EMBASSY OFFICE PARKS REIT

August 21, 2025

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

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Assignment of the rating to proposed non-convertible debentures (NCDs) and reaffirmation of ratings 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 40.4 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. The EOPR also has the right of first offer (ROFO) in Embassy Whitefield (operational) with total space of 4.2 msf leasable area in Bengaluru, of which 1.7 msf is completed and 2.5 msf is under construction.

Strong occupancy of 88% as on June 30, 2025, and low lease expires in the 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 June 30, 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.

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.

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

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

CareEdge Ratings notes Embassy REIT's disclosure to the stock exchanges dated July 31, 2025, regarding the resignation of Ritwik Bhattacharjee from his position as Interim CEO and the appointment of Amit Shetty as CEO of Embassy Office Parks Management Services Private Limited (EOPMSPL; Manager to Embassy REIT). Amit Shetty previously served as Chief Operating Officer at EOPMSPL.

CareEdge Ratings also notes that the Income Tax (IT) Department conducted a survey at the office of EOPR from July 28, 2025, to July 30, 2025. Per the company's stock exchange announcement, impact on financial, operational, or other activities cannot be ascertained at this time. CareEdge Ratings will continue to monitor the developments and its impact on the company's credit risk profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors
Not applicable

Negative factors

- Net debt/GAV of over 35%.
- Consolidated net debt/EBITDA[2] of over 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 the 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 the 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 June 30, 2025, EOPR had 51.2 msf commercial space area, of which 40.4 msf is completed and 88% 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 ~88% 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 88% as on June 30, 2025. Consolidated revenue for Q1FY26 stood at ₹1,060 crore (₹934 crore for Q1FY25), an increase of ~13% year-over-year (y-o-y), and EBITDA at ₹842 crore (₹752 crore for Q1FY25), up ~12%, y-o-y. This increase was supported by rental escalations in renewed leases and improved

[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.

performance in hospitality segment. 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 8.3 years provides revenue stability for the longer term.

Strong debt protection metrics of Embassy REIT

Gross debt increased to ₹21,847 crore as on June 30, 2025, from ₹19,807 crore as on March 31, 2025. EOPR's net debt stood at ₹20,184 crore as on June 30, 2025. However, despite increase in debt, debt protection metrics remains comfortable, marked by net debt to GAV of 33% and net debt to EBITDA of 5.36x as on June 30, 2025. 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 (~₹3,400 crore is pending cost to complete as on June 30, 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

The debt raised by EOPR and its subsidiaries are largely non-amortising in nature with bullet payment at the end of 3-10 years for NCDs, thus exposing it to high refinancing risk. However, risks are mitigated to an extent, considering the staggered repayment structure, 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 ₹9,000 crore debt for refinancing existing debt, capex and working capital requirement of EOPR and its SPVs. In Q1FY26, EOPR raised debt of ~₹4,225 crore, proceeds of which were used to refinance debt of ~₹3,400 crore and balance for capex. In July 2025 EOPR issued NCD Series XV of ₹2,000 crore with a tenure of 10 years and plans to issue further NCDs of ₹1,500 crore with a similar tenure. The proceed have been or will be used for refinancing existing debt, capex and working capital requirement of EOPR and its SPVs. 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 ₹1,664 crore as on June 30, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

<u>Environment:</u> 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.

<u>Social:</u> 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 ~₹36,800 crore as on August 20, 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, 2024 (12m, A)	March 31, 2025 (12m, A)	June 30, 2025 (3m, UA)
Total operating income	3,685	4,039	1060
PBILDT	2,770	3,050	842
PAT	964	1,624*	155
Overall gearing (times)	1.09	1.29	-
Interest coverage (times)	2.55	2.30	2.26

A: Audited UA: Unaudited; 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

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	INE041007191	24-Jul-2025	7.25	24-Jul-2035	2000.00	CARE AAA; Stable
Debentures-Non-convertible debentures	INE041007159	16-Dec-2024	7.73	14-Dec-2029	1000.00	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	Proposed	-	-	-	1500.00	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 (15-Jul-25) 2)CARE AAA; Stable (19-Jun-25) 3)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 (15-Jul-25) 2)CARE AAA; Stable (19-Jun-25) 3)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 (15-Jul-25) 2)CARE AAA; Stable (19-Jun-25) 3)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+ (15-Jul-25) 2)CARE A1+ (19-Jun-25) 3)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 (15-Jul-25) 2)CARE AAA; Stable (19-Jun-25)	1)CARE AAA; Stable (09-Dec-24) 2)CARE AAA; Stable (01-Aug-24)	-	-

					3)CARE AAA; Stable (24-Apr-25)			
6	Debentures-Non Convertible Debentures	LT	250.00	CARE AAA; Stable	1)CARE AAA; Stable (15-Jul-25) 2)CARE AAA; Stable (19-Jun-25) 3)CARE AAA; Stable (24-Apr-25)	1)CARE AAA; Stable (09-Dec-24)	-	-
7	Debentures-Non Convertible Debentures	LT	1200.00	CARE AAA; Stable	1)CARE AAA; Stable (15-Jul-25) 2)CARE AAA; Stable (19-Jun-25) 3)CARE AAA; Stable (24-Apr-25)	-	-	-
8	Debentures-Non Convertible Debentures	LT	800.00	CARE AAA; Stable	1)CARE AAA; Stable (15-Jul-25)	-	-	-
9	Debentures-Non Convertible Debentures	LT	1500.00	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 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.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: +91-022-6837-4474 E-mail: rajashree.murkute@careedge.in Divyesh Bharat Shah Director **CARE Ratings Limited** Phone: +91-020-4000-9069 E-mail: divyesh.shah@careedge.in Amita Yadav Associate Director **CARE Ratings Limited** Phone: +91-20-4000-9007 E-mail: amita.yadav@careedge.in

About us:

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