

THE INDOSPACE QUARTERLY

October 2018

IndoSpace and GLP Form Strategic Partnership

- IndoSpace, India's largest industrial real estate company, joins forces with GLP, the global leader in modern logistics ecosystems
- Partnership marks GLP's entry into India

IndoSpace, the largest industrial real estate company in India, and GLP, the leading global provider of modern logistics facilities and technology-led solutions, have established a long-term partnership. GLP will partner with IndoSpace and also co-invest in IndoSpace's managed investment vehicles. The partnership enables IndoSpace to leverage GLP's fund management, development and operational expertise and resources, as well as GLP's extensive global customer network, to further strengthen IndoSpace's leadership position in India.

IndoSpace has an established platform with over US\$2 billion in assets under management today and plans to raise additional capital to build out a pipeline of approximately 120 million square feet of modern logistics infrastructure. Demand for logistics facilities in India is driven by economic expansion, growth in organized retail and e-commerce and the modernization of India's supply chain, underpinned by favourable government policies, such as the Goods and Services Tax and the 'Make in India' initiative.

Through this partnership, GLP will also become an investor in IndoSpace Core, a joint venture established in 2017 by IndoSpace and Canada Pension Plan Investment Board (CPPIB) that is focused on acquiring and developing modern logistics facilities in India. CPPIB initially committed approximately US\$500 million to IndoSpace Core and owns a significant majority stake in the Core vehicle.

Sameer Sain, Co-Founder and CEO of the Everstone Group (co-founder of IndoSpace), said, "*IndoSpace is excited to partner with GLP, the global leader in the logistics space. GLP's expertise, scale, technology and global relationships will give us a massive advantage and enable us to deliver significant value to our customers and investors.*"

Ming Mei, Co-Founder and CEO of GLP, said, "*This partnership is highly strategic and mutually beneficial. IndoSpace is an experienced partner which shares similar values and culture as GLP. It provides us with immediate scale to capitalize on the early growth stages of India's rapidly modernizing logistics landscape and further expand our logistics ecosystem.*"

Grade A Warehouse – Will It Be the First Choice?

Globally, “Grade A – Warehouse” is planned with the following specifications:

- Additional height and higher floor load bearing capacity;
- Better infrastructure with access to mechanised MHE¹s, fire detection and prevention systems, clean environment;
- Land use with space for parking heavy vehicles/ MHEs movement, multi-modal connections

But to upgrade to these specifications, one inherently faces the question, **what about the incremental cost to the end user?**

A relevant JLL Industrial Research on comparing Grade A & Grade B warehousing cost to end-users / occupiers reveal the following;

Comparison of 1,000 sqft of WH space	Grade A	Grade B	Units
Rental	20	15	INR/sq ft/month
Storage Space: as part of leaseable space	65%	75%	
Height	42	24	Ft
Rental for Cu. Ft. Warehousing Space	0.73	0.83	INR/month
Rental for Each Tonne of Cargo Stored	38.46	40.00	INR/month
Rental for Each Pallet Position	57.14	86.67	INR/month

Source: JLL Industrial Services

While, the above comparison shows that the rental premium paid on Grade A space is higher, per pallet or per tonnage rental is lower due to operational advantages in Grade A spaces. This is one of the major reasons that is influencing preference among tenants towards Grade A spaces.

Below are a few advantages that a Grade A warehousing space offers:

- **Operational Efficiency:** up to 30% additional open space, up to 30% space for internal cargo handling and up to 40% storage height to enhance traffic & cargo movement, use of modern MHEs and maximize storage load
- **Wider Cargo Lines:** additional floor-load capacity (up to 50%) and storage height facilitates heavy/odd-dimension cargo and increases the pallet position for standardised cargo, especially for long term storage
- **Prevention:** improved firefighting and drainage system, floor height and construction quality provide additional protection from unexpected threats and minimises risk of probable in-store damages
- **Time Management:** provision for sufficient parking, material handling and marshalling space optimise operational time and cost not only for vehicles and MHE operation but also for sorting/ identification of products

The India story: As the industrial and logistics sector is evolving in India, it is heading towards an organised as well as standardised platform. Grade A space is one of the stepping stones in this process as it provides ease in time bound supply, customer satisfaction, risk-free environment and rationale in working capital requirement.

¹MHE- Material Handling Equipment

India Warehousing Snapshot

	Supply Addition	Absorption
AHMEDABAD	↔	↔
BENGALURU	↔	↗
CHENNAI	↔	↔
DELHI NCR	↑	↔
HYDERABAD	↗	↗
KOLKATA	↔	↔
MUMBAI	↔	↔
PUNE	↔	↗

Growing ↑ Stable ↔ Stagnant ↗



IndoSpace Supply Update— Upcoming Projects, 2018

INDOSPACE @ BHAPRODA, HARYANA

About Bhaproda- Jhajjar is one of the 21 districts of Haryana state and an important one. Bhaproda in Jhajjar lies on National Highway 352 in proximity to Delhi and Gurugram. In fact, it is the quickest gateway to the capital of India. With the much awaited 83 km stretch between Manesar to Kundli of Western Peripheral Expressway is all set to open for public in October 2018, the connectivity is bound to observe a boost.

About IndoSpace @ Bhaproda - Indospace Bhaproda lies in extreme proximity to Gurugram which is strategically located with direct connectivity to NH9 and NH352. It also falls in the vicinity of the two key national highways that seamlessly connect the site with Delhi, Himachal Pradesh, Punjab, and Rajasthan. It also has direct access to Delhi-Rohtak NH9 and NH352. The site has established industrial submarkets of Rohtak and Bahadurgarh in the vicinity that is home to names like Asian Paints, Tata Global Beverages, Jindal Steel, Hindustan National Glass, Neolite Industries, Lakshmi Precision Screws, Aisin and Essar Steel.

INDOSPACE @ BAVLA, AHMEDABAD

About Bavla- Bavla lies in close proximity (15 KM) to the Changodar industrial area, which is the largest and one of the most preferred industrial, warehousing and logistics location of Ahmedabad. The Industrial hub of Sanand can be reached within an hour, thereby negating the need to have separate warehouse facilities to service the nearby industries. Easy access to major ports of Kandla and Mundra (250 km) also make Bavla's location a compelling choice for manufacturing firms looking at a nation-wide/export distribution model.

About IndoSpace @ Bavla- IndoSpace Industrial and Logistics Park at Bavla is located on the Ahmedabad-Rajkot National Highway (NH47) with excellent visibility and proximity to the Changodar-Bagodara industrial belt. Some of the leading names in this zone are FedEx, LG, Intas Pharma, Claris Pharma, Gardner Denver and e-commerce companies such as, Big Basket and Snapdeal.

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Coimbatore: Emerging Destination for Logistics in South India

Coimbatore, one of the major economic hubs of Tamil Nadu is emerging as a focus destination for logistics due to its strategic geographic location in South India.

Evolving from a major agriculture and textile hub of South India, Coimbatore diversified into manufacturing sectors such as automotive, heavy engineering, gems & jewellery and electronics. Supported by a robust industrial linkage and an aspiring millennial population driving consumption demand, the city has catapulted in to an important warehousing destination of Tamil Nadu, second only to Chennai.

Today the city's major warehouse locations are mostly spread across the established corridors of

Thannampalayam and Kannapalayam while Mettupalayam and Karriyapalayam are fast emerging alternate locations. Presently, lack of quality storage space drives demand in Grade B spaces as occupiers resort to convert old industrial sheds into warehouses.

However, this scenario is expected to witness a major facelift as established players in the sector including IndoSpace are looking at expanding their footprint in Coimbatore. Availability of land at affordable costs along with growing consumer demand from an aspiring urban population is expected to fuel this growth. Upcoming regional infrastructure projects are also likely to enhance the importance of the region.



	Projects	Status	Major Locations
Major Regional Infrastructure Push	Tamil Nadu Defence Corridor (Greenfield Project)	Proposed	Hosur- Salem- Coimbatore- Trichy- Chennai
	Kochi Bengaluru Industrial Corridor	Proposed	Kochi- Palakkad- Coimbatore- Salem- Krishnagiri- Hosur- Bengaluru

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