



Embassy REIT
Q4 FY2025 Earnings Call
April 29, 2025

CORPORATE PARTICIPANTS

Ritwik Bhattacharjee – Interim Chief Executive Officer (CEO)

Abhishek Agrawal – Chief Financial Officer (CFO)

Amit Shetty – Chief Operating Officer (COO)

Amit Kharche – Head – Corporate Finance

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MANAGEMENT DISCUSSION SECTION

Operator: Good evening, everyone. A very warm welcome to all for Embassy REIT’s fourth quarter and full year FY2025 Earnings Conference Call. Currently, all participants are in a 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 – Mr. Amit Kharche, Head of Corporate Finance for Embassy REIT. Sir, you may begin.

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Amit Kharche

Head – Corporate Finance

Thank you. Welcome to the fourth quarter and full year FY2025 Earnings call for Embassy REIT.

Embassy REIT released its financial results for the quarter and full year ended March 31, 2025, a short while back. As is our standard practice, we have placed our financial statements, 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 Ritwik Bhattacharjee, our CEO, Abhishek Agrawal, our CFO and Amit Shetty, our COO. We will start off with brief remarks on our business and financial performance and then open the floor to questions.

Over to you, Ritwik.

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Ritwik Bhattacharjee

Chief Executive Officer (CEO)

Thank you, Amit.

Good evening, everyone and thank you for joining us on the call today.

It's been another banner year for Embassy REIT, culminating in the celebration of six years since our listing on April 1, 2019. Starting with the highlights for the year:

- We grew FY 2025 distributions by 8% to ₹2,181 crores and with the continued momentum in leasing and upcoming deliveries, we are projecting double-digit growth in distributions for FY 2026.
- With 1.6 msf of deals signed during Q4, we leased a total of 6.6 msf during the year exceeding our original leasing guidance of 5.4 msf by 22%. This 6.6 msf included 4.0 msf of new leases, 1.6 msf of renewals and ~1.0 msf of pre-commitments.
- We leased over 60% of this area to GCCs, primarily from Technology, BFSI, Engineering and Manufacturing sectors. With 11 new GCC entrants this year, we now have 97 GCCs in our occupier roster of 272 corporates.
- Our portfolio occupancy stands at 87% by area and 91% by value. Eight out of our nine properties in Bangalore, Mumbai and Chennai have crossed 90% occupancy levels. At the end of FY 2026, we expect occupancy by area to be 90%-91% and excluding Quadron (which continues to be soft), occupancy by area is expected to be 93%-94%.

Developments:

- We recently received the occupancy certificate for three towers totaling 1.4 msf in Block 8 at Embassy TechVillage. With this, we have delivered a total of 2.5 msf in Bangalore during the year.
- Our development pipeline now totals 6.1 msf. Of this, 3.2 msf is scheduled for delivery during FY2026 and is already 68% pre-leased, including expansion options. The 6.1 msf development will cost us around ₹3,130 crores and result in an incremental stabilized NOI of ₹627 crores, which implies around 18% yield on cost.

Other updates

- Hospitality continues to perform solidly, with EBITDA up 25% year on year, overall occupancy up by 700 bps to 63% and RevPar up 26%.
- In addition to our organic growth plans, we are also evaluating sponsor and third-party acquisition opportunities to enhance our portfolio. These potential transactions are subject to market and pricing conditions.

Lastly, there is a lot of angst regarding the impact of tariffs on the global economy and the overall ramifications on growth. While we are always cautious, we don't think the tariffs framework will have a long-term impact on the structural demand for Indian office space. So our thesis on GCCs continuing to drive demand remains intact. Our conversations with our occupiers and industry experts corroborate our view.

In the meantime, we are focused on executing our business, optimizing our cost of capital and ensuring we hit our targets for the coming year.

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, Ritwik and good evening, everyone.

- I am happy to report that we have met our NOI and DPU guidance for the financial year with DPU being closer to the higher end of the guidance.
- We recorded our highest-ever annual Revenue from Operations totaling ₹4,039 crores and NOI of ₹3,283 crores, both up 10% YoY. This increase was driven by robust leasing, contracted rent escalations, delivery of new buildings and assets acquired during the year.
- Also, our hospitality business outperformed substantially where we grew the NOI by 25% YoY. This was driven by an occupancy uptick of around 700 bps to 63% supported by ADR growth of 12% YoY.
- We declared distributions of ₹538 crores or ₹5.68 per unit for the quarter. This takes our total FY2025 distributions to ₹23.01 per unit, marking a remarkable 8% growth YoY, which is 1.1% higher than our mid-point DPU guidance. This DPU growth was driven by the 10% uptick in our NOI as well as positive working capital changes, which was partially offset by an increase in our interest costs during the year.

Moving to updates on our balance sheet

- During the quarter, we successfully raised ₹425 crores of commercial paper at 7.75%.
- Further, we successfully refinanced around ₹6,300 crores of debt at an average rate of 7.98%.
- Our net debt book now totals around ₹19,650 crores, implying a 32% leverage ratio and a 7.90% average in-place interest rate. 49% of our total debt book is at floating rates and an additional 29% is due for maturity in the next 12 months, which positions us well to take advantage of any rate cuts in the future.
- Next on our portfolio valuation. We achieved a 10% YoY increase in our portfolio Gross Asset Value, independently assessed by our valuers at around ₹61,200 crores as of 31 March 2025. Our NAV also increased by 5% YoY to ₹423.22 per unit, primarily driven by strong leasing momentum, growth in market rents, and the new buildings delivered in our portfolio.

Lastly, our outlook for FY2026

We expect our NOI to be in the range of ₹3,589 to ₹3,811 crores and our distributions to be in the range of ₹24.50 to ₹26.00 per unit. At mid-point, this guidance implies a NOI growth of 13% and a DPU growth of 10%, on a YoY basis. Our outlook is based on the following key assumptions for the full year:

- We expect our Mar'26 portfolio occupancy to be in the range of 90%-91% by area, which is 93%-94% ex-Quadron.
- We expect our hotel NOI to increase by around 9% YoY on the back of occupancy and ADR growth and expect an improved contribution from our solar portfolio.
- Finally, we expect a 10-12% YoY increase in our interest costs, assuming no further changes in the interest rate during the year. The expected increase is mainly due to the impact of new buildings delivered during FY2025 as well as the planned deliveries for the next year.

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 Gulati: Thank you so much, and congratulations on good progress on the DPU growth and leasing. My first question is, if you can give some sense of how are tenants talking about potential impact of tariffs etc, in terms of their growth plans? And how do you think is it likely to impact leasing? You alluded to it a bit, Ritwik, but a bit more color would be very helpful.

Ritwik B: Okay. What's your second question, Puneet? Thanks for the compliment for us.

Puneet Gulati: Second question is, if you could give more color on what you are seeing for FY2026 in terms of taxes, changes in working capital and the dividend from Embassy GolfLinks. All these have been quite variable over the past few quarters and potentially impacts dividends. And you're also talking about a lower DPU growth versus NOI growth in terms of your guidance for FY2026.

Ritwik B: Okay. Why don't I take the first question and maybe Amit Shetty can chime in here quickly as well, because he has feet on the ground, and then Abhishek can help with the second one.

Look, the bottom line, from a tariff perspective is that it is really very early to call. Number one, the administration tends to obviously be a pretty pragmatic deal-making one. I think you look at the initial level of tariffs that have been put out there, just globally, I think with the exception of what's happening in China, everything is up. And even with China, actually, there is a lot of deal-making potential.

Now how this actually translates into what it means for India, and India's tariff regime? It's pretty clear that everything is open for negotiation, but nothing on the services side seems to be impacted as yet. And quite frankly, I don't think that in our conversations with tenants, we are seeing the impact of tariffs as yet or if at all, simply because of a couple of things.

Number one is that the work that is being done here is actually now critical work that cannot be shifted out into America for whatever America is proposing. If you look at the talent base here, and the work that they are doing across technology. One of our largest tenants is a global bank, one of the world's largest banks, they are doing everything across every single part of their ecosystem. This is a bank that invests \$15 billion to \$20 billion a year in technology, and they write about it prolifically too, whether it is AI, whether it is every single sub-stack across their business architecture. So that is not going to suddenly fundamentally go away, particularly against large GCCs who continue to look at the country very favourably. We are just not having those kinds of conversations.

Could the market potentially change where there might be a slight pause in decision-making? For sure. But at the same time, the stands under which this entire tariff regime globally could also change. They seem to be pulling back a lot. But none of that net-net seems to be translating into any major impact for us right now on the ground, which is why I think we feel comfortable keeping the projection thesis, just the macro tailwinds surrounding India's GCC and commercial leasing story seem very much intact.

And we are seeing this across sectors and across the pipeline that we are building. We are seeing this in the RFPs in the market. So no, I don't think that tariffs really have that much of an impact for now.

Amit, I don't know if you want to add, based on what you are seeing in the market.

Amit Shetty: Absolutely Ritwik. All the conversations with all our CXOs is just of one nature. They don't see any impact right now from the tariffs. And having said that, I would just like to add one point, that the fact of the matter is that there is that much talent only in the U.S. India happens to be the second largest market for artificial intelligence, in terms of talent.

And given that the US is not opening the visas, obviously, the jobs have to move out here. And even if the visas are opened out, the cost at which we are doing the same job is pretty much one-third the cost of doing the same jobs in the U.S. market. So having said this, these dynamics won't change. And because of that, we are seeing an increase in demand.

Just on the GCC numbers, we have about 1,700 GCCs, which is forecasted to be about 2,200 GCCs by 2030. So, there is an uptick in demand. And also, just to add, the CBRE report that mentioned that we just closed the year at 74 msf absorption across the country, which is now going to go to about 80 msf and the year thereafter, to 82 msf.

Puneet Gulati: Yes. So just closing here, so none of the RFPs have been retracted, and none of the tenants are saying growth plans are likely to be curtailed?

Amit Shetty: Absolutely not, Puneet, absolutely not. Just on the RFP perspective, I just have to give you some statistics quickly - 18 msf worth of RFPs is in the market. And the fact of the matter is that we are just sitting in May, so we are going to see a lot more action that is going to come into the market as we grow across. And significantly, about 12 msf of the 18 msf is in Bangalore, which is where 75% of our asset is sitting.

Ritwik B: Yes. So, one last point, Puneet, I think we have been doing this for six years now as a public company. And we have seen periods of serious episodic demand waning. This does not look like one of those areas right now for us, because I think we have seen that before.

So, Abhishek, you want to go.

Puneet Gulati: Very helpful.

Abhishek Agrawal: So, Puneet, on the four items that you asked about FY2026. So, the way we model, and we would request you to look at it is on a full year basis. And the way we have modelled is, let's say, on the tax, cash tax will remain in the range of 4% to 5% of revenue.

On the working capital, as we had said earlier, in the next couple of years at least, as we increase the leasing and the occupancy, it will be positive on a full year basis. Quarter-on-quarter, it may move, as you rightly said, because of a lot of factors like payment of property tax in a particular quarter or payment to some vendors. So that may be up or down. But on a year-on-year basis, it will be positive. You can say if our occupancy goes from 87% to 90% - 91%, which

we are guiding to, whatever is the net occupancy, can be calculated because the major factor for working capital is the security deposit receipt.

The third point on GLSP, there are three things to be considered, dividend, interest payment and the loan repayment. All three taken together for the last year was around INR 270 crores. We think that it will be in the similar range of INR 270 crores for the year. It may be different quarter to quarter, based on the cash availability, because it depends on GLSP's cash availability on the working capital. But we expect it to be in the similar range as last year.

The last item that you asked is why, again, DPU growth is at midpoint lower than the NOI growth at midpoint. The two major reasons are, one is the increase in the interest cost, because of all the deliveries during the current year, which is FY2025 and deliveries of 3.2 msf during next year.

But the cash revenue starts with a lag, and hence, as I said in my prepared remarks that interest costs will still be 11% to 12% higher than current year. And the second reason is as we lease up, there will be some noncash NOI, which will start coming in as we increase the leasing for the next one to two years, this noncash NOI, is one of the reasons for decrease in this rate also.

Puneet Gulati: Understood. And lastly, you've talked about fixed cost debt, which used to be 49% earlier, has gone up to 51%. So, are you thinking that 7.75% new commercial paper rate is the best rate you can get in the next foreseeable six months in the market?

Abhishek Agrawal: So, Puneet, the market is very volatile. There have been two rate cuts, because of which the interest rates are going down, but our interest costs will not go down at the same pace at which the repo rate went down. There will be some lag.

What I can tell you is like very recently, we have raised a Commercial Paper for north of INR 650 crores, at 7.1%. So, this is an indicator that the interest rate can quickly go down. But I would refrain from taking this as a guidance for the full refinance that we will do, because the interest rates are a bit volatile and there is a lag in the rate cut being reflected in the MCLR.

Puneet Gulati: And you have not factored in any interest rate cuts in your guidance?

Abhishek Agrawal: So, we have factored the two interest rate cuts, which has already happened. No other rate cuts from here on is factored in our guidance.

Puneet Gulati: That's helpful. And lastly, if you can talk about the NAV growth as well. So, NAV grew only 5%. I would presume 5% it should have grown normally itself, right, just by contractual escalation. Why is the benefit of maybe lower interest costs and higher occupancy not getting factored in?

Abhishek Agrawal: So, Puneet, very good question, but I will try to answer it this way. One, even though the interest rates are moving down slightly, it doesn't generally impact the cap rate or the WACC rate so easily, because in India, the cap rates move in a very, very tight spread. And there is no change in the cap rates that the valuers have taken.

Secondly, the GAV has increased, one major reason for this is that we have spent a lot of money on the capitalization. The loans have also increased. And

hence, the NAV has increased by 5% only. The NAV will start moving up as we start delivering these assets. So maybe in the next couple of years, you will see these moving, but it's also a factor of where the WACC rate is or where the cap rate is.

Puneet Gulati: But increased occupancy has not been captured fully?

Abhishek Agrawal: Yes. Also, see, increased occupancy or the rate at which we will increase the occupancy, or we will be able to lease has been factored in the future cash flow. But you have to also factor two things. One is that there was a reduction in the GAV of Embassy Quadron, because of which you can see some impairment that we have been taken in the current financial.

Secondly, there was a decrease in the tariff for solar units, last year and in the current year, because of which we have taken a reduction in the GAV of the Solar Park. Though it is a very small percentage as compared to the total, there is a reduction.

Puneet Gulati: Okay. That's helpful. Thank you so much.

Moderator: Next question is from the line of Mohit Agrawal from IIFL. Please go ahead.

Mohit Agrawal: Yes. Thanks, and congratulations to the team on achieving your guidance again. My first question is on the leasing outlook and your occupancy guidance. So broadly, if I try to do the math, you are guiding to just under 4 msf of new leasing. Is that correct? And if yes, how do you see this number in the context of the overall leasing environment and versus what you have done in the last couple of years?

Ritwik B: Right. What is your second question?

Mohit Agrawal: So, second question, Ritwik, if you could give some color around, let's say, when you say that 93%-94% occupancy ex Embassy Quadron by the end of fiscal 2026, you have shown a good growth in occupancy for Embassy Manyata and for Embassy Oxygen in Noida. Pune has been stagnant or declining. Some color on how do you see each of these three regions, Bangalore, Noida and Pune by the end of FY2026?

Ritwik B: Yes. Okay. Let me start. So, look I don't want to get into detailed projections on leasing. But I think you're broadly right. Because if you think about it, we have got 5.3 msf of vacant area. The drag here being roughly Pune, which is around 2.5 msf. And even, if you assume whatever projections you want to for the lease up there, that has obviously been the drag in the portfolio, let's say, that turns around.

The rest of about 3.5 msf to 4 msf is effectively the vacant area, and which we back ourselves to fully lease up. So that is kind of the baseline.

Now there is clearly some additional leasing that we will be looking to do. And there are clearly numbers that we would focus on. We are only looking at the initial numbers that we have as the baseline for what we have organically, which is effectively the vacant area. We are already putting in the pre-deliveries that are coming in the areas that have not been leased up.

And looking to obviously strip out or maybe put a little bit of a variable

assumption on the softer areas. So that is how we think about it. But I think the broader picture on the leasing guidance is that there will obviously be number one, ranges there will be assumptions around it, and there will be various things that will impact it over the year.

And this leads me to the second question, at the end of the day, in this whole portfolio, which is about 51 msf total and 40 msf completed. Bangalore pro forma, which is the largest by the end of FY2026, is going to be at mid-90s level occupancy by area.

You are looking at Mumbai effectively 100%, and we don't have any space to lease over there.

And we are also backing ourselves in Noida, where the occupancy was in the 60s a short while ago, we moved into the 80s, and we think that there is not much left to really lease in Embassy Oxygen. You are looking at the vacant area of around 0.6 msf. And we plan to pretty much get most of that leased. So, I think Noida we can effectively then also move to the mid-90s level occupancy.

So that is how you think about occupancy ex-Embassy Quadron and Pune getting to those 90s levels, where the rest of the portfolio is firing on all cylinders, to be frank. And that is why we feel confident about where the leasing numbers should stack up.

Mohit Agrawal: Sure. So, it is only Pune, which was going to be a drag?

Ritwik B: Well, yes. And look, we want to be transparent about that, and we always have been. Who knows if the metro comes up, this can turn. This can turn pretty quickly. And it just makes sense for us to wait and watch on it.

Amit, do you have something to add?

Amit Shetty: Yes. Honestly, the fact of the matter is that Pune, if you see last year, we did about 1 msf of transactions. The market did about 6.4 msf. So, we did about 10%-12% despite of the fact that we were on the western side of Pune while all the action was happening on the eastern side.

Now having said that, if you see Embassy Quadron is the only drag that we have as an asset in Pune. But given Embassy TechZone as well as Embassy Qubix, we have done absolutely better than average of what the market is doing. So, the drag only could be on Embassy Quadron, but we are pretty confident about the other two assets.

Ritwik B: And this is all organic. We are keeping an eye to add inorganically to the portfolio as well. We don't have an update right now. But that is also something that we are thinking through.

Mohit Agrawal: Yes. And Ritwik, on Embassy Quadron itself, it's been some time that you have been looking at various options. So, what are the options that you are looking at? And when can you find some solution to it? Just I am trying to understand what are the options that you have been presented by various IPCs and all of that?

Ritwik B: Yes. Okay. There are two options. One is own it and own the economics, and

the other is to get rid of it for a price. Those are the two main things, because that clearly is a pretty active and fertile residential market. I think we have been talking to people in the market. I think at this point in time, the economics of monetizing it just does not make sense to us. We have had conversations with IPCs. We have had conversations with several players in the market.

But we are not under heavy pressure to sit here and sell at a price that we don't want to. So, it just behoves us to wait and see, and make sure that we can take advantage of market conditions. That being said, if somebody really has capital to deploy, wants to put it to work and takes it and does something else with it, that is totally fine. We tactically entertain that.

Amit Shetty: And then also, the market dynamics might just change, given that the metro is just bang opposite the Embassy Quadron Park. And the station is ready and probably six months to a year down the line, the metro might be operational. And given the fact that the Navi Mumbai Airport might also be operational shortly, things might change quickly and look how Noida changed in the last one year. And the same thing might happen with the Embassy Quadron, which we are also pretty confident about.

Mohit Agrawal: Great. Thanks. This is very helpful. All the best.

Ritwik B: Thanks Mohit.

Moderator: Thank you. We will take our next question from the line of Kunal Tayal from Bank of America. Please go ahead.

Kunal Tayal: Great. Thanks. A few questions from my side. The first one on the NOI guidance. So, if I just think about the midpoint of 13%, could you lay down what are the big building blocks of this 13% growth? It would seem like 4% to 5% of your annual escalations, maybe another 4% to 5% coming from occupancy and then the rest coming from new development. Does it sound right?

Second, just going back to the topic of the gap between NOI and distribution. On the interest expense, didn't you say that interest expense will increase 10% to 12%? So, it actually sounds lesser increase than NOI. Within that are you also counting on tailwind from noncash NOI that you would have had last year, what you are pointing to as a drag for this year. You should have had a recoup from last year is my guess.

And then the third one is on your exits. That's been on the higher side of the plan for a few quarters now. Is that mainly still got to do with IT services or Embassy Quadron as an asset? Or is there a third source for it?

Ritwik B: So let me just start just very quickly with the third point on the IT services. Yes, that's been the biggest drag. And I think at this point in time, for Embassy Quadron in particular, it is the IT services. It's always been flagged that they were going to go. And I think that has been the biggest drag in the leakage. And we haven't been able to backfill that to be perfectly candid.

I will let Abhishek handle the NOI building blocks and the rest of the interest expense question.

Abhishek Agrawal: Kunal, on your first point, yes, you are correct on the building blocks of NOI growth of 13%. These are the three points and another is the MTM, which we

will realize on the renewals also, because if you see from the presentation, the MTM looks low, but we are leasing, higher than the market rentals by at least single digits. So, whenever we renew, we are realizing some extra MTM.

On the interest, yes, the way we have projected is that cash interest will be higher by 10% to 12%, which is lower than the NOI increase. But then there is noncash drag also, as you rightly said.

What typically happens, Kunal, is that let's say, there is a lease with lock in of 5 years, rent free is only six months. So, for the first six months for the first year, the noncash component is bigger. But then it unwinds over the balance 4.5 years. So, the recoupment is lower and what gets built up is higher in case you are leasing much in the current financial year. So, this will repeat for the next two financial years also.

Kunal Tayal: Got that. Okay. Thank you so much.

Moderator: Thank you. We will take our next question from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: Hi. Good evening. Just on your commentary on the acquisition side, I just want to understand, because we have 40 msf completed, and then we have 6 msf under construction, and there is more than 4 msf upcoming. So, there is a fair bit of a pipeline we have, almost like 25% over the current portfolio. Just wanted to understand the need for considering any kind of acquisition?

And also has it anything to do with like opportunistic or like accretive transactions currently available in the market, which I presume that the asset level valuation should be going higher with the expectation of the rate cuts and the revival we are seeing in the industry. So just wanted to understand your perspective on what the need of acquisition at this point in time is when, first of all, we have a fair bit of under construction rollout there and on the market opportunities that are available.

Ritwik B: Yes. Okay. So let me take that. The need for the acquisition is sell-side analysts always screaming for growth and pounding us when we don't give it. That's just a joke. But if you think about the fact that there is 10 msf, as you point out, about 6.1 msf of active development. But look, at the end of the day, this portfolio is always like a living, breathing organism. When we started out, this was 33 msf and we are now 51 msf. And imagine if we had not added the 17 msf we had over the last six years.

If we had not put Embassy TechVillage in there, you have got to think about this from a dynamic perspective. That if there are opportunities to buy whether it comes again from a sponsor or a third party, if it makes sense for the portfolio in a micro market that is growing and there is a competitive bid to put people in these spaces, we should have a look at it, because it is just a fiduciary duty to grow this asset base to make sure that it gives you the distributions.

That being said, look, we are pretty clear. Number one, it has to be more than accretive. We have got to make sure that we can fund it and put it into the portfolio at the right price and it has to be in a really good market, which then gives you the distribution and the distribution growth.

Secondly, you are right. We are in no rush. And I think that is why there are

times we tend not to look at deals. We tend to pass on them if the funding markets are tight or if the rates are in a place where there is going to be a drag on accretion, we won't do it. And plus, the majority of all our development we are doing is at 18% Yield on Cost.

So, if you have got that internally, you are right. Why do we have to go out there and look at it? So we don't at times. But it does not mean we are never going to be out there having the conversations to grow this portfolio, because again, it is not that we get 10 msf to 15 msf of addition. We are not buying super-tanker parks all the time. We can't. There simply isn't that kind of supply that transacts that efficiently in the market at this point in time. So I will leave that. Do you want to go with the second one?

Sorry, was there a second. You said on the asset level valuations for new properties, right?

Kunal Lakhan: Correct.

Ritwik B: Yes. So, look at this point in time, in the market, like I said, the valuations that we kind of see in general, if we are not comfortable and if it is not trading outside where the funding costs are, we are not going to go out there and look to inject or take on a new proposal to buy. It is just regardless of where it is or how it is. We look at this very, cautiously as well. But I think it is effectively in our DNA and our investment philosophy to think about growth coming inorganically.

Kunal Lakhan: Sure. Sure. Thanks so much, and all the best.

Ritwik B: Thank you.

Moderator: Thank you. We will take our next question from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi: Hi. Good evening, gentlemen. So, two questions from my side. First, we have some space coming up for completion in FY 2026 in the Chennai asset, so just wanted to get your outlook on the leasing there. And second, it would be great to get some update on the SEZ conversion. Thank you.

Amit Shetty: So let me take the first question. On Chennai, we have got a very strong pipeline, about 0.9 msf of pipeline in Chennai. So, we are very confident of that market. Some conversations have really matured for Block 10 as well as Block 4. So, our deliveries, is about 1 msf and we are very confident about lease-up of that.

Parvez Qazi: Sure. And the SEZ conversion?

Amit Shetty: So SEZ conversion, as we speak, we have converted about 6.4 msf of SEZ. And we are on track to convert another 1.2 msf, which is in advanced process with the authorities.

Parvez Qazi: Sure. Thanks, and all the best.

Amit Shetty: Thank you.

Moderator: Thank you. We will take our next question from the line of Puneet from HSBC. Please go ahead.

- Puneet Gulati:** Yes. Thank you. Can you also talk about your plan for equity fundraise? What is the price at which you would look to do that?
- Ritwik B:** Yes, Puneet, I can't give you the price at which I am going to do that. That needs to be something that is really a question of where the markets are at this point.
- Puneet Gulati:** But some sense of how are you thinking about the equity fundraise?
- Ritwik B:** For a targeted use of proceeds, whether it is for an accretive transaction or to think about managing the debt book in the event that rates go the other way or something, we will be ready to transact. I think one of the key things that I always think about, and the team thinks about is that you have always got to plan for, number one, growth; and number two, also think about a rainy day. We run a pretty big debt book. And while we can fund it at very good terms and we have very good credit, you never know.
- So I have always been a proponent of thinking about using equity as more of a strategic weapon and making sure that we can use it. But that's it. I think those are the broad parameters. So, beyond that, I don't really have too much of an update. It's not that we are out there right now actively looking at a fundraise, but we will update the market if we are.
- Nothing, on pricing, obviously. that's clearly something that we can't ever think about until it happens.
- Puneet Gulati:** Okay. And secondly, in terms of asset addition from sponsors, so beyond the assets which are as a part of ROFO. Is there more that you can acquire from the sponsor? Or is the sponsor likely to move those assets into the other listed entity?
- Ritwik B:** Look, I really don't want to comment on that at this time. I think we have always viewed the sponsor pipeline as, again, also an evolving pipeline. And I think the sponsor has also been pretty candid about the relationship with the REIT, and the fact that a lot of assets that they just state can potentially find a home in the REIT, simply because, look, this is a concentrated market, where a few players hold a lot of the assets.
- So I think the intricacies of how that happens, when that happens, and even if that also happens is something which is where we will refrain from commenting at this stage. It's just something that will just lead to a lot of speculation and conjecture.
- Puneet Gulati:** And within the ROFO assets, which are the ones which you can potentially be evaluating earlier than the others?
- Ritwik B:** I really can't give you an answer at this point in time, Puneet. If you can just be patient for maybe a little while, we will probably have an update later, but not probably appropriate for us to comment right now, if that's okay.
- Puneet Gulati:** Yes. Okay. Thank you, all the best.
- Ritwik B:** Thank you for understanding. Thanks.

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- Moderator:** Thank you. We will take our next question from the line of Pritesh Sheth from Axis Capital. Please go ahead.
- Pritesh Sheth:** Thanks for the opportunity. Just a few bookkeeping questions. I think you talked about the SEZ conversion. So now what's the SEZ portfolio that we have in overall mix? And how is the vacancy between both SEZ and non-SEZ?
- Amit Shetty:** So currently, we have about 19.5 msf of SEZ portfolio with about 20.8 msf of non-SEZ portfolio. The SEZ portfolio is at about 82% occupancy, and the non-SEZ portfolio is at 93% occupancy.
- Pritesh Sheth:** Okay. That's pretty helpful. That's it from my side, and all the best.
- Ritwik B:** Thanks.
- Ritwik B:** Thanks, everyone, for joining. Have a good evening.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question for today. On behalf of Embassy REIT, that concludes this conference. Thank you for joining us and you may now disconnect your lines.