

## Embassy REIT Announces ₹98 billion (\$1.3 billion) Acquisition of Embassy TechVillage

- 9.2 msf integrated office park located on Outer Ring Road Bengaluru, India's best-performing office sub-market
- Addition of 35+ blue-chip occupiers to REIT's existing marquee occupier base
- Adds long-term earnings power through 33.7% mark-to-market potential and 3.1 msf development, of which 36% pre-leased
- NOI, DPU and NAV accretive transaction fortifies Embassy REIT's position as one of Asia's largest office REITs by area

### **Bengaluru, India, November 17, 2020**

Embassy REIT, India's first publicly listed REIT, announced today that it has agreed to purchase Embassy TechVillage assets ("ETV") from affiliates of Embassy Sponsor, Blackstone Sponsor and other selling shareholders for a total consideration of ₹97,824 million (\$1.3 billion), subject to Unitholder and regulatory approvals.

The acquisition comprises c.6.1 million square feet ("msf") of completed area, c.3.1 msf of under-construction area, of which 36% is pre-leased to JP Morgan, and two proposed 518-keys Hilton hotels within the overall ETV campus. Embassy REIT is exercising its right under the ROFO agreement to acquire the asset.

Mike Holland, Chief Executive Officer of Embassy REIT said, *"The proposed accretive acquisition of Embassy TechVillage will mark the addition of another trophy asset to our existing office portfolio, while reinforcing our stable cash flows. ETV is a unique large scale business park, in the leading Outer Ring Road sub-market of Bengaluru, with a diversified blue-chip and predominantly multinational occupier base, including JP Morgan, Cisco, Sony and Flipkart. The acquisition further deepens our presence in Bengaluru, which remains India's strongest office market, and significantly enhances our scale and ability to deliver embedded growth. We are delighted to purchase an asset of the quality and scale of ETV at a 4.6% discount to the average of the two independent valuations. This acquisition aligns perfectly with our overall strategy to maximize total returns for our Unitholders."*

Jitendra Virwani, Chairman & Founder of the Embassy Group said, *"We are pleased to deliver on our commitment to support the growth of the REIT platform through the ROFO pipeline. The Embassy TechVillage ROFO reaffirms the commitment we made at the time of the REIT's listing to provide Embassy REIT with a pipeline of opportunities for completed and rent-yielding assets. Over the past six years, Embassy Group has developed ETV to be one of the finest office assets in the country, and we are pleased to offer this asset to the REIT for consideration and approval by the Independent Directors of the REIT Manager and the Unitholders. Embassy Group will continue to develop top quality office assets across the country, thereby providing the REIT with a potential pipeline of assets that will help it grow inorganically over the coming years."*

The REIT proposes to fund this c.₹98 billion (\$1.3 billion) acquisition by issuing equity of c.₹60 billion (\$812 million) through a combination of an institutional placement of c.₹37 billion (\$500 million), and by way of a preferential issue of units to third-party selling shareholders of c.₹23 billion (\$312 million). The proposed placement of units is expected to increase the REIT's public float, enhance its liquidity, and serve as a catalyst for the REIT's potential inclusion into additional benchmark global equity indices. The REIT also plans to refinance existing ETV debt facilities of up to c.₹36 billion (\$492 million) through a combination of equity and issuance of new coupon bearing debt.

## Transaction Highlights

- Aggregate enterprise valuation of ₹97,824 million is at a 4.6% discount to average of two independent valuation reports
- Enhances Embassy REIT's commercial office portfolio scale by 28% to 42.4 msf, facilitates entry into Bengaluru's best-performing sub-market and further diversifies Embassy REIT's occupier base
- Stable cash flows with strong embedded growth through 33.7% MTM upside on 97.3% leased area and 3.1 msf of on-campus development, of which 36% is pre-leased to JP Morgan
- Attractive acquisition with proforma accretion of 28% to Net Operating Income ('**NOI**'), 4.2% to Distribution Per Unit ('**DPU**') and 3.0% to Net Asset Value ('**NAV**') per unit basis 6 months period ended September 2020
- Strong framework in place regulating related party transactions including approval by independent directors of the Board, majority of unrelated unitholders' approval required for ETV acquisition, and no acquisition linked fees to the REIT Manager
- Fairness opinion issued by HSBC Securities and Capital Markets (India) Private Limited to the independent directors of the manager to Embassy REIT opining that, subject to the assumptions and limitations of the scope, the proposed value of the acquisition is fair, from a financial point of view, to the public Unitholders of Embassy REIT

The acquisition is subject to certain condition precedents and requires Unitholder, regulatory and other approvals.

Morgan Stanley and Kotak Investment Banking are serving as joint financial advisors to Embassy REIT, while S&R Associates and Clifford Chance are acting as legal advisors to Embassy REIT. Ernst and Young LLP conducted financial and tax diligence and HSBC Securities and Capital Markets (India) provided a fairness opinion to the independent directors of the manager to Embassy REIT for the proposed acquisition.

## About Embassy TechVillage

Embassy TechVillage is a large-scale, award-winning and best-in-class integrated office park situated on the Outer Ring Road ("ORR") in Bengaluru. Home to over 45,000 employees of 40+ corporate occupiers, ETV is an infrastructure-like asset that serves as a complete business ecosystem for its occupiers and their employees.

Located in Bengaluru's best-performing commercial office sub-market, ETV spans over 84 acres and derives 88% of its rents from multinational occupiers, is 97.3% occupied, and has a 9.7 year Weighted Average Lease Expiry ("WALE") with a 33.7% mark-to-market ("MTM") potential.

## About Embassy REIT

Embassy Office Parks is India's first publicly listed Real Estate Investment Trust (REIT). Listed in April 2019, Embassy REIT owns and operates a 33.3 million square feet (msf) portfolio of seven infrastructure-like office parks and four city-centre office buildings in India's best-performing office markets of Bengaluru, Mumbai, Pune, and the National Capital Region (NCR). Embassy REIT's portfolio comprises 26.2 msf completed operating area, has an occupancy of 91.7% as of September 30, 2020, and is home to many of the world's leading companies as occupiers. The portfolio also comprises strategic amenities, including two operational business hotels, two under-construction hotels, and a 100MW solar park supplying renewable energy to park occupiers.

## Investor Call Details

The management team of Embassy Office Parks Management Services Private Limited, the REIT Manager, will host a global conference call at 18.30 Indian Standard Time (+ 5.30 GMT) today, i.e., Tuesday, November 17, 2020 to discuss the Acquisition of Embassy TechVillage.

Stakeholders can access the call by dialling +91 22 6280 1320 or +91 22 7115 8815 or +91 70456 71221 domestically, or by accessing the following international toll and toll-free numbers

<b>Dial-in detail:</b>	
<b>Universal Dial In</b>	+91 22 6280 1320
	+91 22 7115 8815
<b>Local Dial In</b>	
Available all over India	+91 70456 71221
<b>International Toll Free</b>	
Hong Kong	800 964 448
Singapore	800 101 2045
UK	0 808 101 1573
USA	1 866 746 2133
<b>International Toll</b>	
Hongkong	+852 3018 6877
Singapore	+65 3157 5746
UK	+44 203 478 5524
USA	+1 323 386 8721

Shortly after the call, playback of the call will be hosted on Investor Relations section of our website at [www.ir.embassyofficeparks.com](http://www.ir.embassyofficeparks.com). All interested stakeholders may access the archive call till December 09, 2020.

## Disclaimer

This press release is prepared for general information purposes only. The information contained herein is based on management information and estimates. It is only current as of its date, has not been independently verified and may be subject to change without notice. Embassy Office Parks Management Services Private Limited (“the Manager”) in its capacity as the Manager of the Embassy Office Parks REIT (“Embassy REIT”), and Embassy REIT make no representation or warranty, express or implied, as to, and do not accept any responsibility or liability with respect to, the fairness and completeness of the content hereof. Each recipient will be solely responsible for its own investigation, assessment and analysis of the market and the market position of Embassy REIT.

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

are forward looking by reason of context, the words 'may', 'will', 'should', 'expects', 'plans', 'intends', 'anticipates', 'believes', 'estimates', 'predicts', 'potential' or 'continue' and similar expressions identify forward-looking statements.

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

It may be noted that HSBC and its affiliates have provided various services (including financing through its affiliates), to the Embassy REIT, the targets and their respective affiliates, and may continue to provide such services in the future. Further the actual legal entity names of the occupiers may differ from the names referred in the press release above.

For convenience purposes only, the exchange rate used in this press release is \$1 = ₹74.

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## Appendix

### Key Transaction Parameters

Particulars	Details
<b>Asset Overview</b>	Embassy TechVillage, located at Outer Ring Road, Bengaluru
<b>Proposed Acquisition Area</b>	84.05 acres
<b>Leasable Area</b>	9.2 msf
<b>Completed Area</b>	6.1 msf
<b>Under Construction Area</b>	3.1 msf (36% pre-leased)
<b>Proposed Hotel</b>	518 keys (dual-branded Hilton hotels)
<b>Occupancy</b>	97.3% on 6.1 msf completed area
<b>Number of Occupiers</b>	40+ (88% of Gross Rentals from multinational occupiers)
<b>WALE</b>	9.7 years
<b>Avg. in-place rentals</b>	₹68 psf
<b>Market Rentals</b>	₹91 psf
<b>MTM Potential</b>	33.7% mark-to-market rental opportunity
<b>Independent Valuer 1</b>	₹102,292 million (\$1.38 billion)
<b>Independent Valuer 2</b>	₹102,817 million (\$1.39 billion)
<b>Average Valuation</b>	₹102,555 million (\$1.39 billion)
<b>Agreed Enterprise Value</b>	₹97,824 million (\$1.32 billion) (4.6% discount to the average of the two independent valuations)
<b>Pro Forma Impact &amp; Financing</b>	
<b>Pro-forma Impact</b>	<p><b>Impact on Embassy REIT's scale:</b></p> <ul style="list-style-type: none"> <li>Leasable Area: 28% increase (from 33.3 msf to 42.4 msf)</li> <li>Development Area: 43% increase (from 7.1 msf to 10.2 msf), with 1.1 msf already pre-leased</li> <li>Gross Asset Value: 30% increase</li> <li>Public Float: Increase from 38% to 43%<sup>1</sup></li> </ul> <p><b>Impact on Embassy REIT's 6-months FY2020-21 Proforma financials:</b></p> <ul style="list-style-type: none"> <li>NOI: 28% increase</li> <li>Trailing NOI Yield: 7.5% on completed portion</li> <li>DPU: 4.2% accretive</li> <li>NAV per unit: 3.0% accretive</li> </ul> <p><b>Impact on Embassy REIT's Proforma leverage:</b></p> <ul style="list-style-type: none"> <li>Gross Debt to GAV: 22%</li> </ul>
<b>Financing</b>	<p><b>Equity issue of c.₹60 billion (\$812 million)</b></p> <ul style="list-style-type: none"> <li>Proposed Institutional Placement of c.₹37 billion (\$500 million)</li> <li>Proposed Preferential Issue of up to 65,579,400 units, approximating to ₹23 billion (\$312 million)</li> </ul> <p><b>Debt issue of up to ₹36 billion (\$492 million)</b></p> <ul style="list-style-type: none"> <li>Combination of bonds / loans at the REIT level and / or SPVs</li> <li>To be utilized to repay existing ETV debt and for general corporate purposes</li> </ul>
<b>Extraordinary Meeting Particulars</b>	
<b>Date and Time</b>	<b>December 10, 2020</b>
<b>Venue</b>	<b>Virtual Meeting</b>
<b>Summary of Proposed Resolutions</b>	
<b>Ordinary Business</b>	<ul style="list-style-type: none"> <li><b>Resolution 1: To consider and approve the ETV acquisition for an enterprise value of ₹97,824 million</b> The Embassy Sponsor, the Blackstone Sponsor Group and their respective associates will abstain from voting on the above acquisition transaction related resolution</li> <li><b>Resolution 2: To consider and grant authority to borrow up to 35% of the Gross Asset Value of the Embassy REIT and matters related thereto</b></li> </ul>
<b>Special Business</b>	<ul style="list-style-type: none"> <li><b>Resolution 3: To consider and approve raising of funds through an institutional placement(s) of units of Embassy REIT not exceeding ₹80,000 million to Institutional Investors in one or more placements</b></li> <li><b>Resolution 4: To consider and approve a preferential issue of up to 65,579,400 units of the Embassy REIT at a price of ₹356.70 per unit</b></li> </ul>

<sup>1</sup> Assumes c.₹37 billion Institutional Placement and c.₹23 billion Preferential Allotment to third-party selling shareholders. Market Capitalization computed as Units Outstanding as of September 30, 2020 multiplied by VWAP of ₹349.32. VWAP computed basis BSE (exchange with highest trading volume for last 26 weeks) data for last 30 trading days up to November 11, 2020 (which is the date of intimation to Stock Exchanges for the meeting scheduled for November 17, 2020). The public float of the units of the Embassy REIT may fluctuate due to multiple reasons and the price of Units indicated above may not be indicative of any future trading price. Pre-Acquisition public float is based on unitholding pattern as of September 30, 2020. Post-Acquisition public float excludes the preferential allotment units issued to third-party selling shareholders.