

MARKET RESEARCH AND ASSESSMENT OF CAPITAL VALUES AND RENTAL VALUES FOR PROPOSED DEVELOPMENT NEAR ELECTRONIC CITY, BANGALORE, KARNATAKA, INDIA

EXECUTIVE SUMMARY

SUBMITTED TO

**VALUE AND BUDGET HOUSING CORPORATION LIMITED
(VBHC)**

Submitted by



**JONES LANG
LASALLE®**

Jones Lang LaSalle Property Consultants India Private Limited

Level 3, Concorde, UB City, #24, Vittal Mallya Road
Bangalore - 560 001

Ph: +91 80 4118 2900, Fax: +91 80 4118 2901

Internet: www.joneslanglassale.co.in

APRIL 2012

ABBREVIATIONS

APA	Anekal Planning Authority
BHK	Bed Room-Hall-Kitchen
BMRDA	Bangalore Metropolitan Regional Development Authority
BPO	Business Process Outsourcing
CAGR	Compounded Annual Growth Rate
CBD	Central Business District
FMCG	Fast Moving Consumer Goods
HNWI/HNI	High-Networth Individuals
INR	Indian National Rupees
IT	Information Technology
ITES	IT enabled Services
JLL	Jones Lang LaSalle
KBITS	Karnataka Biotechnology and Information Technology
KIADB	Karnataka Industrial Area Development Board
NH	National Highway
PBD	Peripheral Business District
R&D	Research and Development
SBD	Secondary Business District
SEC	Socio-Economic Classification
SEZs	Special Economic Zones
SPC	Special Purpose Company
sq. ft.	square feet
STPI	Software Technology Parks of India
SWOT	Strength-Weakness-Opportunity-Threat
VBHC	Value and Budget Housing Corporation Limited

CONVERSION OF UNITS

1 hectare	2.4711 acres
1 acre	43560 sq. ft.
1 acre	4046.9 sq. m
1 sq. km	247.11 acres
1 sq. m	1.196 sq. yards
1 sq. m	10.764 sq. ft.
1 meter	1.0936 yards
1 meter	3.28 ft
1 cent	435.6 sq. ft
1 acre	40 guntas

EXECUTIVE SUMMARY

BACKGROUND

Value and Budget Housing Corporation Limited (hereinafter referred to as 'VBHC') is developing its first project named as 'Vaibhava' on a plot measuring an area of about 19.90 acres located on Chandapura Anekal Road, south of Electronic City, Bangalore, Karnataka, India (hereinafter referred to as the 'Project'). VBHC is developing this residential apartment complex through a Special Purpose Company (SPC)¹. The project comprises of Studio Apartments (carpet area of 253-285 sq. ft.; super built-up area of 351-395 sq. ft.); 1-BHK Apartments (carpet area of 340-360 sq. ft.; super built-up area of 456-476 sq. ft.); 2-BHK Apartments (carpet area of 478-570 sq. ft.; super built-up area of 614-766 sq. ft.); and 3-BHK Apartments (carpet area of 744-770 sq. ft.; super built-up area of 934-1,002 sq. ft.).

In this regard, VBHC has commissioned Jones Lang LaSalle Property Consultants India Private Limited² (hereinafter referred to as 'Jones Lang LaSalle') to provide an independent, expert assessment of the marketability of the said Project.

The objective of the market research and assessment is to provide potential buyers of apartment with supplementary information, which may be of assistance in making the investment decision. Notwithstanding the foregoing, this Report should be treated as additional information only and shall not constitute formal advice rendered directly to the prospective purchaser. The readers of this Report are encouraged to carefully read the 'Disclaimer Statement' below to understand the purpose and objective of this Report to the prospective buyers.

BANGALORE - MOST HAPPENING CITY IN SOUTH INDIA

Bangalore, the capital city and the largest city of the Karnataka State is now popularly known as the 'Silicon Valley of India' and has become one of Asia's fastest growing cities since emergence of IT (Information Technology) and IT enabled services (ITES) industry. Karnataka State itself is globally known for its vibrant economy and investment potential.

Bangalore was popularly known as a 'Pensioners' Paradise', and Garden city for its delicate blossoms and greenery that imparts a unique beauty to it. The growth of IT-ITES in the city, which is the largest contributor to India's software exports, has led to Bangalore to be recognized as the 'Silicon Valley of India'. It is now regarded as a high-tech city with office or development centers of a number of mega software companies having wholly owned subsidiaries or joint ventures in Bangalore, including IBM, Hewlett-Packard, Texas Instruments, Oracle, Novell, Fujitsu, and Digital Equipment. Bangalore is also headquarters to a large number of Indian software companies. Bangalore produces more than 31% of all software that India currently exports. In a short time, Bangalore has experienced rapid growth and international recognition in the field of software development. This has resulted in placing the city at a promising position in the international market for software.

After establishing itself as an IT and Business Process Outsourcing (BPO) hub, Bangalore has successfully attracted the Biotech industry. Bangalore currently houses approximately 49.4% of the total biotechnology companies in India (158 out of 320). The city also attracts people from all

¹ Name of the SPC is VBHC Bangalore Value Homes Private Limited (VBHC-Bangalore). VBHC- Bangalore has two share holders, VBHC, which holds the majority stake, and HDFC Portfolio Management Services, which owns the remaining equity.

² Jones Lang LaSalle, the Indian operations of Jones Lang LaSalle (NYSE: JLL), is the only real estate money management and services firm named to FORTUNE magazine's "100 Best Companies to Work For" and Forbes magazine's "400 Best Big Companies". It is the premiere and largest real estate Services Company in India, with an extensive geographic footprint across ten cities (Delhi, Mumbai, Bangalore, Pune, Chennai, Hyderabad, Kolkata, Kochi, Chandigarh and Coimbatore) and staff strength of over 4,000. The company provides investors, developers, local corporates and multinational companies with a comprehensive range of services including research, consultancy, transactions, project and development services, integrated facility management, property management, capital markets, residential, hotels and retail advisory. For further information, please visit www.joneslanglassale.co.in. Brief profile of the team members who authored this Report is given at the end of this report.

over the world for its excellent schools and universities, such as the Indian Institute of Science, National Institute of Mental Health and Neuro-Physics, the Indian Space Research Organization, Indian Institute of Management and Indian Institute of Aero-physics. Bangalore is even gaining the status of the 'Floriculture Capital' due to the present boost of the flower export from the city. Due to the rich stone resources Bangalore is also known the 'Stone City', especially for its granite deposits.

DEMOGRAPHIC & SOCIO-ECONOMIC CHARACTERISTICS

Bangalore developed into a preferred location for high technology industries such as electronics, IT, telecommunications and emerged as a globally integrated center of high technology research and production during 1990s. This has resulted in sudden population increase of Bangalore Urban Agglomeration with decadal growth touching the figure of 49.47% with a population of 8.49 million as per Census 2011 (Provisional). Bangalore has the second highest literacy rate (89.56%) for an Indian metropolis, after Mumbai.

The per-capita income of population of the city at present is INR 88,991 per annum. Bangalore has about 33% of SEC (Socio-Economic Classification) A and B population in city, which is second highest in comparison to other major cities in India, next only to Mumbai. Bangalore is India's fourth largest Fast Moving Consumer Goods (FMCG) and clothing and footwear market. The city is the third-largest hub for high net worth individuals (HNWI/ HNIs), after Mumbai and Delhi. IT population forms about 5% of the total population of Urban Bangalore (845,000 IT Professionals - 1/3rd of total IT professionals in the Country which his nearly 2.3 million as per NASSCOM reports).

Overall the socio-economic profile of the city provides information about the fact that the market is lucrative for the development of organized retail sector. Bangalore has very high 'Youthfulness Index' (20% population: 18-24 years, 14%: 25-35 years). More than half of the employees in IT/ITES sector are below the age of 28. Bangalore stands No. 6 in Economy Index and No. 27 in Reside-In Index out of 112 cities surveyed is good (Top City: 1). "Economy" Index reflects the economic conditions in a particular city, opportunities to start a new business, investment etc while "Reside-In" Index reflect a city's suitability for residing based on the sub-heads, health, education, environment, safety, public facilities, entertainment and housing.

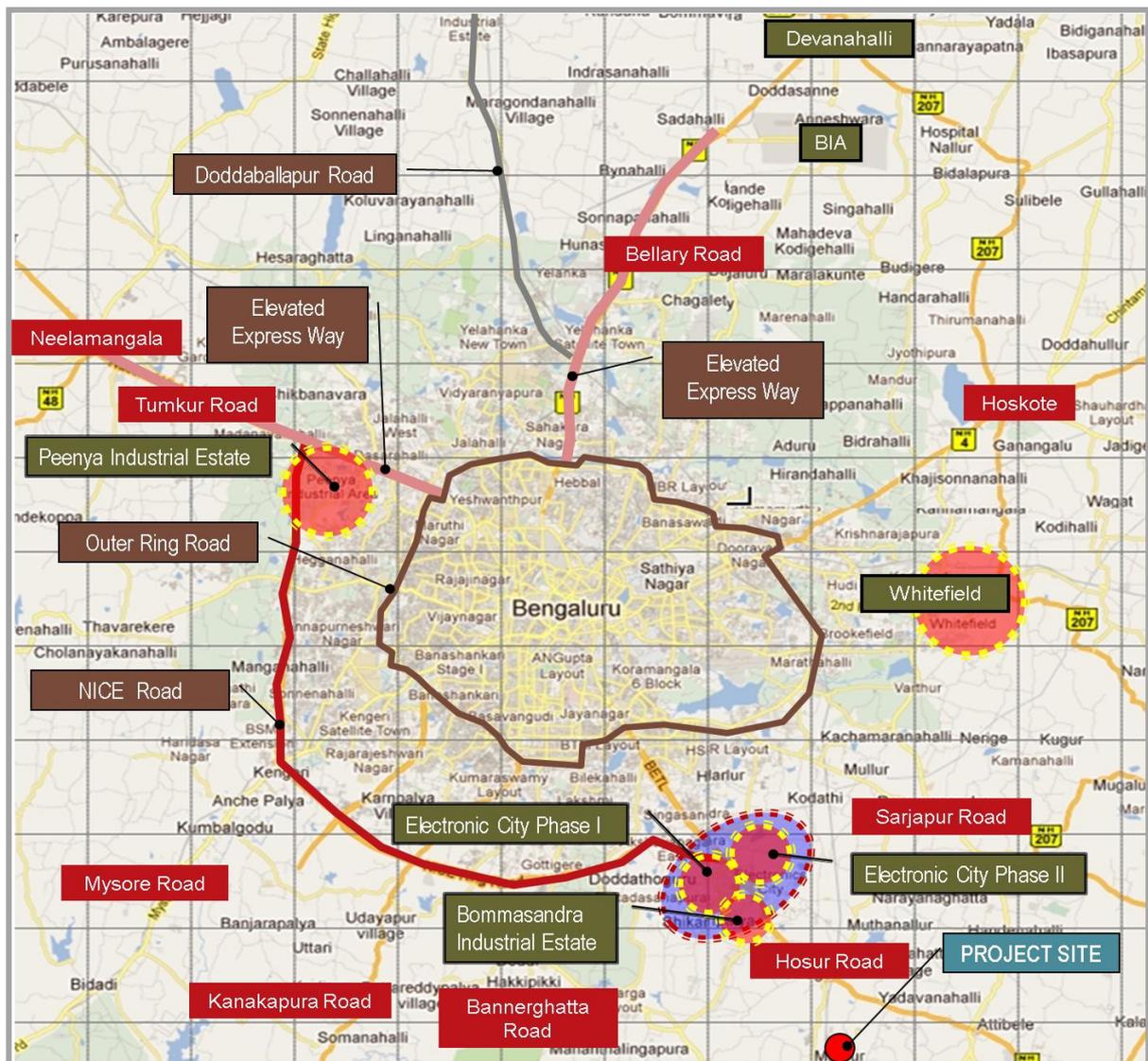
According to the Mercers Worldwide Quality of Living Survey 2011 for 221 cities globally, Bangalore is the best placed at 141st rank this year, and tops all the other cities ranked in India.

Continued influx of working population to Bangalore City and lack of adequate response of the Government to meet the growing housing needs have gradually widened the demand-supply-gap resulting in exponential increase in capital values of residential units making 'less affordable' to buy a home for large segment of the population. This has resulted in increasing demand for rented accommodation both in terms of volume and price. At present, due to the rapid pace of urbanization, rental housing has provided much needed 'room for maneuver' for individuals and households and also responsive to changes in individual and household life-cycles and is an asset for tenants as well as landlords. An assessment of housing ownership and rental housing status in Bangalore during the year 2000-01 indicated about 39% of households had house ownership while 56% of the households were found to be in rented accommodation. However, considering the incremental increase in number of households during the period from 2000-01 and 2008-09, about 23% of this incremental households could attain house ownership while significant two-third of the incremental households resorted to rental accommodation during the same period. The above findings clearly demonstrates increasing demand for the rental housing in the city and reduced affordability of the population to have house ownership due to high capital values. Consequence of above imbalance is expected to increase both volume and pricing of rented housing in the city.

During the 1990s, Bangalore developed into a preferred location for hi-tech industries such as electronics, information technology and telecommunications and emerged as a globally integrated

centre of technology research and production. This has resulted in significant in-migration of intellectual / knowledge population from various parts of the country contributing to the decadal growth of 49.47%.

Karnataka is among the top five industrialized states in the country and is the science capital of India with more than 100 R&D centre's and majority of them are in Bangalore. Bangalore has been contributing almost 31-33% of national software export revenues over the last decade and thus is rightfully tagged as the IT Capital of India. The physical growth in Bangalore is fuelled by the IT-ITES and the Bio-Tech sector. There are nearly 2,100+ Software Technology Parks of India (STPI) registered companies in the city. These companies are contributing INR 737,400 million, which is nearly 31.27% of the national revenues for software exports. Some of the major industrial estates and IT& ITES hubs in Bangalore is shown in the map below.

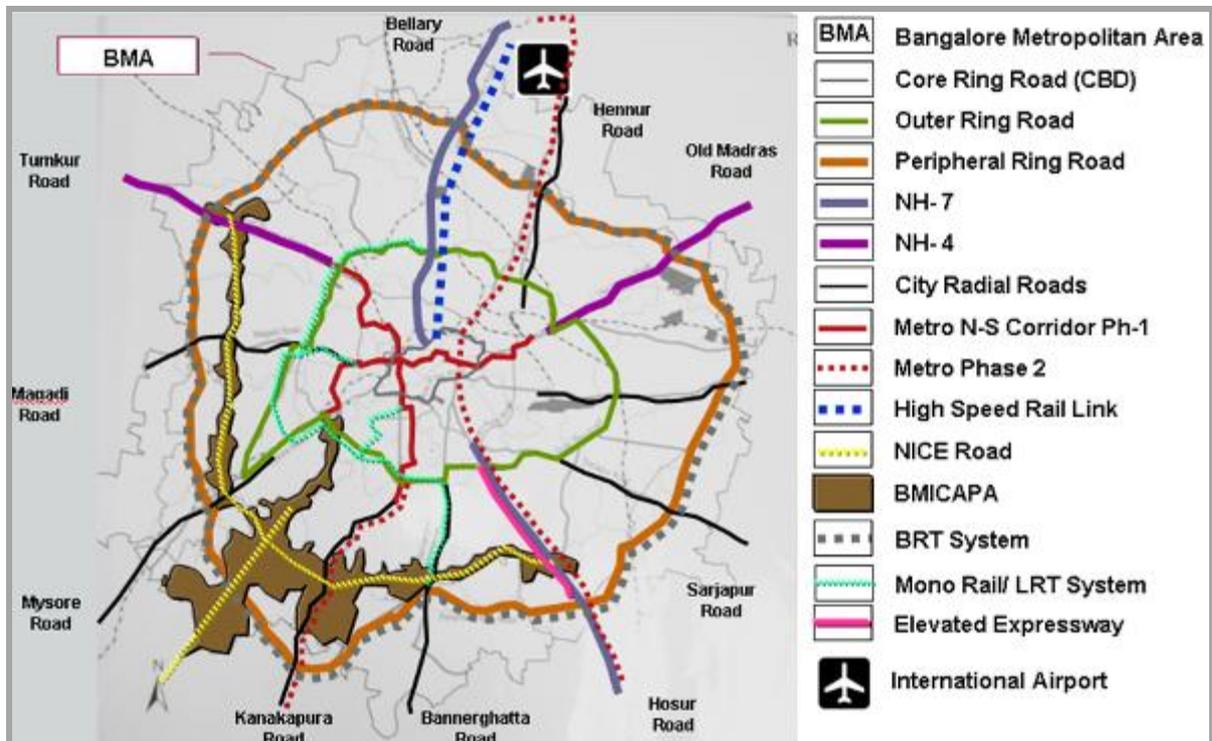


Source: Real Estate Market Research and Analysis; Jones Lang LaSalle; February 2012

After establishing itself as an IT and BPO hub, Bangalore has successfully attracted the Biotech industry. Bangalore currently houses approximately 49.4% of the total biotechnology companies in India. The Karnataka government's various initiatives such as a biotech policy, fiscal incentives and proposed biotech park in Bangalore are likely to aid the process. Karnataka is one of the few states to come out with a clear-cut biotechnology policy called 'The Millennium Biotech Policy', while the Centre is still dithering to formulate such a policy at the national level. Karnataka's policy promises to establish a biotech corridor and the state has also set up a 'Vision Group on Biotechnology' to provide an impetus to the growth of the sector through other initiatives.

INFRASTRUCTURE INITIATIVES

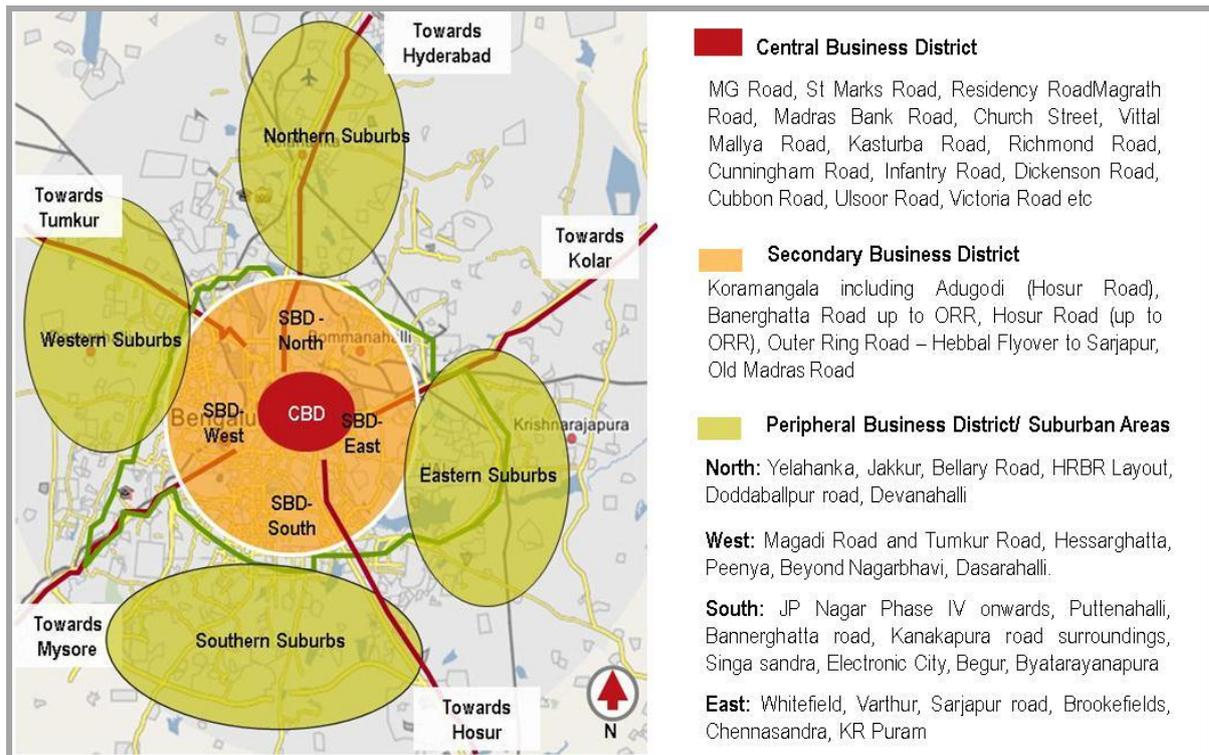
There are various proactive measures taken up by the Government of Karnataka in augmenting & expanding the city physical infrastructure and developing major infrastructure projects to encourage overall economic development. The map below presents some of the key existing and proposed road network of the Bangalore City, which have been the factors fueling the physical growth of the city. Also existing and proposed infrastructure projects have been highlighted.



Source: Real Estate Market Research & Analysis; Jones Lang LaSalle; February 2012

GENERAL REAL ESTATE MARKET TRENDS

In the last decade, Bangalore has gained a special significance in the real estate market. With IT-boom supporting the overall city development, the city planners now feel that it will be one of the international metropolitan cities in the next 5-7 years. Other than IT and ITES, other sectors like bio-tech, aerospace, automobile, garments, finance and real estate also have shown phenomenal growth in the past 5 years. The growth in commercial sector has led to growth in residential, hospitality and retail sector too. The spur of activities led to increase in spread of city catchment. The map below presents the micro-markets across city to assess the real estate sector trends.



Source: Real Estate Market Research and Analysis; Jones Lang LaSalle; February 2012

Following are the prime areas witnessing different real estate activities

- **High-end corporate offices and retail developments** - CBD Area (MG Road, Brigade Road, Commercial Street, Residency Road, Langford Town, Cunningham Road, Richmond Road, etc.).
- **IT/ ITES Offices and SEZs** - towards Eastern and Southern suburban areas: Electronic City, Whitefield, ORR, Sarjapur Road, Hebbal, etc.
- **Corporate / Office** - CBD and Secondary Business District (SBD) areas like Koramangala, Indiranagar, Jayanagar, Bannerghatta Road, etc.
- **Residential** - Hebbal, Sahakarnagar, Yelahanka, Jalahalli, Kengeri, Rajajinagar, JP Nagar, Banashankari, Jayanagar, Koramangala, Indiranagar, HSR Layout, Brookefield, Whitefield, Sarjapur Road, Hosur Road, Bannerghatta Road, Kanakapura Road, etc.
- **Industrial** - Peenya, Yeshwantpur, Rajajinagar Industrial Suburb, Jigini, Bommasandra, etc.

PROJECT SITE

The Project Site measures an area of about 19.90 acres and is located at a distance of about 5 km off Hosur Main Road (NH-7) towards the southern quadrant of city. The Project Site is located under the jurisdiction of Bangalore Metropolitan Regional Development Authority (BMRDA), under Anekal Planning Authority (APA), revenue administration of Byagadadenahalli Village, Kasaba (Anekal), which forms a part of the Anekal Taluk. The map below presents location of the Project Site with respect to the city.



Source: Real Estate Market Research and Analysis; Jones Lang LaSalle; February 2012

The Project Site has two access roads, wherein the primary access is through Chandapura Anekal Main Road, which is about 30 m wide (Right of Way). The above said road connects the Hosur Road (NH-7) at a distance of 5 km from the Project Site. While the secondary access road is kutchra village road with the width of 7 m, connects Byagadadenahalli Village in the south of the Project Site. The Project Site is fairly regular in shape and has a frontage of approximately 150 m on the eastern side, towards the Chandapura Anekal Main Road and 410 m on the western side. The Project Site has power lines, water supply and drainage & sewerage facilities. Some of the salient features of the Project Site are summarized in the table below:

Area	19.90 acres (i.e. 866,837 sq. ft. approximately)
Access	Chandapura Anekal Main Road
Existing Access Road	Access is through two approach roads namely the Chandapura Anekal Main Road and Byagadadenahalli Village road which is on eastern and western side of the Project Site with the width of 30.0 m and 7.0 m
Shape	Fairly regular in shape
Visibility	Visible from the approach road (Chandapura Anekal Main Road) and secondary access road
Contiguity	Contiguous in nature

Topography	Flat terrain
Frontage	The property has frontage of Approx. 150 m on the eastern side, towards Chandapura Anekal Main Road and 410 m on western side.
Land use	Residential Use (As informed by VBHC)

Google map below shows the location of the Project Site and its surroundings.



Source: Real Estate Market Research and Analysis; Jones Lang LaSalle; February 2012

SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis has been done for the Project Site based on location, infrastructure, linkages, frontage and potential usage and is presented below:

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ▪ Location is on Chandapura Anekal Main Road - easy access of public transport ▪ Site is contiguous with excellent frontage and visibility ▪ Two main approach roads towards east and west ▪ Good Access road - 30 m wide road under augmentation 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ▪ Large distance from city CBD and also the site is located 5.0 km off Hosur Road ▪ The immediate surrounding lacks social infrastructure which can be addressed through project amenities ▪ Social index of the region is poor presently
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ▪ Proximity to Electronic City, proposed Special Economic Zone (SEZ) projects, Jigni Industrial areas offers captive demand for the proposed development on the Project Site. ▪ The size of Project Site explores possible options for large-scale integrated real estate development. ▪ Surya city and many plotted developments have already created visibility of the area for home-seekers 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ▪ Competition from other newly launched projects like Janaadhar Shubha, Shriram Smrithi, Pride Horizon and Concorde South Scape which are focusing on affordable category of apartments.

Source: Real Estate Market Research and Analysis; Jones Lang LaSalle; February 2012

FUTURE OUTLOOK FOR THE MICRO-MARKET

The micro-market of the Project Site comprises areas in and around the Electronic City and Bommasandra Industrial area. Hosur Road is the main growth corridor for the micro-market of the Project Site. Hosur Road is the part of NH-7, which connects the Bangalore City and Hosur in Tamil Nadu. Hosur Road has been witnessing developments due to high commercial activity ever since KEONICS Electronic City Phase 1 (spread over 332 acres) planned during 1976- 1980. The first STPI was set up in Electronics City in 1981-85 and now prominent companies like Infosys, Wipro, Siemens, Motorola have their operations in the campus developments within the Electronic City. Karnataka Industrial Area Development KIADB acquired additional 320 acres as part of the Electronics City - Phase 2 & Phase 3 development. The land was allocated to various IT/ITES, Biotech and other related industries.

Development of Electronics City has induced development of many commercial complexes and IT parks along Hosur Main Road, translating the micro-market of the Project Site into one of the economic hubs of the city. These commercial developments gradually generated substantial demand for the residential sub-sector in the micro-market, which eventually led to construction of various apartment projects.

In-terms of physical growth potentials, the micro-market of the Project Site enjoys growth drivers similar to that of Bannerghatta Road, Sarjapur Road, Marathalli Sarjapur Outer Ring Road, Kanakapura Main Road and Whitefield, which have been witnessing significant growth in terms of real estate development primarily driven by IT-ITES related development. All these locations lie on the South, Southeast and Eastern quadrant of the Bangalore City in the close proximity of IT&ITES and industrial development.

Looking at the historic growth evolution of locations like Bannerghatta Road, Sarjapur Road, Marathalli Sarjapur Outer Ring Road, Kanakapura Main Road, over last 4-5 years, Hosur Road and the areas within the micro-market of the Project Site is expected to also undergo similar evolution and transformation over next 2-3 years. With the operation of the Elevated Expressway connecting Silk Board Junction and the Electronics City, the travel time from Silk Board Junction to Electronic City has reduced from 45-50 minutes to just 10-15 minutes. The other infrastructure initiatives like Peripheral Ring Road, metro connectivity etc., will further improve access to the micro-market from different parts of the city thereby making it also one of the preferred residential destination points.

Considering the growth of commercial activities in the region and also the proposed 4 SEZs projects namely; Biocon, WIPRO, HCL Technologies and Karnataka Biotechnology and Information Technology (KBITS), covering about 89.19 hectares (220.39 acres) will further augment economic drivers of this micro-market, which is expected to have positive impact in terms of demand growth and price appreciation for the real estate products over next 2-3 years.

Further, the micro-market has good social infrastructure such as healthcare, schools, recreation (resorts) and general retail when compared to other development corridors in the city. Residentail market is also on upswing with launch of high end villa projects (villa project by Artha Property & JR Housing) in the immediate surroundings. The proposed augmentation plan of existing institutions like Alliance University will give the required boost for the institutional segment.

The slowly emerging social infrastructure support will offer competitive advantage for the micro-market over other developing micro-markets in the city for residential development.

RECOMMENDED PRICING FOR THE PROPOSED APARTMENT DEVELOPMENT

Proposed residential apartment units on the Project Site have been evaluated with respect to the detailed market assessment carried out within the micro-market pertaining to similar developments. The conventional as well as affordable housing segments have been considered for comparison of the achievable price in the micro-market.

The micro-market average of all projects, which have unit capital value of less or equal to INR 3.6 million, are considered for determining the '**average benchmark price**'. As detailed in the report, there are 28 projects, which have unit capital value of less or equal to INR 3.6 million in the micro-market, bringing total supply of 7,346 units. Average present price of these projects is in range between INR 1,750-2,660 per sq. ft. The **weighted average of the price is INR 2,265 per sq. ft.** Accordingly, INR 2,265 per sq. ft. is considered as the '**average benchmark price**', for determining the achievable capital value for the residential apartment on the Project Site.

Building specifications and amenities play a vital role in marketing residential products in Bangalore. The decision making of the end-users largely depend on superior building specifications, comparable to the buildings of Grade A developers in the city and level of civic amenities provided within the residential development. Typically, buyers attribute price premium for differentiators has been given to the proposed project because of the facilities and amenities that are proposed in the project when compared to the amenities existing in the competing projects within the micro-market. Since the proposed residential development on the Project Site has a school (Sujaya School) attached to the premises and has 'Certification for Quality' and 'Plug & Play' facility, a nominal premium of 10% is factored on the 'average benchmark price' of INR 2,265 per sq. ft.

Accordingly, Jones Lang LaSalle recommends pricing of **INR 2,500 per sq. ft.** (applied over the saleable/super built-up area) for the proposed residential development on the Project Site. This recommended pricing is for a residential apartment product which is under development on the Project Site. It may be noted that the above recommended pricing is as on the date of assessment (March 2012) and the indicated price is only the base price for the unit saleable area of the apartment. Other charges like parking, club membership, deposits payable to civic authorities, etc. are chargeable over and above the base price.

In the case of year wise price increase, Hosur Road micro market has an average CAGR of 8% per annum in residential apartment projects whereas, Bangalore City has CAGR of 13%. Considering the factors like city average appreciation, Hosur Road micro market average price appreciation, proposed IT&ITES commercial development, improved / proposed urban infrastructure projects towards the micro-market and future outlook, a CAGR of 10% is considered for future projection. The details pertaining to the same are mentioned in the table below:

Year	Projected Capital Value (INR per sq. ft.)	Suggested Annual Increase	Price Increase over Previous Year (INR per sq. ft.)
2012	2,500	--	--
2013	2,750	10%	250
2014	3,025	10%	275
2015	3,328	10%	303

Note: Please note that the above projected pricing is for a residential apartment product. It may be noted that the above recommended pricing is only the base price for the unit saleable area of the apartment. Other charges like parking, club membership, deposits payable to civic authorities, etc. are chargeable over and above the base price.

RECOMMENDED RENTALS FOR THE PROPOSED APARTMENT DEVELOPMENT

Yield Rate (ratio of annual rental value to capital value expressed in percentage) method is used to determine achievable rentals for the apartments in the Project Site. In this method, different

comparable projects are taken and their respective rental yields are calculated considering the quoted rental and capital value for each of the instances. The table below summarizes prevailing rentals in some of the sub-markets within the micro-market of the Project Site for a typical 2-BHK unit.

Sl.	Location	Rental Range (INR per month)	Unit Size (sq. ft.)
1.	Chanadapur Anekal Surrounding (Surya City)	3,000 to 6,200	800 to 1,000
2.	Jigini Road	3,500 to 5,500	800 to 1,000
3.	Electronic City	6,500 to 12,000	1,000 to 1,400
4.	Begur Road	5,000 to 7,000	1,000 to 1,200
5.	BTM Layout	12,000 to 18,000	1,000 to 1,200

Source: Real Estate Market Research and Analysis; Jones Lang LaSalle; February 2012

The table below summarizes the yield rates of different comparable projects taken within the micro-market of the Project Site for a typical 2-BHK unit.

Instances	Capital Value (INR)	Rent (INR per Month)	Yield Rate
Comparable 1	2,100,000	6000	3%
Comparable 2	2,000,000	8000	5%
Comparable 3	2,668,000	8000	4%
Comparable 4	1,556,775	5000	4%
Average Yield for Micro-Market			4%

Note: In addition to above rentals, the tenant is expected to pay for Maintenance Charges as determined by the Resident Welfare Association of the Project Site.

Based on the assumptions and calculations as mentioned above, Jones Lang LaSalle is of opinion that the average yield rate of the micro market is around **4%**. Based on the average yield rate, achievable rental for the residential apartment for a **2-BHK** on the Project Site having super built up area between **614-766 sq. ft.** considering recommended capital value of INR **2,500 per sq. ft.** as recommended above, the average rental value will be around **INR 5,500-6,100 per month** (rounded-off with +/- 5% variation on average unit size of 690 sq. ft.). The average rental value works out to **INR 5,800 per month**. In addition, the tenant is expected to pay for Maintenance Charges as determined by the Resident Welfare Association of the Project Site.

Since the yield rate will remain the same in the micro-market for residential apartments, yield rate of 4% is considered to assess the rental value of both 1-BHK and 3-BHK apartment units.

1-BHK apartment units have super built-up area range between **456-476 sq. ft.** a unit while **3-BHK** units have super built-up area range between **934-1,002 sq. ft.** a unit. Considering recommended capital value of INR **2,500 per sq. ft.**, the average rental value for **1-BHK unit** will be around **INR 3,700-4,100 per month** (rounded-off with +/- 5% variation on average unit size of 466 sq. ft.) while that of the **3-BHK unit** will be around **INR 7,700-8,500 per month** (rounded-off with +/- 5% variation on average unit size of 968 sq. ft.). The average rental value works out to **INR 3,900 per month** for 1-BHK unit and **INR 8,100 per month** for 3-BHK units. In addition, the tenant is expected to pay for Maintenance Charges as determined by the Resident Welfare Association of the Project Site.

Considering the fact that the market typically maintains the capital value & rental value gap, average annual increase of 10% (same as capital values) is considered for projecting the rentals for future. The table below presents project rental values for the proposed apartment development for all typologies on the Project Site.

Year	Projected Rental Value (INR per Unit per Month)			Suggested Annual Increase
	1-BHK Unit	2-BHK Unit	3-BHK Unit	
2012	3,900	5,800	8,100	
2013	4,300	6,400	8,900	10%
2014	4,700	7,000	9,800	10%
2015	5,200	7,700	10,800	10%

Note: In addition to above rentals, the tenant is expected to pay for Maintenance Charges as determined by the Resident Welfare Association of the Project Site.

Considering the recommended capital value of INR 2,500 per sq. ft., rental value at average yield of 4% per annum and capital appreciation of about 10-12% year-on-year, the gross yield over 5 years will be in the range of 12-15%. Any further increase in price over the present estimate, due to various growth potentials of the micro-market highlighted above, will have significant upside in the returns to a purchaser.

DISCLAIMER

This Report has been authored by Jones Lang LaSalle acting on the instructions of VBHC. Jones Lang LaSalle was instructed by VBHC to provide an independent, expert assessment of the marketability of the Project being developed by VBHC as 'Vaibhava' situated near Electronics City, Bangalore. This Report has been formulated by Jones Lang LaSalle independent of any inputs (other than information specifically sought for) from VBHC and VBHC has not in any manner influenced the findings of this Report. The prospective purchaser may however note that VBHC has paid JLL professional fees for the formulation of this Report. Notwithstanding the foregoing, this Report should be treated as additional information and not be taken as a substitute for comprehensive due diligence to be exercised by a prospective purchaser including visiting the project site and evaluating the suitability of the Project to their specific needs, their ability to meet the financial commitment either through purchase or through loan servicing and the availability of third party financing. It is specifically noted that while the Report contains certain views regarding the possible marketability of the Project in the future, prospective purchasers are encouraged to evaluate the Project based on their personal requirements rather than from the perspective of future real estate price appreciation. This Report does not constitute any commitment whatsoever from VBHC and shall not give rise to any claims whatsoever from any prospective purchaser regarding the veracity or otherwise of this Report. This Report is provided for information only. This Report shall not constitute formal advice rendered directly to the prospective purchaser.