

Date: November 11, 2019

To

The Corporate Relations Department  
The National Stock Exchange of India Ltd.  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G-Block,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400051

The Corporate Relations Department  
Department of Corporate Services  
BSE Limited  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400001

**Re: Scrip Code 542602 and Scrip Symbol “EMBASSY”**

**Sub: Submission of Valuation Report of Embassy Office Parks REIT for the half-year ended September 30, 2019 under Regulation 21(6) of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014**

Dear Sir/Madam,

Pursuant to Regulation 21(6) of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, we have enclosed the Valuation Report dated November 04, 2019 issued by Mr. Manish Gupta, Partner, iVAS Partners, Valuer, with value assessment services undertaken by CBRE South Asia Private Limited, Value Assessment Service Provider, with respect to Embassy Office Parks REIT for the half-year ended September 30, 2019.

Kindly take the above on record.

Yours sincerely,

**For and on behalf of Embassy Office Parks REIT acting through its Manager, Embassy Office Parks Management Services Private Limited**

**Ramesh Periasamy**  
**Company Secretary & Compliance Officer**

**Embassy Office Parks Management Services Pvt. Ltd.**

Embassy GolfLinks Business Park, Pebble Beach, Off International Ring Road, Bangalore - 560071.  
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www.embassyofficeparks.com | CIN: U70300KA2014PTC073362

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# SUMMARY VALUATION REPORT

## Embassy Office Parks Management Services Private Limited in its capacity as manager of The Embassy Office Parks REIT

EMBASSY MANYATA, BENGALURU  
EXPRESS TOWERS, MUMBAI  
EMBASSY 247, MUMBAI  
FIRST INTERNATIONAL FINANCE CENTRE (FIFC), MUMBAI  
EMBASSY TECHZONE, PUNE  
EMBASSY QUADRON, PUNE  
EMBASSY QUBIX, PUNE  
EMBASSY OXYGEN, NOIDA  
EMBASSY GALAXY, NOIDA  
EMBASSY GOLFLINKS, BENGALURU  
EMBASSY ONE, BENGALURU  
HILTON AT EMBASSY GOLFLINKS, BENGALURU  
EMBASSY ENERGY, BELLARY DISTRICT, KARNATAKA

DATE OF VALUATION: SEPTEMBER 30, 2019

DATE OF REPORT: NOVEMBER 4, 2019

Value Assessment  
Service

Valuer under SEBI (REIT)  
Regulations, 2014

**CBRE**

**IVAS**<sup>®</sup>

## 1 Instruction

iVAS Partners has been instructed by **Embassy Office Parks Management Services Private Limited** (the ‘Client’, the ‘**Instructing Party**’) in its capacity as **manager of The Embassy Office Parks REIT** to advise upon the Market Value (MV) of properties comprising of commercial office real estate assets located across Bengaluru, Pune, Mumbai and Noida as well as affiliated facilities including a solar park, retail spaces and hotels (together herein referred as subject properties across the report).

CBRE has been instructed by the Client to be the ‘Value Assessment Service Provider’ for providing market intelligence to the ‘Valuer’ (Mr. Manish Gupta, iVAS Partners - SEBI Approved Valuer) and forecasting cash flows from the respective assets. The Valuer has utilized the market intelligence provided by CBRE and independently reviewed the cash flows to arrive at the Market Value of the respective assets as per the REIT regulations 2014. iVAS Partners and CBRE are collectively referred to as the Consultants for the purpose of this report.

The details of the subject properties under the purview of this valuation exercise are tabulated below:

Development Name	Location
Embassy Manyata	Bengaluru
Express Towers	Mumbai
Embassy 247	Mumbai
First International Finance Centre	Mumbai
Embassy Techzone	Pune
Embassy Quadron	Pune
Embassy Qubix	Pune
Embassy Oxygen	Noida
Embassy Galaxy	Noida
Embassy Golflinks	Bengaluru
Embassy One	Bengaluru
Hilton at Embassy Golflinks	Bengaluru
Embassy Energy	Bellary District, Karnataka

### 1.1 Purpose

The Valuer understands that the valuation is required by the Client for financial and investor reporting purposes.

### 1.2 Reliant Party

Reliant parties to this report shall mean Embassy Office Parks Management Services Private Limited (EOPMSPL), the Embassy Office Parks REIT (“Embassy REIT”) and their Unit Holders and Axis Trustee Services Limited (the Trustee for the Embassy REIT) for the purpose (of the valuation) as highlighted in this report. The auditors would be extended reliance by the ‘Consultants’ but would extend no liability to the auditors.

The valuation will be prepared strictly and only for the use of the Reliant Party and for the Purpose specifically stated. The instructing party would make all reliant parties aware of the terms and conditions of this agreement under which this exercise is being undertaken and take due acknowledgements to the same effect.

### 1.3 Limitation of Liability

- The ‘Consultants’ provide the Services exercising due care and skill, but the ‘Consultants’ do not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may

affect the value of the properties. Further, the ‘Consultants’ shall not accept liability for any errors, misstatements, omissions in the Report caused due to false, misleading or incomplete information or documentation provided to the ‘Consultants’ by the Instructing Party.

- CBRE extends liability to Manish Gupta (viz. the Valuer under SEBI REIT Regulations 2014) and the Valuer’s Client (viz. the Reliant Party) for the market intelligence provided by CBRE. CBRE extends liability to the Reliant Party for the relevant scope for which it is engaged together with the preceding clause. CBRE’s maximum aggregate liability for claims arising out of or in connection with market intelligence it provides under this contract shall not exceed the professional indemnity insurance obtained by it. As on the date of this letter the professional indemnity insurance maintained by CBRE is for Indian Rupees 56 Million.
- In the event that any of the Sponsor, Manager, Trustee, EOP REIT in connection with the report be subject to any claim (“Claim Parties”) in connection with, arising out of or attributable to the Valuation Report, the Claim Parties will be entitled to require the ‘Consultants’ to be a necessary party/ respondent to such claim and the ‘Consultants’ shall not object to their inclusion as a necessary party/ respondent. If the ‘Consultants’ do not co-operate to be named as a necessary party/ respondent to such claims or co-operate in providing adequate/ successful defense in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the ‘Consultants’ in this regard and the Consultants’ liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.
- The Consultants will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc.

#### 1.4 Capability of Valuer and Value Assessment Service Provider

##### **Valuer under SEBI (REIT) Regulations, 2014: Mr. Manish Gupta, Partner: iVAS Partners**

Mr. Manish Gupta, Partner: iVAS Partners, is a SEBI Approved Valuer (Valuer Registration Number: IBBI/RV/02/2019/11505) and has over 11 years of experience in real estate industry with nearly 9 years of experience in providing real estate consulting and valuation services to a wide spectrum of Clients including financial institutions, private equity funds, developers, NBFCs, corporate houses and landowners.

##### **Value Assessment Service Provider: CBRE South Asia Pvt. Ltd.**

CBRE Advisory Services India is an integral part of CBRE Global Valuation & Advisory Services team. The Global VAS team comprises of over 1,500 professionals across approximately 280 offices globally and India Advisory Services team comprises of more than 280 professionals.

CBRE Advisory Services India have completed over 80,000 valuation and advisory assignments across varied asset classes spread across 20 states and 300+ cities. CBRE provides quality valuation, risk advisory and consulting services across a range of property types including residential, hospitality, retail, commercial, institutional, Special Economic Zone (SEZ), industrial, etc. CBRE derives global best practices while maintaining the complexities of Indian real estate markets and are ideally positioned to help solve any valuation related real estate challenge, ranging from single asset valuations to valuation of multi-market and multi-property portfolios.

Our dedicated and experienced professionals provide quality services from 9 offices across India (Delhi, Mumbai, Bengaluru, Chennai, Kolkata, Gurgaon, Hyderabad, Pune and Ahmedabad). Our professionals have a varied qualification base such as Royal Institute of Chartered Surveyors (RICS) or IOV, IIV certified valuation professional, master planner, architect, MBA, CA, CFA, etc. and this entire multi-faceted experience helps us in achieving our commitment to provide the highest level of professional expertise to our clients.

CBRE Advisory Services India team has substantial experience with several institutional clients including financial institutions, real estate funds, private equity funds, developers, corporates, banks, NBFCs, etc.

## 1.5 Disclosures

The Consultants hereby certify that:

- Mr. Manish Gupta, Partner: iVAS Partners, Valuer Registration Number: IBBI/RV/02/2019/11505 (hereinafter referred to as the valuer), is eligible to be appointed as a valuer in terms of Regulation 2(1)(zz) of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014
- Neither CBRE nor iVAS Partners are an associate of the instructing party
- The Valuer has a minimum of five years of experience in the valuation of real estate
- The Valuer has not been involved with the acquisition or disposal within the last twelve months of any of the properties valued under this summary valuation report in the last twelve months
- The Valuer has adequate and robust internal controls to ensure the integrity of the valuation reports
- The Valuer has sufficient key personnel with adequate experience and qualification to perform services related to property valuation at all times
- The Valuer has sufficient financial resources to enable them to conduct their business effectively and meet their liabilities
- The Valuer has acquainted itself with all laws or regulations relevant to such valuation
- The valuation of assets undertaken is impartial, true and fair and in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014
- The Valuer and any of its employees/ consultants involved in valuation of the REIT assets are not invested in units of the REIT or in the assets being valued till the time such person is designated as valuer of such REIT and not less than 6 months after ceasing to be valuer of the REIT
- The Valuer has conducted the valuation of the REIT assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise professional judgement
- The Valuer has acted with independence, objectivity and impartiality in performing the valuation
- The Valuer has discharged its duties towards the EOP REIT in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete the said assignment
- The Valuer shall not accept remuneration, in any form, for performing a valuation of the REIT assets from any person other than the EOP REIT or its authorised representatives.
- The Valuer shall before accepting any assignment from any related party to the EOP REIT, shall disclose to the EOP REIT, any direct or indirect consideration which the valuer may have in respect of such assignment
- The Valuer shall disclose to the trustee of the EOP REIT, any pending business transactions, contracts under negotiation and other arrangements with the Instructing Party or any other party whom the EOP REIT is contracting with and any other factors which may interfere with the Valuer's ability to give an independent and professional valuation of the property
- The Valuer shall not make false, misleading or exaggerated claims in order to secure assignments
- The Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information
- The Valuer shall not accept an assignment that includes reporting of the outcome based on predetermined opinions and conclusions required by the EOP REIT
- The valuation undertaken by the Valuer abides by international valuation standards and valuation standards as may be specified by the Institute of Chartered Accountants of India for valuation of real estate assets. Provided that in case of any conflict, standard specified by the Institute of Chartered

Accountants of India shall prevail

- The Valuer notes that there are encumbrances, however, no options or pre-emptions rights in relation to the assets based on the title report prepared by King & Partridge, Shardul Amarchand Mangaldas & Co, Cyril Amarchand Mangaldas, Little & Company, Jayashree Sridhar and Law Shield (hereinafter collectively referred to as ‘Legal Counsels’)

## 1.6 Assumptions, Disclaimers, Limitations & Qualifications to Valuation

Valuation Subject to Change: Our Investigations:	<ul style="list-style-type: none"> <li>• The subject valuation exercise is based on prevailing market dynamics as on the date of valuation and does not take into account any unforeseeable developments which could impact the same in the future</li> <li>• The Consultants are not engaged to carry out all possible investigations in relation to the subject properties. Where in our report the Consultants identify certain limitations to our investigations, this is to enable the reliant party to instruct further investigations where considered appropriate or where the Consultants recommend as necessary prior to reliance. The Consultants are not liable for any loss occasioned by a decision not to conduct further investigations</li> </ul>
Assumptions:	<ul style="list-style-type: none"> <li>• Assumptions are a necessary part of undertaking valuations. The Valuer adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. The reliant parties accept that the valuation contains certain specific assumptions and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation</li> </ul>
Information Supplied by Others:	<ul style="list-style-type: none"> <li>• The valuations are based on the information provided by the Instructing Party (Embassy Office Parks Management Services Private Limited). The same has been assumed to be correct and has been used for valuation exercise. Where it is stated in the report that another party has supplied information to the ‘Consultants’, this information is believed to be reliable but the ‘Consultants’ can accept no responsibility if this should prove not to be so</li> </ul>
Future Matters:	<ul style="list-style-type: none"> <li>• To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to the ‘Consultants’ at the date of this document. The ‘Consultants’ do not warrant that such statements are accurate or correct</li> </ul>
Map and Plans:	<ul style="list-style-type: none"> <li>• Any sketch, plan or map in this report is included to assist reader while visualizing the properties and assume no responsibility in connection with such matters</li> </ul>
Site Details:	<ul style="list-style-type: none"> <li>• Based on title due-diligence information provided by the Client, the Valuer understands that the subject properties are free from any encroachments and are available as on the date of the valuation</li> </ul>
Property Title:	<ul style="list-style-type: none"> <li>• For the purpose of this valuation exercise, the Valuer has relied on the Title Reports prepared by the Legal Counsels for each of the properties and has made no further enquiries with the relevant local authorities in this regard. The Valuer understands that the subject properties may have encumbrances, disputes and claims. The Valuer does not have the expertise or the preview to verify the veracity or quantify these encumbrances, disputes or claims. For the purpose of this valuation, the Valuer has assumed that the respective assets have title deeds that are clear and marketable.</li> </ul>
Environmental Conditions:	<ul style="list-style-type: none"> <li>• The Valuer have assumed that the subject properties are not contaminated and are not adversely affected by any existing or proposed environmental law and any processes which are carried out on the properties are regulated by environmental legislation and are properly licensed by the appropriate authorities</li> </ul>
Town Planning:	<ul style="list-style-type: none"> <li>• The current zoning of the subject properties has been adopted on the basis of review of various documents (title deeds) provided by the Instructing Party and the current land use maps for the subject region. The same has been considered for the purpose of this valuation exercise. Further, it has been assumed that the development on the subject properties adheres/ would adhere to the development regulations as prescribed by the relevant authorities. The Valuer has not made any enquiries with the relevant development authorities to validate the legality of the same.</li> </ul>
Area:	<ul style="list-style-type: none"> <li>• The total leasable area considered for the purpose of this valuation exercise is based on the rent rolls/ Architect certificate provided by the Instructing Party. It must be noted that the above information has been provided by the Client and has been verified based on the approvals/ layout plans/building plans provided by the Client. However, the Valuer has not undertaken additional verification and physical measurement for the purpose of this valuation exercise</li> </ul>

- Condition & Repair:**

  - In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present which might adversely affect the current or future occupation, development or value of the property; the property is free from rot, infestation, structural or latent defect; no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts
- Not a Structural Survey:**

  - The Valuer state that this is a valuation report and not a structural survey
- Legal:**

  - Unless specifically disclosed in the report, the Valuer have not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the subject property.
- Others:**

  - Considering the unorganized nature of real estate markets in India, all comparable evidence (if any) provided in the valuation report has been limited to the basic details such as the area of asset, rate at which transacted, broad location, etc. other specific details would be provided only if the information is available in public domain
- Other Assumptions:**

  - Please note that all the factual information such as tenants' leasable area, lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents provided by the Client and the same has been adopted for the purpose of this valuation exercise. While we have reviewed a few lease deeds on a sample basis, the Consultants do not take any responsibility towards authenticity of the rent rolls provided by the Client. Any change in the above information will have an impact on the assessed value and in that case the Valuer will have to relook at the assessed value. The relevant information sources are represented in section 2.5
  - All measurements, areas and ages quoted in our report are approximate
  - We are not advisors with respect to legal tax and regulatory matters for the transaction. No investigation of the respective Special Purpose Vehicles (SPVs) holding the assets' claim to title of assets has been made for the purpose of this Report and the SPVs' claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets. Therefore, no responsibility is assumed for matters of a legal nature
  - Kindly note that we have undertaken a quarterly assessment of cash flows for the purpose of the valuations

## 2 Valuation Approach & Methodology

### 2.1 Scope of Valuation

The valuation exercise is aimed at the assessment of the Market Value (MV) of the subject property. In considering the value of the property, the Valuer have considered the guidelines laid out in the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors (RICS).

### 2.2 Basis of Valuation

The valuations have been conducted in accordance with the RICS Valuation – Global Standards 2017 (Red Book Incorporating the IVSC International Valuation Standards issued in June 2017, effective from 1 July 2017). The valuation exercise has been undertaken by appropriately qualified Valuers and would be aimed at assessing the Market Value of subject properties.

As per the Valuation and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS) the market value is defined as:

*‘The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.*

### 2.3 Approach and Methodology

The purpose of this valuation exercise is to estimate the Market Value (MV) of the subject properties. Market Value is derived through the following Methodologies:



#### 2.3.1 Direct Comparison Approach

In **‘Direct Comparison Approach’**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted for premiums and discounts based on property specific attributes to reflect the underlying value of the property.

#### 2.3.2 Income Approach

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

##### A. Direct Capitalization Method

Direct capitalization involves capitalizing a ‘normalized’ single - year net income estimated by an appropriate yield. This approach is best utilized with stable revenue producing assets, whereby there is little volatility in the net annual income.

##### B. Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated



assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below:

### **B.1. Discounted Cash Flow Method using Rental Reversion**

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

## **2.4 Approach and Methodology Adopted**

A large number of leases at the subject properties were executed at rentals prevalent at the time of signing of such leases or at a discount to prevailing market rental (for a few anchor tenants). Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, tenants looking at spaces, quality of spaces available in the market, overall health of the economy, existing rentals, future growth plans, etc.) at a particular point in time, negotiated rentals may tend to move away from the prevalent market rents over a period of time. It has also been witnessed that the market rents for some properties or sub markets increase or decrease at a rate significantly different from those agreed to in initial leases. These factors reinforce the need to review each of these leases in isolation to assess the intrinsic value of the property under review.

Considering the objective of this exercise and the nature of asset involved, the value of the office component in the subject properties has been assessed through the Discounted Cash Flow Method using Rental Reversion and the value of the Solar Park and hotel component at the respective properties have been valued using Discounted Cash Flow Method. Further, the following steps have been adopted as part of the valuation for the respective subject properties (assets).

### **Asset-specific Review:**

1. As the first step to the valuation of the asset, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, top 10 tenants have been reviewed from their lease terms perspective. For anchor tenants, discounts on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
2. Title documents and architect certificates were reviewed for validation of area details, ownership of the asset

### **Micro-market Review:**

1. A detailed assessment of the site and surroundings has been undertaken with respect to the prevalent activities, change in dynamics impacting the values and the optimal use of the respective properties vis-à-vis their surrounding sub-market, etc. Further, a primary and secondary research exercise has been carried out in the catchment areas for the respective assets to ascertain the transaction activity of commercial, retail and hospitality developments. This has been achieved through interactions with various market players such as developers, real estate brokers, key office tenants, hospitality occupiers, etc. Peers to the assets were identified in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market were analysed along with the historical leasing and re-leasing history within the asset over the last 2 – 3 years. This was undertaken to assess the applicable market rent (applicable rental for the micro-market where the asset is located) and applicable marginal rental (the Consultants' view on rental for the asset – used for leasing vacant spaces as well as upon releasing).

2. The Consultants also analysed the historical leasing within the asset for anchor tenants to identify the discount that is extended to such tenants at the time of fresh leasing or lease renewals. Every lease deed of large anchor tenants were analysed and applicable discount to marginal rental was estimated for individual leases. For other tenants occupying relatively large space within the properties, the Valuer assumed the leases to revert to marginal rentals (duly escalated from the date of valuation) post expiry of the lease, factoring appropriate re-leasing time.

### **Cash Flow Projections:**

1. The cash flows for the operational and under-construction/proposed area were projected separately to arrive at their respective value conclusion.
2. The Valuer has utilized the EBIDTA to arrive at the value of the subject properties. The following steps were undertaken to arrive at the value for operational and under-construction/proposed area respectively.

The Valuer has projected future cash flows from the property based on existing lease terms for the operational area till the expiry of the leases or re-negotiation (using the variance analysis), whichever is earlier. Post which, the lease terms have been aligned with marginal rentals. For vacant area and under-construction/proposed area, the Valuer has projected the marginal rent led cash flows factoring appropriate lease-up time frame for vacant/under-construction/proposed area. These cash flows have been projected for 10-year duration from the date of valuation and for 11<sup>th</sup> year (for assessment of terminal value). These future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate.

For each lease, the following steps have been undertaken to assess the rental over a 10-year time horizon:

- a. **Step 1:** Project the rentals for identified tenancies up to the period of lease expiry, lock-in expiry, first escalation, second escalation, etc. whichever is applicable. In the event of unleased spaces, market-led rentals to be adopted with suitable lease-up time
  - b. **Step 2:** Generating a marginal rental stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step
  - c. **Step 3:** In the event the escalated contracted rental is above the marginal rent (viz. by 10% for Bengaluru/ Mumbai assets & 15% for Pune/ Noida assets), the contracted terms are discarded, and the terms are reverted to market. In the event the escalated contracted rent is below the marginal rent by the threshold highlighted above, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rental for respective leases until lease expiry as well as post expiry
  - d. **Step 4:** Computing the monthly income based on rentals projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and 11th year – considered for calculation of terminal value)
3. Adjustments for other revenues and recurring operational expenses, fit-out income (if any – projected till first term expiry and discounted to present day – the same has been considered below the NOI and does not get capitalized) and vacancy provision have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during lease roll-overs to factor potential rent free terms as well as outflows towards brokerage. For all assets, the Valuer has looked at the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset. For

Embassy Manyata, Embassy Golflinks and Embassy Techzone, common area maintenance is managed by an external agency and accordingly, no CAM margin has been considered during the course of operations. However, for assessing the exit cash flows, the Valuer has assumed that on a notional exit, market-led CAM charges and hence CAM margin would be accruable to a potential buyer and the same has been adopted during capitalization.

4. The net income on quarterly basis have been projected over the next 10 years and the 1 year forward income (for 11<sup>th</sup> year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net income over the next 10 years along with the terminal value during the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the asset through this approach.
5. For the hospitality component, future cash flows from the property, were projected based on our assessment of ARRs and Occupancy. Adjustments for other revenues and recurring operational expenses, have been adopted in-line with prevalent market dynamics. The net income on quarterly basis have been projected over the next 10 years and the 1 year forward income (for 11<sup>th</sup> year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net income over the next 10 years along with the terminal value during the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the asset.

## 2.5 Information Sources for Valuation

Property related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. The Valuer has assumed the documents to be a true copy of the original. The rent rolls have been cross-checked with the lease deeds on a sample basis to verify the authenticity. Additionally, wherever possible, the Valuer has independently revalidated the information by reviewing the originals as provided by the Client.

## 2.6 Scope of Services for Value Assessment Service Provider

CBRE has been engaged by the Instructing Party to value assessment services and accordingly, would be responsible for the below scope as part of this exercise.

- Provide market intelligence to the Valuer on the following aspects:
  - Economic and Investment Overview
  - India Real Estate Overview
    - IT/ ITES Industry Dynamics
    - Key Office Markets
    - Outlook
  - For cities housing EOP REIT Assets
    - Key Office Markets
    - General market practices
    - Demand Supply for Key Office Markets & Rental Trends
    - Outlook
- Review rent roll and forecast cash flows from the respective assets for the Valuer to independently review and work towards assessing the valuation of each Asset

### Official Signatory for Value Assessment Service Provider:



**Name:** Vamshi KK Nakirekanti | MRICS | FIE | FIV | CEng (India)

**Designation:** Executive Director, Head – Valuation and Advisory Services, India & South East Asia

**Firm:** CBRE South Asia Pvt Ltd

## 3 Value Summary

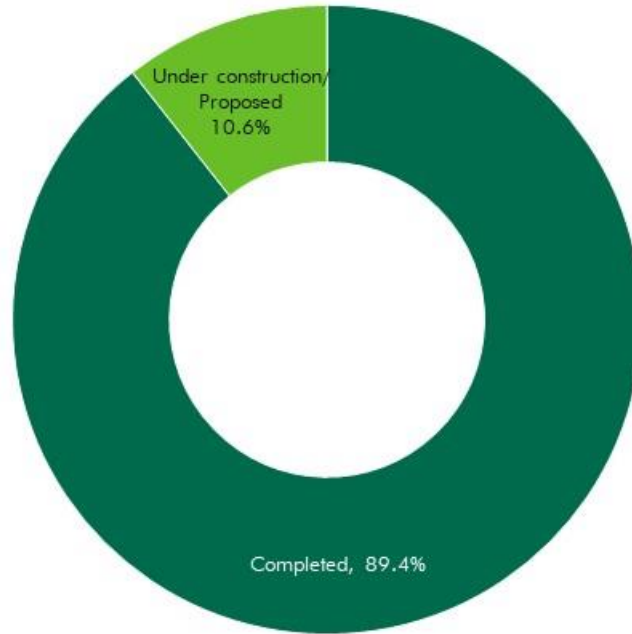
The following table highlights the summary of the market value of each property which is a part of the said EOP REIT portfolio as on September 30, 2019:

Property	Asset Type	Leasable Area	Market Value (INR mn)		
			Completed	Under construction (UC) / Proposed	Total
<b>Embassy Manyata, Bengaluru</b>	Mixed-use (Office (IT/ ITeS SEZ/ Non-SEZ'), Hotel, Retail, Convention Centre)	Completed office – 11.0 msf Proposed/ UC* office - 3.3 msf UC Hotel (5 star) - 266 keys UC Hotel (3 star) - 353 keys	113,662	25,385	<b>139,047</b>
<b>Express Towers, Mumbai</b>	Office (Non-SEZ)	Completed office - 0.5 msf	18,590	-	<b>18,590</b>
<b>Embassy 247, Mumbai</b>	Office (Non-SEZ)	Completed office - 1.2 msf	17,256	-	<b>17,256</b>
<b>First International Financial Centre, Mumbai</b>	Office (Non-SEZ)	Completed office - 0.4 msf	14,912	-	<b>14,912</b>
<b>Embassy Techzone, Pune</b>	Office (IT/ ITeS SEZ)	Completed office - 2.2 msf Proposed/ UC office - 3.3 msf	15,395	5,930	<b>21,325</b>
<b>Embassy Quadron, Pune</b>	Office (IT/ ITeS SEZ)	Completed office - 1.9 msf	14,609	-	<b>14,609</b>
<b>Embassy Qubix, Pune</b>	Office (IT/ ITeS SEZ)	Completed office - 1.5 msf	9,962	-	<b>9,962</b>
<b>Embassy Oxygen, Noida</b>	Office (IT/ ITeS SEZ)	Completed office - 1.9 msf Proposed/ UC office - 1.3 msf	15,107	5,550	<b>20,657</b>
<b>Embassy Galaxy, Noida</b>	Office (Non-SEZ)	Completed office - 1.4 msf	8,914	-	<b>8,914</b>
<b>Embassy One, Bengaluru</b>	Mixed-use (Office (Non-SEZ), Hotel, Retail)	Office & Retail - 0.3 msf Hotel (5 star) - 230 Keys	13,852	-	<b>13,852</b>
<b>Hilton at Embassy Golflinks, Bengaluru</b>	Hotel	Hotel (5 star) - 247 Keys	5,045	-	<b>5,045</b>
<b>Embassy Energy, Bellary District, Karnataka</b>	Solar park	Installed capacity of 130 MW DC (100 MW AC)	10,519	-	<b>10,519</b>
<b>Total – 100% owned assets</b>			<b>257,823</b>	<b>36,865</b>	<b>294,688</b>
<b>Embassy Golflinks, Bengaluru</b>	Office (Non-SEZ)	Completed office - 2.7 msf	52,863	-	<b>52,863<sup>1</sup></b>
<b>Total</b>			<b>310,686</b>	<b>36,865</b>	<b>347,551</b>

<sup>1</sup> Note: The valuation presented is for 100% interest in the asset. However, based on inputs provided by the Client, the REIT holds 50% of the interests in the asset (viz. INR 26,432 Mn)

\*UC -under construction, ^SEZ – Special Economic Zone

## Market value break-up of assets valued for the Embassy REIT



*Note: the value break-up is for a representation purpose and is purely based on the individual asset's valuation and is not reflective of the actual holding of the REIT (viz. at 100% of Embassy Golflinks).*

Assumptions,  
Disclaimers,  
Limitations &  
Qualifications

This summary valuation report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use of the parties as mentioned in Section 1.2 of this summary report.

Prepared by:

iVAS Partners

Official Signatories of  
the Valuer:

**Name:** Mr. Manish Gupta

**Designation:** Partner, iVAS Partners

**Valuer Registration Number:** IBBI/RV/02/2019/11505

## 4 Assets

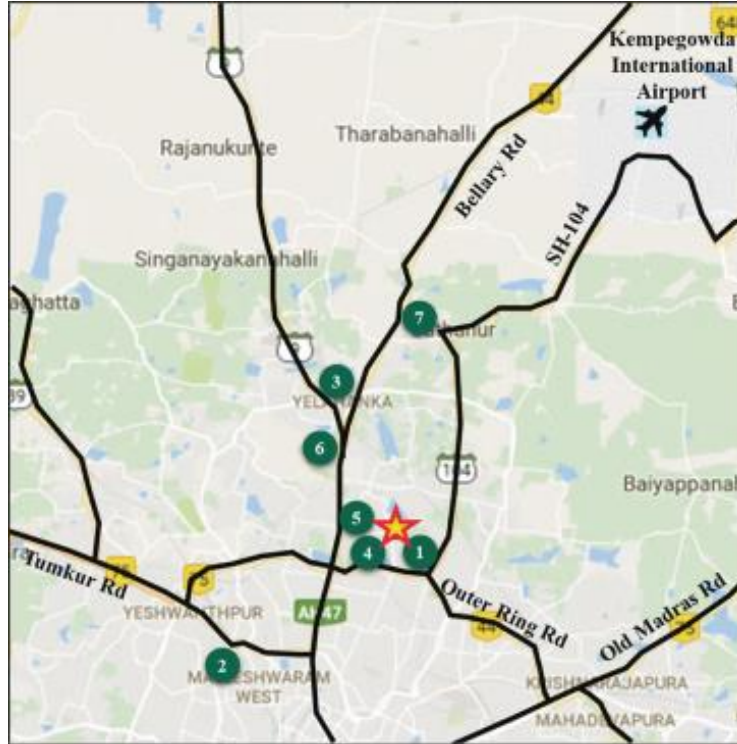
### 4.1 Embassy Manyata

<b>Property Name:</b>	Embassy Manyata is a commercial office development located along Outer Ring Road, Nagavara, Bengaluru, Karnataka
<b>Property Address:</b>	Nagavara Village, Kasaba Hobli, Bengaluru North Taluk, Bengaluru District and Rachenahalli and Thanisandra Villages, Krishnarajapuram Hobli, Bengaluru East Taluk, Bengaluru District, Karnataka
<b>Land Area:</b>	Based on review of the title report (for Manyata Promoters Pvt Ltd and M3 Block respectively), the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 121.76 acres
<b>Brief Description:</b>	<p>The subject property is the second largest commercial office asset in India (in terms of scale), largest in Bengaluru and is a landmark in North Bengaluru. The property is accessible through the Nagavara Outer Ring Road emanating from Hebbal. Further, the subject development is strategically located in proximity to micro-markets of Thanisandra &amp; Hennur Road which are amongst the fastest developing vectors in North Bengaluru.</p> <p>The subject property is located in close proximity to the Nagavara Outer Ring Road, which connects the subject location to prominent locations such as Yeshwanthpur, KR Puram, Whitefield, Sarjapur Outer Ring Road, Old Madras Road, etc. Further, it is located at a distance of 1-2 km from Nagavara Junction, 3-4 km from Hebbal Junction, 7-8 km from Yelahanka Junction, 11-14 km from MG Road (CBD) and 29-31 km from Kempegowda International Airport</p>
<b>Statement of Assets (sf):</b>	Based on review of various documents (such as rent roll, lease deeds, Architect’s Certificate, etc.), the subject property is an operational office asset with approximately 11.0 msf of completed leasable area out of which occupancy is approximately 99.3% (excluding committed area) as on the date of valuation. Table below highlights the leasable area for individual blocks that form part of the subject development:

Block	Total Area (sf)	Operational area (in sf)	Under Construction area (in sf)	Proposed Development area (in sf)
SEZ Area	10,052,568	8,347,511	997,057	708,000
Non – SEZ Area	4,098,982	2,610,165	781,267	707,550
Retail	58,083	-	58,083	
<b>Total – Office/Retail</b>	<b>14,209,633</b>	<b>10,957,676</b>	<b>1,836,407</b>	<b>1,415,550</b>
Hotel (including convention centre)	619 keys (Hotel - 722,678 Convention – 58,000)	-	619 keys (Hotel - 722,678 Convention – 58,000)	

Source: Architect certificates, rent roll, lease deeds; Note – office & retail refers to leasable area while hotel & convention refers to developable area

Location Map



#	Key Office Developments
	Embassy Manyata
1	MFAR Manyata Tech Park
2	Brigade Gateway (WTC)
3	RMZ Galleria
4	Karle Town Centre
5	Kirloskar Business Park
6	NCC Urban Windsor
7	Hinduja Ecopolis

Key Assumptions

Particulars	Unit	Details
<b>Construction assumptions</b>		
Pending cost to complete	INR mn	21,033
Proposed project completion timelines (all blocks)	Quarter, Year	Q4, FY 2024
<b>Revenue assumptions (as on Sep 30, 2019)</b>		
Lease completion	Year	2024
In-place rent	INR psf/mth	57
Marginal rent – IT office component	INR psf/mth	85
Marginal rent – Non IT office component	INR psf/mth	98
Marginal rent – Retail component	INR psf/mth	111
Parking rent (Effective)	INR / bay/mth	3,750
ARR – 5 star hotel	INR / room / day	7,500
Stabilized Occupancy – 5 star hotel	%	70%
ARR – 3 star hotel	INR / room / day	5,000
Stabilized Occupancy – 3 star hotel	%	70%
<b>Other financial assumptions</b>		
Cap rate – commercial components	%	8.00%
		7.14%
Cap rate – hotel components	%	(viz. an EV-EBITDA multiple of 14)
WACC rate (operational)	%	12.30%
WACC rate (under-construction/proposed)	%	13.30%
WACC rate (hotel)	%	13.63%

Market Value: **INR 139,047 Mn**

## 4.2 Express Towers

**Property Name:** 'Express Towers' is an operational office asset located along Barrister Rajni Patel Marg, Nariman Point, Mumbai

**Property Address:** Barrister Rajni Patel Marg, Nariman Point, Mumbai

**Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 1.46 acres

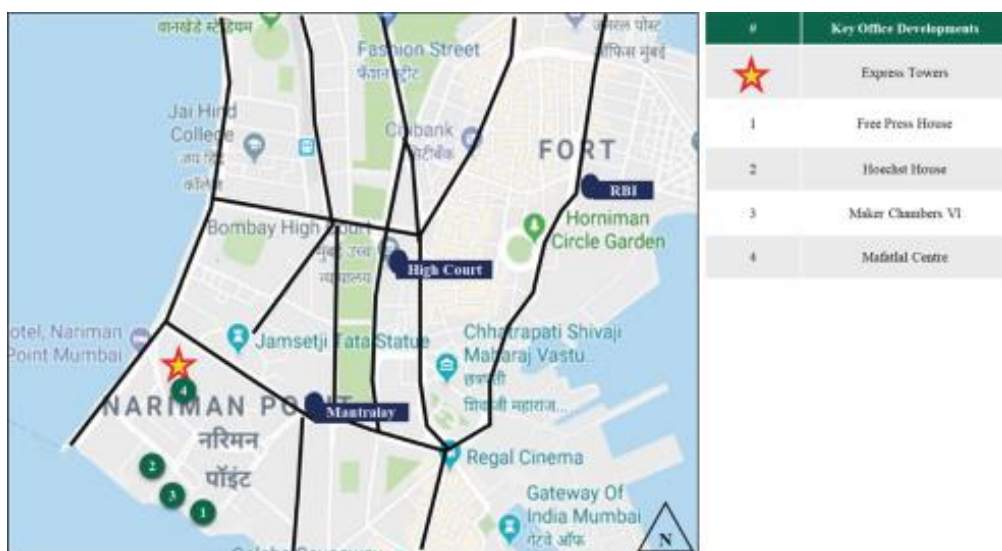
**Brief Description:** The subject property 'Express Towers' is an office asset situated in Nariman Point. The subject property is located opposite to the Oberoi Trident hotel. The G+25 floor storey structure was constructed in the late 1960s and has been refurbished in the past few years. Nariman Point is located at the southernmost tip of the Mumbai City, at a distance of approximately 1 - 2 km from the Churchgate Railway Station; approximately 25 - 28 km from the Domestic / International City Airport.

**Statement of Assets (sf):** Based on review of various documents (such as rent roll, Architect's Certificate, etc.), the subject property is an operational office asset with approximately 468,194 sf of completed leasable area, which is approximately 91.5% occupied as on the date of valuation. Also, the top 2 floors viz the 24<sup>th</sup> and 25<sup>th</sup> floor are not owned by Indian Express Newspapers (Mumbai) Pvt. Ltd (IENPL). Table below highlights the leasable area details for the subject development under the ownership of IENPL.

Particular	Leasable Area (sf)	Occupancy (%)
Completed Blocks	468,194	91.5%
Under Construction Blocks	-	NA
Proposed Blocks	-	NA
<b>Total</b>	<b>468,194</b>	

Source: Architect certificate, Rent roll, lease deeds;

### Location Map



### Key Assumptions

Particulars	Unit	Details
Construction assumptions		
Pending cost towards refurbishments	INR mn	57
Revenue assumptions (as on Sep 30, 2019)		
Lease completion	Year	FY 2021



In-place rent – Office Spaces	INR psf/mth	253 <sup>^</sup>
Marginal Rent – Commercial office component	INR psf/mth	275
<b>Other financial assumptions</b>		
Cap rate – commercial components	%	7.50%
WACC rate (operational)	%	12.30%

<sup>^</sup>denotes the weighted average rentals for leased office/restaurant spaces

Market Value: **INR 18,590 Mn**

4.3 Embassy 247

**Property Name:** ‘Embassy 247’ is an operational office asset located along LBS Road, Gandhinagar, Vikhroli West, Mumbai

**Property Address:** LBS Marg, Vikhroli (W), Mumbai, Maharashtra.

**Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 7.27 acres

**Brief Description:** The subject property, “Embassy 247”, is an operational office asset located along LBS Road in Gandhinagar, Vikhroli West, Mumbai. The development is divided in three towers viz. A, B & C. The towers A & C are identical of each other and have an elevation of 2 Basement + Ground + 11 upper floors. Tower B situated in between Tower A & C has an elevation of 2 Basement + Ground + 14 upper floors. Based on the site visit, it is understood that all the three towers are internally connected from basement to the 3<sup>rd</sup> floor and floors 10 and 11. The entire development has a total completed leasable area of approximately 1,186,150 sf. Of the total leasable area mentioned above, approximately 71,029 sf is currently vacant. The subject property is located in proximity to established residential and commercial locations within the city such as Bhandup, Kanjurmarg, Ghatkopar etc.

The subject property is located at a distance of approximately 28-30 km from the Central Business District of Mumbai (viz. Nariman Point), approximately 11-12 km from Domestic Airport, approximately 10-12 km from the Chhatrapati Shivaji International Airport Terminal, Mumbai etc.

**Statement of Assets (sf):** Based on information provided by the Client, the total completed leasable area considered for the purpose of this valuation is 1,186,150 sf. Table below highlights the leasable area details for the subject development:

Particular	Leasable Area (sf)	Occupancy (%)
Completed Blocks	1,186,150	94.0%
Under Construction Blocks	-	NA
Proposed Blocks	-	NA
<b>Total</b>	<b>1,186,150</b>	

Source: Architect certificate, Rent roll, lease deeds;

Location Map



Key Assumptions

Particulars	Unit	Details
<b>Construction assumptions</b>		
Pending cost towards refurbishments	INR mn	57
<b>Revenue assumptions (as on Sep 30, 2019)</b>		
Lease completion	Year	FY 2021
In-place rent	INR psf/mth	99 <sup>^</sup>
Marginal rent – Commercial office component	INR psf/mth	105
Marginal rent – Retail component	INR psf/mth	78
Parking rent (Effective)	INR / bay/mth	2,500
<b>Other financial assumptions</b>		
Cap rate – commercial components	%	8.00%
WACC rate (operational)	%	12.30%

<sup>^</sup>denotes the weighted average rentals for leased office/retail and food-court spaces

Market Value:

**INR 17,256 Mn**

4.4 First International Finance Centre (FIFC)

**Property Name:** First International Finance Centre is a commercial office development located on Bandra Kurla Complex Road, Bandra Kurla Complex, Mumbai, Maharashtra

**Property Address:** G-Block, Bandra Kurla Complex road, Bandra Kurla Complex, Mumbai, Maharashtra

**Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 1.99 Acres

**Brief Description:** The subject property, “First International Finance Centre”, is an operational office asset located along BKC Road in G Block, Bandra Kurla Complex, Mumbai. This office asset has a total leasable area of approximately 658,390 sf. The development is operated as a condominium and is co-owned by two entities i.e., a leading bank and the Client. Based on review of the title report for the subject property, the Client has an ownership of approximately 360,947 sf of the total area and the same has been considered for the purpose for this valuation exercise (this area will be considered as the subject property hereinafter). The subject property is located in proximity to locations such as Kurla, Bandra, Santacruz etc., which are considered as established residential and commercial locations within the city.

The subject property is located at a distance of approximately 20-22 km from the Central Business District of Mumbai (viz. Nariman Point), approximately 6-8 km from Domestic Airport, approximately 8-9 km from the Chhatrapati Shivaji International Airport Terminal, Mumbai etc.

**Statement of Assets (sf):** Based on review of various documents (such as rent roll, Architect’s Certificate, lease deeds, etc.), the subject property is an operational office asset with approximately 360,947 sf of completed leasable area out of which approximately 77.8% is leased as on the date of valuation. Table below highlights the leasable area details for the subject development:

Particular	Leasable Area (sf)	Occupancy (%)
Completed Blocks	360,947	77.8%
Under Construction Blocks	-	NA
Proposed Blocks	-	NA
<b>Total</b>	<b>360,947</b>	

Source: Architect certificate, Rent roll, lease deeds;

Location Map



#	Key Office Developments
★	First International Financial Centre (FIFC)
1	TCG Financial Centre
2	The Capital
3	One BKC
4	Ratna Tower
5	Godrej BKC
6	Maker Mixity

Key Assumptions	Particulars	Unit	Details
	<b>Construction assumptions</b>		
	Pending cost towards Refurbishment	INR mn	65
	<b>Revenue assumptions (as on Sep 30, 2019)</b>		
	Lease completion	Year	FY 2021
	In-place rent	INR psf/mth	296 <sup>^</sup>
	Marginal rent – Office Component	INR psf/mth	290
	Marginal rent – Retail	INR psf/mth	319
	<b>Other financial assumptions</b>		
	Cap rate – commercial components	%	7.75%
	WACC rate (operational)	%	12.30%

<sup>^</sup>denotes the weighted average rentals for leased office/retail spaces

Market Value: **INR 14,912 Mn**

#### 4.5 Embassy Techzone

**Property Name:** ‘Embassy Techzone’ is an operational office asset located in Phase 2, Rajiv Gandhi Infotech Park, Hinjewadi, Pune, Maharashtra

**Property Address:** Plot No. 3/A and Plot No. 3/B, Rajiv Gandhi Infotech Park, Hinjewadi, Phase-II, Village Marunji, Taluka Mulshi, District Pune, Maharashtra

**Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 67.45 acres

**Brief Description:** ‘Embassy Techzone’, has been conceptualized as an office asset spread across a total land area of approximately 67.45 acres. The property is an office asset leased to various tenants and is also well equipped with number of facilities and amenities like food court, amphitheatre, intra park shuttles, gymnasium, multilevel car parking, sports ground, etc. The area details of the property are as follows:

<i>Particulars</i>	<i>Leasable area (in sf)</i>
Completed Leasable Area	2,160,055
Proposed Development Leasable Area	3,312,891
<b>Total</b>	<b>5,472,946</b>

*Source: Client Inputs*

‘Embassy Techzone’ is strategically located in Hinjewadi which is a prominent technology hub of Pune city. ‘Embassy Techzone’ is located at a distance of approximately 5 – 6 km from National Highway 48 (Connecting Mumbai – Pune – Bengaluru), 20 – 21 km from Pune CBD (Peth areas), 20 – 21 km from Pune Railway Station and approximately 26 – 27 km from Pune International Airport.

#### Statement of Assets (sf):

Based on review of various documents (such as rent roll, lease deeds, Architect’s Certificate, etc.), the Valuer understands that ‘Embassy Techzone’ is an operational office asset with approximately 2.2 msf of completed leasable area out of which occupancy is approximately 87.3% (excluding committed area) as on the date of valuation. Further, approximately 3.3 msf is currently under planning stage. Table below highlights the leasable area for individual blocks that form part of the subject development:

Component	Completed Leasable area (in sf)	Under Construction area (in sf)	Proposed Development area (in sf)
SEZ Office	2,151,630	-	3,273,202
Other ~ Food court, training centre, etc.	8,425	-	39,689
<b>Total</b>	<b>2,160,055</b>	<b>-</b>	<b>3,312,891</b>

Source: Rent roll, lease deeds, architect certificate provided by the Client;

Location Map



Key Assumptions

Particulars	Unit	Details
<b>Construction assumptions</b>		
Pending cost to complete (overall)	INR mn	14,578
Proposed project completion timelines	Year	FY 2026
<b>Revenue assumptions (as on Sep 30, 2019)</b>		
Lease completion	Year	FY 2026
In-place rent	INR psf/mth	48
Marginal rent – IT SEZ office component	INR psf/mth	48
Parking rent (Effective)	INR / bay/mth	1,500
<b>Other financial assumptions</b>		
Cap rate – commercial components	%	8.25%
WACC rate (operational)	%	12.30%
WACC rate (under-construction/proposed)	%	13.30%

Market Value:

**INR 21,325 Mn**

#### 4.6 Embassy Quadron

**Property Name:** 'Embassy Quadron' is a Commercial Office Business Park located in Phase 2, Rajiv Gandhi Infotech Park, Hinjewadi, Pune, Maharashtra

**Property Address:** Plot No. 28, Hinjewadi Phase II, Rajiv Gandhi Infotech Park, Pune, Maharashtra, 411057

**Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 25.52 acres

**Brief Description:** 'Embassy Quadron', has been conceptualized as an IT SEZ office development leased to various domestic and multi-national IT/ ITeS tenants. The property is well equipped with number of facilities and amenities like enhanced landscapes, Q café food court, grocery stores, ATMs, indoor sports zone, gymnasium, crèche, two-wheeler and four-wheeler car parking spaces, etc. The property has been constructed in phased manner between 2008 to 2011. Some of the prominent tenants present in the development include Barclays Technologies, E-Clerx Services Pvt. Ltd., Cognizant, etc.

The development currently includes four operational buildings (Q1 to Q4).

Further, 'Embassy Quadron' is strategically located in Hinjewadi which is a prominent technology hub of Pune city. 'Embassy Quadron' is located at a distance of approximately 7 – 8 km from National Highway 48 (connecting Mumbai – Pune – Bengaluru), 22 – 23 km from Pune CBD (Peth areas), 22 – 23 km from Pune Railway Station and approximately 26 - 27 km from Pune International Airport.

**Statement of Assets (sf):** Based on review of various documents (such as rent roll, Architect's Certificate, etc.), the Valuer understands that 'Embassy Quadron' is an operational SEZ office asset with approximately 1.9 msf of completed leasable area out of which occupancy is approximately 91.4% as on the date of valuation. Table below highlights the leasable area for individual blocks that form part of the subject development:

<i>Components</i>	<i>Completed leasable area (in sf)</i>
Office	1,843,236
Retail	22,887
Food Court	28,551
<b>Total</b>	<b>1,894,674</b>

Source: Rent roll, lease deeds, architect certificate provided by the Client;



Location Map



Key Assumptions

Particulars	Unit	Details
<b>Construction assumptions</b>		
Pending cost towards refurbishments	INR mn	37
<b>Revenue assumptions (as on Sep 30, 2019)</b>		
Lease completion	Year	FY 2020
In-place rent	INR psf/mth	41
Marginal rent – IT SEZ office component	INR psf/mth	50
Parking rent (Effective)	INR / bay/mth	1,500
<b>Other financial assumptions</b>		
Cap rate – commercial components	%	8.25%
WACC rate (operational)	%	12.30%

Market Value:

**INR 14,609 Mn**

## 4.7 Embassy Qubix

**Property Name:** ‘Embassy Qubix’ is a Commercial Office Business Park located in Phase 1, Rajiv Gandhi Infotech Park, Hinjewadi, Pune, Maharashtra

**Property Address:** Plot No.2, Blue Ridge Township, Near Rajiv Gandhi Infotech Park – Phase I, Hinjewadi, Pune, Maharashtra 411057

**Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 25.16 acres

**Brief Description:** “Embassy Qubix”, has been conceptualized as an IT SEZ office development leased to various domestic and multi-national technology tenants. The property is well equipped with number of facilities and amenities like enhanced landscapes, Q Court Courtyard, grocery stores, ATMs, two-wheeler and four-wheeler car parking spaces, etc. The property has been constructed in phased manner between 2010 to 2012. Some of the prominent tenants present in the development include Accenture, L&T, etc.

The development currently includes six operational buildings (IT 1 to IT 6).

Further, Embassy Qubix is strategically located in Hinjewadi which is a prominent technology hub of Pune city. Embassy Qubix is located at a distance of approximately 3 – 4 km from National Highway 48 (connecting Mumbai – Pune – Bengaluru), 18 – 19 km from Pune CBD (Peth areas), 19 – 20 km from Pune Railway Station and approximately 23 - 24 km from Pune International Airport.

**Statement of Assets (sf):** Based on review of various documents (such as rent roll, Architect’s Certificate, etc.), the Valuer understands that “Embassy Qubix” is an operational SEZ office asset with approximately 1.5 msf of completed leasable area, which is 100% occupied as on the date of valuation. Table below highlights the leasable area for individual blocks that form part of the subject development:

Particular	Leasable Area (sf)	Occupancy (%)
Completed Blocks	1,450,494	100%
Under Construction Blocks	-	NA
Proposed Development	-	NA
<b>Total</b>	<b>1,450,494</b>	

Source: Rent roll, lease deeds, architect certificate;

Location Map



Key Assumptions

Particulars	Unit	Details
<b>Construction assumptions</b>		
Pending cost towards refurbishments	INR mn	5
<b>Revenue assumptions (as on Sep 30, 2019)</b>		
Lease completion	Year	FY 2020
In-place rent	INR psf/mth	37 <sup>^</sup>
Marginal rent – IT SEZ office component	INR psf/mth	48
Parking rent (Effective)	INR / bay/mth	1,500
<b>Other financial assumptions</b>		
Cap rate – commercial components	%	8.25%
WACC rate (operational)	%	12.30%

<sup>^</sup>denotes the weighted average rentals for leased office/retail spaces

Market Value:

**INR 9,962 Mn**

#### 4.8 Embassy Oxygen

**Property Name:** ‘Embassy Oxygen’ is an operational IT/ ITeS SEZ office development located at Sector 144, Noida, Uttar Pradesh

**Property Address:** Plot No. – 07, Sector 144, Noida, Uttar Pradesh, India

**Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 24.83 Acres

**Brief Description:** The subject property “Embassy Oxygen” is a partly operational office asset, leased to technology occupiers. The subject property is located at Sector 144, Noida in proximity to Noida – Greater Noida Expressway, which is an emerging commercial / residential vector of Noida. The property is a two side open plot with accessibility via approximately 45 m and 24 m wide roads. The subject property lies in proximity to various office assets such as Candor TechSpace, Assotech Business Cresterra, Advant Navis Business Park, Stellar 135, Express Trade Towers 2, etc.

The subject property is located in close proximity to Noida – Greater Noida Expressway, which makes it easily accessible from other regions of NCR (National Capital Region) such as Delhi, Greater Noida, etc. Further, it is located at a distance of approximately 16 – 17 km from the established commercial hub of Noida viz. Sector-18, approximately 16 – 17 km from DND Flyway and approximately 38 – 39 km from Indira Gandhi International Airport, Delhi

**Statement of Assets (sf):** Based on review of various documents (such as architect certificate, rent roll, lease deeds, etc.), the subject property is an operational SEZ office asset with approximately 1.9 msf of completed leasable area, out of which occupancy is approximately 85.3% as on the date of valuation. Table below highlights the leasable area for operational and under construction/ proposed blocks that form part of the subject development:

Particular	Leasable Area (sf)	Occupancy (%)
Completed Blocks	1,946,523	85.3%*
Under Construction Blocks	579,000	NA**
Proposed Development	737,000	NA
<b>Total</b>	<b>3,262,523</b>	

Source: Architect Certificate, Rent roll, lease deeds provided by the Client

\* Does not include committed area

\*\* Approx. 50% pre-committed (including hard option) to ‘Metlife Global Operations Support Center Private Limited’

Location Map:



#	Key Office Developments
	Embassy Oxygen
1	Canter Techspace
2	Adraaz Navin Business Park
3	Asvatech Business Crestera
4	Express Trade Towers 2
5	Stellar I35

Key Assumptions:

Particulars	Unit	Details
<b>Construction assumptions</b>		
Pending cost to complete (overall)	INR mn	3,704
Proposed project completion timelines (overall)	Quarter, Year	Q1, FY 2023
<b>Revenue assumptions (as on Sep 30, 2019)</b>		
Lease completion	Year	FY 2023
In-place rent	INR psf/mth	47
Marginal rent – IT SEZ office component	INR psf/mth	54
<b>Other financial assumptions</b>		
Cap rate	%	8.25%
WACC rate (operational)	%	12.30%
WACC rate (under-construction/proposed)	%	13.30%

Market Value: **INR 20,657 Mn**

## 4.9 Embassy Galaxy

- Property Name:** ‘Embassy Galaxy’ is an operational IT/ ITes office development located at Sector 62, Noida, Uttar Pradesh
- Property Address:** A-44 & 45, Sector 62, Noida, Uttar Pradesh, India – 201309
- Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 9.88 Acres
- Brief Description:** The subject property “Embassy Galaxy” is an operational office asset, leased to technology occupiers. The subject property is located at Sector 62, Noida, which is an established commercial vector of Noida. The property is accessible by an internal road of Sector 62 (approximately 45 m wide). The subject property lies in proximity to various office assets such as 3C Green Boulevard, Stellar IT Park, Logix Cyber Park, Candor Techspace, etc.
- The subject property is located in close proximity to National Highway (NH) – 24, which makes it easily accessible from other regions of NCR (National Capital Region) such as Delhi, Ghaziabad, etc. Further, it is located at a distance of approximately 9 – 10 km from the established commercial hub of Noida viz. Sector-18, approximately 10 – 11 km from DND Flyway and approximately 31 – 32 km from Indira Gandhi International Airport, Delhi
- Statement of Assets (sf):** Based on review of various documents (such as architect certificate, rent roll, lease deeds, etc.), the subject property is an operational office asset with approximately 1.4 msf of completed leasable area, which is approximately 99.9% leased as on the date of valuation. Table below highlights the leasable area details for the subject development:

Particular	Leasable Area (sf)	Occupancy (%)
Completed Blocks	1,357,029	99.9%
<b>Total</b>	<b>1,357,029</b>	<b>99.9%</b>

Source: Architect certificate, Rent roll, lease deeds provided by the Client;

### Location Map:



### Key Assumptions:

Particulars	Unit	Details
<b>Construction assumptions</b>		
Pending cost towards refurbishments	INR mn	7
<b>Revenue assumptions (as on Sep 30, 2019)</b>		
Lease completion	Year	NA (subject development is fully leased)

In-place rent	INR psf/mth	31
Marginal rent – IT office component	INR psf/mth	45
<b>Other financial assumptions</b>		
Cap rate	%	8.25%
WACC rate (operational)	%	12.30%

Market Value: **INR 8,914 Mn**

4.10 Embassy Golflinks

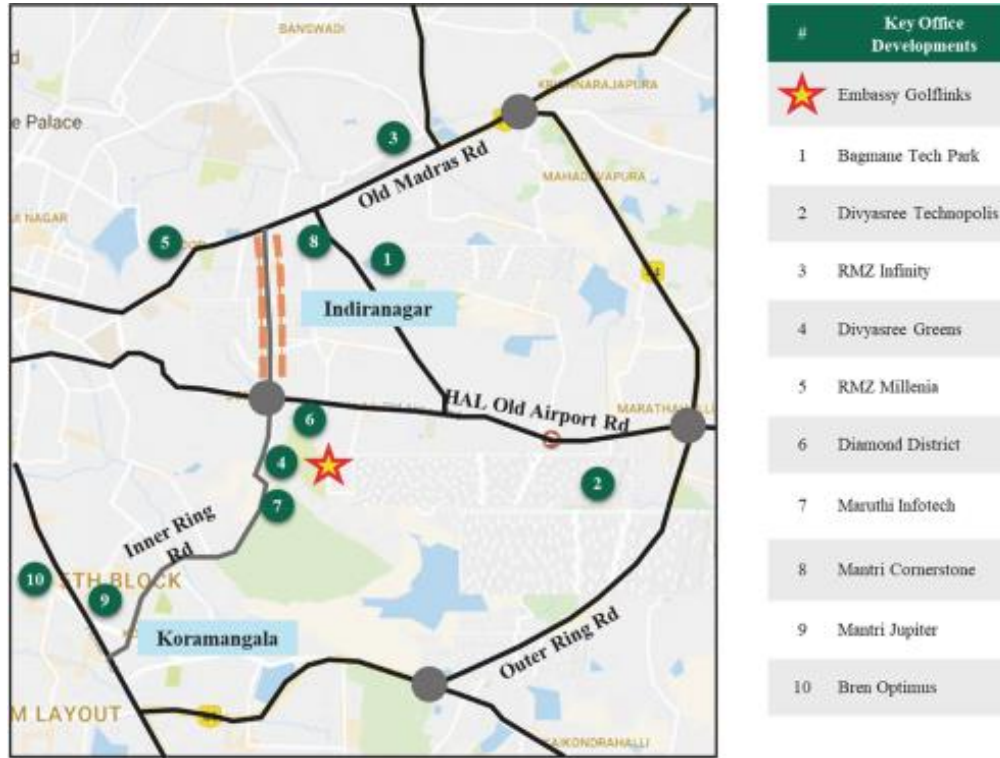
- Property Name:** Embassy Golflinks is an office asset located along Intermediate Ring Road, Bengaluru, Karnataka
- Property Address:** Challaghatta Village, Varthur Hobli, Mahadevapura, Bengaluru East Taluk, Bengaluru, Karnataka
- Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 37.11 acres.
- Brief Description:** The subject property, “Embassy Golflinks”, is an operational office asset located along Intermediate Ring Road, Bengaluru. This office asset has a total leasable area of approximately 4.5 msf. The interest being valued corresponds to approximately 2.7 msf of office area which forms part of the economic interest of the Client. The larger development also includes an operational hotel (Hilton at Embassy Golflinks). The immediate surroundings of the subject property comprises of large aggregates of land owned by the Defence Services of the Country Karnataka Golf Association’s operational golf course, Diamond District, DivyaSree Greens, Maruthi Infotech Park, etc. In addition, the subject property is located in proximity to locations such as Indiranagar, Koramangala etc., which are considered as established residential and commercial locations within the city.
- The subject property is located at a distance of approximately <1 km from the Domlur flyover, 1 – 2 km from Indiranagar, 2-3 km from Koramangala, 7-8 km from MG Road and approximately 43 - 45 km from Bengaluru International Airport.
- Statement of Assets (sf):** Based on review of various documents (such as rent roll, Architect’s Certificate, etc.), the subject property is an operational office asset with approximately 2.7 msf of completed leasable area and is 96.7% occupied as on the date of valuation. Table below highlights the leasable area for subject property that form part of the subject development:

Block	Leasable Area (sf)
Office Area (Operational)	2,737,442 (Occupancy – 96.7%)

Source: Source: Rent roll, lease deeds, architect certificate provided by the Client



Location Map



Key Assumptions

Particulars	Unit	Details
<b>Construction assumptions</b>		
Pending cost towards refurbishments	INR mn	739
<b>Revenue assumptions (as on Sep 30, 2019)</b>		
In-place rent	INR psf pm	114
Marginal rent – office component	INR psf pm	146
Parking rent (Effective)	INR / bay/mth	4,500
<b>Other financial assumptions</b>		
Cap rate – commercial components	%	8.00%
WACC rate	%	12.30%

Market Value:

**INR 52,863 Mn**

Note:

1. The valuation presented is for 100% interest in the asset. However, based on inputs provided by the Client, the REIT hold 50% of the interests in the asset (viz. INR 26,432 Mn)
2. The above valuation excludes valuation of Hilton at Embassy Golflinks. The valuation of Hilton at Embassy Golflinks is presented in section 4.12

#### 4.11 Embassy One

**Property Name:** 'Embassy One' is a premium mixed-used development (High-end office, retail and hospitality components) located along Bellary Road, Ganga Nagar, Bengaluru, Karnataka

**Property Address:** Bellary Road, Ganga Nagar, Bengaluru, Karnataka

**Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 5.62 acres (which includes residential component). The interest being valued as part of this assessment is an undivided share of 3.19 acres (for the office, retail and hospitality components).

**Brief Description:** The subject property is a premium mixed-used development comprising of commercial, retail and hospitality components. Subject property is located in a premium location in close proximity to the CBD, approximately 6-7 km from MG Road. The stretch between the CBD and Mekhri Circle is recognized as a premium residential and hospitality hub of Bengaluru. Subject location lies in close proximity to premium residential colonies of Sheshadripuram, Sadashiva Nagar, Dollars colony, Fraser Town, Jayamahal, etc., which house affluent population of businessmen community, ministers, etc. Further, the location is considered an established hub for premium hotels, housing prominent 5 star hotels such as Windsor Manor, Le Méridien, Lalit Ashok, & Taj Westend. Based on review of various documents (such as Architect's Certificate, approval documents, etc.), it is understood that as on date of valuation, the office, retail and hotel within the subject development are completed and the occupancy certificate for the same has been received. Further, the hotel (being operated by 'Four Seasons') became operational in Q1, FY 2020. As per information provided by the client, the Valuer understands that 4.8% of total area is leased as of date of valuation.

The subject property's location along the initial stretch of Bellary Road further adds to the attractiveness of the development. Bellary Road connects the city centre to the airport and also provides connectivity to all major hubs within Bengaluru City. Further, the subject property's proximity to the Hebbal Outer Ring Road, connects the subject location to prominent locations such as Yeshwanthpur, KR Puram, Whitefield, Sarjapur Outer ring road, Old Madras road, etc. Further, it is located at a distance of 1-2 km from Mekhri Circle, 3-4 km from Hebbal ORR Junction, 6-7 km from MG Road, 27-28 K from Bengaluru International Airport.

**Statement of Assets (sf):** Table below highlights the leasable area for individual blocks that form part of the subject development:

Block	No of Keys/ Leasable Area (sf)
Office	194,948
Retail	55,148
Hotel (Four Seasons at Embassy One)	230 keys
<b>Total</b>	<b>230 keys / 250,096</b>

Source: Architect certificate provided by the Client

Location Map



Key Assumptions

Particulars	Unit	Details
<b>Construction assumptions</b>		
Pending cost towards refurbishments	INR mn	31
<b>Revenue assumptions (as on Sep 30, 2019)</b>		
Lease completion	Year	Q3, FY 2022
In-place rent	INR psf/mth	156
Marginal rent – Non IT office component	INR psf/mth	153
Marginal rent – Retail component	INR psf/mth	170
Parking rent (Effective)	INR / bay/mth	5,000
ARR – Four Seasons at Embassy One	INR / room / day	11,200
Stabilized Occupancy – Four Seasons at Embassy One	%	70%
<b>Other financial assumptions</b>		
Cap rate – commercial components	%	7.50%
Cap rate – hotel components	%	7.14%
		(viz. an EV-EBITDA multiple of 14)
WACC rate (operational)	%	12.30%
WACC rate (hotel)	%	12.63%

Market Value: **INR 13,852 Mn**

### 4.12 Hilton at Embassy Golflinks

**Property Name:** Hilton at Embassy Golflinks is an operational hospitality development as part of a larger office asset ‘Embassy Golflinks’ located along Intermediate Ring Road, Bengaluru, Karnataka

**Property Address:** Challaghatta Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru, Karnataka

**Land Area:** Based on review of the title report, the Valuer understands that the total land area of the subject property under the ownership of the Client is approximately 3.58 acres

**Brief Description:** The subject property, Hilton at Embassy Golflinks, is an operational hospitality development located along Intermediate Ring Road, Bengaluru. The interest being valued corresponds to a developed area of 448,156 sf of hotel with 247 keys (operational since March 2014 and operated by Hilton). The immediate surroundings of the subject property comprise of large aggregates of land owned by the Defence Services of the Country Karnataka Golf Association’s operational golf course, Diamond District, DivyaSree Greens, Maruthi Infotech Park, etc. In addition, the subject property is located in proximity to locations such as Indiranagar, Koramangala etc., which are considered as established residential and commercial locations within the city. In addition to the subject property, the micro-market also comprises of other hotels such as The Leela, Taj Vivanta, Hyatt, The Paul, Ramada Encore, etc.

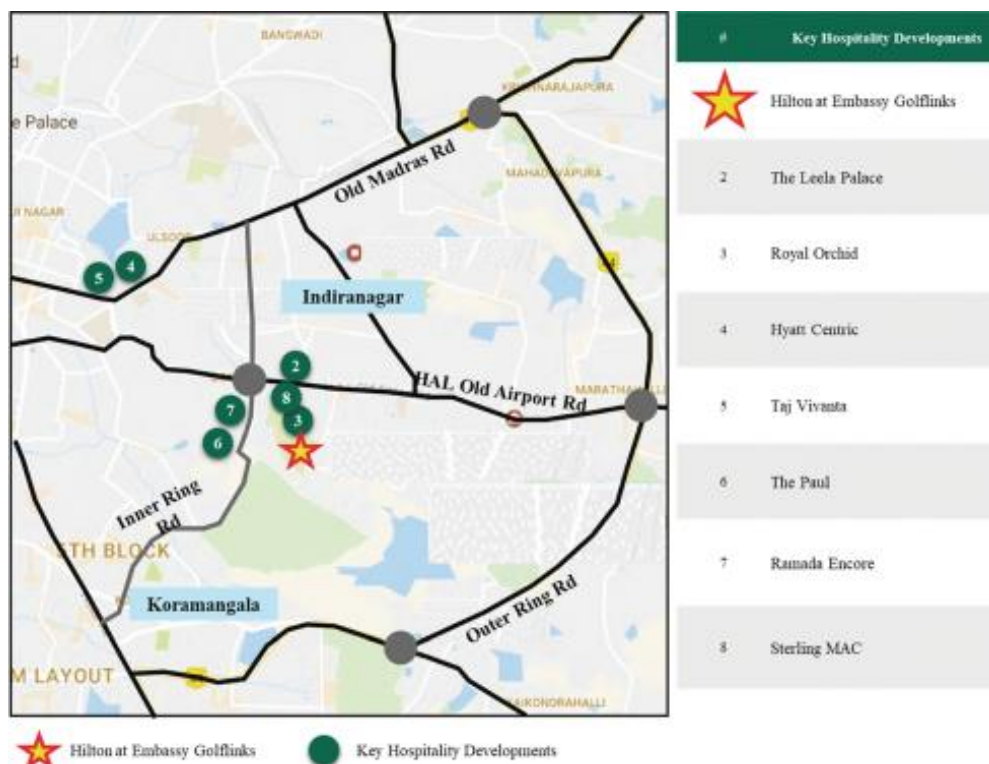
The subject property is located at a distance of approximately <1 km from the Domlur flyover, 1 – 2 km from Indiranagar, 2-3 km from Koramangala, 7-8 km from MG Road and approximately 43 - 45 km from Bengaluru International Airport.

**Statement of Assets (sf):** Based on the information provided by the client and the subject property is an operational hospitality development. Table below highlights the total operational area of the subject development:

Property	No of Keys
Hotel (Hilton at Embassy Golflinks)	247 keys (developed area - 448,156 sf)

Source: Architect certificate provided by the Client

#### Location Map



#### Key Assumptions

Particulars	Unit	Details
Construction assumptions		
Pending cost towards refurbishments	INR Mn	144

Revenue assumptions (as on Sep 30, 2019)		
ARR – Hilton at Embassy Golflinks	INR / room / day	8,750
Stabilized Occupancy – Hilton at Embassy Golflinks	%	75
Other financial assumptions		
Cap rate – hotel components	%	7.14% (viz. an EV-EBITDA multiple of 14)
WACC rate	%	12.63%

Market Value:

**INR 5,045 Mn**

#### 4.13 Embassy Energy

**Property Name:** ‘Embassy Energy’ is a Solar PV electricity generation facility spread across Villages Ittigi, Mooregeri and Nellukudure, Bellary District, Karnataka

**Property Address:** Villages Ittigi and Mooregeri in Huvin Hadagali Taluka and Nellukudure in Hagri Bommanhalli Taluka, Bellary District, Karnataka

**Land Area:** The Valuer understands from the Client, title reports, site plans, letter highlighting Commercial Operations Date and site visit, that the park is spread over 465.77 Acres of which the land aggregation is in place by way of sale deed, Agreement to Sell (ATS) or General Power of Attorney (GPA), etc. The Valuer understands that currently only about 254.47 Acres is owned by the company by way of Sale Deed whereas the rest is under various stages of sale and conversion – below is a table which highlights the current status of the Land Aggregation. Further, the Valuer understands that physical possession of the land is with EEPL and/or its contractors and sub-contractors and that the solar park has been constructed on most of the land. It is assumed that the sale and conversion would be successful and any adverse impact has not been factored in the valuation

Particular	Area (acres)
Total extent of identified Land	465.77
Registered ATS and POA completed	465.77
Applied for approval u/s 109	464.51
Extent of land approved/recommended by DC u/s 109	442.54
Final approval received u/s 109	265.20
Sale Deed executed favouring EEPL	254.47

**Brief Description:** The subject property is an operational solar park under the ownership of ‘Embassy-Energy Private Limited (EEPL)’. The subject site is spread across three villages namely Ittigi, Mooregeri and Nellukudure in Bellary District. The subject location is situated at a distance of more than 300 km from Bengaluru City and is currently a nascent vector in terms of real estate activity. Being a peripheral location, the region is predominantly characterized by the presence of agricultural land parcels (with black cotton soil). However, a few solar parks are currently operational/ proposed at the subject location by prominent players such as Adani, ReNew, etc. The accessibility of the subject region is via State Highway – 45 (SH – 45).

On account of being accessible through the State Highway – 45 (SH – 45), the subject property enjoys good connectivity to neighbouring towns and villages. Further, it is located at a distance of approximately 3 – 4 km from the 220 KV Sub-station (Ittigi), approximately 3 – 4 km from Ittigi Village Centre, approximately 65 – 70 km from Davangere and approximately 300 – 310 km from MG Road (Bengaluru).

Based on review of power purchase agreements between EEPL and the power purchasers, the Valuer understands that the solar plant would supply electricity to the existing office parks / hotels of Embassy in Bengaluru. In lieu of the same, it is understood that EEPL has already signed power purchase agreements (PPAs) for 25 years with various entities for commercial and industrial category.

Further, based on the review of various documents provided by the Client, it is understood that EEPL has entered into a project development agreement with IL&FS Solar Power Limited, as per which IL&FS Solar Power Limited would set up the entire solar plant facility including land acquisition, development, design, engineering, procurement, construction, erection, testing and commissioning of the solar park. For the same, IL&FS Solar Power Limited will receive deferred payments from EEPL in equated monthly instalments for 15 years (180 months) from Commercial Operation Date (COD). Additionally, it is also understood that IL&FS Solar Power Limited would undertake the O&M services for the solar park facility for a period of 15 years from COD. For the same, EEPL would pay a lump sum operations and maintenance service fee (during the term of this agreement) to IL&FS Solar Power Limited in quarterly instalments.

**Statement of Assets:** Based on review of various documents (such as deferred payment agreement, project development agreement, commissioning certificates, Government Order, etc.), the solar park has an installed capacity of approximately 130 Mega Watts (MW) DC (output will be 100 MW AC), capable of generating at least 215 Million Units (MU) of electricity by the end of the first 12 months from the date on which it achieves COD and subject to plant stabilization. Table below highlights the details for the subject plant:

Particular	Detail
Capacity (MW) (A)	130 MW DC (100 MW AC)
Plant Load Factor (%) (B)	18.88%

Number of hours in a day (C)	24
Days in a year (D)	365
Total units generated (kWH) (A * B * C * D) * 1000	215 Million Units (MU) in kWH in Year 1

Source: Various documents/ inputs provided by the Client

As per the PPAs executed with various entities, the purchasers have agreed to purchase at least 85% of the contracted quantity (**'minimum guaranteed offtake'**) each tariff year, commencing from the commercial operation date until the end of the term.

Key Assumptions:	Particulars	Unit	Details
	<b>Development Timelines</b>		
	COD	Date	28 <sup>th</sup> February 2018*
<b>Revenue assumptions (as on Sep 30, 2019)</b>			
	BESCOM Tariff – Commercial	INR per kWH	9.00
	BESCOM Tariff – Industrial	INR per kWH	7.40
	<b>Blended Tariff</b>	<b>INR per kWH</b>	<b>8.36**</b>
<b>Other financial assumptions</b>			
	Useful Life	Years	25 years
	Cost of Equity	%	13.50%

\* 40% commenced operations on 23<sup>rd</sup> January 2018 and balance 60% on 28<sup>th</sup> February 2018

\*\* In proportion of the distribution between commercial and industrial category consumers

Market Value: **INR 10,519 Mn (includes debt of INR 6,586 Mn)**

Annexure (Key Assumptions and Value Summary)

Asset	Leasable Area (msf)/ Keys/ MW			Discount Rate		Cap Rate/ EBITDA Multiple	Rent/ ADR/Tariff Rate	GAV as of Sep'19 (Rs mm)		
	Completed	Proposed/ U/C	Total	Completed	U/C			Completed	Proposed/ U/C	Total
<b>Commercial Assets</b>										
Embassy Manyata	11.0	3.3	14.2	12.30%	13.30%	8.00%	85	113,662	22,306	135,968
Embassy Golfinks*	2.7	0.0	2.7	12.30%	NA	8.00%	146	26,432	-	26,432
Embassy One	0.3	0.0	0.3	12.30%	NA	7.50%	153	5,608	-	5,608
Express Towers	0.5	0.0	0.5	12.30%	NA	7.50%	275	18,590	-	18,590
Embassy 247	1.2	0.0	1.2	12.30%	NA	8.00%	105	17,256	-	17,256
FIFC	0.4	0.0	0.4	12.30%	NA	7.75%	290	14,912	-	14,912
Embassy Techzone	2.2	3.3	5.5	12.30%	13.30%	8.25%	48	15,395	5,930	21,325
Embassy Quadron	1.9	0.0	1.9	12.30%	NA	8.25%	50	14,609	-	14,609
Embassy Qubix	1.5	0.0	1.5	12.30%	NA	8.25%	48	9,962	-	9,962
Embassy Oxygen	1.9	1.3	3.3	12.30%	13.30%	8.25%	54	15,107	5,550	20,657
Embassy Galaxy	1.4	0.0	1.4	12.30%	NA	8.25%	45	8,914	-	8,914
<b>Sub-Total (Commercial Offices)</b>	<b>24.8</b>	<b>7.9</b>	<b>32.7</b>					<b>260,447</b>	<b>33,786</b>	<b>294,233</b>
<b>Hospitality Asset</b>										
Hilton at Embassy Golfinks	247 Keys	-	247 Keys	12.63%	-	14x	8,750	5,045	-	5,045
Four Seasons at Embassy One	230 Keys	-	230 Keys	12.63%	-	14x	11,200	8,244	-	8,244
Hilton at Embassy Manyata (5 Star)	-	266 Keys	266 Keys	-	13.63%	14x	7,500	-	2,064	2,064
Hilton at Embassy Manyata (3 Star)	-	353 Keys	353 Keys	-	13.63%	14x	5,000	-	1,016	1,016
<b>Sub-Total (Hospitality)</b>	<b>477 Keys</b>	<b>619 Keys</b>	<b>1096 Keys</b>					<b>13,289</b>	<b>3,079</b>	<b>16,368</b>
<b>Others</b>										
Embassy Energy	100MW	-	100MW	13.50%	-	NA	8.36	10,519	-	10,519
<b>Sub-Total (Others)</b>	<b>100MW</b>	<b>-</b>	<b>100MW</b>					<b>10,519</b>	<b>-</b>	<b>10,519</b>
<b>Total</b>	<b>24.8 msf/477 Keys/100MW</b>	<b>7.9 msf/619 Keys</b>	<b>32.7 msf/1096 Keys/100MW</b>					<b>284,255</b>	<b>36,865</b>	<b>321,120</b>
<b>% Split</b>								<b>89%</b>	<b>11%</b>	<b>100%</b>

\*Indicative of Embassy REIT's economic interest in the asset, viz. 50%