

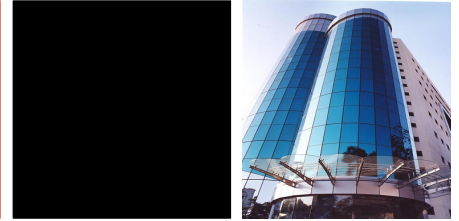
# NAI HEMDEV'S - CHENNAI

## Fourth Quarter 2007 Report

Chennai - Night View



# INDIA



## Country Overview

**Chennai :** Nitesh Estates pipped heavyweights Unitech, DLF and HDFC Realty to bag a prime property belonging to the church in the heart of Chennai city. The deal gives the Bangalore based real estate and construction company access to a nine acre plot just off the city's high profile Boat Club area.

**Bangalore:** The Godrej Group, a leading industrial group in India, is looking at real estate development of some of its factory properties. The group has plum factory land in cities like Mumbai and Chennai that could be redeveloped via a joint venture between the respective group company and Godrej Properties. The company has completed several landmark projects in Mumbai and Pune and is currently developing significant projects such as the 9 acre Planet Godrej in central Mumbai and the 20 acre Godrej Woodsman Estate in Bangalore.

**Kolkata:** Starwood Hotels & Resorts Worldwide, Inc continues its aggressive expansion in Asia Pacific, announcing agreements to manage three new Westin hotels in three of the fastest growing markets in India. In Hyderabad, the biotechnology hub of India, Westin will open The Westin Hyderabad, Mindspace. The second new addition - The Westin Pune, Koregaon Park - will be in Pune, an emerging destination for banking and financial services. The third hotel - The Westin Kolkata, Rajarhat - will be in Kolkata, the commercial and trading hub of India. The Westin hotels in Hyderabad and Pune are scheduled to open in 2009, while The Westin Kolkata, Rajarhat will open in 2010.

**Mumbai:** Hirco Plc the investment vehicle for Hiranandani, India's largest developer of prestigious mixed-use townships announced that it has invested in a Residential Township ("Panvel Residential") development project located in Panvel, in the Mumbai Metropolitan Region of India.

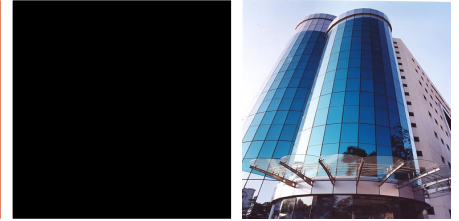
## Chennai Commercial Market Profile

In a recent study, Chennai has emerged first amongst the top 10 emerging destinations worldwide for outsourcing of IT and business processes. International and Domestic property funds, large developers with a pan India presence and hospitality chains are aggressively scouting for ownership properties and joint venture developments in and around Chennai

Over 7 million sq.ft. of Grade A office space was transacted in 2007 compared with 5.1 million sq.ft. in 2006 across all the precincts of Chennai. The year 2007 witnessed the completion of Chennai's first IT/ITES special economic zone (SEZ) – the DLF IT/ ITES SEZ along Mount Poonammallee Road, SBD.Q4-2007 also witnessed the highest absorption during the whole year.

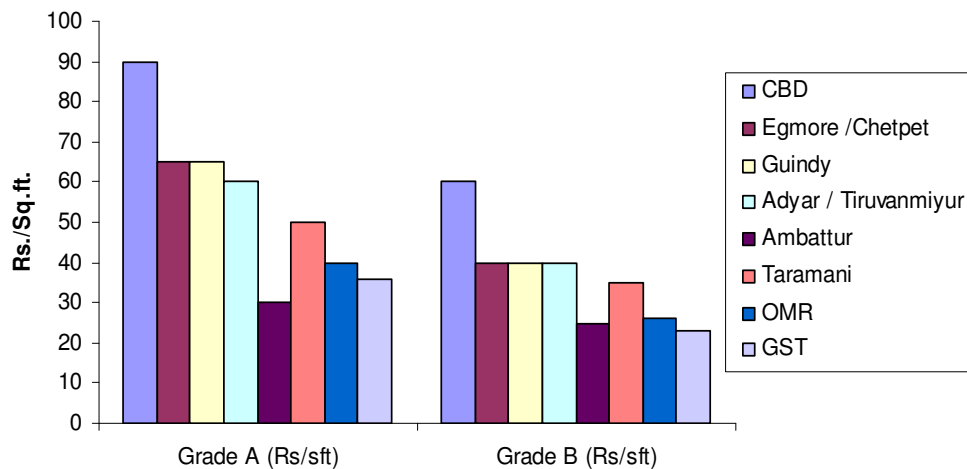
No considerable hike in rental and capital values was observed since Q3-07 in the SBD and PBD.CBD rentals where an escalation was witnessed in rental values due to limited availability of good quality space continues to remain strong due to high demand.

# CHENNAI



MNC's, Financial & Insurance sector preferred being in CBD & SBD, but this inclination is diluting owing to space crunch in these locations. Demand was broad-based, but was mostly driven by IT/ITES companies that are expanding into these micro-markets.

## RENTAL VALUES



## Outlook

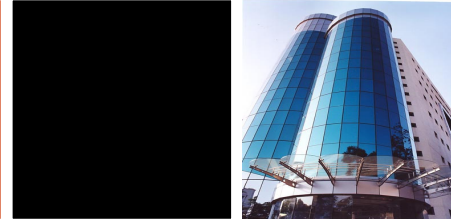
The market is expected to remain stable during Q1-08; however CBD & some areas of SBDs might witness an increase in demand which could lead to further strengthening of rental values. GST Road is expected to continue to command good rentals in the short to medium term due to better road and rail connectivity, proximity to airport, better infrastructure currently and existence of large residential pockets.

Rental values in the SBD are expected to remain within the same range on the back of huge supply in Guindy, Mount Poonamallee Road and Ambattur. Rentals of IT buildings are expected to stagnate or correct marginally due to increase in availability of space.

## CBD OFFICE MARKET CONDITIONS – 4Q\_2007

4Q 2007	Gross Rent	Occupancy Rate	New Supply	Demand
CBD	↑	↑	↔	↗
SECONDARY OFFICE MARKET	↑	↗	↗	↗
OMR	→	→	↑	→

# CHENNAI



## AT-A-GLANCE SUMMARY (4Q\_2007)

	BASE RENTAL RATE (SQ. FT/MONTH)		
	LOW (INR)	HIGH (INR)	VACANCY
<b>OFFICE MARKET</b>			
CENTRAL BUSINESS DISTRICT	45	85	3%
SECONDARY BUSINESS DISTRICT	30	65	5%
<b>INDUSTRIAL MARKET</b>			
NORTH CHENNAI	12	22	10%
SOUTH CHENNAI	15	30	5-10%
<b>RETAIL MARKET</b>			
CENTRAL CHENNAI	55	155	3-5%
SOUTH CHENNAI	55	150	3-5%
<b>RESIDENTIAL MARKET (Area 3 Bedroom Apartment)</b>			
SOUTH CHENNAI	45,000	125,000	5-10%
CENTRAL CHENNAI	40,000	120,000	10%

NOTE : Base rental rates reflect the average of the 5 lowest priced and 5 highest priced properties in each property category.

Conversion : 1 USD = 40.00 INR

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