



**THE PHOENIX
MILLS LIMITED**

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May 30, 2022

To,

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

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

Security code: 503100

Symbol: PHOENIXLTD

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call

This is further to our letter dated May 25, 2022, wherein we had informed the exchange about the conclusion of our Earnings Conference Call held on that date with Analysts / Institutional Investors on the Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 31, 2022, please find attached herewith the Transcript of the said Earnings Conference Call.

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

You are requested to take the same on record.

Yours faithfully,

For The Phoenix Mills Limited

Gajendra Mewara
Company Secretary



Encl.: As enclosed

The Phoenix Mills Limited
Q4 & FY22 Results Conference Call
May 25, 2022

Moderator: Ladies and gentlemen, Good Day and welcome to the Q4-FY22 results conference call of The Phoenix Mills Ltd. 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, Mr. Varun Parwal – Deputy CFO and Mr. Pawan Kakumanu – Deputy CFO.

Should you need assistance during this conference call, please signal an operator by pressing ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand over the conference over to Mr. Shishir Shrivastava. Thank you and over to you, sir.

Shishir Shrivastava: Thank you very much. A very good morning, ladies and gentlemen. As always, we take pleasure in welcoming you all to discuss the operating and financial performance of the fourth quarter and full year of FY22. I am happy to inform you that business operations across all our retail destinations and commercial office and hotels have normalized in this preceding quarter and we are seeing very encouraging trends in consumption across all categories. I will now take you through the key highlights of our results. To start with our retail business, Consumption across our portfolio in FY22 was at approximately 71% of FY20 and approximately 73% of FY19. Barring the impact of the Delta Wave in the first half of FY2022 and the Omicron wave in the month of January 2022, Consumption across all categories had recovered to pre-COVID levels in the year ending March 2022. We have seen a strong recovery in consumption growth in the second half of FY22. Consumption came in at approximately Rs. 1,670 crore in Q4 FY22 which was at about 103% of Q4 FY19, the pre-COVID quarter. Excluding Phoenix Palassio Lucknow, the new mall launched in July 2020. Consumption in Q4 FY22 was at 92% of Q4 FY19.

Consumption growth has been on a firm uptick month-on-month and it stood at approximately Rs. 720 crore in April 2022 which was at about 129% of April 2019. We have further seen very strong trajectory in the first three weeks of May 2022 and the consumption across our portfolio is up over 25% when compared to the period of May 2019. In line with consumption growth, our retail rental collections have also improved substantially. In Q4 FY22 our collections stood at approximately Rs. 476

crore while for the full year of FY22 it was at about Rs. 1,174 crore. Collections remain strong in April 2022 at over Rs. 170 crore. I am also glad to share that we have resumed marquee events, live concerts and activations across our malls in the recent months post the easing of restrictions which has further aided consumption growth. Overall we are cheered by the momentum that has been built up in consumption across all our malls and we are confident the trend should continue going forward under normal operating conditions. Moving on to our commercial office business, our office portfolio continues to remain resilient. We have seen strong leasing traction during the financial year FY22 with gross leasing of approximately 4,00,000 square feet. Collection efficiency for the office portfolio was at 96% in FY22. Office income was up 22% year-on-year at approximately Rs. 158 crore. The office segment has benefitted from rental contribution from Fountainhead Tower 2 at Pune in FY22 as well. The leasing momentum has continued in FY23 with gross leasing of over 120,000 square feet during the months of April and May. Our hotels business has shown strong improvement on the back of higher occupancies, social events and food and beverage consumption.

Revenue for March and April 2022 is 4% higher than revenue for the pre-COVID comparable period March and April 2019. In Q4 FY22 we witnessed gradual improvement in average room rates and occupancy levels which have breached pre-COVID levels despite the transient impact of the Omicron wave in January 22. I am pleased to inform you that occupancy levels reached 90% in the month of March 22 and 92% in April 22 at the St. Regis, Mumbai. While ARR in April 22 is at approximately Rs. 11,700 and at par with pre COVID levels. Further for May 22 we have seen ARRs crossing Rs. 12,400 which are far above the pre COVID levels. The operating performance at the St. Regis, Mumbai has surpassed most parameters in the past couple of months led by resumption of foreign travel, domestic corporate travel, social event and staycations. These factors provide an excellent visibility for higher occupancies and ARRs in the coming months. Additionally, most venues on the hotel's 37th and 38th floor were under renovation and did not contribute to the revenue in the last financial year and a few of them have commenced operations in the last week and the others will commence operations during May and June which will further add substantially to the monthly revenue run rate. Our hotel at Agra, the Courtyard by Marriot also had a good quarter and contributed approximately Rs. 8.4 crore in Q4 FY22 with average Q4 occupancies of 55% and ARRs breaching Rs. 4,300.

Moving on to the residential business we have witnessed very good traction in residential sales mainly led by the reconfiguration of our Kessaku development into

smaller apartments and the robust demand for ready to move in inventory. Overall sales in FY22 stood at about Rs. 341.5 crore out of which Rs. 153.5 crore of sales is pending registration. We have booked sales of about Rs. 180.8 crore in Q4 FY22. Collections in Q4 FY22 were at Rs. 97.8 crore and for the full year at Rs. 276.5 crore. During Q4 FY22 we registered agreements for inventory worth Rs. 57.9 crore and for the full year this number stood at Rs. 188 crore approximately. We continue to see a strong build-up 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 apartments and digital marketing campaigns to widen the reach of our product. Momentum in sales is expected to continue in the coming quarters as well.

Moving on to an update on our under-construction projects, our current pipeline of under construction malls Phoenix Millennium at Wakad, Pune, Phoenix Citadel in Indore, Mall of Asia at Hebbal in Bangalore. Palladium at Ahmedabad and the new mall in Kolkata will take our portfolio to approximately 13 million square feet of retail GLA. Construction work at all our sites continues in full swing and retailer's interest for leasing spaces at our malls remains extremely high. We have seen some fantastic traction on leasing in the quarter gone by. Phoenix Citadel Indore is expected to open around September 22. We have seen approximately 74% of the retail GLA being leased so far. Phoenix Palladium Ahmedabad will also be opened to public by mid of FY23 and we have already leased 85% of retail GLA here. Phoenix Mall of the millennium in Pune and Phoenix Mall of Asia at Hebbal Bangalore should become operational by the first half of FY24 with Phoenix Mall of Millennium Pune currently being leased at approximately 51% and Mall of Asia is currently leased at approximately 66%.

At our flagship property in Lower Parel for the new development Project Rise, we have received the environment clearance for the project, and we have awarded the initial shore piling contract. We expect to commence excavation soon. For our Calcutta project we have received approvals of the building plans in April 22 and expect commencement of work in the coming months. We have already commenced work on expansion of our Mall of Asia development with Asia Towers construction having commenced. Construction for offices at Wakad, Pune and at our existing development Phoenix Marketcity, Bangalore at Whitefield will also commence shortly. In the last month we also concluded a stake purchase from our partner in Classic Mall Development Company taking our stake up to about 100%. 50% of the equity stake in classic mall developers was owned by Crest Ventures Ltd and Escort

Developers Private Ltd, a 100% subsidiary and Phoenix Mills Ltd owned 50% in the company. Post this acquisition Classic Mall is now a wholly owned subsidiary of The Phoenix Mills Ltd effective May 5, 2022.

For this transaction Phoenix Mills has paid approximately Rs. 936 crore to the seller to acquire this 50% stake. Crest and its associate companies have repaid ICDs of Rs. 251 crore back to Classic Mall. Classic Mall has also received approximately Rs. 97 crore on account of the OFCD redemptions from its associate company Starboard. So, effectively net cash outflow for this transaction stands at approximately Rs. 637 crore. The company has funded the acquisition by way of internal accruals and cash on its balance sheet. This transaction is a testament to our strategy to prudently deploy capital and consolidate stakes where we feel the investments are most value accretive. May I now request our group CFO Mr. Anuraag Srivastava to update you on the financial performance. Thank you.

Anuraag Srivastava:

Thank Shishir. Good morning, ladies and gentlemen. Thank you for joining us on this call. Continuing with the briefing which Shishir gave, I would like to share with you some of the key highlights of our consolidated financial performance. Income from operations for FY22 was about Rs. 1,483 crore which was up about 38% year-on-year basis. Income from Q4 FY22 was Rs. 495 crores which was up 28% year-on-year. EBITDA for FY22 was about Rs. 733 crores up 49% year-on-year and for Q4 at Rs. 241 crore up 39% year-on-year. Reported PAT for FY22 was Rs. 263 crores and for Q4 was Rs. 117 crores which is up by about 101%. Q4 FY22 retail EBITDA mirrored consumption recovery and came in at about 106% of Q4 FY19 which is a pre COVID quarter and about 119% of Q4 of FY20. FY22 retail EBITDA was about 80% of FY20 retail EBITDA. Moving on to a commercial office portfolio reported a total income of about Rs. 43 crores in Q4 and EBITDA of Rs. 27 crores. Our total commercial income for the year was at Rs. 158 crores, and EBITDA of Rs. 98 crores. On the hospitality end, Rs. 58 crores in Q4 FY22 and Rs. 173 crores for the FY22. On the collection side we had a very good year for collections, and we collected about Rs. 1,800 crores of collection. I am just rounding off the numbers.

Retail collections were at about Rs. 1,174 crores, commercials at Rs. 169 crores, residential at Rs. 277 crores and hotels at Rs. 173 crores. During the year we also did multiple transactions with our long-term partners CPPIB and GIC. Total inflow from these transactions was approximately Rs. 2,600 crores for the year. We have further funds of over Rs. 1,150 crores which is to come from these transactions' basis certain defined milestones across our projects in Kolkata, Lower Parel and our continuing investment from GIC in Vamona and Offbeat.

Our capex was about Rs. 267 crores for the quarter and Rs. 1,200 crores for the entire year. FY22 capex includes amounts spent towards acquiring FSI and approvals for the office-led mixed-use development at Lower Parel for about Rs. 350 crores. As well as payment towards lands of plutocrat to PML of Rs. 350 crores. Including these expenses balance capex across of the portfolio is about Rs. 700 crores.

As Shishir mentioned we are targeting a Diwali launch for our Malls in Indore and Ahmedabad and an FY24 launch for malls in Wakad and Hebbal. As a result, we will see an increase in spending in these malls towards this year as we near completion of these four malls in next few months. Further during FY23 we expect to commence construction at a retail site in Kolkata as well as Lower Parel, the commercial site. We also intend to commence construction of office on top of our operational malls in Whitefield Bangalore as well as under construction malls in Hebbal and Wakad. Therefore, our capex estimates for FY23 is approximately Rs. 1,600 crores. We have currently secured additional finance line for Rs. 1,000 crores to fund the final leg of completion of our construction malls at Indore, Wakad and Hebbal. So, far construction of these malls has been funded entirely out of equity and now for last 6-12 months of funding we will draw out on some of these construction finance loans to fund the balance construction. Coming to the debt side, our consolidated gross debt stood at Rs. 4,380 crores as of 31 March 2022 compared to Rs. 4,300 crores at the end of Q3 which is up by Rs. 75 crores. The increase is mainly on account of draw down debt towards under construction mall at Ahmadabad and Indore as mentioned above. Average cost of borrowing is down to about 7.3% from 7.61% in December and 8.17% in last year March closing. Currently our lowest cost of borrowing stands at 6.40% and we have been renewing some of our portfolio at 6.40-6.75% levels.

During the year we have refinanced about 55% of gross debt and were able to drive significant reduction in interest rate. As overall interest rate in the economy starts to rise, our effort will be to minimize the impact of this on our cost of borrowing. We have potentially another 30% of our debt portfolio which we aim for refinancing during FY23 which could yield us interest rate benefit of about 30 bps at a portfolio level and offset a large increase because of the rate increase by the RBI. For our office construction across portfolio and new mall in Kolkata, we will continue to fund the construction in the initial period by way of equity. On the liquidity side, liquidity position on 31 March was almost Rs. 2,500 crores. This includes Rs. 619 crores of unutilized or unutilized OD account. Compared to March 21 our liquidity position has improved by Rs. 1,750 crores while gross debt has reduced approximately Rs. 130 crores during the same period. At a group level our net debt is about Rs. 1,880 crores

and PML share of net debt is Rs. 1,253 crores. We are bullish on our business prospects and with a strong balance sheet and improved liquidity position like ours, our focus is now to deliver on our under-construction projects in time and judiciously deploy our capital to expand our portfolio. With this we would close our opening remarks and we will open the call for interactive question-and-session. Thank you.

Moderator: We will now begin the question-and-answer session. We have the first question from the line of Parikshit from HDFC Securities. Please go ahead.

Parikshit Kandpal: Hi Shishir congratulations on a very strong quarter and specially the month of April. My first question is on consumption. If you can help us better understand on the granularity of this consumption growth of 129% versus FY19. If you can give more color on how the mix change in terms of tenants how much it was contributing from there and how much is contribution from inflation itself if you can give us some color there.

Shishir Shrivastava: Thank you for your question Parikshit. If I understand correctly you would like us to break this down on the contribution to the consumption growth coming from inflation, is that your question.

Parikshit Kandpal: Yeah, so I was talking on inflation as well as on the base business side if there has been any changes in the client mix then you would have removed some non-performance client but so the rejig in the entire client portfolio because what I understand that the trading occupancy is still 10% lower versus lease occupancies. Still, we are delivering almost 129% of FY19 numbers. So, this number looks to be little on a higher side. So, just wanted a breakup on the change in mix and also the contribution coming from the inflation.

Shishir Shrivastava: So, really we have not seen a change in the category mix as such. We have seen a churn in brands within category as you are aware there were a few brands that could not survive this period of COVID and certain brands which were not performing we had to churn them out. Despite that as you rightly pointed out that trading occupancy maybe low. Our leased occupancy continues to remain across the board in the high 90s. Trading occupancy maybe low because of several brands being under fit out during this last year. In context of the contribution we have seen footfalls to about 85% or thereabouts in this last quarter. As compared to pre COVID levels but the average spend for customer has gone up and also as covered previously the trading density remains quite high with many stores not being operational and yet consumption moving up. Now it's very difficult with 300+ brands at each location to

really deep dive to understand how much of the growth has been as a result of inflation. To my knowledge price escalation if any have only happened from the retailers and in the last month or so. But generally, our sense is that the number of SKUs sold at all of these locations would still be higher than the pre COVID period. So, there is not a significant contribution of inflation in the last quarter. But going forward yes one is likely to see that.

Parikshit Kandpal:

So, that was my next question so do we see now see a higher consumption growth because if I compare consumption has being going at about 6%-7%-9% and now if I adjust for Lucknow consumption like the consumption is about 18% on a higher April base. So, if you're saying that inflation is still not very meaningfully contributing to this consumption growth. So, the twin impact of inflation hitting in as well as trading occupancies moving towards these occupancies. The base business growth on consumption could actually surprise positively in the coming quarter.

Shishir Shrivastava:

Absolutely so we are already seeing this in the month of May for the first 21 days we have consumption already being 25% higher than May 2019 right? Which FY20 being the big blockbuster year for us. So, the base consumption growth itself remains strong and this is further going to move up on account of price escalations if any done by the retailer which translates to a higher revenue share for us. We are also the sales season in June and July which will also boost consumption significantly.

Parikshit Kandpal:

Great. Is the last question on your business development pipeline we did touch upon last time about 4-5 new malls which you are looking at like Surat and Chandigarh and Hyderabad and other places. So, if you can just walk through was there any status update on that. Have we tied up any new land, Greenfield land and lastly on the capital allocation size are we incrementally looking to 100% owned assets or again you will have some partners here. So, what will be the capital allocation strategy given very low levels of debt which we have on the books now?

Shishir Shrivastava:

Sure so we have been actively looking for opportunities. In fact I am pleased to mention that we have an in principal closure for a land acquisition at Surat along with our partners of the Ahmedabad mall. We are currently also looking for opportunities for assets to own either 100% by Phoenix or under our joint venture GIC in cities like Jaipur, Hyderabad, Chandigarh and this is an ongoing part of our business. I think at every location one can assume that the mall cost is going to be anywhere between Rs. 1,200-1,500 crore at an average and we will be prudent in our capital allocation and not look at high leveraging and we have the capital available on our own balance sheet and also in the joint venture with GIC. So, we hope that in this coming year we

will be able to conclude Surat and perhaps another land parcel between Jaipur, Hyderabad, Chandigarh and another market and these would be either in the GIC JV or directly owned by Phoenix depending on how the opportunities are viewed by our partners.

Parikshit Kandpal: Okay sir. Congratulations and all the best. Hopefully we will get to get something on Surat.

Shishir Shrivastava: I want to just add on to that one point we will continue with our current approach in all of these new Greenfield projects where we will look at funding the initial phases of construction through equity and look at construction finance only towards the last 18 months or thereabouts of the project cycle.

Parikshit Kandpal: Okay. Sure sir. Thanks Shishir and all the best to you. Thank you.

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

Kunal Lakhan: Yeah hi morning. Thanks for taking my question. My first question was on your Phoenix Palladium. Now if I look at your consumption net at Phoenix Palladium versus pre-COVID, it's almost at 98% but your retail EBITDA is at about 85% and if you look at our most other assets your retail EBITDA is in line with the consumption trend compared to pre-COVID levels. Anything peculiar happening here?

Shishir Shrivastava: Sorry could you repeat the last part of your question again?

Kunal Lakhan: So, for most of your other assets retail EBITDA as a percentage of your pre-COVID levels is broadly in line with the consumption trend but in case of Phoenix Palladium in fact your retail EBITDA is at 85% versus your consumption is at 98% of the pre-COVID level in Q4. So, what's happening over there, what's the reason for that?

Shishir Shrivastava: So, we have quite a few upgrades happening at our Lower Parel asset. In fact we are in the process of adding close to 600,000 square feet of retail space of which about 200,000 is now nearing completion and will become operational soon. So, that there are certain expenses which are booked for these upgrades on to the P&L that would have brought our EBITDA percentage low. Additionally in terms of marketing expenses we have now amped up the marketing. So, in the last quarter we've seen a few of these live performances. A lot of marketing initiatives undertaken which would have impacted but I would say that it would only be an aberration in this quarter and we should be back to close to 100% on a normalized basis or even higher than that.

Kunal Lakhan: Sure. That's very helpful Shishir. Again, second question related to Palladium again the 60,000 square feet that we have leased or added this quarter at Rs. 300 per square feet per month rent. The rent seems a bit low for that asset, your comments.

Shishir Shrivastava: Yes. So, this is the new space that we have opened at the lower ground floor of the Palladium structure and these are minimum guarantee brands. In addition to this of course we have the percentage of revenue. We expect again on a normalized basis this is when you track closer to the average or slightly higher than the average for that building. As the stores become operational and consumption moves up. We also have a few anchors which are obviously priced lower than the average for the malls.

Kunal Lakhan: Sure and my last question was on if I look at the market that you spoke about right? Surat, Jaipur, Hyderabad, Chandigarh like most of these are like Tier-1 cities. So, I just wanted to understand your thoughts on metros are they kind of exhausted now or are adequately supplied or maybe oversupplied in terms of malls or would you look at opportunities in Metros as well.

Shishir Shrivastava: No, we continue to look for opportunities in metros where there is a potential. Now we believe that a market like Pune where we have two malls which will be with the one at Viman Nagar and other one on the western part at Wakad. We've covered that market. However, a city like Bangalore continues to have some opportunities in some markets. We have a city like Chennai continues to have opportunities in some markets. Certain parts of I would say Gurgaon, a certain micro market in Gurgaon has an opportunity for malls. MMR I would say the Navi Mumbai belt continues to have an opportunity. So, there are specific micro markets in all metros where there are opportunities or rather where there is a huge demand we believe an unfulfilled demand. So, in terms of retail mall projects.

Kunal Lakhan: Any opportunities in terms of operational malls available for sale in these markets?

Shishir Shrivastava: Not really we've scouted the markets extensively and it's difficult to find assets that meet our quality or design criteria.

Kunal Lakhan: Sure thanks Shishir and all the very best.

Shishir Shrivastava: Thank you very much.

Moderator: Thank you. We have the next question from the line of Puneet Gulati. Please go ahead.

Puneet Gulati: Yeah. Thank you so much and congratulations on strong numbers. My first question is how should one think about the minimum guarantee rent for FY23. Will it be safe to assume that the last two years which have been lost FY21 and FY22, the growth would be on the base of FY20 or should we assume 4-5% CAGR growth in FY21, 22 and build in a minimum guarantee for FY22, therefore?

Shishir Shrivastava: That's a very good question Puneet. So, let me answer it by sharing with you that if we look at whatever was the exit rate for contracts that would have ended in FY22. In the current year where we are looking at either renewals or new brands taking up the same space. We would see anywhere between a 11-12% growth from FY22. And again, this is only on the minimum guaranteed rent. Over and above this, you would also see perhaps higher percentage of revenue share from the same brand category going forward. You may remember Puneet that for contracts which were expiring in the year of FY21 and FY22, we had extended those for short term for 12 months or 18 months. Which are also coming up for renewal in this or have come up for renewal in latter half of FY22 or will be coming up for renewal in FY23. So, we expect to see this growth in the minimum guarantee rent and perhaps also on the revenue share percentage on all of these end of contract renewals or new continuous renewal leasing.

Puneet Gulati: You had alluded to this percentage share of revenue as well. Will that be applicable for just the small period of time to recoup the loss entailed in '21-21 or will that be a new norm going into FY24, 25, 26, 27?

Shishir Shrivastava: So, I would say for this first half of FY23 we will continue to see a higher revenue share percentage on account of waiver negotiations or discount negotiations that we had done in the year FY21 and part of FY22. So, we will see a positive impact on that but for all new leasing as well the revenue share percentage in a few cases should certainly move up.

Puneet Gulati: And will that for new leasing will there be a lower minimum guarantee or will the minimum guaranteed standards remain intact?

Shishir Shrivastava: No as I mentioned earlier we should see a growth in the minimum guarantee rent as well.

Puneet Gulati: This is helpful. Thank you so much and second question is your malls are close to completion. Indore and Ahmedabad this year and Pune, Bangalore next year. There

has obviously been a rise in construction cost as well. What impact has that made to your budget in terms of the total construction spend for these all?

Shishir Shrivastava: So, I would say fortunately for the malls that are under construction we had progressed significantly on the RCC construction until the last three or four months. So, the cost escalation impact on account of price escalation or input cost going up, the impact is minimal. For the subsequent phases of the project which comprise of offices in a few locations like Hebbal and at Wakad which are on top of our mall, we are evaluating what is the impact going to be. Steel prices and cement prices of course have gone up but in terms of Rupee value I don't have a number to share but already we are seeing some softening in the steel prices in the last week or couple of weeks. So, we don't expect to see significant impact.

Puneet Gulati: Okay so but there will be impact on the finished products like marbles or whatever other.

Shishir Shrivastava: Finished products the impact is minimal because all the orders had been placed even for elevators, escalators all the high side equipment. All the orders had been placed previously and the pricing is locked. The price escalations that we will see on account of increase in steel prices and the cement prices will be for the subsequent phases of the construction which will take let's say another 24 months in all and we expect the pricing to average out to lower than what it is today.

Puneet Gulati: Okay good that's very helpful. My third one is now at Chennai Mall acquisition is completed, paid for. Then you did the calculation what kind of cap rate did you assign for a purchase of that acquisition for the mall for the balance 50%?

Shishir Shrivastava: If we look at what are the FY23 revenue, what is the FY23 NOI potential Puneet and in fact we are currently closing out our budgets for the next year. So, effectively this should be in the range of 9% cap rate based on one year forward rentals.

Puneet Gulati: And lastly the guidelines for completion for Project Rise?

Shishir Shrivastava: We are looking at a FY26 commencement of operations or perhaps latter half of FY25 for some part of the retail but FY26 for the offices.

Puneet Gulati: Great and if I just squeeze one more on your commercial offices. Now that you have started work on lot of new assets. What kind of demand are you seeing, has there been any interest for build to suit kind of tenant system.

Shishir Shrivastava: So, we are tracking the RFP's in many markets Puneet as you're aware our current portfolio is about two million square feet and by FY26 we should be at approximately 7.2 million square feet including the Lower Parel Project Rise. So, we have been tracking the RFPs in the markets of Pune and Bangalore and there seems to be a very, very strong pipeline in both these markets. Not just from IT but also from corporates for front of the house office spaces which was essentially what we are building. There's nothing remarkable to report right now in terms of any build to suit discussions but yes there are ongoing discussions with a few tenants who are likely to take up sizes of 150,000/200, 000 square feet or more.

Puneet Gulati: Fantastic that's very helpful. Thank you so much and all the best.

Shishir Shrivastava: Thank you Puneet.

Moderator: Thank you. We have Saurabh G from Motilal Oswal Financial Services. Please go ahead.

Saurabh G: Yeah so I just have one question on the commercial side just wanted to know how are the rentals on Pune commercial asset different from the micro market. Do you have any significant gaps or is it at par?

Varun Parwal: Hello Saurabh, Varun this side. So in Viman Nagar, Fountainhead Pune is the latest grade A commercial that has become operational and the rest of the supply in the micro market is at least 3-10 years old. We are achieving a net rent in Fountainhead of Rs. 70-75 for all three towers and I would say that has some premium to the existent rents in the market. We have seen some good leasing traction in the first 45 days of this fiscal year as well and in fact as of this morning we have leased about 1.25 lakhs square feet for our commercial offices. This includes new leasing of about 1.1 lakh square feet.

Saurabh G: Okay great to hear that and one more thing on the Tower 3 now that it has received OC. So, the general norm discussion happening and the recent new leasing that you are talking about is it on Tower 3 or still on the Tower 2?

Varun Parwal: So, Saurabh right now I would say that Tower 3 we have in fact leased the first floor in Tower 3 just a week ago and Shishir alluded in his prior comment that we are in talks with some tenants for large areas wherein they can take multiple floors for our various commercial offices as well. I would prefer to give a more comprehensive update on Fountainhead Tower 3 sometime during Q2. So, since we are still in early spaces of discussions with multiple tenants but I would say the response has been

phenomenal and we are trying to balance out both the quality of the tenant and area that they are taking vis-a-vis rent expectation that we have.

Saurabh G: Right understood. Thank you that's all from myside.

Moderator: Thank you. We have the next question from the line of Venkat S from Tata Asset Management. Please go ahead.

Venkat S: Hi. Thanks a lot for the opportunity. So, my first question is now that we are trending quite well in terms of consumption versus 2019 levels. If you could give category wise some trend as you know how these categories are performing versus 2019 level. Is there a broad based recovery or there are some categories which are doing better than the other.

Anuraag Srivastava: Yeah I think we are seeing a very good traction in terms of jewellery and electronics are the two items which we see along with fashions and accessories. These are in all three categories which have come I think some of the cafes, restaurants and the movie theatres etc are just sort of coming back on track and the content is being released as the pipeline of content is increasing. So, that will come up over a period of time but these are three categories which I think are doing better than the others.

Venkat S: And in terms of recovery at least in terms of multiplexes are we there at 100% level?

Anuraag Srivastava: Yeah we are there at 100% levels.

Venkat S: Okay. Sure. Thanks for that. My second question is with respect to Chennai Mall. So, when we look other malls they are meaningfully outperforming this mall right? So, that given even in April, May whatever numbers you've given we are above 100% level but still there's some divergence in the performance versus other malls right. So, just to understand what's really happening there and if at all we are taking any mitigative measures to improve.

Pawan Kakumanu: Hi Pawan this side. On the numbers that you are seeing for Chennai. This is a combination of Phoenix Marketcity Chennai plus Palladium Chennai put together. An important thing to note is here the hypermarket was Big Bazaar and as you very well know during the final quarter hypermarket which is a large contributor to consumption, Big Bazaar had its own issues so that has been one of the impact here. We are now seeing stocks etc coming back and thereby expect this consumption to pick up. Even separately on the other Palladium Chennai Mall, we have initiated certain measures to ensure that we are able to generate the kind of pull that's this

kind of asset deserves and with these occupancies also moving up we will see this come back pretty soon.

Venkat S: Understood. So, then when I see the leased occupancy also it seems to be under lower side at 90%. So, you expect that to pick up and therefore then the consumption to pick up with a lag right?

Pawan Kakumanu: Absolutely.

Venkat S: Okay and my last question is when I look at the EBITDA margins of the office verticals at mid-60s it seemed to be slightly on the lower side when I compare with the same vertical of some of the other real estate companies because generally this is a vertical where the flow through is quite good. So, any reason for us to kind of like that?

Varun Parwal: So, Venkat Varun this side. I think the reason for the low EBITDA margin particularly for this Q4 was on account of brokerage payments that we had done on account of new area leasing in Fountainhead Tower 2. Given that our overall portfolio is about two million square feet and we have about 0.6 million square feet of new assets, I think the overall brokerage payment in relation to the reported EBITDA may appear a bit high but as the portfolio stays up this would normalize. On steady assets you will see EBITDA margins of 75%. For Art Guild house and Phoenix Paragon Plaza in Mumbai and for Fountainhead for example if you see Tower 1 which is 95% lease there the EBITDA margin is actually at 90%. This is also to do with how these are structured in each respective market.

Venkat S: Right so on a normalized basis post stabilization 75% is what we can expect right?

Varun Parwal: 75% for Mumbai and 85% - 90% for Pune.

Venkat S: Okay so it'll be closer to 80% at a portfolio level whenever it stabilizes?

Varun Parwal: Yeah.

Venkat S: Okay. Sure thank you. Thanks a lot and wish you all the best.

Varun Parwal: Thank you Venkat.

Moderator: Thank you. We have the next question from the line of Niket Shah from Motilal Oswal mutual funds. Please go ahead.

Niket Shah: Yeah. Thanks for the opportunity. I think most of the questions are answered. I just had one question. If you can talk a bit about the Phoenix Nhance app and other tech initiatives that you're doing and one how one thinks about near some of these initiatives contributing to our P&L over the next few years.

Shishir Srivastava: Thank you for the question Niket. Yes actually I am very excited about this subject. This Nhance app we have really seen a lot of memberships and these are at different locations but members can use the points that they earn across any of our locations. Bangalore recently breached the 100,000 members club and other locations will be adding to that. What this is really doing for us is giving us a lot of insight into our consumer customer journey within our malls and is also helping us curate experiences and shopping products for them. We have in fact upgraded our digital initiatives across various areas. We have a very, very strong CRM platform that has recently been implemented which is helping us maximize our reach to our customers. This is the Nhance app is integrated with this but we also have several other data sources which add to this CRM's capability. We're currently working on an ecommerce Omni channel platform which is backed by the retailers who occupy spaces within our malls and this will give us again reach beyond the cities where we are currently located. There are several other initiatives for customer convenience that we have recently incorporated and are rolling out at multiple locations which include in mall navigation. We're talking about proximity marketing, we're talking about geo-fencing, mobile triangulation. We have dedicated WhatsApp chat bot services which are for customer convenience again and respond to their queries. So, we are seeing a lot of engagement and of course through our website and our social media handles. So, we're seeing a lot of engagement opportunities with our customers and we have put in place the technology to communicate with them and that will also have a very positive impact on the consumption in our malls. I am particularly excited about the Omni channel ecommerce platform which we hope to have start the pilot in about 8-9 months from now and that will also boost sales and open another channel for sales for our portfolio.

Niket Shah: Got it so the Nhance app will be separate and the Omni channel is completely separate piece in the tech part of it.

Shishir Srivastava: They are all independent parts but they come together cohesively in our overall digital setup. So, CRM will talk to enhance, CRM will talk to Omni channel. Our data science team will be getting access to of all this information to put together a more robust digital marketing program and to be able to also curate product and

experiences. So, it's going to integrate seamlessly into the overall digital ecosystem that we are creating.

Niket Shah:

Sure and what would be the traction that would have given Nhance app like in terms of obviously there are a number of members get you highlighted but there would be some traction that you would have seen right, that people would have generated points have started putting in the vouchers and then that again leads to a virtuous cycle of consumption growth. Do you have any numbers of this though?

Shishir Srivastava:

I would say we have more than 300,000 members across the app across multiple locations and we basically track our active users who are basically users who scan their bills and earn points. So, just to give you an idea in Phoenix Marketcity Bangalore, for the third quarter we saw an average value of scan of about 14 odd crore for that particular mall but since inception of that program since December 21 is about Rs. 44 crore and this continues to grow. At Chennai we've had about two years of operations since we launched the program therein in October 2019. We were shut for a year during COVID. So, for about a year we saw our value of scans going up to about a Rs. 142 crore in that one year period. So, we are very, very focused on continuously engaging with the Nhance members and incentivizing them to scan their bills and earn these points. The earn burn ratio is average at about 30% when we track it on a quarterly basis and this number will also increase significantly. The rewards usage ratio. So, when our members unlock coupons for rewards we're seeing the usage ratio being as close to about 60/65% and also this Nhance also gives us an opportunity in the future. Currently we are partnering with our retailer brands at each mall and they are able promote by way of in app banners and videos promote their product but there is also monetization opportunity there in the future.

Niket Shah:

Got it. The second question was and obviously I'll take this off line on the tech part of it, that would be better but the second question was on the fee side of it and I don't know if it's covered in the initial part of the remarks. If you can just give us some sense as how should one really look at this line and over the next two years and so one is once you build your own incremental malls where you have partnership models. You obviously generate a fee income but why not extend this entire fee income model to build malls for other mall owners which are trying to come into the country and that can also be source of income. So, is there a business model case there.

Shishir Srivastava:

So, at present we are providing property management services and development management services and leasing services because they are resources that are housed within a subsidiary of Phoenix Mills Ltd. So, we are providing these services

to our own malls which sit in partnerships with other investors and partners. For this current year of FY2022 we've seen a fee income of about a Rs. 100 crore from these malls spread across property management, development management and leasing fees. We expect this number FY23 to be in the range of about Rs. 150/160 crore. This bump up will be on account of the new malls opening and new projects going under development as well where we will be earning this fee income.

The second part of your question whether we will be looking at providing these services to other mall operators and developers. I don't think that is our intent. We want to utilize the maximum bandwidth that we have on a substantial portfolio of our own and we see that we're going to be pretty busy for the next five years in building and delivering all our new malls and just to give you an example our leasing team in the last financial year was able to across our new malls not the operational malls. Across our new malls they were able to deliver leasing of more than 4.2 million square feet. That translates into approximately 1,300 agreements. That's the quantum of work that our in-house leasing team has contributed to the group.

Niket Shah:

Got it that's really encouraging.

Shishir Srivastava:

Perfect. Thank you and I'll come back. Thank you.

Moderator:

Participants are requested to restrict your questions to two per participant. We have the next question from the line of Parvez Akhtar Qazi from Edelweiss Securities. Please go ahead.

Parvez Akhtar Qazi:

Hi good afternoon and thanks for taking my question. So, the first question is what is the kind of capex which is pending in our mall and office portfolio?

Shishir Srivastava:

Okay across our mall and office portfolio which will also include the development at Lower Parel, the latest project is I think we have a balance spent of about Rs. 4,600 crore across all the projects that are currently undertaken. This does not include Surat but excluding Surat the balance to be spent is about Rs. 4,600 crore but we'll be happy to take this question offline and run you through the details.

Parvez Akhtar Qazi:

Sure, and last question is what is the expected completion timeline for the Calcutta mall?

Shishir Srivastava:

Kolkata we expect to have it operational in FY20 latter half of FY26 or early FY27.

Parvez Akhtar Qazi:

Great that's it from my side and all the best for future.

- Participant:** Thank you very much.
- Moderator:** Thank you. It is the next question from the line of Manish Agrawal from JM Financial. Please go ahead.
- Manish Agrawal:** Yeah hi. Good afternoon. Two questions from my side. Firstly the consumption of Phoenix Kurla does not seem to have recovered in the April month. It is at 101% when the average portfolio is much higher. So, any particular reason for that.
- Pawan Kakumanu:** Hi this is Pawan here in specific to our Kurla asset we were able to start our Marquee events only from the month of April and May and that too in the later part of April. Now in all of our other assets we were able in some form or shape be able to bring back etc and as you very well know events are a cornerstone of achieving the consumption that you have seen across all our assets. I think that's only reason why there has been a slight lag here but other than that PMC Kurla at least in the month of May seems to be on track with others. Also a very important thing is from a leasing occupancy perspective and trading occupancy also Kurla has caught up a lot and thereby we should be able to see similar trends across all assets in our first quarter of FY23.
- Manish Agrawal:** Sure understood. Secondly on the new malls which are coming up so Indore and Ahmedabad more specifically. What would be rough trading densities which you can expect going forward or the consumption in these malls? Would it be in line with Palassio Lucknow just to get a broad sense?
- Pawan Kakumanu:** I think it should be fair to look at consumption or trading density trends closer to Phoenix Palassio which was the latest asset that we added in our portfolio with definitely Ahmedabad trending a little higher than that but Indore should be much, much closer to our trend that we have seen in Phoenix Palassio. This is specific to the trading density question that you had asked?
- Manish Agrawal:** Yeah sure. And consumption?
- Pawan Kakumanu:** Consumption should be a multiplier of that depending on the size. So, basically if you look at Indore. Indore is a 1.1 million square feet. So, obviously the consumption will be a tad higher than Palassio and Ahmedabad effective with the higher trading density should be able to trade at or higher than the gross consumption that Phoenix Palassio achieves.
- Manish Agrawal:** Sure. Thank you. That's all from my side. All the best.

Moderator: Thank we have the next question from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: Two clarifications one in the retail assets of ours. What would be our blended holding post transaction of Classic so that we get an understanding of your share of retail revenue or rental revenue and second my question is on the office assets. There is a slide about new agreements of about 170,000/180,000 square feet. So, if possible for you to give us a clue in terms of utilization in the next couple of years?

Shishir Srivastava: We have the capacity considering the Fountainhead 2.

Pritesh Chheda: What kind of utilizations we'll see over the next couple of years?

Shishir Srivastava: I apologize but can you just repeat your first question again.

Pritesh Chheda: I want to know our blended holding in the retail rental revenue?

Shishir Srivastava: So, you're talking about across the portfolio?

Pritesh Chheda: Yes of the portfolio.

Shishir Srivastava: Okay let me put it like this that we have in Phoenix Marketcity Chennai which is a million square foot mall we own a 100%. Lower Parel we own a 100% of the existing mall which is going to be roughly 1.2 million square feet excluding rise. We own a 100% of Phoenix Palassio Lucknow and the two smaller malls Phoenix United at Lucknow and Phoenix United at Bareilly. In the other operational malls Phoenix Marketcity Bangalore, we own 51%. In Phoenix Marketcity Mumbai and Phoenix Marketcity Pune we own about 67% and we own about 74% today and we'll be at 67% once the subsequent infusion is concluded by GIC. In the under construction malls, we own 50% across the board.

Pritesh Chheda: Okay. So, Indore and the Ahmedabad is 50%?

Shishir Srivastava: Indore is 50%, Ahmedabad is 50%, Mall of Asia Bangalore Hebbal is 50%, and Phoenix Mall of the Millennium Pune is 51%.

Pritesh Chheda: So, from an existing portfolio Marketcity Bangalore, Marketcity Pune and Marketcity Mumbai is where you have less than 100% holding that's about whatever 64%-65%.

Shishir Srivastava: So, blended average would work out to about 86% overall GLA.

Pritesh Chheda: I was looking for that simple answer sir. Okay and on the office asset side if you could give us what kind of leasing activity growths that you see over the next couple of years. I think you have leased out 890,000 square feet which I can see from your presentation. This 890,000 square feet should be what number in next couple of years?

Shishir Srivastava: Okay so our operational portfolio today is about two million square feet. This includes Fountainhead Tower 3 as well. And out of this 2 million square feet currently we are at a leased occupancy of about a million square feet and we are expecting this to move to about two million in this current financial year.

Pritesh Chheda: In this current financial year?

Shishir Srivastava: Yes. And over and above this we also expect to do some pre-leasing for the new offices which are under development. We've set out some targets for our team on that should be in the region of about anywhere between 600,000-800,000 square feet.

Pritesh Chheda: Okay. So, this million to two million you have the necessary visibility. So, it's all because I don't see in your presentation. Usually, you have given in your retail assets how much pre-leased but you haven't given that in your office assets.

Shishir Srivastava: We have shown what is the area leased. If you go to slide #44 of our investor presentation

Pritesh Chheda: I can see the area. Yeah but from one million to two million you haven't mentioned anywhere in the presentation so that's what I want to know.

Shishir Srivastava: Yes because it's a forward-looking statement and that's our best estimate at this stage.

Pritesh Chheda: Okay. Thank you very much sir.

Moderator: That was the last question. I now hand the conference over to Mr. Shishir Shrivastava for closing comments.

Shishir Shrivastava: Ladies and gentlemen. Thank you very much for joining us for our Q4 and FY22 investor call. We look forward to interacting with you during this coming quarter and at the next investor call. Thank you very much for your time.

Moderator:

Thank you. On behalf of Phoenix Mills Ltd that concludes this conference. Thank you for joining us and you may now disconnect your lines.