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October 30, 2024

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 October 26, 2024, wherein we had informed the exchange about the conclusion of our Earnings Conference Call concluded on Saturday, October 26, 2024 at 12.00 Noon (IST), with Analysts / Institutional Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and half year ended September 30, 2024, 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/FY2025/Earnings-Call-Transcript>.

You are requested to take the same on record.

Yours faithfully,

For The Phoenix Mills Limited

Shishir Shrivastava
Managing Director
DIN: 01266095

Encl.: As enclosed

The Phoenix Mills Limited
Q2 and H1 FY25 Earnings Conference Call
October 26, 2024

Moderator: Ladies and gentlemen, good day and welcome to Q2 and H1 FY25 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. Kailash Gupta - 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 “*” 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 to Mr. Shishir Shrivastava. Thank you and over to you, sir.

Shishir Shrivastava: Thank you. Good morning, ladies and gentlemen. It is a pleasure to have you all here today to discuss our performance for the second quarter and the half year ended September 2024. I hope 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 our corporate website.

Let us start with an overview of our performance on a consolidated level:

In Q2 FY25, we achieved an operating revenue of Rs. 918 crores, a 5% increase year-on-year. EBITDA for the quarter reached Rs. 518 crores, up 2% year-on-year. To provide a more accurate picture of our core business performance, we have adjusted the figures to exclude the contribution of the residential business, which is inherently variable in nature. Excluding the residential business, we witnessed a 22% growth in operating revenue which reached Rs. 870 crores. EBITDA for the second quarter stood at Rs. 502 crores, up 19%.

Similarly, for the first half of FY25, adjusted for the residential business, operating revenues reached Rs. 1,742 crores, up 23% and EBITDA for the same period was at a historic high of Rs. 1,027 crores, up by 20% on a year-on-year basis. This is the first time our EBITDA has reached the Rs. 1,000 crores mark and we hope to see this trend continue and grow from here.

Moving on to our retail portfolio for Q2 FY25:

Retailer sales i.e consumption for Q2 FY25 reached Rs. 3,279 crores, up by 24% year-on-year, driven by the fast ramp up of the newly launched malls. On a like-to-like basis, excluding

Phoenix Mall of the Millennium, Pune and Phoenix Mall of Asia, Bangalore, we saw consumption growth of 5%. Retail rentals for the quarter grew by 22% to Rs. 474 crores. In line with retail rentals, retail EBITDA also increased by 22% to Rs. 495 crores for the quarter. On a like-to-like basis in Q2 FY25, retail rentals and EBITDA both grew by 5% compared to the same quarter in the previous year.

For the first half of FY25, retailer sales reached Rs. 6,496 crores, up by 25% year-on-year. Like-to-like consumption growth was 6% for the first half of FY25, again excluding Phoenix Mall of the Millennium and Phoenix Mall of Asia from the mix. Retail rentals grew by 26% to Rs. 958 crores. Overall, retail EBITDA for H1 was Rs. 1,010 crores, up 27% year-on-year. On a like-to-like basis, retail rentals grew by 6% and EBITDA grew by 7%. Phoenix Mall of the Millennium and Phoenix Mall of Asia, which have been operating for nearly a year now, have demonstrated excellent consumption growth, each approaching the Rs. 500 crores mark in the first half of the financial year.

Looking at category-wise performance, jewelry was our top performing category for the quarter with a growth of 33% across the portfolio on a like-to-like basis. Gourmet, Food and Hypermarket saw a growth of 12% during the quarter. FEC & Multiplex declined by 15%, primarily due to fewer blockbuster releases during the quarter.

Moving on to the occupancy highlights:

In September 2024, leased occupancy across our major malls was at about 97% and trading occupancy was almost at about 92%. Our newer malls have seen a fast ramp up in trading occupancy with Palladium Ahmedabad which has achieved a strong trading occupancy level of 94% with the Multiplex commencing operations in Q2 FY25. Within almost a year since launch, Phoenix Mall of the Millennium has reached a trading occupancy of 87% in September and Phoenix Mall of Asia saw trading occupancy of 78%. We also have substantial areas under active fit outs and both these malls are on track to cross trading occupancy of over 90% in the coming months.

Our future plans:

We are committed to enhancing the performance of our existing malls through active mall management and exceptional customer service with a focus on bringing the best and the latest brands and elevating customer experience by adding more F&B and entertainment spaces. We are making significant progress towards the launch of the retail block opposite PVR at our flagship property, Phoenix Palladium, Lower Parel, Mumbai. Retailers have commenced fit out activities, and we anticipate operationalizing this 250,000 square feet retail GLA by the end of 2024. Our development pipeline remains robust with approximately 3 million square feet of retail space currently under development and slated for completion by 2027.

Further, I am pleased to share that Phase-1 of our new city center lifestyle destination in Thane will feature a destination retail development in the range of 1.2 to 1.5 million square feet of leasable area. This is as per the plans which are currently under design development, and we continue to have more FSI potential to develop other asset classes in the subsequent phases. With the recent land acquisitions in Bangalore, Coimbatore and Chandigarh-Mohali during 2024, we continue to build out a strong pipeline of retail-led mixed-use destinations going up to 2030.

Looking at our commercial offices business:

As of September 2024, occupancy across our operational office assets in Mumbai and Pune stood at almost 70% with gross rentals averaging around Rs. 118 per square foot. During the first half of FY25, we achieved gross leasing of approximately 150,000 square feet across our operational office assets. For Q2 FY25, income grew by 19% to Rs. 54 crores and EBITDA was at Rs. 34 crores up by 31%. For the first half of FY25, income stood at Rs. 105 crores, up 17% and EBITDA grew by 31% to Rs. 66 crores. The growth in the segment was led by improved rent generating occupancy at Art Guild House, Mumbai and Fountainhead Towers in Pune.

Looking ahead, we have initiated pre-leasing activities for Phoenix Asia Towers in Bangalore. The construction of this asset is complete, and we are awaiting the occupancy certificate. We are also nearing completion of our offices in Pune, which are Millennium Towers and at our offices in Chennai. Our office developments in Bangalore, Pune and Chennai will take our commercial office portfolio to nearly 5 million square feet.

Hospitality portfolio:

Our hotels have delivered a stellar performance this quarter with The St. Regis, Mumbai leading the way where occupancy improved by 3 percentage points to 85% for both Q2 and H1 FY25, driven by increased corporate events and wedding festivities in the city. This led to a 15% growth in the average room rate to Rs. 17,320 and a 19% increase in RevPAR to Rs. 14,694 for Q2 FY25. For the first half of the year, ARR and RevPAR at this asset grew by 7% and 11% respectively.

At Courtyard by Marriott, Agra occupancy for Q2 FY25 stood at 67%. The property achieved a 9% growth in ARR reaching Rs. 4,569 and a 5% increase in RevPAR to Rs. 3,044 during Q2 FY25.

Looking at our residential business for the first half of FY25:

The business achieved gross sales of Rs. 78 crores and collections of Rs. 125 crores. The average sales price across our two residential assets, One Bangalore West and Kessaku, both in Bangalore is approximately Rs. 26,000 per square foot. We currently have approximately 390,000 square feet of ready inventory remaining to be sold at these two projects.

This brings me to the end of the performance update across our businesses. Here's wishing you all a Happy Diwali and a Prosperous New Year.

I would now like to request Kailash to take you through the financial performance.

Kailash Gupta:

Thank you, Shishir and good morning, everyone.

Let us begin with the Financial Performance of our standalone business:

The Phoenix Mills Limited on a standalone basis primarily consists of Phoenix Palladium, Mumbai and a small component of offices at the Phoenix House. For Q2 FY25, income from operations reached Rs. 116 crores, a 3% increase over the same period last year. EBITDA for the quarter remained steady at Rs. 72 crores with a margin of 63%.

Moving to our consolidated business:

Last year, we realized significant revenue and profit from sale of ready inventory in our Bangalore Residential projects. Additionally, the receipt of OC for Tower 7 at One Bangalore West boosted our revenue.

Adjusted for the residential business, consolidated operational revenue across the annuity portfolio for the quarter was Rs. 870 crores, growing by 22% year-on-year basis. Consolidated operating EBITDA excluding residential business grew by 19% year-on-year basis reaching Rs. 502 crores in Q2 FY25.

Updates on our debt and liquidity position:

I am pleased to announce that PML's credit rating was recently upgraded to AA positive, with the positive outlook, reflecting our growth trajectory and disciplined financial approach.

As on September 2024, our liquidity position was at Rs. 1,974 crores. Compared to March 2024, our group level gross debt increased marginally by Rs. 13 crores to Rs. 4,379 crores. Our group level net debt position improved to Rs. 2,405 crores as on September 2024. The net debt-to-EBITDA ratio remained healthy at 1.1x and we have successfully reduced our average cost of debt to 8.67% in September 2024.

We remain committed to reducing debt and optimize our cost to debt ratio. Notably, all our recent land acquisitions have been funded entirely through internal accruals. Just to give you the perspective, our total CAPEX in the first half was at ~Rs. 1,380 crores, which includes land acquisitions of ~Rs. 740 crores and a construction cost of approximately Rs. 640 crores. The entire funding is done from the equity participation from CPPIB at ~Rs. 270 crores and the balance was funded through internal accrual. So this shows the financial discipline which we are following in the business side.

On the cash flow, for the first half of FY24, we generated a net cash flow around Rs. 1,000 crores from operations and during Q2 FY25, we generated a net cash of Rs. 486 crores from operations. To provide further context, after accounting for the interest payment on our existing debt, our operating free cash flow, net of taxes and interest was at Rs. 380 crores. Excluding the residential business, the operating cash flow for Q2 FY25 stood at Rs. 378 crores, a 24% increase from the same period last year.

With the upcoming festival and winter season, we remain optimistic about our performance in the second half of the year. We have a strong development pipeline in place extending up to 2027. With the recent acquisitions in Thane, Bangalore, Coimbatore, and Chandigarh-Mohali, we now have a pipeline visibility going up to 2030, which we will announce shortly. We expect to double our operational annuity portfolio area between now to 2030. Leveraging our strong balance sheet, we are committed to delivering our under-construction projects on time and deploying capital judiciously to expand our portfolio.

This brings me to the end of the financial performance update. Wish you all a very Happy Diwali and let us get into Q&A session.

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

Puneet Gulati: My first question is, if you can give some color on what you are seeing in the first 25 days of this month, how is the start of the festive season and this month in terms of consumption level?

Shishir Shrivastava: This month has been a bit of a mixed bucket in terms of performance across the country with Chennai and Bangalore seeing the heavy deluge, we have seen quite an impact on consumption, perhaps to the extent of about Rs. 20 crores or so because of the rains itself. Mumbai, Pune seem to be pretty much moderate so far but starting yesterday with the two weekends of the festive season, we are quite geared up to see high footfalls and high consumption. Also, as you are aware, even in times where one generally has been seeing a decline in sales across retail brands across the country, not just in our portfolio, we drive consumption slightly differently and therefore we have not seen de-growth, we have only seen a positive growth as we mentioned like-to-like growth excluding Mall of the Millennium and Phoenix Mall of Asia, Bangalore, our like-to-like growth is in the range of about 7%-9% averaging there and this is for the month of October, despite the rains in Bangalore and Chennai.

Puneet Gulati: Just a small observation here, in your other category for last quarter, this is sharp 21% decline, I know it is just a small part of your overall business, but what all does it capture?

Shishir Shrivastava: What all does others capture?

Puneet Gulati: Yes.

Shishir Shrivastava: Others income typically would be parking income, marketing income and event space rentals, etc.

Puneet Gulati: And secondly, if you can comment upon, you have done 3 acquisitions off late and some progress on Thane side as well. So, Coimbatore, Mohali, Thane if you can give some sense of what are the rentals and what is the total area you are looking to build there?

Shishir Shrivastava: So, I would like to put it like this that our business plan is underwritten with conservative rentals, right, but despite that, I would say that by the third year of operation, we should be in the range of about 14% yield on cost. We have underwritten the rentals, looking at what are the rentals in competitive malls in that vicinity and we have kind of just used that as our base approach, though we typically track maybe 15% higher than what the market average would be.

Puneet Gulati: Lastly, if you can comment on the progress on your office leasing?

Shishir Shrivastava: Office leasing has seen good progress. As you can see our gross revenue and EBITDA is up significantly compared to the previous year. We are waiting to get the OC in Bangalore. It is about 800,000 square feet of GLA. We have transactions which are in place and will get executed soon after OC, for I think about 200,000 square feet almost and a lot of discussions in pipeline. Historically, Bangalore has seen the highest ever leasing in the country in the first half in this financial year and we are happy to see the traction find its way to our asset as well.

Puneet Gulati: And Pune side?

Shishir Shrivastava: Pune is still under development. I think we may be about 6 months away from OC. So, we are also actively in the marketing phase there. There have been a lot of site visits, a lot of RFP's which are under discussion now; as soon as we have confirmations, we will let you know what area has already been signed up.

Moderator: Thank you. Next question is from the line of Praveen Choudhary from Morgan Stanley. Please go ahead.

Praveen Choudhary: I am looking at just one number and I am trying to decode as much as possible, so please indulge if you can, so, I am looking at the PATMI number, which is net profit after minority interest. And when I look at last quarter, it was down 3% year-over-year. This quarter is down 14% year-over-year. Again, obviously there is a residential angle to it. So, two questions there, one is, how should we think about the residential business margin for you? Is it a 5% margin net business or 15%? And then the second thing is that you have given us excluding residential EBITDA growth, I think probably for the first time. Would you ensure that you will continue to

give or can you give retroactively the force so that that is the real way to understand the growth and the reason to there is disconnect between these two because if you remove the residential part of the business, it is nicely growing; both in EBITDA and revenue terms. But as I said, PATMI even if I remove the residential part with some assumption of margin, it still shows year-over-year decline. So, can you just help us reconcile that?

Shishir Shrivastava:

Praveen, I am going to try and respond to a couple of questions and a few, you will have to repeat again because that was a long list of many questions. Firstly, yes, in Q1, we had disclosed the EBITDA numbers excluding the residential business and we will continue to do that as we have done in Q2 as well and going forward. I just want to clarify that for us, the residential business today, it primarily comprises of that balance inventory of about 390,000 square feet in Bangalore. Our margins are in the range of about 40%-50%. So, it is not a declining margin business for us. This is ready inventory and we have already incurred all the cost there. Even when we are looking at the development in Kolkata, the residential development in Kolkata, the margins would be in the similar range or maybe 5%-10% lesser than that, but it is not 5% or 10% or a 15% margin business for us. Would you like to repeat your other questions?

Praveen Choudhary:

I was not talking about EBITDA margin. I was thinking of net margin because one of the main questions I have is your EBITDA growth is fine, like-to-like or excluding residential, that is very strong. We are talking about PATMI growth, which is where, because of minority interest, maybe minority interest is growing very fast. Those malls which are JV projects are doing very well. That is why there is a disconnect between the speed at which you are growing on the topline and EBITDA is not showing up in my net profit line. And I am trying to reconcile it and that is why?

Shishir Shrivastava:

Few lines on what has impacted the net profit margin. One is our liquidity has reduced, so our other income from interest and investments, etc., has certainly reduced. The taxes have gone up because in many of our newer malls, we don't have any debt or very nominal debt. So, the tax impact is high. In the older malls, we have utilized accrued losses, so, taxes have started increasing. So, these are a few of the lines which have impacted our net PAT if you were to look at it. I didn't quite get the point on the JV businesses because we do consolidate all the numbers. We own majority, more than 50% in all our JV's. So, we are consolidating all the lines there. Perhaps you are looking at after the minority shareholders interest. So, yes, in the case of CPPIB JV, there is a 49% sharing out there and in the case of our joint venture with GIC, there is a 33% share that they have.

Having said that, I would also like to point out a very interesting fact here, all of our operating assets, excluding the ones which are new where we have certainly built out all the remaining asset classes, but all of our assets which are currently generating Rs. 200 plus crore of revenue or of rental income or even EBITDA, these numbers are coming out of about 1 million or 1.2 million square feet of GLA. And all of them have the potential of additional FSI, which we are exploiting and we are constructing and building, and they will each become developments in

the range of 3-5 million square feet. So, you can imagine the potential growth arising out of this additional area, which are all annuity assets.

For example, if you look at Phoenix MarketCity, Bangalore, we have about 1.2 million square feet of retail space currently, we are adding another 100,000 square feet. We have the Grand Hyatt Hotel coming there. We have the offices block coming there, plus we have acquired the adjacent land, which once we are able to amalgamate that will give us further potential of another 1.2 million-1.5 million somewhere in that range. So, the incremental costs for developing these asset classes are very low because we own the land. Yes, you are paying for premium FSI and construction, but the return or the yield on all of this is going to be significantly higher and all of this is playing out between now and 2027 where we have explained how our portfolio is going to grow. So, this is an important fact that I would like you to bear in mind, which will obviously have a significant impact on our PAT going forward.

Praveen Choudhary:

I guess the strategy is unquestionably correct. We also see that recent land acquisitions will ensure the visibility till 2030 in terms of newer malls and newer offices coming through. Some investors do ask is there a gap between now and 2027 and probably that you are trying to answer that question by saying some of the FSI you will exploit, but is there something you want to talk about between now and 2027 when either Surat or Kolkata comes through and after that it looks very smooth that we can see some slowdown, meaning that there is the gap between the reported growth and the like-for-like growth will narrow means they will be similar which will reduce the overall growth for the company. And I understand the office coming through and we understand the Palladium extensions coming through, but still it won't be same as what we have seen in the last 12 months where you had 4 new malls coming in. Is there anything to fill up that gap?

Shishir Shrivastava:

As you mentioned, offices are all going to be operational between, let us say, we should get the OC in about a month's time in Bangalore, in 6 months' time for the 1st Phase in Millennium Towers, another 4 months thereafter for the second Phase of Millennium Towers, so incremental area and of course Chennai as well – we have another 500,000 odd square feet of offices in Chennai which will come online. We have Phoenix Palladium as I mentioned, another 250,000 square feet which will be operational very soon. So, over the next 24 months, I think every quarter you are going to see maybe 250,000-300,000 square feet becoming operational of either retail or office. So, I think that these are certainly going to help bridge the gap. There could be maybe one quarter impact because between leasing and trading, but one can safely assume that there is a significant growth coming out of these inorganically through these expansions.

Moderator:

Thank you. We will take our next question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: Shishir, my first question is on consumption. So, we have seen a decline of 4% in Palladium, 2% in Bangalore, Pune also 5% and 3% in Chennai. So, I just wanted to understand if you can help us with some data points over the last few months, so how have been the revenue share and the minimum guarantee tracking? So, is there a divergent building between the two now because of the slowdown in sales of the retailer? And will that in any way impact or when they come back to us and negotiate again for a lower rate, if they are not able to do well in their portfolio?

Shishir Shrivastava: So, in the last 12 months, generally I would say minimum guarantee at an average across our malls may have gone up by about 10%. And as we know that in the last quarter or last two quarters, retail consumption has been muted. We have seen growth in our malls. It has not been there, Pan India in other standalone stores etc., but I would say 5%-7% growth is what we have seen. Consequently, because the minimum guarantee and you are very well familiar with our model Parikshit, every cycle of 3 years, you see that MG moves up and catches up with the incremental rent that we get out of the revenue share. So, it takes another 2 quarters or 3 quarters before the revenue share starts moving up again. So, perhaps we may see an impact of the slow consumption across the country, but we are confident that with our initiatives, it maybe a 2-quarter lag, but again we will start seeing incremental rent being contributed out of revenue share as the consumption moves up.

Parikshit Kandpal: But you are seeing some divergence between the two. So, revenue share is tracking down and MG is tracking higher. So, what is this period?

Shishir Shrivastava: No, it is not tracking down or tracking higher. This is the way our model has worked over the last 20 years. Every 3 years, you see a significant jump as you end the contracts near end of tenure and you enter into renewals or even within 5-year contracts at the end of 3 years, there is a significant jump in MG. So, this is the way the model is. MG moves up, then it takes and catches up with the overall rent that we were deriving as a combination of MG plus the incremental rent from revenue share. So, when MG moves up, it catches up to that. That becomes the new base and over a period of 2 or 3 quarters consumption then tracks up and starts contributing further incremental rent. See typically we have always seen an average of incremental rent being in the range of about 11%-12% over and above the minimum guarantee. So, we remain confident that over a period we will be at that, we will continue to be at that.

Parikshit Kandpal: Sir, second question is on the Multiplexes, which is about 14% of the trading mix and F&B 11%. So, one edge, we have seen both Multiplexes tracking down by almost 11% in consumption and F&B has been muted 0 to 2%. So, they take up almost 25% of the area, but they are not growing and both are interrelated, though they contribute very low, Multiplex is about 4% to the consumption, but still occupying a lot of space and we are not being getting good Blockbuster content of late for some time now and I think you did mention that you are looking at adding more area under this umbrella. So, given that how do you see growth coming in when large part of the area will not contribute towards rental growth or consumption growth?

Varun Parwal:

Varun this side. I think just clarifying on the first part, family entertainment centers which comprise of retailers like a Time Zone, or a Play 'N' Learn or Game Palacio or other gaming centers is at about 5%-6% of our overall retail leasable area at this point in time and Multiplexes are at about 8%-9%. The family entertainment centers, of course, have been seeing a very strong growth and they have been acting as crowd-pullers and they have been helping us increase the dwell time that consumers have and Multiplexes for reasons that have been discussed in various other forums they have seen a bit of impact on consumption because of the sort of content that is coming out, but I think as we look forward we see the content pipeline increasing and improving and we are seeing a lot of blockbuster lineups scheduled now for the period from November to March. So, we are hopeful that we are through the worst of the cycle for the Multiplexes and going forward we should start seeing improving numbers and at the same time with our family entertainment centers and our own in-house fan parks and open spaces, we have done a lot of events for which the response has been phenomenal across cities and that continues to act as getting people an experiential avenue to come and spend time in the mall.

Parikshit Kandpal:

Sir, just on that is the last question on this Thane thing. So, now we have 2 large malls in the vicinity of about 2 kilometer radius and I understand one of the peers who has bought land nearby is looking in the market to sell the land where he was planning to build the Multiplex. So, what gives us confidence that the market where already too large assets are there, one peer is looking to exit, so what gives us confidence that again we can repeat Phoenix MarketCity kind of a model in this micro market?

Shishir Shrivastava:

I think it is going to be an interesting development to see how Thane is shaping up. We believe that Thane does have the size of the market, that can absorb another 1 or 2 million square feet of retail GLA. We are going to clearly build something which is best in class new age. We are going to be leveraging our relationships with the brands to get the best brand mix over here. When we purchase, typically before we acquire any land, we do extensive research and extensive discussions with our brand partners who lead the mall occupancy, global and Indian brand partners and we have a lot of interest from the best of brands to be a part of this mall. We are very conscious of the competition there and clearly our efforts are going to be to build the best asset that there is in that micro market for time to come and that will be the foundation of driving our success.

Parikshit Kandpal:

So, what will be the rentals we are kind of starting rentals?

Shishir Shrivastava:

So, we have underwritten our rentals in the range of about 175, but that is only for the business plan and for the acquisition, evaluation and feasibility. We are confident that the market is going to be closer to about 180-200 in that range; and I think that puts us in a very good space.

Moderator:

Thank you. We will take our next question from the line of Parvez Qazi from Nuvama Group. Please go ahead.

Parvez Qazi: My first question is regarding the Thane land parcel. When do we see the completion timeline for the mall which we intend to develop in the first phase? Second is with regards to the Kolkata residential project, what could be a potential launch timeline there? And third at a slightly broader overall level, slowdown in urban consumption has been talked for now last couple of quarters. We have in fact done quite well, so what additionally can we do in terms of either category mix change or other things which we can try to kind of tackle this situation?

Shishir Shrivastava: Thane, if I may just clarify Parvez your first question was on Thane, I couldn't hear you very clearly.

Parvez Qazi: So, the completion timeline for the Thane mall?

Shishir Shrivastava: We are currently in advanced design development stages. I think we will go into approvals, maybe in the next month and a half or so. Typically, it may take a quarter or so to get the approvals. I would think that we should be in a position to break ground in about 6 months from now. Typically, the first phase, which is the mall, takes about 4 years to build out. And so in about 4-1/2 years, one can expect that the mall will be ready for retailers to do their fit outs and soon after that commence their operations.

Parvez Qazi: For the Kolkata Residential?

Shishir Shrivastava: Kolkata Residential, we expect to launch this in Q1 FY26 some-time in April next year. And the pre-marketing activities will start even probably in the last quarter of this financial year.

Parvez Qazi: And regarding the overall urban consumption thing, what can be done?

Shishir Shrivastava: We will continue to focus on what we do best. We have continually been very innovative in the way we are driving the right profile of customers to our mall and driving consumption and we are going to continue to do that. We have some excellent lineups of some large events, performances at all our malls with great artists, lot F&B based events. I don't know if you are aware we did the MasterChef event in Bangalore where we had erstwhile judges from Australia visit us and this ran over 3 days. All 3 days were sold out. Tickets were priced at Rs. 6,000 ahead and they were all sold out, so these are the quality of events that we run there which drives consumption. Over and above that we have the best of artists performing across our destinations, we have the best experiential events, décor which all is driving consumption. So, we will continue to do that and continue to do that the best way we can which is why again, if you just correlate with retailers, Pan India consumption and versus the consumption recorded by their stores in our malls, you will see that they track far better than they do across the country.

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

Kunal Lakhan:

So, just on the consumption side, so if you just consider like the malls which have been stable, right, in terms of the occupancy above 90%, so if you exclude, say, Ahmedabad, which saw uptake in the occupancy as well as trading density, the overall consumptions, rather same store consumption was like say less than 3% up, how should one look at this number going ahead right now? I remember in the past you have spoken about your mature malls should clock somewhere in the range of like double digit consumption growth on a steady state basis. How do you look at this number now in the context of the slowdown that we are seeing overall in consumption across India? I understand your consumption at your malls is doing better, but overall slowdown is there, so how do you see this number for steady state malls going ahead?

Shishir Shrivastava:

Kunal, you have to actually look at historically how we have trended over the last 15 years and we have typically been in that double digit growth for the last 15 years. I believe that simply with the way our shoppers are growing in numbers over a period of time, to me personally this may be a blip for a couple of quarters fueled by many reasons, whether it is the pricing inflation in retail, whether it is generally, we had elections and we had dry days and all of that this year, I think it is a blip that one may see for a couple of quarters, but again, over the long run, we remain confident to see double digit growth in consumption across the board. And we are conscious of the fact that as the malls age, as the market actually continues to, at some point it is not going to keep growing, but there is going to be some kind of leveling of in-consumption trends. So, we focus on how we are going to grow the business and we continue to focus on looking at new geographies where we can enter and I think that strategy has played out well in times where organic growth has been moderate, but we are seeing that the contribution due to inorganic growth has taken our overall consumption and overall rentals and EBITDA up. That strategy continues to play out.

Kunal Lakhan:

And just to understand like 10% double digit consumption growth, how do you break this up like say in terms of pricing lead, in terms of volume lead, volume of footfalls lead, how do you bring that up internally for yourself?

Shishir Shrivastava:

If you just look at Phoenix MarketCity, Mumbai, right, which has recorded double digit growth, we have seen the contributors to that would be new retailers that we have added like Uniqlo etc., so we are bringing in new brands and new categories as well. We have seen F&B with cafes and bars showing a significant increase in consumption. Return to, I would say the Multiplexes awaited because that I think is going to fuel more consumption, but hopefully with new blockbusters being released that will play out well. We got Decathlon in at Phoenix MarketCity, Kurla again, which is under fit out. This is going to certainly bring in a different category and a new brand in driving that. And interestingly, as the occupancy of the offices continues to grow, that keeps adding captive audience to the mall for the entertainment and F&B and that again is going to aid consumption growth. So, similarly, again as we see the office occupancy of Fountainhead Tower 3 in Phoenix MarketCity, Viman Nagar that will aid consumption as well. As Phoenix Asia Towers 800,000 square feet get occupied in Bangalore

that will aid consumption at Mall of Asia. So, there are multiple strategies at play here which help us get into a 10%-11% kind of growth.

Kunal Lakhan:

And my second question was on the Tier-2 city opportunity, right, we have seen some capital deployment there in the last few years and particularly in last quarter also, Coimbatore and Chandigarh. So, how should we look at incrementally on the capital deployment side? How much would be the focus towards Tier-2 towns and just an overall, just be on the whole?

Shishir Shrivastava:

We have been very clear about our growth strategy and cities which are of interest. I think it is repeated in every investor presentation and we are simply going with that and check boxing that. You can see Thane, Coimbatore, Chandigarh have been check box. We still are looking for options in Hyderabad, NCR, Navi Mumbai, Goa, Jaipur, Kochi. These are markets that we believe are well worth our investment. We should achieve our target yields of 14%-15% on mall stabilization in each of these locations after 3 years of operations and steadily increasing and going up to 20% thereafter. So, we have been quite clear. If you are asking us what is our Tier-2 strategy, just look at the slide in our corporate presentation and you will see the cities of interest, these are the cities that we are focused on.

Moderator:

Ladies and gentlemen, we will take that as the last question for today. On behalf of Phoenix Mills Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.