

EMBASSY OFFICE PARKS REIT

Issue Details	
Issue Opens	18-Mar-18
Issue Closes	20-Mar-18
Issue Size (Rs. Crore)	4750.00
Face value (per equity share)	NA
Price Band (Rs.)	299-300
Lot Size (No of Share)	400
Min Order Quantity	800
No of Shares on Offer (crore)	15.83
Institutional (%)	75%
Non-Institutional (%)	25%
Commencement of Trading	03-April-18

Issue Date: 18th Mar – 20th Mar 2019

Price Band (Rs.): 299 - 300

Lot Size (No. of Share): 400

Company Background

Incorporated in 2012, Bengaluru based Embassy Office Parks pvt ltd is in the business of real estate including renting, selling, buying and operating of leased or self-owned real-estate properties. It is a joint venture of the Blackstone group L.P, a new York city based largest alternative investment firm in the world. The Embassy REIT is a SEBI registered REIT as a real estate investment trust. The investment objective of the embassy REIT is to own, operate and invest in rent or income generating office real estate and related assets in India in accordance with the REIT Regulations.

Concerns

- They may utilize a significant amount of debt in the operation of its business.
- REIT regulation impose restrictions on the investments made by them.
- The proposed holding and financing structure of the Portfolio may not be tax efficient.

Strengths

- High-quality infrastructure.
- Located at leading services hub in India.
- Strong relationship base with multinational tenants.
- Strategic set up at the top performing markets.
- The good quality management system.
- Well known sponsors with local and global expertise.

Our View

Embassy Office Park is India's first REIT to get listed, so there is not much known about the returns that investor will get. But with best in-class infrastructure and presence in high growth market, the REIT would continue to demand premium rentals. This coupled with low office vacancy, professional management; growth in the sector along with transparent & accountable structure would mostly appeal the investor.

Essentially, REITs allow investors to own a piece of real estate market without actually buying a piece of land or developing the same. Instead of the traditional means of owning physical real estate, units of REIT make it hassle-free. As REITs are regulated by Securities Exchange Board of India, it ensures a reasonable amount of transparency for investors. Since the units are listed on the stock exchanges, the investors may expect liquidity in an otherwise illiquid asset class – real estate.

High risk investors who understand how REIT work can invest in this REIT issue with a long term perspective.

Financials

Particulars	For the year/period ended (in Rs. Million)			
	Dec'18	Mar'18	Mar'17	Mar'16
Total Assets	1,37,791	1,35,155	1,11,969	1,05,490
Total Revenue	13,760	16,118	14,849	13,970
Profit After Tax	2,851	2,569	1,770	932

Objects of the Issue

The Net Proceeds from the issue will be utilized towards the following objects:

1. Partial or Full repayment or pre-payment of bank/ financial institution debt of certain Asset SPVs and by the investment entity.
2. Payment of consideration for acquisition of the Embassy One Assets currently held by EODPL.
3. General purposes.