

BANGALORE RESIDENTIAL SECTOR OVERVIEW



Report 1-January 2012

A Vestian Global Report
In Association with Assetz Homes

Executive Summary

India's economy is expected to grow at a rate of 7%-8% despite the cautious macro-economic conditions. Easing inflation is likely to bring down the interest rates in the short-term.

The year 2011 saw significant job growth with the IT sector alone adding nearly 100,000 employees in the year and several companies announcing their expansion plans during 2012. The State Government has also announced infrastructure projects necessary to improve connectivity – Metro Rail Phase II, Monorail and High Speed Rail Link.

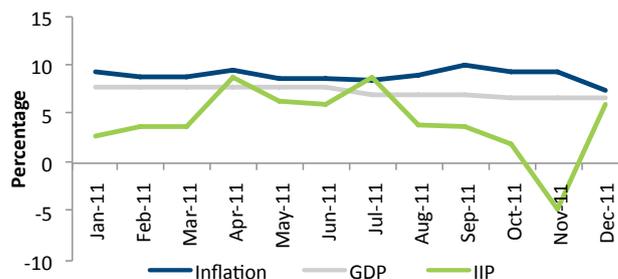
Bangalore's residential market performed remarkably well in 2011 with absorption of 20,031 units and a CAGR of 22%. The number of units launched in 2011 was 12% higher than the number of units launched in 2010. Annual appreciation rate and rental yield rates were at 12% and 5% respectively for this segment.

Highest absorption has been witnessed for apartments in INR 50 – 100 Lakhs segment and for Villas in INR 1 Crore – INR 3 Crore segment. Preferred residential micro-markets are Sarjapur Road, Outer Ring Road, Bangalore North and Whitefield.

Developers need to take a cautious approach towards new launches for sustained growth. The outlook for Bangalore's residential sector looks positive due to strong fundamental demand, improved economic sentiments and expected easing of interest rates.

Despite the cautious economic environment, India Inc. is expected to grow at 7%-8% this fiscal year

Sensitive global economic conditions and high inflation contributed to a slowdown in India's GDP growth. GDP growth fell for the fourth consecutive quarter to 6.9% in Q3 2011 as compared to 8.9% in the same period last year. RBI has revised its growth forecast for FY 2012 from 9.0% in Feb 2011 to 7.3% in Oct 2011.



Source: www.tradinaeconomics.com, www.economicstimes.com

Figure 1: GDP, Inflation & Index of Industrial Production

Inflation remained high during the year despite RBI increasing interest rates 13 times in the last 18 months. Key policy rates increased by 25 basis points in late



October, resulting in an increase in commercial as well as home loan interest rates. Inflation also led to a 20% increase in construction costs due to an increase in input costs like labour, sand, cement and steel. Inflation eased to a two-year low of 7.47% in December 2011, thereby raising hopes of an interest rate cut by the RBI in 2012.

The Index of Industrial Production (IIP) dropped to 4.7% in November 2011, with both mining and manufacturing sectors underperforming. However, the Index bounced back to 5.9% in December thereby putting to rest fears of an impending slowdown.

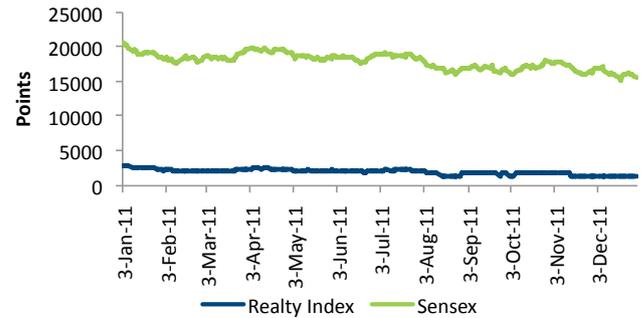
Table 1: Key Policy Rates

Key Rates	Oct-11	Nov-11	Dec-11
PLR*	14.75%	14.75%	14.75%
Repo Rate	8.25%	8.50%	8.50%
Reverse Repo Rate	7.25%	7.50%	7.50%
CRR	6.00%	6.00%	6.00%

Source: www.rbi.org.in

*Source: www.statebankofindia.com

2011 proved to be a difficult year for the Indian stock markets with the Sensex falling nearly 24% during the year. Amongst the sectoral indices, the BSE Realty Index was the most affected losing nearly 52% during the year.



Source: www.bseindia.com

Figure 2: Performance of BSE Sensex & Realty Index in 2011

D&B Optimism Index and Net Employment Outlook on good foundation

Dun and Bradstreet's (D&B) Composite Business Optimism Index for Q1 2012 fell by 8.8% as compared to Q1 2011. This was reflected in the heavy equity offloads by Foreign Institutional Investors (FIIs) making the net investment in equities negative.

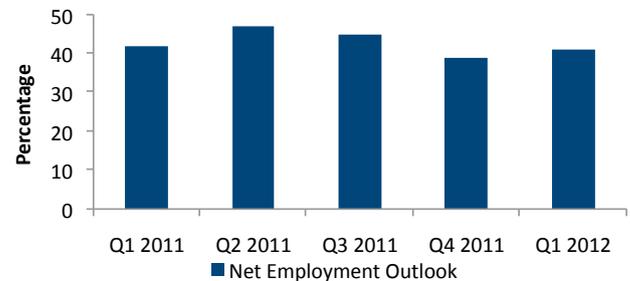


Figure 3: Net Employment Outlook



Figure 4: Net Employment Outlook: Sector Comparison*

* Seasonally adjustments have been applied to the data in order to account for employment fluctuations that normally occur at the same time each year

On the demand side, the Net Employment Outlook for Q1 2012 looks positive according to HR consultancy firm Manpower. Employers in all four regions and across all sectors expect their payrolls to increase in Q1 2012. The most optimistic employment outlook of +49% is reported in the services sector.

FDI inflows between January and October 2011 witnessed a 35% increase over the corresponding period in 2010. The total FDI entering the country upto Oct 2011 was reported at USD 23,686 million, of which the Housing and Real Estate sector accounted for nearly 7.2%.

Private Equity (PE) and Non-Banking Finance Corporations (NBFCs) are attractive funding alternatives for developers

With banks cutting their funding to the real estate sector, developers are looking at Private Equity funds and Non-Banking Finance Corporations (NBFC) for their funding requirements. The liquidity crunch and debt burdens on realty firms have led to attractive valuations for PE firms to invest. However, PE funds were cautious in making investments due to the low returns made by most funds in their previous investments. PE firms made 69 deals in the Real Estate sector during 2011, with the residential segment accounting for 57% and the commercial sector accounting for 19% of the deals.

Some of the large PE deals in RE sector during Q4 2011 include:

- DLF Ltd. and Hubtown Ltd. (formerly known as Akruti City) sold an IT SEZ with an area of 1.8 million sqft which they jointly owned in Hinjewadi, Pune to Blackstone Group for INR 8.1 billion.
- Mumbai based Godrej Properties Ltd. sold 49% of its equity stake in its subsidiary Godrej Premium Builders which is developing a residential project in Gurgaon, NCR to Sun Apollo India RE Fund for INR 45 crore.
- Mauritius based Real Estate focused Pragnya Fund invested \$ 5 million in Hyderabad based Vision Heights Ltd. to develop a 50-acre township in Rajamundhry, Andhra Pradesh.

Other PE deals in the pipeline:

- Kotak Realty Fund is investing INR170 crores in NCR based developer BPTP's residential project called Astaire Gardens in Gurgaon.

Some of the developers under debt burdens tried to sell their non-core businesses. The most prominent news on this front was DLF Ltd. selling its IT SEZ in Pune and acquiring a 26% stake in Hilton Hotels, thereby controlling 100% stake in the project in order to be able to monetize the same.

At the policy level the following activities were observed in 2011:

- **FDI in Retail:** The government proposed to allow 100% FDI in single brand retail. However, this was met with resistance from various segments. The government, in Jan 2012, decided to allow 100% FDI in single brand retail. Decision on allowing FDI in multi-brand retail is expected to be taken in the next few quarters.
- **Land Acquisition, Resettlement and Rehabilitation (LARR) Bill:** This bill is expected to ease the land acquisition process. Majority of industrial and infrastructure projects in the country will get a boost once the Land Acquisition Act of 1894 is amended.
- **Draft Real Estate Regulation Act (RERA):** This act is expected to bring in transparency and accountability in the Real Estate sector.

Both LARR and RERA have been introduced in the parliament but no decisions have been taken yet.

Bangalore added over 100,000 IT/ITeS¹ workforce in 2011. Other sectors are also growing at a brisk rate

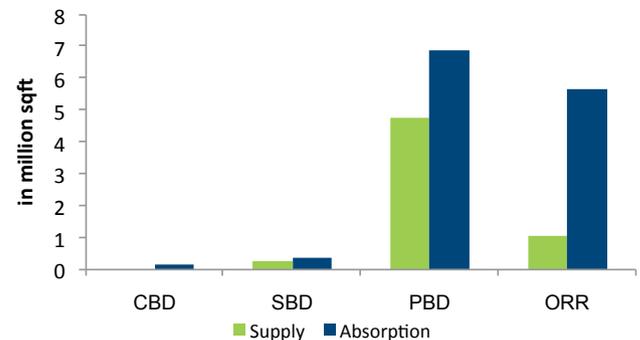


Figure 5: Office Space: Supply - Computed at 100 sqft per person

Bangalore saw a healthy absorption of 13.6² million sqft in 2011 driven by the IT/ITeS industry.

Nearly 52% of the absorption was witnessed in the PBD areas of Whitefield and Electronics City. ORR (stretch between Hebbal and Silk Board) witnessed 43% of the absorption.

15.86 million sqft of Grade A office space is likely to enter the market in 2012. Of this, almost 5 million sqft space is pre-committed. The expected supply for Q1

¹Computed at 100 sqft per person

²Only non-captive IT/ITeS space has been considered

2012 is close to 0.5 million sqft and 77% of this supply is along the ORR.

Several companies are also planning to expand in Bangalore. One of the major land deals was Goldman Sachs' purchase of 25 acres of land from Kalyani Developers for a proposed development of 2.5 million sqft.

Other companies that are planning expansions and have pre-committed spaces are IBM, Cognizant and Mindtree Technologies.

On the manufacturing front, the following companies are looking at expanding their facilities in and around Bangalore:

- Volvo Bus Corporation is planning to expand in Hoskote
- Scania (German Automaker) is looking at entering India. They are looking for land in Bangalore
- Honda is constructing a 2-wheeler manufacturing unit in Hoskote
- Bosch is expanding its manufacturing unit near Electronics City



- Mahindra Aerospace's manufacturing unit is under construction near Hoskote
- Toyota Kirloskar Motor is further increasing its production capacity to 300,000 units by 2013 at its Bidadi plant

Key lease transactions during Q4 2011 are as below

Table 2: Office Space Transactions

Company Name	Building	Area (sqft)
HSBC	Prestige Shantiniketan, Whitefield	350,000
SunGard	Umiya Business Bay, ORR	228,000
Bosch	RMZ Ecospace, ORR	190,000
Infosys	Bagmane WTC, ORR	100,000
Huawei	Prestige Shanthiniketan, Whitefield	72,099

Bangalore is set to witness substantive infrastructure projects which will boost residential activity across major micro-locations

Over the last 5 years, Bangalore has witnessed substantial improvements on the infrastructure front. The commissioning of Bangalore International Airport in 2008 was one of the primary factors for increase in residential activity along Bangalore North. Other key projects completed include Electronics City Elevated Expressway in 2009, Phase 1 of NICE corridor in 2009, Tumkur Road Elevated Expressway in 2010 and Reach 1 of Bangalore Metro Rail in 2011.

The table overleaf lists on-going and proposed infrastructure projects in Bangalore. Completion of these projects will not only enhance connectivity, but will also lead to availability of land parcels for development of real estate.

Table 3: Infrastructure Projects

Project Details			Completion Timeline
Elevated Expressway	Bellary Road	Under-construction six lane elevated expressway connecting Hebbal to Yelahanka. The entire stretch between Hebbal and the BIA will be a 18 lane highway	2014
Signal free Outer Ring Road (ORR)		Existing stretch of ORR between Hebbal and Silk Board Jn. will be made signal free with the construction of flyovers and under-passes	2012
Bangalore Metro Rail	Phase 1	Phase 1: N-S corridor – connecting Hesaraghatta to Puttenahalli in South and E-W corridor – connecting Byappanahalli to Vijaynagar Reach 1 of Phase 1 – Byappanahalli to MG Road was operational in October 2011	Entire Phase1 in 2015
	Phase 2	Phase II: Extension of Phase 1 lines connecting Whitefield (in the East), JP Nagar (in the South), Kengeri (to the west) and Nelamangala (to the North) In addition, two new lines, one connecting Nagawara to Gottigere and the other connecting BTM Layout to Bommasandra has been proposed	Proposed
Monorail		Project will act as a feeder network to Metro Rail. Four corridors, covering 60 km. Formal approval for the project is awaited	Proposed
Proposed Peripheral Ring Road		Proposed PRR is being executed by Bangalore Development Authority (BDA) on Public Private Partnership (PPP) basis. The 110 km ring road will circumnavigate the city connecting all major highways and is currently at land acquisition stage	Proposed
High Speed Rail Link		High Speed Rail Link connecting Hebbal to BIA to the east of Bellary Road. A 5 m corridor has been identified between the carriageway of NH-44 and the service roads for the HSRL. Timelines not yet announced	Proposed

Residential market in Bangalore remained buoyant in 2011 despite macro-economic conditions

The primary driver of Bangalore’s residential demand is the IT/ITeS sector. Secondary drivers include Manufacturing and Public Sector Units.

HNIs and NRIs account for a significant part of the high-end residential demand across the city.

Bangalore’s Residential RE sector did not witness a slowdown in 2011 due to the following reasons:

- The office segment in Bangalore performed well with several companies expanding and consolidating into larger campuses. The positive job sentiment also reflected in residential sales
- The poor performance of the Indian stock market

in 2011 resulted in investors parking funds in Real Estate as a risk mitigation strategy

- Also, towards Q4 2011, a significant fall in the rupee value led to NRIs investing in residential properties in Bangalore

The result was an increase in new project launches in 2011 as compared to 2010. 2011 saw the launch of 233 projects (Class A and B) with 41,876 units entering the market as compared to 182 projects launched in 2010 bringing 36,887 units into the market

However, inflation affected the residential end-users in terms of an increase in home loan rates and for developers in terms of liquidity crunch and increase in construction cost

Residential supply in Bangalore is classified into the following major corridors³ :

1. Central
2. Off Central
3. Bannerghatta Road
4. Hosur Road
5. Sarjapur Road
6. Whitefield
7. Bangalore North
8. Tumkur Road
9. Mysore Road
10. Kanakapura Road

The following sections discuss in detail two types of residential products, namely Apartments and Villas & Row Houses.

³The detailed area list for each corridor is provided in the attached annexure



Apartment projects from Class A developers with good location attributes & connectivity have witnessed strong absorption rates

The total number of units under-construction that are likely to enter the market between 2012 – 2015 are 83,922. Out of this 55% is already estimated to have been absorbed.

The total ready stock of unsold apartment units in Bangalore as of Q4 2011 is estimated at 2,590 units, majority of which are located in Tumkur Road, Bannerghatta Road and Whitefield.

Out of the total units that are being marketed in the pre-launch stage, 13% are estimated to have been absorbed.

Average absorption for apartments over the last 4 years starting 2008 is approximately 15,000 units. However, in 2011, the absorption was 20,031 units. The CAGR for apartment projects is in the range of 22%.

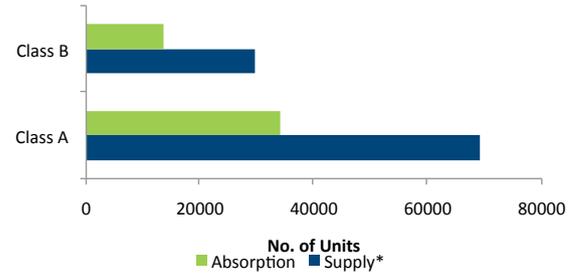
As per Class of Developer:

In Bangalore, Class A developers cater to nearly 70% of the demand and the remaining is catered to by Class B.

Absorption in Class A projects is higher when compared to Class B projects since, for both end-users and investors, reputation of the developer and amenities provided is an important factor before deciding on a project. Also, in an uncertain market, financial stability of the developer is an important factor which buyers evaluate.

Table 4: Apartments – Residential Space Summary

Particulars		Number of Units
Ready Stock (Unsold)		2,590
	Supply	83,922
	Absorption	46,093
Planned (Pre-launch & Proposed)	Supply	12,264
	Absorption	1,689
Average Annual Absorption		~ 15,000
Absorption in 2011		20,031
CAGR		22%



*Supply consists of Unsold stock + Under-construction stock + Planned stock

Figure 6: Apartments – As per Class of Developer

As per Price Points:

Majority of the apartment supply in Bangalore comes under the ticket sizes of INR 50L – 100L and > INR 100L which account for 38% and 36% of the total supply respectively.

The supply of units < INR 25L has gained prominence post 2008, as the Central Government incentivized home loans for affordable housing. Majority of projects in this segment are located in peripheral areas, mostly in proximity to industrial locations such as Jigani, Anekal, and Doddabalapur to cater to the demand of industrial workers.

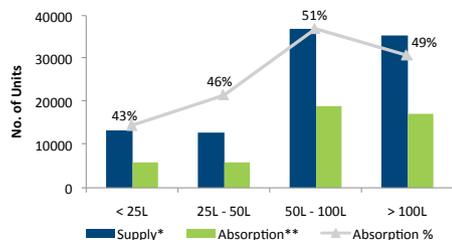
Projects in the INR 50L – 100L and > INR 100L segments witnessed high absorption rates as compared to other segments. Developer brand, location attributes and connectivity are the primary factors driving this absorption.

The absorption of units in the < INR 25L and INR 25L – 50L range is low, irrespective of the high fundamental

demand. Distance from city center and poor connectivity are the primary reasons for low demand. It is also observed that nearly 72% of the projects in these segments are developed by Class B developers with smaller unit sizes; and provide limited amenities.

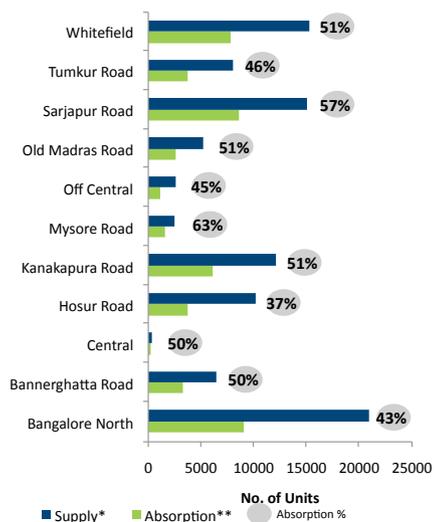
As per Micro-location:

Bangalore North leads in apartment supply with 21% of the market share followed by Whitefield and Sarjapur Road. This is due to the proximity of these micro-markets to IT/ITeS economic hubs of ORR and Whitefield as well an emerging growth corridor



*Supply consists of Unsold stock + Under-construction stock + Planned stock
 **Absorption consists of Under-construction stock + Planned stock

Figure 7: Apartments – As per Price



*Supply consists of Unsold stock + Under-construction stock + Planned stock
 **Absorption consists of Under-construction stock + Planned stock

Figure 8: Apartments – As per Micro-location

between Bangalore International Airport (BIA) and the CBD. Hebbal is emerging as a prominent location for premium residential projects due to its proximity to the Airport and IT/ITeS SEZs along ORR.

Central and off-central locations account for less than 5% of the total supply due to limited supply of developable land parcels. However, projects developed in these locations fall in the ticket size of >INR 100L.

Capital values as of Q4 2011 have appreciated between 8% and 18% across the city as compared to Q4 2010. Ongoing yield rate is 3% – 6% for residential developments.



Table 5: Apartments – Average Capital, Rental & Yield Rate Values

Micro-location	Average Capital Value (INR/sqft)	Y-o-Y Change in Capital Value (%)	Average Rental Value (INR/sqft)	Average Yield Rate (%)
Bangalore North	2,000 - 9,200	18%	10 - 18	3 - 6
Bannerghatta Road	2,500 - 6,600	12%	12 - 14	
Central	8,500 - 19,500	15%	25 - 27	
Hosur Road	2,000 - 4,200	8%	08 -12	
Kanakapura Road	3,000 - 4,200	14%	14 -16	
Mysore Road	1,900 - 3,590	8%	08 -10	
Off Central	5,500 - 12,000	17%	18 -22	
Old Madras Road	3,400 - 5,100	15%	12 - 14	
Sarjapur Road	2,000 - 8,800	12%	12 - 18	
Tumkur Road	2,100 - 4,850	12%	10 -12	
Whitefield	3,200 - 7,100	12%	15 -18	

Villa & Row House projects with unit price of > INR 5 Crore gained prominence in 2011

The total under-construction stock expected to enter the market for the period 2012 – 2017 is 8,037 units, of which 52% is estimated to have been absorbed. Of the total planned supply, only 5% of the stock has been absorbed as majority of the projects were launched during H2 2011 and Q1 2012.

The total ready stock (unsold units) is mostly from projects launched in 2009 – 2010 in the peripheral locations of Electronics City, Whitefield & Sarjapur Road.

The average annual absorption for Villa & Row Houses is nearly 700 units. However, the absorption in 2011 dropped to 568 units. This is because majority of the projects follow the build on sale model, wherein a unit is constructed only after it has been sold. The CAGR for Villa projects is 4%

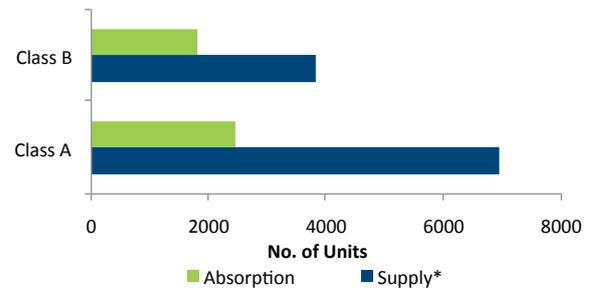
As per Class of Developer:

Total stock from Class A builders stands at 6,942 units as compared to Class B builders which is 3,818 units. However, absorption in projects from Class B developers is higher when compared to its stock mainly on account of price sensitive customers.

It is observed that projects launched during Q3 & Q4 2011 from Class A developers are inclined towards a price band of >INR 5 Crore, targeting HNIs & NRIs. These projects have also witnessed healthy absorptions, indicating a potential demand in this segment.

Table 6: Villa & Row Houses – Residential Space Summary

Particulars	Number of Units	
Ready Stock (Unsold)	443	
	Supply	8,037
	Absorption	4,149
Planned (Pre-launch & Proposed)	Supply	2,280
	Absorption	119
Average Annual Absorption	~ 700	
Absorption in 2011	568	
CAGR	4%	



*Supply consists of Unsold stock + Under-construction stock + Planned stock

Figure 9: Villa & Row Houses – As per Class of Developer

As per Price Point:

The city is expected to witness a total supply of 10,760 units as of Q4 2011 for the period 2012 – 2015.

5,227 units (49%) of the total stock falls in the INR 1 Crore – 3 Crore bracket; and most of these projects are located along Bangalore North, Sarjapur Road and Whitefield, indicating a strong preference from end-users for these micro-locations.

Percentage absorption is recorded highest in projects below the INR 1 Crore price band. Most of the projects in this price band are developed by Class B developers with very minimal amenities and are located along Hosur Road, Old Madras Road and Sarjapur Road.

Of the 1,483 units in the INR 3 Crore - 5 Crore price band supply, 200 units are absorbed.

Project with >INR 5 Crore price band are from Class A developers and are located along Bangalore North, Whitefield and Off Central micro-locations. These new genre projects provide world class amenities and are targeted at HNIs & NRIs.

As per Micro-location:

Bangalore North witnessed the highest number of launches in 2011 and currently the supply in this micro-location stands at 2,800 units. Projects in this micro-location are high-end luxury products from Class A developers. Proximity to BIAL and connectivity to IT Hubs of ORR & Whitefield are the major factors attributing to this demand.

Sarjapur Road and Whitefield which were previously the preferred micro-locations continued to witness new product launches, but lower than what was recorded in the previous years. Total supply in Sarjapur and Whitefield stands at 2,242 units and 1,018 units.

More than 50% of the stock in Bannerghatta Road and Mysore Road has been absorbed mainly on account of the favorable price band.

Capital values as of Q4 2011 have appreciated between 8 and 15% across the city as compared to Q4 2010. Ongoing yield rate is 5 – 7% for residential developments.

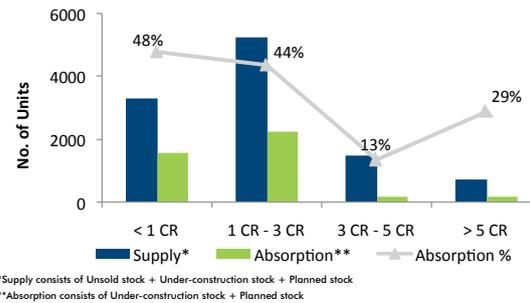


Figure 10: Villa & Row Houses – As per Price Point

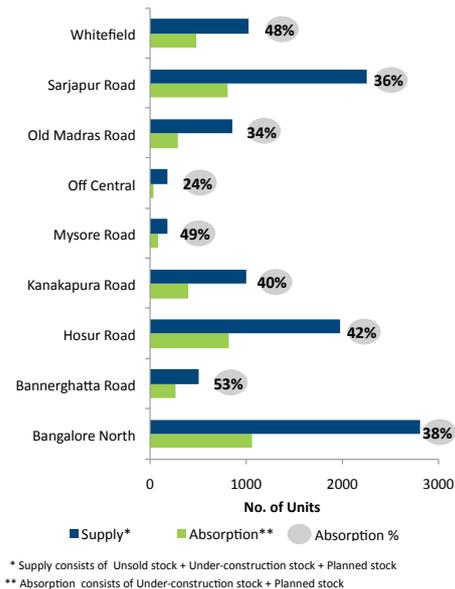


Figure 11: Villa & Row Houses – As per Micro-location



Table 7: Villa & Row Houses – Average Capital & Yield Rate Values

Micro-location	Average Capital Value (INR/sqft)	Y-o-Y Change in Capital Value (%)	Average Rental Value (INR/sqft)	Average Yield Rate (%)
Bangalore North	5,000 - 10,000	15%	10 - 18	5 - 7
Bannerghatta Road	5,000 - 7,000	12%	12 - 14	
Hosur Road	2,300 - 5,000	8%	25 - 27	
Kanakapura Road	3,500 - 4,500	12%	08 -12	
Mysore Road	4,000 - 6,000	8%	14 -16	
Off Central	8,000 - 13,000	15%	08 -10	
Old Madras Road	4,000 - 9,200	12%	18 -22	
Sarjapur Road	2,000 - 5,000	12%	12 - 14	
Whitefield	4,000 - 10,000	12%	12 - 18	
Tumkur Road	2,100 - 4,850	12%	10 -12	
Whitefield	3,200 - 7,100	12%	15 -18	

Capital values are average prices for the respective areas. One off high or low priced projects have been excluded.

Outlook:

Easing inflation is likely to bring down interest rates in the short-term. With a positive net employment outlook, the demand for residential units in Bangalore will continue to rise at the projected rate of 20%.

In Q1 2012, 10 projects (1659 units) are expected to be launched in Sarjapur Road and Bangalore North locations. The ticket sizes of these new launch will be:

- Apartments: INR 50-100L and >INR 100L
- Villas: INR 1 – 3 Crores and INR 3 – 5 Crores

Capital appreciation is currently at 8%-18%. However, if future launches do not align themselves to the market requirement i.e. <INR 50L for apartments and <INR 1 Crore for villas, capital appreciation will be

under downward pressure.

Yield rates are expected to remain stable at 4%-6% for apartment and 5% - 7% for villa developments.

Sarjapur Road, Outer Ring Road and Bangalore North will continue to be the preferred micro-markets. The announcement of the Phase II of Metro Rail and HSRL has further improved residential activity.

Annexure I: Location Master

Residential

Micro-location	Location Details
Central	Lavelle Road, Brunton Road, Kasturba Road, Ulsoor, Race Course Road, Vasantha Nagar, Sadashiv Nagar, Frazer Town, Richmond Town, Cunningham Road, Jayamal Road, Golf Course Road, Wheelers Road
Off Central	Indiranagar, Kormanagla, Jayanagar, J.P. Nagar, Malleswaram, RMV Extensions, Sanjaly Nagar, RT Nagar, Pottery Road
Bannerghatta Road	BTM Layout, Vijaya Bank Colony, Arekere, Gottigere, Bilekahalli, Banerghatta Road
Hosur Road	Begur Road, Bommanahalli, Electronics City, Bommasandra, Chandapura, Jigani, Anekal
Sarjapur Road	HSR Layout, ORR(between Silk Boar to Marathahalli), Sarjapur Road, Haralur Main Road, Kasavanahalli Main Road
Whitefield	Whitefield, Brookefield, Mahadevpura, ORR(Marathahalli-KR Puram)
Bangalore North	Banaswadi, HRBR Layout, Hennur Road, Thanisandra Main Road, Bellary Road, Yelahanka, Kogilu, Chokkanahalli, Bagalur Road, Doddaballapur Road, New Town Yelahanka, Jakkur
Tumkur Road	Jalahalli, HMT Layout, Yeshwantpur, Peenya, Hesarghatta Main Road
Mysore Road	Vijayanagar, Kengeri, RR Nagar, Uttarahalli, Mysore Road
Kanankapura Road	ORR(Banashankari to JP Nagar), Kanakapura Road

Commercial

Micro-location	Location Details
Central Business District(CBD)	M.G.Road, Ulsoor Road, Kasturba Road, V.M. Road, Lavelle Road, Residency Road, Infantry Road, Residency Road
Secondary Business District(SBD)	Indiranagar, Kormanagla, Inner Ring Road, Old Airport Road, Bannerghatta Road
Outer Ring Road (ORR)	Stretch from Hebbal to Silk Board Junction
Peripheral Business District(PBD)	Whitefield, Electronics City, Sarjapur Road, Mysore Road, Bellary Road

Annexure II: Rental, Market & Capital Gain Tax Norms

Rental Norms	
Period of the agreement	11 months
Renewal	After every 11 months
Escalation	5% every year
Market Norms	
Property Tax	Payable by the owner of the unit on the super built up area and varies based on micro location
Maintenance Charges	Class A Developments:INR 2-3 per sq.ft. per month Premium/High end Developments:INR 4 per sq.ft. per month
Car Parking	Grade A Developments:One car park per unit. Charges vary between INR 1.5 L-3.0 L per parking slot Premium/High end Developments:Two to three car parks per unit. Charges vary between INR 5L-7L per parking slot
Capital Gain Tax Norms	
Short-term capital gains	Any sale of property within 36 months from its date of purchase is liable to pay short term gains tax on the gains arising out of the sale after deducting the expenses of the sale, the cost of acquisition and improvement of property. This gain is added to the income of the assessee and is taxable as per the prevailing tax slabs
Long term capital gains	Any sale of property within 36 months from its date of purchase is subject to long-term gains tax. As per the prevailing Income Tax(I-T)Act, long term capital gain on property is taxed at the rate of 20% after indexation.
Deductions for income from house property	Section 24 of the I-T Act allows for the following deductions for income from house property: 30% deduction on the annual value towards maintenance Interest on borrowed capital subject to a limit of INR 1.5 lakhs Section 80C of the I-T Act also allows a deduction of upto INR 1 lakh from income towards principal amount repayment towards home loans.

Annexure III: Bank Lending Rates⁴

Interest Rate for year	Upto INR 30 L	INR 30L-INR 75L	INR 75L-INR 5 CR	>INR 5 CR
1st year	8.75%	8.75%	10.00%	10.25%
2nd & 3rd year	9.50%	9.50%	10.00%	10.25%
4th year onwards	9.75%	10.00%	10.00%	10.25%

⁴As per State Bank of India

Annexure IV: Assumptions

All information for residential projects is as provided by developers.

Average size (in sqft) of the apartment/ villa has been considered for computation of ticket size.

Unless mentioned, supply includes unsold stock of completed projects, under-construction stock and planned stock.

Absorption includes under-construction and planned projects.

Completed projects which have been completely sold out have not been considered in the supply-demand computation.

Capital values are average prices for the respective areas. One off high or low priced projects have been excluded.

Annexure V: Acronyms

BIA	Bangalore International Airport
CRR	Cash Reserve Ratio
FDI	Foreign Direct Investment
FII	Foreign Institutional Investors
FY	Financial Year
GDP	Gross Domestic Product
HSRL	High Speed Rail Link
IIP	Index of Industrial Production
IT	Information Technology
I-T	Income Tax
ITeS	Information Technology enabled Services
NBFC	Non-Banking Finance Corporation
PE	Private Equity
PLR	Prime Lending Rate
PPP	Public Private Partnership
PRR	Peripheral Ring Road
RBI	Reserve Bank of India



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