

Paris, 7 May 2012, 8am



### **1<sup>st</sup> Quarter 2012 Revenue: € 6.7 million**

- **17% growth in management fees due to buoyant SCPI collection**
- **Continued implementation of the selective disposal policy and start of construction of “Le Gaïa” building**
- **Upcoming launch of a capital increase of approximately € 8 million**

SIIC PAREF, a property company specialised in property investment and management on behalf of third parties, announces quarterly revenue of € 6.70 million, compared to € 7.06 million in the 1<sup>st</sup> quarter of 2011.

<b>Revenue (€ thousands)</b>	<b>Q1 2012</b>	<b>Q1 2011</b>	<b>% change</b>	<b>FY 2011</b>
Rent and cost recovered	4,849	5 482	(11.55%)	22,969
residential	793	781	1.55%	3,159
commercial	4,055	4,701	(13.73%)	19,810
Management fees	1,850	1,577	17.29%	4,140
<b>Total recurring operations</b>	<b>6,698</b>	<b>7,059</b>	<b>(5.11%)</b>	<b>27,109</b>
Property dealings	0	0	ns	0
<b>Consolidated IFRS revenue</b>	<b>6,698</b>	<b>7,059</b>	<b>(5.11%)</b>	<b>28,055</b>

#### **Decline in rent revenue due to selective disposals carried out in 2011**

Rent and costs recovered for the 1<sup>st</sup> quarter of 2012 were € 4.85 million, a decline of 11.6% which was primarily due to disposals carried out in 2011 (Parmentier, Roule, Rivoli and Les Ulis). On a constant group structure basis (excluding the impact of 2011 sales), rent revenue declined by 1.9%. The occupancy rate was 88% at the end of March, compared to 90% at the end of December. However, after restatement for properties for which an undertaking to sell has been signed at 31 March (Fontenay, Gentilly, La Houssaye and Berger), this rate was 93%, stable compared to 31 December on a constant group structure basis.

During the quarter, Paref continued its selective disposal policy with the signing of two undertakings to sell:

- The first undertaking relates to the Gentilly building, signed in January for € 5.45 million. A condition precedent applies involving the granting of planning permission free and clear of any legal encumbrances.
- The second undertaking relates to the Berger building in Paris (Forum des Halles). This was signed in March for a net sales price of € 9.97 million, not subject to any condition precedent; the sale is set to be effected in May.

Furthermore, on 15 March the Company sold 50% of the shares in Watford to GA promotion. Watford owns a building site in Nanterre that benefits from a planning permission, free and clear of any legal encumbrances. On 16 April Watford signed for a € 19 million bank loan, and in early May launched the construction of an 11,000 m<sup>2</sup> HQE/BBC office building named “Le Gaïa”. A works contract has been concluded with GA Entreprise. The building will be delivered in July 2013 and is being actively marketed.

## Increase in SCPI subscription fees

Fees from management on behalf of third parties continued to grow to € 1.85 million in the first quarter (compared to € 1.58 million in the 1<sup>st</sup> quarter of 2011), an increase of 17%. This strong performance was primarily due to SCPI subscription fees totalling € 1.2 million, of which € 0.85 million for Piere 48 (residential SCPI). At 31 March, assets under management were valued at € 604 million (up 5% compared to 31 December 2011).

## Cash capital increase

Pursuant to the decision in principle made by the Supervisory Board on 4 May 2012, the Company plans on carrying out, imminently and subject to favourable market conditions, a capital increase of approximately € 8 million, with retention of the pre-emption right, in accordance with the delegation of authority granted by the Annual General Meeting of 11 May 2011 in its 16<sup>th</sup> resolution.

The decision to carry out this transaction has been motivated by a desire to support the development of PAREF's management on behalf of third party activities. The funds raised following this capital increase will be essentially used to allow PAREF to participate in the launch of new institutional funds, primarily consisting of OPCIs, by taking minority stakes and therefore fully play its role as sponsor as in the case of Vivapierre.

**More detailed information on Group operations and financial position during the period is provided in the quarterly financial report attached to this press release.**

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### Shareholders' agenda

Annual General Meeting; 9 May 2012

1<sup>st</sup> half-year revenue: 30 July 2012

## About PAREF

**PAREF Group operates in two major complementary areas:**

- **Commercial and residential investments:** PAREF owns various commercial buildings in and out of the Paris region. The Group also owns the temporary usufruct of residential property in Paris.
- **Management on behalf of third parties:** PAREF Gestion, an AMF-certified subsidiary of PAREF manages 3 SCPIs and 3 OPCIs.

At 31 March 2012, PAREF Group owned more than € 165 million in property assets and managed assets worth in excess of € 600 million on behalf of third parties.

**PAREF shares have been listed on Eurolist Compartment C of the Euronext Paris Stock Exchange since December 2005 - ISIN code: FR00110263202 - Ticker: PAR**



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During the first quarter of 2012, Foncière PAREF pursued its selective disposal and debt reduction policy and continued to seek to increase the value of its property assets and develop its management on behalf of third parties business.

## **1 – Property portfolio and Group debt**

### **1.1 Property portfolio**

The following changes have affected the consolidated group structure since 1 January:

- On 11 January 2012, an undertaking to sell was signed in relation to the Gentilly building for € 5.45 million. A condition precedent applies involving the granting of planning permission free and clear of any legal encumbrances.
- On 5 February 2012, an emphyteutic lease contract was signed with France Télécom for one symbolic euro in relation to a building lot located on Rue Berger in Paris, adjacent to 2 lots already owned by PAREF. An undertaking to sell the 3 building lots located at Paris-Berger was signed on 6 March 2012 for a net sales price of € 9.97 million, not subject to any condition precedent. The effective transfer deed is to be signed in May.
- On 15 March 2012, GA Promotion acquired 50% of the share capital in Watford, with PAREF retaining 50% of the shares. As part of this transaction, Watford signed a works contract with GA Entreprise for the launch of the construction of an 11,000 m<sup>2</sup> HQE/BBC office building named “Le Gaïa”, to be delivered in July 2013.

In addition, the Fontenay le Fleury is subject to an undertaking to sell. The sale may be concluded by the end of 2012 subject to planning permission being granted.

Based on appraised values at 31 December 2011, the Group's property portfolio was thus valued at € 165 million at 31 March 2012, compared to € 169 million at the end of December. This decline was due to the transfer of 50% of Watford shares to GA. This includes SCPI and OPCI shares held by the Group, valued at €9.6 million based on share prices at 31 March.

### **1.2 Financial debt**

At 31 March, the Group had total financial debt of € 99.5 million, compared to € 102.2 million at 31 December 2011. The € 2.7 million decline included ban repayments of € 1.7 million and the repayment of a short-term debt of € 1.0 million.

After taking account of escrow accounts of € 2.6 million and cash and cash equivalents of € 12.1 million, net financial debt was € 84.8 million.

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<sup>1</sup> Unaudited data

The LTV ratio, net of cash and cash equivalents and escrow accounts, was 50% compared to 52% at the end of December.

On 16 April, Watford (of which Paref and GA Promotion own 50% each), signed for a bank loan of € 19 million to start the construction of an 11,000 m<sup>2</sup> HQE/BBC office building named "Le Gaïa".

## **2. – Revenue for the 1<sup>st</sup> quarter: € 6.7 million (down 5%)**

<b>Revenue (€ thousands)</b>	<b>Q1 2012</b>	<b>Q1 2011</b>	<b>% change</b>	<b>FY 2011</b>
Rent and cost recovered	4,849	5 482	(11.55%)	22,969
residential	793	781	1.55%	3,159
commercial	4,055	4,701	(13.73%)	19,810
Management fees	1,850	1,577	17.29%	4,140
<b><u>Total recurring operations</u></b>	<b>6,698</b>	<b>7,059</b>	<b>(5.11%)</b>	<b>27,109</b>
Property dealings	0	0	ns	0
<b>Consolidated IFRS revenue</b>	<b>6,698</b>	<b>7,059</b>	<b>(5.11%)</b>	<b>28,055</b>

### **2.1 - Decline in rental revenue due to selective disposals carried out in 2011**

Rent (and costs recovered) for the 1<sup>st</sup> quarter of 2012 were € 4.85 million, a decline of 11.6%. This € 0.63 reduction was primarily due to disposals of the Parmentier, Roule, Rivoli and Les Ulis buildings carried out in 2011 (€ 0.58 million). On a constant group structure basis (excluding 2011 sales), rent revenue declined by 1.9%.

During the first quarter, ten new leases were signed in relation to the Lognes, Cauffry, Bondy and Vitry sur Seine locations. The renegotiation initiated with the Original VD tenant in Croissy-Beaubourg also led to the signing of a new 12-year firm lease, set to take effect on 1 April for an annual rent of € 750 thousand (reduced to € 732 thousand for the first three-year period) compared to € 878 thousand previously.

La Poste gave notice that it would vacate the Rueil Malmaison site effective from 30 September 2012. This site is being actively marketed.

Notice was also given by Van Hecke Logistique, which rents a major section of the Aubergenville site, effective from 31 May 2012. Negotiations are ongoing with this tenant.

### **2.2 –Increase in SCPI subscriptions**

Management fees from third parties continued to increase to € 1.85 million for the quarter, compared to € 1.58 million in the 1<sup>st</sup> quarter of 2011, up 17%. This strong performance was primarily due to SCPI management fees, which represent € 1.2 million, of which € 0.85 million for Pierre 48 (residential SCPIs). At 31 March, assets under management were valued at € 604 million, compared to € 576 million at 31 December 2011).

## ASSETS MANAGED BY PAREF GROUP

Capital under management	31/03/2012		31/12/2011		% change	
	m <sup>2</sup>	€ thousands	m <sup>2</sup>	€ thousands	m <sup>2</sup>	€ thousands
<b>Paref Group (1)</b>	<b>232,440</b>	<b>164,219</b>	<b>233,967</b>	<b>169,368</b>	<b>(1%)</b>	<b>(3%)</b>
Interpierre	47,779	22,681	47,779	19,669	0%	15%
Novapierre 1	35,859	136,533	35,859	130,798	0%	4%
Pierre 48	52,977	270,894	52,660	258,043	1%	5%
<b>Total SCPIs (2)</b>	<b>136,615</b>	<b>430,108</b>	<b>136,298</b>	<b>408,510</b>	<b>0%</b>	<b>5%</b>
<b>Total OPCIs</b>	<b>59,815</b>	<b>158,500</b>	<b>59,815</b>	<b>156,975</b>	<b>0%</b>	<b>1%</b>
<b>Third party</b>	<b>7,121</b>	<b>15,443</b>	<b>5,593</b>	<b>10,768</b>	<b>27%</b>	<b>43%</b>
Usufruct counted twice (3)	(16,661)		(16,661)			
Interpierre (4)	(47,779)	(22,681)	(47,779)	(19,669)		
<b>Grand total</b>	<b>371,551</b>	<b>745,589</b>	<b>371,233</b>	<b>725,952</b>	<b>0%</b>	<b>3%</b>
<b>of which management on behalf of third parties</b>	<b>203,551</b>	<b>604,051</b>	<b>201,706</b>	<b>576,253</b>	<b>1%</b>	<b>5%</b>

(1) appraised value of assets at 31 December 2011

(2) capitalisation at 31 March based on share issue prices at that date

(3) floor area counted both by Pierre 48 (bare owner) and Paref or third party under management (usufruct)

(4) value counted both by Paref Group (consolidated data) and the SCPI

### **3 – Outlook**

The selective disposals have strengthened Paref Group's financial position and facilitated the development of management on behalf of third parties activities. In that respect, 2011 disposals supported the financing of the Development project in Nanterre, Le Gaïa.

The Paref Group will continue to implement its growth strategy, which is based on the development of its asset portfolio with use of leverage not exceeding 50%, primarily through indirect investments via minority shareholdings in OPCIs launched by Paref Gestion, and the continued development of management on behalf of third parties (SCPIs and OPCIs)

The development of new institutional, dedicated or theme-based OPCIs will remain a key component of the Group's growth.

Paref will also benefit from the significant untapped potential of the SCPI management business. With a comprehensive range of residential (Pierre 48), store (Novapierre 1) and office (Interpierre) SCPIs, Paref Gestion is able to tap into savers' strong interest in property securities.

The selective disposals policy will be continued, featuring one or two disposals per year of assets having reached maturity or inconsistent with our strategy.

Lastly, Paref will continue its policy of increasing equity, in particular through cash capital increases by contribution in kind, depending on the opportunities that will present themselves.

To that end, pursuant to the decision in principle made by the Supervisory Board on 4 May 2012, the Company plans on carrying out, imminently and subject to favourable market conditions, a capital increase of approximately € 8 million, with retention of the pre-emption right, in accordance with the delegation of authority granted by the Annual General Meeting of 11 May 2011 in its 16<sup>th</sup> resolution.

The decision to carry out this transaction has been motivated by a desire to support the development of PAREF's management on behalf of third party activities. The funds raised following this capital increase will be essentially used to allow PAREF to participate in the launch of new institutional funds, primarily consisting of OPCIs, by taking minority stakes and therefore fully play its role as sponsor, as in the case of Vivapierre.