

2018 HALF-YEAR RESULTS
A solid operational growth during transition period

Growth of the portfolio under management reaching €1.8 Bn

- €1 627 Mn managed for third party (+6% compared to December 31, 2017) in the format of SCPI¹ and OPCI², thanks to a gross subscription amount to €97 Mn in the first half of 2018 vs. €78 Mn during the same period in 2017 (+23%)
- €149 Mn of owned assets (+2%)

Robust financial indicators

- Consolidated net results at €9.0 Mn, increase by +120% compared to the first half of 2017
- Net commissions of €6.6 Mn, vs. €4.5 Mn in H1-2017 (+47%)
- Net rental income of €3.2 Mn vs. €4.1 Mn in H1-2017 (-22%) due to the disposal of Pantin office in 2017
- Loan to value³ at a historical low level at 12% (vs. 23% at December 31, 2017), following the capital increase realized in April 2018
- Triple net NAV at €95.8 € per share (+8% vs. June 30, 2017)

The management board of PAREF, during the board meeting held on July 31, 2018, approved the closing of the half-year accounts of Jun 30, 2018. The limited review of financial statements by auditors is in progress.

«The first half year of 2018 was a very active period that we endeavored to continue the transformations to accelerate the growth of the Group beyond our day-to-day business. Reinforcement of our teams with new talents, new working conditions provided to employees, in particular the new head office and the progress in digitalization, as well as the rebranding of the Group's image, contribute to PAREF's new positioning. The quality of the teams' work also continues to produce unprecedented results, leading to value creation on owned assets and a record gross subscription. »

Antoine Onfray – CFO

¹ « Sociétés Civiles de Placements Immobiliers » (non-trading real estate investment companies)

² « Organisme de Placement Collectif Immobilier » (property investment mutual funds)

³ Loan to value (LTV): consolidated net debt divided by the consolidated asset value excluding transfer taxes (LTV at à 15% including the 50% share in Wep Watford versus 26% in 2017)

I - Management for third parties (PAREF Gestion)

- Subscription and managed portfolio

During the first semester of 2018, €97 Mn gross subscription has been collected from retail investors representing +23% growth compared to the same period last year (€78 Mn in H1-2017). This result is mainly explained by dynamic performances of opened-end SCPI funds Novapierre Allemagne and Interpierre with €71 Mn and €22 Mn gross subscription respectively over the period.

The net subscription remains high with a net to gross subscription ratio of 91 % during 1st semester of 2018 (vs. 86 % in 2017 and 81 % in 2016), showing the confidence of investors in the Group's products and the quality of their management.

As at June 30, 2018, PAREF Gestion is managing €1 627 Mn of assets for third parties, a +6% increase compared to 2017 (€1 531 Mn as at December 31, 2017).

The split of the funds managed by PAREF Gestion is as follows as at June 30, 2018:

Type	Funds	Strategy	Asset under management	Asset under management	Evolution in %
			(€ Mn) Dec 31, 17	(€ Mn) Jun 30, 18	
SCPI	Capiforce Pierre (CF)	Diversified	53	53	0%
	Pierre 48 (CV)	Residential (Paris)	281	282	0%
	Novapierre 1 (CV)	Retail (Greater Paris)	153	156	2%
	Interpierre France (CV)	Logistic/industry	97	116	19%
	Novapierre Allemagne (CV)	Retail (Germany)	269	339	26%
	Atlantique Pierre 1 (CF)	Diversified	43	43	0%
	Cifocoma 1 (CF)	Retail	20	20	0%
	Cifocoma 2 (CF)	Retail	21	21	0%
Sub-total SCPI			939	1 030	10%
OPCI	Vivapierre (CV)	Hotel residence (France)	100	97	-3%
	54 Boétie (CV)		349	356	2%
	OPPCI of hotel properties (CF)		115	115	0%
Total OPCI			564	569	1%
Other			28	28	0%
Total			1 531	1 627	6%

CF : Closed-end fund

CV : Opened-end fund

2018 first half-year gross subscription is split as follows:

Type	Funds	Gross subscription H1-2017 (€ Mn)	Gross subscription H1-2018 (€ Mn)	Evolution in %
SCPI	Pierre 48	4	2	-44%
	Novapierre 1	3	2	-54%
	Interpierre France	14	22	59%
	Novapierre Allemagne	57	71	24%
Total		78	97	23%

- Commissions

Thanks to a sustained subscription in the first six months of 2018 and growing asset under management, PAREF Gestion has achieved a remarkable growth on its gross subscription commissions and management commissions, reaching €8.6 Mn (+23%) and 3.3 M€ (+32%) respectively.

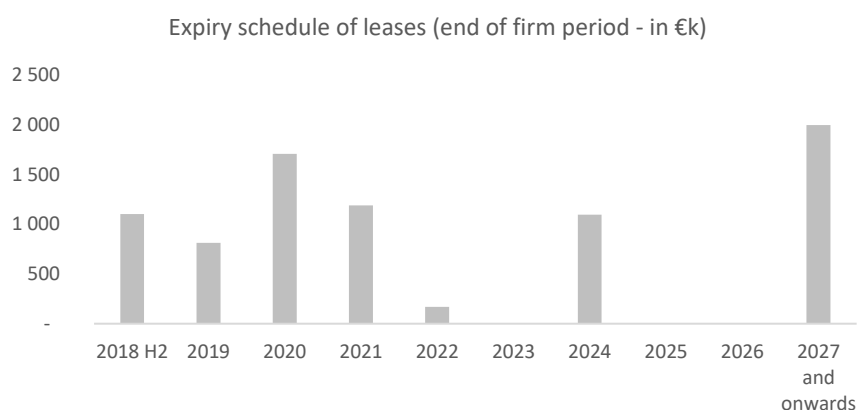
Commissions (in €k)	H1-2017	H1-2018	Evolution in %
Management commissions	2 537	3 347	32%
Subscription commissions	7 000	8 605	23%
Retro-commissions	-5 072	-5 395	6%
Net Commissions	4 465	6 558	47%

II – Real-estate activity (PAREF SA)

PAREF continues to reinforce its rental activity for its owned assets with more than 32 000 m² of surface let or re-let, representing almost a quarter of total assets owned by the Group (including the portion of Gaïa office). In particular, PAREF has signed with Thermes Adour, a major player in spa industry, a lease of 12-year firm period for the hotel residence asset located in Dax and Saint-Paul-Lès-Dax, bringing its maturity to July 2031.

The financial occupancy rate increased to 84.1 %, (including Gaïa office) compared to 82.2% as at December 31, 2017⁴.

The weighted average unexpired lease term stands at 4.9 years at the end of June 2018 and the expiry schedule of rents of owned assets is as follows:



PAREF also manages proactively its owned portfolio with the disposal of 2 assets, Vaux-Le-Pesnil office and half of an office asset located in Saint-Maurice, at the end of April for total net selling price of €1.8 Mn, representing a 17% premium in average above last unaffected appraisals.

The Group continues its strategy of active rotation of the owned assets, with a progressive positioning mainly towards assets of more significant size located in Greater Paris.

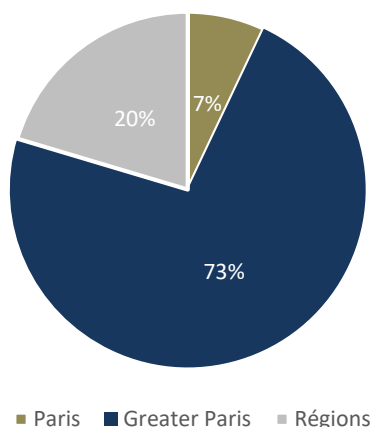
Despite the divestments, the asset value of PAREFE Group⁵ increased by 3% on a like-for-like basis thanks to the rental activity in the first half of 2018, reaching €149 Mn as at Jun 30, 2018.

⁴ Excluding Gaïa office, the financial occupancy rate is 93.0% as at Jun 30, 2018, vs. 90.8% at the end of 2017.

⁵ Including shares in companies consolidated under the Equity method, of which 50% of Wep Watford (the entity holds the Gaïa office (Nanterre, La Défense)), 27.24% of OPPCI Vivapierre and 9.06% of SCPI Interpierre.

Key indicators on owned assets ⁶	31/12/2017	30/06/2018
Number of assets	22	21
Lettable area (in operation)	133 422 m ²	129 116 m ²
Financial occupancy rate (in operation)	82.2%	84.1%
Valuation	€125 Mn	€128 Mn

Geographical owned portfolio split⁶



In total, the net rental income of PAREF owned assets stands at €3.2 Mn for the first half year of 2018, decreasing by 22% compared to the same period in 2017, mainly due to the full impact of the disposal of Pantin assets in 2017 (impact of -€0.8 Mn for the first half year) and the end of usufruct on residential assets historically held by PAREF, which is partly compensated by active operational management of rental activities in 2017 and first half of 2018. In the same time, the gross initial yield on these assets stands at 7.0% (excluding the Gaïa office).

Rental income on own assets (€k)	H1-2017	H1-2018	Evolution in %
Gross rental income	4 795	3 795	-21%
Non-recoverable rental expenses	-672	-647	-4%
Other income	9	58	n.a
Total net rental income	4 132	3 206	-22%

Gross rental income increased by +3.5% on a like-for-like basis thanks to the proactive leasing activity during 2017 and first semester of 2018.

⁶ Including Gaïa office share. Excluding Interpierre, Vivapierre and Peref Gestion shares.

III – 2018 first semester results

Consolidated P&L:

Detailed consolidated P&L (in €k)	2017 H1	2018 H1	Evolution in %
Gross rental income	4 795	3 795	-21%
Non-recoverable rental expenses	-672	-647	-4%
Other income	9	58	n.a.
Net rental income	4 132	3 206	-22%
Revenues on commissions	9 537	11 953	25%
-including management commissions	2 537	3 347	32%
-including subscription commissions	7 000	8 605	23%
Retro-commissions	-5 072	-5 395	6%
Net revenues on commissions	4 465	6 558	47%
General expenses	-4 584	-3 831	-16%
Depreciation and amortization	-375	3	n.a.
Current operating result	3 638	5 936	63%
Valuation movements on assets	2 157	4 262	98%
Result on disposals	1 000	248	-75%
Operating result	6 796	10 446	54%
Financial products	48	48	-2%
Financial expenses	-2 360	-830	-65%
Net financial expenses	-2 312	-783	-66%
Other expenses and incomes on financial assets	96	106	10%
Fair-value adjustments of financial instruments	233	194	-17%
Results of companies consolidated under the equity-method	-252	142	n.a.
Result before tax	4 561	10 106	122%
Income tax	-490	-1 145	134%
Net result	4 071	8 961	120%
Non-controlling interests	-	-	n.a.
Net result (owners of the parent)	4 071	8 961	120%
Average number of shares (non-diluted)	1 195 788	1 319 367	
Net result / share (owners of the parent)	3.40	6.79	99%
Average number of shares (diluted)	1 207 675	1 324 867	
Net result / share (owners of the parent diluted)	3.37	6.76	101%

PAREF Group realized €9.0 Mn net results in the first half of 2018, showing substantial increase compared to the same period of 2017 (+120%), mainly explained by:

- Net rental income stands at €3.2 Mn, decreasing mainly due to the impact of the disposal of Pantin assets in 2017 and the end of usufruct on residential assets historically held by PAREF;
- Net commissions strongly grew by +47% thanks to the increase in subscriptions and in the amount of assets managed on behalf of third parties;
- General expenses amount to €3.8 Mn, reducing by €0.8 Mn vs H1-2017, which is mainly explained by the disposal-related costs incurred during first semester in 2017 for €0.7 Mn;
- Net financial expenses stand at €0.8 Mn for the period vs. €2.3 Mn in H1-2017. This decrease is due to the exceptional breakage cost on Pantin office financing in 2017;
- Results of companies consolidated under the equity-method stand at €0.1 Mn, mainly thanks to the

contribution from shares held in funds, in particular SCPI Interpierre.

IV - Financial resources

The gross debt of the Group stands at €43 Mn as at June 30, 2018 (€45 Mn at the end of 2017), following the repayment of existing debts.

The consolidated debt is fully composed of loans with mortgages on owned assets.

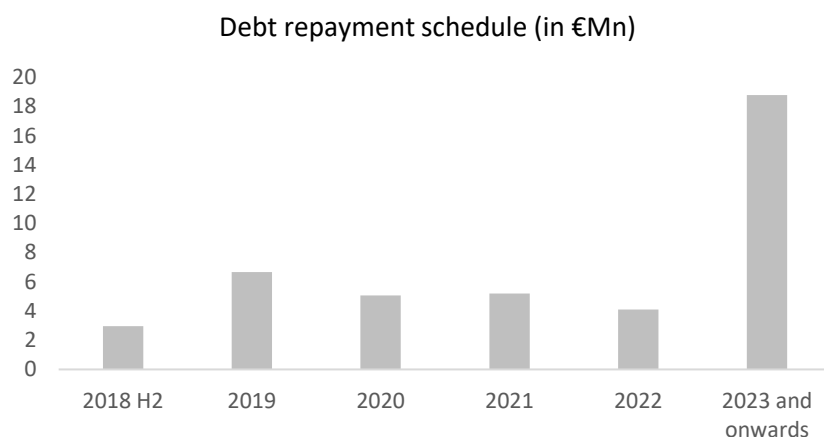
The average cost of debt of the Group is reduced to 3.6% as at June 30, 2018 vs. 4.2% as at December 31, 2017, mainly linked to the repayment of financing on Pantin office. The average debt maturity is 3.9 years as of June 30, 2018.

The Group implemented a conservative policy on interest rate risk hedging, with more than 80% of the debt issued at fixed rate or covered by hedging instruments, limiting the sensitivity of the Group to interest rates fluctuations.

Financial ratios are solid with a loan-to-value (LTV⁷) and an interest coverage ratio (ICR⁸) of 12% and 7.6x respectively (versus 23% and 4.8x respectively in 2017).

The Group respects the financial covenants on its bank debt: LTV < 55% and ICR > 2x⁹.

Debt repayment schedule:



The Group has an amount of cash and cash equivalent covering more than 12 months debt repayment and respond to the minimum regulatory amount to be held by PAREF Gestion, with €23.8 Mn of consolidated cash and cash equivalent as at June 30, 2018.

⁷ Loan-to-value: consolidated net debt divided by the consolidated asset value excluding transfer taxes

⁸ ICR: financial expenses (including interest on swaps and undrawn credit lines but excluding penalty on fixed debt repayment) divided by EBITDA

⁹ Financial covenants on mortgaged debt are also respected

V - Assets under Management

In €k	31/12/2017	30/06/2018	Evolution en %
PAREF own assets	107 099	109 825	3%
PAREF participations ⁽¹⁾	38 564	38 687	0%
Total PAREF	145 663	148 512	2%
SCPI			
- Interpierre France	97 250	115 902	19%
- Novapierre 1	153 374	156 236	2%
- Pierre 48	281 461	281 824	0%
- Capiforce Pierre	53 325	53 325	0%
- Atlantique Pierre 1	43 268	43 268	0%
- Novapierre Allemagne	269 422	338 855	26%
- Cifocoma 1	19 729	19 729	0%
- Cifocoma 2	20 917	20 917	0%
Sub-total SCPI	938 745	1 030 056	10%
OPPCI			
- 54 Boétie	349 100	356 000	2%
- Vivapierre	99 960	97 280	-3%
- OPPCI spécialisé hôtels	115 290	115 290	0%
Sub-total OPPCI	564 350	568 570	1%
Other assets managed on behalf of third parties ⁽²⁾	28 262	28 362	0%
Total Assets under Management by PAREF Gestion	1 531 357	1 626 988	6%
Retreatments ⁽³⁾	-19 427	-19 464	0%
TOTAL	1 657 593	1 756 035	6%

(1) Participations in Interpierre, Vivapierre and the Gaia

(2) Including Foncière Sélection Régions

(3) Part of PAREF portfolio is managed through SCPI (Interpierre) and OPPCI (Vivapierre) by PAREF Gestion

PAREF's own portfolio stands at €110 Mn, increased by €3 Mn compared to 2017 year-end, mainly due to:

- Disposals of €1.6 Mn (valuation as at December 31, 2017); and
- Increase in asset valuation of €4.3 Mn.

The like-for-like change in fair value amounted to €4.3 million in the first half of 2018, an increase of 4% vs. 2017.

The average gross initial yield on PARE's own assets stands at 7.0%, excluding the Le Gaïa office building (7.2% in 2017).

The Group applies the IFRS 13 regulation « Fair-Value evaluation » and classifies its owned assets in the level 3 category in view of (i) limited public information and (ii) confidentiality on data used by experts for asset valuation.

VI - Net Asset Value

PAREF Group triple net asset value (NNNAV) remains stable at €95.8 as at June 30, 2018, despite of (i) a significant capital increase through a private placement of €17 Mn at €73 per share and (ii) dividend distribution of €4.3 Mn for the 2017 fiscal year paid on May 31, 2018, of which the impacts are compensated by an important value creation linked to robust operational activities.

NNNAV is based on consolidated equity under IFRS rules (including fair value of assets) and financial instruments and debt at fair-value.

	31/12/2017	30/06/2018	Evolution en %
Consolidated equity	100.3	121.8	21%
Fair value of financial instruments	0.9	0.8	
Revaluation of intangible and operating assets (PAREF GESTION)	16.3	17.6	
Other	0	0	
NAV (in €M)	117.5	140.2	19%
NAV / per share (in €)	98.1	97.5	-1%
Fair value of financial instruments	-0.9	-0.8	
Fair value of debt	-1.5	-1.1	
Deferred capital gain taxes	-0.4	-0.5	
NNNAV (in M€)	114.7	137.8	20%
NNNAV / per share (in €)	95.7	95.8	0.1%
Deferred capital gain taxes	0.4	0.5	
Estimated transfer taxes	9.8	10.1	
Going concern NAV (in M€)	124.9	148.4	19%
Going concern NAV / per share (in €)	104.3	103.1	-1%

VII – Other major events during the period

PAREF has realized with success a capital increase without preferential subscription rights of €17 Mn on April 5, 2018 (the settlement-delivery completed on April 11, 2018). The transaction has been largely oversubscribed and demonstrates investors' interest in the Group.

The shares held by Fosun Group is reduced from 71.37 % to 59.84 % of capital after the operation, allowing PAREF to maintain the SIIC status.

VIII – Other financial indicators

- Recurring result from operating activities

In €k	Jun 30, 2017	June 30, 2018	Evolution in %
Net result (owners of the Parents)	4 071	8 961	120%
Adjustments			
(i) Change in fair-value of assets	-2 157	-4 262	98%
(ii) Profits or losses on disposal of investment properties and other interests	-1000	-248	-75%
(iii) Profits or losses on disposal of financial assets available for sale	0	0	
(iv) Tax on profits or losses on disposals	0	0	
(v) Negative goodwill / goodwill impairment	0	0	
(vi) Changes in fair value of financial instruments and associated close-out costs	-233	-194	-17%
(vii) Acquisition costs on share deals and non-controlling joint-venture	0	0	
(viii) Deferred tax in respect of the adjustments above	0	0	
(ix) Adjustments (i) to (viii) above in respect of companies consolidated under equity method	388	650	68%
(x) Non-controlling interests in respect of the above	0	0	
Recurring result	1 069	4 907	359%
Average number of shares	1 195 788	1 319 367	
Recurring result per share	0,89 €	3,72 €	316%

Balance Sheet - Assets (in €k)	31/12/2017	30/06/2018
Non-current assets		
Investment properties	105 689	109 125
Intangible assets	89	64
Property, plant and equipment	60	146
Financial assets	10 785	11 905
Shares and investments in companies under the equity method	18 829	18 962
Financial assets held for sale	1 035	1 048
Total non-current assets	136 487	141 250
Current assets		
Stocks	0	0
Trade receivables and related	8 233	12 042
Other receivables	247	299
Financial instruments	0	0
Cash and cash equivalents	10 023	23 770
Total current assets	18 503	36 110
Non-current assets available for sale	1 410	700
TOTAL ASSETS	156 400	178 060

Balance Sheet - EQUITY & LIABILITIES (in €k)	31/12/2017	30/06/2018
Equity		
Share capital	30 218	36 040
Additional paid-in capital	29 310	39 918
Fair-value evolution of financial instruments	-289	-265
Consolidated reserves	32 835	37 192
Consolidated result	8 261	8 961
Shareholder equity	100 334	121 845
Minority interests	0	0
Total equity	100 334	121 845
Liabilities		
Non-current liabilities		
Non-current financial debt	39 652	37 573
Non-current taxes due & other employee-related liabilities	176	64
Non-current provisions	267	267
Total non-current liabilities	40 095	37 903
Current liabilities		
Current financial debt	5 704	5 069
Current financial instruments	996	779
Trade payables and related	3 477	3 945
Current taxes due & other employee-related liabilities	3 804	6 576
Other current liabilities	1 990	1 943
Total current liabilities	15 971	18 313
TOTAL EQUITY & LIABILITIES	156 400	178 060

CASH FLOW (en k€)	31/12/2017	30/06/2018
Operating cash-flow		
Net profit	8 261	8 961
Depreciation and amortization	778	37
Valuation movements on assets	-646	-4 262
Valuation movements on financial instruments	-520	-194
Valuation on financial assets held for sale	-16	0
Tax	940	1 145
Result on disposals	- 2 919	- 248
Results of companies consolidated under the equity-method	-712	- 142
Cash flow after cost of debt and before tax	5 165	5 296
Net financial expenses	3 253	758
Taxes paid	-796	-911
Cash-flow from operating activities before net financial items and taxes	7 622	5 143
Other variations in working capital	-888	-877
Net cash-flow from operating activities	6 734	4 267
Investment cash-flow		
Acquisition of investment properties	-558	-14
Acquisition of other assets	-523	- 99
Disposal of investment properties	27 409	1 798
Acquisition of financial assets	-2 292	-1 315
Financial assets disposal	0	0
Variation in companies consolidated under the equity-method	0	0
Financial products received	705	48
Change in perimeter	0	0
Cash-flow from investments	24 741	418
Financing cash flow		
Variation in capital	0	16 430
Self-held shares	151	449
Increase in financial debt	0	0
Variation of other financial debts	0	0
Debt repayments	-20 280	-2 023
Financial cost on new debt	0	0
Variation on bank overdraft	450	-629
Financial expenses paid	-3 331	-849
Dividends paid to shareholders and minority interests	-2 417	-4 316
Cash flows from financing activities	-25 427	9 062
Impact of change of consolidation method - Interpierre	0	0
Increase / (decrease) in cash	6 048	13 747
Cash and cash equivalents at opening	3 975	10 023
Cash and cash equivalents at closing	10 023	23 770

Financial agenda

October 31, 2018: Financial information as at September 30, 2018

About PAREF Group

PAREF operates in two major complementary areas: (i) Commercial and residential investments owned by SIIC PAREF primarily in corporate real estate in the Paris region (€149 Mn asset as at June 30, 2018) and (ii) Management on behalf of third parties via PAREF Gestion (€1 627 Mn funds under management as at June 30, 2018), an AMF-certified management company.

PAREF is a company listed on Euronext Paris, Compartment C, under ISIN FR00110263202 – Ticker PAR.
More information on www.paref.fr

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