









PROZONE CSC Limited

*Result Update Q1 FY14
August – 2013*





Discussion Outline

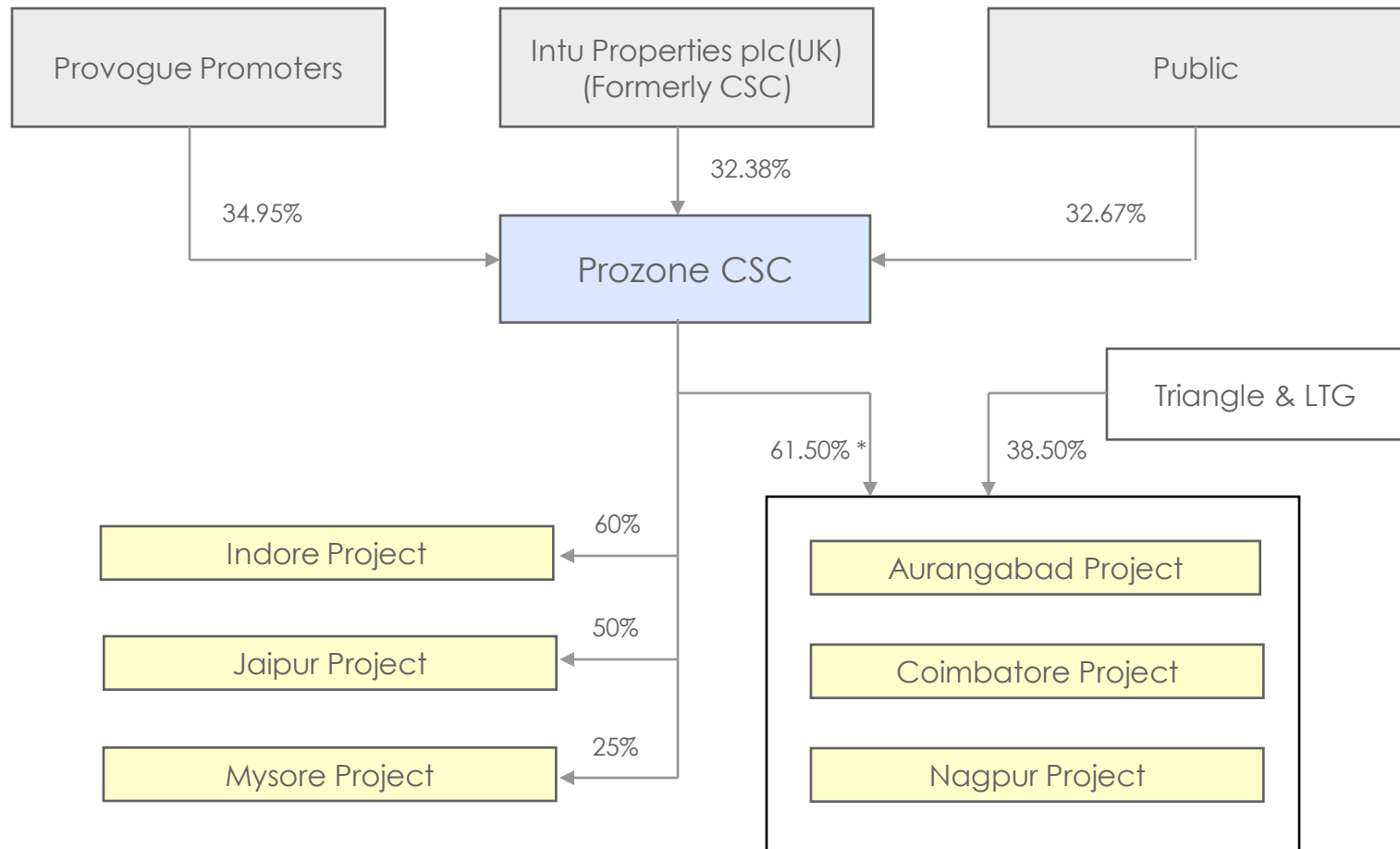
-  About Us
-  Quarterly Business Update
-  Financial Results
-  Project Update
 -  Aurangabad
 -  Nagpur
 -  Indore
 -  Coimbatore



About Us: Executive Summary

-  Vision: To become India's leading developer / manager of high quality shopping centers in emerging urban cities pan-India, incorporating mixed-use developments to facilitate the business model.
-  Prozone CSC has attracted investments from major institutional investors, notably the Triangle Fund (anchored by Old Mutual Group, South Africa) and the Lewis Trust Group (the River Island promoter's family fund) into step-down subsidiaries for three projects in Aurangabad, Coimbatore and Nagpur.
-  The business harnesses Intu Properties plc (previously Capital Shopping Centres plc 'CSC') input and experience as UK's largest retail real estate developer combined with Provogue (India) Ltd's in-depth knowledge of the Indian retail market.
-  The company has a strong balance sheet, large land bank fully paid, a planned pipeline of projects and a strong domestic execution team.
-  First mall in Aurangabad is trading well and is widely acclaimed by retailers and the shopping public as a regional destination for its forward-looking design and high quality facilities.
-  Following a thorough incubation period, the company is poised for growth and anticipates unlocking significant value to its shareholders.

About Us: The Holding Structure



* - Through wholly owned subsidiary company at Singapore

Quarterly Business Update

Update - Build & Lease Model



Retail– Aurangabad Mall



Q1 FY14 Total income has reduced by 5.6 % on Y-o-Y basis primarily reflecting retailers who have exited their Indian business, thus closed down their stores.



EBIDTA Margins have reduced mainly on account of Increased Advertising spends in order to ensure strong footfalls and conversion which has shown results as Retailer sales, Footfalls as well as Trading density have improved during the quarter.



Q1 FY14 Retailer Sales - Increased by 7.7 % from Rs. 354.9 Mn. to Rs. 382.2 Mn. on Y-o-Y basis, Increased by 4.1 % from Rs. 367 Mn. to Rs. 382.2 Mn. on QoQ basis.



Q1 FY14 Average Monthly Trading Density - Increased by 16 % from Rs. 223.0 to Rs. 258.7 on Y-o-Y basis, Increased by 12 % from Rs. 231 to Rs. 258.7 on QoQ basis.



Q1 FY14 Footfalls - Increased by 3.2 % from 15.4 lakh to 15.9 lakh on Y-o-Y basis, Increased by 11.4 % from 14.3 lakh to 15.9 lakh. on QoQ basis.



New Stores Update – Addition of Brands such as Wrangler & Indigo Nation during the quarter. Also New stores in the Fit out stage include US Polo, Samsung & Hyundai Motors.



Retail– Coimbatore Mall



Leasing in progress for key anchor tenants. Agreement signed for Multiplex.



Design & Planning completed for the retail development.





Infrastructure development work in progress on site.



Quarterly Business Update

Update - Build & Sell Model




Commercial– PTC Phase 1 – Aurangabad

-  Execution in progress for Prozone Trade Centre (PTC) Phase 1 and is expected to be delivered by Q4FY14.
-  Overall 190,000 sq. ft. of Commercial Area launched in Phase 1 and ~97% is sold out.


Retail – Saral Bazar - Aurangabad

-  A community street market concept which offers small shop spaces of 80-150 sq. ft.
-  Phase 1 & 2 launched with over 30,000 sq. ft. and 76% is sold out. Construction in full swing and Project to be delivered by Q4FY14.




Residential – Nagpur

-  Construction of Sales Office, Sample Flat and site infrastructure has been completed.
-  Residential Project pre-Launch in Nagpur – Total 292 Flats have already been sold out generating Total Sales (excluding other charges) of Rs. 1,612 Mn.
-  Project Launch – Q3 FY14

Residential – Indore

-  Construction of Sales Office, Sample Flat, & Site Infrastructure completed. Club House work in progress. Project Launch by Q3 FY14.

Residential – Coimbatore

-  Designing work completed for Residential towers.
-  Designing, Planning & Setting out completed for Sales Office, Show Flat, Club House & Site Infrastructure.
-  Club House & Site Infrastructure work in progress

Financial Results: Income Statement

Rs. Mn.	Q1 FY14	Q4 FY13	QoQ %	FY2013
Sale of commercial Units	29.6	173.4	-82.93%	403.1
Sale of services	57.3	61.4	-6.68%	235.2
Other operating Income	28.6	30.1	-4.98%	133.8
Total Income from operations	115.5	264.9	-56.42%	772.1
EBITDA (w/o Other income)	6.8	83.0	-91.81%	195.4
EBITDA Margin (w/o Other income)	5.88%	31.32%		25.31%
Other Income	20.6	9.9	108.08%	67.9
EBITDA (with Other income)	27.4	92.9	-70.51%	263.3
EBITDA Margin (with Other income)	23.72%	35.05%		34.10%
Depreciation	(56.3)	(57.4)	-1.92%	(237.5)
Interest	(45.7)	(38.5)	18.70%	(150.2)
Profit before tax	(74.6)	(8.7)	-	(130.2)
PAT after minority interest	(48.5)	(3.8)	-	(89.4)

- Total Income and EBITDA have reduced on Q-o-Q basis due to -
 - Lower Revenue recognition from PTC phase 1 and Saral Bazar.
 - No Revenue recognition on the sale of 292 Units in Nagpur project as the project has not yet crossed the Threshold value as per revenue recognition policy.
 - Increased Marketing & Advertising and Electricity expenses during the quarter.
- Note-
 - Sale of Services represent rent income and CAM Income received from Aurangabad Mall.
 - Sale of Commercial Units represent Revenues recognized from the Build & Sell model
 - Other Income constitutes Interest & Dividend Income on Investments, and gain on sale of current investments

Retail Update – Aurangabad Mall



Retail Update – Aurangabad Mall



Mall Matrix

Key Operating Parameters	Q4FY13
Gross Leasable Area (sq.ft.)	680,189
Current Leasing Status	77.6%
Current Occupancy Status	76.4%
Number of Stores Signed	105
Retailer Sales (Rs. Mn.)	382.2
Average Monthly Trading Density (Rs/sqft)	258.7
Footfalls (Mn.)	1.59



Mall Update -



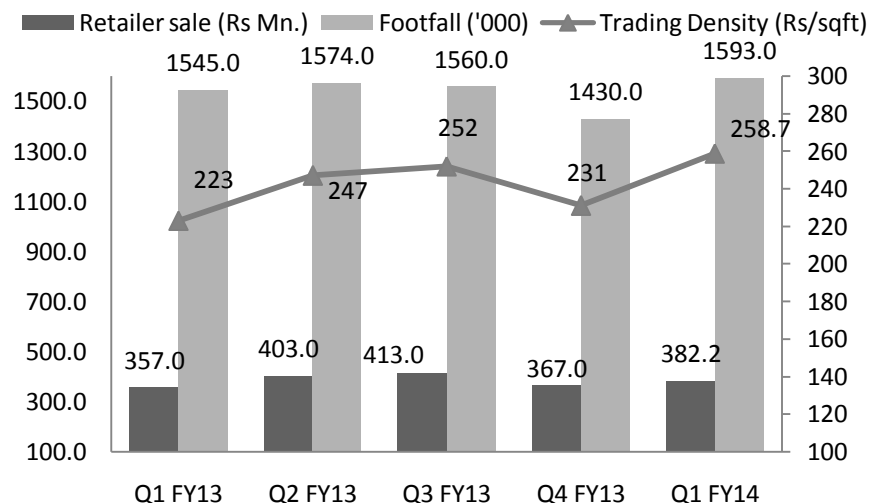
2 new stores (Wrangler and Indigo Nation) and 1 new Kiosk (Cigaree) opened in Q1 adding 2,519 sq ft of GLA in operation.



Fit out for 5 stores - Samsung, Fruitech Agro, US Polo, Hyundai Motors & MDS in progress.



Retailer Sales & Average Monthly Trading Density increased by 7.7 % and 16 % respectively on Y-o-Y basis.

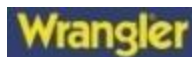
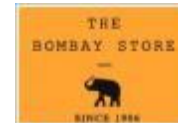


Financial Snapshot – Aurangabad Mall

Operational Details (Rs. Mn.)	Q1 FY14	Q1 FY13	YoY %	Q4 FY13	QoQ %
Area Leased (sq. ft.)	5,19,000	5,35,176		526,769	
% Occupancy	76.4%	78.7%		77.4%	
Rental Income	44.4	50.8	-12.5%	52.6	-15.6%
Recoveries (CAM & Other)	46.1	45.1	2.2%	44.3	4.0%
Total Income	90.5	95.9	-5.6%	96.9	-6.6%
EBIDTA	27.2	46.9	-42.0%	52.3	-47.9%
EBIDTA Margin % (as % of Rental Income)	61.3%	92.3%		99.4%	
EBIDTA Margin % (as % of Total Income)	30.0%	48.9%		53.95	

- Rental Income has reduced by 12.5% due to closure of some of the brands as they have exited their businesses.
- EBIDTA Margins have decreased mainly on account of Increase in Advertising expenses in order to ensure improved footfalls in the mall and Other expenses such as Electricity charges.
- Fit outs in Process for another 8,982 sq. ft. with Brands such as US Polo, Samsung, Fruitech Agro, Hyundai Motors & MDS opening their stores in the coming quarter.

Brand Partners - Aurangabad Mall



Aurangabad Mall - Events



Street Food Festival



Handloom Exhibition



Bollywood Movie – Aashiqui 2 Promotion



Bollywood Movie Promotion

Aurangabad Mall - Events



Brand Promotion - Intel



Brand Promotion - Intel



Kids Promotion – Journey to Space



Kids Promotion – Journey to Space

Commercial Update – Aurangabad PTC Phase 1

Prozone Trade Center (PTC) Phase 1	FY13
Total Area Launched (sqft)	190,528
Total Units Launched (No)	117
Total Area Sold (sqft)	184,484
% Total Area Booked	96.8%
Avg. Sale Rate per sqft (Rs)	3,300
Total Sale Value (Rs. Mn.)	608
Amount Collected (Rs. Mn.)	197
Revenue Recognized (Rs. Mn.)	496.7
Total Project Cost (Rs. Mn.)	246
Estimated Project Completion Date	Q4FY14



Prozone Trade Centre (PTC) Phase 1



Construction of Prozone Trade Centre (PTC) Phase 1 of ~190,000 sq ft is in progress and is expected to be completed by Q3FY14.



Total expected income from PTC Phase 1 is ~Rs 629 Mn., out of which 94% area is already sold.



Cash inflows of ~Rs. 411 Mn. to be generated in FY14.

Commercial Update – Aurangabad PTC Phase 1



Commercial Update – Aurangabad PTC Phase 1



Retail Update – Aurangabad – Saral Bazar

Saral Bazar Phase 1+2	FY13
Total Carpet Area Launched (sqft)	31,749
Total Units Launched (No)	330
Total Carpet Area Booked (sqft)	24,013
% Total Area Sold	76%
Avg. Sale Rate per sqft (Rs)	14,700
Total Sale Value (Rs. Mn.)	334.1
Amount Collected (Rs. Mn.)	120.7
Revenue Recognized (Rs. Mn.)	192.3
Total Project Cost (Rs. Mn.)	66.1
Estimated Project Completion Date	Q4FY14



Saral Bazaar



Saral Bazaar - A community street market concept which offers small shop spaces of 80-150 sqft.



Total expected income from Saral Bazaar Phase 1 & 2 is ~Rs 466.7 Mn., out of which 76% area is already sold.



Cash inflows of ~Rs. 229.9 Mn. to be generated in FY14.

Retail Update – Aurangabad – Saral Bazar

Mock Up Units



Construction – Work in Progress



Project update – Nagpur



Location –



Prozone Palms is strategically located just off Wardha Road, a prime residential location at Nagpur.



It is in close proximity to the MIHAN (Multi-modal International Cargo Hub and Airport at Nagpur) airport.



Project Size –



Prozone Palms township is being developed in 2 phases and Phase 1 of the same is spread over 11 acres of land with 20,01,608 sq. ft. of saleable area.



Prozone Palms offers 14-storey towers with a total of 1,176 flats with a wide range of luxurious 2 BHK, 3 BHK & 4 BHK apartments meticulously planned for spacious living.



Premium Clubhouse Infrastructure –



Club Palms, spread over 4 acres, which offers one of the finest clubbing experiences through a wide gamut of luxurious amenities



e.g. kids play area, meditation centre, aroma garden, therapeutic walk, multipurpose court, swimming pool, jacuzzi, barbeque pavilion, outdoor dining plaza, jogging/cycling track, amphitheatre etc.

Project update – Nagpur



Residential update –



Construction of Sales Office, Sample Flat and site infrastructure has been completed.



Construction work of Club house & Infrastructure has begun. Project Launch will be done only after major construction of the Club house is completed.



Project launch – Q3 FY14



Pre Launch Response -



Soft Launch commenced with effect from Feb 13



Pre-Launch Response – Have sold Total 292 Units till date. Total Area booked till date is 485,906 sq. ft.



Projects to be launched once the major work for Club house is completed.



Current Average sales realization – Rs. 3,319 per sq. ft.



Total Basic Sale value (excluding other charges) of Rs. 1612 Mn.



Retail update -



Design development work for Nagpur retail is in progress. Pre-Concept has been finalized and Concept design is being developed.

Residential Update – Nagpur

Sales Office & Show Flat



Residential Update – Nagpur

Club House & Infrastructure Work in Progress



Project update – Indore



Location –



Prozone Palms is situated on Kanadia Road, a prime residential location at Indore.



Well connected by Bypass road, proposed RE-2, it is strategically located within a 5 min drive from high end residential areas like Saket & Gulmohar.



Project Size –



Prozone Palms township is being developed in 2 phases and Phase 1 of the same is spread over 11 acres of land with 23,61,662 sq. ft. of saleable area.



Prozone Palms phase 1 offers 18-storey towers with a total of 1574 flats with a wide range of luxurious 2 BHK, 3 BHK & 4 BHK apartments meticulously planned for spacious living.



Premium Clubhouse Infrastructure –









Club Palms, spread over 4 acres, which offers one of the finest clubbing experiences through a wide gamut of luxurious amenities



e.g. kids play area, meditation centre, aroma garden, therapeutic walk, multipurpose court, swimming pool, jacuzzi, barbeque pavilion, outdoor dining plaza, jogging/cycling track, amphitheatre etc.

Project update – Indore

Residential update –

-  **Project launch – Q3 FY14**
-  Infrastructure development work in progress.
-  Marketing Office and Sample Flat Civil structure and Interiors work completed.
-  Access road as well as Site Infrastructure completed.
-  Club House Civil structure completed and Interiors work is in progress.
-  Project Launch to take place post Club house is completed.



Residential Update – Indore



Sales Office



Sample Flat



Sales Office



Sample Flat

Residential Update – Indore



Landscape & Boundary wall



Club House & Swimming Pool



Access Road



Kids play area & Landscape

Project update – Coimbatore



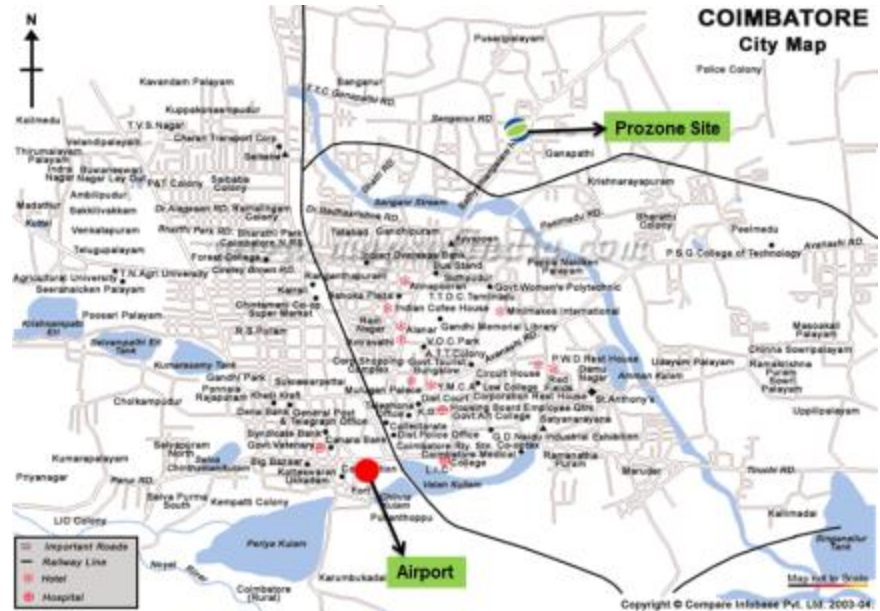
Location –



Prozone land parcel is Located on the Sathyamangalam road a.k.a. the IT Corridor of Coimbatore.



Site has main access via National Highway No 209 providing excellent connectivity to the site.



Project Size –



Retail development to have 664,000 sq ft of GLA spread over 2 phases.



Prozone Palms township is being developed in single phase and is spread over 11 acres of land with 15,12,000 sq. ft. of saleable area.



Prozone Palms phase 1 offers 18-storey towers with a total of 1088 flats with a wide range of luxurious 2 BHK, 3 BHK & 4 BHK apartments meticulously planned for spacious living.



Premium Clubhouse Infrastructure –



Club Palms, spread over 4 acres, which offers one of the finest clubbing experiences through a wide gamut of luxurious amenities






e.g. kids play area, meditation centre, aroma garden, therapeutic walk, multipurpose court, swimming pool, jacuzzi, barbeque pavilion, outdoor dining plaza, jogging/cycling track, amphitheatre etc.

Project updates - Coimbatore

Retail Update -

-  Design & Planning completed for Retail development. Infrastructure development work in progress.
-  Agreement for Multiplex signed.
-  Strong interest witnessed for Leasing for the Hypermarket by national as well as international players.
-  Leasing for Anchor & mini anchors in progress. Agreements for key anchors are at advanced stages of finalization.
-  Financial Closure achieved with Bank debt sanction of Rs 1800 mn. at a competitive rate of 13.75% due to our strong balance sheet.
-  Mall commencement is expected in Oct 2015.

Residential Update -

-  **Project launch – Q4 FY14**
-  Designs have been finalized for Infrastructure work which includes Sales Office, Marketing Office and road work for Residential portion.
-  Club House & Site Infrastructure work in progress

Residential Update – Coimbatore






Retail Site Infrastructure – Work in Progress







Summary – Outlook for FY14

Focus on Execution & Strong Free Cash Flow (FCF) Generation –

-  Strong Free Cash Flow expected as Cash to be collected from PTC Phase 1 & Saral Bazar in Aurangabad.
-  Completion & Delivery of Prozone Trade Centre (PTC Phase 1) & Prozone Saral Bazar in Aurangabad by Q4 FY14.
-  Revenue Recognition for Nagpur to initiate during the year as construction crosses the threshold value as per Revenue recognition policy.

Residential Project Launches in Nagpur & Indore

-  Construction of Sales Office, Sample Flat and site infrastructure has been completed.
-  Overwhelming Pre-Launch Response in Nagpur – Sold more than 290 units aggregating to Rs. 1612 mn. in sales.
-  Club House work in progress. Projects to be launched once the major work for Club house is completed.
-  Projects to be Launched in Nagpur and in Indore in Q3 FY14.

Construction to start for Coimbatore Retail Mall

-  Financial Closure achieved for the Retail Mall.
-  Construction of Retail Mall planned accordingly so as to have a comfortable Cash Flow position, as Strong Cash flows from Residential Projects to fund the Retail Construction.

THANK YOU



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ANNEXURE

The Demerger

- 🌈 On 10th February 2012, the Bombay High Court approved the demerger of Prozone Enterprises Private limited from Provogue (India) Limited. The demerger was in the ratio of 1:1 and the shares were given to the shareholders of Provogue (India) Limited
- 🌈 Prozone Enterprises Pvt. Ltd.,[PEPL] pursuant to the same court scheme. The amalgamation of Prozone into PCSC was with exchange ratio of 313 : 75 and accordingly CSC, being shareholder of PEPL was allotted shares in PCSCCL.
- 🌈 Listed on BSE and NSE on 12 Sep, 2012
- 🌈 BSE: 534675 | NSE: PROZONECSC | ISIN: INE195N01013 | BLOOMBERG: PROZONE:IN
- 🌈 Total outstanding shares; 152.6 million of face value Rs 2 each
- 🌈 Current Market Capitalization: Rs 3906.6 mn. (as of 10th May 2013)

Name	%
Provogue Promoter Group	34.95%
CSC	32.38%
Public	32.67%
Total	100%

About Us – Intu Properties Plc

Formerly: Capital Shopping Centres Group Plc (CSC)

- UK's largest retail real estate player
- One of the UK's top 100 companies, listed in London and Johannesburg with current asset valuation of £7 billion
- Over 35 years global real estate development and asset management experience
- More than 16 mn sqft of retail space; 320 million customer visits a year
- India entry through an investment in Prozone Enterprises Pvt Limited in 2007
- CSC has recently changed its name & now its known as Intu Properties Plc (Intu)
- Intu now owns 32,38% of Prozone CSC
- Intu's Chief Executive and Senior Director are represented on the Board of Prozone CSC Ltd



Metrocentre, Gateshead, UK



Lakeside, Thurrock, UK

About Us: Business Summary (As at Mar 2013)

	Project Status	1st Phase Completion	Prozone Stake%	Retail	Residential	Commercial	Balance FSI	Total Area msf
Aurangabad	Open	2010	61.5%	741,000	-	818,000	-	1.56
Coimbatore	On Site	2015	61.5%	664,000	1,512,000	360,000	899,000	3.44
Indore	On Site	2015	60%	-	2,361,000	-	2,182,000	4.54
Nagpur	On Site	2015	61.5%	675,000	1,584,000	360,000	1,635,000	4.25
Jaipur	Planning	2017	50%	-	1,500,000	-	1,276,000	2.78
Mysore	Planning	2017	25%	-	1,216,000	-	-	1.22
TOTAL				2,080,000	8,173,000	1,538,000	5,992,000	17.79

Note - Land bank is fully paid






Prozone CSC Business Strategy




- 🌈 Locations selected in high growth corridors within city limits
- 🌈 Execute high quality retail assets at the right price and the right time
- 🌈 Develop and sell mixed-use assets to facilitate retail investments

Prozone CSC – Revenue Recognition Policy

Build & Sell Model – Percentage of Completion Method

-  Threshold of Construction Cost – Minimum 25% of the Construction cost to be incurred .
-  Land & TDR cost is not included in computing the Percentage of Project Completion for recognizing revenue.
-  Revenue is recognized either on execution of an agreement or a letter of allotment.
-  Minimum 25% LOI or Agreement signed
-  Minimum 10% of the Receipt payment received.

Build & Lease Model – Accounting Standard (19) - Leasing

-  Income earned by way of leasing or renting out of commercial premises is recognised as income in accordance with Accounting Standard 19 on “Leases” (AS 19). Initial direct costs are recognised as expense on accrual basis in Profit and Loss Account.

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