

Embassy Office Parks REIT

1Q FY2020 Investor Materials

August 12, 2019



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Investors should also take note that Embassy REIT was listed on April 1, 2019 and the Embassy REIT assets were acquired between March 22, 2019 and March 25, 2019. Accordingly, the comparative quarterly financial information has been prepared by comparing, in the manner determined by the Manager as referenced above, combined unaudited financial statements for 1Q FY2019 (assuming that the Embassy REIT held the Embassy REIT assets in its present form during 1Q FY2019) as against consolidated reviewed condensed financial information for 1Q FY2020.

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I. Key Highlights



Embassy Manyata, Bengaluru

Listing Highlights

Listing of Embassy REIT was a landmark transaction and first of its kind in India



Initial Public Offering
₹47,500 mn

Listed
April 1, 2019

Ticker:
NSE: EMBASSY
BSE: 542602

Key Transaction Highlights

- ▶ First REIT to list on Indian stock exchanges
- ▶ Largest REIT in Asia by square footage (c.33 msf total portfolio area)
- ▶ Strong Sponsor commitment; no sell-down in IPO
- ▶ Strong endorsement by international and domestic investors
- ▶ Transaction 2.6x subscribed; 3.1x on Non-Institutional portion
- ▶ Priced against backdrop of global equity volatility and Indian elections
- ▶ Use of issue proceeds of ₹47,500 mn⁽¹⁾:
 - Repay Existing Debt – ₹37,100 mn
 - Acquisition of Embassy One Assets – ₹4,682 mn
 - General Corporate Purposes – ₹3,918 mn
 - Issue Expenses – ₹1,800 mn

Key Metrics

Issue price per Unit at listing (₹) ⁽¹⁾	300
Market Cap at listing (₹ mn) ⁽²⁾	231,500
Price as at end of 1Q FY2020 (₹) ⁽³⁾	367
Performance as at end of 1Q FY2020 ⁽³⁾	22.3%
Market Cap as at end of 1Q FY2020 (₹ mn) ⁽³⁾	283,101

Notes:

(1) Based on 'Final Offer Document' dated March 27, 2019

(2) Market Capitalization upon listing on April 1, 2019

(3) Computed as of June 28, 2019

Business Highlights

Robust leasing, timely execution of near-term development projects and active asset management has driven strong performance in 1Q FY2020

Leasing

- ▶ 94.3% occupancy on 24.8 msf completed commercial office portfolio
- ▶ 595k sf new lease-up, including 50.6% re-leasing spreads on 572k sf area re-leased
- ▶ 226k sf renewals at 28.5% renewal spreads
- ▶ 500k sf strong leasing pipeline across technology, healthcare, consulting & research sectors

Development

- ▶ 1.4 msf near-term development projects at Embassy Manyata & Embassy Oxygen
 - Both these projects 2 quarters ahead of targeted delivery
- ▶ 42% or 246k sf of 0.6 msf U/C Tower 2 at Embassy Oxygen pre-let to MetLife⁽¹⁾
- ▶ 1.9 msf medium-term developments under various stages of design, excavation & pre-construction

Hospitality

- ▶ 230 keys Four Seasons Hotel at Embassy One launched in May'2019
- ▶ 619 keys Hilton hotels at Embassy Manyata under development with target completion of 3Q FY2022

Asset Management / Sustainability

- ▶ 220 KVA sub-station at Embassy Manyata commissioned
- ▶ Flyover and Master-plan upgrade works underway at Embassy Manyata
- ▶ 'Energize' Tenant engagement programs conducted across portfolio
- ▶ 100 MW green energy initiative, to offset an estimated 200mn kg of CO₂ annually⁽²⁾

Notes:

(1) Excludes 45k sf growth option. Factoring the growth option, area pre-let at Embassy Oxygen would be 50%. These options are exercisable till Jun'2021

(2) Indicative based on "CO₂ baseline database for the Indian power sector June 2018" and assuming 215 mn units generation p.a.

Financial Highlights

Healthy Revenue from Operations and NOI for 1Q FY2020 – both higher by 19% YoY

	1Q FY2020 (mn) ⁽¹⁾	1Q FY2019 (mn) ⁽²⁾	Variance %	Remarks
Revenue from Operations	₹5,351	₹4,494	+19%	<ul style="list-style-type: none"> ▶ Lease-up of 1.4 msf vacancy across Embassy Manyata, FIFC, Embassy 247 & others ▶ Ramp-up in solar power generation at Embassy Energy; and ▶ Pre-lease of recently delivered 0.5 msf Tower 3 at Embassy Oxygen
NOI	₹4,528	₹3,818	+19%	<ul style="list-style-type: none"> ▶ NOI increase in-line with increase in Revenue from Operations
Margin (%)	85%	85%		
EBITDA	₹4,369	₹3,938	+11%	<ul style="list-style-type: none"> ▶ Higher one-off interest income in 1Q FY2019 (previous year) due to inter-corporate deposits⁽³⁾ ▶ Adjusted for this one-off item, EBITDA margin for 1Q FY2019 was c.81%; in-line with 1Q FY2020
Margin (%)	82%	88%		
Distribution	₹4,167	—	NA	<ul style="list-style-type: none"> ▶ Distribution of ₹4,167 mn for 1Q FY2020 represents a payout ratio of 99.7% to NDCF at REIT level
Payout ratio	99.7%	—		

Notes: Above results exclude Revenue, NOI and EBITDA from Embassy Golflinks since our stake is 50%. Embassy Golflinks revenue is ₹957 mn and EBITDA is ₹847 mn for 1Q FY2020

(1) Figures for 1Q FY2020 are basis unaudited consolidated financials

(2) Figures for 1Q FY2019 are basis unaudited combined financials and may not be comparable. For further details refer notes on slide 50

(3) Refers to inter corporate deposits to related parties in FY2019 which were repaid fully in Mar'2019 prior to listing

Distribution Overview

Distribution for 1Q FY2020 stood at ₹4,167 mn i.e. ₹5.4 per unit with scheduled payment date on or before August 27, 2019

Distribution schedule for 1Q FY2020

Distribution for the period	April 1, 2019 – June 30, 2019
------------------------------------	--------------------------------------

Distribution amount	₹4,167 mn
----------------------------	------------------

Outstanding units	771,665,343
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Distribution per unit	₹5.40
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- Interest	₹2.30
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- Amortization of SPV level debt	₹3.10
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- Dividend	-
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Ex-date	August 12, 2019
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Record date	August 21, 2019
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Payment date	On or before August 27, 2019
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II. Overview

Embassy Techzone, Pune



Who We Are: Quick Facts

We run a commercial office portfolio that serves as essential corporate infrastructure to multinational tenants

33 msf⁽¹⁾

Portfolio

160+

Blue-chip
tenants

94.3%

Occupancy

11

Commercial
Offices

1,096

Hotel Keys

100 MW

Solar Park

31%

Mark-to-Market
Upside

43%

Gross Rents
from Fortune
500 Clients

7 Years

WALE

₹5,351 mn

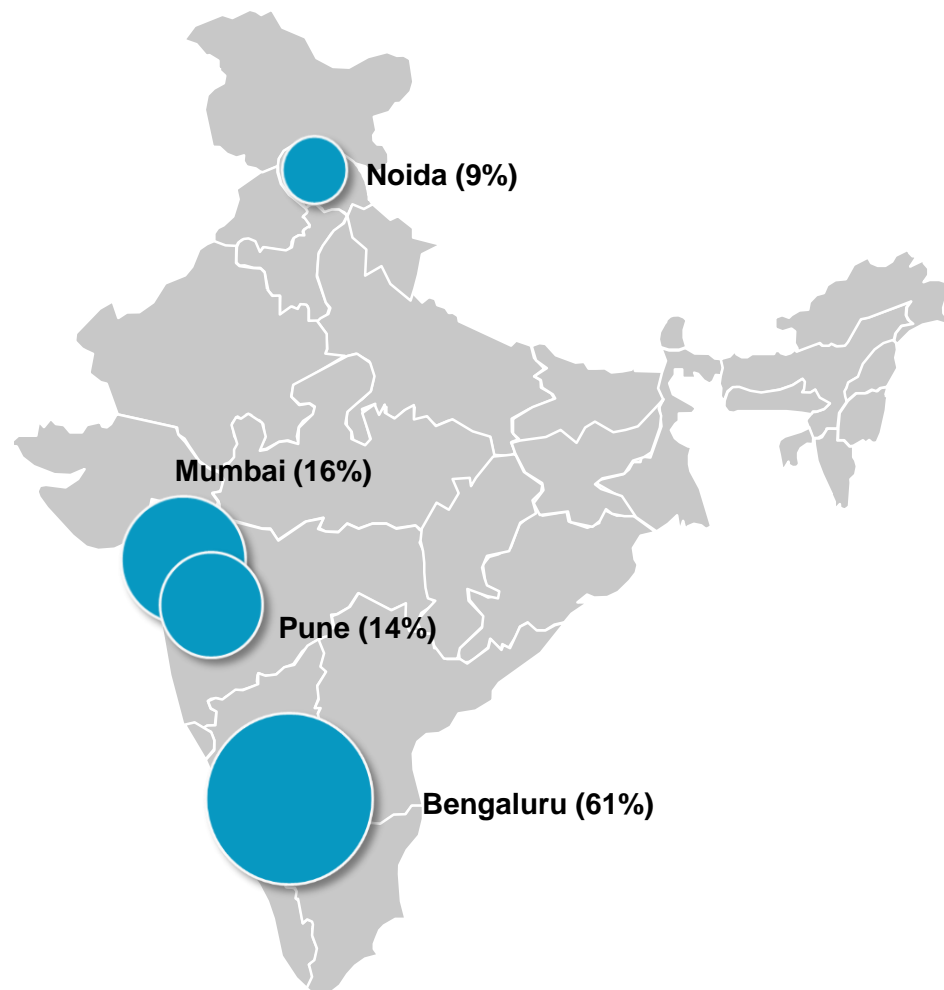
1Q FY2020
Revenue from
operations

₹4,167 mn

1Q FY2020
Distribution

11%

Net Debt to
TEV



Notes: City wise split by % of GAV as per CBRE Mar'19 valuation. Valuation undertaken semi-annually

(1) Includes completed, under construction & proposed future development

Seven Infrastructure-like Office Parks (30.4 msf)⁽¹⁾

Embassy Manyata
Bengaluru (14.2 msf)



Embassy Quadron
Pune (1.9 msf)



Embassy Golflinks
Bengaluru (2.7 msf)



Embassy Techzone
Pune (5.5 msf)



Embassy Oxygen
Noida (3.3 msf)



Embassy Galaxy
Noida (1.4 msf)



Embassy Qubix
Pune (1.5 msf)



Notes:

(1) Includes completed, under construction & proposed future development

Four Prime City-center Offices (2.3 msf)

Express Towers
Mumbai (0.5 msf)



FIFC
Mumbai (0.4 msf)



Embassy 247
Mumbai (1.2 msf)

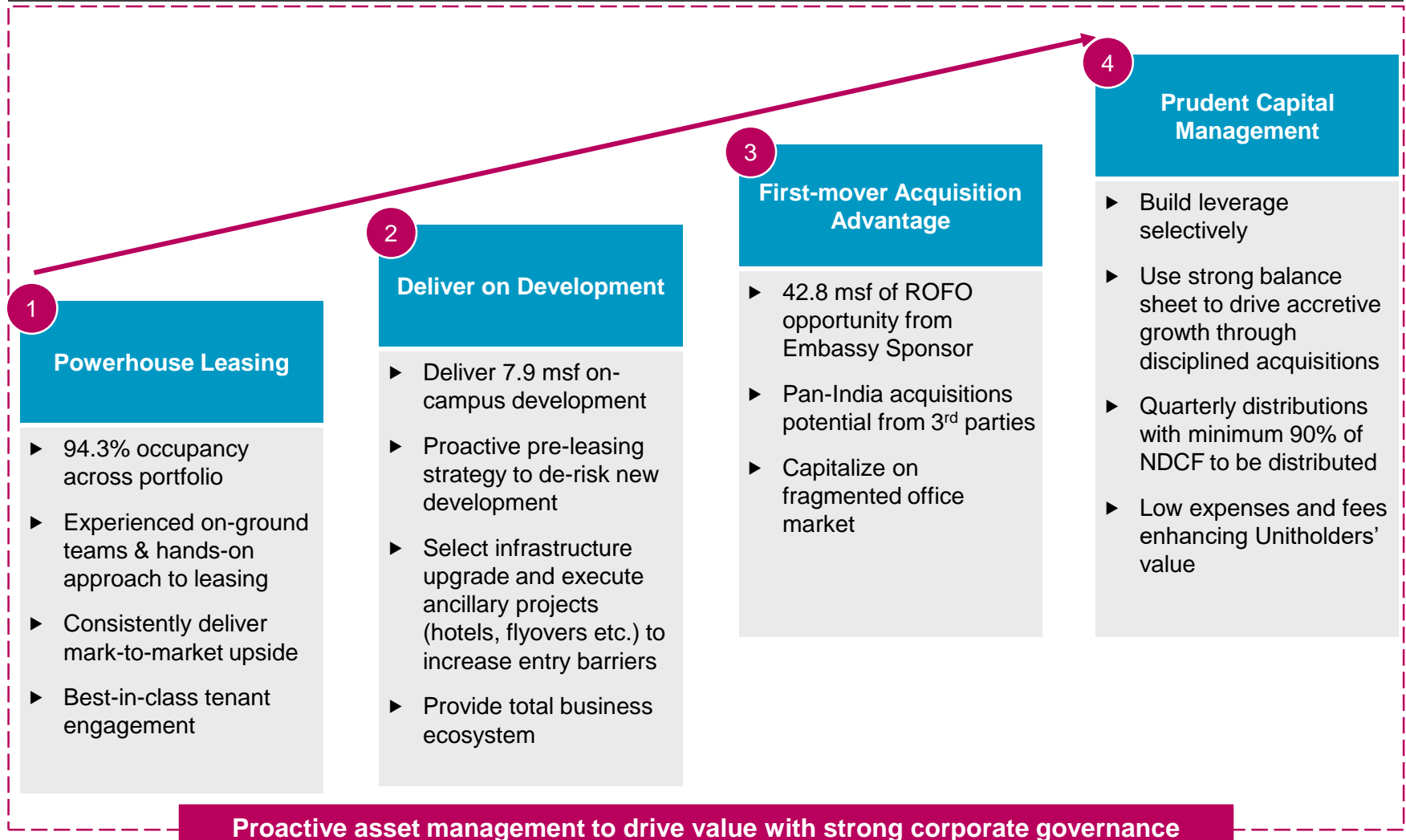


Embassy One
Bengaluru (0.3 msf)



What We Do: Our Strategy

Maximize distributions and NAV per unit through organic growth & new acquisitions



Our Opportunity: India as the Global Technology Innovation Hub

India continues to attract global corporations for large scale services operations due to availability of abundant talent and cost savings; thereby leading to continued strong office demand

Indian IT-BPM Landscape – Foundation of Global Technology⁽¹⁾⁽²⁾

Services

- Information Technology • Engineering R&D
- BPM • Digital

Software

- Systems • Cybersecurity
- Enterprise • Fintech /Edtech

Indian eCommerce

- Social Shopping • Intelligence
- Voice Commerce • Digital Payments

Technologies

- Cloud / Robotics • Blockchain
- Intelligent Automation • Reality AR/VR

\$177 bn
(6.1% growth)

Revenue

\$136 bn
(8.3% growth)

Exports

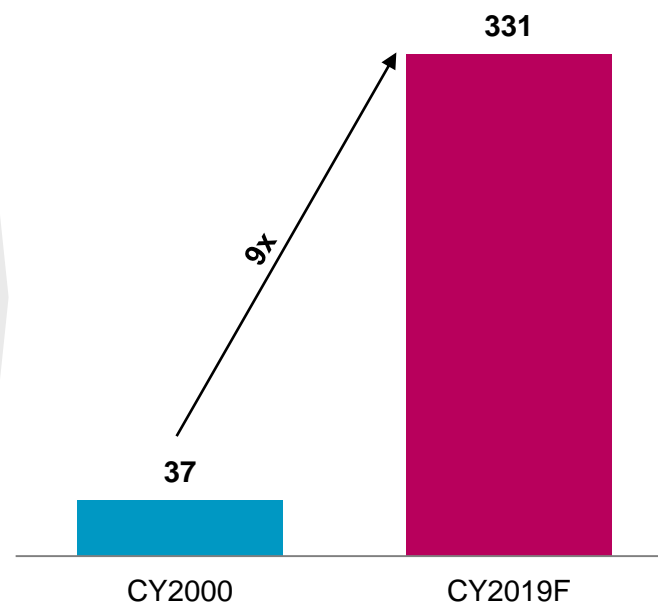
₹2.9 tn
(7.9% growth)

Domestic

4.14 mn
(4.3% growth)

Employees

Space Occupied by Technology Sector (msf)⁽³⁾



- ▶ Global Capability Centres (GCCs) are increasingly leveraging India for shared services specific to IT, F&A, HR & Procurement
- ▶ With over 1,250 GCCs, demand from GCC across six major Indian cities is estimated at c.30-35 msf between CY2019-21
- ▶ Indian IT / ITeS services turning towards leasing vs. owning. Sharp rise in IT / ITeS hiring, c.4-5%⁽⁴⁾ p.a. growth in CY2019-22

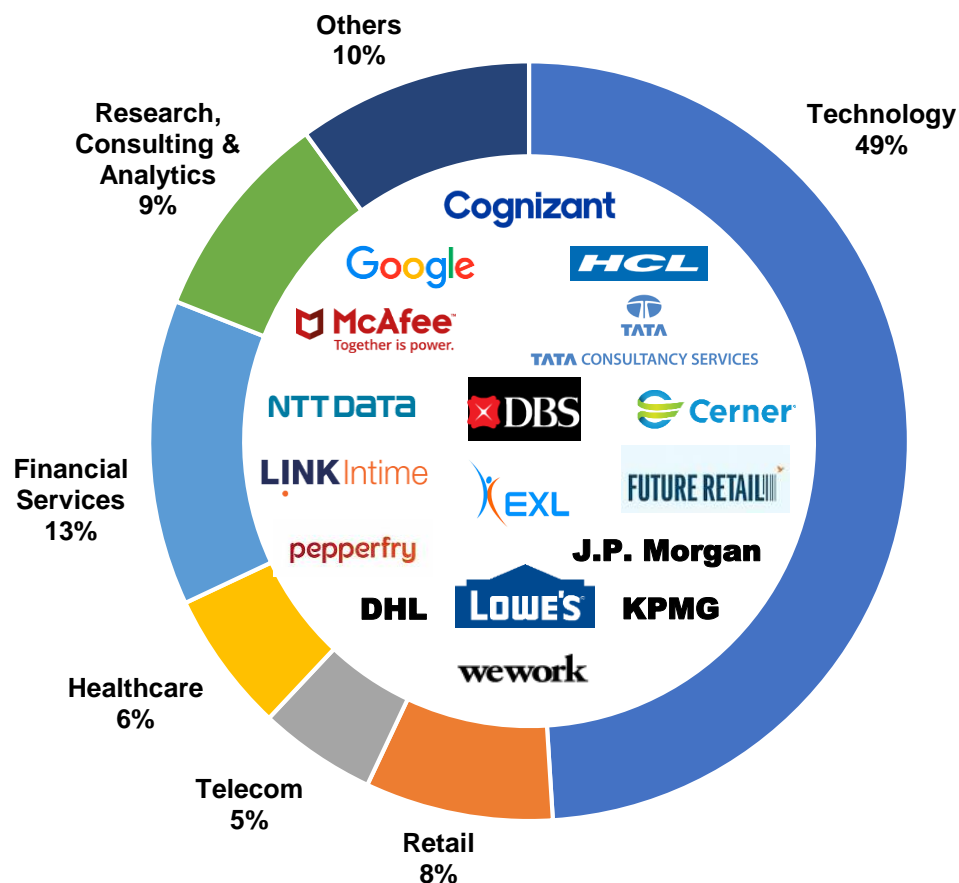
Source:

- (1) Nasscom IT-BPM Sector in India 2019 (Decoding Digital)
 (2) Colliers International Information Technology Office Services May 2019 Report ('India – Reinventing the World's Tech Disclosure')
 (3) CBRE Research 2019, Embassy REIT
 (4) Bank of America Merrill Lynch Research Jun'2019, Embassy REIT

Our Tenant Base

Global business with a diversified portfolio across established & growth sectors

Industry Diversification⁽¹⁾



41% of Gross Rentals Originate From Top 10 Tenants

Top 10 Tenants	Sector	% of Rentals
IBM	Technology	13%
Cognizant	Technology	10%
Cerner	Healthcare	3%
NTT Data	Technology	3%
PwC	Research, Consulting & Analytics	2%
NOKIA	Telecom	2%
JP Morgan	Financial Services	2%
Lowe's	Retail	2%
McAfee	Technology	2%
DBS	Financial Services	2%
Total		41%

Notes:

(1) Represents industry diversification percentages based on Embassy REIT's share of gross rentals

Our Portfolio Summary

25 msf Portfolio of Grade A office assets (94.3% occupied, 7 years WALE and 31% MTM opportunity)

Property	Leasable Area (msf)/Keys/MW			WALE ⁽³⁾	Occupancy	Rent (₹ psf / mth)			GAV ⁽⁴⁾	
	Completed	Development	Total	(yrs)	(%)	In-place	Market ⁽⁴⁾	MTM (%)	₹ mn	% of total
Embassy Manyata	11.0	3.3	14.2	7.6	99.3%	56	83	47.9%	132,813	42%
Embassy Golflinks ⁽¹⁾	2.7	-	2.7	8.2	100.0%	108	146	35.3%	26,174	8%
Embassy One	0.3	-	0.3	9.5	2.0%	150	153	2.0%	5,972	2%
Bengaluru Sub-total	14.0	3.3	17.2	7.8	97.7%	66	95	43.7%	164,960	52%
Express Towers	0.5	-	0.5	5.5	96.7%	253	275	8.9%	18,849	6%
Embassy 247	1.2	-	1.2	4.2	91.6%	98	104	6.1%	17,323	5%
FIFC	0.4	-	0.4	4.4	60.8%	293	285	(2.9%)	14,957	5%
Mumbai Sub-total	2.0	-	2.0	4.7	87.2%	162	171	5.2%	51,129	16%
Embassy Techzone	2.2	3.3	5.5	6.1	78.1%	52	48	(7.7%)	20,586	7%
Embassy Quadron	1.9	-	1.9	5.9	91.4%	41	50	22.3%	14,610	5%
Embassy Qubix	1.5	-	1.5	5.4	100.0%	37	48	29.5%	10,253	3%
Pune Sub-total	5.5	3.3	8.8	5.8	88.4%	44	49	11.7%	45,449	14%
Embassy Oxygen	1.9	1.3	3.3	10.0	89.2%	44	54	22.3%	19,938	6%
Embassy Galaxy	1.4	-	1.4	3.8	100.0%	31	44	39.8%	8,478	3%
Noida Sub-total	3.3	1.3	4.6	7.8	93.6%	39	50	28.6%	28,416	9%
Subtotal (Office)	24.8	7.9	32.7	7.0	94.3%	65	85	30.9%	289,954	92%
Four Seasons at Embassy One ⁽²⁾	230 Keys	-	230 Keys	-	3.8% ⁽⁵⁾	-	-	-	7,983	3%
Hilton at Embassy Golflinks	247 Keys	-	247 Keys	-	70.2% ⁽⁵⁾	-	-	-	4,824	2%
Hilton at Embassy Manyata (5 & 3 star)	-	619 Keys	619 Keys	-	-	-	-	-	2,581	1%
Embassy Energy	100MW	-	100MW	-	-	-	-	-	10,782	3%
Subtotal (Infrastructure Assets)	477 Keys / 100MW	619 Keys	1096 Keys / 100MW						26,170	8%
Total	24.8 msf / 477 Keys / 100MW	7.9 msf / 619 Keys	32.7 msf / 1096 Keys / 100MW						316,124	100%

Notes:

(1) Details included in the above table are for a 100% stake in Embassy Golflinks, except GAV which reflects only our 50% economic interest

(2) Launched in May 2019

(3) Weighted against Gross Rentals assuming tenants exercise their renewal options after the end of the initial commitment period

(4) As per CBRE valuation March 31, 2019, valuation undertaken semi-annually; Embassy Golflinks is based on 50% economic interest

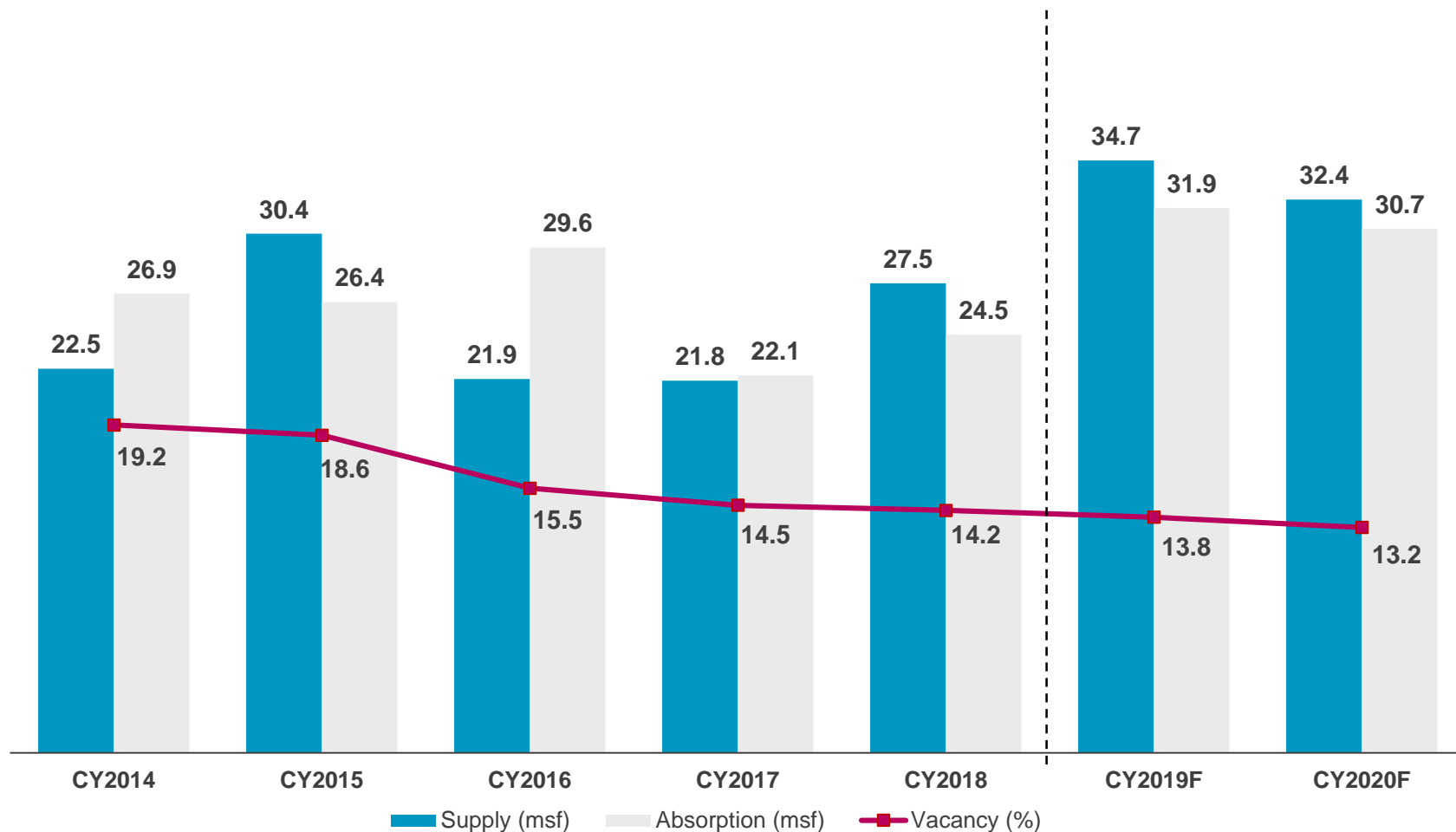
(5) Average for 1Q FY2020 / average since launch in May 2019

III. Market Outlook

Embassy One, Bengaluru

Commercial Office Fundamentals

Strong demand-supply fundamentals resulting in robust demand and low vacancy across our four office markets



Our Markets

Portfolio well positioned in India's four key office markets

72%

Of India's Grade A office stock concentrated in Embassy REIT markets

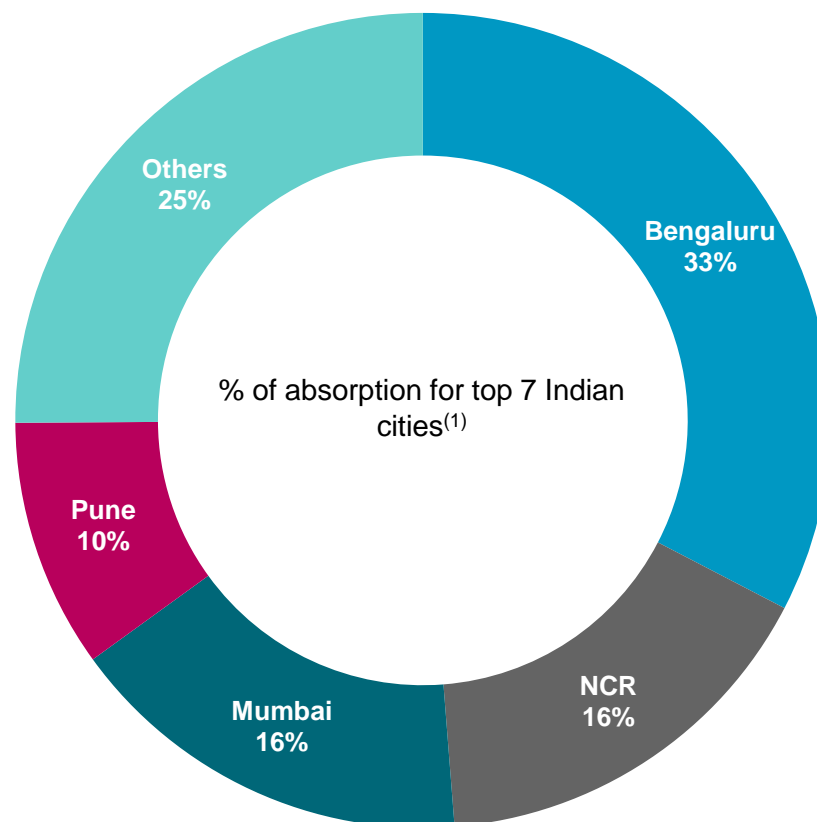
34%

Absorption growth since CY2013 for Embassy REIT markets

846 bps

Increase in occupancy since CY2013 for Embassy REIT markets

Embassy REIT markets represent **75%** of India's office absorption



Source: CBRE Research 2019, Embassy REIT. India's top 7 cities include Mumbai, NCR, Bengaluru, Pune, Chennai, Hyderabad and Kolkata

Notes:

(1) Absorption for period CY2013 to 2Q CY2019

City wise Market Outlook

While Bengaluru continued to lead office absorption globally, Pune witnessed increased levels of activity driven by strong technology sector hiring

Bengaluru

- ▶ Bengaluru continues to remain landlord favorable market with c.4% vacancy
- ▶ Healthy hiring trend, competitive rentals and quality office space continue to drive demand over 2019-2023
- ▶ Pre-commitment trend continues given limited available stock, timely delivery of announced supply remains priority

Mumbai

- ▶ Given adequate space availability, overall market remains occupier favorable with c.22% vacancy
- ▶ Core markets of BKC and Nariman Point have significantly lower vacancy at c.9%
- ▶ Limited non strata-sold space availability in core markets favors institutional quality properties

Pune

- ▶ Revival in IT/ITeS hiring since mid-2018, combined with competitive rentals, continue to drive demand in Hinjewadi market with c.4% existing vacancy
- ▶ Increasing rental differential between West (Hinjewadi) and East Pune office markets aids rental growth in Hinjewadi market

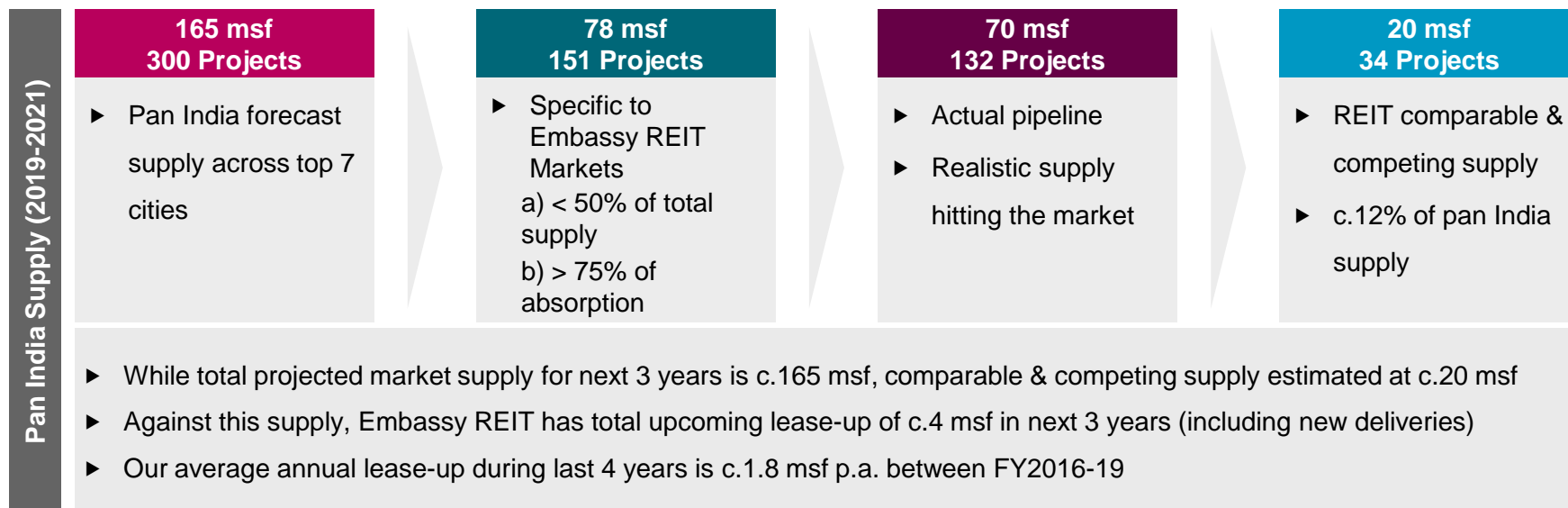
NCR

- ▶ Limited supply of institutional owned quality office space despite c.23% overall vacancy
- ▶ Quality properties continue to receive traction compared to strata-sold low-quality properties
- ▶ Noida is witnessing demand by captive centres and IT-BPM with demand keeping pace with supply

Supply Outlook

Factoring for city, location, project timing, quality etc., comparable supply for Embassy REIT projects is estimated to be a small proportion of overall market supply

City	Stock (msf)	Vacancy (% of stock)	Rent Growth (CAGR since 2013)	Supply 2018 (msf)	Absorption 2018 (msf)	Supply for 2 years 2019 & 2020 (msf)
Bengaluru	154.2	3.8%	8.8%	11.9	13.3	27.1
Mumbai	121.8	22.0%	(0.7%)	6.7	4.4	12.2
Pune	50.0	4.4%	6.1%	3.3	2.7	10.0
NCR	105.5	23.0%	8.2%	5.6	4.2	17.8
Embassy REIT Markets	431.5	13.7%	3.7%	27.5	24.5	67.1
Chennai	63.9	6.2%	8.6%	1.4	2.8	11.1
Hyderabad	68.1	10.8%	7.4%	3.6	4.6	28.7
Kolkata	32.0	39.3%	(0.3%)	1.4	0.6	3.6
Other Markets	164.0	14.6%	6.2%	6.4	8.0	43.4
Grand Total	595.5	13.9%	4.3%	33.8	32.5	110.5



IV. Commercial Office Update

Leasing Highlights for 1Q FY2020

595k sf new leases signed across 8 deals with existing tenant expansion accounting for 57% of space take-up

1Q FY2020 Highlights		Key Leases Signed			
New Leases signed ('000 sf)	595	Tenant	Property	City	Area ('000 sf)
– Area Released ('000 sf)	572	HCL	Embassy Techzone	Pune	236
– Re-leasing Spread	50.6%	Infosys BPM	Embassy Techzone	Pune	128
Existing Tenant Expansion	56.7%	Facebook	Embassy Golflinks	Bengaluru	104
Renewals ('000 sf)	226	Dell	Embassy Golflinks	Bengaluru	54
		Calsoft	Embassy Techzone	Pune	24
		The Executive Centre	FIFC	Mumbai	22
		Various	Various	Various	26
		Total			595

Leases Signed in 1Q FY2020:

DELL



THE EXECUTIVE CENTRE



Facebook



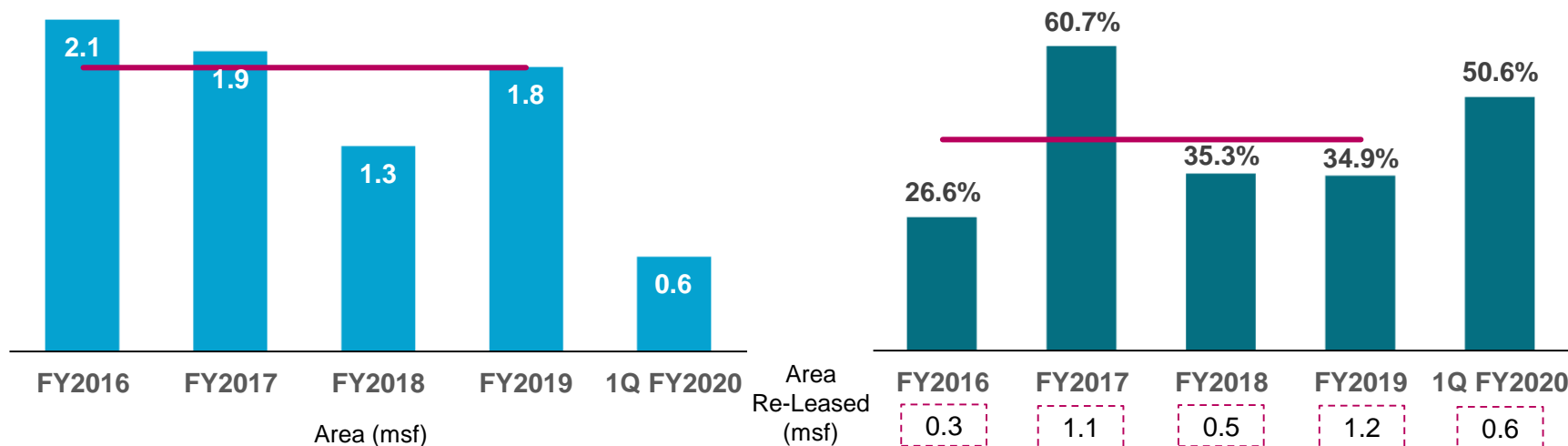
Continued Leasing Momentum

Leased 595k sf in 1Q FY2020 demonstrating continued leasing momentum, of this 572k sf re-leased at 50.6% spreads

Particulars		1Q FY2020	Average (2016-19)	FY2019	FY2018	FY2017	FY2016
Completed Area	msf	24.8		24.8	24.2	23.1	22.5
Occupancy	%	94.3%	94.0%	94.3%	93.5%	94.7%	93.4%
New Leases Signed	msf	0.6	1.8	1.8	1.3	1.9	2.1
Re-Leasing	msf	0.6	0.8	1.2	0.5	1.1	0.3
Re-Leasing Spreads	%	50.6%	42.2%	34.9%	35.3%	60.7%	26.6%
New Leasing to Existing Tenant	%	56.7%	61.8%	59.0%	69.0%	50.0%	71.0%
Renewals	msf	0.2	1.9	0.9	2.9	1.6	2.3

1.8 msf average new leases signed between FY2016-19

42.2% Average re-leasing spread between FY2016-19



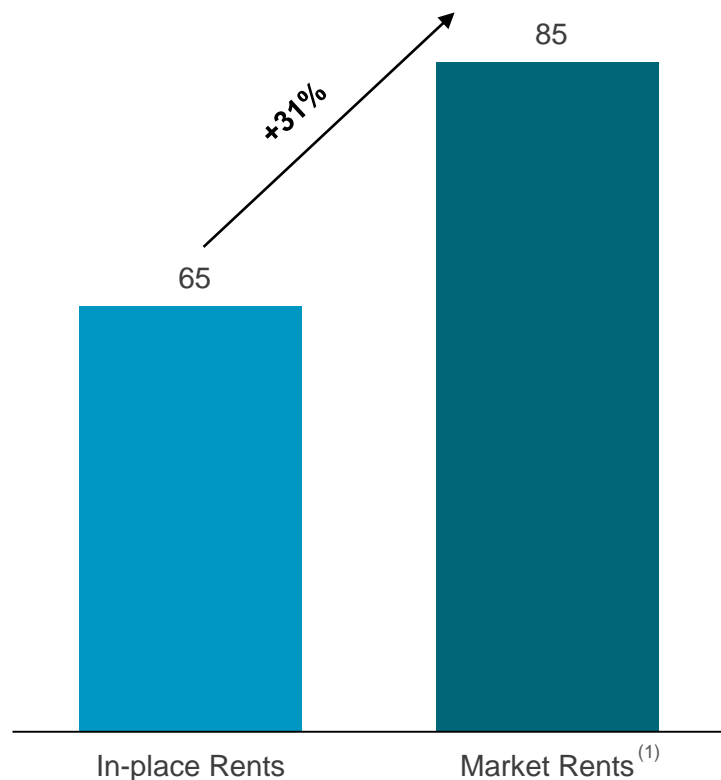
Notes: New leases signed includes area re-leased, excludes renewals

Embedded Mark-to-Market Growth

Re-leased 572k sf at higher than in-place rents & c.690k sf of brought forward expiries. Opportunity to re-lease additional c.6 msf at market rents over next 3-4 years

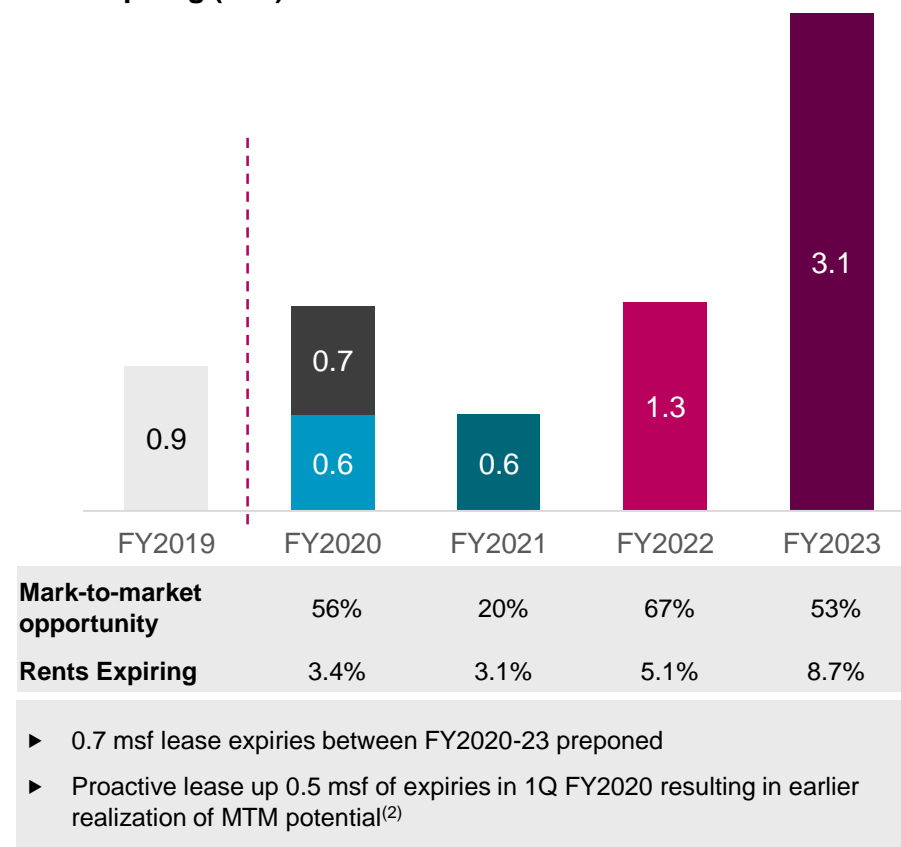
Current market rents are 31% above in-place rents

Rent (₹ psf/month)



20% of leases expire between FY2020-23

Area Expiring (msf)



Notes: Refer slide 40 for more details

(1) Market Rents as per CBRE Research 2019, Embassy REIT

(2) Also refer slide 40

V. Development Update

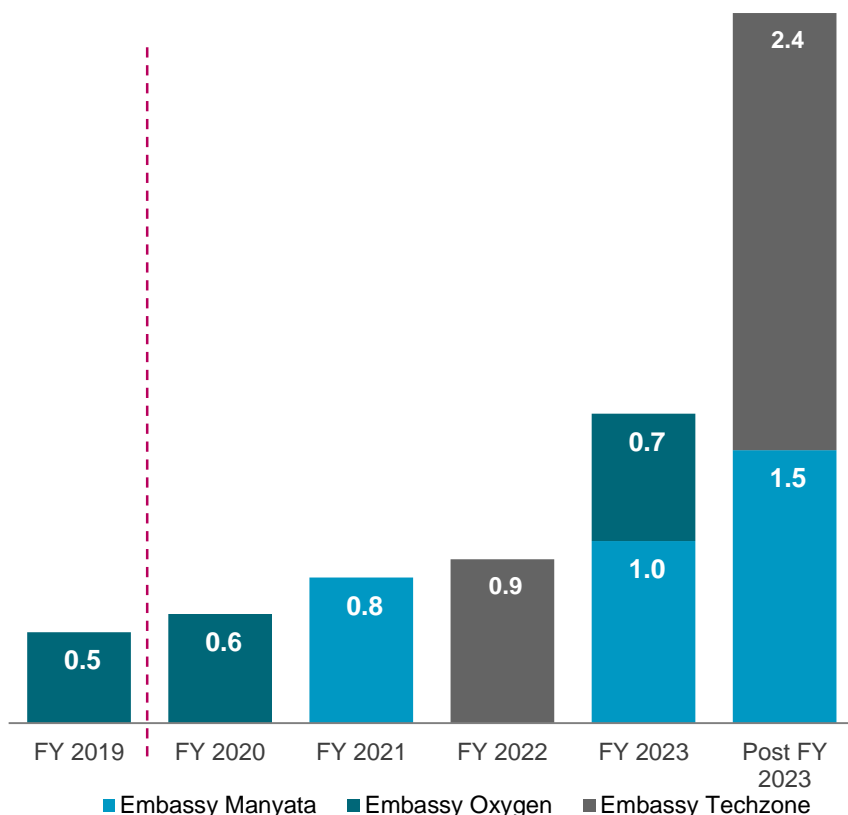
A large, multi-story building is under construction. The central portion of the building is covered in a dark, reflective glass facade that mirrors the sky and clouds. The building's structure is made of concrete, with visible columns and beams. Scaffolding is present around the building, particularly at the base and on the right side. The sky is blue with scattered white clouds.

Embassy Manyata, Bengaluru

Development Pipeline

4.0 msf on-campus new build pipeline in next 4 years. Of this, 1.4 msf near-term development projects are 2 quarters ahead of targeted delivery

Development Track Record (msf) & Pipeline⁽¹⁾



Development Status as of August 12, 2019

Embassy Oxygen
(Tower 2, 0.6 msf)

- Structure complete, Façade and MEP nearing completion
- Targeting 3Q FY2020 completion (vis-à-vis 1Q FY2021 projected earlier)
- 42% or 246k sf pre-let to MetLife⁽²⁾

Embassy Manyata
Front Parcel
(NXT Block,
0.8 msf)

- Structure complete, Façade and MEP underway
- Targeting 4Q FY2020 completion (vis-à-vis 2Q FY2021 projected earlier)

Others
(3 blocks totaling
1.9 msf)

- M3 Block (Embassy Manyata, 1 msf) Design complete, under excavation & pre-construction
- Hudson Block (Embassy Techzone, 0.5 msf) - Design complete for revised area
- Ganges Block (Embassy Techzone, 0.4 msf) - Design & pre-construction underway, targeting to bring forward launch timeline.

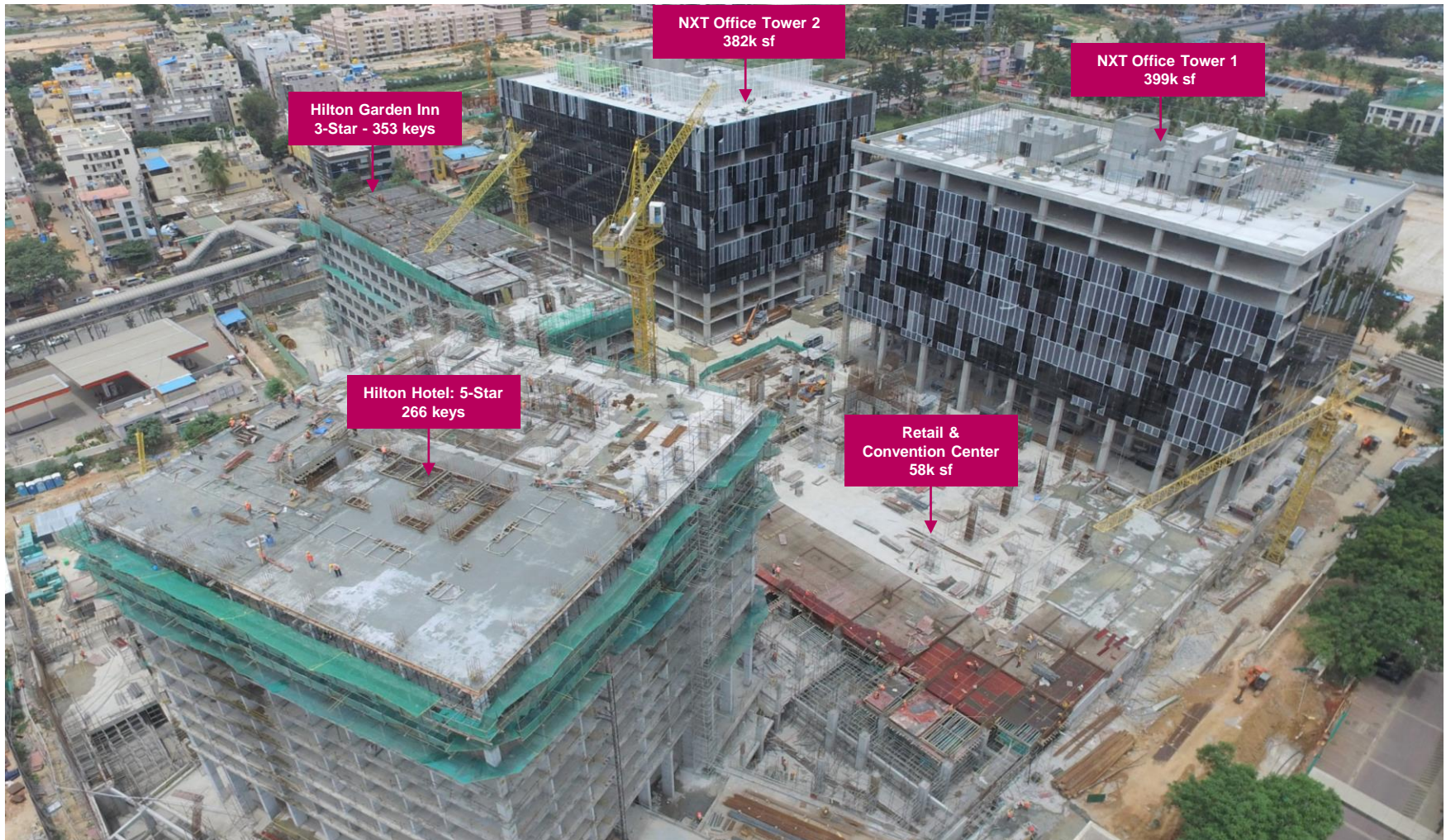
Notes:

(1) Excludes 619 hotel keys across Hilton & Hilton Garden Inn at Embassy Manyata

(2) Excludes 45k sf growth option. Factoring the growth option, area pre-let at Embassy Oxygen would be 50%. These options are exercisable till Jun'2021

Embassy Manyata (Front Parcel)

Front Parcel at Embassy Manyata (0.8 msf commercial blocks, 58k sf retail and 619 keys hotel) currently U/C, targeting completion of commercial block in 4Q FY2020 and hotels in 3Q FY2022

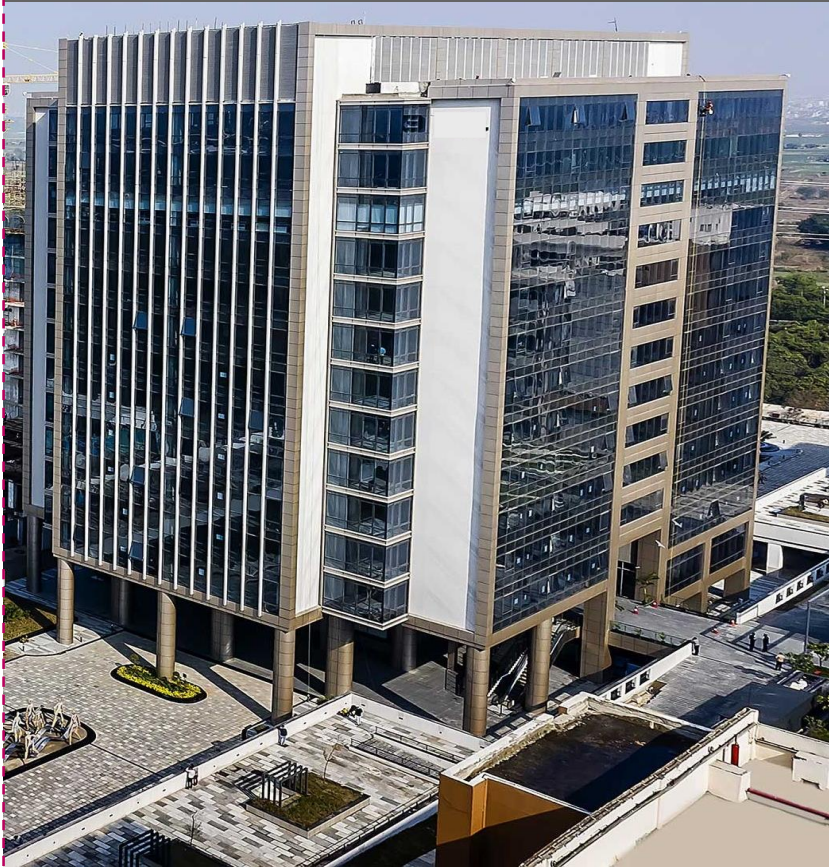


Note: Aug'2019 picture

Embassy Oxygen

0.5 msf Tower 3 delivered in November 2018 as per schedule. 0.6 msf Tower 2 is currently nearing completion, targeting completion in 3Q FY2020; 2 quarters ahead of targeted delivery

Tower 3 – 0.5 msf



Delivered on schedule

Tower 2 – 0.6 msf



2 quarters ahead of schedule (pre-let 42%)(1)

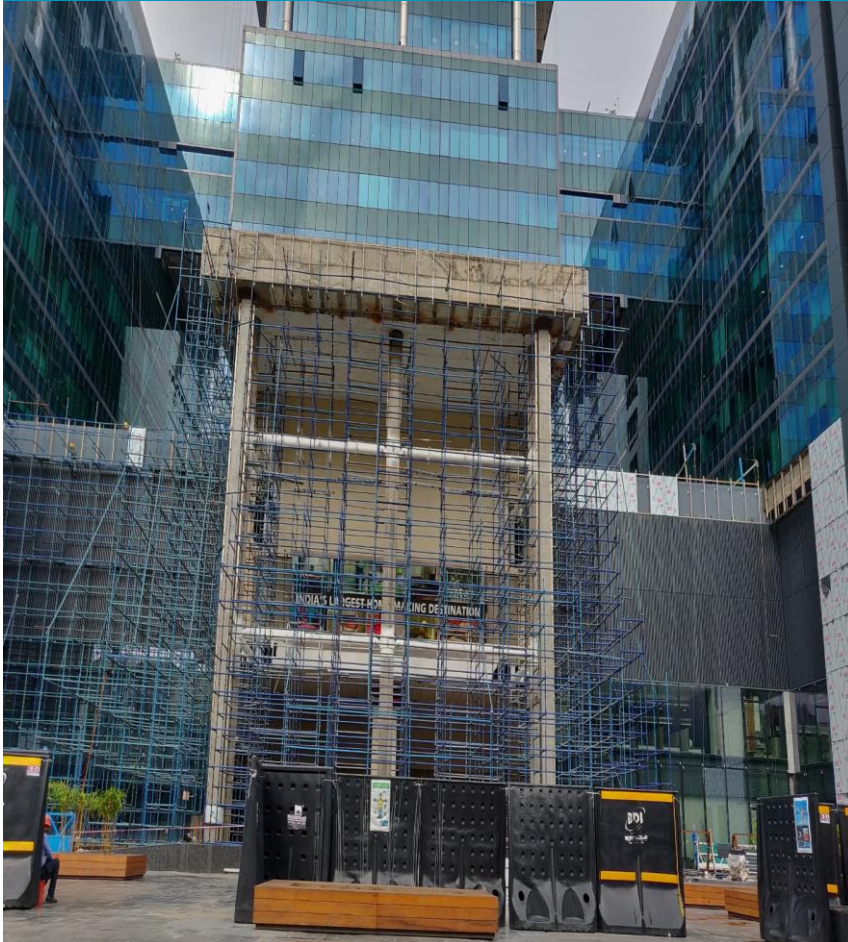
Notes: Aug'2019 pictures

(1) Excludes 45k sf growth option. Factoring the growth option, area pre-let at Embassy Oxygen would be 50%. These options are exercisable till Jun'2021

Existing Asset Upgrades

Select infrastructure, upgrade and ancillary projects underway to further enhance competitiveness

Embassy 247 – Facade work
(WIP, targeting 2Q FY2020 completion)



Embassy Manyata – 220KV Substation
(Commissioned in 1Q FY2020)



Embassy Manyata Flyover
(WIP, targeting 3Q FY2021 completion)



VI. Hospitality Update



Hilton at Embassy Golflinks, Bengaluru

Hilton and Four Seasons

With recent launch of Four Seasons hotel, 477 hotel keys are now operational and additional 619 keys under development at Embassy Manyata

Hilton at Embassy Golflinks



- ▶ Status: Fully Operational
- ▶ Keys: 247
- ▶ Format: 5-Star
- ▶ Occupancy⁽¹⁾: 70.2%
- ▶ ADR⁽¹⁾: ₹8,880
- ▶ RevPAR⁽¹⁾: ₹6,230

Four Seasons at Embassy One



- ▶ Status: Launched in May'2019
- ▶ Keys: 230
- ▶ Format: 5-Star deluxe
- ▶ Occupancy⁽²⁾: 3.8%
- ▶ ADR⁽²⁾: ₹12,539
- ▶ 60+ corporate accounts signed

Hilton & Hilton Garden Inn at Embassy Manyata (Front parcel)



- ▶ Status: Under Construction.
Structure nearing completion,
Façade & MEP underway
- ▶ Keys: 619
 - Hilton: 266 keys
 - Hilton Garden Inn: 353 keys
- ▶ Format:
 - Hilton: 5-Star
 - Hilton Garden Inn: 3-Star
- ▶ Expected Completion: 3Q FY2022

Notes:

(1) Average for 1Q FY2020

(2) Average since launch in May'2019, currently under stabilization

Four Seasons Hotel Launch Update

Known for its world class hospitality, Four Seasons at Embassy One commenced operations in May 2019

Lobby



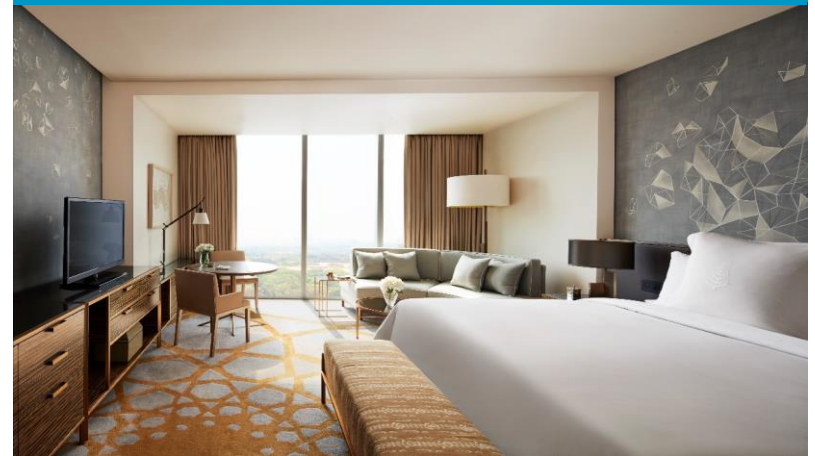
Swimming Pool



CUR8 – All Day Dining



Guest Room



VII. Financial Update



Embassy Quadron, Pune

Revenue Contribution by Segment & Geography

Commercial Office segment contributed 89% of Revenue from Operations for 1Q FY2020

Revenue from Operations (₹ mn)

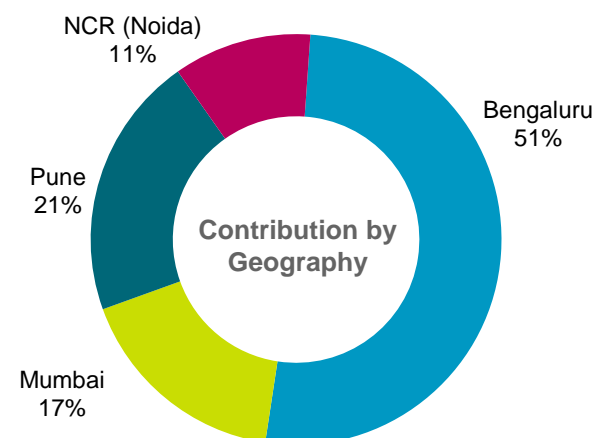
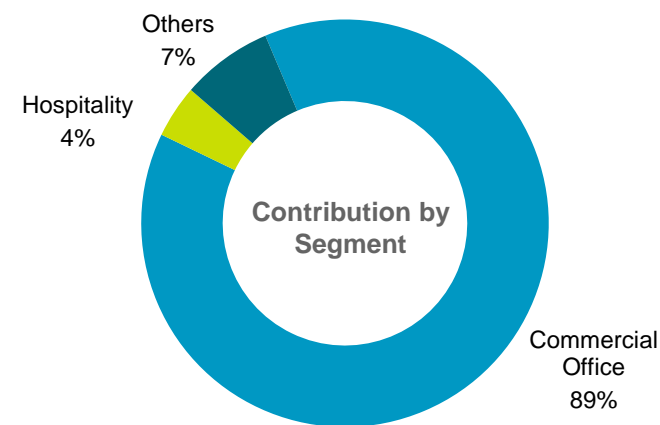
Property	City	1Q FY2020	% of Total
Embassy Manyata	Bengaluru	2,132	40%
Embassy Techzone	Pune	507	9%
Embassy Energy	Bellary, Karnataka	388	7%
Express Towers	Mumbai	388	7%
Embassy Quadron	Pune	375	7%
Embassy 247	Mumbai	355	7%
Embassy Oxygen	NCR	355	7%
Embassy Qubix	Pune	229	4%
Embassy Galaxy	NCR	226	4%
Hilton at Embassy Golflinks	Bengaluru	206	4%
FIFC	Mumbai	171	3%
Four Seasons at Embassy One ⁽²⁾	Bengaluru	19	0%
Revenue from Operations		5,351	100%

Portfolio Investment⁽³⁾

Embassy Golflinks	Bengaluru	957
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₹5,351 mn

Revenue from Operations (1Q FY2020)⁽¹⁾



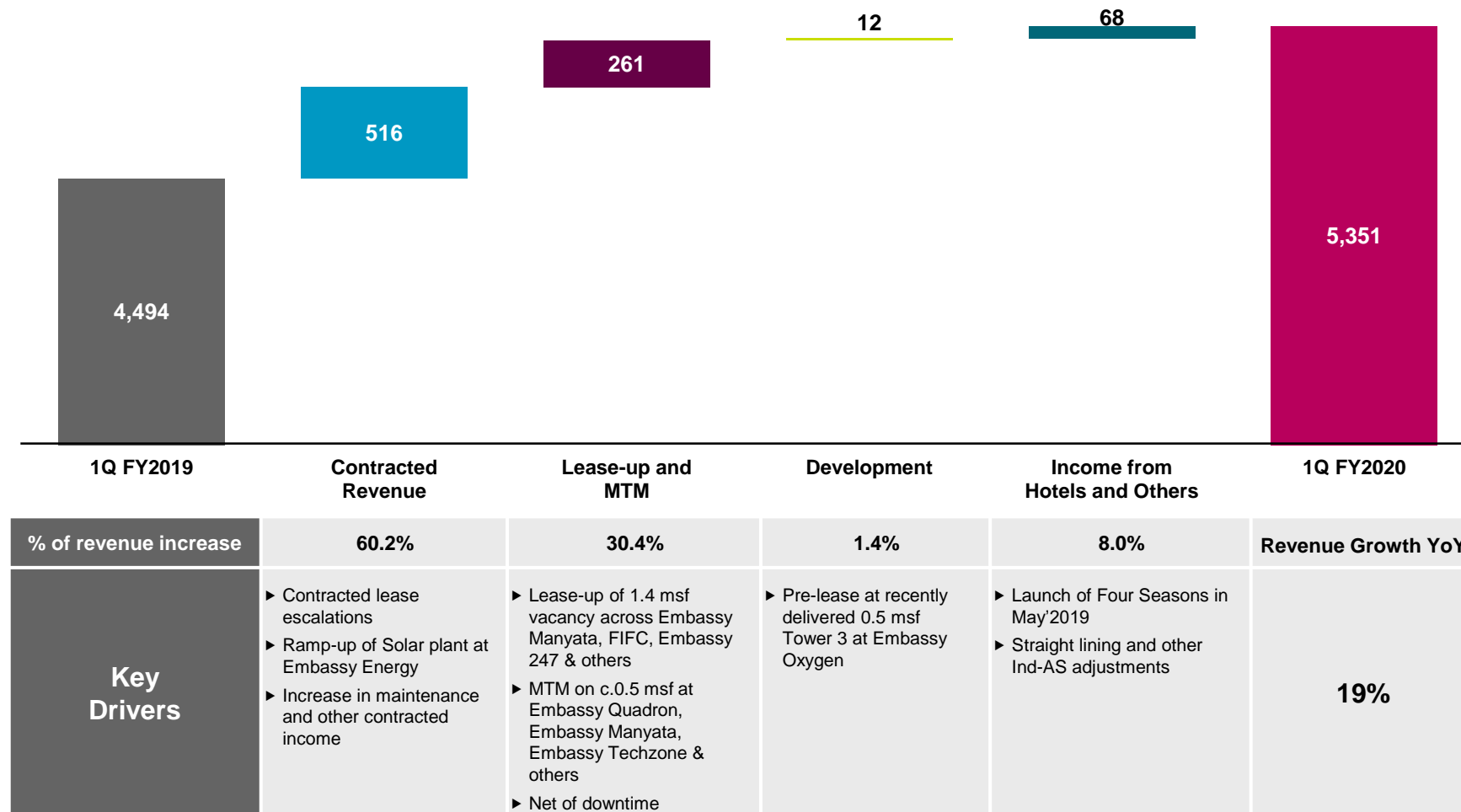
Notes:

- (1) Revenue from Operations does not include contribution from GLSP
 (2) Four Seasons at Embassy One was launched in May 2019 and is currently under stabilization
 (3) Figure for 100% of GLSP. Embassy REIT owns a 50% stake in GLSP

Revenue Drivers

Revenue in 1Q FY2020 was higher by 19% YoY, mainly on account of contracted escalations, new lease-ups and MTM

Revenue from Operations (₹ mn)



Leverage Update

Successfully priced and allotted ₹30 bn NCDs, to repay existing debt and for general corporate purposes

₹30 bn

Listed NCD Issuance

AAA / Stable

CRISIL Rating

9.4%

YTM

11%

Net Debt to TEV

Listed NCD Issuance post IPO

- ▶ ₹30 bn NCDs allotted on May 3, 2019
- ▶ AAA / Stable CRISIL Rating
- ▶ YTM of 9.4% maturing in June 2022; to be paid as premium on redemption
- ▶ Utilized to repay debt and for general corporate purposes

Financing Strategy

- ▶ Construction finance to fund ongoing capex needs
- ▶ Ample headroom for acquisitions
- ▶ Regulatory cap at 49% of asset value
- ▶ Majority Unitholders approval required if debt exceeds 25% of asset value

Fortress Balance Sheet

Post utilization of IPO proceeds, our conservative Balance Sheet provides significant flexibility for growth

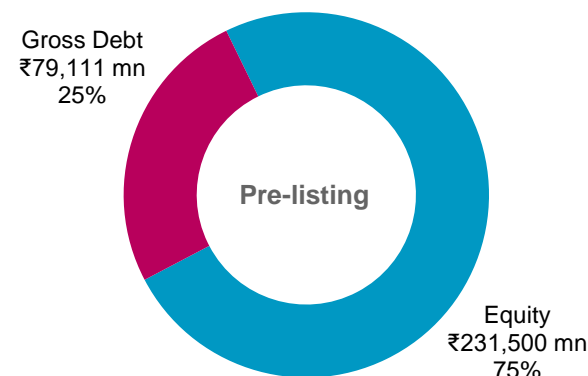
Total Enterprise Value (₹ mn)

Particulars	June 30, 2019
Market Capitalization	283,101
Add: Net Debt	35,120
<i>Gross Debt</i>	<i>39,287</i>
<i>Less: Cash & Cash Equivalents</i>	<i>(1,930)</i>
<i>Less: Short-term treasury investments ⁽¹⁾</i>	<i>(2,237)</i>
Total Enterprise Value (TEV)	318,221

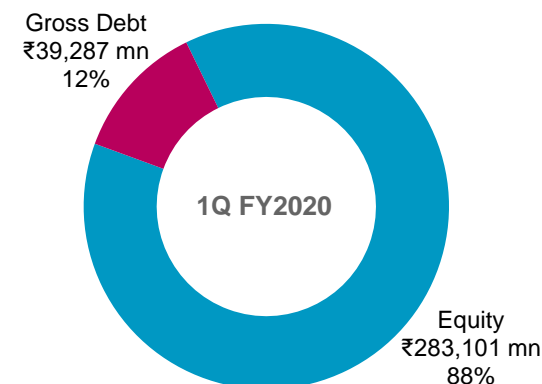
Leverage Ratios

Particulars	June 30, 2019
Net Debt to TEV	11%
Net Debt to EBITDA ⁽²⁾	2.0x
Interest Coverage Ratio (excluding capitalized interest)	5.9x
Interest Coverage Ratio (including capitalized interest)	4.0x

Debt to Market Capitalization As of Mar'2019



As of Jun'2019



Notes:

(1) Includes short-term liquid fund investment, fixed deposits etc., net of 1Q FY2020 distribution of ₹4,167 mn

(2) EBITDA has been annualized for comparability purposes

A photograph of a modern, multi-story building with a glass and grey facade. The building has a prominent overhang and is surrounded by a landscaped area with green lawns, palm trees, and a paved walkway. A long, narrow water feature runs along the right side of the foreground. The sky is clear and blue.

VIII. Other Updates

Embassy Tech Zone Case Study

Post receipt of vacation notice from one of the significant tenant at Embassy Techzone, backfilled c.75% of this unscheduled vacancy at 37% re-leasing spreads without any lease void

Situation Overview

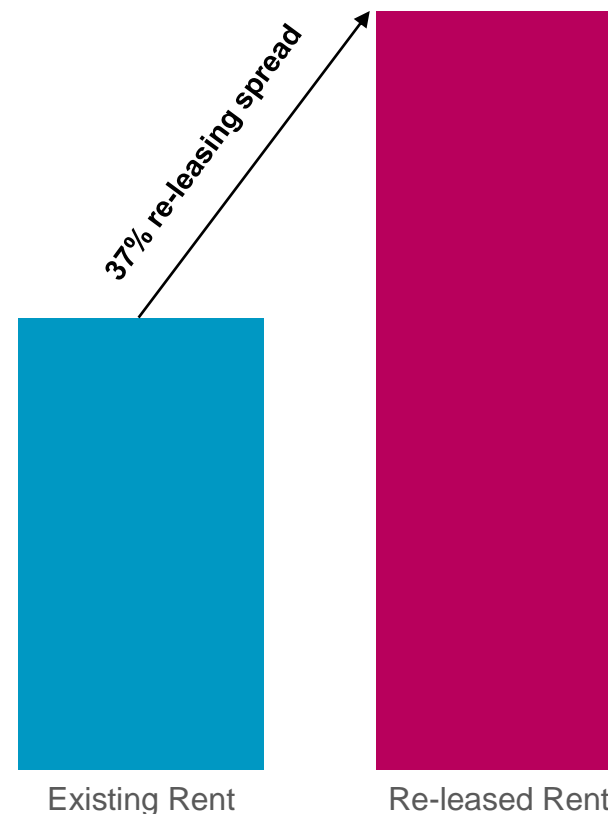
- ▶ 3Q FY2019: Anchor tenant occupying 480k sf commences early exit discussions due to its global merger & relocation
- ▶ 4Q FY2019: Despite lease under lock-in, early exit request considered given:
 - In-place rent on 480k sf existing lease 6% below market
 - Renewed hiring & interest for near term available spaces by IT / ITeS firms
 - Lack of quality supply in Hinjewadi micro-market

Hands-on Asset Management

- ▶ 1Q FY2020
 - Backfilled 360k sf to 2 tenants at 37% higher than in-place rents
 - Seamless transition to new tenants with no rental void period
- ▶ 2Q FY2020
 - Active discussions with 3 tenants for balance 120k sf

Value Add

- ▶ Quick turnaround, successful backfill
- ▶ Reduced tenant concentration
- ▶ Ahead of schedule MTM realization
- ▶ Availability of incubation space for growth tenants



Environment, Social & Governance

Our focus on energy sustainability and environment conservation differentiates us from our competition

Sustainable Energy

- ▶ 100MW green energy initiative (215 mn units estimated annual capacity) supplying power to our Bengaluru & other assets
- ▶ Estimated offset of upto 200mn kg of CO₂ annually ⁽¹⁾
- ▶ Introduced 100% electric vehicles in Embassy Golflinks for park employees

100 MW Solar Plant



Environment, Health and Safety

- ▶ 2 British Safety Council Sword of Honour winning parks (2017) for select assets
- ▶ Environmental, Health and Safety Certifications such as ISO / OHSAS for select assets
- ▶ Many LEED Platinum / Gold rated assets

Battery operated electric vehicles



Community Engagement

- ▶ Creating a sense of community by supporting CSR initiatives, especially around our properties
- ▶ Inauguration of 650 students primary school in Bengaluru in partnership with ANZ & Government of Karnataka

Government School Inauguration



Notes:

(1) Indicative based on "CO₂ baseline database for the Indian power sector June 2018 and assuming 215 mn units generation p.a.

Environment, Social & Governance (cont'd)

Embassy REIT has world class corporate governance standards

Asset	<ul style="list-style-type: none"> ▶ Minimum 80% of value in completed and leased properties ▶ Minimum 90% of distributable cash flows to be distributed ▶ Restrictions on speculative land acquisition
Debt	<ul style="list-style-type: none"> ▶ Majority unitholder approval required if debt exceeds 25% of asset value ▶ Debt cannot exceed 49% of asset value
Manager	<ul style="list-style-type: none"> ▶ 50% independent directors on the Board, with 50% representation on all committees ▶ Manager can be removed with 60% approval of unrelated Unitholders ▶ Alignment with Unitholder interests due to a distribution linked management fees structure
Strong Related Party Safeguards	<ul style="list-style-type: none"> ▶ Sponsors are prohibited from voting on their related party transactions ▶ Majority Unitholder approval required for acquisition or disposal of asset which exceeds 10% of REIT value ▶ Acquisition or sale price of new asset cannot deviate from average valuation of two independent valuers by +/- 10% ▶ Fairness opinion from independent valuer required if related party leases exceed 20% of the total REIT area

Tenant Engagement

Conducted various 'Energize' events at properties across portfolio as part of total business ecosystem offering

5-a-side Football Tournament



Cricket 6-a-side League



Women's Throwball



World Environment Day



International Yoga Day



Workout Wednesday's

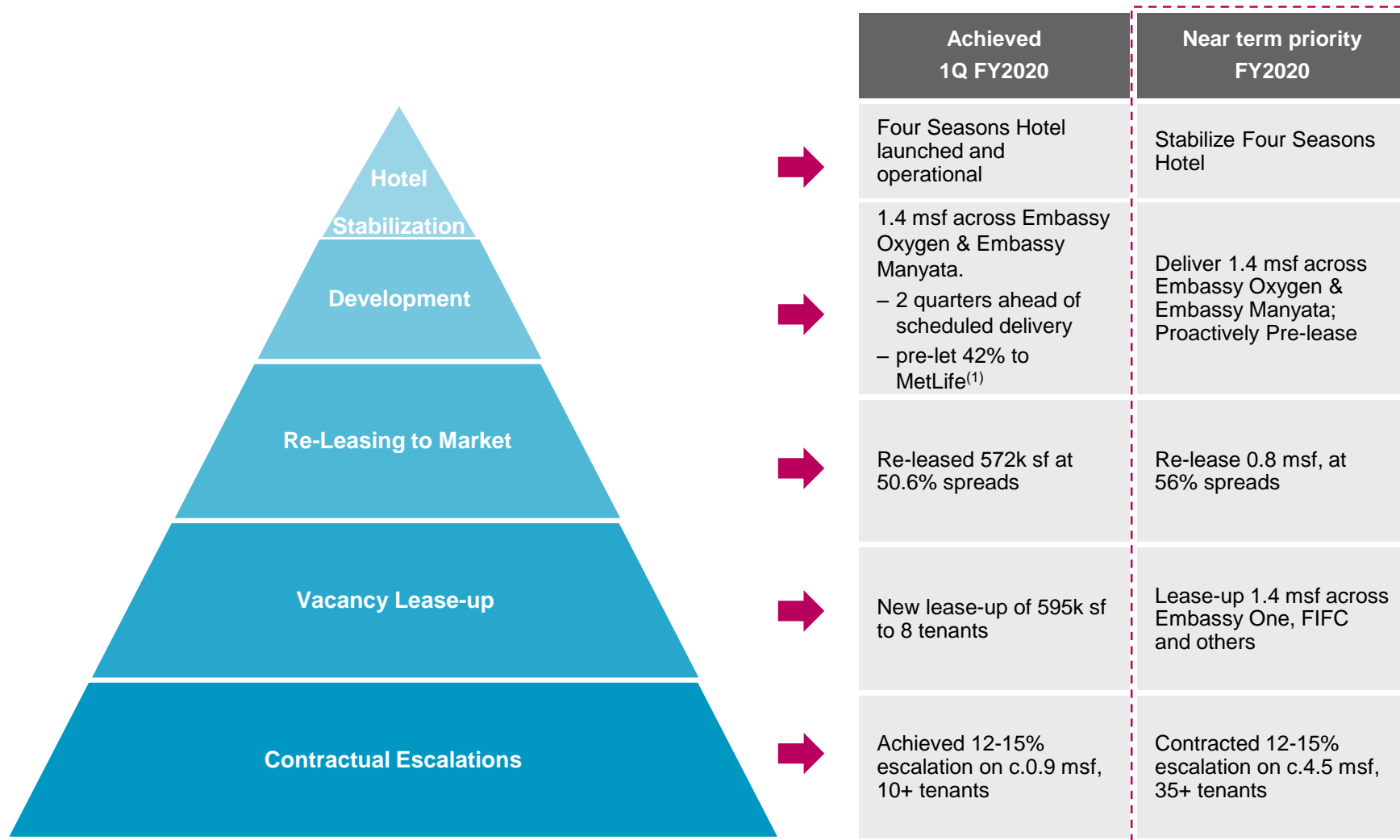


IX. Looking Ahead



Key Growth Drivers

Growth Levers and near-term priorities for FY2020 in-line with historic delivery



Notes:

(1) Excludes 45k sf growth option. Factoring the growth option, area pre-let at Embassy Oxygen would be 50%. These options are exercisable till Jun'2021

X. Appendix

An aerial night photograph of the Embassy Galaxy hotel in Noida. The building is a large, modern structure with multiple wings and a prominent glass facade that is brightly lit from within. A tall brick tower on the right side of the building features a red 'CSC' logo. The foreground shows a curved road with several cars, some of which are blurred due to motion, and a landscaped area with trees and greenery. The sky is a deep blue, indicating twilight.

Embassy Galaxy, Noida

Walkdown of Financial Metrics

NOI & EBITDA margins for 1Q FY2020 were healthy at 85% & 82% respectively. Distribution payout ratio for 1Q FY2020 is 99.7% of NDCF at REIT level ₹4,180 mn

(Amount in ₹ mn)

	1Q FY2020 ⁽¹⁾		1Q FY2019 ⁽²⁾		Variance (%)		
	Total	Per Unit	Total	Per Unit			
Revenue from Operations	5,351		4,494		19%	NOI	NDCF at SPV level
Property Taxes and Insurance	(179)		(191)		(6%)		
Direct Operating Expenses	(643)		(486)		33%		
NOI	4,528		3,818		19%		
Other Income	142		466		(69%)		
Property Management Fees	(119)		(68)		74%		
Indirect Operating Expenses	(174)		(277)		(37%)		
EBITDA	4,378		3,938		11%		
Working Capital Adjustments	857		(313)		(374%)		
Cash Taxes	(326)		(618)		(47%)		
Other Adjustments	(209)		(288)		(28%)		
Cash Flow from Operating Activities	4,701		2,718		73%		Distribution
External Debt (Interest & Principal)	(667)		NR		NA		
Other Adjustments	117		NR		NA		
NDCF at SPV level	4,151		NA		NA		
Distribution from SPVs to REIT	3,749		NA		NA		
Distribution from Embassy Golflinks	480		NA		NA		
REIT Management Fees	(42)		NA		NA		
Other Inflows at REIT (Net of Expenses)	(7)		NA		NA		
NDCF at REIT level	4,180		NA		NA		
Distribution	4,167	5.40	NA	NA	NA		

Notes:

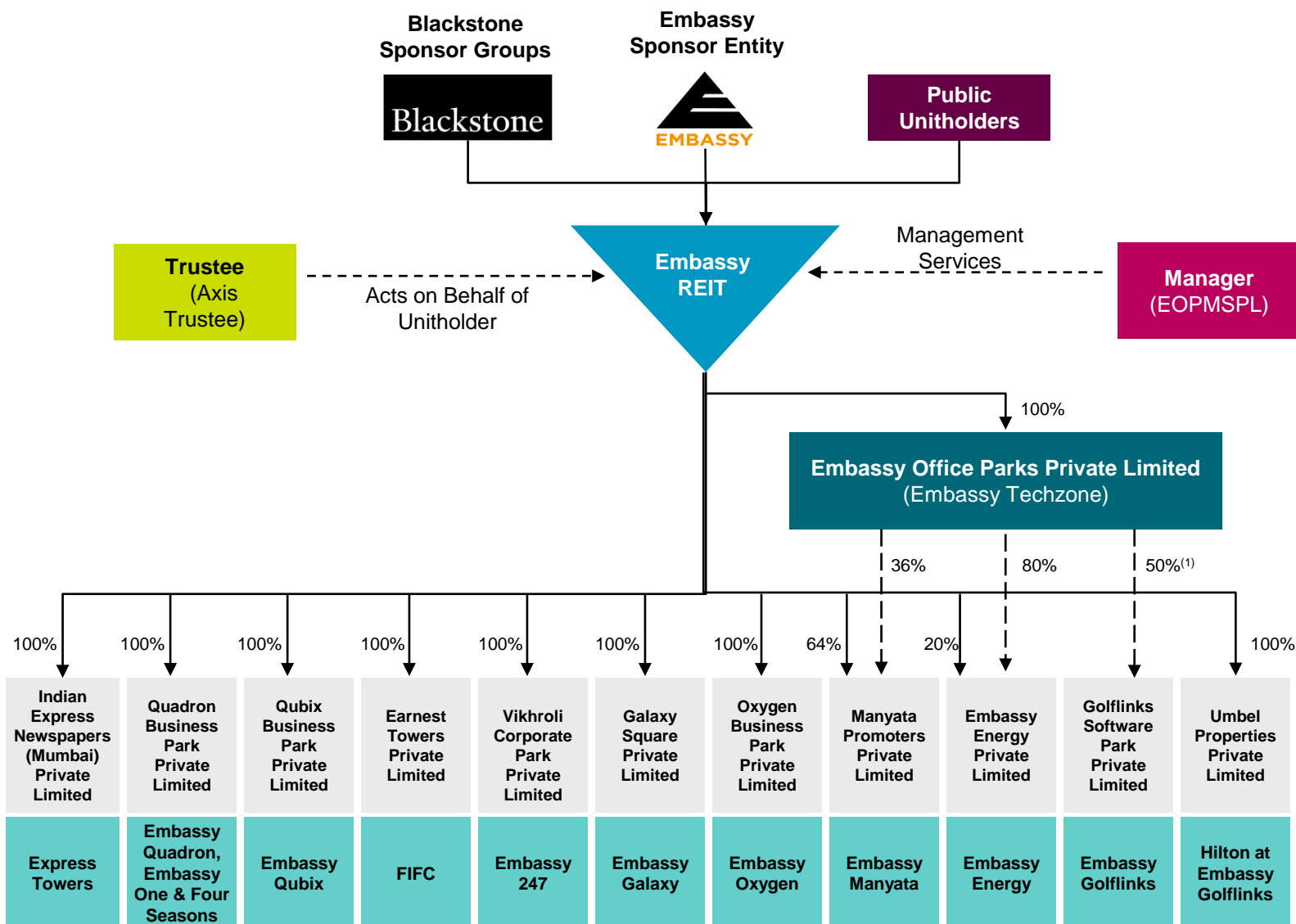
(1) Figures for 1Q FY2020 are basis unaudited consolidated financials

(2) Figures for 1Q FY2019 are basis unaudited combined financials and may not be comparable. For further details refer slide 50

REIT Fundamentals

- ▶ **REIT stands for Real Estate Investment Trust**
- ▶ **A REIT is a trust that** owns, operates or finances income-producing real estate
 - REITs give all investors access to the benefits of real estate investment with the advantage of investing in publicly traded units
- ▶ **A REIT is a tax-efficient vehicle that**
 - enables owners of real estate to pool income generating assets together in a portfolio; and
 - allows investors to buy ownership in real estate assets in the form of equity
- ▶ **REITs globally are a US\$2 trillion asset class; first REIT started in the US in the 1960s**
 - REITs are universally accepted by global institutions and individual investors as a product that provides:
 - Liquidity
 - Transparency
 - Diversification
 - Dividends
 - Performance
- ▶ **REITs must pay out majority of earnings as distributions to Unitholders**
 - Indian regulations require REITs to pay out 90% of distributable cash flows
- ▶ **REITs must have at least 80% of their assets be completed and income-producing**
 - A low level of development (20% or less) means less risk to the cash flows
- ▶ **REITs are typically listed on stock exchanges through an Initial Public Offering (IPO)**
 - Once listed, they serve as permanent capital vehicles to raise debt and equity in the capital markets to acquire new assets to grow

Embassy REIT structure



Notes:

(1) Balance 50% owned by JV partner

Key Terms & Definitions

Notes:

- ▶ All figures in this presentation are as of June 30, 2019 unless specified otherwise
- ▶ All figures corresponding to year denoted with "FY" are as of or for the one-year period ending (as may be relevant) 31st March of the respective year. Similarly, all figures corresponding to year denoted with "CY" are as of or for the one-year period ending (as may be relevant) 31st December of the respective year
- ▶ Some of the figures in this Presentation have been rounded-off to the nearest decimal for the ease of presentation
- ▶ All details included in the presentation considers 100% stake in GLSP. However, we own 50% economic interest in GLSP which owns Embassy Golflinks. Accordingly, its revenues are not consolidated into our revenue from operations. Also, Market Value or GAV reflects only our 50% economic interest in GLSP.
- ▶ Any reference to long-term leases or WALE (weighted average lease expiry) assumes successive renewals by tenants at their option
- ▶ Given Embassy REIT was listed on April 1, 2019 and Embassy REIT assets were acquired between March 22, 2019 & March 25, 2019, the comparative quarterly financial information included herein are the combined unaudited financial statements for 1Q FY2019 (assuming that the Embassy REIT held the Embassy REIT assets in its present form during 1Q FY2019) as against consolidated unaudited financial information for 1Q FY2020 and hence may not be comparable.
- ▶ Key Terms and Definitions:
 1. Base Rentals – Rental income contracted from the leasing of Completed Area; does not include fit-out and car parking income
 2. bn – Billions
 3. BPS – Basis points
 4. BSE – Bombay Stock Exchange
 5. CAGR – Compounded Annual Growth Rate
 6. CBRE – CBRE South Asia Private Limited
 7. Completed Area – the Leasable Area of a property for which occupancy certificate has been received
 8. EBITDA – Earnings before interest, tax, depreciation and amortization
 9. Embassy Group – refers to the Embassy Sponsor or its subsidiaries or limited liability partnerships
 10. Embassy REIT refers to Embassy Office Parks REIT
 11. EOPMSPL – Embassy Office Parks Management Services Private Limited
 12. FY – Period of 12 months ended March 31 of that particular year, unless otherwise stated
 13. GAV – Gross Asset Value
 14. GLSP – Golflinks Software Park Private Limited
 15. HVAC – Heat ventilated air conditioning
 16. Holdco – Refers to Embassy Office Parks Private Limited
 17. IPO – Initial Public Offering of units of Embassy Office Parks REIT
 18. Investment Entity – Refers to Golflinks Software Park Private Limited
 19. Leasable Area – Total square footage that can be occupied by a tenant for the purpose of determining a tenant's rental obligations. Leasable Area is the sum of Completed Area, Under Construction Area and Proposed Development Area
 20. Manager – Embassy Office Parks Management Services Private Limited
 21. MAT – Minimum Alternate Tax
 22. MEP – Mechanical, Electrical & Plumbing
 23. mn – Millions
 24. MNC – Multinational Corporations
 25. msf – Million square feet
 27. MTM – Mark to Market
 28. MW – Mega-Watt
 29. Mumbai – Refers to Mumbai Metropolitan Region (MMR)
 30. NAV – Net Asset Value
 31. NCD – Non-Convertible Debentures
 32. NXT – Manyata front parcel office towers
 33. NDCF refers to Net Distributable Cash Flows
 34. Net Debt – Gross Debt minus short term treasury investment and cash and cash equivalents
 35. NM – Not material
 36. NOI – Net Operating Income calculated by subtracting Direct Operating expenses from Revenue from operations
 37. NSE – National Stock Exchange
 38. OC – Occupancy certificate
 39. Occupancy / % Occupied / % Leased – Occupancy is defined as the ratio of the Occupied Area and the Completed Area
 40. Occupied Area – Completed area of property which has been leased or rented out in accordance with an agreement entered into for the purpose
 41. Portfolio – Together, the Portfolio Assets and the Portfolio Investment
 42. Proposed Development Area – The Leasable Area of a property for which the master plan for development has been obtained, internal development plans are yet to be finalized and applications for requisite approvals required under the law for commencement of construction are yet to be received
 43. psf – Per square feet
 44. REIT – Real Estate Investment Trust
 45. REIT Regulations – Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014
 46. Rents – Refers to Gross Rentals unless specified otherwise. Gross Rentals are defined as the sum of Base Rentals, fit-out and car parking income from Occupied Area for the month of Jun'2019
 47. RevPAR – Revenue Per Available Room (RevPAR) is a hotel industry financial metric calculated by multiplying the Average Daily Rate by the percentage occupancy
 48. ROFO – Right of First Offer
 49. SF – Square feet
 50. Sponsor(s) – Embassy Property Developments Private Limited and BRE/ Mauritius Investments
 51. SPV – Special purpose vehicles, as defined in Regulation 2(l)(zs) of the REIT Regulations, in this case being, MPPL, UPPL, EEPL, IENMPL, VCPPL, ETPL, QBPL, QBPPL, OBPPL and GSPL
 52. TEV – Total Enterprise Value
 53. tn – Trillions
 54. Units – An undivided beneficial interest in the Embassy REIT, and such units together represent the entire beneficial interest in the Embassy REIT
 55. U/C – Under construction
 56. Under Construction Area – The Leasable Area of a property for which the master plan for development has been obtained, internal development plans have been finalized and applications for requisite approvals required under the law for commencement of construction have been applied, construction has commenced, and occupancy certificate is yet to be received
 57. WALE – Weighted Average Lease Expiry
 58. WIP – Work-in-progress
 59. Years – Refers to fiscal years unless specified otherwise
 60. YoY – Year on year
 61. YTM – Yield to Maturity

EMBASSY OFFICE PARKS



Thank You

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