

# PRESENTATION MATERIALS

**An Institutional Perspective to  
Real Estate Investing**

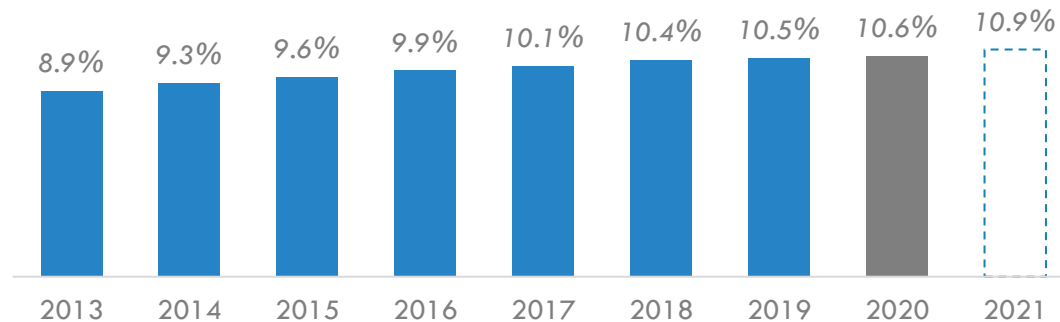
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Reference to all IRRs in the presentation represents gross INR IRRs, unless specified otherwise

# GLOBAL REAL ESTATE ALLOCATION TREND

## Target Allocations to Real Estate



## How are global institutions behaving...

- **Steady increase in Real Estate allocations over the last 7 years**
- **~10 bps increase implies ~US\$100Bn increase <sup>(1)</sup>**
- **Forecast of ~US\$300Bn increase over the next 12 months**

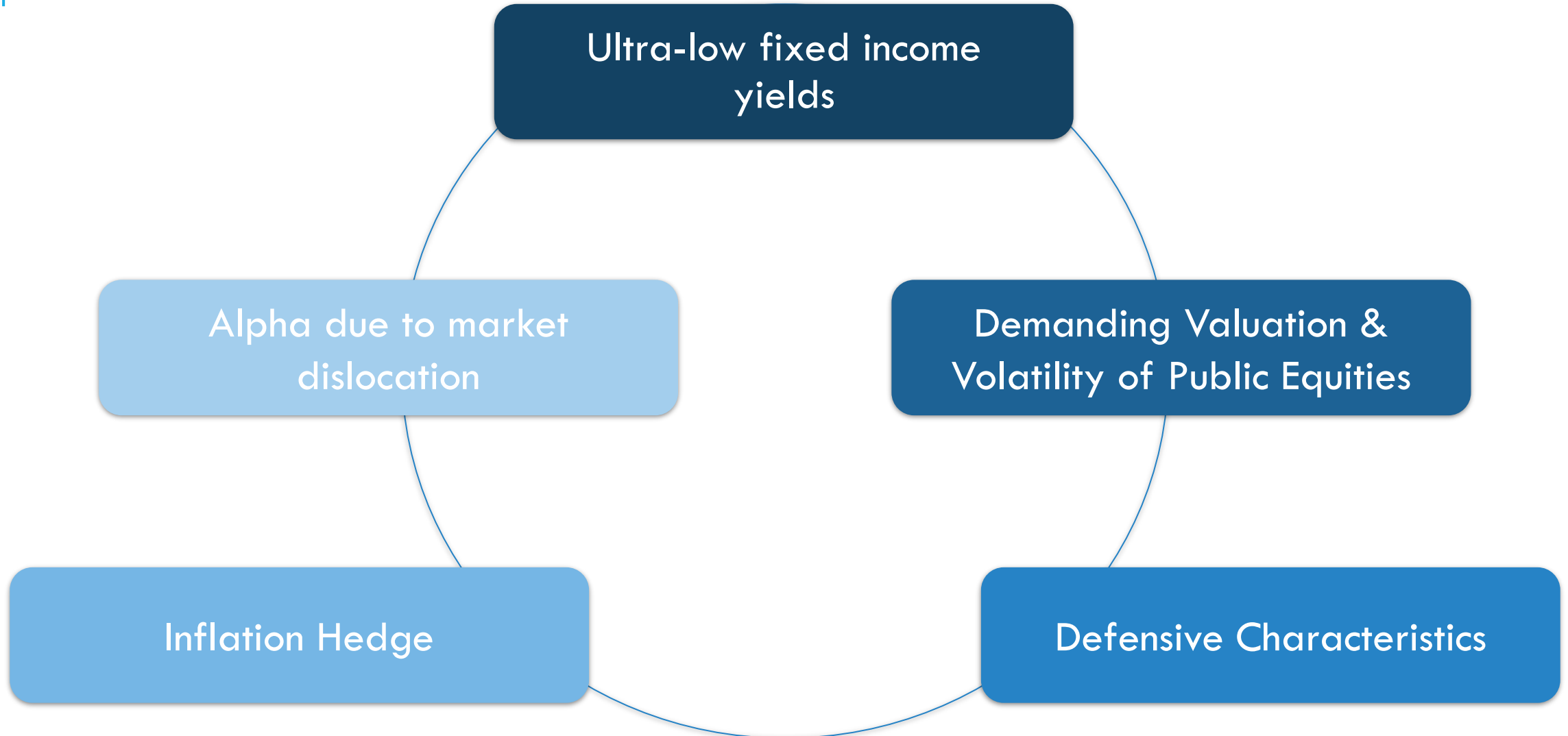
## Key Trends of Global Institutional Allocation to RE

- **Target allocations to real estate continue to rise globally**
- **Real estate continues to generate favorable investment returns – (~8.5% US\$ return in 2019)**
- **~58% of institutions remain under-invested relative to target allocations**
- **Tactical allocation to real estate being increased – driven by low yields in the fixed income and all time high public equity markets**
- While cross border capital flows remain resilient, increasingly allocations are shifting towards “home country”

Source: 2020 Allocations Monitor Report (Hodes Weill & Associates)

Notes: (1) Hodes Weill estimate of ±US\$100 trillion of global AUM based on various public disclosures, research reports, and publications

# DRIVERS INFLUENCING INCREASING RE ALLOCATION



# THE INDIA STORY

~US\$45Bn+ of capital over the last decade

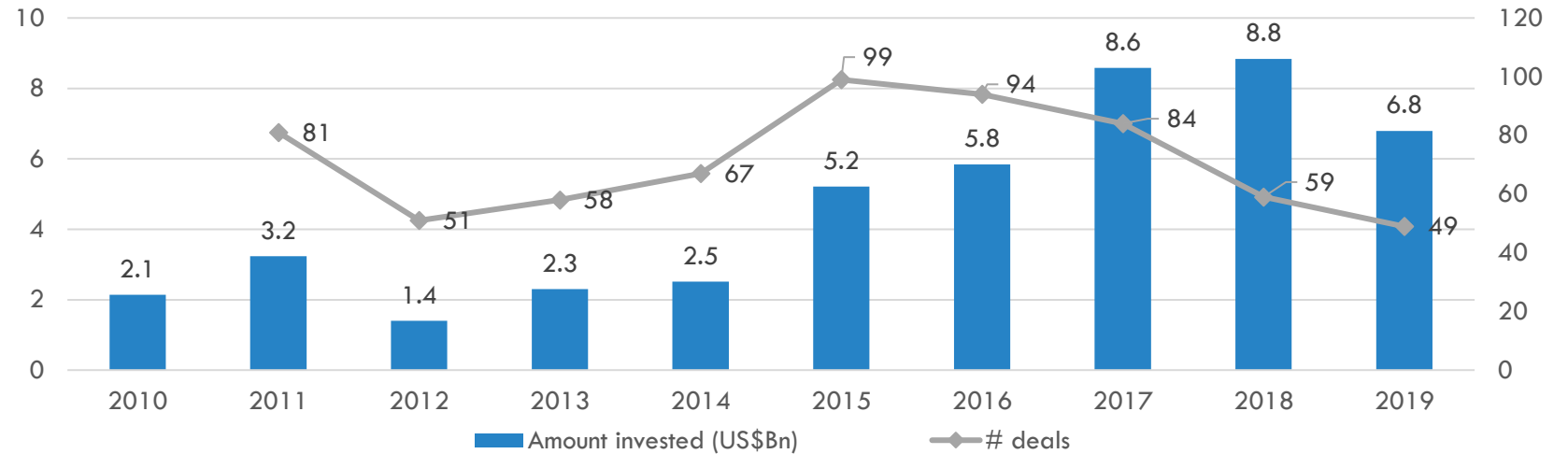
80% of this investment was made during the last 5 years

95% of this from largest global RE investors (PE funds / sovereign wealth funds)

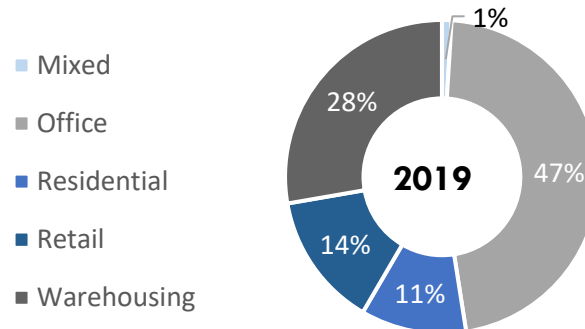
~2.5x increase in avg size of single bets in last decade:

- 2011-2015: ~US\$40MM
- 2016-2019: ~US\$100MM+

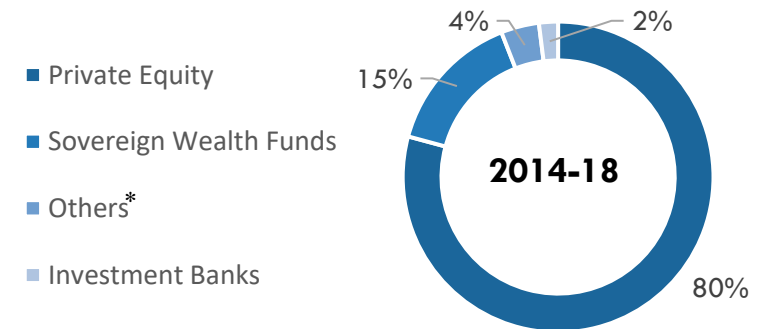
PE investments across debt and equity in Indian real estate



Share of investments by asset class



Share of investments by Institutions



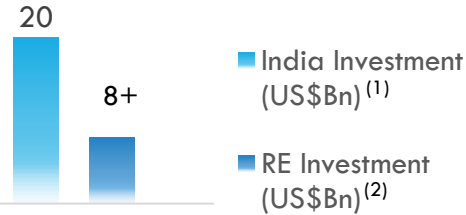
Source: Investment in Real Estate – Trends in Private Equity Investment (2020), Knight Frank Research, Institutional Flow of Funds in Indian RE: JLL 2018

Notes: Others include Family office, Pension funds, Real estate investor cum developers and Foreign Corporate Groups

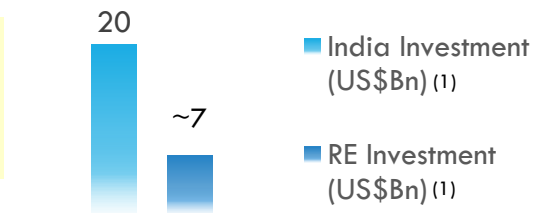
# GLOBAL INVESTOR'S CONTINUED INTEREST IN INDIAN RE



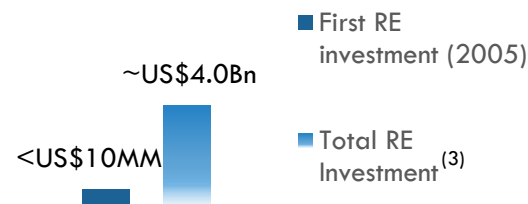
India remains among the Top 5 markets globally, constantly delivering high returns



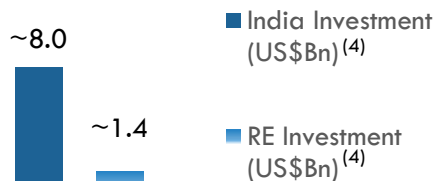
Continue to place large bets on acquiring assets



Among Top 3 investors; started with modest US\$10MM in 2005



~20% of exposure is in commercial real estate & infrastructure



“For Blackstone, **India is the “strongest performer” in the world**...India has given us the strongest results across the world. And I am optimistic this is to continue going forward...India is an unusual market and despite the problems, such as the crisis in the banking system, the country has a lot of potential.”

**Chairman, CEO and Co-founder Stephen A Schwarzman (Mar'20)**

The **amount of growth that we are going to see combined with the fact that we do have a short-term dislocation of capital today, make it (India) very appealing**. So this is our most attractive market in the world today, and we will continue to put in more capital,”

**Anuj Ranjan, Managing Partner and Chief Executive (Mar'20)**

“**GIC has been investing in India for more than a decade, and this investment (JV with logistics major ESR – US\$750MM) is a testament to our confidence in the long-term potential of this market.**”

**Lee Kok Sun, CIO (Real Estate) (Dec'20)**

“The **ongoing credit issues in the financial services industry, which have been exacerbated by the pandemic's impact on the economy, also present interesting investment opportunities to provide long-term, stable capital** to select financial institutions and companies to finance India's next growth cycle.” **Suyi Kim, Asia-Pacific Head (Sep'20)**

Source: Industry Sources

Notes: (1) Mint Article (5 Jan 2021); (2) As of Aug 2020; (3) As of Dec 22, 2020; (4) Dec 2019

# 2020: VERY STRONG YEAR DESPITE COVID

- **COVID related disruptions accelerated RE investment pace**
- **2020 deals (closed/in-closing): ~INR64,000Cr/US\$8.8Bn**
- **Significant new influx towards opportunistic credit theme**

## Business Standard

### Apollo Global Management, Piramal Capital in talks for \$500-million loan

This will be the one of the largest debt deals in home finance/non-banking finance this year

US-based private equity (PE) fund Apollo Global Management, Inc. is in final stages of talks with Piramal Capital & Housing Finance, part of Piramal Enterprises, on a loan of \$300-500 million (Rs 2,220-3,700 crore), according to sources in the know. This will be the one of the largest debt deals in home finance/non-banking finance this year.

The deal is structured in such a way that Apollo will come in as senior lender in certain developer loans Piramal will give. By that, it (Apollo) will have the first rights on a project's cash flow. Apollo will get a choice to pick ...

## BusinessLine

### Real Estate

### RMZ Corp completes \$2-b asset sale to Brookfield

Our Bureau | Bengaluru | Updated on December 07, 2020 | Published on December 07, 2020

## live**mint**



### Indiabulls Housing Finance gets ₹2,200 cr lifeline from Oaktree

2 min read . Updated: 03 Jul 2020, 10:59 PM IST

Gopika Gopakumar, Jaysree P. Upadhyay

Indiabulls Housing Finance has pledged a part of its real estate loans to the global stressed assets investor

## THE ECONOMIC TIMES | Markets

English Edition | E-Paper

### Blackstone set to acquire Rs 12,745 crore of Prestige assets

, ET Bureau • Last Updated: Aug 10, 2020, 07:40 AM IST

### SSG Capital offers INR 2,750 crore to acquire stressed RE lender Altico Capital

(Source: Livemint, Mar 12)

- SSG Capital has offered ₹2,750 crore upfront for Altico Capital, but plans to sell off its loans and close it down later
- Altico Capital defaulted on interest payment to Dubai-based Mashreqbank PSC in September, amid tight liquidity in India's credit market

# DEALS IN 2020 (CLOSED/UNDER CLOSURE)

Asset Acquisitions		
#	Investor	Approx. Deal Size (INR Cr)
1	Brookfield	14,680
2	Embassy REIT	9,780
3	Blackstone	9,160
4	GIC	5,500
5	Mindspace REIT IPO	4,500
6	Embassy REIT (Follow-on)	2,270
7	Godrej Fund	1,200
8	Varde Partners	1,055
<b>Total</b>		<b>48,145</b>

Opportunistic Credit		
#	Investor	Approx. Deal Size (INR Cr)
1	Farallon/SSG	4,000
2	Oaktree Capital	2,200
3	Apollo Global	3,500
4	SSG Capital	3,100
5	Goldman Sachs	2,000
6	Varde Partners	1,000
<b>Total</b>		<b>15,800</b>



# TO SUM UP

- Institutions are **increasing allocations to Real Estate** – Expected to **increase, globally, by ~US\$300Bn in near term**; driven by:
  - Low yields across fixed income markets
  - Volatile and demanding valuation across public equities
  - Attractive inflation adjusted returns – Relatively high current yield plus potential for capital appreciation
- **~US\$145Bn+ of investments have flown into commercial real estate globally in Q3 2020 alone**
- **~US\$45Bn+ of RE private equity investments in India over the last decade; 95% of this in last five years came from largest global real estate investors**
- **COVID related disruption is increasing the attraction to invest; 2020 a very strong investment year**

**Despite very strong institutional interest and backing of India RE investments, domestic capital participation is limited**

# WHERE DO WE SEE OPPORTUNITIES

Yielding Assets	Project Level Credit	Credit Platform
<ul style="list-style-type: none"> <li>• <b>Grade A</b>, high quality <b>yielding assets</b></li> <li>• Sector: <b>Office, warehousing/industrial</b></li> <li>• <b>Debt+</b> strategy – Combination of <b>current yield (7-8%)</b> and inflation linked <b>capital appreciation</b></li> <li>• <b>Gross Return: 15-18%</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lending</b> to high quality, <b>performing, late-stage projects</b></li> <li>• Sector: <b>Largely residential</b></li> <li>• <b>Opportunity created by dislocation across credit markets &amp; reviving physical markets</b></li> <li>• <b>Gross Return: 16-18%, mostly serviced current</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Invest in a leveraged, lending platform</b> to capitalize on the current dislocation in credit markets</li> <li>• <b>Underlying investments similar to project level Credit opportunities</b></li> <li>• <b>Net Return: 25-30%</b></li> </ul>

- **Massive investments by global investors. However, domestic capital into managed RE remains very low**
  - Largely due to:
    - Bad experience with RE strategies targeting very high risk
    - Lack of specialized, independent managers with global experience
- **Significant scope for HNI capital to participate in RE in a better managed way**

# WHO ARE WE

- Founded in July 2018, Certus Capital is an independent, team owned platform
- **Partners institutional investors and family offices to invest in real estate opportunities in India**
- We target deep value and scalable opportunistic plays created by capital dislocations
- **Backed by team's ~50 years of investing experience with leading global institutions in the likes of KKR, Morgan Stanley, Kotak, HSBC**
- Our team leverages its extensive experience and relationships to bring about disciplined underwriting and thoughtful structuring to every opportunity we pursue

**\$4.7Bn<sup>#</sup>**

LOAN  
PORTFOLIOS  
REVIEWED

**\$0.7Bn<sup>#</sup>**

CLOSED DEALS /  
BINDING BIDS

**\$3.0Bn+**

TEAM'S  
TRANSACTION  
EXPERIENCE\*

**18-33%**

TEAM'S EXIT  
RETURN TRACK-  
RECORD

(ALL EXITS SINCE 2010)\*

# As of Mar 31, 2020

\* Includes deals / exits done by Certus team members in their previous jobs

# THANK YOU

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