



EMBASSY OFFICE PARKS

Where the world comes to work

**EMBASSY OFFICE PARKS REIT
ANNUAL REPORT**

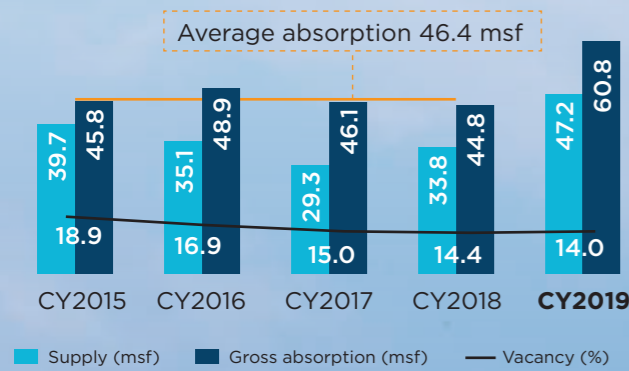
FY2020

OUR MARKETS

Located in India's best performing office markets

CY2019 was a record year for the Indian office market with c.61 msf of gross absorption. Embassy REIT's markets witnessed strong fundamentals resulting in record absorption and low vacancy levels.

Absorption trends



- Absorption:** Record absorption for Indian commercial office space in CY2019, c.31%¹ higher compared to historical average
 - Bengaluru, REIT's dominant market, continued as India's leading market with c.30%¹ share of historical annual leasing
- Supply:** Significant pre-commitments witnessed in CY2019 supply of c.47 msf, c.37% y-o-y supply growth average
- Vacancy:** Declined c.500 bps to c.14% in the past five years, primarily driven by technology sector demand
 - Core REIT markets of Bengaluru and Pune witnessed sub-6% vacancy levels

City-wise performance - CY2019

City	Absorption ² (msf)	Supply (msf)	Vacancy (%)
Bengaluru	16.1	10.8	4.1
Pune	7.0	4.5	5.6
Mumbai	7.1	4.3	21.0
NCR	11.1	10.5	23.4
Embassy REIT markets	41.3	30.1	13.8
Hyderabad	12.9	13.5	10.4
Chennai	5.5	3.3	8.5
Kolkata	1.1	0.2	36.7
Other markets	19.5	17.1	14.6
Grand Total	60.8	47.2	14.0

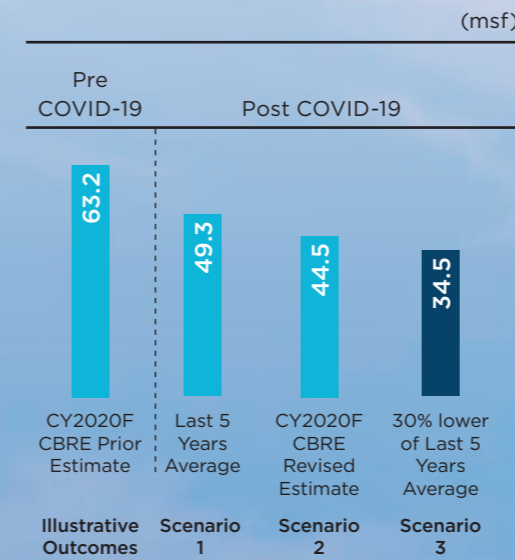
Source: CBRE Research, Embassy REIT
 Notes:
 1 Based on average annual gross absorption from CY2015 to CY2018
 2 Represents gross absorption figures

Demand

Demand impacted by 30%¹ in 1Q CY2020 due to COVID-19 and is softening in short-term. In the medium-term, high-quality assets to benefit from supply shrinkage and demand from increased technology spends.

Pro forma demand analysis

Gross absorption



Source: CBRE Research, Embassy REIT
 Note:
 1 Jones Lang LaSalle - India Real Estate Market Update Q1 2020 dated Apr'20

Outlook

Short-term

- Limited impact for existing leases in Grade A properties
- Demand likely to soften as occupiers defer decision-making
- Low quality stock likely to come under intense pressure

Medium-term

- Absorption recovery timeline uncertain - multiple possible outcomes based on lockdown time frame
- Increased technology spends to support new lifestyles and outsourcing likely given global business pressures
- Evolving themes such as WFH, de-densification, wellness, industry consolidation, flight to quality
- India office demand well placed given talent pool, cost advantage and depreciating rupee

Portfolio implications

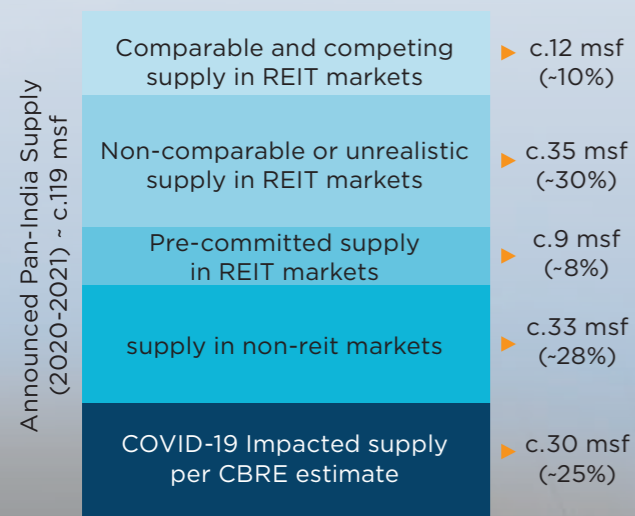
- Limited impact on operational portfolio given asset quality, long leases, below market rents and occupier stickiness
- c.1.4 msf upcoming expiries in FY2021, c.32% in advanced stages; no new REIT supply until FY2023
- Opportunity given industry consolidation, preference for institutional assets and low supply in key micro-markets

OUR MARKETS

Supply

Considerable supply shrinkage from 1Q CY2020 owing to COVID-19 and likely to continue in the medium-term. Comparable and competing supply for REIT properties assessed to be even lower.

Pro forma supply analysis (2020-2021)



Source: CBRE Research, Embassy REIT
 Note: Comparable and competing supply has been arrived factoring supply considerations including city, micro-markets, location, project completion timing, quality.

Outlook

Short-term

- Sharp drop likely due to COVID-19 disruptions on supply chain and labour remobilisation
- Only well-funded developers to complete projects
- 1Q CY2020 supply down c.32% y-o-y per C&W, trend to continue

Medium-term

- Dramatic liquidity squeeze to disrupt new projects
- Announced supply for next two years expected to drastically shrink by c.25% to c.89 msf per CBRE
- Supply recovery likely to lag demand recovery

Portfolio implications

- Comparable and competing supply in next two years is significantly lower at c.10% of announced supply
- REIT has no near-term new supply, c.2.6 msf ongoing developments to be delivered FY2023 onwards
- REIT developments are part of existing campuses, REIT's low leverage to enable ongoing capex financing
- REIT has flexibility to control supply timing over the medium-term

OUR STRATEGIC PRIORITIES

Maximising growth opportunities

We have identified both organic and inorganic avenues to grow our business in four strategic focus areas. Our aim is to maximise distributions and Net Asset Value (NAV) per unit. We also engage in proactive asset management to drive long-term value for our stakeholders.



First-mover acquisition advantage

We intend to undertake acquisitions that enhance the value of our portfolio. We believe that owning the best assets in India's top submarkets will allow us to generate strong cash flow and deliver strong, long-term returns. We believe we are well positioned to undertake both core and value-add acquisition opportunities given our pan-India presence, knowledge of local markets, best-in-class asset management capabilities and deep occupier relationships.



Powerhouse leasing

Our experienced leasing team maintains an occupier-centric approach to leasing and focuses on building long-term relationships with occupiers. Dedicated customer relationship management programmes have led to robust occupier engagement, which helps us anticipate occupier requirements. Our client-centric approach has led to strong occupier retention and enabled them to expand their operations within our premises. We typically target occupiers with higher value-add operations and services. We believe these occupiers prioritise the quality work environment, that our assets offer.



Deliver on development

On-campus development presents an important de-risked growth lever for us. The REIT has approximately 7.1 msf of development within our parks, and we are able to activate development according to the needs of the market. We have a well-defined pre-leasing strategy to de-risk development. We also undertake regular infrastructure upgrades and implement ancillary projects to widen our competitive moat around our infrastructure-like assets.



Active asset management

We continuously focus on enhancing our competitive advantage as part of our 'total business ecosystem' philosophy. We invest in ancillary amenities and select infrastructure and upgrade projects. Our scale allows us to leverage our asset management and operational skill sets to enhance our assets. This allows us to attract the best companies, to our parks, command premium rentals, and deliver that value to our Unitholders.



Prudent capital management

Our low leverage enables us to pursue accretive development and gives us ample headroom to raise debt to pursue inorganic growth through acquisitions. Additionally, we have access to sufficient liquidity, maintain a lean cost structure and are well positioned to withstand volatile leasing and financing markets.

GOVERNANCE

Strict adherence to regulatory framework

“

Embassy REIT has been built on foundations of strongest governance standards.

Vikaash Khdloya,
Deputy Chief Executive Officer and COO

We are subject to various REIT regulations in order to protect the interest of our Unitholders.

The Manager employs the following decision-making framework

Decisions taken by the Manager to be undertaken by the Board of Directors of the Manager either

- Directly or
- Through a committee of the Board of Directors of the Manager

As per the materiality of the decision to be made

For larger and significant transactions, decisions taken by the Board of Directors of Manager will be subject to approval from majority Unitholders.

Strong regulatory framework that protects Unitholder interest



Asset

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



Manager

- 50% Independent Directors, 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



Debt

- Majority Unitholder approval required if debt exceeds 25% of asset value
- Debt cannot exceed 49% of asset value



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 underlying asset's rentals

OUR PEOPLE

Thank you to our team

Acquisitions

Gaurav Rajnikant Shah

Commercial Leasing

Anshal Chaturvedi
Dennis Joseph Valanatt
Devvrat Rajgopal
Dimpay Dogra
Keerthana C P
Mamta Chand
Rishad Naval Pandole
Saurabh Arun Todi
Tej Ram Sharma
Vaibhav Jindal
Vishal Vashisth

Corporate Finance

Aditya K Venkatesh
Amit Anil Kharche
Mandar Vijay Inamdar
Mohit Bagri
Rahul Chhajer
Ray Vargis Kallimel

Counsel and Compliance

Apoorva Ravi
Bindu C C
Preety Gupta
Rithesh S
Suzette Ruth Pereira
Venkatesh Ranganath

Executive Office

Nishant Govardhan Agrawal
Sarita Chaudhury

Finance and Accounts

Chandrabhas K Purohit
Chandrappa Hanumanthappa Sali
Deviprasad C Raykar
Kapil Rameshchandra Agrawal
Karthik Haridas Acharya
Ken Kurien
Kunal H Shah
Mahadeva D N
Manish Khandelwal
Manish Patwari
Mittal Jayanti Vaja
Nilesh Girdharilal Marshiya
Praveen Ram Pise
Sachinkumar Magundappa Bevinamarad
Saritha Prabhakar
Savitha Babu
Savitha Suresh
Sridharappa
Sujith M
Sunil Kumar H
Sunny Ahuja

Human Resources

Divya Gupta Pohare

Information Technology

Anil Dattu Patil

Investor Relations

Ankit Naita
Sakshi Garg

**Marketing and
Communications**

Somtirtha Das

Media Relations

Deepa Jayaraman

Operations

Digvijay Shahajirao Shinde
Hrshikesh Arvind Rajhans
Pradeep Kumar Sharma
Raiju John Balan
Rajiv Banerjee
Sandeep Kumar M N
Sandeep Prabhakar Manjrekar
Sandeep Shrikisan Tapadia
Sangram Singha
Sheetal Purandar

Procurement

Anuradha Rao
Ravindra B

Projects

Anindya Chowdhury
Pramod S R
Sudhakar Saridevi
Walmik Harishchandra Shelke

Taxation

Cristina John Joseph
Lalit Kumar
Lata Vishnoi
Piyush Agarwal
Subhashini G N

COMMERCIAL OFFICES

Express Towers, Mumbai

Express Towers, located in Nariman Point (Mumbai's CBD), enjoys proximity to some of India's most exclusive residential neighbourhoods as well as the state administrative and legislative hubs, such as the Legislative Assembly and the High Court.

Key statistics

1970

Year of commencement

1.46 acres

Site area

0.5 msf

Leasable area

₹17,866 mn

Market value

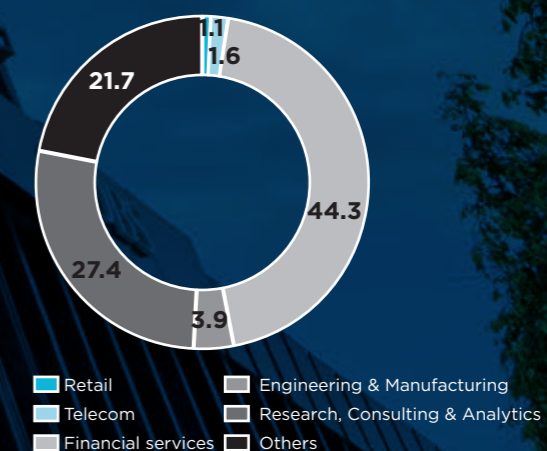
93.5%

Occupancy

28

Occupiers

Occupier mix (%)



All data as of March 31, 2020

COMMERCIAL OFFICES

First International Finance Centre (FIFC), Mumbai

FIFC is one of our premium office buildings and is located in the Bandra-Kurla Complex (BKC), arguably the financial centre of India's commercial capital.

Key statistics

2012

Year of commencement

1.99 acres

Site area

0.4 msf

Leasable area

₹13,911 mn

Market value

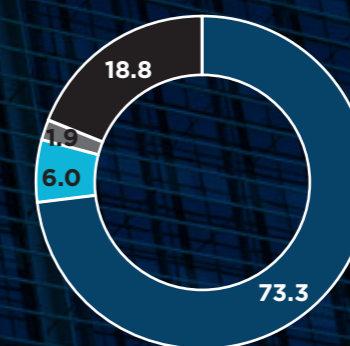
77.8%

Occupancy

6

Occupiers

Occupier mix (%)



Technology Research, Consulting & Analytics
Retail Others

All data as of March 31, 2020

COMMERCIAL OFFICES

Embassy 247, Mumbai

Embassy 247 is located in Vikhroli between Mumbai's two major freeways - The Eastern Express Highway and The Western Express Highway.



Key statistics

2009

Year of commencement

7.27 acres

Site area

1.2 msf

Leasable area

₹16,624 mn

Market value

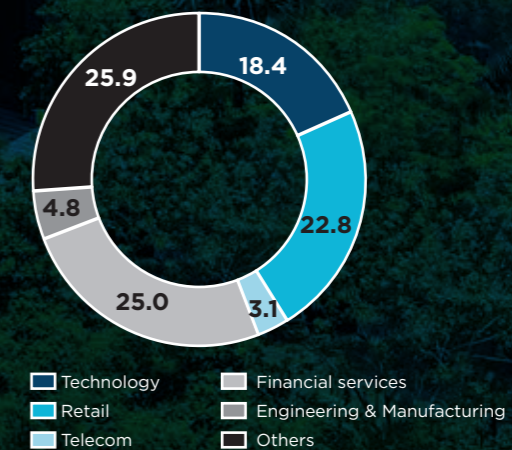
90.2%

Occupancy

20

Occupiers

Occupier mix (%)



All data as of March 31, 2020

COMMERCIAL OFFICES

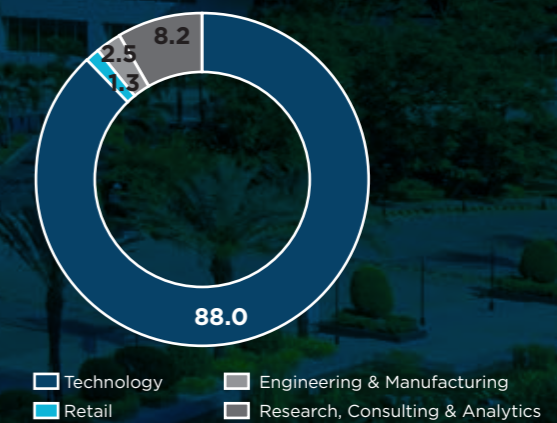
Embassy Qubix, Pune

Embassy Qubix is located in the submarket of West Pune, which offers excellent social and lifestyle infrastructure, various transportation links to both Mumbai and Pune Central Business District (CBD), and a large residential catchment that cater to the growing technology workforce.

Key statistics

2011 Year of commencement	25.16 acres Site area
1.5 msf Leasable area	₹ 10,085 mn Market value
99.8% Occupancy	27 Occupiers

Occupier mix (%)



All data as of March 31, 2020

COMMERCIAL OFFICES

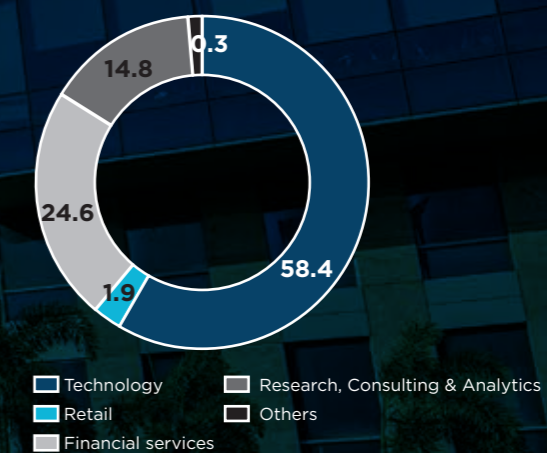
Embassy Quadron, Pune

Embassy Quadron is a complex that hosts a large hub of technology companies, and is among the most popular office locations in Pune. It is located in the West Pune submarket, which offers good transportation links to Mumbai and Central Pune and houses a large residential catchment.

Key statistics

2008 Year of commencement	25.52 acres Site area
1.9 msf Leasable area	₹13,838 mn Market value
78.4% Occupancy	4 Occupiers

Occupier mix (%)



All data as of March 31, 2020

COMMERCIAL OFFICES

Embassy TechZone, Pune

Located near the Mumbai-Pune Expressway, Embassy TechZone is a premium business park in its submarket, and is spread across a total area of 67.45 acres.



Key statistics

2008

Year of commencement

67.45 acres

Site area

5.5 msf

Leasable area

₹21,032mn

Market value

2.2 msf

Completed area

3.3 msf

Development area

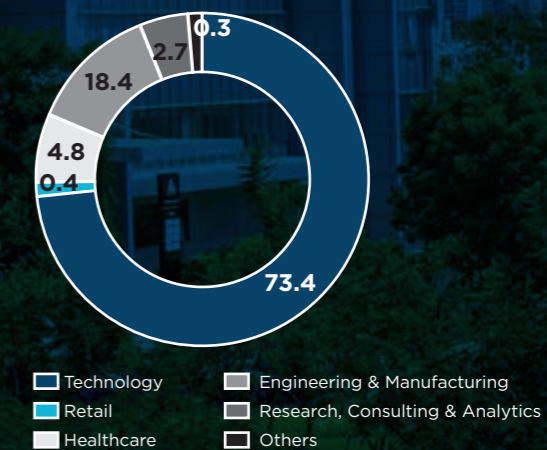
93.9%

Occupancy

18

Occupiers

Occupier mix (%)



All data as of March 31, 2020





Financial Statements

Standalone Financial Statements	158
Consolidated Financial Statements	206