alt.DRX

Mumbai Affordable Housing Investment Opportunity

PORTFOLIO INVESTMENT THESIS

> **Ninety percent of all millionaires become so through owning real estate. More money has been made in real estate than in all industrial investments combined. The wise young man or wage earner of today invests his money in real estate.**
>
> -Andrew Carnegie

Mumbai, India's bustling financial capital, is experiencing a real estate boom that's rapidly expanding beyond its city limits into suburban areas. While high-end and luxury properties continue to attract investments in the core city areas (Island City, Bandra, Sion etc), the suburbs are emerging as a dynamic real estate hotspot. This growth is fueled by the region's expanding population and significant infrastructure developments, including the expansion of the Mumbai Metro and upgraded road infrastructure, improving connectivity and driving property values.

The relative affordability of the suburbs compared to Mumbai core city, combined with a desirable quality of life, is attracting a growing number of residents and businesses. This has spurred demand for apartments complexes, with developers responding with diverse housing options to cater to varying budgets and preferences. Additionally, the suburbs are becoming a hub for commercial real estate, offering cost-effective office spaces and co-working solutions that cater to the changing needs of businesses and the growing popularity of hybrid work models.

Why Residential Real Estate is superior to Commercial Real Estate in long run?

- Residential real estate delivers far greater capital appreciation driven by sustained demand for housing in Mumbai city.
- Residential rentals increase at a faster pace driven by inflation as against Commercial rentals which increase at 3-5% on a contractual basis.
- Residential real estate is easier to sell because there is demand from both investors and end users. Commercial real estate is predominantly owned by investors/ investment platforms.
- The pandemic has triggered a fundamental shift in Commercial real estate occupancy rates due to work from home & flexi-working.
- Commercial real estate demand has seen a significant move towards managed office spaces(Co-working) & Grade A institutional office spaces owned by REITs & Large real estate developers. So, Commercial spaces in small & mid-sized buildings continue to suffer from lower occupancy rates as well as soft rentals with the trend expected to deteriorate further, making them a poor investment alternate to Residential real estate.
- Residential real estate is less likely to get impacted by macro-economic shocks.
- Commercial real estate is more "chunky" than Residential real estate meaning a single Rs.100 cr single commercial asset as against 100 apartments worth Rs. 100cr.
- Property taxes & Maintenance is generally higher in the case of Commercial real estate

Why Mumbai?

- Ongoing infrastructure projects like the Mumbai Metro expansion and road infrastructure upgradation are improving connectivity and boosting property values.
- Property prices in the suburbs are generally lower than in Mumbai city, making them more accessible to a wider range of buyers.
- A variety of housing projects, including apartments complexes and gated integrated communities, cater to different budgets and preferences.
- Emerging commercial hubs in the suburbs are attracting businesses and creating employment opportunities.
- The suburbs are witnessing a rise in co-working spaces and flexible office solutions, catering to the changing needs of businesses.
- Suburban areas offer a more relaxed lifestyle with access to good schools, hospitals, and recreational facilities.
- The government is actively promoting affordable housing projects in the suburbs, providing additional investment opportunities.

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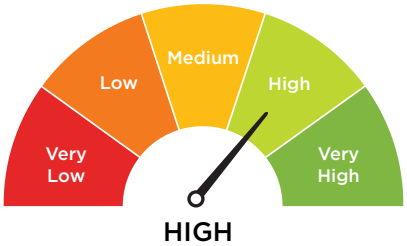
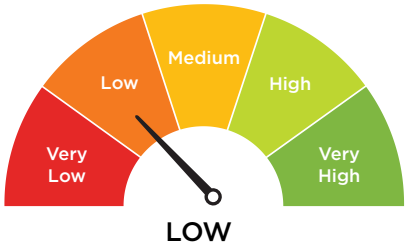
MUMBAI AFFORDABLE HOUSING INVESTMENT OPPORTUNITY

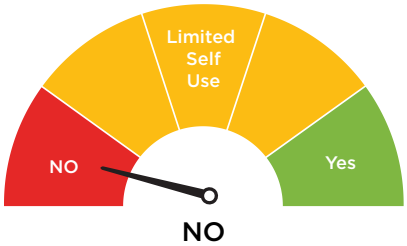
ASSET CLASS



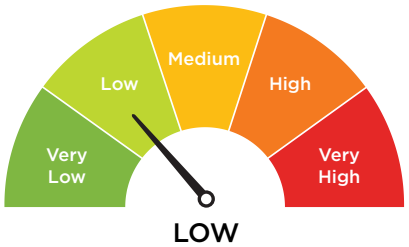
CAPITAL APPRECIATION



RENTAL RETURNS



SELF-USE FOR LLP'S PARTNERS



RISK PROFILE

Potential Long Term Alt.SQFT Price	~Rs 25,250.00
Potential Long Term IRR	~11.0%
Potential Long Term Investment Multiplier	~2.57X

Disclaimer: The investment outcome forecasts are for information purposes only and are only indicative in nature.

Investment Rationale

- The Investment Rationale is decided with an aim to create a portfolio of apartments with a potential for sustained capital appreciation and periodic rental income.
- It has been observed that properties developed by Grade-A developers give better Capital appreciation and rental income than others and hence such developments have been analysed to shortlist the targeted Portfolio.
- Type of Investment in this opportunity: Developed, Occupancy Certificate received, Residential Apartments in prominent Gated communities that will be given for Residential Rental Occupancy.

Investment Strategy: "The Sequential Asset Acquisition" Strategy

- Co-Invest into a portfolio of developed Residential apartments, which have been analysed in detail by Knight Frank, a renowned International Property Consultancy, These targeted projects mentioned in Annexure B, have been shortlisted from an exhaustive list of projects, which fit the investment thesis. These projects are developed by the top Real Estate developers in the city and are the best in the class in terms of quality, amenities and specifications.
- 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 Mumbai Affordable Housing 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 ie LLP deed and Loan agreement On consent by digital voting from partners and Alt.SQFT Holders, SPV will raise funds/ubilize the funds raised to purchase the property. Hence the SPV will raise Capital (PO Stage) multipie times from its Partners in order to buy the identified properties sequentially and this shall be followed bya series of BD & TradeX processes as detailed in terms of use on the platform.
- Excess capital raised, if any, over and above what is consumed by the SPV towards 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 those 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.
  - Periodic rental income.
  - 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 30,000 (1 Alt.SQFT)
Investment Details	▪ 20% of investment towards Partner's 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 ▪ **For Partnership rights**	▪ Periodic Distribution of Profit Share ▪ Repayment of Partner's Capital	NA	
▪ **For Alt.SQFT**	▪ Periodic Distributions of Interest ▪ Repayment of Alt.SQFT's Face Value + applicable Terminal NDCF [2]		

[2] NDCF- Net Distributable Cash Flow

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MUMBAI AFFORDABLE INVESTMENT OPPORTUNITY

Invest in Mumbai Affordable 1 Alt.SQFT at a time

Investment Size and Price Band

- Minimum Investment Size: 1 Alt.SQFT
- Price Band: Rs 12,500-13,125/ Alt.SQFT

Investment Highlights

- ~ 2.57x Potential Long Term Capital Gain*
- ~ 11 % Potential IRR*
- ~ Rs 25,250/- 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 12,500-13,125			
No. of Alt.SQFT Purchased	10			
Entry Value of the Investment*	Rs 1,31,250			
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 69,250	Rs 76,900	Rs 1,01,000

*The potential returns of the investment cannot be guaranteed.

*The above Illustration depicts specific Investment scenario where investor sells 1/3rd 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 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 the 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 25,00,000.00**	Against 90% of SPV Rights
Loan from Partners' (Contribution from Investors)	**Rs 1,00,00,000.00**	Against issuance of 900 Alt.SQFT
Economic Value Prior to Property Purchase	**Rs 1,25,00,000**	
Non-Fungible Investment Tokens (i.e. Alt.SQFT) reserved for Master Property Manager's (MPM) Investment	**Rs 11,11,111.11**	100 Alt.SQFT
Economic Value Post Property Purchase & appointment of MPM	**Rs 1,36,11,111.11**	

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ANNEXURE A

Portfolio Purchase Parameters that are Pre-notified and consented to by all the Partners & Alt.SQFT Holders

PARAMETER	RESTRICTIONS
Buying Special Purpose Vehicle (SPV)	AREIP SERIES A0014 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	1. Ready to occupy properties only 2. Residential apartments (Studio, 1BHK to 3BHK)
Targeted locations in which properties shall be acquired	1. Located in Mumbai Suburbs and surrounding areas 2. Located between: The vicinity of Chhatrapati Shivaji Maharaj International Airport(CSMIA) and further North all the way upto the vicinity of Virar on the Western line or The vicinity of Kurla Railway Station and further North all the way upto the vicinity of Kalyan & Ambernath on the Central line. 3. Properties located in the defined region of Navi Mumbai will not be acquired
Maximum Properties per Project	Not more than 8 (Eight) independent Properties per project. A project is defined as one gated community with one or more towers
Maximum value of properties & capital raise in the SPV	The total value of properties acquired by the SPV or the total Capital (Partner's Capital + Loan from Partners) raised by the SPV for this purpose shall not cumulatively exceed a value of INR 50 crs
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 Post 4 years and subject to all other conditions / limitations mentioned in this Portfolio Purchase Parameters, the Partners may choose to buy additional properties only under the following 2 conditions 1. If the new property to be acquired is located within the same residential project in which the SPV already owns a property (or). 2. If the new property is brought in by its current owner as their capital contribution into the SPV. Meaning the seller of the property contributes Capital (Partners Capital & Loan from the Partner) as required by the SPV, so as to facilitate the SPV to purchase their property
Maximum Purchase Value of a Single Property	Purchase consideration is to be not more than INR 3,00,00,000 (Indian Rupees Three Crores) per property (excluding taxes, stamp duty and registration, furniture and adjustment reserve, contingency reserves for repairs and maintenance, advance maintenance charges and corpus charges payable to seller and such other miscellaneous charges payable). This limit shall be revised every month at an annualized rate of 10% (Ten percent) to factor in for inflation, during the 4 (Four) years 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	Long stay or short stay rentals or family rentals or co-living or serviced apartments or retirement homes.
Property Valuation by accredited IBBI Valuer	The purchase price of every property to be bought by the SPV shall be not more than 5% (Five percent) of its valuation by an accredited IBBI valuer
SVP Partners' Contribution	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.
Maximum Capital Raise per sq.ft Saleable Area (MCR/Sq.ft)	The MCR/SQFT shall be INR 12500/Sq.ft. (Indian Rupees Twelve thousand and five hundred per square foot) of saleable area in order to enable the SPV to purchase the intended Property and to meet related property expenses such as taxes, stamp duty and registration, furniture and adjustment reserve, contingency reserves for repairs and maintenance, advance maintenance charges and corpus charges payable to real estate developer and such other miscellaneous charges. This limit shall be revised every month at an annualized rate of 10% (Ten percent) to factor in for inflation, during the 4 (four) years tenor where this SPV shall purchase properties or sequentially. Since the SPV shall purchase properties sequentially, the price and area of one may vary from that of the other. To eliminate nuance arising from this, the capital to be raised for every property purchase shall be standardized to specific amount of amount per square feet of saleable area of the said Property that is intended to be purchased (MCR/SQFT). 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.
Deviations from these Portfolio Purchase Parameters	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
Voting Rights	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

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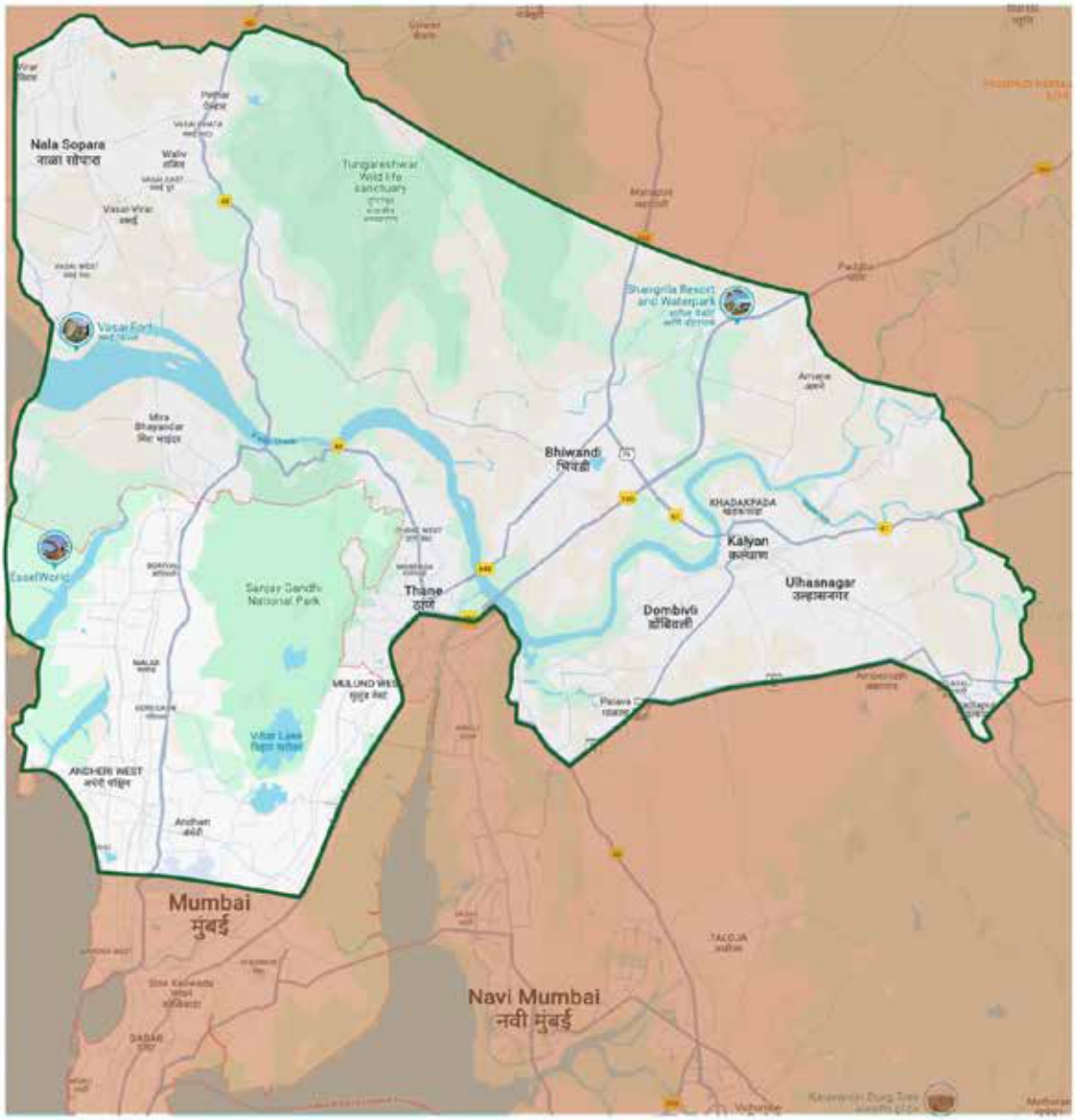
ANNEXURE B

TARGETED LOCATIONS IN WHICH PROPERTIES SHALL BE ACQUIRED



Located in Mumbai Suburbs and surrounding areas Located between:
The vicinity of Chhatrapati Shivaji Maharaj International Airport(CSMIA) and further North all the way upto the vicinity of Virar on the Western line

*Map is NOT as per scale. It is included here merely for the purpose of giving the readers an indicative/ approximate visual imagination for the areas in Mumbai Metropolitan Region Development Authority (MMRDA), where properties shall be identified for purchase

PORTFOLIO DETAILS

Sr. No	Property Details	Weightage	Base Property Value*	Base SPV Acquisition Price	Real Estate Entry Benefit	Expected Rental Income Per Month
1	Lodha Amara, Thane	100%	Rs 8,00,000	Rs 75,00,000	6% Discount from the current market price	~Rs 20,000

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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 ensures 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 # Most SPVs purchase only Ready to Occupy properties
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.	# SPVs purchase properties post a title due diligence from a reputed law firm and after it is independently valued by an accredited agency
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.	# Most SPVs strive to diversify their investments into multiple properties so as to spread the risk over a wider portfolio of assets
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.	# 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
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.	
Acts of God	Destruction of Property or disruption in its utility due to acts of God may affect the investment made by You.	

Disclaimer

Participation in this opportunity is subject to the Platform [Terms of use] and [Privacy Policy]. Nothing contained herein shall be construed to mean an offer or an invitation to make an offer to SPV for investing in the project. An offer shall only be considered to be made to such persons to whom a private placement memorandum has been provided on a private interaction basis. This document is merely informative and not meant as an offer to, or invitation to any person to make an offer to, make an investment in the project or the property or as a solicitation for investments. The Buying SPV and Alt DRX Private Limited expressly disclaims any obligation to release publicly any updates or revisions to any statement contained in this Information Memorandum.

The investment outcome forecasts are for information purposes only and are only indicative in nature. The numbers are determined based on certain assumptions, hypothetical calculations, financial estimates and estimated returns which may fluctuate from time to time depending on business strategies adopted by the SPV, changes to the Indian economy, market volatility, force majeure events, and any other factors that may be beyond the control of the SPV. The above statements should not be construed as a statement of assurance of secure investments or guaranteed returns. The investments may vary subject to market volatility and all investments remain subject to market risk. The participant must carefully evaluate the investment opportunity, including the complete set of risk factors before investing in the same.