



# FPN

One asset property / France

## Reference shareholder transferred its risk in FY 19

Significant news - 26/08/2020

**FY 19 consolidated accounts demonstrated an increasing risk level. On the other hand, FY 19 annual report didn't mentioned the FPN's warrants supposedly neutralised in H1 20.**

### Fact

- FY 19 consolidated accounts don't show material deviation vs. our initial assumptions.
- FIPP (reference shareholder, groupe Duménil) owned a €12.6m shareholder loan in FPN by the end of FY 18. The latter has been converted in October 2019 in a debt now owned on Pamier SARL, the FPN's subsidiary owning the group's plot in Le Blanc-Mesnil. This move grants FIPP with real guarantees (mortgages) to the detriment of other FPN's shareholders.
- Litigations. The French fiscal administration didn't accept a haircut on its c. €10m tax receivables. As a consequence, FPN started a trial in French courts in order to contest those amounts formally.

### Analysis

#### Fiscal claims

One could have hoped that the French fiscal administration would have accepted a deal regarding the accrued amount of c. €10m of unpaid historical property taxes.

A long legal procedure started early 2020. In the absence of revenue (occupancy being nul), risk level rises as the annual amount of property taxes was €1.2m in FY 19 vs. the current €3m of FPN's market cap. Property taxes could progressively consume FPN's plot residual value, should both trial and disposal take time.

We still consider FPN's victory as a pure free option.

#### FIPP's investment structure

FIPP, FPN's reference shareholder (groupe Duménil) converted its €13m shareholder's loan in Pamier SARL shares in October 2019. We remind that Pamier SARL is the 100% subsidiary of FPN, owning the Le Blanc-Mesnil plot. FIPP loans are therefore closer to the asset itself.

This move enabled FIPP to secure its loan through mortgages leaning on the asset itself (plot) and 100% of Pamier SARL shares. From an initial naked loan, FIPP loan is now secured, depriving other FPN's shareholders from the remaining portion of unencumbered asset.

The natural consequence of it is that, coupled to fiscal claims, other shareholders' risk increased significantly in FY 19.

### Impact

Our estimates were unchanged. Balance sheet stays unbalanced and shareholder's equity stays strongly negative. Changes in FIPP shareholder loan's structure improved lenders' priority order but deteriorated shareholder's value.



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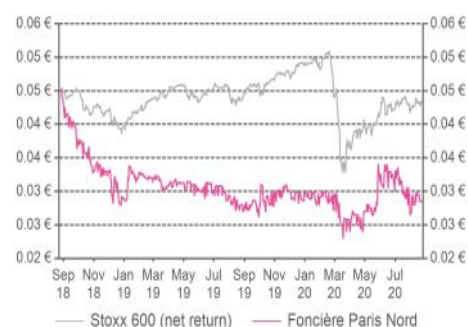
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<b>Buy</b>	<b>Upside: 90.2%</b>
Target Price (6 months)	€ 0.05
Share Price	€ 0.03
Market Cap. €M	3.30
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	0.02 ▶ 0.03
Bloomberg	FPN FP Equity
Reuters	FPN.PA



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PERF	1w	1m	3m	12m
Foncière Paris Nord	-3.39%	-6.56%	0.00%	1.79%
Real Estate	2.02%	3.33%	10.3%	-6.88%
STOXX 600	0.70%	0.67%	7.12%	-0.43%

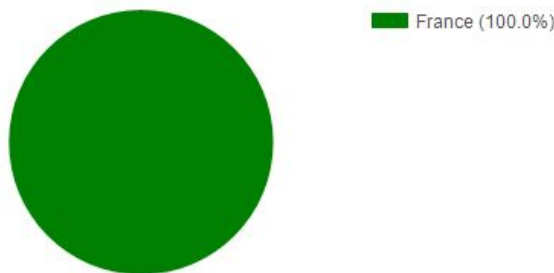
Last updated: 25/08/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	-4.77	-4.54	-3.02	-8.70
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-8.60	-10.5	-12.5	-37.5
Adjusted EPS (€)	-0.01	-0.01	-0.01	0.00
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	0.00	0.00	0.00	0.00
EBIT margin (%)	ns	ns	ns	ns
Attributable net profit (€th)	-3,697	13,258	2,700	-800
ROE (after tax) (%)	27.6	-171	-198	27.4
Gearing (%)				

[Company Valuation](#) - [Company Financials](#)

FY 19 annual report didn't mentioned a warrants' neutralisation in H1 20.  
Warrants are key in the FPN's valuation process.

Governance was unchanged, groupe Duménil still controls 100% of the Board.

## Sales by Geography



## Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€th	0.00	0.00	0.00
Change in sales	%	-100.0	0.00	0.00
Change in staff costs	%	2.04	1.50	1.50
EBITDA	€th	-2,899	-2,584	-2,300
<b>EBITDA(R) margin</b>	%	<b>ns</b>	<b>ns</b>	<b>ns</b>
Depreciation	€th	-2,141	0.00	0.00
Underlying operating profit	€th	-3,592	12,416	-2,300
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-3,592</b>	<b>13,258</b>	<b>-2,300</b>
Net financial expense	€th	-105	-0.01	-0.01
of which related to pensions	€th	0.00	0.00	0.00
Exceptional items & other	€th	0.00	0.00	5,000
Corporate tax	€th	0.00	0.00	0.00
Equity associates	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-3,697</b>	<b>-2,584</b>	<b>-2,300</b>
NOPAT	€th	-2,514	9,281	-1,610

## Cashflow Statement

EBITDA	€th	-2,899	-2,584	-2,300
Change in WCR	€th	1,572	80.0	900
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	0.00	0.00	0.00
Exceptional items	€th	0.00	0.00	0.00
Other operating cash flows	€th	0.00	0.00	0.00
Total operating cash flows	€th	-1,327	-2,504	-1,400
Capital expenditure	€th	0.00	0.00	0.00
Total investment flows	€th	0.00	0.00	0.00
Net interest expense	€th	-105	-0.01	-0.01
Dividends (parent company)	€th	0.00	0.00	0.00
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	0.00	1,650	0.00
Total financial flows	€th	2,297	2,801	-3,600
Change in cash position	€th	970	-1,237	-5,000
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-1,432</b>	<b>-2,504</b>	<b>-1,400</b>

## Per Share Data

No. of shares net of treas. stock (year...	Th	82,629	115,629	115,629
Number of diluted shares (average)	Th	578,876	411,490	244,105
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.01</b>	<b>-0.01</b>	<b>-0.01</b>
Restated NAV per share	€	0.08	0.03	0.05
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 0.05	75%	■ Icade
DCF	€ 0.06	25%	■ Gecina
TARGET PRICE	€ 0.05	100%	■ Covivio

### NAV/SOTP Calculation

- Nexity
- Vonovia
- Deutsche Wohnen

## Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€th	0.00	0.00	0.00
Total intangible	€th	0.00	0.00	0.00
Tangible fixed assets	€th	17,885	34,569	34,569
Financial fixed assets	€th	217	217	217
WCR	€th	-10,962	-11,042	-11,942
Other assets	€th	0.00	0.00	0.00
Total assets (net of short term liab.)	€th	7,140	23,744	22,844
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>-15,279</b>	<b>-217</b>	<b>-2,517</b>
Quasi Equity & Preferred	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
Provisions for pensions	€th	0.00	0.00	0.00
Other provisions for risks and liabilities	€th	842	0.00	0.00
Total provisions for risks and liabilities	€th	842	0.00	0.00
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	4.00	0.00	0.00
<b>Net debt (cash)</b>	<b>€th</b>	<b>21,573</b>	<b>23,961</b>	<b>25,361</b>
Total liab. and shareholders' equity	€th	7,140	23,744	22,844

## Capital Employed

Capital employed after depreciation	€th	7,140	23,744	22,844
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>27.6</b>	<b>-171</b>	<b>-198</b>
ROCE	%	-35.2	39.1	-7.05
<b>Gearing (at book value)</b>	%			
Adj. Net debt/EBITDA(R)	x	-7.44	-9.27	-11.0
Interest cover (x)	x	-34.2	1,241,600	230,000

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-4.77</b>	<b>-4.54</b>	<b>-3.02</b>
Free cash flow yield	%	-56.9	-76.0	-42.5
P/Book	x	-0.16	-15.2	-1.31
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

Market cap	€th	2,515	3,295	3,295
+ Provisions	€th	842	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	21,573	23,961	25,361
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th	0.00	0.00	0.00
= EV	€th	24,930	27,256	28,656
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-8.60</b>	<b>-10.5</b>	<b>-12.5</b>
EV/Sales	x	ns	ns	ns

Analyst : Christian Auzanneau, Changes to Forecasts : 25/08/2020.