

6.3% MALL VACANCY RATE (Q1 2021)

0.28 msf MALL SUPPLY DEFERRED TO Q2 2022

4.71 msf MALL INVENTORY (Q1 2021)

ECONOMIC INDICATORS Q1 2021

| | 2020 | 2021 | 2022 Forecast |
|--------------------------------|-------|-------|---------------|
| GDP Growth | -7.7% | 10.2% | 7.0% |
| CPI Growth | 6.1% | 5.0% | 4.3% |
| Consumer Spending | -8.5% | 6.3% | 7.2% |
| Govt. Final Expenditure Growth | 5.7% | 10.8% | 9.7% |

Source: Oxford Economics, IMF, RBI

Gradual recovery in retail leasing led by main street activity

Kolkata's retail sector continued to progress gradually on its path to recovery in the first quarter of the year on the back of recovery in main street traction. The city's shopping malls did not record any major transaction in the current quarter. However, demand for quality mall space remains in tact, with single digit vacancy rates in superior malls and footfalls being at 60-65% of pre-COVID levels. Retail sales in leading malls posted robust growth during the festive period last quarter but has tapered off since then and reverted largely to focused and need-based shopping that was being witnessed prior to the festive period. However, improving consumer sentiments and faster vaccinations are likely to drive recovery in mall lease transactions in the second half of the year. With a few movies set to be released at multiplexes over the next couple of quarters, mall footfalls are expected to rise further, and this is likely to drive growth in retail sales activity. Hypermarkets, consumer durables, electronics and apparel brands such as More, Croma and Pantaloons took up retail spaces in the Northeast (Rajarhat), South Peripheral (Patuli) and North Peripheral (Barrackpore) submarkets, respectively. Increase in casual dine-outs helped maintain the F&B sector recovery momentum while QSRs witnessed healthy growth through home deliveries. It is, however, imperative that any possible resurgence in COVID cases be controlled at the earliest so that the recovery momentum is not adversely affected going forward.

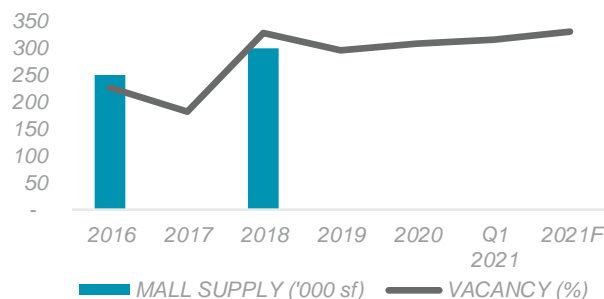
Higher space enquiries and gradual phasing out of rental discounts

With the retail sector showing visible signs of recovery amidst better footfall conversion rates and rising sales volumes in certain retail categories, developers/landlords have been phasing out rental discounts that were in place last year. However, pure revenue share agreements remain in place as negotiated earlier as a form of support especially to those brands which continue to face business uncertainty. Retailers in specific segments, which have seen healthier pickup in sales, have been gradually shedding their cautious approach and have been firming up space plans. As a result, space enquiries have increased at some of the city's superior malls. Several retailers have adopted an omnichannel business model, marrying physical stores with e-commerce. This trend is likely to persist over the next few quarters with consumers looking for the convenience of online retail as well as superior shopping experiences at physical outlets. Overall outlook for the city's retail sector over the medium to long term remains positive with leading developers looking to invest in new projects. For instance, the current quarter saw Phoenix Mills backed subsidiary Mindstone Mall Developers invest in 7.48 acres in Alipore for a planned construction of a new retail mall with a development potential of approx. 1 million square feet.

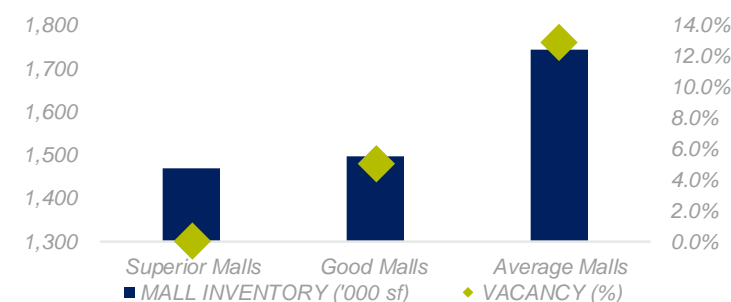
Rentals remain stable at post COVID rates with minor revisions at select main streets

Rentals remained largely stable in the current quarter with higher consumer demand, increased sales volumes and revision of rental waivers by landlords/developers restricting any possible downward movement in overall city rentals. Vacancy increased marginally to 6.3% in Q1 2021, with few retailer exits in the average malls while the superior grade ones continued to witness healthy demand for space. Landlords at prime main streets of Park Street, Camac Street, and Gariahat among others, which had been offering rental discounts during entire 2020, cease to offer such benefits any further. This is due to the revival in demand for space indicating early signs of recovery in the city's retail sector. Few other prominent main streets like Theatre Road, Shyambazar and Hatibagan witnessed a marginal recovery (3-4%) from post-COVID rentals amid rising demand for space. Rentals in the less active suburban and peripheral main streets remained unchanged even with negligible demand for space, since landlords are willing to wait and watch for the situation to evolve, instead of offering further discounts on quoted rentals. However, selective discounts for existing retailers across main street locations are likely to continue in the short to medium term, until there are visible signs of sustainable business recovery in the city.

MALL SUPPLY / VACANCY



CATEGORY-WISE STOCK / VACANCY



MARKET STATISTICS

| PRIME RETAIL RENTS - MAIN STREETS | INR SF/MTH | EURO SF/YR | US\$ SF/YR | Q-O-Q ** CHANGE | Y-O-Y CHANGE |
|-----------------------------------|------------|------------|------------|-----------------|--------------|
| Park Street (CBD) | 460 | 63 | 76 | 0% | -16% |
| Camac Street (CBD) | 375 | 51 | 62 | 0% | -17% |
| Lindsay Street (CBD) | 375 | 51 | 62 | 0% | -17% |
| Elgin Road (CBD) | 270 | 37 | 45 | 0% | -17% |
| Theatre Road (CBD) | 200 | 27 | 33 | 3% | -13% |
| Gariahat (South) | 250 | 34 | 41 | 0% | 0% |
| Shyambazar (North) | 125 | 17 | 21 | 4% | -22% |
| Hatibagan (North) | 130 | 18 | 21 | 4% | -19% |
| Kankurgachi (North East) | 165 | 23 | 27 | 0% | -21% |
| VIP Road (North East) | 120 | 16 | 20 | 3% | -20% |
| PRIME RETAIL RENTS - MALLS | INR SF/MTH | EURO SF/YR | US\$ SF/YR | Q-O-Q ** CHANGE | Y-O-Y CHANGE |
| South Kolkata | 440 | 60 | 73 | 0% | 0% |
| East Kolkata | 415 | 57 | 68 | 0% | 0% |
| Rajarhat/New Town | 130 | 18 | 21 | 0% | 0% |
| Elgin Road | 500 | 69 | 82 | 0% | -5% |
| Howrah | 190 | 26 | 31 | 0% | -10% |
| Park Circus | 600 | 82 | 99 | 0% | 0% |

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ 1 = INR 72.8, € 1 = INR 87.5

Note: The above mentioned rentals in main streets are based on marginal recovery from the discounted ones that were being offered during H2 2020 to support the retail business in times of sluggish demand. While Q1 2021 witnessed a marginal recovery from post-COVID rentals in some of the main streets, rentals are likely to be recalibrated to normal pre-COVID levels when business scenario improves for the better. We shall continue to monitor the retail rental scenario in the coming quarters with focus on the prevailing transaction momentum in the market.

SIGNIFICANT LEASING TRANSACTIONS Q1 2021

| PROPERTY | LOCATION | TENANT | SF |
|-------------|-------------|------------|--------|
| Main Street | Barrackpore | Pantaloons | 15,000 |
| Main Street | Patuli | Croma | 9,000 |
| Main Street | Rajarhat | MORE | 24,500 |

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY | LOCATION | SF | COMPLETION |
|---------------|----------|---------|------------|
| Genexx Square | Joka | 275,000 | Q2 2022 |

Srija Banerjee

Senior Manager, Research Services

+91 080 40465555 / srija.banerjee@cushwake.com

Kapil Kanala

Senior Associate Director, Research Services

+91 40 40405555 / kapil.kanala@ap.cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.