Initiating Coverage

Sector	Ratings
Real Estate	BUY
Current Price	**Target**
Rs.585	Rs.699
Potential upside	**Holding**
20%	12 months

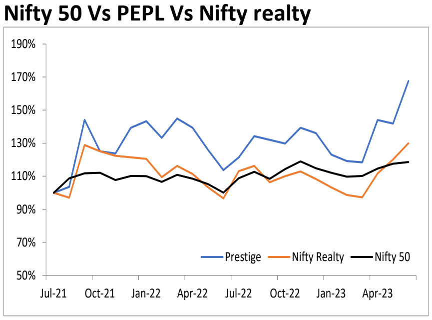
Stock Information	
Sensex/Nifty	63,416/18,817
Bloomberg	PEPL:IN
Equity shares (Cr)	40.09
52-wk High/Low (Rs)	602/381
Face value (Rs)	10
M-Cap (Rs Cr)	23,374
2-wk Avg Volume (Qty)	827,574

Financial Summary (Rs. crs.)

Year Ended	FY23	FY24E	FY25E
Revenue	8,315	9,027	11,037
EBITDA	2,086	2,308	2,877
EBITDA Margin (%)	25.09	25.57	26.07
EBIT	1,280	1,421	1,900
EBIT Margin (%)	15.39	15.74	17.22
PAT	759	667	943
PAT Margin (%)	9.13	7.39	8.55

Shareholding Pattern (%)	Sep-22	Dec-22	Mar-23
Promoters	65.48	65.48	65.48
DII	8.10	9.41	10.50
FII	23.17	22.21	21.19
Public	3.25	2.89	2.83

Nifty 50 Vs PEPL Vs Nifty realty



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Prestige Estates Projects Limited

28th June 2023

Marching ahead step by step

Prestige Estates is a Bengaluru based real estate developer striving for a pan India presence. It is focused across the entire real estate verticals: residential, office, retail and hospitality.

We initiate coverage on Prestige with a "BUY" rating and a target price of Rs 699. We highlight key strengths: a) Second largest developer in the residential segment in terms of total area developed and pre-sales for FY23; b) Strong execution track record; c) Sizeable presence across Residential, Commercial, Retail and Hospitality; d) Growth visibility as strong pipeline of ongoing and upcoming projects; e) Targeting a 10x scale up in rentals in the commercial office segment; f) Prestige is currently trading at a P/BV ratio of 2.29x, it is available at relatively attractive valuation compared to its peers; g) Huge land bank of 510 acres. The key risk would be timely execution and leasing of it's under construction commercial assets. Also expansion into new geographies is another key risk as execution will strongly depend on Prestige complying with state specific legal and regulatory requirements.

Reputed developer, strong launch pipeline and location advantage

Prestige group is the second largest developer in India in terms of area developed till date and in terms of pre-sales for FY23. Currently the company has 57 ongoing projects spanning 77 msf and 44 upcoming projects aggregating to 97 msf. It has the largest market share in Bengaluru. Bengaluru is best placed to take advantage of the expected upcycle in the real estate market given the overall demand supply dynamics. Bengaluru is the second largest residential market and largest commercial market in India. It has a low inventory overhang and best in class affordability. Apart from Bengaluru it has presence in 12 cities across India.

Strong track record and residential pre-sales run rate to sustain

Prestige has delivered 281 projects spanning 166 mn sq ft (msf) across all verticals till date out of which 90 msf was delivered in last 5 and a half years. Its pre-sales grew at ~30% CAGR from FY19 - FY23 and it is targeting to almost double its residential pre-sales to Rs 25,000 crs by FY26. Collections also grew at ~ 17% CAGR to reach Rs 9,806 crs by FY23. To achieve the pre- sales target Prestige is concentrating on aggressive business development spends of Rs 250 crs to Rs 300 crs annually.

Rebuilding its commercial office segment

Prestige is rebuilding its commercial office segment after its sale to Blackstone in FY20. It is targeting a yield to cost ratio of ~17% by FY28 and it plans to incur a total capex of Rs 13,913 crs out of which Rs 12,399 crs is pending capex over 5 years. It is targeting more than 10x scale up in exit rentals from Rs 210 crs in FY23 to Rs 2,372 crs in FY28.

Ramp up in retail and hospitality segment

Prestige is targeting to ramp up from 12 retail projects spanning 9 msf to 19 retail projects spanning 16 msf by FY27. This would result in exit rentals increasing from Rs 187 crs in FY23 to Rs 566 crs in FY27 as per the management estimates. Similarly, it currently has 9 hospitality projects with its share of keys being 1,211. Prestige is planning to ramp this up to 2,351 keys spanning 18 hotels by FY28. This would increase the revenue from Rs 661 crs in FY23 to Rs 1,580 crs in FY28 based on 60% occupancy levels as per the management estimates.

Strong brand value and marquee assets

Prestige has built a strong brand Prestige city in the residential segment and Forum malls in the retail segment. Strong branding helps the company attract renowned clients as well as gives it a leverage in pricing. Their JW Marriot Golfshire hotel in Bengaluru has become a landmark project and an address maker. Its upcoming commercial projects in Mumbai are located in BKC and Mahalaxmi which are key prime areas .This will give a further impetus to their brand value. Their client base in the hospitality segment includes JW Marriott, St Regis , Moxy among other clients

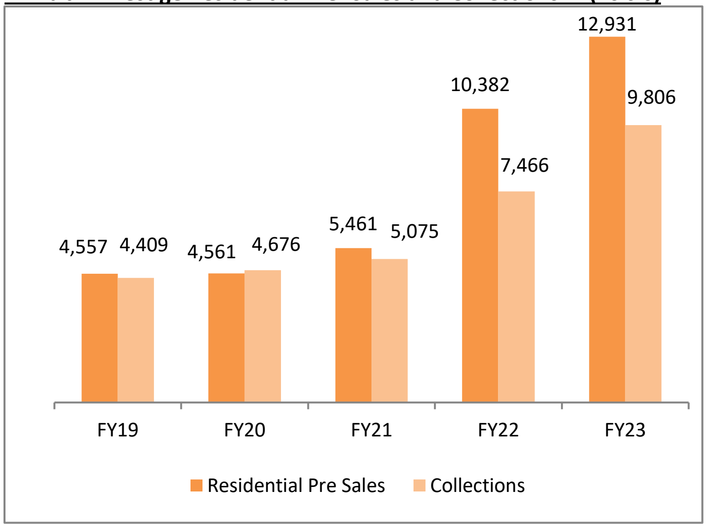
Strong balance sheet and attractive valuation

Prestige has reduced its net debt equity ratio from 1.49 in FY19 to 0.60 in FY23. Even though its debt levels will increase in the short term in order to incur future capex of ~ Rs 16,000 crs over 5 yrs, its net debt equity ratio will remain below 0.80 as the debt would be serviced by healthy operating cash flows. The company has undertaken strategic dilutions in the recent past to keep its debt levels in check. This was reflected in Prestige’s Rs 900 cr QIP fund raise in FY20 in which GIC contributed Rs 436 crs at Rs 325 per share and the balance Rs 464 crs was contributed by other institutional investors at Rs 372 per share. Prestige has an A+ rating with ICRA. It is also attractively priced at a ~18% discount to NAV of Rs 699 based on our SOTP valuation.

Segment Wise Investment Thesis and Industry Trends

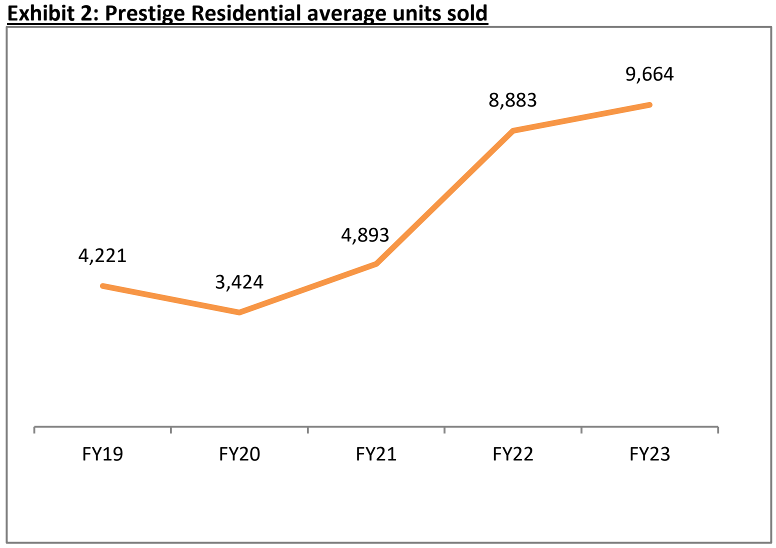
A) Residential Segment

Exhibit 1: Prestige Residential Pre- Sales and Collections in (Rs crs)



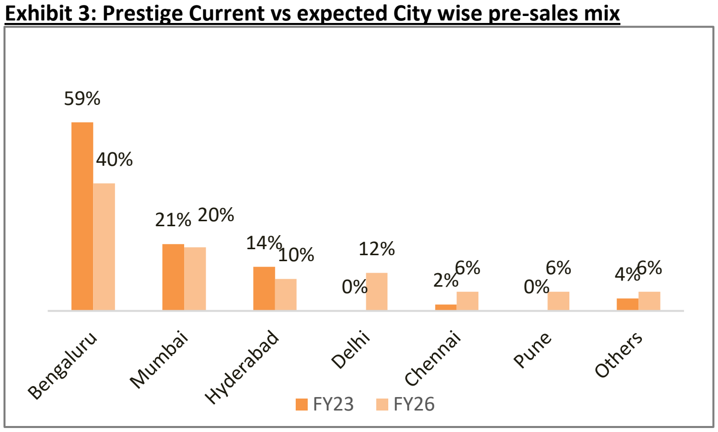
Source: Investor Presentation, Systematix PCG Research

Exhibit 2: Prestige Residential average units sold



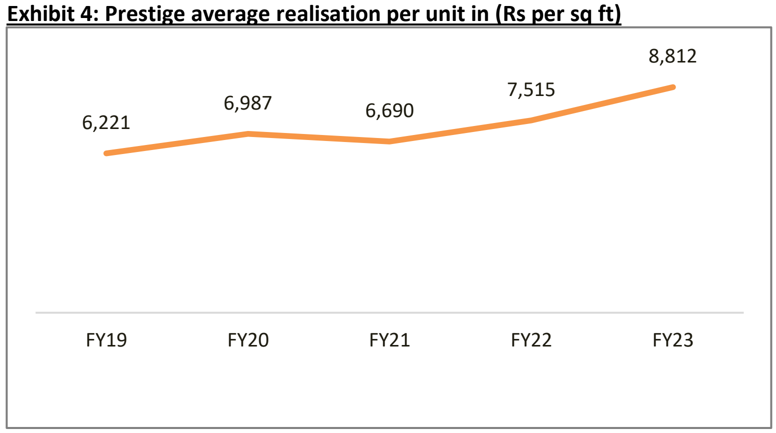
Source: Investor Presentation, Systematix PCG Research

Exhibit 3: Prestige Current vs expected City wise pre-sales mix



Source: Investor Presentation, Systematix PCG Research

Exhibit 4: Prestige average realisation per unit in (Rs per sq ft)



Source: *Investor Presentation, Systematix PCG Research*

Pan India ambitions and scale

There has been a sharp scale up on various parameters in the residential segment as depicted by the charts. Prestige is transforming from being a South focused to a pan India player. Prestige has key presence in more than 12 cities and it has launched projects in Mumbai, Pune, Goa and Delhi NCR. As per the management estimates, Bengaluru's revenue contribution in the residential segment will fall to about 40% in the next 3-5 years from a high of 80% in FY22. Prestige's Residential pre-sales moved up from Rs 4,557 crs in FY19 to Rs 12,931 crs in FY23 at a ~30% CAGR. The company expects to achieve an EBITDA margin of 18-20% in this segment.

Foray into new destinations

Prestige has entered the Mumbai Metropolitan Region (MMR) with 5 ongoing projects and 4 upcoming projects. Prestige undertook its MMR foray with the launch of Jasdan Classic, Mahalaxmi in Jan'22, followed by Prestige City, Mulund in May'22. We expect the next level of Prestige's growth to be contingent on its MMR performance

Residential Industry Overview

As per the latest report of Anarock the size of India's real estate industry is expected to reach 1 trillion USD by 2030 and contribute about 18%-20% to India's GDP. Despite global economic headwinds including layoffs by several large and small corporates, the bull run in the Indian housing market continued in FY23. The market remained buoyant and interestingly several new trends were noticed

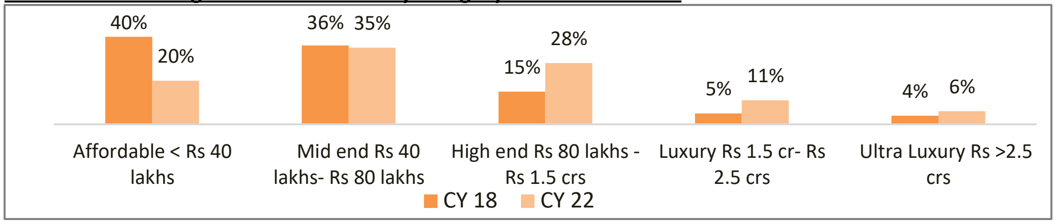
Exhibit 5: City wise residential projects data as on Mar-23

City	New launches	Sold Units	Available Inventory	Avg price (Rs/sq ft)
NCR	12,450	17,100	1,19,000	5,200
MMR	37,300	34,700	2,00,500	12,200
Bengaluru	13,600	15,700	54,500	5,750
Pune	19,400	19,900	1,03,800	6,150
Hyderabad	14,600	14,300	83,700	4,800
Chennai	6,400	5,900	28,700	5,400
Kolkata	5,850	6,200	36,500	4,800

Source: Anarock Presentation, Systematix PCG Research

- Top 7 cities recorded new launches of around 1,09,600 units in Q4 FY23 against 89,100 units in Q4 FY22 and 92,900 units in Q3 FY23, indicating a rise of 23% on annual basis and a rise of 18% from the previous quarter. Quarterly housing sales reached all-time high with approx 1,13,770 units sold in Q4 FY23 across top 7 cities. Mid segment homes priced Rs 40 lakhs- Rs 80 lakhs continue to dominate new supply with 36 % share followed by premium (Rs 80 lakhs-Rs 1.5 crs) with 24% for Q4 FY23.
- Inventory overhang across 7 cities in India declined to 20 months by the end of Q4 FY23 compared to 27 months in Q4 FY22. An inventory overhang between 18 months - 22 months is considered healthy for the market. Bengaluru has the least inventory overhang of 13 months.
- Average residential prices across the top 7 cities increased by 6-9% in Q4 FY23 as compared to Q4 FY22. Bengaluru recorded the highest 9% annual rise in prices.
- Prestige is in perfect tangent with the industry trends to take advantage of the upcycle in residential segment of the real estate market.
- Out of the top 7 cities, Prestige has exposure to 6 cities except Kolkata. Its maximum exposure is in Bengaluru. Bengaluru is best placed for pricing growth with a launch discipline, a strong demand growth potential, comfortable inventory position and a favourable competitive intensity. Bengaluru contributed about 80% of revenue in FY22 and 59% in FY23. It has more than ~42 msf in developable area in on-going and upcoming residential projects in Bengaluru. Prestige has an inventory overhang of ~21 months for FY23 which is considered healthy.

Exhibit 6: Percentage of new launches by category in CY18 and CY22



Source: Anarock Presentation, Systematix PCG Research

As per the above chart the demand for Mid end and High end housing segments is gaining traction and developers are accordingly launching residential units in these segments. The demand for affordable housing has dipped and similarly Prestige has exited its fund with HDFC for Rs 2,500 crs which it had formed to invest in affordable housing. Also, similarly 78% of Prestige's inventory is in Mid and High income projects. The renewed demand for luxury and ultra luxury housing has caused Prestige to launch luxury projects such as Prestige Ocean towers in Marine Drive, Prestige Nautilus in Worli, Prestige Jasdan Mahalaxmi and Prestige Daffodils in Pali hill.

Key Risks in the Residential Real Estate segment

- Prestige has no prior experience in slum redevelopment and it has entered into a large slum rehab project in Mumbai in Jijamata Nagar (>4 msf total developable area) which has faced major hurdles earlier.
- **Exposure to South Mumbai Micro market** Prestige has 4 under construction projects in the South Mumbai micro market with a total developable area of > 8 msf. The south Mumbai micro market is seeing a rampant surge in supply and historically has low absorption levels compared to other areas of Mumbai due to its high-ticket size.
- Increase in interest rates could pose a dampner for the real estate sector. Also similarly increase in commodity prices could pose a major challenge as price hikes may not cover the entire increase in input costs.

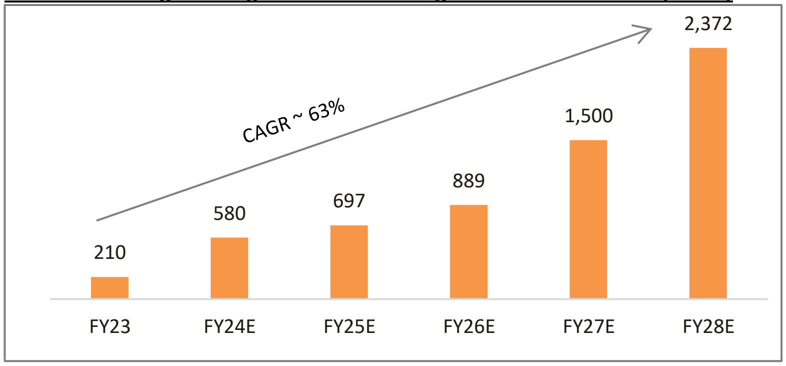
B) Commercial Office Segment

Exhibit 7: Prestige Ongoing and Upcoming Office Projects

City	Total Developable Area (msf)	Percentage
Bengaluru	11.92	53.47%
Mumbai	4.43	19.89%
Hyderabad	2.31	10.37%
Kolar	1.49	6.69%
Pune	0.96	4.31%
Kochi	0.78	3.49%
Delhi	0.40	1.79%
Grand Total	**22.29**	**100.00%**

Source: Investor Presentation, Systematix PCG Research

Exhibit 8: Prestige Management exit rental guidance for offices in (Rs crs)



Source: Investor Presentation, Systematix PCG Research

Expansion – Prestige plans for the commercial segment are bold and ambitious. Prestige plans to increase its annuity income by more than 10x by FY28. More than 40% of the rental income is expected to come from the Mumbai region across two properties-BKC and Mahalaxmi. It is aiming to achieve a yield to cost of about 17% in the segment on a total capex of ~Rs 14,000 crs.

Entering new geographies – It is launching 3 upcoming projects in Mumbai which have a high rental rate of Rs 325 per sq ft per month (psf pm). Similarly it has an upcoming project in Delhi Aerocity which is expected to generate a monthly rental of > Rs 200 psf pm. It also has an ongoing project in Pune which it is in advanced stages of pre-leasing.

Commercial Office Segment Overview – In FY23, the India Office Market experienced a robust influx of new office supply across the top 7 cities, totalling 48.65 msf. Despite a marginal 5% decline YoY, the market remained vibrant due to the growing occupiers who are actively evolving and strengthening their businesses, thereby driving high demand for new office spaces. The southern cities, maintained their dominant position in FY23, contributing to 64% share of the total new office supply.

Key Trends in the Commercial Office Segment

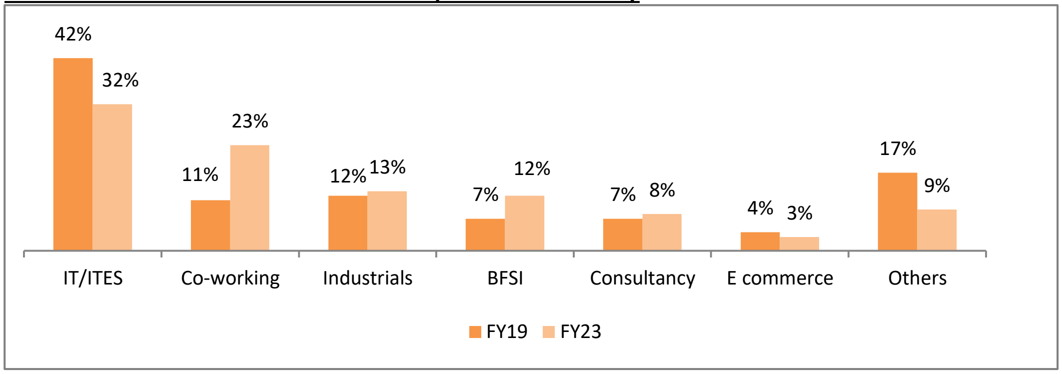
Bengaluru reclaims top spot for net office absorption in FY23 among the top 7 office markets. This will benefit Prestige as it has ~12 msf in total developable area in ongoing and upcoming projects in Bengaluru.

The average vacancy rate of Grade-A offices declined by 0.1%, to 15.9% in FY23. Also in FY23 the average rentals of Grade A office spaces Pan India reached Rs 79 psf pm, experiencing a modest 4% increase.

Hyderabad is the frontrunner with highest influx in supply with a 31% share in Grade A new office supply in FY23. Prestige has also an ongoing project called Prestige Skytech in Hyderabad with 2.31 msf total developable area (Prestige share)

Large Deals (>0.1 msf) continue to dominate office market in FY23 with a market share of 6%. Similarly Prestige is concentrating on leasing large office spaces and even independent buildings. It is in advanced negotiations with BNY Mellon to lease the entire building of Prestige Alpha tech in Pune of ~ 1 msf for Rs 82 crs per annum.

Exhibit 9: Sector Wise Grade A Office Absorption in the Industry



Source: Anarock Presentation, Systematix PCG Research

The Prestige's management plans are in sync with the Industry's outlook on this segment. As per our discussion with the management, Prestige is seeing an aggressive demand for co-working spaces which is reflecting in pre-leasing for ongoing projects. This is depicted by the above chart where the share of co-working spaces has increased from 11% in FY19 to 23% in FY23. This substantial increase of 12% stands as the highest recorded growth across all sectors, highlighting the growing recognition and adoption of co-working spaces as a solution to accommodate the evolving needs of employees and businesses.

Key risks

Slowdown in the economy could lead to muted leasing demand for office spaces and higher vacancy levels which would adversely affect rental income. Prestige is trying to mitigate this risk by pre-leasing large office spaces to reputed companies.

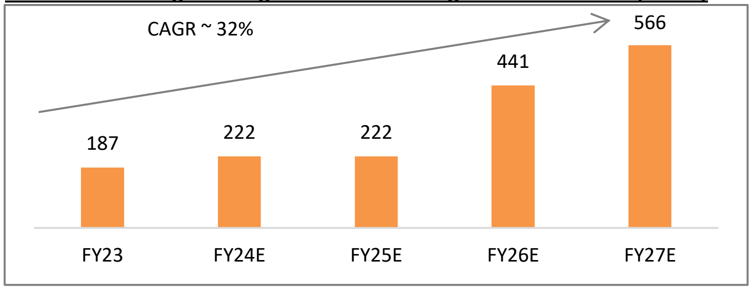
C) Retail Segment

Exhibit 10: Prestige Ongoing and Upcoming city wise Projects

City	Total Developable Area (msf)	Percentage
Bengaluru	2.22	42.94%
Chennai	1.66	32.11%
Kochi	0.99	19.15%
Hyderabad	0.30	5.80%
Grand Total	**5.17**	**100.00%**

Source: Investor Presentation, Systematix PCG Research

Exhibit 11: Prestige Management exit rental guidance for retail (Rs crs)



Source: Investor Presentation, Systematix PCG Research

Prestige malls portfolios operate under the Forum brand. All of prestige retail malls whether operational or upcoming are located in the southern part of India. Prestige plans to scale up its income from this segment to ~ Rs 570 crs by launching 3 projects in Bengaluru, 2 in Kochi, 1 in Hyderabad and 1 in Chennai. It is targeting a yield to cost of ~ 29% on a total capex of Rs 1,965 crs.

Exhibit 12: Industry Data for Shopping malls in Gross leasable area by cities (msf)

Cities	Industry Data for Shopping Malls in Gross Leasable area (msf)
Ahmedabad	2.50
Bengaluru	15.20
Chennai	7.50
Hyderabad	7.20
Kolkata	5.60
Mumbai	16.10
NCR	31.70
Pune	7.10
Total	**92.90**

Source: Knight Frank Presentation, Systematix PCG Research

Retail Industry Overview

As per the Knight Frank India report "Think India Think Retail 2023" a lot of retail malls are coming up as mixed use development spaces where they are being built alongside residential office spaces and hotels. This would help in increasing footfalls and result in a higher rental per sq ft. Similarly Prestige is building Prestige OMR mall in Chennai along with its Moxy Hotel Chennai which would be in the same premises.

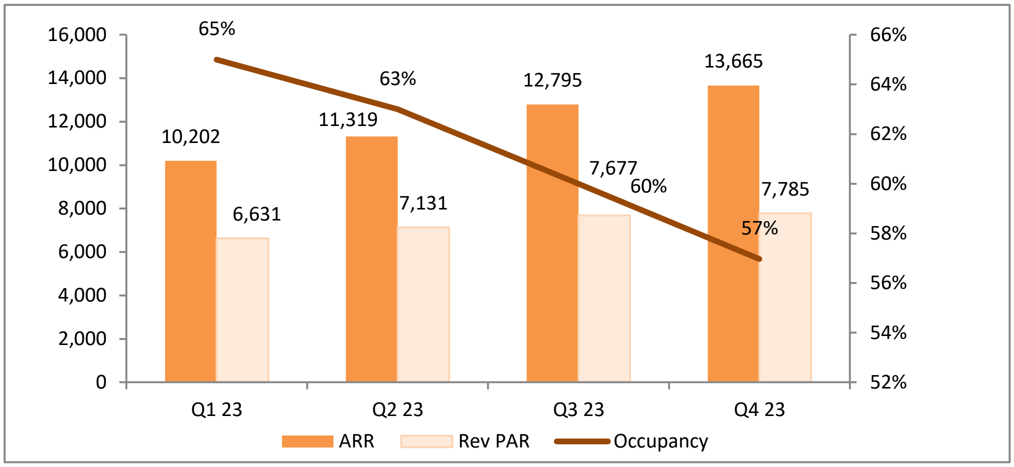
Key risks

Slowdown in the economy could cause high vacancy rates, and lower consumption per sq ft in malls. This would lead to lower lease rental as lease contracts involve a Minimum guaranteed rent plus revenue share with the retailers.

D) Hospitality Segment

Prestige currently operates 9 hotels with its share of keys being 1,211 and it plans to ramp this up to 2,351 keys by adding 9 more hotels by FY28. This ramp up is expected to increase its revenue from Rs 661 crs in FY23 to Rs 1,580 crs in FY28 based on 60% occupancy levels. Prestige has key tie ups with marquee hotels such as Marriott, St Regus and Moxy. It is mainly catering to the luxury 5 star segment and it does not plan to venture into the budgeted hotel segment.

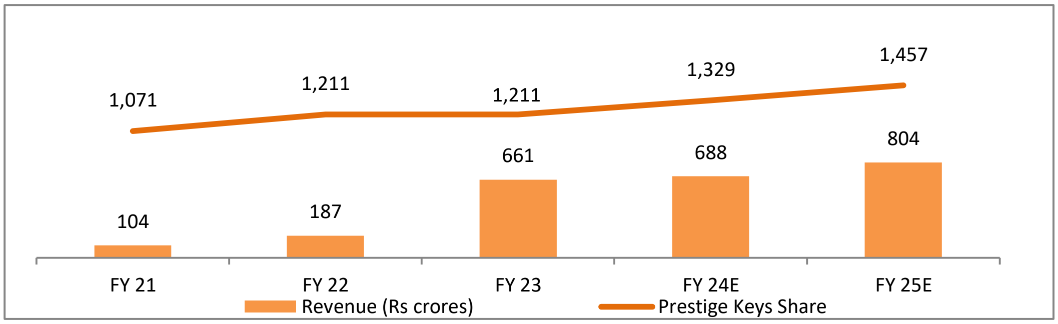
Exhibit 13: Hotels Average revenue per room (ARR), Revenue Per Available Room (Rev Par) and Occupancy quarter wise details for FY23



Source: Investor Presentation, Systematix PCG Research

The above chart depicts that even though occupancy is falling the ARR and Rev Par is increasing. As per our discussion with management, the fall in occupancy is due to the JW Marriott property in Bengaluru which opened in Feb 2022 and has 297 keys has a low occupancy of 35% due to a high ARR of > Rs 20,000. This drags the occupancy of the entire segment. The management is confident that since this is a premium property the uptick in occupancy would be slow and it would gradually increase during the year. But the high ARR's are making up for the occupancy.

Exhibit 14: Number of rooms and Revenue from Hospitality sector



Source: Investor Presentation, Systematix PCG Research

The hospitality sector suffered a washout in FY21 and for half of FY22 due to covid related restrictions. Revenue from the Hospitality sector is expected to jump almost 8x due to ramp up in number of rooms and increase in ARR's.

Hospitality Industry Overview

Exhibit 15: Key Statistics for the Indian Hotel Industry

Hotels Sector
Key Stats (India Average)

	Mar 2023	Change over (Pre-COVID) Mar 2019	Change over (Post COVID-19) Mar 2022	
ADR	₹7,600-₹7,800	↑ 22-24%	↑ 38-40%	↓
Occupancy	62%-64%	↓ -2-4 pp	↑ 2-4 pp	↓
RevPAR	₹4,712-₹4,992	↑ 17-19%	↑ 44-46%	↓

Source: Anarock Presentation, Systematix PCG Research

- India's domestic air traffic in Mar 2023 increased by 11% above the pre covid levels for the month.
- Seasonality caused a decrease in the hotel occupancy rate in Mar 2023 compared to the prior month.
- Although average rates have decreased month over month in Mar 2023, they are still significantly higher than pre-pandemic levels
- Mumbai maintained its position as the market leader in terms of occupancy rate (76-78%), but after a long time New Delhi ranked second (74-76%)
- With average rates of over Rs 9,500 in Mar 2023, New Delhi is edging closer to market leaders, Mumbai (over Rs 11,000) and Goa (Rs 10,000).

Since Mumbai and Delhi have higher occupancies and ARR compared to the southern region the company has plans to open a W hotel in Mumbai and it is opening 2 hotels in Delhi Aerocity which would be in the same premises as its upcoming office space and convention center.

Key risks

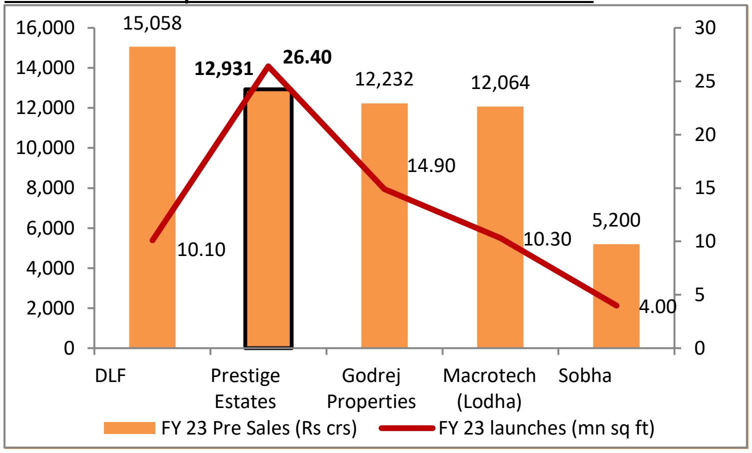
Occupancy of 60% levels remains a cause for concern and Prestige needs to ramp it to around 70%-75%. The management is confident that over a couple of years. The occupancy rates will improve due to various promotional initiatives which are being taken by them

E) Property Management Services

The service segment of Prestige Group is called (Prestige Project Management Services), which takes care of the entire facility management of the building. Prestige has over 117 msf of assets managed by them over 182 properties in completed and ongoing assets and both residential and commercial, Prestige is responsible for the provision of maintenance and management services including operation and maintenance of facilities such as power distribution, backup power generation, central air-conditioning, water supply, drainage pumping, janitorial services, parking management, pest control, fire detection and solid waste disposal and management. Prestige generated revenue of Rs 595 crs from this segment in FY23. It has further 155 msf of project under pipeline – which includes developing – 117 msf of ongoing and upcoming residential projects, 41 msf of ongoing and upcoming commercial and ~7 msf of retail assets. All put together, Prestige expects to generate a revenue of Rs 1,100 crs on completion of these assets by FY26 with an EBITDA margin of 13-15%.

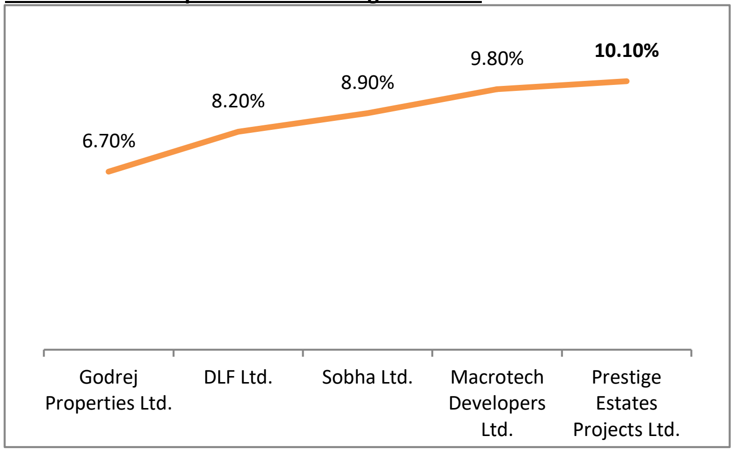
Peer Comparison (Story in charts)

Exhibit 15: Developer wise Pre-Sales and Launches for FY23



Source: Annual Reports, Systematix PCG Research

Exhibit 16: Developer wise Borrowing Cost FY23



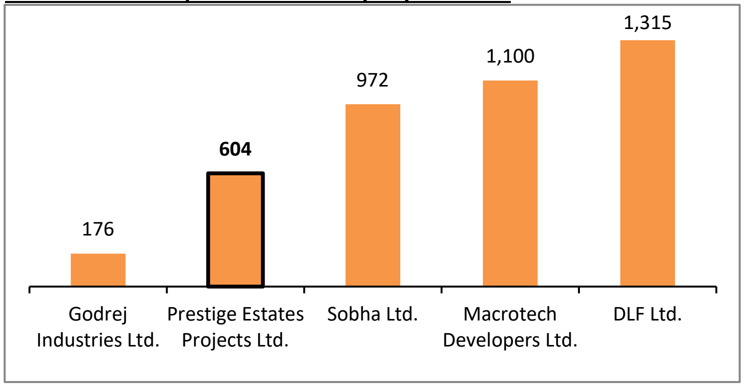
Source: Annual Reports, Systematix PCG Research

Exhibit 17: Peer Ratios based on Trailing Twelve Months (TTM)

Company Name	Net Debt/Equity Ratio	Price to BV Ratio	EV/EBITDA
DLF Ltd.	0.07	2.59	44.94
Godrej Properties	0.42	5.36	56.22
Macrotech Developers	0.87	4.66	26.02
Prestige Estates	**0.60**	**2.29**	**12.70**
Sobha Ltd.	0.70	2.68	9.24

Source: ACE Equity, Systematix PCG Research

Exhibit 18: Developer wise Inventory days for FY23

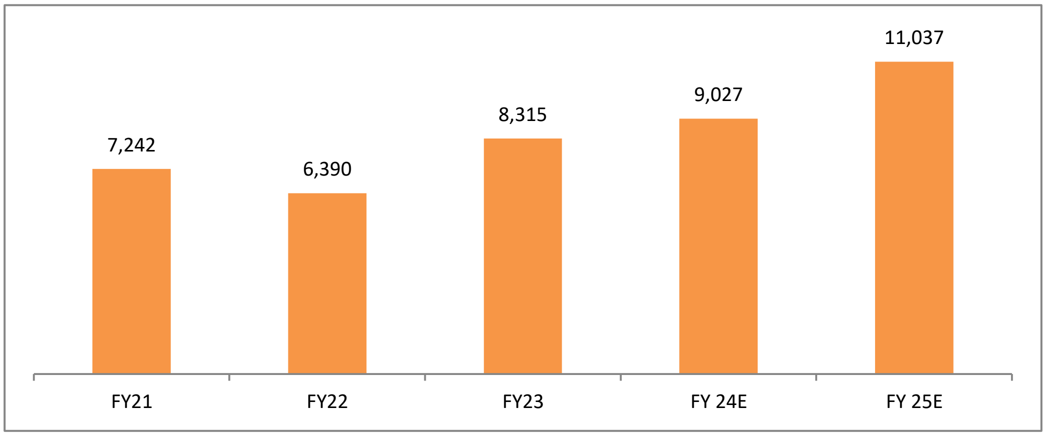


Source: Annual Reports, Systematix PCG Research

Prestige has inventory overhang of around ~21 months which is considered healthy as per industry standards. It has the highest launches per msf and second highest pre-sales for FY23. It has the lowest P/B among its competitors signifying its attractive valuation. Also its net debt to equity ratio is below Sobha and Macrotech. On the flip side it has the highest borrowing cost among its peers which the management is trying to reduce.

Financial Analysis

Exhibit 19: Prestige Revenue Projections (Rs crs)



Source: Investor presentation, Systematix PCG Research

We expect revenue will increase from Rs 8,315 crs to Rs 11,037 crs between FY23 and FY25E at a CAGR of ~24%. The detailed segment wise projections are shown below

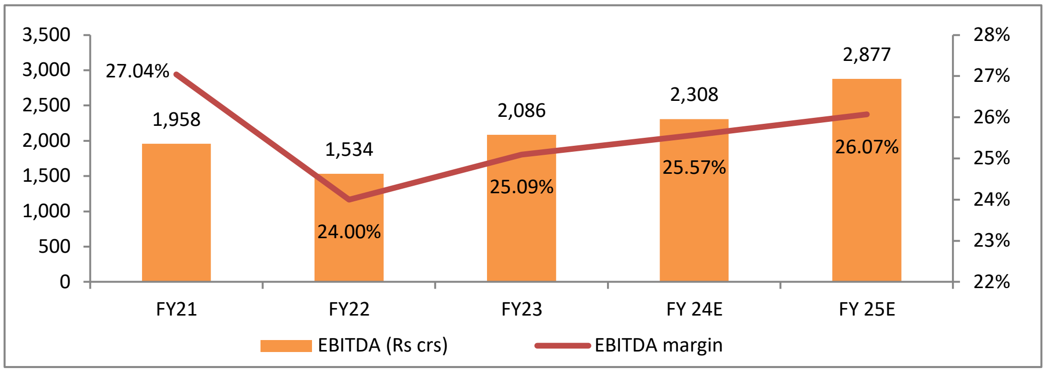
Exhibit 20: Prestige Segment Wise Revenue Projections

Particulars (Rs crs)	FY22	FY23	FY24E	FY25E
Residential	5,032	6,149	6,449	7,825
Office	183	219	414	610
Retail	54	72	223	223
Hospitality	187	661	688	804
Services	598	799	673	761
Others	336	414	580	812
Total	**6,390**	**8,315**	**9,027**	**11,037**

Source: Investor presentation, Systematix PCG Research

We expect the segment wise revenue to gradually increase as the projects gradually get completed in all segments. Residential sales will lag the pre sales as between FY24E and FY25E ~13.68 msf of total developable area will be delivered while the balance ~63 msf will be delivered between FY26E and FY30E. Annuity income is expected to grow from Rs 291 crs in FY23 to Rs 823 crs in FY25E at a CAGR of 68% as under construction retail and office projects will be operationalized.

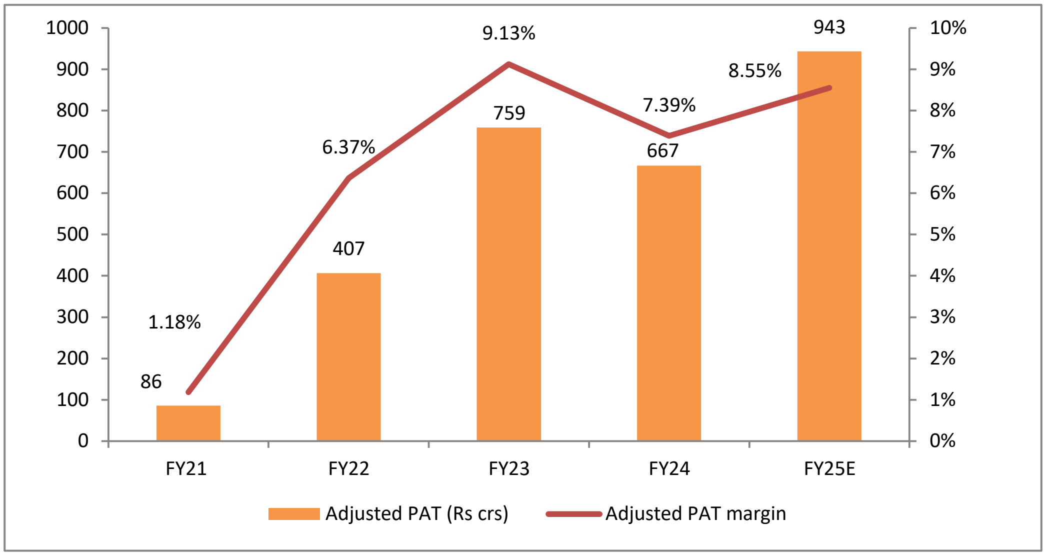
Exhibit 21: Prestige EBITDA and EBITDA margin projections



Source: Investor presentation, Systematix PCG Research

We expect EBITDA to grow at CAGR of ~17.5% to reach Rs 2,877 crs in FY25E and we expect EBITDA margins will gradually improve in spite of an increase in business development spends as the price of raw materials such as cement and steel have stabilised compared to the last few years. Also, the increase in scale of the annuity business would contribute to improving the EBITDA margins as the annuity EBITDA margins are higher than the Residential business.

Exhibit 22: Prestige Adjusted PAT (excluding exceptional items) and adjusted PAT margin Projections



Source: Investor presentation, Systematix PCG Research

PAT is expected to grow at a CAGR of 11.50% between FY23 and FY25E due to increase in the scale of annuity businesses. We expect PAT margin to slightly reduce in FY24E and FY25E due to high depreciation and interest outgo. But they would gradually improve as debt and capex come down in the future.

Valuation Outlook

We initiate coverage of Prestige with a "BUY" rating and target price of Rs 699; based on SOTP valuation. The current market price is at ~18% discount to our NAV. Sustained progress on execution and leasing of office spaces would be key to the stocks' performance. Though Prestige has a strong pipeline it needs to continue to invest in business development to maintain momentum.

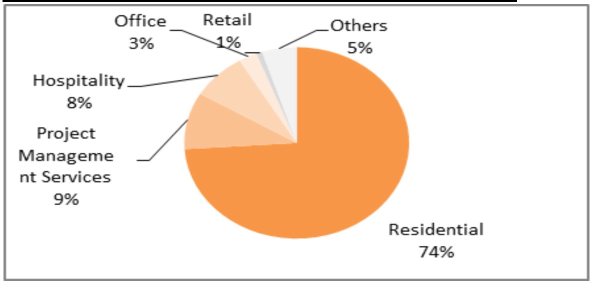
SOTP Valuation matrix

Segment	Valuation Approach	Enterprise value (Rs crs)	Value per share (Rs.)
Residential	DCF of expected cash flows with WACC of 12% and nil terminal growth	15,395	384
Commercial Offices	Cap rate of 8.5% for operational assets and DCF for ongoing and planned assets	12,512	312
Retail		2,754	69
Hospitality	EV/EBITDA multiple of 15 of FY24E	3,834	96
Land	At average price ~Rs 1.98 crs per acre	1,002	25
Services	EV/EBITDA multiple of 5 of FY24E	481	12
Net debt		-7,964	-199
Implied equity value		**28,014**	**699**
Number of shares (Rs crs)			40.09
	Target price		**Rs 699**

Company Background

Prestige Estates is a Bengaluru based real estate developer focused across the entire real estate vertical: residential, office, retail and hospitality. It has been in the real estate business for over 30 years having completed over 281 projects covering over 166 msf out of which 90 msf was built in the last 5 and a half years. Currently the company has 57 ongoing projects spanning 77 msf and 44 upcoming projects aggregating to 97 msf.

Exhibit 23: Prestige Segment Wise revenue for FY23

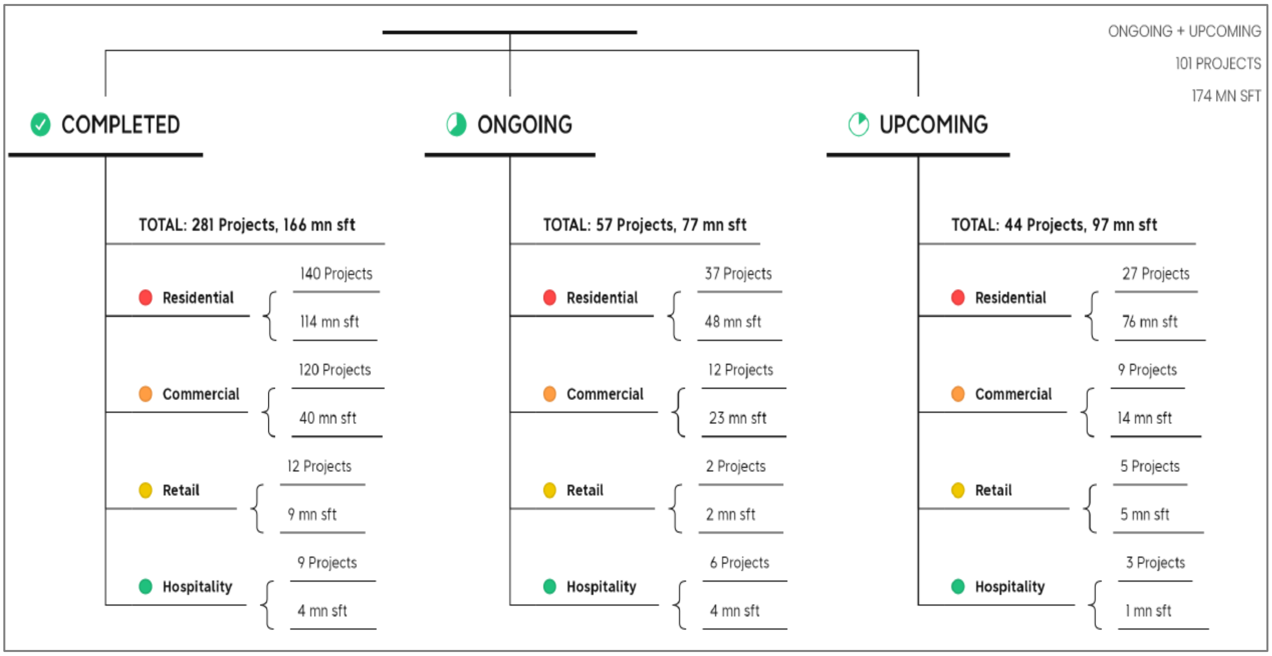


Source: Investor Presentation, Systematix PCG Research

Management Profile

Name	Designation	Details
Irfan Razack	CMD	Mr Razack is Chairman and Managing director, he oversees the entire operations and has over 40 year experience in running the Prestige Group.
Rezwan Razack	Joint MD	He is the Co-founder, and handles all construction and engineering activities of the group.
Noaman Razack	Whole Time Director	He heads the Retail vertical of Prestige. Additionally involved in all garment (Prestige Fashions)-related activities of the Group.
Uzma Irfan	Director	Uzma being part of the promoter group is actively involved in the business since 2006. She is handling marketing, corporate communication and branding activities of the group
Venkat K Narayana	CEO	Venkat is a CA, CS and CWA. Has over 15 years of experience with Prestige, he was elevated to the role of a CEO (from CFO) in Jan 2018.
Amit Mor	CFO	Amit joined Prestige since 2014 and has over 17 years of experience in the fields of audit, accounting, finance and risk management. He is a Chartered Accountant and B.Com.

Exhibit 24: Prestige Estate Scale of Operations



Source: Investor Presentation, Systematix PCG Research

Exhibit 25: Prestige City Avalon Park Bengaluru

Source: Prestige Website, Systematix PCG Research

Exhibit 26: JW Marriott Golfshire Resort, Bengaluru

Source: Prestige Website, Systematix PCG Research

FINANCIAL STATEMENTS

Income Statement (Rs crs)	FY21	FY22	FY23	FY24E	FY25E
Revenue from Operations	7,242	6,390	8,315	9,027	11,037
Expenses	5,284	4,856	6,229	6,719	8,159
EBITDA	1,958	1,534	2,086	2,308	2,877
Depreciation	593	471	647	702	824
EBIT	1,366	1,063	1,439	1,607	2,053
Non-operating income	244	211	457	171	180
Interest Cost	979	555	807	887	977
PBT	630	718	1,090	891	1,256
Excep. items	2,793	808	308	0	0
Reported PBT	3,423	1,526	1,398	891	1,256
Tax expense	519	295	348	224	312
PAT	2,903	1,231	1,050	667	943

Balance Sheet (Rs crs)	FY21	FY22	FY23	FY24E	FY25E
Fixed Assets	6,462	7,523	9,121	11,620	14,295
Goodwill	59	60	58	58	58
Investments	744	614	559	559	559
Financial Assets	1,051	1,488	1,823	1,823	1,823
Other non current Assets	1,364	1,189	1,063	1,063	1,063
Total Non Current Assets	9,679	10,873	12,625	15,123	17,799
Cash & Cash equivalents	2,401	2,171	1,815	1,026	1,066
Inventories	9,581	11,567	14,367	15,897	17,689
Receivables	1,374	1,420	1,329	1,929	2,358
Loans and Investments	813	1,764	2,957	3,256	3,349
Other currents assets	1,413	2,650	3,491	3,491	3,491
Assets held for Sale	108	0	0	0	0
Total Current Assets	15,689	19,571	23,958	25,600	27,953
Total Assets	**25,368**	**30,444**	**36,583**	**40,724**	**45,752**
Share capital					
Networth	8,421	9,547	10,259	10,925	11,869
Long Term Borrowings	2,414	4,003	3,410	5,517	5,723
Lease Liablities & other fin. liablities	647	686	1,067	1,067	1,067
Other non-current liablities incld. provisions	313	331	380	380	380
Total Non Current Liablities	3,373	5,019	4,857	6,964	7,171
Trade Payables	1,082	980	1,451	1,731	2,117
Short Term borrowings	1,569	2,510	4,711	4,104	4,197
Lease Liablities & other fin. liablities	1,364	1,610	1,998	1,998	1,998
Other current liablities incld. provisions	9,559	10,778	13,307	15,001	18,401
Total Current Liablities	13,574	15,878	21,467	22,834	26,713
Total Equity and Liablities	**25,368**	**30,444**	**36,583**	**40,724**	**45,752**

Cash Flow Statement (Rs crs)	FY21	FY22	FY23	FY24E	FY25E
CF before working capital changes	1,992	1,562	2,110	2,308	2,877
Changes in working capital	55	814	-242	-457	1,472
Cash from operations	2,046	2,376	1,868	1,851	4,349
Direct taxes paid	-207	-236	-329	-224	-312
Net cash from operations	1,839	2,140	1,540	1,627	4,037
Net cash from investing activities	494	-4,045	-2,756	-3,029	-3,320
Net cash from financing activities	-634	1,598	546	613	-677
Net change	1,699	-307	-671	-788	40
Opening cash	786	2,346	2,069	1,456	668
Closing Cash	**2,485**	**2,039**	**1,397**	**668**	**708**

Basic Ratios (Rs.)	FY21	FY22	FY23	FY24E	FY25E
EPS	69.4	28.7	23.5	13.5	20.4
Growth (%)	*552.9*	*-58.7*	*-18.1*	*-42.7*	*51.2*
Book Value	210.1	238.1	255.9	272.5	296.0
Growth (%)	*50.7*	*13.4*	*7.5*	*6.5*	*8.6*
Valuation Ratios					
P/E (x)	8.4	20.4	24.9	43.4	28.7
P/CEPS (x)	6.8	13.9	13.7	17.1	13.3
P/BV (x)	2.8	2.5	2.3	2.1	2.0
EV/Sales (x)	3.6	4.1	3.2	2.9	2.4
EV/EBDITA (x)	13.5	17.2	12.7	11.4	9.2
Profitablity Ratio (%)					
ROE (%)	1.2	4.5	7.7	6.3	8.3
ROA (%)	0.3	1.5	2.3	1.7	2.2
ROCE (%)	8.3	8.3	8.5	7.9	10.0
Margin (%)					
EBITDA	27.0	24.0	25.1	25.6	26.1
EBIT	13.5	15.3	15.4	15.7	17.2
PBT	8.7	11.2	13.1	9.9	11.4
PAT	1.2	6.4	9.1	7.4	8.5
Leverage Ratios					
Interest Coverage Ratio (x)	1.3	1.0	1.8	1.6	1.6
D/E (x)	0.5	0.7	0.8	0.9	0.8
Net D/E (x)	0.2	0.5	0.6	0.8	0.7
Financial Leverage (x)	3.9	3.1	3.4	3.6	3.8
Liquidity Ratios					
Current Ratio	1.1	1.2	1.1	1.1	1.0
Quick Ratio	0.4	0.5	0.4	0.4	0.4
Cash Ratio	0.2	0.1	0.1	0.0	0.0
Working Capital					
Inventory days	483	661	631	643	585
Trade Receivable Days	69	81	58	78	78
Trade Payable Days	55	56	64	70	84
Working Capital Cycle	**497**	**686**	**625**	**651**	**579**
Growth Ratio (%)					
Sales	-10.9	-11.8	30.1	8.6	22.3
Expenses	-8.4	-8.1	28.3	7.9	21.4
EBIDTA	-16.9	-21.7	36.0	10.6	24.7
Interest Cost	-4.3	-43.3	45.3	10.0	10.1
PBT	-19.7	14.0	51.8	-18.3	41.0
PAT	-83.2	375.4	86.5	-12.1	41.5
Cash EPS	185.6	-51.4	1.7	-20.2	29.2

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