EMBASSY OFFICE PARKS REIT

July 15, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Issuer rating - Issuer rating	0.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	800.00	CARE AAA; Stable	Assigned
Non-convertible debentures	500.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	500.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	250.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	250.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	1,200.00	CARE AAA; Stable	Reaffirmed
Commercial paper	1,500.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Rating reaffirmation of long-term and short-term instruments and issuer rating of Embassy Office Parks REIT (Real Estate Investment Trust) (EOPR) continues to derive strength from its diversified asset portfolio of commercial office space, hospitality, and renewable energy assets. EOPR has strong portfolio of grade-A commercial office assets with a completed leasable area of 40.3 million square feet (msf) across Bengaluru, Mumbai, Pune, the National Capital Region (NCR), and Chennai. The property is largely occupied by marque tenants from business sectors, with strong presence of multi-national companies (MNCs), information technology (IT), and information technology-enabled services (ITeS) companies, resulting in strong collection efficiency. EOPR also has right of first offer (ROFO) in three assets, including Embassy Concord (land acquired), Embassy Knowledge Park (land acquired), and Embassy Whitefield (operational) with total space of 25.4 msf leasable area in Bengaluru.

Strong occupancy of 87% as on March 31, 2025, and low lease expiries over medium term provides healthy revenue visibility. Considering the stable demand outlook, resumption of back-to-office and latest direction by the Government of India (GOI) on de-notification of Special Economic Zone (SEZ) properties, CARE Ratings Limited (CareEdge Ratings) expects occupancy to remain healthy in the medium term. Most leases expiring in the near-to-medium term are yielding lower rentals than current market rates, and therefore, EOPR is likely to benefit from the mark-to-market (MTM) opportunity, realising higher re-leasing spread through re-leasing of existing contracts. EOPR continued to report strong net operating income (NOI) as on March 31, 2025, aided by new leases at higher rentals and sustained hotel performance. EOPR's ability to sustain occupancy levels and realise MTM gains will continue to remain a rating monitorable.

Since its launch, EOPR has demonstrated strong financial risk management, characterised by low loan-to-value (LTV), comfortable debt to earnings before interest, depreciation, taxes, and amortisation (EBIDTA) and cash coverage ratio (CCR). CareEdge Ratings also considers the debt-funded capital expenditure in the medium term. However, with the planned qualified institutional placement (QIP) to raise equity funds, debt protection metrics are likely to remain strong.

Restrictions under Securities and Exchange Board of India (SEBI) regulations, which limit the share of under-construction assets to less than 20% and net debt to gross asset value (GAV) to under 49%, enhance credit protection.

CareEdge Ratings notes that the EOPR's manager has implemented measures to enhance corporate governance in compliance with SEBI directives on nominee director rights for unitholders with over 10% unitholding either individually or collectively. Half directors in EOPR are independent, aligning with SEBI guidelines.

These strengths outweigh refinancing risks associated with debt instruments and term loan repayments at EOPR and its subsidiaries. EOPR has demonstrated its ability to raise debt at competitive rates to refinance its debt in the past. EOPR continues

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

to remain exposed to execution and marketing risks associated with upcoming projects and cyclicality of real estate and hospitality sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors
Not applicable

Negative factors

- Net debt/GAV of more than 35%.
- Consolidated net debt/EBITDA[2] of more than 5.5x on a sustainable basis.
- Significant delay in completion and leasing of under-construction assets impacting the credit profile of EOPR.

Analytical approach: Consolidated
EOPR's analysis is carried out on a consolidated basis, which includes its subsidiaries and associates mentioned in Annexure-6. The consolidated approach is taken considering EOPR has direct control over special purpose vehicles (SPVs). Per the REIT Regulations, 2014, maximum borrowing by the REIT has been defined at a consolidated level (equivalent to 49% value of EOPR's assets).

Outlook: Stable
The stable outlook reflects CareEdge Ratings' expectation of EOPR continuing to maintain strong debt protection metrics, aided by steady occupancy levels at favourable rates.

Detailed description of key rating drivers:

Key strengths

Fairly diversified asset portfolio of Embassy REIT
EOPR's asset portfolio consists of commercial office space across five cities, hospitality, and a captive solar plant of 100-MW capacity. As on March 31, 2025, EOPR had 51.1 msf commercial space area, of which 40.3 msf is completed and 87% is occupied, 6.1 msf is under-construction space, while 4.8 msf is proposed development. The commercial space is diversified in Bengaluru, Mumbai, Pune, NCR, and Chennai. EOPR also has completed hotels with an inventory of 1,096 keys, under-construction hotels of 518 keys in Bengaluru, and a 100-MW solar park in Bellary, Karnataka. The commercial office space portfolio contributes ~85% of EOPR's total revenue. Diversification in asset class and geographies mitigates micro-market and industry-specific issues to a certain extent.

Overall stable revenue from commercial and hospitality assets of Embassy REIT
Occupancy levels of commercial office spaces remained healthy at 87% as on March 31, 2025. Consolidated revenue for FY25 stood at ₹4,039 crore (₹3,685 crore for FY24), an increase of ~10% year-over-year (y-o-y), and EBITDA at ₹3,189 crore (₹2,972 crore for FY24), up ~7%, y-o-y. This increase was supported by improved performance in hospitality segment and rental escalations in renewed leases. Currently, over 50% vacant space is in SEZ area, which has been inherently witnessing delayed leasing. EOPR is de-notifying some of its SEZ spaces, which is likely to enhance marketability. Latest direction by GOI on denotification of SEZ properties is further expected to benefit EOPR in leasing ramp up. Most leases expired or expiring were old leases, generating lower than prevailing market rates, providing reasonable MTM opportunity to EOPR. EOPR's assets are occupied by tenants with strong credit profiles, and almost half gross leasable area is leased out to Fortune 500 companies. The satisfactory weighted average lease expiry (WALE) of 8.4 years provides revenue stability for the longer term.

Occupancy of the hospitality segment remained satisfactory at 66% for financial year ended March 31, 2025, improved from 64% for financial year ended March 31, 2024. EOPR's ability to improve occupancy levels will be closely monitored.

Strong debt protection metrics of Embassy REIT
Gross debt declined slightly to ₹19,807 crore as on March 31, 2025, from ₹20,111 crore as on December 31, 2024. EOPR's net debt stood at ~₹19,655 crore as on March 31, 2025. Debt protection metrics remained comfortable, marked by net debt to GAV of 32% and net debt to EBITDA of 5.36x as on March 31, 2025. EOPR plans to raise additional CP of ₹400 crore further ongoing and planned capex is expected to increase gross debt. However, CareEdge Ratings believes the expected equity fund raising

[2] For the calculation of debt/EBIDTA, EBIDTA is calculated as defined in NCD documents, per which, EBIDTA also include 50% of EBIDTA of Golflinks Software Park Private Limited plus fitout rentals and rental support income.

through QIP, majority of which, will be utilised to repay external debt, will support EOPR in strengthening its debt metrics. Per CareEdge Ratings' estimates, net debt/GAV and net debt/EBIDTA are expected to largely remain below 35% and 5.5x in the near-to-medium term.

Key weaknesses

Execution risk associated with projects undertaken by Embassy REIT

EOPR plans to incur a capex on a consolidated basis in the near-to-medium term (~₹3,700 crore is pending cost to complete as on March 31, 2025), which is likely to be get funded through debt. While execution risk will persist to complete the project on time, comfort is drawn from EOPR's successful track record in executing such projects. Timely leasing at envisaged rates will be a key monitorable.

High refinancing risk of Embassy REIT

Debt raised by EOPR and its subsidiaries are largely non-amortising in nature with bullet payment at the end of 3-5 years for non-convertible debentures (NCDs), thus exposing it to high refinancing risk. However, risks are mitigated to an extent, considering the staggered repayment structure in the medium term, availability of large pool of capital through upstream of funds from SPVs to REIT and high financial flexibility arising from low LTV, which provides ample headroom to raise additional debt or equity. EOPR also has flexibility to exercise the call option, which provides opportunity to prepay debt 4-6 months prior to final maturity. CareEdge Ratings also considers EOPR's demonstrated track record in refinancing several debts in the past at REIT and SPV levels. CP has a maturity of 6-12 months, which further increases the risk of refinancing. Overall, refinancing requirements are generally met by a mix of NCD and other bank facilities. EOPR plans to raise ₹6,500 crore debt for refinancing existing debt and working capital requirement of EOPR and its SPVs. In Q1FY26, EOPR had raised debt of ~₹4,225 crore, the proceeds of which were used to refinance debt of ~₹3,400 crore. Timely refinancing of debts remains monitorable from a credit perspective.

Liquidity: Strong

EOPR's liquidity is strong owing to strong debt coverage indicators, aided by minimal interim principal payments. While bullet repayment exposes it to high refinancing risk, EOPR's low debt/GAV allows ample headroom to raise additional debt, including raising lease rental discounting (LRD) loans in SPVs from banks for refinancing NCDs. Majority NCD instruments have multiple call options before final maturity, enabling them to refinance NCDs earlier than the due date. Regulations allowing participation from pension funds, insurance companies, and now foreign portfolio investments (FPIs), have provided access to larger investor base. Restrictions imposed under REIT regulations in terms of undertaking under-construction projects limit the cash outflow towards the capex. At a consolidated level, EOPR had cash and cash equivalents of ₹690 crore as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environment: Stricter environmental regulations could drive-up operational costs in the real estate sector. Project launches require environmental clearances, and delays could harm business profile. Changing environmental rules may pose credit risks for property development permits. EOPR has been taking several measures to address concerns around it. Half the energy consumption is from renewable energy. Consistent efforts are made to reduce water consumption, and organic waste converter capacity increase, among others. Its assets were also awarded a five-star rating by the British Safety Council for Occupational Health and Safety. Around 96% leases signed are 'green leases' to reduce the property's environmental impact.

Social: On-going demand growth for commercial office spaces in India, particularly for quality assets with strong infrastructure and connectivity that align with the service sector's expansion, limit risks. While trends such as remote work preferences may potentially affect demand negatively, overall outlook for the commercial real estate sector appears demanding. Rapid urbanisation and a sizable working-age population are expected to drive commercial real estate demand in India.

Governance: On the governance front, over 50% board comprises independent directors and there are adequate related-party safeguards.

Applicable criteria

Consolidation
Definition of Default
Issuer Rating
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector

Real Estate Investment Trusts (REITs)
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Realty	Realty	Real estate investment trusts (REITs)

EOPR (Reg. no. IN/REIT/17-18/0001) market cap of ~₹36,874 crore as on July 14, 2025, is registered as an irrevocable trust under the Indian Trust Act, 1882, and as an REIT with SEBI's REIT Regulations, 2014, as amended. EOPR is sponsored by BRE Mauritius Investments (part of the Blackstone Group) and Embassy Property Development Private Limited (part of the Embassy group). It has 14 commercial assets (office parks and city-centric offices), six hotels (of which two are under construction), and a solar plant. EOPR's portfolio of assets are held through SPVs.

Brief Financials - consolidated (₹ crore)	March 31, 2023 (12m, A)	March 31, 2024 (12m, A)	March 31, 2025 (12m, A)
Total operating income	3,419	3,685	4,039
PBILDT	2,545	2,770	3,050
PAT	506	964	1,624*
Overall gearing (times)	0.88	1.09	1.29
Interest coverage (times)	2.61	2.55	2.30

A: Audited; Note: these are latest available financial results
*It includes deferred tax adjustment of ₹1,599 crore.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

CareEdge RATINGS

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial paper-Commercial paper (Standalone)	INE041014064	28-Apr-2025	7.08	20-Mar-2026	325.00	CARE A1+
Commercial paper-Commercial paper (Standalone)	INE041014056	28-Apr-2025	7.08	10-Mar-2026	350.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE041014049	13-Feb-2025	7.75	12-Feb-2026	425.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	Proposed	-	-	-	400.00	CARE A1+
Debentures-Non-convertible debentures	Proposed	-	-	-	1200.00	CARE AAA; Stable
Debentures-Non-convertible debentures	Proposed	-	-	-	800.00	CARE AAA; Stable
Debentures-Non-convertible debentures	INE041007118	28-Aug-2023	8.10	28-Aug-2028	500.00	CARE AAA; Stable
Debentures-Non-convertible debentures	INE041007159	16-Dec-2024	7.73	14-Dec-2029	1000.00	CARE AAA; Stable
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE AAA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE AAA; Stable	1)CARE AAA; Stable (19-Jun-25) 2)CARE AAA; Stable (24-Apr-25)	1)CARE AAA; Stable (09-Dec-24) 2)CARE AAA; Stable (01-Aug-24) 3)CARE AAA; Stable (01-Jul-24) 4)CARE AAA; Stable (26-Apr-24)	1)CARE AAA; Stable (02-Jan-24) 2)CARE AAA; Stable (31-Oct-23) 3)CARE AAA; Stable (06-Jul-23)	1)CARE AAA; Stable (26-Dec-22) 2)CARE AAA (Is); Stable (02-Dec-22)
2	Debentures-Non-convertible debentures	LT	500.00	CARE AAA; Stable	1)CARE AAA; Stable (19-Jun-25) 2)CARE AAA; Stable (24-Apr-25)	1)CARE AAA; Stable (09-Dec-24) 2)CARE AAA; Stable (01-Aug-24) 3)CARE AAA; Stable (01-Jul-24) 4)CARE AAA; Stable (26-Apr-24)	1)CARE AAA; Stable (02-Jan-24) 2)CARE AAA; Stable (31-Oct-23) 3)CARE AAA; Stable (06-Jul-23)	-

3	Debentures-Non-convertible debentures	LT	500.00	CARE AAA; Stable	1)CARE AAA; Stable (19-Jun-25) 2)CARE AAA; Stable (24-Apr-25)	1)CARE AAA; Stable (09-Dec-24) 2)CARE AAA; Stable (01-Aug-24) 3)CARE AAA; Stable (01-Jul-24) 4)CARE AAA; Stable (26-Apr-24)	1)CARE AAA; Stable (02-Jan-24) 2)CARE AAA; Stable (31-Oct-23)	-
4	Commercial Paper-Commercial Paper (Standalone)	ST	1500.00	CARE A1+	1)CARE A1+ (19-Jun-25) 2)CARE A1+ (24-Apr-25)	1)CARE A1+ (09-Dec-24) 2)CARE A1+ (01-Aug-24) 3)CARE A1+ (01-Jul-24) 4)CARE A1+ (26-Apr-24)	1)CARE A1+ (02-Jan-24)	-
5	Debentures-Non-convertible debentures	LT	250.00	CARE AAA; Stable	1)CARE AAA; Stable (19-Jun-25) 2)CARE AAA; Stable (24-Apr-25)	1)CARE AAA; Stable (09-Dec-24) 2)CARE AAA; Stable (01-Aug-24)	-	-
6	Debentures-Non-convertible debentures	LT	250.00	CARE AAA; Stable	1)CARE AAA; Stable	1)CARE AAA; Stable	-	-

					(19-Jun-25) 2)CARE AAA; Stable (24-Apr-25)	(09-Dec-24)		
7	Debentures-Non-convertible debentures	LT	1200.00	CARE AAA; Stable	1)CARE AAA; Stable (19-Jun-25) 2)CARE AAA; Stable (24-Apr-25)	-	-	-
8	Debentures-Non-convertible debentures	LT	800.00	CARE AAA; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Standalone)	Simple
2	Debentures-Non-convertible debentures	Simple

Annexure-5: Lender details

To view the lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Indian Express News Papers (Mumbai) Private Limited	Full	Wholly owned subsidiary
2	Quadron Business Park Private Limited	Full	Wholly owned subsidiary
3	Qubix Business Park Private Limited	Full	Wholly owned subsidiary
4	Earnest Towers Private Limited	Full	Wholly owned subsidiary
5	Vikhroli Corporate Park Private Limited	Full	Wholly owned subsidiary
6	Galaxy Square Private Limited	Full	Wholly owned subsidiary
7	Oxygen Business Park Private Limited	Full	Wholly owned subsidiary
8	Manyata Promoters Private Limited	Full	Wholly owned subsidiary
9	Embassy Energy Private Limited	Full	Wholly owned subsidiary
10	Umbel Properties Private Limited	Full	Wholly owned subsidiary
11	Embassy Pune TechZone Private Limited	Full	Wholly owned subsidiary
12	Vikas Telecom Private Limited	Full	Wholly owned subsidiary
13	Sarla Infrastructure Private Limited	Full	Wholly owned subsidiary
14	Embassy Construction Private Limited	Full	Wholly owned subsidiary
15	ESNP Property Builders and Developers Private Limited	Full	Wholly owned subsidiary
16	Golflinks Software Park Private Limited	Proportionate	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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