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PRESS RELEASE

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IMMOBEL plans to acquire the French property group NAFILYAN & PARTNERS in three stages, thus confirming its international diversification strategy.

Through this acquisition, IMMOBEL confirms the implementation of its strategy and its desire to continue developing its property portfolio in the European market.

NAFILYAN & PARTNERS is one of the most dynamic residential property players in Ile-de-France.

A year of investments for IMMOBEL

The IMMOBEL Group announced at its General Meeting that “2017 will be a year of investments”. After launching seven new residential projects in six months, completing a 100 MEUR bond issue, hiring several members of staff in Belgium and in the Grand Duchy of Luxembourg, and a new CEO in Poland, IMMOBEL is sustaining its momentum by acquiring the French group NAFILYAN & PARTNERS, a major residential property developer in the Paris region. “*We have always envisaged 2017 as a springboard to give IMMOBEL the resources it needs to accelerate its development*”, explains Marnix Galle, Executive Chairman of the Group. “*In each cycle there are transition years that have to be optimised in order to prepare for the future. That’s what we’ve done, and it’s not finished yet. Our ambition is to integrate other markets as well, where the demand is substantial and where we think we can create value*”, he continues. “*Developing closer ties with NAFILYAN & PARTNERS was an obvious choice for us.*”

NAFILYAN & PARTNERS, a leader in the French residential market

NAFILYAN & PARTNERS is a property development company which was founded in 2014 by two professionals in the sector, Guy Nafilyan, ex-CEO of Kaufman & Broad, and Bruce Karatz, former Chairman & CEO of the American group KB Home, both major players in the residential market in France. The company has 54 employees and has set the standard for developing apartments, groups of detached houses and dwellings in managed blocks.



“We very quickly realised the possible synergies between the two groups”, says Guy Nafilyan, the group’s President. “We have a pioneering vision, a unique business model and an approach which fits perfectly with IMMOBEL. We had everything we needed to get along with each other”, he explains.

An effective business model for both companies

NAFILYAN & PARTNERS, like IMMOBEL, differentiates itself particularly through the efficiency and performance of its sales teams. With more than 30 real estate projects currently being marketed, with an average of around 100 dwellings per site, and 3,500 dwellings in its property portfolio, the French developer’s sales team has already sold more than 50 % of the units in the projects offered for sale and secured reservations of units in the order of 180 MEUR in 2017. *“The projects in pre-marketing phase are very popular with our buyers: firstly, first-time buyers and private individual investors, and, secondly, private institutional investors and social landlords “*, explains Marc Nafilyan, General Manager.

Promising figures

“These figures are reassuring and also pleasing and will allow IMMOBEL to be open to new possibilities”, adds Valéry Autin, IMMOBEL’s CFO who has worked with Gérald Fruchtenreich, his French counterpart, to make this transaction a success. And as Gérald Fruchtenreich explains: *“At cruising speed, NAFILYAN & PARTNERS expects to sell between 1,500 and 2,000 dwellings per year, giving a turnover of around 300 MEUR.”* For the record, IMMOBEL is currently developing projects totalling nearly 800,000 m², which, supplemented by this new acquisition, will enable the value of the Group’s property portfolio to increase significantly. The coming years announce promising results.

Clear synergies

In structural terms, the two property developers have a lot in common: ambition, professionalism, size, typology and organisation. *“These similarities quickly proved to be a real accelerator, and the willingness to pool all our skills in order to develop the international diversification of the IMMOBEL Group has never been in doubt”,* explains Alexander Hodac, IMMOBEL's CEO. *“In addition to what brings us closer, we also have a lot to learn from each other, since although our operating methods are identical our strengths are complementary”,* he says. *“The commercial strength of NAFILYAN & PARTNERS is impressive and is based on a remarkable business model which strives to minimise risk. IMMOBEL will certainly be able to take inspiration from it and incorporate this expertise in order to stand out,”* he adds.

Quantum Leap

Since its merger with ALLFIN in 2016, Alexander Hodac has endeavoured to restructure the Group and to implement a policy of openness, transparency and compliance suitable for listed companies. Having achieved this objective, he can now set the Group some new ones, including international diversification. *“Our ambition is to make the IMMOBEL Group a major property player in Europe, a genuine development platform capable of implementing residential, office, mixed urban and even commercial projects”,* he says.



Structuring and valuation of the transaction

The acquisition is planned in three stages: the first stage took place today, via an increase in the NAFILYAN & PARTNERS capital, after which IMMOBEL owns 15 % of the company. Thereafter, IMMOBEL will be able to acquire an additional 36 % of the French group through call options during the 2019 financial year, then, during the 2020 financial year, the balance of the shares (49 %) and other capital securities of NAFILYAN & PARTNERS. The valuation of the shares is based on the EBITDA multiple method carried out at year end, and in any case, will not exceed 130 MEUR. IMMOBEL confirms its desire to rely on the current management team of NAFILYAN & PARTNERS, including Guy Nafilyan who retains his functions as President of the company.

As stated in the merger control regulations, IMMOBEL and NAFILYAN & PARTNERS must, if need be, obtain the necessary authorisations from the competition authorities at the second stage, which is expected to take place during the 2019 financial year.

With this transaction, IMMOBEL continues to develop its portfolio strategically and confirms its desire to assert itself in its preferred sectors, namely residential development, office development, local retail and landbanking, relying on its ability to create value and revitalise urban areas.

For this transaction, IMMOBEL was advised by Allen & Overy and PWC.

NAFILYAN & PARTNERS was advised by Cleary Gottlieb Steen & Hamilton LLP and Bank Degroof Petercam Corporate Finance.





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About the Group IMMOBEL:

IMMOBEL is the largest listed Belgian property developer. Ever since it was founded in 1863, the Group has developed and marketed innovative urban projects in response to the needs of cities and their inhabitants. Thanks to its bold strategy and a talented workforce of around a hundred people, IMMOBEL has succeeded in diversifying its expertise in the residential, office, retail and landbanking sectors and has successfully expanded internationally to the Grand Duchy of Luxembourg and Poland. Its portfolio now totals more than 800,000 m² under development and the Group has a market capitalisation of more than 500 MEUR, establishing its position as a market leader.

For more information, go to www.immobel.be

About the NAFILYAN & IMMOBEL Group:

NAFILYAN & PARTNERS is a property development company which was founded in the first quarter of 2014 by two property professionals, Guy NAFILYAN, ex-CEO of Kaufman & BROAD and Bruce KARATZ, former Chairman & CEO of the American group KB HOME. The company's activity is the development in Ile-de-France of housing projects aimed mainly at first-time buyers and private individual investors on the one hand, and at private institutional investors and social landlords on the other. The products offered by the Company are apartments, groups of detached houses and dwellings in managed blocks. Drawing on its founders' acknowledged expertise over more than 40 years, and on a pioneering vision of the property market in Ile-de-France, NAFILYAN & PARTNERS selects the best sites, works with well-known architects and uses valuable materials; high-quality, architecturally beautiful facades and optimised house plans and light-filled spaces are at the heart of the high standards it sets, while ensuring protection of the environment.

For more information, go to www.npimmo.fr