"Embassy Office Parks REIT Third Annual Meeting"

July 08, 2021

MANAGEMENT: **MR. MICHAEL HOLLAND – CHIEF EXECUTIVE OFFICER, EMBASSY OFFICE PARKS REIT**
MR. VIKAASH KHDLOYA – DEPUTY CHIEF EXECUTIVE OFFICER AND CHIEF OPERATING OFFICER, EMBASSY OFFICE PARKS REIT
MR. ARAVIND MAIYA – CHIEF FINANCIAL OFFICER, EMBASSY OFFICE PARKS REIT
MR. RITWIK BHATTACHARJEE – HEAD OF INVESTOR RELATIONS, EMBASSY OFFICE PARKS REIT
MISS DEEPIKA SRIVASTAVA – COMPANY SECRETARY AND COMPLIANCE OFFICER, EMBASSY OFFICE PARKS REIT

BOARD OF DIRECTORS:

MR. JITENDRA VIRWANI– NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF THE BOARD, EMBASSY OFFICE PARKS REIT
MR. VIVEK MEHRA– INDEPENDENT DIRECTOR AND CHAIRPERSON - AUDIT COMMITTEE, EMBASSY OFFICE PARKS REIT
DR. RANJAN PAI– INDEPENDENT DIRECTOR AND CHAIRPERSON - NOMINATION AND REMUNERATION COMMITTEE, EMBASSY OFFICE PARKS REIT
MR. ANUJ PURI– INDEPENDENT DIRECTOR AND CHAIRPERSON - INVESTMENT COMMITTEE, EMBASSY OFFICE PARKS REIT
DR. PUNITA KUMAR SINHA – INDEPENDENT DIRECTOR AND CHAIRPERSON - STAKEHOLDERS RELATIONS COMMITTEE, EMBASSY OFFICE PARKS REIT
MR. TUHIN PARIKH – NON-EXECUTIVE DIRECTOR, EMBASSY OFFICE PARKS REIT
MR. ADITYA VIRVANI– NON-EXECUTIVE DIRECTOR, EMBASSY OFFICE PARKS REIT

OTHER PARTICIPANTS:

MS. SHREYA SINGHAL – REPRESENTATIVE, AXIS TRUSTEE SERVICES LIMITED
MISS MANGAL GAURI BHATT – REPRESENTATIVE, AXIS TRUSTEE SERVICES LIMITED
MR. ADARSH RANKA– PARTNER, S.R. BATLIBOI & ASSOCIATES, STATUTORY AUDITORS - EMBASSY REIT
MR. NIKUNJ SHAH - DIRECTOR, S.R. BATLIBOI & ASSOCIATES, STATUTORY AUDITORS - EMBASSY REIT
MRS. RUPAL JHAVERI – COMPANY SECRETARY, MEETING SCRUTINIZER

Moderator: Good morning ladies and gentlemen. We welcome you to the third Annual Meeting of the Unit Holders of Embassy REIT. I would now like to introduce your host for today's meeting, Mr. Ritwik Bhattacharjee, Head of Capital Markets and Investor Relations for Embassy REIT. Sir, you may begin.

Ritwik Bhattacharjee: Thank you, operator. And good morning, everyone. Welcome to the third Annual Meeting of the Unit Holders of Embassy REIT and I hope you are all safe wherever you are dialing in from.

The video conferencing facility enabling this Third Annual Meeting had opened 15 minutes prior to the scheduled time and will be available for 15 minutes after the scheduled period ends. Unit holders can use this facility on a first come first-serve basis to join the meeting. Embassy REIT is also hosting this third Annual Meeting live on its website at embassyofficeparks.com.

To ensure satisfactory participation in the Third Annual Meeting, we encourage all unit holders to refer to the instructions provided in the Notice convening the Annual Meeting, or to the instructions that appear on the video conference page. In case unit holders face any difficulty, they may reach out on the helpline numbers provided on the video conference page. After the Third Annual Meeting proceedings, please note that the NSDL portal will remain open for 15 minutes to enable unit holders to cast their e-votes.

Also, unit holders who wish to express their views or ask any query may do so in the chat box enabled on their screens by clicking on the communicate tab. Unit holders will need to mention their full name along with their DPID and client ID or their folio number as the case may be, along with their questions. A relevant person from our team shall answer your query during the meeting.

Now, let me take the opportunity to introduce you to your Board of Directors joining this meeting. May request each Board Member to show his or her hand when I call out their name, please.

Mr. Jitendra Virwani is the Non-Executive Director and Chairman on the Board of the Manager of Embassy REIT. He is also Chairman and Managing Director of the Embassy Group of Companies. He has over 25 years of experience in the real-estate and property development sector. He is a fellow of the Royal Institution of Chartered Surveyors and a Member of the Equestrian Federation of India.

Mr. Robert Christopher Heady is a Non-Executive Director on the Board the Manager of Embassy REIT. He has been with Blackstone since 2000 and is currently the Chairman of Asia Pacific and the Head of Real-Estate Asia for Blackstone.

Mr. Tuhin Parikh is a Non-Executive Director on the Board with the Manager of Embassy REIT. He has been with Blackstone since 2007 and is currently the Senior Managing Director and Head of Real Estate India for Blackstone.

Mr. Aditya Virvani is a non-Executive Director on the Board of the Manager of Embassy REIT. He is also the COO of Embassy Group and is on the Board of several Embassy Group Companies.

Dr. Punita Kumar Sinha is an Independent Director on the Board and Chairperson of the Stakeholders Relations Committee of the Manager of Embassy REIT. She is the Founder of Pacific Paradigm Advisors LLC. Previously, she was the CIO for the India Fund and the Asia Tigers Fund. She was also a portfolio manager at Oppenheimer Asset Management of one of the largest India-focused funds in the United States.

Mr. Anuj Puri is an Independent Director on the Board, and Chairperson of the Investment Committee of the Manager of Embassy REIT. He is a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Indian Institute of Insurance Surveyors and Loss Assessors. He holds the title of Chartered Insurance Practitioner from the Chartered Insurance Institute.

Mr. Vivek Mehra is an Independent Director on the Board and Chairperson of the Audit Committee of the Manager of Embassy REIT. He was with PricewaterhouseCoopers for 19 years and he retired as a partner in 2016.

Dr. Ranjan Pai is an Independent Director on the Board and Chairperson of the Nomination and Remuneration Committee of the Manager of Embassy REIT. He is the Chairman of the Manipal Group of Companies.

The management team of Embassy REIT also joins us for this meeting. We have with us Mr. Michael Holland, the Chiefs Executive Officer; Mr. Vikaash Khdloya, the Deputy Chief Executive Officer and the Chief Operating Officer; Mr. Aravind Maiya, the Chief Financial Officer; and Miss Deepika Srivastava, the Company Secretary and Compliance Officer.

The following key persons are also attending the meeting, Miss Mangal Gauri Bhatt, and Miss Shreya Singhal, the representatives of Axis Trustee Services Limited, the trustee to Embassy REIT. Mr. Adarsh Ranka - Partner; and Mr. Nikunj Shah - Director, representing S.R. Batliboi & Associates, the Statutory Auditors of Embassy REIT. And Mrs. Rupal Jhaveri, practicing Company Secretary, who is preset here as the Scrutinizer of the Meeting.

We will now play a short corporate video, highlighting Embassy REIT's key strengths and achievements for the fiscal year ended 2021.

(Audio-Video Presentation)

I hope everyone was able to view the video highlighting our key strengths and achievements. With this, I now hand over the meeting proceedings to the Chairman for today's meeting, Mr. Jitendra Virwani.

Jitendra Virwani: Dear, unit holders**.** It gives me great pleasure to meet unit holders or the Embassy REIT. On behalf of the Board of Directors of the Embassy REIT, thank you for taking the time to join us today. I hope you all are safe and are in good health.

Due to the ongoing COVID 19 pandemic, concerns of the lockdown and social distancing norms, we are holding this Annual Meeting as per conferencing in accordance with the SEBI norms. Since we have the requisite forum through video conferencing, to conduct the proceedings of this meeting, I call this meeting to order.

The Board of Directors is joining us on this call from various locations. Before we start the main proceedings of the meeting, I would request my colleagues on the video conference to introduce themselves, along with the details of the location from which they are joining the meeting. Robert Christopher Heady.

Robert Christopher Heady: Good morning, unit holders. I am Robert Christopher Heady, Non-Executive Director on the Board of the Manager of Embassy Office Parks REIT. I am attending the meeting from my office here in Hong Kong.

Jitendra Virwani: Tuhin Parikh.

Tuhin Parikh: Good morning, unit holders. I am Tuhin Parikh, Non-Executive Director on the Board of the Manager of Embassy Office Parks REIT. I am attending this meeting from New York

Jitendra Virwani: Aditya Virvani.

Aditya Virwani: Good morning, unit holders. I am Aditya Virvani, Non-Executive Director on the Board of the Manager of Embassy REIT.

Jitendra Virwani: Dr. Punita Kumar Sinha.

Punita Kumar Sinha: Good morning, unit holders. I am Punita Kumar Sinha, an Independent Director on the Board. And Chairperson of the Stakeholders Relationship Committee of the Manager of Embassy Office Parks REIT. I am attending the Annual Meeting from New Jersey, USA.

Anuj Puri: Hi, my name is Anuj Puri. A very good morning to the unit holders. I am an Independent Director on the Board, and Chairperson of the Investment Committee of the Manager of Embassy Office Parks REIT. I am attending this Annual Meeting from my office in Gurgaon.

Jitendra Virwani: Vivek Mehra.

Vivek Mehra: Good morning, unit holders. I am Vivek Mehra, an Independent Director on the Board, and Chairperson of the Audit Committee of the Manager of Embassy Office Parks REIT. I am attending the meeting from my residence in Bhubaneswar

Jitendra Virwani: Dr. Ranjan Pai.

Ranjan Pai: Good morning, unit holders. I am Dr. Ranjan Pai, an Independent Director on the Board, and Chairperson of the Nomination and Remuneration Committee of the Manager of Embassy Office Parks REIT. I am attending the Annual Meeting from my home in Bangalore.

Jitendra Virwani: Thank you. The purpose of this meeting is to give you an update on the key developments of the Embassy REIT and to seek your approval 0:10:25 on the matters stated in the Annual Meeting Notice. It gives me immense pleasure to update you that in two years of this listing 0:10:35 in April 2019, we have paid out more than Rs. 3,700 crores in distribution and delivered around 24% in total returns to unit shareholders (as of Mar'21) 0:10:43. Embassy REIT has been a trailblazer and our performance has helped other Indian REITs to list; 0:**10:56** since our IPO in April 2019.

Approximately $2.6 billion has been raised or around Rs. 19,000 crores of REIT equity capital has been raised. This underscores India's potential of a vibrant REIT market, and it bodes both way of commercial real estate in the country. It is a reality that as a publicly listed entity, Embassy REIT has operated under the shadow of COVID 19 pandemic for a significant period of its existence since listed in March 2019. Even then, our business has proven to be resilient to the benefit of our Unitholders 11:37.

For the Financial year ended March 31st, we collected over 99% of our office rents, 0:11:38 we leased square feet across our core office markets. We acquired a greater growth in the form of a world-class business, called the Embassy TechVillage, located in one of Bangalore's best performing sub markets. We are able to reduce our overall cost of debt, which further enables our business growth. I thank unit holders giving support to our business. From our global and domestic institutional holders who continue to be the largest holder of the Embassy REIT units 0:12:15 and to continuously growing number of retail holders who rely on our distribution. We continue to operate in the best-in-class business with leading governance standard so that our unit holders can receive quarterly distributions as well as benefit from the capital appreciation that comes in owning the best-in-class **0:12:34** office REIT such as us.

I now request Mike Holland, our CEO of Embassy REIT to take us all through the business and financial performance of the Embassy REIT. Mike Holland?

Michael Holland: Thank you, Jitu. And good morning, unit holders. While COVID-19 cast a shadow on the global economy for over a year now, we are pleased to note strong fiscal year's performance for FY 2021. We were strong on our operating fundamentals. During the year, we collected over 99% of our office rents. And we signed new leases and renewals of 1.2 million square feet over 43 lease deals, with releasing and renewal spreads of 18% and 13% respectively. Even in today's challenging market, our year end occupancy stood at a healthy at 8.9%.

Our financial results demonstrate the resilience and strength of our business. Our revenue grew by 10% year-on-year, while our net operating income and EBITDA grew by 12%. As a result of this strong performance, we delivered distributions totaling Rs. 1,836 crores, or Rs. 21.48 per unit for the full year FY 2021, on target with our full year DPU guidance.

So, as Juju mentioned, having now completed two full years since listing, one of which was fully under the shadow of the pandemic, we have delivered 24% in total returns, including quarterly distributions totaling approximately Rs. 3,700 crores, or USD 500 million, over the eight quarters since listing.

Last year's performance highlights the strength of our underlying business, the quality of the portfolio of long tenured leases with our high quality, technology-focused and international occupier base, and our strong balance sheet and the wealth of experience that our Board and Management Team bring to the business. This gives us confidence for the future once we deal with the pandemic induced challenges of today.

From the outset of the pandemic, we set clear priorities for our business to navigate these times. These priorities included ensuring the health, safety, and well-being of all our stakeholders, facilitating business continuity for our occupiers, and delivering on our rent collections and quarterly distributions. All our properties were operational throughout the year while adhering to the regulatory restrictions. And our teams did an exceptional task of meeting the business continuity requirements of our occupiers across our pan-India portfolio.

We were quick to respond and mobilize vaccination drives for frontline workers across our portfolio, over 7,500 to-date for frontline workers. We thank all those frontline workers, medical personnel, police, cleaners, security personnel, and all of the first responders who have worked tirelessly to ensure that our parks have been safe for our corporate occupiers.

We are encouraged by the continued downward trend in active COVID-19 cases and the progress on vaccine rollout. We continue to be actively engaged with our occupiers in each city every week, supporting their return to workplace and ramp up plans **0:16:31**. We continue to make great strides on our infrastructure and immunity upgrade initiatives across our portfolio.

And despite the pandemic, we delivered a strong leasing performance, with a total of 1.2 million square feet across 43 deals in FY 2021. Half were new leases on 23 deals, with those 18% re-leasing spreads. And the balance were renewals across 20 deals at the 13% renewal spread. We achieved rental escalations of 13% on 8.4 million square feet across 94 leases. And we are on track for an additional 14% rental escalation due on 7.7 million square feet and 89 leases in this year FY 2022.

Despite a general pause in decision making around leasing, we successfully back filled 900,000 square feet of expirees at a 10% mark-to-market spread. Off the 1.9 million square feet, upcoming expirees in this financial year, 500,000 square feet are likely renewals.

We continue to be prudent on our capital management and maintained a strong balance sheet. And we remain well positioned to capitalize on attractive investment opportunities. These attributes built over a number of years have helped to deliver our resilient performance, despite the unique challenges of this last year.

We successfully raised Rs. 5,200 crores of debt at a 6.9% interest rate, through a combination of REIT level listed debt and SPV debt. We refinanced Rs. 3,280 crores at 6.9% interest rates, giving over 330 basis points interest cost savings. We continue to maintain a strong liquidity position of Rs. 1,550 crores and low leverage of 22%.

With our AAA credit rating and our headroom to raise debt at competitive rates, we are in a strong position to pursue growth through on-campus development, and accretive acquisitions, enhancing returns to our unit holders. We remain one of the most prudent and well capitalized companies in the listed real estate sector, not only in India, but also globally. It is this strength that allows us to navigate such unprecedented times, but also to take advantage of potential acquisition opportunities to drive our growth.

For example, ETV a key milestone last year. The completion of the Rs. 9,800 crores accretive acquisition of Embassy TechVillage was a landmark deal, and one of the country's biggest ever commercial real estate transactions. The acquisition of this 9.2 million square foot integrated office park was accretive to both our net operating income and DPU. It enhanced our commercial office portfolio scale by 28% to 42 million square feet and added another best-in-class asset to our portfolio, growing our already strong cash flows.

Unit holders will be familiar with the embedded growth elements in our portfolio that contracted rent escalations and mark-to-market. And we have a third growth lever, our on-campus development. We continue to deliver growth of the portfolio through the 5.7 million square feet of on-campus development across our portfolio. This includes the 1.1 million square foot built-to- suit office for JP Morgan due for delivery later this year. The balance 4.6 million square feet is to be delivered over the following three years to FY 2025.

And following on from the ETV acquisition, we continue to evaluate acquisition opportunities, both from our ROFO options through Embassy Sponsor, as well as opportunities through our partner network and third-party opportunities.

Turning to ESG; environmental, social and governance; an increasingly important consideration for our international corporate occupiers, as well as a focal point for our institutional investor base. For Embassy REIT, delivering energy efficiency and sustainability of operations, collaborating with our corporate occupiers for community development, and operating a business with good governance principles have always been core foundations to our business philosophy. We are now taking this existing foundation and building further to enhance our commitment to integrating ESG measures within our business strategy and execution.

Embassy REIT is well positioned as occupiers increase their preference for sustainable inclusive environments, which priorities carbon reduction, responsible use of energy, water, and disposal of waste. A focus on all stakeholders and work in and around our communities is also increasingly valued. These shifts will continue to elevate our distinctive strong ESG product proposition.

Looking to the future, our customers, and the future of office. India remains the most attractive and cost efficient destination for global corporates, who rely on the highly educated and skilled stem talent in India, which supports so many global companies, whether it be through India's 1,400 captive centers, 17,000 tech center businesses, or the 4.4 million technology specialists, many of whom work from our properties. The global acceleration of digital transformation and the bring forward of technology spends, especially for cloud, digital, data services and cyber security, is already driving new hiring in India, and we continue to be optimistic about the future technology companies and global captive centers which form the basis of our customer base as they continue to grow their operations in India.

Our existing portfolio is comprised of diversified resilient and high credit quality global occupiers, over half of them from the technology sector. An additional 21% of our occupier base is from the banking finance and insurance sector, and other sectors including e-commerce, telecom, healthcare and pharma, globally recognized companies based here in India supporting their global business operations through technology.

So, we underline our previously articulated message that we have a bias to the right sector, technology, the right product, our total business ecosystems, and the right markets, particularly Bangalore in India.

This last year has seen a great deal of discussion on the next generation workplace and the future of office. The consensus has emerged that the Office of the Future will continue to be a place for collaboration, community, learning, career building, for training and teamwork, and the building and maintenance of corporate culture. Offices will continue to be a core immunity to attract and retain the Indian stem talent which these companies seek, the young demographic workforce who want to come together for product innovation for business productivity, company culture and the desire to learn, which gets satisfied and enriched through colleagues and mentors in the best corporate workplaces.

Our workspaces for the young Indian workforce provide that social, professional and community space, as well as the necessary infrastructure and productive environment which is so often lacking at home. We believe that demand will continue to focus on higher quality lower density workspaces in the coming years. We envisage an increased preference for high quality and safe Grade A office spaces, and the shift from first generation buildings to Grade A office spaces and institutional landlords will continue. This trend aligns with our overall product offering and strategy, the total business ecosystem with our high quality large scale integrated campus environment and the broad range of amenities for our occupiers and their staff.

In terms of demand, we believe that the acceleration of technology spends will continue to drive demand from high quality international and domestic companies operating in India. We entered this phase with record office demand and low vacancies, and we foresee a dramatic tightening of new supply.

On the supply side, forecast of supply has been in decline since late 2019. And is further shrinking post the COVID 19 outbreak, and the consequent labor and liquidity challenges for many developers. The two year forward supply estimate by independent consultants has seen a 25% decline, and this trend is likely to continue. So, the supply demand balance complements the trends towards higher quality office product. And our strategy is aligned in terms of timing, location, and product.

In the last year, two more REITs were listed in India. The REIT product is becoming better understood thanks to our consistent performance and clear disclosures. We are pleased to note an over three times increase in the number of unit holders in our rate from around 4,000 at the time of listing to more than 12,000 today. We see positive progress on the regulatory side with potential for simplification in REIT participation by foreign portfolio and institutional investors, as well as last week's announcement regarding the reduction in the trading lot size for REITs. These initiatives help build market liquidity and reduce the cost of capital.

Additionally, we have now enhanced the tax efficiency of our distributions through the successful restructure and simplification of the ownership of our key portfolio assets, so as to increase the tax free component of distributions to 78% for Q4 FY 2021.

So even in the midst of the current COVID situation, there is a great deal to be positive around our business. Our high quality portfolio, the global technology industry we serve, the long-term lease contracts with close to 200 corporate office occupiers, the strong relationships and trust we have built with those occupiers over the years, and our first-class on-ground operations team across the country, all contribute to the resilience of our platform, which has shown its mettle with strong results in FY 2021 and strong foundations in place for future growth.

We are using this period to accelerate our growth through the new on-campus developments to develop our acquisitions pipeline, to sharpen our long term ESG plan, to raise the bar with our occupier engagement activities, and to continue to reinforce our already strong balance sheet, all this to prepare for our next phase of growth as the world returns to work.

I would like to thank all our stakeholders, our occupiers, and their staff, all our employees and vendors; most importantly, all our unit holders for their continued support. We have great confidence in the future of Embassy REIT, and we are very confident that this phase will result in continued consolidation in the Indian office market, and greater demand and market share for Embassy REIT over the medium term.

We are now happy to address any questions from the unit holders. And I will pass it over to Ritwik Bhattacharjee to conduct the Q&A session. Thank you.

Ritwik Bhattacharjee: Great. Thank you for that, Mike. As I mentioned at the start of the meeting, unit holders who wish to express their views or ask any query may do so in the chat box enabled on their screens by clicking on the communicate tab. Unit holders will need to mention their full name along with their DPID and their client ID or their folio number as the case may be, along with their questions. And a relevant member from our team shall answer your query during the meeting.

Please do note that Embassy REIT reserves the right to limit the number of unit holders asking questions depending on the availability of time. We will now answer some pre-registered questions that we received from our unit holders as per the instructions we provided in the unit holders Notice dated June 11, 2021.

The first question is as follows. What has been the impact of the second COVID-19 wave on our business? Mike, could I ask you to take up this question, please?

Michael Holland: Yeah, sure. Thank you. First off, I think in terms of the second wave, we would look at it as really a timing issue. A year ago, when the first wave of the pandemic came through, we spoke about our occupiers looking to pause, assess, and then accelerate in their decision making around new leasing. We did indeed see that, and we were seeing the acceleration of that back to office process and leasing decisions back in February, quite strong sentiment about return to work when the second wave kicked in. Clearly, both occupiers and ourselves are well practiced now after one year under this pandemic, and so our own ground staff moved into action, as before. Our occupiers have continued to operate their key infrastructure.

But one change that we have seen is a very strong vaccine rollout. We have implemented that I think I mentioned for over 7,500 of our frontline staff. Our occupiers, I believe, the numbers of their vaccination programs are now up to over 80,000. So very, very strong potential, and now caseload is going down. Timing, we have said, one to two quarters from now, we expect to see a return to significant leasing interest. But the good news is, we continue to have our rental collections at over 99%, we continue to have our high occupancies at 88.9%. And even in that pandemic year, last year, we leased 1.2 million square feet. And we are certainly having a number of conversations now and seeing a number of RFPs coming through that give us optimism for the future.

Ritwik Bhattacharjee: Great. Thanks for that, Mike. The next question is as follows. Can you comment on the leasing outlook for the rest of 2021 and for 2022? And what is the risk of tenant vacancies going forward? Mike, Vikaash, could I ask both of you to team up and take this question, please?

Michael Holland: Sure. Well, let me let me take the first piece of that. I mean, we are absolutely seeing many positive indicators around future demand. We are seeing growth in our customer businesses, public announcements from some of the top technology companies based here in India. Both global companies and international companies are clearly speaking about and reporting a significant growth in their business order book, record orders for some companies and significant growth in hiring. So, I think that is a given. We had predicted that a year ago, that actually has clearly come to pass. So, growth in our customer business is clear. We are having more and more back to the office conversations. Occupiers, as I mentioned, are rolling out their vaccination programs with our support. We are seeing more RFPs coming through. And we are seeing a significant positivity from the demand side. So, while this is not the time that we will see significant new leasing, that will take a couple more quarters, definitely that demand, in our view, is coming through. Perhaps I can ask Vikaash to pick up on the supply side of the equation.

Vikaash Khdloya: Sure. Good morning, unit holders. So on the supply side, interestingly, the two year forward supply estimated as per leading independent consultants, has declined by what 25% and we think that trend will continue. So it really perfectly matches with what we are constructing today. We are going ahead and constructing the 5.7 million square feet. And the timing of that, which has to be delivered over the next three years, fits in perfectly with the decline that we are seeing in the supply in the market by others. So we think that is an opportunity.

Just to take on the query on the expirees. So, we had indicated last quarter that we will have about 1.9 million square feet of expirees in this FY 2021-2022. Again, off that, about 0.5 million square feet are likely to be renewals. And the balance 1.4 million square feet is likely to be exists. Again, a combination of business as usual, churn, portfolio, housekeeping, and COVID induced exits. However, we see this as an opportunity, simply because in case rents that we have on these expirees are significantly below market. So, just to give you a quick stat, we have about 50% mark-to-market opportunities. So, the in-place rent is about 50% below the market rent. So, as the demand is likely to pick up by the end of this year or early next year, we are looking to fill up the vacant spaces, achieve these mark-to-markets and grow in all.

So, given this overall backdrop, we remain very positive, both with the quality of our product, as well as the growth in our customer base. And in fact, we have recently beefed up our listening team, appointed two co-leasing heads to further ensure that we are able to disproportionately benefit from the ongoing market consolidation of demand to the best institutional landlords. With that, over to you, Ritwik.

Ritwik Bhattacharjee: Thank you for that, Vikaash. The next question is as follows. What are the key growth drivers for Embassy REIT going forward? And how much can we expect in distributions/dividends can we expect in the coming year? Vikaash, could I ask you to take the first part of the question, and perhaps Aravind can take the second part. Thanks.

Vikaash Khdloya: Yeah, sure. So again, we have multiple growth levers at Embassy REIT. On the organic front we have fourth growth levers, one, the lease-up of the vacant space. Mike did mention that occupancy as of last quarter was about 89%. So, as the pent-up demand kicks in and we continue to lease more space, that will help us enhance our NOI and DPU. Second, we increased rents on the entire portfolio significantly below market. And as and when these will come for expirees, I did mention that we have 1.9 million square feet this year, we will be able to capture the market rent, again helps us increase our NOI and help the distributions.

The third lever on the organic front that we have is our escalations. Again, these are embedded in our lease contracts. Usually, it is a 15% every three years. And in fact, last year, despite the full year of pandemic, we were able to achieve a full 100% of the contractual lease escalations that we had about 8.8 million square feet. And in FY 2021-2022, we have another about 7.7

million square feet of lease escalations, again, we expect them to be collected and that will help us enhance our NOI.

The fourth lever that we have on the organic front is our on-campus development. Again, it is low risk development; expansion of existing parks helps us cater to the growing needs of our customers. We have about 5.7 million square feet, as I mentioned earlier, which is already underway in various stages of construction. We have already pre-leased 11 lakh square feet or 1.1 million square feet of that to JP Morgan and the balance comes up over the next two to three years and fits in perfectly with anticipated increase in demand by the early next year. So that is an organic front.

On the inorganic front, given our balance sheet and low leverage of 22%, we continue to look for opportunities which are value accretive. We want to capitalize on this fragmented office market in India. And as of today, we have a pipeline of over 33, 34 million square feet, both from our sponsor under the ROFO arrangement, as well as some third parties and partner network. So all in all, both on the organic side as well as inorganic side we have multiple growth leavers. And we remain very positive for accomplishing these as we move forward and as the demand picks up. With this, may be Aravind, I will hand it over to you to take the questions and distribution.

Aravind Maiya: Thank you, Vikaash. Good morning, unit holders. Probably first off, I want to highlight that financial performance for FY 2021 was very solid. We met our guidance, our NOI grew by 12% as well as we distributed Rs. 1,836 crores. Coming to FY 2022, while we have deferred our guidance considering the second wave, I do want to mention that our business continues to be resilient. As Mike mentioned, the collections are strong, occupancy continues to be stable. The leasing momentum is picking up, as well as the interest rates continue to be down.

Talking about distributions. When you look at the last two years, we have maintained 100% distribution payout ratio, and we expect to continue with a similar payout ratio for the coming year. Of course, we will provide a formal guidance for FY 2022 NOI as well as distributions once things return back to normal. Back to you, Ritwik.

Ritwik Bhattacharjee: Well, thank you for that, Vikaash and Aravind. The next question is as follows. Can you give us an update on your on-campus development? And what is the expected CAPEX outflow over the next two to three years? Do you have any pre-commitments as well? Vikaash, could I ask you to take this question, please?

Vikaash Khdloya: Sure, Ritwik. Thank you for the question. So again, as I mentioned, the on-campus development is one of the levers of our organic growth. We have, as we speak, about 5.7 million square feet under development across four of our properties in three locations, Bangalore, Pune, and Noida. All of these out for delivery over the next two three years. This includes the 11 lakh square feet or the 1.1 million square feet of built-to-suit for JP Morgan at Embassy TechVillage which we acquired recently, and that is on track for delivery by the end of the year.

In terms of benefits of on-campus development, we think, one, it significantly de-risks given its extension of existing parks helps us enhance our NOI. And over 70% of this 5.7 million square feet I just mentioned, which is under construction, is in Bangalore. Bangalore remains by far India's best office market. And again, we are doing majority of the construction in two of our largest properties, both Embassy Manyata in Bangalore and Embassy TechVillage, which is also in Bangalore. So, again, we are very positive on the timing of a supply which matches up with our anticipated pickup in demand.

In terms of construction, while the delivery may be deferred by a quarter due to the second week, but we have all the permits in place, full financial closure has been achieved. And we remain very positive on three commitments going forward. The 11 lakh square feet is already pre-committed to JP Morgan, and we will commence marketing on the remaining 4.6 million square feet by the end of this year or early next year.

Lastly, in terms of CAPEX outflow, and the amount of spends that we are going to incur, we will be incurring about Rs. 3,000 crores over the next three to four years on this on-campus development. Again, our construction financing debt is at probably the lowest interest rates in the industry. And this will further enhance the return on our capital investment. So, again, this is one of the strengths for us. And as the demand picks up, we will look to continue with our momentum on the campus development. Ritwik, back to you.

Ritwik Bhattacharjee: Great, thank you for that, Vikaash. The next question is, how is the ETV acquisition funded? And has the acquisition played out as expected? Let me actually start off on the ETV acquisition, and then maybe perhaps hand it over to Vikaash to walk you through the operations.

I think, before we talk about sort of the funding on an acquisition like ETV, I think the rationale, as we pointed out, both in the video and Mike and Jitu have alluded to, it just makes sense to have a world-class asset like ETV with 9.1 million square feet, that we can integrate into our portfolio to increase the scale. I think an irreplaceable asset like that is really something that turbo-charges our growth. And if you think about the fact that 6 million square feet is completed, you have got 1.1 million square feet that is pre-leased to a global bank, these are the kinds of opportunities that a REIT like ours should be pursuing and should be financing.

Now, obviously, it is in India's best performing micro market, it is in a micro market that has a 2% vacancy. So it really makes just intuitive sense for us to take that asset on, deliver the value to unit holders. It is an accretive transaction, as we have pointed out in the financials and how the math works as we distribute that. But I think the financing behind the acquisition is also very important. And what it demonstrates is our ability to access the capital markets from a position of strength, despite the fact that markets were very volatile last year.

So, we raised roughly Rs. 3,700 crores in an equity placement. We were amongst the first equity placement by a REIT. Further, we issued 6.5 crore units totaling ₹2,300 crores on a Preferential Allotment basis at a price of ₹356.70 per unit to the third-party selling shareholders of ETV And we financed Rs. 2,600 crores in a bond at 6.4%, which represents over 300 basis points reduction in costs from the first bond that we raised back, just after we listed in 2019. So, I think what this really demonstrates is that, for an asset like ETV, in a micro market that really fits into our long-term strategy of providing world-class office space, in the neighborhoods and in the markets where talent comes to work, there is appetite in the markets for accretive acquisitions like ETV.

I think, let me just hand it over to Vikaash to talk about how we have integrated the asset in to our portfolio.

Vikaash Khdloya: Sure, Ritwik. Again, as you mentioned, ETV acquisition has perfectly played out as expected. Immediately post acquisition, in end December, we have integrated on-ground teams. We have ensured that this opportunity on the 1.1 million square feet, built-to-suit for JP Morgan, and we are on track for delivering that by the end of the current year. Plus, what we did is, we immediately kick started developing on 1.9 million square feet office spec development across both blocks at the front of ETV. Again, we see huge pent up demand in a market which has less than 2% vacancy. So, we kick started that. And the delivery of that, again, is over 2023-2024, times up perfectly with how we see the demand reviving early next year. And we also initiated the collapsing of the two-tier structure of ETV which will again help to make the distributions efficient to the benefit of our unit holders. Ritwik, you also have already covered, but we refinanced Rs. 2,600 crores of debt at a savings of about 3.3% on the interest cost. So as of now, the focus is on construction and ensuring we continue to add value to the project. Thank you. Ritwik, over to you.

Ritwik Bhattacharjee: Thanks for that regard. The next question is sort of a continuation of kind of the acquisitions theme, so let me take that. It is about, what is your acquisition strategy going forward? And are there any opportunities currently under consideration?

I think our acquisition strategy going forward is really to buy and integrate the kinds of properties we already own; an asset profile is effectively the same as what we have in a 42 million square foot portfolio. So I think the fundamental question that comes up then is, how do you add value to that 42 million square feet and what are the best sort of opportunities? So, I think if we were to take that sort of in part, an acquisition clearly has to have the growth profile from all the levers that Mike, Vikaash that we have all spoken about. It has to have a mark-to-market rental reversion opportunities within the portfolio, it needs to have the escalations that we speak about that contribute to distributions, it has to have de-risked development that we then can actively sort of manage and deploy capital in a prudent manner. And I think, most importantly, we should be able to finance an acquisition like this and make it accretive for unit holders so that it just is one of the main growth levers on how the REIT should operate going forward. We would love every acquisition to look and feel like ETV, unfortunately, that is not really the case because there is sort of a lot of consolidation, and it is a fragmented market. But we are obviously on the lookout for opportunities, we are fortunate to have the partner network, we are fortunate to have the ROFO opportunity as well. But we are monitoring third party acquisition opportunities as well. We will not comment beyond that on any specifics. But I think with the financing power that we have, with our track record of having purchased accretive growth through the pandemic, and having shown that we have a resilient business, I think we are very confident in our ability to deploy capital towards an accretive acquisition. Mike, Vikaash, I do not know if you have anything to add to that.

Michael Holland: No, I think that sums it up. We are looking for Grade A top quality assets with the type of tenants that we currently cater to in the top six metros, large scale, able to create that complete business ecosystem offering. And we believe that is the type of product that will be at the top of the demand pyramid over the coming years.

Ritwik Bhattacharjee: Great. Thanks for that, Mike. The next question is probably directed at Aravind, what is your financing strategy going forward? And has Embassy REIT benefited from declining interest rates?

Aravind Maiya: Sure, thanks Ritwik. So let me take the second question first around the declining interest rate. Last year, what we saw was, the lenders continued their preference for high quality borrowers like us. In addition, the reduction in interest rate over the entire last 12-month period has immensely benefited us as Embassy REIT. If I have to just sum up what we did in FY 2021, we raised about Rs. 5,200 crores at an average 6.9%. We also refinanced approximately Rs. 3,300 crores at an interest savings of 3.4%.

Now if I were to come to the first part of the question, what is our financing strategy going forward? I think there are two parts to it. First of all, our balance sheet is extremely strong. We are lowly levered at 22%. So what that means is, we will use leverage selectively over the medium term for two purposes. One is the on-campus development, which Vikaash spoke about in detail, the 5.7 million square feet, this will be fully funded by debt. Second is the inorganic growth. If I were to expand the inorganic growth a bit, the financing for that inorganic growth will be a combination of debt as well as equity. But of course, the nature, the size of the asset, the timing of acquisition, as well as the stock price, will decide the mix of debt as well as equity.

Just to kind of summaries and wind up this question, what I want to highlight is, recent regulatory changes which allows FPIs as well as insurers to participate in the REIT debt, I think, deepens the pool of capital for us, as well as we expect to lower the cost. I think it is overall a very positive story for us. Over to you, Ritwik.

Ritwik Bhattacharjee: Great, thanks for that, Aravind. I think just let us keep it on you for a moment as well. Can you elaborate a bit on the distribution framework for which you have sought a special majority vote? And are there any changes to the distribution strategy?

Aravind Maiya: Sure. In terms of the distribution framework, as we did mention, these are clarificatory changes to the existing framework. What we wanted to do was, make it very clear and remove any ambiguity which is there in the computation of the net distributable cash flow. If I were to just summaries what it means, just to take an example, on a hypothetical basis if we were to apply the new distribution framework for our FY 2021 numbers, there would have been no change to the net distributable cash flow. So that kind of sums up that these are just clarificatory changes.

Moving to the second part on distribution strategy. I think, first off, there is no change in our distribution strategy, but a couple of points to highlight. REIT regulation requires us to distribute a minimum of 90% every six months. What we have done over the last eight quarters or two years is that we have distributed close to 100% on a quarterly basis. I think the focus which we have kind of looked at over the last one year is to enhance the post-tax yield for unit holders. So with that objective, we did complete the dual level structuring of Manyata, we collapsed it into single level. You would have seen that in Q4, the tax free distributions increased to 78%. And we expect to retain similar percentages, if not more, for the year ahead. I think that kind of summarizes what we wanted to say on this question. Back to you, Ritwik.

Ritwik Bhattacharjee: Great, thanks for that Aravind. I think there was a unit holder who had actually asked that question in the chat box, but I think we have been able to cover that off. But let me go to another question. What is your view on the recent regulatory change that reduces the REIT trading lot size to one unit? Let me take that.

We think that this is, amongst all the regulatory changes, the most positive recent development since we have listed. To bring REIT equity lot sizes down to those of listed companies is just a massive endorsement from our regulators, and we must commend them for being proactive, for understanding and seeing the success of the structure in India. It is not easy having to sort of watch a structure perform over the course of the last couple of years, particularly with the market volatility. But I think fundamentally, what this does is, increase the liquidity and I think really benefits unit holders like yourselves, because it provides for better price discovery, efficient markets.

And I think we have gotten the feedback repeatedly from institutional holders as well as retail holders, that there really needs to be sort of a more liquid market for REIT units. So, I think what that also does is, it allows us to get access or new pools of capital, be it from newer institutional investors and broaden the retail holder base. As Mike mentioned, we have obviously seen an expansion as people get more and more comfortable with the structure. And it also lets us potentially get into benchmark indices, internationally and domestically, which again then is another sort of virtuous cycle of getting more liquidity and increasing the shareholder base. So all in all, you should be aware that this is not just for Embassy REIT, this is for the entire REIT sector, as well as the infrastructures trust sector that the regulations came out. And we think it is a very positive step, and we are looking forward to seeing it implemented very soon.

Those effectively are the questions that we received sort of prior to this meeting. But if we can just quickly move over to questions that we did receive in the chat box during this meeting, there is a question from Ashwini Kumar Bajaj. How do you see the vacancy number panning out by the end of this fiscal year? With work from home becoming more of a norm then exception, do you see this impacting future business prospects? Also, with the requirement of providing for more square foot per person effectively, sort of more distancing, in view of social distancing do you see any challenges in rent increases?

Mike, could I ask you to maybe lead off with how we see vacancy, and maybe some comments on work from home, please?

Michael Holland: Yeah. So, I think I have commented it when I presented about work from home, this view that has definitely come through from business leaders, that the office for creating a business culture, as a place for young people to build their career, for mentoring and learning, all these factors I think now are a given from business leaders. And I speak to business leaders of businesses that operate in our parks on a regular basis, that is coming through loud and clear. De-densification is also part of the conversation, and actually that can also be interpreted as an increase and an improvement in the qualitative aspect of the space that people will be leasing. And again, we feel that we are at the top of the pyramid in that conversation, that the type of complete business ecosystem that we offer to companies is exactly the type of high quality, complete ecosystem that companies are going to want in the future. And so, again, we state we feel that we will increase our market share in the space for the very best companies who have a significant focus on areas around ESG, wellness for their staff, working in the community, again, that we touched on. All of those factors align those types of occupiers, with our type of product and this type of business.

We are seeing a timing shift, as I mentioned, a couple of quarters to go before perhaps we see some real momentum on the leasing side. But the headcount growth of these companies, for some of these companies it is quite phenomenal. We know companies that have grown their headcount, and this is over 100,000 people companies, grown by 20% last year and growing 20% in this coming year. That is not uncommon. And, again, that also aligns with, if you are building a culture of a company that employs tens or hundreds of 1000s of people, businesses acknowledge that you need to do that physically together. So, all these factors align very nicely. Next couple of quarters will be slow on the leasing, although as we said, we did 1.2 million square feet last year. And so we think, by early next calendar year, we will start to see the output from a number of RFPs that we are seeing today. And these deals take a number of months or quarters to fructify, but they are coming.

Ritwik Bhattacharjee: Great. Thanks for that, Mike. There was a question from Mr. Rishabh Dalal that it says, please explain in detail the rationale behind the change in the formula for the distribution and the impact and future distributions, as well as a subsequent question on acquisition related costs. I think Aravind has already covered off that that question. So, if there are any sort of further clarifications, that do reach out to us.

But I think we will stop there on the questions and take that Mike's responses being the answer to the last question. So thank you all. I trust we have responded appropriately to all the questions that were out there. And in case we have not been able to answer a question or if you would like to follow-up and clarify anything, our Investor Relations team will be in touch with you, and we will respond to you separately at the earliest on your registered email ids. If you require any more clarifications, you are welcome to write in and check out our website at IR at embassyofficeparks.com.

Let me now hand it over to Miss Deepika Srivastava, our Company Secretary and Compliance Officers to take over the compliance matters and resolutions.

Deepika Srivastava: Thank you, Ritwik. Ladies and gentlemen, since the physical presence of the unit holders has been dispensed with, the appointment of proxies is not permitted. 169 resolutions and corporate authorization by 169 corporate entities in respect of 70,93,85,065 REIT units, representing 74.84% of the Embassy REIT's total voting power were received by the Manager.

The Inspection Documents mentioned in the Notice of the Annual Meeting shall remain open and accessible to unit holders for inspection during the continuance of this meeting by mentioning the name, DEMAT number, email id and mobile number to compliance@ embassyofficeparks.com. The unit holders can request for the extract of the sale as well.

The Notice dated June 11, 2021, convening this Third Annual Meeting, along with REIT's Audited Standalone Financial Statements and the Audited Consolidated Financial Statements of Embassy REIT as at, and for the financial year ended March 31, 2021, together with the reports of the Auditors **1:02:47** and the reports of the performance of Embassy REIT have been provided to you in advance of this meeting. With your, and Chairman's permission, I shall take them as read. The Auditor's Report did not have any qualifications. With the concurrence of the unit holders and the Chairman, I shall take them as read.

In compliance with the provisions of SEBI REIT regulations, the Trust has extended remote e-voting facility through NSDL to its unit holders to transact the business as said in the Notice of the Annual Meeting. The said facility was available from Monday July 5, 2021, from 9am, to Wednesday, July 7, 2021, till 5pm. Miss Rupal D Jhaveri, practicing company secretary, has been appointed as a Scrutinizer to scrutinize the remotely e-voting facility, as well as the e-voting facility at this AGM, in a fair and transparent manner. Unit holders who have not cast their votes by availing remote e-voting facility and who are present in the virtual meeting will have an opportunity to cast their votes through electronic voting system. Unit holders may please note that there will be no voting by show of hands, so anyone who has not yet cast their vote can do so through electronic voting system in the manner described in the Notice of the Annual Meeting.

The resolutions would be declared after considering the e-voting during the Annual Meeting and the remote e-voting already done. The results would be submitted to the stock exchange within two trading days of the conclusion of this meeting and would be placed on the website of Embassy REIT and NSDL's website. The recorded transcript of the meeting shall also be made available on the website of Embassy REIT.

With your permission, I will now take up the resolutions which require unit holder's approval.

Item #1 of the Notice to be passed with simple majority relating to consideration, approval and adoption of the Audited Standalone Financial Statements and Audited Consolidated Financial Statements of Embassy REIT, as at and for the financial year ended March 31, 2021, together with the report of the auditor's thereon for the financial year ended March 31, 2021, and the report on performance of Embassy REIT.

Item #2 of the Notice, to be passed with simple majority relating to the consideration, approval and adoption of the valuation report issued by IVAS Partners, represented by Manish Gupta, Independent Valuer for the valuation of the portfolio as at March 31, 2021.

Item #3 of the Notice, to be passed with a special majority relating to consideration and approval of amendments to distribution policy.

The text of the resolutions along with the notes is provided in the Notice circulated to all the unit holders. I now request Mr. Jitendra Virwani, the Chairman of today's Annual Meeting for his concluding remark. Over to you, sir.

Jitendra Virwani: Thank you, Deepika. With this, the Third Annual Meeting of REIT comes to conclusion. I want to thank all the unit holders for their presence and involvement. My sincere thanks to **1:05:50** the Board of Directors, the Management team and all the unit holders present here, and to those who could not join us but have been of our growth journey. We remain fully committed to the business and to deliver to our unit holders.

I now authorize Deepika Srivastava, Company Secretary, to conduct the voting procedure and conclude the meeting. Those who are present in this virtual meeting, and we have not yet cast your votes can do so by now, availing the remote e-voting facility. The e-voting facility shall be open for the next 15 minutes to enable the unit holders to cast their votes.

The required quorum was present throughout the meeting. The results of the Annual Meeting will be announced by Embassy REIT **1:06:32** on or before July 12, 2021. Thank you everyone. Have a nice day.

Ritwik Bhattacharjee: Thanks, operator. I would like to thank all the unit holders for joining today's meeting. This concludes Third Annual Meeting of Embassy REIT. Thanks. Have a nice day ahead.