

INDIAN REAL ESTATE COMPANY PROFILE Ltd.



Indian Real Estate Company Profile

- brings private equity expertise and discipline to real estate developments.
- has a mindset of operations rather than investments only .
- is more of a co-developer, and less of a passive investor.

The Company might be interested to identify

Real Estate Funds
Funds of Funds
Institutional Investors
High Net Worth Individuals

Willing to invest in the company in order to participate Developments
Projects in India

Outline

What is Indian Real Estate Company

Why India ? Real Estate perspectives

Functions

Indian Real Estate Company's experience with deals.

What is India Real Estate Company?

Indian family owned investment company, focused on investment in real estate developments.

Founded in 2002; Indian Family Founder's experience in real estate through assorted vehicles for a decade before that.

20 deals done, mostly residential, some office and retail.

Working with leading developers such as Ansals and Uppals, and top tier co-investors such as Reliance and Berggruen Holdings.

Office in New Delhi. Most people with development experience.

IRR in excess of 45% over the last 15 years.

Indian Family Founder, US MBA , 15 year experience in private equity and real estate, co-founded vehicles managing in excess of \$1b in private equity

Why India? – very high growth

- 3/4 BSE Sensex: 3100 in 2002, 15,000+ now. Sensex p/e 17 in 2002, p/e 21 now.**
- 3/4 Infosys (IT services): Market cap \$5.5b in 2002, \$28b now; p/e has moved from 30 to 31.14.**
- 3/4 Gurgaon apartment: Rs 1500 per sq ft in 2002, average cost \$50,000. Now Rs 4000 per sq ft, average cost \$150,000.**
- 3/4 SAIL (steel): Market cap has moved from \$500mm in 2002 to \$15b now; moved from loss of \$350mm to profit of \$ 1.5 b.**
- 3/4 IndiaBulls (financial services): Started in 1999. Infinity invested @ Rs 8, exited in 2004 at Rs 110, IPO at Rs 18, current adjusted price Rs 1000. Market cap \$6.5b. Current p/e 85.**
- 3/4 Unitech (real estate): Market cap \$17mm in 2002, \$11.3b now; p/e has moved from 9.6 in to 47.**
- 3/4 Hero Honda (motorcycles): \$100mm PAT in 2002, \$ 310 m now; market cap \$1.5b in 2002, now \$2.15 b; p/e moved from 14.4 to 15.9.**
- 3/4 Pantaloon (retail): Market cap \$15mm in 2002, \$1.9 b now; p/e moved from 11 to 105.**
- 3/4 Hindustan lever (consumer non durables): Market cap \$10b in 2002, now \$11.5b; PAT up from \$350mm in 2002 to \$470 m now; p/e moved from 28 to 27.4.**
- 3/4 IIM Ahmedabad graduate's salary: Average Rs 1235,000 (\$31,000) in 2007, was Rs 500,000 (\$12,500) in 2002.**

The macro environment ...

1998

- 3/4 **UTI mutual fund scam**
- 3/4 **East Asian crisis**
- 3/4 **India's nuclear test (international boycott)**
- 3/4 **Onion crisis (BJP lost states)**
- 3/4 **Communalism expected as political theme**
- 3/4 **Reform roll back expected (swadeshi)**
- 3/4 **GDP growth @ 5-6%**
- 3/4 **Stock market index @ 3000**
- 3/4 **Forex reserves \$30b**
- 3/4 **Tariff 40% (peak)**
- 3/4 **Interest rates 13-14%**
- 3/4 **"Multinationals will swallow us"**
- 3/4 **Risk of depreciating rupee**
- 3/4 **Deficit (consolidated) 9.5%**

2007

- 3/4 **Nuclear deal with the US**
- 3/4 **Retail boom (people paying higher prices)**
- 3/4 **Economics is the political theme**
- 3/4 **Opening up, privatisation, tariff cleanup**
- 3/4 **GDP growth @ 9-10%**
- 3/4 **Stock market index @ 15,000+**
- 3/4 **Forex reserves \$215b**
- 3/4 **Tariff 20% (peak)**
- 3/4 **Interest rates 11-12%**
- 3/4 **Indian multinationals emerging**
- 3/4 **Appreciating rupee**

Why India is taking off?

- 1. Strong growth in real GDP per capita.**
- 2. Rising saving and investment.**
- 3. Rapidly opening up to trade.**
- 4. Surging FDI inflows.**
- 5. Healthy company profits.**
- 6. Declining incremental capital-output ratio.**
- 7. Sourcing of finance has soared.**

What do the experts think of India?

(Merrill Lynch, National Housing Bank, HDFC)

- 3/4 Indian real estate pie \$12b, slated to grow to \$45-50b in 5 years.**
- 3/4 Segments: housing 80%, commercial 10%, retail 10%.**
- 3/4 Five year demand projections: 20-30mm homes (5mm sold last year), 200mm sq ft commercial space, 180mm retail space.**
- 3/4 Indian construction sector is 5.8% of GDP, compared to China at 6.5% and South Korea at 8.4%.**
- 3/4 The top 6 cities (Mumbai, Delhi, Calcutta, Chennai, Bangalore and Hyderabad) represent 6% of the population and 14% of the GDP. Other cities with population more than 0.5mm represent 13% of the GDP.**
- 3/4 2.5mm upwardly mobile population has become debt friendly.**
- 3/4 Indian mortgage market size: \$15b.**
- 3/4 Increased affordability: home prices 3-4x annual salary, as compared to 10-12x, about a decade ago.**
- 3/4 1st home buyer average age down from 50 years in 2000 to 34 years in 2006.**

Functions

3/4 Developer's Due Diligence

3/4 Development / Construction Management

3/4 Cash Control

3/4 Asset Sale Process

3/4 Reporting from SPV

3/4 Finance / Resource Mobilisation

INDIAN REAL ESTATE COMPANY'S EXPERIENCE WITH DEALS

Done deals!

Ghaziabad
127 acres
Township.
\$12mm investment.

Mohali
125 acre Industrial
park.
\$5mm investment.

Faridabad
Shopping mall in.
1.3 acres area.

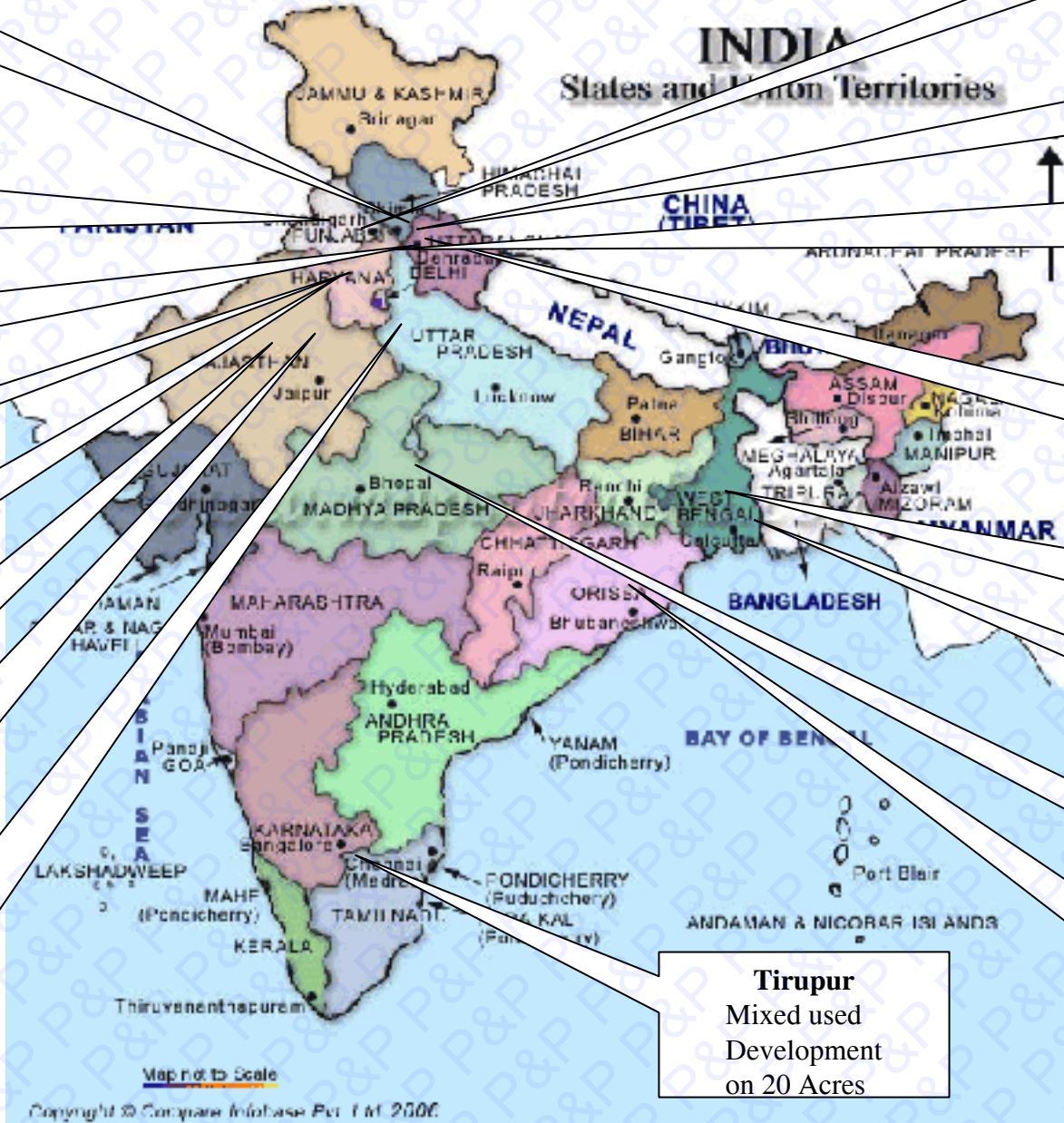
Karnal
250 acre Township.

Sohna
150 acre Farm
houses.

Udaipur
1.1 m sq. ft. Group
housing

Jodhpur
200 acres Integrated
Residential
township
\$ 5 mm investment

Meerut
330 acre Township



Ludhiana
200 acre Township.
\$12.5 mm investment.

Gurgaon
Project Size: 165
Acres SEZ
\$ 14 mm investment

Shipra
2.1 m sq. ft. of
Residential
Development
\$ 20mm investment

Ghaziabad
Project Size: 1500
Acres township
\$28 mm investment

Kolkata
25 Acres Mixed use
development
\$ 5 mm investment

Kolkata
300 Acres Mixed use
development
\$ 25 mm investment

Indore
200 acre Township
\$ 8 mm investment

Bhubaneshwar
5 Acres Shopping
mall cum multiplex
\$9mm investment

Tirupur
Mixed used
Development
on 20 Acres