

SphereInvest | GROUP

SphereInvest Viridian India Property Fund

2016 – 1st Quarter

Q1 2016: 1.08%; **YTD 2016: 1.08%;** **NAV: \$0.94 per share;**

PORTFOLIO OVERVIEW

During the 1st quarter of 2016, the Fund's NAV remained stable, with an increase of 1%. This increase was due to a small appreciation in the Fund's investment in ILDM which has continued to develop at a good pace. The situation regarding the fund's other remaining investment in ANB has not changed, as financial irregularities and lack of funding for the project has led to numerous complaints and court cases, which are being actively managed.

The real estate sector in India continues to suffer from an excess in construction supply which has caused many developers significant problems. In all of the major centres in India there are many developments that have fallen into financial difficulty, construction and delivery problems, with many developers being pursued in the courts on stalled projects.

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

Construction progress on the ILD project continues to move forward. Finishing work is being completed on the first two towers. These first two towers have commenced the process of being handed over to buyers, a process that results in final possession to the buyers once all parties are agreed on full completion.

Work on another two towers is in progress and continues to move towards the completion stage. Structure work on the remaining towers is moving towards completion and all structure work is expected to be completed within 2016 for all towers except one tower where revised internal design approval had caused some delays to be suffered.

Major services work contracts have been awarded and the contractors have started their work on site. Government infrastructure around the project site is also continuing.

As a result of the significant project progress, moving towards customer delivery stage, the cash components being received from existing customers has also increased.

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 continues to look at numerous solutions, including selling the Fund’s stake in ANB, taking over the management of the project and negotiating with all interested parties to see if we can re-start the development.

The Fund has also issued suits against the local promoters in India for various issues of mismanagement and lodged formal complaints with the local Economic Offences Wing.

Whilst the Fund attempts to raise further financing for the projects, 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 try to resurrect or sell 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%				1.08%
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