

GIC to become major office player with Prestige deal

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GIC, a leading global investment firm of Singapore, is set to become a major player in the country's office property market, with its move to buy a stake in rental arm of Bengaluru-based Prestige Estates.

With this deal, GIC is set to own 42 million sq ft of office properties. It owns 40 per cent in DCCDL, the rental arm of DLF, which has an office portfolio of 27 million sq ft. GIC also owns the Nirlon IT Park in Mumbai's Goregaon, which has an area of 5 million sq ft.

With 70 million sq ft, Blackstone and its partners are the largest owners of office properties in the country.

Prestige on Tuesday said a subsidiary of GIC had signed a

RECENT TIE-UPS

Seller	Buyer	Deal size (\$ bn)
DLF promoters	GIC	1.4
Hiranandani	Brookfield	1.0
K Raheja Corp	Blackstone	.3
Prestige	GIC	.25

Sources: Companies, Reports

term sheet with its arm to acquire a stake in it.

Though it did not disclose the deal size, according to a source in the know, it is in the range of \$250 million to \$300 million and GIC will pick up about 40 per cent in the rental arm. "Prestige has a big portfolio but GIC will pick up a stake in the subsidiary that will have assets of 8 million sq ft. In this company, half the assets have been completed while

the rest are under construction," said a source.

The deal is expected to be completed in 60-90 days.

When contacted, Venkat K Narayana, chief executive, Prestige Estates, declined to comment. An email sent to GIC did not elicit any response.

Morgan Stanley and JP Morgan are believed to have the mandate to sell the stake in Prestige's rental arm.

"GIC was earlier focusing on development assets. Now, they are looking at rental assets, which can be rented. I believe they are following a strategy similar to Blackstone," Amit Goenka, chief executive officer (CEO) and managing director, Nisus Finance, a Mumbai-based investment firm.

Goenka said Prestige's assets were one of the last portfolio,

which was up for grabs.

Sanjay Dutt, CEO, Ascendas Singbridge India, said sovereign funds such as GIC wanted a steady income and did not exit. "They will preserve the asset for a longer term and the asset will not change hands," Dutt said.

Recently, Prestige tied up with HDFC arm HDFC Capital Advisors to set up a ₹25 billion fund to develop affordable housing and mid-income housing projects in the country. This platform will enable the Prestige group to develop projects worth ₹100 billion.

Last month, Prestige, through a subsidiary, announced the acquisition of Singapore-based CapitaLand's stake in various shopping mall projects across India for around ₹3.42 billion.