

Reliance AIF to raise ₹1,000 crore office fund

Madhurima Nandy

• madhurima.nandy@livemint.com

BENGALURU: Reliance AIF Asset Management Co Ltd is raising a ₹1,000 crore rental yield fund, its first initiative to buy and own office projects, the first of at least three such office investment funds that are expected to launch this year.

Reliance AIF, a unit of Reliance Nippon Life Asset Management Ltd, launched the fund in January and is looking at investing in high-quality assets in key cities that will generate regular rental income and capital appreciation on exiting the property.

The fund that will raise capital from domestic and offshore investors comes amid a prolonged slowdown in India's real estate sector, with weak residential sales and uncertainty over recovery.

However, steady lease rentals, good absorption levels, inadequate supply and global investor interest have breathed life into the commercial office sector.

"There are no development risks attached to owning and leasing out Grade A commercial office assets. This is a large and growing asset class and there are enough opportunities. The attractiveness is that this asset class offers periodic rental income typically higher than that generated on bonds," said Shahzad Madon, head of portfolio management services and alternative assets at Reliance Nippon Life Asset Management.

