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August 17, 2022

To,

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai- 400 001

National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex, Bandra East,
Mumbai- 400051

Security code: 503100

Symbol: PHOENIXLTD

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call

This is further to our letter dated August 12, 2022, wherein we had informed the exchange about the conclusion of our Earnings Conference Call held on that date with Analysts / Institutional Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2022, please find attached herewith the Transcript of the said Earnings Conference Call.

The enclosed Transcript is also available on the Company's website and can be accessed at <https://www.thephoenixmills.com/investors>

You are requested to take the same on record.

Yours faithfully,

For The Phoenix Mills Limited


Gajendra Mewara
Company Secretary



Encl.: As enclosed

**The Phoenix Mills Limited
Q1 FY23 Results Conference Call
August 12, 2022**

Moderator: Good day, ladies, and gentlemen, and welcome to the Q1FY23 Results Conference Call of the Phoenix Mills Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. The Management of the Company is being represented by Mr. Shishir Shrivastava – Managing Director, Mr. Anuraag Srivastava – Group Chief Financial Officer and Mr. Varun Parwal – Deputy Chief Financial Officer. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Shishir Shrivastava. Thank you and over to you sir.

Shishir Shrivastava: Thank you. A very good afternoon, ladies and gentlemen. We welcome you to discuss the operating and financial performance of the first quarter of FY23. Q1FY23 has historically been the best first quarter we've had across our retail and hospitality operations; 2 sectors that were hit hard by the pandemic. I hope you've had a chance to look at the results presentation shared by us. It is uploaded on the stock exchanges as well as on our website. I will now take you through the key highlights of the results and will refer to relevant slides of the results presentation from time to time.

We will start with the performance of our retail portfolio; please refer Slide 3 onwards of the results presentation. Consumption in

Q1FY23 was at Rs. 21,905 million. This is a 23% growth over Q1FY20 consumption. If we exclude the contribution by Phoenix Palassio, Lucknow, we have seen 11% like to like growth compared to Q1FY20. Q1FY23 saw the highest quarterly consumption at our malls in the first quarter of any financial year; and please note that this was achieved despite the end of season sales being delayed to the month of July this year. Consumption was robust across categories. Some of the top performing categories were Jewelry, which was up 115% from Q1FY20, Multiplex which was up 73% from Q1FY20 and Electronics which was up 33% from Q1FY20.

If I may draw your attention to slides 4-6, we have seen the retail consumption momentum continue in the months of July and August till date. For the month of July 2022, we recorded consumption of Rs. 7,920 million, up 33% compared to July 2019. July benefits from the delayed start of the end of season sale as well as revival of promotional activities and events across our malls. You may see images on slides 5 and 6 of performances by prominent artists, which remain a big crowd puller across our centers. Incidentally, July 2022 consumption is the highest ever consumption recorded, in our history and it surpasses the previous high witnessed in December 2019.

If I may draw your attention to slide 7, we have achieved consumption of almost Rs.30,000 million in YTDJul-22 (Apr22-Jul22), up 26% compared to the same period pre COVID. If we annualize the YTD performance, I will estimate that we can target an annual consumption of at least Rs. 90,000 million. We believe that we could surpass this figure of Rs. 90,000 million on account of multiple reasons such as i) new trading area becoming

operational across existing malls, ii) sustained consumption growth, and iii) new malls opening in the second half of this financial year; this is of course subject to there being no disruption in business operations.

If you turn to Slide 8, you will notice the retail expansion that we have outlined at our flagship retail property, Phoenix Palladium, Mumbai. The GLA in Phoenix Palladium was at about 0.77 million square feet in FY22. We have now activated further 150,000 square feet of new area across the lower ground floor, first and second floor of Phoenix Palladium along with additional new areas in the zones of Courtyard and the East Zone of Phoenix Palladium in this quarter. In addition, we will add another 250,000 square feet of anchor space opposite to PVR in 2024 and another 200,000 square feet or more in Project Rise, which will become operational in 2025. Once the entire expansion program is completed in 2025, Phoenix Palladium will be approximately a 1.43 million square foot GLA Mall, the largest in our portfolio.

If I may draw your attention to Slides 9 through 11 for a quick glimpse of the new store openings at Phoenix Palladium between July and August, across categories of fashion, F&B and entertainment. In line with our consumption, our rental and EBITDA growth has also come strong. In Q1FY23, rental income was approximately Rs. 3,224 million up 24% compared to Q1FY20. Our retail EBITDA for this quarter was about Rs. 3,248 million, up 27% compared to Q1FY20. Our collections during Q1FY23 stood at about Rs. 5,253 million and going ahead, one can expect quarterly run rate of at least Rs. 5,000 million here onwards. For a perspective, our FY22 retail collections were Rs. 11,740 million.

If I draw your attention to Slide 25, in today's inflationary environment, our retail and hospitality businesses which are consumer facing stand to benefit; higher prices of goods sold at the malls translates into a higher consumption which translates into higher rental income for us by way of the incremental revenue share. At a broad level there was an incremental rental contribution on account of revenue shares beyond the minimum guarantee rent of approximately 13%.

If I may draw attention to slide 25, Bangalore has shown incremental rent on account of revenue share of about 18%, Phoenix Market City, Pune at approximately 16% and Phoenix Market City, Mumbai at approximately 15%. Again, for a comparison pre-COVID the revenue share contribution would vary in the range of about 10% to 12%.

Moving on to our under-construction malls, and if I may draw attention to Slide 12, Phoenix Citadel, Indore with a gross leasable area of approximately 1 million square feet has achieved 83% leasing occupancy; Phoenix Palladium Ahmedabad, with the GLA of approximately 770,000 square feet has achieved 98% leasing occupancy. We expect to commence operations for both of these malls in the second half of this year and we are working at a furious pace to deliver the project. Phoenix Mall of the Millennium at Pune, with a GLA of about 1.1 million square feet has achieved 73% leasing occupancy. Phoenix Mall of Asia, Bangalore with a GLA of approximately 1.2 million square feet has achieved 76% leasing occupancy. We expect to commence operations for Phoenix Mall of Millennium, Pune and Phoenix Mall of Asia, Bangalore in the first half of FY24. At our flagship property at Lower Parel, Mumbai we have commenced the shore

piling work for Project Rise in June 2022. For our upcoming mall led development at Kolkata, we received the approvals of building plans in April 2022 and expect to commence construction in the coming months.

Additionally, with the expansion we have also commenced work on our offices at Phoenix Asia Towers at Hebbal, Bangalore and we are commencing work at the Millennium Towers which form part of the mixed-use development at Wakad, Pune. Once our under-construction malls have become operational, Phoenix will have an operational retail portfolio of approximately 13 million square feet. We continue to evaluate the growing consumption strength and patterns across key Indian cities and specific micro markets and continue to explore newer opportunities for us to benefit from this potential. The potential to tap the discretionary spending of urban India is huge, in our view and as owners and operators of one of the largest retail portfolio in India, we are committed to provide the urban Indian consumer the opportunity to experience the best of retail brands, entertainment and superlative F&B options from across the world. I will now request Anuraag to take you through the office, hotels and residential section and overall financial results. Thank you.

Anuraag Srivastava: Thank you, Shishir. I would now take you through the commercial portfolio. If you can refer to slide 27, during this quarter we saw gross leasing of 1.9 lac square feet, of which 1.3 lac square feet is the new leasing and 0.6 square feet is the renewals. Total office income stood at about Rs. 403 million, which is up 10% year on year and total EBITDA stood at Rs. 235 million. Our collections from this business in this quarter were Rs. 464 million which represents a collection efficiency of about 95%.

For updates on hotels please refer slide 30 to 33. I would first cover the St. Regis, Mumbai; however, across both our hotels, the business has shown a strong improvement on back of higher occupancy and ARR on account of social events, corporate events and pick up of food and beverage segments. Both our hotels, saw occupancy and ARR which were higher than pre COVID period. Now coming specifically to each property; at the St. Regis, Mumbai, our total income stood at Rs. 830 million, which is about 19% up over Q1FY20. Occupancy at about 85% which is up by three percentage points from Q1FY20. ARR was Rs. 11,997, again up 10%. Operating EBITDA stood at Rs. 318 million, which is a 26% growth from Q1FY20. The hotel maintained a strong revenue performance in July as well as with room occupancies at 81% and ARR at around Rs. 10,800. July 2022 revenue is approximately 15% ahead of July 2019. Operating performance at The St. Regis, Mumbai has surpassed most parameters in the past couple of months led by the resumption of foreign travel, domestic corporate travel, social events, and staycations. These factors provide an excellent visibility of higher occupancy and ARR in the coming months.

Additionally, we expect the venues on the 37th and 38th floor to start generating revenue from the coming month, which will further boost our revenue. On the Courtyard Marriott, Agra property the total income was Rs. 40 million, up 7% from Q1FY20. The occupancy for Q1FY23 stood at 62%, and ARR stood at Rs. 3,733, which is up 11% from Q1FY20. For the month of July, the occupancy was 72%, and ARR was at Rs. 3,673.

Moving on to residential business, which is covered from Slide 35 onwards; we have witnessed very good traction in residential

sales as well; mainly led by reconfiguration of our Kessaku property into smaller units and robust demand of ready to move in inventory. We achieved overall sales of Rs. 704 million in this quarter, out of which Rs. 408 million worth sales are pending registration. Collections were quite robust at Rs. 536 million.

This was the business update and now I would like to move towards the financial results which are there in slides 37 to 39. Some of the key highlights are - Income from operations in Q1FY23 was about Rs. 5,744 million, up 181% year on year; last year was the COVID impacted quarter. EBITDA of Q1FY23 was Rs. 3,229 million, this is up 10% compared to Q1FY20.

On Slide 39 we have represented how the consolidated EBITDA looks on a like to like basis after making certain adjustments in both periods which we thought were the true representation. We have removed contribution of Classic Mall which we acquired in the last quarter and is now a subsidiary of ours. Further, we have removed EBITDA contribution from Phoenix Palassio in Q1FY23. We have adjusted EBITDA contribution from residential business from Q1FY20 which saw the revenue recognition of tower 6 in Q1FY20. After making the above adjustments, the consolidated EBITDA shows growth of 21% on a like to like basis. We have reported Q1FY23 PAT of Rs. 7,187 million. PAT is positively impacted owing to exceptional items of Rs. 5,568 million. PML completed the acquisition of balance 50% stake held in Classic mall during Q1FY23. Pursuant to this acquisition, re-measurement of previously held stake of (50%) in then Associate-Classic Mall at fair value was required as per the IND AS 103 leading to a positive impact on PAT. If we adjust the reported PAT

on the above exceptional item, we are looking at 18% growth on the adjusted Q1FY23 PAT over Q1FY20.

Moving on to debt, liquidity and funding - slide 40 to 42 are the reference slides. Our consolidated gross debt stood at Rs. 41,865 million as on 30th June 2022 compared to Rs. 43,795 million at the end of Q4FY22. There has been a reduction in debt of about Rs. 1,930 million. On the operational portfolio, there has been a decline in debt due to gradual repayments as well as few planned repayments that we have done during the quarter. On the under-construction portfolio, sequential increase of debt is on account of spending for our under-construction mall at Ahmedabad, Indore and Bangalore. Average cost of borrowing is up 15 bps at 7.45% from 7.30% in March 22. Currently, our lowest cost of borrowing stands at about 6.95%. As the overall interest rates in the economy start to rise, our effort will be to minimize the impact of this on our cost of borrowing. Despite RBI increasing rates of 140 bps since May 22, our borrowing costs have gone up only by 15 bps so far. Although the cost of debt is likely to move up in coming months as the banks pass the rate hikes and we hit our refinancing windows. We have potentially another 30% of debt portfolio which we can aim for refinancing during FY23 towards Q3FY23 and Q4FY23, which could yield us interest rate benefits of 30 bps at a portfolio level as compared to the rate increase as the repo rate increases.

Our liquidity position as on 30th June 2022 was almost around Rs. 21,772 million, this excludes Rs. 8,070 million in unutilized OD accounts, which we can draw at any point of time. At a group level our Net Debt is Rs. 20,094 million and PML's share of Net Debt is about Rs. 16,899 million. I wanted to take you through the cash

flow as well; gross collection from the business was at Rs. 7,164 million in Q1FY23. Retail business saw collections of Rs. 5,253 million; commercial business at Rs. 464 million; residential at Rs. 536 million and hotels contributed to about Rs. 911 million. On 30th June 2022, we received the balance commitment of about Rs. 4 billion or Rs. 4,000 million from GIC. As a result, we now hold 67.1% in Phoenix Market City, Pune, Mumbai and the commercial assets forming part of Phoenix Market City, Mumbai.

Our capex on under construction retail and office projects was Rs. 2,739 million in Q1FY23. We have 4 malls under construction at present and pace of spending will pick up going ahead as they enter the final stage of completion. Further, we have started construction for Project Rise during the quarter. Our cash flow from operating activities was at Rs. 3,417 million adjusting for interest paid of Rs. 875 million, our operating free cash flow for this quarter was Rs. 2,543 million. It is pertinent to note that our operational free cash for full year FY22 was Rs. 5,011 million. This number was Rs. 6,000 million pre COVID.

The start of the year has been very strong, with Q1 itself, accounting for around 42% of our FY20 operational free cash flow. We are bullish on our business prospects and with a strong balance sheet position or focus is now to deliver on our under-construction projects in time and judiciously deploy our capital to expand our portfolio. With this, we close our opening remarks and we open the call for interactive question and answer session. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: My first question is on the breakup of the minimum guarantee and the revenue share rentals that you have given. Can you shed some more color on what has driven this breakup? Does it have something to do with lower minimum guarantee as well this time versus last year? Or is minimum guarantee versus FY20 also a significant jump?

Shishir Shrivastava: Would you like to refer to slide 25?

Puneet Gulati: Yes.

Shishir Shrivastava: So, if you really look at the incremental here, the consumption itself is significantly higher, so the rupee value contributed per square foot on account of revenue share has certainly gone up. If you look at the last column on the extreme right, it will show you the areas up for renewal in FY23, which indicates which of these contracts are towards the end of life or end of tenure, where there is an opportunity to increase minimum guarantee. What this means is that the delta between minimum guarantee and the actual rent received is quite high. So, if you look at Bangalore, which has demonstrated 18% additional contribution of revenue share, not many contracts are towards the end of tenure, so the delta between MG and revenue share is purely on account of consumption and not because the MG is too low. Similarly, if you scroll down to Chennai, you will notice that the revenue share has moved up from 3% to 8%, but here, the MG continues to be high in terms of the revenue share thresholds.

Puneet Gulati: So maybe I didn't frame the question properly. My intent was to ask how high is MG in Q1FY23 over MG in Q1FY20 on a portfolio basis or on a mall by mall? Basically, whatever you prefer.

Shishir Shrivastava: Q1FY20 versus Q1FY23, I think the MG is not significantly higher and across malls it may be between 8% to 15% on the highest side.

Puneet Gulati: And the rentals, if I look at for Bangalore and Pune, seem to have been extremely strong. Is that the run rate one can assume, or can it be influenced by different sales momentum as well?

Shishir Shrivastava: With the growth in consumption, we are estimating the rental including the revenue share which used to track between 10%-11% or closer to 12% in some cases, moving up to the 13%-14% range. So stronger consumption is adding to a stronger rental income. If we estimate consumption growth to continue to demonstrate going forward on a stabilized basis, a 12%-15% kind of early to mid-teens growth then that will contribute the additional 14% of such growth as well to the rental income.

Puneet Gulati: Understood and is the metro work, which was impacting the Bangalore consumption earlier, has that been completed or is it still going on, the performance despite.

Shishir Shrivastava: So, the civil work for the metro and the heavy work which was blocking the traffic in front of our mall has been completed. Thus, a good part of that stretch coming all the way up to our mall has now become freed up from all the road blockages, and that has certainly improved the arrival experience and the time taken by visitors to reach our mall.

Puneet Gulati: And any comment on Chennai that still seems to be weaker than the others.

Shishir Shrivastava: Yes, but I think it has given us a good indication going forward, of how it is going to look, with about 8% growth compared to

Q1FY20. We have done a couple of things; one is that, we've reactivated all our high impact events and that is clearly adding a lot to our consumption over there and that trend will only continue as we continue to promote an actively market have these high impact events; we had comedy shows there, we have had music performances at Chennai which have all brought back the consumption to the mall. Additionally, we've also been looking at revamping the entire brand mix at Chennai, specifically Palladium, and that has also yielded some very positive results in the month of July and August for us.

Puneet Gulati: That's helpful. Thank you so much. Two questions for Anuraag, one is what is the re-measured value now of Classic Mall as per your books.

Varun Parwal: Puneet, that number would be about Rs. 1,900 crores equity.

Puneet Gulati: And on the debt side how do you expect your borrowing cost to change, is your borrowing cost linked to repo /MCLR and how frequently does it get reset?

Anuraag Srivastava: So it is a mixture of various loans and various benchmarks. Just for reference, I think so because there is a lag between when the RBI increases the rate and when we see an increase in our portfolio, I think as we go along, if you see RBI has increased the rates by 140 bps or so, our overall portfolio as at March end would show an increase of about 110-115 bps, as the rate changes, keep on coming. The reason for that is we still have about 30% of our portfolio which we are renegotiating or refinancing with the banks. So that will give us some advantage of about 30 bps over whatever is the rate increase which gets translated into MCLR or repo rates etc.

Puneet Gulati: Did I get it right? We should be expecting 110 basis point increase in your borrowing costs as of March 23?

Anuraag Srivastava: Increase over March 22 number, vs a 140-bps rate increase by the RBI.

Moderator: Thank you. The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: So, my first question is on the consumption for the month of July, which is 133% of pre-COVID; so just if I adjust further for Lucknow mall, it's about 20%; so on a 3-year CAGR it's still lagging behind in just about 6% kind of CAGR. Just wanted to understand if you can give us more granularity on like-to-like basis. So, because still in some malls the trading occupancies are yet to reach the leased occupancies on like-to-like basis we have to adjust what would be the consumption for the month of July if we assume that the trading area remains the same on a like to like basis.

Varun Parwal: On a like to like basis, the growth would be about 21% compared to June 2019. As you correctly highlighted, trading occupancy across the malls right now is at an average rate of about 85%. Now there are several areas that are under fit out and most pertinently if you were to visit says Phoenix Palladium, Mumbai, you would see a lot of new areas that opened up in August, including on the second and third floor of East zone, wherein we launched 8 new F&B venues as well as Time Zone. Now those are substantial areas that have become rent generating from the month of August itself, so you will see the positive impact on both consumption and vendor income flowing through from these new areas during the coming quarter.

Parikshit Kandpal: It's specific to Kurla mall, Chennai mall and Pune mall occupancy continues to remain low versus the leased occupancy. So, when do we expect these going back to the leased occupancies by what time frame we see them reaching their leased occupancies?

Varun Parwal: I would say in Kurla there are large areas that are under fit out on the lower ground floor. We have Reliance doing a major fit out as well as a brand from Japan known as Daiso which is undertaking large fit outs. From that perspective, I would assume that around Diwali time is when those areas would become operational. What was the 2nd mall that you had asked a question on?

Parikshit Kandpal: Chennai mall and Pune mall

Varun Parwal: So, Chennai, like Shishir also highlighted in the previous response, we are undertaking a brand mix change, upgrades to the mall and carrying out some category changes now. Chennai vis-a-vis the other Marketcity malls became operational later, it became operational in 2013. So the brand mix change that we carried out in Pune and Bangalore in 2018 is now being carried out in Chennai with a bit of a lag accounting for COVID etc. In fact, if you refer to slide 64, you can see the leased occupancy at Chennai being 98% and the trading occupancy being at about 95%. Despite that, I think that if you see the trading density on a per square foot per month basis, we are seeing significant growth for the brands that are currently trading.

Parikshit Kandpal: The second question is on these on the upcoming office build out or construction of the two malls in Pune, Bangalore. So, what has been the Capex which is already being incurred? What will be the construction progress? Because you've given a timeline of FY to

become operational of both these office spaces that we can just catch up on that.

Varun Parwal: So, on the offices let me first start with Hebbal, Mall of Asia. There we have already commenced construction and majority of the slabs have been casted for the office. So, if you assume, say about 12 months for interiors and fit outs then by this time next year those assets would be ready for pre-leasing activities. For Pune and for Whitefield, we are in process and have obtained the necessary approvals; and Pune we have started and Whitefield we will start soon.

Shishir Shrivastava: These offices are being built on top of the mall podium structure. So, for us really the construction timeline to complete the office floors is very limited because it's only building out the slabs and you don't have to go down into the sub structure for anything. So, we are timing our office delivery basis what we are anticipating as the demand in those micro markets, both Asia Towers in Bangalore at Hebbal and Millennium Towers at Wakad, Pune; we can really have them ready as Varun mentioned, for pre-leasing within 12 months.

Parikshit Kandpal: OK, and what would be the Capex on these two?

Shishir Shrivastava: Cost to complete for Asia Towers in Bangalore is about Rs. 350 crores and for Wakad it is about Rs. 600 crores.

Parikshit Kandpal: And how much would have been incurred till now in between the two.

Shishir Shrivastava: So we would have incurred about Rs. 35-40 crores at Asia Towers, Bangalore and we are just about starting work at Wakad, so nothing has been incurred there yet.

Parikshit Kandpal: Last question on I think earlier in one of the calls we have highlighted the focus on top eight cities, from business development site. So, you had earlier, I think a couple of quarters, but you had spoken about Surat have closed something, so any update on Surat. And recently I think it lost out on Jaipur. So, what's the update on the balance? It is all these markets, so our new approaching market.

Shishir Shrivastava: So, we continue to be active in these markets that we had highlighted previously as well. Yes, in Jaipur we did step away from that auction, after the price reached a point where it was not making financial sense. So we have been very, very prudent about our approach. We are not overreaching and overestimating the potential of these markets. I think our final bid was a very fair bid, and the land transacted at a higher price and we exited there. But we continue to be active in the markets of Jaipur, Chandigarh, Hyderabad for newer opportunities among several others.

Parikshit Kandpal: What about the Surat? Any update on Surat closure? I think you have announced it a couple of quarters back that we have closed something.

Shishir Shrivastava: There we are still waiting for the vendor's CP completion, but it looks likely to be achieved very, very shortly.

Parikshit Kandpal: So, this year Surat may happen. Besides Surat. Anything else you're targeting in this time will be another. One where you have advantages.

Shishir Shrivastava: At this stage, it is too premature for me to give a direction on that.

Moderator: Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities.

Adhidev Chattopadhyay: My question was in pre COVID in the five to six year period we had seen the rental growth outpacing the consumption growth on a like for like basis. Now in FY23, could you just help us understand, let's say if the consumption growth is within a 20%-25% range on the consumption side, what is the likely rental growth we will see on a like for like basis? Like will it track consumption growth, or will it be higher or lower? And how does it work out that is the first question.

Shishir Shrivastava: In Q1FY23, we have seen about 27% growth in rental and about 23% growth in consumption on a like to like basis. We would estimate that you may probably continue to see this maybe into one or two quarters of FY24, but before it stabilizes and tracks consumption.

Adhidev Chattopadhyay: Yes, sure, and how much of the rental increases would also play a part on this, like how much the consumption growth like fully how much would come from the rental increases which we are planning considering now that we have given the schedule right now for next three years, so how will that play out?

Shishir Shrivastava: Rental increase on account of minimum guarantee increase to bring it to track with the revenue share percentage is going to mostly happen more in the next financial year, not FY23 but in FY24, that's where some sizable part of areas come up in 2-3 malls and then the following years in some of the other malls. As consumption continues to grow, our revenue share rupee value continues to increase because if we are tracking an average of about 14% contribution coming in from revenue share, I think

that's where we will track, so I expect rental growth to be more on account of consumption growth translating into a higher revenue share. The reset of minimum guarantee will probably not breach that threshold for at least two years i.e., a minimum guarantee reset will now have a significant impact only in FY24 and then FY25.

Moderator: Thank you, thank you the next question. Is from the line of Saurav Kumar from JP Morgan. Please go ahead.

Saurav Kumar: Sir, there's two questions. One is if I look at the cash flow and thanks for the disclosure. So, the operating cash flow, as now has crossed the Rs. 300 crores and if you kind of see it now funds the capex almost fully on its own. So, the issue is essentially that you are also sitting on excess liquidity and seems that your cash flow will only grow from here. Would you use the excess liquidity will now pay down debt? or do you have more acquisitions in mind? How should you think about the use of this extra cash, which sits on your balance sheet. This was the first one, and the second is calculating the health ratio of your mall; so it seems that from a current quarter perspective, the rent to consumption ratio is about 13.5% odd; I don't know that the right metric, but effectively it seems to get that higher end of the range than what the other malls we see. So how should we think about this going ahead?

Shishir Shrivastava: I'll respond to your second question first, which is the health ratio. When you mention that it is on the higher end of the range, that range continues to move depending on the performance of these stores, Saurabh. While I'm not too sure which other malls you have tracked, but if you look at the performance of stores at our malls, with the consumption tracking much higher and actually

breaching all historical levels at their stores and their fixed costs largely remaining the same, the ability to share a higher rent as a proportion to consumption is significantly higher. We have also been evaluating which formats, categories or brands are not being able to demonstrate their capability, and over a period that's what the churn is all about. So, when you are seeing some brands moving out and newer brands coming in, the new brands coming in have the ability to share or contribute 14%-15%-16%. In fact, India is at the lowest end of the range compared to global standards where internationally you may see malls at averaging at about 20% or 25% rent to consumption.

Saurav Kumar: The leverage point here is I'm sorry for this follow up, but effectively, so that rent consumption works to about 13% and then if you add the CAM and everything, then that ratio goes to that maybe 16%-17%. So, for a retailer to make money at these levels of fixed cost, I'm not sure if that's working out how I mean how this workout.

Shishir Shrivastava: I would highly recommend that you speak to a few of our retailers and see how their individual store performance and profitability looks at several of our locations. To our mind, these are the stores that are profitable and have higher profit margins because of higher consumption and hence they can contribute a little higher towards their occupancy cost. Moving to your first question, yes, we are seeing a sizable increase in our operational free cash flow and when we look at the projects that we have underway, our commitment to fund a good amount of construction by way of our equity contributions and having arrived at that understanding with our partners in the Canada Pension Plan, we have mapped out our cash flows and we believe that beyond our obligations

there we still have the ability to acquire maybe one more mixed-use development in the shorter term. So, beyond Surat, which is already under contemplation, we can at least look at another one in this immediate year without having to depend on any additional debt draw down to serve that purpose. Going forward, like we've mentioned, we will continue to add a million square feet every year, and that will largely get funded from these operational free cash flows.

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

Kunal Lakhan: Just leave your comment on the ambience mall Delhi which is up for auction now. It's a new market where we don't have a presence, would we be actively looking at this opportunity? And secondly, a more generic question on that is, how is the opportunity landscape for ready assets in metros as well as tier one cities and how is the competition for any such acquisition?

Shishir Shrivastava: So, when we look at what has made Phoenix successful in the past and what we are best at, is really demonstrating a huge equity upside when we look at a project through its development cycle and operations. For us to buy an asset which is going to demonstrate future yields of anywhere between 7%-9%, that really doesn't fit in our model. Specifically, I don't have a comment on the ambience mall. It's a good mall, about a million square feet. I understand that the prices are close to about Rs. 3,000 crores. I'm not too sure whether it fits the return profile that we expect out of our investment. We have in the past also continued to look at other malls across the country and there are very few that meet our brand specifications/product

specifications. So we prefer to build from ground up or acquire brownfield assets like we did in Indore and Lucknow.

Kunal Lakhan: My second question was a data keeping question. I didn't get the breakup of the collection between retail, office, hospitality, and residents. If you can share.

Anuraag Srivastava: I covered that in my notes, but just to reiterate, the retail collections are about Rs. 5,253 million, commercial were Rs. 464 million, residential was Rs. 536 million and hotel collections were at around Rs. 911 million.

Kunal Lakhan: So, the retail collections at Rs. 5,253 million, did it have any residual collections from earlier quarters? Or is this going to be sustainable, because it's higher than the rental income that we clock.

Anuraag Srivastava: So, it will be about 2 to 3% from the earlier quarter.

Kunal Lakhan: 2% to 3% higher than the earlier quarter you said.

Anuraag Srivastava: No, so I thought your question was how much is pertaining to previous quarter, right?

Kunal Lakhan: Yes, how much was the residual collection from the previous quarter in this Rs. 525 crores.

Anuraag Srivastava: 2% to 3%

Moderator: The next question is from the line. Of Pritesh Sheth from Motilal Oswal Financial Services, please go ahead.

Pritesh Sheth: So first on the macro side, so government is trying to control the inflation by bringing down the consumption. Historically how that

sort of economic strategy has worked for us in terms of consumption in our mall. Do you see any near-term impact on the consumptions because of that?

Shishir Shrivastava: I would like to start by saying that inflation has been our friend, because while we are continuing to see, let's say, interest rates go up and pricing moving up, we are seeing consumers spend also going up because of higher pricing so that contributes to our revenue share and that's a positive. We believe that with the corrective measures that are being taken on the interest rates, the inflation will get capped very soon. So, I don't think it's going to result in consumers or customers weakening or reducing their spend on a long-term basis. More so when we look at the location of all our malls, we also believe that the impact of inflation may not be high in the urban India for our target customers.

Pritesh Sheth: And the second is on the consumption in Phoenix Market City Bangalore which is like 149% of pre-COVID and there have been consistent improvements in last few months and quarters. Firstly, what's the reason for that? And secondly, does that have any positive impact on our upcoming Mall of Asia, which is probably at a much better location in Whitefield than this one, so how do you see this increase in consumption in Bangalore.

Shishir Shrivastava: Sorry, I have not really understood your question. Let me try and answer it in any case. Bangalore as a market has certainly seen a huge revival in terms of people returning to that city and in terms of revival in hiring. We've also seen a huge demand in office space, which indicates that people are back at work. So, I would say that the propensity to spend has returned to normal as compared to pre-COVID levels. I also believe that the access to our mall has certainly gotten better with the completion of the

metro work which is driving more people into our mall as compared to the 4 quarters before COVID when this work had created some impact. Overall, also when we look at our location in North Bangalore, I would hesitate to say that that's a far superior location. Yes, it's a different market and we are capturing the essence of that market by the product offering that we have there. We have focused more on higher end; premium and luxury brands and we will have the first of many brands in that city opening their stores at our mall at the premium and luxury space and that is also reflective in the minimum guarantee rents that have been negotiated for that mall. I would say retailers and our confidence is extremely high on the continued high consumption trend that we are seeing in Bangalore for both locations.

Pritesh Sheth: Right, so my question was a, obviously you partly answered that we are already at 160 per square feet range in our existing mall in Bangalore and for the upcoming mall earlier guided that the rentals would be at 150. So are we sort of now looking at much higher rentals from the balance vacancies that we have in the upcoming mall in Bangalore?

Shishir Shrivastava: I can say with a fair level of confidence that most of the transactions at North Bangalore are in line with the current rents that we have at Whitefield Road or slightly higher than that. So yes, we have looked at an upward revision.

Moderator: Thank you. The next question is from the line of Manish Agrawal from JM Financial, please go ahead.

Manish Agrawal: Firstly on the trading occupancies, across all malls we have seen have are gone up, barring Phoenix Kurla; any particular reason?

Shishir Shrivastava: If you look at Phoenix Market City, Kurla, we've created several new spaces for inline stores over there. If I may draw your attention to slide 65, you will see that the leased occupancy is at 93%. So while trading occupancy is at 85%, this gap of 8% is because those stores are under fit out or some of them have been upgraded and are moving to different locations. We expect most of these to be operational as well towards.

Manish Agrawal: And trading density would simultaneously go up.

Shishir Shrivastava: Yes, trading density, the gap that you see between trading density of 85% and leased occupancy of 93% that gap will reduce, we expect that gap to reduce during this current quarter. If you look at if you look at the trading density that has already moved up and it's in line with what was seen in Q1FY22. With the improvement in brand mix, reduction in the gap from 86% to 95% and with these stores becoming operational, the trading density also in our estimate should certainly move up.

Manish Agrawal: Sure, and on the very next slide, you have indicated around 30% to 40% of the leasable area will come for renewal across malls over the next three years. So any sort of expiry or churn we expect over the next coming years; since rentals have gone up significantly across malls.

Shishir Shrivastava: Correct, so the next slide clearly shows what is the renewal in FY23, in FY24 and in FY25. What was your specific question?

Manish Agrawal: So any sort of expiry which might actually happen in this or all the area which is coming up for renewal will get renewed for sure.

Shishir Shrivastava: Ok if your question is how many of these brands are going to continue to extend their contract or enter a new contract versus

how many will be exited; so I expect the churn to be in the range of about 6%-7%, not more than that. And we expect other brands to be renewed either at the same location or other locations within the mall.

Manish Agrawal: And you have an active pipeline to replace this 6%-7% churn.

Shishir Shrivastava: Sorry, what's the question again?

Anuraag Srivastava: You have an active pipeline to replace this 6%-7% churn, which might be helpful.

Shishir Shrivastava: There is a host of new brands that we have concluded with for Phoenix Market City, Mumbai as well. If you are specifically about Phoenix Market City, Mumbai, yes.

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

Pulkit Patni: Given what you've managed to do at Palladium by increasing your space so significantly, is it just because this was one of our flagship old malls where we had redundancies which we could do by exploiting the basement, etc.? Or can we expect similar things to happen in some of our newer models as well, because your expansion of floor area here has been pretty significant.

Shishir Shrivastava: We have the ability to expand the retail area across Phoenix Market City, Pune as well as Phoenix Market City, Mumbai as well as Phoenix Market City, Bangalore. In these three malls currently the design progress is underway, but we do have this ability and we intend to replicate this approach across all locations. So in Phoenix Market City, Pune there is the addition of a third floor. At Phoenix Market City, Bangalore, we are looking at an additional 2

floors. Phoenix Market City, Mumbai, there are two floors that we are contemplating adding by moving the courtyard to another level above. So, I think, this is a sizable increase across all three locations that we will implement in the coming year.

Pulkit Patni: OK, and can you give a sense of what add will be for each of the malls in terms of square feet.

Shishir Shrivastava: Phoenix Market City, Pune we should be able to add about 50,000 to 75,000 square feet. At Phoenix Market City, Bangalore, we have the ability to add about 300,000 square feet. At Phoenix Market City, Mumbai, we have the ability to add another 50,000 square feet.

Moderator: Thank you. The next question is from the line of Venkat from Tata AMC. Please go ahead.

Venkat: Sir, in the recent investor Forum, you did speak about putting more capital to use in residential and warehousing. Could you kind of delve deeper into this particular plan? Generally, till now our focus areas been largely retail and commercial, so any change in your areas of focus at a company level?

Shishir Shrivastava: I don't think there is a change in our area of focus as I think this question, I had also covered in the last quarter call and I had explained that during COVID it has been our realization that it would help to diversify our risk across more asset classes. Since during COVID, the hotel business and the retail business cash flows had come down to virtually nil, and the only cash flows that were coming through was from the residential sales and from the office business. So we are looking at diversifying and at this stage it's exploratory, we do not have any intent to allocate any

significant amount of capital for warehousing. I had indicated approximately Rs. 170 -200 crore kind of a number allocated towards warehousing. This would be more as pilot projects before we take the decision on investing or allocating more funds to that vertical. Residential also, we will probably look at an investment of about Rs. 200 - 250 crore to exploit some opportunities in some very key markets where the demand continues to be high and the pricing is also extremely, extremely attractive both from an acquisition point of view and the potential of the market to pay a higher rate per square foot.

Venkat:

But just kind of, pushing you little further on this. I mean, we already have our plateful there's a lot of opportunity already there in commercial and retail. And we may not be a sizable player in either residential or warehousing. So why putting capital to use on that front.

Shishir Shrivastava:

I would say for residential one has to look at it as more of an opportunistic asset class where the investment would be low, but it can give us significant jumps in our cash flows on a periodic basis. And warehousing, I believe that Phoenix is very, very well placed to exploit these opportunities and build a substantial portfolio, once we have completed and seeing the success of our pilot projects because of our relationships with the retailers who take up large spaces in warehousing in key Indian cities. And of course, our ability to deliver these projects in markets where we already have a presence. In terms of bandwidth, I think we do have the ability and the team to deliver both on residential and warehousing. We are not looking at taking on too much at this stage; warehousing is going to be more like a pilot project run under an independent team. Our residential team with the way

we have progressed with our projects in Bangalore and where we are today, the residential team has adequate bandwidth to take on at least two to three more projects.

Venkat: Understood and last question on this. Are any focus cities that you've identified for these segments?

Shishir Shrivastava: I would say for warehousing Lucknow, Kolkata, MMR of course and NCR continue to be of interest. But Lucknow, Kolkata and MMR are high in terms of our interest levels while NCR we continue to evaluate. In terms of residential, we have an exceptional team in Bangalore and so Bangalore continues to be a market of interest for us and we are evaluating other opportunities or other cities which present opportunities. On retail and offices, we have spent about Rs. 4,500 crore of Capex and we have another Rs. 4,500 crores of Capex lined up for retail, and office . So, against the Capex of Rs. 9,000 crores, which has been committed on retail and offices, we have set aside a very small amount of roughly Rs. 350 to 400 crores for residential and warehousing put together.

Venkat: Alright, and what would be the timeframe for utilizing this Rs. 350 -400 odd crore?

Shishir Shrivastava: Sorry is your question timeline for utilizing? I would say over the next 18 to 24 months.

Moderator: Thank you. The next question is from the line of Amandeep Singh from Ambit Capital. Please go ahead.

Amandeep Singh: My question was on Phoenix Palassio, so when we see consumption for the mall on a month-on-month basis, it remains stagnant in July. But at the same time, when you look at your top

five other large malls, the consumption on cumulative basis increased 20% month on month for the reasons you already mentioned in the opening remarks. So, can you help us understand what is the reason behind this, and do you name reset?

Shishir Shrivastava: Please repeat your question I didn't get that.

Amandeep Singh: So, my question was on Phoenix Palassio, so when you see your monthly consumption June versus July, so it has been stagnant in terms of consumption at Rs. 760 million but when you see the cumulative consumption for your other top five large malls on a month-on-month basis it has increased 20%. So, can you help us understand what has been the reason behind this and, do you think recent opening of Lulu Mall will impact the consumption for this?

Shishir Shrivastava: So, we are still assessing what impact Lulu Mall may have had on our consumption. I would like to mention here that Phoenix Palassio continues to perform in line with our expectations. We had estimated that for month on month we will be slowly creeping up to that Rs. 90 crores by the end of this financial year, to hit a monthly run rate of about Rs. 90 crores so we are in that trajectory. The other markets may have seen an increase, perhaps because as I mentioned, there are several reasons why Bangalore has done extremely well with the return of people to office, return of people who had stepped away during COVID; office demand going up has indicated that. In Mumbai as well, there's a high propensity to spend right now. I would not attribute any loss to our consumption on account of Lulu Mall because we continue to evaluate the impact of that, if any. And the other thing is we now also have the hypermarket that has opened up

and that will certainly add to the consumption, which so far was not adding to the consumption.

Amandeep Singh: Fair enough and just an extension to this, so will it be possible to help us understand what would be the average daily footfall for this mall on weekly or weekend basis if possible?

Shishir Shrivastava: Perhaps you can connect with Advait offline to understand that, because we don't actively track footfalls since that's the wrong parameter to measure the mall performance. But we have all the data and Advait will be able to share that with you separately.

Moderator: There is a follow up question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Just one question on the area which is coming up for renewal over the next three years. So, what kind of mark to market in your estimate is possible to be achieved.

Shishir Shrivastava: If I draw your attention back to slide 65 which shows what is the revenue share component as compared to the minimum guarantee. I would say that that indicates the elbow room of about a 15% to 20% increment on minimum guarantee.

Parikshit Kandpal: OK, just one last thing on the residential. This balance area which is there. So, when do you expect it to get launched?

Shishir Shrivastava: If your question is on Towers Eight and Nine, we have not yet decided on a launch date for these two. We are currently focused on completing Tower Seven, and sales are focused on the sale of Tower Seven and of Kessaku. For Towers Eight and Nine there's a dependency on the TDR policy clarification to be able to build out

as per our development plans, so we're waiting for some clarity on that as well.

Parikshit Kandpal: So between the two, the pending sales is about Rs. 1,200 crores between the two projects.

Shishir Shrivastava: Sorry, pending Capex you said.

Parikshit Kandpal: Sales value of the residual inventory. It will be approximately about 1200 crores between the two processes excluding the tower eight and nine.

Shishir Shrivastava: Excluding towers eight and nine, yes, I would say that ready inventory was at about Rs. 1200 crore, but we've recently had some price escalation as well in the month of April this year, so it may have moved up slightly.

Parikshit Kandpal: So, in this Rs. 200 odd crore in residential which we are looking to add, how much of gross development value are you looking to add over the next 18 months from this pipeline? And also, this will be an outright basis are you exploring JD and other opportunities in the residential area?

Shishir Shrivastava: You are now referring to about Rs. 200 crores of spend on residential. Right?

Parikshit Kandpal: Yes, which will likely to spend in next few months.

Shishir Shrivastava: That would give us access for a premium site to about one site, which can give us about million square feet of saleable area.

Parikshit Kandpal: I'm talking about this million square feet will have how much of saleable value.

Shishir Shrivastava: In markets that we are looking at, we are looking at the base price of being at least Rs. 12,500 to 13,000. So, sales value will be about Rs. 1200 to 1300 crore and EBITDA margin of about 35% on that.

Parikshit Kandpal: Right, you are also exploring the JD opportunities, or only on outright basis.

Shishir Shrivastava: No, again JD opportunities will be very, very selective only if the site is superlative and unmissable will we consider that.

Parikshit Kandpal: Last thing on our existing malls and assets. Is there a potential to develop some residential or any residual FSI that can be utilized there?

Shishir Shrivastava: Sorry, at which location is this?

Parikshit Kandpal: I'm saying existing malls or existing assets and then like how we are adding up office.

Shishir Shrivastava: So, our existing malls the way they are designed is obviously to maximize the retail footprint across the site. They are not well suited for any residential development to use any residual FSI. We are utilizing the residual FSI in annuity assets such as offices.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. On behalf of the Phoenix Mills Limited that concludes this conference. Thank you for joining us and you may now disconnect your line.