YATRA CAPITAL

Quarterly Report

For the Quarter ended June 2016

As on June 30, 2016

Section I – Economic Current Status

In 2016, the Indian economy has emerged strong on most macroeconomic indicators. The IIP surprised positively, exports registered positive growth after declining for 18 months and FDI continued to be in line with past trends. The rupee also continued to be stable despite the Brexit vote.

According to Nielsen data, India's consumer confidence is the highest globally. This is evident in increased auto sales, crude consumption and personal credit pick up across categories. While urban consumption is ahead in the recovery curve, rural indicators have started picking up on the back of good monsoons and should reflect in the rural GDP over the next few quarters. Government reforms such as Ujjwal Discom Assurance Yojana ("UDAY") and financial inclusion (Pradhan Mantri Jan Dhan Yojana - PMJDY) have picked up pace and are showing results. The government has opened 225 mn new bank accounts under the PMJDY till date (constituting ~18% of the population). Reforms like the passage of the Goods and Service Tax (GST) bill is expected to provide further impetus to economic growth. GST will help in economic integration of the country by enabling seamless transfer of goods and services.

The key challenges for the economy continue to be weak credit demand, non-performing assets arising out of stalled projects and delayed execution. The Reserve Bank's latest round of forward looking survey indicates an improvement in the overall business situation driven by a pick-up in capacity utilisation and in order books, which are expected to aid private investment.

The IMF has projected growth in India at 7.5% in FY2017. The key drivers for growth over the next 12 months include reduced leverage in infrastructure/other asset heavy sectors, restructuring of electricity distribution companies, expeditious legislation of GST and bankruptcy code, which would improve investor appetite.

Section II – Real Estate Outlook

The real estate sector has seen improvement in demand and supply indicators across sub-sectors compared to the previous quarter. The commercial segment has shown robust increase in demand and absorption with many new project completions. The residential segment has seen a marginal drop in absorption volumes but with a larger drop in new launches. This has resulted in decrease in unsold inventory. The organized retail segment continues to be stable with CY2016 expected to witness improve activity levels compared to CY 2015

The Government has introduced several important regulatory changes in the last one year to bring about growth through transparency and investment in the sector. The various changes introduced cover all aspects critical to the sector i.e land acquisition policy, REITs, FDI in Single Brand Retail and Real Estate Regulation on the supply side. Further, to boost demand, the Reserve Bank of India has reduced interest rates. In addition, Banks have introduced several innovative loan schemes to encourage retail buyers to invest in real estate

The sub-sector trends during Q2 CY2016 are as follows :

(a) The Residential segment has witnessed a decrease (around 18%) in new launches over the last quarter at all-India level. All cities, except Hyderabad, witnessed decrease in new launches due to high levels of unsold inventory. The majority of new supply (85%) catered to mid segment housing and is priced under INR 7,500 per ft2. The absorption volumes decreased by 11% q-o-q. In addition, the absorption rate moderately decreased to 7.7% from 8.6% in the last quarter. In terms of overall absorption volumes, all cities except Bengaluru and Hyderabad, saw reduction in sale volumes compared to the previous quarter. The appreciation in average capital values for residential units was 0.3% q-o-q

(b) In the Office space segment, around 9 mn ft2 of office space became operational in Q2 CY2016 compared to 10.4 mn ft2 in the previous quarter, taking the overall stock to 463.7 mn ft2. The pan India absorption was 8 mn ft2 compared to 10.6 mn ft2 in the previous quarter. This decline in absorption is in line with reduction in new supply in the quarter. Mumbai and NCR were the lead contributor with absorption of 1.8 mn ft2 and 1.7 mn ft2 respectively during Q2 CY2016. The overall vacancy rate remained stable at 15.9% as in the previous quarter. The rentals have seen visible appreciation in select markets over the previous quarter

(c) In the Retail segment, CY 2015 has shown clear signs of the retail real estate sector recovering, as 3.6 mn ft2 was added to the retail stock, with an absorption of 3.3 mn ft2. Q2 CY2016 saw the addition of five new malls, taking the overall stock to 75.5 mn ft2 compared to 75 mn ft2 in the previous quarter. During Q2 CY2016, 0.9 mn ft2 absorption was witnessed compared to 0.3 mn ft2 in the previous quarter. This increase is due to healthy absorption in the new supply coming into the market. The overall vacancy level remained stable at 16.9% as in the previous quarter. Rentals have been stable across all major cities

Section III – Yatra Portfolio

Yatra has completed 6 full and 3 partial exits with only 5 invested projects remaining

Section IV – Yatra Financial position

The net capital commitments of Yatra towards the Indian Portfolio Companies as on 30 June 2016 is EUR 52.97 mn

Disbursements during the Quarter

None

Cash Flow summary for the Quarter

The cash flow summary of the Company for this quarter is below :

Particulars	Amount (Eur mn)
Opening balance as on April 1, 2016	**11.17**
Add : Cash flow realization from investments	1.65
Add : Other receipts	-
Total	12.82
Less : Expenses during the quarter	0.32
Return of Capital during the quarter	-
Closing balance as on June 30, 2016	**12.50**

Yatra has returned EUR 75.5 mn to its shareholders to date since December 2012