Concept note: Neighborhood Retail in Residential developments

1. Neighborhood retail has twin objectives of enhancing the livability in residential developments and profit maximization
    a. Livability objective: limited to up to six amenities which have significant livability impact viz. supermarket, medical clinic, ATM, F&B with quality operator (as part of club services), Laundry (select hi-end and luxury project only), Pre-school (select hi-end and luxury project only). Preferably will be on lease / revenue / profit share basis with option of leasing being below market rate in first term and increasing over subsequent terms time as operations become more viable. These amenities should be present at all large and very large projects (unless already available within 1 km driving distance). Select may be considered for small and medium projects.
    b. Profit maximization objective: applicable to all other retail categories/ amenities. These units should be sold.

Summary of commercial model:

Objectives	Sold/ Leased	Key commercial terms	Roles and Responsibilities
Livability	Leased	• Full tenure: typically 3 years to max. 5 years • First term: limited to max. 1 year • Commercial rates: lease / revenue / profit share, sale should be avoided unless absolutely necessary; First term lease rate can be discounted up to 50% of current market rate; Term should be kept as reasonably short as possible so that betters commercials can be negotiated with the operators once viability is established.	Retail strategy + Retail sales to jointly identify retailers and finalize commercial terms. Should ensure that these are operational within 6 months of commencement of possessions. Deal execution: Retail sales team
Profit max.	Sold	• As per sales plan	Retail sales team

2. Preference of placing retail units in design plan
    a. Livability categories should preferably be placed in the free of FSI areas, where we will not seek to derive commercial value (e.g. Podium where permissible, Clubhouse etc.). If not feasible, can be placed in FSI area.
    b. Rest of the categories should be placed in FSI space

3. Scope of what we provide in the retail units will be similar to finishes in shopping arcades. Includes the following:
    a. Core & Shell, basic flooring, 1 coat of paint, rolling shutter
    b. Electricity and Water (if applicable) up to single point in the unit. Separate meters to be installed, and charging will be on actual.
    c. Provision for Telephone line up to single point in the unit. Retailer to apply for telecom connection on their own as required.
    d. No centralized HVAC, fire fighting will be provided. Retailers to make provisions on their own as required.
4. Common areas outside the retail units will be managed by FM. CAM same as that for residential development will be applicable to the retail units.
    a. For leased units, CAM will be collected on quarterly basis.
    b. For sold units, CAM will be pre-collected for 18 months (or as per the CAM period for the residential development).

Note: These are directional guidelines and DD/PD/Retail Sales Head/Retail Business Head can evolve these further to maximize value to company.