



## ▶▶▶ DEAL IN DEPTH

# Generali-Norges JV adds to Paris portfolio

Norwegian pension fund manager NBIM and Italian investor Generali Real Estate have bagged a trophy office building in Paris in an all-cash deal

BY VIRNA ASARA

The partnership set up in July 2012 by Generali Real Estate and Norges Bank Investment Management (NBIM), manager of Norway's €440 bn oil-fuelled pension fund, has ramped up its French portfolio with the purchase of a fully let office property at 9 Avenue de Messine in the eighth arrondissement of Paris. The acquisition is the first from a third party after the two investors revealed last July they were teaming up to buy core real estate assets in the French capital.

Generali and NBIM were introduced to the transaction by Resource Capital Partners, which was advising on the purchase of the adjacent asset, 7 Avenue de Messine. 'We started to negotiate this transaction on an off-market basis almost one year ago,' said Stéphane Corneille of Resource Capital Partners. 'We were looking for a small office building for our client, Spanish investment fund Metroinvest. We identified this office owned by Icade and decided to make an unsolicited offer.' However, Icade was not keen to sell number 7 individually as the asset formed part of the same complex as number 9. Consequently, Resource Capital Partners began to look for an investment partner which would allow it to launch a bid for the entire property.

Corneille: 'We could not buy the whole complex by ourselves because the lot size was too big. But we did not want to lose the investment opportunity so we approached Generali and proposed to them that they buy the adjacent office.'

### OFF-MARKET DEAL

A joint bid for the entire building was presented in early 2012, with the companies signing a preliminary agreement in August. Closing took place in mid-December. Financial details were kept confidential by both parties. However, the entire building is un-

derstood to be sold in line with market value, which is estimated to be in the region of €120 mln. Corneille declined to comment on the value of the asset. The acquisition of 7 Avenue de Messine is an ideal fit for Metroinvest, he noted. 'The asset was totally refurbished two years ago. This is perfect for our investor, who does not want to carry out intensive asset management. The other asset, number 9, has a shorter lease and gives Generali and NBIM potential to create more value.'

The Avenue de Messine complex was acquired by Icade through its takeover of peer

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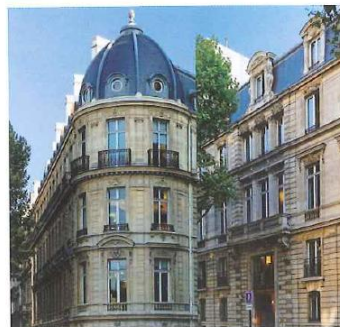
Compagnie La Lucette in 2009. It had previously been bought by KanAm's open-ended Grundinvest Spezial fund in early 2006 for €16.5 mln, which in turn sold it to French REIT La Lucette three months later for €124.5 mln. The Haussmann-style scheme consists of two separate, adjacent buildings dating back to the 19th century which were completely renovated in 1996. It provides a total

of 8,500 m<sup>2</sup> of office space over six storeys, generating roughly €6 mln in rents. 7 Avenue de Messine is fully let to François-Charles Oberthur Fiduciaire through a nine-year fixed lease dating from April 2012. 9 Avenue de Messine provides a total of 6,260 m<sup>2</sup> as well as 122 parking spaces. The asset is fully let to AXA with a shorter term of 3/6/9 years, reflecting a rent of €4.7 mln.

### NORWEGIAN DRIVE

The acquisition is yet further evidence of NBIM's efforts to expand its footprint in Europe. Last July, the Norwegian sovereign wealth fund bought a 50% stake in an initial portfolio of five buildings valued at €550 mln from owner Generali Real Estate. The partnership currently owns €630 mln worth of properties totalling 43,300 m<sup>2</sup>.

In late 2012, the Norwegian pension fund also entered Switzerland with the purchase of the massive Uetlihof office complex in Zurich for CHF 1 bn (€830 mln) and made its first foray in Germany with the acquisition of two buildings for a total of €784 mln from the Royal Bank of Scotland. Last month, NBIM formed a joint venture to buy the €2.4 bn logistics portfolio made up largely of assets held by the former ProLogis European Properties (PEPR) fund. ■



### DEAL FACTFILE

**BUYER:** Generali/Norges, Metroinvest  
**VENDOR:** Icade  
**ESTIMATED VALUE:** €120 mln  
**ADVISOR:** Resource Capital Partners for the buyers  
**ASSET:** 7-9 Avenue de Messine in Paris  
**FINANCIERS:** None