

Embassy Office Parks REIT

2nd Annual Unitholders' Meeting

August 27, 2020



EMBASSY

EMBASSY OFFICE PARKS

I. FY2020 Highlights

Business Highlights for FY2020

Strong business performance and distribution mainly driven by robust leasing, mark-to-market rental reversions and early delivery of on-campus development projects

Operating Levers

Leasing

On-Campus Development

Asset Management

Acquisitions

Performance

- ▶ New lease-up of c.2.4 msf to 25+ occupiers
 - ▶ Re-leased c.1.1 msf at c.53% re-leasing spread
 - ▶ Renewed c.0.6 msf at c.19% renewal spread
-
- ▶ Delivered c.1.4 msf; 2-3 quarters ahead of schedule, c.62%⁽¹⁾ already committed
 - ▶ Launched c.2.6 msf on-campus office development, to drive next phase of growth
-
- ▶ Achieved c.12-15% contractual escalations on c.5.5 msf, 50+ occupiers
 - ▶ Executed ₹1.7 bn infra & upgrade projects
 - ▶ Raised ₹22 bn debt, refinanced ₹30 bn
-
- ▶ Acquired c.0.6 msf leasable area upon completion in Jun'23 at c.9.25% yield
 - Located within overall Embassy Manyata campus, Bengaluru

Returns

₹18,821 mn

Total Distribution

₹24.39

DPU

25%

Total Return⁽²⁾

Notes:

- (1) Excludes c.45k sf growth options at Embassy Oxygen. Factoring the growth options, area committed would be c.65%. These options are exercisable till Mar'21
 (2) Computed as % of unit price appreciation upto March 31, 2020 and FY2020 distribution yield upon listing price of ₹300/ unit. Past performance is not indicative of future results

Financial Highlights for FY2020

Revenue from Operations and NOI for FY2020 up c.14% and c.15% respectively YoY. NOI and EBITDA margins stood at c.85% and c.82% respectively due to scale efficiencies and cost optimization efforts

	FY2020 (mn)	FY2019 (mn)	Variance %	Remarks
Revenue from Operations	₹21,449	₹18,771	+14%	<ul style="list-style-type: none"> ▶ Contracted lease escalations on c.8.8 msf ▶ Lease-up of c.2.3 msf vacancy across Embassy Manyata, FIFC, Embassy 247, Embassy TechZone & others
NOI	₹18,170	₹15,741	+15%	<ul style="list-style-type: none"> ▶ Increase in Revenue from Operations ▶ Decrease in expenses due to cost saving initiatives at Embassy Manyata ▶ c.100 bps NOI margin improvement vs. FY2019
Margin (%)	85%	84%		
EBITDA	₹17,647	₹15,137	+17%	<ul style="list-style-type: none"> ▶ Increase in NOI ▶ One-off items⁽¹⁾ in previous year FY2019 <ul style="list-style-type: none"> – Adjusted for these one-off items, EBITDA margin for FY2019 was c.79% vs. c.82% in FY2020 ▶ c.100 bps EBITDA margin improvement vs. FY2019
Margin (%)	82%	81%		
Distribution	₹18,821	–	NA	<ul style="list-style-type: none"> ▶ Cumulative distribution of ₹18,821 mn or ₹24.39 per unit for FY2020 <ul style="list-style-type: none"> – Represents payout ratio of c.99.8% of NDCF at REIT level
Payout ratio	99.8%	–		

Notes: Above results exclude Revenue, NOI and EBITDA from Embassy GolfLinks since Embassy REIT owns 50% economic interest in GLSP. Embassy GolfLinks revenue is ₹3,911 mn and NOI is ₹3,585 mn for FY2020. Figures for FY2020 are basis audited condensed consolidated financials. Figures for FY2019 are basis audited combined financials and may not be comparable. For further details refer notes on slide 24

(1) One-off items relate to FY2019 (pre-listing period) and comprise of certain interest income on inter-corporate deposits offset by loss on settlement of financial instruments through issue of equity

II. Strong Fundamentals



Embassy Quadron, Pune

Financial Highlights for FY2020

Revenue from Operations and NOI for FY2020 up c.14% and c.15% respectively YoY. NOI and EBITDA margins stood at c.85% and c.82% respectively due to scale efficiencies and cost optimization efforts

33.3 msf⁽¹⁾

Portfolio

160+

Blue-chip occupiers

92.2%

Occupancy

11

Commercial Offices

1,096⁽¹⁾

Hotel Keys

100 MW

Solar Park

29%

Mark-to-Market Upside

48%

Gross Rents from Fortune 500 occupiers

6.7 Years

WALE

₹21,449 mn

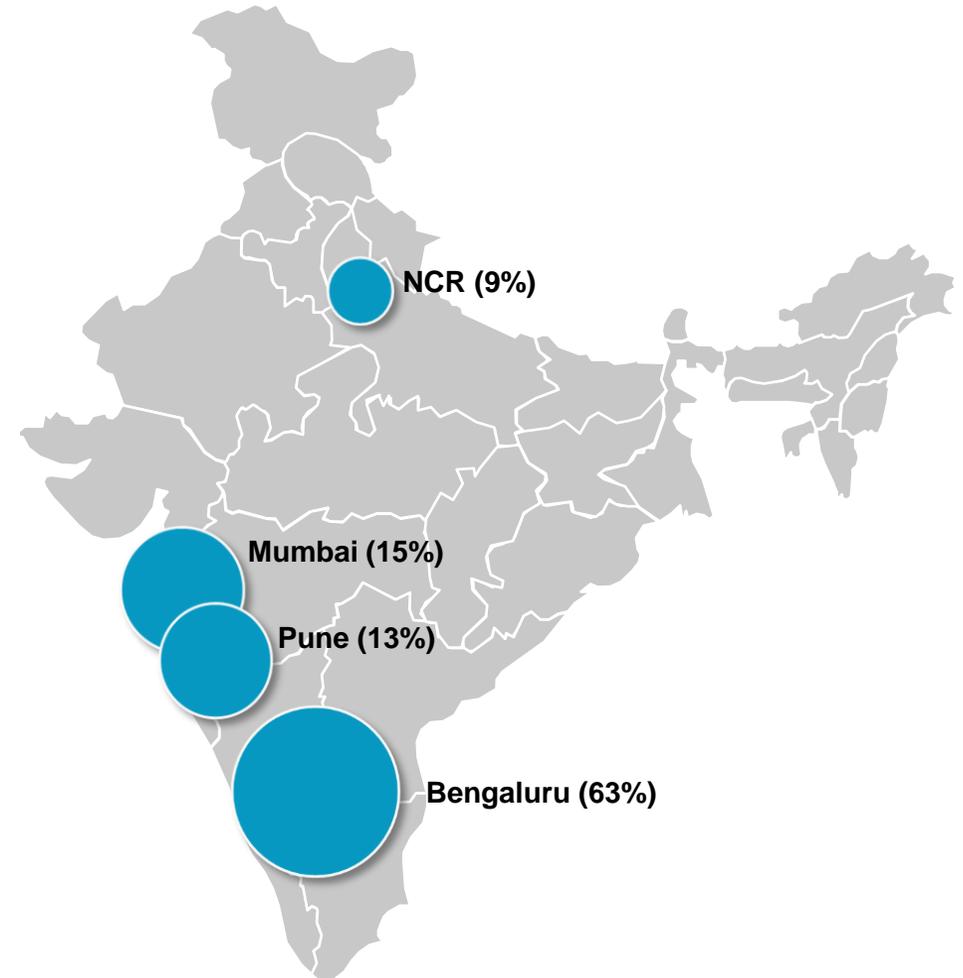
FY2020 Revenue from Operations

₹18,821 mn

FY2020 Distribution

16%

Net Debt to TEV

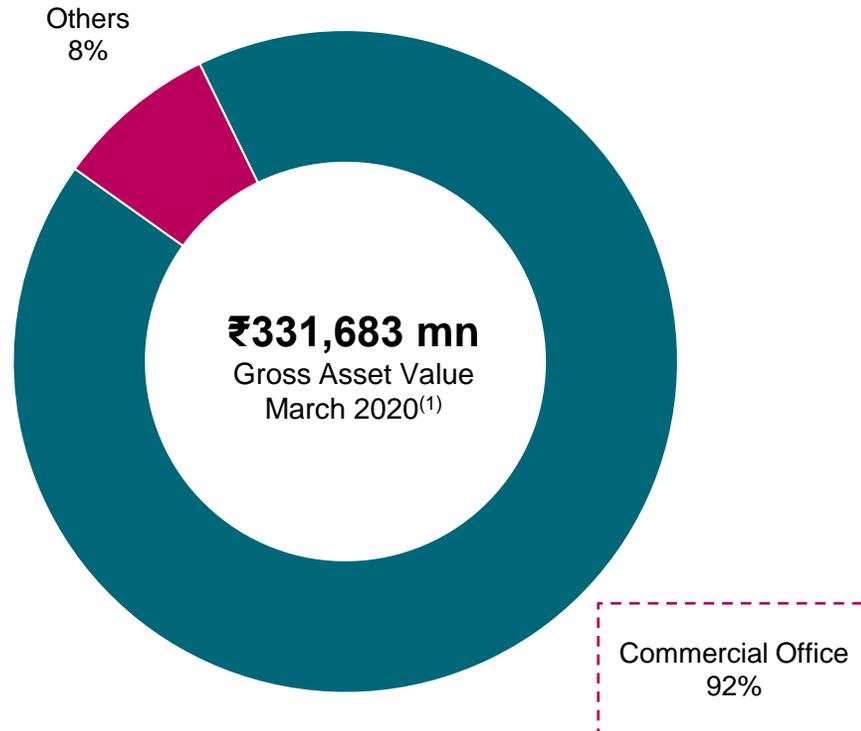


Notes: City wise split by % of GAV per March 2020 valuation by independent valuer. Valuation exercise undertaken semi-annually.
 (1) Includes completed, under construction and proposed future development

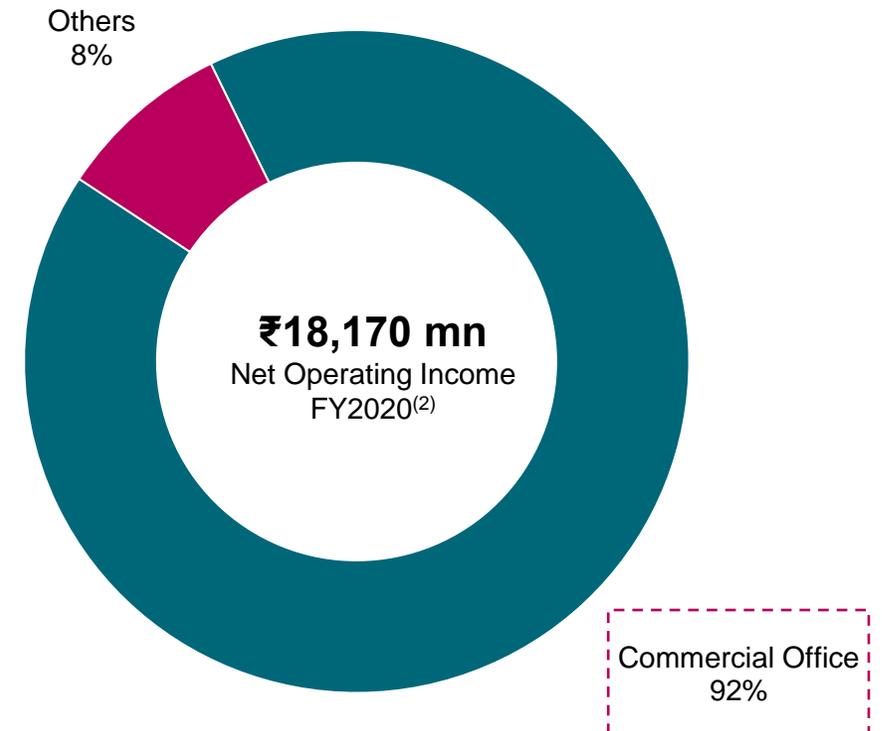
Our Portfolio: Commercial Office-focused

Predominantly an office REIT with commercial office segment contributing over 90% of Portfolio Value and Net Operating Income

Contribution by Gross Asset Value



Contribution by Net Operating Income



26.2 msf completed best in-class Grade A Office properties (92.2% occupied, 6.7 years WALE)

Notes:

- (1) GAV per March 2020 valuation by independent valuer. Valuation exercise undertaken semi-annually. For further details refer notes on slide 24
- (2) Excludes Embassy GolfLinks given Embassy REIT owns 50% economic interest in GLSP
- (3) Others includes hospitality and solar park

Our Opportunity: India as the Global Technology Innovation Hub

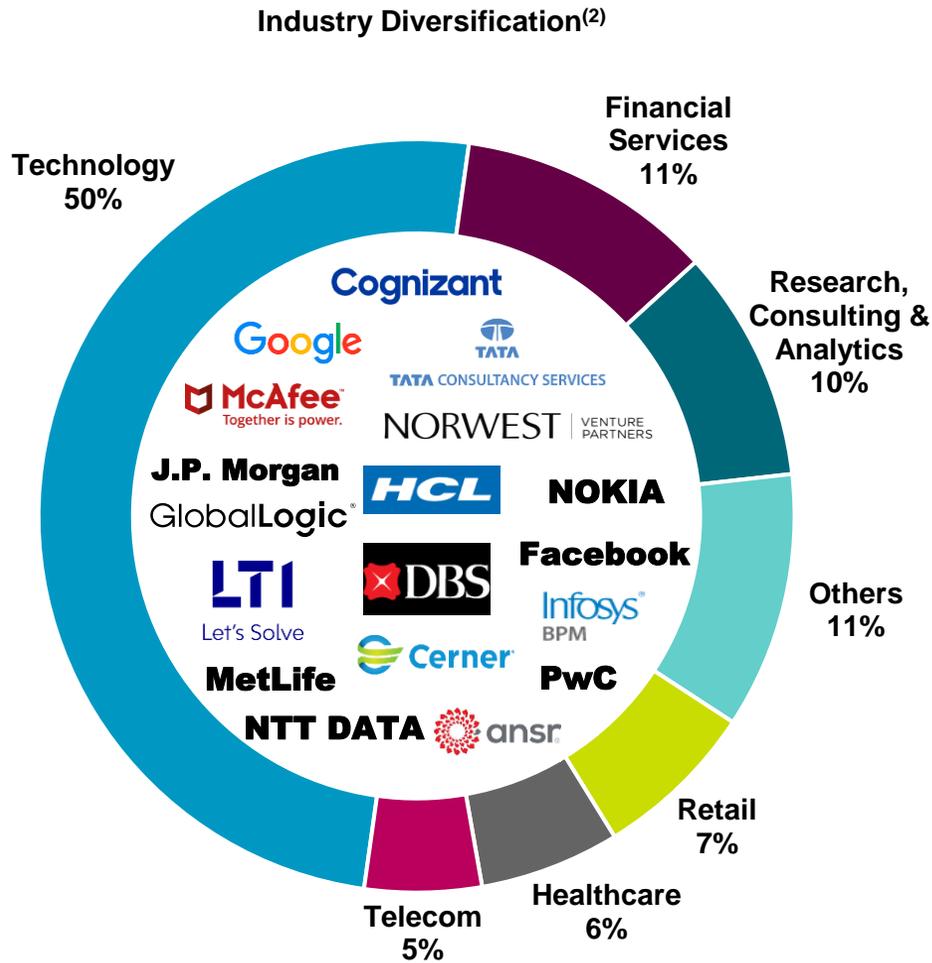
India continues to attract global technology companies due to availability of highly educated and skilled talent at a reasonable cost

	India Advantage	FY2020 Performance ⁽²⁾	Evolving Technology Landscape
Talent Availability	<ul style="list-style-type: none"> ▶ India leads in STEM⁽¹⁾ talent for technology assignments ▶ Over 2 million⁽²⁾ students graduating each year 	<p>\$191 bn (7.7% growth)</p> <hr/> <p>Revenue</p>	<p>Services</p> <ul style="list-style-type: none"> • Information Technology • BPM • Engineering R&D • Digital and Media
Cost Advantage	<ul style="list-style-type: none"> ▶ Employee cost in India is around 20-25% of comparable costs in occupier's country of origin⁽³⁾ 	<p>\$147 bn (8.1% growth)</p> <hr/> <p>Exports</p>	<p>Software</p> <ul style="list-style-type: none"> • Systems • Enterprise • Cybersecurity • Fintech / Edtech
Affordable Rentals	<ul style="list-style-type: none"> ▶ India is one of the most affordable office markets globally <ul style="list-style-type: none"> – Average rentals of \$1 psf / month⁽³⁾ ▶ Rental costs merely 2-6% of occupier revenues⁽³⁾ 	<p>\$44 bn (7.3% growth)</p> <hr/> <p>Domestic Revenue</p>	<p>eCommerce / Omni Channel Retail</p> <ul style="list-style-type: none"> • Social Shopping • Voice Commerce • Intelligence • Digital Payments
		<p>4.4 mn (4.9% growth)</p> <hr/> <p>Employees</p>	<p>Technologies</p> <ul style="list-style-type: none"> • Cloud / Robotics • Intelligent Automation • Blockchain • Reality AR / VR

Notes:
 (1) STEM refers to Science, Technology, Engineering, Mathematics
 (2) Source: NASSCOM - The Technology Sector in India: Strategic Review 2020 (Techade – the new decade)
 (3) Source: CBRE Research, ICICI Securities Research, Embassy REIT

Our Occupier Base

Global business with a diversified, resilient and high credit-quality occupier base. Our top 10 occupiers have an average market cap of US\$ 194 bn⁽¹⁾



42% of Gross Rentals From Top 10 Occupiers

Top 10 Occupiers	Sector	% of Rentals
IBM	Technology	12%
Cognizant	Technology	9%
NTT Data	Technology	4%
ANSR	Research & Analytics	3%
Cerner	Healthcare	3%
PwC	Research & Analytics	3%
Google India	Technology	2%
NOKIA	Telecom	2%
JP Morgan	Financial Services	2%
Lowe's	Retail	2%
Total		42%

Potential COVID-19 Impact			
6% occupiers from directly impacted sectors			
Co-working	Hospitality	Aviation	Retail ⁽³⁾
2.8%	0.6%	0.6%	2.0%

Notes:
 (1) Source: Bloomberg as of June 30, 2020, Embassy REIT
 (2) Represents industry diversification percentages based on Embassy REIT's share of gross rentals
 (3) Includes front line brick & mortar retail and excludes eCommerce and technology focused omni channel retail activities for global parent companies

Strong Balance Sheet with ample Liquidity

At 16% Net Debt to TEV, our conservative Balance Sheet provides significant flexibility to weather near-term COVID-19 impact and pursue accretive growth opportunities

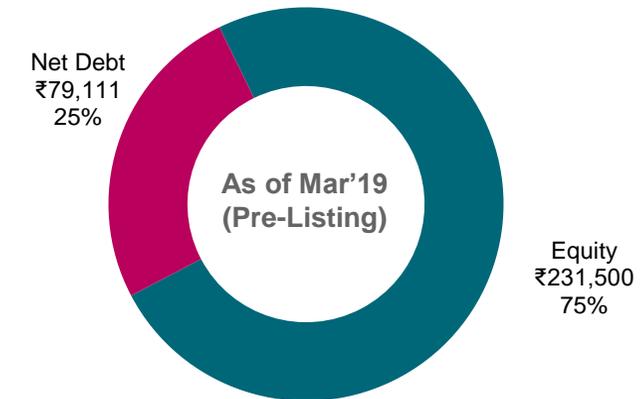
Total Enterprise Value ('TEV')

Particulars (₹ mn)	June 30, 2020
Market Capitalization ⁽²⁾	264,396
Add: Net Debt	49,765
<i>Gross Debt</i>	58,759
<i>Less: Cash & Cash Equivalents including investments⁽³⁾</i>	(8,994)
Total Enterprise Value	314,161

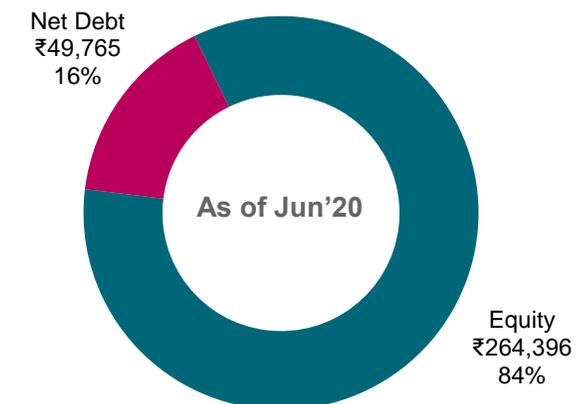
Leverage Metrics

Particulars	June 30, 2020
Net Debt to TEV	16%
Net Debt to EBITDA ⁽⁴⁾	2.8x
Interest Coverage Ratio	
– excluding capitalized interest	3.5x
– including capitalized interest	3.3x
Available Debt Headroom	₹112 bn

Net Debt to Capitalization⁽¹⁾



Net Debt to TEV⁽²⁾



Notes:

(1) Computed on listing price of ₹300/unit and excludes ₹47,500 mn cash raised through Initial Public Offering

(2) Closing price on National Stock Exchange as at June 30, 2020

(3) Includes short term liquid funds, fixed deposits etc net of 1Q FY2021 distributions of ₹4,499 mn

(4) EBITDA has been annualized for comparability purposes

Proactive Capital Management

With ₹12.6 bn existing cash and undrawn commitments coupled with no near-term debt repayments, REIT has ample liquidity for business continuity, organic and inorganic growth

₹8,994 mn
 Existing Cash Balance⁽¹⁾

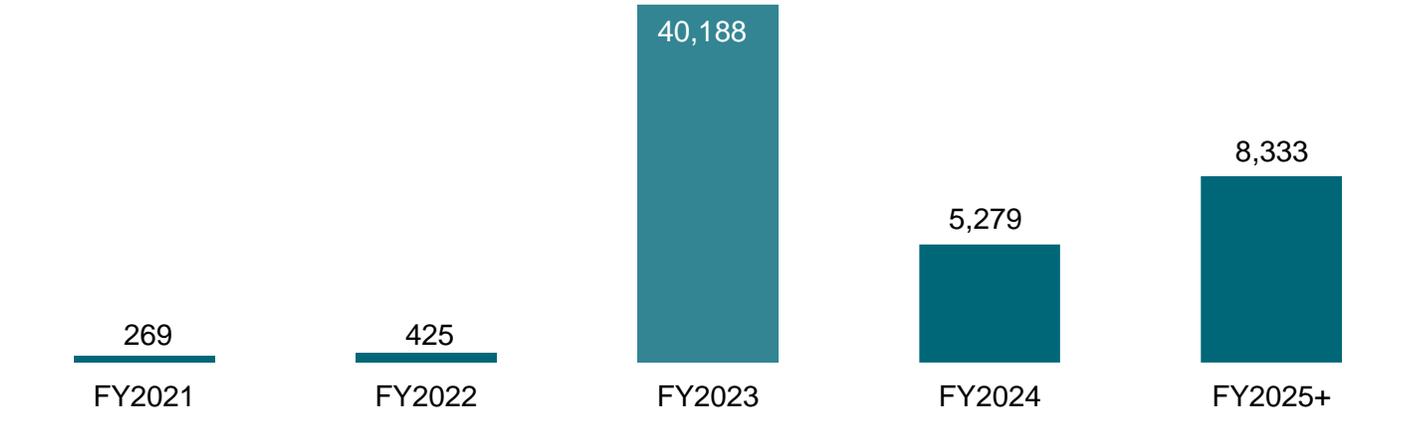
₹3,622 mn
 Undrawn Committed Facilities

AAA / Stable
 Listed Bond Rating by CRISIL

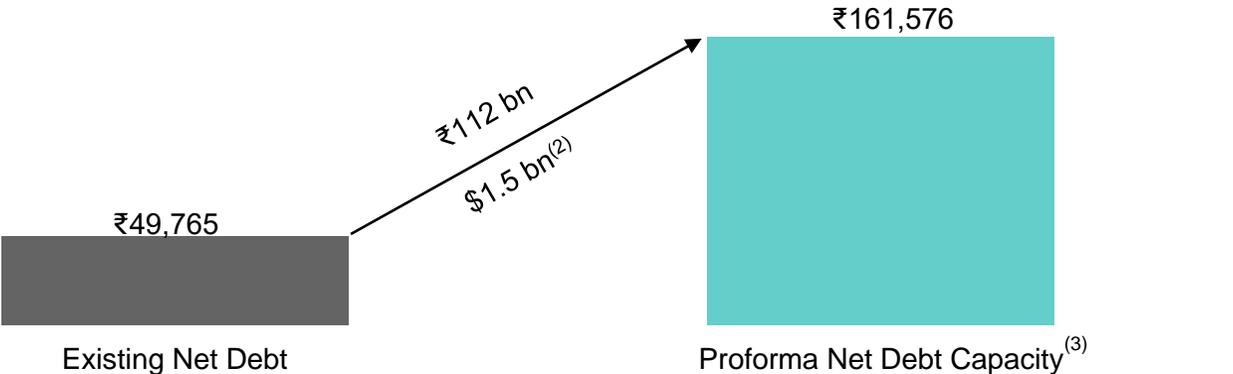
1.3%
 Debt Maturities until FY2022

₹112 bn
 Available Debt Headroom

Principal Maturity Schedule (₹ mn)



Available Debt Headroom



Notes:
 (1) Includes treasury balances, fixed deposits etc., net of 1Q FY2021 distributions of ₹4,499 mn
 (2) \$1 = ₹75
 (3) Computed based on Gross Asset Value (GAV) per March 2020 valuation by independent valuer

III. Navigating COVID-19



Embassy Qubix, Pune

Facilitating Safe Return to Workplace

Extensively engaged with occupiers to facilitate employee safety, business continuity during COVID-19 and support their 'Return to Workplace' efforts

Embassy REITs 'COVID-19 Secure' Plan

Employee Safety	Communications	Return to Workplace
<p>Enhanced Property Sanitization</p> <ul style="list-style-type: none"> ▶ International-standard deep cleaning and fumigation in all buildings⁽¹⁾ ▶ Ancillary staff training and PPE <p>Advanced Tech Safety Solutions</p> <ul style="list-style-type: none"> ▶ Installation of thermal cameras ▶ Touchless visitor management ▶ Advanced air filtration <p>Social Distancing Protocols</p> <ul style="list-style-type: none"> ▶ Social distancing measures in elevators, entry points, food courts and walkways 	<p>Daily Communication Updates</p> <ul style="list-style-type: none"> ▶ Transparent & proactive engagement ▶ Daily pan-India and property-specific updates to occupiers <p>Emergency Response Protocols</p> <ul style="list-style-type: none"> ▶ SOP in place for immediate alert and response to possible exposure and/or a confirmed case <p>Reaching out to Employees</p> <ul style="list-style-type: none"> ▶ Friendly reminders and guidelines posted throughout the properties ▶ Dedicated COVID-19 website 	<p>Occupiers Lockdown Exit Plan</p> <ul style="list-style-type: none"> ▶ 90% occupiers continued to operate core business functions ▶ Engaged with occupiers for both workplace & workforce readiness <p>'COVID-19 Secure' Initiative</p> <ul style="list-style-type: none"> ▶ Shared 'Back to Office' playbook for smooth return to offices by occupiers <p>Post COVID Space Readiness</p> <ul style="list-style-type: none"> ▶ Building enhancement initiatives ▶ Support occupiers in their interior construction and space re-modelling

100%
 Business parks and buildings operational⁽²⁾

1000+
 CRE touchpoints for daily property-specific updates

90%
 Occupiers operating critical functions from our parks

13k+
 Employees working from our properties across India⁽³⁾

Notes:

(1) As per the guidelines provided by WHO, MHA and MoHFW
 (2) Our properties remained open throughout the lock-down period and complied with all government regulations to support business continuity of our occupiers
 (3) Data basis mid week average for June 2020

Occupier Accolades

Early activation of our business continuity plan and comprehensive execution of safety measures enabled business continuity of our occupiers during the challenging COVID-19 lockdown period

*"I would like to extend my sincere thanks to the entire Embassy Office Parks team for the **excellent support & consistent updates** in response to the COVID-19 situation. From the first BCP response email received on 04-Mar-20, the Embassy team has been sending us regular updates, actions taken, and mitigation plans on a daily basis. The **team identified the COVID-19 challenges much earlier to the Government response** and we truly appreciate our association with Embassy Manyata Tech Park."*

Global Specialty Software & QA services firm at Embassy Manyata, Bengaluru

*"Thank you so much for your efforts to prevent COVID-19 in the Embassy One building. From the 1st day of COVID-19 case in India, your company **implemented strict measures** for preventing COVID-19 & **actively helped all employees** to follow the guidelines. Thanks to that, all our **employees are able to work safely in the office.**"*

Asian Trade and Investment organization at Embassy One, Bengaluru

*"We really appreciate the **proactive and professional approach** adopted by Embassy Office Parks team. Your **thought process was ahead of the curve** & the far sightedness along with thought provoking ideas helped to take situational controls very well. The implementation of thoughts to action was quick enough & gave the confidence that we are in safe hands. Your teams have **set a precedence for creating the much-needed safe environment...**"*

Fortune 500 B2B Technology services firm at Embassy Galaxy, Noida

*"Thanks for extending **continuous support** and being accommodative at all times, we really appreciate the commitments & efforts your team has taken in responding to COVID-19 to **ensure all occupiers are operating and safe.**"*

Fortune 20 Internet Search and Technology major at FIFC, Mumbai

*"It has been a pleasure being an occupier at Embassy Quadron for over 10 years, we have enjoyed **quality office space and property management service**. Your support to **keep office campus safe and timely updates** on status of campus is really commendable during this difficult time of COVID-19. We look forward to staying at Embassy Quadron for years to come."*

Indian specialty IT-BPM firm at Embassy Quadron, Pune

Evolution of Workplace

Office to emerge as the core business hub providing better quality, lower density spaces with high standards of safety and security, favoring institutional landlords like Embassy REIT

Flexible Work Styles

- ▶ Physical office remains a necessity
- ▶ WFH challenges, especially for young tech demographic
 - Physical and digital infrastructure at home
 - Softer aspects of career, learning and culture
- ▶ Many functions require office spaces for social interaction, client engagement and collaboration
- ▶ More flexibility - hybrid of traditional offices & home working

De-densification

- ▶ Majority occupiers actively working on re-occupancy plans
- ▶ Social distancing now an imperative at the workplace
- ▶ Space per person to increase, reversing densification trends over last 2 decades
- ▶ Workplace density estimated to reduce by over 20%
 - Per C&W Research, per person space requirement to go up from 60-70 sf (pre COVID) to 100-120 sf

Flight to Quality

- ▶ Employee safety a key priority for companies
- ▶ Increased emphasis on health & wellness, sustainability and environmental management
- ▶ Focus on recovery readiness & operational best practices
- ▶ Greater demand for 'Total Business Ecosystem' product
 - High-quality, accessible, safe & sustainable Indian offices owned by institutional landlords

Market Consolidation

- ▶ Occupiers prefer locations with access to large talent pools
- ▶ Skilled young STEM talent typically favours urban living and seek vibrant, collaborative, creative environments
- ▶ Significant supply delays and slippages likely
 - Material, labor and financing challenges
- ▶ Strong preference for institutionally held properties with access to liquidity, leading to market consolidation

Large-scale, safe and sustainable properties like Embassy REIT to emerge as 'Next Generation Workplaces'

Resilient Business – Navigating COVID-19 Impact

Our high-quality properties, technology focused global occupiers and disciplined balance sheet will help navigate near-term COVID-19 challenges and strongly position us for growth opportunities

Strong Occupier Portfolio

- ▶ Landlord of choice with a high-quality difficult-to-replicate office portfolio in gateway cities providing total business ecosystem
- ▶ Diversified & high credit quality occupier base with 50% technology & 48% Fortune 500 companies
- ▶ 92% value in rent yielding office assets, hotels contribute < 1% of pre-COVID NOI (FY2020)
- ▶ Stable cash flows expected due to long-term lease structure (WALE of 6.7 years) and contracted rental increases, with only 7% of rents due for expiry in remainder of FY2021

Robust Financial Position

- ▶ Ample liquidity with ₹8,994 mn existing cash and ₹3,622 mn undrawn committed facilities
- ▶ 16% Net Debt to TEV with only 1.3% debt maturities until FY2022
- ▶ ICRA AAA (Stable) and CRISIL AAA / Stable credit ratings⁽²⁾, reaffirmed as of May'20
- ▶ Additional ₹112 bn debt headroom provides significant flexibility to access capital, if needed

Proactive Asset Management

- ▶ Proactive management of leases with focus on occupier retention and rent collections, only 6%⁽¹⁾ occupiers from directly impacted sectors
- ▶ Hands-on approach ensuring occupier business continuity, employee wellness & safety
- ▶ Leverage from industry-level consolidation & considerable supply shrinkage in next 2-3 years
- ▶ Disciplined approach in reducing costs and discretionary capital expenditure

Our high-quality portfolio is well positioned to meet the anticipated increase in demand in 2021 and onwards due to 'flight to quality' and to capitalize on the continued consolidation in office market

Notes:

- (1) Occupiers related to co-working, hospitality, aviation & retail sectors
(2) Credit ratings by ICRA and CRISIL for Embassy REIT as Issuer and for ₹36.5 bn Listed Bond respectively

Our Strategy remains unchanged

We continue to focus on maintaining high occupancy levels and maximizing NOI, growing our existing campuses and prudently managing our capital

	Leasing	On-Campus Development	Acquisitions	Capital Management
Pre COVID-19	<ul style="list-style-type: none"> ▶ Capitalize on record absorption and market momentum for Indian commercial office space ▶ Actively manage lease expiries to achieve MTM upside 	<ul style="list-style-type: none"> ▶ Deliver ongoing campus development ahead of schedule ▶ Bring forward new development in line with anticipated demand 	<ul style="list-style-type: none"> ▶ Actively seek opportunistic acquisitions (3rd party, ROFO) ▶ Undertake value accretive acquisitions 	<ul style="list-style-type: none"> ▶ Build leverage selectively ▶ Quarterly distribution with minimum 90% of NDCF to be distributed
Now	<ul style="list-style-type: none"> ▶ Deepen dialogue, focus on occupier retention ▶ Proactive lease renewals and rent collections ▶ Deliver 5.3 msf rental escalations, build leasing pipeline 	<ul style="list-style-type: none"> ▶ Continue with ongoing 2.7 msf early stage development projects, monitor capex financing ▶ Monitor market dynamics prior to committing any additional development 	<ul style="list-style-type: none"> ▶ Continue to evaluate opportunities which are strategic and accretive ▶ Monitor volatile financing markets closely 	<ul style="list-style-type: none"> ▶ Maintain prudent leverage levels ▶ Focus on cash optimization ▶ Continue to pay distributions

Committed to our business strategy of delivering total returns through regular quarterly distributions supplemented by our organic and inorganic growth initiatives



**WHERE THE WORLD
COMES TO WORK**

Thank You

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