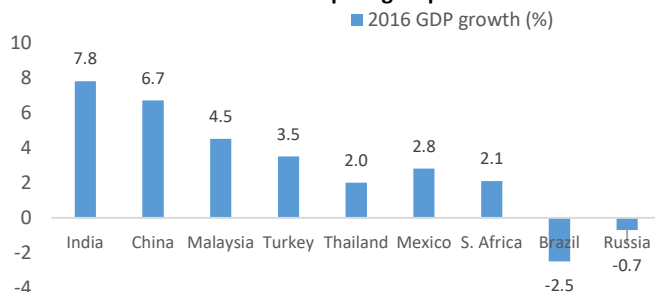


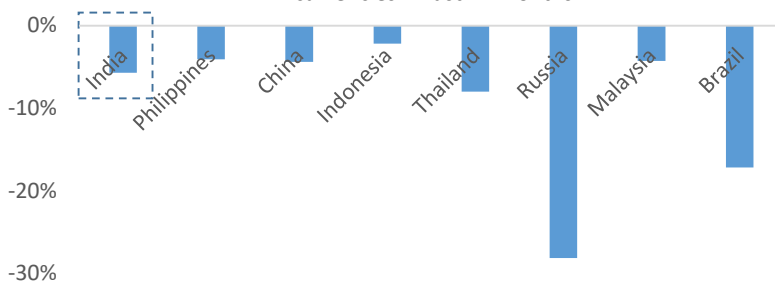
Key Macro Highlights

Higher GDP growth rates forecast in 2016 amongst the peer group



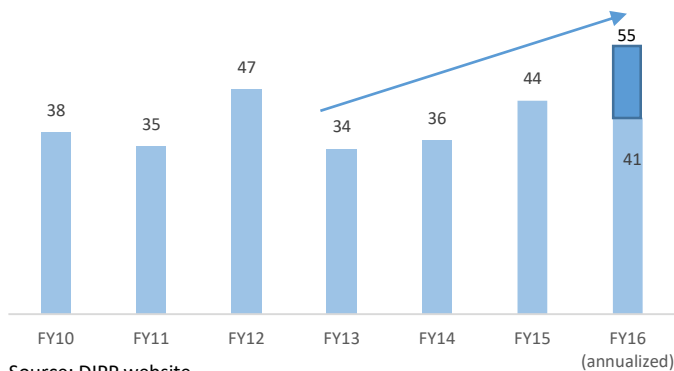
Source: World bank

INR amongst better performing emerging market currencies in last 12 months



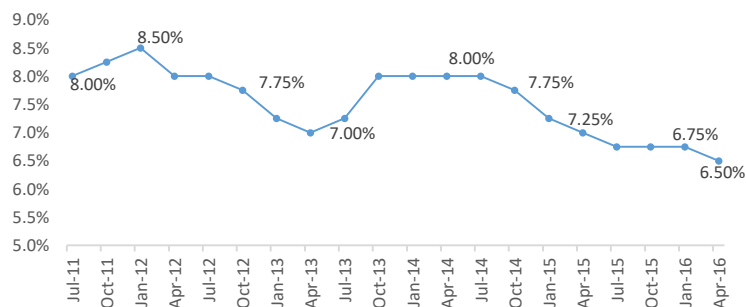
Source: Oanda.com

Rising foreign direct investments flow in India (USD B)



Source: DIPP website

RBI recent rate cut to 6.5% - lowest since 2011 More liquidity & lending ability for banks



Source: Reserve bank of India (RBI)

Real Estate (Regulation and Development) Bill – Passed in Parliament in March, 2016

To revive consumer confidence by improving transparency and accountability & provisioning funds for faster execution

Implication on – Industry, developer, homebuyers, investors and lenders

Applicability

- Residential and commercial projects (development exceeding 500 sqm or 8 units)

- Quality developers to command premium

Deposit of sale proceeds

- 70% of customer advances to be put in a escrow to meet project cost

- Reduced risk of fund diversion
- Higher certainty of cash flows due to defined completion timelines

Dedicated forum

- Create - Real Estate Regulatory Authority (RERA) and Real Estate Appellate Tribunal (REAT) in each state within 1 yr.
- Rules for respective forum to be made within 6 months

- Regularization of best practices
- Improved approval timelines

Transparency

- Detailed project disclosures
- No charge can be created post agreement to sale unless rights of buyer is not affected

- “What you see is what you get” - Better project disclosures
- Improved customer confidence in the sector

Accountability

- Structural defects to be covered for upto 5 years

- Improved quality of construction
- Higher compliance cost from structural defect liability, penalties etc. could impact equity returns

Latest amendments in Real Estate Foreign Direct Investment (FDI) policy – Key impact

Amendment & Impact

Area restriction and minimum capitalization

- No minimum area and capitalization restrictions anymore – Small project sizes and shorter project tenures

Exit conditions

- Permitted to exit and repatriate before project completion under automatic route, provided a lock-in-period of 3 years for each tranche is completed – Faster repatriation

FDI in completed projects

- 100% FDI under automatic route is permitted in completed projects for the operation and management of townships, shopping complexes and business centers – More investment grade assets with annuity income

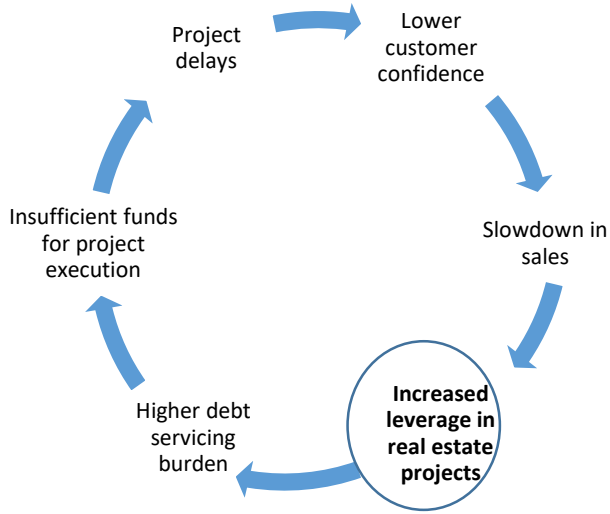
Non Resident (NR) to Non Resident Transfer

- Transfer of stake without repatriation will neither be subject to any lock-in period nor to any government approval – No delay on account of regulatory approvals

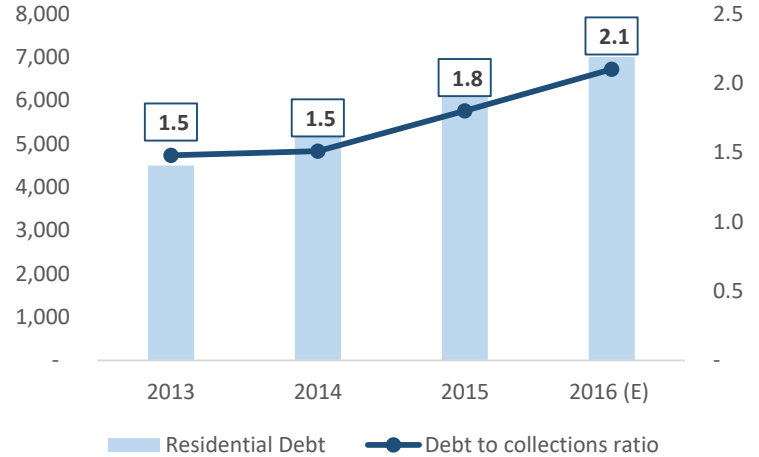


Residential Segment Trends

1 Market slowdown and debt structures - Impact on projects

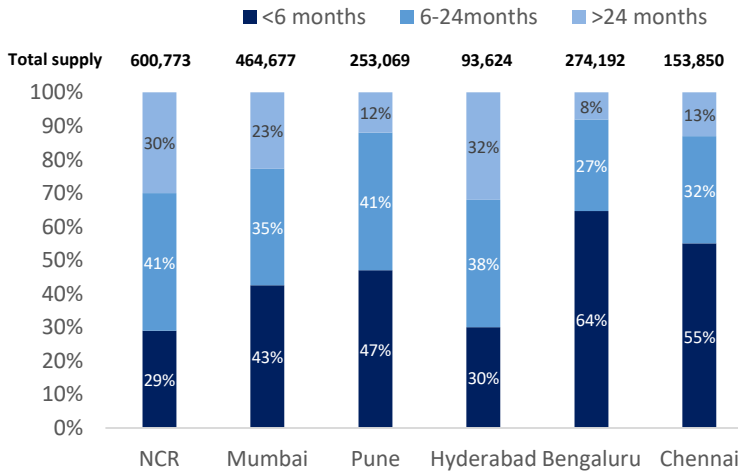


2 Developer debt has increased substantially ₹ Bn



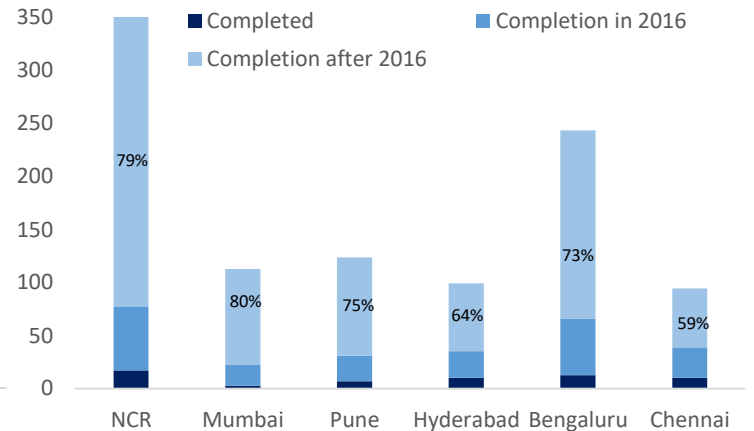
Source: CRISIL report on Real Estate sector, 2015; Note: Analysis done on top 25 Indian real estate developers

3 Leading to delayed projects: Projects delay across the main markets



Source: Liases foras and Rising Straits research

4 Demand exists for completed and near to completion projects: Unsold inventory breakdown by completion status (MSF)



Source: Propequity and Rising Straits research

Our Strategy for Residential Segment

Factors determining the Instrument

- Product Mix
- Pricing
- Brand
- Future surplus
- Senior investor in capital structure
- Approval status
- FAR/FSI ambiguity

Debt or Equity

Post approval construction equity

Late stage investment

Financial Return

10-13%
Conventional Debt

18-20%
Structured

Equity

23-25%

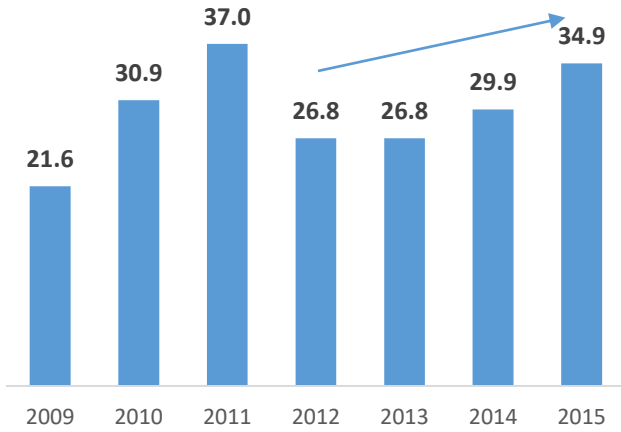
Opportunistic 30%+

Stressed Developers
Healthy Assets

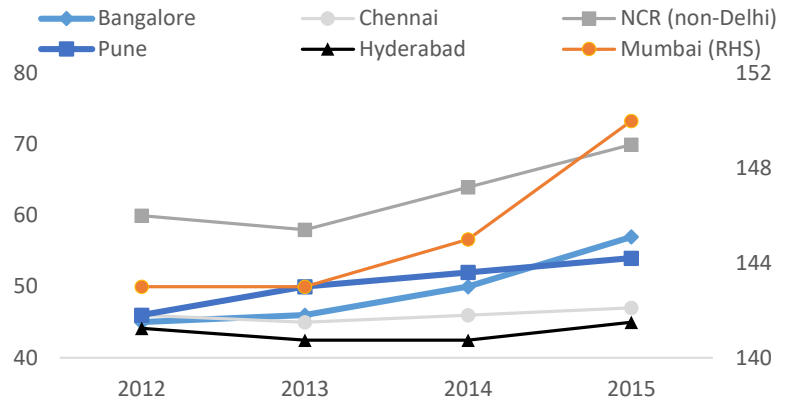
Risk (Execution and Repayment)

Commercial Segment Trends

Increasing annual absorption (mn sqft)



Average rental (INR / sq ft) going up based on Q3 2015

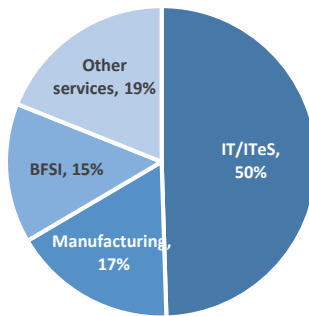
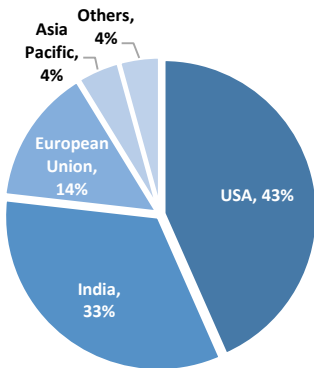


Source: Data from Jones Land LaSalle REIS and Colliers International

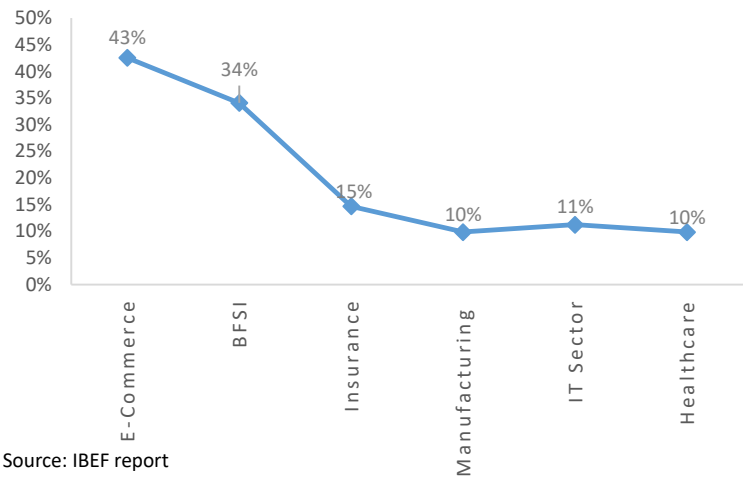
Tenant origin country and industry split of absorbed stock

Origin Country of Company leasing
(~ 50% of India Commercial RE stock)

Industry split



Growth projections for sectors driving demand from 2015 to 2020 (CAGR %)



Source: IBEF report

Source: Knight Frank India Real Estate reports and Rising Straits Capital analytics

Commercial Strategy – Post approvals build-to-own equity

Example of Quantitative methodology for deal assessment – Inter / Intra cities

	Rental growth yoy	Vacancy (%)	Grade A stock (M SF)	Infra rank (social + physical)	Rating
CBD	-2%	8%	3.5	8	4.5
Micromarket 1	11%	3%	17.7	7	7.4
Micromarket 2	11%	5%	43.7	7	8.0
Micromarket 3	4%	11%	21.3	6	6.3
Micromarket 4	1%	20%	8.5	4	4.1

Fund the gap in equity component for financial closure
Target yield to cost 13-15%, Target returns – 20%+, 2x +

