



June 6, 2022

Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1 Block G Bandra Kurla Complex, Bandra (E), Mumbai
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Dear Sir / Ma'am,

Ref: Scrip Code 540526; Symbol: IRBINVIT

Sub: Receipt of preliminary non-binding proposal from IRB Infrastructure Developers Limited – Vadodara Kim Expressway Project (“VK1 Project”)

We wish to inform you that the Board of Directors of IRB Infrastructure Private Limited, the Investment Manager to the IRB InvIT Fund (“Trust”), at its meeting held on June 6, 2022 noted the receipt of a preliminary non-binding proposal dated June 6, 2022 (“Proposal”) from IRB Infrastructure Developers Limited, the Sponsor of the Trust.

The Proposal relates to a potential acquisition opportunity with respect to the Vadodara Kim Expressway Project (“VK1 Project”), which has received a provisional completion certificate and is a revenue generating operational asset. The VK1 Project involves eight-laning of the Vadodara Kim Expressway from Km 355.00 to Km 378.740 (Padra to Vadodara Section of Vadodara Mumbai Expressway) in the State of Gujarat under NHDP Phase – VI on Hybrid Annuity Mode (Phase IA-Package I). The VK1 Project is being implemented by VK1 Expressway Private Limited, a wholly-owned subsidiary of the Sponsor at a project cost of Rs 2,094Cr, under a concession awarded by the National Highways Authority of India.

The Proposal is preliminary, non-binding, and subject to various risks and uncertainties, including diligence, entry in to definitive agreements and obtaining approvals, including from third parties, regulatory authorities and unitholders. The Investment Manager will evaluate the Proposal, including under applicable law. There is no assurance that any transaction will be entered pursuant to the Proposal into or the terms and timing of any such transaction.

A presentation in relation to the proposed opportunity is annexed herewith.

Yours sincerely,

For and on behalf of **IRB Infrastructure Private Limited**
(Investment Manager to the IRB InvIT Fund)

Swapna Vengurlekar
Company Secretary & Compliance Officer

Proposed Opportunity: VK1 Hybrid Annuity Project

June 2022

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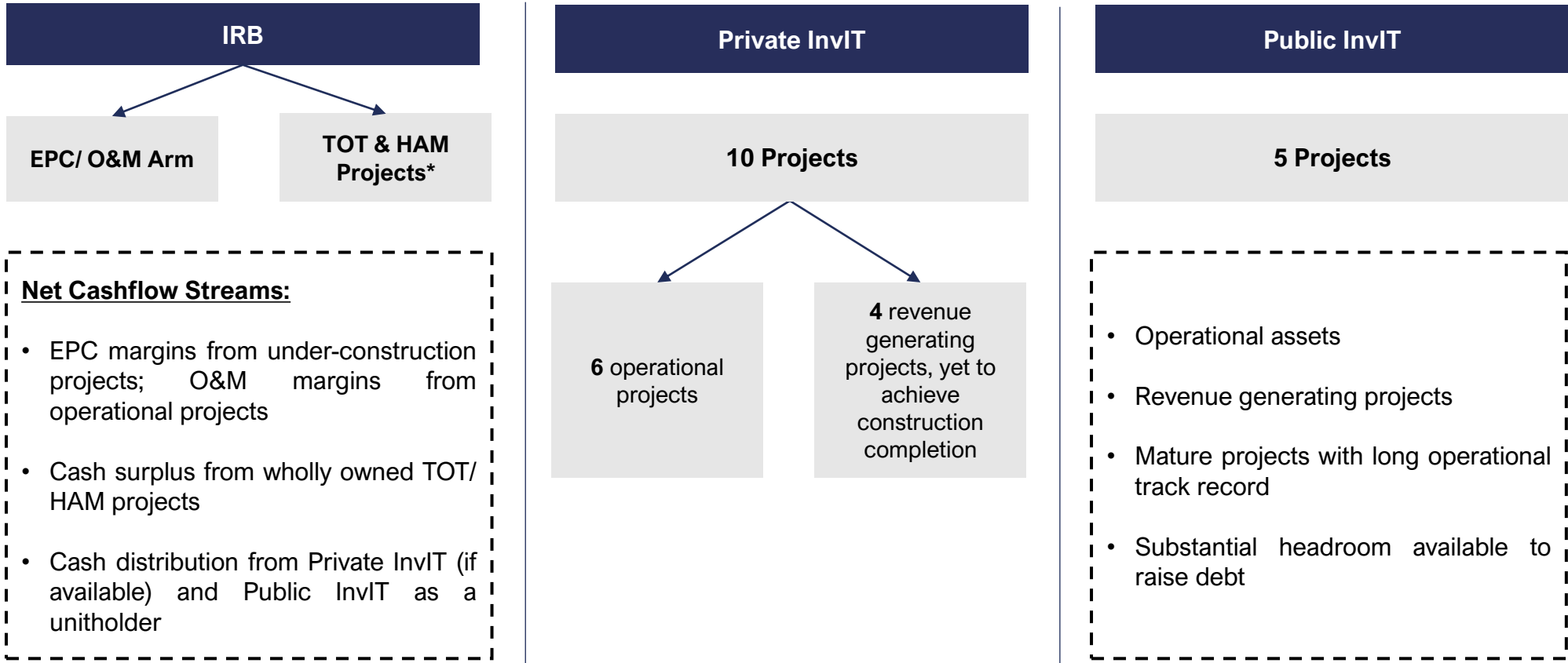
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Sponsor and InvIT Group Structure

IRB's group structure has access to different pools of capital with different cost of equity, thus optimizing the capital budgeting process



VK1 has been considered for proposed acquisition by the Public InvIT as it is a hybrid annuity project with cash flow visibility

*holds one BOT project

Rationale for proposed opportunity

IRB**

- EPC business generates PAT margin of 10% to 12%
- IRB's effective equity commitment in BOT is c. 15%* and c. 12% in HAM project
- Margins generated from EPC business are typically deployed as equity commitment in projects
- **Upon monetization at or above book value, IRB shall generate a substantially high multiple on effective invested capital**
- Monetization proceeds will augment IRB's resources for deployment into new projects which can act as a future pipeline for Public InvIT's portfolio



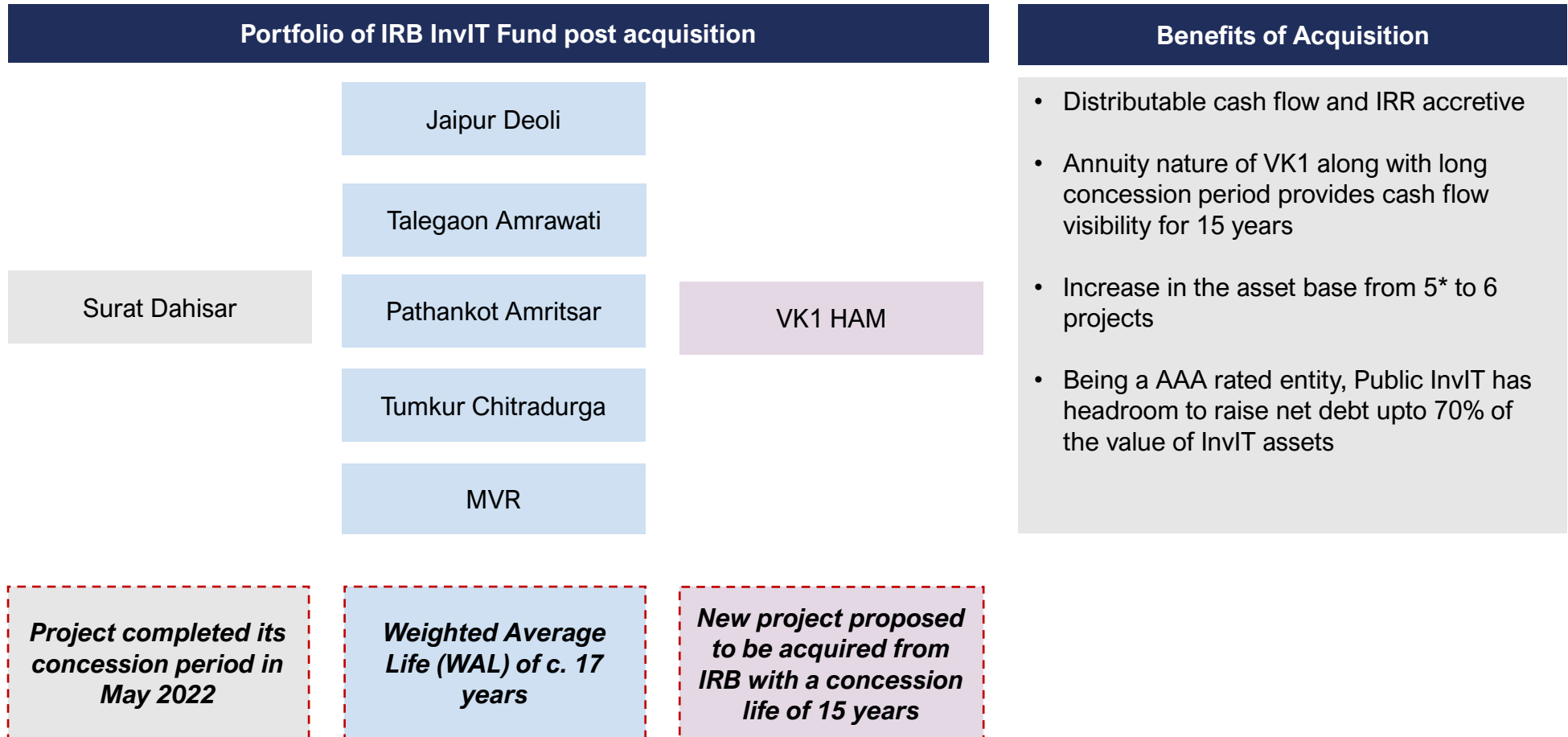
Public InvIT

- Acquiring stable revenue generating assets with optimum capital structure
- Visibility of cash flows (annuities) from NHAI (AAA rated) over a long concession period and thus balancing the overall risk profile of the portfolio
- Expected to increase distributable cash flows to unitholders
- **InvIT well positioned to fund the acquisition through debt, retained internal accruals or any other mode as may be permitted under applicable law**

* In case a BOT project is developed under the Private InvIT, the Debt: Equity of 70% : 30% shall be funded in 51:49 ratio by IRB and GIC affiliates

**Source: Investor material available on the IRB website

Potential benefits to Public InvIT



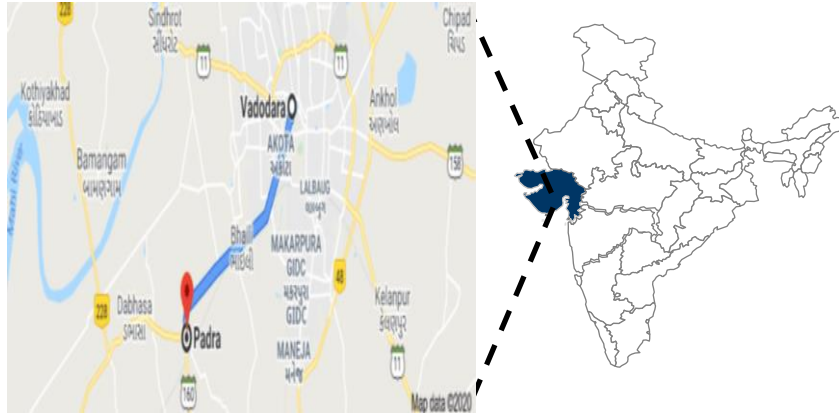
Note: As per the Concession Agreement, the VK1 Project will become eligible to be transferred by IRB in September 2022. Further, there can be no assurance that the Public InvIT will enter into definitive agreements to acquire the VK1 Project or that the proposed transaction will materialize in any form or at all.

* Concession period of Surat Dahisar project has completed in May 2022

Vadodara Kim (VK1) Expressway

Part of the Vadodara Mumbai corridor

Geographic Location



Project Highlights

- Post construction Annuity stream from NHAI to ensure a 'AAA' rated asset
- The project has three revenue streams from NHAI:
 - i) 60% of the inflation adjusted bid project cost spread across 15 years in the form of 30 biannual instalments;
 - ii) the interest on the balance annuities outstanding at the RBI's bank rate plus 300 bps will be paid with each biannual installment;
 - iii) INR 27 million per annum (the first year's O&M bid quote) adjusted for inflation will be paid with each biannual installment.

Project Snapshot

Project Description	Construction of greenfield eight lane Vadodara to Padra section of Vadodara Kim Expressway
Project Cost (INR mn)	20,940
Project Road Length	23.7 Km
Toll/Annuity	Hybrid Annuity Mode (HAM)
Current Status	Operational*
Awarding Authority	NHAI
Appointed Date	January 18, 2019
Concession Period	15 years from COD
PCOD*	April 2022
Expected Annuity (Annual)	INR 1,690 Mn

Capital Structure (INR mn)

Project Cost	20,940
<i>Means of Finance on completion</i>	
External Debt	9,810
Equity / Sub-Debt	2,830
Grant from NHAI	8,300
Total	20,940

* PCOD of 98.8% achieved

Thank You
