



Quarterly business report⁽¹⁾

First quarter 2013

14 May 2013

SIIC PAREF, a property company specialised in property investment and management on behalf of third parties, announces quarterly revenue of € 5.7 million, compared to € 6.7 million in the first quarter of 2012.

1 – Property assets and Group debt

1.1 Property portfolio

The following changes have affected the consolidated property portfolio since 1 January:

- On 7 March 2013, SCPI Interpierre signed a € 3.5 million undertaking to purchase relating to a business facility built in 2006 and located in the South of the Paris region. This building is subject to a 9-year firm lease maturing in 8 years. The title deed should be signed during June at the latest.
- The planning permission application filed by the beneficiary of the undertaking to sell for the former Gentilly private hospital was appealed on 22 January 2013. Negotiations are ongoing. The disposal process should therefore be postponed until the 3rd quarter of 2013.
- The main tenant of La Courneuve had a call option on the whole site, valued at € 14 million and exercisable between 1 October 2012 and 31 March 2013. The option provides that the price is partly indexed on the ICC (French Construction Cost Index) and that it is to be increased by the cost of major repair work incurred since the lease was signed. The tenant submitted an offer dated 19 March. The undertaking to sell should be signed shortly.

Excluding the continued construction of the “Le Gaia” building located in Nanterre (€ 2.5 million during the first quarter of 2013 in relation to Paref’s share), no acquisition or disposal was carried out during the period on the Group’s property portfolio, whose value totalled € 163 million at 31 December 2012, based on appraised values at 31 December 2012, increased by capital expenditure on Le Gaïa, less the amortisation of temporary usufructs.

1.2 Financial debt

Total Group financial debt was € 81.6 million at 31 March 2013, compared to € 83.6 million at 31 December 2012. The € 2.0 million change was due to debt amortisation.

Including escrow accounts of € 3.1 million and cash and cash equivalents of € 8.4 million, the consolidated net financial debt was € 70.1 million.

The LTV ratio (net financial debt to property portfolio value), including the share of the Le Gaïa building owned by Wep Watford, an equity-accounted company, was 40%, compared to 42% at the end of December.

¹ Unaudited data

2. – First quarter 2013 revenue: €5.7 million (down 15%)

Revenue (€ millions)	Q1 2013	Q1 2012	% change	FY 2012
Rent and cost recovered	4.3	4.8	(10.8%)	18.1
residential	0.5	0.8	(40.3%)	2.5
commercial	3.9	4.1	(5.0%)	15.7
Management fees	1.4	1.8	(25.3%)	6.1
Consolidated IFRS revenue	5.7	6.7	(14.8%)	24.2

2.1 - Decline in rent revenue due to selective disposals carried out in 2012

Rent and costs recovered during the first quarter of 2013 were € 4.3 million, compared to € 4.8 million in the first quarter of 2012, a decline of € 0.5 million, of which € 0.3 million was due to certain temporary usufructs maturing in 2012 (residential property) and € 0.2 million to rent from the Berger property that was sold at the end of the first quarter of 2012.

On a constant group structure basis (excluding 2012 sale and end of usufructs), rental income was stable.

The occupancy rate was 88% at the end of March, compared to 91% at the end of December.

The change in this rate was primarily due to the previously announced departure of the Saint Maurice tenant and to the termination of business activities of the Vaux-Le Pénil building's tenant. The Evry commercial Court, in a ruling dated 14 January 2013, wound up the Atryos company, which rented the Vaux le Pénil building. A company has already approached Paref to lease the premises. Provisions have been established for all Atryos receivables.

Furthermore, the tenant of La Houssaye Tem IdF, which had signed a temporary lease in 2011, followed by a firm 6-year lease in September 2012, has been placed in court-ordered administration.

2.2 – Decrease in SCPI subscription fees

During the first quarter of 2013, management fees, including management fees on managed assets and subscription fees) totalled € 1.38 million compared to € 1.85 million for the same period of 2012, although it should be noted that on a comparable consolidation method ⁽¹⁾, restated first quarter 2012 fees would have been € 2.0 million.

Out of this total, SCPI subscription fees were € 0.64 million compared to € 1.16 million in the first quarter of 2012 (or € 1.3 million after restatement). This was related to the decline in subscriptions compared to a favourable first quarter 2012 (exceptional subscriptions originating from institutional investors).

Management fees on managed assets represented € 0.74 million, compared to € 0.69 million in the first quarter of 2012, an increase of 8%. During the quarter, the favourable effect of the increase in managed assets and of assuming the management of SCPI Capiforce Pierre (which represents full-year management fees of € 0.3 million) was nevertheless offset by various exceptional fees (fees on asset disposals) of € 0.1 million collected in the first quarter of 2012 in respect of Pierre 48 and the already announced transfer out of the OPCI Naos (which represented full-year management fees of € 0.1 million).

Since 1 January 2013, Paref Gestion is SCPI Capiforce Pierre's management company, with managed assets of € 41.4 million.

(1) : Interpierre's subscription fees were previously eliminated on consolidation.

The assets managed or owned by the Group at 31 March 2013 may be analysed as follows:

ASSETS MANAGED BY PAREF GROUP

Capital under management	31-March-13		31-Dec.-12	
	m2	€ thousands	m2	€ thousands
Paref Group (1)	230,373	163,427	230,373	161,296
Capiforce	29,913	41,373		
Interpierre	47,779	24,031	47,779	23,743
Novapierre 1	37,796	147,928	35,859	145,874
Pierre 48	52,660	287,929	52,660	281,728
Total SCPIs (2)	168,148	501,261	136,298	451,345
Vivapierre (3)	53,833	118,500	53,833	118,500
Total OPCIs	53,833	118,500	53,833	118,500
Tiers	11,069	25,359	11,069	22,904
Usufructs (4) & Watford (5) counted twice	(14,391)	(11,923)	(14,391)	(9,468)
Interpierre (5)	(47,779)	(24,031)	(47,779)	(23,743)
Grand total	401,253	772,592	369,403	720,834
Of which management on behalf of third parties:	233,050	645,120	201,200	592,749

(1) appraised value of assets at 31 December 2012 restated for Le Gaïa capital expenditure and amortisation of temporary usufructs

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

(3) appraised value of assets at 31 March 2013

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

(5) value counted both by Paref Group (consolidated data) and Interpierre or Watford

3 – Outlook

The PAREF Group, bolstered by the improvement of its financial position and debt reduction achieved over the last two years, now focuses on 3 main objectives:

- Resumption of investments, particularly due to funds raised during the latest capital increase of € 7.4 million and liquidities freed up by the selective disposal policy, which is set to continue.
- Asset portfolio trade up, seeking to invest in high environmental quality buildings, as is the case with the “Le Gaïa” transaction in Nanterre.
- Development of the management on behalf of third parties business, particularly Paref Gestion’s range of SCPIs. Since 1 January, Capiforce Pierre (mixed SCPI) has been added to the existing range, which includes Novapierre (retail stores), Pierre 48 (residential property in Paris and the Paris region) and Interpierre (offices and business premises).

The Group will also seek opportunities to create OPCI with simplified operating rules, aimed at institutional investors, both as part of its indirect investment policy or simply as a provider within the framework of partnerships.