


PROZONE CSC Limited

*Result Update Q3 FY14
December – 2013*



Discussion Outline

 Quarterly Business Update

 Financial Results

 Project Update

 Aurangabad

 Nagpur

 Coimbatore

 Indore



Quarterly Business Update

Update - Build & Lease Model



Retail– Aurangabad Mall



Q3 FY14 Rental income has been flat amidst slowdown, however Positive Improvements are seen across all key parameters such as Retailer sales, Average Trading density, Footfalls as well as Traction in Leasing activity,



Q3 FY14 Retailer Sales - Increased by 9.8 % from Rs. 413.0 Mn. to Rs. 453.7 Mn. on Y-o-Y basis, Increased by 5.6 % from Rs. 429.5 Mn. to Rs. 453.7 Mn. on QoQ basis.



Q3 FY14 Average Monthly Trading Density - Increased by 7.1 % from Rs. 252 to Rs. 274 on Y-o-Y basis, Has been flat on QoQ basis from Rs. 274 to Rs. 270.



Q3 FY14 Footfalls - Increased by 14.5% from 15.6 lakh to 17.8 lakh on Y-o-Y basis, Increased by 7.7 % from 16.5 lakh to 17.8 lakh. on QoQ basis.



New Stores & Leasing Update – Addition of 11,695 sq. ft. under Brands such as Killer, Lee, LG, ATN Bags & Sajan Sarita, during the quarter. Also 5 New stores (12,542 sq. ft.) in the Fit out stage Kream & Krunch, Fruitech Agro, Sonotech, Red Moments, & Gym. Strong Traction seen in leasing activity as another 7 new stores are under discussion.



Retail– Coimbatore Mall



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



Good response seen during our participation at the India Retail Forum (IRF) and currently in advance discussion with several Anchor tenants for the Mall.



Design & Planning completed for the retail development. Infrastructure development work in progress. First phase of excavation work for Mall building completed.






Mall expected to become operational in CY 2016.

Quarterly Business Update

Update - Build & Sell Model





Commercial- PTC Phase 1 – Aurangabad

-  Overall 190,000 sq. ft. of Commercial Area launched in Phase 1 and ~97% is sold out.
-  Due to difficult Market conditions, Collections have been sluggish, therefore Constructions pace has been kept in line with the slow collections.
-  Execution in progress for Prozone Trade Centre (PTC) Phase 1 and is expected to be delivered by Q2FY15.







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 for Phase 1 in full swing with Civil work completed for Phase 1. Work for Finishes and services for Phase 1 in Progress. Expected to be delivered by Q4FY14.





Residential – Nagpur

-  Construction of Sales Office, Sample Flat and site infrastructure has been completed.
-  Civil Work for the entire Clubhouse has been completed. Excavation work for the Residential Towers has started.
-  **Good Response to Project pre-Launch in Nagpur** – Total 315 Flats have already been sold till date with total Area booked - 5,19,263 sq. ft.
-  Bookings have been closed as of now, to open once the construction for the Residential Tower starts.




Residential – Coimbatore

-  Civil work for Club House has been completed. Interior work for Marketing office has been completed. And initiated for Show Flat.
-  **Pre-Launch has been initiated**, the Company participated in a property expo. on 18/19 Jan 2014 where in the response received has been encouraging. Main Launch for the project planned for Q4 FY14.



Residential – Indore

-  Construction of Sales Office, Sample Flat, & Site Infrastructure completed. Club House work in progress. Project to be launched once all the approvals are received.

Financial Results: Consolidated Income Statement

Rs. Mn.	Q3 FY14	Q3 FY13	YoY %	Q2 FY14	QoQ %
Sale of commercial Units	40.8	13.5	202.2%	54.6	(25.3%)
Sale of services	55.6	65.6	(15.2%)	54.9	1.3%
Other operating Income	32.0	42.6	(24.9%)	28.5	12.2%
Total Income from operations	128.4	121.8	5.4%	138	(6.9%)
EBITDA	48.4	13.3	263.9%	45.4	6.6%
EBITDA Margin	37.7%	10.9%		32.9%	
Other Income	17.4	14.3	21.7%	13.7	27.0%
EBITDA	65.8	27.6	138.4%	59.1	11.3%
EBITDA Margin	51.2%	22.6%		42.8%	
Depreciation	(49.4)	(60.8)	(18.8%)	(51.0)	(3.1%)
Interest	(37.8)	(32.3)	17.0%	(44.7)	(15.4%)
Profit before tax	(21.4)	(65.5)		(36.6)	
PAT after minority interest	(6.5)	(44.1)		(23.6)	

Result Update -

- **Total Income has increased by 5.4% to Rs. 128.4 mn and Total EBITDA increased by 138.4% on a YoY basis to Rs. 65.8 mn mainly on account of Revenue Recognized for the sale of Units in Saral Bazar.**
- **EBITDA Margins have also improved on YoY as well as QoQ basis due to rationalization in Advertising & Other expenses which were higher during the earlier quarters.**

- 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	Q3FY14
Gross Leasable Area (sq.ft.)	680,189
Current Leasing Status	82%
Current Occupancy Status	80%
Number of Stores Signed	115
Retailer Sales (Rs. Mn.)	453.7
Average Monthly Trading Density (Rs/sqft)	270
Footfalls (Mn.)	1.78



Mall Update -



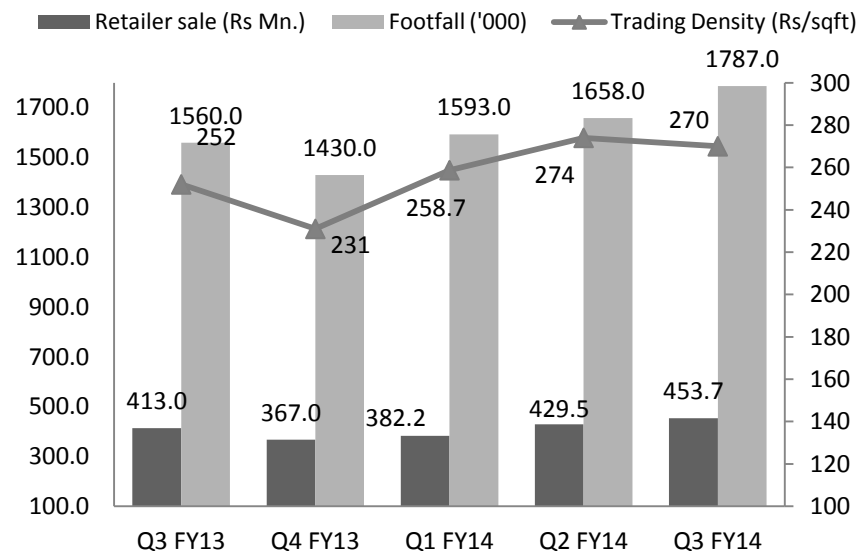
7 new stores opened in Q3 FY14 – Killer, Lee, LG, ATN Bags, Sajan Sarita, Word Power & Hockey Pockey. Total Area added during Q3 FY14 – 11,695 sq. ft.



Fit out for 6 stores – Kream & Krunch, Fruitech Agro, Sonotech, Red Moments, MSL, Sajan Sarita & Gym in progress. Total Area under Fit out stage – 12,542 sq. ft.



Retailer Sales & Average Monthly Trading Density increased by 9.9 % and 6.9 % respectively on Y-o-Y basis.



New Stores Opened in Q3 FY14 - Aurangabad Mall

KILLER



SAJAN SARITA



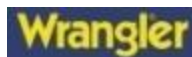
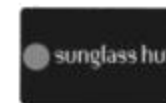
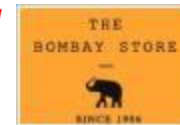
LG ELECTRONICS



ATN BAGS SHOWROOM



Brand Partners - Aurangabad Mall



Financial Snapshot – Aurangabad Mall

Operational Details (Rs. Mn.)	Q3 FY14	Q2 FY14	QoQ %	Q3 FY13	YoY %
Area Leased (sq. ft.)	5,43,312	5,35,000	0.2%	530,257	2.5%
% Occupancy	80%	80%		78%	
Rental Income	43.2	44.0	(1.8%)	49.7	(13.0%)
Recoveries (CAM & Other)	43.9	41.6	5.5%	45.3	(11.9%)
Total Income	87.1	85.6	1.7%	95.0	(8.3%)
EBIDTA	28.5	30.5	(16.4%)	52.6	(45.8%)
EBIDTA Margin % (as % of Rental Income)	65.9%	69.3%		106%	
EBIDTA Margin % (as % of Total Income)	32.7%	35.6%		55%	

- Rental Income has reduced by 1.8% on a QoQ basis and by 13% on YoY basis due to some Renegotiations in Rentals for some of the Tenants.. EBIDTA Margins have declined on YoY basis mainly on increase in Electricity expenses.
- Major Stores added during Q3 FY14 have been added only in the last month of the Quarter, thus the stated Rental Income does not factor the entire contribution from the newly leased area added in Q3 FY14.

Aurangabad Mall - Events



Sunday Talent Event



Diwali Day Event



Rock Band Performance



Rock Band Performance

Commercial Update – Aurangabad PTC Phase 1

Prozone Trade Center (PTC) Phase 1	Q3 FY14
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.)	203.1
Revenue Recognized (Rs. Mn.)	511.8
Total Project Cost (Rs. Mn.)	246
Estimated Project Completion Date	Q2FY15



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 Q2FY15.



Total expected income from PTC Phase 1 is ~Rs 629 Mn., out of which 97% area is already sold.



Due to difficult Market conditions, there has been a delay in payments from customers.



Collections have been sluggish, therefore Construction pace has been kept in line with the slow collections.



Expect Cash inflows of ~Rs. 411 Mn. to be generated by Q2 FY15.

Commercial Update – Aurangabad PTC Phase 1







Commercial Update – Aurangabad PTC Phase 1



Retail Update – Aurangabad – Saral Bazar

Saral Bazar Phase 1+2	Q3 FY14
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.)	313.6
Amount Collected (Rs. Mn.)	116.9
Revenue Recognized (Rs. Mn.)	272.1
Total Project Cost (Rs. Mn.)	66.1
Estimated Project Completion Date	Q4FY14



-  **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.
-  Civil work has been completed for Phase 1. Work for Finishes and services for Phase 1 in Progress.
-  Phase 1 to be delivered by Q4 FY14. Post delivery, Marketing Activity planned in Q4 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.



Civil work has been completed for Club house. Civil work in place for major structures in landscape area. Interior work of Club house to commence along with construction of residential towers.



Main residential building excavation has started & Construction of main towers to start on from Feb 2014 onwards.



Bookings have been closed as of now, would start further bookings only post the construction for the Residential Towers has started.



Pre Launch Response -



Soft Launch commenced with effect from Feb 13



Good Pre-Launch Response – Despite Slowdown and weak Economic environment, the project has witnessed good response in sales traction due to better construction activity with upfront built up of the club house at the site.



Have sold Total 315 Units till date. Total Area booked till date is 5,19,263 sq. ft.



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



Residential Update – Nagpur

Club House & Infrastructure Work in Progress



Project update – Coimbatore



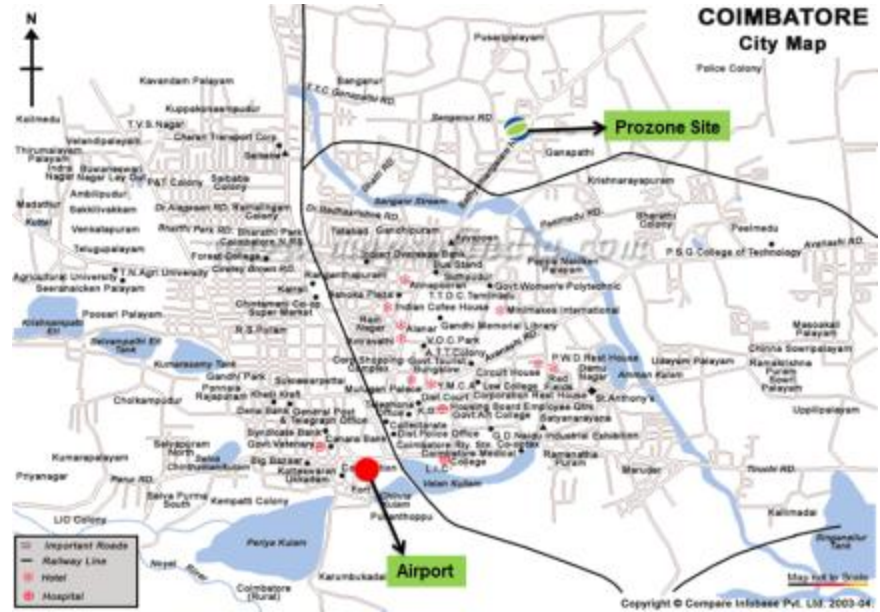
Location –



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. First phase of excavation work for Mall building completed.
-  Agreement for Multiplex signed & security deposit received.
-  Leasing for Anchor & mini anchors in progress - Good traction seen from several Anchor Tenants during recent participation at the India Retail Forum (IRF). Agreements for key anchors are at advanced stages of finalization.
-  In the environment where real estate debt is difficult come by, we have managed to get Bank debt sanction of Rs 1800 mn. at competitive rate of 13.75% due to our strong balance sheet.
-  Mall commencement is expected in CY 2016.



Residential Update -

-  **Project launch – Q4 FY14**
-  Club House - Civil work has been completed. Interior work for Marketing office has been completed. And initiated for Show Flat.
-  Site Infrastructure work - Major Civil work completed for Infrastructures like Amphitheater, Koi Pond, Barbeque pavilion and Care Taker Pavilion.
-  **Pre-Launch has been initiated**, the Company participated in a property expo. on 18th/19th Jan 2014. The response has been encouraging and buyers have started visiting the site. Main Launch for the project is planned for Q4 FY14.

Residential Update – Coimbatore



Sales & Marketing Office , Show Flat



Residential Update – Coimbatore



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 –



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 Approvals in place and 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

Summary – Outlook for FY14

Focus on Timely Execution & Cash Flow Management –

-  Expect to Complete & Deliver phase1 of Prozone Saral Bazar in Aurangabad by Q4 FY14.
-  Focus on Timely execution and receivable collections for Prozone Trade Centre (PTC Phase 1).
-  Strong Cash Flow generation with Key Residential project launches in FY14 –
 -  Nagpur – Overwhelming Response in Pre-Launch, have sold more than 315 units till date. Currently, Bookings have been closed and to open only after the construction for Residential Tower starts.
 -  Nagpur - Construction for the Residential Towers to start from February, 2014 onwards.
 -  Coimbatore – Pre-Launch Initiated early this month, have received encouraging response from buyers. Main launch planned for Q4 FY14.

Construction & Marketing in progress 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.
-  Focus on leasing activity for the Retail Mall by signing up Anchor & Mini Anchor Tenants.

THANK YOU



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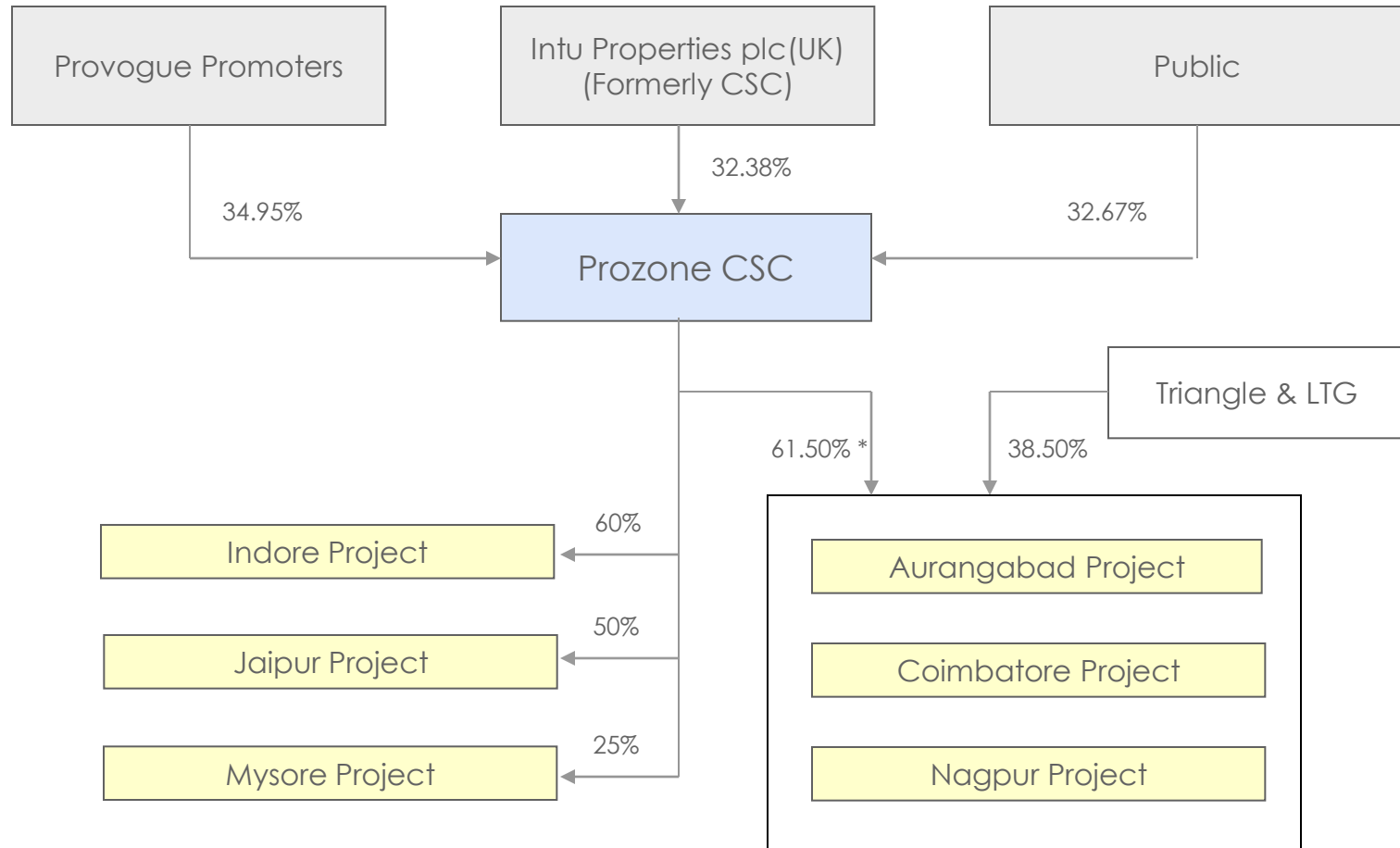
Website: www.dickensonir.com

ANNEXURE

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

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 PCSC.
- 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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