

THE PHOENIX MILLS LIMITED

Quarterly Earnings Update, Q3-FY2012

January 23, 2012



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About

The Phoenix Mills Limited (PML)

PEDIGREE

- Started retail revolution in India by converting a textile mill into the most preferred retail destination in India
- Transformed Lower Parel into the most sought after destination for retail, residential and commercial purposes

BUSINESS MODEL

- Retail-led, mixed use developments through Phoenix Marketcity, a consumption infrastructure business
- Retail : Build and Lease model
- Residential & Commercial : Build and Sell model
- Hospitality : Build and Hold model
- Investment : Strategic Investments in Retail focused developers in Tier II & III cities

GEOGRAPHICAL - SPREAD

- Strong presence in metropolitan and Tier I cities like Mumbai, Pune, Bangalore & Chennai
- Spreading to Tier II cities by partnering with experienced and reputed developers



The Phoenix Mills Limited

- High Street Phoenix continued to show strong consumption growth (18% YoY and 15% QoQ) during Q3FY12 in spite of a slowdown indicated by retailers across the country
 - The month of December witnessed the highest consumption till date at the mall at Rs 960 mn.
- During the quarter Marketcity Bangalore and Marketcity Kurla commenced retail operations.
 - Phoenix Hospitality Co Pvt. Ltd. (PHCPL) has allotted the Company 13,21,400 equity shares @ Rs.1,166.7 each, resulting in the Company acquiring a 56.92% equity holding in PHCPL. Consequently, PHCPL has become the Company's subsidiary effective 23rd Jan'12.
 - Soft launch of commercial projects at Kurla Phase II.
 - Incremental leasing at Marketcity projects taking place at nearly double the current rates.





FINANCIAL UPDATE

Standalone Financials

Standalone Financial Overview

(Rs million)	Q3FY12	Q3FY11	YoY change	Q2FY12	QoQ change	9M FY12	9M FY11	YoY change
Income from operations	504.9	450.7	12.0%	474.1	6.5%	1,449.5	1,298.4	11.6%
EBITDA	373.3	327.3	14.0%	333.5	11.9%	1,037.3	938.3	10.6%
<i>EBITDA Margin</i>	<i>74%</i>	<i>73%</i>		<i>70%</i>		<i>72%</i>	<i>72%</i>	
Other Income	112.8	71.0	58.9%	88.7	27.1%	311.2	180.6	72.3%
Depreciation	73.7	69.6	5.9%	68.9	7.0%	209.5	207.6	0.9%
Interest	57.0	19.0	199.2%	30.5	86.8%	97.7	82.7	18.2%
Profit before tax	355.4	309.6	14.8%	322.8	10.1%	1,041.3	828.6	25.7%
Profit after tax	269.0	237.7	13.2%	238.9	12.6%	780.2	641.5	21.6%
EPS (Rs)	1.86	1.64		1.65		5.39	4.43	



Results Analysis

Q3FY12 v/s Q3FY11

- Income from operations increased 12%, from Rs. 451 mn in Q3-FY11 to Rs. 505 mn in Q3-FY12 led by strong consumption growth at the centre and contribution from revenue share.
- EBITDA was higher by 14% from Rs. 327 mn in Q3-FY11 to Rs. 373 mn in Q3-FY12
- PBT has increased from Rs. 310mn in Q3-FY11 to Rs. 355 mn in Q3-FY12, an increase of 15%.
- PAT was higher at Rs. 269 mn in Q3-FY12 as compared to Rs. 234 mn in Q3-FY11, an increase of 13%

9M FY12 v/s 9M FY11

- Income from operations increased by 12%, from Rs. 1,298 mn in 9M-FY11 to Rs. 1,450 mn in 9M-FY12
- EBITDA was higher by 11% from Rs. 938 mn in 9M-FY11 to Rs. 1037 mn in 9M-FY12
- PBT has increased from Rs. 829 mn in 9M-FY11 to Rs. 1041 mn in 9M-FY12, an increase of 26% driven both by higher EBITDA and higher other income
- PAT was higher at Rs. 780 mn in 9M-FY12 as compared to Rs. 642 mn in 9M-FY11, an increase of 22%



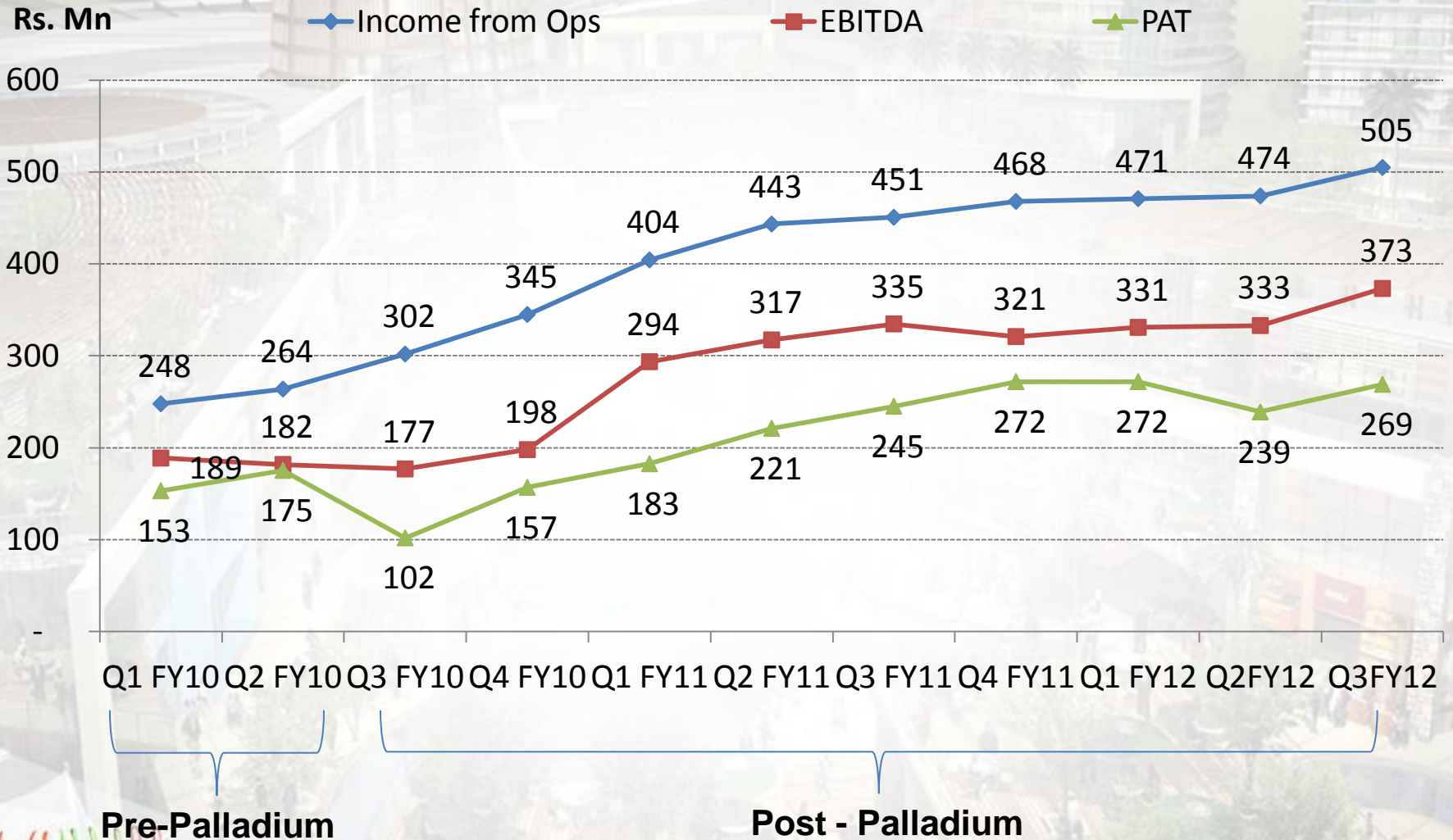
Standalone Balance Sheet

Liabilities (Rs million)	As on Dec 31, 2011	As on Sep 30, 2011	Assets (Rs million)	As on Dec 31, 2011	As on Sep 30, 2011
Share Capital	290	290	Fixed Assets	5,174	5,226
Reserves & Surplus	16,496	16,227	Investments	5,098	5,153
Loan Funds			Deferred Tax Assets	14	13
Secured Loans	2,700	2,460	Current Assets, Loans & Adv		
			Inventories	-	-
			Sundry Debtors	430	436
			Cash & Bank Balances	480	250
			Loans & Advances	9,840	9,656
			Less : Current Liab. & Prov.		
			Current Liabilities	1,508	1,652
			Provisions	43	106
			Net Current Assets	9,199	8,585
Total	19,485	18,977	Total	19,485	18,977

Consolidated Gross Debt = Rs 14,600 mn
Consolidated Cash and Equivalents = Rs 892 mn



Key trends over the quarters



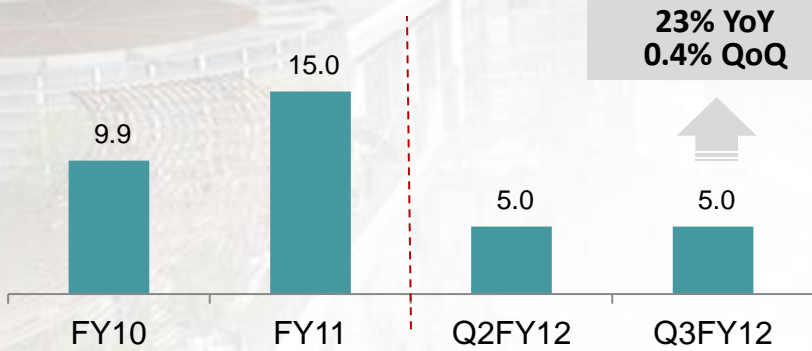


HIGHLIGHTS DURING THE QUARTER

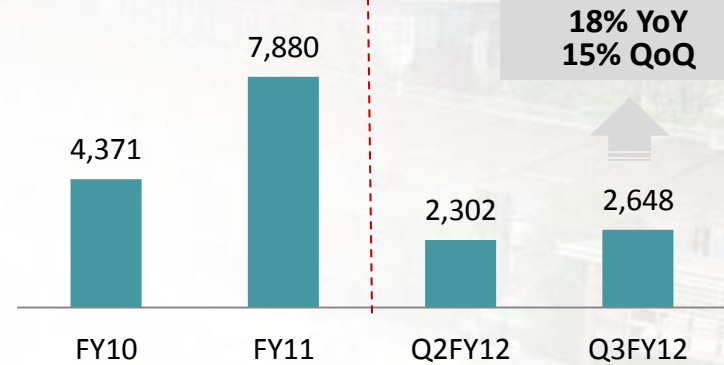
High Street Phoenix

High Street Phoenix

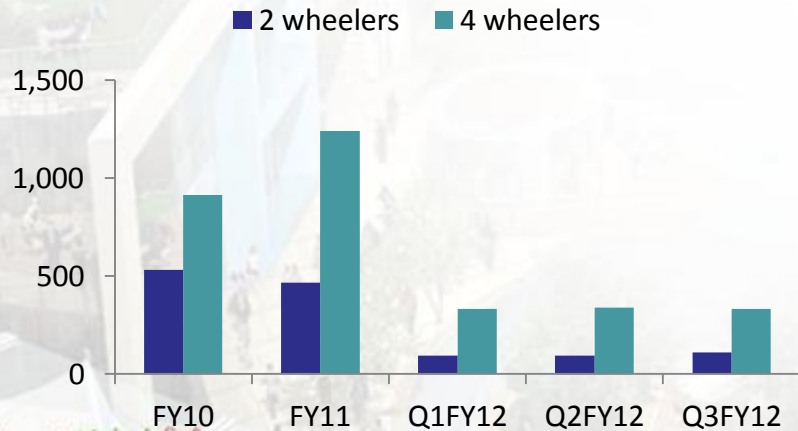
Footfalls (mn)



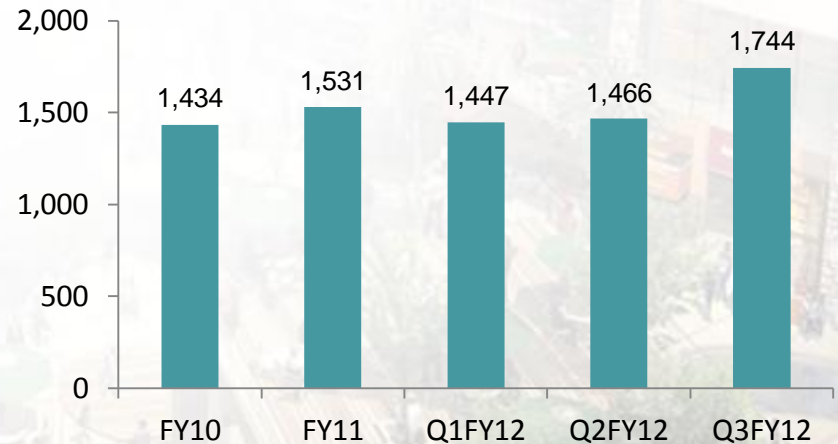
Consumption (Rs mn)



Vehicle Entry ('000s)



Trading density (Rs psf pm)



High Street Phoenix

(Rs million)	3QFY12	2QFY12	9M FY2012
Rental Income/Licence fees*	425	394	1,212
Recoveries (CAM and other)	80	80	238
Total Income	505	474	1,450
EBITDA	373	334	1,037
<i>EBITDA margin (on Rental Income)</i>	<i>88%</i>	<i>85%</i>	<i>86%</i>
<i>EBITDA margin (on Total Income)</i>	<i>74%</i>	<i>70%</i>	<i>72%</i>
Occupancy	87%	85%	86%
Rental rate (Rs psf of occupied area)	177	167	170



*Includes Signage and events income





HIGHLIGHTS DURING THE QUARTER

Phoenix Marketcity Projects

Phoenix Marketcity Projects

Particulars	Pune	Bangalore	Kurla	Chennai	Total
Total developable area (mn sq. ft.)	1.8	2.0	2.3	1.5	7.6
Retail (mn sq. ft.)	1.2	1.0	1.3	1.0	4.5
Commercial (mn sq. ft.)	0.6	0.4	1.0		2.0
Residential (mn sq. ft.)		0.6		0.5	1.1
Launch / Expected Launch Date (Retail)	June 2011	Oct 2011	Nov 2011	Q1FY13	
Lease status	80%-85%	75%-80%	75%-80%	60%	
Avg. License Fee (Rs per sq. ft. pm)	60-65	60-65	90-95	75-80	
PML's Stake	59%	46%	24%	31%	
PML's investment (Rs mn)	584	476	247	250	1,557



Phoenix Marketcity Pune

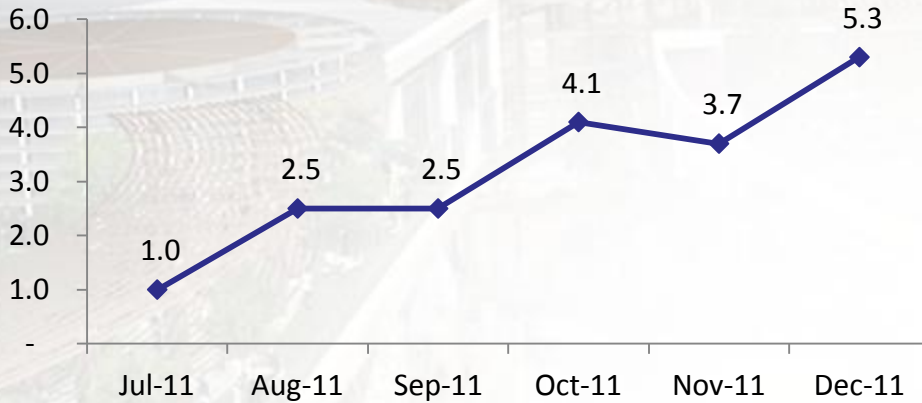


- More than 215 stores operational
- Over 20% of the total stores have crossed Minimum Guarantee threshold and are generating revenue share
- Occupancy ramped up to 65% in 6 months
- Around 75% of the 0.26 mn sq. ft. of Phase-I commercial/retail saleable area worth Rs 1,250 mn has been sold with collection of Rs 1,100 mn
- PVR Multiplex is scheduled to begin operations in Q4FY12

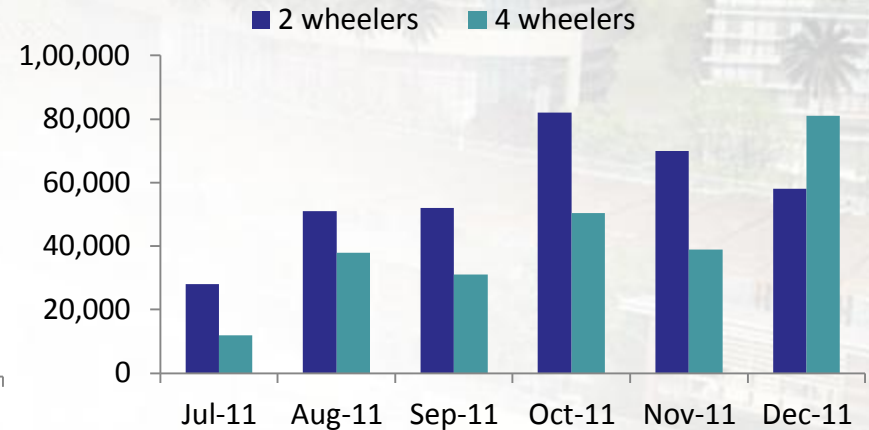


Phoenix Marketcity Pune

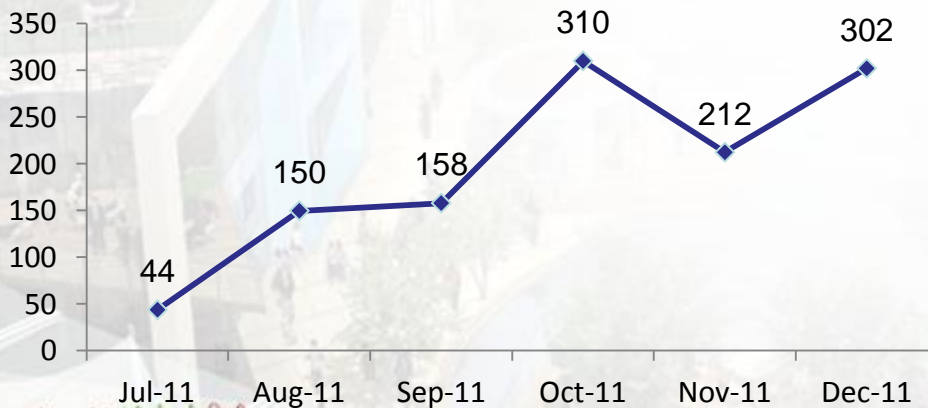
Footfalls



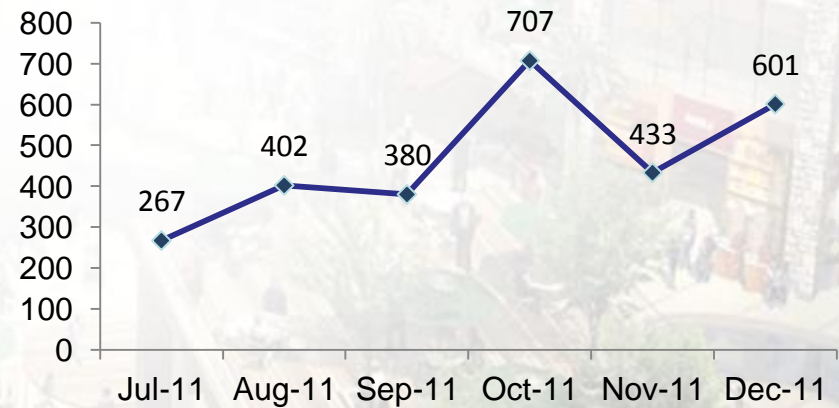
Vehicle Movement



Consumption (Rs mn)



Trading density (Rs psft pm)



Phoenix Marketcity Pune

Particulars (Rs mn)	Dec-11	Oct-Dec 2011
Rental Income/License Fees*	43.7	126.7
Recoveries (CAM and other)	35.1	99.3
Total Income	78.8	226.0
EBIDTA	37.9	106.9
EBIDTA Margin (as % of Rental Income)	87%	84%
EBIDTA Margin (as % of Total Income)	48%	47%
Occupancy	65%	63%
Rental rate (Rs psft pm of occupied area)	60	59

**Includes Signage and events income*



Phoenix Marketcity Bangalore



- Mall opened on October 21, 2011 with over 110 stores which have increased to ~160 currently
- Occupancy in terms of area which was ~20% at opening has been ramped up to ~50% currently
- Even at lower occupancy, mall witnessed ~0.4mn footfalls for December 2011
- Consumption at the mall increased from ~Rs 100 mn in Nov. 2011 to ~Rs 180 mn in Dec. 2011



Phoenix Marketcity Mumbai



- Mall opened on November 22, 2011 with over ~75 stores which have increased to ~125 currently
- The mall witnessed a strong footfall of 0.9mn during the month of December 2011.
- Around 60% of the commercial product - "15 LBS" in Phase I has been sold. Collections amount to Rs. 900 mn. Negotiations are in advanced stages for the remaining area.



Phoenix Marketcity Chennai



- The construction work for residences above Mall structure has commenced. Mall is expected to be launched in Q1FY2013
- Of the 0.25 mn sq. ft. (105 apartments) launched in Phase I earlier this year, around 0.17mn sq. ft. (68 apartments) have been committed
- Avg. sale price is Rs. 6,600 per sq. ft.; total collections till date are around Rs. 230 mn





HIGHLIGHTS DURING THE QUARTER

Other Verticals

Other Verticals

Portfolio	Model	Description	Highlights
Residential & Commercial	Build and Sell	<ul style="list-style-type: none"> • Locations: Bangalore (W), Bangalore (E), Chennai, Kurla (Ph II) and Pune (Ph II) 	- Bangalore (W) residential project of ~3 msf is expected to be launched in Q1FY2013.
Hospitality	Build and Hold	<ul style="list-style-type: none"> • Locations: Mumbai, Agra • No of rooms: 582 	-Shangri-La, Mumbai to commence operations in Q1FY2013 while Courtyard by Marriott, Agra expected to be operational by Q4FY2013
Investments	Hold	<ul style="list-style-type: none"> • BARE: - Investment of approx Rs 859 mn for 74% stake in BARE, a retail led mixed-use developer based in North-India 	<ul style="list-style-type: none"> - Lucknow mall operational since May 2010 <ul style="list-style-type: none"> - Avg. license fee is ~Rs. 45 per sq. ft. - Avg. footfalls per day of 15,000 - Bareilly Mall – Expected to open in Q4FY2012
		<ul style="list-style-type: none"> • EWDPL - Investment of Rs. 1,590 mn for 40.3% stake - Develops retail, hospitality and residential projects across emerging cities in central India 	<ul style="list-style-type: none"> - Malls coming up in Raipur, Bhillai, Jabalpur, Mohali and Indore - Residential townships in Indore and Udaipur



Shangri - La



- Shangri – La is positioned as a five star luxury hotel with inventory which would be in Top – 5 among Mumbai’s Luxury Hotels
- It shall house multiple fine dining and lounge options, a sprawling banqueting and conferencing facility and a spa that matches international standards to cater to business and leisure travelers
- Phase wise handover of the property to Shangri – La to begin by March – April 2012



Bangalore (W) – Residential project

- Nearly 3msf of saleable area in a prime 16 acre land parcel located at Rajajinagar in Bangalore (W). The land parcel adjoins the Iskon Temple.
- The project is designed to have 9 high-rise towers and one luxury tower. It is expected to be developed over four and a half years.
- The 9 high-rise towers will have 2.5 BHKs (convertible to 4 BHKs) and 3 BHKs while the luxury tower will contain only 4 BHKs and 5 BHKs.
- Launch date is June 2012.



A photograph of a modern, multi-story atrium. The space is characterized by a large glass skylight at the top, allowing natural light to filter in. The architecture features curved balconies and railings. The color palette is vibrant, with sections of blue, red, yellow, and green. The overall atmosphere is bright and open.

PML – PHCPL Update

Issue of shares to PML in Phoenix Hospitality

PML – PHCPL Update

- As per the Memorandum of Understanding dated July 13th, 2007 signed with PHCPL, PML had committed to invest Rs 3,500 mn for a 75% stake
- PML has till date invested Rs. 1,542 mn in PHCPL towards Share Application Money
- PHCPL has allotted shares against money infused giving PML a 56.9% stake in the company with the option to increase its stake up to 75%

Details of key PHCPL investments/projects

Name of SPV	Location	Stake of PHCPL	Development type	Saleable area (msf)	Expected/Actual Launch
Alliance Hospitality Services	Pune	55%	Residential	0.27	Q2FY13
Graceworks Realty & Leisure	Kurla, Mumbai	77%	Retail/Commercial	0.55	Q4FY12
Platinum Hospitality	Bangalore (W)	70%	Residential	1.1	Q1FY13
Starboard Hotels	Chennai	50%	Residential/Hotel	0.35	Planning Stage
Gangetic Hotels Pvt Ltd	Agra	41%	Hotel	149 keys	Q4FY13



For more information on the Company, its projects and services please log on to www.thephoenixmills.com or contact:

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