

CaixaBank transfers real estate business worth approximately 7 billion euros to Lone Star

- ***The real estate operations that will be transferred are chiefly real estate assets classified as available for sale as per 31 October 2017 and 100% of Servihabitat equity. The gross value of the real estate assets at said date stood at approximately 12.8 billion euros (approximate net book value of 6.7 billion euros).***
- ***CaixaBank will transfer this real estate business to a new company, 80% of which will then be sold to Lone Star, while it will retain a 20% stake.***
- ***According to Gonzalo Gortázar, CEO of CaixaBank, “the operation means securing our strategic targets in terms of cutting nonperforming assets several years ahead of schedule, ensuring that CaixaBank has one of the healthiest balance sheets in the Spanish banking industry”.***
- ***The closing of the operation will mean deconsolidation of the real estate business. Currently, this is expected to have a neutral impact on the bank’s financial statement and boost the fully loaded CET1 capital ratio by 30 basis points. Capital levels should benefit from a 15-basis point positive impact, including the effects announced on 8 June 2018 associated with the repurchase of 51% of Servihabitat.***

Barcelona, 28 June 2018.- CaixaBank today agreed to transfer to a company owned by the investment funds Lone Star Fund X and Lone Star Real Estate Fund V (Lone Star) 80% of its real estate business, comprised of real estate assets held as per October 2017 and classified as available for sale, as well as its affiliate company Servihabitat Servicios Inmobiliarios, S.L. The preliminary valuation for 100% of the real estate business as per October 2017 amounted to 7 billion euros. The gross value of the real estate portfolio stood at approximately 12.8 billion euros.

Once CaixaBank completes the repurchase of 51% of Servihabitat, which is now pending authorisation from the CNMC, it will transfer that real estate business to a new company, 80% of which will subsequently be sold to Lone Star, while it will retain a 20% stake. Lone Star and CaixaBank will sign an agreement to regulate their relations as partners in the new company.

80% of the new company will be sold at a price equivalent to 80% of the final valuation established for the real estate business when the transaction is finalised, which will largely

depend on the real estate assets still held by the new company at that time (i.e. deducting those assets sold between 31 October 2017 and completion of the transaction).

According to Gonzalo Gortázar, CEO of CaixaBank, “the operation means securing our strategic targets in terms of cutting nonperforming assets several years ahead of schedule, ensuring that CaixaBank has one of the healthiest balance sheets in the Spanish banking industry”.

As part of the operation, Servihabitat will continue to provide real estate services to CaixaBank Group during a 5-year period, under a new services agreement that will allow CaixaBank greater flexibility and efficiency, while benefitting from the cost reductions and savings announced on 8 June 2018 associated with the repurchase of 51% of Servihabitat.

Deconsolidation of the real estate business is expected to have a neutral impact on financial statements and improve the fully loaded CET1 capital ratio by an estimated 30 basis points. The overall impact on the fully loaded CET1 capital ratio, combined with the repurchase of 51% of Servihabitat announced on 8 June 2018, is estimated at 15 basis points.

The operation is expected to secure cost savings of 550 millions of euros before taxes over the next three years (2019-2021), including the new servicing agreement with Servihabitat.

The operation is subject to regulatory authorisation and other standard conditions for such transactions, including approval from EU competition authorities. The move is set to be completed in the final quarter of 2018 or the first quarter of 2019.

https://www.caixabank.com/comunicacion/noticia/caixabank-sells-real-estate-business-worth-approximately-7-billion-euros-to-lone-star_en.html?id=41035