
NEWSLETTER

ALIENS NEWS LETTER

DECEMBER 2016



SPACE STATION
T O W N S H I P



IT TAKES HANDS TO BUILD A HOUSE, BUT ONLY HEARTS CAN BUILD A HOME



ITS ALL ABOUT RETURN ON INVESTMENT - MAKE PROFITS TO ALL OUR STAKE HOLDERS

NEWSLETTER

This newsletter is to update you of the latest activities at the Space Station township.

We as a team, at Aliens Group, are extremely honoured to build and deliver multiple landmark projects in Hyderabad. We strive to maintain the highest quality, and work diligently to provide value for all our customers. As you are aware, the past few years have been challenging due to multiple factors including the slowdown in the economy. The Indian economy has traversed the course. Our company continues to maintain its growth momentum. Our decade of experience of delivering 7 projects and our commitment in quality and personal excellence is the foundation of our organization.

We intend to build a stronger foundation for the future and successfully complete our landmark projects. We have started some strategically critical initiatives that have the potential to change the core of the organization for the better in the medium to long term timeframe. Together, we will achieve our goal and create value for our customers.

Regarding Space Station delivery, and turnaround plan we are taking various steps to expedite the handover process in the following areas:

Turn Around Strategy

- Customer**
- Concept**
- Cost**
- Cashflow**
- Culture**



Customer

With Space Station township, our vision is to bring about a revolution in urbanisation of the country, by creating intelligent, innovative, sustainable communities that make modern life easier, healthier and more comfortable.

For the convenience and ease of the customers, from Dec 2015 we offer flat shift, project shift and two flat options: (Enhanced and Non-Enhanced) Customers who seek upgradation can choose to enhance their apartments before handover.

Flat Shifts - As we were doing the finishes for our Station 14 (which is our first Station for handover) we wanted to re-negotiate with certain set of new vendors to improve quality. This decision to upgrade the fitments was taken after discussions with multiple customers. As of now, we already completed flat shifts of 400+ customers who opted for enhanced flats. However, some of our customers approached the organisation and requested us not to enhance their flats. This was because of their budgetary limitation, or investment choice, where they might rent or re-sell after price appreciation. This process will increase our vendor list and increase cost per unit as quantities would change.

The enhancement is done to help the stakeholders to achieve higher base price for investors, better quality for customer who are willing to move in, and be competitive in the local market. If we want to achieve Rs. 5000+ / sft base price we need to provide higher specification based on market trends, which will cost more about Rs. 800 - 1000 sft more for finishes.

Non Enhanced Flats - These Flats and towers come with fitments as per agreement of sale and better, and these flats are sold to new customers at about Rs. 3900/ sft.

Enhanced Flats - To gain a competitive edge in local markets and to achieve higher quality and value for investors, these flats and towers come with latest fitments that are available in today's market. Products like glass, windows, ceilings, flooring, bath fitments, locks, doors, lifts, tower amenities, corridors, lobbies, balconies etc are enhanced to achieve future targeted higher price in projects Phase 2. These flats are sold to new customers now at about Rs. 4600/ sft.

Upgrade options - As the customers are shifting to phase one, we see lot of customers opting for and larger sized home, 3BHK and duplex flats are in high demand.

Handover -Following are the updates on the handover process and futuristic targets:

- All 9 Stations (Phase I - 5,6,7,8,9,10,11,12,14) will have 1500+ flats
- Our prime focus is to handover high quality flats to all our 1300+ existing customers
- Till date, we have successfully built structures for approximately 350 flats and completed handover for about 120+ customers in Station 14.
- Apart from finishing works at Station 14, structural work has commenced at Station 6&11.
- Station 6 structures will be completed by mid 2017 and handover will start in parallel.
- Construction at remaining station will commence in sequence.
- By the end of 2017, there will be additional 600 units built, and by end of 2019, we will have flats built for all existing 1300+ customers.

- Request customers in Station 1,2,3,4 to shift in to Phase I - (Stations 5,6,7,8,9,10,11,12,14). This will improve cash flow and help in expediting the construction and handover process.

We understand these new timelines are beyond their previous committed handover dates, but before phase one completion we will see that all our customers are satisfied, through customer loyalty program.



Concept

Phasing - The Decision to launch and construct total projects as single S shaped tower, with inter connected tower, was a decision taken keeping positive market conditions and customers benefits in mind (like choice of 28 flat sizes, views, vastu, floor heights etc) as all the tower were sold at high velocity in the initial years and later reached to 1400+ customers, investments were made in all towers, as we don't have identical towers with different floor plans.



Being a unique and innovative project, Space Station involves heavy upfront costs such as design, government approvals, marketing, land, construction equipment and more. Therefore, the cost has escalated by more than 50%, before completion of foundation work, This is mainly due to the incorporation of 3 or 4 level basements and ground floor lobbies, with 5.5-6 ft. thick slabs, adding up to 80ft. in depth.

Most of the foundation work is completed in all the towers. Keeping the upfront costs in mind, we have collected about 45-50% of the funds from customers and invested in the total project (all 14 towers). However, due to recession and political instability, neither the base price nor the velocity of sales could be sustained. In fact, we have reduced our price for 400+ customers from Rs. 3300 to Rs. 2300/ sft. This has created unpredicted delays in cash flows, thereby effecting project timelines.

Phase 1 - Stations 5,6,7,8,9,10,11,12 and 14 (Base price at 2200-4500 Rs/ Sqft)

Phase 2 - Stations 1,2,3 and 4 (Base price at 4500-5500 Rs/ Sqft)

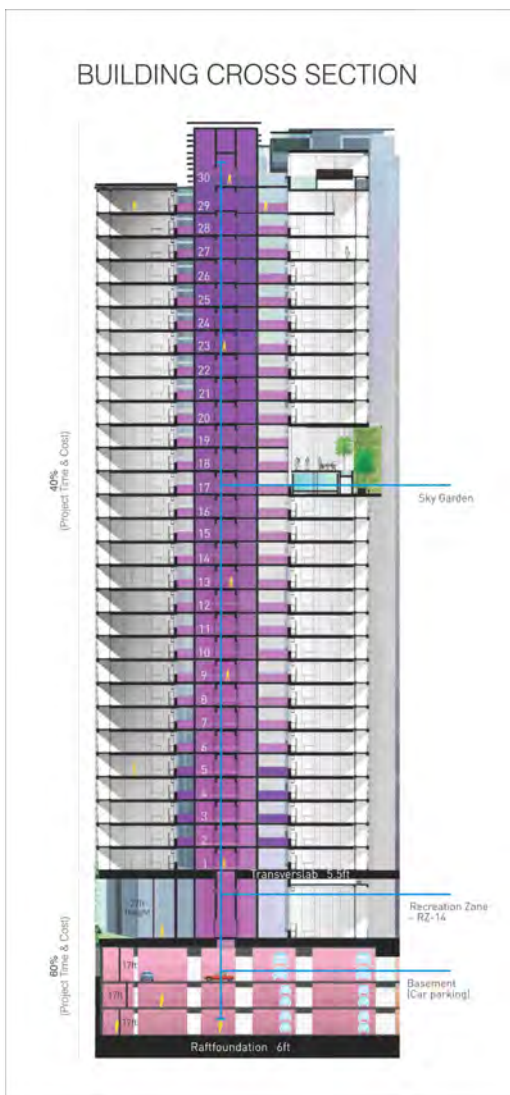


Contractor Deployment - To address the delay issue, the construction of Space station is now handled by one of the leading civil contractors in the country, while maintaining highest quality and tight timelines.

The project is divided into two phases and two segments to focus on limited towers at a time and we can fulfil customers requirements and This process can also increase cash flow thereby achieve speedy construction timelines. For example, Stn 1,2,3 are 30% sold in each tower. Instead of building all three towers we can move customers to one tower such as Stn 5, thereby we achieving a 90% occupancy.

Cost

Space station was launched in positive markets conditions before recession in 2008 and political instability, Selling a Single S shaped tower with 28 flat options, the cost of the project is way different from traditional construction, which was practiced by us in our previous 8 Residential projects. The following are the areas that drastically increased the execution cost.



- Full concrete flats without brick construction.
- Interconnected corridor.
- Glass facade.
- Raft foundation and Transverse slab (6ft thick slabs)
- 80ft deep basement.
- Higher international design cost.
- High approval fee due 30 floors.
- Up front land acquisition and development cost.
- Latest technology with heavy equipment cost.

Pricing and Appreciation - Hyderabad market has grown 19% in the 2015-16, this growth is achieved after political stability, in the next few years the whole Hyderabad will have about 30,000 residential units, and the demand is more than 50,000 units, with 2,00,000 plus employees. Source prop equality market report attachment enclosed.

As of today, base price for new customers is at 3900/Sft for non enhanced towers and 4600/Sft for enhanced towers. We are offering 10% discount to increase velocity of sales, as the market conditions are improving, with new uptake of commercial space in and around Gachibowli and Madhapur we foresee huge demand of residential apartments in the coming years.

We also understand that certain percentage of investors would want to stay back in phase 2, as they are specifically waiting for price increase to resell their flats in the future, and as of today the markets have started looking up in Hyderabad with a price correction from Rs. 2500/sft appreciated to Rs. 4000/sft in and around project location.

Project Shifts - As there was delay in Space Station, and we are working with revised timelines, some of the customer's investment plans and personal requirements have changed, there by about 100 customers have chosen to cut their losses in down market and move to Hub with land as security. In this scenario, we have given better price and extra land as goodwill, and they are always welcome to come back in the future to space station project, with a discounted rate.

Cashflow

Project cashflows are directly linked to following areas

- Project finance
- Velocity of New Sales and base price
- Progress based payments by existing customers
- Phasing (not build the whole S shape tower at one time)
- Flat sifts (move all customer to phase one 9 Stations)



So far we have sold about 1500 flats, In today's scenario as it's not logical to build all towers together. The Focus is on 9 Stations to deliver flats to all our invested customers.

Financials - Zero Debt Drive

Having reduced our debt in the last few years, Aliens group has reached to almost Zero debt as of today, We have always maintained such proficiency, even in the past, keeping our operational cost low during a market slump (2008 - 2014). We have about Rs. 500 Cr. pending payments from sold inventory, to increase cash flows and we are shifting customers to progressing towers. We have to understand it's a team work of, Customer, Bankers, Developer and all other stakeholders, we must work together to turnaround this project. We already are see major improvement in price by about 20%, and also projects and new development around space station.

Investor - One of India's leading financial services firm has sanctioned us a investment of upto Rs. 200 cr. (this mobilisation of funding is to improve pending cash flows as per project progress, there by increase speed if construction)

Company has an asset base of over INR 32,000 crore with revenue of INR 5,316 crore and net profit of INR 414 crore for FY16. Its consistent performance is evidenced by a PAT CAGR of 38% over the last four years.

The Investor group’s research driven approach and proven history of innovation has enabled it to foster strong relationships across all client segments. The group has sizeable presence in large retail segment through its businesses such as Life Insurance, Housing Finance, Mutual Fund and Retail Financial Markets. It serves its 887,000 strong client base through 6,227 employees based out of 237 offices (including nine international offices) in 122 cities.

Impact of Demonetisation

The markets look very positive in Hyderabad as it is affordable real estate market compared to other metro cities, our properties are priced between Rs. 50 lakhs to Rs. 1.5 crores, and the sales are driven by end users through bank funding. In the recent past Hyderabad market has witnessed a positive change and it is less likely to vary in the long run. In fact, velocity of sales has increased 8% in last few months.

Further real estate markets in Hyderabad are lucrative for Private Equity Institutions who are looking for investment options and many projects have already pumped in capital investments from such companies, as available unsold stock is only about 30,000 homes, compared to volume of employees adding to the city. RERA (Real Estate Regulatory Act) and demonetisation will bring in more transparency for the industry, there by PE benefiting investors, end users, and all stake holders.

Culture - The Aliens DNA

Aliens Group, in the process of turnaround strategy, is working diligently with a core aim to bring back customer centricity in to our organization. To implement this, we have changed to top down approach and our top management is engaging in one-on-one interactions with individual customers. We have also reduced our staff and out-sourced all major departments to focus on core functional areas. From Aliens Infra Pvt Ltd, we have out-sourced our six infrastructure contracts to other companies to devote complete attention and focus to Space Station and Hub projects. The new team is already geared up to deliver homes in phases to all our customers.



Additionally, we would like to convey our utmost gratitude to 2500+ customer (in all our completed and upcoming projects) for supporting us through this challenging situation. Aliens group will continue the legacy of building one the best residential townships in Hyderabad, and also launch new iconic projects in other parts of the country.

Building your company’s culture and how doing so can provide the support system of trust and respect (DNA). This is critical to ensuring our teams have the best tools to work through healthy conflicts in a safe surrounding, and to accelerate their time working on priorities that to drive the greatest results.

Leveraging technology to enhance our customer experience :

There is a need for a cloud-based ERP that helps them manage all the interactions and transactions such as booking, documentation, collection, customisations and handover and help them manage their work with less staff and provide a wonderful and transparent experience to buyers. Homebuy360 is a simple and intuitive to use internet application specifically designed for the real estate industry for both builders and buyers.



Builders can efficiently manage marketing, sales and customer connect operations - CRM, leads, booking, documents, collections, customisations and handover. Buyers on the other hand can login to their home account and monitor progress and information relating to their dream home. We are now moving to Cloud CRM software Homebuy360 that is hosted in a platform over the Internet. Homebuy360 is a unique offering, specifically designed for the real estate industry to efficiently manage marketing, sales and customer connect operations - CRM - Leads - Booking - Documents - Collections - Customisations - Handover. It is India's first online application that provides a login to the buyers.

The buyers can monitor progress, view documents, check collection & dues status, track customisations and even refer the builder to their peers. As easy as managing a bank account over the internet and a cutting-edge technology, makes the application simple and intuitive to use. Developed after an extensive research and after gathering inputs from multiple builders and buyers, the application provides an extraordinary experience in the new home buying process.

Global Access :- Booking, Buyer & Financial Details, Digital Documentation, Construction Progress & Status, Ease of Communication, Raise & Track your Issues, Request & Track Customisation needs, Maintain your details

Real Time Information :- Transaction History, Progress Updates, Issue Management

Fabulous Offers :- Prelaunch Offers, Earn Referrals, Attractive Deals

Document Digitalisation :- Online Availability, Secured Login, Anytime Access

We request all our customers to update their latest contact information and upload all their documents into the following link, post which we will generate a login for individual customer and they can track real time information regarding their property.

www.aliensgroup.in/homebuy360

Recent developments in and around project location :

- The development initiatives of the State Government in the last few years have caused a paradigm shift in the direction of growth of the city.
- Tishman Speyer's is going to start the construction in Tellapur Techno city project. They are going to build IT SEZ and commercial space.
- Google is building it's Asia's biggest campus in Gachibowli financial district.
- State government has sanctioned Rs.103 crores for the 6 lane 120 feet radial road abating to Aliens space station project which will connect the Outer ring road to financial district.
- Apple inc. is setting up its maps division and large technology development centre in Tishman Speyer's WaveRock IT Campus at Gachibowli.
- Amazon & CTZ India development centre has started its operations from financial district , Gachibowli

PROJECT LOCATION -CONNECTIVITY

Resent radial road development at site, which connects Gachibowli to ORR passing in front of Space Station, and Tishman Speyer's 100 acre development, will have Apple india office in their commercial space, this latest development has also given a push for new sales and increase base price in the Space Station project.

120ft Radial Road, was announced and the work has started, which will connect Gachibowli and Outer ring road via Space Station. This will improve connectivity and project value.



About Tishman Speyer's is a Real Estate owner, developer, and operator managing a portfolio of assets since its inception of more than 93,000,000 square feet (8,600,000 m2) in major metropolitan areas across the United States, Europe, Latin America, and Asia. Tishman Speyer's properties include such well-known icons as New York City's Chrysler building, Rockefeller center and city's presenter internationally.



LATEST DEVELOPMENTS

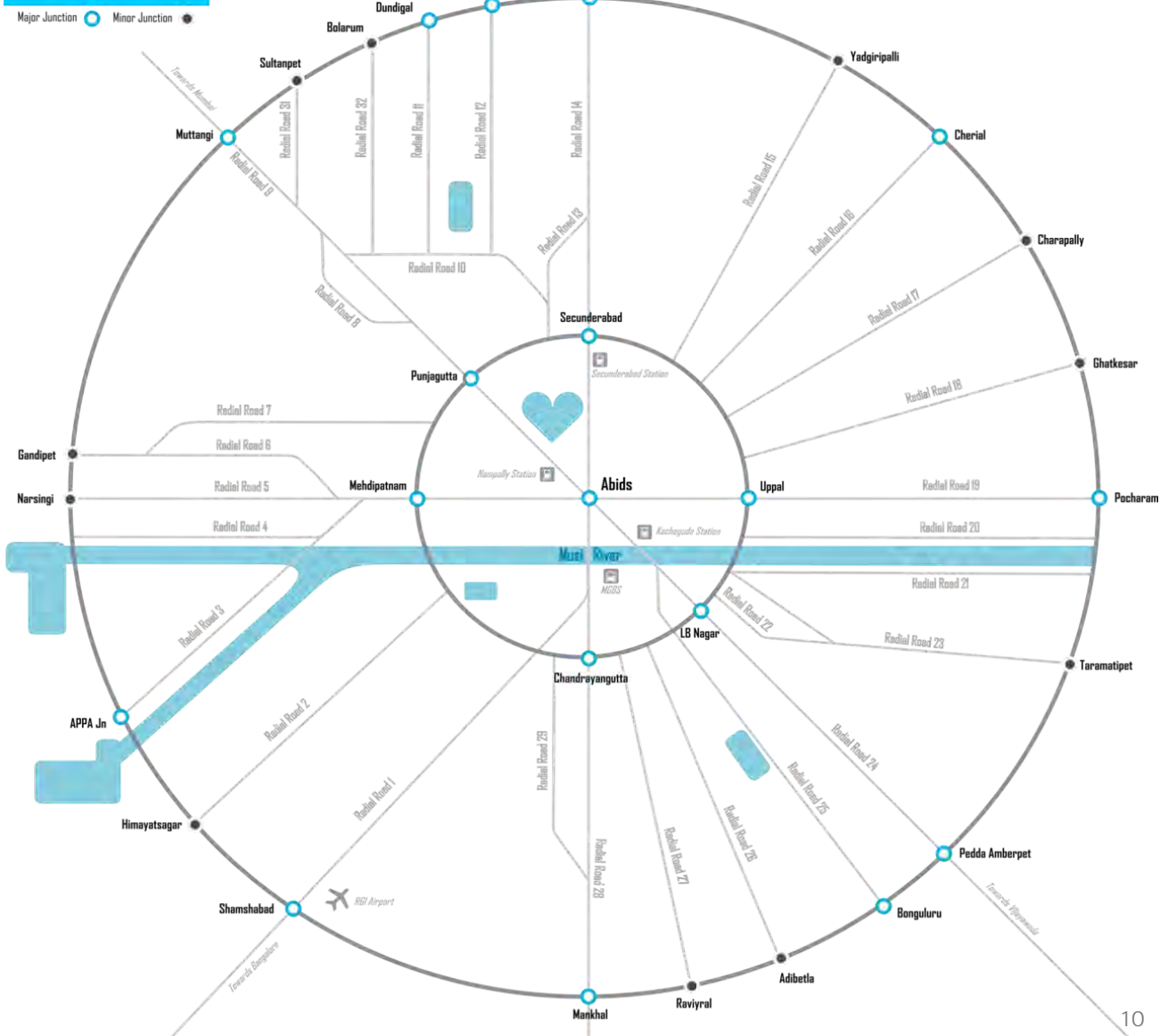


Radial Road Work Photos:

Recently announced 120ft radial road development at Space Station has added value to our customers, this new road connects Gachibowli to ORR, which passing in front of Space Station, and Tishman Speyer's 100 acre development. This latest development has also given a push for new sales and increase base price in the Space Station project.



Hyderabad ORR and radial roads



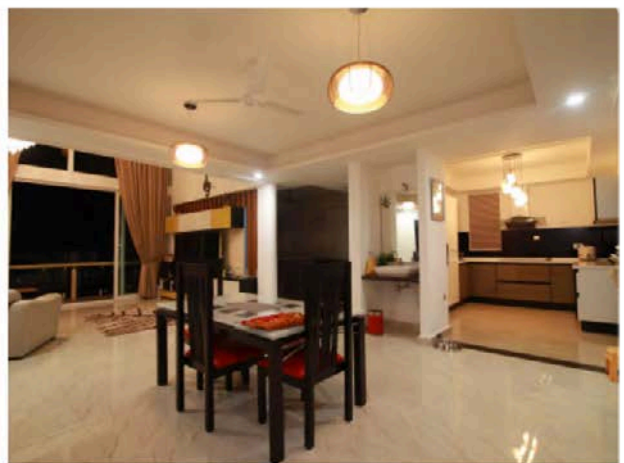
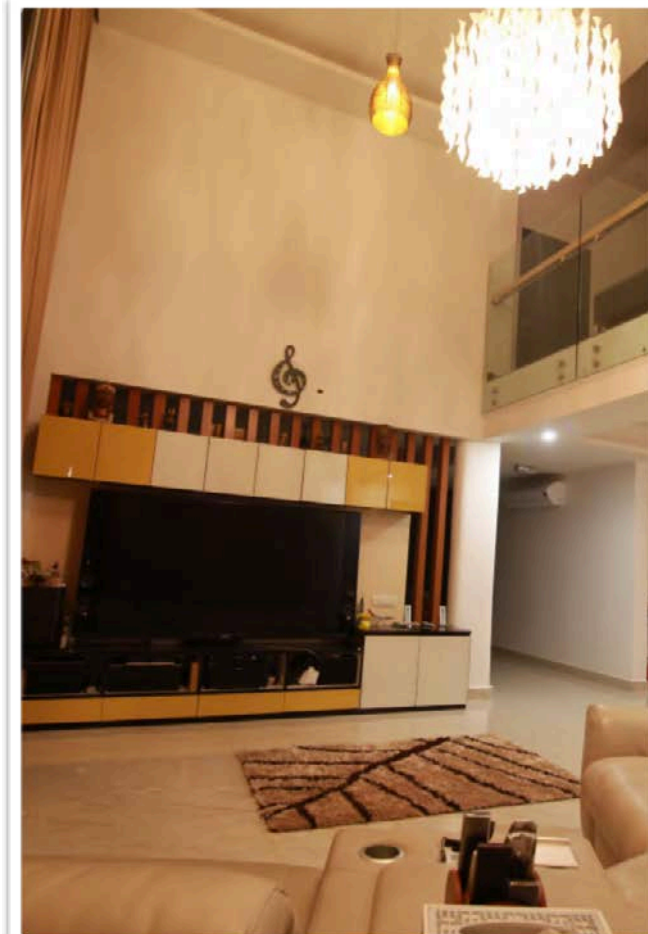
Lake Development Photos:

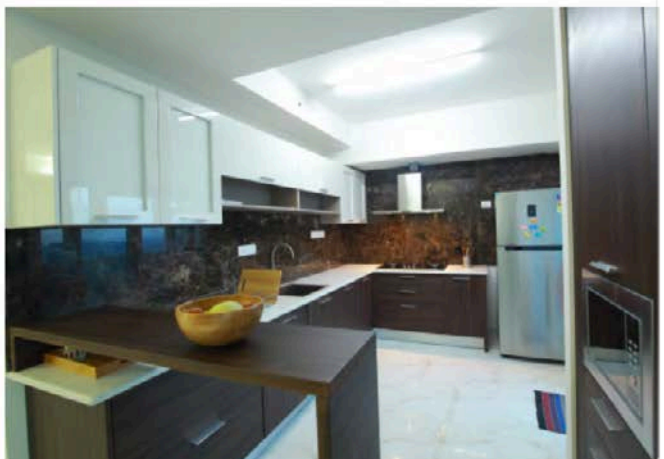
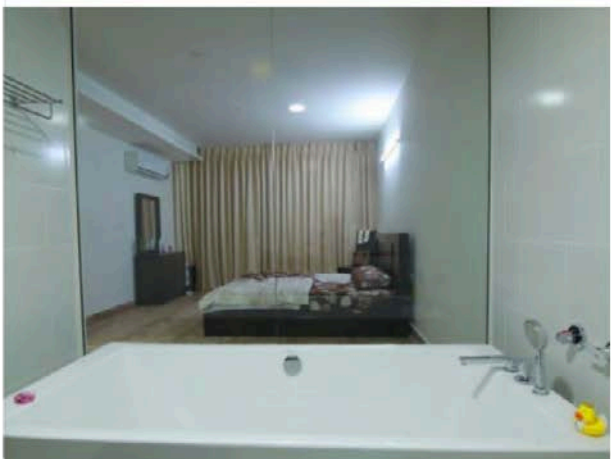
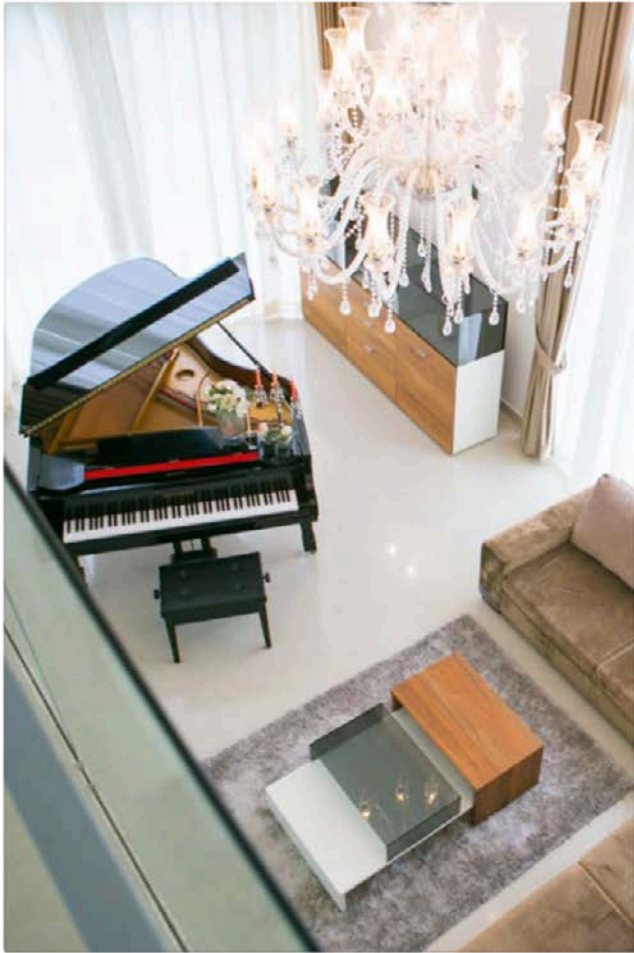
Mission Kakatiya with tagline (మన ఊరు మన చెరువు) or Mana Ooru Mana Cheruvu) is a program of restoring all the tanks and lakes in Telangana State. The Program was inaugurated on 12 March 2015 by chief minister. The name 'Mission Kakatiya' is given in the remembrance and tribute to the Kakatiya rulers who developed large number of the irrigation tanks like Tellapur Lake.



This program initiated by the Chief Minister of Telangana Mr. K Chandrashekar Rao. As part of this, government identified 45,000+ tanks and lakes in a special intensive survey on minor irrigation tanks. Government is planning to restore all these tanks and lake which is expected to cost Rs.2,00,000 crore over the next five years. By restoring almost all the tanks, as much as 250~270 TMC of water available for agriculture, irrigation, livestock, and drinking-water needs. This program was started in third week of December 2015.







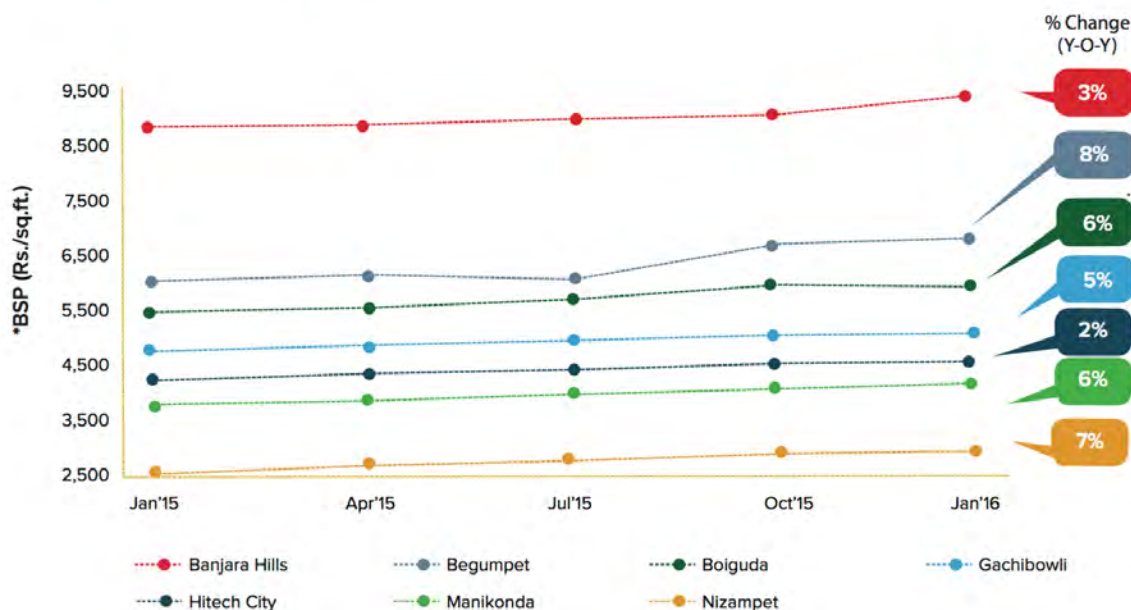




Hyderabad in Q1 FY'17 reported their highest quarterly sales in the past 8 quarters. There was also a price increase – Hyderabad saw the highest annual price appreciation of 8 per cent.

Price Trends

Key Localities in Hyderabad



Hyderabad continued its price momentum, with 8% annual growth; Ahmedabad followed with 7%

Weighted average^{^^} BSP (Rs./sq.ft.) of apartment units as at the end of quarter


City	Q1 FY'16	Q1 FY'17	Price Change (Y-o-Y)
Ahmedabad	2,784	2,966	7%
Bengaluru	4,603	4,754	3%
Chennai	4,810	4,954	3%
Gurgaon [^]	5,610	5,464	-3%
Hyderabad	3,589	3,890	8%
Kolkata	3,951	3,903	-1%
Mumbai ^{**}	8,081	8,230	2%
Noida [*]	4,171	4,046	-3%
Pune	4,932	4,897	-1%

Notes: ^{^^} Price weighted on number of units supply in respective projects in a city.
^{*} Noida includes Greater Noida and Yamuna Expressway. ^{**} Mumbai includes Navi Mumbai and Thane.
[^] Gurgaon includes Bhiwadi, Dharuhera and Sohna. Analysis includes apartments across the regions.

Source: PropTiger DataLabs Jun'16



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