

**Strictly Confidential  
For Addressee Only**

**Independent Property  
Consultant Report on the  
Valuation Methodology in  
the Valuation Report of  
Embassy TechVillage**

**Report for**

**Embassy Office Parks REIT/  
EOPMSPL**

**Report Date**

**13<sup>th</sup> November 2020**



**TABLE OF CONTENTS**

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

1 Instructions - Appointment.....2

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

3 Disclosures .....3

4 Purpose .....3

5 Scope of Work.....3

6 Approach & Methodology .....4

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

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

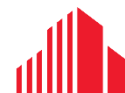
9 Disclaimer .....5

10 Disclosure and Publications .....5

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

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

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



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

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

**Property:** Embassy TechVillage located at Outer Ring  
Road, Bengaluru

**Report Date:** 13<sup>th</sup> November 2020

## **A REPORT**

### **1 Instructions - Appointment**

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

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

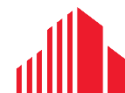
### **2 Professional Competency of C&WI Valuation & Advisory Services India**

C&WI Valuation & Advisory Services India is an integral part of C&WI Global Valuation & Advisory Services team. The Global Valuation & Advisory team comprises of over 1,975 professionals across approximately 280 offices globally and India VAS team comprises of more than 50 professionals.

C&W Valuation & Advisory Services India have completed over 8,500 valuation and advisory assignments across varied asset classes/ properties worth USD 377 billion.

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

In India, we have our presence since 1997. Our dedicated and experienced professionals provide quality services from 7 offices across India (Mumbai, Bengaluru, Chennai, Kolkata, Gurgaon, Hyderabad and Pune). We have a strong team of experienced and qualified professionals



dedicated to offer Valuation & Advisory services in various locations across the country. C&WI utilizes internationally accepted valuation techniques customized to Indian context based on best practices in the Industry.

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

### **3 Disclosures**

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

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

### **4 Purpose**

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

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

### **5 Scope of Work**

C&WI has given its views in relation to the Stated Procedure and this Engagement should not be considered as an audit of a valuation or an independent valuation of the Property/ Business. C&WI has not developed its own opinion of value but has reviewed the Stated Procedure in light of the framework contained in the RICS Valuation Global Standards 2019 ("Red Book") which is compliant with the IVSC International Valuation Standards issued on 31 July 2019, effective from 31 January 2020.

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

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



## **6 Approach & Methodology**

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

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

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

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

- C&WI has provided the Services exercising due care and skill, but C&WI does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the opinion of value of the property. Further, C&WI shall not accept liability for any errors, misstatements, omissions in the Report caused due to false, misleading or incomplete information or documentation provided to C&WI by the Client.
- C&WI's maximum aggregate liability for claims arising out of or in connection with the Property/ Business Valuation report, under this contract shall be limited to an aggregate sum not exceeding 5 times the total fees paid to C&WI by the Client.
- In the event that any of the Sponsor, Manager, Trustee, Embassy Office Parks REIT in connection with the report be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Property/ Business Valuation Report, the Claim Parties will be entitled to require the C&WI to be a necessary party/ respondent to such claim and C&WI shall not object to their inclusion as a necessary party/ respondent. In all such cases, the Client agrees to reimburse/ refund to C&WI, the actual cost (which shall include legal fees and external counsel's fee) incurred by C&WI while becoming a necessary party/respondent. If C&WI does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against C&WI in this



regard and C&WI's liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.

## **9 Disclaimer**

C&WI will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc. Novel Coronavirus disease (Covid-19) has been declared as a pandemic by the World Health Organization (WHO) in March 2020. Owing to this, India has faced lockdown of various degrees in the past few months. Due to the pandemic, the real estate sector has also faced challenges and hence have been impacted. With the construction activity being temporarily suspended and the limited availability of construction works, raw materials etc. We understand that there would be a delay in the delivery timeline of planned future supply.

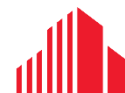
For commercial sector there has been mandatory office closures in the month of April and May 2020. People and organizations have been forced to test the remote working landscape. Post lock down there will be focus on recovery readiness and making workspace new normal-ready. We believe that whilst there will be re-assessment of portfolios to de-densify the workspace to focus on hygiene and safety norms, there will be a delay in decision making for expansion.

Consolidation strategies may be put on hold to reevaluate the recent landscape and renewals are expected to continue as capital expenditure decisions are put on hold. However, relocation decisions maybe reviewed in the context of cost control driving demand to peripheral office locations.

Though the magnitude of the pandemic on commercial real estate is difficult to predict, we anticipate that the delay in decision making for expansion along with delay in construction activities would have a short-term impact on the demand, delay in supply and consequent impact on the rental growth rate in the markets. The stimulus packages by Government of India and gradual reopening of offices and manufacturing plants are likely to support economic activity. We observe that the assumptions noted in Annexure 2, reflect these factors.

## **10 Disclosure and Publications**

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



## **B REVIEW FINDINGS**

Our exercise has been to review the Stated Procedure, which has been used, for conducting valuation of Property/ Business in connection with the proposed acquisition for the Embassy Office Parks REIT, in accordance with IVS 104 of the IVSC International Valuation Standards issued on 31 July 2019, effective from 31 January 2020.

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

- Achievable rental for the property
- Rental Growth rate
- Construction timelines
- Average Room Rate for proposed hotels
- CAM Margin
- Capitalisation rate
- Discount rate

C&WI has:

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

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

Embassy TechVillage Asset, an office park located in Bengaluru comprises:

(i) Commercial development by Vikas Telecom Private Limited (“VTPL”) consisting of approximately 6.1 Million sq. ft. of completed office area, approximately 2.0 Million sq. ft. of under-construction area and 518 proposed hotel keys along with the associated business of common area maintenance services (ETV).

(ii) 1.1 Million sq. ft. 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 (JPM pre-lease/ BTS).



Below is the summary of the portfolio of the Property/ Business as of September 30, 2020 which is located in Bengaluru that has been reviewed:

Sr No	Location	Project	Leasable Area	
			Completed (In msf)	Under Construction / Future Development (In msf)
1	Bengaluru	Embassy TechVillage (Operational)	6.1	-
2		Embassy TechVillage (Under Construction- Office Block, A, B, C & D)	-	1.8
3		Embassy TechVillage (Under Construction- Hospitality)	-	5 Star – 311 Keys 3 Star – 207 Keys
4		Embassy TechVillage (Under Construction- Retail)	-	0.1
6		Embassy TechVillage (Under Construction- JPM pre-lease/ BTS)*	-	1.1
7		Common Area Maintenance Services (CAM) Business of Embassy TechVillage	-	-
<b>Total</b>			<b>~6.1</b>	<b>~3.1/ 518 Keys</b>

\*Note: JPM refers to J.P. Morgan Services India Private Limited and BTS refers to Build to suit.

Below is the Property/ Business wise analysis:

- Embassy TechVillage (Operational Office Block):** C&WI view of the market rent for the asset would be in the range of INR 87-92 per sft per month. This is keeping in mind the latest transactions within the park and competing office parks in the vicinity. C&WI considers the discount rate appropriate and cap rate in line with the market.
- Embassy TechVillage (Under-construction Office Block):** C&WI view of the market rent for the asset would be in the range of INR 87-92 per sft per month. This is keeping in mind the latest transactions within the park and competing office parks in the vicinity. C&WI considers the discount rate appropriate and cap rate in line with the market. C&WI also considers the construction timelines considered for the property as reasonable.
- Embassy TechVillage (Under-construction Hospitality Block):** C&WI view of the Average Room Rate (ARR) for the proposed hotel would be in the range of INR 7,500-8,000 per room per night (for 5 Star) and INR 4,700-5,200 per room per night (for 3 Star). This is keeping in mind the ARR of competing hospitality developments in the vicinity. C&WI considers the





discount rate appropriate and cap rate in line with the market. C&WI also considers the construction timelines considered for the property as reasonable.

- **Embassy TechVillage (Under-construction Retail Block):** C&WI view of the market rent for the asset would be in the range of INR 78-82 per sft per month. This is keeping in mind the latest transactions in competing retail developments in the vicinity. C&WI considers the discount rate appropriate and cap rate in line with the market. C&WI also considers the construction timelines considered for the property as reasonable.
- **JPM pre-lease/ BTS:** C&WI considers the discount rate appropriate and cap rate in line with the market. C&WI also considers the construction timelines considered for the property as reasonable.
- **Common Area Maintenance Services (CAM) of Embassy TechVillage, Bengaluru:** The CAM Margin projections provided in the Stated Procedure is reasonable. Further, C&WI considers the growth rate, discount rate and cap rate which is assumed, in line with the market.

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

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

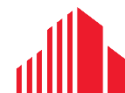
Somy Thomas, MRICS  
Managing Director,  
Valuation and Advisory Services

Shailaja Balachandran  
Director,  
Valuation and Advisory Services

Vishal Deore,  
Assistant Manager,  
Valuation and Advisory Services



Trisha Kundu,  
Assistant Manager,  
Valuation and Advisory Services

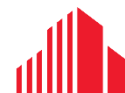


## Annexure 1: Instructions (Caveats & Limitations)

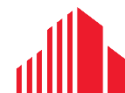
1. The Independent Property Consultant Report is not based on comprehensive market research of the overall market for all possible situations. Cushman & Wakefield India (hereafter referred to as "C&WI") has covered specific markets and situations, which are highlighted in the Report.

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

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



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



---

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

### Valuation Approach and Methodology

- **PURPOSE OF VALUATION**

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

- **BASIS OF VALUATION**

It is understood that the valuation is required by the Client for proposed purchase of the Property/ Business by Embassy REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, circulars, guidelines and notifications. Accordingly, the valuation exercise has been carried out to estimate the “Market Value” of the Subject Property/ Business in accordance with IVS 104 of the IVSC International Valuation Standards issued on 31 July 2019, effective from 31 January 2020 and allowed to be adopted prior to the effective date.

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

- **VALUATION APPROACH**

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

- **Market Approach**

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

- **Income Approach**

The income approach is based on the premise that value of an income - producing asset is a function of future benefits and income derived from that asset. There are two commonly used



methods of the income approach in real estate valuation namely, direct capitalization and discounted cash flow (DCF).

- **Income Approach - Direct Capitalization Method**

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

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

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

**Discounted Cash Flow Method using Rental Reversion**

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

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

For the purpose of the valuation of CAM Business, Income Approach - Discounted Cash Flow Method has been adopted.

- **VALUATION METHODOLOGY**

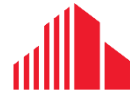
- Asset-specific Review:

As the first step, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to tenants with pre-committed area were reviewed on a sample basis.

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

- Micro-market Review:

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective property vis-à-vis its locational context, etc of office assets. Analysis of the micro-market was undertaken primarily based on the findings of



the industry and readily available information in public domain to ascertain the transaction activity of office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the achievable market rent (applicable rental for the micro-market where the asset is located) for the Subject Property for leasing vacant spaces as well as upon releasing.

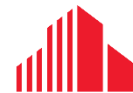
2. For tenants occupying relatively large space within the Subject Property, it is assumed that the leases shall revert to achievable market rent (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time. The fresh lease transactions in the subject property have been assumed to be leased at the achievable market rentals for the micro market.
- Cash Flow Projections:
1. The cash flows for the operational and under-construction/proposed area has been projected separately to arrive at their respective value estimates.
  2. Net operating income (NOI) has primarily been used to estimate the cash flows from the Subject Property. The following steps were undertaken to arrive at the value for operational and under-construction/proposed areas respectively. The projected future cash flows from the subject property is based on existing lease terms for the operational area till the expiry of the leases or re-negotiation (using the variance analysis), whichever is earlier, following which, the lease terms have been aligned with achievable market rent for the Subject Property. For vacant area and under-construction/proposed area, the achievable market rent led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/proposed area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

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

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

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

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



**Step 4:** Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Adjustments for other revenues and recurring operational expenses, fit-out income (if any) – projected till first term expiry and discounted to present day – the same has been not included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provisions have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during any fresh lease and lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all office assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the income which accrues as cash inflows to the Subject Property.
4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the commercial office assets through this approach.
5. For JPM pre-lease/ BTS, rental income cashflows starting from 1st January 2021 to 1st April 2022 on entire 1.1 Million sq. ft. has been assumed for the purposes of valuation. This is based on contractual arrangements proposed to be in effect at the date of acquisition whereby the parties are expected to enter into a rental support and rental guarantee agreement such that all rents for the period intervening date of proposed acquisition to rent commencement date agreed with tenant is paid by the sellers. Accordingly, a revenue support of INR 1,441 Million has been considered.
6. In respect of Cash Flow Projections for CAM Valuation, CAM Margin for the operational and under-construction/proposed area has been projected to arrive at their respective value estimates. Going forward yearly escalation on CAM Margin has been assumed and net income was arrived after making adjustment for operating expenses and management fees. The net income on yearly basis have been projected over next 10 years and the one-year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value. The yearly cash flow over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flow.



## Key Assumptions

### 1. Operational Office Block

Particulars	Units of measure	Details
<b>Property details</b>		
Type of property		Completed
Leasable area	Million sq. ft.	6.1
Area leased	Million sq. ft.	6.0
Vacancy	%	1.85
<b>Key Assumptions</b>		
Achievable Rental per month	INR per sq. ft.	90
Rental Growth Rate per annum	%	5.0
Normal Market lease tenure	Years	5
Construction start date	Date	n.a.
Construction end date	Date	n.a.
Capitalization Rate	%	8.0
Discount Rate	%	11.75

n.a. - not applicable

### 2. Under-Construction Office Block 8 (A, B, C & D)

Particulars	Units of measure	Details
<b>Property details</b>		
Type of property		Under-Construction
Leasable area	Million sq. ft.	1.8
<b>Key Assumptions</b>		
Achievable Rental per month	INR per sq. ft.	90
Rental Growth Rate per annum	%	5.0
Normal Market lease tenure	Years	5
Construction start date	Date	01-July-2020
Construction end date	Date	31-March-2024
Capitalization Rate	%	8.0
Discount Rate	%	13.10

### 3. Under-Construction Hospitality Block

Particulars	Units of measure	Details
<b>Property details</b>		
Type of property		Under-Construction
Built up area	sq. ft.	782,669
Number of Keys	#	5 Star - 311 3 Star - 207
<b>Key Assumptions</b>		
Current Average Room Rate	INR per room/ night	5 Star - 7,800 3 Star - 5,000
Occupancy (Year 1)	%	5 Star - 25 3 Star - 25
Stabilized Annual ARR Growth	%	5
Stabilized Occupancy	%	5 Star - 72 3 Star - 75
Stabilized F&B Income (% of Room Income)	%	45





Particulars	Units of measure	Details
Stabilized Convention Centre Revenue (% of Room Income)	%	5 Star – 35 3 Star – 30
Construction start date	Date	31-March-2020
Construction end date	Date	30-September-2024
EV/EBITDA multiple	x	13-14
Discount Rate	%	13.63

#### 4. Under-Construction Retail Block

Particulars	Units of measure	Details
<b>Property details</b>		
Type of property		Under-Construction
Leasable area	Million sq. ft.	0.1
Area leased	sq. ft.	n.a.
Vacancy	%	n.a.
<b>Key Assumptions</b>		
Achievable Rental per month	INR per sq. ft.	81
Rental Growth Rate per annum	%	5.0
Normal Market lease tenure	Years	5
Construction start date	Date	01-April-2020
Construction end date	Date	30-September-2024
Capitalization Rate	%	8.0
Discount Rate	%	13.10

*n.a. - not applicable*

#### 5. JPM pre-lease/ BTS

Particulars	Units of measure	Details
<b>Property details</b>		
Type of property		Under-Construction
Leasable area	Million sq. ft.	1.1
Area Leased	Million sq. ft.	1.1
Vacancy	%	-
<b>Key Assumptions</b>		
Current Effective Rental per month	INR per sq. ft.	80
Rental Growth Rate per annum	%	5.0
Normal Market lease tenure	Years	5
Revenue Support from 1st January 2021 to 1st April 2022	INR Million	1,441
<b>Particulars</b>		
Construction end date	Date	Q2 FY 2022
Capitalization Rate	%	8.0
Discount Rate	%	12.40



## 6. Common Area Maintenance Services

Particulars	Units of measure	Details
<b>Property details</b>		
Leasable area – Operational Office Block	Million sq. ft.	~6.1
Leasable area – Under-construction Office, JPM pre-lease/ BTS & Retail Block	Million sq. ft.	~3.1
<b>Key Assumptions</b>		
Current CAM Margin	INR/sq. ft. /month	4.42-4.70
Management Fees	INR/sq. ft. /month	0.5
CAM Margin Growth Rate	%	5
Capitalization Rate	%	8
Discount Rate	%	11.75

**Valuation Report:**

**Embassy Tech Village, Bengaluru**

**Date of Valuation:** 30<sup>th</sup> September 2020

**Date of Report:** 12<sup>th</sup> November 2020

**Submitted to:**

**Embassy Office Parks Management Services Private Limited**



---

## Disclaimer



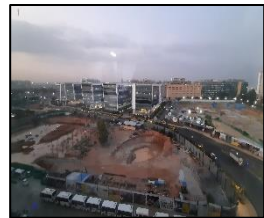
*This report is prepared exclusively for the benefit and use of Embassy Office Parks Management Services Private Limited (“EOPMSPL” or the “Recipient” or the “Company” or “the Manager”) on behalf of the Embassy Office Parks REIT (“Embassy REIT”) and / or its associates and its unitholders for the proposed purchase of a certain property/ business by it. The Company is the manager to Embassy REIT, a Real Estate Investment Trust under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended till date (“SEBI REIT Regulations”). The Manager may share the report with its appointed advisors for any statutory or reporting requirements or include it in stock exchange filings, any preliminary/placement document/ information memorandum/ transaction document to the unitholders, or any other document in connection with the proposed purchase of the property/business by Embassy REIT. Neither this report nor any of its contents may be used for any other purpose other than the purpose as agreed upon in the Letter of Engagement (“LOE”) dated 21<sup>st</sup> September, 2020 without the prior written consent of the Valuer.*

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

*This report has been prepared upon the express understanding that it will be used only for the purposes set out in the LOE dated 21<sup>st</sup> September, 2020 (including as set out above). The Valuer is under no obligation to provide the Recipient with access to any additional information with respect to this report unless required by any prevailing law, rule, statute or regulation.*

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

## Executive Summary

<b>Embassy TechVillage, Outer Ring Road, Bengaluru Region</b>		
<b>Valuation Date:</b>	30 <sup>th</sup> September 2020	
<b>Valuation Purpose:</b>	Proposed purchase of a property/ business by Embassy Office Parks REIT	
<b>Subject Property:</b>	<p>Embassy TechVillage Asset, an office park located in Bengaluru comprising:</p> <p>(i) Commercial development by Vikas Telecom Private Limited (“VTPL”) consisting of approximately 6.1 Million sq. ft. of completed office area, approximately 2.0 Million sq. ft. of under-construction area and 518 proposed hotel keys along with the associated business of common area maintenance services (ETV).</p> <p>(ii) 1.1 Million sq. ft. of under-construction area being developed by Sarla Infrastructure Private Limited (“SIPL”), which has been fully pre-leased to JP Morgan Services India Private Limited, along with the associated business of common area maintenance services (JPM pre-lease/BTS).</p>	 <p>View of Subject Property</p>
<b>Location / Situation:</b>	<p>The subject property ‘Embassy TechVillage’ is located on the Sarjapur-Marathahalli stretch of Outer Ring Road, Bengaluru. It connects to Sarjapur Road towards the south and Old Airport Road towards the north which further enhances its connectivity to other parts of the city. It is strategically located close to Krishnarajapuram Railway Station, with well-established commercial centres (RMZ Ecospace, RMZ Ecoworld, Cessna Business Park, Prestige Tech Park, Pritech Park SEZ), renowned hotels (Novotel, IBIS, Park Plaza, Aloft), premium segment residential complexes (Adarsh Palm Retreat, Mantri Espana), prestigious schools and colleges (New Horizon College of Engineering, Gear International, Orchids International), well known hospitals (Cloudnine, VIMS &amp; Sakra World Hospital) located within its close proximity.</p>	 <p>View of Food court</p>
<b>Description:</b>	<p>Embassy TechVillage is a Grade A, SEZ and Non-SEZ Park located on the Outer Ring Road, Bengaluru. The Subject property has three components i.e. a completed component, an under-construction component of office, retail and hospitality segment and land on lease.</p> <p><b>Completed Buildings – Block 2A-Aster, Block 2A-West Wing, Block 2B-Hibiscus, Block 2C- Lilac, Block 1A- Carnation, Block 7B- Primrose, Block 2D-Gardenia, Block 5.</b></p> <p>The completed buildings and parts thereof with Occupancy Certificate (OC) collectively admeasure ~6.1 Million sq. ft. of leasable area. Out of which Block 2A-Aster, Block 2A-West Wing, Block 2B-Hibiscus, Block 2C- Lilac, Block 1A- Carnation, Block 7B- Primrose, Block 2D-Gardenia are SEZ buildings and Block 5 is Non-SEZ building.</p>	 <p>View of under-construction portion</p>



	<p><b>Under-Construction – Block 8 (A, B, C &amp; D), Hospitality block along with Convention centre and Retail block, JPM pre-lease/ BTS.</b></p> <p>The under-construction building Block 8 (A, B, C &amp; D) collectively admeasure ~1.8 Million sq. ft. of leasable area. Block A &amp; B is expected to be completed by Q3 FY 2024 and Blocks C &amp; D is expected to be completed by Q4 FY 2024. The Hospitality Block along with Convention centre collectively admeasure ~0.8 Million sq. ft. of built-up area and the Retail block admeasure ~0.1 Million sq. ft. of leasable area. The Hospitality block along with Convention centre and Retail block is expected to be completed by Q2 FY 2025.</p> <p>JPM pre-lease/ BTS admeasures ~1.1 Million sq. ft. of leasable area and is expected to be completed by Q2 FY 2022.</p>	
<b>Total Area:</b>	<p>Total Plot Area: 84.05 Acres</p> <p>Completed Leasable Area – 6,137,842 sq. ft.</p> <p>Under Construction Leasable Area (commercial) – 2,945,002 sq. ft.</p> <p>Under Construction Leasable Area (Retail) – 89,588 sq. ft.</p> <p>Under Construction Area (Hospitality) – 782,669 sq. ft.</p>	

#### MARKET VALUE OF THE SUBJECT PROPERTY

Components	Value in (₹Mn)
<b>ETV</b>	<b>91,310</b>
<i>Completed</i>	78,666
<i>Under Construction</i>	12,644
<b>JPM pre-lease/ BTS (Under Construction)</b>	<b>11,507</b>
<b>Total</b>	<b>1,02,817</b>

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

## TABLE OF CONTENTS

<b>Disclaimer .....</b>	<b>1</b>
<b>Executive Summary .....</b>	<b>2</b>
<b>A REPORT .....</b>	<b>6</b>
1 Instructions .....	6
2 Professional Competency of The Valuer.....	6
3 Independence and Conflicts of Interest.....	7
4 Purpose of Valuation.....	7
5 Basis of Valuation .....	8
6 Valuation Approach & Methodology.....	8
7 Assumptions, Departures and Reservations .....	9
8 Inspection .....	9
9 General Comment .....	9
10 Confidentiality.....	10
11 Authority .....	10
12 Reliant Parties .....	10
13 Limitation of Liability.....	11
14 Disclosure and Publication.....	11
15 Anti-Bribery & Anti-Corruption .....	11
<b>B BENGALURU CITY REPORT.....</b>	<b>13</b>
1 Bengaluru Office Market Overview.....	14
1.1 Bengaluru- Supply, Absorption & Vacancy.....	16
1.2 Recent Private Equity Deals in Bengaluru .....	16
2 Embassy TechVillage Micro-Market.....	17
2.1 Office Market Overview .....	17
2.2 Micro Market- Rental Trend Analysis .....	20
2.3 Micro Market- Supply, Absorption & Vacancy.....	22
2.4 Existing and Upcoming Infrastructure .....	26
2.5 Office Market Outlook.....	28
2.6 Micro Market- Residential Developments .....	29
3 Bengaluru Retail Market Overview .....	30
3.1 Retail Mall – Stock, Supply and Vacancy Trends.....	32
3.2 Bengaluru Retail Outlook.....	33
3.3 Micro Market Retail Overview .....	34
4.1 Hotel Performance Indices.....	40
4.2 Micro market Overview .....	42
4.3 Outlook for Hospitality Sector in Bengaluru .....	43
<b>C PROPERTY REPORT .....</b>	<b>45</b>
1. Address, ownership and title details of Subject property.....	46
1.1 Encumbrances .....	46
1.2 Revenue Pendencies.....	46
1.3 Material Litigation .....	46
2 Location.....	47
2.1 General .....	47
2.2 Accessibility.....	48
2.3 Ground Conditions.....	48
2.4 Environmental Considerations .....	48
2.5 Town Planning and Statutory Considerations.....	48



3	Subject property - Asset Description .....	49
3.1	Key Asset Information .....	53
3.2	Property Inspection .....	55
3.3	Investigation and nature and source of information .....	56
3.4	Tenant Profile.....	57
3.5	Lease Expiry Profile.....	58
4	Valuation Approach & Methodology.....	59
4.1	Asset-specific Review:.....	59
4.2	Micro-market Review: .....	59
4.3	Cash Flow Projections: .....	59
5	Assumptions considered in Valuation (DCF Method) .....	61
5.1	ETV Valuation .....	61
5.2	CAM Valuation - ETV.....	72
6	Market Value.....	75
<b>D</b>	<b>ANNEXURES.....</b>	<b>76</b>
	Annexure 1: Cash Flows .....	77
	Annexure 2: Ownership Structure.....	83
	Annexure 3: Property Master Plan.....	84
	Annexure 4: Property Photographs .....	85
	Annexure 5: Statement of assets .....	86
	Annexure 6: List of sanctions and approvals .....	87
	Annexure 7: Material Litigation .....	88
	Annexure 8: Ready Reckoner Rate.....	90
	Annexure 9: Major Repairs Undertaken and Proposed in the Subject Property .....	91
	Annexure 10: Caveats & Limitations .....	92





**From:** Shubhendu Saha, MRICS  
IBBI Registered Valuer (L&B)  
(IBBI/RV/05/2019/11552)

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

**Property:** Embassy TechVillage located at Outer Ring Road, Bengaluru

**Report Date:** 12<sup>th</sup> November 2020

**Valuation Date:** 30<sup>th</sup> September 2020

## **A REPORT**

### **1 Instructions**

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

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

Mr. Shubhendu Saha the Valuer for the Subject Property/ Business is registered as a valuer with the Insolvency and Bankruptcy Board of India (IBBI) for the asset class Land and Building under the provisions of The Companies (Registered Valuers and Valuation) Rules, 2017 since 15 May 2019. He completed his Bachelor’s in Planning from the School of Planning and Architecture, New Delhi in 1997 and Master’s in Management Studies from Motilal Nehru National Institute of Technology, Allahabad in 1999.

Mr. Saha has more than 20 years of experience in the domain of urban infrastructure and real estate advisory. He was the national practice head of Valuation Advisory services of DTZ International Property Advisers Private limited (now known as Cushman and Wakefield Property Advisers Private Limited), a leading International Property Consulting firm in India, from 2009 to 2015. He also led the business solutions and

consulting services for the property management business of Cushman and Wakefield India Private Limited from 2015 to 2017. In early part of his career he worked with renowned organisations like ICRA Limited, Copal Research (now known as Moody's Analytics) and National Council of Applied Economic Research. His last employment was with PwC as Director Real Estate Advisory before he started his practice as an independent valuer.

As the leader of valuation services business at DTZ, Mr. Saha authored India specific guidelines of the RICS Valuation Standards ('Red Book') for financial accounting, taxation and development land, which became part of the 7th edition of Red Book. He undertook valuation of India's first listed portfolio of healthcare assets at Singapore Stock Exchange as a Business Trust and led numerous valuation exercises for multiple private equity/real estate funds, financial institutions, developers and corporates across asset classes of commercial, retail, residential and hospitality. His clientele included Air India, HDFC, Religare Health Trust, Duet Hotels, DLF, RMZ, Embassy Group, Citibank, Tishman Speyer, IL&FS, HSBC, IDFC, Ascendas India etc. Most recently he was appointed as Valuer of the portfolio of Mindspace REIT for the purpose of proposed listing under SEBI (REIT) Regulations, 2014.

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

The Valuer confirms that there are no conflicts of interest in so far as discharging his duties as a valuer for the subject property/ business is concerned and has undertaken the valuation exercise without the presence of any bias, coercion, or undue influence of any party, whether directly connected to the valuation assignment. There has not been any professional association with the Client or the Subject Property in past five years from the date of this report. The Valuer is eligible to undertake this valuation assignment under the REIT Regulations, including Regulation 12 & 21.

The Valuer has invested in the units of Embassy REIT at the time of its IPO and declares that he shall not undertake any transactions with respect to units of Embassy REIT till the time he is designated as Valuer and not less than six months after ceasing to be the Valuer of the Embassy REIT. The Valuer or any of his employees involved in valuing the assets of the REIT have not invested nor shall invest in securities of any of the Subject Property being valued till the time he is designated as Valuer and not less than six months after ceasing to be a Valuer of the REIT.

### **4 Purpose of Valuation**

The Report is being prepared to be relied upon by the Reliant Parties and inclusion, as a whole, a summary thereof or any extracts of the report, in any documents prepared in relation to purchase of the Subject Property/ Business by the REIT and any fund-raising for this purpose, including , any information memorandum, preliminary placement document and placement document intended to be filed with the Securities and Exchange Board of India ("SEBI"), the stock exchanges or any other relevant regulator within or outside India, and in any other documents to be issued or filed in relation to such fund-raising, including any preliminary or final international offering documents for distribution to investors inside or outside India, and any publicity

material, research reports, presentations or press releases and any transaction document or communication to the unitholders or sellers (collectively, the “Placement Documents”)

## 5 Basis of Valuation

It is understood that the valuation is required by the Client for proposed purchase of the Subject Property/ Business by Embassy REIT under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended, together with clarifications, circulars, guidelines and notifications. Accordingly, the valuation exercise has been carried out to estimate the “Market Value” of the Subject Property/ Business in accordance with IVS 104 of the IVSC International Valuation Standards issued on 31 July 2019, effective from 31 January 2020 and allowed to be adopted prior to the effective date.

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

## 6 Valuation Approach & Methodology

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

### Market Approach

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

### Income Approach

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

### Income Approach - Direct Capitalization Method

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

### Income Approach - Discounted Cash Flow Method

Using this valuation method, future cash flows from the property are forecasted using precisely stated assumptions. This method allows for the explicit modelling of income associated with the property. These

future financial benefits are then discounted to a present-day value (valuation date) at an appropriate discount rate. A variation of the Discounted Cash Flow Method is illustrated below:

### **Discounted Cash Flow Method using Rental Reversion**

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

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

For the purpose of the valuation of CAM Business, Income Approach - Discounted Cash Flow Method has been adopted.

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

This valuation report has been prepared on the basis of the assumptions within the instructions (Caveats & Limitations) detailed in Annexure 9 of this report. The development mix, built up area, land area and lease details such as lease rent, lease commencement and lease end date, lock – in period, escalation terms, etc. pertaining to the subject property is based on the appropriate relevant documents which has been provided by the Client and the same has been adopted for the purpose of this valuation. All measurements, areas quoted/ mentioned in the report are approximate figures.

## **8 Inspection**

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

## **9 General Comment**

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

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

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

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



## 10 Confidentiality

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

## 11 Authority

The valuation services are being provided solely for the benefit and use of the Reliant Party(ies) by the Valuer. The report(s) may not be used for any other purpose other than the expressly intended purpose as mentioned in the LOE and the report(s). They are not to be used, circulated, quoted or otherwise referred to for any other purpose, nor are they to be filed with or referred to in whole or in part in any document without the prior written consent of the Valuer where such consent shall be given at the absolute, exclusive discretion of the Valuer. Where they are to be used with the Valuer's written consent, they shall be used only in their entirety and no part shall be used without making reference to the whole report unless otherwise expressly agreed in writing by the Valuer. Notwithstanding the above, we consent to the usage of the report or a summary thereof for any filings and communications with the Manager to the Embassy REIT, the sellers, its unitholders, the trustee, their respective advisers and representatives, and in any placement documents as part of the purpose mentioned in the LOE. We further consent to copies or extracts of the report being used in publicity material, research reports, presentations and press releases in relation to the annual /semi-annual reports, financials and any other reporting requirements/disclosures required to be made, including submission of the report to SEBI and the stock exchanges. Any reliance by any party other than the Reliant Party on the valuation report will be on their own accord.

## 12 Reliant Parties

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

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

### 13 Limitation of Liability

- The Valuer has provided the services exercising due care and skill but does not accept any legal liability arising from negligence or otherwise to any person in relation to possible environmental site contamination or any failure to comply with environmental legislation which may affect the value of the property. Further, the Valuer shall not accept liability for any errors, misstatements, omissions in the report caused due to false, misleading or incomplete information or documentation provided to him by the Instructing Party.
- The Valuer's maximum aggregate liability for claims arising out of or in connection with the Valuation Report, under this contract shall not exceed INR 30 Million (Rupees Thirty Million Only) as agreed upon in the LoE dated 21<sup>st</sup> September, 2020.
- In the event that any of the Sponsors, Manager, Trustee, Embassy REIT in connection with the proposed purchase of the Subject property/ business be subject to any claim ("Claim Parties") in connection with, arising out of or attributable to the Valuation, the Claim Parties will be entitled to require the Valuer, to be a necessary party/ respondent to such claim and the Valuer shall not object to his inclusion as a necessary party/respondent. In all such cases, the Manager agrees to reimburse/ refund to the Valuer, the actual cost (which shall include legal fees and external counsel's fee) incurred by the Valuer while becoming a necessary party/respondent. If the Valuer does not cooperate to be named as a party/respondent to such claims in providing adequate/successful defence in defending such claims, the Claim Parties jointly or severally will be entitled to initiate a separate claim against the Valuer in this regard and the Valuer's liability shall extend to the value of the claims, losses, penalties, costs and liabilities incurred by the Claim Parties.
- The Valuer will neither be responsible for any legal due diligence, title search, zoning check, development permissions and physical measurements nor undertake any verification/ validation of the zoning regulations/ development controls etc.

### 14 Disclosure and Publication

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

### 15 Anti-Bribery & Anti-Corruption

Both Parties represents, warrants and undertakes that:

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



---

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

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



---

## **B BENGALURU CITY REPORT**



## 1 Bengaluru Office Market Overview

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

Particulars	India*	Bengaluru	Outer Ring Road	CBD/ Off-CBD	Peripheral East	Peripheral South
<b>Total completed stock Q3 2020**</b> (Million sq. ft.)	583.5	152.2	70.4	6.6	29.5	10.4
<b>Current occupied stock Q3 2020</b> (Million sq. ft.)	493.1	140.0	69.3	6.2	24.2	9.4
<b>Current Vacancy Q3 2020 (%)</b>	15.5%	8.0%	1.5%	6.2%	17.8%	9.1%
<b>Future Supply – Q4 2020 – 2022</b> (Million sq. ft.)	95.5	22.8	8.8	0.7	5.0	1.0
<b>Market Rent – Q3 2020</b> (INR/ sq. ft./ month)	77.0	82.6	107.0	161.0	68.0	65.0

Source: Cushman & Wakefield Research

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

\*\*Please Note: Q3 2020 refers to quarter ending as on 30<sup>th</sup> September 2020 throughout this report.

Out of the total commercial stock of 583.5 Million sq. ft. in India, nearly 26% of the stock is in Bengaluru. This shows the attractiveness of Bengaluru among the major Indian cities. The total occupied stock in Bengaluru is

approximately 28.4% of the occupied stock in India. Also, Bengaluru accounts for approximately 23.9% of the upcoming future supply in India.

Bengaluru is the capital of the State of Karnataka and is located in the south east of the state. Greater Bengaluru is spread over a total area of over 786 sq. km. (conurbation area)<sup>1</sup> with a population of around 9.5 Million.

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

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

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

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

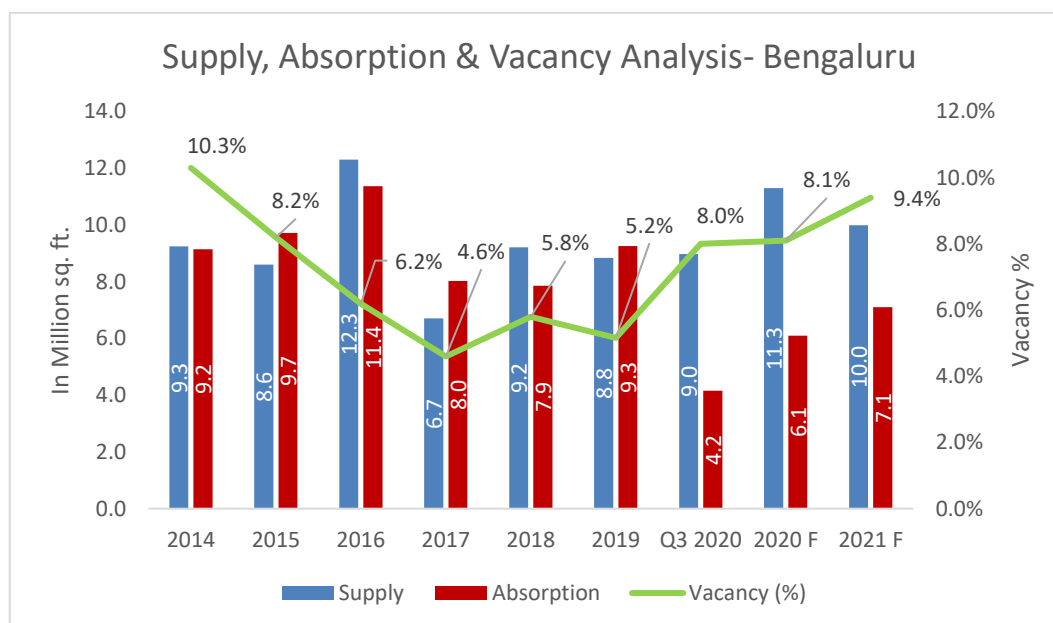
- **Information Technology (IT) capital:** Bengaluru is referred as India's information technology capital. It is home to many IT global firms such as Microsoft, Yahoo, Wipro, Infosys, IBM, GE, Google, Accenture, TCS etc.
- **Biotechnology Centres:** Bengaluru is a hub for biotechnology centres and houses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

---

<sup>1</sup> [www.bdaBengaluru.org](http://www.bdaBengaluru.org)

## 1.1 Bengaluru- Supply, Absorption & Vacancy

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



*Source: Cushman & Wakefield Research*

*Note: 1. Future supply estimates are based on analysis of under construction buildings, however future absorption estimates are derived basis past trend, current vacancy and estimated supply. Vacancy estimates are based on supply and absorption trend.*

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

## 1.2 Recent Private Equity Deals in Bengaluru

1. In January 2020, RMZ Corp and Japan's Mitsui Fudosan have entered into a joint venture to develop 3.5 Million sq. ft. of commercial space in RMZ Ecoworld in Outer Ring Road, Bengaluru. This is Mitsui Fudosan's maiden investment in the Indian market. Under the joint venture, the two firms plans to invest \$1 Billion to set up commercial spaces in Indian cities of Mumbai, Bengaluru and Delhi.
2. In September 2019, Blackstone Group, a prominent private equity fund acquired Global Village Tech Park in Bengaluru for approximately INR 2,800 crore from Coffee Day Enterprises. Global Village Tech Park is located on Mysore Road, Bengaluru and is spread over 90 acres.

## 2 Embassy TechVillage Micro-Market

### 2.1 Office Market Overview

The Outer Ring Road micro market can be divided into three corridors:

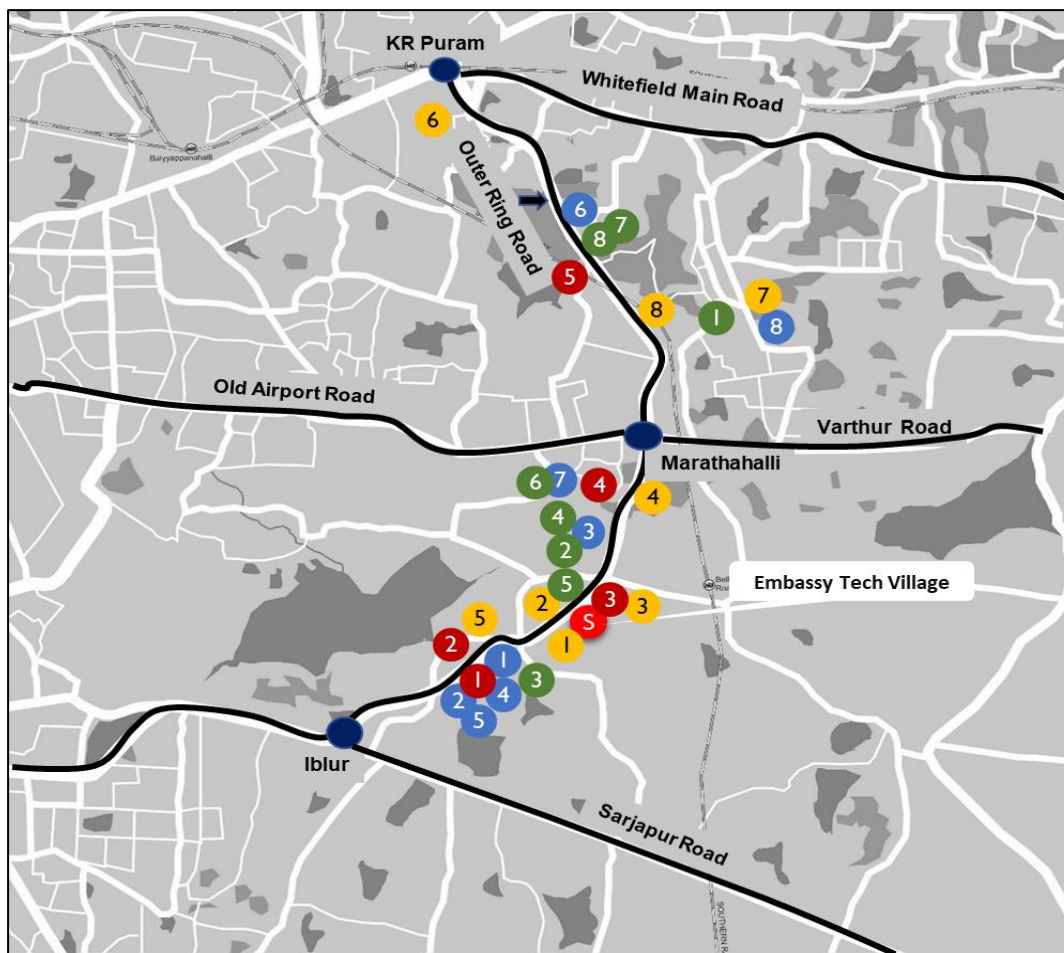
3. Outer Ring Road (Sarjapur-Marathahalli)
4. Outer Ring Road (Marathahalli-KR Puram)
5. Outer Ring Road (KR Puram-Hebbal)

The subject property lies in the Outer Ring Road (Sarjapur-Marathahalli) stretch which is an established peripheral commercial micro-market. Due to poor connectivity of other peripheral micro-markets such as Whitefield and Electronic City during the early 2000's, ORR emerged as an alternative commercial destination in early 2003. Since then the micro-market has grown to become an established commercial corridor of the city. The micro-market is connected to the suburban micro-markets of Old Airport Road and Domlur towards its west, K R Puram towards its north, Varthur towards its east and Sarjapur Road towards its south. Bellandur Lake lies in the west of the subject micro-market. The micro-market has a mix of commercial, residential and retail activities.

Some of the well-established commercial developments in the micro market of ORR (Sarjapur- KR Puram) and it's adjoining areas of Brookefield and Old Airport Road include RMZ Ecospace, RMZ Ecoworld, Prestige Tech Park, Cessna Business Park, Embassy Tech Square, Bagmane World Technology Centre, Divyasree Technopolis, Embassy TechVillage, Global Technology Park, Bagmane Constellation Business Park, Pritech Park among others. The upcoming under construction (including proposed) supply in the micro market of ORR (Sarjapur- KR Puram) and it's adjoining areas of Brookefield and Old Airport Road in the next 2-3 years is approximately 9.0 Million sq. ft.

The micro market has the presence of prominent educational institutions and hospitals such as New Horizon College of Engineering, New Horizon Gurukul, Lowry Educational Institutions, Sakra World Hospital, Brookefield Hospital, Aayug Multi Speciality Hospital and VIMS Super Specialty Hospital among others. In terms of retail developments, the micro market has a number of standalone retail developments to cater to the demand generated by the commercial and residential catchments. Some of the standalone retail stores include, Croma, More Hypermarket, Westside, Hometown, Bakasur, Brand Factory, Innovative Multiplex etc.

The micro-market has presence of many residential projects by well-known developers like Prestige group, Sterling, Divyasree, Sobha developers, Vaswani, Mantri etc. Few of the residential projects in the locality includes Sobha Iris, Soul Space Arista, Alpine Eco, Mantri Espana, Vajram Esteva, Sterling Ascentia, The Central Regency Address, Prestige Silver Crest etc. Additionally, there are multiple hospitality projects at various stages of development in the locality. Some of existing hotels in the micro-market are Radisson Blu, Novotel & Ibis, Aloft, Sarovar Portico, Courtyard by Marriott, Fairfield by Marriott.



**S** Subject Property

Map Not to Scale

**●** Key Commercial Developments **●** Social Infrastructure

**●** Lifestyle Infrastructure

**●** Proposed Commercial Developments

Key Commercial Developments	Social Infrastructure	Hospitality Developments	Proposed Commercial Developments
1. RMZ Eco World	1. New Horizon College of Engineering	1. Courtyard & Fairfield by Marriott	1. Bagmane Solarium City-Xenon Block
2. RMZ Eco Space	2. Patel Pre-University College	2. Novotel & Ibis	2. Prestige Tech Park 4
3. Prestige Tech Park	3. Geetanjali Olympiad School	3. Aloft	3. RMZ Eco World 4D
4. Global Technology Park	4. SGR Dental College	4. Radisson Blu	4. Prestige Tech Pacific Park



Key Commercial Developments	Social Infrastructure	Hospitality Developments	Proposed Commercial Developments
5. Pritech Park	5. Sakra World Hospital	5.Sarovar Portico	5. Helios Business Park (Block D&E)
6. Bagmane World Technology Centre	6. Lowry Educational Institutions		6. Divyasree Technopolis (Block 8)
7. Divyasree Technopolis	7. Brookefield Hospital		7. Bagmane Capital- Rome (North & South Blocks)
8. Kalyani Platina	8. Birthright by Rainbow Hospital		8. Bagmane World Technology Centre (Opal Block)

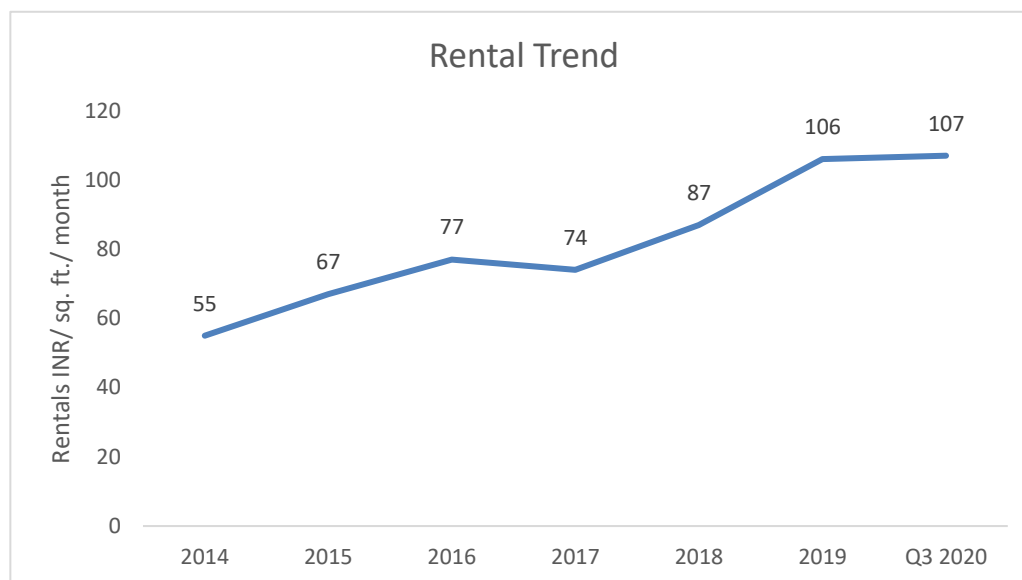
Source: Secondary Market Research<sup>2</sup>

<sup>2</sup> Secondary Market Research refers to data available in public domain and information received through discussion with multiple market participants.

## 2.2 Micro Market- Rental Trend Analysis

The rentals in ORR have been growing at a CAGR of approximately 12% from 2014 to Q3 2020. This is driven by the limited supply in the market with increasing demand for office space in close proximity to the Outer Ring Road.

Diminishing vacancy levels with only 1.5% vacancy in the micro market in Q3 2020 in comparison to the 3.3% vacancy in 2018 and 6.6% vacancy in 2014, rentals are further expected to improve due to limited expected future supply and current lower vacancy.



Source: Cushman & Wakefield Research

Some of the prominent transactions in the ORR (Sarjapur-KR Puram) and it's adjoining areas are tabulated below-

Tenant	Development	Location	Area Leased (sq. ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of facility
Nutanix	Prestige Tech Park (Mercury)	ORR (Sarjapur-Marathahalli)	196,571	Q2 2019	96	Warm Shell
Deloitte	Divyasree Technopolis (Block F)	Old Airport Road	520,400	Q2 2019	79	Warm shell
Cognizant	Bagmane Solarium City (Neon)	Brookefield	483,000	Q2 2019	58	Warm shell
Google	Bagmane Capital-Kyoto	ORR (Marathahalli-KR Puram)	450,000	Q2 2019	87	Warm shell



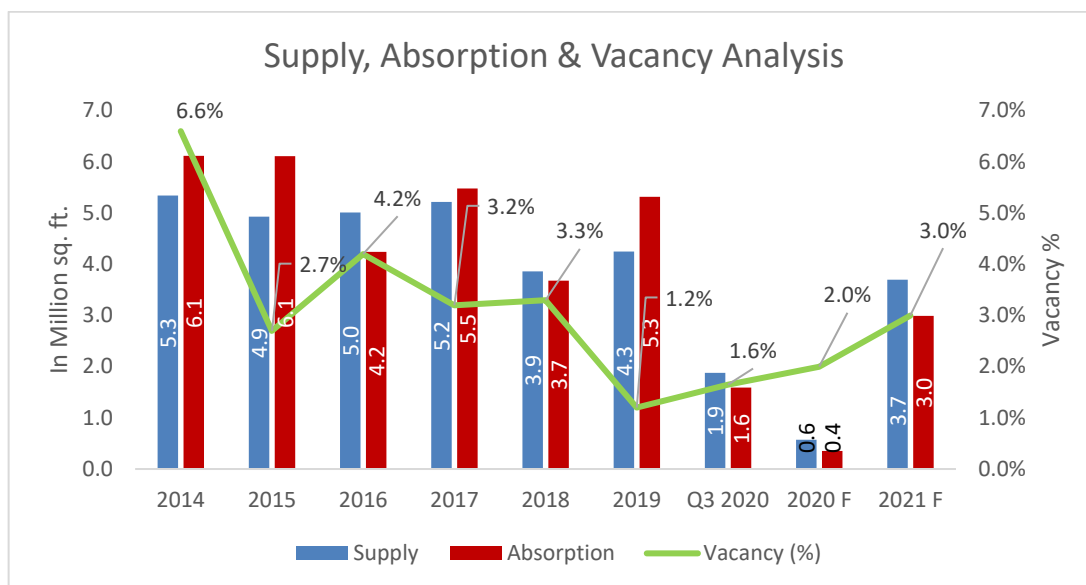
Tenant	Development	Location	Area Leased (sq. ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of facility
Vmware	Global Technology Park (Block D & E)	ORR (Sarjapur-Marathahalli)	200,000	Q3 2019	91	Warm Shell
Walmart	Prestige Cessna Park 10	ORR (Sarjapur-Marathahalli)	456,419	Q3 2019	79	Warm shell
Plan B	Bagmane Capital-Luxor	ORR (Marathahalli-KR Puram)	256,000	Q4 2019	72	Warm shell
Google	Bagmane Capital-Kyoto	ORR (Marathahalli-KR Puram)	425,000	Q1 2020	88	Warm shell
Danske IT	RMZ Eco World (5B)	ORR (Sarjapur-Marathahalli)	136,887	Q1 2020	60	Warm shell
First Abu Dhabi Bank	Bagmane Capital-Luxor	ORR (Marathahalli-KR Puram)	128,000	Q1 2020	92	Warm shell
GSK	Bagmane Capital-Luxor	ORR (Marathahalli-KR Puram)	145,000	Q2 2020	93	Warm shell
BNP Paribas	Bagmane Capital-Luxor	ORR (Marathahalli-KR Puram)	60,000	Q2 2020	93	Warm shell
Minion Ventures	Salarpuria Softzone	ORR (Sarjapur-Marathahalli)	19,877	Q2 2020	118	Furnished
Intel	RMZ Ecospace	ORR (Sarjapur-Marathahalli)	500,000	Q3 2020	87	Warm shell
Target	Manyata NXT	ORR (Sarjapur-Marathahalli)	275,000	Q3 2020	145	Furnished
Visa	Bagmane WTC - Aquamarine	ORR (Marathahalli-KR Puram)	36,000	Q3 2020	95	Warm shell

Source: Secondary Market Research



## 2.3 Micro Market- Supply, Absorption & Vacancy

A snapshot of the supply, absorption and vacancy trend for ORR (Sarjapur-KR Puram) and its adjoining areas is as below –



*Source: Secondary Market Research*

*Note: 1. Future supply estimates are based on analysis of under construction buildings, however future absorption estimates are derived basis past trend, current vacancy and estimated supply. Vacancy estimates are based on supply and absorption trend.*

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

- The total stock of commercial office space in the ORR (Sarjapur-KR Puram) and its adjoining areas as on Q3 2020 is approximately 58.9 Million sq. ft. (Grade A office space)
- The total net absorption of commercial office space in the ORR (Sarjapur-KR Puram) during 2018 has been approximately 3.7 million sq. ft. and during 2019 total net absorption was approximately 5.3 Million sq. ft. The total net absorption in the micro market as on Q3 2020 is approximately 1.6 Million sq. ft.
- As on 2019, the net absorption in the ORR (Sarjapur-KR Puram) was 1.3 times the supply leading to reduced vacancy levels and depicting increasing demand in the area.
- The vacancy level for office space in ORR (Sarjapur-KR Puram) dropped to 1.5% in Q3 2020 from 3.3% in 2018.
- The supply in this ORR (Sarjapur-KR Puram) as on Q3 2020 was 1.9 Million sq. ft. In 2019 supply was 4.3 Million sq. ft. in comparison to the 3.9 Million sq. ft. supply in 2018, and 5.3 Million sq. ft.

in 2014. Also, the future supply in this ORR (Sarjapur-KR Puram) from Q4 2020 to 2022 is 9.0 Million sq. ft.

- The ORR (Sarjapur-KR Puram) and its adjoining areas witnesses the highest absorption in the city indicating high demand of office spaces in the location. Pre-commitments from top global companies have been prevalent in this micro market because of the diminishing ready to move in supply of office space.

Some of the prominent operational commercial developments in the ORR (Sarjapur-KR Puram) include:

Building Name	Developer	Location	Year of Completion	Completed Super Built up area (Million sq. ft.)	Vacancy as on Q3 2020 (sq. ft.)	Warm shell Quoted Rentals (INR per sq. ft. per month)	Main Occupiers
RMZ Ecoworld	RMZ Corp	ORR (Sarjapur-Marathahalli)	2008-2017	7.2	Nil	95-100	All State Insurance, Standard Chartered, KPMG
Bagmane World Technology Centre	Bagmane Developers	ORR (Marathahalli-KR Puram)	2009-2019	5.9	Nil	95-100	Dell EMC, Ernst & Young, Accenture
Pritech Park	Primal Projects	ORR (Sarjapur-Marathahalli)	2008-2013	5.2	63,000	90-95	HPE, Global Logic, DELL
Bagmane Constellation Business Park	Bagmane Developers	ORR (Marathahalli-KR Puram)	2012-2018	4.0	93,744	95-100	Samsung, Amazon
Prestige Cessna Park	Prestige Group	ORR (Sarjapur-Marathahalli)	2008-2020	3.8	3,857	90-95	Cargill, Rubrik, Micron
RMZ Ecospace	RMZ Corp	ORR (Sarjapur-Marathahalli)	2006	3.3	83,000	90-100	Intuit, HSBC, Zycus
Prestige Tech Park	Prestige Group	ORR (Sarjapur-Marathahalli)	2006-2014	2.8	54,907	90-95	Nutanix, Amadeus, Cult Fit
Divyasree Technopolis	DivyaSree Developers	Old Airport Road	2005-2016	2.1	Nil	95-100	Logica,
Global Technology Park	Maple Tree	ORR (Sarjapur-Marathahalli)	2009-2017	2.0	Nil	95-98	Linkedin, Synechron, GSN Games
Bagmane Capital	Bagmane Developers	ORR (Marathahalli-KR Puram)	2019-2020	1.9	46,914	87-100	Google, First Abu Dhabi Bank, Plan B



Building Name	Developer	Location	Year of Completion	Completed Super Built up area (Million sq. ft.)	Vacancy as on Q2 2020 (sq. ft.)	Warm shell Quoted Rentals (INR per sq. ft. per month)	Main Occupiers
Helios Business Park (Phase I)	Kalyani Group	ORR (Sarjapur-Marathahalli)	2018	1.5	Nil	NA	Goldman Sachs (BTS)

Source: Secondary Market Research

Some of the pre-commitments in ORR (Sarjapur-KR Puram) in year 2019 are:

Tenant	Development	Location	Area Leased (sq. ft.)	Date of Transaction	Rent (INR per sq. ft. per month)	Type of Facility
Deloitte	Divyasree Technopolis (Block F)	Old Airport Road	520,400	Q2 2019	79	Warm shell
Twilio	RMZ Eco World (Campus 30)	ORR (Sarjapur-Marathahalli)	250,000	Q4 2019	92	Warm shell

Source: Secondary Market Research

The ORR (Sarjapur-KR Puram) and its adjoining areas are preferred by companies because of the already well-established market with close proximity and accessibility for employees to residential developments, and its connectivity to various IT parks and SEZs. The demand is also driven by the rising interests from Global companies. With multi-national companies driving a major portion of leasing activity in India, it can also be expected for corporates from APAC and EMEA to choose India especially Bengaluru as their outsourcing destination in the coming future. Currently, approximately 5 to 6 lakhs people are working in the belt of ORR (Sarjapur-KR Puram) and its adjoining areas.

In the recent past, companies such as Goldman Sachs, HSBC and Myntra have integrated all its business facilities located at various micro markets in Bengaluru by occupying space in the ORR (Sarjapur-KR Puram) and its adjoining areas due to its strategic location and attractiveness. As per market information, companies such as Oracle, Amazon, Intuit and Uber are looking for consolidation of its space in this micro market.

Some of the prominent under construction commercial developments in the ORR (Sarjapur-KR Puram) include:

Building Name	Developer	Location	Year of Completion	Super Built up area (Million sq. ft.)	Construction Status
Helios Business Park Phase II (Block D & E)	Kalyani Developers	ORR (Sarjapur-Marathahalli)	2020-2021	1.1	Under-construction
Bagmane World Technology Centre (Opal Block)	Bagmane Developers	ORR (Marathahalli-KR Puram)	2021	0.6	Under-construction
Bagmane Capital (Rome)	Bagmane Developers	ORR (Marathahalli-KR Puram)	2021	1.0	Under-construction
Bagmane Solarium City (Xenon Block)	Bagmane Developers	Brookefield	2021	1.0	Under-construction
Embassy TechVillage	Embassy Group	ORR (Sarjapur-Marathahalli)	2021-2023	3.3	Under-construction
RMZ Eco World (4D)	RMZ Corp	ORR (Sarjapur-Marathahalli)	2022	0.6	Under-construction
Prestige Tech Pacific Park	Prestige Group	ORR (Sarjapur-Marathahalli)	2023	0.7	Under-construction
Bagmane Rio-Ohio	Bagmane Developers	ORR (Marathahalli-KR Puram)	2022	1.2	Under-construction
Divyasree Technopolis (Block 8)	DivyaSree Developers	Old Airport Road	2022	1.0	Under-construction
Prestige Tech Park Phase 4	Prestige Group	ORR (Sarjapur-Marathahalli)	2022	0.5	Under-construction

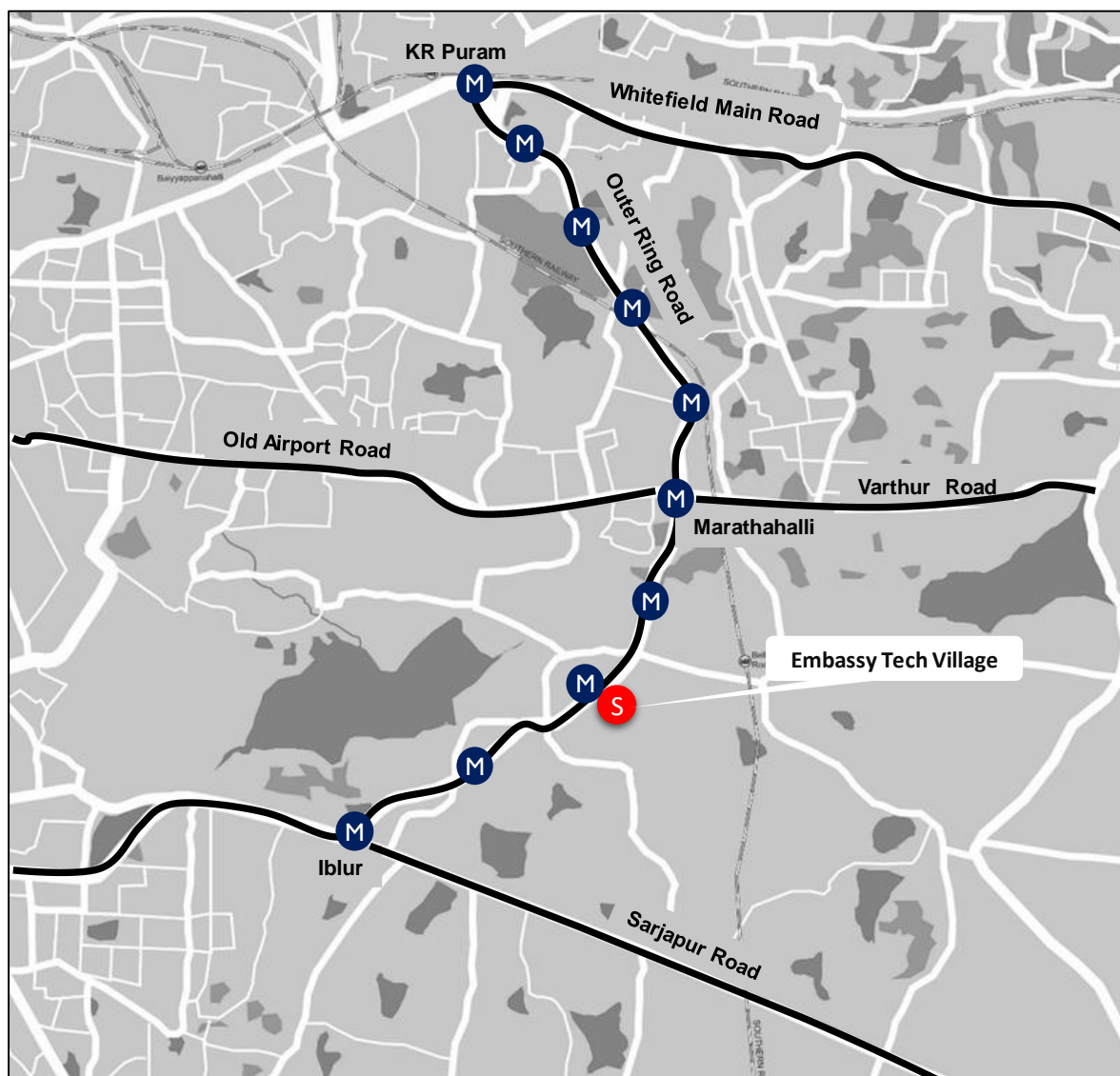
Source: Secondary Market Research

Some of the prominent owned campus developments in the ORR (Sarjapur-KR Puram) include:

Owner	Location	Approximate Built up Area (in Million sq. ft.)
Intel Technology	ORR (Sarjapur-Marathahalli)	~0.7
Honeywell Technology	ORR (Sarjapur-Marathahalli)	~0.7
Cisco Systems	ORR (Sarjapur-Marathahalli)	~3.0
Goldman Sachs	ORR (Sarjapur-Marathahalli)	~1.5
Adobe	ORR (Sarjapur-Marathahalli)	~1.1

Source: Secondary Market Research

## 2.4 Existing and Upcoming Infrastructure



(Map not to Scale)

The ORR (Sarjapur-KR Puram) micro market is well connected with Bengaluru city by the Outer Ring Road which further connects it to the Old Airport Road, Whitefield Main Road and Sarjapur Road. The upcoming metro line connectivity in Phase 2 of the metro construction will provide good connectivity from the other parts of the city to ORR (Sarjapur-KR Puram). As per the Bengaluru Metro Rail Corporation Limited (BMRC) website, tenders for project management consultancy services are floated in the market for civil construction works of the metro line in Phase 2 and the last date for the bidding for the same is 27<sup>th</sup> November, 2020.

The ORR signal-free-corridor project has made majority of the section of ORR, from Sarjapur Road to Hebbal, signal-free (by construction of underpasses and flyovers). The Bruhat Bengaluru Mahanagara Palike (BBMP) is in the process of inviting tenders for construction of approximately 25 skywalks on the ORR. This will ease the pedestrian and vehicular movement along the stretch.

Key Statistics for the Outer Ring Road Market (Sarjapur-KR Puram) and its adjoining areas\* are:

Particulars	Details
<b>Total completed stock (Q3 2020)</b>	Approximately 58.9 Million sq. ft.
<b>Current occupied stock (Q3 2020)</b>	Approximately 57.9 Million sq. ft.
<b>Current Vacancy (Q3 2020)</b>	Approximately 1.7%
<b>Future Supply (Q4 2020 – 2022)</b>	Approximately 9.0 Million sq. ft.

*Source: Secondary Market Research*

In the total completed stock of 70.4 Million sq. ft. on the Outer Ring Road, the ORR (Sarjapur-KR Puram) micro market and its adjoining areas contributes approximately 83.7% of the total stock (~58.9 Million sq. ft.). The micro market also contributes approximately 38.7% of the total stock in Bengaluru.

\*Please Note: The adjoining areas for the ORR (Sarjapur-KR Puram) micro market includes Brookefield and Old Airport Road.



---

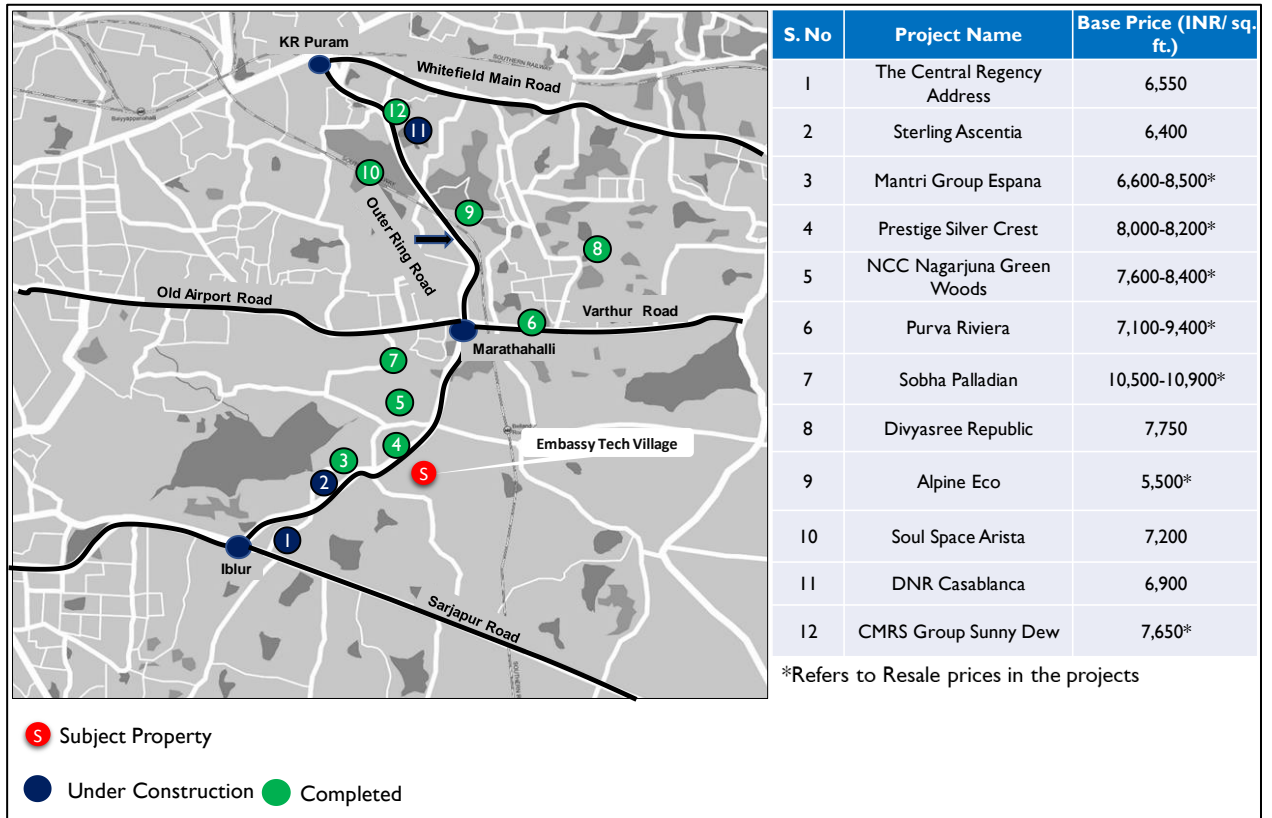
## 2.5 Office Market Outlook

Novel Coronavirus disease (Covid-19) has been declared as a pandemic by the World Health Organization (WHO). Measures adopted by governments across the globe in form of lockdowns, restricting economic activities, people movement, etc. have disrupted businesses and economies. In India as well, the government has adopted similar measures to contain the spread of Covid-19 which has caused business disruption impacting the economic activity. Though the magnitude of the pandemic and its future impact on businesses is difficult to predict due to the uncertainties caused by Covid-19, the commercial real estate sector has so far shown reasonable resilience to the disruptions caused by Covid-19 and therefore we expect Covid-19 pandemic to have a short term impact on the demand for commercial real estate. We expect the long-term demand for commercial real estate to remain intact and therefore our valuation assumptions reflect our long-term expectation while taking into account any short-term impacts.

Current quoted market rentals in the ORR is in the range of INR 90-95 per sq. ft./ month. Further, over 2014-Q3 2020 the rentals in the ORR grew at a CAGR of approximately 12.2%. Going forward, considering the Covid-19 scenario, we are of the opinion that the rentals in the micro market are expected to be stable for the next 18 months upto March 2022. Further, the upcoming Metro Corridor will have a positive impact on the rentals and an annual growth rate of 5-7% in the market rentals appears achievable from Q1 FY 2023.

## 2.6 Micro Market- Residential Developments

The below map shows prominent residential apartment developments in the micro market:



Source: Secondary Market Research

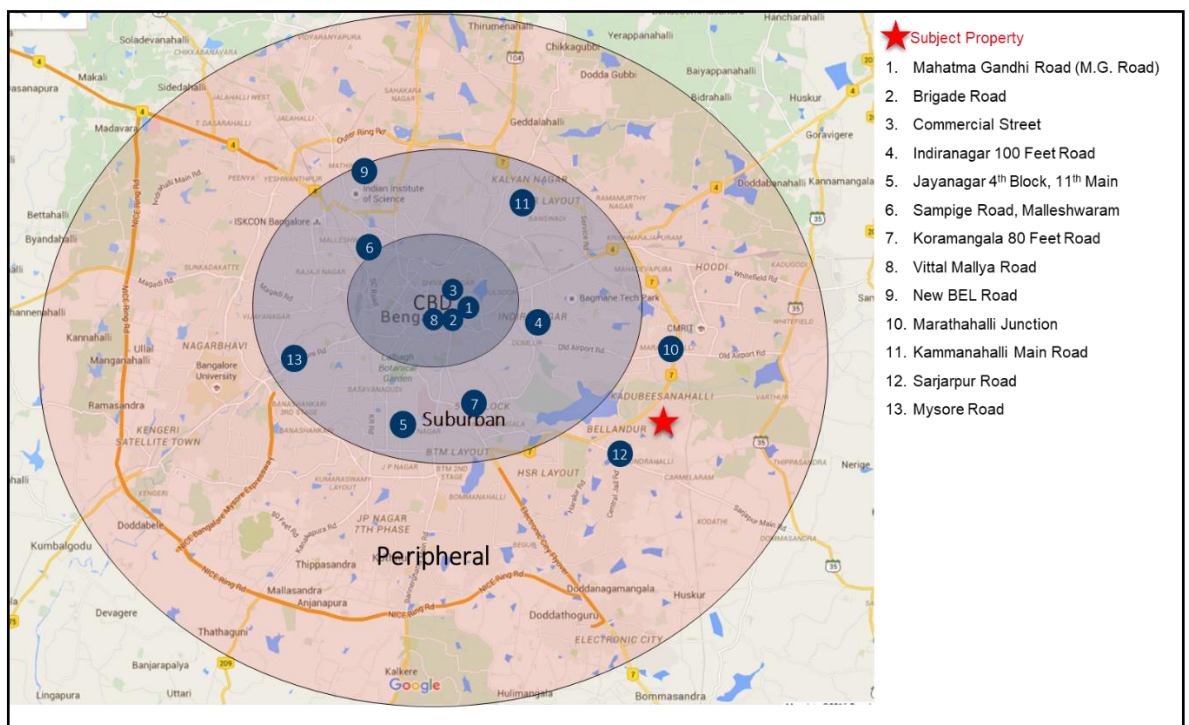
The micro-market of ORR (Sarjapur-KR Puram) and its adjoining areas has presence of many residential projects by well-known developers like Prestige group, Sterling, Divyasree, Sobha developers, Vaswani, Mantri etc. Few of the residential projects in the locality includes Sobha Palladian, Divyasree Republic, Prestige Silver Crest, Sterling Ascentia etc. The micro market has plethora of residential options ranging from gated apartment developments with attractive amenities such as swimming pool, club house, gymnasium, sports area etc. to presence of several standalone residential developments and paying guest facilities to cater to the increasing demand for housing in the area.



### 3 Bengaluru Retail Market Overview

The evolution of the retail market in the city started from high streets and the last decade has witnessed the development of various malls in the city. The traditional high streets were located on MG Road, Brigade Road, Commercial Street, Malleshwaram, Jayanagar, etc. The leasable area of grade A malls in the city is approximately 11.4 Million sq. ft. as on Q3 2020, occupied by major brands across all retail segments such as Shoppers Stop, Lifestyle, Westside, D Mart, Central, Reliance, Big Bazaar, etc. The city also has a presence of luxury mall called – “The Collection Mall” which has luxury brands such as Louis Vuitton, Diesel, Burberry, Salvatore Ferragamo, Canali, Jimmy Choo, etc. Demand for quality retail space has remained active (in locations such as North Bengaluru, East Bengaluru, and South Bengaluru) because of increase in residential development and development of commercial clusters in these areas of the city.

The following map gives an overview of the city with its major retail micro markets:



(Map not to Scale)

The table below highlights the characteristics of each of the submarkets in the city:

Micro-market	Profile
Central Business District (CBD) & Off Central Business District (Off CBD)	A mix of malls and organized & unorganized high street. Presence of one luxury mall as well.
Suburban Business District (SBD)	A mix of organized and unorganized high street and malls along with standalone developments.
Peripheral Business District (PBD)	Unorganized high street retail. Presence of large malls and standalone developments.

Majority of the mall developments have been in the suburban / peripheral regions of the city because of the availability of large land parcels. and the city expanding in terms of residential and commercial developments from the CBD areas to the peripheral regions.

The table below highlights some of the prominent malls across Bengaluru with their prime rental values (sorted on basis of completion date):

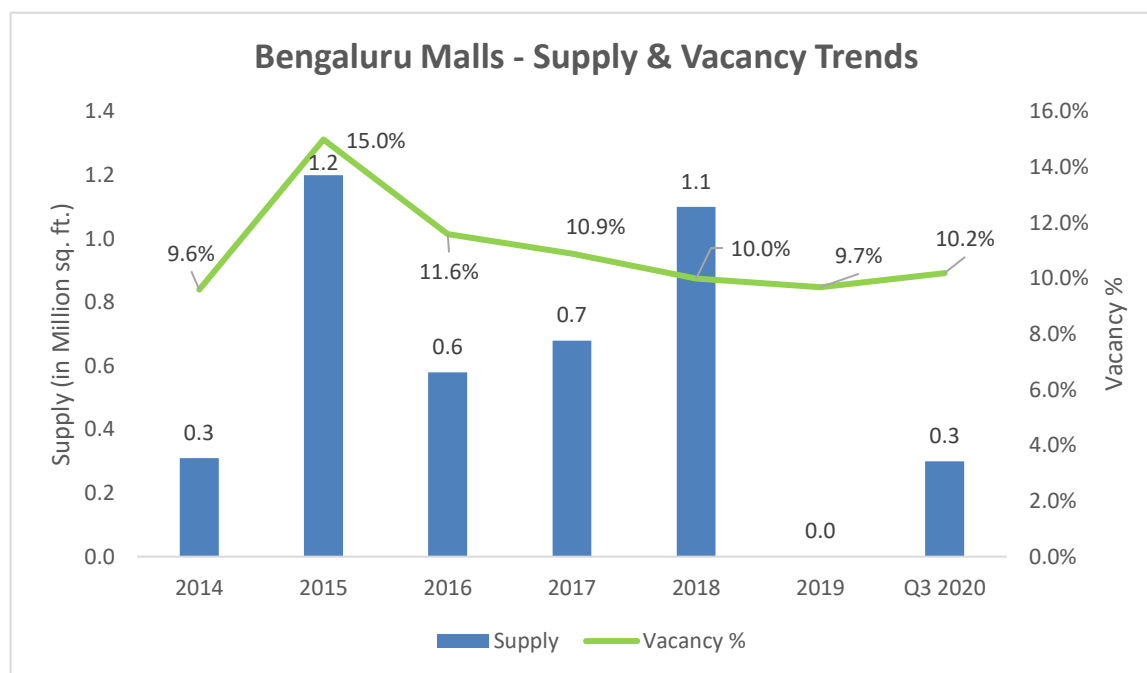
Project Name	Developer	Completion Date	Gross Leasable Area (sq. ft.)	Location	Prime Rent – Q3 2020 (INR per sq. ft. per month) *
The Forum	Prestige Group	2004	365,000	Koramangala	420
Garuda Mall	Euroamer Garuda	2005	280,000	Magrath Road	400
The Collection	Prestige Group	2008	88,900	Vittal Mallya Road	400
Phoenix Market City	Phoenix	2011	980,000	Whitefield	180
Brigade Orion	Brigade Group	2012	820,000	Malleshwaram-Rajajinagar	280

\* Prime Rent quoted on carpet area basis for Vanilla stores at ground floor

Source: Secondary Market Research

Owing to COVID 19 pandemic and its consequent lockdown and curfews, most of the retail stores were yet to resume their business during Q3 2020. Majority of the retailers have started focusing on cost optimisation, consolidation of their businesses and implementing alternate channels of sales. The retail outlets and malls being shut due to the city wide lockdown has led to the vacancy levels during Q3 2020 being similar to that of the previous quarter with no significant changes. The pandemic has also led to the completion of upcoming malls being deferred by 2-3 quarters with no new supply expected for the remaining last quarter of 2020. Retail brands were already negotiating with the landlords for rental waivers and discounts during the quarter, which is expected to be seen in action in the forthcoming quarters. With respect to the high streets, landlords were noted to be offering a discount of 5-10% on the quoted rentals. The impact of COVID 19 pandemic on the retail businesses, especially in terms of rental income is likely to reduce as the market improves gradually.

### 3.1 Retail Mall – Stock, Supply and Vacancy Trends



*Source: Secondary Market Research*

The mall vacancy levels in Bengaluru during Q3 2020 remained the same as first half of 2020, with the vacancy levels estimated to be around 10.16%. Overall vacancy levels have been stable because of limited supply additions during the period. During Q1 2020, Orion Uptown mall with a total leasable area of approx. 250,000 sq. ft. became operational in Old Madras Road.

The details of a few of the upcoming malls in the next 2-3 years are listed below:

Upcoming Mall	Location	Expected Completion Date	Total Built-up Area (in sq. ft.)
Aishwarya Mall	Majestic	Q2 2021	2,50,000
Sobha Global Mall	Rajaji Nagar	Q3 2021	10,00,000
Mantri Arena	Kanakapura	Q3 2021	9,00,000
Salarpuria Sattva Divinity	Mysore Road	Q3 2021	2,50,000
Bhartiya City Centre	Thanisandra Road	Q3 2021	8,00,000
Forum Rex Walk	Brigade Road	Q1 2022	2,40,000
Mahendra's Millennium Mall	Electronic City	Q4 2022	2,50,000

Upcoming Mall	Location	Expected Completion Date	Total Built-up Area (in sq. ft.)
Prestige Falcon City Forum	Kanakapura	Q1 2023	4,00,000
Forum 13 Degrees North	North Bengaluru	Q4 2023	12,00,000

Source: Secondary Market Research

### 3.2 Bengaluru Retail Outlook

Owing to COVID 19 pandemic and its consequent lockdown and curfews, most of the retail stores were yet to resume their business during Q2 2020. Majority of the retailers have started focusing on cost optimisation, consolidation of their businesses and implementing alternate channels of sales. The retail outlets and malls being shut due to the city wide lockdown has led to the vacancy levels during Q2 2020 being similar to that of the previous quarter with no significant changes. The pandemic has also led to the completion of upcoming malls being deferred by 2-3 quarters with no new supply expected for the remaining last quarter of 2020.

The impact of COVID 19 pandemic on the retail businesses, especially in terms of rental income is likely to reduce as the market improves gradually. The gradual relaxation in lockdown rules began from June 2020 owing to which there was an increase in the retail activity in the high streets although less than the Pre COVID level of activity. For those retail spaces in prominent high streets which had been leased pre COVID, started witnessing store openings and increased fit out activities during Q3 2020. For the mall developments, despite the negative impact of COVID, there were no noticeable changes in the vacancy levels, nor any major tenant exits during Q3 2020 owing to the negotiations between the landlord and the tenants.

Few of the retail sectors which witnessed higher volume of sales in malls and high streets despite the overall retail sales volume being sluggish during Q2 and Q3 2020 were consumer electronics, hypermarkets and Consumer durable industry. F&B sector was one of the major sectors affected by COVID with cautious customers and reduced footfalls.

Retail brands in prominent malls were already negotiating with the landlords for rental waivers and discounts during the quarter, which is expected to be seen in action in the forthcoming quarters. A rental discount of 10-15% is expected to be offered by the developers of prominent malls in the next few months. With respect to the high streets, landlords were noted to be offering a discount of 5-20% on the quoted rentals. The rental discounts and other negotiations in the lease terms being witnessed in malls and high streets is expected to be a limited trend to support the retailers during this slowdown, and this trend is not expected to continue and is likely to return to normalcy once the businesses improve over time.

### 3.3 Micro Market Retail Overview

The subject micro market is Outer Ring Road (Sarjapur- KR Puram) and its adjoining areas of Brookefield and Old Airport Road. The retail development in the micro-market comprises of shopping mall development, standalone retail developments and other retail formats such as restaurants, pubs, hypermarkets, furniture stores, car showrooms, electronic & appliances stores etc. The micro market being predominantly an IT corridor with the presence of few large scale residential developments such as Sobha Hibiscus, Purva Riviera, Durga Petals, Adarsh Palm Retreat and Prestige Silver Crest; the retail developments in this market cater to the working populace and the residents in the vicinity. The majority of the retail developments viz., Innovative Multiplex, KLM Fashion Mall etc. are concentrated towards the Marathahalli Junction which is also one of the old retail high streets of Bengaluru.

Soul Space Spirits in Outer Ring Road, Bellandur is an operational standalone retail development in the micro market. It is largely let out to Central & PVR. Located on a 2.2 acres land abutting the Outer Ring Road, Soul Space Spirit is a large format retail development with a built-up area of approximately 0.4 Million sq. ft. Soul Space Spirit is located in proximity to the various IT/ITeS companies and Business parks. It offers fashion and apparel options (Central by Pantaloons Group), entertainment options (PVR) and various F&B options (McDonalds, KFC, Pizza Hut).

Another major operational standalone retail development in this micro market is Soul Space Arena located on Outer Ring Road, Doddanakundi. It is occupied by anchor tenants including Shoppers Stop, Pantaloons and PVR.

The current stock in terms of grade A mall development in the micro market is approx. 0.1 million sq. ft. Cosmos Mall in Brookefield is the grade A mall development in the micro-market which is already operational.

The micro-market has a good blend of standalone retail developments, some of the prominent ones include:

- Grocery & Departmental Stores: More Mega Store, Village Super Market, Nature's Basket
- Food and Beverages: Absolute Barbeque, The Black Pearl, Topsy Bull, Bhagini Andhra Restaurant, Flechazo Marathahalli
- Clothing stores: KLM Fashion Mall, Kalamandir, Westside
- Electronics and Appliances: Pai International, Girias, Croma, Reliance Digital
- Furniture: Hometown, Urban Home Studio
- Entertainment: Innovative Multiplex
- Fitness Centres: Cult Fitness, Slash Fitness
- Automobile: Maruti Suzuki Arena, Ananda Honda, Elite Ford



The table below provides the details of the existing organized retail developments in the micro-market:

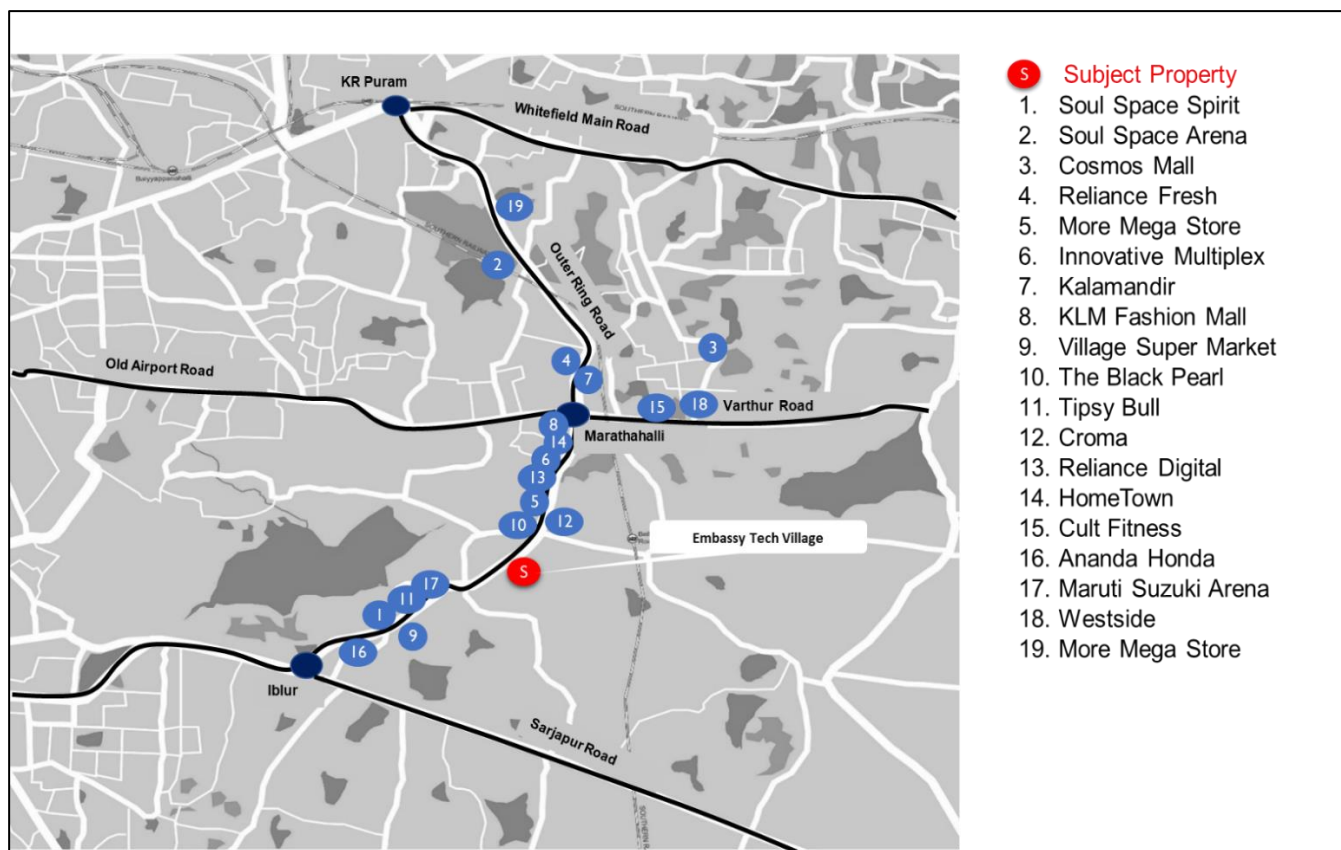
Name of Mall	Location	Developer/ Owner	Leasable Area (sq. ft.)	Year of Completion	Average Quoted Rent – Q3 2020 (INR per sq. ft. per month)	Major Tenants	Vacancy % (Q3 2020)
Cosmos Mall	Brookefield	Vaswani Group	~ 1,30,000	~2006	~100**	Max, Reliance Digital, Inox	~4%
Soul Space Spirit	Outer Ring Road, Bellandur	Soul Space by BLK	~ 3,00,000	~2011	~65-75*	Central, PVR	Nil
Soul Space Arena	Outer Ring Road, Doddanakundi	Soul Space by BLK	~1,42,000	~2011	~150-175**	Shoppers Stop, Pantaloons, PVR	~40%

\*Rental Range is for anchor tenant occupying larger spaces.

Source: Secondary Market Research

\*\* Prime Rent quoted on carpet area basis for Vanilla stores at ground floor

The map below shows the list of prominent retail developments in the micro market is as below:



(Map not to Scale)

Some of the retail lease transactions in the micro market are as under:

Tenant Name	Leasable Area (sq. ft.)	Rental (INR per sq. ft. per month)	Location	Time of Transaction
Drunken Monkey	1,000	~ 100	Marathahalli	Q2 2018
Reliance Jewels	2,000	~ 150	Opp. More Mega Store, Marathahalli	Q3 2019
BIBA	2700	~ 93	Marathahalli	Q4 2019
Peter England	3000	~ 117	Marathahalli	Q4 2019
Lenskart	1,000	~ 120	Marathahalli	Q3 2019

Source: Secondary Market Research



The recent trend in the commercial and retail real estate sector in Bengaluru is the integration of commercial office spaces, retail developments and hospitality developments into one integrated mixed-use development. Several Tech parks in this micro market have their own retail space within them catering mostly to the employees in that tech park but not exclusive for them. These are usually leased out to F&B brands including cafes, restaurants, pubs & gyms.

Some of the tech parks in the micro market with such retail brands include RMZ Ecoworld, RMZ Ecospace and Global Technology Park among others.

The developers apart from local retail brands, also lease their spaces to global retail brands to cater to the global corporate companies within these tech parks and to stand out as a world class employment hub.

Some of the prominent retail lease transactions within tech parks in the micro market includes:

Tenant Name	Leasable Area (sq. ft.)	Rental (INR per sq. ft. per month)	Location	Time of Transaction
Chianti	2,353	~ 100	IndiQube Edge	Q2 2019
Third Wave Coffee Roasters	1,225	~ 95	IndiQube Edge	Q2 2019
Blue Tokai	1,194	~ 110	IndiQube Edge	Q4 2019

*Source: Secondary Market Research*



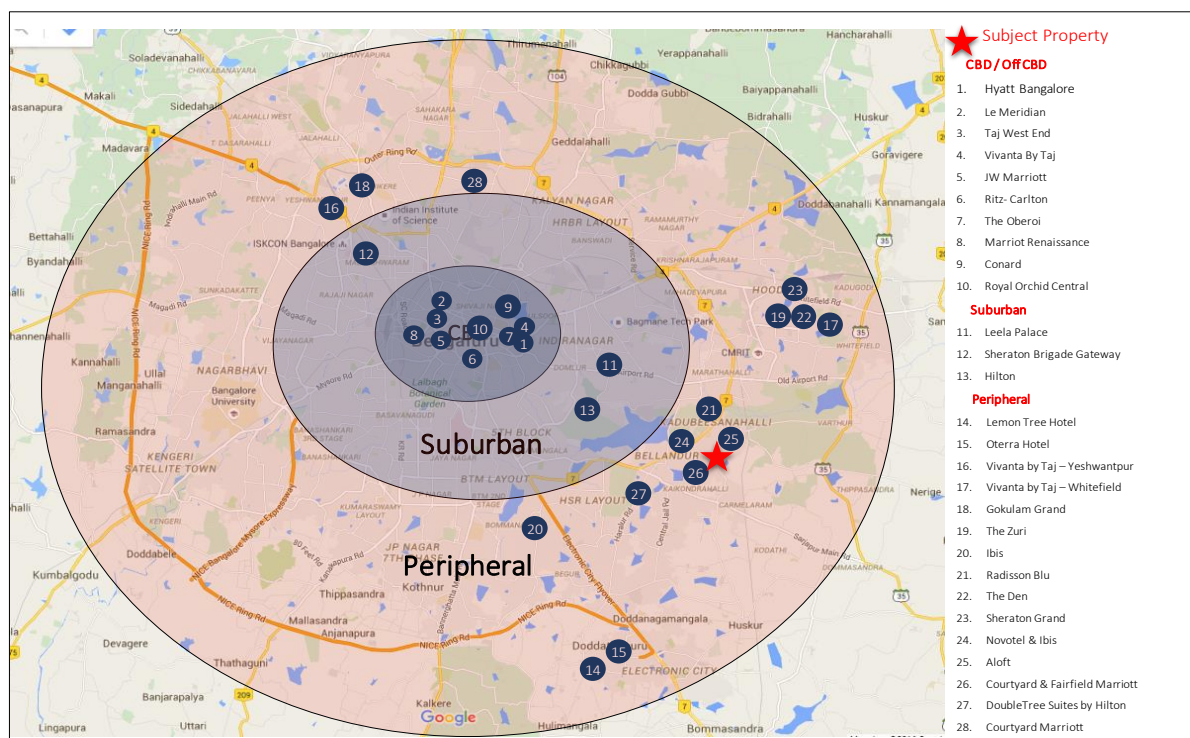
#### 4 Bengaluru Hospitality Market Overview

Bengaluru, often referred to as the Silicon Valley of India (or the IT Capital of India) has been experiencing a boom in the hospitality sector for more than past 5 years. Hotels in Bengaluru have always gained an edge over other cities in terms of tariffs as well as the customer segment. The city has so far commanded the highest ARR (Average Room Rates) in India and has experienced the highest occupancy of foreign traffic in the country. Development of IT/ITeS companies, Tech parks and Business parks has increased the MICE (Meetings, Incentives, Conferences & Exhibitions) activities in Bengaluru and business travellers' segment alone contributes to about 85-90% absorption of the premium segment rooms. Most of the hotels in the upscale / upper upscale / luxury categories launched in the past 5 - 6 years, are located in micro-markets away from the city centre. The occupancy and the Average Room Rates have stabilised in most of these micro markets over the last few years. Some of the new entrants in the upscale / upper upscale / luxury categories include The Renaissance, Conrad, Radisson Blu, Aloft, Courtyard Marriott, Sheraton Grand – Whitefield, Shangri-La, JW Marriott, and Ritz Carlton. Bengaluru had a total inventory of close to 14,287 keys as of FY 2019, with organized segment comprising approximately 60-70% of the total inventory. In this organized sector, as of FY 2019, the upscale segment has the highest inventory, followed by Midscale, upper-midscale, budget and lastly luxury.

The year 2020 started on a positive note with strong performances in January and February. The outbreak of the Novel Coronavirus (COVID-19) was declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020. This has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors with hospitality sector being one of the most adversely impacted sectors. As on April 2020, the occupancies dropped by 31.6% and the RevPAR decreased by 57.8% in India. The estimated total revenue loss for 2020 is approximately INR 89,813 Cr. The unorganized sector is expected to take a maximum hit in revenue followed by organized and semi-organized sector. Majority of the hotels in Bengaluru are driven by the corporate tie-ups and MICE events. The work from home concept being adopted by more and more IT and ITeS companies have further caused adverse impact on the hotels in Bengaluru specifically in the markets of Outer Ring Road, Peripheral East and Peripheral South.

The pandemic situation resulted in huge migration of construction labours across different states. Most of the construction activities came to a halt for around 2-3 months resulting in a considerable delay in upcoming supply of hotels.

The following map highlights the prominent hotels in Bengaluru.



Source: Secondary Market Research

The list of few of the prominent hotels in Bengaluru is as under:

Hotel	Micro Market	Keys
Leela Palace	Suburban East	352
Hilton	Suburban East	247
Lemon Tree	Peripheral East	130
Vivanta by Taj Whitefield	Peripheral East	199
Zuri	Peripheral East	162
Sheraton Grand	Peripheral East	360
The Oterra Hotel	Peripheral South	222
Ibis	Peripheral South	185
Lemon Tree	Peripheral South	175
Radisson Blu	ORR	234
Novotel	ORR	215
Ibis	ORR	311
Aloft	ORR	166
DoubleTree Suites by Hilton	ORR	172
Courtyard Marriott	ORR	170
Fairfield Marriott	ORR	166

Source: Secondary Market Research

Few of the prominent upcoming hotels in Bengaluru are as below:

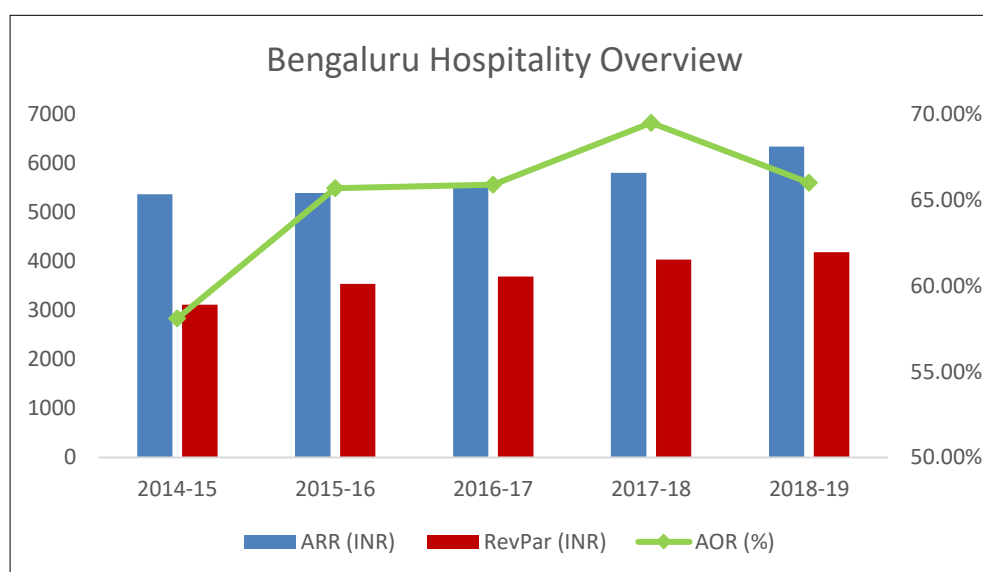
Hotel Name	Keys	Expected Year of Opening	Micro Market
Hilton Garden Inn	353	2022	Manyata Tech Park Hebbal
Hilton Hotels & Resorts	266	2022	Manyata Tech Park Hebbal
Hard Rock Hotel	210	2021	Whitefield
Hilton DoubleTree	183	2021	Whitefield
J W Marriott	299	2022	North Bengaluru
Hilton Hotels & Resorts, Hilton Garden Inn	518	2024	ORR (Marathahalli-Sarjapur)

Source: Secondary Market Research

The estimated year of opening is based on general information available in the market. However, construction of few hotels has got delayed.

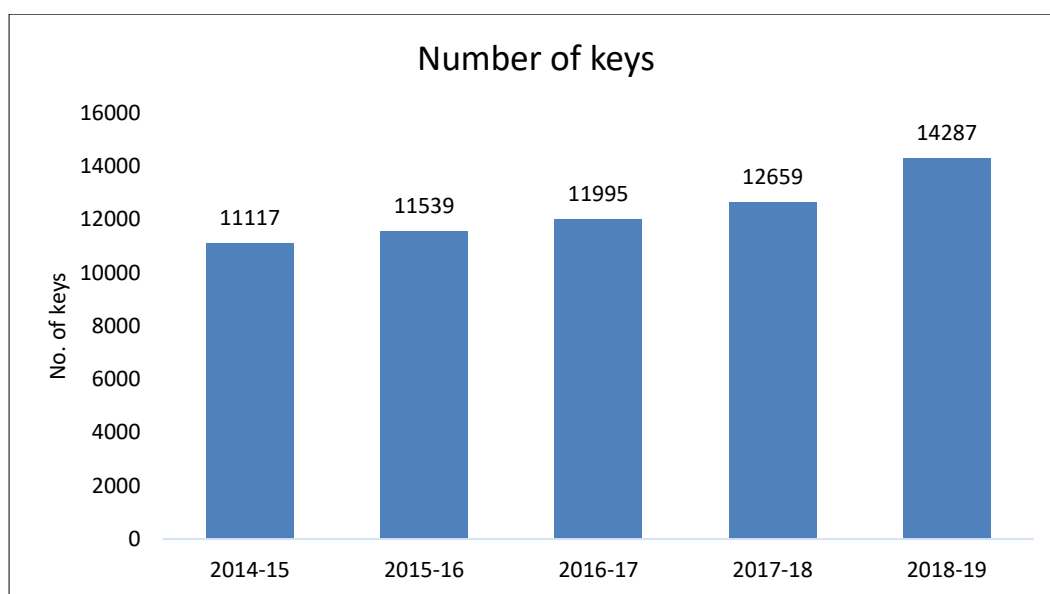
#### 4.1 Hotel Performance Indices

The Average Occupancy Rate (AOR) of Bengaluru, was found to be approx. 66% in FY 2019 vis-à-vis approx. 69.5% in 2018. This was mainly due to additional supply in the city. The AOR had increased to approx. 69.5% in FY 2018 from 58% in FY 2014. The ARR for FY 2018 – 19 was INR 6,339. The ARR has picked up a slight upward trend from FY 2017 – 18. Further, the increased ARR levels have caused a significant increase in Revpar vis-a-vis the previous years. The average RevPAR in Bengaluru had grown by approx. 5% in FY 2019 compared to FY 2018 despite an increase in supply mainly because of increasing demand. This was driven by development and growth of self-sustaining hotel micro markets such as Whitefield, North Bengaluru, ORR, Sarjapur and Electronic City. The ARR has been observed at a higher growth rate of approx. 8% from FY 2018 to FY 2019 via-a-vis growth of 4% in the previous years



Source: Secondary Market Research

Currently, Bengaluru has a large number of international brands such as Accor Hotels, Hilton Worldwide, Intercontinental Hotels Group, Marriott International, etc. operating in the hospitality sector. As of 2018-19, Bengaluru had over 14,287 keys making it the second largest hotel base city in India after New Delhi. The supply in Bengaluru has been steadily growing at a CAGR of 14% and has grown by around 12.9% from 2017-18 to 2018-19. Most of the supply belonged to the organized segment.



Source: Secondary Market Research

Approximately 3,000 rooms proposed under various brand names and likely to hit the city by FY 2023-24. The supply in Bengaluru is expected to grow 21% by FY 2023-24 to approx. 17,287 rooms.

It can be noted that there had been a steady increase in the ARR to INR 6,339 in FY 2018-19 despite the increase in stock in the hospitality segment in Bengaluru. The increase in demand for rooms in the city in last 5 years, is largely because of the increasing commercial developments in the peripheral micro markets and high travel time to other parts of the city. Therefore, hotels located in proximity to these commercial developments and the International Airport get preference by business travellers to the city.

Established micro markets such as Outer Ring Road, Electronic City, Whitefield, Sarjapur, and North Bengaluru are expected to continually perform well, because of strong and growing corporate demand from corporate hubs located in immediate vicinity.

Following table shows the performance of few of the hotels in Bengaluru:

Hotel Name	Type of Hotel	Room Keys	Micro-market	ARR CY 2019 (INR/ room night) (Approximate)	Occupancy CY 2019 (Approximate)
J W Marriott	Luxury	281	CBD/Off CBD	12,000	80-85%
Courtyard by Marriott	Upscale	170	ORR (Marathahalli-Sarjapur)	10,00	75-80%
Novotel	Upscale	215	ORR (Marathahalli-Sarjapur)	9,000	60-65%
Fairfield by Marriott	Midscale	166	ORR (Marathahalli-Sarjapur)	6,200	75-80%
Ibis	Midscale	311	ORR (Marathahalli-Sarjapur)	5,200	65-70%
Lemon Tree	Midscale	130	Peripheral East	3,800	80-85%
Holiday Inn	Midscale	161	Peripheral East	6,000	70-75%

Source: Secondary Market Research

As can be seen in the table, the ARR for upscale hotels in Bengaluru varies between INR 9,100 and 10,100 per room night. These properties have been able to achieve a stabilised occupancy in the range of 60% to 80%. The midscale hotels in Bengaluru are able to fetch ARR in the range of INR 3,900 to 6,200. The stabilized occupancy for these developments falls in the range of 70% to 80%.

## 4.2 Micro market Overview

The subject property lies in the micro market of Outer Ring Road (K R Puram-Sarjapur) towards East of Bengaluru. Outer Ring Road (K R Puram – Sarjapur corridor) is an established peripheral commercial micro-market. Due to poor connectivity of other peripheral micro-markets such as Whitefield and Electronic City during the early 2000's, ORR emerged as an alternative commercial destination in early 2003. Since then, the micro-market has grown to become an established commercial corridor of the city. The micro-market is connected to the suburban micro-markets of Old Airport Road and Domlur towards its west, Old Madras Road towards its north, Mahadevapura and Varthur towards its east and Sarjapur Road towards its south.

The micro market also has presence of prominent educational institutions and hospitals such as New Horizon College of Engineering, Royale Concorde International school, Sakra World Hospital, Columbia Asia and VIMS Super Specialty Hospital among others. In terms of retail developments, the micro market has several standalone retail developments to cater to the demand generated by the commercial and residential catchments. Few of the major standalone retail developments include, Croma, More Hypermarket, Bakasur, Central, Brand Factory, Innovative Multiplex, Soul Space Arena, etc.

The micro market of Outer Ring Road (K R Puram-Sarjapur) is one of the major established commercial micro market of Bengaluru. It accommodates several major commercial developments viz. RMZ Ecospace, Prestige

Tech Park, RMZ Ecoworld, Cessna Business Park, Embassy TechVillage, Bagmane World Technology Centre, Global Technology Park, Pritech Park (SEZ) etc. The subject micro market and its adjoining areas (Old Airport Road & Brookefield) comprises a cumulative Grade A commercial stock of approx. 69 Million sq. ft. as of Q2 2020. The micro market experienced immense demand for residential developments and few of the major developers viz. Prestige, Brigade, Mantri, Sobha, Purvankara etc. have come up with various mid to large scale residential developments in the vicinity of subject micro market. Further, to cater to large number of companies in several tech/business parks of the region, various branded Hotel management companies such as Marriott, Accor, Radisson, Hilton, Starwoods etc. established their hotel brands in and around the subject micro market.

Following are the major hospitality developments in the subject micro market:

Hotel Name	Type of Hotel	Room Keys	Micro-market	ARR CY 2019 (INR/ night) (Approximate)	Occupancy CY 2019 (Approximate)
Courtyard by Marriott	Upscale	170	ORR (Marathahalli-Sarjapur)	10,100	77%
Fairfield by Marriott	Midscale	166	ORR (Marathahalli-Sarjapur)	6,200	77%
Novotel	Upscale	215	ORR (Marathahalli-Sarjapur)	9,000	60%
Ibis	Midscale	311	ORR (Marathahalli-Sarjapur)	5,200	69%

*Source: Secondary Market Research*

As can be seen in the above table, the subject micro market accommodates several branded hospitality developments viz. Courtyard & Fairfield by Marriott hotels, Novotel & Ibis by Accor Hotels, Radisson Blu, Grand Mercure of Accor Hotels, Sarovar Portico of Sarovar Hotels etc. Majority of these developments have been operational in the micro market for atleast 5 years and have achieved operational stability.

**ARR overview:** By the virtue of being located in proximity to various corporate offices, the upscale category hotels in the subject micro market are able to fetch an Average Room Rate (ARR) in the range of INR 9,000 to 10,100 per room night. The ARR was observed to be close to INR 6,200 for the midscale category hotels.

**Occupancy:** The stabilized occupancy rate for upscale category hotels in the subject micro market was observed to be 77% while the midscale category hotels are able to achieve a stabilized occupancy rate in the range of 65% to 77%.

### 4.3 Outlook for Hospitality Sector in Bengaluru

Bengaluru, apart from being the most prominent location for IT companies also houses other industries such as Finance, Telecommunication services, Defence, Aerospace and Banking. Around 80% of the global IT companies have their India operations based out of Bengaluru. The city's current office stock is approximately 147.9 Million sq. ft., with a further 26.79 Million sq. ft. under construction. Most of these developments are



along the Outer Ring Road, Peripheral East and Suburban East which are the IT Corridors. Companies have also started shifting to peripheral North and suburban North due to their proximity to the International airport and reduced traffic congestions. This indicates an economic shift from the CBD to other peripheral and suburban micro markets. This has led to an increase in the number of rooms offered in these micro markets.

The Indian Hospitality sector sailed smoothly into January 2020 after thriving in 2019 with the 2020 targets set even bigger. India started feeling the impact of global COVID-19 turmoil towards the mid of February 2020. Most of the Indian hotels were operating at a significantly lower occupancy rates after Government of India suspending the international flights (on 22<sup>nd</sup> March, 2020) until the country went under total lock down (on 24<sup>th</sup> March, 2020). Post lockdown, the hospitality industry came to a standstill with only a few hotels operating at occupancy rates in single digit catering to the workforce of essential services and as quarantine centres.

A near-complete shutdown of hotels across the nation for well over three months severely impacted many unorganized and branded properties. While assets with high fixed costs, large teams, unfavourable debt service terms and high uncertainty of revenue are finding it extremely difficult to bounce back from their financial woes, a good number of enterprises have begun the process of slowly picking up the pieces and putting a meaningful business back together. Most branded hotel companies are witnessing a surge in queries for transient leisure as well as social MICE bookings. With outbound travel opportunities being scarce and inbound bookings being virtually non-existent, hotels across geographies and price points are likely to rely heavily on domestic leisure (both transient as well as social functions) over the next three to six months. Corporate travel both locally negotiated as well as RFP led, are expected to begin to pick back up only in early to mid-2021. Most hotel operators share the view that pre-COVID commercial room night demand will not be witnessed before the end of next year, if not by sometime in 2022.

One of the positive take away to come out of this pandemic is the re-look and reset that several hotel companies have been forced to do, from an operating cost standpoint. As brands begin their budgeting processes for 2021, one would expect them to focus on keeping many of these costs in check through the revival period, and beyond. Efficient hotel operations and long-term elimination of cost lines that were previously acceptable, and are now clearly identified as unnecessary or excessive, would be a step in the right direction.



---

## **C      PROPERTY REPORT**



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

Address:	Embassy TechVillage, Outer Ring Rd, near New Horizon College, Kaverappa Layout, Devarabisanahalli, Kadabeesanahalli, Bengaluru, Karnataka 560103
Ownership & title details:	Freehold of 82.15 acres + Leasehold of 1.9 acres

*Source: Architect Certificate, Title Report*

### 1.1 Encumbrances

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

Entity	Encumbrance in favour of
VTPL	HDFC Limited, Indusind Bank Limited, South India Bank Limited and IDBI Trusteeship Limited (security trustee of lenders mentioned herein)
SIPL	KKR, SBI and IDBI Trusteeship Limited (security trustee of lenders mentioned herein)

### 1.2 Revenue Pendencies

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

However, as informed to us by the client, two of the existing tenants in the subject property have not paid the rentals for April 2020.

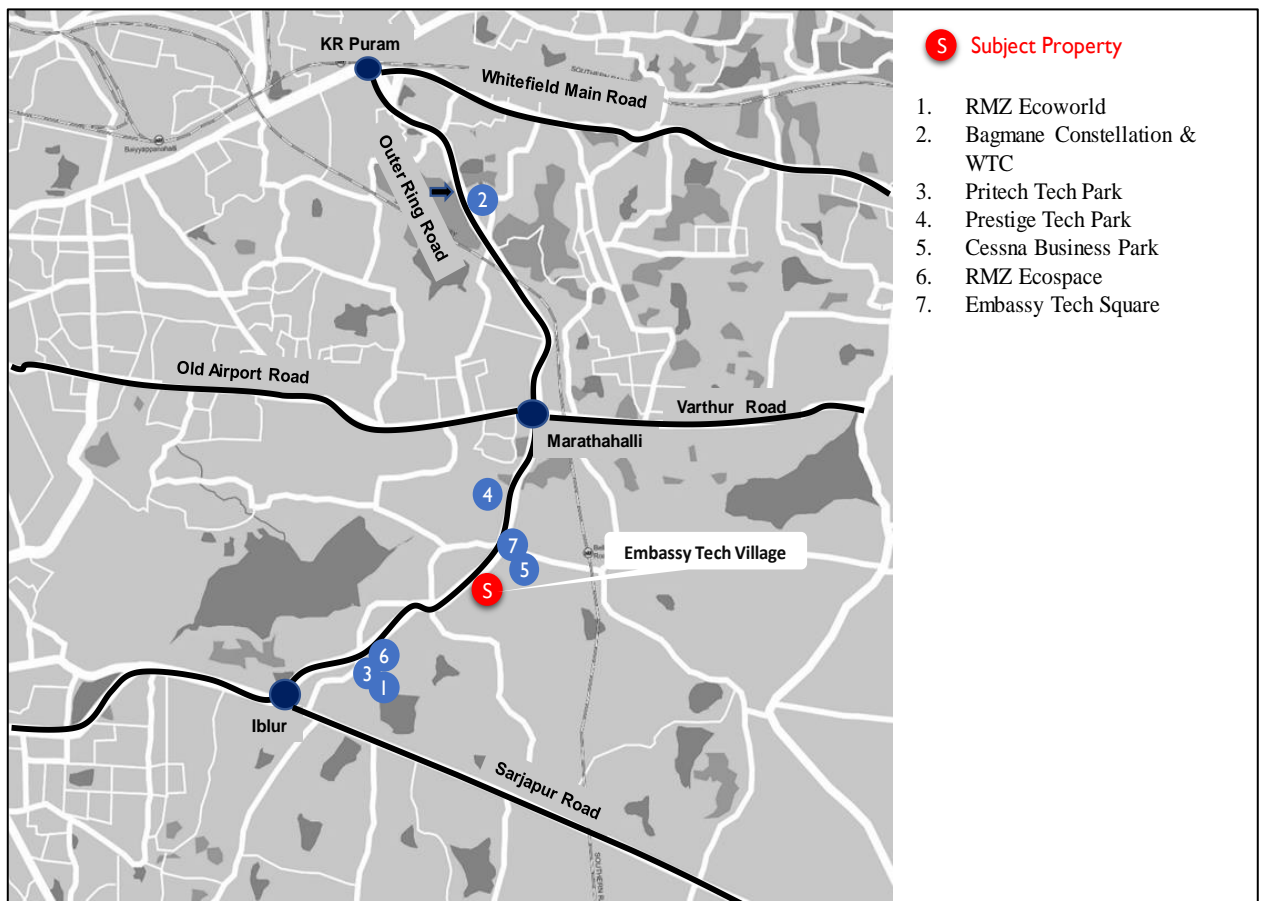
### 1.3 Material Litigation

Based on discussions with the Client and Title Reports shared, there are no material litigation relating to the Subject Property or any compounding charges except for those disclosed in Annexure 7.

## 2 Location

### 2.1 General

The subject property ‘Embassy TechVillage’ is located on the Sarjapur- Marathahalli stretch of Outer Ring Road, Bengaluru. It connects to Sarjapur Road towards the south and Old Airport Road towards the north which further enhances its connectivity to other parts of the city. It is strategically located close to Krishnarajapuram Railway Station, with well-established commercial centres (RMZ Ecospace, RMZ Ecoworld, Cessna Business Park, Prestige Tech Park, Pritech Park SEZ), renowned hotels (Novotel, IBIS, Park Plaza, Aloft), premium segment residential complexes (Adarsh Palm Retreat, Mantri Espana), prestigious schools and colleges (New Horizon College of Engineering, Gear International, Orchids International), well known hospitals (Cloudnine, VIMS & Sakra World Hospital) located within its close proximity. The location map of the Subject property is set out below:



The subject property is spread out over ~84.05 acres of land parcel. Located on the Outer Ring Road, the Subject property enjoys good frontage and has a relatively flat topography with no significant variations in the height of the land.

## 2.2 Accessibility

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

- Approximately 9-10 kms from K R Puram Railway Station
- Approximately 15-16 kms from M G Road Metro Station
- Approximately 19-20 kms from Bengaluru Railway Station
- Approximately 47-48 kms from Kempegowda International Airport

The Subject property is well accessible to different parts of the city through the Outer Ring Road. It also has access to basic urban infrastructure in terms of power, water supply and municipal sewerage system. The property photographs of the Subject property are attached in Annexure 3.

## 2.3 Ground Conditions

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

## 2.4 Environmental Considerations

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

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

## 2.5 Town Planning and Statutory Considerations

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

### 3 Subject property - Asset Description

Embassy TechVillage Asset, an office park located in Bengaluru comprising:

- i. Commercial development by Vikas Telecom Private Limited (“VTPL”) consisting of approximately 6.1 Million sq. ft. of completed office area, approximately 2.0 Million sq. ft. of under-construction area and 518 proposed hotel keys along with the associated business of common area maintenance services (ETV).
- ii. 1.1 Million sq. ft. of under-construction area being developed by Sarla Infrastructure Private Limited (“SIPL”), which has been fully pre-leased to JP Morgan Services India Private Limited, along with the associated business of common area maintenance services (JPM pre-lease/BTS).

**Completed Buildings – Block 2A-Aster, Block 2A-West Wing, Block 2B-Hibiscus, Block 2C- Lilac, Block 1A- Carnation, Block 7B- Primrose, Block 2D-Gardenia, Block 5.**

The completed buildings and parts thereof with Occupancy Certificate (OC) collectively admeasure ~6.1 Million sq. ft. of leasable area. Out of them Block 2A-Aster, Block 2A-West Wing, Block 2B-Hibiscus, Block 2C- Lilac, Block 1A- Carnation, Block 7B- Primrose, Block 2D-Gardenia are SEZ buildings and Block 5 is Non-SEZ building.

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

#### Completed Buildings with OC

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Block 2A-Aster	494,246	SEZ	Completed
Block 2A-West Wing	438,371	SEZ	Completed
Block 2B-Hibiscus	664,262	SEZ	Completed
Block 2C- Lilac	32,902	SEZ	Completed
Block 1A- Carnation	874,000	SEZ	Completed
Block 7B- Primrose	911,003	SEZ	Completed
Block 2D-Gardenia	285,544	SEZ	Completed
Block 5- ABC (Alyssa, Begonia and Clover)	837,279	Non-SEZ	Completed
Block 5-D (Daffodils)	26,605	Non-SEZ	Completed
Block 5-E (Orchids)	103,433	Non-SEZ	Completed
Block 5-F (Flora)	116,959	Non-SEZ	Completed
Block 5-G and H (Tulips)	456,976	Non-SEZ	Completed
Block 5-I & J (Thrillium)	699,454	Non-SEZ	Completed
Block 5-K (Marigold)	30,268	Non-SEZ	Completed
Block 5-L (Lavender)	166,540	Non-SEZ	Completed

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



The tech park also has F&B outlets of Star Bucks, California Burrito, Dominos, Veg by Nature etc. on the ground floor. The park also consists of a fitness centre and sports amenities such as basketball court, football court etc.

**Under-Construction – Block 8 (A, B, C & D), Hospitality block along with Convention centre and Retail block, Block 9 (JPM pre-lease/ BTS).**

The under-construction building Block 8 (A, B, C & D) collectively admeasure ~1.8 Million sq. ft. of leasable area. Block A & B is expected to be completed by Q3 FY 2024 and Blocks C & D is expected to be completed by Q4 FY 2024. The Hospitality Block along with Convention centre collectively admeasure ~0.8 Million sq. ft. of built-up area and the Retail block admeasure ~0.1 Million sq. ft. of leasable area. JPM pre-lease/BTS admeasures ~1.1 Million sq. ft. of leasable area. The Hospitality block along with Convention centre and Retail block is expected to be completed by Q2 FY 2025, JPM pre-lease/ BTS is expected to be completed by Q2 FY 2022.

**Under construction Buildings**

Particulars	Leasable Area (sq. ft.)	Usage type	Status
Block 8A	431,024	Non-SEZ	Under-construction
Block 8B	433,705	Non-SEZ	Under-construction
Block 8C	430,787	Non-SEZ	Under-construction
Block 8D	544,200	Non-SEZ	Under-construction
Retail Block	89,588	Non-SEZ	Under-construction
Convention Centre	53,224*	Non-SEZ	Under-construction
Hotel-3 star	729,445*	Non-SEZ	Under-construction
Hotel-5 star		Non-SEZ	Under-construction
Block 9- JPM pre-lease/ BTS	1,105,286	Non-SEZ	Under-construction

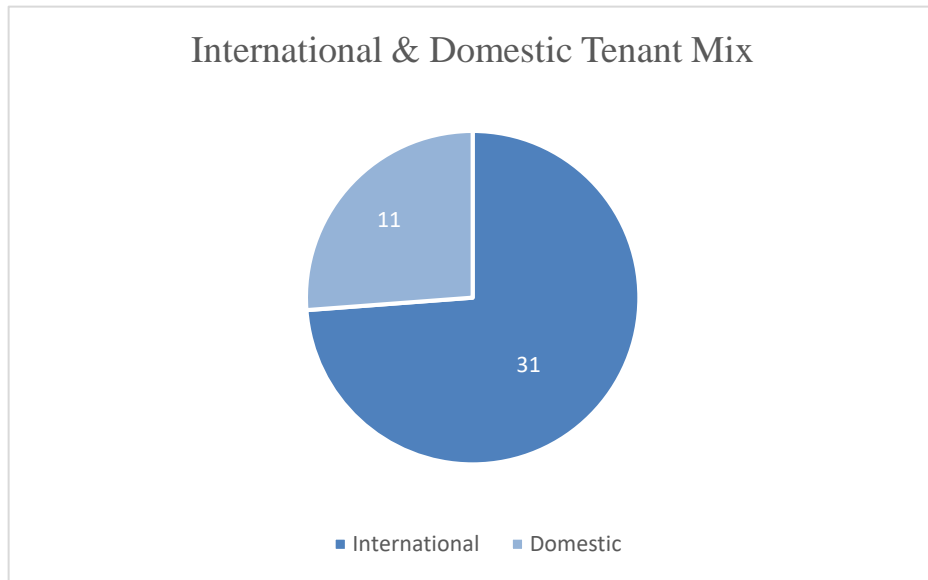
\*Refers to Developable area Source: Architect's Certificate, Rent Rolls, Lease Deeds/Leave and License Agreements

Embassy Techvillage is planned as an integrated development with commercial, retail and hospitality developments. The Tech Park offers various quality amenities to its employees including Food Courts, F&B outlets, Gym, Sports Facilities, Medical Centre and Recreation Centers. Spread across approx. 84 Acres, Embassy TechVillage comprises of 6.1 mn. sq. ft. of operational assets and 3.8 mn. sq. ft. of assets under construction (which includes 2.9 mn. sq. ft. of commercial development, 0.1 mn. sq. ft. of retail development and 0.8 mn. sq. ft. of Hospitality & Convention Centre)

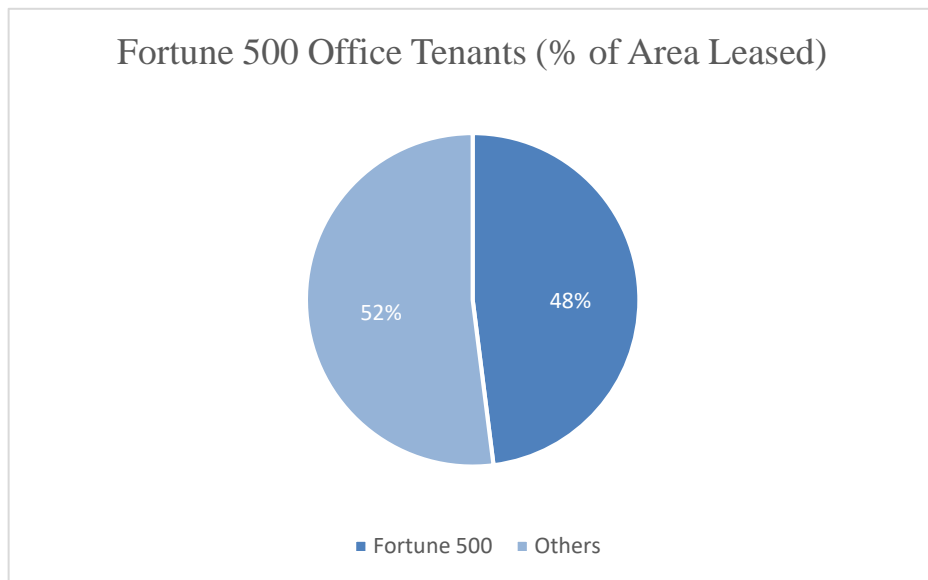
Embassy TechVillage is also the winner of MIPIM Asia Green Building award and is an IGBC Green Campus. The campus has around 97.3% occupancy and houses many multinational companies as prominent tenants.



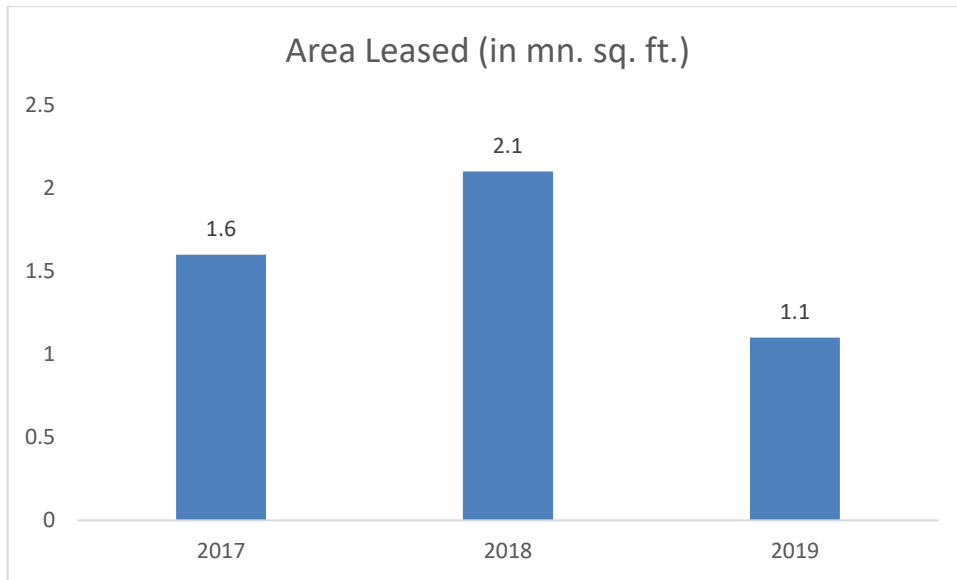
**Tenant Mix**



In Embassy TechVillage out of the total tenants, 31 are international tenants and 11 are domestic tenants.



Embassy TechVillage has a significant portion of its leased area occupied by Fortune 500 companies. About 48% of the leased area is occupied by Fortune 500 companies. The remaining 52% of the leased area is occupied by other companies.



There was a significant increase in the net area leased from 1.6 mn. sq. ft. in 2017 to 2.1 mn. sq. ft. in the year 2018 due to addition of block 5.

### 3.1 Key Asset Information

#### Completed Buildings

Particulars	Details
<b>Entity:</b>	Vikas Telecom Private Limited (VTPL) & Sarla Infrastructure Private Limited (SIPL)
<b>Interest owned by<sup>1</sup> (%)*:</b>	EOVPL – 60% (shareholding in VTPL) Garg Family – 40% (shareholding in VTPL) Wholly owned by VTPL
<b>Age of building based on the date of occupancy certificate:</b>	Block 2A-Aster- 9 years 6 months Block 2A-West Wing- 5 years 9 months Block 2B-Hibiscus- 11 years 11 months Block 2C- Lilac- 11 years 2 months Block 1A- Carnation- 3 years 6 months Block 7B- Primrose- 3 years Block 2D-Gardenia- 11 years 11 months Block 5- 2 years 2 months
<b>Asset type:</b>	Tech Park with 7 SEZ blocks and 1 Non-SEZ block
<b>Sub-market:</b>	Outer Ring Road (Sarjapur-Marathahalli)
<b>Approved and existing usage:</b>	Commercial Office/IT SEZ
<b>Site Area (acres):</b>	~84.05
<b>Freehold/Leasehold:</b>	Freehold of 82.15 acres + Leasehold of 1.9 acres
<b>Leasable Area<sup>2</sup>:</b>	6.1 Million sq. ft.
<b>Occupied Area:</b>	6.0 Million sq. ft.
<b>Occupancy (%)<sup>3</sup></b>	97.3%
<b>Number of Tenants</b>	42

Source: Architect Certificate, Title Report

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



*Notes:*

1. Refer company structure set out in Annexure 2
2. The Client has obtained occupation certificate for the complete leasable area admeasuring 6.1 Million sq. ft.
3. Occupancy refers to proportion of area leased which is actively occupied by the tenants out of the total area that has received OC

**Under-construction Buildings**

<b>Particulars</b>	<b>Details</b>
<b>Interest owned by (%)*:</b>	<b>ETV:</b> EOVPL- 60% (shareholding in VTPL) Garg Family- 40% (shareholding in VTPL) Wholly owned by VTPL
	<b>SIPL:</b> Wholly owned by EPDPL
<b>Expected completion date of construction:</b>	Block 8A– December 2023 Block 8B - December 2023 Block 8C– March 2024 Block 8D- March 2024 Retail – September 2024 Convention Centre- September 2024 Hotel 3 Star- September 2024 Hotel 5 Star- September 2024 Block 9- JPM pre-lease/ BTS - December 2021
<b>Asset type:</b>	Commercial Office/IT SEZ
<b>Approved Usage:</b>	Commercial office, Hotel and Retail portion
<b>Leasable Area:</b>	~3.1 Million sq. ft. (along with ~0.8 Million sq. ft. of developable area of Hospitality and Convention Centre)
<b>Status of construction:</b>	Under-construction

Particulars	Details
Approvals received and pending as on Valuation Date	List of approvals detailed in Annexure 5

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

### 3.2 Property Inspection

The Subject property comprising 4 operational blocks was physically inspected on 27<sup>th</sup> and 28<sup>th</sup> November 2019. The inspection comprised visual inspection of operational buildings comprising the property and visits to key utility areas like LT/HT Electric Room, Pump Room, HVAC installations, STP, HSD Yard, DG Bank, Chiller Plants, Lift Cores, Transformer Yard, Cooling Tower, BMS Room, Main Electrical Room and Multi Level Car Parking. The common areas within the buildings were visited on a sample basis as the areas under tenant occupation had access restriction.

Block 1A-Carnation is let out to a single tenant, namely WELLS FARGO. The utilities located in the block were exclusive to the block. HSD Yard for the block is located on an open plot next to the building. The block also has DG yard next to the building with the HT room located adjacent to the DG yard. The LT Room for the block is located on the Ground Floor, and the HVAC/Chiller plant as well as the cooling towers (A.C & W.C) are located on the Terrace of the building. The block also has a pump room in Basement 2 and a Sewage Treatment Plant located in Basement 1 and 2. Consisting of 2 lift cones, the block provides 16 passenger lifts and 2 service lifts.

Block 2 consists of 4 towers namely A, B, C & D. The block has a HVAC room with 4 chillers serving Tower A to D and is located in Block 2D (Utility Block). The pump room is located in the basement of Block 2D. The block also has a BMS room with AHU Controls and HVAC monitoring, located in the Ground Floor of Block 2D. It was noted that there are separate fire panels in the reception for each tower. The main electrical room for the block is also located in the Ground Floor of the block where the HT & LT panels are co-located. The DG Yard for the block is located behind Block 7. The STP for the block is located in the Basement of Block 2-A East wing. The East wing consists of 10 passenger lifts and 2 service lifts. The Block 2A-West Wing consists of 7 passenger lifts and 1 service lift.

Block 7 is a G+10 storeys with two wings. The block has a total of 16 passenger lifts with 8 lifts for each wing. The pump room and the STP for the building is located in Basement 2 of the building. The HVAC Room serving Block 7 is located on the Terrace of the building. There is also a Multi-Level Car Parking Facility in the Block with a capacity of 125 cars per floor of the building. The BMS Room, LT Panel and 8 DG banks serving Block 7 and the MLCP, are located in the Ground Floor of the MLCP. It was noted that the lobby areas consisted of separate fire panels. The HSD Yard and the Transformer Yard with a single transformer were located on an open plot outside the building.

Block 5 of Embassy TechVillage has 12 towers namely Tower A-L. The block has 2 food courts located in Tower D and K. The block has 3 DG rooms and 3 Electrical rooms, each serving the needs of Tower A, B, C & D; Tower E, F, G & H; Tower I, J, K & L respectively. The STP is common for the whole block and is located in Tower F. The pump room for Tower F, G, H, I, J & K is located in basement 1 of Tower L, and for Tower A, B, C, D, E & L is located in basement 1 of Tower C. The BMS room with CCTV monitoring, Fire Panel and BTU metre serving the entire block is located in basement 1 of Tower E. The HVAC room and Cooling tower with 2 Air Coolers and 3 Water Chillers serving Tower A, B, C, D & E is located on the terrace of Tower A. The HVAC room with 2 Air Cooler and 3 Water Cooler chillers serving Tower F, G, H, I, J, K & L is located on the terrace of Tower H. The Block has a total of 45 passenger lifts spread between each tower.

The under-construction blocks of the subject property was physically inspected on 27<sup>th</sup> November 2019. This comprises of office development with 1.84 Million sq. ft., hotel development with 0.7 Million sq. ft., retail development with 0.14 Million sq. ft. and convention centre with 0.06 Million sq. ft. and JPM pre-lease/ BTS with 1.07 Million sq. ft., which are currently under construction.

Block 9- JPM pre-lease/ BTS has 3 towers namely Tower A, B and C. Tower A & C has G+10 storeys while Tower B is having a G+4 configuration. As on date of the site inspection we understand that approximately 30% of the civil work is completed, based on the information share by the project team. For tower A the construction till 1<sup>st</sup> floor is completed, for Tower B the construction of ground floor is completed and for tower C the construction till 2<sup>nd</sup> floor is completed.

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

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

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

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

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

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

- a. Architect's certificates mentioning site areas and property areas



- b. Relevant approval documents from competent authorities regarding occupancy, operations and fire safety with respect to specific buildings in the subject property
- c. Lease agreements and commercial clauses thereof for top ten tenants on a sample basis
- d. Masterplan/ Development plan applicable in the jurisdiction of the Subject property.
- e. Management representation regarding the following:
  - i. Major repairs undertaken and proposed in the Subject property (please refer Annexure 9)
  - ii. Statement of Assets
  - iii. Revenue pendency, if any
  - iv. Options or rights of pre-emption and any other encumbrances concerning or affecting the property.

### 3.4 Tenant Profile

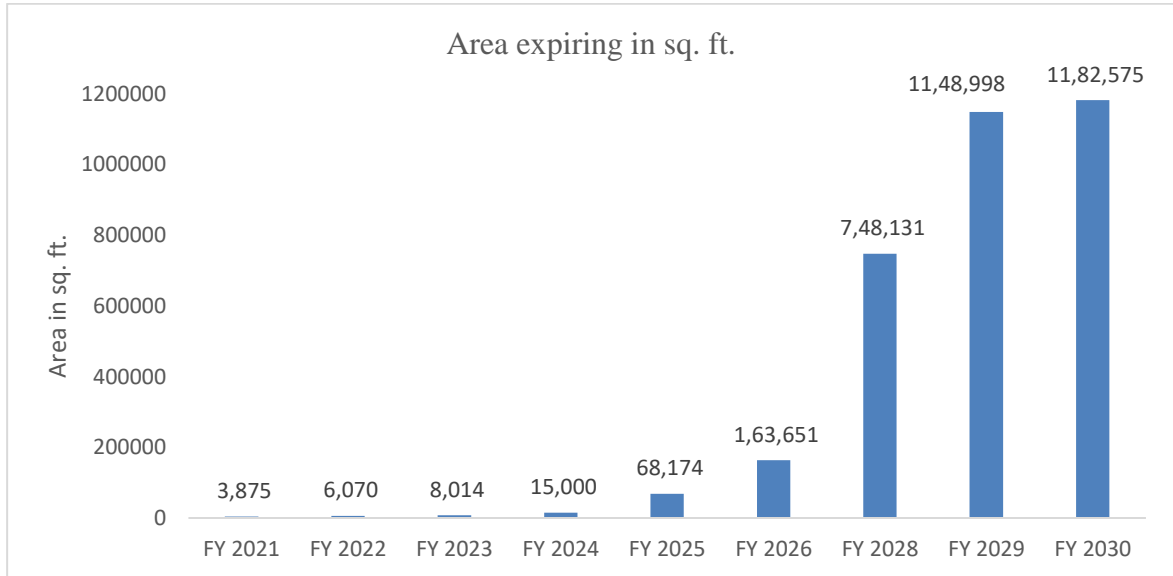
As on 30<sup>th</sup> September 2020, Subject property has 42 tenants (for office space). The Subject property's top 10 tenants account to ~67.9% of the Gross Rental income.

Rank	Top 10 tenants according to Gross Rentals	Share of Gross Rentals
1	Tenant 1	14.6%
2	Tenant 2	12.9%
3	Tenant 3	8.0%
4	Tenant 4	6.6%
5	Tenant 5	5.8%
6	Tenant 6	5.7%
7	Tenant 7	4.4%
8	Tenant 8	3.5%
9	Tenant 9	3.3%
10	Tenant 10	3.0%
<b>TOTAL</b>		<b>67.9%</b>



### 3.5 Lease Expiry Profile

The Weighted Average Lease Expiry (WALE) of the property is 9.7 years, with 55.5% of occupied area expiring between FY 2021 and FY 2030 as shown in the chart below.



## **4 Valuation Approach & Methodology**

### **4.1 Asset-specific Review:**

As the first step, the rent rolls (and the corresponding lease deeds on a sample basis) were reviewed to identify tenancy characteristics for the asset. As part of the rent roll review, major tenancy agreements belonging to tenants with pre-committed area were reviewed on a sample basis.

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

### **4.2 Micro-market Review:**

1. An assessment of the site and surroundings has been undertaken with respect to the prevailing activities, market dynamics impacting the values and the current use of the respective property vis-à-vis its locational context, etc of office assets. Analysis of the micro-market was undertaken primarily based on the findings of the industry and readily available information in public domain to ascertain the transaction activity of office space. The analysis entailed review of comparable assets in terms of potential competition (both completed and under-construction/planned assets), comparable recent lease transactions witnessed in the micro-market along with the historical leasing and re-leasing history within the asset over the last 2-3 years, if available. This was undertaken to assess the achievable market rent (applicable rental for the micro-market where the asset is located) for the Subject Property for leasing vacant spaces as well as upon releasing.
2. For tenants occupying relatively large space within the Subject Property, it is assumed that the leases shall revert to achievable market rent (duly adjusted from the date of valuation) following the expiry of the lease, factoring appropriate re-leasing time. The fresh lease transactions in the subject property have been assumed to be leased at the achievable market rentals for the micro market.

### **4.3 Cash Flow Projections:**

1. The cash flows for the operational and under-construction/proposed area has been projected separately to arrive at their respective value estimates.
2. Net operating income (NOI) has primarily been used to estimate the cash flows from the Subject Property. The following steps were undertaken to arrive at the value for operational and under-construction/proposed areas respectively. The projected future cash flows from the subject property is based on existing lease terms for the operational area till the expiry of the leases or re-negotiation (using the variance analysis), whichever is earlier, following which, the lease terms have been aligned with achievable market rent for the Subject Property. For vacant area and under-construction/proposed area, the achievable market rent led cash flows are projected factoring appropriate lease-up time frame for vacant/under-construction/proposed area. These cash flows have been projected for 10-year duration from the date of valuation and for 11th year (for assessment of terminal value based on NOI). These future cash flows are then discounted to present-day value (valuation date) at an appropriate discount rate.

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

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

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

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

**Step 4:** Computing the monthly rental income projected as part of Step 3 and translating the same to a quarterly income (for the next 10 years and NOI of the 11th year – considered for calculation of terminal value)

3. Adjustments for other revenues and recurring operational expenses, fit-out income (if any) – projected till first term expiry and discounted to present day – the same has been not included in the NOI for the purpose of arriving at the terminal value by capitalisation) and vacancy provisions have been adopted in-line with prevalent market dynamics. In addition, appropriate rent-free periods have been adopted during any fresh lease and lease roll-overs to consider potential rent-free terms as well as outflows towards brokerage. For all office assets, operational revenues and expenses of the respective assets are reviewed to understand the recurring, non-recurring, recoverable and non-recoverable expenses and accordingly estimate the income which accrues as cash inflows to the Subject Property.
4. The net income on quarterly basis have been projected over the next 10 years and the one year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value of the development. The quarterly net cash flows over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flows accruing to the commercial office assets through this approach.
5. The CAM Margin for the operational and under-construction/proposed area has been projected to arrive at their respective value estimates. Going forward annual escalation on CAM Margin has been assumed and net income was arrived after making adjustment for operating expenses and management fees. The net income on yearly basis have been projected over next 10 years and the one-year forward NOI (for 11th year) as of end of year 10 has been capitalized to assess the terminal value. The yearly cash flow over the next 10 years along with the terminal value estimated at the end of year 10 have been discounted at a suitable discount rate to arrive at the net present value of the cash flow.

## 5 Assumptions considered in Valuation (DCF Method)

The following assumptions have been made to arrive at the market value of the Subject property as on 30<sup>th</sup> September 2020:

Cashflow Period	Unit	Details
Valuation Date		30-Sep-20
Cashflow period	Years	10
Cashflow exit period	End date	30-Sep-30

### 5.1 ETV Valuation

#### 2.1.1 Operational Office Block

##### Property details

Property Details	Unit	Details
Total Property Leasable Area	Million sq.ft.	6.1
Area Leased	Million sq.ft.	6.0
Leased	%	98.2%
Vacant Area	Million sq.ft.	0.1
Vacancy	%	1.85%
Stabilized Vacancy	%	2.0%
Further leasing	Million sq.ft.	-
Existing Lease rollovers	%	99.8%
Rent Free Period-Existing Lease Roll Overs	Months	1.0
Rent Free Period- New Lease	Months	4.0
4W Slots-Paid	Number	7,399

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.

##### Revenue Assumptions

Revenue Assumptions	Unit	Details
Achievable Market Rent - Office	Per sq.ft./month	INR 90.00
Achievable Market Rent - Food Court	Per sft/month	INR 200.00
Retail Tenant Rent	Per sq.ft./month	INR 200.00
Market 4 W Parking Rent	Per slot/month	INR 4,750
Other income	% of Lease Rentals	1.25%
Market Rent growth rate	% p.a.	5.00%
Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	5 years
Normal market escalation at end of every	years	3 years of lease tenure
Market escalation at end of escalation period	%	15.0%



- **Achievable Market rent - Office**

The total net absorption of commercial office space in ORR during 2018 has been approximately 5.1 million sq. ft. and as in 2019 total net absorption was approximately 4.7 million sq. ft. This space was leased in the warmshell rental range of INR 85-96 per sq. ft. per month.

**Prominent Lease Transactions in 2019 and as on Q3 2020:**

Tenant	Development	Location	Area Leased (sq. ft.)	Time of Transaction	Rent (INR per sq. ft. per month)	Type of Facility
Deloitte	Salarpuria Softzone	ORR (Sarjapur-Marathahalli)	150,000	Q1 2019	90	Warm Shell
Nutanix	Prestige Tech Park (Mercury)	ORR (Sarjapur-Marathahalli)	196,571	Q2 2019	96	Warm Shell
Google	Bagmane Capital-Kyoto-East Tower	ORR (Marathahalli-KR Puram)	450,000	Q2 2019	87	Warm Shell
Vmware	Global Technology Park (Block D & E)	ORR (Sarjapur-Marathahalli)	200,000	Q3 2019	91	Warm Shell
First Abu Dhabi Bank	Bagmane Capital-Luxor	ORR (Marathahalli-KR Puram)	128,000	Q1 2020	92	Warm shell
GSK	Bagmane Capital-Luxor	ORR (Marathahalli-KR Puram)	145,000	Q2 2020	93	Warm shell
BNP Paribas	Bagmane Capital-Luxor	ORR (Marathahalli-KR Puram)	60,000	Q2 2020	93	Warm shell
Intel	RMZ Ecospace	ORR (Sarjapur-Marathahalli)	500,000	Q3 2020	87	Warm shell

Source: Secondary Market Research

Considering the location, accessibility, quality, size of the building, and keeping in view the limited future supply in the ORR (Sarjapur-Marathahalli) micro market and the upcoming Metro Corridor will have a positive impact on the rentals hence it can reasonably be assumed that Subject office space shall be able to command a monthly rental of INR 90 per sq. ft. per month.

- Considering the Covid-19 scenario, the achievable market rent has been assumed to be stagnant for the next 18 months upto March 2022. Thereafter increasing by 7% in the first and second year upto March 2024 and by 6% in the third year upto March 2025, before stabilizing at the annual growth rate of 5%.
- **Market rent – 4W parking:** Rent for car parks are assumed at INR 4,750 per slot per month in line with the current rentals for paid car parks on Outer Ring Road.



- **Other income:** Analysis of the historical trend of other income suggest a normalised level of other income can be achieved in the future. Accordingly, we have considered other income at 1.25% of lease rental and an annual inflation of 5%. Other income includes Car Park, Signage, ATM, Telecom Tower, Kiosk, Event, Vending Machine, service connection and other charges and miscellaneous income.
- **Land Lease Rent** - Land area of 4 acres is given on lease for an initial period of 20 years where JPM pre-lease/ BTS is being developed. Currently, balance lease period is 19 years and thereafter the lease is renewable for two additional period of 10 years each. As per the land lease agreement, lease rent of INR 93.6 Million with rent escalation of 15% at the end of every 3 years has been considered with the assumption that lease would get renewed at the end of each lease term.

### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
Property Tax	Per sq.ft./month	INR 2.50
Insurance	Per sq.ft./month	INR 0.24
Cost escalation	% p.a.	3.0%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	1.0%
Property Management Fees	% of Operating Income	3.0%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **Property tax and insurance cost** have been considered as INR 2.50 per sq. ft./ month and INR 0.24 per sq. ft./month respectively projected to increase at 3% per annum.
- **Other operating expenses** and have been assumed at 1% of the lease rentals. The other expenses account for minor repairs and maintenance to buildings, legal and professional fees, rates and taxes and other such expenses
- Based on information received from the client, **property management fees** have been assumed at 3% of lease rentals and parking income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

## 2.1.2 Under Construction Office Block (Block 8A, 8B, 8C, 8D)

### Property details

Property Details	Unit	Details
Total Property Leasable Area	Million sq. ft.	1.8
Stabilized Vacancy	%	2.0%
Further leasing (office)	Million sq. ft.	1.3
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	1.0
Rent Free Period- New Lease	Months	4.0
Total 4W parking slots	Number	2,353
Paid 4W Slots	Number	2,353

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.
- As per the lease agreement JPM pre-lease/ BTS has option to exercise Hard Option of 544,200 sq. ft. of area in the under-construction office segment which has been assumed to be exercised.
- Further leasing of 1.26 million sq. ft. has been assumed after incorporating a 2% stabilised vacancy which is a standard for Grade A properties in Commercial Parks.

### Construction related assumptions

Construction Related Assumptions	Unit	Office
Start Date of Construction		01-July-2020
End Date of Construction		31-March-2024
Total Construction Cost	INR Million	8,657
Construction Cost Incurred till Date	INR Million	301
Construction Cost to be Incurred	INR Million	8,357

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

### Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 90.00
Market 4 W Parking Rent	Per slot/month	INR 4,750
Other income	% of Lease Rentals	1.25%
Market Rent growth rate	% p.a.	5.00%
Parking Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	5 years
Normal market escalation at end of every	years	3 years of lease tenure
Market escalation at end of escalation period	%	15.0%

- **Achievable Market rent - office:** It has been considered in line with the achievable market rent for completed area at INR 90 per sq. ft. per month.



- Considering the Covid-19 scenario, the achievable market rent has been assumed to be stagnant for the next 18 months upto March 2022. Thereafter increasing by 7% in the first and second year upto March 2024 and by 6% in the third year upto March 2025, before stabilizing at the annual growth rate of 5%.

### Operating Cost Assumptions

Cost Assumptions	Unit	Details
<b>Brokerage cost (New Lease)</b>		2 Month Rent
<b>Brokerage cost (Renewal/Release)</b>		1 Month Rent
<b>Current CAM/ O&amp;M cost</b>	Per sq.ft./month	INR 11.24
<b>Property Tax</b>	Per sq.ft./month	INR 2.50
<b>Insurance</b>	Per sq.ft./month	INR 0.24
<b>CAM Escalation</b>	% p.a.	5%
<b>Cost escalation</b>	% p.a.	3%
<b>Transaction cost on sale</b>	% of Terminal Value	1.0%
<b>Other Operating Expenses</b>	% of Lease Rentals	1.0%
<b>Property Management Fees</b>	% of Lease Rentals	3.00%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **Property tax and insurance cost** have been considered at the same level as operational office development.
- **Other operating expenses** and have been assumed at 1% of the lease rentals. The other expenses account for minor repairs and maintenance to the buildings, legal and professional fees, rates and taxes and other such expenses.
- Based on information received from the client, **property management fees** have been assumed at 3% of lease rentals, parking income, other operating income and fit-out income
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

### 2.1.3 JPM pre-lease/ BTS Valuation (Under Construction)

#### Property details

Property Details	Unit	Details
Total Property Leasable Area	Million sq. ft.	1.1
Area Leased	Million sq. ft.	1.1
Leased	%	100.00%
Vacant Area	Million sq. ft.	-
Vacancy	%	0.0%
Stabilized Vacancy	%	0.0%
Further leasing (office)	Million sq. ft.	-
Existing Lease rollovers	%	100.0%
Rent Free Period-Existing Lease Roll Overs	Months	1.0
Rent Free Period- New Lease	Months	6.0
Total 4W parking slots	Number	1,726
Paid 4W Slots	Number	1,726

- **Rent-free period:** As per the lease agreement shared by the client, rent-free period of six month has been considered.

#### Construction related assumptions

Construction Related Assumptions	Unit	JPM pre-lease/ BTS
Current Status of Construction		Under Construction
Total Construction Cost	INR Million	4,845
Construction Cost Incurred till Date	INR Million	2,145
Construction Cost to be Incurred	INR Million	2,700

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

#### Revenue Assumptions

Revenue Assumptions	Unit	Details
Market Rent - Office	Per sq.ft./month	INR 80.00
Market 4 W Parking Rent	Per slot/month	INR 4,500
Other income	% of Lease Rentals	1.0%
Market Rent growth rate	% p.a.	5.00%
Parking Parking income growth rate	% p.a.	5.00%
Normal Market lease tenure	years	5 years
Normal market escalation at end of every	years	3 years of lease tenure
Market escalation at end of escalation period	%	15.0%

- **Market rent - Office:** Market rent for JPM pre-lease/ BTS space has been considered as per lease agreement as INR 80 per sq. ft. per month till lease expiry.
- We have assumed rental income cashflows starting from 1st January 2021 to 1st April 2022 on entire 1.1 Million sq. ft. for the purposes of our valuation. This is based on representation made to us relating to contractual arrangements proposed to be in effect at the date of acquisition whereby



the parties are expected to enter into a rental support and rental guarantee agreement such that all rents for the period intervening date of proposed acquisition to rent commencement date agreed with tenant is paid by the sellers. Accordingly, revenue support of INR 1,441 Million has been considered.

- The terminal value takes into account two quarters of marked to market rental in the 11th year, while capitalising the NOI of 11th year.

#### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
Property Tax	Per sq.ft./month	INR 2.50
Insurance	Per sq.ft./month	INR 0.24
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	1.0%
Development Management Fees	% of Cost to be Incurred	5.0%
Property Management Fees	% of Lease Rentals	3.0%

- **Property tax and insurance cost** have been considered at the same level as operational office development.
- **Other operating expenses** and have been assumed at 1% of the lease rentals. The other expenses account for minor repairs and maintenance to the buildings, legal and professional fees, rates and taxes and other such expenses.
- Based on information received from the Client, **development management fees** have been assumed at 5% of balance construction cost to be incurred and **property management fees** have been assumed at 3% of lease rentals, parking income, other operating income and fit-out income.
- Transaction cost has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc.

## 2.1.4 Under Construction - Retail Block

### Property details

Property Details	Unit	Details
<b>Total Property Leasable Area</b>	Million sq. ft.	0.1
<b>Area Leased</b>	Million sq. ft.	-
<b>Leased</b>	%	0.00%
<b>Vacant Area</b>	Million sq. ft.	0.1
<b>Vacancy</b>	%	100.0%
<b>Stabilized Vacancy</b>	%	5.0%
<b>Further leasing (retail)</b>	Million sq. ft.	0.1
<b>Existing Lease rollovers</b>	%	100.0%
<b>Rent Free Period-Existing Lease Roll Overs</b>	Months	1.0
<b>Rent Free Period- New Lease</b>	Months	4.0
<b>Estimated leasing period-Retail</b>	No. of quarter	2.0

- **Rent-free period:** In accordance with market benchmarks for Grade A property, rent-free period of one month has been considered for existing lease rollovers and four months for new leases.
- Further leasing of 0.085 million sq. ft. has been assumed after incorporating a 5% stabilised vacancy which is a standard for Grade A retail properties.

### Construction related assumptions

Construction Related Assumptions	Unit	Retail
Start Date of Construction		01-April-2020
End Date of Construction		30-September-2024
Total Construction Cost	INR Million	634
Construction Cost Incurred till Date	INR Million	14
Construction Cost to be Incurred	INR Million	621

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

### Revenue Assumptions

Revenue Assumptions	Unit	Details
<b>Market Rent - Retail</b>	Per sq.ft./month	INR 81.00
<b>Other income</b>	% of Lease Rentals	1.25%
<b>Market Rent growth rate</b>	% p.a.	5.00%
<b>Parking Parking income growth rate</b>	% p.a.	5.00%
<b>Normal Market lease tenure</b>	years	5 years
<b>Normal market escalation at end of every</b>	years	3 years of lease tenure
<b>Market escalation at end of escalation period</b>	%	15.0%

- **Market rent - Retail:** Market rent for Retail space has been considered in line with the market rent for completed area at INR 81 per sq. ft. per month.

### Operating Cost Assumptions

Cost Assumptions	Unit	Details
Brokerage cost (New Lease)		2 Month Rent
Brokerage cost (Renewal/Release)		1 Month Rent
Property Tax	Per sq.ft./month	INR 2.50
Insurance	Per sq.ft./month	INR 0.24
CAM Escalation	% p.a.	5%
Cost escalation	% p.a.	3%
Transaction cost on sale	% of Terminal Value	1.0%
Other Operating Expenses	% of Lease Rentals	1.0%
Property Management Fees	% of Lease Rentals	3.00%

- **Brokerage:** In accordance with the market benchmarks for Grade A property, we brokerage expenses amounting to two months for new leases and one month for existing lease rollovers.
- **Property tax and insurance cost** have been considered at the same level as operational office development.
- **Other operating expenses** and have been assumed at 1% of the lease rentals. The other expenses account for minor repairs and maintenance to the buildings, legal and professional fees, rates and taxes and other such expenses.
- Based on information received from the Client, **property management fees** have been assumed at 3% of lease rentals, and other operating income.
- **Transaction cost** has been assumed at 1% of the terminal value and is expected to be incurred towards brokerage, transaction fees, etc

### 2.1.5 Under Construction – Hospitality Block

#### Property details

Particulars	5 Star Hotel	3 Star Hotel	Convention Center
Developable Area	729,445		53,224
Number of Keys	311	207	NA

#### Construction related assumptions

Construction Related Assumptions	Unit	Hospitality
Start Date of Construction		31-March-2020
End Date of Construction		30-September-2024
Total Construction Cost	INR Million	8,344
Construction Cost Incurred till Date	INR Million	173
Construction Cost to be Incurred	INR Million	8,171





## Revenue Assumptions

Hilton- 5 star											
	Construction Year					Operation Year					
Operating Revenues	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Food & Beverage Revenue	% of Rooms Revenue					25.0%	30%	45%	45%	45%	45%
Convention Centre Revenue	% of Rooms Revenue					25.0%	30%	35%	35%	35%	35%
Other Operated Departments Revenue	% of Rooms Revenue					15.0%	20%	25%	25%	25%	25%
ARR in today's prices - Rooms (INR/Room/Night)	7,800	7,800	8,190	8,681	9,289	10,032	10,734	11,486	12,060	12,663	
Increase in ARR (YoY)	0.0%	0.0%	5.0%	6.0%	7.0%	8.0%	7.0%	7.0%	5.0%	5.0%	

- Average Room Rent (ARR):** ARR in today's price for 5-star hotel has been considered in line with the ARR for comparable hotels on Outer Ring Road at INR 7,800/ Room/ Night. Keeping in mind the historical trend of ARR, the current pandemic situation and limited upcoming supply of hotels on outer ring road, the Increase in ARR is assumed at 5% in Year 3, 6% in Year 4, 7% in Year 5, 8% in Year 6, 7% in Years 7 and 8 and 5% Y-o-Y thereafter.
- Occupancy:** for 5-star hotel occupancy of 25% is considered in the first year of operation and we have assumed it to be stabilized at 72% from 5<sup>th</sup> year of operation.

Hilton- 3 star											
	Construction Year				Operation Year						
Operating Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Food & Beverage Revenue	% of Rooms Revenue				25.0%	30%	45%	45%	45%	45%	
Convention Centre Revenue	% of Rooms Revenue				20.0%	25%	30%	30%	30%	30%	
Other Operated Departments Revenue	% of Rooms Revenue				15.0%	20%	25%	25%	25%	25%	
ARR in today's prices - Rooms (INR/Room/Night)	5,000	5,000	5,250	5,565	5,955	6,431	6,881	7,363	7,731	8,117	
Increase in ARR (YoY)	0.0%	0.0%	5.0%	6.0%	7.0%	8.0%	7.0%	7.0%	5%	5%	

- Average Room Rent (ARR):** ARR in today's price for 3-star hotel has been considered in line with the ARR for comparable hotels on Outer Ring Road at INR 5,000/ Room/ Night. Keeping in mind the historical trend of ARR, the current pandemic situation and limited upcoming supply of hotels on outer ring road, the Increase in ARR is assumed at 5% in Year 3, 6% in Year 4, 7% in Year 5, 8% in Year 6, 7% in Years 7 and 8 and 5% Y-o-Y thereafter.
- Occupancy:** for 3-star hotel occupancy of 25% is considered in the first year of operation and we have assumed it to be stabilized at 75% from 5<sup>th</sup> year of operation.

## Operating Cost Assumptions

Hilton- 5 star												
		Construction Year				Operation Year						
Departmental Operating Expenses		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rooms Cost (Including employee cost)	% of Rooms Revenue						70.0%	40%	25%	20%	20%	20%
Food & Beverage Cost	% of F&B Revenue						60.0%	55.0%	45.0%	45.0%	45.0%	45.0%
Convention Centre Expense	% of Convention Centre Revenue						55.0%	50.0%	40.0%	40.0%	40.0%	40.0%
Other Operation Departments Cost	% of OOD Revenue						35.0%	35%	30%	30%	30%	30%
Undistributed Operating Expenses & Fixed Expenses		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Administration & General Cost	% of Total Revenue						8%	6%	5%	5%	5%	5%
Sales & Marketing Expenditure	% of Total Revenue						10%	8%	6%	5%	5%	5%
Repairs & Maintenance	% of Total Revenue						2%	2%	2%	3%	3%	3%
Cost of Power, Fuel & Water	% of Total Revenue						9%	8%	7%	7%	6%	5%
Insurance	INR/Sq.ft.Month	1.0	1.05	1.10	1.16	1.22	1.28	1.34	1.41	1.48	1.55	1.63
Property Tax	INR/Sq.ft.Month	2.5	2.63	2.76	2.89	3.04	3.19	3.35	3.52	3.69	3.88	4.07
Other rents & taxes	INR/Sq.ft.Month	2.0	2.10	2.21	2.32	2.43	2.55	2.68	2.81	2.95	3.10	3.26
Insurance	% Increase YOY	5.0%										
Property Tax	% Increase YOY	5.0%										
Other rents & taxes	% Increase YOY	5.0%										
Management Fees & Brand Costs		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Technical Services Fee												
Base Fee	% of Total Revenue						1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
Incentive Fee	<35% GOP	4.5%					4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
	35%-40% GOP	5.0%					5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
	>40% of GOP	5.5%					5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
FF&E Reserve	% of GOP	1.0%					1%	1%	1%	1%	1%	1%

Hilton- 3 star												
		Construction Year				Operation Year						
Departmental Operating Expenses		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Rooms Cost (Including employee cost)	% of Rooms Revenue					50.0%	40%	20%	20%	20%	20%	
Convention Centre Expense	% of Convention Centre Revenue					60.0%	50.0%	40.0%	40.0%	40.0%	40.0%	
Food & Beverage Cost	% of F&B Revenue					55.0%	50.0%	40%	40%	40%	40%	
Other Operation Departments Cost	% of OOD Revenue					35.0%	35%	30%	30%	30%	30%	
Undistributed Operating Expenses & Fixed Expenses		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Administration & General Cost	% of Total Revenue					8.0%	6%	5%	5%	5%	5%	
Sales & Marketing Expenditure	% of Total Revenue					6.0%	5%	3.0%	3.0%	3.0%	3.0%	
Repairs & Maintenance	% of Total Revenue					2.0%	2%	3%	3%	3%	3%	
Cost of Power, Fuel & Water	% of Total Revenue					9.0%	8%	6%	6%	6%	6%	
Insurance	INR/Sq.ft.Month	1.0	1.05	1.10	1.16	1.22	1.28	1.34	1.41	1.48	1.55	1.63
Property Tax	INR/Sq.ft.Month	2.5	2.63	2.76	2.89	3.04	3.19	3.35	3.52	3.69	3.88	4.07
Other rents & taxes	INR/Sq.ft.Month	2.0	2.10	2.21	2.32	2.43	2.55	2.68	2.81	2.95	3.10	3.26
Insurance	% Increase YOY	5.0%										
Property Tax	% Increase YOY	5.0%										
Other rents & taxes	% Increase YOY	5.0%										
Management Fees & Brand Costs		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Technical Services Fee	% of Rooms Revenue											
Base Fee	% of Total Revenue					1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	
Incentive Fee	<35% GOP	4.5%				4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	
	35%-40% GOP	5.0%				5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
	>40% of GOP	5.5%				5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
FF&E Reserve Y1	% of GOP	1.0%				1%	1%	1%	1%	1%	1%	

- **Base Fee (% of Total Revenue):** Base fee of 1.25% for year 1 and year 2, 1.50% for year 3 and year 4, 1.75% from year 5 onwards is considered as informed by the client.
- **Incentive Fee:** As per the management terms shared by the client the incentive fee of 4.5% is applicable if the GOP % is less than 35%. It is 5% if the GOP is between 35% to 40% and it is 5.5% if the GOP is more than 40%.
- **FF&E Reserve (% of GOP):** FF&E reserve of 1% is considered which is in line with the market practice for Hotel industry.



## 5.2 CAM Valuation - ETV

### 2.3.1 ETV CAM Valuation

Common Area Maintains service in ETV Park is currently provided by Embassy Services Private Limited. In addition, area under- construction shall also be managed by Embassy Services Private Limited on completion.

#### Key Assumptions

Existing Operational Office Blocks	Total area of ~6.1 million sq. ft. Mix of SEZ & non SEZ	The revenue of CAM is linked to the margin earned for the facility, the growth in the revenues is in line with the inflation expectation of 5%.
Under-Construction space (Office Block 8-ABCD, Retail Block and JPM pre-lease/ BTS)	Total area of ~3.1 million sq. ft.	For the under-construction blocks revenue and margin of existing operational office block is considered as a base to compute the projected cash flows.

#### Revenue & Financial Assumptions

Particulars	Unit	Information
Current CAM Margin	INR/sq. ft. /month	4.42 - 4.70
Management Fees	INR/sq. ft. /month	0.5
CAM Margin Growth Rate	%	5

### Discount Rate & Capitalisation rate assumptions

- **Capitalization Rate: (Office & Retail Development and CAM)**

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

In order to arrive at the capitalization rate for the property, relevant parameters of some key investments in comparable properties of similar quality, use, tenant profile made by institutional real estate investors were perused. Further, considering that these investments have been made through private equity and the subject valuation is being carried out for a potential public listing with better liquidity/marketability of ownership interest, the cap rate for the subject properties has been assumed to be 8% for office and Retail developments which is in line with the available market information applied on the one year forward NOI in the terminal year.

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

We have evaluated the historic data of listed large and medium Hotel Companies and have arrived at an average multiple. We have evaluated the historical data of listed large and medium Hotel Companies and have arrived at an average EV / EBIDTA multiple. For the purpose of calculating the EV / EBIDTA multiple, we have determined historical multiples of listed companies in the hospitality segment (large and medium) such as Indian Hotels, EIH, Taj GVK, Kamat Hotels, etc. from 2003 onwards. The average EV / EBIDTA multiple of these companies is considered to determine an industry average.

By considering an industry average of EV / EBIDTA multiple, we have synchronized the multiples of high growth companies and medium growth companies to arrive at a rational EV / EBIDTA multiple.

This average EV/EBITDA multiple is in the range of 13 to 14 times. In other words, this translates to a capitalization rate of 7.14%.

- **Discount Rate**

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



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

The derived discount rate of 11.75% for operational segment (including CAM), 13.63% for Hospitality segment, 13.10% for under construction Office & Retail segment and 12.40% for JPM pre-lease/ BTS was then compared against the publicly available example of Embassy Office Parks REIT to check its reasonableness and was found to be aligned with the expectations of international investors investing in similar assets.

## 6 Market Value

The Valuer is of the opinion that subject to the overriding stipulations contained within the body of this report and to there being no onerous restrictions or unusual encumbrances of which he has no knowledge, the opinion of value of the complete ownership interest in the Subject property comprising land and improvements thereon, as explained above, on the below mentioned dates, is as follows

Components	Value in (₹ Mn)
<b>ETV</b>	<b>91,310</b>
<i>Completed</i>	78,666
<i>Under Construction</i>	12,644
<b>JPM pre-lease/ BTS (Under Construction)</b>	<b>11,507</b>
<b>Total</b>	<b>1,02,817</b>

I, Shubhendu Saha, the Valuer for the Subject Property, hereby declare that:

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

Prepared by

(Shubhendu Saha)  
IBBI/RV/05/2019/11552



---

## **D ANNEXURES**



## Annexure 1: Cash Flows

### Completed area with OC

Particulars	Unit	30-Sep-20	01-Oct-20	01-Oct-21	01-Oct-22	01-Oct-23	01-Oct-24	01-Oct-25	01-Oct-26	01-Oct-27	01-Oct-28	01-Oct-29
		30-Sep-20	30-Sep-21	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30
<b><u>OPERATING INCOME</u></b>												
Lease Rentals	INR Million		4,967.3	5,267.8	5,498.7	5,692.8	6,073.6	6,259.0	6,550.1	7,089.3	7,599.0	8,091.3
Parking Income	INR Million		233.2	246.4	324.3	340.7	364.3	382.3	403.1	462.6	537.7	575.8
O&M income	INR Million		-	-	-	-	-	-	-	-	-	-
Other Income (Kiosk and Conference)	INR Million		62.1	65.8	68.7	71.2	75.9	78.2	81.9	88.6	95.0	101.1
Cafeteria Income	INR Million		-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>INR Million</b>		<b>5,262.6</b>	<b>5,580.0</b>	<b>5,891.7</b>	<b>6,104.6</b>	<b>6,513.8</b>	<b>6,719.5</b>	<b>7,035.1</b>	<b>7,640.5</b>	<b>8,231.7</b>	<b>8,768.2</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>		<b>5,262.6</b>	<b>5,580.0</b>	<b>5,891.7</b>	<b>6,104.6</b>	<b>6,513.8</b>	<b>6,719.5</b>	<b>7,035.1</b>	<b>7,640.5</b>	<b>8,231.7</b>	<b>8,768.2</b>
<b><u>OPERATING COSTS</u></b>												
O&M cost	INR Million		(17.0)	(17.8)	(18.7)	(19.6)	(20.6)	(21.7)	(22.7)	(23.9)	(25.1)	(26.3)
Insurance Cost	INR Million		(17.7)	(18.3)	(18.8)	(19.4)	(20.0)	(20.6)	(21.2)	(21.8)	(22.5)	(23.1)
Property Taxes	INR Million		(186.9)	(192.5)	(198.3)	(204.2)	(210.4)	(216.7)	(223.2)	(229.9)	(236.8)	(243.9)
<b>Total Operating Costs</b>	<b>INR Million</b>		<b>(221.6)</b>	<b>(228.6)</b>	<b>(235.8)</b>	<b>(243.2)</b>	<b>(250.9)</b>	<b>(258.9)</b>	<b>(267.1)</b>	<b>(275.5)</b>	<b>(284.3)</b>	<b>(293.3)</b>
<b>Net operating Income</b>	<b>INR Million</b>		<b>5,041.0</b>	<b>5,351.4</b>	<b>5,655.9</b>	<b>5,861.4</b>	<b>6,262.9</b>	<b>6,460.6</b>	<b>6,768.0</b>	<b>7,365.0</b>	<b>7,947.4</b>	<b>8,474.9</b>
Terminal Value	INR Million		-	-	-	-	-	-	-	-	-	1,11,497.3
Transaction Cost	INR Million		-	-	-	-	-	-	-	-	-	(1,115.0)
Fit Out Income	INR Million		462.6	462.6	302.3	66.8	11.8	-	-	-	-	-
<b>Total Net income</b>	<b>INR Million</b>		<b>5,503.6</b>	<b>5,814.0</b>	<b>5,958.2</b>	<b>5,928.2</b>	<b>6,274.6</b>	<b>6,460.6</b>	<b>6,768.0</b>	<b>7,365.0</b>	<b>7,947.4</b>	<b>1,18,857</b>
Property Mangement Fees	INR Million		(156.0)	(165.4)	(174.7)	(181.0)	(193.1)	(199.2)	(208.6)	(226.6)	(244.1)	(260.0)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million		(52.0)	(55.1)	(58.2)	(60.3)	(64.4)	(66.4)	(69.5)	(75.5)	(81.4)	(86.7)
Brokerage Expenses	INR Million		(0.8)	(0.8)	(2.9)	(5.6)	(5.9)	(47.4)	(35.0)	(225.4)	(196.7)	(33.4)
<b>Net Cashflows</b>	<b>INR Million</b>	<b>0</b>	<b>5,295</b>	<b>5,593</b>	<b>5,722</b>	<b>5,681</b>	<b>6,011</b>	<b>6,148</b>	<b>6,455</b>	<b>6,837</b>	<b>7,425</b>	<b>1,18,477</b>





**Land on Lease**

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Land Rent (INR Mn)	93.60	93.60	107.64	107.64	107.64	123.79	123.79	123.79	142.35	142.35	142.35	163.71	163.71	163.71	188.26	188.26	188.26	216.50	216.50	2629.63
3% Property management fees (INR Mn)	2.81	2.81	3.23	3.23	3.23	3.71	3.71	3.71	4.27	4.27	4.27	4.91	4.91	4.91	5.65	5.65	5.65	6.50	6.50	78.89
Total Rent (INR Mn)	90.79	90.79	104.41	104.41	104.41	120.07	120.07	120.07	138.08	138.08	138.08	158.80	158.80	158.80	182.62	182.62	182.62	210.01	210.01	2550.74



## Under-Construction

### Office (Block A, B, C & D)

Particulars	Unit											
		30-Sep-20	01-Oct-20 30-Sep-21	01-Oct-21 30-Sep-22	01-Oct-22 30-Sep-23	01-Oct-23 30-Sep-24	01-Oct-24 30-Sep-25	01-Oct-25 30-Sep-26	01-Oct-26 30-Sep-27	01-Oct-27 30-Sep-28	01-Oct-28 30-Sep-29	01-Oct-29 30-Sep-30
<b>OPERATING INCOME</b>												
Lease Rentals	INR Million		-	-	-	206.4	2,018.2	2,227.1	2,295.9	2,458.2	2,479.5	2,600.8
Parking Income	INR Million		-	-	-	79.8	212.4	223.0	234.1	245.9	258.1	271.1
O&M income	INR Million		-	-	-	-	-	-	-	-	-	-
Other Income (Kiosk and Conference)	INR Million		-	-	-	2.6	25.2	27.8	28.7	30.7	31.0	32.5
Cafeteria Income	INR Million		-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>INR Million</b>		-	-	-	<b>288.7</b>	<b>2,255.8</b>	<b>2,478.0</b>	<b>2,558.8</b>	<b>2,734.8</b>	<b>2,768.6</b>	<b>2,904.4</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>		-	-	-	<b>288.7</b>	<b>2,255.8</b>	<b>2,478.0</b>	<b>2,558.8</b>	<b>2,734.8</b>	<b>2,768.6</b>	<b>2,904.4</b>
<b>OPERATING COSTS</b>												
O&M cost	INR Million		-	-	-	(4.5)	(6.2)	(6.5)	(6.8)	(7.2)	(7.5)	(7.9)
Insurance Cost	INR Million		-	-	-	(4.4)	(6.1)	(6.2)	(6.4)	(6.6)	(6.8)	(7.0)
Property Taxes	INR Million		-	-	-	(42.6)	(56.8)	(56.8)	(56.8)	(56.8)	(56.8)	(56.8)
<b>Total Operating Costs</b>	<b>INR Million</b>		-	-	-	<b>(51.5)</b>	<b>(69.1)</b>	<b>(69.6)</b>	<b>(70.1)</b>	<b>(70.6)</b>	<b>(71.2)</b>	<b>(71.8)</b>
<b>Net operating Income</b>	<b>INR Million</b>		-	-	-	<b>237.2</b>	<b>2,186.8</b>	<b>2,408.4</b>	<b>2,488.7</b>	<b>2,664.2</b>	<b>2,697.5</b>	<b>2,832.6</b>
Terminal Value	INR Million		-	-	-	-	-	-	-	-	-	37,761.1
Transaction Cost	INR Million		-	-	-	-	-	-	-	-	-	(377.6)
Fit Out Income	INR Million		-	-	-	-	-	-	-	-	-	-
<b>Total Net income</b>	<b>INR Million</b>		-	-	-	<b>237.2</b>	<b>2,186.8</b>	<b>2,408.4</b>	<b>2,488.7</b>	<b>2,664.2</b>	<b>2,697.5</b>	<b>40,216.1</b>
Property Mangement Fees	INR Million		-	-	-	(8.6)	(66.9)	(73.5)	(75.9)	(81.1)	(82.1)	(86.2)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million		-	-	-	(2.9)	(22.3)	(24.5)	(25.3)	(27.0)	(27.4)	(28.7)
Brokerage Expenses	INR Million		-	-	-	(125.5)	(149.5)	-	-	-	(80.1)	(95.4)
<b>Net Cashflows- Before Construction</b>	<b>INR Million</b>		-	-	-	<b>100</b>	<b>1,948</b>	<b>2,310</b>	<b>2,387</b>	<b>2,556</b>	<b>2,508</b>	<b>40,006</b>
Construction Cost	INR Million	-301	(8,357)									
<b>Net Cashflows</b>	<b>INR Million</b>	<b>-301</b>	<b>(8,357)</b>	-	-	<b>100</b>	<b>1,948</b>	<b>2,310</b>	<b>2,387</b>	<b>2,556</b>	<b>2,508</b>	<b>40,006</b>



## Retail

Particulars	Unit	30-Sep-20	01-Oct-20	01-Oct-21	01-Oct-22	01-Oct-23	01-Oct-24	01-Oct-25	01-Oct-26	01-Oct-27	01-Oct-28	01-Oct-29
		30-Sep-20	30-Sep-21	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30
<b><u>OPERATING INCOME</u></b>												
Lease Rentals	INR Million		-	-	-	-	49.4	91.2	91.2	103.2	104.9	105.3
Parking Income	INR Million		-	-	-	-	-	-	-	-	-	-
O&M income	INR Million		-	-	-	-	-	-	-	-	-	-
Other Income (Kiosk and Conference)	INR Million		-	-	-	-	0.6	1.1	1.1	1.3	1.3	1.3
Cafeteria Income	INR Million		-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>INR Million</b>		-	-	-	-	<b>50.0</b>	<b>92.3</b>	<b>92.3</b>	<b>104.5</b>	<b>106.2</b>	<b>106.6</b>
<b>Total Income from occupancy</b>	<b>INR Million</b>		-	-	-	-	<b>50.0</b>	<b>92.3</b>	<b>92.3</b>	<b>104.5</b>	<b>106.2</b>	<b>106.6</b>
<b><u>OPERATING COSTS</u></b>												
O&M cost	INR Million		-	-	-	-	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(1.0)
Insurance Cost	INR Million		-	-	-	-	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Property Taxes	INR Million		-	-	-	-	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)	(3.6)
<b>Total Operating Costs</b>	<b>INR Million</b>		-	-	-	-	<b>(4.1)</b>	<b>(4.3)</b>	<b>(4.4)</b>	<b>(4.5)</b>	<b>(4.7)</b>	<b>(4.9)</b>
<b>Net operating Income</b>	<b>INR Million</b>		-	-	-	-	<b>45.9</b>	<b>88.1</b>	<b>87.9</b>	<b>99.9</b>	<b>101.5</b>	<b>101.7</b>
Terminal Value	INR Million		-	-	-	-	-	-	-	-	-	1,458.9
Transaction Cost	INR Million		-	-	-	-	-	-	-	-	-	(14.6)
Fit Out Income	INR Million		-	-	-	-	-	-	-	-	-	-
<b>Total Net income</b>	<b>INR Million</b>		-	-	-	-	<b>45.9</b>	<b>88.1</b>	<b>87.9</b>	<b>99.9</b>	<b>101.5</b>	<b>1,546.1</b>
Property Mangement Fees	INR Million		-	-	-	-	(1.5)	(2.7)	(2.7)	(3.1)	(3.1)	(3.2)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million		-	-	-	-	(0.5)	(0.9)	(0.9)	(1.0)	(1.0)	(1.1)
Brokerage Expenses	INR Million		-	-	-	-	(15.2)	-	-	-	-	(9.7)
<b>Net Cashflows- Before Construction</b>	<b>INR Million</b>		-	-	-	-	<b>29</b>	<b>84</b>	<b>84</b>	<b>96</b>	<b>97</b>	<b>1,532</b>
Construction Cost	INR Million	-14	(621)									
<b>Net Cashflows</b>	<b>INR Million</b>	<b>-14</b>	<b>(621)</b>	-	-	-	<b>29</b>	<b>84</b>	<b>84</b>	<b>96</b>	<b>97</b>	<b>1,532</b>



## JPM pre-lease/ BTS

Particulars	Unit	30-Sep-20	01-Oct-20	01-Oct-21	01-Oct-22	01-Oct-23	01-Oct-24	01-Oct-25	01-Oct-26	01-Oct-27	01-Oct-28	01-Oct-29
			30-Sep-21	30-Sep-22	30-Sep-23	30-Sep-24	30-Sep-25	30-Sep-26	30-Sep-27	30-Sep-28	30-Sep-29	30-Sep-30
<b>OPERATING INCOME</b>												
Lease Rentals	INR Million		-	703.4	1,061.1	1,087.3	1,220.2	1,220.2	1,250.4	1,403.3	1,403.3	1,438.0
Rental Guarantee	INR Million		864.6	576.4	-	-	-	-	-	-	-	-
Parking Income	INR Million		-	62.6	98.7	103.6	108.8	114.2	119.9	125.9	132.2	138.8
O&M income	INR Million		-	-	-	-	-	-	-	-	-	-
Other Income (Kiosk and Conference)	INR Million		-	7.0	10.6	10.9	12.2	12.2	12.5	14.0	14.0	14.4
Cafeteria Income	INR Million		-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	INR Million		<b>864.6</b>	<b>1,349.4</b>	<b>1,170.4</b>	<b>1,201.8</b>	<b>1,341.2</b>	<b>1,346.7</b>	<b>1,382.8</b>	<b>1,543.2</b>	<b>1,549.5</b>	<b>1,591.2</b>
<b>Total Income from occupancy</b>	INR Million		<b>864.6</b>	<b>1,349.4</b>	<b>1,170.4</b>	<b>1,201.8</b>	<b>1,341.2</b>	<b>1,346.7</b>	<b>1,382.8</b>	<b>1,543.2</b>	<b>1,549.5</b>	<b>1,591.2</b>
<b>OPERATING COSTS</b>												
O&M cost	INR Million		-	-	-	-	-	-	-	-	-	-
Insurance Cost	INR Million		-	(2.5)	(3.4)	(3.5)	(3.6)	(3.7)	(3.9)	(4.0)	(4.1)	(4.2)
Property Taxes	INR Million		-	(26.1)	(35.7)	(36.8)	(37.9)	(39.0)	(40.2)	(41.4)	(42.6)	(43.9)
<b>Total Operating Costs</b>	INR Million		<b>-</b>	<b>(28.6)</b>	<b>(39.1)</b>	<b>(40.3)</b>	<b>(41.5)</b>	<b>(42.8)</b>	<b>(44.0)</b>	<b>(45.4)</b>	<b>(46.7)</b>	<b>(48.1)</b>
<b>Net operating Income</b>	INR Million		<b>864.6</b>	<b>1,320.8</b>	<b>1,131.2</b>	<b>1,161.5</b>	<b>1,299.7</b>	<b>1,303.9</b>	<b>1,338.8</b>	<b>1,497.9</b>	<b>1,502.8</b>	<b>1,543.1</b>
Terminal Value	INR Million		-	-	-	-	-	-	-	-	-	24,392.7
Transaction Cost	INR Million		-	-	-	-	-	-	-	-	-	(243.9)
Fit Out Income	INR Million		-	-	-	-	-	-	-	-	-	-
<b>Total Net income</b>	INR Million		<b>864.6</b>	<b>1,320.8</b>	<b>1,131.2</b>	<b>1,161.5</b>	<b>1,299.7</b>	<b>1,303.9</b>	<b>1,338.8</b>	<b>1,497.9</b>	<b>1,502.8</b>	<b>25,691.9</b>
Property Mangement Fees	INR Million		-	(23.0)	(34.8)	(35.7)	(39.9)	(40.0)	(41.1)	(45.9)	(46.1)	(47.3)
Other Operating Expenses (R&M, Legal, Professional, Bad Debts and Rates and Taxes)	INR Million		-	(10.5)	(11.6)	(11.9)	(13.3)	(13.3)	(13.7)	(15.3)	(15.4)	(15.8)
Brokerage Expenses	INR Million	-113.5	-	-	-	-	-	-	-	-	-	-
<b>Net Cashflows- Before Construction</b>	INR Million		<b>864.6</b>	<b>1,287.2</b>	<b>1,084.8</b>	<b>1,113.8</b>	<b>1,246.5</b>	<b>1,250.5</b>	<b>1,284.0</b>	<b>1,436.7</b>	<b>1,441.4</b>	<b>25,628.8</b>
Construction Cost	INR Million	-2145.0	(2,700.0)	-	-	-	-	-	-	-	-	-
DM Fees	INR Million		(135.0)	-	-	-	-	-	-	-	-	-
Sarla land lease rent	INR Million		(93.6)	(93.6)	(107.6)	(107.6)	(107.6)	(123.8)	(123.8)	(123.8)	(142.4)	(1,949.2)
<b>Net Cashflows</b>	INR Million	-2258.5	<b>(2,064.0)</b>	<b>1,193.6</b>	<b>977.2</b>	<b>1,006.2</b>	<b>1,138.9</b>	<b>1,126.7</b>	<b>1,160.2</b>	<b>1,312.9</b>	<b>1,299.0</b>	<b>23,679.6</b>

**Hospitality (5 – Star)**

Particulars	30-Sep-20	01-Oct-20 30-Sep-21	01-Oct-21 30-Sep-22	01-Oct-22 30-Sep-23	01-Oct-23 30-Sep-24	01-Oct-24 30-Sep-25	01-Oct-25 30-Sep-26	01-Oct-26 30-Sep-27	01-Oct-27 30-Sep-28	01-Oct-28 30-Sep-29	01-Oct-29 30-Sep-30
	Revenue		0	0	0	0	633	1,167	1,681	1,882	2,071
Departmental Expenses		0	0	0	0	399	509	547	567	624	655
Undistributed Expenses		0	0	0	0	184	280	336	376	394	391
Management Fees		2	2	0	0	36	67	118	132	150	158
Fixed Costs		0	0	0	0	47	54	61	65	70	73
Construction Cost	115	478	1,462	1,651	1,816	0	0	0	0	0	0
<b>EBITDA</b>	<b>-115</b>	<b>-480</b>	<b>-1,464</b>	<b>-1,651</b>	<b>-1,816</b>	<b>-33</b>	<b>257</b>	<b>618</b>	<b>741</b>	<b>834</b>	<b>897</b>
Terminal Value											12,564
Transaction Costs											-125.64
<b>Total Net cashflows</b>	<b>-115</b>	<b>-480</b>	<b>-1,464</b>	<b>-1,651</b>	<b>-1,816</b>	<b>-33</b>	<b>257</b>	<b>618</b>	<b>741</b>	<b>834</b>	<b>13,336</b>

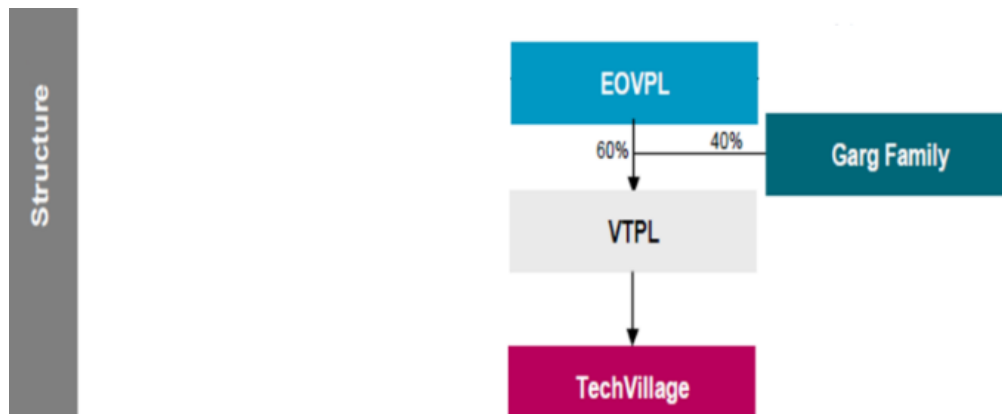
**Hospitality (3 – Star)**

Particulars	30-Sep-20	01-Oct-20 30-Sep-21	01-Oct-21 30-Sep-22	01-Oct-22 30-Sep-23	01-Oct-23 30-Sep-24	01-Oct-24 30-Sep-25	01-Oct-25 30-Sep-26	01-Oct-26 30-Sep-27	01-Oct-27 30-Sep-28	01-Oct-28 30-Sep-29	01-Oct-29 30-Sep-30
	Revenue		0	0	0	0	262	484	700	800	898
Departmental Expenses		0	0	0	0	133	206	201	230	258	271
Undistributed Expenses		0	0	0	0	66	102	119	136	153	160
Management Fees		2	2	0	0	32	30	49	56	65	68
Fixed Costs		0	0	0	0	26	30	33	35	38	40
Construction Costs	58.32	242	742	837	942	0	0	0	0	0	0
<b>EBITDA</b>	<b>-58</b>	<b>-244</b>	<b>-744</b>	<b>-837</b>	<b>-942</b>	<b>6</b>	<b>116</b>	<b>297</b>	<b>343</b>	<b>384</b>	<b>404</b>
Terminal Value											5,650
Transaction Costs											-56.50
<b>Total Net cashflows</b>	<b>-58</b>	<b>-244</b>	<b>-744</b>	<b>-837</b>	<b>-942</b>	<b>6</b>	<b>116</b>	<b>297</b>	<b>343</b>	<b>384</b>	<b>5,997</b>



**Annexure 2: Ownership Structure**

**1. Ownership Structure of ETV**



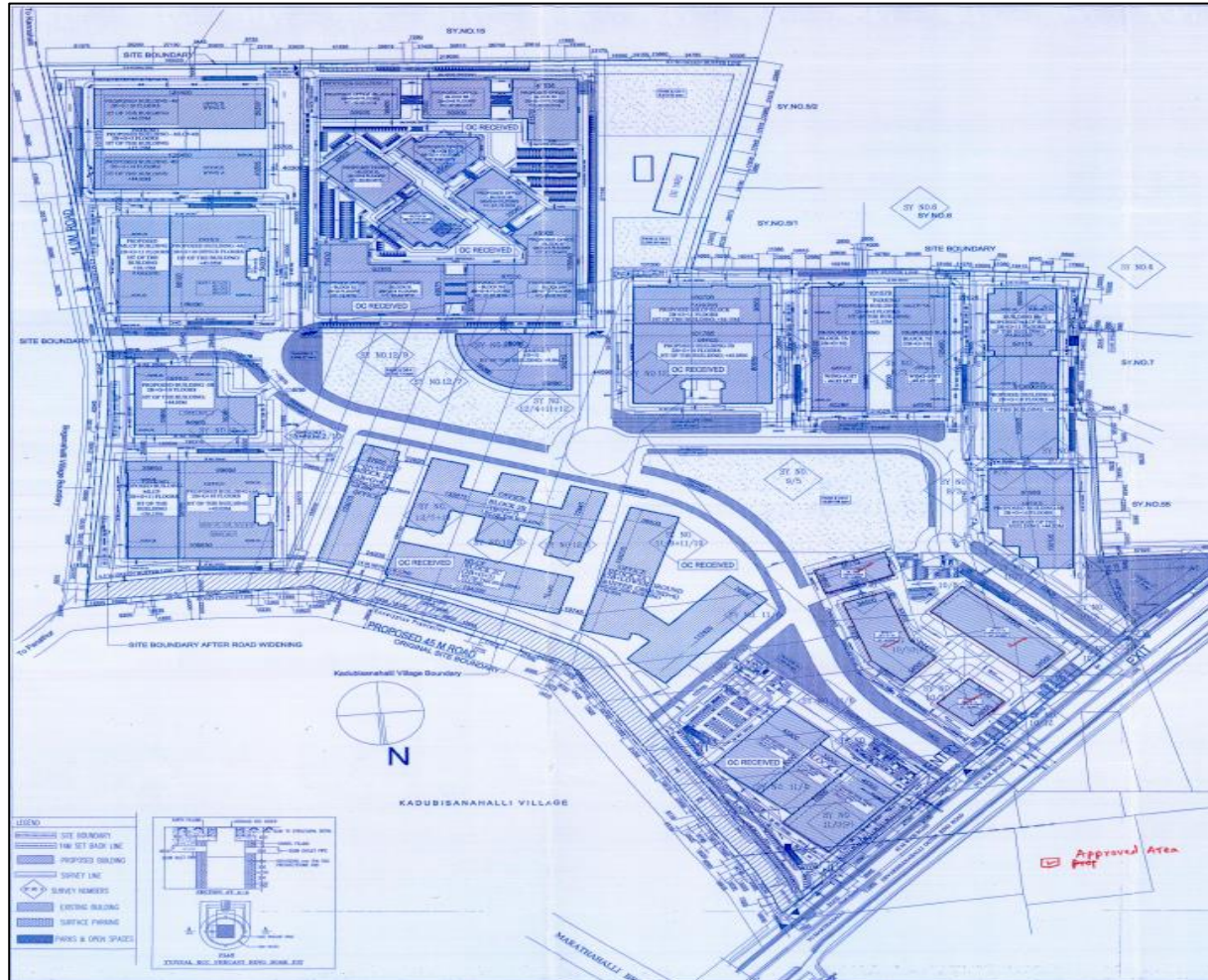
**2. Ownership Structure of For Sarla (SIPL)**

100% Holding by Embassy Property Developments Private Limited (including 1 share held jointly with Mr. Jitendra Virwani)

Note: The REIT proposes to hold 100% freehold interest in the property.



**Annexure 3: Property Master Plan**



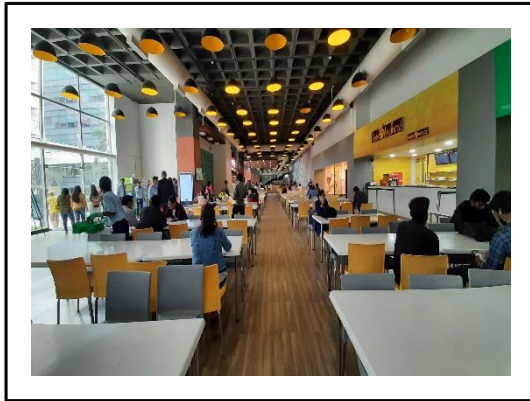
**Annexure 4: Property Photographs**



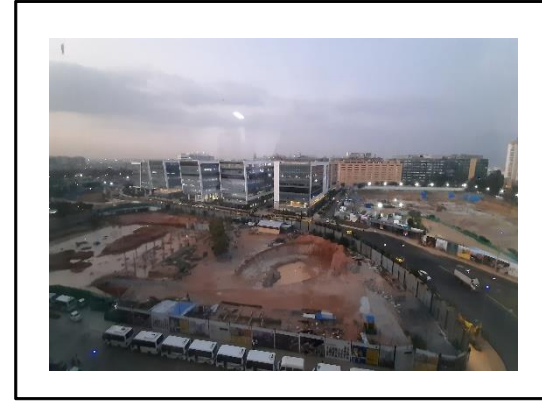
Office Block



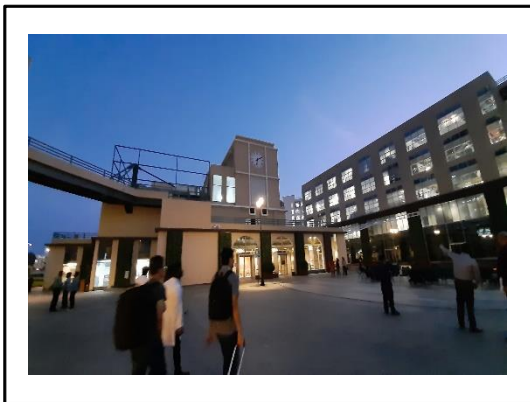
Office Block



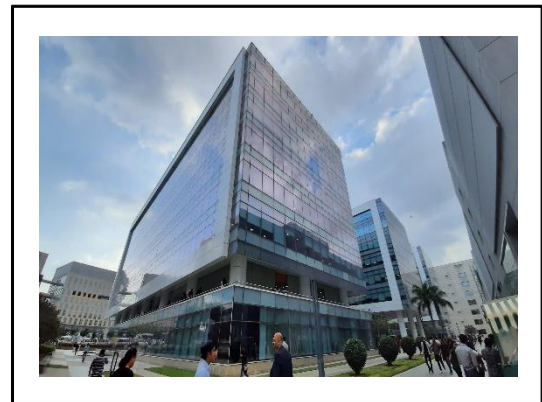
Food Court



Under-construction Blocks



Office Block



Office Block




**Annexure 5: Statement of assets**

<b>Building/ Tower / Wing</b>	<b>No./ Name</b>	<b>Block 1A</b>	<b>Block 2</b>	<b>Block 7</b>	<b>Block 5</b>	<b>ETV Incubation</b>
<b>No. of Transformers/ Capacity</b>	No.	4Nos	12Nos	4Nos	7Nos	2Nos
<b>No. of AHU's/ Capacity</b>	No.	109Nos	78Nos	46Nos	5Nos	12Nos
<b>STP</b>	KLD	490KLD	720KLD	380KLD	1,035KLD	NA
<b>Chillers and Cooling Towers</b>	No.	8Nos	12Nos	6Nos	10Nos	NA
<b>HVAC</b>	No.	1No	6No	1No	2Nos	NA
<b>DG Set</b>	No.	6Nos	12Nos	8Nos	18Nos	NA



---

**Annexure 6: List of sanctions and approvals**

**Property Inspection – Embassy TechVillage, Outer Ring Road, Bengaluru**

Approvals Received

- a) Building Approvals for all existing buildings and amendments thereof
- b) Consent to Operate for all existing/ operational buildings
- c) Full Occupancy Certificates received for all the existing/operational buildings except Block 7A, MLCP 7A and Block 7B.
- d) Consent to Establish for all existing/ operational and under-construction buildings.
- e) Approved master plan
- f) Consent to Operate
- g) Fire NOC received for all existing/ operational buildings except Block 2A, Block 7A, MLCP 7A.
- h) Fire NOC for Block 2B, MLCP 2C and Block 2D received in November 2006. Recent Fire NOC's not available for these.
- i) Pre-construction Fire clearance received for under construction blocks Block 9 and amenity block.
- j) Lift NOC received for all existing/ operational buildings except Block 5H, Block 7A and MLCP 7A.
- k) Height clearance NOC from AAI
- l) BSNL height clearance NOC
- m) State Level Environment Impact Assessment Authority NOC
- n) Pollution Control Board NOC

## Annexure 7: Material Litigation

### • Litigation in respect of land in Survey No.54/7:

Litigations concerning land in Survey No. 54/7 comprise of the following proceedings:

- a) Original Suit No. 5255/2017 filed by L.C. Dhananjaya against “Embassy Group” before the City Civil Court, Bangalore.
- b) Civil Revision Petition No. 1/2018 filed by Vikas Telecom against L.C. Dhananjaya before the High Court of Karnataka, Bangalore.
- c) Writ Petition No. 1/2018 filed by Vikas Telecom against L.C. Dhananjaya before the High Court of Karnataka, Bangalore.
- d) R.A.(B.E.) 342/2015-16 filed L.C. Dhananjay against the Tahasildar and others before the Assistant Commissioner, Bangalore North Sub-Division, Bangalore.

1. The case in O.S. No. 5255/2017 was filed by L.C. Dhananjay against “Embassy Group” seeking a decree of permanent injunction against “Embassy Group” from interfering with the alleged rights of L.C. Dhananjay with respect to land in Survey No.54/7. Vikas Telecom filed two interim applications. The first application was IA No. 3 seeking dismissal of the suit contending that ‘Embassy Group’ is not a valid legal entity. The second was IA No. 7 to implead itself as the Defendant No. 2 in the said suit. By order dated 16.12.2017, the Civil Court rejected both the aforesaid applications. By the same order the Trial court has also rejected the Interim Application filed by L.C. Dhananjay seeking temporary injunction against Embassy Group. The said the suit is pending disposal.
2. Aggrieved by the rejection of IA No. 3, Vikas Telecom filed a civil revision petition bearing CRP No. 1/2018 before the High Court of Karnataka and against the rejection of IA No. 7, Vikas Telecom filed a writ petition bearing W.P.No. 1/2018 before the High Court of Karnataka.
3. By orders dated 10.01.2018 passed in both the proceedings (CRP No.1/2018 and W.P.No.1/2018), the High Court of Karnataka stayed the proceedings in O.S. No. 5255/2017 till the next date of hearing.

According to the legal counsels, as per the High Court website, both the aforesaid matters are still pending, and the interim stay passed by the High Court has been extended till further orders.

**According to the legal counsels and as per the documents reviewed by them, the litigation does not have any merits.**

4. L.C. Dhananjaya also filed an appeal in R.A.(B.E.) 342/2015-16 under Section 136 (2) of Karnataka Land Revenue Act, 1964 before the Assistant Commissioner, Bangalore North Sub-Division challenging the endorsement dated 29.10.2015 issued by the Tahasildar, Bangalore East Taluk. By the said endorsement the Tahasildar had rejected the claim of L.C. Dhananjaya for the change of Katha to his name for 21 Guntas of land in Sy.No. 54/7.
5. Vikas Telecom was impleaded as the Respondent No. 3 and has also filed detailed statement of objections opposing the contents of the appeal. There does not appear to be any concern arising out of the aforesaid proceedings concerning Survey No. 54/7 because the acquisition proceedings have been validated by the High Court in the orders passed in the two writ petitions bearing W.P.No. 26386/2005 and W.P.No.14491/2005. The said the appeal is pending disposal.

- **Litigations concerning land at Survey No. 128/7:**

Litigations concerning land in Survey No. 128/7 comprise of the following proceedings:

- a) O.S. No. 5599/2018 before the City Civil Court Bangalore filed by Mohankumar against “The Managing Director, Embassy Group of Company”; and
- b) O.S. No. 5896/2018 before the City Civil Court Bangalore filed by Chandrappa and Munishankarappa against Vikas Telecom and its representatives.

1. In both the matters, the Plaintiffs have sought decree of permanent injunction restraining the Defendants from interfering with their peaceful possession of Survey No. 128/7. In O.S. No. 5599/2018, Vikas Telecom was originally not made a party to the said suit. Vikas Telecom thereafter got itself impleaded as the Defendant No. 2 in the said matter. In the said matter Vikas Telecom does not claim any ownership or title over Survey No. 128/7. According to the legal counsels, land in Survey No.128/7 is not part of the project developed on the Larger Property, the plaintiffs however claiming that the said land parcel is at the edge of Larger Property. Vikas Telecom has impleaded itself in the suits in order to avoid encroachment by the Plaintiffs. Vikas Telecom has taken the contention that the said land in Sy.No.128/7 has been acquired by BBMP for forming a road.

**There are no legal proceedings/ litigation pending against SIPL.**



**Annexure 8: Ready Reckoner Rate**

ಕ್ರ. ಸಂ.	ಹೋಬಳಿ/ ಗ್ರಾಮ /ಪ್ರದೇಶದ	Hobli/Village/Area	ಸ್ಥಳೀಯ/ಸ್ವಾಮ್ಯ ಪ್ರಾಧಿಕಾರದ ವಹಿ ನಿರೀತನಗಳು.	ಸ್ವಾಮ್ಯ ಪ್ರಾಧಿಕಾರದ ವಿಶ್ವಾಸೀ ಹಣ್ಣುಗಳು ವಹಿ ನಿರೀತನಗಳು.	ಕೃಷಿ ಬೆವಣಿ	ಸ್ಥಳೀಯ/ಸ್ವಾಮ್ಯ ಪ್ರಾಧಿಕಾರದ ನಿರೀತನದಲ್ಲಿ ನಿರ್ಮಿಸಿದ ಅಪಾರ್ಟ್‌ಮೆಂಟ್ ಮತ್ತು ಕ್ಲಬ್‌ಹೌಸ್‌ಗಳ ಮೌಲ್ಯ.
			ಪ್ರತಿ ಚದರ ಮೀಟರ್‌ಗೆ ರೂ.ಗಳಲ್ಲಿ	ಪ್ರತಿ ಚದರ ಮೀಟರ್‌ಗೆ ರೂ.ಗಳಲ್ಲಿ	ಪ್ರತಿ ಎಕರೆಗೆ ರೂ.	ಪ್ರತಿ ಚದರ ಮೀಟರ್ ಸೂಪರ್ ಬಿಲ್ಡ್‌ಅಪ್ ಬಯ್ಡಾಗೆ ರೂ.ಗಳಲ್ಲಿ
1	2	3	4	5	6	7
515	ಸ್ಕಂದ ಸೆರೆನಿಟಿ ಅಪಾರ್ಟ್‌ಮೆಂಟ್	Skanda Serenity Apartment				49500
516	ಸ್ಕಂದ ಸುಕುರ್ತಿ ಅಪಾರ್ಟ್‌ಮೆಂಟ್	Skanda Sukurthi Apartment				49500
517	ಸಿಸ್ಕೋ ಟೆಕ್ ಪಾರ್ಕ್ (ವಾಣಿಜ್ಯ)	SiscoTech Park (Commercial)	92500			87500
518	ವೃಂದಾವನ ಟೆಕ್ ಪಾರ್ಕ್ (ವಾಣಿಜ್ಯ) (150-W0541-3)	Vrundavana Tech Park (Commercial) (150-W0541-3)	92500			87500
519	ಸೊರೆವಿಯಾ ವಿಲ್ಲಸ್ಟನ್ ಅಪಾರ್ಟ್‌ಮೆಂಟ್	Soreviya Willston Apartment				49500
520	ಪ್ರೆಸ್ಟಿಜ್ ಸನ್ಸೈಡ್ ಅಪಾರ್ಟ್‌ಮೆಂಟ್	Prestige Sunny Side Apartment				87500
521	ಸೆಸನಾ ಬುಸಿನೆಸ್ ಪಾರ್ಕ್ (ವಾಣಿಜ್ಯ) (150-M0021-204 &150-M0199-7)	Sesna Business Park (Commercial) (150-M0021-204 &150-M0199-7)	92500			87500
522	ಶ್ರೀ ಸಿಸಾ ಗ್ರಾಂಡ್ ಅಪಾರ್ಟ್‌ಮೆಂಟ್	Sri Sisa Grand Apartment				52800
523	ಎಸ್‌ಎಲ್‌ಎಸ್ ಸೆರೆನಿಟಿ ಅಪಾರ್ಟ್‌ಮೆಂಟ್	SLS Serenity Apartment				49500
524	ಸಲಾಪುರಾ ಪೂರ್ವ ಟೆಕ್‌ಪಾರ್ಕ್ (ವಾಣಿಜ್ಯ)	Salapurua Tech zone (Commercial)	92500			87500
525	ಸಲಾಪುರಾ ಹಾಲ್‌ಮಾರ್ಕ್ (ವಾಣಿಜ್ಯ) (150-M0021-43/1)	Salapurua Hallmark (Commercial) (150-M0021-43/1)	92500			87500

Source: Stamps and Registration Department, Government of Karnataka

The Guideline Value for subject property is INR 92,500 per sq. m. for land component and INR 87,500 per sq. m. for super built up area.



---

## **Annexure 9: Major Repairs Undertaken and Proposed in the Subject Property**

As informed by client, following major repairs/upgrades to be undertaken in FY 2020-2021:

- Installation of MLTP-1 & 2 VCB of 3 Nos, HT outdoor panel with VCB and Transformer bus duct to be undertaken in Block 2C;
- Installation of MLTP-1 & 2 LT Panel ACB replacement (Total Quantity-10 Nos, capacity-4 Pole 4,000 Amps) to be undertaken in Block 2C which has currently crossed 10 years of operation;
- Installation of MTU DG-2 Nos & MHI-5 Nos to be undertaken in Blocks 2A, 2B, 2C and 2D;
- STP operation improvement by STP plant slab opening, air diffuser replacement, pipe modification, Motors & Air blowers replacement to be undertaken in Block 2A;
- Plumbing shaft main pipeline replacement to be undertaken in Block 2B; and
- Food court operation hygiene factor to be improved by providing dishwasher in the system in Block 2C.



---

## Annexure 10: Caveats & Limitations

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



information on the market, financial and operating data, which has been accepted as accurate in bona-fide belief. No responsibility is assumed for technical or specialised information furnished by the third-party organizations and this is on a bona-fide basis, believed to be reliable.

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