LAUNCH OF A VOLUNTARY CONTRACTUAL TENDER OFFER

TARGETING THE SHARES OF PRIMECITY INVESTMENT PLC

In conjunction with delisting of its shares
(pursuant to the article P. 1.4.2. of the Book II of the Euronext Rule Book)

INITIATED BY

ALFORTIA LTD AND BLUESTYLE LTD

PRESENTED BY INVEST SECURITIES

Offer Price: EUR 5.00 per share **Duration of the Contractual Offer:** From **May 5th, 2020** to **May 18th, 2020** included (10 trading days)

THIS CONTRACTUAL OFFER IS NOT SUBJECT TO THE REVIEW AND SUPERVISION BY THE FRENCH FINANCIAL MARKET AUTHORITY (A.M.F.) IN FRANCE OR THE CYPRUS SECURITIES AND EXCHANGE COMMISSION IN CYPRUS

This document presenting the Contractual Offer and its main characteristics is freely available on Primecity's website: www.prime-city.com.

The Contractual Offer will be opened once Primecity has issued a press release stating that the resolution necessary for the purchase of shares by way of a takeover bid has been validly adopted by the meeting of the Board of Directors of Primecity held on April 29th, 2020

Corporate advisor

1. PRESENTATION OF THE CONTRACTUAL OFFER

Alfortia LTD, a private limited company, incorporated under the laws of Cyprus, having its registered office at Artemidos & Nikou Dimitriou, 54B, Scanner Avenue Tower, Floor 4, 6027, Larnaca, Cyprus and being registered with the register of companies in Cyprus under number HE 333663 ("**Alfortia**") and Bluestyle LTD, a private limited company, incorporated under the laws of Cyprus, having its registered office at Artemidos & Nikou Dimitriou, 54B, Scanner Avenue Tower, Floor 4, 6027, Larnaca, Cyprus and being registered with the register of companies in Cyprus under number HE 333662 ("**Bluestyle**") (together, the **"Co-Initiators"**) are offering the shareholders of Primecity Investment PLC, a public limited liability company incorporated under the laws of Cyprus, having its registered office at Artemidos & Nikou Dimitriou, 54 B, Scanner Avenue Tower, Floor 3, 6027, Larnaca, Cyprus and being registered with the register of companies in Cyprus under number HE 151151 ("**Primecity**" or the "**Company**"), whose shares are listed on the Private Placement Segment of Euronext Growth, a market operated by Euronext Paris under the ISIN code CY0104972217, and ticker symbol "ALPCI", to acquire all of their Primecity shares at a price per share of EUR 5.00 (the "**Offer Price**") payable exclusively in cash, under the conditions described below (the "**Contractual Offer**").

The Contractual Offer is initiated due to the lack of liquidity of Primecity's shares in the context of the request of the delisting of the Company's shares from Euronext Growth Paris.

The Co-Initiators are acting in concert since they are both 100% subsidiaries of Aroundtown SA, a public limited liability company incorporated under the laws of Luxembourg, having its registered office at 40, Rue du Curé, L-1368 Luxembourg, and being registered with the registrar of companies in Luxembourg under number B217868 (the "**Concert**").

As of the date of this document, the Co-Initiators hold, in concert, 142,129,324 Primecity's shares, representing 99.5% of the Company's share capital and voting rights. As a result, the Contractual Offer is targeting the 770,655 remaining shares not currently owned by the Co-Initiators, representing approximately 0.5% of the Company's share capital based on a total of 142,899,979 shares outstanding.

To the Co-Initiators' knowledge, there exists no equity security, financial instrument or right giving access to the capital or voting rights of the Company, immediately or in the future, other than the shares. There exists no Company shares with more than one voting right per share.

The Contractual Offer is presented by Invest Securities. It is specified that Invest Securities does not guarantee the Co-Initiators' commitments and the irrevocable nature of the undertakings of the Co-Initiators as part of the Contractual Offer.

The duration of the Contractual Offer will be ten (10) trading days.

The Contractual Offer does not constitute a public takeover bid ("*offre publique d'acquisition*") within falling the meaning of the French Règlement Général of the Autorité des Marchés Financiers or of the OPA French law ("loi OPA"). This Contractual Offer is not subject to the review of the Autorité des Marchés Financiers (AMF) nor of the Cyprus Securities and Exchange Commission.

1.1 Context and rationale of the Offer

1.1.1 Context of the Offer

The Co-Initiators, acting in concert, are the principal shareholders of the Company. Following trading volume of Primecity's shares on Euronext Growth market, costs and administrative requirements related to the listing, the Co-Initiators consider that the listing of the Company is no longer justified. Following the completion of the Contractual Offer, the Co-Initiators intend to delist the shares of the Company from the Euronext Growth Paris market operated by Euronext, pursuant to Article P 1.4.2. of the Book II of Euronext Rule Book.

Article P 1.4.2. of the Book II of Euronext Rule Book related to the delisting of financial instruments permits to "an Issuer controlled by a majority shareholder or shareholder group holding, alone or in concert, 90% or more of the Issuers' Shares and 90% or more of the voting rights attached thereto can apply for delisting of its Shares" provided that (a) a squeeze-out procedure is implemented; or failing this (b) if applicable law does not provide for squeeze-out, a public offer or any other public tender offer under equivalent regime, if the AMF is not the competent authority for tender offer supervision, is implemented ("the delisting offer") as long as a certain number of conditions are fulfilled.

In the case of Primecity, the takeover and squeeze-out rules pursuant to the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (as amended from time to time) as harmonised and implemented in the Republic of Cyprus under the Law to Make Provision for Public Takeover Bids for the Acquisition of Securities of Companies and Related Matters 41/2007 (as amended from time to time), do not apply. The conditions laid down in Article P.1.4.2 (b) are therefore the following : (i) over the last 12 (calendar) months before the delisting application, the total value traded on the Issuer's Shares represents less than 0.5% of the Issuer's market capitalization ; (ii) the application is filed after a delay of 180 (calendar) days has elapsed since any previous public tender offer (i.e. prior to the "delisting offer") ; (iii) the offeror has committed, for a period of 3 months following the end of the delisting offer, to acquire at the same price as such delisting offer the shares of remaining shareholders who have not tendered them under the delisting offer; and (iv) the offeror has committed, for a transitional period of one financial year following the year when delisting takes place, to publishing any crossing up above or below the squeeze-out threshold in applicable law of the delisted issuer' shares or voting rights attached thereto.

Concerning the condition (b)(i) of Article P.1.4.2, the total value traded on the Company's shares represents 0.10% of the Company's market capitalization on the relevant period preceding the delisting request (i.e. from April 1st 2019 to March 31st 2020), which is below the 0.50% threshold provided by Article P.1.4.2. This indicates that almost none of the shareholders of Primecity used, or had the ability to use, the financial market over the past 12 months to trade the shares of the Company. Concerning the condition (b)(ii) of Article P.1.4.2, no public tender offer has been launched on the Company's shares since less than 180 calendar days. In addition, in accordance with the condition (b)(iii) of Article P.1.4.2, the Co-Initiators commit, for a period of 3 months following the end of the Contractual Offer (i.e. until August 2020), to acquire at the Offer Price the shares of remaining Primecity's shareholders who will have not tendered them under the Contractual Offer. Finally, in accordance with the condition (b)(iv) of Article P.1.4.2, the Co-Initiators commit, for a transitional period of one financial year following the year when the Contractual Offer takes place (i.e. until December 31th 2021), to publish any crossing up above or below the squeeze-out threshold in applicable law of the Company's shares or voting rights attached thereto.

Therefore, the Co-Initiators consider it legitimate to request the delisting of its shares, after the Contractual Offer.

1.1.2 Company's shareholding

As of the date of this Contractual Offer document, the Co-Initiators, acting in concert, own approximately 99.5% of the capital and the voting rights of the Company.

The remaining shares equivalent to approximately 0.5% of the capital are considered as free float and owned by minority shareholders. The Company's share capital is distributed as follows:

Company's capitalization table before the launch of the Contractual Offer

Shareholder	Number of shares owned	Percentage of the share capital owned (%)
the Co-Initiators	142,129,324	99.5
Free float	770,655	0.5
Total	**142,899,979**	**100**

1.2 Intentions of the Co-Initiators for the next 12 months

1.2.1 Strategy, commercial and financial policy

The conduct of the Company's business will not be affected by the Contractual Offer. The Co-Initiators do not intend to change the strategic initiatives, commercial and financial policy of the Company.

1.2.2 Intentions concerning employment

The Co-Initiators do not intend to amend the Company's strategy or plans with regards to employment matters. This operation is in line with the Company's continued management policy in terms of social relations and human resources.

1.2.3 Composition of the board of directors of the Company and management

The Contractual Offer will have no consequences on the structure and role of the governing bodies of the Company. However, in the case of delisting, Primecity's board will no longer be required to comprise independent members and the composition of the Board may change to consist predominantly or exclusively of Primecity representatives.

As of the date of this document, Primecity's board of directors and management is composed of the following persons:

Name	Function
Oschrie Massatschi	Director and Interim CEO
Elena Koushos	Director

1.2.4 Synergies

The Offer is not expected to result in the creation of any additional synergies nor have a negative impact.

1.2.5 Merger and legal reorganization

No merger is contemplated.

1.2.6 Dividend distribution policy

No dividend has been distributed or paid in connection with Fiscal Years 2012 to 2019. The Co-Initiators are not planning that the Company will distribute any dividend in the future.

1.2.7 Absence of squeeze out (*procédure de retrait obligatoire*)

The takeover and squeeze-out rules pursuant to the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (as amended from time to time) as harmonised and implemented in the Republic of Cyprus under the Law to Make Provision for Public Takeover Bids for the Acquisition of Securities of Companies and Related Matters 41/2007 (as amended from time to time) do not apply to the Company as the Company's shares are not listed on a regulated market in the Republic of Cyprus. The reader is invited to refer to section 1.1.1 of this document to understand the context of the Contractual Offer and the conditions of the delisting procedure.

1.2.8 Delisting from Euronext Growth Paris

The conditions described in Article P 1.4.2. of the Book II of Euronext Rule Book being already fulfilled, regardless of the Contractual Offer's outcome, the Co-Initiators requested the delisting of Primecity on April 19th 2020.

As of the date of this Contractual Offer, Euronext approved the delisting request of the Co-Initiators in a decision dated April 29th 2020 and planned that the delisting of the Company's shares from Euronext Growth Paris will occur after the completion of the Contractual Offer.

1.2.9 Advantages for the Co-Initiators, the Company and its shareholders

The Co-Initiators' decision to delist the Company from Euronext Growth Paris follows a review of the trading volume, costs and administrative requirements related to the listing.

The Co-Initiators offer Primecity's minority shareholders an immediate liquidity which is not available in the market, reflected by very low trading volumes for the past twelve (12) months representing less than 0.10% of Primecity's market capitalisation. The objective of the Contractual Offer is to enable minority shareholders to sell their total stake, while benefiting of a premium of 27%, 33% and 35% for respectively the 30-trading day, 60-trading day and 90-trading day volume weighted average price (VWAP) based on the closing price of Primecity's share on March 31, 2020.

A summary of the elements for assessing the price of the Contractual Offer is presented in the section 3 of this document.

1.3 Agreements that may have an impact on the assessment of the Contractual Offer or its outcome

Except as disclosed in this document, the Co-Initiators are not a party to any agreement likely to have a significant impact on the consideration of the Offer or its results and are not aware of the existence of such agreements.

The Co-Initiators are acting in concert since they are both 100% subsidiaries of Aroundtown SA, a public limited liability company incorporated under the laws of Luxembourg, having its registered office at 40, Rue du Curé, L-1368 Luxembourg, and being registered with the registrar of companies in Luxembourg under number B217868. As of the date of this document, the Co-Initiators hold, in concert, 142,129,324 Primecity's shares, representing 99.5% of the Company's share capital and voting rights.

1.4 Commitments of the Co-Initiators in the context of the Contractual Offer and the delisting

As described in section 1.1.1 and in accordance with the condition (b)(iii) and (b)(iv) of Article P.1.4.2 of Book II of Euronext Rule Book, the Co-Initiators commit:

1) for a period of 3 months following the end of the Contractual Offer (i.e. until August 2020), to acquire at the Offer Price the shares of the remaining Primecity's shareholders who will have not tendered them under the Contractual Offer; and

2) for a transitional period of one financial year following the year when the Contractual Offer takes place (i.e. until December 31th 2021), to publish any crossing up above or below the squeeze-out threshold in applicable law of the Company's shares or voting rights attached thereto.

2. CHARACTERISTICS OF THE CONTRACTUAL OFFER

The Contractual Offer is a voluntary contractual cash tender offer targeting the shares of Primecity.

It is specified that the Contractual Offer does not fall within the scope of the French Monetary and Financial Code or the General Regulations of the A.M.F and has therefore not been subject to any supervision by the A.M.F.

The Contractual Offer is presented by Invest Securities. It is specified that Invest Securities does not guarantee the Co-Initiators' commitments and the irrevocable nature of the undertakings of the Co-Initiators with respect to the Contractual Offer.

This document presenting the Contractual Offer and its main characteristics is freely available on Primecity's website: www.prime-city.com.

Before the opening of the Contractual Offer, Euronext Paris will publish a notice announcing the terms and the calendar of the Contractual Offer.

2.1 Contractual Offer terms

The Co-Initiators undertake to Primecity's shareholders to acquire all the Primecity shares that will be tendered under the Contractual Offer at the Offer Price, i.e. EUR 5.00 per Primecity share, payable exclusively in cash.

The Contractual Offer will last ten (10) trading days.

2.2 Number and type of securities targeted by the Contractual Offer

As of the date of this offer, the Co-Initiators, acting in Concert, hold 142,129,324 Primecity's shares, representing 99.5% of the Company's share capital and voting rights.

As a result, the Contractual Offer is targeting the 770,655 remaining shares not currently owned by the Co-Initiators, representing approximately 0.5% of the Company's share capital based on a total of 142,899,979 shares outstanding.

The Contractual Offer covers a maximum of 770,655 shares representing the same number of voting rights.

2.3 Procedure to sell shares

The shares tendered to the Contractual Offer must be freely negotiable and free of any encumbrance including pledge, guarantee or restriction of any kind whatsoever restricting the free transfer of their ownership. The Co-Initiators reserve the right to reject any Primecity shares tendered which do not meet this condition.

The Company's shareholders wishing to tender their shares to the Contractual Offer must place an irrevocable sale order at the Offer Price:

- With their financial intermediary - account keeper for shareholders holding their shares in bearer form (*au porteur*) or administered registered (*nominatif administré*) shares;

- With BNP Paribas Securities Services, which manages the Company's securities services and the Company's register of registered shares for shareholders holding their shares in pure registered (*nominatif pur*) form.

The acquisition of the shares during the Contractual Offer will be made, in accordance with the law, through the intermediary of the purchasing market member, Invest Securities, acting as intermediary on behalf of the Co-Initiators. Shareholders who tender their shares to the Contractual Offer must sell their shares on the market and settlement and delivery will take place as orders are executed, two (2) trading days after each execution, it being specified that the trading costs (including brokerage fees and related VAT) will be borne in full by the selling shareholders.

Orders to submit Primecity shares to the Contractual Offer will be irrevocable.

It is specified that no commission will be paid by the Co-Initiators to the account-holding financial intermediaries of Primecity’s shareholders who have tendered their shares to the Contractual Offer.

Any dispute or litigation, regardless of its purpose or basis, relating to this Contractual Offer will be brought before the competent courts.

The Contractual Offer will be open during ten (10) trading days, i.e. from May 5th, 2020 to May 18th, 2020.

2.4 Shares not tendered to the offer

After the completion of the Contractual Offer, the Co-initiators intend to delist the Company’s shares from Euronext Growth Paris market.

As described in section 1.1.1 and in accordance with the condition (b)(iii) and (b)(iv) of Article P.1.4.2 of Book II of Euronext Rule Book, shares which would not have been tendered to the Contractual Offer may be sold to the Co-Initiators at the Offer Price for a period of 3 months following the end of the Contractual Offer (i.e. until August 2020).

Shareholders who have not tendered their shares to the Contractual Offer or after the expiry of the three-month period referred above, will remain minority shareholders of the Company and will only be able to sell their shares through private sale deeds. This notably implies that at the end of the three-month period referred above, the Co-Initiators will no longer be obliged to acquire the remaining Company’s shares which would not have been tendered to the Contractual Offer or sold during the three-month period following the Contractual Offer.

2.5 Calendar of the Contractual Offer

Prior to the opening of the Contractual Offer, Euronext Paris will publish a notice announcing the terms and timetable of the Offer.

The timetable below is provided on an indicative basis only:

Date	Description
February 4th, 2020	Appointment of the independent expert
April 30th, 2020	Publication of the Contractual Offer document and the Document in Response of Primecity, including the independent expert's report
April 30th, 2020	Publication of Euronext's notice announcing the terms of timetable of the Contractual Offer
May 5th, 2020	Opening of the Contractual Offer
May 18th, 2020	Closing of the Contractual Offer
May 20th, 2020	Publication of a press release announcing the result of the Contractual Offer

2.6 Financing of the Contractual Offer and brokerage fees

2.6.1 Financing of the Contractual Offer

The acquisition by the Co-Initiators of all the Primecity shares covered by the Contractual Offer would represent, on the basis of an Offer Price of EUR 5.00 per share, a maximum total amount of EUR 3,853,275 (excluding miscellaneous costs and commissions).

The Contractual Offer will be financed by the existing cash resources of the Co-Initiators and their affiliates.

2.6.2 Brokerage fees

Trading fees (including the brokerage fees and corresponding VAT) relating to shareholders participation in the Contractual Offer will be borne entirely by the selling shareholders.

2.7 Restrictions concerning the Contractual Offer outside France

The Contractual Offer is being made exclusively in France. This Contractual Offer document is not intended to be distributed in any country other than France.

Neither this Contractual Offer document nor any other document relating to the Contractual Offer constitutes an offer to buy or sell financial instruments or a solicitation of an offer in any country in which such offer or solicitation would be illegal, or to any person to whom such an offer cannot legally be made. The Contractual Offer has not been and will not be subject to any formality, registration or visa outside France.

The Company's shareholders located outside of France may participate in the Contractual Offer only to the extent that such participation is authorized by the local law to which they are subject.

The distribution of this Contractual Offer document and of any document relating to the Contractual Offer or to participation in the Contractual Offer may be the subject of legal restrictions in certain jurisdictions. The Contractual Offer is not being made to persons subject directly or indirectly to such restrictions and may not in any way be the subject of an acceptance from a country in which the Contractual Offer is subject to restrictions.

Those who come into possession of this Contractual Offer document must inform themselves of the applicable legal restrictions and comply with them. A failure to comply with legal restrictions may constitute a violation of applicable stock exchange laws and regulations in certain jurisdictions. The Co-Initiators will not be not liable for the violation of applicable legal restrictions by any person.

2.8 Fiscal regime of the Contractual Offer

The following sections describe a number of key French taxation principles that may be relevant to purchasing, holding or transferring the shares.

The information provided does not constitute a comprehensive or definitive explanation of all possible aspects of taxation in this area. This summary is based on applicable French tax law as of the date of the Contractual Offer document, including its interpretation in the French tax authorities' official guidelines. It takes into account the double taxation treaty entered into between Cyprus and France on December 18, 1981 (the "France – Cyprus Treaty") in case of such treaty is applicable. It should be noted that the legal situation may change, including, in certain cases, with retroactive effect.

Persons interested in participating in the Offer should seek advice from their own tax counsel regarding the tax implications of purchasing, holding, disposing, donating and bequeathing shares. Due consideration to a shareholder's specific tax-related circumstances can only be given within the scope of an individual tax consultation.

Shareholders of the company which issues the shares could be subject to taxation in connection with the holding of shares (see: "Taxation of Dividends"), the disposal of shares (see: "Taxation of Capital Gains") and the gratuitous transfer of shares (see: "Inheritance and Gift Tax"). However, it should be noted in particular that Primecity did not issue dividends, the related potential taxation as described below is therefore theoretical.

Please note that the comments below deal only with the French tax regime that could apply to the holding and disposal of the shares by shareholders who are French tax residents.

Please also note that the shareholder subject to a tax regime other than those referred in this summary must contact their own tax counsel to find out which tax regime applies to their case. In particular the tax regime applicable to individual shareholders who deal in securities on a basis that goes beyond simple portfolio management or who have recorded their shares as assets on their commercial balance sheet is not summarized below.

2.8.1 Taxation of dividends

2.8.1.1 Shares held by individual shareholders (other than shareholders holding their shares through a PEA or who conduct stock market transactions under conditions similar to those which define an activity carried out by a person conducting such operations on a professional basis)

Personal income tax and additional contributions

The dividends paid by the Company to shareholders who are French tax residents are subject to personal income tax in France under the conditions described below. The gross amount of the dividends is taken into account to calculate the taxpayer's total income in the category of tax income from investment in securities, subject to personal income tax at a 12.8% fixed rate (flat tax regime effective from January 1, 2018 – prélèvement forfaitaire unique).

Taxpayers are, however, allowed to opt for the former taxation regime (effective prior January 1, 2018). If so, the gross amount of the dividends is subject to personal income tax at progressive scale, after deduction of an allowance equal to 40% of the amount of the dividends.

Pursuant to article 25 of the France – Cyprus Treaty, the withholding tax levied in Cyprus in accordance with article 10 of the treaty on dividends paid by a company qualified as a Cyprus tax resident to a shareholder qualified as a French tax resident, will not be deductible from the French taxable income of the shareholders. However, the shareholders may claim a tax credit in respect of such withholding tax. The amount of this tax credit shall correspond to the amount of Cyprus withholding tax levied on these dividends capped at the amount of the French tax applicable on such income.

The gross amount of the dividends received will also be included in the taxpayer's reference income, which may be subject to the 3% or 4% exceptional contribution on high income earners (*contribution exceptionnelle sur les hauts revenus*).

The 12.8% levy (prélèvement forfaitaire non libératoire)

Subject to a limited number of exceptions, the gross amounts of the distributed income are taxable at 12.8% by application of article 117 quarter of the French Tax Code.

Pursuant to paragraph 10 of the French Tax Authorities' official guidelines (BOI-RPPM-RCM-30-20-30-20191220), where the dividends are paid by a non-French tax resident company and are subject to a withholding tax in the source state, the 12.8% levy is calculated on the gross amount of the dividends received (after deduction of the withholding tax levied and increased of the tax credit as provided under the France – Cyprus Treaty).

This 12.8% levy does not discharge the taxpayer from the payment of personal income tax on such amounts nor from the payment of the exceptional contribution on high income earners, where applicable. It however constitutes an advance payment on account of the taxpayer's final income tax and is creditable against the final personal income tax due by the taxpayer with respect to the year during which it is withheld, the surplus, if any, being refunded to the taxpayer.

Social contributions

In addition, the gross amounts of the dividends received by the French tax resident are subject to social contributions at an overall rate of 17.2%. The contributions which are part of the social contribution are not tax deductible.
However, if the taxpayer opts for the former taxation regime, a portion of 6.8% of the 9.2% CSG (*contribution sociale généralisée*) is tax deductible from the taxable income for the year of its payment.

2.8.1.2 Shares held by individual shareholders holding their shares through an equity saving plan ("PEA") or an equity saving plan dedicated to small and medium-sized enterprises ("PEA-PME")

The dividends paid by the Company to individual shareholders holding their shares in a listed company through a PEA are tax exempt from the personal income tax and the social contributions provided that no withdrawal is made during a certain period of time.

Dividends paid to individual shareholders holding their shares in a listed company through a PEA dedicated to small and medium-sized enterprises are subject to the same tax regime as described above, keeping in mind that only shares issued by companies with less than 5.000 employees and with an annual turnover lower than € 1.5 billion or a balance-sheet total lower than € 2 billion are eligible to the investment through a PEA dedicated to small and medium-sized enterprises.

2.8.1.3 Legal entities subject to corporate income tax under standard conditions

The dividends paid by the Company to holders who are legal entities subject to corporate income tax in France are subject to corporate income tax in France under the conditions described below.

Where a legal entity owned less than 5% of the share capital and voting rights of the Company, the gross amount of the dividends the entity received is included in its taxable income subject to corporate income tax at a 28% tax rate on the first € 500,000 of taxable income earned over a twelve-month period and at a 31% tax rate above this limit, increased by the social contribution of 3.3% (article 235 ter ZC of the French Tax Code) which is based on the amount of corporate tax reduced by a discount that cannot exceed € 763,000 per twelve-month period. Lower rates apply under condition to small companies.

Pursuant to article 25 of the France – Cyprus Treaty, the withholding tax levied in Cyprus in accordance with article 10 of the treaty on dividends paid by a company qualified as a Cyprus tax resident to a shareholder qualified as a French tax resident, will not be deductible from the French taxable income of the shareholders. However, the shareholders may claim a tax credit in respect of such withholding tax. The amount of this tax credit shall correspond to the amount of Cyprus withholding tax levied on these dividends capped at the amount of the French tax applicable on such income.

Where a legal entity owned 5% or more of the capital and voting rights of the Company for at least two years, the entity can opt for the participation - exemption tax regime. Under such regime, a qualifying parent company subject to corporate income tax at the full standard rate can elect for a 95% exemption on dividends received from its subsidiaries either French tax residents or foreign tax residents, the 5% are deemed to correspond to a management charge. This 5% amount is fixed. Where the company which receive the dividends opts for such tax regime, the tax credits that could be claimed under a tax treaty are not tax deductible from the French corporate income tax.

2.8.2 Taxation of capital gains

2.8.2.1 Shares held by individual shareholders (other than shareholders holding their shares through a PEA or who conduct stock market transactions under conditions similar to those which define an activity carried out by a person conducting such operations on a professional basis)

Net capital gains realized upon the sale of shares of the Company during a given year will be subject to personal income tax at a 12.8% fixed rate (flat tax regime effective from January 1, 2018 – *prélèvement forfaitaire unique*) without any allowance depending on the length of ownership and will also be included, without deduction, in the taxpayer's reference income (*revenu de référence*), which may be subject to the 3% or 4% exceptional contribution on high income earners.

Taxpayers are, however, allowed to opt for the former taxation regime (effective prior January 1, 2018). If so, net capital gains realized upon the sale of shares of the Company will be subject to personal income tax at the progressive scale, after application, as the case may be, of a rebate the amount of which depends on the period during which the taxpayer has held such shares, provided that said shares were acquired or subscribed before January 1, 2018.

As provided by article 150-0 D of the French Tax Code, such rebate amounts to (i) 50% of the net capital gains when the shares have been held for at least two years and less than eight years at the date of the sale, and (ii) 65% of the net capital gains when the shares have been held for at least 8 years at the date of the sale.

In addition, and with no rebate applicable, capital gains arising on the sale of the shares will also be subject to social contributions to an overall rate of 17.2%.

Under article 150-0 D 11° of the French Tax Code, the capital losses incurred by individual shareholders for a given year can be deducted from capital gains of the same nature in the same year or carried forward and set off against future gains for up to ten years.

Please note that pursuant to article 14 of the French – Cyprus Treaty, the capital gains derived from the transfer of shares of the Company by legal entities tax residents in France are taxable in France, subject to the capital gains not being attributable to a permanent establishment or a fixed place of business in Cyprus.

2.8.2.2 Shares held by individual shareholders holding their shares through an equity saving plan (PEA) or an equity saving plan dedicated to small and medium-sized enterprises ("PEA-PME")

Subject to conditions, the capital gains earned from the investments made through a PEA are tax exempt until the closure of the PEA, subject to, in particular, their reinvestment through the PEA. At the closure of the PEA (if it occurs more than five years after the opening date of the PEA), or at the time of a partial withdrawals (if it occurs more than eight years after the opening date of the PEA), the net capital gain earned since the opening of the PEA is tax exempt from the French personal income tax. However, social contributions remain applicable.

In principle, the capital losses realized through the PEA can be set off only against the capital gains realized through the PEA. However, in case of (i) an early closure of the PEA before the expiration of the fifth year or (ii) subject to certain conditions, the closure of the PEA after the expiration of the fifth year, the capital losses realized at the closure, if any, can be set off against the capital gains of the same nature realized the same year or the following ten years.

Capital gains realized upon the sale of shares of a listed company and earned through a PEA dedicated to small and medium-sized enterprises are subject to the same tax regime as described above, keeping in mind that only shares issued by companies with less than 5.000 employees and with an annual turnover lower than € 1.5 billion or a balance-sheet total lower than € 2 billion are eligible to the investment through a PEA dedicated to small and medium-sized enterprises.

2.8.2.3 Legal entities subject to corporate income tax under standard conditions

Net capital gains realized upon the sale of shares of the Company shall be included in the taxable income subject to corporate income tax at 28% tax rate on the first € 500,000 of taxable income earned over a twelve-month period and at a 31% tax rate above this limit, increased, at the case may be, by the 3.3% social contribution provided under article 235 ter ZC of the French Tax Code. In principle, the capital losses incurred by legal entities can be deducted from their income subject to the taxable corporate income tax at a standard rate.

Under article 219 I-a quinquies of the French Tax Code, Capital gains arising from the sale of shares qualified as equity investment (*titres de participation*) if the shares have been held for at least two years are tax exempt subject to the taxation of 12% of the gross amount of the capital gain realized at a 28% tax rate on the first € 500,000 of taxable income earned over a twelve-month period and at a 31% tax rate above this limit. The condition for offsetting and carryforward the capital losses under this tax regime are specifics and the shareholders are urged to consult with their own tax adviser in this respect.

Please note that pursuant to article 14 of the French – Cyprus Treaty, the capital gains derived from the transfer of shares of the Company by legal entities tax residents in France are taxable in France, subject to the capital gains not being attributable to a permanent establishment or a fixed place of business in Cyprus.

2.8.3 Inheritance and Gift Tax

Subject to the provisions of most of the international tax treaties:

- Shares acquired from individuals fiscally domiciled in France by way of inheritance gift will generally be subject to inheritance or gift taxes in France;

- Shares acquired by individuals fiscally domiciled in France by way of inheritance or gift will generally be subject to inheritance or gift taxes in France, where the beneficiary has been tax resident in France for at least six years during the ten-year period preceding that in which the inheritance or the gift occurs;

- Under article 784 A of the French Tax Code, double taxation will be avoided by setting off against the French tax liability any inheritance or gift tax paid abroad in respect of the shares.

As France has concluded inheritance tax treaties and gift tax treaties, the shareholders, their heirs or their beneficiaries are urged to consult their own tax advisers on the applicability of such tax treaties to their own situation.

2.8.4 Other taxes

2.8.4.1 Real estate wealth tax (*impôt sur la fortune immobilière*)

Shares held by individuals who are French tax residents will be included, if applicable, in their taxable assets subject to the French real estate wealth tax up to the fraction of their value representing real estate property held directly or indirectly by the company (without regard to the number of intermediate levels).

However, shares held in operational companies who hold taxable real estate assets benefit from an exemption when the taxpayer holds, directly or indirectly, less than 10% of the capital or voting rights.

2.8.4.2 Financial transaction tax

The Company's shares will not fall within the scope of the French financial transactions tax provided under article 235 ter ZD of the French Tax Code.

2.8.4.3 Registration tax (*droits d'enregistrement*)

No registration tax will be payable by a shareholder upon the issue, subscription or acquisition or upon the disposal of the Company's shares unless the sale is recorded in a deed signed in France. In the latter case, the sale of shares is subject to a transfer tax at a 0.1% rate based on the higher of sale price or fair market value of the shares, subject to certain exceptions provided for by II of article 726 of the French Tax Code. Pursuant to article 1712 of the French Tax Code, the registration taxes that would be due will be borne by the transferee, unless otherwise contractually stipulated. However, pursuant to article 1705 at following of the French Tax Code, all parties will be jointly and severally liable to the tax authorities for the payment of the taxes.

2.8.5 Shareholders who are not French tax residents

Shareholders who are not French tax residents are advised to consult their specific tax situation with their usual tax advisor, in particular in order to take into account the applicable tax regime in France and in the jurisdiction of which they are tax residents.

2.8.6 Shareholders subject to a different tax regime

Shareholders subject to a tax regime other than those mentioned above and who participate in the Offer (in particular, taxpayers with securities transactions beyond simple portfolio management and who have booked their shares as assets on their commercial balance sheet or legal entities subject to corporate income tax which hold their shares as participating interests (*titres de participation*) or assimilated securities) are urged to consult with their usual tax advisor about the specific tax regime applicable to their situation.

3. ELEMENTS TO CONSIDER FOR ASSESSING THE CONTRACTUAL OFFER PRICE

3.1 Preliminary information

The Contractual Offer submitted by the Co-Initiators covers all the Primecity shares not held by the Concert i.e. 770,655 shares representing approximately 0.5% of the Company's share capital and voting rights. The Offer Price is EUR 5.00 per share.

The elements for assessment of the Offer Price contained below have been prepared by Invest Securities on behalf of the Co-Initiators. For these purposes Invest Securities used valuation methods on the basis of information transmitted by the Co-Initiators.

It was not part of the Presenting Bank's scope of work to verify the information transmitted by the Co-Initiators, nor verify the assets or liabilities of the Company.

The information, figures and analyses contained in this Contractual Offer Document other than historical data reflect the current situation. Forward looking information, used by external valuators, involves risks, uncertainties, and other factors, as to which there can be no guarantee, and which may cause actual facts or results to be materially different from what is discussed in this Contractual Offer document.

3.2 Company Background

Primecity ("**PCI**") is a property company specialized in investing in hotels' premises and repositioning hotel properties in the German market. Primecity was incorporated on August 10, 2004 and has been listed since October 2014. The stock is traded on the Euronext Growth market segment of the Paris Euronext stock exchange.

3.2.1 Primecity's business model

The Company targets hotel properties that have a value-add potential in locations with strong fundamentals, primarily in Germany, where it can apply its asset management capabilities, market expertise and targeted capex to position the property to its full potential. PCI is an asset owner and does not participate in the daily operations of hotels.

PCI acquires and holds properties where it can create additional value through turnaround and repositioning. Its target is to increase and stabilize the leases. Once full value lift-up is achieved, PCI benefits from a high cashflow yielding property. The Company sells assets on an opportunistic basis, allowing it to crystalize the created value and deploy funds towards new quality value-add opportunities, increasing the portfolio quality in the process. The targeted repositioning of the hotel properties further positions the assets into the most demanded market segment (3-4-star hotels) providing strong demand from tourism and business travel.

PCI's competitive advantage is in part due to the strong deal sourcing network it has built up over the years, building a strong position among diverse sources due to its professional approach, fast and high execution rate and reliability, allowing it to cherry pick the best deals.

After a repositioning period where it selects the proper operator and stabilizes the asset, PCI enters into a long-term (up to 25 years) lease contract with its chosen hotel operator, who runs the daily operations of the hotel. However, whereas hotel ownership usually involves a passive role, PCI actively engages in the management of its assets; continuously enhancing its investments throughout the holding period, further optimizing value creation. Most involvement is during the initial repositioning phase with the choice of market position, operator and brand. PCI creates value through a repositioning process based on proprietary market intelligence and tacit industry knowledge built up over many years. The repositioning process involves influencing many different value creation levers. The Company employs a tailor-made strategy on a case-by-case basis. A cost saving and revenue uplift program is established which usually involves:

- Optimizing the branding and franchise; the choice of the proper brand can be done before signing the deal or after the refurbishing, the brand chosen depends of where the brands have other hotels, their booking platform and if it fits with the location;
- Selecting the appropriate operator – in many cases PCI changes the tenant of the hotel to be a trusted party with proven hotel operation skills and the required network integration;
- Upgrading: this is an important part of the process as PCI tries to appropriately react to the demand; optimize the layout and size of the hotel (ie. creating new rooms or changing room lay-outs), transforming conference rooms, creating wellness and fitness where applicable etc.;
- Integrating the marketing platform;
- Reducing the cost structure through introductions to large management companies with access to frame contracts; PCI is proactive to establish a link with some management service provider which are able to provide lower costs as they can utilize the costs on many levels;
- Ongoing monitoring and reviewing of the property, continuously optimizing its position.

The Company has a clear idea at acquisition what will be the cost of executing the whole business plan (acquisition price plus capex), who will be the operator, which brand will be chosen, which lease can be obtained and which kind of clients the hotel has to target. Contrary to usual real-estate companies, it is a flexible company which can act swiftly. It can benefit from a good sourcing through a large network of deal providers (Banks, Private Equity funds, Institutional Investors, Distressed Owners, Loan funds and Brokers, among others).

Due to its knowledge of the industry, the company can react very fast and receive a better price. This is key as most of the risk is in the purchase price. The lower the amount PCI pays, the lower the risk and the higher of a return it can get.

Emergence of coronavirus

The recent emergence of coronavirus (Covid-19) poses a new risk to the Group and has affected investment sentiment on a global scale, resulting in a significant increase in volatility in the global capital markets. In addition, the outbreak has resulted in restrictions on travel and public transport, restrictions on trade and transportation of goods, and prolonged closures of workplaces.

While the Group's daily operations are not materially dependant on a supply chain or production chain that may be disrupted due to Covid-19, the Covid-19 pandemic may have an adverse impact on its employees and the businesses of its tenants, as well as the general economic situation in the jurisdictions in which it operates, which may slow down the revenue streams and cash flows of its tenants, and therefore render them unable to fulfil their obligations. It may have a particular impact on the tourism sector which could result in lower revenues for hotel operators. Since the Group's hotel portfolio is predominantly leased to third party hotel operators with long-term and fixed leases, the Group will not be impacted by the pandemic directly but may be impacted indirectly if tenants are unable to pay their rents. The Group may also be affected by the continued uncertainty in the financial markets, leading to limited credit and liquidity supply, and to increased costs for the issuance of equity and debt. All of these events could in turn have a material adverse impact on the Group's revenue and earnings.

The Group has taken necessary precautions to ensure the safety of its employees, which include encouraging working from home and this could slow down daily operations. The extent of the risk posed by Covid-19 in the future is unclear; if the impact of the virus is severe or prolonged, this may have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

3.2.2 Financial snapshot

3.2.2.1 Annual Audited Financials

Primecity releases its financial statement according to IFRS. This choice is important for real estate companies as, in that case, their NAV is equal to their equities.

Primecity P&L 2014-2018

k€	2014	2015	2016	2017	2018
Revenue	**25 563**	**39 670**	**52 628**	**57 607**	**63 154**
		55,2%	*32,7%*	*9,5%*	*9,6%*
Fair value adjustments, capital gains and other income	102 758	211 857	44 094	240 427	34 628
Property operating expenses	(1 854)	(3 316)	(5 494)	(4 714)	(5 173)
Administrative and other expenses	(1 973)	(2 683)	(3 227)	(2 879)	(2 562)
Operating profit	**124 494**	**245 528**	**88 001**	**290 441**	**90 047**
Finance expenses	(5 287)	(8 760)	(9 066)	(6 110)	(7 687)
Other financial results	(5 789)	5 029	(2 207)	(4 298)	(1 858)
Net finance expenses	**(11 076)**	**(3 731)**	**(11 273)**	**(10 408)**	**(9 545)**
Profit before tax	**113 418**	**241 797**	**76 728**	**280 033**	**80 502**
Current tax expenses	(2 897)	(3 903)	(5 499)	(5 294)	(6 584)
Deferred tax expenses	(6 527)	(30 399)	(8 980)	(40 449)	(7 564)
Tax and deferred tax expenses	**(9 424)**	**(34 302)**	**(14 479)**	**(45 743)**	**(14 148)**
Profit of the year	**103 994**	**207 495**	**62 249**	**234 290**	**66 354**
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	**103 994**	**207 495**	**62 249**	**234 290**	**66 354**
Non-controlling interests	7 162	57 375	15 294	22 199	(6 707)
Net profit Group Share	**96 832**	**150 120**	**46 955**	**212 091**	**73 061**

<u>Change in revenue 2014-2018:</u>

Between 2014 and 2018, Primecity has experienced consistent revenue growth from €25.6m to €63.2m. This growth is due to the combined effect of the increase of lease income resulting from contractual increases and from a successful repositioning of the portfolio, which underlines the Company's asset management strength and the continued organic growth opportunities within the existing portfolio. The assets acquired take generally around two years before delivering a significant rent uplift.

<u>Fair value adjustments and property revaluations included in the operating profit:</u>

It is worth mentioning that in the fair value adjustments, property revaluations are taken into account in the P&L. They are primarily affected by changes in fair value of the portfolio and from business combinations. It explains a significant volatility of the results from one year to the other.

Change in revenues and fair value adjustments and property revaluations from 2014 to 2018

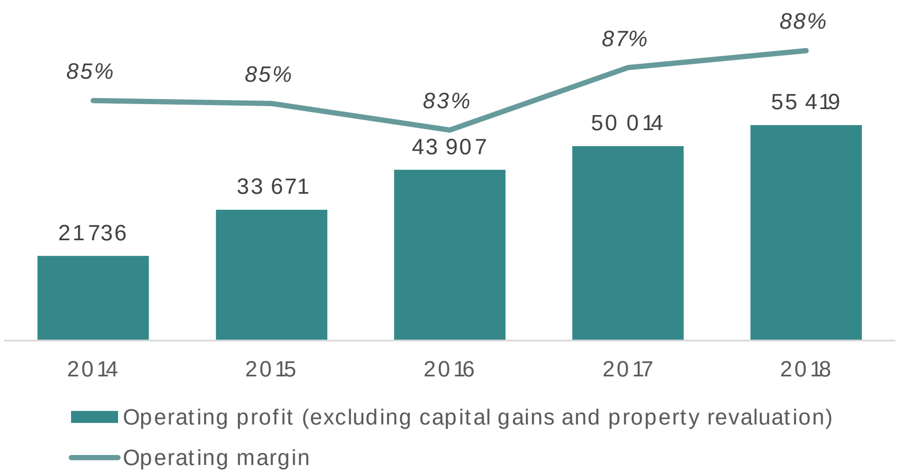
k€	2014	2015	2016	2017	2018
Revenue	25 563	39 670	52 628	57 607	63 154
Growth	*58,9%*	*55,2%*	*32,7%*	*9,5%*	*9,6%*
Fair Value adjustments and other income	102 758	211 857	44 094	240 427	34 628

<u>A decent operating margin if the fair value adjustments, property revaluations and other income are excluded from the calculations.</u>

The operating profit is very volatile as it includes the capital gains and the property revaluations. It fluctuates significantly from one year to the other. We have adjusted the operating profit by not taking into account the capital gains and property revaluations. Since 2014, the adjusted operating margins are rather stable around 85%. In France, the average operating margin is 75%.

Property operating expenses are related to the asset management of the hotel assets. The tenant operating the hotel covers the operating costs, therefore property operating expenses can be kept low. Maintenance and refurbishment expenses increase also with the growth of the portfolio.

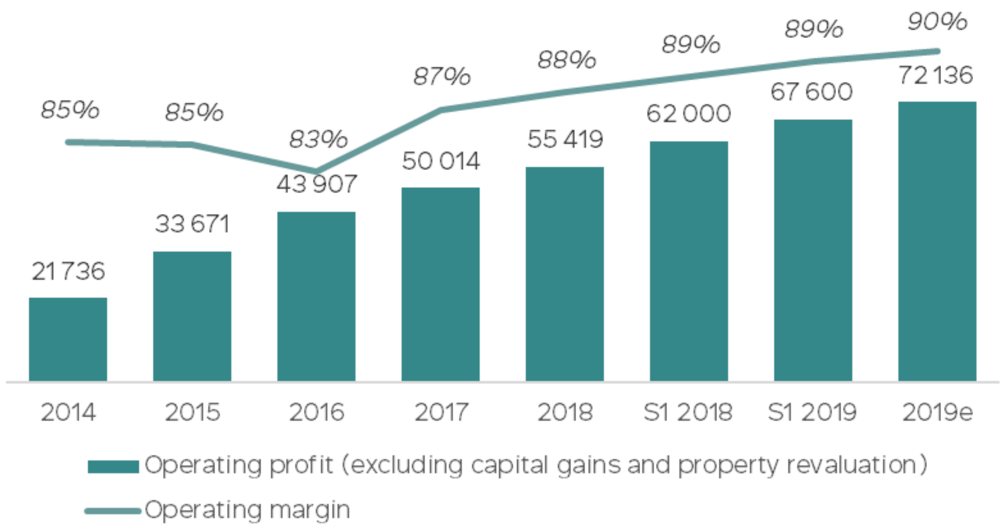
Primecity adjusted operating margin (excluding capital gains and property revaluation)



The administrative and other expenses are marginal compared to the growth of the Company. The stability of the expenditure is the result of PCI's administration infrastructure, which is catered to serve external growth and capitalize on economies of scale.

3.2.2.2 Semi-annual Financials (Management accounts)

k€	S1 2018	S1 2019
Revenue	**31 570**	**35 484**
Fair value adjustments, capital gains and other income	43 321	25 560
Property operating expenses	(2 517)	(3 016)
Administrative and other expenses	(955)	(1 007)
Operating profit	**71 419**	**57 021**
Finance expenses	(3 818)	(3 636)
Other financial results	(2 313)	(2 608)
Net finance expenses	**(6 131)**	**(6 244)**
Profit before tax	**65 288**	**50 777**
Current tax expenses	(3 320)	(3 808)
Deferred tax expenses	(5 537)	(5 050)
Tax and deferred tax expenses	**(8 857)**	**(8 858)**
Profit of the year	**56 431**	**41 919**
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**56 431**	**41 919**
Non-controlling interests	2 005	1 405
Net profit Group Share	**54 426**	**40 514**



The Operating margin remained stable during H1 2019 (around 89%)

Balance Sheet 2014-2018 & H1 2019

k€	2014	2015	2016	2017	2018	S1 2019
	Audited	*Audited*	*Audited*	*Audited*	*Audited*	*Unaudited*
Assets						
Equipment and intangible assets	4 479	4 514	5 137	901	3 201	5 489
Investment property	421 995	900 322	959 150	1 222 000	1 271 591	1 319 939
Advanced payment for investment property and other investments & Other long term financial assets	20 798	16 321	20 180	5 744	7 509	11 816
Derivative financial instruments	-	-	-	339	282	57
Equity-accounted investees	-	-	-	-	-	-
Deferred tax assets	902	1 219	1 395	1 162	1 447	1 899
Non current assets	**448 174**	**922 376**	**985 862**	**1 230 146**	**1 284 030**	**1 339 200**
Cash and cash equivalents	4 692	20 900	34 619	25 494	25 794	36 155
Short term deposits	1 718	4 213	7 553	4 466	2 645	2 645
Traded securities at fair value through profit and loss	56 994	2 420	-	-	-	-
Trade and other receivables	1 090	2 882	2 320	3 146	6 314	7 208
Other financial assets	576	852	258	12	241	238
Assets held for sale	-	-	2 472	2 073	-	-
Current assets	**65 070**	**31 267**	**47 222**	**35 191**	**34 994**	**46 246**
Total assets	**513 244**	**953 643**	**1 033 084**	**1 265 337**	**1 319 024**	**1 385 446**
Equity						
Share capital	1 002	1 133	1 402	1 429	1 429	1 429
Premium and other capital reserves	1 747	40 671	119 663	127 966	127 966	127 966
Retained earnings	176 625	326 984	373 863	590 395	660 394	701 287
Equity attributable to the owners of the Company	**179 374**	**368 788**	**494 928**	**719 790**	**789 789**	**830 682**
Non-controlling interests	33 705	107 658	124 215	119 252	113 654	115 224
Total equity	**213 079**	**476 446**	**619 143**	**839 042**	**903 443**	**945 906**
Liabilities						
Loans and borrowings	137 689	221 495	245 766	73 247	71 533	52 479
Convertible bonds	96 728	110 222	30 359	-	-	-
Derivative financial instruments	4 995	3 552	3 670	-	524	930
Deferred tax liabilities	46 614	94 194	103 158	139 865	144 327	149 931
Other long term & non current liabilities	1 343	13 454	14 681	183 073	187 181	215 021
Non-current liabilities	**287 369**	**442 917**	**397 634**	**396 185**	**403 565**	**418 361**
Liabilities held for sale	-	-	376	344	-	-
Current portion of long term loans	6 855	7 400	8 353	1 768	2 169	10 355
Loan redemption	-	14 336	-	-	-	-
Trade and other payables	3 313	5 485	5 114	26 018	7 333	7 655
Provisions and current liabilities	2 628	7 059	2 464	1 980	2 514	3 169
Current liabilities	**12 796**	**34 280**	**16 307**	**30 110**	**12 016**	**21 179**
Total liabilities	**300 165**	**477 197**	**413 941**	**426 295**	**415 581**	**439 540**
Total equity and liabilities	**513 244**	**953 643**	**1 033 084**	**1 265 337**	**1 319 024**	**1 385 446**

The assets include the investment property which value has increased by +201% between 2014 and 2018 showing the relevance of Primecity's strategy. The fair value assessments are performed by leading external independent experts. The independent valuers provide the fair value of the Group's investment property portfolio at least once a year. This demonstrates Primecity's success in creating value through the turnaround and repositioning activities of its assets.

- Other assets which are mainly advanced payments for real estate property and deferred taxes.
- As for all real estate companies, the working capital requirement is not meaningful.

Change in Primecity's economic assets 2014-2018 & H1 2019

k€	2014	2015	2016	2017	2018	S1 2019
Investment Property	421 995	900 322	959 150	1 222 000	1 271 591	1 319 939
Other assets	26 179	22 054	26 712	8 146	12 439	19 261
Total fixed assets	**448 174**	**922 376**	**985 862**	**1 230 146**	**1 284 030**	**1 339 200**
WCR	54 004	(12 785)	(440)	(21 131)	(778)	(209)
Total economic assets	**502 178**	**909 591**	**985 422**	**1 209 015**	**1 283 252**	**1 338 991**

The equity and liabilities show:

- A significant increase of the equity mainly due to the significant profits generated by the group;
- A limited net debt as demonstrated below by the low level of the LTV (Loan to Value) ratio

Change in Primecity's economic equity and liabilities 2014-2018 & H1 2019

k€	2014	2015	2016	2017	2018	S1 2019
Equity attributable to the owners of the company	179 374	368 788	494 928	719 790	789 789	830 682
Non controlling interests	33 705	107 658	124 215	119 252	113 654	115 224
Provisions and deferred taxes	49 242	101 253	105 622	141 845	146 841	153 100
Net debt	239 857	331 892	260 657	228 128	232 968	239 985
Total economic liabilities	**502 178**	**909 591**	**985 422**	**1 209 015**	**1 283 252**	**1 338 991**

3.3 Elements of appreciation of the Offer Price

3.3.1 Methodology

A multi-criteria analysis, based on the main usual valuation methods and traditionally used for the property companies' sector, was conducted in order to assess the Offer Price. A summary of the Offer Price appreciation analysis, based on the same valuation methods as those used for the Offer Price, is presented in section 3.3.2.5.

The following elements of assessment were established on the basis of information provided by the Company, public information available on the Company as well as on its sector of activity and its competitors. It was not within the mission of the presenting bank to verify or submit this information to an independent verification, or to verify or assess the assets and / or liabilities of the Company.

3.3.1.1 Methods used

The methods used in our analysis are as follows:

- Approach by reference to the Net Asset Value (NAV) as resulting from the consolidated financial statements of the Company, established in particular on the basis of the valuation work carried out by property experts and comparable to the triple net EPRA NAV;
- Approach by reference to historical stock market prices;
- Approach by reference to multiples of comparable transactions, based on the securities of companies whose activity is deemed comparable to that of Primecity;
- Approach by reference to the stock market multiples of comparable companies, based on the stock market appreciation of listed companies whose activity is deemed comparable to that of Primecity;
- Approach by reference to a direct comparable (whose activity is very similar to that of Primecity).

3.3.1.2 Discarded methods

The following assessment criteria have been excluded:

- Discounted free cash flow ("Discounted Cash Flow" method, known as "DCF"): this approach is excluded since it is considered redundant with the work carried out by real estate experts, who notably use a cash flow approach to value real estate properties. Among the valuation methods selected and detailed below is the NAV method, which includes the valuation of assets determined by real estate experts;
- Dividend flows discount method: the reference to the future level of distribution of Primecity does not seem relevant because it depends on the distribution policy of Primecity. Since its admission to the Euronext markets, the Company has never paid a dividend.

3.3.1.3 Valuation of the Shares

As described in section 3.3.2.6, the Company has set the Offer Price at EUR 5.00.
The following developments relate to the valuation of the Company's shares.

3.3.2 Application of the selected methods

3.3.2.1 The NAV approach

The Net Asset Value ("NAV") approach, which consists in revaluing the equity capital with the fair market value of the assets and liabilities on the Company's balance sheet, constitutes a central reference for the valuation of property companies.

Under IFRS, equity is reassessed. These calculations are made notably on the basis of the valuation of the properties done by external and independent experts such as Gerald Eve or GVA Grimley in Germany for Primecity. As there are no derivatives, no bond debt, only a very small amount of bank debt and as the deferred taxes could be fully deducted, we have assumed that the NAV is close to the triple net NAV. In this respect the value of Equity attributable to the owners of the Company calculated at their fair value can be assimilated to the EPRA triple net NAV. In our case, EUR 789,789 thousand as of December 31, 2018 (audited) and EUR 830,682 thousand as of June 30, 2019 (unaudited). Or a NAV per share of EUR 5.53 as of December 31, 2018 and EUR 5.81 as of June 30, 2019, taking into account the total number of ordinary shares of 142,899.979.

3.3.2.2 Approach by reference to historical stock prices

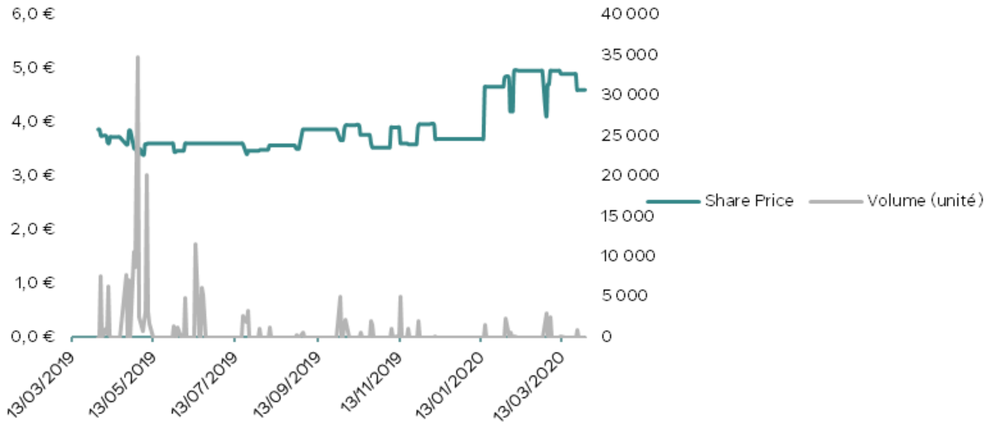
Primecity shares are listed on Euronext Growth Paris, under the code CY0104972217.
The analysis of the share price constitutes a relevant valuation method, in particular for the minority shareholders of the Company.

The benchmark share price for the analysis was set at March 31st 2020.
The share price and the volumes of Primecity shares traded are presented below:

	Share Price	calendar period
Share price on March 31, 2020	4,60 €	
VWAP 30 trading days	3,95 €	19/7/2019 - 31/03/2020
VWAP 60 trading days	3,77 €	27/02/2019 - 31/03/2020
VWAP 90 trading days	3,70 €	24/08/2018 - 31/03/2020
12 months lowest	3,38 €	
12 months highest	4,96 €	

Source : Euronext

As of March 31st, 2020, the Primecity share price was EUR 4.60. The VWAP over the past 30 trading days was EUR 3.95; EUR 3.77 for the VWAP 60 trading days and EUR 3.70 for the VWAP over the past 90 trading days. On the last 12 months, the lowest price for the stock was EUR 3.38 compared to EUR 4.96 for the highest price. The biggest volume traded took place on May 2nd 2019 with 34,691 shares traded. It should be noted, however, that weeks can go by without any shares traded.



Source : Factset

3.3.2.3 Approach by reference to multiples of comparable transactions

The valuation method by transactional references consists in applying to certain traditional or historical accounting aggregates of the Company the ratios induced by recent transactions carried out on the securities of companies whose activity is comparable and whose conditions have been made public. The relevance of the method is particularly linked to the need to have a sample of companies whose activity, operating conditions and profile are similar to those of Primecity. The selected sample consists of equity operations and acquisitions of mainly tertiary real estate companies listed in France and Germany over the past 4 years.

This method is the application of average premium or discounts on NAV (i.e. the ratio share price on Triple net EPRA NAV released) on takeover bids in the real-estate sector.

Date	Année	DealType	Buyer	Target	Offer Price/Share (€)	NNNAV/Share	Premium/Discount
13/12/2019	2019	Minority stake	Growthpoint Properties	Capital & Regional	0,37	0,7	-47,1%
14/11/2019	2019	Take over	Henderson Park Capital Partners	Green REIT	1,92	1,9	1,1%
27/06/2019	2019	Take over	LondonMetric Property	A&J Mucklow Group	7,68	6,9	11,5%
27/05/2019	2019	Minority stake	Invel Real Estate	NBG Pangaea Real Estate Investment	4,68	5,3	-10,8%
17/05/2019	2019	Take over	Eurobank Ergasias	Grivalia Properties Real Estate Investment	7,61	8,6	-11,5%
14/03/2019	2019	Take over	Primary Health Properties	MedicX Fund	1,05	0,8	31,3%
31/12/2018	2018	Take over	Foncière des Régions	Beni Stabili	0,81	0,7	15,7%
25/07/2018	2018	Majority stake	Alzette Investment	Hispania Activos Inmobiliarios	18,25	15,6	16,8%
29/06/2018	2018	Merger	Icade	ANF Immobilier	22,16	21,0	5,5%
05/04/2018	2018	Minority stake	Alzette Investment	Hispania Activos Inmobiliarios	17,45	15,2	15,2%
22/02/2018	2018	Minority stake	Government of Norway, Norges Bank Investment Management	Shaftesbury	12,26	11,2	9,2%
02/02/2018	2018	Majority stake	Inmobiliaria Colonia Socimi	Axiare Patrimonio Socimi	18,36	15,3	19,8%
31/12/2017	2017	Buy out	BPCE	Locindus	25,00	24,4	2,5%
31/12/2017	2017	Take over	Foncière des Régions	Beni Stabili	0,80	0,8	-3,0%
30/06/2017	2017	Take over	Unibail	Westfield	6,80	6,0	13,9%
24/07/2017	2017	Take over	Icade	ANF	22,15	21,0	5,7%
21/06/2017	2017	Buy out	Gecina	Eurosic	51,00	48,6	4,9%
01/06/2017	2017	Take over	Gecina	Eurosic	51,00	44,1	15,6%
23/10/2017	2017	Take over	Foncière des Régions	FDL	4.65 + 70% shares (1 FDR for 20 FDL)	4,7	-7,1%
01/01/2017	2017	Buy out	Eurosic	Foncière de Paris	136,00	133,1	2,1%
04/03/2016	2016	Take over	Eurosic	Foncière de Paris	136,00	134,7	1,0%
05/09/2016	2016	Take over	Vonovia	Conwert Immobilien	74 Vonovia shares for 149 in Conwert or € 16.16 in cash	15,2	8,9%
Mediane							**5,6%**
Mediane Minority stake Transaction							**-0,80%**

Sources: Factset, Invest Securities

In this approach, we have chosen to highlight two median premiums/discounts on NAV:
- The first takes into account the entire sample of transactions (5.6% premium), which values Primecity's stock at EUR 6.14.

- The second only takes into account minority transactions, thus reflecting better the liquidity offer proposed on 0.5% of Primecity's capital (0.8% discount), which values Primecity's share at EUR 5.76.
In this approach, in order to value the Primecity share price, we applied the medians of premiums or discounts to the NAV per share of Primecity as at June 30th 2019 (EUR 5.81).

3.3.2.4 Approach by reference to stock market multiples of comparable listed companies

The market comparison approach consists in applying to selected financial aggregates of Primecity the stock market multiples observed on other listed companies in the same sector of activity.
The ratios used are the discount / premium ratio of the share price on the NAV per share and the market capitalization / FFO (Funds from Operations) ratio.

For the valuation based on premium / discount on NAV per share, we used two types of comparables: listed German real estate companies and a direct French comparable company Covivio Hotels whose activity is very similar to that of Primecity.

<u>- Valuation based on premiums / discounts on NAV per share of comparable German companies</u>

The first sample consists of listed property companies in continental Europe specialising in commercial properties. However, it should be noted that none of them (except Covivio Hotels) specializes in hotel real estate, but all of them are operating commercial properties (offices and/or commerce).

The valuation ratios used are calculated on the basis of the share price on March 31st 2020. Estimates are from Factset.

Valuation based on German real estate companies' premium / discount on NAV

Germany	Ticker	Price	Market Cap	NNNAV 2017	NNNAV 2018	P/D to NNNAV
Alstria	AOX-DE	13,04	2 316	12,45	14,96	-12,8%
Aroundtown	AT1-DE	4,554	5 572	6,2	7,7	-40,9%
Deutsche Euroshop	DEQ-DE	10,46	646	34,3	34,22	-69,4%
DIC Assets	DIC-DE	9,47	684	13,58	15,55	-39,1%
Hamborner REIT	HAB-DE	8,158	650	9,82	10,4856	-22,2%
TLG Immobilien	TLG-DE	14,54	1628	17,92	20,52	-29,1%
Covivio	COV-FR	51,35	4 470	86,3	91,7	-44,0%
Covivio Hotels	COVH-FR	18,00	2 179	25,3	26,3	-31,6%
Unibail	URW-NL	51,56	7 135	200,5	210,8	-75,5%
Klepierre	LI-FR	17,57	5 073	37,6	39	-54,9%
Gecina	GFC-FR	120,7	8 866	152,93	160,5	-24,8%
Merlin	MRL-ES	6,87	3 192	12,34	13,7	-49,9%
Average						**-41,19%**

On average, this sample prices with an average discount of – 41.19 % to the triple net NAV (“NNNAV”).

Since Primecity’s market capitalization (EUR 657 M) represents 40% of the average capitalization of its comparables, we applied a size discount of 10% to the P / D to NNNAV presented above, as a result of applying Eric-Eugène Grena abacus. We thus obtain an average of the P / D to NNNAV of - 45.31%.

By applying this discount to the Primecity NNNAV 2018 (NNAV 2019 are not available), we obtain a valuation EUR 3.02 per share.

[1] *Calculation : EUR 5.53*(1-45.31%) = EUR 3.02*

- Valuation based on the premium on NAV per share of Covivio Hotels

The second sample consists of a single listed comparable, which matches Primecity's activities: Covivio Hotels (ex-Foncière des Murs). While, unlike Primecity, Covivio Hotels has a direct exposure to the operations of a significant part of its hotel portfolio through its lease structure, resulting in higher risk, it is a French property company with an international portfolio (64%). It is the only property company that has a very significant part of its activity in hotel real estate (72%) which can therefore be compared to Primecity.

Valuation based on Covivio Hotels (ex Foncière des Murs) premium on NAV

	Ticker	Price	Market Cap	Free Float	NNNAV 2017	NNNAV 2018	P/D to NNNAV
Covivio Hotels	COVH-FR	18	2179	52%	25,3	26,3	-31,6%

By applying this discount to the Primecity NAV per share, we obtain a valuation of EUR 3.78[2] per share.

[2] *Calculation : EUR 5.53*(1-31.6%) = EUR 3.78*

- Valuation based on Covivio Hotels FFO multiple

We also carried out a valuation based on FFOs multiple. The 2020 and 2021 estimates were made by us following discussions with management.

Valuation based on Covivio's FFO multiple

k€	2019	2020e	2021e
PrimeCity's FFO	40 530	36 891	39 774
Covivio's FFO multiple	10,4x	9,6x	9,3x
PrimeCity's equity value	**422 079**	**352 396**	**370 180**
Nombre titres (in m)	143	143	143
Value/share (€)	**2,95**	**2,47**	**2,59**

With this approach, we obtain over the period studied a valuation range between EUR 2.59 and EUR 2.95 per share.

3.3.2.5 Sum up of all the valuation methods

The following table sums up the different valuation obtained depending of the valuation method used:

	Share valuation (€)	Offer Price Premium / discount
Share price		
Share price on March 31, 2020	4,60	9%
VWAP 30 trading days	3,95	27%
VWAP 60 trading days	3,77	33%
VWAP 90 trading days	3,70	35%
12 months lowest	3,38	48%
12 months highest	4,96	1%
Average	**4,06**	**23%**
NAV		
End 2018	5,53	-10%
30/06/2019	**5,81**	**-14%**
Listed comparables		
Average after size dicount	3,02	65%
Covivio Hotels	3,78	32%
averagecomparables	**3,40**	**47%**
FFO multiples (Covivio Hotels)		
2019	2,95	69%
2020e	2,47	103%
2021e	2,59	93%
moyenne FFO	**2,67**	**87%**
Comparable transactions		
All sample	6,14	-19%
Minority Stake transaction	5,76	-13%
average Transaction	**5,95**	**-16%**
OFFER PRICE	**5 €**	

3.3.2.6 An Offer price at: EUR 5.00

Primecity's share valuation differs significantly from one method to another. Although the usual central benchmark for assessing the intrinsic value of real estate companies remains the NAV it is important to take into account the following facts that make this case an exception:

- The free float of Primecity is very low at 0.5% and the share is illiquid (there are weeks without any exchange). Since the bond redemption in March 2017, the volume traded is low and will probably stay so.
- The share has always been trading at discount since its admission on Euronext markets.
- Primecity market capitalization is much smaller than the market capitalization of the listed German comparables.
- New hotels acquisitions are now made more often by Aroundtown (Primecity's mother company) and less by Primecity itself, which limits the potential of revaluation of its NAV as the largest part of the hotels revaluation is done when the lease increases after hotel refurbishment.

Considering all these facts, an Offer price at EUR 5.00 gives a premium of 14% on the average of the average of each method.