

WCP Newsletter



Editorial from...

Serge Weinberg, Founding Chairman

Despite a complex economic environment, we have remained proactive in the first half of the year and are demonstrating adaptability to navigate a cautious market.

In this context, our teams have worked on several significant build-up operations within our portfolio companies over the past few months. For instance, our LBO team supported SAPIAN, one of the leaders in France in hygiene and protection services for living and working spaces, in acquiring the Vallier group, and Vertical Sea, an engineering, consulting, and project management firm, in acquiring Tecta and Sennse. Our Impact team facilitated the acquisition of the VSP-Logely group by Résidis, which is now one of the major players in social housing in France. Our team also made a new investment by taking a minority stake in Opal Demetz, a specialist in the design and distribution of prescription eyewear frames. In real estate, we completed the acquisition of a 19,000-square-meter logistics platform in Buchelay (Yvelines department).

This significant and opportunistic operation is characteristic of the investment philosophy we will adopt for our upcoming value-add fund, WREP#4, for which we are beginning fundraising. You will find a more detailed overview of our vision for the real estate market and the evolution of the office sector in this newsletter.

We also continue the fundraising for our Eiréné and LBO WCP#4 funds. The first

closing of WCP#4, at €100 million, happened at the end of 2023. This occurred concurrently with the announcement of our entry into the capital of Arbevel, a specialist in financial asset management, alongside its leaders Sébastien Lalevée and Jean-Baptiste Delabare, whose interview you can read below.

“Despite a complex economic environment, we have remained proactive in the first half of the year and are demonstrating adaptability to navigate a cautious market.”

Finally, we have recently welcomed a new Secretary General, Émilie Lhopitallier, who also joins our Management Committee. We are confident that her arrival will significantly contribute to the development of our company.

We continue to pursue our ambitions and are ready to seize the opportunities that arise.

Learn more about our latest news in this newsletter.

Enjoy your reading!

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July 2024

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News



Highlight

Office real estate: a weakened asset class?

All the media are talking about it: real estate is in crisis. Whether it is commercial or residential real estate, the sector is going through an unprecedented period. Despite this bleak context, our team, led by Jean-Philippe Olgati, Partner and Managing Director of real estate activities, remains convinced of the attractiveness of commercial real estate, particularly offices. Numerous opportunities are emerging. Let's take a look at a market in full transformation.

THE END OF A CYCLE

Although there are disparities depending on the location, asset classes, or risk profiles, commercial real estate is facing an unprecedented crisis, with office-related activity being particularly affected, due to two factors.

Firstly, the Covid-19 epidemic and the subsequent waves of lockdown accelerated the evolution of work modes, with the massive adoption of home office and hybrid models, changing our uses and perception of the office. In France, in 2019, only 4% of French employees regularly worked remotely, compared to 19% in 2022.

Moreover, since the summer of 2022, the sharp rise in interest rates has ended a cycle of over ten years of decline, which had particularly benefited the real estate and office sectors. The number of transactions, which had been steadily increasing during this decade, is now in free fall. In Île-de-France, office rental demand has decreased by 20% compared to the average level seen before the pandemic.

Indeed, following the subprime crisis of 2008, the decline in interest rates had significantly contributed to value creation in real estate, regardless of the quality of operations or tenant profiles.

AN UNSTABLE ENVIRONMENT TO EXPLOIT

Far from the American model, where “office bashing” is particularly virulent, this crisis seems, in France and more particularly in Île-de-France, to present opportunities.

“For a company like Weinberg Capital Partners, this context, despite its instability, presents several opportunities, particularly related to the inability of many investors to develop their operations due to a lack of liquidity.”

Jean-Philippe Olgati, Partner and Managing Director of real estate activities



Investing in real estate requires strong local expertise and involvement at every stage of development: obtaining administrative authorizations, managing construction, leasing, and selling. *“We concentrate most of our operations in Paris and its close suburbs, markets where most of the user demand is concentrated, and because it’s in this area that we have built our expertise,”* adds Jean-Philippe Olgati.

A NEW MODEL FOR OFFICES

The traditional vision of the office as the sole place to work is now obsolete. These spaces must be reinvented as telecommuting has become part of employees’ daily lives. Today, the office addresses multiple issues and must meet many expectations.

“We see that user demands have evolved. It’s now necessary to focus on services and environmental performance in all the transformation projects we undertake.”

Paul du Fraysseix, Head of Asset Management.



The immediate consequence of this phenomenon? The emergence of a trend among companies to reduce their office space for more efficient, more accessible offices that prioritize employee well-being. Indeed, companies are rethinking their office space needs and adapting to their employees’ demand for flexibility.

“It is undeniable that the demand for square meters has decreased, while requirements remain high. For identical budgets, companies now opt for smaller spaces but in central, fully restructured buildings with, de facto, higher rents. This is at the heart of our expertise,” specifies Paul du Fraysseix.

The office is thus defined as a real living space, a place for meetings, exchanges, and tranquility. It is no longer just a workplace; it must make employees want to come on-site, especially in a context where telecommuting has become the norm. For companies, the office becomes a showcase to attract and retain talent.

THE OFFICE OF TOMORROW

Location: a major criterion that must meet accessibility, neighborhood diversity, and security requirements.

Environmental performance: CSR constraints are imposed on everyone, requiring the development of technically efficient buildings to achieve the best standards without degrading user comfort.

User experience: offices must offer a 360-degree experience. They are no longer just workplaces but spaces for meetings, exchanges, and personal development. The presence of services (to practice sport, have lunch, organize event...) are required. Indeed, like an extension of one’s home, the office must offer a pleasant living environment and possibly an “enhanced” living experience.

Legal and functional opportunities: the flexibility demanded by tenants and the opportunity to improve the rental flow for landlords allow for considering new contractual modes (management contract, flexible lease).

Artificial Intelligence (AI): it is revolutionizing all sectors, including real estate. Undoubtedly, AI will play a major role in the evolution of the real estate sector, particularly in the design, construction, and operation of buildings.

WHAT FUTURE?

The office is in full transformation, shaping its new ambitions. In this turbulent real estate environment, logistics warehouses demonstrate solid resilience. As the cornerstone of e-commerce, they remain indispensable for the smooth functioning of the economy. *"It is an asset class we have long studied and deemed robust to withstand cycles. This is why we made our latest investment in this sector. The acquisition in VEFA* from Diderot Real Estate of a nearly 19,000-square-meter logistics platform in Buchelay, Yvelines department, illustrates our ability to remain opportunistic and flexible,"* indicates Jean-Philippe Olgiati.

Thus, Jean-Philippe Olgiati and his team are starting the commercialization of their WREP#4 fund with a target size of €300 million. A fund that will carry their convictions about office real estate without excluding portfolio diversification.

"The decline in the office real estate market reflects the profound economic and social transformations underway. Recent studies show a marked reduction in transactions, and we are fully aware that strategic adjustments are necessary to adapt to this new reality. In the long term, the sector's ability to innovate and meet changing user expectations will be crucial for a sustainable recovery. Logistics and hospitality are the current market drivers, but we remain convinced that the office will regain its golden age," concludes Jean-Philippe Olgiati.

To learn more about our Real Estate expertise, click



* Sale in future state of completion.

Source: BNP Paribas Real Estate.



Interview

Jean-Baptiste Delabare,

President of Arbevel

Last December, Weinberg Capital Partners, through its latest LBO fund, WCP#4, announced its entry into the capital of Arbevel, a recognized specialist in financial asset management, as a majority shareholder. Jean-Baptiste Delabare, President of the group, reveals the behind-the-scenes of this partnership and his ambitions to consolidate his market.

Could you introduce Arbevel and its various activities?

Jean-Baptiste Delabare: Arbevel is a multi-specialist asset management company managing €2.5 billion. We cater to private clients, institutional investors, family offices, wealth management advisors, and others.

Historically, we have developed around collective management of small and mid-cap stocks with a long-term investment strategy. Our stock-picking range allows us to be more opportunistic without sector or size limits. We have since developed a widely recognized expertise in bond management.

We also offer private management services. We select investment vehicles that are easy to analyze and understand. Our differentiating criterion? We strive to build genuine close relationships with our clients, based on transparency. From the first meeting, clients are informed of all costs related to the management of their portfolios. Additionally, our managers are invested in the same way as their clients; there is an alignment of interests.

Finally, we have also specialized in non-listed asset management with two private debt and private equity funds.

Today, Arbevel is a reference entrepreneurial management company in the French market. Our expertise is multifaceted; we position ourselves across the entire value chain.

What are the details behind Weinberg Capital Partners' entry into Arbevel's capital?

J.-B. D.: It's the story of a meeting. Sébastien (Sébastien Lalevée, CEO of Arbevel) and I met Philippe Klocanas (Partner and Managing Director of the LBO expertise at Weinberg Capital Partners) and his team in 2020. We immediately felt that we could build a project together. We share a vision and values, and we immediately felt a connection.

In my opinion, in our professions, the human factor is very important. Since 2009, Sébastien and I have developed our company through the encounters we've made. For example, we created a biotech fund because we found the right person to develop this activity. With Weinberg Capital Partners, it was a great encounter! And I don't say that for every one of them! Our relationship is not only based on financial aspects. For us, what was decisive was perceiving that Weinberg Capital Partners is not like other investors. There is real proximity with the team – our exchanges are almost daily – and a common desire to successfully carry out a project and create synergies. It's a full illustration that one can be both kind and demanding.

However, our partnership didn't take place immediately. At the time, we felt we were not mature enough to finalize the entry of a shareholder. We, therefore, remained in contact with the Weinberg Capital Partners team, and our discussions restarted in

2022 and intensified throughout 2023 until the opening of our capital last December. Today, we are ready to play our part in market consolidation.

Specifically, how do you plan to participate in this market consolidation?

J.-B. D.: Our ambition is to become a major player in consolidating our market. For this, we work closely with Philippe, Guillaume, and Camille (Guillaume Marquet de Vasselot, Deputy Director, and Camille Rousseau, Associate). There is a real shared reflection to build our project, to accelerate our external and organic growth.

Our strategy is to target companies with investment philosophies similar to ours. Once again, the importance of human relationships is crucial. Unlike other players, we are not in a race for size. We aim to grow alongside companies that are similar to us, with the goal of pooling our expertise and acquiring skills we do not possess.

We are cautious in our approach to consolidation. We are not in a hurry: we proceed with a focus on implementing synergies and profitability. We are not in a voracious approach to assets under management.

At this stage, we are primarily focusing on the French market. In our view, it is necessary to have a good grasp of one's local market before venturing abroad. We know we can count on the LBO team to achieve our ambitions. This is what we were looking for in opening our capital to a shareholder: having fluid exchanges and being pushed to question ourselves on topics we would not have considered alone.

To learn more about our LBO expertise, [click](#)

"We perceived that Weinberg Capital Partners is not like other investors. There is real proximity with the team and a common desire to successfully carry out a project and create synergies."



Let's talk
about ESG

CSRD: from regulatory constraint to value creation lever

The European Corporate Sustainability Reporting Directive (CSRD) represents the new methodology for publishing data concerning environmental, social, and governance (ESG) indicators. Its aim is to enhance transparency and harmonize sustainability reports. The scope of companies affected is broad: nearly 50,000 companies in Europe are involved. The reporting standards and obligations imposed by this directive raise many questions within companies. Thus, last May, we gathered the leaders and ESG managers of our LBO and Impact portfolio companies for a morning dedicated to this topic. This exchange was essential to better understand and transform it into a growth lever.

CSRD: AN ADDITIONAL BURDEN FOR COMPANIES?

Adopted in 2021 and effective since January 1, 2024, the CSRD is set to replace the Non-Financial Reporting Directive (NFRD). The objective of this directive is to harmonize sustainability reporting requirements for companies. The CSRD mandates them to disclose detailed information on their ESG impacts as well as their sustainability strategies. It aims to improve transparency, facilitate the comparability of ESG data, and support the transition to a more sustainable economy by aligning these reporting practices with the European Union's goals.

CSRD's goals:



Comparability

Provide a common and normative framework for the publication of ESG data to enable the comparison of European companies within the same sector.



Completeness

Increase the amount of required information and the scope of reporting. Companies must now disclose the impact of their activities, associated risks, and opportunities throughout their value chain, both upstream and downstream.



Reliability

Ensure the reliability of reported data by imposing mandatory verification by an independent third-party organization.



Accountability

Enhance the involvement of governance bodies by expanding their responsibilities: they must collectively ensure that sustainability reporting complies with the CSRD directive and ESRS standards.



Adaptability

Encourage companies to address their key issues by detailing their policies, action plans, and objectives, with a forward-looking perspective and quantified trajectories, while communicating their progress annually.

Scope of application

- All European companies meeting at least two of the following criteria are covered:
 - > 250 employees
 - > €25 million in total assets
 - > €50 million in revenue
- All companies listed on regulated European markets, excluding micro-enterprises.

"At this stage, not all of our portfolio companies are directly affected by this directive. However, they still need to comply with its requirements because large companies and mid-sized enterprises will inevitably ask their suppliers and clients to meet the CSRD criteria to which they themselves are subject," says Camille Duxin, Deputy Director of the LBO team.

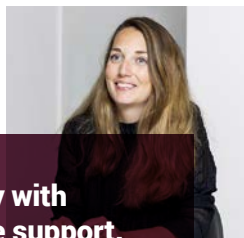
CSRD: A REGULATION AFFECTING THE ENTIRE COMPANY?

The CSRD is not just the concern of ESG managers. Every department, from Marketing to Human Resources, Production, and Finance, plays a crucial role in collecting and communicating environmental, social, and governance data. The involvement of all is essential to ensure accurate and complete reporting. By working together, teams can not only meet regulatory requirements but also contribute to a stronger sustainability strategy and improve the company's reputation. The CSRD thus transforms sustainability into a collective responsibility.

CSRD: A GROWTH LEVER FOR COMPANIES?

At the end of May, we invited the CEOs and ESG managers of our LBO and Impact portfolio companies to a conference dedicated to this topic.

With the help of teams from Cority and Eight Advisory, our goal was to collectively demystify the CSRD and explore how to turn the considerations related to this new regulation into a value creation lever.



"We communicate almost daily with the teams of the companies we support. All have shared a sense of apprehension about this new directive. It is seen as a constraint, an additional administrative complexity. We wanted to demonstrate that the exchanges and reflections triggered by this regulation can constitute value creation levers. Our role is to support our companies in this transition phase."

Camille Duxin, Deputy Director of the LBO team.

Indeed, the CSRD encourages companies to rigorously assess sustainability-related risks and opportunities, thus compelling them to adopt a long-term vision. By integrating these factors into their strategic thinking, they must anticipate challenges and identify actions to implement for sustainable growth. This proactive approach is the starting point for a clear and defined global strategy, allowing better resource management, innovation, and enhanced resilience to change. Thus, the CSRD not only strengthens transparency but also stimulates more sustainable and visionary strategic reflections. In summary, the CSRD enhances corporate maturity and raises awareness among all stakeholders, both internal and external, on these issues.

To learn more about our ESG approach, click





Focus on...

Lionel Mestre: a diverse and unique career path

Lionel Mestre joined Weinberg Capital Partners in 2016 and currently leads our Eiréné expertise, specializing in supporting SMEs and mid-sized companies in the security and defense sector. Here is a look back at his career.

Lionel Mestre's career began at PwC, before joining PAI Partners, where he spent ten years involved in various LBO operations in France and Europe. He then progressed within Butler Capital Partners, where he notably participated in the privatization and development of ADIT, which became the European leader in economic intelligence. In 2016, he joined Weinberg Capital Partners and distinguished himself within the LBO team with notable successes, such as the investment in Résiliants, which tripled in size and is now the French reference in post-disaster intervention, and Realease Capital, one of the leading independent financial leasing companies, sold in 2023 with EBITDA doubled since its acquisition.

Building on these experiences, Lionel took on one of the new challenges at Weinberg Capital Partners: in 2020, the idea to create a new expertise dedicated to SMEs and mid-sized companies in the security and defense sector was born. Serge Weinberg, the company's Founder and Chairman, entrusted him to lead this new activity. *"At the end of the first lockdown, Serge Weinberg and I decided to act for the reindustrialization of France and the maintenance of key industries in our territories,"* explains Lionel. The ambition was to design a sector-specific fund dedicated to financing and consolidating security and defense companies in France and Europe. A team was thus formed around sector specialists like David Lebain, who joined Weinberg Capital Partners prior to the fund's launch, as well as profiles from the private equity world. This fund, classified as Article 8 under the SFDR regulation, was named "Eiréné," symbolizing the goddess of peace.

"We were also aware of the technological excellence of our security and defense companies, a growing sector and a major contributor to our exports, yet suffering from a lack of investment."

Lionel Mestre, Partner, Managing Director of Eiréné expertise



The initiative quickly received support from public authorities such as the Direction Générale de l'Armement (French defense procurement agency) and the French National Agency for Information System Security. However, at the time, convincing private investors proved more challenging due to concerns about the compatibility of security and defense with environmental, social, and governance (ESG) criteria. The geopolitical situation, notably the beginning of the conflict in Ukraine, changed perspectives and ultimately enabled the fund's raising.

Serge and Lionel have long been interested in defense and geopolitics. Lionel, for example, has extensively documented these themes and was determined to complete his military service, being one of the last generations to do so. His knowledge is reinforced by his status as an auditor of the "Defense Policy" major at the Institute of Higher National Defense Studies (IHEDN), where he interacts with senior officials, military personnel, and private sector decision-makers. At the Institute, beyond the academic path, he visits major French military and strategic sites to meet their leaders. Exchanges are also organized at the European Commission and NATO. Lionel has also had discussions with key political and diplomatic leaders in Djibouti during a visit to the French base, where he attended training exercises. He also traveled to Estonia a few weeks after the start of the Ukrainian conflict to observe the organization of a society living under the threat of a Russian invasion. Finally, he fondly remembers the commando integration course in Collioure, in the Pyrénées-Orientales, where he participated in demanding exercises.

These experiences led Lionel to make new key connections. Through IHEDN, Lionel met Jean-Louis Thiériot, the outgoing deputy of the third constituency of Seine-et-Marne, offering him the opportunity to contribute, alongside David Lebain, Senior Director of Eiréné expertise, to the parliamentary report "The Defense Industry: Provider of Strategic Autonomy in Europe?" presented to the National Assembly last May.

He subsequently joined a think tank around the Chief of Staff of the French Army, where he regularly exchanges with specialists on security and defense issues. He also contributes to the drafting of a report on the war economy. This led him to join the Army's citizen reserve, with a commitment to design and lead actions promoting the spirit of defense.

Simultaneously, he led the fundraising for Eiréné, announcing a first closing at €100 million in January 2023, forming his team, and making a first investment in Semip-Codechamp, the European leader in high-performance angular position sensors. *"With the conflict in Ukraine and rising tensions in other geographic areas, our investment thesis has been seen as relevant by a growing number of investors. It is now more evident that security and defense are essential conditions for implementing ESG action plans. Investors' stance on defense continues to evolve, and many are now contacting us directly to learn more about Eiréné,"* says Lionel Mestre.

Since its first closing, the fund's size has continued to grow and now exceeds €180 million, with encouraging prospects to surpass the minimum target of €200 million. The bold bet of creating Eiréné is thus on the way to being successful.

For more information on our Eiréné expertise, click





We look forward to seeing you at our booth, located at M107!



Join us at IPEM!

On September 10th and 11th, our teams will be participating in IPEM, held at the Palais des Congrès in Paris. This 11th edition focuses on the theme “Forging Confidence,” exploring how trust becomes a critical factor in a turbulent economic environment.

To schedule a meeting with our teams, contact Alain Biquard at alain.biquard@weinbergcapital.com.

For more information, visit the IPEM



Promoting autonomy and integration: Résidis’ winning formula

Since 2021, Résidis, a leading provider of supportive housing, has been growing alongside our Impact team (Cédric Weinberg, Aude Wathier, Thomas Hélias) and our co-shareholder, Metric Capital Partners. This partnership was built on a shared ambition: promoting residents’ autonomy and integration.

In early 2024, Résidis will pivot following the acquisition of VSP-Logely, which includes Voyage Services Plus, a receptive agency specializing in tourism, and Logely, a leader in emergency housing. With this merger, the newly formed Group becomes a major player in supportive housing in France.

To learn more about our “shared story” with Résidis, watch the testimonials from Alexandre Fedoroff, CEO of Résidis, Sabrina Nadji, Director of Social Impact and Communication at Résidis, and Cédric Weinberg, Partner and Managing Director of Impact expertise, in our

Did you know?

Résidis has recently published its first activity report, a comprehensive document to understand the company’s activities.

To discover this activity report (only available in French), click



Promoting equity: everyone’s responsibility!



The Weinberg Capital Partners team recently participated in a workshop on equity, designed to raise awareness about gender equity issues.

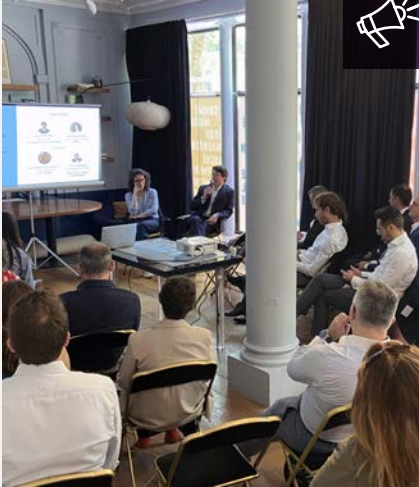
Inspired by the climate workshop, which our teams participated in in 2022, this workshop uses illustrated cards to guide participants. This format allowed our colleagues to

share experiences and assess the broad impacts of gender inequalities.

This activity, centered on dialogue, helped deconstruct stereotypes. Beyond raising awareness, the workshop aims to encourage individual and collective actions to promote equity. Participants discussed initiatives and best practices to adopt within our company and in their daily lives.

The workshop was facilitated by The Wonders team, whose dynamic approach greatly contributed to the event’s success, fostering a conducive environment for discussion.

At Weinberg Capital Partners, we firmly believe that promoting equity is everyone’s responsibility. We remain committed to advancing equality at all levels and encouraging equitable practices in all our actions.



Integrating CSR: a strategic imperative

On June 27th, Paul du Fraysseix, Head of Asset Management within our Real Estate team, shared his expertise during a roundtable on “Integrating CSR in Investor and Asset Manager Practices,” organized by Constructa Asset Management.

Alongside Anne-Claire Barberi, CSR and Innovation Director at Groupe Perial, Thierry François, Director of Sustainable Development and ESG at Constructa Asset Management, and Aurélie Rebaudo-Zulberty, Managing Partner at N’CO Conseil, Paul highlighted how crucial CSR and broader ESG considerations have become in all value-add transformation projects.

Paul illustrated his points by referencing various restructuring projects at Weinberg Capital Partners and how ESG contributes to creating value for tenants, investors, and bankers.