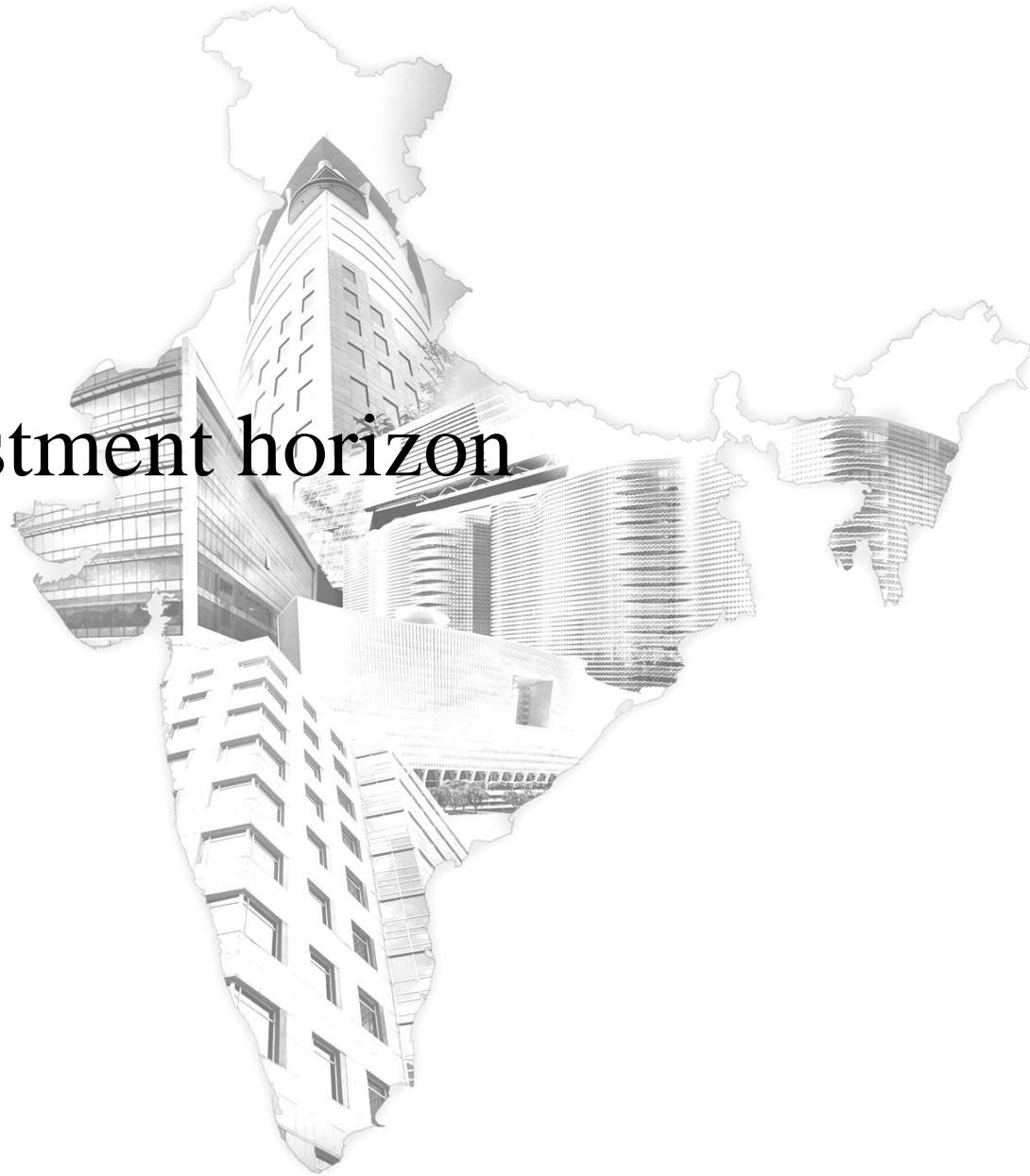




Real value in a changing world

Widen your investment horizon

Real Estate Investments



Agenda

- Market update
- Commercial Real Estate
- Processes to be followed
- Q & A

Real Estate Trends – A Snapshot



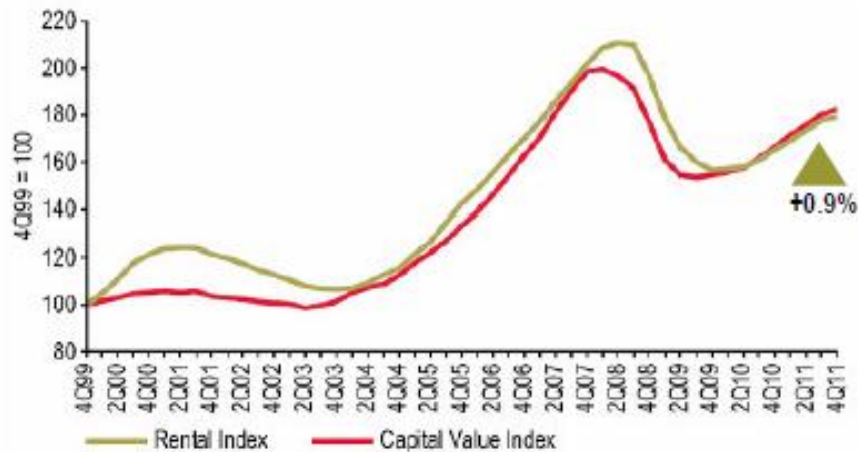


Office Market Trends INDIA



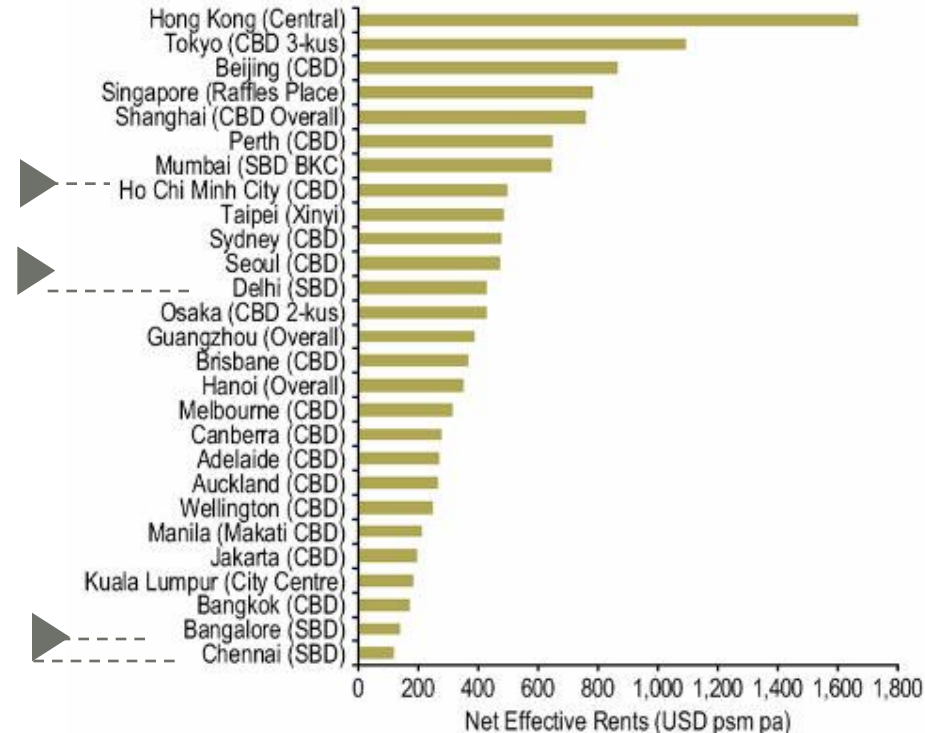
Asia Pacific Office Rental Index

Average q-o-q rental growth in 4Q11 was recorded at 0.9%, slowing from 2.5% recorded in 3Q11. Mumbai SBD BKC is among the expensive markets and Bangalore and Chennai are among the cheaper markets in Asia Pacific, on the basis of Net Effective Rents.



The indexes are stock-weighted averages of rental and capital value movements across Asia-Pacific.

Net Effective Rents is rents after deducting outgoings (property tax and maintenance) from Gross Rents and considering for rent free period and efficiency of property in terms of carpet area and leasable area.

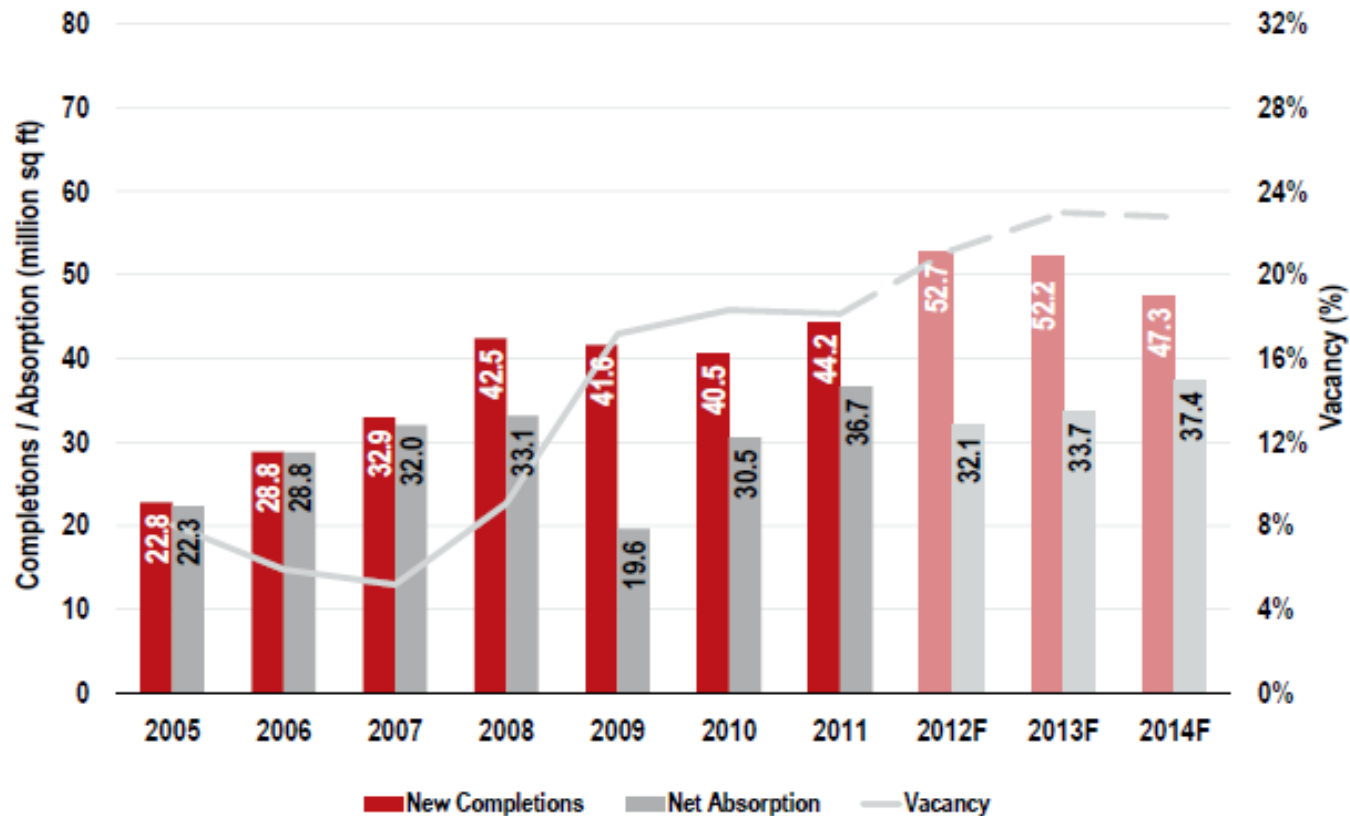


Asia Pacific Office Rental Values, 4Q11

Source: Real Estate Intelligence Service (JLL), 4Q11

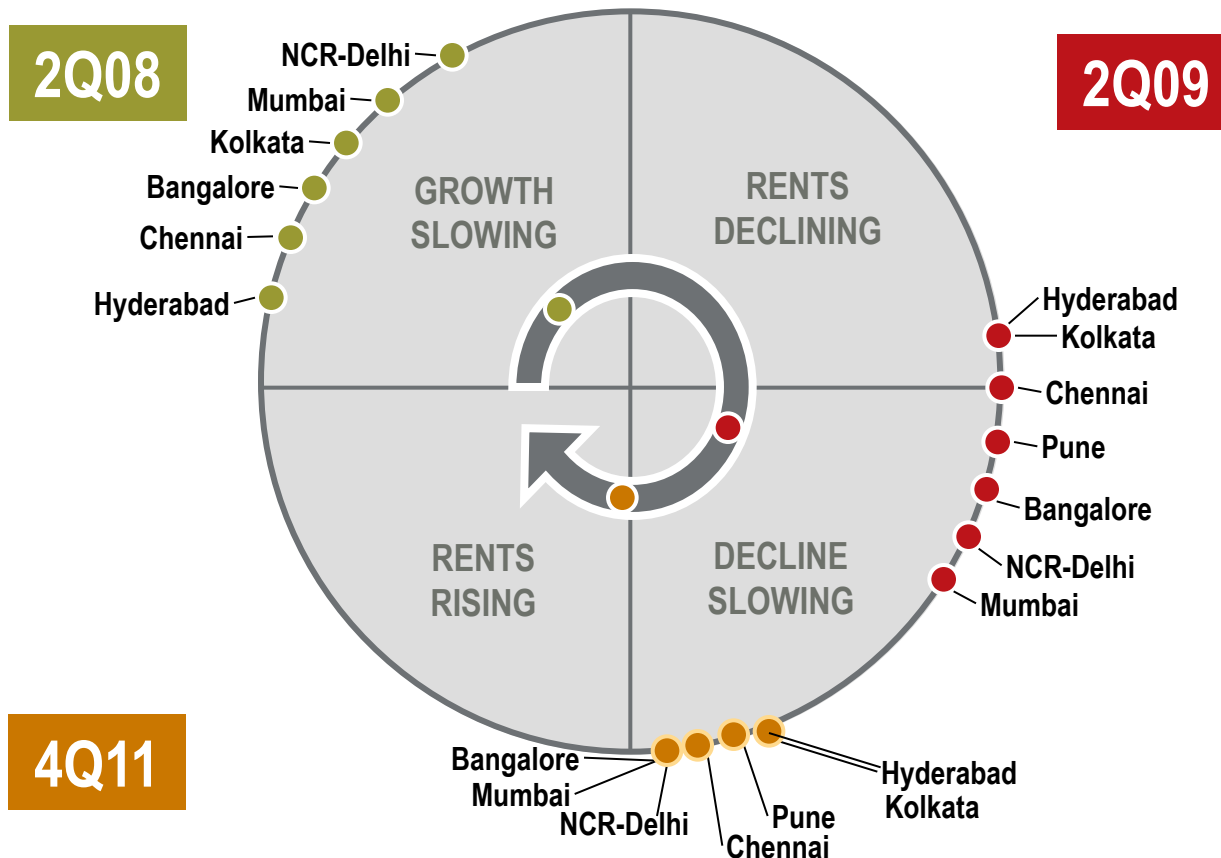
Supply and Demand of Office Space

36.7 million sq ft of office space has been absorbed in year of 2011.
Net Absorption is expected to fall marginally in 2012.



Property Clock

While Indian cities were in the 'Growth Slowing' quadrant in 2Q08, they had traversed 'Rents Declining' within a year. With increasing absorption, all 7 cities have moved into the 'Decline Slowing' quadrant.

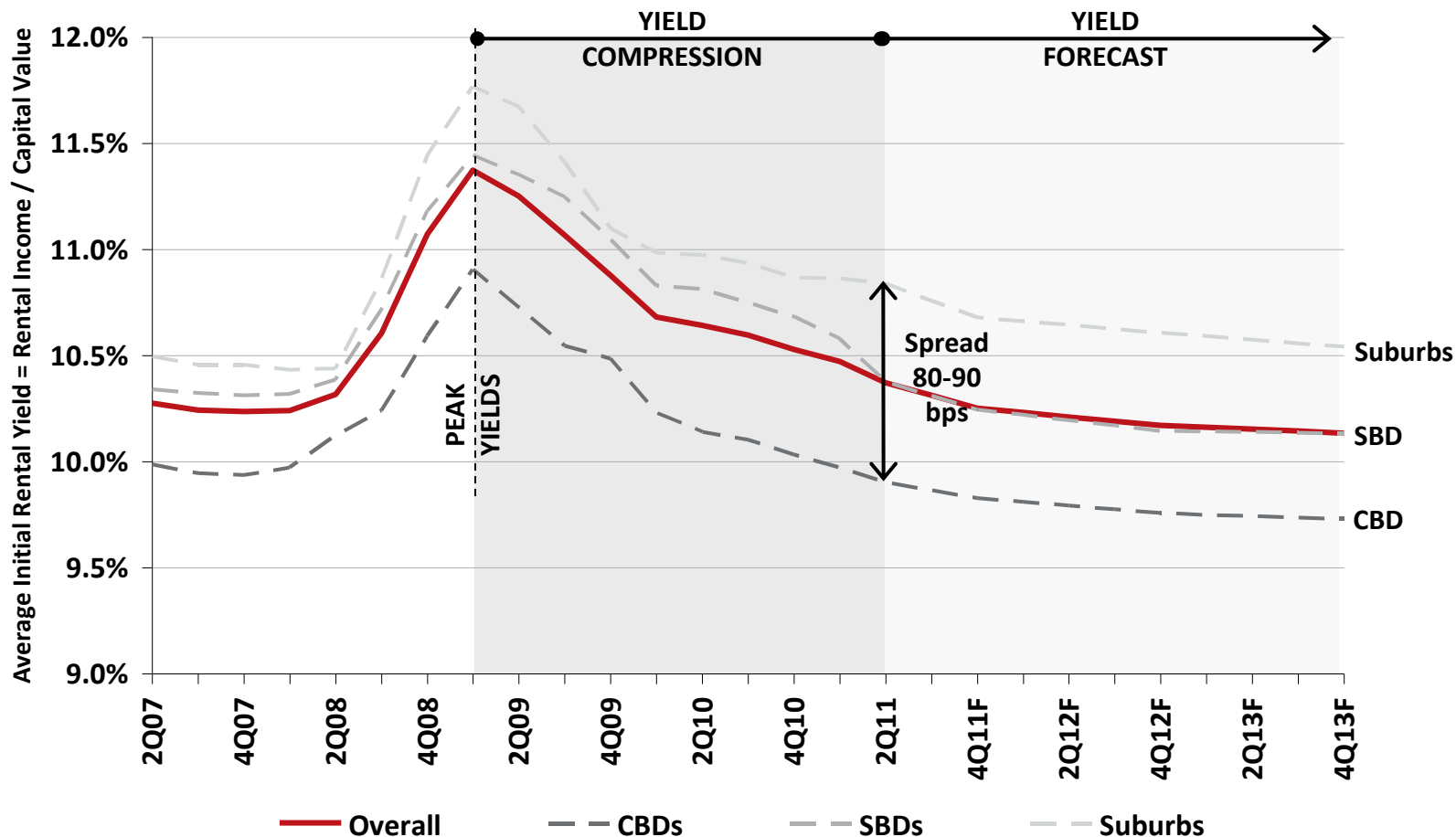


With signs in the global economy that the worst of the slowdown might be behind us, the Indian office markets are at the end of the decline phase. All major Indian markets have now shifted to the bottom of 'decline slowing' quadrant of the property clock.

Demand of office space is gradually improving with opportunistic tenants taking up space at lower rentals. Despite improving demand conditions, vacancies are rising in the short term due to massive infusion of office space.

Office Initial Effective Yields

The recorded spread of 80-90 bps between the yields of CBDs and those of Suburbs exists due to the risks of a huge supply overhang expected in the suburban locations. Institutional investors are concluding transactions at yields of 9.75%-10.75%.

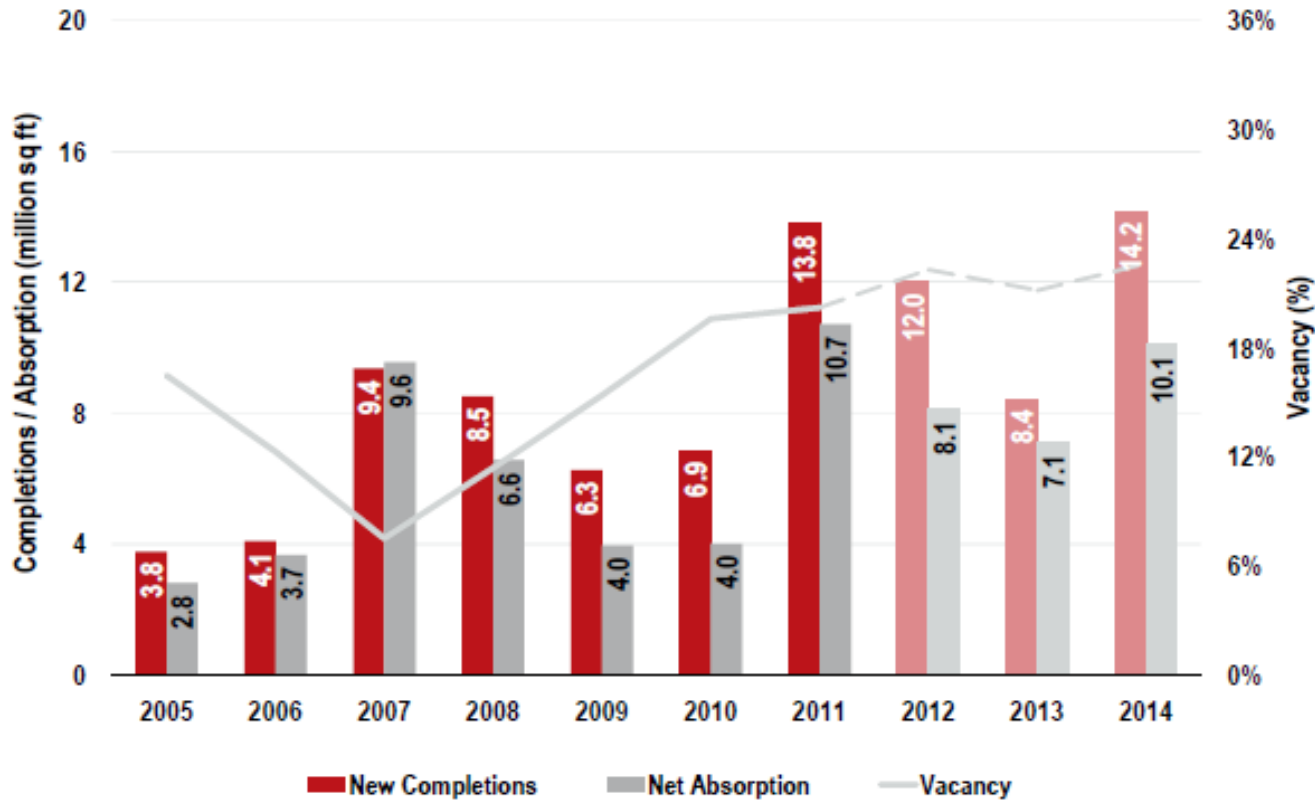




Retail Market Trends INDIA

Supply and Demand of Retail Space

2011 saw record completion of 13.8 million sq ft of retail space taking India's organized retail stock to over 60 million sq ft. Absorption of retail space more than doubled to reach 9.7 million sq ft. Nearly 80% of the supply in 2014 is under initial stages of implementation.

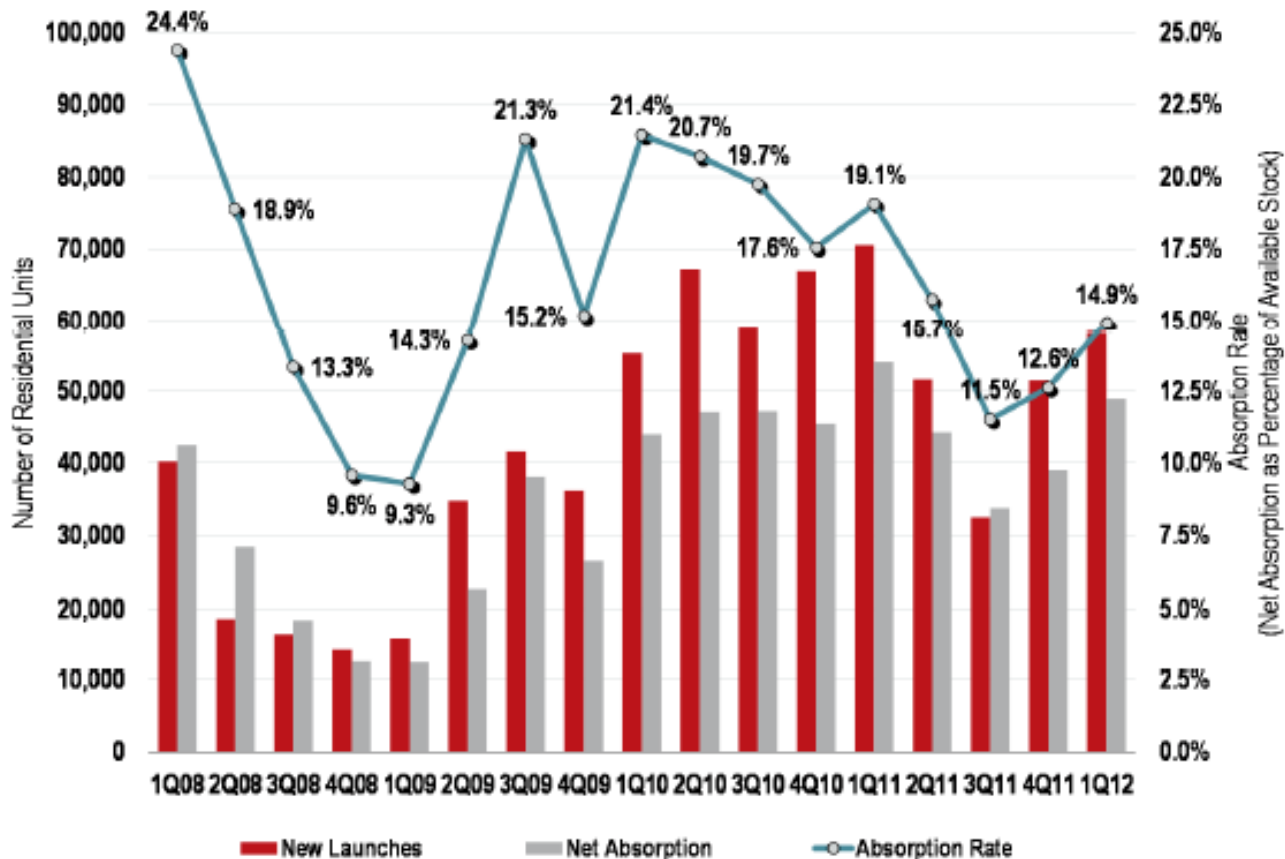




Residential Market Trends INDIA

Supply and Demand of Residential Units

Absorption rate and new launches continued to improve marginally in 1Q12, however, remaining slower than peak levels seen during 2010

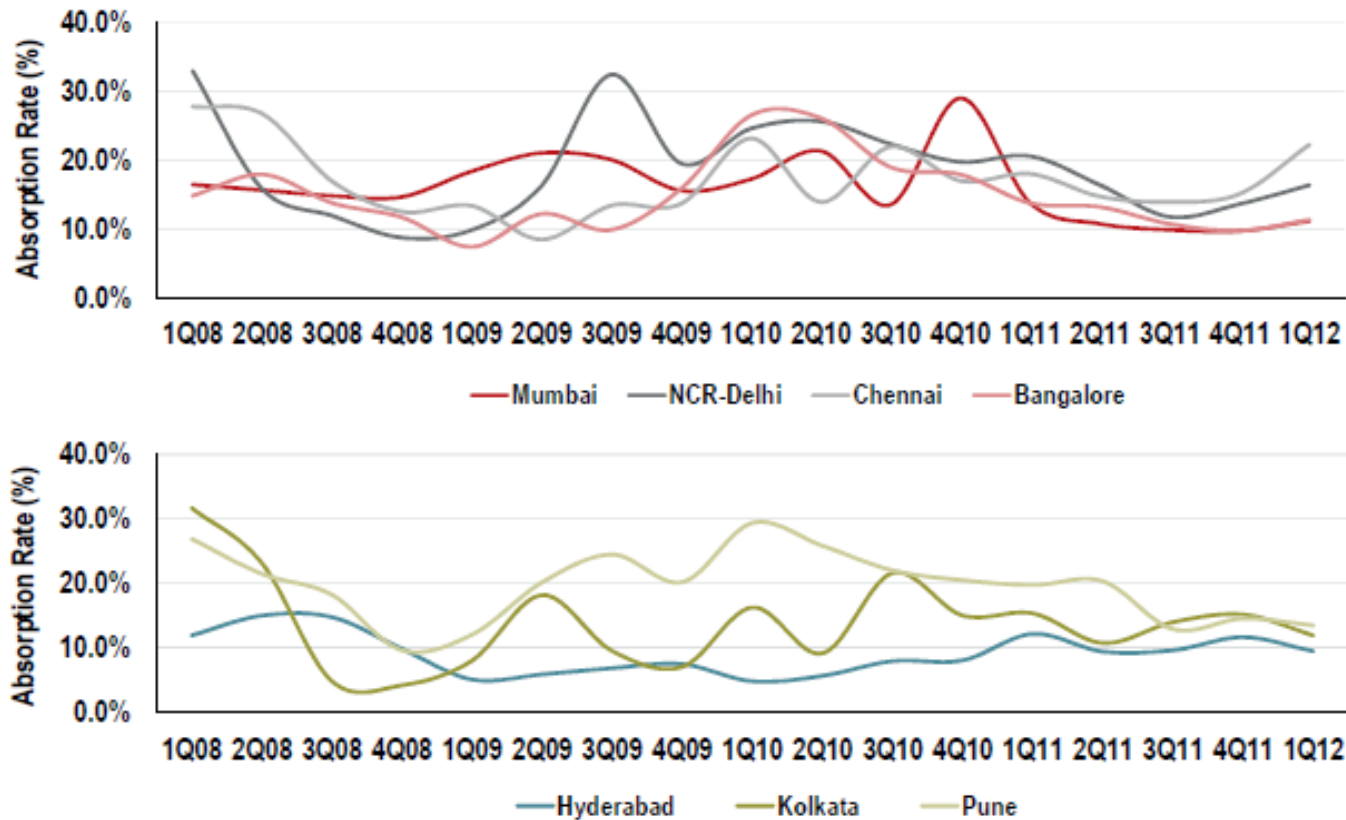


Expected shortfall of over 26 million * dwelling units by 2012

* Ministry of Housing and Urban Poverty Alleviation, Government of India

Residential Supply & Absorption

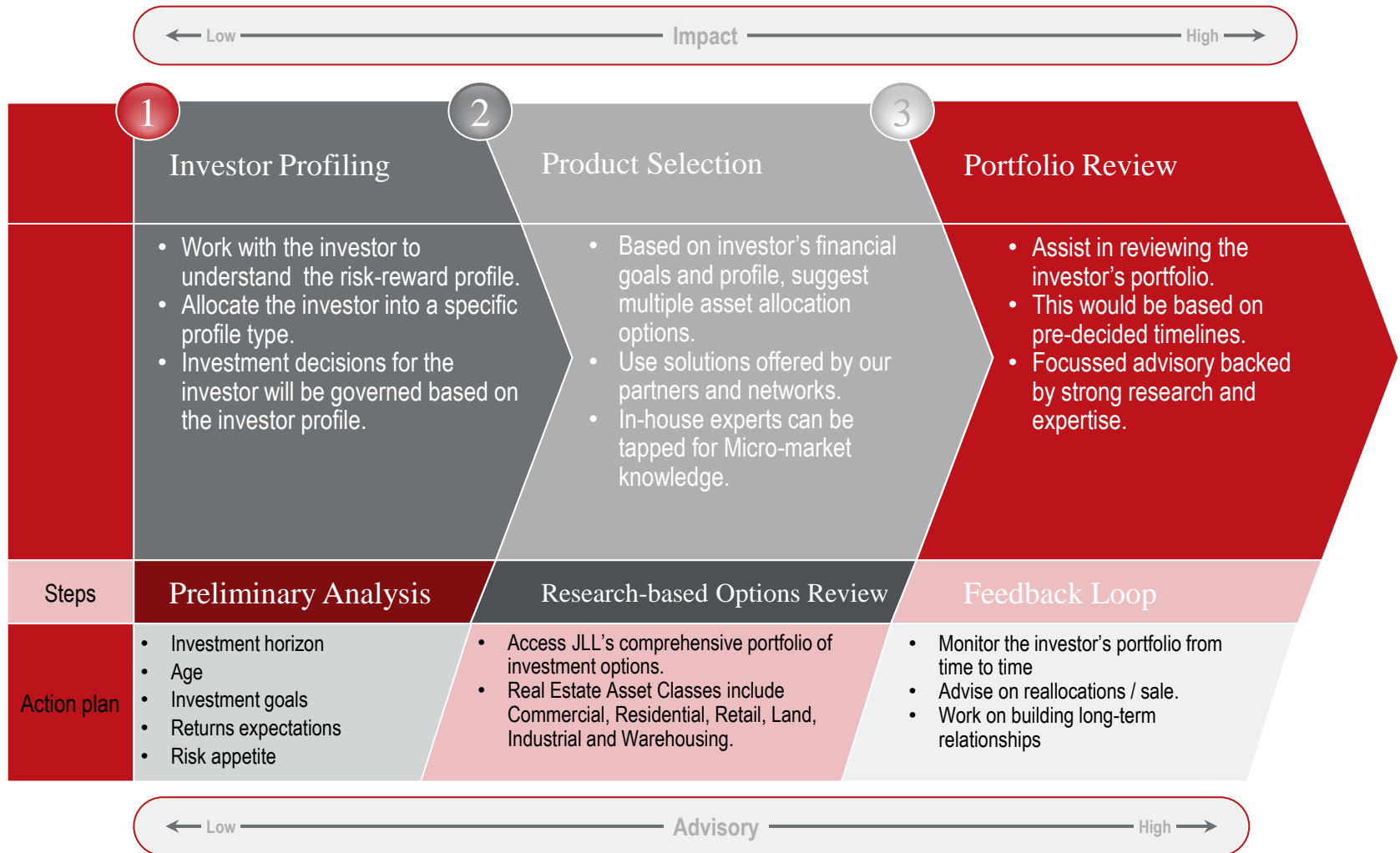
Chennai and NCR-Delhi led the cities in terms of absorption rate recorded in 1Q12, followed by Pune and Kolkata. Mumbai and Bangalore recorded a low absorption rate in 1Q12



Commercial Real Estate



The Investment Advisory Model



Real Estate Investment Options

Real Estate PE Funds	Real Estate Stocks	Real Estate Investment Trust / REMFs	Direct Ownership of Real Estate
<ul style="list-style-type: none"> • Funds primarily composed of real estate companies : Equity stocks of RE Firms. • Direct investments into RE projects. 	<ul style="list-style-type: none"> • BSE Realty Index is the barometer for Realty Stocks in India. • Firms like Unitech, DLF, Sobha Developers, Ansal Housing, Mahindra GESCO are some of the listed firms. 	<ul style="list-style-type: none"> • REIT is a company or entity that invests in different forms of real estate. • These investments can include shopping malls, commercial office , residential projects, hotels, etc. • Not yet available in India 	<ul style="list-style-type: none"> • Select and purchase individual real estate properties. • Options across the Residential, Commercial, and Retail Spectrum. • This is where Jones Lang La Salle steps in.

Commercial Real Estate – Sector Dynamics in India

- Traditionally the domain of Institutional Investors
- Commercial Real Estate in
 - Manhattan : 450 million sft of Grade A Stock
 - London : 200 million sft
 - India's Collective office space stock: 270 million sft
- Commercial real estate has undergone a dramatic and rapid change in a short span of time in India
- Future outlook: Quantum spurt in the services and knowledge sector, tremendous opportunities for the individual investor.

Financing options

- Banks are willing to lend up to 50-60% of the LTV
- Commercial properties are particularly attractive for banks
- This is subject to the borrower's
 - adequate net worth and
 - established ability to repay.
- With Lease Rent Discounting (LRD), an investor can enjoy significant capital appreciation at the end of the payback period, with full ownership of the property.

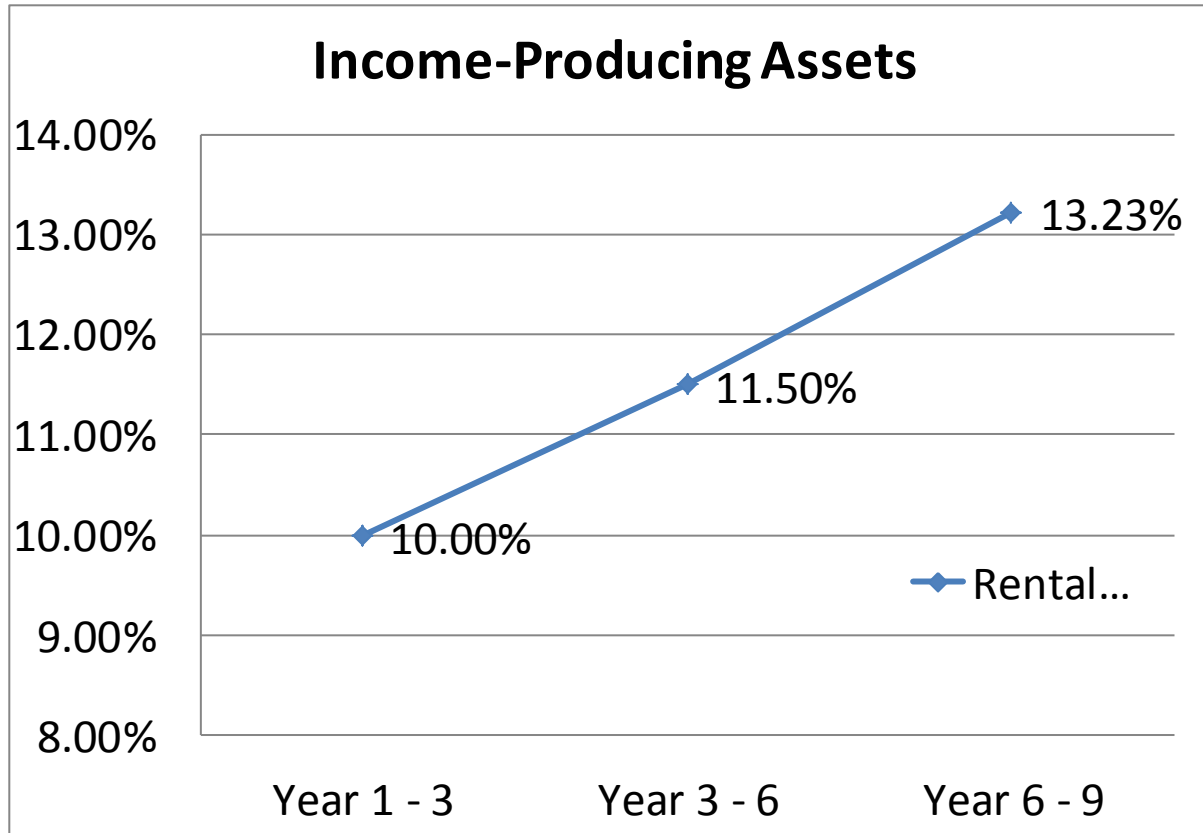
Commercial Real Estate :

Comparison between Vacant Space and Income – Producing Assets

Under Construction / Vacant Properties	Income – Producing Assets
<ul style="list-style-type: none">• Scope for Capital Appreciation• Smaller ticket sizes available ~ Rs. 3 - 4 cr• Can be for own use• Risk of project completion• Discounts during launch/pre-launch phase• Recoup invested amount through lease/sale of property.• Liquidity and Marketability depends on developer profile, locale, capital and rental trends, etc.	<ul style="list-style-type: none">• Monthly rent income + Capital Appreciation• Ticket sizes ~ upwards of Rs.10 cr• Property occupied by 3rd party• No project completion risk• Generally available at a premium• Recoup about 50-60% of his initial investment in 6-7 years' time.*• Generally offers good liquidity and marketability given the nature of the asset.

*depending on the % yield

Return Profile



Assumptions

- Net starting yield of 10%
- 15% escalation after 3 years
- No increment in CAM and Property Tax

Asset Class Return Comparison: Options in RE

Parameter / Asset Class	Residential	Commercial Office	Retail	
Typical Investment	30 L – 2 cr	1cr – 5cr	Above 5 cr	30 L – 5 cr
Annualized Returns (Rental yields)	3% - 4%	9% -10%	> 10%	7% - 8%
Lease Period	Short term ~ 1 year	Long Term Leases ~ 5 to 10 years with a lock-in period of 3 to 5 years	Long Term Leases which have shorter lock-ins	

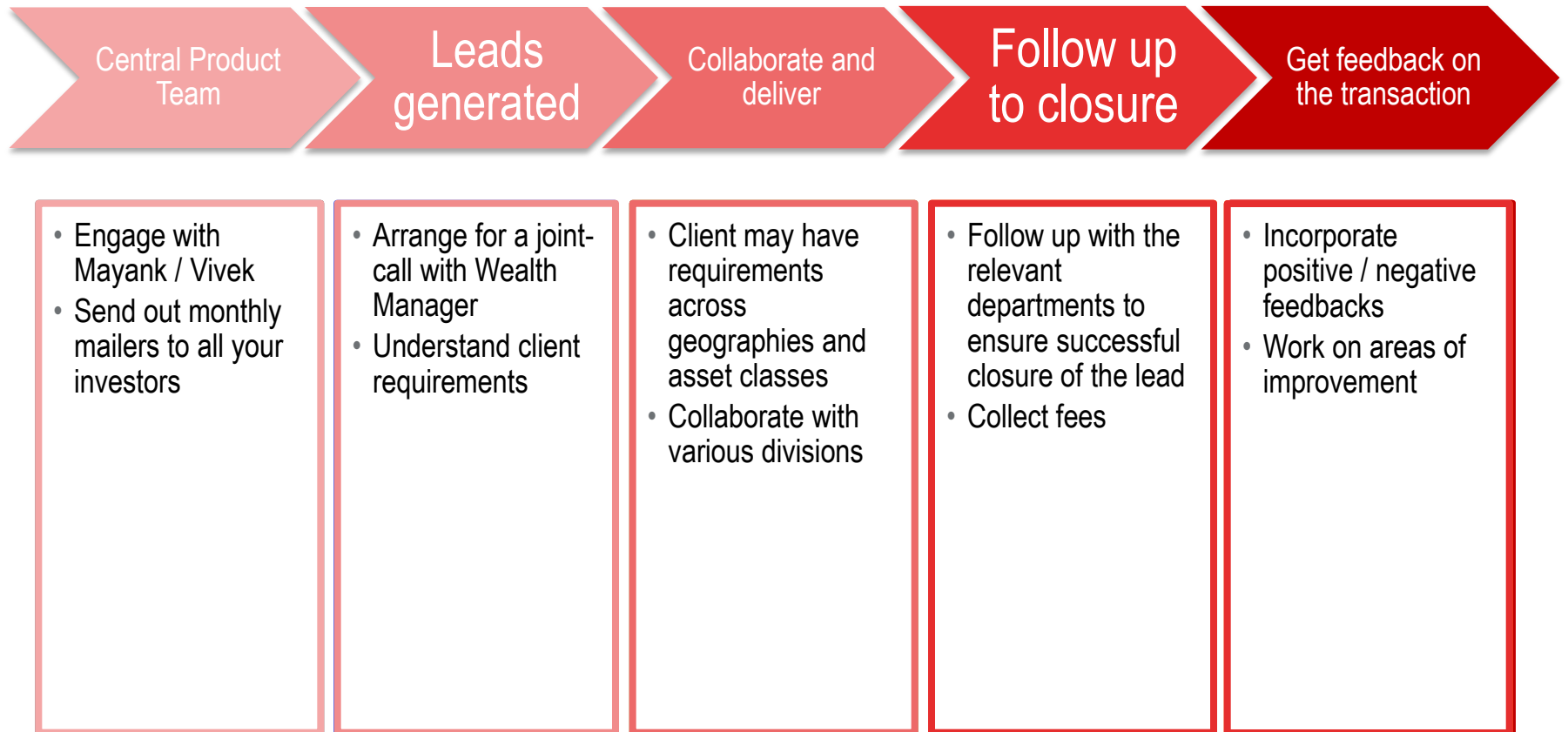
Warehouses as an asset class

- Pre-leased Warehouses are attractive investment opportunities for the informed investor.
- Generally available on the outskirts of Mumbai, on the Mumbai – Nashik Highway.
- Long – term leases of 10 years.
- Opportunity for the investor to buy into bigger unit spaces at reasonable rates.
- Yields are typically upwards of 10%.
- Tenant profiles are excellent, with 3PL players and Logistics firms taking up space for the long term.

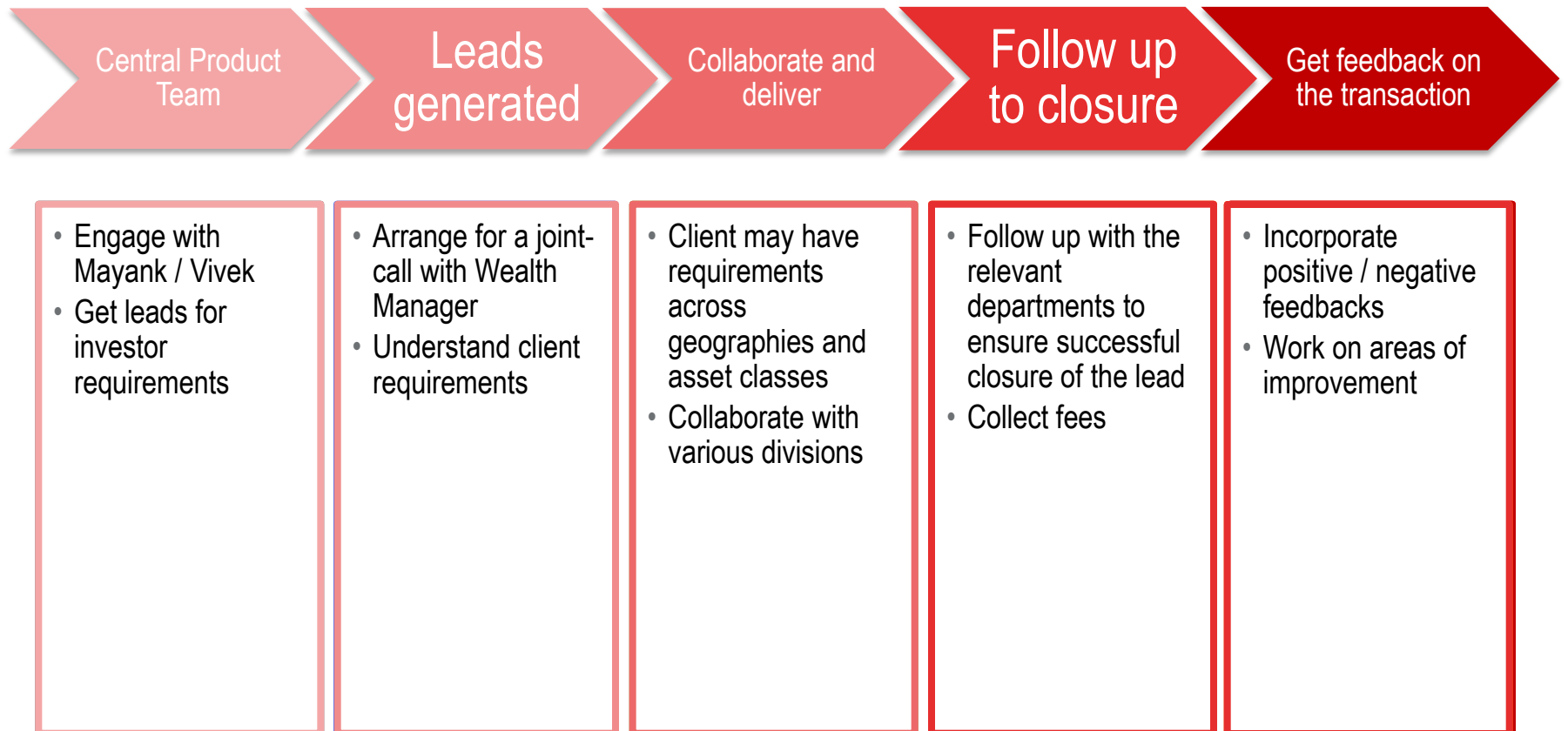
JLL Value Proposition



Engaging with investors : Investment Ideas



Engaging with investors : Servicing Investor Needs



Key elements of Real Estate Advisory

- One Single Point of Contact
- **End to end servicing**
- Present all available options
- Micro-market research
- Ease of investment
- Product Due-Diligence
- Risk Mitigation
- Contingency Planning
- Understand investor's requirements
- Ensure the client makes the right choices
- **Keep the investor's costs down**
- Get the best deal possible
- **Professionalism**
- Rules and Regulations
- Legal Aspects
- Save on time and effort



JONES LANG
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Real value in a changing world

Thank you

