VALUATION REPORT

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

EMBASSY TECHVILLAGE, BENGALURU

DATE OF VALUATION: SEPTEMBER 30, 2020

DATE OF REPORT: NOVEMBER 12, 2020

Valuer under SEBI (REIT) Regulations, 2014

iVAS

Value Assessment Service

CBRE

Contents

1 Executive Summary

Property Name: 'Embassy TechVillage' is a commercial office development with ancillary retail and hospitality component located along Sarjapur Outer Ring Road, Devarabeesanahalli, Bengaluru, Karnataka

Property Address: Devarabeesanahalli Village & Kariammana Agrahara Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru, Karnataka

Land Area: Based on information provided by the Client (viz. title report), the Valuer understands that the total land area of the larger land parcel admeasures approx. 103.44 acres and the land area under the purview of this exercise admeasures approx. 84.05 acres. Total land area under the ownership of Vikas Telecom Private Limited ("VTPL") is 80.05 acres and under Sarla Infrastructure Private Limited ("SIPL"), is 4.00 acres. Further, it is understood that out of total land area of 80.05 acres under the ownership of VTPL, 4.00 acres is leased to SIPL and same is considered for the purpose of this valuation exercise.

Brief Description: The subject property "Embassy TechVillage" is an office park located in Bengaluru comprising:
(i) Commercial development by Vikas Telecom Private Limited ("VTPL") consisting of approximately 6.1 million square feet (msf) of completed office area, approximately 2.0 msf of under-construction area and 518 proposed hotel keys along with the associated business of common area maintenance services
(ii) 1.1 msf of under-construction area being developed by Sarla Infrastructure Private Limited ("SIPL"), which has been fully pre-leased, along with the associated business of common area maintenance services
The subject property is located along the Sarjapur Outer Ring Road (ORR), which is a prominent arterial road in the city. It is the south-eastern portion of the concentric outer ring road. Sarjapur Outer Ring road has emerged as one of the most prominent commercial office hubs of Bengaluru, on account of the premium quality of commercial office spaces and connectivity to other established micro-markets across the city. Some of the prominent commercial developments along Sarjapur-ORR include Embassy TechVillage (subject property), RMZ Ecospace, RMZ Ecoworld, Prestige Tech Park, Cessna Business Park, etc.

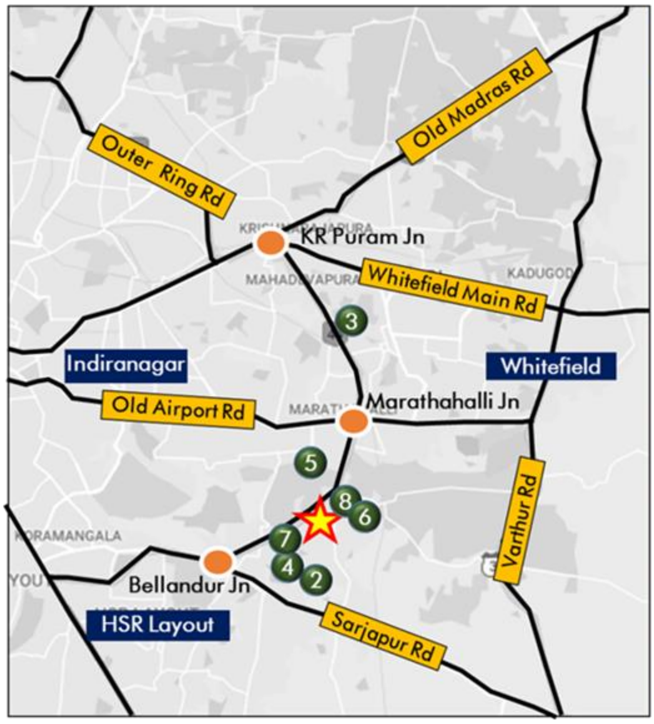
The subject property is located at a distance of 4-5 km from Marathahalli junction, 5-6 km from Sarjapur road-ORR interchange, 9-10 km from Koramangala & K R Puram Junction, 13-14 km from MG Road (CBD) and 43-44 km from Kempegowda International Airport

Statement of Assets (sf): Based on review of various documents (such as architect certificate, rent roll, lease deeds, etc.), the subject property is an operational office asset with approximately 6.1 msf of completed leasable area with an occupancy of approximately 97.3% as on the date of valuation. Table below highlights the leasable area break-up for the subject development commensurate to the interest valued in Embassy TechVillage:

Block	Total Area (sf)*	Operational area (in sf)	Under Construction area (in sf)
SEZ Area	**3,700,328**	3,700,328	-
Non – SEZ Area	**5,472,104**	2,437,514	3,034,590
Total – Office/ Retail	**9,172,432**	**6,137,842**	**3,034,590**
Hotel (including convention centre)	782,669	-	782,669

Source: Architect Certificate, Rent roll, lease deeds; Note – office & retail refers to leasable area while hotel & convention refers to developable area; 8,849,815 sf of the total area(including area for Hotel and convention center) is under the ownership of VTPL (Vikas Telecom Private Limited) and the balance 1,105,286 sf of the total area is under the ownership of SIPL (Sarla Infrastructure Private Limited)

Location Map:



#	Building Name
☆	Embassy Tech Village
2	RMZ Ecoworld
3	Bagmane Constellation & WTC
4	Pritech Tech Park
5	Prestige Technology Park
6	Cessna Business Park
7	RMZ Ecospace
8	Embassy Tech Square

Key Assumptions:

Particulars	Unit	Details
Construction assumptions		
Pending cost to complete	INR mn	17,158*
Proposed project completion timelines (all blocks)	Quarter, Year	Q4, FY 2024
Revenue assumptions (as on September 30, 2020)		
Lease completion	Year	FY 2024
In-place rent	INR/ sf/ mth	68.1
Marginal rent – office component	INR/ sf/ mth	91
Marginal rent – Retail component	INR/ sf/ mth	118
Parking rent (Effective)	INR/ bay/ mth	4,500
ARR – 5 star hotel	INR/ room/ day	8,000
Stabilized Occupancy – 5 star hotel	%	73%
ARR – 3 star hotel	INR/ room/ day	5,500
Stabilized Occupancy – 3 star hotel	%	73%
Other financial assumptions		
Cap rate – commercial components	%	8.00%
Cap rate – hotel components	%	EV-EBITDA multiple of 14
WACC rate (operational)	%	12.03%
WACC rate (Parcel 8)	%	13.00%
WACC rate (Block 9 – JPM Pre-lease/BTS)^	%	13.00%
WACC rate (hotel)	%	13.60%

** Indicative of pending cost towards base build works and does not include the cost for refurbishments/ infrastructure upgrade works; ^JPM Pre-lease/BTS refers to JP Morgan Pre-lease/ Built to Suit;*

Market Value: INR 102,292 Mn

2 Instruction

iVAS Partners, represented by Mr. Manish Gupta has been instructed by **Embassy Office Parks Management Services Private Limited** (the 'Client', the 'Instructing Party') in its capacity as **manager of The Embassy Office Parks REIT (Embassy REIT)** to advice upon the Market Value (MV) of a commercial office real estate property along with retail and hospitality components located at Bengaluru. As instructed by the Client and based on information provided, the following blocks at the subject property have been considered under the purview of this valuation exercise:

Development/Asset Name	Blocks	Location
Embassy TechVillage	▪ Block 1A – Carnation ▪ Block 2A – East wing and West wing ▪ Block 2B – Hibiscus ▪ Block 2C – Lilac ▪ Block 2D – Gardenia ▪ Block 5 – A to L ▪ Block 7B – Prime rose ▪ Parcel 8 ▪ Block 9 – JPM Pre-lease/BTS (Collectively the **"Subject Property"**)	Bengaluru

**Please note that the blocks of ETV under the scope of this exercise are under the ownership of Vikas Telecom Private Limited (VTPL) (i.e. Blocks 1A, 2, 7B, 5 & 8) and Sarla Infrastructure Private Limited (SIPL) (i.e. Block 9 – JPM Pre-lease/BTS)*

In addition to the above and as instructed by the Client, we have been requested to provide the valuation of Block 9 – JPM Pre-lease/BTS including the benefit of the proposed rental support and rental guarantee. This is based on representation made to us relating to contractual arrangements proposed to be in effect between the Sellers and the Client at the date of acquisition. While the entire 1,105,286 sf of leasable area of SIPL is already pre-leased, the property is currently under construction. Given the Embassy REIT proposes to acquire this property similar to a rent-generating asset, the Sellers have also agreed to provide rental support to SIPL from the proposed date of acquisition until the rent commencement date.

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

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

2.1 Purpose

The Valuer understands that the valuation is required by the Client for acquisition purposes.

2.2 Reliant Party

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

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

2.3 Limitation of Liability

- The 'Consultants' provide the Services exercising due care and skill, but the 'Consultants' do not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the properties. Further, the 'Consultants' shall not accept liability for any errors, misstatements, omissions in the Report caused due to false, misleading or incomplete information or documentation provided to the 'Consultants' by the Instructing Party.

- CBRE extends liability to iVAS Partners (represented by Mr. Manish Gupta) and the Valuer's Client (viz. the Reliant Party) for the market intelligence provided by CBRE. CBRE extends liability to the Reliant Party for the relevant scope for which it is engaged together with the preceding clause. CBRE's maximum aggregate liability for claims arising out of or in connection with market intelligence it provides under this contract shall not exceed the professional indemnity insurance obtained by it. As on the date of this report 'The Consultants' maximum aggregate liability for claims arising out of or in connection with the Valuation Report, under this contract shall not exceed Indian Rupees 30 Million.

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

2.4 Scope of Services

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

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

2.5 Valuation Capability

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

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

Manish Gupta, Partner at iVAS Partners, is a Registered Architect with Council of Architecture (COA) and a member of the Royal Institute of Charted Surveyors (MRICS) and Institution of Valuers (IOV), with over 12 years of experience in the real estate industry. Manish is a seasoned professional with experience in providing real estate valuation services to a wide spectrum of clients including financial institutions, private equity funds, developers, NBFCs, corporate houses, banks, resolution professionals, land owners, etc.

He has worked on variety of valuation, consulting and technical due-diligence assignments for various purposes including investment related due diligence, mortgage/collateral appraisals, financial reporting, listing purposes, IBC led requirements, etc. across a range of asset classes such as residential projects, integrated township developments, hospitality assets, commercial (office and retail) projects, industrial developments, warehousing parks, educational projects, healthcare developments, etc. for both national as well as international clients.

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

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

CBRE Advisory Services India have completed over 100,000 valuation and advisory assignments across varied asset classes spread across 20 states and 300+ cities. CBRE provides quality valuation, risk advisory and consulting services across a range of property types including residential, hospitality, retail, commercial, institutional, Special Economic Zone (SEZ), industrial, etc. CBRE derives global best practices while maintaining the complexities of Indian real estate markets and are ideally positioned to help solve any valuation related real estate challenge, ranging from single asset valuations to valuation of multi-market and multi-property portfolios.

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

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

2.6 Scope of Appraisal

The appraisal has been undertaken to ascertain the market value of the subject property given the prevalent market conditions. In consideration of the same, a detailed assessment of the site and surroundings has been undertaken with respect to the prevalent activities, change in dynamics impacting the values and the optimal use of the subject properties vis-à-vis the surrounding sub market, etc.

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

Development Name	Location	Sub Market	Catchment Area for the Valuation Exercise
Embassy TechVillage (Subject property)	Bengaluru	ORR	Sarjapur Outer Ring Road

2.7 Scope of Services for Value Assessment Service Provider

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

- Provide market intelligence to the Valuer on the following aspects:
  - Economic and Investment Overview
  - India Real Estate Overview
    - IT/ ITES Industry Dynamics
    - Key Office Markets
    - Outlook
  - For subject property location
    - Key Office Markets
    - General market practices
    - Demand Supply for Key Office Markets & Rental Trends
    - Outlook

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

Official Signatory for Value Assessment Service Provider:

For CBRE South Asia Pvt Ltd

Name: Vamshi KK Nakirekanti | MRICS | FIE | FIV | CEng (India)
Designation: Executive Director, Head – Valuation and Advisory Services, India & South East Asia

2.8 Valuer's Interest

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

2.9 Qualifications

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

The team involved in this engagement comprises of RICS members with significant experience of valuations in Indian real estate market. The detailed professional profiles of key personnel in the team have been annexed as a part of the report.

2.10 Disclosures

The Consultants hereby certify that:

- iVAS Partners (Valuer Registration Number: IBBI/RV-E/02/2020/112), represented by Mr. Manish Gupta (hereinafter referred to as the Valuer), is eligible to be appointed as a valuer in terms of Regulation 2(1)(zz) of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014
- Neither CBRE nor iVAS Partners (represented by Mr. Manish Gupta) are an associate of the instructing party, the Sponsors or the Trustee
- Mr. Manish Gupta, Partner, iVAS Partners (the Valuer) has a minimum of five years of experience in the valuation of real estate
- The Valuer has not been involved with the acquisition or disposal of the subject property in the last twelve months, other than such cases where the valuer was engaged by the Embassy REIT for such acquisition or disposal
- The Valuer has adequate and robust internal controls to ensure the integrity of the valuation reports
- The Valuer has sufficient key personnel with adequate experience and qualification to perform services related to property valuation at all times
- The Valuer has sufficient financial resources to enable them to conduct their business effectively and meet their liabilities
- The Valuer has acquainted itself with all laws or regulations relevant to such valuation
- The valuation of assets undertaken is impartial, true and fair and in accordance with the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

- The Valuer has conducted the valuation of the subject property with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement
- The Valuer has acted with independence, objectivity and impartiality in performing the valuation
- The Valuer has discharged its duties towards the Client in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete the said assignment
- The Valuer shall not accept remuneration, in any form, for performing a valuation of the subject property from any person other than the Client or its authorised representatives.
- The Valuer shall not make false, misleading or exaggerated claims in order to secure assignments
- The Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information
- The Valuer shall not accept an assignment that includes reporting of the outcome based on predetermined opinions and conclusions required by the Client
- The valuer has valued the subject property based on the valuation standards as specified under sub-regulation 10 of regulation 21 of SEBI (REIT) Regulations 2014.
- The valuation undertaken by the Valuer abides by international valuation standards
- The Valuer and any of its employees/ consultants involved in valuation of the REIT assets are not invested in units of the REIT or in the assets being valued till the time such person is designated as valuer of such REIT and not less than 6 months after ceasing to be valuer of the REIT
- The Valuer shall before accepting any assignment from any related party to the **Embassy Office Parks Management Services Private Limited**, shall disclose to the **Embassy Office Parks Management Services Private Limited**, any direct or indirect consideration which the valuer may have in respect of such assignment
- The Valuer shall disclose to the **Embassy Office Parks Management Services Private Limited**, any pending business transactions, contracts under negotiation and other arrangements with the Instructing Party or any other party whom the **Embassy Office Parks Management Services Private Limited** is contracting with and any other factors which may interfere with the Valuer's ability to give an independent and professional valuation of the property
- The Valuer understands that the asset is owned by related party, hence, the acquisition of the asset from the related party being valued would be related party transaction
- The Valuer is competent to undertake the valuation of the subject property. Further the Valuer has independently undertaken the valuation and the report is prepared on a fair and unbiased basis
- The Valuer notes that there are encumbrances, however, no options or pre-emptions rights in relation to the assets based on the title report prepared by J. Sagar Associates

2.11 Assumptions, Disclaimers, Limitations & Qualifications to Valuation

Valuation Subject to Change:	The subject valuation exercise is based on prevailing market dynamics as on the date of valuation and does not take into account any unforeseeable developments which could impact the same in the future
Our Investigations:	The Consultants are not engaged to carry out all possible investigations in relation to the subject property. Where in our report the Consultants identify certain limitations to our investigations, this is to enable the reliant party to instruct further investigations where considered appropriate or where the Consultants recommend as necessary prior to reliance. The Consultants are not liable for any loss occasioned by a decision not to conduct further investigations
Assumptions:	Assumptions are a necessary part of undertaking valuations. The Valuer adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of the Valuer's expertise, or the instructions. The reliant parties accept that the valuation contains certain specific assumptions and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation
Information Supplied by Others:	This appraisal is based on the information provided by the Client / Developer. The same has been assumed to be correct and has been used for appraisal exercise. Where it is stated in the report that another party has supplied information to Consultants, this information is believed to be reliable, but Consultants can accept no responsibility if this should prove not to be so. However, please note that wherever we have relied on information from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context
Future Matters:	To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to the 'Consultants' at the date of this document. The 'Consultants' do not warrant that such statements are accurate or correct
Map and Plans:	Any sketch, plan or map in this report is included to assist reader while visualizing the property and assume no responsibility in connection with such matters
Site Details:	Based on title due-diligence information provided by the Client, we understand that the subject properties are free from any encroachments and is available as on the date of the valuation
Property Title:	For the purpose of this valuation exercise, the Valuer has relied on the Title Reports prepared by the Legal Counsels for the subject property and has made no further enquiries with the relevant local authorities in this regard. The Valuer understands that the subject property may have encumbrances, disputes and claims. The Valuer does not have the expertise or the preview to verify the veracity or quantify these encumbrances, disputes or claims. For the purpose of this valuation, the Valuer has assumed that the asset has title deed that is clear and marketable
Environmental Conditions:	The Valuer has assumed that the subject property is not contaminated and are not adversely affected by any existing or proposed environmental law and any processes which are carried out on the property are regulated by environmental legislation and are properly licensed by the appropriate authorities
Town Planning:	The current zoning of the subject property has been adopted on the basis of review of various documents (title deed) and the current land use maps for the subject region. The same has been considered for the purpose of this valuation exercise. Further, it has been assumed that the development on the subject properties adheres/ would adhere to the development regulations as prescribed by the relevant authorities. The Valuer has not made any enquiries with the relevant development authorities to validate the legality of the same
Area:	The total leasable area considered for the purpose of this valuation exercise is based on the rent rolls/ Architect certificate provided by the Instructing Party. It must be noted that the above information has been provided by the Client and has been verified based on the approvals/ layout plans/building plans provided by the Client. However, the Valuer has not undertaken additional verification and physical measurement for the purpose of this valuation exercise
Condition & Repair:	In the absence of any information to the contrary, the Valuer has assumed that there are no abnormal ground conditions, nor archaeological remains present which might adversely affect the current or future occupation, development or value of the property; the property is free from rot, infestation, structural or latent defect; no currently known deleterious or hazardous materials or suspect techniques will be used in the construction of or subsequent alterations or additions to the property and comments made in the property details do not purport to express an opinion about, or advice upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts
Not a Structural Survey:	We state that this is a valuation report and not a structural survey
Legal:	Unless specifically disclosed in the report, the Valuer have not made any allowances with respect to any existing or proposed local legislation relating to taxation on realization of the sale value of the subject property.
Others:	Considering the unorganized nature of real estate markets in India, all comparable evidence (if any) provided in the valuation report has been limited to the basic details such as the area of asset, rate at which transacted, broad location, etc. other specific details would be provided only if the information is available in public domain The actual market price achieved may be higher or lower than our estimate of value depending upon the circumstances of the transaction, nature of the business, etc. The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion may not necessarily be the price at which actual transaction takes place

	We have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences
Additional	Please note that all the factual information such as tenants' leasable area, lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject properties is based on the appropriate relevant documents provided by the Client and the same has been adopted for the purpose of this valuation exercise. While we have reviewed a few lease deeds on a sample basis, the Consultants do not take any responsibility towards authenticity of the rent rolls provided by the Client. Any change in the above information will have an impact on the assessed value and in that case the Valuer will have to relook at the assessed value. The relevant information sources are represented in section 3.5 All measurements, areas and ages quoted in our report are approximate We are not advisors with respect to legal tax and regulatory matters for the proposed transaction. No investigation of the respective Special Purpose Vehicles (SPVs)/Entities holding the asset claim to title of asset has been made for the purpose of this Report and the SPV/Entity claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets. Therefore, no responsibility is assumed for matters of a legal nature Kindly note that we have undertaken a quarterly assessment of cash flows for the purpose of the valuations

2.12 Material Valuation Uncertainty from Novel Coronavirus

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. As at the valuation date, in the case of the subject property, there is a shortage of market evidence for comparison purposes, to inform opinions of value.

Our valuation of the property is therefore reported as being subject to 'material valuation uncertainty'. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Values may change more rapidly and significantly than during standard market conditions. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuation(s) contained within this report under frequent review.

3 Valuation Approach & Methodology

3.1 Scope of Valuation

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

3.2 Basis of Valuation

The valuations have been conducted in accordance with the RICS Valuation – Global Standards 2020 (Red Book Global Incorporating the IVSC International Valuation Standards issued in November 2019, effective from 31 January 2020) and is in compliance with the International Valuation Standards (IVS). The valuation exercise has been undertaken by appropriately qualified Valuer and would be aimed at assessing the Market Value of subject property

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

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

3.3 Approach and Methodology

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

TYPICAL VALUATION METHODOLOGY ADOPTED		
DIRECT COMPARISON APPROACH	INCOME APPROACH	
Depreciated Replacement Cost	Direct Capitalization Methodology	Discounted Cash Flow Methodology

3.3.1 Direct Comparison Approach

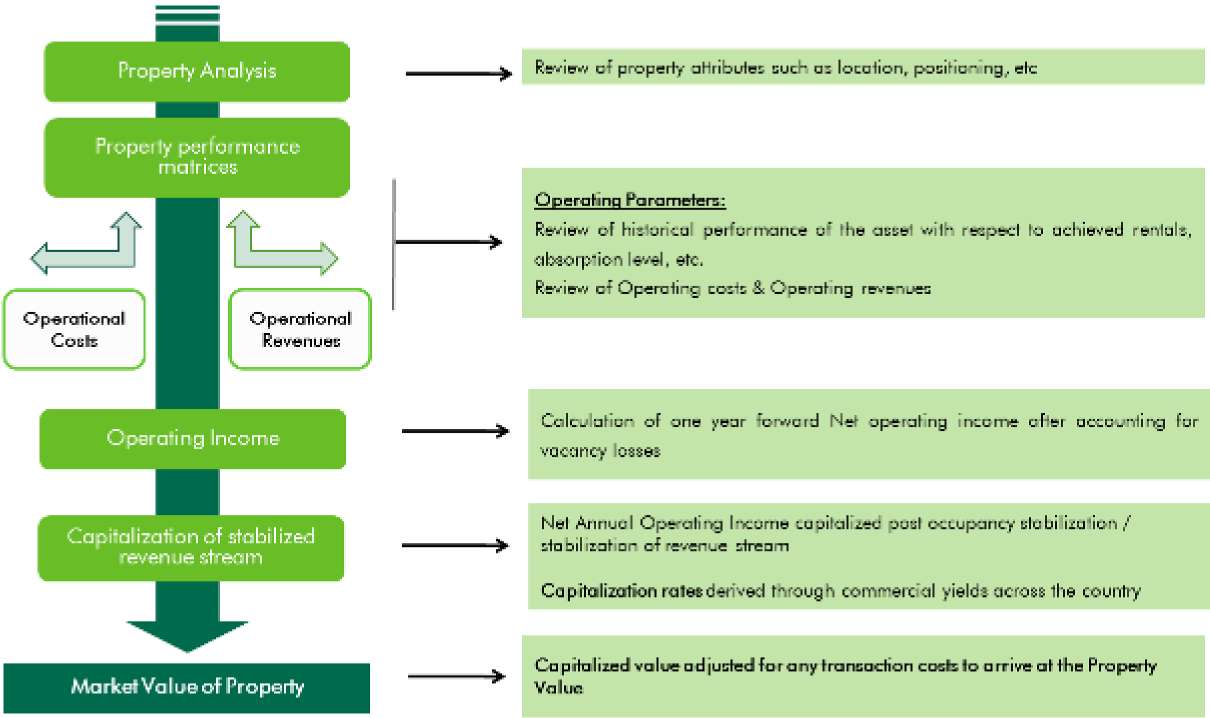
In **'Direct Comparison Approach'**, the subject property is compared to similar properties that have actually been sold in an arms-length transaction or are offered for sale (after deducting for value of built-up structure located thereon). The comparable evidence gathered during research is adjusted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

3.3.2 Income Approach

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

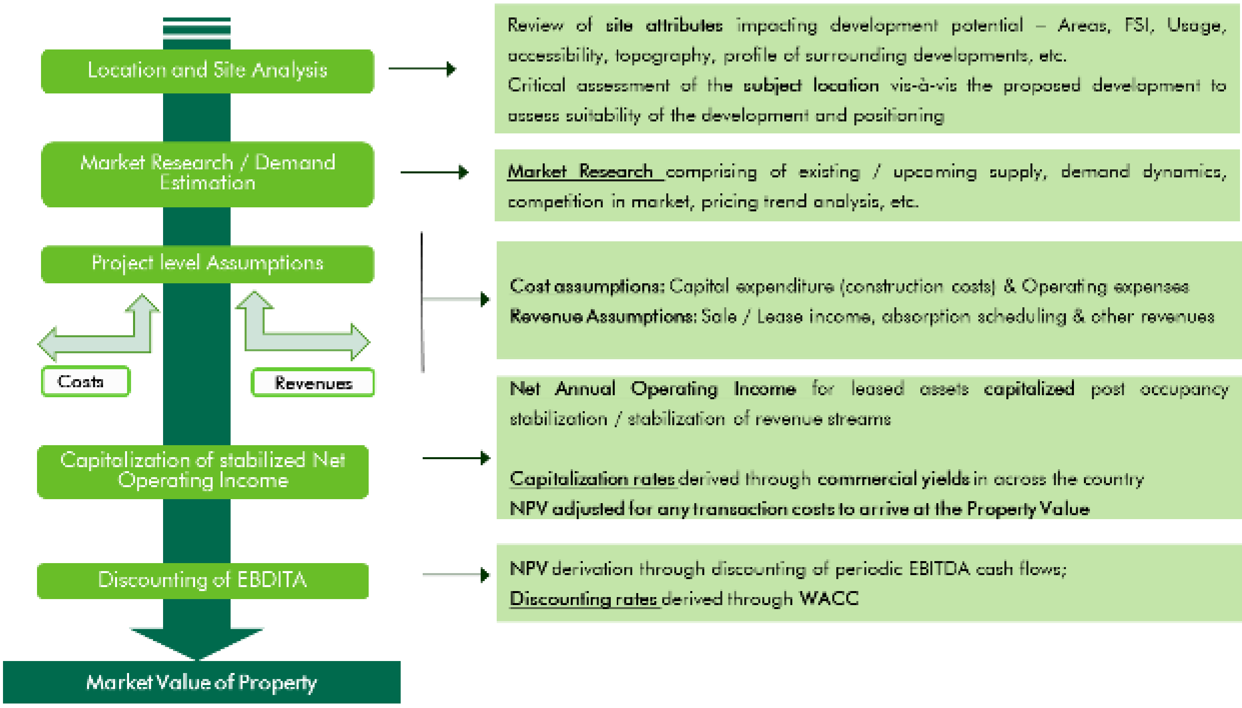
A. Direct Capitalization Method

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



B. Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These future financial benefits are then discounted to a present day value at an appropriate discount rate. The valuation process and the assumptions for valuation adopted while undertaking the valuation under this approach are detailed overleaf:



B.1. Discounted Cash Flow Method using Rent Reversion

The market practice in most commercial/ IT developments involves contracting tenants in the form of pre-commitments at sub-market rent to increase attractiveness of the property to prospective tenants – typically extended to anchor tenants. Additionally, there are instances of tenants paying above-market rent 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 this valuation exercise, we have analysed the tenancy details provided by the Client to identify variances vis-à-vis prevailing marginal rent. In the event the rent is within the threshold (10.0% for Embassy TechVillage, Bengaluru), we have assumed that the tenant will continue on the current agreed terms. In the event the rent is higher than the marginal rent threshold, we have assumed that the lease would be renegotiated to marginal rent terms (at the time of the lock-in expiry, next escalation, etc.).

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

- Step 1: Project the rent for identified tenancies up to the period of lease expiry, lock-in expiry, first escalation, second escalation, etc. whichever is applicable. In the event of unleased spaces, marginal rent-led to be adopted with suitable lease-up time

- Step 2: Generating a comparable marginal rent based stream for identified tenancies for the time period similar to the cash flows drawn in the aforementioned step

- Step 3: In the event the escalated contracted rent is above the marginal rent by threshold highlighted above, the contracted terms are discarded and the terms are reverted to marginal rent. In the event the escalated contracted rent is within the threshold band of the marginal rent, the contracted terms are adopted going forward until the next lease review/ renewal. Intent of this step is to project the rent for respective leases until lease expiry as well as post expiry. Further, in the under-construction developments, the pre-committed rent is compared with the marginal rent to assess the treatment w.r.t. threshold limits

- Step 4: Computing the monthly income based on rent projected as part of Step 3 and translating the same to quarterly income (for the next 10 years and 11th year – considered for calculation of terminal value)

Adjustments for other revenues and recurring operational expenses:

Further, to arrive at the total value of the leased spaces (from base rentals), appropriate revenues and operational expenses (as highlighted below) have been projected on quarterly basis.

- Parking Income – adopted based on income inputs provided by Client for the leased spaces and market assumption taken for vacant spaces

- Security Deposit – adopted based on inputs received from the Client for the leased spaces and market assumption taken for vacant spaces

- Miscellaneous Income – adopted based on income inputs provided by Client for the property

- Annual Recurring Expense:

  - Insurance – adopted based on insurance outflow (if any) provided by Client

  - Annual Lease Rental / Property Taxes – adopted based on annual lease rental / property tax assessed for the property as provided by Client

  - Repair & Maintenance Reserve – adopted as a recurring expense as a percentage of the lease rental income as a provision for future repairs & maintenance based on market assumptions

  - Asset Management fee - adopted as a recurring expense (in case of an external management team) as a percentage of the lease rental income as per the agreement between respective assets and its asset manager.

- Margin on CAM – For the subject development, we have looked at the operational revenues and expenses of the respective assets to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly modelled the common area maintenance income and operational expenses for the asset.

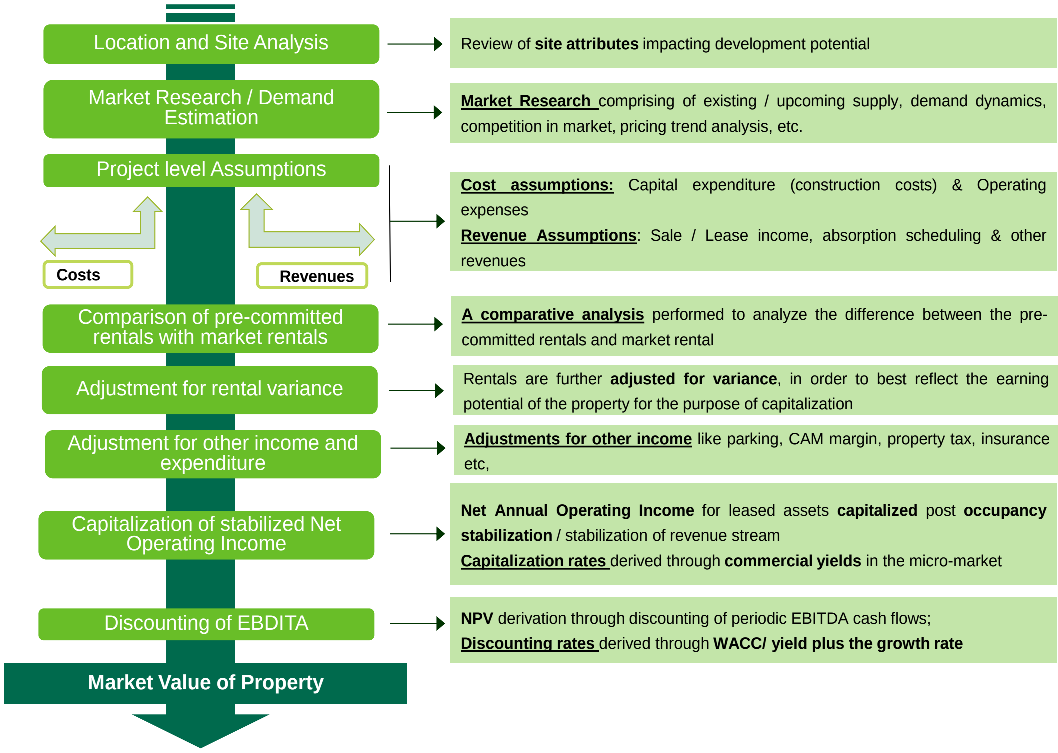
- **Vacancy provision** ~ based on the prevailing market benchmarks, vacancy provision is considered for the value assessment of subject property upon exit (the rent frees, CAM under recoveries, brokerage expenses during the 10 year projection period captures the implied rent loss during operations)
- **Revenue escalation** ~ a market-led annual escalation on the market rent has been adopted
- **Rent – free period** ~ based on the trend prevalent in the subject sub market, we consider appropriate rent free periods for the value assessment of the subject property from lease commencement date (for future / new leases)
- **Brokerage** ~ based on prevalent market dynamics, we consider brokerage for future / new leases
- **CAM under recoveries** ~ we have highlighted expense towards maintenance as CAM under recoveries for months when no rental / CAM income is received (on the vacant areas)

The other revenues and recurring operational expenses highlighted above have been capitalized at market-led capitalization rates.

<u>Additional Adjustments:</u>

- **Fit-out Income** ~ adopted based on fit-out rent (if any) provided by Client till lease expiry of applicable leases (same is not capitalized)
- **Transaction Cost on Exit** ~ adopted as a percentage of the terminal value after aforesaid adjustments

The valuation process and the assumptions for valuation adopted while undertaking the valuation under this approach are detailed overleaf:



3.4 Approach and Methodology Adopted

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

Considering the objective of this exercise and the nature of asset involved, the value of the office component in the subject properties has been assessed through the Discounted Cash Flow Method (using rent reversion approach). As instructed by the Client, we have been requested to provide the valuation of Block 9 – JPM Pre-lease/BTS including the benefit of the proposed rental support and rental guarantee. This is based on representation made to us relating to contractual arrangements proposed to be in effect between the Sellers and the Client at the date of acquisition.

Further, the hotel component at the subject property has been valued using Discounted Cash Flow Method.

3.5 Information Sources for Valuation

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

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

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

Particulars	Details	Units	Source
	Fire NOC	NA	Copy as applicable
	Environment Clearance	NA	Copy as applicable
	Commencement Certificate	NA	Copy as applicable
	Occupancy Certificate	NA	Block-wise occupancy certificate
	Building Certification	NA	Client (as applicable)
	Lease Agreements with Tenants	NA	Lease deeds
	Sample CAM Agreements	NA	Client
Services Offered	HVAC (Tonnage)	TR	Client
	Power Back-up	KVA	Client
	No. of Lifts with capacity	No.	Client
	No. of staircases	No.	Client
Cost Assumptions	Pending Construction Cost (if any)	INR Mn	Client
	Total Budgeted Cost – Land Stage Block	INR Mn	Client
	Total Budgeted Cost – Under Construction Block	INR Mn	Client
	Cost Already Incurred – Under Construction Block	INR Mn	Client
	Cost provisioned towards refurbishment / renovation	INR Mn	Client
	Maintenance Charges	INR psf	Client
	Insurance Cost	INR Mn	Insurance premium receipts/Client
	Property Tax	INR Mn	Property Tax receipts /Client
	Margin on Maintenance	% of CAM Charges	Consultants' Assessment
	Asset Management Fee	% of revenues	Consultants' Assessment
	Brokerage on lease	No. of Months	Consultants' Assessment
	Repair & Maintenance Reserve	% of lease revenues	Consultants' Assessment
Exit Assumptions	Capitalization Rate	%	Valuer Assessment
	Quarter of Capitalization	Quarter, Year	Valuer Assessment

Particulars	Details	Units	Source
	Discount Rate	%	Valuer Assessment
	Transaction cost on Exit	%	Valuer Assessment
Operational Assumptions	Leased Area	Sf	Rent rolls/ Lease agreements
	Vacant Area	Sf	Rent rolls/ Lease agreements
	Pre- Committed Area	Sf	Rent rolls/ Lease agreements
	Lease Dates (Start, End, Lock in, Escalation etc.) for existing leases	MM/DD/YYYY	Rent rolls/ Lease agreements
	Rent Achieved	INR psf pm	Rent rolls/ Lease agreements
	Pre-Committed Rent	INR psf pm	Rent rolls/ Lease agreements
	Security Deposit	No. of months/ INR Mn	Rent rolls/ Lease agreements
	Parking Rent	INR per car park per month	Rent rolls / Consultants' Assessment / Lease agreements
	Fit-out Rent	INR psf pm	Rent rolls/ Lease agreements
	Miscellaneous Income	INR Mn	Rent rolls/ Financial Statements
	Interest on Security Deposit	NA	Consultants' Assessment
	Market Rent	INR psf pm	Consultants' Assessment
	Reversion Thresh hold	%	Consultants' Assessment
	Escalation in Rent / CAM	%	Consultants' Assessment
	Lease Dates (Start, End, Lock in, Escalation etc.) for vacant area	MM/DD/YYYY	Consultants' Assessment
	Lease escalation on Renewal for New/Future Leases	%	Consultants' Assessment
	Security Deposit for New/Future Leases	No. of months	Consultants' Assessment
	CAM Under-recoveries	INR psf pm	Consultants' Assessment
	Rent Free Period	No. of Months	Consultants' Assessment

Particulars	Details	Units	Source
	Brokerage	No. of months	Consultants' Assessment
	Vacancy Provision	%	Consultants' Assessment
Construction Timelines	Construction Commencement	Quarter, Year	Client / Consultants' Assessment
	Construction Completion	Quarter, Year	Client / Consultants' Assessment
Absorption Timelines (for vacant space)	Respective spaces in each development	Quarter, Year	Consultants' Assessment
Market assessment and key property characteristics	Opinions expressed on the scale of property, relative performance of submarket, asset quality, etc.	Not applicable	Consultants' Assessment

4 Financial Assumptions

4.1 Capitalization Rate Adopted

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

- Historical entry yields (going in cap rates) for yield/ core office asset transactions across various key markets in India which have steadily shown a downward trend over last 7 - 8 years from 10.5- 11.5% to about 7.5% - 8.5% in 2018-2019
- Hotel assets have been observed to transact between an EV/ EBITDA multiple of approximately 11 -13 historically and over the past few years has improved to an approximately 12 – 16 multiple
- The increased appetite for income producing assets and availability of various modes of finance (real estate credit flows) backing such acquisitions
- The demand supply situation in the respective city and expected dynamics of demand leading supply - given the barriers to entry such as land availability, higher initial cost outlays etc. developers are expected to focus on fully built to suit or semi-speculative projects (with key tenants tied in prior to launch of construction)
- Inflation – inflation (and interest rates) expected to be maintained in check with interventions from regulators in case of severe swings
- Liquidity associated with REIT listed/ public listings (multiplicity of buyers and relatively lower budgets per buyer)
- Year of Exit: The 1 year forward net operating income (for office & retail component) and EBIDTA (for hotel component) after 10 years (after 11 years for Block 9 – JPM Pre-lease/BTS on account of expected lease expiry in Year 11) is utilized for the purpose of calculation of exit value. Further, based on the above highlighted attributes, the following cap rates have been adopted for the purpose of our valuation to arrive at the exit value in Year 10.

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

Asset/ Property Name	Particular
Embassy TechVillage	Office (Completed and Under Construction Blocks) - 8% Hotel - EV-EBITDA multiple of 14

4.2 Discount Rate Adopted

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

4.2.1 Cost of Equity

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

Cost of equity = Risk Free Rate (Rf) + Beta (β) * (Market Return (Rm) – Risk Free Rate (Rf))

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

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

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

4.2.2 Cost of Debt

<u>Completed Blocks</u>

The cost of debt for competed office blocks has been considered based on prevalent Lease Rental Discounting (LRD) rates for Grade A office parks across Bengaluru.

<u>Under Construction/ Proposed Blocks</u>

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

4.2.3 Weighted Average Cost of Capital (WACC)

<u>Completed Blocks</u>

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

Based on above, the following WACC rate has been assumed for completed office blocks at the subject property under the purview of this exercise:

Asset/ Property Name	Particular	Proportion	Cost	WACC
Embassy TechVillage, Bengaluru	Debt	45.00%	9.00%	12.03%
	Equity	55.00%	14.50%	

Under construction/ Proposed Blocks

As highlighted earlier, the cost of debt has been assumed based on the prevalent CF rates. Further, on the base cost of equity assessed for completed blocks, additional risk premium towards construction and marketing has been adopted to arrive at the cost of equity for under construction/ proposed blocks. Additionally, the proportion of debt and equity has been derived considering the leverage extended for construction of Grade A office developments based on industry benchmarks, feedback received from financial institutions and actual debt position of the subject property.

Based on above, the following WACC rate has been assumed for under construction/ proposed office blocks at the subject property under the purview of this exercise:

Asset/ Property Name	Particular	Proportion	Cost	WACC
Embassy TechVillage, Bengaluru (Parcel 8 - office)	Debt	60.00%	11.00%	13.00%
	Equity	40.00%	16.00%	
Embassy TechVillage, Bengaluru (Block 9 – JPM Pre-lease/BTS)	Debt	60.00%	11.00%	13.00%
	Equity	40.00%	16.00%	

Embassy REIT will be provided with rental support for Block 9 – JPM Pre-lease/BTS from the date of acquisition to rent commencement date. Given the Embassy REIT proposes to acquire this property similar to a rent-generating asset (on account of the rental support), the risk profile of Block 9 – JPM Pre-lease/BTS is similar to a completed block except the construction risk. Accordingly, we have adopted a discount rate of 13% during construction and 12.03% post completion of Block 9 – JPM Pre-lease/ BTS.

Hotel

For the hotel component at the subject property, the cost of debt has been considered based on the prevalent lending rates for hospitality assets. Further, the cost of equity has been assessed keeping in purview the historical returns of listed hospitality stocks, duly factoring in the risk premium for the status of development and impact of seasonality in sustaining a stable ARR and occupancy. Additionally, the proportion of debt and equity has been derived considering the leverage extended for hospitality developments based on industry benchmarks and feedback received from financial institutions.

Based on above, the following WACC rate has been assumed for hotel component at the subject property under the purview of this exercise:

Asset/ Property Name	Particular	Proportion	Cost	WACC	WACC
Embassy TechVillage, Bengaluru (Parcel 8 - Hotel)	Debt	50.00%	10.50%	12.63%	13.60%*
	Equity	50.00%	14.75%		

** Additional risk premium adopted towards construction and operations commencement*

The cash flows are assumed to realize evenly during the course of every quarter, hence a mid-quarter discounting convention has been adopted for the purpose of this valuation. Additionally, we have also not factored any cash flows attributable to working capital requirement/expenses for valuation as the same is immaterial.

5 Valuation Certificate

Property Name:	'Embassy TechVillage' is a commercial office development with ancillary retail and hospitality component located along Sarjapur Outer Ring Road, Devarabeesanahalli, Bengaluru, Karnataka
Property Address:	Devarabeesanahalli Village & Kariammana Agrahara Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru, Karnataka
Land Area:	Based on information provided by the Client (viz. title report), the Valuer understands that the total land area of the larger land parcel admeasures approx. 103.44 acres and the land area under the purview of this exercise admeasures approx. 84.05 acres. Total land area under the ownership of Vikas Telecom Private Limited ("VTPL") is 80.05 acres and under Sarla Infrastructure Private Limited ('SIPL") is 4.00 acres. Further, it is understood that out of total land area of 80.05 acres under the ownership of VTPL, 4.00 acres is leased to SIPL and same is considered for the purpose of this valuation exercise.

Brief Description:

The subject property "Embassy TechVillage" is an office park located in Bengaluru comprising:

(i) Commercial development by Vikas Telecom Private Limited ("VTPL") consisting of approximately 6.1 million square feet (msf) of completed office area, approximately 2.0 msf of under-construction area and 518 proposed hotel keys along with the associated business of common area maintenance services

(ii) 1.1 msf of under-construction area being developed by Sarla Infrastructure Private Limited ("SIPL"), which has been fully pre-leased, along with the associated business of common area maintenance services

The subject property is located along the Sarjapur Outer Ring Road (ORR), which is a prominent arterial road in the city. It is the south-eastern portion of the concentric outer ring road. Sarjapur Outer Ring road has emerged as one of the most prominent commercial office hubs of Bengaluru, on account of the premium quality of commercial office spaces and connectivity to other established micro-markets across the city. Some of the prominent commercial developments along Sarjapur-ORR include Embassy TechVillage (subject property), RMZ Ecospace, RMZ Ecoworld, Prestige Tech Park, Cessna Business Park, etc. The area details of the property are as follows:

Particulars	Leasable area (in sf)
Completed Blocks	
Block 1A – Carnation	874,000
Block 2A – East wing & West Wing	932,617
Block 2B – Hibiscus	664,262
Block 2C – Lilac	32,902
Block 2D – Gardenia	285,544
Block 5 – A to L	2,437,514
Block 7B – Primrose	911,003
Planned/Under Construction Blocks	
Parcel 8 – Block A	431,024
Parcel 8 – Block B	433,705
Parcel 8 – Block C	430,787
Parcel 8 – Block D	544,200
Parcel 8 – Block Retail	89,588
Parcel 8 –Hotels	729,445*
Parcel 8 – Convention Center	53,224*

Block 9 – JPM Pre-lease/BTS	1,105,286
Total	**9,955,101**

*Source: Architect certificate, Client Inputs; *Representative of developable area*

The subject property is located at a distance of 4-5 km from Marathahalli junction, 5-6 km from Sarjapur road-ORR interchange, 9-10 km from Koramangala & K R Puram Junction, 13-14 km from MG Road (CBD) and 43-44 km from Kempegowda International Airport

Statement of Assets (sf):

Based on review of various documents (such as architect certificate, rent roll, lease deeds, etc.), the subject property is an operational office asset with approximately 6.1 msf of completed leasable area with an occupancy of approximately 97.3% as on the date of valuation. Table below highlights the leasable area break-up for the subject development commensurate to the interest valued in Embassy TechVillage:

Block	Total Area (sf)*	Operational area (in sf)	Under Construction area (in sf)
SEZ Area	**3,700,328**	3,700,328	-
Non – SEZ Area	**5,472,104**	2,437,514	3,034,590
Total – Office/ Retail	**9,172,432**	**6,137,842**	**3,034,590**
Hotel (including convention centre)	782,669	-	782,669

Source: Architect Certificate, Rent roll, lease deeds; Note – office & retail refers to leasable area while hotel & convention refers to developable area; 8,849,815 sf of the total area(including area for Hotel and convention center) is under the ownership of VTPL (Vikas Telecom Private Limited) and the balance 1,105,286 sf of the total area is under the ownership of SIPL (Sarla Infrastructure Private Limited)

Valuation Approaches:

Valuation Approach	Completed Blocks	Under Construction/ Land Stage Blocks
Office/Retail Component	Discounted Cash Flow Method (using rent reversion approach)	Discounted Cash Flow Method (using rent reversion approach)
Other Components – Hotel, Convention, etc.	NA	Discounted Cash Flow Method

Nature of Interest of REIT in the asset:

Freehold interest for total land area under the ownership of Vikas Telecom Private Limited ("VTPL") i.e. 80.05 acres and under Sarla Infrastructure Private Limited ('SIPL") is 4.00 acres. Further, it is understood that out of total land area of 80.05 acres under the ownership of VTPL, 4.00 acres is leased to SIPL (in addition to the 4 acre freehold interest of SIPL) for a period of 40 years and same is considered for the purpose of this valuation exercise

Date of Valuation: September 30, 2020

Date of Inspection: July 09, 2020

Purchase Price for the property: NA

Ready Reckoner Rate (as per documents

Land Rate: INR 92,500 per sqm

Built-up Rate: INR 87,500 per sqm

published by State Government):	
Value of the Assets owned by the Embassy REIT:	NA

Value Conclusion as of September 30, 2020:

Component	Area (sf)[1]	Market Value (INR Mn)
Completed Area - ETV	6,137,842	77,159
Under Construction Area - ETV[2]	1,929,304	13,752
Under Construction Area – Sarla[3]	1,105,286	11,381[4]
Total	9,172,432	102,292

1. *The area included under the purview of this exercise is restricted to the blocks highlighted in the brief description of this valuation certificate.*
2. *Area exclusive of developable area of 782,669 sf corresponding to under-construction hotels and convention center. Value inclusive of value corresponding to under-construction hotels and convention center.*
3. *Sarla refers to SIPL (Sarla Infrastructure Private Limited) – the entity undertaking construction of Block 9 – JPM Pre-lease/BTS. Based on a specific instruction from the Client, we have been requested to provide the valuation of the property with the benefit of the proposed rental support and rental guarantee.*
4. *Value highlighted is representative of the market value of Block 9 – JPM Pre-lease/BTS (viz. INR 10,011 Mn) and additionally includes the net present value of the rental support and rental guarantee to Embassy REIT of INR 1,370 Mn for (undiscounted value of INR 1,441 Mn to be received over a period of time as indicated below). This is based on representation made to us relating to contractual arrangements proposed to be in effect between the Sellers and the Client at the date of acquisition. While the entire 1,105,286 sf of leasable area of SIPL is already pre-leased, the property is currently under construction. Given the Embassy REIT proposes to acquire this property similar to a rent-generating asset, the Sellers have also agreed to provide rental support to SIPL of INR 1,441 Mn from the proposed date of acquisition until the rent commencement date.*

Any matters which may affect the property or its value	Please refer section 6.4 of this report
Assumptions, Disclaimers, Limitations & Qualifications	This valuation report is provided subject to assumptions, disclaimers, limitations and qualifications detailed throughout this report which are made in conjunction with those included within the Assumptions, Disclaimers, Limitations & Qualifications section located within this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.

Prepared by: iVAS Partners, represented by Mr. Mainsh Gupta

Official Signatory of the Valuer:

Manish

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

6 Embassy TechVillage

6.1 Property Description

Brief Description	
Particulars	Details
Property Name	Embassy TechVillage
Address	Devarabeesanahalli Village & Kariammana Agrahara Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru, Karnataka
Land Area	Based on information provided by the Client (viz. title report), the Valuer understands that the total land area of the larger land parcel admeasures approx. 103.44 acres and the land area under the purview of this exercise admeasures approx. 84.05 acres. Total land area under the ownership of Vikas Telecom Private Limited ("VTPL") is 80.05 acres and under Sarla Infrastructure Private Limited ("SIPL") is 4.00 acres. Further, it is understood that out of total land area of 80.05 acres under the ownership of VTPL, 4.00 acres is leased to SIPL and same is considered for the purpose of this valuation exercise.
Leasable Area	Total Operational Area – 6.1 msf Total under-construction Area - 3.1 msf; Hotel - 518 keys (developable area of hotel and convention - 782,669 sf)

Source: Title Report, Architect Certificate

6.1.1 Site Details

Situation: Subject property – 'Embassy TechVillage' is an operational Office Park with ancillary retail and hospitality components located along Sarjapur Outer Ring Road, Devarabeesanahalli, Bengaluru, Karnataka.

Location: The subject property is located along Sarjapur-ORR stretch towards south-east of Bengaluru City. This stretch of the road has emerged as an important commercial vector of Bengaluru with establishment of significant commercial activity primarily focused towards SEZ and Non SEZ developments. Along with the increased commercial activity along the stretch, the region has also witnessed development of other real estate components such as residential apartments, hotels etc., which has enhanced the profile of the subject location.

Some of the prominent commercial developments along Sarjapur-ORR include Embassy TechVillage **("the subject property")**, RMZ Ecospace, RMZ Ecoworld, Prestige Tech Park, Cessna Business Park, Pritech Tech Park, etc. Prominent residential apartment developments currently marketing in the subject location include Mantri Espana, Sterling Ascentia, Adarsh Palm Retreat, etc. Prominent hotels in the subject location include Novotel, IBIS, Courtyard and Fairfield by Marriot, etc. Although the subject location is an active real estate market, the region has witnessed limited quantum of organised retail activity.

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

Landmark	Distance (km)
Marathahalli Flyover	4-5
Sarjapur road-ORR interchange	5-6
Koramangala	9-10
K R Puram Junction	9-10
MG Road (CBD of Bengaluru)	16-18
Kempegowda International Airport	43-44

Source: Consultants' Research

Surrounds:

The subject property is surrounded as follows:

- **North:** New Horizon College of Engineering
- **South:** Country Club
- **East:** Secondary Access Road – Doddakannalli Kadubeesanahalli Road
- **West:** Primary Access road – Sarjapur Outer Ring Road

Potential changes in surroundings:

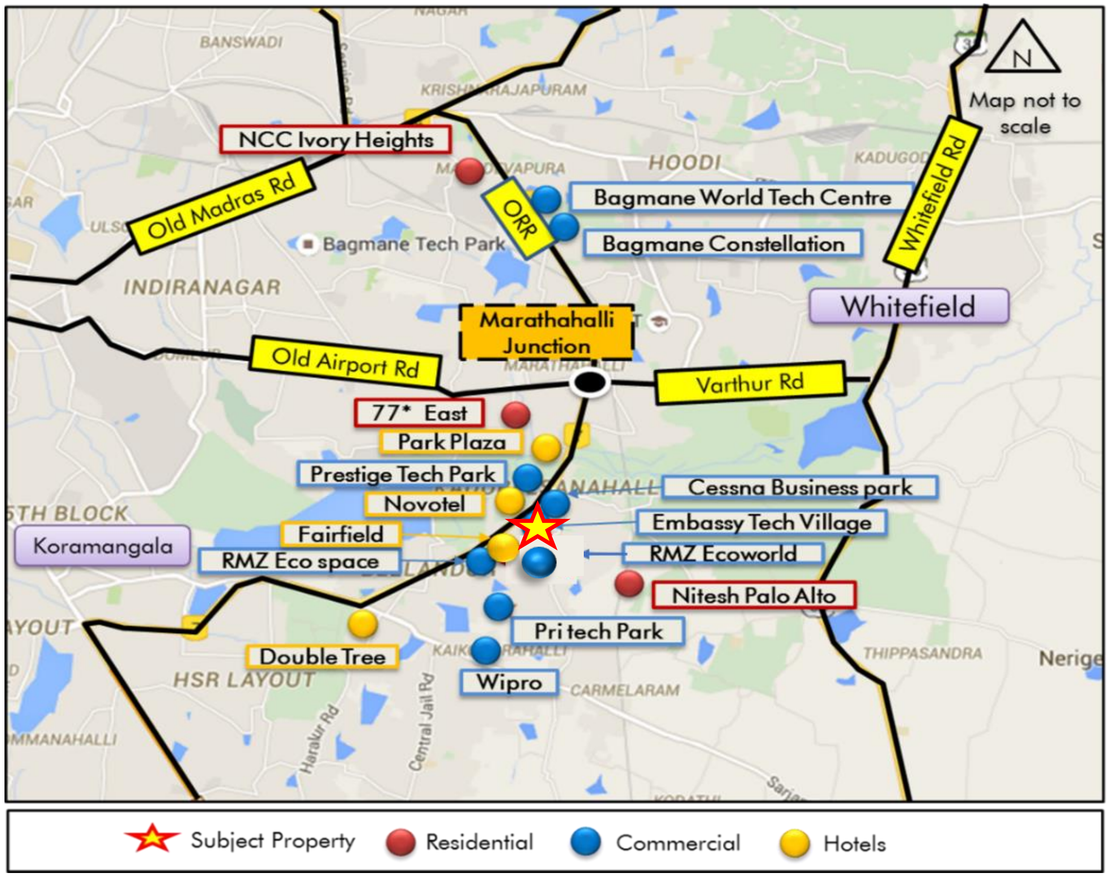
As highlighted earlier, the subject micro-market is one of the most preferred commercial office hubs of the city. The entire stretch of Sarjapur ORR starting from Sarjapur Junction to Marathalli Junction is zoned as Mutation Corridor, providing ease of commercial/ residential conversion along with higher FAR (3.25), enabled the location to maximize development potential. Owing to the strategic location, there is significant development potential that is currently under development or planned and is expected to add to considerable supply in commercial, residential, retail and hotel space.

On account of the significant commercial activity along this stretch, several prominent developers have evinced interest in this location on account of the increased demand for housing by the working populace of this stretch. On account of the same, the location is witnessing emergence of several mid/high-end/ luxury residential apartment projects which are witnessed to be medium-large scale in nature. In addition, prominent hotels along this stretch include Courtyard & Fairfield by Marriot, Novotel & Ibis, Aloft, etc. Few more hotels and retail developments are under planning stages. On account of the above-mentioned developments, the location is expected to transform from an established commercial office hub to a self-sustained hub, expected to comprise of a sizable

	quantum of other real estate components (viz. residential, hospitality, retail) and social infrastructure. Further, The Bengaluru Development Authority has constructed several flyovers on ORR in an effort to make the ORR signal free. The signal free corridor is expected to cover 31 km starting from Central Silk Board Junction in South to Hebbal flyover in North along the eastern stretch covering the entire Sarjapur ORR. These infrastructure initiatives have significantly improved the connectivity and accessibility. Additionally, the planned metro connectivity along Sarjapur ORR is expected to further enhance the connectivity aspect and improve the overall profile of the micro-market. In addition the up-coming metro network via Phase 2,2A and 3 will lead to a significant boost to the connectivity of the subject region with other markets across Bengaluru
Suitability of existing use:	Considering the nature of subject development coupled with site, location and profile of the surrounding developments, the subject property is opined to be suited for its current use viz. Office Park development with ancillary retail and hospitality component

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

Location Map for the Subject Property



Source: Consultants' Research

Shape:	Based on site plan provided by the Client and visual inspection during the site visit, we understand the larger land housing the subject property is irregular in shape.
Topography:	Based on the site plan corroborated with the site visit, the subject site appears to be even and on the same level as abutting access roads and adjoining properties.
Frontage:	Based on review of site plan, visual inspection and measurements made on Google maps, we understand that the frontage of subject site is approximately 300 meters along the ORR.
Accessibility:	Based on site maps provided by the Client, coupled with visual inspection undertaken, the access to the subject property is by the service road, emanating from 150 feet wide Sarjapur Outer Ring Road, which acts as the primary access to the subject property. By virtue of the same, the property enjoys excellent accessibility and frontage. The subject property further enjoys a secondary access via Doddakannalli Kadubeesanahalli Road (connecting Panathur and Sarjapur Road). Please refer Exhibit & Addenda 6.2 for the site plan of the subject property.

6.1.2 Legal Details

As per the title due diligence undertaken by J. Sagar Associates and information by the management, we understand that the exact address of the subject property is Devarabeesanahalli Village & Kariammana Agrahara Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru, Karnataka.

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

6.1.3 Town Planning

Zoning	As per the information provided by the Client, we understand that the subject property is zoned as “**Mutation Corridor**” and is being developed for IT/ITeS (SEZ) and IT/ITeS (Non-SEZ) use. It is located within the jurisdiction of Karnataka Industrial Areas Development Board (KIADB). The same has been considered for the purpose of this appraisal. The Consultants have made no further inquiries with the local authorities in this regard. The permissible land use adopted by the Consultants for the subject property is based on information/review of various documents provided by the Client. It must be noted that all factual data viz. permissible development control regulations, land area and achievable FSI have also been based on information/review of various documents (such as title deed, plan sanction letter, site plan, etc.) provided by the

	Client or assumed based on building regulations, and no physical verification/ measurement has been undertaken for the purpose of this valuation exercise. For the purpose of this exercise, it has been assumed that all developments adhere to building regulations as prescribed by the relevant authorities. Consultants have not validated the information provided by the Client with the relevant development authorities.
Approved Usage:	Based on the occupancy certificates provided by the Client and visual inspection, we understand that the subject property is an Office Park (SEZ & Non-SEZ), comprising of 4 operational blocks i.e. Block 1, 2, 5 and 7, currently leased to 42 unique office tenants and 35 unique tenants in the ancillary retail/food court area. The current use of the subject property has been provided by the Client and is broadly in agreement with the rules and regulations as prescribed by the local development authority. However, the 'Consultants" have not made any enquiries with the relevant local authorities to validate the same for its specific applicability to the subject property.
Restrictions:	As per feedback received from the Client, there are no restrictions on the current use of the property.
Natural or induced hazards:	We are of the opinion that the project/ site has been developed to withstand natural or induced hazards (with the exception of extreme/ out of the ordinary hazards).
Approvals:	Based on information provided by the Client and review of the approval documents, we understand that all the requisite approvals and occupancy certificates for all the completed area at the subject property have been received and the requisite approvals for the under-construction areas have been received/applied for and will be obtained in compliance with the completion timelines for the respective areas.

6.1.4 Statutory Approvals, One-time Sanctions & Approvals

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

As per approval documents shared by the Client, it is understood that all requisite approvals and occupancy certificates for the operational blocks have been received. The Client also has the sanction plan for the entire development, hence for all the under-construction & proposed blocks, individual approvals have been received/applied for and will be obtained in compliance with the completion timelines for the respective areas.

The details of the occupancy certificate for the respective completed blocks have been shared by the Client and the same have been reviewed by the 'Consultants' and considered for the purpose of the valuation exercise:

Block Name	Authority	Date of Issue (DD-MM-YY)
Block 2B – Hibiscus	Karnataka Industrial Areas Development Board (KIADB)	25-10-08
Block 2D - Gardenia	Karnataka Industrial Areas Development Board (KIADB)	25-10-08
Block 2C – Lilac	Karnataka Industrial Areas Development Board (KIADB)	14-07-09
Block 2A- East Wing	Karnataka Industrial Areas Development Board (KIADB)	15-03-11
Block 2A – West Wing	Karnataka Industrial Areas Development Board (KIADB)	02-12-14
Block 1A - Carnation	Karnataka Industrial Areas Development Board (KIADB)	23-03-17
Block 7B - Primrose	Karnataka Industrial Areas Development Board (KIADB)	27-09-17
Block 5 – A, B, C, D, E, F, G, H, K, L	Karnataka Industrial Areas Development Board (KIADB)	01-08-18
Block 5 – I and J	Karnataka Industrial Areas Development Board (KIADB)	09-04-19

Source: Occupancy certificates as provided by the Client

The table below highlights the status of approvals for the under-construction blocks:

Parcel 8 (Office, Retail, 5 Star and 3 Star Hotel with Convention Center)

Approval/NOC	Status (Applied/Received)	Authority	Date of Issue (DD-MM-YY)
Modified Development Plan Approval	Received	KIADB	19-12-19
Sanction Plan	Received	KIADB	19-12-19
Commencement Certificate	To be applied	KIADB	NA
Fire NOC	Received	Office of the Director General of Police	14-01-20
Height Clearance	Received	AAI	09-01-15
Clearance for Water Supply	Applied	BWSSB	NA
Clearance from Electricity Authority	Received	KPTCL	18-12-17
Clearance from Pollution Control Board	Received	KSPCB	24-05-07
Environment clearance	Received	MOEF	02-02-07
Final Fire NOC	To be applied	Office of the Director General of Police	NA
Occupancy Certificate	To be applied	KIADB	NA

Source: Approval documents provided by the Client

Block 9 – JPM Pre-lease/BTS

Approval/NOC	Status (Applied/Received)	Authority	Date of Issue (DD-MM-YY)
Modified Development Plan Approval	Received	KIADB	19-03-19
Sanction Plan	Received	KIADB	19-03-19
Commencement Certificate	Received	KIADB	30-12-19
Fire NOC	Received	Office of the Director General of Police	05-04-19
Height Clearance	Received	AAI	09-01-15
Clearance for Water Supply	Applied	BWSSB	NA
Clearance from Electricity Authority	Received	KPTCL	18-12-17
Clearance from Pollution Control Board	Received	KSPCB	24-05-07
Environment clearance	Received	MOEF	02-02-07
Final Fire NOC	To be applied	Office of the Director General of Police	NA
Occupancy Certificate	To be applied	KIADB	NA

Source: Approval documents provided by the Client

6.1.5 Area Details, Type and Age of Existing Structures

The table below highlights the area details of the subject property:

Subject Property	Developable Area (sf)	Completed Area (sf)	Committed Area (sf)	Occupied Area (sf)
Embassy TechVillage	13,335,837	6,137,842	6,039,778	5,973,526

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

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

Block Name	Building Elevation	SEZ/Non-SEZ	Age (Years)	Leasable Area (sf)
Completed Blocks				
Block 1A – Carnation	2 Towers 2B+G+10	SEZ	4	874,000
Block 2A- East Wing	2B+G+UG+6	SEZ	10	494,246
Block 2A – West Wing	2B+G+UG+6	SEZ	7	438,371
Block 2B – Hibiscus	B+G+7	SEZ	12	664,262
Block 2C – Lilac	B+G+4	SEZ	11	32,902
Block 2D – Gardenia	B+G+6	SEZ	12	285,544
Block 7B – Primrose	2B+G+10 MLCP: 2B+G+11	SEZ	3	911,003
Block 5 – ABC (Alyssa, Begonia and Clover)	A – 2B+G+9 B – 2B+G+8 C – 2B+G+10	Non-SEZ	2	837,279
Block 5 – D (Daffodils)	2B+G+1	Non-SEZ	2	26,605
Block 5 – E (Orchids)	2B+G+4	Non-SEZ	2	103,433
Block 5 – F (Flora)	2B+G+4	Non-SEZ	2	116,959
Block 5 – G and H (Tulips)	G – 2B+G+10 H – 2B+G+8	Non-SEZ	2	456,976
Block 5 – I and J (Trillium)	I – 2B+G+6 J – 2B+G	Non-SEZ	1	699,454
Block 5 – K (Marigold)	2B+G+1	Non-SEZ	2	30,268
Block 5 – L (Lavender)	2B+G+5	Non-SEZ	2	166,540

Block Name	Building Elevation	SEZ/Non-SEZ	Age (Years)	Leasable Area (sf)
Total				**6,137,842**
Under-construction Blocks				
Parcel 8 – Block A – Office	NA	Non-SEZ	NA	431,024
Parcel 8 – Block B – Office	NA	Non-SEZ	NA	433,705
Parcel 8 – Block C – Office	NA	Non-SEZ	NA	430,787
Parcel 8 – Block D – Office	NA	Non-SEZ	NA	544,200
Parcel 8 - Retail	NA	Non-SEZ	NA	89,588
Block 9 – JPM Pre-lease/BTS	NA	Non-SEZ	NA	1,105,286
Total				**3,034,590**

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

In addition to the office blocks, the subject property also includes an under-construction hospitality component (as part of Parcel 8) with a developable area of 782,669 sf inclusive of a convention center. The developable area details for the same have been tabulated below:

Block Name	Building Elevation	Age (Years)	Developable Area (sf)/ No. of Keys
Hospitality Block			
Parcel 8 – Hotels	NA	NA	729,445 (518 Keys)
Parcel 8 – Convention Centre	NA	NA	53,224
Total			**782,669**

Details	Completed Blocks	Under Construction Blocks
Grade of the Building	Grade A	NA
LEED Certification	IBGC Green Campus Platinum	NA
Structural Design	2B+G+1 to 2B+G+11	NA
Status of Finishing	Warm Shell	NA
Comments on Obsolesce	The building is currently well maintained	NA

Source: Site visit, occupancy certificate, lease deeds, Indian Green Building Council certificate

6.1.6 Site Services and Finishes

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

Source: Information provided by Client, site visit, lease deeds

In addition to the above on-site facilities, amenities offered by the asset include intra-city transportation, upcoming outdoor and indoor sports zone, outdoor performance centre, football arena, 2 multi-cuisine food courts housing some prominent F&B brand, upcoming landscaped state-of-the-art central park area, clinical facilities, creche etc. This enables the asset to offer an integrated business ecosystem to its occupiers.

6.1.7 Condition & Repair

Based on information provided by the Client corroborated with our visual inspection during the site visit, it is understood that the subject property is in good condition and is being maintained well. The subject property is developed and managed as per international standards. Further, the subject property offers international standard infrastructure, best-in-class asset management and environment friendly green initiatives. To maintain and upscale the condition of the asset, the Client has allocated the following budget for upgrade / repairs and maintenance expenses towards construction of infrastructure connecting the subject property to the Bengaluru metro line, construction of a central park, upgradation of existing infrastructure, etc. The table below highlights the major upgrade / repairs and maintenance work to be undertaken over the next 2-3 years:

Expense Head	Pending Cost (INR Mn)	Quarter of Completion
Infrastructure Expenses	1,634.19	Q3, FY 2021 – Q1, FY 2026

6.1.8 Property Photographs

Please refer to the property photographs highlighted below:

Embassy TechVillage

External view of the subject property (SP)

Entrance of the SP

Internal Pathways at the SP

External view of the subject property (SP)

View of internal access road

View of the primary access road/entrance

6.2 Tenancy Analysis

6.2.1 Historical Occupancy Rates

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

31st March 2018	31st March 2019	31st March 2020	30th September 2020
89.7%	96.6%	97.3%	98.4%

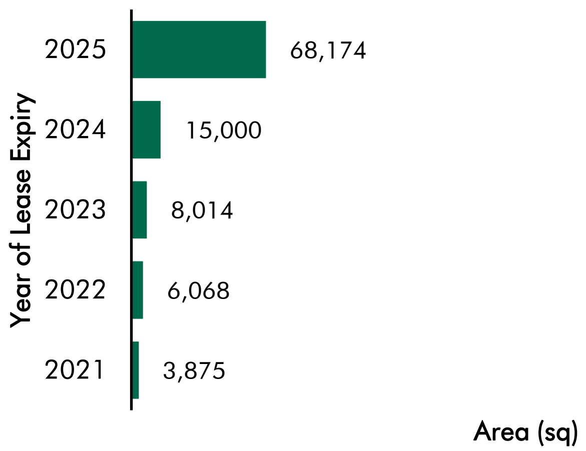
Source: Rent rolls provided by the Client; Indicative of committed occupancy

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

6.2.2 Lease Expiry Analysis

The graph below highlights the office area/leases due for expiry in the next 5 years where in leases are scheduled to expire :

Lease Expiry



Source: Rent Rolls and lease deeds (representative of financial year ending; Reflective of ultimate expiry date for a lease post contracted renewal terms)

As highlighted in the chart above, a minimal area of 0.10 Mn sf (approx. 1.7% of office area leased) is due to expire from FY 2021 to FY 2025. Majority of the existing leases would expire post FY 2028. Considering the limited quantum of leases due for expiry in the short term (next 3 years), we opine that the marketing/leasing risk of the subject property would be relatively lower. However, please note that close to 3 msf of the total area leased at the subject development, is due for expiry / renewal in between years FY 2028 and FY 2030 and hence, a large quantum of space is expected to come up for renewal at that time. Additionally, the Weighted Average Lease Expiry (WALE) for the entire development is approx. 9.8 years (by area) and 9.7 years (by rental) as on the date of valuation. The Consultants have undertaken an in-depth analysis of the rent roll/ lease deeds shared by the Client, to understand the lease expiry schedule of top tenants at the subject property and rent for those spaces as of date of valuation. The intent of the same is to analyse the risk of tenant churn as well as assessing the re-leasing risk for the property along with opining on the timeframe to lease-up the spaces in case a significant vacancy arises at the property.

6.2.3 Escalation Analysis

As per the review of recently executed leases at the subject property, it is understood that the contracted escalation terms for these leases are in the range of 10.0% to 15.0% every 3 years, which is in line with the prevailing market practise witnessed across the sub market and Bengaluru.

6.3 Assumptions Rationale

As highlighted earlier, the subject property is located towards the South-East of Bengaluru city, extending from KR Puram junction till Sarjapur Road intersection along Outer Ring Road (ORR). The micro-market housing the subject property – Sarjapur Outer Ring Road has emerged as a prominent IT/ ITeS destination, subsequent to the establishment of Intel Campus in 2002. Further, commercial activity in the subject region was catalysed post completion of the ORR in 2004. Owing to the strategic location and excellent accessibility, the micro-market has also been witnessing significant development activity of large scale commercial projects (SEZ & Non SEZ) over the past few years.

Few of the prominent commercial IT/ITeS developments in the subject micro-market include Prestige Tech Park, Cessna Business Park, RMZ Ecospace, RMZ Ecoworld, Salarpuria Hallmark, Salarpuria Touchstone, Embassy TechVillage (subject property), etc. The subject micro-market has also witnessed development of large SEZs such as Cessna Business Park by Prestige Group, Bagmane World Trade Centre and Pritech Park.

With the increase in IT/ ITeS activity in the recent past, residential activity has also witnessed a commensurate increase in and around the region to support the increasing demand of working populace looking at housing options close to their workplace. Some of the operational retail malls in the subject location include Soul Space Spirit and Soul Space Arena. The subject micro market is also witnessing development of Business Hotels primarily on account of demand from corporates. Prominent Business Hotels operational in this location include Novotel, IBIS, Courtyard, Fairfield, etc.

Going forward, Sarjapur Outer Ring road stretch is expected to witness increase in capital values across asset classes owing to limited availability of land on the main road, and continued image of Sarjapur Outer Ring road as a preferred IT destination as compared to other locations such as Whitefield, North Bengaluru, etc.

6.3.1 Demand and Supply Dynamics

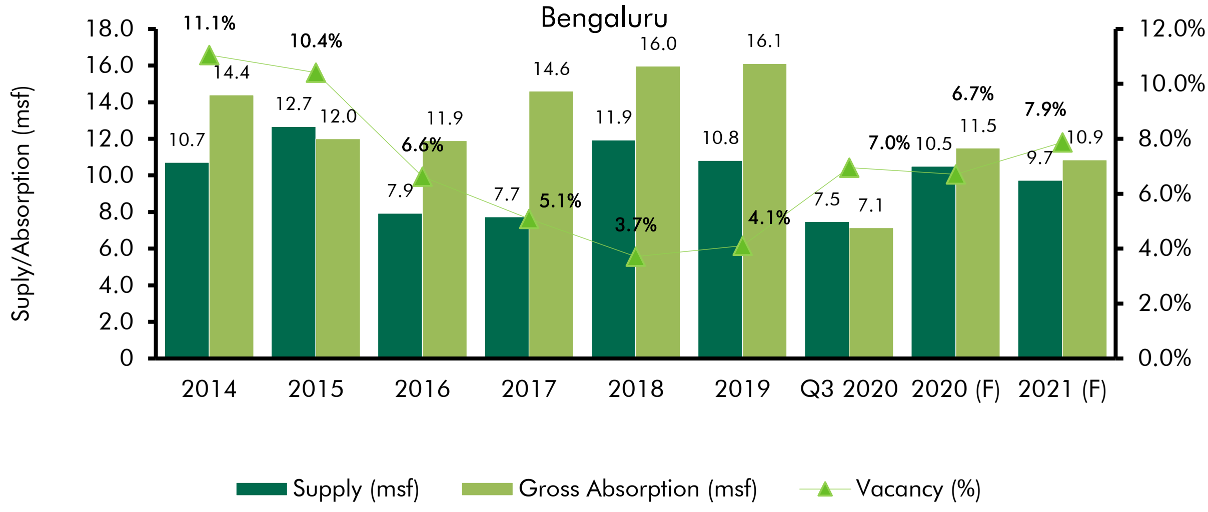
6.3.1.1 Demand, Supply and Vacancy Trends – Bengaluru and Outer Ring Road sub market

Total completed stock in Bengaluru as of Q3, CY 2020 is 164.94 msf, out of which ORR sub market account for Approx. 32.77%.

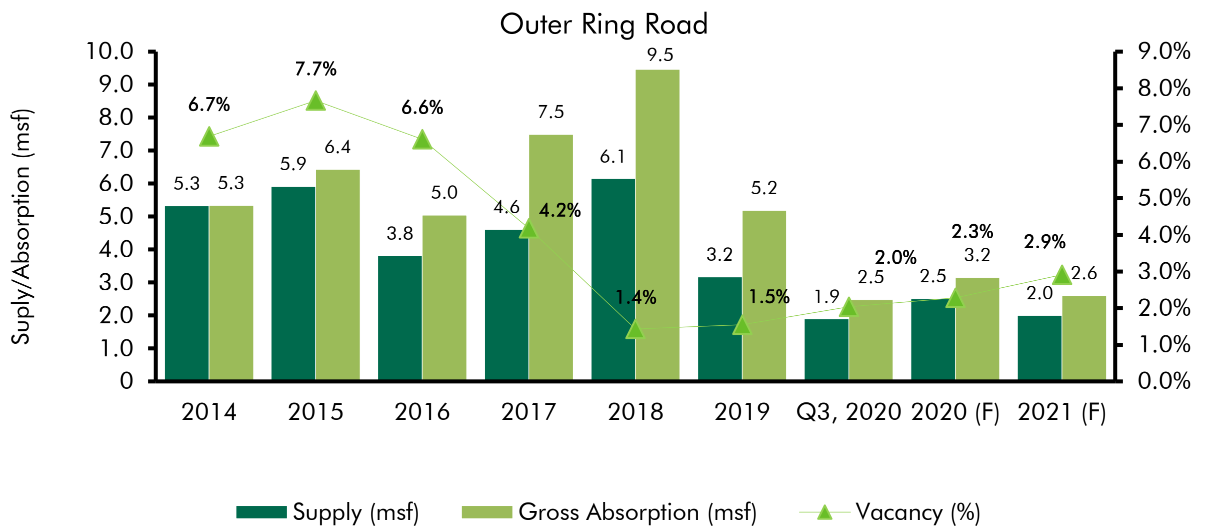
Particular	Bengaluru	Outer Ring Road
Cumulative completed office stock (Q3 2020)	Approx. 164.94 msf	Approx. 54.05 msf
Cumulative occupied stock (Q3 2020)	Approx. 153.46 msf	Approx. 52.95 msf
Current vacancy (Q3 2020)	Approx. 7.0%	Approx. 2.04%
Average annual office absorption (2014 – Q3,2020) – Gross Absorption	13.65 msf	6.14 msf
Future supply (Q4 2020 – 2021)	Q4 2020 – 3.03 msf 2021 – 9.72 msf	Q4 2020 – 0.62 msf 2021 – 2.00 msf

Source: CBRE Research

Demand – Supply Dynamics (Bengaluru)



Demand – Supply Dynamics (Outer Ring Road)



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

Over the past two decades, Bengaluru has emerged as the nerve centre of India's information technology industry characterized by the presence of a large number of prominent Technology companies, Research and Development (R&D) centres and prominent educational institutions. Sustained demand for office space has spurred growth of commercial real estate in the city, with a significant expansion in transaction velocity across most micro-markets in the past few years.

Availability of larger sized land parcels, good quality office space at affordable rentals, presence of skilled manpower along with good connectivity and improved infrastructure are some of the reasons that have spurred demand for office space from corporate occupiers. As highlighted earlier, the subject development is located in the ORR micro-market.

Availability of quality spaces and a sizable supply pipeline across organized business parks has placed this sub market on track to emerge as one of the long-term growth vectors for commercial leasing in Bengaluru.

6.3.1.2 Key Developments in Sub Market

The table below highlights the prominent developments in the subject sub market:

Building Name	Development Type	Leasable Area (in msf)	Approx. Vacancy (%)	Quoted Rent (INR psf pm)
Development 1	SEZ & Non-SEZ	7.40	Minimal	95.0 -105.0
Development 2	SEZ & Non-SEZ	8.90	Minimal	90.0 -95.0
Development 3	SEZ & Non-SEZ	5.10	Minimal	90.0 -95.0
Development 4	Non-SEZ	4.83	Minimal	90.0 -95.0
Development 5	Non-SEZ	2.09	Minimal	90.0 – 95.0

Source: CBRE Research

6.3.2 Lease Rent Analysis

The prevailing quoted lease rentals for Commercial Office Parks in the micro-market ranges between INR 85 to 105 per sf per month, on warm shell basis; depending upon specifications offered, location and accessibility of the development (viz. along/off the main arterial roads), quality of construction, developer brand, amenities offered, etc. In addition, the maintenance charge for these developments varies in the range of INR 10.0 – 12.0 psf pm. The parking charges in such developments range between INR 3,000 – 6,000 per bay per month for covered car parks.

Based on our market research we understand that the rent in the subject sub market has witnessed appreciation of approx. 8.5 – 9.0 % (CAGR) between 2014 & Q3, 2020.

The table below highlights some of the recent transacted rent for office parks/ assets in the influence region of the subject property:

Date of Transaction	Area (sf)	Tenant	Transacted Rent Value (INR psf pm)*
Embassy TechVillage (the subject property)			
Q3, 2020	16,000	Tenant 1	102.0 – 105.0 (WS)
Q3, 2020	50,000	Tenant 2	114.0 – 118.00 (FF)
Q3, 2019	23,500	Tenant 3	93.0 - 95.0 (FF)
Q2, 2019	14,000	Tenant 4	94.0 - 96.0 (WS)
Outer Ring Road			
Q2, 2020	130,000	Tenant 1	90.0 - 92.0 (WS)
Q2, 2020	25,000	Tenant 2	87.0 - 89.0 (WS)

Date of Transaction	Area (sf)	Tenant	Transacted Rent Value (INR psf pm)*
Q2, 2020	59,000	Tenant 3	92.0 - 94.0 (WS)
Q2, 2020	38,000	Tenant 4	98.0 - 100.0 (WS)
Q1, 2020	36,000	Tenant 5	98.0 - 100.0 (WS)
Q1, 2020	32,000	Tenant 6	92.0 - 94.0 (WS)
Q4, 2019	25,500	Tenant 7	92.0 - 94.0 (WS)
Q4, 2019	21,000	Tenant 8	92.0 - 94.0 (WS)
Q3, 2019	20,000	Tenant 9	94.0 - 96.0 (WS)

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

In addition to above transactions in completed blocks within the subject development, there have also been pre-commitments to the tune of approx. 1.92 Mn sf in upcoming blocks within the larger business park (over the last 12-18 months).

Based on the recent transaction witnessed in the micro market as highlighted in the table above and the transaction witnessed in the larger development of the subject property, we understand that the subject property would command a marginal rental (for office space) of INR 90 - 92 per sf per month (say an average rental of **INR 91 per sf per month of leasable area**). Block 9 is pre-committed to a single tenant (JPM) and considering the total leasable area for Block 9 (viz. 1,105,286 sft), a 5.0% discount is considered to the above marginal rental for Block 9 (upon expiry of the lease - Q3, 2031) and reversion to market rental.

The retail space within the subject development operates as ancillary retail, providing convenience to the working population in the subject development. It has been observed that rentals for retail spaces for similar developments (office space with ancillary retail) across Bengaluru command premium over office space rentals, on account of better visibility (presence on lower floors) and better finishes as compared to the office spaces. Given the above, CBRE has assumed lease rentals for high visibility stores in the range of **INR 115 – 120 per sf per month (say INR 118 per sf per month)** as on date of valuation. Further, we have observed that food court tenants pay an average of INR 335 per sf per month (with common seating area) and accordingly, for unleased food court spaces, we have assumed a rental of INR 275 per sf per month on chargeable area (as the seating area is on a sharing basis with other tenants).

6.4 Value Assessment

6.4.1 Adopted Methodology

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

Particulars	Completed Blocks	Under Construction/ Land Stage Blocks
Valuation Methodology	Office & Retail - Discounted Cash Flow Method (using rent reversion approach) Under Construction Hotel - Discounted Cash Flow Method	

The sections below highlight detailed valuation workings for the subject property. Please note that the assumptions/ opinions highlighted in the subsequent sections are to be read in conjunction with section 2.12 and the following:

"In the current uncertain environment caused by the outbreak of the Novel Coronavirus (COVID-19), we have considered / relooked at various performance parameters and have adopted heuristic/ careful interventions (including but not limited to the points mentioned below) to our projected cashflows based on our view as of the date of valuation.

- *Limited escalation in rent and Hotel ARR has been considered over the next few quarters*
- *Construction timelines have been pushed forward by 1-2 quarter*
- *Considering challenges in the short term, timelines have been extended for new space take-up/ future leasing "*

6.4.2 Area statement

Based on rent roll, lease deeds, architect certificate, etc. provided by the Client, we understand that subject property is a commercial office development with support retail and hospitality components. Further, the table below highlights the area configuration of the subject property:

Block	Total Area (sf)	Operational area (in sf)	Under Construction area (in sf)	Proposed area (in sf)
SEZ Area	3,700,328	3,700,328	-	-
Non – SEZ Area	5,472,104	2,437,514	3,034,590	-
Total – Office/ Retail	9,172,432	6,137,842	3,034,590	-
Hotel (including convention centre)	782,669	-	782,669	

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

6.4.3 Construction Timelines

6.4.3.1 Completed Blocks

As highlighted earlier, the subject property has approx. 6.1 msf of completed development and no pending cost to complete is reaming as of date of valuation for the completed blocks.

6.4.3.2 Under-Construction/ Proposed Blocks

Based on visual inspection during the site visit and information provided by the Client, the following timelines for construction have been adopted for the purpose of this valuation exercise:

Block	Leasable/ Developable Area (sf)	Construction Commencement	Construction Completion*	Construction (% completion)	Construction Status
Parcel 8 – Block ABC – Office	1,295,516	Already Commenced	Q4, FY 2023	3.7%	Under-Construction
Parcel 8 – Block D – Office	544,200	Already Commenced	Q4, FY 2023	4.0%	Under-Construction
Parcel 8 – Retail	89,588	Already Commenced	Q4, FY 2024	3.8%	Under-Construction
Parcel 8 – Hotels/ Convention Center#	782,669	Already Commenced	Q4, FY 2024	2.7%	Under-Construction
Block 9 – JPM Pre-lease/BTS	1,105,286	Already Commenced	Q2, FY 2022	43.9%	Under-Construction

*Source: Client's inputs; *the timelines are mentioned as per Financial year beginning April to March;* #indicates developable area and rest are leasable area

6.4.4 Absorption/ Leasing Velocity and Occupancy Profile

6.4.4.1 Completed Blocks

In order to arrive at the future absorption levels at the subject property, we have analysed the historical demand and supply trends coupled with the estimation of future supply proposed to be introduced in the subject sub market.

Keeping the same in perspective, we opine that the vacant space in the subject property (viz. approx. 98,064 sf) would be leased by Q4, FY 2022.

6.4.4.2 Under-Construction/ Proposed Blocks

The absorption period assumed for the subject development is based on market dynamics and extent of development in the relevant sub market, nature of subject development, competing supply of same nature, location within the respective sub market, etc. The table below highlights the absorption assumptions adopted for the subject development:

Block	Absorption Schedule	FY 2021	FY 2022	FY 2023	FY 2024	Total
Parcel 8 – Block ABC	Percentage (%)	-	-	50%	50%	**100.0%**
	Leasable Area (sf)	-	-	647,758	647,758	**1,295,516**
Parcel 8 – Block D	Percentage (%)	-	-	100%	-	**100.0%**
	Leasable Area (sf)	-	-	544,200*	-	**544,200**

Block	Absorption Schedule	FY 2021	FY 2022	FY 2023	FY 2024	Total
Parcel 8 – Retail	Percentage (%)	-	25%	30%	45%	**100.0%**
	Leasable Area (sf)	-	22,397	26,876	*40,315*	**89,588**
Block 9 – JPM Pre-lease/BTS	Percentage (%)	-	100%	-	-	**100.00%**
	Leasable Area (sf)	-	1,105,286**	-	-	**1,105,286**
Total Absorption (%)		**-**	**37.16%**	**40.16%**	**22.67%**	**100.00%**
Total Absorption (sf)		**-**	**1,127,683**	**1,218,834**	**688,073**	**3,034,590**

**The absorption is based on the hard option signed under the agreement to lease; **The absorption is based on the pre-commitment signed under the agreement to lease*

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

6.4.5 Revenue Assumptions (Office & Retail)

6.4.5.1 Lease rent assumptions

6.4.5.1.1 Office Component

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

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

Component	Leasable Area (sf)	Leased Area (sf)	Basis	Rent Adopted (INR psf pm)*
Office	6,137,842	6,039,778	Current Rent for Leased area	68.1 ^
			Marginal rent for reversion/ vacant area	91.0*

Source: Rent roll provided by the Client; Consultants' Assessment,

** The rent mentioned above excludes other income such as CAM charges, parking income received from the tenants, etc.; ^weighted average warm shell rent for area already leased – as per rent roll/lease deeds shared by Client; Please note that the top two anchor tenants (viz. approx. 32% of total occupied area) expire post the ten year projection period and accordingly do not revert to market as part of the current assessment.*

The above marginal rent assumption is adopted for the entire subject development. In addition to undertaking an in-depth market analysis, a detailed analysis of the rent rolls was also undertaken to understand aspects such as area occupied, current rent and expiry analysis of the key tenants in the park. Additionally, we have also analysed the historical occupancy pattern at the subject development and lease-up time frame for spaces being vacated by tenants during the last 3 years. The lease-up time on an average was observed to be 1- 3 months based on quantum of space being renewed/ re-leased.

6.4.5.1.2 Retail Component

For the purpose of this appraisal exercise, the lease rent adopted for the retail area already leased in Block 2 and 5 is based on the rent roll/lease deeds shared by the Client. Further, as per the information provided by the Client, it is understood that a retail space measuring 89,588 sf is envisaged as part of Parcel 8 in the under-construction development. The retail space will operate as ancillary retail, providing convenience to the working population in the subject development as well as surrounding development. The Consultants have undertaken an in-depth market research exercise to assess the prevailing rent values in the subject sub market. The same has been adopted for the vacant space for the purpose of this valuation exercise.

It has been observed that rent for retail spaces for similar developments (office space with ancillary retail) across Bengaluru command premium over office space rent, on account of better visibility (presence on lower floors) and better finishes as compared to the office spaces. Given the above, we have assumed marginal rent in the range of **INR 116.0 to 120.0 psf pm (say INR 118.0 psf pm)** as on date of valuation.

6.4.5.2 Rent Escalation

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

6.4.5.3 Fit-out Rent

As per the information (rent roll) provided by the Client, we understand that in addition to the lease rent, there is rent towards fit-outs for few of the tenants. The rent is in the range of INR 28.0 to 45.0 psf pm. For the purpose of this valuation, we have adopted the tenant wise fit-out details as provided in the rent roll.

Moreover, for the under-construction/proposed blocks, we have assumed that the development would be leased on warm shell specifications with no applicable fit-out rent on any lease.

6.4.5.4 Parking Assumptions

Based on the prevailing car parking rate in the subject development and Outer Ring Road sub market, we have assumed a car park charge of INR 6,000 per month per bay, with 25.0% of car parks allocated free of cost to a tenant. Effective car parking charges adopted for the purpose of this valuation is INR 4,500 per month per bay.

6.4.5.5 *Other Revenues*

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

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

The assumptions adopted for other revenues are as tabulated below:

Nature of Income	Details	Units
Miscellaneous Income (Income from cell sites)	1.02% (INR 51.7 mn)	% of gross rental income
Warm shell Security Deposit*	6 months	No. of months' warm shell rental
Parking Income (For vacant and UC development) ^	INR 4,500	INR per car park per month

*Source: Client's Inputs & Consultants' assessment; * Refunded at the time of lease expiry/ exit; ^assumed at INR 6,000 per bay per month, with 25.0% free car parks*

6.4.6 Revenue Assumptions - Hotel

6.4.6.1 ARR and Occupancy Assumptions

A prominent growth corridor in the recent past, Sarjapur Outer Ring Road is a part of the designated IT corridor planned by the government as a self-contained enclave between Electronic city and ITPL. This stretch of the ring road enjoys excellent stability with the southern as well as the eastern fringes of the city, and hence has emerged as a prominent and one of the most preferred growth corridors in the city.

Primary occupancy drivers across categories for hotels located in SORR include corporate/business travellers visiting the commercial catchment for short stay and long stay options. Limited leisure pass through is witnessed in the region.

As per the information provided by the Client, we understand that there are two hotels (viz. 5 Star and 3 Star positioning – with management contracts in place with the Hilton Group for Hilton at Embassy TechVillage and Hilton Garden Inn - HGI at Embassy TechVillage) proposed to be developed at the subject property.

The area details of the proposed hotels are mentioned in the table below:

Components	No of Keys	Under-construction area* (in sf)
Hotels	518	729,445
Convention Centre	NA	53,224
Total	**518**	**782,669**

Source: Client inputs, Architect Certificate. The total inventory for hotels is 518 key, out of which 5 Star hotel will have 311 keys and 3 Star hotel will 207 keys.

The existing upscale hotels that are operational in the subject micro market i.e. Outer Ring Road vector of Bengaluru have achieved ARRs in the range of INR 7,000– 9,000 per room per night and occupancies in the range of 65.0-75.0%. Similarly, mid-scale business hotels that are operational in vicinity of the subject property have achieved ARRs in the range of INR 4,000 – 6,000 per room per night and occupancies in the range of 65.0-75.0% (The performance of up-scale and mid-scale hotels highlighted above are for FY 2019-20 excluding March 2020).

Given the positioning & location of the subject development, performance of competing hotels in the subject sub market and development mix (part of a larger commercial development) etc., it is opined that ARRs for hotel component in the subject development would range from **INR 7,500 – INR 8,500 per room night (viz. approx. INR 8,000 per room night)** for the 5 Star hotel and **INR 5,000 – INR 6,000 per room night (viz. approx. INR 5,500 per room night)** for the 3 Star hotel. Further, considering the captive catchment for the subject hotels within the subject property and potential demand from other commercial developments within the micro-market, the stabilized occupancy for the subject development is opined to be 73.0%, 2.5 years from the year of operation commencement.

6.4.6.2 Other Revenues

The other revenue assumptions for the hotel component proposed at the subject development have been enumerated in the table below:

Particulars	Unit	5 Star	3 Star
Food & Beverage Revenue	(% of Room Revenue)	100.0%*	40.0%
MOD Revenue	(% of Room Revenue)	15.0%	15.0%
Other Revenue	(% of Room Revenue)	5.0%	5.0%

**Note: higher income considered to factor income generated by convention space as the same would be managed by the hotel.*

6.4.6.3 Operating Cost

The following operating costs have been considered based on benchmarks available in the markets on various heads to arrive at the net cash flows for the purpose of this valuation exercise:

Expense Head	5 Star	3 Star
Room Costs (as a % of room revenue)	15%	15%
F&B costs (as a % of F&B revenue)	45%	45%
MOD Costs (as a % of MOD revenues)	50%	50%

Expense Head	5 Star	3 Star
Administrative expenses (as a % of total revenue)	6.0%	6.0%
Maintenance expenses (as a % of total revenue)	5.0%	5.0%
Operating Expenses (as a % of total revenue)	11.0%	11.0%
Marketing costs (as a % of total revenue)	5.0%	5.0%
Base management Fee (as a % of total revenue)	Ref 1	Ref 1
Management Incentive Fee (% of GOP)	Ref 2	Ref 2
Annual Escalation of Operating Costs (viz. admin, maintenance, Op-ex)	5.0%	5.0%

Source: Consultants' assessment & Client input; Ref 1 - Base Management Fee: 1.25% for year 1 & 2, 1.50% for year 3 & 4, 1.75% for year 5 & 6 and 1.90% thereafter; Ref 2 – Management incentive Fee: For GOP 30 – 35% = 4.50%, GOP 35 – 40% = 5.00%, GOP > 40% = 5.5%.

6.4.7 Expense Assumptions

6.4.7.1 Development Cost

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

Block	Cost of Construction (INR psf /INR Mn Key)	Total Cost of Construction (INR Mn)	Pending Cost to be Spent (INR Mn)
Parcel 8 – Block ABC – Office	4,011	5,195.69	5,003.75
Parcel 8 – Block D – Office	4,071	2,215.31	2,126.88
Parcel 8 – Retail	6,018	539.15	518.89
Parcel 8 – Hotel 5 star	13.62/Key	4,235.09	4,119.31*
Parcel 8 – Hotel 3 star	9.67/Key	2,002.20	1,947.47
Parcel 8 – Convention Centre	11,256	599.11	582.74
Block 9 – JPM Pre-lease/BTS	4,609	5,097.19	2,859.30

Source: Client's input; not inclusive of INR 8.32 Mn to be incurred as technical fees for hotel component

6.4.7.2 Major Repair and Improvements

The following table highlights the assumptions towards the refurbishment/upgradation expenses in the subject development:

Expense Head	Total Pending Cost (INR Mn)	Quarter of Completion
Infrastructure Expenses	1,634.19	Q3, FY 2021 – Q1, FY 2026

Source Client Input; Consultants' assessment

6.4.7.3 Information pertaining to Land Leased by VTPL to SIPL

As per the lease agreement and information provided by the Client, land area of (approx. 4 acres) has been leased by Vikas Telecom Private Limited ("VTPL") to Sarla Infrastructure Private Limited ("SIPL") for a lease tenure of 40 years (the lease has initially been signed for 20 years and can be renewed for an additional term of 20 years), wherein SIPL pays an annual lease payment of INR 93.6 Mn to VTPL, subject to 15% escalation every 3 years. In addition, we understand that a refundable security deposit of INR 46.8 Mn has been paid by SIPL to VTPL for the land lease.

The land area mentioned above is being utilised for a build to suit (BTS) development of 1.1 Mn sf pre committed to JP Morgan under an agreement signed between JP Morgan, VTPL and SIPL.

Further, the net present value of the land lease for the above mentioned period will be added to the asset value under the ownership of VTPL and deducted from the asset value under the ownership of SIPL. The same will get netted off while arrive at the total value of the subject property.

6.4.7.4 Rental Support and Rental Guarantee for Block 9 – JPM Pre-lease/BTS

As per information provided by the Client, it is understood that the seller will provide rental support and rental guarantee for Block 9 – JPM Pre-lease/BTS from the proposed date of acquisition to date of rent commencement. It is understood that a total of INR 1,441 Mn will be provided as rental support and rental guarantee and the said amount will be maintained in an Escrow account and will be made available to Embassy REIT on a quarterly basis in equal instalments. This is based on representation made to us relating to contractual arrangements proposed to be in effect between the Sellers and the Client at the date of acquisition. While the entire 1,105,286 sf of leasable area of SIPL is already pre-leased, the property is currently under construction. Given the Embassy REIT proposes to acquire this property similar to a rent-generating asset, the Sellers have also agreed to provide rental support to SIPL of INR 1,441 Mn from the proposed date of acquisition until the rent commencement date.

Considering the low risk profile of this cash flow, the same has been discounted by a rate of return equivalent to long-term bulk security deposit. Cash flows from rental support and rental guarantee have been added to the project cash flows as a below the NOI line item. The NPV of the above cash flow as on date of valuation is INR 1,370 Mn.

6.4.7.5 Operating Cost

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

Nature of Expense	Details	Basis
Insurance, Legal and other professional charges	0.10%	% of gross rental income
Property Tax	5.54% (except Block 9 – JPM Pre-lease/BTS) 4.50% (for Block 9 – JPM Pre-lease/BTS)	% of gross rental income
Repair and Maintenance Reserve	1.0%	% of gross rental income
Asset management Fee*	3.0%	% of total income
Transaction cost on Exit	1.0%	% of terminal value

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

6.4.8 Other Assumptions

6.4.8.1 Vacancy provision

Based on the prevailing market benchmarks, a vacancy provision of 2.5% has been adopted upon assessment of terminal value

6.4.8.2 Revenue escalation

Based on prevailing market condition, historical rent growth achieved by the subject property, rental growth witnessed in the subject micro-market and our interactions with market participants, Valuer is of the option that the annual marginal rent growth for the subject property will be 2.5% till Q1, CY 2021 and then stabilize at of 5.0% going forward.

6.4.8.3 Rent – free period

Based on the trend prevalent in the subject sub market, we have considered a rent free period of 3 months for the subject property from the lease commencement date (for future / new leases)

6.4.8.4 Brokerage

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

6.4.9 Capitalization Rates

As highlighted in section 4.1, the cap rate adopted for the office spaces is 8%. Further, an EV/ EBITDA multiple of 14 has been adopted for the hotel component.

6.4.10 Discount Rate

For discounting the cash flows, the appropriate discounting rate has been calculated on the basis of estimated 'Weighted Average Cost of Capital' (WACC). The detailed analysis of WACC rate adopted for the subject property has been detailed in Section 4.2 of this report.

6.5 Value of the Subject Property

Based on the above-mentioned analysis, the value of the subject property is estimated as follows:

Component	Area (sf)[1]	Market Value (INR Mn)	% Share
Completed Area - ETV	6,137,842	77,159	75.4%
Under Construction Area – ETV[2]	1,929,304	13,752	13.5%
Under Construction Area – Sarla[3]	1,105,286	11,381[4]	11.1%
Total	9,172,432	102,292	100.0%

1. *The area included under the purview of this exercise is restricted to the blocks highlighted in the brief description of this valuation certificate.*
2. *Area exclusive of developable area of 782,669 sf corresponding to under-construction hotels and convention center. Value inclusive of value corresponding to under-construction hotels and convention center*
3. *Sarla refers to SIPL (Sarla Infrastructure Private Limited) – the entity undertaking construction of Block 9 – JPM Pre-lease/BTS. Based on a specific instruction from the Client, we have been requested to provide the valuation of the property with the benefit of the proposed rental support and rental guarantee.*
4. *Value highlighted is representative of the market value of Block 9 – JPM Pre-lease/BTS (viz. INR 10,011 Mn) and additionally includes the net present value of the rental support and rental guarantee to Embassy REIT of INR 1,370 Mn for (undiscounted value of INR 1,441 Mn to be received over a period of time as indicated below). This is based on representation made to us relating to contractual arrangements proposed to be in effect between the Sellers and the Client at the date of acquisition. While the entire 1,105,286 sf of leasable area of SIPL is already pre-leased, the property is currently under construction. Given the Embassy REIT proposes to acquire this property similar to a rent-generating asset, the Sellers have also agreed to provide rental support to SIPL of INR 1,441 Mn from the proposed date of acquisition until the rent commencement date.*

7 Exhibits and Addendums

7.1 Other Mandatory Disclosures

7.1.1 Details of Material Litigations:

As per information provided by the Client, we understand that there are no material legal proceedings/litigation pending against VTPL & SIPL. Further, please refer the Title report for detail of the same.

7.1.2 Details of options or rights of pre-emption and other encumbrances:

As per information provided by the Client, there are no options or rights of pre-emption for the subject property.

For other encumbrances please refer below:

SIPL - All tangible, personal and movable assets of SIPL have been Encumbered in favour of KKR and IDBI Trusteeship Services Limited (as security trustee for KKR) pursuant to the KKR Financing Facilities. Details of such Encumbrances are set out below:

- KKR Financing Facility for INR 3,000 Mn:
  - Mortgage: Under a facility agreement dated February 6, 2019 executed by and among EPDPL, SIPL and KKR India Asset Finance Private Limited in relation to the facility of Rs.3,000,000,000 and the memorandum of deposit of title deeds dated February 6, 2019 executed pursuant thereto by and between SIPL and IDBI, mortgage has been created on freehold land in all admeasuring 3 acres 27 guntas and leasehold land in all measuring 4 acres and 13 guntas located in Devarabesanahalli Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru District. Pursuant to facility agreement dated February 6, 2019 executed by and among EPDPL, SIPL and KKR India Asset Finance Private Limited in relation to the facility of Rs.3,000,000,000 and the memorandum of deposit of title deeds dated March 28, 2019 executed by and between SIPL and IDBI, pursuant thereto, mortgage has been created on land admeasuring 13 guntas situated in Devarabesanahalli Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru District.
  - Hypothecation: Pursuant to the deed of hypothecation dated February 6, 2019 executed by and between SIPL and IDBI, a first ranking and exclusive charge on all movable assets of SIPL including receivables, compensation proceeds, insurance contracts, insurance proceeds, accounts including escrow accounts etc. in relation to the project i.e. 1.11 million sq. ft. constructed area of built-to-suit offices and proportionate number of car parks

- KKR and SBI Financing Facility for INR 4,250 Mn:
    - Mortgage: Under a facility agreement dated May 13, 2019 among EPDPL, SIPL and KKR and related documents in relation to the facility of Rs.4,250,000,000 and the memorandum of deposit of title deeds dated May 13, 2019 executed by and between SIPL and IDBI, mortgage has been created on freehold land admeasuring 3 acres 27 guntas, 13 guntas and on leasehold land admeasuring 4 acres situated in Devarabesanahalli Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru District.
    - Hypothecation: Pursuant to a facility agreement dated May 13, 2019 among EPDPL, SIPL and KKR and related documents in relation to the facility of Rs.4,250,000,000 and the deed of hypothecation dated May 13, 2019 executed by and between SIPL and IDBI, a pari passu charge on all movable assets of SIPL including receivables, compensation proceeds, insurance contracts, insurance proceeds, accounts including escrow accounts etc. in relation to the project i.e. 1.11 million sq. ft. constructed area of built-to-suit offices and proportionate number of car parks

KKR downsold Rs. 400 crore to State Bank of India (SBI) on 29th June 2020

- Hypothecation: Pursuant to a Second amendment to facility agreement dated June 29, 2020 among EPDPL, SIPL, SBI and KKR and related documents in relation to the facility of Rs.4,250,000,000 and the deed of hypothecation dated June 29, 2020 executed by and between SIPL and IDBI, a pari passu charge on all movable assets of SIPL including receivables, compensation proceeds, insurance contracts, insurance proceeds, accounts including escrow accounts etc. in relation to the project i.e. 1.11 million sq. ft. constructed area of built-to-suit offices and proportionate number of car parks
- Mortgage: Under a second amendment to facility agreement dated June 29, 2020 among EPDPL, SIPL, SBI and KKR and related documents in relation to the facility of Rs.4,250,000,000 and the memorandum of deposit of title deeds dated June 29, 2020 executed by and between SIPL and IDBI, mortgage has been created on freehold land admeasuring 3 acres 27 guntas, 13 guntas and on leasehold land admeasuring 4 acres situated in Devarabesanahalli Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru District.

VTPL - The VTPL Land is subject to the following Encumbrances:

- Pursuant to the master facility agreement dated May 31, 2018 executed between VTPL and HDFC Limited for a loan amount of Rs. 4,850,000,000 availed by VTPL read with the memorandum of deposit of title deeds dated May 31, 2018, Block 1A and the proportionate underlying land are mortgaged in favour of IDBI Trusteeship Services Limited (security trustee for HDFC Limited);

- Pursuant to the master facility agreement dated September 26, 2018 executed between VTPL and HDFC Limited for a loan amount of Rs. 7,650,000,000 availed by VTPL read with the memorandum of deposit of title deeds dated September 26, 2018, Block 7B, the multi-level car park and the proportionate underlying land are mortgaged in favour of IDBI Trusteeship Services Limited (security trustee for HDFC Limited)

- Pursuant to the master facility agreement dated March 10, 2017 executed between VTPL and HDFC Limited for a loan amount of Rs. 9,700,000,000 availed by VTPL read with the memorandum of deposit of title deeds dated March 13, 2017, Blocks 5A, 5B, 5C, 5D, 5E, 5F, 5G, 5H, 5I, 5J, 5K and 5L of parcel 5 of ETV and the proportionate underlying land are mortgaged in favour of IDBI Trusteeship Services Limited (security trustee for HDFC Limited)

- Pursuant to the master facility agreement dated December 1, 2017 executed between VTPL and HDFC Limited for a loan amount of Rs. 3,750,000,000 availed by VTPL read with the memoranda of deposit of title deeds dated November 27, 2017, (a) a portion of parcel 8 (erstwhile Block 7A) and the proportionate underlying land admeasuring 4.9142 acres are mortgaged in favour of IDBI Trusteeship Services Limited (security trustee for HDFC Limited); and (b) mortgage over Block 7B, the multi-level car park and the proportionate underlying land are extended in favour of IDBI Trusteeship Services Limited (security trustee for HDFC Limited) and

- Pursuant to the master general terms agreements (a) dated June 18, 2019 executed between VTPL and IndusInd Bank Limited; and (b) a novation cum accession agreement dated August 28, 2019 executed between South Indian Bank Limited, VTPL, IDBI Trusteeship Services Limited, IndusInd Bank Limited, the Company and EPDPL read with the memorandum of deposit of title deeds dated August 1, 2019, Tower 2A in Western Tower and 2A Eastern Tower, 2B, 2C and 2D of ETV and the proportionate underlying land are mortgaged in favour of IDBI Trusteeship Services Limited (security trustee for the lenders mentioned herein)

- Pursuant to deed of hypothecation dated June 18, 2019 executed for loan of Rs. 1625,00,00,000, charge is created as follows:

  - First and exclusive charge over the Receivables, present and future in relation to Project "2A West Wing, 2A East Wing, 2B, 2C and 2D;"

- First and exclusive charge, lien and right of set-off over the Accounts, including Escrow Accounts and DSRA Accounts (defined under the deed of hypothecation); and
- First and exclusive charge over the Project Assets, project documents and benefit of project documents (defined under the deed of hypothecation).

7.1.3 Details of Revenue Pendencies:

As per information provided by the Client, there are no material revenues pendencies for the subject property.

7.2 Site Plans

7.3 One-time Sanctions & Periodic Clearances

For any information on One-time Sanctions and Periodic Clearances refer to the section 6.1.4.1 of this report.