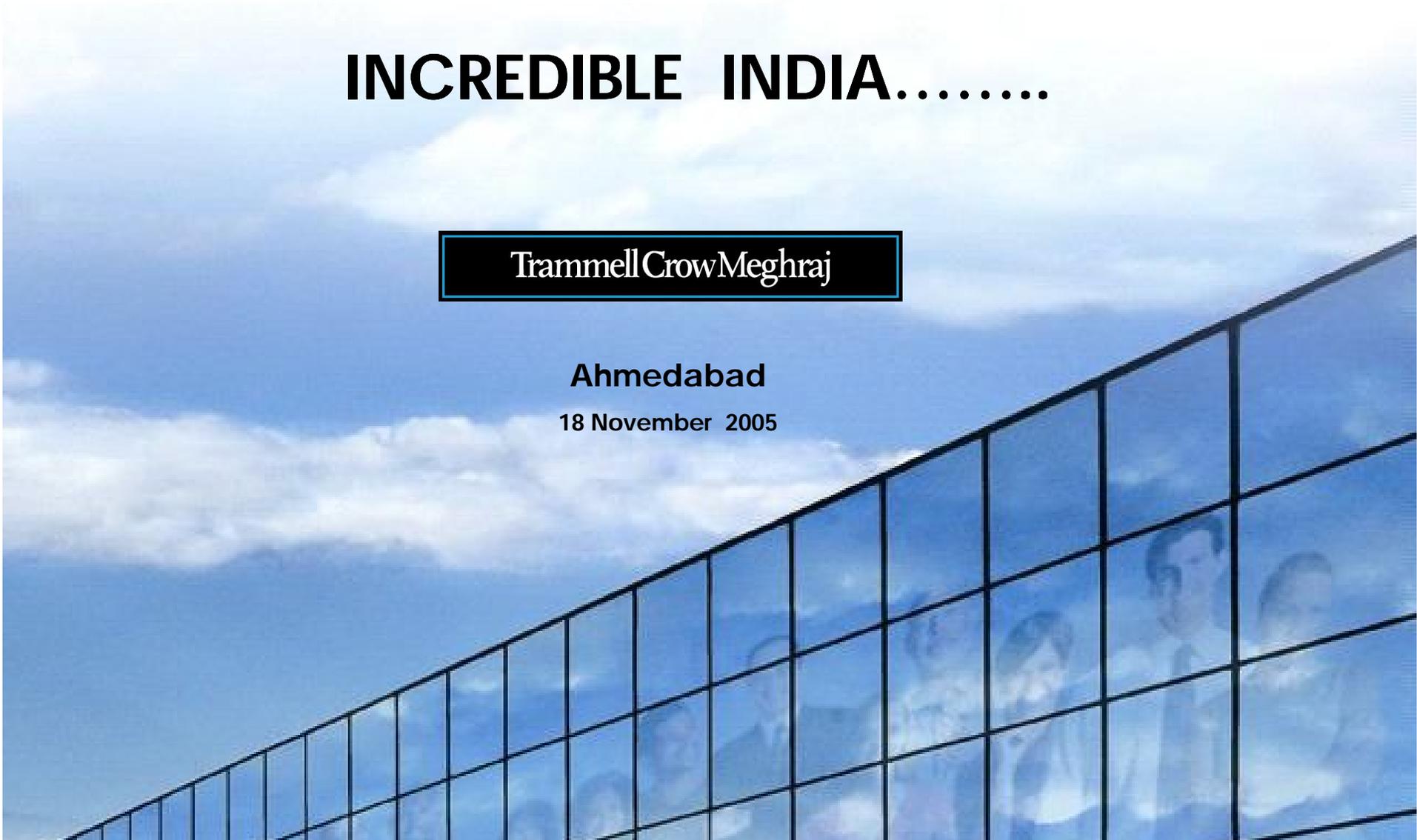


INCREDIBLE INDIA.....

Trammell Crow Meghraj

Ahmedabad

18 November 2005



The New India

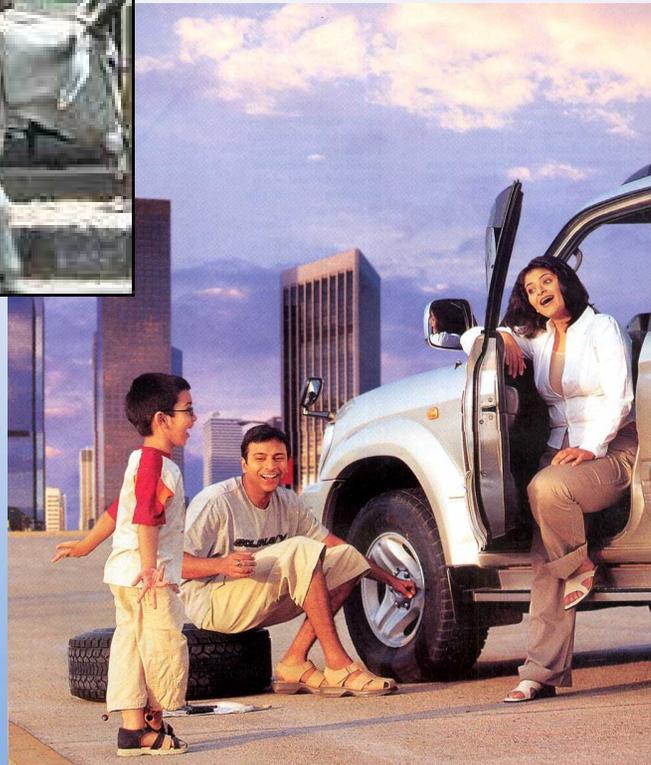
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The New India



**Not Quite...
Anymore**

**A new paradigm -
The old thrives
alongside a vibrant
new**



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Destination India

- 325 languages spoken – 1,652 dialects
- 18 official languages
- 29 states , 5 union territories
- 3.28 million sq kilometers – area
- Worlds largest democracy
- GDP – US \$ 600 – 650 billion (2004)
US \$ 642 – 695 billion (2005 – Projected)
- Growth Rate – 6.9% (2004-05)
7% (2005-06 – Projected)
- Largest English speaking nation in the world
- 2nd largest pool of scientists and engineers in the world

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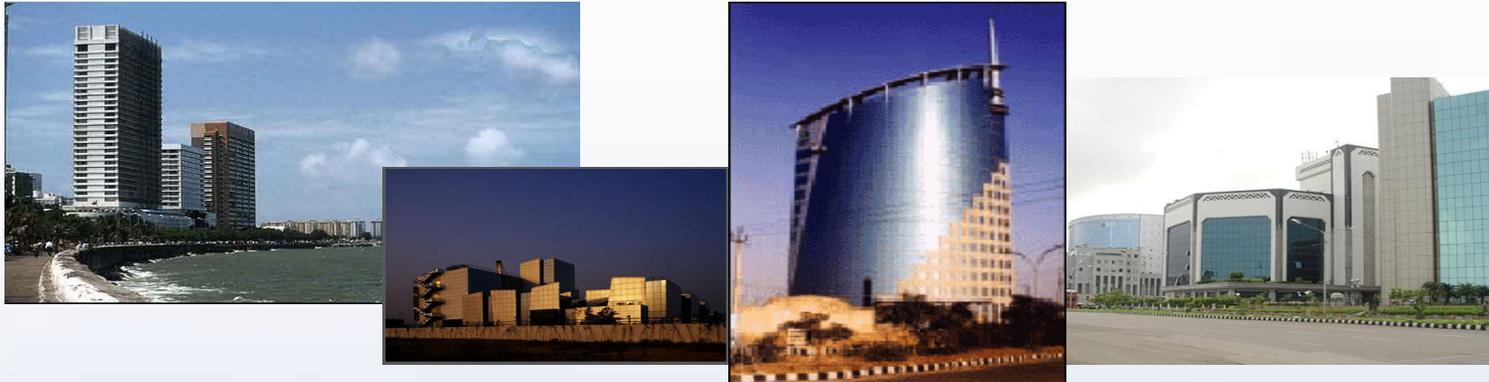
Indian Real Estate - Overview

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Real Estate Overview

1. Indian Real Estate Industry is growing 30% annually. Housing Finance grew at more than 40% in financial year 2004 after a 52% growth during the previous year
2. Estimated size of Indian organized real estate US \$ 12 billion of India's \$600-billion economy.
3. The real estate sector is expected to grow from \$ 12 billion to \$ 45- \$ 50 billion by 2010, according to a Merrill Lynch Study.
4. Relaxation of foreign direct investment rules has expanded the mountain of capital in every sector of Indian Economy.
5. Construction Industry is the largest employer in India after agriculture.

Real Estate Overview

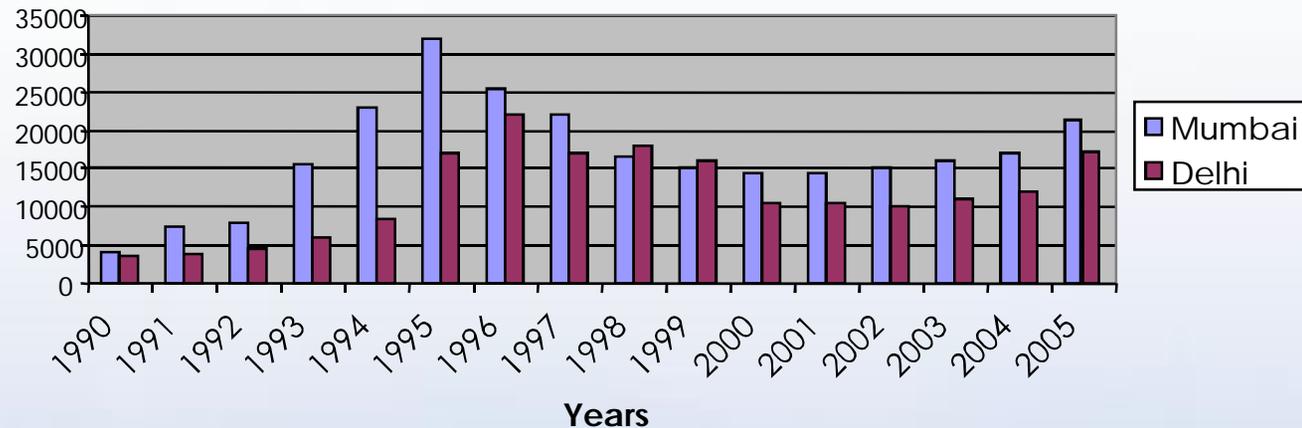


- Mega cities such as Mumbai, New Delhi and Bangalore were a product of Urbanization of the new India.
- Rapid growth of population in these cities fuelled the real estate industry.
- Lack of an adequate infrastructure, deteriorating quality of living combined with exorbitantly high real estate prices drove developers and companies to cities like Kolkata, Hyderabad, Chennai and Pune.
- Now this horizon is being captured by the new stars such as Chandigarh, Kochi, Ahmedabad, Mysore, Indore, Nagpur and so on.

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Property Trends

Indicative capital value of prime residential space



We consider the following terminology for the property cycle.

- 1991 to 1995 - "Liberalisation phase", what we might call "The Defiance of Gravity" or "The Harry Potter Revival"
- 1996 to 1998 - Repent at Leisure or "Donald Duck Falls of a Cliff Phase"
- 1999 to 2000 - Liberalisation - Road Runner Phase or "The Consolidation & Sustained Growth Era"
- 2001 Onwards - "The Serious Business Begins"

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Real Estate Opportunities

- **Retail (Shopping)** : Organized retail, which accounts for just 2 % of the US\$ 200 billion sector, expect to grow from US\$ 4 billion to US\$ 15 billion by 2010.
- **Hospitality (Hotels)** : Domestic and International operators are planning to invest in 3-4 star category hotels. India requires another 75,000 to 1,00,000 rooms in the next 5 Years.
- **Commercial (Office space)**: IT space leasing continues to boom with 12 million sqft leasing in Bangalore, 6 million sqft in Mumbai and 7.7 million sqft in NCR in this year till date.
- **Residential (Housing)**: The cost of mortgage rates came down from 18% to 8% in the last 5 years

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Key Demand Drivers

Retail

- Entry of global brands
- Organized retailing only 2% of total retail industry
- India ranked as second most attractive retail destination by AT Kearney

Hotels

- Increased business travel – both domestic & foreign due to buoyant economic growth & growing FDI
- 2004 saw record tourist arrivals of 3 mn. By 2020, India is expected to be a leading tourist destination in South Asia with more than 8 mn tourist arrivals

Office Space

- India accepted as most attractive destination for IT & BPO services and now getting into a knowledge based industry

Residential

- Increase in urbanization & working population
- High disposable incomes & aspiration levels
- Easier access to finance
- Fiscal incentives on house loans

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Retail

- 500 + Malls are in plan which will be operation by beginning 2008
 - Current Malls under operation is 78
 - Total supply of mall space in 6 metros 19,600,000 sq ft
- | | |
|------------------|-----------------|
| Already absorbed | 9,600,000 sq ft |
| Unabsorbed | 9,900,000 sq ft |

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Hospitality

- India has a total of 1,00,000 approved hotel rooms, less than the city of Shanghai.
- Based upon the World Travel & Tourism Council forecasted growth in demand, India requires another 75,000 to 100,000 rooms in the next 5 Years.
- Increase in tourist arrivals, robust growth in domestic tourism ~ created imbalance in Demand & Supply ~ High Occupancies and high Average Room Rates in the Metro's and the Tier II Cities.
- Currently there are only 35,000-40,000 rooms under different stages of planning & construction, of which 10,000 rooms are in the 3/4 Star categories for the middle and upper income travelers.
- Though 100 per cent foreign direct investment (FDI) has been allowed in hotels, hospitality and tourism, this sector still rank last accounting for only 0.92% of total FDI accrued to the country.

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Hospitality



CHOICE HOTELS
INTERNATIONAL

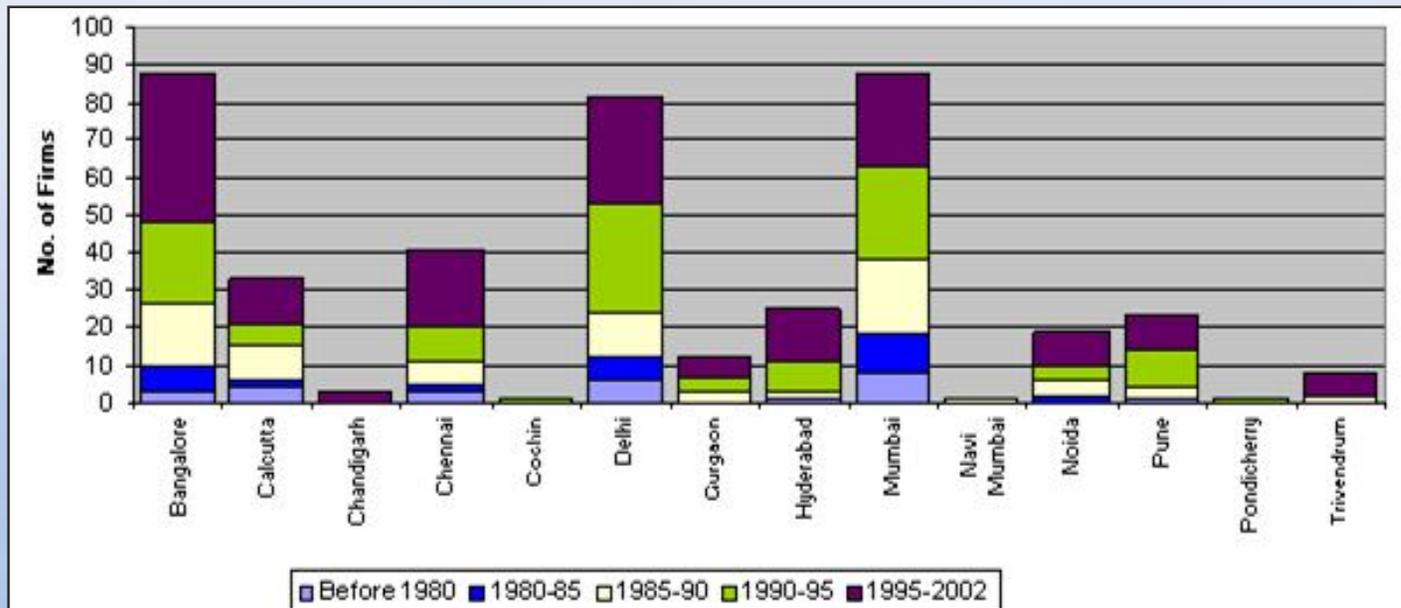


- To respond to the needs of the large domestic market, Choice and Best Western plan to significantly increase their portfolio over the next two years, by 100% and 50% respectively.
- Taj group, the most successful Indian Hotel launched its IndiOne brand with huge success last June in Bangalore.
- Accor has entered into a joint venture with InterGlobe Enterprises to introduce 25 Ibis branded hotels, the first will arrive in 2006.
- Intercontinental Hotels Group is also introducing their economy brand, Holiday Inn Express, with ten properties planned, starting later this year.
- Marriott has also announced plans to introduce the Courtyard brand in India

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Commercial

- The commercial property market has been growing at a compounded annual growth rate of over 30% during the last 7 years across major cities in India; the demand for office space itself is estimated to have grown from over 3 million sft in 1998 to over 20 million sft in 2005.
- The IT company start-ups and growth can be seen in the graph below:



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The new development frontiers



- City Centre facing shortage in Grade A new stock, aging stock ~ low volumes
- Exponential Supply response in Suburbs, uptake ~ robust
- Inner City demand mainly from Services / Banks / IT
- Suburban demand from IT / Back Offices / Call Centres / Manufacturing
- The IT/ITES sector emerging as key driver for real estate demand in commercial sector.
- IT/ITES sector expected to form 7% of GDP by 2008 (3% currently) and 4 mn jobs to be created by 2008 (1 mn currently)
- Tier II cities are developing such as Chandigarh, Pune, Kochi etc.

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Residential

- Residential sector constitutes an overwhelming 80% of the overall real estate market and is growing @ 35% per annum

Source: Merrill Lynch

- The shortage of 20 million houses at national level by 2007 and offers a great potential of USD 3 billion even with modest conservative estimates

Source: Census of India 2001

- Annual supply is 4 mn housing units of which 35% is in urban areas

Source: Census of India 2001

- Mortgage business increased from US \$ 6.26 in 2001-02 to US \$18bn in 2004 – 05

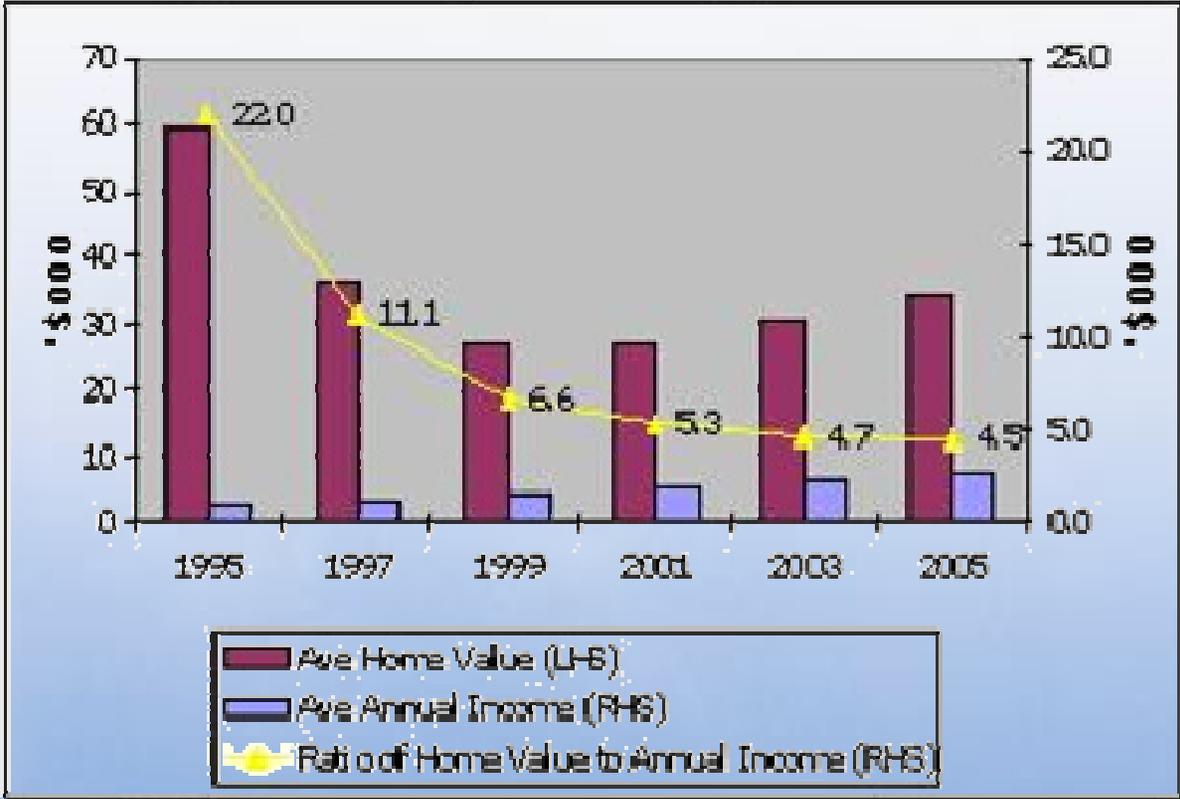
Source : National Housing Bank

- Recently relaxed FDI norms channeling large quantum of fresh foreign capital into residential real estate development

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Residential

Increasing Affordability of Housing Options

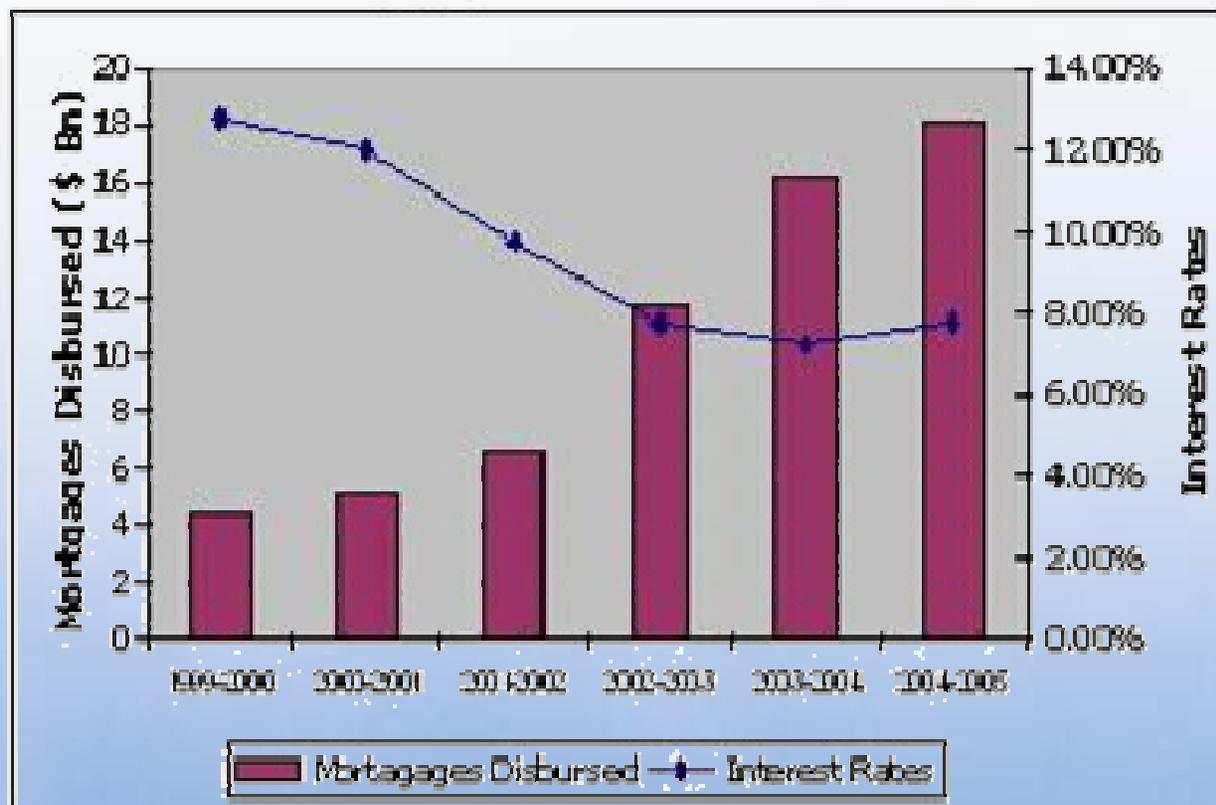


Source: HUD

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Residential

Growth of the Mortgage Business



Source: National Housing Bank

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Intra Mega Cities Comparison

Returns on Investments

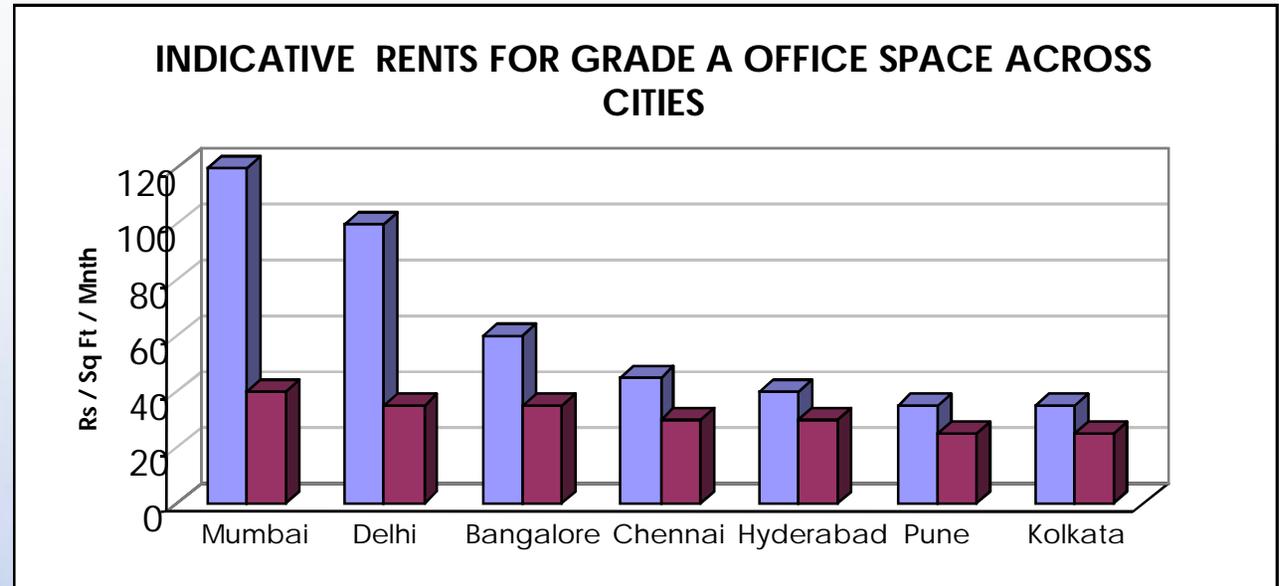
Property Type	Investment Yield per Annum (%Age) **Stabilized year of Operations				
	Mumbai	Delhi	Bangalore & Kolkata	Chennai & Hyderabad	Pune
Residential	6-7%	7-8%	7-8%	8-10%	6-7%
Office	9 -10 %	9-12%	12-14%	11-13%	11-12%
Retail	12-14%	11-13%	12-15%	12-14%	11-13%

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Well, not just these cities any more!

Cities that have a claim to fame

- **Mumbai**
- **Delhi**
- **Bangalore**
- **Chennai**
- **Hyderabad**
- **Pune**
- **Kolkata**



34 cities are over 1 million population and the top 200 cities are all over a population of 200,000

FDI in Real Estate and impediments

- FDI in real estate until 2003 was restricted to development of industrial parks, hotels, integrated townships and SEZ's.
- On March 3, 2005, Government of India replaced the integrated township policy to permit FDI up to 100% in townships, housing, built-up infrastructure & construction - development projects, under automatic route.
- Inability to own existing assets prevents foreign capital from being additional exit alternative for developers
- Onerous stamp duties and taxes create disincentives for long term leases, which are very standard (and saleable) in developed and other developing countries
- Burdensome, lengthy and costly lease/contract enforcement impairs ability to underwrite a transaction and its cash flow

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FDI in Real Estate

- Numerous competitive funding options
 - Internal accruals
 - Self – financing projects (pre-sales)
 - Numerous domestic equity VCFs and
 - Aggressive bank debt

- Cumbersome, uncertain land acquisition, entitlement process

Foreign developers already in India

- **Keppel land** tie up with Purvankaras projects, Bangalore.
- **Ascendas** developed ITPL / Tidel Park / Hi Tech City
- **Emaar group** has invested USD 100 million in townships at Hyderabad
- **Salim Ciputra group (Jakarta)** to invest a total of USD 100 million in 309 acres township in Kolkata
- **Lee Kim Tah Holdings** invested USD 115 million in township, Chennai
- **Ho-Hup construction company Berhad** to develop 125 acres, Hyderabad
- **IJM from Malaysia** developing a 100 acre township in Hyderabad.
- **Tishman Speyer** from US has concluded a joint venture with ICICI Ventures.

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Some Foreign Funds showing interest in India

1. GE .
2. Farallon Capital
3. J. P. Morgan
4. Carlyle
5. Black Stone
6. Morgan Stanley
7. Actis
8. GIC
9. Portman
11. Himes
12. Brack Capital

Indian Real Estate Scorecard – The 5P's

- **Product** - In Place for IT and Residential
- **Performance** – Reasonable and improving
- **Process** - Irritant but can be overcome. Also some efforts for improvement are under way.
- **Players** - Some domestic players, definitely world class
- **Public Realm** - Remains an issue. Work in Progress!

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About Trammell Crow Meghraj

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Trammell Crow Meghraj

About Trammell Crow Meghraj (TCM)

- Trammell Crow Meghraj is an equity partnership between **TRAMMELL CROW COMPANY**, one the largest diversified commercial real estate services companies in the world listed on New York Stock Exchange and **MEGHRAJ GROUP**, a private financial services company (UK), with diverse business interests.
- Set up in 1995 as Chesterton Meghraj, with equal equity participation between Chesterton International, UK and Meghraj Properties Ltd., UK
- Trammell Crow Company purchased a 30% equity interest in Chesterton Meghraj Property Consultants Pvt. Ltd. (CMPC) in October '05 to re-brand the name to Trammell Crow Meghraj

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Our Mission and Values

Focused on Service

- Identify client expectations and requirements
- Provide solutions that meet business needs
- Apply and adhere to the highest standards of service
- Deliver our commitments on time, every time

Driven by Integrity

- Demonstrate highest levels of professionalism and integrity
- Consistently apply recognized best practices
- Comply with all requirements of regulatory and professional bodies

Full Service Offering Throughout India

Building Management Services

- Repairs & Maintenance
- Building Operations
- Janitorial Services
- Landscaping
- Security
- Health & Safety
- Energy Management
- Waste Management
- Parking Management
- Asset Plans
- Inventory Management
- Pest & Rodent control
- Fire Prevention, Detection and Fighting systems
- Key Management
- Mail Management

We manage over 18 million sq ft

Transaction Services

- Site Selection
- Tenant Representation
- Acquisitions
- Dispositions
- Project Leasing/Subleasing
- Lease Termination
- Sale-Leasebacks
- Market Research
- Investment Sales
- Portfolio Analysis

82 agents; 7+ million sq ft space leased in 2004 – 2005

Project Management Services

- Appointment of Architects and Consultants
- Procurement Management
- Commercial Management
- Value Engineering Risk
- Appointment of Contractors
- Co-ordination with Design Team
- Construction Management
- Site & Logistic Management
- Quality Control
- Health & Safety
- Moves, Adds and Changes
- Telecommunications Systems
- Signage and Artwork
- Co-ordination with client's Operating Team
- As-Built Drawings
- Project Closure - Technical
- Final Cost Report

10+ million sq ft of construction with 2+ million sq ft in progress

Consulting Services

- Valuation and Appraisal
- Location Consulting
- Feasibility and Best option studies
- Planning and Economics
- Marketing Repositioning Strategy
- Portfolio Re-Structuring
- Advisory to State and Central Government on real estate matters
- Private Public Partnership and JV Structuring
- Advisory on the master plan/ Development plan

1000+ assignments for Multinational Investors and Corporate Users

Full Market Coverage



Over 475 real estate professionals employed in 7 offices

- Mumbai
- New Delhi
- Kolkata
- Bangalore
- Hyderabad
- Chennai
- Pune

TCM maintains a comprehensive data base on economic, demographic and real estate market conditions across all asset types (including land) for all these cities. Market reports by city and asset type are available on request.

Competitive Advantage

- Powerful Brand Equity** • 10+ years of service in India and over 60 years of combined global real estate experience
- Scale** • 27 million sq. ft. managed or leased in India
• 475 professionals across 7 full-service offices in India
- Established Client Relationships** • 600 Investor/owner clients from public and private sectors on an Indian and global scale
- Comprehensive Service Offerings** • Integrated solutions
• First property consultancy in India to receive ISO 9001:2000 certification
- Superior Delivery System** • Global operational excellence platform supported by industry-leading technology and integrated into strategic alliances with leading international providers Trammell Crow (US and South Americas), Savills plc (Europe and Asia) and JJ Barnicke (Canada)

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Selected Customer Relationships

 **Electrolux**

 **ABN-AMRO**

 **BNP PARIBAS**

 **citigroup**

 **AMERICAN EXPRESS**

 **SAVVION**

 **BHW Birla**
HOME FINANCE LIMITED

 **TESCO**
Every little helps

 **Domino's Pizza**

 **ERICSSON**

 **BARISTA**

 **PRICEWATERHOUSECOOPERS**

 **xansa**

 **Coca-Cola**

 **EDS**

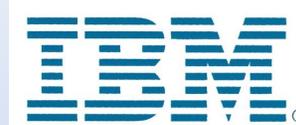
 **Pizza Hut**

 **Wrangler**

 **KPMG**

 **McDonald's**

 **Bharat Petroleum**

 **IBM**

 **GE**

 **Halcrow**

 **Standard Chartered**

 **La SENZA LINGERIE**

 **Cadbury**

 **British High Commission**

 **HINDUSTAN LEVER LTD.**

 **FedEx**

 **La SENZA LINGERIE**

 **Cadbury**

 **WNS**
Extending Your Enterprise

 **Bloomberg**

 **SIEMENS**

 **Heinz**

 **CARITOR**
Vision > Value

 **JOHN DEERE**

 **LEXMARK**

 **FT**
FINANCIAL TIMES

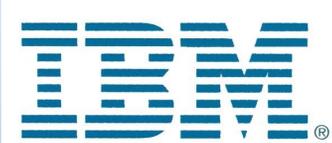
 **MarketTools**

 **The Canadian High Commission**

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Trammell Crow Meghraj

Selected Customer Assignments

Client	Project
 JOHN DEERE	<p>Trammell Crow Meghraj conducted a national site location analysis for a John Deere IT Application Centre in India. Pune was recommended as the most suitable city after a comprehensive analysis of all possible alternatives. Once Pune was identified, the Commercial Agency Group mapped the entire city for suitable office supply, short listed and recommended appropriate developments. The agency team successfully assisted John Deere lease a built-to-suit office development of 176,000 sq ft in Pune within 4 months of commencing the assignment.</p>
	<p>Trammell Crow Meghraj is engaged in providing project management services to Tesco's 200,000 sq ft (Phase-II) software campus in Bangalore. The mandate includes Construction and Interior Fit-out Management: preparing and monitoring of bidding processes, providing project schedules and updates, contract negotiations and administration, as well as monitoring construction and fit out activities. Project cost: USD 7.2 million.</p>
	<p>Trammell Crow Meghraj provides Facility Management services for five facilities of IBM across India. This working relationship with IBM commenced in 2001 and currently extends to over 300,000 sq ft of building space.</p>
	<p>Trammell Crow Meghraj was appointed in partnership with Ernst and Young by CIDCO, a government undertaking, to prepare a conceptual development plan, a 10-year business plan and a capitalization strategy for a 4677 hectares Special Economic Zone. Trammell Crow Meghraj successfully completed this assignment and thereafter has successfully undertaken two more assignments for Special Economic Zones in India.</p>

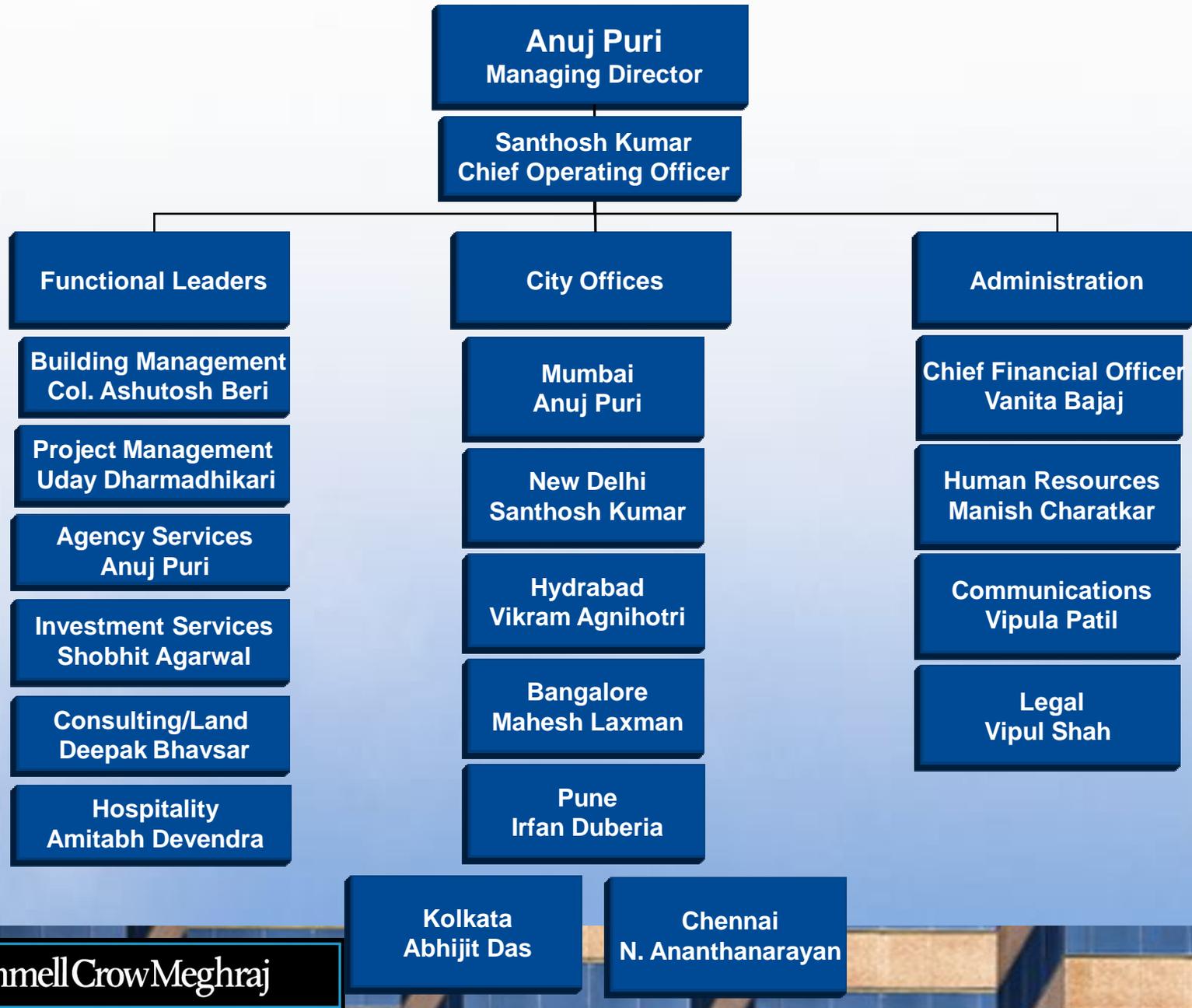
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India Real Estate Market Overview

Type Of Ownership	Freehold, Leasehold and cooperative society ownership
Representation	Agents appointed by the vendor/landlord or purchaser/tenant
Method Of Measurement:	Super built up area, built up area or carpet area
Unit Of Measurement:	Rupees per square foot per month
Typical Lease Term	Usually 3 years (or multiples thereof) with options of renew up to a maximum of 9-12 years
Rent Reviews:	3-yearly fixed escalation
Sub-letting And Assignment	Generally not permitted
Leasing Fees	1 months rental payable each party
Lease Renewal Fees	15 days rent payable by instructing party
Acquisition Fees	2% of sale price
Consulting Fees	Fixed fee according to scope of services
Project Management Fees	2.5% of project cost (excluding the land cost) depending on the size of the project
Facilities Management Fees	Per sf ft per annum

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Services Team



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