



Altarea to become the leading independent real estate investment manager and property developer

*Exclusive negotiations for the acquisition of Primonial Group
Strategic retail real estate partnership established with Crédit Agricole Assurances
Ambitious growth targets for 2025*

Altarea enters into exclusive negotiations with Primonial Group shareholders and management for a two-step acquisition (Q1 2022: 60%; Q1 2024: 40%) for an enterprise value of €1.9 billion¹

- Primonial, a leading independent European wealth and real estate asset manager
- A top-tier distribution platform with a solid inflow track record among both retail and institutional investors
- A deal designed to bolster Altarea's expertise in the resilient and fast-growing real estate asset management market and to enhance its existing leadership on the urban transformation market

Strategic partnership with Crédit Agricole Assurances over €1 billion of existing retail assets owned by Altarea

- Creation of two joint ventures between Altarea (51%) and Crédit Agricole Assurances (49%) on retail parks and railway station infrastructure
- Acceleration of Altarea's retail asset management strategy

Unique business model spanning the entire real estate value chain via two complementary business lines

- **Direct and third-party property investment**, underpinned by growing appetite for all real estate asset classes among both institutional and retail investors as part of a strong and sustainable investment trend
- **Property development** driven by accelerated urban transformation in the context of the challenges of climate change in a post-Covid context
- Both business lines are supported by a powerful fully integrated distribution force able to deliver what customers expect in terms of efficient, diversified and socially responsible investment solutions

Ambitious growth targets for 2025

- Strengthened business model combining growth with recurring cash-flows
- Potential fully diluted FFO ranging between €18 and €20 per share
- Strong financial structure to pursue the Group's development strategy (Altarea expects to maintain S&P Global Investment Grade rating)

¹ Excluding potential earn out (see paragraph 2.5. "Terms, financing and provisional timetable" of this press release)

« From the beginning, Altarea's vision has been to accelerate the urban transformation. Our project is focused on meeting the essential needs of the future in terms of housing, offices, shops and infrastructure for the benefit of citizens, by designing and implementing exemplary solutions in terms of new uses and the fight against climate change. Based on these convictions and thanks to our entrepreneurial spirit, we have always been able to anticipate changes in the real estate market, to rethink our model - through organic growth as well as targeted acquisitions - and successfully managed our business throughout cycles and crisis. We are now ready to begin a new chapter in our history.

The two strategic transactions we are announcing with Primonial and Crédit Agricole Assurances will enable us to further expand our platform of expertise and thus become an independent leader in real estate investment and property development. They will strengthen our development potential, including internationally, and our operational profile by combining growth and recurring results.

This industrial project meets the needs of all our clients, and particularly investors who are increasingly looking for diversified products to invest in real estate. Thanks to Primonial, we will be able to offer a unique range of products and solutions across all real estate businesses, asset classes and markets. In a low interest rate environment, the Group's growth will now be fuelled by both urban transformation and real estate investment and saving markets.

Altarea has the financial and managerial capabilities to carry out these transforming operations, which will position us ahead of competition and create value for all our stakeholders. We look to the future with great confidence as we have exceptional market prospects ».

Alain Taravella, Altarea Group Chairman and Founder

TWO MAJOR STRATEGIC OPERATIONS

1. Partnership with Crédit Agricole Assurances²

Altarea and Crédit Agricole Assurances have set up a partnership covering retail assets worth €1.0 billion³ currently held by Altarea, based on a value slightly below the 2020 year-end appraisal values.

The agreement provides for the formation of two joint ventures between Altarea (51%) and Crédit Agricole Assurances (49%) financed entirely through straight equity (€515 million contributed by Altarea and €485 million by Crédit Agricole Assurances):

- **“Alta Retail Parks”** covers 9 retail parks in France owned by Altarea. This retail asset class proved particularly resilient during the health crisis thanks to its open-air format and judicious price/product positioning.
- **“Alta Infrastructures”** covers retail outlets at Paris-Montparnasse station and a portfolio of five Italian railway stations owned by Altarea. This partnership may subsequently include other opportunities to invest in European railway stations.

Altarea will retain asset management, thereby pursuing its retail asset management strategy launched several years ago. Following these transactions, which are expected to be completed by the end of 2021, Altarea will manage a portfolio of 43 retail assets representing a total value of €5.2 billion⁴, in which it will hold an economic share of nearly €2.3 billion.

In a post-Covid crisis world benefiting from a strong recovery in consumption, this transaction reflects the renewed interest among institutional investors for physical retail assets, which are proving once again to be an attractive investment proposition, provided they are managed by an experienced asset manager.

2. Exclusive negotiations for the acquisition of Primonial Group, a leading independent European wealth and real estate asset management group⁵

As part of its objectives to expand its capabilities, Altarea has identified real estate asset management as a fast-growing business driven by attractive underlying fundamentals: strong and sustainable investment by retail investors plus a growing appetite among institutional investors for real estate offering attractive returns and inflation-linked income. Real estate asset management is therefore as a natural extension of Altarea’s business activities, generating growth and synergies with existing areas of expertise.

Altarea has identified the Primonial Group and its talented management team as the most innovative and attractive player in the market. Primonial has a demonstrated track-record of strong inflows and a best-in-class investment performance. Primonial and Altarea share same philosophy and values: entrepreneurial development, long-term vision, profitable growth, innovation and pioneering spirit, quality and customer satisfaction, and a strong commitment to socially responsible investment.

2.1. Transaction scope

² See today’s press release entitled “Altarea and Crédit Agricole Assurances announce new partnership covering retail assets worth €1 billion”, available at [altarea.com](https://www.altarea.com).

³ Including transfer duties.

⁴ Based on 2020 year-end appraisal values.

⁵ See today’s press release entitled “Altarea enters into exclusive negotiations with the shareholders of Primonial Group to create an independent leader in real estate investment and property development”, available at [altarea.com](https://www.altarea.com).

Altarea has entered into exclusive negotiations with Primonial Group shareholders (Bridgepoint, Latour Capital and Société Générale Assurances) and management for a potential two-step acquisition of the entire share capital.

The transaction encompasses real estate asset management (€30 billion in property assets under management as of end of May 2021) and distribution, as well as a 15% stake in La Financière de l'Echiquier⁶.

The remaining 85% of La Financière de l'Echiquier's share capital will remain held by Primonial's current shareholders, while Altarea will benefit from a value protection mechanism for its stake.

2.2. Primonial: a leading independent European wealth and real estate asset manager

Primonial is a leading group in fast-growing markets whose expertise has strong synergy potential with Altarea:

A major player in property investment in France and Europe

- €30 billion property assets managed for third parties as of May 2021 (x4.5 since end of 2015)
- No. 1 European asset manager in healthcare real estate (€9 billion assets under management)
- Two-thirds of assets in France, one third in the rest of Europe (including 24% in Germany) but growing fast

No. 1 distributor of real estate investment products in France

- €4 billion of average annual net inflows from retail and institutional investors, between 2017 and 2020, and €2.1 billion collected from January to mid-June
- No. 1 in the REIT market and No. 1 in terms of net inflows from unit-linked products invested in real estate⁷
- A diversified offering of market-leading real estate funds
- Leading independent wealth management advisors operating within an open architecture distribution and advisory network

A responsible and committed company

- Committed to the environmental transition of its commercial portfolio with a target to reduce energy consumption by 40% by 2030
- Committed to real estate SRI with the first two funds certified in 2020⁸

Strong growth ambitions

- Broad and diversified customer base (50% retail and 50% institutional investors) with prospects in France, Europe and beyond
- Targeting €50 billion in real estate assets under management by 2025

⁶ Asset manager for financial products OCITS (equities, debt instruments, structured products) with €13 billion assets under management as of end of May 2021.

⁷ From 2017 to 2020. Source IEIF

⁸ SRI (Socially Responsible Investment) certification obtained for SCPI Primopierre and OPCI PREIM ISR

A talented and experienced management team

- The Primonial senior management team will remain unchanged and will preserve decision-making independence within the new enlarged group while ensuring the highest governance standard
- Altarea will appoint a Deputy CEO in charge of Finance and Coordination with Altarea
- Primonial management and team's commitment to the project is also reflected in a significant reinvestment of around €60 million
- Primonial's Supervisory Board will continue to be chaired by an independent member

2.3.Synergies serving respective and shared customers

Altarea and Primonial combined expertise will act as a powerful driver of innovation for both groups' customers:

- Altarea's extensive expertise in developing and managing all real estate asset classes will help Primonial to expand its investment range and operations in creating and transforming assets (Core+/Value Add/Oppportunistic sectors)
- The combined expertise and power of the new group will significantly increase the Group's sourcing of operations at the European level
- Finally, Primonial's core distribution and wealth management businesses are fully in line with Altarea's development strategy. It will continue to operate under an open architecture platform, offering an expanded range of products and expertises to customers and partners of both groups

2.4.Business model combining recurring cash-flows and strong growth

Revenues for the perimeter to be acquired come almost entirely from the real estate asset management activity, which is highly recurring:

- 70-80% of revenues come from fees on assets under management, with the remainder made up of entry, transaction and performance fees
- Asset management fees are directly linked to the volume of assets under management⁹
- The average holding period of institutional funds (club deals) is around 10 years, and over 20 years for retail vehicles, with close to zero attrition

The EBITDA of the acquired perimeter represents on average between 0.40% and 0.50% of the AuM. By 2025, Primonial aims to increase real estate assets under management to € 50 billion.

⁹ Amount of real estate assets under management of €30 billion as of end of May 2021.

2.5. Terms, financing and provisional timetable

The enterprise value of the acquired perimeter is around €1.9 billion, excluding a potential earn-out¹⁰, corresponding to a multiple of around 12-13x the average EBITDA over 2022-2023¹¹.

With a strong financial structure and high liquidity¹², Altarea has structured this transaction to maintain financial flexibility to pursue its development over the long term.

For this reason, Altarea is carrying out a substantial equity raise of €1.2 billion for the transaction complemented by a €800 million banking loan with a syndicate of four mandated banking partners (BNP Paribas, Crédit Agricole CIB, Natixis and Société Générale). This loan will have a 5-year term (up to 7 years including extension options).

Equity raise breakdown is as follows:

- €485 million from the retail real estate partnership with Crédit Agricole Assurances announced today
- €350 million through an Altarea capital increase with preferential subscription rights (rights issue). Altagroupe and Crédit Agricole Assurances, which together hold 70% of Altarea's share capital, have already committed to subscribing in pro rata their respective shareholding. This transaction is due to take place in late 2021 or H1 2022 depending on market conditions. Altarea has already obtained the required financial delegations
- €350 million through the continuation of an option policy on partial payment of the dividend in shares (scrip dividend) for the 2021-2024 period¹³, agreed in principle by Altarea's Supervisory Board and, in particular, by its two main shareholders (Altagroupe and Crédit Agricole Assurances)
- A significative investment by Primonial management, structured to ensure an alignment of interests with respect to Primonial's performance and the global performance of the Altarea Group

Primonial shares will be acquired (and the corresponding payments made) in two steps (60% in Q1 2022 and 40% in Q1 2024)¹⁴ via a subsidiary of Altareit¹⁵.

Altarea's Supervisory Board unanimously approved this strategic transaction, proposed terms and structure.

The consultation process for employee representatives have been initiated in accordance with applicable legislation.

The acquisition of Primonial is subject to the customary regulatory and antitrust approvals. Altarea does not expect to encounter any difficulties in getting these approvals.

¹⁰ Maximum €225 million earnout payable in 2024 depending on achievement of the 2022-2023 business plan.

¹¹ This range covers the potential earnout payment.

¹² The Group currently holds €2.8 billion in available cash (€1.7 billion at corporate level and €1.1 billion at project level).

¹³ Years of dividend payment. Subject to approval by the General Shareholders' Meeting for the years in question.

¹⁴ In Q1 2022, bank financing set up € 0.8bn and disbursement of around € 0.7bn for the acquisition of 60% of the shares, and in Q1 2024, disbursement of around 0.5bn € for the balance of the securities (40%) and payment of the potential price supplement.

¹⁵ Altareit is a listed company that groups taxable businesses altogether. Altareit is 99.85% owned by Altarea.

Altarea is stepping up the roll-out of its integrated business model across the entire real estate value chain by forming an independent leader in Europe in real estate investment and property development.

The most comprehensive property expertise platform on the market backed by 2,750 employees¹⁶

- All know-hows: investment and development with a powerful consulting and distribution capacity
- All asset classes: residential, retail, offices, healthcare, logistics, hotels
- All types of customers: retail and institutional investors, key accounts, partner networks and independent distributors
- All investment strategies: from Core/Core+ (prime location assets with top-tier tenants) to Value Add/Opportunistic (assets to be restructured/repositioned)
- All investment vehicles: life insurance, savings and investment solutions, structured products, direct “bricks and mortar” ownership and indirect ownership through real estate funds

The power of a unique business model based on fast-growing, complementary markets

- The huge urban transformation market is driven by new consumer behaviours in a post-Covid environment and the challenges of climate change
- The property investment and savings market is driven by structural trends: strong and sustainable investment by individuals plus a growing appetite for real estate and physical assets among institutional investors, amid a persistently low interest rate but potentially inflationary environment
- Customers of both groups are seeking efficient, diversified, socially responsible investment solutions, thus strengthening the premium of agile and innovative leaders
- This model is part of a recognised and committed approach to accountability and socially responsible investment for all stakeholders

Altarea will now be organised around two complementary real estate businesses

- **Investment (direct investment and asset management): 60% of consolidated EBITDA¹⁷**
 - €5.2 billion in real estate assets through a REIT invested mainly in retail assets
 - Economic share of €2.3 billion held by Altarea
 - €30 billion property assets managed for third parties
 - No. 1 European asset manager in healthcare real estate (€9 billion assets under management)
 - Two-thirds of assets in France, one third in Europe but expected to grow fast
 - No. 1 in the REIT market and No. 1 in unit-linked products invested in real estate
- **Development (new property, repositioning and redevelopment): 40% of consolidated EBITDA**
 - No. 1 property developer in France, leader in urban transformation with a potential €19 billion development pipeline (550 projects, all products combined)
 - No. 2 French residential developer (target of 18,000 new orders per year)
 - No. 1 developer of office and logistics real estate (€5 billion pipeline)
 - No. 1 developer of large mixed-use urban projects (13 operations)

Both business lines will be backed by a fully integrated distribution platform, thus making Altarea the leading distributor of property investment products in France (with an average distributed amount of €7 to €9 billion yearly), equally spread equally between products (direct¹⁸/ indirect¹⁹ real estate) and customers (institutional/individual).

¹⁶ Including Primonial Group employees.

¹⁷ Operating income before changes in value, calculated expenses and transaction costs.

¹⁸ Annual residential and business property new orders of Altarea.

¹⁹ Annual inflow of Primonial in real estate.

ALTAREA 2025 - AMBITIOUS GROWTH TARGETS

These two major transactions will allow Altarea to reinforce its business profile, maintain its financial strength and enhance its growth prospects.

The Group has set the following targets for 2025, subject to a stabilized health environment:

- **A fully diluted FFO / share potential of between €18-20²⁰**, including:
 - the increase in Primonial's contribution via the two-stage acquisition; Primonial EBITDA is expected to significantly exceed €180 million by the end of this period
 - organic growth across Altarea's current scope, including the pursuit of its retail asset management strategy and fulfilment of its development pipeline
 - increased tax on the non-SIIC businesses (property development and asset management)
- **Maintain a strong financial structure underpinned by:**
 - a high degree of liquidity
 - an LTV ratio below 40%
 - a continued financing policy enabling the Group to maintain its loan covenant ratios

A presentation meeting will be held by webcast in French and English on July 1st at 9:30 am

It is accessible on the altarea.com site

Altarea was advised on this transaction by Morgan Stanley, Weill Gotshal & Manges LLP and De Pardieu Brocas Maffei as well as by BNP Paribas, Crédit Agricole CIB, Natixis, Société Générale, Allen & Overy and PricewaterhouseCoopers.

2021 Financial calendar

- **July 30 2021 (new date):** Results for the first half of 2021 (after market close)

ABOUT ALTAREA – FR0000033219 - ALTA

Altarea is the leading property developer in France and leader in the urban transformation market. As both developer and investor, the Group operates in the three main property markets (Retail, Residential and Business Property), making it the leading developer of large mixed-use urban renewal projects in France. The Group has the required expertise in each sector to design, develop, market and manage made-to-measure property products. Altarea is listed in Compartment A of Euronext Paris.

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²⁰ Based on the expected average number of shares created as part of the capital increase and the partial payment of the dividend in securities.

