



Guide on AIF (Fund) for Stressed RE Assets

- Revival of stalled housing projects



Table of contents

Particulars	Pg No
Disclaimer	1
AIF Fund- FAQ	2
Parties Involved, Role and Responsibilities	3
Project Qualification Criteria	4
Project Selection Criteria	5
Flow of Funds in Scheme	6
Challenges	7
Our Take	8
About Elysium	9

Disclaimer

Dear Readers,

We are happy to present to you a simple guide to AIF fund (category II) for stalled housing projects revival. The purpose of this whole presentation is to bring the firsthand information for our valued customers in simple and lucid manner through flow chart and Q&A format.

Since this scheme is just launched, there are a lot of grey areas which need further clarification. Some matters like debt repayment sharing between original lender and fund, haircut/ rescheduling / interest discount on original debt are examples of some potential conflicts, which will get clarified in near future.

Best wishes

- Team Elysium

References and news feeds

- FAQ on AIF fund –Ministry of finance (GOI)
- <https://www.livemint.com/industry/banking/lenders-look-for-priority-tag-for-loans-under-real-estate-fund-11574096637215.html>
- <https://www.cnbc18.com/real-estate/booster-for-real-estate-government-introduces-rs-10000-crore-aif-4652681.html>
- <https://www.moneycontrol.com/news/business/real-estate/aif-fund-a-positive-step-for-real-estate-sector-4620611.html>

AIF Fund- FAQ

1) What is AIF Category II Fund?

AIF stands for Alternative Investment Fund. The said fund is proposed to be established by government to provide debt for completion of stuck projects

2) Why this fund is established?

- To ensure completion of stuck projects
- To help buyers get delivery of homes who have invested their money
- To boost sentiments of housing sector
- To restore trust between buyers & developers
- To release funds stuck of MSME sector due to stagnation of projects
- To generate employment and provide boost to core industries like cement and steel

3) What parties will be involved & What are the roles and responsibilities of involved parties ?
(Discussed on Pg- 3)

4) What projects will qualify?
(Discussed on Pg – 4)

5) What are the criteria for selection of projects?
(Discussed on Pg - 5)

6) What is the size of fund
Initially 25K cr (10K cr to be contributed by Govt and balance by investors)

7) How the fund will work or How the money will flow
(Discussed on Pg - 6)

8) What are the challenges involved
(Discussed on Pg - 7)

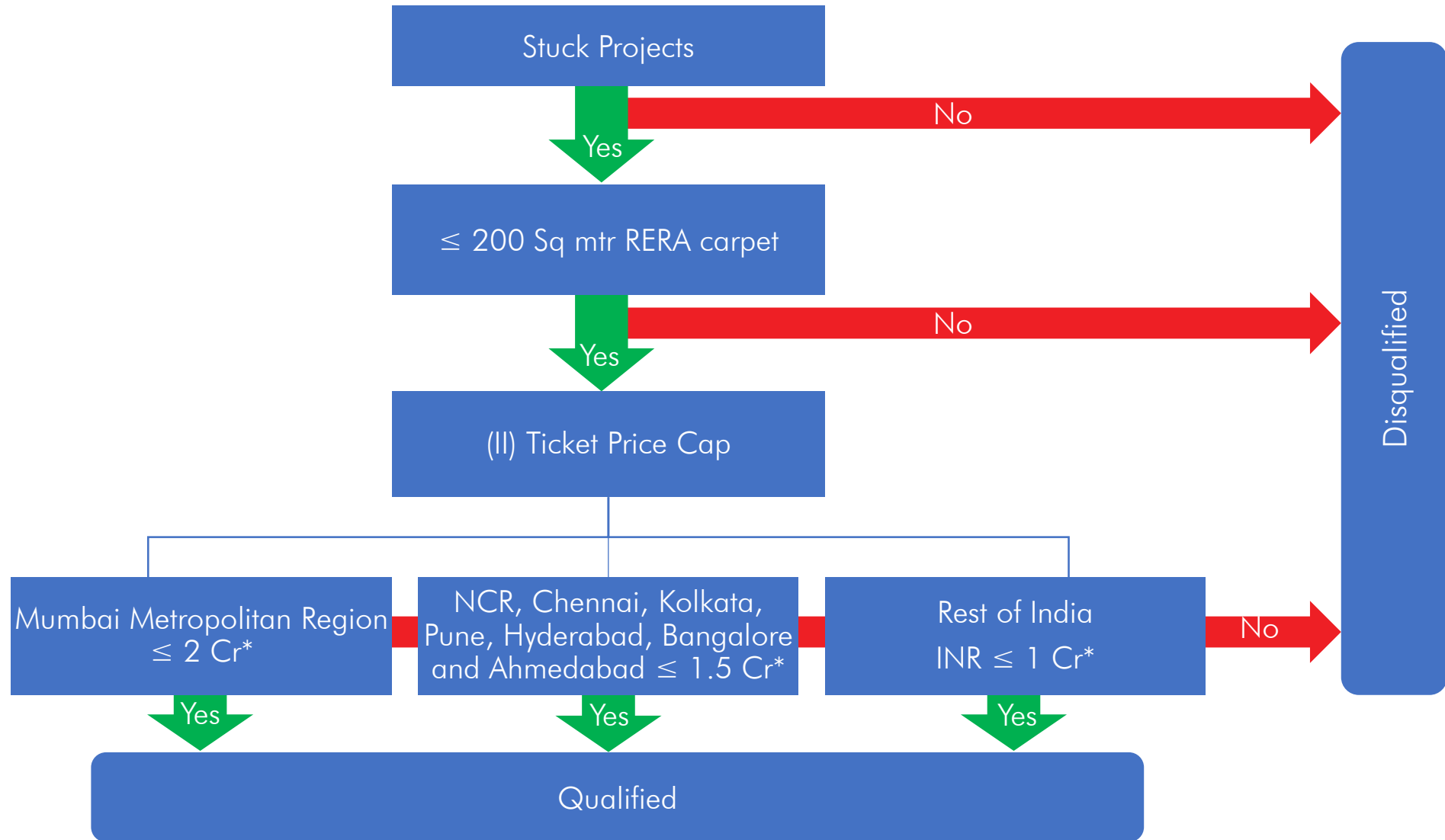
9) Our Take
(Discussed on Pg - 8)

11) About us
(Pg - 9)

Parties Involved, Role and Responsibilities

Party	Parties Involved	Role	Responsibilities
1	Government of India	Fund Sponsor	Establishment of Fund , Set up Investment Policy (Pending)
2	SEBI	Fund Regulator	Regulate Fund, Protect Interest of Investors
3	SBICAP Ventures	Fund Manager	Selection of Project, Due Diligence, Project Monitoring, Ensuring completion
4	FI, PSU, Private Banks, Domestic / Global Pension Funds, Sovereign Wealth Funds, Other Institutional Investors	Fund Investor	Considering contribution to the fund via non-convertible debentures in exchange of return on such investment
5	Original Lender	Project Recommendation	Identify projects under its portfolio which qualify the conditions and have genuine chance of completion.
6	Developer	Fund Consumer	To convince original lender that his project qualifies the condition and have genuine chance of completion along with juice left to service back the loan obtained from the fund
7	Flat Buyers	Fund Beneficiary	Honor balance obligation

Project Qualification Criteria

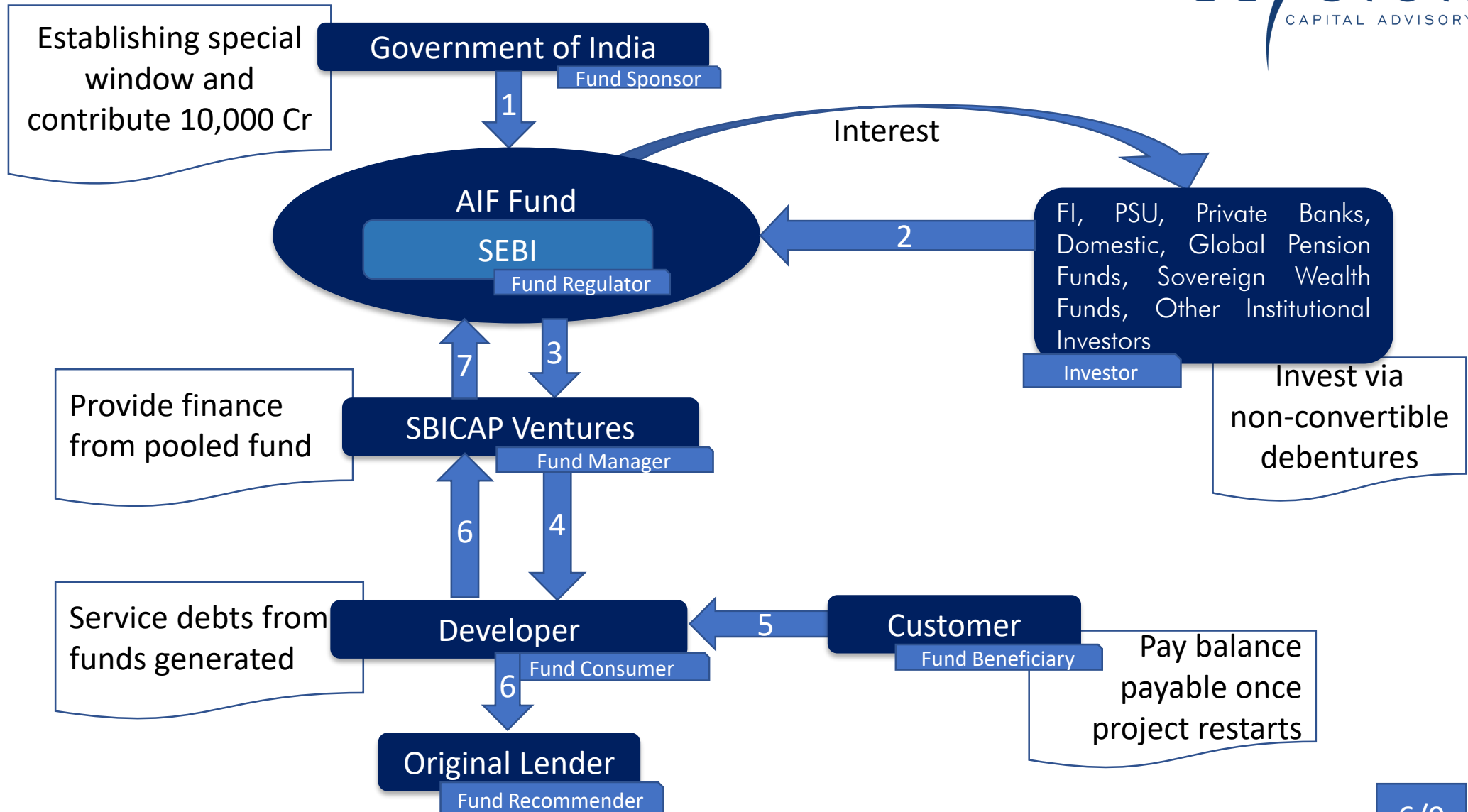


* Ticket price does not include charges for social amenities, parking, registration and stamp duty

Project Selection Criteria



Flow of funds in Scheme



Note – There isn't any clarity about seniority of charge between AIF and original lenders in the project.

Challenges

Although the setting up of Alternative Investment Fund is very bold and timely step for revival of sector and sentiments there are several challenges associated with the scheme

- 25,000 cr funds is not sufficient enough considering the size of stuck projects
- Government may give fund priority to PSU over NBFC projects
- Selection of project without any biasness and proper due diligence will be very crucial, time consuming and challenging process
- IBC laws will have to be amended
- Constant monitoring of sanctioned project will be necessary to ensure proper fund utilization.
- Convincing private sector investors can be difficult
- Negotiations and agreement between original lender and fund manager regarding haircut, charge and other terms might result in conflict

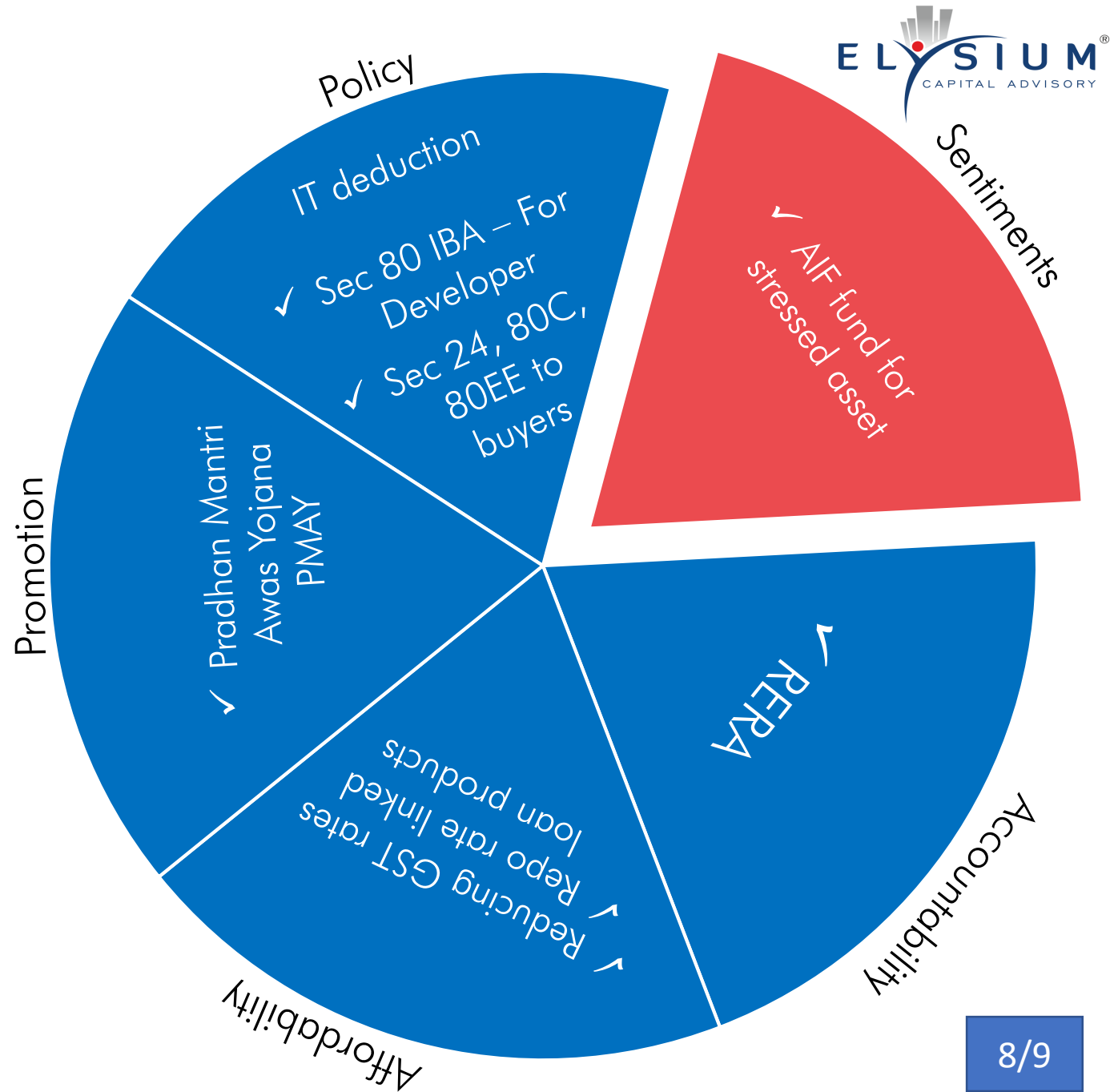
Our Take

As real estate sector slowly started showing the signs of revival and as the dust of demonetization, GST, and RERA started settling, market suffered major liquidity crunch post IL&FS crises. Many FI's stopped further disbursements resulting in panic in Real Estate market.

Proposed AIF fund can act as a missing pie of wheel for housing sector revival and provide boost to economy.

In our opinion, 'Timely Execution' and 'Choice of Partners' should be kept at core of this scheme.

- Subhash Udhvani
(Founder Elysium Capital)



About Elysium



Elysium Capital Advisory Pvt. Ltd. (Elysium Capital) was founded in year 2012 and is promoted and managed by a team of senior corporate bankers.

The top management in Elysium Capital possesses a cumulative experience of more than 100 years in Loan Syndication, Credit Assessment and Capital Advisory.

Current basket of services includes:

- Real Estate Transaction Advisory
- Mid Corporate and SME Solutions
- Private Equity
- Stressed Assets and Insolvency

In last five years, Elysium has helped its more than 50 clients raise over Rs 6500 crores at the most favorable terms.

These closures were spread across cities in Mumbai, Pune, Chennai, Hyderabad, Jaipur, Nashik, Nagpur, Kochi, Kolkata and Baroda.

We have a strong 25-member team comprising senior acquisition professionals and credit analysts armed with advanced qualifications in credit, investments and accounting.

ELYSIUM CAPITAL ADVISORY PVT LTD

Corporate Office: A – 905, O2 Commercial Complex, Asha Nagar, Mulund (W), Mumbai - 400080

Regional Offices: Pune | Bangalore

W: www.elysium.capital | **T:** +91 22 2567 3377