

# Receivables Monetisation Funding Solution for Real Estate-focused Sponsor (Lender)

Provided support on complex and time-intensive deal structuring

Proposed and developed a unique approach to execute the solution

Prepared a dynamic model for new and additional projects

Output used by the client to seek deal approval

## CLIENT CHALLENGES

- A [real-estate](#)-focused client was looking to fund an under-construction development project for a key relationship
- Key challenges faced by the client were as follows:
  - The client was unable to fund the project owing to internal investment limit guidelines on single-party exposure
  - It wanted to propose a non-traditional deal structure to its Investment Committee
  - It suggested a receivable monetisation plan for the developer's multiple projects to distribute counterparty risk
  - The client sought Acuity Knowledge Partners' help to execute the proposed solution, as it wanted to proceed with the deal to maintain its relationship with the developer

## OUR APPROACH

- [Acuity Knowledge Partners](#) conducted a detailed white boarding session to understand the deal's background and the funding solution to be executed
- The cost outlay, receivable realisation, cost mismatch, debt requirement and paying capacity of each project and the cluster as a whole were analysed to evaluate the repayment capacity of the said projects under different scenarios
- Key projects nearing completion and with a clear visibility on short-term cash flows were identified to mitigate completion and default risks
- All-encompassing qualifying criteria were developed for individual receivable accounts and cash flows, deal [covenants](#) and coverage ratios were calculated under various stress scenarios for better visibility
- The funding was structured with a defined sweep-based repayment by ring fencing cash flow releases of the projects identified

## IMPACT DELIVERED

- The analysis prepared by Acuity Knowledge Partners' team provided flexibility to dynamically change the projects included, individual receivable accounts, credit assumptions, asset characteristics, etc., which helped finalise the structure
- The team also helped with discussion materials, along with detailed analyses and industry research for the client to build a case for the proposed solution with both the internal and external stakeholders
- With Acuity Knowledge Partners' performing the required modelling and analyses on this time-consuming and complex deal, the client was able to structure the deal and run it with internal stakeholders and proceed with deal execution

### **About Acuity Knowledge Partners**

*Acuity Knowledge Partners is a leading provider of high-value research, analytics and business intelligence to the financial services sector. The company supports over 350+ financial institutions and consulting companies through a team of over 3,000+ subject matter experts who work as an extension of the clients' teams based out of various global delivery centres.*

*We empower our clients to drive revenues higher. We innovate using our proprietary technology and automation solutions. We enable our clients to transform their operating model and cost base.*

