

AIFMD DISCLOSURE DOCUMENT

Information disclosure for the purposes of Article 23 AIFMD by and in respect of

YATRA CAPITAL LIMITED

(the "Company")

(a limited liability company formed under the laws of Jersey with registered number 93576)

December 2014

DEFINITIONS AND INTERPRETATION

This section of the Document sets out the meaning of certain defined terms used in the Document and makes provisions regarding the interpretation of certain references in the Document.

1. **Definitions**

In this Document, the following capitalised terms shall have the following meanings:

- (A) “AIF” means an alternative investment fund (or AIF) for the purposes of and as defined in AIFMD.
- (B) “AIFM” means an alternative investment fund manager (or AIFM) for the purposes of and as defined in AIFMD.
- (C) “AIFMD” means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers.
- (D) “Document” means this AIFMD Disclosure Document.
- (E) “EEA” means the European Economic Area.
- (F) “EU” means the European Union.
- (G) “EU AIF” means either: (i) an AIF which is authorised or registered in a EEA member state under applicable national law; or (ii) an AIF which is not authorised or registered in an EEA member state, but has its registered office and/or head office in an EEA member state.
- (H) “EU AIFM” means an AIFM which has its registered office in an EEA member state.
- (I) “Company” means Yatra Capital Limited
- (J) “Non-EU AIF” means an AIF which is not an EU AIF.
- (K) “Non-EU AIFM” means an AIFM which is not an EU AIFM.
- (L) “Prospectus” means the Prospectus of the Company dated 24 September 2007 in respect of Ordinary Shares.

Certain other terms are defined in the Document.

2. **Interpretation**

References to statutory provisions, regulations, notices or AIFMD shall include those provisions, regulations, notices or AIFMD as amended, extended, consolidated, substituted, re-issued or re-enacted from time to time.

Unless the context otherwise requires and except as varied or otherwise specified in this Document, words and expressions contained in this Document shall bear the same meaning as in the Prospectus provided that, if there is any conflict between words defined in this Document and the Prospectus, this Document shall prevail.

GENERAL

This section of the Document sets out introductory information about AIFMD and the purpose of this Document in relation to AIFMD.

1. **AIFMD**

AIFMD is a European Union directive which regulates (amongst other things) the management and marketing of an AIF by an AIFM within the EEA.

AIFMD distinguishes between (i) EU AIFs and Non-EU AIFs, and (ii) EU AIFMs and Non-EU AIFMs. In particular, different regulatory obligations apply under AIFMD depending on whether the AIFM and the AIF are EU or Non-EU.

The Company is a self-managed Non-EU AIF and as such where reference is made to the AIFM this should be interpreted to mean the Company. As such the Company is also considered to be a Non-EU AIFM.

2. **Marketing of the Company in the EEA**

AIFMD permits EEA member states to allow a Non-EU AIFM to market to investors, in their territory only, units or shares of AIFs managed by the Non-EU AIFM, subject to complying with certain minimum transparency requirements under AIFMD. An EEA member state which permits a Non-EU AIFM actively to market AIFs in its territory may be said to maintain a national private placement regime ("NPPR").

The Company may, in its sole discretion, and subject to complying with the requirements of the particular NPPR, market itself in any EEA member state which maintains a NPPR.

Under AIFMD, for each AIF marketed in the EEA under a NPPR, the Non-EU AIFM must make available to each prospective investor in the AIF in the relevant EEA member state certain prescribed information before the investor may invest in the AIF ("Article 23 Disclosure").

3. **Purpose of this Document**

This Document and its Exhibits, when read together with the Prospectus for the Company, is intended to satisfy the Article 23 Disclosure requirements in respect of the Company (in its capacity as self-managed Non-EU AIF).

As such, the Company will make this Document available to each prospective investor, in each EEA member state where the Company is marketed under an applicable NPPR, before that investor invests in the Company.

4. **Status of the Prospectus**

This Document cross-refers to, and must at all times be read in conjunction with, the Prospectus.

In the event of a conflict between the information contained in this Document and the information in the Prospectus (and unless otherwise noted in this Document) the information set out in this Document shall (for the purposes of Article 23 Disclosure only) prevail.

5. **Material Changes**

The Company shall inform investors of any material changes to the information contained in this Document in accordance with AIFMD. The latest version of this Document is available for inspection on the Company website at www.yatracapital.com

Existing investors in the Company who are making further investments in the Company should ensure that they obtain and review the latest version of this Document prior to making such further investments.

6. **Further Information**

Further information is available from the Company at: www.yatracapital.com.

DISCLOSURES

This section of the Document sets out the Company's Article 23 Disclosure and cross-refers to provisions of the Prospectus of the Company, to Exhibits hereto and/or documents/information referenced such as the annual and interim financial statements and information provided on the Company's website which also provide Article 23 Disclosure. References in this section of the Document to page numbers are to the page numbers of the Prospectus.

1. **The Company and the Master Fund**

- 1.1 The Company invests substantially all of its assets through K2 Property Limited (the "Master Fund"), a limited liability company organized under the laws of Mauritius.¹
- 1.2 The disclosures in this Document relating to the Company include the Master Fund, unless otherwise indicated by context. Consequently, references to the term "Company" as used in this Document should be understood to mean the Company and/or the Master Fund, as applicable.

2. **Investments by the Company**

- 2.1 The Company's investment strategy and objectives are described in the section of the Prospectus headed "Investment Strategy" (p. 35 – 37) and the EGM notice issued by the Company on 7 May 2013 available on the website of the Company – www.yatracapital.com.²
- 2.2 The types of assets in which the Company may invest, the techniques it may employ and all material associated risks are each described in the sections of the Prospectus headed "Use of funds" (p. 61 - 62), "Investing in Indian real estate" (p. 28 - 34) and "Risk factors" (p. 16 - 27).³
- 2.3 The Company is not generally subject to any investment restrictions in its management of the Company's portfolio.
- 2.4 The Company intends for the foreseeable future to adhere to the investment strategy and objectives noted at paragraph 2.1. Any material changes to the investment strategy and objectives may be made only with the consent of a resolution of the shareholders of the Company.⁴
- 2.5 The current risk profile of the Company, and the risk management systems employed by the Investment Manager to manage those risks, are described in Exhibit I hereto.⁵

3. **Leverage and collateral and asset re-use arrangements**

- 3.1 As an introductory matter, AIFMD defines "leverage" as any method by which an AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The term

¹ 23(1)(a): information on where any master AIF is established....

² 23(1)(a): a description of the investment strategy and objectives of the AIF.

³ 23(1)(a): a description of the types of assets in which the AIF may invest, the techniques it may employ and all associated risks.

⁴ 23(1)(b): a description of the procedures by which the AIF may change its investment strategy or investment policy, or both.

⁵ 23(4)(c): AIFMs shall, for each of the AIFs that they market in the Union, periodically disclose to investors...the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks.

“leverage” is used in that manner in this section of the Document.

- 3.2 The circumstances in which the Company may use leverage are described in the section of the Prospectus headed “Leverage” (p. 35) and as set out in the amended article no 31 of the Company as approved in the Shareholder meeting of the Company held on 19 June 2013.
- 3.3 In principle leverage may be applied to each Portfolio Company at an average level of 50-65% per investment at the project level. Though, borrowing may also take place at the Master Fund level, if required. The types and sources of leverage which are permitted to be used by the Investment Manager in managing the Company’s portfolio, and certain material risks associated with such use of leverage,⁶ are as follows:
- 3.4 The Portfolio Company may borrow from banks, financial institutions which would be secured against the assets of the Portfolio company or could even borrow from its shareholders/directors some unsecured loans. In case of default in payments and servicing of loans, the banks/FIs can take over the possession of the assets of the Company and can auction them to recover their outstanding amounts. None of the debt taken at the portfolio company has any recourse to the Master Fund or the Company.
- 3.5 The restrictions on the Company's use of leverage or borrowing, other than those which may be imposed by applicable statutes and regulations, are set out in the section of the Prospectus headed “Leverage” (p. 35) and as set out in the amended article no 31 of the Company as approved in the Shareholder meeting of 19 June 2013.
- 3.6 There is no leverage at the Company or Master Fund level.

4. **Overview of service providers to the Company**

4.1 **AIFM**

The Company is a self-managed Non-EU AIF and as such where reference is made to the AIFM this should be interpreted to mean the Company. As such the Company is also considered to be a Non-EU AIFM. As a Non-EU AIFM, the Company is not currently required to be (and is not) authorised as an AIFM in any EEA member state.⁷

4.2 **Auditors**

KPMG Channel Islands Limited are the statutory auditors of the Company. The auditor is responsible for auditing the financial statements that have been prepared by the administrators in accordance with the accounting standards, and as per prevailing regulations, and for providing report to the shareholders in the annual report along with financial statements. In addition, applicable law and regulations may require other reports to be prepared for the Company, and as the appointed auditor of the Company will undertake such work under the auditor engagement letter between the Company and the auditor.

4.3 **Other service providers**

Details of other service providers to the Company are as follows:⁸

⁶ 23(1)(a): *the types and sources of leverage permitted and the associated risks.*

⁷ 23(1)(d): *the identity of the AIFM and a description of its duties and the investors’ rights.*

⁸ 23(1)(d): *the identity of any other service providers and a description of their duties and the investors’ rights.*

- (A) **Administrator:** Citco Jersey Limited is the Administrator to the Company. The duties of the Administrator are set out in the section of the Prospectus headed “Administration Agreement” (p. 157).
- (B) **Legal Counsel and other service providers:** please refer to the section of the Prospectus headed “Service Providers” (p. 156). Mishcons de Riya is no longer involved in the Company matters
- (C) **Bankers:** Barclays International Bank Limited is the banker to the Company. The Hong Kong and Shanghai Banking Corporation Limited and Mauritius Commercial Bank Limited act as bankers to the Master Fund in Mauritius. The duties of the bankers are set out in the section of the Prospectus headed “Bankers and Custodians” (p. 60).

4.4 In respect of each of the service providers mentioned above in this section 4, investors in the Company have no direct rights of action against the service provider, as a matter of contract law, or under the constitutional documents of the Company. The proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Company is, prima facie, the Company itself. Accordingly, investors would have no direct contractual right against the relevant service provider for breach of the agreement governing its appointment by the Company. The foregoing disclosure is without prejudice to such other rights of action (for example, under tort law or in respect of breach of fiduciary duty) which might in certain situations be separately available to investors.

5. **The Company in its capacity as AIFM**

- 5.1 The Company in its capacity as self-managed non-EU AIF has internal operational risk management policies and procedures to identify, measure, manage and monitor operational risks, including professional liability risks, to which it is or could reasonable be exposed to.
- 5.2 The Company has taken Corporate Guard Directors and Officers Liability cover for GBP 10 million from AIG Europe Limited as the professional indemnity insurance for its directors.
- 5.3 The Company has entered into certain delegation arrangements in connection with its management activities, which are set out in the section of the Prospectus headed “The Advisory Group” (p. 56 - 60). A summary of certain conflicts arising out of such delegation, and the steps taken by the Company to manage such conflicts, is set out in the section of the Prospectus headed “Conflicts of Interest and Related Party Transactions” (p. 155). These have been further amended vide the extraordinary shareholder meeting of the Company on 19 June 2013 and the details of the same are available on the website of the Company – www.yatracapital.com.

6. **The depositary under AIFMD**

- 6.1 The Investment Manager is not required to ensure that the Company appoints, and the Company has not appointed, a depositary for the purposes of AIFMD. As such, no person acts as depositary of the Company and investors in the Company have no rights as against any person in respect of the duties or liabilities of a depositary under AIFMD.⁹
- 6.2 As a consequence of a depositary not having been appointed:
 - (A) there are no delegation arrangements in connection with a depositary and therefore there are no delegates of a depositary and no applicable conflicts of

⁹ 23(1)(d): the identity of the AIF’s depositary and a description of its duties and the investors’ rights.

interest in connection with depositary delegation;¹⁰

- (B) there is no depositary contract and therefore there are no applicable provisions relating to transfer and re-use of AIF assets by a depositary;¹¹
- (C) there is no transfer of liability from a depositary to any prime broker;¹² and
- (D) there are no arrangements made by a depositary to contractually discharge itself of liability.¹³

7. **Company investors**

- 7.1 The procedure and conditions for the issue and sale of shares in the Company are set out in the sections of the Prospectus headed “Plan of distribution – subscription and sale” (p.161 - 165).¹⁴
- 7.2 The main legal implications of the contractual relationship entered into for the purpose of investment in the Company are as follows:¹⁵
 - (A) By subscribing for Shares, the investor agrees to enter into an investment contract with the Company, the terms of which are governed by the Memorandum of Association, the Articles of Association (the “Articles”) and the Prospectus.
 - (B) An investor’s liability to the Company in relation to its investment will, subject to the terms of the prospectus at the time of the offering.
- 7.3 The rights of investors to redeem their investment in the Company (both in normal and in exceptional circumstances) and the existing redemption arrangements with investors were set out and approved in the shareholder meeting of 31 October 2012 whereby passing of a special resolution, the shareholders have permitted the directors of the Company to return capital to shareholders via the non-compulsory redemption of Ordinary shares.
- 7.4 The Investment Manager does not maintain a formal liquidity risk management procedure in respect of redemptions and there are no formal requirements to maintain a specific proportion of the Company’s assets in cash or near-cash instruments. Based on the portfolio realisations, the Company’s cash levels are monitored by the Investment Manager and the Board and the Board decides the terms and amounts of redemption annually.
- 7.5 There are no fees, charges or expenses paid directly by investors in the Company.
- 7.6 The fees, charges and expenses which are indirectly borne by investors (i.e., which are paid by the Company or deducted from the assets of the Company) are disclosed in the financial statements of the Company from time to time

¹⁰ 23(1)(f): a description of any delegated management function of any safe-keeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations.

¹¹ 23(1)(o): the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets.

¹² 23(1)(o): information about any transfer of liability to the prime broker that may exist.

¹³ 23(2) any arrangement made by the depositary to contractually discharge itself of liability in accordance with Article 21(13).

¹⁴ 23(1)(l): the procedure and conditions for the issue and sale of units or shares.

¹⁵ 23(1)(c): a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information: (i) on jurisdiction, (ii) on the applicable law, and (iii) on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established.

- 7.7 There are no maximum amounts in respect of any such fees.
- 7.8 The Company ensures the fair treatment of all its investors.
- 7.9 No investor in the Company currently obtains preferential treatment or the right to obtain any type of preferential treatment.¹⁶

8. **Valuation procedures in respect of the Company**

- 8.1 The Company's valuation procedure and the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets, is set out in the part of the section of the Prospectus headed "Determination of Net Asset Value" (p. 148).¹⁷

9. **Annual report of the Company**

- 9.1 Under AIFMD, Company (as AIFM) is required to make available its annual report.¹⁸ This must be prepared by no later than 6 months following the end of the financial year.
- 9.2 The Company's financial year ends as at 31 March and so the next annual report must be produced no later than 30 September 2015. Once the annual report has been produced, it will be published on the website of the Company – www.yatracapital.com.

10. **Net asset value and historic performance of the Company**

- 10.1 The latest net asset value of the Company, and the latest net asset value per share of each class of share of the Company, are set out in the interim financial statement of the Company as of 30 September 2014, as approved by the Board, available on the website of the Company – www.yatracapital.com.¹⁹
- 10.2 The historical performance of the Company is set out in the latest audited financial statements from the Company (p. 8) available on the website of the Company – www.yatracapital.com.²⁰

11. **Periodic and regular disclosure of information**

- 11.1 The following information will be disclosed to existing EEA investors by way of an update to this Document:²¹
- (A) the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature (and disclosure of such percentage as at the date of this Document is set out at paragraph 8.5);
 - (B) any new arrangements for managing the liquidity of the Company;
 - (C) the current risk profile of the Company and the risk management systems employed to manage those risks (and disclosure of such risk profile and systems

¹⁶ 23(1)(j): whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment....

¹⁷ 23(1)(g): a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with Article 19.

¹⁸ 23(1)(k): the latest annual report referred to in Article 22.

¹⁹ 23(1)(m): the latest net asset value of the AIF or the latest market price of the unit or share of the AIF, in accordance with Article 19.

²⁰ 23(1)(n): where available, the historical performance of the AIF.

²¹ 23(1)(p): a description of how and when the information required under paragraphs 4 and 5 will be disclosed

as at the date of this Document is set out at paragraph 2.5); and

(D) the total amount of leverage employed by the Company (and disclosure of such amount as at the date of this Document is set out at paragraph 3.6).

11.2 In each case, the information described above will be provided to shareholders by way of a notice online on the website of the Company www.yatracapital.com.

EXHIBIT I

Current risk profile and risk management systems

There are a number of risks attributed towards the execution of the Company's strategy :

- Real estate investments are long-term, illiquid investments and therefore the Company may not be able to realize the current NAV.
The Company seeks to mitigate these risks by enhancing their marketability and exploring additional methods of disposing of its interests.
- The slow pace of policy reforms, uncertain tax environment and underdeveloped secondary real estate markets in India limits the potential exit opportunities for the Company's non-residential portfolio.
The Investment Manager and the Board have been working closely to get the best option for exit for the shareholders given the restrictions on the balance life of the Fund as well as the minority rights under the shareholder agreements
- The Indian companies in which the Company invests through its subsidiaries obtain construction loans from banks and financial institutions. These are secured by way of a mortgage on the land and the property to be developed. In case of default in repayment, the lending banks have a first charge on the land and property so provided as well as the other assets of the land owning company.
None of the loans taken by the Indian companies have recourse to the Company
- Changes to regulations governing foreign investments including repatriation of funds may adversely affect the Company's performance, being the introduction of the distribution tax on buyback of unlisted shares undertaken by an Indian company.
The Company, through the Investment Manager, monitors this risk and, where applicable, procures advice from specialist lawyers and tax advisors in respect of the structuring of its investments and divestments.
- The Company through its subsidiaries invests in Indian companies ("Portfolio Companies") and these investments are denominated in Indian Rupees. The Company's issued shares are denominated in EUR, and the Company and its subsidiaries are therefore exposed to currency risk whereby a movement in the Indian Rupee / EUR exchange rate will affect the value of the investments and the resultant unrealized and realized gain or loss thereon.
The Board and the Investment Manager monitor the forex movements regularly and wherever required enter into forward contracts after evaluating opportunities.
- The Company through its subsidiaries has acquired minority stakes in the Portfolio Companies and hence cannot control the day-to-day operations of these Portfolio Companies.
The company has some affirmative rights under the shareholder agreements in respect of its holdings in the Portfolio companies. Also the Company has two appointees to the board of these Portfolio companies whereby all strategic decisions at the Portfolio Company level are taken by its board only.

The Board continues to monitor and, where possible, take steps to mitigate these key risks and other uncertainties to which the Company and its subsidiaries are exposed.