

Global, Local Investors Eye IL&FS BKC Property

Blackstone, Brookfield, GIC, Godrej Fund, RMZ Group among interested parties; sale may fetch ₹1,500 crore

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Mumbai: Global institutional investors including the Blackstone Group, Brookfield Asset Management, Singapore sovereign wealth fund GIC, Ivanhoe Cambridge and Mapletree Investments have shown interest in buying the Infrastructure Leasing & Financial Services (IL&FS) corporate headquarters in Mumbai's Bandra-Kurla Complex (BKC), said people with knowledge of the development. Domestic investors such as Godrej Fund Management and realty developer RMZ Corp are also said to have indicated their interest in the marquee property.

"While the financial bids are yet to be placed, the deal is estimated to fetch around ₹1,500 crore, given the status and location of the property. It has definitely generated significant interest in the investor

Coveted Property

Strong interest by global funds in Indian commercial realty visible even during pandemic



Interested parties to do due diligence soon & then submit bids

No reserve price set

Deal may be finalised by end of FY21

IL&FS monetising realty assets to meet debt obligations



community," said one of the persons cited above. "The sale process may get completed by the end of this financial year."

Interested parties are expected to undertake due diligence over the next few weeks and submit financial bids. ET had reported in October that bids had been sought for the 10-storey property but no reserve price has been set.

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The landmark building was one of the first projects to come up in the BKC central business district. The high-end office building, with about 450,000 sq ft of leasable area, counts IBM, IDFC, The Carlyle Group, Avendus and PayPal among its tenants.

“The deal is currently at expression of interest stage,” said another of the persons. “The final number of bidders may change and that may lead to change in valuation too.”

Godrej Fund Management’s MD Karan Bolaria confirmed the firm’s interest in the property without elaborating. Blackstone, Brookfield and RMZ declined to comment, as did transaction advisor CBRE South Asia. IL&FS, GIC, Ivanhoe Cambridge and Mapletree Investments didn’t respond to queries.

IL&FS recently put two 28-storey commercial towers in Gujarat’s Gift City on the block. The government-appointed board of IL&FS is monetising assets with an objective to manage debt obli-

gations. In a video conference held in August, the Uday Kotak-led IL&FS board had told the media that it plans to recover Rs 50,500 crore of loans, or about half of the ₹1 lakh crore total dues, by March 2021. In a presentation, the board said it’s targeting to recover ₹900 crore by offloading real estate assets by March 2021 and a further ₹1,200 crore through more such sales beyond that.

HQ MORTGAGED WITH HDFC BANK

The failure of IL&FS to meet repayment obligations in September 2018 triggered a liquidity squeeze that gripped India’s nonbanking finance companies (NBFCs). As part of a cleanup, the government replaced the IL&FS board, which has been engaged in trying to resolve its debt.

The headquarters is mortgaged with Housing Development Finance Corp. (HDFC) for ₹400 crore in outstanding loans that will be paid with the sale proceeds.

The keen response indicates the interest of global funds in Indian commercial real estate amid the pandemic, experts said. A Brookfield Asset Management affiliate acquired the two-floor office space of Jet Airways in Godrej BKC for ₹29,000 per sq ft. Last year, Blackstone purchased one of the three wings in the commercial project One BKC at ₹2,500 crore.