Press Release

August 27, 2015

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Gammon Infrastructure Projects Limited to divest its shareholding in nine project companies to a consortium of Brookfield and Core Infrastructure India Fund Pte Ltd

Gammon Infrastructure Projects Limited ("GIPL"), a leading Indian infrastructure project developer, today signed a Share Purchase Agreement divesting nine of its project companies (6 road and 3 power) to the consortium comprising funds managed by Brookfield Asset Management and its affiliates ("Brookfield") and Core Infrastructure India Fund Pte Ltd ("CIIF") (collectively the "Consortium") under the name BIF India Holdings Pte Ltd. Out of the project companies to be acquired by the Consortium, six are operational, one is under expansion and two are under development.

The total project cost at completion of the asset basket is estimated to be approx. Rs. 6,750 crore (Rs. 2,935 crore of 6 operational projects and Rs. 3,815 crore for remaining 3 projects) of which Rs. 3,097 crore has been capitalized till March 31, 2015. The outstanding debt as at March 31, 2015 for these projects is Rs. 1,718 crore and the net exposure of GIPL in the asset basket is Rs. 415 crore.

Post the transaction the consolidated debt of GIPL will stand reduced from Rs. 3,947 crore to Rs. 2,229 crore which is expected to improve the gearing of Company at consolidated level from more than 4x to around 2x going forward and make GIPL net cash surplus.

The positive policy changes in the infrastructure space by the Government of India in general and especially by the Ministry of Road Transport and Highway, has resulted in the revival of interest of marquee overseas investors such as Brookfield in the Indian infrastructure sector.

Brookfield is a leading global alternative asset manager with over $200 billion in assets under management, focusing on infrastructure, renewable energy, private equity and property. CIIF is an India focused infrastructure fund managed by the Singapore branch of Kotak Mahindra (UK) Ltd.

Key terms of the transaction:

- The consideration towards equity comprises of cash consideration of approx. Rs. 192 crore and a waiver of advances to GIPL of Rs. 285 crore;

- The project SPVs being taken over will repay the inter corporate deposits of approx. Rs. 371 crore given by GIPL to the Project SPVs;

- Aggregate cash inflows for GIPL on account of divestment would be approx. Rs. 563 crore subject to closing adjustments;

- Additional cash inflow of upto Rs. 100 crore may be realized by GIPL upon crystallization of certain milestones in future.

- GIPL will also benefit further from:
    - The outstanding liabilities to the tune of Rs. 87 crore will stand reduced and
    - 75% of past contingent receivable may also be received by the Company when realized.

The transaction is subject to necessary statutory and regulatory approvals, consents from the lenders and shareholders, satisfaction of certain contractual conditions and has been recommended unanimously by the Board of Directors of GIPL.

Mr. Abhijit Rajan, Chairman and Managing Director of the Gammon Group stated, "The transaction involving 9 projects represent the largest asset sale at one go in the Indian infrastructure industry. This is reflective of the improved sentiments being demonstrated by foreign investors due to positive approach of the government in the infrastructure space".

Mr Anuj Ranjan, Managing Partner, Brookfield commented, "This transaction represents Brookfield's first major investment in Indian infrastructure, and provides us a great platform to participate in the Indian growth story over the long term."

Mr Kishor Kumar Mohanty, Managing Director, GIPL commented**, "**This transaction allows GIPL to get the much needed capital released from its completed projects and improve its financial position to capture the new opportunities in the infrastructure space arising out of governments new initiatives. This is a win - win proposition for both Gammon Infrastructure & Brookfield and new path breaking direction for the infrastructure industry.

It may also be recalled that in the early days, GIPL was among the first to invite Foreign Equity Funds in the infrastructure space in the year 2004 just as it is now again at the forefront at a stage of multi project divestment.

GIPL will continue to be committed towards its other project companies with interests across various sectors such as Road, Expressways, Ports and Power etc and its future growth.

Ambit Corporate Finance acted as the exclusive financial adviser to GIPL on this transaction.

B.

The Board of Gammon Infrastructure has also recommended divestment of 50% shareholding of Vizag Seaport for a consideration of Rs 62.5 crore in favor of Lastin Infrastructure Projects Limited, an affiliate of an existing shareholder, Lastin Group.

The transaction is subject to necessary statutory and regulatory approvals, consent from the lenders & shareholders and has been recommended unanimously by the Board of Directors of GIPL.

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