

## How Salarpuria plans to bulk up rental assets and cart them out via REIT

By

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28 August, 2019



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Nearly five months after investors lapped up India's first real estate investment trust (REIT) launched by US investor Blackstone and local partner Embassy Group, Salarpuria Sattva Group is looking at this vehicle to list its rent-yielding commercial assets and enable an exit for the New York-based project partner.

(REIT is a capital market instrument that allows the public to own a piece of the rent-yielding assets that a company puts up on the market.) Bengaluru-headquartered Salarpuria, which is known for its commercial projects across Bengaluru, Hyderabad and Pune, aims to have a completed commercial portfolio of up to 30 million square feet from 15 million sq ft now before it hits the public market for REIT in a year or two, said managing director Bijay Kumar Agarwal.

Including other portfolios, which will not list through the REIT, the group has completed 48 million square feet (sq ft) of projects so far.

Salarpuria, which has presence across real estate, education, facility management, aerospace and hospitality, has an ambitious and

aggressive pipeline of projects across residential and commercial segments. “We have a commercial realty portfolio of 90 million sq ft across different stages of construction and planning in cities such as Bengaluru, Hyderabad, Pune, Jaipur and Mumbai. Our residential portfolio is to the tune of 40 million sq ft across different stages of project conceptualisation and development cycle in cities such as Bengaluru, Pune, Hyderabad, Kolkata, Coimbatore and Goa,” Agarwal said.

“We are adding a substantial amount of commercial portfolio in Bengaluru and Hyderabad. The latter as a city has worked really well for us and we are launching more and more projects there. We have roughly 17 million sq ft, which includes under-construction projects, in Hyderabad across various stages of development and plan to launch an additional 15-20 million sq ft in the next few quarters in the city,” he said.

Some of Salarpuria’s marquee projects across information technology (IT) hubs include GR Tech Park, Infinity, Softzone in Bengaluru, and Knowledge Park, Knowledge City and Knowledge Court in Hyderabad. From the ramp-up of its portfolio, the developer aims to almost double its rental income before putting up the commercial assets on the public market. “We earn an income of around Rs 1,000 crore from all our rent-generating assets and aim to take it to Rs 1,800-2,000 crore before hitting the public market for listing,” he said.

The portfolio expansion, geared towards doubling of rental income before listing, would be mostly organic and not through acquisitions. “We will take the typical route of acquiring a land parcel and building the projects ourselves. We might make an exception if we get a completed asset along with a land parcel for further construction,” he said.

Salarpuria counts Blackstone Group, one of the biggest owners of commercial property in the country, as its investor in Hyderabad where the developer has offloaded 50% stake across four completed and under-construction commercial projects. The investor has infused total equity funding up to Rs 1,200 crore while the overall debt and equity exposure stands at Rs 3,000 crore.

“Apart from Blackstone, we have Apollo Global Asset Management as our other partner. We believe in striking limited but good relationships.

We partnered Blackstone for one to two projects but it has now moved to four projects. We will be moving towards REIT with an aim to give exits to our investors,” Agarwal said.

Embassy Office Parks, which is a partnership between Blackstone and Bengaluru-headquartered Embassy Group, this year [listed](#) its assets via aREIT. The trust has fared well since listing and has inspired other commercial real estate developers to consider REITs.

REIT, a capital market instrument that allows the public to own a piece of the rent-yielding assets, took a long time to kick off as an investment vehicle. After the successful listing of Embassy Office Parks, a host of developers including RMZ and K Raheja Corp are looking to take to the public market through the trust.