



MAB

MAB profile (source: MAB 2024)

MAISON ANTOINE BAUD ('MAB') was founded in 1864 in Clermont-Ferrand. Originally a hardware store, MAB has evolved over the years to become a real estate company.

MAB acquires new assets, most of which are already occupied, with the aim of increasing their value and managing them to add maximum value.

The Company seeks a long-term return through the rental of its property assets. It very rarely sells them. When properties no longer meet current standards, they are demolished and rebuilt to bring them up to current standards.

MAB also carries out a development activity on its own account: it identifies land suitable for the construction of buildings, carries out the work and then takes care of finding a tenant.

MAB targets business parks on the outskirts of major cities, historically around the Clermont-Ferrand region (central France), but also Lyon, Marseille, Lille, Paris, Rennes, etc. It has more than 40 sites in around twenty cities, with 165,288 square metres and more than 130 tenants.

The large majority of MAB's property assets are concentrated in the corporate property market as follows:

- 83% logistics property (mainly warehouses, some plants)
- 10% office property
- 7% retail premises.

Extract from page 4 of the 2023 annual report: *Maison Antoine Baud remains ideally positioned, with abundant cash and an impeccable Banque de France rating, to make a significant number of acquisitions and promotions this year and next, when many other players are scaling back.*

Alexandre Lattès, Chairman and main shareholder of MAB

Background information

In December 2024, Cogéval, MAB's 94% majority shareholder owned by the Lattès family, decided to delist the company from the Euronext Paris stock market. In accordance with stock market regulations, it launched an offer to purchase the shares held by the public on the basis of a price of €230, certified as fair by an independent expert, Paper Audit et Conseil.

Unprecedented on the Paris Stock Exchange for decades, not a single share was taken up in this offer, and on the last day of the offer, January 24th, MAB's share price (€280) was 22% higher than the offer price.

Since then, the share price has been suspended pending the results of an investigation by Euronext Paris, the Paris Stock Exchange, which was threatened to be sued by a minority shareholder who believes that the offer was based on a complacent valuation designed to deprive shareholders of a fair price in the delisting process.

Questions

1. Carry out a financial analysis of MAB.
2. Spontaneously, how would you go about valuing a company whose business is holding property assets to let?
3. The property assets sector can be segmented into several sub-sectors, each with its own dynamics in the light of economic and societal developments. These include shopping centres and retail premises, offices, residential property, hotels and lastly logistics buildings. In your opinion, what are the 2 major societal trends that have had the greatest influence, positive or negative, on the evolution of these segments in Western Europe over the last few years? Why? Which two segments have suffered the most? Which segment has benefited most from these trends? Why?
4. In view of your answer to question 3, what do you think of the choice of the 24 companies comparable to MAB made by the independent expert, whose business characteristics are compared with those of MAB in Appendix 3? Why?
5. What is the condition for applying the P/E of a sample of peer companies to value a company, rather than an EBITDA multiple or an EBIT multiple? Is this condition met here? In this particular case, does the use of the P/E of peers companies have the effect of increasing or reducing the value of equity?
6. What do you think of the independent expert's calculation of the value of shareholders' equity using the P/E ratio of peers, which is reproduced in Appendix 5? Leave aside at this stage the discounts for non-SIIC status and size.
7. Most listed property companies have opted for the SIIC (*Société d'Investissements Immobiliers Cotée*) tax status, which allows them to be fully exempt from corporate income tax, in exchange for an obligation to pay 95% of rents and 70% of capital gains realised as dividends to shareholders.

In addition, the vast majority of listed property companies have opted to recognise properties on their balance sheet at market value (in accordance with IFRS standard IAS 40), which are revalued each year on the basis of valuations by property experts (on the basis of prices per square metre observed for transactions involving similar assets). As a result, there are no depreciation charges in the income statement, but only positive or negative changes in value. As a result, operating income is essentially made up of rental income less (low) management costs.

Show that this status necessarily leads to the regular sale of assets in order to repay the debt, given that property companies have no source of income other than rental income.

8. In a property market whose values have a tendency to fall as a result of the sharp rise in interest rates from 2022 onwards, is the SIIC status, over and above the associated tax benefits, an advantage or a handicap? Why?
9. In this context, is MAB, which has not adopted the SIIC status, in a good or bad situation? Why?
10. Accordingly, what do you think of the 18% discount applied by the expert to value MAB shares because it has not adopted SIIC status?

11. Furthermore, do you find it logical to apply this 18% discount for the absence of corporate income tax (at the rate of 25%) to net income, and not to income before corporate income tax, as the expert does? Why is this?
12. In MAB's business plan, drawn up by the chairman and 94% shareholder, it is planned to demolish and rebuild warehouses and business premises with the same surface, to comply with a new regulation which calls for buildings to be more energy-efficient, reducing energy consumption by 40% by 2030. As a result, MAB will not receive €2.7 million in yearly rental income during the works. Once works are completed, the buildings are said to generate new yearly rental income of €1.6 million. What do you think?
13. In order to establish their sales projections, MAB's Chairman and the expert have deemed that the vacancy rate of 7% in 2024 is exceptionally low, and that therefore expect it to be 15% per annum in the future. What do you think of this when you compare it with the historical vacancy rate given in Appendix 1 and with those of the peers in Appendix 4? The vacancy rate is the proportion of square metres held by MAB that are not rented at a given time.
14. Rents for 2024 were €11 million. The expert's forecast for 2035 is €11.2 million. The amount of capital expenditure anticipated in the company's business plan for the period 2024-2028 is €64.6 million. Those forecast in the business plan extension drawn up by the expert between 2029-2035 are €43.4 million. What do you think?
15. Calculate MAB's average cost of financial and bank debt in 2023 from its accounting statements. MAB has 15-20 year fixed-rate debt, and gross financial expenses in 2023 were €0.386m.
16. What do you think of the present value of this long-term debt, given it would now pay a borrowing rate of 4.4% for a similar debt duration?
17. What impact does this have on the value of shareholders' equity? Has the expert taken this into account? (see Appendix 5 for the net debt value used)
18. Given the offer price of €230, the number of shares outstanding of 193,521, and a value of gross bank and financial debt of 80% of its book value, what is the implicit value of MAB's real estate assets?
19. Given the 165,288 square metres owned by MAB, what average price per square metre does the €230 offer show for MAB's real estate assets?
20. Given the 2024 rental income estimated by the expert at €11 million, what gross rental yield does the €230 offer show? Gross rental yield is the ratio of rental income to the value of the buildings.
21. Compare your results to the previous two questions with the data in Appendix 4. What is your opinion?
22. Use the data in Appendix 4 to derive a value range for the MAB share.
23. If you were a MAB shareholder, what would you do?

Appendix table

Appendix 1: MAB financial statements

Appendix 2: MAB stock market data

Appendix 3: Characteristics of real estate companies considered comparable to MAB by the expert

Appendix 4: Financial characteristics of real estate companies operating in the same sub-sector as MAB

Appendix 5: Extract from pages 27 and 28 of the expert's report on calculating the value of MAB shares using the P/E ratio of peers

Appendix 1: MAB financial statements

Income statement

(Year-end December 31)

French GAAP

In thousands of euros	2018	2019	2020	2021	2022	2023
Sales	6 256	6 996	7 538	8 226	8 985	9 946
Recharge of expenses	1 323	1 480	1 441	1 542	1 681	1 826
- External expenses	1 188	1 413	1 333	1 785	1 687	1 585
- Payroll expenses	445	485	576	396	435	499
- Taxes	1 346	1 217	1 254	1 232	1 511	1 294
+/- Other income/expenses	104	47	(45)	(45)	(10)	168
= EBITDA	4 704	5 408	5 771	6 310	7 023	8 562
- Depreciation	2 646	3 318	3 557	3 653	3 928	4 350
= EBIT	2 058	2 090	2 214	2 657	3 095	4 212
- Cost of net indebtedness	109	370	338	431	468	(216)
+ Transferred income from unconsolidated subsidiaries	468	301	322	214	121	184
+ Non-recurring items	2 197	91	3 820	43	334	10
= Profit before tax	4 614	2 112	6 018	2 483	3 082	4 622
- Income tax	1 429	642	1 678	657	789	1 182
= Net income	3 185	1 470	4 340	1 826	2 293	3 440

Income statement, in % of sales

(Year-end December 31)

In % of sales	2018	2019	2020	2021	2022	2023
Sales	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Recharge of expenses	21,1%	21,2%	19,1%	18,7%	18,7%	18,4%
- External expenses	19,0%	20,2%	17,7%	21,7%	18,8%	15,9%
- Payroll expenses	7,1%	6,9%	7,6%	4,8%	4,8%	5,0%
- Taxes	21,5%	17,4%	16,6%	15,0%	16,8%	13,0%
+/- Other income/expenses	1,7%	0,7%	-0,6%	-0,5%	-0,1%	1,7%
= EBITDA	75,2%	77,3%	76,6%	76,7%	78,2%	86,1%
- Depreciation	42,3%	47,4%	47,2%	44,4%	43,7%	43,7%
= EBIT	32,9%	29,9%	29,4%	32,3%	34,4%	42,3%
- Cost of net indebtedness	1,7%	5,3%	4,5%	5,2%	5,2%	-2,2%
+ Transferred income from unconsolidated subsidiaries	7,5%	4,3%	4,3%	2,6%	1,3%	1,8%
+ Non-recurring items	35,1%	1,3%	50,7%	0,5%	3,7%	0,1%
= Profit before tax	73,8%	30,2%	79,8%	30,2%	34,3%	46,5%
- Income tax	22,8%	9,2%	22,3%	8,0%	8,8%	11,9%
= Net income	50,9%	21,0%	57,6%	22,2%	25,5%	34,6%

Activity indicators	2018	2019	2020	2021	2022	2023
Occupancy rate excluding works = 1 - vacancy rate	86%	90%	94%	97%	96%	95%
m2 owned by MAB	136 860	151 655	150 747	155 272	160 372	162 787
Sales/m2 adjusted for vacancy rate in €	53	51	53	55	58	64

Cash flow statement

In thousands of euros	2018	2019	2020	2021	2022	2023
Consolidated net income	3 185	1 470	4 340	1 826	2 293	3 440
+ Depreciation and amortization	2 646	3 318	3 557	3 653	3 928	4 350
+ Non-cash income and expenses	(2 213)	(125)	(3 272)	-	30	671
= Cash flow from operations	3 618	4 663	4 625	5 479	6 251	8 461
- Change in operating working capital	721	(1 853)	(1 690)	2 155	(1 141)	(526)
= Operating cash flow (1)	2 897	6 516	6 315	3 324	7 392	8 987
- Capital expenditure	10 697	9 676	1 579	3 763	11 912	1 660
- Change in non-operating working capital	(211)	332	(121)	(13)	(226)	303
- Financial investments	(127)	1 351	301	322	(562)	25
+ Net proceeds from disposals	4 102	163	4 750	-	489	10
= Cash flow from investing activities (2)	(6 257)	(11 196)	2 991	(4 072)	(10 635)	(1 978)
Free cash flow after financial expenses (1)+(2)	(3 360)	(4 680)	9 306	(748)	(3 243)	7 009
+ Capital increase (decrease)						
- Dividends	542	968	542	1 354	1 355	967
= Reduction (increase) in net indebtedness	(3 902)	(5 648)	8 764	(2 102)	(4 598)	6 042
Net debt at beginning of period	13 239	17 141	22 789	14 025	16 127	20 725
Net debt at end of period	17 141	22 789	14 025	16 127	20 725	14 683

Balance sheet

In thousands of euros	2018	2019	2020	2021	2022	2023
Intangible fixed assets	4	3	2	1	-	-
+ Tangible fixed assets - land	14 005	16 375	15 642	16 219	19 095	18 985
+ Property, plant and equipment under construction	30 080	34 832	31 109	31 506	35 859	33 845
+ Property, plant and equipment in progress and other	958	158	1 163	300	1 121	254
+ Loans to subsidiaries		1 412	1 713	2 035	1 472	1 093
+ Financial assets	63	2	2	2	3	28
= Fixed assets (1)	45 110	52 782	49 631	50 063	57 550	54 205
Inventories						
+ Trade receivables	2 021	2 221	2 395	2 687	3 420	3 511
+ Other operating assets	2 502	1 186	505	1 436	691	636
- Trade payables	533	196	245	91	462	279
- Other operating liabilities	1 624	746	1 820	818	897	1 437
+Deferred income and security deposits	1 743	3 695	3 755	3 979	4 658	4 863
= Working capital (2)	623	(1 230)	(2 920)	(765)	(1 906)	(2 432)
Non-operating assets						
- Non-operating liabilities (fixed asset suppliers)	394	62	183	196	422	119
= Non-operating working capital (3)	(394)	(62)	(183)	(196)	(422)	(119)
Operating assets = (1)+(2)+(3)	45 339	51 490	46 528	49 102	55 222	51 654
Shareholders' equity (4)	28 198	28 701	32 503	32 975	34 497	36 971
Long-term debt	22 691	26 246	23 834	24 402	27 766	30 909
+ Short-term debt						
- Cash and cash equivalents	5 550	3 457	9 809	8 275	7 041	16 226
= Net bank and financial debt (5)	17 141	22 789	14 025	16 127	20 725	14 683
Capital employed = (4)+(5)	45 339	51 490	46 528	49 102	55 222	51 654

Productivity in 000 of €, excluding workforce	2018	2019	2020	2021	2022	2023
Workforce	5	5	4,5	4,0	4,0	4,0
Sales / workforce	1 251	1 399	1 675	2 057	2 246	2 487
Operating income / workforce	412	418	492	664	774	1 053
Average salary including employer social charges	89	97	128	99	109	125

Operating Working Capital turnover	2018	2019	2020	2021	2022	2023
Operating WC / Sales, in days of sales	30d	-53d	-118d	-28d	-65d	-74d
Days sales outstanding	98d	97d	97d	99d	116d	107d
Suppliers in days of purchases and external services	136d	42d	56d	16d	83d	54d
VAT rate	20,0%	20,0%	20,0%	20,0%	20,0%	20,0%

Investment policy	2018	2019	2020	2021	2022	2023
Net property, plant and equipment excluding land / gross property, plant and equipment	54%	55%	52%	49%	50%	45%
Capital expenditure / depreciation charge	4,0	2,9	0,4	1,0	3,0	0,4
Gross property, plant and equipment incl. land	69 840	80 042	77 693	81 390	93 121	94 481
Gross property, plant and equipment incl. land/ depreciation charge	26,4	24,1	21,8	22,3	23,7	21,7

Debt structure	2018	2019	2020	2021	2022	2023
Net bank and financial debt / EBITDA	3,6	4,2	2,4	2,6	3,0	1,7
Operating income / cost of debt	19	6	7	6	7	-20
Net bank and financial debt / net fixed assets	38%	43%	28%	32%	36%	27%
Net bank and financial debt / equity	0,61	0,79	0,43	0,49	0,60	0,40

Appendix 2 : MAB stock market elements

Value parameters	2018	2019	2020	2021	2022	2023	2024
Highest price	125,0	120,0	123,0	250,0	206,0	206,0	232,0
Lowest share price	108,0	101,0	102,0	122,0	168,0	168,0	173,0
Last share price	116,0	110,0	121,0	250,0	173,0	173,0	232,0
Average share price for the year	116,0	110,0	121,0	127,0	173,0	173,0	232,0
Number of shares in thousands	194	194	194	194	194	194	194
Net earnings (group share) per share in €	16,46	7,60	22,43	9,44	11,85	17,78	16,41
EPS growth rate	149%	-54%	195%	-58%	26%	50%	-8%
P/E ratio	7,0	14,5	5,4	26,5	14,6	9,7	14,1
Cash flow multiple	3,8	4,4	3,0	8,8	5,4	4,3	5,9
Rental income multiple	6,3	6,3	5,0	7,8	6,0	4,8	5,8
EBITDA multiple	8,4	8,2	6,5	10,2	7,7	5,6	7,0
Operating income multiple	19,2	21,1	16,9	24,3	17,5	11,4	14,0
Consolidated rents / Enterprise value	32%	30%	21%	13%	17%	21%	18%
Dividend per share in €	5,0	2,8	7,0	4,0	5,0	7,0	6,6
Dividend yield	2,4%	4,5%	2,3%	5,5%	2,3%	2,9%	3,0%
Payout ratio	30%	37%	31%	42%	42%	39%	40%
Shares traded	640	1 154	1 236	147	110	205	324
As % of free float	5,6%	10,1%	10,8%	1,3%	1,0%	1,8%	2,8%
Last market capitalization in M€	22,4	21,3	23,4	48,4	33,5	33,5	44,9
Book equity in M€	28,2	28,7	32,5	33,0	34,5	37,0	38,8
Last market capitalization / Book equity	0,8	0,7	0,7	1,5	1,0	0,9	1,2
Book equity per share in €	146	148	168	170	178	191	200

Risk-free money rate in December 2024: 3.1 %

MAB share beta coefficient: 0.44

Expected rate of return on the equity market: 8.1 %

MAB share prices since 2020



Appendix 3 : Characteristics of real estate companies considered comparable to MAB by the expert

Peer companies			By type of assets					Localisation					Net Debt / EBITDA	
Logistics	Plants	Habitations	Retail	Offices	Hotels	Real estate development	Paris	Ile de France	Regions	Overseas	Europe	Rest of the World		
MAB	X	X						X	X					1,7
Acanthe		X		X			X						EBITDA < 0	
Altarea	X	X	X	X		X		X	X		X		13,2	
Altareit		X		X		X							EBITDA < 0	
Argin	X							X	X				11,1	
Blecker	X	X		X				X	X				29,0	
CBO Territoria		X	X	X		X				X			5,2	
Covivio Hotels					X		X	X	X		X		7,7	
Crosswood		X	X	X				X					6,1	
Foncière Inea				X					X				12,8	
Foncière Volta		X	X	X			X	X	X				60,8	
Frey			X					X	X		X		11,1	
Gecina		X		X			X	X					13,6	
Icade		X	X	X			X	X	X				11,1	
Immobilière Dassault			X	X			X	X					9,2	
Klepierre			X				X	X	X		X		9,4	
Mercialys			X	X				X	X				10,2	
MRM		X	X	X				X					12,7	
PAREF			X	X				X	X				EBITDA < 0	
Patrimoine et Commerce		X	X	X				X	X				9,3	
SCBSM				X			X						10,1	
Selectirente			X					X	X		X		8,2	
Société de la tour Eiffel				X			X	X	X				EBITDA < 0	
Société Foncière Lyonnaise				X			X	X					15,1	
Unibail Roudamco Westfield			X				X	X	X		X	X	14,6	
MAB	X	X						X	X					
Average without MAB													14,0	
Median without MAB													11,1	

Appendix 4 : Financial characteristics of real estate companies operating in the same sub-sector as MAB

At the end of 2023, **ActivImmo** managed 1,077,185 square metres, 88% of which in France, including 45% logistics warehouses, 34% business premises, 11% urban logistics and 9% transport premises.

The 2023 vacancy rate was 4.1%.

LF Opportunités immo is a real estate company which, at the end of 2023, managed 214,800 square metres, 88% of which in France, including 87.6% logistics warehouses and business premises, and 12.4% offices.

Its 2023 vacancy rate was 2.0%.

Argan is a listed real estate company managing 3,615,000 square metres at the end of 2024, 100% in France, and 100% in logistics warehouses. Its 2023 rental income was €183.6m, and its 2023 EBITDA was €172.4m.

Its 2023 vacancy rate was 4.7%.

For these 3 companies directly comparable to MAB, we observe the following elements:

	Square metres	Value per square metre	Gross rental yield	2023 Rental multiples	2023 EBITDA multiple
LF Opportunités immo	214,800	1,525 € /m ²	6.0 %	16.8	19.0
ActivImmo	1,077,185	978 € /m ²	7.0 %	14.4	19.3
Argan	3,615,000	907 € /m ²	5.0 %	17.8	19.0

Real estate assets were appraised by the major real estate appraisal firms: Jones Lang Lasalle, BNP Paribas RE, and CBRE.

Appendix 5: Extract from pages 27 and 28 of the expert's report on calculating the value of MAB shares using the P/E ratio of peers

Net income	€3,440,193
P/E ratio of peers	27.3
Non SIIC discount	18.4 %
Size discount	33.8 %
P/E ratio after discounts	14.7 (= $27.3 \times (1 - 18.4\%) \times (1 - 33.8\%)$)
Entreprise Value	€50,712,844 (= $14.7 \times 3,440,193$)
Net debt	€15,732,347
Equity value	€34,980,497 (= $50,712,844 - 15,732,347$)
Number of shares	193,521
Value per share	€181 (= $34,980,497 / 193,521$)

The 27.3 P/E ratio used by the expert is based on the 24 peers he selected (see appendix 3).