

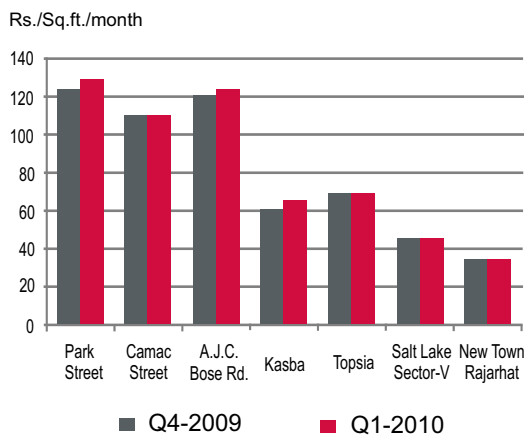
KOLKATA OFFICE MARKET

Real Estate Trends

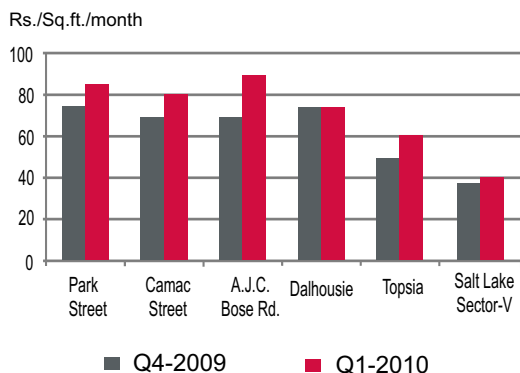
1st Quarter, 2010

OFFICE LEASE RATES

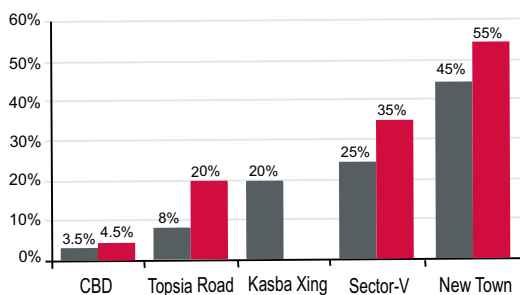
GRADE-A, OFFICE



GRADE-B, OFFICE



OFFICE VACANCY RATES



Source: NAI NK Realtors Research

OVERVIEW

The demand in the Kolkata office market has increased over the last couple of quarters. This was mainly due to the rise in consumption of spaces by the service sector like telecom, banking, finance and insurance. Telecom remained the major contributor to the Kolkata office market growth by the end of first quarter like the previous two quarters.

Salt Lake, Sector-V, already a home to some of India's as well as world's major IT & ITeS companies such as TCS, IBM, WIPRO, SIEMENS, Tech Mahindra, Cognizant, Capgemini is well placed to retain its leadership as a preferred IT & ITeS location and to attract new investments in the IT & ITeS sector among the major cities in eastern India.

New Town in Rajarhat is yet to develop in to a fully operational office market when compared with Sector-V. Construction of the township is currently underway. Some of India's major developers such as DLF, Unitech, Shapoorji & Pallonji, Salarpuria, and RMZ has been creating huge commercial spaces in this township.

IT & ITeS, the main driver of office market growth in sector-V and Rajarhat had been the hardest hit among the industrial sectors during the recession. Both the areas will not see any significant improvement until the growth returns in this sector.

Sector-V and New Town has been hit by a double whammy of robust construction completions followed by significant net absorption losses over the last couple of quarters, pushing up vacancy and putting significant pressure on rental rates.

Supply of high end office space is limited in the CBD and new development is scarce. The overall vacancy rate in the CBD area at around 4%, has not experienced any changes from the year end. The average rental rate rose 4% in the CBD area (Park Street, Dalhousie, Camac Street, AJC Bose Road) and the average top rent for prime Grade-A office space in the CBD was about Rs.130/sq.ft./month, whereas the rates in Topsia and Sector-V, remained stable due to completions of new Grade-A office buildings and currently quoted rentals are Rs.70 and Rs.45/sq.ft./month respectively. New Town experienced the highest vacancy rate at around 45% with Grade-A rental Rs.35 /sq.ft /month at the end of 1st quarter of 2010.

At the onset of recovery banks and finance companies have started to expand in different parts of Kolkata and its neighbouring areas. ICICI bank has finalized seven properties in South Kolkata in the areas like Sarat Bose Road, Sontoshpur, Ruby, Patuli, Gachtala etc. Muthoot Finance a south based mortgage finance company has finalized six properties in the areas like Dankuni, Liluah, Pike Para, Andal and Domejur during 1st quarter of 2010.

FORECAST

Vacancy absorption will most likely continue at a slow pace through 2010.

Rentals are likely to go up by 5-8% across the Kolkata market over the next two quarters.

As local companies are showing more interest sale transactions in sector-V and New Town area are likely to happen more in the coming quarters.

KEY TRANSACTIONS

Lessee/Buyer	Property	Location	Size (SF)
Bajaj Allianz	Ambuja Ecospace	New Town, Rajarhat	50,000
Telenor/Uninor	South City Pinnacle	Salt Lake, Sector-V	40,000
ZTE India Telecom Pvt. Ltd.	Godrej Waterside	Salt Lake, Sector-V	30,000
Cal Com Cement	Ambuja Ecospace	New Town, Rajarhat	25,000
Aditya Birla Minacs	Ashram Building	Salt Lake, Sector-V	23,000
Arcelor Mittal	South City Pinnacle	Salt Lake, Sector-V	16,000

CORPORATE SERVICES

RETAIL

RESIDENTIAL

LAND

HOSPITALITY

WAREHOUSE

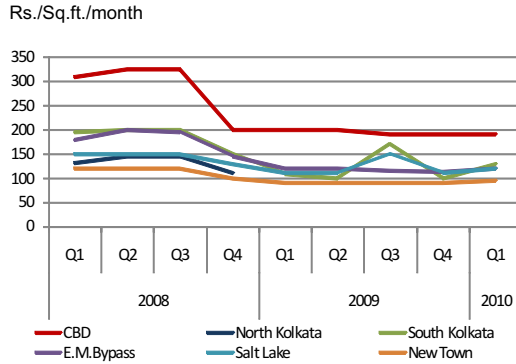
INVESTMENT

KOLKATA RETAIL MARKET

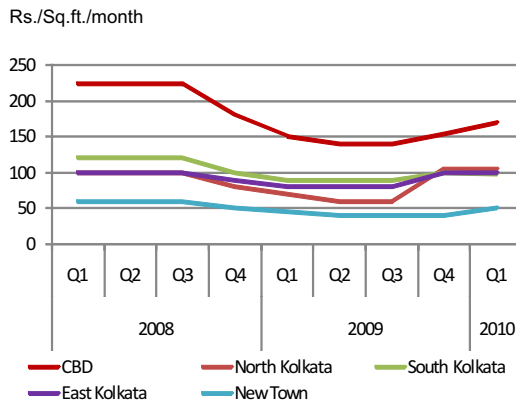
Real Estate Trends

1st Quarter, 2010

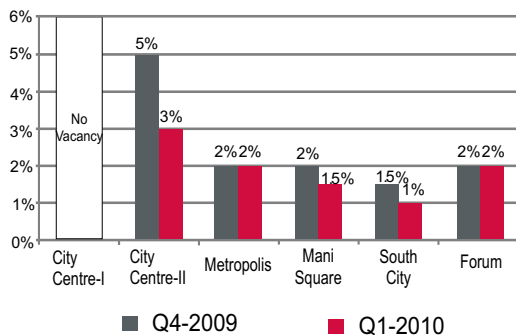
MALL LEASE RATES



HIGH STREET RETAIL LEASE RATES



MALL VACANCY RATES



Source: NAI NK Realtors Research

OVERVIEW

Growth in the Kolkata retail market has picked up since the market began rising in September, 2009, however, the rate of growth is much slower when compared with other metro cities. Gradual stabilization of the economy together with the improving consumer sentiments have helped the retail market to gain its momentum from the beginning of the 1st quarter of 2010.

Most of the retailers are back in expansion mode and aggressively looking at retail properties. The current expansion drive is taking a growing number of retail operations outside the core area of the city and both "lifestyle" and "value" retailers are leading the trend.

Low occupancy cost and favourable demographics are currently driving the lifestyle retailers to expand in the suburban areas and smaller towns. This phenomenon is quite evident with growing number of operational lifestyle branded stores like Rebook, Adidas, Turtle, Blackberry etc. in the areas such as Sreerampur, Barrackpur, Sodepur, Kanchrapara, Kalyani, Barasat, Madhyamgram, Haldia, Kharagpur, Burdwan, Durgapur, Asansol, Siliguri and so on.

Value retail, another well known format in the retail industry which has been very successful in the Kolkata market over the last five to six years has also spread out in the suburban areas as well as tier-II towns in the last couple of years. Most of the tier-II towns in West Bengal already have the presence of various formats of value retailing brands like Big Bazaar, Spencer's, More, Reliance Fresh, Bazaar Metro, Spinach etc.

As retail market is picking up, enquiries for retail spaces in malls and high streets have increased since September, 2009. Transactions also have picked up; however, those are happening mostly in smaller format high street properties. Kolkata market did not witness any large or significant retail transactions during the 1st quarter of 2010. The shortage of quality high street retail space is one of the important reasons for less transaction in the Kolkata micro markets.

Top rents of high street shops in down town area like Park Street, Camac Street, Elgin Road jumped nearly 15% q-o-q, from Rs.220 / sq.ft./ month to Rs.250 / sq.ft./ month; while average rentals for micro market remained unchanged. The increase of rents in downtown area and stabilization of rents in micro markets are primarily due to the same reason that is shortage of quality retail supply.

In the first quarter of 2010, the average ground floor rent in the CBD, E. M. Bypass and New Town area malls remained same, while the average ground floor rent in the South Kolkata and Salt Lake area malls increased by 33% and 9% q-o-q respectively.

No new mall has become operational in this quarter except the 1,20,000 sq.ft. Down Town Mall in Salt Lake, Sector-III. Axis Mall, a 3,50,000 sq.ft mall will partly be operational in the beginning of 2nd quarter of 2010 in New Town. A 60,000 sq.ft. "Big Bazaar Family Centre" first store in this category from Future Group spread over five levels, has become operational in Sealdah, very close to the Sealdah Railway Station in this quarter-end. Apart from the "Family Centre", two more "Big Bazaar" a 43,000 sq.ft. outlet in Down Town Mall at Salt Lake and a 23,000 sq.ft. outlet at Birati have also become operational in this quarter-end.

FORECAST

Kolkata retail market would continue to consolidate its position in all format of business in the coming quarters.

Mall rentals are expected to follow a moderately upward trajectory in the short to medium-term due to the shortage of new supply.

CORPORATE SERVICES

RETAIL

RESIDENTIAL

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HOSPITALITY

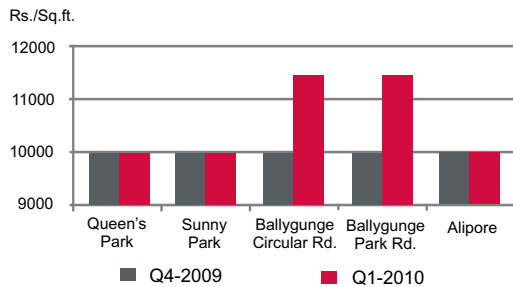
WAREHOUSE

INVESTMENT

KOLKATA RESIDENTIAL MARKET

Real Estate Trends

Prime Market House Price Movement



The bars in the above graph indicates the average price

Residential Sale Rates

Location	Rs./Sq.ft.	Region
Jessore Road	1800-3330	North
VIP Road	2500-4000	
Madhyamgram	1600-1950	
Shyambazar	2300-2900	
B. T. Road	1900-2000	
Park Street	9000-10000	Central
Loudon Street	9000-10000	
Theatre Road	9000-10000	
Alipore	9000-13000	South-West
Behala	1750-2200	
Batanagar & Maheshtala	1500-2800	
Garia	2200-3200	South-East
Narendrapur	1800-2500	
Rashbehari Connector	4100-4600	
Queens Park	8000-12000	South-Central
Sunny Park	8000-12000	
Ballygunge Cir. Road	9000-14000	
Ballygunge Park Road	9000-14000	
Bullygunge Place	5000 - 6000	
Mayfair Road	7000 - 9000	
Goal Park	5000 - 6000	
Gariahat	5000 - 8000	
Rashbehari	5000 - 6000	
Lansdowne Road	6000 - 8000	South
Bhawanipore	6000 - 7000	
P.A. Shah Road	3500 - 6500	
Jadavpur	3000 - 3500	
Tollygunge	3450 - 4000	
Salt Lake	3000-4500	East
Belehata	2500-3000	
Kankurgachi	4000-6000	
E.M. Bypass (central)	3600-5200	
New Town	1900-3600	
Dobson Road	2500-3200	Howrah
G.T. Road (south)	2500-3000	

Source: NAI NK Realtors Research

1st Quarter, 2010

OVERVIEW

Since the 3rd quarter of 2009, the Kolkata residential market has grown considerably in terms of construction growth as well as purchase activity. Softening of interest rate, government's stimulus package, recovery in the economic situation, improved job market situation together with the introduction of affordable housing segment which helped the Kolkata residential market stir to life in late 2nd quarter of 2009 are still driving the market. Potential buyers now have more options across Kolkata and its suburbs.

To attract potential buyers and to ensure the units to be absorbed easily, most developers have reviewed the product mix, unit built-up area and pricing to include more affordable and value for money products over the last couple of quarters. As a result, currently a significant number of affordable housing projects have been dotting Kolkata and its suburbs.

Greenfield City, a gated township project was launched in late January this year at Behala in the affordable segment. The project is being developed jointly by Srijan Realty and Bengal Greenfield. Greenfield City will have 3992 apartments and will be developed in phases. Developers had offered 530 units for sale during its launch and 341 units have been sold till March end. In view of the strong demand, the developers have released another 132 apartments for sale.

Due to the establishment of new connectivity by metro rail, Garia and its adjoining areas in the south-east have witnessed a spurt of construction activity over the last couple of months. Projects like Devaloke-De-Casa, Rajat Flora were launched in this quarter and many more new projects have been lined up for launching in this part of the city.

Kolkata did not witness any significant quarter-on-quarter gain in prime residential price in the 1st quarter. Both Alipore and Ballygunge area where concentration of high-end properties are more have seen a stabilization of prices as buyers have become more cautious. Price growth has been strongest only in the areas like Ballygunge Circular Road and Ballygunge Place with increases over the last three months at around 35 percent. Most of the ongoing projects started in 2008 which attracted higher sales in the 3rd quarter of 2009, are currently experiencing a slow movement. Around 30 to 40 percent of those projects remained unsold till the end of 1st quarter. The area is likely to see a spurt in sales in the next two to three months, prior to the launch of new projects. Around one million square feet of high-end residential space development is expected to be commenced from the third quarter of 2010 include Ballygunge Circular Road, Ironside Road, Queens Park and New Alipore.

There had been a marginal growth in the housing price across the Kolkata market. Most of the ongoing projects in the MIG category is likely to appreciate by 5 percent to 10 percent in the coming months. Prices of luxury properties are expected to rise by 10 per cent to 15 per cent this year.

FORECAST

More stock in the affordable segment likely to come to the market as developers look to tap into the strongest market conditions over the coming one to two years.

The supply is likely to increase in the next two to three years. This is anticipated to take some of the upward pressure off prices in the long term.

Residential sector is likely to see a moderate market activity if the banks and financial organizations revise their home lone rate in the coming months.

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