

**REAL ESTATE ASSET  
PERFORMANCE – 1  
( REAP – 1 )**




**NiFCO**  
NISUS FINANCE

The Real Estate Asset Performance Fund is a Rs.400 Crores real estate fund, managed by Nisus Finance & Investment Managers LLP, promoted by Nisus Financial Services Co Private Limited (NiFCO).

The Fund is a high yield senior secured debt specialty finance fund focused on generating superior, consistent, risk-adjusted returns from residential projects which are safe and mostly at an advanced stage.

The Fund employs an innovative product strategy with an exceptional structure to manage risk providing the highest safety margins for capital protection along with a potential for higher incremental upside.

NiFCO management team has over 100+ years of relevant experience across real estate transactions worth over INR 200 bn either as principles, fund managers or providers of corporate real estate services. The distinguishing factor is an elite board of Independent Advisors bringing in the highest level of governance.



The real estate sector, with the growing demand, increasing investments, attractive opportunities and policy support, is expected to achieve a market size of US\$ 180 billion by 2020\*.

The Real estate sector's strong demand is driven by factors such as rapid urbanization, a growing trend towards nuclear families, positive demographics, rural–urban migration, ever-increasing government focus, higher income levels and housing demand.

## INVESTMENT OPPORTUNITY

Real Estate is one of the leading sectors in terms of capital demand and ability to generate high returns along with high sectoral growth rates with real assets as underlying security. While the banking sector has about close to US\$ 21 billion<sup>^</sup> of exposure to commercial real estate loans, the number is estimated at least 4 times larger if home mortgages and other real estate loans are factored. Given that the flow of capital in Indian real estate was US\$ 1 trillion\* between FY'08 to FY'14 and is expected grow at a steady pace each year (from private and public sources across equity and debt), the ability and opportunity to participate even in a smaller percentage of this pie through professional management is compelling and in extra ordinary demand.

## INVESTMENT RATIONALE

- ❖ Rapid Urbanization leading to rise in demand from 19 mn units to a projected 37 mn units by 2022
- ❖ PM's national & regional push for mid-income housing, smart cities etc. under "Housing for all by 2022"
- ❖ FM's budgetary allocation of INR 70,000 crores needs private capital support to build & sell inventory
- ❖ Midsize projects needing short/mid term capital: a unique high value opportunity for funds
- ❖ Inventory sales lagging offtake : an opportunity to secure high yields through hugely discounted and late stage projects in all major micro markets
- ❖ Absorption trends showing gradual pick up with receding interest costs & government sops/schemes
- ❖ Lack of large Private Equity (PE) firms to support project / enterprise level growth
- ❖ Need for exits to current PE and financial partners, who are looking to show returns in their funds
- ❖ Timing mismatch in cash flows to service debt and expense obligations at the back of slowed off take
- ❖ Large statutory burdens erupting from back taxes including service tax, value added tax, etc. as well as premium on FSI, TDR and other government levies

## INVESTMENT STRATEGY

REAP - I Fund seeks to establish a significant real estate portfolio of mid-market residential projects. The fund will provide Investors with the opportunity to access investment returns from attractive and fundamentally strong Indian real estate development and infrastructure projects across India's top-7 commercial cities. The fund will generate fixed periodic returns by investing primarily in brown field fully approved projects with all approvals in place and construction activity commenced completely thereby avoiding any regulatory / statutory risks. The target will be investments of tenure of an average of 24-36 months with in-built exit strategies. Fund will seek to meet the developer demand for last mile / gap financing or recapitalization in active projects where approximately 20%-50% of the stock is already sold.



# ADVISORY BOARD

## PRANAY VAKIL



is the Chairman of Praron Consultancy & brings 25+ years of experience. He was the founder of Knight Frank & Co-Chairman of the Real Estate Committee of FICCI & also serves as a Chairman of Housing & RE Committee with IMC. Current directorships includes Deepak Fertilizers & Petrochemicals Corp. Ltd. & Godrej Properties Ltd.

## RAJESH JHUNJHUNWALA



A Fellow Member of the ICAI, he is a veteran CA, specializing in taxation and commercial law, since 1979. He serves as a director and advisor at several companies and many social organizations. He is the President of ICL Education Society & the Chairman of R. Jhunjhunwala Foundation.

## DEENA MEHTA



is the MD of Asit C. Mehta Investment Intermediates & also a Member of Derivatives Panel at SEBI since March 2007 & the Founder Director of CDSL. She was also a Founder Executive Committee Member of South Asian Federation of Exchanges

## AMEET HARIANI



is a Partner in Hariani & Co. Advocates & Solicitors with over 30 years of experience. He serves as a member of the Law Society in Bombay, UK & Singapore. His Real Estate clientele includes Godrej Properties, Tata Housing Ltd and K Raheja among others. Current directorships includes Batliboi Ltd, Capricorn Realty, Vascon, etc.

# INVESTMENT COMMITTEE

## HARSHAL SHAH



has 15+ years of experience across Finance, Technology, Strategy and Marketing. He was the Founder CEO of Reliance Venture Asset Management, President of Reliance Capital & the founder board member of Yatra.com

## ASHOK SHAH



is a partner in N. A. Shah Associates & has advised PE funds, Indian companies & MNC's in designing tax structures, corporate reorganization, M&A. He is the Chairman of N.S Global & associated with various social, charitable & educational institutions.

## SACHIN SANDHIR



is the Global Managing Director - Emerging Business at RICS. He has been a part of the RE industry for 20 years & and has worked with leading organizations including DLF, Jones Lang LaSalle, Blackrock solutions (erstwhile Helix Financial) and Ansal Properties.

## MAHESH MUDDA



is ED & CEO of NCCL & brings 25+ years of experience in Construction & Finance. He is Associate of the Institute of Cost and Executive Accountants, UK. He was the Vice Consulate of Malaysia in Mumbai & currently the General Secretary of Builders Association OF India.

# LEADERSHIP



**AMIT GOENKA**  
Managing Director & CEO

has led transactions valued at over USD 5 bn spread across Asia, Africa and Europe in diversified sectors including real estate and hospitality. He also set up and led a rental yield fund in a joint venture with Anand Rathi, managing a portfolio of pre-leased commercial assets over 3 cities.



**BHASKAR BAROI**  
Chief Investment Officer

has 18+ years of experience; worked as a Principal with ICICI Venture and was responsible for sourcing and managing deals of USD 100 mn. Prior to that, has worked in Deutsche Bank and Standard Chartered Bank and HDFC Ltd.. Till date, Bhaskar has, in his career, led and appraised deals worth USD 750 mn.



**PRAVEEN SINGLA**  
National Head - DCM

has 15+ years of experience in Capital Markets in both Debt and Equities. He has served in leadership roles in Cushman & Wakefield, YES Bank, Standard Chartered, ICICI Bank, Axis Bank, UTI Mutual Fund. Praveen has raised more than USD 1 bn in his previous roles in debt capital market.



**TEJAS PATIL**  
Senior Vice President

has 10+ years of experience spanning Investment Banking, Management, PE, RE and Wealth Advisory. He was heading an independent RE Investment advisory firm & was in-charge of Alternate Investment solutions at ASK Group. Also appraised deals upto USD 500 mn at AXIS Bank Capital Markets ECB/FCCB desk.

# KEY STRENGTHS OF THE TEAM

## Investment Experience

- Deployed capital in more than 50 investments
- Unique & proven capabilities in structuring more than 10 exits successfully
- Cumulative 100 years of real estate experience

## Access to Propriety Investment Opportunities

Access to deals and ability to create consistent and healthy deal pipeline across segments and regions

## Alignment of Interest

Upto INR 100 crores of team and sponsor commitment thereby leading to alignment of interest with investors.

## Risk Management

Exhaustive & continuous process to mitigate & manage risks at all stages of investment

## Transparency

- On demand access to investment documents, financials, MIS and other reports of the Fund & Investment Manager
- Periodic updates on portfolio and fund performance
- Periodic interaction with the Investment Manager & Trustee

## Corporate Governance

- **Three Tier approval system:** Between the Investment Manager, Investment Committee and the Supervisory Board
- One of the most prominent and elite board of advisors
- Covers all governance facets viz. Accounts, Legal, Risk, Taxation
- Sound system of internal controls to safeguard investor's investments and to identify and manage business risks
- Open and meaningful relations with investors & stakeholders

# FUND STRATEGY SNAPSHOT

## MACRO INVESTMENT STRATEGY

- Access mainly real estate residential development projects across India's top-7 cities of MMR, Pune, NCR, Bangalore, Chennai, Hyderabad & Kolkata
- Opportunistically down sell a part of deals in order to earn interest spread, boosting Gross IRR over 22% using the fund managers' deep relations with marquee domestic investors
- Invest in partially or nearly completed, approved and active projects with a healthy sales track record
- Invest through NCDs, ICDs, bonds and comparable instruments
- Target investments of average tenure of 24 – 36 months with in-built exit strategies

## SENIOR SECURED DEBENTURES (Strategy – 1)

### INVESTMENT STRUCTURE

- Substantial Asset Security & Cash flow cover on Principal amount
- Coupons of between 18% to 20%, payable monthly or quarterly
- Debt Service Reserve Account providing adequate buffer for interest servicing
- Fund will make Senior Secured Investments, mostly with a first charge on assets, supported by a Corporate Guarantee & a Personal Guarantee of the Promoter
- Investments may to be listed on BSE or NSE for tax-efficiency & partial down selling reasons as per applicable guidelines

### SECURITY

- Preference towards first charge on assets with an English Mortgage
- Preference towards pledge of 100% shares of the SPV
- Post Dated Cheques towards principal and interest payments
- Director representation /Observer seat on the investee company board in case of default

## STRUCTURED BUY BACK (StruBB@) OF APARTMENTS (Strategy – 2)

### CAPITAL INVESTMENT STRUCTURE

- Structured real estate investment opportunities in advanced stage residential projects of developers with proven track record at a deep discount to the current market price
- Developer to purchase the inventory back at intermittent intervals within the schedules tenure of the facility

### SECURITY

- Preference towards first charge with a registered mortgage on the inventory purchased with all guarantees in place
- No Objection Certificate from all the lenders / stakeholders
- Regular checks for monitoring construction progress, maintaining sale velocity threshold backed by penalties for delay

### FILTER CRITERIA

- Developer with a strong proven past record
- Major approvals obtained
- Advanced stage of construction
- Established sales record for the project under consideration
- Vendor deliverability

### ADVANTAGES

- Payment schedule benefits
  - > Reduced upfront payment
  - > Deferred balance payment
- Short tenure
- Sales assurance
- Ability to liquidate part or full inventory with a Power of Attorney

# SUMMARY OF PRINCIPAL TERMS

<b>Type of Fund</b>	SEBI Registered Category II Alternate Investment Fund		
<b>Size of Fund</b>	INR 200 Crores with a Greenshoe option of INR 200 Crores		
<b>Tenor of the Fund</b>	4 years with an option of two (2) one-year extensions		
<b>Commitment Amount</b>	At least INR 1 Crore or equivalent for individual and institutional investors		
<b>Commitment Period</b>	24 months from Final Closing		
	<b>Units</b>	<b>Class A1</b>	<b>Class A2</b>
	<b>Terms</b>		
	<b>Investment Amount</b>	INR 1-5 Cr	=> INR 5 Cr
	<b>Setup Cost</b>	1.5%	1.0%
<b>Fee Structure</b>	<b>Management Fees*</b>	1.5% p.a.	1.0% p.a.
	<b>Carried Interest</b>	15% without Catch up	10% without Catch up
	* Management Fees is chargeable only on the drawn down or invested capital		
<b>Preferred Return</b>	Hurdle rate of return of 12% per annum for carried interest calculation		
<b>Targeted Return</b>	22-24% per annum (gross)		
<b>Sponsor</b>	Large Family Office & a Venture Capital Fund		
<b>Manager</b>	Nisus Finance and Investment Managers LLP promoted by NiFCO		
<b>Sponsor Commitment</b>	10% of the fund size going up to Rs.100 Crore		
<b>Multiple of Capital</b>	Fund will endeavor to reinvest the capital once within the investment period to achieve a higher Multiple of Capital invested		

One of the lowest cost structures in the Industry



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