THE PHOENIX MILLS LIMITED

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November 8, 2021

To,

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

Security code: 503100

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

Symbol: PHOENIXLTD

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call

Further to our letter dated November 2, 2021 informing of 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 and half year ended September 30, 2021, please find enclosed herewith Transcript of the said Earnings Conference Call.

This Transcript is also being uploaded on the Company's website at https://www.thephoenixmills.com

You are requested to take the same on record.

Yours faithfully,

For The Phoenix Mills Limited

Gajendra Mewara
Digitally signed by Gajendra Mewara
Date: 2021.11.08 16:14:10 +05'30'

Gajendra Mewara
Company Secretary

Encl.: As above

The Phoenix Mills Limited
Q2 & H1 FY22 Results Conference Call
November 02, 2021

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY22 results conference call of The Phoenix Mills Limited. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Management of the company has been represented by Mr. Shishir Shrivastava – Managing Director; Mr. Varun Parwal – Deputy CFO; and Mr. Pawan Kakumanu – Deputy CFO. Should you need assistance during the conference call, please signal an operator by pressing '*' followed by '0' on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand over the conference to Mr. Shrivastava. Thank you and over to you sir.

Shishir Shrivastava: A very good afternoon, ladies and gentlemen. I take this opportunity to wish your loved ones and you a very happy, healthy, and prosperous Diwali. As always, we take pleasure in welcoming you all to discuss the operating and financial performance of the second quarter and half year FY22.

I will now take you through the key highlights for the second quarter and for the first half of FY22:

In our retail business, local restrictions were imposed across our malls in April 2021. While some of our malls started becoming operational by end of June, it was only by mid-August that all our malls were allowed to operate though with certain restrictions. We are extremely happy to see swift recovery in consumption for the malls that were allowed to operate without much restrictions. Consumption was at Rs 1,012 crores in Q2 FY22 and Rs 1,271 crores in H1 FY22. This was approximately 74% and 69% of Q2 and H1 FY20 adjusting for operational days and categories permitted to operate. In October 2021 our operational malls recorded a consumption of Rs. 661 crores approximately which is 90% of consumption against October 2019 which was the pre-COVID month. Our collections are also improving substantially. In October 2021 we collected approximately Rs 104 crores against Rs 133 crores that we collected in Q2 of FY22. The consumption ramp up in Maharashtra malls has been slower compared to others on account of requirement of visitors to be fully vaccinated. The staff, we had already vaccinated through our extensive vaccination drives. As more and more people get their second dose of vaccine, we are seeing the trajectory of these malls to be similar to the non-Maharashtra malls. Overall, we remain very positive in our consumption recovery outlook for the second half of FY22 driven by strong demand, more categories being allowed to operate, more people being allowed to enter malls together with the festive season that has already begun.

In particular I would like to highlight the performance of the newest mall in our portfolio, Phoenix Palassio in Lucknow. The mall is now at an 81% trading occupancy with 213 stores trading and another approximate 10% of leasable area is under fit-out with 18 stores under fit-out. In Q2 FY22 the mall generated an EBITDA of approximately Rs 25.3 crores. Considering that this was a normal quarter and annualizing this number, this asset will be able to generate over Rs 100 crores of EBITDA in the next 12 months. For a perspective, our current set of Marketcity malls were able to achieve this milestone in the fourth and fifth year of their operations, while Phoenix Palassio has been able to achieve the same in a much shorter period of time and that too in this environment of the pandemic. This further reaffirms our confidence in the performance that our malls currently under construction will be able to deliver upon being operational.

I would now like to brief you on our discussion on rental negotiations with our retailer partners:

Since the malls became operational in August of this year and the pace of business has picked up with each passing week, we are happy to share that we have been able to conclude our negotiations with majority of our retailer partners. To first update you for the malls outside of Maharashtra, it has been agreed with retailers that waivers or rebates or discounts will be only for a limited period of the first half of FY22. It is also agreed that the period of lockdown will not be rent-free. Accordingly, we have built approximately 53% to 60% of contractual MG rental on an average for the first half of FY22 for anchors inline, F&B, food courts etc. At our Maharashtra malls, which were the last to open up and that too were allowed to operate under severe restrictions, again, we have a clear understanding here that waivers, rebates, discounts will only be limited until the month of October 2021. We have billed retailers across inline anchors, etc., at approximately 35% to 40% of contractual MG for the first half and this number will move up to 100% from November. With multiplexes now opening across the states, we have been able to conclude on the negotiation with them as well. This includes a mix of waiver on a certain portion of the minimum guaranteed rental for FY22 along with an increase in the revenue share percentage. Conservatively, we expect our rental billing for FY22 to be at a 100%, if not more, compared to FY21 in the fourth quarter of FY22.

Moving on to our commercial office business:

Our commercial office portfolio continues to remain resilient. Collection efficiency for the commercial portfolio was in excess of 94% in the second quarter of this year. Fountainhead Tower 2 has seen strong leasing traction with approximately 40% of the GLA being leased in the last six months. The revenue contribution from this asset will improve significantly from the second half of this year. Fountainhead Tower 1 in Pune has a leased occupancy of approximately 95% and is fully operational. Work at Fountainhead Tower 3 is now complete, and we are awaiting OC. We have already commenced with the leasing for the third tower as well.

To talk about a little bit our residential business:

We have witnessed a very good traction in residential sales mainly led by the reconfiguration of our Kessaku property into smaller units and the robust demand of ready to move-in inventory. Between April and September of this year, we sold 16 apartments at One Bangalore West and Kessaku which represents an area of approximately 52,000 square feet and a sales value of approximately Rs 98 crores. We continue to see a strong buildup in demand and faster conversions for our ready inventory. We are stepping up our efforts to sell inventory by launching attractive subvention schemes for the entire development. Special offers on ready to move in flats and a very-very effective digital marketing campaign to widen the reach of our product. We expect to see this momentum in sales to continue into the second half of FY22 and beyond.

Our hotels business has seen a testing time in the months of April, May, June. However, from the month of June onwards business looked up where we saw an increasing traction in occupancy on account of staycations, social events. We have seen an uptick in the number of social events and corporate events between July and October and the demand for November, December, January and February continues to be strong and the business on book keeps increasing. The St. Regis Mumbai reported revenues of approximately Rs 28.7 crores and the Courtyard by Marriott at Agra contributed about Rs 5.8 crores in the second quarter of FY22. At the St. Regis, Mumbai we have invested in upgrading our hotel property during the downtime. We are happy to share that Sette Mara, our Middle Eastern restaurant which opened in mid-August has been doing extremely well. Our all-day dining facility, Seven Kitchens has also been reopened in a new avatar. From the last weekend we reopened our Asian restaurant By the Mekong, which was under renovation. We believe that as things return to normal and the demand for F&B continues to increase, our various strategic upgrades at the hotel will enable us to recover faster and re-emphasize the hotels positioning as the epicenter of all marquee corporate and social events in the city. Occupancy levels at the St. Regis, Mumbai are now back at FY20 levels aided by a revival in the domestic corporate travel and the demand in social events. We expect the second half of this year to be far better for the hotels driven by leisure travel and social events.

A quick update on our marquee project at Lower Parel, Project Rise:

Project Rise is our flagship office-led mixed use development and will substantially complement our existing retail and hospitality landmarks at Lower Parel, Mumbai. We expect to add office GLA of approximately a million square feet and retail GLA of approximately 200,000 square feet. We have made significant strides in securing approvals and development potential for this Project Rise in the last quarter. We have paid approximately Rs 280 crores towards securing a million square feet of FSI and development potential. We further paid another Rs 65 crores towards development charges and have received the commencement certificate. We are also progressing with our plans for offices at Wakad, Hebbal and Chennai and will expect to share more detailed updates as we crystallize the same at our end.

A quick update on our under-construction projects:

Our current pipeline of under construction malls, Phoenix Millennium at Wakad, Pune, Phoenix Citadel in Indore, The Phoenix Mall of Asia at Hebbal Bangalore and Palladium at Ahmedabad and the upcoming mall in Kolkata will cumulatively take our current portfolio of approximately 7 million square feet to approximately 13 million square feet. Construction work at all our sites is on at full swing. Calcutta, we have not yet commenced any construction activities, but we are awaiting approvals. We have done the initial site development work. We currently expect our mall at Indore, Phoenix Citadel, to open to public in the first half of FY23 and Palladium, Ahmedabad in mid of FY23. Both Pune and Bangalore malls, which are Phoenix Millennium, Wakad, Pune and Phoenix Mall of Asia at Hebbal in Bangalore will be operational by the first half of FY24. Retailer interest in our under-construction assets remain extremely high and we have seen significant traction in leasing activity in this last quarter gone by.

I will now request Varun to update you on the financial performance of the company. Thank you.

Varun Parwal: Thank you Shishir. Good afternoon, ladies and gentlemen. Thank you for joining us on this call. I would like to share with you some key highlights of our consolidated financial performance. Our income from operations for Q2 FY22 stood at Rs. 371 crores and our Q2 FY22 EBITDA came in at Rs 186 crores. Our retail rental income came in at Rs. 198 crores in Q2 FY22 and our commercial office portfolio reported a total income of Rs. 78 crores for the first half of FY22. Our inflows from operations, Shishir has already updated you on the retail collections in the first half, overall, our cash inflows from operations was at Rs. 540 crores. This includes the inflows from offices, residential, hotels and retail as well. And our operational free cash flows were approximately Rs 150 crores. Consolidated gross debt at the end of September was down by about Rs 60 crores and the number was at about Rs 4,300 crores. Our average cost of borrowing is down to 7.84%. This is down significantly from March 2020 when were at 9.19%. We also have a few refinances underway, and we expect the cost of borrowing to further come down in the coming months.

Overall, our group liquidity remains strong and is in excess of Rs. 1,320 crores. We have also parked funds of over 600 crores and revolving credit facilities. Further, this liquidity does not take into consideration the second tranche of investment by CPPIB in our Kolkata SPV, Mindstone or the potential for GIC to further bring in Rs 400 crores in the coming months. Phoenix share of gross debt is at about Rs 3,178 crores and adjusted for the liquidity available with Phoenix, our share of net debt stands at about Rs. 2,096 crores.

With this we would close our opening remarks and we open the call for an interactive Q&A session. Thank you.

Moderator: Thank you very much. We will begin the question-and-answer session. The first question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: My first question is, if I heard correctly, you said in October we have collected Rs 104 crores versus Rs 130 crores in Quarter 2. Is it Quarter 2 of FY20, right? This is the number we mentioned.

Varun Parwal: This is Quarter 2 of FY22. The idea of giving this comparative is to demonstrate that last year our collections really picked up from November onwards. So, November through March each month our retail collections were in excess of Rs 100 crores a month. This time around the first half our collections were already significantly higher than the corresponding period last year. And in October itself we crossed that threshold of Rs 100 crores of retail collections a month. I think as consumption stays strong and as we continue to see a revival in consumption, hopefully this number would also stay strong and pick up from hereon.

Adhidev Chattopadhyay: Where I was coming from, exactly you mentioned that our consumption across malls is at 90% of the pre-COVID levels. So, this rental collections which we have done corresponds to what similar percentage? Just trying to get on to that number. Is it 100% or 90% of pre-COVID levels?

Varun Parwal: I think allow us to come back to you at the end of the quarter, since billing and reconciliation of both past and current dues would take some time to be completed.

Adhidev Chattopadhyay: So, there is a mix in that...

Varun Parwal: Yeah.

Adhidev Chattopadhyay: That is clear. Now on this rental, assuming that now the consumption trends above the pre-COVID levels maybe by the fourth quarter, assuming no third wave comes, how would the rental as per the current resolution agreements with the retailers, how would our rental collection stand? Let's say, we do 120% of pre-COVID, we also get to collect similar rentals, or will it be possibly even higher? So just wanted to understand how that works. And by when are we moving to a full pre-COVID minimum guarantee sort of structure across our portfolio?

Varun Parwal: Let me take the first part of that and then I will hand it over to Pawan for more granular details. At this point in time, I think we will stay with the commentary given earlier on the call, that we expect our rentals to go back to 100% by Quarter 4 of FY22 provided that things continue to improve the way they are. And as we report the next quarterly results, you would start seeing an improvement in the collection trends. Just handing over to Pawan now for the comments and details from this.

Pawan Kakumanu: As was stated in our opening remarks for non-Maharashtra malls, we have currently concluded waiver proposal only for the first half with the understanding that starting October, we will be going back to our contractual arrangement. So, from that perspective on your second part of the question, when can we start expecting MGs to go back to contract, for the non-Maharashtra malls, that's our current thing and with the consumption being as strong as it is, we are not seeing much issue with the retailers also. Second, for Maharashtra malls, here the situation is a little more fluid and as we all know was a little tougher than other geographies, so here we are expecting that from November we will be coming back to our contractual rents, but as stated by Varun also we definitely know that from fourth quarter it will be 100% everywhere. It is just about weather in November or while we are working towards it and the consumption definitely is poised to ensure that we come back to contractual rents even in Maharashtra. That's a little bit of a wait and watch.

Adhidev Chattopadhyay: And finally, in terms of from next year, is there any now thought process of the earlier we used to have this pattern of renewals coming up and we used to look at the escalation for the portfolio. So, are those discussions being revived again right now with certain categories of tenants in our malls? That's my last question.

Pawan Kakumanu : If I understand your question, your query is, all the renewals which are going to come up, are we going to see the bump up that we typically have seen in the past when such renewals come up, was that your question?

Adhidev Chattopadhyay: Yeah, correct.

Pawan Kakumanu: So, even during COVID-19, when we went for renewals, we were able to see a jump in the minimum guaranteed rentals, while when does that jump up come into play was something that we negotiated given that people need a little bit of breather after COVID-19. Similarly, we do expect that now as renewals start coming up, we will start seeing a jump up. Now it needs to be seen whether the jump up is going to be as high as the past or not, but we definitely remain confident that the traction has been extremely strong which is also reflected not just in our existing malls, but in our new malls where we are seeing typically the leasing rates to be at/or higher than our business plan. So, I think that gives us a good sentiment that the bump up in rentals should be strong even in our renewals for existing malls as well.

Moderator: The next question is from the line of Punit from HSBC. Please go ahead.

Punit: My first question is on the rental negotiation again. While you talk about October to November minimum guarantees coming back, are these minimum guarantees higher than what you used to command in FY20 or at similar levels?

Pawan Kakumanu: In our response we stated that we are coming back to the contractual rents, those contractual rents already bake-in the escalations which would have been due and thereby effective in October 2021. So, from that perspective, yes, these minimum guaranteed rentals would be higher than what minimum guaranteed rentals we charge for the same month in financial year 2019-2020.

Punit: And when you talk about Q4 going back to 100% levels, those are 100% levels of FY20 or FY21?

Shishir Shrivastava: When I mentioned that, I said conservatively I am estimating that we will be going back to 100% of Q4 FY20. But with the escalations, higher revenue share and now the multiplex and other categories also kicking in and contributing towards the rentals, it is quite practically possible that we will be far beyond that 100% of FY20.

Punit: My second one is on the Lucknow mall. While you gave a lot of interesting data, what is the trading density like? And there was a Lulu Mall which was supposed to come up. Any color what's happening there?

Shishir Shrivastava: At Lucknow, Phoenix Palassio, trading density is in excess of Rs. 1,000. It's close to about Rs. 1,100. And in this festive season, we are expecting it to move up significantly. I am guessing your question was on trading density and not the trading occupancy. Trading occupancy it is approximately 81%-82%.

Punit: And the Lulu Mall, any update what's happening there?

Varun Parwal: They have their work ongoing. I would not have any comment on their status, but they have their work ongoing, and they will commence operations at some point in time. I think they are not very close to commencing operations. They may be six months or so away. And I don't have an answer on their leasing.

Moderator: The next question is from the line of Mohit Agarwal from IIFL. Please go ahead.

Mohit Agarwal: My first question is, you have been mentioning that there will be an increase in revenue share under the new contracts. Could you quantify that assuming FY23 is a normal year, that 2%-3% increase in rev share, how much will that translate into the rentals going up?

Shishir Shrivastava: At general, one would estimate about a 15% to 20% incremental increase on the revenue share percentage which is contractually captured with retailers. For example, if we had a 10% revenue share with a particular brand that may move up to 11.5% or even to 12%.

Mohit Agarwal: The other thing is for this Phoenix GIC deal this 26% stake can go up to 35%. Any update on that? And is there a threshold event or something that you have to fulfill for the stake to go up to 35%?

Shishir Shrivastava: The intent of the further dilution is basically to fuel growth. There is not threshold to be achieved for the funds to come in. The funds will be brought in at the end of 12 months or earlier as we identify a deployment opportunity.

Mohit Agarwal: That is contingent upon you being able to identify any opportunity.

Shishir Shrivastava: Or at the end of 12 months from the first infusion, we have the option of drawdown of further equity.

Mohit Agarwal: One last bit from me on the Rise Project. You have earlier said that total Capex is around Rs. 1,000 crores, and we have already paid Rs. 350 crores. Just wanted to understand has the construction commenced and how will we manage the remaining Rs. 650 crores of funding?

Shishir Shrivastava: We have not commenced any construction. The amounts that have been paid, have been paid to PML towards land from its subsidiary Plutocrat. We have further paid for the FSI and premiums, etc. At this stage we have not yet commenced construction. We expect to commence excavation by December subject to getting all the necessary approvals. We already have the approvals to commence construction until plinth. We are awaiting the MOEF approvals. Your question on how we intend to fund the balance, we have the liquidity at PML level to infuse more equity. We are also looking at some very attractive construction finance options. At this stage we have not crystallized on the debt equity ratio, but we intend to be a little conservative and not rely heavily on debt.

Mohit Agarwal: Would you consider bringing in a partner for this project?

Shishir Shrivastava: We are open to all options. At this point in time, we don't have any specific comment on any transaction.

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

Parikshit Kandpal: My first question is, if you see the balance sheet is very under leveraged right now. The consumption has come back surprisingly, very positive. In this scenario where you are seeing expected lasting momentum in your under-construction mall leasing. just wanted your sense on the business development pipeline with the under-leverage balance sheet, surplus cash available, huge headroom for doing LRDs to raise funds and even at the standalone level leveraging the balance sheet, so how do you see the opportunities in the market under the business development side since most of the malls will be operational in the next 15 months, just wanted to get a sense on that.

Shishir Shrivastava: With all the liquidity, with all the capital that we have raised and the free cash that is now getting generated from all our operating assets, for the interim period we did take a, I would say, a conservative view and we paid down some debt, we parked down funds in OD facilities and reduced the interest exposure. We have also gone and looked at opportunities to bring down our cost of debt. We have refinanced some of our assets and as you may have seen from our presentation, our cost of debt has come down to about 7.84% and it's likely to go down even further as we complete some other refinance of some of our operating assets. You bring an interesting question on opportunities. We have been scouting for opportunities. I would say completed operational mall opportunities aren't too many. The ones that are in distress and are available at attractive pricing are opportunities which don't typically fit our mandate in terms of either size or quality or architecture, design, etc. We are seeing some very attractive opportunities in the Greenfield space. As you know in January, we had concluded Calcutta acquisition and we are looking at other Greenfield opportunities. And in our experience with the overall skillset that we bring across acquisition through design, through development, through operations, we find that we are able to create the maximum shareholder value in the Greenfield opportunities. So, we are looking at some attractive opportunities there in certain key markets where we hope to replicate the magic of Phoenix Palassio in Lucknow and these new locations.

Parikshit Kandpal: Second question is on your office space. Phoenix is known to be a mall development story and office is always there so you did your plans, you have FSI available across properties, across assets. But somehow the visibility has been lacking there so just wanted to get a sense that just now since the re-occupancies have started improving and somewhere you can see the bottoming out for larger office class. Any accelerated Capex roll out there or better visibility in terms of development. Do we see offices now getting more area share in you presentation? Just wanted to understand your sense there in a sense whether offices rentals business will become more visible.

Shishir Shrivastava: I am sorry, your voice was not coming very clearly. Was your question on, I did hear that we are known to be a mall story, and can you repeat the main part of your question?

Parikshit Kandpal: I was saying that Phoenix is known for mall story and offices somehow has been not very visible, not getting that screen share in our presentation. We have been talking on and off about Capex plans out there and each of the malls have huge large office spaces which is present there but not visible as hard assets, so just wanted to get your sense whether since with the bottoming out of that and overall pick up in office space expected over the next 2-3 years, so are you looking to accelerated roll out of Capex there and offices becoming more of a mainstream for you going ahead in terms of mix?

Shishir Shrivastava: I would say that for us the mainstream is not office, nor I would say specifically mall. I think we have now become known to be a mixed-use development story. The mall is always the anchor at these mixed-use developments. We have utilized the balance as there is potential to build other asset classes such as offices. Now, our experience at Mumbai with Art Guild House and Phoenix Paragon Plaza, which forms part of the mixed-used development has been that it's a very attractive proposition for tenants where your social infrastructure, your parking infrastructure, accessibility, generally gives a far better holistic experience to the office user as compared to what they may experience in standalone offices. In the past, we have been very-very selective about expansion but if we look at the performance of, let's say, Pune Fountainhead Tower 1, you may recollect we have covered this in the past, the cost to build that for us was sub Rs. 3,000 per square foot. We are 95% leased in the Fountainhead Tower 1. We have an average net rental of about Rs. 70 per square foot per month which is Rs. 840 annually, which moves straight to our EBITDA levels. So, you can imagine the yield on cost from Rs. 840 in the first year, at a cost of about Rs. 3,000 already. So that translates to roughly around 28% as yield on cost. For us, where we are building out office as an expansion to our existing project, where we have underwritten the entire land cost for the mall, it's a very attractive proposition and it also gives us a lot of elbow room to be very competitive in these markets since the land cost is negligible or zero for the office expansion. Just to cover for you, we are expanding our offices at other locations. We have Fountainhead Tower 3 at Pune which is awaiting OC. We don't have any Capex remaining on that one. At Phoenix Palladium Chennai which forms part of the large mixed-use development we are expanding that existing structure with about 400,000 square feet of offices. Phoenix Market City Bangalore, we have a million square foot potential where you only have to pay premiums. There's no cost of land. At Lower Parel again, we have a million square foot potential. Phoenix Mall of Asia at Hebbal which is the under-development project has 1.2 msf and Phoenix Millennium at Wakad which is an under-development project has 0.6 msf of office potential. Our overall commercial office portfolio under planning is roughly around 5.2 million square feet. We already have operational portfolio of about 1.6 million square feet, and we have 5.2 under development. This will take our office portfolio to about 6.8 million odd square feet.

Parikshit Kandpal: The last question if I can squeeze in, if you can give the lease status of the under-construction malls, is the last question.

Shishir Shrivastava: The lease status on under construction malls, allow me a second. Phoenix Citadel, Indore which is currently at about almost 50% in terms of commitment and LOIs executed, and we expect that by the end of this financial year, we will exceed 80%. At Phoenix Market City, Hebbal, Bangalore we are currently at about 18% odd which is leased in terms of LOIs and in terms of transactions which are committed, the number may be closer to about 40%. This we expect to be at about 65% to 70% pre-lease by the end of FY22. Similar numbers at Wakad where we have about 20% in terms of executed LOIs, another 15-16% which is committed, and we are expecting the LOIs and security deposit shortly. This will also exceed about 60% by FY22. Phoenix Palladium Ahmedabad is at 70% leased as of now.

Parikshit Kandpal: And by March 22?

Shishir Shrivastava: By March 22, this number should move up to about 85%- 90%.

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

Kunal Lakhan: Shishir, you mentioned in your remarks that you have seen some healthy leasing activity in the under-construction malls. Can you quantify this? Also, in terms of what kind of rentals are you signing in these contracts? Are they as per your original expectations or are we seeing some pressure over there? And also, a related question is that how are these new contracts structured in terms of are they more skewed towards revenue share than minimum guarantee compared to our older contracts?

Shishir Shrivastava: I'll answer your second question first. There is no structural change in the new contracts versus the old. We remain in the similar band range of MG plus or revenue share, whichever is higher. As far as what has been our experience in the areas that have been leased so far, see, we had put our leasing on halt for several months during this pandemic and I think that was a good decision because in that uncertain times retailers were not really, they could not take a very well-informed decision on commercials. With the traction that we have seen in our malls from August of this year and Maharashtra malls September-October has been fantastic, the retailers' confidence is very high and in the last 2 months we have seen a very accelerated leasing rollout. In terms of commercials, I don't believe we have gone below the business plans that we have written in many cases that we are much higher than what we had under-written in our business plans at the time of acquisition of these land parcels.

Kunal Lakhan: Can you quantify the leasing activity by any chance?

Shishir Shrivastava: I just did. I mentioned how much we have leased out at each location. If you are looking for per square foot rentals, we can discuss that separately. I would prefer that Advait, or Varun have a separate chat with you on that. But as I mentioned, the per square foot rental is at least at or much higher than the business plans that we have under written.

Kunal Lakhan: My second question was actually, I missed out in your opening remarks that what kind of rental negotiations you have done with multiplexes and F&B?

Shishir Shrivastava: Multiplexes, we have not yet signed out, in a few locations we have, but with the multiplexes just becoming operational only about 8 days ago in Maharashtra I think we are a little away from finalizing that.

Kunal Lakhan: But Bangalore and Chennai, like those have been operational for a while.

Shishir Shrivastava: See, for the period that they have not been able to operate, we are giving them a significant discount. We are not giving a full write off for the period that they were not able to operate. Now for the period that they have become operational since they have become operational what is going to be the minimum guarantee is still in discussions at various locations. In Bangalore, I think we have already concluded it. We are going to be extending some discount to multiplexes for this current quarter as well. But on the flip side, we will take on much higher revenue share for the next 12 to 18 months. That's the general structure that we are discussing.

Moderator: The next question is from the line of Girish Chaudhary from Spark Capital Advisors. Please go ahead.

Girish Chaudhary: Firstly, you did mention about the strong momentum at The St. Regis property. So, if you could share what kind of occupancies and room rate one can expect in the near term?

Shishir Shrivastava: In this last month of October, we have seen close to 80% occupancy. This has largely been driven by increasing domestic corporate travel and an increased demand from groups for weddings and social events. This has also helped us pull up our average room rates from what they were at in the month of July and August. So, we are close to 80% in October. In September we were at about 74% in terms of occupancy. We were at 14% in the month of May. So that has been the ramp up from 14% in May to about 50%-51% in August, 74% in September and almost 80%, 78% odd, 77% in October. In terms of room rates, we have seen our growth as well. Our room rates have now moved close to about almost Rs. 8,000 in terms of average rate in the month of October and at the lowest it was in the range of about Rs. 5,000 in the month of May. Since the profile of the hotel guest is now moving away from the staycation and highly discounted groups to corporate, domestic corporate travelers and social events, we have been able to pull up this rate and we expect this to continue on through the strong months of December, January, February, March, where our banquet bookings are also extremely high.

Girish Chaudhary: My second question is again on how to look at the rental trajectory in the near to medium term. So, if I look at the quarterly run rate of rents in FY19 and also FY20 it was around Rs. 250 crores average, this quarter we clocked around Rs. 198 crores but like-to-like if I see it is Rs. 175 crores. So, going ahead looking at October consumption trend, renewals and increasing occupancies, can we reach this Rs. 250-crores run rate or even more from the existing properties in the near term?

Shishir Shrivastava: We remain hopeful that there are no further lockdowns and there is no further impact going forward and in that environment, looking at the current consumption that is seen at the mall, our current rental billing and collections rate and the retailer's confidence which is evidenced by them paying what is due, we are expecting that Q4 we should be able to see similar rentals on a conservative basis as compared to Q4 of FY20 and if not higher.

Girish Chaudhary: I have one more, if I may. This is just a housekeeping that the balance Capex budgeted for FY22 and FY23?

Shishir Shrivastava: Allow me, I am going to request Varun to give you the brief on this.

Varun Parwal: For the first half, we have spent about Rs. 230 crores on the four retail malls which are under construction at Wakad, Hebbal, Indore and Ahmedabad. Besides this, we have also spent about Rs. 20 crores on our under-construction office Tower in Pune which is Fountainhead Tower 3. And like Shishir mentioned, we have also secured FSI and approval for project Rise as well. I think going forward given that all four of these malls are going to become operational between the next 12 to 24 months, the construction spend per quarter is going to ramp up from the current number of Rs. 100 crores. We expect it to go to about Rs. 170-180 crores a quarter.

Moderator: Next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

Biplab Debbarma: My first question is regarding your rental and the revenue share. I am a little bit confused. For a typical mall, typical tenant, so are you saying that once it becomes fully operational and everything goes back to normal, they will be paying the rental as per the agreements which has in built escalation and in addition, they will pay a little bit higher revenue share than that was there in the agreement? Just can you give examples and clarify how things would pan out once things become normal?

Shishir Shrivastava: Yes, so your understanding is correct. With second part of your understanding on an increased revenue share, that is for a limited period that there will be an increased revenue share to offset for the past period where we have given discounts and waivers. But, yes, as things return to normal from this month onwards, we are expecting to be at contractual rental by and large across categories with the exception of multiplexes.

Biplab Debbarma: Just a clarification so this increased revenue share that will be decided that how long it will be there? For 5-6 months, increased revenue share or it will be decided later?

Shishir Shrivastava: It varies from our brand-to-brand negotiation, but it is generally for the period of FY23. In some cases, it may be 6 months, in some cases it may be 12 months, in some cases it may extend into FY24 for some limited period as well.

Biplab Debbarma: Second question is on the footfalls. Consumption is great. 90% in October 2019, and I am sure festive season consumption will increase. Just wanted to understand about the footfalls, what is the footfalls in general, is it same as 60%-70% footfalls, but the consumption per person has increased?

Shishir Shrivastava: You are right. So, the ticket size per person coming to the mall has gone up. The footfalls again, your estimate is right, it's about 60% to 70%, and it varies from mall to mall, but the average spend per person in the mall has certainly gone up. So, you are getting good, I would say serious shoppers and a very good profile coming into the mall.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Shrivastava for closing comments. Over to you, sir.

Shishir Shrivastava: We wish you all and your families a very happy and prosperous Diwali. Thank you for joining the call today and we look forward to more frequent engagements along with our IR team in the coming months. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of The Phoenix Mills, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.