

**Strictly Confidential  
For Addressee Only**

**Independent Property  
Consultant Report on the  
Valuation Methodology of  
Valuation Report of  
Embassy Splendid  
TechZone, Chennai**

**Report for**

**Embassy Office Parks  
Management Services  
Private Limited**

**Report Date**

**05 April 2024**





**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

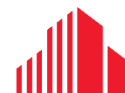
9 Disclaimer .....5

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 the Property .....11



**From:**  
**Cushman & Wakefield (India) Pvt Ltd**  
4<sup>th</sup> Floor, Pine Valley, Embassy Golf  
Links Business Parks, Intermediate Ring  
Road, Bangalore - 560071

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

**Property:** Embassy Splendid TechZone located at  
Pallavaram Thoraipakkam road, Chennai

**Report Date:** 05 April 2024

## **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 Management Services Private Limited (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 Splendid TechZone comprising commercial office real estate assets located on Pallavaram Thoraipakkam road, Chennai (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.

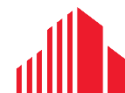
### **2 Professional Competency of C&WI Valuation & Advisory Services India**

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&WI Valuation & Advisory Services India have completed over 16,386 valuation and advisory assignments across varied asset classes/ properties worth USD 648 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 valuers 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) or holding company (HoldCo) of the Embassy Office Parks REIT 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 Splendid TechZone, Chennai 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 by SEBI or 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



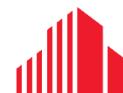
external counsel's fee) incurred by C&WI while becoming a necessary party/respondent. If C&WI does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate 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 allowed under the Securities and Exchange Board of India (Real Estate Investment Trust) 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 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 in 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 centres 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 portfolio of the properties as of March 31, 2024 that has been reviewed:

Sr No	Location	Project	Area	
			Completed (In msf)	Under Construction / Future Development (In msf)
1	Chennai	Embassy Splendid TechZone	1.43	3.60

*Note: Leasable area of completed block includes area of food court admeasuring 0.06 million sq. ft.*





Below is the Property wise analysis:

- **Embassy Splendid TechZone Chennai (Operational Office Block):** C&WI view of the market rent for the asset would be in the range of INR 70-75 per sft per month. This is keeping in mind the latest transactions within the park and competing office parks in the vicinity. C&WI considers the discount rate appropriate and cap rate in line with the market.
- **Embassy Splendid TechZone Chennai (Under-construction Office Block):** C&WI view of the market rent for the asset would be in the range of INR 70-75 per sft per month. This is keeping in mind the latest transactions within the park and 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).

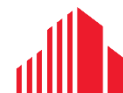
Signed for and on Behalf of Cushman & Wakefield India Pvt. Ltd

Somy Thomas, MRICS  
Managing Director,  
Valuation and Advisory Services

Shailaja Balachandran, MRICS  
Executive Director,  
Valuation and Advisory Services

Tertius,  
Senior Manager,  
Valuation and Advisory Services

Nikita A,  
Associate,  
Valuation and Advisory Services



## 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;



- 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 the 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 using Rental Reversion 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.

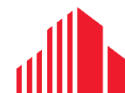
Given the purpose and the nature of Subject Properties involved, the valuation of the commercial office assets has been undertaken using the Discounted Cash Flows method using Rental Reversion. Further the following steps have been adopted as part of the valuation exercise, which have been elaborated 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 Splendid TechZone, Chennai**

<b>Particulars</b>	<b>Units of measure</b>	<b>Details</b>	
<b>Property details</b>			
Type of property		Completed	Under Construction/Proposed
Blocks		Block 2,3 & 9	Block 1,4,5,6,7,8,10
Leasable Area	Million sq. ft.	1.43	3.60
Area leased Area	Million sq. ft.	1.36	-
Pre-leased	Million sq. ft.	-	0.43
Vacancy	%	5%	88%
Vacant Area	Million sq. ft.	0.07	3.17
<b>Key Assumptions</b>			
Achievable Rental per month	INR per sq. ft.	74	74
Rental Growth Rate per annum	%	5.0%	5.0%
Normal Market lease tenure	Years	9	9
Construction end date	Date	-	31- Dec-29
Capitalization Rate	%	8.25%	8.25%
Discount Rate	%	11.75%	13.00%





# VALUATION REPORT

## EMBASSY SPLENDID TECHZONE, CHENNAI

Date of Valuation: 31<sup>st</sup> March 2024

Date of Report: 5<sup>th</sup> April 2024

**Submitted to:**

**Instructing 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 unit holders 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 and 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/ transaction document, notice to the unit holders, or any other document including fairness opinion 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 Letter of Engagement (“LOE”) dated 20<sup>th</sup> March 2024 without the prior written consent of the Valuer.*

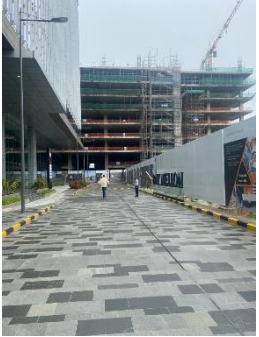


*The information in this report reflects prevailing conditions and the view of Valuer as of this date, all of which are, accordingly, subject to change. In preparation of this report, the accuracy and completeness of information shared by the Company has been relied upon and assumed, without independent 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 LOE dated 20<sup>th</sup> March 2024. 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 - Chennai**

**Embassy Splendid TechZone, Pallavaram Thoraipakkam Road, Chennai Region**

<p><b>Valuation Date:</b></p>	<p>31<sup>st</sup> March 2024</p>	
<p><b>Valuation Purpose:</b></p>	<p>Proposed purchase of a property by Embassy Office Parks REIT</p>	
<p><b>Location / Situation:</b></p>	<p>The property ‘Embassy Splendid TechZone’ (hereinafter referred to as the Subject Property) is located on the Pallavaram Thoraipakkam Road, Chennai. It connects to GST Road towards the west and Old Mahabalipuram Road towards the east which further enhances its connectivity to other parts of the city. It is strategically located close to Chennai International Airport, with recently established commercial centres (Featherlite ‘The Address’,KRC ‘Commerzone Pallikaranai’, CapitaLand India Trust ‘ITPC II’), premium segment residential complexes (Sobha Winchester, Mantri Serene), prestigious schools and colleges (Vels University, Dr Balaji Dental College, Jerusalem Engineering College), well known hospitals (Kamakshi Hospital) located within its proximity.</p>	 <p>View of Subject Property</p>
<p><b>Description:</b></p>	<p>Embassy Splendid TechZone is a Grade “A” IT Development located on the Pallavaram Thoraipakkam Road, Chennai. The Subject Property has two components i.e., a completed component and under-construction/proposed commercial blocks.</p> <p><b>Completed Buildings – Block 2, Block 3 &amp; Block 9</b></p> <p>The completed buildings with Occupancy Certificate (OC) collectively admeasure ~1.43 msf. of leasable area which includes food court area of 0.06 msf. All the blocks including the food court area are SEZ buildings.</p> <p><b>Under-Construction &amp; Proposed – Block 1, Block 4, Block 5, Block 6, Block 7, Block 8 and Block 10</b></p> <p>The under-construction &amp; proposed building Blocks (1,4,5,6,7,8,10) collectively admeasure ~3.60 msf of leasable area. Block 10 is expected to be completed by Mar’25 and Block 4 is expected to be completed by June’25 and Block 1 is expected to be completed by Mar’26 respectively. The Blocks 5,6,7 &amp; 8 are in land stage and expected to be completed by Dec’2026, Dec’2027, Dec’2028 and Dec’2029 respectively. Except Block 10 all other blocks are planned to be converted to non-SEZ and Block 10 shall be the SEZ block.</p>	 <p>View of Subject Property</p>  <p>View of Subject Property</p>



MARKET VALUE OF THE SUBJECT PROPERTY	
Components	Value in (₹Mn) **
<b>Embassy Splendid TechZone*</b>	<b>13,381</b>
<i>Completed</i>	8,516
<i>Under Construction &amp; Proposed</i>	4,865

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

*\*ESNP Property Builders and Developers Private Limited is entitled to 61% of lease revenue from the project.*

*\*\*Market value is proportional to Embassy REIT's proposed share of Revenue, 61%*

*Notes:*

*Embassy Splendid TechZone located on the Pallavaram Thoraipakkam Road, Chennai has a completed and an under-construction/proposed development.*

*The completed buildings and parts thereof with Occupancy Certificate (OC) collectively admeasure ~1.43 msf. of leasable area (including 0.06 msf. food court area). All the completed blocks are SEZ buildings. The under-construction & proposed building Blocks (1,4,5,6,7,8,10) collectively admeasure ~3.60 msf of leasable area.*

*As per the representation by EOP REIT, all the Under Construction & proposed blocks except Block 10 shall be converted to Non Sez.*

*As per the information received from EOP REIT, there is a Pre-commitment (LOI Stage) signed for Block 10. Please refer to page 48 – Market Value section for reference to value impact in case the LOI is not contracted into a formal agreement.*



## TABLE OF CONTENTS

Disclaimer	0
Executive Summary - Chennai	1
<b>A</b>	<b>REPORT</b>
1	Instructions
2	Professional Competency of The Valuer
3	Independence and Conflicts of Interest
4	Purpose of Valuation
5	Basis of Valuation
6	Valuation Approach & Methodology
7	Assumptions, Departures and Reservations
8	Inspection
9	General Comment
10	Confidentiality
11	Authority
12	Reliant Parties
13	Limitation of Liability
14	Disclosure and Publication
15	Anti-Bribery & Anti-Corruption
<b>B</b>	<b>CHENNAI CITY REPORT</b>
1	Chennai Office Market Overview
1.1	Chennai- Supply, Absorption & Vacancy
1.2	Recent Private Equity Deals in Chennai
2	Suburban South Micro-Market
2.1	Office Market Overview
2.2	Micro Market- Rental Trend Analysis
2.3	Micro Market- Supply, Absorption & Vacancy
2.4	Existing and Upcoming Infrastructure
2.5	Office Market Outlook
<b>C</b>	<b>PROPERTY REPORT</b>
1	Address, ownership and title details of Subject Property
1.1	Encumbrances
1.2	Revenue Pendency
1.3	Material Litigation
2	Location
2.1	General
2.2	Accessibility
2.3	Ground Conditions
2.4	Environmental Considerations
2.5	Town Planning and Statutory Considerations
3	Subject Property - Asset Description
3.1	Key Asset Information
3.2	Property Inspection
3.3	Investigation and nature and source of information
3.4	Tenant Profile
3.5	Lease Expiry Profile
4	Valuation Approach & Methodology
4.1	Asset-specific Review:
4.2	Micro-market Review:
4.3	Cash Flow Projections:
5	Assumptions considered in Valuation (DCF Method)
5.1	Embassy Splendid TechZone Valuation
6	Market Value of EMBASSY SPLENDID TECHZONE
<b>D</b>	<b>ANNEXURES</b>
Annexure 1:	Cash Flows
Annexure 2:	Cash Flows – Block 10 (Pre commitment does not contractualize)
Annexure 3:	Ownership Structure
Annexure 4:	Property Master Plan



Annexure 5:	Property Photographs .....	57
Annexure 6:	Statement of assets .....	58
Annexure 7:	List of sanctions and approvals .....	59
Annexure 8:	Ready Reckoner Rate .....	60
Annexure 9:	Caveats & Limitations.....	63



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

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

**Property:** Embassy Splendid TechZone, Pallavaram Thoraipakkam Road, Chennai Region

**Report Date:** 5<sup>th</sup> April 2024

**Valuation Date:** 31<sup>st</sup> March 2024

## **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 Mrs 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 Splendid TechZone, comprising commercial office real estate assets located along Pallavaram Thoraipakkam Road in Chennai (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 Annexure 9 of this report. The extent of professional liability towards the Client is also outlined within these instructions.

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

Mrs. L.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.

L. 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. L.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, Mrs. L.Anuradha provided support on identified business/ new opportunities, evaluated proposals for new property investments and/ or dispositions while providing analytical support for Investment recommendations. L.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 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 is independent and has prepared the report on a fair and unbiased basis. The Valuer has valued the properties based on the valuation standards as specified under sub-regulation 10 of Regulation 21 of the SEBI (Real Estate Investment Trusts), 2014.

The Valuer or any of her employees involved in valuing the assets of the REIT have not invested nor shall invest in securities of any of the Subject Properties 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 including fairness opinion 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 Properties/ 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 Properties/ Business in accordance with IVS 104 of the IVSC International Valuation Standards issued on 31 July 2019, effective from 31 January 2022 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 properties being Market Value, the same may be derived by any of the following approaches:

### Market Approach

In ‘**Market Approach**’, the subject properties are compared to similar properties that have 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). 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 properties.

*For the purpose of the valuation of Subject Properties, Discounted Cash Flow Method using Rental Reversion.*

## **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 9 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 properties 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. The report has been prepared in adherence to Schedule V of the REIT regulations.

## **8 Inspection**

The Property was physically inspected on 05<sup>th</sup> April 2024 by Mrs. L. Anuradha. 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 properties/ 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 30 million (Rupees Thirty Million Only) as agreed upon in the LoE dated 20<sup>th</sup> March 2024.
- In the event that any of the Sponsors, Manager, Trustee, Embassy REIT in connection with the proposed purchase of the Subject properties/ 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 her 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 her 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 CHENNAI CITY REPORT**



## 1 Chennai Office Market Overview

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

Particulars	India*	Chennai	Suburban South	CBD	South-West	Peripheral South-West
<b>Total completed stock 2023 (msf)</b>	701.78	66.05	20.49	3.00	17.32	8.05
<b>Current occupied stock 2023 (msf)</b>	575.85	54.62	18.00	2.82	14.61	4.64
<b>Current Vacancy 2023 (%)</b>	17.94%	17.30%	12.13%	5.89%	15.67%	42.31%
<b>Future Supply – 2024 – 2026 (msf)</b>	217.21	15.80	3.57	0.7	3.89	4.45
<b>Market Rent –2023 (INR/ sq. ft./ month)</b>	79.57	59.95	79.50	78.80	76.20	54.60

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. Chennai office market consists of Seven micro markets, we have included Suburban South, CBD, South- West and Peripheral South- west.

*Location Key: Suburban South – Perungudi, Taramani, Thiruvanniyur, Velachery*

*CBD – Anna Salai, Nungambakkam, RK Salai*

*South West – Guindy, Ashok Nagar, Vadapalani, Manapakkam, Ekkaduthangal, Porur*

*Peripheral South West – Singaperumalkoil, Tambaram, Guduvanchery, Pallavaram, Pallikaranai, Perungalathur, Part of the Pallavaram – Thoraipakkam corridor from Pallikaranai*

Out of the total commercial stock of 701.58 msf. in India, nearly 9% of the stock is in Chennai. The total occupied stock in Chennai is approximately 9% of the occupied stock in India. Also, Chennai accounts for approximately 7% of the upcoming future supply in India.

Chennai is the capital of the State of Tamil Nadu and is located in the north-east of the state. Chennai Metropolitan area is spread over a total area of over 1,189 sq. km with a population of around 9.9 million.



Chennai has emerged as a favoured investment destination for Manufacturing, Technology and Logistics by virtue of its strategic location and government subsidies, making it one of the most lucrative locations in the country. Demand for commercial office is mainly dominated by Technology, Engineering and Manufacturing and BFSI (Banking, Financial Services & Insurance) sectors. Commercial offices in the city can be broadly divided into IT/ITES (Information Technology / Information Technology Enabled Services) & Commercial offices (non-IT).

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

- **Skilled talent pool and established institutions**: Chennai is home to several prestigious educational institutions. Presence of top educational institutions, such as the Indian Institute of Technology (Madras), Anna University etc. contribute to the pool of skilled workforce in the city.
- **Growing Technology and BFSI industry**: The City have become one of the preferred destinations for office space for global companies. It is home to technology majors like Infosys, Wipro, Accenture, TCS, Cognizant, etc. Also, under BFSI category the city houses companies like American Express, Fidelity, Royal Bank of Scotland etc. who have their GICs in Chennai.
- **Well-developed social infrastructure**: Adequate presence of high-quality large-scale townships, residential developments, schools, established education institutions, hospitals, hotels and retail malls makes the city lucrative destination for the occupiers.
- **Well-developed physical infrastructure**: Chennai has been witnessing rapid infrastructure development, including the expansion of roads, metro rail projects, and the development of new industrial corridors. With the existing roads, port connectivity, rail (metro and Mass Rapid Transit Systems) and air connectivity, Chennai has a good infrastructure network.

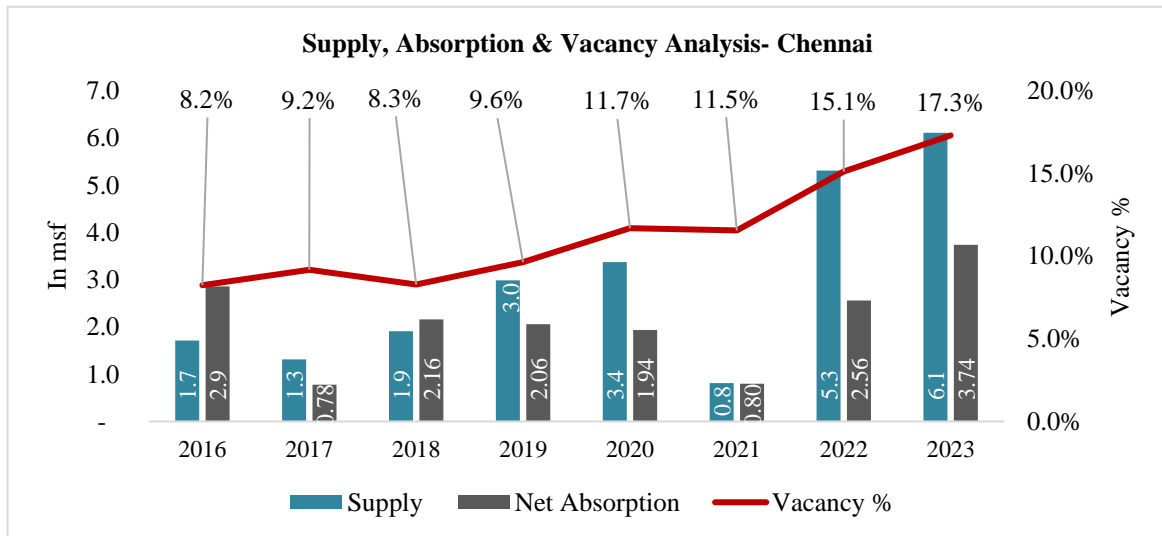
Chennai has good connectivity through all the three modes (rail, road and air) to other major cities in India. Infrastructure initiatives such as such as metro Rail Project Phase II, Outer Ring Road, Chennai – Bangalore Industrial Corridor, New International Airport etc. will provide the commuter with ease of travelling to various commercial nodes and reduce the traffic congestion on the roads as well.





### 1.1 Chennai- Supply, Absorption & Vacancy

A snapshot of the supply, absorption & vacancy trends for Chennai is as below:



Source: Cushman and Wakefield Research Report

Note: 1. 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 Chennai

1. In July 2018, Blackstone acquired 100% stake in One Indiabulls admeasuring 1.9 msf of commercial space in Ambattur, Chennai for US\$ 124 Million.
2. In December 2018, Mapletree Investments, a prominent private equity fund acquired SP Global Info city in Chennai for approximately INR 2,400 crore from a Joint venture between CPPIB and Shapoorji Pallonji.



## 2 Suburban South Micro-Market

### 2.1 Office Market Overview

The subject site is located on the Pallavaram Thoraipakkam Road that connects the OMR (Old Mahabalipuram Road) and the GST (Grand Southern Trunk) Road making Thoraipakkam well-connected to the Airport. It is an emerging location with various upcoming IT Parks, established Hospitals, and Educational Institutions. The micro market has transformed into one of the prominent residential hubs and emerging commercial hub of South Chennai with the launch of various apartments by developers like Brigade, Alliance, Sobha Group, Radiance Realty, Agni Estates, DRA Homes, Plaza Group, Jones foundation, Ramaniyam etc. and various upcoming commercial projects by developers like Embassy (subject development), Capitaland, and K Raheja Corp. Today the area has become a connecting hub to OMR and the GST Road.

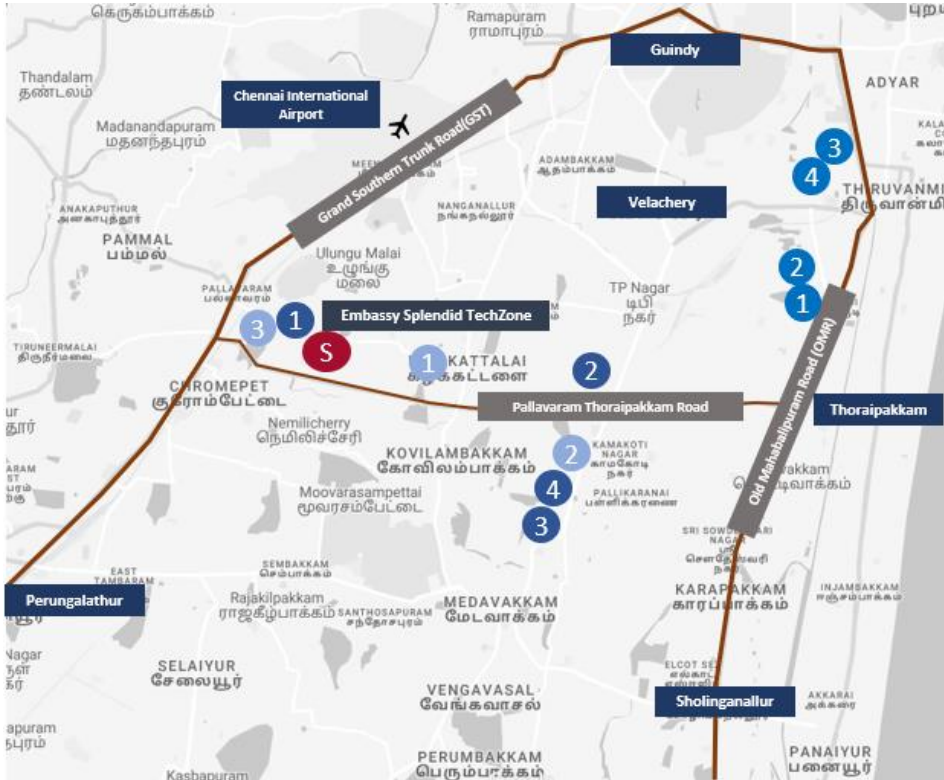
The subject property falls in the Pallavaram Thoraipakkam corridor geographically. However, since the region is an emerging corridor as detailed above and Embassy having a first mover advantage there is no direct comparable of a similar development to the subject property in the same corridor for benchmarking. Hence, we have considered the Suburban South, which is a more established market and has benchmark competing developments in the area. The tenants are preferring the Pallavaram Thoraipakkam corridor due to the spill over from the Suburban South as the vacancy is in lower (limited space availability) and limited future supply (most of it being pre-committed) in the short term. Further, the tenants who are facing limited availability of space in the Suburban South are preferring this subject corridor due to its lower rentals as compared to Suburban South and its closer proximity to International Airport. In addition, the strategic location (on account of proximity to OMR and GST Road) and proposed metro connectivity are added advantages to the tenants. Hence the Suburban South has been considered as the relevant micro market for the subject property and is hereafter referred to as the subject micro market.

The Suburban south micro market is the largest in Chennai and constitutes about 31% to the total commercial stock of Chennai. The average absorption in the Chennai for the past 7 years is approx. 2.11 msf. And the average of the Suburban South micro market for the past 8 years is approx. 0.53 msf. Which has been detailed in the below sections. In 2023 the micro market had net absorption of 1.14 msf mainly in the parks of DLF Downtown Taramani. Further the Pallavaram Thoriapakkam road witnessed an absorption of 0.57 msf from parks such as International Tech Park, Commercezone Pallikaranai and Brigade WTC during 2023.

Some of the well-established commercial developments in the region along the Pallavaram Thoraipakkam road and in Suburban South micro market include Embassy Splendid TechZone, Feather Lite IT Park, Wabag House, Brigade WTC, Global Infocity, Millenia Business Parks among others. The upcoming under construction (including proposed) supply in the micro market along the Pallavaram Thoraipakkam road and its adjoining areas between 2024 – 2026 is approximately 4.45 msf (out of which the supply from the subject property is ~60%).



The micro market has the presence of prominent educational institutions and hospitals such as Vels University, Balaji Dental College, Jerusalem College of Engineering and Dr Kamakshi Memorial Hospital among others. In terms of retail developments, the micro market has a retail mall (BSR mall) several unorganised standalone retail developments to cater to the demand generated by the commercial and residential catchments. The micro-market has presence of many residential projects by well-known developers like DRA, Jones, Plaza, Sobha developers, TVS, Alliance, Mantri etc. Few of the residential projects in the locality includes Sobha Winchester, DRA 90 degrees, Plaza Tranquil square, Mantri Serene etc



● Subject Property

Map Not to Scale

● Key Commercial Developments

● Social Infrastructure

● Proposed Commercial Developments

Key Commercial Developments	Social Infrastructure	Proposed Commercial Developments
1. Global Infocity	1. Vels University	1. CapitaLand ITPC- Block 2
2. Millenia Business Park	2. Dr Kamakshi Memorial Hospital	2. KRC Commerzone
3. TRIL Infopark SEZ	3. Balaji Dental College	3. Casagrand Paragon
4. CapitaLand ITPC	4. Jerusalem College of Eng	



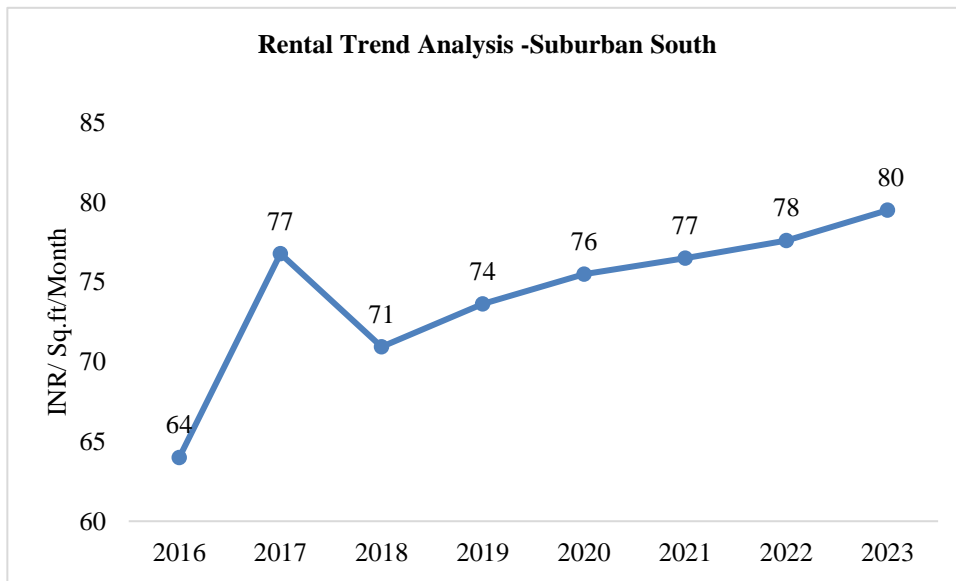
2.2

**2.2 Micro Market- Rental Trend Analysis**

The rentals in Suburban South micro market have been growing at a CAGR of approximately 3.15% from 2016 up to 2023. The rentals have witnessed increase in developments such as the Ramanujan Intellion Park, ITPC, Brigade and DLF Downtown. It is noticed that rentals of prominent big grade “A” IT parks in the micro market command higher rentals due to campus type infrastructure, large floor plate which are suitable for future expansion. We have taken the same taken as close comparable to Embassy Splendid TechZone.

Further the advantage for companies in this location is the proximity to International Airport and on account of connectivity and located along OMR and closer to the city.

The rentals are expected to remain stable due to higher pre-commitments in the micro market and one of the most sought corridors in Chennai. As of Dec 2023, the micro market has a vacancy of 12.13%.



Source: Cushman & Wakefield Research



Some of the prominent transactions in the Suburban South micro market and its adjoining areas are tabulated below-

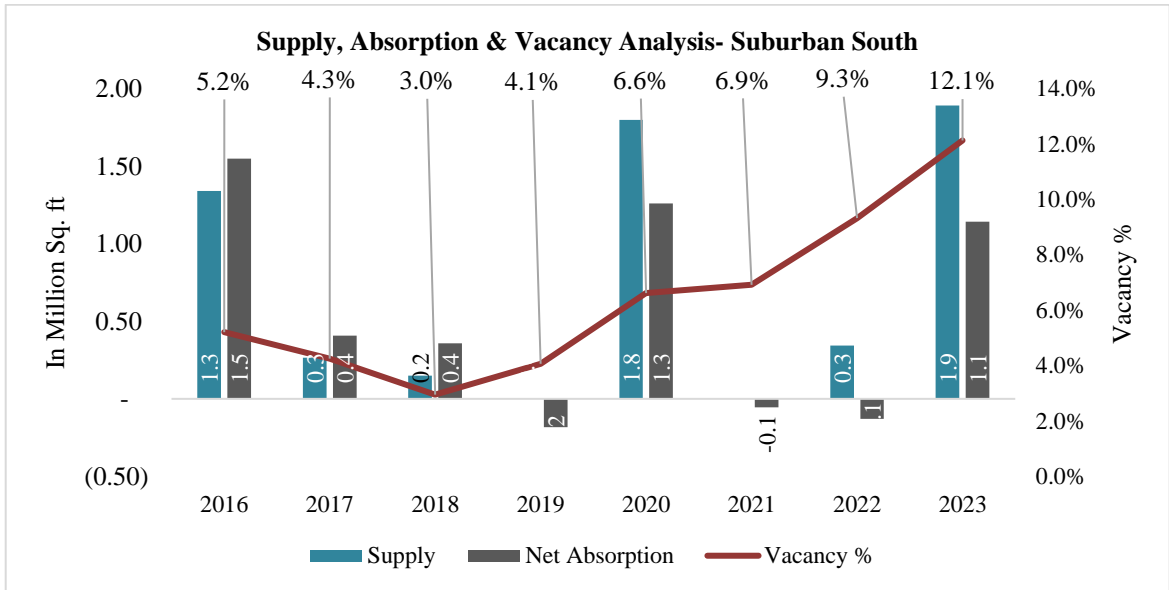
Tenant	Development	Location	Area Leased (sq. ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of facility
Bank of America	DLF Downtown Taramani Tower B	Taramani	711,260	Q4 2023	85	Warm Shell
Kla Tencor	DLF Downtown Taramani Tower A	Taramani	310,648	Q4 2023	83	Warm Shell
Fidelity Investments	DLF Downtown Taramani Tower A	Taramani	231,000	Q4 2023	86	Warm Shell
J Ray McDermott	DLF Downtown Taramani Tower A	Taramani	160,150	Q4 2023	83	Warm Shell
Simpliworks	DLF Downtown Taramani Tower A	Taramani	80,075	Q4 2023	86	Warm Shell
Light & Wonder	Ramanujan Intellion Park - Carr Block	Taramani	78,000	Q4 2023	94	Warm shell
Scientific Games	Ramanujan Intellion Park - Carr Block	Taramani	75,000	Q4 2023	94	Warm Shell

Source: Secondary Market Research



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

A snapshot of the supply, absorption and vacancy trend for Suburban South micro market is as below



Source: Cushman & Wakefield Research

Note: 1. 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 the Suburban South micro market as of 2023 was approximately 20.49 msf
- The total net absorption of commercial office space in the Suburban South micro market during 2023 has been approximately 1.14 msf Further, the market experienced a new Grade A supply of approximately 1.89 msf exclusively from DLF Limited, which had a pre commitment of 1.63 msf. Further The average net absorption between 2016 –2023 is approximately 0.53 msf
- The vacancy level for office space in Suburban South micro market has increased from 9.3% in 2022 to 12.13% in 2023, and the same is expected to increase due to a future supply of approximately 3.57 msf between 2024-2026.
- The Pallavaram Thoraipakkam corridor is becoming one of the sought-after locations in the city as indicated by high supply of office spaces in the location for the next 4-5 years. Pre-commitments from top global companies have been prevalent in this micro market because of the diminishing ready to move in supply of office space.



Some of the prominent operational commercial developments in the Suburban South micro market and part of Pallavaram Thoraipakkam corridor include:

Building Name	Developer	Location	Year of Completion	Completed Super Built-up area (msf)	Vacancy as of 2023 (%)	Warm shell Quoted Rentals (INR per sq. ft. per month)	Main Occupiers
Global Info City (Ph 1,2 &3) (Erstwhile SP Infocity)	Shapoorji & Pallonji	Perungudi	2009 -2016	2.70	14%	90-95	Amazon, Freshworks, Tablespace, Ericsson, BNP Paribas, HSBC
Embassy Splendid TechZone	Embassy	Pallavaram Thoraipakkam road	2019-2022	1.43	5%	70-75	BNY Mellon, Wells Fargo among others
Ramanujan Intellion Park	Tata Realty and Infrastructure Ltd	Taramani	2011-2016	4.60	13%	105-110	Qualcomm, Citibank, Astrazeneca, Agilysys Technologies, Amazon Retail
RMZ Millennia	RMZ Corp	Perungudi	2005 -2008	2.20	25%	85-95	Walmart, J Ray Mcdermott, WNS Global, KLA Tencor, coWrks
ITPC	CapitaLand	Taramani	2005-2010	2.00	3%	95-100	BOA, Wood India Engineering, Lennox India, Deloitte Olam International

Source: Secondary Market Research

Some of the pre-commitments in the part of Pallavaram Thoraipakkam road and Suburban South micro market are:

Tenant	Development	Location	Area Leased (sq. ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of Facility
Vestas	International Tech Park Chennai,	Pallavaram Thoraipakkam Road	240,000	Q4 2023	65-70	Warm shell

Source: Secondary Market Research

The Pallavaram Thoraipakkam road and its adjoining areas is an emerging corridor and is preferred by companies because of the close proximity and accessibility for employees to residential developments, and its connectivity to various IT parks and SEZs in Old Mahabalipuram Road (OMR) and Grand Southern Trunk Road (GST). The demand



is also driven by the rising interests from global companies. With multi-national companies driving a major portion of leasing activity in India, it can also be expected for companies from sectors such as IT, BFSI and also from healthcare/pharmaceutical, manufacturing and E-commerce players to drive the demand for Grade A space in Chennai.

In the recent past, companies from sectors such as Flexible workspaces and Consulting sectors have also taken space due to its adjoining areas, strategic location and attractiveness. Some of the new entrants in the office market in Chennai in the category of Flexible workspaces space are Smartworks, WeWorks, HIVE etc

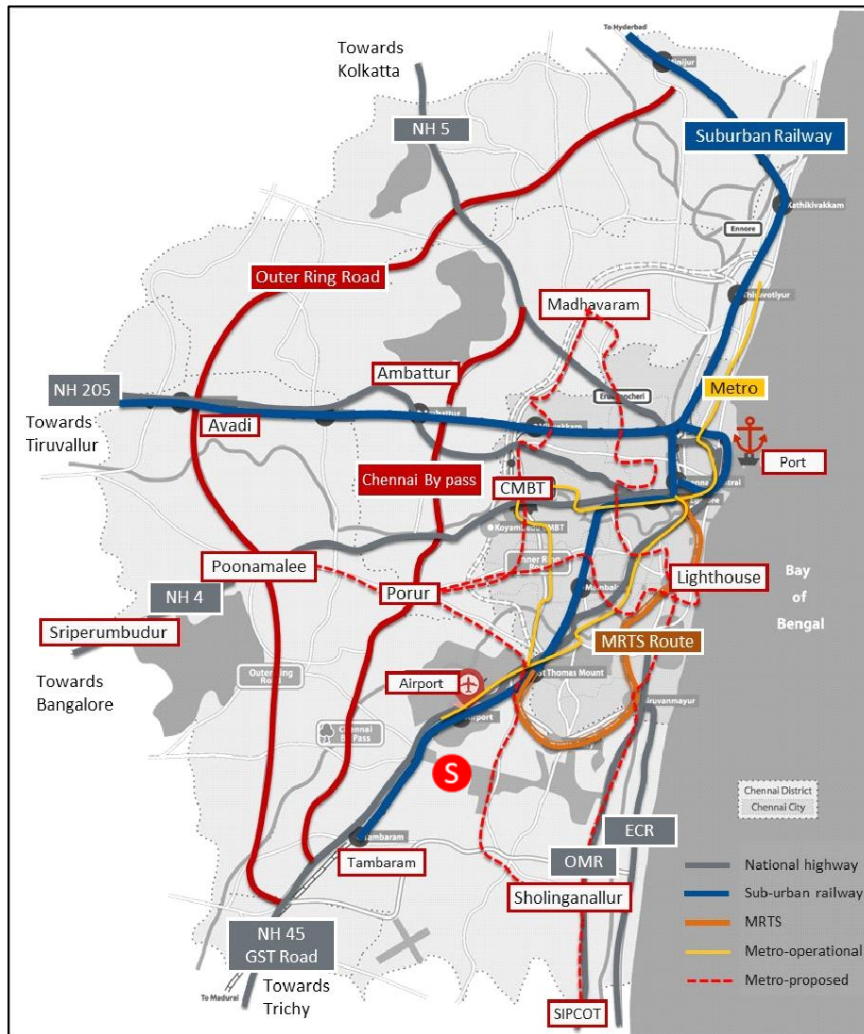
Some of the prominent under construction commercial developments in the Suburban South and Pallavaram Thoraipakkam corridor include:

Building Name	Developer	Location	Year of Completion	Super Built-up area (Msf)	Construction Status
Embassy Splendid TechZone	Embassy Group	Pallavaram Thoraipakkam road	2025-2030	3.6	Under-construction
Commerzone Pallikaranai	KRC	Pallavaram Thoraipakkam road	2024	0.6	Under-construction
International Tech Park Chennai, Radial Road - Block 2	CapitaLand India Trust	Pallavaram Thoraipakkam road	2024	1.1	Under-construction

*Source: Secondary Market Research*



## 2.4 Existing and Upcoming Infrastructure



**S** Subject Property

(Map not to Scale)

The Peripheral Southwest micro market is well connected with Chennai by the GST and Pallavaram Thoraipakkam Road which further connects it to the OMR. The upcoming metro line connectivity in Phase 2 of the metro construction will provide good connectivity from the other parts of the city to Pallavaram Thoraipakkam road. Chennai metro Rail Ltd (CMRL) has zeroed in on three corridors for the Phase-II development covering a stretch of 104 km. The soil testing is currently underway, and the corridors are detailed below:

- **Corridor-3: Madhavaram - SIPCOT**
- **Corridor-4: CMBT – Light House**
- **Corridor-5: Madhavaram-Sholinganallur**

The subject property as seen in the map falls closer to the Corridor 5 from Madhavaram to Sholinganallur. Upon completion of the above proposed infrastructure this will ease the traffic along the stretch with Eachangadu being the nearest metro station.



The table below highlights the key statistics of Suburban South office market

Particulars	Details
<b>Total completed stock (2023)</b>	Approximately 20.49 msf
<b>Current occupied stock (2023)</b>	Approximately 18.00 msf
<b>Current Vacancy (2023)</b>	Approximately 12.13%
<b>Future Supply (2024 – 2026) *</b>	Approximately 5.3 msf

*Source: Cushman & Wakefield Research*

*\* Includes part of Pallavaram Thoraipakkam Corridor surrounding the subject property.*



## **2.5 Office Market Outlook**

Suburban South emerged as the pioneer among developed micro markets, featuring the establishment of TIDEL Park and Grade A buildings by developers like Tata Realty and Infrastructure, Shapoorji and Pallonji, RMZ Group, CapitaLand, Brigade Group, etc. This micro market contributes 31% to the total stock of the Chennai Commercial Market, accounting for around 20 msf out of the total 66 msf.

Current quoted market rentals in the Suburban South micro market are in the range of INR 80-90 per sq. ft./ month. Over 2016-2023 the rentals in the Suburban South grew at a CAGR of approximately 3.15%. However, prominent parks like Brigade, DLF, Ramanujam Intellion Park have commanded higher rentals due to campus type infrastructure, large floor plates which is suitable for future expansion.

Since the Pallavaram Thoraipakkam corridor is located at a considerable distance from suburban south we have assumed a 10% discount to the micro market rental and have assumed rentals of INR 70 – INR 75 per sq. ft./ month as the rental for the subject property.

Suburban south market has seen an average net absorption of 0.53 msf from 2016-2023. However, given the upcoming metro development on OMR and a strong project pipeline of 3.57 msf stock coming in over the next 3 years from DLF, Olympia Group, Arihant etc., we expect the absorption to pick up to average absorption levels of 0.80 msf along with having a positive impact on the rentals. This also makes the annual growth rate of 5% in the market rentals appears achievable from Q1 FY 2025.



## **C      PROPERTY REPORT**



## 1 Address, ownership and title details of Subject Property

Address:	Embassy Splendid TechZone, Pallavaram Thoraipakkam road, Chennai, Tamil Nadu 600043
Ownership & title details:	Leasehold of Approx. 29 acres (Includes land comprising 3.53 acres surrendered as part of link road and open space reservation in accordance with applicable law)

*Source: Architect Certificate*

*Note: Land is a freehold property of owners where a 120-year lease has been signed by Embassy Property Developments Private Limited (EPDPL). (30 years from November 9, 2016, with EPDPL being entitled to renew the leasehold rights for 3 further terms of 30 years each).*

### 1.1 Encumbrances

Unless disclosed and recorded in the Property Report – Part C, it the Subject Property (Embassy Splendid TechZone) 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, based on the information given in the Title Reports prepared by AZB & Partners (Hereinafter collectively referred to as ‘AZB & Partners’). We have not checked and verified the title of the Subject Property.

### 1.2 Revenue Pendency

On the basis of the Title Reports prepared by the Legal Counsels and discussion with the Client, there are no revenue pendency’s including local authority taxes associated with the Subject Property (Embassy Splendid TechZone) 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.

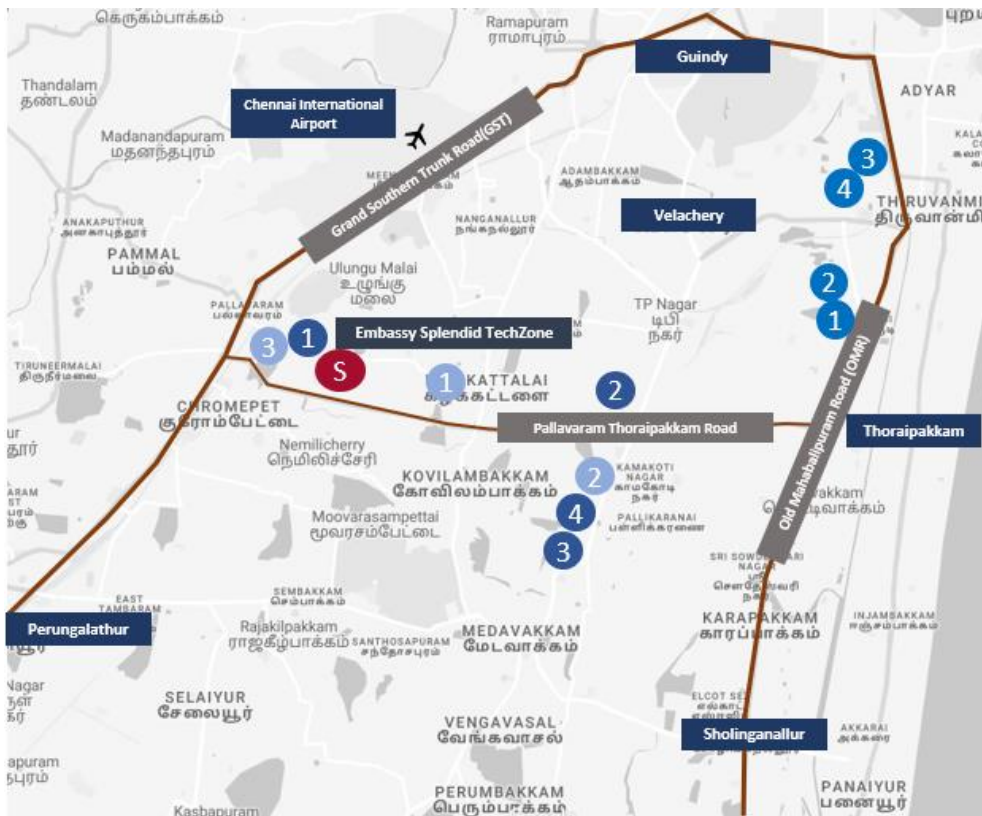
### 1.3 Material Litigation

Based on discussions with the Client and Title Reports shared, there are no material litigation relating to the Subject Property or any compounding charges.

## 2 Location

### 2.1 General

The property ‘Embassy Splendid TechZone’ (hereinafter referred to as the Subject Property) is located on the Pallavaram Thoraipakkam Road, Chennai. It connects to GST Road towards the west and Old Mahabalipuram Road towards the east which further enhances its connectivity to other parts of the city. It is strategically located close to Chennai International Airport, with recently established commercial centres (Featherlite ‘The Address’, KRC ‘Commerzone Pallikaranai’, CapitaLand India Trust ‘ITPC II’), premium segment residential complexes (Sobha Winchester, Mantri Serene), prestigious schools and colleges (Vels University, Dr Balaji Dental College, Jerusalem Engineering College), well known hospitals (Kamakshi Hospital) located within its proximity. The location map of the Subject Property is set out below:



Subject Property

Map Not to Scale

The subject property is spread out over ~29 acres of land parcel (Includes land comprising 3.53 acres surrendered as part of link road and open space reservation in accordance with applicable law). Located on the Pallavaram Thoraipakkam 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 3-4 kms from Chrompet Railway Station
- Approximately 8-9 kms from Tambaram Railway station
- Approximately 27-28 kms from Chennai Central Railway Station
- Approximately 5-6 kms from Chennai International Airport

The Subject Property is well accessible to different parts of the city through the Pallavaram Thoraipakkam 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 5.

## **2.3 Ground Conditions**

Based on visual inspection, there was 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. Chennai where the Subject Property is located falls in Seismic Zone III with moderate 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.

The micro-market of the Subject Property is classified as a flood prone area with high vulnerability. Tamil Nadu State Disaster Management Authority (TNSDMA) carried out an assessment after the December 2015 Chennai floods and classified areas with water level more than 5 feet due to heavy rains as high vulnerability areas. Pallavaram and Chrompet falls under the high vulnerability areas. However, the Subject Property is located at relatively higher elevation according to the topographical profile of the city and it is given to understand from the client that the following measures will be undertaken to mitigate the risks from any potential flooding:

- Construction of Interception drain all along the boundary line
- Appropriate site grading, forming safe ground formation level, podium level and Plinth Level
- Provision of mild slope ramp at entry points



- Provision of diverting all roof top water to the interception drains (external drainage system) with valve arrangement during the extreme rainfall event to avoid flooding of basements and relieving internal site drains
- Constructions of Storm water drain for a stretch between Periyar Lake and Keelkattalai lake, and from balancing culvert to Keelkattalai lake, through municipal interventions
- Provisions of appropriate pumping arrangement with actuators to drain out internal runoff in case of water logging
- Providing retention wells with appropriate capacity and supporting pumping units
- Construction of internal drainage system (within the layout) with tidal gate arrangements.
- Increasing the number of culverts in the downstream with regular O & M through municipal interventions

## **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 Splendid TechZone is a Grade “A” IT Park located on the Pallavaram Thoraipakkam Road, Chennai. The Subject Property has two components i.e., a completed component, an under-construction/proposed component of office. The park is divided into 10 Blocks combined into Blocks 2,3 & 9 being the completed block and Block 1 &4, Block 10 being under construction and Block 5,6,7 & 8 being a land stage development.

The subject property also consists of a common under construction administrative building and an operational Food court admeasuring 0.06 msf

#### Completed Buildings

The completed buildings and parts thereof with Occupancy Certificate (OC) collectively admeasure ~1.37 msf of leasable area. All the completed blocks are SEZ buildings.

The subject property also consists of a common Food court admeasuring 0.06 msf which is included in the overall completed area of 1.43 msf

The building wise break up for the Subject Property is mentioned in the table below:

#### Completed Buildings with OC

Particulars	Leasable Area (Mn sq. ft.)	Usage type	Status
Block 2	0.47	SEZ	Completed
Block 3	0.48	SEZ	Completed
Block 9	0.42	SEZ	Completed
Food Court Area	0.06	SEZ	Completed

*Source: Architect's Certificate, Rent Rolls, Lease Deeds/Leave and License Agreements*



**Under-Construction & Proposed**

The under-construction & proposed building Blocks (1,4,5,6,7,8,10) collectively admeasure ~3.60 msf of leasable area. Block 10 is expected to be completed by Mar’25 and Block 4 is expected to be completed by June’25 and Block 1 is expected to be completed by Mar’26 respectively. The Blocks 5,6,7 & 8 are in land stage and expected to be completed by Dec’2026, Dec’2027, Dec’2028 and Dec’2029 respectively. Except Block 10 all other blocks are planned to be converted to non-SEZ blocks. And Block 10 is to be converted to SEZ Block.

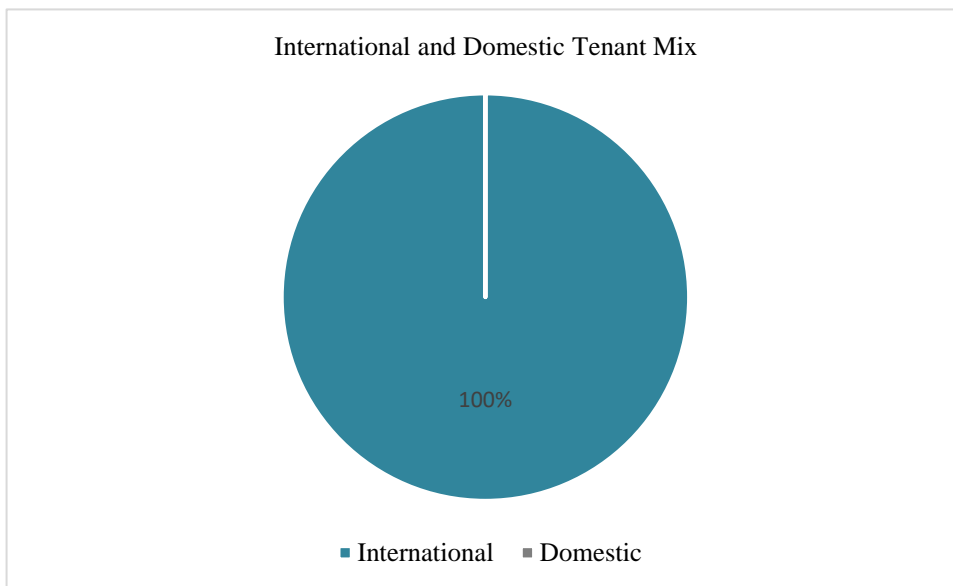
Particulars	Leasable Area (Mn sq. ft.)	Usage type	Status
Block 1	0.61	Non- SEZ	Under-construction
Block 4	0.60	Non- SEZ	Under-construction
Block 5 & 6	1.05	Non-SEZ	Proposed
Block 7 & 8	0.91	Non-SEZ	Proposed
Block 10	0.43	SEZ	Under-construction

Source: Architect’s Certificate, Rent Rolls, Lease Deeds/Leave and License Agreements

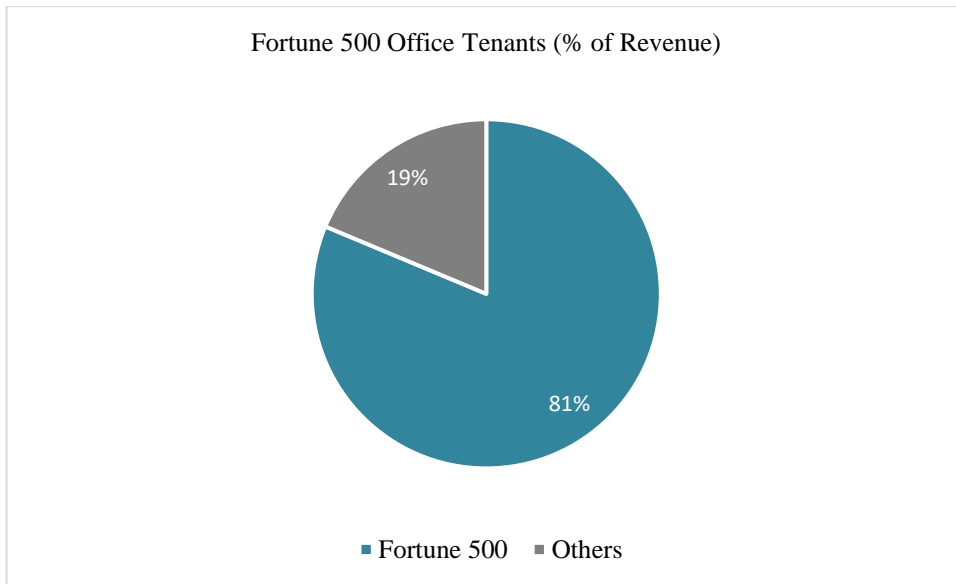
Note: Except Block 10 all other blocks are to be converted to non-SEZ blocks. And Block 10 which is currently a non-SEZ and will be converted to SEZ Block

Embassy Splendid TechZone’s operational blocks has seen good traction over the past 3 years since 2020. The occupancy has increased from 32%in 2020 to 95%in 2024 with a higher intake by Fortune 500 and international occupiers.

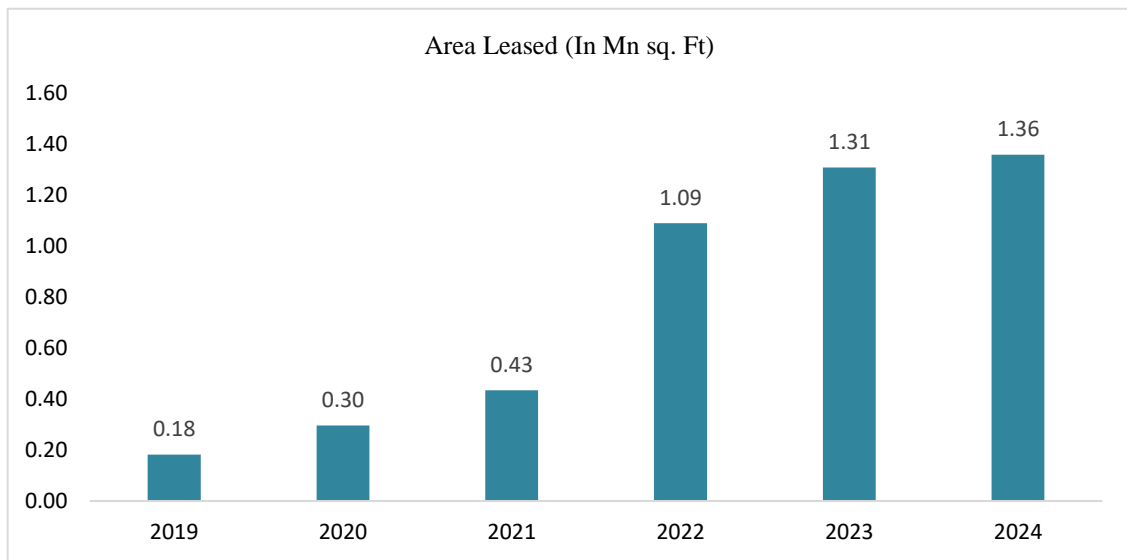
**Tenant Mix**



Embassy operation block has 100% of its occupancy coming from international tenants.



Embassy Splendid TechZone has a significant portion of its rentals generated by Fortune 500 companies. About 81% of the rentals are by Fortune 500 companies and the remaining 19% comes from other reputed companies.



The leasing activity in Embassy Splendid TechZone completed blocks had been increasing with 32% occupancy in 2020 to 95% occupancy in 2024.



### 3.1 Key Asset Information

#### Completed Buildings

Particulars	Details
Entity:	ESNP Property Builders and Developers Private Limited
Interest owned by (%):	Embassy Property Developments Private limited owns 100% interest in ESNP Property Builders and Developers Private Limited with 61% revenue share
Age of building based on the date of occupancy certificate:	4 Years
Asset type:	Tech Park with 3 completed SEZ blocks
Sub-market:	Suburban South (Pallavaram Thoraipakkam road)
Approved and existing usage:	Commercial Office/IT SEZ
Site Area (acres):	Approx. 29 acres **
Freehold/Leasehold:	Leasehold of Approx. 26 acres
Leasable Area <sup>2</sup> :	1.43 msf
Occupied Area:	1.36 msf
Occupancy (%) <sup>3</sup>	95%
Number of Tenants	5
<p><b>The subject property also has a Food Court block of 0.06 msf</b>  <b>**Includes land comprising 3.53 acres surrendered as part of link road and open space reservation in accordance with applicable law</b></p>	

Source: Architect Certificate

#### Notes:

1. Refer company structure set out in Annexure 3
2. The Client has obtained occupation certificate for the complete leasable area admeasuring 1.43 msf which includes food court area of 0.06 msf
3. Occupancy refers to proportion of area leased which is actively occupied by the tenants out of the total area that has received OC
4. Committed occupancy also includes area which has been pre-leased to tenants.



### Under-construction & Proposed Buildings

Particulars	Details
Interest owned by (%):	Embassy Property Developments Private limited owns 100% interest in ESNP Property Builders and Developers Private Limited with 61% revenue share
Expected completion date of construction:	Block 10 – Mar 2025 Block 4 – June 2025 Block 1 – Mar 2026 Block 5 – Dec 2026 Block 6 – Dec 2027 Block 7 – Dec 2028 Block 8 – Dec 2029
Asset type:	Tech Park with 6 Non- SEZ blocks and 1 SEZ block
Approved Usage:	Commercial Office/IT SEZ
Leasable Area:	~3.60 msf
Status of construction:	Under-construction/Proposed
Approvals received and pending as on Valuation Date	List of approvals detailed in Annexure 7
<b>Note: Except Block 10 all other blocks are to be converted to non-SEZ blocks. And Block 10 is to be converted to SEZ Block.</b>	

### 3.2 Property Inspection

The Subject Property comprising 3 operational blocks was physically inspected on 05<sup>th</sup> April 2024 by Mrs L.Anuradha. The inspection comprised visual inspection of operational buildings comprising the property and visits to key utility areas like LT/HT Electric Room, Pump Room, HVAC installations, STP, HSD Yard, DG Bank, Chiller Plants, Lift Cores, Transformer Yard, Cooling Tower, BMS Room and Main Electrical Room. The common areas within the buildings were visited on a sample basis as the areas under tenant occupation had access restriction.



The visual inspection of the buildings did not reveal any cause of concern with no visible signs of any disrepair or ill maintenance. The utility areas also appeared well maintained, visually. No instances of any major logging or water accumulation were observed during the inspections. The property inspections did not comprise any structural survey, technical/engineering review or safety audit and the assessment of the condition of the building, its utilities and campus infrastructure are based completely on visual survey.

### **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 AZB & Partners covering the type of ownership interest enjoyed and information on ongoing litigation with respect to the Subject property (Embassy Splendid TechZone)

- a. Latest Architect's certificate 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 top tenants on a sample basis
- d. Masterplan/ Development plan applicable in the jurisdiction of the Subject Property.
- e. Management representation regarding the following:
  - i. Major repairs undertaken and proposed in the Subject Property
  - ii. Statement of Assets
  - iii. Revenue pendency if any
  - iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.



### 3.4 Tenant Profile

As on 31<sup>st</sup> March 2024, completed block has 5 tenants (for office space) which include Fortune 500 companies

The Subject Property's top 5 tenants account to ~99% of the Gross Rental income.

Rank	Top 5 tenants according to Gross Rentals	Share of Gross Rentals
1	Tenant 1	39%
2	Tenant 2	26%
3	Tenant 3	16%
4	Tenant 4	10%
5	Tenant 5	8%
<b>TOTAL</b>		<b>99%</b>

### 3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is ~14 years, of which about ~21% of occupied area expiry starting by 2034.



## 4 Valuation Approach & Methodology

### 4.1 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, major tenancy 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 Properties.

### 4.2 Micro-market Review:

1. 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 properties 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 Properties for leasing vacant spaces as well as upon releasing.
2. For tenants occupying relatively large space within the Subject Properties, 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 properties have been assumed to be leased at the achievable market rentals for the micro market.

### 4.3 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 Properties. The following steps were undertaken to arrive at the value for operational and under-construction/proposed areas respectively. The projected future cash flows from the subject properties are 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 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/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 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 Properties.
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.



## 5 Assumptions considered in Valuation (DCF Method)

The following assumptions have been made to arrive at the market value of the Subject Property as on 31<sup>st</sup> March 2024:

Cashflow Period	Unit	Details
Valuation Date		31-Mar-24
Cashflow period	Years	10
Cashflow exit period	End date	31-Mar-34

### 5.1 Embassy Splendid TechZone Valuation

Subject property is a mix of Operational and Under construction property spread across 10 blocks. Operational blocks have a total area of 1.43 msf with 95% occupancy and the under-construction/proposed blocks have a total area of 3.60 msf with 0.43 msf pre-commitment.

Embassy Property Developments Private Limited owns 100% interest in ESNP Property Builders and Developers Private Limited with 61% revenue share. This has been considered for both operational and under construction/proposed models as revenue share ratio.

The completed buildings and parts thereof with Occupancy Certificate (OC) collectively admeasure ~1.43 msf of leasable area. All the completed blocks are SEZ buildings. The under-construction & proposed building Blocks (1,4,5,6,7,8,10) collectively admeasure ~3.60 msf of leasable area.

As per the representation by EOP REIT, except Block 10 all other blocks are to be converted to non-SEZ blocks. And Block 10 is to be converted to SEZ Block .



## Operational Block

### Property details

Property Details	Unit	Details
Super Built Up Area	sq.ft.	1.43
Revenue Share Ratio	%	61%
CAM Income Ratio	%	100%
Total Property Leasable Area	sq.ft.	1.43
Area Leased	sq.ft.	1.36
Leased	%	95%
Vacant Area	Sft	0.07
Vacancy	%	5.0%
Stabilized Vacancy	%	5.0%
Further leasing	Sft	-
Existing Lease rollovers	%	100%
Rent Free Period-Existing Lease Roll Overs	Months	1.0
Rent Free Period- New Lease	Months	4.0

- **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 5% of leasable area.

### Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 74.00
Market Rent - Food Court	Per sft/month	INR 25.00
Market 4 W Parking Rent	Per slot/month	INR 2,000
Other income	% of Lease Rentals	1.00%
Market Rent growth rate	% 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
CAM Margin	%	20.0%
CAM Margin	Per sq.ft./month	2.00

- **Market rent - Office**

Since there are no comparable buildings in this market where the subject property falls into, we have taken Suburban south market as comparable for our analysis. The total average net absorption of commercial office space in Suburban South from 2016 to 2023 has been 0.53 msf. The year 2020 Suburban South micro market saw its highest absorption of 1.3 msf post which the nets absorption in 2021- 2022 remained on the lower side as there was no supply during the year except for a miniscule supply of 0.2 msf in Perungudi. However, with new supply of 1.89 msf during 2023 from DLF Limited the market saw net absorption of 1.14 msf. The rentals in the micro market have witnessed an increase in developments such as the Ramanujan Intellion Park ITPC and DLF Downtown. The rental range of space leased in prominent IT parks such as Brigade, DLF, TRIL is higher than the suburban south micro market rentals which is about INR 80-90 per sq. ft. per month. This is due to their campus like type



infrastructure, large floor plate which is suitable for future expansion. Given our property falls in Pallavaram, a discount of around 10% has been applied and market rentals were taken as INR 70 – INR 75 per sq. ft per month. Taking into account the property's current rentals and pre-commitments in other blocks, we have considered a rental of INR 74 per sq. ft. for subject property.

Considering the location, accessibility, quality, size of the building and the upcoming metro Corridor and strong project pipeline of 3.4 msf coming in over the next 3 years we expect the rentals to grow at 5% p.a. from FY25.

- **Market rent – Food Court**

The market rentals for food court are assumed at INR 25 per sq. ft of chargeable area (area inclusive of dining and service area).

- **Market rent – Parking**

The market rentals for parking are taken at INR 2,000 per slot. This has been considered in line with the current quotes in similar Grade A parks in Suburban south market. The current weighted average parking rates for the Blocks stands at INR 2,299 slot. Parking income is expected to grow at 5% in line with market rental growth given a strong demand for parking spaces.

- **Other Income**

Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rentals. Other income includes Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income.

- **CAM Margin**

CAM margin is taken as 20% for the period of valuation. This is taken basis the efficiency of the developer to manage the property efficiently. Further 100% of CAM Income will be allocated to ESNP Property Builders and Developers Private Limited.



### 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 4.17
Insurance	Per sq.ft./month	INR 0.30
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	1.0%
Property Management Fees	% of Operating Income	3.0%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, the brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **Property tax and insurance cost** have been considered as INR 4.17 per sq. ft./ month and INR 0.30 per sq. ft./month respectively projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 1% of the lease rentals. The other expenses account for minor repairs and maintenance to 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 and parking income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.



## Under Construction & Proposed Block

The under-construction/proposed block of Embassy Splendid TechZone consists of 7 blocks with a combined area of 3.60 msf with 0.43 msf being pre-committed. They are classified into three properties for the purpose of valuation.

### Property details

#### Block 1, 4 & 10

Property Details	Unit	Details
Super Built Up Area	sq.ft.	1.63
Revenue Share Ratio	%	61%
CAM Income Ratio	%	100%
Total Property Leasable Area	sq.ft.	1.63
Pre Leased area	sq.ft.	0.43
Pre Leased area	%	26%
Vacant Area	Sft	1.20
Vacancy	%	100.0%
Stabilized Vacancy	%	5.0%
Further leasing (office)	Sft	1.14
Rent Free Period-Existing Lease Roll Overs	Months	1.0
Rent Free Period- New Lease	Months	4.0

#### Block 5,6,7 & 8

Property Details	Unit	Details
Super Built Up Area	sq.ft.	1.97
Revenue Share Ratio	%	61%
CAM Income Ratio	%	100%
Total Property Leasable Area	sq.ft.	1.97
Pre Leased area	sq.ft.	-
Pre Leased area	%	0.00%
Vacant Area	Sft	1.97
Vacancy	%	100.0%
Stabilized Vacancy	%	5.0%
Further leasing (office)	Sft	1.87
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	1.0
Rent Free Period- New Lease	Months	4.0

- **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.
- As per the lease agreement, a tenant has taken up space of 0.43 msf of area under construction on block 10. Hence, we have considered this as a pre-commitment area in the property.
- Further leasing of 3.10 msf has been assumed after incorporating a 5% stabilised vacancy which is standard for Grade A parks in the micro market.

**Construction related assumptions**

Construction Related Assumptions	Unit	Office
End Date of Construction		31-12-2029
Total Construction Cost	INR Million	17,015
Construction Cost Incurred till Date	INR Million	2,178
Construction Cost to be Incurred	INR Million	14,837

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

*Note: Construction detail includes all under-construction & proposed blocks*

*Note: Construction cost above does not include overhead construction costs such as Master Plan. Total Construction cost is INR 19,002 Mn, with cost incurred INR 2,843 Mn and cost to be incurred of INR 16,158 Mn.*



### Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 74.00
Market Rent - Food Court	Per sft/month	INR 25.00
Market 4 W Parking Rent	Per slot/month	INR 2,000
Other income	% of Lease Rentals	1.00%
Market Rent growth rate	% 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
CAMMargin	%	20.0%
CAMMargin	Per sq.ft./month	2.00
Income Support*	Per sq.ft./month	93.00

\* Please note that for the acquisition of SNP, as per the client – the seller (Embassy Group) will provide Rental Support of INR 93 per sq. ft./month (INR 81 per sq. ft/ month as Rent support and INR12 per sq. ft/ month as CAM support) to cover Office Rents and O&M Income for all vacant areas for block 10 until their Rent Commencement Date. In addition, the rental Support shall be applicable to rent free period for the preleased area's executed in Block 10. This Rental Support shall commence from 15-May-2024 and extend till the rent commencement date.

- **Market rent - Office**

Since there are no comparable buildings in this market where the subject property falls into, we have taken Suburban south market as comparable for our analysis. The total average net absorption of commercial office space in Suburban South from 2016 to 2023 has been 0.53 msf the year 2020 Suburban South micro market saw its highest absorption of 1.3 msf post which the net absorption in 2021- 2022 remained on the lower side as there was no supply during the year except for a miniscule supply of 0.2 msf in Perungudi. However, with new supply of 1.89 msf during 2023 from DLF Limited the market saw net absorption of 1.14 msf. The rentals in the micro market have witnessed an increase in developments such as the Ramanujan Intellion Park ITPC and DLF Downtown. The rental range of space leased in prominent IT parks such as Brigade, DLF is higher than the suburban south micro market rentals which is about INR 80-90 per sq. ft. per month. This is due to their campus like type infrastructure, large floor plate which is suitable for future expansion. Given our property falls in Pallavaram, a discount of around 10% has been applied and market rentals were taken as INR 70 – INR 75 per sq. ft per month. Taking into account the property's current rentals and pre-commitments in other blocks, we have considered a rental of INR 74 per sq. ft. for subject property.

Considering the location, accessibility, quality, size of the building and the upcoming metro Corridor and strong project pipeline of 5.3 msf stock coming in over the next 3 years we expect the rentals to grow at 5% p.a. from FY25





- **Market rent – Food Court**

The market rentals for food court are assumed at INR 25 per sq. ft of chargeable area (area inclusive of dining and service area).

- **Market rent – Parking**

The market rentals for parking are taken at INR 2,000 per slot. This has been considered in line with the current quotes in similar Grade A parks in Suburban south market. Parking income is expected to grow at 5% in line with market rental growth given a strong demand for parking spaces.

- **Other Income**

Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered other income at 1% of lease rentals. Other income includes Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income.

- **CAM Margin**

CAM margin is taken as 20% for the period of valuation. This is taken basis the efficiency of the developer to manage the property efficiently. Further 100% of CAM Income will be allocated to ESNP Property Builders and Developers Private Limited.

#### 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 5.06
Insurance	Per sq.ft./month	INR 0.30
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
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, the brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **Property tax and insurance cost** have been considered as INR 5.06 per sq. ft./ month and INR 0.30 per sq. ft./month respectively projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 1% of the lease rentals. The other expenses account for minor repairs and maintenance to 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 and parking 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. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% for office and Retail developments which is in line with the available market information applied on the one year forward NOI in the terminal year.

Name of Buyer	Name of Seller	Location	City	Name of Building	Year	Area (sq. ft.)	Deal Size (INR mn)	Capitalization Rate
CPIIB	TRIL properties (multiple)	Chennai	Chennai	TRIL Info park	2022	45,72,290 (includes IT office space only)	63,000 approx	7.5%-7.75%
Avenue Supermarts Limited	Moon Construction Private Li	Goregaon West	Mumbai	Vicino Building	2021	34,147	715	5.16%
KCT Group	HSBC	Horniman Circle	Mumbai	HSBC Building	2021	32,000	830	12.49%
Ascendas India Trust	Phoenix Group	Madhapur, Hyderabad	Hyderabad	Phoenix Avance H06	2021	639,495	5,060	-9.75%
GIC	Phoenix Group	Gachibowli, Hyderabad	Hyderabad	Phoenix Aquila Tower A	2021	1,100,000	10,500	-8.25%
Varde	Lodha	Mumbai	Mumbai	Lodha Excelus	2020	625,702	11,000	8.5% - 9%
Brookfield Asset Management	Jet Airways	BKC, Mumbai	Mumbai	Godrej BKC	2020	169,983	4,900	10.82%
Shapoorji Pallonji -Allianz	Tishman Speyer - GIC	Gachibowli, Hyderabad	Hyderabad	Waverock	2019	2,300,000	18,000	-8%
Xander	Vascon Group	Viman Nagar	Pune	Weikfield IT Park	2019	1,081,000	9,000	8.65%
Blackstone	Radius Developers	Bandra, BKC	Mumbai	One BKC	2019	700,000	25,000	8.2%
Blackstone	Indiabulls Properties Pvt Ltd and Indiabulls Real Estate Company	Lower Parel	Mumbai	Indiabulls Finance Centre and One Indiabulls Centre	2019	50% stake in 4.2msf	47,500	8.81%

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 based on 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 11.75% for operational segment, 13.00% for under construction/proposed Office segment and 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.



## 6 Market Value of EMBASSY SPLENDID TECHZONE

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 31<sup>st</sup> March 2024, is as follows

Components	Value in (₹ Mn) **
<b>Embassy Splendid TechZone*</b>	<b>13,381</b>
<i>Completed</i>	8,516
<i>Under Construction &amp; Proposed</i>	4,865
<p><i>*ESNP Property Builders and Developers Private Limited is entitled to 61% of lease revenue from the project.</i>  <i>**Market value is proportional to Embassy REIT's proposed share of Revenue, 61%</i></p> <p><i>The above valuation has been carried out based on the fact that, Block 10 has been pre-committed and the same is assumed to be leased by 31-03 2025. However, in case the LOI is not contracted into a formal lease agreement there will be a value impact of INR 629 Mn in the value (With the value of the overall property being INR 12,752Mn), due to the absence of rental support and change in leasing assumption.</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



## **D ANNEXURES**



**Annexure 1: Cash Flows**

**Completed area with OC**

Completed Block 2, 3 & 9		1	2	3	4	5	6	7	8	9	10
Particulars	Unit	01-Apr-24 31-Mar-25	01-Apr-25 31-Mar-26	01-Apr-26 31-Mar-27	01-Apr-27 31-Mar-28	01-Apr-28 31-Mar-29	01-Apr-29 31-Mar-30	01-Apr-30 31-Mar-31	01-Apr-31 31-Mar-32	01-Apr-32 31-Mar-33	01-Apr-33 31-Mar-34
<b>OPERATING INCOME</b>											
Lease Rentals	INR Million	688.7	735.7	787.5	802.0	856.3	918.2	935.0	989.4	1,025.2	1,069.8
Parking Income	INR Million	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7
O&M income	INR Million	163.5	172.6	182.1	191.3	200.9	210.9	221.5	231.6	243.1	256.6
Other Income (Kiosk and Conference)	INR Million	6.9	7.4	7.9	8.0	8.6	9.2	9.3	9.9	10.3	10.7
<b>Total Income</b>	<b>INR Million</b>	<b>870.8</b>	<b>927.3</b>	<b>989.1</b>	<b>1,013.0</b>	<b>1,077.4</b>	<b>1,150.0</b>	<b>1,177.5</b>	<b>1,242.5</b>	<b>1,290.3</b>	<b>1,348.8</b>
<b>Total Income from occupanc</b>	<b>INR Million</b>	<b>870.8</b>	<b>927.3</b>	<b>989.1</b>	<b>1,013.0</b>	<b>1,077.4</b>	<b>1,150.0</b>	<b>1,177.5</b>	<b>1,242.5</b>	<b>1,290.3</b>	<b>1,348.8</b>
<b>OPERATING COSTS</b>											
O&M cost	INR Million	(136.3)	(143.9)	(151.7)	(159.4)	(167.4)	(175.8)	(184.6)	(193.0)	(202.6)	(213.8)
Insurance Cost	INR Million	(5.1)	(5.3)	(5.4)	(5.6)	(5.8)	(6.0)	(6.1)	(6.3)	(6.5)	(6.7)
Property Taxes	INR Million	(71.3)	(73.5)	(75.7)	(77.9)	(80.3)	(82.7)	(85.2)	(87.7)	(90.3)	(93.1)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>(212.7)</b>	<b>(222.6)</b>	<b>(232.8)</b>	<b>(243.0)</b>	<b>(253.4)</b>	<b>(264.4)</b>	<b>(275.8)</b>	<b>(287.0)</b>	<b>(299.5)</b>	<b>(313.6)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>658.1</b>	<b>704.7</b>	<b>756.3</b>	<b>770.0</b>	<b>823.9</b>	<b>885.6</b>	<b>901.6</b>	<b>955.5</b>	<b>990.8</b>	<b>1,035.2</b>
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	12,589
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(126)
<b>Total Net income</b>	<b>INR Million</b>	<b>658.1</b>	<b>704.7</b>	<b>756.3</b>	<b>770.0</b>	<b>823.9</b>	<b>885.6</b>	<b>901.6</b>	<b>955.5</b>	<b>990.8</b>	<b>13,498</b>
Property Mangement Fees	INR Million	(21.0)	(22.4)	(24.0)	(24.4)	(26.0)	(27.9)	(28.4)	(30.0)	(31.1)	(32.4)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	(11.5)	(12.3)	(13.1)	(13.3)	(14.2)	(15.2)	(15.5)	(16.4)	(17.0)	(17.7)
Brokerage Expenses	INR Million	(0.0)	(0.1)	(0.1)	-	-	-	-	-	(7.1)	(0.0)
Construction Cost	INR Million	(165.2)	(165.2)	-	-	-	-	-	-	-	-
<b>Net Cashflows</b>	<b>INR Million</b>	<b>460</b>	<b>505</b>	<b>719</b>	<b>732</b>	<b>784</b>	<b>842</b>	<b>858</b>	<b>909</b>	<b>936</b>	<b>13,448</b>

The stabilized NOI\* for the block is the year one NOI of INR 658.1 Mn

\*Stabilized NOI- Net operating Income when the property is 95% leased.



Under-Construction & Proposed

Under Construction 1 & 4		1	2	3	4	5	6	7	8	9	10
Particulars	Unit	01-Apr-24 31-Mar-25	01-Apr-25 31-Mar-26	01-Apr-26 31-Mar-27	01-Apr-27 31-Mar-28	01-Apr-28 31-Mar-29	01-Apr-29 31-Mar-30	01-Apr-30 31-Mar-31	01-Apr-31 31-Mar-32	01-Apr-32 31-Mar-33	01-Apr-33 31-Mar-34
<b>OPERATING INCOME</b>											
Lease Rentals	INR Million	-	133.8	507.9	665.9	702.0	759.3	765.7	807.3	873.2	880.6
Parking Income	INR Million	-	6.5	16.9	18.0	19.0	20.5	20.7	21.8	23.6	23.8
O&M income	INR Million	-	64.0	169.8	190.3	199.9	209.9	220.3	231.4	242.9	255.1
Other Income (Kiosk and Conference)	INR Million	-	1.3	5.1	6.7	7.0	7.6	7.7	8.1	8.7	8.8
<b>Total Income</b>	<b>INR Million</b>	<b>-</b>	<b>205.8</b>	<b>699.7</b>	<b>880.9</b>	<b>927.8</b>	<b>997.2</b>	<b>1,014.4</b>	<b>1,068.5</b>	<b>1,148.4</b>	<b>1,168.3</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>	<b>-</b>	<b>205.8</b>	<b>699.7</b>	<b>880.9</b>	<b>927.8</b>	<b>997.2</b>	<b>1,014.4</b>	<b>1,068.5</b>	<b>1,148.4</b>	<b>1,168.3</b>
<b>OPERATING COSTS</b>											
O&M cost	INR Million	-	(53.4)	(141.5)	(158.6)	(166.6)	(174.9)	(183.6)	(192.8)	(202.4)	(212.6)
Insurance Cost	INR Million	-	(2.2)	(4.5)	(4.6)	(4.8)	(4.9)	(5.1)	(5.2)	(5.4)	(5.5)
Property Taxes	INR Million	-	(36.4)	(75.8)	(78.1)	(80.4)	(82.9)	(85.3)	(87.9)	(90.5)	(93.3)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>-</b>	<b>(91.9)</b>	<b>(221.8)</b>	<b>(241.3)</b>	<b>(251.8)</b>	<b>(262.6)</b>	<b>(274.0)</b>	<b>(285.9)</b>	<b>(298.3)</b>	<b>(311.3)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>-</b>	<b>113.8</b>	<b>477.8</b>	<b>639.5</b>	<b>676.1</b>	<b>734.6</b>	<b>740.4</b>	<b>782.6</b>	<b>850.1</b>	<b>856.9</b>
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	11,069.8
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(110.7)
<b>Total Net income</b>	<b>INR Million</b>	<b>-</b>	<b>113.8</b>	<b>477.8</b>	<b>639.5</b>	<b>676.1</b>	<b>734.6</b>	<b>740.4</b>	<b>782.6</b>	<b>850.1</b>	<b>11,816.1</b>
Property Mangement Fees	INR Million	-	(4.3)	(15.9)	(20.6)	(21.6)	(23.4)	(23.6)	(24.9)	(26.9)	(27.1)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	(1.4)	(5.2)	(6.8)	(7.2)	(7.8)	(7.9)	(8.3)	(9.0)	(9.0)
Brokerage Expenses	INR Million	-	(53.5)	(57.4)	-	-	-	-	-	-	-
<b>Net Cashflows- Before Construction</b>	<b>INR Million</b>	<b>-</b>	<b>55</b>	<b>399</b>	<b>612</b>	<b>647</b>	<b>703</b>	<b>709</b>	<b>749</b>	<b>814</b>	<b>11,780</b>
<b>Construction Cost</b>	<b>INR Million</b>	<b>(2,007)</b>	<b>(1,622)</b>	<b>(318)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cashflows</b>	<b>INR Million</b>	<b>(2,007)</b>	<b>(1,567)</b>	<b>82</b>	<b>612</b>	<b>647</b>	<b>703</b>	<b>709</b>	<b>749</b>	<b>814</b>	<b>11,780</b>

The stabilized NOI\* for the block is the year four NOI of INR 639.5 Mn

\*Stabilized NOI- Net operating Income when the property is 95% leased.



Under Construction Block 10		1	2	3	4	5	6	7	8	9	10
Particulars	Unit	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29	01-Apr-30	01-Apr-31	01-Apr-32	01-Apr-33
		31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	31-Mar-30	31-Mar-31	31-Mar-32	31-Mar-33	31-Mar-34
<b>OPERATING INCOME</b>											
Lease Rentals	INR Million	-	104.0	251.6	269.4	272.1	291.4	294.3	315.1	318.3	340.9
Parking Income	INR Million	-	2.6	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
O&M income	INR Million	-	25.9	62.8	68.4	69.2	75.4	76.3	83.1	84.2	91.6
Other Income (Kiosk and Conference)	INR Million	-	1.0	2.5	2.7	2.7	2.9	2.9	3.2	3.2	3.4
Rental Support	INR Million	278.3	150.4	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>INR Million</b>	<b>278.3</b>	<b>284.0</b>	<b>323.2</b>	<b>346.8</b>	<b>350.3</b>	<b>376.0</b>	<b>379.9</b>	<b>407.7</b>	<b>411.9</b>	<b>442.2</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>	<b>278.3</b>	<b>284.0</b>	<b>323.2</b>	<b>346.8</b>	<b>350.3</b>	<b>376.0</b>	<b>379.9</b>	<b>407.7</b>	<b>411.9</b>	<b>442.2</b>
<b>OPERATING COSTS</b>											
O&M cost	INR Million	-	(21.6)	(52.3)	(57.0)	(57.7)	(62.8)	(63.6)	(69.3)	(70.1)	(76.4)
Insurance Cost	INR Million	-	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.9)	(1.9)	(2.0)	(2.0)
Property Taxes	INR Million	-	(27.0)	(27.8)	(28.6)	(29.5)	(30.3)	(31.3)	(32.2)	(33.2)	(34.2)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>-</b>	<b>(50.1)</b>	<b>(81.7)</b>	<b>(87.3)</b>	<b>(88.9)</b>	<b>(95.0)</b>	<b>(96.7)</b>	<b>(103.4)</b>	<b>(105.2)</b>	<b>(112.5)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>278.3</b>	<b>233.9</b>	<b>241.4</b>	<b>259.5</b>	<b>261.4</b>	<b>281.0</b>	<b>283.1</b>	<b>304.3</b>	<b>306.7</b>	<b>329.7</b>
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	4,026.8
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(40.3)
<b>Total Net income</b>	<b>INR Million</b>	<b>278.3</b>	<b>233.9</b>	<b>241.4</b>	<b>259.5</b>	<b>261.4</b>	<b>281.0</b>	<b>283.1</b>	<b>304.3</b>	<b>306.7</b>	<b>4,316.2</b>
Property Management Fees	INR Million	-	(3.2)	(7.8)	(8.3)	(8.4)	(8.9)	(9.0)	(9.6)	(9.7)	(10.4)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	(1.1)	(2.6)	(2.8)	(2.8)	(3.0)	(3.0)	(3.2)	(3.2)	(3.5)
Brokerage Expenses	INR Million	-	-	-	-	-	-	-	-	-	-
<b>Net Cashflows- Before Construction</b>	<b>INR Million</b>	<b>278</b>	<b>230</b>	<b>231</b>	<b>248</b>	<b>250</b>	<b>269</b>	<b>271</b>	<b>291</b>	<b>294</b>	<b>4,302</b>
Construction Cost	INR Million	(678)	(678)	-	-	-	-	-	-	-	-
<b>Net Cashflows</b>	<b>INR Million</b>	<b>(400)</b>	<b>(449)</b>	<b>231</b>	<b>248</b>	<b>250</b>	<b>269</b>	<b>271</b>	<b>291</b>	<b>294</b>	<b>4,302</b>

The stabilized NOI\* for the block is the year three NOI of INR 241.4 Mn

\*Stabilized NOI- Net operating Income when the property is 95% leased.



## Embassy Splendid TechZone Valuation Report



Under construction Blocks 5,6,7 & 8		1	2	3	4	5	6	7	8	9	10
Particulars	Unit	01-Apr-24 31-Mar-25	01-Apr-25 31-Mar-26	01-Apr-26 31-Mar-27	01-Apr-27 31-Mar-28	01-Apr-28 31-Mar-29	01-Apr-29 31-Mar-30	01-Apr-30 31-Mar-31	01-Apr-31 31-Mar-32	01-Apr-32 31-Mar-33	01-Apr-33 31-Mar-34
<b>OPERATING INCOME</b>											
Lease Rentals	INR Million	-	-	-	205.7	532.1	844.2	1,200.9	1,356.3	1,401.4	1,501.9
Parking Income	INR Million	-	-	-	8.4	17.4	25.5	35.3	36.7	37.9	40.6
O&M income	INR Million	-	-	-	82.0	175.3	263.9	360.9	379.0	397.9	417.8
Other Income (Kiosk and Conference)	INR Million	-	-	-	2.3	5.3	8.4	12.0	13.6	14.0	15.0
<b>Total Income</b>	<b>INR Million</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>298.4</b>	<b>730.1</b>	<b>1,142.1</b>	<b>1,609.1</b>	<b>1,785.5</b>	<b>1,851.2</b>	<b>1,975.4</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>298.4</b>	<b>730.1</b>	<b>1,142.1</b>	<b>1,609.1</b>	<b>1,785.5</b>	<b>1,851.2</b>	<b>1,975.4</b>
<b>OPERATING COSTS</b>											
O&M cost	INR Million	-	-	-	(68.3)	(146.1)	(219.9)	(300.8)	(315.8)	(331.6)	(348.2)
Insurance Cost	INR Million	-	-	-	(2.0)	(4.2)	(6.2)	(8.3)	(8.5)	(8.8)	(9.1)
Property Taxes	INR Million	-	-	-	(33.7)	(70.7)	(104.4)	(140.0)	(144.2)	(148.5)	(153.0)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(104.0)</b>	<b>(220.9)</b>	<b>(330.5)</b>	<b>(449.1)</b>	<b>(468.6)</b>	<b>(489.0)</b>	<b>(510.3)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194.3</b>	<b>509.2</b>	<b>811.6</b>	<b>1,160.0</b>	<b>1,316.9</b>	<b>1,362.3</b>	<b>1,465.1</b>
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	18,469.4
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(184.7)
<b>Total Net income</b>	<b>INR Million</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194.3</b>	<b>509.2</b>	<b>811.6</b>	<b>1,160.0</b>	<b>1,316.9</b>	<b>1,362.3</b>	<b>19,749.8</b>
Property Management Fees	INR Million	-	-	-	(6.4)	(16.5)	(26.1)	(37.1)	(41.8)	(43.2)	(46.3)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	-	-	(2.1)	(5.5)	(8.7)	(12.4)	(13.9)	(14.4)	(15.4)
Brokerage Expenses	INR Million	-	-	-	(51.4)	(55.9)	(50.1)	(52.6)	-	-	-
<b>Net Cashflows- Before Construction</b>	<b>INR Million</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>431</b>	<b>727</b>	<b>1,058</b>	<b>1,261</b>	<b>1,305</b>	<b>19,688</b>
Construction Cost	INR Million	(433)	(1,664)	(2,378)	(2,478)	(1,861)	(1,523)				
<b>Net Cashflows</b>	<b>INR Million</b>	<b>(433)</b>	<b>(1,664)</b>	<b>(2,378)</b>	<b>(2,343)</b>	<b>(1,430)</b>	<b>(796)</b>	<b>1,058</b>	<b>1,261</b>	<b>1,305</b>	<b>19,688</b>

The stabilized NOI\* for the block is the year eight NOI of INR 1316.9 Mn

\*Stabilized NOI- Net operating Income when the property is 95% leased.



**Annexure 2: Cash Flows – Block 10 (Pre commitment does not contractualize)**

Under Construction Block 10		1	2	3	4	5	6	7	8	9	10
Particulars	Unit	01-Apr-24 31-Mar-25	01-Apr-25 31-Mar-26	01-Apr-26 31-Mar-27	01-Apr-27 31-Mar-28	01-Apr-28 31-Mar-29	01-Apr-29 31-Mar-30	01-Apr-30 31-Mar-31	01-Apr-31 31-Mar-32	01-Apr-32 31-Mar-33	01-Apr-33 31-Mar-34
<b>OPERATING INCOME</b>											
Lease Rentals	INR Million	-	38.8	176.6	237.7	250.2	269.4	273.4	287.7	309.8	314.4
Parking Income	INR Million	-	2.3	5.7	6.4	6.8	7.3	7.4	7.8	8.4	8.5
O&M income	INR Million	-	22.1	58.0	68.2	71.6	75.2	79.0	82.9	87.0	91.4
Other Income (Kiosk and Conference)	INR Million	-	0.4	1.8	2.4	2.5	2.7	2.7	2.9	3.1	3.1
<b>Total Income</b>	<b>INR Million</b>	<b>-</b>	<b>63.5</b>	<b>242.1</b>	<b>314.7</b>	<b>331.0</b>	<b>354.6</b>	<b>362.4</b>	<b>381.2</b>	<b>408.4</b>	<b>417.4</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>	<b>-</b>	<b>63.5</b>	<b>242.1</b>	<b>314.7</b>	<b>331.0</b>	<b>354.6</b>	<b>362.4</b>	<b>381.2</b>	<b>408.4</b>	<b>417.4</b>
<b>OPERATING COSTS</b>											
O&M cost	INR Million	-	(18.4)	(48.3)	(56.8)	(59.7)	(62.7)	(65.8)	(69.1)	(72.5)	(76.2)
Insurance Cost	INR Million	-	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.9)	(1.9)	(2.0)	(2.0)
Property Taxes	INR Million	-	(27.0)	(27.8)	(28.6)	(29.5)	(30.3)	(31.3)	(32.2)	(33.2)	(34.2)
<b>Total Operating Costs</b>	<b>INR Million</b>	<b>-</b>	<b>(47.0)</b>	<b>(77.7)</b>	<b>(87.1)</b>	<b>(90.9)</b>	<b>(94.8)</b>	<b>(98.9)</b>	<b>(103.2)</b>	<b>(107.7)</b>	<b>(112.3)</b>
<b>Net operating Income</b>	<b>INR Million</b>	<b>-</b>	<b>16.6</b>	<b>164.4</b>	<b>227.6</b>	<b>240.2</b>	<b>259.8</b>	<b>263.5</b>	<b>278.1</b>	<b>300.7</b>	<b>305.1</b>
Terminal Value	INR Million	-	-	-	-	-	-	-	-	-	3,932.8
Transaction Cost	INR Million	-	-	-	-	-	-	-	-	-	(39.3)
<b>Total Net income</b>	<b>INR Million</b>	<b>-</b>	<b>16.6</b>	<b>164.4</b>	<b>227.6</b>	<b>240.2</b>	<b>259.8</b>	<b>263.5</b>	<b>278.1</b>	<b>300.7</b>	<b>4,198.5</b>
Property Mangement Fees	INR Million	-	(1.2)	(5.5)	(7.3)	(7.7)	(8.3)	(8.4)	(8.9)	(9.5)	(9.7)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million	-	(0.4)	(1.8)	(2.4)	(2.6)	(2.8)	(2.8)	(3.0)	(3.2)	(3.2)
Brokerage Expenses	INR Million	-	(25.7)	(17.5)	-	-	-	-	-	-	-
<b>Net Cashflows- Before Construction</b>	<b>INR Million</b>	<b>-</b>	<b>(11)</b>	<b>140</b>	<b>218</b>	<b>230</b>	<b>249</b>	<b>252</b>	<b>266</b>	<b>288</b>	<b>4,186</b>
Construction Cost	INR Million	(678)	(678)	-	-	-	-	-	-	-	-
<b>Net Cashflows</b>	<b>INR Million</b>	<b>(678)</b>	<b>(689)</b>	<b>140</b>	<b>218</b>	<b>230</b>	<b>249</b>	<b>252</b>	<b>266</b>	<b>288</b>	<b>4,186</b>

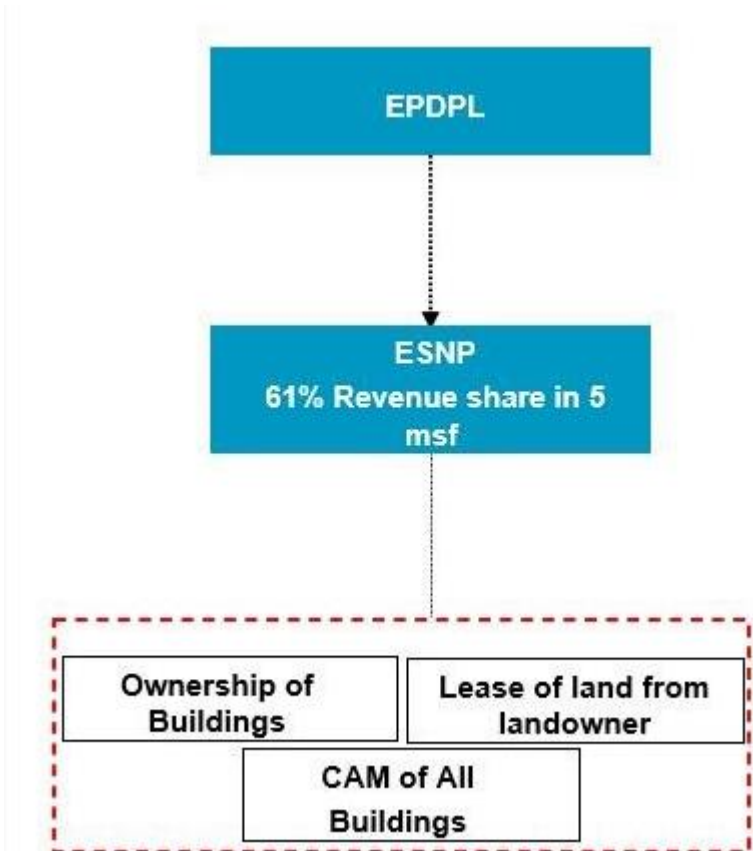
The stabilized NOI\* for the block is the year three NOI of INR 227.6 Mn

\*Stabilized NOI- Net operating Income when the property is 95% leased.



Annexure 3: Ownership Structure

1. Ownership Structure

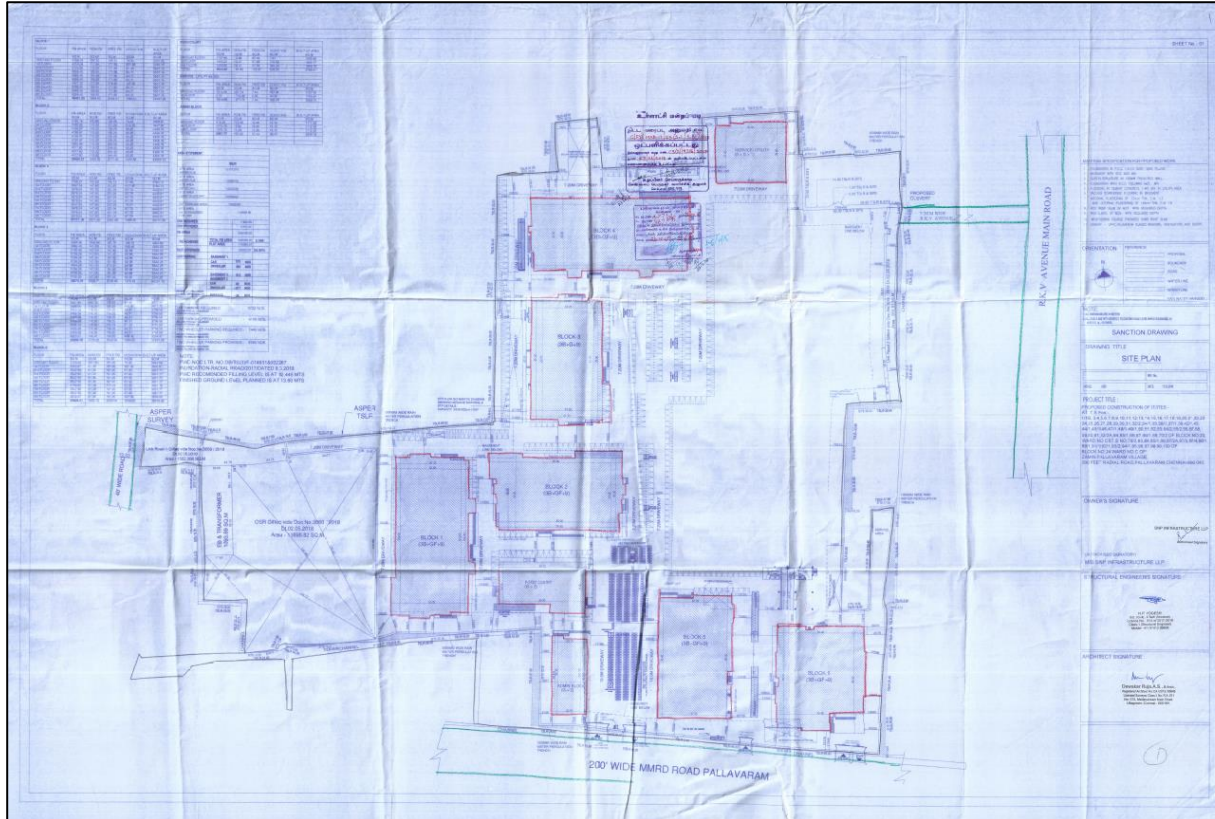


Note: EPDPL – Embassy Property Developments Private Limited, ESNP – Embassy Splendid TechZone As given by the client.



Annexure 4: Property Master Plan

1. Master Plan (Blocks 1,2,3,4,9 & 10, Food Court, Admin and Utility Block )



Annexure 5: Property Photographs





**Annexure 6: Statement of assets**

<b>Building/ Tower / Wing</b>	<b>No./ Name</b>	<b>Block 1</b>	<b>Block 2</b>	<b>Block 3</b>	<b>Block 4</b>	<b>Block 5-8</b>	<b>Block 9</b>	<b>Block 10</b>	<b>Utility</b>
<b>Floor</b>	Nos	3B+GF+9F	3B+GF+9F	3B+GF+9F	3B+GF+9F	3B+GF+10F	3B+GF+9F	3B+GF+9F	
<b>No. of Transformers/ Capacity</b>	No./KVA	To be installed	3 X 2000	2 X 2000	To be installed	To be installed	3 X 2000	To be installed	3 X 2000
<b>FF System – Hydrant system</b>	No./LPM	2 X 2850				NA	2 X 2850	2 X 2850	
<b>FF System – Sprinkler system</b>	No./LPM	2 X 2850				NA	2 X 2850	1 X 2850	
<b>DG Set</b>	No./KVA	To be installed[.]	3 X 2000	3 X 1500	To be installed	To be installed	3 X 2000	To be installed	3 X 2000

\*NA – Not Available





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

**Property Inspection – Embassy Splendid TechZone, Pallavaram Thoraipakkam Road, Chennai**

Approvals Received

- a) Building Approvals for all existing buildings and amendments thereof
- b) Consent to Operate for all operational buildings
- c) Occupancy Certificates received for all the operational buildings i.e., Block 2, Block 3 & Block 9
- d) Consent to Establish for all existing/ operational and under-construction buildings.
- e) Approved master plan for Blocks 1,2,3,4,9&10
- f) Fire NOC received for all existing/ operational buildings i.e., Block 2, Block 3 & Block 9
- g) Pre-construction Fire clearance received for under construction blocks.
- h) Lift NOC received for all existing/ operational buildings.
- i) Height clearance NOC from AAI
- j) State Level Environment Impact Assessment Authority NOC
- k) Traffic NOC obtained



## Annexure 8: Ready Reckoner Rate

S.no	Survey Numbers	Extent as per the lease deed dated 09.11.2016 registered as document No. 10145/2016 entered into between SNP Infrastructure LLP and Embassy Property Developments Private Limited (“Lease Land”)	Guideline Value/ INR mn / acre	Guideline Value/ INR mn
1	181/1	0.00	50	0.00
2	181/2	0.63	87.12	54.89
3	181/3 (p)	0.47	87.12	40.95
4	181/4	0.94	87.12	81.46
5	181/5	0.00	87.12	0.00
6	181/7	0.00	87.12	0.00
7	181/8	0.00	87.12	0.00
8	182/1 (p)	0.00	50	0.00
9	182/5	0.00	87.12	0.00
10	182/6 (p)	0.95	87.12	82.76
11	182/7 (p)			
12	182/8 (p)			
13	182/9 (p)	0.54	87.12	47.04
14	182/10 (p)	0.46	87.12	40.08
15	186/1 (p)	0.00	87.12	0.00
16	188/1 (p)			
17	197/1 (p)			
18	186/5B	0.26	87.12	22.65
19	186/6	0.54	87.12	47.04
20	186/7A	0.13	87.12	10.89
21	186/7B	0.38	87.12	32.67
22	186/8A1	0.54	130.68	70.57
23	186/8A2			
24	186/8B	0.54	130.68	70.57
25	187/1	0.55	87.12	47.92
26	187/2A	0.14	87.12	12.20
27	187/2B	0.12	87.12	10.45
28	187/3	0.25	87.12	21.78





S.no	Survey Numbers	Extent as per the lease deed dated 09.11.2016 registered as document No. 10145/2016 entered into between SNP Infrastructure LLP and Embassy Property Developments Private Limited(“Lease Land”)	Guideline Value/ INR mn / acre	Guideline Value/ INR mn
29	188/2	0.13	87.12	11.33
30	188/3	0.80	87.12	69.70
31	188/4	0.08	87.12	6.97
32	188/5	0.11	87.12	9.58
33	188/6A	0.54	87.12	47.04
34	188/6B			
35	188/7	0.43	87.12	37.46
36	188/9			
37	188/8	0.04	87.12	3.48
38	194/3 (p)	0.00	130.68	0.00
39	195/2 (p)	1.12	87.12	97.57
40	195/3A	1.02	871.2	888.62
41	195/3B	0.26	130.68	33.98
42	195/4	0.14	130.68	18.30
43	195/5 (p)	0.98	130.68	128.07
44	195/6	0.27	130.68	35.28
45	195/7	0.50	130.68	65.34
46	196	1.02	87.12	88.86
47	197/2A	0.07	87.12	6.10
48	197/2B	0.19	87.12	16.55
49	197/3	0.27	87.12	23.52
50	197/4A	0.17	87.12	14.81
51	197/4B	0.40	87.12	34.85
52	197/5A	0.27	87.12	23.52
53	197/6A			
54	197/5B	0.26	87.12	22.65
55	197/6B			
56	197/7	0.28	87.12	24.39



S.no	Survey Numbers	Extent as per the lease deed dated 09.11.2016 registered as document No. 10145/2016 entered into between SNP Infrastructure LLP and Embassy Property Developments Private Limited (“Lease Land”)	Guideline Value/ INR mn / acre*	Guideline Value/ INR mn
57	197/8	0.25	87.12	21.78
58	197/9	0.25	87.12	21.78
59	197/10A	0.57	87.12	49.66
60	197/10B			
61	197/11	0.27	87.12	23.52
62	198/1	0.00	87.12	0.00
63	198/2	0.53	174.24	92.35
64	198/3	0.55	174.24	95.83
65	198/4	0.25	174.24	43.56
66	198/5	0.25	174.24	43.56
67	198/6	0.24	174.24	41.82
68	198/7	0.25	174.24	43.56
69	198/8A	0.50	174.24	87.12
70	198/8B (Part)	0.24	174.24	41.82
71	198/9A2	0.29	174.24	50.53
72	198/9B2	0.29	174.24	50.53
73	203/1	0.00	174.24	0.00
74	203/2A	1.23	174.24	214.32
75	203/3	0.16	174.24	27.88
76	203/4	0.12	174.24	20.91
77	203/5	0.13	174.24	22.65
78	203/6	0.11	174.24	19.17
79	203/7A1A	0.59	174.24	102.80
80	203/7A1B			
81	203/7B	0.30	174.24	52.27
82	204/1	0.00	174.24	0.00
83	204/1	0.00	174.24	0.00
84	204/3A	0.45	174.24	78.41
85	204/4	1.02	174.24	177.72
86	204/5A	0.05	174.24	8.71

The guideline value of the property is INR 3,834.15 mn.

*\* The guideline values are taken basis the Tamil Nadu registration department and where the guideline values were not available for select survey numbers, the guideline value has been calculated basis the street value.*



## Annexure 9: 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 her 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 submitted to the exclusive jurisdiction of courts in New Delhi.