

HALF-YEAR RESULTS TO 30 JUNE 2012

- ***Continued debt reduction and significant improvement in LTV ratio following selective disposals***
- ***Growth in Group share of net profit (including movements in value) to €3.3 million***
- ***Start of construction on “Le Gaïa” building in Nanterre in partnership with GA Promotion for delivery in August 2013 (11,000 m2 HQE/BBC office block)***
- ***New management contract with SCPI Capiforce Pierre***
- ***Successful capital increase allowing for a renewed investment drive***

The PAREF Management Board meeting of 11 September 2012, chaired by Alain Perrollaz, approved the Group's first half-year consolidated financial statements at 30 June 2012 and submitted them to the Supervisory Board.

PROPERTY ASSETS

- **The Group continued its selective disposal policy** in relation to mature or unsuitable assets and sold the Paris - Berger property for €10 million. Since 1 January, undertakings to sell have been signed for the Gentilly, Rueil-Malmaison and Clichy/Pouchet buildings.
- **Consolidated property assets** (appraised value excluding stamp duty and acquisition expenses) were valued at **€166 million**, (compared to €179 million at 31 December 2011). The decline in value was primarily due to the disposal of assets during the first six months (Paris Berger and 50% of the share capital of Watford, which is overseeing the construction of the “Le Gaïa” building in Nanterre). Consolidated property assets include SCPI and OPCI shares held by the Group, all assets held by SCPI Interpierre (fully consolidated) and 50% of the assets of Watford, now equity-accounted.
- **The movement in fair value of the buildings on a constant group structure basis** resulted in a decline of €0.2 million (including €0.7 million in amortisation of usufruct). Excluding usufruct, the movement resulted in an increase of 0.4% of the value of investment property at 31 December 2011 on a like-for-like basis.
- **Substantial return on property assets:** 9.2% overall gross yield.
- **Occupancy rate:** 88%, down 2 percentage points compared to the end of December 2011, due to selective disposals and buildings subject to an undertaking to sell being vacated. Restated for the latter, the occupancy rate was 93%.

REVENUES

- **Rental income:** Rent and Costs Recovered totalled €9.4 million, compared to €10.7 million for the six months to 30 June 2011. This decline (2.3% on a like-for-like basis compared to the six months to 30 June 2011) was primarily due to the disposals of buildings in 2011 and 2012 and rental renegotiations, often accompanied by extended lease terms. This was the case for Croissy-Beaubourg, for which a new 12-year lease has been signed. After property charges, net rental income was €6.7 million, compared to €8.1 million for the six months to 30 June 2011.

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The PAREF Group continues to strive and improve the occupancy rate; in addition to Croissy-Beaubourg, 14 new commercial leases were signed by SIIC PAREF and SCPI Interpierre in the first half of the year. As a result, the Bondy and Lognes Campanules buildings boast an occupancy rate of 100%. A new unit was rented out in Cauffry. A new 6-year, firm lease was signed with the La Houssaye tenant for the entire floor area of this building, with effect from 1 September 2012.

- **Management on behalf of third parties:**

Assets under management (SCPIs, including Interpierre, and OPCIs) totalled €615 million, an increase of 7% since 31 December and 17% since 30 June 2011.

SCPI Capiforce Pierre (capitalisation: €50 million) has selected Paref Gestion as its management company, with effect from 1 January 2013, to replace its previous manager. Conversely, OPCI Naos' shareholders have asked to be transferred to a different management company. Pending approval of this new company by the custodian, Paref Gestion continues to manage this OPCI on a provisional basis.

Management fees: €3.3 million, compared to €3.6 million to the end of June 2011. In light of record 2011 figures, management fees remains at a substantial level due to strong SCPI fundraising and an increase in assets under management.

RESULTS

Main consolidated income statement items (IFRS)

(€ millions)	30/06/2012	30/06/2011
Net rental income	6.7	8.1
Management and subscription fees	3.3	3.6
Gross operating profit	5.6	7.5
Proceeds from investment property disposals	0.5	0.1
Net movement in investment property fair value	(0.2)	(4.2)
Net financial expense	(3.5)	(3.6)
Profit/(loss) before tax	2.4	(0.3)
Net profit - Group share	3.34	0.03
<i>Earnings/(loss) per share, adjusted, weighted and diluted (€)</i>	<i>3.3</i>	<i>0.0</i>

- **Gross operating profit** declined by 25.5%, down €1.9 million, as a result of the decrease in revenues, primarily due to asset disposals in 2011/2012. Overheads were virtually unchanged (€0.2 million increase).
- **Net finance expense:** the net cost of financial debt decreased significantly by 23% to €2.8 million, compared to €3.7 million for the six months to 30 June 2011, a result of the debt reduction achieved by the Group over the last few months. Conversely, the cost of the swap option subscribed in 2010 to hedge the refinancing of the Dax building loan post-2014 and the early repayment of the Berger loan, recognised as other financial expenses, had an adverse impact of €0.5 million on the net finance expense. Overall, the net finance expense was €3.5 million, an improvement of 4%.

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- **Proceeds from disposals:** disposals effected over the first half of 2012 (sale of premises rented out to France Telecom for €10 million and sale of 50% of shares in Watford) generated a net capital gain of €0.5 million.
- **Fair value movement:** a decline of €0.2 million (€0.7 million of which was due to usufruct amortisation), compared to a decline of €4.2 million at 30 June 2011.
- **Profit/(loss) before tax:** €2.4 million, compared to a decline of €0.3 million for the six months to 30 June 2011; profit before tax and fair value movements was €2.6 million, compared to €3.9 million for the half-year to 30 June 2011, as the decline in operating revenues from asset disposals was insufficiently offset by the improvement in the net finance expense, as specified above.
- **Consolidated net profit – Group share:** €3.3 million (compared to €0.03 million for the half-year to 30 June 2011), corresponding to net earnings per share, adjusted, weighted and diluted of €3.34. OPCl Vivapierre's contribution (equity-accounted) to the Group's net profit was €0.9 million (compared to €0.7 million for the half-year to 30 June 2011).

BALANCE SHEET

IFRS consolidated financial statements

(€ millions)	30/06/2012	31/12/2011
Total assets	194.1	196.1
Total liabilities	100.2	115.6
Equity – Group share	86.5	76.1
Liquidation EPRA NAV / share	84.9	89.8
<i>(€ per outstanding share at end of period, excluding treasury shares)</i>		
Replacement EPRA NAV / share	94.0	100.9
<i>(€ per outstanding share at end of period, excluding treasury shares)</i>		

- **Consolidated equity – Group share:** €86.5 million, compared to €76.1 million at the end of December 2011. This change was primarily due to the capital increase of €7.5 million carried out in June, net profit of €3.3 million and the payment of a dividend of €1.0 million in May.
- **Consolidated financial debt:** €87.7 million at 30 June 2012, a decline of €14.4 million since 31 December 2011, as a result of the early repayment of loans following the sale of the Berger building and the standard amortisation of the principal of loans entered into to finance the assets.
At 30 June 2012, the Group had cash and cash equivalents of €16.7 million and €2.6 million in escrow accounts, classified as non-current financial assets. Net consolidated financial debt therefore amounted to €68.4 million at 30 June 2012.
- **Net financial debt/asset value (LTV ratio):** 41% at 30 June 2012 (compared to 52% at 31 December 2011 and 53% at 30 June 2011), substantially lower than limits set by the bank covenants (65%). All other things being equal, after delivery and financing of the “Le Gaïa” building the LTV ratio should be 43%.
- **Virtually all bank borrowings bear a fixed interest rate or are hedged by an interest rate swap.**
- **NAV per share.** Liquidation and replacement NAVs, now calculated in accordance with EPRA standards, were as follows:
 - **EPRA NAV (liquidation) per share:** €84.9 per share, against €89.8 per share at the end of 2011 (data restated in accordance with the same method).
 - **Replacement NAV (including stamp duty):** €94.0 per share, compared to €100.9 (restated figure) at 31 December 2011.
 - **“Triple net” EPRA NAV** (including the fair value of debt) was €80.3 per share.

The June 2012 capital increase had a negative impact of €8.5 and €10.5 per share on the liquidation NAV and replacement NAV, respectively.

OUTLOOK

The PAREF Group, bolstered by the success of the capital increase and the debt reduction effected over the last 18 months, is focusing on three major objectives:

- Renewed investment drive

Priority will be given to select indirect investment, via minority shareholdings in institutional OPCIs launched by Peref Gestion, depending on opportunities that will arise, employing the same model used for Vivapierre. This type of investment means the risk can be diversified while maximising the Group's financial performance, due to fees which are added to the return on investment.

- Upmarket move for the asset portfolio

The active policy to dispose of selected mature or unsuitable assets will be continued with the intention of effecting high added value transactions and refocusing the asset portfolio on office buildings that comply with new environmental standards (as is the case with the "Le Gaïa" transaction).

- Development of management on behalf of third parties

- PAREF Gestion will continue to benefit from the popularity of property-based securities, thanks to a diversified range of SCPIs, with Novapierre (stores), Pierre 48 (residential property in Paris and in the Paris region) and Interpierre (offices and business premises). A new product is being developed.
- The Group will also seek opportunities to create OPCI RFAs, both as part of its indirect investment policy and as a simple service provider.
- Taking over the management of SCPI Capiforce Pierre at the request of its partners is a major undertaking, indicating a strong future. As an independent management company, Peref Gestion has established itself as a key player on a human scale, capable of providing a bespoke service to mid-sized SCPIs.

The 2012 half-year financial report will be available on the PAREF website on 14 September

Shareholders' agenda
3rd quarter revenues: 9 November 2012

About PAREF

PAREF Group operates in two major complementary areas:

- **Commercial and residential investments:** PAREF owns various commercial buildings in and outside 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 OPCIs.

At 30 June 2012, PAREF Group owned € 166 million in property assets and managed assets worth € 615 million on behalf of third parties.

PAREF shares have been listed on Eurolist Compartment C of the European Paris Stock Exchange since December 2005

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