Welspun One Logistics Parks Fund 2

Frequently Asked Questions

Disclaimer

This Frequently Asked Questions (“FAQ’s”) has been prepared by Welspun One Logistics Parks Private Limited (“WOLP/Author/Company/we”) and is a general background information about the Company’s activities at the date of this FAQ’s and the overall warehousing/logistics business in India. The FAQs are some of the questions that we frequently get asked in any fund raise activity/Scheme Documents. The questions and answers are not intended to be exhaustive and do not constitute an offer to sell or a solicitation of an offer, advice or a recommendation to investors or potential investors or distributors in respect of buying securities in Welspun One Logistics Parks Fund 2 (the “Scheme”) and does not take into account any investor’s particular objectives, financial situation, nor do the FAQ’s create any relationship or duty on our part to assist you. You are requested to seek expert advise from legal/tax and other advisors whilst making investment in the Scheme. . The FAQ’s, however, is intended to be helpful and to get you thinking in a more sophisticated manner about your concerns/ issues and possibly will assist you to ask the right questions or determine whether you can take an informed decision in making an investment in the Scheme.

Some of the examples cited in the FAQ’s are from the Scheme Documents and may be referred for further clarity.

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Welspun One Logistics Parks Fund 2 (“the Scheme”/“the Fund”/“WOLP Fund 2”) is the second Scheme of Welspun One Warehousing Opportunities Fund a SEBI registered Category II Alternate Investment Fund. Welspun One Logistics Parks Pvt. Ltd. (“WOLP”) is the investment manager of the Fund.

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1. **Investment Landscape**

a. What are warehousing assets?

Warehouses are a specialized class of real estate assets which are the modern day equivalent of “godowns”. A modern or “Grade A” warehouse is built with careful planning and attention to details which ensure the highest efficiency and throughput for its occupiers- this may include building level features like 12-15 meter height, specialized flooring, motorized “docks” for truck loading and unloading, fire and safety features, etc. and park level features including well planned traffic management, adequate parking, security, etc.

In addition to storage, today’s warehouses are used for various “value added” activities including packaging, sorting, quality check activities, etc., and light manufacturing and assembly operations by occupiers which may include e-commerce & logistics companies, retailers, FMCG/FMCD, Pharma, manufacturing, etc.

b. Why is there a heightened interest in warehousing space in India?

The warehousing sector is at an inflection point and is poised for significant growth in the coming years, aided by multiple factors including favourable regulation, growth in consumption volumes, explosion in e-commerce transactions and long-term manufacturing growth. Further, huge gap in demand and supply, lesser approvals, shorter development cycles, longer leases and strong balance sheet tenants looking for large format compliant assets has made this real estate investment a preferred option for global institutional investors. This is evident from the fact that in the last 5 years, Grade A warehousing has attracted commitments to the tune of USD 6BN from marquee global private equity and pension funds like Blackstone, Canadian Pension Plan Investment Board, Allianz, Morgan Stanley, GIC Singapore, Ascendas and Mapletree to name a few.

Moreover, post Covid-19, warehousing emerged as a resilient asset class as it was less impacted than other real estate segments by Covid-induced disruptions (as they form critical part of any business’ supply chain), and thus, gained prominence in the portfolio allocation of various global private equity and pension funds.

c. What is the total market size and the Fund’s target share in that?

India’s warehousing stock stands at ~280MM sf as of June 2022, and is expected to grow to ~500MM sf by Dec-2025, implying a CAGR of ~18%. Grade A stock stands at ~128MM sf as of June 2022. In comparison to this, China has total warehousing stock of over 11BN sf and USA, with 1/4th of India’s population, has over 15BN sf.

The average annual demand of warehousing in India is ~35-40MM sf. The Fund’s target portfolio size ~10-12MM sf over a 6 year period, or ~1.7-2.0MM sf p.a., which is ~4-5% of total market demand and can be easily serviced by WOLP team.

d. What are government policies and initiatives that can help in sustainable growth of warehousing sector?

One of the primary objectives of the government under the National Logistics Policy (NLP) is to reduce the logistics cost as percentage to GDP, which currently stands at 14% for India vis-à-vis 6-8% for other large economies. This is where warehousing as a critical component of logistics will play a major role and hence government has brought in multiple policies and initiatives to support/stimulate the growth of warehousing sector. GST was the major trigger that helped occupiers in consolidation of smaller warehouses and has brought Grade A warehousing in the limelight. Other policies that will directly or indirectly spur the growth of warehousing include various state level warehousing/logistics policies, infrastructure status to logistics sector, national masterplan for multi-modal connectivity, Make in India, Production Linked Incentive, availability of REIT/InVIT vehicles, corporate tax rate reduction, etc.

e. What was the impact of Covid on this space vis-à-vis other commercial properties?

Warehousing sector emerged as a resilient asset class post Covid-19 as it was less impacted than other asset classes including commercial real estate by Covid-induced disruptions. While occupancy of office space went down significantly given multiple rounds of lockdowns and the ensuing trend of "work from home", warehouses continued to function as they formed an integral part of the supply chain for delivery of essential and non-essential consumption items. In fact, warehousing demand increased significantly during this period due to demand from e-commerce sector which saw accelerated growth and a sharp increase in penetration as Covid-19 induced lockdowns promoted online buying behaviour.

There was an increased emphasis on supply chain realignment/ diversification both nationally and globally, aided by China plus one strategy, which further boosted demand for Grade A warehousing space. Moreover, companies got increasingly keen to move operations from Grade B facilities to well-planned, fully compliant Grade A facilities, in order to ensure worker safety in a post-Covid world.

f. What are the unique features of developing a warehouse?

Warehousing development is considered unique on multiple counts:

- **Land acquisition and approvals**: large radius in the outskirts of cities, within which land can be acquired, implying increased land options available at relatively lesser costs.
- **Conversions and approvals**: Fewer and faster approvals with standard process and enough precedence as most of the land lies outside city municipal limits.
- **Development**: Warehouses are horizontal developments, with short construction cycles and low design complexity. Pre-engineered buildings are designed and built in factories, and directly installed at site, reducing the time to complete. Moreover, due to horizontal development, each warehouse can operate as a standalone box, irrespective of the completion status of other warehouses in the park which is not the case with vertical structures for residential and commercial buildings.
- **Leasing**: Significant portion of development is undertaken on "built-to-suit" basis for blue chip tenants. Hence, prior to committing capital on construction, usually a binding lease commitment is signed and security deposit is collected from the tenant which significantly de-risks the project from a leasing perspective. Moreover, these leases have long tenures (~9-20 years) and customers spend a significant amount on "fit outs" inside the building (often more than the cost of the building itself), making the leases very "sticky" in nature.

2. **Product Offering**

a. What are the unique features of this investment opportunity?

WOLP 2 is the only fund in India that allows domestic pool of capital (HNIs / Family Offices / Institutions) an opportunity to participate in warehousing development projects via a SEBI registered AIF. Investors get to see the full cycle of Buy-Lease-Build-Exit thus getting an opportunity to derive returns from the whole value chain. The Fund effectively enables ownership in a physical real estate project but at the same time removes the hassles viz. buying, project planning and execution, leasing, rent collection, maintenance, large ticket size, illiquidity/ exits etc. that come with conventional real estate ownership.

b. What is the profile of investors that can participate in WOLP Fund 2?

The Fund can be a great investment option in the asset allocation model for HNIs, Family Offices, Corporates, Insurance companies, Pension Funds, NRIs that are seeking to add tangible real estate investment in their portfolio but in the form of financial units (financialization of real estate).

c. What is the risk profile of the product?

The Fund's offering has a moderate-aggressive risk profile. The Fund is a closed-ended illiquid product with limited or zero distributions anticipated through the life of the Fund and potential for capital appreciation at the end of the Fund life. However, there is no guarantee/assurances of returns or protection of capital. The Fund is exposed to various risks including systemic, market, economic, political and business risks. Please refer to the Fund's PPM for a more detailed account of the same.

d. What is the tenure of the Fund?

The Fund tenure is 6 years from the first close, and is extendable by two periods of 1 year each, subject to consent of two-third majority of investors.

e. What are the Gross IRRs being targeted by the Fund?

The Fund is targeting Gross IRR of ~20-21%[1,2,3].

f. Are the returns guaranteed?

The returns are not guaranteed as the investments are subject to various systemic, market, economic, political and business risks. Please refer to the Fund's PPM for a more detailed account of the same.

g. How is it different from investing in 10 year G-Sec / AAA rated bonds of similar yield profile?

Investing in a 10 year G-Sec / AAA papers is akin to investing in a debt paper albeit backed by the government / corporate. The return profile is fixed and there are no interim escalations and if held to maturity there is no element of appreciation. Investing in WOLP Fund 2 on the other hand entails ownership of the underlying real asset, deriving value through the full development and exit cycle, having annual escalations and potential of capital appreciation at the time of exit. Moreover, the Fund's investments are backed by the underlying real assets, hence offering an element of downside protection. The Fund is expected to generate gross development returns of ~20-21%, with net pre-tax returns in the hands of investors of ~14-17%, vs. ~6-9% in G-Sec / AAA rated bonds.

h. **How does the Fund look to enhance value or capture extra returns over the entire value chain of the investment?**
WOLP has adopted an integrated fund and development model, wherein all activities across the project lifecycle, starting from land acquisition to lease, development and sale of the completed, cash flowing asset, are managed by the in-house WOLP team. This enables WOLP to maintain the highest levels of governance and transparency and tighter controls on project execution and delivery, thereby minimising cost and time overruns. The Fund is thus able to capture value across the entire project lifecycle and generate "Development Profits" of ~20-21% Gross IRR, instead of typical pre-leased asset return of ~13-14%.

i. **How much is the group investing? Is there a larger skin in the game?**
WOLP and Welspun Group, as sponsor/anchor investors, shall jointly commit INR 75Cr in the Fund. This will ensure alignment of interest between WOLP and Welspun Group, as well as the other Fund investors. A similar amount was committed in WOLP Fund 1 as well.

j. **What profile of tenants are we looking at and what is the criteria while looking at tenants?**
The warehouses are leased to blue chip tenants with strong balance sheets from various sectors including e-commerce, third party logistics (3PL), retail, FMCG, etc. Some of the marquee tenants included in WOLP Fund 1 portfolio are Delhivery, Ecom Express (backed by Warburg Pincus), FM Logistics, Asian Paints, Tata Croma, Flipkart (backed by Walmart) and Emiza. There has been instance of repeat tenants across multiple locations.

k. **What is the typical lease period and built in escalation in leases? What happens if tenant wishes to annul the contract before lock in ends?**
Warehousing leases are typically long term in nature with tenure of ~9+ years and lock-in of ~3-5 years. Warehousing leases typically have a built in escalation clause of ~4.5-5% p.a. If the tenant annuls the contract prior to expiry of lease term, the tenant has to pay for the remaining duration of lock in period. However an important point to note here is that the fit-outs cost incurred by the tenant before moving in are very high and they typically get amortised over the life of the lease. Hence moving out of the warehouse before the lease period ends is a loss making proposition for the tenants making the lease sticky.

l. **Will the Fund only invest in "pre-leased" assets?**
The Fund typically invests in projects at a "greenfield" or land stage. At this stage, there are typically no formal contracted pre-lease arrangements with tenants and such arrangements are usually possible only post acquisition of the land. However, as a strategy WOLP de-risks each acquisition by a detailed market diligence including potential demand for the subject site and competing supply. WOLP also seeks informal or soft commitments from tenants. Basis these comforts WOLP proceeds to acquire the land. Once the land is bought, meaningful capex towards construction is only done after signing lease commitments with tenants and after the tenant has paid a security deposit.

m. **Who is funding the construction finance?**
The Logistics and Warehousing sector have been awarded infrastructure status by the government, hence the construction finance for our projects is easily available at favourable rates from various leading banks. Further, banks look at this asset class favourably since, given most of the development takes place post leasing there is a guaranteed take out for the bank

by way of rental securitization. In Fund 1, we have obtained funding from HDFC Bank for our Bhiwandi asset and IndusInd Bank for Lucknow, Farrukhnagar (Gurgaon) and Bangalore assets.

n. Who manages the property after delivering to tenants? What are safeguards to ensure continuity of rents on time?

WOLP's development management team offers asset management services to the project entities, which will also include rent collection among other services. We have a dedicated in-house rent collection team that ensures continuity and red flags for any discrepancies.

From the rent continuity perspective, there are enough safeguards that have been put in place. The warehouses are leased to blue chip tenants with strong balance sheets. Warehousing rent typically forms ~15-20% of total logistics cost hence sensitivity to overall logistics cost due to increase in rents is not so high. Further, warehousing forms a critical part in a business' supply chain operations and the fit out costs incurred by the tenants are very high. All these factors reduce the chances of default in warehousing leases. Lastly lease agreement with tenants capture adequate penal provisions to protect the lessor in case of a default, including forfeiture of security deposits.

o. How will exits be provided and what will investors get at the end of product timeline? Are there any interim exits planned and can the clients expect any cash-flows?

The Fund will primarily invest in warehousing development projects and exit completed, rent-generating asset to institutional buyers/ REITs or INVITs. There is a huge demand from institutional buyers for Grade A compliant warehousing assets. Recent deals include Hillhouse capital buying a Morgan Stanley asset for USD 83MM, Blackstone buying the Embassy portfolio for USD 700MM, Canadian Pension Plan Investment Board committing USD 500MM with Indospace, Mapletree buying select Morgan Stanley assets for USD 63MM to name a few. The gain from Fund's investment will be realised in the form of capital gains at the time of exit from projects, hence the distribution to the Fund investors shall also be back-ended, closer to the end of Fund term. In case some of the projects are exited sooner than end of the Fund term, realisation from such projects shall be distributed to the investors sooner.

p. Why will institutional investors (PE/Pension/Soverign) be willing to buy developed asset?

Grade A warehousing assets offer stable yield of ~7-8% p.a., with contracted escalation of ~5% p.a., giving them unlevered returns of 12-13% which can be further improved by leverage. Such a return profile, backed by real assets and long term leases to high quality tenants is attractive for these investors. Post Covid-19, warehousing also emerged as a resilient asset class as it was less impacted compared to other real estate segments given its critical role in business' supply chain operations. As a result, it has gained prominence in asset allocation strategy of various institutional investors due to superior risk return matrix and longevity.

q. Are there any other institutional players involved in similar product ideas and who are your competitors?

WOLP's Fund 1 and Fund 2 are the only SEBI registered category 2 AIFs offering domestic investors an opportunity to participate in the warehousing development segment in a transparent, organized and institutional manner.

There are few other institutional developers engaged in warehousing development projects, which are backed by foreign investors (and do not provide participation opportunities to domestic investors) such as Blackstone, Canadian Pension Plan Investment Board, Bain

Capital, Morgan Stanley, GIC, Oxford, Temasek and Ivanhoe Cambridge to name a few. These investors have committed ~USD 6 BN in last 5 years in the Indian warehousing space.

r. What could be the time frame from identifying / buying the land and start of rent?

It takes anywhere between 6-9 months from identification of land to acquisition, post completion of various detailed due diligences (title/ legal, technical, financial) and fulfilment of applicable transaction conditions. To ensure efficiency in deployment, monies are paid to acquire the land only after the entire process described above is completed satisfactorily.

Once the land is acquired, the approval timelines vary from state to state, and may range from 3-9 months depending on the state level approval framework and policies.

Thereafter, it takes another 8-9 months to complete construction of each warehouse structure and handover over to a potential tenant. The delivery of all the warehouses in the entire park is staggered (depending on leasing demand) and typically happens in 2-3 phases. Thus, it takes ~2-3 years to complete the construction and delivery of the entire park post land acquisition.

s. How is this different from buying an office / retail property?

Warehousing developments are horizontal structures, with shorter development cycles and low construction complexity. They involve fewer and faster approvals, and even a large scale warehouse development (~1-2MM sf) project can typically be completed in ~2-3 years post land acquisition. Given horizontal nature of development, each warehouse can operate as a standalone box, completed, leased out and rent generating even while development of the remaining park is underway. Warehouse development is also mostly "built to suit" or "pre-leased" which means that meaningful capital expenditure is only incurred once a lease commitment is signed with a tenant, thereby minimizing leasing or market risk. Moreover, tenants typically incur significant capex on fit-outs and automation of the warehouses as they form critical part of their business' supply chain operations, thus leading to an increased demand for long term leases, which helps them in efficient amortisation of capex over the lease term.

On the other hand, commercial properties have vertical structures, with long development cycle and high construction complexity. The approvals process takes much longer than warehousing, and the entire building needs to be completed in order to commence operations on any floor. It typically takes ~5-6 years since land acquisition to project completion. Such vertical constructions are typically exposed to significant time and cost overruns. Due to the longer delivery cycles, pre-leasing is usually not possible. Moreover, since limited investment is made by tenants in such properties, their leases tend to be shorter term and less sticky than warehousing, and are prone to vacancy risks.

t. What is the benefit of investing in the warehousing sector via this Fund vis-à-vis buying a completed or pre-leased asset fund?

Investment in warehousing via the Fund benefits investors on 2 counts:

1. Investors get to invest in warehousing real estate segment via a financial product, thus avoiding the hassles of owning physical real estate viz. illiquidity, high ticket size, maintenance

etc. and instead owning units in their demat account. These financial products are well-regulated and employ a tax efficient structure.
2. Investors get to participate in development projects i.e. right from the land stage through the leasing and development journey to earn attractive development linked returns and get value derived on the entire value chain.

u. How many assets / investments will the Fund make?

The Fund plans to invest in ~10-12 projects (based on cumulative offer size of INR 1,500-2,000Cr), and maintain judicious diversification in order to mitigate concentration risks related to single investment exposure, markets and micro-market exposure, tenant-wise exposure and vendor-wise exposure.

3. **Details of Fund 1**

a. **What is the track record of past Funds?**

WOLP had launched its first Fund, Welspun One Logistics Parks Fund 1 ("WOLP Fund 1") with similar investment strategy in 2021, and achieved final close with INR 500Cr in June 2022.

The Fund has committed 100% of its net investible corpus in 6 warehousing projects across 5 cities in ~2 years of launch, and is tracking inception-to-date Gross IRR of ~21.1%[1,2,3]. The expected hold-to-maturity Gross IRR is ~20-22%[1,2,3]. The Fund is also expecting exits from 2 of its projects in early 2023.

The Fund's total portfolio has cumulative gross leasable area of ~6.6 million square feet, out of which ~3.1 million square feet has been leased, ~1.0 million square feet has been handed over to tenants and ~2.0 million square feet is on track for delivery by April 2023.

[1] Gross deal level returns, pre-fund level fee, promote and taxes; Deal level returns are net of all projects level costs including approval costs, construction costs and fees which may be paid to vendors, consultants or brokers, including an affiliate of WOLP

[2] Returns are subject to market risks and there is no guarantee of achieving target returns or account of risks

[3] Estimated IRR based on WOLP underwriting

b. **Drawdown**

The Fund has drawndown ~72.5% of total capital commitment or ~INR 366Cr as of November 2022.

c. **Committed**

The Fund has committed 100% of its net investible corpus as of December 2022.

d. **Current Tenant profile**

The Fund has leased warehousing space to blue chip companies from diverse sectors such as 3PL, express logistics, e-commerce, retail and FMCG across its projects. These include marquee players such as Delhivery, Ecom Express, FM Logistics, Asian Paints, Tata Croma, Flipkart and Emiza.

e. **Entry Yields**

The estimated stabilized entry yield ranges from ~9-10% across various projects.

[1] Gross deal level returns, pre-fund level fee, promote and taxes; Deal level returns are net of all projects level costs including approval costs, construction costs and fees which may be paid to vendors, consultants or brokers, including an affiliate of WOLP

[2] Returns are subject to market risks and there is no guarantee of achieving target returns or protection of capital; please refer scheme documentation for a detailed account of risks

[3] Estimated IRR based on WOLP underwriting

f. What was the profile of investors in Fund 1?

Fund 1 investor base includes various high net worth individuals, family offices as well as a provident fund investor.

4. **Details of Fund 2**

a. **What are the key terms of the Fund?**

<table>
<tr><th>Particulars</th><th>Fund Details</th></tr>
<tr><td>Fund Name</td><td>Welspun One Logistics Parks Fund 2</td></tr>
<tr><td>Target Fund Size</td><td>INR 1,000Cr (additional up to INR 1,000Cr as Green Shoe option)</td></tr>
<tr><td>Sponsor / Anchor Commitment</td><td>INR 75Cr</td></tr>
<tr><td>Fund Tenure</td><td>6 years from First Close (extendable by two 1 year periods)</td></tr>
<tr><td>Commitment Period</td><td>3 years from Final Close (extendable by 6 months)</td></tr>
<tr><td>Initial Contribution</td><td>20% of capital commitment</td></tr>
<tr><td>Setup Expenses</td><td>To be charged at actuals, subject to a cap of 2.0% on Capital Commitment (excluding applicable GST)</td></tr>
<tr><td>Operating Expenses</td><td>To be charged at actuals, subject to a cap of 0.5% p.a. on Capital Commitment (excluding applicable GST)</td></tr>
<tr><td>Management Fee and Carry</td><td>
<table>
<tr><th>Unit Class</th><th>Commitment (INR Cr)</th><th>Management fee*</th><th>Hurdle</th><th>Carry (with catch-up)</th></tr>
<tr><td>A1</td><td>1 to 5</td><td>2.00%</td><td>12.00%</td><td>17.50%</td></tr>
<tr><td>A2</td><td>5+ to 25</td><td>1.75%</td><td>12.00%</td><td>15.00%</td></tr>
<tr><td>A3</td><td>25+ to 50</td><td>1.25%</td><td>12.00%</td><td>12.50%</td></tr>
<tr><td>A4</td><td>50+ to 70</td><td>1.00%</td><td>12.00%</td><td>12.50%</td></tr>
<tr><td>A5 - Anchor</td><td>70+</td><td>0.75%</td><td>15.00%</td><td>12.50%</td></tr>
</table>
*On drawn down capital; excluding applicable GST</td></tr>
</table>

b. **Which category of AIF is the Fund registered in?**

WOLP Fund 2 is a SEBI registered Category 2 AIF.

c. **What category of investors are allowed to invest? Can PFs and charitable institutions invest in this AIF?**

The Fund may accept investments from high net worth individuals, bodies corporate, insurance companies, pension funds, banks, financial institutions, sovereign funds, multi-lateral institutions and other sophisticated and institutional investors, Hindu undivided family, proprietorship, association, trust, corporation, company, partnership, limited liability partnership, limited liability company, co-operative society, non-banking financial companies, family offices, estates, foreign portfolio investors, government or government agency or authority, any other class of person and any body or organization of individuals or persons whether incorporated or not and whether incorporated in India or outside of India, who are eligible to invest in the Scheme and to hold Units in accordance with applicable law. The Fund can also accept investments from pension funds and charitable institutions subject to their constitutive documents.

d. **Can NRIs invest in the Fund? From what all jurisdictions are NRIs are allowed to invest in the Fund?**

Yes, NRIs can invest in the fund. However, a foreign investor shall fulfil the following criteria:

(i) Foreign investor is a resident of the country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatory) or a signatory to the bilateral Memorandum of Understanding with SEBI. "Bilateral Memorandum of Understanding with SEBI" will mean a bilateral Memorandum of Understanding between SEBI and any authority outside India that provides for information sharing arrangement as specified under clause 2(ib) of Section 11 of the Securities and Exchange Board of India Act, 1992;

(ii) AIFs may accept commitment from an investor being a Government or Government related investor, who does not meet the aforesaid condition, if the investor is a resident in the country as may be approved by the Government of India;

(iii) Foreign investor, or its underlying investors contributing 25% (twenty-five percent) or more in the corpus of the investor or identified on the basis on control, is not the person(s) mentioned in the Sanctions List notified from time to time by the United Nations Security Council and is not a resident in the country identified in the public statement of the Financial Action Task Force as:

(a) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or

(b) jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.

For the purpose of the aforesaid clause, "control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

e. **Can US based NRIs invest in the Fund?**

US based NRIs are allowed to invest in the Fund in accordance with extant exchange control laws of India.

f. Is this Fund Open / Close ended?

The Fund is a close ended fund, and no exit shall be available to investors till the end of the Fund's tenure.

g. Is the money to be invested upfront or will be drawn down over period of time? What will be tentative drawdown timelines?

Investment in Warehousing development projects entail upfront investment towards acquisition of land and key approvals (60-70% of total project equity), and then subsequent investment over a 2-3 year period towards development and construction cost for the project. The Fund will accordingly align its drawdown from investors with the deployment in the project to minimize drag on fund returns. Thus, drawdowns from investors are expected to be made over ~3 years from the final close. The upfront drawdown at the time of on-boarding shall be 20% of commitment amount.

h. What happens if the investor defaults on payment of drawdowns?

WOLP, as the investment manager of the Fund, may provide defaulting investor with an opportunity to remedy the default within 15 calendar days from the date of notice to remedy the default. If the default is not cured within the given period, the investment manager may exercise some remedial measures as per the provisions of the PPM including but not limited to charging the defaulting investor interest at 15% (excluding any tax) on the overdue amount, suspension or termination of the rights to make future Capital Contributions and suspension of voting rights. Please refer to the Fund PPM for detailed provisions on consequences of default.

i. Are there co-investment opportunities?

The Fund may offer co-investment opportunities to investors above a certain ticket size in select large deals. The Fund would offer co-investment only after investing approximately 15% of its net investible corpus in the given deal.

j. Where will the Fund invest the initial contribution amount till the first close?

The Fund shall invest such amount in liquid mutual funds or bank deposits or other liquid assets of higher quality such as treasury bills, triparty repo dealing and settlement, commercial papers, certificates of deposits, etc. as permitted under the AIF regulations.

k. What will be the timelines between first close and final close?

The final close shall held within a period of 12 months from the first close, subject to an extension of 6 months by WOLP, as the investment manager of the fund, in its sole discretion.

l. What reports will be sent to investors and the timelines?

Particulars	Timelines
Allotment statement	Within 45 days of investor on-boarding
Annual report of the Fund	Within 180 calendar days from end of relevant FY
Quarterly newsletters with updates on the Fund and its portfolio investments	Within 60 calendar days of end of relevant quarter
Statement of accounts of contributors	• Quarterly, within a period of 2 (two) months from the end of the relevant quarter

	• Shared with every Drawdown Notice within a period of 10 Calendar Days from the relevant Drawdown Date • Shared with every distribution within a period of 10 calendar days from the relevant distribution
Advance tax letter or documents necessary for the Contributor to claim credit for taxes	5 calendar days before the due date
Form 16A under the Income Tax Act, 1961	Within 60 calendar days of end of relevant quarter, or such other timelines prescribed by the Income Tax Act
Statement of income distributed by the Fund in Form 64C of the Income Tax Act, 1961 & the annual tax letter of the Fund	Within the timelines prescribed by Income Tax Act

In addition to the above, the Fund will also send event-based email updates to investors.

m. Considering this is real estate investment, what is WOLP doing to increase the transparency and accessibility for its investors?

WOLP strives to attain the highest standards of corporate governance, including high level of transparency and accessibility to its esteemed investors.

With that objective in mind, WOLP has created an investor portal that is first of its kind in the industry primarily aimed at providing all relevant data to investors at just click of a button.

- **Investment details**, including details of amount invested, units allotted, amount pending drawdown, next drawdown date, latest NAV, etc.
- **Document repository,** which allows investors to access the executed contribution agreement, PPM, statement of accounts, tax statements, Fund's quarterly updates, Fund's annual reports and any other document issued by the Fund.
- **Fund's portfolio details,** including details of investments, status of development, leasing, hand over to tenants, etc. The portal even enables the investors to access details of each project including projected timelines, deployment status, construction milestones, tenants along with live photographs and drone video shoots that will be updated periodically. This would ensure complete transparency between the Fund and the investor.

n. How are the milestones of development, payments and closures audited? Who are our auditors?

WOLP has engaged an 18 member E&Y team, manned by a resident E&Y partner and working out of various project site offices, that does concurrent audit on all site processes. A concurrent audit is done pre-facto, wherein whenever a bill is raised by a contractor, the E&Y team first audits whether the job is completed as per the contracted conditions and only after the team is satisfied with the quality and timelines of the job, the bill is sent further for processing.

WOLP also uses extensive technology to conduct weekly reviews on various projects. These reviews are based on a digital project management dashboard, wherein data is updated by the E&Y team only. All WOLP employees have view-only rights to this dashboard, and thus cannot update/ modify any data. This gives the management team a full, transparent view of project status and can therefore take timely corrective actions to avoid cost and time overruns.

o. Can the investor visit the site of underlying assets?

Investors are welcome to visit the site with prior notice of 2 working days.

5. **Team**
   a. **What is the team strength and background?**
      WOLP has an in-house team of approx. 140 professionals, in addition to 20 external experts, with deep local / institutional expertise in investments, leasing, development, asset management and audit. Please refer to the fund information deck for organisation structure and profiles of key team members at WOLP.
      A summary of prior experience of key team members is available on request.

   b. **What is the team's experience in managing real estate assets in general and warehousing assets in particular in their previous roles?**
      Core team of WOLP has extensive relevant experience in real estate fund management, investment, development as well as leasing. Some of the senior team members have played significant role in warehousing investment, development and leasing. On a cumulative basis, our senior team possesses 325+ years of real estate experience, has transacted ~4,000 acres, delivered ~225 MM sf of project area including ~65MM sf of warehousing area. Please refer to the fund information deck to know more about relevant experience of the team.
      A summary of prior experience of key team members is available on request.

   c. **Why does WOLP have such a large team for managing this Fund?**
      WOLP has adopted an integrated fund and development model, wherein all activities across the project lifecycle, starting from land acquisition to lease, development and sale of cash flowing asset, are managed by WOLP, without dependence on external developers. This enables WOLP to maintain tighter controls on project execution and delivery, thereby minimising cost and time overruns. The Fund is thus able to capture value across the entire project lifecycle and generate "Development Profit" of 20-21%, instead of typical pre-leased asset return 13-14%.
      The WOLP team is currently staffed to manage acquisitions of ~200-250acres of land parcels, leasing and delivery of ~3-4MM sf p.a.

6. **Others**

a. **What is the taxation? Is it pass through?**

The Fund will invest in project entities primarily in the form of unlisted equity shares, and exit via sale of these equity shares after completion (development and lease) of the project, which is typically expected to take ~2-3 years. Hence the income of the Fund will primarily be in the nature of long term capital gains for taxation purpose.

Since SEBI registered Category 2 AIF has a pass through status under income tax regulations for all income other than business income, any capital gains earned by the Fund will be taxed directly in the hands of the investors. At the same time, indexation benefit applicable on the instrument, through which the Fund makes its investment in project entities, will also be available to the end investors.

The applicable tax rate for long term capital gains on unlisted shares for resident investors is 20% + surcharge (applicable to the investor) + cess.

Please note that the above rate is only indicative in nature, and you are requested to consult your tax advisor for detailed advice.

b. **What is the TDS for NRIs and is there a beneficial taxation for UAE/ Qatar / Saudi Arabia investors?**

Please refer to the below table for tax rates applicable for NRIs (under the Act):

Income Type	**Tax Rate**
Long Term Capital Gains	11.96%
Short Term Capital Gains (unlisted equity)	42.74%

Investors from certain countries including UAE, Qatar and Saudi Arabia are exempt from capital gains on debentures and capital gain on equity shares is taxable in India at rates provided under the Act. They are required to pay the following tax on dividend received:

Country	**Tax Rate**
UAE	10%
Qatar	5%-10%
Saudi Arabia	5%

c. **What is the documentation required for investment? Is there a digital on-boarding process available to reduce the paperwork?**

In case of an individual, the following documents are required - CVL verification, identity proof, address proof (Aadhar card in case of resident individual), PAN Card and cancelled cheque.

In case of a non-individual, the following documents are required – the authorized signatory list, board resolution, address proof, UBO (Ultimate Beneficiary Owner) declaration and shareholding pattern.

There is a digital process available for on-boarding, which allows for online execution of documents.

d. **Is the fund management team rated?**

We are in the process of obtaining Fund Management rating from a leading rating agency.