THE PHOENIX MILLS LIMITED

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February 18, 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 February 13, 2021 informing of conclusion of our Earnings Conference Call held on Saturday, February 13, 2021 with Analysts / Institutional Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for the third quarter and nine months ended December 31, 2020, please find enclosed herewith the Transcript of the said Earnings Conference Call.

This Transcript is also being uploaded on the Company's website 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: 2021.02.18 10:33:11 +05'30'

Gajendra Mewara
Company Secretary

Encl.: As above

The Phoenix Mills Limited
Q3 and 9M FY21 Earnings Conference Call
February 13, 2021

Moderator: Ladies and gentlemen, Good day and welcome to the Q3 and 9M FY21 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. Management of the company is represented by Mr. Shishir Shrivastava – Managing Director and Mr. Varun Parwal – Senior Vice President - Finance & Investor Relations. 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. I now hand the conference over to Mr. Shishir Shrivastava. Thank you and over to you sir.

Shishir Shrivastava: A very good morning, ladies and gentlemen and I hope that you are all keeping well and staying safe. We take pleasure in welcoming you all to discuss the operating and financial performance of Q3 and 9M FY21. In our retail segment, we continued to experience sustained recovery in consumption at our malls since we reopened and in Q3 FY21 on the back of the festive season. Consumption during the third quarter was Rs. 13.8 billion across our retail portfolio. This is an increase of 195% quarter-on-quarter and at about 67% of Q3 of last year's consumption. Our retail collections continue to register sharp improvements in line with our improved consumption matrix. Q3 and 9M FY21 retail collections were around Rs. 2.6 billion and Rs. 3.9 billion respectively.

With the gradual opening of locations to the public, consumer confidence and sentiments have improved and an apprehension to venturing out has reduced. Consumption levels are anticipated to sustain and gradually improve going forward. January 2021 witnessed strong consumption trends with levels reaching close to 83% of January 2020, which amounted to about Rs. 5.3 billion. Please note that these numbers are not adjusted for the underperforming multiplex and FEC. If we remove these numbers from last year's base January, consumption will move up to close to 90% and may be slightly higher. So now we have seen three successive months where we saw consumption in excess of Rs. 5 billion each month.

Moving on to our commercial business, our commercial office portfolio was the least impacted business segment and continues to remain resilient. For 9M FY21, commercial revenues were at 93% of last year. Fountainhead - Tower 1 in Pune has a leased occupancy of approximately 95% and is fully operational. Fountainhead - Tower 2 is complete and we received the occupancy certificate in October 2020. We continue to witness strong interest from potential lessees given the convenient location and the unit size of our offering. We have so far leased out approximately 50,000 square feet of area at an average rate of Rs. 71 per square foot in Fountainhead Tower 2. Work at Fountainhead - Tower 3 is on course for completion and we anticipate to complete work in the next two months. Art Guild house in Mumbai has a leased occupancy of 85% as of December 2020.

In our residential business we have witnessed strong traction in residential sales mainly led by the reconfiguration of our Kessaku property into smaller units and a robust demand for ready to move in inventory. We sold and registered agreements for inventory worth Rs. 556 million during Q3 FY21 and Rs. 1 billion during 9M of FY21. We also recorded additional sales of Rs. 397 million during 9M FY21 for which registration is pending, taking the cumulative sales figure to approximately Rs. 1.4 billion during 9M of FY21. Sales velocity continues to remain strong in the current quarter as well and we have seen cumulative sales of approximately Rs. 1.75 billion and collections of about Rs. 1.2 billion so far.

Hospitality has been slow amongst our business segments, it has been slow on pick up and it is understandably so.

Our property in Mumbai, The St. Regis is primarily a business hotel and with a reduction in business travel, that has seen an impact on the room revenue. This business has witnessed early signs of recovery, but we expect operating performance to remain subdued until business and leisure travel normalizes. We took several cost rationalization steps at the hotels and I am happy to share at the property level The St. Regis has been able to achieve positive operating profits for the period of October to December. We have utilized this down time to take up certain upgrade projects which will help us come back stronger once the market improves. To give you a sense at The St. Regis Mumbai, we are upgrading the F&B and banquets to capitalize on the weeding season.

We would like to share with you a new acquisition of a greenfield land parcel in Kolkata. We have recently acquired approximately 7.48 acres of Prime Land in Alipore for a total consideration of Rs. 300 crore. The site is strategically located to provide excellent frontage coupled with superior visibility and connectivity and is situated on the Diamond Harbor Road. It will provide us with ample opportunity to cater to the untapped consumption potential in the region and will be used for a retail led mixed used development. The land parcel has a development potential of approximately 1 million square feet in the first phase of the development and we hope to make it operational sometime during FY25 subject to local and municipal approvals. We shall undertake an office development here as part of the next phase and utilize the balanced development potential of about 200,000 square feet.

Our current pipeline of under construction malls which are Phoenix Millennium at Wakad in Pune, Phoenix Citadel in Indore, Mall of Asia in Hebbal Bangalore and Palladium in Ahmedabad will take up our portfolio to approximately 12 million square feet. We had in the past stated our strategy to keep on adding at least a million square feet of retail to our portfolio every year post FY24 when the under-construction projects will become operational. This Greenfield development opportunity in Kolkata is the first such addition to our portfolio in 2021 and will add to our operational developments beyond 2024.

A quick update on the GIC transaction that we had announced, our partnership with the Government of Singapore Investment Corporation to setup a strategic investment platform is progressing as per schedule and the process is currently underway and expected to be completed shortly.

` We look forward to a quick closure on this transaction.

A quick update on several digital initiates that we have undertaken, you may be aware that we have recently launched a digital customer rewards program through our Phoenix enhance app where points accrued by customers by way of scanning their bills can be utilized to earn rewards and discount coupons, gift vouchers etcetera. This program was successfully launched in Phoenix Marketcity Chennai and has now been extended to Phoenix Palladium in Mumbai and Phoenix Marketcity Bangalore since December 2020. The app also provides various value-added services to enhance customer experience and engagement such as kerbside pickup, digital parking reservation, food ordering services, video conferencing for selection of inventory at stores and home delivery.

Parking facilities have also been extended as a membership benefit to all members. We have seen 6% of our consumption captured across these three locations through this app in January 2021, the first full month of operations. This will help boost our online sales and improve customer engagement and we will be able to offer tailored shopping experiences to our patrons. We will be soon by rolling out this initiative across our portfolio and our goal is to capture 10% to 12% of consumption through this initiative in the next financial year. I will now request my colleague Mr. Varun Parwal to update you on the financial performance. Thank you.

Before Varun comes on board, I would like to mention that I am joined by my colleagues Mr. Varun Parwal and Mr. Pawan Kakumanu. Senior Vice President – Finance who have for the last several years had an oversight on the finance and accounts aspect of all asset classes and will continue in their roles as Deputy CFOs for the various asset classes under them. Moving on to Varun, please cover the financial performance. Thank you.

Varun Parwal: Thank you Shishir. Good morning ladies and gentlemen. Continuing with the briefing which Shishir gave, I would like to share with you some of the key highlights of our consolidated financial performance. Despite the prevailing challenging business environment, we continue to maintain a robust balance sheet. Our consolidate debt stood at Rs. 44 billion as of 31st December 2020. This number has come down by about Rs. 2.3 billion since the end of September 2020.

Our average cost of borrowing is down to 8.46% from 8.88% in September 2020, this is a reduction of 42 basis points. On this point I would like to further update you that the cost of debt in January 2021 is further down to 8.31%. We have a few loans repricing which are expected to come up in the next few months and we remain confident of further reporting a lower cost of borrowings in the coming quarters.

Moving over to the financial updates for Q3 and 9M of FY21, our income from operations for Q3 was Rs. 3.4 billion which is 66% of Q3 FY20. Our EBITDA for the quarter stood at Rs. 1.6 billion which is at 61% of the same period last year. This quarter we reported a profit after tax of Rs. 654 million. For 9M FY21, our income from operations was at Rs. 6.8 billion, our EBITDA stood at Rs. 3.2 billion and we reported a small loss of Rs. 129 million.

Giving a quick update on our cash flow position as well. Across the portfolio, we had total cash inflow of about 364 crores for Q3 FY21, retail accounted for significant majority of it, retail collections which were at about Rs. 130 crores for the first half improved to Rs. 260 crores in Q3 FY21. We have continued to see an improving trajectory in retail cash inflows even in January wherein we saw cash inflow of Rs. 114 crores. We have been able to preserve our cash and ensure that our operating free cash flows are coming back. For Q3, we had an operating free cash flow of Rs. 104 crores.

With that, I would like to close our opening remarks and we would open the call for the Q&A session. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Puneet from HSBC. Please go ahead.

Puneet: My first question relates to the cash flows, is it possible to get a better picture on cash flow in terms of how much significant for Q3 and 9M as well?

Varun Parwal: Let me first start with our capex for the quarter. For Q3, we had a CAPEX of about Rs. 100 crores and for the first 6 months we had about Rs. 140 crores so for 9M, our number stands at Rs. 240 crores. We have also temporarily paid down our revolving credit facility and in Q3 this number was Rs. 235 crores and for the first 6 months it was Rs. 102 crores so for 9M this number stood at Rs. 337 crores. Apart from that our operational cash flow, our operating expenses were at about Rs. 260 crores.

Puneet: So you had Rs. 364 crore of collections, Rs.260 crore of outflows is this for Q3?

Varun Parwal: This is for Q3 so our operating free cash is over Rs. 104 crores out of that we also spent on CAPEX, we are currently funding our CAPEX entirely through equity and we spend Rs.100 crore on CAPEX and besides this, we had some one off payment. So if I can quickly run you through those, we paid in advance towards our Kolkata land parcel in the December quarter which was about Rs. 25 crores. We continued to buy out some of the long-term tenancies on our Lower Parel land parcel and we had an outflow of about Rs. 24 crores and in our standalone results, we had two transactions wherein we transferred the units which were owned by Phoenix Mills in Art Guild House and Centrium, these were transferred to Offbeat. There was a stamp duty pay out of about Rs. 7 crores there and at Lower Parel, we conveyed a part of the UDS of the land to our 100% owned subsidiary which is Plutocrat and again there was a stamp duty expense of about Rs. 7 crores there. If I add these expenses, we are looking at a number of about Rs. 63 crores.

Puneet: So Rs. 364 crores inflow, Rs. 100 crores CAPEX down, Rs. 260 crores operating expense plus Rs 63 crores of others?

Moderator: We will move on to the next question which is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: My first question was on, so if you can highlight on what percentage of the occupancy we are approached or crossed the minimum guarantee normally they don't guarantee during the quarter if at all?

Shishir Shrivastava: Sorry may I request you to repeat your question Parikshit?

Parikshit Kandpal: Sir I am saying for what occupancy on properties approximately ballpark you would have crossed the MG of FY20 compared to Q3 FY20, if you would have crossed the MG if at all?

Shishir Shrivastava: I think we have crossed the MG threshold only in December so not in the entire third quarter. So mainly in December and perhaps for a fewer stores in November. So I would say about 70% of the stores would have reached that MG threshold in the month of December.

Parikshit Kandpal: So the fourth quarter you already said that Jan we have crossed close to about 80% kind of consumption, so in fourth quarter are we looking at 85% to 90% rentals coming back versus Q4 FY20?

Shishir Shrivastava: Yes, I would say that you know we had a certain estimate in August that we had put forth where we had stated that our estimate was that by the end of this financial year, we should be close to about 85%, 90% of FY20 numbers, so yes we should be somewhere in there that range.

Parikshit Kandpal: Now coming to the acquisition so you have already announced one greenfield developed and you had in the past said that you are looking at opportunity for an inorganic acquisition so with the consumption reviving across most of the operators, could you really still see some opportunity which would be available at good valuation for you to takeover, so if you can throw some light inorganic acquisition part?

Shishir Shrivastava: So last year in August when we did the QIP, Parikshit, we had raised capital to shore up our balance sheet to withstand any surprises that the year would throw at us and our stated intent was that once we see stabilization of our operating assets, we will look at deploying these funds in future growth opportunities. So the answer to your question is yes we are looking at opportunity, but being extremely cautious and selective in choice of location and in case of Greenfield opportunities the development size because our intent is to be the dominant consumption center wherever we intend to put up an asset. So, there are opportunities both on Greenfield and operating malls which continue to come our way and we evaluate them on a selective basis.

Parikshit Kandpal: So Kolkata property will be under which platform I mean is it directly done by you or it will be through a platform, GIC or CPPIB so any thoughts on that have you finalized anything?

Shishir Shrivastava: It has been acquired under a 100% owned subsidiary of Phoenix Mills.

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

Kunal Lakhan: So just on the rental front for Q4, so last quarter we had seen 63% of rental income vis-à-vis previous year quarter. Q4 how should we look at this number considering we are already at 80% plus level in terms of like in terms of business so would this number be closer to like 90-95%, can we assume that?

Shishir Shrivastava: Well we would estimate it to be in excess of 80%, I would be little cautious in indicating higher than that of course, we are working towards on much higher number.

Kunal Lakhan: And you had highlighted earlier that once consumption crosses 80%, then we would go to the original agreements, so when you say go back to the original terms is that both in terms of MG as well as revenue shares or only in terms of MG?

Shishir Shrivastava: Before I answer this question, I want to just go back to your previous one and further clarify that when we compare to consumption to the previous year, the contribution from FEC, multiplex and even food and beverage is low. So that is impacting the consumption therefore that is impacting our revenue share and that is the reason why I remained cautious about giving any guidance above 80% compared to last year.

If content improves and I think that will significantly improve the revenue share coming in from the multiplexes.

Kunal Lakhan: But just again on that on the same question, so excluding the FEC and F&B and cinemas, the rest of the tenant would the original agreement go back to the same minimum guarantee in revenue share terms?

Shishir Shrivastava: I think once we hit that 85-90% consumption across all stores across the board we will go back revert to original contractual terms and the interim waiver will not continue.

Kunal Lakhan: But like I said it is already at 90% excluding those pained sectors?

Shishir Shrivastava: So one has to look at the entire quarter and the performance there. In some of these in many of our tenants for the month of January, we have already reverted for that particular month, but it is on a month-to-month test, it is based on a month-to-month test. So if in a particular month consumption drops at that center, then you will not revert to original contract for that month, but after 1st April this will not stand from 1st April everybody moves back to contractual terms.

Kunal Lakhan: My second question was on the Kolkata acquisition, can you give us some color on what will be the balance approval and construction cost?

Shishir Shrivastava: So it is about a million square foot GLA development that we are looking at. The land cost was about Rs. 300 crore plus stamp duty etcetera. Construction is estimated to be at about Rs.500 odd crore and then there is also some premiums payable to avail of certain FSI which will be about Rs.50 crore. We estimate the overall cost to roughly be for the first phase to be about Rs 885 crore including the entire cost of land and the expansion will be about a Rs 125 crore when we look at phase 2.

Kunal Lakhan: And what are your rental expectations?

Shishir Shrivastava: So I would say that there is a huge demand supply gap in that city and competing malls are currently in the range of about Rs. 100-150 a square foot. By the time this mall becomes operational in FY25, even if we look at a low number between Rs. 150 to Rs. 175 per square foot, I think it is a very attractive investment.

Kunal Lakhan: And one last question, this is 100% owned by us now, but post the GIC platform, you think this will get moved to the platform or you continue to hold this in entirety?

Shishir Shrivastava: This is currently not under any discussion with GIC. We will evaluate it in the future I think we also have to put in some work and de risk the project on account of approvals etcetera and that if we evaluate any private equity investment in that asset it would only be in that stage, I would like to say.

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

Biplab Debbarma: My first question is on the Kolkata property, sir if I am not mistaken, this discussion was going on pre COVID, so just wanted to know whether anything has changed in the negotiation in terms of land valuations or payment structure pre COVID and post COVID?

Shishir Shrivastava: There has been no change.

Biplab Debbarma: So it is just a continuation of what was there in pre COVID?

Shishir Shrivastava: The parties have all delivered on what was agreed pre COVID.

Biplab Debbarma: Second question is on the pipeline, just could you give us some insight what kind of pipeline you have at present when discussion is going on and is there any plan to add more in FY22?

Shishir Shrivastava: Yes, I think I answered this question previously when Parikshit asked this question. We continue to evaluate opportunities. If you are asking if there is a definitive pipeline, I do not have anything particular to highlight at this stage.

Biplab Debbarma: Sir one final question if I may about GIC, is it the due diligence going on or what is the status and by what time transaction would be concluded?

Shishir Shrivastava: We are now towards the lag end of due diligence and then we will be working on closing the definitive. So I would say we are at the lag end of the transaction.

Biplab Debbarma: So another three months or so?

Shishir Shrivastava: I would hesitate to put any timeline to it, but we are at the lag end, I do not think it should take more than month to take it to closer.

Moderator: Thank you. Next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Sir I have two questions, one so in FY23 if you could help us know what would be the commercialized retail area in square feet which stands at 7 million today and operational commercial assets which stands at about 1.3 million square feet today?

Shishir Shrivastava: In FY23 we will be able to add a million square feet to our mall portfolio at Indore that is the Phoenix Citadel Mall at Indore. I hope to also see Ahmadabad coming up sometime in FY23 towards the end of that year which is roughly about 700,000 square feet GLA of retail this is the Palladium in Ahmadabad. On the office front, I think Tower 3 will become operational in the next few months so that is going to be about 450,000 square feet being added to our office portfolio.

Pritesh Chheda: So 1.3 goes to about 1.8 in FY23 basically?

Shishir Shrivastava: No we also have Tower 2 which is roughly around 250,000 square feet so 250,000 square feet of Tower 2 plus 450,000, 700,000 square feet will get added.

Pritesh Chheda: Over the next four years let us say FY23 and FY24, based on the space addition program, the net debt figure, do you see it directionally going down?

Shishir Shrivastava: Sorry are you talking about our net debt figure of Rs. 4,400 crore.

Pritesh Chheda: Yeah.

Shishir Shrivastava: Yes, I would say that even going forward for some period at least we are not looking at drawing down any additional debt on any of our construction project so I would like to say that it would stay in the range of Rs. 4,400 crores less whatever repayments come up in this FY22.

Pritesh Chheda: And this is a net debt figure, right?

Shishir Shrivastava: Sorry this is the gross debt figure when you say net debt are you referring to our economic interest in that.

Pritesh Chheda: So I was bit confused the net debt figure which was there during Quarter 2 was about Rs. 2,700 crores?

Shishir Shrivastava: So it continues to remain at that number Rs. 2,700 crore. This is our economic interest if you look at the various shareholding, gross debt is at Rs. 4,400 crore, I do not see that moving out for at least the next two quarters.

Pritesh Chheda: And my last question you were answering to one of the participant about 85% threshold and above the rentals go back, just keeping that discussion aside any case with effect 1st April 2021 everyone goes back to the original agreement?

Shishir Shrivastava: That continues to be the fact even now.

Pritesh Chheda: When they go back to the original agreement, they go back to the FY20 rental or the escalated rental post FY20?

Shishir Shrivastava: Yes so the contractual rental payable in FY22 as per the escalation.

Pritesh Chheda: And what is the escalation of the two years?

Shishir Shrivastava: See it is about anywhere between 5% to 7% annual escalation.

Moderator: Thank you. The next question is from the line of Niket Shah from Motilal Oswal. Please go ahead.

Niket Shah: So first on the new property in the retail space that you are likely to commission in Ahmadabad, Pune going forward what is the prelease rate right now versus pre COVID so for example pre COVID was Rs.60 what is it now so that is the first question, the second question was the revenue share percentage will that be higher post 1st April versus what it was pre COVID in terms of percentage rates and the third question was on the GIC part on the platform part of it, is any money likely to accrue to Phoenix which will be used for debt reduction, those will be the three questions.

Shishir Shrivastava: Let me answer your second question first, in several cases where we have given discount on fixed rental in this current financial year, after 1st April when we move to contractual rent in several cases we have a higher revenue share to continue on for some period of FY22 as well.

Niket Shah: That is only for one year?

Shishir Shrivastava: Yes only for one year there is a higher revenue share percentage and then that would fall away back to contractual rev share.

Niket Shah: And what would be the percentage sir?

Shishir Shrivastava: It would be about 20% to 25% higher than the current rev share. So if somebody is at 10% they would end up paying us 12% to 12.5% for that period.

Niket Shah: And that would cover how much percent of your tenants?

Shishir Shrivastava: About 40% to 50% of our tenants.

Shishir Shrivastava: Moving on to your first question, the average rental that we estimate across our various underdevelopment portfolio, see during COVID we have actually gone very slow on our leasing on several of these under development projects simply because retailers were not being able to commit to it, but based on the preleasing achieved so fast and our estimates going forward basis our discussions with ongoing retailers, I would say that in Palladium Ahmadabad we would estimate to be at an average rent of about Rs. 165 a square foot. At our Phoenix Millennium Wakad Pune, we should be in the range of about Rs. 120 plus per square foot at Mall of Asia Hebbal we should be at the average of Rs. 160 plus and at Phoenix Citadel Indore we should be at about Rs. 90 plus this would be the rental in the first year of operation and then thereafter of course escalation would apply. We have continued to do new leasing at the operational malls with no changes to rental terms compared to the period prior to COVID.

Niket Shah: On the GIC platform deal, is there some amount of money that Phoenix will take back from the platform and reduces debt or the entire money remains in the platform for expansion?

Shishir Shrivastava: No the final investment structure is being utilized I think we have to look at the fine balance between growth capital at that platform level itself and creating liquidity at Phoenix. As you are aware we have adequate free cash invested in Phoenix. So we are not seeing the need to really take more cash at the enterprise level. All the free cash that we have has been invested in sizeable amount of that has been parked in our revolving credit facility, so we have reduced the overdraft drawn for the moment, but that liquidity continues to remain available to us.

Niket Shah: One final question if I may squeeze in, there has been reduction in premium in Maharashtra, so how do you look at that as an opportunity?

Shishir Shrivastava: So we have previously given information about our potential development at lower parel with the project that we call project rise which is a million square foot commercial office and retail mix use, there we estimate our cost coming down on account of the reduction in premium.

Niket Shah: And what would be the difference in terms of savings previously versus now?

Shishir Shrivastava: It could be anywhere in the range of about Rs. 400 crore on premiums and development charges.

Moderator: Thank you. Next question is from the line of Rajesh Desale from SBI Mutual Fund. Please go ahead.

Rajesh Desale: Just one question the Kolkata mall what is the idea there what kind of phase we will be having Phoenix Market City or Palladium so what I want to understand will be a premium mall or mass-market mall?

Shishir Shrivastava: So the location is fantastic Rajesh, it is in the heart of I would say the old wealthy part of the city Alipore, Ballygunge, Tollygunge, Park Street, Camac Street even the Eastern corridor through the Maa Flyover has become easily accessible. So it is a very well placed location, it is commanding of a premium to high end to bridge to luxury kind of a format.

Rajesh Desale: One more question what kind of IRR threshold did you use for this Kolkata land and for future acquisition also what are your thresholds?

Shishir Shrivastava: We look at I would say in terms of the leveraging we look at each location differently so better matrix for us would be yield on cost. So we expect in at least our model underwrites yield on cost in the first year of about 15% to 16% and by third year when it stabilizes typically it should be in excess of 20% to 22%.

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

Karan Khanna: Shishir on the Alipore land acquisition when you look at the broader demographic in this city do you feel that with the highest proportion of ageing population of more than 12%, lowest proportion of youth and lowest fertility rates amongst all the metros, do you see Kolkata a good market five years out and as a follow up is there now a change in strategy from entering a Tier 1 opportunity to a Tier 1 city?

Shishir Shrivastava: I think as a city Kolkata is very exciting for us simply because of the very low supply and a huge demand from retailers for presence. So we have based our decision aside from factoring in our own primary research in the city, we have also looked at where the retailers are looking at the best quality, the best in class retail asset to be a part of. The demographics of the city clearly support at least five to six malls of a million square feet in the city and as on date there is literally only 1 million square foot mall which is there in the city, it is slightly lower than the million square feet actually about 650,000 odd square feet. So for a district dominant consumption center that is a huge demand at this location.

Karan Khanna: So on the acquisition cost we understand that recently, although small sizes in and around Alipore, have been transacted at an average Rs. 20 to Rs. 30 crores per acre, so do you believe you have overpaid for the land parcel or you feel that given scarcity of large land parcel in that location, Rs. 40 crore for an acre is a good price for the land parcel of that side?

Shishir Shrivastava: See there is in that particular micro market there is very limited land large parcels in fact that is virtually no large land parcels which can support the development of a million square feet plus. I believe that we have negotiated a very fair price. It also is if you just look at the land record and the ready reckoner value in that location it is in the similar range. I do not believe that we have overpaid at all I think we have paid fair price for it.

Karan Khanna: Lastly what we also understand is that while Alipore is amongst the most posh residential areas or we have also picked up is that unlike most other large metros connectivity is not an issue in Kolkata and most of the citizens have a preference for travelling towards Park Street up north and Salt Lake in the North Eastern belt given better social avenues in these markets, moreover given existing strong consumption that is happening at South City and Forum malls, do you believe do you feel there is enough room for another 1 million square feet mall in that market especially since most of the development is now happening towards the north end of the city?

Shishir Shrivastava: So as I mentioned I think in our immediate proximity we have the wealthiest residence of Calcutta with the improved connectivity with the Maa Flyover, I believe that even the Eastern part of the city will gravitate towards this location. There is enough of a immediate catchment which can support this development. We are very conscious of our competition in the city and I think our product will be a differentiator both in terms of design and in terms of the brand mix. It has been I think when we look at our business, we provide I think we have representation from all consumption categories of a customer wallet spent in our malls and I think that drives the consumption at our centre more and that will be attraction for the city to gravitate to this location.

Moderator: Thank you. The next question is from the line of Atul Mehra from Motilal Oswal Asset Management. Please go ahead.

Atul Mehra: So just one question in terms of REIT as a particular platform with I think a little bit more favorable regulatory environment and taxation environment now, do you think some of our mature assets we would be keen to put it into a REIT in the next foreseeable period?

Shishir Shrivastava: I would say that we find the REIT structure as a very attractive financing structure for us going forward in the future and we would be open to evaluating that. Clearly at this I would say that considering the current environment we may need to just wait it out for a little while before we explore going down that path.

Atul Mehra: And sir just a follow up in terms of somehow discussions in the past round being debt free in some point in time, so anything that we would have thought on further on those lines in terms of the capital structure of the company going forward, are we like determined to take this company to being debt free at some point of time in the future?

Varun Parwal: Atul, our gross debt on our portfolio today is about Rs. 4,400 crores and this debt is majorly 99% of this is on our operational assets wherein the recent cost of borrowing is down to 7.5%. If I look at our share and if I look at net debt and Phoenix share of net debt, we are looking at about Rs. 2,700 crores being that number. Now on our operational assets given the steady rental profile and the NOI flow through we are seeing some very attractive rates as well as the risk assessments of these assets is perceived to be very low which enables us to get some good long term financing options. As far as our under-construction assets are concerned so far, we have spent Rs. 3,200 crores in financing these assets and I am now taking Lucknow out of this, the financing for whether the offices in Pune or the assets under the alliance with CPPIB have now been done mainly two equity so far and if I have to put a number the equity that we have spent on these assets so far is about Rs. 2,800 crores. So we remained cognizant of the fact that we have to utilize debt prudently and we have to strike the right balance on the leverage that we have taken, but we also do not want to lose out on the opportunity for the low pricing and the comfortable repayment option that we are getting on the operational assets.

Atul Mehra: And just one final question in terms of other inorganic opportunities that we were exploring so over and above what we have planned now that for Greenfield and

Calcutta what is the thought process at this point in time for the other remaining opportunities we were exploring for the last few months and quarters and anything that we are gearings towards in terms of closure on any further M&A?

Shishir Shrivastava: No at present I do not think we have anything very definitive to share with you.

Moderator: Thank you. Next question is from the line of Abhishek Bhandari from Macquarie. Please go ahead.

Abhishek Bhandari: Shishir I have question on project wise could you repeat what is the status in terms of approval there especially given that somebody asked there will be no windfall from the premium cut could be Rs 400 crore which you mentioned, so in that context would you want to buy the premium altogether before December?

Shishir Shrivastava: So in terms of the status of approvals we have the initial layout approval from the UD and we are currently working on our submission plans after which we will be making payments for the premiums etcetera. So clearly to avail of the benefits one will have to make these premium payments by the end of this calendar year. I think we are very confident that we will be able to progress very swiftly on the approvals once we finalized our submission plans.

Abhishek Bhandari: Shishir second question is on your residential project I think it is something at a non core for you now and it has been there for quite a while there has been pickup in the consumer sentiments the sales risen which is also be getting reflected in your own numbers, so any plans to quickly get out of that Bangalore resi and use that cash in that core areas like project rise or maybe some other opportunities.

Shishir Shrivastava: Abhishek the sales velocity has picked up significantly for the completed inventory that we have there. Currently we have only one tower which is under construction which is Tower 7. Towers 1 to 6 are all complete, Kessaku is complete. Tower 8 and 9 we are yet to construct and launch and construct. So really what remains is under development unsold inventory in Tower 7 is roughly around 240,000 square feet, unsold inventory in Tower 7 and in Kessaku we have a sizeable inventory and we saw huge pickup in the sales velocity there. I would say that the next 24 months look very promising to be able to sell off all of this inventory that we have under construction.

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

Manish Agrawal: It's more of the clarification question on the multiplex you had mentioned in the last call that 75% rental waiver for this Q3 and going forward in Q4, 50% rental waiver on the fixed cost and the rev share would go from 17% to 22%, so is the status same and going forward in FY22 what would be the status?

Shishir Shrivastava: It is the same, there is no change in the status and in FY22 we will revert to contractual rent in a few of our locations we have higher revenue share for some part of FY22.

Manish Agrawal: So higher would be in the range of 22%?

Shishir Shrivastava: In the case of multiplex, it may be actually 10% to 15% higher.

Manish Agrawal: In FY20 what was the component?

Shishir Shrivastava: If it was 18% it moves up for a part of FY22 it may move up to about 21% to 22% this is not the case across all locations it has a few locations.

Moderator: Thank you. The next question is from the line of Alpesh Thakar from Motilal Oswal. Please go ahead.

Alpesh Thakar: Just one question so have we seen any major exit as a result of pandemic across any of our assets?

Shishir Shrivastava: No we have not seen any major exit in our retail portfolio nor in our office portfolio. I would say that there are the smaller stores which may contribute to about 4% to 5% on the higher size, smaller stores in F&B where we have seen some exit.

Alpesh Thakor: So are we talking to other clients, potential clients for filling up those vacancies?

Shishir Shrivastava: Yes of course.

Alpesh Thakor: And one last kind of follow up on this so are we talks with any of the major brands which would like to launch in India as we move back to normalcy, so any of these trends are you looking at, so any major brands that would come up which is we being one of the best retail asset portfolio holders in the country, so we deserve preferable brands to partner with this?

Shishir Shrivastava: So I think there are still about a 100 odd brands list that we have which are under discussion. I would not say under discussion which I would say our potential is looking at expansion into India they may already be in India or they may be looking at an expansion, but I think one just has to wait for all at least our new developments one has to wait for a couple of maybe quarter more to see normalization before we start our preleasing or continue with the preleasing of our new developments. For assets which are already operational we are in constant discussions with brands. There are quite a few who are looking at entering India for the first time through our Gateway malls.

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

Shishir Shrivastava: Thank you all for joining us today and wish you all the very best hopefully the next few months we will be able to demonstrate a far better performance and look forward to catching up at the next call.

Moderator: Thank you very much, members of the management. Ladies and gentlemen on behalf of the Phoenix Mills Limited that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.