



Opinion on Market Value of Commercial Property

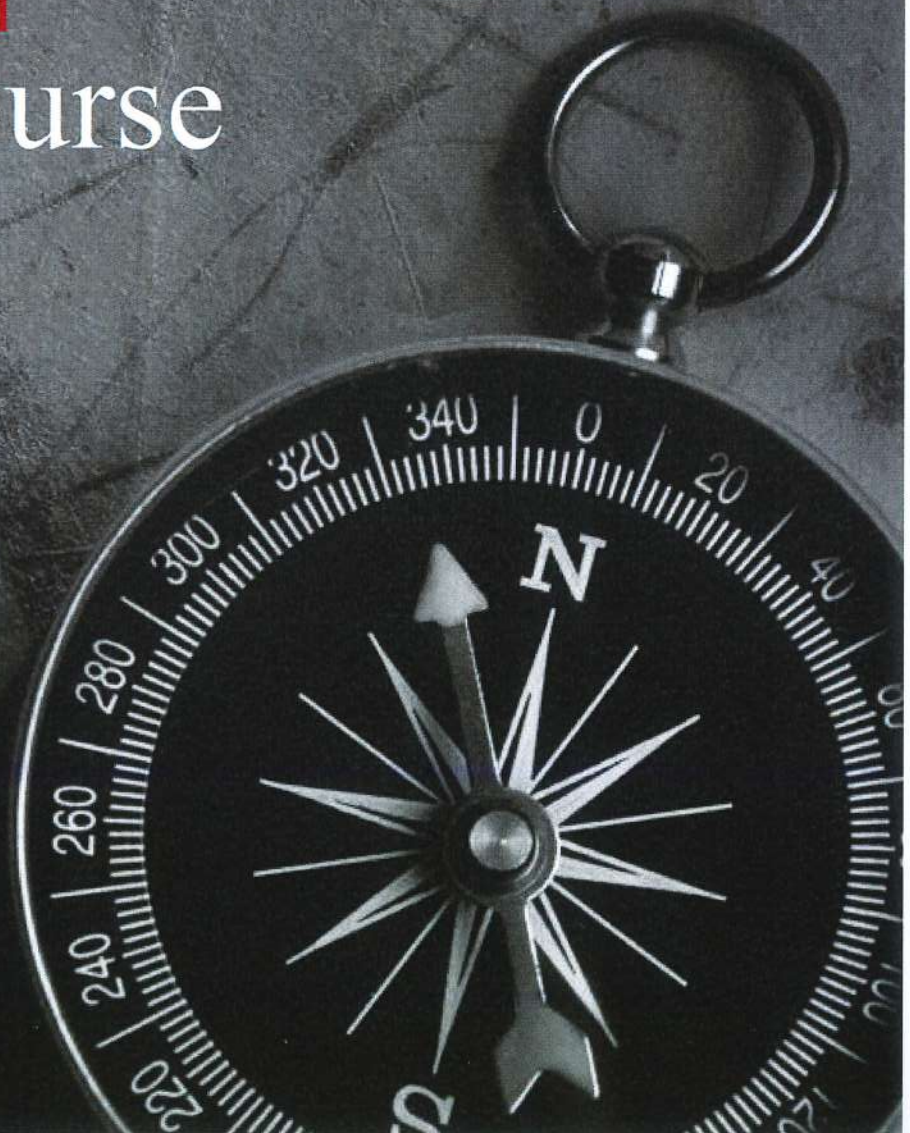
at, Lower Parel (East)

For, Marathon NextGen Realty Limited

as at, 2nd January 2018

Charting

A new course



General Information	
Objective of the assignment	<p>Jones Lang LaSalle Property Consultants (India) Pvt. Ltd ('We/ JLL/ Consultants') have been approached and appointed to opine on the Market Value of the Subject Property for Marathon NextGen Realty Limited ('the Client'). This report is covering our Opinion on the Market Value of commercial properties namely Marathon Futurex located at N M Joshi Marg, Lower Parel (East), Mumbai 400 013 known as "Subject Property".</p> <p>This assignment has been carried out for management decision making using appropriate and acceptable procedures and methodology(ies) which are, and as well as perceived to be, most feasible, transparent, clear-cut, and equitable, keeping in focus the prevailing market conditions.</p>
Opinion on Market Value - Practices	<p>Our Opinion on Market Value is prepared in accordance with the "The RICS Valuation Standards" published by the Royal Institution of Chartered Surveyors ("RICS"), subject to variation to meet local established law, custom, practice and market conditions. The valuation is made on the basis of Market Value defined as:</p> <p><i>"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".</i></p>
Methodology	<p>Direct Comparison Method: The direct comparison approach involves a comparison of a property to similar properties that have actually been sold or are available for sale in arms-length distance from subject site or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing sale prices.</p> <p>Discounted Cash Flow Method: The Discounted Cash Flow method is based on the present value of the future receivable net income from the current operational leases and sales. The current lease and sales revenues and the future achievable rents and sales revenues derived from the Subject Property would be adjusted for the outgoing expenses to derive year on year cash flows. This method is subject to a number of hypothetical assumptions. A slight change in one or more of the assumptions would have a significant impact on the conclusions reached. In general terms, it is noted that the discounted cash flow values are most sensitive to changes in sale prices of completed development, construction costs, and capitalization rates, escalation in costs, appreciation of rates wherever applicable.</p> <p>Various methods of valuation are possible to be used for ascertaining Opinion on Market Value.</p>
General assumptions & limiting conditions	<ol style="list-style-type: none"> a. Source of information – Unless stated otherwise, the information on which this Assessment is based will be supplied to us by the Client. This information is believed to be reliable but to the extent that we have relied on such information reasonably and in good faith we can accept no responsibility if this should prove not to be so. In case of information that has been obtained by our market research, it will be so mentioned. b. In the context of the assessment, (i) we will rely upon, to the extent reasonable, as being complete and correct the information provided to us, by the Client, as to details of the property measurements including land and Built up area, development control regulations, development mix proposed, planning consents, constructions costs and percentage share of the Client in projects under joint development contracts, tenancy details and (ii) we make no representations or warranties as to the reasonableness, reliability or accuracy of the information provided by the Client. This may materially impact on the accuracy of the assessment. c. Title Documentation – We have not read documents of title and the verification of ownership is not in the scope of work. d. Town Planning & Statutory Regulations – Unless we are otherwise informed, our assessment will be prepared on the basis that the premises (and any works thereon) comply with all relevant statutory and development control regulations. We have not undertaken independent verification of the compliance with statutory norms that regulate the development of the respective properties and the information on land use, development mix and size which have been provided by the Client, per the DP remark. e. Site Condition – As part of the current work scope we have undertaken site inspections and carried out investigations on site in order to determine the suitability of ground conditions and services for

General Information	
	<p>the purposes for which they are, or are intended to be put provided however that the Client has provided full and complete details of those purposes both actual and intended. We have not undertaken site inspections for the purposes of providing archaeological, ecological or environmental surveys. Our Assessments is prepared on the assumption that these aspects are satisfactory and that where development is contemplated, no extraordinary expense or delays will be incurred during the construction period due to these matters.</p> <p>f. Environmental Contamination – Our site surveys do not include environmental assessments or an investigation of historical records to establish whether any land or premises are or have been contaminated. Therefore, unless advised to the contrary, our assessments are carried out on the basis that properties are not affected by environmental contamination.</p> <p>g. Structural Surveys – We have not carried out structural surveys and we therefore do not give any assurances that properties are free from defect. Our inspections will not give consideration to anything ranging from quality or structural cost. We have not provided details as to costs of repair.</p> <p>h. Deleterious Materials – Our investigations on site do not include ascertaining whether any building is constructed or altered using deleterious materials or techniques (including, by way of example, high alumina cement concrete, and wood, wool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our assessments are on the basis that no such materials or techniques have been used.</p> <p>i. Outstanding Debts – In the case of property where construction works are in hand or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.</p> <p>j. Disposal of Costs & Liabilities – No allowance is made for any expenses of realisation, or taxation, which might arise in the event of a disposal. All property is considered free and clear of all mortgages or other charges, which may be secured thereon unless otherwise advised.</p> <p>k. The assessment in the Report for the Subject Property and any allocation of assessment between the parts of the Subject Property shall apply only in the terms of and for the purpose of the Report. The assessment should not be used in conjunction with any other assessment as they may prove incorrect if so used.</p> <p>l. Our Report is valid for a period of six months from the date of the Report.</p>
Disclosure	<p>The Opinion on Market Value is prepared for the sole use of the Client. No responsibility / liability is accepted to any other party for the whole or any part of its contents. It may be disclosed to other professional advisors assisting in respect of the purposes for which this Opinion of value is prepared. Neither the whole nor any part of this Opinion on Market Value report, nor any reference thereto may be included in any published document, circular or statement nor published in any way without our written approval on the form and context in which it may appear. We trust that the contents of this report are sufficient for Client's present requirements, but needless to say, in case any further clarification or elaboration is required, the Client need not hesitate to contact us.</p>
Disclaimer	<ol style="list-style-type: none"> 1. The Consultant's total liability howsoever caused and whether arising under contract, tort (including negligence) or otherwise shall not exceed 25% of the total professional fee that will have been paid to the Consultant for the particular portion of the Services in dispute, rendered under the Agreement enacted between the Consultant and the Client. 2. Notwithstanding any other provision in the Agreement between the Consultant and the Client, which states the contrary, in no event whether in contract, tort (negligence) or otherwise, will a party be liable to the other party for any loss of profit, loss of business opportunities or for any indirect or consequential, exemplary, punitive or special damages even if such party has been advised of the possibility of such damages in advance.

Subject Property: Marathon Futurex and Marathon Chambers											
1. Property Information											
Property Address	:	Marathon Futurex, N M Joshi Marg, Lower Parel (East)									
Vertical transportation	:	Staircase	Yes	Yes / No							
	:	Lift	Yes	Yes / No							
	:	Both	Yes	Yes / No							
Name of street	:	N M Joshi Marg									
Locality	:	Lower Parel (East)									
City	:	Mumbai									
Pin code	:	400013									
2. Specifications of the properties											
External specifications		Grade Classification	Grade A (Marathon Futurex)	Grade B (Marathon Chambers)	Grade C						
		Condition of the Premises	Good	Average	Bad						
Area Details	:	The Subject Property is individual commercial building located on N M Joshi Marg in Lower Parel (East). The area details are provided as below:									
		<table border="1"> <thead> <tr> <th>S. No.</th> <th>Address</th> <th>Location</th> <th>Chargeable Area (Sq. Ft.)</th> <th>Carpet Area (Sq. Ft.)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Marathon Futurex</td> <td>N M Joshi Marg, Lower Parel (East)</td> <td>141,066</td> <td>85,942</td> </tr> </tbody> </table>	S. No.	Address	Location	Chargeable Area (Sq. Ft.)	Carpet Area (Sq. Ft.)	1.	Marathon Futurex	N M Joshi Marg, Lower Parel (East)	141,066
S. No.	Address	Location	Chargeable Area (Sq. Ft.)	Carpet Area (Sq. Ft.)							
1.	Marathon Futurex	N M Joshi Marg, Lower Parel (East)	141,066	85,942							
		Along with the above there are 170 car parkings. *We have not carried out measurements of the Subject Property. There are total 170 car parks.									
3. Neighbourhood character											
Neighbourhood description	:	The Subject Property is located in a well-established residential, commercial and retail area.									
Location and Neighbourhood Context	:	The Subject Property is located in Lower Parel (East), which is well connected by Lower Parel Station (~350 m) on the western line and Curry Road Station (~350 m) on the central line. The Subject Property is located on N M Joshi Marg which connects it to Dadar in the North and Worli & Byculla in the South.									
	:	The Subject Property is in close proximity to Worli, Prabhadevi, Mahalaxmi etc. which are well established residential location and is also close to Lower Parel (West) which has a well-established shopping and entertainment destination. The neighbourhood of the Subject Property is a mix of commercial, industrial and residential developments with small to mid scale industries in close proximity, some of which are non-functional.									
Locality Trend	:	The micro-market is characterized by old office spaces which house head offices of major Corporates, Financial institutions and government offices. This micro-market has potential for new office space supply form redevelopment of old mill properties and the nearby areas of Lower Parel and Worli have been recently developed as Business Districts.									
4. Opinion on Market Value											
Date of visit	:	2 nd January 2018									

Subject Property: Marathon Futurex and Marathon Chambers

Date of Opinion on Market Value	: 2 nd January 2018												
Method & Justification	<p>For providing an Opinion on the Market Value, a nested approach has been adopted. The following methods have been adopted for providing an Opinion on the Market Value of the Subject Property.</p> <p>Direct Comparison: The direct comparison approach involves a comparison of a property to similar properties that have actually been sold or are available for sale in arms-length distance from Subject Property or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing sale rates. In this case, given that the comparable instances of actual Transacted and Quoted instances located in close proximity to the Subject Property; these instances have been assessed for their locational comparative advantages and disadvantages while estimating the achievable rate for the Subject Property. The benchmarking is done by giving appropriate discount or premium over a number of attributes along which the selected properties / transactions are compared against the Subject Property.</p> <p>Discounted Cash Flow Method: The Discounted Cash Flow method is based on the present value of the future receivable net income from the current/future operational leases and sales. The current lease and sales revenues and the future achievable rents and sales revenues derived from the Subject Property would be adjusted for the outgoing expenses to derive year on year cash flows. This method is subject to a number of hypothetical assumptions. A slight change in one or more of the assumptions would have a significant impact on the conclusions reached. In general terms, it is noted that the discounted cash flow values are most sensitive to changes in sale prices of completed development, construction costs, and capitalization rates, escalation is costs, appreciation of rates wherever applicable.</p> <p>We have used discounted cash flow methods for the purpose of our analysis.</p>												
Market Value of Subject Property (by Rent Capitalization Method) (in Indian Rupees)	<p>With all the assumptions as mentioned, we are of Opinion that the Market Value of the Subject Property is approx. INR 2,302,200,000/- (Indian Rupees Two Billion Three Hundred Two Million Two Hundred Thousand Only) which is split as below :</p> <table border="1" data-bbox="416 1350 1422 1691"> <thead> <tr> <th>S. No.</th> <th>Description</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Chargeable Area (141,066 Sq. Ft.) / Carpet Area (85,942 Sq. Ft.)</td> <td>INR 2,171,700,000/- (Indian Rupees Two Billion One Hundred Seventy One Million Seven Hundred Thousand Only)</td> </tr> <tr> <td>2.</td> <td>Car Park (170 Nos.)</td> <td>INR 110,500,000/- (Indian Rupees One Hundred Ten Million Five Hundred Thousand Only)</td> </tr> <tr> <td>3.</td> <td>Other Fixed Asset & Machinery</td> <td>INR 20,000,000/- (Indian Rupees Twenty Million Only)</td> </tr> </tbody> </table>	S. No.	Description	Value	1.	Chargeable Area (141,066 Sq. Ft.) / Carpet Area (85,942 Sq. Ft.)	INR 2,171,700,000/- (Indian Rupees Two Billion One Hundred Seventy One Million Seven Hundred Thousand Only)	2.	Car Park (170 Nos.)	INR 110,500,000/- (Indian Rupees One Hundred Ten Million Five Hundred Thousand Only)	3.	Other Fixed Asset & Machinery	INR 20,000,000/- (Indian Rupees Twenty Million Only)
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Thanking you.

For Jones Lang LaSalle Property Consultants India Private Limited:



Subhankar Mitra

Head - Strategic Consulting West India

Annexure 1 - Instances of Lease Benchmarking

For Marathon Futurex

Attributes	Subject Property - Marathon Futurex	Instance 1 - Trilegal	Discount / Premium %	Instance 2 - SKP	Discount / Premium %	Instance 3 - Invesco	Discount / Premium %
Location	Marathon Futurex	Peninsula Business Park	0.00%	Urmi	0.00%	Marathon Futurex	0.00%
Access Road	N M Joshi Marg	Ganapatrao Kadam Marg	0.00%	Ganapatrao Kadam Marg	0.00%	N M Joshi Marg	0.00%
Precinct/ Neighbourhood Profile	Well established residential, commercial and retail	Well established residential, commercial and retail	0.00%	Well established residential, commercial and retail	0.00%	Well established residential, commercial and retail	0.00%
Transacted on Warm Shell / Bare Shell / Furnished	Bare	Bare	0.00%	Bare	0.00%	Bare	0.00%
Area leased (sq. ft.)	141,066	3,100	-10.00%	23,000	-5.00%	18,100	-5.00%
Period of Transaction / Quotation		Q1 2017	0.00%	Q1 2017	0.00%	Q3 2016	0.00%
Type of Instance		Transacted	0.00%	Transacted	0.00%	Transacted	0.00%
Total Premiums / Discounts			-10.00%		-5.00%		-5.00%
Benchmark Rental on Chargeable Area (INR / Sq. Ft./month)			155		135		157
Achievable Rental on Chargeable Area (INR / Sq. Ft./month)			139		128		149
Weightage			33%		33%		33%
Achievable Rental on Chargeable Area (INR / Sq. Ft.)							138.97
Achievable Rental on Chargeable Area (INR / Sq. Ft.) - Rounded Off							140

Note: The instances are considered based on information available through our market intelligence or primary / secondary research. While JLL does not assure complete accuracy of this data, material deviations are not expected which would have a material impact on the outcome of our analysis.

Annexure 2 – Discounted Cash Flow

For Marathon Futurex

Particulars	FY 19	FY 20	FY 21	FY 22	Terminal
Annual Area leased (Sq. Ft.)	70,533	70,533	-	-	
Cumulative Area leased (Sq. Ft.)	70,533	141,066	141,066	141,066	141,066
Rental Benchmark (INR Per Sq. Ft. Chargeable)	140	140	140	161	161
CAM and property taxes (INR per Sq. Ft. Chargeable)	22.0	22.0	22.0	25.3	25.3

Inflows:					
Rental income (INR Million)	118.5	237.0	237.0	272.5	272.5
CAM and property taxes (INR Million)	18.6	37.2	37.2	42.8	42.8
Total inflows (INR Million)	137.1	274.2	274.2	315.4	315.4

Outflows:					
Brokerage and marketing expenses (INR Million)	9.9	9.9	-	-	-
Property Taxes & CAM expenses (INR Million)	18.6	37.2	37.2	42.8	42.8
Insurance (INR Million)	1.2	2.4	2.4	2.7	2.7
Total outflows (INR Million)	29.7	49.5	39.6	45.6	45.6

Net cash flows (INR Million)	107.4	224.7	234.6	269.8	269.8
Discount factor	0.85	0.72	0.61	0.52	
Discounted cash Flow (INR Million)	91.0	161.4	142.8	139.2	1,637.3

Sum of explicit period + terminal value (INR Million)	2,172
Total chargeable area (sq. ft.)	141,066
Value per chargeable sq. ft. (INR)	15,395

Assumptions

1. Total area to be leased over 2 years.
2. Lease rental escalation after 3 years at the rate of 15%.
3. CAM & Property Taxes are pass through charges.
4. Brokerage and Marketing expenses at the rate of 1 months of rental from area leased.
5. Insurance cost at the rate of 1% of annual lease rent income.
6. Capitalisation rate of 8.5%.
7. Discounting factor based on the rate of 18.0%.

***Note on discounting rate-**

The discount factor for discounting the cash flows expected from each asset is considered based on various factors including but not limited to the following:

- The location of the asset;
- The risk of obtaining approvals;
- The risk of delay in development;
- The risk of absorption of inventory in the market; etc.

Based on the above, for the Subject Property we have considered the pre-tax discount rate of 18%.

***Note on Cap Rate-**

- The capitalization rate is the net operating income divided by the sales price or value of a property expressed as a percentage. Investors, lenders and appraisers use the cap rate to estimate the purchase price for different types of income producing properties. The Capitalization Rate or Cap Rate is a ratio used to estimate the value of income producing properties. The Cap Rate calculation incorporates a property's selling price, gross rents, non-rental income, vacancy amount and operating expenses thus providing a more reliable estimate of value.
- It may be noted that there is no authentic or institutional source available at present that provides precise number for cap rates in real estate assets. As a result, for the purpose of valuation, a limited market research and a consultative approach is adopted to arrive at an Opinion on cap rate. For the present assignment, we have looked at some market instances with known rental and Market Values have consulted agents who facilitated investment sales of income yielding assets to get a sense of cap rate.
- It is also important to note that cap rate is a function of various macroeconomic factors, returns from alternative asset markets, liquidity in the market, risk appetite and so forth. Going forward this cap rate may undergo upward or downward revisions. As a result, the Market Value of the same asset might have significant change in the value, upward or downward. We have considered these factors and our understanding of the market to choose appropriate capitalisation rate to provide an Opinion of Market Value of the Subject Property.

Parking Calculation

S. No.	Particular	Value	Remark
1.	Total No. of Car Parks	170	
4.	Cost per car park	INR 650,000	
5.	Total Value of car park		INR 110,500,000

Annexure 3 – Final Value

Opinion on Market Value for Subject Property

Final Value Conclusion	Total	Description
Income Approach – Discounted Cash Flow		
Chargeable Area / Carpet Area	<i>INR 2,171,700,000/-</i>	<i>Chargeable Area - 141,066 Sq. Ft. / Carpet Area – 85,942 Sq. Ft.</i>
Car Parking	<i>INR 110,500,000/-</i>	<i>170 car parks</i>
Other Fixed Asset & Machinery	<i>INR 20,000,000/-</i>	
Opinion on Market Value		
<i>INR 2,302,200,000/-</i>		
<i>(Indian Rupees Two Billion Three Hundred Two Million Two Hundred Thousand Only)</i>		

Annexure 4 - Critical Assumptions, Conditions and Limitations

In addition to any other assumptions, conditions and limitations contained within this report, our valuation is based on the following:

- This valuation is current as at the effective date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for the losses arising from such subsequent changes in value. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 30 days from the effective date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 30 day reliance period does not guarantee the value for that period; it always remains a valuation at the effective date of valuation only
- We will not be liable in any manner whatsoever, financial or otherwise, in the event of incomplete information being provided to us for this property. Incomplete information would mean critical information not provided to us that would allow us as valuers to form an informed Opinion on Market Value of the Subject Property, such as plans approved/sanctioned for development by the relevant authorities, occupancy certificates and/or completion certificates, among other documents and/or information.
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than three months after the effective date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- The valuation is reliant on property specific information from the instructing party and has not been independently verified by the valuer. This includes title, legal disputes, legal case searches, property financials and building outgoings. No liability is accepted by the valuer should this information prove to be incorrect.
- Our valuation is based on a significant amount of information which is sourced from the Selling Agent and other third parties, Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed by the Client or other parties, or for conclusions which are drawn either wholly or partially from that information. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.
- Our valuation assumes that there are no environmental issues with the land holding.
- Our valuation excludes the cost to rectify and make good the Property, which may have become contaminated as a result of past and present uses.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary.
- We have relied on all dimensions and areas as provided to us assuming this to be correct and reliable. Jones Lang LaSalle accepts no responsibility if any of the dimensions and/or the area as provided is found to be incorrect at any point of time.
- Our valuation has had regard to the apparent state of repair and condition of the Property, however, we were not instructed to carry out a structural survey or to test any of the services available to the Property. We are therefore unable to report that the Property is free from further defect and we have assumed that no deleterious material was used in the construction.
- We assume good and marketable title, free of any encumbrances and easements not noted on title. We have also assumed that there are no other easements, rights of way or notations other than those referred to in this valuation or on the Certificate(s) of Title.
- We stress we are not experts in insurance valuations, and recommend that a suitably qualified and experienced quantity surveyor be engaged to more accurately determine the insurance replacement cost.
- This clause applies upon any request that this valuation be assigned to a party other than the intended recipients named herein. Notwithstanding anything else, including any agreement by Jones Lang LaSalle subsequent to this report's date that it will assign this valuation:
 - a. This valuation is deemed not to be assigned unless the request for the assignment, confirmation, reissue or other act occurred within three months of the date of this valuation.
 - b. Any assignment is deemed to be in reliance upon, and is conditional upon, the assignee's acknowledgement that Jones Lang LaSalle:
 - has not re-inspected the Property prior to the assignment occurring;
 - has not undertaken further investigation or analysis as to any changes since the initial valuation; and;
 - accepts no responsibility for reliance upon the initial valuation other than as a valuation of the Property as at the date of the initial valuation.