DLF
BUILDING INDIA

PRESS RELEASE

New Delhi: October 6, 2012

Last evening, in their press conference, India Against Corruption (IAC) raised certain allegations, some of which pertained to DLF.

In this regard, we would like to state that the business relationship of DLF with Mr Robert Vadra or his companies, has been in his capacity as an individual entrepreneur, on a completely transparent and at an arm's length basis. Our business relationship has been conducted to the highest standards of ethics and transparency, as has been our business practices, all around.

The facts are as follows on the matter raised:

Question 1: Why should DLF give unsecured interest free loans to Robert Vadra?

Answer: We wish to categorically state that the DLF has given NO unsecured loans to Mr. Vadra or any of his companies.

An amount of Rs 65 crores was given as business advances for the purchase of land as per standard industry practice comprising of the following two transactions.

M/s Skylight Hospitality Pvt Ltd approached us in FY 2008-09 to sell a piece of land measuring approximately 3.5 acres just off NH 8 in Village Sikohpur, Dist Gurgaon. This was licensable to develop a Commercial Complex and the LOI from Govt of Haryana to develop it for a Commercial Complex had been received in March 2008 itself.

DLF agreed to buy the said plot , given its licensing status and its attractiveness as a business proposition for a total consideration of Rs 58 crores. As per normal commercial practice, the possession of the said plot was taken over by DLF in FY 2008-09 itself and a total sum of Rs 50 crores given as advance in instalments against the Purchase consideration. After receipt of all requisite approvals, the said property was conveyanced in favour of DLF. The average cost of the licensed property in hands of DLF works out to approx Rs 2800 psf of FSI, which was comparable with similar transactions in that area. The price of the said property has significantly appreciated today to the benefit of DLF and its shareholders.

M/S Skylight Group of companies also offered us in FY 2008-09 an opportunity to purchase a large land parcel in Faridabad and accordingly, DLF agreed to advance Rs 15 crores in instalments simultaneous to the commencement of due diligence of the said land parcel. After concluding that the said land had certain legal infirmities, we decided against its purchase. Accordingly on DLF's request, the Skylight group refunded the advance of Rs 15 crores in totality.

To reiterate, at no stage was an interest free loan ever given to the Skylight group. There were two sets of Business Advances against purchase of property , one of which amounting to Rs 50 crores resulted in a satisfactory conclusion of purchase of commercial land and the second advance of Rs 15 crores was fully refunded.

Question 2: Why should DLF sell its properties to Vadra at throwaway prices and on the basis of funds obtained by Vadra from DLF itself.

Answer: Since no unsecured loans were provided by DLF the question of acquiring the said properties from DLF loans does not exist. It is not unusual for parties which sell land to DLF to choose to reinvest the consideration received or part thereof in projects being developed by DLF.

Keeping the above in view we clarify as under:

Residential Properties

Mr Vadra purchased one apartment for his personal use in Aralias in Sept 2008 at the then prevalent market price of Rs 12000 psft . The total purchase consideration of Rs 11.90 crores was paid by Mr Vadra, for which the apartment was conveyanced in his favour. We may also mention that while Aralias was initially launched at Rs 1800 psft , Mr Vadra's purchase at Rs 12,000 psft is among the highest prices at which the company sold the apartments in Aralias. The alleged figure of Rs 89 lakhs as total purchase consideration is completely incorrect.

As part of its real estate business, Skylight group had invested in Magnolias apartments at a price of Rs 10,000 psft in March 2008 , which was the prevalent offer price of the company for all its customers. The initial launch price was only Rs 4500 psft only at which price a large number of customers made their purchases from the company. The Skylight Group also booked some apartments in the company's Capital Greens project at the then Company's offer price of Rs 5,000/6,000 psft which was availed by more than a thousand other customers.

There is no question of offering, let alone selling, Mr Vadra or his group companies any property at a throwaway price. The allegation that 7 apartments in Magnolias were sold for Rs 5.2 crores only is also completely baseless.

At NO stage was a property ever sold to the Skylight group below the then offered price to all customers. The gains, if any, made by Skylight group, by subsequent retrading would be similar to the gains made by those customers and in line with applicable market price appreciation experienced by all DLF customers in general.

Saket Hilton Hotel:

As part of its publicly stated objective of exiting the non core business of hotels, DLF, based on independent valuation, arrived at an enterprise value of Rs 150 crores for the Saket Hilton Hotel. It was agreed to sell an equity stake of 50% at the above enterprise value. The enterprise value comprised of Rs 80 crores of debt (at an interest rate of 12% pa) and an equity value of Rs 70 crores. Accordingly, for a 50% equity stake in the hotel, a sum of Rs 35 crores was contributed by Skylight Group.

However, despite good operating management, the Hotel continues to suffer financially due to the economic slowdown. Consequently the equity owners have jointly mandated an International Property Consultant to find an appropriate buyer at the best available market value. The indicative valuation is around Rs 200 crores and substantially lower than the Rs 300 crores being alleged. The final consideration shall be arrived after a market discovery process and shall be publicly disclosed upon its closing.

Q3: It is well known that DLF has been given 350 acres of land by Haryana Government for the development of Magnolias project in Gurgaon(where Vadra was allocated 7 apartments) and has been given various other properties and benefits by the Congress Governments in Haryana and Delhi. Is that the quid pro quo for DLF giving Vadra the seed money for the purchase of these massive properties worth hundreds of crores?

Answer: DLF vehemently denies any quid pro quo in its transactions with Mr Vadra and his group of companies. DLF is engaged in Real estate development in Haryana for over 40 years and has successfully implemented large projects by purchasing land from individual land owners directly at fair market prices and developing the same in strict compliance of all rules, regulations and applicable laws.

The development in which Magnolias project is located is part of the Phase V project in DLF City, Gurgaon. The land for the same was purchased from numerous individual land owners over the last 25 years and the relevant licenses

for development were granted strictly in accordance with the rules , regulations and applicable laws way back in the Mid 1990s. As part of the ongoing development of Phase V, the Magnolias project was launched around 2005-06. The question of receiving any favours does not arise and the purchase of apartments by the Skylight group was done at a far later stage and at a price which was more than double the original launch price.

An attempt is being made to confuse the Magnolias project with an independent project of 350 Acres which was tendered by the Haryana State Industrial and Imports Development Corporation (HSIIDC) for a "Recreation and Leisure project" by a series of well advertised international tender processes in 2009. DLF emerged as the successful bidder after a thorough technical and commercial bidding process carried out in a highly transparent manner. The project is still at a nascent stage.

It may be clarified that DLF secured the project on its own merits by fulfilling the eligibility criteria through a competitive bidding process and NOT through a discretionary allotment by the Haryana Government as alleged. We further state that DLF has not been allotted any lands by the State Governments of Haryana, Rajasthan or Delhi.

Q4: It is clear that there is a lot of unaccounted black money invested in these properties of Vadra. What is the source of these funds ? Are illicit funds of the Cong party being funneled into this property buying spree by the son in law of the dynasty

Answer: All business transactions between DLF and Mr Vadra and his group of companies have been conducted with complete transparency and are fully accounted for as per the applicable laws and accounting standards. There is no question of utilization of unaccounted black money or illicit funds as alleged. We categorically and vehemently reject this allegation.

We trust we have clarified the issue adequately and with the facts, as they are. The allegations raised against DLF are therefore completely baseless and untrue. We have conducted business over the last 65 years and have been fortunate to have prospered through our commitment to the highest standards of integrity and total compliance to the laws of the land. We have never received any undue benefit from any state government or any government authorities in any part of India. DLF hopes that with this clarification, controversies of these baseless allegations stands cleared.

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