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# Exclusive: Secura floats Shariah-compliant realty PE fund

BY SWET SARIKA

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*Mehaboob MA, MD, Secura Investment*

Secura Investment Management (India) Pvt. Ltd is set to float an alternative investment fund that will comply with Shariah principles and invest in the real estate market of southern India, a top company executive told VCCircle.

The Kozhikode, Kerala-based asset management firm joins a host of real estate private equity firms that are out to scoop up capital. First Eagle Capital Advisors Pvt. Ltd, Azure Capital-promoted First Light Capital Advisors LLP and investor-cum-developer Brick Eagle Capital are among firms that have launched or are planning to float realty funds.

However, PE firms usually come out with funds based on certain themes and there are few examples of funds focused on a region. The bigger PE firms float schemes to invest in top realty markets such as Delhi-NCR,

Mumbai, Chennai, Bengaluru and Pune. Examples of Shariah-compliant realty funds are fewer still, though India has a few PE funds that invest in other asset classes such as public equities.

Secura India Realty AIF I, which has received approval from the capital markets regulator Securities and Exchange Board of India (SEBI), is a Shariah-compliant fund. A Shariah-compliant fund makes only equity investments; Islamic rules bar debt investments as these charge interest to make money.

Mehaboob MA, managing director at Secura Investment, said the realty fund has a target corpus of Rs 300 crore (\$45 million), including a green shoe option of Rs 100 crore. "We plan to launch the scheme in September and hit first close by December," said Mehaboob, who is the promoter and managing director of Kozhikode-based developer HiLITE Builders Pvt. Ltd.

He added that the fund will tap into the rich people of Kerala and non-resident Indians belonging to the region. "We raised small-sized funds in our earlier outings. Now that the norms to tap into offshore investors have been relaxed, we are looking at a bigger capital pool," he said.

Secura has so far raised two domestic realty funds and has a portfolio of eight projects, mostly commercial. The firm seeks to deploy the new corpus in small residential and commercial projects in southern markets such as Kochi, Chennai and Bengaluru with a deal size of Rs 10-20 crore.

"For residential projects, we will come at the land acquisition stage for equity investment. For commercial projects, we will buy land parcels along with the developer, construct it, lease it for a period of time and eventually sell it," he said.

The real estate market in southern India has shown more resilience compared with northern and western regions over the past two-three years. As a result, the deal momentum from private equity firms and non-banking finance companies has also been healthy in the region.

Piramal Fund Management, one of the biggest lenders in residential real estate, recently deployed Rs 520 crore in structured debt and construction finance to Century Real Estate in Bengaluru. Chennai-based developer Casa Grande is in advanced stages of discussion to form a platform with PE firm Motilal Oswal Real Estate. Altico Capital, an NBFC, recently backed a bunch of projects of Bengaluru-based developer Legacy Group.

While the sector is yet to recover from a prolonged slowdown, a host of global investors including pension and sovereign funds have come back given the long-term potential of India's real estate market. Capital flow into the real estate sector touched a multi-year high in 2015 but has fallen this year. The sector received \$1.65 billion in debt and equity capital in H12016 compared with \$3.27 billion a year earlier, according to VCCEdge, the data research platform of VCCircle.