

The first results of Fonds de Logement Intermédiaire in line with objectives

Paris, 10 December 2014

Four months after its launch on 24 July 2014, FLI is ahead of plan in terms of volumes invested, the attractiveness of locations and profitability. The initial investments (1,200 dwellings) are concentrated in those French markets with the highest potential, notably in the Paris Region, Nice, Lyon and Marseille.

Aim of FLI: to provide institutional investors with a dedicated vehicle for investing in intermediate housing

Despite the long-term security that it offers, institutional investors have moved out of housing for various reasons: excessively high prices, tricky legislation or image risks and complex management issues.

At a time when flat bond yields are pushing investors to look for secure investments that offer a premium on government bond yields, FLI is marketing residential housing investments that specifically target institutional investors by offering:

- regular rental income thanks to below-market rents that guarantee low vacancy rates;
- a 3.5% indexed coupon in the first year;
- rental management services and liaison with local authorities provided by SNI, Caisse des dépôts's operational entity and France's biggest social landlord with a portfolio of 270,000 units of housing under management;
- secure long-term value via a targeted location strategy (1% of the national territory, 26% of the population, 42% of the demographic growth forecast over the next 15 years);
- favourable tax treatment for institutional investors (VAT at a reduced rate of 10% and exemption from French tax on developed property);
- the fund is eligible for benefits under new "Vie Génération" life insurance policies.

Four months after its launch, FLI is ahead of plan

- **In terms of investment volume:**
 - over 15,000 housing projects have been vetted by the fund,
 - 1,200 units of housing have been acquired or pre-booked, and
 - 1,300 more are currently in the negotiation process.

In total, almost 2,500 units of housing have been secured, i.e., half of the fund's investment capacity based on the first round of funding.

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- **In terms of location attractiveness:** the locations of FLI's first investments mirror those French regions with the most severe housing shortages:
 - the inner Paris suburbs,
 - the area comprising Nice-Cannes-Sophia Antipolis and Côte d'Azur;
 - major French regional cities: Lyon, Marseille and Toulouse ;
 - pays de Gex and the region around Geneva;
- **In terms of financial return:**
 - gross rental yield of 4.9% (versus a target of 4.8%),
 - average price per square metre of €2,800 (net of VAT),
 - acquisitions 28% below the market price on average due to discounts obtained on block purchases and the special 10% reduced rate of VAT.

All of the housing acquired is new and complies with the latest environmental standards. A number of sample projects are provided in the attached document.

Vincent Mahé, CEO of AMPERE Gestion, the fund manager, declares, *"these early results are very encouraging indeed and confirm the decision to organise a second round of financing which we expect to complete around the end of June 2015."*

FLI: the first fund set up to finance intermediate housing

After the first round of funding which raised €515 million, FLI became France's biggest residential house-building fund. With the second round of funding, SNI is aiming to raise at least €700 million and attain an investment capacity of €1.2 billion (including leverage). The fund is eligible for the favourable tax treatment introduced in Article 279-0 bis A of the French tax code (*code général des impôts*) in the category giving entitlement to the specific benefits available under "Vie Génération" life insurance policies. Moreover, thanks to the signature of several different banking arrangements, FLI's financing requirements have been secured over the entire business plan period.



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SNI Group

As Caisse des Dépôts' public interest real estate subsidiary and France's biggest social landlord, SNI Group actively supports stimulus programmes in the construction sector approved by the President of the Republic. As a global real estate operator and landlord of reference for major state institutions, SNI helps public stakeholders to deploy housing policies. The Group provides them with innovative and sustainable solutions focused around social diversity and cohesion. It can therefore meet a dual objective: helping to expand the social and intermediate housing offer in supply-constrained areas, and promoting home ownership. SNI Group has a footprint throughout mainland France through its 19 entities: SNI and its five historical entities, Sainte-Barbe, and 13 low-cost housing companies (ESH).

For further information go to: www.groupesni.fr

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