

DLF Limited

DLF Gateway Tower, R Block,
DLF City Phase – III, Gurugram – 122 002,
Haryana (India)
Tel. : (+91-124) 4396000



25th August, 2017

The General Manager Dept. of Corporate Services BSE Limited P.J. Tower, Dalal Street, Mumbai – 400 001	The Vice-President National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra(E),Mumbai – 400 051
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Dear Sir,

Sub : Disclosure to Stock Exchanges

1. The Audit Committee was authorised by the Board of Directors on August 29, 2014 to *inter alia* comprehensively evaluate, review and recommend various strategic options to drive sustainable and long-term growth and development to the rental business; create the optimum structure for rental business in order to improve efficiency and control and to reduce conflicts of interest, if any, *inter-se* affiliated persons/ entities in keeping with best corporate governance practices.
2. On October 8, 2015 the Board of Directors had based on the recommendations of the Audit Committee approved the proposal for promoter group companies namely Rajdhani Investments & Agencies Private Limited, Buland Consultants and Investments Private Limited, Sidhant Housing and Development Company (“**Sellers**”) to sell 15,96,99,999 Cumulative Compulsorily Convertible Preference Shares (“**CCPS**”) of DLF Cyber City Developers Limited (“**DCCDL**”) (which would result in 40% equity shareholding in DCCDL upon conversion of the CCPS), to unrelated third party institutional investor(s) (the “**CCPS Sale Transaction**”) subject to certain conditions. The Sellers, subject to receipt of necessary approvals/consents in accordance with all applicable laws shall invest back in the Company, a substantial amount (net of taxes/other charges) of the consideration received from the CCPS Sale Transaction. Further, the Board of Directors authorized the Audit Committee *inter alia*, to determine and finalize the strategic terms of CCPS Sale Transaction including selection of unrelated third party institutional investor(s) in consultation with the Sellers, as appropriate, to negotiate and finalise the transaction documents and to oversee and facilitate the CCPS Sale Transaction.
3. On March 1, 2017 after deliberating on the advice of the bankers and legal advisors to the process, and with due consultation with the Sellers, the Audit Committee approved execution of an ‘Exclusivity Agreement’ with an affiliate of GIC Singapore and entry into the next phase of the sale process to negotiate the definitive transaction documents.

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4. The Audit Committee today reviewed and approved the detailed terms and conditions of the proposed agreement with Reco Diamond, an affiliate of GIC Real Estate, Singapore, regarding the sale of equity shares (resulting from the conversion of CCPS). Based on the recommendations of the Audit Committee, the Board in its meeting held today, after due deliberations and review of the detailed terms and conditions of the proposed agreement, subject to approval of the shareholders of the Company and other necessary approvals, approved the execution of the Share Purchase and Shareholders Agreement (“SPSHA”) and other ancillary documents with Reco Diamond, the Sellers and DCCDL.
5. The Transaction implies an Enterprise Value of Rs. 35,617 crore for DCCDL, translating into equity value of approx Rs. 30,200 crore. Post completion of series of steps as contemplated in the transaction, DLF shall hold 66.66% equity shares (up from 60% on a fully diluted basis earlier) and Reco Diamond shall hold 33.34% equity shares in DCCDL.
6. The gross proceeds to the sellers from the transaction would be approx Rs. 11,900 crore approximately, which includes secondary sale of equity shares (post conversion of CCPS) to Reco Diamond for Rs 8,900 crore approximately and two buybacks of CCPS by DCCDL for Rs 3,000 cr – out of which one buyback shall be before closing and one shall be 12 months thereafter. The transaction amount shall be subject to customary closing adjustments. The transaction has been structured to make best use of the surplus cash in DCCDL resulting in an efficient capital structure.
7. A mechanism has been agreed to with the Investor for a potential stake adjustment of upto a maximum of 0.58% of total paid up capital of DCCDL, to be adjusted at three years from closing, if certain terms and conditions of the agreement are not met.
8. The transaction has customary representations and indemnities; and certain specific indemnities, subject to corporate and shareholder approvals.
9. The expected post tax consideration in the hands of the Sellers pursuant to the sale and the two tranches of Buyback is expected to be in excess of Rs 10000 crores. A substantial portion of the said amounts will be invested in the Company. The Company will take all required steps to ensure that the Minimum Public Shareholding norms as stipulated in the Listing Regulations are complied with.
10. The transaction shall be subject to necessary corporate and regulatory approvals.
11. This is one of the largest private equity transactions in India in the real estate space. The transaction shall create one of the leading platform play for rental properties, with rent yielding assets of 26.9 msf. The portfolio, currently, has an under development pipeline of approx 2.5 msf with further development potential of approx 19 msf within the portfolio.

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12. J P Morgan and Morgan Stanley served as joint financial advisors to Sellers, while EY was Transaction advisor. Shardul Amarchand Mangaldas acted as legal advisor to Sellers.
13. The Board of Directors in its meeting also approved the following:
- i) Raising of funds through NCDs and other debt instruments for an amount upto Rs 2,500 crore, subject to approval of shareholders;
 - ii) Recommended the appointment of S R Batliboi & Co, LLP, Chartered Accounts, as Statutory Auditors of the Company for a period of five consecutive years, commencing from the conclusion of 52nd Annual General Meeting (AGM) till the conclusion of 57th AGM for approval of the shareholders;
 - iii) Holding of 52nd AGM of the Company on Friday, 29th September, 2017.
14. As intimated vide our letter dated 19th October, 2016, pursuant to the 'DLF Code of Conduct to Regulate, Monitor and Report Trading by Insiders 2015', trading window was closed from the end of the day of October 19, 2016 until further notice from the Company. The trading window has not been opened thereafter, and it shall continue to remain closed until further notice from the Company.

Yours faithfully,
for **DLF Limited**

A handwritten signature in black ink, appearing to read 'Subhash Setia', with a horizontal line underneath.

Subhash Setia
Company Secretary

For any clarifications, please contact:-

1. Mr. Subhash Setia – 09873718989/ setia-subhash@dlf.in
2. Mr. Raju Paul – 09999333687/ paul-raju@dlf.in