

IL&FS real estate fund mops up \$895m

MUMBAI:

At a time when cash is king and investors with investible surplus are unwilling to look at mutual funds, the venture capital (VC) arm of IL&FS has pulled off a coup of sorts. On Tuesday, the IL&FS Investment Managers (IIML) announced that in its second real estate fund it has mobilised \$895 million (nearly Rs 4,500 crore).

This is more than the initial mobilisation target of \$750 million and far ahead of the \$525 million it got in its first real estate fund. Its first fund was closed in April 2006, during the middle of the five-year long bull rally which had started in 2003.

The mobilisation also made the fund, IL&FS India Realty Fund-II (IIRF2), one of the largest funds dedicated to the Indian real estate sector, a release from IL&FS said. The fund had its first close about a year ago and has already invested \$200 million in four projects.

Speaking to TOI, Archana Hingorani, CEO & ED of the fund house, said that each of the investors who had invested in its first fund, also invested in the second fund. "IIRF2 was open only to investors from outside India. Except IL&FS, which is the sponsor for the fund, all investors were from outside of India," Hingorani said.

The investors to this fund are a well-diversified group, and include state pension funds, foundations, university endowments and a number of family-owned investment vehicles from US, Germany, Japan and the Middle East. Non-disclosure agreement between the investors and the fund bars the investment managers from disclosing the names of the investors. "The single largest investment in the fund was \$200 million," Hingorani said.

The fund is planning to invest mainly in large residential projects with some investments also going into projects for high-end office buildings in Tier-I and II cities. Each investment would be between \$25 million and \$75 million. "The current market situation and capital scarcity provide valuable opportunities," said the chief of the fund house.

Just like in its first fund, IIML also intends to partner with some of the leading real estate developers as well as upcoming developers in Fund II. In the first fund, among others, it had partnered with developers

like Unitech and Dynamix Balwas and it is looking to further these relationships, Hingorani said. Some of the specific projects the first fund invested in include, among others, Akruti City, Ansal's SEZ project, DB Realty and ETL Infrastructure Services in Chennai.

During the past 14 years, IIML has raised and managed nine funds. It has invested in more than 90 investments and manages and/or advises investments of over \$2 billion across several sectors.

