

# Investor Update

## Milestone Real Estate High Yield Debt Series - I

### Shriram Land Group, Bangalore– Plotted Development

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| <b>Developer Group</b>   | Shriram Land   |
| <b>Company</b>   | SL Residential Layout Private Limited  |
| <b>Project</b>   | Plotted Development at Narsapura   |
| <b>Location</b>  | Narsapura, Bengaluru   |
| <b>Type</b>  | Plotted Development  |
| <b>Project Overview</b>  | <ul style="list-style-type: none"> <li>The project is a plotted development at Narsapura, an Industrial town.</li> <li>The location offers a wide catchment area and excellent demand from end users and second homebuyers alike due to its established connectivity to Bangalore, Kolar, Malur and Hoskote.</li> <li>The revised land extent shall result in a saleable area of approx. 146,000 sq ft of plots.</li> </ul>  |
| <b>Total Investment (through PMS)</b>  | INR 3.21 Cr  |
| <b>Principal Outstanding</b>   | INR 1.28 Cr  |
| <b>Investment Structure</b>  | Investment in NCDs   |
| <b>Details of purchase and sale during the year</b>  | Nil  |
| <b>Beneficial interest received during the year in form of interest, dividend, bonus, shares, right shares etc</b> | Nil  |
| <b>Expenses incurred in managing the portfolio</b>   | Nil  |
| <b>Details of risk foreseen by the portfolio manager for investment or disinvestment</b>                           | Not Applicable   |
| <b>Default in payment of coupon or any other default</b>   | Not Applicable   |
| <b>Details of commission paid to distributors</b>  | Nil  |
| <b>Security</b>  | <ul style="list-style-type: none"> <li>Mortgage of project land (approx. 6.5 acres)</li> <li>Corporate guarantee of Shriram Land Development India Pvt Ltd</li> <li>Pledge of shares of the project SPV</li> </ul>   |
| <b>Investment Date</b>   | June 2017  |
| <b>Tenure</b>  | 18 months  |
| <b>Transaction Overview</b>  | <ul style="list-style-type: none"> <li>Investment is in an SPV of Shriram Land Group</li> <li>The group has a strong brand name and excellent track record in South India, especially Bangalore and Chennai</li> <li>The investment is in a structured debt format through Non-Convertible Debentures of the SPV owning the land and developing the project.</li> </ul>  |
| <b>Coupon (% in INR)</b>   | 13% quarterly coupon   |
| <b>Project Status</b>  | <ul style="list-style-type: none"> <li>The initial project land extent was 23 acres at the time of investment. There were plans to increase the project land extent. However, since the company could not get additional land (with change of land use), the project extent was reduced.</li> <li>As a result, the Fund did a partial exit of approx. 50% of the investment amount in August 2018, achieving an IRR of 21% on the exited portion. The full redemption was due in December 2018 as per the revised understanding with the developer. Accordingly, the Fund had sent a redemption notice to the developer.</li> <li>Parallely, the developer is discussing re-financing opportunities with other lenders to take out Fund exposure. However, the developer has provided no concrete proposal.</li> </ul> |

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|  | <p><b>Legal and Regulatory Update</b></p> <ul style="list-style-type: none"> <li>• Legal proceedings have been initiated under the Insolvency and Bankruptcy Code (“IBC”) against the corporate guarantor – Shriram Land. Resolution professional has been appointed by the Committee of Creditors and is undertaking the process as per IBC. Expression of Interest (EOI) has been invited through a public notice. The resolution professional did not receive any valid EOIs post the public notice. The Committee of Creditors agreed to evaluate appointing an external consultant to market the corporate guarantor to potential third parties.</li> <li>• Proceedings to enforce the mortgage have also been initiated and a mortgage suit has been filed in Mumbai High Court. The suit came up for hearing and the High Court granted ad-interim reliefs in favour of the debenture holders. The Court has directed for the appointment of a court receiver with powers to take physical possession, to get the valuation of the mortgaged property done and asked the borrower and its promoters for disclosure of their personal assets. These will be used if valuation is less than the actual outstanding debt and order for attachment on their other assets may come as well, if value is less</li> </ul>  |
| <p><b>Settlement of o/s dues by way of Consent Terms</b></p> | <ul style="list-style-type: none"> <li>• In view of the legal developments and the favourable High Court order, Company has approached the Fund for settlement of the outstanding dues and agreed to file consent terms in the present civil suit proceeding in the Bombay High Court. The Company had proposed an offer of INR 9 cr to be paid in multiple tranches against the principal outstanding of INR 10.3 cr for providing a full exit. This accounts for a 13% haircut on the principal amount, in addition to foregoing the accrued interest and redemption premium.</li> <li>• The consent terms to capture this understanding were filed in the Bombay High Court in January 2021. As per the terms, in case of any default by the company on paying the amount till INR 7.5 cr, the consent decree of entire default amount will become due and payable and we can directly go ahead with execution of the mortgage on the land through the court receiver. Post receipt of INR 7.5 cr, in case of any default, the decree will be limited to INR 9 cr (less amount already paid till then) along with the right to go ahead with the appointment and enforcement of mortgaged land/additional security, as the case may be.</li> <li>• The first tranche of INR1.5 cr is already paid. The next tranche of INR6 cr was expected to be paid by mid-Jan 2021 and balance by June 2021.</li> <li>• Post payment of INR 1.5 cr, the company failed to pay the next two tranches. The Fund is in the process of reinstating legal proceedings under the Consent Decree.</li> <li>• Interim Application is filed with the court for seeking appropriate directions for demarcation and taking physical possession of the Mortgaged Property.</li> <li>• The process of finalizing a compromise settlement with the developer after having negotiated the final exit amount of INR 6 crores, which was agreed by majority Debenture holders. However, pursuant to the promoters of SL Residential not abiding to the compromise settlement, a court receiver has been appointed, post which the sale of the underlying land parcel will be undertaken to provide exit to the debenture holders namely Milestone PMS and Edelweiss AIF Fund.</li> <li>• The Company has recently agreed for a compromise settlement of INR 4.8 crores which is yet to be received. However the said settlement has not gone ahead as there was an Initiation of CIRP against the company filed in NCLT Bengaluru. The suspended directors of S L residential have filed an appeal before NCLAT Chennai to challenge the order passed by NCLT Bengaluru on 13.09.2024. We are keeping regular track of the matter and we will keep you updated of the progress.</li> </ul> |