Embassy REIT
Q2 FY2027 Earnings Call
October 29, 2026

CORPORATE PARTICIPANTS

Amit Shetty – Chief Executive Officer (CEO)

Abhishek Agrawal – Chief Financial Officer (CFO)

Sakshi Garg – Head of Investor Relations & Strategy

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, everyone. A very warm welcome to all for Embassy REIT's second quarter FY2027 Earnings Conference Call. Currently, all participants are in listen-only mode. Our speakers will address your questions during the question-and-answer session at the end. As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's conference – Ms. Sakshi Garg, Head of Investor Relations & Strategy for Embassy REIT. Mam, you may begin.

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Sakshi Garg

Head of Investor Relations & Strategy

Thank you. Welcome to the second quarter FY2027 Earnings call for Embassy REIT.

Embassy REIT released its financial results for the quarter and half year ended September 30, 2026, yesterday. As is our standard practice, we have placed our financial results, earnings presentation discussing our performance, and a supplemental financial and operating databook in the Investors section of our website at www.embassyofficeparks.com.

As always, we would like to inform you that management may make certain comments on this call that one could deem forward-looking statements. Please be advised that the REIT's actual results may differ from these statements. Embassy REIT does not guarantee these statements or results and is not obliged to update them at any time. Specifically, any financial guidance and proforma information that we will provide on this call are management estimates, based on certain assumptions and have not been subjected to any audit, review, or examination procedures. You are cautioned not to place undue reliance on such information and there can be no assurance that we will be able to achieve the same.

Joining me today are Amit Shetty, our CEO, and Abhishek Agrawal, our CFO. We will start off with brief remarks on our business and financial performance and then open the floor to questions.

Over to you, Amit.

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Amit Shetty

Chief Executive Officer (CEO)

Thank you, Sakshi.

Good morning and thank you all for joining us early today to discuss our quarterly results.

This was our 30th quarter as a listed REIT, and yet another strong, broad-based delivery. 4 highlights stand out:

- We pre-leased a 0.5 msf full building in Bangalore at a 15% premium to current market rents.
- We registered early signs of revival in our Pune portfolio, expanding the occupancy by 300 bps QoQ.
- We declared our highest-ever quarterly distributions of ₹670 crores or ₹7.07 per unit; and
- We delivered double-digit growth across our key metrices, growing our Revenue by 16%, NOI by 15% and NAV by 18% YoY.

Alongside this strong business performance, I am pleased to share that Embassy REIT is now part of the Nifty 500 and Nifty Midcap 150, along with several other NSE and BSE indices. This has brought in meaningful passive inflows and broadened our investor base well beyond our 1.5 lakh direct retail unitholders, as many more investors now own us indirectly through index funds and ETFs.

Coming back to our leasing performance this quarter.

- We leased 1.5 msf during Q2, with GCCs contributing to 85% of our total leasing.
- This 1.5 msf included 0.9 msf of new leases, 0.1 msf of renewals and 0.5 msf of pre-leasing. This pre-lease deal was a standout transaction as we leased an entire 0.5 msf block at Embassy TechVillage to a global engineering company at a 15% premium to the current market rents.
- One of the other encouraging trends this quarter has been the early green shoots emerging in our Pune portfolio, with metro connectivity as a key catalyst. We leased over 0.2 msf across our three assets in Pune, contributing around 25% of the new leasing during Q2. With this, our Pune occupancy grew by 300 bps QoQ.
- Turning to rent growth. We continued to lease above market rents. New leases during the quarter were signed at an average 9% premium to market rents. Also, our portfolio market rents have grown by 8% YoY to ₹106 psf. For Embassy Manyata and Embassy TechVillage in Bangalore, the blended market rents have reached ₹107 psf, but we are signing most of the deals in these assets at ₹115 - 130 psf now.
- Overall, as of Sep'26, we maintained our portfolio occupancy at 90%, with all our cities except Pune at 94% or above occupancy levels. With a healthy leasing pipeline, we remain on track to close the financial year with an occupancy of 92-93% by area.

A few other updates.

- We have received the occupancy certificate of 0.6 msf Block 1 at Embassy Splendid TechZone in Chennai and have handed over the fully pre-leased building for setting up the GCC of a leading US company. Our total development pipeline now stands at 5.6 msf across Bangalore and Chennai. Of the 2.3 msf deliveries scheduled over the next 2 years, 67% is already pre-leased, including expansion options.
- Next on our hotels. We remain on track to launch the 318-key 5-star Hilton hotel at Embassy TechVillage during the course of this year. The recently delivered Hilton Garden Inn hotel at the same complex turned operating cash break-even, and clocked ADRs of over ₹20,500 and an occupancy of 22% during the quarter. Overall, for our hotel portfolio, we recorded a 58% occupancy and ₹13.5k blended ADRs in Q2, resulting in a 22% revenue growth YoY.
- During this month, we have also concluded the acquisition of 8,048 sf of fully leased retail area at

FIFC, further consolidating the ownership in our flagship asset in BKC, Mumbai. We will continue to pursue such selective, value-accretive opportunities that further strengthen our portfolio.

Beyond our own performance, the macro tailwinds remain firmly in our favor.

India's top 7 cities recorded their highest-ever office absorption in the first nine months of the year, at 64 msf, up 10% YoY. With supply at 46 msf, pan-India vacancy fell 102 bps YoY. GCCs and flex players drove around 70% of this demand, undeterred by ongoing geopolitical uncertainties or AI-related narratives.

I would like to refer to a recent macro study published by Embark, named "India GCCs in the AI Era", which highlights a few structural trends that position our GCC-led portfolio well for the years ahead:

- India's GCC occupied area is expected to reach 390 msf by FY2031, growing at an 11% CAGR. BFSI and TMT sectors are expected to drive around 55% of this growth.
- What is interesting to note is that 80% of the headcount growth over the next 5 years is projected to come from brownfield expansion by existing GCCs and the rest from 120+ new GCC setups expected every year.
- The study shows that 92% of the GCC leaders are beyond selective AI adoption in India yet realized productivity gains stay below 15%. As AI mandates move from function-specific pilots to broader build outs, India stands to gain significantly with its AI-skilled talent projected to grow three-folds to around 0.8-0.9 mn by FY2031. So, AI productivity and GCC expansion will clearly coexist.

These trends play directly to our strengths. Our Bengaluru-anchored portfolio sits at the heart of India's AI talent ecosystem, making our campuses a natural choice for GCCs scaling their AI mandates.

I will now hand it over to Abhishek to present our financial updates.

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Abhishek Agrawal

Chief Financial Officer (CFO)

Thank you, Amit and good morning, everyone.

Let me take you through the key financial highlights for Q2.

- We delivered another quarter of strong double-digit YoY growth, with Revenue up 16% to ₹1,303 crores and NOI up 15% to ₹1,069 crores. This was driven by our continued leasing momentum, healthy rent growth and the addition of new office and hotel buildings to our operating portfolio.
- We declared our highest ever quarterly distributions of ₹670 crores or ₹7.07 per unit for the quarter, representing a 9% YoY growth. This increase was driven by an uptick in our NOI, which was partially offset by higher interest expenses.
- During Q2, we raised ₹2,050 crores of debt at 7.14% p.a. blended interest rate, which was 18 bps lower than our Q1 in-place debt cost. This included ₹1,000 crores raised through a 3-year floating-rate NCD, fully subscribed by a leading multinational bank at an initial coupon of 6.97%. This is the first financing by a scheduled commercial bank to an Indian REIT at the trust level under RBI's new framework, opening up an important new source of long-term capital for us and the wider REIT sector.
- With this, our net debt stood at ₹22,389 crores as of September end, implying a 30% leverage ratio at 7.33% in-place cost. In addition, around 57% of our debt is locked in at fixed rates. While the rate environment has turned firmer following the RBI's recent hike, our strong credit profile and access to diverse capital pools position us well to manage our borrowing costs.
- Next on our portfolio valuation. As per the independent valuer's assessment as of Sep'26, our portfolio GAV grew by 16% YoY to ₹73,990 crores and our NAV by 18% to ₹524.74 per unit. This impressive growth was mainly driven by an increase in our market rents and new building additions as well as cap rate compression in several of our high-performing properties.
- Also, I am happy to report that due to the recent amendment in the income tax laws, we have re-recognized MAT credits in our books amounting to ₹601.5 crores, which we believe can be utilized over the next few years. Also, as many of our SPVs will now move to a lower tax rate or will stop paying MAT, we expect to save cash taxes to the tune of around ₹120-130 crores per year going forward.

Lastly, an update on our FY2027 guidance.

Based on our H1 performance, we remain on track to achieve our annual guidance. We continue to expect our NOI to be in the range of ₹4,150 to ₹4,350 crores and DPU to be in the range of ₹27.00 to ₹28.60 per unit. At mid-point, this guidance implies a 13% growth in NOI and a 10% growth in DPU, on a YoY basis.

We remain committed to delivering on our growth targets for this year and growing our DPU in the years ahead, while optimizing our balance sheet and maintaining strong cash flows.

With this, let's now move to Q&A please.

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QUESTION & ANSWERS SESSION

(Note: The Q&A has been edited for clarity)

Puneet: Congratulations on your great performance. My first question is on your guidance for 92%-93% occupancy by area by the end of year. Does that include Pune as well or are you excluding Pune?

Second on the newly delivered 0.6 msf block at Embassy Splendid TechZone in Chennai, when does the cash rent start?

And thirdly, on your guidance, are you factoring in any potential increase in interest rates or does it factor current prevailing interest rates?

Amit Shetty: Okay. So let me begin with the first question. The 92%-93% occupancy guidance includes the Pune portfolio as well. And the rent for the newly delivered 0.6 msf block at Embassy Splendid TechZone starts sometime next year.

Abhishek Agrawal: On the third question, on the guidance for interest cost. Assuming if there is one or two interest rate hikes of 25 basis points each, we think we will still be in the range, which we had provided earlier, which is that this year's interest cost will be around 11% to 13% higher than previous year. So, I think we will comfortably be within the range. And the reason for this is, if you look at the upcoming debt maturity in FY2027 from here on, we have only around ₹4,000 crores of refinance that is coming up. Of that, ₹1,100 crores is already refinanced as per my prepared remarks. And for the balance ₹2,800 crores, we have already tied in almost around ₹1,450 crores. We are in active discussions and almost closing it at a very attractive rate because this is a deal we were discussing even prior to the quarter close. So, we expect that ₹1,450 crores will be in our hands within a week, and we will be able to utilize it for refinance. The balance is at the fag end of this year, which is March '27. So even if there is a repo hike, the impact will not be much. So that is the reason we think that we will still be in the guided range.

Puneet: Okay. And for your next year also, there is some debt coming for maturity. Is that a fixed cost debt or is it floating cost debt?

Abhishek Agrawal: So total debt that is maturing next year is around ₹4,200 crores. Most of that is fixed cost, with an average interest rate of around 7.5%.

Moderator: The next question comes from the line of Girish Choudhary with Avendus Spark.

Girish Choudhary: Just wanted to start with a broader demand environment. Obviously, we have seen leasing has been pretty strong for Embassy REIT and in general, the Grade A office market and GCCs have driven a big part of that. But when you look at the conversations you are having with some of these global companies, are you seeing that largely existing GCCs are expanding operations or are you also seeing a meaningful pickup in new GCCs entering India? And just a follow-up to that. Again, as per your discussions, on the AI and productivity, are these companies beginning to rethink their space requirements?

Amit Shetty: Firstly, from a demand perspective in the market, we are seeing strong demand drivers, like you rightly mentioned, largely from the GCCs as well as from the flex

operators in the market. This quarter has been a record quarter from an overall country perspective with gross absorption of about 21 msf. In the first 9 months, we saw about 66 msf of gross leasing absorption across the country. And we believe that there is about 20 msf odd RFPs in the market, with about 85% of it actually towards Bangalore. The demand is strong across the country as well. We have got a very strong pipeline of about 1.4 msf across the country, and we are very confident about the demand we are seeing.

Coming to the next question on AI productivity and therefore, how it's impacting our business. Our conversations have been very clear. We are seeing a lot of the existing GCCs take up space. In the last quarter, we spoke about a Fortune 500 retail major as well, which took up space with us. And similarly, multiple of our existing clients are actually talking to us for growth. And similarly, we are seeing a lot of new incoming mid-market GCCs that are taking positions within our ecosystem. So overall, we feel very confident about the market at large. In terms of AI productivity, very early days, but what we have seen, and this is something which is echoed in the report that we referred to just a while ago as well. A lot of leaders are still saying that the AI productivity gains are less than 15% and obviously the cost of implementation of AI is very steep as well. So, it is a wait-and-watch game, but at least in the short term, we don't see that productivity gains leading to job losses.

Girish Choudhary: My next question is on the interest rates and on the NAV. We have seen a meaningful increase in NAV in the last 1 to 2 years supported both by the market rentals and then also the interest rate. But how do you see the NAV going ahead in a rising interest rate environment? Do you see pressure on cap rates and property valuations?

Abhishek Agrawal: So, Girish, a couple of things. Yes, I agree, interest rates are going up. But what we are seeing in the market is that the cap rates are still not widening. So the impact will start coming in once the cap rates see some widening, which we are not seeing as of now. We will have to wait and see how the markets react to this interest rate cycle, whether this is a sustained cycle. Because even the valuers do not take cognizance of any increase of interest rates for the first 1 or 2 quarters. Similar to what they had done when the interest rates went down for 3, 4 quarters, they waited and then they saw that this is a sustained decline and then they took that call. Similarly, now when the interest rates are going up, they will see what is happening on a sustained basis. If the cycle sustains, let's say, for a couple of half years and the market sees that the cap rates are broadening, that is when the valuer will take an impact on that.

Girish Choudhary: From hereon, how do you see the headroom on NAV purely led by the rental growth?

Abhishek Agrawal: There are a couple of things. One is the disclosed MTM. We have disclosed that we have an MTM of around 10% in our portfolio. But the actual leasing that we are doing is at far more than this 10%. So, we will have to wait and see how the market rents grow, which we are already seeing that there are green shoots that market rents are still growing. So, if that happens, then in the next valuation, we will take impact of that. Also, the leasing is happening. So, we are now at 90% occupancy. Amit said in his prepared remarks that we are gunning for 92% to 93% by the financial year end. So, all those also will be taken into account. So, we think that there is still quite some headroom which is left for the NAV to grow.

Moderator: The next question comes from the line of Kunal from Bank of America.

Kunal Tayal: A couple of questions from me. The 0.5 msf pre-leasing deal to a GCC sounds very interesting and a good one. So, any additional colour you could give as to is this just one more typical case of what you have been describing as brownfield expansion or is there something different about it as in company wanting to shift an entirely new process to India?

And then the second question is on the survey you were referring, if you could just give a little bit more color around it as to who were the participants? Just very keen to know as to who the feedback is coming from.

Amit Shetty: On the first question, the 0.5 msf pre-leasing deal, it happens to be for an existing tenant of ours in our ecosystem who is actually expanding by keeping the existing footprint within our portfolio. So, this was an RFP that was out in the market that we won. And interestingly, like I said, that it is at 15% premium to the current market rents and probably one of the highest ever rentals in that micro market that we have achieved.

Sakshi Garg: So, this survey, Kunal, was done with about 100 GCCs in India. And also there have been around 80 conversations, which were done by Embark with GCC leaders, which are either already in India or looking towards setting up offices in India. And it is very widespread actually if you look at it from a geography perspective, how they covered the regions or how they have covered different designations, almost 50% to 60% were CXOs or GCC India heads, who were interviewed. There is a lot of detail in the report as well, we can also send that around.

Kunal: Of course, Yes. It is a pretty interesting outcome, so I was just curious.

Moderator: The next question comes from the line of Mohit Agrawal with IIFL Capital.

Mohit Agrawal: Congratulations on a good quarter. Two questions. Firstly, on the Pune demand, you have seen green shoots on that. Where is the demand, and the mix of demand based on your discussions? Is it similar to what you are seeing in your Bangalore markets? Is GCCs and Flex driving this demand? Or is it different kind of tenants that are talking to you? So, some color on that.

Secondly, on the previous question around rent growth, where do you see broadly we are in terms of the cycle on the rental growth? And is there like a big difference in, let's say, how a Mumbai market probably has seen a sharp rental growth. So we see like from a rental growth perspective, different markets being in different stages or you see that generally we have a fair bit of running for rental growth increases going forward as well?

Amit Shetty: Okay. Let me take the first question on the Pune demand. Interestingly, the demand in our Pune portfolio is coming from mostly GCCs, which is surprising especially given the fact that it is Hinjewadi market. But if you see Pune as a whole, flex players, GCCs, as well as domestics have been contributing to the demand.

But in Hinjewadi, we are seeing more traction from the GCC operators. And interestingly, we have done 2 deals, both of significant sizes, overall about 200k sf at Embassy Quadron and at Embassy TechZone. So that gives us a lot of confidence because with the metro that is being scheduled to be inaugurated by the Prime Minister and finally announced in the media, we see a lot more traction and a lot more enquiries coming our way.

On the rental growth runway, across the country, we are seeing the rental rates firming up anywhere between 5% to 10%. But key micro-markets where the activity is, we are seeing rental growth of about 10%. Like you rightly said, two markets have been outliers, one of which is Mumbai. We have also been reporting quarter-on-quarter that the premium to the market as well as the in-place market rents growth in Mumbai has been very healthy. And the other market that has been an outlier is Hyderabad, just from one micro-market, which is HITEC City, where we have seen the rentals almost double in the last 2 years. So apart from that, Bangalore is seeing very healthy rent growth, and the Outer Ring Road (ORR) and Whitefield micro-markets have seen similar trends to HITEC City in Hyderabad.

Mohit Agrawal: And just one clarification from Abhishek on the leverage levels. For the last 4 to 5 quarters, we are seeing the LTV coming down from a peak of 33% to 30%. Obviously, this is driven by a healthy NAV growth. But how do you see this trending, let's say, over the next 4 quarters? Some colour on that?

And lastly, you mentioned ₹120 crores- ₹130 crores of cash tax savings, do you still maintain the 5% to 6% tax rate on revenue? Or will that meaningfully come down?

Abhishek Agrawal: On the cash taxes first. So earlier, I had said that cash taxes will be around 6% (of revenue), but now we think that it will be closer to 5% (of revenue).

On leverage levels, we are around 30% now. I think for the next couple of quarters, it will hover around 30% only because of all the capex spends on the 5.6 msf that we are developing. Post this, I think it will start coming down to around 28%, 29% levels.

Mohit Agrawal: Okay. So, 28-29% leverage level by end of FY2028?

Abhishek Agrawal: Somewhere around in FY2029. Because, we want to maintain leverage levels below 30%. We think that 28%- 29% is a healthy level of debt mix.

Moderator: The next question comes from the line of Pritesh Sheth with Axis Capital.

Pritesh Sheth: First is on Embassy Manyata's occupancy outlook. So, I think we have seen the bulk of the exits in the first 2 quarters and have been consistently leasing around 5 lakh square feet in last 2 quarters, can we maintain same run rate going ahead in the second half which would mean that occupancy should climb to like 95%-plus kind of levels? Is the visibility suggesting that kind of increase there?

With regards to the recent job cut announcements from some of the larger corporations. So, what is your reading on that? Because they are also talking about some of those job cuts in India as well. If you have had conversations, what kind of processes are we seeing these job cuts? And how do you read that?

Amit Shetty: Firstly, on Embassy Manyata, we will continue to see this run rate simply because in Embassy Manyata, we are now moving to a rate strategy given the occupancy levels that we are at and the rate that we are actually able to get. So, some of the expiries that you see are front-loaded simply because we are moving on to a rate strategy there. Also, in terms of pipeline, I think we have got a very interesting pipeline there, with a healthy mix of existing occupiers wanting to take up positions and also a lot of new demand that is actually coming our way. So for once, I can say it is a problem of plenty for us in Embassy Manyata.

On the job cuts. Look, we have always maintained that it is a city of two tales. Basically, there is one side where there has been a little bit of churn, especially in the ITES sector, and now we are seeing this with corporations like you mentioned right now. But on the other hand, there are a lot of new entrants that are actually coming into the market. And the existing GCC world is also increasing their footprint by bringing more functions into the country. And therefore, we are seeing that one side there is churn and on the other side there is growth as well. But the overall construct is that the pie has become larger, and therefore, the volumes have increased. Just purely on data, if you see 66 msf of absorption in the first 9 months is a record year compared to any time across the commercial real estate era in the country. We continue to see this in the form of RFPs that are there in the market and the market activity. So, with that, we are very confident about the demand and the office story in the country.

Moderator: The next question comes from the line of Abhinav Sinha with Jefferies Group.

Abhinav Sinha: Abhishek, can you please help with the sensitivity of interest cost to 100 basis points rise on a full year basis?

Abhishek Agrawal: So, the sensitivity that we have prepared is in 2 parts. One is on the floating rate debt and other on the fixed rate debt. So, if there is an increase of 25 bps in interest cost for the floating rate, the cost for the year increases by around ₹20 crores. For the fixed debt, what will happen for at least, let's say, this year is that we have ₹4,000 crores to be refinanced, so you can proportionate it to that, which comes to around ₹8 crores per annum, but then the time proportionate has to be done for every 25 bps.

Abhinav Sinha: Yes. So basically ₹4,000 crores and you said next year also you have about ₹4,200 crores, which is at fixed rate, which is retiring. So similarly, we can assume that this ₹4,200 crores plus ₹4,000 crores or ₹8,200 crores should possibly see a 25-bps increase, more or less.

Abhishek Agrawal: No, I am saying that if there is a 25 bps increase in interest cost for ₹4,200 crores, then per annum increase in cost is, let's say, ₹8 crores.

Abhinav Sinha: Okay. Per annum cost is ₹8 crores. Got it. And on that, see, so have you seen bond market, reacting more to the rate sensitivities than what is being done by the RBI or that's not really the case?

Abhishek Agrawal: So, 2 things. One is that the interest cost actually rose even before the RBI increased the rate. For the bond market also, we are seeing that the interest rate actually has risen even more than what the interest rate actually increased in anticipation of a further increase. So, we are seeing already that kind of interest rate hike in the country. The whole market is disrupted as of now. So, the actual rate where we will land, we can maybe comment on when we go closer to that. But for now, we are seeing that there is an anticipation that there will be another one or two interest rate hikes and hence, the bond market, loan from banks, all have increased even higher.

Abhinav Sinha: That is very helpful. Just another question. So, Amit, we have seen, I think, one of the occupiers in Embassy Manyata now, which was a GCC occupier, being acquired by an Indian IT firm. So, there are some GCC takeouts which are happening. What really happens here over the next 2-3 years? Will it be that these guys move out because the takeover is by an ITES company? Or what is your experience?

Amit Shetty: See, honestly, our contracts are long-term contracts with lock-ins in place. And if I read your question right, I think you are talking about GCC facilitator or a GCC incubator operator there. And therefore, these guys have incubated or put in place companies which want their micro culture and therefore, their own identity and their own signages, and their own offices. And therefore, I don't think that they will be able to disrupt simply because of a lot of work that goes behind this on location analysis and employee retention and how they want to build this thing. So, in my experience, it just doesn't matter for us. And given the demand as well across Bangalore and especially in Embassy Manyata, we are really not worried about it.

Abhinav Sinha: Okay. So actually, my question was more of this GCC being bought over by an Indian IT company.

Amit Shetty: That one. Okay. See, at least in our ecosystem, these are high-value engineering and R&D companies that are set up in Embassy Manyata and the Indian companies are buying over those ecosystems because the trend if you see was earlier that these guys were established within Indian IT companies and then they chose to come out of it simply because of the reasons that I said, like culture, more productivity, higher value in the value chain of the job itself being executed and therefore, direct control on hiring and global roles actually moving into these ecosystems. Having said that, we don't believe that those kinds of organizations and those roles will go. If an Indian company is able to buy, this will be in the lower value chain of the job being processed. And therefore, we don't see risk at least in the immediate or in the near future.

Moderator: The next question comes from the line of Parvez Qazi with Nuvama Group.

Parvez Qazi: Congrats for a great set of numbers. Two questions from my side. Looking at Four Seasons, was the DPU negative this quarter and what would be the reason behind it? And second, after all the recent tax changes, in future, what would be a reasonable cash tax rate for us?

Abhishek Agrawal: Parvez, I will take the second question first. So, as I was mentioning for the previous question, you can expect around, 5% of revenue as the cash tax going forward for the next 1 or 2 years.

On the first question, Four Seasons EBITDA is down because of a one-time fee that we had paid during this quarter. And if you remove that, then it is still in line with the previous half year.

Parvez Qazi: So is this with regards to the management contract there, you have some fees there? Will that be correct?

Abhishek Agrawal: Parvez, you can actually read our financials, it is clearly listed out there.

Sakshi Garg: Parvez, also, some of these contracts are bilateral so we would not be able to give more details on the call about this.

Moderator: The next question comes from the line of Vinay Agrawal with Kotak Alternate Asset Managers.

Vinay Agrawal: So, my question is how much is the physical occupancy at the portfolio level? Is the absolute number of employees more than the number of seats?

Amit Shetty: The occupancy by area is 90% as we have reported. And in terms of seats, my typical sense is that the number of employees is more than the physical seats because of productivity gains of seats that most of these organization use.

Moderator: The next question comes from the line of Puneet with HSBC Bank.

Puneet Gulati: Can you also talk about what are you seeing at Embassy Business Hub, that seems to be filling up a tad slower?

Amit Shetty: Puneet, we have pre-leased about 200k sf in Embassy Business Hub. There are 2 fundamentals to this. There is a metro that is getting developed right opposite Embassy Business Hub. So, we believe that we want to be aggressive, probably in the next financial year, simply because from a rate perspective, we believe that we will get significant upside once the metro is up and ready. The stations are currently getting built. So, I think in the next 6 months, we should have a significant amount of work completed and therefore, more occupier confidence in that metro being up, and therefore, we will get better rates. We are very confident about that location because we already have an anchor in the form of Philips who has taken about 0.5 msf and we have also pre-leased around 0.2 msf, the balance is about 1 msf to lease, and we don't see that being too much of a problem given the demand that is there in Bangalore.

Puneet Gulati: Understood. And what are the rentals you are experiencing there for your last transaction?

Amit Shetty: Puneet, it is too early to say. But the rentals that are getting traded there is in the zip code of about ₹75 psf to about ₹90 psf.

Puneet Gulati: Understood. And lastly, in your financials, the other operational expenses seem to have gone up a bit from ₹22.5 crores first quarter to almost ₹50.3 crores. What is driving this number?

Abhishek Agrawal: Puneet, this is the same thing which we were talking about in the previous question, it is the one-time fees that we have provided for.

Puneet: Okay. Yes, that is the fee. Okay. Understood. And the maintenance and other operating income trend also has gone up a bit, should we attribute that to the hotel?

Abhishek Agrawal: So, maintenance fees is the CAM fees which has increased. Largely the CAM fees has increased because of the increase in costs. So, everything gets passed on to the tenants with a margin.

Moderator: Next question comes from the line of Sumit Kumar with JM Financial.

Sumit Kumar: The area has increased by 10% on a Y-o-Y basis while the growth in revenues is about 15%. So, with the new hotel and growth in the hotel business as well as mark-to-market and rental escalations that are usual in leasing business, the growth should have been higher. So, if you could give some granularity on what happened?

Amit Shetty: Okay. So basically, what happens is that when there are exits in the portfolio, there are two components to it. One, you have a rent-free component and then the cash starts kicking in after the rent-free period is exhausted. And therefore, you are going to see some of these things that will happen because of the high front load of exits that we had.

Sumit Kumar: Okay. So, this should normalize and second half should be better. Is that the reading, correct?

Amit Shetty Yes. It should be better.

Sumit Kumar: Thanks. That's all from my side.

Management: Thank you.