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Foreword

With RERA and GST stabilising, the real estate sector is on the cusp of a complete makeover.

2017 can be best defined as a landmark year for the industry as various game-changing regulatory developments including Real Estate (Regulation & Development) Act (RERA), Goods & Services Tax (GST) and industry status to affordable housing, were rolled out.

Even with demonetisation impact abating, not a single Real Estate Investment Trust (REIT) took off in 2017. On the positive side, government’s Credit Linked Subsidy Scheme (CLLS) had many takers, making affordable housing a hot-selling segment across metros and tier II cities. In order to push mission Housing for All by 2022 and to increase demand in middle income group (MIG) category, the government has extended the CLSS scheme till March 2019 and further relaxed the carpet area norms for MIG category I to 120 square metres under CLSS scheme from its existing 90 square metres and for category II, from 110 to 150 square metres. With these key acts stabilising, the real estate sector is on the cusp of a complete makeover.

2018 will be the year of large-scale consolidation of developers and brokers, resulting in a drop in unsold inventory. Government’s push in promoting affordable housing will continue. Overall recovery in the sector will be backed by solid fundamentals.

Neeraj Sharma
Director
Grant Thornton Advisory Private Limited
Key highlights of 2017

**DLF concludes stake sale in rental arm to GIC for INR 9,000 cr**

DLF promoters have concluded the sale of 33.34 per cent stake in rental arm to Singapore’s sovereign wealth fund GIC for nearly INR 9,000 cr. With the closure of this deal, DLF promoters have received INR 8,950 cr from GIC and another INR 1,600 cr from the rental arm, DLF Cyber City Developers Ltd (DCCDL).

**Maharashtra 1st state to form RERA arbitration panel**

Maharashtra will be the first state in India to form a conciliation committee under the new Real Estate (Regulation and Development) Act (RERA), comprising a panel representing builders and consumer groups to arbitrate complaints.

**Big-ticket private equity investments take January-August deal tally to USD 13.8 bn**

Private equity investment activity in the country improved in August following big-ticket transactions that drove the overall deal tally to as high as USD 13.8 bn.

**Blackstone Group puts three land assets for sale**

Global PE firm Blackstone Group Lp has put three pieces of land for sale at a valuation of INR 1,000-1,100 cr. The land parcels in Chennai and Bengaluru are part of a larger pack of seven parcels that realty firm DLF Ltd intended to develop into residential projects. In 2007, DLF sold 49 per cent stake in these projects to Merrill Lynch & Co. for INR 1,481 cr. In 2008, during credit crisis, Bank of America Corp. acquired Merrill Lynch.

**Govt unveils new PPP policy as part of push for affordable housing**

The central government announced new public-private partnership (PPP) policy to promote private investments in affordable housing in line with its Housing for All by 2022 scheme.

**GST on real estate at 12 per cent: Govt**

There seems to be no dull moment for the real estate sector under the GST regime. Just when the controversy over a rise in burden on projects nearing completion was settling down, the notification on rates generated fresh speculation, which government officers were quick to quash.
It’s been a month since RERA became effective. Developers and real estate agents now have exactly 60 days to get their ongoing projects registered with RERA i.e. until July 31, 2017, provided states have the rules, a regulator and a website up and running by then. Here’s the report card on what states have achieved so far.

**RERA report card: Rules notified by only 18 states; regulatory authority set up in 2**

Extending support to the central government’s Housing for All scheme, CREDAI, the apex body of private real estate developers, is planning to launch 250 affordable housing projects across India through its members.

**250 affordable housing projects for India**

Affordable housing to be given infra status; long-term capital gains (LTCG) tax on immovable property to be levied after 2 yrs. Giving a massive push to affordable housing sector, finance minister Arun Jaitley, in the budget, finally gave the segment much-needed relief and granted infrastructure status to affordable housing.

**FM makes big bang affordable housing announcements**

Indian mutual funds will be allowed to invest in REITs and infrastructure investment trusts (InvITs), the market regulator said recently. This move is aimed at boosting investor interest in such alternative investments.

**Mutual funds can now invest in REITs, InvITs**

Government will add, by next month, 40 more cities to the list of towns it wants to develop as Smart Cities by providing funds for initiating urban reforms, said Union Minister M Venkaiah Naidu. The addition of 40 new cities will take the total Smart Cities count to 100. Since January last year, the government has announced three lists of smart cities which will get INR 200 crore for improving their infrastructure.

**Government to add 40 more towns to Smart Cities list**

The violation of rules by some real estate promoters has led to the centre bringing out the RERA to safeguard interests of consumers and all other stakeholders.

**RERA enacted to protect interests of consumers**

Jun: Mutual funds can now invest in REITs, InvITs
May: Government to add 40 more towns to Smart Cities list
Apr: RERA report card: Rules notified by only 18 states; regulatory authority set up in 2
Mar: 250 affordable housing projects for India
Feb: FM makes big bang affordable housing announcements
Jan: RERA enacted to protect interests of consumers
### Union Budget 2018-19

<table>
<thead>
<tr>
<th>S.no.</th>
<th>Expectations from the budget</th>
<th>Impact</th>
<th>Budget Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Increase limit in deduction for interest on housing loan to INR 3 lakh from existing INR 2 lakh (loss from house property)</td>
<td>Will put more money in the hands of taxpayer (consumer)</td>
<td>X</td>
</tr>
<tr>
<td>2.</td>
<td>Reduction or removal of MAT rates in Special Economic Zones (SEZ)</td>
<td>Will make real estate attractive for developers</td>
<td>X</td>
</tr>
<tr>
<td>3.</td>
<td>Inclusion of stamp duty under GST on real estate and clarity on tax treatment</td>
<td>Will significantly impact the real estate prices and enhance the reach of real estate to consumers</td>
<td>X</td>
</tr>
<tr>
<td>4.</td>
<td>To push REITs to reality, further reduction of the LTCG holding period for REITs from 3 years to 1 year</td>
<td>Will attract investments in REITs</td>
<td>X</td>
</tr>
<tr>
<td>5.</td>
<td>Industry status for real estate sector for accessing long-term financing at lower cost</td>
<td>Will significantly ease the process and cost of obtaining capital from banks</td>
<td>X</td>
</tr>
</tbody>
</table>

Budget 2018 continues its push for the RE sector, by creating a dedicated fund for affordable housing. This will help more developers embrace this segment of real estate and create much needed traction on the ground. Enhanced spend on Infra aggregating to 14.34 lakh cr. and monetisation of assets being held in the public sector undertakings through creation of InvITs will fast-track the agenda of improving/creating infrastructure in the country. Also, clarification around computation of tax in case of circle rate variation is a pragmatic step by the government.
Affordable housing and infrastructure gets a significant push by the government in Union Budget 2018-19

The real estate sector had listed a number of issues the government could consider in this budget. However, the Finance Minister made few direct and indirect announcements for real estate:

- In order to minimise the hardship in real estate transaction, it is proposed that no adjustment shall be made in a case where the circle rate value does not exceed 5 per cent of the consideration.

- Total capital outlay for the infrastructure sector increased to INR 5.97 lakh cr.

- Smart Cities Mission receives an allocation of INR 2.04 lakh cr, covering selected 99 cities. Project worth INR 2,350 cr completed and INR 20,852 cr in progress.

- A dedicated Affordable Housing Fund (AHF) in National Housing Bank, funded from priority sector lending shortfall and fully serviced bonds authorised by the Government of India.

- 10 per cent tax on LTCG on equity; investment focus to tilt towards real estate.
Transformational shift for the real estate sector

Four major developments:

| RERA | GST | AFFORDABLE HOUSING | SMART CITIES |

RERA (Real Estate Regulation Act)

RERA has moved through the legislative contours to finally becoming a regulation. The sector had become huge in terms of large number of transactions and its contribution to the overall GDP of the country. Lately, due to non-standardised and unregulated practices, the fragmented sector has been in the limelight for all the wrong reasons, further impacting its image. There was a dire need of a supervisory body to oversee the operations of the sector.

This Act has the impact of changing the entire landscape of the real estate sector and redefining the process of how real estate sales happen in the country. This has not only impacted the developers’ community, but all the stakeholders in the sector. Every stakeholder - right from the government, banker, PE and consumers - is unlearning the old ways of operating and getting aligned to the new systems/processes which are RERAfied.

Impact on real estate developers

The advent of RERA has created a furore among developers and there was a lot of criticism and resentment in the fraternity for this legislation. However, by and large, developers have accepted the change. It will be good to highlight the work done by organisations like CREDAI, NAREDCO, FICCI, among others, who are constantly working with the community and creating awareness about the long-term benefits of this act.

However, it’s a great opportunity for the developers to completely change the perception of all the stakeholders towards the sector and in particular, the developer fraternity.

a **Large Developers:** Clearly ahead of the curve and moving seamlessly with the law.

b **Mid-size players:** Excited about the opportunity and stepping up their game. A golden chance for them to raise the bar of their business.

c **Distressed set of players:** Creating an opportunity of consolidation in the sector. Some of them are willing to join hands with larger players to remain in the business.

Some serious thinking and investments by the developers to realign their business verticals to ensure compliance with the new law.

Impact on the government

It’s been a shaky start for the state governments, wherein different governments are at the different stages of RERA implementation in their respective states. While on one hand, developers need to align their systems/processes to comply with the law. The same is applied to the government as well.

There is a significant gap in terms of the as is and to be situation of the various regulators
of different states for effectively managing/monitoring RERA requirements by the developers.

They have only come up with the first step of project registrations and once the new launches start and recurring compliances kick in, there would be a need to move to a more scalable, tech-enabled platform to manage (and monitor) humongous data filed with various regulators.

Even though all states were supposed to have notified their RERA rules by July 31, 2017, only 19 out of the existing 29 states have complied. These are: Punjab, Rajasthan, Gujarat, Madhya Pradesh, Maharashtra, Goa, Haryana, Jharkhand, Odisha, Telangana, Andhra Pradesh, Uttar Pradesh, Himachal Pradesh, Uttarakhand, Bihar, Karnataka, Tamil Nadu, and Puducherry. However, all seven Union Territories have notified them already.

The real impact of the law will be felt in the years to come, when the new launches are announced and developers commit timelines under the new regime on carpet area, provide complete transparency on the project approvals, its stage of construction, etc. one would be able to say that realty has been RERAfied.
Good & Services Tax (GST)

Real Estate sector under GST
Since inception, this sector has been in the limelight due to various levy of taxes, restriction of credits, lack of transparency, etc. GST will have sizable impact on real estate sector. It is expected to bring in transparency and simplicity. While the prices of residential real estate may not come down in the short term, GST will certainly help in improving the perception of the sector on the back of a simplified tax structure and accountability being fixed at every stage.

Benefits under GST
• The highlight of the GST regime for the realty sector is the seamless availability of Input Tax Credits (ITC) paid on inputs, capital goods and input services. Under the erstwhile regime, builders would end up paying a multitude of taxes such as VAT, Central Excise, Entry Tax, LBT, Octroi, Service Tax, etc., the credits of which were not freely available against the output tax liability. However, the GST regime provides for full ITC eligibility to construction service, thereby eliminating the inefficiency ushered in by the cascading effect of taxes.
• Under the GST regime, owing to the removal of state barriers, construction sector will experience a considerable relief in terms of transportation of material, machinery etc. from one state to another.

Issues under GST
• In case of the realty sector, GST is not the only indirect tax payable by a customer. Depending on the state, levies such as stamp duty, registration charges, etc. shall also be payable. Since these charges are not subsumed within GST, the same adds up to the cost of the final consumer.
• Transfer of consumables, inputs, capital equipment, etc. from one site to another is quite common in this sector. In case such goods are transferred between two locations having separate registrations, the same shall be treated as ‘supply’ and GST shall be payable. This leads to an increased effort in terms of valuation, invoicing, compliance, etc. Not to mention, this will mean blocking of working capital for the company. Under the previous regime, such ‘branch transfers’ could be done without the payment of taxes.
• Due to the concept of decentralised registration under GST, every realty player will be required to obtain registration in every state where construction projects have been undertaken. It will be an arduous and a tedious task for the companies to execute with the compliance requirements such as returns, maintenance of separate records, etc. for each state.
• Anti-profiteering developers will have to rework their costing from scratch in order to ensure that the benefit of reduced costs is passed on to the customers to avoid defaulting under the anti-profiteering rules. This could prove to be a hassle for many developers especially in case of projects that are ongoing as on the appointed day of GST roll-out.
Affordable Housing

The affordable housing initiative is aimed at homes with a value of approximately INR 20 lakh. Homes in this range are typically located on the outskirts of metros and Tier-1 cities. They are aimed at first-time homebuyers in the middle to lower income category.

The government rolled out various incentives to boost affordable housing. To begin with, the GOI designated this vital sector as a favoured segment under its Housing for All by 2022 initiative. The most recent Union Budget provided direct tax relaxation to the lowest income earners, along with much-needed clarity on the designated beneficiaries under the Pradhan Mantri Awas Yojana (PMAY).

The government also brought in a new Credit Linked Subsidy Scheme (CLSS) for the middle-income group, with a provision of INR 1,000 cr. Additionally, the extension of tenure for loans under the CLSS of PMAY was increased from 15 to 20 years.

The rise of affordable housing

- **Maharashtra**: Mumbai, Nagpur, Ahmednagar, Jalna, Banm, Nashik, Malegaon, Pune, Satara and Solapur
  - **Units launched**: 103,719
  - **Investment size**: 15,576 crore

- **Gujarat**: Ahmedabad, Gandhinagar, Rajkot, Mehsana, Bharuch, Bhavnagar, Navsari, Modasa, Palanpur, Swarnakantha, Vadodara, Vapi, Surat
  - **Units launched**: 28,465
  - **Investment size**: 9,525 crore

- **National Capital Region**: Gurgaon, NOIDA, G.NOIDA, Ghaziabad, Jaipur, Sonipat, Karnal, Meerut, Moradabad, YEIDA
  - **Units launched**: 41,921
  - **Investment size**: 6,211 crore

Given the housing demand of the country, the real demand lies in the mid segment (which is now being described as affordable housing). While the governments will keep on pushing reforms, it is critical that more developers get into this segment and with RERA getting stabilised, consumers will get attracted to the lower interest rates, along with tax benefits attached to it.
Smart Cities

Smart Cities initiative was launched in 2015 with the prime agenda to promote core infrastructure and a sustainable life for citizens. This will mean using smart solutions and technologies. This initiative will further get Tier II and III cities - where India’s tremendous talent pool resides - up to speed with metros bringing these cities into the main stream. Development of these identified cities will initiate from area-based themes to redevelop slums and other unorganised areas into planned spaces, thus enhancing the overall livability. Below is the representation of the status of smart cities so far.

Smart Cities’ Progress

Total proposal wins

99 Cities

Total urban population impacted

99,486,840

Source: Smart Cities Mission, GoI

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Total cost of projects (INR cr) (including other cost - O&M, contingency, etc.)

- Round 1: 48,064
- Fasttrack: 29,795
- Round 2: 53,903
- Round 3: 57,393
- Round 4: 12,824

Total cost of projects (INR cr): 201,979

Total area-based development cost (INR cr)

- Round 1: 37,123
- Fasttrack: 25,974
- Round 2: 42,524
- Round 3: 46,879
- Round 4: 10,639

Total area-based development cost (INR Cr.): 163,138

Total pan city solution cost (INR cr)

- Round 1: 10,941
- Fasttrack: 3,821
- Round 2: 11,379
- Round 3: 10,515
- Round 4: 2,185

Total pan city solution cost (INR cr): 38,841

Source: Smart Cities Mission, GoI
Realty trends

Average commercial rental value trends

2016 was a strong year for commercial real estate and the trend continued in 2017 as well. Major cities like Bengaluru, Chennai, Hyderabad, Mumbai and Pune registered a positive absorption scenario to over 40 million sq ft., which resulted in steady hike in commercial rental values across these markets by 1 per cent on YoY basis.

However, cities like Delhi, Gurgaon, NOIDA accounted for a more a stable scenario due to less leasing activities witnessed during the quarter. IT/ITeS remained as the key occupiers, followed by BFSI and Institutional small and mid-sized occupiers.

GT Forecast

2018 is expected to move in the same direction of 2017 with upside potential for improved activity by Q2 2018. While supply schedule is packed in 2017-18 and there is a dearth of Grade A office spaces, several markets have performed well and so we expect that the rent will thrust upwards marginally to 2-3 per cent. Bengaluru, Mumbai, Hyderabad and Pune will be the top-performing markets.
Recovery bells ringing for Indian residential sector towards the end of 2017

Residential real estate sector has started recovering from the shock of demonetisation, as the residential sale volume have risen over 25 per cent yoy to 50,000+ units. This rise in sales was driven by the reduced effect of demonetisation and implementation of RERA; bringing confidence back to the sector along with base capital price corrections in the top 8 metros. However, on annual basis, sales dipped by 14 per cent (to 180,000+ units) as compared to 2016 (210,000+ units). Similarly, new launches across all markets including Delhi NCR, MMR, Chennai, Bengaluru and Pune, witnessed a decline over 20 per cent on Y-o-Y basis to 94,000 units. Except few new project launches, majority of the developers refrained from launching new projects as cities like Delhi NCR, Mumbai, Pune & Chennai are already facing over supply as many developers were in the process of completing their RERA registration with the respective regulators.

GT Forecast

High levels of unsold inventory is definitely a cause of concern, which is hitting the developers financially and the overall sentiments of the sector. It is expected that this number should drastically reduce by the end of 2018.
## Buys and ties

### Significant PE deals

<table>
<thead>
<tr>
<th>Investor</th>
<th>Investee</th>
<th>Sector</th>
<th>% Stake</th>
<th>Investment Value in USD mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIC</td>
<td>DLF Cyber City Developers Ltd</td>
<td>Real Estate</td>
<td>33%</td>
<td>1,390.00</td>
</tr>
<tr>
<td>The Xander Group Inc.</td>
<td>Shriram Properties Private Limited- Shriram Gateway IT SEZ</td>
<td>Real Estate</td>
<td>100%</td>
<td>350.00</td>
</tr>
<tr>
<td>Canada Pension Plan Investment Board</td>
<td>The Phoenix Mills Limited- Island Star Mall Developers Pvt. Ltd</td>
<td>Real Estate</td>
<td>49%</td>
<td>250.00</td>
</tr>
<tr>
<td>APG Asset Management</td>
<td>Virtuous Retail South Asia Pte. Ltd</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>175.00</td>
</tr>
<tr>
<td>Blackstone Group</td>
<td>Panchshil Realty- International Convention Centre</td>
<td>Real Estate</td>
<td>49%</td>
<td>N.A.</td>
</tr>
<tr>
<td>Blackstone Group</td>
<td>First International Financial Centre- BKC</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>128.79</td>
</tr>
<tr>
<td>Piramal Fund Management</td>
<td>Vatika Group</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>62.50</td>
</tr>
<tr>
<td>International Finance Corporation</td>
<td>Mahindra Lifespace Developers Ltd</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>50.00</td>
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<td>Altico Capital</td>
<td>Phoenix Group</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>44.78</td>
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<td>KKR</td>
<td>Signature Global India Private Limited</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>31.00</td>
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<tr>
<td>ASK Property Investment Advisors</td>
<td>ATS Infrastructure Ltd’s Knights Bridge</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>30.77</td>
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<tr>
<td>Aevitas Property Partners</td>
<td>DASNAC Holdings Pvt Ltd</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>30.00</td>
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<tr>
<td>L&amp;T Finance Holdings Ltd</td>
<td>BPTP Ltd</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>29.69</td>
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<tr>
<td>Pragnya Group</td>
<td>L&amp;T South City Projects Limited</td>
<td>Real Estate</td>
<td>51%</td>
<td>28.70</td>
</tr>
<tr>
<td>Milestone Capital Advisors</td>
<td>PRA Realty I Pvt Ltd- south wing of E-Park, Kharadi IT Park</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>25.00</td>
</tr>
<tr>
<td>India Realty Excellence Fund II &amp; III</td>
<td>ATS Infrastructure Ltd’s - ATS Grandstand</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>18.75</td>
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<tr>
<td>Angel Investors</td>
<td>Square Yards Consulting Pvt Ltd</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>10.00</td>
</tr>
<tr>
<td>Adani Capital Pvt. Ltd</td>
<td>PRA Realty I Pvt Ltd</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>7.81</td>
</tr>
<tr>
<td>Canada Pension Plan Investment Board</td>
<td>Phoenix Mills’- Island Star Mall Developers</td>
<td>Real Estate</td>
<td>49%</td>
<td>N.A.</td>
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<tr>
<td>Brand Capital and angel investors</td>
<td>RealPro Realty Solutions Pvt. Ltd</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>7.00</td>
</tr>
<tr>
<td>Ascendas-Singbridge Group and GIC</td>
<td>Kohinoor Group- 16 acre land parcel</td>
<td>Real Estate</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>
### Significant IPO

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Issue Price</th>
<th>Equity Offered</th>
<th>Sector</th>
<th>Issue size (In INR Mn)</th>
<th>Issue size (In USD Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bharat Road Network Limited</td>
<td>205</td>
<td>29,300,000</td>
<td>Infrastructure Management</td>
<td>6,006.50</td>
<td>93.85</td>
</tr>
<tr>
<td>PSP Projects Ltd</td>
<td>210</td>
<td>10,080,000</td>
<td>Real Estate</td>
<td>2,116.80</td>
<td>33.08</td>
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<tr>
<td>Capacit'e Infraprojects Limited</td>
<td>250</td>
<td>1,600,000</td>
<td>Real Estate</td>
<td>400.00</td>
<td>6.15</td>
</tr>
</tbody>
</table>

### Significant M&A deals in the construction sector

<table>
<thead>
<tr>
<th>Acquirer</th>
<th>Target</th>
<th>Seller</th>
<th>USD Mn</th>
<th>Deal Type</th>
<th>% Stake</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virtuous Retail South Asia Pte. Ltd</td>
<td>Gumberg India Pvt. Ltd- The North Country Mall</td>
<td>Sun Apollo and JJ Gumberg</td>
<td>108.00</td>
<td>Acquisition</td>
<td>100%</td>
</tr>
<tr>
<td>Indiabulls Real Estate Ltd</td>
<td>Indiabulls Infrastructure Pvt. Ltd</td>
<td>Farallon Capital Management</td>
<td>56.00</td>
<td>Increasing stake to 100%</td>
<td>74%</td>
</tr>
<tr>
<td>McNally Bharat Engineering Co Ltd</td>
<td>Vedica Sanjeevani Projects Pvt. Ltd</td>
<td>N.A.</td>
<td>40.44</td>
<td>Controlling stake</td>
<td>60%</td>
</tr>
<tr>
<td>Franchise India-BusinessEx.com</td>
<td>RE/MAX India</td>
<td>Cybiz Realty</td>
<td>N.A.</td>
<td>Controlling stake</td>
<td>51%</td>
</tr>
<tr>
<td>Coldwell Banker India Pvt Ltd</td>
<td>Favista Real Estate Pvt Ltd</td>
<td>N.A.</td>
<td>N.A.</td>
<td>Acquisition</td>
<td>100%</td>
</tr>
<tr>
<td>ANAROCK Property Consultants Pvt. Ltd</td>
<td>Redwoods Projects Private Limited</td>
<td>LJ Hooker</td>
<td>N.A.</td>
<td>Acquisition</td>
<td>100%</td>
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</tbody>
</table>
Emerging concepts: Blockchain technology transforming the real estate paradigm

Blockchain has the potential to eliminate transactional risk from the existing land registration system. If property records were stored on a blockchain, wherein information to establish clear title was readily accessible and trusted among all parties, transfer of property title would become more efficient and secure. Blockchain could replace local real estate records as the primary channel of property title information, addressing many pain points in today’s system.

Property records validated by consensus help eliminate paper-based errors. Blockchain could make paper-based property records obsolete, as all present and past real estate transactions would be accurately stored on an immutable and decentralised ledger, thereby increasing the transparency, confidence and trust among the property buyers and sellers. Importantly, no disagreement as to the ledger’s integrity would arise because the network relies on consensus. This would significantly reduce title fraud risk as well as reduce the possibility of human error being introduced into the “chain of title” over time, though entering and reconciling property data into any blockchain will require human intervention.

A shared database of real estate transactions could make property title registry and searches more transparent and more efficient. By aggregating localised public records in a commonly accessible format, blockchain could reduce the need for title registrars, regulators, insurers, financial institutions or government to build and maintain electronic title databank which is a time-consuming and labour-intensive process.

By eliminating these problems, blockchain could fundamentally disrupt the way title registry and searches are currently conducted. As a result of greater data integrity and accessibility, substantially less manual labour would be needed to examine and repair falsified property title records. Blockchain would introduce significant cost savings in terms of reduction in search and examination personnel or custodians.
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Vishesh C Chandiok,
National Managing Partner, Grant Thornton India LLP
Acknowledgements

For further information, please write to:

rec@in.gt.com

Editorial review
Rohit Nautiyal

Design
Gurpreet Singh

For further information, please contact:

Sachin Sharma
E Sachin.Sharma1@in.gt.com
M +91 96431 58335
Contact us

To know more, please visit www.grantthornton.in or contact any of our offices as mentioned below:

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</thead>
<tbody>
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<td>National Office Outer Circle L 41 Connaught Circus New Delhi 110001  T +91 11 4278 7070</td>
<td></td>
</tr>
<tr>
<td>NEW DELHI</td>
<td>6th floor Worldmark 2 Aerocity New Delhi 110037 T +91 11 4952 7400</td>
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<td></td>
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<td>CHANDIGARH</td>
<td>B 406A, 4th Floor LST Elante Office Building Industrial Area Phase I Chandigarh 160002 T +91 172 4338 000</td>
<td></td>
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<td>CHENNAI</td>
<td>7th Floor, Prestige Polygon 471, Anna Salai, Teynampet Chennai - 600 018 T +91 44 4294 0000</td>
<td></td>
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<tr>
<td>GURGAON</td>
<td>21st Floor, DLF Square Jacaranda Marg DLF Phase II Gurgaon 122002 T +91 124 462 8000</td>
<td></td>
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<td>HYDERABAD</td>
<td>7th Floor, Block III White House Kondan Bagh, Begumpet Hyderabad 500016 T +91 40 6630 8200</td>
<td></td>
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<td>KOCHI</td>
<td>6th Floor, Modayil Centre point Warring road junction M. G. Road Kochi 682016 T +91 484 406 4541</td>
<td></td>
</tr>
<tr>
<td>KOLKATA</td>
<td>10C Hungerford Street 5th Floor Kolkata 700017 T +91 33 4050 8000</td>
<td></td>
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<td>16th Floor, Tower II Indiabulls Finance Centre SB Marg, Elphinstone (W) Mumbai 400013 T +91 22 6626 2600</td>
<td></td>
</tr>
<tr>
<td>MUMBAI</td>
<td>9th Floor, Classic Pentagon Nr Bisleri factory, Western Express Highway Andheri (E) Mumbai 400099 T +91 22 6176 7800</td>
<td></td>
</tr>
<tr>
<td>NOIDA</td>
<td>Plot No. 19A, 7th Floor Sector - 16A Noida 201301 T +91 120 7109 001</td>
<td></td>
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<tr>
<td>PUNE</td>
<td>3rd Floor, Unit No 309 to 312 West Wing, Nyati Unitree Nagar Road, Yerwada Pune- 411006 T +91 20 6744 8800</td>
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