Management Discussion and Analysis

The discussion and analysis of our financial condition and results of operations that follow are based on our Audited Consolidated Financial Statements of Embassy REIT and the REIT assets (together known as the Group) for the year ended March 31, 2021 ('FY21') prepared in accordance with Indian Accounting Standards (Ind AS) and applicable REIT regulations, which include the comparative numbers for the year ended March 31, 2020 ('FY20'). The financial information included herein is being presented to provide a general overview of the Group's performance for financial year ended March 31, 2021 as compared against the financial year ended March 31, 2020 based on certain key financial metrics for general information purposes only and does not purport to present a comprehensive representation of the financial performance of the Group for these periods. The Embassy REIT, the Trustee, the REIT assets and the Manager make no representation, express or implied, as to the suitability or appropriateness of this comparative information to any investor or to any other person.

Some of the information contained in the following discussion(s), including information with respect to our plans and strategies, may contain forward-looking statements based on the currently held beliefs, opinions and assumptions. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Embassy REIT or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, including the impact of COVID-19 on us, our occupiers and the Indian and global economies, users are cautioned not to place undue reliance on these forward-looking statements. The Manager is not obligated to update these forward-looking statements to reflect future events or developments or the impact of events, which cannot currently be ascertained, such as COVID-19. In addition to statements which are forward looking by reason of context, the words may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential or continue and similar expressions identify forward-looking statements. Please refer the disclaimer section at the end of the Annual Report for a discussion of the risks and uncertainties related to those statements. You should read this discussion in conjunction with our Consolidated Financial Statements that we have included in this Annual Report and the accompanying notes to accounts.

Executive Overview

Embassy REIT is India's first publicly listed REIT. We own, operate, and invest in high-quality real estate and related assets that generates rental income from our occupiers. We generate 48% of gross rents from Fortune 500 corporations. As a REIT, we are mandated by SEBI to pay 90% of our Net Distributable Cash Flows as distributions to our Unitholders .

During the year, we have successfully completed the acquisition of Vikas Telecom Private Limited (VTPL), Embassy Office Ventures Private Limited (EOVPL) and Sarla Infrastructure Private Limited (SIPL) (together known as the ETV assets) from the Embassy Sponsor, members of the Blackstone group and other selling shareholders for an enterprise value of ₹97,824 million (defined as ETV acquisition). The ETV acquisition comprises ~6.1 msf of completed area, ~3.1 msf of under-construction area, of which 36% is pre-leased to JP Morgan, and two proposed 518-keys Hilton hotels within Embassy TechVillage.

190+
Blue chip corporate occupiers

100 Megawatt
Solar park that supplies renewable energy to park occupiers

This transaction marks the first large-scale acquisition by a REIT in India and solidifies the REIT's position as the landlord of choice to international corporates in India's best performing office sub-markets. With this acquisition, Embassy REIT's leasable area grows 28% to 42.4 msf.

Post the acquisition of ETV assets, Embassy REIT comprises 32.3 msf of completed leasable area and 5.7 msf of under construction area. With the proposed development area of another 4.4 msf the total leasable area adds up to 42.4 msf as on March 31, 2021. The commercial office portfolio is spread across eight infrastructure like office parks (40.1 msf) and four prime city-center office buildings (2.3 msf) in Bengaluru, Mumbai, Pune and the National Capital Region (NCR).

The portfolio is home to 190+ blue chip corporate occupiers and comprises 92 buildings with strategic amenities, including two completed hotels, two under-construction hotels, and a 100 MW solar park that supplies renewable energy to park occupiers.

Our competitive strengths include the following:

- Best-in-class office properties that are complemented by high-quality infrastructure
- Diversified, high-quality, multinational occupier base
- Simple business with embedded growth levers
- Assets strategically located in the top-performing markets with high barriers to entry
- Highly experienced management team
- Backing by renowned sponsors who bring global expertise and local knowledge to our operations

Our strategy

Maximise distribution and NAV per unit through leasing, on-campus developments and acquisitions

1 Leasing & Lease Management

- Grow NOI by leasing vacant spaces
- Manage lease expiries and capture mark-to-market upside
- Experienced on-ground teams & hands-on approach to leasing
- Best-in-class occupier engagement

2 On-campus Development

- Deliver 10.1[(1)] on-campus development
- Proactive pre-leasing to de-risk new development
- Select infrastructure ancillary projects (hotels, flyovers etc.) to increase entry barriers
- Provide 'total business ecosystem'

3 Acquisitions

- Capitalise on fragmented office market and undertake value accretive acquisitions
- Pan-India acquisition potential from 3rd parties
- 31.2 msf of ROFO opportunity from Embassy Sponsor and up to 4.2 msf of ROFO opportunity from others

4 Capital Management

- Build leverage selectively
- Use strong balance sheet to drive accretive growth through disciplined acquisitions
- Quarterly distributions with minimum 90% of NDCF to be distributed
- Low expenses and fees enhancing Unitholders' value

Proactive asset management to drive value with strong corporate governance

Note:
(1) Includes U/C and of 5.7 msf and proposed future development of 4.4 msf

We aim to maximise the total return for Unitholders by targeting growth in distributions and in NAV per Unit. To achieve this objective, we execute business and growth strategies that capitalise on our portfolio's embedded organic growth levers, deliver new on-campus developments, undertake value-accretive acquisitions, prudently manage our capital, and balance sheet, and pay distributions to the Unitholders.

Current business environment

The optimism around decline in COVID cases during the year and the resultant acceleration of return to work and consequent uptick in leasing has been delayed by the emergence of second wave of cases in early CY2021. Despite the current headwinds the second wave poses, we continue to be encouraged on a number of fronts for the mid to long term.

First, in addition to delivering on the guidance set out at mid-year back in October 2020, we have now completed two full years since listing, one of which has been fully under the shadow of the pandemic and yet we have delivered 24% in total returns and distributed over ₹3,700.00 crores (US$500 million) since listing.

Second, the resilience of our business has been clearly demonstrated – delivering in such a manner, despite the global and local challenges. We remain strong on our operating fundamentals. During FY21, we have collected over 99% of our office rents, signed new leases and renewals for 1.2 msf with re-leasing and renewal spreads of 18% and 13%, respectively. Even in today's challenging market, our year-end occupancy stands at a healthy 88.9%.

Third, a consensus has emerged, as we had articulated a year ago, that the office of the future will be a place for collaboration, community and learning and that while we will see more flexibility in the working week, that office, and in particular the type of office product that we provide, the total business ecosystem, will continue to be in demand from the best global companies. The office will continue to be a key tool for attracting and retaining the best STEM talent here in India.

Fourth, the occupiers we serve, utilising technology to support their global businesses, continue to prosper and forecast strong growth, including significant growth in hiring – a recent NASSCOM and Kotak research report estimates a record annual headcount increase of 350 k in the Indian ITES industry for FY22. We have also heard public results with India's leading technology services companies reporting all-time records in business pipeline and hiring in 4Q FY2021. Similarly, global banking majors, several of whom have their captive centres in our parks, are reporting record 4Q earnings and growth in their home markets. Therefore, we have numerous strong indicators of growth in our core customer segment.

And finally, we again underline the continuing appeal of the office market in India. Supporting high-quality global businesses, which continue to grow in a digital and geographically agnostic world, Indian offices have a strong future. And within India, with over 70% of our portfolio value, we are focused on the leading market, Bengaluru – the market with lowest vacancy, the highest absorption, the largest stock, highest technology export value and most global captive centres in India.

Thus, even in the midst of this second wave, there is a great deal to be positive about around our business for the coming years. Looking beyond the pandemic, we are using this period to accelerate our growth through the new on-campus developments, to develop our acquisitions pipeline, to sharpen our long-term Environment, Social and Governance (ESG) plan, to raise the bar with our occupier engagement activities, to continue to reinforce our already strong balance sheet – to prepare for our next phase of growth as the world returns to work, as it certainly will.

Factors affecting our financial condition and results of operations

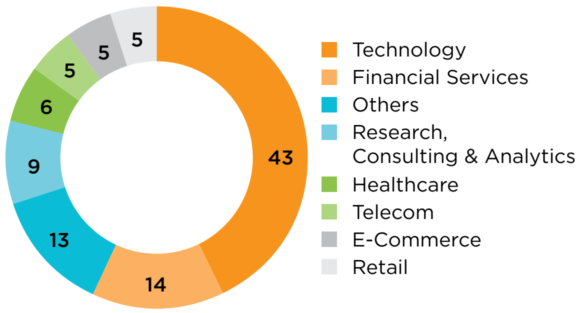
Our financial performance and results of operations are affected by several factors. The important ones in our view are listed here:

- **Commercial real estate market:** We depend on the performance of the commercial real estate market in the cities where our office parks and commercial offices are located. The commercial real estate market in these cities, in turn, depends upon various factors such as economic and other market conditions, demographic trends, employment levels, availability of financing, prevailing interest rates, competition, bargaining power of occupiers, operating costs, government regulations and policies, and market sentiment. Our office parks and office buildings are in the key markets of Bengaluru, Mumbai, Pune and Noida. These markets have historically exhibited strong market dynamics with robust absorption and low new office supply resulting in high rent growth and low vacancy on average.

  Within these cities, our business significantly depends on the performance of the submarkets where our portfolio assets are located. The portfolio assets are strategically located within their respective markets, which allows us to attract, retain and grow key occupiers within our office parks and commercial office buildings.

- **Industry of occupiers:** Our business also depends on the performance of the industry sectors of our occupiers. Sectors such as technology, banking, financial services, insurance, engineering, and manufacturing drive commercial leasing activity in India. Additionally, new sectors such as research and analytics, consulting, e-commerce, and mobile application-based service providers have also emerged as key drivers of office real estate demand, as domestic and multinational companies in these sectors have been increasingly expanding or setting-up operations in India.

Occupiers from various industry sectors (%)

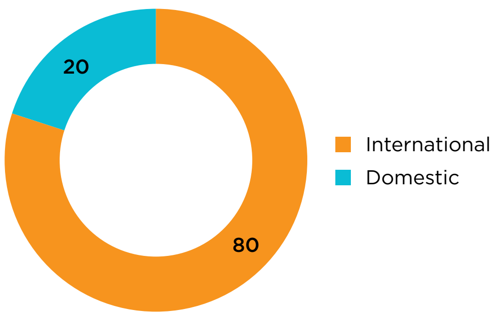


Our tenant base is highly diverse with technology sector clients continuing to make up 43% our gross rentals followed by financial services at 14% as of March 31, 2021. We believe that the domination of technology sector as key occupiers of space in India's commercial office segment will continue to significantly influence the results of our operations.

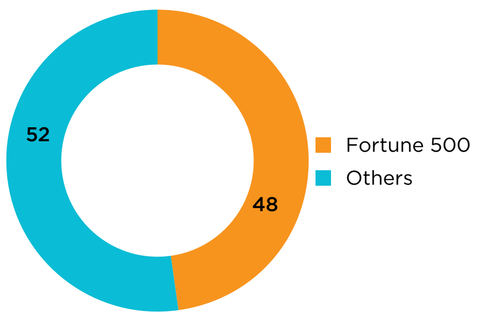
We derive 80% of Gross Annualised Rental Obligations from multinational corporation at March 31, 2021. Further, we derive 48% of the gross rentals from Fortune 500 companies.

The global and other factors impacting businesses of these types of corporations may affect their ability to service contracted lease agreements.

Gross Annualised Rental Obligations among corporations (%)



Gross Annualised Rental Obligations according to type of companies (%)



Occupancy rates: The success of our business depends on our ability to maintain high occupancy across the portfolio. Our same store occupancy across the portfolio as of March 31, 2021 was 86.8% as against 94.5% as of March 31, 2020. The occupancy rates for FY21 have been impacted with the occupier exits due to the overall economic environment pursuant to the pandemic. On a total portfolio basis, our occupancy as of March 31, 2021 was at 88.9% as against 92.8% as of March 31, 2020. Occupancy rates largely depend on the attractiveness of the markets and submarkets in which the portfolio assets are located, rents relative to competing properties, the supply of and demand for comparable properties, the facilities and amenities offered, the ability to minimise the intervals between lease expiries (or terminations) and our ability to foray into new leases (including pre-leases for under-construction properties or properties where leases are expiring).

We believe that our strategically located assets in attractive submarkets allow us to maintain high levels of occupancy. Further, we believe that replicating a platform such as ours is difficult given land acquisition complexities and long development timelines in India. We believe that we enjoy greater credibility with our occupiers because of our reputation, scale of operations and the amenities and infrastructure that we provide, which generally allows our assets to be viewed as premium properties, thereby enhancing the portfolio's appeal to occupiers, which has resulted in high occupancy rates.

- **Lease expiries:** We typically enter long-term leases with our occupiers, which provide us a steady source of rental income. The tenure of leases for our office parks are typically nine to fifteen years (assuming successive renewals at our occupiers' option), with a three to five-year initial commitment period, and contractual escalations of 10%-15% every three years. For our city-center office buildings, the lease tenure is typically five to nine years with a three to five-year initial commitment period and contractual escalations of 15% every three years.

  We endeavour to foster and maintain strong relationships with our occupiers. We maintain regular communication with the corporate real estate heads of our occupiers through a dedicated customer relationship management programme, which ensures we anticipate and cater to tenant needs. Further, at most of our portfolio assets, we have implemented various energy efficiency and sustainability initiatives, which help attract occupiers. However, in cases where occupiers do not renew leases or terminate leases earlier than expected, it generally takes some time to find new occupiers which can lead to periods where we have vacant areas within the portfolio assets that do not generate facility rentals.

- **Rental rates:** Our rental income primarily comprises facility rentals and income from maintenance services that we provide to our occupiers at the portfolio assets. Accordingly, our revenue from operations is directly affected by the lease rental rates of the portfolio assets, which are in turn affected by various factors like prevailing economic, income and demographic conditions in the submarket, prevailing rental levels in the submarket, amenities and facilities provided, property maintenance, government policies and competition.

- **Escalations:** Our existing lease agreements typically have built-in rent escalations, which has led to growth in our revenues in prior years and we expect it will help us generate stable and predictable growth in our revenue from operations. Our leases typically have contractual escalations in the range of 10% to 15% every three to five years. Besides, due to the tenure of our existing leases and growth in the market rents of our portfolio, our average in-place rents are significantly below current market rents. We believe that this presents us with a rental growth opportunity by re-leasing the same space at higher rentals, given the demand for office real estate in respective submarkets coupled with our low vacancy levels. This allows us to be well positioned to capitalise on our Grade A office portfolio by realising the embedded rental growth within our office parks.

- **Development timeline and costs:** As of March 31, 2021, we had 5.7 msf of under construction area and 4.4 msf of proposed development area. The timely development of our pipeline is expected to positively impact our financial performance. We typically commence construction based on our pre-leasing arrangements and an assessment of upcoming supply and recent absorption trends, as well as various other micro and macro factors impacting the demand for our assets.

  We also construct office space on a built-to-suit basis, considering the specific requirements of our occupiers. This enhances our ability to develop and maintain long-term relationships with our occupiers. An example of build-to-suit project is the 1.1 msf area we are building for JP Morgan at Embassy TechVillage in Bengaluru. We expect to deliver the JP Morgan BTS on schedule in September 2021. This project represents the only development that we will bring online in FY2022. A development's timeline will vary depending on factors such as size, complexity, and occupier specifications.

  Construction progress depends on various factors, including business plans, the availability of finance, labour and raw materials, the receipt of regulatory clearances, access to utilities such as electricity and water, the operating and financial condition of the construction companies we use in our business, and other contingencies such as adverse weather conditions.

  We capitalise our construction and borrowing costs in relation to our under-construction properties and capitalise brokerage costs with respect to our investment properties. These costs are depreciated based on the straight-line method over their estimated useful lives. When construction is completed, borrowing costs are charged to our statement of profit and loss as finance costs, causing an increase in expenses.

- **Cost of financing:** Our finance costs primarily comprise interest expense on our non-convertible debentures and borrowings from banks and financial institutions. Our ability to obtain financing, as well as the cost of such financing, affects our business. Though we believe we can obtain funding at competitive interest rates as evidenced basis the fund raising done by us during FY21, the cost of financing is material for us, as we require significant capital to develop our projects.

- **Government regulations and policies including taxes and duties:** The real estate sector in India is highly regulated and there are several laws and

regulations that apply to our business. Regulations applicable to our business include those related to land acquisition, funding sources, the ratio of built-up area to land area, land usage, the suitability of building sites, road access, necessary community facilities, open spaces, water supply, sewage disposal systems, electricity supply, environmental suitability, and size of the project. We strive to continuously maintain compliance with these regulations and incur various costs in the process, including fees to government authorities, fees to lawyers and consultants, property tax, other rates, and taxes. In addition, some of our portfolio assets are located on land notified as part of SEZs and may benefit from tax holidays attributable to SEZs.

- **Competition:** We operate in competitive markets for the acquisition, ownership, and leasing of commercial real estate. We compete for occupiers with numerous real estate owners and operators who own properties like our own in these markets. Among the factors influencing leasing competition are location, rental rates, building quality and levels of services provided to occupiers.

  Competition from other developers in India may adversely affect our ability to sell or lease our projects, and continued development by other market participants could result in saturation of the real estate market, which could adversely impact our revenues from commercial operations.

Increasing competition could result in price and supply volatility which could materially and adversely affect our operations and cause our business to suffer.

- **Future acquisitions:** We intend to selectively acquire from the Embassy Sponsor or third parties, commercial real estate assets that meet our investment criteria. Each new acquisition that we complete may materially affect our overall results of operations and financial position. In addition, our acquisition strategy may require a significant amount of working capital and long-term funding. Our ability to acquire properties will depend on our ability to secure financing on commercially viable terms, which will in part be affected by the prevailing interest rates or the price of our units at the time of acquisition.

- **Operating and maintenance expenses:** Our operating and maintenance expenses primarily consist of repair and maintenance (of buildings, common areas, machinery, and others), power and fuel expenses, property management fees and expenses related to housekeeping and security services. Factors which impact our ability to control these operating expenses include (but are not limited to) asset occupancy levels, fuel prices, general cost inflation, periodic renovation, refurbishment, and other costs related to re-leasing.

  For the portfolio assets we provide Common Area Maintenance (CAM) services to our occupiers. We derive income from these maintenance services that include a margin on the expenses incurred for providing such services.

  Cost increases because of any of the foregoing may adversely affect our profitability, margins, and cash flows. Circumstances such as a decline in market rent or pre-term lease cancellation may cause revenue to decrease, although the expenses of owning and operating a property may not decline in line with the decrease in revenue. While certain expenses may vary with occupancy, operating and maintenance expenses such as those relating to general maintenance, housekeeping and security services may not decline even if a property is not fully occupied.

Basis of preparation of consolidated financial statements

The Consolidated Financial Statements of the Group comprises the Consolidated Balance Sheet and the Consolidated Statement of Net Assets at fair value as at March 31, 2021, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Unitholders' Equity, the Statement of Net Distributable Cashflows of Embassy REIT and each of the REIT asset, the Consolidated Statement of Total Returns at fair value, and a summary of significant accounting policies and other explanatory information for the year ended March 31, 2021. The Consolidated Financial Statements were approved for issue in accordance with resolution passed by the Board of Directors of the Manager on behalf of Embassy REIT on April 29, 2021. The Consolidated Financial Statements have been prepared in accordance with the requirements of the Securities and Exchange Board of India (SEBI) (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time read with SEBI Circular No. CIR/IMD/DF/146/2016 dated December 29, 2016 (SEBI Circular); Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India, to the extent not inconsistent with the SEBI Circular. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The financial statements of VTPL, EOVPL and SIPL (together known as ETV assets) used for the purpose of consolidation are drawn up to the same reporting date i.e., year ended on March 31, 2021. ETV assets were acquired on December 24, 2020 by the Embassy REIT. The ETV assets have been consolidated from December 31, 2020, a date close to the acquisition date, as there are no significant transactions or events that have occurred between December 24, 2020 and December 31, 2020 and the effect thereof is not considered to be material to Consolidated Financial Statements as at and for the year ended March 31, 2021.

Summary of significant judgements and estimates used in the preparation of the Consolidated Financial Statements

- **Use of judgement and estimates:** The preparation of Consolidated Financial Statements in conformity with generally accepted accounting principles in India (Ind AS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from those estimates.

  Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

  Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements is included in the following notes:

1. Business combinations

2. Impairment of goodwill and intangible assets with infinite useful life
3. Classification of lease arrangements as finance lease or operating lease
4. Classification of assets as investment property or as property, plant and equipment
5. Significant judgement involved in the purchase price allocation of the assets acquired and liabilities assumed on account of business combination and deferred tax accounting on the resultant fair value accounting
6. Judgements in preparing Consolidated Financial Statements
7. Classification of Unitholders' funds

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment during the year ended March 31, 2021 is included in the following notes:

1. **Fair valuation and disclosures and impairment of non-financial assets being investment properties and property plant and equipment:** The fair value of investment properties and property, plant and equipment are reviewed regularly by management with reference to independent property valuations and market conditions existing at half yearly basis. The independent valuers are independent appraisers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued. Judgment is also applied in determining the extent and frequency of independent appraisals
2. Useful lives of Investment Property and Property, Plant and Equipment
3. Valuation of financial instruments
4. **Recognition of deferred tax asset on carried forward losses and recognition of minimum alternate tax credit:** The availability of future taxable profit against which tax losses carried forward can be used. Further, significant judgements are involved in determining the provision for income taxes, including recognition of minimum alternate tax credit, in SPVs entitled for tax deduction under Section 80IAB of the Income Tax Act, 1961, wherein the tax deduction is dependent upon necessary details available for exempt and non-exempt income
5. **Uncertainty relating to the global health pandemic on COVID-19:** The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on revenue recognition, the carrying amounts of goodwill, investment property (including under development), property, plant and equipment, capital work in progress, equity accounted investee, intangible assets and receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information, including reports from International Property Consultants and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Group, and have compared the actual performance with the projections and expects the carrying amount of these assets as reflected in the balance sheet as at March 31, 2021 will be recovered. The management has also estimated the future cash flows with the possible effects that may result from the COVID-19 pandemic and does not foresee any adverse impact on realising its assets and in meeting its liabilities as and when they fall due. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

Analysis of consolidated statement of profit and loss (₹ in million)

Particulars	FY 2021	As % of Revenue	FY 2020	As % of Revenue
Revenue from operations	23,603.20	100%	21,449.22	100%
Interest income	971.20	4%	477.35	2%
Other income	214.06	1%	513.00	2%
Total income	**24,788.46**		**22,439.57**	
Expenses				
Cost of materials consumed	35.55	0%	118.94	1%
Employee benefits expense	225.48	1%	377.17	2%
Operating and maintenance expenses	413.81	2%	627.46	3%
Repairs and maintenance	1,794.20	8%	1,215.38	6%
Valuation expenses	8.45	0%	9.74	0%
Audit fees	49.26	0%	43.20	0%
Insurance expenses	81.90	0%	66.74	0%
Investment management fees	748.14	3%	700.94	3%
Trustee fees	2.95	0%	2.96	0%
Legal and professional fees	291.18	1%	383.94	2%
Other expenses	1,444.33	6%	1,246.33	6%
Total expenses	**5,095.25**	**22%**	**4,792.80**	**22%**
Earnings before finance costs, depreciation, amortisation, impairment loss and tax	**19,693.21**	**83%**	**17,646.77**	**82%**
Finance costs	6,452.89	27%	3,803.54	18%
Depreciation expense	4,940.15	21%	5,120.00	24%
Amortisation expense	766.82	3%	161.24	1%
Impairment loss	988.96	4%	1,775.98	8%
Profit before share of profit of equity accounted investee and tax	**6,544.39**	**28%**	**6,786.01**	**32%**
Share of profit after tax of equity accounted investee	994.48	4%	1,169.33	5%
Profit before tax	**7,538.87**	**32%**	**7,955.34**	**37%**
Tax expense	555.34	2%	300.00	1%
Profit for the year	**6,983.53**	**30%**	**7,655.34**	**36%**
Other comprehensive income	0.81	0%	0.16	0%
Total comprehensive income	**6,984.34**	**30%**	**7,655.50**	**36%**

Revenue from operations (₹ in million)

Particulars	FY 2021	FY 2020	Variance	Variance %
Facility rentals	18,475.61	16,689.99	1,785.62	11%
Income from finance lease	51.33	2.28	49.05	2,151%
Room rentals	99.08	647.40	(548.32)	(85%)
Revenue from contracts with customers				
Maintenance services	2,547.77	1,777.43	770.34	43%
Sale of food and beverages	118.86	391.89	(273.03)	(70%)
Income from generation of renewable energy	1,548.26	1,566.25	(17.99)	(1)%
Other operating income:				
- Hospitality	13.51	103.40	(89.89)	(87%)
- Others	748.78	270.58	478.20	177%
Total revenue from operations	**23,603.20**	**21,449.22**	**2,153.98**	**10%**

Our revenue from operations comprises the following sources:

Facility rentals

Revenue from facility rentals comprises the base rental from our properties, car parking income, fit-out rentals and other rentals as here:

- **Base rentals:** Base rentals comprises rental income earned from the leasing of our assets
- **Car parking income:** Car parking income comprises revenue earned from the operations of the parking facilities located at our properties; and
- **Fit-out rentals:** For some of our occupiers, we provide customised alterations and enhancements as per the occupiers' requirements (as opposed to warm shell premises that contain only minimally furnished interiors). For such properties, we recover the value of the fit-outs provided through fit-out rentals, to the extent such leases are classified as operating lease as per accounting requirements.

Facility rentals for the portfolio increased by ₹1,785.62 million or 11% from ₹16,689.99 million in FY20 to ₹18,475.61 million in FY21. A summary of movement is captured in the below table:

Facility rental portfolio (₹in million)

Particulars	Amount (₹in million)	% of total movement
Facility rentals for the year ended March 31, 2020	16,689.99	
Add:		
Increase in contracted revenue	435.21	24%
Lease up, vacancy and Mark-to-Market (MTM)	71.19	4%
New developments	363.89	20%
Acquisitions	1,379.57	77%
Others	(464.24)	(26%)
Facility rentals for the year ended March 31, 2021	**18,475.61**	

Facility rentals increased primarily due to:

- **Contracted revenue:** Contracted lease escalation of 13% on 8.4 msf across 94 lease contracts
- **Lease up and MTM:** Lease up of 0.6 msf across Embassy Manyata, Embassy TechZone, Express Towers and others as well as renewals of 0.6 msf at 13% renewal spread across 20 deals
- **New development:** Facility rentals due to lease up of 0.3 msf at T2 building, Embassy Oxygen as well as 0.6 msf at NXT building, Embassy Manyata which were delivered in 4Q FY2020
- **Acquisitions:** Represents facility rentals from the 6.1 msf of completed area at Embassy TechVillage in 4Q FY2021
- Others mainly include reduction in facility rentals due to Occupier exits during the year

Income from finance lease

- Income from finance leases comprise income from fit-out rentals where such leases are classified as finance leases. Leases are classified as finance leases when substantially all the risks and rewards of ownership transfer to the lessee
- Income from finance lease increased from ₹2.28 million in FY20 to ₹51.33 million in FY21 due to new fit-out rental contracts in Embassy Manyata as well as existing fit-out rental contracts which were acquired as a part of ETV acquisition

Revenue from room rentals and sale of food and beverages

- Revenue from room rentals and sale of food and beverages comprises revenue generated from our operating hotels viz. Hilton at Embassy Golfinks and Four Seasons at Embassy One
- During the year, the hospitality sector was severely impacted by COVID-19 resulting in a decrease of revenue from room rentals by ₹548.32 million or 85% from ₹647.40 million in FY20 to ₹99.08 million in FY21. The segment also witnessed corresponding reduction in sale of food and beverages by ₹273.03 million or 70%, from ₹391.89 million in FY20 to ₹118.86 million in FY21.

Key Performance Indicators for our hotels (₹ in million)

Particulars	Hilton - Embassy Golf Links		Four Seasons - Embassy One	
For the year ended	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Keys	247	247	230	230
Rooms available	90,155	90,402	83,950	77,280
Rooms sold	12,344	57,545	5,430	13,243
Average occupancy (%)	13.7	63.7	6.5	17.1
Average daily rate (in ₹)	4,920	9,509	7,651	10,238
Revenue per available room or RevPAR (in ₹)	NM*	6,053	NM*	NM*
Total revenue	100	826	132	348
EBITDA	(114)	287	(229)	(224)
GOP margin (%)	NM*	38	NM*	NM*

* NM - Not material

Maintenance services

Income from maintenance services consists of the revenue received from our occupiers for the Common Area Maintenance (CAM) services that are provided across our commercial office portfolio. Income from maintenance services is generally a function of our maintenance expenses at the portfolio assets, with a change in maintenance expenses resulting in a corresponding change in maintenance service income, along with the impact of lease up of vacant area at our properties.

During the year, the group completed the acquisition of the CAM services operations of Embassy Manyata and Embassy TechZone from Embassy Services Private Limited. The transaction enables the full integration and overall alignment of property maintenance for two of our existing REIT assets and it helps further enhance service delivery to the occupants of Embassy Manyata and Embassy TechZone. We consider the strategic relevance of this transaction to be especially important given that occupiers are placing a heightened focus on health and safety. This acquisition was completed on 28 October 2020.

Income from maintenance services for the portfolio increased by ₹770.34 million or 43% from ₹1,777.43 million in FY20 to ₹2,547.77 million in FY21, primarily due to acquisition of CAM services operations of Embassy Manyata and Embassy TechZone as mentioned above as well as addition of ETV assets to the commercial offices segment portfolio. These increases have also been offset by reduction in income due to occupier exits as well as reduction in maintenance expenses due to the pandemic.

Income from generation of renewable energy

The 100 MW solar park at Embassy Energy is located in Bellary district of Karnataka and helps reduce an estimated 200 million kgs of carbon footprint by providing green energy to our occupiers. The income from the segment remained flat at ₹1,548.26 million (FY20: ₹1,566.25 million).

Solar power generation

Particulars	FY 2021	FY 2020
Capacity (MW)	100	100
Solar units generated (million units)	190	186
Solar units consumed (million units)	183	184
Average blended tariff (₹ per unit)	**8.4**	**8.7**

Other operating income

Other operating income primarily includes revenue from ancillary operating departments at our Hospitality segment as well as the rental compensation receivable from the Embassy Property Developments Private Limited (EPDPL) in relation to M3 Block A. Other operating income increased by ₹388.31 million or 104% from ₹373.98 million in FY20 to ₹762.29 million in FY21 primarily due to incremental rental compensation, which was received for three months in FY20 as against full 12 months during FY21 in accordance with the contractual terms.

Property-wise revenue from operations

We have provided a property-wise/asset-wise break up of our revenue from operations for FY21 vis-à-vis FY20.

Asset-wise revenue from operation (₹ in million)

			FY 2021		FY 2020	
Asset SPV	Name of the property	Location	Revenue	As % of total revenue	Revenue	As % of total revenue
MPPL	Embassy Manyata	Bengaluru	10,802.17	46%	8,794.81	41%
ETV Assets	Embassy TechVillage	Bengaluru	1,708.28	7%	-	0%
QBPL	Hotel, Retail and Office at Embassy One	Bengaluru	131.71	1%	379.29	2%
IENMPL	Express Towers	Mumbai	1,438.41	6%	1,490.06	7%
VCPPL	Embassy 247	Mumbai	1,321.66	6%	1,375.32	6%
ETPL	FIFC	Mumbai	1,025.77	4%	925.64	4%
EOPPL	Embassy TechZone	Pune	1,407.91	6%	1,497.83	7%
QBPL	Embassy Quadron	Pune	1,006.97	4%	1,440.50	7%
QBPPL	Embassy Qubix	Pune	873.31	4%	904.16	4%
OBPPL	Embassy Oxygen	Noida	1,435.74	6%	1,379.28	6%
GSPL	Embassy Galaxy	Noida	803.26	3%	870.47	4%
UPPL	Hilton - Embassy Golflinks	Bengaluru	99.75	0%	825.62	4%
EEPL	Embassy Energy	Bellary	1,548.26	7%	1,566.25	7%
	Total		**23,603.20**	**100%**	**21,449.22**	**100%**

Interest income

Interest income includes interest on (i) debentures, (ii) fixed deposits with banks, (iii) security deposits, (iv) loans, (v) statutory deposits, and (vi) income-tax refunds. Interest income increased by ₹493.85 million or 104% from ₹477.35 million for FY20 to ₹971.20 million for FY21.

The increase is majorly on account of interest income received from EPDPL for M3 Block B. MPPL and EPDPL had entered into a co-development agreement during FY20, whereby EPDPL shall develop 0.6 msf of bare shell building, which will then be converted into warm shell building within Embassy Manyata campus that will be handed over to MPPL by agreed delivery date of September 2023.

During the period of construction, EPDPL is obligated to pay interest on the development consideration disbursed by MPPL. Accordingly, an amount of ₹611.82 million of interest was accrued for FY21 on the development consideration disbursed as against ₹160.47 million for FY20, an increase of ₹451.35 million or 281%.

Other income

The details of other income as per the Consolidated Financial Statements is set forth in the below table:

Other income (₹ in million)

Particulars	FY 2021	FY 2020	Variance	Variance %
Net changes in fair value of financial assets	-	18.45	(18.45)	(100%)
Liabilities no longer required written back	4.68	13.29	(8.61)	(65%)
Profit on sale of mutual funds	154.11	359.96	(205.85)	(57%)
Profit on sale of fixed assets	12.72	-	12.72	-
Miscellaneous income	42.55	121.30	(78.75)	(65%)
Total	**214.06**	**513.00**	**(298.94)**	**(58%)**

The decrease is mainly on account of reduction in profit on sale of investments in mutual funds due to reduction in our surplus cash as well as reduction in miscellaneous income.

Expenses

The Consolidated Financial Statements include expenses as set forth in the below table:

Expenses (₹ in million)

Particulars	FY 2021	FY 2020	Variance	Variance %
Cost of materials consumed	35.55	118.94	(83.39)	(70%)
Employee benefits expense	225.48	377.17	(151.69)	(40%)
Operating and maintenance expenses	413.81	627.46	(213.65)	(34%)
Repairs and maintenance	1,794.20	1,215.38	578.82	48%
Valuation expenses	8.45	9.74	(1.29)	(13%)
Audit fees	49.26	43.20	6.06	14%
Insurance expenses	81.90	66.74	15.16	23%
Investment management fees	748.14	700.94	47.20	7%
Trustee fees	2.95	2.96	(0.01)	0%
Legal and professional fees	291.18	383.94	(92.76)	(24%)
Other expenses	1,444.33	1,246.33	198.00	16%
Total expenses	**5,095.25**	**4,792.80**	**302.45**	**6%**

Our expenses comprises the following:

Cost of materials consumed

Cost of materials consumed includes direct material cost of our two operating hotels, i.e., Hilton at Embassy Golflinks and the Four Seasons at Embassy One ('Hospitality operations') primarily towards the provision of food and beverage services to the guests at these hotels.

Cost of materials consumed decreased by ₹83.39 million or 70% from ₹118.94 million for FY20 to ₹35.55 million for FY21 due to reduced occupancy owing to COVID-19. The occupancy for the year was 13.7% (FY20: 63.7%) and 6.5% (FY20: 17.1%) at Hilton and Four Seasons Hotel, respectively.

Employee benefits expense

Employee benefits expense primarily includes salaries and wages, contribution to provident and other funds and staff welfare expenses in relation to our Hospitality operations. Employee benefits expense decreased by ₹151.69 million or 40% from ₹377.17 million for FY20 to ₹225.48 million for FY21 due to reduction in head count and other cost optimisation initiatives to factor for the reduced operations during the year.

Operating and maintenance expenses

Operating and maintenance expenses include power and fuel expenses and operating consumables in relation to our Common Area Maintenance operations.

Operating and maintenance expenses decreased by ₹213.65 million or 34% from ₹627.46 million for FY20 to ₹413.81 million for FY21 majorly due to reduced operations and headcount of our occupiers across our portfolio assets.

Repairs and maintenance

Repairs and maintenance expenses include repairs towards common area maintenance, buildings, machinery, and others.

Repairs and maintenance expenses increased by ₹578.82 million or 48% from ₹1,215.38 million for FY20 to ₹1,794.20 million for FY21. Acquisition of CAM services operations of Embassy Manyata and Embassy TechZone and acquisition of ETV assets contributed to an increase in repairs and maintenance costs of ₹485.28 million and ₹166.45 million, respectively for FY21 which was offset by reduction in expenses from our initial portfolio assets by ₹72.91 million mainly due to cost optimisation initiatives undertaken across all our parks.

Insurance

Insurance expenses increased by ₹15.16 million or 23% from ₹66.74 million for FY20 to ₹81.90 million for FY21 mainly due to ETV acquisition and acquisition of CAM service operations of Manyata Embassy and Embassy TechZone.

Investment management fees

This includes the property management fees and REIT management fees.

- **Property management fees:** This represents the fees earned by the Manager to the REIT pursuant to the investment management agreement.

  The Manager earns property management fees computed at 3% per annum of facility rentals collected by the relevant property with respect to operations, maintenance, administration, and management of the Holdco or the SPVs, as applicable. The fees have been determined to meet the ongoing costs of the Manager to undertake the services provided to the Embassy REIT and REIT assets. Property management fees increased by ₹49.79 million or 10% from ₹486.13 million for FY20 to ₹535.92 million for FY21 in line with increase in revenue from facility rentals.

- **REIT management fees:** This represents fees earned by the Manager to the REIT pursuant to the investment management agreement between the REIT and Manager. REIT management fees is computed at 1% of the REIT distributions. The fees have been determined for undertaking management of the REIT and its investments. REIT management fees for FY21 amounts to ₹212.23 million vis-à-vis ₹214.81 million for FY20, which are in line with the distributions for respective years.

Legal and professional fees

Legal and professional fees represents amounts paid to consultants for their services in relation to valuation, legal and compliance advisory, accounting and taxation, and internal audit. Legal and professional fees decreased by ₹92.76 million or 24% from ₹383.94 million for FY20 to ₹291.18 million for FY21 majorly due to cost saving measures adopted by the Group, including rationalisation of service providers across the Group.

Other expenses

Other expenses mainly include:

Other expenses (₹ in million)

Particulars	FY 2021	FY 2020	Variance	Variance %
Property tax (net)	766.67	704.01	62.66	9
Rates and taxes	306.39	37.90	268.49	708
Corporate Social Responsibility (CSR) expenses	93.72	85.91	7.81	9
Marketing and advertising expenses	84.90	77.31	7.59	10
Loss on sale of fixed assets	61.89	-	61.89	-
Other direct and indirect expenses	130.76	341.20	(210.44)	(62)
Total other expenses	**1,444.33**	**1,246.33**	**198.00**	**16**

- **Property tax**
  Property tax increased by ₹62.66 million or 9% from ₹704.01 million for FY20 to ₹766.67 million for FY21 mainly due to ETV acquisition.

- **Rates and taxes**
  Rates and taxes increased by ₹268.49 million or 708% from ₹37.90 million for FY20 to ₹306.39 million for FY21 due to inclusion of one-time provision for stamp duty amounting to ₹229.44 million in relation to the composite scheme of arrangement involving MPPL, EOPPL and EPTPL in FY21.

- **Corporate Social Responsibility (CSR) expenses**
  CSR expenses increased by ₹7.81 million or 9% from ₹85.91 million for FY20 to ₹93.72 million for FY21 due to increase in profits of REIT assets.

- **Marketing and advertisement expenses**
  Marketing and advertisement expenses increased by ₹7.59 million or 10% from ₹77.31 million for FY20 to ₹84.90 million for FY21 due to increase in acquisition-related marketing expenses.

- **Loss of sale of fixed assets**
  Loss of sale of fixed assets for FY21 amounts to ₹61.89 million, mainly due to sale of fitout assets on occupier exits.

- **Other direct and indirect expenses**
  Other direct and indirect expenses majorly include management fees paid by hotels, travel and conveyance, brokerage and commission, and allowance for credit loss. Other direct and indirect expenses decreased by ₹210.44 million or 62% from ₹341.20 million for FY20 to ₹130.76 million for FY21 due to reduction in the management fees paid by hotels owing to lesser occupancy during the pandemic period as well as other cost rationalisation measures.

Earnings before finance costs, depreciation, amortisation, impairment loss and tax (EBITDA)

Our EBITDA for FY21 was ₹19,693.21 million, an increase of ₹2,046.44 million or 12%, compared to ₹17,646.77 million for FY20 in line with increase of 10% in revenue from operations as well as reduction of expenses due to cost savings initiatives.

Finance costs

The Consolidated Financial Statements include finance costs as set forth in the below table:

Finance costs (₹ in million)

Particulars	FY 2021	FY 2020	Variance	Variance %
Interest expenses				
- on borrowings from banks and financial institutions	1,016.44	310.15	706.29	228%
- on deferred payment liability	477.76	840.19	(362.43)	(43%)
- on lease deposits	377.62	312.09	65.53	21%
- on lease liabilities	40.64	31.20	9.44	30%
- on non-convertible debentures	914.43	-	914.43	-
Accrual of premium on redemption of debentures	3,626.00	2,309.91	1,316.09	57%
Total finance costs	**6,452.89**	**3,803.54**	**2,649.35**	**70%**

We capitalise our finance costs in relation to our under-construction properties. When construction is completed, the finance cost is charged to our statement of profit and loss, causing an increase in our finance costs.

- Interest expense on borrowings from banks and financial institutions increased by ₹706.29 million or 228% from ₹310.15 million for FY20 to ₹1,016.44 million for FY21 primarily due to interest expense on incremental borrowings attributed to ETV assets as well as completion of T2 and NXT blocks in Embassy Oxygen and Embassy Manyata, respectively in 4Q FY2020.
- The decrease in interest on deferred payment liability is due to prepayment of deferred payment liability to IL&FS Solar Power Limited during FY21.
- The interest on Non-Convertible Debentures (NCD) represents the proportionate interest expense for FY21 on the Series II and Series III NCD of ₹41,000 million issued by the REIT during the year.
- Accrual of premium on redemption of debentures represents redemption premium accrued on the Series I NCD issued by the REIT during FY20. The increase is primarily due to full year accrual of redemption premium in FY21 as against only part of the year in FY20 as these NCDs were issued in two tranches during FY20.

Depreciation and amortisation expense

Depreciation and amortisation expense increased by ₹425.73 million or 8% from ₹5,281.24 million for FY20 to ₹5,706.97 million for FY21 primarily due to incremental depreciation owing to the acquisition of ETV and intangible assets in the form of CAM service rights on account of acquisition the property maintenance services business in relation to Embassy Manyata and Embassy TechZone.

Impairment loss

The Group recognised an impairment loss of ₹988.96 million in FY21 as against ₹1,775.98 million in FY20. Of these, an impairment loss of ₹590.89 million was recognised in FY21 (in FY20 this value was ₹1,775.98 million) in the hospitality segment due to slower ramp up of occupancy coupled with prevailing economic conditions owing to COVID-19. Besides, an impairment loss of ₹398.07 million was recognised in FY21 (which was nil in FY20) in commercial offices segment as a result of slower than anticipated lease-up. The annual impairment test performed considers the current economic conditions and revised business plans to determine the higher of the 'value in use' and the 'fair value less cost to sell; in accordance with Ind AS 36.

Profit before share of profit of equity accounted investee and tax

As a result of the foregoing, we recorded ₹6,544.39 million as profit before share of profit of equity accounted investees and tax for FY21 vis-à vis ₹6,786.01 million in FY20, a decrease of ₹241.62 million or 4%.

Share of profit after tax of equity accounted investee

The share of profit after tax in Embassy Golflinks, our investment entity, an equity accounted investee, for FY21 was ₹994.48 million as compared with ₹1,169.33 million for FY20. The decrease of ₹174.85 million or 11% in the share of profit from Embassy Golflinks is primarily due to higher tax expense in FY21.

Profit before tax

As a result of the foregoing, we recorded a profit before tax of ₹7,538.87 million for FY21, as compared to a profit before tax of ₹7,955.34 million for FY20, a decrease of ₹416.47 million or 5%.

Tax expense

The portfolio of assets which we own are housed in 15 SPVs, which have different tax considerations including SEZ benefits, available MAT credit etc. and accordingly will have varying current tax percentages. On a blended basis, our cash taxes for FY21 works out to ~7% of our revenue from operations as compared with 6.3% for FY20 at the Consolidated Group level.

The Consolidated Financial Statements include tax expenses as set forth in the below table:

Tax expense (₹ in million)

Particulars	FY 2021	FY 2020	Variance	Variance %
Current tax	1,649.06	1,361.39	287.67	21%
Deferred tax charge/ (credit)	(452.77)	(11.27)	(441.50)	3,917%
Minimum alternate tax credit entitlement (MAT)	(640.95)	(1,050.12)	409.17	(39%)
Total tax expenses	**555.34**	**300.00**	**255.34**	**85%**

Total tax expenses increased by ₹255.34 million or 85% from ₹300.00 million for FY20 to ₹555.34 million for FY21 primarily due to incremental tax expense on the dividend income earned from our investment entity Embassy Golflinks, which were exempt from income tax till FY20.

Profit for the year

As a result of the foregoing, our profit for FY21 was ₹6,983.53 million as compared with ₹7,655.34 million for FY20, a decrease of ₹671.81 million or 9%.

Non-GAAP Measures

Net Operating Income ('NOI')

Based on the 'management approach' as specified in Ind AS 108, our Chief Operating Decision Maker (CODM) evaluates our performance and allocates resources based on an analysis of various performance indicators by operating segments. We use NOI internally as a performance measure and believe it provides useful information to investors regarding our financial condition and results of operations because it offers a direct measure of the operating results of our business segments. Other companies may use different methodologies for calculating NOI, and accordingly, our presentation of the same may not be comparable to other companies. We define NOI for each of our segments as follows:

a) Commercial offices segment
NOI for commercial offices is defined as revenue from operations [which includes (i) facility rentals, (ii) maintenance services income, (iii) income from finance lease, and (iv) other operating income for commercial offices] less direct operating expenses [which include (i) operating and maintenance expenses, including common area maintenance expenses (ii) property taxes, (iii) rent, and (iv) insurance].

b) Hospitality segment
NOI for hospitality segment is defined as revenue from operations [which includes (i) room rentals, (ii) sale of food and beverages, (iii) other operating income from hospitality] less direct operating expenses [which include (i) cost of materials consumed, (ii) employee benefits expenses, (iii) operating and maintenance expenses, excluding management fees, and (iv) other expenses].

c) Other segment
NOI for other segments is defined as revenue from operations (which includes income from generation of renewable energy) less direct operating expenses [which include (i) operating and maintenance expenses and (ii) other expenses].

Certain income (such as interest, dividend, and other income) and certain expenses (such as other expenses, excluding direct operating expenses, depreciation, amortisation, impairment, and finance cost) are not specifically allocable to segments and accordingly these expenses are adjusted against the total income of the Group.

The table below gives the computation of our NOI and a reconciliation up to EBITDA:

(₹ in million)

Particulars	FY 2021	FY 2020	Variance	Variance %
Revenue from operations	23,603.20	21,449.22	2,153.98	10%
Property taxes and insurance	(848.57)	(770.75)	(77.82)	10%
Direct operating expenses	(2,431.16)	(2,508.93)	77.77	(3%)
Net operating income	**20,323.47**	**18,169.54**	**2,153.93**	**12%**
Other income	1,185.26	990.35	194.91	20%
Property management fees	(748.14)	(700.94)	(47.20)	7%
Indirect operating expenses	(1,067.38)	(812.18)	(255.20)	31%
EBITDA	**19,693.21**	**17,646.77**	**2,046.44**	**12%**

Segment-level profitability (₹ in million)

Particulars	Commercial offices		Hospitality		Other segment	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenue from operations	21,823.48	18,709.58	231.46	1,173.39	1,548.26	1,566.25
Net operating income	19,245.65	16,627.61	(343.76)	105.40	1,421.58	1,436.53
NOI margin (%)	88	89	(149)	9	92	92

NOI margins

Our NOI margin for FY21 was 86% as compared with 85% for FY20, primarily due to change in segment mix, with a reduction in revenue from our hospitality segment which have lower margins. NOI margin for commercial offices segment for FY21 was 88% as against 89% for FY20. The 1% reduction in margin is due to increase in revenues from CAM from Embassy Manyata and Embassy TechZone parks due to acquisition of these businesses during the year, which were offset by reduction in overall expenses relating to this segment owing to our cost optimisation initiatives. Our hospitality segment reported a negative NOI of ₹343.76 million for FY21 vis-à-vis a NOI of ₹105.40 million for FY20 due to the severe impact of the COVID-19 pandemic on the entire industry. Our NOI margin from other segment remained consistent at 92% for both years.

EBITDA

We use Earnings Before Finance costs, Depreciation, Amortisation, Impairment loss and Tax, excluding share of profit of equity accounted investee (EBITDA) internally as a performance measure. We believe it provides useful information to investors regarding our financial condition and results of operations because it offers a direct measure of the operating results of our business segments. Other companies may use different methodologies for calculating EBITDA and accordingly, our presentation of the same may not be comparable to other companies.

EBITDA does not have a standardised meaning, nor is it a recognised measure under Ind AS and may not be comparable with measures among similar names presented by other companies. EBITDA should not be considered by itself or as a substitute for comparable measures under Ind AS or other measures of operating performance, liquidity or ability to pay dividends. Our EBITDA may not be comparable to the EBITDA or other similarly titled measures of other companies/REITs as not all companies/REITs use the same definition of EBITDA or other similarly titled measures. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies/REITs.

We believe that the comparable Ind AS metric to our EBITDA is profit for the year, and a reconciliation between these two is provided here:

(₹ in million)

Particulars	FY 2021	FY 2020
Profit for the year	**6,983.53**	**7,655.34**
Add: Tax expense	555.34	300.00
Profit before tax	**7,538.87**	**7,955.34**
Less: Share of profit after tax of equity accounted investee	(994.48)	(1,169.33)
Add: Depreciation and amortisation expenses	5,706.97	5,281.24
Add: Finance costs	6,452.89	3,803.54
Add: Impairment loss	988.96	1,775.98
Earnings before finance costs, depreciation, amortisation, impairment loss and tax	**19,693.21**	**17,646.77**

Net Asset Value (NAV)

We use NAV internally as a performance measure and believe it provides useful information to investors regarding our financial condition. The computation of NAV is as prescribed under the REIT regulations. This computation takes into account the Gross Asset Value (GAV) as arrived at by our independent external property valuers appointed under Regulation 21 of REIT regulations, along with the recorded book values of other assets as well as all other liabilities recorded in the financial statements to arrive at the NAV.

Our Statement of Net Assets at Fair Value as of the dates indicated, at a consolidated level along with the NAV per unit is setforth here:

Statement of Net Assets at Fair Value (₹ in million)

Particulars	FY 2021	FY 2020	Variance %
Gross asset value (GAV)	466,051.25	331,682.60	41%
Other assets	81,819.13	69,672.06	17%
Other liabilities	(180,520.80)	(112,254.26)	61%
NAV	**367,349.58**	**289,100.40**	**27%**
NAV per unit	**387.54**	**374.64**	**3%**

Mr. Manish Gupta, Partner, iVAS Partners in conjunction with value assessment services undertaken by CBRE South Asia Pvt. Ltd, carried out our property valuation as an independent valuer and valued the GAV of our portfolio at ₹466,051.25 million with ~95% of value from core commercial office segment and with over 72% of value from Bengaluru, underpinning Embassy REIT's asset quality as of March 31, 2021.

Asset-wise GAV, along with the key assumptions used in the valuation are provided here:

Valuation highlights (₹ in million)

as of March 31, 2021

	Valuation assumptions[1,2]				GAV[1,2] as of March 31, 2021 (₹ in million)		
Asset	**Discount rate completed (%)**	**Discount rate U/C (%)**	**Capital rate/ EBITDA multiple (%)**	**Rent/ ADR/Tariff Rate[5]**	**Completed**	**Proposed/ U/C**	**Total**
Commercial assets							
Embassy Manyata	11.70%	13.00	8.00%	92	149,163	24,415	173,579
Embassy TechVillage	11.70%	13.00	8.00%	92	80,863	25,629	106,491
Embassy GolfLinks[3]	11.70%	NA	8.00%	148	28,053	-	28,053
Embassy One	11.70%	NA	7.50%	147	4,324	-	4,324
Express Towers	11.70%	NA	7.50%	270	18,403	-	18,403
Embassy 247	11.70%	NA	8.00%	110	16,914	-	16,914
FIFC	11.70%	NA	7.75%	270	13,889	-	13,889
Embassy TechZone	11.70%	13.00	8.25%	48	15,869	6,958	22,827
Embassy Quadron	11.70%	NA	8.25%	48	12,938	-	12,938
Embassy Qubix	11.70%	NA	8.25%	48	10,414	-	10,414
Embassy Oxygen	11.70%	13.00	8.25%	54	21,077	2,617	23,694
Embassy Galaxy	11.70%	NA	8.25%	45	9,028	-	9,028
Sub-total (commercial offices)					**380,935**	**59,618**	**440,553**
Hospitality assets							
Hilton at Embassy GolfLinks	12.38%	-	14.0x	9,000	3,995	-	3,995
Four Seasons at Embassy One	12.38%	-	14.0x	11,000	7,278	-	7,278
Hilton and Hilton Garden Inn at Embassy Manyata	-	13.60%	14.0x	8,000	-	4,341	4,341
Hilton and Hilton Garden Inn at Embassy TechVillage	-	13.60%	14.0x	5,500	-	582	582
Sub-total (Hospitality)					**11,273**	**4,923**	**16,196**
Others[4]							
Embassy Energy	13.50%	-	NA	8.5	9,302	-	9,302
Sub-total (Others)					**9,302**	**-**	**9,302**
Total					**401,510**	**64,541**	**466,051**
% Split					**86%**	**14%**	**100%**

[1]Gross Asset Value (GAV) considered per March 31, 2021 valuation undertaken by iVAS Partners, represented by Mr. Manish Gupta, in conjunction with value assessment services undertaken by CBRE. Valuation exercise undertaken semi-annually.

[2]Given the COVID-19 related uncertainties, the independent valuers have, as a precautionary measure, referenced material valuation uncertainty in arriving at their valuation as at March 31, 2021

[3]Details include 50% Embassy GolfLinks except leasable area. Embassy REIT owns 50% economic interest in Embassy GolfLinks and accounts for only the proportionate profits of Embassy GolfLinks basis the equity method

[4]Comprises of Solar Park located at Bellary district, Karnataka

[5]ADR/ Tariff Rates presented on a stabilised basis. ADR/Tariff Rates assumed by valuers for initial 8 quarters are lower. Please refer valuation report for further details

Liquidity And Capital Resources

Overview

During FY21, we raised ₹41,000 million through issue of listed Non-Convertible Debentures (NCD) at an average coupon of 6.6%, as well as obtained additional sanction of ₹1,100 million in the form of construction finance at an average 7.9% coupon. Independent rating agencies have rated the REIT as well as the NCD issuances by the REIT as AAA/ Stable. Our liquidity position of ₹15,502 million, which includes cash equivalents as well as undrawn committed facilities provides us the financial strength to overcome the current pandemic as well as offers the flexibility to pursue growth.

Financial resources

As of March 31, 2021, we had cash and cash equivalents, along with liquid investments of ₹9,174.78 million (March 31, 2020: ₹14,798.37 million).

This table depicts a selected summary of our statement of cash flows for the periods indicated:

Cash flows (₹ in million)

Particulars	FY 2021	FY 2020
Cash generated from operating activities	18,704.94	16,956.62
Net cash flow used in investing activities	(30,413.31)	(21,484.02)
Net cash generated from / (used in) financing activities	17,771.40	(41,973.60)
Net increase/ (decrease) in cash and cash equivalents	**6,063.03**	**(46,501.00)**
Cash and cash equivalents at the beginning of the year	3,111.75	49,612.75
Cash and cash equivalents at the end of the year	**9,174.78**	**3,111.75**

Cash generated from operating activities

Net cash generated from operating activities for FY21 was ₹18,704.94 million. Profit before tax of ₹6,544.39 million was adjusted for financing and investing activities as well as other non-cash items and movement in working capital by a net amount of ₹12,160.55 million to arrive at operating cash flow of ₹18,704.94 million. The operating cash flow recorded an increase of 10% vis-à-vis ₹16,956.62 million for FY20. The increase is in line with growth in revenue from operations of 10% in FY21 as well as the 12% growth in EBITDA during the year.

Net cash flow used in investing activities

We continued our focus on both organic and inorganic growth during the year resulting in a net cash flow used in investing activities of ₹30,413.31 million. This includes ₹7,677.69 million incurred on our organic on-campus development projects, ₹4,730.21 million towards acquisition of CAM business of Embassy Manyata and Embassy TechZone and ₹32,804.45 million towards acquisition of ETV business. This was partially offset by cash inflows due to redemption of treasury surplus which were invested in mutual funds of ₹11,700.32 million.

Net cash generated from / (used in) financing activities

During FY21, we had a net cash generated from financing activities of ₹17,771.40 million as compared to net cash used in financing activities of ₹41,973.60 million in FY20. During FY21, we primarily raised cash from fresh issue of Units in the form of institutional placement of ₹36,852.02 million in relation to our ETV acquisition, borrowings of ₹44,303.50 million and refinanced debt of ₹40,451.82 million; paid ₹3,698.75 million as interest on our borrowing as well as distributed ₹18,370.92 million in the form of distributions to Unitholders resulting in a net cash generated from financing activities of ₹17,771.40 million. During FY20, we had net cash used in financing activities of ₹41,973.60 million primarily due to repayment of debt during the year from issue proceeds of our Initial Public Offer (IPO) which was prior to March 31, 2019.

Distributions

Under the provisions of the REIT Regulations, Embassy Office Parks REIT is required to distribute to the Unitholders not less than 90% of the Net Distributable Cash Flows (NDCF) of Embassy Office Parks REIT and the current policy of the Manager is to comply with such requirement. The NDCF is calculated in accordance with the REIT Regulations and in the manner provided in the NDCF framework defined by the Manager. The aforesaid NDCF are made available to Embassy Office Parks REIT in the form of (i) interest paid on Shareholder Debt provided by Embassy Office Parks REIT to the SPVs/Holding Company, (ii) Principal repayment of Shareholder Debt, (iii) dividend declared by the SPVs/Holding Company and received by Embassy Office Parks REIT and (iv) Proceeds from sale of any Embassy REIT assets. Since Embassy Office Parks REIT committed to quarterly distributions, any shortfall as regards minimum quarterly distribution by the SPVs and Holding Company to Embassy Office Parks REIT, post interest paid on Shareholder Debt, Interim Dividend payments and Principal repayment of Shareholder Debt, would be done by declaring dividend, to the extent permitted under the Companies Act, 2013. Repayment of short-term construction debt given to SPVs are not considered for the purpose of distributions.

The Board of Directors of the Manager to the Trust have declared a cumulative distribution of ₹21.48 for FY21. The distribution comprises ₹7.31 per unit in the form of interest payment, ₹3.01 per unit in the form of dividend and the balance ₹11.16 per unit in the form of amortisation of SPV debt. For the full year FY21, we delivered Distributions totaling ₹18,364.09 million, which is on target with our full year Distribution guidance. In 4Q FY2021, we simplified the holding structure of Embassy Manyata, our largest asset. Collapsing of the legacy two-tier structure has enabled Embassy REIT to significantly increase tax-free component of its overall distributions and our 4Q FY2021 numbers reflect the enhanced post-tax returns to Unitholders. Besides, we initiated the simplification of holding structure of our newly acquired Embassy TechVillage assets and expect this to be completed by September 2021.

Borrowings
This table presents a breakdown of borrowings as at March 31, 2021 and the corresponding ratios:

Debt analysis (₹ in million)

as of March 31, 2021
Debt maturity schedule

(₹ in million)

Description	Rating	Fixed/ Floating	Total facility	Balance facility	Out-standing principal	Amor-tised cost	Interest rate (%)	Maturity date	Principal Repayment Schedule					
									FY22	FY23	FY24	FY25	FY26 & Beyond	Total
At REIT														
Embassy Office Parks REIT Series I NCD (Tranche I)	CRISIL AAA/ Stable	Fixed	30,000	-	30,000	35,504	9.40	Jun-22[1]	-	30,000	-	-	-	30,000
Embassy Office Parks REIT Series I NCD (Tranche II)	CRISIL AAA/ Stable	Fixed	6,500	-	6,500	7,276	9.05	Jun-22[1]	-	6,500	-	-	-	6,500
Embassy Office Parks REIT Series II NCD (Tranche A)	CRISIL AAA/ Stable	Fixed	7,500	-	7,500	7,382	7.25	Oct-23[2]	-	-	7,500	-	-	7,500
Embassy Office Parks REIT Series II NCD (Tranche B)	CRISIL AAA/ Stable	Fixed	7,500	-	7,500	7,438	6.70	Oct-23[2]	-	-	7,500	-	-	7,500
Embassy Office Parks REIT Series III NCD	CRISIL AAA/ Stable	Fixed	26,000	-	26,000	25,719	6.40	Feb-24[3]	-	-	26,000	-	-	26,000
At SPV														
Construction Finance (Embassy Manyata)	CRISIL AAA/ Stable	Floating	8,400	3,216	5,184	5,180	8.20	Sep-23	-	-	5,184	-	-	5,184
Construction Finance (Embassy Manyata)	CRISIL AAA/ Stable	Floating	6,000	4,215	1,785	1,726	8.15	Mar-24	-	-	1,785	-	-	1,785
Term Loan (Embassy TechVillage)	CARE AAA/ Stable	Floating	7,500	-	7,484	7,450	7.05	Oct-25	53	75	75	75	7,206	7,484
Term Loan (Embassy TechVillage)	CARE AAA/ Stable	Floating	7,500	250	7,235	7,199	7.15	Oct-25	51	73	73	73	6,966	7,235
Construction Finance (Embassy TechVillage)	CRISIL AA/ Stable	Floating	3,000	1,800	1,196	1,178	7.90	Feb-23	-	1,196	-	-	-	1,196
Term Loan (Embassy Oxygen)	CRISIL AA+/ Stable	Floating	2,000	1,900	100	94	7.30	Feb-23	-	100	-	-	-	100
Others[4]	-	-	NM*	-	77	77	NM*	Various	14	63	-	-	-	77
Total			**111,900**	**11,381**	**100,561**	**106,223**	**7.81**		**118**	**38,007**	**48,116**	**148**	**14,172**	**100,561**

* NM - Not material

Key leverage metrics

Our key leverage metrics are:

(₹ in million)

Particulars	FY 2021	FY 2020
Net debt to TEV (%)	25	15
Net debt to GAV (%)	22	14
Net debt to EBITDA	4.2x	2.7x
Interest coverage ratio		
- excluding capitalised interest	3.3x	5.1x
- including capitalised interest	3.0x	4.0x
Available debt headroom (₹ in billion)	126	114

We continue to maintain a strong liquidity position of ₹15.5 billion and a low leverage of 22% Net Debt to Gross Asset Value (GAV). Considering our AAA credit rating, additional proforma headroom of ₹126 billion and our ability to raise debt at competitive rates, we are in a strong position to pursue growth through on-campus development and accretive acquisitions, thereby enhancing overall return to our Unitholders.

Capital expenditures and capital investments

Historical capital expenditure

Capital expenditure comprises additions during the year to property, plant and equipment, capital-work-in progress, investment property and investment property under development.

During FY21 we have incurred capital expenditures of ₹7,671.91 million primarily towards construction of 3.7 msf of under construction blocks, which include M3 Block A at Embassy Manyata, Hudson and Ganges blocks at Embassy TechZone, Tower 1 at Embassy Oxygen, JPM Built to Suit (BTS) block at Embassy TechVillage. Capex spends towards various infrastructure and upgrade projects across our parks, including the flyover at Embassy Manyata and the Master Plan Upgrades at Embassy Manyata, Embassy Quadron and Embassy TechZone assets were also recorded.

Planned capital expenditure

This table presents the development status of our under construction blocks as at March 31, 2021.

Development status of under construction blocks

Development status	
Embassy TechVillage (JPM BTS – 1.1 msf) (Parcel 8 – 1.9 msf)	• **JP Morgan BTS** - Tower A – Top-out completed. Building, MEP and façade works in progress - Tower B – Structural works completed; MEP and façade works in progress - Targeting September 2021 completion • **Parcel 8** - Design finalised and excavation initiated - Targeting March 2024 completion
Embassy Manyata M3 Parcel (Block A – 1.0 msf)	• M3 Block A – 4th floor slab works completed; 5th floor structural steel work in progress • Targeting December 2022 completion
Embassy TechZone (Hudson – 0.5 msf) (Ganges – 0.4 msf)	• Hudson and Ganges Block – Design and sub-structure works completed; 5th floor slab work in progress • Targeting June 2022 completion
Embassy Oxygen (Tower 1 – ~0.7 msf)	• Design, excavation and sub-structure works completed; ground floor slab works in progress • Targeting Mar 2023 completion

Our balance costs to be spent for development projects in progress is presented here:

Development projects in progress

Asset	Projects	Development Area (msf)	Keys	Pre-committed/ Leased Area (%)	Occupier	Estimated Completion Date	Balance cost to be spent (₹ in million)
Base-Build Projects (completed)							
Embassy Manyata	NXT Blocks	0.8	NA	72	ANSR, Mitel, WeWork	Completed	302
Embassy Oxygen	Tower 2	0.6	NA	43	MetLife	Completed	182
Total (Completed)		**1.4**	**-**	**60**			**484**
Base-Build Projects (under construction)							
Embassy Manyata	Front Parcel - Hilton Hotels	NA	619	NA	NA	Jun-22	4,105
Embassy Manyata	M3 Block A	1.0	NA	-	-	Dec-22	2,084
Embassy TechVillage	Parcel 9 - JPM BTS	1.1	NA	100	JP Morgan	Sep-21	1,499
Embassy TechVillage	Block 8	1.9	NA	-	-	Mar-24	7,783
Embassy TechZone	Hudson Block	0.5	NA	-	-	Jun-22	1,226
Embassy TechZone	Ganges Block	0.4	NA	-	-	Jun-22	1,241
Embassy Oxygen	Tower 1	0.7	NA	-	-	Mar-23	2,276
Sub-total		**5.7**	**619**	**19**			**20,213**
Infrastructure and Upgrade Projects							
Embassy Manyata	Flyover	NA	NA	NA	NA	Jun-21	902
Embassy Manyata	Master Plan Upgrade	NA	NA	NA	NA	Sep-22	1,085
Embassy TechVillage	Master Plan Upgrade	NA	NA	NA	NA	Mar-24	1,543
Embassy TechZone	Master Plan Upgrade	NA	NA	NA	NA	Jun-21	414
Embassy Quadron	Master Plan Upgrade	NA	NA	NA	NA	Sep-21	218
Others	Various	NA	NA	NA	NA	Various	3,992
Sub-total		**NA**	**NA**	**NA**	**NA**		**8,153**
Total (Under Construction)		**5.7**	**619**				**28,850**

Off-balance sheet arrangements and contingent liabilities

We do not have any material off-balance sheet arrangements. The table below sets forth our contingent liabilities as of March 31, 2021:

Off-balance sheet arrangements and contingent liabilities (₹ in million)

Particulars	FY 2021	FY 2020
Claims not acknowledged as debt in respect of Income Tax matters	440.27	447.56
Claims not acknowledged as debt in respect of Indirect Tax matters	769.80	730.10
Claims not acknowledged as debt in respect of Property Tax matters	3,418.89	3,313.08

Internal financial control systems

Embassy REIT has a strong internal financial control system to manage its operations, financial reporting, and compliance requirements. The Manager has clearly defined roles and responsibilities for all managerial positions. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. All business parameters are regularly monitored, and effective steps are taken to control them.

Embassy REIT has appointed one of the Big4 firms to conduct internal audit of its activities. The internal audit plan is reviewed each year and is approved by the audit committee. The internal audit is focused on review of internal controls and operational risk in the business of Embassy REIT.

Embassy REIT takes a proactive approach to risk management, making it an integral part of our business – both strategically and operationally. Our objective is the optimisation of opportunities within the known and agreed risk appetite levels set by our Board. We take measured risks in a prudent manner for justifiable business reasons. Our ERM framework encompasses all our risks such as strategic, operational, and compliance risks. Appropriate risk indicators are used to identify these risks proactively. A robust internal control system and an effective, independent review and audit process underpin our ERM Framework. While management is responsible for the design and implementation of effective internal controls using a risk-based approach, external consultant reviews such design and implementation to provide reasonable assurance on the adequacy and effectiveness of the risk management and internal control systems.

The Audit Committee and the Board of Directors periodically reviews the adequacy and effectiveness of internal financial control systems and suggests improvements to further strengthen them. The internal financial control systems are adequate and operating effectively as at March 31, 2021. The effectiveness of the internal control over financial reporting for each of the SPVs as at March 31, 2021 has been attested by the respective statutory auditors of SPVs who expressed an unqualified opinion on the effectiveness of each SPV's internal control over financial reporting as of March 31, 2021.

Business performance and outlook

Our business performance was resilient, despite the major impact of the pandemic. Business highlights for the full year FY21 include:

- Our properties were fully operational throughout the pandemic, with over 90% occupiers operating from our parks
- Our rent collections were robust at over 99% and we achieved 13% rent increases on the entire 8.4 msf scheduled escalations
- Our total lease-up stood at 1.2 msf across 43 deals, of this half were new leases at 18% re-leasing spread, with the balance being renewals at 13% renewal spread
- Our 5.7 msf on-campus development programme continues at pace and we are on target for the first phase with the delivery of 1.1 msf JP Morgan campus later this year

- Our on-ground teams continued our asset management efforts, we successfully integrated ETV asset, undertook several upgrade projects and wellness initiatives during the last year

All our parks continued to remain open for business, despite localised restrictions on movement. However, the current second wave, with rising daily cases, has interrupted the ramp-up in employee numbers at our parks. Consequently, timelines for back-to-office ramp-up is likely to be deferred by one to two quarters. On the positive side, a mass-scale vaccination roll-out is currently underway in India and this will positively influence the rate of return to offices as is the case worldwide.

Our on-ground teams continue to support businesses through this second wave. Through our partnerships with leading hospitals as well as support of local civic authorities, we are facilitating vaccine roll-out at our park premises. This is in addition to our safety initiatives and our investments in touchless technology, advanced air filters, among other technological initiatives. Our recent association with WELL Institute is another illustration of our focus on providing world-class health and wellness-oriented solutions to our occupiers.

We conclude a challenging but successful year for Embassy REIT, in which we have delivered to our investors and corporate occupiers. We remain agile and flexible with our leasing efforts and we continue to gear up for our next growth cycle through the deployment of 5.7 msf of new development. We are utilising this period of pause in decision-making by occupiers to fortify our assets through investment in infrastructure and amenities and to be ready for the anticipated resurgence in demand. We will see acquisition opportunities emerge and we will continue to assess such opportunities in the market per our previously stated criteria.

In the mid-term, as we look beyond the pandemic, we are well placed to capitalise on the future opportunities given the continued growth in our occupier businesses, especially technology and global captives, and given that our portfolio comprises some of the highest quality properties in the Indian office market. It is very clear that our differentiated office portfolio will continue to attract quality occupiers, and that owners who have invested in amenities, services and technology will secure increased market share moving forward.

Outlook for FY22

The current second wave is likely to delay return-to-work and consequently defer leasing plans by occupiers in the short term. Considering this, we believe it is prudent to defer our annual guidance for FY22 till such time we have more clarity on trajectory of the second wave. However, we have provided below a few key building blocks of our business components, which may have a bearing on our FY22 NOI and distributions:

- We will benefit from the full year impact of the successful 8.4 msf lease escalations in FY21. Moreover, we have an additional 7.7 msf of upcoming contracted escalations across 89 leases during the course of FY22 with an average 14% rent increase. Similar to FY21, we believe we will be able to achieve most of these rent escalations as well as achieve continued current trend of collecting close to 100% of office rents;
- We are currently 88.9% occupied as of March 2021 with 3.6 msf existing vacancy. Of our 1.9 msf expiries in FY22, basis our conversations with occupiers, 0.5 msf are likely to renew and balance 1.4 msf are likely to exit at this stage. The in-place rents on these exits are significantly below market and provide over 50% mark-to-market opportunity. We expect new lease deals to see traction/ conclusion towards end of CY21 with an expected rebound in CY22
- We expect the full year impact of ETV acquisition to reflect in both NOI and NDCF for F22. We acquired ETV assets in the last week of December 2020 and these assets contributed to the NOI and NDCF accretion in 4Q FY2021
- We will determine the timing, coupon structure and contours of a potential refinance of our initial ₹36.5 billion listed debt based on then prevailing market conditions. This NCD is due for redemption in June 2022 with call options in November 2021 and January 2022 for early prepayment

The 2021 budget amendment enabling Foreign Portfolio Investment (FPI) participation in REIT debt as well as the recent IRDA announcement in mid-April permitting insurance companies to invest in REIT debt give us access to longer tenor and larger pools of debt capital and are expected to be positive for our debt refinancing plans. These developments are very positive for us as a falling interest cost scenario contributes incrementally to our distributable cashflows for the benefit of our Unitholders.

We remain focused on delivering our NOI and quarterly distributions, maintaining our balance sheet discipline and continuing to reduce our cost of debt. Even after one of the most challenging years for businesses worldwide, we are pleased to report that Embassy REIT, remains in great financial shape, with a robust balance sheet which provides a strong platform for organic and inorganic growth in the coming years. The management team remains focused on executing our plans to deliver results that are in the best interest of our Unitholders . We remain excited about the growth opportunities that lie ahead for our business.