



Nicolas Barsalou



Nicolas Paillot de Montabert

Accuracy – right on deals

French corporate advisory firm Accuracy advised the *Altarea-ABP-Predica* consortium in their recent acquisition of the Cap 3000 shopping centre from Galeries LaFayette at a transaction price of €450 million reflecting a yield of 4.65%. The success of the acquisition, says Accuracy partner Nicolas Barsalou who worked on this transaction alongside senior manager Nicolas Paillot de Montabert, reflects the difference the firm brings to its clients.

Accuracy is a financial consulting firm set up in Paris in November 2004 by senior partners and managers from Andersen in France. Accuracy identifies itself as the answer to changes in the audit and consulting sector, by putting forth a new model: a "pure player" in financial consulting, excluding any regulated accounting and finance activities such as statutory audits.

The firm provides company executives - heads of divisions such as headquarters, finance, strategy, corporate development and legal - as well as financial investors with proven experience in areas requiring corporate finance expertise.

Accuracy has been a financial advisor to major international companies such as Thales, Alstom, Areva, Repsol, EDF and private equity

firms such as Carlyle, Barclays PE, and Cognetas. Employing 25 partners and 150 consultants worldwide, it has offices in Paris, Madrid, Amsterdam, Milan, Frankfurt and Brussels. It has a team specially dedicated to real estate business because due diligence practice is specific in that industry.

Accuracy recently advised French retail specialist Altarea, Dutch pension fund ABP and Crédit Agricole Assurances' Predica unit on all financial aspects connected with their joint acquisition of Cap 3000 for a total consideration of €450 million. The acquisition resulted in the three investors forming AltaBlue, a joint venture with a share capital of €100 million where each party holds an equal share.

Cap 3000 is France's eighth-largest shopping centre offering 126 stores across 66,000 m² of gross lettable area and is anchored by a

Galeries Lafayette department store. The fully-let mall was designed and built by Nouvelles Galeries in 1969 and offers 'significant potential' to enhance its rental value and extend its selling space. Altarea and its partners said that they are planning an extensive redevelopment of the shopping centre to bring it up to standards after 40 years in operation.

Accuracy worked on the financial and accounting due diligence on the financial statements of Aldeta, the listed company owning Cap 3000 shopping mall. It also worked on the financial modelling and valuation of the deal, incorporating all the due diligence findings, tax and legal structuring options, operating assumptions and sensitivity analyses (this model was key in order to structure the bid and decide on the price). Additionally, it

prepared the investment file (for all three parties investment committees), financing file (for banks) detailing all the aspects of the deal, and relevant market share analyses for the anti-trust filing in Brussels. It also participated in the discussions and negotiations between the parties (shareholders agreement) and the seller (shares purchase agreement).

In a joint statement the investing companies said: "This acquisition constitutes a strong sign for the investment market, which is showing clear signs of long-term investor confidence in the shopping centre sector." Accuracy can take equal credit for the successful execution of the transaction having played a pivotal role in getting the investing parties to hold firm and see through the deal despite the many challenges and difficulties of putting together such a groundbreaking deal.

"Although Altarea Cogedim is one of our regular clients, in this particular case we worked for the whole Altarea-ABP-Predica consortium, advising them on all the financial aspects of this deal," says Barsalou. Getting all three to play together itself was a challenge, he says.

"Aside from the traditional pitfalls of deal-making, one of the main challenges we faced was to make sure that the three parties within the consortium were kept informed in real time of all the deal issues, without losing the momentum in a highly competitive deal which attracted a lot of bidders. Furthermore, since it was important to keep all bidding options opened until the very last minute given the deal environment, we had to build and maintain a versatile financial model and be able to react swiftly to all clients' requests."

Barsalou believes his team and their single-minded approach to the success of the transaction greatly attributed to the end result.

"We were able to face these challenges thanks to the seniority, industry expertise, financial skills and responsiveness of our team," he says. "Our ability to provide all the corporate finance services listed above through a single team was also key in this respect, as all the deal aspects were monitored within our firm by a small number of individuals who could therefore react in real time to all issues and dispatch easily information or questions to the relevant people within the whole deal team."

According to Barsalou, the success of the Cap 3000 acquisition is expected to benefit his firm through positive portrayal of its credentials and services.

"We hope to benefit from this operation in two ways. Firstly, this highly visible deal (one of the most important real estate deals in Europe this year) strengthen our credentials portfolio in the real estate business, which is already sizable considering we work on a regular basis for companies such as Unibail-Rodamco, Altarea-Cogedim, Klépierre, and SNS Property Finance.

"Secondly, this deal is a clear illustration of the type of services we can offer in the context of an acquisition or a disposal: as financial advisors, we aim at providing a full range of corporate finance services for decision-making purposes, not just a set of pre-packaged products. One should not forget that these products, such as a financial due diligence report, are but mere pieces of a more important jigsaw puzzle."

Accuracy has more recently been involved in the recent acquisitions of Cegelec by Vinci and Areva T&D by Alstom and Schneider Electric. It is now involved in two significant operations taking place in France and Italy. For the future, Barsalou says his firm will aim at strengthening its reputation as a high-end valued-added financial advisory provider. He says: "We want our clients to feel the difference when they hire Accuracy. This will be done through uncompromising hiring standards, constant innovation in order to avoid commoditisation, focusing on high-stakes situations and continuing geographical expansion." ■