

## **HALF-YEAR RESULTS TO 30 JUNE 2015**

- **Continued investment with the acquisition of an office building in Gentilly**
- **Reduction in borrowing cost**
- **New record in SCPI fundraising thanks to the success of Novapierre Germany**
- **Net profit - Group share: €3.5 million**
- **EPRA NAV: €81.3/share**

At its meeting of 16 September 2015, chaired by Alain Perrollaz, the PAREF Management Board approved the Group's first half-year consolidated financial statements at 30 June 2015 and submitted them to the Supervisory Board. The financial statements have been subject to a limited review by the Statutory Auditors. Figures for the first half of 2015 take into account the initial application of the IFRIC 21 interpretation. The 2014 financial statements have been restated accordingly for comparison purposes.

### **PROPERTY ASSETS**

- **Acquisitions:** On 26 June 2015, PAREF acquired an office building located in Gentilly, facing the Paris ring road, via a wholly-owned SNC (French general partnership). This highly visible building of approximately 2,800 m<sup>2</sup> is entirely rented out to a major international group, through a 3/6/9 lease signed in July 2014. This asset is in line with the Group's strategy of upgrading its property assets, combining a good level of immediate yield with the potential for value creation due to its ideal location at the gates of Paris.  
In addition, on 30 June 2015 the fully consolidated SCPI Interpierre France signed the acquisition of two new stand-alone business premises (delivered in 2010 and 2014) with a total surface area of 5,200 m<sup>2</sup>, located in Séclin on the A1 motorway on the southern outskirts of Lille, in close proximity to Lille airport and the regional logistics hub.  
Lastly, on 23 July 2015 SCPI Interpierre France signed an undertaking to acquire an asset located in Bron, just outside Lyon (Lyon-Bron airport), beside the A43 motorway (Lyon's Eastern Ring Road). These office premises of approximately 1,280 m<sup>2</sup>, served by the tram line, are rented out to 8 tenants, with the main one being for a firm remaining lease term of 8 years.
- **Selective disposals:** An undertaking to sell subject to conditions precedent, notably regarding the securing of planning permission, was signed on 1 April in relation to the office and warehouse building located on Rue Foch in Vaux-le-Pénil (77). Moreover, the SCPI Interpierre France sold an asset in Chennevières for €0.6 million.
- **PAREF Group's property assets**, including the fully consolidated SCPI Interpierre France, were valued at €186 million at 30 June 2015 (compared with €175 million at the end of December 2014) based on expert appraisals. This amount includes investment property and assets held for sale (including €41 million for Interpierre), 50% of the property assets of the equity-accounted company Wep Watford (Le Gaia building), the 27% shareholding in the equity-accounted OPCI Vivapierre, as well as SCPI shares (wholly owned or held under usufruct).
- **The movement in the fair value of buildings** resulted in an increase of €0.8 million, including a decline of €0.3 million in respect of the economic depreciation of temporary residential property usufruct. Excluding the impact of usufruct, at constant scope this change represented a 1% rise in the value of buildings. This increase reflects the dynamism of the investment market, although there was a marked contrast between the inner and outer suburbs of Paris.
- **Rise in the occupancy rate** to 94.4% against 92.6% at 31 December 2014 (excluding Gaïa) and 84.9% against 84% (including Gaïa).

## ASSETS UNDER MANAGEMENT

The half-year was marked by a new record high in fundraising, thanks to the SCPI Novapierre Germany, by the creation of an OCPI ("54 Boétie") and by the securing of a new SCPI management mandate: Paref Gestion has accordingly been selected by SCPI Atlantique Pierre 1 as management company at its last Annual General Meeting, effective as of 1 January 2016.

Assets managed on behalf of third parties totalled €1,055 million, compared with €725 million at 31 December 2014, due in particular to the creation of the OPCI "54 Boétie".

Total assets held by the property fund and managed by Paref Group, following elimination of duplication (Paref investments in instruments managed by Paref Gestion) totalled €1,197 million.

## REVENUES

### ▪ Rental income:

Rental income for the first half of 2015 (including those of the fully-consolidated Interpierre France totalling €1.6 million) was €6.3 million, compared with €6.7 million for the first half of 2014. This €0.4 million fall primarily resulted from the end of a usufruct for a residential building in 2014.

Net rental income at 30 June 2015 stood at €5.1 million compared with €5.7 million at 30 June 2014. The negative impact of IFRIC 21 on net rental income was €0.5 million for the first half of 2015 and €0.3 million for the same period of 2014.

### ▪ Management on behalf of third parties:

During the first half of 2015, management and subscription fees totalled €4.7 million compared with €3.2 million for the same period in 2014, an increase of 47%.

Subscription fees increased due to SCPI Novapierre Germany which continued to raise a high level of funds (€24 million). Fundraising by Interpierre France also grew significantly, reaching €6 million over the half-year. Subscription fees totalled €3.0 million (including €2.3 million from Novapierre Germany, compared with €1.2 million in the first half of 2014). Management fees on property assets represented €1.7 million, stable compared with the first half of 2014.

## RESULTS

### Main IFRS consolidated income statement items

| (€ millions)   | 30/06/2015 | 30/06/2014<br>restated* |
|--|------------|-------------------------|
| Net rental income                                      | 5.1        | 5.7                     |
| Management and subscription fees                       | 4.7        | 3.2                     |
| Gross operating profit                                 | 4.2        | 4.9                     |
| Proceeds from property disposals                       | 0.0        | 0.3                     |
| Net movement in investment property fair value         | 0.8        | (0.9)                   |
| Net financial expense                                  | (1.4)      | (2.7)                   |
| Profit before tax                                      | 3.6        | 1.6                     |
| Income tax   | 0.0        | (0.2)                   |
| Share of profit/(loss) from associates                 | 0.0        | (0.9)                   |
| Net profit - Group share                               | 3.5        | 0.1                     |
| Earnings per share, adjusted, weighted and diluted (€) | 2.93       | 0.07                    |

\* The first half of 2015 takes into account the initial application of the interpretation of IFRIC 21. The 2014 financial statements have been restated accordingly for comparison purposes.

- **Gross operating profit:** Gross operating profit declined to €4.2 million in comparison with €4.9 million for the six months to 30 June 2014.
- **Net financial expense:** This was €1.4 million compared with €2.7 million for the six months to 30 June 2014. This positive development may be explained by the reduction in the average interest rate paid out in 2015 and by one-off effects which impacted the net financial expense in 2014 (early repayment penalties and gains and losses related to forward instruments – impact of the Dax swap). The net change in the net financial expense excluding early repayment penalties and gains and losses related to forward instruments was a decrease of €0.4 million.
- **Fair value movement:** The change in the fair value of buildings comprising PAREF's property assets resulted in an increase of €0.8 million at constant group structure (including a negative €0.3 million in relation to the economic depreciation of usufruct). Excluding usufruct, the movement resulted in a 1% increase in the value of investment property on a like-for-like basis compared with 31 December 2014.
- **Profit before tax:** Profit before tax for the six months totalled €3.6 million (compared with €1.6 million for the period to 30 June 2014).
- **Equity-accounted entities:** Profit and loss recognised in relation to equity-accounted entities amounted to a profit of €0.13 million for Vivapierre and a loss of €0.06 million for Wep Watford, which benefited from the termination payment received from the tenant that had leased part of the building in mid-2014.
- **Consolidated net profit – Group share:** Group share of consolidated net profit for the six months to 30 June 2015 was €3.5 million, compared with €0.1 million for the half-year to 30 June 2014.
- **Recurring net profit** (excluding the impact of disposal gains or losses and fair value movements, including those of equity-accounted entities and excluding the impact of gains and losses related to forward instruments) grew to €3.3 million.

Diluted earnings per share, excluding treasury shares, weighted according to the number of shares outstanding, was €2.93 compared with €0.07 at 30 June 2014.

## BALANCE SHEET

| IFRS consolidated financial statements   |             |             |
|--|-------------|-------------|
| (€ millions)   | 30/06/2015  | 31/12/2014  |
| Total assets   | 197.3       | 185.3       |
| Total liabilities  | 93.0        | 86.0        |
| Equity – Group share   | 84.6        | 84.8        |
| <b>Liquidation EPRA NAV / share*</b><br><i>(€ per outstanding share at end of period, excluding treasury shares)</i> | <b>81.3</b> | <b>81.4</b> |
| <b>Replacement EPRA NAV / share*</b><br><i>(€ per outstanding share at end of period, excluding treasury shares)</i> | <b>91.7</b> | <b>91.1</b> |

- **Consolidated equity – Group share:** This was €84.6 million at the end of June 2015, compared with €84.8 million at 31 December 2014 and €84.2 million at 30 June 2014.
- **Consolidated financial debt** at 30 June 2015 increased to €78.8 million, compared with €75.2 million at 31 December 2014. This increase resulted from the €5.2 million financing of the Gentilly building and the introduction of €1.5 million in short-term financing for SCPI Interpierre France, less debt amortisation.
- **Net financial debt/asset value (LTV ratio):** 42.6% at 30 June 2015 (against 41.3% at 31 December 2014), substantially lower than the limits set by bank covenants (55%).

Paris, 17 September 2015, 5.35pm

- **The effective average borrowing rate** fell sharply to 4.14% (against 5.50% for the first half of 2014)
- 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:** €81.3 per share, against €81.4 per share at the end of 2014;
  - **"Triple net" EPRA NAV (fair value of the debt included):** €74.6/share (€73.2/share at the end of 2014),
  - **Replacement NAV (including stamp duty):** €91.7 per share compared with €91.1 per share.

## OUTLOOK

The first half-year has been particularly busy for PAREF Group, which successfully capitalised on its assets both in relation to its property investment business and management on behalf of third parties.

The strategy of moving its property assets upmarket will continue to result in selective disposals and will allow the Group to continue to reap the benefits from completed acquisitions. Other acquisitions may take place within the framework of partnerships.

Building on the success of Novapierre Germany, the Group will continue its efforts to support fundraising by all its SCPIs. Moreover, its resumption of the management of SCPI Atlantique Pierre 1 at the request of its partners confirms PAREF Group as a company on a human scale, capable of offering a personalised service to mid-sized SCPIs.

PAREF continues to examine opportunities to create corporate vehicles, including OPCIs.

Overall, PAREF is very well equipped to continue the rollout its strategy in 2015.

**[The 2015 half-year financial report will be available on the PAREF website on 18 September 2015](#)**

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## About PAREF

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

- **Commercial and residential investments:** PAREF owns various commercial buildings within and outside 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 3 OPCIs.

**At 30 June 2015, PAREF Group owned €186 million in property assets and managed assets worth €1,055 million on behalf of third parties.**

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**Next financial communication**

*Third quarter revenue: 6 November 2015*

**For further information, please visit our website: [www.paref.com](http://www.paref.com)**