

Milestone Capital Advisors Exits Bengaluru Property for ₹150 crore

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Mumbai | Bengaluru: Real estate private equity investor Milestone Capital Advisors has made an exit from a commercial property in Bengaluru's Electronic City phase I at ₹150 crore, fetching more than 16% gross internal rate of return. It has sold the asset, which achieved rental yields of over 12% for the past five years, to an ultra high-net-worth individual.

IL&FS Milestone Fund II had invested ₹129 crore in the property E-City Park II in two tranches between 2010 and 2012. The entire eight-storey building with total 3.50 lakh sq ft space was owned by the fund. It was entirely leased to tenants including CGI group, Terex, Defiance, British Engines, Airpush, Enhancesys, Sigma-Aldrich and Mayfair group. Average monthly commercial rentals here are hovering around ₹30 per sq ft.

"We are pleased to successfully conclude this transaction for E-City Park. The asset has earned healthy rental yields as well as generated significant capital appreciation on its divestment," Rubi Arya, executive vice chairman at Milestone Capital Advisors told **ET**.

The transaction is part of Milestone Capital's plan to make exits worth ₹1,000 crore in the next one year in the backdrop of a recovering commercial property market and its maturing structured debt investments in residential projects. The fund has invested in more than 5 million sq ft of income-yielding commercial properties since 2008.



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"In 2008-10, we thought there was an opportunity to invest in pre-leased commercial assets. Our funds had the first-mover advantage and we identified this investment opportunity when others were apprehensive of entering this core asset class," Arya said.

She further said, "We successfully executed the strategy through access to good proprietary deals and nurturing our well-diversified portfolio of investments including commercial office and warehousing assets leased out to Grade A tenants."

According to her, the strategy is enabling the fund's exits with gross multiples ranging between 1.4 times and 2.3 times to institutional and ultra HNI buyers who are now actively looking at investing in this business.

Milestone's previous major exit came with Blackstone Group acquiring 100% stake in 1.2 million sq ft commercial asset 247 Park in Mumbai's Vikhroli suburb for ₹1,060 crore in 2015. It exited with returns of 2.4 times its investments.

The Mumbai-based company has invested in 11 assets valued at ₹1,700 crore across Mumbai, Kolkata, National Capital Region, Pune and Bengaluru, and has delivered over 16% gross internal rate of return at fund levels to its investors. The demand in real estate market is picking up, especially in commercial pre-leased properties.