THE PHOENIX MILLS LIMITED

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**February 16, 2024**

**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**

This is further to our letter dated February 13, 2024, 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 and nine months ended December 31, 2023, 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/FY2024/Earnings-Call-Transcript.

You are requested to take the same on record.

Yours faithfully,

**For The Phoenix Mills Limited**

GAJENDRA MEWARA
Digitally signed by GAJENDRA MEWARA
Date: 2024.02.16 17:32:03 +05'30'

**Gajendra Mewara**
**Company Secretary**

**Encl.:** As enclosed

**The Phoenix Mills Limited**
**Q3 and 9M FY24 Earnings Conference Call**
**13th February, 2024**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 and 9M FY24 Results Conference Call of The Phoenix Mills Limited.

As a reminder, all participant 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 is being represented by Mr. Shishir Shrivastava – Managing Director, Mr. Anuraag Srivastava – Group CFO and Mr. Varun Parwal – Group President, Strategy, Audit and Head Corporate Finance. 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. Shishir Shrivastava. Thank you and over to you, sir.

**Shishir Shrivastava:** Thank you. Good morning ladies and gentlemen. We take pleasure in welcoming you all to discuss the operating and financial performance for the third quarter and nine months ended December 2023. We hope that you have had a chance to look at the results presentation shared by us. The same is uploaded on the stock exchanges as well as on our corporate website.

I will now take you through the key highlights of the results with reference to the relevant slides of the results presentation:

If I may draw your attention to Slide 3 the Retail Overview: Total consumption in the Q3 FY24 was Rs. 3,296 crore up 25% over Q3 FY23 and for 9M FY24 it was at Rs. 8,509 crore up 21% over 9M FY23. Retail rental income for Q3 FY24 stood at approximately Rs. 447 crore, a 33% growth over Q3 FY23 and for 9M FY24 retail rental income was at Rs. 1,213 crore up 25% over 9M FY23.

Slides 4 through 7 illustrate or demonstrate the trading occupancy across the new malls. Increase in trading occupancy seen across newly launched malls with more stores getting opened for patrons post fit outs.

At Phoenix Citadel Indore, which was launched in December 2022, within one year since launch the mall has seen a fast-trading occupancy ramp up from 42% at launch to about 91% in December 2023.

At Phoenix Palladium Ahmedabad, which was launched on 26th February 2023, trading occupancy stood at 78% and with Zara and PVR due to open we expect to end FY25 with occupancy in excess of 90%.

Phoenix Mall of the Millennium Waked was launched on September 1st, 2023. It's currently at 60% trading occupancy. We expect this trading occupancy to inch up to about 80% by the end of March 2024 and reach an average of approximately 90% during FY25.

Phoenix Mall of Asia Bangalore was launched on 27th October 2023. It's at 50% trading occupancy at the end of December 2023 and we expect it to touch approximately 75% by end of March 2024 with a significant move up to close to 90% average during FY25. We are very happy to add that Phoenix Mall of Asia Bangalore recently achieved the prestigious USGBC LEED Gold Certification making this the second USGBC LEED certified retail asset in our portfolio.

If I may draw your attention to Slide #8 under construction retail assets for a quick update. At the retail expansion for Phoenix Palladium Mumbai spanning across a retail GLA of approximately 2,50,000 square feet in the current phase, civil works have reached an advanced stage and contract awards for facade, etc., are in progress. We expect to launch this additional retail GLA in 2024.

Construction is underway for the retail portion of our commercial office led mixed-use development at Lower Parel where the retail component is approximately 200,000 square feet GLA forming part of the larger building called Project Rise and this retail is expected to launch in 2025.

At our ongoing retail expansion at Phoenix Market City Bangalore spanning across retail GLA of approximately 200,000 square feet in the current phase, we are currently at the stage of final approvals and design. We expect this block to launch sometime in 2025.

At Phoenix Grand Victoria, Kolkata, construction has commenced, diaphragm wall, piling works are complete and currently we are progressing on the final bit of excavation and foundation. We expect this mall to be ready for launch in 2027.

Our second retail destination in Gujarat at Surat, we see construction has commenced. Diaphragm wall excavation is presently progressing at a fast pace. We expect this mall to also launch in 2027.

Moving on to our retail portfolio performance from Slide #9 onwards of the Presentation:

Q3 FY24 saw the highest ever quarterly consumption of approximately ~Rs. 3,300 crore a growth of 25% over Q3 FY23. On a like-to-like basis if we exclude the contribution from the new malls launched from December 2022 onwards and adjust for the impact from closure of the lifestyle block at Phoenix Palladium Mumbai the consumption has grown at approximately 5%. We have seen double digit consumption growth at Phoenix Market City Kurla and Phoenix Palassio Lucknow driven by a ramp up in trading occupancy versus Q3 FY23 at both these malls. Ramp up in consumption at the newly launched malls continues with increasing trading areas.

Drawing your attention to Slide #11 which is the 9M FY24 mall wise consumption. Consumption for 9M FY24 was at ~Rs. 8,500 crores witnessing a growth of 21% over 9M FY23 and 8% on a like-to-like basis with Phoenix Palassio, Phoenix Market City, Mumbai and Phoenix Market City and Palladium Chennai registering double digit growth in consumption during this period.

If I may draw your attention to Slide #12 and #13 which is the category wise consumption growth. The top performing categories for Q3 FY24 were jewelry which showed an increase of about 19% and gourmet and hypermarket which showed an increase of about 20% over the same period last year. Comparing 9M FY24 category wise consumption growth - the top performing categories for 9M FY24 were FEC and multiplex up 15% over the last year, jewelry up 22% and gourmet hypermarket up 38% over the same period last year.

Moving on to Slide #14 for the financial performance of our retail portfolio for the year so far:

Comparing Q3FY24 versus Q3FY23, retail rental income stood at 447 crore up 33% in comparison to the previous Q3 FY23. 5% on a like-to-like basis excluding the new malls launched. Phoenix Market City, Kurla, Phoenix Market City and Palladium Chennai both grew 14% over the same period last year. Rental growth at Phoenix Market City, Kurla was partially led by base rental escalations and partly due to the ramp up from newly launched stores such as Uniqlo, Time Zone, Game Lux, Tim Horton's, and Homes to Life. Rental growth at Phoenix Market City and Palladium Chennai was mainly led by growth in base rental escalations as per the cycle.

Slide #15 compares Q3 FY24 versus Q3 FY23 EBITDA. Retail EBITDA for the quarter was Rs. 435 crore up 27% compared to the same quarter last year and up 5% on a like-to-like basis excluding the newly launched malls. Phoenix MarketCity, Kurla saw the benefit of improved trading occupancy, rentals and operating efficiency leading to an EBITDA growth of 17% over the quarter. At Phoenix MarketCity, Bangalore rental growth was driven by an increase in average trading occupancy for the quarter and with the opening of new stores such as R&B, FirstCry, Avantra and UCB. Further escalations to the base rentals contributed to the rental growth. Rental growth coupled with a decrease in some operational costs led to an EBITDA growth of about 6% over the same quarter last year.

9M FY24 versus 9M FY23, the retail rental income stood at Rs. 1,213 crore up 25% and up 5% on a like-to-like basis excluding the newly launched malls. For 9M same period compared to last year with retail EBITDA stood at about Rs. 1,225 crore which was up 24% compared to the 9M FY23 and up 7% on a like-to-like basis if you exclude the new malls launched.

Trading occupancy saw an increase across all major malls in December 2023 when compared to September 2023. Weighted average trading occupancy for December 2023 stood at 84%. As trading occupancy inches up within our newly launched malls with more stores becoming operational, we continue to remain confident of touching the Rs. 11,300 to 11,500 crore consumption mark for FY24 which we had eluded to earlier this year.

May I now request Anuraag to take you through the office hotels and residential sections and the overall financial results.

**Anuraag Srivastava:** Thank you, Shishir. Good morning everyone. Please refer to Slide #19 and onwards for an update on the commercial offices.

Our commercial office portfolio is seeing improving traction with gross leasing of about 1.7 lakh square feet for the quarter and 4.8 lakh square feet in YTD December 2023 because our 3.4 lakh square feet of new leasing and 1.4 lakh square feet of renewals.

Our commercial office portfolio is now leased up to ~72% at 1.43 million square feet and we are seeing improving traction across assets. Rent levels have been healthy with renewals and new leases at market rates.

Moving on to Slide #22. Income from commercial offices in Q3 FY24 was Rs. 50 crores. This is up 17% as compared to Q3 of last year and total EBITDA stood at 28 crores it is up 27% over Q3 FY23. EBITDA growth has been mainly on account of higher occupancies at our properties at AGH and Tower 3 of

Fountainhead Towers at Viman Nagar. Strong rental growth and account of increased traction in Mumbai offices and occupancy growth at Fountainhead 3 contributed to the growth during the quarter.

I'm moving on to an update of under construction commercial office projects in our portfolio is on Slide #24. We are progressing well with the development of the next leg of growth in commercial offices.

At Phoenix Asia Towers, lobby common area finishing and facade work is underway. The first phase of these offices, which is about 0.8 million square feet is expected to be operational within 2024.

At the Palladium offices in Chennai, we target completion in 2024.

At Millennium Towers, Wakad slab work is in advanced stages for all the four office towers. Tower 2A and 2B are expected to be ready in 2024, and Tower 1A and 1B are scheduled for completion in 2025.

As far as the commercial office component within the expansion of our mixed-use asset in Whitefield is concerned, excavation work is nearing completion and Phase 1 is expected to be operational in 2026.

For Project Rise, all development permissions have been secured, foundation work has been completed and basement slab 2 has also been completed. These commercial offices are scheduled to be ready in the year 2027.

Moving on to our hospitality portfolio which are the two properties - one property in Mumbai and one property in Agra.

Starting with St. Regis, Mumbai which is on Slide #26. We continue to see significant improvement in our performance ARRs in Q3 FY24 was about Rs. 20,000 and RevPAR stood at 16,391 both showing a growth of 23% over Q3 FY23. Similarly, for 9M FY24 ARR was about Rs. 17,200 and RevPAR stood at Rs. 14,066 again showing a good growth of 29% and 26% over 9M FY23 respectively.

The financials for St. Regis, Mumbai. Income from Q3 FY24 stood at Rs. 135 crores which is up 24% over Q3 FY23. Revenue from F&B and banqueting, which accounted for 48% of the revenue for Q3 FY24 registered a growth of 27% over Q3 FY23. EBITDA for Q3 FY24 was at 62 crores, which is a growth of 28% and an improved EBITDA margin of 46%.

Income from 9M FY24 stood at Rs. 348 crores up 26% over 9M of last year with increase in total income EBITDA for 9M FY24 stood at Rs. 155 crores and have margin improvement to 45% in 9M FY24 compared to a 42% margin in 9M FY23.

Moving on to our property in Agra the Courtyard by Marriott. The ARR in Q3 FY24 was at Rs. 6,194 and in 9M FY24 was at Rs. 5,011 increasing by 10% and 13% respectively over the previous year. Similarly, for Q3FY24 RevPAR stood at Rs. 5,189 and RevPAR for 9M FY24 was at Rs. 3,752 showing the growth of 17% and 21% over Q3 and 9M FY23 respectively.

Financials from Courtyard by Marriott, Agra. Income for Q3 FY24 was at Rs. 17 crores up 20% over the same quarter last year and EBITDA stood at Rs. 6 crores up 29% from previous year. EBITDA margin for the quarter saw an expansion by 2 basis points compared to Q3 FY23 and stood at 35%. Income for 9M stood at Rs. 37 crores up 20% from last year, and EBITDA stood at Rs. 9 crores demonstrating 25% growth.

Update on our under-development hotel project in Bangalore. The development of the Grand Hyatt at Bangalore is on track and is expected to be launched in 2027. This completes our hospitality overview.

I'm moving on to residential business now. Please refer to Slide #32. We continue to witness very good traction and residential sales. We have completed gross residential sales booking at Rs. 515 crores in 9M FY24, which is higher than gross sales booking of Rs. 466 crores done for the full year of FY23. Same goes on for collections – Rs. 565 crores was collected in the first 9M FY24, surpassing a full year collection of Rs. 369 crores which we did in FY23. We have built and delivered about 2.83 million square feet across One Bangalore West and Kessaku of which now we have about 4.7 lakh square feet of unsold inventory left.

Slide 34 covers our under development residential project. At under development premium residential project in Alipore, Kolkata, consultants for various work streams have been on boarded and we are in the process of obtaining our development permissions. Structural design is also underway.

Now I would like to move to financial results from Slide #35 onwards.

While Slide #36 has a snapshot of our financial performance at a standalone level, to get a better picture of group level performance I would like you to move to Slide #37 for the consolidated financial performance.

Income from operations for Q3 FY24 stood at Rs. 986 crores, this is up 44% year-on-year and Rs. 2,672 crores for 9M of FY24 up 40% year-on-year. Operating EBITDA for the quarter stood at Rs. 552 crores up 44% year-on-year and Rs. 1,558 crores for 9M up 43% year-on-year. Reported PAT after minority interest and after comprehensive income for the quarter stood Rs. 297 crores which is up 69% year-on-year and stood at Rs. 827 crores for 9M FY24.

Moving on to our debt position which is in Slide #38 onwards. Consolidated gross debt stood at Rs. 4,228 crore as on 31st December 2023 down by Rs. 285 crore since March of 2020. 100% of our gross debt is backed by operational assets and despite a recent land acquisition Thane we have seen only a marginal movement in gross debt. We have been able to borrow funds that are at a competitive average borrowing rate of 8.78%. Currently our lowest cost of borrowing stands at 8.50%. On Slide #37 consolidated gross debt of Rs. 4,228 crores as of 31st December 2023 is now ~2.1x of annualized EBITDA as compared to ~47 x around FY20.

Moving on to cash flows in Slide #40. For 9M FY24 we generated about ~Rs. 1,716 crore of net cash from operating activities supporting all of our investments in growth and leaving a surplus. Slide #41 covers our operating free cash flows for the period. The operating cash flows were at Rs. 1,419 crores growing by 56% over the same period in FY23.

I'm moving on to liquidity position on Slide #42. Group level liquidity on 31st December 2023 stood at Rs. 2,058 crore this is up by Rs. 303 crore from this position as of March 2023. This excludes the amount remaining unutilized in OD accounts. Net debts stood at about Rs. 2,230 crores down by about Rs. 52 crores from the position as of 31st March 2023.

We have had some good credit rating upgrades across the board. This is covered in Slide #44. With increasing cash flow stability and reducing net debt the credit ratings across portfolio entities have been improved in the current year.

We are bullish on our business prospects and with a strong balance sheet position our focus remains on delivering our under-construction projects on time and judiciously deploying our capital to expand our portfolio.

I will hand it over back to Shishir.

**Shishir Shrivastava:** Thank you Anuraag. Before we open the call for questions, may I take a moment to address some questions around Mr. Rajendra Kalkar and Mr. Anuraag Srivastava's decision to pursue opportunities outside of The Phoenix Mills Limited. While we are sad to see talented individuals move on from our organization, we understand and appreciate their desire to pursue new opportunities and we wish them all the very best in their future endeavors.

While leadership transitions are never easy, I would like to assure everyone that PML remains on a strong and stable footing and these individual decisions do not reflect on the current or future performance of The Phoenix Mills Limited. We are seeing that these changes present an opportunity for us to showcase the success of our unique approach to leadership development within the organization.

At Phoenix, we have a long-standing culture of leadership grooming and a very detailed program. We have a very high-performance culture where we invest considerable amount of time and effort to identify and groom top talent across all levels with a focus on second and third line. These individuals go through an accelerated leadership program to get them ready for future growth and we invest heavily in their growth through challenging assignments, mentorship and opportunities to scale up.

In fact, we have cases of individuals who joined us as management trainees 10 years to 12 years ago and who today have evolved into senior leaders handling large functional or mall portfolios or other portfolios such as debt, treasury, marketing, etc.

This fosters a flat organizational structure where employees at all levels have access to Mr. Ruia – our Chairman and mentor or myself, respective business and function heads such as Ms. Rashmi Sen for Retail, Mr. Rajesh Kulkarni for Architecture Projects, Mr. Hardeep Dayal for Offices, Mr. Raghav Bajoria for the Residential business, Mr. Gautam for HR and Mr. Vidya Sagar for Legal.

This leadership program has also been a very rewarding journey for individuals who have seen significant wealth creation through customized, tailored wealth creation and retention programs. This open communication and accessibility fosters an environment where ideas are heard, talent is recognized contributing to a culture of collaboration, transparency and growth and as we've seen it has demonstratively produced exceptional leaders within this company.

It's important to know that we have a proven track record of producing successful leaders over the last two decades many of those who started their careers here such as myself and have gone on to thrive and deliver exceptional results within Phoenix and beyond.

Unfortunately, this also becomes a talent pool for the industry, and we see many of our reputable peers benefiting from the growth and development of many of the individuals within our teams and we wish them all the very best. Rajendra and Anuraag have both made very valuable contributions to our journey, and we thank them for their dedication and wish them all the very best in their future endeavors.

We are a very close-knit family of talented individuals, and we are well equipped to hold the ship steady while we conduct a thorough search for suitable replacements. It's also important to understand that we have as an organization we have an open door and we welcome leaders who've worked with us in the past have moved on, gained valuable experience elsewhere and come back and we have seen that happen.

Recently we had Mr. Shashie Kumar who joined us after a gap of 7 years. He worked with us for 8 years went out in the industry, explored opportunities, learned a lot came back and now is poised to implement best practices that he has experienced elsewhere, within our organization.

We are confident about Phoenix's future. We have a strong foundation, a talented team, clear vision for continued growth and we remain committed to our values, our team members and our stakeholders.

May I also request Anuraag to share a bit about his experience with the company and about his time here with us.

**Anuraag Srivastava:** Thank you, Shishir. All of you have heard that I've decided to move on from the role of Group CFO and KMP of Phoenix Mills. This is to take up another opportunity for me. I want to assure that this decision was a difficult one. My time here has been incredibly rewarding, both personally and professionally. I have learned immensely from leading the finance team and collaborating with such talented colleagues across the board in Phoenix.

As you are aware, Phoenix has seen tremendous growth in the past few years. During this period the financial strength of the balance sheet has improved significantly. The company has solidified its market leadership and embarked on a very exciting journey of expansion. I credit this success to the company's exceptional leadership and the dedication of our employees.

The Phoenix Mills Limited has a long runway of growth ahead. I think the company has just started on this long runway. The leadership team supported by a pipeline of skilled and passionate individuals is well equipped to navigate the future and challenges and capitalize on upcoming opportunities.

Before I end this statement, I wanted to express my sincere gratitude to Mr. Ruia our esteemed Chairman, the Board of Directors and especially Shishir for their unwavering trust and guidance. Additionally, I extend my heartfelt thanks to my dedicated team and colleagues for their immense support and collaboration. My last day will be March 18.

During this transition period, I remain absolutely committed to ensure smooth handover and supporting the team in any way I can. Thank you for time for your time and attention, and I wish PML continued success and look forward to witnessing its future agreements. Thank you.

**Shishir Shrivastava:** Thank you Anuraag. May I now request the operator to open the call for questions.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

**Pritesh Sheth:** First question is on consumption growth versus your rental growth. So, if I look at the 9M number consumption growth was at 21%, while rental growth was at 25% for your retail portfolio, generally we keep a close track on the consumption growth. I mean in terms of our performance, but off late it has been higher. It's just largely due to mix of the tenant or it has something to do with something trend which is going forward we can see and how should one look at your rental growth as a percentage of consumption growth, will that increase again in future as well?

**Shishir Shrivastava:** I would say that we have seen a rental growth of approximately 24% as a combination of course with new malls being launched, but aside from that at our existing operating assets, we have seen end of contract renewals which is a natural escalation at that point in time, where the fixed rental moves up to whatever is the market at that present time.

We have also seen some new brands which have come in and which have driven up the rentals. Also where you have new stores opening there is a little bit of a lag between opening and ramp up on consumption. So, we are quite confident that in the coming quarters the stores which you launched in the last 6 months will show a higher trading density and higher consumption.

At some point, and as you also know in our rental cycle, it's very typical that at some point consumption growth will exceed rental growth as well. We saw this in FY20, we saw it in FY23. So, typically there's always a bit of a catch up where fixed rental escalations will catch up, perhaps result in a higher rental growth in percentage terms compared to consumption in some particular years or in some quarters.

**Pritesh Sheth:** Second, all those upcoming malls the timeline that you have mentioned is the FY financial year I mean not the calendar year?

**Shishir Shrivastava:** No. We've mentioned the calendar year.

**Pritesh Sheth:** So, Kolkata would be calendar year 2027 any reason for that much of delay because earlier we were expecting to be 2025,2026 and if the next upcoming mall is in calendar year 2027 or FY28 I mean how should one look at the growth in your retail portfolio because more or less beyond FY25 we would be largely looking at the consumption led growth in the existing mall, so how should one look at that growth?

**Shishir Shrivastava:** Currently we are I would say that for Kolkata specifically since you asked that question, I think we will be able to define more accurate timelines as the construction progresses and we get out of the excavation which in itself was a hugely challenging task in that market or either in that geography where the terrain is different. I don't think we are delayed in that project. We also have makeup programs in place. We had indicated previously calendar year 2026 which would have been FY27 we may be in the first half of FY28 or let's say in the second-half of the calendar year of 2027 when this mall will open and similarly on Surat.

But having said that, I would like to focus on what the growth is likely to be in our GLA in between now and FY27, our flagship property at Mumbai, Phoenix Palladium at Lower Parel we are adding 250,000 square feet of prime I would say bridge to luxury, luxury retail which is likely to be completed in this current financial year and become operational sometime towards the second-half of this calendar year.

This will soon be followed by some expansion that we are currently working on in Bangalore where we are adding more retail as part of the Phoenix MarketCity Bangalore project and that is scheduled to be completed sometime in calendar year 2026.

So, all of this will continue to add and then of course we also have project Rise which is 1.2 million square feet development with at least 200,000 square feet of retail again at our flagship property Phoenix Palladium Mumbai. So, there's another 200,000 square feet that will get added there. We expect this also to be operational sometime in calendar year 2026 and followed by Calcutta and Surat in calendar year 2027.

So, there is a significant area ramp up between now and 2027 and at the best performing malls in the country today which is Phoenix Palladium Mumbai and Phoenix MarketCity Bangalore where we will be adding lot of retail GLA very soon.

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

**Parikshit Kandpal:** Sir my question is on the residential deals. So, any thoughts around the Thane land what do you want to do because I think last quarter you're not quite clear what you want to do with that, so any update on that?

**Shishir Shrivastava:** So, Thane is looking to be a mixed-use development with some residential component perhaps some retail component and maybe a hotel. We're currently still working on the final set of plans. So, I think we are maybe about a quarter away from sharing the final development mix at that location.

**Parikshit Kandpal:** And any idea what could be the CAPEX here for this hotel and the retail portion?

**Shishir Shrivastava:** Yes, CAPEX here I would say land and FSI itself is about a 1,000 crores and construction - depending on the development mix it would range between Rs. 4,000 to Rs. 6,000 per square foot on approximately a total of 3.2 million square feet. So, one could say about roughly around Rs. 1,300 crore to 1,500 crore of construction and land we've already paid for and there will be some cost for FSI. So, cumulatively about Rs. 2,400 crores to 2,500 crore would be on the higher side and estimate on the total CAPEX.

**Parikshit Kandpal:** And any tentative areas you have frozen for hospitality and retail I mean so out of this I would understand that bulk of would be Resi followed by retail and hotel.

**Shishir Shrivastava:** Sorry Parikshit, but I cannot give you an answer on that right now because genuinely we're still working on what is the ideal appropriate development mix and also the positioning of the different asset classes which is very key to find the right balance of the development mix.

**Parikshit Kandpal:** Just on the consumption pressure. I mean if I just compare like-to-like adjusting for trading and occupancies ramp up if one has to do the calculation. So, what according to you as a matured assets could be the consumption growth because what I was doing my numbers, I'm getting that even not we are not able to even match up the inflation. The numbers has been slightly underwhelming, so just wanted your sense or color on that?

**Shishir Shrivastava:** See, I think it's more appropriate to track consumption growth as a CAGR over a 3-to-5-year period as opposed to tracking it on a year-to-year basis. For example, all our malls saw a huge significant jump in consumption in the last year. Phoenix MarketCity Bangalore as an example, was about 30% higher. Now that set a very high base in one particular year, but if you were to look at a CAGR of 5 years I would say a 15%, 18% consumption growth forecast is a practical and achievable number and with perhaps with a little bit more effort on our part on marketing and brand mix, etc., which keeps happening every year that number could see another one or two percentage point increase there.

**Parikshit Kandpal:** But on this high base now so within your internal estimates how do you see that on this on such a high base we can still grow YoY and beat inflation?

**Shishir Shrivastava:** No, that high base was a 1-year impact. So, at best I would say in FY25 maybe one quarter of the impact one could see of this high base. Because we are working on upgrading the brand mix at every center and you've seen the impact of that in the past. This is actually routine in our business every zone, every quarter, every year we keep making changes and improving it.

So, if you look at Phoenix Market City Kurla, Phoenix Market City Chennai and Palladium Chennai strong double digit growth 14%, 15% and this is all an outcome of the exercise that we've undertaken a year ago over there. Similarly, I would say Phoenix MarketCity, Bangalore we have some incredible upgrades planned over there, plus we are increasing the size of the development retail GLA. We are adding the Grand Hyatt there. All of these are going to result in consumption growth.

For that matter at Phoenix Palladium Mumbai, we have seen an impact, but that impact is actually also due to Lifestyle block which we have shut down and we've demolished that structure that has seen an impact of consumption to the extent of about 30 crore a quarter.

But when the next 250,000 square feet come online this year, it's going to again add to the consumption because it will drive more customers, newer customers, there's always a freshness in the mall. So, like I said Parikshit it's routine in our business and the most appropriate approach is to look at a 3 year to 5 year CAGR on consumption.

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

**Pulkit Patni:** My question is on jewelry can you give a sense of how your understanding of rental movement for jewelry is given the fact that gold prices can be extremely volatile, so if you could get a sense how that works so that we can model it better?

**Shishir Shrivastava:** See jewelry as a category, the rentals one can assume would be in the range of anywhere between 1% to 2% so 1.5% of consumption. We have undertaken a program to position all our malls as one stop wedding destinations. We've also collaborated with St. Regis, for example, for Shaadi by Marriott to extend beyond the scope of the hotel, but into the mall.

So, all of this adds to the growth in consumption and jewelry, and I would say jewelry across various price points are available in our mall, you have brands such as Tanishq and Malabar Gold to let's say CaratLane, Mia, Swarovski and Zoya.

I think it's a very good category. Consumption growth has been I would say sizable in this last year in this category. I would think as disposable income moves up and I think people are getting back more and more weddings happening. We have seen a blockbuster year for weddings across The St. Regis and in our malls. Jewelry as a category should continue to see a good growth. If I were to hazard a guess I would put it in the early teens annual growth over the 3 year, 4 year period.

**Pulkit Patni:** But 1.5% on average of consumption is what we can model it?

**Shishir Shrivastava:** 1.5% as the rental, yes.

**Moderator:** Thank you very much. The next question is from the line of Chetan Gindodia from PGIM India Mutual fund. Please go ahead.

**Chetan Gindodia:** Sir, coming back to the earlier question on retail mall addition, so based on the presentation we have planned additions of 2.7 million square feet only till 2028 or over a base of 11 million square feet. So, the number seems abnormally low given that we have a very strong balance sheet and there are very few players in this market who are bring up grade A malls.

So, given this opportunity landscape and given our balance sheet and the place we are right now, are you looking at building up this pipeline further or to accelerate our mall additions over the coming 5-year, 7 year period and how are you overall thinking about it?

**Shishir Shrivastava:** The presentation does not cover the land use definition for Thane. I just want to clarify that and, of course, we do not announce or I would say we do not allude to any transactions or deals which are under discussion. I would say that we have multiple acquisitions which are under evaluation at various stages of advanced due diligence impact.

We are looking at in the next 24 months, we want to close 4 to 5 new transactions and we are working actively at it and it's quite I would say the opportunities are very real and advanced.

**Chetan Gindodia:** So would you be targeting 1 million square feet a year? That is what we had earlier planned also so broad number?

**Shishir Shrivastava:** Broadly we will be there may be in the next 2 years cumulatively we will launch about a million square feet across all locations, which is the expansion of our existing malls and thereafter we have a pipeline between Kolkata and Surat. Thane there may be some retail and the new additions that we add now that we acquire now. But what everyone has missed out on is the significant densification of the front office/front of the house commercial offices which portfolio is moving up very, very fast from the current 2 million square feet to ~7.5 million square feet in the next 2 years.

**Chetan Gindodia:** But still this won't be like we won't be able to utilize 100% our cash flows towards this commercial addition. We'll still be having a significant surplus given over and above the construction cost?

**Shishir Shrivastava:** See our free cash flows definitely are in excess of our current CAPEX and land acquisition commitments, but as we announce the next 2-3 transactions which we hope to do soon I think we will demonstrate the commitment of next 2 years cash flows in these new projects that we acquire. Then we have the ability to leverage up further if we want to close multiple opportunities.

**Moderator:** Thank you very much. The next question is from the line of Sabyasachi Mukherjee from Bajaj Finserv AMC.

**Sabyasachi Mukherjee:** My first question is on the fixed versus variable rental what is the mix now and what was it let's say pre-covid?

**Varun Parwal:** Pre-covid in FY18-19 our fixed rents were 85% of our total rental income and the revenue share was at about 15% that was also on account of a large number of area which was due for renewals in FY21 and 22. Post covid with the renewals being undertaken we have seen the fixed rents moving up to about 89% and the revenue share coming to about 11%.There is a natural trend in this as the new stores stabilizes and consumption picks up in coming quarters.

**Sabyasachi Mukherjee:** I was under the impression that probably the revenue share has gone up because in a lot of the retail guys talk about now going for revenue share model rather than a fixed rental model?

**Varun Parwal:** So, I think for destination consumption centers like us, we prioritize doing these with a reasonably high threshold of fixed rent and with incremental revenue share on top of the fixed rent. So, as the performing stores come up for renewals the fixed rent tends to move up over and above the last drawn total rent from the particular brand and it's also a cycle; in the initial years the fixed rent tends to be higher and then the revenue share tends to cross the fixed rent and come to us as an incremental rental over and above the fixed rent and then towards the end of the contract the fixed rent resets at the base higher than the last drawn total rent.

**Sabyasachi Mukherjee:** And follow up to that is what percentage of area is up for revision escalation in FY25-26 if you can give a broad idea?

**Varun Parwal:** We have the details in our presentation. This is a particular slide that is there in the presentation, but just roughly I will give you a number of about 700,000 square feet which is up for renewals in FY25. Slide 59 has details for each mall, and if you total it up you will get to about 700,000 square feet of renewals in FY25 and overall in FY24 to FY27 period, about 4 million square feet is what is getting renewed out of the operational portfolio of 7 million square feet i.e. the erstwhile retail operating a portfolio of 7 million square feet.

**Sabyasachi Mukherjee:** Last question if I may I think there was a question on what is the like-to-like consumption growth that we are expecting going forward. I missed the number, is it somewhere around early teens that you mentioned?

**Varun Parwal:** I think what Shishir had mentioned in response to Parikshit's question is that you have to look at it over a 3-to-5-year period and look at low double digit or 15%, 16% growth.

**Sabyasachi Mukherjee:** Sorry 15% growth?

**Varun Parwal:** As a CAGR.

**Shishir Shrivastava:** We would say that for good, well performing malls, well managed malls such as our own, it would be fair to expect over a 3-year to 5-year period a CAGR of about 15%, 16%; in some years it could be higher, some years it could be slightly lower.

**Sabyasachi Mukherjee:** And our retail income would follow suit right?

**Shishir Shrivastava:** Would be similar.

**Moderator:** Thank you very much. That was the last question for the day. On behalf of The Phoenix Mills Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.