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Nisus Finance backs Midcity Heights' redevelopment projects



Mumbai-based real estate investment firm Nisus Finance Services Co Pvt. Ltd (NiFCO) has backed Midcity Heights Pvt. Ltd. (MHPL) for two redevelopment projects, the investor said in a statement.

The Mumbai-based developer has raised Rs 25 crore (around \$3.6 million) for Ocean Heights and an adjoining project at Yari Road in Versova. The projects have a total saleable area of 50,000 sqft and cater to the mid-income affordable housing segment.

Amit Goenka, managing director and chief executive officer, NiFCO, said, “Midcity Heights projects fits with our investment strategy. They have demonstrated integrity, professionalism, commitment and financial discipline which meet all of our risk and investment parameters. This investment is in line with our strategy to invest in infield micro markets of Mumbai suburbs catering to the budget 2 and 3 BHK segment.”

He said the consumer sentiment in these locations has not been largely affected by demonetisation since most buyers comprise home loan consumers.

“The reduction in home loan rates is further expected to accelerate sales for mid-income consumer segment,” he said.

With a host of services including funding, asset management and investment banking under one roof, NiFCO has an asset under management (AUM) of nearly Rs 900 million.

In May last year, it invested Rs 30 crore in an ongoing residential project of Bengaluru-based developer Shriram Land Development.

Read more at:

<http://www.vccircle.com/news/real-estate/2017/01/09/nisus-finance-backs-midcity-heights-redevelopment-projects>

Same article – full story below–

Realty PE firm Nisus Finance to tap into redevelopment projects EXCLUSIVE

BY SWET SARIKA

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Shah Junaid/VCCircle



Mumbai-based real estate investment firm Nisus Finance Services Co Pvt. Ltd (NiFCO), which has so far invested in the residential real estate market through structured debt and bulk-buying routes, has added redevelopment projects to its investment game plan, a top company executive told VCCircle.

Led by former Essel Finance chief Amit Goenka, the firm has so far invested Rs 100 crore in the projects of developers such as [Shriram Land Development](#) and [Midcity Heights](#). The company has deployed a major portion of the capital in the form of structured debt while the rest has gone for buying inventory in bulk.

“Even though deal-making in real estate has come to a standstill, we continue to explore transactions that fit our strategy. We recently sealed a transaction with

Midcity Heights in the redevelopment space and are currently evaluating deals worth around Rs 100 crore in the segment," said Amit Goenka, managing director and chief executive officer, NiFCO.

He said the fund aims to deploy roughly Rs 150 crore over the next three quarters across the strategies.

The fund, which was [launched](#) in late 2014, has so far raised around Rs 100 crore from domestic limited partners (LPs) besides managing capital of individual investors.

Goenka said it is now opening the scheme for offshore investors to participate. "We have visibility on around \$30 million which should go to \$50 million in the next couple of months. We are only tapping into retail investors—high net worth individuals—not institutions in the offshore market while we will continue with the same strategy for limited partners in domestic area," he said.

Opportunity in redevelopment projects

Goenka has based his strategy to back redevelopment projects on three factors.

"Given the state of affairs in real estate market and the falling number of new launches, it's better to go with projects that have all the approvals in place as the chances of delivering on time go up. These projects are also finding better traction due to less competition from new launches and better clarity on delivery timeline. Also, given the TDR policy, the floor space index (FSI) has gone up, giving us the opportunity to build more, sell at a lower price and protect the margins," he said.

He also explained that in a redevelopment project, 30-40% of the consumers are existing unit owners. "The exiting unit owners need to be rehabilitated; so this gives developers a ready micro-market but also puts pressure on them to deliver on time and save on rental cost," he said.

The firm is currently evaluating a couple of more transactions in the redevelopment space. It will deploy most of the demarcated corpus for redevelopment projects in Mumbai while Pune and Bangalore are also on the radar of the company. "We are in advanced stages of discussion with two developers in Mumbai to deploy around Rs 50-60 crore across two redevelopment projects in the next two-three months. We will make those announcements soon," he said.

On its strategy for debt and bulk buying, Goenka said the deal evaluation activity is going on and the fund would seal its first investment in Delhi-NCR market soon.

The sweet spot of the fund has seen in the range of Rs 25-40 crore across its target segments.

The opportunity to tap into redevelopment market in India has not been explored to a great extent by fund managers. While there are not too many players focused on the segment, Piramal Fund Management, one of the most active investors in Indian real estate market, has launched funds for redevelopment market of Mumbai. Ramesh Jogani's firm Indian Property Advisors (IAPL) also has exposure to the redevelopment markets of India.

Meanwhile, NIFCO is making its presence felt in the real estate market at a time when developers are in need of capital. According to provisional data from VCCEdge, the research platform of News Corp VCCircle, the sector attracted a total of \$2.4 billion in 2016 across 122 transactions, down 54% in value terms and 40% in volume terms from 2015. Even though capital flow declined, the funding landscape continues to be dominated by debt. Of the total money the sector attracted in 2016, 81% came via debt, the data showed.

Like private equity space, real estate investment ecosystem has seen a slew of fund launches by former chiefs of corporate houses. Recently, former Hinduja Realty chief [floated](#) his own real estate fund besides setting up arrangement for taking over stressed projects. Former executive of ICICI Venture SudarshanBajoria last year [set up](#) an asset management company along with JaydevMody of Delta Corp.