

## Embassy REIT Announces Acquisition of 5 msf Embassy Splendid TechZone Asset in Chennai and Proposes Equity Raise of ₹2,500 crores

- Acquisition of 5.0 msf integrated office park located on Pallavaram-Thoraipakkam Road, Chennai's fastest-growing office micro-market, for ₹1,269 crores
- Acquisition increases REIT's total scale to 50.5 msf, positioning it as one of the largest office REITs globally
- 1.4 msf completed area with 95% occupancy, leased to global bluechip tenants across banking and technology sectors
- Accretion of 2.9% to FY2024 Net Operating Income and Distribution Per Unit, on a proforma basis
- Long-term earnings potential through 1.6 msf ongoing development, of which 26% is pre-leased, and future development of 2.0 msf
- REIT intends to raise unit capital of ₹2,500 crores via an institutional placement to fund the acquisition and reduce existing portfolio leverage from 30% to 27%

**Bengaluru, India, April 6, 2024**

Embassy Office Parks REIT (NSE: EMBASSY / BSE: 542602) (**Embassy REIT**) announced today that it has agreed to purchase Embassy Splendid TechZone ('ESTZ'), a Grade-A business park, from Embassy Sponsor, for an Enterprise Value of ₹1,269 crores. The proposed acquisition marks Embassy REIT's entry into Chennai, one of India's top performing office markets. Embassy REIT intends to raise unit capital of ₹2,500 crores, primarily to finance the acquisition and reduce the current 30% leverage of the portfolio, providing flexibility for future growth.

ESTZ comprises 1.4 msf of completed area, which is 95% occupied and leased to large global companies such as Wells Fargo and BNY Mellon, among others. It also comprises 1.6 msf of under-construction area, of which 0.4 msf is pre-leased, and 2.0 msf of future development potential.

The Board of the Manager to Embassy REIT has approved the ESTZ acquisition and an institutional placement via an enabling resolution of up to ₹3,000 crores, subject to unitholder approval.

**Jitendra Virwani, Chairman & Managing Director, Embassy Group, said,**

*"At Embassy Group, our priority is to develop world-class office assets and support the expansion of the REIT's portfolio through a pipeline of opportunities that will help it to grow inorganically over the coming years. After the successful acquisition of Embassy TechVillage and Embassy Business Hub in Bengaluru by the REIT, we're pleased to provide another premier office park in a prominent market like Chennai and contribute to the continued growth of Embassy REIT."*

**Aravind Maiya, Chief Executive Officer, Embassy REIT, said,**

*"The proposed accretive acquisition of Embassy Splendid TechZone will mark the addition of another quality asset to our existing office portfolio, which continues to benefit greatly from the demand that Global Capability Centres (GCCs) are demonstrating for Indian office space. ESTZ is a top-notch business park in a leading Chennai micro market that will take our portfolio to over 50 msf. This acquisition further diversifies our India presence, enhances our scale and ability to deliver embedded growth to all our stakeholders."*

### Transaction Highlights

- Acquire ownership in the completed and under-construction portions of ESTZ, along with economic interest of 61% of the lease revenues and 100% of the property management business of the asset
- Facilitates entry into Chennai, one of the fastest growing office markets in India
- Stable cash flows from 95% occupancy on 1.4 msf completed buildings; and embedded growth from 1.6 msf of on-campus development, of which 0.4 msf is already pre-leased, and 2.0 msf future development potential
- Enhances Embassy REIT's commercial portfolio by 11% to 50.5 msf, positioning the REIT as one of the largest office REITs worldwide
- Enterprise Value of ₹1,269 crores implies NOI yield of 8.5% for completed portion and 10% on development portion
- Transaction is at a 6.7% discount to the average of two independent valuation reports
- Proposed to raise unit capital of ₹2,500 crores via an institutional placement
- Accretion of 2.9% to Net Operating Income ('NOI') and Distribution Per Unit ('DPU') on a proforma basis (as compared to the mid-point of the management guidance for FY2024)
- Strong governance framework in place, including unitholder approval for the acquisition

The acquisition is subject to certain conditions precedent, regulatory and other approvals.

IIFL Securities Limited, Kotak Mahindra Capital Company Limited, and Morgan Stanley India Company Private Limited are serving as joint financial advisors to Embassy REIT. S&R Associates is acting as legal advisor to Embassy REIT. Ernst and Young LLP conducted financial and tax diligence. Jones Lang LaSalle Property Consultants (India) Private Limited provided a fairness opinion to the independent directors of the Manager to Embassy REIT for the proposed acquisition.

## About Embassy Splendid TechZone, Chennai

Embassy Splendid TechZone is a large-scale, best-in-class integrated office park situated on Pallavaram-Thoraipakkam Road in Chennai. Spanning approximately 26 acres, ESTZ is located in one of Chennai's fastest growing commercial office micro-markets, OMR 2. Situated amidst a strong residential catchment area, the location is close to key transportation hubs such as Chennai International Airport, Tambaram Railway Station, and Chromepet Railway Station. ESTZ has a total leasable area of 5 msf of which 1.4 msf is already completed, 1.6 msf is under-construction and future development potential of 2.0 msf. It is currently 95% occupied and has a 14 year Weighted Average Lease Expiry ('WALE').

## About Embassy REIT

Embassy REIT is India's first publicly listed Real Estate Investment Trust (REIT). Listed in April 2019, Embassy REIT owns and operates a 45.4 msf portfolio of nine infrastructure-like office parks and four city-centre office buildings in India's best-performing office markets of Bengaluru, Mumbai, Pune, and the National Capital Region ('NCR'). Embassy REIT's portfolio comprises 35.8 msf completed operating area and is home to over 240 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 recognised 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).

## Investor Call Details

Embassy REIT will host a conference call on Monday, April 8, 2024 at 16:00 Indian Standard Time to discuss the transaction. Stakeholders can access the call by dialling +91 22 6280 1320 or +91 22 7115 8815 or +91 70456 71221 domestically, or by accessing the following international numbers. A replay of the call will be available in the Investors section of our website at [www.embassyofficeparks.com](http://www.embassyofficeparks.com).

### Dial-in Details:

<b>Universal Dial In</b>	+91 22 6280 1320
	+91 22 7115 8815
<b>International Toll Free</b>	
Hong Kong	800 964 448
Singapore	800 101 2045
UK	0 808 101 1573
USA	1 866 746 2133

To participate in the conference call, please dial the numbers provided above 10-15 minutes before the scheduled start of the call. During this time, the operator will provide instructions on how to ask questions.

Stakeholders can also join the call via this pre-registration link [Diamond Pass](#) to avoid wait time.

## 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 the Embassy Office Parks REIT ('Embassy REIT'), and Embassy REIT make no representation or warranty, express or implied, as to, and do not accept any 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.

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, 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. 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 (including proforma information) which are not measures determined based on GAAP, Ind-AS or any other internationally accepted accounting principles, or audited or reviewed by an auditor, 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, and other financial measures, 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 the Embassy REIT's financial position or results of operations as reported under Ind-AS.

It may be noted that Jones Lang LaSalle Property Consultants (India) Private Limited have in the past provided real estate services to the Embassy REIT, the target and their respective affiliates, and may continue to provide such services in the future. The actual legal entity names of the occupiers may differ from the names referred in the press release above.

This announcement and the information contained herein is not and does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to sell, issue, purchase or subscribe for any securities in the United States. The securities referred to herein may not be sold in the United States or to, or for the account or benefit of U.S. Persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the 'Securities Act')) absent registration or an exemption from registration under the Securities Act. No money, securities or other consideration is being solicited by this announcement or the information contained herein and, if sent in response to this announcement or the information contained herein, will not be accepted. The Manager does not intend to register any of the securities in the United States or to conduct a public offering of the securities in the United States.

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## Appendix

### Key Transaction Parameters

Particulars	Details
Asset Overview	Embassy Splendid TechZone, located on Pallavaram-Thoraipakkam Road, Chennai
Proposed Acquisition Area	Approximately 26 acres
Leasable Area	5.0 msf
Completed Area	1.4 msf
Under Construction Area	1.6 msf (0.4 msf or 26% pre-leased)
Occupancy	95% on 1.4 msf completed area
Number of Occupiers	5 (100% of gross rentals from multinational occupiers and 81% from Global Captive Centers)
WALE	14 years
Avg. in-place rentals	₹69 psf per month
Independent Valuation 1	₹1,382 crores
Independent Valuation 2	₹1,338 crores
Average Valuation	₹1,360 crores
Enterprise Value	₹1,269 crores (6.7% discount to the average of the two independent valuations)
Yield	NOI Yield on completed portion: 8.5% NOI Yield on development portion: 10%
<b>Proforma Impact and Financing</b>	
Proforma Impact	<p><b>Impact on Embassy REIT's scale:</b></p> <ul style="list-style-type: none"> <li>Leasable Area: 11% increase (from 45.4 msf to 50.5 msf)</li> <li>Gross Asset Value: 2.5% increase (from ₹53k crores to ₹54k crores)</li> </ul> <p><b>Impact on Embassy REIT's FY24 financials (based on mid-point of management guidance) on a proforma basis:</b></p> <ul style="list-style-type: none"> <li>NOI: 2.9% accretive (from ₹3,030 crores to ₹3,119 crores)</li> <li>DPU: 2.9% accretive (from ₹21.25 to ₹21.86)</li> </ul> <p><b>Impact on Embassy REIT's leverage:</b></p> <ul style="list-style-type: none"> <li>Net Debt to GAV: 30% to 27%</li> </ul>
Financing and Capital Raising	<ul style="list-style-type: none"> <li>Unit capital of ₹2,500 crores through an institutional placement</li> <li>Debt raise of ₹400 crores to refinance debt at ESTZ asset</li> </ul>
<b>EM Particulars</b>	
Date and Time	April 29, 2024
Venue	Virtual Meeting
<b>Summary of Proposed Resolutions</b>	
Special Business	<p><b>Resolution 1:</b> To consider and approve the proposed acquisition of a business park in Chennai for an Enterprise Value of up to ₹1,269 crores</p> <p><b>Resolution 2:</b> To consider and approve raising of funds through an institutional placement(s) of units of Embassy REIT not exceeding ₹3,000 crores to investors in one or more placements</p>

*Note: Assuming Enterprise Value of ₹1,269 crores for the ESTZ Acquisition and the base case financing plan which includes an institutional placement of ₹2,500 crores at an issue price of ₹375.43 and a debt raise of ₹400 crores at 8.5% per annum. The price and timing of the institutional placement has not been determined yet. The size of the institutional placement and the issue price may differ from the issue price assumed herein. NOI accretion calculated on a proforma basis considering mid-point of management guidance of FY2024 NOI for Embassy REIT and contracted NOI for ESTZ Acquisition (calculated as annualized NOI of leases with lease commencement date prior to March 31, 2024, and including rental support from Embassy Sponsor on pre-leased under construction area). DPU accretion calculated on proforma basis considering mid-point of management guidance of FY2024 DPU for Embassy REIT and DPU for ESTZ Acquisition and deleveraging impact based on management calculations. LTV or Leverage calculations considering Net Debt as of December 31, 2023 for Embassy REIT, Debt Raise of ₹400 crores for ESTZ at 8.5%, and external debt repayment of ₹1,633 crores; and considering GAV as of September 30, 2023 for Embassy REIT (valuation undertaken by Ms. L Anuradha, in conjunction with Independent property consultant review services undertaken by C&W) and GAV of ESTZ Acquisition of ₹1,338 crores as of March 31, 2024 (valuation undertaken by Ms. L Anuradha, in conjunction with Independent property consultant review services undertaken by C&W). For detailed notes and assumptions, refer to ESTZ Acquisition presentation issued on April 06, 2024, available in the Investors section of Embassy REIT's website at [www.embassyofficeparks.com](http://www.embassyofficeparks.com).*