

## SNI launches the second round of financing for FLI (Fonds de logement intermédiaire)

Paris, 16 October 2014

**Following a first round of funding that raised €515 million, making FLI the largest French residential house building fund, SNI Group – a subsidiary of Caisse des Dépôts and France’s biggest social landlord – is aiming to raise at least €700 million, and an investment capacity of €1.2 billion.**

### Investment capacity of €1.2 billion

The objective of FLI, the intermediate housing fund, is to provide institutional investors with access to a diversified portfolio of at least 7,000 units of intermediate housing in supply-constrained regions of France. In order to do this, SNI launched a second – and final – round of financing in October 2014 that is aiming to raise €700 million by the time it closes in March 2015. When combined with additional leverage of 40%, it should provide FLI with a total investment capacity of close to €1.2 billion.

As Vincent Mahé, Corporate Secretary of SNI Group and CEO of AMPERE Gestion (portfolio management company accredited by the French financial markets authority (AMF)) explains, *“the success of the first round of funding, which was announced at €515 million on 24 July last\*, is proof that these investors have come back into the market”*. Thanks to a secure regulatory framework (Finance Law of 2014 and Decision of 21 February 2014) and favourable tax treatment (VAT at a reduced rate of 10% and exemption from French tax on developed property), FLI is offering attractive yields in the current investment environment in a particularly resilient sector. The acquisition prices negotiated give a minimum gross rental yield of 4.8% (i.e., an indexed coupon of 3.5% for the first year) and an IRR of 7% over 20 years.

**FLI is eligible for benefits under new “Vie Génération” life insurance policies**, giving entitlement to favourable tax treatment provided that one-third of plan assets are invested in SMEs and intermediate housing (implementing decree no. 2014-1011 of 5 September 2014).

### Ahead of operating and financial targets

SNI, France’s biggest social landlord, can draw on vast fund management experience as it currently operates a portfolio of 87,000 units of intermediary housing. It has already received 13,600 housing proposals from developers; 1,200 have been approved by the fund (2,500 should have been earmarked by end-2014). These commitments represent over one-third of the fund’s investment capacity, which keeps it ahead of its own operating and financial targets in terms of investment volume, gross rental yield and cost of acquisitions.

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Moreover, thanks to the signature of several different banking arrangements, FLI's financing requirements have been secured over the entire business plan period.

As part of the housing stimulus programme, SNI is also a stakeholder in a 25,000 unit intermediate housing programme launched by the French Government and FLI has priority entitlement to all projects earmarked by the Group in its exchanges with developers.

*\*Investors in the first round of funding: SNI (CDC), CNP Assurances, Aviva, BNP Paribas Cardif, Malakoff Mederic, ERAFP, EDF, SMABTP.*

#### **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.groupe-sni.fr](http://www.groupe-sni.fr)**

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