

Embassy Office Parks REIT

First Annual Meeting FY2018-2019

July 25, 2019



EMBASSY OFFICE PARKS

Who We Are: Quick Facts

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

33 msf

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

₹316,124 mn

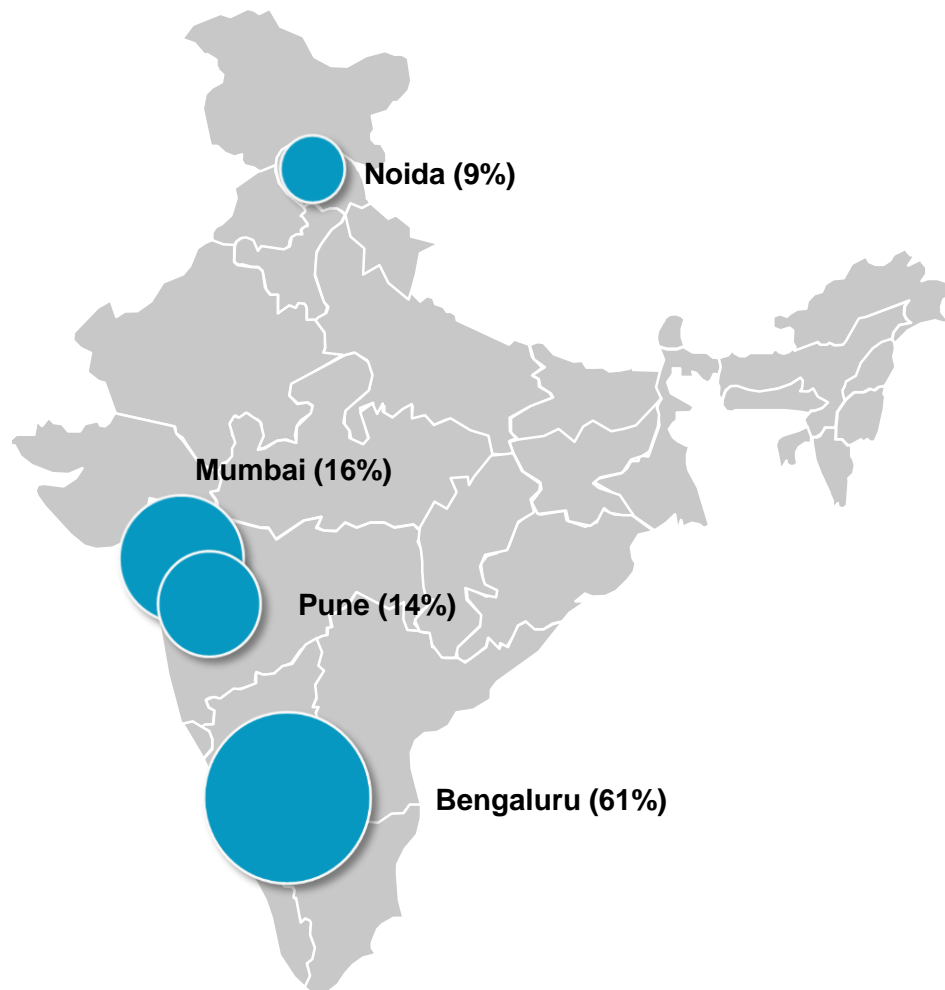
GAV⁽¹⁾

₹18,771 mn

Revenue from
Operations

< 15%

Gross Debt
to GAV⁽²⁾



Notes: City wise split by % of GAV

(1) As per CBRE March 2019 valuation

(2) Factoring ₹37,100 mn issue proceeds utilized for repayment of existing debt

Seven Infrastructure-like Office Parks (30 msf)

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)

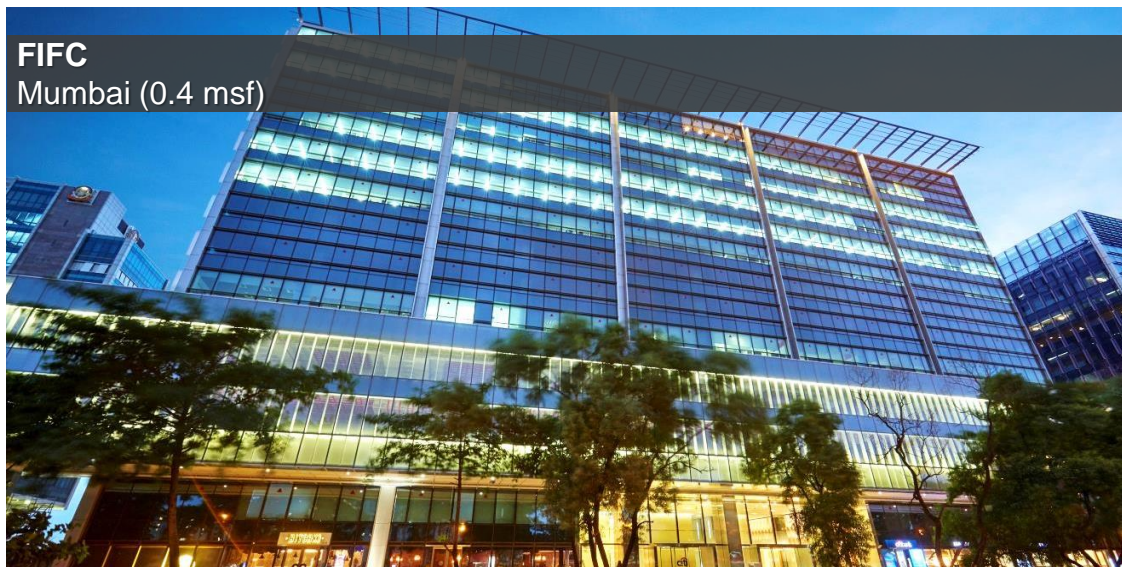


Four Prime City-center Offices (3 msf)

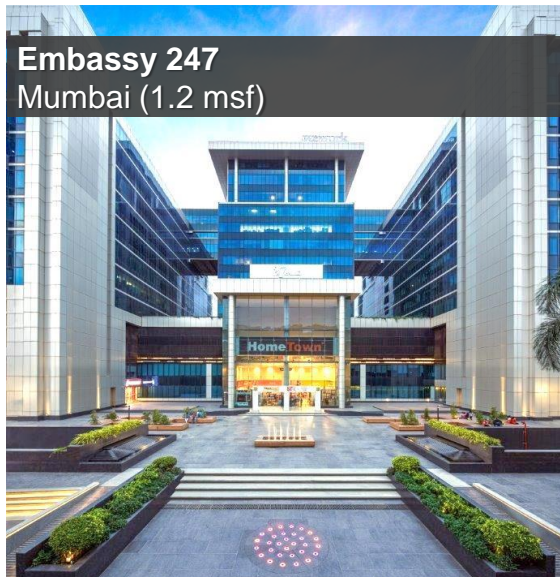
Express Towers
Mumbai (0.5 msf)



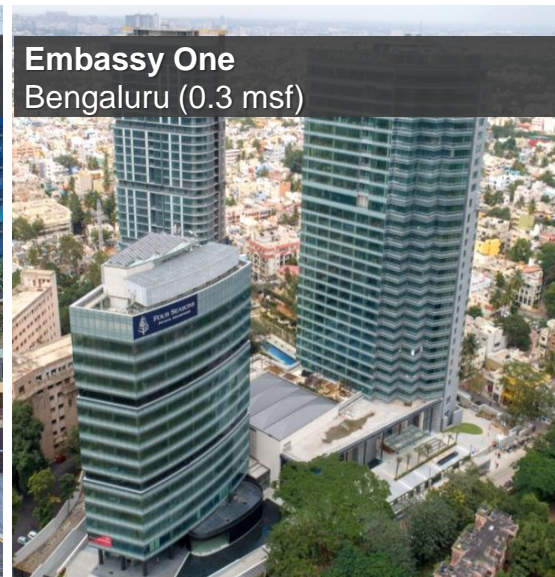
FIFC
Mumbai (0.4 msf)



Embassy 247
Mumbai (1.2 msf)



Embassy One
Bengaluru (0.3 msf)



Key Highlights



Embassy Manyata, Bengaluru

Business Highlights for FY2019

Active asset management has driven strong performance in FY2019

Leasing	<ul style="list-style-type: none"> ▶ 94.3% occupancy on 24.8 msf completed commercial office ▶ 1.8 msf of new leasing ▶ 0.9 msf of renewals ▶ 34.9% re-leasing spreads on 1.2 msf area re-leased
Development	<ul style="list-style-type: none"> ▶ Delivered 0.5 msf T3 at Embassy Oxygen, 91.7%⁽¹⁾ pre-leased ▶ 2.4 msf under various stages of development across Embassy Manyata and Embassy Oxygen
Hospitality & Others	<ul style="list-style-type: none"> ▶ Four Seasons Hotel launched in May 2019 ▶ 619 keys Hilton hotels under development at Embassy Manyata with target completion of 3Q FY2022 ▶ 100 MW Embassy Energy Solar plant stabilized during the year
Asset Upgrades / Refurbishment	<ul style="list-style-type: none"> ▶ Refurbished food courts at Embassy Oxygen and Embassy Golflinks ▶ Flyover and 220 KVA sub-station works at Embassy Manyata and façade upgrade at Embassy 247 underway
Recognition	<ul style="list-style-type: none"> ▶ “Commercial Property of the Year” by ET Now to Embassy Manyata

Notes:
 (1) Including hard options of 110k sf

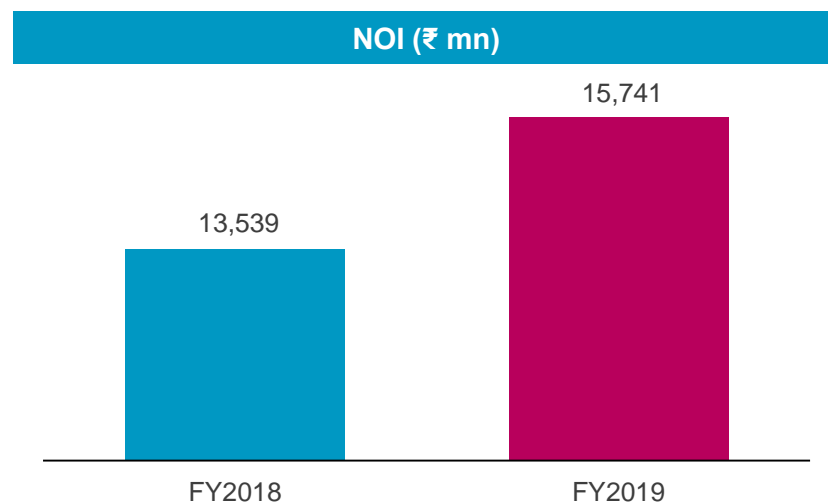
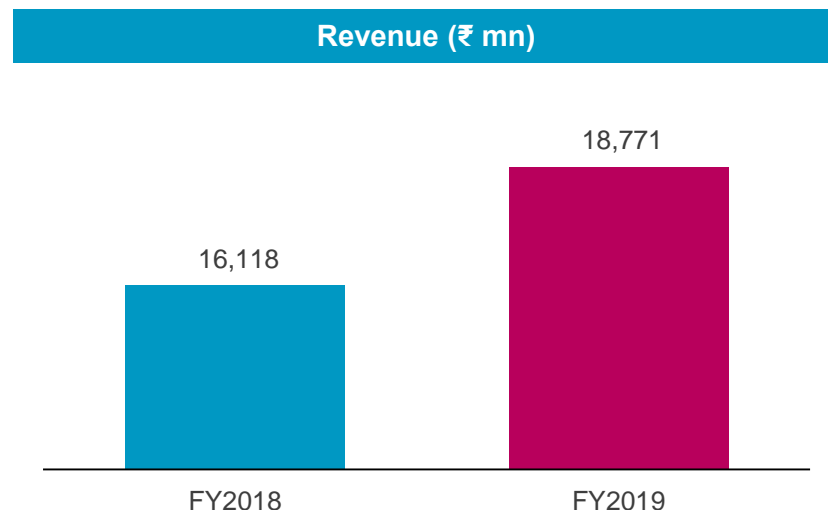
Financial Highlights for FY 2019

Revenue from operations for FY2019 rose 16% YoY, NOI & EBITDA margins for FY2019 were at 84% and 81% respectively

	FY2019 (mn)	FY2018 (mn)	Variance %
Revenue From Operations	₹18,771	₹16,118	+16%

NOI	₹15,741	₹13,539	+16%
Margin (%)	84%	84%	

EBITDA	₹15,137	₹13,604	+11%
Margin (%)	81%	84%	



Notes:

- (1) Given Embassy REIT was listed on April 1, 2019; Condensed Combined Financial Statements have been prepared for year ended March 31, 2019 on a voluntary basis
- (2) NDCF, Distribution and Distribution per Unit not provided above as this financials pertains to period prior to the listing of Embassy REIT
- (3) Above results exclude Revenue, NOI and EBITDA from Embassy Golflinks since our stake is 50%. Embassy Golflinks revenue is ₹3,498 mn and EBITDA is ₹3,189 mn for FY 2019

Revenue Contribution by Segment & Geography

Commercial office segment contributed 88% of Revenue from Operations for FY2019

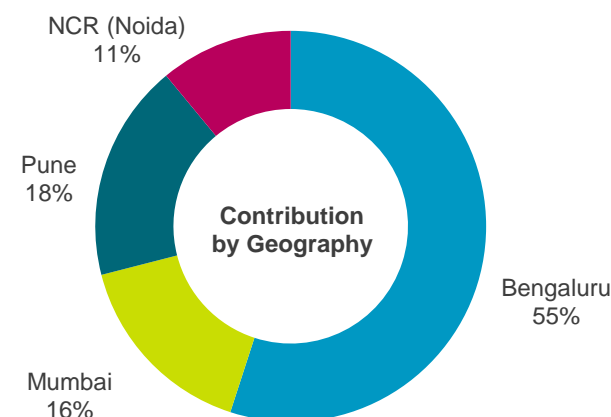
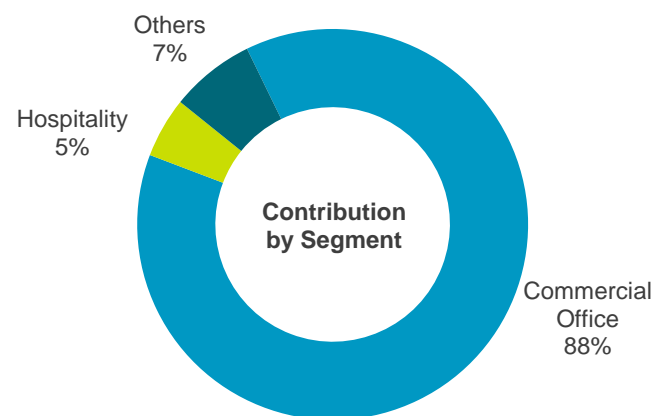
Asset	City	Revenue FY2019 (₹ mn)	% of Total
Embassy Manyata	Bengaluru	8,142	43%
Express Towers	Mumbai	1,462	8%
Embassy Quadron	Pune	1,445	8%
Embassy Energy	Bengaluru	1,386	7%
Embassy Oxygen	Noida	1,211	6%
Embassy 247	Mumbai	1,037	6%
Embassy Techzone	Pune	1,050	6%
Embassy Qubix	Pune	867	5%
Embassy Galaxy	Noida	861	5%
Hilton at Embassy Golflinks	Bengaluru	848	5%
FIFC	Mumbai	463	2%
Revenue From Operations		18,771	100%

Portfolio Investment ⁽²⁾

Embassy Golflinks	Bengaluru	3,498
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₹ 18,771 mn

Revenue from Operations (March 31, 2019) ⁽¹⁾



Notes:

- (1) Revenue From Operations does not include contribution from GLSP
 (2) Figure for 100% of GLSP. Embassy REIT owns a 50% stake in GLSP

Fortress Balance Sheet

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

NAV per Unit (₹)

Particulars	31 March 2019 (₹ mn)
Gross Asset Value (GAV) ⁽¹⁾	313,529
Add: Other Assets	61,913
Less: Other Liabilities	(17,364)
Total Enterprise Value (TEV)	358,078
Less: Total Debt	(79,110)
Net Asset Value (NAV)	278,967
Number of Units ⁽²⁾	771,665,343
NAV per Unit ₹	362

Leverage

Particulars	31 March 2019 (₹ mn)
Total Debt	79,110
Available cash surplus	(49,061)
Net Debt ⁽³⁾	30,050
Net Debt to TEV ⁽⁴⁾	9.72%
Net Debt to EBITDA	1.99x

Notes:

(1) Basis CBRE Valuation for Mar'19, except for GLSP. Fair value of equity investment in GLSP has been done based on equity valuation method..

(2) Represents units to be issued in exchange of equity interests held in SPV's

(3) Available cash surplus excludes proceeds towards general corporate purposes (₹3,450 mn) and issue expenses (₹1,800 mn)

(4) For Computation of Net Debt to TEV, available cash surplus of ₹49,061 mn has been excluded from TEV



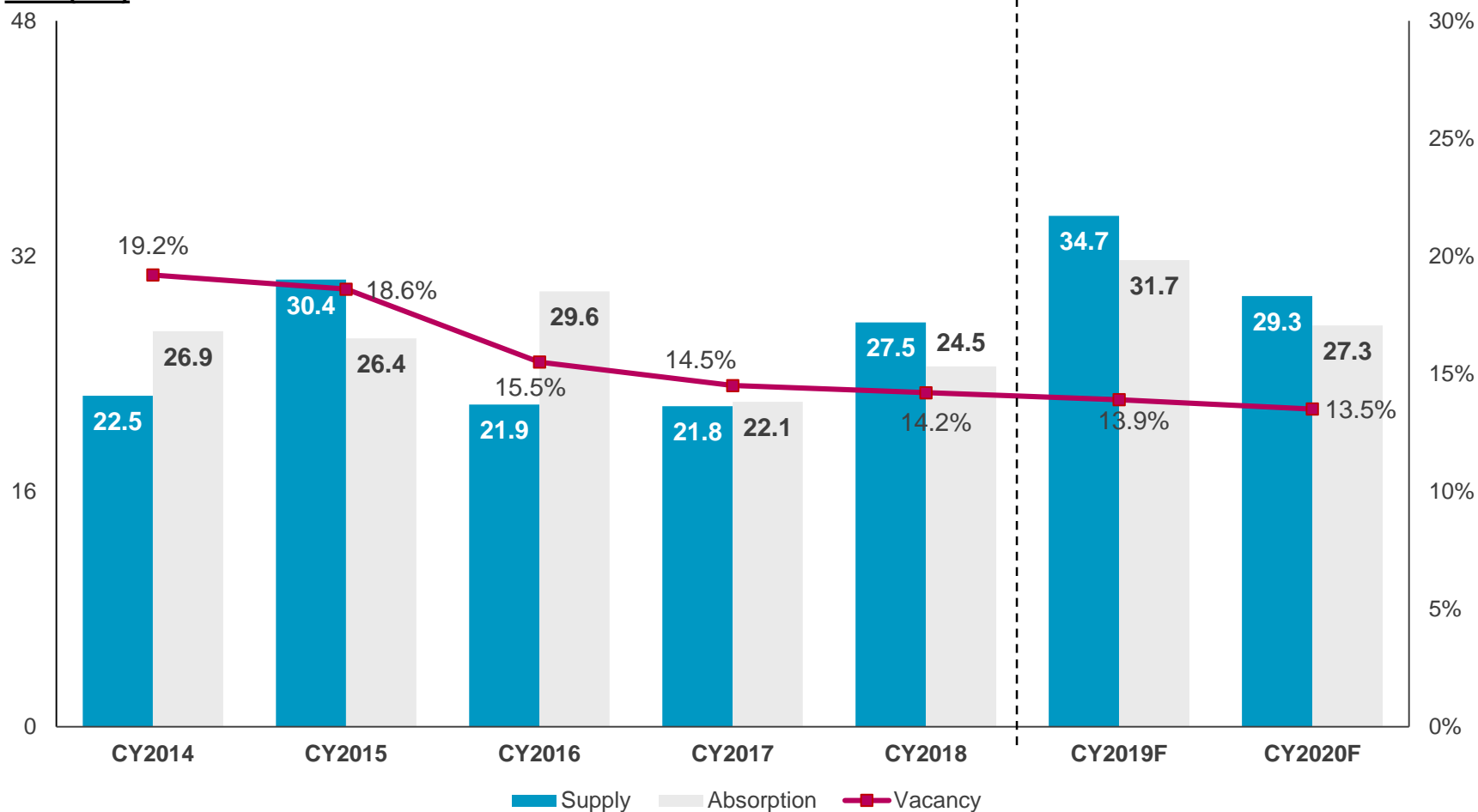
Market Outlook & Strategy

Embassy One, Bengaluru

Our Markets: Commercial Office Fundamentals

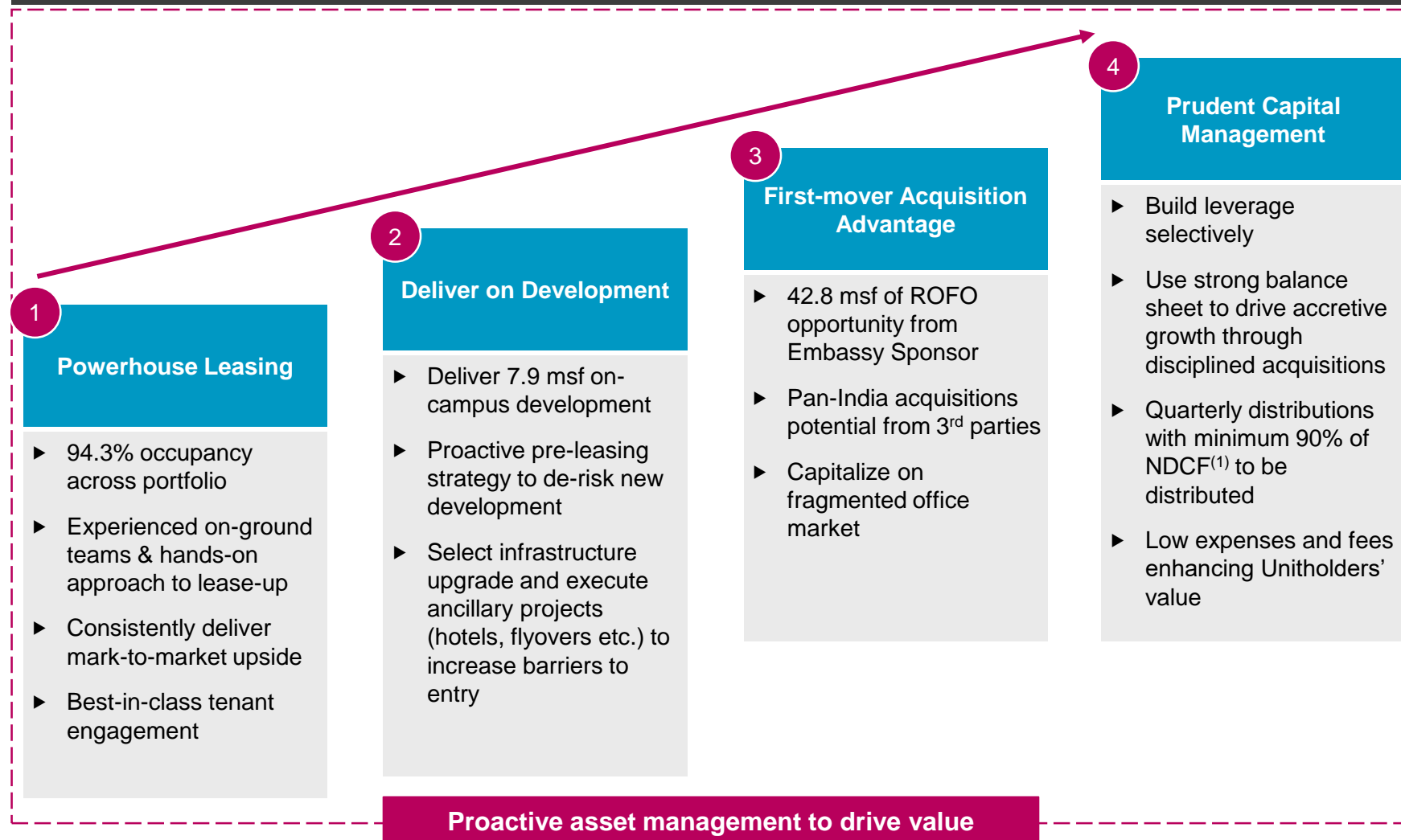
Strong demand-supply fundamentals resulting in robust demand and low vacancy across our markets

Area (msf)



What We Do: Our Strategy

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



Notes:

(1) Net Distributable Cash Flow

India – The Global Technology Innovation Hub

Talent and cost benefits drives strong office demand

Indian IT-BPM Landscape – Foundation of Global Technology

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

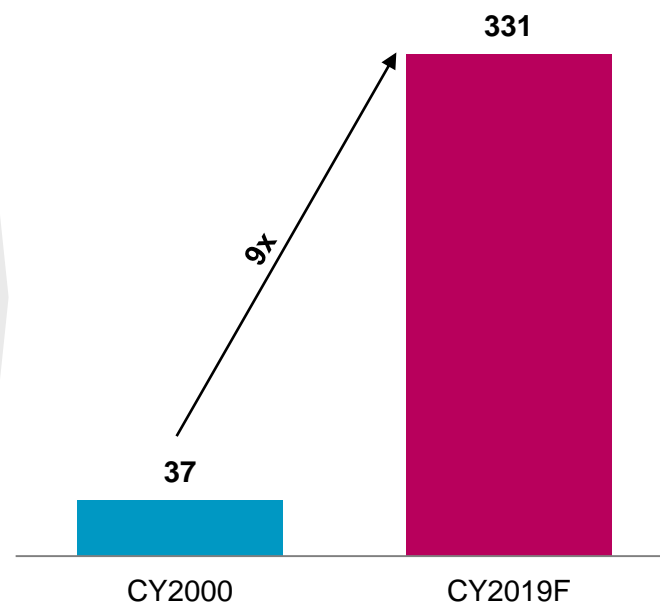
₹2.9 tn
(7.9% growth)

Domestic

4.14 mn
(4.3% growth)

Employees

Space Occupied by Technology Sector (msf)⁽³⁾



- ▶ Global Capability Centres (GCC) are increasingly leveraging India for shared services specific to IT, F&A, HR & procurement
- ▶ With over 1,250 GCC, demand from GCC across six major Indian cities is estimated at c.30-35 msf between CY2019-21
- ▶ Embassy REIT caters to this growing GCC demand

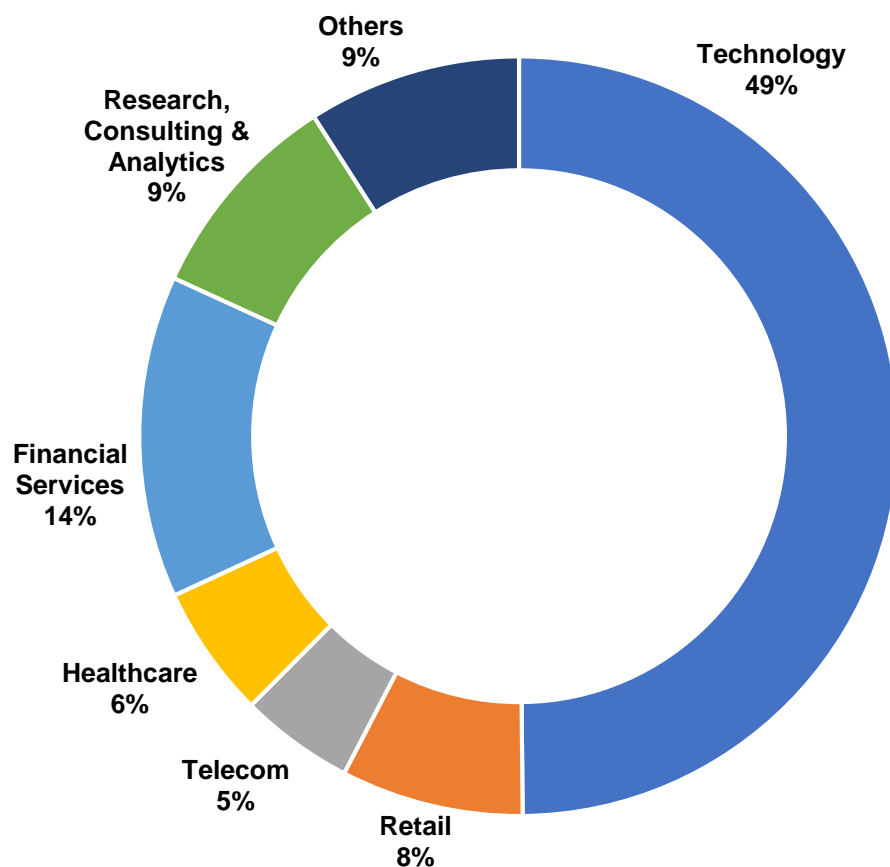
Source:

- (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

Our Tenant Base

Global business with a diversified portfolio across established & growth sectors

Industry Diversification ⁽¹⁾



42% of Gross Rents originate from Top 10 Tenants⁽²⁾

Top 10 Tenants	Sector	% of Rentals
IBM	Technology	13%
Cognizant	Technology	10%
Cerner	Healthcare	3%
PwC	Research, Consulting & Analytics	2%
NOKIA	Telecom	2%
JP Morgan	Financial Services	2%
NTT Data	Technology	2%
Lowe's	Retail	2%
McAfee	Technology	2%
DBS	Financial Services	2%
Total		42%

Notes:

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

(2) ATOS (2% of Rentals) is excluded from above table as it vacated in April 2019 from Embassy Techzone



Business & Operations Update

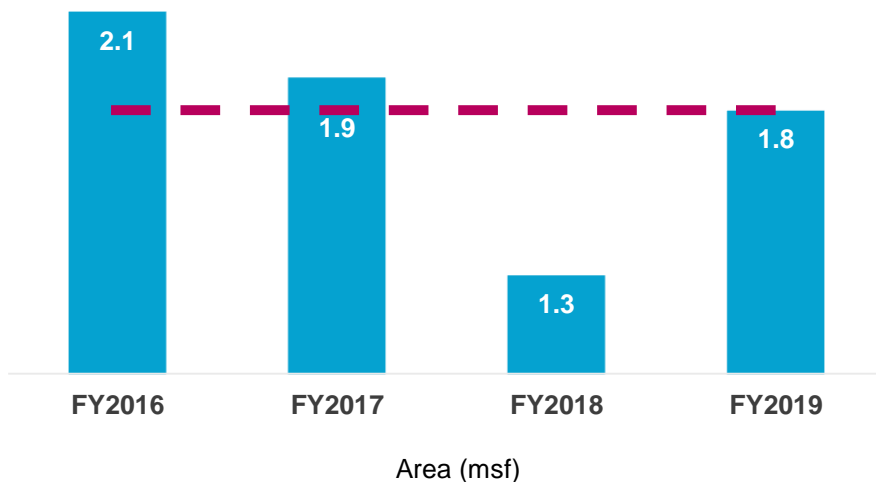
FIFC, Mumbai

Continued Leasing Momentum

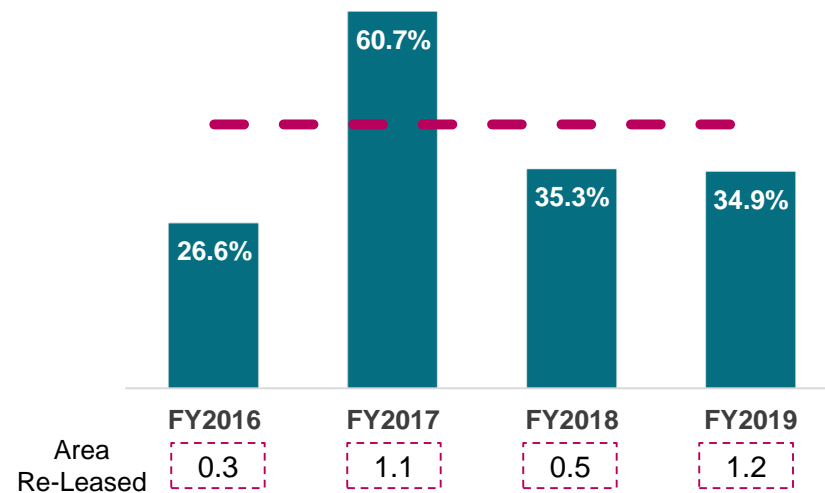
Leased 1.8 msf in FY2019, of this 1.2 msf re-leased at 34.9% re-leasing spread

Particulars		FY2016	FY2017	FY2018	FY2019	Average
Total Completed Area	msf	22.5	23.1	24.2	24.8	
Occupancy	%	93.4%	94.7%	93.5%	94.3%	94.0%
Vacancy Lease-up	msf	2.1	1.9	1.3	1.8	1.8
Re-Leasing	msf	0.3	1.1	0.5	1.2	0.8
Re-Leasing Spread	%	26.6%	60.7%	35.3%	34.9%	42.2%
New Leasing to Existing Tenant	%	71.0%	50.0%	69.0%	59.0%	61.8%
Renewals	msf	2.3	1.6	2.9	0.9	1.9

1.8 msf average new leases signed between FY2016-2019



42.2% Average re-leasing spread between FY2016-2019



Key Tenants

Embassy REIT office portfolio houses office of 160+ blue-chip tenants across sectors with 43% of Gross Rents from Fortune 500 Clients

Technology



Financial, Consulting & Research



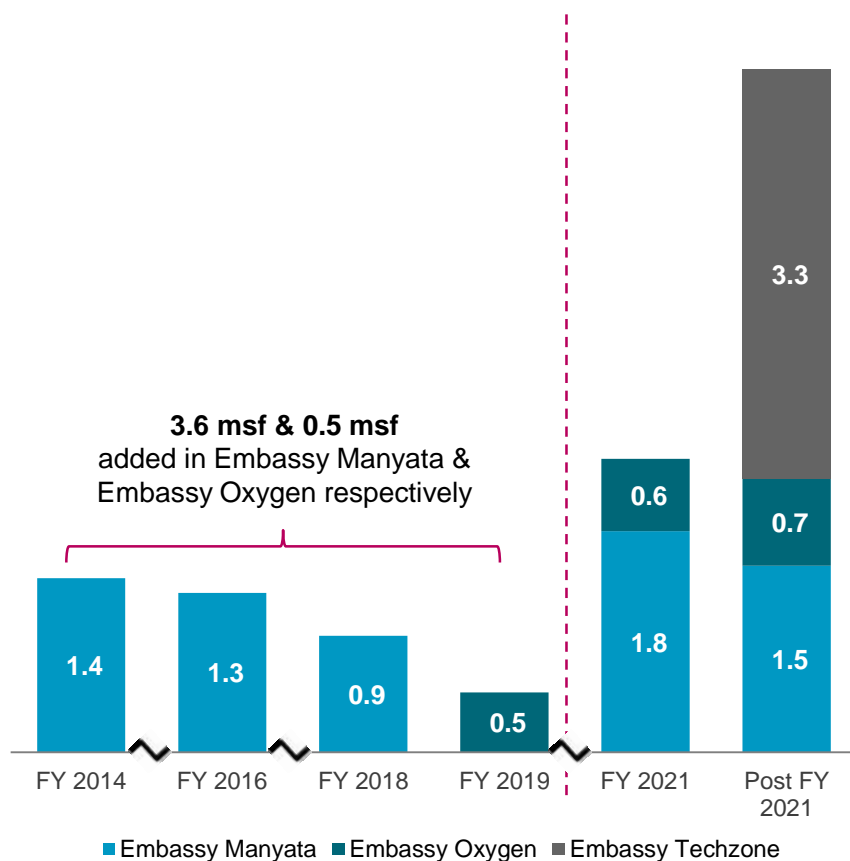
Others



Development Pipeline

2.4 msf on-campus new build pipeline under various stages of development

Development Track Record (msf) & Pipeline⁽¹⁾



Development Status as of May 28, 2019

Embassy Oxygen
(Tower 3, 0.5 msf)

- ▶ Completed in Nov'18
- ▶ Received Occupancy Certificate
- ▶ 91.7%⁽²⁾ Pre-Leased

Embassy Manyata
Front Parcel
(NXT, 0.8 msf)

- ▶ Structure Completed, Façade and MEP underway
- ▶ Targeting 2Q FY2021 completion

Embassy Oxygen
(Tower 2, 0.6 msf)

- ▶ Structure completed, Façade and MEP work underway
- ▶ Targeting 1Q FY2021 completion

Others

- ▶ Hilton hotels at Embassy Manyata – 619 keys, targeting 3Q FY2022 completion
- ▶ M3 Block (Embassy Manyata) – 1 msf, under excavation & pre-construction
- ▶ Hudson Block (Embassy Techzone) – 0.3 msf, under excavation & pre-construction

Notes:

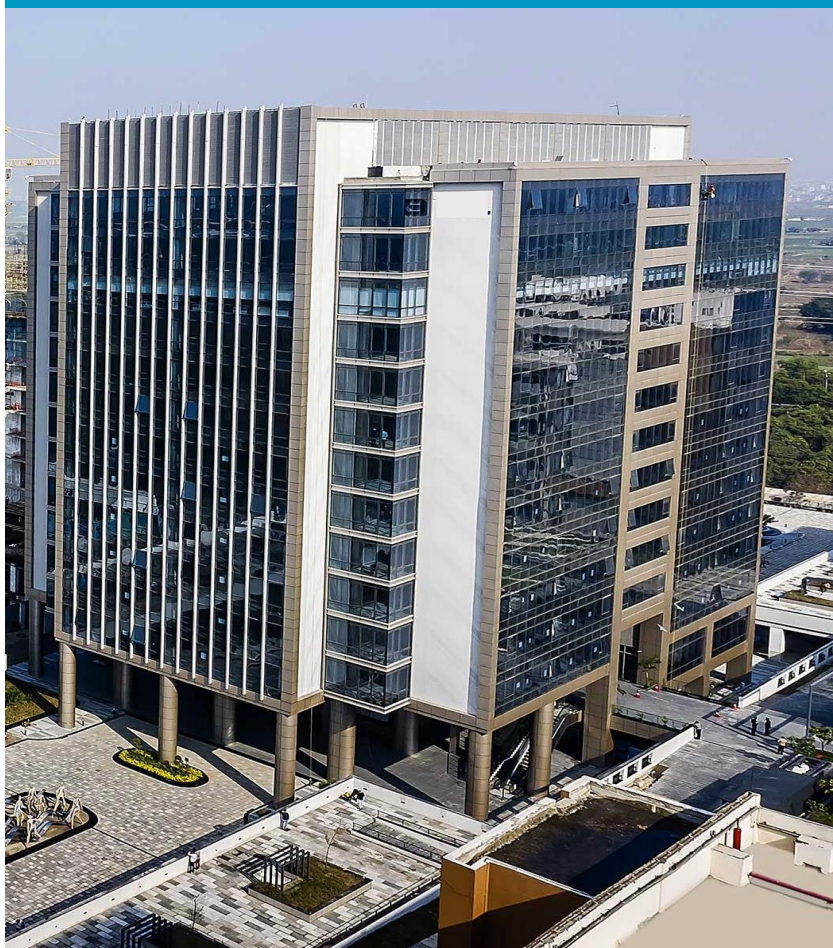
(1) Excludes 619 hotel keys across Hilton & Hilton Garden Inn at Embassy Manyata

(2) Including hard options of 110k sf.

Embassy Oxygen

0.5 msf Tower 3 delivered in November 2018 on schedule and is currently 92%⁽¹⁾ leased. 0.6 msf Tower 2 currently under development, targeting completion in 1Q FY2021

Embassy Oxygen (Tower 3 – 0.5 msf)



Embassy Oxygen (Tower 2 – 0.6 msf)⁽²⁾

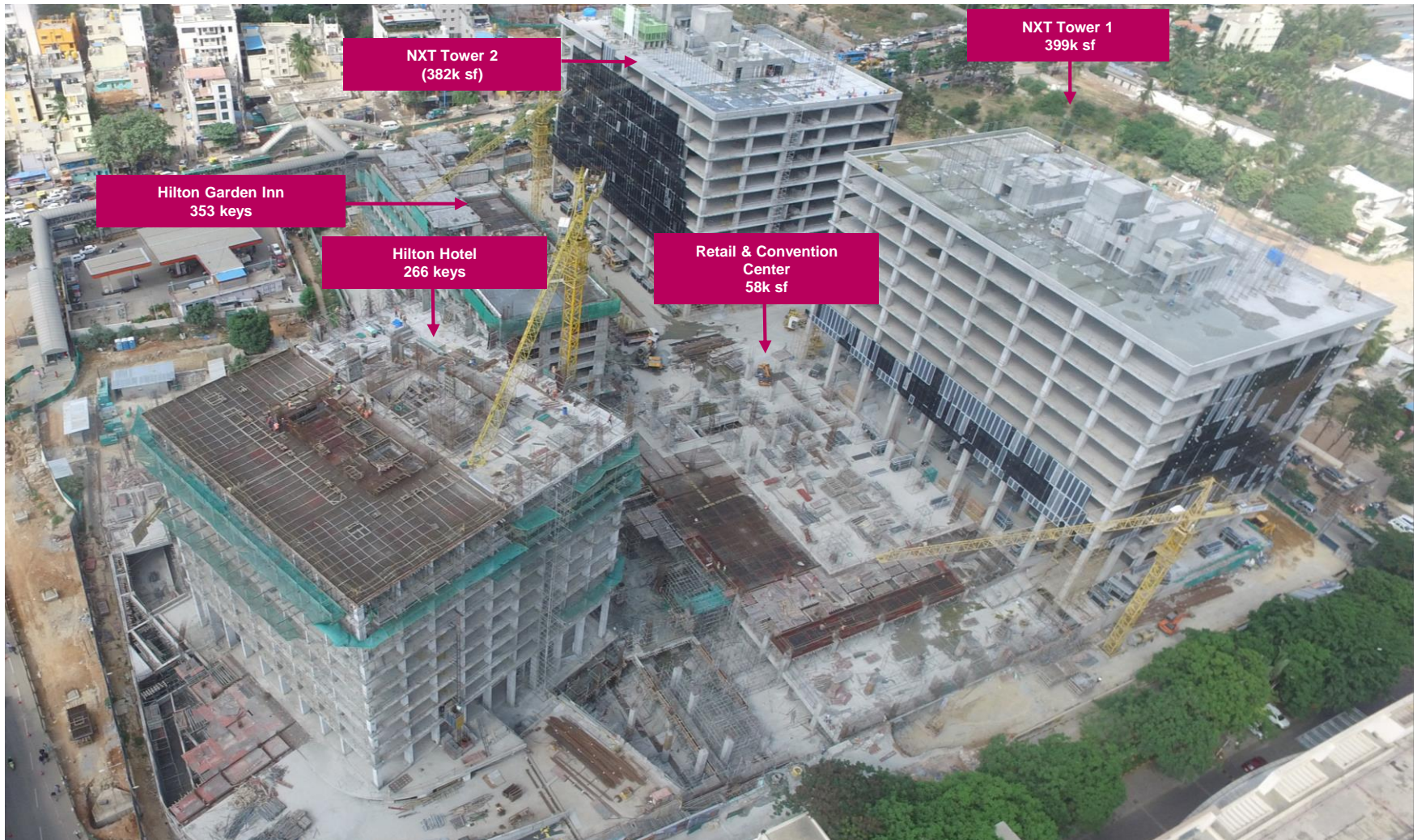


Notes:

- (1) Including hard options of 110k sf
- (2) July 2019 pictures

Embassy Manyata (Front Parcel)

Front Parcel at Embassy Manyata (0.8 msf commercial, 58k sf retail and 619 keys hotel) currently under development, targeting completion of commercial in 2Q FY2021 and hotels in 3Q FY2022

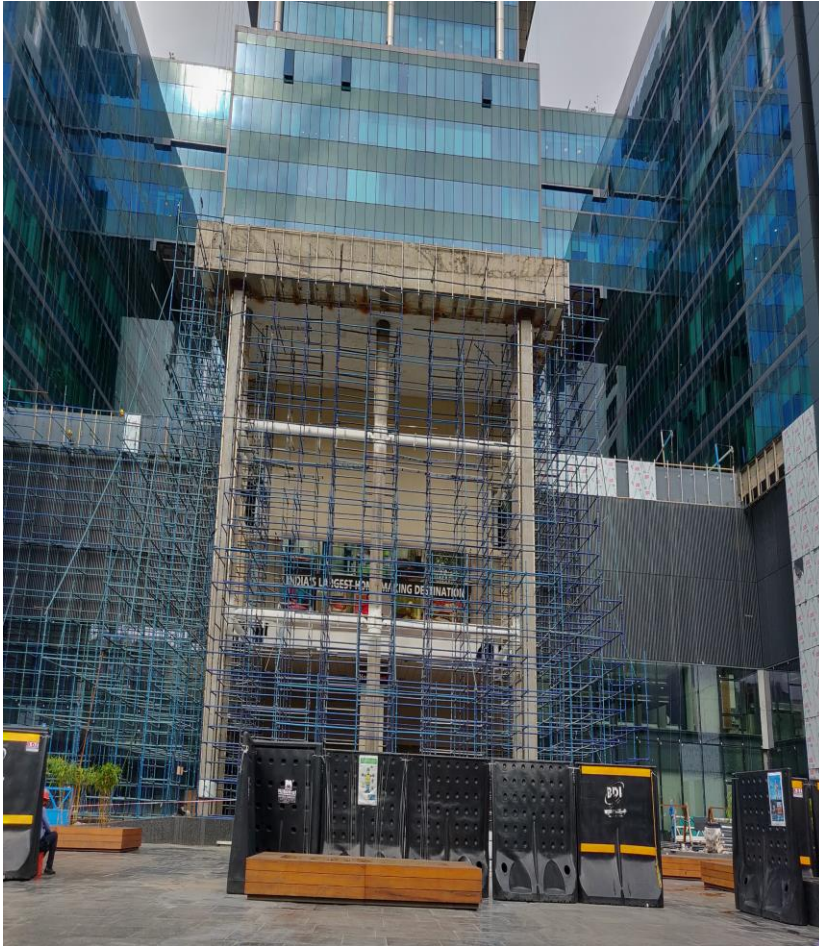


Note: May 2019 picture

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
(Commissioning in final stages of going live)



Flyover at Embassy Manyata (Underway)



Hospitality – Hilton and Four Seasons

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

Hilton at Embassy Golflinks



- ▶ Status: Fully Operational
- ▶ Keys: 247
- ▶ Format: 5-star
- ▶ Occupancy⁽¹⁾: 69%
- ▶ ARR⁽¹⁾: ₹9,378
- ▶ RevPAR⁽¹⁾: ₹6,501

Four Seasons at Embassy One



- ▶ Status: Fully Operational
- ▶ Keys: 230
- ▶ Format: 5-star
- ▶ Launched in May 2019

Hilton & Hilton Garden Inn at Embassy Manyata



- ▶ Status: Under Construction
- ▶ Keys: 619
 - Hilton: 266 keys
 - Hilton Garden Inn: 353 keys
- ▶ Format:
 - Hilton: 5-star
 - Hilton Garden Inn: 3-star
- ▶ Expected Completion: 3Q FY2022

Hospitality: Four Seasons Hotel Launch Update

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

Entrance Lobby



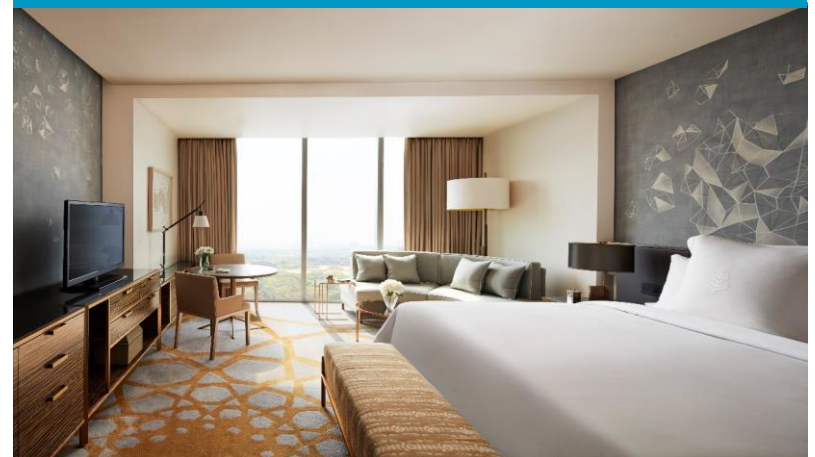
Pool



Dining Area



Sample Room



Environment, Social & Governance

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

Renewable Energy & Conservation

- ▶ 100MW Solar Plant (215 mn units capacity p.a.⁽¹⁾) supplying green power to our Bengaluru & other assets
- ▶ Upto 176K MT yearly offset CO₂⁽²⁾
- ▶ Fluorescent lighting converted to LED with Smart lux sensor
- ▶ Encouraged car pooling, shuttle buses for c.4,000+ employees

100 MW Solar Plant



Waste Management

- ▶ Conversion of wet waste and garden waste to manure, used for landscaping
- ▶ Installed organic waste converters for wet waste and Vermicomposting units for garden waste

Battery operated Electric vehicles



Environment, Health and Safety

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

Corporate Connect

- ▶ Create a sense of community by organizing cultural, lifestyle and corporate social responsibility (CSR) events
- ▶ Embassy Pedal; the first plastic free outdoor event attracted 1000+ cycling enthusiasts. Other inter corporate events includes football, cricket & Badminton tournaments.
- ▶ We also engage community through host of other events vis-à-vis, World Environment day, International Yoga day, tree plantation drive, clean-up drives to name a few.



Notes:

- (1) Actual generation in FY2019 was 175 mn units given plant was being stabilized
 (2) 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 to protect unitholder value

Manager

- ▶ 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

Asset

- ▶ Minimum 80% of value in completed and leased properties
- ▶ Minimum 90% of distributable cash flows to be distributed
- ▶ Restrictions on speculative land acquisition

Debt

- ▶ Majority unitholder approval required if debt⁽¹⁾ exceeds 25% of asset value
- ▶ Debt cannot exceed 49% of asset value

Strong Related Party Safeguards

- ▶ 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

Notes:

(1) Debt includes consolidated borrowings and deferred payments of the REIT, Hold Co and SPVs.

Listing Overview

Listing of Embassy Office Parks 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 (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 (₹) ⁽¹⁾	300
Market Cap (₹ mn) ⁽²⁾	231,500
Offer price to Day 1	4.9%
Offer price to Week 1	9.5%
Offer price to Current ⁽³⁾	22.3%

Notes:

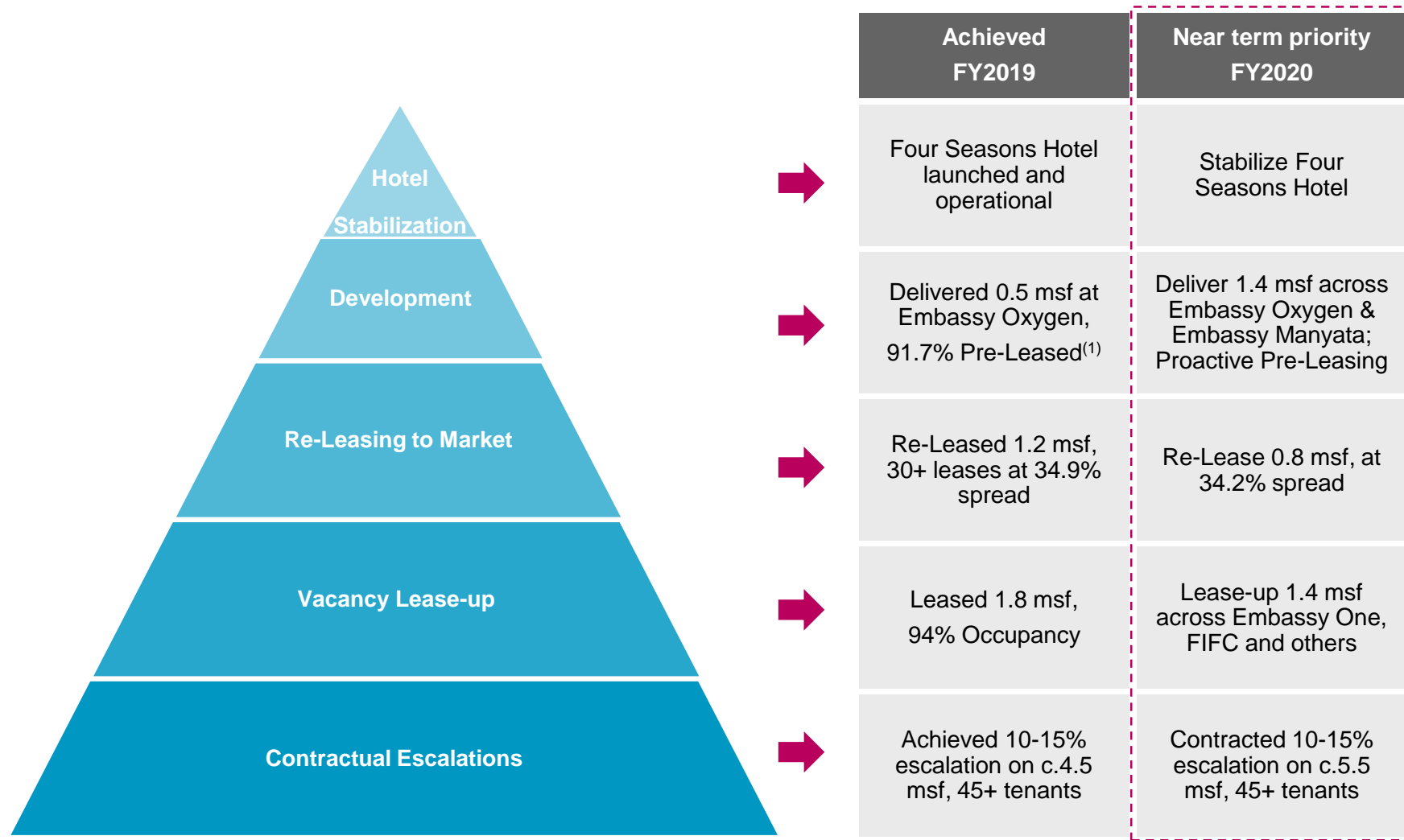
(1) Based on "Final Offer Document" dated March 27, 2019

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

(3) Computed as of June 28, 2019

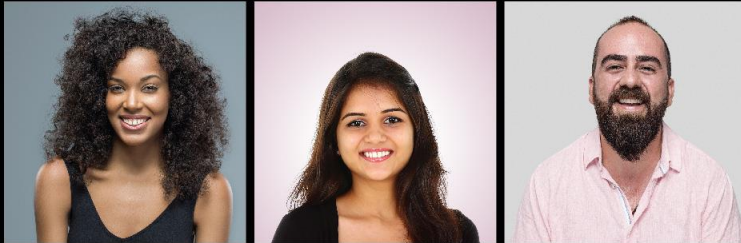
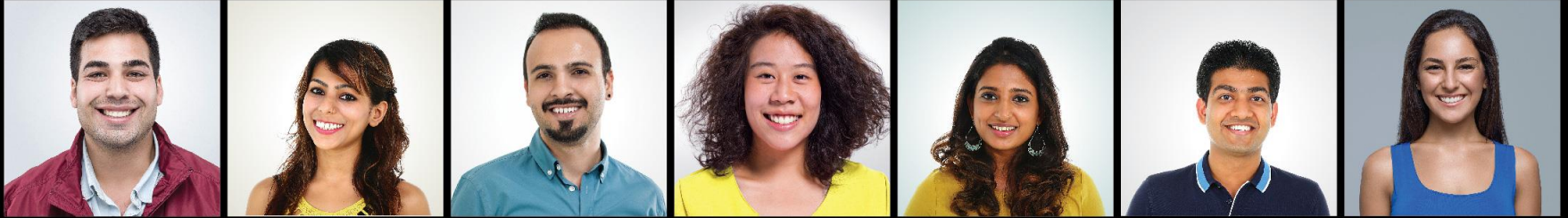
Key Growth Drivers

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



Notes:
 (1) Including hard options of 110k sf

EMBASSY OFFICE PARKS



**WHERE
THE WORLD
COMES TO WORK**

Appendix

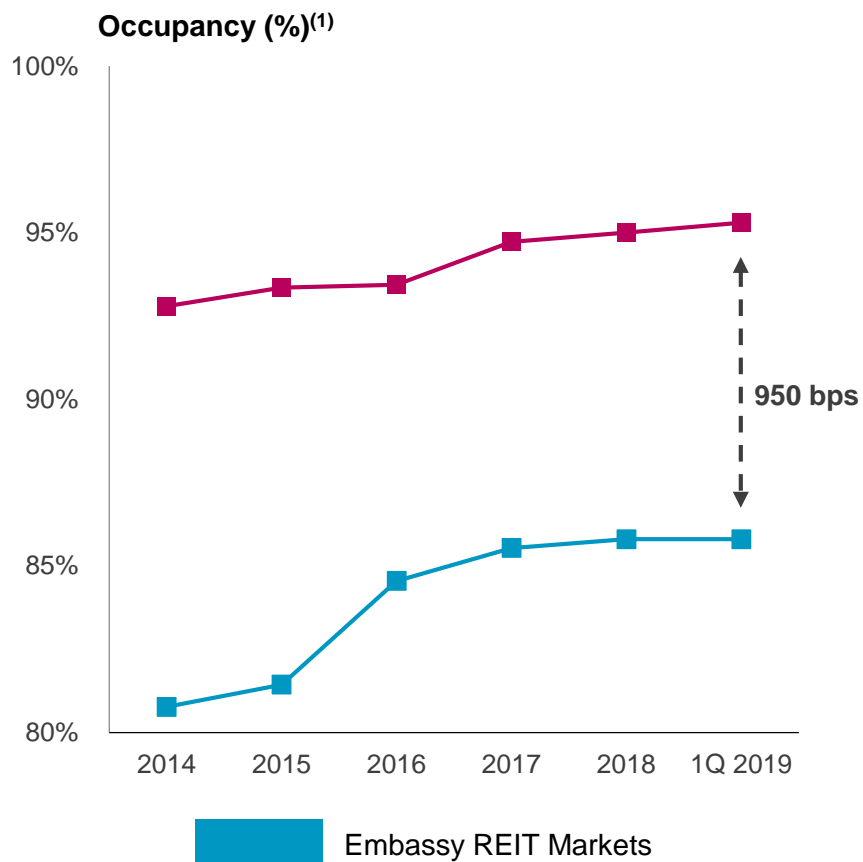
An aerial night photograph of the Embassy Galaxy hotel in Noida. The building is a large, modern structure with multiple wings and floors, many of which are brightly lit from within. A prominent brick tower on the right side of the building features a red 'CSC' logo near its top. The hotel is surrounded by lush green trees and landscaped grounds. In the foreground, a curved road with a yellow and black striped curb is visible, with several cars parked or moving along it. Light trails from vehicles are visible on the road. The sky is a deep blue, indicating twilight.

Embassy Galaxy, Noida

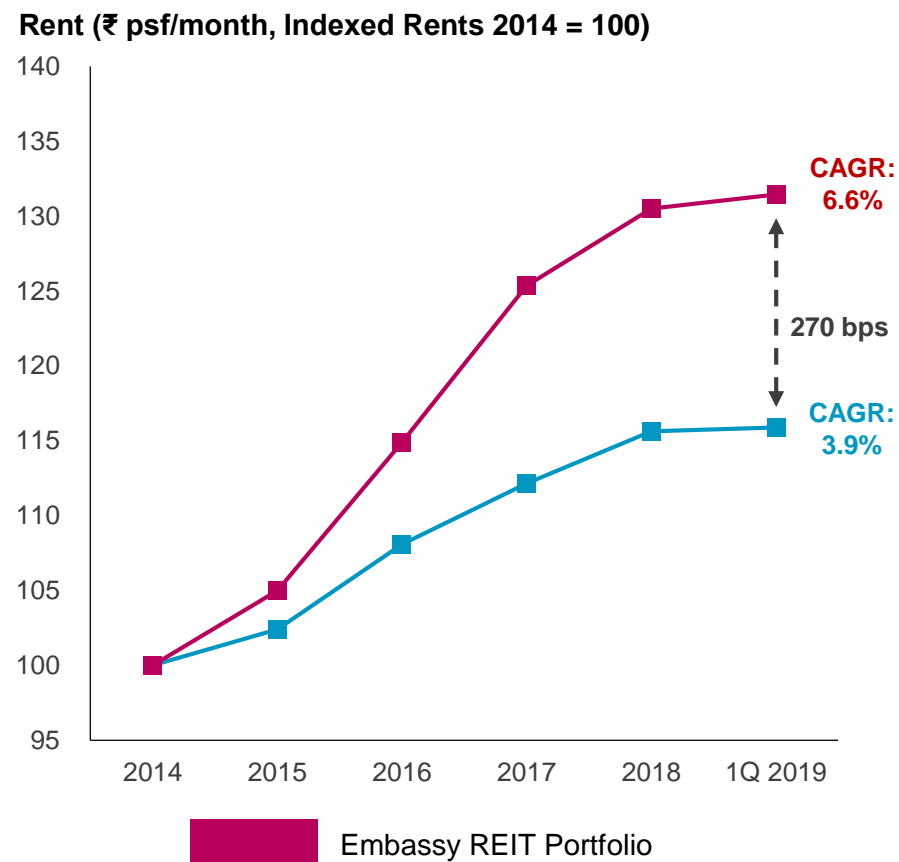
Occupancy and Rent Growth Outperformance

High quality assets with robust infrastructure and amenities backed by active asset management has resulted in outperformance vis-à-vis the market

Portfolio occupancy higher by 950 bps vis-à-vis market



Portfolio CAGR at 6.6% vis-à-vis 3.9% of the market

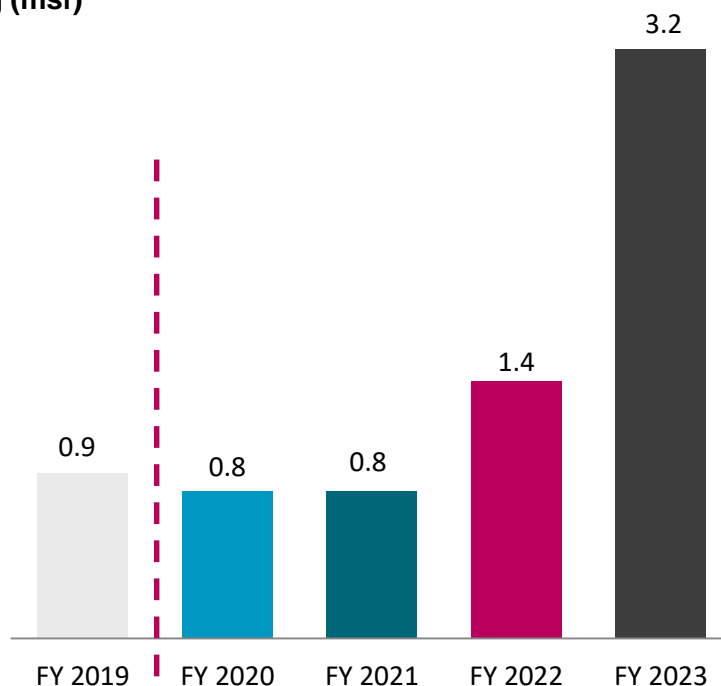


Embedded Mark-to-Market Growth Potential

Renewed 0.9 msf at higher than in-place rents, opportunity to re-lease additional 6.2 msf at market levels in next 4 years

23% of rentals expiring between FY2020–23

Area Expiring (msf)

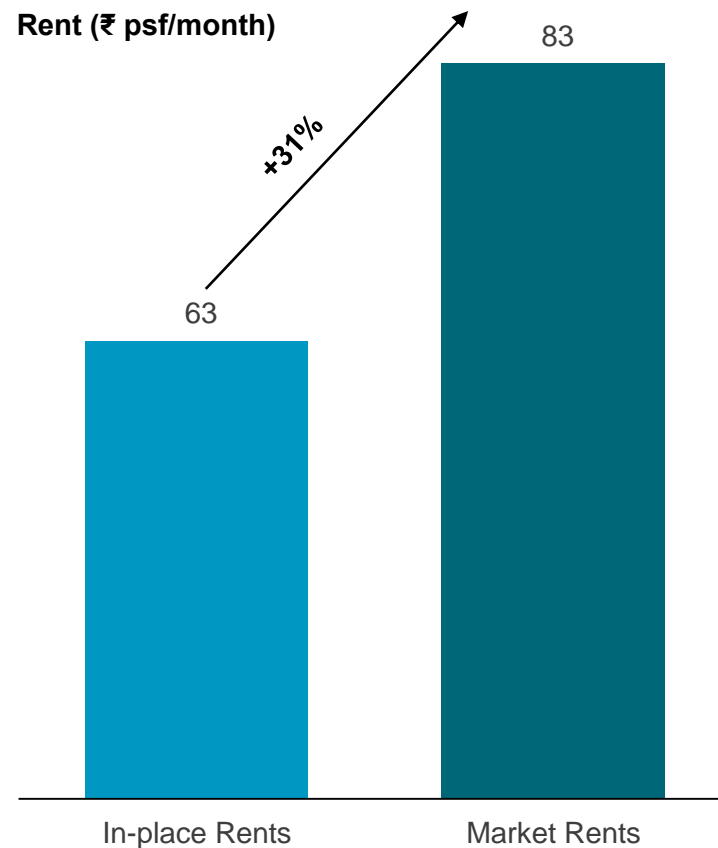


**Mark-to-Market
Opportunity
(Rents Expiring %)**

34%	57%	59%	51%
4.2%	3.7%	5.8%	9.1%

Current market rents are 31% above in-place rents

Rent (₹ psf/month)



Notes to Financials for FY2019

Revenue from Operation (Up 16% YoY to ₹18,771 mn)

- ▶ Realization of all contractual lease escalations
- ▶ Full year impact of leases signed in FY2018
- ▶ Vacant area lease-up in FIFC, Embassy 247 & others
- ▶ Revenue from lease-up of 1.4 msf newly constructed blocks at Embassy Manyata (0.9 msf) and Embassy Oxygen (0.5 msf)
- ▶ Stabilization of 100 MW Embassy Energy Solar plant

Net Operating Income (Up 16% YoY to ₹15,741 mn)

- ▶ Increase due to higher revenue
- ▶ Partly offset by:
 - one-off property tax payment at Embassy Manyata
 - one-off power & fuel expenses at Embassy Manyata until commissioning of 220KVA sub-station
 - marginally higher maintenance expenses at Embassy 247, Embassy Oxygen and others

EBITDA (Up 11% YoY to ₹15,137 mn)

- ▶ Increase due to growth in Net Operating Income
- ▶ Partly offset by:
 - one-off marketing expenses relating to public issue
 - one-off repairs and maintenance expenses at Embassy Quadron, Embassy 247 and others
 - one-off loss on settlement of liability through issue of equity instrument at Hilton at Embassy Golflinks

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