

Hyderabad Prime Land Investment Opportunity

PORTFOLIO INVESTMENT THESIS
HPLIO

Buy Land, they are not
making it anymore

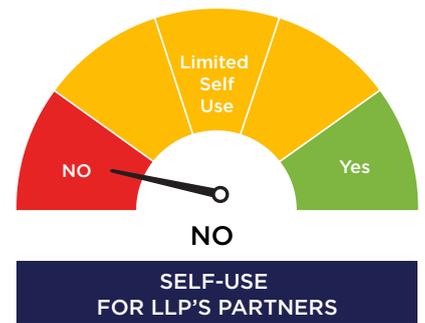
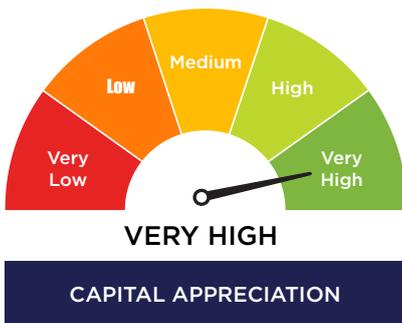
-MARK TWAIN

Developed plotted land remains a dream investment for the common man and is a source of pride of ownership. Cities like Hyderabad have plotted developments by the best developers which provide a safe investment opportunity that delivers financial benefits in form of long-term capital appreciation of land prices.

Hyderabad's plotted land market is a dynamic and diverse landscape, catering to various needs and budgets. Plotted Land prices in Hyderabad have witnessed significant growth in recent years, driven by factors like economic growth, infrastructure development and limited availability of developed plots.

Plotted land offers flexibility and ease of designing homes based on buyer's preferences. The demand for independent homes has accelerated over the last couple of years in the post COVID19 era. With many projects being launched by established developers, homebuyers and investors are now more aware of the concept of plotted developments with world-class amenities that are at par with the offerings of several apartment and villa communities. With the development of emerging micro-markets with the best infrastructure, plots are relatively easier to liquidate. Availability of bank loans and tax benefits also means that more end customers will be attracted towards plots in the times to come.

HYDERABAD PRIME LAND INVESTMENT OPPORTUNITY



Potential Long Term Alt.SQFT Price	~Rs 18,500.00
Potential Long Term IRR	~11.00%
Potential Long Term Investment Multiplier	~2.57X

Investment Rationale

- The Investment Rationale is decided with an aim to create a portfolio of properties with a potential for sustained capital appreciation which are developed by the most prominent Real Estate Developers
- Curated Properties developed by good developers with sought after amenities and in prime locations that give better capital appreciation and hence such developments have been analysed to shortlist the targeted portfolio
- Type of Investment In this opportunity: Approved, Developed, Release Order received, Demarcated - Residential plotted land

Investment Strategy: “The Sequential Asset Acquisition” Strategy

- Co-Invest into a portfolio of Residential Properties (Developed Plots). Knight Frank, a renowned International Property Consultancy, has analysed, the locations which fit the investment thesis.
- The time frame and conditions for property acquisitions are pre-decided & disclosed in Annexure A (Portfolio Purchase Parameters). This shall give the investors an upfront opportunity to know about the type of properties that shall be acquired under Hyderabad Prime Land Investment Opportunity
- These properties will be acquired sequentially in the SPV (LLP) over a period of Four years as per the process detailed out in the Investment document i.e LLP deed and Loan agreement. On consent by digital voting from partners and Alt.SQFT Holders, SPV will raise funds/utilize the funds raised to purchase the property. Hence the SPV will raise Capital (PO Stage) multiple times from its Partners in order to buy the identified properties sequentially and this shall be followed by opportunities to buy and sell their investments in the BD & TradeX stages as detailed in terms of use on the platform.
- Excess capital raised, if any, over and above what is consumed by the SPV towards the purchase of property & related expenses will be retained by the SPV as Adjustment Reserve. The Adjustment Reserve shall be used to buy additional properties or shall be returned proportionately to all the SPV’s investors or retained as Contingency Reserve or a combination of these initiatives.

Benefits

- **Reduce risk** - Investing in a diversified portfolio of properties
- **Convenience** - Easy to buy & sell, 1 SQFT at a time
- **Hassle free** - Professional property management services by Master Property Manager (MPM)
- **Long-term Investment Profit**
 - Long-term capital appreciation
 - Alt DRX’s unique community benefits plan

¹ SPV- Special Purpose Vehicle is an entity into which you invest, which in turn purchases the properties

STAGES

Opportunities for investors are in 2 stages, detailed below.

DESCRIPTION	STAGE 1	STAGE 2	
	Private Opportunity (PO)	Bulk Discount (BD)	TradeX
Minimum Investment Size	-Rs 10 Lakh	-Rs 3 Lakh	Less than Rs 20,000 (1 Alt.SQFT)
Investment Details	<ul style="list-style-type: none"> ■ 20% of investment towards Partners' Capital in the SPV ■ 80% of investment into Alt.SQFT issued by the SPV 	Alt.SQFT are recorded as loans in the SPV. They are Tradeable Digital Assets on the Alt DRX platform	
Income Distribution Profile <ul style="list-style-type: none"> ■ For Partnership rights 	<ul style="list-style-type: none"> ■ Periodic Distribution of Profit Share ■ Repayment of Partners' Capital 	NA	
<ul style="list-style-type: none"> ■ For Alt.SQFT 	<ul style="list-style-type: none"> ■ Periodic Distributions of Interest ■ Repayment of Alt.SQFT's Face Value + applicable Terminal NDCF ² 		

² NDCF- Net Distributable Cash Flow

HYDERABAD PRIME LAND INVESTMENT OPPORTUNITY

Invest in Hyderabad Prime Land 1 Alt.SQFT at a time

Investment Size and Price Band at Inagural launch of TradeX stage

- Minimum Investment Size: 1 Alt.SQFT
- Price Band : Rs 6,900 - 7,400/Alt.SQFT

Investment Highlights

- ~ 2.57x Potential Long Term Capital Gain*
- ~ 11 % Potential IRR*
- ~ Rs 18,500 - Potential Long Term/Alt.SQFT Price (8-10 years)*

Potential Long term Investment Return for Investors Participating in the TRADEX Stage

DESCRIPTION	YEAR 0	YEAR 8	YEAR 9	YEAR 10
Alt SQFT Price Band in TRADEX Stage	Rs 6,900 - 7,400			
No. of Alt SQFT Purchased	10			
Entry Value of the Investment**	Rs 74,000			
No. of Alt SQFT Sold		3	3	4
Potential Exit Value, assuming investor sells 1/3rd of their holdings in the 8th, 9th & 10th year respectively		Rs 41,130	Rs 45,260	Rs 69,645

*The potential returns of the investment cannot be guaranteed.

**The above Illustration depicts specific Investment scenario where investor sells 1/3 of Alt.SQFT in the 8th, 9th & 10th year respectively. Returns may vary with different exit scenarios

Master Property Manager- MPM

The Buying SPV shall pay the Master Property Manager (MPM) fees, as mentioned in the investment documents. The Upfront fees payable by the SPV to the MPM for the first ten years of management, shall largely be utilized by the MPM to invest in the SPV's Alt.SQFT

Alt Platform Fees

For every Alt.SQFT bought & sold on the platform, a transaction fee (plus applicable taxes) will be charged to the user and same will be displayed on the platform "Alt DRX".

Buying & Selling of Alt.SQFT

Buying & Selling of Alt.SQFT: The Users are free to sell the Alt.SQFT bought by them in PO (Stage1) to other users in TradeX or BD (Stage 2), once it opens on the Platform, at a price & timing of their choice.

The platform shall periodically intimate the Users of the potential & indicative Daily Market Price (DMP) of their Alt.SQFT. The Users are however free to buy and sell their Alt.SQFT at a price different from DMP announced on the platform, subject to prudential restrictions. The speed of order execution and price realized by the Seller of Alt.SQFT is subject to a willing counterparty being available on the platform and is not guaranteed by the platform. The platform is merely a digital marketplace for prospective buyers and sellers of Alt.SQFT to find each other.

Community Benefit Program

Upon the Alt DRX Community reaching a critical mass of users, social commerce & community Benefit Program will commence.

SPV's INDICATIVE CAPITAL STRUCTURE FOR THE FIRST 1000 Alt.SQFT*

Partner's Capital (Contribution from Investors)	Rs 13,22,500	Against 90% of SPV Rights
Loan from Partners (Contribution from Investors)	Rs 52,90,000	Against issuance of 900 Alt.SQFT
Economic Value Prior to Property Purchase	Rs 66,12,500	
Alt.SQFT reserved for Master Property Manager's (MPM) investment	Rs 5,87,778	100 Alt.SQFT
Economic Value Post Property Purchase & appointment of MPM	Rs 72,00,278	

*SPV's Capital Structure shall change depending on the eventual quantum of capital raised by it from its partners in the form of Partner's Capital and Loan from Partners

ANNEXURE A

Portfolio Purchase Parameters are a part of the investment document that shall be Pre-approved by all Partners and Alt.SQFT Holders

PARAMETER	RESTRICTIONS
Buying Special Purpose Vehicle (SPV)	AREIP SERIES A0010 LLP All properties to be purchased as per the parameters mentioned herein shall be done so in the above mentioned SPV. This SPV shall also propagate Social Commerce between the Partners, Vendors, Lenders and Affiliates of the buying SPV
Property Type	Demarcated - Residential plotted land in Approved, Developed and Release Order received Projects or selected Under Construction properties that have scheduled delivery within one year of buying
Targeted Locations in which property will be acquired	<ol style="list-style-type: none"> 1. Located in city of Hyderabad and its surrounding areas as detailed 2. Within 75km aerial distance from Begumpet Airport 3. Within 25kms of Outer ring road
Maximum Properties per Project	Not more than 8 independent Properties per project.
Maximum Number of Properties in SPV	The total value of properties to be acquired by the SPV and the total Capital (Partner's Capital + Loan from Partners) raised by the SPV for this purpose shall not cumulatively exceed a value of INR 50crs
Maximum tenor for SPV to sequentially purchase assets	Not more than 4 years from the date of first purchase of properties (Date of sale deed executed between SPV and Seller). Hence towards this, the SPV shall sequentially raise capital (Partners Capital & Loan from Partners) from existing and new partners, in order to fund such property purchase
Maximum Purchase Value of a Single Property	Purchase Consideration not more than Rs 5 Crs per Property (excluding taxes, SD & registration, adjustment reserve, contingency reserves for repairs & maintenance, advance maintenance charges and corpus charges payable to RE developer and such other miscellaneous charges payable). This limit shall be revised every month at an annualized rate of 10% to factor in for inflation, during the 4-year tenor where this SPV shall purchase properties sequentially
Maximum Purchase Price per sq.ft of Saleable Area	Not more than Rs 5,750/Sq.ft of saleable area (excluding taxes, stamp duty & registration, adjustment reserve, contingency reserves for repairs & maintenance, advance maintenance charges and corpus charges payable to RE developer and such other miscellaneous charges payable). This limit shall be revised every month at an annualized rate of 10% to factor in for inflation, during the 4 year tenor where this SPV shall purchase properties sequentially. In the absence of Saleable area of the Property being mentioned in the Property Title docs (such as and including Sale Deed, Agreement to Sell, Architect Statement, Property Cost Sheet), the Saleable area will be considered as 175% of Carpet Area
Property Usage	While plotted land is expected to be vacant, in the event there is specific demand, property can be temporarily used for storage facilities, camping sites, green House, agriculture etc.
Property Valuation by accredited IBBI Valuer	The purchase price of every property to be bought by the SPV shall be not more than 5% its valuation by an accredited IBBI Valuer

<p>SPV Partners' Contribution</p>	<p>The SPV's Partners, not exceeding 200 in number, vide their contribution to the Partners' capital, shall at all times hold not less than 15% of the total capital raised by the SPV as Partners. Total Capital Raised by the SPV in this context shall be mean the total value of Partners' Capital and Loans recorded in the Books of Accounts of the SPV. SPV's Partners' shall not be permitted to transfer their Partnership rights, until 3 months after the completion of Maximum tenor for SPV to sequential purchase assets from the date of their investment as mentioned above.</p>
<p>Maximum Capital Raise per sq.ft of Saleable Area (MCR/Sq.ft)</p>	<p>The MCR/Sq.ft shall be Rs 6,612.5/Sq.ft of saleable area in order to enable the SPV purchase the intended Property and to meet related property expenses such as taxes, stamp duty & registration, adjustment reserve, contingency reserves for repairs & maintenance, advance maintenance charges and corpus charges payable to RE developer and such other miscellaneous charges. MCR/Sq.ft shall be revised every month at an annualized rate of 10% to factor in for inflation, during the tenor where this SPV shall purchase properties sequentially. Since the SPV shall purchase properties sequentially, the price & area of one may vary from that of the other.</p> <p>To eliminate nuance arising from this, the capital to be raised for every property purchase shall be standardized to specific amount of Rupees per square feet of saleable area of the said Property that is intended to be purchased (MCR/Sq.ft). Excess capital raised, if any, over and above what is consumed by the SPV towards purchase of property & related expenses will be retained as Adjustment Reserve. The Adjustment Reserve shall be used to buy additional assets or shall be returned proportionately to all the SPV's investors or retained as Cash Reserve or a combination of those initiatives.</p>
<p>Deviations from these Property Purchase Parameters</p>	<p>Any deviations while purchasing a property, shall be executed only with the prior consent through the voting methodology listed in the reserved matters section of the LLP Deed & Loan agreement</p>
<p>Voting Rights</p>	<p>Any property purchase, even in accordance with the Portfolio Purchase Parameters, shall be executed only if 76% of the Partners and Alt.SQFT holders do not vote against the purchase, through the voting methodology listed in the reserved matters section of the LLP Deed & Loan Agreement</p>

PORTFOLIO DETAILS

Sr. No	Property Details	Weightage	Base Property Value*	Base SPV Acquisition Price	Real Estate Entry Benefit	Expected Rental Income Per Month
1	Auroland, Patancheru	100%	Rs 70,00,000	Rs 66,00,000	7% discount from current market	N/A

Investment Risks & Possible Mitigants

Risks		Multiple Mitigants
Investment Returns are NOT Guaranteed	No investment made by You on the Alt DRX Platform ensures You a return in any form or ensured to fully preserve the amount invested by You. With any Property related investment, there is a risk that You may not earn any return as it depends on the performance of the Properties held by the SPV LLP. The projections and the forward-looking statements made by the Company on a particular Property, only indicates projected and expected returns on any Properties which may vary depending on the performance of the Properties.	Investment Opportunities listed on Alt DRX attempt to prioritise "Safety" over "Returns" in the following manner
Market Risk	Any adverse movement in market sentiments or economic parameters may affect the value of Your investments or reduce the income generated by it	Most SPVs purchase only Ready to Occupy properties or those which are close to completion
Price Risk	Any upward or downward movement in the value of the Property/ Properties held by the SPV or any upward or downward movement in the Alt.SQFT value and/ or Partnership Rights held by You shall affect Your investment. The price of Alt.SQFT & Partnership Rights may or may not always be directly co-related to the fair market value or net asset value or Property value and this too may affect Your investment	Investors in the SPV have a right to vote in various operational matters of the SPV, thereby having an ability play an active role in the quality of investments it makes
Performance Risk	The Property/ Properties held by the SPV LLP in which You have invested may perform below its optimum performance or perceived potential, earning lesser rents or profits every year, thereby affecting Your investment	Most SPVs strive to diversify their investments into multiple properties so as to spread the risk over a wider portfolio of assets
Illiquidity Risk	The SPV may not be able to sell the Property/ Properties held by it, thereby affecting its ability to make the repayment of the principal value of the Alt.SQFT on its maturity. Further there may not be enough buyers or sellers for specific alt.SQFT, thereby affecting Your ability to either sell Your Alt.SQFT or buy more of them	You can invest / divest from an Alt.SQFT at a time, quantity and price can be of Your choice as per Your independent assessment (however subject to liquidity risk)
Ecosystem Risk	Real estate investments, in India is subject to change in laws, regulations & rules, including acquisition of property by the government for public utilities, changes in tax laws etc. Such actions may adversely affect the Property as well as the investment You made	Each SPV's day to day affairs are managed by its Designated Partners/ Master Property Manager who have prior knowledge & experience of Real Estate in India
Legal Risk	Real estate in India suffers from lack of title insurance, opening the Investment Opportunity that You have participated in to legal disputes after its purchase by the SPV LLP. The Investment Opportunity in which You have participated in, may also be adversely affected by legal disputes with its occupiers, service providers, statutory bodies etc., affecting Your investment	SPVs purchase properties post a title due diligence from a reputed law firm and after it is independently valued by an accredited agency
Acts of God	Destruction of Property or disruption in its utility due to acts of God may affect the investment made by You	

Disclaimer

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