

Paris, 29 September 2019 - The commitment to sell one of the most modern towers in the La Defense submarket is signed. Unibail-Rodamco-Westfield (URW) trades the 65,000 square metres of the Majunga tower in the heart of one of Europe's premiere business districts, a transaction amounting to €850 million, a sum which also represents a premium over the book value as of 31st December last year. It was acquired by a Franco-Korean duo (finalised in July 2019), namely the asset management company Amundi Immobilier with the investment bank Mirae Asset Daewoo, represented by L'Étoile Properties. None of these parties wish to comment the transaction, but it is the largest real estate transaction of a Korean investor outside its borders. Leverage in excess of 50% from local lenders will finance this investment, one of the largest in the French asset after the sales of Coeur Défense at €1.8 billion and Vendôme Saint-Honoré valued at €1 billion. This transaction shows a metric value of approximately 13,000 €/m², i.e. double of the average on the La Défense market in the first quarter of 2019.

Two renowned tenants offer secure income

In 2014, Unibail-Rodamco-Westfield completed the construction of the Majunga Tower, designed to be built by Unibail-Rodamco-Westfield by Jean-Paul Viguière, which will have cost some €400 million of work. Innovative in its architecture modern and non-linear, which has changed the skyline of the French business district, it has been able to seduce Axa Investment Managers a few months after its delivery, which has installed its teams there on the first eighteen floors of the complex, or 26,000 square metres of office space, for a rental face value of about 515 €/m²/year. In the first half of 2016, Deloitte also tried the young tower and rented the balance of the 31,000 square meters of space for a rental face value of 550 €/m²/year. The tower was therefore sold very quickly in a La Défense market which, it should be recalled, still had a 10% vacancy rate three years ago, compared with 4.7% in the first quarter of 2019. In total, Majunga generates between €30 and 35 million in revenues each year, of which the current business district contribution is about 4%. However, the South Korean investor can count on a Won/€ exchange premium and hopes to get a yield between 7.5 and 8% (just like JR-AMC on the Cristalia in Rueil or Korea Investment & Securities on the Europe Tower).

Half of the sale plan has now been completed

This sale by Unibail-Rodamco-Westfield is in line with its intention to contain its debt between 35 and 40%. The listed real estate company has already sold €2 billion during last financial year, in particular by selling the Jumbo shopping centre in Finland (valued at 731 million), the Skyline and Lumen buildings in Poland (€190 million), or the Ariane tower, a

L'Étoile Properties advises on the acquisition of the Eur 850m Majunga Tower in La Defense, Paris

once again on the La Défense market, which has entered the portfolio of the sovereign wealth fund Singapore GIC for €465 million (see below). URW, which announced in December 2017 a volume of arbitrations of €3 billion over time, doubled its disposal plan to €6 billion last month, including €3.1 billion which has already been signed. All these operations were carried out at a performance level at an average net initial yield of 4.5%, and an average premium above book value of 7.2%. There are now €2.9 billion of assets left to be sold.