

Lodhas sell 10% in tallest residential project

Developer Raises ₹500 Cr From HDFC Venture Funds For Its 117-Storey Tower In Mumbai

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MUMBAI

REAL estate firm Lodha Developers has raised ₹500 crore by selling a 10% stake in a project to develop a 117-storey residential tower in Mumbai to HDFC Venture Funds.

"The deal shows the investor's appetite for quality real estate projects in India," said Abhishek Lodha, the managing director of Lodha Developers.

HDFC Venture Funds is promoted by mortgage leader HDFC. Other investors include GIC, Temasek and Abu Dhabi Investment Authority.

The deal is the second-largest private equity investment in India's realty space and puts the valuation of the project at ₹5,000 crore, two-and-a-half times its estimated cost.

Hindustan Construction Company (HCC) sold a 74% stake in a commercial building in Mumbai's eastern suburbs to the IL&FS Milestone Fund for ₹575 crore two months ago, a valuation of ₹775 crore.

HCC sold stake after the completion of the building, while Lodha



Abhishek Lodha, MD, Lodha Developers, with a pictorial display of World One, during the launch of the project on June 8, 2010. - Nalin Solanki

managed to bring in a PE investment one month after the project was announced. World One, claimed by its developers to be the world's tallest residential tower, will be completed in 2014.

"It's a very rare deal in India," said Anuj Puri, chairman and country head of Jones Lang LaSalle Meghraj India. "In India, the devel-

opers complete projects with the money they get from the booking. They (the developers) typically go to PE investors at a later stage."

The project has received bookings worth ₹1,200 crore in the first month, said Mr Lodha. In addition, Lodha Developers has invested ₹500 crore as equity

TALL STORY

The deal is the 2nd-largest PE investment in India's realty space and puts the valuation of the project at ₹5,000 crore, two-and-a-half times its estimated cost

contribution towards the project. "With the PE fund, one may say that we will achieve the financial closure of the project," he added.

"HDFC's investment will also add credential to the project," said Pranab Datta, VC & MD, Knight Frank India. "Lodha Developers was left with the option of selling stake to PE investors after it shelved plans to raise money from the primary market."

Lodha Developers has deferred its initial share sale, after receiving Sebi approval, as it found the

volatile stock market situation would not yield the required valuation of the company.

In June, Lodha Developers announced its plan to construct what it described as the world's tallest residential building in a 17-acre plot located in closed textile unit, known as the Shrinivas Mill, in Lower Parel, central Mumbai, which it had bought nearly five years ago.

Besides an assortment of luxury flats Lodha Developers will also construct a two-acre car park in an adjacent area.

Once complete, the tower will be almost 500 metre, dwarfing Queensland Number One in Australia, which has a height of 323 meter.

The tower will be higher than some iconic global landmarks including Sears Tower in Chicago, Jin Mao Building in Shanghai and Empire State Building in New York.