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Singapore's GIC buys 49% in Provenance Land for Rs 1,000 crore

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Kailash Babar ETRealty August 22, 2018, 13:35 IST



MUMBAI: Government of [Singapore](#)'s sovereign wealth fund [GIC](#) has acquired 49% equity stake in realty developer [Provenance Land](#) that owns India's first Four

Seasons hotel and an under-construction luxury development in Mumbai's sea-facing Worli locality for over Rs 1,000 crore, said two persons familiar with the development.

The deal is GIC's second large transaction in India after it agreed to buy 33.34% in Gurgaon-based DLF's rental arm for around \$1.4 billion last year. This is also GIC's first transaction involving mixed-use development including commercial, residential and hospitality properties, indicating the fund's rising interest in these assets classes in India.

ET was first to report the advanced talks between GIC and Provenance Land for the proposed transaction on July 18.

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GIC and Jatia's Provenance Land will be developing a commercial project on a two-acre land property adjacent to the existing hotel and residential project site in Worli. Jatia's Four Seasons Private Residences Mumbai, currently under construction, will also be part of this transaction. This project will have 41 branded and service apartments, including duplexes and penthouses, spread over 64 floors. The existing hotel property is the only operating Four Seasons Hotel in India with 202 rooms. Through this transaction, GIC will also get equity stake in the hotel.

Adarsh Jatia, MD, Provenance Land confirmed the partnership with GIC but declined to comment on the deal size.

"This investment and partnership GIC marks a key milestone for us as it directly bears out the intent to expand quickly and strategically into new best-in-class developments and deliver on our vision. With this, we are well capitalized to take advantage of other opportunities," said Adarsh Jatia, MD, Provenance Land. Both the entities may extend the partnership to other new projects too.

Of the total mixed-use project, Provenance will be developing around 7 lakh sq ft

of grade A commercial space and 3 lakh sq ft of branded residences. The existing Four Seasons hotel will undergo refurbishment and renovation apart from addition to its room inventories.

This will entail further \$250 million investment from Provenance Land that now becomes a joint entity of GIC and Jatias. A wholly-owned Provenance Land subsidiary will be managing the development.

“As a long-term global investor, we continue to have a positive outlook in India’s growth potential in the long run. This investment is a unique opportunity to acquire a stake in high-end mixed-use development in a prime location of Mumbai,” said Lee Kok Sun, Chief Investment Officer of GIC [Real Estate](#). “We believe the project will generate resilient returns in the long run.”

GIC entered Indian real estate market over a decade ago. However, has turned aggressive recently and has been actively picking up stakes in properties and forming alliances with Indian developers for future developments. Apart from stake in DLF’s rental arm, GIC’s India real estate investment portfolio includes alliances with Godrej Properties, Bengaluru-based Pestic Estates and Brigade Enterprises. It also owns majority stake in 2.2-million-sq-ft commercial complex Nirlon in Mumbai’s Goregaon suburb.

Several large global institutional investors, including GIC, Blackstone Group, Brookfield Asset Management, Canada Pension Plan Investment Board (CPPIB), Goldman Sachs and Qatar Investment Authority have been investing aggressively in Indian real estate assets over the past few years.

In addition to this, funds are also eyeing investment and alliance opportunities in the backdrop of recent policy reforms. While these entities had earlier shown interest in investing in commercial real estate, they are increasing their investment portfolios in the backdrop of the opening up of an avenue for monetization through Real Estate Investment Trusts (REITs).

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