## INDEPENDENT AUDITOR'S REPORT

To the Unitholders' of Embassy Office Parks REIT

### Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying standalone Ind AS financial statements of Embassy Office Parks REIT (the "REIT"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Unitholders' equity for the year then ended and the Statement of Net Assets at fair value as at March 31, 2021 and the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows of the REIT for the year then ended and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder read with SEBI Circular No. CIR/IMD/DF/146/2016 dated December 29, 2016 (the "REIT regulations") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent not inconsistent with REIT regulations, of the state of affairs of the REIT as at March 31, 2021, its profit including other comprehensive income, its cash flows, its statement of changes in Unitholders' equity for the year ended March 31, 2021, its net assets at fair value as at March 31, 2021, its total returns at fair value and the net distributable cash flows of the REIT for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the REIT in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India and we have fulfilled our ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Assessing impairment of Investments and loans made by the REIT in subsidiaries and joint venture entity**<br>(as described in note 3, 4 and 7 of the standalone Ind AS financial statements) | |
| As at March 31, 2021, the carrying values of REIT's investment in subsidiaries and joint venture entity amounted to Rs. 241,739.54 million. Further the REIT has granted loans to its subsidiaries amounting to Rs.100,473.92 million.<br><br>Management reviews regularly whether there are any indicators of impairment of such investments/ loans by reference to the requirements under Ind AS. Management performs its impairment assessment by comparing the carrying value of these investments/ loans made to their recoverable amount to determine whether an impairment needs to be recognized.<br><br>For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Significant judgements are required to determine the key assumptions used in determination of value in use.<br><br>Considering the impairment assessment involves significant assumptions and judgement, we regard this as a key audit matter. | Our audit procedures included, among others, the following:<br><br>- We assessed the REIT's valuation methodology applied in determining the recoverable amount.<br><br>- We involved valuation specialists to:<br>(a) Assess the valuation reports issued by the independent valuer engaged by the management and compared key property related data used as input with actual data.<br>(b) Assess the key assumptions included in the cash flow forecasts by management and independent valuer, including considerations due to current economic and market conditions including effects of COVID-19 pandemic.<br>(c) Discussed changes in key drivers as compared to actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models by management and independent valuer were reasonable, including considerations due to current economic and market conditions including effects of COVID-19 pandemic.<br><br>- We compared the recoverable amount of the investment to the carrying value in books as at March 31, 2021.<br><br>- As regards loans granted, we obtained and considered management evaluation of recoverability of loans and advances granted to its subsidiaries and joint venture entity.<br>- We read/assessed the disclosures in the standalone Ind AS financial statements for compliance with the relevant accounting standards requirements. |

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Classification of Unitholders' funds as equity<br>(as described in note 10(a)(i) of the standalone Ind AS financial statements)</td></tr>
<tr><td>The REIT is required to distribute to its Unitholders not less than ninety percent of its net distributable cash flows for each financial year. Accordingly, a portion of the Unitholders’ funds contains a contractual obligation of the REIT to pay cash distributions to its Unitholders. The Unitholders’ funds could have been classified as compound financial instrument which contains both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars No. CIR/IMD/DF/141/2016 dated December 26, 2016 and No. CIR/IMD/DF/146/2016 dated December 29, 2016 ("SEBI Circulars") issued under the REIT Regulations, the Unitholders’ funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated December 26, 2016 dealing with the minimum disclosures for key financial statements.<br><br>Based on the above, the classification of Unitholders' funds as equity involved considerable management judgement. Accordingly, it is considered as a key audit matter.</td><td>Our audit procedures included evaluating the requirements for classification of financial liability and equity under Ind AS 32 and evaluating the provisions of SEBI Circulars for classification/ presentation of Unitholders' funds in the standalone Ind AS financial statements of the REIT.<br><br>We assessed the disclosures in the standalone Ind AS financial statements for compliance with the relevant requirements of REIT regulations.</td></tr>
</table>

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Computation and disclosures of Net Assets and Total Returns at Fair Value** (as described in note 2.2(c) and in Statement of Net assets at fair value and Statement of total returns at fair value of the standalone Ind AS financial statements) | |
| As per the provisions of REIT Regulations, the REIT is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value which requires fair valuation of assets. For this purpose, fair value is determined by forecasting and discounting future cash flows. The determination of fair value involves judgement due to inherent uncertainty in the underlying assumptions and it is highly sensitive to changes in some of the inputs used e.g. the discounting rate (WACC), capitalization rates, rental growth rates etc,.<br><br>Accordingly, the aforementioned computation and disclosures are determined to be a key audit matter in our audit of the standalone Ind AS financial statements. | Our audit procedures include the following-<br><br>- Read the requirements of SEBI REIT regulations for disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value.<br><br>- Assessed the appropriateness of independent valuer's and management's valuation methodology applied in determining the fair values.<br><br>- Tested controls implemented by management to determine inputs for fair valuation as well as assumptions used in the fair valuation.<br><br>- We involved valuation specialists to:<br>(a) Assess the valuation reports issued by the independent valuer engaged by the management and compared key property related data used as input with actual data.<br>(b) Assess the key assumptions included in the cash flow forecasts by management and independent valuer, including considerations due to current economic and market conditions including effects of COVID-19 pandemic.<br>(c) Discussed changes in key drivers as compared to actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models by management and independent valuer were reasonable, including considerations due to current economic and market conditions including effects of COVID-19 pandemic.<br><br>- Tested the arithmetical accuracy of computation in the Statement of Net Assets and Total Returns at Fair Value.<br><br>- Read/Assessed the disclosures in the standalone financial statements for compliance with the relevant requirements of REIT Regulations. |

| **Related party transactions and disclosures**<br>(as described in note 25 of the standalone Ind AS financial statements) | |
|---|---|
| The REIT has undertaken transactions with its related parties in the normal course of business. These include making new or additional investments; lending of loans to SPVs, interest and dividend income on such loans/ investments, fees for services provided by related parties to REIT etc as disclosed in Note 25 of the standalone Ind AS financial statements.<br><br>We identified the recording of all possible related party transactions and its disclosure as set out in respective notes to the standalone Ind AS financial statements as a key audit matter due to the significance of transactions with related parties during the year ended March 31, 2021 and regulatory compliance thereon. | Our audit procedures, included the following:<br>- Obtained, read and assessed the REIT's policies, processes and procedures in respect of identifying related parties, evaluation of arm's length, obtaining necessary approvals, recording and disclosure of related party transactions, including compliance of transactions and disclosures in accordance with REIT regulations.<br><br>- We tested, on a sample basis, related party transactions with the underlying contracts and other supporting documents for appropriate authorization and approval for such transactions.<br><br>- We read minutes of Unitholder meetings, Board and its relevant committee meetings and minutes of meetings of those charged with governance of the Manager in connection with transactions with related parties effected during the year and REIT's assessment of related party transactions being in the ordinary course of business at arm's length and in accordance with the REIT regulations.<br><br>- Assessed and tested the disclosures made in accordance with the requirements of Ind AS and REIT regulations. |

**Other Information**

The Management of Embassy Office Parks Management Services Private Limited ("the Manager"), acting in its capacity as the manager of Embassy Office Parks REIT is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Standalone Ind AS Financial Statements**

The Management of the Manager ('the Management') is responsible for the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position as at March 31, 2021, financial performance including other comprehensive income, cash flows, the movement of the unit holders' equity for the year ended March 31, 2021, its net assets at fair value as at March 31, 2021, its total returns at fair value and the net distributable cash flows of the REIT for the year ended March 31, 2021, in accordance with the requirements of the REIT regulations; Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India, to the extent not inconsistent with REIT regulations. This responsibility also includes the design, implementation and maintenance of adequate controls for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, the Management is responsible for assessing the ability of the REIT to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the REIT or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the financial reporting process of the REIT.

**Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the REIT to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the REIT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;

(b) The Balance Sheet and the Statement of Profit and Loss including the Statement of Other Comprehensive Income dealt with by this Report are in agreement with the books of account of the REIT; and

(c) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 (as amended), to the extent not inconsistent with REIT regulations.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Sd/-
per Adarsh Ranka
Partner
Membership Number: 209567

UDIN: 21209567AAAACF7210

Place: Bengaluru, India
Date: April 29, 2021

**Embassy Office Parks REIT**
**RN: IN/REIT/17-18/0001**
**Standalone Balance Sheet**
(all amounts in Rs. million unless otherwise stated)

| | Note | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Financial assets | | | |
| - Investments | 3 | 241,739.54 | 186,862.18 |
| - Loans | 4 | 98,998.92 | 65,143.57 |
| **Total non-current assets** | | **340,738.46** | **252,005.75** |
| **Current assets** | | | |
| Financial assets | | | |
| - Investments | 5 | - | 3,933.45 |
| - Cash and cash equivalents | 6 | 7,171.26 | 2,845.45 |
| - Loans | 7 | 1,475.00 | 620.00 |
| - Other financial assets | 8 | - | 3.15 |
| Other current assets | 9 | 6.66 | 47.42 |
| **Total current assets** | | **8,652.92** | **7,449.47** |
| **Total assets** | | **349,391.38** | **259,455.22** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Unit capital | 10 | 288,262.11 | 229,120.96 |
| Other equity | 11 | (22,682.89) | (8,784.65) |
| **Total equity** | | **265,579.22** | **220,336.31** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 12 | 83,319.10 | 39,018.84 |
| **Total non-current liabilities** | | **83,319.10** | **39,018.84** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Trade payables | 13 | | |
| - total outstanding dues of micro and small enterprises | | 1.65 | - |
| - total outstanding dues of creditors other than micro and small enterprises | | 0.95 | 6.68 |
| - Other financial liabilities | 14 | 460.16 | 88.48 |
| Other current liabilities | 15 | 26.60 | 4.37 |
| Current tax liabilities (net) | 16 | 3.70 | 0.54 |
| **Total current liabilities** | | **493.06** | **100.07** |
| **Total equity and liabilities** | | **349,391.38** | **259,455.22** |
| **Significant accounting policies** | 2 | | |

The accompanying notes referred to above are an integral part of Standalone financial statements.

As per our report of even date attached

*for* **S R Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm's registration number: 101049W/E300004

*for* and on behalf of the Board of Directors of
**Embassy Office Parks Management Services Private Limited**
(as Manager to the Embassy Office Parks REIT)

Sd/-
*per* **Adarsh Ranka**
*Partner*
Membership number: 209567
Place: Bengaluru
Date: 29 April 2021

Sd/-
**Jitendra Virwani**
*Director*
DIN: 00027674
Place: Dubai
Date: 29 April 2021

Sd/-
**Tuhin Parikh**
*Director*
DIN: 00544890
Place: Boston
Date: 29 April 2021

**Embassy Office Parks REIT**
**RN: IN/REIT/17-18/0001**
**Standalone Statement of Profit and Loss**
(all amounts in Rs. million unless otherwise stated)

| | Note | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|
| **Income and gains** | | | |
| Dividend | | 2,781.76 | 289.97 |
| Interest | 17 | 9,427.24 | 8,229.01 |
| Other income | 18 | 47.51 | 155.34 |
| **Total Income** | | **12,256.51** | **8,674.32** |
| **Expenses** | | | |
| Valuation expenses | | 8.45 | 9.74 |
| Audit fees | 22 | 8.39 | 7.64 |
| Investment management fees | 36 | 212.23 | 214.81 |
| Trustee fees | | 2.95 | 2.96 |
| Legal and professional fees | | 58.97 | 98.09 |
| Other expenses | 19 | 66.56 | 18.15 |
| **Total Expenses** | | **357.55** | **351.39** |
| **Earnings before finance costs, impairment loss and tax** | | **11,898.96** | **8,322.93** |
| Finance costs | 20 | 4,698.65 | 2,850.33 |
| Impairment loss | 3 | 2,688.11 | 587.46 |
| **Profit before tax** | | **4,512.20** | **4,885.14** |
| **Tax expense:** | 21 | | |
| Current tax | | 37.78 | 71.17 |
| | | **37.78** | **71.17** |
| **Profit for the year** | | **4,474.42** | **4,813.97** |
| **Items of other comprehensive income** | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| - Remeasurements of defined benefit liability, net of tax | | - | - |
| **Total comprehensive income for the year** | | **4,474.42** | **4,813.97** |
| **Earning per unit** | 23 | | |
| Basic | | 5.46 | 6.24 |
| Diluted | | 5.46 | 6.24 |
| **Significant accounting policies** | 2 | | |

The accompanying notes referred to above are an integral part of these Standalone financial statements.

As per our report of even date attached

*for* **S R Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm's registration number: 101049W/E300004

*for* and on behalf of the Board of Directors of
**Embassy Office Parks Management Services Private Limited**
(as Manager to the Embassy Office Parks REIT)

Sd/-
*per* **Adarsh Ranka**
*Partner*
Membership number: 209567
Place: Bengaluru
Date: 29 April 2021

Sd/-
**Jitendra Virwani**
*Director*
DIN: 00027674
Place: Dubai
Date: 29 April 2021

Sd/-
**Tuhin Parikh**
*Director*
DIN: 00544890
Place: Boston
Date: 29 April 2021

**Embassy Office Parks REIT**
**RN: IN/REIT/17-18/0001**
**Standalone Statement of Cash Flows**
(all amounts in Rs. million unless otherwise stated)

| | Note | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **Profit before tax** | | 4,512.20 | 4,885.14 |
| *Adjustments:* | | | |
| Interest income | | (9,427.24) | (8,229.01) |
| Net changes in fair value of financial assets | | - | (1.72) |
| Dividend | | (2,781.76) | (289.97) |
| Profit on sale of investments | | (47.51) | (152.36) |
| Impairment loss | | 2,688.11 | 587.46 |
| Finance costs | | 4,698.65 | 2,850.33 |
| **Operating cash flow before working capital changes** | | **(357.55)** | **(350.13)** |
| Changes in: | | | |
| Other current assets | | 40.76 | (47.42) |
| Other current and non-current liabilities and provisions | | 22.23 | 4.37 |
| Other current financial liabilities | | (3.30) | (37.75) |
| Other financial assets | | 3.15 | (3.15) |
| Trade payables | | (4.08) | 6.68 |
| **Cash used in operations** | | **(298.79)** | **(427.40)** |
| Income taxes paid, net | | (34.65) | (70.63) |
| **Net cash used in operating activities** | | **(333.44)** | **(498.03)** |
| **Cash flow from investing activities** | | | |
| Loans given to subsidiaries | | (43,590.31) | (76,285.60) |
| Loans repaid by subsidiaries | | 11,186.11 | 15,596.61 |
| Investment in subsidiary | | (34,068.14) | (3,450.00) |
| Investment in debentures issued by joint venture | | - | (2,500.00) |
| Redemption of debentures issued by joint venture | | 724.38 | 1,775.62 |
| Interest received | | 7,120.09 | 7,837.35 |
| Dividend received | | 2,781.76 | 289.97 |
| Redemption / (Investments) in mutual funds, (net) | | 3,256.58 | (3,054.99) |
| **Net cash used in investing activities** | | **(52,589.53)** | **(59,791.04)** |
| **Cash flow from financing activities** | | | |
| Proceeds from issue of units | | 36,852.02 | - |
| Expenses incurred towards issue of units | | (834.93) | (2,378.64) |
| Proceeds from Issue of Non-convertible debentures (net of issue expenses) | | 40,459.37 | 36,168.51 |
| Distribution to unitholders | | (18,370.92) | (13,503.88) |
| Security deposits repaid | | 1.00 | 30.00 |
| Interest paid | | (857.76) | - |
| **Net cash generated from financing activities** | | **57,248.78** | **20,315.99** |
| **Net increase/ (decrease) in cash and cash equivalents** | | **4,325.81** | **(39,973.08)** |
| Cash and cash equivalents at the beginning of the year | | 2,845.45 | 42,818.53 |
| **Cash and cash equivalents at the end of the year** | | **7,171.26** | **2,845.45** |
| **Cash and cash equivalents comprise:** | | | |
| Cash on hand | | - | - |
| Balances with banks | | | |
| - in current accounts | | 7,169.26 | 2,845.19 |
| - in escrow accounts | | 2.00 | 0.26 |
| **Cash and Cash equivalents at the end of the Year** | 6 | **7,171.26** | **2,845.45** |

Note: The Trust has issued 64,893,000 units through preferential allotment in exchange for acquisition of 40% stake in VTPL during the year ended 31 March 2021. The same has not been reflected in Standalone Statement of Cash Flows since it was a non-cash transaction.

**Significant accounting policies** 2

The accompanying notes referred to above are an integral part of these Standalone financial statements.

As per our report of even date attached

*for* **S R Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm's registration number: 101049W/E300004

*for* and on behalf of the Board of Directors of
**Embassy Office Parks Management Services Private Limited**
(as Manager to the Embassy Office Parks REIT)

Sd/-
*per* **Adarsh Ranka**
*Partner*
Membership number: 209567
Place: Bengaluru
Date: 29 April 2021

Sd/-
**Jitendra Virwani**
*Director*
DIN: 00027674
Place: Dubai
Date: 29 April 2021

Sd/-
**Tuhin Parikh**
*Director*
DIN: 00544890
Place: Boston
Date: 29 April 2021

(all amounts in Rs. million unless otherwise stated)

**A. Unit Capital**

| Particulars | Amount |
|---|---|
| **Balance as at 1 April 2019** | **229,039.26** |
| Add: Reversal of issue expenses no longer payable | 81.70 |
| **Balance as at 31 March 2020** | **229,120.96** |
| | |
| **Balance as at 1 April 2020** | **229,120.96** |
| Units issued during the year (refer note 10) | 59,999.35 |
| Less: Issue expenses (refer note 10) | (858.20) |
| **Balance as at 31 March 2021** | **288,262.11** |

**B. Other equity**

| Particulars | Retained Earnings |
|---|---|
| **Balance as on 1 April 2019** | **(94.47)** |
| Add : Total comprehensive income for the the year ended 31 March 2020 | 4,813.97 |
| Less: Distribution to Unitholders during the year ended 31 March 2020 * ^ | (13,504.15) |
| **Balance as at 31 March 2020** | **(8,784.65)** |
| | |
| **Balance as at 1 April 2020** | **(8,784.65)** |
| Add : Total comprehensive income for the the year ended 31 March 2021 | 4,474.42 |
| Less: Distribution to Unitholders during the year ended 31 March 2021 * ^ | (18,372.66) |
| **Balance as at 31 March 2021** | **(22,682.89)** |

* The distributions made by Trust to its Unitholders are based on the Net Distributable Cash flows (NDCF) of Embassy Office Parks REIT under the REIT Regulations which includes repayment of loans by SPVs to REIT.

^ The distribution for years ended 31 March 2021 and 31 March 2020 does not include the distribution relating to the last quarters, for the year ended 31 March 2021 (which will be paid subsequently) and year ended 31 March 2020 (which was paid subsequently), respectively.

As per our report of even date attached

*for* **S R Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm's registration number: 101049W/E300004

*for* and on behalf of the Board of Directors of
**Embassy Office Parks Management Services Private Limited**
(as Manager to the Embassy Office Parks REIT)

Sd/-
*per* **Adarsh Ranka**
*Partner*
Membership number: 209567
Place: Bengaluru
Date: 29 April 2021

Sd/-
**Jitendra Virwani**
*Director*
DIN: 00027674
Place: Dubai
Date: 29 April 2021

Sd/-
**Tuhin Parikh**
*Director*
DIN: 00544890
Place: Boston
Date: 29 April 2021

**A) Statement of Net Assets at fair value**

| S.No | Particulars | Unit of measurement | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|---|---|
| | | | Book value | Fair value | Book value | Fair value |
| A | Assets | Rs in millions | 349,391.38 | 438,653.91 | 259,455.22 | 316,123.50 |
| B | Liabilities | Rs in millions | 83,812.16 | 83,812.16 | 39,118.91 | 39,118.91 |
| C | Net Assets (A-B) | Rs in millions | **265,579.22** | **354,841.75** | **220,336.31** | **277,004.59** |
| D | No. of units | Numbers | 947,893,743 | 947,893,743 | 771,665,343 | 771,665,343 |
| E | NAV (C/D) | Rs | **280.18** | **374.35** | **285.53** | **358.97** |

**Notes**

**1) Measurement of fair values**

The fair value of investments in SPVs are computed basis the fair value of the underlying Investment property, Investment property under development, Property, plant and equipment and capital work-in-progress as at 31 March 2021 and as at 31 March 2020 along with book values of other assets and liabilities accounted in the respective SPV financial statements as at 31 March 2021 and as at 31 March 2020. The fair value of the properties has been determined by independent external property valuers appointed under Regulation 21 of REIT regulations, having appropriately recognised professional qualifications and recent experience in the location and category of the properties being valued.

**Valuation technique**

The fair value measurement for all the investment property, investment property under development, property plant and equipment and capital work-in-progress has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

The valuers have followed a Discounted Cash Flow method. The valuation model considers the present value of net cash flows to be generated from the respective properties, taking into account the expected rental growth rate, vacancy period, occupancy rate, average room rent, lease incentive costs and blended tariff rates. The expected net cash flows are discounted using the risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (primary vs secondary), tenant credit quality and lease terms.

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 31 March 2021.

**2) Break up of Net asset value**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Fair value of investments in SPVs | 431,475.99 | 309,294.01 |
| Add: Other assets | 7,177.92 | 6,829.49 |
| Less : Liabilities | (83,812.16) | (39,118.91) |
| Net Assets | **354,841.75** | **277,004.59** |

**3)** The Trust holds investment in SPVs which in turn hold the properties. Hence, the breakup of property wise fair values has been disclosed in the Consolidated financial Statements.

**B) Statement of Total Returns at fair value**

| S.No | Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|
| A | Total comprehensive income | 4,474.42 | 4,813.97 |
| B | Add : Income of SPV's and changes in fair value not recognised in total comprehensive income of Standalone financial statements | 17,478.77 | 6,803.33 |
| **C (A+B)** | **Total Return** | **21,953.19** | **11,617.30** |

As per our report of even date attached

*for* **S R Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firms registration number: 101049W/E300004

*for* and on behalf of the Board of Directors of
**Embassy Office Parks Management Services Private Limited**
(as Manager to the Embassy Office Parks REIT)

Sd/-
*per* **Adarsh Ranka**
*Partner*
Membership number: 209567
Place: Bengaluru
Date: 29 April 2021

Sd/-
**Jitendra Virwani**
*Director*
DIN: 00027674
Place: Dubai
Date: 29 April 2021

Sd/-
**Tuhin Parikh**
*Director*
DIN: 00544890
Place: Boston
Date: 29 April 2021

(all amounts in Rs. million unless otherwise stated)

**Net Distributable Cash Flows (NDCF) pursuant to guidance under Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016**

| Sl No | Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|
| 1 | Cash flows received from SPVs and investment entity in the form of : | | |
| | • Interest | 7,077.90 | 7,823.93 |
| | • Dividends (net of applicable taxes) | 2,781.76 | 289.97 |
| | • Repayment of Shareholder Debt | 9,740.49 | 11,012.23 |
| | • Proceeds from buy-backs/ capital reduction (net of applicable taxes) | - | - |
| 2 | Add: Proceeds from sale of investments, assets or sale of shares of SPVs adjusted for the following: | - | - |
| | • Applicable capital gains and other taxes | - | - |
| | • Related debts settled or due to be settled from sale proceeds | - | - |
| | • Directly attributable transaction costs | - | - |
| | • Proceeds reinvested or planned to be reinvested as per Regulation 18(16)(d) of the REIT Regulations | - | - |
| 3 | Add: Proceeds from sale of investments, assets or sale of shares of SPVs not distributed pursuant to an earlier plan to re-invest as per Regulation 18(16)(d) of the REIT Regulations, if such proceeds are not intended to be invested subsequently | - | - |
| 4 | Add: Any other income accruing to the Trust and not captured herein | 89.70 | 167.05 |
| 5 | Less: Any other expense accruing at the Trust level, and not captured herein | (93.56) | (23.40) |
| 6 | Less: Any fees, including but not limited to: | | |
| | • Trustee fees | (2.95) | (2.96) |
| | • REIT Management Fees | (212.23) | (214.81) |
| | • Valuer fees | (8.45) | (9.74) |
| | • Legal and professional fees | (64.53) | (102.89) |
| | • Trademark license fees | (1.42) | (1.42) |
| | • Secondment fees | (1.42) | (1.42) |
| 7 | Less: Debt servicing | | |
| | • Interest on external debt | (914.44) | - |
| | • Repayment of external debt | - | - |
| 8 | Less: Income tax (net of refund) and other taxes paid (as applicable) | (34.65) | (70.62) |
| | **Net Distributable Cash Flows** | **18,356.20** | **18,865.92** |

**Notes:**

1 The Board of Directors of the Manager to the Trust, in their meeting held on 29 April 2021, have declared distribution to Unitholders of Rs.5.60 per unit which aggregates to Rs.5,308.20 million for the quarter ended 31 March 2021. The distributions of Rs.5.60 per unit comprises Rs.1.24 per unit in the form of interest payment, Rs.2.21 per unit in the form of dividend and the balance Rs.2.15 per unit in the form of amortization of SPV debt. Along with distribution of Rs. 13,055.89 million/ Rs. 15.88 per unit for the nine months ended 31 December 2020, the cumulative distribution for the year ended 31 March 2021 aggregates to Rs.18,364.09 million/ Rs. 21.48 per unit.

2 Repayment of short-term construction debt given to SPV's and interest accrued but not due on borrowings as at the year end are not considered for the purpose of distributions.

3 Repayment of external debt, to the extent it is by way of refinancing, is not considered for the purpose of computation of NDCF.

As per our report of even date attached

***for*** **S R Batliboi & Associates LLP**
*Chartered Accountants*
Firm's registration number: 101049W/E300004

for and on behalf of the Board of Directors of
**Embassy Office Parks Management Services Pvt Ltd**
(as Manager to the Embassy Office Parks REIT)

Sd/-
*per* **Adarsh Ranka**
*Partner*
Membership number: 209567
Place: Bengaluru
Date: 29 April 2021

Sd/-
**Jitendra Virwani**
*Director*
DIN: 00027674
Place: Dubai
Date: 29 April 2021

Sd/-
**Tuhin Parikh**
*Director*
DIN: 00544890
Place: Boston
Date: 29 April 2021

(all amounts in Rs. million unless otherwise stated)

**1. Trust Information**

Embassy Property Developments Private Limited ('EPDPL') and BRE/Mauritius Investments ('BMI') collectively known as (the 'Sponsors' or the 'Co-Sponsors') have set up the Embassy Office Parks REIT (or the " Embassy REIT" or the "Trust") on 30 March 2017 at Bengaluru, Karnataka, India as an irrevocable trust under the provisions of the Indian Trusts Act, 1882 pursuant to a Trust Deed dated 30 March 2017 as amended on 11 September 2018. The Embassy REIT was registered with SEBI on 3 August 2017 as a real estate investment trust (REIT) under Regulation 6 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 having registration number IN/REIT/17-18/0001. Pursuant to a letter dated 21 August 2018, SEBI took on record the addition of the Blackstone Sponsor to the sponsors of the Embassy REIT. The Trustee to Embassy Office Parks REIT is Axis Trustee Services Limited (the 'Trustee') and the Manager for Embassy Office Parks REIT is Embassy Office Parks Management Services Private Limited (the 'Manager' or 'EOPMSPL').

The objectives of Embassy REIT are to undertake activities in accordance with the provisions of the SEBI REIT Regulations and the Trust Deed. The principal activity of Embassy REIT is to own and invest in rent or income generating real estate and related assets in India with the objective of producing stable and sustainable distributions to Unitholders.

Embassy Office Parks REIT acquired the SPVs by acquiring all the equity interest held by the Embassy Sponsor, Blackstone Sponsor and Blackstone Sponsor Group and certain other shareholders on 22 March 2019. In exchange for these equity interests, the above shareholders have been allotted 613,332,143 Units of Embassy Office Parks REIT valued at Rs. 300 each. These Units were subsequently listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 1 April 2019.
The Trust went public as per its plan for Initial Public Offer of Units after obtaining the required approvals from the relevant authorities. The Units were allotted to the applicants on 27 March 2019 and were subsequently listed on the BSE and NSE on 1 April 2019.

Accordingly, the equity interest in each of the below Vehicles (SPVs incorporated in India) (directly or indirectly, through their holding companies) have been transferred from the respective shareholders to the Trust.

1. Embassy Office Parks Private Limited ('EOPPL')
2. Manyata Promoters Private Limited ('MPPL')
3. Umbel Properties Private Limited ('UPPL')
4. Embassy Energy Private Limited ('EEPL')
5. Earnest Towers Private Limited ('ETPL')
6. Indian Express Newspapers (Mumbai) Private Limited ('IENMPL')
7. Vikhroli Corporate Park Private Limited ('VCPPL')
8. Qubix Business Park Private Limited ('QBPPL')
9. Quadron Business Park Private Limited ('QBPL')
10. Oxygen Business Park Private Limited ('Oxygen')
11. Galaxy Square Private Limited ('GSPL')

Details of SPV's are provided below.

| Name of the SPV | Activities | Shareholding (in percentage) |
|---|---|---|
| EOPPL | Development and leasing of office space and related interiors and maintenance of such assets (Embassy Tech Zone), located at Pune along with being an intermediate Embassy Office Parks holding company (HoldCo.) (upto 10 March 2021, refer note 39) | Embassy Office Parks REIT : Nil, (100% upto 10 March 2021, refer note 39) |
| MPPL | Development and leasing of office space and related interiors and maintenance of such assets (Embassy Manyata), located at Bangalore along with being an intermediate (HoldCo.) (from 10 March 2021, refer note 39) for the Trust. | EOPPL : Nil, (35.77% upto 10 March 2021)<br>Embassy Office Parks REIT : 100%, (64.23% upto 10 March 2021, refer note 39) |
| UPPL | Development, rental and maintenance of serviced residences (Hilton residences) located at Bangalore. | Embassy Office Parks REIT : 100% |
| EEPL | Generation and supply of solar power to the office spaces of SPVs of the Embassy Office Parks REIT located in Bangalore. | EOPPL: Nil (80% upto 10 March 2021 refer note 39)<br>MPPL: 80% (from 10 March 2021 refer note 39)<br>Embassy Office Parks REIT : 20% |
| GSPL | Development and leasing of office space and related interiors and maintenance of such assets (Galaxy Business Park), located in Noida. | Embassy Office Parks REIT : 100% |
| QBPL | Development and leasing of office space and related interiors and maintenance of such assets (Quadron Business Park), located in Pune and (Embassy one) located in Bangalore<br>Development, rental and maintenance of serviced residences (Hotel Four Seasons at Embassy One), located in Bangalore | Embassy Office Parks REIT : 100% |
| ETPL | Development and leasing of office space and related interiors and maintenance of such assets (First International Financial Centre), located in Mumbai. | Embassy Office Parks REIT : 100% |
| QBPPL | Development and leasing of office space and related interiors and maintenance of such assets (Qubix Business Park), located in Pune. | Embassy Office Parks REIT : 100% |
| OBPPL | Development and leasing of office space and related interiors and maintenance of such assets (The Oxygen Park), located in Noida. | Embassy Office Parks REIT : 100% |
| VCPPL | Development and leasing of office space and related interiors and maintenance of such assets (247 Park), located in Mumbai. | Embassy Office Parks REIT : 100% |
| IENMPL | Development and leasing of office space and related interiors and maintenance of such assets (Express Towers Building), located in Mumbai. | Embassy Office Parks REIT : 100% |

(all amounts in Rs. million unless otherwise stated)

**1. Trust Information (continued)**

The Trust, further has incorporated/ acquired subsidiaries post Initial Public Offer (IPO). Accordingly Embassy Pune Techzone Private Limited (EPTPL) has been incorporated on 6 December 2019 by the Trust and equity interest in each of the below entities (SPVs incorporated in India) (directly or indirectly, acquired post IPO through their holding companies) have been transferred from the respective shareholders to the Trust.

1. Vikas Telecom Private Limited ('VTPL')
2. Sarla Infrastructure Private Limited ('SIPL')
3. Embassy Office Ventures Private Limited ('EOVPL')

Details of SPV's are provided below.

| Name of the SPV | Activities | Shareholding (in percentage) |
|---|---|---|
| EPTPL | Development and leasing of office space and related interiors and maintenance of such assets "Embassy Tech Zone", located at Pune | Embassy Office Parks REIT : 100 % (from 10 March 2021),<br>EOPPL : 100% (upto 10 March 2021, refer note 39) |
| VTPL * | Development and leasing of office space and related interiors and maintenance of such assets "Embassy TechVillage" (ETV), located in Bangalore. | EOVPL : 60%<br>Embassy Office Parks REIT : 40% |
| SIPL * | Development and leasing of office space and related interiors and maintenance of such assets (ETV, Block 9), located in Bangalore. | Embassy Office Parks REIT : 100% |
| EOVPL * | Holding Company of VTPL and Common area maintenance services of ETV, located in Bangalore. | Embassy Office Parks REIT : 100% |

* Together referred to as ETV SPV's.

The Trust holds economic interest in a joint venture (Golflinks Software Park Private Limited (GLSP), entity incorporated in India) through a SPV as detailed below.

| Name of the joint venture | Activities | Shareholding (in percentage) |
|---|---|---|
| GLSP | Development and leasing of office space and related interiors (Embassy Golflinks Business Park), located at Bangalore | EOPPL: 50% (upto 10 March 2021),<br>MPPL: 50% (from 10 March 2021), refer note 39),<br>Kelachandra Holdings LLP (50%) |

*(this space is intentionally left blank)*

**2. Significant accounting policies**

**2.1 Basis of preparation of Standalone financial statements**

The Standalone financial statements of the Trust comprises the Standalone Balance Sheet and Statement of Net Assets at fair value as at 31 March 2021, the Standalone Statement of Profit and Loss, including other comprehensive income, the Standalone Statement of Cash Flow, the Statement of Net Distributable Cashflows, the Standalone Statement of Changes in Unitholder's Equity, Statement of Total Returns at fair value and a summary of significant accounting policies and other explanatory information for the year ended 31 March 2021. The Standalone financial statements were approved for issue in accordance with resolution passed by the Board of Directors of the Manager on behalf of the Trust on 29 April 2021.

The Standalone financial statements have been prepared in accordance with the requirements of SEBI (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder read with SEBI Circular No. CIR/IMD/DF/146/2016 dated December 29, 2016 (the "REIT regulations"); Indian Accounting Standards as prescribed in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India, to the extent not inconsistent with the REIT regulations. Also refer Note 10(a) (i) on classification of Unitholders fund. The Standalone financial statements are presented in Indian Rupees in Millions, except when otherwise indicated.

**Statement of compliance to Ind-AS**

These Standalone financial statements for the year ended 31 March 2021 are the separate financial statements of the Embassy Office Parks REIT and have been prepared in accordance with Indian Accounting Standards as prescribed in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 as amended, to the extent not inconsistent with REIT regulations.

**Changes in accounting policies and disclosures**

New and amended standards

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below. There were several new and amendments to standards and interpretations which are applicable for the first time for the year ended 31 March 2021, but either not relevant or do not have an impact on the Standalone financial statements of the Trust. The Trust has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**Amendments to Ind AS 1 and Ind AS 8: Definition of Material**

The amendments provides a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Standalone financial statements of, nor is there expected to be any future impact to the Trust.

Several other amendments apply for the first time for the year ending 31 March 2021, but does not have an impact on the financial statements of the Trust.

**2.2. Summary of significant accounting policies**

**a) Functional and presentation currency**

The Standalone financial statements are presented in Indian Rupees, which is the Embassy Office Parks REIT's functional currency and the currency of the primary economic environment in which the Embassy Office Parks REIT operates. All financial information presented in Indian Rupees has been rounded off to nearest million except unit and per unit data.

**b) Basis of measurement**

The Standalone financial statements are prepared on the historical cost basis, except for the following:
- Certain financial assets and liabilities (refer accounting policy regarding financial instrument): measured at fair values.

**c) Use of judgments and estimates**

The preparation of Standalone 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 Standalone financial statements is included in the following notes:

i) Classification of lease arrangements as finance lease or operating lease – Note 2.2 (m)
ii) Classification of Unitholders' funds – Note 10 (a) (i)

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment are included in the following notes-

i) Valuation of financial instruments – Refer Note 2.2 (h)
ii) Recognition of deferred tax asset on carried forward losses and recognition of minimum alternate tax credit: availability of future taxable profit against which tax losses carried forward can be used- Note 2.2(q)(ii).

**2. Significant accounting policies (continued)**

iii) Estimation of uncertainties relating to the global health pandemic from COVID-19

The Trust has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its investments in SPVs including loans and other receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Trust, 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 Trust. The Trust has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets as reflected in the balance sheet as at 31 March 2021 will be recovered. The impact of COVID-19 on the Trust's financial statements may differ from that estimated as at the date of approval of these Standalone financial statements.

iv) Impairment of investments and loans in subsidiaries

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the investments in subsidiaries are based on value in use of the underlying properties. The value in use calculation is based on discounted cash flow model. The key assumptions used to determine the recoverable amount are disclosed and further explained in Note 3.

v) Fair valuation and disclosures

SEBI Circulars issued under the REIT Regulations require disclosures relating to net assets at fair value and total returns at fair value (Refer Statement of net assets at fair value and Statement of total returns at fair value for details).

**d) Current versus non-current classification**

The Embassy Office Parks REIT presents assets and liabilities in the Standalone Balance Sheet based on current/ non-current classification:

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Embassy Office Parks REIT classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Embassy Office Parks REIT has identified twelve months as its operating cycle.

**e) Measurement of fair values**

A number of the Embassy Office Parks REIT accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Embassy Office Parks REIT. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Embassy Office Parks REIT uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Embassy Office Parks REIT has an established control framework with respect to the measurement of fair values. The Embassy Office Parks REIT engages with external valuers for measurement of fair values in the absence of quoted prices in active markets.

While measuring the fair value of an asset or liability, the Embassy Office Parks REIT uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows.

• Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Embassy Office Parks REIT uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The REIT recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**2. Significant accounting policies (continued)**

**f) Impairment of non-financial assets**

The Embassy Office Parks REIT assesses, at each reporting date, whether there is an indication that a non-financial asset other than inventories and deferred tax assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Embassy Office Parks REIT estimates the asset's recoverable amount.

An impairment loss is recognised in the Standalone Statement of Profit and Loss if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable unit. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU on a pro rata basis. A CGU is the smallest identifiable asset REIT that generates cash flows that are largely independent from other assets and REITs. Impairment losses are recognised in the Standalone Statement of Profit and Loss, unless it reverses previous revaluation credited to equity, in which case it is charged to equity.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets, such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

**g) Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Embassy Office Parks REIT's entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences arising on foreign exchange transactions settled and from translations during the year are recognised in the Standalone Statement of Profit and Loss of the year except exchange differences arising from the translation of the items which are recognised in OCI.

**h) Financial instruments**

**i) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Embassy Office Parks REIT becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii) Classification and subsequent measurement**

*Financial assets*

On initial recognition, a financial asset is classified as measured at
- Amortised cost;
- Fair value through other comprehensive income (FVOCI)– debt instrument;
- Fair value through other comprehensive income (FVOCI)– equity instrument; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Embassy Office Parks REIT changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Embassy Office Parks REIT may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Embassy Office Parks REIT may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**2. Significant accounting policies (continued)**

*Financial assets: Business model assessment*

The Embassy Office Parks REIT makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Embassy Office Parks REIT's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g.whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Embassy Office Parks REIT's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets:* Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Embassy Office Parks REIT considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Embassy Office Parks REIT considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Embassy Office Parks REIT's claim to cash flows from specified assets (e.g. non – recourse features).

A prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets: Subsequent measurement and gains and losses*

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| Debt instruments at FVOCI | These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity instruments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss. |

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

**2. Significant accounting policies (continued)**

**iii) Derecognition**

*Financial assets*

The Embassy Office Parks REIT derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Embassy Office Parks REIT neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Embassy Office Parks REIT enters into transactions whereby it transfers assets recognised in its Standalone Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

*Financial liabilities*

The Embassy Office Parks REIT derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Embassy Office Parks REIT also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit and loss.

**iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the Standalone Balance Sheet when, and only when, the Embassy Office Parks REIT currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**i) Compound financial instruments**

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not measured subsequently.

Interest related to the financial liability is recognised in profit or loss (unless it qualifies for inclusion in cost of asset). In case of conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

**j) Impairment of financial assets**

*Financial assets*

The Embassy Office Parks REIT recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVTOCI- debt investments

At each reporting date, the Embassy Office Parks REIT assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or being past due for 180 days or more
- the restructuring of a loan or advance by the Embassy Office Parks REIT on terms that the Embassy Office Parks REIT would not consider otherwise
- it is probable that the borrower will enter bankruptcy or other financial reorganisation or
- the disappearance of an active market for a security because of financial difficulties

The Embassy Office Parks REIT measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Embassy Office Parks REIT is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Embassy Office Parks REIT considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Embassy Office Parks REIT's historical experience and informed credit assessment and including forward-looking information.

**2. Significant accounting policies (continued)**

The Embassy Office Parks REIT assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.
The Embassy Office Parks REIT considers a financial asset to be default when:
- the borrower is unlikely to pay its credit obligations to the Embassy Office Parks REIT in full, without recourse by the Embassy Office Parks REIT to actions such as realising security (if any is held); or
- the financial asset is 180 days or more past due without any security

*Measurement of expected credit losses:* Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Embassy Office Parks REIT and the cash flows that the Embassy Office Parks REIT expects to receive).

*Presentation of allowance for expected credit losses in the balance sheet:* Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is charged to profit and loss account and is recognised in OCI.

*Write-off:* The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Embassy Office Parks REIT determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Embassy Office Parks REIT's procedures for recovery of amounts due.

Majority of the financial assets of the Embassy Office Parks REIT pertain to loans to subsidiaries and other receivables. Considering the nature of business, the Embassy Office Parks REIT does not foresee any credit risk on its loans and other receivables which may cause an impairment. Also, Embassy Office Parks REIT does not have any past history of significant impairment of other receivables.

**k) Embedded derivatives**

When the Embassy Office Parks REIT becomes a party to a hybrid contract with a host that is not an asset within the scope of Ind AS 109 Financial Instruments, it identifies whether there is an embedded derivative. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

**l) Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

When guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted as contributions and recognised as part of the cost of investment.

**m) Leases**

**Embassy Office Parks REIT as a lessee**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Embassy Office Parks REIT recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Embassy Office Parks REIT. Generally, the Embassy Office Parks REIT uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Embassy Office Parks REIT, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

The Embassy Office Parks REIT recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Embassy Office Parks REIT recognises any remaining amount of the re-measurement in statement of profit and loss.

The Embassy Office Parks REIT has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Embassy Office Parks REIT recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**2. Significant accounting policies (continued)**

**Embassy Office Parks REIT as a lessor**

*i.Determining whether an arrangement contains a lease*

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

*ii. Assets held under leases*

Leases in which the Embassy Office Parks REIT does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Embassy Office Parks REIT to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Embassy Office Parks REIT's net investment in the leases.

*iii. Initial direct costs*

Initial direct costs such as brokerage expenses incurred specifically to earn revenues from an operating lease are capitalised to the carrying amount of leased asset and recognised over the lease term on the same basis as rental income.

**n) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms.

Revenue is recognised when recovery of the consideration is probable and the amount of revenue can be measured reliably.

**Recognition of dividend income, interest income**

Dividend income is recognised in profit or loss on the date on which the Embassy Office Parks REIT's right to receive payment is established.

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**o) Investments in subsidiaries and joint ventures**

The Trust accounts for its investments in subsidiaries and joint ventures at cost less accumulated impairment losses (if any) in its Standalone financial statements. Investments accounted for at cost are accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

**p) Borrowing costs**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

**q) Taxation**

Income tax comprises current and deferred tax. Income tax expense is recognised in the Standalone Statement of Profit and Loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

*(i) Current tax:*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

*(ii) Deferred tax:*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- Temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- Taxable temporary differences arising on initial recognition of goodwill.

**2. Significant accounting policies (continued)**

Deferred income tax asset are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Embassy Office Parks REIT recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Embassy Office Parks REIT expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Tax impact of timing difference which arise during the tax holiday period are recognised only to the extent of those differences which are reversed after the tax holiday period.

**r) Provisions and contingencies**

The Embassy Office Parks REIT recognises a provision when there is a present obligation (legal or constructive) as a result of a past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

If the effect of the time value of money is material, provisions are discounted.

**s) Operating segments**

The objectives of Embassy REIT are to undertake activities in accordance with the provisions of the SEBI REIT Regulations and the Trust Deed. The principal activity of Embassy REIT is to own and invest in rent or income generating real estate and related assets in India.

The Board of Directors of the Investment Manager allocate the resources and assess the performance of the Trust, thus are the Chief Operating Decision Maker (CODM). In accordance with the requirements of Ind AS 108 - "Segment Reporting", the CODM monitors the operating results of the business as a single segment, hence no separate segment needs to be disclosed. As Embassy Office Parks REIT operates only in India, no separate geographical segment is disclosed.

**t) Errors and estimates**

The Embassy Office Parks REIT revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to profit or loss is applied prospectively in the period(s) of change. Discovery of errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

**u) Cash and cash equivalents**

Cash and cash equivalents in the Standalone Balance Sheet comprises of cash at banks and on hand, deposits held at call with bank or financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**v) Cash distributions to unitholders**

The Embassy Office Parks REIT recognizes a liability to make cash distributions to unitholders when the distribution is authorized, and a legal obligation has been created. As per the REIT Regulations, a distribution is authorized when it is approved by the Board of Directors of the Manager. A corresponding amount is recognized directly in equity.

**w) Statement of Cash flows**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Embassy Office Parks REIT are segregated.

For the purpose of the Statement of Cash Flow, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Embassy Office Parks REIT's cash management.

**x) Earnings per unit**

The basic earnings per unit is computed by dividing the net profit/ (loss) attributable to the unitholders of the REIT by the weighted average number of units outstanding during the reporting period. The number of units used in computing diluted earnings/ (loss) per unit comprises the weighted average units considered for deriving basic earnings/ (loss) per unit and also the weighted average number of units which could have been issued on the conversion of all dilutive potential units.

Dilutive potential units are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per unit, only potential equity units that are dilutive and which either reduces earnings per share or increase loss per units are included.

**2. Significant accounting policies (continued)**

**y) Earnings before finance costs, impairment loss and income tax**

The Embassy Office Parks REIT has elected to present earnings before finance cost, impairment loss and income tax as a separate line item on the face of the Standalone Statement of Profit and Loss. The Embassy Office Parks REIT measures earnings before finance cost, impairment loss and income tax on the basis of profit/ (loss) from continuing operations. In its measurement, the Embassy Office Parks REIT does not include finance costs, impairment loss, and tax expense.

**z) Distribution Policy**

Under the provisions of the REIT Regulations, Embassy Office Parks REIT is required to distribute to the Unitholders not less than ninety percent 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.

In terms of the REIT Regulations and NDCF framework which prescribes for the minimum amount of NDCF to be distributed to Embassy Office Parks REIT:

- not less than 90% of the NDCF of the SPVs are required to be distributed to the Embassy Office Parks REIT, in proportion to its shareholding in the SPV, subject to applicable provisions of the Companies Act, 2013.
- 100% of the cash flows received by the Holding Company from the underlying SPVs are required to be distributed to the Embassy Office Parks REIT, and not less than 90% of the NDCF generated by the Holding Company on its own shall be distributed to the Embassy Office Parks REIT, subject to applicable provisions of the Companies Act, 2013.
- The aforesaid net distributable cash flows 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 SPV's/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 endeavours to pay 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 SPV's are not considered for the purpose of distributions.

**aa) Statement of net assets at fair value**

The disclosure of Statement of Net Assets at Fair value comprises of the fair values of the properties held by Asset SPVs and the HoldCo as well as book values of the total liabilities and other assets of the Trust. The fair value of the property held by Asset SPVs and HoldCo are reviewed semi-annually by the independent property valuer taking into consideration market conditions existing at the reporting date, and other generally accepted market practices. The independent valuer is leading independent appraiser with a recognised and relevant professional qualification and experience.

*(this space is intentionally left blank)*

(all amounts in Rs. million unless otherwise stated)

**3 Non-current investments**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Trade, unquoted investments in subsidiaries (at cost) (refer note below and note 25)** | | |
| - 405,940,204 (31 March 2020: 405,940,204) equity shares of Umbel Properties Private Limited of Rs.10 each, fully paid up | 2,841.67 | 2,841.67 |
| Less: Provision for impairment (refer note (a) below) | (1,235.48) | (587.46) |
| - 2,129,635 (31 March 2020: 2,129,635) equity shares of Quadron Business Park Private Limited of Rs.10 each, fully paid up | 13,689.26 | 13,689.26 |
| Less: Provision for impairment (refer note (a) below) | (1,974.66) | - |
| - 1,999 (31 March 2020: 1,999) equity shares of Embassy Energy Private Limited of Rs.10 each, fully paid up | 732.79 | 732.79 |
| Less: Provision for impairment (refer note (a) below) | (65.43) | - |
| | **13,988.15** | **16,676.26** |
| - Nil (31 March 2020: 8,703,248) equity shares of Embassy Office Parks Private Limited of Rs.10 each, fully paid up (refer note (b) below and note 39) | - | 62,768.25 |
| - 8,703,248 (31 March 2020: Nil) equity shares of Embassy Pune Techzone Private Limited of Rs.10 each, fully paid up (refer note (b) below and note 39) | 12,083.50 | - |
| - 1,461,989 (31 March 2020: 727,538) equity shares of Manyata Promoters Private Limited of Rs.100 each, fully paid up (refer note (b) below and note 39) | 99,475.27 | 48,790.52 |
| - 271,611 (31 March 2020: 271,611) equity shares of Qubix Business Park Private Limited of Rs.10 each, fully paid up | 5,595.08 | 5,595.08 |
| - 1,884,747 (31 March 2020: 1,884,747) equity shares of Oxygen Business Park Private Limited of Rs.10 each, fully paid up | 12,308.89 | 12,308.89 |
| - 185,604,589 (31 March 2020: 185,604,589) equity shares of Earnest Towers Private Limited of Rs.10 each, fully paid up | 12,138.78 | 12,138.78 |
| - 6,134,015 (31 March 2020: 6,134,015) equity shares of Vikhroli Corporate Park Private Limited of Rs.10 each, fully paid up | 10,710.94 | 10,710.94 |
| - 254,583 (31 March 2020: 124,561) equity shares of Indian Express Newspapers (Mumbai) Private Limited of Rs.100 each, fully paid up (refer note (c) below) | 13,210.96 | 6,463.79 |
| - Nil (31 March 2020: 130,022) Class A equity shares of Indian Express Newspapers (Mumbai) Private Limited of Rs.100 each, fully paid up (refer note (c) below) | - | 6,747.17 |
| - 107,958 (31 March 2020: 107,958) equity shares of Galaxy Square Private Limited of Rs.100 each, fully paid up | 4,662.50 | 4,662.50 |
| - 2,637,348 (31 March 2020: Nil) Class A equity shares of Vikas Telecom Private Limited of Rs.10 each, fully paid up | 23,147.33 | - |
| - 4,847,584 (31 March 2020: Nil) Ordinary equity shares of Embassy Office Ventures Private Limited of Rs.10 each, fully paid up | 10,972.41 | - |
| - 8,682,000 (31 March 2020: Nil) Class A equity shares of Embassy Office Ventures Private Limited of Rs.10 each, fully paid up | 16,575.71 | - |
| - 3,300 (31 March 2020: Nil) equity shares of Sarla Infrastructure Private Limited of Rs.1,000 each, fully paid up | 6,870.02 | - |
| | **227,751.39** | **170,185.92** |
| | **241,739.54** | **186,862.18** |
| **Aggregate amount of impairment recognised** | **3,275.57** | **587.46** |

(a) The recoverable amounts of the investments in subsidiaries have been computed based on value in use calculation of the underlying properties, computed semi-annually in March and September of each financial year. The value in use calculation is determined by iVAS Partners, independent external property valuers appointed under Regulation 21 of REIT regulations, having appropriately recognised professional qualifications and recent experience in the location and category of the properties being valued in conjunction with value assessment services undertaken by CBRE South Asia Private Limited based on discounted cash flow method. As at 31 March 2021, an amount of Rs.3,275.57 million (31 March 2020: Rs.587.46 million) has been provided as impairment on investment in subsidiaries namely Umbel Properties Private Limited, Quadron Business Park Private Limited and Embassy Energy Private Limited based on independent valuation report as on 31 March 2021. The impairment charge arose in these entities mainly due to slower ramp up of hotel room occupancy, slower than anticipated lease up coupled with the current economic conditions due to Covid-19 pandemic. The impairment charge arose in Embassy One due to slower than anticipated lease-up. In determining the value in use, the cash flows were discounted at the rate of 12.38% for investment in Hospitality operations (UPPL and QBPL) and 13.50% for investment in solar power plant (EEPL).

The financial projections basis which the future cash flows have been estimated consider the increase in economic uncertainties due to COVID-19, revisiting the key operating assumptions as well as growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis.

(b) The Board of Directors of the Manager in their meeting held on 19 May 2020 approved the composite scheme of arrangement (the “Scheme”) involving MPPL, EOPPL and EPTPL. The above scheme has been approved by National Company Law Tribunal (NCLT), Mumbai bench with an effective date of 10 March 2021. Upon completion of the scheme, MPPL has become a 100% HoldCo of the Trust, holding Embassy Manyata, Bengaluru, 80% of the share capital of EEPL, 50% of the share capital of GLSP, while EPTPL has become a 100% directly-held SPV of the Trust, holding Embassy TechZone, an existing asset of the Trust. Due to the above the existing shares of EOPPL held by the Trust has been cancelled. Further, MPPL and EPTPL have to issue 734,451 equity shares and 8,703,248 equity shares respectively to the Trust, in accordance with the Scheme.

(all amounts in Rs. million unless otherwise stated)

**3 Non-current investments (continued)**

Since Trust continues to hold the same economic interest through equity shareholding both before and after the composite scheme of arrangement, the carrying amount of Embassy Office Parks REIT's investment in Embassy Office Parks Private Limited is split into investment in EPTPL and MPPL based on relative fair values of such business/investments.

(c) During the year ended 31 March 2021, the rights of 130,022 Class A equity shares of Rs.100 each, of Indian Express Newspapers (Mumbai) Private Limited have been varied and the said shares are converted to Equity shares. Accordingly the carrying amount of investment in Class A equity shares have been reclassified under Equity shares.

Details of % shareholding in the subsidiaries, held by Trust is as under:

| Name of Subsidiary | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Embassy Office Parks Private Limited (refer note 39) | - | 100.00% |
| Embassy Pune Techzone Private Limited (refer note i below) | 100.00% | - |
| Manyata Promoters Private Limited (refer note ii below) | 100.00% | 64.23% |
| Umbel Properties Private Limited | 100.00% | 100.00% |
| Embassy Energy Private Limited (refer note iii below) | 19.99% | 19.99% |
| Earnest Towers Private Limited | 100.00% | 100.00% |
| Indian Express Newspapers (Mumbai) Private Limited | 100.00% | 100.00% |
| Vikhroli Corporate Park Private Limited | 100.00% | 100.00% |
| Qubix Business Park Private Limited | 100.00% | 100.00% |
| Quadron Business Park Private Limited | 100.00% | 100.00% |
| Oxygen Business Park Private Limited | 100.00% | 100.00% |
| Galaxy Square Private Limited | 100.00% | 100.00% |
| Vikas Telecom Private Limited (refer note iv below) | 40.00% | - |
| Embassy Office Ventures Private Limited | 100.00% | - |
| Sarla Infrastructure Private Limited | 100.00% | - |

(i) Embassy Pune Techzone Private Limited was a wholly owned subsidiary of Embassy Office Parks Private Limited upto 10 March 2021 (refer note 39).

(ii) As at 31 March 2020, 35.77% of ownership interest in Manyata Promoters Private Limited was owned by Embassy Office Parks Private Limited. Therefore, the Trust directly or indirectly owned 100% interest in Manyata Promoters Private Limited. Also refer note 39.

(iii) Remaining 80.01% of ownership interest in Embassy Energy Private Limited is owned by Manyata Promoters Private Limited from 10 March 2021 (Embassy Office Parks Private Limited till 4 March 2021). Therefore, the Trust directly or indirectly owns 100% interest in Embassy Energy Private Limited. Also refer note 39.

(iv) Remaining 60% of ownership interest in Vikas Telecom Private Limited is owned by Embassy Office Ventures Private Limited. Therefore, the Trust directly or indirectly owns 100% interest in Vikas Telecom Private Limited .

**4 Non-current loans**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| ***Unsecured, considered good*** | | |
| Loan to subsidiaries (refer note 25) | 98,998.92 | 65,142.57 |
| Security deposits | | |
| - others | - | 1.00 |
| | **98,998.92** | **65,143.57** |

**Terms attached to loan to subsidiaries**

**Security:** Unsecured

**Interest :** 12.50% per annum. The Lender may reset the rate of interest applicable to all or any tranche of the loan amount on: (i) any drawdown date; and (ii) any interest payment date prior to the repayment date, by giving a notice of not less than 5 (five) days to the borrower, provided that pursuant to any such reset, the interest rate shall continue to be not less than 12.50% per annum and not more than 14.00% per annum for any disbursements of the loan amount out of the proceeds of Listing.

**Repayment**:

(a) Bullet repayment on the date falling at the end of 15 (fifteen) years from the first drawdown date.

(b) Early repayment option (wholly or partially) is available to the borrower (SPV's).

(all amounts in Rs. million unless otherwise stated)

**5 Current investments**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Non-trade, Unquoted, Investment in mutual funds, at fair value** | | |
| HDFC Liquid Fund-Growth | - | 1,010.72 |
| HDFC Overnight Fund-Growth | - | 255.01 |
| ICICI Prudential Liquid Fund-Growth | - | 1,350.77 |
| IDFC Cash Fund - Growth | - | 390.15 |
| Axis Liquid Fund - Growth | - | 202.42 |
| **Trade, unquoted investments measured at amortised cost** | | |
| - Investment in Debentures of a joint venture entity (refer note 25) | - | 724.38 |
| Nil (31 March 2020 : 2,500) 8.5% debentures | | |
| | **-** | **3,933.45** |
| **Investment measured at amortised cost** | **-** | **724.38** |
| **Investment measured at fair value through profit or loss** | **-** | **3,209.07** |
| **Investments measured at fair value through other comprehensive income** | **-** | **-** |
| **Aggregate amount of impairment recognised** | **-** | **-** |

**Terms attached to Investment in debentures of a joint venture entity**

1. Nil (31 March 2020 : 2,500) unlisted, unrated, secured redeemable, non-convertible debentures of Golflinks Software Park Private Limited. Outstanding as on 31 March 2021 : Nil (31 March 2020 : Rs.724.38 million).

2. Interest Rate : 8.50% p.a. on monthly outstanding balance.

3. Security : The debentures are secured by first ranking exclusive security interest over Torrey Pines building.

4. Redemption : Debentures shall be redeemed in 16 monthly instalment (principal and interest) of Rs.160.00 million each and 17th instalment of Rs.98.99 million in accordance with redemption schedule. Early redemption of the debentures shall be permitted from internal accruals of the issuer or any other sources, at the option of the issuer and without any prepayment penalty.

5. Investment in debentures has been fully redeemed in the month of August 2020.

**6 Cash and cash equivalents**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Balances with banks | | |
| - in current accounts * | 7,169.26 | 2,845.19 |
| - in escrow accounts | | |
| - Balances with banks for unclaimed distributions | 2.00 | 0.26 |
| | **7,171.26** | **2,845.45** |

* Balance in current accounts includes cheques on hand received from SPV's in respect of interest/principal repayments of loans as at 31 March 2021 amounting to Rs.763.77 million (31 March 2020 : Rs.2,121.94 million).

**7 Current loans**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| ***Unsecured, considered good*** | | |
| Loan to subsidiaries (refer note 25) | 1,475.00 | 620.00 |
| | **1,475.00** | **620.00** |

**Terms attached to loan to subsidiaries**

**Security:** Unsecured

**Interest :** 12.50% per annum. The Lender may reset the rate of interest applicable to all or any tranche of the loan amount on: (i) any drawdown date; and (ii) any interest payment date prior to the repayment date, by giving a notice of not less than 5 (five) days to the borrower.

**Repayment:** Bullet repayment and to be payable within 364 days from the date of disbursement. Early repayment option (wholly or partially) is available to the borrower (SPV's).

**8 Other financial assets**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Other receivables | | |
| - from others | - | 3.15 |
| | **-** | **3.15** |

**9 Other current assets**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| ***Unsecured, considered good*** | | |
| Advance for supply of goods and rendering of services | 0.72 | 0.44 |
| Balances with government authorities | 0.33 | 8.82 |
| Prepayments | 5.61 | 38.16 |
| | **6.66** | **47.42** |

## 10 Unit capital

| Unit Capital | No in Million | Amount |
|---|---|---|
| **As at 1 April 2019** | 771.67 | 229,039.26 |
| Add: Reversal of issue expenses no longer payable * | - | 81.70 |
| **As at 31 March 2020** | **771.67** | **229,120.96** |
| **As at 1 April 2020** | **771.67** | **229,120.96** |
| Add : Units issued during the year (refer note c) | 176.23 | 59,999.35 |
| Less: Issue expenses ** | - | (858.20) |
| **Balance as at 31 March 2021** | **947.90** | **288,262.11** |

* Issue expenses pertaining to the Initial Public Offering (IPO) and listing of the Units on the National Stock Exchange and Bombay Stock Exchange have been reduced from the Unitholders capital in accordance with Ind AS 32 Financial Instruments: Presentation. During the previous year ended 31 March 2020, provision for issue expenses no longer payable, has been reversed amounting to Rs.81.70 million.

** During the year ended 31 March 2021 estimated issue expenses pertaining to further issue of units (Institutional placement and Preferential allotment) have been reduced from the Unitholders capital in accordance with Ind AS 32 Financial Instruments: Presentation. The issue expenses includes payments to auditor of Rs.51.55 million (excluding applicable taxes).

**(a) Terms/rights attached to Units**

**(i)** The Trust has only one class of Units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of Units is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the REIT Regulations. The Board of Directors of the Manager approves distributions to Unitholders. The distribution will be in proportion to the number of Units held by the Unitholders. The Trust declares and pays distributions in Indian Rupees.

Under the provisions of the REIT Regulations, Embassy Office Parks REIT is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of Embassy Office Parks REIT for each financial year. Accordingly, a portion of the Unitholders’ funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders funds could have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/146/2016 dated 29 December 2016 and No. CIR/IMD/DF/141/2016 dated 26 December 2016) issued under the REIT Regulations, the Unitholders funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 26 December 2016 dealing with the minimum disclosures for key financial statements. Consistent with Unitholders’ funds being classified as equity, the distributions to Unitholders is presented in Statement of Changes in Unitholders' Equity and not as finance costs. In line with the above, the dividend payable to unitholders is recognised as liability when the same is approved by the Manager.

**(b) Unitholders holding more than 5 percent Units in the Trust**

| Name of the Unitholder | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | No of Units | % holding | No of Units | % holding |
| Embassy Property Developments Private Limited | 115,484,802 | 12.18% | 115,484,802 | 14.97% |
| SG Indian Holding (Nq) Co I Pte Limited | 88,333,166 | 9.32% | 104,094,966 | 13.49% |
| BRE Mauritius Investments | 83,730,208 | 8.83% | 93,610,755 | 12.13% |
| Veeranna Reddy | 29,372,782 | * | 65,472,582 | 8.48% |
| Bre/Mauritius Investments II | 39,700,450 | * | 45,630,850 | 5.91% |
| India Alternate Property Limited | 31,193,186 | * | 39,446,986 | 5.11% |

* The percentage holding is less than 5% as at 31 March 2021. As at 31 March 2020, the percentage holding was more than 5%.

**(c)** The Trust has not allotted any fully paid-up units by way of bonus units nor has it bought back any class of units from the date of incorporation till the balance sheet date. The Trust has issued an aggregate of 613,332,143 Units of Rs.300 each for consideration other than cash from the date of incorporation till 31 March 2020. Further, during the year ended 31 March 2021, the Trust has issued 111,335,400 Units at a price of Rs.331.00 per Unit through an Institutional Placement. The Trust has also made Preferential allotment of 64,893,000 Units at Rs.356.70 per Unit to acquire 40% equity interest of VTPL held by third party shareholders.

## 11 Other equity

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Retained earnings * | (22,682.89) | (8,784.65) |
| | **(22,682.89)** | **(8,784.65)** |

*Refer Standalone Statement of changes in Unitholder's Equity for detailed movement in other equity balances.

**Retained earnings**

The cumulative gain or loss arising from the operations which is retained and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the statement of profit and loss to the retained earnings account.

(all amounts in Rs. million unless otherwise stated)

**12 Borrowings**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| ***Secured*** | | |
| 36,500 (31 March 2020 : 36,500) Embassy REIT Series I, Non-Convertible debentures (NCD) 2019, face value of Rs.1,000,000 each (net of issue expenses, at amortised cost) (refer note A below) | | |
| - Tranche I | 35,503.64 | 32,351.18 |
| - Tranche II | 7,276.40 | 6,667.66 |
| 15,000 (31 March 2020 : Nil) Embassy REIT Series II, Non-Convertible debentures (NCD) 2020, face value of Rs.1,000,000 each (net of issue expenses, at amortised cost) (refer note B below) | | |
| - Tranche A | 7,382.15 | - |
| - Tranche B | 7,437.51 | - |
| 26,000 (31 March 2020 : Nil) Embassy REIT Series III, Non-Convertible debentures (NCD) 2021, face value of Rs.1,000,000 each (net of issue expenses, at amortised cost) (refer note C below) | 25,719.40 | - |
| | **83,319.10** | **39,018.84** |

**Note:**

**A. 36,500 (31 March 2020 : 36,500) Embassy REIT Series I NCD 2019, face value of Rs.1,000,000 each**

In May 2019, the Trust issued 30,000 listed, AAA/Stable, secured, redeemable and non-convertible Embassy REIT Series I NCD 2019 (Tranche I), debentures having face value of Rs. 1 million each amounting to Rs. 30,000.00 million with an Internal Rate of Return (IRR) of 9.4% and will mature on 2 June 2022. In November 2019, the Trust further issued 6,500 such debentures (Tranche II ) with an Internal Rate of Return (IRR) of 9.05% and with same terms and conditions as Tranche I.

The Tranche I and Tranche II NCD described above were listed on the Bombay Stock Exchange on 15 May 2019 and 28 November 2019 respectively.

***Security terms:***

The debentures are secured against each of the following in favor of the Security Trustee (holding for the benefit of the Debenture Trustee and ranking pari passu inter se the Debenture Holders) :

1. A sole and exclusive first ranking charge created by MPPL on (a) land measuring 112.475 acres at Bengaluru together with blocks and various commercial buildings; (b) 1.022 acres (Phase 1) and 1.631 (Phase IV) acres of undivided right, title and interest in the commercial complex known as "Mfar Manyata Tech Park". The above charge excludes L1 - Office block, consisting of 477,949 sq.ft of super built up area along with the undivided share of the lands and future development / construction on Blocks designated as F1 and L4 that MPPL may undertake in the Project "Embassy Manyata Business Park" along with the remaining undivided share of such land.

2. A sole and exclusive first ranking pledge created by the REIT over their total shareholding in the SPV's namely QBPPL, ETPL, VCPPL, GSPL and MPPL together known as "secured SPVs".

3. A sole and exclusive first ranking charge by way of hypothecation created by the REIT over identified bank accounts and receivables.

4. A sole and exclusive first ranking charge by way of hypothecation created by each secured SPV over identified bank accounts and receivables of each secured SPV.

5. A negative pledge on all assets of each secured SPV except MPPL.

***Redemption terms:***

1. These debentures are redeemable by way of bullet payment on 2 June 2022.

2. Tranche I debentures have a redemption premium of 9.4% IRR compounded annually and Tranche II debentures have a redemption premium of 9.05% IRR compounded annually.

3. In case of downgrading of credit rating , the IRR shall increase by 0.25% - 1.25% over and above the applicable IRR calculated from the date of change of rating. In case of any subsequent upgrading of credit rating , the IRR shall restore/decrease by 0.25% - 1.00% over and above the applicable IRR calculated from the date of change of rating.

4. The issuer shall have the option of redeeming all or part of the debentures on a pro-rata basis at any time on a specified call option date (between May 2021 to May 2022) by delivering a Call Option Notice to the debenture holders prior to the relevant call option date, subject to certain agreed minimum aggregate nominal value of debentures being redeemed.

**B. 15,000 (31 March 2020 : Nil) Embassy REIT Series II NCD 2020, face value of Rs.1,000,000 each**

In September 2020, the Trust issued 7,500 listed, AAA rated, secured, redeemable and non-convertible Embassy REIT Series II NCD 2020 (Tranche A), debentures having face value of Rs.1 million each amounting to Rs.7,500.00 million with an coupon rate of 7.25% p.a. payable quarterly. In October 2020, the Trust further issued 7,500 such debentures (Tranche B), with an coupon rate of 6.70% p.a. payable quarterly and with same terms and conditions as Tranche A.

The Tranche A and Tranche B NCD described above were listed on the Bombay Stock Exchange on 17 September 2020 and 05 November 2020 respectively.

***Security terms:***

The NCD's are secured against each of the following in favor of the Security Trustee (holding for the benefit of the Debenture Trustee and ranking pari passu inter se the Debenture Holders):

1. A sole and exclusive first ranking charge by way of mortgage created by EOPPL on the constructed buildings and related parcels identified as Block 2, Block 3, Food court, Block 6, Block I, Block 11 and Block 5, having an aggregate leasable area of 2,00,674 square meters and forming part of the development known as Embassy Tech Zone together with portion of land admeasuring 96,630 square meters on which the aforesaid buildings are constructed out of the aggregate area of land measuring 67.45 acres equivalent to 2,72,979 sq. mtrs.

2. A sole and exclusive first ranking pledge created by the Embassy REIT over the shareholding in the SPV's namely IENMPL and EOPPL together known as "secured SPVs" along with shareholder loans given to these SPVs.

3. A sole and exclusive first ranking charge by way of hypothecation created by Embassy REIT over identified bank accounts and receivables.

4. A sole and exclusive first ranking charge by way of hypothecation created by EOPPL over identified bank accounts and receivables.

5. A corporate guarantee issued by each of EOPPL and IENMPL.

6. Pursuant to the Composite Scheme of Arrangement (the Scheme) approved by National Company Law Tribunal (NCLT), the pledge of EOPPL shares and the hypothecation created over EOPPL bank accounts and receivables is in process of being recreated in the name of EPTPL in accordance with the terms of Debenture Trust Deed (refer note 39).

(all amounts in Rs. million unless otherwise stated)

**12 Borrowings (continued)**

***Redemption terms:***

1. Interest is payable on the last day of each financial quarter in a year until the Scheduled Redemption Date
2. These debentures will be redeemed on the expiry of 37 months from the Date of Allotment for the Debentures at par on 9 October 2023.
3. In case of downgrading of credit rating , the coupon rate shall increase by 0.25% - 1.25% over and above the applicable coupon rate calculated from the date of change of rating. In case of any subsequent upgrading of credit rating, the IRR shall restore/decrease by 0.25% - 1.00% over and above the coupon rate calculated from the date of change of rating.
4. The issuer shall have the option of redeeming all or part of the debentures on a pro-rata basis at any time on a specified call option date (between March 2023 to September 2023) by delivering a Call Option Notice to the debenture holders prior to the relevant call option date, subject to certain agreed minimum aggregate nominal value of debentures being redeemed.

**C. 26,000 (31 March 2020 : Nil) Embassy REIT Series III NCD 2021, face value of Rs.1,000,000 each**

In January 2021, the Trust issued 26,000 listed, AAA rated, secured, redeemable, transferable and non-convertible Embassy REIT Series III NCD 2021 debentures having face value of Rs.1 million each amounting to Rs.26,000.00 million with an coupon rate of 6.40% p.a. payable quarterly.

The debentures described above were listed on the Bombay Stock Exchange on 19 January 2021.

***Security terms***

The NCD's are secured against each of the following in favor of the Security Trustee (holding for the benefit of the Debenture Trustee and ranking pari passu inter se the Debenture Holders):

1. A first ranking charge by way of mortgage created by VTPL on the constructed buildings and related parcels identified as Block 1A, Block 2 and Block 7B, having an aggregate leasable area of 3,43,772 square meters and forming part of the development known as Embassy TechVillage together with portion of land admeasuring 101,859 square meters on which the aforesaid buildings are constructed.
2. A first ranking pari passu pledge created by the Embassy REIT, EOPPL and EOVPL over their shareholding in the SPV's namely VTPL and EEPL together known as "Secured SPVs".
3. A sole and exclusive first ranking charge by way of hypothecation created by Embassy REIT over identified bank accounts and receivables.
4. A sole and exclusive first ranking charge by way of hypothecation created by VTPL over identified bank accounts and receivables.
5. A corporate guarantee issued by each of VTPL and EEPL.
6. Pursuant to the Composite Scheme of Arrangement (the Scheme) approved by National Company Law Tribunal (NCLT), the pledge of EEPL shares is in the process of being recreated by MPPL in accordance with the terms of Debenture Trust Deed due to change in ownership of EEPL shares from EOPPL to MPPL (refer note 39).

***Redemption terms:***

1. Interest is payable on the last day of each financial quarter in a year until the Scheduled Redemption Date.
2. These debentures will be redeemed on the expiry of 37 months from the Date of Allotment for the Debentures at par on 15 February 2024.
3. In case of downgrading of credit rating, the coupon rate shall increase by 0.25% - 1.00% over and above the applicable coupon rate calculated from the date of change of rating. In case of any subsequent upgrading of credit rating, the coupon rate shall restore/decrease by 0.25% - 1.00% over and above the coupon rate calculated from the date of change of rating.
4. The issuer shall have the option of redeeming all or part of the debentures on a pro-rata basis at any time on a specified call option date (between July 2023 to January 2024) by delivering a Call Option Notice to the debenture holders prior to the relevant call option date, subject to certain agreed minimum aggregate nominal value of debentures being redeemed.

**Disclosure required under SEBI circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated 13 April 2018**

5. Details of non-convertible debentures are as follows:-

| Particulars | Secured/ Unsecured | Previous due date | | Next due date | |
|---|---|---|---|---|---|
| | | Principal | Interest | Principal | Interest |
| Embassy REIT Series I NCD 2019 (Tranche I and II) | Secured | - | - | 02 June 2022 | 02 June 2022 |
| Embassy REIT Series II NCD 2020 (Tranche A and B) | Secured | - | 31 March 2021 | 09 October 2023 | 30 June 2021 |
| Embassy REIT Series III NCD 2021 | Secured | - | 31 March 2021 | 15 February 2024 | 30 June 2021 |

6. Rating agency CRISIL has assigned a rating of "CRISIL AAA/Stable" to Embassy REIT Series I NCD 2019 and Embassy REIT Series II NCD 2020 and Embassy REIT Series III NCD 2021.

**C. Other requirements as per Guidelines for issuance of debt securities by Real Estate Investment Trusts (REITs)**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Asset cover ratio (refer a below) | 17.88% | 11.76% |
| Debt-equity ratio (refer b below) | 0.31 | 0.18 |
| Debt-service coverage ratio (refer c below) | 2.53 | 2.92 |
| Interest-service coverage ratio (refer d below) | 2.53 | 2.92 |
| Net worth (refer e below) | 265,579.22 | 220,336.31 |

Formulae for computation of ratios are as follows basis standalone financial statements:-

a) Asset cover ratio * = Total borrowings / Gross asset value of the Trust as computed by independent valuers

b) Debt equity ratio * = Total borrowings/ Unitholders' Equity

c) Debt Service Coverage Ratio = Earnings before Depreciation, Finance costs, Impairment loss and Tax/ (Finance costs + Principal Repayments made during the year)

d) Interest Service Coverage Ratio = Earnings before Depreciation, Finance costs, Impairment loss and Tax/ Finance costs (net of capitalisation)

e) Net worth = Unit capital + Other equity

* Total borrowings = Long-term borrowings + Short-term borrowings + current maturities of long-term borrowings and Unitholder's Equity = Unit Capital + Other equity.

(all amounts in Rs. million unless otherwise stated)

### 13 Trade payables

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Trade payable | | |
| - Total outstanding dues to micro and small enterprises (refer note (ii) below) | 1.65 | - |
| - Total outstanding dues other than micro and small enterprises | | |
| - to related party (refer note 25) | 0.86 | 4.66 |
| - to others | 0.09 | 2.02 |
| | **2.60** | **6.68** |

**Notes :**

(i) All the trade payables are current in nature. The Trust's exposure to currency and liquidity risks related to trade payables are disclosed in note 26.

(ii) Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED Act, 2006").

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year; | 1.65 | - |
| The amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year; | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of the accounting year; and | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006. | - | - |

### 14 Other financial liabilities

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Unclaimed distribution | 2.00 | 0.26 |
| Contingent consideration (refer note 25 and 28) | 350.00 | - |
| Other liabilities | | |
| - to related party (refer note 25) | 50.30 | 55.46 |
| - to others | 57.86 | 32.76 |
| | **460.16** | **88.48** |

### 15 Other current liabilities

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Statutory dues | 26.60 | 4.37 |
| | **26.60** | **4.37** |

### 16 Current tax liabilities (net)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Provision for income-tax, net of advance tax | 3.70 | 0.54 |
| | **3.70** | **0.54** |

*(this space is intentionally left blank)*

(all amounts in Rs. million unless otherwise stated)

**17 Interest income**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Interest income | | |
| - on fixed deposits | 42.19 | 13.43 |
| - on debentures (refer note 25) | 14.61 | 144.38 |
| - on loan to subsidiaries (refer note 25) | 9,370.44 | 8,071.20 |
| | **9,427.24** | **8,229.01** |

**18 Other income**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Profit on sale of investments | 47.51 | 152.36 |
| Net changes in fair value of financial assets | - | 1.72 |
| Miscellaneous | - | 1.26 |
| | **47.51** | **155.34** |

**19 Other expenses**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Bank charges | 0.15 | 0.26 |
| Rates and taxes | 21.17 | 1.48 |
| Travelling and conveyance | - | 0.17 |
| Marketing and advertisement expenses * | 41.12 | 15.56 |
| Miscellaneous expenses | 4.12 | 0.68 |
| | **66.56** | **18.15** |

* Also refer note 25

**20 Finance costs**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Interest expense | | |
| - on Non convertible debentures | | |
| - Embassy REIT Series II and Series III NCD | 914.44 | - |
| Accrual of premium on redemption of debentures (Embassy REIT Series I NCD) | 3,784.21 | 2,850.33 |
| | **4,698.65** | **2,850.33** |

**21 Tax expense**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Current tax | 37.78 | 71.17 |
| | **37.78** | **71.17** |

**Reconciliation of tax expense**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Profit before tax | **4,512.20** | **4,885.14** |
| Domestic tax rate | **42.74%** | **42.74%** |
| Tax using the Trust's domestic tax rate | 1,928.69 | 2,088.10 |
| Effect of exempt incomes | (5,200.58) | (3,635.61) |
| Effect of non-deductible expenses | 3,310.23 | 1,619.65 |
| Others | (0.56) | (0.97) |
| **Tax expense** | **37.78** | **71.17** |

**22 Auditor's remuneration ***

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| As auditor | | |
| - statutory audit | 3.10 | 3.10 |
| - limited review | 4.10 | 4.10 |
| Reimbursement of expenses (including goods and services tax) | 1.19 | 0.44 |
| | **8.39** | **7.64** |

* Excludes payments to auditor of Rs.51.55 million (excluding applicable taxes) relating to issue expenses reduced from Unitholders capital.

**23 Earnings Per Unit (EPU)**

Basic EPU amounts are calculated by dividing the profit for the year attributable to Unitholders by the weighted average number of units outstanding during the year. Diluted EPU amounts are calculated by dividing the profit attributable to unitholders by the weighted average number of units outstanding during the year plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects the profit and unit data used in the basic and diluted EPU computation

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Profit after tax for calculating basic and diluted EPU | 4,474.42 | 4,813.97 |
| Weighted average number of Units (No. in million)* | 819.59 | 771.67 |
| Earnings Per Unit | | |
| - Basic (Rupees/unit) | 5.46 | 6.24 |
| - Diluted (Rupees/unit) ** | 5.46 | 6.24 |

* The weighted average number of units have been computed basis 111.34 million units issued by way of institutional placement and 64.89 million units issued by way of preferential allotment on 22 December 2020 and 24 December 2020 respectively.

** The Trust does not have any outstanding dilutive units.

**24 Commitments and contingencies**

**a. Contingent liabilities**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Guarantee given to a Bank for loan obtained by a SPV | 8,400.00 | 8,400.00 |

Note :

Trust has given an irrevocable and unconditional Corporate guarantee dated 27 December 2019, in favor of Catalyst Trusteeship Limited (Trustee) towards the term loan facility of Rs.8,400 million by State Bank of India (Lender) to Manyata Promoters Private Limited (Borrower), an Embassy REIT SPV; to forthwith pay the Lender the outstanding amount of loan on demand by the Lender, upon the failure to make any payments/ repayments of the outstanding amounts (or any part thereof) on the respective due dates by Borrower.

**b. Statement of capital and other commitments**

i) There are no capital commitments as at 31 March 2021 and 31 March 2020.

ii) The Trust has committed to provide financial support to some of its subsidiaries to ensure that these entities operate on going concern basis and are able to meet their debts and liabilities as they fall due.

*(this space is intentionally left blank)*

**25 Related party disclosures**

**I. List of related parties as at 31 March 2021**

**A. Parties to Embassy Office Parks REIT**

Embassy Property Developments Private Limited - Co-Sponsor
BRE/ Mauritius Investments - Co-Sponsor
Embassy Office Parks Management Services Private Limited - Manager
Axis Trustee Services Limited - Trustee

**The co-sponsor groups consist of the below entities**

**Embassy Property Developments Private Limited - Co-Sponsor**

Embassy One Developers Private Limited
D M Estates Private Limited
Embassy Services Private Limited
Golflinks Properties Private Limited

**BRE/ Mauritius Investments - Co-Sponsor**

SG Indian Holding (NQ) Co. I Pte. Limited
SG Indian Holding (NQ) Co. II Pte. Limited
SG Indian Holding (NQ) Co. III Pte. Limited
BRE/Mauritius Investments II
BREP NTPL Holding (NQ) Pte Limited
BREP VII NTPL Holding (NQ) Pte Limited
BREP Asia SBS NTPL Holding (NQ) Limited
BREP VII SBS NTPL Holding (NQ) Limited
BREP GML Holding (NQ) Pte Limited
BREP VII GML Holding (NQ) Pte Limited
BREP Asia SBS GML Holding (NQ) Limited
BREP VII SBS GML Holding (NQ) Limited
BREP Asia SG Oxygen Holding (NQ) Pte Limited
BREP VII SG Oxygen Holding (NQ) Pte Limited
BREP Asia SBS Oxygen Holding (NQ) Limited
BREP VII SBS Oxygen Holding (NQ) Limited
BREP Asia HCC Holding (NQ) Pte Limited
BREP VII HCC Holding (NQ) Pte Limited
BREP Asia SBS HCC Holding (NQ) Limited
BREP VII SBS HCC Holding (NQ) Limited
India Alternate Property Limited
BREP Asia SG Indian Holding (NQ) Co II Pte. Limited
BREP VII SG Indian Holding (NQ) Co II Pte. Limited
BREP Asia SBS Holding NQ CO XI Limited
BREP VII SBS Holding NQ CO XI Limited

**Directors and Key managerial personnel's of the Manager (Embassy Office Parks Management Services Private Limited)**

**Directors**

Jitendra Virwani
Tuhin Parikh
Vivek Mehra
Ranjan Ramdas Pai
Anuj Puri
Punita Kumar Sinha
Robert Christopher Heady
Aditya Virwani
Asheesh Mohta - Director (from 28 June 2019, alternate to Robert Christopher Heady)

**Key management personnel**

Michael David Holland - CEO
Rajesh Kaimal - CFO (upto 19 May 2020)
Aravind Maiya - CFO (from 19 May 2020)
Ramesh Periasamy - Compliance Officer and Company Secretary (upto 6 August 2020)
Deepika Srivastava- Compliance Officer and Company Secretary (from 7 August 2020)

**(i) Subsidiaries (SPV)**

Embassy Office Parks Private Limited (refer note 39)
Manyata Promoters Private Limited
Umbel Properties Private Limited
Embassy Energy Private Limited
Earnest Towers Private Limited
Indian Express Newspapers (Mumbai) Private Limited
Vikhroli Corporate Park Private Limited
Qubix Business Park Private Limited
Quadron Business Park Private Limited
Oxygen Business Park Private Limited
Galaxy Square Private Limited
Embassy Pune Techzone Private Limited (from 06 December 2019)
Vikas Telecom Private Limited (from 24 December 2020)
Embassy Office Ventures Private Limited (from 24 December 2020)
Sarla Infrastructure Private Limited (from 24 December 2020)

**(ii) Joint Venture**

Golflinks Software Park Private Limited

**B Other related parties with whom the transactions have taken place during the year**

Embassy Shelters Private Limited
Mac Charles (India) Limited
Lounge Hospitality LLP
BREP Asia SG Indian Holding (NQ) Co I Pte. Ltd *
BREP VII SG Indian Holding (NQ) Co I Pte. Ltd *
BREP Asia SBS Holding-NQ Co IV Ltd. (Cayman) *
BREP VII SBS Holding-NQ IV Co Ltd (Cayman) *

**together known as BREP entities.*

(all amounts in Rs. million unless otherwise stated)

**25 Related party disclosures**

**C Transactions during the year**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Unsecured loans given to** | | |
| Quadron Business Park Private Limited | 270.00 | 7,509.00 |
| Embassy Pune Techzone Private Limited * | 905.50 | 5,858.30 |
| Manyata Promoters Private Limited | 8,819.38 | 28,423.10 |
| Qubix Business Park Private Limited | - | 3,179.90 |
| Oxygen Business Park Private Limited | 3,396.43 | 4,030.30 |
| Earnest Towers Private Limited | 500.00 | 1,029.30 |
| Vikhroli Corporate Park Private Limited | 161.00 | 4,766.70 |
| Galaxy Square Private Limited | - | 2,549.80 |
| Umbel Properties Private Limited | 30.00 | 1,795.20 |
| Indian Express Newspapers (Mumbai) Private Limited | 13.00 | 3,764.00 |
| Embassy Energy Private Limited | 225.00 | 6,400.00 |
| Sarla Infrastructure Private Limited | 1,745.00 | - |
| Vikas Telecom Private Limited | 24,500.00 | - |
| **Short term construction loan given** | | |
| Manyata Promoters Private Limited | 1,755.00 | 3,050.00 |
| Oxygen Business Park Private Limited | - | 3,310.00 |
| Embassy Pune Techzone Private Limited * | 800.00 | 620.00 |
| Sarla Infrastructure Private Limited | 470.00 | - |
| **Investment in debentures** | | |
| Golflinks Software Park Private Limited | - | 2,500.00 |
| **Redemption of investment in debentures** | | |
| Golflinks Software Park Private Limited | 724.38 | 1,775.62 |
| **Unsecured loans repaid by** | | |
| Embassy Pune Techzone Private Limited * | 1,135.96 | 1,674.34 |
| Manyata Promoters Private Limited | 4,316.41 | 4,843.37 |
| Qubix Business Park Private Limited | 277.01 | 299.91 |
| Oxygen Business Park Private Limited | - | 247.68 |
| Earnest Towers Private Limited | 738.02 | 739.62 |
| Vikhroli Corporate Park Private Limited | 487.71 | 268.88 |
| Galaxy Square Private Limited | 280.11 | 284.91 |
| Umbel Properties Private Limited | - | 69.40 |
| Indian Express Newspapers (Mumbai) Private Limited | 244.57 | 429.97 |
| Embassy Energy Private Limited | 304.90 | 378.53 |
| Sarla Infrastructure Private Limited | 223.33 | - |
| Vikas Telecom Private Limited | 1,008.09 | - |
| **Short term construction loan repaid by** | | |
| Manyata Promoters Private Limited | 1,700.00 | 3,050.00 |
| Oxygen Business Park Private Limited | - | 3,310.00 |
| Sarla Infrastructure Private Limited | 470.00 | - |
| **Acquisition of ETV SPV's from** | | |
| Embassy Property Developments Private Limited | 6,870.02 | - |
| BREP Asia SG Indian Holding (NQ) Co I Pte. Ltd | 8,736.46 | - |
| BREP VII SG Indian Holding (NQ) Co I Pte. Ltd | 2,182.64 | - |
| BREP Asia SBS Holding NQ Co IV Ltd. (Cayman) | 41.46 | - |
| BREP VII SBS Holding NQ IV Co Ltd (Cayman) | 11.84 | - |
| **Investment in Class A equity share capital of** | | |
| Embassy Office Ventures Private Limited | 16,575.71 | - |
| **Secondment fees** | | |
| Embassy Office Parks Management Services Private Limited | 1.42 | 1.42 |

(all amounts in Rs. million unless otherwise stated)

**25 Related party disclosures**

**C Transactions during the year**

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Investment management fees** | | |
| Embassy Office Parks Management Services Private Limited | 212.23 | 214.81 |
| **Trademark license fees** | | |
| Embassy Shelters Private Limited | 1.42 | 1.42 |
| **Trustee fee expenses** | | |
| Axis Trustee Services Limited | 2.95 | 2.96 |
| **Marketing and advertisement expenses** | | |
| Mac Charles (India) Limited | - | 0.48 |
| Lounge Hospitality LLP | - | 0.06 |
| **Travelling and conveyance** | | |
| Quadron Business Park Private Limited | - | 0.02 |
| **Interest income** | | |
| Quadron Business Park Private Limited | 1,538.29 | 1,506.91 |
| Embassy Pune Techzone Private Limited * | 642.19 | 698.56 |
| Manyata Promoters Private Limited | 3,213.69 | 3,098.72 |
| Qubix Business Park Private Limited | 345.25 | 383.45 |
| Oxygen Business Park Private Limited | 708.95 | 510.82 |
| Earnest Towers Private Limited | 32.26 | 66.13 |
| Vikhroli Corporate Park Private Limited | 554.38 | 582.18 |
| Galaxy Square Private Limited | 268.39 | 305.21 |
| Umbel Properties Private Limited | 215.75 | 220.77 |
| Indian Express Newspapers (Mumbai) Private Limited | 409.30 | 414.35 |
| Embassy Energy Private Limited | 750.33 | 284.10 |
| Sarla Infrastructure Private Limited | 62.63 | - |
| Vikas Telecom Private Limited | 629.03 | - |
| **Interest received on debentures** | | |
| Golflinks Software Park Private Limited | 14.61 | 144.38 |
| **Dividend Received** | | |
| Embassy Energy Private Limited | - | 6.00 |
| Indian Express Newspapers (Mumbai) Private Limited | 439.00 | 95.72 |
| Oxygen Business Park Private Limited | 292.76 | 188.25 |
| Manyata Promoters Private Limited | 2,050.00 | - |
| **Expenses incurred by related party on behalf of the Trust** | | |
| Embassy Office Parks Management Services Private Limited | 1.97 | 56.26 |
| Embassy Pune Techzone Private Limited * | 1.04 | - |
| **Expenses incurred by the Trust on behalf of related party** | | |
| Vikas Telecom Private Limited | 339.15 | - |
| Manyata Promoters Private Limited | 0.82 | - |
| Others | 2.11 | - |
| **Change in investments pursuant the composite scheme of arrangement (refer note 39)** | | |
| Embassy Pune Techzone Private Limited * | 12,083.50 | - |
| Manyata Promoters Private Limited | 50,684.75 | - |
| **Guarantee given to lender's trustee for loan obtained by SPV** | | |
| Manyata Promoters Private Limited | - | 8,400.00 |
| **Guarantee given by SPV on behalf of REIT** | | |
| Indian Express Newspapers (Mumbai) Private Limited and Embassy Pune Techzone Private Limited * | 15,000.00 | - |
| Vikas Telecom Private Limited and Embassy Energy Private Limited | 26,000.00 | - |

** refer note 39*

(all amounts in Rs. million unless otherwise stated)

**25 Related party disclosures**

**D Closing balances**

| Particulars | As at 31 March 2020 | As at 31 March 2020 |
|---|---|---|
| **Unsecured loan receivable (non-current)** | | |
| Quadron Business Park Private Limited | 14,071.94 | 12,582.58 |
| Embassy Pune Techzone Private Limited ** | 3,953.47 | 4,183.96 |
| Manyata Promoters Private Limited | 28,951.41 | 23,579.73 |
| Qubix Business Park Private Limited | 2,602.98 | 2,879.99 |
| Oxygen Business Park Private Limited | 7,182.40 | 3,782.62 |
| Earnest Towers Private Limited | 51.66 | 289.68 |
| Vikhroli Corporate Park Private Limited | 4,171.11 | 4,497.82 |
| Galaxy Square Private Limited | 1,984.78 | 2,264.89 |
| Umbel Properties Private Limited | 1,971.55 | 1,725.80 |
| Indian Express Newspapers (Mumbai) Private Limited | 3,102.46 | 3,334.03 |
| Embassy Energy Private Limited | 5,941.57 | 6,021.47 |
| Sarla Infrastructure Private Limited | 1,521.67 | - |
| Vikas Telecom Private Limited | 23,491.92 | - |
| **Short term construction loan** | | |
| Manyata Promoters Private Limited | 55.00 | - |
| Embassy Pune Techzone Private Limited ** | 1,420.00 | 620.00 |
| **Investment in Debentures (current)** | | |
| Golflinks Software Park Private Limited | - | 724.38 |
| **Investment in equity shares of subsidiary** | | |
| Embassy Office Parks Private Limited ** | - | 62,768.25 |
| Embassy Pune Techzone Private Limited ** | 12,083.50 | - |
| Manyata Promoters Private Limited | 99,475.27 | 48,790.52 |
| Quadron Business Park Private Limited * | 11,714.60 | 13,689.26 |
| Oxygen Business Park Private Limited | 12,308.89 | 12,308.89 |
| Earnest Towers Private Limited | 12,138.78 | 12,138.78 |
| Vikhroli Corporate Park Private Limited | 10,710.94 | 10,710.94 |
| Qubix Business Park Private Limited | 5,595.08 | 5,595.08 |
| Galaxy Square Private Limited | 4,662.50 | 4,662.50 |
| Umbel Properties Private Limited * | 1,606.19 | 2,254.21 |
| Indian Express Newspapers (Mumbai) Private Limited | 13,210.96 | 13,210.96 |
| Embassy Energy Private Limited * | 667.36 | 732.79 |
| Vikas Telecom Private Limited | 23,147.33 | - |
| Embassy Office Ventures Private Limited | 27,548.12 | - |
| Sarla Infrastructure Private Limited | 6,870.02 | - |
| **Contingent consideration payable** | | |
| Embassy Property Developments Private Limited (refer note 28) | 350.00 | - |
| **Other financial liabilities** | | |
| Embassy Office Parks Management Services Private Limited | 50.30 | 55.46 |
| **Trade Payables** | | |
| Embassy Office Parks Management Services Private Limited | 0.86 | 4.66 |
| **Guarantee given to lender's trustee for loan obtained by SPV** | | |
| Manyata Promoters Private Limited | 8,400.00 | 8,400.00 |
| **Guarantee given by SPV on behalf of REIT** | | |
| Indian Express Newspapers (Mumbai) Private Limited and Embassy Pune Techzone Private Limited ** | 15,000.00 | - |
| Vikas Telecom Private Limited and Embassy Energy Private Limited | 26,000.00 | - |

** Net of provision for impairment of Rs.3,275.57 million (31 March 2020 : Rs.587.46 million).*

*** refer note 39*

(all amounts in Rs. million unless otherwise stated)

**26 Financial instruments**

**a)** The carrying value and fair value of financial instruments by categories are as below:

| Particulars | Carrying value 31 March 2021 | Fair Value 31 March 2021 | Carrying value 31 March 2020 | Fair Value 31 March 2020 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Fair value through profit and loss** | | | | |
| Investments in mutual funds | - | - | 3,209.07 | 3,209.07 |
| **Amortised cost** | | | | |
| Investments | - | - | 724.38 | - |
| Loans | 100,473.92 | - | 65,763.57 | - |
| Cash and cash equivalents | 7,171.26 | - | 2,845.45 | - |
| Other financial assets | - | - | 3.15 | - |
| **Total assets** | **107,645.18** | **-** | **72,545.62** | **3,209.07** |
| **Financial liabilities** | | | | |
| **Amortised cost** | | | | |
| Borrowings | 83,319.10 | 84,630.97 | 39,018.84 | 38,984.00 |
| Other financial liabilities | 460.16 | - | 88.48 | - |
| Trade payables | 2.60 | - | 6.68 | - |
| **Total liabilities** | **83,781.86** | **84,630.97** | **39,114.00** | **38,984.00** |

The fair value of cash and cash equivalents, trade payables, loans and other financial assets and liabilities approximate their carrying amounts.

**b) Measurement of fair values**

The section explains the judgement and estimates made in determining the fair values of the financial instruments that are:

a) recognised and measured at fair value

b) measured at amortised cost and for which fair values are disclosed in the Standalone financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the trust has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is mentioned below:

**Level 1**: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price.The mutual funds are valued using the closing NAV.

**Level 2**: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3**: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

**c) Financial instruments**

Quantitative disclosures of fair value measurement hierarchy for assets as at :

| Particulars | Date of valuation | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| **Financial assets measured at fair value:** | | | | | |
| **FVTPL financial investments:** | | | | | |
| Investment in mutual funds | 31 March 2021 | - | - | - | - |
| Investment in mutual funds | 31 March 2020 | 3,209.07 | 3,209.07 | - | - |

**d) Transfers between Level 1, Level 2 and Level 3**

There were no transfers between Level 1, Level 2 or Level 3 during the year ended 31 March 2021 and year ended 31 March 2020.

**Determination of fair values**

Fair values of financial assets and liabilities have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i) The fair value of mutual funds are based on price quotations at reporting date.

ii) The fair values of other current financial assets and financial liabilities are considered to be equivalent to their carrying values.

iii) The fair values of borrowings at fixed rates are considered to be equivalent to present value of the future contracted cashflows discounted at the current market rate.

(all amounts in Rs. million unless otherwise stated)

**26 Financial instruments (continued)**

**e) Financial risk management**

The Trust has exposure to following risks arising from financial instruments:
- Credit risk (refer note (b) below)
- Liquidity risk (refer note (c) below)
- Market risk (refer note (d) below)

**a. Risk management framework**

The Board of Directors of the Manager of the Trust has overall responsibility for the establishment and oversight of the Trust's risk management framework. The Trust's risk management policies are established to identify and analyse the risks faced by the Turst, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

The Board of Directors of the Manager of the Trust, monitors compliance with the Trust's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**b. Credit risk**

Credit risk is the risk of financial loss to the Trust if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Trust's receivables from loans given to its SPV's and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

The Trust establishes an allowance account for impairment that represents its estimate of losses in respect of its financial assets. The main component of this allowance is estimated losses that relate to specific tenants or counterparties.The allowance account is used to provide for impairment losses. Subsequently when the Trust is satisfied that no recovery of such losses is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is then written off against the carrying amount of the impaired financial asset.

Cash at bank and fixed deposits are placed with financial institutions which are regulated and have low risk.

As at the reporting date, there is no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Balance Sheet.

**c. Liquidity Risk**

Liquidity risk is the risk that the trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The trust's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the trust's reputation.

Management monitors rolling forecasts of the trust's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out by the Management of the trust in accordance with practice and limits set by the trust. In addition, the trust's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet those, monitoring balance sheet liquidity ratios and maintaining debt refinancing plans.

**Maturities of financial liabilities**

The following are the Trust's remaining contractual maturities of financial liabilities as the reporting date. The contractual cash flows reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Trust may be required to pay and includes contractual interest payments and excludes the impact of netting agreements. The Trust believes that the working capital is sufficient to meet its current requirements, accordingly no liquidity risk is perceived.

| Particulars | Carrying value | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | 0 - 12 months | 1–2 years | 3-5 years | More than 5 years | Total |
| **31 March 2021** | | | | | | |
| Borrowings | 83,319.10 | 2,710.25 | 50,407.95 | 43,013.76 | - | 96,131.96 |
| Trade payables | 2.60 | 2.60 | - | - | - | 2.60 |
| Other financial liabilities - current | 460.16 | 460.16 | - | - | - | 460.16 |
| **Total** | **83,781.86** | **3,173.01** | **50,407.95** | 43,013.76 | - | **96,594.72** |
| **31 March 2020** | | | | | | |
| Borrowings | 39,018.84 | - | - | 47,697.70 | - | 47,697.70 |
| Trade payables | 6.68 | 6.68 | - | - | - | 6.68 |
| Other financial liabilities - current | 88.48 | 88.48 | - | - | - | 88.48 |
| **Total** | **39,114.00** | **95.16** | - | 47,697.70 | - | **47,792.86** |

(all amounts in Rs. million unless otherwise stated)

**26 Financial instruments (continued)**

**d. Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

**i. Currency risk**

The Trust operates only in India and hence does not have any exposure to currency risk.

**ii. Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is not exposed to any interest rate risk since all its debts are at fixed interest rates.

**iii. Price risk**

Price risk if the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices of investments. The Trust has no material exposure to equity securities price risk and is not exposed to commodity risk. The Trust’s exposure to price risk arises from investments held by the Trust in mutual funds and classified in the balance sheet as fair value through statement of profit or loss. The fair value of these investments is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Trust are mainly investments in liquid and overnight debt mutual funds and accordingly no material volatility is expected.

**Mutual funds price risk sensitivity analysis**

The Trust's exposure to price risk arises from investments held by the Trust in short term debt mutual funds and classified in the balance sheet as fair value through statement of profit and loss. The impact on the statement of profit and loss due to price sensitivity would be as follows for the investments as at the year end:

| **Particulars** | **31 March 2021** | **31 March 2020** |
|---|---|---|
| Increase by 1% (100 basis points) | - | 32.09 |
| Decrease by 1% (100 basis points) | - | (32.09) |

**27 Capital management**

The Trust's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Trust's capital structure mainly constitutes equity in the form of unit capital and debt. The projects of SPV's are initially funded through construction financing arrangements. On completion, these loans are restructured into lease-rental discounting arrangements or debentures. The Trust's capital structure is influenced by the changes in regulatory framework, government policies, available options of financing and the impact of the same on the liquidity position.

The Trust monitors Capital using ratio of 'Net debt' to 'Gross asset value(GAV) of all SPV's. For this purpose, Net debt is defined as Long-term borrowings + Short-term borrowings + current maturities of long-term borrowings. The Trust's adjusted Net debt to GAV ratio as at 31 March 2021 and 31 March 2020 are as follows:

| **Particulars** | **31 March 2021** | **31 March 2020** |
|---|---|---|
| Net debt | 83,319.10 | 39,018.84 |
| GAV | 466,051.25 | 331,685.00 |
| **Net debt to GAV** | **17.88%** | **11.76%** |

**28** During the year ended 31 March 2021, the Trust acquired VTPL, EOVPL and SIPL by acquiring all of the equity interest held by the Embassy Sponsor, BREP entities and certain other third party shareholders. The acquisition of equity interest in EOVPL (which in turn holds 60% equity interest in VTPL) and SIPL has been completed with issue proceeds received of Rs.36,852.02 million, by issue of 111,335,400 Units at a price of Rs.331.00 per Unit through the Institutional Placement.

The acquisition of balance 40% equity interest in VTPL is completed through Preferential issue of 64,893,000 Units at a price of Rs.356.70 per unit to the third party shareholders aggregating to Rs. 23,147.33 million.

The investments in VTPL, EOVPL and SIPL are accounted for at cost less accumulated impairment losses. Below is the details of purchase consideration paid to acquire the SPV's.

| **Entity** | **Amount** |
|---|---|
| VTPL | 23,147.33 |
| EOVPL | 27,548.12 |
| SIPL * | 6,870.02 |

* The Purchase consideration for acquisition of SIPL includes contingent consideration of Rs.350.00 million which shall be payable to the Embassy Sponsor upon satisfaction of certain conditions and as per timeline agreed between the parties.

(all amounts in Rs. million unless otherwise stated)

**29 Details of utilisation of proceeds of Institutional placement as on 31 March 2021 are follows:**

| **Objects of the issue as per the prospectus** | **Proposed utilisation** | **Actual utilisation upto 31 March 2021** | **Unutilised amount as at 31 March 2021** |
|---|---|---|---|
| Funding of consideration for the acquisition of the ETV SPV's, including subscription to Class A equity shares in EOVPL, payment of consideration to the BREP Entities and the Embassy Sponsor | 34,068.14 | 34,068.14 | - |
| Debt funding to the ETV SPV's for partial or full repayment or pre-payment of bank/financial institution debt and settlement of certain liabilities | 1,550.00 | 1,550.00 | - |
| Issue expenses | 750.00 | 750.00 | - |
| General purposes | 483.88 | 84.93 | 398.95 |
| **Total** | **36,852.02** | **36,453.07** | **398.95** |

**30 Details of utilisation of proceeds of issue of Embassy REIT Series II NCD 2020 (Tranche A and Tranche B) as on 31 March 2021 are follows:**

| **Objects of the issue as per the prospectus** | **Proposed utilisation** | **Actual utilisation upto 31 March 2021** | **Unutilised amount as at 31 March 2021** |
|---|---|---|---|
| Granting shareholder debt including refinance of existing debt, construction and development at underlying SPV's | 13,621.31 | 13,621.31 | - |
| General purposes including issue expenses | 1,378.69 | 1,378.69 | - |
| **Total** | **15,000.00** | **15,000.00** | **-** |

**31 Details of utilisation of proceeds of issue of Embassy REIT Series III NCD 2021 as on 31 March 2021 are follows:**

| **Objects of the issue as per the prospectus** | **Proposed utilisation** | **Actual utilisation upto 31 March 2021** | **Unutilised amount as at 31 March 2021** |
|---|---|---|---|
| Granting shareholder debt including refinance of existing debt, construction and development at underlying SPV's | 24,500.00 | 24,500.00 | - |
| General purposes including issue expenses | 1,500.00 | 613.52 | 886.48 |
| **Total** | **26,000.00** | **25,113.52** | **886.48** |

**32 Reconciliation of movements of financial liabilities to cash flows arising from financing activities**

| **Particulars** | **For year ended 31 March 2021** | **For year ended 31 March 2020** |
|---|---|---|
| Opening balance | 39,018.84 | - |
| **Changes from financing cash flows** | | |
| Proceeds from Issue of Non-convertible debentures (Net of issue expenses) | 40,459.37 | 36,168.51 |
| **Other changes** | | |
| Accrual of interest on debentures | 4,698.65 | 2,850.33 |
| Interest paid | (857.76) | - |
| **Closing balance** | **83,319.10** | **39,018.84** |

**33 Segment Reporting**

The Trust does not have any Operating segments as at 31 March 2021 and 31 March 2020 and hence, disclosure under Ind AS 108, Operating segments has not been provided in the Standalone financial statements.

**34** The Trust does not have any unhedged foreign currency exposure as at 31 March 2021.

**35** The trust outsources its manpower and technology assistance requirements and does not have any employee on its roles and hence does not incur any employee related benefits/costs.

**36 Investment management fees**

Pursuant to the Investment management agreement dated 12 June 2017, as amended, the Manager is entitled to fees @ 1% of REIT Distributions which shall be payable either in cash or in Units or a combination of both, at the discretion of the Manager. The fees has been determined for undertaking management of the Trust and its investments. Investment management fees accrued for the year ended 31 March 2021 amounts to Rs.212.23 million (31 March 2020 Rs.214.81 million). There are no changes during the year ended 31 March 2021 in the methodology for computation of fees paid to the Manager.

**37 Secondment fees**

Pursuant to the Secondment agreement dated 11 March 2019, the Manager is entitled to fees of Rs. 0.10 million per month in respect certain employees of the Manager being deployed to the Trust in connection with the operation and management of the assets of the Trust. Secondment fees for the year ended 31 March 2021 amounts to Rs.1.42 million (31 March 2020 Rs.1.42 million). There are no changes during the year ended 31 March 2021 in the methodology for computation of secondment fees paid to the Manager.

**38 Distributions**

The Board of Directors of the Manager to the Trust, in their meeting held on 29 April 2021, have declared distribution to Unitholders of Rs.5.60 per unit which aggregates to Rs.5,308.20 million for the quarter ended 31 March 2021. The distributions of Rs.5.60 per unit comprises Rs.1.24 per unit in the form of interest payment, Rs.2.21 per unit in the form of dividend and the balance Rs.2.15 per unit in the form of amortization of SPV debt.

Along with distribution of Rs. 13,055.89 million/ Rs. 15.88 per unit for the nine months ended 31 December 2020, the cumulative distribution for the year ended 31 March 2021 aggregates to Rs.18,364.09 million/ Rs. 21.48 per unit.

**39** The Board of Directors of the Manager in their meeting held on 19 May 2020 approved a composite scheme of arrangement (the "Scheme") involving MPPL, EOPPL and EPTPL. The Scheme provides for:

a)The demerger, transfer and vesting of the Techzone business of EOPPL comprising Embassy TechZone Business Park (more specifically defined as the 'TechZone Undertaking' in the Scheme) into EPTPL on a going concern basis, in consideration for which the Trust (as shareholder of EOPPL) will be issued shares in EPTPL; followed by

b) Amalgamation of EOPPL into MPPL, on a going concern basis.

The above scheme has been approved by National Company Law Tribunal (NCLT), Mumbai bench with an effective date of 10 March 2021. Further the Scheme was approved by the Board of Approval of Special Economic Zones ("BoA") in its meeting held on March 18, 2021 and the necessary form with ROC was filed on 25 March 2021, for all the three entities. Upon completion of the Scheme, MPPL has become a 100% HoldCo of the Trust, holding Embassy Manyata, Bengaluru, 80% of the share capital of EEPL, 50% of the share capital of GLSP, while EPTPL has become a 100% directly-held SPV of the Trust, holding Embassy TechZone, an existing asset of the Trust.

---

The accompanying notes referred to above are an integral part of Standalone financial statements.

As per our report of even date attached

*for* **S R Batliboi & Associates LLP**
*Chartered Accountants*
ICAI Firm's registration number: 101049W/E300004

*for* and on behalf of the Board of Directors of
**Embassy Office Parks Management Services Private Limited**
(as Manager to the Embassy Office Parks REIT)

Sd/-
*per* **Adarsh Ranka**
*Partner*
Membership number: 209567
Place: Bengaluru
Date: 29 April 2021

Sd/-
**Jitendra Virwani**
*Director*
DIN: 00027674
Place: Dubai
Date: 29 April 2021

Sd/-
**Tuhin Parikh**
*Director*
DIN: 00544890
Place: Boston
Date: 29 April 2021