PAREF
VOTRE CAPITAL PIERRE

Press release

Paris, 18 September 2014, 5.35 pm

HALF-YEAR RESULTS TO 30 JUNE 2014

- ***Continued upgrade of property assets***
- ***Record SCPI fundraising thanks to the success of Novapierre Germany***
- ***Recurring net profit stable at €3.3 million***
- ***NAV EPRA: €80/share***

The PAREF Management Board meeting of 17 September 2014, chaired by Alain Perrollaz, approved the Group's first half-year consolidated financial statements at 30 June 2014 and submitted them to the Supervisory Board. The financial statements have been subject to a limited review by the Statutory Auditors.

PROPERTY ASSETS

- **The Group continued its selective disposal policy** and sold the La Courneuve and Fontenay le Fleury assets as well as part of the Saint Maurice assets. These sales generated a capital gain of €0.3 million.
- **The PAREF Group's property assets**, including the fully consolidated SCPI Interpierre, were valued at €179 million at 30 June 2014 (compared with €172 million at the end of December 2013) on the basis of expert appraisals. This amount includes investment property and assets held for sale totalling €149.7 million (including €2.5 million under temporary usufructs), the 27% shareholding in the equity-accounted OPCI Vivapierre amounting to €10.5 million, SCPI shares (wholly owned or held under usufruct) totalling €1.1 million (classified under financial assets held for sale in the consolidated balance sheet) and 50% of the property assets of the equity-accounted Wep Watford company (Le Gaia building delivered in January 2014) totalling €18.1 million.
- **On a constant group structure basis, the movement in the fair value of buildings** resulted in a decline of €0.9 million, including €0.6 million in respect of the economic depreciation of temporary residential property usufruct. Excluding the impact of usufruct, this change represented a decline of 0.2% in the value of buildings.
- **Occupancy rate:** 91% compared with 89% at 31 December 2013 (excluding Gaia) and 83% compared with 79% (including Gaia). A first lease of a 1,500 m² office complex within Le Gaia was signed during the first half-year.

REVENUES

- **Rental income:**

  Rent (and costs recovered) for the first six months of 2014 amounted to €8.3 million, compared with €8.5 million for the first half of 2013. Rent from the Levallois building (5,800 m² of offices located near to the So Ouest shopping centre), acquired in April 2014 and 95% rented out, offset the effects of the sale of the Rueil and La Courneuve buildings, completed in May 2013 and March 2014 respectively. The €0.2 million decline was due to renegotiations of leases and tenants moving in and out.

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

  Gross SCPI fundraising reached a new high of €36.5 million over the first half-year thanks to the new SCPI Novapierre Germany, whose launch has been highly successful. This SCPI posted a capitalisation of €28.5 million at 30 June and made its first two acquisitions in June for the sum of €16 million.

Subscription fees thus increased to €1.7 million (including €1.2 million from Novapierre Germany), compared with €1.4 million in the first half of 2013.

Management fees on property assets represented €1.7 million, compared with €1.5 million over the same period of 2013.

Management fees totalled €3.2 million over the first six months compared with €2.9 million, an increase of 11%.

Third party assets under management totalled €713 million, an increase of 4% compared with 31 December 2013. Total assets held or managed by Paref Group, following elimination of duplication (Paref investments in funds managed by Paref Gestion) thus totalled €851 million, as against €816 million at the end of 2013.

RESULTS

Main IFRS consolidated income statement items

(€ millions)	30/06/2014	30/06/2013
Net rental income	5.9	6.2
Management and subscription fees	3.2	2.9
Gross operating profit	5.2	5.5
Capital gains and losses on investment property disposals	0.3	0.3
Net movement in investment property fair value	(0.9)	(1.6)
Net financial expense	(2.7)	(1.9)
Profit before tax	1.9	2.2
Income tax	(0.2)	(0.2)
Share of profit of associates	(0.8)	1.1
Net profit - Group share	0.4	2.4
Earnings per share, adjusted, weighted and diluted (€)	0.3	2.0

- **Gross operating profit:** Gross operating profit declined slightly to €5.20 million in comparison with €5.50 million for the six months to 30 June 2013.
- **Net financial expense:** This was €2.7 million compared with €1.9 million for the six months to 30 June 2013. This €0.8 million increase was due to early repayment penalties related to Fontenay-Le-Fleury (€0.5 million) and the revaluation of the swap option (€0.6 million) subscribed to in 2010 to hedge the refinancing of the Dax building post-2014. The net financial expense after restatement of these two movements decreased by €0.3 million as a result of debt repayment.
- **Proceeds from disposals:** The Group continued its selective disposal policy and sold the La Courneuve and Fontenay Le Fleury assets as well as part of the Saint Maurice assets. These sales generated a capital gain of €0.3 million.

- **Fair value movement:** The movement in the fair value of buildings comprising PAREF's property assets resulted in a decline of €0.9 million on a constant group structure basis (including €0.6 million in relation to the economic depreciation of usufruct). Excluding usufruct, the movement resulted in a decline of 0.2% in the value of investment property on a like-for-like basis compared with 31 December 2013.
- **Profit before tax**: Net profit before tax for the six months totalled €1.9 million (compared with €2.2 million for the period to 30 June 2013). The tax charge totalled €0.2 million, unchanged from 30 June 2013.
- **Associates:** Losses recognised in relation to equity-accounted companies were €0.6 million and €0.3 million for Vivapierre and Wep Watford respectively.
- **Consolidated net profit – Group share:** Group share of consolidated net profit for the six months to 30 June 2014 was €0.4 million, compared with €2.4 million for the half-year to 30 June 2013. Recurring net profit (excluding the impact of disposal gains or losses and fair value movements, including those of equity-accounted companies and excluding the impact of gains and losses related to forward instruments) was stable at €3.3 million.

  Diluted earnings per share, excluding treasury shares, weighted according to the number of shares outstanding, was €0.32 compared with €2.02 at 30 June 2013.

BALANCE SHEET

IFRS consolidated financial statements

(€ millions)	30/06/2014	31/12/2013
Total assets	188.4	187.7
Total liabilities	90.1	87.0
Equity – Group share	84.2	87.5
Liquidation EPRA NAV / share* *(€ per outstanding share at end of period, excluding treasury shares)*	**79.7**	**81.8**
Replacement EPRA NAV / share* *(€ per outstanding share at end of period, excluding treasury shares)*	**89.5**	**89.4**

* Restated 2013 figures

- **Consolidated equity – Group share**: this was €84.2 million at the end of June 2014, compared with €87.5 million at 31 December 2013 and €88.1 million at 30 June 2013.
- **Consolidated financial debt remained stable at 30 June 2014** at €78.0 million compared with €77.5 million at 31 December 2013. This stability resulted from the combined effect of debt amortisation, early repayment related to the sale of buildings (La Courneuve and Fontenay in particular) and the financing of the Levallois Perret building (€13.5 million).
- **Net financial debt/asset value (LTV ratio)**: 43.3% at 30 June 2014 (against 40% at 31 December 2013), substantially lower than the limits set by bank covenants (55%).
- **Virtually all consolidated bank debt bears a fixed interest rate or is hedged by an interest rate swap.**
- **NAV per share.** Liquidation and replacement NAVs are calculated in accordance with EPRA standards and are as follows:
  - **EPRA NAV (liquidation) per share: €79.7** per share, against €81.8 per share at the end of 2013,
  - **“Triple net" EPRA NAV** (including the fair value of the debt): €71.8/share (€76.4/share at the end of 2013),
  - **Replacement NAV (including stamp duty)**: €89.5 per share compared with €90.3 per share.

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OUTLOOK

In an interest rate environment that is favourable to its two activities, Paref will continue to grow by leveraging the synergies of its business model, combining its Property investment and Management on behalf of third parties. Bolstered by an improved financial position, Paref will be able to capitalise on market opportunities to develop its activities.

Investment:

- Paref is continuing its policy of upgrading its property assets. Priority will be given to investments via institutional vehicles managed by Paref Gestion (professional SCPIs or OPCIs) or as co-investments via vehicles such as Polybail (Levallois building) in order to increase the size of managed assets. The assets targeted mainly include high quality office buildings located within the inner suburbs of Paris, similar to the assets acquired in the first half-year in Levallois. Minority investments in "general public" vehicles launched by Paref Gestion, such as Novapierre Germany, are also being considered, depending on the circumstances.
- At the same time, the selective disposal programme will be continued in relation to certain assets located in the outer suburbs as opportunities arise (sale to users or developers).

Management on behalf of third parties: continued growth

- On the back of the successful launch of Novapierre Germany, the Group will expand its SCPI portfolio by focusing on innovation. Projects are under consideration.
- The Group will also seek out opportunities to create professional OPCIs, both as part of its indirect investment policy and as a mere service provider within the framework of partnerships, and should benefit from the strengthening of its sales teams.
- Paref Gestion will continue to promote its SCPI range, benefiting both from a buoyant market and a diverse product range, via Novapierre (retail stores), Pierre 48 (residential property in and around Paris), Interpierre (offices and business premises), Capiforce Pierre (mixed SCPI) and Novapierre Germany (commercial property in Germany).

The 2014 half-year financial report will be available on the PAREF website on 19 September

Shareholders' agenda
3rd quarter revenues: 5 November 2014

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 5 SCPIs and 2 OPCIs.*

At 30 June 2014, PAREF Group managed assets worth €851 million (including €179 million of its own property assets).

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

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