



March 28, 2023

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

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

**Re: Script Symbol “EMBASSY”, Scrip Code 542602 and Scrip Code 959990, 960165, 960421, 973434, 973545, 973546 and 973910 (NCDs).**

Dear Sir/ Madam,

**Subject: Outcome of the Meeting of the Board of Directors of Embassy Office Parks Management Services Private Limited, the Manager to Embassy Office Parks REIT, held on March 28, 2023**

We wish to inform you that the Board of Directors of Embassy Office Parks Management Services Private Limited (“**Manager**”), the Manager to the Embassy Office Parks REIT (“**Embassy REIT**”), at its meeting held on March 28, 2023, through audio-visual electronic communication has, *inter-alia*, approved:

**Acquisition of Embassy Business Hub, Bengaluru for an aggregate enterprise value of ₹3,348 million with exclusive ownership rights to approximately of 1.4 million sq.ft. of leasable area on full completion:**

- Embassy Business Hub, Bengaluru is an integrated business park in North Bengaluru (“**Embassy Business Hub**”) and is expected to comprise a total leasable area of approximately 2.1 million sq. ft. upon completion, of which Philips India Limited (“**Philips**”) has committed to take on lease as a tenant approximately 0.62 million sq. ft. in a nearing completion building which is expected to comprise approximately 0.66 million sq. ft. of leasable area on completion.
- Embassy REIT will acquire the rights, title and interest of Sellers (as defined hereinunder) in Embassy Construction Private Limited (“**ECPL**”), the developer of Embassy Business Hub, Bengaluru, consisting of ECPL’s entitlement to exclusive ownership rights over approximately 1.4 million sq. ft. of leasable area out of the 2.1 million sq. ft. mentioned above, including the right to provide common area maintenance services and common infrastructure services (such acquisition, the “**Proposed Acquisition**”).
- Embassy REIT will acquire the entire paid up share capital of ECPL from the Sellers, i.e., JV Holding Private Limited (“**JVHPL**”, an affiliate of Embassy Property Developments Private Limited or “**EPDPL**”) and another shareholder of the Embassy group, for an enterprise value of ₹3,348 million subject to adjustments in relation to net debt, working capital and other customary adjustments as agreed among the parties.

Embassy Office Parks Management Services Private Limited.  
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Registered Office: Embassy Point, 1st Floor, 150, Infantry Road, Bangalore - 560 001, Karnataka, India  
T: +91 80 4179 99991 F: +91 80 2228 6912



The Proposed Acquisition will be carried out in accordance with the relevant provisions of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, including any applicable circulars, notifications, guidelines and clarifications issued thereunder by the Securities and Exchange Board of India (“SEBI”) from time to time (the “REIT Regulations”).

Details of the Proposed Acquisition (as per the format prescribed by the SEBI for purposes of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”) are enclosed as **Annexure A**. Additionally, kindly note that we have enclosed:

1. press release in connection with the Proposed Acquisition as **Appendix I**;
2. presentation in connection with the Proposed Acquisition as **Appendix II**; and
3. valuation reports, each dated March 24, 2023 issued by iVAS Partners represented by Manish Gupta, independent valuer of the Embassy REIT, with value assessment services provided by CBRE South Asia Private Limited, and Ms. L. Anuradha, a valuer as defined under the REIT Regulations, with the assessment and review report dated March 23, 2023 issued by Cushman & Wakefield India Private Limited, received in connection with the Proposed Acquisition, as **Appendix III, IV and V**.

For more information, please visit the investor relations page of our website <https://www.embassyofficeparks.com/investors/>.

The meeting commenced at 1104 Hrs IST and concluded at 1205 Hrs IST.

Kindly take the above on record.

Thanking you.

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

**Vinitha Menon**  
**Company Secretary and Compliance Officer**  
**A25036**

**Annexure A | Details of the Proposed Acquisition**

S. No.	Particulars	Description
1.	Name of the target entity, details in brief such as size, turnover, etc.	<p><u>Details (size, turnover, etc.) of Embassy Business Hub, Bengaluru:</u></p> <ul style="list-style-type: none"> <li>Embassy Construction Private Limited (“<b>ECPL</b>”) holds exclusive development rights over the Embassy Business Hub Land pursuant to: (i) a joint development agreement with a third-party landowner with respect to approximately 4.3 acres of land (“<b>Embassy Business Hub JDA 1</b>”); and (ii) a joint development agreement with certain third-party landowners with respect to approximately 9.2 acres of land (“<b>Embassy Business Hub JDA 2</b>”, and together with the Embassy Business Hub JDA 1, the “<b>Embassy Business Hub JDAs</b>”).</li> <li>Under the Embassy Business Hub JDA 1, ECPL’s allocation is 60% of each of the constructed commercial development common areas and undivided interest in land. Under the Embassy Business Hub JDA 2, ECPL’s allocation is 67% of each of the constructed commercial development common areas and undivided interest in land.</li> <li>On completion, Embassy Business Hub will consist of one (1) under-construction tower, which is nearing completion and expected to comprise approximately 0.66 million sq. ft. of leasable area (“<b>Phase I Building</b>”) and three (3) proposed towers that are expected to comprise approximately 1.43 million sq. ft. of leasable area (such proposed buildings, the “<b>Phase II Buildings</b>”) i.e. an aggregate of 2.1 million sq. ft. of leasable area, located on parcels of land aggregating approximately 13.5 acres (such land, the “<b>Embassy Business Hub Land</b>”).</li> <li>Pursuant to the provisions of the Embassy Business Hub JDAs, on completion of Embassy Business Hub, ECPL will be entitled to exclusive ownership rights over approximately 1.4 million sq. ft. of leasable area.</li> <li>As on date, approximately 0.66 million sq. ft. of leasable area in Embassy Business Hub is nearing completion and approximately 0.62 million sq. ft. pre-leased to Philips India Limited (“<b>Philips</b>”)¹, of which 0.40 million sq. ft. relates to ECPL’s entitlement.</li> </ul>

¹ Philips also has a right (but not an obligation) to take on lease the remaining leasable area (approximately 0.03 million sq. ft.) in the Philips Building.

S. No.	Particulars	Description
		<ul style="list-style-type: none"> <li>Since the Philips Building is nearing completion and lease rentals have not yet commenced, there is currently no turnover reported with respect to the Embassy Business Hub.</li> </ul> <p><u>Acquisition Mechanics:</u></p> <ul style="list-style-type: none"> <li>Embassy REIT will acquire 100% of the equity share capital of ECPL comprising 733,800 fully paid-up equity shares of face value ₹10 each from JVHPL and an affiliate. The long stop date for completion of the acquisition is April 14, 2023 or any later date as may be agreed among the relevant parties.</li> </ul> <p>The Proposed Acquisition will be completed subject to applicable law, satisfaction or modification or waiver of identified conditions precedent, and/or repayment, redemption or refinancing of certain existing debt of ECPL (the company being acquired pursuant to the Proposed Acquisition of Embassy Business Hub), and other related actions, including assumption of liabilities, and on such other terms as may be mutually agreed among the parties to the Proposed Acquisition.</p>
2.	<p>Whether the acquisition would fall within related party transaction(s) and whether the promoter/promoter group/ group companies have any interest in the entity being acquired?</p> <p>If yes, nature of interest and details thereof and whether the same is</p>	<p>Yes – the Proposed Acquisition is a related party transaction under the REIT Regulations.</p> <p>As detailed in S. No.1 above, JVHPL and an affiliate are sellers of their rights, title and interest in Embassy Business Hub under the Proposed Acquisition.</p> <p>ECPL is currently owned by JVHPL and an affiliate, and post the acquisition of Embassy Business Hub, ECPL will become a special purpose vehicle wholly owned by the Embassy REIT.</p> <p>The Proposed Acquisition will be undertaken on an arm’s length basis. The Embassy REIT has complied will the valuation requirements under Regulation 19(3) of the REIT Regulations for the acquisition. For details of consideration and enterprise valuation, please refer to S. No.8 below.</p> <p>Further, no acquisition fee is payable to the Manager for the Proposed Acquisition.</p> <p>The Proposed Acquisition does not require approval of the unitholders under Regulation 19(5)(b)(i) of the REIT Regulations as the value thereof does not exceed the thresholds specified therein.</p>

<b>S. No.</b>	<b>Particulars</b>	<b>Description</b>
	done at “arms length”?	
3.	Industry to which the entity being acquired belongs	Commercial real estate
4.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	<p>Embassy Business Hub is an opportunity for the Embassy REIT to further consolidate its presence in the North Bengaluru micro-market (Embassy REIT already owns and operates a 15.2 million sq. ft. property, namely Embassy Manyata, in North Bengaluru). Accordingly, the Proposed Acquisition of Embassy Business Hub is in the interest of the Embassy REIT.</p> <p>The Proposed Acquisition is expected to lead to a proforma Net Operating Income accretion of 104 bps and proforma Net Asset Value accretion of 2 bps, on a stabilized basis. Refer Appendix II for further details.</p> <p>The business proposed to be acquired is in the line of business of the Embassy REIT.</p>
5.	Brief details of any governmental or regulatory approvals required for the acquisition	The Proposed Acquisition is subject to customary and commercially agreed closing conditions. No governmental or regulatory approvals are required for the Proposed Acquisition.
6.	Indicative time period for completion of the acquisition	The Proposed Acquisition is expected to be completed on or before April 30, 2023, subject to completion of customary conditions precedent.

S. No.	Particulars	Description
7.	Nature of consideration - whether cash consideration or share swap and details of the same	Cash consideration for acquisition of the equity shares from Sellers. In addition, Embassy REIT will assume the existing debt of ECPL as of the date of acquisition.
8.	Cost of acquisition or the price at which the shares are acquired	<p>The enterprise value for the Proposed Acquisition of Embassy Business Hub is ₹3,348 million. The enterprise value shall be subject to adjustments in relation to net debt, working capital and other customary adjustments, as agreed among the parties. The price payable for acquisition of equity shares of ECPL is proposed to be funded entirely through internal accruals of the Embassy REIT.</p> <p>The enterprise value for Embassy Business Hub is at a discount of 4.5% to the simple average of the value of the project as determined by two independent valuers appointed by the Manager, namely, iVAS Partners, represented by Manish Gupta, independent valuer of the Embassy REIT, with value assessment services provided by CBRE South Asia Private Limited, and Ms. L. Anuradha, a valuer as defined under the REIT Regulations, with the assessment and review report issued by Cushman &amp; Wakefield India Private Limited, in compliance with Regulation 19(3) of the REIT Regulations, with no adjustments in the nature of net debt or net working capital taken into account in these valuations.</p> <p>A fairness opinion in respect of the Proposed Acquisition dated March 28, 2023 has been issued by Axis Capital Limited to the independent directors of the Manager to the Embassy REIT. Axis Capital Limited has opined that, subject to the assumptions and limitations of the scope, the proposed value of the Proposed Acquisition is fair, from a financial point of view, to the public Unitholders of the Embassy REIT. Such fairness opinion is not required in terms of the REIT Regulations. However, given that the Proposed Acquisition is a related party transaction, the Embassy REIT has obtained such fairness opinion as a matter of good corporate governance.</p> <p>Further, it may be noted that Axis Capital Limited is an affiliate of Axis Trustee Services Limited (the Trustee to the Embassy REIT). Axis Capital and its affiliates have provided various services, including investment banking, trusteeship and financing to the Embassy REIT, its portfolio, the</p>

S. No.	Particulars	Description
		targets and their respective affiliates, and may continue to provide such services in the future.
9.	Percentage of shareholding/ control acquired and/or number of shares acquired	<p>The entire ownership and economic interests of JVHPL and an affiliate in Embassy Business Hub are proposed to be acquired.</p> <p>Upon completion of the Proposed Acquisition, Embassy REIT will hold 100% of the equity share capital of ECPL comprising 733,800 fully paid-up equity shares of face value ₹10 each.</p>
10.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)	<p>ECPL is currently owned by JVHPL (an affiliate of EPDPL) and an affiliate, and post the acquisition of Embassy Business Hub, will become a special purpose vehicle wholly owned by the Embassy REIT. ECPL has a business presence in India.</p> <p>ECPL holds exclusive development rights over the Embassy Business Hub Land pursuant to the Embassy Business Hub JDAs executed with certain third-party landowners.</p> <p>ECPL was incorporated on May 30, 1988. The turnover of ECPL in each of the last three financial years was NIL.</p>



## Embassy REIT Announces ₹3,348 million Acquisition of Embassy Business Hub in Bangalore

- Expands presence in North Bangalore with a 1.4 msf campus-style Grade A office property
- NOI and NAV accretive transaction at an attractive 4.5% discount to average of two independent valuations
- Stable cash flow visibility from 0.4 msf area nearing completion, with further growth upside from 1 msf development

Bangalore, India, March 28, 2023

Embassy Office Parks REIT (NSE: EMBASSY / BSE: 542602) (**Embassy REIT**), India's first listed REIT and the largest office REIT in Asia by area, announced today that it has agreed to acquire Embassy Business Hub, a 1.4 million square feet ('msf') office property in Bangalore, for a total enterprise value of ₹3,348 million (\$41 million). Embassy REIT plans to primarily fund the acquisition through debt at 8.1% interest cost per annum, for which it has secured binding commitments from leading financial institutions.

Embassy Business Hub, a 59-acre campus-style business park, is situated in the high visibility growth corridor of North Bangalore, and is close to both the airport and Embassy REIT's 15.2 msf flagship property Embassy Manyata. Embassy REIT is acquiring Embassy Sponsor's affiliates' share of 1.4 msf total leasable area, of which 0.4 msf is nearing completion and 93% pre-committed to Philips, a global electronics major and member of the Fortune Global 500 and the balance 1 msf is in early stages of development.

**Vikaash Khdloya, Chief Executive Officer of Embassy REIT**, said,

*"Embassy REIT's acquisition of this high-quality, well-connected, wellness-oriented business park expands our dominant presence and office offerings in Bangalore, which undisputedly remains the most sought-after office market in India. This tuck-in acquisition is priced attractively, embeds further growth in the REIT portfolio, and creates long-term value for our Unitholders."*

### Transaction Highlights

- Total enterprise valuation of ₹3,348 million (\$41 million) at a 4.5% discount to the average of two independent valuations
- Fully financed acquisition with binding commitments from leading financial institutions at 8.1% interest cost per annum
- Attractive acquisition with expected Net Operating Income ('NOI') yield of 8.25%, proforma NOI accretion of 104 bps and proforma Net Asset Value ('NAV') accretion of 2 bps, all on a stabilized basis
- Secured a Right of First Offer ('ROFO') for future phases of Embassy Business Hub, totaling 46 acres, further extending REIT's growth options

Embassy REIT followed stringent related party safeguards, including securing approval by independent directors of the Board of the REIT Manager and a fairness opinion from Axis Capital Limited to the Board of the REIT Manager. Additionally, REIT Manager will not receive any fees linked to the acquisition. The acquisition is expected to be completed on or before April 30, 2023, subject to completion of customary conditions precedent.

Ernst and Young LLP provided financial and tax due diligence services and S&R Associates served as the legal advisor to Embassy REIT. Axis Capital Limited provided a fairness opinion to the independent directors of the Manager to Embassy REIT for the proposed acquisition and opined that, subject to assumptions and limitations of the scope, the acquisition value is fair, from a financial point of view, to the public Unitholders of Embassy REIT.

### About Embassy REIT

Embassy REIT is India's first publicly listed Real Estate Investment Trust ('REIT'). Embassy REIT owns and operates a 43.6 msf portfolio of eight infrastructure-like office parks and four city-centre office buildings in India's best-performing office markets of Bangalore, Mumbai, Pune, and the National Capital Region ('NCR'). Embassy REIT's portfolio comprises 34.3 msf completed operating area and is home to around 230 of the world's leading companies. The portfolio also comprises strategic amenities, including four operational business hotels, two under-construction hotels, and a 100 MW solar park supplying renewable energy to tenants. Embassy REIT's industry leading ESG program has received multiple accolades from renowned global institutions and was awarded a 5-star rating both from the British Safety Council and GRESB. Embassy REIT was also recognized as the world's largest 'USGBC LEED Platinum-Certified' office portfolio (v4.1 O+M) by Green Business Certification Inc. For more information, please visit [www.embassyofficeparks.com](http://www.embassyofficeparks.com).

### Disclaimer

This press release is prepared for general information purposes only. The information contained herein is based on management information and estimates. It is only current as of its date, has not been independently verified and may be subject to change without notice. Embassy Office Parks Management Services Private Limited ("the Manager") in its capacity as the Manager of Embassy REIT, and Embassy REIT make no representation or warranty, express or implied, as to, and do not accept any

#### Notes:

1. Out of 1.4 msf of Embassy Sponsor affiliate's area share entitlement in Embassy Business Hub, 0.4 msf is currently nearing completion with the balance 1.0 msf in early stages of development. Building occupancy certificate for 0.4 msf is expected by October 2023
2. Total Enterprise Value of ₹3,348 million shall be subject to adjustments in relation to net debt, working capital and other customary adjustments, as agreed among the parties. Net consideration towards equity shares of target SPV (up to ₹ 15 million) to be funded entirely through internal accruals of Embassy REIT



responsibility or liability with respect to, the fairness and completeness of the content hereof. Each recipient will be solely responsible for its own investigation, assessment and analysis of the market and the market position of Embassy REIT. Embassy REIT does not provide any guarantee or assurance with respect to any distribution or the trading price of its units.

This press release contains forward-looking statements based on the currently held beliefs, opinions and assumptions of the Manager. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of Embassy REIT or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, including the impact of COVID-19 on us, our occupiers and the Indian and global economies, recipients of this press release are cautioned not to place undue reliance on these forward-looking statements. The Manager disclaims any obligation to update these forward-looking statements to reflect future events or developments or the impact of events which cannot currently be ascertained, such as COVID-19. In addition to statements which are forward looking by reason of context, the words 'may', 'will', 'should', 'expects', 'plans', 'intends', 'anticipates', 'believes', 'estimates', 'predicts', 'potential' or 'continue' and similar expressions identify forward-looking statements.

This press release also contains certain financial measures which are not measures determined based on GAAP, Ind-AS or any other internationally accepted accounting principles, and the recipient should not consider such items as an alternative to the historical financial results or other indicators of Embassy REIT's cash flow based on Ind-AS or IFRS. These non-GAAP financial measures, as defined by the Manager, may not be comparable to similarly titled measures as presented by other REITs due to differences in the way non-GAAP financial measures are calculated. Even though the non-GAAP financial measures are used by management to assess Embassy REIT's financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and the recipient should not consider them in isolation or as substitutes for analysis of Embassy REIT's financial position or results of operations as reported under Ind-AS or IFRS.

The proposed acquisition may be completed depending upon applicable law, applicable regulatory approvals, satisfaction or waiver of identified conditions precedent, raising of adequate funds through any modes as may be permitted in order to finance the proposed acquisition, and other related actions, including assumption of liabilities, and on such other terms as may be mutually agreed among the parties to the proposed acquisition.

It may be noted that Axis Capital Limited is an affiliate of Axis Trustee Services Limited (the Trustee to Embassy REIT). Axis Capital Limited may have in the past provided, and may currently or in the future provide, investment banking services to Embassy REIT and/or its portfolio companies or respective affiliates that are unrelated to the proposed acquisition of Embassy Business Hub, for which services Axis Capital Limited has received or may receive customary fees. Further, the actual legal entity names of the occupiers may differ from the names referred in the press release above. Some of the figures used in this Press Release are approximations and/or have been rounded-off to the nearest decimal for ease of presentation. For convenience purposes only, exchange rate used in this press release is \$1 = ₹82.

**For more information please contact:**

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Phone: +91 80 4722 2222

**Shwetha Reddy**

Head of PR and Communications

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Phone: +91 88678 45915

# Embassy Office Parks REIT

## *Acquisition of Embassy Business Hub, Bangalore*

28 March, 2023



## Press Release

### Embassy REIT Announces ₹3,348 million Acquisition of Embassy Business Hub in Bangalore

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Embassy Business Hub, a 59-acre campus-style business park, is situated in the high visibility growth corridor of North Bangalore, and is close to both the airport and Embassy REIT's 15.2 msf flagship property Embassy Manyata. Embassy REIT is acquiring Embassy Sponsor's affiliates' share of 1.4 msf total leasable area, of which 0.4 msf is nearing completion and 93% pre-committed to Philips, a global electronics major and member of the Fortune Global 500 and the balance 1 msf is in early stages of development.

**Vikaash Khdloya, Chief Executive Officer of Embassy REIT,** said,

*"Embassy REIT's acquisition of this high-quality, well-connected, wellness-oriented business park expands our dominant presence and office offerings in Bangalore, which undisputedly remains the most sought-after office market in India. This tuck-in acquisition is priced attractively, embeds further growth in the REIT portfolio, and creates long-term value for our Unitholders."*

#### Transaction Highlights

- Total enterprise valuation of ₹3,348 million (\$41 million) at a 4.5% discount to the average of two independent valuations
- Fully financed acquisition with binding commitments from leading financial institutions at 8.1% interest cost per annum
- Attractive acquisition with expected Net Operating Income ('NOI') yield of 8.25%, proforma NOI accretion of 104 bps and proforma Net Asset Value ('NAV') accretion of 2 bps, all on a stabilized basis
- Secured a Right of First Offer ('ROFO') for future phases of Embassy Business Hub, totaling 46 acres, further extending REIT's growth options

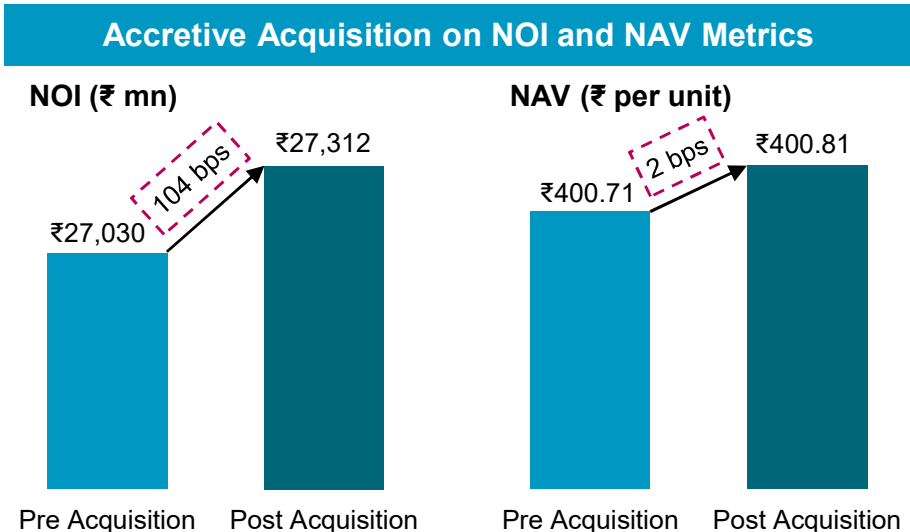
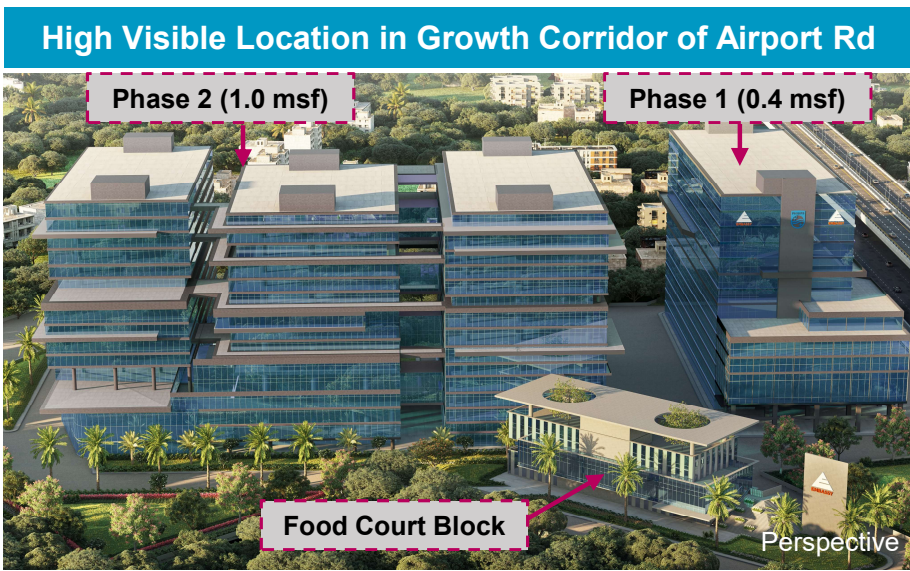
Embassy REIT followed stringent related party safeguards, including securing approval by independent directors of the Board of the REIT Manager and a fairness opinion from Axis Capital Limited to the Board of the REIT Manager. Additionally, REIT Manager will not receive any fees linked to the acquisition. The acquisition is expected to be completed on or before April 30, 2023, subject to completion of customary conditions precedent.

Ernst and Young LLP provided financial and tax due diligence services and S&R Associates served as the legal advisor to Embassy REIT. Axis Capital Limited provided a fairness opinion to the independent directors of the Manager to Embassy REIT for the proposed acquisition and opined that, subject to assumptions and limitations of the scope, the acquisition value is fair, from a financial point of view, to the public Unitholders of Embassy REIT.

# Executive Summary

Embassy Business Hub, a campus-style Grade A office property, expands Embassy REIT's presence in North Bangalore. Attractive tuck-in acquisition with financing fully secured

Highlights	<b>1.4 msf</b>	<b>93%</b>
	Total Leasable Area	Committed Occupancy in Area Nearing Completion <sup>(1)</sup>
Financing	<b>₹3.3 bn (\$41 mn)</b>	<b>4.5%</b>
	Total Enterprise Value <sup>(2)</sup>	Discount to Avg. of 2 Independent Valuations
Governance	<ul style="list-style-type: none"> <li>Acquisition GAV <b>less than 1%</b> of REIT's Sep'22 GAV</li> <li>Transaction to be financed primarily through debt</li> <li>Debt fully tied at attractive pricing of 8.1% per annum                             <ul style="list-style-type: none"> <li>Secured binding commitments from ICICI Bank and Bajaj Housing Finance</li> </ul> </li> </ul>	
	<ul style="list-style-type: none"> <li>Strong related party safeguards followed, including approval by independent directors of the Board</li> <li>Fairness opinion from Axis Capital Limited obtained by independent directors<sup>(3)</sup></li> <li>No acquisition linked fees to the REIT Manager</li> </ul>	



Notes:

(1) 371k sf / 93% Built to Suit for Philips with remaining ~30k sf / 7% as growth option  
 (2) Proposed financing plan of upto ₹3,372 million through debt at 8.1% p.a. cost and net consideration towards equity shares of target SPV (upto ₹15 million) to be funded entirely through internal accruals of Embassy REIT  
 (3) Axis Capital Limited in its fairness report opined that subject to the assumptions and limitations of the scope, the proposed value of the acquisition is fair, from a financial point of view to the public Unitholders of Embassy REIT  
 (4) Refer to notes in slide 9 for further details

## Stable Cash Flow and MTM Upside on Area Nearing Completion

Phase 1 of Embassy Business Hub comprises 0.4 msf of leasable area of which 93% is already pre-committed to Philips, thereby providing stable cash flow visibility with embedded rent growth



Actual Picture

**0.4 msf**

Phase 1 – Area  
Nearing Completion;  
OC Expected by Oct'23

**PHILIPS**

93% Pre-Committed to  
Fortune Global 500  
Company

**8.25%**

Stabilised NOI Yield, 61  
bps Spread to REIT's  
Trading Cap Rate

**18%**

MTM Potential  
in Addition to 15% CRI<sup>(1)</sup>

Notes:

- (1) CRI refers to Contractual Rent Increase every 3 years
- (2) Mar'23 Picture
- (3) Refer to notes in slide 9 for further details

# Growth Upside through Active Development

Phase 2 of Embassy Business Hub comprises 1.0 msf of leasable area and is currently in early stages of development, thereby providing further growth potential at an attractive 12% yield



**1.0 msf**

Phase 2 – Active Development Pipeline

**Sep'27**

Completion Timeline for Entire Phase 2<sup>(1)</sup>

**12.03%**

Yield on Cost, 353 bps Spread to Capex Financing Cost<sup>(2)</sup>

**90%**

Post Acquisition, REIT's Active Development in Bangalore<sup>(3)</sup>

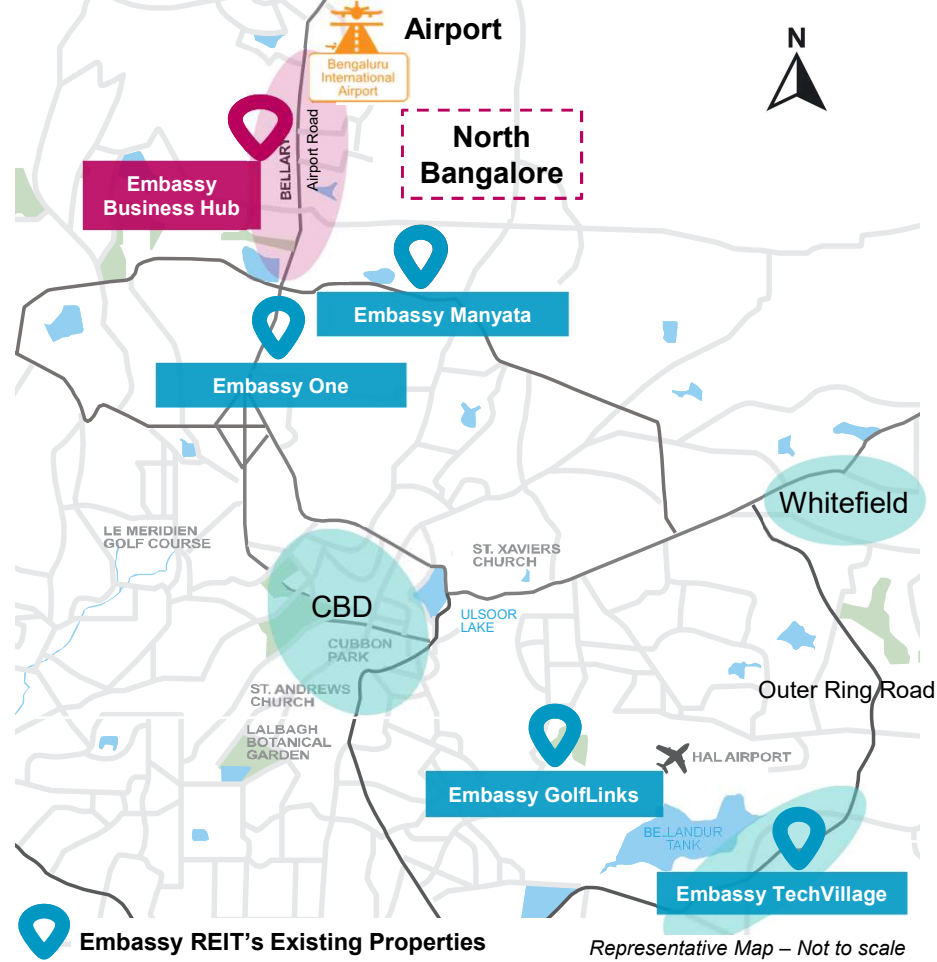
Notes:

- (1) Phase 2 comprises of 3 blocks, to be delivered in a phased manner commencing Sep'26 onwards
- (2) Blended interest cost during construction assumed at 8.5%
- (3) Computed basis area under active development
- (4) Refer to notes in slide 9 for further details

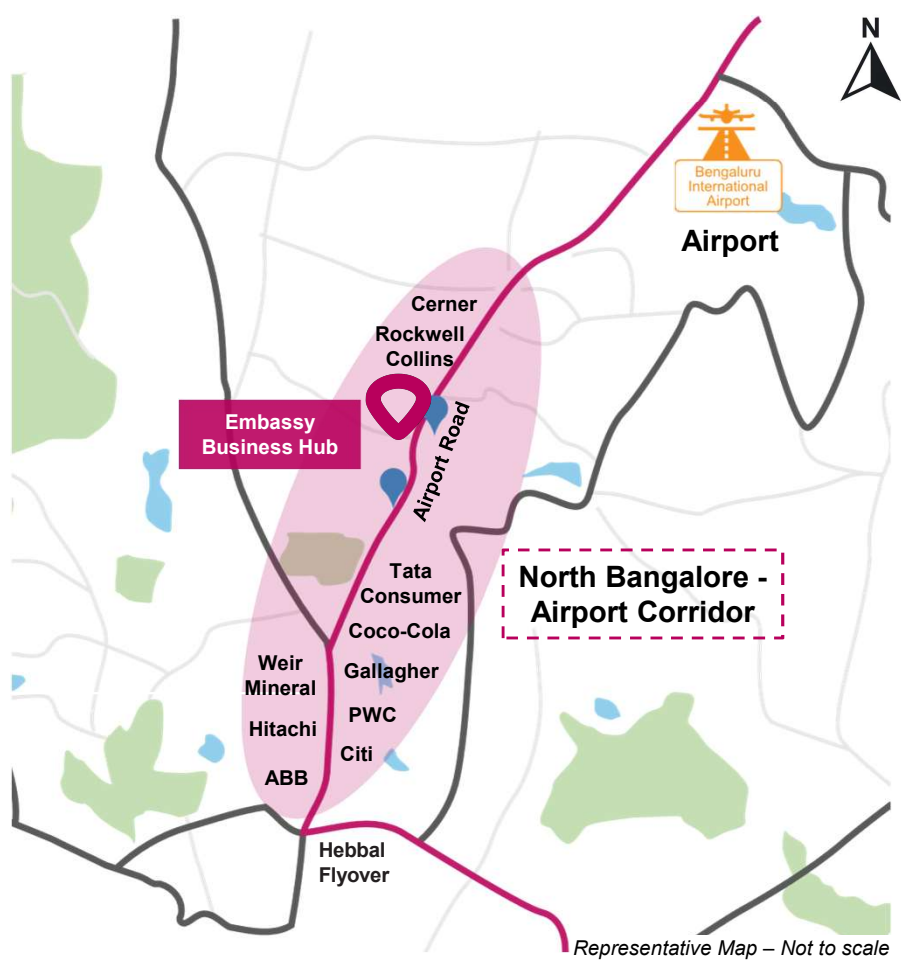
# Expanding Presence in North Bangalore's Growth Corridor

**With proximity to both airport and to REIT's flagship Embassy Manyata property, Embassy Business Hub cements REIT's dominant presence in North Bangalore**

## High Visibility Property in Close Proximity to Airport



## North Bangalore Witnessing Rising Demand from GCCs



► Acquisition of highly visible and well-connected property expands REIT's office offerings in Bangalore, its core market

► Enables further inroads in North Bangalore, a micro-market witnessing an influx of Global Captive Centers (GCCs)

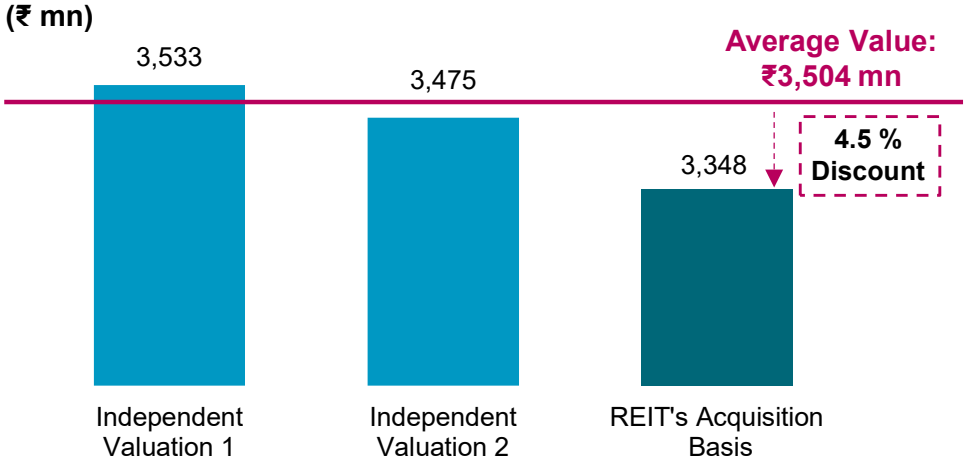
Notes:

- (1) Source: Newspaper and media articles. Indicative list of occupiers in North Bangalore. Actual legal entity names of the occupiers may differ from the names referred above
- (2) Refer to notes in slide 9 for further details

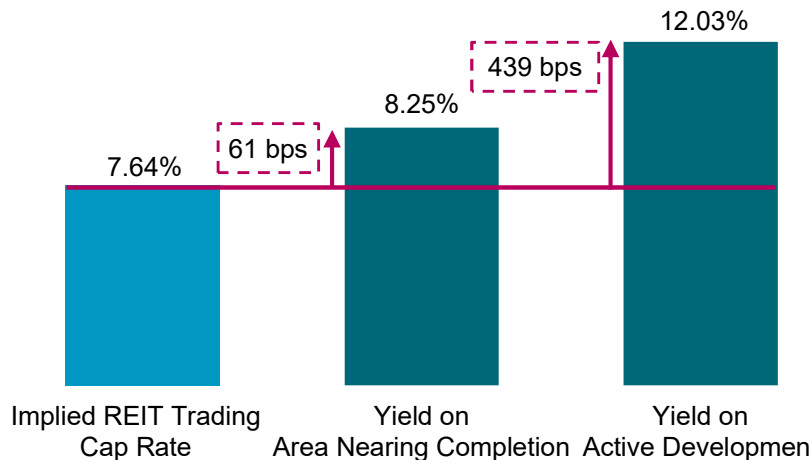
# Attractive Tuck-in Acquisition, Fully Secured Financing

**Total enterprise value of ₹3,348 mn (\$41 mn) is at a discount of 4.5% and will be primarily funded through debt. NAV accretive transaction at a positive spread to REIT's trading cap rate**

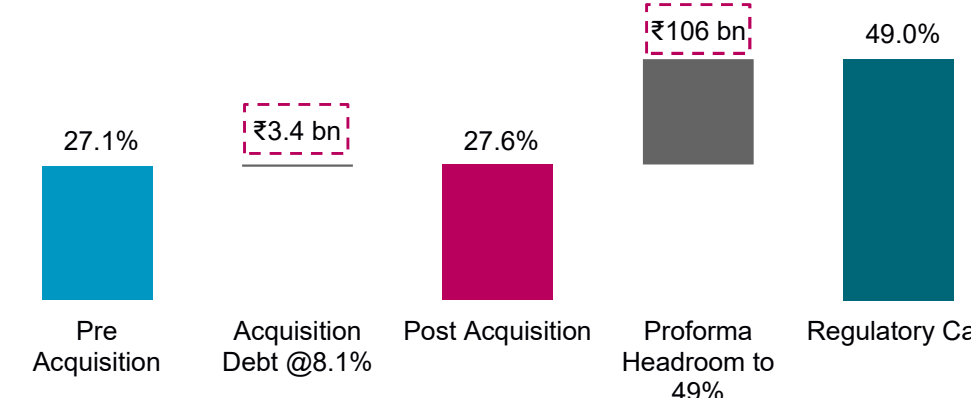
## Discount of 4.5% to Avg. of 2 Independent Valuations



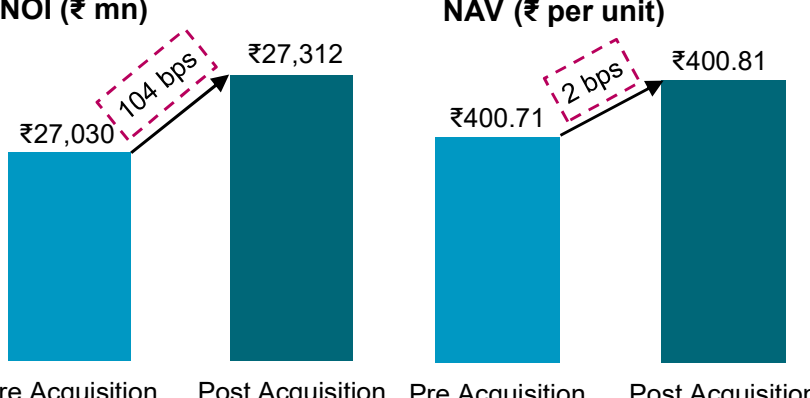
## Acquisition Basis vs REIT's Trading Cap Rate



## Debt Financed, Maintains Low Leverage<sup>(1)</sup>



## Accretive Acquisition on NOI and NAV Metrics



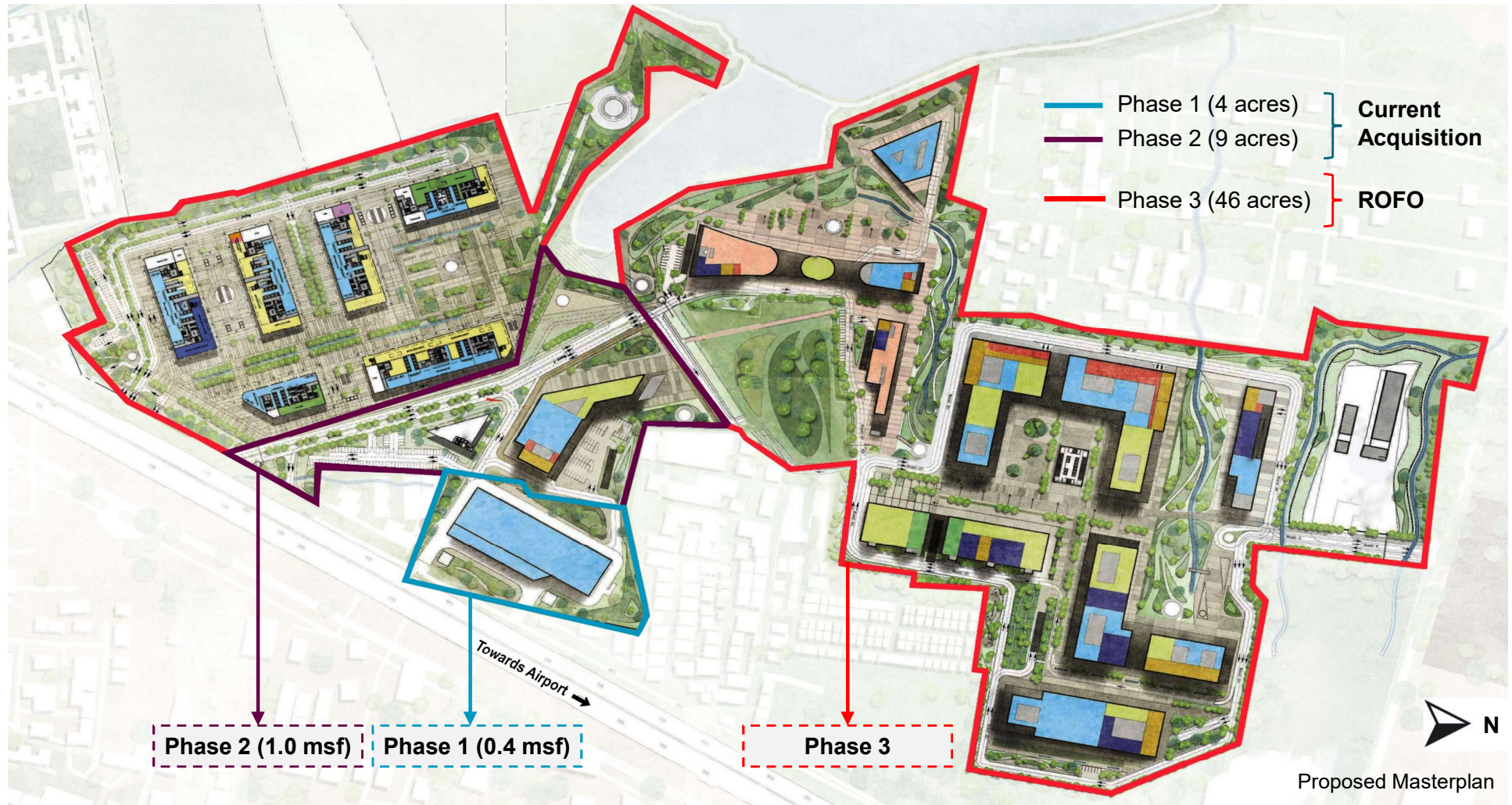
▶ TEV sets up to estimated 8.25% stabilized NOI yield for Ph 1 (0.4 msf) and proforma 12.03% yield on cost for Ph 2 (1.0 msf)  
 ▶ Financing for acquisition fully secured with binding commitments from ICICI Bank and Bajaj Housing Finance

Notes:  
 (1) Calculated based on Net Debt to GAV ('Gross Asset Value') and the proposed financing plan. Embassy REIT's pre acquisition GAV computed based on Sep'22 valuation undertaken by iVAS Partners, represented by Mr. Manish Gupta, in conjunction with value assessment services undertaken by CBRE  
 (2) Refer to notes in slide 9 for further details



# Opportunity to Create the Next Embassy Manyata

Secured Right of First Offer ('ROFO') from Embassy Sponsor for future phases of Embassy Business Hub, totaling 46 acres, further extending REIT's growth options



► ROFO obtained from Embassy Sponsor and affiliates for Phase 3 development, spread over 46 acres, adjacent to Phase 1 and Phase 2 developments forming part of the current acquisition

Notes:  
(1) ROFO validity for a period of 10 years from the acquisition closure date  
(2) Refer to notes in slide 9 for further details

## Notes

1. All figures in this presentation are as of February 28, 2023, unless otherwise specified. All figures corresponding to year denoted with "FY" are as of or for the one-year period ending (as may be relevant) March 31<sup>st</sup> of the respective year. Similarly, all figures corresponding to year denoted with "CY" are as of or for the one-year period ending (as may be relevant) December 31<sup>st</sup> of the respective year
2. Some of the figures used in this presentation are approximations and / or have been rounded-off to the nearest decimal for ease of presentation. For convenience purposes only, exchange rate used in this presentation is \$1 = ₹82
3. Actual legal entity names of the occupiers may differ from the names referred above
4. Embassy Business Hub is expected to comprise a total leasable area of approximately 2.1 msf upon completion of Phase 1 and Phase 2. Of this, Embassy Sponsor's and affiliates' area share of entitlement that forms part of the current acquisition is 1.4 msf. Of this 1.4 msf, 0.4 msf of Phase 1 is currently nearing completion (371k sf or 93% pre-committed to Philips) and the balance 1.0 msf of Phase 2 is in early stages of development. Philips also has a right (but not an obligation) to lease the remaining vacant area (approximately 30k sf) in the Phase 1 building. Building Occupancy certificate ('OC') for Phase 1 is expected by October 2023. Phase 2 comprises of 3 blocks and is expected to be delivered in a phased manner commencing Sep'26 onwards
5. Target Special Purpose Vehicle ('SPV') denotes the entity Embassy Constructions Private Limited ('ECPL')
6. Total Enterprise Value ('TEV') of ₹3,348 million shall be subject to adjustments in relation to net debt, working capital and other customary adjustments, as agreed among the parties. Proposed financing plan refers to upto ₹3,372 million through debt at 8.1% per annum interest cost and net consideration towards equity shares of target SPV (upto ₹15 million) to be funded entirely through internal accruals of Embassy REIT. Debt financing includes ₹2,500 million at 7.99% interest cost with yearly reset and ₹872 million at 8.3% interest cost with quarterly reset
7. Mark-to-Market ('MTM') potential computed basis market rent as per latest CBRE estimates (as of Feb'23) and in-place rent for the committed Philips lease which has a Weighted Average Lease Expiry ('WALE') of 5+5+5 years
8. Embassy REIT's Gross Asset Value ('GAV') and Net Asset Value ('NAV') considered per Sep'22, valuation undertaken by iVAS Partners, represented by Mr. Manish Gupta, in conjunction with value assessment services undertaken by CBRE. Valuation exercise undertaken semi-annually
9. Implied REIT Trading Cap Rate calculated as ratio of Embassy REIT's mid-point Net Operating Income ('NOI') guidance of FY2023 (REIT NOI + 50% NOI of Embassy GolfLinks), divided by TEV of completed portion. TEV = Market Capitalization + Net debt and other adjustments as on September 30, 2022. Market Capitalization computed as current units outstanding multiplied by closing price as per NSE as of March 24, 2023
10. Yield on Area Nearing Completion or Stabilized NOI Yield for Phase 1 calculated as ratio of stabilized NOI for the completed portion of Embassy Business Hub divided by TEV of the completed portion plus pending building cost including interest during construction. Stabilized NOI calculated as NOI from 371k sf area pre-committed to Philips and NOI from the remainder area considering Philip's growth option
11. Yield on Active Development or Yield on Cost for Phase 2 calculated as ratio of stabilized NOI for the active development portion of Embassy Business Hub divided by TEV of the development portion plus pending building cost including interest during construction. Blended interest cost during construction assumed at 8.5%. Stabilized NOI calculated as NOI from active development basis average CBRE market rent, adjusted for 2% vacancy provision
12. Proforma NOI accretion calculated on the basis of Embassy REIT's FY2023 mid-point NOI guidance and stabilized NOI for 0.4 msf of Phase 1 of Embassy Business Hub
13. Proforma NAV accretion calculated on the basis of Embassy REIT's Pre Acquisition NAV (refer point 7 above) and target SPV's NAV as of February 28, 2023 (based on valuation undertaken by iVAS Partners, represented by Mr. Manish Gupta, with value assessment services undertaken provided by CBRE South Asia Private Limited), assuming proposed financing plan and other adjustments
14. Independent Valuation 1 – Valuation undertaken by Ms. L Anuradha, with the assessment and review report issued by Cushman & Wakefield India Private Limited
15. Independent Valuation 2 – Valuation undertaken by iVAS Partners, represented by Mr. Manish Gupta, with value assessment services undertaken provided by CBRE South Asia Private Limited
16. Axis Capital Limited is an affiliate of Axis Trustee Services Limited (the Trustee to Embassy REIT). Axis Capital Limited may have in the past provided, and may currently or in the future provide, investment banking services to Embassy REIT and/or its portfolio companies or respective affiliates that are unrelated to the proposed acquisition of Embassy Business Hub, for which services Axis Capital Limited has received or may receive customary fees
17. All details included in the presentation consider 100% stake in GolfLinks Software Park Private Limited ('GLSP'). However, Embassy REIT owns 50% economic interest in GLSP SPV which owns the Embassy GolfLinks property. Embassy REIT's GAV and NAV reflect only Embassy REIT's 50% economic interest in GLSP

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# VALUATION REPORT

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

EMBASSY BUSINESS HUB, BENGALURU

DATE OF VALUATION: FEBRUARY 28, 2023

DATE OF REPORT: MARCH 24, 2023

Valuer under SEBI (REIT)  
Regulations, 2014

**IVAS**

Value Assessment  
Service

**CBRE**

# Contents

<b>1</b>	<b>Executive Summary .....</b>	<b>5</b>
<b>2</b>	<b>Instruction.....</b>	<b>8</b>
2.1	Purpose.....	8
2.2	Reliant Party .....	8
2.3	Limitation of Liability .....	9
2.4	Scope of Services .....	9
2.5	Valuation Capability.....	10
2.6	Scope of Appraisal.....	11
2.7	Scope of Services for Value Assessment Service Provider.....	12
2.8	Valuer’s Interest .....	13
2.9	Qualifications .....	13
2.10	Disclosures .....	13
2.11	Assumptions, Disclaimers, Limitations & Qualifications to Valuation .....	15
<b>3</b>	<b>Valuation Approach &amp; Methodology.....</b>	<b>17</b>
3.1	Scope of Valuation .....	17
3.2	Basis of Valuation .....	17
3.3	Approach and Methodology .....	17
3.3.1	Direct Comparison Approach.....	17
3.3.2	Income Approach.....	18
3.4	Approach and Methodology Adopted .....	19
3.5	Information Sources for Valuation .....	20
<b>4</b>	<b>Financial Assumptions.....</b>	<b>23</b>
4.1	Capitalization Rate Adopted.....	23
4.2	Discount Rate Adopted .....	24
4.2.1	Cost of Equity .....	24
4.2.2	Cost of Debt .....	24
4.2.3	Weighted Average Cost of Capital (WACC).....	24
<b>5</b>	<b>Valuation Certificate.....</b>	<b>26</b>
<b>6</b>	<b>Embassy Business Hub .....</b>	<b>29</b>
6.1	Property Description .....	29
6.1.1	Site Details .....	29
6.1.2	Legal Details.....	32
6.1.3	Joint Development Agreements .....	32
6.1.4	Town Planning .....	32
6.1.5	Statutory Approvals, One-time Sanctions & Approvals .....	33
6.1.6	Area Details, Type and Age of Existing Structures .....	35
6.1.7	Site Services and Finishes.....	36

6.1.8	Condition & Repair .....	36
6.1.9	Property Photographs .....	37
6.2	Tenancy Analysis.....	38
6.2.1	Historical Occupancy Rates .....	38
6.2.2	Escalation Analysis .....	38
6.3	Assumptions Rationale.....	39
6.3.1	Demand and Supply Dynamics .....	41
6.3.2	Lease Rent Analysis .....	43
6.4	Value Assessment.....	45
6.4.1	Adopted Methodology .....	45
6.4.2	Area statement.....	45
6.4.3	Construction Timelines.....	45
6.4.4	Absorption/ Leasing Velocity and Occupancy Profile .....	46
6.4.5	Revenue Assumptions .....	46
6.4.6	Expense Assumptions.....	48
6.4.7	Other Assumptions .....	48
6.4.8	CAM Cashflows .....	49
6.4.9	Capitalization Rates.....	49
6.4.10	Discount Rate.....	49
6.5	Value of the Subject Property.....	50
<b>7</b>	<b>Exhibits and Addendums .....</b>	<b>51</b>
7.1	Other Mandatory Disclosures.....	51
7.1.1	Details of Material Litigations: .....	51
7.2	One-time Sanctions & Periodic Clearances (Statutory Approvals).....	53

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- (a) iVAS and CBRE (Collectively the "Consultants") are not operating under any financial services license when providing this Valuation Report, which does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Embassy Office Parks REIT.
- (b) This Valuation Report is strictly limited to the matters contained within, and are not to be read as extending, by implication or otherwise, to any other matter relating to the purpose.
- (c) Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- (d) The Consultants have prepared this Valuation Report relying on and referring to certain information provided by Embassy Office Parks Management Services Private Limited and/or third parties including financial and market information (the "Information"). The Consultants assume that the Information is accurate, reliable and complete and it has not independently verified such Information and is not aware of any circumstances or reasons which would (or is reasonably likely to) render any of the Information untrue or inaccurate.
- (e) The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations and qualifications and recommendations.
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- (i) The Consultants have no present or prospective interest in the Properties and are not a related corporation of nor does it have a relationship with Embassy Office Parks Management Services Private Limited or Embassy Office Parks REIT or its owners, advisers etc. The Consultant's compensation as a valuer is not contingent upon reporting of a predetermined value or direction in value that favours Embassy Office Parks REIT nor do the Consultants have an economic or other interest (direct or indirect) in the success of the purchase or any subsequent fund raising.
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## 1 Executive Summary

**Property Name:** 'Embassy Business Hub' is a commercial office development located along Venkatala Village, Bengaluru North, Bengaluru, Karnataka 560064 ("Subject Property")

**Property Address:** Embassy Business Hub, Venkatala Village, Bengaluru North, Bengaluru, Karnataka 560064.

**Instructing Party:** Embassy Office Parks Management Services Private Limited in its capacity as manager of The Embassy Office Parks REIT

**Interest Valued:** Embassy Construction Private Limited's interest associated to the Joint Development Agreements held over the Subject Property.

**Land Area:** Based on information provided by the Client, the Valuer understands that the total land area of the subject property under the purview of this exercise is approximately 13 Acres. The same has been considered for the purpose of this appraisal.

**Brief Description:** The subject property is an under construction commercial development christened 'Embassy Business Hub' located on Bellary Road (NH-44), Yelahanka, Bengaluru, Karnataka. Further, the location is currently an emerging micro-market with majority of residential and commercial developments under various stages of construction. In addition, the subject property is located at a distance of approx. 2 – 3 km from Yelahanka Junction, approx. 4 – 5 km from Hebbal Junction, approx. 13 – 14 km from MG Road (CBD), approx. 15 – 16 km from Bengaluru City Railway Station and approx. 22 – 23 km from Kempegowda International Airport.

The area details of the property are as follows:

Particulars	Total Leasable area (in msf)
Phase I	0.66
Phase II including Food Court	1.43
<b>Total</b>	<b>2.09</b>

Source: Client Inputs

### Joint Development Agreement:

There are two Joint Development Agreement's (JDA) entered between various landowners and Embassy Construction Private Limited ("ECPL" or the "Developer"). The Developer is required to construct a 2.09 million square feet (msf) commercial development, and in return the developer will be allocated a portion of ownership of the completed development, with the remaining shares allocated to the land owners. The details pertaining to the same are summarised as below:

Particulars	Phase I	Phase II
Date of Agreement	31 <sup>st</sup> May 2019	14 <sup>th</sup> June 2019
Land Area (Approx. Acres)	4.3	9.2
Total Leasable Area (sft)	0.66	1.43
Developer's share Leasable Area (sft)	0.40	0.96
% share of ownership to Developer	60%	67%

In accordance with the terms of the JDA for Phase I of the development, the developer and landowner have entered into an area allocation agreement to identify and allocate the specific constructed area / units that would fall under the landowner's 40% entitlement and the developer's 60% allocation. The JDA for Phase II of the development contemplates that upon receipt of plan sanction, the parties will enter into an area allocation agreement to identify and allocate the specific constructed area / units that would fall under the landowners'

33% allocation and the developer's 67% allocation. The Client will be acquiring the Developer's interest in the Subject Property.

Statement of Assets (sf):

The Subject Property is an under construction commercial development with a total leasable area of approx. 2.09 msf.

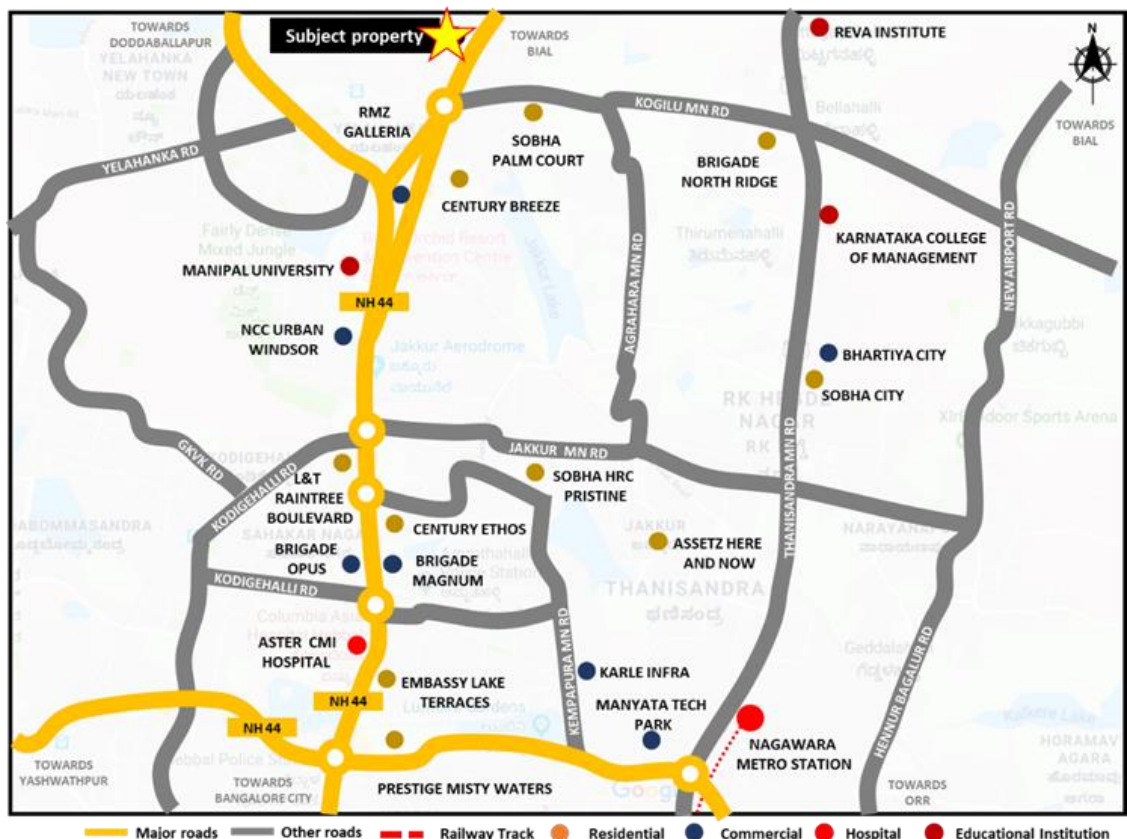
Phase	Total Area (msf)	Operational area (msf)	Under Construction area (msf)
Phase I	0.66	-	0.66
Phase II including Food Court	1.43	-	1.43
<b>Total</b>	<b>2.09</b>	-	<b>2.09</b>

The Developers interest corresponds to 1.36 msf across Phase 1 and 2. The table below highlights the client's share leasable area break-up for the subject development commensurate to the interest valued in Embassy Business Hub:

Phase	Client's Area (msf)	Operational area (msf)	Under Construction area (msf)
Phase I	0.40	-	0.40*
Phase II including Food Court	0.96	-	0.96
<b>Total</b>	<b>1.36</b>	-	<b>1.36</b>

Source: Client Inputs; \*Precommitment including hard option.

Location Map:



Source: Consultant's Research

Key Assumptions:	Particulars	Unit	Details
	<b>Construction assumptions</b>		
	Pending cost to complete*	INR Mn	8,316
	Project completion timelines	Quarter, Year	Phase I: Q2 FY 2024 Phase II including Food Court: Q2 FY 2028
	<b>Revenue assumptions (as on February 28, 2023)</b>		
	Lease completion	Year	FY 2029
	In-place rent**	INR/ sf/ mth	57
	Marginal rent – office component	INR/ sf/ mth	67
	Marginal rent – Food Court component	INR/ sf/ mth	100
	Parking rent (Effective)	INR/ sft/ mth	4
	<b>Other financial assumptions</b>		
	Cap rate – commercial components	%	8.0%
	WACC rate (During Operations)	%	11.7 %
	WACC Rate (During Under construction stage)	%	13.0 %

\*Client Inputs \*\* Based on precommitment option

Date of Inspection: October 17, 2022

Date of Valuation: February 28, 2023

Market Value of Client's Interest:	Component	Client' share of Leasable Area (msf)	Market Value (INR Mn) – Client's Interest
	Phase I (pre-committed to Philips)	0.40	1,808
	Phase II including Food Court	0.96	1,668
	<b>Total</b>	<b>1.36</b>	<b>3,475</b>

#### Assumptions, Disclaimers, Limitations & Qualifications

This valuation report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report which are made in conjunction with those included within the Assumptions, Disclaimers, Limitations & Qualifications section located within 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 party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.

#### Heightened Market Volatility

We draw your attention to a combination of global inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

## 2 Instruction

iVAS Partners and CBRE South Asia Pvt. Ltd. (CBRE) – hereinafter collectively called as ‘Consultants’, have been instructed by **Embassy Office Parks Management Services Private Limited** (the ‘Client’, or the ‘**Instructing Party**’) in its capacity as manager of **The Embassy Office Parks REIT** to advise upon the Market Value (MV) of the Client’s Interests (held through Joint Development Agreements) in a commercial office real estate property located in Bengaluru. The details of the subject property under the purview of this valuation exercise are as tabulated below:

Development/Asset Name	Phase	Status	Component	Location
Embassy Business Hub	Phase I Phase II including Food Court	Under - Construction	Valuation of the Commercial Properties	Bengaluru

Source: Client Inputs

The Joint Development Agreements (JDA) outline the terms under which the developer (the Client) is required to meet to attain a percentage of ownership of the on-completion development.

CBRE has been instructed by the Client to be the ‘**Value Assessment Service Provider**’ for providing market intelligence to the ‘Valuer’ (iVAS Partners, represented by Mr. Manish Gupta) and forecasting cash flows from the subject property. The Valuer has utilized the market intelligence provided by CBRE and independently reviewed the cash flows to arrive at the Market Value of the subject property as per the SEBI (REIT) Regulations 2014.

iVAS Partners (represented by Mr. Manish Gupta) and CBRE are collectively referred to as the ‘**Consultants**’ for the purpose of this report.

### 2.1 Purpose

We understand that the valuation is required by the Client in connection with the purchase of the properties by **Embassy Office Parks REIT** and any fund raising for the same purpose.

### 2.2 Reliant Party

The Reliant Party to the valuation report will be **Embassy Office Parks Management Services Private Limited (in its capacity as Manager to the Embassy Office Parks REIT)** and their Unitholders and Axis Trustee Services Limited (the Trustee for the Embassy REIT) for the purpose of the valuation as highlighted in this report. The auditors and advisors would be extended reliance by the ‘Consultants’ but would extend no liability to the auditors and advisors.

This report can be included in any preliminary placement memorandum, placement memorandum, information memorandum, transaction document, communication to the unitholders, regulatory filings and any other document in connection with proposed acquisition by Embassy REIT and submitted to regulatory authorities if required.

## 2.3 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 iVAS Partners (represented by Mr. Manish Gupta) 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. 'The Consultants' maximum aggregate liability for claims arising out of or in connection with the Valuation Report, under this contract shall not exceed Indian Rupees 30 Million.
- 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.

## 2.4 Scope of Services

Services will be provided solely for the benefit and use of the Reliant Party(ies) by the valuer. The report(s) and valuation(s) may not be used for any other purpose other than the expressly intended purpose as mentioned in the report(s). They are not to be used, circulated, quoted or otherwise referred to for any other purpose, nor are they to be filed with or referred to in whole or in part in any document without the prior written consent of the Consultants where such consent shall be given at the absolute, exclusive discretion of the Consultants. Where they are to be used with the Consultants' written consent, they shall be used only in their entirety and no part shall be used without making reference to the whole report unless otherwise expressly agreed in writing by the Consultants.

Any reliance by any party other than the Reliant Party on the valuation report will be on their own accord. The Consultants do not purport to provide a site or structural survey in respect of the property(ies) to be valued. The Consultants do not purport to be suitably qualified to provide professional advice in respect of building or site contamination. The Reliant Party(ies) should seek independent advice on these issues. The Services are provided on the basis that the Instructing Party has disclosed to the Consultants all information which may affect the Services. All opinions expressed by the Consultants, or its employees are subject to the statement of valuation policies and any conditions contained in written valuation report. The Letter of Engagement (LOE) along with amendments sets out the full scope of services that shall be covered by the valuation report.

## 2.5 Valuation Capability

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

iVAS Partners, represented by Mr. Manish Gupta (Valuer Registration Number: IBBI/RV-E/02/2020/112) delivers reliable and independent valuation (across categories viz. land & building and plant & machinery), advisory and technical due diligence services, that combine professional expertise with comprehensive databases, analytics and market intelligence across various asset classes and locations in India.

Manish Gupta, Partner at iVAS Partners, is a Registered Architect with Council of Architecture (COA) and a member of the Royal Institute of Chartered Surveyors (MRICS) and Institution of Valuers (IOV), with over 14 years of experience in the real estate industry. Manish is a seasoned professional with experience in providing real estate valuation services to a wide spectrum of clients including financial institutions, private equity funds, developers, NBFCs, corporate houses, banks, resolution professionals, landowners, etc. He has worked on variety of valuation, consulting and technical due-diligence assignments for various purposes including investment related due diligence, mortgage/collateral appraisals, financial reporting, listing purposes, IBC led requirements, etc. across a range of asset classes such as residential projects, integrated township developments, hospitality assets, commercial (office and retail) projects, industrial developments, warehousing parks, educational projects, healthcare developments, etc. for both national as well as international clients.

### **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 325 professionals.

CBRE Advisory Services India have completed over 100,000 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 certified valuation professionals, master planners, Architects, 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.

## 2.6 Scope of Appraisal

The appraisal has been undertaken to ascertain the market value of the Client's Interests in the Subject Property given the prevalent market conditions. In consideration of the same, 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 subject properties vis-à-vis the surrounding submarket, etc.

The table below highlights the subject property under the purview of this valuation:

Development Name	Location	Submarket	Catchment Area for the Valuation Exercise
Embassy Business Hub (Subject property)	Bengaluru	Bengaluru North	Bellary Road

## 2.7 Scope of Services for Value Assessment Service Provider

CBRE has been engaged by the Instructing Party to provide 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 subject property location
    - Key Office Markets
    - General market practices
    - Demand Supply for Key Office Markets & Rental Trends
    - Outlook

Forecast cash flows from the subject property for the Valuer to independently review and work towards assessing the valuation of the Asset

Official Signatory for    For CBRE South Asia Pvt Ltd  
Value Assessment  
Service Provider:



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

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



## 2.8 Valuer's Interest

The Valuer certifies that; he/she do not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property (including the parties with whom our client is dealing, including the lender or selling agent, if any); accepts instructions to value the property only from the instructing party.

## 2.9 Qualifications

This valuation is prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards and is in compliance with the International Valuation Standards (IVS).

The team involved in this engagement comprises of RICS members with significant experience of valuations in Indian real estate market.

## 2.10 Disclosures

The Consultants hereby certify that:

- iVAS Partners (Valuer Registration Number: IBBI/RV-E/02/2020/112), represented by Mr. Manish Gupta (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 (represented by Mr. Manish Gupta) are an associate of the instructing party, the Sponsors or the Trustee
- Mr. Manish Gupta, Partner, iVAS Partners (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 of the subject property in the last twelve months, other than such cases where the valuer was engaged by the Embassy REIT for such acquisition or disposal
- 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 has conducted the valuation of the subject property with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement

- The Valuer has acted with independence, objectivity and impartiality in performing the valuation
- The Valuer has discharged its duties towards the Client 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 subject property from any person other than the Client or its authorised representatives.
- 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 Client
- The valuer has valued the subject property based on the valuation standards as specified under the SEBI (REIT) Regulations 2014.
- The valuation undertaken by the Valuer abides by international valuation standards
- 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 shall before accept any assignment from any related party to the **Embassy Office Parks Management Services Private Limited**, shall disclose to the **Embassy Office Parks Management Services Private Limited**, any direct or indirect consideration which the valuer may have in respect of such assignment
- The Valuer shall disclose to the **Embassy Office Parks Management Services Private Limited**, any pending business transactions, contracts under negotiation and other arrangements with the Instructing Party or any other party whom the **Embassy Office Parks Management Services Private Limited** 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 understands that the asset is owned by related party, hence, the acquisition of the asset from the related party being valued would be related party transaction
- The Valuer is competent to undertake the valuation of the subject property. Further the Valuer has independently undertaken the valuation and the report is prepared on a fair and unbiased basis
- 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 Trilegal.

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

<b>Valuation Subject to Change:</b>	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
<b>Our Investigations:</b>	The Consultants are not engaged to carry out all possible investigations in relation to the subject property. 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
<b>Assumptions:</b>	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 the Valuer's expertise, or the 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
<b>Information Supplied by Others:</b>	This appraisal is based on the information provided by the Client / Developer. The same has been assumed to be correct and has been used for appraisal exercise. Where it is stated in the report that another party has supplied information to consultants, this information is believed to be reliable, but Consultants can accept no responsibility if this should prove not to be so. However, please note that wherever we have relied on information from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context
<b>Future Matters:</b>	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
<b>Map and Plans:</b>	Any sketch, plan or map in this report is included to assist reader while visualizing the property and assume no responsibility in connection with such matters
<b>Site Details:</b>	Based on title due diligence by Trilegal and information provided by the Client, we understand that the subject properties are free from any encroachments and is available as on the date of the valuation
<b>Property Title:</b>	For the purpose of this valuation exercise, the Valuer has relied on the Title Report prepared by the Legal Counsels (Trilegal) for the subject property and has made no further enquiries with the relevant local authorities in this regard. The Valuer understands that the subject property 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 asset has title deed that is clear and marketable.
<b>Environmental Conditions:</b>	The Valuer has assumed that the subject property is not contaminated and are not adversely affected by any existing or proposed environmental law and any processes which are carried out on the property are regulated by environmental legislation and are properly licensed by the appropriate authorities
<b>Town Planning:</b>	The current zoning of the subject property has been adopted on the basis of review of various documents (Joint development agreement and title report) 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
<b>Area:</b>	<p>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.</p> <p>Based on the review of Joint development agreement, title deed, etc shared by the Client, we understand that the total land area admeasures approx. 13 acres. Additionally, we understand that the total leasable area proposed in the subject property translates to approx. 2.09 msf. As per the Joint development agreement entered between various landowners and Embassy Construction Private Limited (developer), the developer has to construct the entire 2.09 msf development and the revenue from approx. 1.36 msf would be attributable to the developer. The client will be acquiring the developer's interest in the subject property. Hence, for the purpose of this appraisal, the valuation of the subject property is done only to the extent of client's interests in the subject property.</p>
<b>Condition &amp; Repair:</b>	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
<b>Not a Structural Survey:</b>	We state that this is a valuation report and not a structural survey
<b>Legal:</b>	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.
<b>Others:</b>	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

The actual market price achieved may be higher or lower than our estimate of value depending upon the circumstances of the transaction, nature of the business, etc. The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion may not necessarily be the price at which actual transaction takes place

We have assumed that the development would continue normally without any disruptions due to statutory or other external/internal occurrences.

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events has heightened the potential for greater volatility in property markets over the short-to-medium term. Reader is advised to keep this in purview while reading the valuation report.

You should note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

**Construction Cost Volatility:** Material costs, labour costs and supply chains are currently unusually volatile with the market experiencing price increases in some or all these areas during 2022. This has created significant uncertainty in cost estimates that is likely to continue. In addition, there are significant risks that delays may be encountered in sourcing materials, and as such delivery risks are also heightened in this climate. Furthermore, the likelihood of ongoing cost escalations and sourcing delays is high. This may place additional pressure on both the developer's and builder's profit margins. These inherent risks should therefore be given careful consideration in lending and investment decisions. Caution is advised in this regard.

**Risk Consideration:** The value of development sites is traditionally highly volatile and can be subject to changes of value in short timeframes. They appeal to a narrow and very specific segment of the market, which can be significantly impacted by many factors such as broader economic conditions, changes to government policy, and changes in building costs. All these (and more) factors will likely have an impact on the value for the subject property. As experienced in past market cycles, the value of development sites can undergo corrections as supply, demand and cost factors change. The Reliant Party/Intended user is/are strongly advised to consider this inherent risk in their investment and lending decisions (for mortgage security valuation).

#### Treatment of Security Deposits

The market value includes the security deposit received as on date of valuation which is netted off at the time of notional exit. In a typical market scenario, these security deposits are used for various purposes by the developer. Hence, the same has been factored into the cash flows. The inflow and outflow of the refundable security deposits have been factored for all existing/new leases upon commencement and expiries of the leases respectively. 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.

#### Additional

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. 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 3.5.

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 proposed transaction. No investigation of the respective Special Purpose Vehicles (SPVs)/Entities holding the asset claim to title of asset has been made for the purpose of this Report and the SPV/Entity 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.

The Valuation Report may not be reproduced in whole or in part without the prior written approval of the Consultant, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended read with the circulars issued thereunder. The Embassy REIT may share this report with its appointed advisors for any statutory or reporting requirements and include it in any notice to the unit holders or any other document in connection with the proposed purchase of the property by Embassy REIT.

### 3 Valuation Approach & Methodology

#### 3.1 Scope of Valuation

The valuation exercise is aimed at the assessment of the Market Value (MV) of the Client’s Interests in the Subject Property. In considering the value of the property, we have considered the guidelines laid out in the RICS Valuation – Global Standards, effective from 31 January 2022, published by the Royal Institution of Chartered Surveyors (RICS).

#### 3.2 Basis of Valuation

The valuations have been conducted in accordance with the RICS Valuation – Global Standards 2022 (Incorporating the IVSC International Valuation Standards (IVS) effective from 31 January 2022) and is in compliance with the International Valuation Standards (IVS). The valuation exercise has been undertaken by appropriately qualified Valuer and would be aimed at assessing the Market Value of subject property

As per IVS, 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’.*

#### 3.3 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:



##### 3.3.1 Direct Comparison Approach

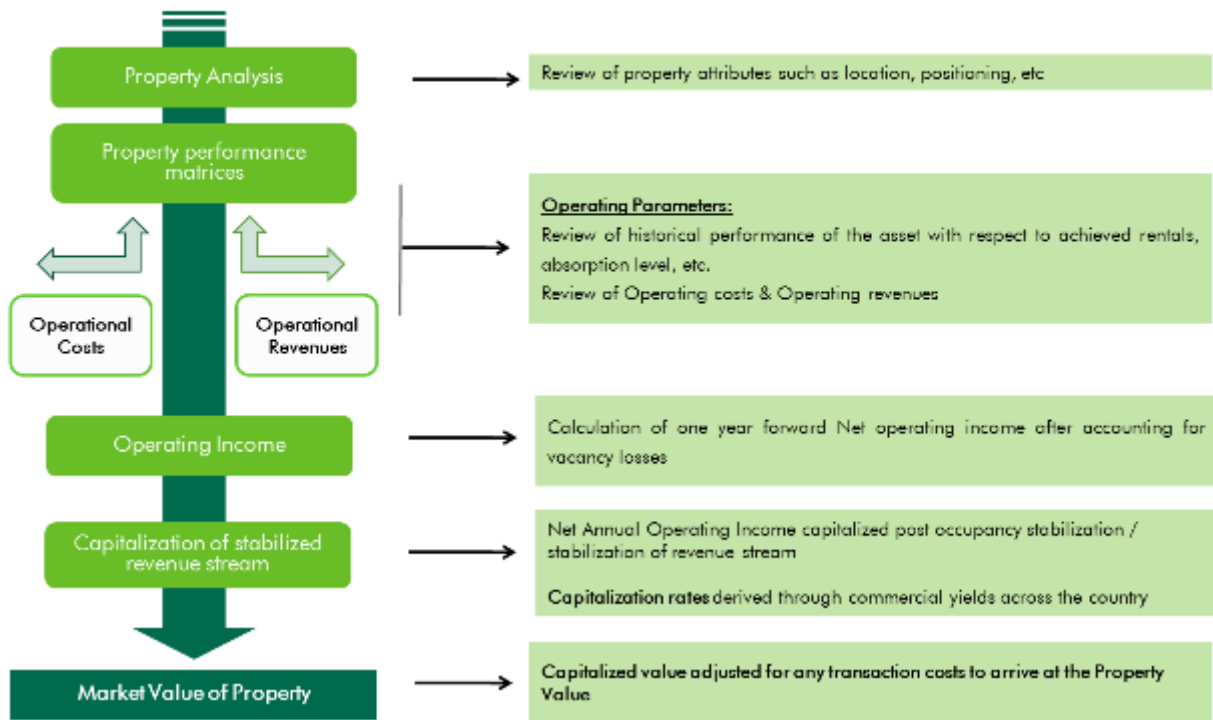
In ‘**Direct Comparison Approach**’, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted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

### 3.3.2 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).

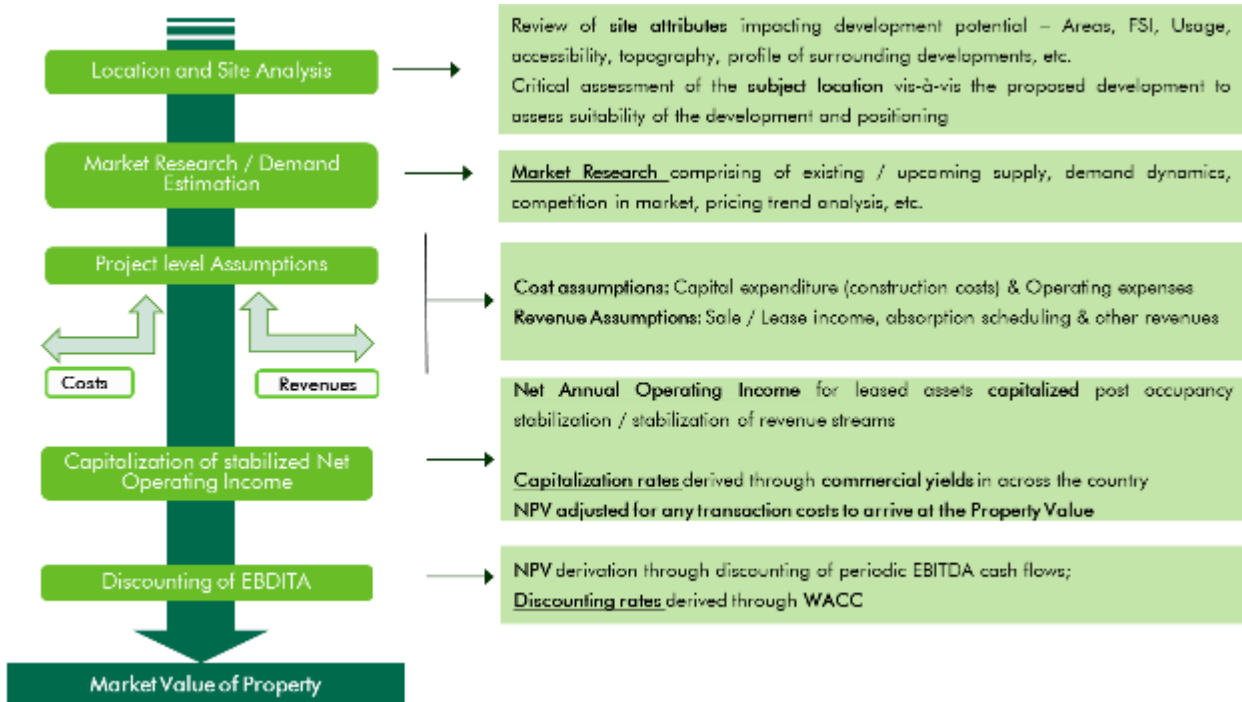
#### A. Direct Capitalization Method

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 at an appropriate discount rate.



### 3.4 Approach and Methodology Adopted

Considering the objective of this exercise and the nature of asset involved, the value of the office component at the subject property has been assessed through the Discounted Cash Flow Method.

### 3.5 Information Sources for Valuation

Property related information referred to for the valuation exercise have been provided by the Client unless otherwise mentioned. We have 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 wherever applicable. Additionally, wherever possible, we have independently revalidated the information by reviewing the originals as provided by the Client.

Table below highlights various data points referred throughout the course of this valuation report and the data sources for the same:

Particulars	Details	Units	Source
<b>Area Details</b>	Land Area	Acres	Development Plan/Client
	Permissible FSI	Ratio / No.	Development Plan/Client
	Achieved FSI	No.	Development Plan/Client
	FSI Area	Sf	Development Plan/Client
	Built-Up Area	Sf	Development Plan/Client
	Leasable Area – Tower Wise	Sf	Development Plan/Client
	No. of Floors	No.	Development Plan/Client
	Stacking Plan	NA	Client/ Lease deeds/Rent Rolls
	No. of Basements	No.	Development Plan/Client
	Car Parking Area	Sf	Development Plan/Client
	Number of car parks	No.	Development Plan/Client
	Unutilized FSI (if any)	No.	Development Plan/Client
Area proposed for future development	Sf	Development Plan/Client	
<b>Documents/ Approvals</b>	Land Use / Zoning	NA	Zoning Plan
	Title Deeds	NA	Title Report
	Approved Sanction Plan	NA	Copy as applicable
	Building Plan / Site Plan	NA	Copy as applicable
	Floor Plans	NA	Copy as applicable
	Height Clearance Approvals (AAI)	NA	Copy as applicable
	Fire NOC	NA	Copy as applicable
	Environment Clearance	NA	Copy as applicable



Particulars	Details	Units	Source
	Commencement Certificate	NA	Copy as applicable
	Occupancy Certificate	NA	NA
	Building Certification	NA	Copy as applicable
	Lease Agreements with Tenants	NA	NA
	Sample CAM Agreements	NA	NA
<b>Services Offered</b>	HVAC (Tonnage)	TR	Client
	Power Back-up	KVA	Client
	No. of Lifts with capacity	No.	Client
	No. of staircases	No.	Client
<b>Cost Assumptions</b>	Pending Construction Cost (if any)	INR Mn	Client
	Total Budgeted Cost – Under Construction Block	INR Mn	Client
	Cost Already Incurred – Under Construction Block	INR Mn	Client
	Cost provisioned towards refurbishment / renovation	INR Mn	Client
	Maintenance Charges	INR psf	Client/ Consultants' Assessment
	Insurance Cost	INR Mn	Consultants' Assessment
	Property Tax	INR Mn	Consultants' Assessment
	Margin on Maintenance	% of CAM Charges	Consultants' Assessment
	Asset Management Fee	% of revenues	Consultants' Assessment
	Brokerage on lease	No. of Months	Consultants' Assessment
Repair & Maintenance Reserve	% of lease revenues	Consultants' Assessment	
<b>Exit Assumptions</b>	Capitalization Rate	%	Valuer Assessment
	Quarter of Capitalization	Quarter, Year	Valuer Assessment
	Discount Rate	%	Valuer Assessment
	Transaction cost on Exit	%	Valuer Assessment
<b>Operational Assumptions</b>	Leased Area	Sf	Client
	Vacant Area	Sf	Client
	Pre- Committed Area	Sf	Client

Particulars	Details	Units	Source
	Lease Dates (Start, End, Lock in, Escalation etc.) for existing leases	MM/DD/YYYY	Client
	Rent Achieved	INR psf pm	Client
	Pre-Committed Rent	INR psf pm	Client
	Security Deposit	No. of months/ INR Mn	Client
	Parking Rent	INR per car park per month	Client
	Fit out Rent	INR psf pm	Client
	Miscellaneous Income	INR Mn	Client
	Market Rent	INR psf pm	Consultants' Assessment
	Reversion Threshold	%	Consultants' Assessment
	Escalation in Rent / CAM	%	Consultants' Assessment
	Lease Dates (Start, End, Lock in, Escalation etc.) for vacant area	MM/DD/YYYY	Consultants' Assessment
	Lease escalation on Renewal for New/Future Leases	%	Consultants' Assessment
	Security Deposit for New/Future Leases	No. of months	Consultants' Assessment
	Rent Free Period	No. of Months	Consultants' Assessment
	Brokerage	No. of months	Consultants' Assessment
Vacancy Provision	%	Consultants' Assessment	
<b>Construction Timelines</b>	Construction Commencement	Quarter, Year	Client / Consultants' Assessment
	Construction Completion	Quarter, Year	Client / Consultants' Assessment
<b>Absorption Timelines (for vacant space)</b>	Respective spaces in each development	Quarter, Year	Consultants' Assessment
<b>Market assessment and key property characteristics</b>	Opinions expressed on the scale of property, relative performance of submarket, asset quality, etc.	Not applicable	Consultants' Assessment

## 4 Financial Assumptions

### 4.1 Capitalization Rate Adopted

The capitalization rate adopted for valuing the asset has been based on factors such as:

- Historical entry yields (going in cap rates) for yield/ core office asset transactions across various key markets in India which have steadily shown a downward trend over last 7 - 8 years from 10.5 - 11.5% to about 7.5% - 8.5% in 2021 - 2022
- The increased appetite for income producing assets and availability of various modes of finance (real estate credit flows) backing such acquisitions
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given the barriers to entry such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction)
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer)

Based on the above highlighted attributes, the following cap rates have been adopted for the purpose of our valuation.

Asset/ Property Name	Particular
Embassy Business Hub	Office (Commercial Development) – 8.0%

## 4.2 Discount Rate Adopted

For discounting the cash flows, an appropriate discount rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC).

### 4.2.1 Cost of Equity

We have computed the cost of equity as per the Capital Asset Pricing Model (CAPM), which is derived as follows:

$$\text{Cost of equity} = \text{Risk Free Rate (Rf)} + \text{Beta } (\beta) * (\text{Market Return (Rm)} - \text{Risk Free Rate (Rf)})$$

As mentioned above, the cost of equity computed using CAPM constitutes of the following components:

- Risk free rate (Rf) i.e., long term (10 – year) treasury bond rate in India
- Market return (Rm) based on the returns of Broad-Based BSE 500 stock index for the past 10 to 15 years
- Computation of 'Beta ( $\beta$ )' of key listed realty stocks in India with respect to the Broad-Based BSE 500 stock index

The cost of equity adopted for specific projects has been adjusted for market/ project specific risk pertaining to a real estate project such as execution risk (construction status), approval risk, marketing risk etc. and adjusted for taxation. While the assumptions regarding the quantum of these risks have no quantitative basis, we have adopted them based on our understanding of the market and our opinion on the project performance.

### 4.2.2 Cost of Debt

#### Under Construction Blocks

For under construction blocks, the cost of debt has been considered based on prevalent Construction Finance (CF) rates for Grade A office parks across Bengaluru.

### 4.2.3 Weighted Average Cost of Capital (WACC)

#### Under construction Blocks

As highlighted earlier, the cost of debt has been assumed based on the prevalent LRD and construction financing rates while the cost of equity assumed has been adjusted for asset and market specific attributes to reflect the market expectations from an operational Grade A office development. Further, the proportion of debt and equity has been derived considering the prevalent LRD tenures and its contribution in the overall asset value. The debt proportion has also been cross-checked with actual debt position of the asset and was found to be broadly in line.

Based on above, the following WACC rates have been assumed depending on the status of the completion of each phase of the subject property:

WACC Rate during construction:

Asset/ Property Name	Particular	Proportion	Cost	WACC
Embassy Business Hub, Bengaluru	Debt	50.00%	10.00%	13.00%
	Equity	50.00%	16.00%	

WACC Rate during operations:

Asset/ Property Name	Particular	Proportion	Cost	WACC
Embassy Business Hub, Bengaluru	Debt	47.50%	8.60%	11.70%
	Equity	52.50%	14.50%	

## 5 Valuation Certificate

**Property Name:** 'Embassy Business Hub' is a commercial office development located along Venkatala Village, Bengaluru North, Bengaluru, Karnataka 560064 ("Subject Property")

**Property Address:** Embassy Business Hub, Venkatala Village, Bengaluru North, Bengaluru, Karnataka 560064.

**Instructing Party:** Embassy Office Parks Management Services Private Limited in its capacity as manager of The Embassy Office Parks REIT

**Interest Valued:** Embassy Construction Private Limited's interest associated to the Joint Development Agreements held over the Subject Property.

**Land Area:** Based on information provided by the Client, the Valuer understands that the total land area of the subject property under the purview of this exercise is approximately 13 Acres. The same has been considered for the purpose of this appraisal.

**Brief Description:** The subject property is a under construction commercial development christened 'Embassy Business Hub' located on Bellary Road (NH-44), Yelahanka, Bengaluru, Karnataka. Further, the location is currently an emerging micro-market with majority of residential and commercial developments under various stages of construction. In addition, the subject property is located at a distance of approx. 2 – 3 km from Yelahanka Junction, approx. 4 – 5 km from Hebbal Junction, approx. 13 – 14 km from MG Road (CBD), approx. 15 – 16 km from Bengaluru City Railway Station and approx. 22 – 23 km from Kempegowda International Airport.

The area details of the property are as follows:

Particulars	Total Leasable area (in msf)
Phase I	0.66
Phase II including Food Court	1.43
<b>Total</b>	<b>2.09</b>

Source: Client Inputs

### Joint Development Agreement:

There are two Joint Development Agreement's (JDA) entered between various landowners and Embassy Construction Private Limited ("ECPL" or the "Developer"). The Developer is required to construct a 2.09 million square feet (msf) commercial development, and in return the developer will be allocated a portion of ownership of the completed development, with the remaining shares allocated to the landowners. The details pertaining to the same are summarised as below:

Particulars	Phase I	Phase II
Date of Agreement	31 <sup>st</sup> May 2019	14 <sup>th</sup> June 2019
Land Area (Approx. Acres)	4.3	9.2
Total Leasable Area (sft)	0.66	1.43
Developer's share Leasable Area (sft)	0.40	0.96
% share of ownership to Developer	60%	67%

In accordance with the terms of the JDA for Phase I of the development, the developer and landowner have entered into an area allocation agreement to identify and allocate the specific constructed area / units that would fall under the landowner's 40% entitlement and the developer's 60% allocation. The JDA for Phase II of

the development contemplates that upon receipt of plan sanction, the parties will enter into an area allocation agreement to identify and allocate the specific constructed area / units that would fall under the landowners' 33% allocation and the developer's 67% allocation. The Client will be acquiring the Developer's interest in the Subject Property.

Statement of Assets (sf):

The Subject Property is an under construction commercial development with a total leasable area of approx. 2.09 msf.

Phase	Total Area (msf)	Operational area (msf)	Under Construction area (msf)
Phase I	0.66	-	0.66
Phase II including Food Court	1.43	-	1.43
<b>Total</b>	<b>2.09</b>	-	<b>2.09</b>

The Developers interest corresponds to 1.36 msf across Phase 1 and 2. The table below highlights the client's share leasable area break-up for the subject development commensurate to the interest valued in Embassy Business Hub:

Phase	Client's Area (msf)	Operational area (msf)	Under Construction area (msf)
Phase I	0.40	-	0.40*
Phase II including Food Court	0.96	-	0.96
<b>Total</b>	<b>1.36</b>	-	<b>1.36</b>

Source: Client Inputs; \*Precommitment including hard option.

Valuation Approaches:

Valuation Approach	Under Construction Blocks
Office Component	Discounted Cash Flow Method

Nature of Interest of REIT in the asset:

100%

Date of Valuation:

February 28, 2023

Date of Inspection:

October 17, 2022

Purchase Price for the property:

NA

Ready Reckoner Rate (as per documents published by State Government):

Land Rate: INR 2,626 per sf

Value of the Assets owned by the Embassy REIT:

NA

Value Conclusion as of February 28, 2023:

Component	Total Leasable Area(msf)	Client's Share - Leasable area (msf)	Market Value (INR Mn) – Client's Interests
Phase I (pre-committed to Philips)	0.66	0.40	1,808
Phase II including Food Court	1.43	0.96	1,668
<b>Total Value of the property</b>	<b>2.09</b>	<b>1.36</b>	<b>3,475</b>

Any matters which may affect the property or its value

Please refer section 6.4 of this report

Assumptions, Disclaimers, Limitations & Qualifications

This valuation report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report which are made in conjunction with those included within the Assumptions, Disclaimers, Limitations & Qualifications section located within 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 party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.

Heightened Market Volatility

We draw your attention to a combination of global inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

Prepared by:

iVAS Partners, represented by Mr. Manish Gupta

Official Signatory of the Valuer:



**Name:** Mr. Manish Gupta  
**Designation:** Partner, iVAS Partners  
**Valuer Registration Number:** IBBI/RV-E/02/2020/112



## 6 Embassy Business Hub

### 6.1 Property Description

Brief Description	
Particulars	Details
<b>Property Name</b>	Embassy Business Hub
<b>Address</b>	Embassy Business Hub, Venkatala Village, Bengaluru North, Bengaluru, Karnataka 560064.
<b>Land Area</b>	Based on information provided by the Client, the Valuer understands that the total land area of the subject property under the purview of this exercise is approximately 13 Acres. The same has been considered for the purpose of this appraisal.
<b>Total Leasable Area</b>	Total Under-construction Area – 2.09 msf;
<b>Leasable Area (Client's share)</b>	Total Under-construction Area – 1.36 msf;

Source: Title Report, Architect Certificate

#### 6.1.1 Site Details

**Situation:** Subject property – ‘Embassy Business Hub’ is an under-construction Office Park located along Venkatala Village, Bengaluru North, Bengaluru, Karnataka 560064.

**Location:** As highlighted earlier, the subject property is located towards northern periphery of Bengaluru. The property is accessible through 150 feet wide Bellary Road. On account of being located along Bellary Road and in proximity to Outer Ring Road, the subject property enjoys good connectivity to other established micro-markets such as Yeshwanthpur, KR Puram, Whitefield, Sarjapur Outer Ring Road, etc. The location has emerged as a prominent real estate hub in the past 7-8 years post operations of Kempegowda International Airport in Devanahalli.

Majority of the developments along the Hebbal - Yelahanka stretch are currently witnessed to be either recently operational or in the advanced stages of construction and are expected to be completed in the short - medium term. In addition, it was observed that majority of the developments along this stretch were witnessed to be a mix of commercial and residential with a high-end/ luxury positioning. Subject location is in proximity to established residential catchment of Yelahanka New Town, Sahakarnagar, Amruthahalli, Jakkur, etc., which is witnessing increased residential activity over the last few years. Hilton and Hilton Garden Inn, Howard Johnson, Country Inn and Marriott Courtyard are the major hotel developments in the immediate vicinity of the subject property, Esteem Mall (Bellary Road NH-44), Elements Mall (Thanisandra) & RMZ Galleria mall (Yelahanka) are the operational retail developments in the subject location.

Prominent residential apartments that are currently in various stages of construction completion include Embassy Lake Terraces, Century Ethos, L&T Raintree Boulevard, Karle Zenith, SNN Clermont, Prestige Misty Waters, G-Corp Icon, Mantri Lithos & Energia, etc.

The distances from key hubs to the subject property are presented in the table below:

Landmark	Distance (km)
Yelahanka Junction	2 – 3
Hebbal Junction	4 – 5
MG Road (Central Business District)	13 – 14
Bengaluru Railway Station	15 – 16
Kempegowda International Airport	22 – 23

Source: Consultants' Research

**Surrounds:** As stated earlier, the subject location is characterized by the presence of numerous Commercial developments, campuses of large IT corporates and vacant land parcels. The immediate surroundings of the subject property are as follows:

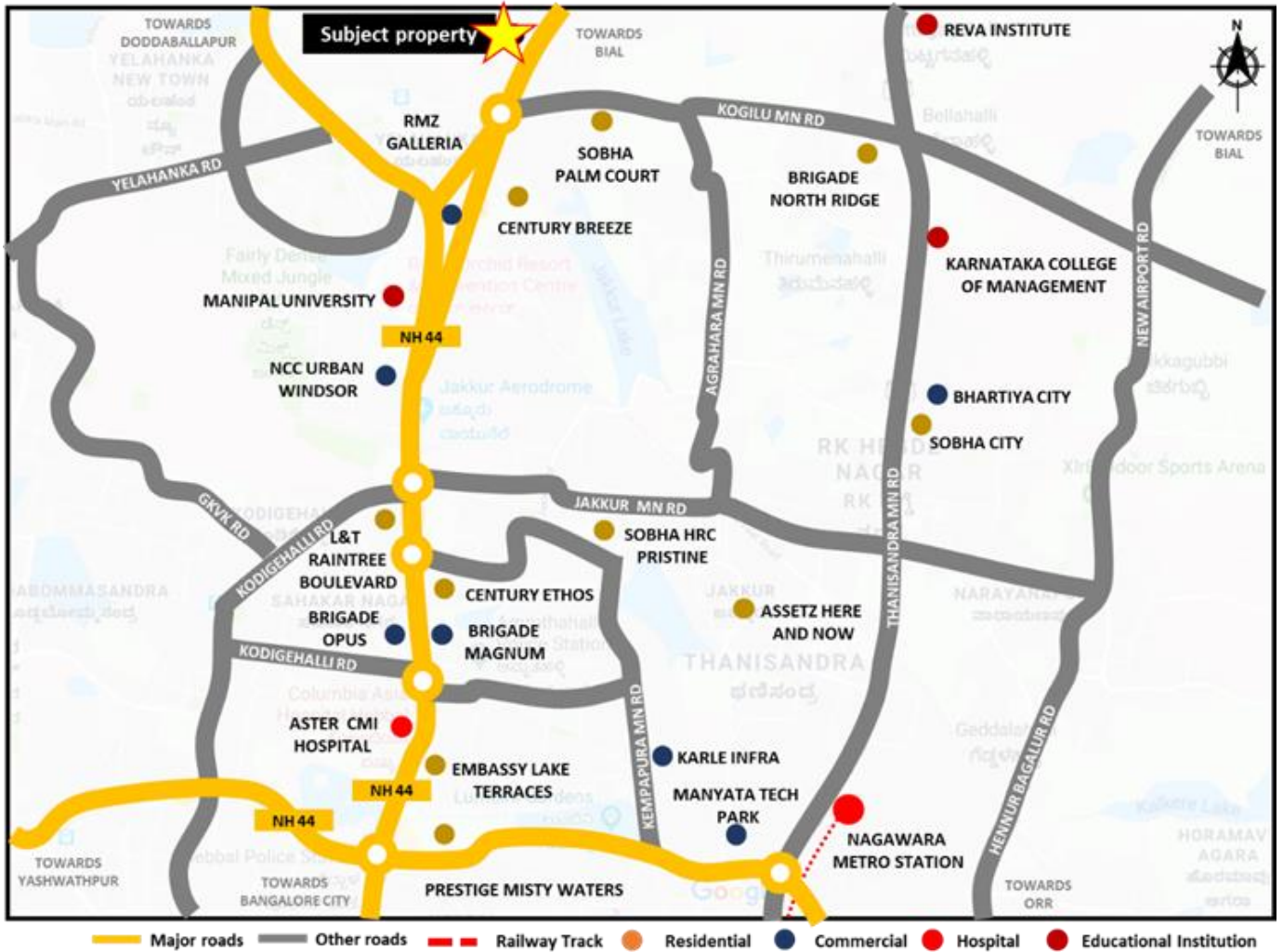
- **North:** Private property
- **South:** Private Property
- **East:** Primary Access Road (NH44 admeasuring 150 ft wide)
- **West:** Private property

**Potential changes in surroundings:** North Bengaluru is one of the most prominent growth vectors in the city with organised real estate activity primarily under-construction and concentrated in locations closer to city/ activity centres. Currently, the activity is primarily residential in nature with the exception of a few commercial/ retail developments. Further, we understand that other asset classes such as retail and hospitality are in the nascent stages of development. The Hilton and Hilton Garden Inn located in Nagavara are recently completed hotel developments. However, on account of presence of superior physical infrastructure and owing to the presence of large land banks (albeit located further north from Yelahanka) being held by prominent developers which are expected to be developed in the near future, coupled with KIADB Industrial parks (located south of BIAL) and under development private townships (Bhartiya City, Karle Town Centre, etc.), we are of the opinion that the subject micro-market will transform into an active real estate hub in the short to medium term.

**Suitability of existing use:** Subject property – 'Embassy Business Hub' is an under-construction Office Park located along Venkatala Village, Bengaluru North, Bengaluru, Karnataka 560064.

The following map indicates the location of the subject property and surrounding developments:

**Location Map for the Subject Property**



Source: Consultants' Research

- Shape: Based on site inspection, it was observed that the subject land parcel is regular in shape. Further, it was observed that the subject land parcel is at the same level as the abutting road neighbouring properties.
- Topography: Based on visual inspection, the subject property appears to be even and on the same level as the abutting access road.
- Accessibility /Frontage: Based on the visual inspection, it was observed that the primary access for the subject property would be through 150 feet wide Bellary Road. By virtue of the same the property enjoys excellent accessibility and frontage.

### 6.1.2 Legal Details

As per the title due diligence undertaken by TRILEGAL and as provided by the EOP management, we understand that the exact address of the subject property is Venkatala Village, Bengaluru North, Bengaluru, Karnataka 560064

Further, this appraisal exercise is based on the premise that the subject property has a clear title and is free from any encumbrances, disputes, claims, etc. "Consultants" have not made any inquiries in this regard with the relevant legal/ statutory authorities.

### 6.1.3 Joint Development Agreements

There are two Joint Development Agreement's (JDA) entered between various landowners and Embassy Construction Private Limited ("ECPL" or the "Developer"). The Developer is required to construct a 2.09 million square feet (msf) commercial development, and in return the developer will be allocated a portion of ownership of the completed development, with the remaining shares allocated to the landowners. The details pertaining to the same are summarised as below:

Particulars	Phase I	Phase II
Date of Agreement	31 <sup>st</sup> May 2019	14 <sup>th</sup> June 2019
Land Area (Approx. Acres)	4.3	9.2
Total Leasable Area (sft)	0.66	1.43
Developer's share Leasable Area (sft)	0.40	0.96
% share of ownership to Developer	60%	67%

In accordance with the terms of the JDA for Phase I of the development, the developer and landowner have entered into an area allocation agreement to identify and allocate the specific constructed area / units that would fall under the landowner's 40% entitlement and the developer's 60% allocation. The JDA for Phase II of the development contemplates that upon receipt of plan sanction, the parties will enter into an area allocation agreement to identify and allocate the specific constructed area / units that would fall under the landowners' 33% allocation and the developer's 67% allocation. The Client will be acquiring the Developer's interest in the Subject Property.

We are not property lawyers and have assessed the Clients Interest based on our review of the JDA's and information provided by the client. If our assumptions are proven incorrect, we reserve the right to review this valuation.

### 6.1.4 Town Planning

#### Zoning

Based on inputs provided by the Client, we understand that the subject property is zoned for 'Residential (Main) Use' along the 'Mutation Corridor' and will be converted for commercial use. Further, the property is located within the jurisdiction of 'Bengaluru Development Authority' (BDA) and the land use is in alignment with the Bengaluru Revised Master Plan 2015. Further, as per the Bengaluru Revised

Master Plan 2015 and based on the width of the access road and zoning regulations, we understand that the subject property would be able to achieve a maximum permissible FAR of 3.25.

It must be noted that all factual data viz. permissible usage, zoning, leasable area, etc. and other factual details have been provided by the Client and no physical verification/ measurement has been undertaken for the purpose of this valuation exercise.

Approved Usage:	Based on information provided by the Client and visual inspection during our site visit, we understand that the subject property is an under-construction office park. The current use of the subject property has been provided by the Client and is broadly in agreement with the rules and regulations as prescribed by the local development authority. However, the 'Consultants' have not made any enquiries with the relevant local authorities to validate the same for its specific applicability to the subject property.
Restrictions:	As per feedback received from the Client, there are no restrictions on the current use of the property.
Natural or induced hazards:	We are of the opinion that the project/ site has been developed to withstand natural or induced hazards (with the exception of extreme/ out of the ordinary hazards).
Approvals:	Based on the inputs received from Client, we understand that all requisite approvals/NOCs to commence construction of the subject property were obtained before commencing construction activity.

## 6.1.5 Statutory Approvals, One-time Sanctions & Approvals

### 6.1.5.1 *Statutory Approvals received and to be received and One-time Sanctions & Approvals*

As per approval documents shared by the Client, it is understood that all requisite approvals for the commencement of construction have been received. The Client also has obtained the sanction plan for the part development in the subject property (i.e., Phase I ~ Philips Block). Hence, for all the under-construction blocks, individual approvals have been received/applied for and will be obtained in compliance with the completion timelines for the respective areas.

The details of the approvals have been shared by the Client and the same have been reviewed by the 'Consultants' and considered for the purpose of the valuation exercise:

Phase Name	Authority	Date of Issue (DD-MM-YY)
Phase I (Philips UC Block)	Airport Authority of India	30-05-2019
	Bangalore Development Authority	07-11-2020
	BSNL	08-07-2019
	BWSSB	18-02-2021
	BBMP	07-04-2020
	KSPCB	17-03-2020
	Karnataka State Fire & Emergency Services NOC	12-08-2021
	MOEF – Environment Clearance	10-12-2019
	BESCOM	23-03-2020
	NOC – Air Force (ATS)	04-12-2019

Source: Information provided by the Client; Phase II - Design has been finalised and Site Mobilization work is currently under progress.

### 6.1.6 Area Details, Type and Age of Existing Structures

The table below highlights the area details of the subject property pertaining to the Client’s share:

Subject Property	Leasable area (msf) – Client’s Share	Completed Area	Leased Area (msf) – Client’s Share
Embassy Business Hub	1.36	Under Construction	0.40*

Source: Rent roll, Information provided by Client ; \*Pre-commitment Leased area (including Hard option)

The table below highlights the detailed area break-up of the subject development:

Phase	Building Elevation	SEZ/Non-SEZ	Age (Years)	Total Leasable Area (msf)	Client’s Share of Leasable Area (msf)
Under Construction Phases					
Phase I	3B + G + 13	Non - SEZ	Under Construction	0.66	0.40*
Phase II including Food Court	NA	Non - SEZ	Under Construction	1.43	0.96
<b>Total</b>				<b>2.09</b>	<b>1.36</b>

Source: Rent roll, Information provided by Client, \*Pre-commitment Leased area (including Hard option)

Details	Completed Blocks	Phase I	Phase II
Grade of the Building	NA	A	A
LEED Certification	NA	Pre-Certified as Gold	-
Structural Design	NA	RCC	RCC
Status of Finishing	NA	Ongoing	Mobilization work under progress
Comments on Obsolesce	NA	-	-

Source: Site visit and Client Inputs

### 6.1.7 Site Services and Finishes

Particulars	Details
Handover condition	Warm Shell
Passenger elevators	To be Provided
Service elevators	To be Provided
Power back-up	To be Provided
Building management system	To be Provided
Security systems	To be Provided
Air conditioning (HVAC)	To be Provided
Firefighting services	To be Provided
Car parks to be provided	MLCP, Basement, Covered and open car parks

Source: Information provided by Client

Based on information provided by the Client and corroborated with our visual inspection during the site visit, it is understood that the subject property will provide requisite amenities in the subject property.

### 6.1.8 Condition & Repair

Based on information provided by the Client and corroborated with our visual inspection during the site visit, the subject property is currently under construction.



### 6.1.9 Property Photographs

Please refer to the property photographs highlighted below:

#### Embassy Business Hub



External view of the subject property (SP)



External view of the subject property (SP)



Internal View of the SP



View of the SP



Internal View of the SP



Internal View of the SP

## 6.2 Tenancy Analysis

### 6.2.1 Historical Occupancy Rates

The table below highlights the historical occupancy rates at the subject development:

Particulars	February 28, 2023
Occupancy	NA
Pre-Commitment	29.44% <sup>^</sup>

Source: Rent roll and information provided by the Client; Indicative of committed occupancy; Note: <sup>^</sup>Percentage of Pre-committed leasable area out of the total leasable area i.e., 100% of the under-construction phase I block (total leasable area approx. 0.66 Mn sft viz. 0.40 Mn sft of client’s share) has been pre-leased to date or is a hard option.

Embassy Business Hub’s scale, quality and wide-ranging amenities have enabled it to attract both domestic and multi-national marquee tenants. The scalability on offer has enabled occupiers to expand within the asset over the years.

### 6.2.2 Escalation Analysis

As per the review of recently executed lease at the subject property, it is understood that the contracted escalation terms for pre-committed lease is 15.0% every three years, which is in line with the prevailing market practise witnessed across the submarket and Bengaluru.

### 6.3 Assumptions Rationale

The subject property is located on Bellary Road towards north of Bengaluru city. The property is located at a distance of approx. 2-3 km from Yelahanka Junction, approx. 4-5 km from Hebbal Junction, approx. 13-14 km from MG Road (CBD), approx. 15-16 km from City Railway Station and approx. 22-23 km from Kempegowda International Airport. The subject micro-market is considered as one of the most prominent emerging vectors in terms of real estate activity. The micro-market has been witnessing significant development activity in terms of residential and commercial IT/ITeS developments.

The micro-market is bounded by Chikkajala and Bellary road in the North, Kogilu, Hennur and Thanisandra road in the East, Yelahanka New Town towards West, Yelahanka, Hebbal and Outer-ring road towards the South. The region has started witnessing development activity subsequent to the establishment of Bengaluru International Airport during 2008.

Establishment of Kempegowda International Airport in the North (at a distance of approx. 22-23 km from the subject property) has augmented development activity primarily in the form of residential apartment/ villa and commercial segments. Hebbal region, stretch from Hebbal flyover to Yelahanka, is considered as one of the most established locations of North Bengaluru. This is primarily on account of the superior infrastructure initiatives, easy connectivity to the CBD and the International Airport and the same has led to significant increase in capital values in the recent past. Majority of the developments along this stretch are currently witnessed to be in the advanced stages of construction and are expected to be completed in the short to medium term time frame. In addition, it was observed that majority of the developments along this stretch were witnessed to be a mix of commercial and residential segments. Kirloskar Business Park is a notable small-scale development (viz. 0.35 Mn sft) along this stretch. Other prominent commercial developments along this stretch that are currently under various stages of planning/ construction and operational include Sobha APMC (planned), Brigade Magnum (operational), RMZ Latitude (operational), etc. Residential developments along this stretch are witnessed to be small to medium-scale apartment projects which are typically upper-mid end to high-end in nature. Upper mid end apartments along this stretch include L&T Raintree, Hoysala Ace, Alpine Pyramid, etc., and high-end apartment projects include Century Ethos, Embassy Lake Terraces, RMZ Latitude, Godrej Platinum, Brigade Caladium, SNN Clermont etc.

Yelahanka, northern periphery of the subject micro-market, is primarily characterised by residential independent dwelling units and a few apartment developments. The location has started witnessing organised real estate development activity in the recent years. RMZ Galleria is a prominent mixed used development comprising of apartments, commercial IT/ITeS office space and a retail mall in the location. NCC Urban Windsor is one of the completed commercial developments in close vicinity to the subject property. Further, Embassy Manyata Business Park (approx. 12 Mn sft of operational area), which is close proximity to the subject property is one of the key drivers for real estate development in the micro-market. The residential segment is characterized by the presence of numerous medium to large-scale apartment projects.

Thannisandra road and Hennur road forms eastern periphery of the subject micro-market. Organised real estate activities along this stretch are primarily in the form of large-scale apartment projects and large townships. Majority of the real estate activity along these vectors commenced post 2010. Large scale developments along these vectors can be attributable to the presence of availability of large tracts of land at cheaper rates, spill over of activity from locations such as Hebbal, Outer Ring Road, etc. In addition, commencement of operations of International Airport during 2008 and announcement of KIADB industrial parks in Bagalur has triggered real estate activity in the location. Currently, the region has limited presence of completed residential developments. However, a large number of residential developments are currently in various stages of construction and planning. Some of the prominent apartment projects include 'G-Corp Icon', 'Provident Harmony', 'Monarch Serenity', 'Salarpuria Gold Summit', 'Mantri Web City', 'Goyal Orchid Woods', etc.

'Sobha City' and 'Bhartiya City' are some of the notable large-scale townships in the region. 'Bhartiya City' is a large-scale mixed used township comprising of apartments, commercial office, retail and a hotel. 'MSR Elements mall' and 'Brigade Orion East' are some of the notable operational retail malls in the region

Hebbal Outer-Ring Road extends from Hebbal to KR Puram and is a prominent emerging location and has been witnessing increased real estate activity owing to the presence of Manyata Embassy Business Park and better accessibility attributes on account of Outer Ring Road. 'Karle Town Centre' and 'Embassy Manyata Business Park' are notable large-scale townships located along this stretch. Prominent apartment projects along this stretch include 'Karle Zenith', 'SNN Clermont', 'Sobha Petunia', 'Prestige Misty Waters' etc. 'Brigade Orion East' is a notable retail mall that has got operational in the recent past in the region. 'Hilton', 'Hilton Garden Inn', 'Howard Johnson' and 'Country Inn' are some of the branded hotels in this region.

The real estate activity in the micro-market is primarily concentrated in locations closer to city/ activity centres. The subject location is expected to witness significant real estate development activity and transform into an active real estate hub in the short to medium term time frame and this can be primarily attributable to factors such as superior physical infrastructure, large land banks being held by prominent developers (expected to be developed in the near future), development of Industrial parks and its impetus in real estate sector, etc.

### 6.3.1 Demand and Supply Dynamics

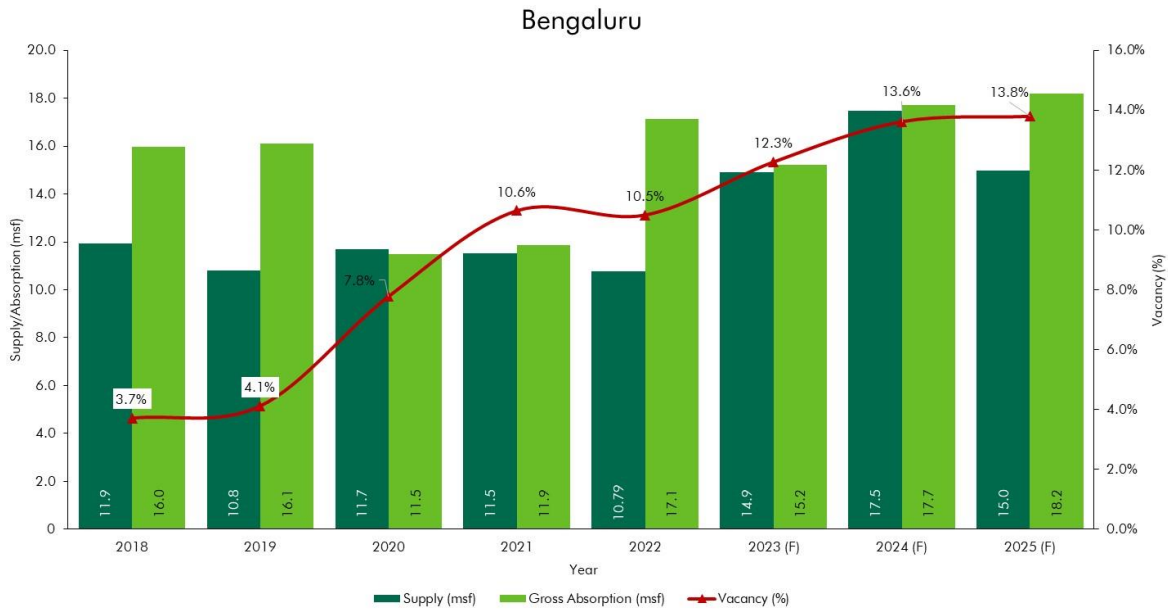
#### 6.3.1.1 Demand, Supply and Vacancy Trends – Bengaluru and Bellary Road

Total completed stock in Bengaluru as of Q4, CY 2022 is 191.5 msf, out of which Bengaluru North submarket account for Approx. 13.2%.

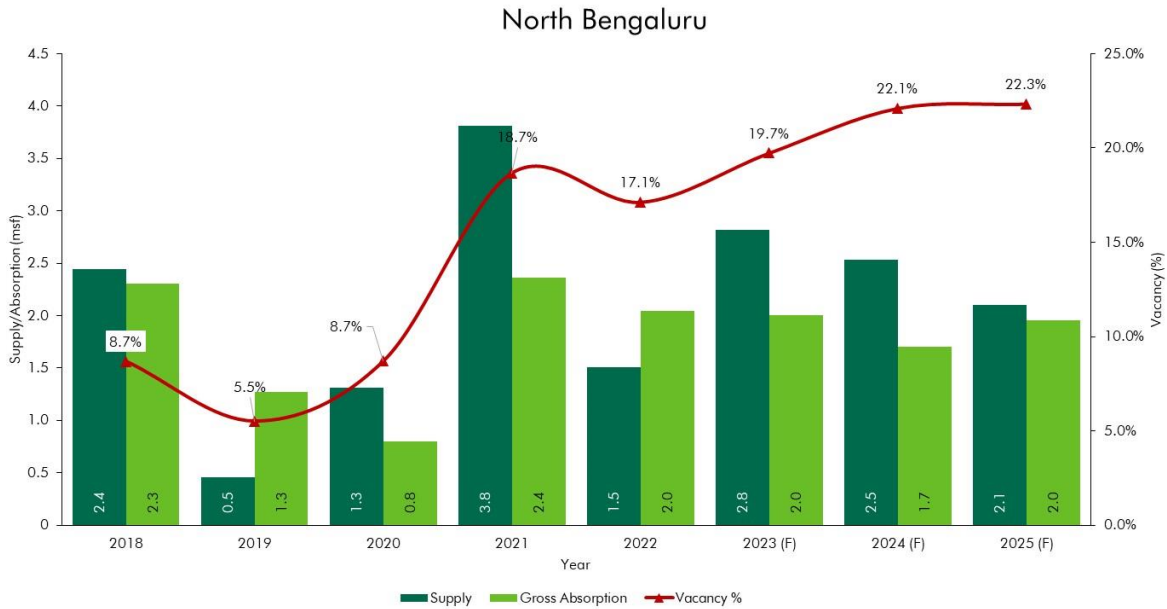
Particular	Bengaluru	North Bengaluru
Cumulative completed office stock (CY 2022)	Approx. 191.5 Mn sft	Approx. 25.2 Mn sft
Cumulative occupied stock (CY 2022)	Approx. 171.4 Mn sft	Approx. 20.9 Mn sft
Current vacancy (CY 2022)	Approx. 10.5%	Approx. 17.1%
Average annual office absorption (2018 – Q4 2022) – Gross Absorption	14.5 msf	1.8 msf
Future supply (till year 2025)	CY 2023 – 14.9 msf; CY 2024 – 17.5 msf; CY 2025 – 15.0 msf	CY 2023 – 2.8 msf; CY 2024 – 2.5 msf; CY 2025 – 2.1 msf

Source: Consultant's assessment

**Demand – Supply Dynamics (Bengaluru)**



**Demand – Supply Dynamics (North Bengaluru Zone)**



Source: Consultants’ Assessment; Note: Supply – refers to fresh completed supply added each year; Absorption – refers to gross absorption; the vacancy in the chart accounts for the gap between cumulative stock and demand in the city in any given year.

Based on our market study, we understand that the developments situated in micro markets that are located in close proximity to the city such as Thanisandra, Yeshwanthpur, Hebbal, HMT Layout, Yelahanka, Nagavara Outer Ring Road, Bellary Road, Jakkur, Tumkur Road, Hennur, Sadahalli, etc., are witnessing higher demand vis-a-vis 57 IT parks located farther away. Grade A developments situated in these micro markets are currently exhibiting nominal vacancy levels. Based on our market study, it

was observed that Bengaluru North is expected to witness an influx of approx. 5.3 Mn sft of commercial space (viz. under construction developments of SEZ & Non SEZ formats) in the next two years.

### 6.3.1.2 Key Developments in Submarket

The table below highlights the prominent developments in the subject submarket:

Building Name	Current Status	Development Type	Leasable Area (in msf)	Approx. Vacancy (%)	Quoted Rent (INR psf pm)
Azure	Operational	Non SEZ	0.5	10 - 15%	80 - 85
Umiya Velocity	Operational	Non SEZ	0.7	80 - 90%	75 - 80
VSPL Pinnacle	Operational	Non SEZ	0.2	90 - 95%	60 - 65
MSR North Tower	Operational	Non SEZ	0.5	90 - 95%	85 - 95

Source: Consultants' Assessment

### 6.3.2 Lease Rent Analysis

The prevailing quoted lease rentals for Commercial Office Parks in the micro-market ranges between INR 60 to 70 per sf per month for properties along Bellary road (towards further north side of Hebbal junction) on warm shell basis; depending upon specifications offered, location and accessibility of the development (viz. along/off the main arterial roads), quality of construction, developer brand, amenities offered, etc. The parking charges in such developments range between INR 2,750 – 3,250 per bay per month for covered car parks. The table below highlights some of the recent transacted rent for office parks/ assets in the influence region of the subject property:

Date of Transaction	Area(sf)	Tenant	Transacted Rent Value (INR psf pm)*
<b>Bengaluru North</b>			
Q3 2022	25,300	Tenant 1	94(Ws)
Q3 2022	200,000	Tenant 2	74(Ws)
Q3 2022	24,781	Tenant 3	74(Ws)
Q3 2022	25,000	Tenant 4	84(Ws)
Q2 2022	31,000	Tenant 5	82(Ws)
Q2 2022	29,000	Tenant 6	66(Ws)
Q2 2022	28,880	Tenant 7	182(FF)
Q2 2022	86,883	Tenant 8	182(FF)
Q2 2022	60,000	Tenant 9	68(Ws)
Q1 2022	58,400	Tenant 10	72(Ws)
Q1 2022	28,900	Tenant 11	67(Ws)
Q1 2022	21,970	Tenant 12	76(Ws)
Q1 2022	18,500	Tenant 13	149(FF)
Q1 2022	18,500	Tenant 14	69(Ws)

Source: Consultants' Assessment; \* Rent is base rent (viz. exclusive of property tax & insurance) on leasable area basis; Note: WS – Warm shell; FF – Fully Fitted-out

Based on the recent transaction witnessed in the micro market as highlighted in the table above and the transaction witnessed in the larger development of the subject property, we understand that the subject property would command a marginal rental (for office space) of INR 66 – 68 per sf per month (say an average rental of **INR 67 per sf per month of leasable area**). The Food court within the subject development provides convenience to the working population in the subject development. Valuer has assumed lease rentals for food court spaces in the range of **INR 90 – 110 per sf per month (say INR 100 per sf per month)** as on date of valuation.



## 6.4 Value Assessment

### 6.4.1 Adopted Methodology

We acknowledge that the approaches to valuation differ considerably and that for a particular purpose, alternative approaches to the valuation can be utilized subject to the Client's consultations and giving due consideration to the Client's requirements. Considering the objective of this exercise and the nature of asset involved, the value of the subject property has been assessed through the following approaches:

Particulars	Under Construction Blocks
Valuation Methodology	Discounted Cash Flow Method

The sections below highlight detailed valuation workings for the subject property.

### 6.4.2 Area statement

Based on information, rent roll, architect certificate provided by the Client, we understand that subject property is an Office Park. Further, the table below highlights the area configuration of the subject property:

Particular	Total Leasable area (in msf)	Client's Share of Leasable Area (msf)*
Phase I	0.66	0.40
Phase II including Food Court	1.43	0.96
<b>Total</b>	<b>2.09</b>	<b>1.36</b>

Source: Architect certificates, rent roll, client inputs; \*The entire area is currently under construction.

### 6.4.3 Construction Timelines

#### 6.4.3.1 Under-Construction Blocks

Based on visual inspection during the site visit and information provided by the Client, the following timelines for construction have been adopted for the purpose of this valuation exercise. A pending cost of approx. INR 8,316 Mn is remaining as of date of valuation.

Phase	Construction Commencement	Construction Completion*	Construction (% completion)	Construction Status
Phase I	Commenced	Q2, FY 2024	57%	Under-Construction
Phase II including Food Court *	Commenced	Q2, FY 2028	-	Under-Construction

Source: Client's inputs and Consultant's assessment, \*Phase II – Design has been finalised, Civil contractors have been appointed and site mobilization work is currently under progress.

### 6.4.4 Absorption/ Leasing Velocity and Occupancy Profile

#### 6.4.4.1 Under-Construction Blocks

The absorption period assumed for the subject development is based on market dynamics and extent of development in the relevant submarket, nature of subject development, competing supply of same nature, location within the respective submarket, etc. The entire development is assumed to be absorbed by FY 2029.

### 6.4.5 Revenue Assumptions

Kindly note that the valuation assumptions/inputs pertaining to development timelines, positioning, etc. have been considered based on the Consultant’s assessment of the existing on-ground review of the subject property and proposed future supply the subject submarket. Further, the assumptions such as revenue assumptions, absorption period, etc. for the development are based on market benchmarks and extent of vacancy in the subject submarket and competing supply.

#### 6.4.5.1 Lease rent assumptions

##### 6.4.5.1.1 Office Component

For the purpose of this appraisal exercise, the lease rent adopted for the area pre-committed is based on the information shared by the Client. Further, the Consultants have undertaken an in-depth market research exercise to assess the prevailing rent values in the subject submarket. The same has been adopted for the vacant space for the purpose of this valuation exercise.

Based on our market study and based on the analysis of the precommitment lease provided by the Client, following rent has been adopted for the purpose of value assessment of the completed blocks at the subject property. The detailed rent assessment workings are highlighted in the lease rent analysis section presented above.

Component	Client’s Share - Leasable Area (msf)	Leased Area (msf)	Basis	Rent Adopted (INR psf pm)*
Office	1.36	0.40*	Current Rent for Leased (Pre-committed) area	57.0 <sup>^</sup>
			Marginal rent for reversion/ vacant area	67.0

Source: \*Area Pre-committed (includes hard option); The rent mentioned above excludes other income such as CAM charges, parking income received from the tenants, etc.; <sup>^</sup> weighted average warm shell rent for area pre-committed – as per information shared by Client

The above marginal rent assumption is adopted for the entire subject development. Since the leased space of 400,657 sft is being pre-leased (includes hard option), the rent for the area has been considered at INR 57 psf pm. However, the rent for the vacant areas have been considered at INR 67 psf pm. In addition to undertaking an in-depth market analysis, a detailed analysis of the rent rolls was also undertaken to understand aspects such as area occupied, current rent and expiry analysis of the key tenants in the park.

#### 6.4.5.1.2 Food Court Component

As per the information provided by the Client, it is understood that a food-court measuring approx. 33,007 sf has recently commenced construction. The food-court will operate as ancillary retail, providing convenience to the working population in the subject development as well as surrounding development. The Consultants have undertaken an in-depth market research exercise to assess the prevailing rent values in the subject submarket. The same has been adopted for the vacant space for the purpose of this valuation exercise. It has been observed that rent for retail spaces for similar developments (office space with ancillary retail) across Bengaluru command a premium over office space rent. Given the above, we have assumed marginal rent in the range of **INR 90 to 110 psf pm (say INR 100 psf pm)** as on date of valuation.

#### 6.4.5.2 Rent Escalation

Based on an analysis of existing lease rolls and recent leasing at the subject property, it was observed that the typical escalation clause in the subject property is approx. 15.0% after every three years, which is in-line with the trend observed in the market. The same has been adopted for the vacant area and renewals at the subject property.

#### 6.4.5.3 Parking Assumptions

Based on the prevailing car parking rate in Bellary Road and Bengaluru North markets, we have assumed a car park charge of INR 4.0 per sft of leasable area per month for office spaces.

#### 6.4.5.4 Other Revenues

In addition to lease rent revenues, office assets typically have additional sources of revenue. These include revenues on account of security deposit (refunded at the time of lease expiry / exit), other miscellaneous income etc.

The assumptions considered for the aforementioned revenue heads for the purpose of this valuation exercise are based on the precommitment & information provided by the Client. The same has been cross-checked with the prevailing market norms for other revenues and were found to be broadly in line.

The assumptions adopted for other revenues are as tabulated below:

Nature of Income	Details	Units
Miscellaneous Income	1.5%	% of gross rental income
Warm shell Security Deposit	6	No. of months' warm shell rental
Parking Income (For vacant and UC development) ^	4	INR per car park per sft per month

Source: Client's Inputs & Consultants' assessment

## 6.4.6 Expense Assumptions

### 6.4.6.1 Development Cost

The following table highlights the assumptions towards the development cost for the completed, under-construction blocks at the subject development:

Phase	Total Cost of Construction (INR Mn)	Pending Cost to be Spent (INR Mn)
Phase I	3,690	1,603
Phase II including Food Court	6,714	6,714
<b>Total</b>	<b>10,404</b>	<b>8,316</b>

Source: Client's input;

The above construction costs have been provided by the Client, and we have reviewed these costs which appear reasonable and are in line with the market benchmarks for similar projects.

### 6.4.6.2 Operating Cost

In addition to capital expenditure, a development typically has few recurring operational expenses required for the up-keep and running of the development. Based on information provided by the Client and market assessment, following recurring expense assumptions have been adopted for the purpose of this valuation exercise:

Nature of Expense	Details	Basis
Insurance, Legal and other professional charges	0.30	INR psf per month
Property Tax	3.00	INR psf per month
Asset management Fee*	3.0%	% of total income
Operating Expenses	1.0%	% of rental income
Transaction cost on Exit	1.0%	% of terminal value

Source: Client Input; Consultants' assessment; \* Asset Management fees has been considered a below the NOI line item;

## 6.4.7 Other Assumptions

### 6.4.7.1 Vacancy provision

Based on the micro market dynamics and considering the building grade and quality of the developer, we understand that their developments generally witness a better performance vis-a-vis the comparable developments in the region in terms of occupancy. Hence, a stabilised vacancy provision of 2.5% has been adopted during the operations and upon assessment of terminal value.

### 6.4.7.2 Revenue escalation

Based on prevailing market condition and our interactions with market participants, we are of the opinion that the annual marginal rent growth for the subject property will be 5.0%.

#### 6.4.7.3 Rent – free period

Based on the trend prevalent in the subject submarket, we have considered a rent-free period of 4 months for the subject property from the lease commencement date (for all future / new leases).

#### 6.4.7.4 Brokerage

Based on prevalent market dynamics, we have considered brokerage equivalent to 2 months of rental income for all future / new leases

#### 6.4.8 CAM Cashflows

Under the scope of this exercise, CAM Cashflows for the subject property (100% interests pertain to Client) have been assessed both during the holding period and at the time of notional exit. Margin on CAM and CAM Recoveries are included in the financials as per the CAM margin based on market benchmarks and as per the pre-committed leases observed in the subject property. The same corresponds to approx. 25% margin on CAM expenses during the holding period. However, we have considered a market led CAM margin of approx. 20% at the time of notional exit.

#### 6.4.9 Capitalization Rates

As highlighted in section 4.1, the cap rate adopted for the office spaces is 8.0%.

#### 6.4.10 Discount Rate

For discounting the cash flows, the appropriate discounting rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC). The detailed analysis of WACC rate adopted for the subject property has been detailed in Section 4.2 of this report. For the under-construction Phase I ~ Philips Block, a double discount rate has been adopted for the valuation appraisal. As mentioned in Section 4.2, a WACC rate of 13% has been adopted during the stage of construction and a WACC rate of 11.7% has been adopted once the property is operational. However, as the construction of Phase II is just recently commenced, a single WACC rate of 13% has been adopted.

## 6.5 Value of the Subject Property

Based on the above-mentioned analysis, the value of the Client's interests in the Subject Property is estimated as follows:

Component	Leasable Area (msf) – Client's Share	Market Value (INR Mn) – Client's Share
Phase I (pre-committed to Philips)	0.40	1,808
Phase II including Food Court	0.96	1,668
<b>Total</b>	<b>1.36</b>	<b>3,475</b>

Source: Valuation Workings

For reference, we have considered the total Market Value of the Subject Property, on a 100% ownership basis. On the basis of 100% ownership, the Market Value "As Is", as at the date of valuation is INR 8,735 Mn.

## 7 Exhibits and Addendums

### 7.1 Other Mandatory Disclosures

#### 7.1.1 Details of Material Litigations:

Embassy Construction Private Limited (“ECPL”) has received a demand note dated June 16, 2020 from the Bangalore Water Supply and Sewerage Board for a payment of total charges amounting to ₹20.57 million in relation to issuance of a no-objection certificate for a proposed project commercial building on land situated at Venkatala Village, Yelahanka Hobli, Bangalore North Taluk, Bangalore and ECPL has filed a writ petition before the Karnataka High Court against State of Karnataka, Bangalore Water Supply and Sewerage Board and others challenging inter-alia, the demand note against ECPL seeking to, inter-alia, (i) quash the demand notice; and (ii) issue of no-objection certificate to ECPL. The High Court of Karnataka granted an ad- interim stay dated November 13, 2020, on the demand notice issued by BWSSB in relation to certain charges and instructed ECPL to pay the prescribed fee for issuance of no-objection certificate and directed BWSSB to issue NOC by accepting Administration Fees & Scrutiny Fees amounting to ₹3.2 million and the said demand notice will be subject to outcome of the Writ Petition. The matter is currently pending.

ECPL received a demand notice dated July 16, 2021, from BBMP towards ground rent and other charges for the purposes of issuing occupancy certificate at certain properties owned by ECPL. ECPL has filed a writ petition against State of Karnataka before the High Court of Karnataka, inter alia to set aside the demand notice dated July 16, 2021, issued by BBMP. On August 27, 2021, the High Court of Karnataka has passed a stay against the demand notice dated July 16, 2021. However, demand with respect to (i) scrutiny fee and license fee shall be stayed only for those in excess of 50% of the demand (i) security deposit shall be paid at the rate of INR 25/- per square meter and (iii) stay on administrative charges. The High Court has indicated that the payments need to be made within four weeks, pursuant to which BBMP will issue the occupancy certificate. Basis the above, ECPL has made the necessary payments. The matter is currently pending.

A third party has filed an original suit before the Court of Senior Civil Judge, Bengaluru Rural District, Bengaluru against other individuals and ECPL with respect property forming part of Embassy Hub for declaration that sale deed dated 28 September 2002 is not binding on the plaintiff. Further, the plaintiff has also prayed to restrain the defendant from alienating, encumbering the property. The next date of hearing is 8 April 2023.

A third party has filed an original suit before the Court of Senior Civil Judge, Bengaluru Rural District, Bengaluru against other individuals with respect property forming part of Embassy Hub for declaration and separate possession of 1/6th share in the property and declaration that sale deed dated 27 June 1990 and two sale deeds dated 12 March 2001 are not binding. The matter is pending for hearing and the next date of hearing is 15 April 2023.

A third party has initiated a suit for partition and separate possession before the Court of Principal Senior Civil Judge, Bengaluru Rural District against other family members and ECPL with respect to a portion of property forming part of Embassy Hub Business Park. The plaintiff has prayed for 1/4th share in the


property and alleges that the joint development agreement executed is illegal and unlawful. The matter is pending for hearing and the next date of hearing is 28 March 2023.

It is not uncommon for developers to have litigations of this nature against developments. We have assumed the risk associated with the above Material Litigations having a material impact on the Subject Property is low. We have valued the property on the basis of a clear title. There is a risk that should one of the claims materialise, this could have an adverse impact on the value of the property. Investment caution is advised in this regard.



## 7.2 One-time Sanctions & Periodic Clearances (Statutory Approvals)

### Height NOC – AAI



**भारतीय विमानपत्तन प्राधिकरण**  
**AIRPORTS AUTHORITY OF INDIA**

Srimati. K. Surekha  
Embassy Point, 1st Floor, 150, Infantry Road,  
Bangalore – 560 001.

Date: 30-05-2019  
Valid Upto: 29-05-2027

**No Objection Certificate for Height Clearance**

1. This NOC is issued by Airports Authority of India (AAI) in pursuance of responsibility conferred by and as per the provisions of Govt. of India (Ministry of Civil Aviation) order GSR751 (E) dated 30th Sep. 2015 for Safe and Regular Aircraft Operations.

2. This office has no objection to the construction of the proposed structure as per the following details:

NOC ID :	RIAL/SOUTH/00506619/393135
Applicant Name*	Srimati. K. Surekha
Site Address*	Sy. Nos. 25/2 and 25/3, Venkatata Village, Yelahanka Hobli, Bangalore North Taluk, Bangalore, Venkatata Village, Bangalore, Karnataka
Site Coordinates*	77 36 09.61-13 06 34.51, 77 36 10.68-13 06 38.42, 77 36 11.62-13 06 54.09, 77 36 13.30-13 06 38.86
Site Elevation in mtms AMSL as submitted by Applicant*	901.33 M
Permissible Top Elevation in mtms Above Mean Sea Level(AMSL)	1021.33M

\*As provided by applicant

3. This NOC is subject to the terms and conditions as given below:

- Permissible Top elevation has been issued on the basis of Site coordinates and Site Elevation submitted by Applicant. AAI neither owns the responsibility nor authenticates the correctness of the site coordinates & site elevation provided by the applicant. If at any stage it is established that the actual data is different, this NOC will stand null and void and action will be taken as per law. The office in-charge of the concerned aerodrome may initiate action under the Aircraft (Demolition of Obstruction caused by Buildings and Trees etc.) Rules, 1994\*
- The Site coordinates as provided by the applicant in the NOC application has been plotted on the street view map and satellite map as shown in ANNEXURE. Applicant/Owner to ensure that the plotted coordinates corresponds to his/her site. In case of any discrepancy, Designated Officer shall be requested for cancellation of the NOC.
- Airport operator or his designated representative may visit the site (with prior coordination with applicant or owner) to ensure that NOC terms & conditions are complied with.
- The Structure height (including any superstructure) shall be calculated by subtracting the Site elevation in AMSL from the Permissible Top Elevation in AMSL i.e. Maximum Structure Height = Permissible Top Elevation minus (-) Site Elevation.
- The issue of the 'NOC' is further subject to the provisions of Section 9-A of the Indian Aircraft Act, 1934 and any notifications issued there under from time to time including the Aircraft (Demolition of Obstruction caused by Buildings and Trees etc.) Rules, 1994.

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महाप्रबंधक (समन्वय प्रभारी) वायु यातायात सेवाएं परिसर बंगलौर अंतर्राष्ट्रीय हवाईअड्डा देवनहल्ली, बंगलौर - 560300  
 वरभाष संख्या : 080-220 19903  
 General Manager(Coordination in charge), A.T.S. Complex, Bangalore International airport, Devenhalli, Begaluru-560300  
 Tel No:080-22019903

**BDA Certificate**TRANSLATED FROM KANNADA TO ENGLISH

BANGALORE DEVELOPMENT AUTHORITY

No. BDA/TP/DLP-17/2019-20/889 /2020-21

000172

Dt: 07/11/2020

WORK ORDER

Sub : Bangalore North Taluk, Yelahanka Hobli, Venkatachala Village sy.No.25/2, 25/3 (06 Guntas have been acquired to the National Highways except of the area) and 26 in which ( 06 guntas of Karab and 01 Guntas of land is been acquired for the area apart ) 07 acres 18 guntas Or 30148.83 Sq.Mtrs area being Non-residential (C2/12 in which for the purpose of Commercial offices) and for which development plan Map for the registration wise Smt. Surekha and Sri.Pachappa who have obtained GPA and Joint Development Agreement wise obtained and the developers are as M/s.Embassy Construction Pvt.Ltd., and to accept the same it is issued.

- Ref : 1) Applicant's request letter dtd. 6/8/2019.
- 2) Bangalore Development Authority Town planning Committee meeting and its No. 33/2020 dated 21/05/2020 and 22/05/2020.
- 3) Karnataka State letter wise Urban Development Secretariat special UDD 3 TTP 2015, dtd. 20/3/2015.
- 4) This office letter No. BDA/TPS/DLP-17/2019-20/477/2020 -21 dtd. 13/08/2020.
- 5) In the campus of the authority Canarabank's challan No.2248 and 2249 dtd. 18/08/2020 in this branch.

- - - -

Bangalore North taluk, Yelahanka hobli, Venkatachala village  
bearing Sy.No.25/2, 25/3 (06 guntas of land has been acquired ..2



**BWSSB – Water NOC****BANGALORE WATER SUPPLY AND SEWERAGE BOARD****NO OBJECTION CERTIFICATE (NOC)**

To

Embassy Construction Pvt Ltd  
Embassy point 1st floor  
150 Infantry road, Bangalore  
Infantry road  
560001

Sir,

Sub: Issue of No Objection Certificate for the proposed Commercial Building at No1368 Sy no 25/2,25/3 and 1339 Sy no 26 ,Venkatal ,Yelahanka, Bangalore 560064


Ref: 1) Application Number: BWSSB-NOC-2020-5-52-052811412652  
2) Date of Application: 2020-05-28  
3) Demand Note Generation Date: 2020-06-16  
4) NOC Generation Date: 2021-02-18

\*\*\*\*\*

The "**No Objection Certificate**" from BWSSB for providing water supply and underground drainage facilities is issued subject to the following conditions:

1. The NOC (no objection certificate) document issued shall not be considered as the substitution for any statutory rules governing the state and can't set aside the competent authorities to enforce / impose the restrictions with respect to rules under town/country planning, Buffer zones of lakes and drains etc.
2. The NOC issued is solely on the information provided by applicant while submitting the NOC application online without inspection of site by BWSSB. If any discrepancies/ malafide information are found in the submitted application BWSSB is not responsible and the NOC issued is not valid/and it is Null & Void
3. The builder/ developers should abide the "Acts, Rules and Regulations of BWSSB" issued time to time.
4. The builder/ developer has to pay the necessary prorata and other charges towards the building as specified by the Board prevailing at the time of sanction of water supply and sanitary connection.
5. Builder/ developer has to bear the cost of pipeline estimate for both water supply and U.G.D lines, if there is no network near by the premises or requires up gradation of existing system at the time of sanctioning of connection.
6. NOC issued should be produced at the time of availing connection along with plan.
7. The difference in amount collected towards NOC and GBWASP charges, between the proposed area & actual construction area shall be paid at the time of seeking water supply and sanitary connections.
8. Under any circumstances, the NOC charges collected will not be refunded.
9. The treated water shall be used for construction purposes.
10. As per BWSSB Act Section 72(A) and relevant regulations, Rain Water Harvesting is mandatory, the applicant has to make necessary provisions for harvesting rain water. Letting out rain water into the Board sewer line is strictly prohibited as per Sec 72. The builder/developer should not provide sanitary points in cellar or Basement floor.
11. As per Bangalore Sewerage regulation 4(A) Adoption of STP & dual piping system is mandatory for the below mentioned buildings
  - i) Residential buildings consisting of 20 and above apartments or measuring 2000 sqm and above whichever is lower, or
  - ii) Commercial building measuring 2,000 sqm and above; or
  - iii) Buildings of educational institutions measuring 5,000 sqm and above.
 Accordingly the owner / developer has to set up suitable sewage treatment plant as per KSPCB and NGT orders for treating the waste water generated in their premises to achieve the standards. Consent for operation of STP from KSPCB is mandatory.
12. This NOC is issued subject to condition that applicant/builder/owner should not discharge the treated sewage into BWSSB sewer network and should not discharge the untreated sewage into storm water drain and the applicant is solely responsible for any environmental pollution due to the same.
13. The owner / developer is abide to the notification regarding Environment Impact Assessment issued from department of Forest, Ecology and environment from time to time and the directions issued in the NGT orders.
14. The orders of the National Green Tribunal (NGT) original application No.222/2014. Principal Bench New Delhi. Forward Foundation and others vs. State of Karnataka and others should be followed stringently
15. Owner / Developer has to provide internal meters and Automatic water level control system as per the BWSSB regulation 43(A)-Obligation

**Consent to Establish**

	<b>Consent For Establishment (CFEs)</b> <b>Consent No. CTE-317668 Valid upto: 18/03/2024</b>	Karnataka State Pollution Control Board Parisara Bhavana, No.49, Church Street, Bengaluru-560001 Tele : 080-25589112/3, 25581383 Fax: 080-25586321 email id: ks@kspcb.gov.in
Industry Colour: RED      Industry Scale: LARGE		
(This document contains 5 pages including annexure & excluding additional conditions)		

**Consent Order No.** CTE-317668      **PCB ID:** 84640      **Date:** 17/03/2020

To,  
 The Applicant  
 M/s. Embassy Construction Pvt.Ltd., ( Embassy Business Hub)  
 M/s. Embassy Construction Pvt.Ltd., Embassy Point, 1st Floor, No.15D, Infantry

Sir,

**Sub:** Consent to Establish under the Water (Prevention & Control of Pollution) Act, 1974 & the Air (Prevention & Control of Pollution) Act, 1981-reg..

- Ref:**
1. CFE application submitted by the industry/organization on 08/01/2020 at Regional Office
  2. Inspection of the project site by Regional Officer Bangalore Byatarayana pura on 23/01/2020
  3. Proceedings of the CCM dated 18/02/2020 ,held on 17/02/2020

With reference to the above, Karnataka State Pollution Control Board hereby accords Consent for Establishment for new Activity under the Water (Prevention & Control of Pollution) Act, 1974 & the Air (Prevention & Control of Pollution) Act, 1981 at the location indicated below subject to the following terms & conditions.

**Location:**

**Name of the Applicant:** M/s. Embassy Construction Pvt.Ltd., ( Embassy Business Hub)  
**Address:** Sy # 25/2, 25/3 & 28., Sy # 25/2, 25/3 & 28, Venkatata Village, Yelahanka Hobli, Bangalore North Taluk  
**Industrial Area:** Not in I.A., Venkatata Village,  
**Taluk:** BBMP- W- 1, District: Bangalore Urban

**Conditions:**

1. This consent for establishment is valid up to 18/03/2024 from the date of issue.
2. The applicant shall not undertake expansion/diversification without the prior consent of the Board.
3. The applicant shall obtain necessary license/clearance from other relevant statutory agencies as required under the law.
4. This consent is granted considering the following activities:

Sr	Product Name	Applied Qty/Month	Unit
1	Commercial Development Project	88270.1560	MTD

**I. WATER CONSUMPTION:**

1. The source of water shall be from bwsb and total water consumption shall be as below.

Particulars	Water consumption(KLD)
Domestic Purpose	392.0

BESCOM – NOC



ಬೆಂಗಳೂರು ವಿದ್ಯುತ್ ಸರಬರಾಜು ಕಂಪನಿ ನಿಯಮಿತ

(ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಸಂಪೂರ್ಣ ಸ್ವಾಮ್ಯಕ್ಕೆ ಒಳಪಟ್ಟಿದೆ)

ಸಂಖ್ಯೆ: ಮುಇ(ವಿ)/ಬೆಂಉವ/ಅಇ(ವಿ)/ಸಇಂ(ವಿ)-1/19-20/ ಲಗತ್ತು:

5677-80

ಮುಖ್ಯ ಇಂಜಿನಿಯರ್ (ವಿ) ರವರ ಕಛೇರಿ, ಬೆವಿಕಂ ಬೆಂ.ಮ.ಕೆ.ಓ, ಉತ್ತರ ವಲಯ, ೫೫, ನಂದಿದುರ್ಗ ರಸ್ತೆ, ಬೆನ್ಸನ್ ಟೌನ್, ಬೆಂಗಳೂರು-46.

ಇ-ಮೇಲ್: ceenz@bescom.co.in cebmaznorth@gmail.com

ದಿನಾಂಕ: 23 MAR 2020

ಗೆ, ಶ್ರೀಮತಿ ಸುರೇಖಾ ಮತ್ತು ಇತರರು, ಪ್ರತಿನಿಧಿಸುತ್ತಿರುವವರು ಮೆ|| ಎಂಬಿಸಿ ಕನ್ಸ್ಟ್ರಕ್ಷನ್ಸ್ ಪ್ರೈ. ಲಿ., ಸ.ನಂ. 25/2, 25/3 & 26, ವೆಂಕಟಾಲ ಗ್ರಾಮ, ಯಲಹಂಕ ಹೋಬಳಿ, ಬೆಂಗಳೂರು.

ಮಾನ್ಯರೇ,

ವಿಷಯ: ಹಬ್ಬಾಳ ವಿಭಾಗದ, ೨-7 ಉಪವಿಭಾಗ ವ್ಯಾಪ್ತಿಯ, ಯಲಹಂಕ ಹೋಬಳಿ, ವೆಂಕಟಾಲ ಗ್ರಾಮದ ಸರ್ವೆ ನಂ. 25/2, 25/3 & 26 ರಲ್ಲಿ ಶ್ರೀಮತಿ ಸುರೇಖಾ ಮತ್ತು ಇತರರು, ಪ್ರತಿನಿಧಿಸುತ್ತಿರುವವರು ಮೆ|| ಎಂಬಿಸಿ ಕನ್ಸ್ಟ್ರಕ್ಷನ್ಸ್ ಪ್ರೈ. ಲಿ., ರವರು ನಿರ್ಮಿಸಲುದ್ದೇಶಿಸಿರುವ ವಾಣಿಜ್ಯ ಕಟ್ಟಡಕ್ಕೆ ಒಟ್ಟು 5373 ಕೆವಿಎ ವಿದ್ಯುತ್ ಸಂಪರ್ಕವನ್ನು ಹೆಚ್.ಟಿ ಆಧಾರದ ಮೇಲೆ ನೀಡುವ ಸಂಬಂಧ ನಿರಾಕೇಶನಾ ಪತ್ರವನ್ನು ನೀಡಲು ಅನುಮೋದನೆ ಕೋರಿ ಸಲ್ಲಿಸಿರುವ ಪ್ರಸ್ತಾವನೆಯ ಪರಿಷ್ಕರಣೆ.

- 1. ಶ್ರೀಮತಿ ಸುರೇಖಾ ಮತ್ತು ಇತರರು, ಪ್ರತಿನಿಧಿಸುತ್ತಿರುವವರು ಮೆ|| ಎಂಬಿಸಿ ಕನ್ಸ್ಟ್ರಕ್ಷನ್ಸ್ ಪ್ರೈ. ಲಿ., ರವರ ಪತ್ರ ದಿನಾಂಕ: 20.08.2019.
2. ಅಧೀಕ್ಷಕ ಇಂಜಿನಿಯರ್(ವಿ), (ವಾ, ಕಾ & ಪಾ), ಬೆಂಗಳೂರು ಉತ್ತರ ವ್ಯಕ್ತ, ಬೆವಿಕಂ ರವರ ಪತ್ರ ಸಂಖ್ಯೆ: SEE/BCN/EEE(O)/AEE-2/5338-40 ದಿ: 23.10.2019.
3. ಈ ಕಛೇರಿ ಪತ್ರ ಸಂಖ್ಯೆ: CEE/BMAZ-N/SEE(O)/AE-1/19-20/3246-47 ದಿ: 23.10.2019.
4. ಮುಖ್ಯ ಪ್ರಧಾನ ವ್ಯವಸ್ಥಾಪಕರು(ವಿ), ಆಪರೇಷನ್ಸ್, ಬಿ.ವಿ.ಕಂ ರವರ ಪತ್ರ ಸಂಖ್ಯೆ: ಬಿ-18/ ಮುಪ್ರವ್ಯ(ಕಾ)/ ಉಪ್ರವ್ಯ-3/ಸಪ್ರವ್ಯ-3/ಬಿ-18/ಕ-533(87)/19-20/11513 ದಿ: 18.03.2020

ಮೇಲ್ಕಂಡ ವಿಷಯಕ್ಕೆ ಸಂಬಂಧಿಸಿದಂತೆ, ಹಬ್ಬಾಳ ವಿಭಾಗದ, ೨-7 ಉಪವಿಭಾಗ ವ್ಯಾಪ್ತಿಯ ಯಲಹಂಕ ಹೋಬಳಿ, ವೆಂಕಟಾಲ ಗ್ರಾಮದ, ಸ.ನಂ. 25/2, 25/3 & 26, ರಲ್ಲಿ ಶ್ರೀಮತಿ ಸುರೇಖಾ ಮತ್ತು ಇತರರು, ಪ್ರತಿನಿಧಿಸುತ್ತಿರುವವರು ಮೆ|| ಎಂಬಿಸಿ ಕನ್ಸ್ಟ್ರಕ್ಷನ್ಸ್ ಪ್ರೈ. ಲಿ., ರವರು ನಿರ್ಮಿಸಲುದ್ದೇಶಿಸಿರುವ ವಾಣಿಜ್ಯ ಕಟ್ಟಡಕ್ಕೆ ಒಟ್ಟು 5373 ಕೆವಿಎ ವಿದ್ಯುತ್ ಸಂಪರ್ಕವನ್ನು ಹೆಚ್.ಟಿ. ಆಧಾರದ ಮೇಲೆ ನೀಡುವ ಸಂಬಂಧ ನಿರಾಕೇಶನಾ ಪತ್ರವನ್ನು ನೀಡುವ ಪ್ರಸ್ತಾವನೆಗೆ, ಮುಖ್ಯ ಪ್ರಧಾನ ವ್ಯವಸ್ಥಾಪಕರು(ವಿ), ಆಪರೇಷನ್ಸ್, ಬಿ.ವಿ.ಕಂ ರವರು ಉಲ್ಲೇಖ-4 ರ ಪತ್ರದಲ್ಲಿ ಅನುಮೋದನೆ ನೀಡಿರುವಂತೆ, ಈ ಕೆಳಕಂಡ ಪರಿಶ್ಕಿತಿ ಒಳಪಟ್ಟು ಅನುಮೋದನೆ ನೀಡಲಾಗಿದೆ.

- 1. ತಾವು ಒಟ್ಟು 5373ಕೆವಿಎ ನಿರೀತ ವಿದ್ಯುತ್ ಸಂಪರ್ಕ ಪಡೆಯುವ ಸಂಬಂಧ ಸ್ವಯಂಕಾರ್ಯನಿರ್ವಹಣಾ ಯೋಜನೆಯಡಿ 220/66/11 ಕೆ.ವಿ ಪುಟ್ಟಣಹಳ್ಳಿ ವಿದ್ಯುತ್ ಉಪಕೇಂದ್ರದಲ್ಲಿ ನೂತನ 11 ಕೆ.ವಿ ಸೂಕ್ತ ಟ್ರೇಸರ್ ಅನ್ನು ಅಳವಡಿಸಿ, ಅಲ್ಲಿಂದ ಮುಂದಕ್ಕೆ ನೂತನ 11 ಕೆ.ವಿ ಮಾರ್ಗವನ್ನು 3\*400 ಚ.ಮಿ.ಮೀ ಹೆಚ್.ಟಿ. ಭೂಗತ ಕೇಬಲ್‌ನೊಂದಿಗೆ ತಮ್ಮ ಆವರಣದವರೆಗೆ ಸುಮಾರು 8.0 ಕಿ.ಮೀ ಗಳಷ್ಟು ದೂರ ಅಳವಡಿಸುವುದು ಹಾಗೂ ಭೂಗತ ಕೇಬಲ್‌ನ ಮಾರ್ಗದಲ್ಲಿ 08 ಸಂಖ್ಯೆಯ ಓಡಿಗಳನ್ನು ಅಳವಡಿಸುವುದು.
2. ತಾವು ಒಟ್ಟು 5373ಕೆವಿಎ ವರ್ಯಾಯ ವಿದ್ಯುತ್ ಸಂಪರ್ಕವನ್ನು ಪಡೆಯುವ ಸಂಬಂಧ ಸ್ವಯಂಕಾರ್ಯನಿರ್ವಹಣಾ ಯೋಜನೆಯಡಿ 66/11 ಕೆ.ವಿ ಕೆ.ಹೆಚ್.ಬಿ ಯಲಹಂಕ ವಿದ್ಯುತ್ ಉಪಕೇಂದ್ರದಲ್ಲಿ ನೂತನ 11 ಕೆ.ವಿ ಸೂಕ್ತ ಟ್ರೇಸರ್ ಅನ್ನು ಅಳವಡಿಸಿ, ಅಲ್ಲಿಂದ ಮುಂದಕ್ಕೆ ನೂತನ 11 ಕೆ.ವಿ ಮಾರ್ಗವನ್ನು 3\*400 ಚ.ಮಿ.ಮೀ ಹೆಚ್.ಟಿ. ಭೂಗತ ಕೇಬಲ್‌ನೊಂದಿಗೆ



**Environmental Clearance****State Level Environment Impact Assessment Authority-Karnataka**

(Constituted by MoEF, Government of India, under section 3(3) of E(P) Act, 1986)

No. SEIAA 112 CON 2019

Date: 28.07.2021

**CORRIGENDUM**

Para 2 in the Environmental Clearance letter No. SEIAA 112 CON 2019, dated 10.12.2019 issued to H N Ravindra, Assistant Vice President, M/s. Embassy Construction Private Limited, Embassy Point, 1<sup>st</sup> floor, #150, Infantry Road, Bengaluru – 560 001 for Proposed Construction of “Embassy Business Hub” Commercial Development Project at Sy. Nos. 25/2, 25/3 and 26 Venkata Village, Yalahanka Hobli, Bengaluru North Taluk, Bengaluru Urban District, Karnataka shall be corrected and read as follows.

“2. It is, inter-alia, noted that M/s Embassy Construction Private Limited have proposed for construction of “Embassy Business Hub” Commercial Development Project on a plot area of 30,148.83 Sqm. The total built up area is 91,528.29 Sqm. The proposed project comprising of 3 Basements + Ground floor + 13 Upper floors + Terrace Floor. Total parking space proposed is for 821 No's of Cars. Total water consumption is 410 KLD (Fresh water + Recycled water). The total wastewater discharge is 332 KLD. It is proposed to construct Sewage Treatment Plant with a capacity of 350 KLD. The project shall have DG sets of 1500 KVA x 3 No's and 2000 KVA x 2 No's as alternative source of power supply. The project cost is Rs.378 Crores.”

Rest of the contents and the conditions of the Environmental Clearance letter No. SEIAA 112 CON 2019, dated 10.12.2019, remains unchanged.



*Brijesh Kumar* 28/7/21  
(Brijesh Kumar)  
Member Secretary,  
SEIAA, Karnataka

To,

H N Ravindra  
Assistant Vice President  
M/s. Embassy Construction Private Limited,  
Embassy Point, 1<sup>st</sup> floor,  
#150, Infantry Road,  
Bengaluru– 560 001.

Copy to:

1. The Secretary, Ministry of Environment, Forests and Climate Change, Indira Paryavaran Bhavan, Jor Bagh Road, Aliganj, New Delhi – 110 003.
2. The Commissioner, Bruhat Bengaluru Mahanagara Palike (BBMP), N.R. Square, Bangalore – 560 002.
3. The Member Secretary, Karnataka State Pollution Control Board, Bengaluru.
4. The APCCF, Regional Office, Ministry of Environment & Forests (SZ), Kendriya Sadan, IV Floor, E & F wings, 17<sup>th</sup> Main Road, Koramangala II Block, Bengaluru – 560 034.
5. Guard File.

Room No. 706, 7th Floor, 4th Gate, M.S. Building, Bangalore - 560 001 Phone : 080-22032497 Fax : 080-22254377  
Website : <http://environmentclearance.nic.in> <http://seiaa.karnataka.gov.in> e-mail : [msseiaakarnataka@gmail.com](mailto:msseiaakarnataka@gmail.com)

**Fire NOC**

Generated On: 12-06-21 12:32

**Office of the Director  
General of Police**  
Commandant General, Home  
Guards & Director of Civil Defence  
and Director General Karnataka  
State Fire & Emergency Services  
No. 1, Annaswamy Mudaliar Road  
Bangalore - 560 042.



Phone : 25570733  
: 22971501  
Fax : 22971512

**KARNATAKA STATE FIRE & EMERGENCY SERVICES**

**REVISED NO OBJECTION CERTIFICATE**

No. KSFES/GBC(1)/376  
Docket No. KSFES/NOC/114/2021 Dated : 12/08/2021 12:32

To,

The Commissioner,  
BBMP,  
Corporation circle,  
Hudson Circle,  
Bangalore - 560 002.

Sir

Sub : Issue of Revised No Objection Certificate for the construction of Commercial building at Sy. No. 25/2, 25/3 & 26, Venkatala Village, Yelahanka Hobli, , Bangalore North, BANGALORE - 560064

Ref:

1. This Office NOC No.KSFES/GBC(1)/376 dated 24/02/2020
2. Letter dated 12/05/2021 of the Authorized Signatory, M/s.Embassy Construction Private Limited 1st Floor, Embassy Point, No. 150, Infantry Road, , Bangalore East, BANGALORE - 560001

With reference to the letter of the M/s.Embassy Construction Private Limited 1st Floor, Embassy Point, No. 150, Infantry Road, , Bangalore East, BANGALORE - 560001 cited above, the of this department has inspected the site of proposed Commercial buildings at Sy. No. 25/2, 25/3 & 26, Venkatala Village, Yelahanka Hobli, , Bangalore North, BANGALORE - 560064 on 05/07/2021 12:25 with reference to the drawings furnished by the builder and the details are as follows:

<b>Part-A: General Building requirements.</b>	
1 Address of the Applicant.	<u>M/s. Embassy Construction Pvt. Ltd.</u> Sy. No. 25/2, 25/3 & 26, Venkatala Village, Yelahanka Hobli, Bengaluru
2 Address of the Premises.	M/s. Embassy Construction Pvt, Ltd, Sy. No. 25/2, 25/3 & 26, Venkatala Village, Yelahanka Hobli, Bengaluru
3 Number of Buildings.	One Building.
4 Number of floors. Ex: Basements, Ground floor and upper floors	3 Basements, ground & 13 upper floors.
Type of Occupancy <i>Part 4, Fire and Life Safety of Part-IV of NBC of 2016 clause 2.46</i>  <i>Occupancy or Use Group— The principal occupancy for which a building or a part of a building is used or intended to be used, for the purpose of classification of a building according to the occupancy, an occupancy shall be deemed to include subsidiary occupancies which are contingent upon it.</i>  <i>Part 4, Fire and Life Safety of Part-IV of NBC of 2016 clause 3.1.2 classification of Business buildings.</i>  <i>3.1.2 Group E Business Buildings</i>	



**Commencement Certificate****ಬೃಹತ್ ಬೆಂಗಳೂರು ಮಹಾನಗರ ಪಾಲಿಕೆ**

**Office of the Joint Director (Town Planning-North), N R Square, Head office  
Building, Annex Building, Bengaluru - 560002, Bengaluru- 560002**

ಪರವಾನಗಿ ಕ್ರಮ ಸಂಖ್ಯೆ BBMP/CC/0192/21-22

ಎಲ್.ಪಿ.ಸಂಖ್ಯೆ : BBMP/Addl.

Dir/JDNORTH/0023/20-21

**ಕಟ್ಟಡ ಪರವಾನಗಿ ಪತ್ರ**

ಬೃಹತ್ ಬೆಂಗಳೂರು ಮಹಾನಗರ ಪಾಲಿಕೆಯ ವ್ಯಾಪ್ತಿಯಲ್ಲಿರುವ JDTP - North ವಲಯದಲ್ಲಿರುವ ವಾರ್ಡ್ ಸಂಖ್ಯೆ Ward-001 ರಲ್ಲಿರುವ ಆಸ್ತಿ ಸಂಖ್ಯೆ / ಪಿಇಡಿ ಸಂಖ್ಯೆ Ring III-Areas coming beyond the Outer Ring Road and within the LPA, 307-Yelahanka, 25/2, 25/3 & 26, 25/2, 25/3 & 26, Venkatala ವಿಳಾಸದ ಸ್ಥಿತಿಗತಿ ಖಾತೆದಾರರಾದ / ಜಿ.ಪಿ.ಎ .ದಾರರಾದ KONDELA Surekha And Others, Represented by Embassy Construction Pvt. Ltd, ರವರು ಕಟ್ಟಡ ನಿರ್ಮಿಸಲು ದಿನಾಂಕ: 13 August, 2020 ರಂದು ಸಲ್ಲಿಸಿರುವ ಕಟ್ಟಡ ನಕ್ಷೆ ಮಂಜೂರಾತಿ ಕೋರಿಕೆಯು Commissioner Sri Gourav Gupta IAS 'ವರಂದ ದಿನಾಂಕ: 27 October, 2021 ರಂದು ಅಂಗೀಕರಿಸಲ್ಪಟ್ಟಿರುತ್ತದೆ.

ತರುವಾಯ ಕಟ್ಟಡ ಪರವಾನಗಿ ನೀಡುವ ಸಂಬಂಧ ದಿನಾಂಕ 16 July, 2021 ರ ಪಾಲಿಕೆಯ ಸಮಸಂಖ್ಯೆ ಶುಲ್ಕ ಪಾವತಿ ತಿಳುವಳಿಕೆಯಂತೆ ವಿವಿಧ ಶುಲ್ಕಗಳ ಒಟ್ಟು ಮೊತ್ತ ರೂ. 8060000 ಗಳನ್ನು ಆನ್‌ಲೈನ್ / ಡೆಬಿಟ್‌ಕಾರ್ಡ್ / ಕ್ರೆಡಿಟ್‌ಕಾರ್ಡ್ ವಹಿವಾಟು ಸಂಖ್ಯೆ: RC/BBMP/4/21-22/ ದಿನಾಂಕ: 21 October, 2021 ರಂತೆ ಕೆನರಾ ಬ್ಯಾಂಕ್, ಬಿಬಿಎಂಪಿ ಶಾಖೆ ಖಾತಾ ಸಂಖ್ಯೆ: 8401132000014 ಗೆ ಅರ್ಜಿದಾರರಿಂದ ಸಂದಾಯ ಮಾಡಲ್ಪಟ್ಟಿರುತ್ತದೆ ಹಾಗೂ ಕಾರ್ಮಿಕರ ಕಲ್ಯಾಣ ನಿಧಿಯ ಕರವನ್ನು RTGS ಮುಖಾಂತರ ರೂ: 13402000 ಗಳನ್ನು ಕಟ್ಟಡ ಮತ್ತು ಇತರ ನಿರ್ಮಾಣ ಕಾರ್ಮಿಕರ ಮಂಡಳಿ ರವರ ಕೆನರಾ ಬ್ಯಾಂಕ್, ಹೊಂಬೇಗೌಡ ನಗರ ಶಾಖೆ ಖಾತೆ ಸಂಖ್ಯೆ: 1371101079786 ಗೆ ಸಂದಾಯ ಮಾಡಲ್ಪಟ್ಟಿರುತ್ತದೆ.

ನಿವೇಶನದ ವಿಸ್ತೀರ್ಣ 30,250.41 ಚ.ಮೀ.

ಕ್ರ.ಸಂ.	ಕಟ್ಟಡದ / ಬ್ಲಾಕ್‌ಗಳ ವಿವರ	ಕಟ್ಟಡದ/ ಬ್ಲಾಕ್ ಉಪಯೋಗ	ಅಂತಸ್ತುಗಳು ವಿವರ	ಒಟ್ಟು ಘಟಕಗಳು	ಕಟ್ಟಡದ ಎತ್ತರ (ಮೀ.ಗಳಲ್ಲಿ)	ಕಟ್ಟಡದ ಒಟ್ಟು ನಿರ್ಮಾಣ ವಿಸ್ತೀರ್ಣ (ಚ.ಮೀ ಗಳಲ್ಲಿ)
1	A (BUILDING)	Commercial	3Basement + 1Ground + 13	23	58.33	87430.93

ಮೇಲ್ಕಂಡಂತೆ ಕಟ್ಟಡ ನಿರ್ಮಿಸಲು ಇದರೊಂದಿಗೆ ನೀಡಿರುವ ಷರತ್ತುಗಳಿಗೆ ಒಳಪಡಿಸಿ ಕಟ್ಟಡ ನಿರ್ಮಾಣಕ್ಕೆ ನಕ್ಷೆ ಮಂಜೂರಾತಿಯೊಂದಿಗೆ ಪರವಾನಗಿ ನೀಡಲಾಗಿದೆ.

ಕರ್ನಾಟಕ ಮಹಾನಗರ ಪಾಲಿಕೆಗಳ ಕಾಯ್ದೆ 1976 ರ ಅಧಿನಿಯಮ 301 ರಲ್ಲಿ ಪ್ರದತ್ತವಾದ ಅಧಿಕಾರದಡಿ, **New (FRESH PLAN SANCTION)** ಮಾಡಲು ಈ ದಿನಾಂಕದಿಂದ ಎರಡು ವರ್ಷಗಳ ಅವಧಿಯ ಮಾನ್ಯತೆಗೆ ಒಳಪಡಿಸಿ, ಮಂಜೂರು ಮಾಡಿ ಅಡಕಗೊಳಿಸಿರುವ ಕಟ್ಟಡ ನಕ್ಷೆಗಳು ಮತ್ತು ಷರತ್ತುಗಳಿಗೆ ಒಳಪಡಿಸಿ ಕಟ್ಟಡ ಪರವಾನಗಿ ಮಂಜೂರು ಮಾಡಲ್ಪಟ್ಟಿದೆ. ಮಂಜೂರಾದ ನಕ್ಷೆಗಳ ಮತ್ತು ಯಾವುದೇ ಷರತ್ತುಗಳನ್ನು ಉಲ್ಲಂಘಿಸಿರುವುದು ಕಂಡು ಬಂದರೆ ಕರ್ನಾಟಕ ಮಹಾನಗರ ಪಾಲಿಕೆಗಳ ಕಾಯ್ದೆ 1976 ರ 321 & 462 ನೇ ವಿಧಿಗಳಂತೆ ಕ್ರಮ ಜರುಗಿಸಲಾಗುವುದು.

ಲಗತ್ತಗಳು:- 1) ಮಂಜೂರಾತಿ ಷರತ್ತುಗಳು

2) ಕಟ್ಟಡ ನಕ್ಷೆಗಳು

ರವರಿಗೆ,

ಶ್ರೀ / ಶ್ರೀಮತಿ / ಮೆ|| KONDELA Surekha And Others, Represented by Embassy Construction Pvt. Ltd,  
KARNATAKA No. 150, 1st floor, Embassy



**BRUHAT BENGALURU MAHANAGARA PALIKE**

**Office of the Joint Director (Town Planning-North), N R Square, Head office  
Building, Annex Building, Bengaluru – 560002, Bengaluru- 560002**

**Licence Sl No.** BBMP/CC/0192/21-22

**LP.No:** BBMP/AddLDir/JDNORTH/0023/20-21

**BUILDING LICENCE**

The request of the Katha Holder/GPA Holder Sri / Smt / M/s. KONDELA Surekha And Others, Represented by Embassy Construction Pvt. Ltd, dated.13 August, 2020 to issue licence / building plan approval for the construction of building at Property No./PID No. 1368/Sy no. 25/2&25/3, 1339/Sy. no.26 ,Venkata,25/2, 25/3 & 26 Ward No: Ward-001 ,JDTP - North Zone under the jurisdiction of Bruhat Bengaluru Mahanagara Palike has been accepted by the Commissioner Sri Gourav Gupta IAS ,BBMP on Date. 27 October, 2021.

The prescribed fee for Building Plan Sanction as intimated vide demand notice dated. 16 July, 2021 is remitted by the applicant amounting to Rs. 8060000 by Net Banking/Debit Card/Credit Card/Transaction No. RC/BBMP/4/21-22/ Dt:21 October, 2021 towards CANARA BANK, BBMP Branch A/C No. 8401132000014. Further Labour Cess Amount of Rs. 13402000 is remitted by the applicant to the Building & other construction workers welfare board, through RTGS towards Canara Bank, Hombegowda Nagar A/C No:1371101079786

Approval for Building Plans is hereby accorded subject to the conditions annexed, for the construction of building/s detailed below in the Site Area 30,250.41 Sq.m.

Sl.no.	Building / Block Details	Building Use	Total No. of floors	Tenements	Height (m)	Total Built-up area (sq.m.)
1	A (BUILDING)	Commercial	3Basement + 1Ground + 13	23	58.33	87430.93

**Permission is hereby accorded under section 301 of KMC Act 1976 for the New (FRESH PLAN SANCTION) of Building and is subject to the conditions and sanctioned detailed plans annexed to this Licence. In case of failure to adhere / comply to sanction plans / conditions imposed, action will be initiated as per section 321 and 462 of KMC Act 1976. This License is valid for a period of two years from this day.**

**Enclosures. 1) Licence Conditions  
2) Building Plans**

To,

M/s, Sri KONDELA Surekha And Others, Represented by Embassy Construction Pvt. Ltd,  
KARNATAKA No. 150, 1st floor, Embassy  
Point, Infantry Road BENGALURU 560001

**ATS Certificate – Air Force**

Tele: 011-23010231/5215

**Regd Post**

Directorate of Ops (ATS)  
Air Headquarters  
Vayu Bhawan, Rafi Marg  
New Delhi -110011

Air HQ/S 17726/4/ATS (Ty BM-MMCMLXIII)

04 December 19

Smt K Surekha,  
Embassy Point,  
1<sup>st</sup> Floor, 150  
Infantry Road,  
Bengaluru-560 001

**NOC FOR CONSTRUCTION OF BUILDINGS**

Madam,

1. Please refer your application on the subject.
2. The application has been examined within **provisions mentioned under section 5(2) of Gazette of India GSR 751 (E) read in conjunction with sub section (1) clause (o) & clause (r) of sub section 2 of section 5 read with section 9 A of Aircraft Act 1934, Works of Defence Act 1903** and other relevant orders on the subject. Air HQ has no objection for construction of high rise building to a **reduced height of 68.67 M AGL / 970 M AMSL whichever is lower including 8 M crane height above building** at Sy No. 25/2 and 25/3, Venkatala Village, Yelahanka Hobli, Bengaluru North Taluk, Bengaluru.
3. The NOC is further subject to **following conditions**:
  - (a) The NOC is for construction of buildings and cannot be used as document for any other purpose/claim whatsoever including ownership of land.
  - (b) The applicant is responsible to obtain NOC/all statutory clearances from the concerned authorities including approval of building plans. Clearance shall also be obtained separately from any other defence establishment in the vicinity of proposed construction.
  - (c) The site elevation and site coordinates provided by the applicant are taken for calculation of the permissible top elevation of the proposed structures. If however at any stage it is established that the actual site elevation and site coordinates are different from those provided by the applicant, the NOC will be invalid.
  - (d) The issue of the NOC is further subject to the provisions of Sec 9 A of the Indian Aircraft Act 1934 and those of any notifications issued there under from time to time including the Aircraft (Demolition of Obstruction caused by buildings and trees etc) Rules, 1994.
  - (e) Vertical extent (highest point) of the building proposed at coordinates mentioned overleaf **shall not exceed 68.67 M AGL / 970 M AMSL whichever is lower including 8 M crane height above building. No extension or structure permanent or temporary (e.g. Cranes, Antennas, Mumtee, Lightning Arresters, Lift machine room, Overhead water tank, Cooling towers, Sign boards, any attachment or fixtures of any kind) shall be permitted above the cleared height.**



# VALUATION REPORT

## EMBASSY BUSINESS HUB-BANGALORE

Date of Valuation: 28<sup>th</sup> February 2023

Date of Report: 23<sup>rd</sup> March 2023

**Submitted to:**

**Instruction Party: Embassy Office Parks Management  
Services Private Limited**



### **Disclaimer**

*This report is prepared exclusively for the benefit and use of Embassy Office Parks Management Services Private Limited (“EOPMSPL” or the “Recipient” or the “Company” or “the Manager”) on behalf of the Embassy Office Parks REIT (“Embassy REIT”) and / or its associates and its unitholders for the proposed purchase of a certain property/ business by it. The Company is the manager to Embassy REIT, a Real Estate Investment Trust under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended till date (“SEBI REIT Regulations”). The Manager may share the report with its appointed advisors for any statutory or reporting requirements or include it in any preliminary/placement document/ notice/ transaction document to the unit holders, or any other document in connection with the proposed purchase of the property by Embassy REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon with reference to Addendum dated 7<sup>th</sup> February 2023 to Letter of Engagement (“LOE”) dated 10<sup>th</sup> November 2022 without the prior written consent of the Valuer.*





*The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Company has been relied upon and assumed, without independent verification, while applying reasonable professional judgment by the Valuer.*

*This report has been prepared upon the express understanding that it will be used only for the purposes set out with reference to Addendum dated 7<sup>th</sup> February 2023 to LOE dated 10<sup>th</sup> November 2022. The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.*

*This report should not be deemed an indication of the state of affairs of the real estate financing industry nor shall it constitute an indication that there has been no change in the business or state of affairs of the industry since the date of preparation of this document.*

**Executive Summary**

**Embassy Business Hub (EBH), Sy.# 25/2 , 25/3 & 26, Venkatala Village, Bellary Road, Yelahanka Bengaluru North, Bengaluru.**

<p><b>Valuation Date:</b></p>	<p>28<sup>th</sup> February, 2023</p>	 <p>View of Subject Property</p>
<p><b>Valuation Purpose:</b></p>	<p>Proposed purchase of a property/ business by Embassy Office Parks REIT</p>	
<p><b>Subject Property:</b></p>	<p>The Subject property, herein, referred to as ‘Embassy Business Hub’ is an under-construction Grade A Tech Park located along the Bellary Road (NH-44) (one of the most sought after emerging Commercial IT/ITeS &amp; Residential vector in Bengaluru). The land underlying the subject property admeasures approx. 13 acres and the Grade A Tech Park consists of approx. 2.09 Million sq.ft.</p> <p>Phase I of the Grade A Tech Park is developed by Embassy Construction Private Limited (“ECPL”) under a joint development agreement with a third-party landowner. Consisting of approximately 0.66 Million sq. ft., ECPL holds a share 0.40 Million sq. ft. and Philips India Limited has pre-leased 0.37 million sq. ft. (Ground to 12<sup>th</sup> Floor) and 0.03 million (13<sup>th</sup> Floor) has been committed as hard option to Philips India Limited. The current stage of the Phase I has RCC structural work finished up to the 13<sup>th</sup> floor, Façade work and Fire Fighting Installations completed up to the 12<sup>th</sup> floor, and completion is scheduled for Q2 FY 2024.</p> <p>Phase II, adjacent to Phase I is in under construction stage consisting of approx. 1.43 Million sq. ft., ECPL holds a share of 0.96 Million sq.ft., and is expected to be completed by Q2 FY 2028.</p>	 <p>View of Subject Property</p>  <p>View of Subject Property</p>
<p><b>Location / Situation:</b></p>	<p>The property ‘Embassy Business Hub’ (hereinafter referred to as ‘Subject property’) located along NH44 (Bellary Road) in Yelahanka falls on Peripheral North micro market of the city. The NH44 connects to Kempegowda International Airport &amp; Devanahalli in the North and Outer Ring Road in the South which further enhances its connectivity to other parts of the city. It is in close proximity to Yelahanka sub micro-market which has emerged as one of the most prominent residential hotspots in the city. The micro market, which already has good social and physical infrastructure is expected to witness further growth upon completion of proposed infrastructural expansions such as Metro to Airport emanating from Outer Ring Road.</p> <p>The micro market is attracting traction from various developers for commercial and residential development due to relative lower price and superior connectivity to ORR, CBD and Airport. The subject property is</p>	 <p>View of Access Road from Subject Property</p>



	<p>located at proximity to residential catchment areas of Yelahanka New Town, Kogilu cross (Old Yelahanka), Jakkur, Sahakar Nagar and Kattigenahalli. Some of the well-established commercial centres include Bhartiya Center, L&amp;T Tech Park, Manyata Embassy Business Park, Karle Town Centre Kirloskar Business Park, Modern Asset North Gate, RMZ Northstar, Brigade Opus, RMZ Galleria, Hinduja Ecopolis. The micro market houses renowned hotels like Hilton Grand Inn, Ibis Hotel, Courtyard by Marriott and some of the premium segment residential development include SNN Clermont, Embassy Lake Terrace, Century Ethos, L&amp;T Raintree Boulevard, Sobha Palm Court, Brigade Northridge, Purva Zenium, Godrej Aqua and Mahaveer Celesse. Other social infrastructure in the micro market includes prestigious educational institutions and hospitals like Presidency College, Oxford School and Composite PU College, Millennium World School Bengaluru North - CBSE School, Alfa Public School and Omega Multi-speciality Hospital, K K Hospital, Navachethana Hospital, Aster CMI Hospital is located within its closed proximity.</p>
<b>Description :</b>	<p>Embassy Business Hub is a Grade A, Non-SEZ Park located on NH44 (Bellary Road), Bengaluru. The Subject Property has a total leasable area of ~0.66 million sq. ft. in Phase I and 1.43 million sq. ft in Phase II</p> <p>Phase I is expected to be completed by Q2 FY 2024.</p> <p>Phase II is expected to be completed by Q2 FY 2028.</p>
<b>Total Area:</b>	<p><b>Total Plot Area: ~13 Acres</b></p> <p><b>Phase I: ~0.66 Million Sq. Ft.</b> ECPL JDA Share: ~0.40 Million Sq. Ft. Landowner JDA Share: ~0.25 Million Sq. Ft.</p> <p><b>Phase II: ~1.43 Million Sq. Ft.</b> ECPL JDA Share: ~0.96 Million Sq. Ft. Landowner JDA Share: ~0.47 Million Sq. Ft</p>

**MARKET VALUE OF THE SUBJECT PROPERTY**

Components	Value in (₹Mn) <sup>^</sup>
<b>Embassy Business Hub</b>	<b>3,533</b>
<i>Phase I</i> *	1,988
<i>Phase II</i> **	1,545

*This summary must not be copied, distributed or considered in isolation from the full report.*

*\* Phase I collectively admeasures ~0.66 msf of leasable area. The Client's share is ~0.40 msf out of ~0.66 msf.*

*\*\*Phase II collectively admeasure ~1.43 msf of leasable area (including ~0.03 msf of food court area). The Client's share is ~0.96 msf including food court out of ~1.43 msf.*

*^The values mentioned above pertains only to the Client's share in the development*

## TABLE OF CONTENTS

<b>Disclaimer .....</b>	<b>1</b>
<b>Executive Summary .....</b>	<b>2</b>
<b>A REPORT .....</b>	<b>6</b>
1 Instructions.....	6
2 Professional Competency of The Valuer.....	6
3 Independence and Conflicts of Interest .....	7
4 Purpose of Valuation.....	7
5 Basis of Valuation .....	7
6 Valuation Approach & Methodology.....	8
7 Assumptions, Departures and Reservations .....	9
8 Inspection.....	9
9 General Comment .....	9
10 Confidentiality.....	9
11 Authority .....	9
12 Reliant Parties .....	10
13 Limitation of Liability .....	10
14 Disclosure and Publication.....	11
15 Anti-Bribery & Anti-Corruption .....	11
<b>B BENGALURU CITY REPORT.....</b>	<b>12</b>
1 Bengaluru Office Market Overview .....	13
1.1 Bengaluru- Supply, Absorption & Vacancy.....	15
1.2 Recent Private Equity Deals in Bengaluru .....	15
2 Embassy Business Hub Micro-Market.....	15
2.1 Peripheral North Office Market Overview .....	15
2.2 Micro Market- Rental Trend Analysis.....	19
2.3 Micro Market- Supply, Absorption & Vacancy .....	21
2.4 Existing and Upcoming Infrastructure .....	24
2.5 Office Market Outlook.....	26
<b>C PROPERTY REPORT .....</b>	<b>27</b>
1. Address, ownership and title details of Subject property .....	28
1.1 Encumbrances .....	28
1.2 Revenue Pendencies.....	28
1.3 Material Litigation .....	28
2 Location .....	29
2.1 General.....	29
2.2 Accessibility.....	30
2.3 Ground Conditions .....	30
2.4 Environmental Considerations .....	30
2.5 Town Planning and Statutory Considerations .....	30
3 Subject property - Asset Description.....	31
3.1 Key Asset Information .....	32
3.2 Property Inspection .....	32
3.3 Investigation and nature and source of information .....	33
3.4 Tenant Profile.....	33
3.5 Lease Expiry Profile.....	33
<b>D VALUATION APPROACH &amp; METHODOLOGY .....</b>	<b>34</b>
1.1 Asset-specific Review:.....	35
1.2 Micro-market Review: .....	35
1.3 Cash Flow Projections:.....	35
2 Assumptions considered in Valuation (DCF Method).....	37
2.1 EBH Valuation.....	37
2.1.1 Phase – I.....	37





2.1.2	Phase - II .....	41
3	Market Value.....	47
<b>E</b>	<b>ANNEXURES.....</b>	<b>48</b>
Annexure 1:	Cash Flows.....	49
Annexure 2:	Ownership Structure.....	51
Annexure 3:	Property Master Plan.....	52
Annexure 4:	Property Photographs .....	53
Annexure 5:	Statement of assets .....	54
Annexure 6:	LEED Pre Certification .....	55
Annexure 7:	List of sanctions and approvals .....	56
Annexure 8:	Demand notice received by Embassy Construction Private Limited.....	57
Annexure 9:	Ready Reckoner Rate .....	59
Annexure 10:	Caveats & Limitations.....	60



**From: L. Anuradha, MRICS**  
IBBI Registered Valuer (L&B)  
(IBBI/RV/02/2022/14979)

**To:** Embassy Office Parks Management Services Private Limited

**Property:** Embassy Business Hub located along NH44, Bengaluru

**Report Date:** 23<sup>rd</sup> March 2023

**Valuation Date:** 28<sup>th</sup> February 2023

## **A REPORT**

### **1 Instructions**

**Embassy Office Parks Management Services Private Limited** (hereinafter referred to as “the Instructing Party” or “the Client”), in its capacity as the Manager of the **Embassy REIT**, has appointed Ms. L. Anuradha, MRICS, registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017 (hereinafter referred as the “Valuer”), in order to undertake the valuation of business park named Embassy Business Hub, comprising commercial office real estate assets located along NH44 (Bellary Road) in Yelahanka, Bengaluru and (herein referred as “Subject Property”) for the proposed purchase of the Subject Property under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder, by the Embassy REIT. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Section 1.7 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

### **2 Professional Competency of The Valuer**

Anuradha is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset classes of Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since September 2022. She completed her Bachelor’s in Architecture in 2002 and Masters in Planning from School of Planning & Architecture in 2004.

Anuradha has more than 16 years of experience in the domain of urban infrastructure, valuation and real estate advisory. She was working as an Associate Director for Cushman and Wakefield from 2013-2022 and was leading the team for Tamil Nadu, Kerala and Sri Lanka. Prior to joining Cushman, she has been involved in various strategy level initiatives in Institutional development and Infrastructure for donor agencies and various Government and Private clients. Anuradha worked with SIVA group in the M&A practice where she was involved with the financial appraisal and valuation of real estate projects. Prior to this she has worked with



Price Waterhouse Coopers in the Government, Real estate and Infrastructure Development Practice where she was involved in carrying out financial appraisal and strategies for some of the State Governments in India. Her foundation in real estate valuation was at Jones Lang LaSalle where she worked for 3 years on multiple valuations and entry strategies for Indian NBFCs and funds.

Her last employment was at CWI. As an Associate Director of the Valuation and Advisory team at CWI, Anuradha provided support on identified business/ new opportunities, evaluated proposals for new property investments and/ or dispositions while providing analytical support for Investment recommendations. Anuradha was also key personnel in carrying out the Market study for the Mindspace REIT micro markets in India. She has undertaken valuations exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. Her clientele included HDFC, Xander, DLF, RMZ, CapitaLand, Tata Capital, Tata Realty, TVS group etc.

### **3 Independence and Conflicts of Interest**

The Valuer confirms that there are no conflicts of interest in so far as discharging her duties as a valuer for the subject properties/ business is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Properties in past five years from the date of this report.

The Valuer or any of her employees involved in valuing the assets of the REIT have not invested nor shall invest in securities of the Subject Property being valued till the time she is designated as Valuer and not less than six months after ceasing to be a Valuer of the REIT.

### **4 Purpose of Valuation**

The Report is being prepared to be relied upon by the Reliant Parties and inclusion, as a whole, a summary thereof or any extracts of the report, in any documents prepared in relation to purchase of the Subject Properties/ Business by the REIT and any fund-raising for this purpose, including , any information memorandum, preliminary placement document and placement document intended to be filed with the Securities and Exchange Board of India (“SEBI”), the stock exchanges or any other relevant regulator within or outside India, and in any other documents to be issued or filed in relation to such fund-raising, including any preliminary or final international offering documents for distribution to investors inside or outside India, and any publicity material, research reports, presentations or press releases and any transaction document, notice or communication to the unitholders or sellers (collectively, the “Placement Documents”)

### **5 Basis of Valuation**

It is understood that the valuation is required by the Client for proposed purchase of the Subject Property/ Business by Embassy REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, guidelines and notifications thereunder in the Indian stock exchange and for accounting purposes. Accordingly, the valuation exercise has been carried out



to estimate the “Market Value” of the Subject Property/ Business in accordance with IVS 104 of the IVSC International Valuation Standards issued on 31 July 2019, effective from 31 January 2020 and allowed to be adopted prior to the effective date.

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

## 6 Valuation Approach & Methodology

The basis of valuation for the subject property being Market Value, the same may be derived by any of the following approaches:

### Market Approach

In ‘**Market 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.

### 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).

#### Income Approach – 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.

#### Income Approach – 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:

#### Discounted Cash Flow Method using Rental Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rentals to increase attractiveness of the property to prospective tenants typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rentals for certain properties as well (primarily owing to market conditions at the time of contracting the lease). In



order to arrive at a unit value for these tenancies, we have considered the impact of such sub/above market leases on the valuation of the subject property.

*For the purpose of the valuation of Subject Property, Discounted Cash Flow Method using rental reversion has been adopted.*

## **7 Assumptions, Departures and Reservations**

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 10 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject property is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation.

## **8 Inspection**

The Property was visually inspected by the valuer, however no measurement or building survey has been carried out as part of the valuation exercise and the Valuer has relied entirely on the site areas provided by the Client, which has been assumed to be correct.

## **9 General Comment**

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgments that, even if logical and appropriate, may differ from those made by a purchaser, or another valuer. Historically it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and thus the valuation of the subject property/ business herein could differ significantly if the date of valuation was to change.

This report should not be relied upon for any other purpose other than for which this valuation exercise has been undertaken for.

## **10 Confidentiality**

The contents of this Report are intended for the specific purpose stated. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of its contents except as maybe required in connection with the proposed purchase of the Subject Property/ Business by Embassy REIT.

## **11 Authority**

The valuation services are being provided solely for the benefit and use of the Reliant Party(ies) by the Valuer. The report(s) may not be used for any other purpose other than the expressly intended purpose as mentioned in the LOE and the report(s). They are not to be used, circulated, quoted or otherwise referred to for any other



purpose, nor are they to be filed with or referred to in whole or in part in any document without the prior written consent of the Valuer where such consent shall be given at the absolute, exclusive discretion of the Valuer. Where they are to be used with the Valuer's written consent, they shall be used only in their entirety and no part shall be used without making reference to the whole report unless otherwise expressly agreed in writing by the Valuer. Notwithstanding the above, we consent to the usage of the report or a summary thereof for any filings and communications with the Manager to the Embassy REIT, the sellers, its unitholders, the trustee, their respective advisers and representatives, and in any placement documents as part of the purpose mentioned in the LOE. We further consent to copies or extracts of the report being used in publicity material, research reports, presentations and press releases in relation to the annual /semi-annual reports, financials and any other reporting requirements/disclosures required to be made. Any reliance by any party other than the Reliant Party on the valuation report will be on their own accord.

## 12 Reliant Parties

**Embassy Office Parks Management Services Private Limited** as the manager of the Embassy Office Parks REIT ("Embassy REIT") and its unit holders and Axis Trustee Services Limited for the purpose (of the valuation exercise) as highlighted in the LOE including for inclusion in any preliminary placement document, placement document, transaction document/communication to unit holders in connection with the proposed transaction. The auditors, chartered accountants, lawyers, merchant bankers and other advisers of the Embassy REIT can also place reliance on this valuation exercise and any report prepared in connection herewith, however no liability is extended to such parties.

The valuation exercise will be undertaken strictly and only for the use of the Reliant Party and for the Purpose specifically stated. This valuation report prepared herewith can also be shared with the sellers of the Property in connection with the proposed transaction, however no liability shall be extended to them. The instructing party would make all reliant parties aware of the terms and conditions of this agreement under which this exercise is being undertaken.

## 13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does 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 property. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to her by the Instructing Party.
- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation Report, under this contract shall not exceed INR 30Million (Rupees Thirty Million Only) as agreed upon in the LOE 10<sup>th</sup> November 2022.
- In the event that any of the Sponsors, Manager, Trustee, Embassy REIT in connection with the proposed purchase of the Subject property/ business be subject to any claim ("Claim Parties") in



connection with, arising out of or attributable to the Valuation, the Claim Parties will be entitled to require the Valuer, to be a necessary party/ respondent to such claim and the Valuer shall not object to his inclusion as a necessary party/respondent. In all such cases, the Manager agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by the Valuer while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the Valuer in this regard and the Valuer's liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.

- The Valuer 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.

#### **14 Disclosure and Publication**

The Valuer must not disclose the contents of this report to a third party in any way, except as allowed under the Securities Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars.

The Embassy REIT may share this report with its appointed advisors for any statutory or reporting requirements and include it in any notice to the unit holders or any other document in connection with the proposed purchase of the property by Embassy REIT.

#### **15 Anti-Bribery & Anti-Corruption**

Both Parties represents, warrants and undertakes that:

They are familiar with applicable Anti-Corruption Laws under this Agreement including but not limited to Prevention of Corruption Act 1988 and will ensure that neither it nor any of its officers, directors, shareholders, employees and agents or any other person acting under its implied or express authority will engage in any activity, practice or conduct which would constitute an offence under, or expose or potentially expose either Party to any direct or indirect liability, under Applicable Anti-Corruption Laws;

It is further agreed that breach of any of the above undertakings shall be deemed to be a material breach of the Agreement and in case the Valuer is insisted upon or asserted by Client to violate any of the above said undertakings including Anti-Corruption regulations in any form or manner, on pretext of business relationship or otherwise, the Valuer shall have a discretionary right to terminate this Agreement without any liability or obligation on his part.

Such termination of this Agreement shall not in any way prejudice the rights and obligations (including payment for the services delivered under this Agreement) already accrued to the Valuer, prior to such termination.



## **B BENGALURU CITY REPORT**





## 1 Bengaluru Office Market Overview

The overall commercial office market in India and Bengaluru and its key micro markets:

Particulars	India*	Bengaluru	Peripheral North (Including Hebbal)	Outer Ring Road (KR Puram-Sarjapur)	CBD / Off CBD	Peripheral East
<b>Total completed stock 2022 (Million sq. ft.)</b>	629.6	174.1	24.9	64.4	7.5	34.1
<b>Current occupied stock 2022 (Million sq. ft.)</b>	520.7	157.6	20.7	59.7	7.4	29.3
<b>Current Vacancy 2022 (%)</b>	17.3%	9.5%	16.9%	7.3%	2.3%	14.3%
<b>Future Supply – 2023-2025 (Million sq. ft.)</b>	174.8	47.1	9.1	15.0	0.9	9.6
<b>Market Rent – 2022 (INR/ sq. ft./ month)</b>	78	83	89	95	161	68

Source: Cushman & Wakefield Research

\*Please Note: India data comprises of the major cities in India i.e. Bengaluru, Chennai, Delhi, Noida, Gurugram, Hyderabad, Mumbai and Pune.

Location Key:

Peripheral North – Bellary Road, Thanisandra Road, Tumkur Road, Hebbal

Outer Ring Road – Sarjapur, Marathahalli, KR Puram

CBD / Off CBD – M.G. Road, Millers Road, Vittal Mallya Road, Residency Road, etc.

Peripheral East – Whitefield

Out of the total commercial stock of 629.6 Million sq. ft. in India, nearly 27.6% of the stock is in Bengaluru. This shows the attractiveness of Bengaluru among the major Indian cities. The total occupied stock in Bengaluru is approximately 30.3% of the occupied stock in India. Also, Bengaluru accounts for approximately 26.9% of the upcoming future supply in India.

Bengaluru is the capital of the State of Karnataka and is located in the southeast of the state. For the purpose of the study, we will be covering the Greater Bengaluru region which is spread over a total area of over 786 sq. km. (conurbation area)<sup>1</sup> with a population of around 9.50 Million.

<sup>1</sup> www.bdaBengaluru.org



The city, known as Silicon Valley of India, has emerged as a favourite IT/ITES destination over the last 10 – 12 years. Home to companies like Microsoft, Yahoo, Wipro, Infosys, IBM, GE, Google, Accenture, TCS etc, the city has been the front runner in attracting technology companies.

Apart from successfully attracting IT/ITES companies, Bengaluru is considered to be a Biotech destination as well. Bengaluru houses some of the most prominent biotechnology research institutions of India like Indian Institute of Science and National Centre for Biological Resources. The other industries in Bengaluru are related to manufacturing of Aircraft, Earthmoving Equipment, Watches, Garments, Silk, Machine Tools amongst others.

The city has the presence of prominent educational institutions like Indian Institute of Management, Indian Institute of Science, National Law School and a number of engineering/medical colleges offering talent pool to the existing corporations.

The key drivers of demand for office space in Bengaluru are as follows:

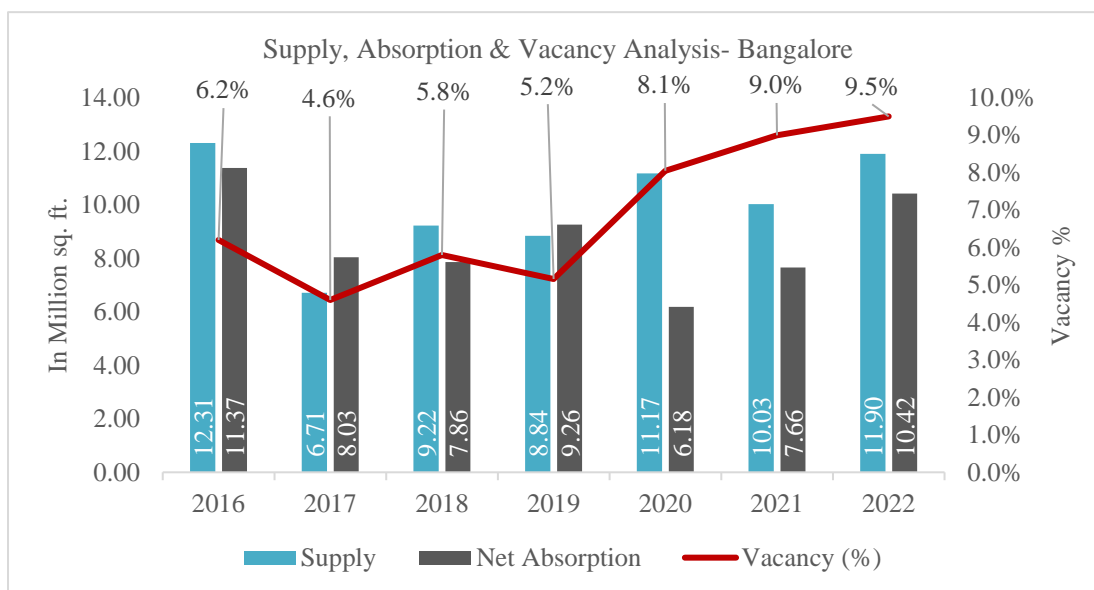
- **Information Technology (IT) capital:** Bengaluru is referred as India's information technology capital. It is home to many IT global firms such as Microsoft, Yahoo, Wipro, Infosys, IBM, GE, Google, Accenture, TCS etc.
- **Biotechnology Centres:** Bengaluru is a hub for biotechnology centres and houses some of the most prominent biotechnology research institutions of India like Indian Institute of Science and National Centre for Biological Resources.
- **Social Infrastructure:** Bengaluru has established educational institutions and colleges, Malls, Hospitals and hotels.
- **Transport infrastructure:** Bengaluru being the IT/IteS hub of India has good connectivity to other cities of the country through all the three modes (rail, road and air) of inland transportation. It has good road connectivity with availability of infrastructure like National Highway 4, National Highway 7, National Highway 48, State Highway 17 etc. It also provides good railway connectivity with four major railway stations and an operational metro line. Bengaluru is also well connected via air with other cities in India and other global cities with the help of 2 operational passenger terminals (Domestic and International) at Kempegowda International Airport.
- **Ongoing/Planned infrastructure projects:** Key initiatives include multiple metro lines, various road projects (proposed 110 km Peripheral Ring Road, widening of National Highway 7, Signal free Outer Ring Road).

Bengaluru being the IT / IteS hub of India has good connectivity to other cities of the country. It has good connectivity through all the three modes (rail, road and air) of inland transportation. Infrastructure initiatives such as Bengaluru's Metro Rail Project Phases 2 & 3, the Cantonment-Whitefield Railway Line's Quadrupling, and the Bangalore Suburban Railway Project would significantly reduce the traffic congestion and further enhance the connectivity of other parts of the city.



## 1.1 Bengaluru- Supply, Absorption & Vacancy

A snapshot of the supply, absorption and vacancy trend for Bengaluru is as below –



Source: Cushman Wakefield Market Research Report

Note: Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

## 1.2 Recent Private Equity Deals in Bengaluru

1. In December 2020, RMZ Corp has completed the sale of 12.80 Million sq. ft. out of 67 Million sq. ft. (or around 18%) of their Real Estate assets to Brookfield Asset Management, for US \$2 Billion.
2. In March 2021, Prestige Group has sold assets worth INR 7,467 Crore to investment firm Blackstone in the first phase of INR 9,100 Crore transaction. Further, as part of the first phase, the company sold 100 per cent stake in Cessna Business Park and Aloft Hotel, Trade Tower in Bengaluru and Prestige Fintech in Gift city.
3. In March 2022, Canada Pension Plan Investment Board (CPPIB) has acquired Prestige Group’s stake in the commercial project jointly owned by Prestige Group with RMZ Corp in a deal valued over INR 1,800 Crore.

## 2 Embassy Business Hub Micro-Market

### 2.1 Peripheral North Office Market Overview

The Peripheral North Bengaluru micro-market can be classified into 3 distinct micro-markets – Hebbal and surrounding areas, Yelahanka, Devanahalli and its surrounding areas.

The subject property is located in Yelahanka, Peripheral North Micro market. This stretch is still in nascent stage with Hebbal and its surrounding areas being the established vector in the Peripheral North Micro Market. Development of Outer Ring Road in 2004 fuelled the growth of real estate activity along the ring road and on



the arterial roads emanating from the same, by improving accessibility and connectivity. Further, the establishment of Manyata Tech Park on ORR triggered the development of organized real estate in the micro market. The development emerged as one of the most prominent and successful IT/ITES development in the city and transformed the micro market into a prominent commercial hub of North Bengaluru. Furthermore, with the establishment of the Kempegowda International Airport at Devanahalli, north Bengaluru micro market witnessed enhanced activity on the stretch from Hebbal junction to the airport including the subject property submarket.

Due to the relatively higher land prices and limited availability of land in Hebbal vector, developers are launching commercial office projects in the latter stretches of this micro market emanating from Jakkur to Devanahalli. However, the vector is yet to witness overwhelming preference from the occupiers owing to limited social infrastructure in the vector resulting in high vacancy levels among office developments in this vector.

The Kempegowda International Airport at Devanahalli serves as a major growth driver for real estate development in the region. The commercial development is driving demand for residential, retail, hospitality and ancillary segments in the micro-market. In the last 8 – 9 years, the North Bengaluru micro – market had witnessed land banking from several established developers and the same is expected to continue.

North Bengaluru is increasingly witnessing substantial residential development activity by a variety of developers. The typology of residential developments includes apartments, row-houses, villas, and plotted developments. Locations like Hebbal, Amrutahalli and Sahakar Nagar are established residential corridors of the micro market comprising independent houses and apartments; while locations like Thanisandra, Horamavu and Hennur Road are witnessing high level of residential activity and developing at a rapid pace owing to the commercial development in the immediate vicinity of these micro markets.

Locations like Yelahanka, Kogilu, Bagaluru Road, Hunsmanahalli (off Bellary Road), and Doddaballapur Road are also witnessing a number of residential launches mainly contributed because of the surging prices in the neighbourhood markets of Hebbal.

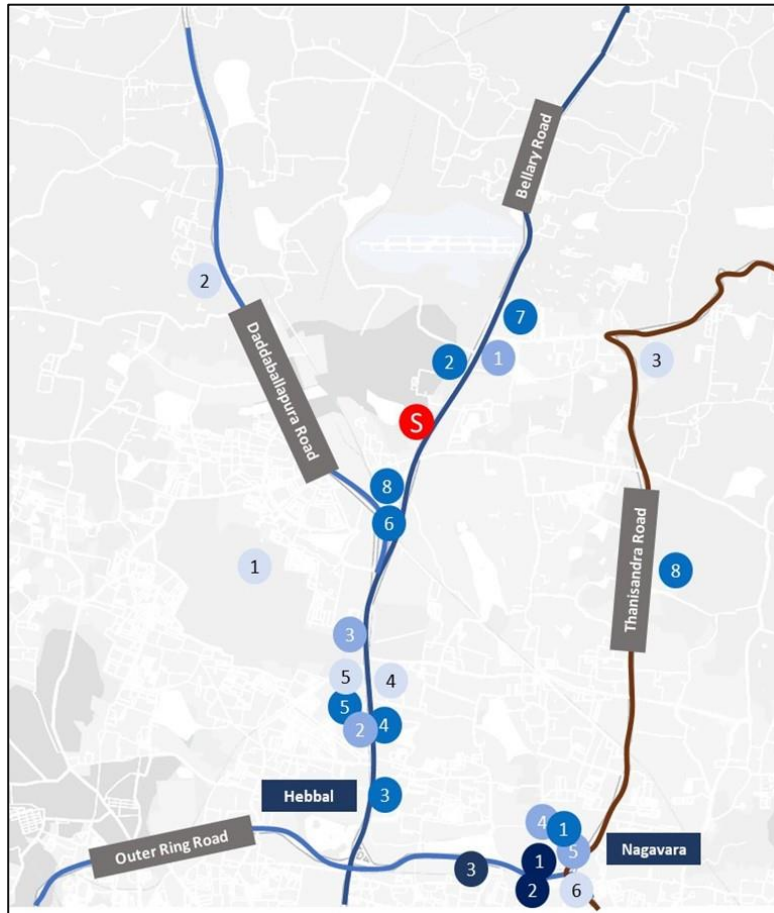
Commercial development in the form of Campus styled developments in North Bengaluru is majorly concentrated around Outer Ring Road and the segment of Bellary Road closer to Hebbal. Some of the prominent commercial developments in North Bengaluru include Manyata Embassy Business Park (Hebbal), RMZ Latitude, Brigade Magnum, Brigade Opus, Kirloskar Business Park (Hebbal), Karle Town Centre, among others. The upcoming under construction supply in the Peripheral North including Hebbal in the next 2-3 years is approximately 9.15 million sq. ft.

Currently, the organized retail activity in North Bengaluru is concentrated around Hebbal, Thanisandra Main Road and Sahakar Nagar. The retail activity in the micro market is predominantly limited to standalone developments mostly relating to automobile segment, eateries, gyms, departmental stores amongst others. The large retail developments in close vicinity to the subject micro market include Elements Mall (310,000 sq. ft.) on Thanisandra Main Road, Esteem Mall (125,000 sq. ft.) in Hebbal, RMZ Galleria Mall (500,000 sq. ft.) in



Yelahanka, Bhartiya City (850,000 sq.ft) in Thanisandra and Century Corbel in Sahakar Nagar. Upcoming malls in the micro market include Phoenix Mall of Asia (~ 1,200,000 sq. ft).

Some of the residential projects from Hebbal to Airport stretch include Embassy Lake Terraces, L&T Raintree Boulevard, Century Horizon, Godrej Aqua, Godrej Platinum Sobha Dream Garden, Sobha Palm Court, etc.



**S** Subject Property

Map Not to Scale

● Key Commercial Developments   ● Social Infrastructure   ● Hospitality Developments   ● Proposed Commercial Developments

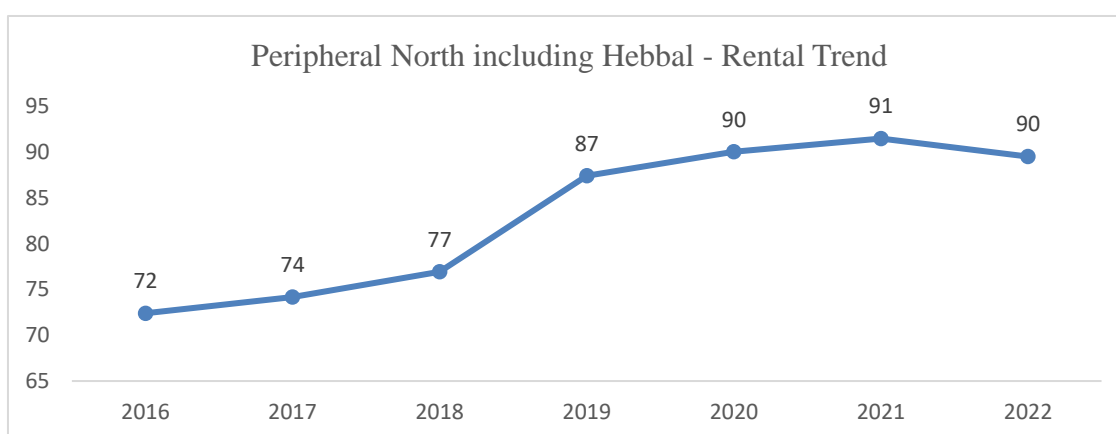


Key Commercial Developments	Social Infrastructure	Hospitality Developments	Proposed Commercial Developments
1. Manyata Embassy Business Park	1. GKVK	1. Hilton Garden Inn	1. Sattva Horizon
2. Modern Asset North Gate	2. BMS College of Engineering	2. Ibis Hebbal	2. Century Downtown
3 Kirloskar Business Park	3. Reva University	3. Courtyard by Marriott	3. L&T Tech Park S1 & S2
4. Brookfield Azure	4. Manipal Hospital Hebbal		4. Embassy Manyata (M3)-Phase I
5. Brigade Opus	5. Aster CMI Hospital		
6. RMZ Galleria	6. JMJ Hospital		
7. Hinduja SEZ			
8. Brookfield North Star			
9. Bhartiya Centre for Information Technology			

Source: Secondary Market Research

## 2.2 Micro Market- Rental Trend Analysis

The vacancy levels in the peripheral north including Hebbal micro market have decreased from 20.6% in 2021 to 16.9% in 2022. The reason can be attributed to large transactions in the micro market in 2022. The upcoming infrastructure initiatives will expand the leasing activities rapidly resulting in increased Market Rent. Current quoted market rentals in Peripheral North are in the range of INR 55-75 per sq. ft./ month and the developments in Hebbal stretch tend to command higher rental rates of INR 85-100, depending on Size, Grade of the Building, Amenities offered, Type of Tenant, Lease terms, etc. The rental escalations from the years 2016 - 22 have witnessed moderate growth resulting in a CAGR of approximately 3.1% owing to high levels of vacancy in the market and further induced by Covid-19 pandemic. The subject micro-market is currently witnessing an absorption of 1.5 – 2.0 Mn Sft, which is expected to absorb the supply overhang. In addition, it has been observed that there is high demand for Commercial Office Developments by Grade A developers (viz. Embassy, Prestige, Salarpuria, etc.) Further, the upcoming Metro Corridor is expected to have a significant positive impact on the location and the Rentals are expected to witness an upward trend owing to improved connectivity and the healthy absorption levels witnessed in the market.



*Source: Cushman Wakefield Market Research Report*

Some of the prominent transactions in the Peripheral North including Hebbal are tabulated below-

Tenant	Development	Location	Area Leased (Mn sq. ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of facility
Indiqube	Brigade Opus	Bellary Road	0.03	Q4 2022	72	Warm Shell
Manyata Mfar Greenheart	M-Far	Hebbal	0.03	Q3 2022	95	Warm Shell
Incubex	Brigade Triumph	Hebbal	0.2	Q3 2022	70	Warm Shell
IBM India Private Limited	Bhartiya Centre for Information Technology - Block 3	Thanisandra Main Road	0.18	Q3 2022	98	Furnished



Tenant	Development	Location	Area Leased (Mn sq. ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of facility
IBM India Private Limited	Bhartiya Center for Information Technology Block -3B	Thanisandra Main Road	0.05	Q3 2022	97	Warm Shell
Weir Minerals	Brigade Opus	Hebbal	0.03	Q3 2022	75	Warm Shell
Mfar Manyata Embassy Business Park	Mfar Manyata	Hebbal	0.07	Q2 2022	100	Warm Shell
Ecolab	Bhartiya Center for Information Technology Block -2	Thanisandra Main Road	0.06	Q2 2022	63	Warm Shell
SMEDC Services	Bhartiya City - Block 2	Thanisandra Main Road	0.06	Q2 2022	62	Warm Shell
MEBP (E2 - Silveroak)	Embassy Office Parks REIT	Hebbal	0.04	Q2 2022	95	Warm Shell
Simple Energy	Modern Asset North Gate	Bellary Road	0.03	Q2 2022	54	Warm Shell
Karle Hub 1	Karle Group	Hebbal	0.01	Q2 2022	72	Warm Shell
MEBP	Embassy Office Parks REIT	Hebbal	0.51	Q1 2022	92	Warm Shell
Alcon Labs	Brookfield Azure	Bellary Road	0.08	Q1 2022	72	Warm Shell
Ceridian	Brookfield Azure	Bellary Road	0.08	Q1 2022	74	Warm Shell
Citibank	Brigade Magnum	Bellary Road	0.04	Q1 2022	75	Warm Shell

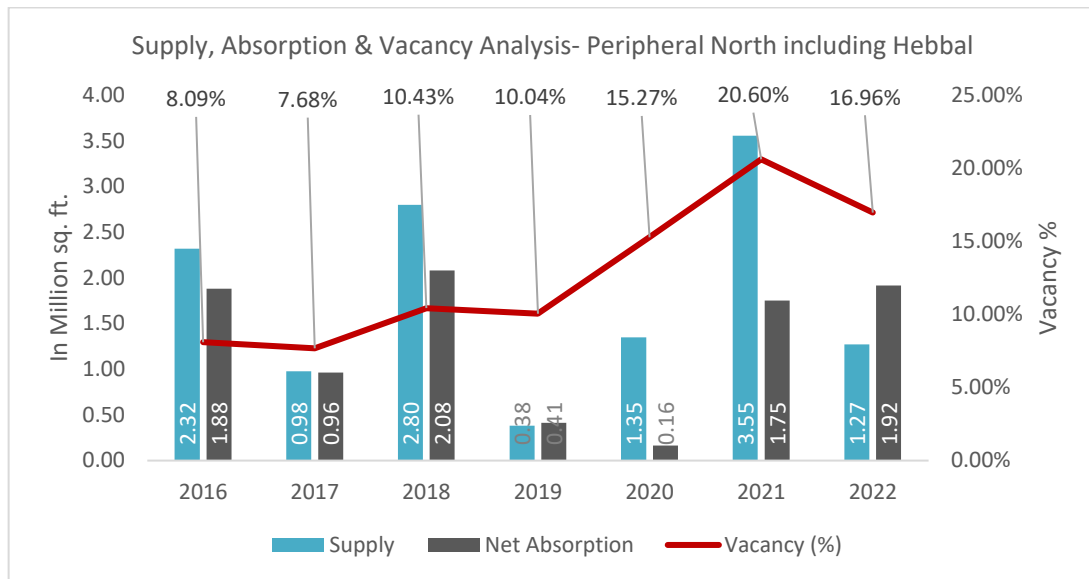
Source: Secondary Market Research





### 2.3 Micro Market- Supply, Absorption & Vacancy

A snapshot of the supply, absorption and vacancy trend for Peripheral North including Hebbal is as below-



Source: Cushman wakefield market research report

Note: Absorption refers to the Net absorption. The Net absorption value refers to the net additional leasing activity which has occurred in the year. This does not include any pre-commitments, renewals etc. The pre-commitments are recorded as absorption in the year in which the tenant occupies the building.

- The total stock of commercial office space in Peripheral North including Hebbal as on 2022 is approximately 24.89 Million sq. ft. (Grade A office space)
- The total net absorption of commercial office space in Peripheral North including Hebbal during 2022 has been approximately 1.92 million sq. ft. and during 2021 total net absorption was approximately 1.75 Million sq. ft.
- The supply in this micro market as on 2022 was 1.27 Million sq. ft. in comparison to the 3.55 Million sq. ft. supply in 2021. Also, the future supply in this micro market from 2023 to 2025 is 9.15 Million sq. ft. In 2020 the supply in the micro market was 1.35 Million sq. ft. and 0.38 Million sq. ft. in 2019.
- The vacancy level for office space in Peripheral North including Hebbal dropped to 16.96% in 2022 from 20.60% in 2021. The reason can be attributed to limited office space availability in the Hebbal Stretch micro market. Peripheral north witnessed a healthy absorption in the year 2022 due to the large office space taken by Philips and IBM which resulted in decrease in vacancy levels.



Some of the prominent operational commercial developments in Peripheral North including Hebbal include:

Building Name	Developer	Location	Year of Completion	Completed Super Built-up area (Million sq. ft.)	Vacancy as on 2022 (Mn sq. ft.)	Warm shell Quoted Rentals (INR per sq. ft. per month)	Main Occupiers
Manyata Embassy Business Park	Embassy Office Parks REIT	Hebbal	2007-2020	13.08	0.76	85-100	CTS, Capgemini, IKEA
Bhartiya Centre for Information Technology	Bhartiya Group	Thanisandra Main Road	2015-2022	2.64	0.67	65-70	IBM, Infosys, Maersk
Modern Asset North Gate	Modern Asset	Bellary Road	2018-2021	1.90	0.47	55-60	Collins Aerospace, Pratt & Whitney
Karle Town Centre	Karle Group	Hebbal	2014-2021	1.86	0.11	85-90	Smartworks, H&M, Epsilon
Umiya Velociti	Umiya Group	Bellary Road	2021	0.82	0.60	85-90	NA
Hinduja SEZ Block 3	Hinduja Developers	Bellary Road	2016	0.80	0.68	50-55	Axa Business Services
Brigade Magnum	Brigade Group	Bellary Road	2015	0.50	Nil	80-85	Citi Bank, PwC, Coca Cola Beverages
MSR Pacman	M S Ramaiah Developers And Builders	Hebbal	2022	0.41	0.21	85-90	Novo Nordisk
Brigade Opus	Brigade Group	Bellary Road	2018	0.40	0.01	85-90	ABB, CEDE Smith, Indiqube
Brigade Senate	Brigade Group	Hebbal	2020	0.39	0.22	80-85	Teva Pharma, Actavis Group, Lotus Labs
Brookfield Azure	Brookfield	Bellary Road	2019	0.38	0.02	80-85	Boeing, Alcon Labs, Enercon



Building Name	Developer	Location	Year of Completion	Completed Super Built-up area (Million sq. ft.)	Vacancy as on 2022 (Mn sq. ft.)	Warm shell Quoted Rentals (INR per sq. ft. per month)	Main Occupiers
Brookfield North star	Brookfield	Yelahanka	2011	0.31	0.08	60-65	Surbana Jurong
Salarpuria Galleria (Block I)	Salarpuria Sattva	Bellary Road	2018	0.26	0.18	75-80	Kia Motors, Simpli Namdhari's
Kirloskar Business Park	Embassy Property Developments Limited	Bellary Road	2000	0.25	0.03	95-100	Coca Cola, XIME, Awfis
RMZ Latitude	RMZ Corp	Bellary Road	2017	0.23	Nil	85-90	PwC, Wework, Moog Controls
Brigade Triumph	Brigade Group	Bellary Road	2022	0.20	Nil	85-90	Incubex

Source: Secondary Market Research

Some of the prominent under construction commercial developments in Peripheral North including Hebbal are:

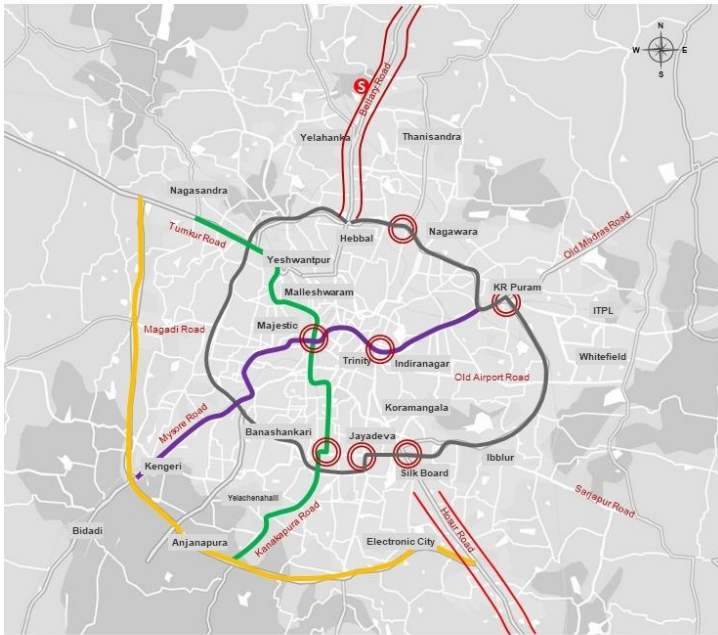
Building Name	Developer	Location	Year of Completion	Super Built-up area (Million sq. ft.)	Construction Status
Capitaland (Garden City)	Capitaland	Hebbal	2025	1.65	Under-construction
Embassy Manyata (M3)-Phase I & II	Embassy Office Parks REIT	Hebbal	2025	1.60	Under-construction
Prestige Tech Cloud Block 3	Prestige Group	Devanahalli	2025	0.35	Under-construction
Century Downtown	Century Group	Bellary Road	2024	0.78	Under-construction
Divya Sree Avance Tower T3A	DivyaSree Developers	Hennur Road	2024	0.66	Under-construction
L&T Tech Park S2	L&T Realty	Bellary Road	2024	0.65	Under-construction
Divya Sree Avance Tower T2	DivyaSree Developers	Hennur Road	2024	0.59	Under-construction
Prestige Tech Cloud Block 2	Prestige Group	Devanahalli	2024	0.35	Under-construction
Sattva Horizon (Bagalur Cross)	Salarpuria Sattva	Bellary Road	2023	1.03	Under-construction
Phoenix Asia Tower	Phoenix Mills	Bellary Road	2023	0.76	Under-construction
Prestige Tech Cloud Block 1	Prestige Group	Devanahalli	2023	0.35	Under-construction
L&T Tech Park S1	L&T Realty	Bellary Road	2023	0.53	Under-construction

Source: Secondary Market Research



## 2.4 Existing and Upcoming Infrastructure

### Existing Infrastructure:

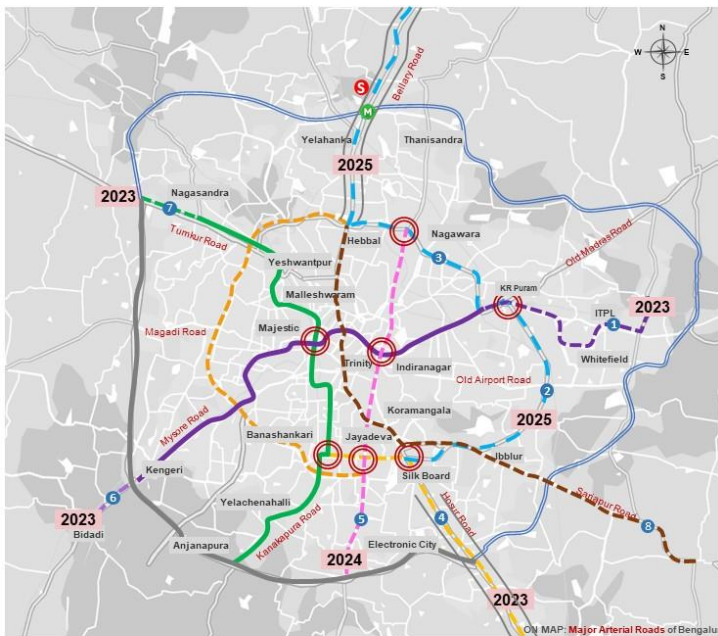


5 Subject Property

ON MAP: Major Arterial Roads of Bengaluru

Metro Rail Network
Phase 1 - Operational Green & Purple Line
<ul style="list-style-type: none"> <li>Green Line   Nagasandra to Silk Institute Metro Station – <b>30.5 Kms</b> (Completion 2014 – 2021)</li> <li>Purple Line   Mysuru Road to Baiyappanahalli (KR Puram) – <b>18.22 Kms</b> (Completion 2011 – 2015)</li> </ul>
Outer Ring Road
<ul style="list-style-type: none"> <li>60 Km stretch around Bengaluru that now is the prime IT destination in the city (Completion 1996 – 2002)</li> </ul>
NICE Road
<ul style="list-style-type: none"> <li>4 lane corridor, part of the Bengaluru-Mysore Industrial corridor that acts as a major by-pass</li> </ul>
Elevated Expressways
<ul style="list-style-type: none"> <li>22 Kms Expressway connecting Hebbal to Airport</li> <li>9.9 Kms Electronic city flyover connecting Madiwala to Electronic City (Completion 2010)</li> </ul>

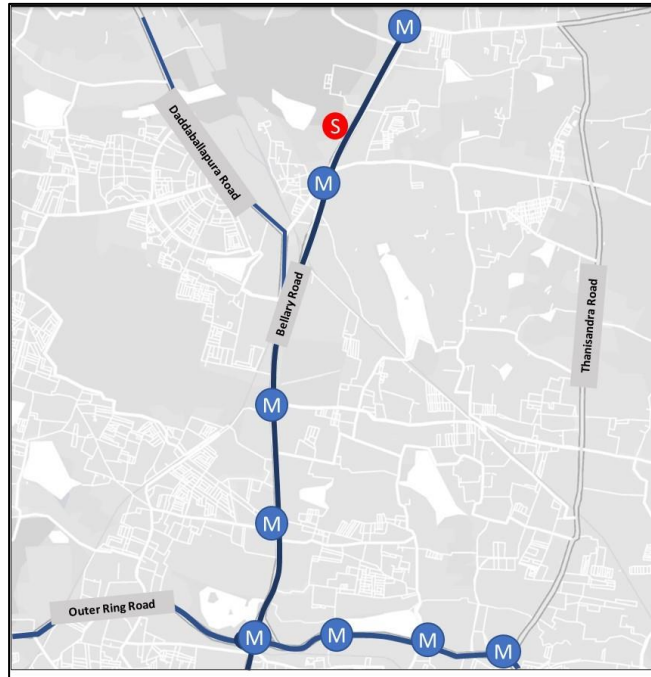
### Upcoming Infrastructure:



5 Subject Property 6 Infrastructure 7 Yelahanka Metro Station

ON MAP: Major Arterial Roads of Bengaluru

Metro Rail Network
<ol style="list-style-type: none"> <li>Purple Line Extension   Baiyappanahalli to Whitefield - Under-construction Line;</li> <li>Blue Line   Silk Board to KR Puram Under-construction Line;</li> <li>Blue Line   KR Puram to Airport Under-construction Line;</li> </ol>
<p><b>Current Status:</b> Metro pillars and via duct being laid. *ORRCA is closely monitoring the progress of this metro line and liaisoning with the government to expediate the completion. Expected completion as per official estimates Q4 2024, however owing to delays in the past we have assumed completion Q4 2025 for Silkboard - Airport line.</p> <p>The subject property is at a distance of ~1 – 2 Kms from Yelahanka Metro Station.</p>
<ol style="list-style-type: none"> <li>Yellow Line   RV Road to Bommasandra - Under-construction Line;</li> <li>Pink Line   Nagavara to Kalena Agrahara - Expected Completion December 2024</li> <li>Purple Line Extension   Kengeri to Ancephalya - Expected Completion December 2023</li> <li>Green Line Extension   Nagasandra to Madavara - Expected Completion March 2023</li> <li>Brown Line   Sarjapur to Hebbal - Expected Completion 2030</li> <li>Orange Line   JP Nagar to Kempapura – Expected Completion 2029</li> </ol>
<p>*ORRCA – Outer Ring Road Companies Association</p>
Peripheral Ring Road
<ul style="list-style-type: none"> <li>65 Km stretch is planned to circumnavigate through the city – Planned</li> </ul>
Suburban Rail Network
<p><b>Corridor 1</b> – Kengeri to Whitefield      <b>Corridor 3</b> – Nelamangala to Baiyappanahalli</p> <p><b>Corridor 2</b> – KSR Bengaluru City to Rajankunte      <b>Corridor 4</b> – Heelalige to Devanahalli</p>
<p>Suburban rail is an under construction commuter rail project expected to enhance connectivity between prominent locations in Bangalore. Expected completion 2026 – 2027</p>



(Map not to Scale)

The upcoming metro line connectivity in Phase 2 of the metro construction will provide good connectivity from the other parts of the city to Peripheral North (Silk Board – Bengaluru International Airport). As per the Bengaluru Metro Rail Corporation Limited (BMRCL) website, the metro line is under construction and will be completed by 2025.

The Peripheral North micro market has 22 kms expressway connecting Hebbal to Airport, signal-free (by construction of underpasses and flyovers).

Key Statistics for Peripheral North including Hebbal are:

Particulars	Details
<b>Total completed stock (2022)</b>	Approximately 24.89 Million sq. ft.
<b>Current occupied stock (2022)</b>	Approximately 20.67 Million sq. ft.
<b>Current Vacancy (2022)</b>	Approximately 16.96%
<b>Future Supply (2023 – 2025)</b>	Approximately 9.15 Million sq. ft.

Source: Secondary Market Research



## 2.5 Office Market Outlook

The total commercial stock in Peripheral North including Hebbal as of 2022 is approximately 24.89 million sq. ft. (approx. 14.30% of the city's total stock of commercial office stock). Current quoted market rentals in Peripheral North are in the range of INR 55-75 per sq. ft./ month and the developments in Hebbal stretch tend to command higher rental rates of INR 85-100, depending on Size, Grade of the Building, Amenities offered, Type of Tenant, Lease terms, etc. Due to locational advantages, the developments near Hebbal stretch (Outer Ring Road) tend to command higher rental rates than those in Yelahanka and Thanisandra. Further, over 2016-2022 the rentals in the micro market witnessed muted growth resulting in a CAGR of approximately 3.1% owing to high levels of vacancy in the market induced by Covid-19 pandemic. Considering the stabilisation and reduction in vacancy, we are of the opinion that the rentals in the micro market are expected to increase at 2-3% in the medium term and by 5% in line with other micro markets over the following 2-3 years. Further, the upcoming Metro Corridor will have a positive impact on the rentals owing to improved connectivity and enable annual growth rate of ~5% in the market rentals in lines with other markets of Bangalore.

Peripheral North is currently in the initial stages of development. The activity beyond Yelahanka was a result of spill over real estate activity from Hebbal Outer Ring Road (Embassy Manyata Business Park). Off late, in the past 1-2 years, Peripheral North has started witnessing interests from prominent MNCs and Indian companies on account of the improved infrastructure initiatives, connectivity to the International Airport, etc. The location is emerging in terms of real estate activity and majority of the developments are at various stages of construction. Some of the prominent companies who have expanded to Peripheral North includes IBM Technologies Private Limited, Infosys, Philips, etc. Going forward, infrastructure initiatives such as the Metro connectivity (under-construction) will further enhance the attractiveness & connectivity of the subject location.



**C PROPERTY REPORT**



**1. Address, ownership and title details of Subject property**

<b>Address:</b>	Embassy Business Hub (EBH), Sy.# 25/2 , 25/3 & 26, Venkatala Village, Bellary Road, Yelahanka Bengaluru North, Bengaluru.
<b>Ownership &amp; title details:</b>	JDA: ~13 Acres (by the respective landowners)

*Source: Architect Certificate, Title Report*

**1.1 Encumbrances**

Unless disclosed and recorded in the Property Report – Part C, the Subject property is considered to possess a good and marketable title and is free from any unusually onerous encumbrances with no option or pre-emption rights in relation to the assets except for those created in favour of the lenders as mentioned below, based on the information given in the Title Reports prepared by Trilegal. We have not checked and verified the title of the Subject Property.

**1.2 Revenue Pendencies**

On the basis of the Title Reports prepared by the Legal Counsels and discussion with the Client, there are no revenue pendencies including local authority taxes associated with the Subject property or any compounding charges. No independent verification of this has been made from revenue authorities and reliance has been made on the Client information for the same.

**1.3 Material Litigation**

Based on discussions with the Client and Title Reports shared, there are no material litigation relating to the Subject Property except as mentioned in Annexure 8. It may be noted that the valuation is subject to the fact that the property is considered to possess a good and clear marketable title and is free from any unusually onerous encumbrances

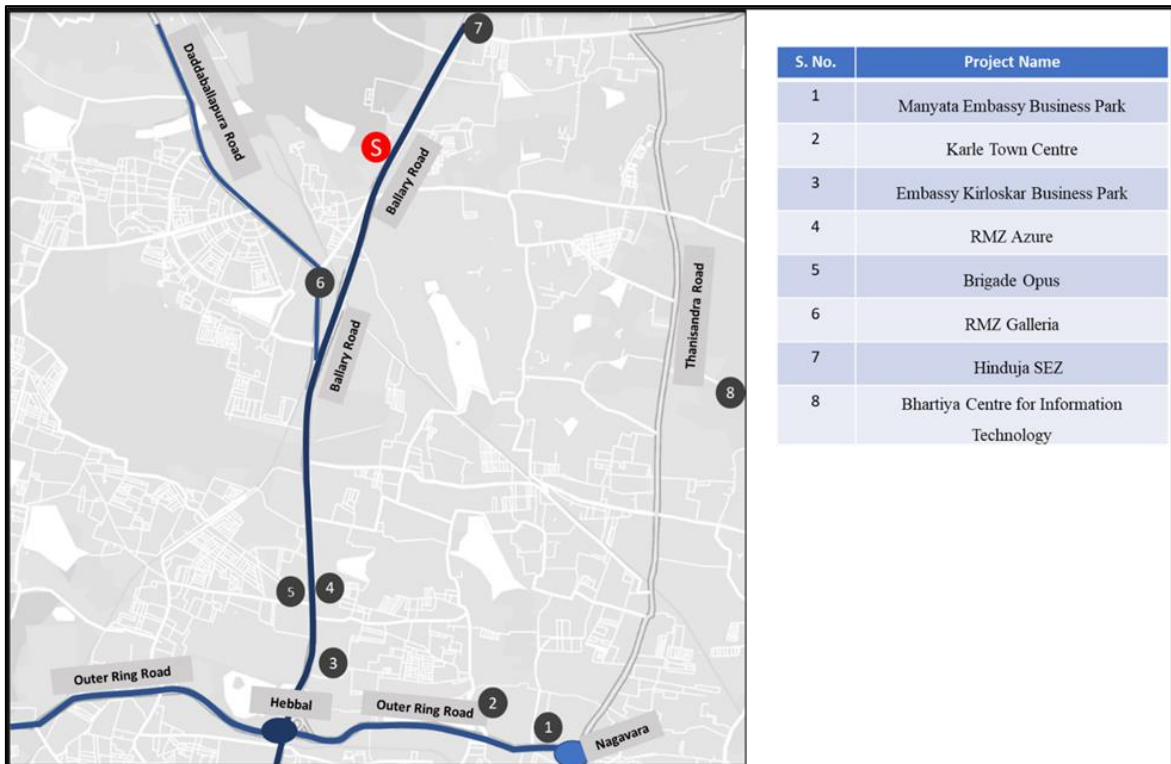


## 2 Location

### 2.1 General

The property ‘Embassy Business Hub’ (hereinafter referred to as ‘Subject property’) is located along Bellary Road, in Yelahanka which falls on Peripheral North - Hebbal micro market of the city. There are numerous potential growth prospects along this emerging corridor. Its already attracting traction from various developers for commercial and residential development due to lower price and superior connectivity to ORR and Airport. The subject property is located at close distance to residential catchment areas of Yelahanka New Town, Kogilu cross (Old Yelahanka), Jakkur, Sahakar Nagar and Kattigenahalli. The retail developments in the micro market include a mix of stand-alone stores and malls such as RMZ Galleria, Garuda Mall (Yelahanka Central) and Bhartiya City Centre. The prominent developments near the subject property include Railway Wheel Factory, General Hospital, Apoorva Hospital, University of Agricultural Sciences among others.

The location map of the Subject property is set out below:



The subject property is spread out over ~13 Acres of land parcel. Located along NH44 (Bellary Road), the Subject property enjoys good frontage and has a relatively flat topography with no significant variations in the height of the land.



## **2.2 Accessibility**

The Subject property is well connected to major locations in the city via road network. The distance of the Subject property from major landmarks in the city is as follows:

- Approximately 1-2 kms from Yelahanka Railway Station
- Approximately 15-16 kms from Kempegowda International Airport
- Approximately 18-19 kms from M G Road Metro Station
- Approximately 18-19 kms from Bengaluru Railway Station

The Subject property is well accessible to different parts of the city through the Bellary Road. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system. The property photographs of the Subject property are attached in Annexure 4.

## **2.3 Ground Conditions**

Based on visual inspection, there were no evidence of adverse ground conditions at the property or immediate vicinity.

## **2.4 Environmental Considerations**

We have not carried out any investigations or tests or been supplied with any information from Client or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water).

For the purpose of assessing the vulnerability of the Subject property to any natural or induced disaster the location of the property with respect to risks pertaining to earthquakes, high winds/cyclone and flooding was studied. Bengaluru where the Subject property is located falls in Seismic Zone II with least risk. The city faces low risk in terms of high winds or cyclones too. The Subject Property is not likely to face any higher risk than the overall risk profile of the city. No hazardous activity was noted in the vicinity of the Subject property which may expose it for any induced disaster.

## **2.5 Town Planning and Statutory Considerations**

We have not made formal search but have generally relied on readily available information to general public. Our Report is on current use/ current state basis of the property, and we have not considered any Government proposals for road widening or compulsory purchase/ acquisition, or any other statute in force that might affect the Subject property.



### 3 Subject property - Asset Description

Embassy Business Hub is a Grade A Tech Park located on Bellary Road, Bengaluru. It comprises of Non-SEZ buildings. The Subject Property has two phases - Phase I & Phase II.

Phase I of the Grade A Tech Park admeasure ~0.66 Million Sq. ft. of leasable area and Phase II admeasure 1.43 Million Sq. ft. respectively. Phase I is expected to be completed by Q2 FY 2024. Phase II is expected to be completed by Q2 FY 2028.

#### Under Construction Buildings

Particulars	Total Leasable Area (Million Sq. Ft.)	ECPL JDA Share (Million Sq. Ft.)	Landowner JDA Share (Million Sq. Ft.)	Usage type	Status
Phase I	0.66*	0.40*	0.25*	Non-SEZ	Under-construction
Phase II	1.43*	0.96*	0.47*	Non-SEZ	Under-construction

*\*Refers to Developable area*

*Source: Architect's Certificate, Rent Rolls, JDA, sharing agreement with landowner and agreement to lease with Philips*

Embassy Business Hub is planned as commercial office development. The Tech Park will offer various quality amenities to its employees including Food Courts, amenity areas. Spread across approx. ~13 Acres, Embassy Business Hub comprises of approximately 2.09 Million sq. ft. of leasable area.

### 3.1 Key Asset Information

#### Under Construction Buildings

Particulars	Details
Grade A Tech Park:	<b>Phase I</b> Total Area: 0.66 Million Sq.ft <b>Phase II</b> Total Area: 1.43 Million Sq.ft
Expected completion date of construction:	Phase I – Q2 FY 2024 Phase II – Q2 FY 2028
Asset type:	Commercial Office/Non SEZ
Approved Usage:	Commercial Office
Leasable Area:	Phase I: 0.66 Million Sq ft Phase II: 1.43 Million Sq ft
Status of construction:	Under-construction
Approvals received and pending as on Valuation Date	List of approvals detailed in Annexure 8

*\*Note: The proposed transaction is a related party transaction.*

### 3.2 Property Inspection

The Subject Property comprising under-construction block was inspected by the valuer. The inspection comprised visual inspection of Phase I with RCC structure work completed up to 13th floor, Façade work was under progress till 12<sup>th</sup> Floor, Fire Fighting installations were done till 12<sup>th</sup> floor, AHU till 11<sup>th</sup> floor, other miscellaneous works were under progress at different stages. Further, all three level basement works were completed except painting and finishing works. Further, the common areas within the buildings were visited on a sample basis as the building had access restriction since it was under construction.

Phase I comprises of 3B+G+13 upper floor. The all 3 basements are designated for parking & other mechanical installations (wherever required). The ground, first and second floor has been proposed for R&D lab installation as per the specifications request by tenant (Philips India Limited). Further, the 3rd to 13th floor is proposed for office use.

As per the information provided by client, the completion date of Phase I is expected by Q2 FY 2024.

During the site inspection, the Phase II is currently under construction with appointment of civil contractors, finalization of master plan and site mobilization is work in progress.

### **3.3 Investigation and nature and source of information**

The Valuer undertook physical visits of the Subject property wherein the buildings and related assets were visually inspected to assess the condition of the buildings and the apparent state of its maintenance/upkeep.

Information related to state and structure of the relevant real estate market for the Subject property was sourced from the industry and market sources.

The Valuer relied on the following information and documents shared by the Client with respect to the Subject property:

Title certificates prepared by the Trilegal covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property.

- a. Architect's certificates mentioning site areas and property areas
- b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property
- c. Lease agreements and commercial clauses thereof for Philips India Limited
- d. Masterplan/ Development plan applicable in the jurisdiction of the Subject property.
- e. Management representation regarding the following:
  - i. Statement of Assets
  - ii. Revenue pendency if any
  - iii. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

### **3.4 Tenant Profile**

ECPL holds a share of 0.40 Million sq. ft. Philips India Limited has pre-leased 0.37 million sq. ft. (Ground to 12<sup>th</sup> Floor) and 0.03 million (13<sup>th</sup> Floor) has been committed as hard option to Philips India Limited

### **3.5 Lease Expiry Profile**

The ultimate Lease Expiry of Philips India Limited in the property is 15 years including two renewal terms of 5 Years each at lessee's option to renew.



## **D VALUATION APPROACH & METHODOLOGY**



## 1.1 Asset-specific Review:

As the first step, 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, agreements belonging to tenants with pre-committed area were reviewed on a sample basis.

Physical site inspections were undertaken to assess the current status of the Subject Property.

## 1.2 Micro-market Review:

An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective property vis-à-vis its locational context, etc of office assets. Analysis of the micro-market was undertaken primarily based on the findings of the industry and readily available information in public domain to ascertain the transaction activity of office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the achievable market rent (applicable rental for the micro-market where the asset is located) for the Subject Property for leasing vacant spaces as well as upon releasing.

## 1.3 Cash Flow Projections:

1. The cash flows for the operational and under-construction/proposed area have been projected separately to arrive at their respective value estimates.
2. Net operating income (NOI) has primarily been used to estimate the cash flows from the Subject Property. The following steps were undertaken to arrive at the value for operational and under-construction/proposed areas respectively. The projected future cash flow from the subject property is 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, following which, the lease terms have been aligned with achievable market rent for the Subject Property. For vacant area and under-construction/proposed area, the achievable market rent led cash flows are projected 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 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

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

**Step 1:** Projecting the rental income for the tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

**Step 2:** Generating a rental income stream for the tenancies for the time period similar to the cash flows drawn in the aforementioned step



**Step 3:** For projection of rental income, the contracted terms have been adopted going forward until the next lease review/ renewal. Going forward for new leases, rent escalation of 15% at the end of every 3 years has been assumed.

**Step 4:** Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 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 not included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provisions have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during any fresh lease and lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all office assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the income which accrues as cash inflows to the Subject Property.
4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the commercial office assets through this approach.



## 2 Assumptions considered in Valuation (DCF Method)

The following assumptions have been made to arrive at the market value of the Subject property as on 28<sup>th</sup> February 2023

Cashflow Period	Unit	Details
Valuation Date		28-Feb-23
Cashflow period	Years	10
Cashflow exit period	End date	28-Feb-33

### 2.1 EBH Valuation

#### 2.1.1 Phase – I

##### Property details

Property Details	Unit	Details
Total Area	Mn. Sq.ft.	0.66
Embassy share Area	Mn. Sq.ft.	0.40
Total Property Leasable Area for Embassy	Mn. Sq.ft.	0.40
Land Owner share Area	Mn. Sq.ft.	0.25
Area Leased- Philips upto 12th floor	Mn. Sq.ft.	0.37
Area Committed- 13th floor (Hard Option)	Mn. Sq.ft.	0.03
Pre Leased	%	93%
Hard option	%	7%
Rent Free Period-Existing Lease Roll Overs	Months	1.0
Rent Free Period- New Lease	Months	4.0
4W parking slots - total		535
2W parking slots	Number	535

- As per agreement to lease provided by client, ECPL holds a share of 0.40 Million sq. ft. and Philips India Limited has pre-leased 0.37 million sq. ft. (Ground to 12<sup>th</sup> Floor) and 0.03 million (13<sup>th</sup> Floor) has been committed as hard option to Philips India Limited
- Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.

##### Construction related assumptions

Construction Related Assumptions	Unit	Office
End Date of Construction		30-September-2023
Total Construction Cost	INR Million	3,690
Construction Cost Incurred till Date	INR Million	2,088
Construction Cost to be Incurred	INR Million	1,603

Note: Reliance on Client inputs for the assumptions relating to construction

## Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 65.00
Market 4 W Parking Rent	Per slot/month	INR 3,000
Other operating income	% of lease rental	1.00%
Market Rent growth rate FY 2024-Oct-23 Onwards	% p.a.	2.50%
Market Rent growth rate FY 2025 onwards	% p.a.	5.00%
Parking income growth rate	% p.a.	5.00%
Normal market escalation at end of every	years	3 years of lease tenure
Market escalation at end of escalation period	%	15.0%
Target efficiency	%	100.0%
CAM Margin	INR	INR 2.57

- **Achievable Market Office:**

Peripheral North including Hebbal had its highest net absorption in 2022 with ~ 1.92 Million Sq. ft. The stretch on Bellary Road (NH-44) from a commercial office profile can be divided into 2 parts – from Hebbal/ Outer Ring Road to Yelahanka and locations beyond Yelahanka. The Stretch from Hebbal/ Outer Ring Road to Yelahanka witnesses higher rentals (INR 85-100 per sq. ft. per month) on account of superior connectivity, distance from the city centre, social infrastructure, etc. The stretch beyond Yelahanka witnesses lower rentals as the location is emerging in terms of real estate activity, social infrastructure, distance from the city centre, etc. The quoted rentals witnessed for Commercial developments beyond Yelahanka are subdued (viz. INR 50-65 per sq. ft. per month) as compared to the initial stretches of Bellary-road closer to Hebbal/ Hebbal Outer-Ring Road.

- Achievable market rent of the subject property has been considered in line with market rental trends for warm shell property at INR 65 per sq. ft. per month.
- It may be noted that the last three years the rentals have been stable owing to slowdown induced by the pandemic. The micro-market witnessed high vacancy levels due to limited physical infrastructure and accessibility to other parts of the city. However, the upcoming infrastructure initiatives will expand the leasing activities rapidly resulting in increased Market Rent. The growth rate in market rentals for the subject property has been assumed at 2.5% from Oct 2023 till Mar 2024 and 5% for future based on the expected growth rate and the vacancy in the micro-market
- **CAM Margin** of INR 2.57 with an annual escalation of 5% is assumed based on the similar asset performing in the micro market.

Tenant	Development	Location	Area Leased (Mn sq. ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of facility
Indiquebe	Brigade Opus	Bellary Road	0.03	Q4 2022	72	Warm Shell
Manyata Mfar Greenheart	MFar	Hebbal	0.03	Q3 2022	95	Warm Shell

Tenant	Development	Location	Area Leased (Mn sq. ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of facility
Incubex	Brigade Triumph	Hebbal	0.2	Q3 2022	70	Warm Shell
IBM India Private Limited	Bhartiya Centre for Information Technology – Block 3	Thanisandra Main Road	0.18	Q3 2022	98	Furnished
IBM India Private Limited	Bhartiya Center for Information Technology Block - 3B	Thanisandra Main Road	0.05	Q3 2022	97	Warm Shell
Weir Minerals	Brigade Opus	Hebbal	0.03	Q3 2022	75	Warm Shell
Ecolab	Bhartiya Center for Information Technology Block -2	Thanisandra Main Road	0.06	Q2 2022	63	Warm Shell
SMEDC Services	Bhartiya City - Block 2	Thanisandra Main Road	0.06	Q2 2022	62	Warm Shell
MEBP (E2 - Silveroak)	Embassy Office Parks REIT	Hebbal	0.04	Q2 2022	95	Warm Shell
Karle Hub	Karle Group	Hebbal	0.01	Q2 2022	72	Warm Shell

### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
Property Tax	Per sq.ft./month	INR 3.00
Insurance	Per sq.ft./month	INR 0.28
CAM cost escalation	% p.a.	5.0%
Cost escalation	% p.a.	5.0%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	1.0%
Property Management Fees	% of Lease Rentals	3.00%

- **Brokerage-** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **Property Tax** have been considered at INR 3.00 per sq. ft. per month and Insurance at INR 0.28 per sq. ft. per month.
- **Other Operating Expenses** and have been assumed at 1% of the rentals. The other expenses account for minor repairs and maintenance to the buildings, legal and professional fees, rates and taxes and other such expenses.
- Based on information received from the client, **Property Management fees** have been assumed at 3% of lease rentals, parking income, and other operating income.



**Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

## 2.1.2 Phase - II

### Property details

Property Details	Unit	Details
<b>Total Area</b>	Mn. Sq.ft.	1.43
<b>JD Ratio</b>	%	67%
<b>Total Embassy Leasable Area</b>	Mn. Sq.ft.	0.96
<b>Land Owner Area</b>	Mn. Sq.ft.	0.47
<b>Area Leased</b>	Mn. Sq.ft.	-
<b>Leased</b>	%	0.00%
<b>Vacant Area</b>	Mn. Sq.ft.	1.43
<b>Vacancy</b>	%	100.0%
<b>Stabilized Vacancy</b>	%	2.0%
<b>Further leasing</b>	Mn. Sq.ft.	0.94
<b>Rent Free Period-Existing Lease Roll Overs</b>	Months	1.0
<b>Rent Free Period- New Lease</b>	Months	4.0
<b>4W Parking Slots</b>	Number	1,200
<b>4W Slots leased</b>	Number	-

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.
- **Stabilized Vacancy:** In accordance with market benchmarks for Grade A office spaces, the stabilized vacancy has been considered at 2.00% of leasable area.
- Further leasing of 0.94 Million Sq. ft. has been assumed after incorporating a 2% stabilised vacancy which is a standard for Grade A properties in Commercial Parks.

### Construction related assumptions

Construction Related Assumptions	Unit	Office
End Date of Construction		30-September-2027
Total Construction Cost	INR Million	6,714
Construction Cost Incurred till Date	INR Million	0
Construction Cost to be Incurred	INR Million	6,714

*Note: Reliance on Client inputs for the assumptions relating to construction*

### Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 65.00
Market Rent - Food Court	Per sq.ft./month	INR 80.00
Market 4 W Parking Rent	Per slot/month	INR 3,000
Other operating income	% of lease rental	1.00%
Market Rent growth rate FY 2024 : Oct-2023 onwards	% p.a.	2.50%
Market Rent growth rate- FY 2025 onwards	% p.a.	5.00%
Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	9 years
Normal market escalation at end of every	years	3 years of lease tenure
Market escalation at end of escalation period	%	15.0%
CAM Margin	Per sq.ft./month	INR 2.57

- **Achievable Market rent – Office Area:**

Peripheral North had its highest net absorption in 2022 with ~ 1.92 Million Sq. ft. The quoted rental for the subject location is in the range of INR 50-65 per sq. ft. per month.

Achievable market rent for the subject property has been considered in line with market rental trends for warm shell property at INR 65 per sq. ft. per month.

- **Achievable Market rent – Food Court:** It has been considered in line with the achievable market rent for completed area at INR 80 per sq. ft. per month.

It may be noted that the last three years the rentals have been stable owing to slowdown induced by the pandemic. The micro-market witnessed high vacancy levels due to limited physical infrastructure and accessibility to other parts of the city. However, the upcoming infrastructure initiatives will expand the leasing activities rapidly resulting in increased Market Rent. The growth rate in market rentals for the subject property has been assumed at 2.5% from Oct 2023 till Mar 2024 and 5% for future based on the expected growth rate and the vacancy in the micro-market.

- **CAM Margin** of INR 2.57 with an annual escalation of 5% is assumed based on the similar asset performing in the micro market.

### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
Property Tax	Per sq.ft./month	INR 3.00
Insurance	Per sq.ft./month	INR 0.28
CAM cost escalation	% p.a.	5.0%
Cost escalation	% p.a.	5.0%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	1.0%
Property Management Fees	% of Lease Rentals	3.00%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.



- **Property tax and insurance cost** have been considered at the same level as operational office development.
- **Other operating expenses** and have been assumed at 1% of the rentals. The other expenses account for minor repairs and maintenance to the buildings, legal and professional fees, rates and taxes and other such expenses.
- Based on information received from the client, **Property Management Fees** have been assumed at 3% of lease rentals, parking income, and other operating income.

**Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

**Discount Rate & Capitalisation rate assumptions**

- **Capitalization Rate: (Office Development)**

Capitalisation rate (“Cap rate”) is a real estate industry metric referring to the ratio of the Net Operating Income (NOI) arising rental income to their gross asset value indicating the expected income yield of the investor from concerned property. It reflects the expectation of the investor on stability of rental income driven by the asset quality, tenant profile, market demand-supply dynamics and macro-economic expectations on prevailing risk free/low risk interest rates.

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused.

Phase I of the Subject property is a built to suit property and is taken up by a single tenant for a period of 15 years (Initial term of 5 years and the option for lessee to renew for a subsequent period of additional 2 terms). Tenant is investing capital on tenant improvements keeping the longer lease term in view. Further the expiry of the current lease is beyond the generally assumed holding period of 10 years, and the in-place rents at the end of 10 years is significantly lower (approximately 14%) than the expected market rent at that point of time. Hence keeping all the above factors in consideration, 11th year rentals are marked to market and the cap rate of 8% is applied on NOI based on expected achievable market rent on 11th year. The terminal value is adjusted for difference in effective rent and achievable rent of the property calculated basis the balance contracted lease term.





Name Of Buyer	Name Of Seller	City	Name Of Building	Year Of Transaction	Area(Sq.Ft)	Deal Size(INR Mn)	Capitalization Rate
CPIIB	TRIL Properties	Chennai	TRIL Info Park	2022	46,00,000	63	7.50% - 7.75%
CPIIB	Prestige Estates	Bengaluru	Prestige RMZ Startech	2022	13,70,000	19	7.60% - 7.80%
DCCDL - GIC	Hines	Gurugram, NCR	One Horizon centre	2020	40,00,000	10101	7.9%-8%
Embassy Office Parks REIT *	Embassy Sponsor Group	Bengaluru	Embassy Tech Village	2020	73,00,000	98000	8.2% - 8.5%
Shapoorji Paloonji - Allianz	Tishman Speyer - GIC	Hyderabad	Waverock	2019	23,00,000	18000	~8.00%
Blackstone	Radius Developers	Mumbai	one BKC	2019	7,00,000	25000	8.20%

*\*Note- The acquisition comprised of completed area and under-construction area, of which 36% is pre-leased to JP Morgan, and two proposed Hilton hotels. The cap rate for completed asset was in the range of 8%-8.5%*

*Source: Secondary Market Research*



- **Discount Rate**

This discount rate applied to the available cash flows reflect the opportunity cost to all the capital providers, namely shareholders (Cost of Equity) and creditors (Cost of Debt), weighted by the relative contribution to the total capital of the company (WACC). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of arriving at the Cost Equity, a peer group of listed comparable were studied and suitable adjustments made therein to reflect the specific opportunities and characteristics of the Subject property as part of a listed portfolio. The Cost of Debt is assumed on the basis of the marginal cost of debt that the SPV owning the Subject property has been able to avail and the general borrowing rates of similar assets. The Weights attributed to equity and debt were benchmarked against similar portfolios/properties in the market.

The derived discount rate of 12.00% for Phase I & 13.00% for Phase II was then compared against the publicly available example of Embassy Office Parks REIT to check its reasonableness and was found to be aligned with the expectations of international investors investing in similar assets.

### 3 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which she has no knowledge, the opinion of value of the complete ownership interest in the Subject property comprising land and improvements thereon, as explained above, on 28<sup>th</sup> February 2023, is as follows

Components	Value in (₹Mn) <sup>^</sup>
<b>Embassy Business Hub</b>	<b>3,533</b>
<i>Phase I *</i>	<i>1,988</i>
<i>Phase II **</i>	<i>1,545</i>
<p><i>This summary must not be copied, distributed or considered in isolation from the full report.</i></p> <p><i>* Phase I collectively admeasures ~0.66 msf of leasable area. The Client's share is ~0.40 msf out of ~0.66 msf.</i></p> <p><i>**Phase II collectively admeasure ~1.43 msf of leasable area (including ~0.03 msf of food court area). The Client's share is ~0.96 msf including food court out of ~1.43 msf.</i></p> <p><i>^ The values mentioned above pertains only to the Client's share in the development.</i></p>	

I, L. Anuradha, the Valuer for the Subject Property, hereby declare that:

- I am fully competent to undertake the valuation,
- I am independent and have prepared the report on a fair and unbiased basis, and
- I have valued the properties based on the valuation standards as specified under sub-regulation 10 of regulation 21 of Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

Prepared by

(L. Anuradha)

IBBI/RV/02/2022/14979



**E ANNEXURES**



Annexure 1: Cash Flows

Phase I

Particulars	Unit	1	2	3	4	5	6	7	8	9	10
		1-Mar-23 29-Feb-24	1-Mar-24 28-Feb-25	1-Mar-25 28-Feb-26	1-Mar-26 28-Feb-27	1-Mar-27 29-Feb-28	1-Mar-28 28-Feb-29	1-Mar-29 28-Feb-30	1-Mar-30 28-Feb-31	1-Mar-31 29-Feb-32	1-Mar-32 28-Feb-33
<b>OPERATING INCOME</b>											
Lease Rentals	INR Million	-	214.8	274.0	291.2	315.2	315.2	334.9	362.4	362.4	385.1
O&M income	INR Million	25.8	64.7	67.9	71.3	74.9	78.6	82.5	86.7	91.0	95.6
Land Owner O&M income	INR Million	16.4	41.2	43.2	45.4	47.6	50.0	52.5	55.2	57.9	60.8
Other operating income	INR Million	-	2.1	2.7	2.9	3.2	3.2	3.3	3.6	3.6	3.9
<b>Total Income</b>	<b>INR Million</b>	<b>42.2</b>	<b>322.8</b>	<b>387.9</b>	<b>410.8</b>	<b>440.8</b>	<b>447.0</b>	<b>473.3</b>	<b>507.9</b>	<b>515.0</b>	<b>545.3</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>	<b>42.2</b>	<b>322.8</b>	<b>387.9</b>	<b>410.8</b>	<b>440.8</b>	<b>447.0</b>	<b>473.3</b>	<b>507.9</b>	<b>515.0</b>	<b>545.3</b>
<b>OPERATING COSTS</b>											
O&M cost	INR Million	(20.6)	(51.7)	(54.3)	(57.0)	(59.9)	(62.9)	(66.0)	(69.3)	(72.8)	(76.4)
Land Owner O&M cost	INR Million	(13.1)	(32.9)	(34.6)	(36.3)	(38.1)	(40.0)	(42.0)	(44.1)	(46.3)	(48.7)
Insurance Cost	INR Million	(0.6)	(1.4)	(1.5)	(1.5)	(1.6)	(1.7)	(1.8)	(1.9)	(2.0)	(2.1)
Property Taxes	INR Million	(6.0)	(15.1)	(15.8)	(16.6)	(17.5)	(18.3)	(19.3)	(20.2)	(21.2)	(22.3)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>(40.3)</b>	<b>(101.1)</b>	<b>(106.2)</b>	<b>(111.5)</b>	<b>(117.1)</b>	<b>(122.9)</b>	<b>(129.1)</b>	<b>(135.5)</b>	<b>(142.3)</b>	<b>(149.4)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>1.9</b>	<b>221.7</b>	<b>281.7</b>	<b>299.3</b>	<b>323.7</b>	<b>324.0</b>	<b>344.2</b>	<b>372.3</b>	<b>372.7</b>	<b>395.9</b>
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	6,913.7
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(69.1)
Revenue Loss	INR Million	-	-	-	-	-	-	-	-	-	(645.2)
<b>Total Net income</b>	<b>INR Million</b>	<b>1.9</b>	<b>221.7</b>	<b>281.7</b>	<b>299.3</b>	<b>323.7</b>	<b>324.0</b>	<b>344.2</b>	<b>372.3</b>	<b>372.7</b>	<b>6,595.2</b>
Property Mangement Fees	INR Million	-	(6.5)	(8.3)	(8.8)	(9.5)	(9.5)	(10.1)	(11.0)	(11.0)	(11.7)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	(2.1)	(2.7)	(2.9)	(3.2)	(3.2)	(3.3)	(3.6)	(3.6)	(3.9)
Brokerage Expenses	INR Million	-	-	-	-	-	-	-	-	-	-
Capital expenditure	INR Million	(1,602.5)	-	-	-	-	-	-	-	-	-
<b>Net Cashflows</b>	<b>INR Million</b>	<b>(1,600.7)</b>	<b>213.0</b>	<b>270.7</b>	<b>287.5</b>	<b>311.0</b>	<b>311.3</b>	<b>330.7</b>	<b>357.7</b>	<b>358.1</b>	<b>6,579.7</b>
Discount Rate		12.00%									
NPV INR Million		1,988									
INR/ sq.ft. of Saleable Area		4,963									

## Embassy Business Hub Valuation Report



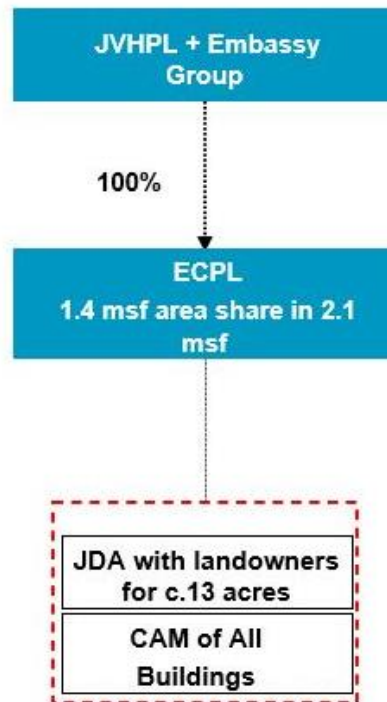
### Phase II

Particulars	Unit	1	2	3	4	5	6	7	8	9	10
		28-Feb-23	1-Mar-23 29-Feb-24	1-Mar-24 28-Feb-25	1-Mar-25 28-Feb-26	1-Mar-26 28-Feb-27	1-Mar-27 29-Feb-28	1-Mar-28 28-Feb-29	1-Mar-29 28-Feb-30	1-Mar-30 28-Feb-31	1-Mar-31 29-Feb-32
<b>OPERATING INCOME</b>											
Lease Rentals	INR Million	-	-	-	15.2	456.2	810.7	893.6	968.2	1,003.9	1,027.6
Parking Income	INR Million	-	-	-	6.6	37.9	55.3	58.6	61.6	64.6	67.9
Food Court Income	INR Million	-	13.5	21.7	22.1	24.9	25.4	25.4	28.7	28.7	27.9
O&M income	INR Million	0.6	3.6	3.7	49.3	143.7	188.4	197.8	207.7	218.1	229.0
Land Owner O&M income	INR Million	0.3	1.8	1.8	24.3	70.8	92.8	97.4	102.3	107.4	112.8
Other operating income	INR Million	-	-	-	0.2	4.6	8.1	8.9	9.7	10.0	10.3
<b>Total Income</b>	<b>INR Million</b>	<b>0.8</b>	<b>18.8</b>	<b>27.3</b>	<b>117.7</b>	<b>738.1</b>	<b>1,180.2</b>	<b>1,281.7</b>	<b>1,378.1</b>	<b>1,432.7</b>	<b>1,475.4</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>	<b>0.8</b>	<b>18.8</b>	<b>27.3</b>	<b>117.7</b>	<b>738.1</b>	<b>1,180.2</b>	<b>1,281.7</b>	<b>1,378.1</b>	<b>1,432.7</b>	<b>1,475.4</b>
<b>OPERATING COSTS</b>											
O&M cost	INR Million	(0.5)	(2.9)	(3.0)	(39.5)	(115.0)	(150.7)	(158.2)	(166.2)	(174.5)	(183.2)
Land Owner O&M cost	INR Million	(0.2)	(1.4)	(1.5)	(19.4)	(56.6)	(74.2)	(77.9)	(81.8)	(85.9)	(90.2)
Insurance Cost	INR Million	(0.0)	(0.1)	(0.1)	(1.1)	(3.1)	(4.1)	(4.3)	(4.5)	(4.7)	(5.0)
Property Taxes	INR Million	(0.2)	(1.2)	(1.3)	(12.0)	(34.0)	(44.4)	(46.7)	(49.0)	(51.4)	(54.0)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>(0.9)</b>	<b>(5.6)</b>	<b>(5.9)</b>	<b>(72.0)</b>	<b>(208.7)</b>	<b>(273.5)</b>	<b>(287.1)</b>	<b>(301.5)</b>	<b>(316.6)</b>	<b>(332.4)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>(0.0)</b>	<b>13.2</b>	<b>21.4</b>	<b>45.7</b>	<b>529.4</b>	<b>906.7</b>	<b>994.6</b>	<b>1,076.6</b>	<b>1,116.1</b>	<b>1,143.0</b>
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	15,312.3
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(153.1)
<b>Total Net income</b>	<b>INR Million</b>	<b>(0.0)</b>	<b>13.2</b>	<b>21.4</b>	<b>45.7</b>	<b>529.4</b>	<b>906.7</b>	<b>994.6</b>	<b>1,076.6</b>	<b>1,116.1</b>	<b>16,302.2</b>
Property Mangement Fees	INR Million	-	(0.4)	(0.7)	(1.3)	(15.7)	(27.0)	(29.6)	(32.0)	(33.2)	(34.0)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	-	-	(0.2)	(4.9)	(8.7)	(9.5)	(10.3)	(10.7)	(11.0)
Brokerage Expenses	INR Million	(1.8)	(1.8)	-	(61.2)	(66.3)	(17.9)	-	-	-	(1.4)
Capital expenditure	INR Million	-	(1,154.9)	(2,376.0)	(1,765.3)	(1,077.6)	(339.7)	-	-	-	-
<b>Net Cashflows</b>	<b>INR Million</b>	<b>-</b>	<b>(1,156.8)</b>	<b>(2,365.0)</b>	<b>(1,744.6)</b>	<b>(1,094.7)</b>	<b>102.7</b>	<b>853.2</b>	<b>955.5</b>	<b>1,034.3</b>	<b>1,072.2</b>
Discount Rate	13.00%										
NPV INR Million	1,545										
INR/ sq.ft. of Saleable Area	1,609										



**Annexure 2: Ownership Structure**

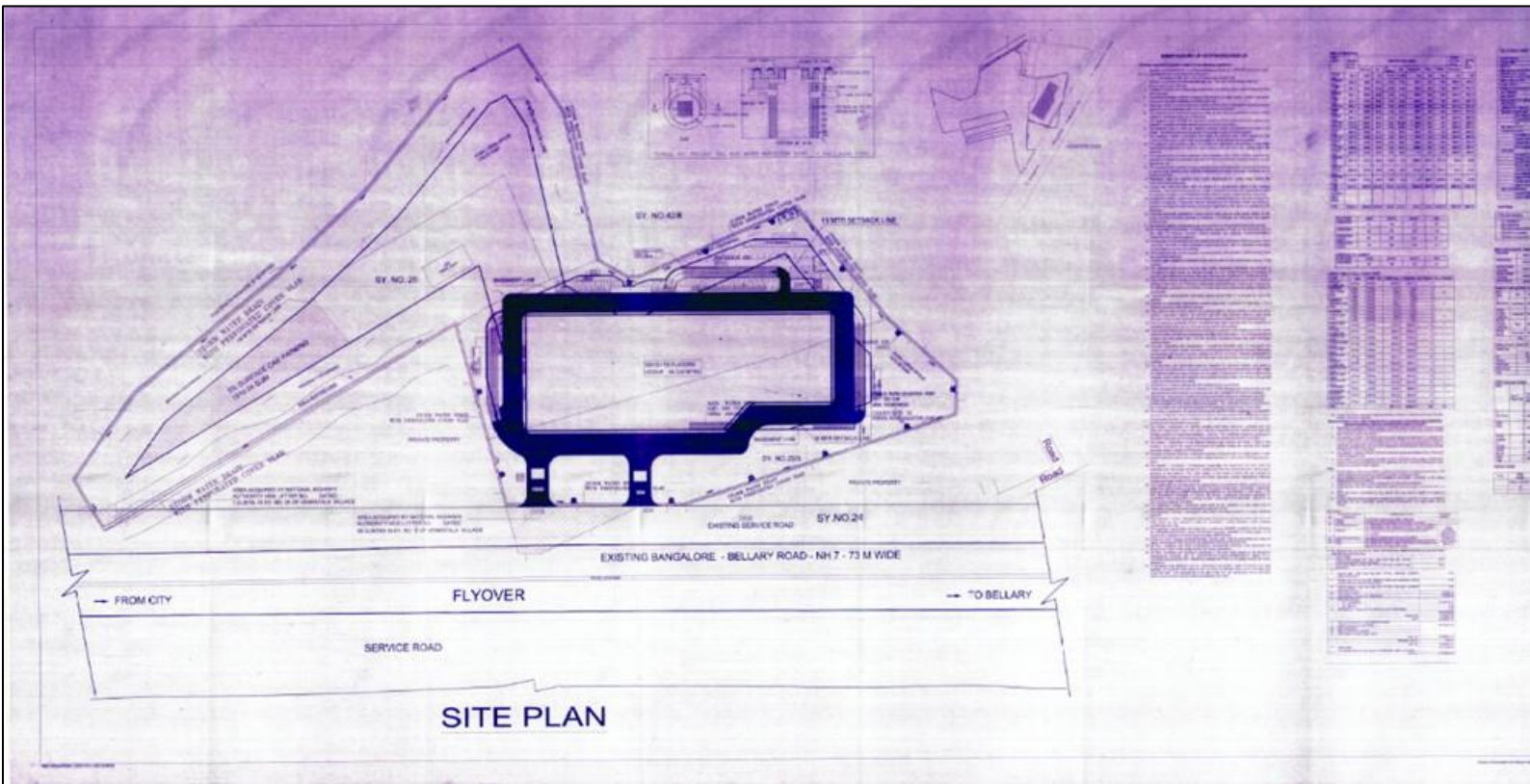
**Ownership Structure of Embassy Business Hub**



**Note:** JVHPL – JV Holding Private Limited

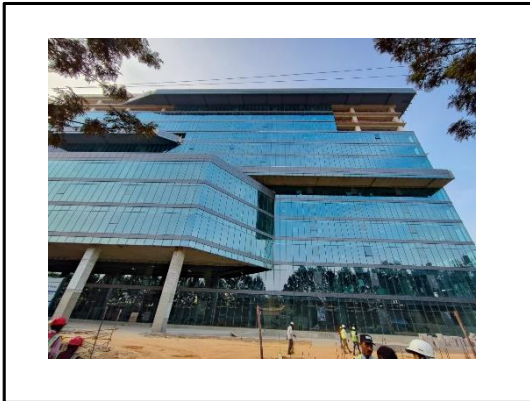
ECPL – Embassy Constructions Private Limited

Annexure 3: Property Master Plan





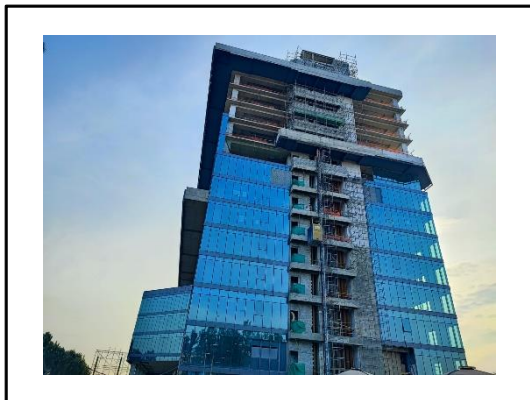
**Annexure 4: Property Photographs**



View of Subject Property



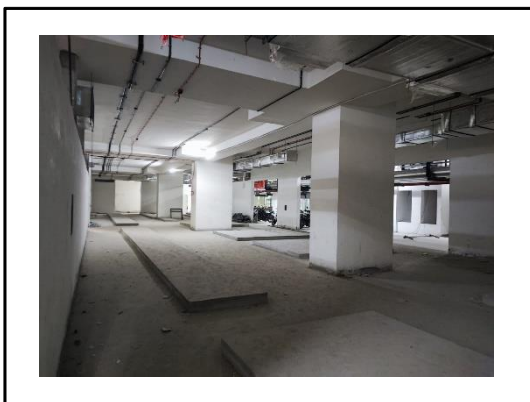
View of Subject Property



View of Subject Property



View of Subject Property



View of Subject Property



View of Access Road to Subject Property

## Annexure 5: Statement of assets

SERVICE	AS PER ATL
<b>Power Supply</b>	0.8 KVA per Sq. ft.: Philips Tenant space
<b>DG</b>	5 X 1500 KVA (4 Working + 1 standy).
<b>HSD Yard</b>	75 KLD
<b>STP</b>	490 KLD
<b>Transformer</b>	3 X 2000 KVA
<b>Fire Pumps</b>	6 Pumps (2 Electrical + 1 Diesel + 2 Jockey + 1 Electrical (WC))
<b>Chillers</b>	635TR X 2 – Water cooled 320TR X 2- Air cooled 380TR X 1- Air cooled (ADD)
<b>LEED Requirement</b>	LEED Gold



Annexure 6: LEED Pre Certification

**LEED ONLINE**

Projects > Embassy Business Hub

## Embassy Business Hub

1000154441 - LEED v4 BD+C: CS Precertified LEED Platinum / Design and Construction Preliminary Application

[Details](#)
[Credits](#)
[Uploads](#)
[Team](#)
[Timeline](#)
[Interpretations](#)
[Clarifications](#)
[Payments](#)
[Pre Certification](#)

### Project details

NAME	Embassy Business Hub
REGISTRATION DATE	10 Jan 2022
PROJECT TYPE	Individual Project
RATING SYSTEM	LEED v4 BD+C: CS
UNIT TYPE	IP units
GROSS FLOOR AREA	666562 sq ft
ANTICIPATED START DATE	02 Dec 2019
ANTICIPATED END DATE	31 May 2023

If the Owner's Representative, Owner type or owner email fields need to be edited, please [Contact Us](#).

**Terms and Conditions**

[Certification Agreement](#)

Did the owner sign the Certification Agreement? If not, please submit the **Confirmation of Agent's Authority** form to confirm the agent's authority to accept the Certification Agreement for the Owner. If the completed form indicates the name originally entered for the Owner was incorrect and needs to

**Annexure 7: List of sanctions and approvals**

**Property Inspection – Embassy Business Hub, NH44 (Bellary Road) Bengaluru**

Approvals Received

- Building license issued by BBMP dated 27 October 2021 for 3B + G + 13 Floors.
- Height Clearance NOC from Airport Authority of India dated 16 November 2021 has been obtained.
- Height Clearance from BSNL NOC dated 7<sup>th</sup> March 2022 has been obtained.
- No Objection Certificate issued by Directorate of Ops (ATS); Air headquarters dated 4<sup>th</sup> December 2019 has been obtained.
- No Objection Certificate issued by Bangalore Electricity Supply Company Limited (BESCOM) dated 23<sup>rd</sup> March 2020 has been obtained.
- Development plan approval dated 7<sup>th</sup> April 2020 has been obtained.
- Commencement Certificate issued by BBMP dated 28<sup>th</sup> January 2022 has been obtained.
- Consent for Establishment from KSPCB dated 17<sup>th</sup> March 2020 has been obtained. Further, a Corrigendum issued by KSPCB dated 07 Dec 2021 for change in land area, built up area, water consumption & generation etc.
- No Objection Certificate issued by Karnataka State Fire & Safety Services has been obtained.
- No Objection Certificate issued by BWSSB for providing water supply and underground drainage facilities dated 18<sup>th</sup> February 2021 has been obtained.

## **Annexure 8: Demand notice and legal notices received by Embassy Construction Private Limited**

Embassy Construction Private Limited (“ECPL”) has received a demand note dated June 16, 2020 from the Bangalore Water Supply and Sewerage Board for a payment of total charges amounting to ₹20.57 million in relation to issuance of a no-objection certificate for a proposed project commercial building on land situated at Venkatala Village, Yelahanka Hobli, Bangalore North Taluk, Bangalore and ECPL has filed a writ petition before the Karnataka High Court against State of Karnataka, Bangalore Water Supply and Sewerage Board and others challenging inter-alia, the demand note against ECPL seeking to, inter-alia, (i) quash the demand notice; and (ii) issue of no-objection certificate to ECPL. The High Court of Karnataka granted an ad- interim stay dated November 13, 2020 on the demand notice issued by BWSSB in relation to certain charges and instructed ECPL to pay the prescribed fee for issuance of no-objection certificate and directed BWSSB to issue NOC by accepting Administration Fees & Scrutiny Fees amounting to ₹3.2 million and the said demand notice will be subject to outcome of the Writ Petition. The matter is currently pending.

ECPL received a demand notice dated July 16, 2021 from BBMP towards ground rent and other charges for the purposes of issuing occupancy certificate at certain properties owned by ECPL. ECPL has filed a writ petition against State of Karnataka before the High Court of Karnataka, inter alia to set aside the demand notice dated July 16, 2021, issued by BBMP. On August 27 2021, the High Court of Karnataka has passed a stay against the demand notice dated July 16, 2021. However, demand with respect to (i) scrutiny fee and license fee shall be stayed only for those in excess of 50% of the demand (i) security deposit shall be paid at the rate of INR 25/- per square meter and (iii) stay on administrative charges. The High Court has indicated that the payments need to be made within four weeks, pursuant to which BBMP will issue the occupancy certificate. Basis the above, ECPL has made the necessary payments. The matter is currently pending.

A third party has filed an original suit before the Court of Senior Civil Judge, Bengaluru Rural District, Bengaluru against other individuals and CPL with respect property forming part of Embassy Hub for declaration that sale deed dated 28 September 2002 is not binding on the plaintiff. Further, the plaintiff has also prayed to restrain the defendant from alienating, encumbering the property. The next date of hearing is 8 April 2023.

A third party has filed an original suit before the Court of Senior Civil Judge, Bengaluru Rural District, Bengaluru against other individuals with respect property forming part of Embassy Hub for declaration and separate possession of 1/6th share in the property and declaration that sale deed dated 27 June 1990 and two sale deeds dated 12 March 2001 are not binding. The matter is pending for hearing and the next date of hearing is 15 April 2023.

A third party has initiated a suit for partition and separate possession before the Court of Principal Senior Civil Judge, Bengaluru Rural District against other family members and ECPL with respect to a portion of property forming part of Embassy Hub Business Park. The plaintiff has prayed for 1/4th share in the property and



alleges that the joint development agreement executed is illegal and unlawful. The matter is pending for hearing and the next date of hearing is 28 March 2023.

*Source: Embassy Office Parks REIT*



Annexure 9: Ready Reckoner Rate

ಕ್ರ.ಸಂ	ಹೋಬಳಿ/ ಗ್ರಾಮ/ ವಾರ್ಡ್/ ರಸ್ತೆ /ಪ್ರದೇಶದ ಹೆಸರು	Hobli/Village/Area	ಸ್ವೀಕೃತ/ಸಕ್ರಮ ಪ್ರಾಧಿಕಾರದ ವಸತಿ ನಿರ್ಮಾಣಗಳು	ಸಕ್ರಮ ಪ್ರಾಧಿಕಾರ ವಿಲ್ಲಾ/ರೋಡ್ ಘಾಟ್‌ಗಳು ನಿರ್ಮಾಣದ ವರ	ಸ್ವೀಕೃತ/ಸಕ್ರಮ ಪ್ರಾಧಿಕಾರದ ವಸತಿ ನಿರ್ಮಾಣದಲ್ಲಿ ನಿರ್ಮಾಣದ ಅಪಾರ್ಟ್‌ಮೆಂಟ್/ ವಿಲ್ಲಾಜಿಯಾ ಮತ್ತು ಪ್ಲಾಟ್‌ಗಳ ಪರಿಷ್ಕರಣೆ	ಕೃಷಿ ಉದ್ದೇಶದ
			ಪ್ರತಿ ಚದರ ಮೀಟರ್‌ಗೆ ರೂ.ಗಳಲ್ಲಿ	ಪ್ರತಿ ಚದರ ಮೀಟರ್‌ಗೆ ರೂ.ಗಳಲ್ಲಿ	ಪ್ರತಿ ಚದರ ಮೀಟರ್ ಸೂಚಕ ರೂ.ಗಳಲ್ಲಿ	
1	2	3	4	5	6	7
238	ಮಾರುತಿನಗರ 2ನೇ ಮುಖ್ಯರಸ್ತೆ	Maruthinagara 2nd main road	25000			
239	ಮಾರುತಿನಗರ 3ನೇ ಮುಖ್ಯರಸ್ತೆ	Maruthinagara 3rd main road	25000			
240	ಮಾರುತಿನಗರ ಗೃಹನಿರ್ಮಾಣ ಸಂಘ	Maruthinagara housing co-operative society	24000			
241	ಶಿವಶಂಕರಿ ಬಡಾವಣೆ	Shivashankari layout	14300			
242	ವೆಂಕಟಪ್ಪ ಬಡಾವಣೆ	Venkatappa layout	14300			
243	ಪಾಪಯ್ಯ ಬಡಾವಣೆ	Papayya layout	17100			
244	ಕೂರ್ಲಾಪ್ಪ ಬಡಾವಣೆ	Koorlappa layout	17100			
245	ಶಂಕರಪ್ಪ ಬಡಾವಣೆ	Shankarappa layout	14300			
246	ಭದ್ರಣ್ಣ ಬಡಾವಣೆ	Bhadranna layout	14300			
247	ಜಯಣ್ಣ ಬಡಾವಣೆ	Jayanna layout	14300			
248	ಮಾರುತಿ ನಗರ ಕತ್ತಾಳೆಪಾಳ್ಯ	Maruthinagara kathalepalya	14300			
249	ಅಲ್ಲಾಳಸಂದ್ರ ರೈಲ್ವೆ ಗೇಟ್‌ನಿಂದ ಪೊಲೀಸ್ ಸ್ಟೇಷನ್ ಸರ್ಕಲ್ ವರೆಗೆ	From Allalasaandra railway gate to police station circle	61600			
250	ತರಳಬಾಳು ಎನ್‌ಕ್ಲೇವ್	Taralabalu Enclave	77000			
251	ಪೊಲೀಸ್ ಸ್ಟೇಷನ್ ಸರ್ಕಲ್ ನಿಂದ ವೆಂಕಟಾಲದವರೆಗೆ ಎಡಬಲ	From Police station circle to Venkata Left and Right	77000			
252	ಜಕ್ಕೂರು ಏರೋಡ್ರಮ್ ನಿಂದ ಕೋಗಿಲು ಕ್ರಾಸ್ ವರೆಗೆ ಬೈಪಾಸ್ ರಸ್ತೆ ಎಡಬಲ ಹೊಂದಿಕೊಂಡಿರುವ ಪ್ರದೇಶ ಬೆಂಗಳೂರು ಬಳಿಯ ರಸ್ತೆ (ಎನ್ ಹೆಚ್ 7) ಜಕ್ಕೂರು ಏರೋಡ್ರಮ್ ನಿಂದ ಕೋಗಿಲು ಕ್ರಾಸ್ ವರೆಗೆ (ಬೈಪಾಸ್ ರಸ್ತೆ) ಎಡ ಬಲ ಹೊಂದಿಕೊಂಡಿರುವ ಪ್ರದೇಶ	Bangalore Ballari National Highway From Jakkuru Aerodram to Kogilu cross Bypass Road left right adjacent area	77000			
253	ಯಲಹಂಕ ಪೊಲೀಸ್ ಸ್ಟೇಷನ್‌ನಿಂದ ಪುಟ್ಟೇನಹಳ್ಳಿ ಯವರೆಗೆ ಎಡ ಮತ್ತು ಬಲ ಭಾಗದ ಮುಖ್ಯರಸ್ತೆ	From Yelahanka police station to puttenahalli	61600			
254	ಸಂತೆ ಬೀದಿ	Santhe beedi	18100			
255	ಸಂತೆ ಸರ್ಕಲ್‌ನಿಂದ ಅಯ್ಯಪ್ಪ ದೇವಸ್ಥಾನದ ರಸ್ತೆ ಮತ್ತು ಮುಖ್ಯರಸ್ತೆಗಳು	From Santhe circle to Aiyappa temple road and main road	20350			

Source: Stamps and Registration Department, Government of Karnataka

## Annexure 10: Caveats & Limitations

1. The Valuation Report (hereafter referred to as the “Report”) covers specific markets and situations that are highlighted in the Report based on readily available secondary market information and does not entail any comprehensive analysis of the market and the industry given the nature of the scope of the assignment.
2. The opinions expressed in the Report are subject to the limitations expressed below.
  - a. The valuation method adopted is based on the Valuer’s expertise and knowledge taking into account the generally available market information and considered to be relevant and reasonable at that point of time. The Report and the opinions therein do not constitute any recommendation to **Embassy Office Parks Management Services Private Limited** (or “the Client”) or its affiliates and subsidiaries or its customers or any other party to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and bases on which these opinions have been expressed and is not recommended as an input to any financial decision.
  - b. It should be noted that the valuation is based upon the facts and evidence available at the time of conduct of the valuation and applicable on the date of valuation. It is therefore recommended that these valuations be periodically reviewed.
  - c. Changes in socio-economic and political conditions could result in a substantially different situation than those presented herein. The Valuer assumes no responsibility for changes in such external conditions.
  - d. The Valuer has relied on his own macro understanding of the market through readily available information in public domain. Hence, no direct link is sought to be established between the macro-level understandings on the market with the assumptions estimated for the analysis herein.
  - e. The services provided is limited to valuation of the Subject Property primarily comprising Land and Building and any part thereof and does not constitute any audit, survey, due diligence, tax related services or an independent validation of the projections. Accordingly, no opinion has been expressed on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated and should not be used for any other purpose.
  - f. While the information included in the Report is accurate and reliable to the best of the knowledge of the Valuer, no representations or warranties, expressed or implied, as to the completeness of such information is being made. The Valuer shall not undertake any obligation to update or supplement any information contained in the Report save as provided for in the Agreement.
  - g. Apart from the sources already mentioned in the report, the Valuer has relied on readily available public information for the purpose of preparing this report.
3. The Report reflects matters as they currently exist. Any changes thereon may materially affect the information contained in the Report.
4. All assumptions made in order to determine the valuation of the Subject Property is based on information or opinions as current. In the course of the analysis, the Valuer has relied on information or opinions, both written and verbal, as obtained from the Clients as well as from third parties provided with, including limited information on the market, financial and operating data, which has been accepted as accurate in bona-fide



belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations, and this is on a bona-fide basis, believed to be reliable.

5. No investigation of the title of the assets has been made and owners' claims to the assets is assumed to be valid unless anything contrary is mentioned in the main report. No consideration is given to liens or encumbrances, which may be against the assets. Therefore, no responsibility is assumed for matters of a legal nature.
6. The Valuer's total aggregate liability to the Client including that of any third-party claims, in contract, tort including negligence or breach of statutory duty, misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services is limited to an aggregate sum agreed in the LOE. The Valuer shall not be liable for any pure economic loss, loss of profit, loss of business, depletion of goodwill, in each case whether direct or indirect or consequential or any claims for consequential loss compensation whatsoever which, arise out of or in connection with services provided under this engagement.
7. The Client including its agents, affiliates and employees, must not use, reproduce or divulge to any third party any information it receives from the Valuer for any purpose.
8. This engagement shall be governed by and construed in accordance with Indian laws and any dispute arising out of or in connection with the engagement, including the interpretation thereof, shall be resolved by Arbitration at Bangalore.

**Strictly Confidential  
For Addressee Only**

**Independent Property  
Consultant Report on the  
Valuation Methodology in the  
Valuation Report of Embassy  
Business Hub, Bengaluru**

**Report for**

**Embassy Office Parks REIT/  
EOPMSPL**

**Report Date**

**24 March 2023**





**TABLE OF CONTENTS**

**A REPORT ..... 2**

1 Instructions - Appointment.....2

2 Professional Competency of C&WI Valuation & Advisory Services India .....2

3 Disclosures .....3

4 Purpose .....3

5 Scope of Work.....3

6 Approach & Methodology .....4

7 Authority (in accordance with this Agreement) .....4

8 Limitation of Liability (in accordance with this Agreement) .....4

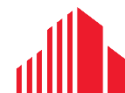
9 Disclaimer .....5

10 Disclosure and Publications .....5

**B REVIEW FINDINGS ..... 6**

Annexure 1: Instructions (Caveats & Limitations).....9

Annexure 2: Extract of Methodology & Key Assumptions for the Valuation of Property .....11



**From:**  
**Cushman & Wakefield (India) Pvt Ltd**  
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Business Parks, Intermediate Ring Road,  
Bengaluru - 560071

**To:** Embassy Office Parks REIT/ EOPMSPL

**Property:** Embassy Business Hub located along NH-44  
(Bellary Road) in Yelahanka, Bengaluru

**Report Date:** 24 March 2023

## A REPORT

### 1 Instructions - Appointment

Cushman & Wakefield India Pvt. Ltd. (C&WI) as an independent international property consultant has been instructed by Embassy Office Parks REIT/ EOPMSPL (the 'Client', the 'Instructing Party') in its capacity as manager of Embassy Office Parks REIT to perform an independent review (the "Engagement"), of the Stated Procedure (as defined below), used for the valuation of Embassy Business Hub, comprising commercial office real estate assets located along NH44 (Bellary Road) in Yelahanka, Bengaluru (the "Property"), which is proposed to be acquired by Embassy REIT and provide an independent report ("Report"). The LOE sets out the scope and other understanding between the parties ("Agreement").

The property considered as part of this study is detailed in Part B of this report. The exercise has been carried out in accordance with the instructions (Caveats & Limitations) detailed in Annexure 1 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

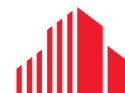
### 2 Professional Competency of C&WI Valuation & Advisory Services India

C&WI Valuation & Advisory Services India is an integral part of C&WI Global Valuation & Advisory Services team. The Global Valuation & Advisory team comprises of over 1,970+ professionals across approximately 150+ offices globally and India VAS team comprises of more than 75 professionals.

C&W Valuation & Advisory Services India have completed over 15,519 valuation and advisory assignments across varied asset classes/ properties worth USD 588 billion.

We provide quality valuation, risk advisory and consulting services across a range of property types including residential, hospitality, retail, commercial, institutional, Special Economic Zone (SEZ), industrial, etc. We derive global best practices while maintaining the complexities of Indian real estate markets and are ideally positioned to help solve any valuation related real estate challenge, ranging from single asset valuations to valuation of multi-market and multi-property portfolios.

In India, we have our presence since 1997. Our dedicated and experienced professionals provide quality services from 8 offices across India (Mumbai, Bengaluru, Chennai, Kolkata, Gurgaon, Hyderabad, Pune and Ahmedabad). We have a strong team of experienced and qualified professionals dedicated to offer Valuation & Advisory services in various locations across the country. C&WI India recognizes that no uniform norms and standards for real estate valuation



currently exist in India. With this context and background, C&WI utilizes internationally accepted valuation techniques customized to Indian context based on best practices in the Industry.

Our professionals have diverse backgrounds such as RICS, CAs, CFAs, MBAs, Architects, Planners, Engineer's etc. We are preferred Consultants for global and domestic banks, financial institutions, Asset Reconstruction Companies (ARC's), Private Equity Funds, Non-Banking Financial Company (NBFC) etc.

### **3 Disclosures**

C&WI has not been involved with the acquisition or disposal, within the last twelve months of any of the property being considered for the Engagement. C&WI has no present or planned future interest in the Client, Trustee, Embassy Office Parks REIT, the Sponsors and Sponsor Group to Embassy Office Parks REIT or the Special Purpose Vehicles (SPVs) and the fee for this Report is not contingent upon the review contained herein. Our review should not be construed as investment advice; specifically, we do not express /any opinion on the suitability or otherwise of entering into any financial or other transaction with the Client or the SPVs.

C&WI shall keep all the information provided by Client confidential.

### **4 Purpose**

The purpose of the Engagement is to review the assumptions and methodologies as set out in Annexure 2 ("Stated Procedure") which have been used for conducting a valuation of the property in connection with the proposed purchase of the Embassy Business Hub, Bengaluru by Embassy Office Parks REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 "SEBI (REIT) Regulations", as amended, together with clarifications, circulars, guidelines and notifications thereunder in any of the Indian stock exchanges . It is hereby clarified that we are not undertaking a valuation under the SEBI REIT Regulations, or any other enactment and the scope of work is expressly limited to what is stated herein.

With respect to the aforementioned proposed acquisition, this independent report may be included in any offering documents, communications to unitholders, press releases, presentations, publicity material or other documents and including any regulatory filings in connection with the proposed acquisition.

### **5 Scope of Work**

C&WI has given its views in relation to the Stated Procedure and this Engagement should not be considered as an audit of a valuation or an independent valuation of the property. C&WI has not developed its own opinion of value but has reviewed the Stated Procedure in light of the framework contained in the RICS Valuation Global Standards ("Red Book") issued in November 2021, effective from 31 January 2022, which is compliant with the IVSC International Valuation Standards issued in 2021, effective from 31 January 2022.



C&WI review is limited, by reference to the date of this report and to the facts and circumstances relevant to the property at the time, to review and assess, under the Red Book standards:

- whether the key assumptions as set out in the Stated Procedure are reasonable; and
- whether the methodology followed as set out in the Stated Procedure is appropriate.

## **6 Approach & Methodology**

C&WI has been provided with the information such as rent rolls, sample agreement copies, approval plans and other information such as valuation Methodology and key assumptions including achievable rental for the property, rental growth rate, construction timelines, Capitalisation rates, Discount rates etc. An extract of the Methodology and Key assumptions is provided in Annexure 2.

## **7 Authority (in accordance with this Agreement)**

Services has been provided solely for the benefit and use of the Client by C&WI. The report(s) may not be used for any other purpose other than the expressly intended purpose as mentioned in this Agreement. They are not to be used, circulated, quoted or otherwise referred to for any other purpose, nor are they to be filed with or referred to in whole or in part in any document without the prior written consent of C&WI where such consent shall be given at the absolute, exclusive discretion of C&WI. Where they are to be used with C&WI's written consent, they shall be used only in their entirety and no part shall be used without making reference to the whole report unless otherwise expressly agreed in writing by C&WI. Notwithstanding the above, C&WI consent to the usage of the report or a summary thereof for any filings and communications with Embassy Office Parks REIT, the sellers, its unitholders, the trustee, their respective advisers and representatives, and in any placement documents as part of the purpose mentioned in this Agreement. C&WI further consent to copies or extracts of the report being used in any offering documents, communication to unitholders, publicity material, research reports, presentations, press releases in relation to the annual /semi-annual reports, financials and including any regulatory filings in connection with the proposed acquisition. Any reliance by any party other than the Client on the independent property consultant report will be on their own accord.

## **8 Limitation of Liability (in accordance with this Agreement)**

- C&WI has provided the Services exercising due care and skill, but C&WI does 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 opinion of value of the property. Further, C&WI shall not accept liability for any errors, misstatements, omissions in the Report caused due to false, misleading or incomplete information or documentation provided to C&WI by the Client.
- C&WI's maximum aggregate liability for claims arising out of or in connection with the Property Valuation report, under this contract shall be limited to an aggregate sum not exceeding 5 times the total fees paid to C&WI by the Client.
- In the event that any of the Sponsor, Manager, Trustee, Embassy Office Parks 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 C&WI to be a necessary party/ respondent to such claim and C&WI shall not object to their inclusion as a necessary party/ respondent. In all such cases, the Client agrees to reimburse/ refund to C&WI, the actual cost (which shall include legal fees and external counsel's fee) incurred by C&WI while becoming a necessary party/respondent. If C&WI does not cooperate to be named as a party/respondent to such claims in providing



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adequate/successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against C&WI in this regard and C&WI's liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.

## **9 Disclaimer**

C&WI will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc.

## **10 Disclosure and Publications**

You must not disclose the contents of this report to a third party in any way, except as stated in paragraph 4 herein or as may be required under applicable law, including the Securities Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 along with SEBI (Real Estate Investment Trusts) (Amendment) Regulations 2016 and subsequent amendments and circulars.



## **B REVIEW FINDINGS**

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

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

- Achievable rental for the property
- Rental Growth rate
- Construction timelines
- Capitalisation rate
- Discount rate

C&WI has:

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

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

Global economy was deeply impacted during the outbreak of COVID-19, which was declared as a Global Pandemic on 11 March 2020. Several measures to contain the impact from the Global pandemic which included national lockdowns, which was followed by several vaccination drives, follow-up booster drives etc.

As the impact from the COVID-19 related pandemic started to moderate, restrictions were slowly lifted in a phased manner by respective state governments until the Ministry of Home Affairs revoked all the restrictions by the Centre from 31 March 2022 and commented that the disaster management act will not be invoked for COVID-safety measures.

The commercial real estate sector has shown significant resilience during the Covid struck period. Majority of the markets have started to open-up and corporates have started to encourage the employees to return to office. This is also driven by record high levels of attrition witnessed across industries, which has led to strong hiring trends in terms of fresher and lateral hires. New Gen-Z (born between 1997 –2012) employees are in high demand by the employers, however, work from home period has significantly dented their wellbeing as they struggle to bond with teams. This has led to employers revisiting the need for training, interaction etc, thereby increasing the relevance of office infrastructure for such corporates.





While some organizations have been contemplating strategies with respect to the hybrid work models - flexible arrangement, allowing employees to combine onsite and offsite work as required, we expect the strong growth in the IT-BPM sector, increased interests into Indian offshore centers by several IT/ITeS corporates and GCCs is expected to drive significant demand for the commercial real estate sector.

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

Below is the summary of the property as of February 28, 2023, that has been reviewed:

Sr No	Location	Project	Leasable Area	
			Phase I (In msf)	Phase II (In msf)
1	Bengaluru	Embassy Business Hub	0.66	1.43

Below is the Property/ Business wise analysis:

- Embassy Business Hub – Phase I:** C&WI view of the market rent for the asset would be in the range of INR 65-70 per sft per month for office space. This is keeping in mind the latest transactions of competing office parks in the vicinity. C&WI considers the discount rate appropriate and cap rate in line with the market. C&WI also considers the construction timelines considered for the property as reasonable.
- Embassy Business Hub – Phase II:** C&WI view of the market rent for the asset would be in the range of INR 65-70 per sft per month for office space and INR 75-80 for Food Court. This is keeping in mind the latest transactions of competing office parks in the vicinity. C&WI considers the discount rate appropriate and cap rate in line with the market. C&WI also considers the construction timelines considered for the property as reasonable.

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



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

**Somy Thomas, MRICS**  
Managing Director,  
Valuation and Advisory Services

**Shailaja Balachandran, MRICS**  
Executive Director,  
Valuation and Advisory Services

**Paul George**  
Associate Director,  
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**Akash Kumar**  
Assistant Manager,  
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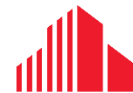


## Annexure 1: Instructions (Caveats & Limitations)

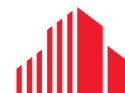
1. The Independent Property Consultant Report is not based on comprehensive market research of the overall market for all possible situations. Cushman & Wakefield India (hereafter referred to as "C&WI") has covered specific markets and situations, which are highlighted in the Report.

The scope comprises of reviewing the assumptions and methodology in the Stated Procedure, for valuation of the Property. C&WI did not carry out comprehensive field research-based analysis of the market and the industry given the limited nature of the scope of the assignment. In this connection, C&WI has relied on the information supplied to C&WI by the Client.

2. In conducting this assignment, C&WI has carried out analysis and assessments of the level of interest envisaged for the Property under consideration and the demand-supply for the commercial sector in general. The opinions expressed in the Report are subject to the limitations expressed below.
  - a. C&WI has endeavoured to develop forecasts on demand, supply and pricing on assumptions that are considered relevant and reasonable at that of preparing this report. All of these forecasts are in the nature of likely or possible events/occurrences, and the Report does not constitute a recommendation to Embassy Office Parks REIT or (Client or its affiliates and subsidiaries or its customers or any other party) to adopt a particular course of action. The use of the Report at a later date may invalidate the assumptions and basis on which forecasts have been generated and is not recommended as an input to a financial decision.
  - b. Changes in socio-economic and political conditions could result in a substantially different situation than those presented at the report date. C&WI assumes no responsibility for changes in such external conditions.
  - c. In the absence of a detailed field survey of the market and industry (as and where applicable), C&WI has relied upon secondary sources of information for a macro-level analysis. Hence, no direct link is to be established between the macro-level understandings on the market with the assumptions estimated for the analysis.
  - d. The services provided is limited to review of assumptions and stated procedures and other specific opinions given by C&WI in this Report and does not constitute an audit, a due diligence, tax related services or an independent validation of the projections. Accordingly, C&WI does not express any opinion on the financial information of the business of any party, including the Client and its affiliates and subsidiaries. The Report is prepared solely for the purpose stated and should not be used for any other purpose.
  - e. While the information included in the Report is believed to be accurate and reliable, no representations or warranties, expressed or implied, as to the accuracy or completeness of such information is being made. C&WI will not undertake any obligation to update, correct or supplement any information contained in the Report.
  - f. In the preparation of the Report, C&WI has relied on the following information:
    - i. Information provided to C&WI by the Client and subsidiaries and third parties;
    - ii. Recent data on the industry segments and market projections;
    - iii. Other relevant information provided to C&WI by the Client and subsidiaries at C&WI's request;



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



## **Annexure 2: Extract of Methodology & Key Assumptions for the Valuation of Property**

### **Valuation Approach and Methodology**

- **PURPOSE OF VALUATION**

The Report has been prepared to be relied upon by Embassy Office Parks REIT and inclusion, as a whole, a summary thereof or any extracts of the report, in any documents prepared in relation to purchase of the Subject Property by the Embassy REIT and any fund-raising for this purpose, including , any information memorandum, preliminary placement document and placement document intended to be filed with the Securities and Exchange Board of India (“SEBI”), the stock exchanges or any other relevant regulator within or outside India, and in any other documents to be issued or filed in relation to such fund-raising, including any preliminary or final international offering documents for distribution to investors inside or outside India, and any publicity material, research reports, presentations or press releases and any transaction document or communication to the unitholders or sellers (collectively, the “Placement Documents”)

- **BASIS OF VALUATION**

It is understood that the valuation is required by the Client for proposed purchase of the Property by Embassy REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, circulars, guidelines and notifications. Accordingly, the valuation exercise has been carried out to estimate the “Market Value” of the Subject Property in accordance with IVS 104 of the IVSC International Valuation Standards issued in 2021 effective from 31 January 2022.

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

- **VALUATION APPROACH**

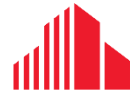
The basis of valuation for the Subject Property being Market Value, the same may be derived by any of the following approaches:

- **Market Approach**

In ‘Market 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.

- **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).

- **Income Approach - 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.

- **Income Approach - Discounted Cash Flow Method**

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

- **Income Approach - Discounted Cash Flow Method using Rental Reversion**

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

***For the purpose of the valuation of Subject Property, Discounted Cash Flow Method has been adopted.***

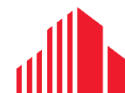
- **VALUATION METHODOLOGY**

In case of Subject Properties there are instances where the contracted rents are significantly different from prevailing rents in the concerned micro-market where the specific Subject Property is located, either because the rents prevailing at the time of executing the leases have been significantly different or discounts were given to large/anchor tenants.

Since the real estate industry is dynamic and is influenced by various factors (such as existing supply, demand for 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 rents 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 micro-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.

Given the purpose and the nature of Subject Property involved, the valuation of the commercial office assets has been undertaken using the Discounted Cash Flows method using Rental Reversion. Further the following steps have been adopted as part of the valuation exercise, which have been elaborated in the detailed full valuation report ("Valuation Report").



- 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, major tenancy agreements belonging to tenants with pre-committed area were reviewed on a sample basis.
  2. For anchor/large tenants, adjustments on marginal rent or additional lease-up timeframe have been adopted upon lease reversion.
  3. Title certificates, architect certificates and other related documents as mentioned in earlier sections of the report were reviewed for validation of area details, ownership interests of the Subject Property.
  4. Physical site inspections were undertaken to assess the current status of the Subject Properties.

- Micro-market Review:

The review was carried out in the following manner:

1. An assessment of the site surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective property vis-à-vis its locational context, etc of office assets. Analysis of the micro-market was undertaken primarily based on the findings of the industry and readily available information in public domain to ascertain the transaction activity of office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the achievable market rent (applicable rental for the micro-market where the asset is located) for the Subject Property for leasing vacant spaces as well as upon releasing.
  2. For tenants occupying relatively large space within the Subject Property, it is assumed that the leases shall revert to achievable market rent (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time. The fresh lease transactions in the subject property have been assumed to be leased at the achievable market rentals for the micro market.
- Cash Flow Projections:
    1. The cash flows for the operational and under-construction/proposed area have been projected separately to arrive at their respective value estimates.
    2. Net operating income (NOI) has primarily been used to arrive at the value of the commercial office assets. The following steps were undertaken to arrive at the value for operational and under-construction/ future development areas respectively. The projected future cash flows from the property are based on existing lease terms for the operational area till the expiry of the leases or re-negotiation, whichever is earlier, following which, the lease terms have been aligned with market rents achievable by the Subject Properties. For vacant



area and under-construction/ proposed area, the achievable market rent-led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/future development area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

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

**Step 1:** Projecting the rental income for the tenancies up to the period of lease expiry, lock-in expiry, escalation milestones, etc. whichever is applicable. In the event of unleased spaces, market-led rent is adopted with suitable lease-up time

**Step 2:** Generating a rental income stream for the tenancies for the time period similar to the cash flows drawn in the aforementioned step

**Step 3:** For projection of rental income, the contracted terms have been adopted going forward until the next lease review/ renewal. Going forward for new leases, rent escalation of 15% at the end of every 3 years has been assumed.

**Step 4:** Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 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 not included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provisions have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during any fresh lease and lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all office assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the income which accrues as cash inflows to the Subject Property.
4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the commercial office assets through this approach.





### Key Assumptions

#### 1. Embassy Business Hub, Bengaluru

Particulars	Units of measure	Details	
<b>Property details</b>			
Type of property		Under Construction	Under Construction
Blocks		Phase - I	Phase - II
Total Leasable Area	Million sq. ft.	0.66	1.43
Embassy's Share Area	Million sq. ft.	0.40	0.96
Pre-Leased Area *	Million sq. ft.	0.37	-
Committed Area (Hard Option) *	Million sq. ft.	0.03	-
Vacancy	%	-	100%
Vacant Area	Million sq. ft.	-	1.43
<b>Key Assumptions</b>			
Achievable Rental per month - Office	INR per sq. ft.	65	65
Rental Growth Rate (2H FY-24)	%	2.5%	2.5%
Rental Growth Rate FY-25 onwards	%	5.0%	5.0%
Normal Market lease tenure	Years	-	9
Construction end date	Date	30-Sep-23	30-Sep-27
Capitalization Rate	%	8.00%	8.00%
Discount Rate	%	12.00%	13.00%

Note: CAM Margin taken at 25% during the period of valuation and at 20% during exit.

\* Embassy's share