May 02, 2023

To,
The Corporate Relations Department,
The National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor,
Plot No. C/1, G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051.

To,
The Corporate Relations Department,
Department of Corporate Services,
BSE Limited,
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001.

Re: Script Symbol "EMBASSY", Scrip Code 542602 and Scrip Code 959990, 960165, 960421, 973434, 973545, 973546 and 973910 (NCDs).

Dear Sir/ Madam,

Subject: Transcript of the Earnings Conference Call for quarter and year ended March 31, 2023.

ln continuation to our letter dated April 28, 2023, regarding the link to access the audio recordings of the Earnings Conference Call held on **Thursday, April 27, 2023**, at **1730 Hrs IST** to discuss Embassy Office Parks REIT's financial results for the quarter and year ended March 31, 2023, please see enclosed the transcript of the aforesaid Earnings Conference Call.

The transcript referred to above has been uploaded to our website and can be accessed through the following link:

https://eopwebsvr.blob.core.windows.net/media/filer_public/7c/e5/7ce58642-03cc-4f7e-bdc1-69428c4b4d8f/embassy_reit_earnings_call_q4_fy23_transcript_with_qa.pdf

Thanking you,

For and on behalf of **Embassy Office Parks REIT** acting through its Manager, **Embassy Office Parks Management Services Private Limited**

VINITHA ARAVIND MENON
Digitally signed by VINITHA ARAVIND MENON
Date: 2023.05.02 18:36:28 +05'30'

Vinitha Menon
Company Secretary and Compliance Officer
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Encl: As above

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Embassy REIT

Q4 FY2023 Earnings Call

April 27, 2023

CORPORATE PARTICIPANTS

Vikaash Khdloya – Chief Executive Officer (CEO)

Aravind Maiya – CEO Designate

Abhishek S Agrawal – Deputy Chief Financial Officer (CFO)

Ritwik Bhattacharjee – Chief Investment Officer (CIO)

Abhishek Agarwal – Head of Investor Relations

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MANAGEMENT DISCUSSION SECTION

Operator: Good evening everyone. A very warm welcome to all for Embassy REIT's fourth quarter FY2023 Earnings Conference Call. Currently, all participants are in a listen-only mode. Our speakers will address your questions at the end of the presentation during the question-and-answer session. As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's conference – Mr. Abhishek Agarwal, Head of Investor Relations for Embassy REIT. Sir, you may begin.

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Abhishek Agarwal

Head of Investor Relations

Thank you, operator. Welcome to the fourth quarter and full year FY2023 Earnings call for Embassy REIT.

Embassy REIT released its financial results for the quarter and financial year ended March 31, 2023 a short while back. As is our standard practice, we have placed our financial statements, earnings presentation discussing our performance, and a supplemental financial and operating databook in the Investors section of our website at www.embassyofficeparks.com.

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

Joining me today are Vikaash Khdloya, the CEO, Aravind Maiya, the CEO Designate, Abhishek S Agrawal, the Deputy CFO and Ritwik Bhattacharjee, the CIO. Vikaash will start off with business and industry overview followed by Ritwik and Abhishek. We will then open the floor to questions.

Over to you, Vikaash.

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Vikaash Khdloya

Chief Executive Officer (CEO)

Thank you, Abhishek. Good evening and thank you all for joining us on the call today.

We recently completed our fourth year since listing, continuing our strong business performance and accelerating our growth investments. While we will take you through the details shortly, I am pleased to report that we have once again delivered on our annual guidance.

In the last fiscal, we added 44 new occupiers and leased a total of 5.1 msf across a record 100 deals, including 2 msf new leases at 17% leasing spreads. We activated 2.3 msf new on-campus developments at highly accretive yields and announced an NAV-accretive tuck-in acquisition in North Bangalore. We generated healthy 11% Net Operating Income ('NOI') growth, ahead of our guidance. Moreover, despite the rising interest rates, we delivered on our distribution guidance of ₹21.7 per unit, marking our 16th consecutive quarter of 100% payout and taking our overall distributions since listing to over ₹78 billion. On the balance sheet front, we refinanced or renegotiated ₹53 billion debt at 101 bps positive spreads, maintained low 28% leverage and a competitive 7.2% debt cost. So, a fantastic year overall and we are pleased to deliver to our Unitholders.

On the macro front, though, global economic and capital market volatility continues with both inflation and interest rates at elevated levels. This has led to considerable stress in the global CRE market, resulting in widespread earnings declines. Amidst this overall cautionary backdrop, Indian REITs have remained relatively resilient as India office remains a bright spot given its dual structural advantages of abundant STEM talent and low cost. Global companies are setting up and expanding their captive centers in India and despite the layoff headlines, they continue to hire talent here, especially in critical business areas like R&D and product engineering. Although there might be near-term delays in office deal closures till the macro uncertainty abates, increased focus on costs and efficiencies by global corporates will eventually accelerate this India offshoring trend.

At Embassy REIT, our conviction in the India office opportunity remains strong as ever, especially for institutionally managed Grade A properties. Our view is further corroborated by NASSCOM's recent industry report which outlined that just last year around 100 new captive centers were set up in India and 500 more are planned over next three years. We continue to capture demand from these global players through our premium, wellness-oriented properties and focused investments in the most sought after micro-markets.

On the regulatory side, the government and regulators have been very supportive of the REIT product and they continue to improve the framework around management, operations, financing and taxation of this emerging asset class. While the industry awaits further progress on the SEZ front, the recent amendments to the Finance Bill brought in much needed clarity on taxation of 'repayment of debt' component of a REIT's distributions. Given the clear, stable and tax efficient framework, we are confident that REITs will continue to attract domestic and foreign capital. The recent launch of a REIT / InvIT index by NSE further helps raise awareness as well as increase liquidity for our 'total return product'.

On the ESG front, just last month, we hosted our flagship event themed '*In it together, for a better tomorrow*' where we collaborated with over 200 of our occupiers on sustainability strategies. In addition, we commissioned the first phase of our 20 MW solar rooftop project and announced plans to explore doubling of our existing captive solar capacity. Our industry leading ESG program received several global recognitions during the year from GRESB, USGBC LEED, British Safety Council and the 'WELL at scale' certification from IWBI and we continue to progress on our FY2025 ESG targets as well as our broader net zero 2040 goal. Our ESG leadership remains a key business differentiator and a driver of premium rents.

Finally, I am pleased to confirm that the Board has today approved the appointment of Aravind Maiya as CEO for Embassy REIT, effective 1st July, 2023. Aravind is known to many of you as he has been part of our leadership team earlier, playing a pivotal role as the REIT's CFO. After an incredible 12 year journey with Embassy REIT and Blackstone earlier, I believe the time is right for me to pursue other interests and passions. It has been a privilege to lead Embassy REIT and I am extremely proud of the team and the results we have achieved over the last four years since our listing.

I would now pass it over to Aravind to say a few words.

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Aravind Maiya

CEO Designate

Thanks Vikaash. Good evening everyone.

It's an absolute pleasure to be back and I look forward to working with the team and interacting with you all.

Let me now hand over to Ritwik to present our business and operating highlights for the year.

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Ritwik Bhattacharjee

Chief Investment Officer (CIO)

Thanks Aravind. Hello everyone.

Before I begin, I would like to say that it has been a privilege working with Vikaash over the last 5 years. He has been a driving force in bringing the REIT to where it is today. It's also a pleasure welcoming Aravind back into the fold, and I look forward to resuming our partnership at the REIT.

Let me now start with the business and growth highlights for the year.

- We leased 5.1 msf across 100 deals and surpassed our annual leasing guidance of 5 msf;
- We grew our active development pipeline to 7.9 msf, over 90% of which is in Bangalore, India's best-performing office market; and
- We announced the tuck-in acquisition of the 1.4 msf Embassy Business Hub that further expands our strong presence in North Bangalore.

On our leasing performance

We leased 5.1 msf across 100 deals, which is comfortably the highest over the last 7 years, both in terms of area leased and the number of deals. This includes 2 msf of new leases at 17% re-leasing spreads and at a premium to market rents, as well as 1.8 msf of end-of-tenure lease renewals at 16% renewal spreads. We also secured 1.2 msf of pre-commitments for our under-development projects, driven by the expansion of our existing banking and financial services captive occupiers. Factoring our 2.2 msf exits during the year, primarily from Indian IT services occupiers, our Q4 occupancy stood at 86%. It's instructive to note that our non-SEZ occupancy stands at a healthy 93% on a same-store basis. Both demand and supply trends increasingly point to a strong preference for non-SEZ office space.

We're seeing some key trends in the market.

- First, Indian office demand continues to be led by global captives. Captives contributed to around 70% of our FY2023 new and pre-leasing and now account for over 55% of our annual rents.
- Second, corporates from sectors such as retail, insurance and healthcare, all of which rely on technology and are increasingly embracing digital footprints, are also setting up and then rapidly scaling their India captive centers. In just the last fiscal year, we added 44 new occupiers in these kinds of sectors, among others, across our properties and successfully leased 1 msf to them.
- Third, while large deals are currently scarce, most markets are witnessing healthy traction for small to mid-sized deals ranging between 30-70k sf. Our highest ever deal count of 100 deals last fiscal year, at an average deal size of 40k sf, underscores this trend. We are also seeing occupiers who had earlier exited or reduced their office footprint, are now re-engaging for space requirements.

We expect deal activity to pick up later this year and we are well positioned with over 800k sf of active deal pipeline for our existing operating portfolio and an additional 1 msf of pre-commitment pipeline for our under-development portfolio.

On our development portfolio and our hotels

During the year, we continued to launch, build and deliver state-of-the-art buildings to cater to the momentum we foresee in office demand in the years to come, particularly in Bangalore.

- We delivered two projects across Pune and Bangalore – the 0.9 msf Hudson and Ganges blocks in Embassy TechZone (Pune), which has now been denotified as a non-SEZ block; and the 1 msf M3 Block A in Embassy Manyata, for which denotification is underway and occupancy certificate is also expected next month;
- We launched 2.3 msf in Bangalore across three new projects, including the first-of-its-kind D1/D2 redevelopment in Embassy Manyata and the new Helenium block in Embassy TechVillage ('ETV') through which we have enhanced our FAR by 1.2 msf; and
- We accelerated 3.3 msf in Bangalore and Noida across three ongoing projects. Of these, as we mentioned previously, the M3 Block B development is delayed due to the non-availability of Transferable Development Rights ('TDR') and other related approvals, but all efforts are on to meet the committed delivery timelines.

Including Embassy Hub, our total development pipeline is now 7.9 msf, most of which is either in the process of de-notification or planned as non-SEZ at inception. These active developments will be delivered over the next 4 years at a ₹40 billion total committed capex, of which ₹28 billion is pending cost to be spent as of the year end. These projects are expected to add approximately ₹9 billion annual NOI upon stabilization at attractive yields.

By design, over 90% of our growth pipeline is in Bangalore, the most attractive office market in India, both in terms of occupier demand and development economics. A fifth of our development pipeline is already pre-committed to leading global companies such as JP Morgan, ANZ Bank and Philips. Additionally, we have around 1 msf of advanced deal pipeline from banks and other tech captives specializing in cloud infrastructure and enterprise solutions. We are confident of stabilizing these properties within a year or so of their launch. As an example, with 162k sf of new pre-commitments in Q4 and an additional 325k sf of advanced discussions, M3 Block A is expected to be around 50% pre-committed at the time of delivery.

A quick word on our hotels. As you might recall, we launched 619 key dual-branded Hilton hotels at Embassy Manyata early last year and we achieved break-even levels within the very first month of their launch. Our overall hospitality business continues its strong rebound with 50% occupancy, a 57% ADR growth and an annual EBITDA of ₹982 million, that's over 2x our guidance. We continue to invest in the development of our new 518 key dual-branded Hilton hotels at ETV.

On our latest acquisition

Last month, we announced that the REIT would acquire Embassy Business Hub, a campus-style business park in North Bangalore for a total consideration of ₹3.3 billion. Close to both the airport and to REIT's flagship Embassy Manyata property, Embassy Business Hub cements the REIT's dominant presence in North Bangalore, a micro-market that continues to witness an influx of global captives. Of the 1.4 msf acquired, 0.4 msf is nearing completion and 93% pre-committed to Philips, providing stable cash flow visibility, and the balance 1 msf is in early stages of development. Additionally, we secured a Right of First Offer for future phases of this property, totaling 46 acres, which further extends REIT's growth options.

The REIT followed stringent related party safeguards and acquired Embassy Sponsor's affiliates' share of 1.4 msf of total leasable area in the property. This small acquisition, which accounts for less than 1% of REIT's GAV, was priced at a 4.5% discount to the average of the two independent valuations. The NAV-accretive acquisition was financed through debt which we secured at an attractive 8.1%.

We continue to evaluate other acquisition opportunities while closely tracking the capital markets, which continue to remain challenging for raising new capital. As stated previously, we are focused on ensuring that all acquisitions are strategic, follow relevant governance safeguards, and are value-accretive to our Unitholders.

Over to Abhishek now for our financial updates.

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Abhishek S Agrawal

Deputy Chief Financial Officer (CFO)

Thanks, Ritwik. Good evening everyone. Let me start with our financial highlights for the year.

- We grew NOI by 11% YoY and surpassed our guidance by 2.3%;
- We delivered distributions of ₹21 billion or ₹21.71 per unit, in-line with our guidance; and
- We refinanced or renegotiated over ₹53 billion debt at 101 bps positive spreads, with our in-place debt cost at an attractive 7.2%.

Let me take you through the details.

First, an update on our full year FY2023 income performance and distributions

- **Revenue from Operations** grew by 15% YoY to ₹34 billion. This was mainly driven by new lease-up at attractive re-leasing spreads, contractual rent escalations, new deliveries and a rebound in our hotel business. This was partially offset by the impact of exits in our office portfolio.
- **NOI** and **EBITDA** both grew by 11% YoY. This was primarily driven by the increase in Revenue from Operations, partially offset by increased hotel operating expenses corresponding to the ramp-up in our hotel business. Our NOI and EBITDA margins stood at 81% and 79% respectively and continue to be best-in-class. In fact, for the commercial office segment, our NOI margins consistently remain around 86%, demonstrating our scale and efficiency.
- **Net Distributable Cash Flows ('NDCF')** stood at ₹21 billion, in-line with the previous year. The YoY increase in our NOI and EBITDA contributed positively to our distributions, which was primarily offset by an increase in interest costs. This incremental interest cost was mainly related to our recently delivered buildings, the ₹46 billion coupon-bearing debt raised to refinance our earlier zero-coupon bond and rise in interest rates on our floating debt.

  Further, earlier today, our Board of Directors declared Q4 distributions of ₹5.3 billion or ₹5.61 per unit. This brings our FY2023 distributions to ₹21 billion or ₹21.71 per unit which is in-line with our guidance, despite considerable rate hikes in the market.

Moving to our balance sheet and other financial updates

We continue to maintain our fortress balance sheet with low 28% leverage, attractive 7.2% in-place debt cost, dual AAA/Stable credit ratings and a ₹104 billion proforma debt headroom to finance growth. Further, in line with our ESG commitments, we have considerably grown our sustainable finance portfolio to ₹35 billion, which represents 24% of our total debt book.

Our debt strategy remains focused on active capital management and interest cost optimization. During the last fiscal year, we raised a total of ₹41 billion debt at competitive 7.8% interest cost even amidst continued rate hikes. We refinanced or renegotiated over ₹53 billion of debt at 101 bps positive spreads, resulting in ₹537 million annualized proforma interest cost savings. 61% of our ₹148 billion debt book now carries a fixed rate of 6.7% for an average maturity of 22 months. The balance 39% is floating debt which carries a fixed interest rate for an average of 5 months. With this, while we are not fully immune, we remain relatively better placed even as rising borrowing costs continue to impact the entire industry.

Moving to an update on our year end portfolio valuation. As per the independent valuer's assessment, our Gross Asset Value increased by 4% YoY to ₹514 billion and our Net Asset Value remained in-line at ₹394.88 per unit. This change was mainly driven by our new deliveries, ongoing development capex, improved hotel performance and changes in leasing and property-level stabilization assumptions.

In conclusion, I would like to reiterate that we are conservatively financed, have access to diversified sources of capital and are well placed to navigate the current volatile macro and rate environment. At the same time, we remain well positioned to invest and deliver on our growth in the coming years.

Over to Vikaash for his concluding remarks.

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Vikaash Khdloya

Chief Executive Officer (CEO)

Thank you, Abhishek.

So, another very solid and encouraging year, marking our 4th year anniversary since listing in April 2019.

Over the last 4 years, our team has accomplished a great deal. We raised the scale of our portfolio from 33 msf at inception to a massive 45 msf today. We leased a total of 11.4 msf across 257 deals, achieving 22% leasing spreads, and expanded our occupier base by a third to 230 corporates. We delivered 3.4 msf of new office space and launched 7.9 msf new developments, including the first grade A office redevelopment at scale. We acquired a world-class business park in ETV totaling 9.1 msf and raised over ₹36 billion equity through India's first QIP by a REIT. We refinanced or renegotiated around ₹143 billion debt reducing our interest cost by around 204 bps and were the first to access long-term debt from NBFCs and insurers in the Indian REIT context. We also launched our industry leading ESG framework and net zero 2040 commitment. And finally, we enhanced our NOI by 76% to ₹28 billion, delivered close to a billion dollars in distributions and expanded our investor base by 18 times to over 75 thousand today.

Looking forward, we have a clear strategy to further solidify our business and execute accretive growth to cater to the continued offshoring demand for India's talent and thereby office needs. As long-term asset owners, we continue to enhance the scale, quality and reach of our properties as well as our occupier base, which shall undoubtedly deliver value across business, market and economic cycles. We have an excellent team of over 110 very talented professionals who are committed to execute this strategy and are driven by our ultimate goal of maximizing value for our Unitholders.

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

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QUESTION & ANSWERS SESSION

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

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We will take our first question from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.

Murtuza Arsiwalla: A couple of questions from my side. You have talked about in your presentation how almost 70% of new leasing is coming from the GCC space. Could you give an outlook of what the year ahead looks like from this space, because we have been tracking some data on service exports which is also indicating a lot of strength on the GCC.

Second is, I didn't seem to find any guidance for FY24 in the earnings deck, any specific reason for it or you would like to get a handle on the numbers a quarter or two quarters out, how are we thinking about that?

Third question is, both sequentially between the third quarter and the fourth quarter, the hotel segment seems to have seen some NOI margin compression, any specific reason for that? And even the sequential decline in NOI for the commercial office business, which we have not seen before.

And last but not the least, thank you, Vikaash for the long service that you have provided to the REIT and welcome back Aravind. But would you like to elaborate on what prompted the change or what's better that holds for you? Those are my four questions.

Vikaash Khdloya: So, quite a lot of questions there, let's just get the big one out there first. So, Murtuza on the management change, after an incredible 12-year journey, I believe the time is right for me to pursue other interests and passions. It has been an excellent run, and we have a solid business and a great team in place. So, with Aravind back, I think it will be fantastic as we move forward. And I think now the time is right for me to pursue some of my other competing priorities – family, new business interests and fresh challenges. So, the REIT's business is in great shape. I think today and now is the right time. Again, I would say there are 110 professionals and experts in the company and it's all about the team and not a particular individual. So, I think the REIT and the investors are in good hands.

With that, I will quickly move to the other three questions. First on GCCs. We completely agree with you, we are seeing a trend of lot of growth both in terms of new GCCs who are setting up shop in India and existing GCCs. Of the 100 GCCs set up in CY22, as per NASSCOM report, around 66 were new and 30 were new centers by existing GCCs. And then the expectation is 500 more, in the next couple of years.

Even in our own portfolio, we see the same trend of a lot of captives wanting to set up shop – small scale at first and then rapidly keep expanding. In general, this is a great trend, simply because with the recessionary trends and with an overall drive to optimize cost and efficiency, we will see more and more work getting offshored to India. That augers very well especially for high-quality landlords like us who are offering a 'total business ecosystem' product. These GCCs are the guys who are ready to pay – they want the best of ESG, they want the best of quality, and they do not mind paying premium rents. Again, in India, the rents are embarrassingly low at $1 psf per month. So, I think we will see more of that trend.

In fact, even in our own portfolio, the IT services segment, which constituted about 25% of our revenues at IPO, is now down to 15%, and we have also consciously stuck to global captives or other high-quality occupiers who have growth potential. So, I think you will see more of that trend, and it's a good thing especially for higher quality landlords who have better product.

Murtuza Arsiwalla: Vikaash, what would be GCC exposure in your overall portfolio, just like you said ITeS would be about 15%?

Vikaash Khdloya: GCCs would be about 55% and then Product tech, sometimes Product tech could also be considered GCC so there is an overlap, so that would be 15%. So, GCCs and Product tech put together would be around 70%, which I think are the two segments which will continue to see more offshoring and growth.

Ritwik B: Murtuza, the key takeaway there is that IT services and particularly the Indian IT services is going to dwindle. I think the way that we position the portfolio to a multinational base, a base that's increasingly looking beyond just big tech or some of the big financial companies, as we are trying to be more of a manufacturing hub, moving market share away from China, you are going to see other sectors be a bigger part of this portfolio, and that's also the area that we are focusing on.

Vikaash Khdloya: So, Murtuza, why don't I quickly move to the guidance question. As you are aware, we have completed four years, we have consistently delivered on the guidance that we have laid out for our Unitholders. For now, we are not giving any guidance for FY24, simply because there is continued volatility in the global macro environment as well as uncertainty around the SEZ regulation timelines. However, we would be happy to give some building blocks to everyone on the call. Can I request Abhishek, if you could help us take through some of the building blocks in respect of FY24?

Abhishek S: Sure, Vikaash. Murtuza, let me give these building blocks through a couple of points. First, on the leasing. So we continue to have some short-term caution for larger deals, but we are seeing encouraging momentum with high-growth tenants, similar to what we saw during the current FY23, where we did some 44 deals across these high growth tenants, and we expect some positive churns also. But what we have seen is that most of our vacancies are SEZ related. And considering the expiries of the next year, we will have around 4.5 msf vacancy in SEZ space, which is significant. The timeline and the rentals at which we will be able to lease this also depends on the DESH Bill which is expected or any amendments in the SEZ Act which we are positive about. But then we have to be cautious and wait for that. As and when it comes, we will be able to market this SEZ place better.

Second, on the contracted escalations. What I would point out is that, during the last year we had 8.2 msf of leases where contracted escalations were up, and we were able to achieve all of them with 14% escalations. And we are confident that for the next year, when 6.7 msf comes up for escalation, across 78 deals, I think we will be able to meet that 14% escalation also.

For the hotel business, which is my third point, if you remember, we had given a guidance for the hotel and the actual performance has been almost double of that. So, we continue to see the same upward trend and we expect that it will do even better.

The last point is interest cost obviously. So, definitely that is dependent on the trajectory of the market rate movement, which is very volatile as of now. But what I would want to give you as a building block is that we delivered 0.9 msf during the last year and we expect to deliver around 2.1 msf during this current financial year. The interest cost relating to this 3 msf, which was getting capitalized in the financials, will now go and hit the P&L, while these deliveries will take some time to stabilize because the lease up will take some time.

We also have around ₹4,100 crore of NCDs which are currently at an average cost of 6.61% that comes up for refinance somewhere around later part of the year. The interest rates have moved over the last 12 to 15 months by around 250 basis points, so definitely it will reprice itself and hit the P&L.

The last part that I would want to say on interest rate is that we again have around ₹57 billion of debt which is at a floating rate with an average maturity of five months, as I mentioned in my prepared remarks. Currently, it is at a 7.98% interest rate, but that also comes up for re-pricing within the next five months on an average. So, come July to August that will also re-price. So, all of these will take a toll on the interest cost, but the biggest point is the SEZ, because the vacancy there is significant – we expect 4.5 msf, along with the expiries which are coming up for the next year. And we await some guidance on the SEZ amendment bill. Finally, I would reemphasize that we are running the business for the long-term, and we are committed to deliver growth to our Unitholders.

Lastly, on the hotel part, the NOI is actually down by ₹4 crores which is 4% less compared to the sequential quarter. This is largely because of the repairs and maintenance expenses that we have done for our existing hotels, so that we can gear up for next year.

On the commercial business, there is a decline in the NOI largely because there were certain manpower costs which came in the last quarter. So, the manpower cost in Bangalore has increased a bit which is a major reason. And also we had delivery of one of the asset, that is H&G, and the property tax for that has increased.

Vikaash Khdloya: So, Murtuza, generally instead of quarter-on-quarter, I would guide you to seek more of a full year comparison, because there are property taxes which we pay in one quarter, relating to the four quarters and again CAM true-ups happen at the end of the year, so sometimes there maybe variability on a full year basis. I don't think there is anything significantly different that has happened in Q4 compared to the full year, if you look at it on a holistic basis.

Moderator: Thank you. We will take the next question from the line of Mohit Agrawal from IIFL. Please go ahead.

Mohit Agrawal: I had a couple of questions. Firstly on the expiries bit, the last presentation showed that FY24 will be 0.9 msf of expiries, that number has gone up to 2.5 msf, so could you elaborate where the increase has happened and is it SEZ or non-SEZ?

My second question is on the SEZ bit. Last couple of quarters, you have been talking about doing partial denotifications. I know Ritwik talked about the Pune block already being now non-SEZ. I think the Noida was also under process, so could you explain with DESH Bill getting delayed, how is the progress on that partial denotification happening?

Vikaash Khdloya: Let me take both the questions. On expiries, as you pointed out, we had in the last presentation 0.9 msf as expiries for FY24. As you see, we have increased that number to 2.5 msf in the latest presentation. So, what has happened is in this quarter we have received some exit notices and also we have assessed likely exits based on our on-ground conversations to the tune of 1.6 msf. This 1.6 msf has a 35% mark-to-market. And primarily this 1.6 msf relates to 1 msf of space at Manyata; and 500k sf space at Galaxy, both of which on a combined basis are at a 38% mark-to-market.

So, overall, we have just said that these are expiries, we have not given a split between exits or renewals. So, I would just want to make that comment that the 2.5 msf are expiries, it will comprise both exits and renewals. And a major chunk of this is coming from IT services players and I will come to what is happening as a trend on the IT services players. And also a large portion of this is SEZ, so let's tackle both IT services and SEZ.

IT services players right now have high focus on margin conservation, simply given that they are anticipating a slowdown. And they want to be cost efficient, and also the hiring has slowed down. Our exposure in the portfolio is just 15%, but we do expect a positive churn as our occupier base pivots to GCCs or global captives who have higher paying propensity. So, a large chunk of this is IT services companies.

Again, I would just want to make a broad comment that we view churn as good for business in the medium to long-term. And especially both the Manyata and Galaxy, the additional notices based on our assessment that we have made on expiries, they are in dense residential catchments and hence we are very confident of achieving those 35% to 38% mark-to-market I mentioned earlier.

So, this is on expiries, and we think this is a continuation of the trend we have seen earlier where the legacy leases and occupiers, especially IT services occupiers in SEZs, they are looking to both prune down space due to corporate housekeeping and consolidation. We have seen a lot of this in the last two or three years, I think we are seeing a few additional of those in this quarter. So, that's pretty much on the expiries.

In terms of the SEZs, I think that's an interesting question, let me break it down into what's happening in our portfolio today. We have about 4.9 msf of vacant space as of the end of March, 3.3 msf of that is SEZ, and 1.6 msf is non-SEZ. And what has happened is against the 3.3 msf of vacant, available marketable space, there is very little interest not just for our property but across industry, for SEZ space. Again, because occupiers have moved high up the value chain, we are focusing on the captives, and the total business ecosystem, higher propensity to pay, markets have matured to that occupier set. So, what that means is that all that I am able to market today is the 1.6 msf non-SEZ. So, this is an industry wide issue, and the numbers are staggering – in terms of the total 180 msf SEZ space in the industry, 30 msf is existing vacant space.

Even if you look forward and clubbing both your questions on SEZ and expiries of FY24, the 1.1 msf of the 2.4 expiries, is SEZ. So, in total at the end of FY24, on proforma basis assuming there is no new leasing, we will have about 4.5 msf of SEZ space. And for non-SEZ, if you factor the new deliveries of 2.1 msf, and the 1.3 msf of expiries, it will be 5.1 msf. So, roughly at the end of the year, we will have half of our space which is marketable or 4.5 msf as SEZ. Again, the global captives are not looking at SEZ, simply because they are looking at ease of operations, they can pay higher rents, they are not looking at tax benefits which mostly have anyways been phased out.

So, I think SEZ regulation amendment which allows for partial denotification is a key for the industry. And, as an industry, we have been in several conversations with both the Finance and the Commerce Ministries. And I think today what's happening is even if I have a vacant space, the regulation does not allow or permit us to do a partial floor-by-floor denotification. So, let's say if I have a 400k sf feet block and 200k sf is vacated by an IT services company, I can't de-notify that space and lease it to a global captive, the regulation only permits a full building denotification, and that's the challenge here, anything which is partial SEZ and partial non-SEZ is not permitted.

So, what we are doing, in our portfolio is three things. One, of course, we are continuing our advocacy and our efforts with the regulators to ensure there is an Amendment Bill which helps us denotify on a partial floor-by-floor basis. Apart from that, all our new developments are planned as non-SEZ. So, all our new developments, the 7.3 msf, which excludes the pre-commitment to ANZ which they want as SEZ, is all non-SEZ. So, there is no issue with our pre-commitment marketability and activity. Two, obviously all our non-SEZ spaces, we are actively marketing, and we have seen pretty good results in that, we have seen it in the numbers. Third, what we are doing is buildings which are partially vacant or are going to get vacated, we are trying to explore if we can relocate some of those occupiers into other blocks and generate or engineer a fully vacant block and try to get that then SEZ de-notified. And actually, we are in the process of that for a 400k sf building vacated by a legacy lease, by an IT services company, this is Block D3 in Manyata which is in advance stages.

So, we will just have to be patient till regulatory clarity comes in. Definitely, this is a challenge. Having said that, I would just want to highlight and wrap up on this point saying that we still would have about 3 msf of existing non-SEZ spaces by the end of March 2024, including the current vacancies and the expiries for this year, and 2.1 msf of new deliveries – the M3 Block A, the T1 Block in Oxygen, and also the Embassy Hub Block, which is also non-SEZ. So, we still have 5 msf to offer, but whatever is SEZ, it's just pretty hard to build the pipeline on that.

Mohit Agrawal: Just a couple of follow up questions on this. So, firstly on this government bit, you have said that you have been advocating this, but just wanted to understand what's the issue here, so the government seems to be quick on reversing the tax bit that came in the budget, on this it's been a while that you have been talking to the government. So, if you could help us understand and how do you see this playing out in the long run, because obviously all the listed players and lot of commercial real estate is SEZ, so just your thoughts here.

Vikaash Khdloya: Yes, Mohit, I think that's a fair question and I think the simple, quick answer to that is this needs to be done yesterday by the government. The industry's ask are two things which is (1) coexistence of SEZ and non-SEZ occupiers in the same building, which what I mentioned is floor-by-floor denotification. And (2) the request of the ask is an enabling regulatory framework which simplifies the process. Simply put single window clearance and deemed permission, whereas today we have to follow a three- or four-month process and only after approvals we can go back and market that space.

So, I think what's happening at the government end is, there have been several discussions between the Finance and the Commerce Ministries, and we are not the only one privy to this, but it's been in the papers, is that they were not in-sync on the way forward on this earlier. Having said that, the Commerce Ministry has now taken it upon itself, to figure out a holistic way forward. We understand that they are in the process of drafting an amendment, and I don't think it will be DESH, it will be just an SEZ amendment regulation, which will allow floor-by-floor. Maybe all the asks of the industry including the single window clearance and deemed permission may not be factored in. But the floor-by-floor just needs to happen, and they are fully supportive of that.

So, I think my personal estimate, I have no inside view, it is a quarter or two away, but many of the others in the industry are hopeful for an even faster turnaround. I think it's going to take two quarters, that's my personal view.

Ritwik B: Yes, let me just jump in that. I think Vikaash is right, it's a bit difficult to draw parallels with that ask and I think these two very different things. When it came out in the budget, certainly it had an impact on our and the industry's stock price and we had to make sure that we represented that, and that was really a very urgent ask because of the budget getting passed into act. At this point in time, we have represented that this SEZ issue is important, this is critical across the industry, and particularly as we go into sort of a cycle, there are GCCs coming in, their demand for the space is non-SEZ at this point. So, yes, we are hoping that with the confluence of everything happening mid-year from India's taking on the whole G20 position and the Finance and the Commerce Ministry sort of syncing up, that it might be a quarter or two away.

Vikaash Khdloya: Just to close this question on a positive note, we just successfully completed the denotification of the 900k sf Hudson & Ganges in TechZone, so hopefully more coming soon.

Mohit Agrawal: And last follow up on Manyata. You mentioned 1 msf expiries incrementally, and there is M3 Block A 1 msf, so with the existing vacancy and this 1 msf new supply and 1 msf expiries, how do you look at Manyata leasing over FY24?

Vikaash Khdloya: This is my favorite question Mohit, because Manyata contributes one-third of the REIT's NOI, one-third of the REIT's size. And we are all super excited on Manyata. It has seen some churn and it has seen some transition happening.

So, let me break it down into two pieces. This year, we started with the vacancy of 1.4 msf in Manyata. Excluding the pre-commitments, on the existing available area, we have leased about 1.1 msf in Manyata. And we saw exits of 0.9 msf, but net-net we have ended the year positively in Manyata with 1.3 msf vacant. Additionally, we have guided to 1.3 msf of expiries, not all of these will be exits, but let's say on a proforma basis, we have marketable space of 2.6 msf in Manyata as of the end of March 2024.

So, now two things. Last year, if you see, our net leasing was positive in Manyata. Manyata spreads have been pretty impressive at around 20ish%. All the exits that happened last year and also this year have phenomenal mark-to-market simply because the legacy IT occupier space were at much below market rents. We also added 18 new high growth occupiers in Manyata last year and we continue to see that momentum especially since the Hilton Hotels were launched and also as the back-to-office picked up.

So, if you were to ask me, we are pretty positive on Manyata. We are very excited and that is the reason we are not only demolishing an existing building in D1/D2 and redeveloping it, and this 1.2 msf is the largest scale redevelopment of an existing building that I can recollect in the office segment,. And we have also launched L4, which is a new early-stage block, 0.8 msf, apart from M3 Block A and Block B which totals 1.6 msf. So, we have activated almost everything that we have in Manyata, which could be constructed. So, that should just give you comfort and also flavor on how we see Manyata.

In terms of pipeline. On the under-construction area, which is M3, we are discussing with a global captive cloud infrastructure company and that's at advanced stages, this is for 275k sf. A leading Australian bank where we have already pre-committed a large chunk in M3 Block B, they want to exercise their growth option for another 135k sf. And we also have another 65k sf of early discussions, it would take advance discussion in the under-construction portion of Manyata to 250k sf.

On the completed portion, we have about 300k sf in advance discussions. This 300k sf is out of the 800k sf pipeline that Ritwik mentioned in his prepared remarks. And just to give you a flavor on that, we have a leading Top 20 US healthcare company which is looking for 150k sf, we have a US insurer and investment manager, first time in India, that's looking at a 100k sf. We have again another US insurance major, an existing customer in Manyata, looking to expand 50k sf and there are couple of others including a Swiss instrumentation engineering company.

So, I think we are very positive. Manyata will see some churn, there will be 1 msf additional expiries that we have mentioned simply because the earlier IT services occupiers, most of it in SEZ, we will continue to see them move out with the healthy mark-to-market and we will see these large global banks and captives come in.

So, we are net-net positive, and we see an acceleration of demand on larger size deals towards the second half of this year. And in the meantime, the mid and the small size deals will continue.

Moderator: Thank you. We will take the next question from the line of Saurabh from JP Morgan. Please go ahead.

Saurabh Kumar: I have two questions, one is on this tax, in terms of the years before your unit capital runs down, so is my understanding fair that you have ₹28,000 crores of unit capital left, which can be used for the capital reduction and out of that the run-rate currently which will remain will be about ₹1,800 odd crores, is that understanding correct?

Abhishek S: Yes, your understanding is correct.

Vikaash Khdloya: That's correct, Saurabh.

Saurabh Kumar: The second is on this NDCF, working capital release of approximately ₹110 crores, can you just quantify as to what is that?

Abhishek S: So, Saurabh, generally our working capital has fit-out rentals, security deposits and there are other general items which are trade receivables, trade payable and any one-off items. So, for this quarter, if you look at our working capital, the total is around ₹114 crores, out of which the major is ₹80 crores which are receivables of the previous two to three quarters which has been received in the current quarter. The balance is fit-out rentals of ₹13 to ₹14 crores and others are SD, trade receivables and trade payables.

Saurabh Kumar: And this is, I am just trying to guess as to the relatability of this line, so this should not ideally occur because you have some blocks coming up in the next year also, so how should you think about this thing?

Abhishek S: Saurabh, what happens is generally we look at our working capital component year-on-year, because quarter-on-quarter there may be some timing differences, which is like in this current quarter, it looks a bit up ahead, because there were a couple of receivables of the previous two to three quarters which came in, in this current quarter. The way I would, or the management sees working capital is on a year-on-year basis. During the current year, we have around ₹254 crores of working capital for the full year, and this is largely because of the security deposit, which is coming out of the 5.1 msf leasing that we have done during the current year. So, that is the major driver. So, going forward I think you should look at this as a stabilized basis, only mover is the leasing, if the leasing happens similar, a similar number will come in.

Vikaash Khdloya: So, Saurabh, what Abhishek is saying in other words is that if we see exits, let's say the expiries that we have indicated and if there is a time lag on backfilling that space because we refurbish the space or we just take time to fill up the entire one, so there will be a negative drag for that extent on this working capital because we will have to refund the security deposits, but the inflow of security deposit at higher numbers, higher rent may take, whatever the 2, 6, 8 months. So, that's just the difference.

Saurabh Kumar: Just one last question, so the broad leasing kind of improved this year, but you are also seeing expiries and seems to me that the expiries are weighted towards the SEZ space. So, when would your expiries momentum come down? And on a portfolio basis, will this understanding be correct, that the SEZ, non-SEZ makes about 50-50 as we speak?

Vikaash Khdloya: So, first one, Saurabh, again hard to predict, some churn is business as usual. But I would say that for a large chunk of the IT services and SEZ, combination of this space, we are done with a large chunk of those occupies either consolidating, doing a corporate housekeeping or just pruning down space. Again, most of it is in Manyata and all the other parks usually have new age occupiers. So, Manyata is the one which has seen over the last two or three years a lot of positive churn in terms of occupiers. I think FY24 would be the year of consolidation in that sense. So, hopefully post that we will be in a little more stabilized state of affairs.

On the question on SEZ and non-SEZ. In the portfolio today, we would be around 60%-40% in terms of SEZ to non-SEZ, but if you look at it, including the development portion, then it's an even spread of 50%-50%.

Saurabh Kumar: And I know you gave the number for next year, the 1.5 msf of SEZ expiries, what is the number for two years, if you have it or I can take it offline?

Vikaash Khdloya: So, the next two years. In FY25, we have indicated total expiries of 1.8 msf. 1.5 msf of that is SEZ at 63% mark-to-market and 0.3 msf is non-SEZ at 2% mark-to-market. So, that's FY25. We will also share this offline with you if it's too many data points. In FY26, we have indicated 2.2 msf of total expiries. 1.3 msf of that is SEZ at 52% mark-to-market and 0.9 msf is non-SEZ at 7% mark-to-market. So, clearly, and I have the numbers of FY27 as well, but clearly Saurabh if you look at it, the large chunk of this is SEZ expiries. And these are the expiries which have the highest mark-to-market, 63% in FY25 and 52% in FY26, and majority of them my guess would be in Manyata.

Ritwik B: If you look at the supplemental data book where we actually put this out, we don't break it down into SEZ or non-SEZ, as an example, in FY26 you are looking at 2.1 msf of expiries. In Manyata, the mark-to-market opportunity is around 89%. So, if you just think about the quality and why we are doing the development at Manyata right now, it's to effectively make it an ETV or GolfLinks, new age, next gen that are running at 3% vacancy right now. So, we are pretty comfortable with that.

Saurabh Kumar: So, basically then the SEZ notification to that extent is then super important to you because the expiries are largely related to that.

Vikaash Khdloya: Saurabh, in general yes, however, the good news is that we have got new delivery of M3 Block A of 1 msf, of which we have visibility and have pre-committed to around 50%. So, we still have some product to offer, ready usable non-SEZ space. But the more this gets delayed, the more problem of marketability of a non-SEZ contiguous available chunk becomes a challenge. So, I think till now we are still okay, obviously it has impacted, we could have done even better this year, but if this gets delayed let's say beyond a quarter or two, it's going to definitely impact the marketability and available offerings.

Moderator: Thank you. We take the next question from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Just one question left, if we look at the leases that you have signed this year, clearly they are much smaller, and you mentioned also it's about 40k sf on an average. Does the nature of agreement change? Do these tenants require different rent-free periods etc.? If you could just talk about how these smaller square feet leases are compared to the large ones that you typically sign?

Vikaash Khdloya: On the question, you are absolutely right, the deal sizes are narrowing, simply because on large RFPs, while they are actively being discussed, there is caution on capex spends at headquarter levels globally and hence the decision making is taking time, which is what we hope gets accelerated in the second half of this year. And this is a consensus view amongst the industry experts who are discussing this with the occupiers. So, the focus today remains on small and medium sized deals. We are pretty happy with that, it's more hard work for the team, but it embeds a lot of growth into the portfolio.

So, these are not small occupiers, these are not startups, just because a deal size is a 40,000 or 25,000, these are not startups, we are talking of some of the Fortune 500 companies who are taking 30-40k sf, simply because they want to tip their toe in the water in India and then start expanding, clearly that's what has happened with let's say an Australian bank, who started very small in Manyata and now looking in the market for a 1.2 msf RFP just within 3 years, starting from 40k sf.

So, these are large companies we are speaking about, we think the deal sizes are small because it's tough to get a capex spend approvals from headquarters and take large calls, everybody is figuring it out on the macro volatility front. We are more than happy to have them in the portfolio because we know they will grow. And in fact, of the 44 new high growth occupiers across 1 msf new leasing that we added in FY23, almost half of them are already looking to grow their India footprint, which will further aid our leasing.

So, I think this trend will continue. In terms of if there is any difference on the lease terms, these are absolutely consistent. Only two differences, one we get even more premium rents, because these are captive centers, they are willing to pay extra rents. We do not fund TIs or fit-outs unless it's a global company, so that's not a trend that we are doing more and more fit-out financing, we don't do that; we do it on an exceptional basis. However, interestingly while they are taking 30-40-50k sf, they increasingly ask us to have a growth option clause in the contract where they can grow into contiguous floors with a time period of 3 to 6 to 12 months. So, that just kind of goes to show they are tentative, they are waiting for approvals, but they definitely see their business growing.

So, I think it's a good trend. We continue to get more premium rents and we embed a greater number of occupiers, diversify the base and hopefully even half of them grows 3x it really helps our portfolio.

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

Kunal Lakhan: My question is actually on the guidance side again. So, Vikaash you did highlight that by the year end you are expecting 4.5 msf of SEZ vacant space and if you build that in and then of course there is contractual escalations on 6.7 msf and then the interest repricing that you are expecting, is it that difficult to actually put out a number in terms of guidance? If not the exact number, at least directionally can you just point out if your distributions in FY24 would be lower or higher than FY23?

Vikaash Khdloya: So, I will tell you two or three things, and I may be repeating some stuff. One, we have always delivered on the guidance we have laid out. It's a tough macro environment out there Kunal, it's not about India office or about what are the factors that we control. I can easily tell you that we could have exceeded the leasing guidance that we gave this year by an even higher margin than we did, comfortably at least a double digit margin. But just the signings got pushed out. So, it's that kind of an environment where we have visibility, there are handshakes or there are advanced discussions, but just corporates are not willing to sign, so that's one. So, very hard to estimate what the timelines on those would be and the variability can be pretty huge. Let's say an occupier of 700k sf in Manyata vacates in November and the new guy, even if we have a handshake, only signs in April of 2025. So, suddenly for 2024, you have a huge gap not only on the rental gap for those 3 to 4 months, but also a large chunk of security deposit, easily ₹100 to ₹150 crores. So, from a management perspective, I think it's more prudent to have more clarity on that.

Second, this was pointed out earlier by Mohit that SEZ is something we just don't control. And today if you see, and we were discussing this earlier internally, we just have 1.6 msf of non-SEZ existing vacant space. If you take out Hudson & Ganges which just got de-notified and Pune given it's slow, so if you just take that 800k sf out, we have already leased 100k sf. So, that makes it about just 8 lakh square feet. So, of a portfolio of a scale of 45 msf, with about 35 to 36 msf operating, and with the headline available vacant space of 5.5 msf, I just have 800k sf to market.

Now in this context, we just think it's more prudent to wait for clarity on both of these things to emerge, but we have laid out all the building blocks on how this will pan out. On the interest rate, maybe I can give you more flavor on that. So, while Abhishek mentioned on the interest rates, for buildings that get completed, there will be interest cost which was getting capitalized, now flow into the P&L and hence impact the distributions a bit. This is both for the Hudson & Ganges 0.9 msf delivered last year and 2.1 msf which will get delivered this year.

Apart from that, I can just say that based on the current market rates, just a broad estimate, we think that considering both the fixed coupon which comes up for repricing as well as the floating debt and all the factors that Abhishek mentioned, the overall in-place debt cost will increase by about 90 to 100 basis points. So, I think that may help in modeling the interest cost. But I think for the others, albeit it's a little early to take that call, we will continue to evaluate the situation and revisit in a couple of quarters.

Ritwik B: Yes and let me just kind of reiterate on that, we have hit guidance; we are in tough markets, we have been faced with whether it's the interest rate environment, whether it's the pandemic. I think you have to keep it in perspective that we have delivered close to a billion dollars in distributions. And we are ultimately always out to make sure that Unitholders are obviously getting as much cash in hand as possible and then hopefully we can build the growth upside on top of that. So, rest assured, we are keeping an eye on it and hopefully we will come back to you.

Vikaash Khdloya: And Kunal I know that we have mentioned this before and I understand that focus on the quarter results and the year results, but really if you look at it the way we did it, the way we ran it, the way we mentioned and communicated, we are running this for the long term; we are taking the hard calls. Letting a 2 msf occupier in Manyata go in the middle of delta variant during COVID and hitting that occupancy where we would have been comfortably sitting in 92% to 93% compared to all the others we saw in the early 80s, would have been an easy call to take. But we took the call to let them go, because they were not ready to pay the rents. We took the call to demolish one of those buildings and do a 1.2 msf, utilizing the extra FAR, realizing a 22% to 25% yield on cost and de-notifying other block and re-leasing at premium to market rents and at healthy 25% to 30% re-leasing spread.

So, I just think in the overall context, we want to continue to focus on creating value doing the right things and as and when the market situation changes in the two or three aspects on interest rates, on SEZ and on the overall global macro, we will take a call on guidance.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will take the last question from the line of Neel Mehta from Investec Capital. Please go ahead.

Neel Mehta: What I was asking was the future MTM opportunity in our portfolio, we have stated that except for Bangalore, for all the other cities it's been showing negative. So, what is the reason for this, would we have any ability to charge slightly higher than market rents or is the decline going to be inevitable in these geographies? That is the first question.

And the second one is, of the 5 msf leasing that we did during FY23, how much was in SEZ?

Vikaash Khdloya: So, on the first one I would just guide you to Slide 43 of our earnings deck, which has the mark-to-market potential on all of our markets. And it's not true that there is no positive mark-to-market opportunity except for Bangalore. Yes in Pune, in one of the assets, because our existing in-place rents are higher than we expect the market to be, it's negative. So, on an overall basis, the Pune market you are right is negative. Mumbai I think it's marginal and again this is an assessment. Noida, it's marginally positive. I think it all depends on how the markets pan out in terms of way forward both on the SEZ, on the back to work and also the captives. In general, I would say Bangalore has a higher propensity to attract more sophisticated occupiers and hence higher mark-to-market. Also, Neel, please note that Bangalore also has higher mark-to-market because Bangalore is the core market for us where we have parks like Manyata and GolfLinks existing since 2005. And hence the in-place rents on some of the leases are really 2005/2010 vintage leases, so that's a reason you would see a much higher mark-to-market in Bangalore.

In general, on an overall basis for the entire leasing that we did this year, we leased at a premium to these market rents. Again, the premium would be low single digits, but still, it's a premium to the market rent that CBRE estimates, which already factors a premium for our property.

So, I hope that answers your question. In general, we would look to do a higher mark-to-market, but Bangalore because of just the legacy leases as well as the really strong market, you see very healthy mark-to-market.

And in terms of your second question, out of the 5.1 msf, SEZ was interestingly about 40% because that includes renewals as well. So, just on a new lease basis, we have done only 0.6 msf of the 5.1 msf which is SEZ, and we have done 1 msf renewals. So, the split of the 1.6 msf SEZ is 0.6 msf of new leases and 1 msf of renewals.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer session. And I would now like to hand the conference over back over to Mr. Abhishek Agarwal, Head of Investor Relations for closing comments. Over to you sir.

Abhishek Agarwal: Thank you so much for joining us on today's call and for your great questions. Most of the data points covered today can be found on our website and in the published materials and we are always happy to engage further if any additional clarifications are required. Thank you so much,

Moderator: Thank you. Ladies and gentlemen, on behalf of Embassy Office Parks REIT, that concludes this conference. Thank you for joining us. You may now disconnect your lines.