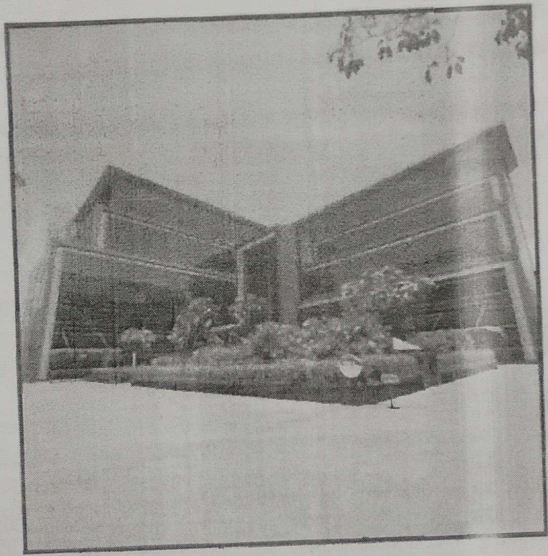
Valuation Report of the Immovable Property



Details of the property under consideration:

Name of Owner / Developer: **M/s. Prestige Properties**

Commercial Premises Unit No. 201B & 301A located on 2nd & 3rd floors in the building "**Silver Utopia**", Wing A & B, Cardinal Gracious Road, Village - Chakala, Andheri (East), Mumbai - 400 099, State - Maharashtra, Country - India

Latitude Longitude : 19°06'46.1"N 72°51'36.7"E

Valuation Done for:

Union Bank of India

MID Corporate Andheri Branch

Shop No 1-5, Chintamani Plaza, Andheri Kurla Road, Near Western Express Highway Metro Station, Andheri East, Mumbai 400 099, State – Maharashtra, Country – India

Regd. Office : 121, 1st Floor, Ackruti Star, Central Road, MIDC, Andheri (E), Mumbai - 400 093, (M.S.), INDIA
TeleFax : +91 22 28371325/24
mumbai@vastukala.org

The property is located in a developed area having good infrastructure, well connected by road and train.

The immovable property comprises of Commercial Premises Unit No. 201A & 301B located on 2nd & 3rd floors in the building **"Silver Utopia"**. The building is of 2 Basements + Ground + 1st to 8th upper floors. It is located at about 800 M. distance from Western Express Highway Metro Station & 2.40 Km. distance from Andheri Railway Station.

As per site inspection, the property under considerations is tenant occupied. The details are as below -

Sr. No.	Name of Tenants	Unit No.	Floor	Carpet Area in Sq. Ft. as per Leave & License Agreement
1	Volkswagen Finance Ltd.	301A	Third	17,353.00
2	Pharmarack Technologies Pvt. Ltd.	201B	Second	13,500.00
	TOTAL			30,853.00

Approaches for valuation:

There are 3 main approaches for valuation of real estate property:

1- The Income Approach

The income approach is a property valuation method that is particularly common in commercial real estate and rental properties. The main idea behind the income approach is to calculate the current value of a real estate property based on the net income it generates divided by the capitalization rate.

As a start, the appraiser needs to collect income and expenses statements for the subject real estate property and for similar properties in the same area in order to estimate the net operating income. Estimating the net operating income (NOI) is broken down into four steps:

1- Estimate the gross potential income: The total income a real estate property generates with a 100% occupancy.

2- Estimate the effective gross income: Simply done by estimating vacancy costs based on similar properties in the local area. This figure reflects the normal loss of income caused by probable vacancies.

3- Estimate property expenses: Expenses fall into two categories: fixed and variable expenses. Fixed expenses are expenses that do not change with time, like property taxes and mortgage payments. Variable expenses are all the other expenses such as utilities, management fees, and so on.

4- Calculate NOI: By subtracting the estimated expenses from the effective gross income.

The next step would be choosing an appropriate cap rate. A real estate investor or a property appraiser estimates cap rate using market sales of comparable properties that have been sold recently.
(A property with a NOI of Rs. 20,000 that sells for Rs. 200,000 has a CAP rate of 10%).
PROPERTY VALUE = NOI/CAP RATE

2- The Sales Comparison Approach

As the name suggests, the sales comparison approach uses the market data of sale prices to estimate the value of a real estate property. Property valuation in this method is done by comparing a property to other similar properties that have been recently sold. Comparable properties, also known as comparables, or comps, must share certain features with the property in question. Some of these include physical features such as square footage, number of rooms, condition, and age of the building; however, the most important factor is no doubt the location of the property.

Adjustments are usually needed to account for differences as no two properties are exactly the same. To make proper adjustments when comparing properties, real estate appraisers must know the differences between the comparable properties and how to value these differences.

The sales comparison approach is commonly used for Residential Flat, where there are typically many comparables available to analyze.

3- The Cost Approach

The cost approach is a real estate property valuation method which considers the value of a property as the cost of the land plus the cost of replacing the property (construction costs) minus the physical and functional depreciation. This approach is most commonly used for real estate properties that are not easily sold like schools, hospitals, and government buildings.

Land cost can be estimated using the sales comparison approach by studying recent sales of land close to the subject property, and these sales should be comparable in size and location. There are different ways to estimate replacement costs, the most common being finding out the cost to build a square foot of comparable properties multiplied by the total square footage of the building.

RECOMMENDATION:

As the Property is Owned by Company which is in to Renting of Office Premises, we have relied upon the present rental agreements even though the present agreement is for short term period we expect the premises will be re-leased for future term, hence we have calculated the capitalization as on perpetuality.

- We have considered interest on refundable Security Deposit @ 5.00% per Annum.
- The rate of capitalization is considered at 7.00 % per Annum.
- The Base Rent & Refundable Security Deposit is considered taking average of remaining period of lease.
- We have considered present property tax for entire period & deducted the property tax from gross rent per annum to calculate net rent per annum.

THE INCOME APPROACH IS RECOMMENDED FOR THE VALUATION OF RENTED PROPERTIES / MULTIPLEX/ CINEMA HALL FOR ASSESSMENT PURPOSES.

The theory behind the income approach to value is that a property's value reflects the present worth of anticipated or forecast future benefits from the real estate. As such, the income approach analyses the income and expenses of a shopping Centre and converts the typical net revenue into an estimate of value.

APPLICATION OF THE INCOME APPROACH:

INCOME APPROACH METHODS:

In general, there are two methods available to convert future income into a present value:

1. Direct capitalization method, and
2. Yield capitalization (discounted cash flow analysis).

Direct capitalization method

The direct capitalization method is most applicable to the valuation of income-producing properties in a mass appraisal environment. It requires the least amount of data to apply, reflects typical rents and market conditions, and is best suited to the use of statistical analysis. The yield capitalization method is not suitable for use in mass appraisal valuations in Saskatchewan due to its consideration of individual investor preferences (reflects personal versus typical market conditions), its need for more market data and numerous estimates of rents, holding periods and projected reversions, and its lack of suitability for statistical analysis. For these reasons the yield capitalization method will not be further detailed in this Guide.

OVERVIEW OF THE DIRECT CAPITALIZATION METHOD:

The analysis in this section presents a direct capitalization method that is suited for mass appraisal applications. Direct capitalization converts or "capitalizes" the expected level of potential net income into a market value-based assessment using an overall capitalization rate. The conversion factor or capitalization rate reflects all of the investor's relative and comparative feelings and aspirations about the property in light of the investment characteristics offered by the asset and in comparison, to other investment opportunities on the market.

In its most basic form, the direct capitalization method is an elementary mathematical ratio involving the estimation of typical net operating income (NOI) as of the base date, which is then capitalized into value to produce a market value-based assessment.

THE DIRECT CAPITALIZATION METHOD:

$$\text{Market Value} = \frac{\text{Net Annual Operating Income}}{\text{Capitalization Rate}} \qquad V = \frac{NOI}{R}$$

Although there are other methods of converting expected future income into an estimate of value (e.g., discounted cash flow), the direct capitalization method lends itself to mass appraisal applications. It is possible to develop market value-based assessments under this formula through proper evaluation of the potential net income and through the selection of an appropriate capitalization rate.
In establishing market value-based assessments using the income approach, the objective is to evaluate the typical income generated by the real estate. For shopping centers, this task is simplified by the fact that leases are typically established on a net basis (tenant pays all operating expenses including taxes). This factor serves to limit the number of adjustments required in order to determine the net operating income attributable to the real estate.

6.	Location of property		:		
	a)	Plot No. / Survey No.	:	-	
	b)	Door No.	:	As per Brief Description	
	c)	T.S. No. / Village	:	CTS No. 477,477/1,477/2 & 478, 478/1 of Village - Chakala	
	d)	Ward / Taluka	:	Taluka – Andheri	
	e)	Mandal / District	:	Mumbai Suburban District	
7.	Postal address of the property		:	Commercial Premises Unit No. 201B & 301A located on 2nd & 3rd floors in the building **"Silver Utopia"**, Wing A & B, Cardinal Gracious Road, Village – Chakala, Andheri (East), Mumbai – 400 099, State – Maharashtra, Country – India	
8.	City / Town		:		
	Residential area		:	No	
	Commercial area		:	Yes	
	Industrial area		:	No	
9.	Classification of the area		:		
	i) High / Middle / Poor		:	Higher Middle Class	
	ii) Urban / Semi Urban / Rural		:	Urban	
10.	Coming under Corporation limit / Village Panchayat / Municipality		:	Village – Chakala, Andheri (East) Municipal Corporation of Greater Mumbai	
11.	Whether covered under any State / Central Govt. enactments (e.g., Urban Land Ceiling Act) or notified under agency area/ scheduled area / cantonment area		:	No	
12.	In Case it is Agricultural land, any conversion to house site plots is contemplated		:	N.A.	
13.	Boundaries of the property			**As per Agreement**	**As per Site**
	North		:	As per below table	Pramukh Plaza
	South		:	As per below table	Satellite Gazebo
	East		:	As per below table	Solitaire Corporate Park 1
	West		:	As per below table	Cardinal Gracious Road
	Boundaries as per Agreement:				

		CTS No. 477, 477/1 & 477/2	CTS No. 478 & 478/1
	North	Partly Survey No. 9A, Partly by Survey No. 49B, Partly by Survey No. 87	Hissa NO. 2 (pt.) of Survey No. 47
	South	Partly by Survey No. 45A, Partly by Survey No. 85 & Partly by Survey No. 115	Hissa No. 4 & Partly by Survey No. 46/1 & NA No. 45-3
	East	Survey No. 117	Survey No. 48
	West	Partly by Survey No. 47A, Partly by Survey No. 47, Hissa No. 2 (Pt.)	Road

14.1	Dimensions of the site		A As per the Deed	B Actuals
	North	:	N.A, as the property is irregular in Shape.	
	South	:		
	East	:		
	West	:		
14.2	Latitude, Longitude & Co-ordinates of Property	:	19°06'46.1"N 72°51'36.7"E	
15.	Extent of the site	:	As per Brief Description	
16.	Extent of the site considered for Valuation (least of 14A& 14B)	:	As per Brief Description	
17.	Whether occupied by the owner / tenant? If occupied by tenant since how long? Rent received per month.	:	2nd & 3rd Floors are occupied by the tenants as per above description table	
II	CHARACTERSTICS OF THE SITE			
1.	Classification of locality	:	Located in Higher Middle-class locality	
2.	Development of surrounding areas	:	Developed	
3.	Possibility of frequent flooding/ sub-merging	:	No	
4.	Feasibility to the Civic amenities like School, Hospital, Bus Stop, Market etc.	:	All available near by	
5.	Level of land with topographical conditions	:	Plain	
6.	Shape of land	:	Irregular	
7.	Type of use to which it can be put	:	For commercial purpose	
8.	Any usage restriction	:	Industrial	
9.	Is plot in town planning approved layout?	:	Yes	
10.	Corner plot or intermittent plot?	:	Intermittent	
11	Road facilities	:	Yes	
12.	Type of road available at present	:	B.T. Road	
13.	Width of road – is it below 20 ft. or more than 20 ft.	:	More than 20 ft.	
14.	Is it a Land – Locked land?	:	No	
15.	Water potentiality	:	Connected to Municipal. Water Supply	
16.	Underground sewerage system	:	Connected to Municipal Sewerage System	
17.	Is Power supply is available in the site	:	Yes	
18.	Advantages of the site	:	Located in developed area	
19.	Special remarks, if any like threat of acquisition of land for publics service purposes, road widening or applicability of CRZ provisions etc. (Distance from sea-cost / tidal level must be incorporated)	:	No	

Part – A (Valuation of land)			
1	Size of plot	:	Total Plot Area = 8,341.30 Sq. M. (Area as per Approved Plan)
	North & South	:	-
	East & West	:	-
2	Total extent of the plot	:	Total Plot Area = 8,341.30 Sq. M. (Area as per Approved Plan) Total Carpet Area = 30,853.00 Sq. Ft. (Area as per Leave and License Agreement)
3	Prevailing market rate (Along With details / reference of at least two latest deals / transactions with respect to adjacent properties in the areas)	:	Sales Comparison Approach & Income Approach Method is used for this valuation report.
4	Guideline rate obtained from the Stamp Duty Ready Reckoner for New property	:	As mentioned Below
	Guideline rate obtained from the Stamp Duty Ready Reckoner After Depreciation	:	As mentioned Below

Floor	For New Property		After Deprecation	
	Rate for Sq. M.	Rate for Sq. Ft.	Rate for Sq. M.	Rate for Sq. Ft.
	(₹)	(₹)	(₹)	(₹)
Second & Third	2,08,180.00	19,340.00	1,96,094.00	18,218.00

	In case of variation of 20% or more in the valuation proposed by the valuer and the Guideline value provided in the State Govt. notification or Income Tax Gazette justification on variation has to be given.	:	It is a foregone conclusion that market value is always more than RR prices. As the RR rates are fixed by respective state governments for computing stamp duty / regn. Fees. Thus, the rates differ from place to place and location. Amenities per se as evident from the fact that even RR rates decided by Govt. differ.
5	Assessed / adopted rate of valuation	:	Sales Comparison Approach & Income Approach Method is used for this valuation report.
6	**Estimated value of land**	:	N.A.
Part – B (Valuation of Building)			
1	Technical details of the building	:	
	a) Type of Building (Residential / Commercial / Industrial)	:	Commercial
	b) Type of construction (Load bearing / RCC / Steel Framed)	:	RCC framed structure
	c) Year of construction	:	12.01.2012
	d) Age of the building	:	11 Year
	e) Balance Life of the building	:	49 years Subject to proper, preventive periodic maintenance & structural repairs.
	f) Total Life of the building	:	60 Years
	g) Number of floors and height of each floor including basement if any	:	As per brief description
	h) Plinth area floor-wise	:	As per area statement
	i) Condition of the building	:	
	i) Exterior – Excellent, Good, Normal, Poor	:	Good condition
	ii) Interior – Excellent, Good, Normal, Poor	:	Good condition
	j) Date of issue and validity of layout of approved map	:	i) Copy of Approved Plan No. CE/8138/BSI/WS/AK/377/1/Amend dated

	k) Approved map / plan issuing authority	:	16.02.2022 issued by Municipal Corporation of Greater Mumbai (MCGM). ii) Copy of Part Occupancy Certificate No. CE/8138/WS/AK dated 08.08.2012 issued by Municipal Corporation of Greater Mumbai (MCGM). **(Approved For: 2 level Basement + Ground Floor + 1st to 7th Upper Floors).**
	l) Whether genuineness or authenticity of approved map / plan is verified	:	Plan is verified
	m) Any other comments by our empanelled valuers on authentic of approved plan	:	-

Specifications of construction (floor-wise) in respect of

Sr. No.	Description		
1.	Foundation	:	RCC
2.	Basement	:	Yes
3.	Superstructure	:	B. B. Masonry
4.	Joinery / Doors & Windows (Please furnish details about size of frames, shutters, glazing, fitting etc. and specify the species of timber	:	Provided
5.	RCC Works	:	As per brief description
6.	Plastering	:	Cement plastering to structures
7.	Flooring, Skirting, dado	:	Cemented
8.	Special finish as marble, granite, wooden paneling, grills etc.	:	Nil
9.	Roofing including weatherproof course	:	RCC slab and GI Sheet roofing
10.	Drainage	:	Connected to public sewer
2.	**Compound Wall**	:	5'.6" High, R.C.C. columns with B. B. Masonry wall.
	Height	:	
	Length	:	
	Type of construction	:	
3.	**Electrical installation**	:	Provided as per requirement
	Type of wiring	:	
	Class of fittings (superior / ordinary / poor)	:	
	Number of light points	:	
	Fan points	:	
	Spare plug points	:	
	Any other item	:	
4.	**Plumbing installation**		Provided as per requirement
	a) No. of water closets and their type	:	
	b) No. of wash basins	:	
	c) No. of urinals	:	
	d) No. of bathtubs	:	
	e) Water meters, taps etc.	:	
	f) Any other fixtures	:	
Part – C (Extra Items)		:	Amount in ₹
1.	Portico	:	Included in the Cost of Construction
2.	Ornamental front door	:	

3.	Sit out / Verandah with steel grills	:	
4.	Overhead water tank	:	
5.	Extra steel / collapsible gates	:	
	Total		
Part – D (Amenities)		:	Amount in ₹
1.	Wardrobes	:	Included in the Cost of Construction
2.	Glazed tiles	:	
3.	Extra sinks and bathtub	:	
4.	Marble / ceramic tiles flooring	:	
5.	Interior decorations	:	
6.	Architectural elevation works		
7.	Paneling works		
8.	Aluminum works		
9.	Aluminum handrails		
10.	False ceiling		
	Total		
Part – E (Miscellaneous)		:	Amount in ₹
1.	Separate toilet room	:	Included in the Cost of Construction
2.	Separate lumber room	:	
3.	Separate water tank / sump	:	
4.	Trees, gardening	:	
	Total		
Part – F (Services)		:	Amount in ₹
1.	Water supply arrangements	:	Included in the Cost of Construction
2.	Drainage arrangements	:	
3.	Compound wall	:	
4.	C.B. deposits, fittings etc.	:	
5.	Pavement		
	Total		

Valuation as per Sales Comparison Approach Method:

Sr. No.	1	2
Unit No.	301A	201B
Floor	Third	Second
Carpet Area in Sq. Ft.	17,353.00	13,500.00
Rate per Sq. Ft. on Carpet Area	35,000.00	35,000.00
Value of Office	60,73,55,000.00	47,25,00,000.00
No. of Car Parking	26.00	13.00
Rate per Car Parking	10,00,000.00	10,00,000.00
Value of Car Parking	2,60,00,000.00	1,30,00,000.00
Total Value of The Units	63,33,55,000.00	48,55,00,000.00
Total		1,11,88,55,000.00
Fair Market Value		1,11,88,55,000.00
Realizable Value		1,00,69,69,500.00
Distress Sale Value		89,50,84,000.00

Valuation as per Income Approach Method:

Sr. No.	Particulars	Amount in ₹
1	Monthly Rent from Tenants	62,70,500.00
2	Yearly Rent from Tenants	7,52,46,000.00
3	Security Deposits	6,55,95,000.00
4	Interest on Security Deposits @ 7%	45,91,650.00
5	**Annual Revenue (2 + 4)**	**7,98,37,650.00**
6	**Deductions**	
	Property Tax	15,96,753.00
	Insurance Cost	15,96,753.00
	Repairs & Maintenance Cost	-
7	**Net Annual Revenue (5 – 6)**	**7,66,44,144.00**
	Yield %	**7.0%**
8	**Value**	**1,09,49,16,343.00**
9	**Fair Market Value**	**1,09,49,16,343.00**
10	**Realizable Value**	**98,54,24,709.00**
11	**Distress Sale Value**	**87,59,33,074.00**

NOTE: - REFER ANNEXURE – I ATTACHED ON PAGE NO. 28

VALUATION OF THE PROPERTY

Part – A	Land	:	-
Part – B	Office Premises	:	**₹ 111,88,55,000.00**
Part – C	Compound wall	:	
Part - D	Amenities	:	
Part – E	Pavement	:	
Part – F	Services	:	
Fair Market Value		:	**₹ 111,88,55,000.00**
Realizable Value		:	**₹ 100,69,69,500.00**
Distress Sale Value		:	**₹ 89,50,84,000.00**
Insurable value (37,024 X 3,000.00)		:	**₹ 11,10,72,000.00**
Government Value (37,024 X 18,218.00)		:	**₹ 67,45,03,232.00**

Remarks

1. *For the purpose of valuation, we have considered the carpet area as per leave and License agreement.*
2. *At the time of site inspection, property on 2nd & 3rd floor were occupied by tenants as per brief description.*

Sales Comparison Approach Method:

The sales comparison approach uses the market data of sale prices to estimate the value of a real estate property. Property valuation in this method is done by comparing a property to other similar properties that have been recently sold. Comparable properties, also known as comparables, or comps, must share certain features with the property in question. Some of these include physical features such as square footage, number of rooms, condition, and age of the building; however, the most important factor is no doubt the location of the property. Adjustments are usually needed to account for differences as no two properties are exactly the same. To make proper adjustments when comparing properties, real estate appraisers must know the differences between the comparable properties and how to value these differences. The sales comparison approach is commonly used for Commercial Office, where there are typically many comparables available to analyze. As the property is a commercial Office, we have adopted Sale Comparison Approach Method for the purpose of valuation. The Price for similar type of property in the nearby vicinity is in the range of ₹ 34,000.00 to ₹ 37,500.00 per Sq. Ft. on Carpet Area. Considering the rate with attached report, current market conditions, demand and supply position, Office size, location, upswing in real estate prices, sustained demand for Commercial Office, all-round development in the locality etc.

We estimate ₹ 35,000.00 per Sq. Ft. on Carpet Area for valuation

Income Approach Method:

Rental method of valuation: in this method, the net income by way of rent is found out by deducting all outing goings from the gross rent. A suitable rate of interest as prevailing in the market is assumed and year's purchase is calculated. This net income multiplied by Y.P gives the capitalized value or valuation of the property. This method is applicable when the rent is known, or probable rent is determined by enquiries.

Valuation based on profit: this method of valuation is suitable for buildings like Office on Rental, hotels, cinema theatres etc. for which the capitalized value depends on the profit. In such cases the net annual income is worked out after deducting from the gross income all possible working expressions, outgoings, interest on the capital invested etc. the net profit is multiplied by Y.P to get the capitalized value. In such case the valuation may work out to be too high in comparison with the cost of construction.