

Paris, 28 September 2018, 7.30 p.m.

## Plan to create a large property company by merging Société de la Tour Eiffel (STE) and Affine

- Property portfolio of over €1.7bn
- Stronger geographic positions in the Greater Paris Area and in large regional cities
- Market capitalisation close to €750m
- Increased free float accounting for €100m and 14% of the share capital of STE after the merger
- The SMA group controlling shareholder of STE would hold after the merger 51% of capital and voting rights
- Holdaffine would sell its 7% stake in STE as soon as possible after the merger
- Completing the merger is specifically dependent on the AMF decision stating that there is no requirement to file of a buyout offer on Affine shares as well as on the voting by the board of directors and the general assembly of both companies of the merger agreement

The respective boards of Société de la Tour Eiffel (“STE”) and Affine R.E. (“Affine”) have approved the project of a merger. This operation would create a property company listed on Euronext Paris, with French SIIC (REIT) status and assets exceeding €1.7bn.

The contemplated merger would take the form of a merger-absorption of Affine by STE on the basis of an exchange ratio of one new STE share for three Affine shares. This ratio was arrived at following a multi-criteria analysis performed by the advising banks and will be submitted to the merger assessors. An extraordinary general meeting of the shareholders of each of the two companies would be convened to vote on the final project in December 2018. In accordance with existing regulations, an information document registered by the AMF (French Stock Exchange Regulator) and the merger agreement along with the report by the merger assessors would be made available to shareholders.

The proposed exchange ratio would entail:

- for STE shareholders, an accretion of the EPRA NAV per share on 2018 H1 (+2.1%)<sup>1</sup>
- for Affine shareholders, a premium (+0.8% over 1 month average share prices and +3.0% over 3 month average share prices) on September 28, 2018 and the dividend policy being maintained as the proposed ratio is in line with the dividend ratio (for 2017, STE paid a €3.0 per share dividend and Affine a €1.0 per share dividend).

### A STRONGER AND LARGER PORTFOLIO

On completion of the merger, STE would have a portfolio of 163 assets with an appraisal value excluding transfer duties on 30/06/2018 of €1,747m. Assets located in the Greater Paris Area would account for 75% of the portfolio, the other assets being in the French regions, more than 16% of them in large regional cities located on good national and international transport networks and which are demographically and economically dynamic: Bordeaux, Nantes, Lille, Lyon, Marseille and Toulouse. The Greater Paris Area part of the portfolio would be enhanced by the first quality buildings brought by Affine located within the Paris city limits.

During recent developments of both portfolios, technological changes, service requirements, quality standards and a sustainable development approach expected by tenants were taken into account.

Annual rental revenues would grow to over €100m, making it possible to increase redevelopment transactions and to exploit land reserves. Such value-creating transactions would allow for improvements of the performances

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<sup>1</sup> Based on the EPRA NAV of STE of €54.8 per share et Affine of €20.0 per share

and the sustainability of the portfolio. STE will pursue Affine's policy aiming at focusing on strategic assets; it will therefore conduct an assessment of its portfolio of assets after the merger in order to decide on its disposals.

STE and Affine have first quality teams whose members, thanks to the complementary fit between their technical and professional skills, would give the new company the human resources it needs to fulfil its ambitions.

## DEBT

STE's Loan to Value ratio would be 46%<sup>2</sup> with average debt maturity of 6.3 years and a spot cost of 2.1%. These figures should allow the company to ensure sustained growth on attractive terms. STE's current debt which is made up of Euro PP bonds and Revolving credit facilities would be complemented by Affine's mortgage lines (up to the secured debt ratios authorised at STE).

## EQUITY

Affine has issued subordinated perpetual notes (TSDIs) for €75m whose issuing contract does not include reimbursement in the event of a merger, with STE automatically replacing Affine in the continued fulfilment of the terms and conditions of the issuing memorandum. As is required by law, TSDI holders would be consulted on the planned merger and benefit from the statutory opposition right granted to claim holders.

STE would also automatically replace Affine in terms of its obligations to the holders of the ORA bonds that it has issued (€3.6m).

Affine shareholders with double voting rights would be consulted in a special meeting convened to approve the planned merger and the consecutive loss of their double voting rights. It is recalled that Holdaffine and concert SMABTP and SMAvie BTP hold 45.98% and 15.15% of Affine voting rights respectively.

## GOVERNANCE

The composition of the board of directors of STE would be altered in order to take the dynamics of this merger into account.

Maryse Aulagnon, who wishes to launch new concepts in the real estate sector, has not requested to participate in the governance of STE and Holdaffine, which she controls, would sell its STE shares received from the merger.

Alain Chaussard, Affine's Deputy Chairman and Holdaffine co-shareholder, would be tasked with assisting STE's General Management with integrating Affine's teams and operations. He would also be appointed as a non-voting director on STE's board.

## TIMETABLE AND TERMS AND CONDITIONS

Approval of the merger agreement by the boards of directors, provision of Document E and of the merger assessor(s) report and convening of the general meetings of Affine and STE shareholders, as well as the special general meeting of Affine shareholders with double voting rights, should take place by end of October/early November, which means that the merger could be completed during December. Document E would include pro forma financial information on a consolidated basis presenting the financial situation of STE as the absorbing company on completion of the transaction. The transaction would be subject to standard conditions precedent, and in particular the decision issued by the AMF stating that there is no requirement to file a buy-out bid on Affine's shares on the basis of article 236-6 of the General Regulations of the AMF.

Maryse Aulagnon, founding Chairwoman of Affine, said: "Affine has completed the major part of its programme to simplify and reposition itself as an office property company specialising in Paris and the most dynamic large regional cities. The link-up with STE will enable Affine's team and shareholders to take the project forward with

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<sup>2</sup> Computed from the total asset value excluding transfer taxes of €1,159m for STE and €588m for Affine as at 30 June and net financial debt of €467m for STE and €343m for Affine

new synergies and greater visibility”. She added that “Holdaffine, Affine’s reference shareholder since 1998, considers that it has achieved what it set out to do in its role of supporting Affine with the achievement of the simplification strategy launched 5 years ago, the last stage of which is the disposal of Banimmo; accordingly, Holdaffine intends to sell its stake in STE, which would be around 7% of the share capital, as soon as possible following completion of the merger. The sale will be carried out among a restricted circle of investors in blocks of shares over the counter and off-market so as not to weigh on the STE share price. Holdaffine has already received expressions of interest covering a large part of its stake, as an evidence of the relevance and the potential of the planned merger”.

Hubert Rodarie, Chairman of STE, added: “The merger with Affine should enable STE to strengthen its model of a long-term SIIC property company, owner and developer of tertiary real estate, to support its tenant clients in business parks located in the Greater Paris Area and the most dynamic regions. This transaction would enable STE to take great strides forward in the implementation of its growth strategy and to consolidate its dividend which will be based on an enhanced asset portfolio.”

An information meeting/conference call in French is scheduled following the issue of Document E. Information concerning this meeting/conference call will be published on the companies’ websites: [www.societetoureiffel.com](http://www.societetoureiffel.com) et [www.affine.fr](http://www.affine.fr).

STE has mandated Rothschild & Cie as its exclusive financial advisor and Paul Hastings as its legal advisor.

Affine has mandated BNPParibas as its exclusive financial advisor and Davis Polk & Wardwell as its legal advisor.

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