solutions. In the three months ended June 30, 2019, cloud subscriptions revenue totaled \$9.0 million or 6% of total revenues. For the six months ended June 30, 2019, cloud subscriptions revenue totaled \$16.9 million or 6% of total revenue. The Americas, EMEA and APAC segments recognized \$7.7 million, \$1.1 million and \$0.2 million in cloud subscriptions revenue, respectively, in the three months ended June 30, 2019. For the six months ended June 30, 2019, cloud subscriptions revenue recognized by the Americas, EMEA, and APAC segments totaled \$14.6 million, \$1.9 million and \$0.4 million, respectively. Cloud subscriptions revenue is recognized ratably over the term of the agreement, typically 36 to 60 months. In the three months ended June 30, 2019, the percentage mix of new to existing customers for the combination of software license and cloud subscriptions sales was approximately 45/55. In the six months ended June 30, 2019, the percentage mix of new to existing customers for the combination of software license and cloud subscriptions sales was approximately 35/65.

Software license and cloud subscriptions revenue growth are influenced by the strength of general economic and business conditions and the competitive position of our software products. These revenues generally have long sales cycles. In addition, the timing of the closing of a few large software license transactions can have a material impact on our software license revenues, operating profit, operating margins and earnings per share. For example, \$0.9 million of either pre-tax profit or expense in the second quarter of 2019 equates to approximately one cent of diluted earnings per share impact.

Our software solutions are focused on core supply chain commerce operations (Warehouse Management, Transportation Management and Labor Management), Inventory optimization and Omnichannel operations (e-commerce, retail store operations and point of sale), which are intensely competitive markets characterized by rapid technological change. We are a market leader in the supply chain management software solutions market as defined by industry analysts such as ARC Advisory Group and Gartner. Our goal is to extend our position as a leading global supply chain solutions provider by growing our software license and cloud subscriptions revenues faster than our competitors through investment in innovation. We expect to continue to face increased competition from Enterprise Resource Planning (ERP) and Supply Chain Management application vendors and business application software vendors that may broaden their solutions offerings by internally developing, or by acquiring or partnering with independent developers of supply chain planning and execution software. Increased competition could result in price reductions, fewer customer orders, reduced gross margins, and loss of market share.

Maintenance Revenue. Our maintenance revenue for the three months ended June 30, 2019 totaled \$37.3 million, or 24% of total revenue. For the six months ended June 30, 2019, maintenance revenue totaled \$73.4 million or 24% of total revenue. The Americas, EMEA and APAC segments recognized \$29.3 million, \$5.6 million and \$2.4 million in maintenance revenue, respectively, in the three months ended June 30, 2019. For the six months ended June 30, 2019, maintenance revenue recognized by the Americas, EMEA, and APAC segments totaled \$58.4 million, \$10.5 million and \$4.5 million, respectively. For maintenance, we offer a comprehensive 24 hours per day, 365 days per year program that provides our customers with software upgrades, when and if available, which include additional or improved functionality and technological advances incorporating emerging supply chain and industry initiatives. The growth of maintenance revenues is influenced by: (1) new license revenue growth; (2) annual renewal of support contracts; (3) increase in customers through acquisitions; (4) fluctuations in currency rates, and (5) conversion of maintenance contracts to cloud subscription contracts. Substantially all of our customers renew their annual support contracts. Over the last three years, our annual revenue renewal rate of customers subscribing to comprehensive support and enhancements has been greater than 90%. Maintenance revenue is generally paid in advance and recognized ratably over the term of the agreement, typically twelve months. Maintenance renewal revenue is recognized over the renewal period once we have a contract upon payment from the customer.

Services revenue. In the three months ended June 30, 2019, our services revenue totaled \$94.0 million, or 61% of total revenue. For the six months ended June 30, 2019, services revenue totaled \$182.6 million or 60% of total revenue. The Americas, EMEA and APAC segments recognized \$74.3 million, \$15.4 million and \$4.3 million in services revenue, respectively, in the three months ended June 30, 2019. For the six months ended June 30, 2019, services revenue recognized by the Americas, EMEA, and APAC segments totaled \$143.6 million, \$30.0 million and \$9.0 million, respectively. Due to our large services revenue mix as a percentage of total revenue, our consolidated operating margin profile may be lower than those of our competitors, and while we believe our services margins are strong, they do lower our operating margin profile as services margins are inherently lower than the margin for software license revenue and some of our other revenue sources.

Our professional services organization provides our customers with expertise and assistance in planning and implementing our solutions. To ensure a successful product implementation, consultants assist customers with initial installation of a system, the conversion and transfer of the customer's historical data onto our systems, and ongoing training, education, and system upgrades. We believe our professional services enable customers to implement our software rapidly, ensure the customer's success with our solutions, strengthen our customer relationships, and add to our industry-specific knowledge base for use in future implementations and product innovations.

Although our professional services are optional, the majority of our customers use at least some portion of these services for their planning, implementation, or related needs. Professional services are typically rendered under time and materials-based contracts

with services typically billed on an hourly basis. Professional services are sometimes rendered under fixed-fee based contracts with payments due on specific dates or milestones.

Services revenue growth is contingent upon our software license revenue, cloud subscriptions and customer upgrade cycles, which are influenced by the strength of general economic and business conditions and the competitive position of our software products. In addition, our professional services business has competitive exposure to offshore providers and other consulting companies. All of these factors potentially create the risk of pricing pressure, fewer customer orders, reduced gross margins, and loss of market share.

Hardware Revenue. Our hardware revenue, which we recognize net of related costs as of January 1, 2018, totaled \$2.3 million in the three months ended June 30, 2019 representing 1% of total revenue. For the six months ended June 30, 2019, hardware revenue totaled \$5.7 million or 2% of total revenue. In conjunction with the licensing of our software, and as a convenience for our customers, we resell a variety of hardware products developed and manufactured by third parties. These products include computer hardware, radio frequency terminal networks, RFID chip readers, bar code printers and scanners, and other peripherals. We resell all third-party hardware products and related maintenance pursuant to agreements with manufacturers or through distributor-authorized reseller agreements pursuant to which we are entitled to purchase hardware products and services at discount prices. We generally purchase hardware from our vendors only after receiving an order from a customer. As a result, we do not maintain hardware inventory.

Product Development

We continue to invest significantly in research and development (R&D) to provide leading solutions that help global retailers, manufacturers, wholesalers, distributors, and logistics providers successfully manage accelerating and fluctuating demands as well as the increasing complexity and volatility of their local and global supply chains, retail store operations and point of sale. Our R&D expenses were \$22.0 million and \$43.2 million for the three and six months ended June 30, 2019.

We expect to continue to focus our R&D resources on the development and enhancement of our core supply chain, inventory optimization, omni-channel and point of sale software solutions. We offer what we believe to be the broadest solutions portfolio in the supply chain solutions marketplace, to address all aspects of inventory optimization, transportation management, distribution management, planning, and omni-channel operations including order management, store inventory & fulfillment, call center and point of sale.

We also plan to continue to enhance our existing solutions and to introduce new solutions to address evolving industry standards and market needs. We identify opportunities to further enhance our solutions and to develop and provide new solutions through our customer support organization, as well as through ongoing customer consulting engagements and implementations, interactions with our user groups, associations with leading industry analysts and market research firms, and participation in industry standard setting and research committees. Our solutions address the needs of customers in various vertical markets, including retail, consumer goods, food and grocery, logistics service providers, industrial and wholesale, high technology and electronics, life sciences, and government.

Cash Flow and Financial Condition

For the three and six months ended June 30, 2019, we generated cash flow from operating activities of \$37.2 million and \$72.4 million, respectively. Our cash at June 30, 2019 totaled \$119.4 million, with no debt on our balance sheet. We currently have no credit facilities. Our primary uses of cash continue to be to provide funding for investments in R&D, in operations to drive earnings growth, and repurchases of our common stock.

During the six months ended June 30, 2019, we repurchased 765,664 shares of Manhattan Associates' outstanding common stock for approximately \$44.9 million under the share repurchase program approved by our Board of Directors, and in July 2019, our Board of Directors confirmed our existing authority to repurchase up to an aggregate of \$50.0 million of our common stock.

For the remainder of 2019, our priorities for use of cash will continue to be investments in product development and in the growth of our business. We expect to continue to evaluate acquisition opportunities that are complementary to our product footprint and technology direction. We also expect to continue to weigh our share repurchase options against cash for acquisitions and investing in the business. We do not anticipate any borrowing requirements for the remainder of 2019 for general corporate purposes.

Results of Operations

In the following table, we present a summary of our consolidated results for the three and six months ended June 30, 2019 and 2018.

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(in thousands, except per share data)			
Revenue	\$ 154,341	\$ 141,871	\$ 302,745	\$ 272,440
Costs and expenses	126,759	106,186	246,887	208,925
Operating income	27,582	35,685	55,858	63,515
Other (loss) income, net	(71)	986	(442)	1,707
Income before income taxes	27,511	36,671	55,416	65,222
Net income	\$ 20,925	\$ 27,668	\$ 41,897	\$ 50,320
Diluted earnings per share	\$ 0.32	\$ 0.42	\$ 0.64	\$ 0.75
Diluted weighted average number of shares	65,093	66,535	65,148	67,132

We have three geographic reportable segments: the Americas, EMEA, and APAC. Geographic revenue information is based on the location of sale. The revenues represented below are from external customers only. The geography-based expenses include costs of personnel, direct sales, marketing expenses, and general and administrative costs to support the business. There are certain corporate expenses included in the Americas segment that we do not charge to the other segments, including R&D, certain marketing and general and administrative costs that support the global organization, and the amortization of acquired developed technology. Included in the Americas costs are all R&D costs, including the costs associated with our operations in India. During the three and six months ended June 30, 2019 and 2018, we derived the majority of our revenues from sales to customers within our Americas segment. In the following table, we present a summary of revenue and operating income by segment:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	% Change vs. Prior Year	2019	2018	% Change vs. Prior Year
Revenue:	(in thousands)			(in thousands)		
Cloud subscriptions						
Americas	7,684	4,870	58%	14,604	8,973	63%
EMEA	1,124	402	180%	1,868	768	143%
APAC	201	105	91%	396	105	277%
Total cloud subscriptions	9,009	5,377	68%	16,868	9,846	71%
Software license						
Americas	8,152	8,652	-6%	14,280	12,143	18%
EMEA	2,877	2,814	2%	8,922	4,614	93%
APAC	692	1,507	-54%	933	3,771	-75%
Total software license	11,721	12,973	-10%	24,135	20,528	18%
Maintenance						
Americas	29,304	29,137	1%	58,405	58,579	0%
EMEA	5,633	5,614	0%	10,524	10,630	-1%
APAC	2,386	2,242	6%	4,493	4,181	7%
Total maintenance	37,323	36,993	1%	73,422	73,390	0%
Services						
Americas	74,301	66,191	12%	143,624	130,379	10%
EMEA	15,409	12,526	23%	30,017	24,508	22%
APAC	4,241	3,550	19%	8,941	6,137	46%
Total services	93,951	82,267	14%	182,582	161,024	13%
Hardware						
Americas	2,337	4,095	-43%	5,738	7,486	-23%
EMEA	-	-	-	-	-	-
APAC	-	166	-100%	-	166	-100%
Total hardware and other	2,337	4,261	-45%	5,738	7,652	-25%
Total Revenue						
Americas	121,778	112,945	8%	236,651	217,560	9%
EMEA	25,043	21,356	17%	51,331	40,520	27%
APAC	7,520	7,570	-1%	14,763	14,360	3%
Total revenue	\$ 154,341	\$ 141,871	9%	\$ 302,745	\$ 272,440	11%
Operating income:						
Americas	16,826	26,589	-37%	34,877	46,907	-26%
EMEA	8,057	6,252	29%	15,791	11,727	35%
APAC	2,699	2,844	-5%	5,190	4,881	6%
Total operating income	\$ 27,582	\$ 35,685	-23%	\$ 55,858	\$ 63,515	-12%

Condensed Consolidated Financial Summary - Second Quarter 2019

- Consolidated total revenue: \$154.3 million for the second quarter of 2019, compared to \$141.9 million for the second quarter of 2018;
- Cloud subscription revenue: \$9.0 million for the second quarter of 2019, compared to \$5.4 million for the second quarter of 2018;
- Software license revenue: \$11.7 million for the second quarter of 2019, compared to \$13.0 million for the second quarter of 2018;
- Operating income: \$27.6 million for the second quarter of 2019, compared to \$35.7 million for the second quarter of 2018;
- Operating margins: 17.9% for the second quarter of 2019, compared to 25.2% for the second quarter of 2018;
- Diluted earnings per share: \$0.32 for the second quarter of 2019 compared to \$0.42 for the second quarter of 2018;
- Cash flow from operations: \$37.2 million in the second quarter of 2019, compared to \$16.8 million in the second quarter of 2018;
- Days sales outstanding: 59 days at June 30, 2019, compared to 65 days at March 31, 2019;
- Cash and investments: \$119.4 million at June 30, 2019, compared to \$104.9 million at March 31, 2019;
- Share repurchases: In the three months ended June 30, 2019, we reduced our common shares outstanding by approximately 0.4%, primarily through the repurchase of approximately 0.3 million shares of our common stock, under the share repurchase program authorized by our board of directors. In July 2019, our Board of Directors confirmed our existing authority to repurchase up to an aggregate of \$50.0 million of our outstanding common stock.

Below we discuss our consolidated results of operations for the second quarters of 2019 and 2018.

Revenue

	Three Months Ended June 30,				
	2019	2018	% Change vs.	% of Total Revenue	
	(in thousands)		Prior Year	2019	2018
Cloud subscriptions	\$ 9,009	\$ 5,377	68 %	6 %	4 %
Software license	11,721	12,973	-10 %	8 %	9 %
Maintenance	37,323	36,993	1 %	24 %	26 %
Services	93,951	82,267	14 %	61 %	58 %
Hardware	2,337	4,261	-45 %	1 %	3 %
Total revenue	\$ 154,341	\$ 141,871	9 %	100 %	100 %

Cloud Subscriptions revenue. In 2017, we released Manhattan Active™ Solutions accelerating our business transition to cloud subscriptions. In the second quarter of 2019, cloud subscriptions revenue increased \$3.6 million compared to the same quarter in the prior year, as customers began to purchase our SaaS offerings rather than a traditional perpetual license. Our customers increasingly prefer cloud-based solutions, including existing customers that are migrating from on-premise to cloud-based offerings. Cloud subscriptions revenue for the Americas, EMEA and APAC segments increased \$2.8 million, \$0.7 million and \$0.1 million in the second quarter of 2019, respectively.

Software License revenue. Software license revenue decreased \$1.3 million in the second quarter of 2019 compared to the same quarter in the prior year. Our license revenue performance depends on the number and relative value of large deals we close in the period. License revenue for the EMEA segments remained relatively flat, while license revenue for the Americas and APAC segment decreased \$0.5 million and \$0.8 million, respectively.

The perpetual license sales percentage mix across our product suite in the second quarter ended June 30, 2019 was approximately 80% warehouse management solutions.

Maintenance revenue. Maintenance revenue increased \$0.3 million in the second quarter of 2019 compared to the same quarter in the prior year. Maintenance revenue for the Americas and APAC segment increased \$0.2 million and \$0.1 million, respectively, while maintenance revenue for the EMEA segment was relatively flat in the second quarter of 2019 compared to the same quarter in the prior year.

Services revenue. Services revenue increased \$11.7 million in the second quarter of 2019 compared to the same quarter in the prior year on improving demand in the Americas and solid growth in EMEA. Services revenue for the Americas, EMEA and APAC segments increased \$8.1 million, \$2.9 million and \$0.7 million, respectively, compared to the same quarter in the prior year.

Hardware revenue. Hardware sales decreased \$1.9 million in the second quarter of 2019 compared to the same quarter in the prior year. The majority of our hardware revenue is derived from our Americas segment. Sales of hardware is largely dependent upon customer-specific desires, which fluctuate.

Cost of Revenue

	Three Months Ended June 30,		
	2019	2018	% Change vs. Prior Year
Cost of software license	\$ 623	\$ 2,096	-70%
Cost of cloud subscriptions, maintenance and services	70,955	56,985	25%
Total cost of revenue	\$ 71,578	\$ 59,081	21%

Cost of Software License. Cost of software license consists of the costs associated with software reproduction; media, packaging and delivery; documentation, and other related costs; and royalties on third-party software sold with or as part of our products. Cost of software license decreased \$1.5 million in the second quarter of 2019 compared with the same quarter in the prior year due primarily to decreased third-party software costs due to decreased sales of third-party software.

Cost of Cloud Subscriptions, Maintenance and Services. Costs of cloud subscriptions, maintenance and services consist primarily of salaries and other personnel-related expenses of employees dedicated to cloud subscriptions; maintenance services; and professional and technical services as well as hosting fees. The \$14.0 million increase in the quarter ended June 30, 2019 compared to the same quarter in the prior year was principally due to a \$7.7 million increase in compensation and other personnel-related expenses resulting from increased headcount in professional services, a \$2.8 million increase in performance-based compensation expense, and a \$2.2 million increase in computer infrastructure costs related to cloud business transition.

Operating Expenses

	Three Months Ended June 30,		
	2019	2018	% Change vs. Prior Year
	(in thousands)		
Research and development	\$ 21,997	\$ 18,176	21%
Sales and marketing	14,520	13,809	5%
General and administrative	16,805	12,885	30%
Depreciation and amortization	1,859	2,235	-17%
Operating expenses	\$ 55,181	\$ 47,105	17%

Research and Development. Our principal R&D activities have focused on the expansion and integration of new products and releases, while expanding the product footprint of our software solution suites in Supply Chain, Inventory Optimization and Omni-Channel, including cloud-based solutions, point-of-sale and tablet retailing.

For each of the quarters ended June 30, 2019 and 2018, we did not capitalize any R&D costs because the costs incurred following the attainment of technological feasibility for the related software product through the date of general release were insignificant.

R&D expenses primarily consist of salaries and other personnel-related costs for personnel involved in our R&D activities. R&D expenses for the quarter ended June 30, 2019 increased by \$3.8 million, compared to the same quarter of 2018 principally due to a \$2.3 million increase in compensation and other personnel related expenses resulting from increased headcount to support R&D activities, and a \$0.9 million increase in performance-based compensation expense.

Sales and Marketing. Sales and marketing expenses include salaries, commissions, travel and other personnel-related costs and the costs of our marketing and alliance programs and related activities. Sales and marketing expenses increased \$0.7 million in the quarter ended June 30, 2019 compared to the same quarter in the prior year primarily due to a \$0.8 million increase in compensation and other personnel related expense, and a \$0.6 million increase in performance-based compensation expense, offset by a \$0.8 million decrease in marketing and campaign programs.

General and administrative (G&A). G&A expenses consist primarily of salaries and other personnel-related costs of executive, financial, human resources, information technology, and administrative personnel, as well as facilities, legal, insurance, accounting, and other administrative expenses. G&A expenses increased \$3.9 million, in the current year quarter compared to the same quarter in the prior year, primarily due to a \$2.5 million increase in compensation and other personnel related expenses, a \$0.5 million increase in performance-based compensation expense, and a \$0.5 million increase in computer infrastructure costs.

Depreciation and Amortization. Depreciation expense for the second quarter of 2019 and 2018 was \$1.6 million and \$2.0 million, respectively. Amortization of intangibles and software for the second quarter of 2019 and 2018 was \$0.3 million for each period.

Operating Income

Operating income in the second quarter of 2019 was \$27.6 million compared to \$35.7 million for the second quarter of 2018. Operating margin was 17.9% for the second quarter of 2019 versus 25.2% for the same quarter in the prior year. Operating income and margin have primarily decreased due to our commitment to strategically invest in a business transition to a Cloud first company focused on delivering long-term sustainable growth and earnings leverage. As a result, we have significantly increased R&D investments in innovation to achieve our strategic objectives. In addition, our innovation releases have fueled strong demand for our global Consulting Services and we are actively hiring to fulfill customer demand, which pressures operating income and margins until new resources ramp to full utilization. Finally, our performance-based compensation expense has increased over prior year based on strong execution against target objectives. Operating income increased \$1.8 million in the EMEA segment, and decreased \$9.8 million and \$0.1 million in the Americas and APAC segments, respectively.

Other Income and Income Taxes

	<u>Three Months Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>% Change vs. Prior Year</u>
Other (loss) income, net	\$ (71)	\$ 986	-107%
Income tax provision	6,586	9,003	-27%

Other income, net. Other income, net primarily includes interest income, foreign currency gains and losses, and other non-operating expenses. Other income, net decreased \$1.1 million in the second quarter of 2019 compared to the same quarter in the prior year primarily due to gains or losses on intercompany transactions denominated in foreign currencies with subsidiaries due to the fluctuation of the U.S. dollar relative to other foreign currencies, primarily the Indian Rupee. We recorded net foreign currency losses of \$0.4 million in the second quarter of 2019 and net foreign currency gains of \$0.7 million in the second quarter of 2018.

Income tax provision. Our effective income tax rates were 23.9% and 24.6% for the quarters ended June 30, 2019 and 2018, respectively. The decrease in the effective tax rate for the three months ended June 30, 2019 compared to the same quarter in the prior year, is the result of an increase in deductible tax expense of \$0.2 million in excess tax benefits on restricted stock vestings.

Condensed Consolidated Financial Summary – First Six Months of 2019

- Consolidated revenue: \$302.7 million for the six months ended June 30, 2019 compared to \$272.4 million for the six months ended June 30, 2018.
- Cloud subscription revenue: \$16.9 million for the six months ended June 30, 2019 compared to \$9.8 million for the six months ended June 30, 2018.
- Software license revenue: \$24.1 million for the six months ended June 30, 2019, compared to \$20.5 million for the six months ended June 30, 2018.

- Operating income: \$55.9 million for the six months ended June 30, 2019, compared to \$63.5 million for the six months ended June 30, 2018.
- Operating margins: 18.5% for the six months ended June 30, 2019 compared to 23.3% for the six months ended June 30, 2018.
- Diluted earnings per share: \$0.64 for the six months ended June 30, 2019 compared to \$0.75 for the six months ended June 30, 2018.
- Cash flow from operations: \$72.4 million for the six months ended June 30, 2019, compared to \$68.1 million for the six months ended June 30, 2018.
- Cash and investments: \$119.4 million at June 30, 2019, compared to \$100.6 million at December 31, 2018.
- Share repurchases: During the six months ended June 30, 2019, we reduced our common shares outstanding by approximately 0.8% primarily through the repurchase of approximately 0.8 million shares of our common stock, under the share repurchase program authorized by our board of directors, for a total investment of \$44.9 million.

Below we discuss our consolidated results of operations for the six months ended June 30, 2019 and 2018.

	Six Months Ended June 30,				
	2019	2018	% Change vs.	% of Total Revenue	
	(in thousands)		Prior Year	2019	2018
Cloud subscriptions	\$ 16,868	\$ 9,846	71 %	6 %	4 %
Software license	24,135	20,528	18 %	8 %	7 %
Maintenance	73,422	73,390	0 %	24 %	27 %
Services	182,582	161,024	13 %	60 %	59 %
Hardware	5,738	7,652	-25 %	2 %	3 %
Total revenue	<u>\$ 302,745</u>	<u>\$ 272,440</u>	<u>11 %</u>	<u>100 %</u>	<u>100 %</u>

Cloud Subscription Revenue. Due to the release of Manhattan Active™ Solutions, cloud subscriptions revenue increased \$7.0 million, or 71% in the six months ended June 30, 2019 compared to the same period in the prior year, as customers began to purchase our SaaS offerings in lieu of a traditional perpetual license. Our customers increasingly prefer cloud-based solutions, including existing customers that are migrating from on-premise to cloud-based offerings. Cloud subscriptions revenue for the Americas, EMEA and APAC segments increased \$5.6 million, \$1.1 million and \$0.3 million, respectively, in the six months ended June 30, 2019.

Software License Revenue. Software license revenue increased \$3.6 million, or 18% in the six months ended June 30, 2019 compared to the same period in the prior year. Our license revenue performance depends on the number and relative value of large deals we close in the period. License revenue for the Americas and EMEA segments increased \$2.1 million, \$4.3 million, respectively, and license revenue for the APAC segment decreased \$2.8 million, in the six months ended June 30, 2019.

The license sales percentage mix across our product suite in the six months ended June 30, 2019 was approximately 80% warehouse management solutions.

Maintenance Revenue. Maintenance revenue remained relatively flat in the six months ended June 30, 2019 compared to the same period in the prior year. Maintenance revenue for the Americas and EMEA segments decreased \$0.2 million and \$0.1 million, respectively, and maintenance revenue for the APAC segment increased \$0.3 million, in the six months ended June 30, 2019 compared to the same period in the prior year.

Services revenue. Services revenue increased \$21.6 million in the six months ended June 30, 2019 compared to the same period in the prior year on improving demand in the Americas and solid growth in EMEA and APAC. Services revenue for the Americas, EMEA and APAC segments increased \$13.3 million, \$5.5 million and \$2.8 million, respectively, in the six months ended June 30, 2019 compared with the same period in the prior year.

Hardware Revenue. Hardware sales decreased \$1.9 million in the six months ended June 30, 2019 compared to the same period in the prior year. The majority of our hardware revenue is derived from our Americas segment. Sales of hardware is largely dependent upon customer-specific desires, which fluctuate.

Cost of Revenue

	Six Months Ended June 30,		
	2019	2018	% Change vs. Prior Year
Cost of software license	\$ 1,215	\$ 3,404	-64%
Cost of cloud subscriptions, maintenance and services	137,533	113,471	21%
Total cost of revenue	\$ 138,748	\$ 116,875	19%

Cost of Software License. Cost of software license decreased \$2.2 million in the six months ended June 30, 2019 compared with the same period in the prior year due primarily to decreased third-party software expenses due to decreased sales of third-party software.

Cost of Cloud Subscriptions, Maintenance and Services. The \$24.1 million increase in the six months ended June 30, 2019 compared to the same period in the prior year was principally due to a \$12.8 million increase in compensation and other personnel-related expenses resulting from increased headcount in professional services, a \$5.4 million increase in performance-based compensation expense, and a \$4.0 million increase in computer infrastructure costs related to cloud business transition.

Operating Expenses

	Six Months Ended June 30,		
	2019	2018	% Change vs. Prior Year
	(in thousands)		
Research and development	\$ 43,210	\$ 35,235	23%
Sales and marketing	29,301	26,693	10%
General and administrative	31,855	25,685	24%
Depreciation and amortization	3,773	4,437	-15%
Operating expenses	\$ 108,139	\$ 92,050	17%

Research and Development. R&D expenses for the six months ended June 30, 2019 increased \$8.0 million compared to the same period in the prior year principally due to a \$5.3 million increase in compensation and other personnel-related expenses resulting from increased headcount to support R&D activities, and a \$1.7 million increase in performance-based compensation expense. For the same reasons included in the quarterly R&D discussion above, no R&D costs were capitalized during the six months ended June 30, 2019 and 2018.

Sales and Marketing. Sales and marketing expenses increased \$2.6 million in the six months ended June 30, 2019 compared to the same period in the prior year primarily due to a \$2.8 million increase in performance-based compensation expense and a \$1.4 million increase in compensation and other personnel related expenses, offset by a \$1.7 million decrease in marketing and campaign programs.

General and Administrative. General and administrative expenses increased \$6.2 million in the six months ended June 30, 2019 compared to the same period in the prior year, primarily due to a \$4.0 million increase in compensation and other personnel-related expenses and a \$1.0 million increase in performance-based compensation expense, and a \$0.9 million increase in computer infrastructure costs.

Depreciation and Amortization. Depreciation expense for the six months ended June 30, 2019 and 2018 was \$3.2 million and \$3.9 million, respectively. Amortization of intangibles and software for the six months ended June 30, 2019 and 2018 was \$0.6 million and \$0.5 million, respectively.

Operating Income

Operating income for the six months ended June 30, 2019 was \$55.9 million compared to \$63.5 million for the same period in the prior year. Operating margin was 18.5% for the first six months of 2019 versus 23.3% for the same period in the prior year. Operating income and margin have primarily decreased due to our commitment to strategically invest in a business transition to a Cloud first company focused on delivering long-term sustainable growth and earnings leverage. As a result, we have significantly increased R&D investments in innovation to achieve our strategic objectives. In addition, our innovation releases have fueled strong demand for our global Consulting Services and we are actively hiring to fulfill customer demand, which pressures operating income and margins until new resources ramp to full utilization. Finally, our performance-based compensation expense has increased over

prior year based on strong execution against target objectives. Operating income increased \$4.1 million and \$0.3 million in the EMEA and APAC segments, respectively, and decreased \$12.0 million in the Americas segment.

Other Income and Income Taxes

	Six Months Ended June 30,		
	2019	2018	% Change vs. Prior Year
Other (loss) income, net	\$ (442)	\$ 1,707	-126%
Income tax provision	13,519	14,902	-9%

Other income, net. Other income, net decreased \$2.1 million in the six months ended June 30, 2019 compared to the same period in the prior year, primarily due to gains or losses on intercompany transactions denominated in foreign currencies with subsidiaries due to the fluctuation of the U.S. dollar relative to other foreign currencies, primarily the Indian Rupee. We recorded net foreign currency losses of \$1.0 million in the six months ended June 30, 2019 and net foreign currency gains of \$1.1 million in the six months ended June 30, 2018.

Income tax provision. Our effective income tax rates were 24.4% and 22.8% for the six months ended June 30, 2019 and 2018, respectively. The increase is the result of a decrease in deductible tax expense of: \$0.7 million in excess tax benefits on restricted stock vestings and \$0.3 million related to a provisional one-time estimate for the impact of 2017 U.S. Tax reform recorded in 2018.

Liquidity and Capital Resources

During the first six months of 2019, we funded our business through cash generated from operations. Our cash and cash equivalents as of June 30, 2019 included \$69.7 million held in the U.S. and \$49.7 million held by our foreign subsidiaries. We believe that our cash balances in the U.S. are sufficient to fund our U.S. operations, and we do not intend to repatriate foreign funds to the U.S. In the future, if we elect to repatriate the unremitted earnings of our foreign subsidiaries, we would no longer be subject to additional U.S. income taxes on such earnings due to the enactment of the Tax Cuts and Jobs Act in December 2017, but we could be subject to additional local withholding taxes.

Cash flow from operating activities totaled \$72.4 million and \$68.1 million in the six months ended June 30, 2019 and 2018 respectively. Typical factors affecting our cash provided by operating activities include our level of revenue and earnings for the period, the timing and amount of employee bonus and income tax payments, and the timing of cash collections from our customers which is our primary source of operating cash flow. Cash flow from operating activities for the six months ended June 30, 2019 increased \$4.3 million compared to the same period in the prior year, which is mainly due to the timing and amount of employee bonus payments and income tax payments, and the timing of cash collections from our customers.

Cash flow used in investing activities totaled \$1.9 million and \$9.3 million in the six months ended June 30, 2018. Our investing activities for both the six months ended June 30, 2019 and 2018 consisted of capital spending to support company growth and short-term investing. For the six months ended June 30, 2019, net investment maturities totaled \$1.4 million, while capital spending was \$3.3 million. For the six months ended June 30, 2018, net purchases of investments totaled \$5.2 million, while capital spending was \$4.1 million.

Financing activities used cash of \$50.2 million and \$103.7 million for the six months ended June 30, 2019 and 2018, respectively. The principal use of cash for financing activities in both periods was to purchase our common stock, including shares withheld for taxes due upon vesting of restricted stock. Repurchases of our common stock for the six months ended June 30, 2019 and 2018 totaled \$50.2 million and \$103.7 million, respectively, including shares withheld for taxes of \$5.3 million and \$5.9 million, respectively.

Periodically, opportunities may arise to grow our business through the acquisition of complementary products, and technologies. Any material acquisition could result in a decrease to our working capital depending on the amount, timing, and nature of the consideration to be paid. We believe that our existing cash and investments will be sufficient to meet our working capital and capital expenditure needs at least for the next twelve months, although there can be no assurance that this will be the case. For the remainder of 2019, we anticipate that our priorities for use of cash will be similar to prior years, with our first priority being continued investment in product development and profitably and growing our business to extend our market leadership. We will continue to evaluate acquisition opportunities that are complementary to our product footprint and technology direction. We will also continue to weigh our share repurchase options against cash for acquisitions and investing in the business. At this time, we do not anticipate any borrowing requirements for the remainder of 2019 for general corporate purposes.

Critical Accounting Policies and Estimates

In the first six months of 2019, there were no significant changes to our critical accounting policies and estimates from those disclosed in the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the year ended December 31, 2018.

Forward-Looking Statements

Certain statements contained in this filing are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements related to expectations about global macroeconomic trends and industry developments, plans for future business development activities, anticipated costs of revenues, product mix and service revenues, research and development, selling, general and administrative activities, and liquidity and capital needs and resources. When used in this quarterly report, the words “may,” “expect,” “forecast,” “anticipate,” “intend,” “plan,” “believe,” “could,” “seek,” “project,” “estimate,” and similar expressions are generally intended to identify forward-looking statements. Undue reliance should not be placed on these forward-looking statements, which reflect opinions only as of the date of this quarterly report. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

Some of the factors that could cause actual results to differ materially from the results discussed in forward-looking statements include:

- The operational and financial effects of our business transition to cloud subscription-based solutions;
- economic, political and market conditions, including disruption in the retail sector;
- our ability to attract and retain highly skilled employees;
- competition;
- our dependence on a single line of business;
- our dependence on generating revenue from software licenses and cloud subscriptions to drive business;
- undetected errors or “bugs” in our software;
- the risk of defects, delays or interruptions in our cloud subscription services;
- possible compromises of our data protection and IT security measures;
- risks associated with large system implementations;
- possible liability to customers if our products fail;
- the requirement to maintain high quality professional service capabilities;
- the risks of international operations, including foreign currency exchange risk;
- the possibility that research and development investments may not yield sufficient returns;
- the long sales cycle associated with our products;
- the difficulty of predicting operating results;
- the need to continually improve our technology;
- risks associated with managing growth;
- reliance on third party and open source software;
- the need for our products to interoperate with other systems;
- the need to protect our intellectual property, and our exposure to intellectual property claims of others;
- economic conditions and regulatory changes caused by the United Kingdom’s pending exit from the European Union;
- the possible effects on international commerce of new or increased tariffs, or a “trade war”; and
- other risks described under the heading “Risk Factors” in this Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2018, as these may be updated from time to time in subsequent quarterly reports.

We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There were no material changes to the Quantitative and Qualitative Disclosures about Market Risk previously disclosed in our annual report on Form 10-K for the year ended December 31, 2018.

Item 4.Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No system of controls, no matter how well designed and operated, can provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that the system of controls has operated effectively in all cases. Our disclosure controls and procedures however are designed to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

As of the end of the period covered by this report, our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

Changes in Internal Control over Financial Reporting

During the three months ended June 30, 2019, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, including any corrective actions with regard to material weaknesses.

PART II OTHER INFORMATION

Item 1.Legal Proceedings.

From time to time, we may be a party to legal proceedings arising in the ordinary course of business, and we could be a party to legal proceedings not in the ordinary course of business. We are not currently a party to any legal proceeding the result of which we believe could have a material adverse impact upon our business, financial position, results of operations, or cash flows.

Many of our product installations involve software products that are critical to the operations of our customers' businesses. Any failure in our products could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Although we attempt to contractually limit our liability for damages arising from product failures or negligent acts or omissions, there can be no assurance that the limitations of liability set forth in our contracts will be enforceable in all instances.

Item 1A.Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the risk factors disclosed in Item 1A, "Risk Factors," of our annual report on Form 10-K for the year ended December 31, 2018.

Item 2.Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information regarding common stock purchases under our publicly-announced repurchase program for the quarter ended June 30, 2019,

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 - April 30, 2019	-	\$ -	-	50,000,000
May 1 - May 31, 2019	137,517	66.00	137,517	40,924,414
June 1 - June 30, 2019	164,467	66.38	164,467	30,007,327
Total	301,984		301,984	

In July 2019, our Board of Directors confirmed our existing authority to repurchase up to an aggregate of \$50.0 million of our outstanding common stock.

Item 3.Defaults Upon Senior Securities.

No events occurred during the quarter covered by this report that would require a response to this item.

Item 4.Mine Safety Disclosures.

Not applicable.

Item 5.Other Information.

None

Item 6.Exhibits.

Exhibit 10.36	Lease Deed by and between Brookefields Real Estate and Projects Private Limited and Manhattan Associates India Development Centre Private Ltd dated May 1, 2019 – 5,318 sq. ft.
Exhibit 10.37	Lease Deed by and between Brookefields Real Estate and Projects Private Limited and Manhattan Associates India Development Centre Private Ltd dated May 1, 2019 – 10,001 sq. ft.
Exhibit 31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document

* In accordance with Item 601(b)(32)(ii) of the SEC's Regulation S-K, this Exhibit is hereby furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933.

EXHIBIT INDEX

<u>Exhibit 10.36</u>	<u>Lease Deed by and between Brookefields Real Estate and Projects Private Limited and Manhattan Associates India Development Centre Private Ltd dated May 1, 2019 – 5,318 sq. ft.</u>
<u>Exhibit 10.37</u>	<u>Lease Deed by and between Brookefields Real Estate and Projects Private Limited and Manhattan Associates India Development Centre Private Ltd dated May 1, 2019 – 10,001 sq. ft.</u>
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Exhibit 101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* In accordance with Item 601(b)(32)(ii) of the SEC's Regulation S-K, this Exhibit is hereby furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MANHATTAN ASSOCIATES, INC.

Date: July 25, 2019

/s/ Eddie Capel

Eddie Capel

President and Chief Executive Officer

(Principal Executive Officer)

Date: July 25, 2019

/s/ Dennis B. Story

Dennis B. Story

Executive Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

INDIA NON JUDICIAL

Government of Karnataka

e-Stamp

Certificate No. : **IN-KA01411392352493R**
Certificate Issued Date : 03-May-2019 02:56 PM
Account Reference : NONACC (FI)/ kaksfcl08/ HALASURU/ KA-BA
Unique Doc. Reference : SUBIN-KAKAKSFCL0832534174467446R
Purchased by : MANHATTAN ASSOCIATES INDIA DEVELOPMENT CENTRE PL
Description of Document : Article 30 Lease of Immovable Property
Description : LEASE DEED
Consideration Price (Rs.) : 0 (Zero)
First Party : BROOKEFIELDS REAL ESTATES AND PROJECTS PVT LTD
Second Party : MANHATTAN ASSOCIATES INDIA DEVELOPMENT CENTRE PL
Stamp Duty Paid By : MANHATTAN ASSOCIATES INDIA DEVELOPMENT CENTRE PL
Stamp Duty Amount(Rs.) : 500 (Five Hundred only)

LEASE DEED

THIS **LEASE DEED** is made and executed on this the 1st day of May, Two Thousand and Nineteen (1/5/2019) at Bangalore (“**Lease Deed**”):

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

BETWEEN

BROOKEFIELDS REAL ESTATES AND PROJECTS PRIVATE LIMITED, a company incorporated under the Companies Act, 2013, bearing CIN: U70100KA2007PTC085237, with its registered office at Brookefields, Kundalahalli Marathahalli Post, Bengaluru 560037, represented herein by its Authorised Signatories, Ms. Nirupa Shankar and Mr. Subrata K C Sharma, duly authorised *vide* a Board Resolution dated January 25, 2019 (hereinafter referred to as the “**Lessor**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to include its successors-in-interest and assigns) of the **ONE PART**;

AND

MANHATTAN ASSOCIATES (INDIA) DEVELOPMENT CENTRE PRIVATE LIMITED, a company incorporated under the provisions of the Companies Act, 1956 and deemed to be incorporated under the Companies Act, 2013, bearing CIN: U72200KA2002PTC030576, with its registered office at No.172, EPIP Zone, Phase II, Whitefield, Bangalore 560066, represented herein by its Authorised Signatory, Ms. Ushasri T, Managing Director, duly authorised *vide* a Board Resolution dated August 8, 2018 (hereinafter referred to as the “**Lessee**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to include its successors-in-interest and assigns) of the **OTHER PART**.

The Lessor and the Lessee are hereinafter individually referred to as a “**Party**” and collectively as the “**Parties**”, as the context may require in this Lease Deed.

WHEREAS

- A.** The Lessor is the absolute owner in absolute possession of all that piece and parcel of land admeasuring 26 acres 05 guntas comprised in survey Nos. 103, 104, 105, 108/1, 108/2, 109, 112 and 113/1B, all situated at Kundalahalli Village, Krishnarajapuram Hobli, Bangalore South Taluk, Bangalore, morefully described in the **First Schedule** hereunder written and hereinafter referred to as the “**Larger Property**”;
- B.** The devolution of title to the Larger Property, comprising of the following lands parcels: (i) survey No. 103 measuring 4 acres 06 guntas (hereinafter referred to as “**Portion I**”); (ii) survey No. 104 measuring 4 acres 32 guntas (hereinafter referred to as “**Potion II**”); (iii) survey No. 105 measuring 5 acres 02 guntas (hereinafter referred to as “**Portion III**”); (iv) survey No. 108/1 measuring 1 acre 12 guntas (hereinafter referred to as “**Portion IV**”); (v) survey No. 108/2 measuring 3 acres 17 guntas (hereinafter referred to as “**Portion V**”); (vi) survey No. 109 measuring 1 acre 03 guntas (hereinafter referred to as “**Portion VI**”); (vii) survey No. 112 measuring 6 acres 28 guntas (hereinafter referred to as “**Portion VII**”); and (viii) survey No. 113/1B measuring 1 acre 26 guntas (hereinafter referred to as “**Portion VIII**”), is as follows:

- (i) Under the preliminary notification dated October 16, 1982 bearing no. LAQ (3) SR13/1982-1983 (“**Preliminary Notification I**”) issued by the Government of Karnataka (“**GoK**”) under section 4 (1) of the Land Acquisition Act, 1894 (Mysore Act No. VII of 1894 and hereinafter referred to as “**LA Act**”), GoK informed that Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII was likely to be acquired for public purpose, *i.e.*, for establishing a large corporate office to house various departments and profit centers including quality control, all India coffee sale center, research and development departments, training center and also export departments for various products of Brooke Bond India Limited (“**BBIL**”);
- (ii) BBIL and GoK executed an agreement dated December 13, 1982 in relation to Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII (“**Agreement I**”). The Agreement I, *inter alia*, recorded that:
- a. BBIL made an application requesting GoK to acquire entire Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII for establishing a large corporate office to house various departments and profit centers *etc.* by BBIL;
 - b. BBIL agreed to deposit all costs of acquisition including enhanced compensation determined by the office of the Special Deputy Commissioners, Bangalore Division, Bangalore; and
 - c. BBIL agreed that all of Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII would be utilized for the specific purpose as set out by GoK and that BBIL shall neither alienate nor violate any conditions and in case there is any violation or infringement of the conditions, then GoK would have the right to resume the aforesaid lands;
- (iii) GoK had thereafter published a final notification dated January 17, 1983 bearing no. RD. 9 AQB 83 under section 6 (1) of the LA Act (“**Final Notification I**”), by virtue of which GoK declared that the entire Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII are required to be acquired for the public purpose, *i.e.* for establishing a large corporate office to house various departments and profit centers including quality control, all India coffee sale center, research and development departments, training centers and also export departments for various products of BBIL;

- (iv) The Special Land Acquisition Officer (“SLAO”) had thereafter made a final declaration dated June 8, 1983 under section 16 (2) of the LA Act (“**Final Declaration I**”), recording that the entire Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII has been taken over by SLAO for the public purpose, *i.e.*, for establishing a large corporate office to house various department and profit centers including quality control, all India coffee sale center, research and development departments, training centers and also export departments for various products of BBIL;
- (v) Subsequently, BBIL and GoK entered into an agreement dated August 24, 1984 in relation to entire Portion VI and an extent of 1 acre 20 guntas in Portion VII (“**Agreement II**”). The Agreement II, *inter alia*, recorded that:
- a. BBIL made an application requesting GoK to acquire the entire Portion VI and an extent of 1 acre 20 guntas in Portion VII for establishing a large corporate office to house various departments and profit centers by BBIL;
 - b. BBIL shall pay GoK all the determined costs of acquisition and litigation arising out of the same; and
 - c. BBIL agreed that the Portion VI and an extent of 1 acre 20 guntas in Portion VII would be utilized for the specific purpose as set out by GoK;
- (vi) On November 9, 1984 GoK issued a notification bearing No. LAQ. (i) CR. 82/84-85 under section 4 (1) of the LA Act (“**Preliminary Notification II**”), whereby GoK informed that Portion VI and an extent of 1 acre 28 guntas in Portion VII was likely to be acquired for the public purpose, *i.e.*, for establishing a large corporate office to house various department and profit centers including quality control, all India coffee sale center, research and development departments, training centers and also export departments for various products of BBIL;
- (vii) GoK has thereafter published the final notification dated May 20, 1986 bearing no. RD. 9 AQB 83 under section 6 (1) of the LA Act (“**Final Notification II**”), by virtue of which GoK declared that the Portion VI and an extent of 1 acre 28 guntas in Portion VII are required to be acquired for the public purpose, *i.e.*, for establishing a large corporate office to house various department and profit centers including quality control, all India coffee sale center, research and development departments, training centers and also export department for various products of BBIL;
- (viii) SLAO has thereafter passed awards and executed certain incidental documents for evidencing the handing over and taking over possession of

Portion I, Portion II, Portion IV, Portion V, Portion VI and Portion VII by BBIL;

- (ix) Accordingly, BBIL came to acquire and hold the entire Portion I, Portion II, Portion IV, Portion V, Portion VI and Portion VII, subject to the terms contained under Agreement I and Agreement II and also subject to compliance of provisions under LA Act;

Portion III

- (x) Anandarama Reddy, Venkatesh Reddy, Keshava Reddy and Muniyamma conveyed Portion III under 3 separate registered sale deeds all dated August 10, 1983 in favour of Rita Prasad Mani (represented by her power of attorney holder P. J. Bhagilthya), Prema Sampath Kumar (represented by her power of attorney holder P. J. Bhagilthya) and Meera Srivastava;
- (xi) Thereafter, Rita Prasad Mani (represented by her power of attorney holder P. J. Bhagilthya), Prema Sampath Kumar (represented by her power of attorney holder P. J. Bhagilthya) and Meera Srivastava executed an agreement for sale dated June 4, 1993 in favour of BBIL for entire Portion III. The said agreement for sale dated June 4, 1993 *inter alia* records that:
- a. Portion III be acquired by GoK and subsequently allotted in favour of BBIL following the procedure prescribed under the provisions of LA Act;
 - b. The price for such acquisition shall be Rs. 50,50,000/- and BBIL has agreed to pay an advance towards part of the sale consideration being a sum of Rs. 1,00,000/-;
 - c. Rita Prasad Mani, Prema Sampath Kumar, Meera Srivastava and BBIL shall not have any claim for any sum towards compensation in lieu of acquisition of Portion III by GoK;
 - d. Rita Prasad Mani, Prema Sampath Kumar and Meera Srivastava agreed to hand over the actual/physical possession of Portion III simultaneous with the completion of acquisition of Portion III, issue of possession certificate and payment of balance consideration by GoK;
 - e. Rita Prasad Mani, Prema Sampath Kumar and Meera Srivastava appointed P. J. Bhagilthya as their lawful attorney to attend any legal formalities/proceedings in relation to acquisition of Portion III by GoK and its subsequent allotment to BBIL;

- (xii) On June 29, 1994, GoK issued a notification bearing no. LAQ (2) SR93-94 under section 4 (1) of the LA Act (“**Preliminary Notification III**”), by way of which GoK informed that the entire Portion III was likely to be acquired for BBIL for purposes of constructing certain additional buildings;
- (xiii) Thereafter, GoK published a final notification dated March 26, 1995 bearing no. RD60AQB94 issued under section 6 (1) of the LA Act (“**Final Notification III**”). GoK declared that the entire Portion III is acquired as required for BBIL for construction of additional buildings;
- (xiv) Subsequently, P. J. Bhagilthya, in his capacity as the power of attorney holder of Meera Srivastava, executed an agreement dated May 31, 1995 with GoK in relation to Portion III (“**Agreement III**”) *inter alia* indicating that Meera Srivastava has received a sum of Rs. 8,25,000/- in full settlement of all claims in relation to acquisition of Portion III;
- (xv) SLAO passed an award and executed certain incidental documents for evidencing the handing over and taking over possession of Portion III by BBIL;
- (xvi) Thereafter, SLAO made a final declaration dated November 5, 1995 under section 16 (2) of the LA Act (“**Final Declaration II**”) recording that the entire Portion III, has been taken over by SLAO for the public purpose, *i.e.*, for BBIL. SLAO issued an official memorandum dated November 17, 1995 bearing no. LAQ (8) SR 4/1993-1994 indicating the handing over of possession from SLAO to BBIL;
- (xvii) In the aforesaid manner, BBIL came to acquire the entire Portion III subject to compliance of provisions under LA Act;

Portion VIII

- (xviii) Under a grant order and register extract of Form 8 issued by the Special Deputy Commissioner for Abolition of Inams under section 10 of the Mysore (Personal and Miscellaneous) Inams Abolition Act, 1954 in case bearing no. 14/1959-1960 (“**Grant Order**”), an extent of land measuring 5 acres 17 guntas in survey No. 113 of Kundalahalli Village along with certain other immovable properties were allotted to one Thayappa, son of late Pillaiah, and the said Thayappa was registered as a permanent tenant under section 5 of Mysore (Personal and Miscellaneous) Inams Abolition Act, 1954. Subsequently, the office of the Additional Special Deputy Commissioner for Abolition of Inams issued an endorsement dated May 13, 1964 indicating Thayappa as the holder and khathedar for an extent of land measuring 5 acres 17 guntas in survey no. 113 and certain other immovable properties;

- (xix) Under a registered deed of partition dated August 21, 1959 entered between sons of late Pillaiah *alias* Narasimhaiah, *viz.*, (a) Thayappa *alias* Muninanjappa; (b) N. Papaiah Reddy; and (c) Gullappa (collectively “**Sons of Pillaiah**”) (“**Partition Deed I**”). The Partition Deed I *inter alia* recorded that:
- a. Sons of Pillaiah partitioned certain immovable properties situated at Kundalahalli and Thubarahalli villages;
 - b. Sons of Pillaiah do not own any other ancestral immovable properties, save and except the properties listed in the schedule to Partition Deed I;
 - c. Immovable properties listed in Schedule A, Schedule B and Schedule C of the Partition Deed I were allotted to Thayappa, N. Papaiah and Gullappa respectively; and
 - d. Gullappa was allotted immovable properties situated at Kundalahalli village, *viz.*, (i) land measuring 15 guntas in survey No. 1/9; (ii) land measuring 16 guntas in survey No. 1/9; and (iii) land measuring 4 acres 10 guntas in survey No. 5. The land bearing survey No. 5 appears to have been renumbered later as survey No. 113 as is evidenced from the entries recoded in the mutation register extract bearing MR no. 25/1972-1973;
- (xx) Thereafter, Gullappa in the year 1992 procured conversion for an extent of land measuring 3 acres 16½ guntas in survey No. 113/1B from agricultural purposes to non-agricultural residential purposes and following the said conversion, a residential layout in the name and style of “Gullappa Layout” was formed in survey No. 113 in the year 1994 and certain residential sites were carved out therefrom. The layout plan, as sanctioned by the Nallurahalli Village Panchayat, indicates that the said Gullappa Layout comprised of 18 (eighteen) residential sites;
- (xxi) Licenses to construct houses on property bearing House List Nos. 11 to 18 forming part of the said Gullappa Layout were issued by the Nallurahalli Village Panchayat in the names of the said Gullappa, Bhagyamma, Narayanamma and Suryaprakash;
- (xxii) By way of an unregistered memorandum of partition dated November 9, 1992 entered into between Gullappa, his daughters *viz.*, Bhagyamma and Narayanamma and his son Suryaprakash (“**Partition Deed II**”), the partition of their joint family properties (including land comprised in survey no. 113/1B) which had already been effected was recorded. The Partition Deed II, *inter alia*, recorded that:

- a. The lands comprised in survey No. 113/1B and other immovable properties set out in Schedule B, C, D and E to Partition Deed II were allotted to the shares of Gullappa, Bhagyamma, Narayanamma and Suryaprakash respectively; and
- b. The residential sites carved from and out of survey No. 113/1B were allotted in the following manner:

Allottees	Site Nos. and measurement
Gullappa	Site Nos. 11 and 15 measuring 9000 square feet each
Bhagyamma	Site Nos. 13 and 17 measuring 9000 square feet each
Narayanamma	Site Nos. 12 and 16 measuring 9000 square feet each
Suryaprakash	Site Nos. 14 and 18 measuring 9000 square feet each

- (xxiii) Gullappa, Bhagyamma, Narayanamma and Suryaprakash have further conveyed the sites allotted to their share in Gullappa Layout under the Partition Deed II to BBIL, now known as Brooke Bond Lipton India Limited (the new name of BBIL subsequent to issuance of a fresh incorporation certificate dated February 7, 1994 and hereinafter referred to as “**BBLIL**”) under the following 8 (eight) separate registered sale deeds:

Seller	Property conveyed	Sale Deed details
Gullappa	Site No. 11 measuring 9000 square feet with 2 squares dwelling unit	August 4, 1994, registered as document No. 3761/1994-1995
Narayanamma	Site No. 12 measuring 9000 square feet with 2 squares dwelling unit	August 4, 1994, registered as document bearing no. 3764/1994-1995
Bhagyamma	Site No. 13 measuring 9000 square feet with 2 squares dwelling unit	August 4, 1994, registered as document bearing No. 4243/1994-1995
Suryaprakash	Site No. 14 measuring 9000 square feet with 2 squares dwelling unit	August 4, 1994, registered as document bearing No. 3762/1994-1995
Gullappa	Site No. 15 measuring 9000 square feet with 2 squares dwelling unit	June 2, 1994, registered as document bearing No. 1812/1994-1995

Narayanamma	Site No. 16 measuring 9000 square feet with 2 squares dwelling unit	June 2, 1994, registered as document bearing No. 1814/1994-1995
Bhagyamma	Site No. 17 measuring 9000 square feet with 2 squares dwelling unit	June 2, 1994, registered as document bearing No. 1819/1994-1995
Suryaprakash	Site No. 18 measuring 9000 square feet with 2 squares dwelling unit	June 2, 1994, registered as document bearing No. 1817/1994-1995

(xxiv) Pursuant to execution of the aforesaid registered sale deeds by Gullappa, Bhagyamma, Narayanamma and Suryaprakash in favor of BBLIL, BBLIL came to own and possess Portion VIII;

- C. An order dated December 15, 1993 came to be passed by the Hon'ble High Court at Calcutta in company petition bearing no. 365 of 1993 connected with company application No. 267 of 1993 filed by Lipton Indian Limited and BBIL ("**Amalgamation Order I**"), whereby the scheme of amalgamation of Lipton Indian Limited with BBIL was sanctioned by the Hon'ble High Court at Calcutta and made to be binding with effect from July 1, 1993, and accordingly, the name of BBIL was changed to BBLIL (Brooke Bond Lipton India Limited) and the Larger Property came to be owned by BBLIL;
- D. Thereafter, an order dated August 23, 1996 came to be passed by the Hon'ble High Court at Bombay in company petition No. 343 of 1996 connected with company application No. 406 of 1996 filed by Hindustan Liver Limited and an order dated December 9, 1996 came to be passed by the Hon'ble High Court at Calcutta in company petition No. 285 of 1996 connected with company application No. 285 of 1996 filed by BBLIL ("**Amalgamation Order II**"). Under Amalgamation Order II, the scheme of amalgamation of BBLIL with Hindustan Liver Limited was sanctioned and made binding with effect from January 1, 1996;
- E. By operation of the Amalgamation Order II along with other immovable properties owned by BBLIL, the Larger Property also stood transferred and vested with Hindustan Liver Limited;
- F. Thereafter, an order dated July 25, 2008 came to be passed by the Hon'ble High Court at Bombay in company petition No. 473 of 2008 connected with company application No. 375 of 2008 filed by Hindustan Unilever Limited (the new name of Hindustan Liver Limited consequent to issuance of a fresh incorporation certificated dated June 11, 2007 and hereinafter referred to as "**HUL**") and Brooke Bond Real Estate Private Limited ("**BBREPL**"), whereby the scheme of arrangement of demerger was approved ("**Demerger Order**"). By way of the Demerger Order, the scheme of arrangement for demerger and transfer of the Larger Property from HUL to BBREPL was sanctioned by the Hon'ble High Court

at Bombay and with effect from April 1, 2008. Accordingly, the Larger Property now came to be owned by BBREPL;

- G. BBREPL proposed to establish a Special Economic Zone for IT/ITES/BPO/electronic hardware on a portion of the Larger Property, and in connection therewith, an application dated September 5, 2008 was submitted by HUL to Department of Industries and Commerce, GoK requesting clearance for establishing IT/ITES special economic zone (“SEZ”) on the Larger Property from GoK’s single window high level clearance committee (“SHLCC”);
- H. The Department of Industries and Commerce, GoK *vide* a letter dated February 21, 2009 informed BBREPL that its proposal to establish an SEZ was discussed and approved in the 17th SHLCC meeting held on January 28, 2009 (“**DIC Letter I**”) subject to the terms and conditions mentioned therein;
- I. HUL, *vide* its letter dated June 11, 2009 addressed to Director, SEZ, New Delhi provided details of SEZ, and in this connection, HUL enclosed the DIC Letter I with a project report and requested the Director, SEZ, Department of Industry and Commerce, New Delhi, to place HUL’s proposal before the board of approval (“**BoA**”) for formal approval of the project;
- J. The Ministry of Commerce and Industry, Department of Commerce (SEZ Section), Government of India (“**GoI**”), *vide* its letter dated March 31, 2010 addressed to BBREPL, granted formal approval in respect to the proposal submitted by BBREPL for development, operation and maintenance of the sector-specific SEZ for IT/ITES/BPO/electronic hardware on the Larger Property, subject to adherence of certain terms and conditions stipulated therein (“**Formal Approval**”);
- K. BBREPL, *vide* its letter dated September 9, 2010 addressed to Cochin SEZ, GoI, submitted certain documents and requested issuance of inspection report and to initiate the notification process of SEZ in respect of the Larger Property excluding Portion VIII;
- L. The Cochin SEZ, *vide* its letter dated September 20, 2010 bearing no. 7/14/2012: BrookeBond SEZ/5094 addressed to the Joint Secretary (GoI), informed that the Larger Property was inspected and is also contiguous in nature. The said letter further recorded that though there were buildings on the Larger Property, they were vacant and not in use, thus confirming to the definition of deemed vacancy and has requested for issuance of SEZ notification in exercise of powers under section 4 of the Special Economic Zones Act, 2005 (“**SEZ Act**”);
- M. GoK through the Deputy Commissioner, Bangalore District, *vide* a letter dated September 27, 2010 bearing no. LND(E)CR/36/2010-2011 certified BBREPL as the khatedar in absolute possession of Portion I to Portion VII (“**Revenue Letter I**”);

- N. The Ministry of Commerce and Industry, Department of Commerce, GoI, under a notification dated October 7, 2010 bearing no. S/O/2455(E) (in exercise of powers conferred by sub-section (1) of section 4 of the SEZ Act and in pursuance of rules made thereunder) (“**SEZ Notification**”) notified the following areas from of the Larger Property as “**SEZ Land**”:

Sl. No.	Kundalahalli Village survey numbers	Area (in hectares)	Area (in acres)
1.	103	1.68	4.1496
2.	104	1.94	4.7918
3.	105	2.04	5.0388
4.	108/1,2	1.91	4.7177
5.	109	0.44	1.0868
6.	112	2.71	6.6937
		10.72 hectares	26.4784 or 26 Acres 19.1 Guntas

- O. GoK, by a notification dated January 13, 2011 bearing no. KA:G-GPO/2515/WPP-47/2009-2011 has reprinted the SEZ Notification;
- P. BBREPL *vide* its letter dated April 18, 2011 addressed to the Secretary, Department of Revenue, GoK requested for change in land use from a large corporate office (as mentioned under the land acquisition notifications) to develop an IT/ITES SEZ on the SEZ Land forming part of the Larger Property;
- Q. The Principal Secretary to GoK (Revenue Department), by way of a letter dated May 11, 2011 addressed to ALAO indicated that BBREPL, has sought for a change in land use i.e., for Special Economic Zone purpose, and in that connection requested ALAO to provide: (a) copies of the notifications issued under section 4(1), 6(1), 16(2) of LA Act; (b) copies of the awards passed under the LA Act; and (c) copies of documents evidencing the handing and taking over possession of the acquired lands (“**Revenue Letter II**”);
- R. The Principal Secretary to GoK (Revenue Department) under its letter dated May 24, 2011 bearing no. RD87AQB2011 addressed to BBREPL indicated its no objection under section 44-A of the LA Act for transfer of land measuring 26 acres 20 guntas (forming portion of Larger Property and including the SEZ Land and hereinafter referred to as “**Project Land**”) belonging to BBREPL on lease basis to companies and co-developers of IT/ITES, BPO and electronic hardware under the sector specific SEZ sanctioned in favour of BBREPL, subject to the Approval Committee headed by the Development Commissioner of Special Economic Zone constituted by GoI (“**Revenue Letter III**”);

- S.** BBREPL under its letter dated February 15, 2013 addressed to the Assistant Development Commissioner, Special Economic Zone (GOI) (“**ADC SEZ**”) has sought for extension of the validity of SEZ Notification till March 31, 2015;
- T.** Subsequently, Office of the Development Commissioner, Cochin Special Economic Zone under its letter dated August 19, 2013 addressed to Ministry of Commerce and Industry, Department of Commerce, GoI recommended that the Ministry grant first extension of the Formal Approval upto March 31, 2014 and accordingly the first extension of the Formal Approval was granted upto March 31, 2014 by the said Ministry under a letter dated September 20, 2013;
- U.** Under a letter dated November 13, 2013 bearing no. KA/07/14/2010:BrookeBond SEZ/100 the office of the Development Commissioner, Cochin SEZ requested BBREPL to submit the current status of the development on the Project Land along with layout plan, development plan approved by the competent authority and the progress in setting up of the SEZ and occupation of incubation space;
- V.** BBREPL by way of 2 letters both dated December 17, 2013 one addressed to Principal Secretary, Department of Commerce and Industries, GoK and the other addressed to Department of Commerce, New Delhi cited reasons such as economic slowdown and recessionary phase of business and market conditions and requested the aforesaid authorities to take the application on record and grant approval for withdrawal of the notification for acquisition issued under the SEZ Notification and also requesting the authorities to revoke the Formal Approval;
- W.** Under a letter dated January 6, 2014, BBREPL informed the Additional Chief Secretary to GoK (Department of Commerce and Industries) that the lands situated in survey Nos. 103, 104, 105, 108/1, 108/2, 109 and 112 will not be developed as a special economic zone and that a revised approval be issue by the SHLCC similar to an approval provided earlier for: (a) the development of the aforesaid properties as per applicable development control regulations; and (b) transfer of the aforesaid properties/portions thereof and development thereon including by way of sale/mortgage/transfer/lease to third parties;
- X.** By way of a letter dated April 2, 2014 BBREPL also informed the Development Commissioner that it does not wish to seek extension of validity of the extension of validity of the Formal Approval beyond March 31, 2014;
- Y.** By way of a letter dated April 28, 2014, the Additional Chief Secretary to the GoK, Commerce and Industries Department informed the Director, Department of Commerce, GoI that GoK has no objection for the withdrawal of the acquisition notification with respect to the SEZ proposed by BBREPL on the Project Land. However, it was also directed that the land use of the subject properties, being the Larger Property save Portion VIII, shall remain unchanged as it was envisaged originally;

- Z.** Thereafter BBREPL by way of its letter dated July 3, 2014, has requested ADC SEZ to maintain BBREPL's application for withdrawal of the acquisition proceedings as notified under the SEZ Notification and hold and not to forward ADC SEZ's recommendation in relation to the aforesaid withdrawal of the acquisition proceedings with respect to the SEZ to the Ministry of Commerce, GoI;
- AA.** Subsequently, BBREPL by way of its letter dated September 22, 2014 addressed to ADC SEZ has withdrawn the application seeking withdrawal of acquisition proceedings and has requested the ADC SEZ not to process the withdrawal of the SEZ Notification;
- BB.** Under a letter dated September 23, 2014 BBREPL has requested ADC SEZ to extend the Formal Approval for a further period of 3 years, *i.e.*, from March 31, 2014 to March 31, 2017. BoA has extended the validity of the Formal Approval has been extended upto March 31, 2017 *vide* a letter dated October 5, 2016 and further extended upto March 31, 2018 and March 31, 2019 *vide* letters dated March 30, 2017 and February 15, 2018, respectively;
- CC.** Brigade Properties Private Limited (a joint venture of Brigade Enterprises Limited and GIC Singapore through its investment arm Reco Negonia Pte. Ltd.) entered into a Memorandum of Understanding dated September 22 2014, with HUL in connection with acquiring HUL's shareholding in BBREPL, with a special condition that the development of the SEZ project on the Project Land shall be pursued by the new management. Pursuant to the said Memorandum of Understanding dated September 22 2014, a Share Purchase Agreement dated March 23 2015 was executed between Brigade Properties Private Limited and HUL, whereby HUL's entire shareholding in BBREPL was acquired by Brigade Properties Private Limited and in consequent thereto BBREPL become a wholly owned subsidiary of Brigade Properties Private Limited and step down subsidiary of Brigade Enterprises Limited;
- DD.** BBREPL under an application dated September 23, 2014 requested the BoA to accord approval for the change in its constitution and transfer of shareholding in favour of Brigade Properties Private Limited and the same was accorded *vide* a letter dated March 17, 2014 issued by the BoA;
- EE.** Subsequently the name of BBREPL was changed from Brooke Bond Real Estate Private Limited to "*Brookefields Real Estates and Projects Private Limited*", with effect from June 25, 2015;
- FF.** Accordingly, Brookefields Real Estates and Projects Private Limited (the Lessor herein and a wholly owned subsidiary of Brigade Properties Private Limited and a step down subsidiary of Brigade Enterprises Limited), is undertaking the development of the Project Land into a SEZ IT/ITES Park with a built up area of approximately 30,00,000 (thirty lakh) square feet, in the name and style of "*Brigade Tech Gardens*" ("**Project**");

- GG.** The Project comprises of towers A (food and beverage, retail and serviced apartments), B1 (SEZ office), B2 (proposed health club and swimming pool), B3 (SEZ office), B4 (convention centre), C1 (SEZ office), C2 (SEZ office), C3 (amphitheater), C4 (SEZ office), and C5 (SEZ office), out of which B1, B3, C1, C2, C4 and C5 are SEZ office space towers and the remaining towers cater to the allied services including food and beverage, proposed serviced apartments (A Block), convention centre (B4), amphitheater (C3), health club and swimming pool (B2) etc;
- HH.** Tower **B1**, having an aggregate super built-up area of **5,58,183** (five lakh fifty eight thousand one hundred and eighty three) square feet and One Basement + Ground + **6** (six) floors each, more fully described in the **Second Schedule** hereunder written and hereinafter referred to as the said “**Building**”;
- II.** The Lessor has obtained a partial occupancy certificate dated January 23, 2019 bearing No. BBMP/Addl.Dir/ JD North/ 0139/2016-17. By way off the said partial occupancy certificate BBMP has granted permission to occupy *inter alia* the Building (“**Occupancy Certificate**”).
- JJ.** The Lessor has executed a lease deed dated March 18, 2019 in favour of the Lessee in respect of the premises measuring 53,480 (fifty three thousand four hundred eighty) square feet of super built up area situated on Part of 5th (fifth) floor (Unit Nos. 503 and 504) of the Building for housing offices of the Lessee (“**Head Lease**”). The Lessor under clause 26 of the Head Lease provided the Lessee a hard option for an extent measuring 15,319 (fifteen thousand three hundred and nineteen) square feet on the 5th (fifth) floor (Unit No. 501) (“**Hard Option Premises**”). The Lessee in exercise of the hard option so provided under the Head Lease intends to take on lease the space measuring 5,318 (five thousand three hundred eighteen) square feet on the 5th (fifth) floor (part of Unit No. 501) being a portion of the Hard Option Premises (the said premises is more fully detailed in the **Third Schedule** hereunder and shall hereinafter be referred to as “**Premises**”). Further to Lessees intimation to exercise the hard option, the Parties have executed a Letter of Intent dated March 26, 2019; and
- KK.** Pursuant to the terms of the Letter of Intent, the Parties hereby agree to execute this formal Lease Deed for grant of lease by the Lessor in respect of the Premises and the Car Parking Spaces in favour of the Lessee along with the right to use the common areas in the Building and the Project from the date herein below mentioned, for the Rent reserved and on the terms and conditions stated herein after.

NOW THEREFORE, in consideration of the promises and covenants herein set forth and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the Parties mutually agree as follows:

1. DEFINITIONS.

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

Unless the context herein otherwise provides, the following terms shall have the meanings assigned thereto:

- 1.1 “**Affiliates**” shall mean any holding or subsidiary company of the Lessor or the Lessee as the case may be, any transferee companies which have resulted from a merger of the Lessor or the Lessee company with another entity as the case may be, and with respect to any entity, any company, corporation, association or other entity, in which, the Lessor or the Lessee, directly or indirectly controls, is controlled by or is under common control with such entity, such control being exercised by the Lessor or the Lessee through its ability to direct the management and policies of the controlled entity through ownership of voting shares of the controlled entity. The term “control” (including without limitation “controlled by” or “under the common control of”) shall mean the direct or indirect ownership of, or power to vote, no less than 51% (fifty one percent) of the voting power of all equity securities or other ownership interests;
- 1.2 “**Applicable Laws**” means any and all laws, rules, regulations, ordinances, bye-laws, including any amendments or re-enactments thereto from time to time, orders, directives, codes, judgments, decrees, injunctions, determinations, awards, permits, licences, authorisations, rulings of, agreements with, or by any commission, court or other Government or regulatory authority, instrumentality or forum, whether central, state, local, municipal or judicial, as may be applicable from time to time;
- 1.3 “**Appropriate Authority**” shall mean and include Bruhat Bangalore Mahanagara Palike (“**BBMP**”), Karnataka Industrial Areas Development Board (“**KIADB**”), Bangalore Development Authority (“**BDA**”), Bangalore Water Supply and Sewerage Board (“**BWSSB**”), Bangalore Fire Services Department, Airport Authority of India, Telecommunication Department, Bangalore Electric Supply Company Limited (“**BESCOM**”), Karnataka State Electrical Inspectorate (Lifts) and/or any other government and or semi-government authorities/ agencies/departments including any and all authorities/ agencies/departments of or constituted by local, municipal, state and central government and or under any legislation, ordinance *etc.* and or any judicial or quasi-judicial authority as may be applicable;
- 1.4 “**Approvals**” shall mean all necessary statutory approvals, consents and permissions required to construct and occupy the Building;
- 1.5 “**Building**” shall mean the Building as defined in Recital HH above;
- 1.6 “**Business Day(s)**” shall mean a day other than Sunday on which scheduled commercial banks are open for normal banking business in Bangalore;

- 1.7 “**Car Parking Rent**” shall mean the monthly consideration payable by the Lessee for the use of the Car Parking Space provided by the Lessor to the Lessee as stated in Clause 6.2;
- 1.8 “**Car Parking Spaces**” shall mean 07 (seven) contiguous numbers mechanical Car Parking Spaces in the basement of the Building calculated in the ratio of 1:750 square feet of Super Built Up Area for the exclusive use of the Lessee;
- 1.9 “**Carpet Area**” shall mean the entire office area on each floor of the Building including the external walls of the office units, including column spaces, any dedicated air handling unit rooms, toilet areas and other dedicated areas (such as electrical and telecom rooms) but shall not include open terraces and basement areas for car parking and shall not be less than 75% +/- 2%% of the Super Built Up Area;
- 1.10 “**Common Areas**” shall collectively mean the Common Areas of the Building and the Common Areas of the Project defined below;
- 1.11 “**Common Area of the Project**” shall mean all areas and facilities located or installed outside of the Building, but within the Project which are installed and provided by the Lessor at its own expense and designated by the Lessor for the general use and convenience of all, some or one of the lessees in the Project, their respective clients, employees, customers and guests including the areas and facilities such as specified in **Annexure 1** hereto;
- 1.12 “**Common Area of the Building**” shall mean all areas and facilities located or installed within or affixed to the Building, which are installed and provided by the Lessor at its own expense and designated by the Lessor for the general use and convenience of all, some or one of the lessees in the Building, their respective clients, employees, customers and guests, including the areas and facilities such as corridors, hallways, service areas, elevators and elevator lobby, equipment rooms, DG room, electrical room, STP room;
- 1.13 “**Communications Equipment**” shall mean communications devices (including but not limited to satellite dishes, radio masts and other equipment to receive and transmit messages and information) and related equipment and cabling;
- 1.14 “**Encumbrance**” shall mean (i) any mortgage, charge (whether fixed or floating), pledge, lien (including negative lien), hypothecation, assignment, title retention pertaining to the Premises, any obligation of any Person including without limitation, any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws against the Premises, (ii) any right of first offer, or refusal or transfer restriction in favour of any person pertaining to the Premises, and (iii) any adverse claim as to title, possession, access or use of the Premises;

- 1.15 “**Force Majeure Event**” shall mean storm, earthquake, hurricane, tornado, flood or other acts of God, fire or other casualty or accident, strikes,(not due to any act, neglect or default of the Lessor), war or other violence, act of terrorism, insurrection, epidemics, quarantine restrictions or other public health restrictions, any law, or regulation of any government, governmental delay, or any act or condition whatsoever beyond the reasonable control of Lessor;
- 1.16 “**Handover Date for Fitouts**” shall mean the date of execution of this Lease Deed being the date of handover of the Premises completed as per Warm Shell Specifications as provided in Annexure 3;
- 1.17 “**Initial Term**” shall mean lease for a term of 10 (ten) years from Lease Commencement Date;
- 1.18 “**Letter of Intent/LOI**” shall mean the letter of intent dated March 26, 2019 executed between the Parties;
- 1.19 “**Lease Commencement Date**” shall mean the Handover Date for Fitouts i.e. May 01, 2019;
- 1.20 “**Head Lease**” shall mean the Head Lease as defined in Recital JJ above;
- 1.21 “**Lease Deed**” shall mean this document;
- 1.22 “**Lock-in Period**” shall have the meaning ascribed to it in Clause 5 herein;
- 1.23 “**Maintenance Agency**” shall mean the property management company, who are the exclusive and designated maintenance manager of the Project;
- 1.24 “**Maintenance Charges**” shall mean the charges towards the Maintenance Services to be paid to the Maintenance Agency, as stated in Clause 15.2;
- 1.25 “**Maintenance Services**” shall mean all the services agreed to be provided by the Maintenance Agency as per **Annexure 2** attached hereto;
- 1.26 “**Occupancy Certificate**” shall mean the Occupancy Certificate as defined in Recital II above;
- 1.27 “**Parties**” shall mean Lessor and Lessee collectively and “**Party**” shall mean the Lessor or the Lessee individually;
- 1.28 “**Premises**” shall mean the Premises defined in Recital JJ above constructed as per the Warm Shell Specifications;

- 1.29 “**Rent**” shall mean the monthly consideration, being the sum of the Premises Rent as stated in Clause 6.1 hereof and the Car Parking Rent as stated in Clause 6.2;
- 1.30 “**Rent Commencement Date**” shall mean July 01, 2020
- 1.31 “**Rent Free Period**” shall mean the period between the Lease Commencement Date and the Rent Commencement Date, which period shall be used by the Lessee to carry out the Lessee’s Improvements at the Premises in accordance with Clause 18;
- 1.32 “**Renewal Term**” After initial Lease Period of 10 (ten) years, lease can be renewed for further period as stated in Clause 4.2;
- 1.33 “**Security Deposit**” shall mean the interest free refundable security deposit paid by the Lessee to the Lessor as per Clause 7 hereof;
- 1.34 “**SEZ Approval**” means the approval obtained by the Lessee under Section 15 of the SEZ Act read with Chapter III of the SEZ Rules on or before the Lease Commencement Date to use the Premises as its office space;
- 1.35 “**Super Built Up Area**” shall, in respect of the Premises, mean: (i) the built up area of the Premises including all external walls; (ii) balconies and sit outs, if any; (iii) the proportionate share in all the Common Areas, amenities and services of the Building; (iv) amenities and services provided in the terrace floor of the Building, but does not include external staircases, terrace areas, basements, stilt floors and parking spaces (but includes the service areas);
- 1.36 “**Taxes**” shall mean the taxes and other dues described in Clause 9;
- 1.37 “**Term**” shall mean the Initial Term stated in Clause 4.1 and shall include the Renewal Term/s stated in Clause 4.2 if the Lessee exercises its renewal option;
- 1.38 “**Utilities**” shall mean the supply of raw power, back-up power, HVAC cold water supply, water supply to the Premises and Common Areas as provided in Clauses 13, 14, and 15;
- 1.39 “**Utilities Charges**” shall mean the charges payable by the Lessee for the use of Utilities as provided in Clauses 13, 14 and 15 below; and
- 1.40 “**Warm Shell Specifications**” shall mean the specifications as per the **Annexure 3** attached hereto for the Premises and the Building.

2. INTERPRETATION.

In construing this Lease Deed:

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

- 2.1. The headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Lease deed;
- 2.2. References to one gender includes all genders;
- 2.3. Any reference to any enactment or statutory provision is a reference to it as it may have been, or may from time to time be, amended, modified, consolidated or re-enacted at the relevant time;
- 2.4. Words in the singular shall include the plural and vice versa;
- 2.5. References to an “agreement” including this Lease Deed or “document” shall be construed as a reference to such agreement or document along with the schedules and annexures attached hereto, as the same may have been amended, varied, supplemented or novated in writing at the relevant time in accordance with the requirements of such agreement or document and, if applicable, of this Lease Deed with respect to amendments and in the events of inconsistency between the provisions of this Lease Deed and the schedules or annexures, the provisions of this Lease Deed shall take precedence;
- 2.6. Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by including the day on which the period commences and including the day on which the period ends and by extending the period to the following Business Day if the last day of such period is not a Business Day;
- 2.7. Unless otherwise specified, whenever any payment is to be made or action taken under this Lease Deed is required to be made or taken on a day other than a Business Day such payment shall be made or action taken on the next Business Day;
- 2.8. The words “include”, “including”, or “such as” are not used as, nor is it to be interpreted as, a word of limitation and when introducing an example, do not limit the meaning of the words to which the examples of a similar kind apply;
- 2.9. The terms “herein”, “hereof”, “hereto”, “hereunder” and words of similar purport refer to this Lease Deed as a whole;
- 2.10. Any consents to be given by the Parties pursuant to or in accordance with this Lease Deed unless otherwise provided in the Lease Deed shall be at the sole discretion of such Party and shall always be in writing;
- 2.11. References to the knowledge of any Person shall mean the actual knowledge of such Person after making all due diligence inquiries and investigations which would be expected or required from a person of ordinary prudence; and

2.12. No provisions of this Lease Deed shall be interpreted in favour of, or against, any Party by reason of the extent to which such Party or its counsel participated in the drafting hereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof.

3. GRANT OF LEASE AND HANDOVER OF POSSESSION.

3.1. In consideration of the Lessee, depositing the amounts payable towards the Security Deposit, agreeing to pay the Rent hereby reserved and complying with the terms of this Lease Deed, the Lessor hereby grants the lease to the Lessee, and the Lessee hereby agrees to take on lease from the Lessor, the Premises together with the Car Parking Spaces and the right to use the common areas in the Building and the Project for the Term.

3.2. The Lessor hereby confirms that the delivery of possession of the Premises along with the Car Parking Spaces shall be handed over by the Lessor to the Lessee on the Handover Date for Fitouts. The Carpet Area of the Premises shall be 75% of the Super Built Up Area with an acceptable variance of +/- 2%.

3.3. Prior to the Handover Date for Fitouts, the Parties have conducted a joint inspection and measurement of the Premises, and have confirmed that the Carpet Area of the Premises is at 75% +/- 2% efficiency of the Super Built Up Area.

3.4. The Lessor hereby confirms that the Lessor will abide by the timelines for providing the amenities being provided to the Premises as specified in **Annexure 4**.

3.5. The Lessor on the Handover Date for Fitouts has handed over possession of the Premises to the Lessee in accordance with the Warm Shell Specifications as per the **Annexure 3**.

4. DURATION OF LEASE.

4.1. **Initial Term.** The lease of the Premises shall commence on the Lease Commencement Date and shall be for a period of 10 (ten) years thereafter (the “**Initial Term**”).

4.2. **Renewal Term.** After the initial Term, lease can be renewed at sole option of the Lessee for a further period on mutually agreeable lease terms as per market terms including the Security Deposit being topped up to match 9 (nine) months’ deposit. The Lessee shall provide the Lessor a written notice of the Lessee’s intention to renew the lease, 6 (six) months prior to the expiry of the Initial Term. It is categorically agreed to between the Parties that any such renewal shall only be validly operational and come into effect only upon execution and registration of a fresh lease deed which shall be done at least 60 (sixty) days before the expiry of the Initial Term by efflux of time.

5. LOCK-IN PERIOD.

5.1. The Parties hereby agree that the Lessee shall not be entitled to terminate the Lease for a period of 3 (three) years from the Lease Commencement Date (the “**Lock-In Period**”), save and except as provided in Clauses 26.2 and 28. If the Lessee terminates the Lease during the Lock-In Period for reason other than as provided in Clauses 26.2 and 28 or the Lease is terminated by the Lessor as provided in Clauses 26.3 and 26.4, the Lessee shall become liable to pay the Rent payable for the remainder of the Lock-In Period as compensation (“**Unexpired Rent**”), which have been agreed between the Parties hereto as pre-determined damages that would be suffered by the Lessor and neither the Lessor nor the Lessee shall question the quantum of the Unexpired Rent. It is clarified that if the lease is terminated by the Lessee for reasons under Clauses 26.2 and 28, the Lessee will not be liable to pay the Unexpired Rent.

6. RENT.

6.1. The Lessee agrees to pay the Lessor, subject to statutory deductions, rent of **Rs.51/-** (Rupees Fifty One Only) per square feet per month (the “**Premises Rent**”).

6.2. The Lessee shall pay the Lessor rent of **Rs. 3250/-** (Three Thousand Two Hundred Fifty Only) per Car Parking Space per month (the “**Car Parking Rent**”).

Payment of Rent (the “Rent”, being the Premises Rent and Car Parking Rent) From the Rent Commencement Date and throughout the Term, the Lessee shall pay the Rent monthly in advance on or before the 10th (tenth) Business Day of each calendar month in respect of which the same are due (the “**Due Date**”). The Lessee shall deposit the Rent to Lessor’s ICICI bank account No. 000205026622 and any changes to the bank account to which the Rent is required to be credited, shall be intimated to the Lessee atleast 30 (thirty) days in advance throughout the Term with a written consent from ICICI bank for change in crediting the Rent to such other bank account as required by the Lessor.

6.3. **Pro rata Payment.** If the Rent Commencement Date is other than the 1st (first) day of a calendar month, then the Rent for such partial month shall be prorated on a daily basis, based on the actual number of days remaining in such month and shall be payable on the Rent Commencement Date.

6.4. **Escalation.** The Parties hereby agree that during the Term there shall be an escalation of 15% on every 3 years on Warm shell Rent and 12% on every 3 years for Car Park rent. Rent shall co escalate with the Rent Escalation as per Clause 6.4 of the Head Lease Deed. Accordingly the first escalation shall be effective 1st July 2022.

7. SECURITY DEPOSIT.

- 7.1. **Security Deposit.** The Lessee, for the due performance of its obligations herein, has agreed to maintain with the Lessor an interest free refundable security deposit equal to 9 (nine) months' Premises and Carpark Rent, amounting to **Rs. 26,45,712/-** (Rupees Twenty Six Lakhs Forty Five Thousand Seven Hundred Twelve only) (the "**Security Deposit**").
- 7.2. **Payment of Security Deposit.** The Parties acknowledge and confirm that the aforesaid Security Deposit amount has been paid by the Lessee to the Lessor in manner as set out below:
- (i) Sum of **Rs. 5,87,936/-** (Rupees Five Lakh Eighty Seven Thousand Nine Hundred Thirty Six only), equivalent to 2 (two) months Premises and Carpark Rent has been deposited with the Lessor at the time of signing of the LOI by means of wire transfer bearing transaction reference No. 6215ABS089GGL06, dated March 30, 2019 he receipt whereof the Lessor hereby acknowledges; and
 - (ii) A sum of **Rs. 20,57,776/-** (Rupees Twenty Lakh Fifty Seven Thousand Seven Hundred Seventy Six only), equivalent to 7 (seven) months Premises and Car Park Rent has been deposited with the Lessor simultaneously with the execution of this Lease Deed, the receipt whereof the Lessor hereby acknowledges.
- 7.3. **Refund of Security Deposit.** On the expiry or earlier termination of the lease of the Premises, the Lessor shall, simultaneously with the Lessee delivering physical and vacant possession of the Premises to the Lessor, refund the Security Deposit to the Lessee, subject to adjustments of any arrears of Rent and/or Utilities Charges and/or Maintenance Charges, payable by the Lessee under the Lease Deed or towards any damages to the Premises due to Lessee's acts of omission or commission (normal wear and tear exempted).
- 7.4. **Failure to refund the Security Deposit.** If the Lessor fails to refund the Security Deposit or any portion thereof in terms of Clause 7.3 above despite the Lessee offering to handover the possession of the said Premises, then without prejudice to the Lessee's right to recover the same, the Lessee shall hold back / retain constructive possession of the Premises without the payment of any Rent and Maintenance Charges from the date of expiry of the Term or the early termination of the lease of the Premises to the date of actual repayment of the amounts toward the Security Deposit along with an interest at the rate of 18% per annum from the date on which the Security Deposit is due till the date of actual refund to the Lessee. Such remaining in possession of the Premises by the Lessee shall not constitute a default by the Lessee of the lease provided such that the Lessee does not conduct business out of the Premises during such period. However, the Lessee shall bear the Utilities Charges for the Premises during the possession of the Premises.

8. TAX DEDUCTIONS.

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

- 8.1. The Lessee shall deduct tax at source as may be applicable under the Applicable Laws on all payments to the Lessor. The Lessee shall provide tax deduction at source certificates to the Lessor within 3 (three) months from closure of each financial year.
- 8.2. In the event of termination or early expiry of the lease, the Lessee shall pay to the Government all outstanding amounts of TDS from the Rent, Maintenance Charges and other amounts payable under this Lease Deed, for the period ending with the termination of the lease and issue to the Lessor, the necessary certificate denoting the amount of TDS in accordance with the Applicable Laws.
- 8.3. The Lessor shall give the Lessee a valid tax invoice in accordance with the Goods and Service Tax Act, 2016 (“**GST Act**”) showing the applicable GST payable on the Rent and Utilities Charges. The Lessor is solely responsible to remit the GST amount collected from the Lessee with the tax collection authority within the prescribed timeline as per the GST Act. The Lessor shall cooperate with the Lessee and assist the Lessee to claim timely input tax credit. It shall be the sole responsibility of the Lessee to inform the Lessor in writing about the address and GSTN on which such invoices have to be raised by the Lessor in accordance with GST provision of place of service. Notwithstanding anything contained under this Clause, all income tax liabilities of the Lessor under Income Tax Act, 1961, arising in connection with or out of this lease shall be the responsibility of the Lessor.

9. PAYMENT OF TAXES.

- 9.1. **Property Tax:** The Lessor will be solely liable to pay all past, present and future rates, taxes, cesses, assessments and other outgoings with respect to the Premises and the Project Land, including but not restricted to, land tax, building tax, corporation and house tax, property tax and municipal tax (“**Property Taxes**”) as applicable. In the event of default in payment of Property Taxes and if the same is demanded from the Lessee, the Lessee, at its discretion, shall pay and recover such amounts by deducting from the immediate Rents payable by the Lessee.
- 9.2. **Taxes on Rents and Utilities Charges paid by the Lessee:** Any tax in the nature of Goods and Service Tax or any other tax as may be applicable which is incidental on the payment of Rent and Utilities Charges other than: (i) income tax or any company/corporate taxes which may be directly levied upon the Lessor whatsoever; or (ii) Property Tax as set out in Clause 9.1 above, shall be paid by the Lessee along with the Rent and Utilities Charges.

10. LESSOR’S REPRESENTATIONS AND WARRANTIES.

- 10.1. The Lessor represents and warrants as under that:

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

- (iii) The Lessor (a) is the sole and absolute owner of the Project Land, Building and the Premises, having valid title and ownership right thereto; (b) has the absolute, right, authority and power to grant a lease of the Premises and the Car Parking Spaces to the Lessee upon the terms and conditions herein contained; (c) that there are no legal impediments of any nature whatsoever in leasing the Premises and the Car Parking Spaces; (d) has not created any encumbrance, lien or charge on the Premises, save and except for the project loan taken by Lessor from ICICI Bank for which a no-objection certificate dated 15th October 2018 is provided by the Lessor (e) that the Lessee shall have uninterrupted, quiet, peaceful, physical, vacant and legal possession of the Premises, Car Parking Spaces and right to use the Common Areas; and (f) is entitled to develop the Project Land, develop and construct the Project and the Building on the Project Land and let out the Premises to the Lessee on lease in accordance with the terms hereof;
- (iv) The Building (including the Premises) has been constructed pursuant to (a) the plan sanctioned by the concerned Appropriate Authorities and (b) the Warm Shell Specifications and there exists no deviations from the sanctioned plan beyond permissible limits;
- (v) Other than this Lease Deed, the Lessor has not entered into any letter of intent, memorandum of understanding or agreement or arrangement of any nature whatsoever, oral or written with any third party in respect of selling and or leasing or otherwise transferring the Premises;
- (vi) All approvals, consents and permissions necessary under the Applicable Laws for the construction and occupation of the Premises have been obtained by the Lessor including any approval required to be obtained by the Lessor under the SEZ Act (on or before the Lease Commencement Date);
- (vii) There exists no claims, actions, litigations, arbitrations, land acquisition proceedings, garnishee or any process issued by any court or authority including the competent authority under the Income Tax Act, 1961 or other proceedings whatsoever relating to the Premises;
- (viii) The Lessee, its agents, representatives, employees and guests shall have unrestricted, unlimited and unimpaired access and the use of, the Premises at all times, during the day or the night for 24 (twenty four) hours a day, 7 (seven) days a week basis in all 365 (three hundred and sixty five) days of the year during the Term;
- (ix) The electricity, water and sewerage connections have been provided to the Premises before the Lease Commencement Date and each such connection is fully functional from the Lease Commencement Date and maintained so during the Term;

- (x) The Lessor shall be liable to pay all property taxes, Utilities and Maintenance Charges, if any, in respect of the Premises prior to handing over of the Premises to the Lessee and shall be liable to pay the Property Taxes promptly and regularly throughout the Term. It is, however, clarified that on and from the from the Lease Commencement Date, the Lessee shall pay all the Utilities Charges and Maintenance Charges in accordance with Clauses 13, 14 and 15;
- (xi) The Lessee, on paying the Rent, Utilities Charges, Maintenance Charges on the respective due dates thereof and in the manner herein provided and on observing and performing the covenants, conditions and stipulations contained herein and on its part being observed and performed, shall be entitled to unimpeded, quiet, peaceful possession, use and occupation of the Premises and the Car Parking Spaces at all times during the Term, without any let, obstruction, eviction, interruption and/or disturbance, claim and demand whatsoever by the Lessor or any person or persons lawfully or equitably claiming by, from, under or in trust for it; and
- (xii) The Lessor shall keep and maintain the Premises in wind and water tight condition and shall maintain the water and sanitary pipes, electric wiring, High Side Air Conditioning for the Premises in good condition.
- (xiii) The Lessor has passed all the required board resolutions for the execution of this Lease Deed.

10.2. The Lessor confirms that the abovementioned representations, warranties and covenants are accurate and true, and based on the abovementioned representations, covenants, warranties and undertakings made by the Lessor to the Lessee, and believing the same to be true and correct, the Lessee has entered into this Lease Deed. It is the agreement of the Parties that the representations, warranties, and covenants made herein by the Lessor shall not be affected or deemed waived by reason of any investigation/due diligence undertaken by or on behalf of the Lessee, unless specifically disclosed by the Lessor, or by reason of the Lessee or any of its advisors, agents, consultants or representatives knowing or should have known that any such representation or warranty or covenant is or might be inaccurate or untrue.

11. LESSOR'S OBLIGATIONS.

11.1. The Lessor shall allow the Lessee to install the Communication Equipment as required for its business needs and the Lessor shall provide the space for installation of the same at the terrace and other appropriate places in the building subject to technical feasibility. The Lessee confirms that the height of the Communication Equipment shall not exceed the height restrictions as per Airport Authority of India and HAL norms;

- 11.2. The Lessor shall allow the Lessee to apply for, obtain and install as many telephone/ fax/ data transmission lines in the Premises as it may deem necessary for its business purposes in its own name and at its own cost. On receipt of a request from the Lessee, the Lessor, without imposing any conditions, shall execute such documents as may be required by the Lessee for applying, obtaining and installing such telephone/ fax/ data transmission lines;
- 11.3. The Lessor shall provide space within the Building for installing additional air-conditioning units to cater to needs of the Lessee's business operations. It is however clarified that the Lessee shall use such space without affecting the elevation and aesthetics of the Building and shall be in accordance with the Applicable Laws;
- 11.4. The Lessor shall allow the Lessee to make and effect upon the Premises such renovations, additions, alterations and changes as the Lessee may deem necessary, incidental or advantageous for the conduct of its business without any building structural damages; and
- 11.5. The Lessor shall allow the Lessee to use and enjoy along with other occupants the entrances, staircase, landings, corridors, road and passage in and outside the Premises hereto and the right of ingress to and egress from the Premises and the Car Parking Spaces so far as the same are necessary for the enjoyment of the Premises and the Car Parking Spaces by the Lessee, its customers, servants, agents, visitors and invitees.

12. LESSEE'S REPRESENTATIONS AND WARRANTIES.

The Lessee represents and warrants the following:

- 12.1. The Lessee shall, from the Rent Commencement Date, pay the Rent payable on its due date without any delay or demand and pay the Utilities Charges and Maintenance Charges to the Maintenance Agency within the prescribed time frame commencing from the Lease Commencement Date;
- 12.2. The Lessee shall permit the Lessor or Maintenance Agency and their representatives to enter the Premises for the purpose of inspection or rendering Maintenance Services, at normal working hours, after prior notice of 24 hours, except in the events of bona fide emergency, where notice is not required to be provided. It is clarified that during such inspection, if the Lessor finds any defect in the condition of the Premises caused by any act or default on the part of the Lessee or its representatives, the Lessor shall provide notice of such defect and the Lessee shall be bound to rectify such defect within mutually agreed time lines from such notice; failing which the same shall be considered as a breach on part of the Lessee;
- 12.3. The Lessee shall always observe and perform all the terms and conditions, covenants and provisions on which the Premises is agreed to be given on lease. It

shall not do, omit or knowingly suffer to be done anything whereby the right of the Lessor to the Premises is violated, forfeited, jeopardized or extinguished;

- 12.4. The Lessee shall be responsible for the safety and security of all its materials, equipment and goods;
- 12.5. The Lessee shall not store any hazardous or inflammable items without securing all statutory permission and fully implementing safety regulation required for the said purpose and shall comply with the safety measures as may be reasonably and properly recommended by the Lessor;
- 12.6. The Lessee shall use the Premises with due care and caution, except reasonable wear and tear, and not do anything that would diminish the value of the Premises/ building or permit anything to be done that is contrary to any of the terms of this Lease Deed or provision of any Applicable Law for the time being in force;
- 12.7. The Lessee shall use the Premises for the permitted business and such allied purposes abiding by all Applicable Laws, apply for and keep up-to-date all requisite approvals as may be required to carry on its business activities in or in relation to the Premises as per Applicable Laws and not carry on any activities which are unlawful, illegal or dangerous; and
- 12.8. The Lessee shall not do or suffer to be done in or in relation to the Premises anything which may cause nuisance, annoyance or disturbance to or interferes with the quiet use, enjoyment and comfort of the Lessor or the other occupants of the Building and Project.

13. ELECTRICITY.

- 13.1. **Raw Power.** The Lessor shall provide raw electrical power of upto 0.8 KVA for every 100 (one hundred) square feet of Super Built Up Area of the Premises and that such power is supplied by Bangalore Electricity Supply Company Limited (“BESCOM”) and available on the Lease Commencement Date. In the event the Lessee requires a power load greater than the power load agreed herein the Lessor shall, upon the Lessee's request, and subject to feasibility, provide the additional load to the Premises for both main supply and back up. In the event that the Lessee’s request is any time before the Rent commencement Date, the Lessee shall pay one time additional charges to the Lessor equivalent to Rs. 50,000/- (Rupees Fifty Thousand) per KVA for both main supply and back up. In the event that the Lessee’s request is after the Rent Commencement Date, the Parties shall mutually agree on the infrastructure cost to be paid by the Lessee for availing such additional power.
- 13.2. **Power Consumption Charges.** The Lessee shall from the Lease Commencement Date bear and pay the electricity charges (based on HT rates) allocable to the Premises based on bills issued by Maintenance Agency with regard to actual

consumption of power in the Premises by the Lessee as per the reading in the separate meter at rates as applicable to units in SEZ. The Lessee has been made aware that BESCO has provided a single meter to the whole Building and from that meter, power to the whole Premises would be provided under a separate sub-meter for the Premises. In the event of the Lessee failing to pay the consumption charges for its use of the electricity for continuous period of 2 (two) months Lessor may without prejudice to the right to terminate the lease in terms of Clause 26.3, at its discretion and under a written notice to the Lessee, pay such charges to ensure that the electricity supply is not disrupted which will thereby affect the entire Building in which the Premises is situated. The Lessee shall forthwith become liable to pay the amounts paid by the Lessor with interest thereon at the rate of 18% per annum from the date of the Lessor having paid the amounts to the Appropriate Authority. The Maintenance Agency/ Lessor shall be responsible for prompt and timely payment of power consumption charges to BESCO. In the event there is any default in payment of electricity charges by the Maintenance Agency/ Lessor for any reasons not attributable to the Lessee, resulting in disruption of power supply to the Premises by BESCO, the Lessor/ Maintenance Agency, shall take appropriate measures to restore the power supply immediately within 2 (two) days such that the Lessee is ensured of continuous power supply. However in the event the said power is not restored within said 2 (two) days from disruption then the Lessor shall, as an alternative, provide electricity through common DG, and the Lessee shall for consumption of such alternate power, pay the Lessor the rate applicable for HT electricity connection of BESCO. However further, it is clarified that the BESCO rates shall not be applicable if the power through DG supplied is due to any load shedding which shall be as per the diesel consumption rates.

- 13.3. **Monthly Minimum Deposit.** The Lessor has informed the Lessee that BESCO charges a minimum deposit relatable to the power consumption (“**MMD**”) and presently such demand for deposit is a 3 (three) months’ consumption charges as MMD. The obligation to pay the MMD or the enhancements in MMD as charged by BESCO from time to time during the Term shall be of the Lessee. The Lessee shall pay the MMD and/or the enhancements in MMD within the time period stipulated for such payment as stated in the demand for the same made by BESCO. Failure of the Lessee to pay the MMD and/or enhancements in MMD within the stipulated timeframe as aforesaid shall be construed as breach by the Lessee. The Lessor, without prejudice to its right to terminate, may at its discretion, pay the MMD and/or enhancements in MMD to BESCO and in such event the Lessee shall become liable to reimburse to the Lessor the amounts paid by the Lessor towards MMD and/or enhancements in MMD along with an interest of 18% per annum from the date of payment by the Lessor within a period of 15 (fifteen) days thereof. In the event, the MMD and/or the enhancements in MMD is required to be paid in the name of the Lessor, the Lessee shall pay the said amounts in the name of Lessor and it shall be the obligation of the Lessor to refund the same in full without any interest on the same to the Lessee on termination of the Lease along with the refund of the Security Deposit. The Lessor will be entitled to recover

such MMD / enhancements in MMD from the BESCO as and when the BESCO becomes liable to refund the same.

- 13.4. **Power Backup.** The Lessor shall provide 100% (one hundred percent) backup power for the Premises through diesel generator sets. The Lessee shall pay the Maintenance Agency for consumption of backup power through diesel generator based on actual consumption of diesel cost. The charges will be based on the meter reading for the back-up power provided for the Premises. It is further expressly clarified that such charges shall only be payable by the Lessee as regards the Premises and shall not include charges for backup power designated for the Common Areas and cafeteria, which shall be paid by Lessee as per actuals on proportionate basis to be paid by the Lessee.
- 13.5. **Maintenance of Power Equipment.** The Lessee has been made aware that there would be planned shut-down of power backup equipment for the purpose of maintenance during which backup power will not be available. The Lessee shall not object to such planned shut-downs which shall, as far as possible, be conducted only on weekends, non-Business Days or during non-peak hours, after providing to the Lessee prior written notice of 30 (thirty) Days.
- 13.6. **HVAC Systems.** The Lessor shall provide the comfort AC to maintain office temperature of 23 (twenty three) degree Celsius +/- 1 (one) degree Celsius i.e. HVAC tonnage of upto 1TR for every 500 (five hundred) square feet on the Super Built Up Area. The Lessee will be liable to pay the consumption charges for the provision of air conditioning based on the chilled water consumption metered through BTU Meter.
- 14. WATER AND SEWERAGE.**
- 14.1. The Building has been provided with sewerage connections in accordance with Applicable Laws. The Lessor shall arrange for water to meet the needs of the Premises including water for toilets, maintenance and housekeeping, and other purposes except drinking. Such water supply shall be either from the Bangalore Water Supply and Sewerage Board and or tankers or any other source. The Lessee shall pay the water consumption charges for the Premises and Common Areas including common cafeteria as per actuals on a proportionate basis to be paid by the Lessee.
- 15. MAINTENANCE AND REPAIRS.**
- 15.1. **Maintenance Services.** The Lessor shall provide Maintenance Services as detailed in **Annexure 2** either by itself or through a Maintenance Agency. In the event, the Maintenance Services are being delivered by the Maintenance Agency, the Maintenance Agency shall raise the invoices for the Maintenance Charges and for the Utilities Charges and collect the same directly from the occupants of the Project. Any breach by the Maintenance Agency shall be deemed to be a breach

by the Lessor under this Lease Deed and consequences under Clause 27.2 shall follow.

- 15.2. **Maintenance Charges.** The Lessee shall pay the Maintenance Agency monthly Maintenance Charges commencing from the Rent Commencement Date or the Date on which Lessee starts their operations whichever is earlier.as set out in the Maintenance Agreement, which the Lessor has informed the Lessee is based on actual cost plus 15% (fifteen percent) management fee plus taxes. Presently estimated monthly maintenance charge for is **Rs. 9/-** (Rupees Nine only) per square feet of Super Built Up Area per month which is exclusive of goods and service tax. However, all variables like power consumption charges including DG Backup, water charges and other consumables for the Common Area including common cafeteria and campus maintenance, if any, will be extra as per actuals on proportionate basis to be paid by the Lessee.
- 15.3. **Structural Repairs by Lessor.** The Lessor shall take care of (or cause to be taken care of) any major repairs to the Building or Utilities which may be in the nature of structural repairs to the Building / Premises, or to any of the sewage systems/pipes / water pipe / electrical installation, leakages excluding dampening in the Building and/ or Premises. The Lessor shall, on being notified of such structural repairs, take up the same immediately and complete the same promptly. In the event, any such structural repair is required due to any act of default or gross negligence of the Lessee, the Lessee shall be liable to bear the cost of such repairs.
- 15.4. **Maintenance by Lessee.** The Lessee shall carry out and be responsible for routine maintenance of the interiors of the warm shell Premises including the AMCs for the AHUs provided by the Lessor for Lessee' use.

16. QUIET ENJOYMENT AND USE OF THE PREMISES.

16.1. Use of Premises.

- (i) The Lessor covenants and agrees that, upon the Lessee paying the Rent, Maintenance Charges, Utilities Charges and observing the terms, covenants and conditions of the Lease, the Lessee will be entitled lawfully, peaceably and quietly hold, occupy and enjoy the Premises along with the use of the Common Areas on a 7 (seven) days a week, 24 (twenty four) hours a day, 365 (three hundred and sixty five) days a year basis, without any hindrance, obstruction and at no extra charge, subject to the rules and regulations applicable to the use of such Common Areas as prescribed by the Lessor, during the Term;

16.2. Car Parking Spaces.

- (i) The Car Parking Spaces for the Premises shall be contiguous and are for the exclusive use of the Lessee at all times during the Term;

- (ii) The Car Parking Spaces shall be utilized only for parking of four-wheeler vehicles and two-wheeler vehicles;
- (iii) The Lessor shall not be responsible for damage or loss to possessions or items left in Lessee's vehicles or any damage to Lessee's vehicles, whether or not such damage is caused by other vehicle(s) or person(s) in the parking lot, unless for any reason attributable directly to the Lessor.

17. BAR ON STRUCTURAL ALTERATIONS.

The Lessee shall not make any structural addition or alteration to the Premises/ Building. The Lessee shall not make any alteration to any of the electrical or plumbing lines or to the Premises or relocation of any electrical fitting, wiring or relocation of any of the plumbing lines without prior written approval from the Lessor.

18. LESSEE'S IMPROVEMENTS.

The Lessee is, during the Rent Free Period, entitled to carry out its interior works which are in the nature of non-structural alterations, in a good workmanlike, safe and sound manner within the Premises (the "Lessee Improvements") in compliance with Applicable Laws, at its cost and using such contractors as are selected by it without making any changes to the fixed fittings and fixtures belonging to the Lessor in the Premises and Common Areas. Any permissions or authorizations required to be obtained for the Lessee Improvements shall be the Lessee's sole responsibility and cost. The Lessor acknowledges that the Lessee shall at all times be the sole owner of all Lessee Improvements and the Lessee will be liable to remove and take away all the Lessee Improvements before handing over the Premises on termination of the Lease. If any damage is caused to the Premises or any of the Common Areas whilst removing or transporting such Lessee Improvement, subject to normal wear and tear, the Lessee shall repair such damage at its cost, failing which the cost for repair of the same shall be deducted from the Security Deposit. The Lessee is entitled to carry out the fit-outs as it deems necessary in order to utilize the Premises consistent with its business purposes and the same shall be intimated to the Lessor prior to commencement of any such work. The Lessee shall ensure that it shall not cause any nuisance to the other occupants/tenants of the Larger Property including the Building. The Lessee shall also ensure that any such work carried out shall not affect the structural stability of the Building and shall not be permanent in nature.

19. SIGNAGE.

Signage for Lessee will be provided in the Common Directory at the Reception Lobby. The Lessee shall bear the cost of installation of any signage in terms of this Clause and all statutory municipal taxes payable on such signage, if any.

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

20. TITLE- OWNERSHIP.

Save as provided in this Lease Deed other than for the leasehold rights and interest granted hereunder, no right, title or interest in the Premises and the Car Parking Spaces shall pass/be transferred to the Lessee by virtue of these presents or otherwise.

21. ASSIGNMENT AND SUBLETTING.

21.1. The Lessee may, subject to the prevailing rules and regulation pertaining to such assignment under the SEZ Act and SEZ Rules, assign the lease of the Premises and the Car Parking Spaces or sublease, license the entire / portion of the Premises and the Car Parking Spaces without prior written approval and consent of the Lessor, to its Affiliates.

21.2. The Lessee shall not assign its rights and obligation under this Lease Deed or sublease the Premises and/or the Car Parking Spaces to any third party pertaining to the Premises or any part thereof without prior written consent of the Lessor, which consent shall not be unreasonably withheld.

21.3. Notwithstanding anything contained in the permission having been granted by the Lessor in this Clause, the Lessee shall continue to be responsible for all obligations under the lease including the payment of the Rent and any implication of the stamp duty and registration of such assignment / sublease / license shall be borne and paid by the Lessee. Any assignment and/or sub lease granted pursuant to the terms hereof, shall be co-terminus with this Lease Deed (including renewal, if any) between the Lessor and the Lessee.

21.4. The Lessee will be required to furnish certified copy of the assignment deed or the sub lease deed (which will be registered under Applicable Laws) or license agreement, that would be executed in terms of Clause 21.1.

22. ASSIGNMENT MORTGAGE- RENTAL DISCOUNTING BY THE LESSOR.

22.1. **Assignment by the Lessor:** The Lessor, shall have the right to assign or otherwise alienate its interest (“**Transfer**”) in the Premises to any Third Party, except to the competitors of the Lessee listed in **Annexure 5** of this Lease Deed (“**Lessee Competitors**”). The Lessor further agrees not to lease the 4th floor in Block B1 to the Lessee Competitors. The Lessor further shall ensure that such assignment /transfer/ charge/ encumbrance of the Premises shall not affect the rights of the Lessee under this Lease Deed. The Parties hereby agree that in the event of such Transfer, the Lessee will attorn the leasehold rights granted under this Lease Deed in favour of the Transferee on receipt of the letter of attornment from the Lessor calling upon the Lessee to attorn the leasehold rights in favour of the Transferee

accompanied by an undertaking from the Transferee to comply with the terms and condition of the lease, including but not limited to the refunding of the Security Deposit in terms hereof. However, all such cost for execution of attornment and or other such agreement shall be at the sole cost of the Lessor/ Transferee. In the event any party desires to execute a fresh lease deed pursuant to the assignment by the Lessor for their internal purposes, the cost for execution and registration of such fresh lease deed shall be borne by the desired Party On the attornment being complete the Lessor will have no rights or obligation hereunder.

22.2. **Mortgage -Rental Discounting.** The Lessor shall be entitled to seek any mortgage or rental discounting facility from any bank or financial institution against the security of the Premises and or Rent, without in any manner affecting the rights of the Lessee to use and occupy the Premises during the Term. The Lessor shall provide the Lessee with details as regards the entity to whom the Rent would be payable and undertakes to discharge the Lessee from all claims on payment of Rent to the identified entity. In the event such bank or financial institution requires any no objection certificate/ letter for these purposes, the Lessee shall provide the same.

23. **DEFAULT IN PAYMENT OF RENT AND/OR UTILITIES CHARGES.**

Any delay / default in payment of the Rent and/or Utilities Charges for a continuous period of 2 (two) months as payable by the Lessee on its due date shall be construed as breach, and without prejudice to the rights of the Lessor set out in Clause 26.3, the Lessee shall be liable to pay the outstanding Rent and/or Utilities Charges with interest thereon at the rate of 18% per annum from the due date till payment or recovery of such amounts.

24. **INSURANCE.**

24.1. During the Term, the Lessor shall at its cost, take out and maintain appropriate insurance cover for the Premises and the Utilities provided in the Building and the Project with a reputed insurance company against all insurable risks, including without limitation, for repair and replacement thereof, natural disasters, fires, floods, acts of God, acts of terrorism, acts of war and other hostilities, civil commotion and aerial and other accidents, including, damage to and destruction of the whole or any portion of the Premises due to any of the risks listed herein, on a full replacement basis. The Lessor shall furnish the copies of the policies and renewal thereof.

24.2. During the Term, the Lessee shall, at its sole cost and expense, obtain and maintain the appropriate and adequate insurance coverage for furniture, fixture, equipment and storages of items against theft, burglary, fire, riot and third party claims and all liability of the Lessee and its authorized agents, employees and/or representatives arising out of and in connection with the Lessee's use and occupancy of the Premises and the Lessor shall not be held responsible for any such losses whatsoever in nature, unless such loss is caused by default and

negligence of the Lessor and/or its authorized agents, employees and/or representatives.

25. INDEMNIFICATION.

25.1. **Lessee's Indemnification.** Notwithstanding anything to the contrary contained herein, the Lessee will indemnify, defend and hold the Lessor, its directors, employees and/or agents harmless during the Term against any demands, claims, actions or proceedings that may be initiated against the Lessor due to any act of commission or omission of the Lessee resulting in violation of its duty or obligation under Applicable Law and the terms and conditions of this Lease Deed.

25.2. **Lessor's Indemnification.** Notwithstanding anything to the contrary contained herein, the Lessor will indemnify, defend and hold the Lessee, its directors, employees and or agents harmless during the against any demands, claims, actions or proceedings that may be initiated against the Lessee due to any act of commission or omission of the Lessor resulting in violation of its duty or obligation under Applicable Law and preventing the Lessee from occupying and using the Premises or results in breach of the terms and conditions of this Lease Deed. In the event any action, suit or proceeding of any nature whatsoever is threatened or brought by any third party which threatens to or interferes with the use, enjoyment and occupation of the Premises by the Lessee (not due to Lessee's fault) and/or which may jeopardize any of the rights of Lessee under the lease, the Lessor shall contest/ defend such actions, suit or proceedings at its own costs so that Lessee continues to be in exclusive possession of the Premises without any interruption and continues to enjoy the benefits/rights/entitlements granted to it under this Lease Deed and keep the Lessee indemnified in this regard.

26. TERMINATION OF LEASE.

26.1. **Termination by efflux of time.** The Lease shall stand terminated at the end of the Term unless expressly renewed as stated in Clause 4.2.

26.2. **Termination by the Lessee due to Lessor's breach.** Notwithstanding the Lock-in Period, in the event of the Lessor committing breach of any of the terms of the Lease Deed, the Lessee shall notify the Lessor in writing and call upon the Lessor to remedy the breach within 30 (thirty) days or as mutually agreed. If such breach is not rectified/ cured during such period, the Lessee will be entitled to, at its option, terminate the lease and be ready for handing over possession of the Premises subject to refund of the Security Deposit in terms of Clause 7.3.

26.3. **Termination by the Lessor due to Lessee's Breach.** In the event of the Lessee committing any breach of any of the terms of the lease, the Lessor shall notify the Lessee of such breach and the Lessee shall within 30 (thirty) days of such notice, cure the breach, failing which this lease shall stand terminated at the option of the

Lessor. If such termination is during the Lock-In Period, the Lessee shall become liable to pay Unexpired Rent in terms of Clause 5 above.

26.4. **Termination by Lessee due to Lessor being wound up.** In the event of the Lessor being ordered to be wound up for any reasons by any Court or direction and/or liquidator/receiver being appointed, the Lessee shall have the option to terminate the Lease and the Lessor shall become entitled to vacant possession of the Premises and to resume possession subject to simultaneous refund of the Security Deposit to the Lessee in terms of Clause 7.3 above. However, this Clause will have no application to mergers, amalgamations, acquisitions or other schemes or arrangements in which the Lessor may (directly or indirectly) be a party, as the case may be.

26.5. **Termination by Lessor due to Lessee being wound up.** In the event of the Lessee being ordered to be wound up for any reasons by any Court or direction and/or liquidator/receiver being appointed, the Lessor shall have the option to terminate the Lease and the Lessor shall become entitled to vacant possession of the Premises and to resume possession subject to simultaneous refund of the Security Deposit to the Lessee in terms of Clause 7.3 above. However, this Clause will have no application to mergers, amalgamations, acquisitions or other schemes or arrangements in which the Lessee may (directly or indirectly) be a party, as the case may be.

26.6. **Right of the Lessor to resume possession.** The Lessee agrees that the Lessor, upon termination of the lease under any of the circumstances mentioned in any of the Clauses set out under Clauses 26.1 to 26.4 above, shall be entitled to resume possession of the Premises, simultaneously upon refund of the Security Deposit amount in terms of Clause 7.3 above.

26.7. **Termination by the Lessee without cause.** Post lock-in period, the Lessee is entitled to terminate the lease without cause by serving 6 (six) months' prior written notice to the Lessor.

27. RETURN OF PREMISES.

27.1. The Lessee shall, on the expiry of the Term or early termination of lease, return the Premises in a normal tenable condition with reasonable wear and tear excepted. If statutory permissions are required prior to handing over the Premises to the Lessor, the same shall be duly secured by the Lessee before handing over.

27.2. **Handover of Premises against refund of Security Deposit.** The Lessee agrees that in any of the eventualities of the termination of the lease, the Lessee is bound and liable to hand over full, free and vacant possession of the Premises against the refund of the Security Deposit in terms of Clause 7.3 and any other deposit, that would have been due to the Lessee from the Lessor. The Lessee upon giving prior written notice of at least 180 (one hundred eighty) days before the termination of

the Lease Deed, the Lessee shall have the right to holdover the Premises for upto an additional period of 6 (six) months after the expiry of the Term (“**Holdover Period**”) subject to the Lessee making timely payments of the: (i) Rent at 1.5 (one point five) times the last paid Rent, (ii) Maintenance Charges at the then prevalent rates and (iii) Utilities Charges at actuals. It is further clarified between the Parties that, in the event, the Lessee holds over the Premises during the Holdover Period in terms of this Clause, then the Lessor shall retain the Security Deposit and be liable to refund the Security Deposit only upon expiry of the Holdover Period and simultaneous with the handover of the Premises by the Lessee to the Lessor upon expiry of the Holdover Period.

28. SUSPENSION OF RENT AND LEASE.

- 28.1. In the event the Premises or any part thereof is destroyed due to a Force Majeure Event or any portion thereof becoming uninhabitable or unusable or the utilities servicing the Premises being interrupted so as to render the entire Premises uninhabitable or unusable for a period exceeding 7 (seven) days for any reason, provided such damage or destruction is not due to any act of omission or commission of the Lessee, the Lessee shall be entitled to suspend payment of Rent and Utilities Charges until such time that the Premises is fit for occupation and use. If the Lessee, has reasonable apprehension that such restraint to occupy and use the Premises or a portion thereof is likely to continue for 60 (sixty) days, the Lessee will have the right any time after the 7 (seven) day period to terminate the Lease. The Lessor shall refund the Security Deposit in terms of Clause 7.3 hereinabove on the execution and registration of the surrender of lease deed. In the event the Lessor fails to refund the Security Deposit within 7 (seven) days from the date of Lessee’s notice to terminate the Lease under this Clause and/or the delay in execution and registration of the surrender deed is due to the Lessor’s default, the Lessor shall be liable to pay a compensation of 18% (eighteen) percent interest per annum on the Security Deposit to the Lessee effective the lease termination/ expiry date. In the event of termination of the lease due to this Clause, the Lessee will not be bound by the terms of Lock-in Period if such restraint occurs during the Lock-in Period.
- 28.2. In the event of there being any restraint order passed by any Court of law or statutory authority in use of the Premises due to any misrepresentation as to title to the Premises or due to any violation of construction of the Building and such restraint continues beyond 3 (three) days, in addition to the Lessee’s right to terminate the lease, the Lessee shall suspend payment of further Rent and Utilities Charges and other charges whatsoever until such time that such restraint is not vacated / lifted. If such restraint continues for a period beyond 60 (sixty) days, the lease shall be terminated at the option of the Lessee. The Lessor shall immediately refund the Security Deposit in terms of Clause 7.3 of this Lease Deed against the execution of the surrender of the lease deed. In the event the Lessor fails to refund the Security Deposit within 7 (seven) days from the date of Lessee’s notice to terminate the Lease under this Clause and/or delay in execution and registration of

the surrender deed is due to the Lessor's default, the Lessor shall be liable to pay a compensation of 18% (eighteen) percent interest per annum on the Security Deposit to the Lessee effective the lease termination/ expiry date. In the event of termination of the lease due to this Clause, the Lessee will not be bound by the terms of Lock-in Period if such restraint occurs during the Lock-in Period.

28.3. If the Lessee has to terminate the lease for any reasons contemplated in Clauses 26.2 and 28 hereinabove, in such event, the Lessee shall be entitled to recover from the Lessor the written down value of the fit outs for the non-amortized period.

The Parties agree and confirm that the compensation agreed herein are the predetermined damages that the Parties reasonably believe the Lessee will suffer as a consequence of termination of the lease for reasons contemplated in Clauses 26.2 and 28 and reflects the understanding between the Parties in this regard.

29. SEZ REQUIREMENTS.

29.1. The Parties agree to comply with the provisions of the SEZ Act and the SEZ Rules (the "SEZ Requirements") as applicable to either of them and any breach thereof shall be treated as a breach by the concerned Party.

29.2. The Lessee has secured the SEZ Approval *vide* letter of approval dated April 12, 2019 bearing No. KA: 07:14:2018:Brooke SEZ: A/686 (copy of which is furnished to the Lessor and annexed herewith as **Annexure 6**), to enable it to take on lease the Premises. If the Letter of Approval is cancelled by the SEZ authorities during the subsistence of the Term and the Lock-In Period, for any reason whatsoever attributable to the Lessee, the Lessee shall become liable to pay the Unexpired Rent as provided in terms of Clause 5 above. If it is cancelled due to reasons attributable to the Lessor, the Lessor shall be liable to pay compensation as per Clause 28.3 above.

30. REQUISITION.

In the event of the Premises or any part thereof being requisitioned any time during the Term, by any Appropriate Authority or the Government for their occupation, the Lease shall stand terminated on such requisition being finally become effective. On such termination the Lessee shall hand over possession to the Lessor against the refund of Security Deposit in terms of Clause 7.3. If such requisition is during the Lock in Period the Lessee shall not be bound by the Lock in Period as provided in Clause 5 above.

31. LIMITATION OF LIABILITY.

Save and except the Unexpired Rent and compensation as per Clause 28.3 that would be payable as agreed between the Parties hereto, any reference to any losses, damage, claims, compensation, indemnity etc., shall not include any special,

incidental, consequential, penal, exemplary or like damages, or any direct or indirect loss of profits or any claim for loss of opportunity or any action in tort even if advised of the possibility of such claims.

32. TITLE INVESTIGATION.

The Lessee has been provided with photocopies of the title deeds of the Premises to carry out their investigation of title of the Lessor to the Premises to be leased. The Lessee has carried out its title investigation solely based on the documents furnished to the Lessee by the Lessor prior to the execution of this Lease Deed.

33. STAMP DUTY AND REGISTRATION.

- 33.1. The cost of stamp duty, registration charges and any deficit of stamps and other incidental expenses in connection with the execution and registration of this Lease Deed and lease deed for the Renewal Term, if any, shall be borne by the Lessee.
- 33.2. The original of this Lease Deed shall remain in the possession of the Lessee and a counterpart/certified copy thereof shall be retained by the Lessor.

34. MODIFICATION / VARIATION.

No change, variation or modification of any of the terms and conditions set forth herein shall be valid unless incorporated as an amendment to this Lease Deed and signed by the duly authorised representatives of both Parties.

35. WAIVER / FORBEARANCE.

The Parties hereto agree that in the event of there being any delay in or indulgence shown by either of the Parties with regard to the enforcement of any of the terms of this Lease Deed, the same shall not be construed as a waiver by the Party showing such indulgence or tolerance and any such indulgence or forbearance shall not be deemed to be a waiver of the rights and the Parties shall be entitled to enforce such right without prejudice to such indulgence or tolerance shown.

36. DISPUTE RESOLUTION AND ARBITRATION.

- 36.1. This Lease Deed shall be governed by and construed in accordance with the laws of India.
- 36.2. If any dispute or difference of any kind whatsoever shall arise between the Parties in connection with or arising out of this Lease Deed (whether before or after the termination or breach of this Lease Deed), the Parties shall promptly and in good faith negotiate with a view to its amicable resolution and settlement.

36.3. In the event no amicable resolution or settlement is reached within a period of 15 (fifteen) days from the date on which the existence of a dispute or difference is communicated by one Party to the other, such dispute or difference shall refer such dispute to a mutually acceptable sole arbitrator under the provisions of the Arbitration and Conciliation Act, 1996. The arbitration proceedings shall be held in Bangalore in the English language. The decision of the arbitrator so appointed shall be final and binding on the Parties. The arbitrator shall also determine and make an award as to the costs of the arbitral proceedings.

36.4. Subject to Clauses 36.1 to 36.3, any disputes arising hereunder shall be subject to the exclusive jurisdiction of the Courts at Bengaluru.

37. ANTI-BRIBERY, CORRUPTION AND PROHIBITED BUSINESS PRACTICES.

Each Party will be familiar with and will strictly comply with all Applicable Laws related to bribery, corruption, and prohibited business practices. The Parties and their Affiliates have not and will not, for the purpose of unlawfully influencing or inducing anyone to influence decisions in favour of the Lessor, Lessee or any of either Party's Affiliates, offer, promise or make or agree to make, directly or indirectly, (a) any political contributions of any kind or any payment to or for the benefit of any public official, whether elected or appointed, (b) any payments for gifts, meals, travel or other value for a government employee or his/her family members or (c) any payments or gifts (of money or anything of value) to anyone. The Parties shall not, under any circumstances, reimburse one another for any such political contributions, payments or gifts.

38. ENTIRETY AND SEVERABILITY.

This Lease Deed, including the attached Schedules, constitutes the entire agreement between the Lessor and the Lessee with respect to the Premises alone, and supersedes any other prior oral or written communications, representations or statements with respect to the transaction contemplated in this Lease Deed. If a court finds any provision of this Lease Deed to be invalid, the remainder of the Lease will be valid, enforceable and effective.

39. NOTICES.

All notices under this Lease Deed, will be given in writing, postage prepaid, by certified or registered mail, return receipt requested, by personal delivery, or by reputable national overnight courier, at the addresses listed below. The respective addresses for such purposes are:

If to the Lessor:

BROOKEFIELDS REAL ESTATES AND PROJECTS PRIVATE LIMITED,

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

Brookefields, Kundalahalli Marathahalli Post, Bangalore 560037
Attention: The Chairman and Managing Director

If to the Lessee:

MANHATTAN ASSOCIATES (INDIA) DEVELOPMENT CENTRE PRIVATE LIMITED,
No.172, EPIP Zone, Phase II, Whitefield, Bangalore 560066
Attention: Ms. Ushasri T S

Either Party may change its notice address from time to time by delivering notice thereof to the other Party in accordance with this Clause.

40. PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.

This Lease Deed, shall not be construed or sought to be interpreted to authorize either of the Parties to use any of the intellectual property rights of the other, including, without limitation, the other Party's logo, trade names and trademarks, in any manner whatsoever. However the Lessor will be entitled to use in any prospectus / offer document or its brochure in any medium / media, name the Lessee and use its logo, for the purpose of stating that the Lessee is the tenant of the Lessor.

41. AUTHORITY FOR EXECUTION.

Each Party represents and warrants to the other that it has full right and authority to enter into this Lease Deed. Each Party further represents and warrants to the other that the execution and delivery of this Lease Deed has been duly authorized by its board of directors. Each Party represents and warrants to the other that it has the financial wherewithal to perform its obligations under this Lease Deed.

42. RELATIONSHIP BETWEEN PARTIES.

Nothing contained in this Lease Deed shall be deemed or construed by the Parties or by any third party or court to create the relationship of principal and agent or employer and employee or of partnership or of joint venture or of any association between the Lessor and Lessee, and neither method of computation of Rent nor any other provisions contained in this Lease Deed nor any acts of the Parties shall be deemed to create any relationship between the Parties, other than the relationship of Lessor and Lessee.

43. REMEDIES.

The Parties acknowledge that the remedies available to the Lessor and or Lessee under this Lease Deed are all mutually exclusive and without prejudice to any other right / remedy available to the Parties under Applicable Law.

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushasri T S

SCHEDULE

FIRST SCHEDULE

[Description of the “Larger Property”]

All that piece and parcel of the immovable property admeasuring 26 acres 05 guntas comprised in Survey Nos. 103, 104, 105, 108/1, 108/2, 109, 112 and 113/1B all situated at Kundalahalli Village, Krishnarajapuram Hobli, Bangalore South Taluk, Bangalore and bounded on:

East by: Property bearing survey Nos. 72, 71 and 67;
West by: Whitefield Road;
North by: Property in survey Nos. 83, 84, 85, 102 and Part of survey No. 109; and
South by: Property in survey Nos. 114, 107, 126, 106 and part of survey No. 113/1B.

SECOND SCHEDULE

[Description of the “Building”]

Tower **B1** in **Brigade Tech Gardens (SEZ)** having an aggregate super built-up area of **5,58,183** (five lakh fifty eight thousand one hundred and eighty three) square feet and containing basement, ground and **6** (six) upper floors constructed on the Larger Property.

THIRD SCHEDULE

[Description of the “Premises”]

All that Premises admeasuring 5,318 (five thousand three hundred eighteen) square feet of Super Built Up Area comprised in part of **5th** (fifth) Floor (being portion of Unit No. 501), including proportionate share in Common Areas, such as passages, lobbies, lifts, staircases and other areas of common use, of the **Brigade Tech Gardens** along with right to 7 (seven) numbers of contiguous, mechanical and conventional Car Parking Spaces in the basement level for the exclusive use of the Lessee and the unit is bounded by:

East: Unit 502 on the 5th floor of Building B1

West: Unit Nos. 503 and 504 on the 5th floor

North: Open to sky on the 5th floor of Building B1

South: Central Core on the 5th Floor and Unit No. 502 on the 5th floor on the 5th floor of Building B1

The Floor Plan of the Premises is attached herewith as **Annexure 7**.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE SET THEIR HANDS AND SEAL TO THESE PRESENTS ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN:

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

Signed and delivered for and on behalf of

BROOKEFIELDS REAL ESTATES AND PROJECTS PRIVATE LIMITED

The “**Lessor**” herein,

By its authorised signatories

/s/ Nirupa Shankar

/s/ Subrata K C Sharma

Name: Ms. Nirupa Shankar and Mr. Subrata K C Sharma

Authorised *vide* board resolution dated January 25, 2019

Signed and delivered for and on behalf of

MANHATTAN ASSOCIATES (INDIA) DEVELOPMENT CENTRE PRIVATE LIMITED

The “**Lessee**” herein,

By its authorised signatory

/s/ Ushassri T S

Name: Ms. Ushasri T S

Designation: Managing Director

Authorised *vide* board resolution dated August 08, 2018

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

Annexure 1 – List of Common Areas of the Project

1. Landscape Garden ;
2. Open Area in the campus and Internal Roads;

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

Annexure 2 – Scope of Maintenance Services

[List of Maintenance Services Provided by the Maintenance Agency]

Scope of Common Area Maintenance

- Twenty four (24) hours' security of the Building and the parking areas, including Parking Spaces
- Periodic maintenance of the Building and Common Area
- Maintenance of common plumbing and sanitary lines and other Building systems
- Maintenance of the DG sets, including annual maintenance contracts (“AMC”) for the same.
- Maintenance of the chiller plant, pumps, including AMC for the same.
- Maintenance electrical installations for the Common Areas of the Building to ensure continuous power supply.
- Housekeeping and cleaning of the Common Areas of the Building as per the schedule.
- Maintenance of elevators of the Building and its servicing, including AMC for the same
- Administrative and manpower expenses related to Building management services
- Maintenance and operation of pumps, overhead tanks, drain water pumps and equipment's of the Common Area
- Maintenance and up keep of landscape areas of the Building
- Payment of AMC charges of elevators, pumps, motors etc. servicing the Building.
- Maintenance and upkeep of HSD yard.

•

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

Annexure 3 - Warm shell specifications

- 1. Building Specifications:** Shell and core, IPS flooring, finished common toilet (with standard fittings), finished floor lobby, finished ground floor lobby, fire-fighting system, elevators, first level sprinklers, furnished common areas, external development work, and landscaping.
- 2. Power:** BESCOM power @ 0.8 KVA power for every 100 (one hundred) square feet super built space taken (including AC Chillers consumption and high side AC). Power will be provided at the tap-off boxes located in the respective floors. The sub panel boards and further cabling / internal wiring for lighting etc. will be under the fit out scope.
- 3. Generator Power:** 100% power backup through diesel generator (including AC chillers consumption).
- 4. Air Conditioning:** Comfort AC to maintain office temperature of 23 (twenty three) degrees celsius +/- 1 celsius degrees will be provided *i.e.* HVAC tonnage of upto 1TR for every 500 (five hundred) square feet on SBA. The Lessor shall provide AC chillers and chilled water piping up to respective floors including the supply, installation and commissioning of AHU or CSU. The electrical wiring for the AC, AC panel boards and ancillary works, if any, will be part of fit out to be provided by the Lessee. Precision / additional AC for server / lab or any other equipment will be installed by the Lessee at their own cost.

Annexure 4 – List of Amenities with Timelines

Brigade Tech Gardens – B Zone	
Milestones	Timelines
Block B1 & B3	
Airtight & Watertight	Completed
Fire NOC	Received
CTO	Received
B1 Cafeteria	31st May 2019
MEP Infrastructure such as Basement Ventilation, Lifts, STP, DG (1No. of 1250 KVA)	Completed
Occupancy Certificate	Received
Block B2 – Recreational Block	
Completion	31st May 2019
Block B4 – The Oval	
Completion	30th November 2019
Completion 31st November 2019	
F & B	31st December 2019
Novotel Suites	31st August 2020

Annexure 5 - List of Competitors

The List of Lessee Competitors are as follows:

1. JDA
2. SAP
3. Oracle
4. Honeywell
5. IBM

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

Annexure 6 - SEZ Approval as obtained by the Lessee


Office of the Development Commissioner
Cochin Special Economic Zone (CSEZ)
Govt. of India, Ministry of Commerce and Industry
Sub-office for 100% EOUs in Karnataka
"SEZ Bhavan", No. 120-C, EPIP
Whitefield, Bangalore - 560 066
Phone No.080 28412321/22/24 Fax 080 28412323
Website: www.csez.gov.in e-mail officebfr@csez.gov.in

KA: 07:14:2018:Brooke SEZ: A / 686 Date: 12.04.2019

To
Ms. Manhattan Associates (India) Development Centre Pvt. Ltd, Unit-1
Brookfield Real Estate and Projects Pvt. Ltd SEZ,
Brigade Tech Garden, V floor, B-1 Block,
Brookefields, Kundalahalli,
Plot No. 170,171,172 Phase II, EPIP Zone,
Whitefield ,Bangalore-560037

Sub: Approval for additional built-up area admeasuring 5,318 Sq.ft. - reg.

Sir,

In continuation to the LoA No.KA:07:14:2018 : Brooke SEZ: A/47 dated 07.01.2019 to your request vide letter dated 22.03.2019, for approval for additional space admeasuring to 5,310 Sq.ft at 5th Floor, B1 Block of Brookefields SEZ, and there is no changes in the projection parameters.

In this connection, it is informed that the Unit Approval Committee held on 27.03.2019 has considered your proposal and approved by the competent authority. This approval will form the part of Letter of Approval No. KA:07:14:2018 : Brooke SEZ: A/47 dated 07.01.2019 and may keep it along with the original LoA issued to you. All other terms and conditions will remain unchanged.

Yours faithfully,

(A.S. Naveen Kushalappa, I.R.S)
Joint Development Commissioner, CSEZ

Copy to:
1. The Specified Officer/Authorized Officer, Brookefields SEZ, Bangalore.
2. Computer Cell, CSEZ, Cochin.
3. Guard File.
4. Office copy.

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

Annexure 7 - Floor plan of the Premises
Fifth Floor Plan



/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

INDIA NON JUDICIAL

Government of Karnataka

e-Stamp

Certificate No. : **IN-KA01412317253959R**
Certificate Issued Date : 03-May-2019 02:56 PM
Account Reference : NONACC (FI)/ kaksfcl08/ HALASURU/ KA-BA
Unique Doc. Reference : SUBIN-KAKAKSFCL0832534981837168R
Purchased by : MANHATTAN ASSOCIATES INDIA DEVELOPMENT CENTRE PL
Description of Document : Article 30 Lease of Immovable Property
Description : LEASE DEED
Consideration Price (Rs.) : 0 (Zero)
First Party : BROOKEFIELDS REAL ESTATES AND PROJECTS PVT LTD
Second Party : MANHATTAN ASSOCIATES INDIA DEVELOPMENT CENTRE PL
Stamp Duty Paid By : MANHATTAN ASSOCIATES INDIA DEVELOPMENT CENTRE PL
Stamp Duty Amount(Rs.) : 500 (Five Hundred only)

LEASE DEED

THIS LEASE DEED is made and executed on this the 1st day of May, Two Thousand and Nineteen (1/5/2019) at Bangalore (“**Lease Deed**”):

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

BETWEEN

BROOKEFIELDS REAL ESTATES AND PROJECTS PRIVATE LIMITED, a company incorporated under the Companies Act, 2013, bearing CIN: U70100KA2007PTC085237, with its registered office at Brookefields, Kundalahalli Marathahalli Post, Bengaluru 560037, represented herein by its Authorised Signatories, Ms. Nirupa Shankar and Mr. Subrata K C Sharma, duly authorised *vide* a Board Resolution dated January 25, 2019 (hereinafter referred to as the “**Lessor**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to include its successors-in-interest and assigns) of the **ONE PART**;

AND

MANHATTAN ASSOCIATES (INDIA) DEVELOPMENT CENTRE PRIVATE LIMITED, a company incorporated under the provisions of the Companies Act, 1956 and deemed to be incorporated under the Companies Act, 2013, bearing CIN: U72200KA2002PTC030576, with its registered office at No.172, EPIP Zone, Phase II, Whitefield, Bangalore 560066, represented herein by its Authorised Signatory, Ms. Ushasri T, Managing Director, duly authorised *vide* a Board Resolution dated August 8, 2018 (hereinafter referred to as the “**Lessee**”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to include its successors-in-interest and assigns) of the **OTHER PART**.

The Lessor and the Lessee are hereinafter individually referred to as a “**Party**” and collectively as the “**Parties**”, as the context may require in this Lease Deed.

WHEREAS

- A.** The Lessor is the absolute owner in absolute possession of all that piece and parcel of land admeasuring 26 acres 05 guntas comprised in survey Nos. 103, 104, 105, 108/1, 108/2, 109, 112 and 113/1B, all situated at Kundalahalli Village, Krishnarajapuram Hobli, Bangalore South Taluk, Bangalore, morefully described in the **First Schedule** hereunder written and hereinafter referred to as the “**Larger Property**”;
- B.** The devolution of title to the Larger Property, comprising of the following lands parcels: (i) survey No. 103 measuring 4 acres 06 guntas (hereinafter referred to as “**Portion I**”); (ii) survey No. 104 measuring 4 acres 32 guntas (hereinafter referred to as “**Potion II**”); (iii) survey No. 105 measuring 5 acres 02 guntas (hereinafter referred to as “**Portion III**”); (iv) survey No. 108/1 measuring 1 acre 12 guntas (hereinafter referred to as “**Portion IV**”); (v) survey No. 108/2 measuring 3 acres 17 guntas (hereinafter referred to as “**Portion V**”); (vi) survey No. 109 measuring 1 acre 03 guntas (hereinafter referred to as “**Portion VI**”); (vii) survey No. 112 measuring 6 acres 28 guntas (hereinafter referred to as “**Portion VII**”); and (viii)

survey No. 113/1B measuring 1 acre 26 guntas (hereinafter referred to as “**Portion VIII**”), is as follows:

Portion I, Portion II, Portion IV, Portion V, Portion VI and Portion VII

- (i) Under the preliminary notification dated October 16, 1982 bearing no. LAQ (3) SR13/1982-1983 (“**Preliminary Notification I**”) issued by the Government of Karnataka (“**GoK**”) under section 4 (1) of the Land Acquisition Act, 1894 (Mysore Act No. VII of 1894 and hereinafter referred to as “**LA Act**”), GoK informed that Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII was likely to be acquired for public purpose, *i.e.*, for establishing a large corporate office to house various departments and profit centers including quality control, all India coffee sale center, research and development departments, training center and also export departments for various products of Brooke Bond India Limited (“**BBIL**”);
- (ii) BBIL and GoK executed an agreement dated December 13, 1982 in relation to Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII (“**Agreement I**”). The Agreement I, *inter alia*, recorded that:
 - a. BBIL made an application requesting GoK to acquire entire Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII for establishing a large corporate office to house various departments and profit centers *etc.* by BBIL;
 - b. BBIL agreed to deposit all costs of acquisition including enhanced compensation determined by the office of the Special Deputy Commissioners, Bangalore Division, Bangalore; and
 - c. BBIL agreed that all of Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII would be utilized for the specific purpose as set out by GoK and that BBIL shall neither alienate nor violate any conditions and in case there is any violation or infringement of the conditions, then GoK would have the right to resume the aforesaid lands;
- (iii) GoK had thereafter published a final notification dated January 17, 1983 bearing no. RD. 9 AQB 83 under section 6 (1) of the LA Act (“**Final Notification I**”), by virtue of which GoK declared that the entire Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII are required to be acquired for the public purpose, *i.e.* for establishing a large corporate office to house various departments and profit centers including quality control, all India coffee sale center, research and development

departments, training centers and also export departments for various products of BBIL;

- (iv) The Special Land Acquisition Officer (“**SLAO**”) had thereafter made a final declaration dated June 8, 1983 under section 16 (2) of the LA Act (“**Final Declaration I**”), recording that the entire Portion I, Portion II, Portion IV, Portion V and an extent of 5 acres in Portion VII has been taken over by SLAO for the public purpose, *i.e.*, for establishing a large corporate office to house various department and profit centers including quality control, all India coffee sale center, research and development departments, training centers and also export departments for various products of BBIL;
- (v) Subsequently, BBIL and GoK entered into an agreement dated August 24, 1984 in relation to entire Portion VI and an extent of 1 acre 20 guntas in Portion VII (“**Agreement II**”). The Agreement II, *inter alia*, recorded that:
- a. BBIL made an application requesting GoK to acquire the entire Portion VI and an extent of 1 acre 20 guntas in Portion VII for establishing a large corporate office to house various departments and profit centers by BBIL;
 - b. BBIL shall pay GoK all the determined costs of acquisition and litigation arising out of the same; and
 - c. BBIL agreed that the Portion VI and an extent of 1 acre 20 guntas in Portion VII would be utilized for the specific purpose as set out by GoK;
- (vi) On November 9, 1984 GoK issued a notification bearing No. LAQ. (i) CR. 82/84-85 under section 4 (1) of the LA Act (“**Preliminary Notification II**”), whereby GoK informed that Portion VI and an extent of 1 acre 28 guntas in Portion VII was likely to be acquired for the public purpose, *i.e.*, for establishing a large corporate office to house various department and profit centers including quality control, all India coffee sale center, research and development departments, training centers and also export departments for various products of BBIL;
- (vii) GoK has thereafter published the final notification dated May 20, 1986 bearing no. RD. 9 AQB 83 under section 6 (1) of the LA Act (“**Final Notification II**”), by virtue of which GoK declared that the Portion VI and an extent of 1 acre 28 guntas in Portion VII are required to be acquired for the public purpose, *i.e.*, for establishing a large corporate office to house various department and profit centers including quality control, all India coffee sale center, research and development departments, training centers and also export department for various products of BBIL;

- (viii) SLAO has thereafter passed awards and executed certain incidental documents for evidencing the handing over and taking over possession of Portion I, Portion II, Portion IV, Portion V, Portion VI and Portion VII by BBIL;
- (ix) Accordingly, BBIL came to acquire and hold the entire Portion I, Portion II, Portion IV, Portion V, Portion VI and Portion VII, subject to the terms contained under Agreement I and Agreement II and also subject to compliance of provisions under LA Act;

Portion III

- (x) Anandarama Reddy, Venkatesh Reddy, Keshava Reddy and Muniyamma conveyed Portion III under 3 separate registered sale deeds all dated August 10, 1983 in favour of Rita Prasad Mani (represented by her power of attorney holder P. J. Bhagilthya), Prema Sampath Kumar (represented by her power of attorney holder P. J. Bhagilthya) and Meera Srivastava;
- (xi) Thereafter, Rita Prasad Mani (represented by her power of attorney holder P. J. Bhagilthya), Prema Sampath Kumar (represented by her power of attorney holder P. J. Bhagilthya) and Meera Srivastava executed an agreement for sale dated June 4, 1993 in favour of BBIL for entire Portion III. The said agreement for sale dated June 4, 1993 *inter alia* records that:
- a. Portion III be acquired by GoK and subsequently allotted in favour of BBIL following the procedure prescribed under the provisions of LA Act;
 - b. The price for such acquisition shall be Rs. 50,50,000/- and BBIL has agreed to pay an advance towards part of the sale consideration being a sum of Rs. 1,00,000/-;
 - c. Rita Prasad Mani, Prema Sampath Kumar, Meera Srivastava and BBIL shall not have any claim for any sum towards compensation in lieu of acquisition of Portion III by GoK;
 - d. Rita Prasad Mani, Prema Sampath Kumar and Meera Srivastava agreed to hand over the actual/physical possession of Portion III simultaneous with the completion of acquisition of Portion III, issue of possession certificate and payment of balance consideration by GoK;
 - e. Rita Prasad Mani, Prema Sampath Kumar and Meera Srivastava appointed P. J. Bhagilthya as their lawful attorney to attend any

legal formalities/proceedings in relation to acquisition of Portion III by GoK and its subsequent allotment to BBIL;

- (xii) On June 29, 1994, GoK issued a notification bearing no. LAQ (2) SR93-94 under section 4 (1) of the LA Act (“**Preliminary Notification III**”), by way of which GoK informed that the entire Portion III was likely to be acquired for BBIL for purposes of constructing certain additional buildings;
- (xiii) Thereafter, GoK published a final notification dated March 26, 1995 bearing no. RD60AQB94 issued under section 6 (1) of the LA Act (“**Final Notification III**”). GoK declared that the entire Portion III is acquired as required for BBIL for construction of additional buildings;
- (xiv) Subsequently, P. J. Bhagilthya, in his capacity as the power of attorney holder of Meera Srivastava, executed an agreement dated May 31, 1995 with GoK in relation to Portion III (“**Agreement III**”) *inter alia* indicating that Meera Srivastava has received a sum of Rs. 8,25,000/- in full settlement of all claims in relation to acquisition of Portion III;
- (xv) SLAO passed an award and executed certain incidental documents for evidencing the handing over and taking over possession of Portion III by BBIL;
- (xvi) Thereafter, SLAO made a final declaration dated November 5, 1995 under section 16 (2) of the LA Act (“**Final Declaration II**”) recording that the entire Portion III, has been taken over by SLAO for the public purpose, *i.e.*, for BBIL. SLAO issued an official memorandum dated November 17, 1995 bearing no. LAQ (8) SR 4/1993-1994 indicating the handing over of possession from SLAO to BBIL;
- (xvii) In the aforesaid manner, BBIL came to acquire the entire Portion III subject to compliance of provisions under LA Act;

Portion VIII

- (xviii) Under a grant order and register extract of Form 8 issued by the Special Deputy Commissioner for Abolition of Inams under section 10 of the Mysore (Personal and Miscellaneous) Inams Abolition Act, 1954 in case bearing no. 14/1959-1960 (“**Grant Order**”), an extent of land measuring 5 acres 17 guntas in survey No. 113 of Kundalahalli Village along with certain other immovable properties were allotted to one Thayappa, son of late Pillaiah, and the said Thayappa was registered as a permanent tenant under section 5 of Mysore (Personal and Miscellaneous) Inams Abolition Act, 1954. Subsequently, the office of the Additional Special Deputy Commissioner for Abolition of Inams issued an endorsement dated May

13, 1964 indicating Thayappa as the holder and khathedar for an extent of land measuring 5 acres 17 guntas in survey no. 113 and certain other immovable properties;

- (xix) Under a registered deed of partition dated August 21, 1959 entered between sons of late Pillaiah *alias* Narasimhaiah, *viz.*, (a) Thayappa *alias* Muninanjappa; (b) N. Papaiah Reddy; and (c) Gullappa (collectively “**Sons of Pillaiah**”) (“**Partition Deed I**”). The Partition Deed I *inter alia* recorded that:
- a. Sons of Pillaiah partitioned certain immovable properties situated at Kundalahalli and Thubarahalli villages;
 - b. Sons of Pillaiah do not own any other ancestral immovable properties, save and except the properties listed in the schedule to Partition Deed I;
 - c. Immovable properties listed in Schedule A, Schedule B and Schedule C of the Partition Deed I were allotted to Thayappa, N. Papaiah and Gullappa respectively; and
 - d. Gullappa was allotted immovable properties situated at Kundalahalli village, *viz.*, (i) land measuring 15 guntas in survey No. 1/9; (ii) land measuring 16 guntas in survey No. 1/9; and (iii) land measuring 4 acres 10 guntas in survey No. 5. The land bearing survey No. 5 appears to have been renumbered later as survey No. 113 as is evidenced from the entries recoded in the mutation register extract bearing MR no. 25/1972-1973;
- (xx) Thereafter, Gullappa in the year 1992 procured conversion for an extent of land measuring 3 acres 16½ guntas in survey No. 113/1B from agricultural purposes to non-agricultural residential purposes and following the said conversion, a residential layout in the name and style of “Gullappa Layout” was formed in survey No. 113 in the year 1994 and certain residential sites were carved out therefrom. The layout plan, as sanctioned by the Nallurahalli Village Panchayat, indicates that the said Gullappa Layout comprised of 18 (eighteen) residential sites;
- (xxi) Licenses to construct houses on property bearing House List Nos. 11 to 18 forming part of the said Gullappa Layout were issued by the Nallurahalli Village Panchayat in the names of the said Gullappa, Bhagyamma, Narayanamma and Suryaprakash;
- (xxii) By way of an unregistered memorandum of partition dated November 9, 1992 entered into between Gullappa, his daughters *viz.*, Bhagyamma and

Narayanamma and his son Suryaprakash (“**Partition Deed II**”), the partition of their joint family properties (including land comprised in survey no. 113/1B) which had already been effected was recorded. The Partition Deed II, *inter alia*, recorded that:

- a. The lands comprised in survey No. 113/1B and other immovable properties set out in Schedule B, C, D and E to Partition Deed II were allotted to the shares of Gullappa, Bhagyamma, Narayanamma and Suryaprakash respectively; and
- b. The residential sites carved from and out of survey No. 113/1B were allotted in the following manner:

Allottees	Site Nos. and measurement
Gullappa	Site Nos. 11 and 15 measuring 9000 square feet each
Bhagyamma	Site Nos. 13 and 17 measuring 9000 square feet each
Narayanamma	Site Nos. 12 and 16 measuring 9000 square feet each
Suryaprakash	Site Nos. 14 and 18 measuring 9000 square feet each

- (xxiii) Gullappa, Bhagyamma, Narayanamma and Suryaprakash have further conveyed the sites allotted to their share in Gullappa Layout under the Partition Deed II to BBIL, now known as Brooke Bond Lipton India Limited (the new name of BBIL subsequent to issuance of a fresh incorporation certificate dated February 7, 1994 and hereinafter referred to as “**BBLIL**”) under the following 8 (eight) separate registered sale deeds:

Seller	Property conveyed	Sale Deed details
Gullappa	Site No. 11 measuring 9000 square feet with 2 squares dwelling unit	August 4, 1994, registered as document No. 3761/1994-1995
Narayanamma	Site No. 12 measuring 9000 square feet with 2 squares dwelling unit	August 4, 1994, registered as document bearing no. 3764/1994-1995
Bhagyamma	Site No. 13 measuring 9000 square feet with 2 squares dwelling unit	August 4, 1994, registered as document bearing No. 4243/1994-1995

Suryaprakash	Site No. 14 measuring 9000 square feet with 2 squares dwelling unit	August 4, 1994, registered as document bearing No. 3762/1994-1995
Gullappa	Site No. 15 measuring 9000 square feet with 2 squares dwelling unit	June 2, 1994, registered as document bearing No. 1812/1994-1995
Narayanamma	Site No. 16 measuring 9000 square feet with 2 squares dwelling unit	June 2, 1994, registered as document bearing No. 1814/1994-1995
Bhagyamma	Site No. 17 measuring 9000 square feet with 2 squares dwelling unit	June 2, 1994, registered as document bearing No. 1819/1994-1995
Suryaprakash	Site No. 18 measuring 9000 square feet with 2 squares dwelling unit	June 2, 1994, registered as document bearing No. 1817/1994-1995

(xxiv) Pursuant to execution of the aforesaid registered sale deeds by Gullappa, Bhagyamma, Narayanamma and Suryaprakash in favor of BBLIL, BBLIL came to own and possess Portion VIII;

- C. An order dated December 15, 1993 came to be passed by the Hon'ble High Court at Calcutta in company petition bearing no. 365 of 1993 connected with company application No. 267 of 1993 filed by Lipton Indian Limited and BBIL ("**Amalgamation Order I**"), whereby the scheme of amalgamation of Lipton Indian Limited with BBIL was sanctioned by the Hon'ble High Court at Calcutta and made to be binding with effect from July 1, 1993, and accordingly, the name of BBIL was changed to BBLIL (Brooke Bond Lipton India Limited) and the Larger Property came to be owned by BBLIL;
- D. Thereafter, an order dated August 23, 1996 came to be passed by the Hon'ble High Court at Bombay in company petition No. 343 of 1996 connected with company application No. 406 of 1996 filed by Hindustan Liver Limited and an order dated December 9, 1996 came to be passed by the Hon'ble High Court at Calcutta in company petition No. 285 of 1996 connected with company application No. 285 of 1996 filed by BBLIL ("**Amalgamation Order II**"). Under Amalgamation Order II, the scheme of amalgamation of BBLIL with Hindustan Liver Limited was sanctioned and made binding with effect from January 1, 1996;
- E. By operation of the Amalgamation Order II along with other immovable properties owned by BBLIL, the Larger Property also stood transferred and vested with Hindustan Liver Limited;
- F. Thereafter, an order dated July 25, 2008 came to be passed by the Hon'ble High Court at Bombay in company petition No. 473 of 2008 connected with company

application No. 375 of 2008 filed by Hindustan Unilever Limited (the new name of Hindustan Liver Limited consequent to issuance of a fresh incorporation certificated dated June 11, 2007 and hereinafter referred to as “**HUL**”) and Brooke Bond Real Estate Private Limited (“**BBREPL**”), whereby the scheme of arrangement of demerger was approved (“**Demerger Order**”). By way of the Demerger Order, the scheme of arrangement for demerger and transfer of the Larger Property from HUL to BBREPL was sanctioned by the Hon’ble High Court at Bombay and with effect from April 1, 2008. Accordingly, the Larger Property now came to be owned by BBREPL;

- G.** BBREPL proposed to establish a Special Economic Zone for IT/ITES/BPO/electronic hardware on a portion of the Larger Property, and in connection therewith, an application dated September 5, 2008 was submitted by HUL to Department of Industries and Commerce, GoK requesting clearance for establishing IT/ITES special economic zone (“**SEZ**”) on the Larger Property from GoK’s single window high level clearance committee (“**SHLCC**”);
- H.** The Department of Industries and Commerce, GoK *vide* a letter dated February 21, 2009 informed BBREPL that its proposal to establish an SEZ was discussed and approved in the 17th SHLCC meeting held on January 28, 2009 (“**DIC Letter I**”) subject to the terms and conditions mentioned therein;
- I.** HUL, *vide* its letter dated June 11, 2009 addressed to Director, SEZ, New Delhi provided details of SEZ, and in this connection, HUL enclosed the DIC Letter I with a project report and requested the Director, SEZ, Department of Industry and Commerce, New Delhi, to place HUL’s proposal before the board of approval (“**BoA**”) for formal approval of the project;
- J.** The Ministry of Commerce and Industry, Department of Commerce (SEZ Section), Government of India (“**GoI**”), *vide* its letter dated March 31, 2010 addressed to BBREPL, granted formal approval in respect to the proposal submitted by BBREPL for development, operation and maintenance of the sector-specific SEZ for IT/ITES/BPO/electronic hardware on the Larger Property, subject to adherence of certain terms and conditions stipulated therein (“**Formal Approval**”);
- K.** BBREPL, *vide* its letter dated September 9, 2010 addressed to Cochin SEZ, GoI, submitted certain documents and requested issuance of inspection report and to initiate the notification process of SEZ in respect of the Larger Property excluding Portion VIII;
- L.** The Cochin SEZ, *vide* its letter dated September 20, 2010 bearing no. 7/14/2012: BrookeBond SEZ/5094 addressed to the Joint Secretary (GoI), informed that the Larger Property was inspected and is also contiguous in nature. The said letter further recorded that though there were buildings on the Larger Property, they were vacant and not in use, thus confirming to the definition of deemed vacancy and has

requested for issuance of SEZ notification in exercise of powers under section 4 of the Special Economic Zones Act, 2005 (“SEZ Act”);

M. GoK through the Deputy Commissioner, Bangalore District, *vide* a letter dated September 27, 2010 bearing no. LND(E)CR/36/2010-2011 certified BBREPL as the khatedar in absolute possession of Portion I to Portion VII (“**Revenue Letter I**”);

N. The Ministry of Commerce and Industry, Department of Commerce, GoI, under a notification dated October 7, 2010 bearing no. S/O/2455(E) (in exercise of powers conferred by sub-section (1) of section 4 of the SEZ Act and in pursuance of rules made thereunder) (“**SEZ Notification**”) notified the following areas from of the Larger Property as “**SEZ Land**”:

Sl. No.	Kundalahalli Village survey numbers	Area (in hectares)	Area (in acres)
1.	103	1.68	4.1496
2.	104	1.94	4.7918
3.	105	2.04	5.0388
4.	108/1,2	1.91	4.7177
5.	109	0.44	1.0868
6.	112	2.71	6.6937
		10.72 hectares	26.4784 or 26 Acres 19.1 Guntas

O. GoK, by a notification dated January 13, 2011 bearing no. KA:G-GPO/2515/WPP-47/2009-2011 has reprinted the SEZ Notification;

P. BBREPL *vide* its letter dated April 18, 2011 addressed to the Secretary, Department of Revenue, GoK requested for change in land use from a large corporate office (as mentioned under the land acquisition notifications) to develop an IT/ITES SEZ on the SEZ Land forming part of the Larger Property;

Q. The Principal Secretary to GoK (Revenue Department), by way of a letter dated May 11, 2011 addressed to ALAO indicated that BBREPL, has sought for a change in land use i.e., for Special Economic Zone purpose, and in that connection requested ALAO to provide: (a) copies of the notifications issued under section 4(1), 6(1), 16(2) of LA Act; (b) copies of the awards passed under the LA Act; and (c) copies of documents evidencing the handing and taking over possession of the acquired lands (“**Revenue Letter II**”);

R. The Principal Secretary to GoK (Revenue Department) under its letter dated May 24, 2011 bearing no. RD87AQB2011 addressed to BBREPL indicated its no objection under section 44-A of the LA Act for transfer of land measuring 26 acres

20 guntas (forming portion of Larger Property and including the SEZ Land and hereinafter referred to as “**Project Land**”) belonging to BBREPL on lease basis to companies and co-developers of IT/ITES, BPO and electronic hardware under the sector specific SEZ sanctioned in favour of BBREPL, subject to the Approval Committee headed by the Development Commissioner of Special Economic Zone constituted by GoI (“**Revenue Letter III**”);

- S. BBREPL under its letter dated February 15, 2013 addressed to the Assistant Development Commissioner, Special Economic Zone (GOI) (“**ADC SEZ**”) has sought for extension of the validity of SEZ Notification till March 31, 2015;
- T. Subsequently, Office of the Development Commissioner, Cochin Special Economic Zone under its letter dated August 19, 2013 addressed to Ministry of Commerce and Industry, Department of Commerce, GoI recommended that the Ministry grant first extension of the Formal Approval upto March 31, 2014 and accordingly the first extension of the Formal Approval was granted upto March 31, 2014 by the said Ministry under a letter dated September 20, 2013;
- U. Under a letter dated November 13, 2013 bearing no. KA/07/14/2010:BrookeBond SEZ/100 the office of the Development Commissioner, Cochin SEZ requested BBREPL to submit the current status of the development on the Project Land along with layout plan, development plan approved by the competent authority and the progress in setting up of the SEZ and occupation of incubation space;
- V. BBREPL by way of 2 letters both dated December 17, 2013 one addressed to Principal Secretary, Department of Commerce and Industries, GoK and the other addressed to Department of Commerce, New Delhi cited reasons such as economic slowdown and recessionary phase of business and market conditions and requested the aforesaid authorities to take the application on record and grant approval for withdrawal of the notification for acquisition issued under the SEZ Notification and also requesting the authorities to revoke the Formal Approval;
- W. Under a letter dated January 6, 2014, BBREPL informed the Additional Chief Secretary to GoK (Department of Commerce and Industries) that the lands situated in survey Nos. 103, 104, 105, 108/1, 108/2, 109 and 112 will not be developed as a special economic zone and that a revised approval be issue by the SHLCC similar to an approval provided earlier for: (a) the development of the aforesaid properties as per applicable development control regulations; and (b) transfer of the aforesaid properties/portions thereof and development thereon including by way of sale/mortgage/transfer/lease to third parties;
- X. By way of a letter dated April 2, 2014 BBREPL also informed the Development Commissioner that it does not wish to seek extension of validity of the extension of validity of the Formal Approval beyond March 31, 2014;

- Y.** By way of a letter dated April 28, 2014, the Additional Chief Secretary to the GoK, Commerce and Industries Department informed the Director, Department of Commerce, GoI that GoK has no objection for the withdrawal of the acquisition notification with respect to the SEZ proposed by BBREPL on the Project Land. However, it was also directed that the land use of the subject properties, being the Larger Property save Portion VIII, shall remain unchanged as it was envisaged originally;
- Z.** Thereafter BBREPL by way of its letter dated July 3, 2014, has requested ADC SEZ to maintain BBREPL's application for withdrawal of the acquisition proceedings as notified under the SEZ Notification and hold and not to forward ADC SEZ's recommendation in relation to the aforesaid withdrawal of the acquisition proceedings with respect to the SEZ to the Ministry of Commerce, GoI;
- AA.** Subsequently, BBREPL by way of its letter dated September 22, 2014 addressed to ADC SEZ has withdrawn the application seeking withdrawal of acquisition proceedings and has requested the ADC SEZ not to process the withdrawal of the SEZ Notification;
- BB.** Under a letter dated September 23, 2014 BBREPL has requested ADC SEZ to extend the Formal Approval for a further period of 3 years, *i.e.*, from March 31, 2014 to March 31, 2017. BoA has extended the validity of the Formal Approval has been extended upto March 31, 2017 *vide* a letter dated October 5, 2016 and further extended upto March 31, 2018 and March 31, 2019 *vide* letters dated March 30, 2017 and February 15, 2018, respectively;
- CC.** Brigade Properties Private Limited (a joint venture of Brigade Enterprises Limited and GIC Singapore through its investment arm Reco Negonia Pte. Ltd.) entered into a Memorandum of Understanding dated September 22 2014, with HUL in connection with acquiring HUL's shareholding in BBREPL, with a special condition that the development of the SEZ project on the Project Land shall be pursued by the new management. Pursuant to the said Memorandum of Understanding dated September 22 2014, a Share Purchase Agreement dated March 23 2015 was executed between Brigade Properties Private Limited and HUL, whereby HUL's entire shareholding in BBREPL was acquired by Brigade Properties Private Limited and in consequent thereto BBREPL become a wholly owned subsidiary of Brigade Properties Private Limited and step down subsidiary of Brigade Enterprises Limited;
- DD.** BBREPL under an application dated September 23, 2014 requested the BoA to accord approval for the change in its constitution and transfer of shareholding in favour of Brigade Properties Private Limited and the same was accorded *vide* a letter dated March 17, 2014 issued by the BoA;

- EE.** Subsequently the name of BBREPL was changed from Brooke Bond Real Estate Private Limited to “*Brookefields Real Estates and Projects Private Limited*”, with effect from June 25, 2015;
- FF.** Accordingly, Brookefields Real Estates and Projects Private Limited (the Lessor herein and a wholly owned subsidiary of Brigade Properties Private Limited and a step down subsidiary of Brigade Enterprises Limited), is undertaking the development of the Project Land into a SEZ IT/ITES Park with a built up area of approximately 30,00,000 (thirty lakh) square feet, in the name and style of “*Brigade Tech Gardens*” (“**Project**”);
- GG.** The Project comprises of towers A (food and beverage, retail and serviced apartments), B1 (SEZ office), B2 (proposed health club and swimming pool), B3 (SEZ office), B4 (convention centre), C1 (SEZ office), C2 (SEZ office), C3 (amphitheater), C4 (SEZ office), and C5 (SEZ office), out of which B1, B3, C1, C2, C4 and C5 are SEZ office space towers and the remaining towers cater to the allied services including food and beverage, proposed serviced apartments (A Block), convention centre (B4), amphitheater (C3), health club and swimming pool (B2) etc.;
- HH.** Tower **B1**, having an aggregate super built-up area of **5,58,183** (five lakh fifty eight thousand one hundred and eighty three) square feet and One Basement + Ground + **6** (six) floors each, more fully described in the **Second Schedule** hereunder written and hereinafter referred to as the said “**Building**”;
- II.** The Lessor has obtained a partial occupancy certificate dated January 23, 2019 bearing No. BBMP/Addl.Dir/ JD North/ 0139/2016-17. By way off the said partial occupancy certificate BBMP has granted permission to occupy *inter alia* the Building (“**Occupancy Certificate**”);
- JJ.** The Lessor has executed a lease deed dated March 18, 2019 in favour of the Lessee in respect of premises measuring 53,480 (fifty three thousand four hundred eighty) square feet of super built up area situated on Part of 5th (fifth) floor (Unit Nos. 503 and 504) of the Building for housing offices of the Lessee (“**Head Lease**”). The Lessor under clause 26 of the Head Lease provided the Lessee a hard option for an extent measuring 15,319 (fifteen thousand three hundred and nineteen) square feet on the 5th (fifth) floor (Unit No. 501) (“**Hard Option Premises**”). The Lessee in exercise of the hard option so provided under the Head Lease intends to take on lease the space measuring 10,001 (ten thousand one) square feet on the 5th (fifth) floor (portion of Unit No. 501) being a portion of the Hard Option Premises (the said premises is more fully detailed in the **Third Schedule** hereunder and shall hereinafter be referred to as “**Premises**”). Further to Lessees intimation to exercise the hard option, the Parties have executed a Letter of Intent dated March 26, 2019; and

KK. Pursuant to the terms of the Letter of Intent, the Parties hereby agree to execute this formal Lease Deed for grant of lease by the Lessor in respect of the Premises and the Car Parking Spaces in favour of the Lessee along with the right to use the common areas in the Building and the Project from the date herein below mentioned, for the Rent reserved and on the terms and conditions stated herein after.

NOW THEREFORE, in consideration of the promises and covenants herein set forth and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the Parties mutually agree as follows:

1. DEFINITIONS.

Unless the context herein otherwise provides, the following terms shall have the meanings assigned thereto:

- 1.1 **“Affiliates”** shall mean any holding or subsidiary company of the Lessor or the Lessee as the case may be, any transferee companies which have resulted from a merger of the Lessor or the Lessee company with another entity as the case may be, and with respect to any entity, any company, corporation, association or other entity, in which, the Lessor or the Lessee, directly or indirectly controls, is controlled by or is under common control with such entity, such control being exercised by the Lessor or the Lessee through its ability to direct the management and policies of the controlled entity through ownership of voting shares of the controlled entity. The term “control” (including without limitation “controlled by” or “under the common control of”) shall mean the direct or indirect ownership of, or power to vote, no less than 51% (fifty one percent) of the voting power of all equity securities or other ownership interests;
- 1.2 **“Applicable Laws”** means any and all laws, rules, regulations, ordinances, bye-laws, including any amendments or re-enactments thereto from time to time, orders, directives, codes, judgments, decrees, injunctions, determinations, awards, permits, licences, authorisations, rulings of, agreements with, or by any commission, court or other Government or regulatory authority, instrumentality or forum, whether central, state, local, municipal or judicial, as may be applicable from time to time;
- 1.3 **“Appropriate Authority”** shall mean and include Bruhat Bangalore Mahanagara Palike (**“BBMP”**), Karnataka Industrial Areas Development Board (**“KIADB”**), Bangalore Development Authority (**“BDA”**), Bangalore Water Supply and Sewerage Board (**“BWSSB”**), Bangalore Fire Services Department, Airport Authority of India, Telecommunication Department, Bangalore Electric Supply Company Limited (**“BESCOM”**), Karnataka State Electrical Inspectorate (Lifts) and/or any other government and or semi-government authorities/ agencies/departments including any and all authorities/ agencies/departments of or

constituted by local, municipal, state and central government and or under any legislation, ordinance *etc.* and or any judicial or quasi-judicial authority as may be applicable;

- 1.4 “**Approvals**” shall mean all necessary statutory approvals, consents and permissions required to construct and occupy the Building;
- 1.5 “**Building**” shall mean the Building as defined in Recital HH above;
- 1.6 “**Business Day(s)**” shall mean a day other than Sunday on which scheduled commercial banks are open for normal banking business in Bangalore;
- 1.7 “**Car Parking Rent**” shall mean the monthly consideration payable by the Lessee for the use of the Car Parking Space provided by the Lessor to the Lessee as stated in Clause 6.2;
- 1.8 “**Car Parking Spaces**” shall mean 13 (thirteen) contiguous numbers mechanical Car Parking Spaces in the basement of the Building calculated in the ratio of 1:750 square feet of Super Built Up Area for the exclusive use of the Lessee;
- 1.9 “**Carpet Area**” shall mean the entire office area on each floor of the Building including the external walls of the office units, including column spaces, any dedicated air handling unit rooms, toilet areas and other dedicated areas (such as electrical and telecom rooms) but shall not include open terraces and basement areas for car parking and shall not be less than 75% +/- 2% of the Super Built Up Area;
- 1.10 “**Common Areas**” shall collectively mean the Common Areas of the Building and the Common Areas of the Project defined below;
- 1.11 “**Common Area of the Project**” shall mean all areas and facilities located or installed outside of the Building, but within the Project which are installed and provided by the Lessor at its own expense and designated by the Lessor for the general use and convenience of all, some or one of the lessees in the Project, their respective clients, employees, customers and guests including the areas and facilities such as specified in **Annexure 1** hereto;
- 1.12 “**Common Area of the Building**” shall mean all areas and facilities located or installed within or affixed to the Building, which are installed and provided by the Lessor at its own expense and designated by the Lessor for the general use and convenience of all, some or one of the lessees in the Building, their respective clients, employees, customers and guests, including the areas and facilities such as corridors, hallways, service areas, elevators and elevator lobby, equipment rooms, DG room, electrical room, STP room;

- 1.13 “**Communications Equipment**” shall mean communications devices (including but not limited to satellite dishes, radio masts and other equipment to receive and transmit messages and information) and related equipment and cabling;
- 1.14 “**Encumbrance**” shall mean (i) any mortgage, charge (whether fixed or floating), pledge, lien (including negative lien), hypothecation, assignment, title retention pertaining to the Premises, any obligation of any Person including without limitation, any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws against the Premises, (ii) any right of first offer, or refusal or transfer restriction in favour of any person pertaining to the Premises, and (iii) any adverse claim as to title, possession, access or use of the Premises;
- 1.15 “**Force Majeure Event**” shall mean storm, earthquake, hurricane, tornado, flood or other acts of God, fire or other casualty or accident, strikes,(not due to any act, neglect or default of the Lessor), war or other violence, act of terrorism, insurrection, epidemics, quarantine restrictions or other public health restrictions, any law, or regulation of any government, governmental delay, or any act or condition whatsoever beyond the reasonable control of Lessor;
- 1.16 “**Handover Date for Fitouts**” shall mean the date of execution of this Lease Deed being the date of handover of the Premises completed as per Warm Shell Specifications as provided in Annexure 3;
- 1.17 “**Head Lease**” shall mean the Head Lease as defined in Recital JJ above;
- 1.18 “**Initial Term**” shall mean lease for a term of 10 (ten) years from Lease Commencement Date;
- 1.19 “**Letter of Intent/LOI**” shall mean the letter of intent dated March 26, 2019 executed between the Parties;
- 1.20 “**Lease Commencement Date**” shall mean the Handover Date for Fitouts i.e. May 01, 2019;
- 1.21 “**Lease Deed**” shall mean this document;
- 1.22 “**Lock-in Period**” shall have the meaning ascribed to it in Clause 5 herein;
- 1.23 “**Maintenance Agency**” shall mean the property management company, who are the exclusive and designated maintenance manager of the Project;
- 1.24 “**Maintenance Charges**” shall mean the charges towards the Maintenance Services to be paid to the Maintenance Agency, as stated in Clause 15.2;

- 1.25 “**Maintenance Services**” shall mean all the services agreed to be provided by the Maintenance Agency as per **Annexure 2** attached hereto;
- 1.26 “**Occupancy Certificate**” shall mean the Occupancy Certificate as defined in Recital II above;;
- 1.27 “**Parties**” shall mean Lessor and Lessee collectively and “**Party**” shall mean the Lessor or the Lessee individually;
- 1.28 “**Premises**” shall mean the Premises defined in Recital JJ above constructed as per the Warm Shell Specifications;
- 1.29 “**Rent**” shall mean the monthly consideration, being the sum of the Premises Rent as stated in Clause 6.1 hereof and the Car Parking Rent as stated in Clause 6.2;
- 1.30 “**Rent Commencement Date**” shall mean July 01, 2020
- 1.31 “**Rent Free Period**” shall mean the period between the Lease Commencement Date and the Rent Commencement Date, which period shall be used by the Lessee to carry out the Lessee’s Improvements at the Premises in accordance with Clause 18;
- 1.32 “**Renewal Term**” After initial Lease Period of 10 (ten) years, lease can be renewed for further period as stated in Clause 4.2;
- 1.33 “**Security Deposit**” shall mean the interest free refundable security deposit paid by the Lessee to the Lessor as per Clause 7 hereof;
- 1.34 “**SEZ Approval**” means the approval obtained by the Lessee under Section 15 of the SEZ Act read with Chapter III of the SEZ Rules on or before the Lease Commencement Date to use the Premises as its office space;
- 1.35 “**Super Built Up Area**” shall, in respect of the Premises, mean: (i) the built up area of the Premises including all external walls; (ii) balconies and sit outs, if any; (iii) the proportionate share in all the Common Areas, amenities and services of the Building; (iv) amenities and services provided in the terrace floor of the Building, but does not include external staircases, terrace areas, basements, stilt floors and parking spaces (but includes the service areas);
- 1.36 “**Taxes**” shall mean the taxes and other dues described in Clause 9;
- 1.37 “**Term**” shall mean the Initial Term stated in Clause 4.1 and shall include the Renewal Term/s stated in Clause 4.2 if the Lessee exercises its renewal option;

- 1.38 **“Utilities”** shall mean the supply of raw power, back-up power, HVAC cold water supply, water supply to the Premises and Common Areas as provided in Clauses 13, 14, and 15;
- 1.39 **“Utilities Charges”** shall mean the charges payable by the Lessee for the use of Utilities as provided in Clauses 13, 14 and 15 below; and
- 1.40 **“Warm Shell Specifications”** shall mean the specifications as per the **Annexure 3** attached hereto for the Premises and the Building.

2. INTERPRETATION.

In construing this Lease Deed:

- 2.1. The headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Lease deed;
- 2.2. References to one gender includes all genders;
- 2.3. Any reference to any enactment or statutory provision is a reference to it as it may have been, or may from time to time be, amended, modified, consolidated or re-enacted at the relevant time;
- 2.4. Words in the singular shall include the plural and vice versa;
- 2.5. References to an “agreement” including this Lease Deed or “document” shall be construed as a reference to such agreement or document along with the schedules and annexures attached hereto, as the same may have been amended, varied, supplemented or novated in writing at the relevant time in accordance with the requirements of such agreement or document and, if applicable, of this Lease Deed with respect to amendments and in the events of inconsistency between the provisions of this Lease Deed and the schedules or annexures, the provisions of this Lease Deed shall take precedence;
- 2.6. Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by including the day on which the period commences and including the day on which the period ends and by extending the period to the following Business Day if the last day of such period is not a Business Day;
- 2.7. Unless otherwise specified, whenever any payment is to be made or action taken under this Lease Deed is required to be made or taken on a day other than a Business Day such payment shall be made or action taken on the next Business Day;

- 2.8. The words “include”, “including”, or “such as” are not used as, nor is it to be interpreted as, a word of limitation and when introducing an example, do not limit the meaning of the words to which the examples of a similar kind apply;
- 2.9. The terms “herein”, “hereof”, “hereto”, “hereunder” and words of similar purport refer to this Lease Deed as a whole;
- 2.10. Any consents to be given by the Parties pursuant to or in accordance with this Lease Deed unless otherwise provided in the Lease Deed shall be at the sole discretion of such Party and shall always be in writing;
- 2.11. References to the knowledge of any Person shall mean the actual knowledge of such Person after making all due diligence inquiries and investigations which would be expected or required from a person of ordinary prudence; and
- 2.12. No provisions of this Lease Deed shall be interpreted in favour of, or against, any Party by reason of the extent to which such Party or its counsel participated in the drafting hereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof.

3. GRANT OF LEASE AND HANDOVER OF POSSESSION.

- 3.1. In consideration of the Lessee, depositing the amounts payable towards the Security Deposit, agreeing to pay the Rent hereby reserved and complying with the terms of this Lease Deed, the Lessor hereby grants the lease to the Lessee, and the Lessee hereby agrees to take on lease from the Lessor, the Premises together with the Car Parking Spaces and the right to use the common areas in the Building and the Project for the Term.
- 3.2. The Lessor hereby confirms that the delivery of possession of the Premises along with the Car Parking Spaces shall be handed over by the Lessor to the Lessee on the Handover Date for Fitouts. The Carpet Area of the Premises shall be 75% of the Super Built Up Area with an acceptable variance of +/- 2%.
- 3.3. Prior to the Handover Date for Fitouts, the Parties have conducted a joint inspection and measurement of the Premises, and have confirmed that the Carpet Area of the Premises is at 75% +/- 2% efficiency of the Super Built Up Area.
- 3.4. The Lessor hereby confirms that the Lessor will abide by the timelines for providing the amenities being provided to the Premises as specified in **Annexure 4**.
- 3.5. The Lessor on the Handover Date for Fitouts has handed over possession of the Premises to the Lessee in accordance with the Warm Shell Specifications as per the **Annexure 3**.

4. DURATION OF LEASE.

- 4.1. **Initial Term.** The lease of the Premises shall commence on the Lease Commencement Date and shall be for a period of 10 (ten) years thereafter (the “**Initial Term**”).
- 4.2. **Renewal Term.** After the initial Term, lease can be renewed at sole option of the Lessee for a further period on mutually agreeable lease terms as per market terms including the Security Deposit being topped up to match 9 (nine) months’ deposit. The Lessee shall provide the Lessor a written notice of the Lessee’s intention to renew the lease, 6 (six) months prior to the expiry of the Initial Term. It is categorically agreed to between the Parties that any such renewal shall only be validly operational and come into effect only upon execution and registration of a fresh lease deed which shall be done at least 60 (sixty) days before the expiry of the Initial Term by efflux of time.

5. LOCK-IN PERIOD.

- 5.1. The Parties hereby agree that the Lessee shall not be entitled to terminate the Lease for a period of 3 (three) years from the Lease Commencement Date (the “**Lock-In Period**”), save and except as provided in Clauses 26.2 and 28. If the Lessee terminates the Lease during the Lock-In Period for reason other than as provided in Clauses 26.2 and 28 or the Lease is terminated by the Lessor as provided in Clauses 26.3 and 26.5, the Lessee shall become liable to pay the Rent payable for the remainder of the Lock-In Period as compensation (“**Unexpired Rent**”), which have been agreed between the Parties hereto as pre-determined damages that would be suffered by the Lessor and neither the Lessor nor the Lessee shall question the quantum of the Unexpired Rent. It is clarified that if the lease is terminated by the Lessee for reasons under Clauses 26.2 and 28, the Lessee will not be liable to pay the Unexpired Rent.

6. RENT.

- 6.1. The Lessee agrees to pay the Lessor, subject to statutory deductions, rent of **Rs. 51/-** (Rupees Fifty One Only) per square feet per month (the “**Premises Rent**”).
- 6.2. The Lessee shall pay the Lessor rent of **Rs. 3250/-** (Three Thousand Two Hundred Fifty Only) per Car Parking Space per month (the “**Car Parking Rent**”).

Payment of Rent (the “Rent”, being the Premises Rent and Car Parking Rent) From the Rent Commencement Date and throughout the Term, the Lessee shall pay the Rent monthly in advance on or before the 10th (tenth) Business Day of each calendar month in respect of which the same are due (the “**Due Date**”). The Lessee shall deposit the Rent to Lessor’s ICICI bank account No. 000205026622 and any

changes to the bank account to which the Rent is required to be credited, shall be intimated to the Lessee at least 30 (thirty) days in advance throughout the Term with a written consent from ICICI bank for change in crediting the Rent to such other bank account as required by the Lessor.

6.3. **Pro rata Payment.** If the Rent Commencement Date is other than the 1st (first) day of a calendar month, then the Rent for such partial month shall be prorated on a daily basis, based on the actual number of days remaining in such month and shall be payable on the Rent Commencement Date.

6.4. **Escalation.** The Parties hereby agree that during the Term there shall be an escalation of 15% on every 3 years on Warm shell Rent and 12% on every 3 years for Car Park rent. Rent shall co escalate with the Rent Escalation as per Clause 6.4 of the Head Lease Deed. Accordingly the first escalation shall be effective 1st July 2022.

7. SECURITY DEPOSIT.

7.1. **Security Deposit.** The Lessee, for the due performance of its obligations herein, has agreed to maintain with the Lessor an interest free refundable security deposit equal to 9 (nine) months' Premises and Carpark Rent, amounting to **Rs. 49,70,709 (Rupees Forty Nine Lakh Seventy Thousand Seven Hundred Nine only)** (the "Security Deposit").

7.2. **Payment of Security Deposit.** The Parties acknowledge and confirm that the aforesaid Security Deposit amount has been paid by the Lessee to the Lessor in manner as set out below:

Sum of **Rs. 11,04,602 (Rupees Eleven Lakh Four Thousand Six Hundred Two only)**, equivalent to 2 (two) months Premises and Carpark Rent has been deposited with the Lessor at the time of signing of the LOI by means of wire transfer bearing transaction reference No. 6215ABS089GGL06, dated March 30, 2019 the receipt whereof the Lessor hereby acknowledges; and

A sum of **Rs. 38,66,107 (Rupees Thirty Eight Lakh Sixty Six Thousand One Hundred Seven only)**, equivalent to 7 (seven) months Premises and Car Park Rent has been deposited with the Lessor simultaneously with the execution of this Lease Deed, the receipt whereof the Lessor hereby acknowledges.

7.3. **Refund of Security Deposit.** On the expiry or earlier termination of the lease of the Premises, the Lessor shall, simultaneously with the Lessee delivering physical and vacant possession of the Premises to the Lessor, refund the Security Deposit to the Lessee, subject to adjustments of any arrears of Rent and/or Utilities Charges and/or Maintenance Charges, payable by the Lessee under the Lease Deed or

towards any damages to the Premises due to Lessee's acts of omission or commission (normal wear and tear exempted).

7.4. **Failure to refund the Security Deposit.** If the Lessor fails to refund the Security Deposit or any portion thereof in terms of Clause 7.3 above despite the Lessee offering to handover the possession of the said Premises, then without prejudice to the Lessee's right to recover the same, the Lessee shall hold back/ retain constructive possession of the Premises without the payment of any Rent and Maintenance Charges from the date of expiry of the Term or the early termination of the lease of the Premises to the date of actual repayment of the amounts toward the Security Deposit along with an interest at the rate of 18% per annum from the date on which the Security Deposit is due till the date of actual refund to the Lessee. Such remaining in possession of the Premises by the Lessee shall not constitute a default by the Lessee of the lease provided such that the Lessee does not conduct business out of the Premises during such period. However, the Lessee shall bear the Utilities Charges for the Premises during the possession of the Premises.

8. TAX DEDUCTIONS.

8.1. The Lessee shall deduct tax at source as may be applicable under the Applicable Laws on all payments to the Lessor. The Lessee shall provide tax deduction at source certificates to the Lessor within 3 (three) months from closure of each financial year.

8.2. In the event of termination or early expiry of the lease, the Lessee shall pay to the Government all outstanding amounts of TDS from the Rent, Maintenance Charges and other amounts payable under this Lease Deed, for the period ending with the termination of the lease and issue to the Lessor, the necessary certificate denoting the amount of TDS in accordance with the Applicable Laws.

8.3. The Lessor shall give the Lessee a valid tax invoice in accordance with the Goods and Service Tax Act, 2016 ("GST Act") showing the applicable GST payable on the Rent and Utilities Charges. The Lessor is solely responsible to remit the GST amount collected from the Lessee with the tax collection authority within the prescribed timeline as per the GST Act. The Lessor shall cooperate with the Lessee and assist the Lessee to claim timely input tax credit. It shall be the sole responsibility of the Lessee to inform the Lessor in writing about the address and GSTN on which such invoices have to be raised by the Lessor in accordance with GST provision of place of service. Notwithstanding anything contained under this Clause, all income tax liabilities of the Lessor under Income Tax Act, 1961, arising in connection with or out of this lease shall be the responsibility of the Lessor.

9. PAYMENT OF TAXES.

9.1. **Property Tax:** The Lessor will be solely liable to pay all past, present and future rates, taxes, cesses, assessments and other outgoings with respect to the Premises and the Project Land, including but not restricted to, land tax, building tax, corporation and house tax, property tax and municipal tax (“**Property Taxes**”) as applicable. In the event of default in payment of Property Taxes and if the same is demanded from the Lessee, the Lessee, at its discretion, shall pay and recover such amounts by deducting from the immediate Rents payable by the Lessee.

9.2. **Taxes on Rents and Utilities Charges paid by the Lessee:** Any tax in the nature of Goods and Service Tax or any other tax as may be applicable which is incidental on the payment of Rent and Utilities Charges other than: (i) income tax or any company/corporate taxes which may be directly levied upon the Lessor whatsoever; or (ii) Property Tax as set out in Clause 9.1 above, shall be paid by the Lessee along with the Rent and Utilities Charges.

10. LESSOR’S REPRESENTATIONS AND WARRANTIES.

10.1. The Lessor represents and warrants as under that:

- (i) The Lessor (a) is the sole and absolute owner of the Project Land, Building and the Premises, having valid title and ownership right thereto; (b) has the absolute, right, authority and power to grant a lease of the Premises and the Car Parking Spaces to the Lessee upon the terms and conditions herein contained; (c) that there are no legal impediments of any nature whatsoever in leasing the Premises and the Car Parking Spaces; (d) has not created any encumbrance, lien or charge on the Premises, save and except for the project loan taken by Lessor from ICICI Bank for which a no-objection certificate dated October 15, 2018 is provided by the Lessor (e) that the Lessee shall have uninterrupted, quiet, peaceful, physical, vacant and legal possession of the Premises, Car Parking Spaces and right to use the Common Areas; and (f) is entitled to develop the Project Land, develop and construct the Project and the Building on the Project Land and let out the Premises to the Lessee on lease in accordance with the terms hereof;
- (ii) The Building (including the Premises) has been constructed pursuant to (a) the plan sanctioned by the concerned Appropriate Authorities and (b) the Warm Shell Specifications and there exists no deviations from the sanctioned plan beyond permissible limits;
- (iii) Other than this Lease Deed, the Lessor has not entered into any letter of intent, memorandum of understanding or agreement or arrangement of any nature whatsoever, oral or written with any third party in respect of selling and or leasing or otherwise transferring the Premises;

- (iv) All approvals, consents and permissions necessary under the Applicable Laws for the construction and occupation of the Premises have been obtained by the Lessor including any approval required to be obtained by the Lessor under the SEZ Act (on or before the Lease Commencement Date);
- (v) There exists no claims, actions, litigations, arbitrations, land acquisition proceedings, garnishee or any process issued by any court or authority including the competent authority under the Income Tax Act, 1961 or other proceedings whatsoever relating to the Premises;
- (vi) The Lessee, its agents, representatives, employees and guests shall have unrestricted, unlimited and unimpaired access and the use of, the Premises at all times, during the day or the night for 24 (twenty four) hours a day, 7 (seven) days a week basis in all 365 (three hundred and sixty five) days of the year during the Term;
- (vii) The electricity, water and sewerage connections have been provided to the Premises before the Lease Commencement Date and each such connection is fully functional from the Lease Commencement Date and maintained so during the Term;
- (viii) The Lessor shall be liable to pay all property taxes, Utilities and Maintenance Charges, if any, in respect of the Premises prior to handing over of the Premises to the Lessee and shall be liable to pay the Property Taxes promptly and regularly throughout the Term. It is, however, clarified that on and from the from the Lease Commencement Date, the Lessee shall pay all the Utilities Charges and Maintenance Charges in accordance with Clauses 13, 14 and 15;
- (ix) The Lessee, on paying the Rent, Utilities Charges, Maintenance Charges on the respective due dates thereof and in the manner herein provided and on observing and performing the covenants, conditions and stipulations contained herein and on its part being observed and performed, shall be entitled to unimpeded, quiet, peaceful possession, use and occupation of the Premises and the Car Parking Spaces at all times during the Term, without any let, obstruction, eviction, interruption and/or disturbance, claim and demand whatsoever by the Lessor or any person or persons lawfully or equitably claiming by, from, under or in trust for it; and
- (x) The Lessor shall keep and maintain the Premises in wind and water tight condition and shall maintain the water and sanitary pipes, electric wiring, High Side Air Conditioning for the Premises in good condition.
- (xi) The Lessor has passed all the required board resolutions for the execution of this Lease Deed.

10.2. The Lessor confirms that the abovementioned representations, warranties and covenants are accurate and true, and based on the abovementioned representations, covenants, warranties and undertakings made by the Lessor to the Lessee, and believing the same to be true and correct, the Lessee has entered into this Lease Deed. It is the agreement of the Parties that the representations, warranties, and covenants made herein by the Lessor shall not be affected or deemed waived by reason of any investigation/due diligence undertaken by or on behalf of the Lessee, unless specifically disclosed by the Lessor, or by reason of the Lessee or any of its advisors, agents, consultants or representatives knowing or should have known that any such representation or warranty or covenant is or might be inaccurate or untrue.

11. LESSOR'S OBLIGATIONS.

11.1. The Lessor shall allow the Lessee to install the Communication Equipment as required for its business needs and the Lessor shall provide the space for installation of the same at the terrace and other appropriate places in the building subject to technical feasibility. The Lessee confirms that the height of the Communication Equipment shall not exceed the height restrictions as per Airport Authority of India and HAL norms;

11.2. The Lessor shall allow the Lessee to apply for, obtain and install as many telephone/ fax/ data transmission lines in the Premises as it may deem necessary for its business purposes in its own name and at its own cost. On receipt of a request from the Lessee, the Lessor, without imposing any conditions, shall execute such documents as may be required by the Lessee for applying, obtaining and installing such telephone/ fax/ data transmission lines;

11.3. The Lessor shall provide space within the Building for installing additional air-conditioning units to cater to needs of the Lessee's business operations. It is however clarified that the Lessee shall use such space without affecting the elevation and aesthetics of the Building and shall be in accordance with the Applicable Laws;

11.4. The Lessor shall allow the Lessee to make and effect upon the Premises such renovations, additions, alterations and changes as the Lessee may deem necessary, incidental or advantageous for the conduct of its business without any building structural damages; and

11.5. The Lessor shall allow the Lessee to use and enjoy along with other occupants the entrances, staircase, landings, corridors, road and passage in and outside the Premises hereto and the right of ingress to and egress from the Premises and the Car Parking Spaces so far as the same are necessary for the enjoyment of the Premises and the Car Parking Spaces by the Lessee, its customers, servants, agents, visitors and invitees.

12. LESSEE'S REPRESENTATIONS AND WARRANTIES.

The Lessee represents and warrants the following:

- 12.1. The Lessee shall, from the Rent Commencement Date, pay the Rent payable on its due date without any delay or demand and pay the Utilities Charges and Maintenance Charges to the Maintenance Agency within the prescribed time frame commencing from the Lease Commencement Date;
- 12.2. The Lessee shall permit the Lessor or Maintenance Agency and their representatives to enter the Premises for the purpose of inspection or rendering Maintenance Services, at normal working hours, after prior notice of 24 hours, except in the events of bona fide emergency, where notice is not required to be provided. It is clarified that during such inspection, if the Lessor finds any defect in the condition of the Premises caused by any act or default on the part of the Lessee or its representatives, the Lessor shall provide notice of such defect and the Lessee shall be bound to rectify such defect within mutually agreed time lines from such notice; failing which the same shall be considered as a breach on part of the Lessee;
- 12.3. The Lessee shall always observe and perform all the terms and conditions, covenants and provisions on which the Premises is agreed to be given on lease. It shall not do, omit or knowingly suffer to be done anything whereby the right of the Lessor to the Premises is violated, forfeited, jeopardized or extinguished;
- 12.4. The Lessee shall be responsible for the safety and security of all its materials, equipment and goods;
- 12.5. The Lessee shall not store any hazardous or inflammable items without securing all statutory permission and fully implementing safety regulation required for the said purpose and shall comply with the safety measures as may be reasonably and properly recommended by the Lessor;
- 12.6. The Lessee shall use the Premises with due care and caution, except reasonable wear and tear, and not do anything that would diminish the value of the Premises/ building or permit anything to be done that is contrary to any of the terms of this Lease Deed or provision of any Applicable Law for the time being in force;
- 12.7. The Lessee shall use the Premises for the permitted business and such allied purposes abiding by all Applicable Laws, apply for and keep up-to-date all requisite approvals as may be required to carry on its business activities in or in relation to the Premises as per Applicable Laws and not carry on any activities which are unlawful, illegal or dangerous; and

12.8. The Lessee shall not do or suffer to be done in or in relation to the Premises anything which may cause nuisance, annoyance or disturbance to or interferes with the quiet use, enjoyment and comfort of the Lessor or the other occupants of the Building and Project.

13. ELECTRICITY.

13.1. **Raw Power.** The Lessor shall provide raw electrical power of upto 0.8 KVA for every 100 (one hundred) square feet of Super Built Up Area of the Premises and that such power is supplied by Bangalore Electricity Supply Company Limited (“BESCOM”) and available on the Lease Commencement Date. In the event the Lessee requires a power load greater than the power load agreed herein the Lessor shall, upon the Lessee's request, and subject to feasibility, provide the additional load to the Premises for both main supply and back up. In the event that the Lessee's request is any time before the Rent commencement Date, the Lessee shall pay one time additional charges to the Lessor equivalent to Rs. 50,000/- (Rupees Fifty Thousand) per KVA for both main supply and back up. In the event that the Lessee's request is after the Rent Commencement Date, the Parties shall mutually agree on the infrastructure cost to be paid by the Lessee for availing such additional power.

13.2. **Power Consumption Charges.** The Lessee shall from the Lease Commencement Date bear and pay the electricity charges (based on HT rates) allocable to the Premises based on bills issued by Maintenance Agency with regard to actual consumption of power in the Premises by the Lessee as per the reading in the separate meter at rates as applicable to units in SEZ. The Lessee has been made aware that BESCOM has provided a single meter to the whole Building and from that meter, power to the whole Premises would be provided under a separate sub-meter for the Premises. In the event of the Lessee failing to pay the consumption charges for its use of the electricity for continuous period of 2 (two) months Lessor may without prejudice to the right to terminate the lease in terms of Clause 26.3, at its discretion and under a written notice to the Lessee, pay such charges to ensure that the electricity supply is not disrupted which will thereby affect the entire Building in which the Premises is situated. The Lessee shall forthwith become liable to pay the amounts paid by the Lessor with interest thereon at the rate of 18% per annum from the date of the Lessor having paid the amounts to the Appropriate Authority. The Maintenance Agency/ Lessor shall be responsible for prompt and timely payment of power consumption charges to BESCOM. In the event there is any default in payment of electricity charges by the Maintenance Agency/ Lessor for any reasons not attributable to the Lessee, resulting in disruption of power supply to the Premises by BESCOM, the Lessor/ Maintenance Agency, shall take appropriate measures to restore the power supply immediately within 2 (two) days such that the Lessee is ensured of continuous power supply. However in the event the said power is not restored within said 2 (two) days from disruption then the Lessor shall, as an alternative, provide electricity through common DG, and the

Lessee shall for consumption of such alternate power, pay the Lessor the rate applicable for HT electricity connection of BESCOM. However further, it is clarified that the BESCOM rates shall not be applicable if the power through DG supplied is due to any load shedding which shall be as per the diesel consumption rates.

- 13.3. **Monthly Minimum Deposit.** The Lessor has informed the Lessee that BESCOM charges a minimum deposit relatable to the power consumption (“**MMD**”) and presently such demand for deposit is a 3 (three) months’ consumption charges as MMD. The obligation to pay the MMD or the enhancements in MMD as charged by BESCOM from time to time during the Term shall be of the Lessee. The Lessee shall pay the MMD and/or the enhancements in MMD within the time period stipulated for such payment as stated in the demand for the same made by BESCOM. Failure of the Lessee to pay the MMD and/or enhancements in MMD within the stipulated timeframe as aforesaid shall be construed as breach by the Lessee. The Lessor, without prejudice to its right to terminate, may at its discretion, pay the MMD and/or enhancements in MMD to BESCOM and in such event the Lessee shall become liable to reimburse to the Lessor the amounts paid by the Lessor towards MMD and/or enhancements in MMD along with an interest of 18% per annum from the date of payment by the Lessor within a period of 15 (fifteen) days thereof. In the event, the MMD and/or the enhancements in MMD is required to be paid in the name of the Lessor, the Lessee shall pay the said amounts in the name of Lessor and it shall be the obligation of the Lessor to refund the same in full without any interest on the same to the Lessee on termination of the Lease along with the refund of the Security Deposit. The Lessor will be entitled to recover such MMD / enhancements in MMD from the BESCOM as and when the BESCOM becomes liable to refund the same.
- 13.4. **Power Backup.** The Lessor shall provide 100% (one hundred percent) backup power for the Premises through diesel generator sets. The Lessee shall pay the Maintenance Agency for consumption of backup power through diesel generator based on actual consumption of diesel cost. The charges will be based on the meter reading for the back-up power provided for the Premises. It is further expressly clarified that such charges shall only be payable by the Lessee as regards the Premises and shall not include charges for backup power designated for the Common Areas and cafeteria, which shall be paid by Lessee as per actuals on proportionate basis to be paid by the Lessee.
- 13.5. **Maintenance of Power Equipment.** The Lessee has been made aware that there would be planned shut-down of power backup equipment for the purpose of maintenance during which backup power will not be available. The Lessee shall not object to such planned shut-downs which shall, as far as possible, be conducted only on weekends, non-Business Days or during non-peak hours, after providing to the Lessee prior written notice of 30 (thirty) Days.

13.6. **HVAC Systems.** The Lessor shall provide the comfort AC to maintain office temperature of 23 (twenty three) degree Celsius +/- 1 (one) degree Celsius i.e. HVAC tonnage of upto 1TR for every 500 (five hundred) square feet on the Super Built Up Area. The Lessee will be liable to pay the consumption charges for the provision of air conditioning based on the chilled water consumption metered through BTU Meter.

14. WATER AND SEWERAGE.

14.1. The Building has been provided with sewerage connections in accordance with Applicable Laws. The Lessor shall arrange for water to meet the needs of the Premises including water for toilets, maintenance and housekeeping, and other purposes except drinking. Such water supply shall be either from the Bangalore Water Supply and Sewerage Board and or tankers or any other source. The Lessee shall pay the water consumption charges for the Premises and Common Areas including common cafeteria as per actuals on a proportionate basis to be paid by the Lessee.

15. MAINTENANCE AND REPAIRS.

15.1. **Maintenance Services.** The Lessor shall provide Maintenance Services as detailed in **Annexure 2** either by itself or through a Maintenance Agency. In the event, the Maintenance Services are being delivered by the Maintenance Agency, the Maintenance Agency shall raise the invoices for the Maintenance Charges and for the Utilities Charges and collect the same directly from the occupants of the Project. Any breach by the Maintenance Agency shall be deemed to be a breach by the Lessor under this Lease Deed and consequences under Clause 27.2 shall follow.

15.2. **Maintenance Charges.** The Lessee shall pay the Maintenance Agency monthly Maintenance Charges commencing from the Rent Commencement Date or the Date on which Lessee starts their operations whichever is earlier.as set out in the Maintenance Agreement, which the Lessor has informed the Lessee is based on actual cost plus 15% (fifteen percent) management fee plus taxes. Presently estimated monthly maintenance charge for is **Rs. 9/-** (Rupees Nine only) per square feet of Super Built Up Area per month which is exclusive of goods and service tax. However, all variables like power consumption charges including DG Backup, water charges and other consumables for the Common Area including common cafeteria and campus maintenance, if any, will be extra as per actuals on proportionate basis to be paid by the Lessee.

15.3. **Structural Repairs by Lessor.** The Lessor shall take care of (or cause to be taken care of) any major repairs to the Building or Utilities which may be in the nature of structural repairs to the Building/ Premises, or to any of the sewage systems/ pipes/water pipe/electrical installation, leakages excluding dampening in the

Building and/ or Premises. The Lessor shall, on being notified of such structural repairs, take up the same immediately and complete the same promptly. In the event, any such structural repair is required due to any act of default or gross negligence of the Lessee, the Lessee shall be liable to bear the cost of such repairs.

15.4. **Maintenance by Lessee.** The Lessee shall carry out and be responsible for routine maintenance of the interiors of the warm shell Premises including the AMCs for the AHUs provided by the Lessor for Lessee' use.

16. QUIET ENJOYMENT AND USE OF THE PREMISES.

16.1. Use of Premises.

- (i) The Lessor covenants and agrees that, upon the Lessee paying the Rent, Maintenance Charges, Utilities Charges and observing the terms, covenants and conditions of the Lease, the Lessee will be entitled lawfully, peaceably and quietly hold, occupy and enjoy the Premises along with the use of the Common Areas on a 7 (seven) days a week, 24 (twenty four) hours a day, 365 (three hundred and sixty five) days a year basis, without any hindrance, obstruction and at no extra charge, subject to the rules and regulations applicable to the use of such Common Areas as prescribed by the Lessor, during the Term;

16.2. Car Parking Spaces.

- (i) The Car Parking Spaces for the Premises shall be contiguous and are for the exclusive use of the Lessee at all times during the Term;
- (ii) The Car Parking Spaces shall be utilized only for parking of four-wheeler vehicles and two-wheeler vehicles;
- (iii) The Lessor shall not be responsible for damage or loss to possessions or items left in Lessee's vehicles or any damage to Lessee's vehicles, whether or not such damage is caused by other vehicle(s) or person(s) in the parking lot, unless for any reason attributable directly to the Lessor.

17. BAR ON STRUCTURAL ALTERATIONS.

The Lessee shall not make any structural addition or alteration to the Premises/ Building. The Lessee shall not make any alteration to any of the electrical or plumbing lines or to the Premises or relocation of any electrical fitting, wiring or relocation of any of the plumbing lines without prior written approval from the Lessor.

18. LESSEE'S IMPROVEMENTS.

The Lessee is, during the Rent Free Period, entitled to carry out its interior works which are in the nature of non-structural alterations, in a good workmanlike, safe and sound manner within the Premises (the “**Lessee Improvements**”) in compliance with Applicable Laws, at its cost and using such contractors as are selected by it without making any changes to the fixed fittings and fixtures belonging to the Lessor in the Premises and Common Areas. Any permissions or authorizations required to be obtained for the Lessee Improvements shall be the Lessee’s sole responsibility and cost. The Lessor acknowledges that the Lessee shall at all times be the sole owner of all Lessee Improvements and the Lessee will be liable to remove and take away all the Lessee Improvements before handing over the Premises on termination of the Lease. If any damage is caused to the Premises or any of the Common Areas whilst removing or transporting such Lessee Improvement, subject to normal wear and tear, the Lessee shall repair such damage at its cost, failing which the cost for repair of the same shall be deducted from the Security Deposit. The Lessee is entitled to carry out the fit-outs as it deems necessary in order to utilize the Premises consistent with its business purposes and the same shall be intimated to the Lessor prior to commencement of any such work. The Lessee shall ensure that it shall not cause any nuisance to the other occupants/tenants of the Larger Property including the Building. The Lessee shall also ensure that any such work carried out shall not affect the structural stability of the Building and shall not be permanent in nature.

19. SIGNAGE.

Signage for Lessee will be provided in the Common Directory at the Reception Lobby. The Lessee shall bear the cost of installation of any signage in terms of this Clause and all statutory municipal taxes payable on such signage, if any.

20. TITLE- OWNERSHIP.

Save as provided in this Lease Deed other than for the leasehold rights and interest granted hereunder, no right, title or interest in the Premises and the Car Parking Spaces shall pass/be transferred to the Lessee by virtue of these presents or otherwise.

21. ASSIGNMENT AND SUBLETTING.

21.1. The Lessee may, subject to the prevailing rules and regulation pertaining to such assignment under the SEZ Act and SEZ Rules, assign the lease of the Premises and the Car Parking Spaces or sublease, license the entire / portion of the Premises and the Car Parking Spaces without prior written approval and consent of the Lessor, to its Affiliates.

- 21.2. The Lessee shall not assign its rights and obligation under this Lease Deed or sublease the Premises and/or the Car Parking Spaces to any third party pertaining to the Premises or any part thereof without prior written consent of the Lessor, which consent shall not be unreasonably withheld.
- 21.3. Notwithstanding anything contained in the permission having been granted by the Lessor in this Clause, the Lessee shall continue to be responsible for all obligations under the lease including the payment of the Rent and any implication of the stamp duty and registration of such assignment / sublease / license shall be borne and paid by the Lessee. Any assignment and/or sub lease granted pursuant to the terms hereof, shall be co-terminus with this Lease Deed (including renewal, if any) between the Lessor and the Lessee.
- 21.4. The Lessee will be required to furnish certified copy of the assignment deed or the sub lease deed (which will be registered under Applicable Laws) or license agreement, that would be executed in terms of Clause 21.1.

22. ASSIGNMENT MORTGAGE- RENTAL DISCOUNTING BY THE LESSOR.

- 22.1. **Assignment by the Lessor:** The Lessor, shall have the right to assign or otherwise alienate its interest (“**Transfer**”) in the Premises to any Third Party, except to the competitors of the Lessee listed in **Annexure 5** of this Lease Deed (“**Lessee Competitors**”). The Lessor further agrees not to lease the 4th floor in Block B1 to the Lessee Competitors. The Lessor further shall ensure that such assignment /transfer/ charge/ encumbrance of the Premises shall not affect the rights of the Lessee under this Lease Deed. The Parties hereby agree that in the event of such Transfer, the Lessee will attorn the leasehold rights granted under this Lease Deed in favour of the Transferee on receipt of the letter of attornment from the Lessor calling upon the Lessee to attorn the leasehold rights in favour of the Transferee accompanied by an undertaking from the Transferee to comply with the terms and condition of the lease, including but not limited to the refunding of the Security Deposit in terms hereof. However, all such cost for execution of attornment and or other such agreement shall be at the sole cost of the Lessor/ Transferee. In the event any party desires to execute a fresh lease deed pursuant to the assignment by the Lessor for their internal purposes, the cost for execution and registration of such fresh lease deed shall be borne by the desired Party On the attornment being complete the Lessor will have no rights or obligation hereunder.
- 22.2. **Mortgage -Rental Discounting.** The Lessor shall be entitled to seek any mortgage or rental discounting facility from any bank or financial institution against the security of the Premises and or Rent, without in any manner affecting the rights of the Lessee to use and occupy the Premises during the Term. The Lessor shall provide the Lessee with details as regards the entity to whom the Rent would be payable and undertakes to discharge the Lessee from all claims on payment of Rent

to the identified entity. In the event such bank or financial institution requires any no objection certificate/ letter for these purposes, the Lessee shall provide the same.

23. DEFAULT IN PAYMENT OF RENT AND/OR UTILITIES CHARGES.

Any delay / default in payment of the Rent and/or Utilities Charges for a continuous period of 2 (two) months as payable by the Lessee on its due date shall be construed as breach, and without prejudice to the rights of the Lessor set out in Clause 26.3, the Lessee shall be liable to pay the outstanding Rent and/or Utilities Charges with interest thereon at the rate of 18% per annum from the due date till payment or recovery of such amounts.

24. INSURANCE.

24.1. During the Term, the Lessor shall at its cost, take out and maintain appropriate insurance cover for the Premises and the Utilities provided in the Building and the Project with a reputed insurance company against all insurable risks, including without limitation, for repair and replacement thereof, natural disasters, fires, floods, acts of God, acts of terrorism, acts of war and other hostilities, civil commotion and aerial and other accidents, including, damage to and destruction of the whole or any portion of the Premises due to any of the risks listed herein, on a full replacement basis. The Lessor shall furnish the copies of the policies and renewal thereof.

24.2. During the Term, the Lessee shall, at its sole cost and expense, obtain and maintain the appropriate and adequate insurance coverage for furniture, fixture, equipment and storages of items against theft, burglary, fire, riot and third party claims and all liability of the Lessee and its authorized agents, employees and/or representatives arising out of and in connection with the Lessee's use and occupancy of the Premises and the Lessor shall not be held responsible for any such losses whatsoever in nature, unless such loss is caused by default and negligence of the Lessor and/or its authorized agents, employees and/or representatives.

25. INDEMNIFICATION.

25.1. **Lessee's Indemnification.** Notwithstanding anything to the contrary contained herein, the Lessee will indemnify, defend and hold the Lessor, its directors, employees and/or agents harmless during the Term against any demands, claims, actions or proceedings that may be initiated against the Lessor due to any act of commission or omission of the Lessee resulting in violation of its duty or obligation under Applicable Law and the terms and conditions of this Lease Deed.

25.2. **Lessor's Indemnification.** Notwithstanding anything to the contrary contained herein, the Lessor will indemnify, defend and hold the Lessee, its directors,

employees and or agents harmless during the against any demands, claims, actions or proceedings that may be initiated against the Lessee due to any act of commission or omission of the Lessor resulting in violation of its duty or obligation under Applicable Law and preventing the Lessee from occupying and using the Premises or results in breach of the terms and conditions of this Lease Deed. In the event any action, suit or proceeding of any nature whatsoever is threatened or brought by any third party which threatens to or interferes with the use, enjoyment and occupation of the Premises by the Lessee (not due to Lessee's fault) and/or which may jeopardize any of the rights of Lessee under the lease, the Lessor shall contest/defend such actions, suit or proceedings at its own costs so that Lessee continues to be in exclusive possession of the Premises without any interruption and continues to enjoy the benefits/rights/entitlements granted to it under this Lease Deed and keep the Lessee indemnified in this regard.

26. TERMINATION OF LEASE.

- 26.1. **Termination by efflux of time.** The Lease shall stand terminated at the end of the Term unless expressly renewed as stated in Clause 4.2.
- 26.2. **Termination by the Lessee due to Lessor's breach.** Notwithstanding the Lock-in Period, in the event of the Lessor committing breach of any of the terms of the Lease Deed, the Lessee shall notify the Lessor in writing and call upon the Lessor to remedy the breach within 30 (thirty) days or as mutually agreed. If such breach is not rectified/ cured during such period, the Lessee will be entitled to, at its option, terminate the lease and be ready for handing over possession of the Premises subject to refund of the Security Deposit in terms of Clause 7.3.
- 26.3. **Termination by the Lessor due to Lessee's Breach.** In the event of the Lessee committing any breach of any of the terms of the lease, the Lessor shall notify the Lessee of such breach and the Lessee shall within 30 (thirty) days of such notice, cure the breach, failing which this lease shall stand terminated at the option of the Lessor. If such termination is during the Lock-In Period, the Lessee shall become liable to pay Unexpired Rent in terms of Clause 5 above.
- 26.4. **Termination by Lessee due to Lessor being wound up.** In the event of the Lessor being ordered to be wound up for any reasons by any Court or direction and/or liquidator/receiver being appointed, the Lessee shall have the option to terminate the Lease and the Lessor shall become entitled to vacant possession of the Premises and to resume possession subject to simultaneous refund of the Security Deposit to the Lessee in terms of Clause 7.3 above. However, this Clause will have no application to mergers, amalgamations, acquisitions or other schemes or arrangements in which the Lessor may (directly or indirectly) be a party, as the case may be.

- 26.5. **Termination by Lessor due to Lessee being wound up.** In the event of the Lessee being ordered to be wound up for any reasons by any Court or direction and/or liquidator/receiver being appointed, the Lessor shall have the option to terminate the Lease and the Lessor shall become entitled to vacant possession of the Premises and to resume possession subject to simultaneous refund of the Security Deposit to the Lessee in terms of Clause 7.3 above. However, this Clause will have no application to mergers, amalgamations, acquisitions or other schemes or arrangements in which the Lessee may (directly or indirectly) be a party, as the case may be.
- 26.6. **Right of the Lessor to resume possession.** The Lessee agrees that the Lessor, upon termination of the lease under any of the circumstances mentioned in any of the Clauses set out under Clauses 26.1 to 26.4 above, shall be entitled to resume possession of the Premises, simultaneously upon refund of the Security Deposit amount in terms of Clause 7.3 above.
- 26.7. **Termination by the Lessee without cause.** Post lock-in period, the Lessee is entitled to terminate the lease without cause by serving 6 (six) months' prior written notice to the Lessor.
27. **RETURN OF PREMISES.**
- 27.1. The Lessee shall, on the expiry of the Term or early termination of lease, return the Premises in a normal tenable condition with reasonable wear and tear excepted. If statutory permissions are required prior to handing over the Premises to the Lessor, the same shall be duly secured by the Lessee before handing over.
- 27.2. **Handover of Premises against refund of Security Deposit.** The Lessee agrees that in any of the eventualities of the termination of the lease, the Lessee is bound and liable to hand over full, free and vacant possession of the Premises against the refund of the Security Deposit in terms of Clause 7.3 and any other deposit, that would have been due to the Lessee from the Lessor. The Lessee upon giving prior written notice of at least 180 (one hundred eighty) days before the termination of the Lease Deed, the Lessee shall have the right to holdover the Premises for upto an additional period of 6 (six) months after the expiry of the Term ("**Holdover Period**") subject to the Lessee making timely payments of the: (i) Rent at 1.5 (one point five) times the last paid Rent, (ii) Maintenance Charges at the then prevalent rates and (iii) Utilities Charges at actuals. It is further clarified between the Parties that, in the event, the Lessee holds over the Premises during the Holdover Period in terms of this Clause, then the Lessor shall retain the Security Deposit and be liable to refund the Security Deposit only upon expiry of the Holdover Period and simultaneous with the handover of the Premises by the Lessee to the Lessor upon expiry of the Holdover Period.
28. **SUSPENSION OF RENT AND LEASE.**

- 28.1. In the event the Premises or any part thereof is destroyed due to a Force Majeure Event or any portion thereof becoming uninhabitable or unusable or the utilities servicing the Premises being interrupted so as to render the entire Premises uninhabitable or unusable for a period exceeding 7 (seven) days for any reason, provided such damage or destruction is not due to any act of omission or commission of the Lessee, the Lessee shall be entitled to suspend payment of Rent and Utilities Charges until such time that the Premises is fit for occupation and use. If the Lessee, has reasonable apprehension that such restraint to occupy and use the Premises or a portion thereof is likely to continue for 60 (sixty) days, the Lessee will have the right any time after the 7 (seven) day period to terminate the Lease. The Lessor shall refund the Security Deposit in terms of Clause 7.3 hereinabove on the execution and registration of the surrender of lease deed. In the event the Lessor fails to refund the Security Deposit within 7 (seven) days from the date of Lessee's notice to terminate the Lease under this Clause and/or the delay in execution and registration of the surrender deed is due to the Lessor's default, the Lessor shall be liable to pay a compensation of 18% (eighteen) percent interest per annum on the Security Deposit to the Lessee effective the lease termination/ expiry date. In the event of termination of the lease due to this Clause, the Lessee will not be bound by the terms of Lock-in Period if such restraint occurs during the Lock-in Period.
- 28.2. In the event of there being any restraint order passed by any Court of law or statutory authority in use of the Premises due to any misrepresentation as to title to the Premises or due to any violation of construction of the Building and such restraint continues beyond 3 (three) days, in addition to the Lessee's right to terminate the lease, the Lessee shall suspend payment of further Rent and Utilities Charges and other charges whatsoever until such time that such restraint is not vacated / lifted. If such restraint continues for a period beyond 60 (sixty) days, the lease shall be terminated at the option of the Lessee. The Lessor shall immediately refund the Security Deposit in terms of Clause 7.3 of this Lease Deed against the execution of the surrender of the lease deed. In the event the Lessor fails to refund the Security Deposit within 7 (seven) days from the date of Lessee's notice to terminate the Lease under this Clause and/or delay in execution and registration of the surrender deed is due to the Lessor's default, the Lessor shall be liable to pay a compensation of 18% (eighteen) percent interest per annum on the Security Deposit to the Lessee effective the lease termination/ expiry date. In the event of termination of the lease due to this Clause, the Lessee will not be bound by the terms of Lock-in Period if such restraint occurs during the Lock-in Period.

28.3. If the Lessee has to terminate the lease for any reasons contemplated in Clauses 26.2 and 28 hereinabove, in such event, the Lessee shall be entitled to recover from the Lessor the written down value of the fit outs for the non-amortized period.

The Parties agree and confirm that the compensation agreed herein are the predetermined damages that the Parties reasonably believe the Lessee will suffer as a consequence of termination of the lease for reasons contemplated in Clauses 27.2 and 29 and reflects the understanding between the Parties in this regard.

29. SEZ REQUIREMENTS.

29.1. The Parties agree to comply with the provisions of the SEZ Act and the SEZ Rules (the “SEZ Requirements”) as applicable to either of them and any breach thereof shall be treated as a breach by the concerned Party.

29.2. The Lessee has secured the SEZ Approval *vide* letter of approval dated April 12, 2019 bearing No. KA: 07:14:2018:Brooke SEZ: B/687 (copy of which is furnished to the Lessor and annexed herewith as **Annexure 6**), to enable it to take on lease the Premises. If the Letter of Approval is cancelled by the SEZ authorities during the subsistence of the Term and the Lock-In Period, for any reason whatsoever attributable to the Lessee, the Lessee shall become liable to pay the Unexpired Rent as provided in terms of Clause 5 above. If it is cancelled due to reasons attributable to the Lessor, the Lessor shall be liable to pay compensation as per Clause 28.3 above.

30. REQUISITION.

In the event of the Premises or any part thereof being requisitioned any time during the Term, by any Appropriate Authority or the Government for their occupation, the Lease shall stand terminated on such requisition being finally become effective. On such termination the Lessee shall hand over possession to the Lessor against the refund of Security Deposit in terms of Clause 7.3. If such requisition is during the Lock in Period the Lessee shall not be bound by the Lock in Period as provided in Clause 5 above.

31. LIMITATION OF LIABILITY.

Save and except the Unexpired Rent and compensation as per Clause 28.3 that would be payable as agreed between the Parties hereto, any reference to any losses, damage, claims, compensation, indemnity etc., shall not include any special, incidental, consequential, penal, exemplary or like damages, or any direct or indirect loss of profits or any claim for loss of opportunity or any action in tort even if advised of the possibility of such claims.

32. TITLE INVESTIGATION.

The Lessee has been provided with photocopies of the title deeds of the Premises to carry out their investigation of title of the Lessor to the Premises to be leased. The Lessee has carried out its title investigation solely based on the documents furnished to the Lessee by the Lessor prior to the execution of this Lease Deed.

33. STAMP DUTY AND REGISTRATION.

- 33.1. The cost of stamp duty, registration charges and any deficit of stamps and other incidental expenses in connection with the execution and registration of this Lease Deed and lease deed for the Renewal Term, if any, shall be borne by the Lessee.
- 33.2. The original of this Lease Deed shall remain in the possession of the Lessee and a counterpart/certified copy thereof shall be retained by the Lessor.

34. MODIFICATION / VARIATION.

No change, variation or modification of any of the terms and conditions set forth herein shall be valid unless incorporated as an amendment to this Lease Deed and signed by the duly authorised representatives of both Parties.

35. WAIVER / FORBEARANCE.

The Parties hereto agree that in the event of there being any delay in or indulgence shown by either of the Parties with regard to the enforcement of any of the terms of this Lease Deed, the same shall not be construed as a waiver by the Party showing such indulgence or tolerance and any such indulgence or forbearance shall not be deemed to be a waiver of the rights and the Parties shall be entitled to enforce such right without prejudice to such indulgence or tolerance shown.

36. DISPUTE RESOLUTION AND ARBITRATION.

- 36.1. This Lease Deed shall be governed by and construed in accordance with the laws of India.
- 36.2. If any dispute or difference of any kind whatsoever shall arise between the Parties in connection with or arising out of this Lease Deed (whether before or after the termination or breach of this Lease Deed), the Parties shall promptly and in good faith negotiate with a view to its amicable resolution and settlement.
- 36.3. In the event no amicable resolution or settlement is reached within a period of 15 (fifteen) days from the date on which the existence of a dispute or difference is communicated by one Party to the other, such dispute or difference shall refer such dispute to a mutually acceptable sole arbitrator under the provisions of the

Arbitration and Conciliation Act, 1996. The arbitration proceedings shall be held in Bangalore in the English language. The decision of the arbitrator so appointed shall be final and binding on the Parties. The arbitrator shall also determine and make an award as to the costs of the arbitral proceedings.

36.4. Subject to Clauses 36.1 to 36.3, any disputes arising hereunder shall be subject to the exclusive jurisdiction of the Courts at Bengaluru.

37. ANTI-BRIBERY, CORRUPTION AND PROHIBITED BUSINESS PRACTICES.

Each Party will be familiar with and will strictly comply with all Applicable Laws related to bribery, corruption, and prohibited business practices. The Parties and their Affiliates have not and will not, for the purpose of unlawfully influencing or inducing anyone to influence decisions in favour of the Lessor, Lessee or any of either Party's Affiliates, offer, promise or make or agree to make, directly or indirectly, (a) any political contributions of any kind or any payment to or for the benefit of any public official, whether elected or appointed, (b) any payments for gifts, meals, travel or other value for a government employee or his/her family members or (c) any payments or gifts (of money or anything of value) to anyone. The Parties shall not, under any circumstances, reimburse one another for any such political contributions, payments or gifts.

38. ENTIRETY AND SEVERABILITY.

This Lease Deed, including the attached Schedules, constitutes the entire agreement between the Lessor and the Lessee with respect to the Premises alone, and supersedes any other prior oral or written communications, representations or statements with respect to the transaction contemplated in this Lease Deed. If a court finds any provision of this Lease Deed to be invalid, the remainder of the Lease will be valid, enforceable and effective.

39. NOTICES.

All notices under this Lease Deed, will be given in writing, postage prepaid, by certified or registered mail, return receipt requested, by personal delivery, or by reputable national overnight courier, at the addresses listed below. The respective addresses for such purposes are:

If to the Lessor:

BROOKEFIELDS REAL ESTATES AND PROJECTS PRIVATE LIMITED,
Brookefields, Kundalahalli Marathahalli Post, Bengaluru 560037
Attention: The Chairman and Managing Director

If to the Lessee:

MANHATTAN ASSOCIATES (INDIA) DEVELOPMENT CENTRE PRIVATE LIMITED,

No.172, EPIP Zone, Phase II, Whitefield, Bangalore 560066

Attention: Ms. Ushasri T S

Either Party may change its notice address from time to time by delivering notice thereof to the other Party in accordance with this Clause.

40. PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.

This Lease Deed, shall not be construed or sought to be interpreted to authorize either of the Parties to use any of the intellectual property rights of the other, including, without limitation, the other Party's logo, trade names and trademarks, in any manner whatsoever. However the Lessor will be entitled to use in any prospectus / offer document or its brochure in any medium / media, name the Lessee and use its logo, for the purpose of stating that the Lessee is the tenant of the Lessor.

41. AUTHORITY FOR EXECUTION.

Each Party represents and warrants to the other that it has full right and authority to enter into this Lease Deed. Each Party further represents and warrants to the other that the execution and delivery of this Lease Deed has been duly authorized by its board of directors. Each Party represents and warrants to the other that it has the financial wherewithal to perform its obligations under this Lease Deed.

42. RELATIONSHIP BETWEEN PARTIES.

Nothing contained in this Lease Deed shall be deemed or construed by the Parties or by any third party or court to create the relationship of principal and agent or employer and employee or of partnership or of joint venture or of any association between the Lessor and Lessee, and neither method of computation of Rent nor any other provisions contained in this Lease Deed nor any acts of the Parties shall be deemed to create any relationship between the Parties, other than the relationship of Lessor and Lessee.

43. REMEDIES.

The Parties acknowledge that the remedies available to the Lessor and or Lessee under this Lease Deed are all mutually exclusive and without prejudice to any other right / remedy available to the Parties under Applicable Law.

SCHEDULE

FIRST SCHEDULE

[Description of the “Larger Property”]

All that piece and parcel of the immovable property admeasuring 26 acres 05 guntas comprised in Survey Nos. 103, 104, 105, 108/1, 108/2, 109, 112 and 113/1B all situated at Kundalahalli Village, Krishnarajapuram Hobli, Bangalore South Taluk, Bangalore and bounded on:

East by: Property bearing survey Nos. 72, 71 and 67;
West by: Whitefield Road;
North by: Property in survey Nos. 83, 84, 85, 102 and Part of survey No. 109; and
South by: Property in survey Nos. 114, 107, 126, 106 and part of survey No. 113/1B.

SECOND SCHEDULE

[Description of the “Building”]

Tower **B1** in **Brigade Tech Gardens (SEZ)** having an aggregate super built-up area of **5,58,183** (five lakh fifty eight thousand one hundred and eighty three) square feet and containing basement, ground and **6** (six) upper floors constructed on the Larger Property.

THIRD SCHEDULE

[Description of the “Premises”]

All that Premises admeasuring 10,001 (ten thousand one) square feet of Super Built Up Area comprised in part of **5th** (fifth) Floor (being portion of Unit No. 501), including proportionate share in Common Areas, such as passages, lobbies, lifts, staircases and other areas of common use, of the **Brigade Tech Gardens** along with right to 13 (Thirteen) numbers of contiguous, mechanical and conventional Car Parking Spaces in the basement level for the exclusive use of the Lessee and the unit is bounded by:

East: Unit 502 on the 5th floor of Building B1

West: Unit Nos. 503 and 504 on the 5th floor of Building B1

North: Open to sky on the 5th floor of Building B1

South: Central Core on the 5th Floor and Unit No. 502 on the 5th floor of Building B1

The Floor Plan of the Premises is attached herewith as **Annexure 7**.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE SET THEIR HANDS AND SEAL TO THESE PRESENTS ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN:

Signed and delivered for and on behalf of

BROOKEFIELDS REAL ESTATES AND PROJECTS PRIVATE LIMITED

The “**Lessor**” herein,

By its authorised signatories

/s/ Nirupa Shankar

/s/ Subrata K C Sharma

Name: Ms. Nirupa Shankar and Mr. Subrata K C Sharma

Authorised *vide* board resolution dated January 25, 2019

Signed and delivered for and on behalf of

MANHATTAN ASSOCIATES (INDIA) DEVELOPMENT CENTRE PRIVATE LIMITED

The “**Lessee**” herein,

By its authorised signatory

/s/ Ushassri T S

Name: Ms. Ushasri T S

Designation: Managing Director

Authorised *vide* board resolution dated August 08, 2018

/s/ Subrata K C Sharma

/s/ Nirupa Shankar

/s/ Ushassri T S

Annexure 1 – List of Common Areas of the Project

1. Landscape Garden ;
2. Open Area in the campus and Internal Roads;

/s/ Subrata K C Sharma /s/ Nirupa Shankar /s/ Ushassri T S

Annexure 2 – Scope of Maintenance Services

[List of Maintenance Services Provided by the Maintenance Agency]

Scope of Common Area Maintenance

- Twenty four (24) hours' security of the Building and the parking areas, including Parking Spaces
- Periodic maintenance of the Building and Common Area
- Maintenance of common plumbing and sanitary lines and other Building systems
- Maintenance of the DG sets, including annual maintenance contracts (“AMC”) for the same.
- Maintenance of the chiller plant, pumps, including AMC for the same.
- Maintenance electrical installations for the Common Areas of the Building to ensure continuous power supply.
- Housekeeping and cleaning of the Common Areas of the Building as per the schedule.
- Maintenance of elevators of the Building and its servicing, including AMC for the same
- Administrative and manpower expenses related to Building management services
- Maintenance and operation of pumps, overhead tanks, drain water pumps and equipment's of the Common Area
- Maintenance and up keep of landscape areas of the Building
- Payment of AMC charges of elevators, pumps, motors etc. servicing the Building.
- Maintenance and upkeep of HSD yard.
-

/s/ Subrata K C Sharma

/s/ Nirupa Shankar

/s/ Ushassri T S

Annexure 3- Warm shell specifications

- 1. Building Specifications:** Shell and core, IPS flooring, finished common toilet (with standard fittings), finished floor lobby, finished ground floor lobby, fire-fighting system, elevators, first level sprinklers, furnished common areas, external development work, and landscaping.
- 2. Power:** BESCOM power @ 0.8 KVA power for every 100 (one hundred) square feet super built space taken (including AC Chillers consumption and high side AC). Power will be provided at the tap- off boxes located in the respective floors. The sub panel boards and further cabling / internal wiring for lighting etc. will be under the fit out scope.
- 3. Generator Power:** 100% power backup through diesel generator (including AC chillers consumption).
- 4. Air Conditioning:** Comfort AC to maintain office temperature of 23 (twenty three) degrees celsius +/- 1 celsius degrees will be provided *i.e.* HVAC tonnage of upto 1TR for every 500 (five hundred) square feet on SBA. The Lessor shall provide AC chillers and chilled water piping up to respective floors including the supply, installation and commissioning of AHU or CSU. The electrical wiring for the AC, AC panel boards and ancillary works, if any, will be part of fit out to be provided by the Lessee. Precision / additional AC for server / lab or any other equipment will be installed by the Lessee at their own cost.

Annexure 4 – List of Amenities with Timelines

Brigade Tech Gardens – B Zone	
Milestones	Timelines
Block B1 & B3	
Airtight & Watertight	Completed
Fire NOC	Received
CTO	Received
B1 Cafeteria	31st May 2019
MEP Infrastructure such as Basement Ventilation, Lifts, STP, DG (1No. of 1250 KVA)	Completed
Occupancy Certificate	Received
Block B2 – Recreational Block	
Completion	31st May 2019
Block B4 – The Oval	
Completion	30th November 2019
Completion 31st November 2019	
F & B	31st December 2019
Novotel Suites	31st August 2020

Annexure 5- List of Competitors

The List of Lessee Competitors are as follows:

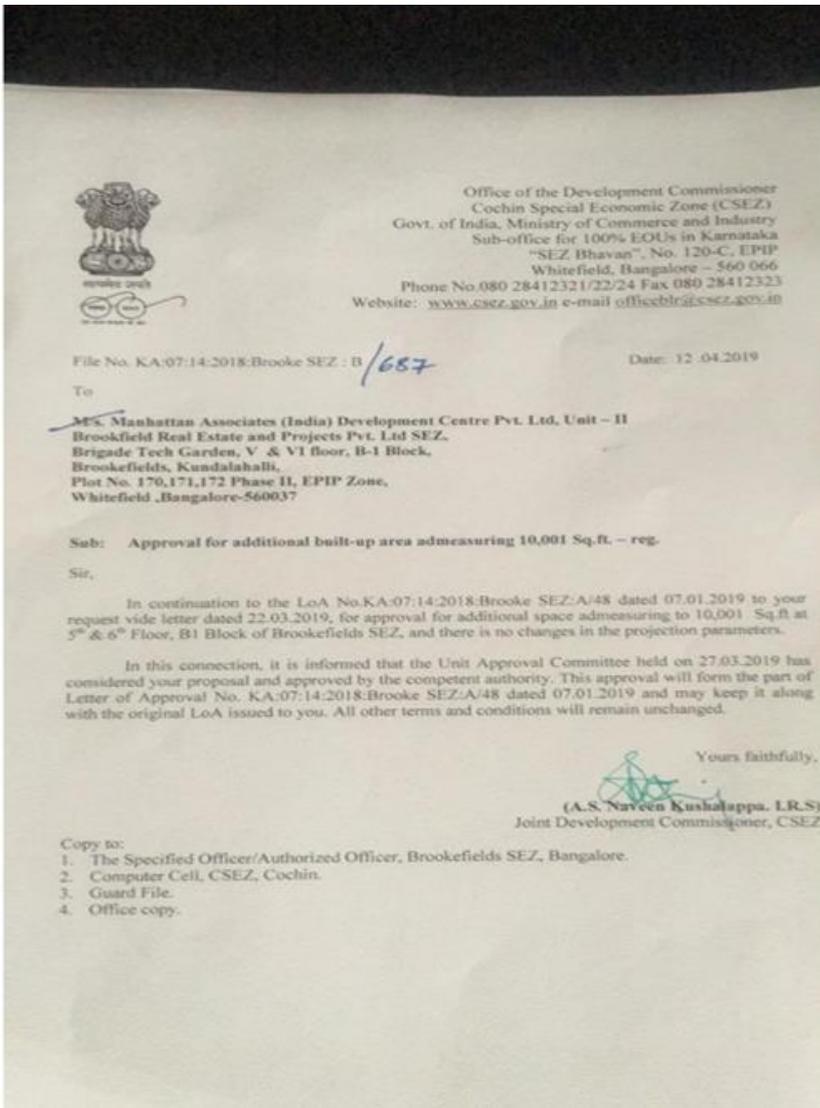
1. JDA
2. SAP
3. Oracle
4. Honeywell
5. IBM

/s/ Subrata K C Sharma

/s/ Nirupa Shankar

/s/ Ushassri T S

Annexure 6 - SEZ Approval as obtained by the Lessee



/s/ Subrata K C Sharma

/s/ Nirupa Shankar

/s/ Ushassri T S

Annexure 7- Floor plan of the Premises

Fifth Floor Plan



/s/ Subrata K C Sharma

/s/ Nirupa Shankar

/s/ Ushassri T S

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eddie Capel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 25th day of July, 2019

/s/ Eddie Capel

Eddie Capel

President and Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dennis B. Story, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 25th day of July, 2019

/s/ Dennis B. Story

Dennis B. Story

Executive Vice President, Chief Financial Officer and
Treasurer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This Certificate is being delivered pursuant to the requirements of Section 1350 of Chapter 63 (Mail Fraud) of Title 18 (Crimes and Criminal Procedures) of the United States Code and shall not be relied on by any person for any other purpose.

The undersigned, who are the Chief Executive Officer and Chief Financial Officer, respectively, of Manhattan Associates, Inc. (the "Company"), hereby each certify that, to the undersigned's knowledge:

The Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2019 (the "Report"), which accompanies this Certification, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated this 25th day of July, 2019

/s/ Eddie Capel

Eddie Capel

President and Chief Executive Officer

/s/ Dennis B. Story

Dennis B. Story

Executive Vice President, Chief Financial Officer and
Treasurer

In accordance with SEC Release No. 34-47986, this Exhibit is furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933. A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.