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REFLECTIONS OF 5 YEARS OF AN INDIAN REIT LANDSCAPE

THIS IS ABOUT THE LONG-TERM.

April 1, 2024, marks the fifth anniversary of Embassy REIT's listing as India's first publicly listed Real Estate Investment Trust (REIT). Embassy REIT was the first REIT to list in 2019 because we were (and still are) in the best position to showcase that Indian office space belonged in the rigorous, regulated and well governed regime of the global REIT asset class.

As a business, we own and operate a 45 million square feet world-class office portfolio that hosts the world's best companies and passes on the rents those companies pay to unitholders in the form of distributions. Our office parks represent the culmination of over 20 years of building office ecosystems that attract global bellwethers across every major global sector. Think JP Morgan. Google. Wells Fargo. Meta. Novo Nordisk. Philips. IBM. Flipkart. WeWork. We consider it our duty to provide them the best office solutions for decades. These companies continue to invest in India via our infrastructure-like

office parks, which in turn provides the foundation of every ambitious professional in India to build his or her own career. We're proud to call these occupiers our clients, and we're proud to shape our cities.

Our role as a REIT is simple: we pay out over 90% of our cash flows as distributions quarterly, even though we are only required to do so semi-annually. To do so, we invest at least 80% of our portfolio in rent-generating assets. These two principles aren't choices. They are rules we follow as a REIT, and they form the cornerstones of how REITs are structured worldwide. We're highly regulated (SEBI is our principal regulator), we are well governed, and

we maintain conservative balance sheets (REITs are allowed to raise debt up to only 49% of their asset value).

We've experienced a lot since we listed: the euphoria of listing in an election cycle as a new investment opportunity, the tragedy of a global pandemic that extracted its toll on humanity and destroyed our perception of office space, the brunt of pronounced interest rate volatility that pressured businesses worldwide, and finally, the pride of being part of a resurgent Indian growth story.

With India's pragmatic regulations, aspirational and ambitious workforce and of course, the resilience of commercial portfolios that REITs like



ours own, it's no wonder that the asset class now spans over 200,000 unitholders, comprising retail as well as leading global and domestic institutional investors. We're proud that our performance has opened the REIT market for three other wonderful REITs to list in India. Today, the four REITs in India have a combined market capitalization of over ₹85,000 crores. Together, they span 115 msf of office and retail space, and represent the safest and most regulated way for any investor to participate in the upside that commercial real estate offers for the long term.

And that's just it: REITs are for the long-term. As Indians, we love our real estate for the long-term. We buy land for long-term appreciation, we buy residential apartments to live in and grow old in, and to pass on to future generations. The same should hold true for the REIT asset class, how our occupiers think of their workspaces, and how investors should think of Indian REITs as investments. While REITs may be relatively new in India, they have been a multi-decade story in developed markets. In the US, REITs have been around since 1960. As per Nareit, the industry trade body for US REITs, approximately 170 million Americans own REITs through their retirement savings and other investment funds.

We're proud to have transformed our

capital markets to accept REITs, and to give Indians a new way to invest in real estate for the long-term. Hold a REIT forever. Reinvest the dividends. Relish the power of compounding. Whether you're starting out your investor journey, investing for a major life event, or looking to unlock funds in retirement, REITs can and should form a critical part of your entire investment portfolio. You can buy it like a stock in your demat. You can buy it through a mutual fund. Remember, you're following in the footsteps of the best global and domestic institutional investors who hold over 75% of our units.

REITs are the hallmark of developed markets, with companies willing (and able) to pay rents, ample financing available for REITs to fund construction and acquire assets, and consistent (and mandatory) dividend payouts. All of this is happening in India too. REITs mirror India's growth trajectory. The future looks very promising for the asset class in India. For that a few votes of thanks are in order.

First, thanks to our regulators. The faith the government has shown in us and the propensity to engage in constructive discussions has been truly remarkable. There will always be tweaks to rules, but the willingness to listen to industry has never been more apparent.

Second, thanks to our clients, who represent the backbone of our business.

Throughout the pandemic, we constantly said that office isn't going away. We collected 100% of our rents. Collaboration, culture, and career advancement cannot prosper digitally. And definitely not over the long-term. Our occupiers are doing great things in the office. For that, they tell us they need employees back in office. Our highest leasing this year (as of the third quarter) shows that storms like pandemics do abate, demand for office space is rising, and that office culture is very much alive and well.

Third, thanks to our lenders. REITs are financing vehicles that require debt financing to service construction and growth. Indian real estate's relationship with debt can best be characterised as fraught. REITs have changed that. With prudent debt management strategies and stringent limits on debt capacity, REITs have turned commercial real

estate into arguably one of the most creditworthy sectors. While there is plenty of scope to deepen the capital pool, we are increasingly finding banks, insurers, mutual funds, and NBFCs attracted to the security of our assets, to name a few investor classes.

Finally, thanks to our unitholders. Your faith in us has brought us this far: we built these assets for you to work in and also to invest in. We think of REITs as world-class commercial real estate owners and high dividend paying stocks. And as you flourish at work in offices that we build and operate and invest in stable asset class like REITs to avail of the dividends we pay you, we're thrilled you call our parks home, and we're honoured to have you as shareholders. Thank you for a tremendous five years. But to us, 5 years is short-term. We're just getting started.

