

PRIMONIAL REIM 2018 RESULTS EXCEEDING MANAGEMENT TARGETS

Primonial REIM: key figures and information at 31/12/2018

- **Further growth in assets under management: €17.2 billion¹** (+21% vs. 2017)
- **Continuing development in Europe:** 33% of real-estate acquisitions (in volume) in the eurozone outside France
- **Particularly strong momentum in terms of gross inflows: €4.3 billion²** for all funds under management (+31% vs. 2017)
- **Number 1 in the SCPI market³ again in new-money terms, with gross inflows of €911 million, and a capitalisation of €5.9 billion**, among the top three in the market⁴
- **Completion of some large-scale real-estate transactions** which have contributed greatly to growth in the office investment market

¹ Scope: value of real-estate assets + liquidity

² New money includes amounts subscribed within funds and amounts invested via club deals

³ Source: ASPIM-IEIF, market shares and performances at 31/12/2018

⁴ All of Primonial REIM's SCPIs. Source: ASPIM-IEIF, market shares and performances at 31/12/2018

In 2018, Primonial REIM strengthened its leading position among collective real-estate portfolio management companies, with more than €17 billion of assets under management and the largest inflows since the company's inception, exceeding management targets.

Grégory Frapet, Chairman of Primonial REIM's Executive Board, commented: *"2018 results demonstrate the commitment and expertise of our teams and validate Primonial REIM's strategic choices in the last few years. As soon as 2012, while being mainly invested in office properties, we have implemented a diversification strategy into commercial real estate, then healthcare properties and more recently residential real estate. We have anticipated market developments through our conviction-based investment approach, in order to achieve a real-estate portfolio which meets the expectations of our investor clients in terms of product, sector and geographical diversification. We have entered 2019 with confidence and determination. With the ECB likely to raise interest rates, we see value creation based on more dynamic investment strategies combining income-generating assets with those that deliver capital gains."*

Stéphanie Lacroix, Chief Executive Officer of Primonial REIM, added: *"In a constantly changing world, we intend to deliver returns to our clients in line with their various criteria in terms of yield, capital protection and low volatility. Our clients entrust us to manage their investments over the long term, in order to generate potential additional income based on the quality of our underlying real estate assets. This genuine relationship of trust forces us to be up for the task while developing long-term partnerships with them. More than ever in 2019, we will rely on our strong entrepreneurial approach and our agility to reach our goals: offering to our individual and*

institutional clients – attractive and innovative investment solutions meeting their current and future expectations.”

I/ FUND INFLOWS AND RETURNS IN 2018

In 2018, the range of funds managed by Primonial REIM attracted **€4.3 billion of capital across the three investment solutions** that form its core business:

- Sociétés Civiles de Placement Immobilier (SCPIs – non-listed real estate investment trusts) managed by Primonial REIM attracted €911 million. In 2018, Primonial REIM once again confirmed its market-leading position in terms of inflows and consolidated its position among the top three asset management companies with a capitalisation of almost €6 billion across all of its SCPIs.

These strong results illustrate the attractiveness of Primonial REIM's investment solutions for individual investors. They are driven in particular by the success of Primovie, Primonial REIM's SCPI focusing on healthcare and educational properties, which attracted €497 million of new money, the largest of any SCPI in the market (*source: ASPIM-IEIF, market shares and performances at 31/12/2018*). With a capitalisation of more than €2.4 billion by itself, Primopierre attracted €282 million of new money, validating its strategy of investing in office assets, mainly in Paris and the Paris region. This SCPI is highly selective, particularly in terms of quality of properties (environmental performance, amenities etc.) and tenants.

- Unit-linked real estate investments, offered through a large number of life insurance policies, accounted for 50% of retail inflows in 2018 with **€911 million** of new money, split between SCI Primonial Capimmo and the retail real-estate fund PREIMium.

- Real-estate club deals involving institutional investors brought in €2.5 billion of new money, an increase of 51% compared to 2017. These achievements illustrate Primonial REIM's proven track record in putting together complex real-estate transactions that meet the expectations and requirements of institutional investors in terms of asset types and return profiles.

Returns across the whole of Primonial REIM's retail funds (SCPIs, Preimum and SCI Primonial Capimmo) were in line with the targets set at the start of the year.

The average return from SCPIs managed by Primonial REIM and open to subscription was +4.52%, higher than the SCPI market average of +4.35%⁵ for 2018.

The PREIMium fund and the SCI Primonial Capimmo unit-linked investment – distributed through life-insurance policies – also achieved returns higher than their market average: +3.83% for PREIMium and +4.20% for Capimmo vs. +2% for the real-estate unit-linked investments market in 2018⁶.

⁵ Source: IEIF, market shares and performances at 31/12/2018, excluding residential investments

⁶ Source: Primonial REIM studies and research

II/ DEVELOPMENT OF THE REAL-ESTATE PORTFOLIO IN 2018

In 2018, Primonial REIM's investment teams carried out various investments consistent with the level of inflows, and on behalf of the various office, healthcare/education, commercial and residential real-estate managed funds.

In 2018, several major acquisitions were completed, including:

- the Quadrans office complex in the 15th arrondissement of Paris: 86,000 sqm (€1.15 billion)⁷,
- a portfolio of nine office properties in Lyon: 60,000 sqm (€266 million),
- a portfolio of three office properties (Galeo-Dueo-Trieo) in Issy Les Moulineaux, designed by the architect Christian de Portzamparc: 21,000 sqm with HQE Construction certification (€225 million),
- the Léonard de Vinci health centre in Tours: 43,000 sqm (€96 million),
- University of Madrid: 15,000 sqm with "Leed Silver" certification (€39 million),
- a portfolio of six long-term care facilities in Spain: 21,500 sqm (€35 million).

In volume, 33% of investments took place in the eurozone outside France, mostly in Germany in the healthcare and educational real-estate sector.

At 31/12/2018, the real-estate portfolio managed by Primonial REIM on behalf of its clients accounted for more than 3,800,000 sqm. Primonial REIM's Asset Management teams have already identified a **development project pipeline of almost 385,000 sqm** offering value-creation opportunities in office, commercial, healthcare and educational real estate. In addition, Primonial REIM secured some major deals with tenants in 2018, **letting, reletting or renegotiating almost 340,000 sqm of space across all asset classes.**

III/ 2019 OUTLOOK

Building on positive trends in Primonial REIM's key markets, along with the Company benefiting from being part of the Primonial group enables management to be confident and enthusiastic about 2019 outlook.

With the economic environment more than ever requiring a long-term view, Primonial REIM's client-focused strategy will rely on:

- focusing on the appeal of specific regions, favouring areas where property is in short supply or showing strong growth potential;
- taking a selective approach to investments, based on the intrinsic qualities of buildings in terms of efficiency, environmental certifications and so forth;
- developing partnerships with tenants in which interests of parties are aligned (long-term leases, redevelopment of buildings etc.);
- managing funds in a dynamic way, combining assets that contribute rental income with assets that contribute capital growth, in order to ensure steady income and potential capital gains for clients over the long term.

This balanced asset-management approach coupled with its conviction-based strategy are key for success, enabling Primonial REIM's funds to deliver returns exceeding market average.

⁷ Purchase price excluding transfer taxes.

Appendix: 2018 fund performance

Past performance is not a reliable indicator of future performance. Investing in an investment fund carries risks, including the risk of capital loss.

31/12/2018	Primopierre	Primovie	Patrimmo Commerce	Primofamily	Patrimmo Croissance	PREIMium	Capimmo
Vehicle	SCPI	SCPI	SCPI	SCPI	SCPI	OPCI	SCI
DY ⁸ 2018	4.50%	4.50%	4.60%	4%			
CUV ⁹ 2018					5%	3.83%	4.20%
Cumulative 3-year return	20.47%	20.67%	17.70%	Inception in 2017		Inception in 2017	13.02%
Cumulative 5-year return	33.33%	30.77%	27.80%	Inception in 2017		Inception in 2017	24.13%
IRR ¹⁰ over 5 years	4.64%	4.35%	3.84%	Inception in 2017	NA	Inception in 2017	4.42%

⁸ DY: the distribution yield is the gross dividend before the levy in discharge paid with respect to year n (including special interim dividends and the capital gains distributed) divided by the average offer price for a unit in the same year.

⁹ CUV: Change in unit value

¹⁰ IRR: annualised internal rate of return for the period, assuming that units were bought at the offer price in the first year of the period and sold at the execution price (fixed-capital SCPI) or redemption price (variable-capital SCPI) on 31 December of the final year, and including distributions before the levy in discharge during the period.

About Primonial REIM

Primonial REIM is a portfolio management company that was authorised by the Autorité des Marchés Financiers (AMF) in 2011. Its purpose is to design and manage a range of investment vehicles that reflect its strong convictions about real-estate markets. Its aim is to make SCPI real-estate funds – investing in office, retail, healthcare/education and residential properties – available to the widest possible audience.

As a portfolio management company, Primonial REIM creates and manages real-estate CIUs for institutional and retail investors. On 10 June 2014, Primonial REIM obtained AIFM (Alternative Investment Fund Manager) authorisation from the AMF, under which it is subject to increased obligations in areas such as reporting, liquidity monitoring and risk management. Its Executive Board consists of Grégory Frapet, Chairman, Stéphanie Lacroix, CEO and Tristan Mahaut, Corporate Secretary.
www.primonialreim.com

Key figures at 31st December 2018: € 17.2 billion assets under management // 43 Investment Vehicles // 58 920 investors // 3 817 380 m² of real estate assets managed // 7 000 tenant companies // Property assets in 6 European countries

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