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GIC is set to become major office player with Prestige Estates stake buy

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

Raghavendra Kamath | Mumbai | February 27, 2018 Last Updated at 22:01 IST



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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 Nirlon IT Park in Mumbai's Goregaon, which has an area of five 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 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, the deal 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 stake in the subsidiary that will have assets of 8 million sq ft. In this company, half of the assets are complete while the rest are under construction,” said a source.

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

Source: companies, Reports

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

When contacted, Venkat K Narayana, Chief Executive, Prestige Estates, declined to comment. A mail sent to GIC did not elicit any response.

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

“GIC was earlier focusing on development assets. Now, they are looking at rental asstes, which can be rented. I believe they are a following 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 was one of the last portfolio which was up for the grabs.

Sanjay Dutt, CEO, Ascendas Singbridge India, said sovereign funds such as GIC wanted 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 Rs 25 billion fund to develop affordable housing and mid-income housing projects in the country. This platform will enable Prestige group to develop projects worth Rs 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 Rs 3.42 billion.