



<b>Policy Title</b>	<b>Distribution Policy</b>
<b>Entity</b>	Embassy Office Parks Management Services Private Limited (“ <b>Manager</b> ”) in its capacity as manager of the Embassy Office Parks REIT (“ <b>Embassy REIT</b> ”)

<b>Applicability</b>	This policy is applicable to the Manager, the Embassy REIT, and its special purpose vehicles (SPVs)/ Embassy Office Parks Private Limited (“ <b>Holdco</b> ”) in connection with the distributions of the Embassy REIT (“ <b>REIT Distributions</b> ”)
<b>Introduction &amp; Purpose</b>	This policy is framed in line with the requirement of Regulation 18 of Securities and Exchange Board of India (Real Estate Investment Trust) Regulations, 2014 (“ <b>REIT Regulations</b> ”). This policy aims to provide a comprehensive policy on the conditions related to investment and distribution of cash flows generated by the Embassy REIT
<b>Key Terms</b>	<p>(a) All REIT Distributions shall be made in accordance with Regulation 18(16) of the REIT Regulations and other guidelines, circulars and notifications issued by the Securities and Exchange Board of India (“<b>SEBI</b>”) and other regulatory authorities from time to time.</p> <p>(i) The SPV shall declare and distribute to the Embassy REIT/ Holdco in proportion of the Embassy REIT’s holding in the SPV subject to applicable provisions of the Companies Act, 2013, not less than 90% of the its net distributable cash flows.</p> <p>(ii) With regard to distribution of net distributable cash flows by the Holdco to the Embassy REIT, subject to applicable provisions of the Companies Act, 2013, the following conditions shall be complied with:</p> <ul style="list-style-type: none"> <li>• with respect to the cash flows received by the Holdco from underlying SPVs, 100% of such cash flows received by the Holdco shall be distributed to the Embassy REIT; and</li> <li>• with respect to the cash flows generated by the Holdco on its own, not less than 90% of such net distributable cash flows shall be distributed by the Holdco to the Embassy REIT.</li> </ul> <p>The Manager shall declare and distribute at least 90% of the net distributable cash flows of the Embassy REIT as distributions (“<b>REIT Distributions</b>”) to the unitholders of the Embassy REIT.</p> <p>(b) The Embassy REIT’s first distribution after the date of listing of the units of the Embassy REIT (“<b>Units</b>”), will be for the period from the date of the listing of the Units to the date of first quarter financials.</p> <p>(c) REIT Distributions shall be declared and made once every quarter in every financial year and shall be made not later than fifteen days from the date of such declaration.</p> <p>(d) If any property is sold by the Embassy REIT, or its Holdco/ SPVs or if the equity shares or interest in the Holdco/SPVs is sold by the Embassy REIT, and the Embassy REIT proposes not to invest the sales proceeds made into any other property, within a period of 1 year, it shall be required to distribute not less than 90% of the sales proceeds in accordance with clauses (a), (b), (c) and (d) of sub-regulation 16 of the REIT Regulations</p> <p>(e) If any property is sold by the Embassy REIT, or its Holdco/ SPVs or if the equity shares or interest in the Holdco/SPVs is sold by the Embassy REIT, and if the</p>

	<p>Embassy REIT proposes to invest the sales proceeds made into any other property, within a period of 1 year, it shall not be required to distribute proceeds from such sale to the unitholders of the Embassy REIT (“<b>Unitholders</b>”).</p> <p>(f) In terms of the REIT Regulations, if the distribution is not made within 15 days of declaration, the Manager shall be liable to pay interest to the Unitholders at the rate of 15% percent per annum until the distribution is made. Such interest shall not be recovered in the form of fees or any other form payable to the Manager by Embassy REIT.</p> <p>(g) Any distribution shall be made on a distribution date proportionately to persons who are Unitholders as of the close of business on the record date for such distribution. The record date shall be the last business day of the calendar month immediately preceding the month in which the distribution date falls] or such other date such date as is fixed by the Manager in consultation with the trustee of the Embassy REIT (“<b>Trustee</b>”).</p> <p>(h) Distributions will be declared in Rupees and each Unitholder will receive its/her/his distribution in Rupees. The form, frequency and amount of future distributions on the Units will depend on the earnings, financial position and results of operations of the Embassy REIT, as well as contractual restrictions, provisions of applicable law.</p> <p>(i) Distributions shall be made by electronic fund transfer or by such other manner of payment in accordance with applicable law.</p> <p>The Manager shall maintain records for atleast seven years, pertaining to distribution declared and made to the Unitholders.</p> <p>(j) Deduction of taxes at source</p> <p>(i) The Trustee may, in consultation with the Manager, make any deductions of taxes, cess, fees, charges, assessments and duties that may be required to be deducted or withheld under applicable laws before making any payment to any Unitholder, whether by way of distribution, redemption of any Units or otherwise.</p> <p>(ii) Subject to applicable law, the Trustee or the Manager, as the case may be, shall not be liable to account to any Unitholder or otherwise for any payment made or suffered by the Trustee or the Manager in good faith to any duly empowered revenue authority for taxes or other charges in any way arising out of or relating to any transactions of whatsoever nature under these presents, notwithstanding that any such payment ought not to be or need not have been made or suffered.</p> <p>(k) Amendments to the Distribution Policy shall require the unanimous consent of the Board of Directors of the Manager.</p> <p>(l) In the event of dissolution or winding up of the Embassy REIT, all of the Embassy REIT Assets or the proceeds therefrom shall be distributed or used as follows and in the following order of priority:</p> <p>(i) First, towards the payment of the debts and liabilities of the Embassy REIT, including without limitation any fees, any amounts due to the Manager or a service provider and the expenses of liquidation;</p> <p>(ii) Second, towards the setting up of any reserves which the Trustee or the authority in-charge of the dissolution of the Embassy REIT may deem</p>
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	<p>reasonably necessary for any contingent or unforeseen liabilities or obligations of the Embassy REIT; and</p> <p>(iii) Third, towards the Unitholders in accordance with the terms of the REIT Regulations and the Final Offer Document dated March 27, 2019.</p>
<b>Net Distributable Cash Flows</b>	<p>(a) The Embassy REIT (acting through its Manager) is permitted to define net distributable cash flows for itself.</p> <p>(b) The net distributable cash flows shall be calculated in accordance with the REIT Regulations and any circular, notification or guidelines issued thereunder and the applicable SEBI guidelines.</p> <p>(c) Presently, the Embassy REIT proposes to calculate REIT Distributions in the manner provided in Annexure A.</p>

**ANNEXURE A**
**I. Calculation of net distributable cash flows at each Asset SPV:**

Description
<b>Profit after tax as per statement of profit and loss (standalone) (A)</b>
Add/(Less): Non-cash adjustments, including but not limited to: <ul style="list-style-type: none"> <li>• Depreciation, amortisation and impairment</li> <li>• Assets written off or liabilities written back</li> <li>• Deferred tax</li> <li>• MAT adjustments</li> <li>• Ind AS adjustments (straight lining, effective interest for finance costs, straight lining of security deposits etc.)</li> </ul>
Add: Interest on Shareholder Debt charged to statement of profit and loss
Add/(Less): Loss/(gain) on sale of investments, assets or shares of SPVs or Investment Entity
Add: Proceeds from sale of investments, assets or sale of shares of SPVs or Investment Entity adjusted for the following: <ul style="list-style-type: none"> <li>• Applicable capital gains and other taxes</li> <li>• Related debts settled or due to be settled from sale proceeds</li> <li>• Directly attributable transaction costs</li> <li>• Proceeds reinvested or planned to be reinvested as per Regulation 18(16)(d) of the REIT Regulations</li> </ul>
Add: Proceeds from sale of investments, assets or sale of shares of SPVs or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(16)(d) of the REIT Regulations, if such proceeds are not intended to be invested subsequently
Add/(Less): Other adjustments, including but not limited to net changes in security deposits, working capital, etc.
Less: Maintenance capex not charged in the statement of profit and loss, to the extent not funded by debt
Less: External debt repayment
Add: Cash flow received from SPV and Investment Entity towards (applicable for Holdco only, to the extent not covered above): <ul style="list-style-type: none"> <li>• Repayment of the debt in case of investments by way of debt</li> <li>• Proceeds from buy-backs/ capital reduction</li> </ul>
Less: Income tax and other taxes paid (as applicable)



Description
<b>Total adjustments (B)</b>
<b>Net distributable cash flows I = (A+B) – refer note 1</b>

Note 1: In accordance with the REIT Regulations, not less than 90% of net distributable cash flows of the Asset SPV shall be distributed to the Embassy REIT/ Holdco, by way of (i) interest on Shareholder Debt; (ii) repayment of Shareholder Debt; (iii) dividends in proportion of its holding in the Asset SPV; or (iv) share buyback and capital reduction, etc., all of which are subject to compliance with relevant provisions under the Companies Act, 2013 and any other applicable law and in any other form permitted under applicable law. Also see, “Regulations and Policies” on page 438 of the Draft Offer Document of the Embassy Office Parks REIT.

**II. Calculation of net distributable cash flows at the standalone Embassy REIT level:**

Description
Cash flows received from Asset SPVs in the form of: <ul style="list-style-type: none"> <li>• Interest</li> <li>• Dividends (net of applicable taxes)</li> <li>• Repayment of Shareholder Debt</li> <li>• Proceeds from buy-backs/ capital reduction (net of applicable taxes)</li> </ul>
Add: Proceeds from sale of investments, assets or sale of shares of Asset SPVs adjusted for the following: <ul style="list-style-type: none"> <li>• Applicable capital gains and other taxes</li> <li>• Related debts settled or due to be settled from sale proceeds</li> <li>• Directly attributable transaction costs</li> <li>• Proceeds reinvested or planned to be reinvested as per Regulation 18(16)(d) of the REIT Regulations</li> </ul>
Add: Proceeds from sale of investments, assets or sale of shares of Asset SPVs not distributed pursuant to an earlier plan to re-invest as per Regulation 18(16)(d) of the REIT Regulations, if such proceeds are not intended to be invested subsequently
Add: Any other income and expenses accruing at the Embassy REIT level not captured herein
Less: Any other expense at the Embassy REIT level, and not captured herein
Less: Any payment of fees, including but not limited to: <ul style="list-style-type: none"> <li>• Trustee fees</li> <li>• REIT Management Fees</li> <li>• Valuer fees</li> <li>• Legal and professional fees</li> </ul>



Description
<ul style="list-style-type: none"><li>• Trademark license fees</li><li>• Secondment fees</li></ul>
Less: Debt servicing
<ul style="list-style-type: none"><li>• Interest on external debt at the Embassy REIT level</li><li>• Repayment of external debt at the Embassy REIT level</li></ul>
Less: Income tax and other taxes (if applicable) at the standalone Embassy REIT level
<b>Net Distributable Cash Flows</b>