

Demographic Context of India's Appeal

M. Leanne Lachman

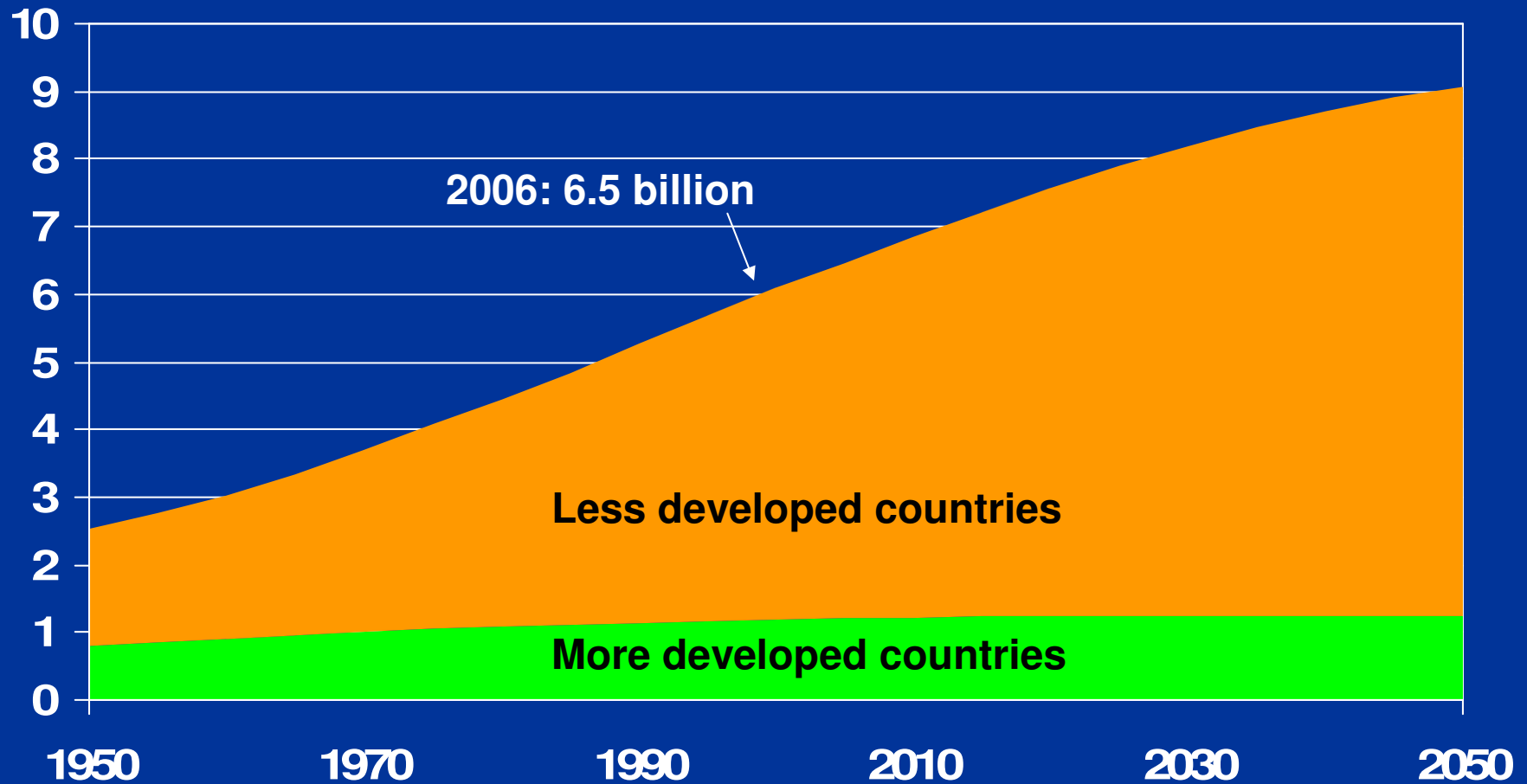
Lachman Associates LLC

May 17, 2007

Demographics Drive Real Estate Demand

World Population, 1950-2050

Billions of People



Source: UN Population Division

World's Largest Countries

| 2006 | | | 2050 | |
|--------------------|------------|------|---------------|------------|
| Country | Population | Rank | Country | Population |
| China | 1,311M | 1 | India | 1,628M |
| India | 1,122 | 2 | China | 1,437 |
| USA | 299 | 3 | USA | 420 |
| Indonesia | 225 | 4 | Nigeria | 299 |
| Brazil | 187 | 5 | Pakistan | 295 |
| Pakistan | 166 | 6 | Indonesia | 285 |
| Bangladesh | 147 | 7 | Brazil | 260 |
| Russian Federation | 142 | 8 | Bangladesh | 231 |
| Nigeria | 135 | 9 | Rep. of Congo | 183 |
| Japan | 128 | 10 | Ethiopia | 145 |

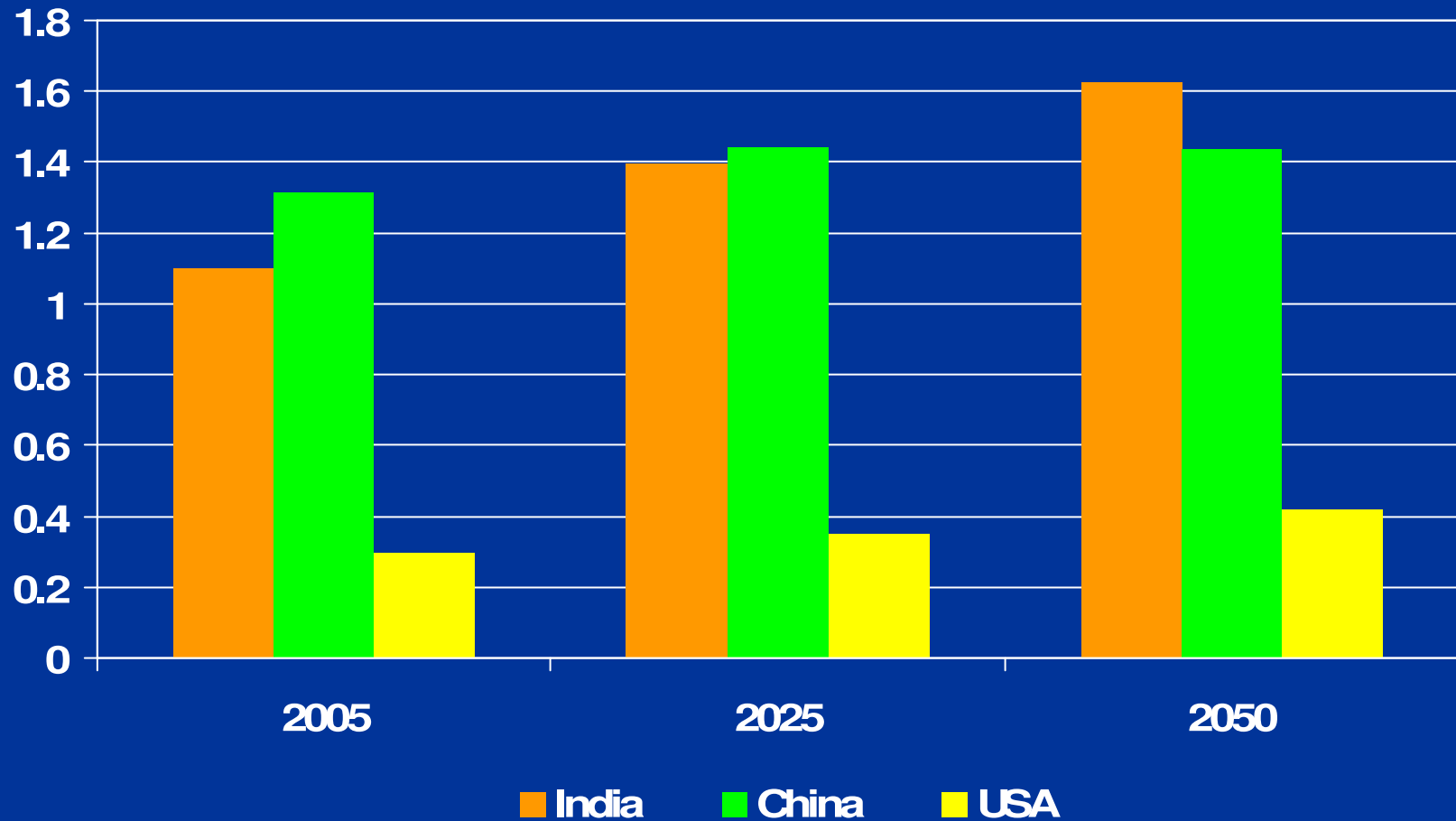
Source: UN Population Division

 Replaced by 2050

 Added by 2050

The Big Three

Billions of People



Source: UN Population Division

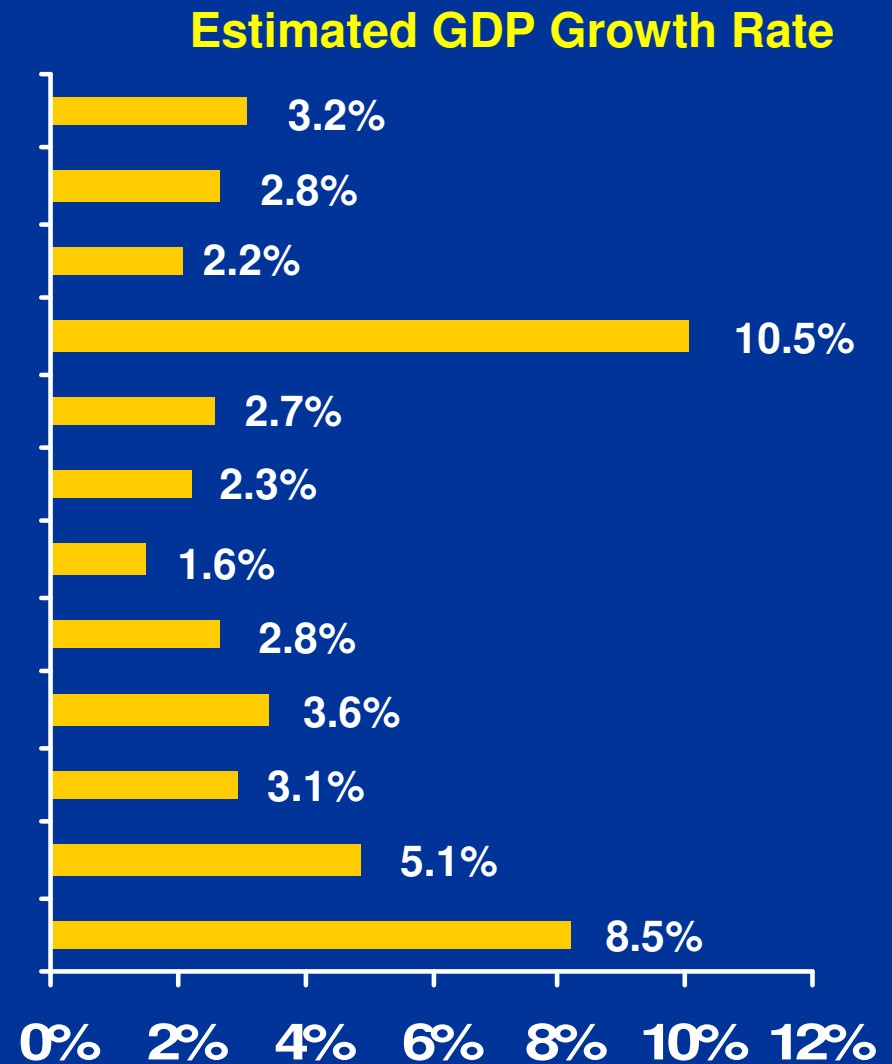
World's 12 Top Economies in 2006

| | | GDP (trillions) |
|-----------|-----------------|----------------------------|
| 1 | USA | \$13.3 |
| 2 | Japan | 4.5 |
| 3 | Germany | 2.9 |
| 4 | China | 2.6 |
| 5 | U.K. | 2.4 |
| 6 | France | 2.2 |
| 7 | Italy | 1.8 |
| 8 | Canada | 1.3 |
| 9 | Spain | 1.2 |
| 10 | Brazil | 1.0 |
| 11 | S. Korea | 0.9 |
| 12 | India | 0.9 |

Source: IMF estimates

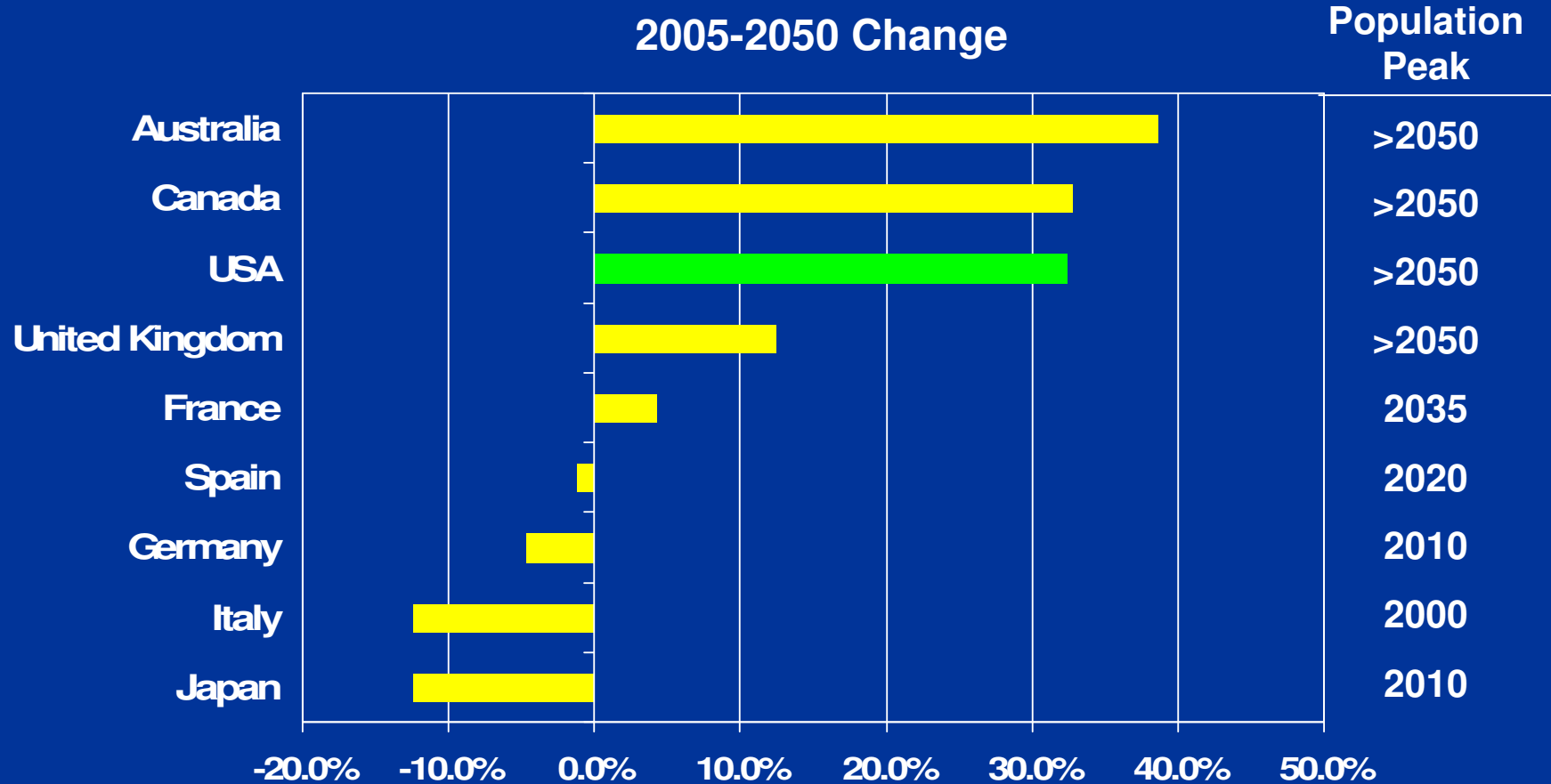
Growth in 12 Largest Economies

| | | GDP (trillions) |
|----|----------|--------------------|
| 1 | USA | \$13.3 |
| 2 | Japan | 4.5 |
| 3 | Germany | 2.9 |
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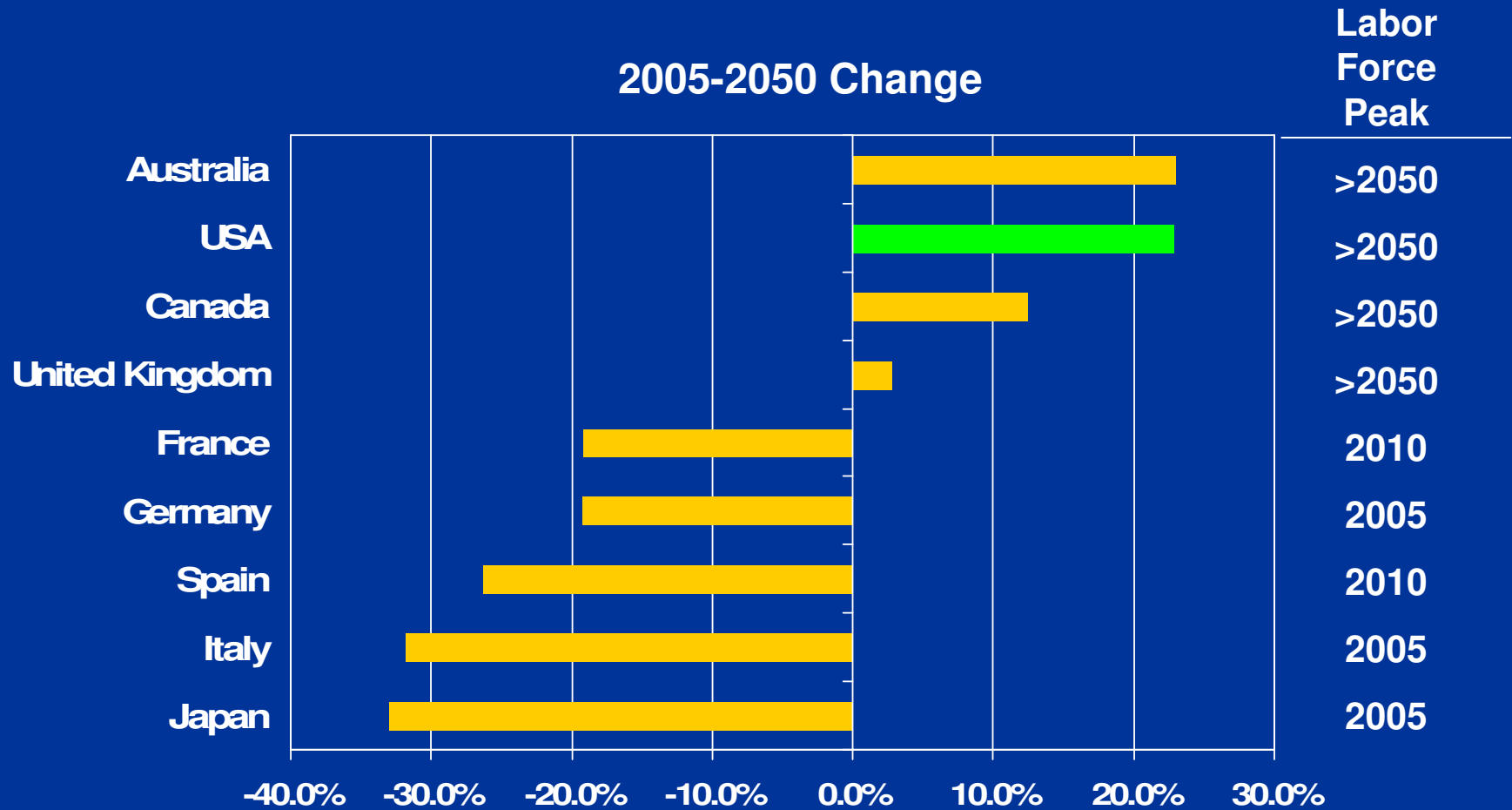
Source: IMF estimates; 2007 CIA World Factbook

Projected Population Change in Selected Mature Economies



Source: UN Population Division

Projected Labor Force Change in Selected Mature Economies



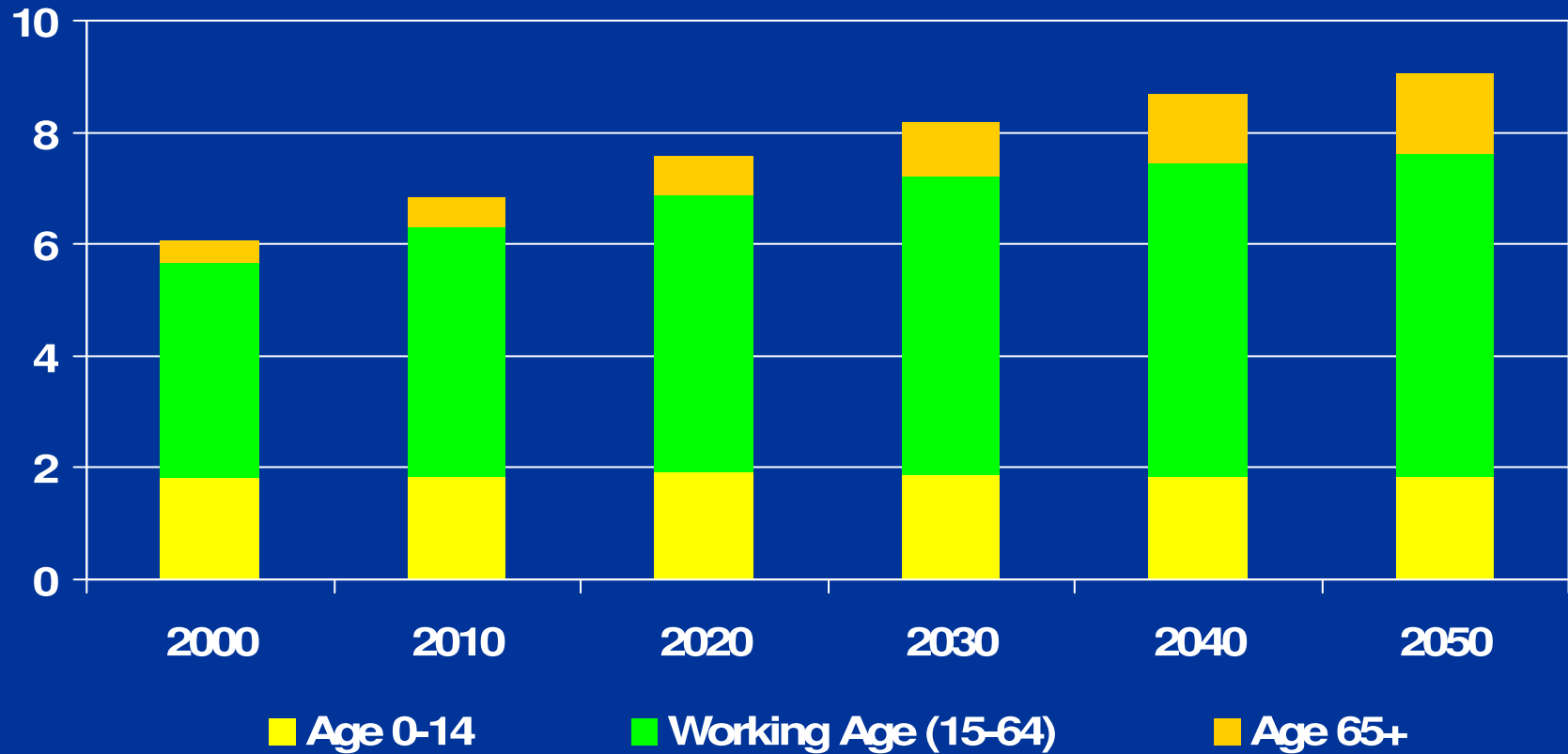
Source: UN Population Division

Only Replacement Demand in Europe and Japan

- **Virtually no net new demand**
- **Alien concept for Americans**
- **To develop, one must demolish**
- **Overbuilding & overbuying before reality sinks in**

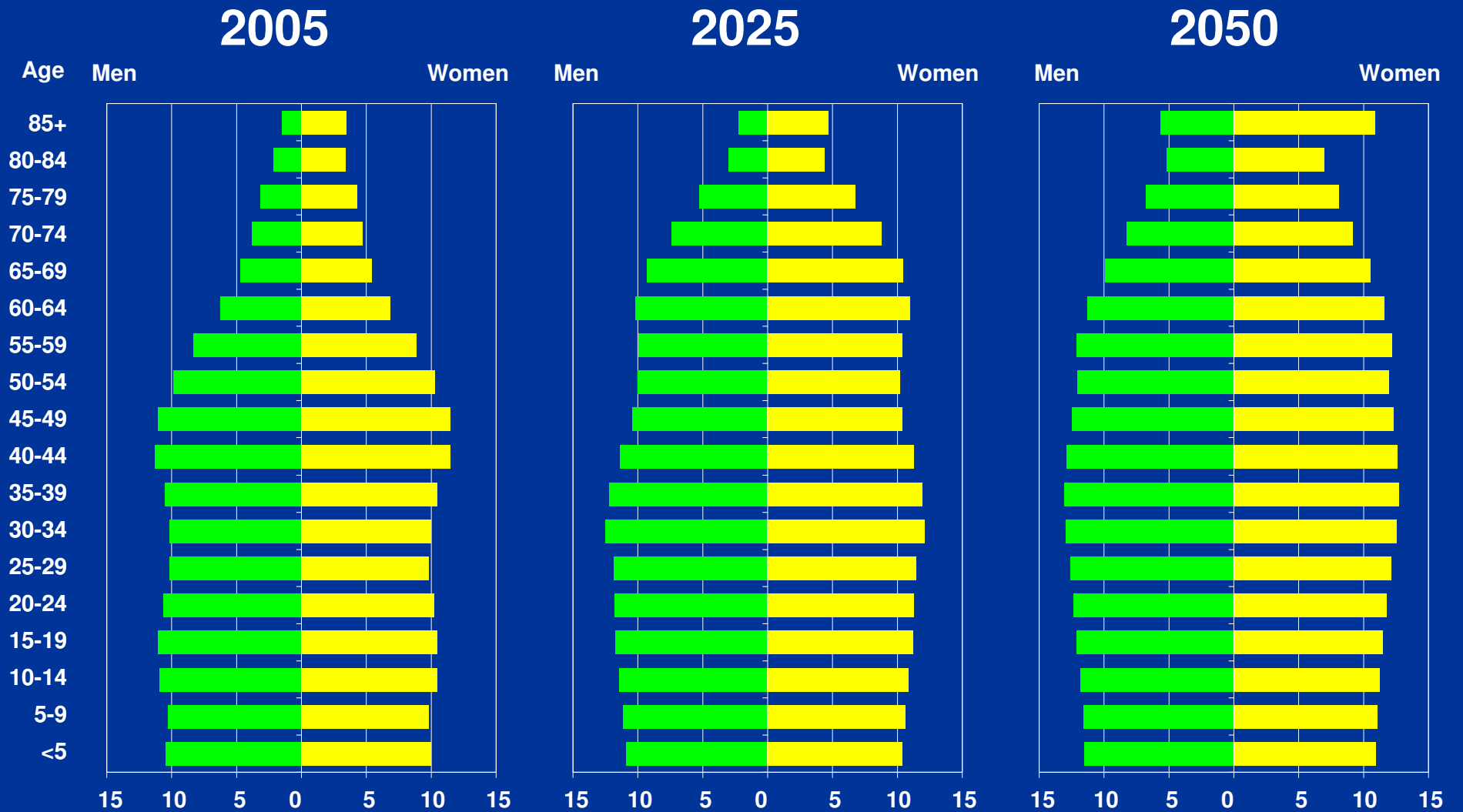
Global Workers

Population
in Billions



Source: UN Population Division

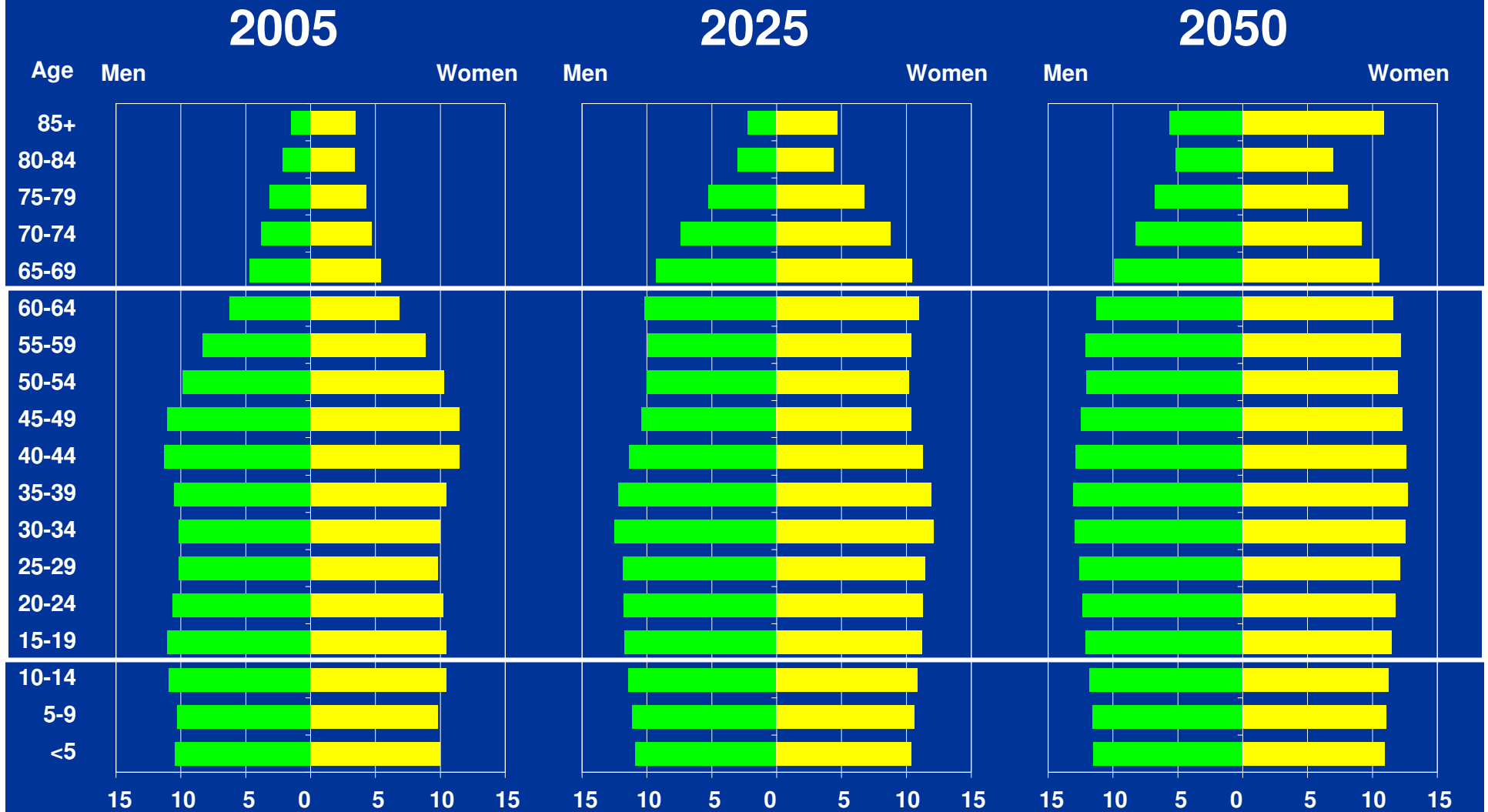
USA: Changing Population Profile



Source: UN Population Division

Population in Millions

USA: Changing Population Profile

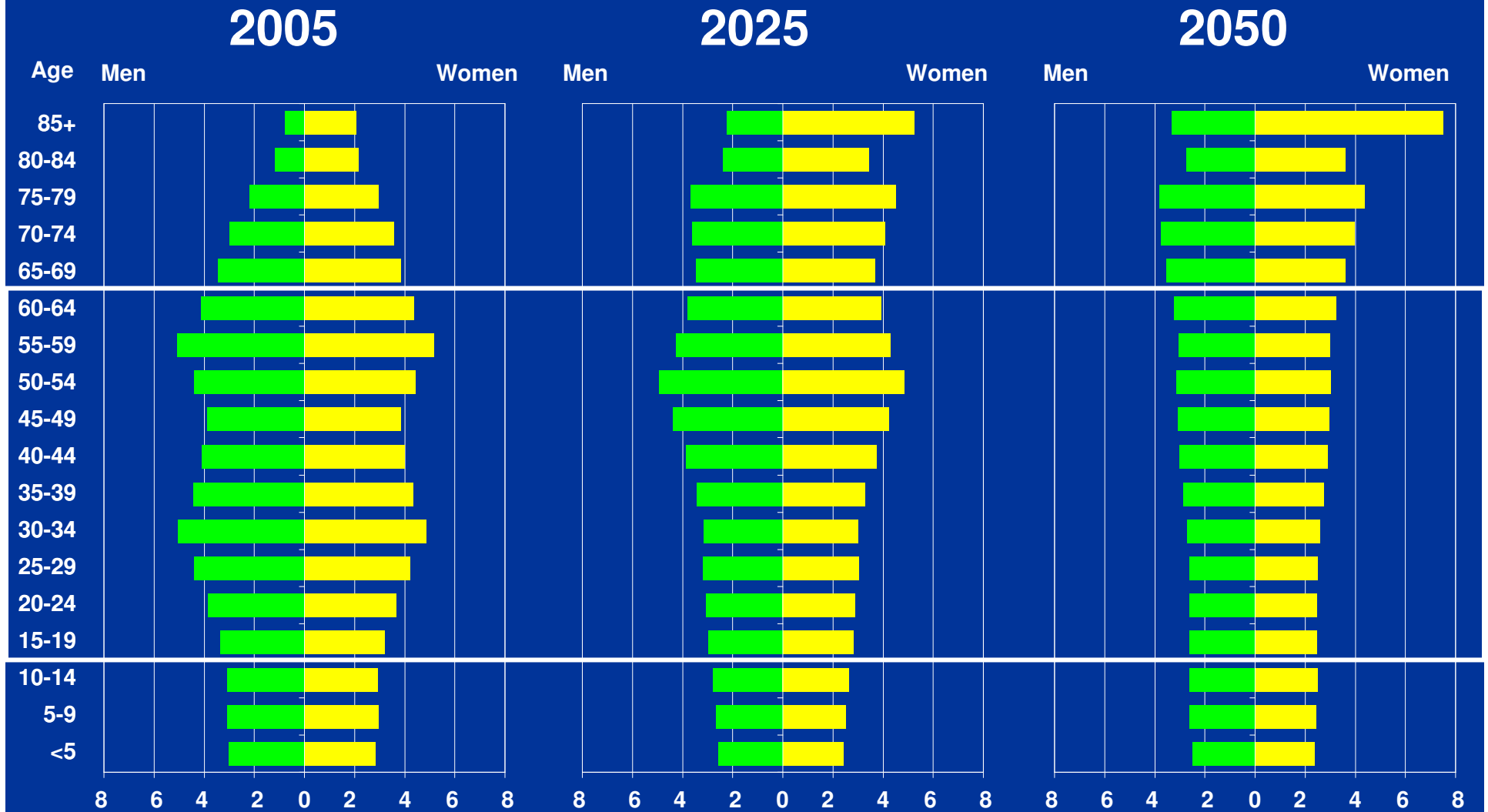


Source: UN Population Division

Population in Millions

Excellent U.S. Prospects

Japan: Changing Population Profile



Source: UN Population Division

Population in Millions

“In Vogue” Emerging Markets

Brazil

Russia

India

China

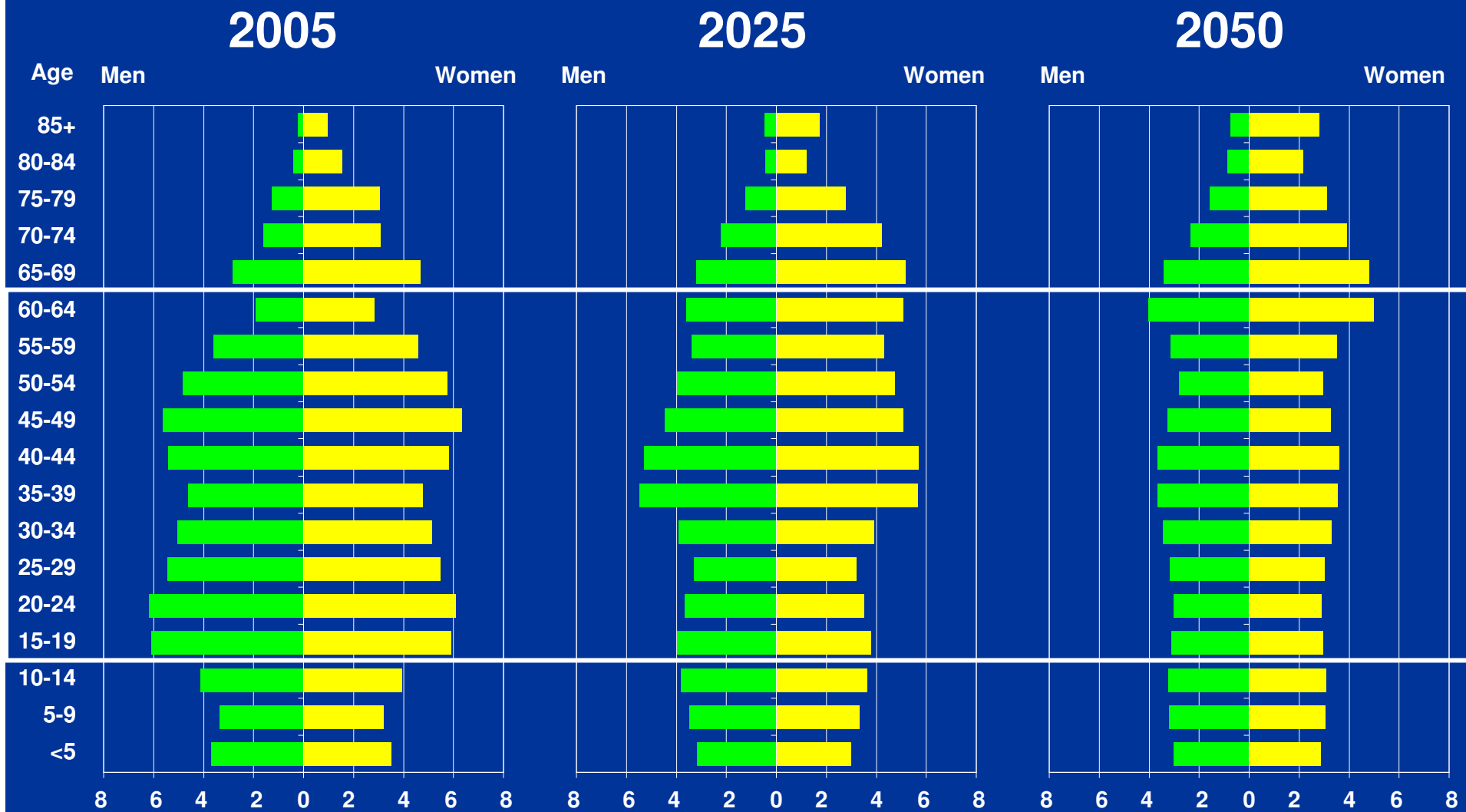
Brazil: Changing Population Profile



Source: UN Population Division

Population in Millions

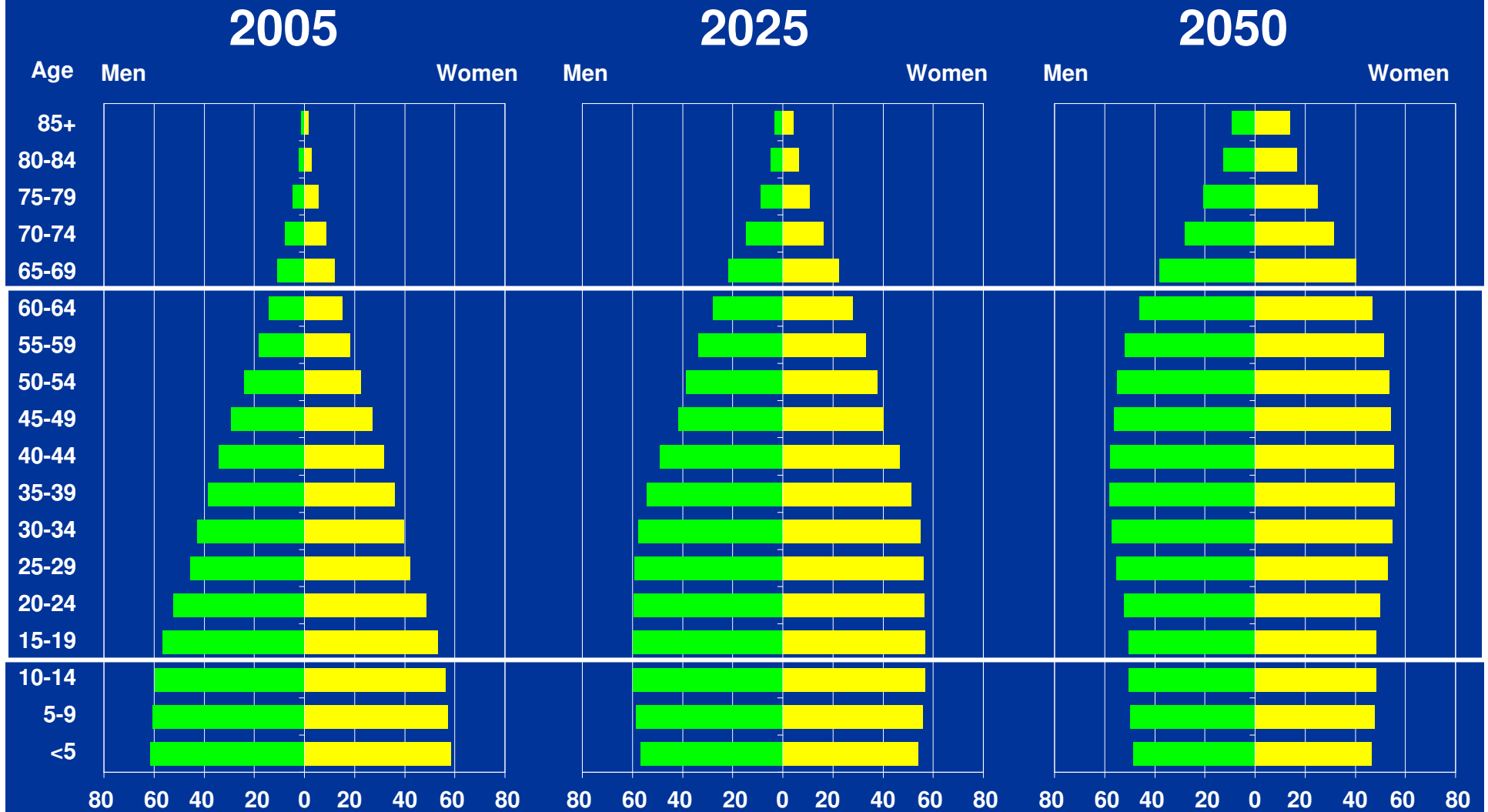
Russian Federation: Changing Population Profile



Source: UN Population Division

Population in Millions

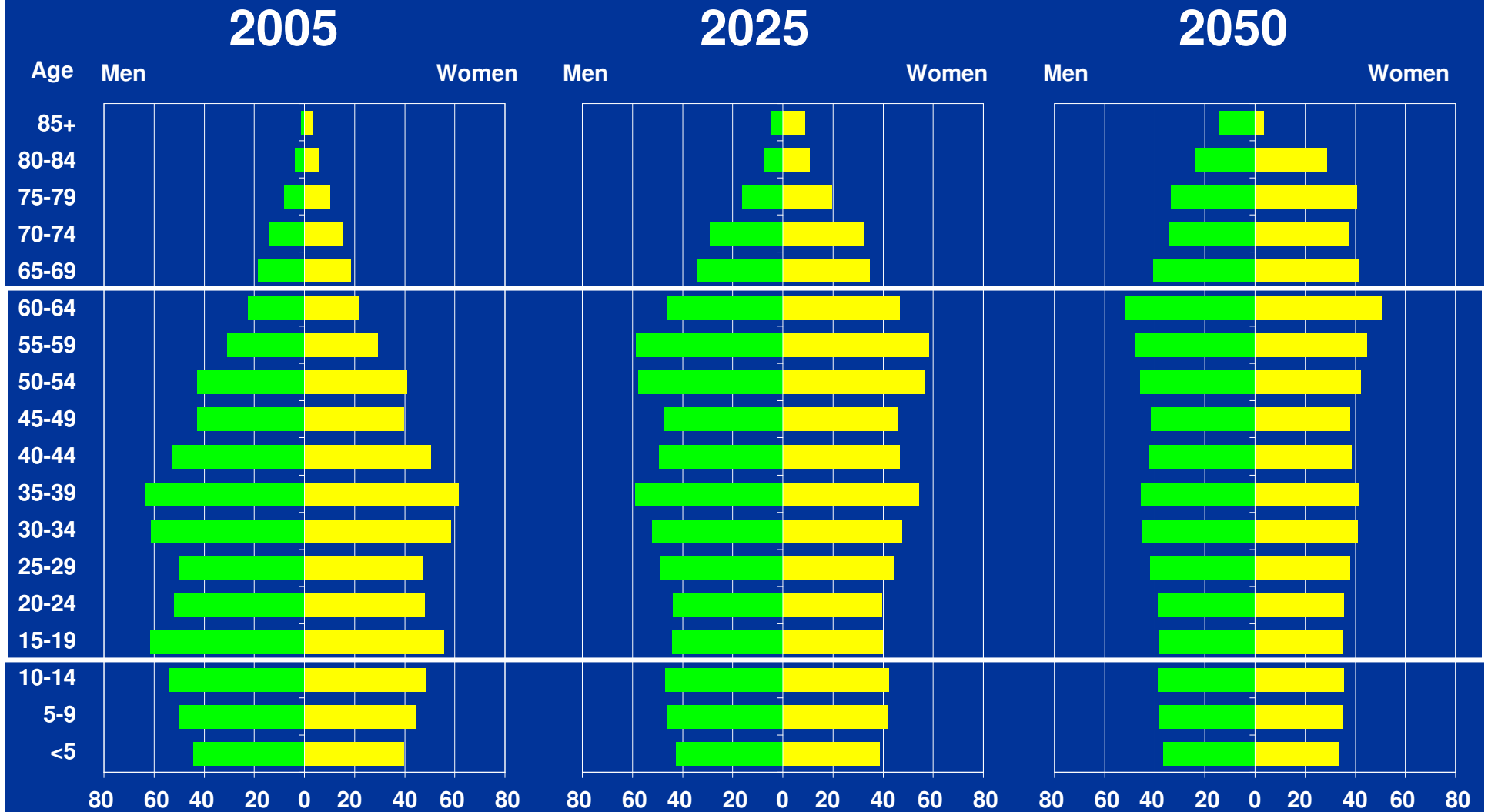
India: Changing Population Profile



Source: UN Population Division

Population in Millions

China: Changing Population Profile



Source: UN Population Division

Population in Millions

BRIC in Review

Brazil: good demographics
economic/political stability?

Russia: awful demographics/
questionable government

India: excellent demographics
messy democracy

China: challenging social issues
xenophobia

India's Population

- Half under age 25
- Enormous labor force
 - ▶ 10 million young people need jobs each year
 - ▶ If employed, will bolster consumerism, savings, investment
- Burgeoning middle class
- Rapid urbanization

Massive Housing Demand

- Urbanization
- Strong household growth
- Replacement of poor quality dwellings

Over 4.5 million units needed annually

High Demand for All Land Uses

- Infrastructure
- Residential
- Retail
- Office
- Hotels
- Logistics

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