

2016 ANNUAL RESULTS

- **Growth in all operational and financial indicators**
- **Strong increase in Group share of net profit to €10.4 million (up 59.6%)**
- **Proposed payment of a dividend of €2/share**
- **Ongoing exclusive negotiations with Fosun with a view to taking a majority stake**

At its meeting of 8 March 2017, chaired by Alain Perrollaz, the PAREF Management Board approved the parent company and consolidated financial statements for the financial year ended 31 December 2016 and submitted them to the Supervisory Board. Audits of the financial statements are being finalised. The Statutory Auditors will issue their report after verifying that the information disclosed in the management report and the registration document agrees with the consolidated financial statements.

It should be noted that SCPI Interpierre France is no longer fully consolidated as of 1 January 2016 and is now equity-accounted. The following information pertaining to the financial year just ended takes this change of group structure into account and has been restated (marked by an asterisk).

PROPERTY ASSETS

PAREF Group's property assets were valued at €167 million at 31 December 2016 (compared with €156 million* at the end of December 2015) on the basis of expert appraisals. This amount includes investment property and assets available for sale of €130 million, investments in equity-accounted entities (27.24% of OPPCI Vivapierre, 17.45% of SCPI Interpierre France and 50% of Wep Watford) and shares in the various SCPIs.

Several factors explain this change:

- Investment during the year: Acquisition, as part of a call for tenders originating from the City of Paris, of a mixed use, multi-tenant rental building of approximately 2,100 m² usable floor area in the 11th *arrondissement* of Paris – Rue Léon Frot for €8.5 million.
- Expert appraisals at 31 December 2016 lead to the recognition, at constant group structure, of a positive change of €5.4 million compared with 31 December 2015. Excluding the impact of usufructs, this movement represented an increase of 4.7% compared with 31 December 2015 and 2.1% compared with 30 June 2016.

In 2016, the Group significantly consolidated its rental position, in particular with the renewal of the Pantin lease (6-year fixed lease) and the Dimotrans leases (Dammartin en Goële, Saint-Etienne, Thyez and Meythet, these last 3 for fixed leases of 4 years), the securing of new tenants in Bondy and Emerainville, and favourable movements in relation to several assets (Gentilly in particular).

The occupancy rate (restated for the exit of SCPI Interpierre France from the consolidation scope) decreased however to 92.7% at 31 December 2016, compared with 94.3%*at 31 December 2015 (81.4% vs. 81.7%*, Gaïa included) due to the cancellation of leases in Juvisy and Trappes.

* figures restated following the change in the consolidation scope of SCPI Interpierre

ASSETS UNDER MANAGEMENT

Assets managed on behalf of third parties (SCPI and OPCI) continued to grow as a result of the development of both SCPI Novapierre Germany and Interpierre France, the assumption of the management of Atlantique Pierre 1, the creation of an OPPCI focused on hospitality and the impact of revaluations. The value of all assets held or managed by Paref Group, after restatement of intra-group flows (Paref investments in funds managed by Paref Gestion) was €1,476 million, as against €1,217 million at the end of 2015, an increase of 21.3%.

In September 2016, Paref Gestion was chosen to manage a private property fund, the purpose of which is to acquire property assets comprising office buildings worth approximately €25 million.

REVENUE

Rental income: 2016 consolidated rental income totalled €9.4 million, a slight decline compared with the previous financial year (€9.7 million*). Rent and costs recovered totalled €12.5 million, unchanged from 2015. After deducting rental costs of €3.8 million, net rental income totalled €8.7 million compared with €9.1 million* in 2015.

Rental income for the year includes income from residential usufructs (€0.9 million, compared with €1.1 million in 2015), it being specified that all usufructs will mature in 2017.

Fees: fees grew to €14.4 million, a strong increase compared with 2015 (€9.6 million in the previous financial year). Subscription fees rose significantly to €10.2 million (€5.6 million in 2015) due to SCPI Novapierre Germany, whose fundraising totalled €75.9 million, and SCPI Interpierre France, which posted a doubling in fundraising figures to €24.3 million. Management fees for SCPI, OPCI and third party assets (and various fees) totalled €4.2 million compared with €4.0 million* in 2015.

Variable fees paid to distributors and the delegate fund manager totalled €7.9 million compared with €3.7 million* in 2015.

RESULTS

Main items (€ millions)	31 Dec. 16	31-Dec.-15*
Revenue	26.9	22.1
of which Rent and costs recovered	12.5	12.5
of which Management and subscription fees	14.4	9.6
Gross operating profit	8.7	7.9
Proceeds from investment property disposals	0.0	0.0
Net movement in the fair value of investment property	3.4	1.6
Net financial expense	-2.5	-2.2
Profit before tax	9.5	7.3
Share of profit of equity accounted companies	1.3	-0.6
Minority interests	0.0	0.0
Net profit - Group share	10.4	6.5
<i>Earnings per share, adjusted, weighted and diluted (€)</i>	8.59	5.44

- **Gross operating profit:** an increase to **€8.7 million** compared with €7.9 million* in 2015. This growth was due to management activities. Operating expenses (excluding variable fees and other charges) were €5.9 million (unchanged from 2015).

* figures restated following the change in the consolidation scope of SCPI Interpierre

- **Net financial expense:** €2.5 million compared with €2.2 million. The cost of financial debt was €2.6 million (€2.5 million in 2015). Financial income declined over 2016 (€0.3 million compared with €0.5 million over 2015).
- **Profit before tax: €9.5 million**, compared with €7.3 million* in 2015, an increase that was mainly due to movements of €3.4 million in the fair value of property assets (€1.6 million* in 2015).
- **Share of profit/(loss) of equity-accounted companies:** €1.3 million compared with a loss of €0.6 million* in 2015. Of this total, Vivapierre represented a profit of €0.4 million (compared with a loss of €1.2 million in 2015), Wep Watford, which owns 50 % of “le Gaïa” building in Nanterre, represented a loss of €1.3 million (a loss of €0.4 million in 2015 due to lease cancellation compensation received in 2015) and Interpierre a profit of €2.3 million (€1.0 million* in 2015).
Due to the change in scope of SCPI Interpierre France (now equity accounted and previously fully consolidated), and the strong development of the SCPI resulting in an increase in excess of 50% in its capital and the 21 % reduction in Paref’s equity investment in SCPI Interpierre France (primarily via dilution and to a lesser extent via transfer of shares), disposal and dilution gains of €2.3 million were recognised.
- **Recurring net profit**, i.e. 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 financial instruments, increased to €8.4 million, against €7.4 million* at the end of December 2015).
- **Net profit - Group share: €10.4 million**, compared with €6.5 million in 2015 (up 59.6%), with net earnings per share, adjusted, weighted and diluted, of **€8.59 per share**.

IFRS CONSOLIDATED FINANCIAL STATEMENTS

(€ millions)	31 Dec. 16	31-Dec.-15*
Total assets	170.4	159.1
Total liabilities	76.2	70.7
Minority interests	0.0	0.0
Equity – Group share (€ millions)	94.2	88.4

NET ASSET VALUE

- **NAV per share.** Liquidation and replacement NAVs, calculated in accordance with EPRA standards, were as follows:
 - **EPRA NAV (liquidation) per share: €91.4 per share**, against €83.7** per share at the end of 2015;
 - **Replacement NAV (including stamp duty): €99.4 per share**, against €93.9** per share at the end of 2015;
 - **EPRA triple net NAV** (which includes the fair value of debt) was **€86.2 € per share**, against €77.3** per share at the end of 2015.

FINANCIAL POSITION

- **Consolidated group equity:** €94.2 million, compared with €88.4 million* at the end of December 2015. The two major items that affected the net position in 2016 were the net profit of €10.4 million and the payment of the dividend in respect of the 2015 financial year totalling €3.6 million.
- **Consolidated financial debt:** €65.1 million compared with €61 million*. The increase was due to the implementation of a €9.5 million financing package for the acquisition of the Léon Frot – Paris 11 building. The loan amortisation for the financial year was €5.3 million.
- **Net financial debt / asset value (LTV ratio): 41.8%** at the end of 2016, including Wep Watford’s proportionally-accounted debt, a decline of 0.2 percentage points compared with 2015.

* figures restated following the change in the consolidation scope of SCPI Interpierre - **change in business goodwill valuation coefficients

DIVIDEND

The Management Board will submit for approval to the Annual General Meeting of 17 May 2016 the payment of a dividend of €2 per share, compared with €3 paid for the 2015 financial year.

OUTLOOK

Operations

Over the first half of 2017, the Group will continue its selective disposal policy with the sale of the Pantin and Vaux le Pénil assets.

The management business will continue to support fundraising for all its SCPIs. Furthermore, PAREF will seek to capitalise on the success of Novapierre Germany by offering new products to both individual and institutional investors, in particular in the German market, and will develop its management offering, as exemplified by the alternative investment fund created in partnership with a private bank.

Exclusive negotiations with the Fosun Group

Negotiations with the Fosun Group are ongoing as per the terms and conditions announced in the press release issued by PAREF on 6 February 2017. These should be finalised over the next few days. The Company has already appointed the firm Valphi as independent expert.

The Company will disclose progress in these negotiations in accordance with applicable regulations.

The document to be presented at the annual results presentation on 10 March 2017 will be available on the PAREF website www.paref.com

The 2016 financial report will be available on PAREF's website on 25 April 2017

About PAREF

PAREF Group generated revenue of €26.9 million in 2016 (up 21.6%) and operates in two complementary areas:

- ***Investment***

SIIC PAREF primarily invests in corporate property in the Paris region. At 31 December 2016, PAREF Group held property valued at €167 million.

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

Assets under management represented €1,328 million at 31 December 2016.

PAREF Gestion, an AMF-certified management company, manages 6 SCPIs and 3 OPPCIs.

**A SIIC (French REIT) property company listed on Euronext Paris, Compartment C - ISIN FR0010263202 – Ticker PAR
For further information, please visit www.paref.fr**

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