

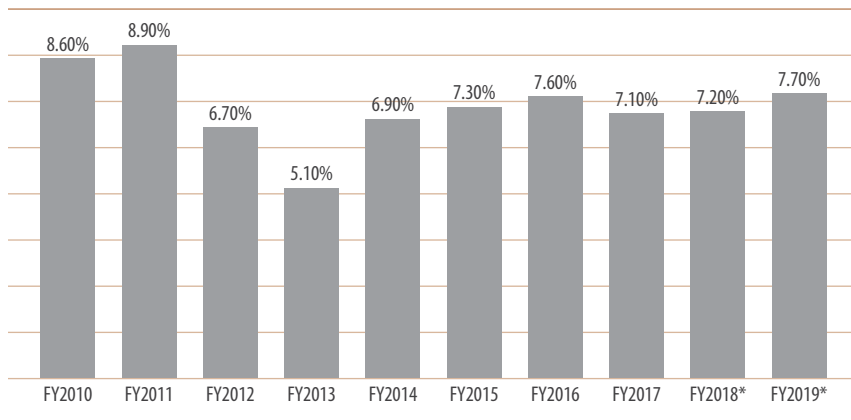
MANAGEMENT'S DISCUSSION & ANALYSIS

India's US\$ 2.2 trillion economy makes it the 7th largest in the world in terms of nominal GDP. As per a report by PriceWaterhouseCoopers, India is expected to edge past the United States to become the world's 2nd largest economy in purchasing power parity (PPP) by 2040.

ECONOMIC OVERVIEW

The Indian economy is growing strongly and remains a bright spot in the global landscape. The International Monetary Fund (IMF) projected GDP growth at 6.6% in 2016-17. On the external front, the current account deficit (CAD) has been narrowing down progressively from 1.7% of GDP in FY2016 to 1.1% in FY2017, primarily on account of lower trade deficit brought about by a larger decline in merchandise imports relative to exports.

India's Rising Economic Growth



*IMF projections for GDP Growth in India

The Reserve Bank of India has estimated India's Gross Value Added (GVA) growth to increase to 7.4% in FY2017-18, due to increasing capital expenditure, boosting of the rural economy, easing of crude oil prices, a normal monsoon and roll-out of Goods and Services Tax (GST) in 2017. Continued fiscal consolidation by reducing government deficits and debt accumulation, and an anti-inflationary monetary policy stance will cement macro-economic stability.





Introduction of GST

The Government made significant progress on important economic reforms, which will support strong and sustainable growth going forward. The implementation of Goods & Services Tax (GST) will help raise India's medium-term growth to above 8%, as it will enhance the efficiency of production and movement of goods and services across Indian states. GST will subsume a series of central taxes and state-level levies, and could benefit the nation in the long term, by way of a wider tax base and greater participation in the formal economy.

World's 7th Largest Economy

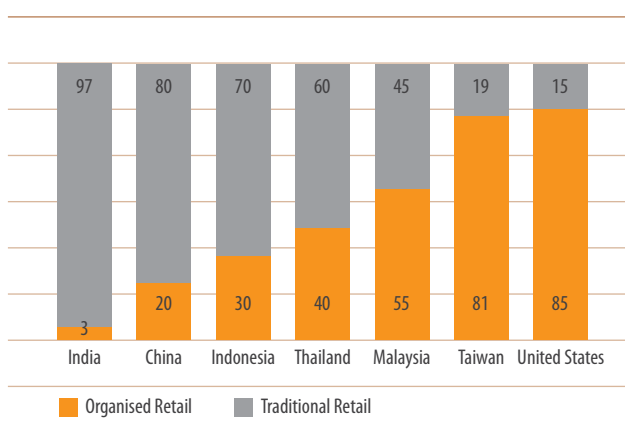
India's US\$ 2.2 trillion economy makes it the 7th largest in the world in terms of nominal GDP. The global economic order is expected to shift from advanced to emerging economies over the next few decades. As per a report by PriceWaterhouseCoopers, India is expected to edge past the US to become the world's 2nd largest economy in purchasing power parity (PPP) by 2040. The Report estimates E7 economies, comprising of Brazil, China, India, Indonesia, Mexico, Russia and Turkey, to grow at an annual average rate of almost 3.5% over the next 34 years, compared to just 1.6% for the advanced G7 nations of Canada, France, Germany, Italy, Japan, the UK and the US. E7 could comprise almost 50% of world GDP by 2050, while the G7's share is expected to decline to just over 20%, according to John Hawksworth, PWC's chief economist and co-author.

Growing Urbanisation and Rising Consumer Spend

By 2020, nearly 35% of Indians will be living in urban areas and there will be a rapid rise in the number of nuclear families, according to a study titled 'Retail transformation: Changing Your Performance Trajectory' conducted by Confederation of Indian Industry (CII) and the consulting firm The Boston Consulting Group. As per the Report, urbanisation will increase to 40% in 2020, an increase from 31% in 2015, and more than 200 million households will be nuclear, representing a 25-50% higher consumption per capita expenditure. It expects the average household income to increase three times to US\$18,448 by 2020, up from US\$6,393 in 2010.

Backed by robust economic growth and rising household incomes, consumer spending in India is expected to touch US\$ 3.6 trillion (about ₹ 240 trillion) by 2020, increasing India's share in global consumption to 5.8%—more than twice its current levels, according to a joint report released by FICCI and management consultancy PWC. Projections in the Report indicate that India's average household income will triple to US\$ 18,500 in 2020, up from US\$ 6,400 in 2010—acting as a major driver in retail growth and leading to the evolution of new consumer segments. Increasing disposable income levels and a rising number of sophisticated consumers gave rise to consumers seeking 'premium' products.

Share of Organised and Traditional Retail in India (%)



Source: IBEF; Ernst & Young Retail Report

India's average household income will triple to US\$ 18,500 in 2020, up from US\$ 6,400 in 2010—acting as a major driver in retail growth and leading to the evolution of new consumer segments. Increasing disposable income levels and a rising number of sophisticated consumers have given rise to consumers seeking 'premium' products.



Population to shape Growth Trajectory

India's millennial population of 400 million is the largest in the world, and is armed with approx. US\$ 180 billion in spending power. With high smartphone adoption and widespread availability of mobile broadband infrastructure, it will become a disruptive force faster than most expect. Population dynamics will be a key force in shaping India's overall growth trajectory and also in shaping how product markets will develop as preferences of the population evolve, according to a Report by Morgan Stanley. With the growth of the Indian economy, discretionary spends will rise faster and premium products will gain share, akin to the emerging markets of Russia and China. Indian consumers will become more discerning and demanding, and will be ready to pay more for their choices. The Morgan Stanley Report projects India's economy to reach US\$ 5 trillion by FY2025 and its per capita income to rise 125% to US\$ 3,650 by FY2025.

With India's large 'young' population and high domestic consumption, the macro trends for the sector look favourable. Estimates suggest that by 2030, around 91 million households will be 'middle class', up from 21 million today. Also by 2030, 570 million people are expected to live in cities, nearly twice the population of the United States today. Consumer markets in emerging economies like India are growing rapidly owing to robust economic growth. India's modern consumption level is set to double within five years to US\$ 1.5 trillion from the present level of US\$ 750 billion. Thus, with tremendous potential and a huge population, India is set for high growth in consumer expenditure.

Consumption Boom to boost India Economy

India will be a domestic consumption driven growth story. Rapid macroeconomic, demographic and lifestyle shifts in the country, bolstered by policy and regulatory changes, have a strong potential of taking India towards its goal of becoming the largest consumer market over the next decade, the Report by Morgan Stanley said. Declining interest rates, a near-normal monsoon leading to higher rural incomes and pay hikes for central government employees are key triggers for a consumption boom in India. Backed by higher rural income, growing purchasing power and rising aspirations will drive the consumption boom in India.

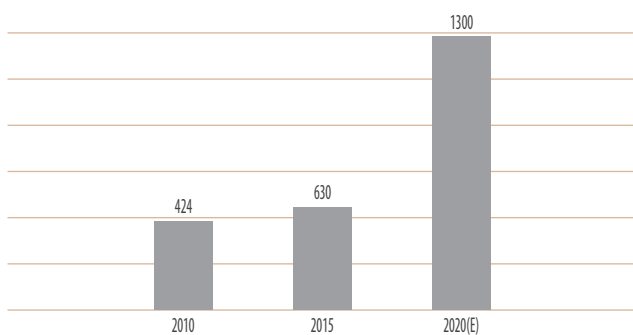


INDUSTRY OVERVIEW

India Retail

The retail sector accounts for 22% of India's GDP and contributes to 8% of the total employment. The country continues to be among the most attractive investment propositions for global retailers. It is one of the fastest growing across the globe, expected to grow to US\$ 1.3 trillion by 2020, doubling from US\$ 630 billion in 2015, according to a joint report by FICCI and PWC. The sector is seen registering a Compound Annual Growth Rate (CAGR) of 16.7% over 2015-20.

Market Size of India Retail (US\$ Billion)



Source: IBEF, India Retail Report, January 2017

Break-up of India's Retail Market

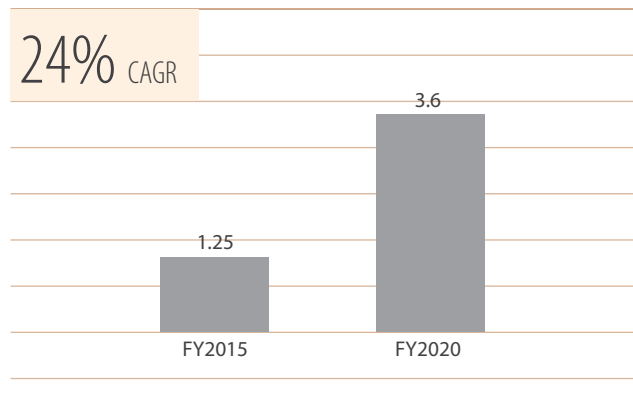
	2015	2020 (Estimated)
Total retail market	630	1,100-1,200
Organised retail market	60	140-160
E-Commerce	8-12	45-50
Unorganised retail market	560	915-990

Figures in US\$ Billion

Source: 'Retail transformation: Changing Your Performance Trajectory' conducted by CII and The Boston Consulting Group

India is the 5th largest preferred retail destination globally, and amongst the highest in the world in terms of per capita retail store availability. The retail sector is experiencing exponential growth in the country, with retail development taking place not only in metros and large cities, but also in Tier 2 & 3 towns. Healthy economic growth, changing demographic profiles, increasing disposable incomes, urbanisation, changing consumer tastes and preferences are some key factors driving growth in organised retail. According to 'Retail transformation: Changing Your Performance Trajectory', a study conducted by CII and The Boston Consulting Group, sales per square feet at Indian retail stores have much headroom to grow, compared to the international average.

Consumer Expenditure in India (US\$ Trillion)



Key Growth Drivers

- India has occupied a remarkable position in global retail rankings; it has high market potential, low economic risk and moderate political risk
- India's net retail sales are quite significant among emerging and developed nations; the country is ranked third, after China and Brazil
- Overall, given its high growth potential, India compares favourably with global peers among foreign investors
- With an investment of around US\$ 511.76 billion, the first half of 2016 witnessed the highest annual private equity (PE) in the retail sector, since 2008, according to a report by Cushman & Wakefield

(<http://economictimes.indiatimes.com/industry/services/retail/retail-records-highest-pe-investments-in-h1-2016-since-2008/articleshow/54464645.cms>)

Consumer expenditure is estimated to rise from US\$ 1.25 trillion in 2015 to US\$ 3.6 trillion by 2020 owing to rising income and demand for quality products.



Healthy economic growth, changing demographic profiles, increasing disposable incomes, urbanisation, changing consumer tastes and preferences are some key factors driving growth in organised retail.

Evolution of Retail in India

Pre-1990s INITIATION	1990-05 CONCEPTUALISATION	2005-10 EXPANSION	2010 onwards CONSOLIDATION
- Manufacturers opened their own outlets	- Pre-play retailers realised the potential of the market	- Substantial investment commitments by large Indian corporate	- Cumulative FDI inflow from April 2000 to September 2016, in the retail sector, reached US\$ 909.12 million
	- Most of them in apparel segment	- Entry in food and general merchandise category	- Large-scale entry of international brands
		- Pan-India expansion to top 100 cities	- FDI in single-brand retail up to 100% from 51%
		- Repositioning by existing players	- Approval of FDI limit in multi-brand retail up to 51%

Growth in Organised Retail

Organised retail is a new phenomenon in India, and despite the downturns, the market is growing exponentially. Rising economic growth brings more of India's people into the consuming classes and organised retail lures existing shoppers into its open doors. By 2015, more than 300 million shoppers are said to have patronized organized retail chains. The growing middle class is an important factor contributing to the growth of organised retail in India. Even as the overall retail market is likely to grow at an annual rate of about 12%, organised retail is projected to grow by 20%, the CII-BCG study said. Organised retail is expected to account for about 12% of the retail market from 3% currently.

India Real Estate

The real estate sector is the backbone of India's economy and the major contributor to its economic growth, contributing 8.53% of the country's total GDP. Real estate is the 2nd largest employer after agriculture, and slated to grow at 30% over the next decade. The Indian real estate market is expected to touch US\$ 180 billion by 2020, up from US\$ 93.8 billion in 2014, according to India Brand Equity Foundation (IBEF). The emergence of nuclear families, rapid urbanisation, positive demographics and rising household income levels are likely to remain the key drivers for growth in all spheres of real estate – residential, commercial and retail.

The market size of this sector is seen increasing by a CAGR of 11.2% during the period FY2008-2020. The sector has witnessed high growth in recent times with rising demand for office and residential spaces. It is the 5th largest destination to attract foreign investment into India, while the construction industry ranks 3rd among 14 major sectors in terms of direct and indirect effects in all sectors of the economy. The growth of India's real estate sector is well complemented by the growth of the corporate environment and the demand for office space and for urban and semi-urban accommodation.

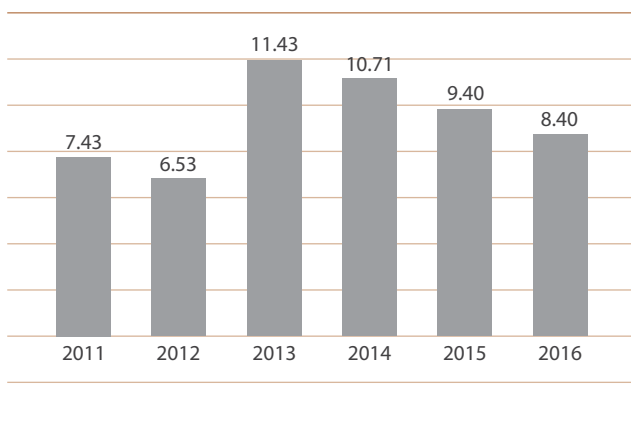
According to data released by the Department of Industrial Policy and Promotion (DIPP), India's construction development sector received FDI equity inflows to the tune of US\$ 24.19 billion during the period April 2000-March 2016. As per another report from Cushman & Wakefield, private equity investments in Indian real estate touched their highest level in 9 years at US\$ 5.97 billion or ₹ 39,900 crore in 2016, registering a 26% year on year rise. The average deal size in real estate increased to ₹ 340 crore from ₹ 280 crore, signaling increased confidence among investors to make larger investments in the sector.

(Source: <http://realty.economicstimes.indiatimes.com/news/industry/private-equity-2016-investments-in-indian-realty-at-9-year-high-cushman-wakefield/57170088>)





FDI in Construction Development (As % of Total FDI)



Year 2016 witnessed some of the biggest changes in decades – especially on the policy front. Some significant and biggest game-changing policies such as GST and RERA cleared hurdles, and are on their way to full implementation.

India's real estate market is definitely poised for growth in the medium-to-long term on the back of higher transparency and further consolidation. India's Tier-I cities moved up to the 36th rank in Jones Lang Lasalle's biannual Global Real Estate Transparency Index in 2016. This is attributed to improvements in structural reforms and liberalisation of the foreign direct investment (FDI) policy. India came 4th in developing Asia in terms of FDI inflows as per the World Investment Report 2016 by the United Nations Conference for Trade and Development. Thanks to a proactive government, keen on improving India's ranking on different indices and strengthening public institutions, the country is poised to become a modern economy.

Policy Framework

Real Estate (Regulation & Development) Bill

The Real Estate (Regulation and Development) Act came into effect on May 1, 2017, a positive development for the Indian economy. Each state and Union Territory will have its own regulatory authority which will frame regulations and rules according to the Act. It seeks to bring in transparency, clarity and fair practices that will protect the interest of buyers and impose penalty on errant builders.

Real Estate Investment Trusts (REITs)

Real Estate Investment Trusts (REITs), an important development in the real estate sector, will help smaller investors invest in Grade-A commercial real estate across India. Budget 2016-17 exempted dividend distribution tax (DDT) on special purpose vehicles (SPVs). Rules for REITs were relaxed, and the investment cap in under-construction projects was raised from 10% to 20%. SPVs can have holdings in other SPV structures, and the limit on number of sponsors has also been removed. Currently, around 229 million sq. ft. of office space can be seen as REIT-compliant.

Benami Transactions Act

The Benami Transactions Act will curb black money flow into real estate and also render holding of property under fictitious names a punishable offence. Budget 2015-16 further announced imposition of a heavy penalty on property transactions carried out in cash.

Goods and Services Tax

The GST is the single-largest taxation reform in modern India and promises to eliminate geographical barriers for businesses by mitigating differences in indirect taxes applicable across various states. Clarity on tax credit for real estate transactions, and allowing input credit, could bring about a reduction in home prices.

Foreign Direct Investment

The Government is progressively undertaking reforms and liberalising the retail sector, thereby attracting foreign investments. The regulatory and supervisory policies are being reshaped and reoriented to meet these new challenges and opportunities. To facilitate the flow of Foreign Direct Investments (FDI) inflow, instead of having to seek FIPB approval, FDI of up to 100% is now allowed under the automatic route for cash, and carry wholesale trading and export trading. The Government of India approved 51% FDI in multi-brand retail and increased the FDI limit to 100% (from 51%) in single brand retail. It plans to allow 100% FDI in E-Commerce, under the arrangement that the products sold must be manufactured in India to gain from the liberalised regime. The policy initiative is expected to provide further fillip to the sector.

Real Estate Sub-Sectors

A. RETAIL

In 2016, strong demand for retail space was observed across high streets as many international brands opened their first outlets in India, while other brands continued to expand operations across cities, according to the CBRE Research Paper on India Retail 2016. Global retailers expanded their portfolio with multi-store openings. The Indian retail real estate market witnessed continuous foray of international brands, launch of retail developments and robust demand for space. The second half of 2016 witnessed an addition of about 1.9 million sq. ft. of supply across the seven key cities, according to the Research Paper. A majority of this supply was concentrated in the National Capital Region (NCR), Bengaluru and Mumbai. Rental trends varied across high street markets in major cities. These cities also witnessed active leasing by large foreign retailers. 2017 is likely to see the highest mall space becoming operational, second to 2011.

Steady Retail Absorption Projected for Forecast Period of 2016-18

Year	New Completions (Million Sq. Ft.)	Net Absorption (%)
2009	6.5	4.2
2010	6.9	4.0
2011	13.8	10.7
2012	4.1	4.5
2013	5.7	5.1
2014	1.3	1.6
2015	3.6	3.3
2016F	2.0	3.4
2017F	9.2	6.6
2018F	8.2	6.4

Source: CBRE Research Paper on India Retail, 2016

B. COMMERCIAL

On the demand side, the office space requirements by sectors such as manufacturing, logistics, FMCG showed positive signs in 2016, and this is expected to continue in 2017. Office space required by E-Commerce/start-ups and consulting firms shot up, as these sectors are expected to continue with headcount addition to accommodate their business growth in the years to come. Higher FDI is expected to flow into India as it improves on the 'ease of doing business' rankings and policies are made more investor-friendly.

Supply and Absorption

The overall demand for commercial real estate in 2016 amounted to 34.2 million sq. ft. on the back of healthy absorption and pre-commitments. Out of this, the net Pan-India absorption up to 3Q16 stood at 26.4 million sq. ft. Although availability of the right space at the right location remains a challenge for many occupiers, about 38-40 million sq. ft. of new space will be added in 2017.

Demand for office space is evolving and more corporates across industries will adopt innovative workplaces in the near future. Collaborative office spaces with open areas to boost employee productivity geared to attract and retain talent will gain importance from 2017. Going ahead, tech-enhanced offices with a focus on sustainability and energy-efficiency will command higher rents.

The Indian retail real estate market witnessed continuous foray of international brands, launch of retail developments and robust demand for space. The second half of 2016 witnessed an addition of about 1.9 million sq. ft. of supply across the key cities.

The implementation of RERA has led to standardisation of space. This will, in turn, help these stakeholders to render their assets REIT-compliant. Due to RERA, REITs and demonetisation, more and more office assets will become institutionalized.

Quality spaces are already available at competitive rentals in tier-II cities compared to tier-III and tier IV cities, and the former will see more supply in the years ahead. Even as vacancy lowers across key cities, the supply of good quality assets continues to diminish. Vacancy in high-quality assets is far lower than average vacancy. Assets of poorer quality or at inferior locations or which are strata-sold (in Delhi-NCR and Mumbai) have a much higher vacancy, except in the IT cities like Bangalore, Pune, Hyderabad and Chennai. Developers, private equity funds and REITs will continue to invest in premium office assets. With the implementation of RERA, there will be standardisation of space. This will, in turn, help these stakeholders to render their assets REIT-compliant. Due to RERA, REITs and demonetisation, more and more office assets will become institutionalized.

Steady Commercial Absorption Projected for Forecast Period of 2016-18

Year	New Completions (Million Sq. Ft.)	Net Absorption (%)
2009	42.0	21.6
2010	40.5	30.9
2011	44.4	37.0
2012	30.0	26.8
2013	36.7	26.8
2014	29.4	29.9
2015	38.5	36.6
2016F	37.8	34.2
2017F	38.8	32.1
2018F	38.0	34.9

Source: Real Estate Intelligence Service (JLL)
 Note: Figures covered for 7 metropolitan cities – NCR-Delhi, Mumbai, Bengaluru, Chennai, Hyderabad, Kolkata and Pune

C. RESIDENTIAL

The residential real estate segment had been witnessing sluggish demand, unsold inventory levels and a slump in project launches in the last 2-3 years. In 2016, the segment showed a visible comeback. Residential assets remained the most preferred asset class as over 52% or US\$ 3.1 billion of the total private equity real estate investments was witnessed in the asset class during 2016. Within residential, Mumbai was the most preferred location accounting for 34% of the total share, followed by Delhi and Bengaluru accounting for 26% and 20%.



India's cities will continue to expand, driven by urbanisation, rising disposable incomes and mounting consumption of goods and services. From the perspective of resultant pricing shifts, cities and micro-markets that are end-user driven are likely to remain stable. For intending home buyers, 2017 started on a positive note with banks lowering their lending rates. The softening of interest rates bodes well for the growth of the residential real estate sector. More borrowers are now eligible for loans and reduction in home loan EMIs, in addition to reduced tenures for existing borrowers, wherever applicable.

D. HOSPITALITY

The Indian hospitality industry is one of the key industries driving growth of India's services sector. Tourism is the foremost demand driver of India's hospitality industry. It recorded healthy growth, fuelled by robust inflow of foreign tourists as well as increased tourist movement within India and has become one of the leading players in the global industry. The travel and tourism sector's contribution to India's GDP is seen increasing from US\$ 136.3 billion in 2015 to US\$ 275.2 billion by 2025. Travel and tourism is the 3rd largest foreign exchange earner for India. In 2014, the country received foreign exchange earnings of US\$ 19.7 billion from the sector.

The Government is making serious efforts to boost investments in the sector. In the hotel and tourism sector, 100% FDI is allowed through the automatic route. A five-year tax holiday has been offered for 2, 3 and 4-star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai). The investment in tourism sector is expected to be US\$ 12.4 billion in the 12th Five Year Plan, of which the private sector is seen contributing around US\$ 9.2 billion. The penetration of Internet usage and smart phones in India has led to increased booking of hotels through online portals and applications in recent times.



COMPANY OVERVIEW

About Us

We are an active owner, developer and manager of prime retail-led assets in the key gateway cities of India. Our strategy has been to establish and maintain a market leading position as an active owner, developer and manager of prime retail-led assets in the city centers of India and deliver strong long-term returns to shareholders through income and capital growth. Over the last decade, we have demonstrated our capabilities in the creation of large-scale world-class retail destinations and the delivery of multiple projects across various city-centers of India within time and budget.

During the year, business consumption at our malls stood at ₹ 58 billion in FY2017, a 7% increase from ₹ 54 billion in FY2016. Rental income has increased from ₹ 7.1 billion in FY2016 to ₹ 7.7 billion in FY2017.

The retail portion of our portfolio contributed 65% of our total revenue of ₹ 18,246 million in FY2017, followed by hospitality assets at 17%, residential 13% and commercial 4%. Our gross leasable area currently stands at approx. 6.0 million sq. ft. with 7 operational malls in Mumbai, Bengaluru, Chennai, Pune, Lucknow and Bareilly, while one mall in Chennai is under fit-out.

Our hospitality assets consolidated their market-leading positions during the year. The St. Regis, Mumbai reported total revenue of ₹ 2,520 million during FY17, up 16% yoy, while Operating EBITDA came in at ₹ 907 million during FY17, up 26% yoy. The hotel witnessed an increase in the number of available rooms from 335 rooms in FY16 to 395 rooms in FY17. Despite higher inventory, the hotel clocked an average occupancy of 72% during FY17 (flat yoy), with an ADR of ₹ 10,594 (up 14% yoy), resulting in room revenue growth of 26% over FY16. Courtyard by Marriott, Agra, recorded 57% occupancy with an ADR of ₹ 4,336 and has established itself as one of the prime properties in a short span of time.

During the year under review, we completed the construction of our premier office space Art Guild House and handed over the property for fit-outs. In the commercial segment, of the total leasable area of 1.42 million sq. ft., an area of 0.45 million sq. ft. has been sold, while 0.54 million sq. ft. area has been leased. In the residential segment, we have completed the construction of Towers 1-5 in One Bangalore West and handed them over to the buyers. The construction of The Crest (Towers A, B & C) atop the Phoenix MarketCity at Chennai is also complete. Across our residential portfolio, we recorded total cumulative sale of 1.78 million sq. ft. amounting to an aggregate sale value of ₹ 17,893 million.

During the financial year FY2017, consumption at our malls stood at ₹ 58 billion, a 7% increase from ₹ 54 billion in FY2016. Rental income increased from ₹ 7.1 billion in FY2016 to ₹ 7.7 billion in FY2017.

Leveraging our Collective Strengths

a. Integrated and diversified business model

We are leveraging our strong management, execution capabilities and a rich pool of talent, we continue to extend our leadership in mixed-use development assets across the region. We are focused on delivering stable returns through development, ownership and active management of our development assets. Through a sustainable and integrated business model under-pinned by strong recurring income and city-centric locations, we remain well positioned to ride on the growth of consumption in India.

b. Fostering a culture

We design the future of people's lives by transcending the framework of facilities not only for shopping, but also in terms of meeting people and fostering local culture. We contribute to the revitalisation of local communities, leveraging our overwhelming track record in malls and the retail expertise we have developed in mature domestic markets. We seek to explore new demand and create new markets.

c. Creating preferred destinations

PML has malls in the right size and at the right places with an excellent retailer mix, which makes our malls a preferred destination for international brands entering India. Over the years, we maintain and increase the value of our malls through revitalisation (new age retailers replacing older formats) and strategic expansion, which are permissible by changes in local development norms.

d. Leadership in retail-led mixed use format

The source of our strong ability to attract customers is the operation of malls from a long-term perspective, based on our ability and leadership in retail-led mixed use format and our strategic city-centric locations that place us in a pole position in the organised retail sector. We continue to provide the necessary values for the lives of customers, leveraging our collective strengths as a real estate developer engaged in development to management and operation of malls.

e. Capitalising on growing rental income

We expect our rental income to grow in sync with the rising consumption at our malls. Over the last 4 years, consumption has grown at a CAGR of 25%, while rental income has increased at a CAGR of 19% over the same period.

f. Qualified project management team

We have one of the most capable and professional in-house design and mall management team which oversees, manages and implements all the projects. With vast experience in property design, management and development, the Mall Management Team overlooks retail development and asset enhancement works, and well aligns project design, planning and execution to meet our strategic and business objectives.



OPERATIONAL REVIEW

High Street Phoenix and Palladium, Mumbai

Touching the Hearts of Millions of Visitors

The HSP Complex is one of the largest shopping destinations in Mumbai and is India's first retail-led consumption centre developed over a sprawling 3.3 million sq. ft. It is well established as one of the most premium malls due to the presence of high-end national and international brands, urban appeal and a stylish neighbourhood. The mall recorded an aggregate business consumption of ₹ 16,264 million, higher by 5% as compared to ₹ 15,438 million during FY2016. It recorded a rental income of ₹ 2,837 million during the year and a trading density of ₹ 2,894 psf per month.

Operational Metrics

Brand positioning, footfalls, quality of stores and their performance is what makes the Complex command a premium. All the new brands that made their foray into the mall during the year are superior in terms of sale, quality and customer popularity, which have led to direct rise in consumption. It led to holistic improvement not only in rentals, but also in the customer profile and look and feel of the store. A horde of mall events and a wide range of fashion and F&B brands is what brings a novelty factor to the Complex. The ambience and feel-good factor created by music, seasonal decors, brand equity, brand mix and its prime location is what keeps driving people to the mall every single day.

Key Brands

Among categories, a key focus during FY2017 was on Kids, Accessories, Women's Fashion, Footwear and Watches. We also focussed on creating space for international brands to mark their entry, particular in the western region of India. The year witnessed some major brands being launched at the mall including Hunkemoller, Coach, Johnston and Murphy, H&M, Muji, True Blue, Papabubble, Rado, Scotch & Soda and Jamie's Pizzeria. During the year, we also undertook renovation at the Palladium, Grand Galleria and Sky Zone sections.

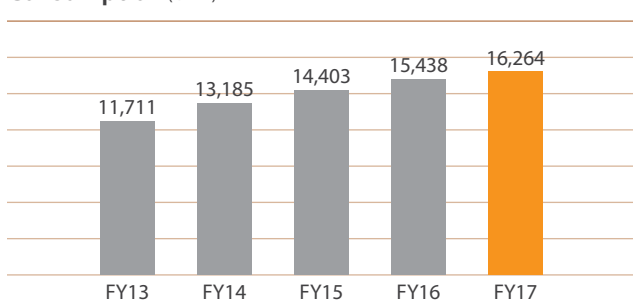
Outlook for FY2018

Major consumption triggers during the next financial year will be the addition of fresh F&B outlets and a positive impact on consumption due to the implementation of GST. During FY2018, we will focus on launching various F&Bs and speciality formats, women fashion brands and other popular jewellery brands

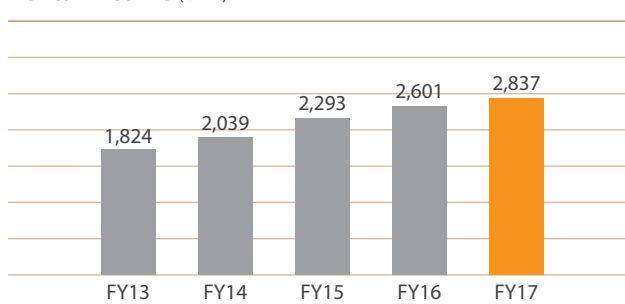
Sustainability Initiatives

During the year, some major upgrades were undertaken at the Complex such as changing LPG to PNG at all F&B outlets, new signages across the Mall, installation of LED screens, gantries, totems and periphery elements. Several other initiatives have been taken such as reuse of water through STP, multiple rainwater harvesting pits, zero discharge, installation of LED lights and maintaining of Unity Power Factor through the year. There is also effective segregation of garbage, installation of organic waste converter and sludge to cover into mature.

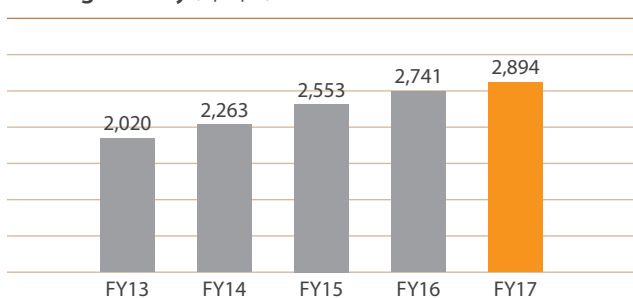
Consumption (₹ Mn)



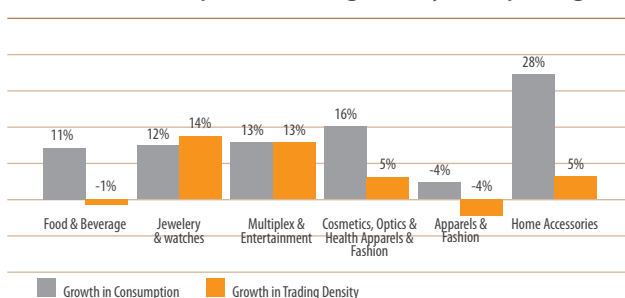
Rental Income (₹ Mn)



Trading Density (₹ psf pm)



Growth in Consumption & Trading Density for Top Categories



Awards Won during FY2017:

- Global Safety Summit BCToad Business & Skill Awards 2016 presented Safest Public Shopping Mall Award to The Phoenix Mills Ltd. – High Street Phoenix
- Global Marketing Excellence Awards presented Award for best use of Social Media in Marketing to #Oneforlove campaign – The Phoenix Mills Ltd. In 2016
- Global Marketing Excellence Awards presented Award for Marketing Excellence in Retail Sector to – The Phoenix Mills Ltd. In 2016
- Star Retailer Awards 2016 presented Regional Mall of the year – West to High Street Phoenix in 2016
- TAVF Awards 16 – The Activation Venues Forum presented Best Venue for the Activation Campaign to High Street Phoenix
- TAVF Awards 16 – The Activation Venues Forum presented Best Activation Campaign to High Street Phoenix
- TAVF Awards 16 – The Activation Venues Forum presented Highest Number of footfall venue of the year to High Street Phoenix
- TAVF Awards 16 – The Activation Venues Forum presented Best Festive Decor to High Street Phoenix
- TAVF Awards 16 – The Activation Venues Forum presented Best Premium Venue of the year to High Street Phoenix
- INDIA SHOPPING CENTRE AWARDS by Images Group Recognized High Street Phoenix & Palladium as “Shopping Centre of the Year (West) – Metro” In 2016
- INDIA SHOPPING CENTRE AWARDS by Images Group recognized High Street Phoenix & Palladium as “Shopping Centre of the Year – Sales Per Sq. Feet” In 2016
- RETAIL EXCELLENCE AWARDS recognized High Street Phoenix & Palladium as “Shopping Centre of the Year” In 2016

0.74 Million Sq. Ft.

Total Leasable Area

96%

Leased Occupancy

269

No of Stores

₹ 16,264 Million

Consumption

₹ 2,894 psf/pm

Trading Density

₹ 311 psf/pm

Rental Rate

₹ 2,837 Million

Rental Income

13%

Area due for Renewal
in FY2018

Phoenix MarketCity, Chennai

Improving Customer Experiences through Consistent Innovation

In its fourth full year of operation, Phoenix MarketCity, Chennai has become the key consumption centre in the city. A superlative brand mix, premium shopping ambience and international level events and activations for consumer engagement are driving consumers to the mall. The mall witnessed occupancy of 92% during the year, registering aggregate consumption of ₹ 10,699 million, as compared to ₹ 11,289 million in FY2016. Trading density stood at ₹ 1,553 per sq. ft. per month, compared to ₹ 1,572 per sq. ft. per month, while the rental income was ₹ 1,286 million, compared to ₹ 1,196 million in the previous year.

Premium fashion was the key category of the year under review, with critical focus on women's fashion brands. With its exclusive brand mix and strategic marketing, the mall has positioned itself as the premium fashion destination of Chennai. A sprawling parking space for 1,200 four-wheelers and 1,000 two-wheelers and valet parking service further adds to attraction of the mall. We also bagged the award for "Best Premium Mall" in Chennai by Times of India during the year.

New Additions

The expansive 3.7 million sq. ft. of built-up area offers a lavish spread of shopping, entertainment and hospitality space. GAP, Mamagoto and Forever New were the star brands that commenced trading during the year. Other major brands added during the year were Funky Monkey, Zivame, USPA Kids, One Friday, Aeropostale and Lenskart. The Mall has been positioned as the dining destination of the city through focussed F&B campaigns.

Mall Upgrades

Food Court at the mall has been earmarked for renovation during FY2018 by implementing international level seating and layout. Besides adding new brands, a key strategy during renewal has been to renovate the existing F&B brand with new look and feel. A standard signage system is being designed to enhance as well as simplify customer experience. In addition to this, the washrooms, basement and customer service desks are also being refurbished. A customer service desk and Smile Centre has been installed to collect customer feedback and grievances with specified turnaround time.

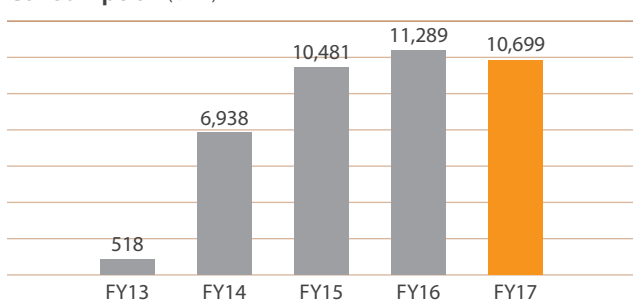
Moving Ahead

We will continue to focus on fashion-led events through the participation of premium fashion brands. The introduction of over 30,000 sq. ft. of area on the Mall's 2nd floor, and the replacement of under-performing brands with star fashion and F&B brands will lead to significant uptick in consumption. Our marketing initiatives and high-impact events are aimed at establishing a network of influencers among the core target audience, with a focus on driving differing sets of consumers to the mall.

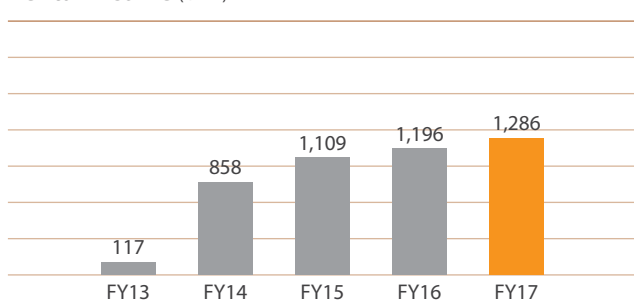
Sustainability Initiatives

We are regularly monitoring and analysing the utilisation of water and electricity. Water from the Sewage Treatment Plant is effectively recycled and used for cooling towers, flushes and landscape, with the aim of minimising the intake of fresh water. In addition, tube lights in basement are replaced with LED lights for power conservation and green energy. The organic waste convertor is being used to recycle wet garbage into manure to be used for landscaping, while dry garbage is effectively disposed through third-party vendor.

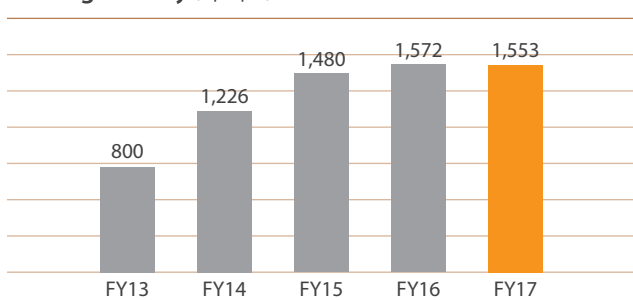
Consumption (₹ Mn)



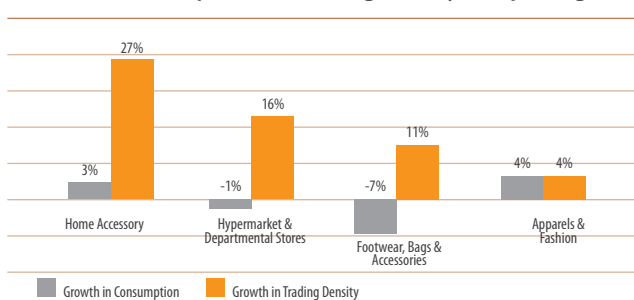
Rental Income (₹ Mn)



Trading Density (₹ psf pm)



Growth in Consumption and Trading Density of Top Categories



Awards & Recognition

- The Best Premium Mall in Chennai – Times of India



1.0 Million Sq. Ft.

Total Leasable Area

99%

Leased Occupancy

261

No of Stores

₹ 10,699 Million

Consumption

₹ 1,553 psf/pm

Trading Density

₹ 121 psf/pm

Rental Rate

₹ 1,286 Million

Rental Income

46%

Area due for Renewal
in FY2018

Phoenix MarketCity, Bengaluru

Contributing to an Attractive Tenant Mix

With close to 300 options in shopping, dining and entertainment, Phoenix MarketCity located in Whitefield area has become the preferred shopping destination of Bengaluru for all ages. Consumption at the mall grew by 15% in FY2017 to ₹ 10,200 million, while Rental Income grew 14% to ₹ 1,090 million. The asset recorded an average Trading Density of ₹ 1,444 per sq. ft. per month, up 12% over the previous year, while the average trading occupancy stood at 90%. Domestic and international retailers expect a shorter pay-back time on their investment at the mall owing to rising footfalls and higher consumption.

New Additions

Prime categories which recorded strong consumption growth were fashion, cosmetics and accessories. Footfalls increased as customers preferred the enriching mall experience and good customer service over passive shopping. The mall witnessed a rise of 25% in consumption of F&B business, with rising footfalls and several food delivery options. The F&B outlets attracted footfalls, and Social (the pub) helped improve the nightlife experience. Key brands added during the year were Sephora, Asics, Mont Blanc, Vero Moda, G Star, Only, Mebaz and Lifestyle.

A key USP of the mall is that it houses multiple anchor brands representing a good mix of Indian and international brands with a loyal customer base. The open courtyard, large-scale musical and thematic events and ample and convenient parking spaces are an added attraction.

Year Ahead

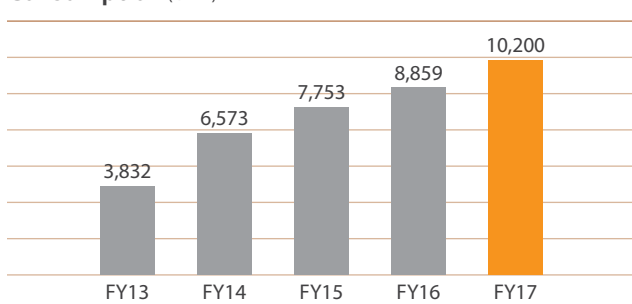
During FY2018, addition of new brands and exclusive and exciting deals and offers from various brands will be the key triggers for growth in consumption. We will continue our focus on the prime categories of F&B, fashion, books and toys. Our objective is to add more interesting F&B options with newer international island café concepts. We are also working towards relocating or resizing the existing courtyard facing stores with the aim of accommodating better concepts to complement the view and experience.

We will continue our focus on being a socially responsible mall by organising CSR activities with foundations such as Smile and UNICEF. We will also keep increasing customer awareness through aggressive marketing and PR activities.

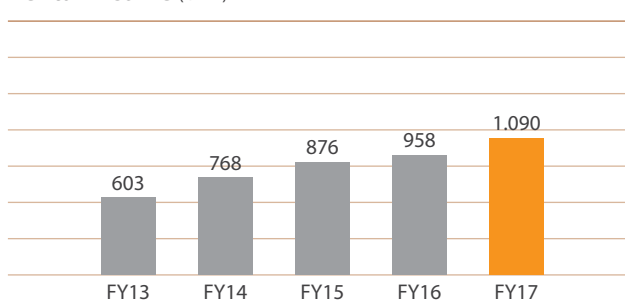
Sustainability Initiatives

The mall is undergoing a transformational change to enhance customer experience multi-fold. The makeover includes change in flooring tiles to granite, marble or similar tiles, conversion of CFL bulbs to LED to improve lighting and preserve energy, using 85% power from clean energy at lower cost, reducing the use of fresh water by using water from STP as an additional source, and introducing life size art pieces, trees and greenery, new direction signages and digital directories. These are aimed at offering our discerning customers an international feel and enhance their shopping and leisure experience at the Mall. All touchpoints are getting refurbished and new parking driveways are being put up with diversional and directional signage. We are also enhancing parking by adding space for 180 4-wheelers.

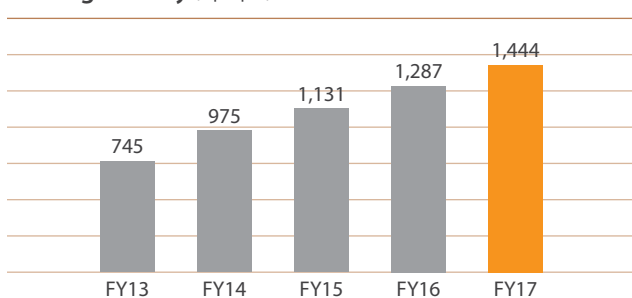
Consumption (₹ Mn)



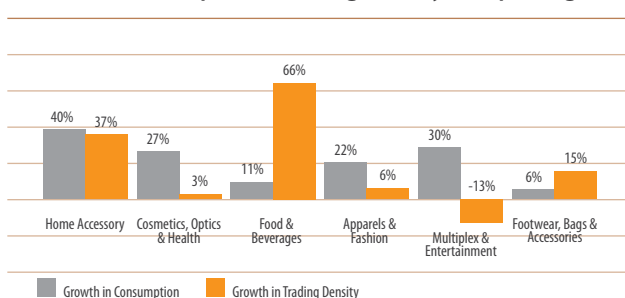
Rental Income (₹ Mn)



Trading Density (₹ psf pm)



Growth in Consumption & Trading Density of Top Categories



Awards & Recognitions

CMO Asia Shopping Centre & Mall Awards 2017

- Most Admired Shopping Centre of the Year – Marketing & Consumer Promotions
- Best Thematic Décor Shopping Centre
- Estate Avenue – 5th Annual India's Best Shopping Malls Issue – Operational - Destination Shopping Mall 2016-17



0.99 Million Sq. Ft.

Total Leasable Area

97%

Leased Occupancy

296

No of Stores

₹ 10,200 Million

Consumption

₹ 1,444 psf/pm

Trading Density

₹ 102 psf/pm

Rental Rate

₹ 1,090 Million

Rental Income

8%

Area due for Renewal
in FY2018

Phoenix MarketCity, Pune

Bringing Aspirations to Life

Phoenix MarketCity in Pune is the most successful retail-led mixed-use destination in the city, providing an ultimate leisure, entertainment and shopping experience. The mall continues to attract excellent footfalls and registered a full-year average occupancy of 85%. It offers iconic brands across the globe under a single roof, leaving shoppers spoilt for choice, with 15 anchor stores, 300 brand stores offering an array of domestic and international brands. It is a model development for shopping, F&B options and fine dining, and a new entertainment hub. It offers the largest family entertainment centre, largest bowling alley with 17 lanes, one of the biggest multiplexes with 9 screens and 2,000 seats, hypermarket, premium casual and specialty concepts.

During the year, consumption at the mall grew 11% to ₹ 9,629 million, compared with ₹ 8,659 million in FY2016. Trading density was ₹ 1,208 per sq. ft. per month, compared to ₹ 1,077 per sq. ft. per month, a rise of 12%. The mall's strategic location on Nagar Road and proximity to IT/ITeS offices and integrated townships in the vicinity have contributed to rising footfalls and, therefore, improving consumption.

Key Achievements

The year witnessed major churn of anchor brands including Pantaloons, Ethnicity, Reliance Trends and Vama. There was relocation and resizing to accommodate new brands such as H&M, Lifestyle, Home Centre, GAP, Globus, Aeropostale, Bobbi Brown, G-Star, Rohit Bal, Meena Bazaar, Fossil and Pure Home. International fashion brands, cosmetics and F&B were the key categories that dominated the mall during the year.

The third floor of the mall was added exclusively for fine-dining restaurants, complementing the alfresco dining experience at Liberty Square. Indigo Deli, Copper Chimney, Cuba Libre and Keventers were some key new F&B brands that made a foray. The mall created unique consumer engagement sections under different pillars such as art & exhibitions, fashion events, musical delights, consumer connect initiatives and CSR activities.

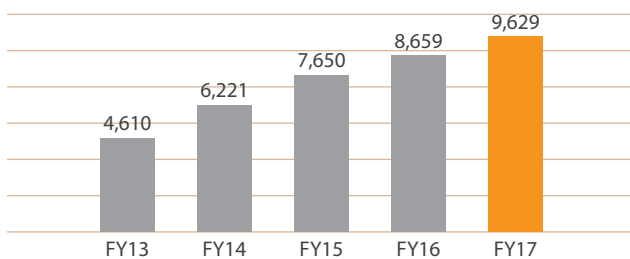
Future Strategy

Our key strategy for future growth is to target neighbouring cities with buying potential. More experiential and unique events will be added to attract the right target audience and engage with them. More category-led events, cross promotions, activations and strategic tie-ups will be planned to build brand loyalty and increase the frequency of visitors visiting the mall. Key triggers for rise in consumption are the mall upgrades, addition of new restaurants at Liberty Square and Courtyard, opening up of the 3rd floor, opening of HCMTR road to enable entry and exit and addition of 6 floors of parking MLCP to reduce waiting time for consumers with 4-wheelers visiting the mall. This is in line with our endeavour to constantly revamp and stay in touch with the market and with consumers' needs.

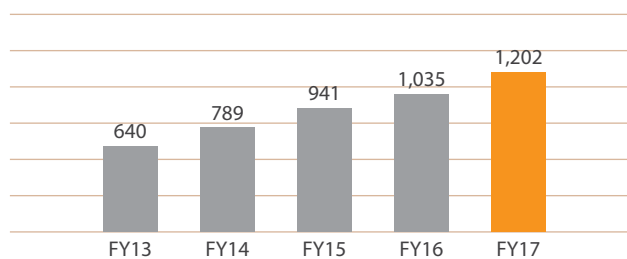
Sustainability Initiatives

An organic waste converter machine has been installed to convert wet waste to manure for our landscape to process over 500 kgs of waste to organic manure on a daily basis. We focus on enhancing the consumer experience by maintaining an ambient temperature in the shopping area, exclusive washrooms and fresh fragrance across the mall.

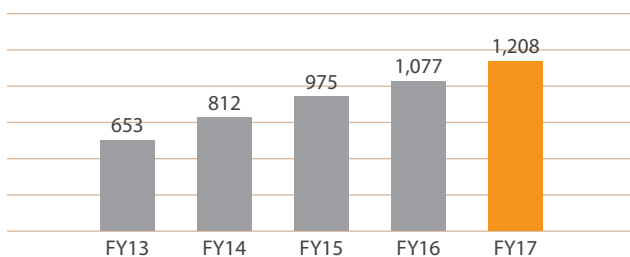
Consumption (₹ Mn)



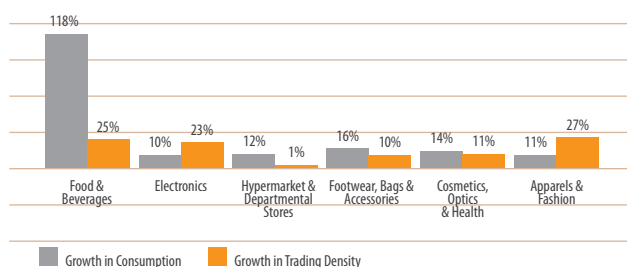
Rental Income (₹ Mn)



Trading Density (₹ psf pm)



Growth in Consumption & Trading Density for Top Categories



Awards & Recognition

- Awarded "Most Admired Marketing Campaign of the year – 100 Wishes Granted" campaign at Retail & Shopping Centre
- Awarded "Most Admired Asian Shopping mall of the Year" at The Golden Globe Tigers Awards 2017
- Awarded "Most Admired Asian Shopping mall of the Year (Marketing & Consumer Promotions)" at The Golden Globe Tigers Awards 2017
- Awarded IMAGES Most Admired Shopping Centre of the Year: NON-METROS (WEST) at Images Shopping Centre Awards 2017
- Awarded Best Shopping Mall of the Year – National at 6th Indian Retail & eRetail Awards 2017

1.19 Million Sq. Ft.
Total Leasable Area

₹ 1,208 psf/pm
Trading Density

96%
Leased Occupancy

₹ 99 psf/pm
Rental Rate

341
No of Stores

₹ 1,202 Million
Rental Income

₹ 9,629 Million
Consumption

4%
Area due for Renewal
in FY2018

Phoenix MarketCity, Mumbai

The Fashion and Social Hub of Mumbai

As Phoenix MarketCity, Kurla, Mumbai entered its 5th year of operations, the mall has stepped in a league of its own. It is strongly positioned amongst the target audience as "a favourite destination" to fulfill an array of lifestyle and socialising needs with its fusion of fashion, food, fun, culture and ambience. Business consumption at the mall grew 17% at ₹ 6,957 million, compared to ₹ 5,957 million in the previous year. Trading density was higher by 18% at ₹ 942 per sq. ft. per month.

New Additions

Fashion is about constant re-invention and design evolution, and we at Phoenix Mills Ltd., understand this really well. Global fashion, beauty and F&B were the key categories under focus at the mall during the year under review. Iconic international brands such as H&M, Forever 21, Sephora, Aeropostale, Chillis, Pizza Express, Innisfree, Globus, Selected and Swatch were introduced during the year, replacing a few old brands. There was a strong growth in the categories of footwear, bags and accessories (up 17% yoy), Food & Beverages (up 15% yoy), Apparel & Fashion (up 8% yoy).

Several initiatives were taken to enhance mall ambience and offer a delightful shopping experience to the customers. Mall upgrades during the year included flooring, lighting, elevator lobbies, entrances, special elements and washrooms. In-mall navigation was enhanced by instilling new signage programs and structurally zoning several categories.

Locational Advantage

The mixed-use asset at Kurla is located in close proximity to Bandra-Kurla Complex (BKC), Mumbai's key commercial district, and is connected very well with the eastern and western suburbs.

Consumption and footfalls were largely driven by the Group's three commercial complexes – Centrium, Phoenix Paragon Plaza and Art Guild House – being housed in the premises. With more than 350 signature stores, the Mall offers an unmatched and seamless shopping experience with high-end domestic and international brands. With a good brand mix, mall ambience, shopping experience, mall accessibility, marketing promotions, a variety of dining options and entertainment places, the mall has emerged as an upscale destination attracting the hoi polloi.

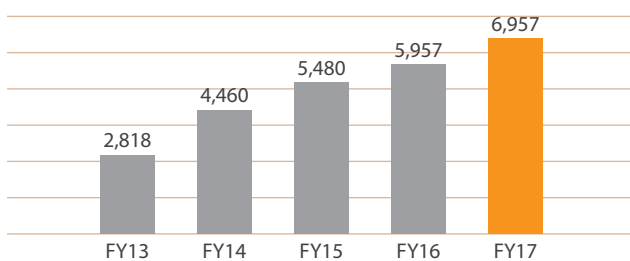
Focus Areas for FY2018

For FY2018, we are targeting some key brands in beauty, luxury fashion and F&B. Triggers for consumption growth at the mall include an enhanced shopping experience post upgrade, higher F&B sales due to new brands, increase in consumption owing to brands like H&M, Forever 21, Sephora and Aeropostale. Corporate connect programs, third-party events, direct marketing and sustenance campaigns are also resulting in increased consumption.

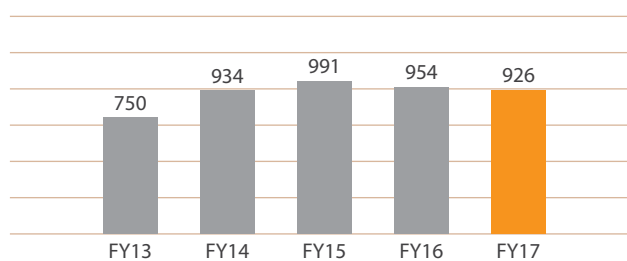
Sustainability Initiatives

Our mission is to create a more sustainable world and promote love and respect for the environment in an engaging manner. We are taking several steps to achieve this which includes – timely maintenance of AHUs, chillers and DG sets to reduce unit consumption; installation of LED lights; installation of preventive electrical maintenance to reduce breakdowns; optimised drainage from different points to recycle water; and installation of flow reducer to reduce water consumption in wash basins. We segregate dry and wet waste collection and have also installed OWC that turns waste into manure.

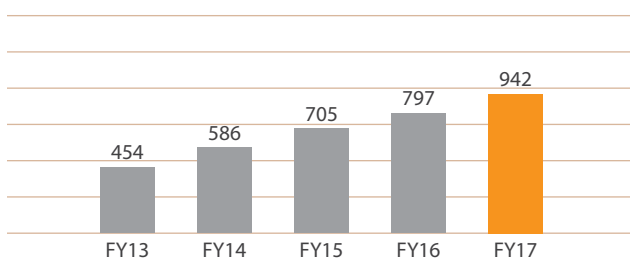
Consumption (₹ Mn)



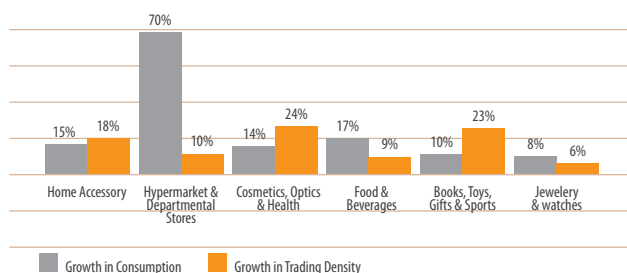
Rental Income (₹ Mn)



Trading Density (₹ psf pm)



Growth in Consumption & Trading Density for Top Categories





1.11 Million Sq. Ft.

Total Leasable Area

93%

Leased Occupancy

317

No of Stores

₹ 6,957 Million

Consumption

₹ 942 psf/pm

Trading Density

₹ 81 psf/pm

Rental Rate

₹ 926 Million

Rental Income

9%

Area due for Renewal
in FY2018

Phoenix United, Lucknow

Phoenix United, Lucknow is located along National Highway NH25, leading to Kanpur, with approximately 0.33 million sq. ft. of leasable area. Phoenix United Lucknow has 128 stores and had a trading occupancy of 81% for FY2017 along with average rental of ₹ 72 per sq.ft. Rental Income for the full year was ₹ 230 million. Total consumption at the centre was ₹ 2,508 million with a trading density of ₹ 967 per sq. ft. per month.



Phoenix United, Bareilly

Phoenix United, Bareilly is located along the Pilibhit bypass road, on approximately 3.5 acres of freehold land, with approximately 0.31 million square feet of leasable area. The mall has more than 147 stores and a trading occupancy of 81% for FY2017 with an average rate of ₹ 60 per sq. ft. Rental Income for the full year was ₹ 177 million. Total consumption at the centre was ₹ 1,577 million with a trading density of ₹ 698 per sq. ft. per month.



One Stop Shop for Premium International Retailers

Accessibility, visibility, excellent facilities and amenities, in addition to attractive leasing rates and rentals, make us India's finest luxury shopping destination. With an eclectic mix of domestic and international brands catering to discerning fashion-conscious customers, we are the perfect shopping and entertainment destination for global retailers trying to tap on India's rising buying power.

The Indian retail landscape looks different today. The retail environment is as dynamic as it has ever been. The average consumers' purchasing decisions have dramatically altered, rapidly evolving to adopt international brands into their wardrobes. At The Phoenix Mills Limited, with a wealth of designer and premium merchandise, an eclectic mix of lifestyle products and services, and a loyal customer base, we remain the first choice for international retailers looking to set up shop in our retail assets. We offer a one-stop shop solution for top retailers to roll out their stores in the best retail locations in the key gateway cities of India. A fantastic response from Indian customers to adopt international trends into their wardrobes and a stronger economy is encouraging retailers to explore new markets in metros and beyond.

Touching Billions of Hearts

At The Phoenix Mills Ltd., we have transformed shopping from being a need-driven activity to a leisure time entertainment. We are following clear principles of being a retailer: consumer friendly destinations, super ambience and top-notch facilities. With an interesting blend of retailers, beautiful architecture, lavish interiors, aesthetically designed open spaces with wide corridors, parking adequacy and food joints serving as hang-out zones, we provide the complete experience to a discerning consumer.

We touch the hearts of billions of visitors throughout India; and have been constantly raising the bar of ideal consumer experience with exemplary facilities, unmatched services and top-notch infrastructure. Our functional design and size coupled with a plethora of choices across retail categories put us in a different league. The greatest strength underlying the business is our impressive track record, our retail expertise and the business know-how rooted in a retailer's perspective. We pursue an attractive tenant mix meeting the diverse array of needs of our customers.

Making Shopping Delightful

Our malls house some of the finest fashion, beauty and lifestyle brands, with a great mix of fine-dining restaurants, making shopping a delightful experience. We have innovated customer shopping by building our own platforms around the country with regional characteristics and large-scale renovations. We also reinvent and innovate to drive a luxury experience for the consumer.

Art and Culture

We believe in constant communication with our patrons. We also believe in celebrating every festival with our consumers by turning in a particular festive mood, transfiguring the décor and ambience. We conscientiously design our events and activities to suit the mood and raise consumer spirits. We engage with our customers through innovative and unique edutainment events and promotions.





H&M

The Swedish multinational fashion retailer Hennes & Mauritz AB (H&M) is set to increase its store strength in India to more than 20 stores during 2017. It considered High Street Phoenix Complex as an ideal location to launch its Mumbai stores. Their search for a well-defined space with a large footprint, the right kind of tasteful ambience to attract high value spenders, and the inclusion of top international brands, ended at Phoenix. The Indian unit of the Swedish fashion retailer H&M, the world's second biggest clothing retailer, set up its 30,000 sq. ft. store in High Street Phoenix, Lower Parel and another 37,000 sq. ft. store at Phoenix MarketCity, Kurla in August 2016. This was followed by the opening of their third store with PML at Phoenix Marketcity Pune in October 2016. These are full concept stores offering the latest in women's, men's and children's fashion. Globally, H&M has nearly 4,000 stores and plans to open nearly 500 more shortly. It aims to grow with its business concept of fashion and quality at the best price in a sustainable way. It offers casual to formal wear and has identified India as an important part of its global expansion plan.

Zara

Inditex SA of Spain, the parent company of the Spanish apparel chain Zara, leased 25,000 sq. ft. at Palladium Mall in High Street Phoenix Complex, and another 36,000 sq. ft. store at Phoenix MarketCity, Mumbai. One of the highest grossing in India, the two stores have been set up through its Indian joint venture, Inditex Trent Retail India Pvt. Ltd. In addition to the above, Zara has a 33,000 sq.ft store in Phoenix MarketCity Pune, 30,000 sq. ft. in Phoenix MarketCity Bengaluru and 34,000 sq. ft in Phoenix MarketCity Chennai.



Forever 21

Forever 21, the American fashion retail chain and a young apparel brand, launched its 4th store in India at Phoenix MarketCity, Mumbai spread over 18,000 sq. ft., as it strengthens its foothold in Mumbai and brings global trends and runway fashion closer to Indian fashionistas. The brand offers the full spectrum, from women's clothing to accessories, footwear, and also menswear. It is among the fastest growing fashion retailers in India with a network of more than 700 stores worldwide. Having established a strong affinity with fashionable Indians, Forever 21 is creating a new fashion destination for uber-stylish Mumbaikars. The brand is under discussion with our company to expand its presence to other malls.

Creating Concept-Oriented F&B Spaces

Times have changed, and so have consumer psyche, flavour profiles and spending power. Guests, today, are striving for healthy living, which equates to a healthy planet. As their tastes, values and choices veer towards well-being and sustainable living, the Phoenix Group is serving to meet new expectations.

Food is an innate part of the Indian culture. At The Phoenix Mills Ltd., our vision of making our malls a hub of urban entertainment, food & beverage (F&B) and a retail hub is progressing as planned. With the help of Bellona Hospitality Services Limited (BHSL), a 100% owned F&B arm of the Phoenix Mills Ltd., we are on top of consumer trends offering functional meeting spaces, and unique, innovative, tailor-made food choices – all of which are designed to experiment with flavours and texture, geared towards inspiring creative thinking. Changing demographics, increase in income, urbanisation and growth in organised retail is driving India's F&B sector.

Table Trends

We have 7 F&B brands rolled out across 4 malls in 3 cities of India. Our core brands – Craft, Shizusan Shophouse & Bar and 212 All Good – are the preferred venues for millions of food lovers. We remain committed to our innovative, concept driven spaces, with personified venues that break the clutter. Our restaurants are fast becoming the leading choice for guests who demand quality cuisine and an unforgettable experience. The energy and cool touches at all our locations create an addictive atmosphere, while the design styles and décor offer interesting features, creating a real sense of individualism.

Cutting through Clutter

We introduced a well-researched and concept-oriented brands 212 All Good, based on the novel hypothesis of clean eating and the philosophy of locally-sourced fresh produce. To break the clutter of Asian eateries, Shizusan adapted the look and feel of an Asian shophouse with a bar and a curated menu. It leverages on Pune's success, where it ranks first among all F&B brands in terms of trading density. The restaurant brand Craft is being extended to Art Guild House in a café format, serving quick meals, set meals and take-aways. We also forayed into Bengaluru with a penchant to welcome every culinary experiment.





Phoenix MarketCity, Mumbai,
Pune and Bengaluru

India's first bar with wholesale pricing and an innovative concept driven space



Phoenix Marketcity Mumbai

Casual style café & bar that serves western comfort food and drinks



Phoenix MarketCity, Pune

A kid-friendly space and a haven for parents and shoppers



High Street Phoenix

Food which is good for the gut



PMC Mumbai

Premium Deli, Upmarket Bistro, Wine & Cocktail Bar



Phoenix MarketCity, Pune, Bengaluru and High Street Phoenix Complex

Asian Shophouse & Bar serving streetside food and Asian cocktails



Phoenix MarketCity, Pune

New chic café that offers an American spin to a classic French (European) experience

The St. Regis, Mumbai

Nothing but the Best

The St. Regis, Mumbai is famous for unsurpassed Indian luxury and bespoke service, creating exceptional experiences and contemporary feeling for guests. Located in Mumbai, The St. Regis, from the global hospitality major Marriott Hotels, offers panoramic views of the bustling metropolis. The Hotel is strengthening its outreach to affluent travellers and elevating India's luxury hospitality landscape. During the year, the Hotel registered an average room occupancy of 72% and average room rate of ₹ 10,594 per room per night.

Key Offerings

The Hotel's urban aristocratic design is complemented by warm tones and the specially commissioned artwork lends an elegant touch to public spaces. The property, with 395 keys and 10 restaurants and bars, consists of modern and under-stated guest rooms, 27 suites and 33 residential suites. The Hotel also houses a spa and salon, a fitness center and a 25-metre outdoor swimming pool with panoramic views. For business meetings and special events, there is a 3,900 sq. metres of event space.

During the year, the Hotel launched Luna Nudo Gusta, a modern European restaurant and an all-new culinary and bar offering, bringing the classic dining experience back to life. The restaurant epitomises elegant décor and an unparalleled view, offering the perfect dining experience for the gourmand. The alluring energy of modern European cuisine and the pulsating infusion bar seamlessly complements the brand's classic sophistication and elegance.

₹ 10,594

Average Room Rate Per Day
in FY2017

72%

Occupancy

395

Keys

The St. Regis,
Mumbai is the
Tallest Hotel
building in India



Courtyard by Marriott, Agra

Intuitive Services in a World of Style

Our constant endeavour at Courtyard by Marriott, Agra, home to the world-renowned Taj Mahal, is to provide our guests with the best services and facilities, with the most vibrant F&B programme. In the two years of its operations, it has become a preferred getaway destination offering Indian hospitality with a global flair. The Hotel is setting new benchmarks in hospitality services and creative events.

During the year, the Hotel registered an average room occupancy of 57% and average room rate of ₹ 4,336 per room per night.

State-of-the-art Amenities

The property in Agra, which is only a four-hour drive from the national capital of India, is a part of the 1,000th Courtyard by Marriott globally and the 12th property in India. The property, with 193 rooms and 4 restaurants & bars, is designed to anticipate guests' basic needs – functionality, safety, consistency, comfort and value – providing a warm, sophisticated environment and a variety of options that allow guests to stay connected, productive and refreshed throughout their stay. The Hotel also offers large conference and banquet facilities, with more than 30,000 sq. ft. of indoor and outdoor banquet space, Magnificent lawn and extensive banqueting space make a perfect setting for social or business engagements.

A Royal Experience

The thoughtfully designed rooms provide the optimum balance between work and relaxation, with state-of-the-art amenities and views of the landscaped gardens or the pool, perfectly complemented by a selection of dining options, recreation and wellness facilities. The Hotel has recently launched an open-air Indian fine-dining specialty restaurant Anise, offering a delectable selection of authentic Awadhi and Northwest frontier cuisine and a gastronomic experience, with a warm and welcoming ambience.

Surrounded by lush green landscaping and expansive lawn with a beautiful backdrop, the restaurant provides its patrons a royal dining experience. With its ideal location supported by personalized service, the Hotel endeavours to become the most preferred for business and leisure travellers in the city.

₹ 4,336

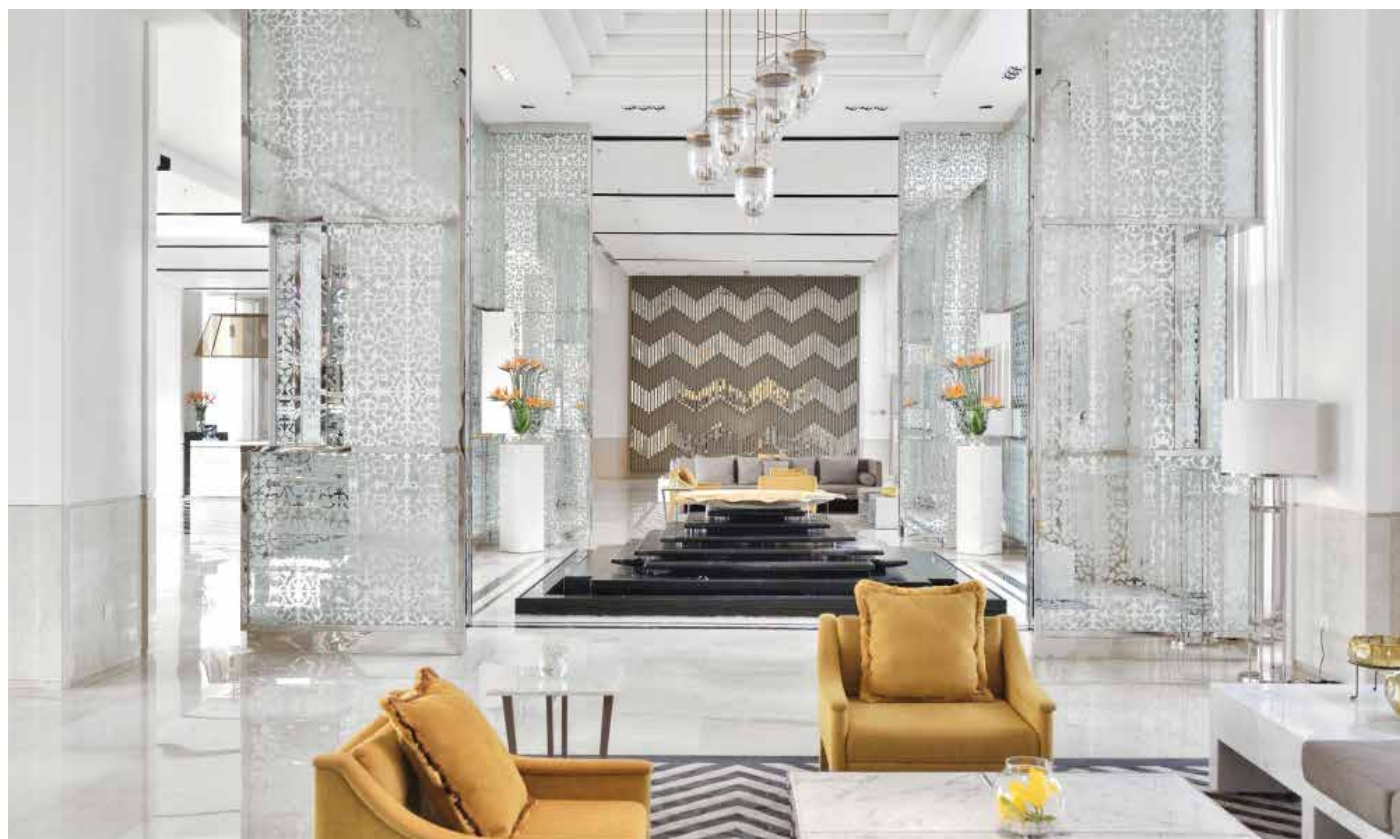
Average Room Rate Per Day
in FY2017

57%

Occupancy

193

Keys



Art Guild House, Mumbai

Challenging the Status quo

A distinctive feature of Art Guild House, an iconic premise, is its strategic location and unique value proposition. It is a part of the largest retail and commercial mixed-use development – the Phoenix MarketCity, Kurla, Mumbai. Spanning across 3.04 million sq. ft., it provides perfect work life balance to its occupants, being in the vicinity of the most premium retail, entertainment and food brands. Art Guild House is strategically located at the center of an infrastructure development with excellent connectivity to five mega infrastructure projects in Mumbai and being in close proximity to Bandra Kurla Complex.

Premium Amenities

The commercial premise, which commenced construction in March 2012, is now complete and the leased spaces are currently under fit-outs. About 0.26 million sq. ft. of the total area has been leased out of a total available area of 0.55 million sq. ft. Apart from its unique location, the six levels of office spaces with two levels of basement parking, premium amenities and artful environs make the "A" grade building one of the finest commercial destinations in Mumbai. It is an independent green building which offers scalability from 2,000 sq. ft. to 1.0 lakh sq. ft. on a single floor.

Sustainability Initiatives

Art Guild House is a green building aspiring LEED certification, a zero-water discharge site with energy efficient lighting fixtures. We aim for optimum electricity utilisation with the use of LED lights, while the Sewage Treatment Plant installed helps us achieve water conservation. The waste management SOP has been implemented. We also make use of building materials with a high recycled content. We have undertaken groundwater harvesting system to extract more water with less pumping power and directly discharge it into tanks. We are placing increased emphasis on time control on AHU and timings for lighting switch on-off. As a good practice, we have implemented automated access control system and visitor management system for all the employees.

0.55 Million Sq. Ft.

Total Available Area

06

Levels of Office Space



Centrium, Mumbai

Delivering Best-in-Class Experience

Centrium is a part of the integrated and retail-led mixed-use development at Phoenix MarketCity, Kurla, offering premium commercial spaces in the heart of the city. Located in Kurla, the Complex offers several locational advantages. It is located within a distance of 30 minutes from anywhere in Mumbai. It is connected well with all the premium residential projects anywhere in south, central, western or eastern part of Mumbai. The Complex provides easy access to shopping and entertainment, with several F&B options and break-out zones.

Key Amenities

The ultra-modern commercial destination is a “ready to move” block with 0.28 million sq. ft. saleable area with floor plates of 40,000 sq. ft. each, aiming to provide a spectacular amalgamation of stress free haven and anchor shops and showrooms. It offers a pleasant work environment with exclusive entrance lobby, centralised air-conditioning and 100% power back-up in common areas. Other key amenities increase the utility and style of this commercial complex.

Housed within India’s largest mixed-use development which includes commercial complexes such as Art Guild House and Phoenix Paragon Plaza, the project has been designed by Benoy from Hong Kong.



Phoenix Paragon Plaza, Mumbai

Embedding Best Practices

Phoenix Paragon Plaza is a part of Phase 2 at the retail-led mixed-use development asset at the iconic Phoenix MarketCity, Mumbai. This state-of-the-art complex is spread across 0.42 million sq. ft and six levels and is housed within a mix of retail and high-street brands. It is ideal for local retail entrepreneurs, professionals and start-ups. It has shops ranging from 70 sq. ft. and offices from 300 sq. ft. for lease.

Key Features

The total saleable area at Phoenix Paragon Plaza comprises of a retail portion of 0.18 million sq. ft., with shop sizes ranging between 80 sq. ft. and 500 sq. ft. The asset is a planned development with contemporary and superior design and is in company of the most premium retail, entertainment and food brands, premium boutique office spaces, shops and cafes. There are dedicated zones for electronics, bridal wear, fashion and accessories, a dedicated food court, restaurants and ample car parking space.

Phoenix Paragon Plaza offers the privileges of a unique proposition – that of the retail and commercial sector. It is poised to benefit from the prominent infrastructure development taking place in and around Kurla. It offers other amenities such as storm water management, integrated monitoring system, duress alarm at sensitive areas and magnificently landscaped gardens throughout the Complex.



One Bangalore West, Bengaluru

Delivering on the Brand Promise

One Bangalore West at Bengaluru city is the Group's flagship and only standalone residential project. It has been established as "the best gated community in Bengaluru" with world-class facilities. Located at Dr. Rajkumar Road, the company has a saleable area of 2.20 million sq. ft. (Phase I, II and III). Phase I of the project (Tower 1-5) has been completed and delivered, with occupancy certificate received. Tower 6 and 7 (Phase II) are currently under the approval process, while plans for Tower 8 and 9 (Phase III) have been frozen and construction work will soon commence. The project achieved a sales volume of 1.17 million sq. ft. at a weighted average price of ₹ 9,579 psf, resulting in an aggregate collection of ₹ 9,935 million.

Premium Amenities

Phoenix Club One, the state-of-the-art sprawling clubhouse built on 50,000-sq. ft. was, made operational during the year. It is considered to be amongst the best clubhouses in the city, with elegant interiors and state-of-the-art amenities.

The exclusive 2, 3 and 4 BHK flats and penthouses at the Complex are well ventilated. There are only 3 units per floor, offering complete privacy. Besides the superior design, a key USP is the Phoenix brand heritage and 17-acre green land in the heart of the city, built with 80% green spaces and a thriving community. It is being evaluated as a project with excellent location, good connectivity to the central business district and airport, close proximity to the mall, metro, cultural hub and city center, timely delivery and community living.

Esteemed Clientele

Our marquee clients include top industrialists and business class, professionals like doctors and lawyers, educationists, and working NRIs, among others. In-time project delivery and quality of construction continue to drive sales even after 4-5 years of the launch. A separate Customer Grievance redressal wing has been set up, where customer grievances are attended immediately. With the apartment ADDA software, all the software issues of residents are handled by the facility team in the shortest possible time.

Environmental Consciousness

The project has applied for Green Building Certification and makes use of all environment friendly components. Water collected from the rainwater harvest system is used for gardening and flushing purposes, while sewage water from Sewage Water Treatment plant is used for flushing. As a key feature, water efficient taps used in bathrooms and kitchens leading to water conservation. With the organic waste converter installed, the daily waste is converted into organic manure.

₹ 11,236 Million

Sales Value

2.20 Million Sq. Ft.

Total Saleable Area

1.74 Million Sq. Ft.

Area Launched

1.17 Million Sq. Ft.

Area Sold

₹ 9,579 psf

Average Selling Price

Awards

- Bagged NDTV Property Award for Luxury Apartment of the Year
- Won Estrade award for Residential Property of the Year (South)

One Bangalore West Towers 1-5

Construction Completed and Occupation
Certificate (OC) Received



Kessaku, Bengaluru

Breaking Barriers.

Setting New Benchmarks.

Kessaku is a one-of-its-kind development offering its customers the concept of 'bungalow living', the convenience of a 'gated community' and luxurious single-level homes. Launched in 2015, the Project includes 5 exclusive towers with expansive living spaces ranging between 6,000 sq. ft. and 7,500 sq. ft., and artfully detailed duplex apartments of 12,000 sq. ft., an art-inspired lobby, optimum space utilization, state-of-the-art bespoke home automation, international concierge service and impeccably designed kitchens. It reflects the modern architectural vision of Callison of USA.

The project, built over a saleable area of 0.99 million sq. ft., has witnessed good sales velocity with 0.21 million sq. ft. being sold at an average price of ₹ 15,378 per sq. ft., with a good mix of cosmopolitan infrastructure.

The project is strategically located in the vicinity of a metro station, World Trade Centre, Hotel Sheraton, premium shopping destinations, reputed educational institutions and hospitals. The residents have access to two state-of-the-art club houses – Midori, based on a Verandah concept on the ground level garden; and Kaze, a sky club on the roof top, with an infinity edge indoor pool and a rooftop jogging track.



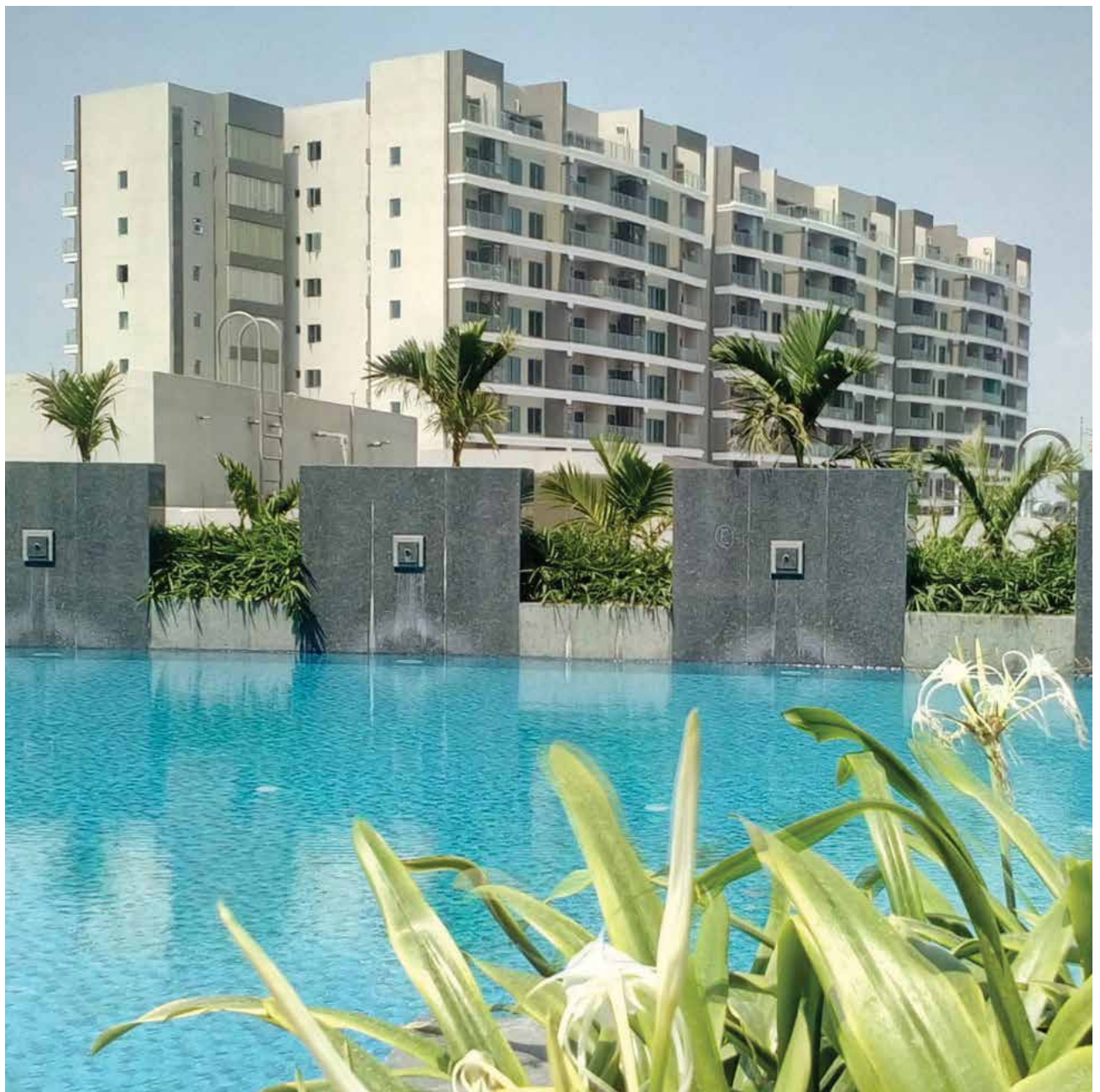
Key Features of Kessaku

- Exclusive access-controlled
- Elevators
- Personal lobby
- Cross ventilated living spaces
- Double height ceilings
- Dry kitchen and spacious
- Dining area
- Multiple expansive decks
- Four zone kitchen suite
- Master suites 1 and 2
- His and Her vanity suites
- Powder room
- Master bath suites 1 and 2
- Guest bath suite
- Library bath suite
- Children's bedroom
- Family entertainment room
- Library and study
- Guest bedroom
- Expansive decks with splash pools
- Separate service entrance and
- Elevator for staff
- Staff quarters

The Crest, Chennai

Passion for Innovation

The first phase of The Crest at Velachery, Chennai is complete. The premium residences are built on top of a luxury mall. The three residential towers (Tower A, B and C) are built on saleable area of 0.53 million sq. ft. Since launch, a cumulative area of 0.4 million sq. ft. has been sold for a total sales value of ₹ 3,464 million, translating into an aggregate collection of ₹ 3,209 million. Phase 2 of the project comprises of Tower D of 0.41 million sq. ft. of saleable area and is currently under planning stage.



Awards & Accolades

RETAIL PORTFOLIO

High Street Phoenix & Palladium Mall

Awards for FY2017:

- Global Safety Summit BCToD Business & Skill Awards 2016 presented **Safest Public Shopping Mall Award** to The Phoenix Mills Ltd. – High Street Phoenix
- Global Marketing Excellence **Awards presented Award for best use of Social Media** in Marketing to #Oneforlove campaign – The Phoenix Mills Ltd. In 2016
- Global Marketing Excellence **Awards presented Award for Marketing Excellence in Retail Sector** to – The Phoenix Mills Ltd. In 2016
- Star Retailer Awards 2016 presented **Regional Mall of the year** – West to High Street Phoenix in 2016
- TAVF Awards 16 – The Activation Venues Forum presented **Best Venue for the Activation Campaign** to High Street Phoenix
- TAVF Awards 16 – The Activation Venues Forum presented **Best Activation Campaign** to High Street Phoenix
- TAVF Awards 16 – The Activation Venues Forum presented **Highest Number of footfall venue of the year** to High Street Phoenix
- TAVF Awards 16 – The Activation Venues Forum presented **Best Festive Decor** to High Street Phoenix
- TAVF Awards 16 – The Activation Venues Forum presented **Best Premium Venue of the year** to High Street Phoenix
- INDIA SHOPPING CENTRE AWARDS by Images Group Recognized High Street Phoenix & Palladium as **“Shopping Centre of the Year (West) - Metro”** In 2016
- INDIA SHOPPING CENTRE AWARDS by Images Group recognized High Street Phoenix & Palladium as **“Shopping Centre of the Year – Sales Per Sq. Feet”** In 2016
- RETAIL EXCELLENCE AWARDS recognized High Street Phoenix & Palladium as **“Shopping Centre of the Year”** In 2016

Phoenix MarketCity, Chennai

- **The Best Premium Mall in Chennai** – Times of India
- **Construction Industry Award 2015** – Excellence in Commercial/Mixed Use-Development
- **“Best Malls & Shopping Centre of the Year 2015** – Operational Mixed Used Development” by Estate Avenues
- **“Most Admired Shopping Centre of the Year”** by CMO Asia's Shopping Centre & Mall Awards 2014
- **“Best Retail Project of the City** – CNBC Awaaz Real Estate 2013 Development” by Estate Avenues

Phoenix MarketCity, Bengaluru

- CMO Asia Shopping Centre & Mall Awards 2017
- – Most Admired Shopping Centre of the Year – Marketing & Consumer Promotions
- – Best Thematic Décor Shopping Centre
- – Estate Avenue – 5th Annual India's Best Shopping Malls Issue – Operational - Destination Shopping Mall 2016-17
- **Asia Shopping Centre & Mall Awards 2014** – Most admired marketing campaign of the year
- **CNBC Awaaz Real Estate Awards 2013** – Best retail project of the city – PMC Bengaluru

Phoenix MarketCity, Pune

- Most Admired Shopping Centre West, Non-Metro – Images Shopping Centre Award 2016
- Images Shopping Centre Award (ISCA) for the Most Admired Shopping Centre 2014
- Shopping Centre of the year at the CMO Asia Retail Excellence Award 2014
- Images Most Admired Shopping Centre of the Year” at Images Shopping Centre Awards 2013
- “IMAGES Most Admired Shopping Centre Marketing & Promotions of The Year” at Images Shopping Centre Awards 2013
- Best retail project in Pune at the CNBC AWAAZ Real Estate Awards 2012

Phoenix MarketCity, Mumbai

- “India's best existing neighbourhood shopping mall 2013-14” awarded by Estate Avenues
- “Best Thematic decoration” by Asia Shopping Centre & Mall Awards, awarded by CMO Asia

RESIDENTIAL PORTFOLIO

One Bangalore West

NDTV Property Award 2016

Luxury Apartment Project of the Year

Estrade Award 2016

Residential Property of the Year (South)

CNBC-AWAAZ Real Estate Awards 15-16

Best Residential Project in Bengaluru City (Luxury)

Asia Pacific Property Awards 2015

Architecture Multiple Residence
Residential High-rise Development

Estate Award 2015

Best Marketer of the year 2015

7th Estate Awards 2014

(Franchise India & ET NOW)
Regional Project of the Year – South

Asia Pacific Property Awards 2013

Developer Website

Kessaku

Estrade Award 2016

Luxury Project of the Year 2016

Estate Award 2015

Best Marketer of the year 2015

Asia Pacific Property Awards 2015

Development Marketing
Residential Property Interior (Show Home)

3rd Asian CEF Awards 2014

The Residential Project of the Year – Towers

7th Estate Awards 2014

(Franchise India & ET NOW)
Project of the Year – National

Designomics Awards 2014

Integrated Design Project / Marketing Strategy
Direct Response – Brochures / Catalogue

Fountainhead

3rd Asia CEF Awards 2014

The Residential Project of the Year – Residential Buildings

Asia Pacific Property Awards 2015

Apartment/Condominium
Developer Website
Development Marketing
Residential Interior (Show Home)

Designomics Awards 2014

Integrated Design Project / Marketing Strategy

Direct Response – Brochures / Catalogue

Estate Award 2015

Best Marketer of the year 2015

HOTELS & RESTAURANTS

2014

Times Food & Nightlife Awards

- **Seven Kitchens:** Winner of Best All Day Restaurant (South Mumbai, Fine Dining)
- **By the Mekong:** Winner of Best Thai Restaurant (Newcomer, South Mumbai, Fine Dining)
- **Li Bai:** Winner of Best Bar (South Mumbai)

TripAdvisor

Certificate of Excellence 2014

Condé Nast Readers' Travel Awards 2014

Favorite New Leisure Hotel in India (*Runners Up*)

2015

Times Food & Nightlife Awards

The Sahib Room & Kipling Bar:

Winner of Best Indian (*Noteworthy Newcomer South Mumbai, Fine Dining*)

Yuuka: Winner of Best Japanese (*Noteworthy Newcomer South Mumbai, Fine Dining*)

Booking.com

Award of Excellence 2014, Preferred Hotel

ClearTrip

Award of Excellence 2014

2016

Times Food & Nightlife Awards

The Sahib Room & Kipling Bar: Winner of Best Indian Restaurant

EXO: Winner of Best Nightclub

LI BAI – Winner of Best Bar

By the Mekong – Winner of the best Thai restaurant

TTJ Award

Jury Choice award, 2016 for Innovative Edge in creating luxury experiences in India

Condé Nast Reader's Travel Awards 2016

Favourite New Business Hotel

Asia SPA Awards 2016

Most Luxurious Spa (Hotel) – Iridium Spa

2017

Times Food Awards 2017 & Times Nightlife Awards 2017

By the Mekong - Best Thai - Fine Dine, South Mumbai

Luna Nudo – Best Cocktail Bar – Nightlife, South Mumbai

EXO – Best Nightclub – Night life, South Mumbai

BW Hotelier Awards

Best Hotel Manager

Our Sustainability Strategy

Serving the Society Little Better Everyday

When it comes to environmental protection and minimising our impact on the environment, our sustainability strategy in action makes all the difference. The values we live by ensure we serve our customers, employees and the society a little better every day. As a growing organisation, an important part of delivering this is to ensure we tackle the social and environmental challenges in communities we operate in.

At The Phoenix Mills Limited, sustainability is all about resource efficiency and improving the way our business is run. It is about using environmentally responsible products and managing their environmental impact. We conduct our operations in a manner that are ethical, transparent, proactive and sensitive to all stakeholders. The link is the little things we do to contribute to bigger initiatives.

Key Focus Areas

1. Resource Management

Environment protection and judicious resource management is our key motto. And eco-sensitivity is an integral part of our corporate responsibility. We operate in compliance with all regulatory requirements and follow green practices, as we recognise the perils of global climate change. We understand that a green building ensures a healthy environment, representing the optimum use of land, water, energy and sources. We make effective use of cost-efficient green technologies to create a building with a higher comfort level, low energy use and cost and low operating cost. By doing this, we validate our intent to pre-adopt futuristic infrastructure trends. Our latest office space Art Guild House is LEED compliant and is awaiting LEED certification.

2. Protecting the Environment

We have progressively invested in environment protecting plants and processes, strengthening our position as a responsible corporate citizen. We design and develop new malls with a distinctive characteristic and pursuing a unique charm. We are also actively working on revitalisation of the existing malls through refurbishment. As part of this, we are enhancing our floor spaces and promoting creation of people and environment-friendly spaces.

3. Environment and Safety

A central ESH Team (Environment, Safety and Health) provides key directions and performance indicators towards sustainable living, including monitoring of carbon emissions. The sustainability framework we have worked upon provides strategic direction for our key focus areas. By implementation of energy-saving and waste control policies, we are

Our Sustainability Strategy

- a. Protecting and minimising impact on the environment
- b. Protecting the health, safety and well-being of customers and employees
- c. Investing and supporting the communities in which we operate

constantly developing a culture where we are minimising the environmental load and creating a mechanism to protect the local ecology.

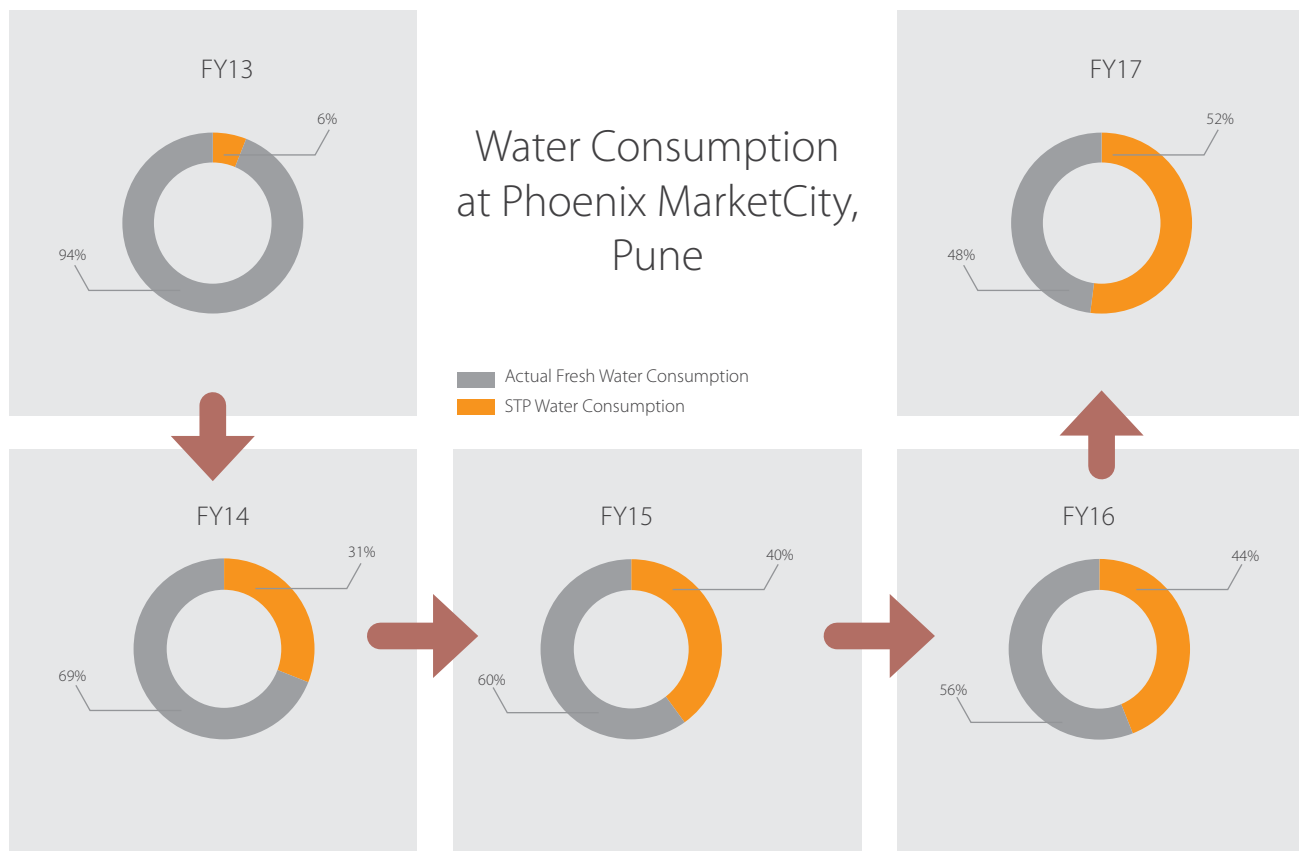
Moving ahead, we will continue to focus on improving our performance in the areas of health, safety and environment. We will also focus on developing our people and in supporting our communities.

4. Energy Conservation

We have converted halogen bulbs to LED-based lights at all the malls and commercial complexes. We have implemented capacitor banks for HT chillers to improve power. We have also implemented conversion starter-driven condenser pumps to VFD driven pumps. This is aimed at lessening energy consumption by plummeting the speed. A feasibility study for this is currently under progress.

5. Water Optimisation

We are aiming at optimum water utilisation at each of our asset. All the sewage water is recycled and used for gardening and cleaning purposes. We discharge water and get treated back wash water from treatment plants. We undertake regular maintenance of cooling tower water and chillers and also maintain water quality through routine descaling. We also undertake weekly filter cleaning for AHU sets due to



Increasing usage of STP water has led to savings of over ₹ 11 Million in FY2017 at PMC Pune.

high-dust quantity. A quarterly thermography test and cable connection tightness is checked to avoid loose contacts and energy wastage.

Our Initiatives on Sustainability

High Street Phoenix and Palladium, Mumbai

Some key upgrades were carried out at the Complex such as installation of LED screens, gantries, totems and periphery elements, new revenue signages and changing LPG to PNG at all Food & Beverage outlets. Other significant initiatives included reuse of water through Sewerage Treatment Plant (STP), multiple rainwater harvesting pits, zero discharge, installation of LED lights and maintaining of Unity Power Factor. We have also taken other steps like effective segregation of garbage, installation of organic waste converter and sludge to cover into mature.

Phoenix MarketCity, Chennai

We undertook many energy conservation efforts during the year. We regularly monitor utilisation of water and electricity and over consumption is immediately addressed. Recycled water from STP is recycled and utilised for cooling towers, flushes and landscape to minimise the intake of raw water. Tubelights in the basement have been replaced with LED lights for power conservation. Nearly 64% of our total power consumption was from green energy, with wind energy sharing a major chunk. We installed 3,600 LED 15-watt tubelights from led to a saving of 655 units per day, while climate control sensors at MLCP contributed 175 units per day. About 158,563 KL water was recycled for cooling towers and for flush water purposes. Organic waste convertor was used

to recycle wet garbage into manure for landscaping, while dry garbage is disposed through third-party vendor. Optimized use of wind power, along with lower Diesel Generator set usage, led to savings of ₹ 32 million during the year.

Phoenix MarketCity, Bengaluru

The mall witnessed a transformational change during the year. This was targeted at providing our discerning customers an international feel and enhancing their shopping and leisure experience. The makeover at the mall included installation of granite floor tiles, change of tubelights to LED, and installation of life size art pieces, trees and greenery, new direction signages and digital directories.

Phoenix MarketCity, Pune

An organic waste converter machine converts wet waste into manure and processes over 500 kgs of waste into organic manure on a daily basis. There is also a separate vendor to manage the garbage room.

Phoenix MarketCity, Kurla, Mumbai

We have a mission to create a more sustainable world and promote love and respect for the environment. Our efforts to achieve the above include – timely maintenance of AHUs, chillers and DG sets to reduce unit consumption; installation of LED lights; installation of preventive electrical maintenance to reduce breakdowns; optimizing drainage to recycle water; and installation of flow reducer to reduce water consumption in wash basins. We segregate dry and wet waste collection, while an Organic Waste Converter turns it into manure.

Corporate Social Responsibility

Helping People Cope with Social Challenges

At The Phoenix Mills Limited, we acknowledge our social responsibility well and remain committed towards the economic and social development of people of the society. Our focus is to demonstrate our commitment of "giving back to the disadvantaged sections of the society" seriously. We continue to live by our mission to extend the benefits of economic prosperity and realize the objectives of inclusive growth.

Corporate Social Responsibility is embedded in our vision statement of empowering the vulnerable sections of the society. Our CSR policy at The Phoenix Mills Limited is to function as a responsible corporate citizen, while discharging our social responsibilities. We utilise all opportunities to make any difference to people coping with social challenges.

We have a clear and robust governance framework for corporate responsibility and to focus on community well-being and empowerment is our key imperative. We maintain a close contact with local communities to solve their issues. We remain committed to meeting the needs of the local people. As a responsible corporate citizen, we share our success with the society and communities we live and work with. Our moto is to build a sustainable life for the underprivileged sections of the society and make their lives better.

- **Support the Cause:** We participate in the Standard Chartered Mumbai Marathon every year and run for the cause, along with the NGO 'Light of Life Trust'. The Trust works for the cause of development of rural under-privileged communities through a holistic approach leading to education, empowerment and employability.
- **Daan Utsav:** The "Joy of Giving Week" is celebrated across the country from October 2nd to October 8th. We also partnered with "Light of Life Trust" to celebrate the week across all our office locations. The money collected from employees was donated for the said cause.



Our Thrust Areas in CSR

- Education
- Women Empowerment
- Physical Well-being



High Street Phoenix and Palladium, Mumbai

- **Year of Giving:** Raised funds to encourage the spirit of giving and celebrate special occasions for special causes.
- **World Child Labour Day:** Tied up with Plan India to spread the cause of education of under-privileged children and eradication of child labour.
- **Palladium's 7th Anniversary:** The Mall donated 5% of its total sales towards a charitable cause.
- **OneForLove:** Leveraged social media to launch an initiative focussed on bringing social change.
- Other Events: Halloween and Christmas Party

Phoenix MarketCity, Mumbai

- Celebrated World Heart Day campaign in association with Fortis Healthcare, comprising cardiologists from hospitals and the Cause Ambassador, Raghu Dixit.
- Hosted a showcase of extraordinary art by painters from the Indian Mouth and Foot Painting Artist Association.
- Organised the 5th edition of Pinkathon, a movement carrying forward by a growing community of empowered women across India.
- Kick-started "Organ Donation Week" with doctors, students, army veterans and several renowned faces supporting of organ donation.
- UNICEF and Swachh Bharat Swachh Vidyalaya organised a social awareness campaign to spread awareness on diarrhea, to educate children not to open defecate and to learn the importance of hand washing.
- Mumbai University Department of Psychology organised a suicide prevention campaign on World Suicide Prevention Day.
- Organised "Daan Utsav" with 15 NGOs with school children, homemakers, opinion leaders and media personnel sharing their time, money, resources and skills with the society. Also, donated sale proceeds of 5th anniversary sale towards the NGO "Save the Children".

Phoenix MarketCity, Pune

- Organised 4th edition of "I Love Pune"
- Conducted an international Book Day celebration on World Environment Day, where shoppers donated books to under-privileged children.

- Conducted Green Ganesha Flashmob with Rotary Club and Zero Waste Campaign with Pune Police
- Celebrated X-Mas with NGO kids with free rides, meals and gifts
- Donation collected at the entrance of e-Washroom for NGOs like CPAA and Sarv Seva Sangh
- Conducted fund raising and Swachh Abhiyaan; Green Peace Environment; Living Free campaign for animals; Organ Donation Drive; Safety Week celebration; and Pinkathon, among other activities.

Phoenix MarketCity, Bengaluru

- Organised Freedom Vs Jam in association with Bangalore Traffic Police with art installations
- Organised Strisvara, a concert tour program, where international women musicians from different countries exchange music, culture and tradition
- Organised "U Quit, I Quit" campaign to quit smoking habits and spread awareness on heart disease on World Heart Day; conducted counselling with experts and distributed free samples of Nicotex
- Vigilance Awareness Week was conducted by Central Vigilance Commission and Hindustan Aeronautics Limited to promote integrity and eradication of corruption
- Conducted awareness campaign on violence against women conveyed through a set of tattoos
- Organised a musical live concert with Sona Mohapatra with Akshay Patra Foundation to raise funds for mid-day meals for children
- Organised Safety Women Drive with Radio Mirchi and Bangalore Police for promotion of women's welfare
- Organised signature and awareness campaign on Help for Children in Need Foundation on children's rights
- Organised women empowerment programs with Vidya Bhagini Society to raise funds for Vidya Integrated Development for Youth and Adults

Phoenix MarketCity, Chennai

- Conducted a CSR activity with the NGO Little Drops to raise funds for orphanages for children

Human Resource Management

Practicing our "People First" Strategy

The value of a company is determined by the quality of its employees. At Phoenix, we recognise Human Resource Development as a key area of our core competence and, hence, seek to pursue, nurture and retain talent. We build strong leadership talent pipelines and capability across levels in an environment fostering high performance and engagement across the workforce.

Human Resource is the most vital factor to achieve the goals of any organisation. Being a progressive organisation, we believe in the strength of our most vital asset – our strong workforce. To maintain our competitive edge in a highly dynamic industry, we recognise the importance of having a workforce which is consumer focussed, performance driven and future capable.

We continually strive to attract fresh talent to build a highly skilled and motivated pool of resources. Several initiatives are taken to ensure optimal development and management of human resources by imparting need-based training to employees across categories.

Learning and Development

Training for On Roll Employees

One of the focal points of the human resource policy at The Phoenix Mills Limited is continuous learning. This policy is progressively geared to meet the aspirations of our employees. To enhance efficiency and competence and to motivate our employees, we organise training programmes, which results in effective retention of the employees. In FY2017, training sessions were conducted comprising of 9,812 man hours.

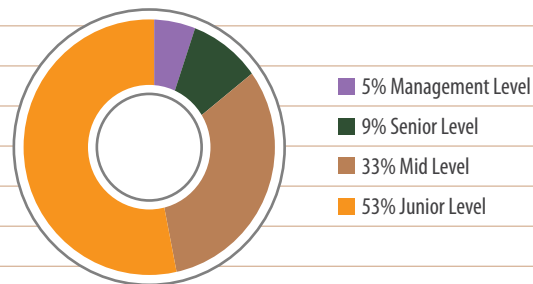
Training for Off Roll Employees

Customer centricity is the core of our Mall business. Outsourced employees at each mall play a pivotal role in delivering superior experience to all our customers. Regular trainings are conducted for Housekeeping, Security, Parking, and Floor Managers at each centre. This is aimed at addressing their need of development and to groom them as per the business requirements. During FY2017 about 2,429 sessions were conducted comprising of 47,508 Training Man-Hours. Internal Trainers are recognized for each month as a part of the Internal Trainer Recognition Policy for conducting training for outsourced staff. The objective is to promote the culture of learning and development and to recognize the performance of internal trainers.

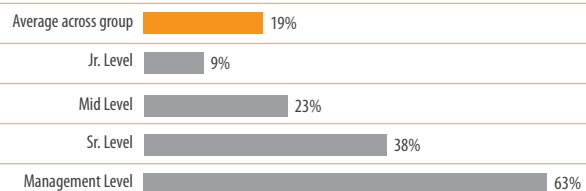
Talent Management

Talent and teamwork fuels our progress. We have created a formidable talent pool and provided them with learning and development opportunities to ensure capability building.

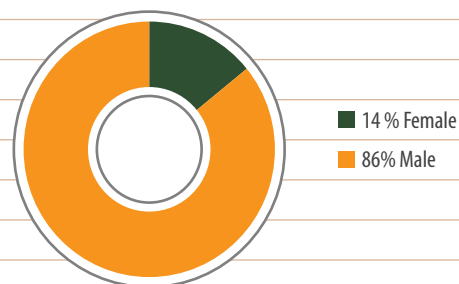
Bifurcation of Total Manpower over Different Levels



Employee with >5 years with PML at various levels



Break Up of Employees Strength by Gender



We continue to build on our efforts to provide a distinctive experience to our employees. Our focus has been to strengthen an integrated talent management approach. The aim behind this is to acquire, nurture and develop the best talent to prepare employees for leadership roles within the organisation.

Employee Development

An Individual Development Plan is framed for selected employees. This is aimed at giving the internal talent and the hi-potential employees ample opportunities and structure their career path within the organization. This helps in developing employees in specific areas as part of the skill gap analysis. This also helps as a tool for effective succession planning within the organization.

For the efforts in the field of Learning & Development in FY2017, the Company has been awarded the HR & Leadership Award in the category of Learning & Talent Initiative Excellence by World HRD Congress.

509

Training Sessions

7,443

Training Man-Hours



Human Resource Management



The Recruitment Process

Our recruitment process is a detailed and comprehensive process that helps the organization get the right talent for the organization. The process involves various stakeholders at different stages to evaluate various functional and behavioural competencies for any role. Psychometric tests are utilized as a tool to hire right talent. A total of 554 employees were hired during the year across all the businesses. Our total employee count at the end of the year was 1,074.

Employee Well-Being

The health and well-being of our employees is crucial. A series of initiatives have been undertaken to constantly reiterate the importance of health to all our employees. As part of the Health & Wellness campaign, various initiatives such as the Annual Health & Wellness campaign, various initiatives such as the Annual Health Check-Up, Health & Wellness emailers and Talk Show by Dietician for all employees was organized. We provide health insurance to all our employees to take care of the unforeseen medical emergencies.

538

**Training Man-Hours for
Electrical Safety**

812

**Training Man-Hours for
Evacuation process**

2,377

**Training Man-Hours for
Crisis Management**

Health & Safety – Our Top-Most Priority

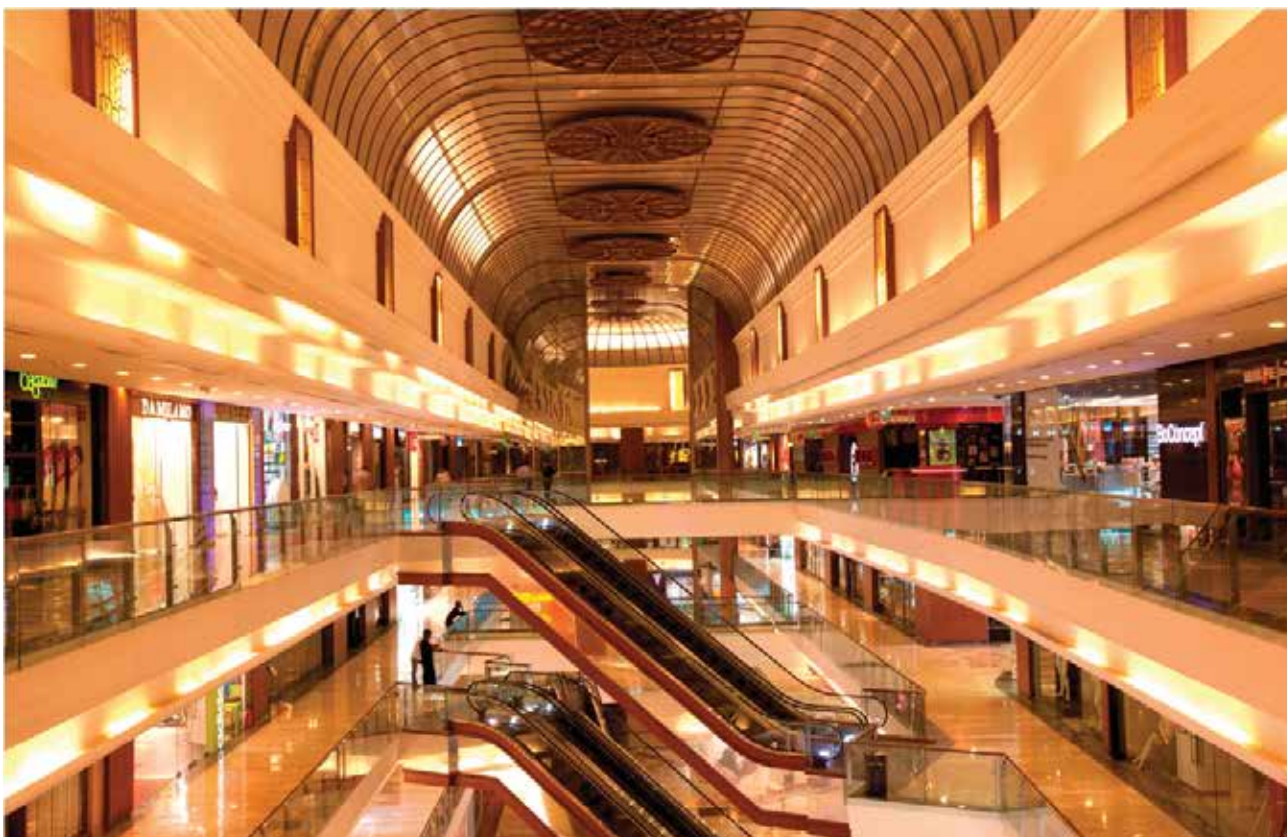
We have developed a corporate risk safety-based Standard Operating Procedure manual. These are to be mandatorily followed by malls and are continuously being reviewed and monitored by the corporate office. We remain committed to zero fatalities to our employees, contractors, shoppers and communities in which we operate. Our goal is to achieve a Health & Safety benchmark in the retail industry.

We have zero tolerance on irregularities and an effective safety program to provide fire safety best practices for the malls. We have dedicated teams assigned at each mall for routine daily, weekly and monthly audits. This is monitored from the corporate office to eliminate fire safety violations.

We have implemented a Fire Life Safety process manual which is applicable to all malls and is reviewed annually. This includes standard processes to be followed at the retailer's premises, common area, electrical installations, fire-fighting, evacuation, crisis management, basement safety, kitchen safety, surveillance, pest control, preventive maintenance, internal & external audits and incident reporting procedures. We also have strong governance practices in place. We work diligently to ensure compliance with the applicable regulations and standards and stay updated with new regulations and industry best practices.

We have a continuous evaluation process for improvement in all aspects of the fire safety program. We intend to provide a safe environment and eliminate issues pertaining to fire life safety for our customers and the employees. Changes in design, renovation of existing structures and the need to retrofit existing buildings with new fire/life safety equipment are continually under review. Improvement or potential changes are reviewed and the requisite changes are implemented at frequent intervals.





Financial Overview

Income from Operations

On standalone basis, which includes operations of only High Street Phoenix and Palladium (HSP), Mumbai, income from Operations increased by 6% YoY to ₹ 3,759 million in FY2017 from 3,558 million in FY2016. On a Consolidated basis, Income from Operations increased by 3% to ₹ 18,246 million from ₹ 17,795 Million in FY2016. Rental income from malls was at ₹ 7,748 million, up 9% YoY. Hospitality revenue was at ₹ 3,072 million, up 24% YoY. Revenue from residential was ₹ 2,449 million, while the commercial revenue was ₹ 1,431 million.

Earnings before Interest, Depreciation and Taxes (EBITDA) Standalone EBITDA increased by 6% YoY to ₹ 2,538 million in FY2017 from ₹ 2,391 million in FY2016. EBITDA margins were 68% in FY2017 as compared to 67% in FY2016. Consolidated EBITDA increased by 8% to ₹ 8,469 million in FY2017 from ₹ 7,869 million in FY2016. Consolidated margins increased to 46% in FY2017 from 44% in FY2016.

Interest and Depreciation

Standalone depreciation increased by 3% to ₹ 301 million in FY2017 from ₹ 293 million in FY2016, whereas consolidated depreciation increased by 10% YoY to 1,953 million in FY2017 from ₹ 1,773 million in FY2016. Standalone interest expense increased by 18% to ₹ 813 million in FY2017 from ₹ 689 million in FY2016. Consolidated interest expense decreased by 4% YoY to ₹ 4,203 million in FY2017 from ₹ 4,425 million in FY2016.

Profit after Tax and Minority Interest

Standalone Profit after Tax decreased to ₹ 1,335 million in FY2017 from ₹ 1,496 million in FY2016. Consolidated Profit After Tax and Minority Interest increased 28% YoY to ₹ 1,674 million in FY2017 from ₹ 1,295 million in FY2016.

Share Capital

During FY2016, Share Capital of the Company was at ₹ 306 million. Standalone Reserves and Surplus increased to ₹ 24,015 million in FY2017 from ₹ 22,650 million in FY2016, whereas Consolidated Reserves & Surplus Stood at ₹ 21,565 million in FY2017, as against ₹ 19,888 million in FY2016.

Non-Current & Current Liabilities

Standalone Non-Current (long term) borrowings increased to ₹ 5,751 million in FY2017 from ₹ 5,235 million in FY2016. Consolidated Non-Current (long-term) borrowings decreased to ₹ 31,066 million in FY2017 from ₹ 33,801 million in FY2016. Consolidated Current Liabilities decreased to ₹ 11,244 million in FY2017 from ₹ 12,245 million in FY2016.

Fixed Assets

Consolidated Tangible Assets decreased to ₹ 42,002 million in FY2017 from ₹ 43,512 million in FY2016 and CWIP increased to ₹ 3,277 million in FY2017 from ₹ 1,949 million in FY2016.

Current Assets

Consolidated Current Assets decreased to ₹ 14,068 million in FY2017 from ₹ 20,487 million in FY2016, due to a decrease in inventory. Consolidated Inventories decreased to ₹ 9,455 million in FY2017 from ₹ 13,240 million in FY2016.

Risk Management & Internal Controls

PML identifies new risks and re-evaluates old risks during the year, in the process of considering risk mitigating strategies. Some of the risks the Company's core businesses are exposed to include credit risk, market risk, operational risk and legal risk. It is also exposed to specific risks in connection with the management of investments and the environment within which it operates. The Company manages cost escalation risk through processes aimed at optimising costs through suppliers and through rigorous contracts and procurement. To manage project execution risk, PML evaluates track records and performance capabilities to ensure the right contracts are on board. As a part of the monitoring system, a project review is done every week on timelines and budgets to evaluate project cost and costs to completion.

The Company seeks to understand, limit and manage the adverse impacts arising from external and internal events. The risk management team safeguards and protects the Company's assets against unauthorized use or disposition, maintenance of proper accounting records and verification of authenticity of all transactions. Within the Company, the directors are responsible for maintenance of a sound system of internal controls. This is done by way of continuous process of identifying, evaluating and managing the risks faced by the company.

The Group's effectiveness on internal control and their internal control system is also checked by external agencies. This results in an unbiased and independent examination of the adequacy and effectiveness of the internal control system and aims to achieve the objective of optimal functioning of the Company.

Information Technology

Your Company well understands that an adequately equipped IT infrastructure, both technologically and quantitatively, is the foundation for stable IT systems and optimal IT support. It has the best-in-class IT systems and the entire IT backbone to manage administration and delivery of its services. A key hallmark of its IT systems is its ability to monitor and assist each retail store, helping them manage their business better and has a comprehensive package for managing its retail properties. This enables the entire operation to be on a centralised platform offering single-system property management and accounting integration.

The advanced IT system facilitates PML in establishing various business intelligence reports for investment management, electronic procurement, paperless transaction processing, budgeting, forecasting and cash flow modelling. The Company has adopted global standards in information automation, performance metrics and management excellence. The efficient enhancement of the application environment at different locations in the business processes and in sales network is just as vital as having a modern IT infrastructure. The technical staff is responsible not only for programming the systems, but also supporting the users in technical development. Expert teams develop solutions that can be applied across verticals to establish IT standards in business areas that are the basis for leveraging potential synergies.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of The Phoenix Mills Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of The Phoenix Mills Limited's Annual Report, 2016-17.