

# NEWSLETTER SEPTEMBER

N°2 | 2020



VENTURE REAL ESTATE  
FUND

## TOUR ORIX AT CHOISY-LE-ROI

A new lease of 740m<sup>2</sup>

Next to Orly Airport, an RER station, as well as an upcoming tram line, the Orix Tour, held in a co-ownership, benefits from an ideal position in the center of Choisy-le-Roi, 12km away from Paris. Since the acquisition of the 1<sup>st</sup> floor in December 2016, the presence of Venture REF within the tower increased in June and followed in November 2017 by the purchase of the 3<sup>rd</sup> floor in addition to the almost entirety of the 5<sup>th</sup> floor as a joint-venture (quote share of ownership by Venture REF: 50%)

### CORE + STRATEGY

Our long-term strategy is to reinforce Venture REF's position within the tower by the opportunity of acquiring, other floors with the ambition to become the sole owner or to own most of the asset. The 3 levels, made of a combined 5,261m<sup>2</sup>, represent a quote share of 39% of the co-ownership, which allows us to use our voice for decision making during co-owner's general assemblies. With that, from our initiative, a thought on some construction to modernize the halls and renovate the facade has started.

### RENTAL STATUS

- From its acquisition, the 1<sup>st</sup> floor was occupied at 100% by Pôle Emploi, which still holds the entirety of the surfaces.
- A sole tenant entirely rented the 3<sup>rd</sup> floor during its acquisition. After the initial tenant left, the story is nowadays occupied at 78% after the asset management teams signed the leases.
- The 5<sup>th</sup> floor was acquired partially vacant. It has seen its occupancy rates rise to 82% against 58% when purchased.

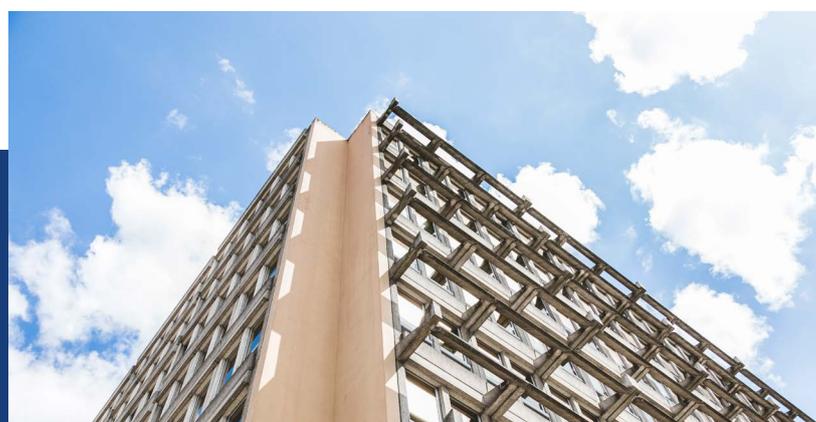
The dynamic asset management policy allows the possibility to reach an occupancy rate of 87% over the 3 platforms' integrality.



Physical  
occupancy rate on  
the 3 floors

87 %

A complimentary financial guarantee was put in place during the acquisition of the 5<sup>th</sup> floor. An amount of € 995,760 will be released when the occupancy rate will reach 100% in the upcoming months.



# 740 M<sup>2</sup> OF RE-RENTING ON THE 3<sup>rd</sup> FLOOR

During the acquisition, the 3<sup>rd</sup> floor was fully occupied by a para-public sole tenant since 2016. On May 31<sup>st</sup> 2019, this tenant decided to leave the premises. The flows of revenue generated during this detention period represented about 22% of the floor's acquisition price.

The vast knowledge of the local market gave the asset management team the possibility to be more reactive in the face of the difficulty of re-rent. Due to the domestic demand, it was practically impossible to re-rent the entirety of the floor to a unique tenant, and a division of it was then designed. Despite the difficulty of cutting the surface into private lots, notably needing the creation of common areas, a policy of division construction has started. Common areas notably including the accesses, corridors, and sanitarians were created in junction with the partitioning of private areas according to tenants' needs. For not losing valuable space, linked to the creation of the common areas, the quote shares from the common areas inherent to each tenant have been reintegrated into the leases.

Within a year, the asset management teams re-rented 78% of the surfaces of the floor to 3 tenants specializing in formations, including an essential area of 740m<sup>2</sup>, so 41% of the total surface area in May 2020. This recent lease significantly reduced the vacant surface area of the 3<sup>rd</sup> floor to less than 400m<sup>2</sup>. Marks of interest over this surface area were held to our attention.

Occupancy rate

78 %

Immediate rate of return (Deed-in-hand)

6,5 %

Potential rate of return

8,7 %

## ASSET MANAGEMENT OPERATION TIMELINE

MAY 2019

JUNE 2019

OCTOBER 2019

MAY 2020

The previous para-public tenant leaves on the May 31<sup>st</sup>.

This tenant had done constructions at his expenses, at an amount of about € 300,000, leaving his potential stay supposedly at the next break.

On the 1<sup>st</sup> of June, the day after the tenant left, a 1<sup>st</sup> lease is signed for a surface area of 60m<sup>2</sup>, representing 3% of the total surface area.



A 2<sup>nd</sup> lease is signed for a surface area of 590m<sup>2</sup>, representing 33% of the total surface area.

A 3<sup>rd</sup> lease, delayed due to lockdown, was signed for a surface of 740m<sup>2</sup>, representing 41% of the total surface area.

Lease signed with the Ecole de la deuxième chance du Val-de-Maine. This school has for vocation to allow motivated young adults, without any diploma or professional qualifications, to integrate a school dedicated to building their insertion in the social and professional world.

Firm durations of 4 years were negotiated with the 3 tenants, to an average rent level of € 120/m<sup>2</sup>/year, not including taxes or expenses, in line with the expertise of a real estate valuation.

**Thus, despite the economic and social context and the local real estate market consisting of many recent surfaces or new surfaces, the Orix Tour remains a local reference attracting tenants thanks to its central location and its accessibility by public transport.**



**Raphaël Delplanque**  
Head of strategy and development



**François Hellmann**  
Head of Investment

More information about our investment funds?

Do not hesitate to contact us.

[www.venturecg.eu](http://www.venturecg.eu)

