

# Sovereign funds get aggressive on Indian real estate sector

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Mumbai, 25 December

Global sovereign funds are investing more actively in Indian real estate.

Singapore's sovereign funds, GIC and Temasek, Abu Dhabi's ADIA and Oman's State General Reserve Fund are among those which're increasingly placing bets on Indian real estate.

On Tuesday, GIC said it was acquiring about 70 per cent in BSE-listed Nirlon for ₹1,392 crore. The latter owns Nirlon Knowledge Park, having companies in the information technology sector, in this city's western suburbs. A week earlier, GIC entered into a joint venture with the Delhi-based Vatika group, to develop two housing projects in Gurgaon.

GIC is focusing more on commercial properties. Last year, it and Ascendas, a developer-investor from Singapore, set up a ₹3,000 corpus programme to invest in business spaces in India.

"Basically, all these funds are focusing on income-yielding assets. We expect this activity to increase in the coming year," said Rajeev Bairathi, executive director at Knight Frank, a Britain-based property consultant.

Consultants say the government's allowing real estate investment trusts (Reits), considered ideal vehicles for exits from commercial investments, has helped sovereign funds to firm up their plans. Baijal says though tax leakages at various levels have held up the



## WHO'S DONE WHAT?

### GIC:

- To buy 70% in Nirlon, which owns IT Park
- Entered a JV with Vatika group to develop two projects
- To invest ₹3,000 crore in Indian business spaces

### ADIA:

- Appointed Kotak to invest \$200 million in India

### TEMASEK AND OMAN'S STATE GENERAL RESERVE FUND:

- Invested in HDFC's offshore funds

launch of Reits, these will hit the market by early 2016.

The improvement in office transactions in the country is also said to be a driver for the increased focus of funds, experts said. Knight Frank's Bairathi believes the increased activity by funds to push up valuation of commercial assets is because "too much of funds are following a few assets".

Abu Dhabi's ADIA and the Oman-based ones have opted for investing in offshore funds floated by Indian fund managers. ADIA has appointed Kotak Realty Fund to invest \$200 million of its money in Indian real estate. ADIA has investment of \$400-500 mn in India. This includes an 11.22 per cent stake in Infrastructure Leasing & Financial Services and a \$50-mn investment in Red Fort Capital, a real estate private equity fund, said a report from Reuters.

Last year, HDFC Property Fund raised \$250-mn from Temasek and Oman's State General Reserve Fund. According to reports, the fund manager is looking

to raise a \$500-mn offshore fund from GIC, Temasek and Oman's State General. It is expected to hit the market next year.

"If you are buying into greenfield (new project) assets or investing in these, the indirect route (investing in a fund) is a better option," said Bairathi.