



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2018/11/613)

**30<sup>th</sup> November, 2018**

**Notice under Section 6 (2) of the Competition Act, 2002 given by Embassy Office Parks REIT through Embassy Office Parks Management Services Private Limited**

**CORAM:**

**Mr. Ashok Kumar Gupta**  
**Chairperson**

**Mr. Augustine Peter**  
**Member**

**Mr. U. C. Nahta**  
**Member**

**Legal Representatives of the parties:** Cyril Amarchand Mangaldas

**Order under Section 31 (1) of the Competition Act, 2002**

1. On 6<sup>th</sup> November, 2018, the Competition Commission of India (**Commission**) received a Notice under sub-section (2) of Section 6 of the Competition Act, 2002 (**Act**), given by Embassy Office Parks REIT (**Acquirer**) through Embassy Office Parks Management Services Private Limited (**Manager**).
2. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of Business relating to Combinations) Regulations, 2011 (**Combination Regulations**), vide letter dated 19<sup>th</sup> November, 2018, certain information and clarifications including overlapping businesses, voting rights/special rights etc. were sought from the Acquirer. The response to this was filed by the Acquirer on 22<sup>nd</sup> November, 2018.
3. It is stated that the Proposed Combination pertains to setting up and listing of a Real Estate Investment Trust (**REIT**) in India. The Acquirer i.e. Embassy Office Parks REIT has been settled by two Sponsors namely, Embassy



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Fair Competition  
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Property Developments Private Limited (**Embassy Sponsor**) and BRE/Mauritius Investments (**Blackstone Sponsor**). The Sponsors have appointed Axis Trustee Services Limited (**Axis**) as the Trustee.

4. The Proposed Combination envisages transfer by Embassy Sponsor Group<sup>1</sup>, Blackstone Sponsor Group<sup>2</sup> and certain third parties<sup>3</sup>(collectively referred to as **Sellers**) of their shareholdings in certain entities (**Targets**) to the Acquirer. (Hereinafter, the Acquirer and Targets are collectively referred to as **Parties**).
5. It is proposed that the real estate assets held by the Targets would be pooled into the Acquirer by way of an acquisition of the Sellers' shareholding in the Targets. In exchange for such acquisition, the Sellers would be issued units in the Acquirer. Post listing of the Acquirer on the stock exchanges, public unitholders will also be holding units along with majority units being held by Embassy Sponsor Group and Blackstone Sponsor Group.
6. Entities owned/controlled by JV Holding Private Limited (which is the ultimate holding company as well as the promoter of the Embassy Sponsor), are collectively defined as "**Embassy Group**". From the Embassy Group, the entities relevant to the Proposed Combination are engaged in the business of commercial real estate, hospitality and solar power generation in India.
7. Entities controlled by funds advised or managed by affiliates of The Blackstone Group L.P. are collectively referred to as "**Blackstone Group**". From the Blackstone Group, the entities relevant to the Proposed Combination are engaged in the business of commercial real estate and hospitality in India.
8. The Acquirer was settled on 30<sup>th</sup> March, 2017 at Bengaluru by the Embassy Sponsor as an irrevocable trust under the provisions of the Trusts Act, 1882 (**Trusts Act**) with the principal objective to own, operate and invest in rent

<sup>1</sup> comprised of Embassy Sponsor, D.M. Estates Private Limited and Golflinks Properties Private Limited

<sup>2</sup> comprised of Blackstone Sponsor, BRE/Mauritius Investments II and various other entities belonging to the Blackstone Group

<sup>3</sup> comprised of Reddy Veeranna, Suguna Reddy, Panchshil Techpark Private Limited, Preamsagar Infra Realty Private Limited and Rana George



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and/or income generating real estate and related assets in India. The Acquirer was registered with Securities and Exchange Board of India (**SEBI**) on 3<sup>rd</sup> August, 2017 as a REIT under Regulation 3 (1) of the SEBI (Real Estate Investment Trusts) Regulations, 2014 (**REIT Regulations**). Since the Acquirer is a newly set up REIT, as on date it does not undertake any activity and there are no unitholders. Post the Proposed Combination, the Acquirer will be a listed entity with public investors as well as the Embassy Sponsor Group and Blackstone Sponsor Group holding units.

9. It is stated that Axis (**Trustee**) is responsible for overseeing the activities of the REIT. It has been appointed in terms of the Trust Deed entered into between the Embassy Sponsor and the Trustee dated 30<sup>th</sup> March, 2017, which was amended on 11<sup>th</sup> September, 2018 to include Blackstone Sponsor as a party.
10. Subsequently, the Trustee appointed the Manager, pursuant to an Investment Management Agreement dated 12<sup>th</sup> June, 2017 (as amended on 20<sup>th</sup> September, 2018) entered into between the Trustee and the Manager. The real estate assets held by the Targets will be managed and operated by the Manager on behalf of the Acquirer, Trustee and its unitholders. Embassy Sponsor holds 51% of the issued and paid-up equity share capital of the Manager while entities forming part of the Blackstone Sponsor Group holds the remaining 49%.
11. It is submitted in the Notice that the Acquirer does not presently undertake any business activity and will be present in the market(s) only through the Targets, post the Proposed Combination.
12. The Commission noted that Target entities of the two Sponsor Groups are engaged in commercial real estate market and hospitality sector in certain cities in India. Accordingly, the two Sponsor Groups, through their shareholding in Target entities that are being transferred to Acquirer, have overlaps in commercial real estate market in city of Pune and hospitality market in city of Bengaluru. The Commission is of the opinion that as the Proposed



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Combination is not likely to pose competition concerns irrespective of the manner in which market is defined and hence market definition is left open.

13. In the former case *i.e.* commercial real estate market in city of Pune, it has been noted that the combined market shares of the Target entities of the two Sponsor Groups in terms of total volume and value are not such so as to cause any competition concerns and there are other players operating in the market such as Panchshil, Magarpatta, Raheja Corp, Shapoorji Pallonji etc.
14. In the latter case *i.e.* hospitality market in city of Bengaluru, the combined market shares of the Target entities of the two Sponsor Groups in terms of total volume and value is insignificant and the city is characterized by the presence of a number of players in hospitality such as Marriott, The Indian Hotels Company Limited (Taj Group), ITC, Accor, Hilton etc.
15. On the basis of the information provided in the Notice, the Commission noted that there are no vertical overlaps or relationships between the Parties to the Proposed Combination.
16. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment of the proposed combination on the basis of the factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have any appreciable adverse effect on competition in India and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.
17. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
18. The information provided by the Acquirer is confidential, at this stage, in terms of and subject to provisions of Section 57 of the Act.



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19. The Secretary is directed to communicate to the concerned parties accordingly.