

**HOW TRI-PARTY
ARRANGEMENTS**

**ARE THE
WAY FORWARD
FOR STALLED**

**Real
Estate**
Projects



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Foreword

Indian Real Estate is enjoying strong fundamentals underpinned by healthy aggregate demand, an unprecedented rate of urbanization & growth in the middle-class population. However, despite strong foundations, there are visible loopholes in the industry. The entire industry is reeling under the pressure of large stalled & delayed projects. Research done in the past has shown that there are over 200+ projects that are stalled. The total worth of such projects is more than INR 1.5 lac crore (USD 23.1 Billion). If we also include delayed projects, the total amount of capital blocked is northwards of INR 4.5 lac crores (USD 69 Billion).

Amidst such a gargantuan crisis, the industry has been looking forward to a fiscal package from the government to help redeem the large piles of delayed & stalled inventories. The administration has also taken action by announcing a package of INR 25,000 crores.

However, the exact roadmap for the deployment of the capital has not been created. Moreover, the amount will fall short, given the magnitude of the crisis.

Amidst such an intensifying crisis, relying completely on the government might be counter-intuitive.

The industry needs to take its own call & try to devise alternative funding mechanisms to turn around the stressed assets. After all, such assets offer tremendous potential for every stakeholder involved - Developers, Investors, Project Revival Consultancy (PRC) & Buyers.

Most of such assets can be availed at decent discounts by the investors, thereby ensuring attractive ROIs & instant exit insight. Likewise, by availing the funding from the investors, the developers can resume work on their stalled projects. By bringing in a PRC, All the stakeholders can be brought together in a synchronized fashion, thereby expediting the overall process.

The PRC can help the developer in securing kick-start funding from the investor. However, their role is not just limited to helping in fundraising. They also support in project construction & monitoring, cashflow management, sales and marketing strategy, Channel Partner engagement and activation alongside customer support as well as collections.

The biggest beneficiaries are definitely the homebuyers, who finally get their homes.

In order to revive the stalled projects, 360 XLR8, the strategic consulting arm of 360 Realtors has partnered with numerous such projects in capacity of a PRC to help them secure alternate funding. Besides, XLR8 is also helping in project construction, sales & marketing, channel partner management, collection & customer support, etc. This endeavour by 360 XLR8 has already resulted in a host of profitable ventures with some of the leading Indian developers.

Post RERA, the govt. intends to bring in more structure, transparency in the industry alongside enabling stuck-up projects to get completed. In this regard as well, 360 XLR8 is a prudent initiative, as it is furthering the intended govt. objectives.

The Growing Challenge of Stressed Assets in India

The year has gone by has been marked by the growing volume of stressed assets, liquidity crunch & litigation challenges for Indian developers, despite the market showing interest from homebuyers, especially end-users. There has been a surge in stressed assets all across India. It is estimated that in major Indian cities, there are over 200+ projects which are stalled either due to cash crunch, litigation challenges or NBFC crisis.

STALLED

1.5
LAC

RESIDENTIAL UNITS



It is estimated that in these projects, there are over USD 23.1 Billion of capital that is stressed. If other delayed projects are included, then the challenge seems of much larger magnitude. In addition to the stressed assets, there are around 5.5 lac residential units which are delayed. The total amount of capital locked in such projects is to the tune to around USD 69 billion. Majority of such projects are concentrated in the Delhi-NCR region itself.



DELAYED

5.5 LAC

RESIDENTIAL UNITS

11126.98

2535 +134.09 +2.4%
878



MARKET 428

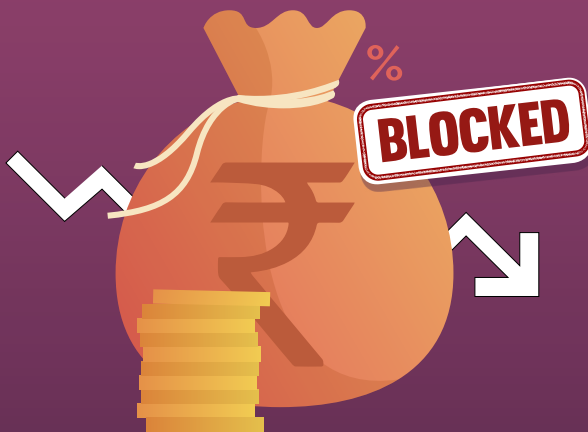
Due to the NBFC crisis & ongoing liquidity crunch, the crisis has risen as developers are increasingly finding it very tough to raise capital. The challenge has further aggravated due to the growing preference for ready-to-move-in projects amongst homebuyers. Buyers these days prefer ready-to-move projects with limited interest for under-

construction units to mitigate any potential risk.

The government has taken some steps towards placating the crisis by introducing an Alternate Investment Fund (AIF) worth USD 3.8 Billion. However, the AIF will fall short, given the vast nature of the crisis. Moreover, the package will be targeting only affordable & mid-income developments, which

connotes that a vast volume of projects will be out of the purview of the package.

The current challenge in the market necessitates the need for a fresher perspective to devise an alternative approach to raise Real Estate finance.



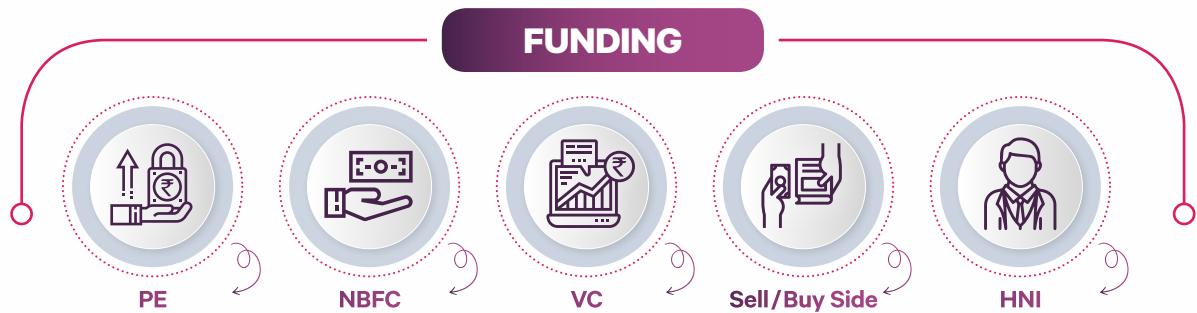
\$ 69 **BILLION**

Sourcing - Equity Deals Through Private Parties

One of the alternate solutions to get the inventory moving is to leverage the help of a new investor. The investors can bring

in the required capital to complete such projects. Once the projects are completed & get sold, it will enormously help the developers


to improve their cash flow & balance sheets.








Such arrangements are also very helpful for the investors as most such assets are undervalued. Investors can buy assets at a discounted rate. Consequently,


they can make commendable profits in the medium term. Looking at the robust profitability potential of such projects along with well-defined exit, NBFCs,

Private Equity (PE) Players, HNIs & Venture Capital houses are showing notable interest in stressed assets.




INVESTORS







-  Distress Purchase
-  Capital Protection
-  High return on Investment
-  Exit Visibility at the time of investment
-  Hassle free experience of handling multiple stakeholders




PRC
BENEFITS



DEVELOPERS

-  Funds to complete project
-  Hassle Free experience of Pre Sales, Sales & post sales
-  Funds for past liabilities
-  Manpower Support - MKT, Sales, CRM
-  Brand Building
-  Mitigation of Legal Bottlenecks



Strong PRC involvement can result in sales turnaround & easy exit for the investor.

Bringing a PRC On Board

In this time of liquidity crunch raising capital on its own might be little challenging for the developer, who is suffering from stressed assets. Hence, it is advisable to bring a PRC on board that can structure the deal. However, the role of the PRC is not just limited to helping developers secure kick-start financing for their stalled projects through capital-sourcing from an external source.

Successful executions of a Real Estate project will also require

project construction & monitoring, construction cash-flow management, sales & marketing, channel partner management & collection support. The PRC can be effective in these areas. The Investor-Developer relationship can be further streamlined by bringing in the PRC with proven expertise in such verticals.

The consultancy can help towards fund securing, fund planning & allocation alongside monitoring the construction process &

ensuring all the required quality standards are met diligently. Likewise, the consultancy can play a very pivotal role in designing & implementing the overall sales & marketing strategy for the developer, which includes product repackaging, sales & channel partner activation, deal closure & much more. An active sales & marketing strategy can be followed by post-sales support that includes receivables, collection, inventory management & handover of the property.

360XLR8 PRC



RE CAPITALIZATION

- ✓ Kick Start Financing
- ✓ Restructuring of Debts
- ✓ **Equity Sourcing:** through: PE, NBFC, Debt Deal, VC, Sell Side/Buy Side, HNI



PROPERTY MANAGEMENT

- ✓ Funds Planning
- ✓ Funds Allocation
- ✓ Construction quality oversight
- ✓ Project Monitoring
- ✓ Vendor Management



SALES & MARKETING STRATEGY

- ✓ Product Packaging
- ✓ Advertising & Marketing
- ✓ Sales team alignment
- ✓ Channel Activation
- ✓ Sales funnelling & closure



CRM

- ✓ Receivables
- ✓ Customer support
- ✓ Collections
- ✓ Inventory Management
- ✓ Handover of Property

360XLR8

The Next Step in Real Estate Consulting

Looking at the current scenario, 360 Realtors has launched 360 XLR8, an end-to-end strategic advisory to help developers raise funds, repackage products, run marketing campaigns, align sales force, monitor construction & take care of Customer Service.

In a span of 12 months, 360 XLR8 has a decent taste of success as numerous leading developers have worked with the brand to turn-around their projects. Amidst, growing piles of unsold inventories & stressed projects, there will be an increased appetite for entities like 360 XLR8, which can help in fundraising alongside offer marketing & operational

support to developers.

This will help developers as well as investors but the biggest beneficiaries will be the homebuyers, whose money are stuck for quite some time.

Initiatives such as 360 XLR8 are also aligned with the govt. authorities' constant focus towards bringing in more structure & transparency in the industry. Recent times have seen policy makeovers such as RERA, with a clearly defined intent to complete Realty projects within the stipulated timeline. 360 XLR8 can act complimentary to govt. objectives & enable completion of projects by bringing & synergizing

every stakeholder involved. This can eventually result in the timely & systematic completion of a lot of stuck-up projects.

This surely acts as a light at the end of the dark tunnel, where developers get a kick start recapitalization to start construction, Investors getting a return on their investment and most importantly, home buyers who will eventually get the handover of their homes after a long wait.





360 REALTORS



Commitment | Honesty | Reliability

PRESENCE

IN 9 COUNTRIES
GLOBALLY

15000+

SATISFIED
CUSTOMERS

350+

REPUTED
DEVELOPERS

40+

CITIES
IN INDIA

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