

## **Indiabulls Properties Investment Trust**

(a business trust constituted on 7 May 2008 under the laws of the Republic of Singapore)

Managed by Indiabulls Property Management Trustee Pte. Ltd.

(as Trustee-Manager of Indiabulls Properties Investment Trust)

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### **CLARIFICATION**

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We refer to the article entitled "What went wrong with Indiabulls Property Investment Trust" published on 15 August 2016 in the Singapore Business Times.

The article discusses the investment merits of Indiabulls Properties Investment Trust ("**IPIT**"). In relation to the article, we would like to state as follows:

- (a) due to the global financial crisis which began around the time of the collapse of Lehman Brothers in September 2008, market conditions in India deteriorated subsequent to the listing of IPIT on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in June 2008, and rental rates for office in space in Mumbai dropped significantly. A number of tenants of One Indiabulls Centre, which had originally executed letters of intent ("**LOI**") renegotiated the terms of the LOIs to reduce the monthly rental charges from an earlier range of Indian Rupees ("**Rs.**") 274.0 to Rs. 325.0 per square feet ("**sq ft**") per month to a revised rate of Rs. 175.0 per sq ft per month. Some other terms such as the deposits payable and the size of the office space to be leased also had to be revised downwards;
- (b) currently, due to the state of the Mumbai office market, the average rent achieved across IPIT office properties is approximately Rs. 145 per sq ft per month, which is around 50% less than what was initially anticipated, while quite a few tenants have rentals that are approximately 60% less than what was initially anticipated at the time of listing of IPIT;
- (c) the vacancy rates in the Mumbai office market also increased and it took longer for IPIT to rent out its properties versus what had been anticipated earlier;
- (d) the Indian Rupee has depreciated deeply since the listing of IPIT in June 2008, and Singapore Dollar is currently 60% higher versus Indian Rupee than at the time of IPIT listing; and
- (e) the rights issue which IPIT carried out towards the end of 2009, in respect of which IPIT issued 53 units for every 100 units outstanding at 16 cents per unit, had diluted the net asset value ("**NAV**") of IPIT by approximately 30%, which is a natural function of the discount in respect of which the units under the rights issue were issued. The rights issue was fully underwritten and fully taken up.

The reasons mentioned above which were beyond our control are primary drivers of decline in NAV of IPIT from SGD1.18 per unit on 30 September 2008 (being the first date post-listing in respect of which financials are available) to SGD0.32 per unit on 30 June 2016 (adjusting the SGD1.6 per unit of NAV reported for 30 June 2016 financials for 5:1 consolidation done in August 2015).

In relation to decision to list IPIT on the SGX-ST in June 2008, we would like to explain that the economic environment and the Mumbai office market were different then as compared to the situation now. The listing of IPIT was fully underwritten and all of the units in IPIT which were available for subscription by investors were fully taken up. We were attracted by the prospects of a listing on the SGX-ST and took up the opportunity to do so.

The liquidity in IPIT units has been quite low for several years now and hence, the reduced interest of institutional investors in the security. The market price of IPIT units on the SGX-ST is however something we do not have control over and therefore we are not able to comment on it.

BY ORDER OF THE BOARD

Indiabulls Property Management Trustee Pte. Ltd.  
(as trustee-manager of Indiabulls Properties Investment Trust)

Pankaj Thukral  
Chief Executive Officer

Date: 16 August 2016

### **Important Notice**

The value of units in IPIT ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of IPIT is not necessarily indicative of the future performance of IPIT.