Certus hits first close of second fund, broadens strategy to new realty segments

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Premium

Ashish Khandelia, founder of Certus Capital

Certus Capital, a real estate investment and advisory firm founded by former KKR executive Ashish Khandelia, has achieved the first close of its second alternative investment fund and is looking to expand its investment strategy across real estate asset classes as it scales up its platform, a top company executive told VCCircle.

Certus India Opportunities Fund 2, the firm's second fund, has raised Rs 150 crore (around $15.7 million) marking its first close. The fund has a target corpus of Rs 500 crore (around $52.4 million) and a green-shoe option of another Rs 500 crore.

The fund will be backed largely by domestic investors, with some NRI investor participation.

Certus invests in the real estate market through both from its own book and through the alternative investment fund (AIF) route, with the former being a large part of its assets under management (AUM). Since inception, it has committed close to Rs 2,500 crore including two international transactions and has completed eight exits so far. Its current AUM stands at more than Rs 1,000 crore.

"We committed Rs 1,000 crore in the real estate market over the three years through FY25, ending April 2025. Now, with demonstrated performance and a loyal investor base, the volumes are scaling up. We committed another Rs 1,000 crore over the last six months, between January and June 2026, as one of the key players in the real estate investment landscape," said Ashish Khandelia, founder, Certus Capital.

Certus focusses on delivering around 15 per cent net returns to investors from performing real-estate credit investments.

“Our investor base has also been expanding, with the firm currently adding around 100 new investors a month. More than 70 per cent of investors are repeat investors, indicating continued participation from our existing base," he said.

Certus uses its own balance sheet and proprietary capital to close transactions rather than waiting for third-party capital. Once a transaction is completed, portions of the bonds are then sold down to investors, including wealth firms, institutions and non-banking financial companies (NBFCs).

"This allows us to recycle capital into new transactions while retaining control over the underlying security structure. The model, which we have used over the last few years, provides greater flexibility in closing transactions. This flexibility allows institutions and offshore investors, including NRIs, to participate through the structure best suited to their investment and regulatory requirements," he explained.

Focus on residential credit

The bulk of its investments are focussed on mid-market-plus and premium residential projects, although the platform is not restricted to a particular project stage. It can provide capital at different stages, from land acquisition to last-mile funding.

Certus has also invested in affordable housing where it has found the right development partners, but remains cautious about ultra luxury residential projects given the relatively volatile depth of that market.

“The quality and governance of the developer remain key considerations. The firm typically looks for growing developer groups with meaningful promoter skin in the game, rather than evaluating projects purely on the basis of the underlying asset,” he said.

Its recent commitments include Rs 275 crore to a last-mile transaction with Hyderabad-based developer Vasavi Group and another Rs 275 crore in a low-rise residential development by 4S Developers in Gurugram’s Dwarka Expressway area, taking commitments across the two transactions to around Rs 550 crore in recent months.

Its broader portfolio is concentrated in tier-one markets including Chennai, Hyderabad, Mumbai and NCR.

Khandelia said that residential currently accounts for around 70-75 per cent of the overall portfolio, while the remaining 25-30 per cent comprises non-residential assets, primarily commercial and mixed-use projects. The firm has already completed transactions involving commercial office assets in Pune and mixed-use developments in Greater Noida.

“While Certus has in-house expertise in warehousing, it remains selective in the segment. High competition for capital and relatively modest rental growth make the sector less attractive unless the transaction involves early-stage growth capital where the risk-return profile is more compelling,” he said, adding that his firm is also evaluating opportunities in hospitality, suggesting a broader mix of assets in the portfolio going forward.

Expanding overseas presence

Certus started building its international business last year, with a focus on Dubai and the surrounding geography.

The firm views Dubai as a potential future global financial centre and is looking to build a long-term investment platform in the region rather than pursue opportunistic transactions. Its current international portfolio comprises three projects—two fully ready apartment buildings and one ultra-luxury villa.

“The investment approach in the region is relatively conservative, with a preference for downside-protected opportunities in ready or refurbished assets rather than taking substantial development risk. For future international transactions, Certus is looking at ticket sizes of around AED 50 million to AED 100 million,” he said.