



# Fairness Opinion - Pargesa Holding SA

Fairness Opinion on the voluntary public exchange offer of Parjointco N.V. for all publicly held bearer shares of Pargesa Holding SA

March 11<sup>th</sup>, 2020

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# 1

Introduction

# 1.1 Transaction background

## Transaction background

- Pargesa Holding SA (“**Pargesa**” or “**Company**”) is a Swiss stock corporation with its registered office in Geneva, Switzerland, whose bearer shares are listed on SIX Swiss Exchange with a market capitalisation of CHF 5.9bn as of March 6<sup>th</sup>, 2020 (“**Valuation Date**”)
- The Company’s registered share capital amounts to CHF 1,698,723,400 divided into 77,214,700 registered shares (not publicly traded) with a nominal value of CHF 2 per share and 77,214,700 bearer shares (listed on SIX Swiss Exchange) with a nominal value of CHF 20 per share. The shares of both share classes are fully paid-in as to their nominal value and each share carries an equal voting right irrespective of the nominal value
- As of the Valuation Date, Pargesa’s main asset consists of an indirect participation representing 50.0% of the share capital and 51.7% of the voting rights in Groupe Bruxelles Lambert SA (“**GBL**”), a stock corporation with its registered office in Brussels, Belgium, whose shares are listed on the Euronext Brussels market with a market capitalisation of EUR 12.6bn as of the Valuation Date. GBL operates in various industry and service sectors through its holdings in a number of operating companies
- GBL’s registered share capital amounts to EUR 653,136,356 divided into 161,358,287 shares (listed on Euronext Bruxelles) without a par value. The shares are fully paid-in and each share carries one voting right
- Parjointco N.V. (“**Parjointco**” or “**Offeror**”), the majority shareholder of Pargesa, is a company incorporated under Dutch law with its registered office in Rotterdam, the Netherlands. Parjointco’s shareholders are a group consisting of the Stichting Administratiekantoor Frère-Bourgeois, Rotterdam, the Netherlands (“**Stichting Frère-Bourgeois**”), and of the Desmarais Family Residuary Trust and of entities controlled by the Stichting Frère-Bourgeois and the Desmarais Family Residuary Trust (together, “**Frère-Desmarais Group**”)
- The current structure of the Frère-Desmarais Group involves the coexistence of two listed companies within the same holding chain: Pargesa, whose shares are listed on SIX Swiss Exchange, on the one hand, and GBL, whose shares are listed on Euronext Brussels, on the other hand. Historically, this multi-layered legal structure has embodied distortions in respective Net Asset Value (“**NAV**”) discounts: over the last 12 months, Pargesa’s bearer shares have traded on average at a 15.3% discount to their direct NAV determined based on GBL’s market value. Over the same time period, GBL’s shares have traded on average at a discount of 25.5% to their reported NAV
- Should reference be made to Pargesa’s reported NAV determined by a transitive approach of GBL’s NAV, the implied discount affecting Pargesa’s market value would be 38.6% as of the Valuation Date
- The Frère-Desmarais Group intends to simplify this structure and thus eliminate Pargesa’s discount to GBL’s market value by transferring the public shareholding from Pargesa to GBL, followed by a delisting of Pargesa from SIX Swiss Exchange
- Against this background, Parjointco published a pre-announcement (“**Pre-Announcement**”) on March 11<sup>th</sup>, 2020 regarding a public exchange offer for all publicly held bearer shares of Pargesa with a nominal value of CHF 20 each (“**Offer**”). The Offer will not extend to Pargesa’s bearer shares held by Parjointco or any of its direct or indirect subsidiaries

Sources Company information, FactSet (as of the Valuation Date)

# 1.1 Transaction background

## Transaction background (cont'd)

- The Offer will be structured as a public exchange offer, whereby the Offeror will offer 0.93 existing shares of GBL for one Pargesa bearer share (“**Exchange Ratio**”).<sup>1</sup> GBL shares that will be delivered to Pargesa’s public shareholders will be acquired from Pargesa Netherlands B.V., a wholly-owned subsidiary of Pargesa (“**Pargesa NL**”) by a newly incorporated wholly-owned subsidiary of Parjointco (“**NewCo**”). This acquisition will be performed at market value against a Pargesa NL receivable vis-à-vis NewCo
- On the basis of the closing price of the GBL shares on Euronext Brussels and a EUR-CHF exchange rate of 1.0589 as of the Valuation Date, the Exchange Ratio implies a value of CHF 79.35 per Pargesa bearer share, which represents a 14.6% premium over the closing price of the Pargesa bearer share of CHF 69.25 as of the Valuation Date
- The price of the Pargesa bearer shares, the GBL shares and the EUR-CHF exchange rate may change between the Pre-Announcement and the settlement of the Offer. Such changes have an impact on the value of the Offer and thus on the total value the public shareholders ultimately receive for their shares in Pargesa
- As per the Pre-Announcement, the Offer is expected to be subject to the following conditions:
  - Upon expiry of the (possibly extended) Offer Period (as defined below), the Offeror shall have received valid declarations of acceptance for such number of Pargesa bearer shares which, when combined with the Pargesa bearer shares held by the Offeror and the persons acting in concert with the Offeror, account for at least 90.0% of Pargesa’s voting rights
  - The extraordinary general meeting of shareholders of GBL accepts the amendment to GBL’s articles of association relating to the double voting rights for fully paid-up shares, registered for at least two years without interruption in the name of the same shareholder, as provided by the new Belgian Code on Companies and Associations
  - No judicial or administrative authority has issued any decision preventing, prohibiting, or qualifying as inadmissible the Offer or its completion
- The Offer prospectus is expected to be published on April 22<sup>nd</sup>, 2020. Upon expiration of the cooling-off period of 10 trading days, the Offer is expected to remain open for a period of 20 trading days, that is from May 8<sup>th</sup>, 2020 until June 8<sup>th</sup>, 2020, 4:00 p.m. Central European Time (CET) (“**Offer Period**”), with the Offeror reserving the right to extend the Offer Period once or several times. If the Offer is successful after the Offer Period, the Offer will be open for acceptance for an additional acceptance period of 10 trading days
- In connection with the mandate to provide a fairness opinion (“**Fairness Opinion**”), Rothschild & Co Bank AG (“**Rothschild & Co**” or “**we**” or “**us**”) shall receive no compensation that is dependent on any statements regarding the valuation of Pargesa or GBL or the success of the Offer. Rothschild & Co hereby confirms that it reached its opinion independently in accordance with the Swiss Takeover Board (“**TOB**”) Circular No. 3, governing the assessment of public takeover offers. In accordance with art. 5 et seq. and art. 42 et seq. FinIA (Federal Act on Financial Institutions), Rothschild & Co is suitably qualified to prepare fairness opinions for public takeover offers in Switzerland

**Sources** Company information, FactSet (as of the Valuation Date), FinIA, TOB

**Note**

<sup>1</sup> The Exchange Ratio is subject to adjustments in case of dilutive events occurring before the settlement of the Offer. The Exchange Ratio will not be adjusted in case of (i) the exercise of stock options held employees and (ii) the 2019 dividend to be approved by the Pargesa AGM (on May 6<sup>th</sup>, 2020)

## 1.2 Mandate of Rothschild & Co

### Mandate of Rothschild & Co

- Pargesa's Board of Directors has retained Rothschild & Co to prepare a Fairness Opinion for the attention of the Board of Directors of Pargesa, assessing the fairness of the Exchange Ratio from a financial point of view, in connection with the issuance by Pargesa's Board of Directors of its report to the shareholders of Pargesa in connection with the Offer (the "**Board Report**")
- The analyses performed by Rothschild & Co assess the financial fairness of the Exchange Ratio as if the Offer had been proposed to all shareholders of Pargesa
- The Fairness Opinion is intended solely for the use by the Board of Directors of Pargesa as part of the Board Report (in compliance with the Ordinance of the TOB on Public Takeover Offers). It is not meant to operate for the benefit of the shareholders of Pargesa or other third parties, nor does it give rise to any rights of or obligations towards the shareholders of Pargesa or any third parties
- The Fairness Opinion may be used for publication in connection with and as part of the Board Report. It may also be referred to in the Swiss offer prospectus of the Offeror. Use for any other purposes is not permitted
- The Fairness Opinion does not constitute a recommendation to the public shareholders of Pargesa to accept or reject the Offer
- Furthermore, the Fairness Opinion does not contain an assessment of the following points:
  - Payment terms and other conditions of the Offer
  - Legal and / or tax assessment of the transaction structure
  - Possible effects on shareholders of the decision of acceptance or rejection of the Offer
  - Future performance, value or price of the Pargesa bearer share
  - Future performance, value or price of the GBL share
- Rothschild & Co has neither performed an audit as provided by Swiss law nor a due diligence, nor did we mandate any other third party to do so
- In preparing the Fairness Opinion, Rothschild & Co has assumed and relied upon the accuracy and completeness of financial and other information concerning Pargesa and GBL (see 1.4 Information base), in particular of the information provided to Rothschild & Co by Pargesa. Rothschild & Co has not independently verified, and does not accept any responsibility for the independent verification of such information. Rothschild & Co's responsibility is limited to the careful and professional analysis and evaluation from a financial standpoint of the information provided to us
- Rothschild & Co has further relied on the written assurance of the Company that they are not aware of any facts or circumstances not disclosed or addressed in the Fairness Opinion that could be relevant for the shareholders' understanding when reading the Fairness Opinion or the non-disclosure of which could give an inaccurate, incomplete or misleading picture of the Company and/or its subsidiaries or participations or if its or their current status or future development in any material respect
- The Fairness Opinion is also available in German and French

## 1.3 Evaluation procedure

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### Evaluation procedure

- The underlying objects of assessment are Pargesa and GBL
- The Valuation Date is March 6<sup>th</sup>, 2020
- The assessment of the fairness of the Exchange Ratio from a financial standpoint is based on a multi-criteria analysis whereby we have derived implied exchange ratios based on a number of primary and complementary valuation methods and analyses which are benchmarked against the Exchange Ratio
  - Primary valuation methods:
    - Market-based valuation analysis
    - Analysts' median target price
    - NAV analyses
  - Complementary analyses presented for informative purposes:
    - Dividend discount model (“**DDM**”) valuation sensitivity
    - Adjusted exchange ratio based on number of shares
- The assessment is completed by an evaluation of alternatives for the public shareholders of Pargesa
- No consideration has been given to possible effects of an acceptance or rejection of the Offer at the individual shareholder level, such as tax implications

# 1.4 Information base

## Information base

- Rothschild & Co made use of the following information for its assessment:
  - Publicly available information on Pargesa and GBL that was considered relevant for the assessment. This notably includes the annual reports for the financial years 2017 and 2018, the 2019 H1 interim financial report, investor presentations, and press releases
  - Meetings and calls with Pargesa's management and Board of Directors focusing on the Company's financial situation and performance, shareholder structure, details regarding the contemplated transaction steps, dividend distribution policy and NAV calculations of both Pargesa and GBL
  - Additional information on Pargesa and GBL provided by Pargesa management related to latest available financial information including draft statutory balance sheets for the financial year 2019, NAV calculations as of the Valuation Date, ownership details and numbers of shares outstanding as of the Valuation Date and tax rulings of the relevant Swiss tax authorities in relation to the transaction
  - Information relating to the employee stock option plans of Pargesa
  - Draft of the transaction agreement in relation to the Offer ("**Transaction Agreement**")
  - Draft of the Pre-Announcement
  - Selected information on transaction structuring alternatives
  - Capital market and financial data for Pargesa, GBL and selected comparable companies (primary sources: FactSet, Bloomberg)
- In preparing the Fairness Opinion, Rothschild & Co has assumed and relied upon the accuracy and completeness of financial and other information concerning Pargesa and GBL, in particular of the information provided to Rothschild & Co by Pargesa. Rothschild & Co has not independently verified, and does not accept any responsibility for the independent verification of such information. Rothschild & Co's responsibility is limited to the careful and professional analysis and evaluation from a financial standpoint of the information provided to us. Rothschild & Co did not carry out any physical inspection
- This Fairness Opinion is based on economic and market conditions as in effect on, and the information and documents available to Rothschild & Co as of, the Valuation Date. These conditions and information underlying the Fairness Opinion may change after the Valuation Date, and any change in conditions or circumstances after the Valuation Date may impact the information which has been used as a basis for Rothschild & Co's assessment. Rothschild & Co has no obligation to update, verify or confirm any information contained in this Fairness Opinion or to inform the Board of Directors of Pargesa or any other person of any change in circumstances

# 2

Presentation of Pargesa and GBL



# 2.1 Presentation of Pargesa

## General overview

### General information

- Pargesa is a Swiss stock corporation with its registered office in Geneva, Switzerland, whose bearer shares are listed on SIX Swiss Exchange with a market capitalisation of CHF 5.9bn as of the Valuation Date
- The Company's registered share capital amounts to CHF 1,698,723,400 divided into 77,214,700 registered shares (not publicly traded) with a nominal value of CHF 2 per share and 77,214,700 bearer shares (listed on SIX Swiss Exchange) with a nominal value of CHF 20 per share. The shares of both share classes are fully paid-in as to their nominal value and each carries an equal voting right irrespective of the nominal value
- As of the Valuation Date, Pargesa's main asset consists of an indirect participation representing 50.0% of the share capital and 51.7% of the voting rights in GBL, a stock corporation with its registered office in Brussels, Belgium, whose shares are listed on the Euronext Brussels market with a market capitalisation of EUR 12.6bn as of the Valuation Date. GBL is active in various industries and sectors through several strategic shareholdings in a number of operating companies
- Benefiting from the support and stability of the partnership created in 1990 between its two controlling shareholders (the Power Corporation group in Canada and the Frère group in Belgium), Pargesa aims to create value over long-term for the benefit of all its shareholders, by building a portfolio of shareholdings in companies that are market leaders in various industry and service sectors, and acting as a professional shareholder

### Key figures of Pargesa as of the Valuation Date

Reported NAV <sup>1</sup>	CHF 9,550m
	CHF 112.75 per share
Direct NAV <sup>2</sup>	CHF 6,785m
	CHF 80.11 per share
Market value	CHF 5,866m
	CHF 69.25 per share

#### Notes

- 1 Pargesa's reported NAV corresponds to its NAV based on a "flow-through" of 50.0% of the value of GBL's reported NAV in addition to other assets and liabilities of Pargesa as published by the Company on a quarterly basis and provided by the Company to Rothschild & Co as of the Valuation Date
- 2 Pargesa's direct NAV corresponds to its economic NAV based on the market value of Pargesa's 50.0% stake in GBL in addition to other assets and liabilities of Pargesa as published by the Company on a quarterly basis and provided by the Company to Rothschild & Co as of the Valuation Date

Sources Company information, FactSet (as of the Valuation Date)



## 2.1 Presentation of Pargesa

### Overview of shareholding structure

#### Shareholding structure of Pargesa

- As presented in the table on the right, Pargesa is jointly controlled by the Dutch holding company Parjointco, pursuant to the initial agreement signed in 1990 by the Desmarais and Frère family groups, extended until 2029, with a clause providing for a possible extension
  - Parjointco owns 75.6% of Pargesa's voting rights
- The total number of shares issued (bearer shares and registered shares) amounts to 84,936,170<sup>1</sup>, whereby the free float amounts to 44.4% of total shares issued (incl. treasury shares)
- Considering the exercise of stock options currently in place (based on treasury stock method), the diluted number of outstanding Pargesa shares amounts to 84,719,292<sup>2</sup>

#### Pargesa shareholding structure as of the Valuation Date

Voting rights	Bearer shares	Registered shares	Total shares <sup>1</sup>	Voting rights	%
Parjointco	39,301,000	77,214,700	47,022,470	116,515,700	75.6%
Public shareholders	37,680,640	-	37,680,640	37,680,640	24.4%
Treasury shares	233,060	-	233,060	-	-
<b>Total shares issued</b>	<b>77,214,700</b>	<b>77,214,700</b>	<b>84,936,170</b>	<b>154,196,340</b>	<b>100.0%</b>

Economic ownership	Total shares	% (incl. treasury shares)	% (excl. treasury shares)
Parjointco	47,022,470	55.4%	55.5%
Public shareholders	37,680,640	44.4%	44.5%
Treasury shares	233,060	0.3%	-
<b>Number of shares issued</b>	<b>84,936,170</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Number of shares outstanding</b>	<b>84,703,110</b>		
Dilution from stock options <sup>2</sup>	16,182		
<b>Diluted number of outstanding shares<sup>2</sup></b>	<b>84,719,292</b>		

#### Notes

- Total shares determined by taking into account (i) the number of bearer shares with a par value of CHF 20 per share, and (ii) the number of registered shares with a par value of CHF 2 per share converted into the equivalent number of bearer shares by dividing by ten. Each bearer and registered share carries one voting right
- Implied dilution by using the treasury stock method based on the dilution analysis of the Exchange Ratio and GBL's share price as of the Valuation Date for Pargesa's incentive plan for the Company's employees, managers and executives involving the annual awarding of options for Pargesa shares (see details in Appendix A)

Source Company information



## 2.2 Presentation of GBL

### General overview

#### General information

- GBL is a stock corporation with its registered office in Brussels, Belgium, whose shares are listed on the Euronext Brussels market with a market capitalisation of EUR 12.6bn as of the Valuation Date
  - GBL's registered share capital amounts to EUR 653,136,356 divided into 161,358,287 shares (listed on Euronext Bruxelles) without a par value. The shares are fully paid-in and each share carries one voting right
- GBL is an established investment holding company with over sixty years of stock exchange listing, focused on long-term value creation and relying on a stable and supportive family shareholder base
- GBL is active in various industries and sectors through several strategic shareholdings in a number of operating companies, primarily global listed companies, leaders in their sector, in which GBL acts as an active professional investor
  - GBL's mandate is broad and flexible, allowing investment decisions ranging from EUR 250m up to EUR 2bn, in both public and private companies headquartered in Europe
  - GBL aspires to hold a portfolio of shareholdings and play an active role in the governance through majority stakes or strategic minority positions with influence
- GBL's team is composed of approx. 20 investment professionals specialised in investment management, including in-house financial, legal and tax experts, supporting the portfolio's development based on strict asset rotation criteria
- GBL is controlled by Pargesa, which holds 50.0% of the share capital and 51.7% of the voting rights of GBL

#### Key figures of GBL as of the Valuation Date

Reported NAV	EUR 18,224m	CHF 19,298m
	EUR 112.94 per share	CHF 119.60 per share
Market value	EUR 12,579m	CHF 13,319m
	EUR 80.58 per share	CHF 85.33 per share

#### GBL shareholding structure as of the Valuation Date

	Number of shares	% of ownership (incl. treasury shares)	Voting rights (excl. treasury shares)
Pargesa	80,680,729	50.0%	51.7%
Public shareholders	75,419,318	46.7%	48.3%
Treasury shares	5,258,240	3.3%	-
<b>Shares issued</b>	<b>161,358,287</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Shares outstanding</b>	<b>156,100,047</b>		

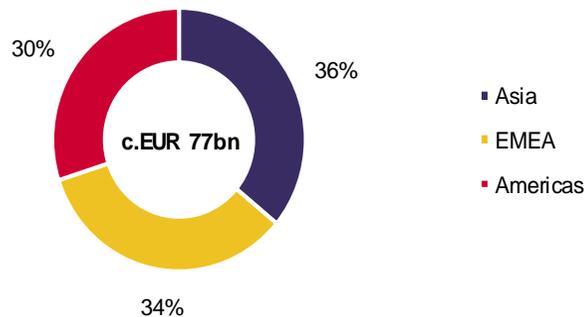
Sources Company information, FactSet (based on EUR-CHF exchange rate of 1.0589 as of the Valuation Date)



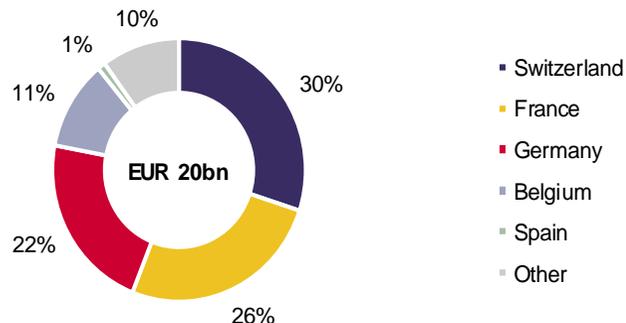
## 2.3 GBL's investment portfolio

### Geographical breakdown by revenue and NAV (as of November 8<sup>th</sup>, 2019)

#### Consolidated revenue breakdown by geography<sup>1</sup>



#### NAV breakdown by geography<sup>2,3</sup>



#### Comments

- GBL's investment portfolio consists of 12 main assets as of the Valuation Date<sup>4</sup>:
  - Listed investments: Adidas, Pernod Ricard, SGS, LafargeHolcim, Imerys, Umicore, GEA, Ontex and other investments
  - Private Investments: Webhelp, Upfield, Parques Reunidos
  - Alternative assets: Sienna Capital
- All GBL portfolio companies are headquartered in Europe:
  - Switzerland: SGS, Lafarge Holcim
  - France: Pernod Ricard, Imerys, Webhelp
  - Germany: Adidas, GEA
  - Belgium: Umicore, Ontex
  - Others: Parques Reunidos (Spain), Upfield (Netherlands), and Sienna Capital (Luxembourg)
- GBL has a global footprint through its portfolio companies which are operating in more than 100 countries, divided into three geographical regions, i.e. Europe, Middle East and Africa (EMEA), Asia and Americas
- Based on the latest publicly available information, consolidated sales of GBL were approx. EUR 77bn as of November 8<sup>th</sup>, 2019 and almost balanced between the different geographical regions, i.e. Asia representing 36%, EMEA 34%, and Americas 30%
- As of November 8<sup>th</sup>, 2019, Switzerland, France and Germany represents most of GBL's NAV (78% of total NAV). This position reflects a progressive rebalancing of GBL's investments which has been initiated since 2012, resulting in a more geographically diversified portfolio

Source GBL (November 2019 roadshow presentation – latest publicly available information)

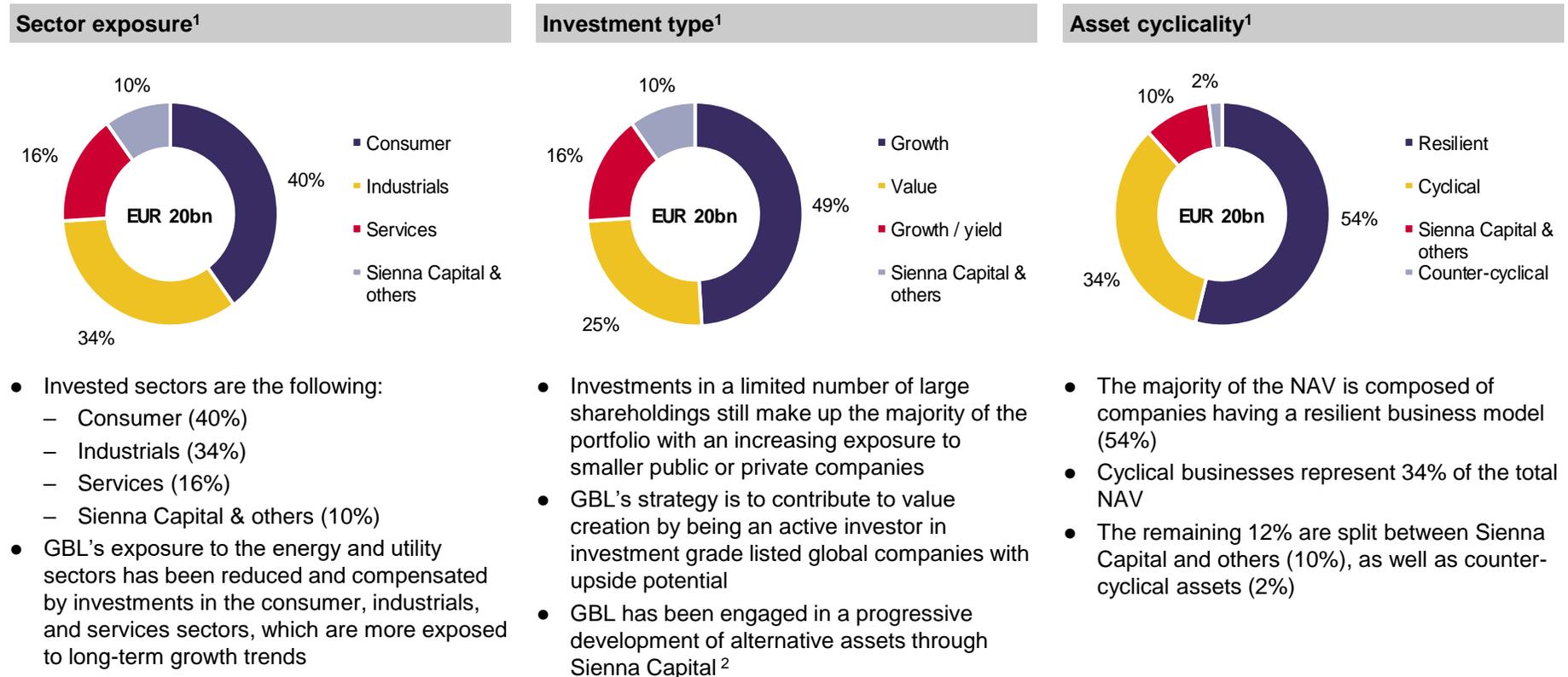
#### Notes

- 1 Portfolio companies' geographical mix weighted by contribution to GBL's portfolio value (as of November 8<sup>th</sup>, 2019)
- 2 Breakdown of indicative NAV (excl. (i) treasury shares and net debt position and (ii) participation into Total) by country of incorporation (as of November 8<sup>th</sup>, 2019)
- 3 Information (i) computed based on ownership as of September 30<sup>th</sup>, 2019 and stock prices as of November 8<sup>th</sup>, 2019 and (ii) excl. treasury shares, net debt position and the participation in Total which was fully exited in March and April 2019 through forward sales which matured in January 2020
- 4 Excluding Total which was fully exited in March and April 2019 through forward sales which matured in January 2020



## 2.3 GBL's investment portfolio

### NAV breakdown by sector, investment type and cyclicity (as of November 8<sup>th</sup>, 2019)



Source GBL (November 2019 roadshow presentation – latest publicly available information)

#### Notes

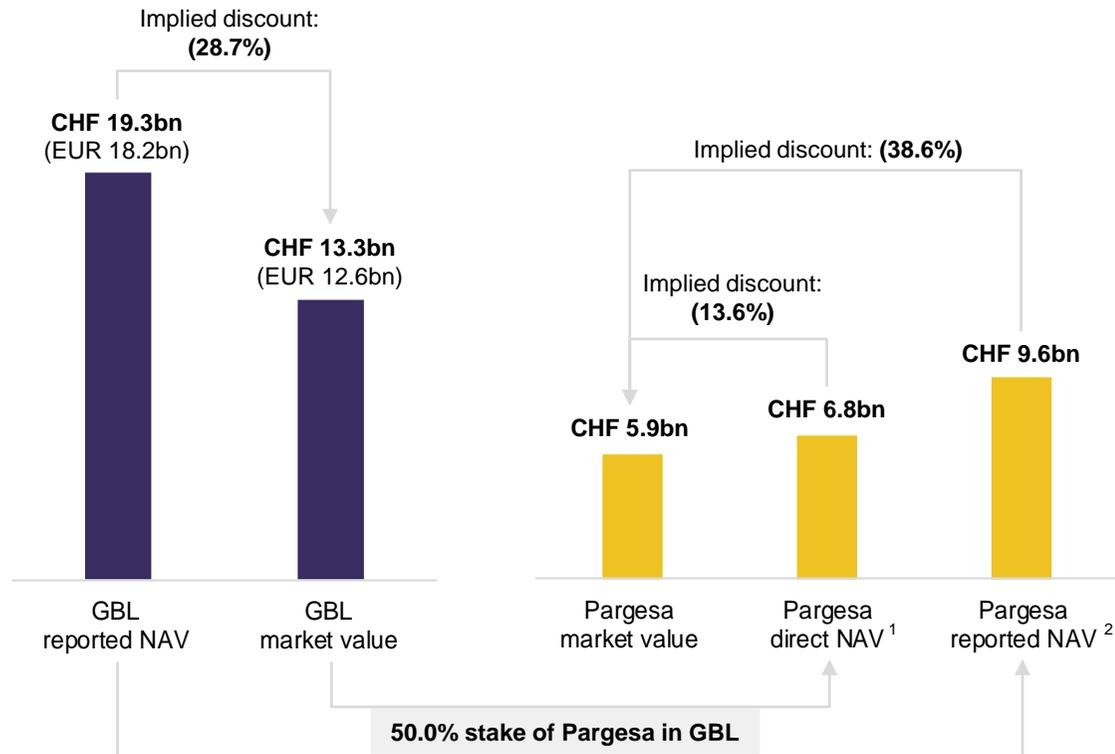
1 Information (i) computed based on ownership as of September 30<sup>th</sup>, 2019 and stock prices as of November 8<sup>th</sup>, 2019 and (ii) excl. treasury shares, net debt position and the participation in Total which was fully exited in March and April 2019 through forward sales which matured in January 2020

2 Holding investments in private equity funds, debt funds, and thematic funds



## 2.4 Analysis of Pargesa's market value discount

### Illustration of Pargesa and GBL discounts to their market values as of the Valuation Date



### Comments

- Pargesa is a holding company which controls GBL (indirectly via Pargesa NL, a fully-owned company)
- The market value of Pargesa shows a discount compared to the market value of Pargesa's 50.0% stake in GBL based on GBL share price, its main asset ("direct" approach to Pargesa's NAV<sup>1</sup>)
  - This discount amounts to 13.6% as of the Valuation Date
- Moreover, GBL trades at a discount compared to its "reported" NAV based on the value of its underlying investment portfolio of EUR 18,224m as published by GBL
  - GBL market value discount to its NAV is 28.7% as of the Valuation Date
- An integrated view of Pargesa and GBL could be retained, whereby the NAV of Pargesa would be determined based on a "flow-through" 50.0% value of GBL reported NAV
  - Such an analysis of Pargesa's "reported" NAV<sup>2</sup> implies a 38.6% discount as of the Valuation Date

**Sources** Company information, FactSet (based on EUR-CHF exchange rate of 1.0589 as of the Valuation Date)

#### Notes

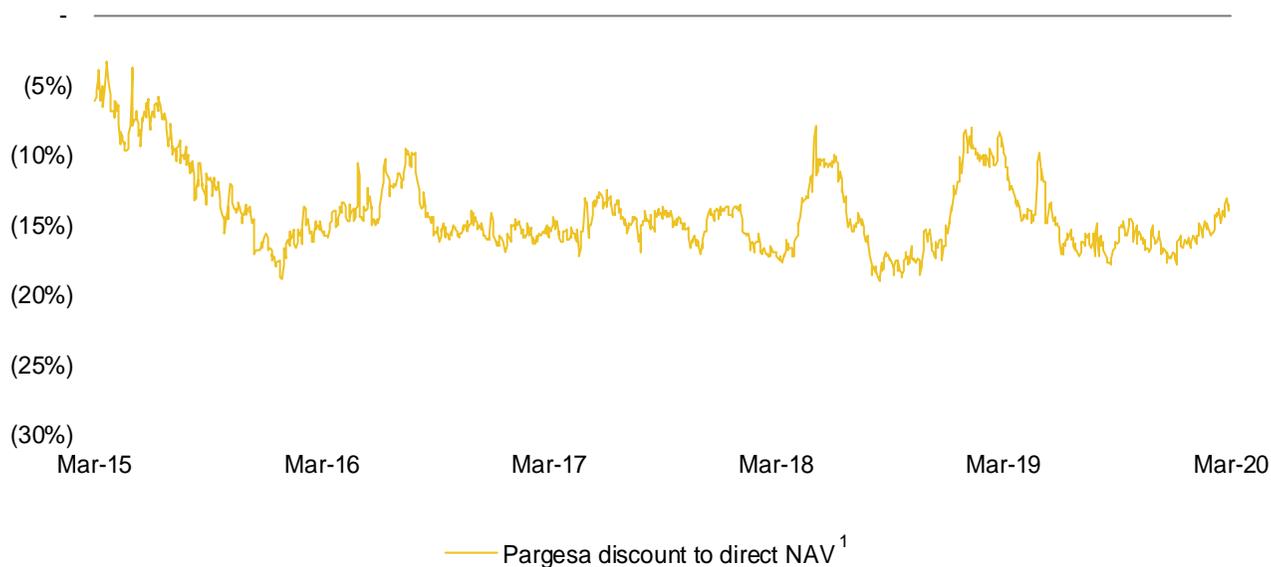
- <sup>1</sup> Pargesa's "direct" NAV corresponds to an economic NAV calculation of Pargesa based on the market value of Pargesa's 50.0% stake in GBL, in addition to other assets and liabilities of Pargesa as published by the Company on a quarterly basis (see details in Section 4)
- <sup>2</sup> Pargesa's "reported" NAV corresponds to a NAV calculation of Pargesa based on a "flow-through" 50.0% value of GBL's NAV in addition to other assets and liabilities of Pargesa as published by the Company on a quarterly basis (see details in Section 4)



## 2.4 Analysis of Pargesa's market value discount

### Overview of Pargesa's 5-year market value discount to its direct NAV<sup>1</sup>

Average discount to NAV	Spot	3-m	6-m	12-m	3-y	5-y
Pargesa discount to direct NAV <sup>1</sup>	(13.6%)	(15.5%)	(15.8%)	(15.3%)	(14.8%)	(14.1%)



### Comments

- The chart on the left shows the development over a 5-year period of Pargesa's market value discount to direct NAV<sup>1</sup>
- Pargesa trades at a 13.6% discount to its direct NAV<sup>1</sup> as of the Valuation Date, which is in line with the 5-year average of 14.1% ranging from 3.2% to 19.1% discount over the period
- We note that Pargesa's market value discount to its direct NAV<sup>1</sup> is fairly stable over the period observed as of the Valuation Date

**Sources** Company information, FactSet (as of the Valuation Date)

**Note**

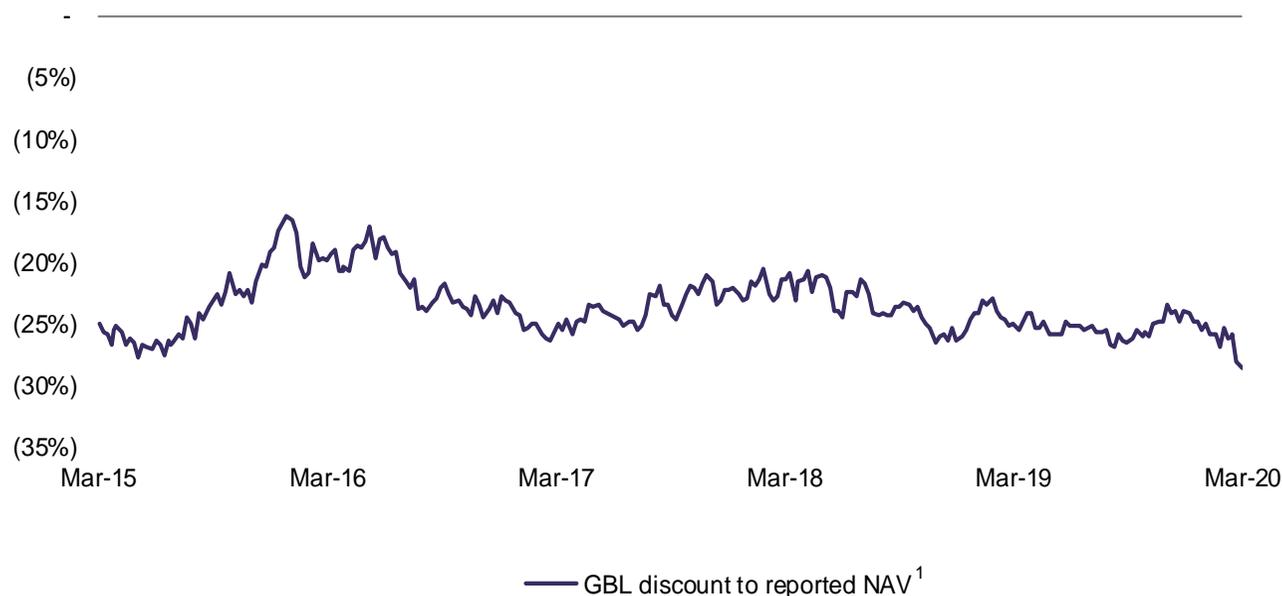
<sup>1</sup> Pargesa's "direct" NAV corresponds to an economic NAV calculation of Pargesa based on the market value of Pargesa's 50.0% stake in GBL on a daily trading basis over the period, in addition to other assets and liabilities of Pargesa based on the Company's quarterly financial reports (see details in Section 4)



## 2.5 Analysis of GBL's market value discount

### Overview of GBL's 5-year market value discount to its reported NAV<sup>1</sup>

Average discount to NAV	Spot	3-m	6-m	12-m	3-y	5-y
GBL discount to reported NAV	(28.7%)	(25.8%)	(25.5%)	(25.5%)	(24.2%)	(23.7%)



### Comments

- The chart on the left shows the development over a 5-year period of GBL's market value discount to its reported NAV
- GBL trades at a 28.7% discount to its NAV as of the Valuation Date, which is slightly above the 5-year average discount of 23.7%. GBL's discount to NAV has evolved between 16.3% and 28.7%
- We note that GBL's market value discount to its reported NAV is fairly stable over the period observed as of the Valuation Date

**Sources** Company information, FactSet (as of the Valuation Date)

**Note**

<sup>1</sup> GBL's NAV is based on weekly estimates published by GBL



## 2.5 Analysis of GBL's market value discount

### Benchmarking of market value discounts to NAV of listed investment holding companies (based on latest reported financial information)<sup>1</sup>

Company	Country	Currency (LC)	Date (latest NAV)	Market cap. (CHFbn)	NAV p.s. (LC)	Share price (LC)	Discount to NAV
Industrivarden	Sweden	SEK	29/02/2020	9.6	240.00	222.00	(7.5%)
Eurazeo	France	EUR	30/09/2019	5.8	77.32	68.25	(11.7%)
Investor AB	Sweden	SEK	31/12/2019	40.6	634.00	511.20	(19.4%)
Sofina	Belgium	EUR	30/06/2019	6.4	208.23	167.60	(19.5%)
Wendel	France	EUR	30/09/2019	6.2	158.60	126.60	(20.2%)
<b>GBL</b>	<b>Belgium</b>	<b>EUR</b>	<b>06/03/2020</b>	<b>13.3</b>	<b>112.94</b>	<b>80.58</b>	<b>(28.7%)</b>
Exor	Italy	EUR	30/06/2019	16.5	88.80	61.60	(30.6%)
FFP	France	EUR	30/06/2019	2.6	176.40	94.60	(46.4%)
<b>Average</b>							<b>(23.0%)</b>
<b>Median</b>							<b>(19.8%)</b>
<b><u>Pargesa discount to NAV</u></b>							
Direct NAV <sup>2</sup>	Switzerland	CHF	06/03/2020	5.9	80.11	69.25	(13.6%)
Reported NAV <sup>3</sup>					112.75	69.25	(38.6%)

### Comments

- The universe of sizeable listed investment holding companies is limited. For this benchmark analysis, we have benchmarked selected listed European investment holdings (i) with a market capitalisation above CHF 2.5bn and (ii) with a focus on proprietary capital management comprising portfolios of listed assets vs. third party asset managers
- The table above shows that all investment holdings trade at a discount to their respective NAV, on average 23.0% (as of the Valuation Date)
- With a 28.7% discount to NAV, GBL is slightly above average
- The implicit discount to direct NAV at Pargesa level of 13.6% is lower than the average discount, but Pargesa's flow-through reported NAV based on GBL's NAV suggests a 38.6% discount which represents the double discount effect affecting Pargesa share price
- Differences in discount levels can notably be explained by investment portfolio specificities and performance (e.g. sectorial / geographical exposure, listed assets exposure, level of control over assets, financial leverage), as well as differences in business models (e.g. weight of third-party asset management)

Sources Companies, FactSet (as of the Valuation Date)

#### Notes

<sup>1</sup> Discount based on companies' latest reported NAV compared to the same date closing share price

<sup>2</sup> Pargesa's "direct" NAV corresponds to an economic NAV calculation of Pargesa based on the market value of Pargesa's 50.0% stake in GBL, in addition to other assets and liabilities of Pargesa (see details in Section 4)

<sup>3</sup> Pargesa's "reported" NAV corresponds to a NAV calculation of Pargesa based on a "flow-through" 50.0% value of GBL's NAV in addition to other assets and liabilities of Pargesa as published by the Company on a quarterly basis (see details in Section 4)

# 3

Transaction structure



# 3.1 Overview of the proposed transaction structure

## Overview of the proposed transaction structure

The Frère-Desmarais Group intends to simplify the current shareholding structure of Pargesa by transferring Pargesa's public shareholding to the level of GBL, followed by a delisting of Pargesa from SIX Swiss Exchange

In order to achieve this objective, the following transaction steps are envisaged by the Offeror:

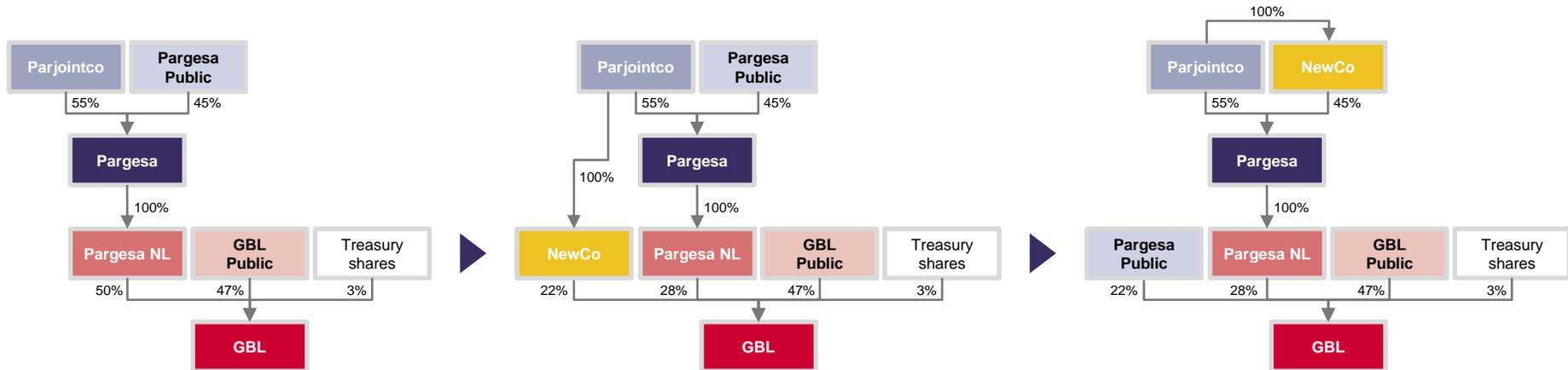
- Parjointco will incorporate a new corporation in Switzerland, whose share capital will be 100% owned by Parjointco
- NewCo will acquire from Pargesa NL a portion of its 50.0% share capital and 50.8% voting rights in GBL, corresponding to the GBL shares that are to be attributed to Pargesa public shareholders in case of acceptance of the Offer (approx. 22% of GBL's share capital)
- NewCo will then launch the Offer on all bearer shares of Pargesa owned by Pargesa's public shareholders
- If the Offer is successful and becomes unconditional, Pargesa public shareholders who have tendered their shares will receive from NewCo the GBL shares NewCo acquired from Pargesa NL in accordance with the Exchange Ratio
- Parjointco will contribute its Pargesa bearer shares into NewCo's reserves for nil consideration
- After the settlement of the Offer, Pargesa will be merged into NewCo. In the context of this merger, the remaining public shareholders shall obtain the right to receive in exchange for their Pargesa bearer shares, a number of GBL shares corresponding to the number of GBL shares tendering shareholders will receive in the Offer. Pargesa bearer shares will be delisted from SIX Swiss Exchange upon completion of the merger
- After the merger of Pargesa into NewCo, Pargesa NL will distribute to the entity surviving by the merger of Pargesa and NewCo ("**NewCo Pargesa**") the receivable that resulted from the sale of GBL shares to NewCo. The receivable will be cancelled considering that NewCo Pargesa will be both the debtor and creditor of this claim
- As a result, Parjointco will be the sole shareholder of NewCo Pargesa. NewCo Pargesa will own approx. 28% of the share capital and approx. 43% of the voting rights of GBL, while Pargesa current public shareholders will own approx. 22% of the share capital and approx. 17% of the voting rights of GBL, respectively

Sources Company information, draft of Pre-Announcement



## 3.2 Simplified step plan of contemplated transaction

### Simplified step plan (% share capital ownership)<sup>1</sup>



- Current shareholding structure (figures represent share capital ownership)
- “Pargesa Public” on the chart above represents all publicly held bearer shares of Pargesa Holding SA. “GBL Public” represents GBL listed shares not held by Pargesa NL or in treasury by GBL

- Parjointco incorporates NewCo (Swiss company) as its wholly-owned subsidiary
- Pargesa NL sells approx. 22% of GBL shares to NewCo against a receivable

- Public exchange offer initiated by NewCo, whereby NewCo exchanges GBL shares against Pargesa bearer shares with Pargesa public shareholders, based on the Exchange Ratio

- **The Exchange Ratio (0.93) is the focus of the Fairness Opinion**

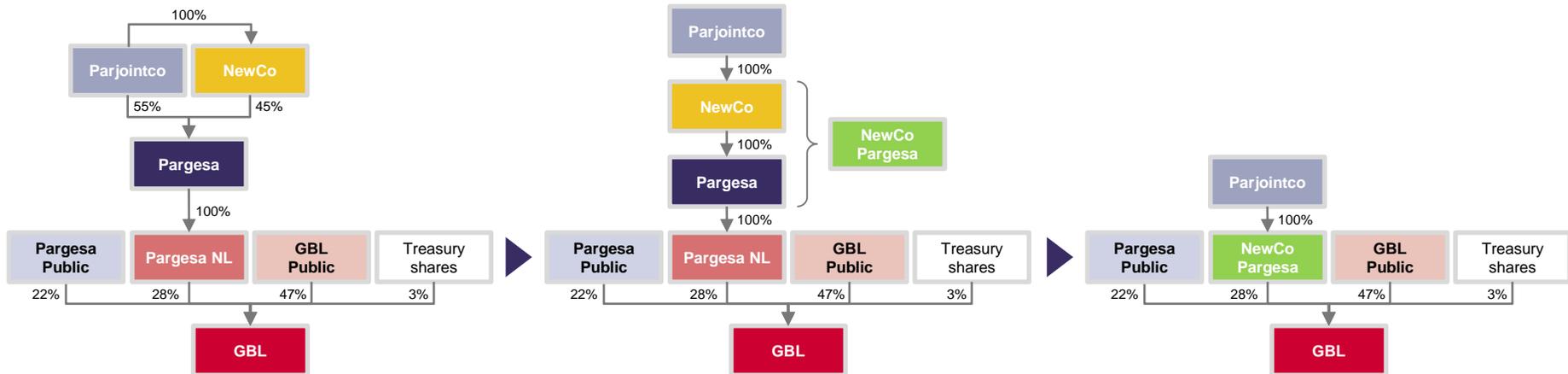
#### Note

<sup>1</sup> Simplified illustration of the step plan assuming acceptance of the offer of all Pargesa public shareholders



## 3.2 Simplified step plan of contemplated transaction

### Simplified step plan (% share capital ownership)<sup>1</sup>



- NewCo exchanges GBL shares against Pargesa bearer shares with Pargesa public shareholders

- Parjointco contributes its Pargesa shares to NewCo
- Waiver of event of default / repurchase of Pargesa bonds
- Merger of Pargesa into NewCo to create NewCo Pargesa
- Distribution of Pargesa NL receivable to NewCo Pargesa for cancellation

- Liquidation or transfer of seat of Pargesa NL (to be analysed post transaction)
- Introduction of double-voting rights by GBL (the Offer is conditional to the adoption of double voting rights at GBL level)

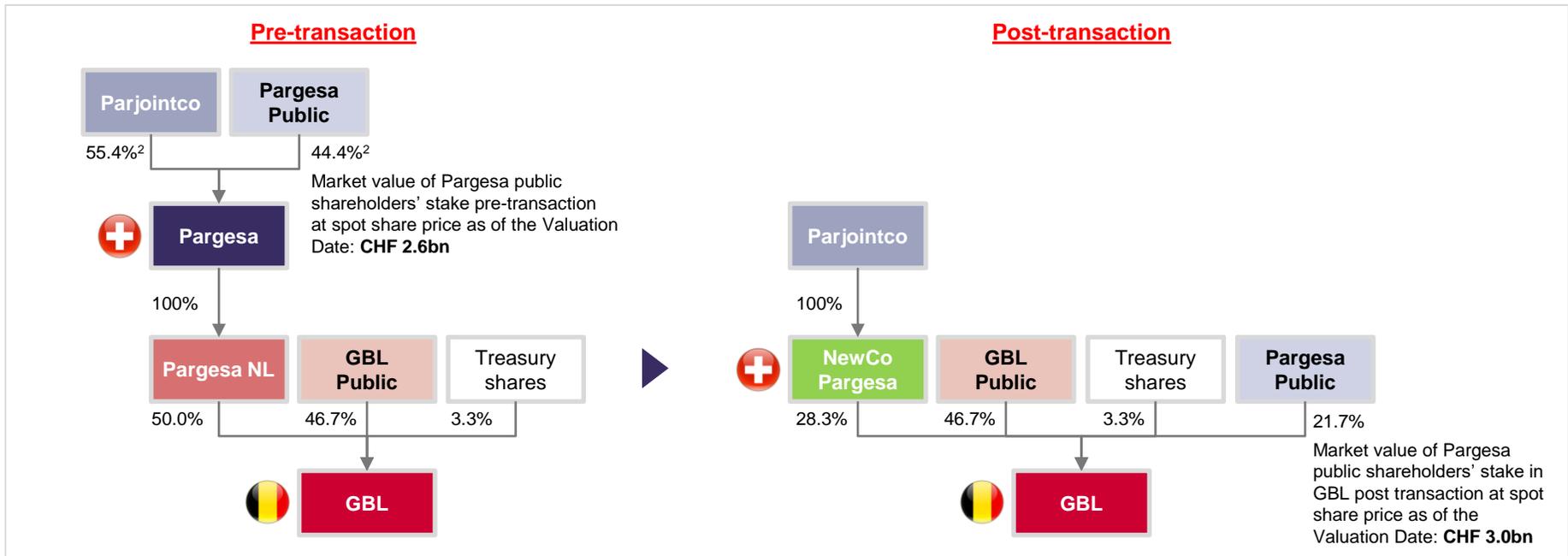
#### Note

<sup>1</sup> Simplified illustration of the step plan assuming acceptance of the offer of all Pargesa public shareholders



## 3.2 Simplified step plan of contemplated transaction

### Summary evolution of shareholding structure based on the contemplated transaction (% share capital ownership)<sup>1</sup>



- Based on the Exchange Ratio (0.93 GBL shares for each Pargesa bearer share held by Pargesa's public shareholders), the contemplated transaction effectively consists in an **exchange of Pargesa bearer shares representing 44.4% of Pargesa's share capital for a direct ownership in GBL representing 21.7% of the share capital of GBL**

Sources Company information, FactSet (as of the Valuation Date), EUR-CHF exchange rate of 1.0589

#### Notes

<sup>1</sup> Simplified illustration of the step plan assuming acceptance of the offer of all Pargesa public shareholders

<sup>2</sup> Treasury shares represent 0.3% of Pargesa's share capital



## 3.3 Additional considerations on the transaction

### Legal aspects

- Rothschild & Co has been provided with a draft of the Transaction Agreement between Parjointco, Pargesa and Pargesa NL in connection with the Offer
- We notably verified that (i) Pargesa undertakes to Parjointco to cause Pargesa NL to sell to NewCo and (ii) Pargesa NL undertakes to Parjointco to sell to NewCo a number of GBL shares representing GBL shares to be delivered to the holders of publicly held Pargesa bearer shares under the Offer
- The consideration for the purchase price will be equal to the fair market value of GBL shares determined to be equal to the volume weighted average price of the GBL shares on Euronext Bruxelles during the last five trading days preceding the relevant closing date, in each case converted into CHF at the EUR-CHF exchange rate applicable on the relevant closing date
- The Offer is expected to be subject to the following conditions:
  - Upon expiry of the (possibly extended) Offer Period, the Offeror shall have received valid declarations of acceptance for such number of Pargesa bearer shares which, when combined with the Pargesa shares ultimately held by Parjointco and the persons acting in concert with Parjointco account for at least 90.0% of Pargesa's voting rights
  - The extraordinary general meeting of shareholders of GBL accepts the amendment to GBL's articles of association relating to the double voting rights for fully paid-up shares, registered for at least two years without interruption in the name of the same shareholder, as provided by the new Belgian Code on Companies and Associations
  - No judicial or administrative authority has issued any decision preventing, prohibiting, or qualifying the Offer or its completion as inadmissible
- Rothschild & Co did not carry out a legal review of the Transaction Agreement. Nevertheless, we did not identify any issue or situation that would negatively affect the financial terms of the transaction for Pargesa public shareholders analysed in this Fairness Opinion. In particular, the acquisition of GBL shares by NewCo will not take place should the conditions mentioned above not be met

### Tax aspects

- Pargesa's management indicated that different structuring options have been considered and reviewed in order to reach the targeted shareholding structure post transaction, including liquidation scenario, constructive dividend, exchange offer and push down merger
- Rothschild & Co did not carry out detailed analysis of alternative transaction structures to the public exchange offer
- Pargesa management represented that the exchange offer structure was retained given its relative simplicity and the absence of withholding tax leakage, compared to alternative transaction structures that would have resulted in a similar post transaction situation
- Rothschild & Co has received evidence that tax rulings have been obtained by Pargesa from the relevant Swiss tax authorities confirming that the Offer would only be subject to transfer stamp tax costs, and not to Swiss withholding tax. Rothschild & Co did not carry-out any tax audit as part of its mandate

# 4

Valuation considerations and analysis of the Exchange Ratio



## 4.1 Introduction to valuation approaches

### General remarks

- GBL is an investment holding company with over sixty years of stock exchange listing, whose assets are primarily composed of significant and highly liquid non-controlling stakes in large capitalisation listed companies, but also includes investments in private equity, debt or specific thematic funds. GBL's free float represents 48.3% of total number of shares (excluding treasury shares)
- Pargesa is a pure control holding company for GBL, its sole asset, via Pargesa NL's 50.0% shareholding and 51.7% voting rights in GBL. Pargesa is a listed company with a free float representing 44.5% of total number of shares outstanding (excluding treasury shares)
- We would like to highlight the following key considerations in the context of the assessment of the proposed Exchange Ratio:

1

#### Absence of change of the de facto control of GBL

- The transaction will not result in a change of control of GBL, as Parjointco will retain a de facto control of GBL as sole shareholder of NewCo Pargesa, with 28.3% of the share capital and 44.8% of the voting rights of GBL, after the introduction of double-voting rights by GBL

2

#### Public offer in shares

- The transaction is realised via a public exchange offer in shares: Pargesa public shareholders will receive GBL shares in exchange for their Pargesa bearer shares

3

#### Similarity with a distribution of shares

- From an economic standpoint, the Offer is equivalent to a distribution by Pargesa of the GBL shares it owns (via Pargesa NL company) to its shareholders
- As a result of the contemplated transactions, all Pargesa public shareholders would have exchanged their indirect exposure to GBL via Pargesa to a direct exposure (share ownership) in GBL

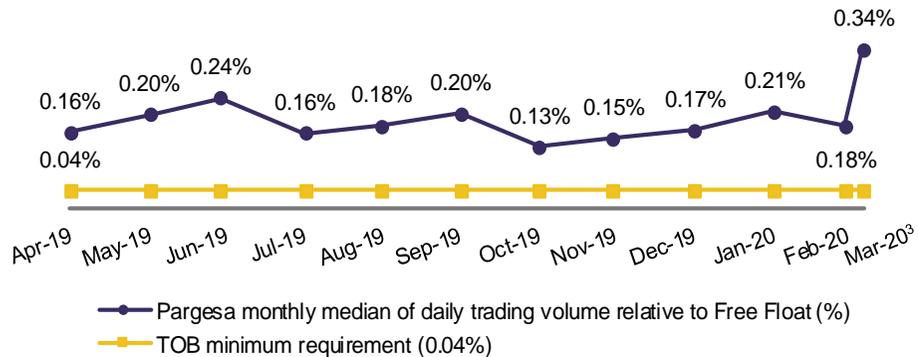
- **Considering the above and the intrinsic nature of holding companies of both Pargesa and GBL, our analysis consists in a multi-criteria assessment of the Exchange Ratio between Pargesa and GBL shares. Based on each valuation method applied simultaneously to Pargesa and GBL, we derive implied exchange ratios in order to qualify the fairness of the Exchange Ratio from a financial standpoint**
- We also analysed the trading liquidity of the Pargesa and GBL shares (see next page)
- Our valuation analysis has been performed as of the Valuation Date (March 6<sup>th</sup>, 2020) based on publicly available information and information provided by Pargesa (please refer to Section 1 for additional details)



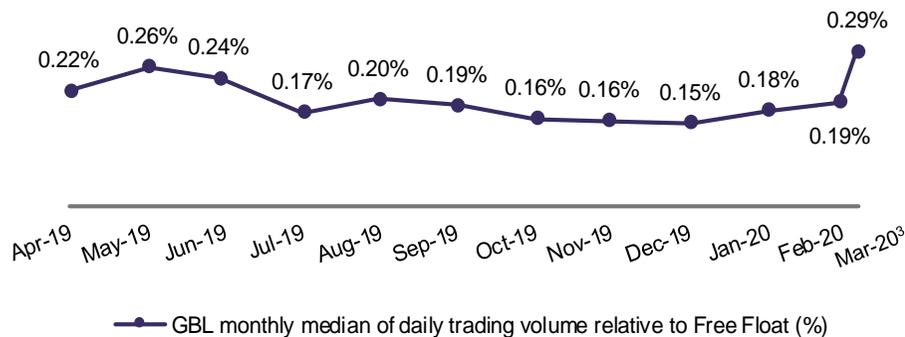
# 4.1 Introduction to valuation approaches

## Analysis of Pargesa's and GBL's shares trading liquidity

### Analysis of Pargesa's bearer shares trading liquidity<sup>1</sup>



### Analysis of GBL shares trading liquidity<sup>1</sup>



Sources Company information, FactSet (as of the Valuation Date)

#### Notes

- 1 Based on trading volumes (FactSet)
- 2 Based on total number of shares outstanding (excluding treasury shares)
- 3 Month-to-date as of the Valuation Date

### Comments

Based on 1-year median, as of the Valuation Date	Pargesa	GBL
Average daily trading volume	68,921 shares	142,798 shares
Average daily trading volume (% of free float)	0.18%	0.19%
Average daily trading volume (% of NoSh) <sup>2</sup>	0.08%	0.09%
Average daily trading volume (in value)	CHF 5.3m	EUR 12.5m
Free float rotation in days	493 days	486 days

- Pargesa's shares are listed on the SIX Swiss Exchange, whereas GBL's shares are listed on the Euronext Brussels and included in the BEL20 index, which is composed of the 20 largest listed companies in Belgium
- Pargesa's free float represents 44.5% of the Company's total number of shares outstanding (excluding treasury shares) and GBL's free float represents 48.3% of total number of shares excluding treasury shares
- The chart on the left shows the monthly median of daily trading volumes of Pargesa and GBL's shares relative to the free float over the last 12 months prior to the Valuation Date
- Pargesa's shares are liquid as per the definition of the TOB which retains a minimum median daily trading volume threshold of 0.04% of free floating shares for shares to qualify as liquid
- GBL shares would also qualify as liquid should a definition similar to that of the TOB be retained
- We also observe that GBL shares show a higher trading liquidity compared to the Pargesa bearer shares in terms of the average daily trading volume



# 4.1 Introduction to valuation approaches

## Primary valuation methods applied

Considering that Pargesa and GBL are (i) publicly listed companies and (ii) investment or control holding companies, three primary valuation approaches have been applied to assess the Exchange Ratio:

1

### Market value-based valuation methods

We analysed the historical share price development the two companies as of the Valuation Date:

- Closing share prices
- Volume-weighted average share prices over 1 month, 60 trading days, 6 months and 12 months prior to the Valuation Date

2

### Analysts' median target price

We analysed the consensus of equity research analysts' target prices for Pargesa and GBL as of the Valuation Date

3

### NAV analyses

- We examined and analysed the NAV calculations provided by Pargesa for both Pargesa and GBL. This valuation approach is typical of investment holding companies. We notably verified that these calculations were consistent with NAV calculation methods as per the companies' audited financial accounts
- Two approaches of Pargesa NAV are presented:
  - A **direct NAV** analysis of Pargesa whereby Pargesa's 50.0% shareholding in GBL would be valued based on GBL market value (closing share price as of the Valuation Date), considering that Pargesa is an investment holding company whose main asset is its ownership in a listed company with a market value
  - An analysis based on the **reported NAVs** of GBL and Pargesa, based of the value of GBL's underlying assets and liabilities as of the Valuation Date, considering Pargesa's 50.0% ownership in GBL, and also including any other assets and financial liabilities at Pargesa level
- The NAV of GBL primarily consists of the market value of its investments in listed companies (which can be observed at any given date) and the value of certain non listed assets, also including other assets, net of financial liabilities



# 4.1 Introduction to valuation approaches

## Complementary analyses presented for informative purposes

Due to the nature of Pargesa and GBL and their public listing status, market value-based methods and analyses of the NAV represent the most relevant valuation approaches in order to assess the proposed Exchange Ratio. Nonetheless, for informative purposes, we present two additional analyses:

1

### Dividend discount model valuation sensitivity

- This intrinsic method is based on the capitalisation of future dividends expected to be received by the shareholders, which are discounted as of the Valuation Date using the cost of equity in order to reflect their present value and take into account their risk profile
- In absence of a business plan for both Pargesa and GBL, we based our analysis on equity research analysts' consensus forecasts on future dividend payments. Our cost of equity assumption has been assessed based on bottom-up calculations on market parameters
- Although not often used in the context of investment holding companies, this intrinsic approach and sensitivity analyses provide an additional benchmark for the assessment of the value of shares that would be exchanged in the context of the Offer

2

### Adjusted exchange ratio based on number of shares

- This analysis consists in deriving the implied exchange ratio that would have been applicable assuming that Pargesa would have distributed to its shareholders all the GBL shares it owns after taking into account the net financial debt position and other assets at Pargesa level. In order to economically reflect the Offer, this implied ratio is then adjusted for the transaction-related costs borne by Pargesa
- Even if this approach is not a direct assessment of the Exchange Ratio, we consider this analysis as supporting information



# 4.1 Introduction to valuation approaches

## Comments on valuation approaches not applied for the purpose of the Fairness Opinion

The following valuation methods have not been applied by Rothschild & Co for the reasons laid out below:

### 1 Discounted Cash Flows (DCF) analysis

- This intrinsic approach is used to assess the Enterprise Value of a company based on the present value of its future Free Cash Flows, which is not relevant for the valuation of Pargesa and GBL:
  - Pargesa and GBL do not produce business plan forecasts that would have enabled us to derive financial estimates for each of their investments held in portfolio, proportionate to GBL and Pargesa's economic exposure. Hence no proportionate Free Cash Flow forecasts are available
  - Operating Free Cash Flow is much less relevant in assessing the value of investment holding companies than dividend payments to shareholders (hence the DDM approach presented as additional illustrative valuation analysis)

### 2 Analysis of trading multiples of comparable companies

- In this method, trading multiples of comparable listed companies are applied to the company's financial metrics to derive its value from an analogical standpoint
- This approach is not relevant in the context of investment holding companies, whose value is primarily and more adequately derived from the value of their respective investment portfolio. In addition, there is no comparable listed investment company that would present similar size and portfolio allocation to that of GBL and Pargesa

### 3 Analysis of precedent transactions valuation multiples

- Considering the specific nature of the Offer with GBL being the main asset of Pargesa, no comparable precedent transactions were identified. Besides, this approach is not relevant in the context of investment holding companies

### 4 Reference to discount to NAV implied by other public offers

- The offer price in transactions targeting investment holdings may crystallise a discount to the target's NAV, which can be benchmarked against other market value discounts observed in similar listed companies
- We did not consider such external benchmarks as meaningful as Pargesa is a pure control holding company with the same underlying investment portfolio as GBL, with no relevant comparable precedent

### 5 Public exchange offer premia in Switzerland

- We reviewed a comprehensive sample of 20 precedent Swiss public exchange offers between 2000 and 2019 in order to identify a potential benchmark of premia observed in transactions of this nature
- However, (i) due to the specific nature of GBL's shareholding structure and therefore of the Offer, and (ii) considering that transactions in the sample observed show highly heterogeneous levels of premia and relate to very specific situations and contexts, we believe this approach is not relevant to assess the Exchange Ratio of the Offer and did not apply this method



# 4.1 Introduction to valuation approaches

## Summary overview of valuation approaches and analyses considered

**Valuation approaches applied by Rothschild & Co:**

**Primary valuation methods applied:**

- 1 Market value-based valuation methods**
- 2 Analysts' median target price**
- 3 NAV analyses**

Complementary analyses presented for informative purposes:

**Dividend discount model valuation sensitivity**

**Adjusted exchange ratio based on number of shares**

**Valuation approaches not applied for the purpose of the Fairness Opinion:**

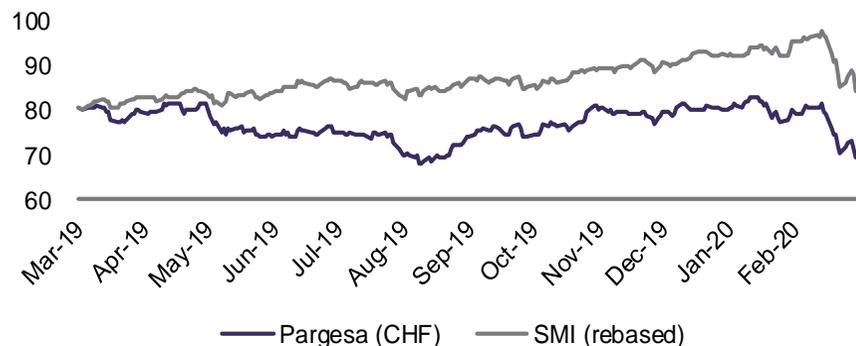
- DCF analysis
- Trading multiples analysis
- Precedent transactions analysis
- Precedent discounts to NAV in public transactions
- Public exchange offer premia in Switzerland

- Based on each valuation method or analysis applied for both Pargesa and GBL, we derive an implied exchange ratio between Pargesa and GBL shares to assess the fairness of the Exchange Ratio from a financial standpoint

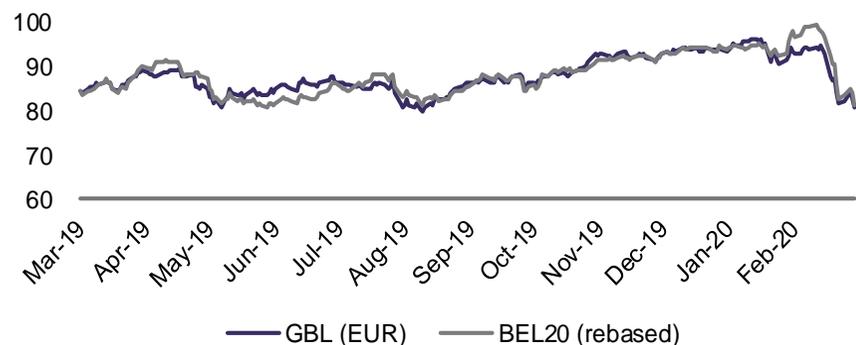


## 4.2 Analysis of Pargesa's and GBL's share prices

### 12-month share price development of Pargesa (CHF per share)



### 12-month share price development of GBL (EUR per share)



Source FactSet (as of the Valuation Date)

#### Notes

1 Volume weighted average price of all stock market transactions as per FactSet volume

2 Based on daily EUR-CHF closing market rates

### Comments

VWAP <sup>1</sup>	Spot	1-month	60-days	6-months	12-months
Pargesa (CHF)	69.25	75.20	78.45	77.90	76.87
GBL (EUR)	80.58	87.08	90.92	90.20	87.49
GBL (CHF) <sup>2</sup>	85.33	92.65	97.49	97.83	96.42

- The charts on the left show the historical development of Pargesa's and GBL's share prices over the last 12 months
- Pargesa's share price decreased by 15.7% over the last 12 months
  - The VWAP<sup>1</sup> over this period of CHF 76.87 is above the spot share price of CHF 69.25 as of the Valuation Date
- GBL share price decreased by 5.2% over the last 12 months
  - The VWAP<sup>1</sup> over this period of EUR 87.49 is above the spot share price of EUR 80.58 and CHF 85.33 as of the Valuation Date



### Exchange ratios implied by share price references<sup>2</sup>

	Spot	-1m	-60d	-6m	-12m
Implied exchange ratios	0.81	0.81	0.80	0.80	0.80



## 4.3 Analysts' median target prices

### Pargesa's target price of equity research analysts (CHF)<sup>1</sup>

Analyst	Date	Target price	Reco.
Alpha Value	05/03/2020	80.20	Buy
Bank Vontobel	01/11/2019	90.00	Hold
ISS-EVA	20/08/2019	n.a.	Buy
<b>Median</b>		<b>85.10</b>	

### GBL's target price of equity research analysts (EUR)<sup>2</sup>

Analyst	Date	Target price	Reco.
AlphaValue	05/03/2020	109.00	Buy
Exane BNP Paribas	18/02/2020	99.00	Buy
KBC Securities	05/02/2020	95.00	Buy
ING Bank	05/02/2020	97.00	Hold
HSBC	27/01/2020	83.00	Sell
Bank Degroof Petercam	04/11/2019	97.00	Buy
Societe Generale	01/11/2019	95.50	Hold
Kepler Cheuvreux	01/11/2019	93.00	Hold
ISS-EVA	04/10/2019	n.a.	Buy
Value Investment Principals	03/08/2017	98.00	Buy
<b>Average</b>		<b>96.06</b>	
<b>Median</b>		<b>96.25</b>	

### Comments

- The tables on the left present the target share prices of equity research analysts providing coverage on Pargesa and GBL, as of the Valuation Date
- Target prices reflect each analyst's view on the mid-term development of the market value of the share (typically within a 12-months timeframe) based on the analysts' assessment of the value of the stock
- As such, we consider these valuation references as relevant considering that they are publicly available market information and provide a consensus view on the fundamental mid-term value estimate of the companies at a given time
- Out of the three analysts providing coverage on Pargesa (as per Bloomberg), two have issued a target price post release of Pargesa's latest quarterly results (Q3 2019 results on October 31<sup>st</sup>, 2019)<sup>1</sup>
  - Analysts' current target prices for Pargesa range from CHF 80.20 to CHF 90.00 per share, CHF 85.10 on average
- Out of the ten analysts providing coverage on GBL (as per Bloomberg), eight have issued a target price post release of GBL's latest quarterly results (Q3 2019 results on October 31<sup>st</sup>, 2019)
  - Analysts' current target prices for GBL range from EUR 83.00 to EUR 109.00 per share with a median of EUR 96.25 (i.e. CHF 101.92<sup>3</sup>)

### Exchange ratio implied by analysts' target price references<sup>3</sup>

Implied exchange ratio

0.83

**Sources** Equity research analysts, Bloomberg (as of the Valuation Date), FactSet (as of the Valuation Date)

#### Notes

- <sup>1</sup> ISS-EVA excluded from consensus average as published before latest quarterly results
- <sup>2</sup> ISS-EVA and Value Investment Principals excluded from consensus average as published before latest quarterly results
- <sup>3</sup> Based on EUR-CHF 1.0589 as of the Valuation Date



## 4.4 Analysis of Pargesa's NAV

### Detailed GBL reported NAV

GBL's reported NAV calculation as of the Valuation Date				Comments	
	Number of shares owned by GBL	Value per share (in currency)	Value (millions, in LC)	Value of GBL stake (in EURm)	Value of GBL stake (in CHFm)
adidas	13,634,549	EUR 241.1	3,286.6	3,286.6	3,480.2
SGS	1,431,971	CHF 2,397	3,432.4	3,241.5	3,432.4
Pernod Ricard	19,892,870	EUR 150.2	2,988.9	2,988.9	3,164.9
LafargeHolcim	46,653,551	CHF 44.1	2,056.5	1,942.1	2,056.5
Umicore	44,332,441	EUR 39.0	1,729.0	1,729.0	1,830.8
Imerys	42,919,050	EUR 31.9	1,367.4	1,367.4	1,447.9
GEA	15,357,460	EUR 23.0	353.1	353.1	373.9
Ontex	16,454,453	EUR 16.3	268.7	268.7	284.5
Total	267,081	EUR 37.1	9.9	9.9	10.5
Other investments				80.9	85.7
<b>Total investments in listed companies</b>				<b>15,268.1</b>	<b>16,167.4</b>
Webhelp				866.7	917.7
Parques Reunidos				235.3	249.2
Sienna Capital				1,889.3	2,000.6
<b>Total other investments</b>				<b>2,991.3</b>	<b>3,167.5</b>
<b>Total portfolio</b>				<b>18,259.5</b>	<b>19,334.9</b>
GBL short term assets and liabilities				1,372.3	1,453.1
GBL shares				423.0	447.9
<b>Total cash &amp; cash equivalents</b>				<b>1,795.3</b>	<b>1,901.0</b>
<b>Total assets</b>				<b>20,054.8</b>	<b>21,236.0</b>
EUR500m GBL 2018-2025 1.875% bond				(500.0)	(529.5)
EUR500m GBL 2017-2024 1.375% bond				(500.0)	(529.5)
GBL exchangeable bond LafargeHolcim 2019-2022				(750.0)	(794.2)
Other GBL gross debt				(80.5)	(85.2)
<b>Total debt</b>				<b>(1,830.5)</b>	<b>(1,938.3)</b>
<b>NAV</b>				<b>18,224.3</b>	<b>19,297.7</b>
Number of shares (including treasury shares)			161,358,287	161,358,287	
<b>NAV per share</b>				<b>112.94</b>	<b>119.60</b>

Source Company information (based on EUR-CHF exchange rate of 1.0589 as of the Valuation Date)

The NAV of GBL is obtained by adding the fair value of the investment portfolio, cash and treasury shares, and deducting debt

The following valuation principles are applied for the portfolio:

- Investments in listed companies and treasury shares are valued at the closing price. However, the value of shares underlying any commitments made by the group is capped at the conversion / exercise price
- Investments in non-listed companies are valued at their book value, less any impairment losses. During the first year post acquisition, the value corresponds to the purchase price of these companies (which is the case for Webhelp and Parques Reunidos as of the Valuation Date). The value of private investments in GBL's NAV as of the Valuation Date corresponds to their value as of December 31<sup>st</sup>, 2019, based on information provided by Pargesa
- Regarding the portfolio of Sienna Capital, the valuation corresponds to the sum of its investments, marked to market, as determined by its fund managers, supplemented by Sienna Capital's net cash or, where applicable, to which is deducted Sienna Capital's external net debt



## 4.4 Analysis of Pargesa's NAV

### Detailed GBL reported NAV (cont'd)

GBL's reported NAV calculation as of the Valuation Date				Comments	
	Number of shares owned by GBL	Value per share (in currency)	Value (millions, in LC)	Value of GBL stake (in EURm)	Value of GBL stake (in CHFm)
adidas	13,634,549	EUR 241.1	3,286.6	3,286.6	3,480.2
SGS	1,431,971	CHF 2,397	3,432.4	3,241.5	3,432.4
Pernod Ricard	19,892,870	EUR 150.2	2,988.9	2,988.9	3,164.9
LafargeHolcim	46,653,551	CHF 44.1	2,056.5	1,942.1	2,056.5
Umicore	44,332,441	EUR 39.0	1,729.0	1,729.0	1,830.8
Imerys	42,919,050	EUR 31.9	1,367.4	1,367.4	1,447.9
GEA	15,357,460	EUR 23.0	353.1	353.1	373.9
Ontex	16,454,453	EUR 16.3	268.7	268.7	284.5
Total	267,081	EUR 37.1	9.9	9.9	10.5
Other investments				80.9	85.7
<b>Total investments in listed companies</b>				<b>15,268.1</b>	<b>16,167.4</b>
Webhelp				866.7	917.7
Parques Reunidos				235.3	249.2
Sienna Capital				1,889.3	2,000.6
<b>Total other investments</b>				<b>2,991.3</b>	<b>3,167.5</b>
<b>Total portfolio</b>				<b>18,259.5</b>	<b>19,334.9</b>
GBL short term assets and liabilities				1,372.3	1,453.1
GBL shares				423.0	447.9
<b>Total cash &amp; cash equivalents</b>				<b>1,795.3</b>	<b>1,901.0</b>
<b>Total assets</b>				<b>20,054.8</b>	<b>21,236.0</b>
EUR500m GBL 2018-2025 1.875% bond				(500.0)	(529.5)
EUR500m GBL 2017-2024 1.375% bond				(500.0)	(529.5)
GBL exchangeable bond LafargeHolcim 2019-2022				(750.0)	(794.2)
Other GBL gross debt				(80.5)	(85.2)
<b>Total debt</b>				<b>(1,830.5)</b>	<b>(1,938.3)</b>
<b>NAV</b>				<b>18,224.3</b>	<b>19,297.7</b>
Number of shares (including treasury shares)			161,358,287	161,358,287	
<b>NAV per share</b>				<b>112.94</b>	<b>119.60</b>

Source Company information (based on EUR-CHF exchange rate of 1.0589 as of the Valuation Date)



## 4.4 Analysis of Pargesa's NAV

### Detailed Pargesa reported NAV based on a transitive approach to GBL's NAV

Pargesa reported NAV calculation as of the Valuation Date							Comments
	Number of shares owned by GBL	Value per share (in currency)	Value (millions, in LC)	Value of GBL stake (in EURm)	Value of GBL stake (in CHFm)	Flow-through value of Pargesa interest (CHFm)	
adidas	13,634,549	EUR 241.1	3,286.6	3,286.6	3,480.2	1,740.1	Pargesa's NAV published by the Company is based on a flow-through analysis from GBL's NAV, considering Pargesa's 50.0% ownership in GBL
SGS	1,431,971	CHF 2,397	3,432.4	3,241.5	3,432.4	1,716.3	
Pernod Ricard	19,892,870	EUR 150.2	2,988.9	2,988.9	3,164.9	1,582.5	As of the Valuation Date, Pargesa management indicated that other assets at Pargesa level included:
LafargeHolcim	46,653,551	CHF 44.1	2,056.5	1,942.1	2,056.5	1,028.3	
Umicore	44,332,441	EUR 39.0	1,729.0	1,729.0	1,830.8	915.4	<ul style="list-style-type: none"> <li>The fair value of Pargesa's interest in the Sagard 2 fund (CHF 17.9m)</li> <li>CHF 33.2m other assets and liabilities, corresponding to Pargesa's cash position, net of accruals</li> </ul>
Imerys	42,919,050	EUR 31.9	1,367.4	1,367.4	1,447.9	724.0	
GEA	15,357,460	EUR 23.0	353.1	353.1	373.9	186.9	As of the Valuation Date, gross financial debt at Pargesa level consists of a CHF 150m bond maturing in 2024
Ontex	16,454,453	EUR 16.3	268.7	268.7	284.5	142.3	
Total	267,081	EUR 37.1	9.9	9.9	10.5	5.3	The number of Pargesa shares used to calculate the NAV per share is the total number of shares, excluding treasury shares
Other investments				80.9	85.7	42.8	
<b>Total investments in listed companies</b>				<b>15,268.1</b>	<b>16,167.4</b>	<b>8,083.8</b>	The table on the left provides details on Pargesa's NAV of CHF 9,550.2m (or CHF 112.75 per Pargesa share) as of the Valuation Date
Webhelp				866.7	917.7	458.9	
Parques Reunidos				235.3	249.2	124.6	Pargesa management represented that no other debt-like items or contingencies should be taken into account for the assessment of the NAV of GBL and Pargesa
Sienna Capital				1,889.3	2,000.6	1,000.3	
Other Pargesa				-	-	17.9	
<b>Total other investments</b>				<b>2,991.3</b>	<b>3,167.5</b>	<b>1,601.7</b>	
<b>Total portfolio</b>				<b>18,259.5</b>	<b>19,334.9</b>	<b>9,685.6</b>	
GBL short term assets and liabilities				1,372.3	1,453.1	726.6	
GBL shares				423.0	447.9	224.0	
Other Pargesa				-	-	33.2	
<b>Total cash &amp; cash equivalents</b>				<b>1,795.3</b>	<b>1,901.0</b>	<b>983.8</b>	
<b>Total assets</b>				<b>20,054.8</b>	<b>21,236.0</b>	<b>10,669.3</b>	
EUR500m GBL 2018-2025 1.875% bond				(500.0)	(529.5)	(264.7)	
EUR500m GBL 2017-2024 1.375% bond				(500.0)	(529.5)	(264.7)	
GBL exchangeable bond LafargeHolcim 2019-2022				(750.0)	(794.2)	(397.1)	
Other GBL gross debt				(80.5)	(85.2)	(42.6)	
CHF150m Pargesa 2024 0.875% bond				-	-	(150.0)	
<b>Total debt</b>				<b>(1,830.5)</b>	<b>(1,938.3)</b>	<b>(1,119.2)</b>	
<b>NAV</b>				<b>18,224.3</b>	<b>19,297.7</b>	<b>9,550.2</b>	
Number of shares (excluding treasury shares)						84,703,110	
<b>NAV per share</b>				<b>112.94</b>	<b>119.60</b>	<b>112.75</b>	

Source Company information (based on EUR-CHF exchange rate of 1.0589 as of the Valuation Date)



## 4.4 Analysis of Pargesa's NAV

### Pargesa direct NAV based on a the market value of its 50.0% stake in GBL

Pargesa direct NAV calculation as of the Valuation Date				Comments	
	Number of shares owned by Pargesa	GBL price per share	Value (in EURm)	Pargesa value (in CHFm)	
GBL	80,680,729	EUR 80.6	6,501.3	6,884.2	<ul style="list-style-type: none"> <li>We applied a similar approach to the determination of Pargesa NAV as previously presented, but instead of considering the reported "flow-through" of the value of GBL's asset portfolio, we retained the current market value of GBL based on its share price as of the Valuation Date</li> </ul>
Other Pargesa assets				17.9	
<b>Implied Pargesa Gross Asset Value</b>				<b>6,902.1</b>	
<b>Pargesa net cash / (debt)</b>				<b>(116.8)</b>	<ul style="list-style-type: none"> <li>This method is equivalent to estimating the NAV of Pargesa as an investment holding company rather than a pure control holding company, with its 50.0% stake in GBL as its main asset</li> <li>Other assets and financial liabilities have been retained based on their value as per Pargesa's reported NAV provided by Pargesa</li> <li>With this direct approach, we derive an implied NAV per Pargesa share of CHF 80.11 as of the Valuation Date</li> </ul>
<b>Implied Pargesa NAV</b>				<b>6,785.3</b>	
Number of Pargesa shares (in million, excluding treasury shares)				84.7	
<b>Implied Pargesa NAV per share</b>				<b>80.11</b>	

Source Company information, FactSet (based on EUR-CHF exchange rate of 1.0589 as of the Valuation Date)



## 4.4 Analysis of Pargesa's NAV

### Implied ratios based on NAV analyses

	GBL	Pargesa	Implied ratio	Comments
<b>Reported NAV's</b>	EUR 112.94	CHF 119.60 CHF 112.75	0.94	<ul style="list-style-type: none"> <li>As per the reported NAV calculation methodology presented in this section, an implied value of CHF 119.60 per GBL share outstanding can be derived, using the EUR-CHF exchange rate of 1.0589 as of the Valuation Date               <ul style="list-style-type: none"> <li>Based on a transitive "flow-through" approach, the reported NAV of Pargesa can be determined, leading to CHF 112.75 per Pargesa share</li> <li>A comparison of both Pargesa's and GBL's reported NAV implies a ratio of 0.94</li> </ul> </li> </ul>
	Based on the reported value of GBL's NAV			
<b>Direct NAV of Pargesa</b>	EUR 80.58	CHF 85.33 CHF 80.11	0.94	<ul style="list-style-type: none"> <li>We also present a direct approach of Pargesa's NAV, with GBL shares valued at their market value (closing share price as of the Valuation Date). This method leads to a value of CHF 80.11 per Pargesa share and therefore a ratio of 0.94 compared to GBL share price of CHF 85.33</li> <li>We note that in both approaches implied ratios between the value per GBL share and Pargesa bearer share are very close to the Exchange Ratio of 0.93, which means that Pargesa public shareholders will effectively receive a number of GBL shares that reflects the NAV of Pargesa</li> </ul>
	Based on the market value of GBL shares			

Source Company information, FactSet (based on EUR-CHF exchange rate of 1.0589 as of the Valuation Date)



## 4.5 Complementary analyses for informative purposes

### Dividend Discount Model valuation sensitivity

#### Dividend discount model assumptions and key parameters

- As a complementary analysis for informative purposes, we have performed a DDM valuation sensitivity analysis for both Pargesa and GBL. We have thereby calculated the net present value of future dividends per share (“DPS”) expected to be received by respective shareholders

#### 1 Financial forecasts

- We have based our analysis on the following assumptions:
  - Analysts’ consensus estimates for 2019e-2021e: cash earnings forecasts for GBL and dividend per share forecasts for both Pargesa and GBL
  - Extrapolation for 2022e-2026e:
    - 2.5% annual growth of GBL cash earnings and linear increase of pay-out ratio (as per GBL definition<sup>1</sup>) to 100% in 2026e
    - Linear growth of Pargesa’s redistribution rate of the dividend received from GBL to its shareholders to 90% in 2026e

#### 2 Key valuation parameters

- DDM performed as of the Valuation Date
- Assumed dividend pay-out date on 19-May each year (in line with actual historical pay dates) for both Pargesa and GBL

Sources FactSet, Bloomberg (as of the Valuation Date)

#### Notes

<sup>1</sup> GBL’s pay-out ratio on year n based on dividend paid in year n+1 and cash earnings in year n as reported by GBL

<sup>2</sup> As per GBL’s November 8<sup>th</sup>, 2019 roadshow presentation

- DDM key assumption sensitivities:
  - Cost of equity: 6.05% - 6.55% (see paragraph below)
  - Perpetual growth rate: 2.25% - 2.75% (in line with historical GBL DPS growth, see details in Appendix A)

#### 3 Cost of equity assumptions

- The cost of equity reflects the expected rate of return for equity capital providers
- We considered a similar cost of equity for both Pargesa and GBL, as Pargesa’s underlying risk is equivalent to that of GBL, reflecting the risk of the underlying portfolio assets held through GBL
- We have computed the cost of equity of GBL based on the following normalised market parameters and assumptions:
  - Risk free rate: 1.70%, based on the 10-year average yield of the 10-year Belgian government bond
  - Adjusted beta: 0.93, based on a 5-year regression analysis of weekly returns of the GBL share against the EuroStoxx 600 index
  - Market risk premium: 5.0%, 10-year average equity risk premium of the EuroStoxx 600 index
- Based on the above assumptions, we derived a mid-point cost of equity of 6.3% and retained a 6.05% - 6.55% range for our sensitivity analysis
- As a reference, GBL’s total shareholder return p.a. over the last 15 years amounts to 6.7%<sup>2</sup>



## 4.5 Complementary analyses for informative purposes

### Dividend Discount Model valuation sensitivity (cont'd)

#### Ranges of value per share derived by DDM valuation sensitivity

- We have performed a sensitivity analysis based on the following key value drivers: perpetual growth rate of the DPS and cost of equity. The results of this sensitivity analysis are presented in the tables below:

#### Pargesa (CHF per share)

		Cost of equity				
		5.80%	6.05%	6.30%	6.55%	6.80%
PGR	+2.00%	84.70	79.50	74.91	70.82	67.15
	+2.25%	90.39	84.47	79.29	74.70	70.63
	<b>+2.50%</b>	96.94	90.15	84.24	79.07	74.50
	+2.75%	104.57	96.68	89.90	84.02	78.86
	+3.00%	113.55	104.28	96.41	89.66	83.79

#### GBL (EUR per share)

		Cost of equity				
		5.80%	6.05%	6.30%	6.55%	6.80%
PGR	+2.00%	94.10	88.38	83.32	78.82	74.79
	+2.25%	100.35	93.84	88.14	83.10	78.61
	<b>+2.50%</b>	107.55	100.07	93.59	87.90	82.87
	+2.75%	115.93	107.25	99.80	93.33	87.66
	+3.00%	125.80	115.61	106.96	99.53	93.08

- The sensitivity analysis of the key valuation drivers results in the following value ranges as of the Valuation Date:
  - For Pargesa, the value per share ranges from CHF 74.70 (lower end) to CHF 96.68 (upper end)
  - For GBL, the value per share ranges from EUR 83.10 (lower end) to EUR 107.25 (upper end), i.e. CHF 87.99 and CHF 113.57 per share, respectively<sup>1</sup>



#### Exchange ratio implied by DDM sensitivity references<sup>1</sup>

	Lower end	Higher end
Implied exchange ratios	0.85	0.85

Sources Company information, Equity research analysts, FactSet (as of the Valuation Date), Bloomberg (as of the Valuation Date)

Note

<sup>1</sup> Based on EUR-CHF exchange rate of 1.0589 as per Valuation Date



## 4.5 Complementary analyses for informative purposes

### Adjusted exchange ratio based on number of shares

Detailed calculation of adjusted exchange ratio based on share ownership	Comments	
<b>Number of GBL shares owned by Pargesa NL</b>	<b>80,680,729</b>	<ul style="list-style-type: none"> <li>The table on the left illustrates the exchange ratio that would have been implied by the economic ownership of Pargesa shareholders in GBL, i.e. if GBL shares owned by Pargesa NL would have been allocated to Pargesa shareholders based on their shareholding in Pargesa (excl. Pargesa treasury shares), after taking into account the net financial debt position and other assets at Pargesa level</li> <li>Based on this approach, the theoretical exchange ratio would have been 0.94 GBL shares for Pargesa bearer share</li> <li>The number of GBL shares actually available to all Pargesa shareholders should also take into account transaction costs related to the proposed transaction, which will also be solely borne by Pargesa post transaction (i.e. by NewCo Pargesa). Such approach leads to an implied ratio of 0.93 GBL shares per Pargesa bearer share               <ul style="list-style-type: none"> <li>As per Pargesa management indication, the estimated total transaction costs of CHF 35m include approx. CHF 15m taxes ("stamp tax"), approx. CHF 7.5m debt related costs (incl. waiver fees and interest on remaining Pargesa bond life), approx. CHF 7.5m one-off restructuring costs and approx. CHF 5m other transaction costs</li> </ul> </li> <li>This implied adjusted ratio is in line with the Exchange Ratio</li> </ul>
<b>Net debt / (cash) and other assets at Pargesa level (in CHFm, as of 06/03/2020)</b>	<b>98.9</b>	
GBL current share price (in EUR, as of 06/03/2020)	80.6	
GBL current share price (in CHF, as of 06/03/2020)	85.3	
<b>Pargesa Net debt in GBL shares equivalents</b>	<b>1,159,082</b>	
<b>Implied number of shares available to Pargesa shareholders</b>	<b>79,521,647</b>	
<b>Number of Pargesa bearer shares outstanding (diluted basis<sup>1</sup>)</b>	<b>84,719,292</b>	
<b>Implied exchange ratio for Pargesa shareholders</b>	<b>0.94</b>	
<b>Estimated transaction costs (in CHFm, management indication)</b>	<b>35.0</b>	
GBL current share price (in CHF, as of 06/03/2020)	85.3	
<b>Transaction costs in GBL shares equivalents</b>	<b>410,191</b>	
<b>Implied number of shares available to Pargesa shareholders post transaction costs</b>	<b>79,111,456</b>	
<b>Number of Pargesa bearer shares outstanding (diluted basis<sup>1</sup>)</b>	<b>84,719,292</b>	
<b>Implied adjusted exchange ratio for Pargesa shareholders</b>	<b>0.93</b>	

Sources Company information, FactSet (based on EUR-CHF exchange rate of 1.0589 as of the Valuation Date)

Note

<sup>1</sup> Based on Pargesa diluted number of shares (treasury stock method) – see details in Appendix A

# 5

Evaluation of alternatives for Pargesa's public shareholders

# 5.1 Evaluation of alternatives for Pargesa's public shareholders

## 1. Alternative transaction structures

- Pargesa's Board of Directors and management indicated that several alternative structuring options have been considered and reviewed in detail with the aim of identifying the most beneficial transaction structure, also from the perspective of Pargesa's public shareholders
- The following different structuring alternatives have been reviewed in detail:
  - Liquidation scenario (sale of all assets and settlement of all obligations of Pargesa, followed by the distribution of the net liquidation proceeds via a simple dividend)
  - Constructive dividend
  - Exchange offer
  - Push down merger
  - Several other structuring alternatives
- The review of the structuring alternatives focussed on tax considerations, execution considerations, legal and corporate considerations, financing considerations, timing considerations as well as financial impacts
- According to Pargesa's Board of Directors and management, the exchange offer structure is superior to the other structuring alternatives under review based on the considerations mentioned above
  - An exchange offer is characterised by its relative simplicity and the absence of withholding tax leakage for the benefit of Pargesa's public shareholders
  - Rothschild & Co has been informed that tax rulings had been obtained from the relevant Swiss tax administrations confirming that the tax burden resulting from the Offer would be acceptable to Pargesa
- Rothschild & Co did not carry out an analysis of these structuring alternatives within the scope of the Fairness Opinion

## 2. Sale of Pargesa bearer shares on the market

- Selling shares via the open market is a generally practicable alternative to accepting the Offer
  - In principle, it would be financially more attractive for the Pargesa public shareholders if the Pargesa bearer shares traded at a price above the market value of the GBL shares in case they tender their shares to the Offer
- A prediction of the development of GBL and Pargesa share prices throughout the Offer Period is not possible. However, we observed that Pargesa's market value is affected by (i) a discount between GBL's reported NAV and GBL's market value and (ii) a discount between the direct NAV of Pargesa (considering its 50.0% stake in GBL at market value) and Pargesa's market value. Such levels of discounts have been fairly stable over the past 5 years. The reduction of this discount affecting Pargesa's share price is expressed to be the purpose of the transaction and the Offer
- We also observed that GBL shares have a higher trading liquidity compared to the Pargesa bearer shares

## 3. Rejection of the Offer

- Public shareholders of Pargesa could reject the Offer with the intention and expectation to thereby block it
  - Among other conditions, the Offer foresees a minimum acceptance threshold of 90.0% of Pargesa's total voting rights in order to be successful

# 6

Result of the Fairness Opinion

# 6.1 Result of the Fairness Opinion

## Implied exchange ratios based on valuation approaches presented in the report

Values in CHF per share	Pargesa (CHF)	GBL (CHF) <sup>1</sup>	Implied exchange ratio	Summary implied exchange ratios	Premium implied by the 0.93 Exchange Ratio			
<b>Primary valuation methods applied</b>				<p><b>Proposed Exchange Ratio of 0.93</b></p>				
<b>Market value references</b>								
Spot share price as of 06/03/2020	69.25	85.33	<b>0.81</b>		+14.6%			
1-month VWAP	75.20	92.65	<b>0.81</b>		+14.6%			
60-day VWAP	78.45	97.49	<b>0.80</b>		+15.6%			
6-month VWAP	77.90	97.83	<b>0.80</b>		+16.8%			
12-month VWAP	76.87	96.42	<b>0.80</b>		+16.6%			
<b>Analysts median target price</b>	85.10	101.92	<b>0.83</b>		+11.4%			
<b>Net Asset Value references</b>								
Reported NAV (based on reported NAVs)	112.75	119.60	<b>0.94</b>		(1.4%)			
Direct NAV (with GBL at market value)	80.11	85.33	<b>0.94</b>	(0.9%)				
<b>Complementary approaches for informative purposes</b>								
<b>DDM valuation sensitivities</b>								
	Low	High	Low	High	Low	High		
Valuation ranges (sensitivity analysis)	74.70	96.68	87.99	113.57	<b>0.85</b>	<b>0.85</b>	Low	High
							+9.5%	+9.2%
<b>Adjusted exchange ratio based on number of shares</b>				<b>0.93</b>	(0.4%)			

Sources Company information, FactSet (as of the Valuation Date)

Note

<sup>1</sup> EUR-CHF exchange rates based on relevant exchanges rate over the periods considered for historical market value references, and 1.0589 as of the Valuation Date

## 6.1 Result of the Fairness Opinion

### Summary of valuation analysis

- We analysed the Exchange Ratio based on a multi-criteria approach with the objective to assess its fairness from a financial standpoint
- The analyses performed assess the financial fairness of the Exchange Ratio as if the Offer had been proposed to all shareholders of Pargesa
- Summary results of these analyses are presented on the previous page. Consistent with the nature of Pargesa and GBL, the market value and NAV references were used as the primary valuation methods, while DDM valuation sensitivities and an additional approach based on the number of GBL shares owned by Pargesa were presented for informative purposes
- Based on the analyses detailed in Section 4, we conclude that:
  - The transaction implies premia of 14.6% and 15.6% based on both companies' closing share prices and 60 trading day VWAP as of the Valuation Date, respectively
  - Reference to equity research analysts' median target prices for GBL and Pargesa leads to an implied premium of 11.4% for Pargesa's public shareholders
  - The transaction will effectively be performed at an exchange ratio in line with the ratios implied by the NAV's of Pargesa and GBL. This means that Pargesa's public shareholders will effectively receive their fair share of the NAV of Pargesa
- In addition and for informative purposes, complementary analyses performed lead to the following observations:
  - The financial approach of the intrinsic value per Pargesa and GBL share based on a DDM sensitivity analysis we present leads to an implied premium ranging from 9.2% to 9.5%
  - The Exchange ratio is in line with a theoretical distribution ratio of GBL shares to Pargesa shareholders, after taking into account the net financial debt, other assets and transactions costs at Pargesa level
- Furthermore, we note that:
  - The transaction will result in a simplification of the shareholding structure at GBL
  - GBL shares have a higher trading liquidity compared to that of Pargesa shares as of the Valuation Date, and the transaction will increase the free float of GBL

Based on the analyses and considerations presented in this Fairness Opinion, the Exchange Ratio for the voluntary public exchange offer of Parjointco N.V. for all publicly held bearer shares of Pargesa Holding SA of 0.93 GBL shares per Pargesa bearer share is considered financially fair as of the Valuation Date



**Laurent Gagnebin**  
Chief Executive Officer

**Rothschild & Co Bank AG**



**Christian Bouet**  
Chief Financial Officer

Appendix

A

Supporting information

# Analysis of Pargesa's market value discount to its reported NAV

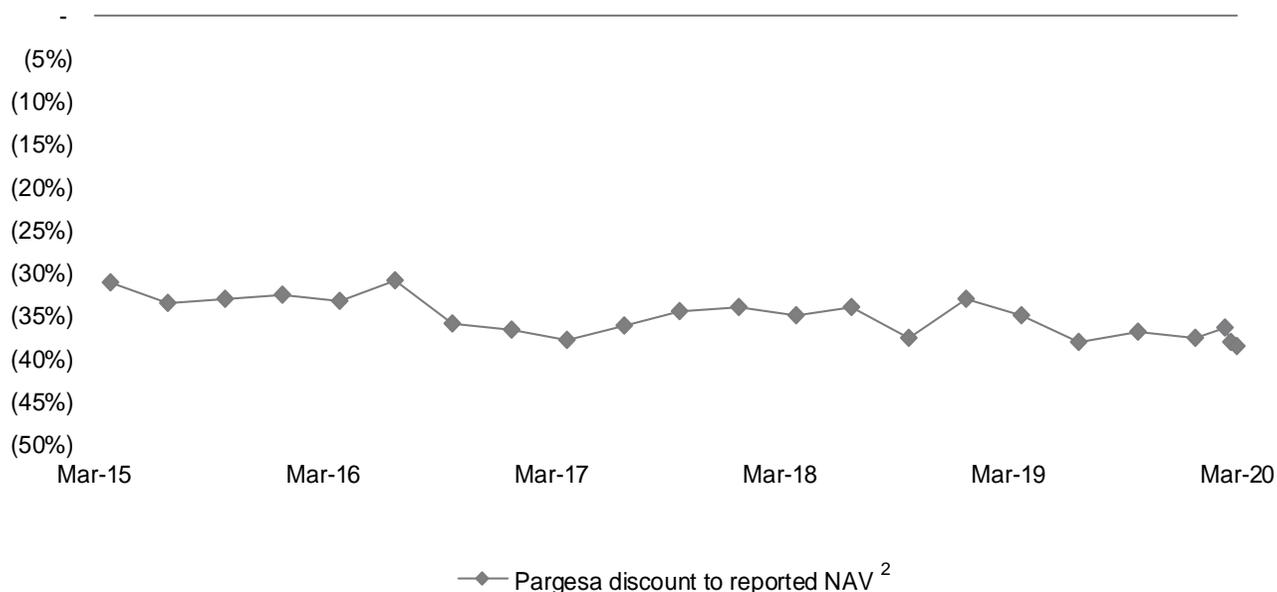


## Pargesa's 5-year market value discount to its reported NAV as published by the Company<sup>1</sup>

Average discount to NAV	Spot	3-m	6-m	12-m	3-y	5-y
Pargesa discount to reported NAV <sup>2</sup>	(38.6%)	(37.7%)	(37.6%)	(37.3%)	(36.3%)	(35.3%)

## Comments

- The chart on the left shows the development over a 5-year period of Pargesa's market value discount to the reported NAV<sup>2</sup> as published by the Company on a quarterly basis, should an integrated view of Pargesa's and GBL be retained, determining Pargesa's NAV by a transitive "flow-through" approach of GBL's NAV considering Pargesa's 50.0% ownership in GBL
- Pargesa trades at a 38.6% discount to its reported NAV<sup>2</sup> as of the Valuation Date, which is in line with its 5-year average of 35.3%. This implicit discount to NAV has been stable over time



**Sources** Company information, FactSet (as of the Valuation Date)

**Notes**

<sup>1</sup> Pargesa's NAV is based on the Company's quarterly financial reports and GBL NAV is based on weekly estimates published by GBL

<sup>2</sup> Pargesa's "reported" NAV corresponds to a NAV calculation of Pargesa based on a "flow-through" 50.0% value of GBL's NAV in addition to other assets and liabilities of Pargesa as published by the Company on a quarterly basis (see details in Section 4)



# Pargesa – Number of shares

## Pargesa's options outstanding

- In 2007, Pargesa set up a plan for employees and certain members of Management (excluding Executive Directors), whereby options for the purchase of bearer shares are granted annually. These options have a term of ten years and a conversion ratio of one share per option
- So far, all shares awarded after options were exercised have been taken from the reserve of bearer treasury shares
- As of the Valuation Date, the total number of outstanding options was 229,425. The key figures of the plan are as follows:

Plan date	Number of options outstanding	Exercise price (CHF)
2010	18,747	87.00
2011	19,477	87.00
2012	2,700	65.00
2013	18,580	67.00
2014	23,930	79.00
2015	25,580	72.00
2016	31,177	62.18 <sup>1</sup>
2017	30,334	70.00
2018	25,470	84.00
2019	33,430	80.00
<b>Total</b>	<b>229,425</b>	

Source Company information

### Note

<sup>1</sup> Average of 60.6 and 63.75 as disclosed by the Company

## Pargesa's diluted number of shares (treasury shares method)

- The analysis of Pargesa's diluted number of shares is based on the following parameters as of the Valuation Date, considering the Exchange Ratio of the Offer
  - GBL share price of CHF 85.33 (EUR-CHF exchange rate of 1.0589)
  - Implied value per Pargesa share based on the Exchange Ratio: CHF 79.35
- Pargesa in-the-money options considering the Exchange Ratio are assumed exercised, leading to the creation of 132,301 Pargesa shares. The exercise of options generates CHF 9.2m proceeds which, as per the treasury shares method, are used to buy-back 116,119 Pargesa shares based on their value per share (i.e. CHF 79.35 based on the Exchange Ratio)
- The table below presents a detailed calculation and the implied number of diluted Pargesa shares as per the treasury shares method:

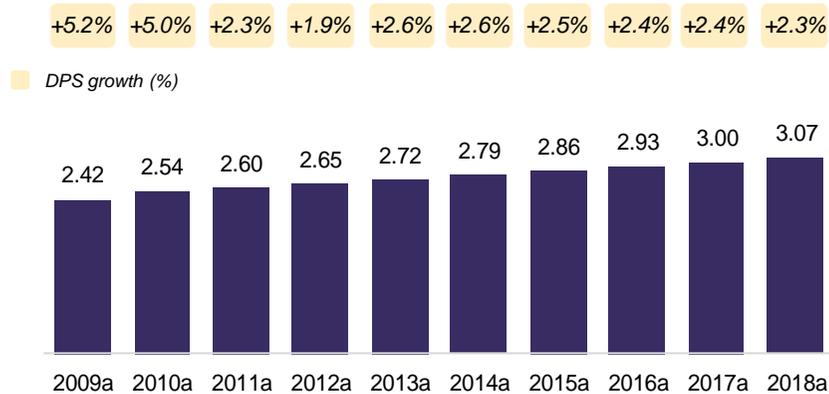
Plan date	Number of options outstanding	Exercise price (CHF)	Value per Pargesa share implied by the Exchange Ratio	Implied number of in-the-money options	Proceeds from stock option exercise (CHF)
2010	18,747	87.00	79.35	-	-
2011	19,477	87.00	79.35	-	-
2012	2,700	65.00	79.35	2,700	175,500
2013	18,580	67.00	79.35	18,580	1,244,860
2014	23,930	79.00	79.35	23,930	1,890,470
2015	25,580	72.00	79.35	25,580	1,841,760
2016	31,177	62.18	79.35	31,177	1,938,430
2017	30,334	70.00	79.35	30,334	2,123,380
2018	25,470	84.00	79.35	-	-
2019	33,430	80.00	79.35	-	-
<b>Total</b>	<b>229,425</b>			<b>132,301</b>	<b>9,214,400</b>
Treasury shares before stock-option exercise				233,060	
Impact of stock-option exercise				(132,301)	
Shares bought-back at Pargesa at value per share implied by the Exchange Ratio				116,119	(16,182)
<b>Treasury shares post stock option exercise (treasury shares method)</b>				<b>216,878</b>	
Parjointco				47,022,470	55.4%
Public minorities				37,696,822	44.4%
Treasury shares				216,878	0.3%
<b>Pargesa diluted number of shares (treasury shares method)</b>				<b>84,936,170</b>	<b>100.0%</b>
<b>Pargesa diluted number of shares outstanding (treasury shares method)</b>				<b>84,719,292</b>	



# Historical development of dividend payments

## GBL dividend per share

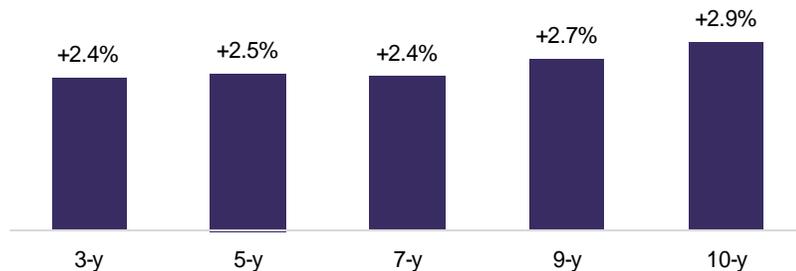
### GBL dividend per share (DPS) evolution 2009-2018 (EUR)<sup>1</sup>



### Comments

- The 2.5% perpetual growth hypothesis used as central case in the DDM valuation sensitivity exercise is based on the historical 10-year analysis of GBL dividend per share growth, as illustrated by the two tables presented on the left hand side
- GBL's annual DPS growth has ranged between 1.9% and 5.2% over the last 10 years (2.9% 10-year CAGR, 2.5% 5-year CAGR as of the Valuation Date). The management of the Company indicated that the transaction is not expected to have an impact on the dividend distribution policy of GBL

### GBL DPS growth average, starting 2018<sup>1</sup>



Source Company information

Note

<sup>1</sup> Dividend per share paid in year (N+1) based on year (N) performance



# Historical development of dividend payments

## Comparison of Pargesa and GBL historical dividend per share

### 10-year development of Pargesa and GBL dividend per share and illustrative implied exchange ratio<sup>1</sup>

Dividend per share	2009a	2010a	2011a	2012a	2013a	2014a	2015a	2016a	2017a	2018a
Pargesa (CHF)	2.72	2.72	2.57	2.57	2.64	2.27	2.38	2.44	2.50	2.56
% growth		-	(5.5%)	-	+2.7%	(14.0%)	+4.8%	+2.5%	+2.5%	+2.4%
GBL (EUR)	2.42	2.54	2.60	2.65	2.72	2.79	2.86	2.93	3.00	3.07
% growth		+5.0%	+2.3%	+1.9%	+2.6%	+2.6%	+2.5%	+2.4%	+2.4%	+2.3%
GBL (CHF) <sup>2</sup>	3.43	3.18	3.12	3.29	3.32	2.90	3.16	3.19	3.53	3.47
<b>Implied exchange ratio</b>	<b>0.79</b>	<b>0.85</b>	<b>0.82</b>	<b>0.78</b>	<b>0.80</b>	<b>0.78</b>	<b>0.75</b>	<b>0.76</b>	<b>0.71</b>	<b>0.74</b>
<b>10-y average</b>	<b>0.78</b>									
<b>7-y average</b>	<b>0.76</b>									
<b>5-y average</b>	<b>0.75</b>									
<b>3-y average</b>	<b>0.74</b>									

### Comments

- For illustrative purposes, we present the ratio of Pargesa's and GBL's dividend per share over a 10-year period
- We note that the 10-year average of the DPS ratios stands at 0.78

Sources Company Information, FactSet

#### Notes

<sup>1</sup> Dividend per share paid in year (N+1) based on year (N) performance

<sup>2</sup> Based on EUR-CHF average exchange rate over the month of May each year as per FactSet. Assumption of GBL's usual dividend payment month

## Appendix

# B

List of definitions and abbreviations

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## Definitions

Exchange Ratio	0.93
Frère-Desmarais Group	Desmarais Family Residuary Trust and Stichting Frère-Bourgeois
GBL	Groupe Bruxelles Lambert SA
Offer period	May 8 <sup>th</sup> - June 8 <sup>th</sup> , 2020
Pargesa / Company	Pargesa Holding SA
Pargesa NL	Pargesa Netherlands B.V.
Parjointco / Offeror	Parjointco N.V.
Rothschild & Co	Rothschild & Co Bank AG
Stichting Frère-Bourgeois	Stichting Administratiekantoor Frère-Bourgeois
Transaction Agreement	Transaction agreement between Parjointco, Pargesa and Pargesa NL in connection with the Offer
Valuation Date	March 6 <sup>th</sup> , 2020

## Abbreviations

a	actual
AG	Aktiengesellschaft (company limited by shares)
AGM	Annual General Meeting
approx.	approximately
Apr	April
art.	article

Aug

B.V.

BEL20

bn

c.

CET

CHF

d

DCF

DDM

Dec

DPS

EMEA

etc.

et seq.

EUR

excl.

Feb

FinIA

H1

i.e.

incl.

Jan

August

Besloten Venootschap met beperkte aansprakelijkheid

Benchmark stock market index of Euronext Brussels

billion(s)

circa

Central European Time

Swiss Franc(s)

day(s)

discounted cash flow(s)

dividend discount model

December

dividend per share

Europe, Middle East, and Africa

et cetera

et sequens (and the following)

Euro(s)

excluding

February

Federal Act on Financial Institutions

first half of the year

id est (that is)

Including

January

# List of definitions and abbreviations

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Jul	July	Sep	September
Jun	June	seq.	et sequens
LC	local currency	SMI	Swiss Market Index
m	million(s), month(s); as the case may be	TOB	Swiss Takeover Board
Mar	March	vs.	versus
market cap.	market capitalisation	VWAP	volume weighted average price
n.a.	not available	y	year(s)
N.V.	Naamloze Vennootschap	%	percentage(s)
NAV	net asset value		
NewCo	newly created legal entity		
NL	Netherlands		
No.	number		
NoSh	number of shares outstanding		
Nov	November		
Oct	October		
p.m.	post meridiem		
p.a.	per annum		
p.s.	per share		
PGR	perpetual growth rate		
Q3	third quarter		
reco.	Recommendation		
SA	société anonyme		
SEK	Swedish Krone		