REAL ESTATE

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EXECUTIVE SUMMARY

Fourth largest sector in terms of FDI inflows

Rapid urbanisation bodes well for the sector

India’s construction market is expected to be the world’s third largest by 2020

FDI in the sector is estimated to grow to USD25 billion in 10 years

The number of Indians living in urban areas will increase from the current 377 million to about 600 million by 2031

India construction market is expected to more than double to USD649.5 billion by 2020 from USD360 billion in 2010

Source: Ministry of Tourism, Census 2011, Aranca Research

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ADVANTAGE INDIA

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Growing demand
• Demand for residential properties has surged due to increased urbanisation and rising household income
• Growing economy driving demand for commercial and retail space

Attractive opportunities
• Growing requirements of space from sectors such as education and healthcare
• Growth in tourism providing opportunities in the hospitality sector

Advantage India

Increasing Investments
• FDI in construction development of USD23.4 billion between April 2000 and April 2014
• During April 2012–January 2013, the real estate sector accounted for 8.8 per cent of total FDI inflows into India

Policy support
• Allocation of USD1.3 billion for rural housing and USD0.7 billion for NHB to increase the flow of cheaper credit for affordable housing for urban poor as per Budget 2014-15
• The government has allowed FDI of up to 100 per cent in development projects for townships and settlements

Source: BMI (Business Monitor International), Department of Industrial Policy and Promotion, Aranca Research, News articles
Notes: FDI - Foreign Direct Investment; NHB: National Housing Bank, 2020E - Estimate for 2020
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SEGMENTS IN THE INDIAN REAL ESTATE SECTOR

- Residential space
  - Fragmented market with few large players
  - Demand of around 710,000 units in the seven major cities by 2014. Residential space supply of nearly 1.4 billion sq ft is expected to come by 2015 out of the planned supply of 2.1 billion sq ft across 10 major cities

- Commercial space
  - Few players with presence across India
  - Of a total supply of 445 million sq ft of office space planned in 10 major cities, around 167 million sq ft would come up during 2013-15 with the demand being 66 million sq ft during the same period

- Retail space
  - FDI in multi-brand retail to boost demand
  - Fragmented market with few national players
  - Of a total planned supply of 67 million sq ft across major cities, around 38 million sq ft would come up during 2013-15

- Hospitality space
  - A competitive market with many players; received investments by private equity funds worth USD11 million in 2013
  - As of 31 December 2012, the country had 1,376 approved hotels with 76,567 rooms

- SEZs
  - The government has formally approved 576^ SEZs, of which 173 are in operation
  - Majority of the SEZs are in the IT/ITeS sector

Notes: SEZ - Special Economic Zone. IT - Information Technology, ITeS - Information Technology Enabled Services, * - As of March 2013

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Real estate contribution to India’s GDP is estimated to be about 6.3 per cent in 2013.

The market size of real estate in India is expected to increase at a CAGR of 11.2 per cent during FY2008 - 2020.

The real estate sector is estimated to be worth USD180.0 billion by 2020.

Source: BMI, CBRE, Aranca Research
Notes: CAGR - Compounded Annual Growth Rate, E - Estimates
The urban housing shortage is estimated at 18.8 million in 2012. Of this shortage, 95.5 per cent pertains to EWS and LIG.

By March 2012, 1.57 million houses were sanctioned under BSUP and IHSDP, of which 0.65 million were completed and 0.42 million have been occupied.

Total rural housing shortage in India stood at 47.4 million as of 2012 and is expected to grow to 48.8 million during XII plan period (2012-2017).

Significant increase in real estate activity in cities like Indore, Raipur, Ahmadabad, Jaipur and other two-tier cities; this has opened new avenues of growth for the sector.

Urban-rural housing shortage (million)

Source: Ministry of Housing and Urban Poverty Alleviation, RBI, CRISIL, Aranca Research
Notes: E - Estimates, EWS - Economically Weaker Section, LIG - Lower Income Group, BSUP - Basic Services to the urban poor, IHSDF - Integrated Housing and slum development programme
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DEMAND FOR RESIDENTIAL SPACE EXPECTED TO GROW SHARPLY

Scenario

A localised, fragmented market presents opportunities for consolidation
Few large, pan-India players such as DLF and Unitech

Key drivers

Rapid urbanisation
Growth in population
Rise in the number of nuclear families
Easy availability of finance
Repatriation of NRIs and HNIs
Rise in disposable income

Notable trends

Demand to grow at a CAGR of 2.0 per cent over the period 2013-17 across top 8 cities in India
NCR is expected to generate maximum demand in MIG and HIG category followed by Bengaluru
Developers now focusing on affordable and mid-range categories to meet the huge demand

Demand projections across top 8 cities (‘000 units)

Demand analysis of top 8 cities (‘000 units) 2013-17 (MIG+HIG)

Source: Cushman & Wakefield, Aranca Research
Notes: MIG: Middle Income Group HIG: High Income Group

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METROS DRIVING DEMAND FOR COMMERCIAL SPACE

Scenario
Few large developers with a pan-India presence dominate the market
Operating model has shifted from sales to a lease-and-maintenance

Key drivers
Rapid growth in services sectors: IT/ITeS, BFSI and Telecom
Rising demand from MNCs
Demand for office space in Tier 2 cities

Notable trends
Mumbai, NCR and Bengaluru account for 60 per cent of total office space demand in India by 2017
Bengaluru is likely to experience highest demand over 2013-17 followed by Mumbai and NCR
Business activity shifting from CBDs to SBDs, Tier 1 to Tier 2 cities

Demand projections across top 8 cities (million sq ft)

<table>
<thead>
<tr>
<th>Year</th>
<th>Pune</th>
<th>Mumbai</th>
<th>Kolkata</th>
<th>Hyderabad</th>
<th>Chennai</th>
<th>Bengaluru</th>
<th>Ahmedabad</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>22</td>
<td>23</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>27</td>
<td></td>
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<tr>
<td>2016</td>
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<tr>
<td>2017</td>
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</tr>
</tbody>
</table>

Demand analysis of top 8 cities (million sq ft) 2013-17

<table>
<thead>
<tr>
<th>Year</th>
<th>Pune</th>
<th>NCR</th>
<th>Mumbai</th>
<th>Kolkata</th>
<th>Hyderabad</th>
<th>Chennai</th>
<th>Bengaluru</th>
<th>Ahmedabad</th>
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<td>16</td>
<td>25</td>
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<td>8</td>
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<td>32</td>
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<td>2015</td>
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<td>2016</td>
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<td>2017</td>
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</tr>
</tbody>
</table>

Source: Cushman & Wakefield, Aranca Research
Notes: MNC - Multinational Corporation, BFSI - Banking, Financial and Insurance Services;
CBD - Central Business District, SBD - Special Business District, NCR - National Capital Region

For updated information, please visit www.ibef.org

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Currently, retail accounts for a small portion of the Indian real estate market. Organised retailers are few, and the organised retail space is mostly developed by residential/office space developers.

Booming consumerism in India. Organised retail sector growing 25-30 per cent annually.

Entry of MNC retailers.

India’s population below 30 years of age having exposure to global retail are expected to drive demand for organised retail.

NCR accounts for about 30 per cent of the total mall supply.

About 53 per cent of demand for total mall space in India expected to come from top seven cities.

Demand for retail space on high streets is quite high, as well increase in FDI limit for multi-brand retail will lead to significantly higher demand for retail space.

**Demand projections across top 7 cities (million sq ft)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Pune</th>
<th>NCR</th>
<th>Mumbai</th>
<th>Kolkata</th>
<th>Hyderabad</th>
<th>Chennai</th>
<th>Bengaluru</th>
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<tr>
<td>2011</td>
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<tr>
<td>2012</td>
<td>5</td>
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<td></td>
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<tr>
<td>2013</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2014</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Upcoming mall supply across top 7 cities (million sq ft)**

<table>
<thead>
<tr>
<th>City</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pune</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>NCR</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Mumbai</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Kolkata</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Hyderabad</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Chennai</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Bengaluru</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield, Aranca Research
NCR and Mumbai are by far the biggest hospitality markets in India, followed by Bengaluru, Hyderabad and Chennai.

Besides hotels, the hospitality market comprises serviced apartments and convention centres.

A robust domestic tourism industry:
- The increasingly global nature of Indian businesses boosting business travel
- Tax incentives for hotels and higher FSI
- Expansion of physical infrastructure during the 12th Five Year Plan

Serviced apartments appear particularly attractive within the hospitality space:
- Government initiatives to promote tourism in Tier 2 and Tier 3 cities is generating significant demand for hotels in such cities, especially for budget hotels.

Source: Cushman & Wakefield, Aranca Research
Note: FSI - Floor Space Index
**REAL ESTATE**

**PORTERS FIVE FORCES ANALYSIS**

### Competitive Rivalry
- Strong rivalry due to large number of players operating in India
- Limits a seller’s ability to set the prices for goods and services
- An absence of competitive neutrality due to unequal provisioning of policy concessions

### Threat of New Entrants
- Uncertain investment timeline due to long gestation period
- High cost of land and land use restrictions act as a natural barrier
- Brand value of the incumbent player for the consumers

### Substitute Products
- No specific substitutes available
- Substitutes are mainly government-provided housing, mostly limited to the economically backward class

### Bargaining Power of Suppliers
- Large real estate firms have good bargaining power against customers
- Unregulated and badly managed land banks make land acquisition difficult for realty companies

### Bargaining Power of Customers
- Due to a large variety of quality players, the customers have many options to choose from
- They are also becoming more discerning and demanding better quality

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**Source:** PricewaterhouseCoopers, Techopak, Aranca Research
### Superior execution
- Outsourced support functions
- Focus on delivery capability
- Development of world class infrastructure
- Rationalising of costs

### Risk management in land sourcing
- Joint venture with land owners instead of amassing land banks. For e.g.: Oberoi Realty, Mumbai based realty firm adopted this strategy while entering the NCR region
- Revenue, area and profit sharing agreement with the land owner

### Diversified portfolio
- Having a diverse portfolio of residential, commercial and township developments
- Companies have projects in various strategic geographic locations in order to diversify risks
- Focus on the growth of lease business

### Backward integration
- An architectural, structural and interior studio and a metal and glazing factory
- Interiors and wood working factory and a concrete block making plant
- To maintain quality all across projects
Growth drivers

- Growth in tourism
- Urbanisation
- Epidemological changes
- Growing economy
- Easier financing
- Policy support

Source: Corporate Catalyst India
ECONOMIC GROWTH IS BOOSTING REAL ESTATE DEMAND …

* The Indian economy experienced robust growth in the past decade and is expected to be one of the fastest growing economies in the coming years

* Demand for commercial property is being driven by the country’s economic growth

* India’s real GDP growth rate is estimated to be 5.4 per cent in 2014 and would rise to 6.4 per cent in 2015 compared with emerging economies’ average of 4.9 per cent and 5.3 per cent, respectively. India’s real GDP is estimated to be 6.8 per cent in 2019

Source: IMF World Economic Outlook Database, April 2014, Aranca Research
India’s urban population as a percentage of total population was around 31.0 per cent in 2011 and is expected to rise to 40.0 per cent by 2030.

Better wages and better standard of living is expected to result in an increase in urban population in India to above 600.0 million by 2031.

Government initiatives such as various urban development policies and programmes (e.g., JNNURM) are expected to contribute to enhanced urbanisation.

Urbanisation and growing household income are driving demand for residential real estate and growth in the retail sector.

Source: Indian Census, Mckinsey estimates, Cushman & Wakefield, Aranca Research
Notes: E – Estimate, JNNURM: Jawaharlal Nehru National Urban Renewal Mission

Population breakdown of India (million)
In 2013, 6.85 million foreign tourists arrived in India

Foreign tourist arrivals in India stood at 3.05 million during January–May 2014

The number of foreign tourists arriving in India increased at a CAGR of 4.9 per cent during 2007–13

India’s tourism & hospitality industry was valued at USD117.7 billion in 2013 and is anticipated to touch USD418.9 billion by 2022

Domestic tourist visits were 1,036 million in 2012

As per the Union Budget 2014-15:

- USD83 million has been allocated to create five tourism circuits with specific themes

- Allocation of USD33 million to National Heritage city Development and Augmentation Yojana (HRIDAY) scheme for conserving heritage in India

- USD13.7 million has been earmarked to Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) scheme

- USD13.7 million has been set aside for the preservation of archaeological sites

Source: Ministry of Tourism, KPMG, Aranca Research, News Articles
Note: 2014* - Figures for Jan–May 2014
India is estimated to have earned foreign exchange of about USD18.13 billion from tourism in 2013.

Foreign exchange earnings stood at USD8.03 billion during January–May 2014.

The growing inflows from tourists is expected to provide a fillip to the hospitality sector.

Booming Indian medical tourism industry is expected to grow with a CAGR of over 20 per cent during 2013–15.

India’s foreign exchange earnings from tourism (USD billion)

Source: Ministry of Tourism, Aranca Research
Notes: 2014* - Figures for Jan–May 2014, CAGR: Compound Annual Growth Rate
FDI in construction development sector as a per cent of India's total FDI

* Total FDI in the construction development* sector during April 2000–April 2014 stood at around USD23.38 billion

* As of March 2014, total cumulative inflows in the construction development sector accounted for 11 per cent of total inflows in USD terms

Source: Dept of Industrial Policy & Promotion

Note: *Construction development sector includes townships, housing, built-up infrastructure
In August 2013, Indiabulls Real Estate Limited (IBREL) bought US investment fund Farallon Capital for nearly USD187 million. IBREL acquired complete stake in a series of Indian joint ventures by Farallon across Sonepat, Chennai and Gurgaon.

Canada-based real estate giant Brookfield Asset Management Inc announced the acquisition of Unitech Corporate Parks Plc (UCP) for approximately USD337.4 million in June 2014. Brookfield would acquire Candor Investments Inc, the holding company for UCP.

### Major acquisitions in real estate sector in India

<table>
<thead>
<tr>
<th>Target</th>
<th>Acquirer</th>
<th>Value (USD million)</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caraf Builders</td>
<td>DLF Assets ltd</td>
<td>696.5</td>
<td>2009</td>
</tr>
<tr>
<td>Cowtown Land Dvlp Pvt Ltd</td>
<td>Lodha Group</td>
<td>513.6</td>
<td>2011</td>
</tr>
<tr>
<td>Compact Disc Film City</td>
<td>Jeff Morgan</td>
<td>320</td>
<td>2011</td>
</tr>
<tr>
<td>Oceanus Real Estate</td>
<td>Warburg Pincus</td>
<td>318</td>
<td>2011</td>
</tr>
<tr>
<td>Indiabulls Properties Pvt Ltd</td>
<td>Indiabulls Property Invest Trust</td>
<td>223.1</td>
<td>2012</td>
</tr>
<tr>
<td>Embassy Property</td>
<td>Blackstone</td>
<td>200</td>
<td>2012</td>
</tr>
<tr>
<td>Farallon Capital</td>
<td>Indiabulls Real Estate Ltd</td>
<td>187</td>
<td>2013</td>
</tr>
<tr>
<td>Candor Investments Inc</td>
<td>Brookfield Asset Management Inc</td>
<td>337.4</td>
<td>2014</td>
</tr>
</tbody>
</table>

Source: Reuters, Business Standard
PE investments in real estate in 2013 stood at USD1.1 billion, a 13.0 per cent increase in INR terms from USD1.2 billion in 2012.

Total number of deals increased from 34 in 2012 to 40 in 2013, with an average deal size of USD28.0 million.

Residential sector contribution to total investments rose to 58 per cent in 2013 from 42–46 per cent in 2011 and 2012.

Total value of investments in the residential segment increased 42 per cent yoy to USD650.0 million in 2013.

Bengaluru reported maximum PE investments, followed by NCR, Pune and Mumbai.

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Top PE deals in Indian real estate sector in 2013

<table>
<thead>
<tr>
<th>Investor</th>
<th>Investee</th>
<th>Investment (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blackstone Group, HDFC, Embassy Group</td>
<td>Vrindavan Tech Village</td>
<td>367.0</td>
</tr>
<tr>
<td>Blackstone</td>
<td>HCC Real Estate Ltd - 247 HCC Park</td>
<td>169.0</td>
</tr>
<tr>
<td>Blackstone</td>
<td>Panchshil Realty - Eon Free Zone</td>
<td>81.8</td>
</tr>
<tr>
<td>Red Fort Capital</td>
<td>Lotus Green Developers</td>
<td>58.9</td>
</tr>
<tr>
<td>IFC</td>
<td>Smart Value Homes Ltd</td>
<td>50.0</td>
</tr>
<tr>
<td>Aditya Birla Realty Fund</td>
<td>Tata Housing</td>
<td>21.0</td>
</tr>
</tbody>
</table>

Source: Grant Thornton, Cushman & Wakefield, Venture Intelligence, Aranca Research
Total inflows in the real estate sector for the first quarter of 2014 was approximately USD460.0 million, an increase of 28 per cent* from those in the previous quarter and nearly 2.5 times the investments in the first quarter of 2013.

This is the highest quarterly investment recorded since the second quarter of 2009. The increase was primarily due to higher investments in leased office assets and stable investments by developers in the residential asset class.

The number of deals totalled 18 compared with 19 in the previous quarter; average deal size increased 35 per cent* to USD25.6 million.

Commercial office assets recorded four deals, while 13 were executed for residential assets during the quarter compared with none in commercial office assets and 17 in residential assets in the previous quarter.

Top PE deals in Indian real estate sector in Q1 2014

<table>
<thead>
<tr>
<th>Investor</th>
<th>Investee</th>
<th>Investment (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blackstone, Standard Charted, Embassy Group</td>
<td>Vrindavan Tech Village</td>
<td>1,907.8</td>
</tr>
<tr>
<td>Xander Group</td>
<td>Nitesh Estates</td>
<td>497.7</td>
</tr>
<tr>
<td>Peninsula Brookfield</td>
<td>Mantri Developers</td>
<td>414.7</td>
</tr>
<tr>
<td>Proprium Capital</td>
<td>Parsvnath Developers</td>
<td>348.4</td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield, Aranca Research
Note: *In INR terms
100 per cent FDI permitted in real estate projects within Special Economic Zone (SEZ)

100 per cent FDI permitted for developing townships within SEZs with residential areas, markets, playgrounds, clubs, recreation centres, etc.

Exports from SEZs registered a yoy growth of 30.6 per cent in FY13 and accounted for 29 per cent of total exports during FY 2013

Industry players, including realtors and property analysts, are rooting for the creation of "special residential zones" (SRZs), along the lines of SEZs

Minimum land requirement has been brought down from 1000 hectares to 500 hectares for multi-product SEZ and for sector-specific SEZs to 50 hectares

Source: Ministry of Commerce and Industry, Aranca Research
Note: FY 14* - April 2013 to June 2013
GOVERNMENT POLICIES ARE HELPING THE REAL ESTATE SECTOR PROSPER

Ease in housing finances

- Additional deduction of up to USD1,841 on interests payable on home loans of up to USD46,032 announced in the Union Budget 2013–14
- To liberalise scheme of interest subversion of 1 per cent on home loan by including loans of up to USD31,250 for houses that cost up to USD52,080

Housing for economically weaker sections

- Allocation of USD1.3 billion for Rural Housing Fund in Budget 2014-15
- Allocation of another USD0.7 billion for National Housing Bank (NHB) to increase the flow of cheaper credit for affordable housing for urban poor in Budget 2014-15

FDI

- The government has allowed FDI of up to 100 per cent in development projects for townships and settlements
- FDI of up to 100 per cent is allowed in the hotel and tourism sector through the automatic route

Widening the scope of real estate market

- SEBI released draft guidelines for investments by Real Estate Investment Trusts (REITs) in non-residential segment
- Upon implementation, this would widen the real estate market and boost funds entering the organised real estate sector
The entry of major private players in the education sector has created vast opportunities for the real estate sector.

The top seven cities i.e. Hyderabad, Bengaluru, Mumbai, Delhi, Pune, Chennai and Kolkata are likely to account for 70 per cent of total demand for real estate in the education sector.

Real estate demand in education sector (seven top cities)

<table>
<thead>
<tr>
<th>Year</th>
<th>Area (million square feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>14</td>
</tr>
<tr>
<td>2011F</td>
<td>14.5</td>
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<tr>
<td>2012F</td>
<td>15</td>
</tr>
<tr>
<td>2013F</td>
<td>15.5</td>
</tr>
<tr>
<td>2014F</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield, Aranca Research
NCR is expected to have the highest incremental demand from the education sector

The rising young population of India is expected to drive this space

Incremental demand across seven major cities (million sq ft)

Source: Cushman & Wakefield, Aranca Research

Note: NCR - National Capital Region
The healthcare sector is estimated to grow at an annual rate of 15 per cent to USD100 billion by 2015
• India is expected to need additional 937,000 beds by 2015
• India still needs to add 3 million hospital beds to meet the global average of three for every 1,000 people

Emergence of nuclear families and growing urbanisation have given rise to several townships that are developed to take care of the elderly
• A number of senior citizen housing projects have been planned; the segment is expected to grow significantly in future

• Growth in the number of tourists has resulted in demand for service apartments
• This demand is likely to be on uptrend and presents opportunities for the unorganised sector

Source: Fitch Ratings, Aranca Research
FOREIGN TOURIST ARRIVALS ARE EXPECTED TO INCREASE AT A CAGR OF 11.7 PER CENT DURING 2012–15

THE NUMBER OF FOREIGN TOURISTS ARRIVING IN INDIA BY 2015 IS ANTICIPATED TO BE OVER 9.2 MILLION

FOREIGN TOURIST ARRIVALS DURING JANUARY–MAY 2014 WERE 3.05 MILLION

AS OF 31 DECEMBER 2012, THE COUNTRY HAD 1,376 APPROVED HOTELS WITH 76,567 ROOMS

AN ESTIMATED 52,000 HOTEL ROOMS WILL BE ADDED OVER 2013–17, AN INCREASE OF OVER 65 PER CENT IN TOTAL HOTEL INVENTORY

FORECASTS OF FOREIGN TOURISTS ARRIVING IN INDIA (MILLION)

CAGR: 11.7%

Source: Ministry of Tourism, BMI, Aranca Research
TOURISM MARKET SET TO SURGE; HOTELS TO INCREASE CAPACITY … (2/2)

<table>
<thead>
<tr>
<th>Location</th>
<th>Key Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad</td>
<td>• Upcoming office space likely to boost hospitality segment</td>
</tr>
<tr>
<td>Bengaluru</td>
<td>• Corporate clients expected to provide steady growth to room demand</td>
</tr>
<tr>
<td>Chennai</td>
<td>• Emerging as promising commercial destination with Chennai Bengaluru Industrial Corridor, likely to witness strong demand</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>• Room demand is expected to be driven by commercial and office space projects in the city</td>
</tr>
<tr>
<td>Kolkata</td>
<td>• Projects like Light Rail Transport System, Mono Rail, Eco-Park, Airport expansion etc. are likely to boost travel which would result in increase in demand for hotel industry</td>
</tr>
<tr>
<td>Mumbai</td>
<td>• Improved infrastructure, new airport terminal and upcoming airport in Navi Mumbai expected to provide growth to hotel industry</td>
</tr>
<tr>
<td>NCR</td>
<td>• Higher Floor Space index, inclusion of hotel projects in infra lending lists provide a positive outlook to hotel market in NCR</td>
</tr>
<tr>
<td>Pune</td>
<td>• IT parks are attracting global players and increasing traffic. New business units are likely to increase business conferences, events which in turn would boost hotel demand</td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield, Aranca Research
In 2012, the top 8 cities recorded a net office absorption of 30.5 msf, displaying strong growth potential.

Office market has been driven mostly by growth in ITES/IT, BFSI, consulting and manufacturing.

Moreover, many new companies are planning a foray into Indian markets due to huge potential and recently relaxed FDI norms.

New supply as percentage of inventory (2013-15)

<table>
<thead>
<tr>
<th>City</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyderabad</td>
<td>40.0</td>
</tr>
<tr>
<td>Delhi</td>
<td>39.5</td>
</tr>
<tr>
<td>Pune</td>
<td>39.5</td>
</tr>
<tr>
<td>Mumbai</td>
<td>38.0</td>
</tr>
<tr>
<td>Bengaluru</td>
<td>33.0</td>
</tr>
<tr>
<td>Chennai</td>
<td>17.5</td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield
Notes: Msf: Million Square Feet, ITES: Information Technology Enabled Service
Rental rates likely to see a gradual upward trend in Bengaluru

Supply will exceed demand and hence increase vacancies in Hyderabad

Rent will remain stable, oversupply will impact non-core locations in 2014-15 in Delhi

Limited supply, healthy absorption and rising rents are expected in non-core location in 2014 in Chennai

Moderate demand, high vacancy and an increased preference for suburban market with low rentals could pressure the core areas in Pune
The Southern Indian States – Andhra Pradesh, Tamil Nadu and Karnataka – have been the major drivers of economic growth in India over the last decade. The three states together account for about 22 per cent of India’s GDP.

Nearly 45 per cent of India’s office stock is represented by these states; over 64 per cent of the country’s IT SEZs are housed in this region.

Office stock in the Southern cities is projected* to grow at a CAGR of 8 per cent between 2012 and 2016.

Note: * - Projections by Jones Lang LaSalle

Office market in Southern India (in million sq ft)

Source: Jones Lang LaSalle, Aranca Research
**REAL ESTATE**

**Dlf: India’s Largest Real Estate Company By Value**

- Founded by Chaudhary Raghavendra Singh
- Net land bank of 348 million sq feet
- Alliance with Hilton International
- Ventures into grade A office spaces
- Commenced development of DLF Cyber City, Gurgaon
- Developed 3000 acre DLF City in Gurgaon
- Building India’s largest mall in Gurgaon, expected to be completed by 2016
- Focuses on IT Parks and next generation malls
- Largest real estate company with revenues of USD1.4 billion (FY14)
- Market capitalisation of USD6.4 billion in June 2014

**Development of 22 Urban Colonies**

(Source: Company website, Aranca Research, Note: sq ft - Square Feet)

For updated information, please visit [www.ibef.org](http://www.ibef.org)
**Key Facts**

- Started its first project in Mumbai in 1991
- National real estate developer with presence across 12 cities
- Differentiated joint development business model resulted in a debt-equity ratio of less than one
- The current potential developable area stands at 100.0* million sq ft
- Ranked second most trusted Indian brand in the 2013 Brand Trust Report and received 28 awards in FY14
- Added 16 projects with about 20.9 million sq ft saleable area in the last eight quarters**
- Added eight new projects with 13.42 million sq ft of saleable area in FY14

**Distribution of ongoing and forthcoming projects by area (at the end of Q4 FY14)**

- Residential: 84.7%
- Commercial: 15.3%

Source: Company website, Result Presentation Q4 FY14
Notes: *At the end of FY14, **Going back beginning Q4 FY14
GODREJ PROPERTIES – UNIQUE ASSET-LIGHT BUSINESS MODEL … (2/2)

Total revenues (USD million)

CAGR: 34.4%

EBITDA (USD million)

CAGR: 12.1%

Source: Company Annual Report, Bloomberg

Note: EBITDA: Earnings before interest, taxes, depreciation and amortisation
UNITECH

* Established in 1972 by a group of technocrats
* So far Unitech has built more than 100 residential projects
* 4.5 million sq ft of retail space is already under construction

ANSAL API

* Established in 1967 as a family business
* Developed and delivered more than 190 million sq ft
* Currently has a land reserve of 9,335 acres

SOBHA DEVELOPERS*

* The Company was founded in 1995
* It has completed 47 residential, 13 commercial and 166 contractual projects
* Currently has a land reserve of 4,300 acres

Source: Company website, Aranca Research,
Note: sq ft - Square Feet
The Confederation of Real Estate Developers’ Associations of India (CREDAI)
National Secretariat, 703, Ansal Bhawan,
16, Kasturba Gandhi Marg, New Delhi – 110 001
Tel: (011) 43126262/43126200
Fax: 91 11 43126211
E-mail: info@credai.org
Website: www.credai.org

Builders’ Association of India (BAI)
G-1/G-20, Commerce Centre, J. Dadajee Road,
Tardeo, Mumbai – 400034
Tel: 91 22 23514134, 23514802, 23520507
Fax: 91 22 23521328
E-mail: bai@vsnl.com, baihq.mumbai@gmail.com
Website: www.baionline.in
GLOSSARY … (1/2)

*BFSI*: Banking, Financial Services and Insurance

*CAGR*: Compound Annual Growth Rate

*CBD*: Central Business District

*FDI*: Foreign Direct Investment

*FSI*: Floor Space Index

*HNI*: High Net-worth Individual

*GOI*: Government of India

*INR*: Indian Rupee

*IT/ITeS*: Information Technology/Information Technology enabled Services

*MNC*: Multinational Corporation

*NRI*: Non Resident Indian

*SBD*: Special Business District
**SEZ**: Special Economic Zone

**USD**: US Dollar

Wherever applicable, numbers have been rounded off to the nearest whole number.
### Exchange rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.14</td>
</tr>
<tr>
<td>2006–07</td>
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<td>2007–08</td>
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<td>2008–09</td>
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<td>2009–10</td>
<td>47.42</td>
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<tr>
<td>2010–11</td>
<td>45.62</td>
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<tr>
<td>2011–12</td>
<td>46.88</td>
</tr>
<tr>
<td>2012–13</td>
<td>54.31</td>
</tr>
<tr>
<td>2013–14</td>
<td>60.28</td>
</tr>
</tbody>
</table>

### Exchange rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>43.98</td>
</tr>
<tr>
<td>2006</td>
<td>45.18</td>
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<tr>
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<td>2008</td>
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<td>2009</td>
<td>48.42</td>
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<tr>
<td>2010</td>
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<tr>
<td>2011</td>
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<tr>
<td>2012</td>
<td>53.46</td>
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<tr>
<td>2013</td>
<td>58.44</td>
</tr>
<tr>
<td>Q1 2014</td>
<td>61.58</td>
</tr>
</tbody>
</table>
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