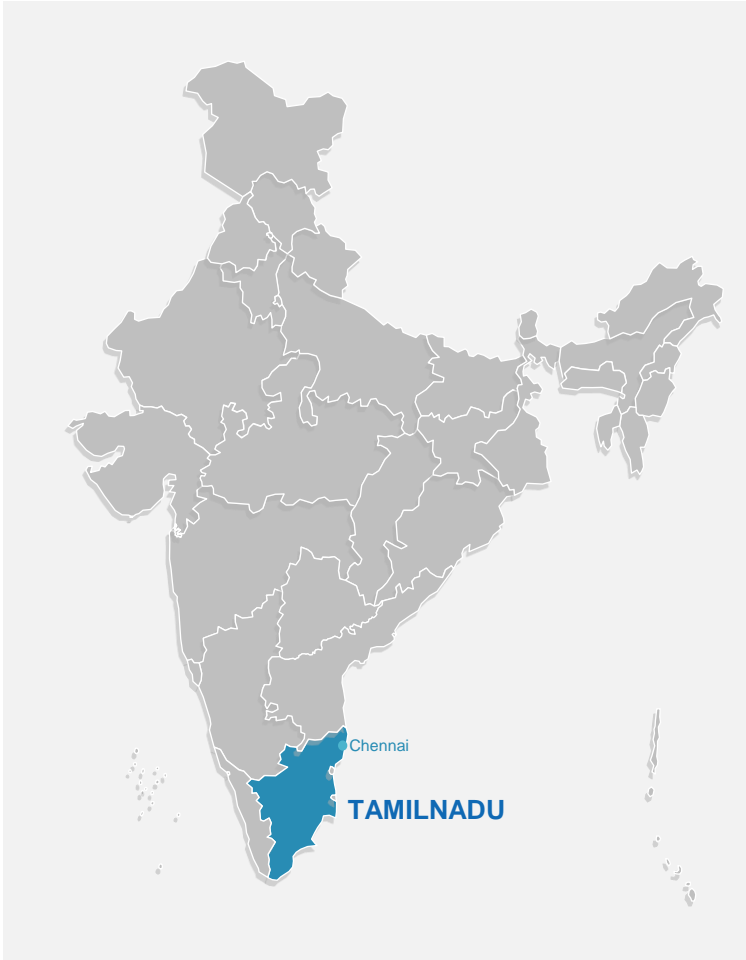




TAMIL NADU SHELTER FUND

MANAGED BY
TAMIL NADU INFRASTRUCTURE FUND MANAGEMENT
CORPORATION LIMITED
CHENNAI, INDIA

Tamil Nadu – A diversified and fast-growing economy



2nd

Largest Economy in India; contributes 8.8% to GDP

#1

highest number of factories in the country

#1

Highest women participation in India's paid economy

#1

Renewable energy capacity in the country

#1

Most urbanised state in India

3rd

Largest exporter in India

3rd

in Ease of Doing Business rankings 2021

74

among the Fortune 500 companies located in the State

SaaS

Chennai recognized as SaaS capital of India

#3

Sustainable Development Goals India Index

10

Research institutes among the top 50 institutions in India

80+

Incubation centers in the State

Large unfulfilled demand for affordable housing in Tamil Nadu



As per 2011 Census, TN is India's seventh largest state with 72 Million people with 49 % urbanization (> 35 Mn).

Since 1947, Govt of TN has provided about 0.8 Mn houses in Affordable Housing segment.

However, as per 2012 GoTN data, Urban housing shortage was 1.25 Mn pointing to a huge unmet demand.

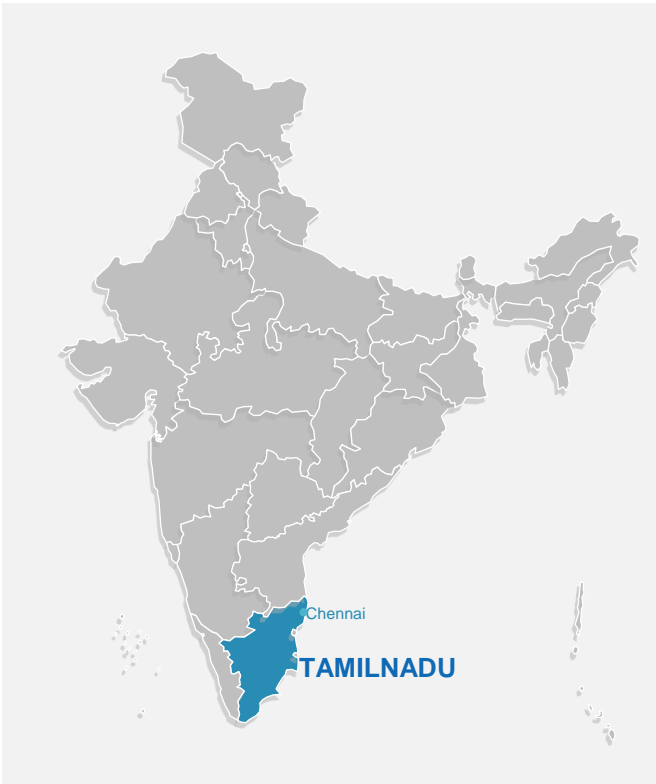
About 95% of this Shortage is in Economically Weaker Section (EWS) & Low Income Group (LIG)

Only Government's efforts are not adequate as the demand supply gap is huge

Private Sector Developers have to play a major role in meeting this demand and increase supply of Affordable Housing

Private developers stay away from affordable housing as it is less profitable

How can we incentivize private sector and leverage their capacity combined with government incentives to address this ?



Challenges in leveraging private sector capacity



Private

- Buyers in the Affordable Housing face challenges to get financing due to lack of credit history.
- Affordable Housing projects takes time to sell, forcing many developers into financial stress.
- Small developers who are willing to do Affordable Housing, are unable to raise capital.
- The market was moving away from EWS & LIG segments.
- Land cost higher in established residential locations limiting supply of affordable Housing.

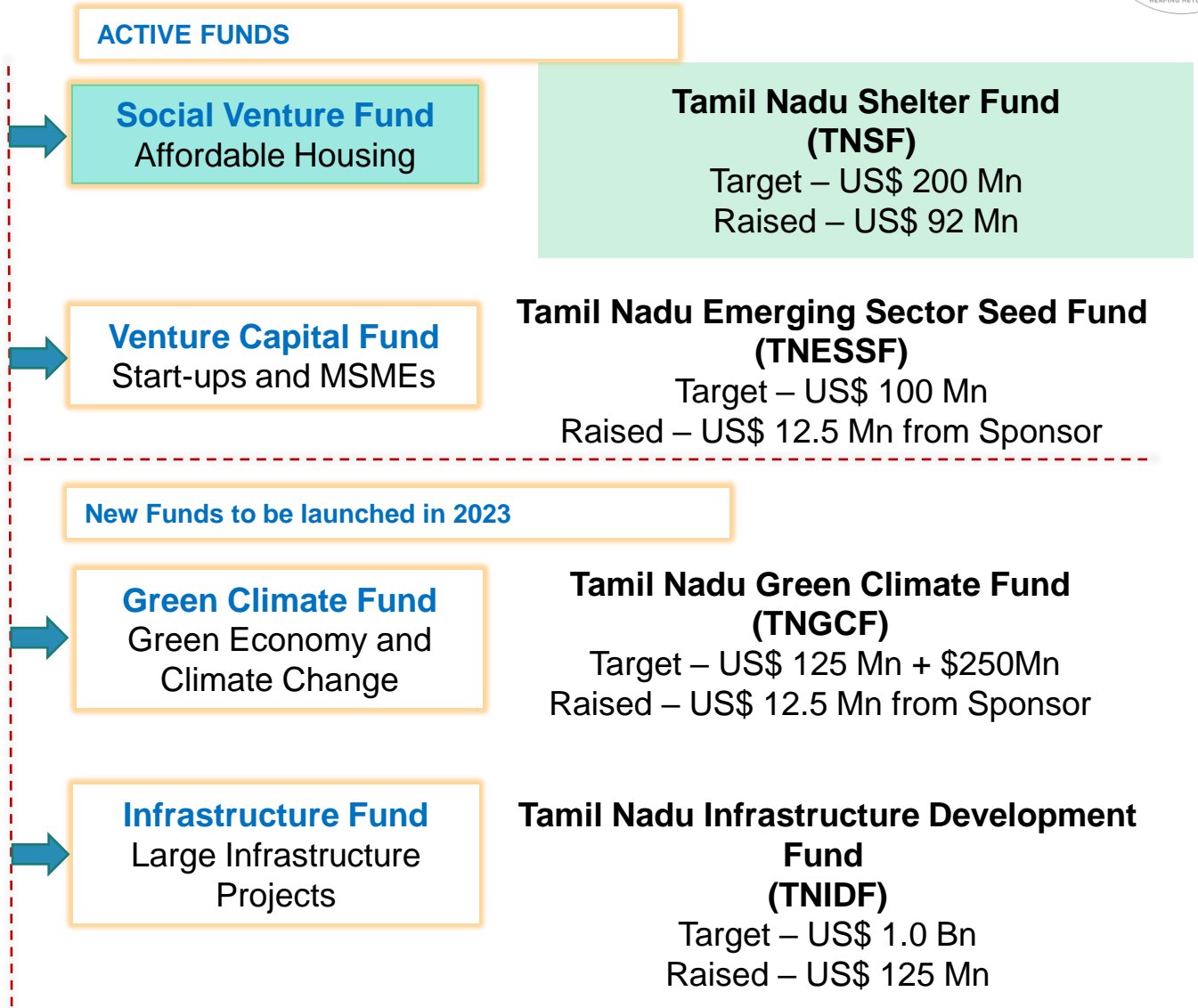
Public - Private

- Non availability of Government lands in established residential area.
- Development in the suburbs /outskirts/ periphery face low occupancy due to disruption in livelihoods/ social infrastructure.
- Longer gestation time in land allotment, design, approvals, an implementation due to involvement of multiple stakeholders.
- Capacity building for new Special Purpose vehicle /platform companies.
- Cost over -run affects project's viability especially rents.

TNIFMC – Thematic Funds under Management



- Promoted by Government of Tamil Nadu (GoTN) with 49% ownership and other Institutional Shareholders holding 51%.
- An umbrella AMC that manages multiple funds set up under policy initiatives of the various departments of the Government of Tamil Nadu.
- Manages thematic Alternative Investment Funds (AIF) in policy priority areas of the GoTN
- Focussed on producing commercial returns; Professional management team and Independent Investment Committee
- Regulated by the Indian Securities Market Regulator, SEBI.



Tamil Nadu Shelter Fund (TNSF)



- **TNSF's objective** - Improving Quality of Life, contributing to the Sustainable Development Goals by providing affordable dwellings thereby helping Government of Tamil Nadu achieve its 'Housing for all' goal.
- **TNSF invests** in Sustainable Affordable Housing projects in Private sector and PPP projects in Rental as well as Ownership Housing across:



Affordable Housing for EWS, LIG and MIG



Housing for Industrial Workers



Rental Housing for Students, Co-Living etc.



Senior and Assisted Living



Rental Housing for Working Women

- All projects must be Green Building certified, project risks are evaluated and mitigated through the Environmental, Social & Governance (ESG) framework specified by The World Bank / Asian Development Bank.

■ **TNSF's Investment till date has provided direct employment for ~1000 and indirect employment for ~1500 and likely to provide dwelling for 40,000 individuals**

Fund Commitments	US\$ mn
GoTN + TNHB	22
The World Bank	35
Asian Development Bank	35
TOTAL	92



Tamil Nadu Housing Board
தமிழ்நாடு வீட்டு வசதி வாரியம்



ASIAN DEVELOPMENT BANK



THE WORLD BANK

Affordable housing definition - 75% of dwelling units in the project should be less than US\$ 55,000 and with carpet area of less than 60 sq. Metres

Role of Tamil Nadu Shelter Fund in meeting the Housing Challenges



Mobilizing capital from Global Investors , Multilaterals, and Indian FIs to bridge the funding gap.

Help develop the market for affordable housing and thus improve supply of houses.

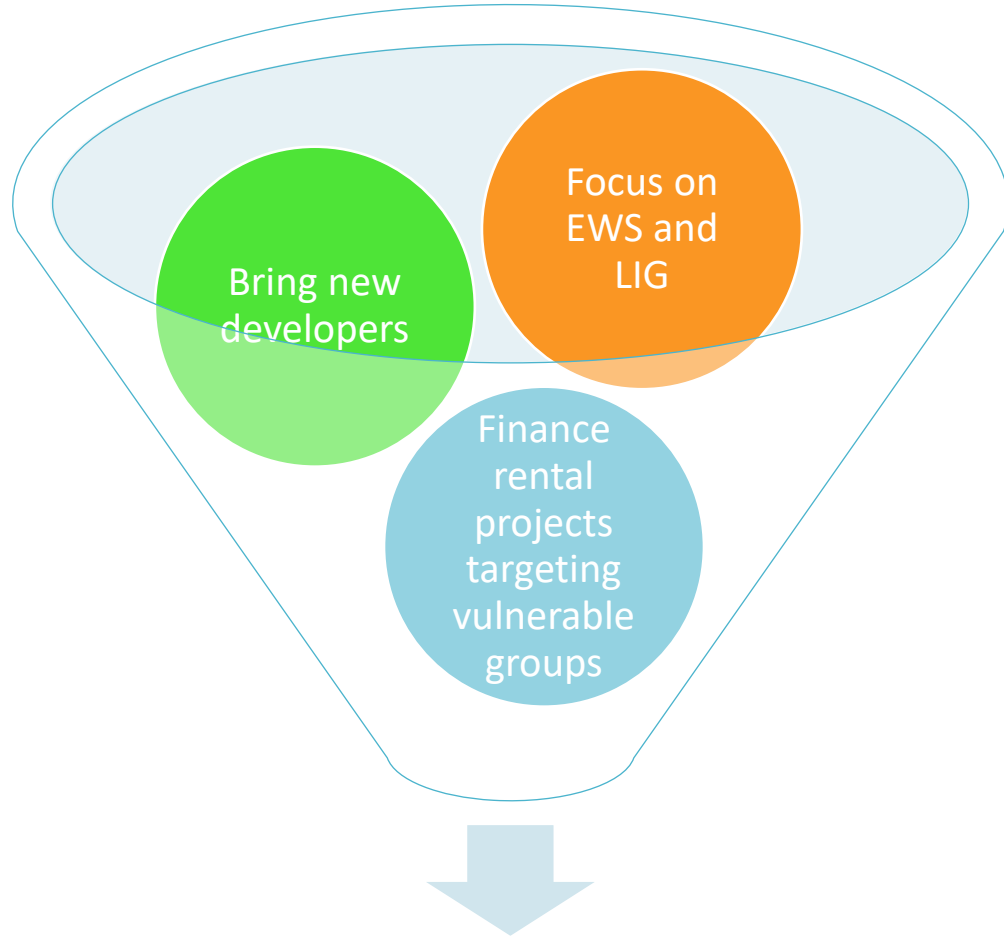
Improve the Governance and bring professionalism in delivery of projects in terms of quality, timeliness and design

Bringing funded private sector projects under ESG framework ambit and promoting green building.

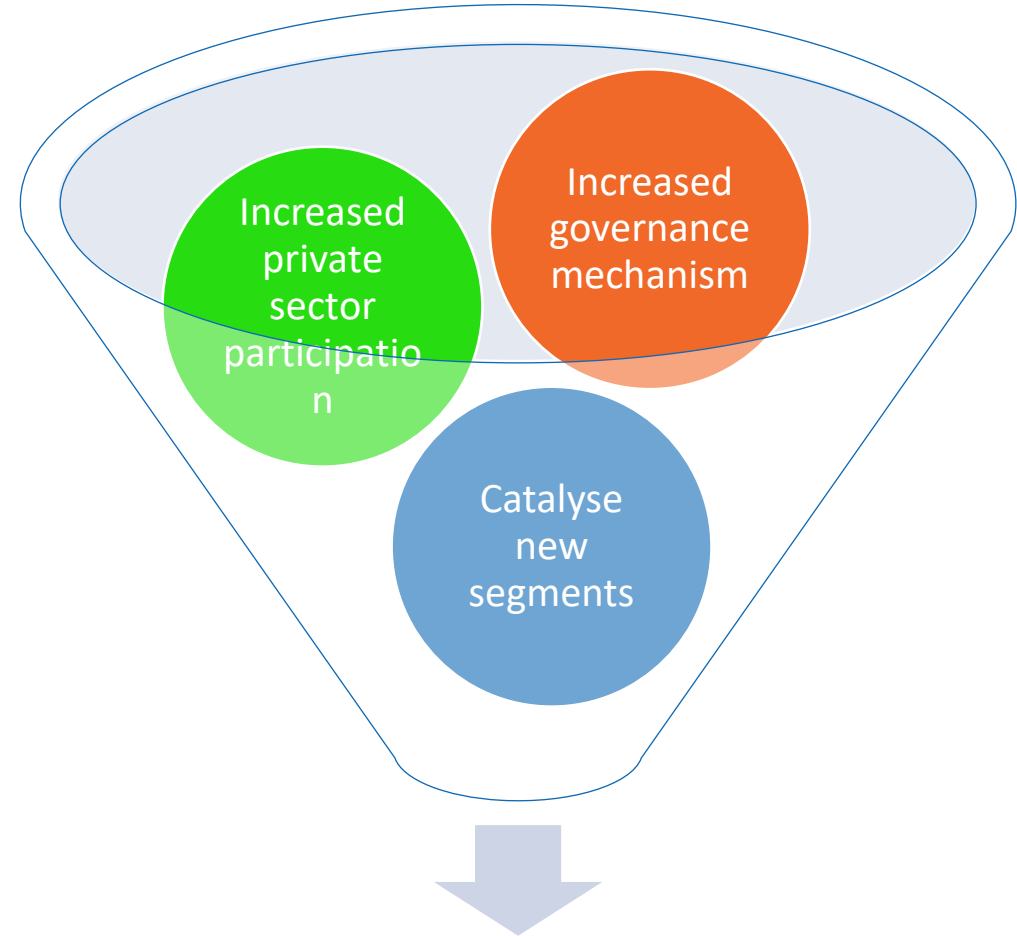
Develop and fund innovative models of housing that can be replicated, like:

- Cross – subsidizing housing for Economically Weaker Section through For-profit housing
- Long term rental model for Industrial Workers without retail risk
- Short term rental model for migrant workers and working women

TNSF Role as a catalyst

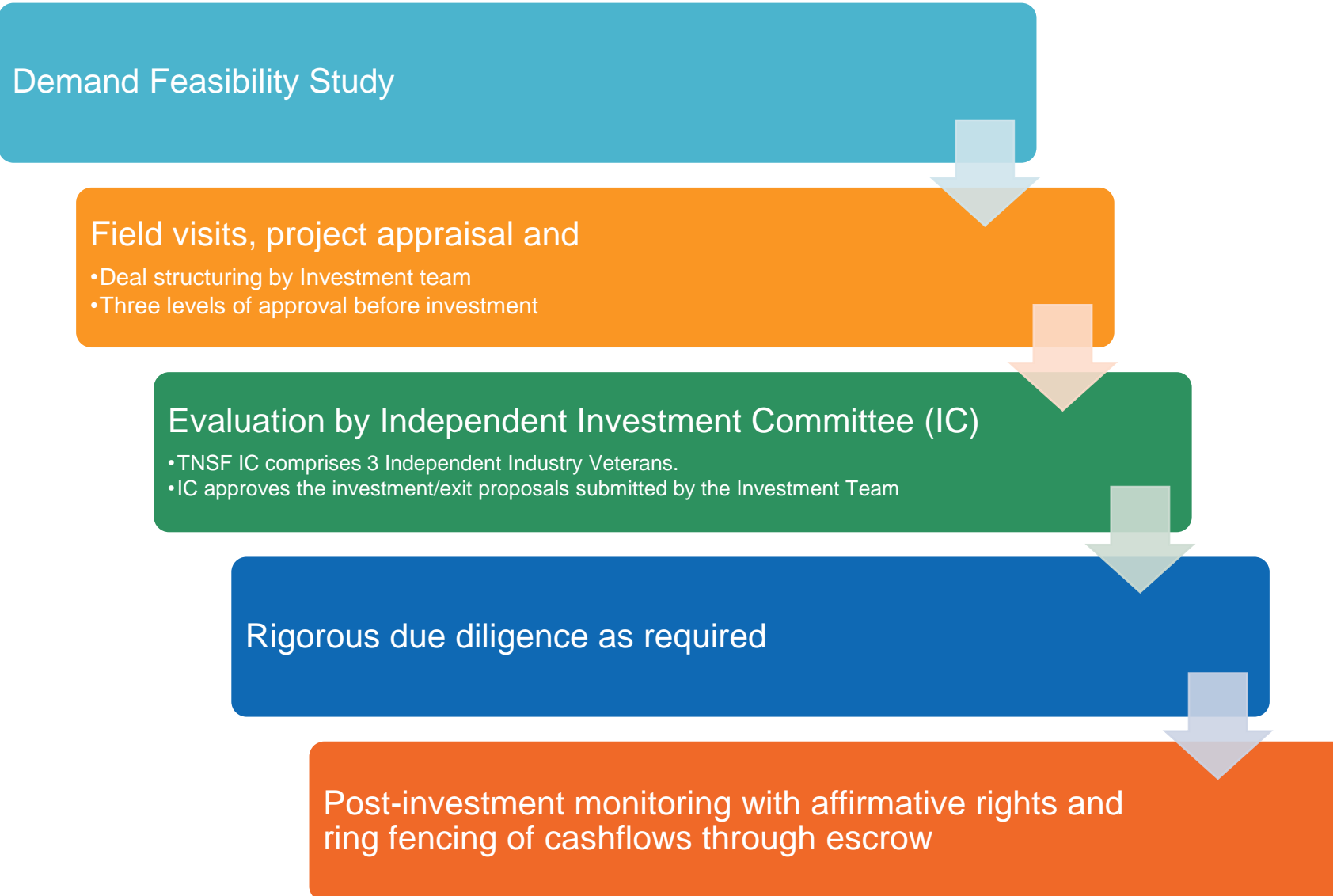


New Affordable Private Sector projects

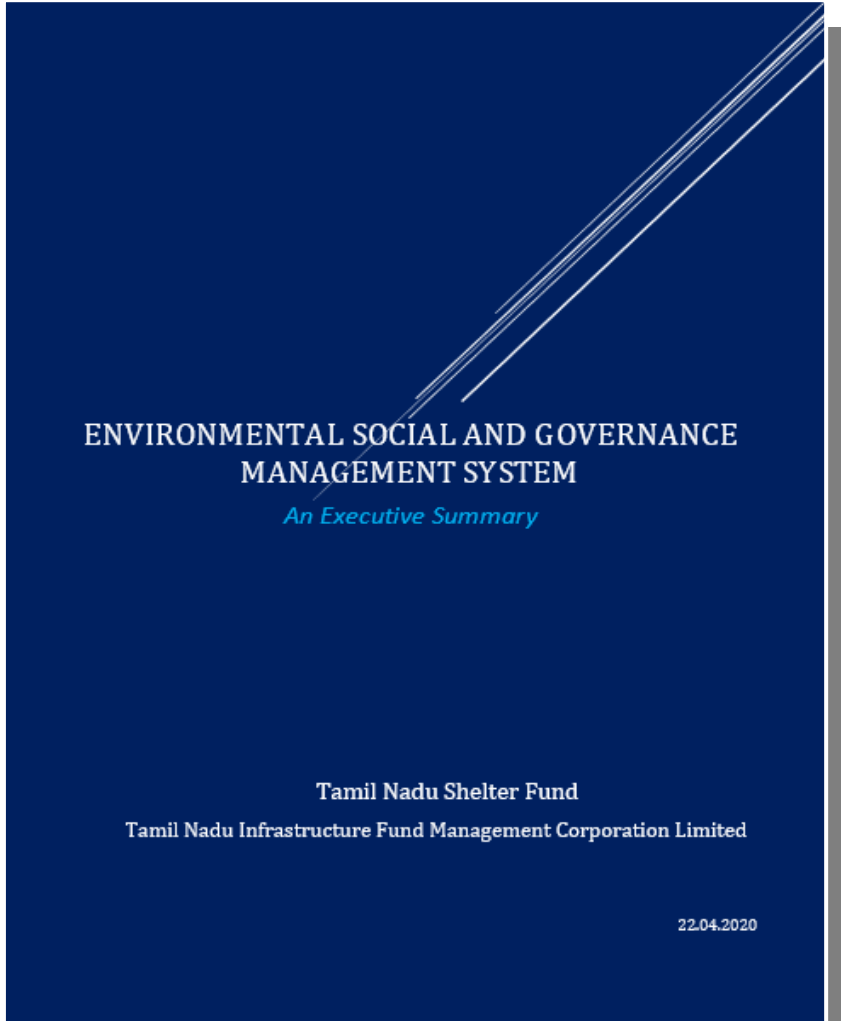


Enhanced Efficiency in public sector

TNSF – Appraisal Process



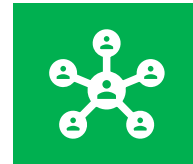
ESG Management System



Government of Tamil Nadu focuses on ESG. In association with World Bank & KPMG, TNSF have developed an ESG Evaluation/ Monitoring System, to screen projects for investment and for post-investment measurement & reporting – the **ESG Management System (ESGMS)**



Integrated approach to monitor ESG & Financial parameters throughout investment cycle. **ESGMS** also acts as a risk management tool for TNSF.



Measures Impact created by the fund and improved living conditions for EWS and LIG segments of population



Encourages our investees to manage projects to **achieve results beyond the requirements of certification standards** – encourages surpassing, not merely achieving.



ESGMS systems helps to attract global investors in the TNSF platform.

Applying the ESGMS



Pre-Investment

- Project Screening and Categorization
- Initial Environment Examination
- ESG Due Diligence
- Risk Assessment
- Identify residual risks and manage those

Post Investment

- Monitoring and Evaluation
- Stakeholder Engagement
- Introduction of Good Governance Practices
- Grievance Redressal
- Communication and Disclosure

TNSF - Summary of Investments

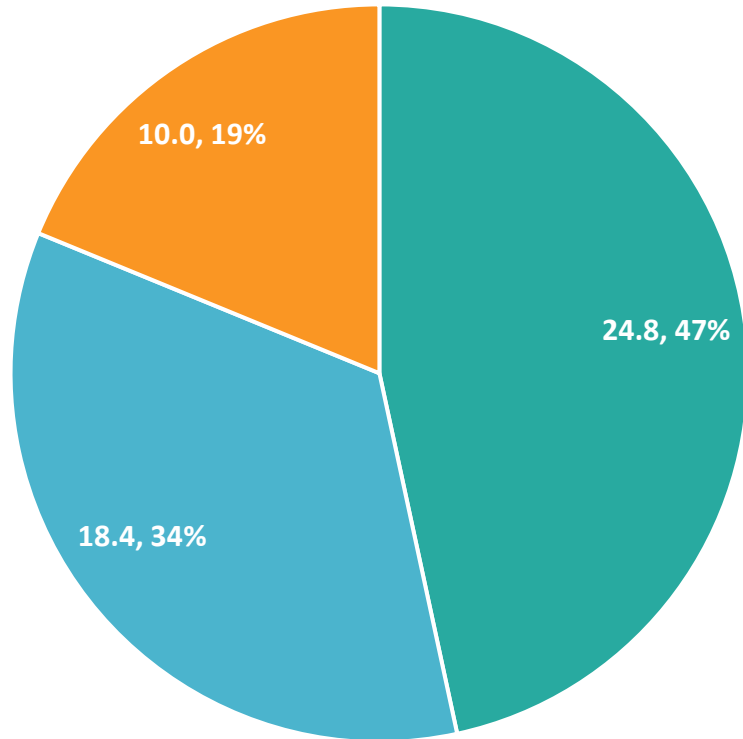


in US\$ Mn

Private / Public-Private	Description	Level 0	Level 1	Level 2	Committed
Public-Private	Working women hostels – 7 greenfield and 8 retrofit hostels in multiple districts (~2,000 beds)		3.2	1.8	1.8
Public-Private	Equity contribution in SPV setup with SIPCOT for construction of industrial housing at siruseri (800 beds)		4.8	0.2	0.2
Private	Industrial housing near Hosur for a manufacturing unit for 14,308 beds			22.0	21.6
Private	Affordable housing project 1 (1568 units)		12.1		
Private	Affordable housing project in a tier-II town (850 units)		5.5		
Private	Senior Living Rental Housing (90 units)	0.9			
		0.9	25.6	24.0	23.6

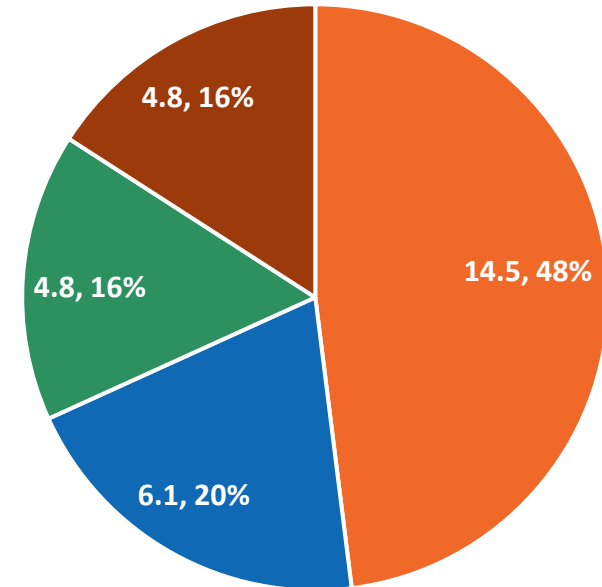
Note: One private sector investment of US\$ 2.9 Mn exited

TNSF Private Investments in US\$ Mn



■ Tier I City ■ Tier II City ■ Upcoming areas

TNSF Public-Private Pipeline US\$ Mn



■ Industrial Housing ■ Working Women
■ Student Housing ■ Senior Living



LEARNINGS

What worked – Private Sector

What worked – Public-Private Sector

Nimble in strategizing

As a catalytic fund brought in new social impact projects

Support from Government at all stages for the SPV'S (Government Grants + TNSF Funding)

Revisited and revamped guidelines /rules/schemes etc. to suit today's requirements.

Deal structuring and repayment tailored to account for cash flow vagaries.

Participating Debt & Equity instruments to share the risk and rewards.

Private sector expertise were brought in for better implementation.

Fund team composition with market professionals and government experts.

Longer tenure for rental projects

Increase efficiency in rental housing through market interventions

What didn't work



Stricter filtering criteria & definitions.

Unwillingness of Industries to guarantee off take.

Limited capability of investee companies to meeting information covenants and other requirements of AIF.

Lower yield in projects, requiring huge Viability Gap Funding.

Lack of developed secondary market limiting exit options for rental projects.



CASE STUDIES - INVESTMENTS

TNSF Investment – Private Developer 1



Summary	Description
Company Name	M/s Private Developer 1
Investment Size	US\$ 11.4 Mn
Instrument	Optionally Convertible Debentures (OCD)
Project Description	Affordable Housing Project with 1159 units in Phase I & II
Location	Near Chennai
Tenure	5 years originally
Expected IRR	18%
Project Cost	US\$ 45 Mn
Investment Impact	Develop affordable housing units for LIG with all required amenities impacting 6000 people.
Lowest income level reached	US\$ 3,000 per annum

TNSF Investment – Industrial Housing



Summary	Description
Company Name	M/s Industrial Housing 1
Investment Size	US\$ 21.6 Mn
Instrument	Optionally Convertible Debentures (OCD)
Project Description	Industrial housing for a Private Limited's employees (14,308 beds)
Location	West Tamil Nadu
OCD Tenure	10 years
Expected IRR	12%
Project Cost	US\$ 109 Mn
Investment Impact	Providing safe, good quality, rental housing for women employees thereby increasing workforce participation of women
Lowest income level reachable	US\$ 2,500 per annum



Actual Site photos

TNSF Investment – TNWWHCL Phase I - Greenfield



Summary	Description
Company Name	M/s Tamil Nadu Working Women’s Hostels Corporation
Investment Size	US\$ 1.5 Mn
Instrument	Optionally Convertible Debentures (OCD)
Project Description	Hostels in Tambaram, Guduvanchery and Trichy with 678 beds
Location	Tambaram, Guduvanchery & Trichy
OCD Tenure	10 years
Expected IRR	12%
Project Cost	US\$ 3.8 Mn
Investment Impact	Providing safe, good quality, affordable rental housing for working women thereby increasing workforce participation of women
Status	Operations to commence shortly in 2 sites
Lowest income level reachable	US\$ 2,500 per annum



Actual Site photos – Guduvanchery



Hostel Amenities – Greenfield



TNSF Investment – TNWWHCL Retrofitting of Hostels



Summary	Description
Company Name	M/s Tamil Nadu Working Women’s Hostels Corporation
Investment Size	US\$ 0.3 Mn
Instrument	Optionally Convertible Debentures (OCD)
Project Description	Retrofitting hostels in 8 locations with 532 beds
Location	Vadapalani, Adyar, Perambalur, Tirunalveli, Villupuram, Thanjavur, Salem, Vellore
OCD Tenure	10 years
Expected IRR	10%
Project Cost	US\$ 0.5 Mn
Investment Impact	Upgrading existing facility to provide safe, good quality, affordable rental housing for working women thereby increasing workforce participation of women
Status	Operations to commence shortly in 7 sites.
Lowest income level reachable	US\$ 2,500 per annum



Actual Site photos – Thanjavur

STORAGE AREA- BEFORE



STORAGE AREA- NOW





Working Women Hostel - ADYAR



CORRIDOR- BEFORE



CORRIDOR - NOW





Working Women Hostel - VILLUPURAM



ROOM INTERIOR- BEFORE



ROOM INTERIOR - NOW





Working Women Hostel - VELLORE

EXTERIOR - BEFORE

EXTERIOR - NOW





Working Women Hostel - THANJAVUR



DINING AREA - BEFORE



DINING AREA - NOW





Thank you

WORKING WOMEN HOSTELS PROJECT



Vision:

Creating a high quality, affordable, self- sustaining chain of hostels across Tami Nadu as one of its kind in the Country.

Tamil Nadu is a highly industrialized State with more manufacturing industries creating a huge demand for manpower.

By attracting investments for the State , the Government paving a way for creating more jobs.

Government is therefore mandated to provided safe, affordable accommodation for migrant workers, industrial labor

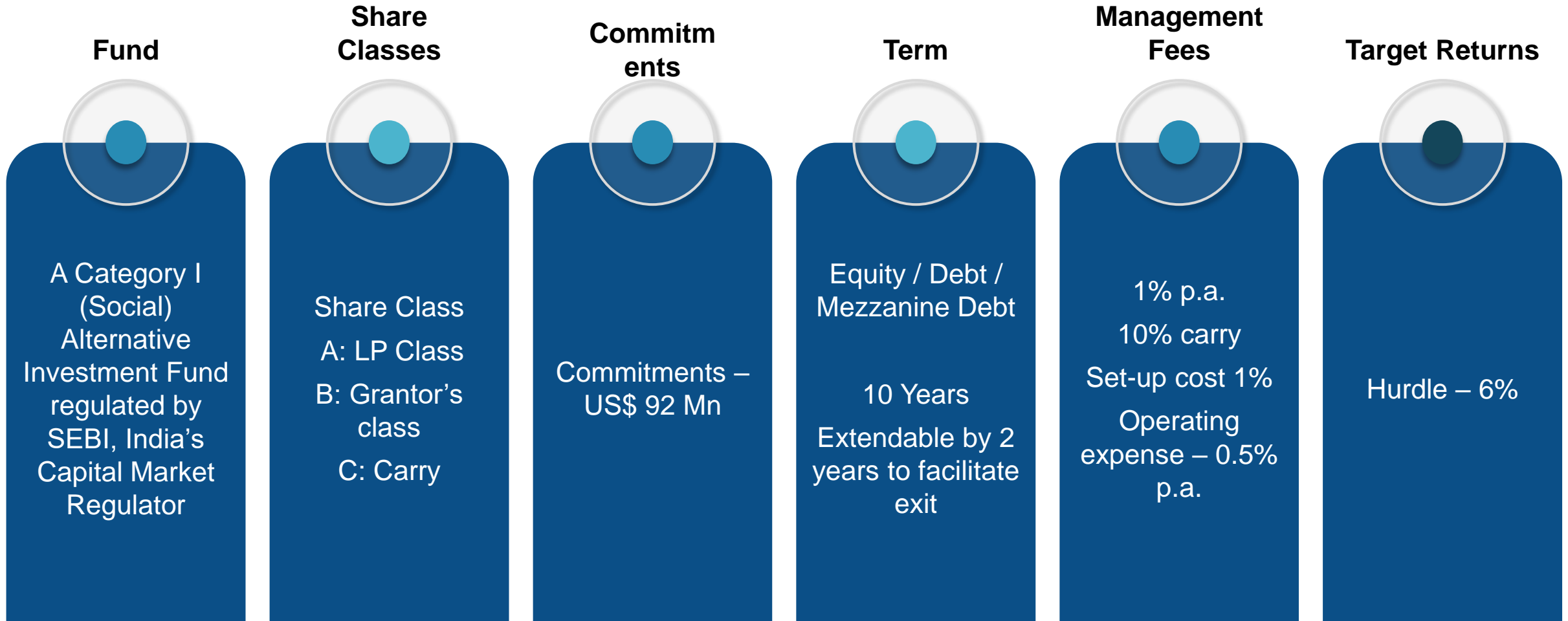
Women employment leads to increased participation of women in workforce and creates a social impact.

There is also a need to cross subsidize across projects to ensure all sections of society to benefit

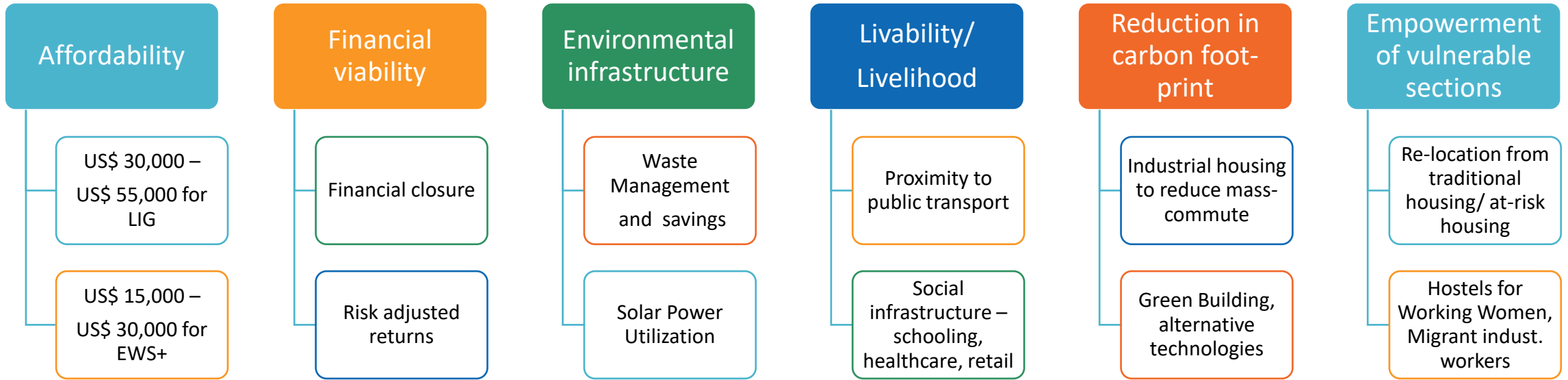
Government brings in private sector expertise to ensure professional delivery of services

The best practices are bench marked with private sector , thereby increasing the competition among the market players

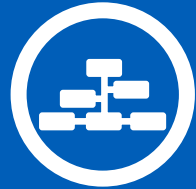
TNSF Private Placement Memorandum Overview



“First filter” criteria



Overview of the ESG Tools (1/2)



Tool 1 Project Screening

- The Project Screening Tool provides a broad level guidance on the process and key steps involved in undertaking a thorough initial screening of all the proposed investments of TNSF, that have cleared Level - 0



Tool 2 Corporate Governance

- This tool emphasizes the need to make corporate governance and business integrity central to the functioning of the Fund.
- The tool is applicable with respect to the potential investments and the portfolio companies of TNSF and will help implement good corporate governance practices



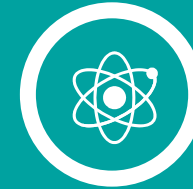
Tool 3 Stakeholder Identification and Consultation

- The tool guides on managing the stakeholder relationships throughout the investment cycle and assists in –
 - engaging with relevant stakeholders at different stages of the project;
 - defining and establishing engagement channels for facilitating appropriate communication with the stakeholders to understand their expectations and concerns if any and obtain feedback



Tool 4 ESG Due Diligence

- This tool shall be applicable to portfolio companies who have cleared the Level-1 stage of the investment appraisal process and for which the Investment Committee (IC) has given a go-ahead for conducting the due diligence



Tool 5 Identifying and Evaluating ESG Risks

- The tool provides guidance on identifying the ESG risks and opportunities related to the proposed investments. The identified risks will form part of monitoring parameters.
- The tool will assist the Fund in factoring the ESG risks & opportunities into their investment decisions

Overview of the ESG Tools (2/2)



Tool 6
Investment Agreement

- The tool provides guidance on the inclusion of ESG related clauses in the investment agreements with the portfolio companies to ensure that they are committed to implementing ESG practices and standards during the project activities.



Tool 7
Monitoring of Investment

- The tool defines the process that will assist the Investment Team/ESG Team to monitor the implementation and compliance to the ESG clauses in the investment agreements during the investment cycle



Tool 8
Grievance Redressal Mechanism

- The objective of the tool is to provide a clear and transparent framework for registering and addressing the grievances of external stakeholders, including their concerns, queries and issues



Tool 9
Internal and External Reporting

- The tool outlines the process for reporting ESG performance at the Fund level as well as the portfolio company level at various stages of the investments.
- The internal report shall be submitted to Investment Committee (IC) and Board of Directors (BoD) of TNIFMC at half-yearly frequency, whereas the external report shall be submitted to the investors of the Fund at a frequency, as agreed with them, or at least annually.



Tool 10
Record Management

- The tool outlines the requirements for document control and record management throughout the investment cycle and beyond, as per the regulatory requirements, typically defined as life of the fund plus two year.



Tool 11
ESG Considerations at Exit

- The tool provides process for evaluation of the ESG performance of the portfolio company at the stage of exit, and the potential buyer.
- The impact evaluation will be part of Phase-II of the engagement.

Private

in US\$ Mn

S.No	Description	Project Cost	TNSF Investment
1	Affordable housing projects in three locations	17.1	9.7
2	Affordable housing project in Coimbatore	26.5	15.7
3	Affordable housing projects in Chennai	36.4	12.1
4	Affordable housing project in Madurai	3.6	TBD
5	Affordable housing project in Hosur	TBD	TBD
6	Affordable housing project in Thalambur	6.1	3.0
	TOTAL	89.7	40.5

Public-Private

in US\$ Mn

S.No	Description	Project Cost	TNSF Investment
1	Industrial Housing for Women at Gaingaikondan (2000 beds)	14.6	10.9
2	Senior Living Rental Facility	7.3	4.8
3	Working women hostel at unsold TNHB apartments	4.9	3.0
4	Working Women Hostels for Adi Dravida welfare department at 4 locations	0.2	0.1
5	Industrial Housing for Women at Irungattukotai (200 beds)	2.4	1.8
6	Industrial Housing for Women at Cheyyar (200 beds)	2.4	1.8
7	Trainee Hostel in Shoolagiri (200 beds)	2.4	1.8
8	Working women hostel with Department of higher education in Madras University	6.1	3.0
	TOTAL	40.3	27.2