




# Embassy Office Parks REIT

Sector: Real Estate

03<sup>rd</sup> December 2025

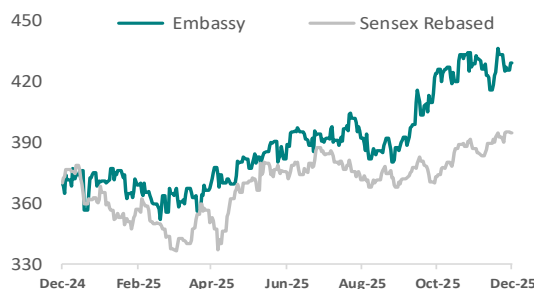
# Hold

Key Changes		Target		Rating		Dividend		Target	Rs. 449
Stock Type	Bloomberg Code	Sensex		NSE Code		BSE Code	Time Frame	<b>CMP</b>	<b>Rs. 438</b>
Mid Cap	EMBASSY:IN	85,138		EMBASSY		542602	12 Months	<b>TER*</b>	<b>+8%</b>

Data as of: 02-12- 2025, 18:00 hrs

Company Data			
Market Cap (Rs. cr )	40,650		
52 Week High — Low (Rs.)	440 - 343		
Enterprise Value (Rs. cr)	59,781		
Outstanding Units (Rs cr)	94.8		
Free Float (%)	92.3		
Dividend Yield (%)	5.4		
6m average volume (cr)	0.08		
Beta	0.1		
Face value (Rs)	-		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Sponsors	7.7	8.0	8.0
Institutions	74.8	74.0	74.0
Non-Institutions	17.5	18.0	18.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	11%	10%	16%
Absolute Sensex	7%	6%	7%
Relative Return	5%	4%	9%

\*over or under performance to benchmark index



Consolidated(Rs. cr)	FY26E	FY27E	FY28E
Sales	4,536	4,983	5,533
Growth (%)	12	10	11
EBITDA	3,563	3,995	4,449
Margin(%)	79	80	80
PAT Adj.	921	1,232	1,541
Growth (%)	38	34	25
Adjusted EPS	10	13	16
Growth (%)	38	34	25
P/E	45.1	33.7	26.9
P/FFO	19.7	16.8	14.8
EV/EBITDA	17.4	15.8	14.4
ROE (%)	4.3	6.2	8.3
D/E	1.0	1.1	1.2

## Record Distribution Amid Strong Leasing

**Embassy Office Parks REIT is India's first and largest listed Real Estate Investment Trust, which owns and operates a 51msf commercial portfolio, apart from its hotels and solar plant.**

- Embassy recorded a 13% YoY increase in revenue in Q2FY26, supported by higher occupancy levels, robust rental escalations, improved hotel Average Daily Rate (ADR), and contributions from newly delivered office spaces.
- Net Operating Income (NOI), reported for the quarter increased by 15% YoY, while the NOI margins expanded by 180bps.
- Distributions per unit came in at ₹6.5 for the quarter, reflecting 12% YoY growth and marking the highest level in the company's history.
- Total leasing activity for the quarter stood at ~1.5 msf across 20 deals, comprising 1 msf of new leases, 0.4 msf of renewals, and ~64,000 sq. ft. of pre-leasing in Chennai.
- Gross Asset Value (total AUM) rose 8% YoY to ₹63,980cr, while Net Asset Value increased 7% to ₹445.91 per unit. .

## Outlook & Valuation

Embassy Office Parks is expected to sustain healthy distribution levels, supported by improving leasing traction from both GCC and domestic corporates. The REIT is on track to deliver 5.2 msf over the next 3 years, complemented by an additional 2 msf in its pipeline, providing strong long-term growth visibility. However, given the current valuation, the potential for further upside remains limited. **We therefore downgrade our rating on the stock to Hold and revise our target price to ₹449, based on 15.4x Sept FY28E DPU, implying a TER of 8% (6% distribution yield and 2% capital appreciation).**

\* *TER (Total Expected Return) = Capital Appreciation + Distribution yield*

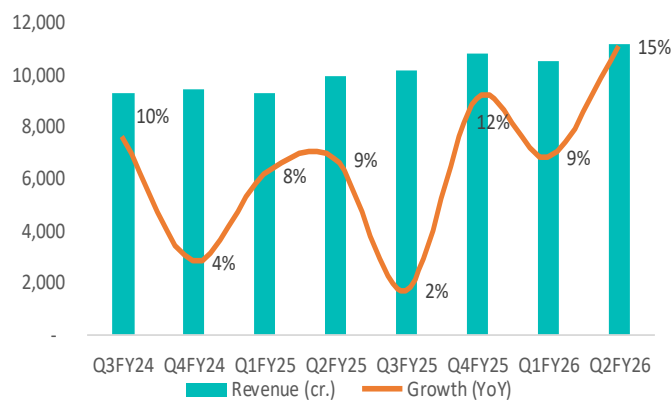
## Quarterly Financials Consol.

Rs. cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	1,124	997	13	1,060	6	2,184	1,931	13
EBITDA	899	806	12	842	7	1,741	1,558	12
EBITDA margins(%)	80	81	-87bps	79	54bps	80	81	-93bps
EBIT	603	576	5	552	9	1,156	1,062	9
PBT	252	154	64	207	22	460	354	30
Reported PAT	232	1,578	-85	155	50	387	1,757	-78
Adj PAT	202	231	-13	154	31	356	392	-9
EPS (Rs)	2.1	2.4	-13	1.6	31	3.8	4.1	-9

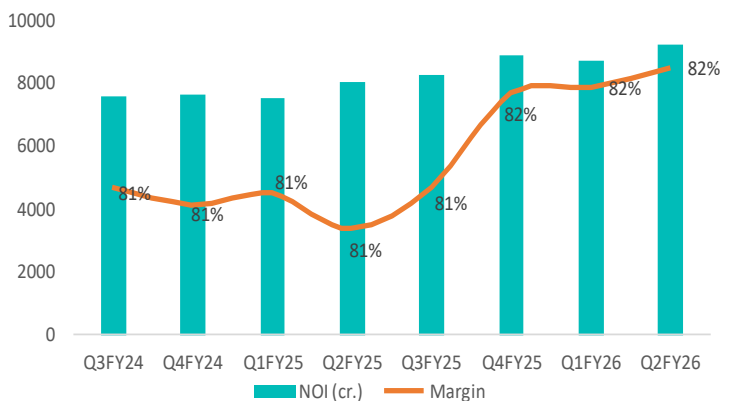
## Key Highlights

- NDCF at the SPV level grew by 17.7% YoY, however, the growth at the REIT level was only 11.74%, mainly due to increased interest expense.
- The recent reclassification of REIT as equity will attract more investors and improve liquidity.
- The quarterly distribution of ₹6.51 consists of ₹1.96 in dividend, Rs. 0.66 in interest and ₹ 3.88 from debt repayment.
- Embassy became the first REIT in India to complete a 10-year NCD issuance, raising ₹2,000cr, which helped reduce debt cost. Interest rate has been lowered from 7.9% to a current 7.35% within the last six months.
- In Q2FY26, 0.9msf at Bangalore has been pre-leased to a Fortune 500 retail major. Additionally another ~1.4msf building in the Park is scheduled for deliver towards the end of the year.
- Hospitality portfolio EBITDA rose 12% YoY, driven by a 16% increase in ADRs across operating hotels.

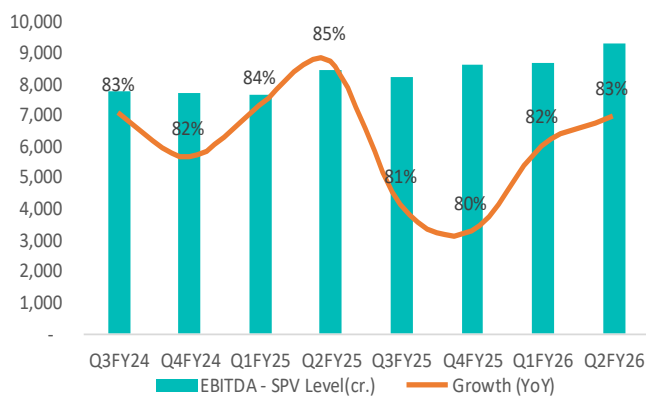
## Revenue



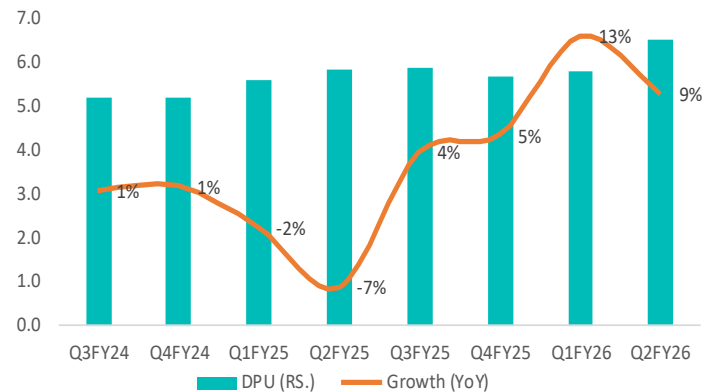
## NOI (Net Operating Income)



## EBITDA (SPV Level)



## DPU (Distribution per Unit)



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	4,998	-	4,983	5,533	0	-
EBITDA	3,775	-	3,995	4,449	6	-
Margins (%)	76	-	80	80	417bps	-
Adj. PAT	950	-	1,232	1,541	30	-
DPU (Rs.)	28	-	28	31	0	-



## Consolidated Financials

### Profit & Loss

Y.E March (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	3,685	4,039	4,536	4,983	5,533
% change	8	10	12	10	11
EBITDA	2,769	3,046	3,563	3,995	4,449
% change	75	75	79	80	80
Depreciation	969	1,142	1,213	1,234	1,258
EBIT	1,800	1,905	2,350	2,761	3,191
Interest	1,087	1,329	1,461	1,481	1,547
Other Income	203	142	76	50	51
PBT	916	719	965	1,329	1,695
% change	57	-22	34	38	27
Tax	125	-1,431	164	226	285
Tax Rate (%)	14	-199	17	17	17
Reported PAT	964	1,624	921	1,232	1,541
Adj.*	-101	-958	0	0	0
Adj. PAT	863	667	921	1,232	1,541
% change	69	-23	38	34	25
No. of shares (cr)	95	95	95	95	95
Adj EPS (Rs)	9	7	10	13	16
% change	69	-23	38	34	25
DPU (Rs)	21	23	25	28	31
% change	-2	8	10	10	11

### Balance Sheet

Y.E March (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	1,027	677	859	1,167	1,565
Account Receivable	35	82	90	99	109
Inventories	5	5	5	5	6
Other Cur. Assets	258	351	386	425	467
Investments	2,964	3,020	3,075	3,137	3,208
Gross Fixed Assets	35,815	39,043	39,757	40,597	41,585
Net Fixed Assets	32,542	34,999	34,669	34,444	34,343
CWIP	1,803	2,086	2,741	3,516	3,867
Intangible Assets	7,379	6,793	6,624	6,455	6,286
Other Assets	1,362	936	1,029	1,132	1,245
<b>Total Assets</b>	<b>47,376</b>	<b>48,948</b>	<b>49,477</b>	<b>50,380</b>	<b>51,096</b>
Current Liabilities	254	255	281	309	340
Provisions	1,664	2,241	2,465	2,711	2,983
Debt Funds	16,808	19,807	21,171	22,782	24,118
Other Liabilities	5,376	3,883	4,272	4,699	5,169
Equity Capital	28,826	28,826	28,826	28,826	28,826
Reserves & Surplus	-5,552	-6,065	-7,537	-8,947	-10,339
Shareholder's Fund	23,274	22,761	21,289	19,879	18,487
<b>Total Liabilities</b>	<b>47,376</b>	<b>48,948</b>	<b>49,477</b>	<b>50,380</b>	<b>51,096</b>
<b>BVPS</b>	<b>246</b>	<b>240</b>	<b>225</b>	<b>210</b>	<b>195</b>

### Cash Flow

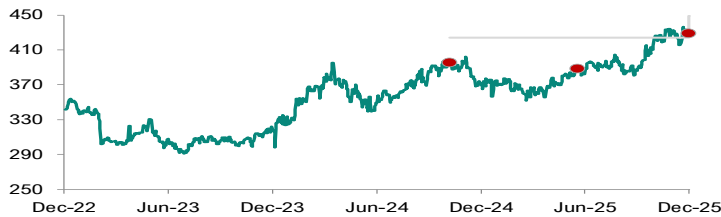
Y.E March (Rs cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	1,969	1,219	2,298	2,692	3,084
Non-cash adj.	728	1,727	1,297	1,256	1,262
Changes in W.C	-106	133	132	145	160
<b>C.F. Operation</b>	<b>2,591</b>	<b>3,079</b>	<b>3,727</b>	<b>4,092</b>	<b>4,506</b>
Capital exp.	-1,629	-1,751	-1,536	-1,784	-1,509
Change in inv.	194	4	-109	-122	-137
Other invest.CF	255	-13	-32	-36	-39
<b>C.F - Investment</b>	<b>-1,180</b>	<b>-1,760</b>	<b>-1,678</b>	<b>-1,942</b>	<b>-1,685</b>
Issue of equity	0	0	0	0	0
Issue/repay debt	845	364	-98	130	-211
Dividends paid	-2,059	-2,137	-2,393	-2,642	-2,932
Other finance.CF	-3	-19	454	499	549
<b>C.F - Finance</b>	<b>-1,217</b>	<b>-1,792</b>	<b>-2,037</b>	<b>-2,013</b>	<b>-2,594</b>
Chg. in cash	194	-473	13	137	227
<b>Closing cash</b>	<b>1,011</b>	<b>663</b>	<b>844</b>	<b>1,150</b>	<b>1,547</b>

### Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Profitab &amp; Return</b>					
EBITDA margin (%)	75.1	75.4	78.5	80.2	80.4
EBIT margin (%)	48.9	47.2	51.8	55.4	57.7
Net profit mgn.(%)	23.4	16.5	20.3	24.7	27.8
ROE (%)	3.7	2.9	4.3	6.2	8.3
ROCE (%)	4.5	4.5	5.5	6.5	7.5
<b>W.C &amp; Liquidity</b>					
Receivables (days)	3.4	7.4	7.3	7.3	7.2
Inventory (days)	0.5	0.4	0.4	0.4	0.4
Payables (days)	16.9	19.6	22.0	23.9	23.9
Current ratio (x)	5.2	4.4	4.8	5.5	6.3
Quick ratio (x)	4.2	3.0	3.4	4.1	4.9
<b>Turnover &amp; Leverage</b>					
Net debt to asset (x)	0.5	0.5	0.5	0.6	0.6
Total asset turn. (x)	0.1	0.1	0.1	0.1	0.1
Int. covge. ratio (x)	1.7	1.4	1.6	1.9	2.1
Adj. debt/equity (x)	0.7	0.8	1.0	1.1	1.2
<b>Valuation</b>					
EV/Sales (x)	15.5	15.0	13.6	12.7	11.6
EV/EBITDA (x)	20.7	19.9	17.4	15.8	14.4
P/E (x)	48.1	62.3	45.1	33.7	26.9
P/FFO (x)	22.4	42.4	19.7	16.8	14.8



## Recommendation Summary - (last 3 years)



Dates	Rating	Target
08.Oct.24	Accumulate	424
22.May.25	Buy	425
03.Dec.25	Hold	449

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%


### Not rated/Neutral


#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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