

Morgan Stanley arm in talks to invest \$55 million in KSH Group's warehouse assets

KSG Group, in which Morgan Stanley Real Estate Investing is looking to invest, plans to build out 5 million sq. ft of warehousing space in and around the Pune by 2020

Mumbai: A real estate fund managed by Morgan Stanley is in advanced talks with Pune-based KSH Group to invest around ₹ 400 crore (approximately \$55 million) in its warehousing assets, said two people aware of the development. KSH Group operates in domestic logistics, manufacturing, service and distribution sectors, with over 600 employees spread across eight cities.

The group operates through various companies such as KSH Distriparks, KSH Logistics, KSH Infra, KSH International and Waterloo Distributors.

"They have been in talks to raise funds for their warehousing business, which currently operates assets in the city of Pune. Talks with Morgan Stanley's real estate investment arm Morgan Stanley Real Estate Investing (MSREI) are in advanced stages and Morgan is looking to invest around ₹ 400 crore in the warehousing assets," said one of the person cited above, requesting anonymity as the talks are private.

The transaction is likely to be closed in the next one or two months, he added.

According to its website, KSH has around 1 million sq.ft of industrial warehousing and logistics infrastructure, including assets in use and under development.

The group plans to build out 5 million sq. ft of warehousing space in and around the Pune region by 2020.

MSREI is currently investing from its ninth fund, which has raised well over \$2 billion for real estate investments worldwide.

Spokespersons for Morgan Stanley and KSH Group declined to comment.

After the implementation of goods and services tax (GST), India has seen a lot of activity in the warehousing space, with several investors announcing plans to deploy hundreds of millions of dollars in creating greenfield warehousing projects as well as for acquiring existing assets.

The Indian logistics industry, which is worth around \$160 billion, is likely to touch \$215 billion in the next three years with the implementation of GST, the Economic Survey 2017-18 said.

With the implementation of GST, the Indian logistics market is expected to reach about \$215 billion in 2020, growing at a CAGR of 10.5%, the survey added.

This growth potential, in turn, has attracted several global investors, including Morgan Stanley.

In May, Mint reported that independent asset manager Proprium Capital Partners is investing around \$100 million in Hyderabad-based Musaddilal Projects Ltd to build a logistics and warehousing platform.

In August 2017, LOGOS Group and Assetz Property Group, based in Sydney and Singapore, respectively, partnered to set up a logistics and warehousing platform that would invest to build and manage specialized logistics and industrial parks in India. LOGOS is an integrated logistics real estate specialist, with operations in Australia, China, South-East Asia. Assetz Property Group has had a fully operational real estate firm in India.

In October 2017, LOGOS India raised \$400 million in equity capital from Ivanhoé Cambridge, a real estate subsidiary of Caisse de Dépôt et Placement du Québec (CDPQ), Canada's second largest pension fund, and Vancouver-based QuadReal Property Group.

In May 2017, IndoSpace and Canadian pension fund CPPIB created a joint venture, IndoSpace Core, to acquire and develop modern logistics facilities in India. CPPIB has made a significant commitment of around \$1 billion towards IndoSpace's assets. Currently, IndoSpace's portfolio includes around 28 logistics and industrial parks across the country.

Singapore-based Ascendas-Singbridge Group announced a joint venture with Firstspace Realty, in June 2017, to enter the Indian industrial logistics and warehousing market. They jointly aim to invest \$600 million over the next five to six years and develop around 15 million sq. ft of space.

Link: <https://www.livemint.com/Companies/DfHdnH03UWW0RLfPmCvllN/Morgan-Stanley-arm-in-talks-to-invest-55-million-in-KSH-Gro.html>