

SphereInvest | GROUP

SphereInvest Viridian India Property Fund

2016 – 3rd Quarter

Q3 2016: 0.00%; YTD 2016: -3.23%; NAV: \$0.90 per share;

PORTFOLIO OVERVIEW

During the 3rd quarter of 2016, the Fund's NAV remained stable, with the NAV per share remaining at \$0.90 since 30th June. There was a small appreciation in the Fund's investment in ILDM which has continued to develop at a good pace, with this being off-set by various costs. The situation regarding the fund's other remaining investment in ANB remained as previously reported. Certain financial irregularities on the ANB project itself, along with a lack of funding for the project has led to numerous complaints and court cases, which are being actively pursued.

The real estate sector in India continues to suffer from an excess in construction supply along with lower than hoped for economic growth whilst at the same time property prices have remained high. Until economic growth picks up, property prices fall or a combination of both, the real estate sector in India is likely to continue in this rather sluggish manner.

ILD Millennium Pte. Ltd. ("ILD") – ILD Spire Greens

Construction progress on the ILD project continues to move forward. Two large towers, namely Towers 3 and 4 have for all intents been completed with the units being delivered to end buyers. As this process takes place, further individual finishing work to tailor units to specific buyers is undertaken before any sale and delivery is finally completed.

It is hoped that the initial delivery of completed units within these two towers will lead to a positive sales boost for unsold units in the remaining tower blocks, as prospective buyers will have seen the completion and delivery to other buyers and at the same time be able to witness continued development of the remaining blocks.

Work on the other towers is in progress and continues to move towards the completion stage, with all structure work expected to be completed by the end of 2016 or early 2017 for all towers except one tower where revised internal design approval had caused some delays to be suffered.

Major services work contractors have commenced their work on site. Government infrastructure around the project site is also continuing.

INVESTOR LETTER

SphereInvestViridian India Property Fund

AN Buildwell Pte. Ltd. (“ANB”) – Spire Edge and Spire Woods

As previously reported, construction has stopped on both ANB projects due to a severe lack of available financial resources within ANB and issues with the local promoters of the company who were managing the projects in India. Alternative sources of finance, negotiations with other developers, buyers and lessee’s of the developments have been ongoing.

The Fund has issued legal suits against the local promoters in India for various issues of mismanagement and lodged formal complaints with the local Economic Offences Wing. In addition, the Fund has filed a formal complaint with the Serious Fraud Investigations Office in India, asking that this federal government unit carry out a forensic audit of ANB’s financial records and its management by the local Promoters.

As part of the litigation process, at the Fund’s request, the Delhi High Court appointed a provisional liquidator over ANB. As part of the liquidator’s work, certain revival plans for ANB have been lodged with the High Court and the Fund is assessing these.

Whilst the Fund continues to seek restitution through the courts, the Manager has suggested that the prudent approach to valuation would be to continue to hold the investment at a written down carrying value of \$1 in the accounts of the Fund, such write down was carried out in the 4th quarter of 2015.

REALISING SHAREHOLDER VALUE

We will continue to focus on the completion of the ILDM development in order to realise it’s investment value. We will also continue to work on possible solutions to reach amicable solutions for the ANB developments.

Please feel free to contact us should you have any questions or require further information.

PERFORMANCE

	Q1	Q2	Q3	Q4	YTD
2016	1.08%	-4.26%	0.00%		-3.23%
2015	-2.36%	-1.61%	-9.84%	-15.45%	-26.77%
2014	2.92%	-3.55%	-0.74%	-5.93%	-7.30%
2013	-0.65%	-5.84%	-9.66%	4.58%	-11.61%
2012	0.57%	-11.93%	1.29%	-1.27%	-11.43%
2011	4.09%	5.06%	-2.67%	-3.85%	2.34%
2010	5.84%	1.84%	2.41%	0.59%	11.04%
2009	-4.11%	1.43%	4.23%	4.05%	5.48%
2008	2.90%	0.70%	0.70%	1.39%	5.80%
2007	-	2.00%	28.43%	5.34%	38.00%

Past performance is no guarantee of future results