

Published By: The Economic Times

Date: June 11, 2010

HCC sells 74% in city property to IL&FS Milestone for Rs 575 crore

MUMBAI: Hindustan Construction Company (HCC) has sold 74% stake in a commercial building to IL&FS Milestone Fund for Rs 575 crore, putting the valuation of the property in Mumbai's eastern suburb at Rs 775 crore. "The stable rental returns from such a property would be extremely attractive for its investors with reasonable yield expectations in the current volatile investment environment," said Ved Prakash Arya, MD& CEO of Milestone Group. HCC Real Estate, a wholly-owned subsidiary of HCC, developed the building, '247 Park', in Vikhroli three months ago, with a built-up area of 1.8 million sq ft and leasable area of 1.1 million sq ft. Nearly 85% of the space, in the 69 metre tall building, has been leased out to companies. The building is equipped with modern amenities including a helipad on the rooftop. This is the largest investment by a real estate investment trust (REIT) fund in India, HCC said in a media statement. IL&FS Milestone Fund is a joint venture between Milestone Capital Advisors and IL&FS Investment Managers. City-based boutique investment bank Money Matters Financial Services was the sole advisor to the deal. "We completed '247 Park' on schedule, incorporating the highest standards and have successfully attracted premium domestic and international tenants. Several reputed fund houses had shown keen interest (in this property)," said Rajgopal Nogja, president, HCC Real Estate. HCC stock gained 1.2% to close at Rs 112.5 in a strong Mumbai market on Thursday, after the deal was announced. HCC's net profit declined 16% to Rs 43 crore and net sales rose 11% to Rs 1,087 crore in the March quarter. The company recently signed a deal with Egypt's Orascom Construction Industries for bidding and developing large road projects in India on public-private partnership basis
