

STRICTLY CONFIDENTIAL

Piramal Fund Management

INDIAREIT DOMESTIC REAL ESTATE STRATEGY I

March 2016



**Best Overall
Investment Manager
India**



**FIRM OF THE YEAR -
INDIA**



**Real Estate Debt
Manager of the Year
Asia-Pacific**

CONTENTS



01	Introduction: Platform Update	02
02	Strategy & Terms	07
03	Case Studies	17
04	Appendix	25
05	Disclaimer	30



01 Introduction: Platform Update

What you may not know about us

Piramal Fund Management leads the pack amongst real estate fund & funding platforms today

- Total Assets under management of INR 19500 Cr + split across Third Party funds under management and proprietary debt book.
- 75 developer relationships across 220+ projects that are currently being funded by Piramal Fund Management; tremendous source of primary data on sales velocity, pricing, costs, etc that facilitates more intelligent underwriting
- AUM comprises 6 Domestic Funds, 1 Offshore Funds, 3 Third Party Mandates and 1 Managed Accounts; validated track record of raising, deploying and exiting
- Exited 39 deals with a total exit value of around INR 2,900 Cr + across funds
- Repaid INR 4,342 Cr of principal in proprietary debt;
- Current average monthly run rate of deployment tracking at INR 1,000 - 1,500 Cr
- Existing relationships with 5 out of the top 10 Tier 1 developers in each target micro market; significant repeat transactions with prioritized developer relationships
- Piramal Fund Management Pvt Lt launches its first PMS Domestic Real Estate Strategy I



Our strategy is difficult to replicate

Piramal Fund Management has built a clear and sustainable competitive advantage

'Stickiness' of relationship with existing developers (effective 'ROFO' rights)



Quick turnaround with ability to deploy proprietary capital 'on tap'



Total team **strength of 100+ members** with demarcated geographic focus and local offices in each destination



Dedicated 7 member Asset Management Team with strong emphasis on monitoring the underlying investments.



Dedicated 5 member Risk Management Team with proprietary risk rating system



Dedicated 6 member Legal Team to ensure validation of definitive documentation and facilitate enforcement of security



Extensive and in-depth **monitoring of nearly 100+ deals** to analyze progress



In-house development skills through our own 30 member **Development arm ('The Address Makers')**; developed more than 2.6m sq ft



In-house 18 member **B2B real estate advisory platform ('Brickex')** partnered with more than 1,500 distributors, 70 developers with portfolio of 220 ongoing projects



Simple ingredients for success

Focused investment strategy to manage risks in investment



Partner with bluechip developers

- Ability to manage approval and construction risks
- Developer contribution to ensure alignment
- Strong brand to maintain sales velocity in a difficult environment



In-depth location analysis

- Invest in micro markets with favorable demand – supply outlook
- Leverage on-ground presence for rigorous micro – market analysis



Right product configuration

- Invest in projects with product configuration in – sync with market demand
- Emphasize on ticket size required for achieving target sales velocity



Downside protection

- Debt like features to come in if there is slippage in project milestones by developers
- Preferred returns if IRR threshold milestones are not met
- Drag along rights to ensure exit by long-stop date

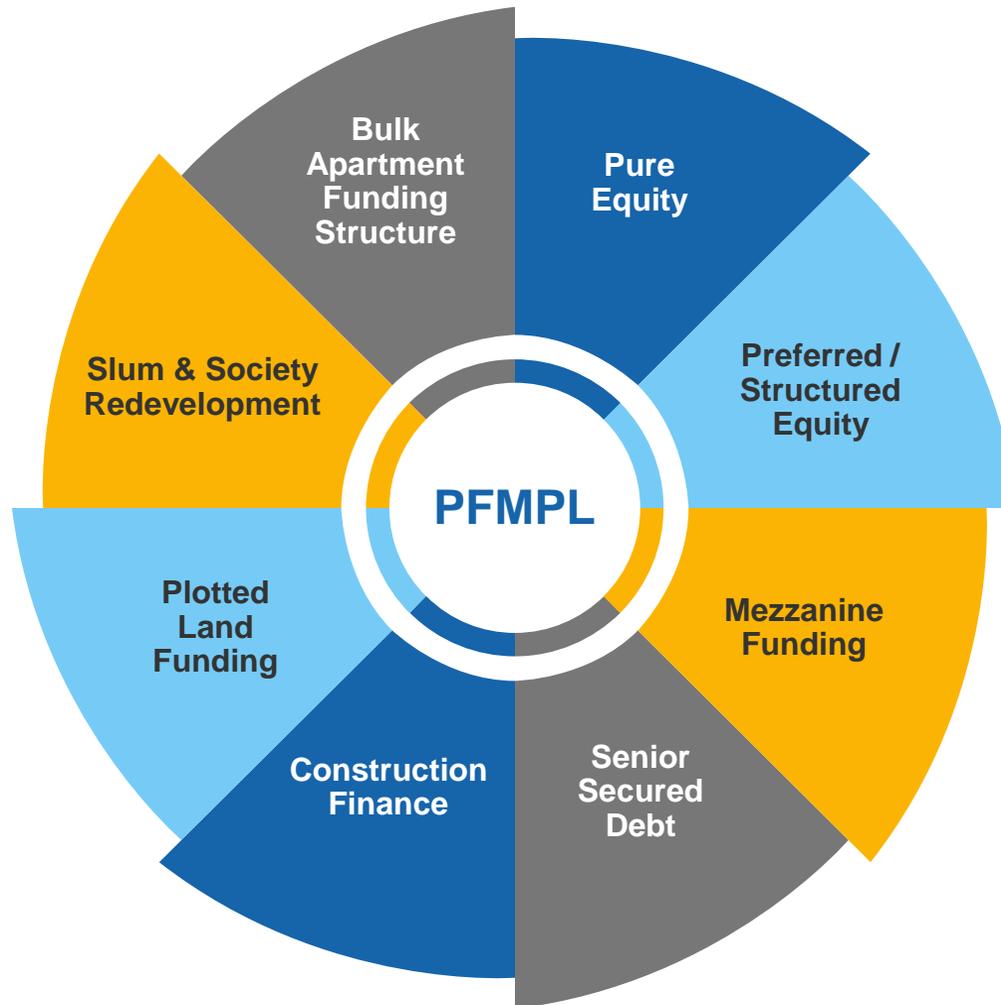


Strong monitoring mechanism

- Emphasis on regular monitoring to identify potential deviations from underwriting assumptions
- Governance framework with approval rights for key project decisions
- Annual business plans with deviations to be approved by PFM
- Regular Project Monitoring Committee (PMCs) of Developer with MD and team to approve deviations from Business Plan, if any

Capable of catering to entire capital stack

Best positioned with ability to meet funding requirements across project life cycle



02 Strategy & Terms

Rationale for diversified investment strategy

Blend of previously seeded investment strategies across multiple transactions

Structured Equity

Tenure: 3-4 years
Return: 24%+ IRR

Slum & Society Redevelopment

Tenure: 3-5 years
Return: 25%+ IRR

Plotted Land

Tenure: 2-4 years
Return: 25%-30% IRR

Bulk Apartment Funding Structure

Tenure: 2-4 years
Return: 25%-26% IRR

- Flexibility in structuring transactions as per market 'reaction' rather than 'one size fits all'
- Investor gets 'customized deal-by-deal' exposure to diverse strategies
- Each situation is different - reduce reliance on a credit strategy when equity upside is visible
- Equally, underline 'real estate' risks despite secured position when credit strategy is adopted
- This is a part of discretionary Portfolio Management Service and Investments are only in securities of underlying SPVs.

Theme 1 – Structured Equity

<p>Opportunity</p>	<p>Liquidity Pressure for Developers</p> <ul style="list-style-type: none"> ▪ Slow Sales Velocity and hence limited accruals. ▪ Costs of construction increasing faster than general inflation <p>Limitations in Sources of Funds</p> <ul style="list-style-type: none"> ▪ Banks / Capital Markets reducing exposure to this sector and no acquisition funding from banks ▪ NBFC terms inflexible <p>Unprecedented Opportunity to Structure Favourable Transactions</p> <ul style="list-style-type: none"> ▪ Developers willing to offer higher pricing in return for flexible capital ▪ Deals offering substantial security, downside protection and opportunity for upside ▪ Developers also benefit from better realizations rather than having to sell their stock for cheap 	
<p>Investment Strategy</p>	<ul style="list-style-type: none"> ▪ Tier 1 cities: Mumbai, Bangalore, Pune, NCR, and Chennai; more resilient markets with sustained end user demand and greater liquidity ▪ To offer flexible capital to the developers who are willing to offer a higher pricing for the funds ▪ Deals offering substantial security, downside protection & opportunity for upside as well 	
<p>Risk Mitigation</p>	<ul style="list-style-type: none"> ▪ Adequate collateral and charge on cash flows ▪ Put option on the developer at the entity level for principal and interest due ▪ Investment in a project with proven sales and minimal approval risks ▪ Active monitoring of projects through regular and rigorous reporting mechanisms 	

Indicative IRR 25% +

Theme 2 – Redevelopment Opportunity

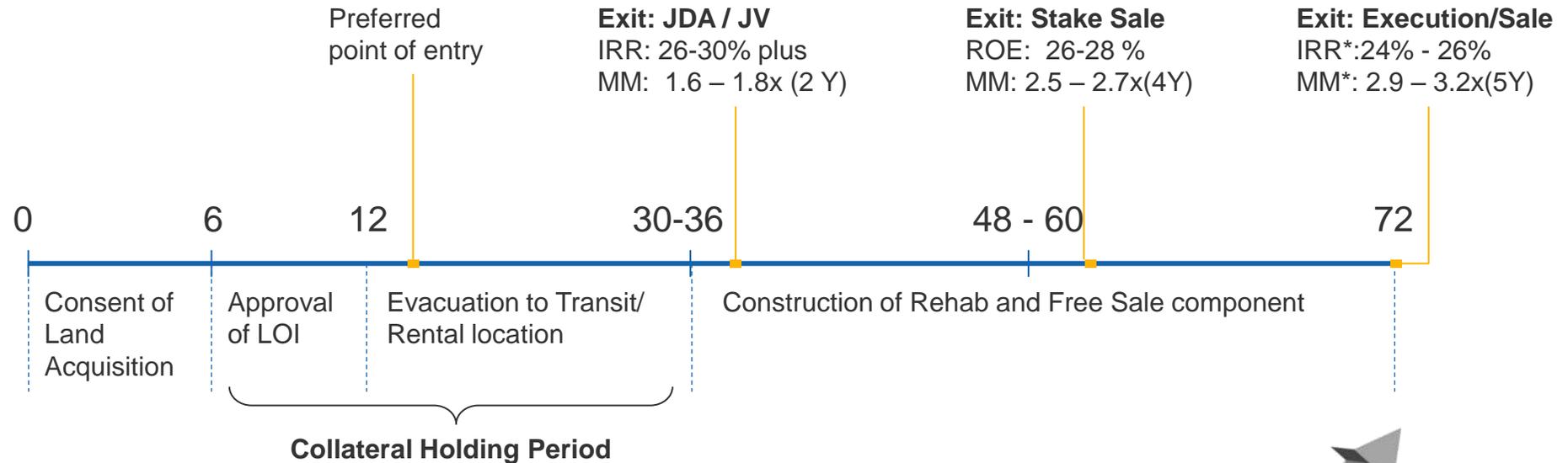
<p>Opportunity</p>	<ul style="list-style-type: none"> Over 60% of Mumbai’s population live in slums providing free sale potential in excess of 830 mn sq ft MHADA colonies occupy 4500 acres and over 19500 Cessed buildings in the city <p>Win-Win Situation for all stakeholders:</p> <ul style="list-style-type: none"> Government : Imperative for Government to achieve social objective of providing low cost housing and create better civic amenities and infrastructure by removing slums/encroachments Developers : Benefit developers as they have access to projects in prime locations at lower entry costs and providing higher returns to them and investors. Investors : Benefit Private equity investors, as Bank financing difficult at early stages (pre-approvals) and capital scarcity allows for better investment terms
<p>Investment Strategy</p>	<ul style="list-style-type: none"> City Focus: Mumbai Invest in Slum Redevelopment Projects - Sec 33 (10)/ Invest in MHADA Redevelopment Fund - Sec 33 (5) Invest in Cessed buildings Projects -Sec 33 (7) / Invest Cluster building Projects- Sec 33 (9) Focus on developers having proven track record in site evacuation on a time bound and law-abiding manner and with organization strength & sound finances.
<p>Risk Mitigation</p>	<ul style="list-style-type: none"> Experienced team well versed with the risks inherent to Redevelopment Projects. Ability to Post adequate collateral Enter projects preferably during the land clearance stage with Multiple exit options. Partners “Skin in the Game”: 10 – 20% of total capital requirement to be infused by the developer Enter projects preferably during the land clearance stage



Indicative IRR 25% +

Redevelopment Opportunity

Project Entry and Exit



Multiple Exit Options

- Land Clearance Stage
- To strategic investors through a stake sale
- Developer Buyback
- To end users post execution



Theme 3 – Plotted Land development transaction

Creates ‘win-win’ for all stakeholders i.e. Developers and Investors

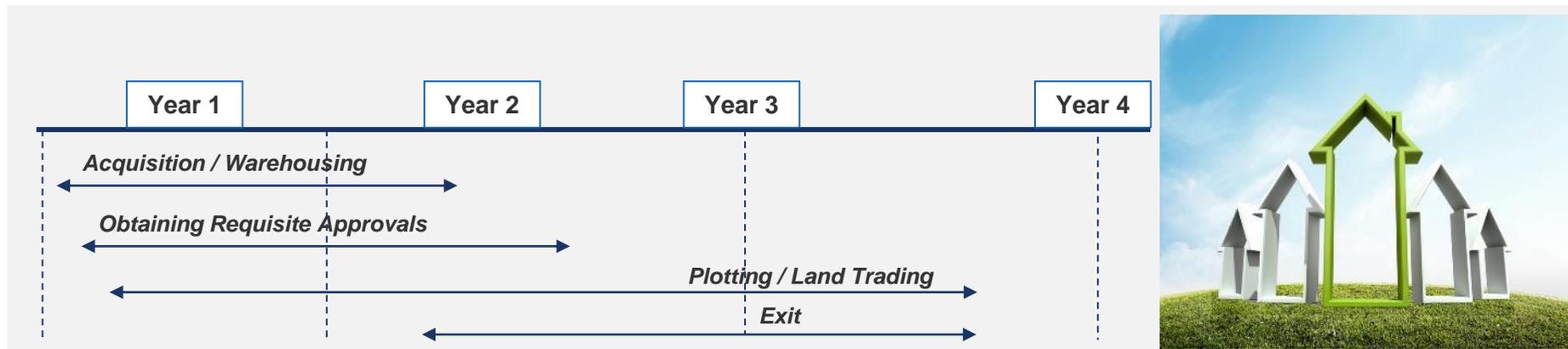
<p>Theme</p>	<ul style="list-style-type: none"> ▪ To partner with existing developers with strong local presence through investments in SPVs and acquire land for Plotted / Villa development in and around Tier 1 Markets ▪ Underwrite both NA and land close to conversion (Yellow zone - where standard conversion timeline applies) with “No Zoning Risk”. ▪ Underwrite critical mass of contiguous land only i.e. ‘No Aggregation Risk’ ▪ Underwrite land with proximity to existing / potential infrastructure e.g. existing access to road and feasible power / water supply ▪ Compulsorily Co-invest with local partner with substantial know how (title, domain expertise and local nuances) and ‘Skin in the Game”: 20%–40% of total capital requirement to be infused by the developer 	
<p>Developer rationale</p>	<ul style="list-style-type: none"> ▪ Increases purchasing power by reducing developer reliance on internal accruals and unstructured high yield borrowings ▪ Enables developer to pursue indentified parcels of land with institutional support. ▪ Partnering with a trusted and well-established platform for land where external financing sources do not exist. 	
<p>Investor rationale</p>	<ul style="list-style-type: none"> ▪ Diversification across markets; ability to participate in a high return asset class ▪ Ability to get value deals by investing ‘pari-passu’ with developers directly into land ▪ Fund to act as a fiduciary to address risks of contiguity, security against encroachment and perfection of title / conversion ▪ Easy and safe exit strategies either by JDA/ outright sale subsequent to sanction and approvals or plotting / villa development 	<p>Indicative IRR 25 - 30%</p>

Plotted Land – Acquisition Strategy



Acquisition Parameters	<ul style="list-style-type: none"> Land to be acquired through SPVs funded by Portfolio Managers, in areas with ‘No Zoning Risk’ and within ‘Development Zone’ Exit Strategy through Land Plotting / Villa development/ Trading
Target Cities	<ul style="list-style-type: none"> Land in and around key Tier 1 markets like Bangalore, Pune, Chennai with secondary focus in and around Mumbai and NCR; more resilient markets with greater liquidity
Security Mechanisms	<ul style="list-style-type: none"> Custody of title documents; physical possession of land (with appropriate security, fencing etc) Invest in contiguous land parcel with minimal aggregation risk Power of Attorney for development rights Execution of collateral – Promoter and Corporate guarantees, Security Cover on a case to case basis
Asset Management	<ul style="list-style-type: none"> Active asset management and oversight; retain step in rights as a developer and ability to trade land itself Milestones for sanctions, approvals and Land plotting / development trading to be identified and agreed up front

A unique time bound land play to generate superior returns within a finite hold period



Plotted Land – Risks & Mitigants

RISK	MITIGANTS
Partner Risk	<ul style="list-style-type: none"> Existing partner with strong local partners preferred; sufficient “Skin in the Game”: with substantial (20%-40%) alignment; track record and credibility
Title / Encroachment	<ul style="list-style-type: none"> Three stage title scrutiny – Developer’s legal team, Independent Legal Counsel and PFMP Internal Team Custody of title documents; physical possession of land (with appropriate security, fencing etc)
Acquisition Risk	<ul style="list-style-type: none"> Land to be acquired under SPV and fund to retain exclusive charge over proposed entity Adequate security cover (collateral), a safe and conservative approach to transfer assets from agriculturists to SPV
Contiguity Risk	<ul style="list-style-type: none"> No (or limited) payments to the landowners for land parcels that do not have road access and is non-contiguous; Ensure contiguity is maintained at all times by means of critical mass of land acquired in each tranche with no ‘ransom’ plots
Valuation	<ul style="list-style-type: none"> External validation of based on market comparables. Trading valuation/ plotting strategy / sales price / sales schedule with respect to development to be decided by the Fund
Approval Risk	<ul style="list-style-type: none"> Validation from internal technical team / independent third party consultants for all land related technical risk like zoning, reserve land, kharab land, cart roads, rain water drains and viability for plotted approvals Approval for plotted is a simple process considering it does not required MOEF and BBMP (3 – 5 months)
Monitoring Risk	<ul style="list-style-type: none"> Active asset management and oversight; retain step-in rights as a developer and ability to trade land itself Milestones for sanctions, approvals and plotting to be identified and agreed upfront Completion of enabling infrastructure within the specified time period; else EOD triggered
Exit Risk	<ul style="list-style-type: none"> Exit through Land Plotting / Villas / Trading strategy Timely completion of sales (Synergy from Partners In-House sales team & Funds Estate Advisory team (BRICKEX)) Fund to retain step-in rights at every stage



Theme 4 – Apartment Transaction

<p>Theme</p>	<ul style="list-style-type: none"> ▪ To finance through SPVs which will acquire residential apartments in Tier 1 Markets at a significant discount to the market, by offering a bulk purchase of residential units, to the developer ▪ The fund will underwrite units only i.e. physical square feet rather than financial participation ▪ Well defined use of funds, appropriate security and monitoring mechanism and developer alignment of paramount importance in underwriting process ▪ Focus on investments in select projects at an attractive price points and appropriate stage of entry 	
<p>Developer rationale</p>	<ul style="list-style-type: none"> ▪ Enables developer to advance construction and delivery of initial sales with institutional participation ▪ Increased pace and visibility of construction also results in better positioning vis a vis comparable projects and drives further open market sales ▪ Also enables developer to avoid a drop in price for open market; and ride the upside beyond a certain threshold 	
<p>Investor rationale</p>	<ul style="list-style-type: none"> ▪ Ability to get value deals by committing to a bulk purchase; ability to leverage existing relationships with development partners to originate attractive opportunities on a sustainable basis ▪ Ability to participate in a ‘secured’ position with benefit of diligence and structuring vis a vis an individual transaction ▪ Quicker realization of attractive risk adjusted returns vis a vis retail participation at prevailing market price 	

Indicative IRR **26%+**

Conclusion

PFM stands out due to strong alignment, focus on residential focus and experienced management

Target Tier 1 Developers in Tier 1 cities



Strong Pre-transaction financial, legal and business diligence.



Unique structuring of each transaction to address specific risks



Independent and Robust legal and risk teams



Ability to mine primary data from existing portfolio to make more informed decisions about product, price and sales mix



Post-disbursement monitoring by both investment and asset management teams to detect and react to early warning signals



- Reputed, aligned and experienced local partner
- Amongst one of the oldest and largest Indian real estate asset management platforms with capability to invest across project life cycle and cater to entire capital stack
- Residential focused fiduciary all along its 10 years of history
- Large pool of existing development partners with deep relationships provides ability to leverage these relationships for equity platform
- Strong and experienced management team coupled with on-ground presence to facilitate deal sourcing and asset management



03 Case Studies

First Transaction

Mixed use project by SPR Construction Pvt Ltd, Perambur, Chennai

INVESTMENT SIZE	<ul style="list-style-type: none"> INR 100 Crores 						
PROJECT TYPE	<ul style="list-style-type: none"> Mixed Development (Residential & Commercial) 						
TARGETED IRR	<ul style="list-style-type: none"> 24% + 						
DEAL OVERVIEW	<ul style="list-style-type: none"> Fixed coupon of 14.00% pa on the Issue Amount outstanding at the beginning of the year, which shall be accrued and paid by the Company during lock in period of 2 years at the end of 2nd year from investment. Back-ended redemption premium which will result in payment of 24% assured cumulative IRR. Balance cash flows will be split in the ratio of 90 (Promoter): 10 (Investor) 						
INVESTMENT TENURE	<ul style="list-style-type: none"> Up to 3.5 years from the date of funding of Tranche 1 Issue Amount, the investor shall have a Put option at the end of 3 years from the date of initial investment to assure an exit for the Investor at an agreed IRR of 24% or the Promoters shall also have a call option after Lock in period of 2 years at 24% IRR. 						
SECURITY PACKAGE	<ul style="list-style-type: none"> First ranking pari passu Mortgage on entire 63.89 acres of Binny land & development rights of Developer over the project SPR Global City situated in Binny Mills, Perambur, Chennai ("Project") 100% pledge of the entire shares of the Company; First ranking pari passu charge on the Developer's share of cash flows from Project; Personal guarantee from Mr. Hitesh Kawad (Promoter), Demand Promissory Note First ranking pari passu charge by way of Hypothecation over raw materials & work in progress of the Project Such other security interests, escrows, cash sweeps, guarantees and/or other mechanisms as may be mutually agreed between the Parties. 						
OVERSIGHT MEASURES	<ul style="list-style-type: none"> Regular monitoring of the project progress shall be undertaken by the Investor/Debenture Trustee on such third party agency as may be appointed by the Portfolio Manager Developer shall adhere to the milestones set in the Business plan agreed upon definitive documentation 						
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ALIGNMENT OF INTEREST	<ul style="list-style-type: none"> Skin in the game with developer injecting an upfront JDA security deposit of Rs.250 Cr to the land owner from their own sources Developer is also offering entire land worth Rs. 1,662 Cr (as per CBRE valuation) as security through registered mortgage 						



Representative Transaction

Early stage structured investment into Plotted Layout project in Sarjapur, Bangalore

PROJECT LOCATION	<ul style="list-style-type: none"> Sarjapur Town, Off Sarjapur Road, Bangalore
PROJECT AREA	<ul style="list-style-type: none"> Saleable Area: 6.79 Lakh sft , Developer share: 2.92 Lac sqft; Landowner: 3.87 Lac sqft
NO OF UNITS	<ul style="list-style-type: none"> 450 plots , Developer share: ~193, Landowner share: ~257
CURRENT STATUS	<ul style="list-style-type: none"> Land stage, Negotiation done, JDA Ratio 43:57 (Developer & Landowner) (0.52 FSI)
INVESTMENT	<ul style="list-style-type: none"> INR 24 Cr
PROJECT TIME LINES	<ul style="list-style-type: none"> Upto 3 years Term Sheet: done; JDA Execution: Aug-2015 Approvals – BMRDA Sanction: Dec 2015; KSPCB & MOEF NOCs: Dec 2015 Construction – Site Development: Jan'16 to Dec'16 Civic Amenities & club house: Oct'16 to Jul'17
RETURNS / DISTRIBUTION WATERFALL	<ul style="list-style-type: none"> 100% cash flows of developer share in the project Positive cash flows from 2nd year
SECURITY	<ul style="list-style-type: none"> PMS will have 100% Shareholding and control in the SPV In House Execution of the project by The Address Makers team Better Project Monitoring
EXPECTED IRR	<ul style="list-style-type: none"> 32% & Money Multiple 1.88x



Executed Transaction (Structured Equity)

Residential Project in Hosa Road, Bangalore

INVESTMENT SIZE	<ul style="list-style-type: none"> INR 66 Crores 						
DEAL TYPE	<ul style="list-style-type: none"> Structured Equity 						
PROJECT TYPE	<ul style="list-style-type: none"> Residential Apartments 						
TARGETED IRR	<ul style="list-style-type: none"> Expected IRR of 25.1% (Money Multiple at 2.4x) 						
DEAL OVERVIEW	<ul style="list-style-type: none"> Preferred return of 20% IRR Thereafter in of ratio 40% (Developer) : 60% (Investor) until the Fund achieves an IRR of 24% Remaining cash flows to be distributed in the ratio of 80% (Developer): 20% (Investor) till the end of the Project 						
INVESTMENT DATE/TENURE	<ul style="list-style-type: none"> 5 years (60 months) from the date of closing 						
SECURITY PACKAGE	<ul style="list-style-type: none"> Exclusive Mortgage of land and Construction thereon Hypothecation of receivables & Control of cash flows through Escrow mechanism Step-in rights Pledge of 100% shares of SPV, Personal & Corporate Guarantee PDCs and UDCs, Demand Promissory Notes, 						
OVERSIGHT MEASURES	<ul style="list-style-type: none"> Regular board meetings on project monitoring; Existing relationship – already invested Rs 85 Cr (Committed Rs 100 Cr) with Investee Company 						
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ALIGNMENT OF INTEREST	<ul style="list-style-type: none"> Skin in the game with developer injecting INR 16.5 Crores (~20% share) as equity from their own sources Water fall structure wherein there is no payout to Developer until Investor gets back its entire invested capital with 20% IRR 						



Executed Transaction (Apartment)

Residential Project In Mumbai

INVESTMENT SIZE	<ul style="list-style-type: none"> INR 50 Cr 						
DEAL TYPE	<ul style="list-style-type: none"> Late Stage Apartment Buyout (units selected based on salability and pace of construction) 						
PROJECT TYPE	<ul style="list-style-type: none"> Slum Rehabilitation project under regulation 33 (10) of the Development Control Regulations 						
RETURN*	<ul style="list-style-type: none"> IRF's acquisition price yields an effective discount from the current sales price of INR 14,000 psf, of which 35% - 55% is payable immediately as per the Construction Linked Plan depending on unit in question Minimum IRR of 16.5% (at INR 14,000); Upside until INR 16,000 shared 67:33; Upside beyond INR 16,000 shared 20:80 Exit Price: 14,000 – Gross Return: 19.1% Exit Price: 15,000 – Gross Return: 24.1% / Exit Price: 16,000 – Gross Return: 28.9% *Effective realization / IRRs at different price levels may differ slightly depending on actual unit being underwritten 						
TENURE	<ul style="list-style-type: none"> Average Tenure of 2 Years 						
PRIMARY SECURITY	<ul style="list-style-type: none"> First and exclusive charge on the identified apartments and the escrowed cash flows from sale of the said apartments 						
OTHER SECURITY	<ul style="list-style-type: none"> Additional 20% area offered as a security. The additional area may be sold if the fund's returns are not met 100% share pledge, Undated Cheques, Promissory Notes, Corporate and Personal Guarantees 						
CONTROL MECHANISMS	<ul style="list-style-type: none"> Escrow of Cash flows / Right to appoint Directors 						
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CASHFLOW SENSITIVITY	<ul style="list-style-type: none"> 1.85x cash cover at the proposed exit price of INR 16,000 psf and 1.62x cover assuming no appreciation from the current levels of INR 14,000 psf Discounted price along additional area for price protection adequately covers repayment of interest and returns 						



Executed Transaction (Redevelopment)

Residential Project In Mumbai

INVESTMENT SIZE	<ul style="list-style-type: none"> INR 100 Crores 						
DEAL TYPE	<ul style="list-style-type: none"> Redevelopment 						
PROJECT TYPE	<ul style="list-style-type: none"> Slum Rehabilitation Project 						
RETURN	<ul style="list-style-type: none"> Fixed IRR of 24% with additional equity kicker 						
INVESTMENT DATE/TENURE	<ul style="list-style-type: none"> April 2013 / 4 years (Put option for the Fund on the Developer) 						
OVERSIGHT MEASURES	<ul style="list-style-type: none"> Monthly site visits and 24 PMC meetings conducted till date to monitor progress Regular Construction, Sales and Collection reports from the developer, which have actually been in tandem with the assumptions 						
SECURITY & PROJECT CONTROL	<ul style="list-style-type: none"> Escrow of project cashflow 100% pledge of shares in an alternate project, 2x times of the invested amount Capping of project cost and borrowings At the time of PFMLP Entry approx 70% of slum tenants vacated and major development approvals in place 						
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ALIGNMENT OF INTEREST	<ul style="list-style-type: none"> Adequate free cash flows available to the developer after servicing all debt, including that of the Fund An average incremental sale price of INR 1000/sq ft to translate into gross cash flows of around INR 100 Cr to the developer 						



Recently Exited Transactions

PROJECT	Ariisto Group - TDR Project and Residential Project, Chembur & Goregaon, Mumbai
INVESTMENT AMOUNT	INR 200 Cr
INVESTMENT DATE	February 2014
DEAL TYPE	Structured deal with a gross target IRR of 26%
EXIT DATE	June 2016
Tenure	2 Years
IRR GENERATED	26%



PROJECT	Omkar Park Site, Ghatkopar, Mumbai- Slum Redevelopment
INVESTMENT AMOUNT	INR 125 Cr
INVESTMENT DATE	February 2014
DEAL TYPE	Structured deal with a gross target IRR of 21% and a further equity upside capped at 27% IRR
EXIT DATE	Feb – Apr 2016
Tenure	2 Years
IRR GENERATED	27%



PROJECT	Paranjape, Versova, Mumbai- Society Redevelopment
INVESTMENT AMOUNT	INR 39 Cr
INVESTMENT DATE	September 2010
DEAL TYPE	Equity deal in a Redevelopment project - MHADA Colony Redevelopment
EXIT DATE	Dec – Feb 2016
Tenure	5 Years
IRR GENERATED	23%



Key Terms

Indiareit Domestic Real Estate Strategy I

Type	<ul style="list-style-type: none"> Discretionary Portfolio Management Services by Piramal Fund Management Pvt Ltd
Promoters Contribution to Strategy	<ul style="list-style-type: none"> At least 7.5% of basic size in each transaction
Transaction Tenure	<ul style="list-style-type: none"> 2-4 years from the date of Investment
Target Returns	<ul style="list-style-type: none"> 25%+ IRR
Target Cities	<ul style="list-style-type: none"> Tier 1 only (Mumbai, NCR, Bangalore, Pune, Chennai)
Target Investors	<ul style="list-style-type: none"> Institutions, Corporates, HNIs & NRIs (subject to foreign exchange laws)



Setup Fee	<ul style="list-style-type: none"> 2.00% of Investment Amount
Management Fee	<ul style="list-style-type: none"> 1.50% on the Investment Amount
Transaction wise Performance Fee (%)	<ul style="list-style-type: none"> 20% without Catch-up.
Hurdle Rate (%)	<ul style="list-style-type: none"> 10% per annum
Reinvestment	<ul style="list-style-type: none"> None

* This is indicative and not definitive. Please refer to portfolio management agreement for details

04 APPENDIX

Transaction Sourcing Process

1	Transaction sourcing	<ul style="list-style-type: none"> ▪ A combination of proactive relationship mapping; local offices and senior management introductions in addition to IPCs and Investment Bankers; first point of call for existing relationships
2	Developer track record and alignment	<ul style="list-style-type: none"> ▪ Repeat and Referral transactions from existing developer relationships ▪ New relationships are thoroughly reference checked through multiple sources ▪ Pre-identified 4-5 target relationships in each target city
3	Project approvals status	<ul style="list-style-type: none"> ▪ Thorough vetting of all necessary approvals; validation of FSI ▪ No speculative approvals should be pending
4	Project cash flows and risk sensitivity	<ul style="list-style-type: none"> ▪ Cash flow assessment based on primary data; internal assumptions and comparable market benchmarks ▪ Risk and sensitivity filters on selling price, absorption and development timelines applied
5	Instrument selection and deal considerations	<ul style="list-style-type: none"> ▪ Equity, Preferred Equity or Structured debt based on tax and other considerations ▪ Legal structuring including security package and enforceability; other conditions to be met by Developer
6	Term Sheet & evaluation	<ul style="list-style-type: none"> ▪ Indicative term sheet shared based on initial underwriting; Formal IC memo drafted with inputs from Investment and Finance; Risk and Legal to separately underwrite and present independent assessment
7	Investment Committee Approval	<ul style="list-style-type: none"> ▪ Presentation by deal team to the IC members; Comments and Observations along with responses recorded and minuted by Secretarial teams
8	Due Diligence / Disbursement	<ul style="list-style-type: none"> ▪ Empanelled Agencies / SPs + Internal sanity check for - Title & Search, Technical, Commercial & Financial; Pre disbursement audits of KYC & CPs ▪ Disbursement Checklist vetted by Investment + Legal

Multi-layered approach to Risk Management

Deal level risk evaluation

Independent risk assessment of 'each' proposed deal for both quantitative and qualitative risks considering a stress case scenario (95 percentile)

- Quantitative: Project Cash Flow, Security Package and Financials
- Qualitative: Promoter strength and Exit options (scorecard based)

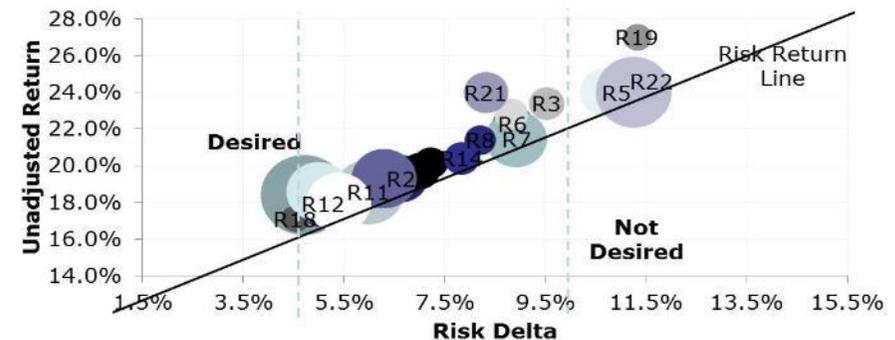


Portfolio level

- Portfolio risk view - placement of each investment on risk return line
- Portfolio Revaluation at periodic interval – Showcase trend and helps in identifying early warning signals as well as opportunities
- Periodic monitoring of portfolio risk view to react and respond to any signals



Portfolio risk view



What?

Technical

- Approval tracking
- Schedule monitoring
- Budget monitoring
- Reviewing safety & quality



Sales

- Sales performance review
- Planned vs actual sales (based on IC model)



Financial & escrow

- Compliance of CP / CS
- Escrow account reconciliation
- Calculation of cover
- Status of investment portfolio
- Exit plan



How?

- Combination of in house Asset Management team, Internal Audit team and external agencies to monitor, on an ongoing basis, each of the above
- Periodic site visits by Investment & Asset Managers to discuss status of existing deals and issues/concerns if any
- Promoter meetings with the Managing Director + Investment team for any key decisions that are strategic in nature
- Quarterly PMC Meetings; Quarterly Review Meetings; Consolidated Business Performance review by geography; Exit meetings across entire portfolio



Strong Local Investment Committee

...with decades of cumulative experience across real estate, financial services and investment advisory

Ajay Piramal	<ul style="list-style-type: none"> Mr. Ajay Piramal is the Chairman of the Piramal Group, a diversified conglomerate with business interests across pharmaceuticals, packaging, financial services and real estate. He is also the Chairman of Pratham, which is the largest non-governmental organization in the education sector. Mr. Piramal serves on the Indian Prime Minister's Task Force on Pharmaceuticals & Knowledge-Based Industries and Council for Trade & Industry. He is a member of the Government of India's Board of Trade. Mr. Piramal completed his Masters in Management Studies from Jamnalal Bajaj Institute of Management Studies, and completed his Advanced Management Programme from Harvard Business School in 1992. Today, he serves as a member on the Board of Dean's Advisors at Harvard Business School.
Khushru Jijina	<ul style="list-style-type: none"> Mr. Khushru Jijina is the Managing Director of Piramal Fund Management Private Limited (PFM), the largest real estate fund and investment management platform in India. As Managing Director, he oversees the entire spectrum of activities ranging from origination, investments, asset management, exits and new fund raising performed by an 100+ member management team under his supervision. Apart from being a key man for PFM, Mr Jijina also serves as Group Treasurer and the leads the Family Office for all proprietary investments. Mr Jijina is a Chartered Accountant by profession with an illustrious career spanning over 2 decades in the field of real estate, corporate finance and treasury management and has been with the Piramal Group for more than 15 years .
Shitin Desai	<ul style="list-style-type: none"> Mr. Desai is Executive Vice Chairman of DSP Merrill Lynch, and is one of its founding Directors. He was a member of the Committee on Takeovers appointed by SEBI and was a Member of: RBI Capital Markets Committee, Advisory Group for Securities Market of RBI and Insider Trading Committee of SEBI.
Rajesh Khanna	<ul style="list-style-type: none"> Mr. Rajesh Khanna is the founder & CEO of Arka Capital Advisors Pvt. Ltd. Previously, he served as a Managing Director and India Head of Warburg Pincus, a global private equity firm, and was a member of its global Executive Management Group. Mr. Khanna is a Director of Lemon Tree Hotels, Max India and Max Life Insurance Company. Prior to joining Warburg Pincus, he worked with Citibank N.A. and Arthur Andersen & Co. He received an MBA from the Indian Institute of Management, Ahmedabad, and is a Chartered Accountant.
Tara Subramaniam	<ul style="list-style-type: none"> Tara is the Chief Operating Officer at JM Financial Products Ltd. Previously, she was a Director with the Sun Group. Earlier, Tara was a part of HDFC Limited as Deputy General Manager, Commercial Real Estate where she was a part of a team formulating funding and underwriting strategies.
R.A. Shah	<ul style="list-style-type: none"> Mr. Shah is a solicitor and senior partner at M/s Crawford Bayley & Co. Mr. Shah is also a Member of the Managing Committee of Bombay Chamber of Commerce, Indo German Chamber of Commerce and president of Society of Indian Law Firms.
Ashish Dalal	<ul style="list-style-type: none"> Mr. Dalal has till recently been a partner of Dalal & Shah, Chartered Accountants and has also been a partner of Price Waterhouse & Co. He has also held directorships in Wyeth Limited, Akzo Nobel Chemicals (India) Ltd., ICICI Investment Management Co. Ltd., Financial Technologies (India) Ltd. And Multi Commodity Exchange of India Ltd.
Niraj Bhukhanwala	<ul style="list-style-type: none"> Mr. Bhukhanwala is a Director of Bhukhanwala Holdings Private Limited. A closely held boutique investment company. He was earlier a part of the team that setup Intel's venture capital operations in India. Prior to Intel, he has worked with Mckinsey and Company in London focusing on pan European strategies in the telecom and enterprises sector. Mr. Bhukhanwala is a MBA from INSEAD, France.

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