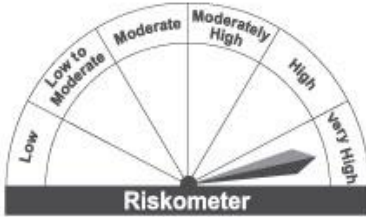
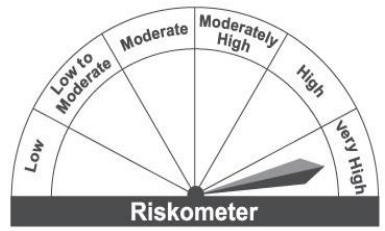


# Nippon India Nifty Realty Index Fund

(An open-ended scheme replicating/tracking Nifty Realty Index)

<b>New Fund Offer Opens on</b>	<b>November 14, 2024</b>
<b>New Fund Offer Closes on</b>	<b>November 28, 2024</b>

Offer of Units of Rs. 10/- each during the New Fund Offer and Continuous offer for Units at NAV based Prices

<b>Product Label</b>	<b>Scheme Riskometer</b>	<b>Benchmark Riskometer</b>
<p><b>This product is suitable for investors who are seeking*:</b></p> <p>Long Term Capital Growth</p> <p>Investments in equity and equity related securities and portfolio replicating the composition of the Nifty Realty Index, subject to tracking errors</p>	<p><b>Nippon India Nifty Realty Index Fund</b></p>  <p><b>Riskometer</b></p> <p>Investors understand that their principal will be at Very High risk</p>	<p><b>Nifty Realty TRI</b></p>  <p><b>Riskometer</b></p> <p>Benchmark Riskometer is at Very High risk</p>
<p><b>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them</b></p>		

The product labelling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

# Overview - Real Estate Sector in India

# Evolving Landscape of the Indian Real Estate Market

## Pre-2016

- **Absence of robust regulatory framework**, especially related to buyer protection
- **Uncertain timelines** for project completion and delivery
- **NBFCs** were key sources of funding

## 2016 and 2017

- **Demonetisation, RERA, GST, Benami Transaction Amendment Act, Insolvency & Bankruptcy Code (IBC)**
- A plethora of reforms in the industry, particularly RERA proved to be a gamechanger, by providing **protection to buyers** regulating the market

## 2018

- **Liquidity crisis of NBFCs**
- Not many active investors/ lenders in the market

## 2020 Onwards

- **Aftermath of Covid**
- Highest ever sales achieved in period following the pandemic on account of factors such as **pent-up demand**, improving affordability, etc.

# Segments in Indian Real Estate

## Residential

- Properties used as homes or for non-professional purposes. Includes apartments, villas and plots
- One of the **fastest growing** segments

## Commercial

- Caters to the needs of **businesses and industries**
- Comprises office spaces, warehouses and data centers

## Retail

- Organized retail – mainly comprises **shopping malls**

## Hospitality

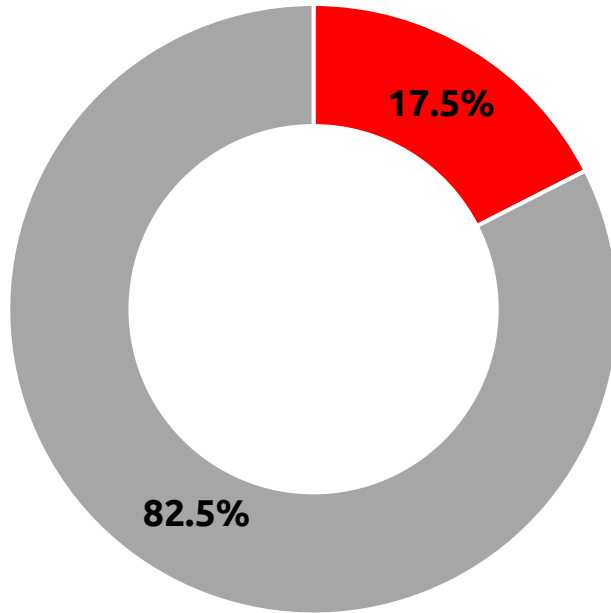
- Hotels, service apartments, conference centers, etc.

## Special Economic Zone (SEZ)

- Designated areas with **conducive economic regulations** that aim to generate positive economic growth

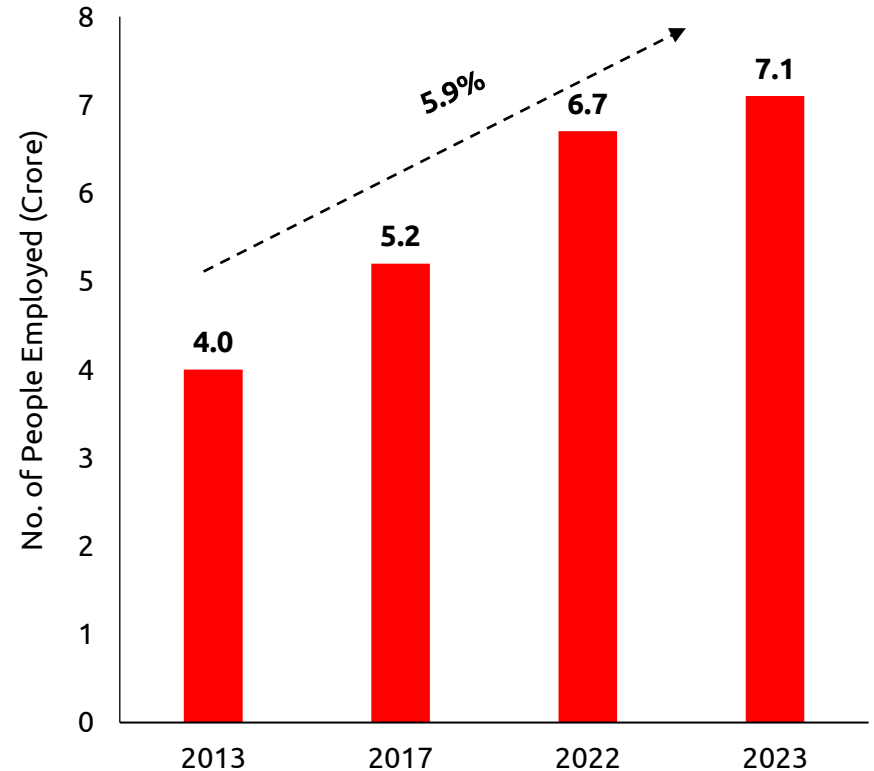
# Engine of Employment

Contribution as a % of Total Employment



■ Real Estate ■ Others

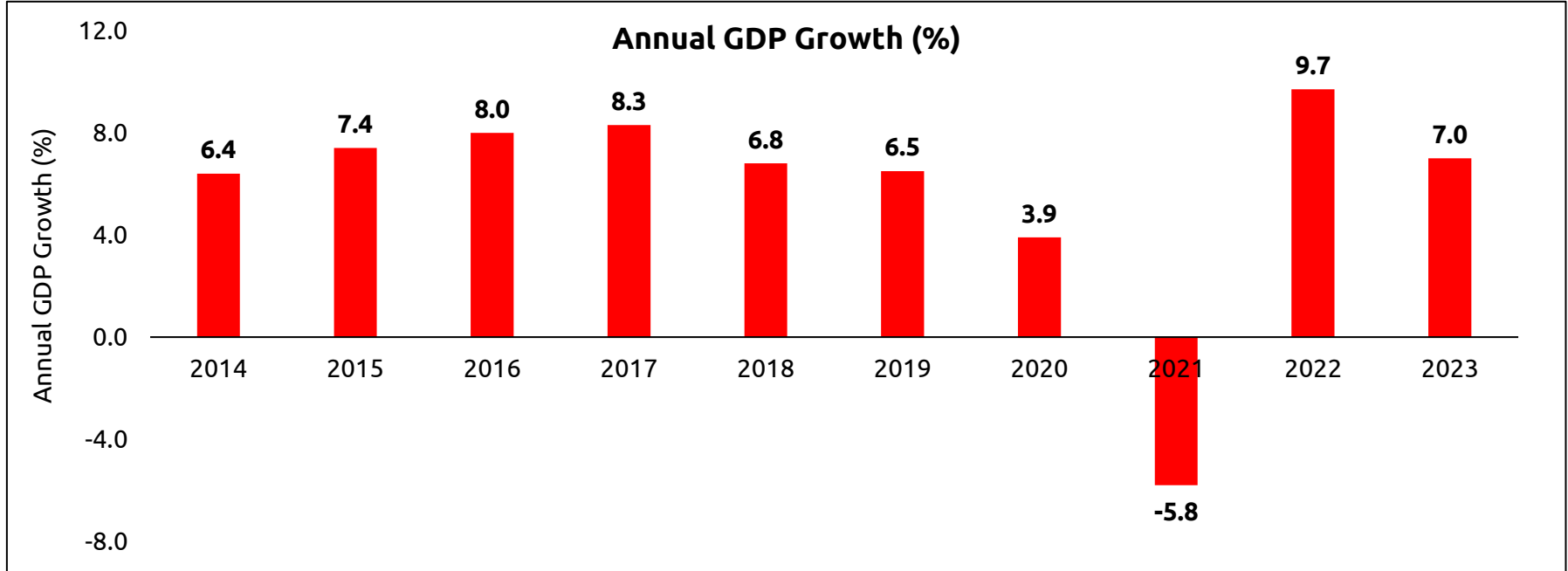
People Employed in Real Estate (Crore)



- **Second largest employment generator** after Agriculture, contributing **~18%** of the total employment
- **Total Employment** in the sector has **grown at a CAGR of 5.9%** between 2013 and 2023

# Indian Real Estate – Multiple Growth Drivers

# 1. Growing Economy



- The **economy continues to grow** with a GDP growth rate of 7.0%.
- In terms of output, the market size of **India's real estate sector** is currently at **~USD 482 bn. contributing 7.3%^** to the total economic output.

Note: Data above represents FY ended data

^Data as on 2023

Bn. – Billion | Tn. - Trillion

**Source:** Ministry Of Statistics And Programme Implementation, Confederation of Indian Industry (CII), Knight Frank  
The above data is for information purposes only

## 2. Policy Support (1/2)

### ▪ **FDI in Retail & Real Estate:**

- FDI in retail has boosted **developer sentiment** to establish **shopping malls and high street in India**.
- **FDI of up to 100%** for **development of townships, housing and settlements projects** has made it **one of the leading recipient of FDI inflows, which stood at US\$ 26.61 bn.** (Apr 2000-Mar 2024).

▪ **Real Estate Regulatory Authority (RERA):** RERA Act came into existence in 2016 with an aim to protect the interests of homebuyers.

### **Key advantages of RERA :**

- **Increased Transparency:** Mandates developer to register projects
- **Security:** 70% of Buyers and investors **money in separate account**. The fund only to be used for cost of construction and land cost
- **Standardization of Carpet Area**
- **Right to buyer to get structural defects rectified** from builders within 5 years of possession



## 2. Policy Support (2/2)

- **Pradhan Mantri Awas Yojna (PMAY):** Launched to provide **affordable housing**, PMAY aims to construct millions of houses for the urban poor.
  - **In Budget 2024-25**, Under **PMAY Urban 2.0**, **housing needs for 1 crore urban poor and middle-class families will be met** with a Rs. 10 lakh crore investment, including Rs. 2.2 lakh crore in central assistance over the next 5 years.
  - **CLSS (Credit Linked Subsidy Scheme): Offers interest subsidies** upto **6.5% for homebuyers in certain income categories** under LIG and MIG.
- **Smart Cities Mission:** Initiative **aims to develop 100 smart cities across the country**, improving urban infrastructure and quality of life, thereby boosting real estate demand.
- **National Industrial Corridor Development Programme:**
  - GOI is developing **11 Industrial Corridor Projects across the country**. Aims to **enhance connectivity, promote urban development** and boost the sector's investment. The **programme has a sanctioned corpus of ~USD 1.2 billion**, as of August 2023

### 3. Adoption of Technology

- **Increase in Proptech companies:**

- Proptechs such as No-broker, Housing.com, Square Yards, Livespace etc. **provide innovative solutions to help investors in decision making.** (E.g. Virtual tours, Online property listings etc.)
- Proptech start-ups **raised USD 2.4 bn between Jan 2021 and March 2023**

- **Property e-auction:**

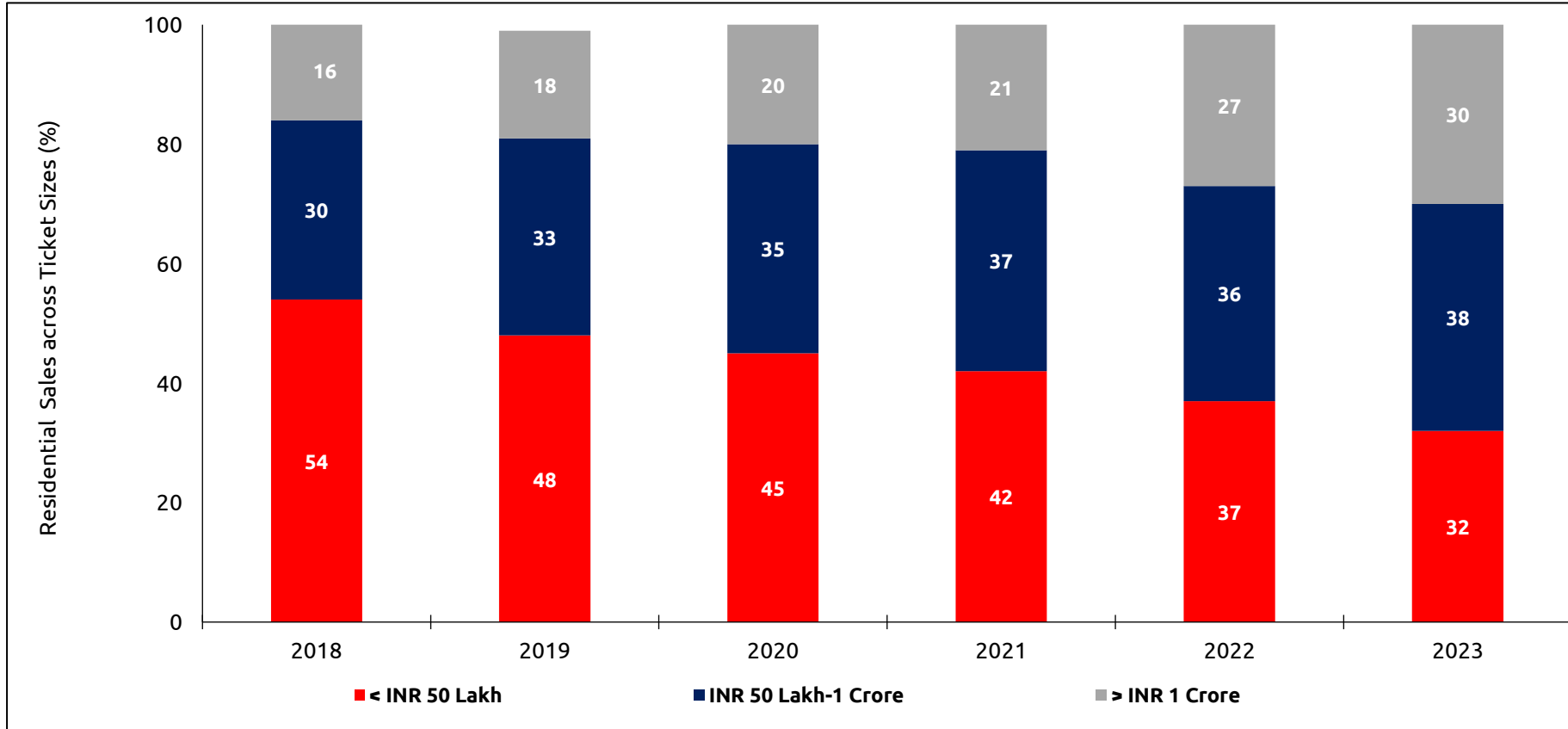
- This is emerging as a convenient **alternative to traditional auctions.** It allows **buyers and sellers** to navigate the complexities.
- Delhi Development Authority (DDA) launched an **e-auction of 453 properties** till October 2023, including commercial estate plots, group housing and other related plots.

- **Real Estate Investment Trusts (REITs):** The **REITs have seen an increase in investment in office spaces**, which have grown from 24.8 mn. Sq.ft in Mar19 to 74.4 mn. Sq.ft. in Mar23, **a three-fold expansion.**

- It **helps developers unlock capital** to expand portfolios and contribute to urban development

## 4. Changing Trend in Housing Demand

Share Of Housing Sales across Ticket Sizes (%)\*



➤ The share of housing sales for segment of greater than INR 1 Crore<sup>^</sup> has doubled in the last 5 years, in line with increasing level of income

\*Residential sales across top 8 cities in India. 2023 Data is till June 2023

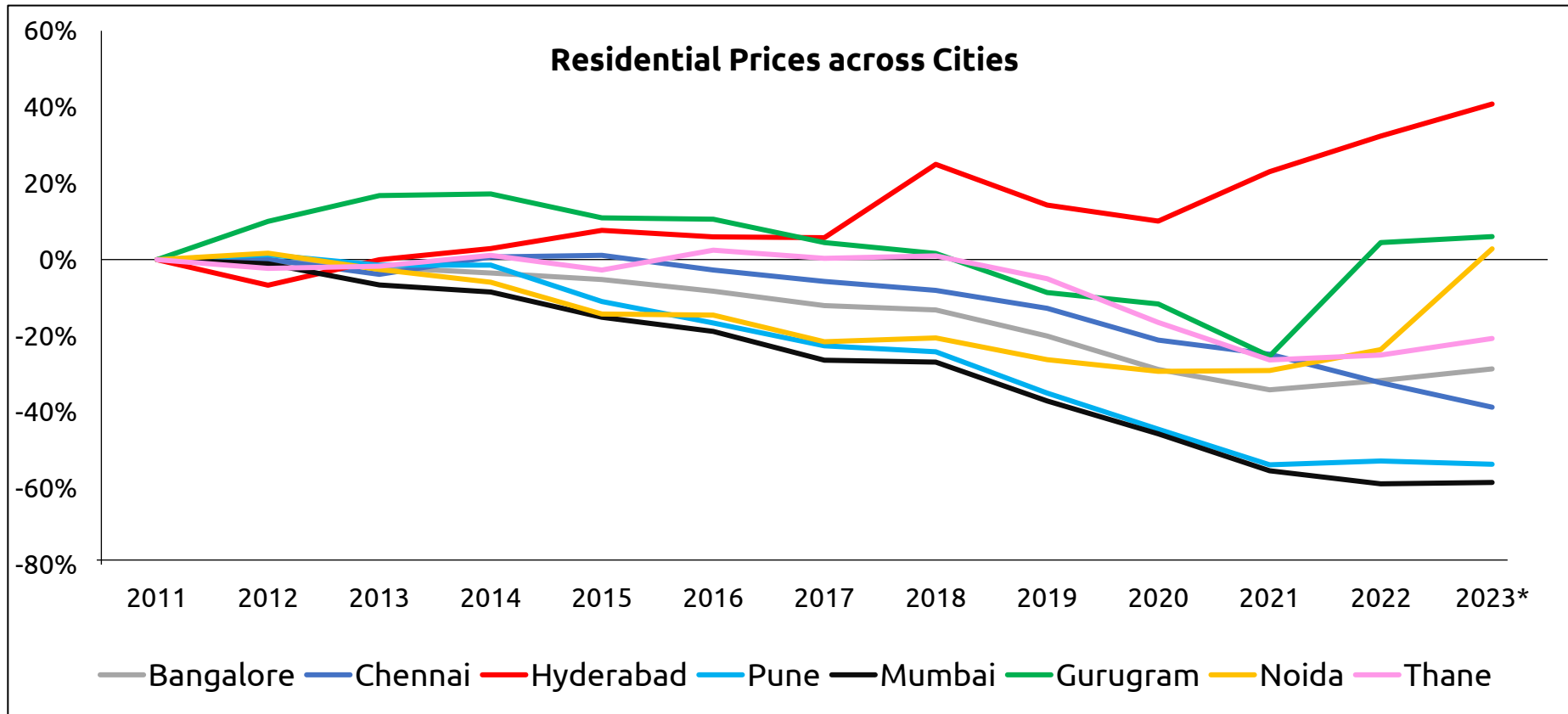
<sup>^</sup> Cost of house

Data ended 2023

Source: World Economic Forum, Knight Frank Research

The above data is for information purposes only

## 5. Improving Affordability (1/3)



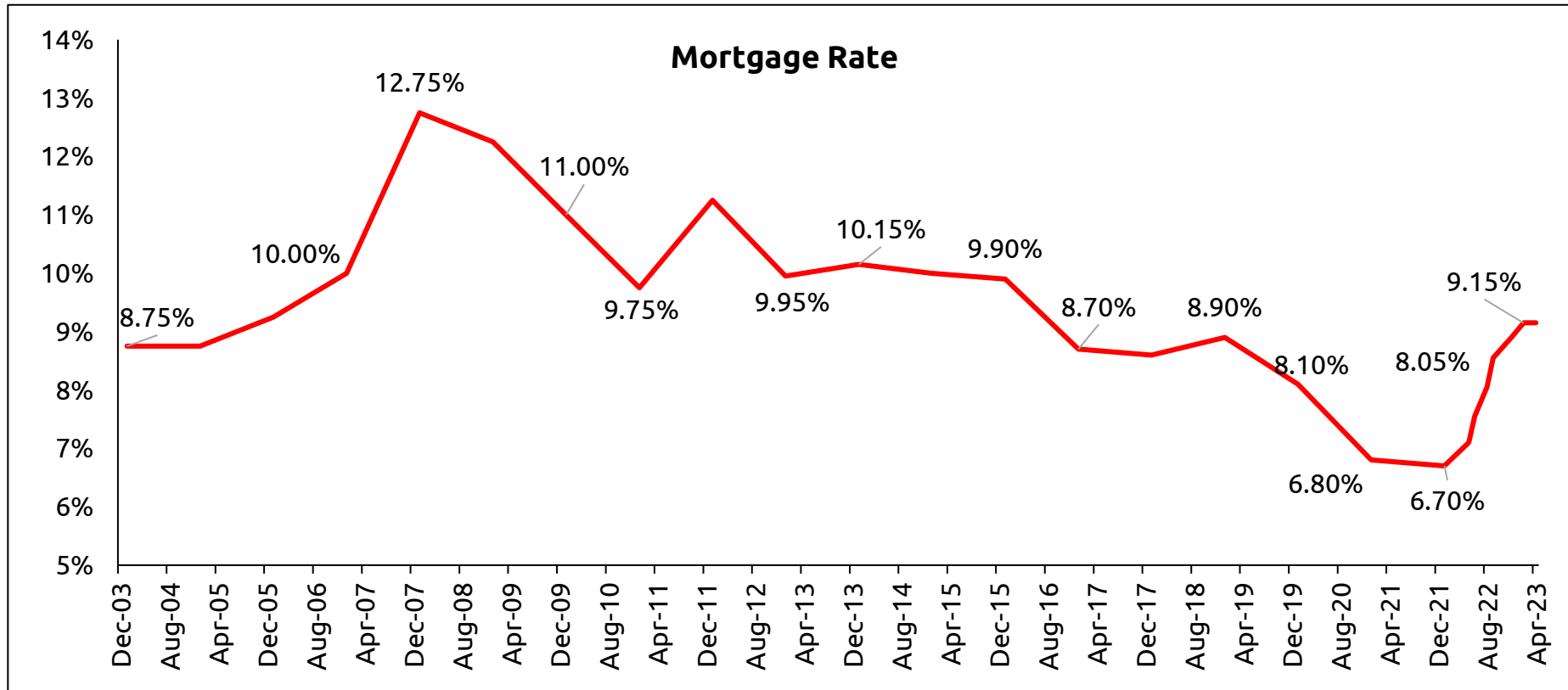
- Adjusted for inflation, the **housing prices have declined in most top cities of India**
- **Interest Subvention Schemes, Offers/Discounts** from Developers (like flexible payment schedules, **freebies** like modular kitchen, appliances etc.), **makes the effective prices 10-25% lower** compared to the peak price level

\*Data upto March 2023. Residential prices movement shown above has been adjusted by CPI numbers of respective years

Source: Prop Equity, CEIC

The above data is for information purposes only

## 5. Improving Affordability (2/3)



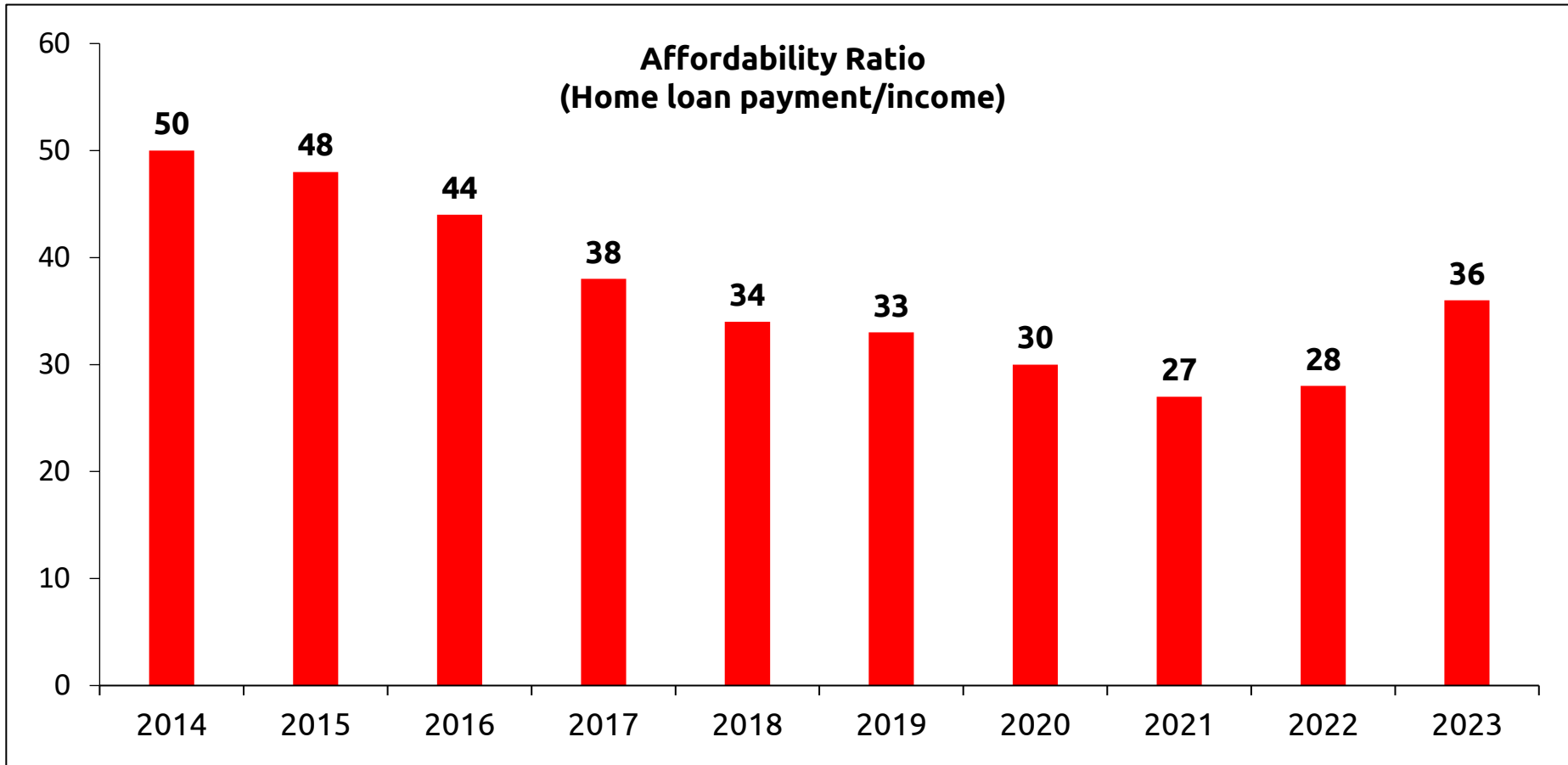
- A **plethora of options available** by banks and NBFCs at **favorable interest rates**
- **Lower mortgage rates coupled with effective lower prices** have led to **higher sales** in the past few years
- With **expectations of rate cuts** in the coming year, may **prove beneficial** for property buyers, further **improving demand**

Data ended April 2023

Source: State Bank of India

The above data is for information purposes only

## 5. Improving Affordability (3/3)



- **Income growth** over the last 10 years has **outpaced property price inflation**
- **Government incentives** towards housing has further **boosted affordability**

Note: Affordability ratio is the home loan payment divided by the income of an individual. A lower ratio indicates higher affordability

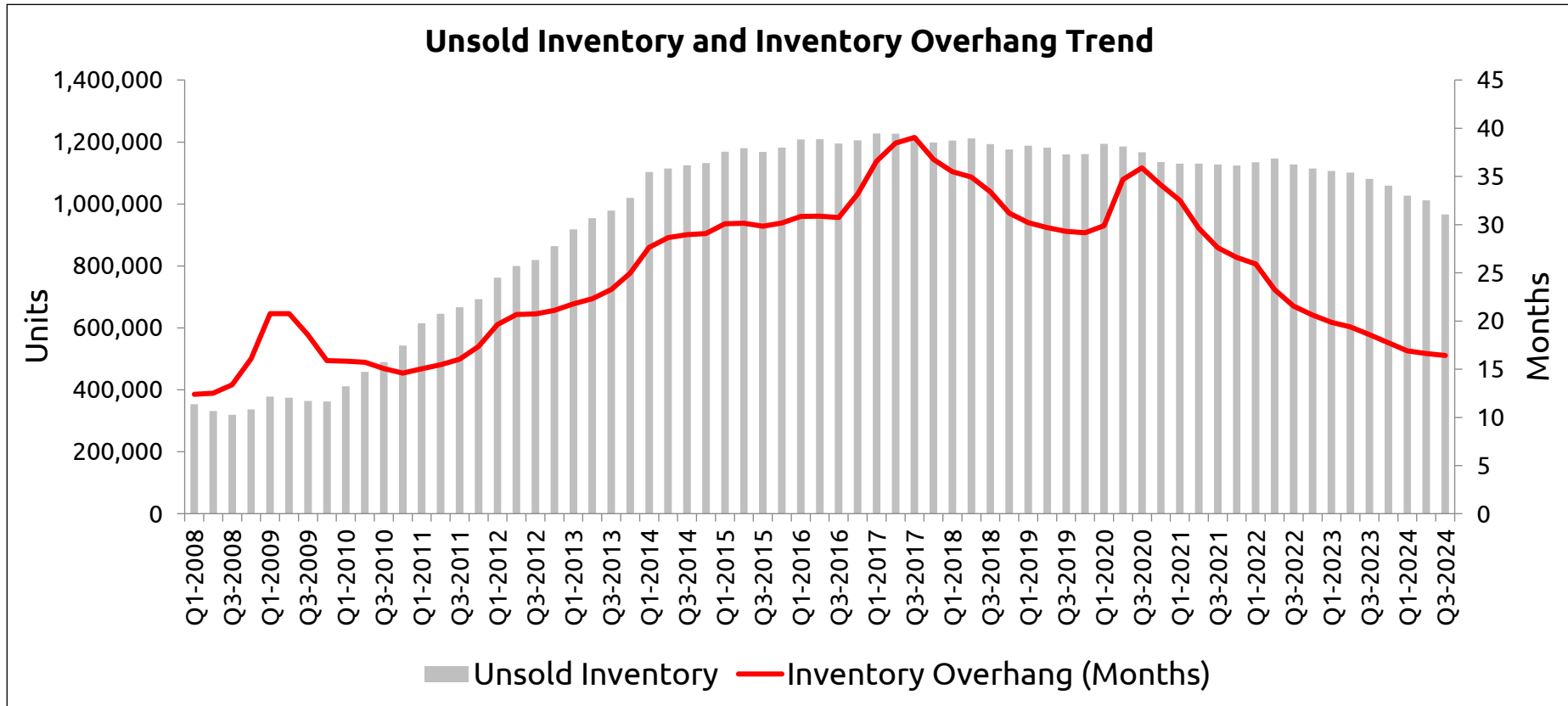
Data above represents FY ended data, pan India

Source: NAREDCO, Anarock

The above data is for information purposes only

# Indian Real Estate – Current Scenario

# Reducing Inventory Overhang



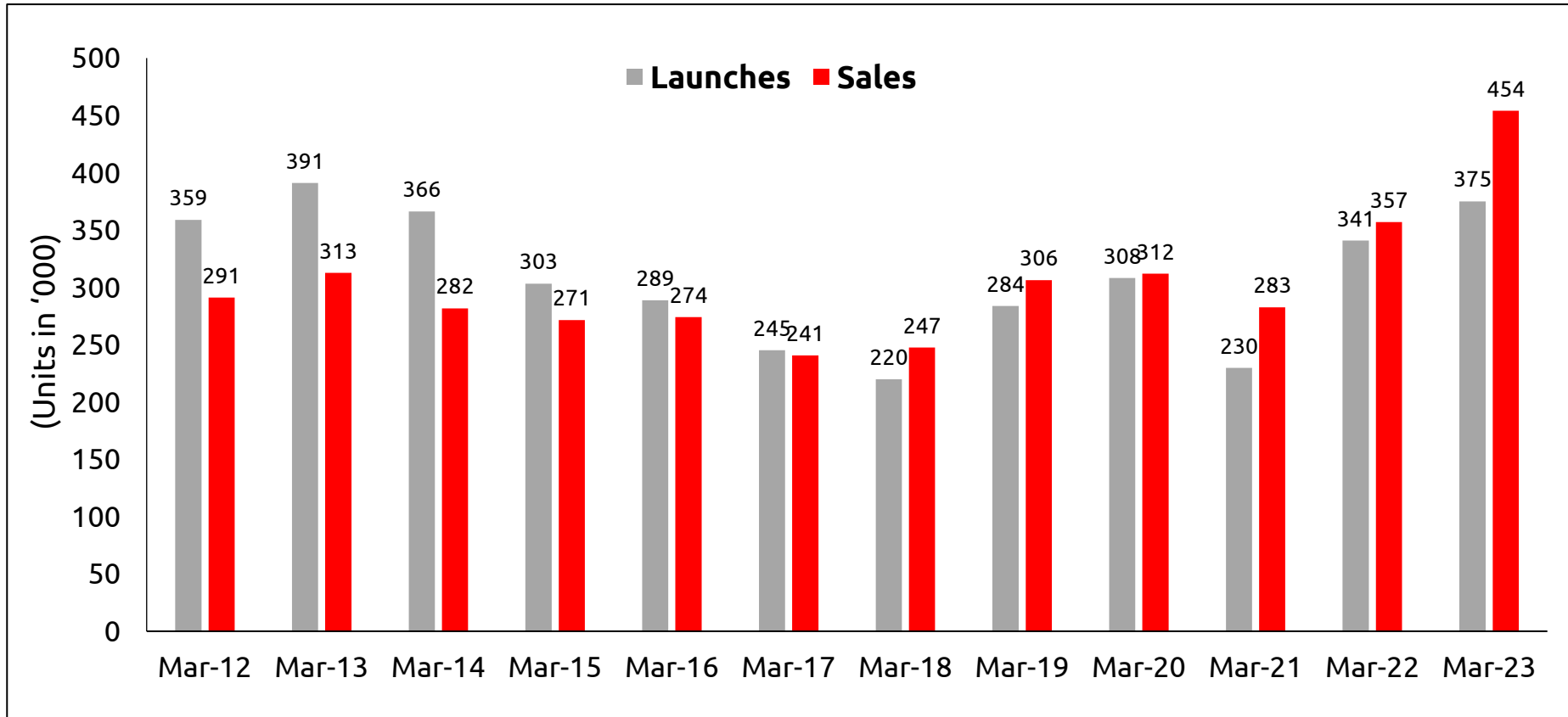
- While **Housing inventory has slightly reduced** in absolute terms **since 2020**, the **time taken to sell** the current inventory post-covid is **showing a decreasing trend**, indicating **robust demand and higher absorption of units**
- **Inventory Overhang is ~1.4 years** which is **lowest in the last 13 years**

Note: Inventory overhang is the amount of time it would take to sell the current housing listings

Source: Prop Equity  
Data as on Sep 2024



# Increasing Housing Sales - All Time High



- All time high sales witnessed post the Covid pandemic, **primarily led by end users**
- Demand has outrun supply over the **last 6 years**

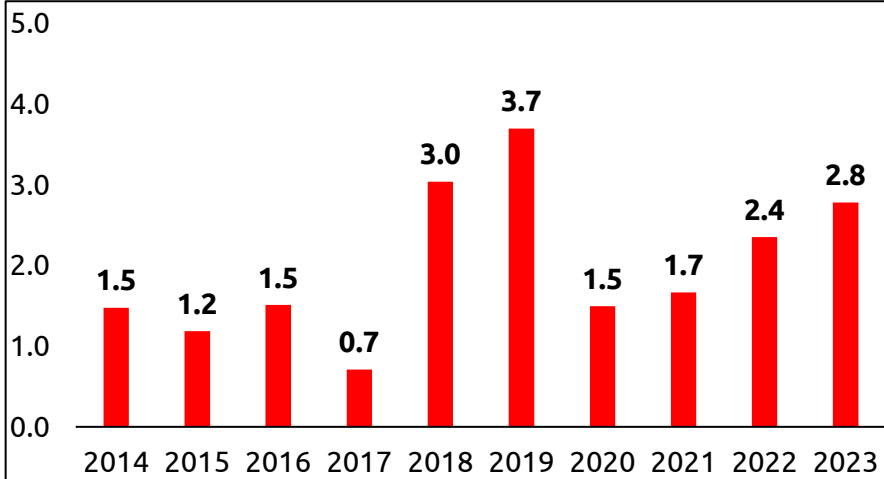
Note: The above data is of top 6 cities of India (MMR, NCR, Bangalore, Chennai, Hyderabad and Pune)

Source: Prop Equity

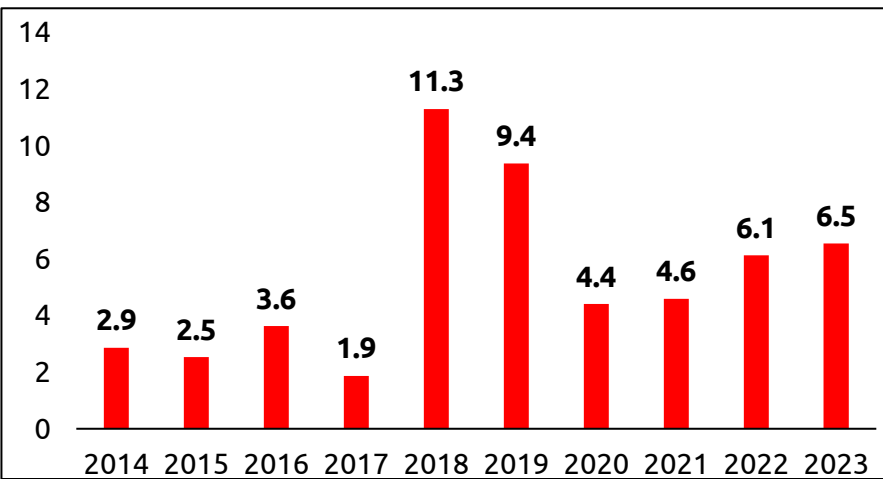
Data ended March 2023

# Improving Fundamentals - Nifty Realty Index

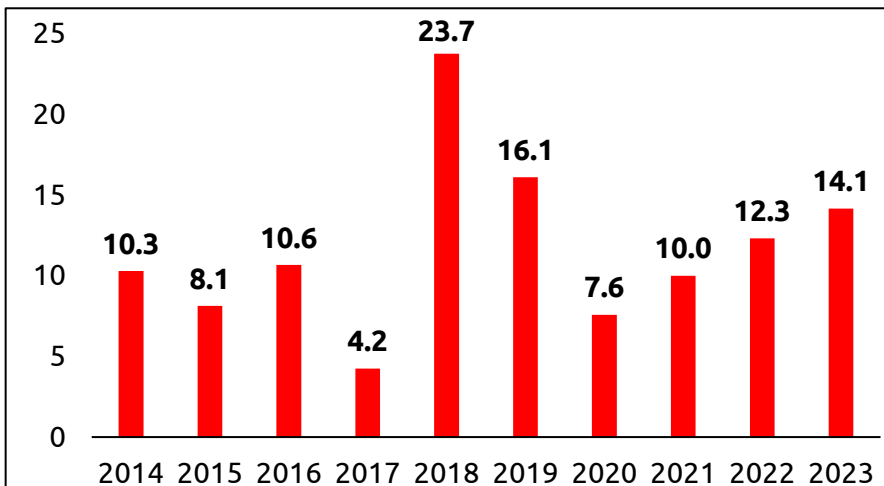
**Return on Assets (%)**



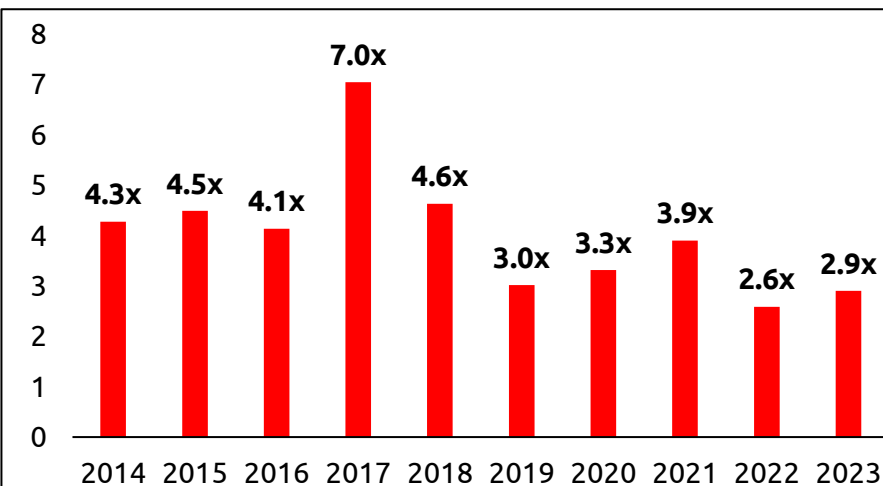
**Return on Equity (%)**



**Profit Margin (%)**



**Net Debt to EBITDA (Times)**



Calendar Year ended data  
Source: Bloomberg

# Nifty Realty – Valuations

Price-to-Earnings (P/E) Ratio		
Dates		Nifty Realty P/E
<b>Current</b>	31-Oct-24	47.6
<b>10 years back</b>	31-Oct-14	30.4
<b>Discount/Premium</b>		56.2%

- Currently, the Nifty Realty index is valued at a P/E ratio of 47.6x, which represents a 56% premium relative to its level from ten years prior
- Real Estate companies had subdued performance pre-2016 period
- Rally in real estate stocks in past year, supported by improving fundamentals

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Data: As on Oct 31, 2024 | Source: NSE

# Nifty Realty Index

# Nifty Realty Index – Methodology

## Universe

- Companies should form part of –
  - ✓ Nifty 500^
  - ✓ Realty sector

## Eligibility

- The company's trading frequency should be at least 90% in the last six months
- The company should have a minimum listing history of 1 calendar month as on cutoff date

## Selection and Weightage

- Final selection of top 10 companies shall be done based on the free-float market capitalization
- Single stock weightage capped at 33% and weightage of top 3 stocks shall not be more than 62% at the time of rebalancing

## Index Rebalance

- Semi-annually in March and September

^Incase the number of eligible stocks representing Realty sector within Nifty 500 falls below 10, then deficit number of stocks shall be selected from the universe of stocks ranked within top 800, 1000, 1100, 1200 and so on.

For more details, please refer NSE Methodology

Source: NSE

# Nifty Realty Index – Constituents

Index Constituents					
Sr No.	Stocks	Weight (%)	Sr No.	Stocks	Weight (%)
1	DLF Ltd.	22.9	6	Oberoi Realty Ltd.	10.1
2	Macrotech Developers Ltd.	14.6	7	Brigade Enterprises Ltd.	7.1
3	Godrej Properties Ltd.	14.5	8	Sobha Ltd.	2.5
4	Phoenix Mills Ltd.	12.4	9	Raymond Ltd.	2.4
5	Prestige Estates Projects Ltd.	12.0	10	Mahindra Lifespace Developers Ltd.	1.6
<b>Total</b>					<b>100.0</b>

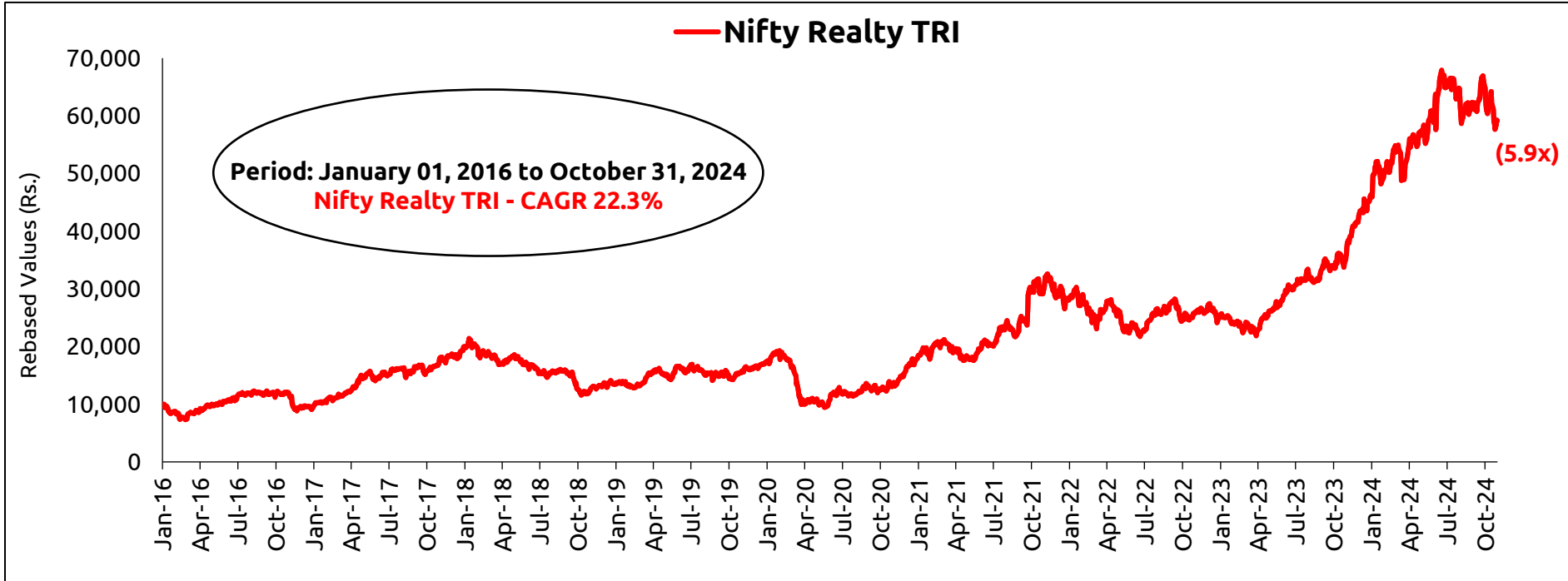
The name of the securities mentioned above may or may not form part of index in the future

**Data:** As on October 31, 2024

**Source:** NSE

# Performance – Since 2016 (The year RERA was implemented)

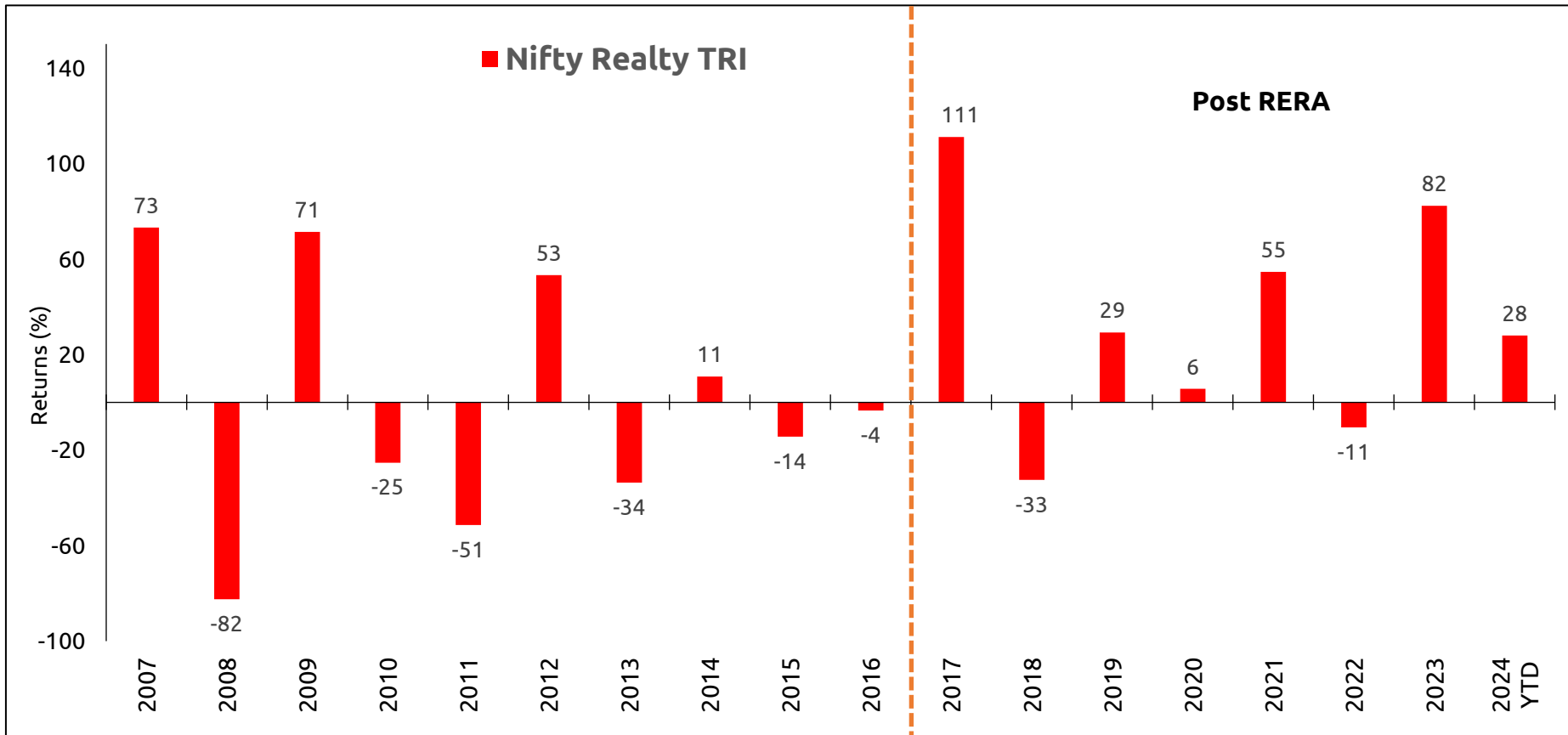
Index Name	Absolute (%)			Compound Annualized Growth Rate (%)			
	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Nifty Realty TRI	-9.1	-8.5	3.0	66.0	26.4	30.4	18.0



➤ **Investment of Rs 10,000 in Nifty Realty TRI on January 01, 2016 has compounded to approx. Rs. 59 thousand (i.e. 5.9 times) as on October 31, 2024**

TRI – Total Return Index | TRI values rebased to 10,000 on January 01, 2016  
 Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments.  
 Less than 1 year Absolute returns, Greater than 1 year Compound Annualized returns.  
 Data: As on October 31, 2024  
 Source: MFI, NSE

# Performance – Calendar Year Returns



➤ **Nifty Realty TRI has given an average returns of 33% since the implementation of Real Estate (Regulation and Development) Act, 2016**

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investments

Total Return Index (TRI) values used for calculation

**Data:** Calendar years from January to December

2024 YTD – Returns as on Jan 2024 to Oct 2024

**Source:** MFI



# Fund Overview

# Benefits of Investing in an Index Fund

## Index Fund Advantages

Constructed to track an index

Open ended mutual fund

Diversification through a single unit

Generally lower expense ratio as compared to an actively managed equity fund

Performance tracking the underlying benchmark index (subject to expense ratio & tracking error)

Transparent, as the fund will replicate the index

# Why Invest in Nippon India Nifty Realty Index Fund

## Sector Exposure

- Provides exposure to top 10 Real Estate stocks listed on NSE\*

## Reduced Risk

- Elimination of non-systematic risks like stock picking and portfolio manager selection

## Convenience

- Will also allow non-demat account holders to seek exposure to Real Estate sector

## SIP Investments

- Investors can also avail the benefit of Systematic Investment Plan (SIP)

## Low Cost

- Exposure to Real Estate sector via low cost^ index fund

\*Top 10 stocks as per Nifty Realty index methodology

^ Low cost in terms of total expense ratio

# Nippon India Nifty Realty Index Fund – About The Scheme

## Investment objective

The investment objective of the scheme is to provide investment returns that commensurate to the total returns of the securities as represented by the Nifty Realty Index before expenses, subject to tracking errors. However, there is no assurance that the investment objective of the Scheme will be achieved.

## Asset Allocation

Instruments	Indicative Allocation (% of total assets)		Risk Profile
	Minimum	Maximum	
Securities constituting Nifty Realty Index	95%	100%	Very High
Cash & cash equivalents and Money Market instruments, and/or Schemes which invest predominantly in the money market securities or Liquid Schemes#	0%	5%	Low to Medium

#The Scheme may invest upto 5% net assets in money market / liquid schemes without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same management company or in schemes under the management of any other AMC shall not exceed 5% of the NAV of the Mutual Fund in accordance with Clause 4 of Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996.

For more details, please refer the Scheme Information Document.

## Type of scheme

An open-ended scheme replicating/tracking Nifty Realty Index.

# Nippon India Nifty Realty Index Fund – Details

Scheme Features	
<b>NFO Opens on</b>	November 14, 2024
<b>NFO Closes on</b>	November 28, 2024
<b>Benchmark Index</b>	Nifty Realty TRI
<b>Fund Manager</b>	Himanshu Mange
<b>Load Structure</b>	Exit Load : NIL
<b>Minimum application amount (during NFO &amp; ongoing basis)</b>	<p><b>During NFO:</b> Minimum amount of Rs.1,000 and in multiples of Re.1 thereafter</p> <p><b>During Ongoing Basis:</b> Minimum amount of Rs.1,000 and in multiples of Re.1 thereafter Additional amount of Rs.1,000 and in multiples of Re.1 thereafter</p>
<b>Plans</b>	<p>The Scheme offers following Plans under Direct Plan and Regular Plan:</p> <ul style="list-style-type: none"><li>a) Growth Plan</li><li>b) Income Distribution cum capital withdrawal Plan</li></ul>

# Disclaimers

## **Disclaimer by the Index Provider:**

Performance of the underlying index will have a direct bearing on the performance of the Scheme. In the event the index is dissolved or is withdrawn by the index provider, the Trustee reserves a right to modify the Scheme so as to track a different and suitable index and the procedure stipulated in the SEBI Regulations shall be complied with.

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**Mutual Fund investments are subject to market risks, read all scheme related documents carefully**

# Disclaimer

- **Risk Factors:** Mutual Funds and securities investments are subject to market risks such as trading volumes, settlement risk, liquidity risk and default risk including the possible loss of principal and there is no assurance or guarantee that the objectives of the Scheme will be achieved. As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down. Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme. The present scheme is not a guaranteed or assured return scheme. For more details, refer Scheme Information Document (SID).

## Disclaimers

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**Thank you for your time!**