

KEY DEALS LAST WEEK

Investor & target Stake (%) Value (\$ mn)

Xander Finance
ETT, Express Trade Towers I



Helion Venture Partners III¹
Wooplr Technologies



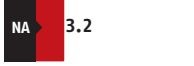
The Hive India²
Flutura Business Solutions



Accel India IV L.P.³
SigTuple Technologies



Anil Jain
Laundry Project India



¹Includes LLC, Sistema Asia Fund, Amereus Group
²Includes Vertex Venture Holdings, Lumis Partners
³Includes IDG Ventures India Management, Endiya Partners, Pi Ventures Investment Trust, VH Capital, Axilor Ventures, Sachin Bansal, Binny Bansal, Neeraj Arora, Senapathy Kris Gopalakrishnan, Amit Singhal, Sarojini Shibu Lal Damodaran. There were 12 deals worth \$70.42 million with 4 exits worth \$44.80 million during the last seven days ended February 15. Source: VCEdge

PE inflows in realty touch 9-yr high

PE investments in the real estate sector increased by 26 per cent during 2016 and touched a nine-year high of nearly ₹40,000 crore, according to property consultant Cushman & Wakefield. **PTI**

Blackstone banking on Reits for exits

The PE major and its joint venture partners are planning Reits for office assets

RAGHAVENDRA KAMATH
Mumbai, 15 February

Private equity (PE) giant Blackstone would be looking at, down the line, exiting its investments in office properties with multiple real estate investment trusts (Reits), including the ones floated by itself, said an executive who works closely with the US-based investor.

Blackstone is the biggest owner of office properties in the country, with a little over 70 million sq ft. It has invested at least \$3 billion in office properties and malls since 2006. And, invested a similar amount in PE in the country.

Globally, of its \$367 bn of assets, \$102 bn are in real estate.

Recently, it bought a 15 per cent stake in the rental arm of K Raheja

Corp for about \$250 million, valuing the arm at around \$1.6 bn. Raheja owns 20 mn sq ft of offices.

“The idea is when Raheja comes out with a Reit one or two years from now, they can exit and make descent returns. Whatever valuation they have come in at, they can look for much superior valuation later,” said the executive.

In a Reit, floated by a sponsor, units are sold to investors as in the case of a public issue of shares. Later, they’d be listed on the exchanges.

“A 15 per cent stake in Raheja is small but it will give them a strong foothold in a large player which is growing fast,” said the executive.

Blackstone recently bought an office complex in Mumbai called First International Finance Centre in the BKC area, for ₹850 crore.

According to the executive, Blackstone has the same intent in the ongoing deal talks with DLF, wherein DLF promoters would be selling a 40 per cent stake in their rental arm for about \$2 bn. The rental arm owns 27 mn sq ft of office properties. Embassy Office Parks, joint venture between Blackstone and the Bengaluru-based Embassy group, has already filed intent papers with the capital markets regulator, Sebi, for floating a Reit. The JV was established in 2012 and has a portfolio of 35 mn sq ft, valued at \$3 bn. It is looking to raise \$600 mn and to divest 20 to 25 per cent stake in the issue. Jitu Virvani, chairman of Embassy, told this newspaper last year.

Blackstone’s other JV, with Panchshil Realty, plans to file papers for a Reit this year, recently said Atul Chordia, chairman of the later entity. Panchshil has a portfolio of 11 mn sq ft, valued at a little over \$1 bn, sources said. It has prop-



erties such as the iconic Express Towers in Mumbai and the Eon Free Zone in Pune.

“It also owns some assets on its own and can come out with a Reit

BLACKSTONE’S REALTY PLAY

70 million sq ft

Properties owned by Blackstone, the biggest owner of office properties

\$3 billion

The amount invested in office properties and malls since 2006

35 million sq ft

The portfolio of Embassy Office Parks, the JV between Blackstone and Bengaluru based Embassy group, and is valued at \$3 bn

11 million sq ft

The portfolio of Blackstone’s joint venture with Panchshil has which is valued at \$1 bn

on its own,” said the executive.

Blackstone also owns four malls and intends to float a Reit in the future, sources said.

According to the executive,

by partnering with different top office developers, it is diversifying its portfolio well. “So far, it has had partnerships with players who are strong in different regions and enjoy leadership positions,” he said. For instance, Embassy is a top office developer in Bengaluru, which absorbs the highest amount of office properties in the country. Panchshil is the biggest in Pune and Raheja is one of the biggest in Mumbai.

“By doing alliances with regionally strong players, it is participating in their growth story and spreading the risks,” he said.

Rubi Arya, vice-chairperson of Milestone Capital says Blackstone bought the right properties at the right price. “It enjoys first mover advantage and bought marquee assets at attractive valuations. Now, the deals are fully priced. Since many funds are chasing a few assets, whoever buys it have to pay top dollar,” said Arya.