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report **Kailash Babar &
Mohit Bhalla.** ▶▶ 5

Brookfield, Godrej Fund Vie for IL&FS HQ

Debt-laden IL&FS has received two final bids of around ₹1,000 crore for its BKC property

Kailash Babar & Mohit Bhalla

Mumbai | New Delhi: Brookfield Asset Management and Godrej Fund Management, the realty-focused private equity arm of the Godrej Group, are in a close race to acquire the headquarters of IL&FS, an iconic property in Mumbai's financial nerve-centre Bandra-Kurla Complex (BKC), two people with direct knowledge of the development told ET.

IL&FS has received two final bids of around ₹1,000 crore from these institutional investors and the government-appointed board is expected to select and approve the buyer by end-December. "The committee will now proceed with the discussions and negotiations with both final bidders separately. The outcome of these discussions will be placed before the board that will select the buyer by the end of this year," said one of the persons cited above.

The asset is being monetised through a price-discovery mechanism and there was no reserve price set for the property spread over 10 floors. However, the IL&FS board had estimated the property might fetch around

Asset Monetisation

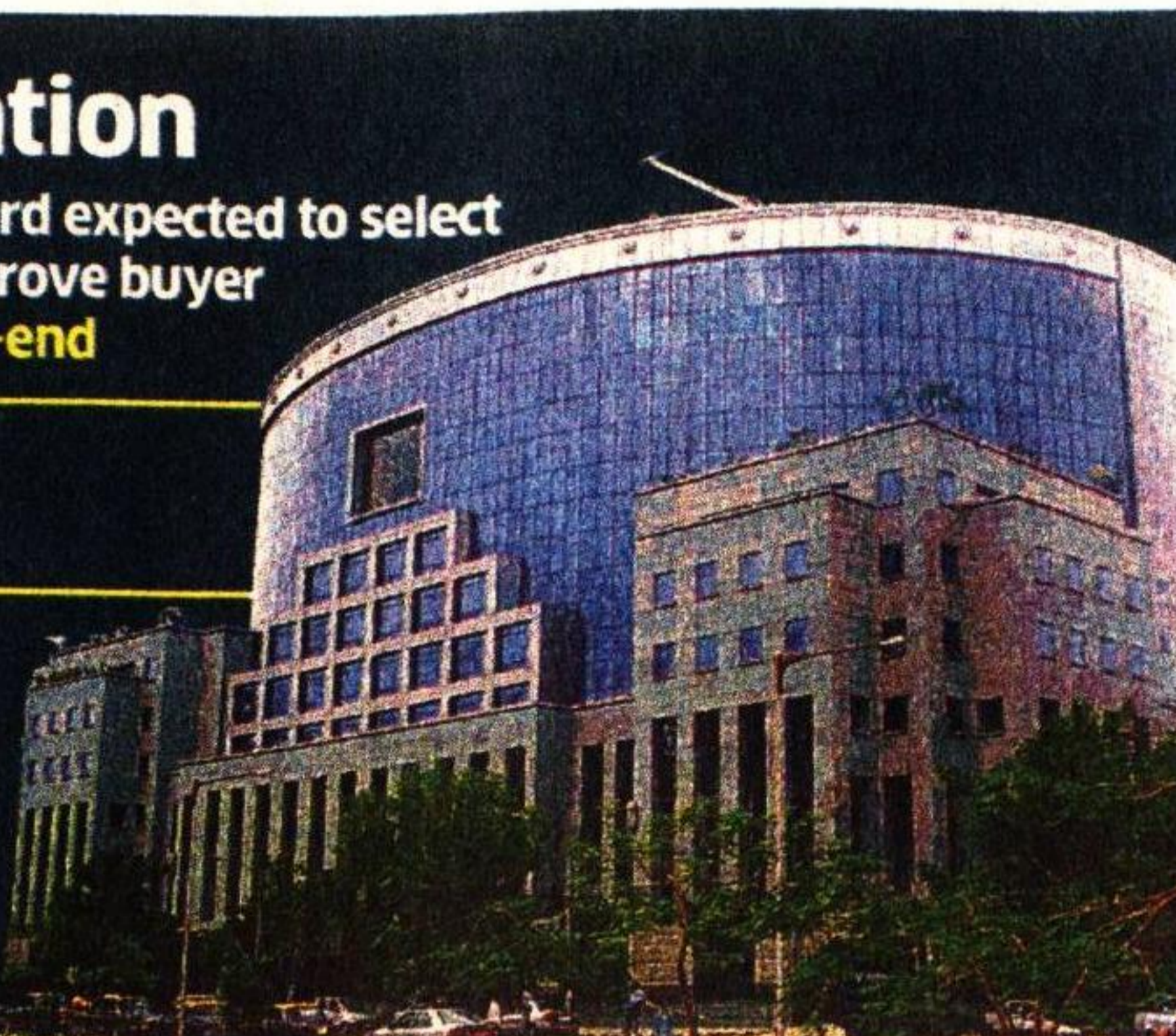
IL&FS monetising assets to manage debt obligations

Co's board expected to select and approve buyer by year-end

Asset is being monetised via price-discovery mechanism

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However, IL&FS board had estimated it might fetch around ₹1,200 cr



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The property was one of the first structures to come up in BKC, which is now the de facto Central Business District of the country's commercial capital. The high-end building with around 4.5 lakh square feet of leasable area counts IBM, IDFC, The Carlyle Group, Avendus and Paypal among its key tenants.

The top three floors of the building are occupied by IL&FS Group companies and these are expected to be

vacated in due course as the deal reaches closure.

IL&FS is monetising its assets with an objective to manage debt obligations. The failure of IL&FS to meet repayment obligations in September 2018 had triggered a liquidity squeeze that gripped India's non-banking finance companies. As part of a clean-up, the government replaced the IL&FS board. The new management, led by Asia's richest banker Uday Kotak, has been engaged in

trying to resolve the outstanding debt at the financier.

The building is mortgaged with mortgage lender HDFC for loans outstanding worth ₹400 crore and the sale proceeds will also be used to pay off those debts.

ET's separate queries to IL&FS and Godrej Fund Management remained unanswered, while Brookfield declined to comment.

Apart from Brookfield Asset Management and Godrej Fund Management that placed final bids for the property, global institutional investors including the Blackstone Group, Singapore sovereign wealth fund GIC, Ivanhoe Cambridge, Mapletree Investments and RMZ Corp had also shown initial interest in buying the asset.

In a video conference held in April, IL&FS board told the media that it estimates overall recovery to be around ₹61,000 crore, an upward revision to its previous estimate of ₹56,000 crore. Improved valuations, better operating performance and enhanced recoveries from non-group exposures have helped the management garner more from the assets than initially anticipated.

MS in Talks to Pick Up 300k sq ft on Lease in B'luru

Bengaluru: Microsoft is in talks to lease 300,000 sq ft of flexible office space from Tablespace Technologies in Bengaluru, as the US-based company looks for temp space to expand operations here, people aware of the deal said.

The new Microsoft facility located on the outer ring road will come up at Tablespace Technologies' co-working space and can seat up to 3,000 people.

"The entire fit-out is being done by Tablespace and Microsoft will pay a rent of around ₹16,000 per desk with a two-year lock-in period," said another person aware of the deal. "Microsoft wanted to lease 1 million sq ft in Bengaluru for long-term consolidation," said the person. — **Sobia Khan**