



Submitted to

K. Raheja Corp. Investment Managers
Private Limited (acting as Manager to Mindspace Business
Parks REIT) and Horizonview Properties Private
Limited

CHENNAI COMMERCIAL MARKET REPORT

11th July 2023

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This report titled “**Chennai Commercial Market Report**” has been prepared for the client “**K Raheja Corp Investment Managers Private Limited (acting as manager to Mindspace Business Parks REIT) and Horizonview Properties Private Limited**”. This report is governed by the terms & conditions mentioned in the signed engagement letter dated 15th June 2023.

For and on behalf of

Colliers (India) Pvt. Ltd.



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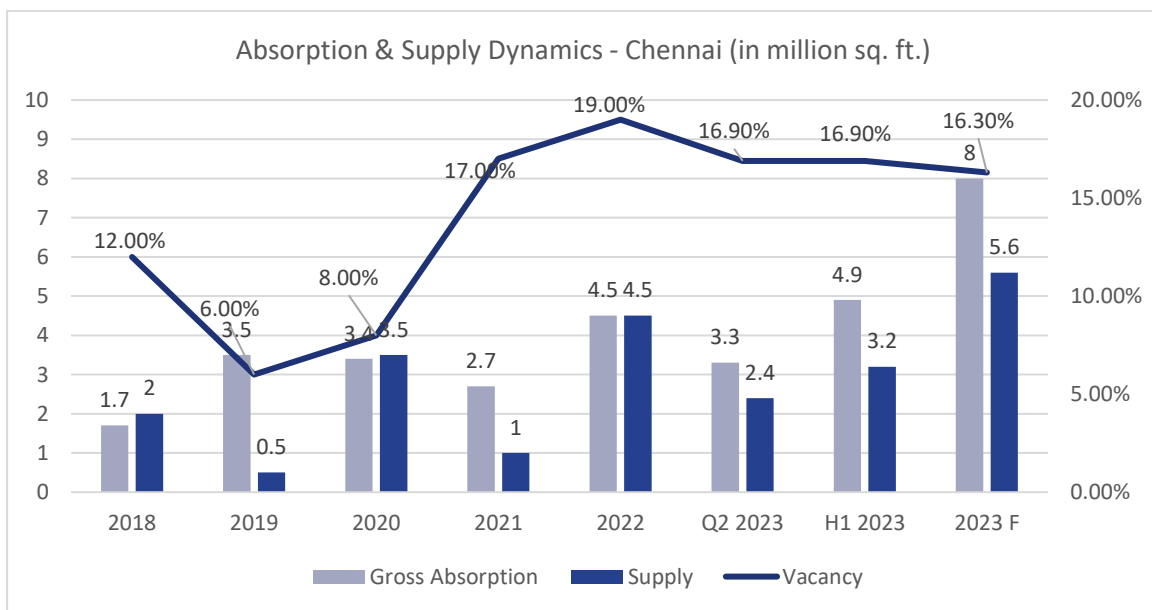
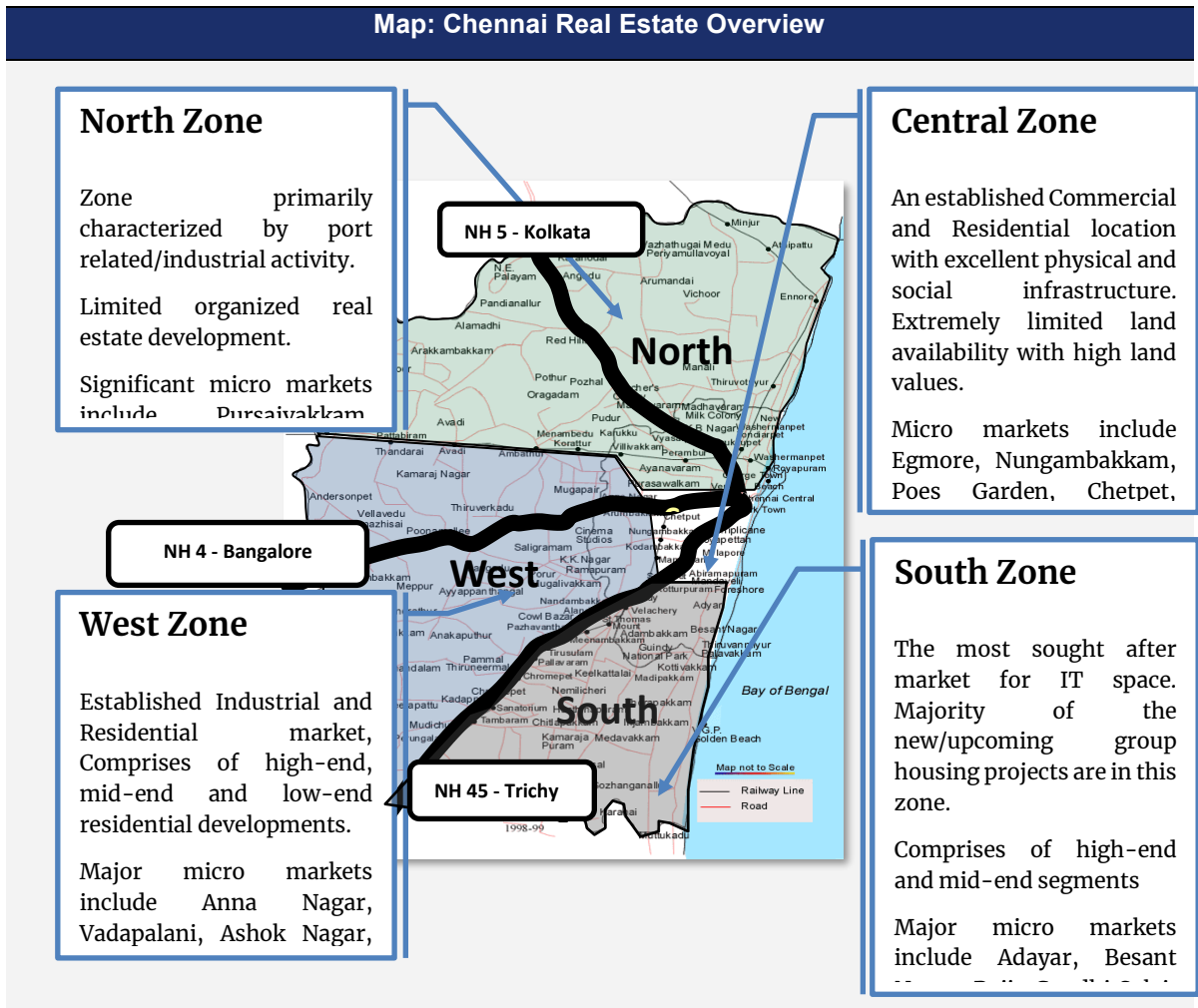


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1.1 Chennai Commercial Market Overview

Chennai is the fifth largest urban agglomeration in India, with an approximate population of 11.5 million. The economy of the city is primarily based on three major sectors – automobiles, electronics and IT/ITeS. The city accounts for almost 33% of the total automobiles produced in the country. The recent growth in the electronics manufacturing sector and the rapidly growing IT/ITeS sector are the major demand drivers for the commercial spaces in the city.

Chennai commercial market, has an existing stock of 74.1 million sq. ft and an upcoming supply of 14.5 million sq. ft. The market has the potential to attract large software as a service (SaaS) occupiers due to presence of deep technology eco system, appropriate talent pool and incubators for start-ups. Information technology – business process management (IT-BPM) and Healthcare Pharma occupiers led gross leasing activity in Chennai. The city recorded a 4.6 million sq. ft. of gross absorption in 2022. The absorption as led by Technology, BFSI, Engineering and manufacturing sectors. Technology occupiers account for 39% share in gross leasing during 2022. During 2022, leasing increased 64% compared to the last year. Leasing momentum is expected to continue through the next quarters backed by pent-up demand with strong occupiers' confidence in the market. OMR Pre-toll and MPR saw maximum absorption during 2022, with 33% and 20% share in total leasing. Vacancy to remain under pressure with strong supply pipeline in the coming quarters. Majority of the upcoming supply likely to be seen in Guindy and MPR with strong occupier demand.



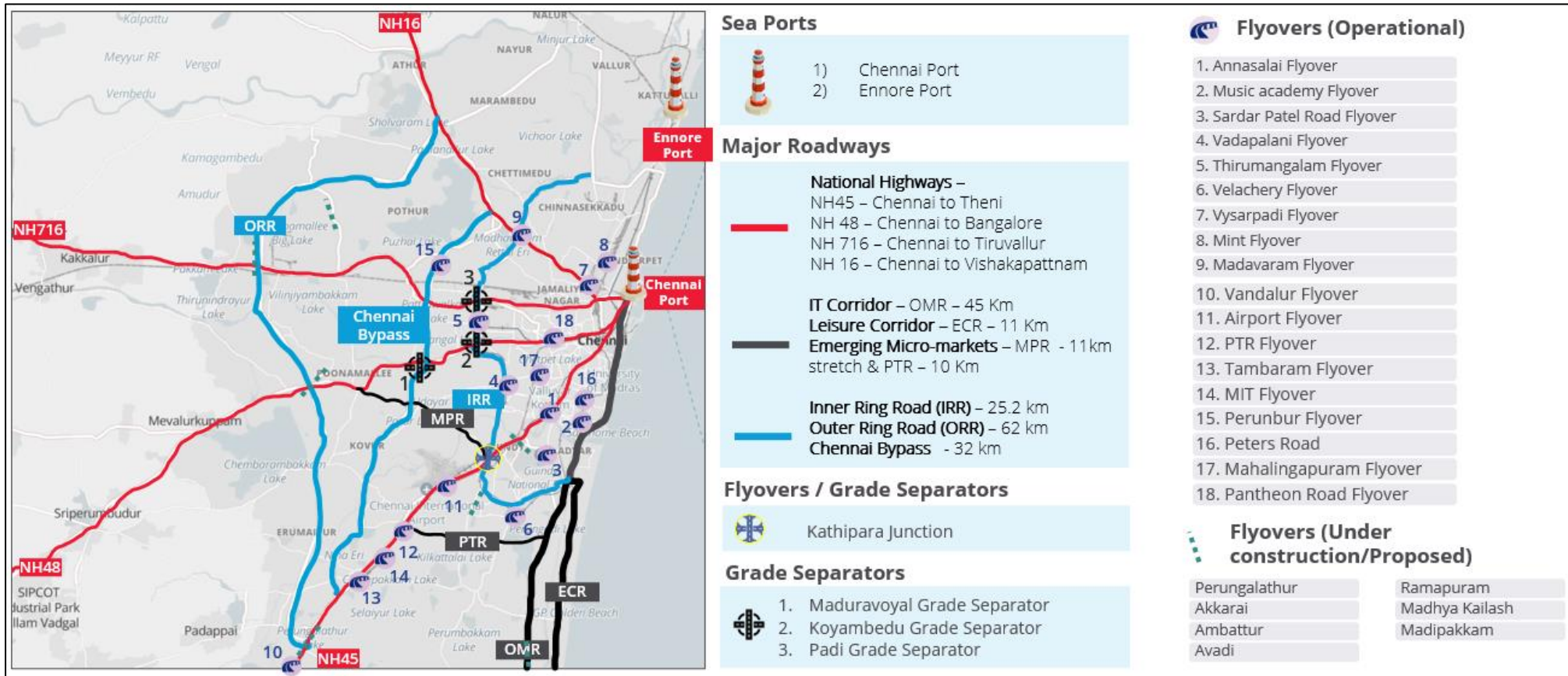
Source: Colliers Research

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The demand in the city in Q2 2023 stands at 3.3 million sq. ft., a two fold increase from the previous quarter demand of 1.6 million sq. ft led by enhanced occupier activity from Technology and Engineering & manufacturing sectors. The supply of Grade – A office spaces in the city increased to 2.4 million sq. ft. in Q2 2023, compared to 0.8 million sq. ft. in Q1 2023. The vacancy rates in the city in Q1 2023 is at 16.6%, and 16.9% in Q2 2023. Share of flex space in total leasing of the city surged to 19% in Q2 2023, from mere 7% in Q2 2022 and 11% in Q1 2023.

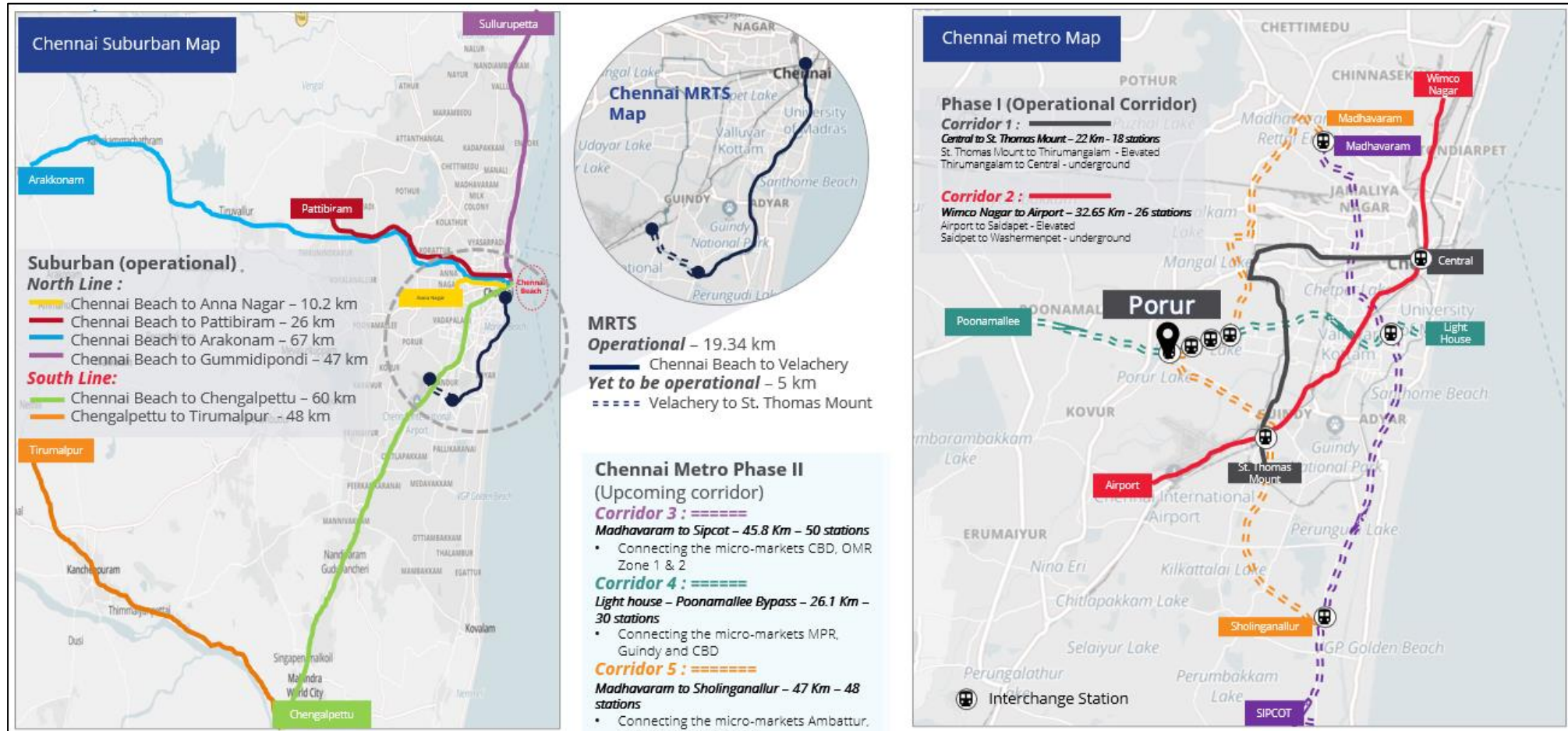
In Q1 2023, Chennai recorded a 7% increase in gross absorption volume compared to Q1 2022. The gross leasing during Q1 2023 was at 1.6 million sq. ft. Technology occupiers which account for 37% of gross leasing in Q1 2023 will lead the demand for Grade – A spaces. Flexible workspace operators accounted for 11% share in gross leasing for Q1 2023. Leasing in SEZ buildings accounted for 26%. MPR and Ambattur accounted for 57% of total leasing during Q1 2023. Vacancy declined and rentals rose Y-o-Y amidst stable demand in certain prominent micro markets such as MPR and OMR Pre-toll.

1.2 Chennai Infrastructure - Existing Infrastructure (Major Roadways)



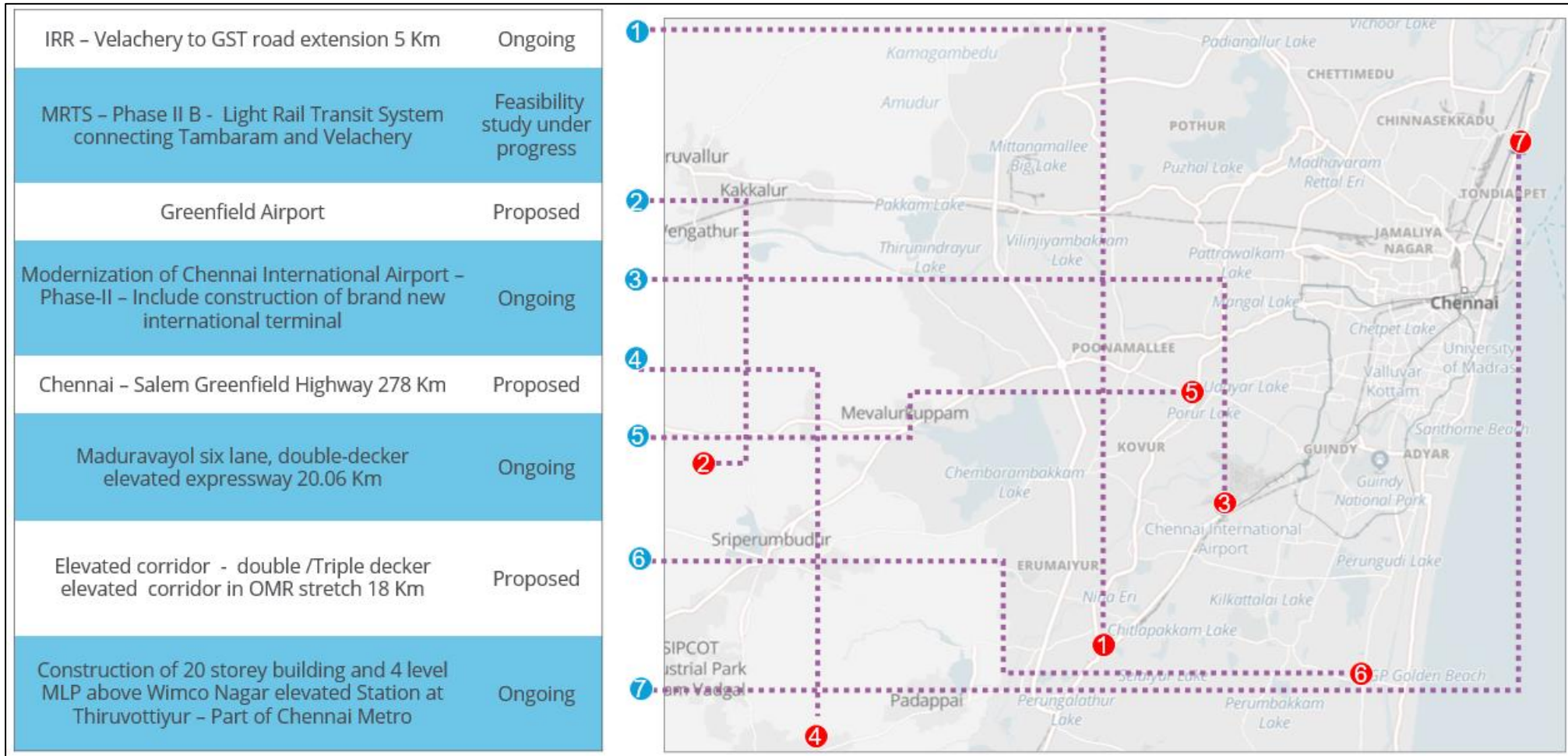
Source: Colliers

1.3 Chennai Infrastructure - Existing Infrastructure – MRTS and Metro



Source: Colliers

1.4 Chennai Infrastructure overview



Source: Colliers

1.5 Chennai Micro Markets

ZONE	IMPORTANT LOCATIONS	PROFILE
Central Business Districts (CBD)	Anna Salai, RK Salai, Nungambakkam, Greams Road, Egmore, T.Nagar	<ul style="list-style-type: none"> • Strategically located with excellent connectivity to prime residential and commercial establishments • Characterized by adequate social and physical infrastructure. Still remains the most preferred locations for top line business establishments • The rentals have been comparatively high mainly due to a very limited supply of new commercial buildings.
Off CBD	Anna nagar East and West, Mogappair, Shenoy Nagar, Guindy, Adyar, Besant Nagar, MRC Nagar, Thiruvanmiyur etc.	<ul style="list-style-type: none"> • This micro-market comprises of sub markets located around the city center. These locations witness a moderate to high demand in terms of commercial rental market. • Majorly consists of residential establishments and characterized by limited supply of commercial spaces
OMR (Pre-Toll)	Perungudi, Taramani Velachery	<ul style="list-style-type: none"> • Large corporate presence in terms of commercial developments. • Largest number of IT/ITES developments in Chennai. • Characterized by excellent physical and social infrastructure • Biggest IT Corridor in the state. Houses major IT/ITeS Multinational Companies • Lies in the eastern and south-eastern periphery of the city
OMR (Post Toll)	Sholinganallur, Thoraipakkam Karapakkam, Navalur, Padur, Kelambakkam, Thiruporur etc.	<ul style="list-style-type: none"> • Caters to spillover demand from OMR pre-toll area. • developing as the next emerging commercial corridor
Ambattur	Ambattur Industrial Estate, Padi, Kallikuppam, Ayapakkam	<ul style="list-style-type: none"> • Traditionally characterized as an Industrial region due to the presence of Ambattur Industrial Estate • Houses many small scale Industries and also Major corporate houses like TVS and Britannia have their Manufacturing Units here • Emerging as one of the important Commercial zones in Chennai

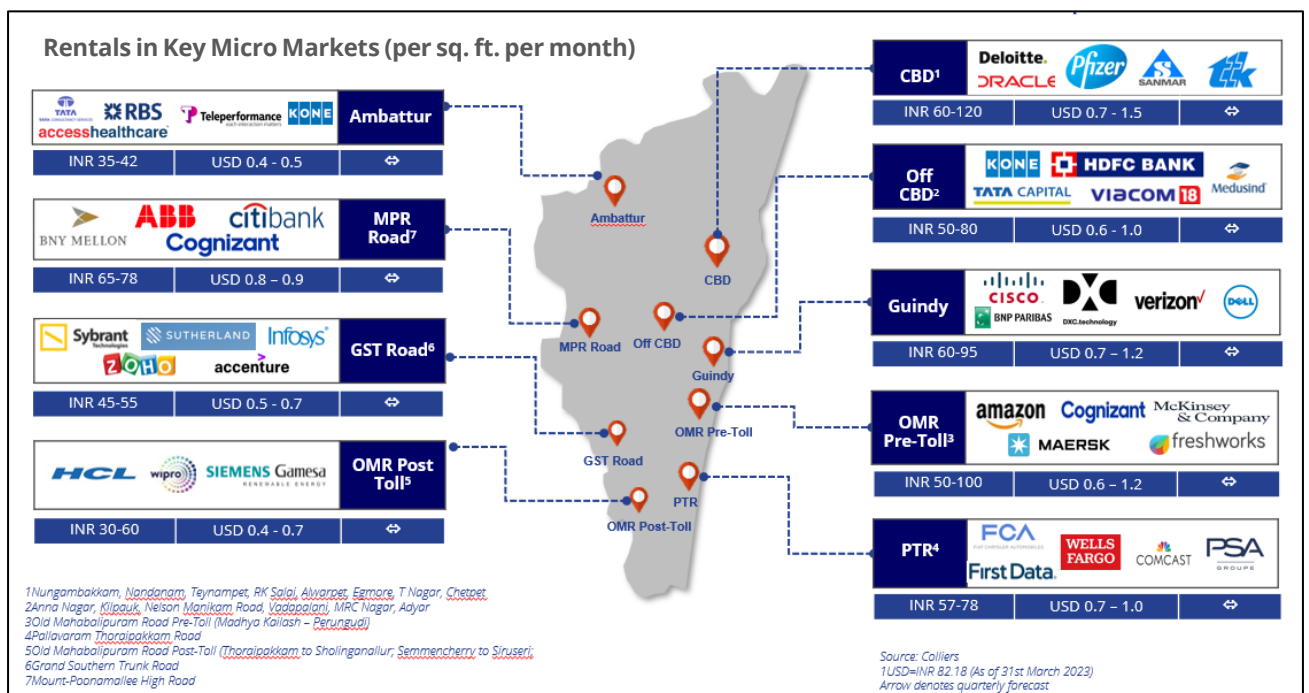
MPR	Ramapuram, Porur, Iyyapanthangal	<ul style="list-style-type: none"> Preferred location of middle income group due to large amount of working class people Emerging as one of the important Commercial zones in Chennai
PTR	Pallavaram Thoraipkkam Road	<ul style="list-style-type: none"> Strategically located just after the toll, PTR is the link between the parallel corridors of GST and OMR, hence emerging as a strong growth center in South Chennai. PTR developing as the next emerging commercial corridor. Embassy, Ascendas, Prestige have projects in the location.
GST	Chromepet, Tambaram, Perungalathur	<ul style="list-style-type: none"> Majorly consists of residential establishments and characterized by limited supply of commercial spaces

City Market Trends

Micro Markets	Total Stock	Gross Absorption		
		Q1 2023	Q2 2023	Q-o-Q Change
CBD	7,700,000	54,798	130,000	137%
Off CBD	2,200,000	0	60,000	NA
Guindy	6,300,000	89,746	660,000	635%
Ambattur	4,200,000	353,000	0	-100%
GST Road	4,800,000	0	30,000	NA
MPR	11,200,000	530,804	1,400,000	164%
OMR Pre - Toll	20,500,000	348,684	1,000,000	187%
OMR Post - Toll	11,300,000	40,000	30,000	-25%
PTR	5,900,000	141,000	0	-100%
TOTAL	74,100,000	1,558,032	3,310,000	112%

The city expects an upcoming supply of 14.5 million sq. ft. by the end of the year 2024. The vacancy rates in the Grade – A commercial properties in the city currently stands at 16.9% and is expected to increase in the upcoming quarters owing to the high supply in the pipeline. The upcoming supply in the key micro markets are as below :

Micro Market	Upcoming Supply (in million sq. Ft.)
Guindy	0.16
GST Road	1.0
Off CBD	0.15
MPR	1.88
OMR Pre-toll	6.81
PTR	4.53
Total	14.5



Micro market Overview – Mount Poonamallee High Road

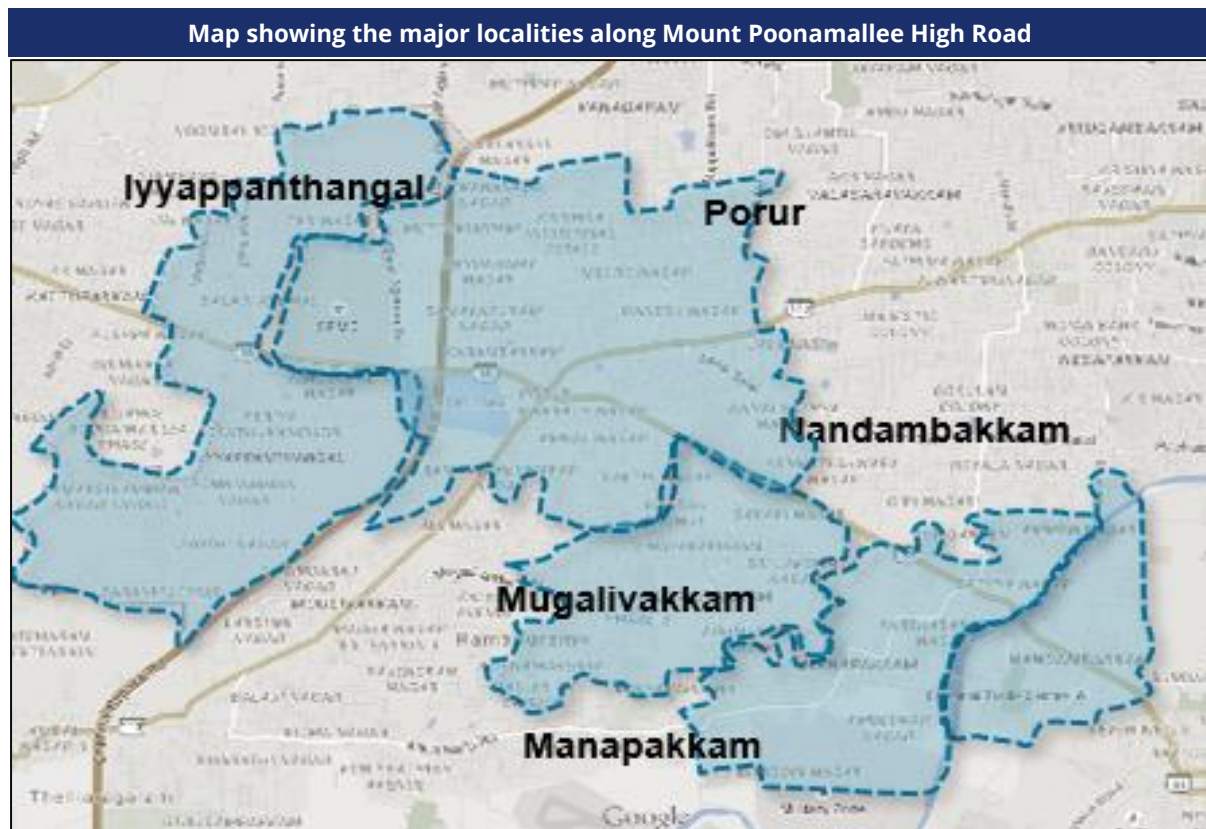
Mount Poonamallee High Road is an established residential locality in Chennai, which also houses various commercial developments along the Mount Poonamallee High Road. The presence of IT parks in the vicinity acts as the demand drivers for the residential apartments and houses in the micro market. The micro market is surrounded by other major localities like Nandambakkam, Mugalivakkam, Iyappanthanagal and

Manapakkam. These localities also majorly comprises of residential settlements and apartments. Some of the prominent developers like Fomra Housing and Infrastructure, Urban Tree Infrastructure and Casagrاند Builders and Altis properties. Few noteworthy residential developments in the vicinity of the micro market include Urban Tree Amaze, GP Flora Diamond and Casagrاند Utopia. The residential apartment prices in the micro market ranges between INR 5,800 – INR 7,200 per sq. ft. on saleable area.

The micro market is not catered by railways, but well connected by a series of road networks. Major roads in the micro market include Mount Poonamallee High Road, Arcot Road and Mugalivakkam Main Road. Chennai International Airport is around 11kms away from the locality. The proposed metro Corridors 4 (Lighthouse to Poonamallee Bypass) and Corridor 5 (Madhavaram-Sholingannallur) under Phase 2 of Chennai Metro would pass through the micro market and would enhance connectivity in the region once completed. The nearest metro stations in the proposed corridors are Porur Junction, Chennai Bypass Crossing and Mugalivakkam. The nearest employment hubs include DLF IT SEZ, RMZ Software Park and Commerzone Porur.

The micro market has a good physical and social infrastructure. The leading healthcare centres around this locality include Vignesh Hospital, Adyar Arka Hospital and Mugalivakkam Kedar Hospital. SRM Institute of Science and Technology, Sri Chaitanya School and Army Public School are some prominent educational institutions in the micro market

Commercial Office Market Overview – Mount Poonamallee High Road

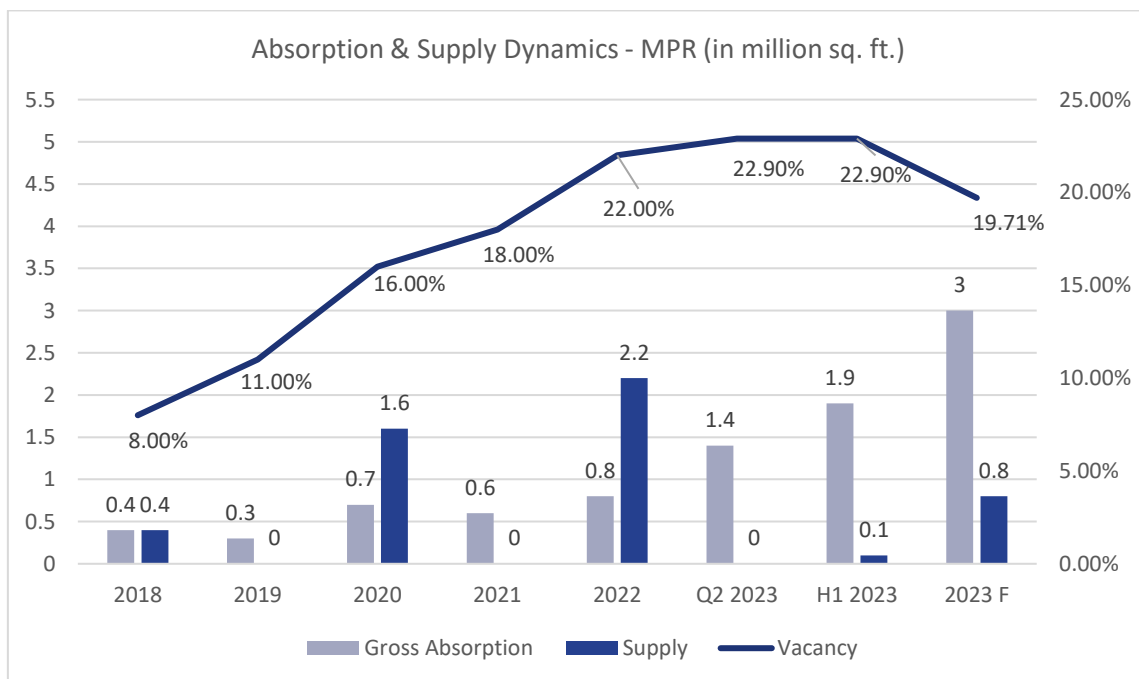


Source : Colliers

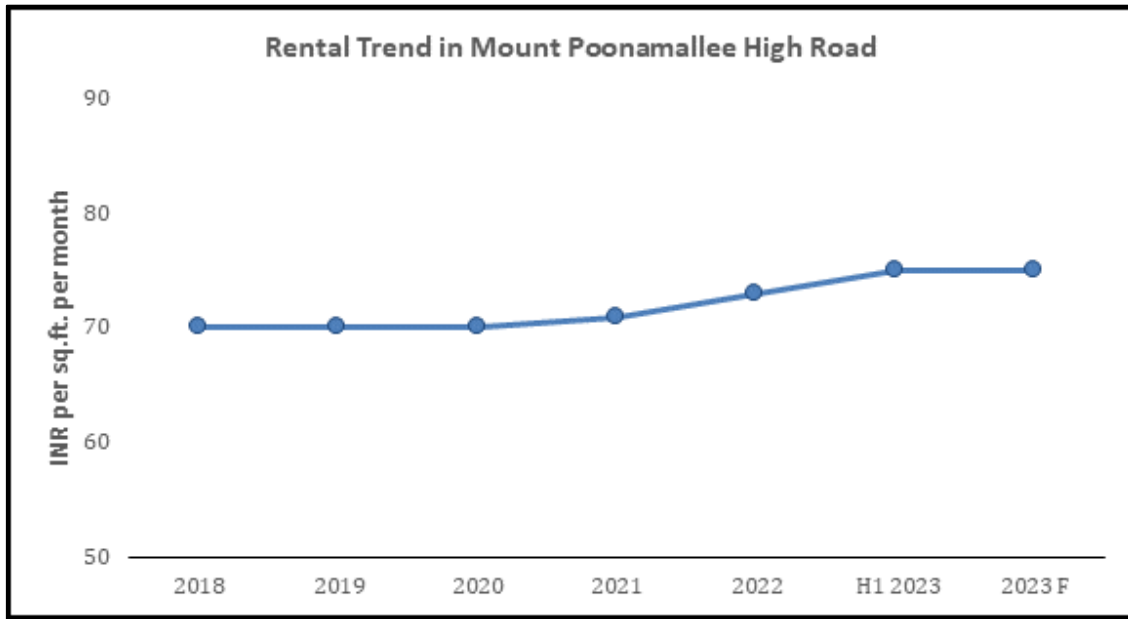
The micro market, Mount Poonamallee High Road, is an established suburban micro market with many commercial developments within it. The micro market includes localities like Porur, Mugalivakkam, Nandambakkam, Manapakkam and Iyyapanthanagal. The micro market houses DLF IT SEZ (DLF Cybercity), a prominent IT park in Tamil Nadu. The micro market has a total stock of 11.2 million sq. ft. of Grade – A office space as on Q1 2023. DLF Cybercity is the only SEZ building in the micro market, with a total area of 7.2 million sq. ft.

The rentals for Grade – A office spaces in the micro market ranges between INR 60 – 73 per sq. ft. per month. A Grade – B office space of 1,920 sq. ft. was transacted during Q1 2023, for a price of INR 8,500 per sq. ft. on chargeable area. Basis the leased rates and the cap rates prevailing in the micro market, the capital value of Grade – A office spaces ranges between INR 9,000 – 12,000 per sq. ft. Prominent commercial developments in the micro market include DLF Cybercity (total area of 7.2 million sq. ft.), RMZ One Paramount (total area of 2.4 million sq. ft.) and Commerzone Porur (total area of 1.13 million sq. ft.).

The micromarket recorded a gross absorption of 1.4 million sq. ft. in Q2 2023, and no new supply has been added. However, the micro market expects an upcoming supply of 1.9 million sq. ft. by the end of FY 2024. ASV CRN Enclave (total are of 0.17 million sq. ft.) and ASV Hussainy Trust (total area of 0.68 million sq. ft.) are few of the major under construction Grade – A office spaces in the micro market. The micro market has a vacancy of 22.9% as on Q2 2023, and the vacancy is expected to increase with good supply in the upcoming quarters.



Note : The absorption details forecast are on gross basis estimated based on deals nearing closure and deals under discussion. The forecast is subject to change and periodic review is recommended.



Note : The rentals are basis the prevailing quotes in the micro market. Actual achievable rent may vary +/- 10% depending upon negotiations, lease structuring and other details.

Recent Leases

Building Name	Occupier	Floor	Chargeable Area (sq. ft.)	Carpet Area (sq. ft.)	Starting Rent on Chargeable Area (INR/sq.ft./month)	Signing Date
Commerzone Porur	HDFC Bank	3,5,6,7,9	3,06,211	2,14,347	50-55	Q4 2022
Commerzone Porur	R1RCM Global	8	50,299	37,724	63-66	Q1 2022
Commerzone Porur	Hitachi	6,7,8,9	224,720	164,044	58-62	Q3 2022
RMZ One Paramount	UPS Logistics	8	67,928	47,550	60-63	Q1 2023
RMZ One Paramount	Propeltech Labs India	Ground	16,492	11,544	55-59	Q1 2023
DLF IT Park	Sagent M&C India	Ground	18,367	13,775	70 -75	Q1 2023
DLF IT Park	Concentrix Catalyst	9	15,840	12,632	70-75	Q1 2023
DLF IT Park	Illumine Industries	8	22,717	16,294	70-75	Q1 2023
Jayant Tech Park	L&T Infotech	6	11,969	9,575	60-65	Q1 2023



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RV Chambers	WorkEZ	5	23,580	17,685	65-70	Q3 2022
RR Tower 3	QWay Technologies	4	18,000	13,500	65-70	Q1 2023

Key Upcoming Projects

Micro Market	Building Name	Total GLA - (sf)	(Estimated) Year of completion
Guindy	Arihant Vintage	1,61,000	2024
MPR	ASV Hussainy Trust	6,80,000	2023
MPR	ASV CRN Enclave	1,65,000	2023
MPR	L&T Innovation Campus - Phase 1	10,40,000	2024

ANNEXURE 1: Disclaimer

- Market projections included in the report are based on a host of variables which are sensitive to varying conditions. Hence, the projections should be interpreted as an indicative assessment of potentialities, as opposed to certainties.
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