



### 2007 half-year results at 30 June 2007 (unaudited\*)

- **A half-year marked by strong growth**
  - Rental income up 71%
  - Earnings per share up 10%
- **62% year-on-year increase in asset value**
- **28% year-on-year increase in NAV per share**

The PAREF Management Board meeting of 28 August 2007, chaired by Hubert Lévy-Lambert, approved the Group's first half-year consolidated financial statements at 30 June 2007 and submitted them to the Supervisory Board. The consolidated income statement and balance sheet, prepared in accordance with IFRS, highlighted the following items compared to 2006:

<b>(€thousands)</b>	<b>30 June 2007</b>	<b>30 June 2006</b>
Rental income	3,638	2,122
Commissions	1,992	1,566
Other revenue	887	7
Profit margin on property transactions	435	192
<b>Gross operating profit</b>	<b>4,050</b>	<b>1,857</b>
Net increase in fair value	2,230	671
Profit before tax	5,611	2,150
<b>Net profit (€thousands)</b>	<b>5,161</b>	<b>4,391</b>
<b>Adjusted and weighted earnings per share (€)</b>	<b>6.64</b>	<b>6.05</b>

Compared against 31 December 2006:

	<b>30 June 2007</b>	<b>31 Dec. 2006</b>
Property value	111,225	76,167
Bank borrowings	69,603	40,969
Equity	78,395	54,460
<b>Replacement NAV (€per existing share at end of period)</b>	<b>94.77</b>	<b>88.59</b>

#### **Rental income up 71%**

The sharp increase in *rental income* was due to the increase in assets owned by the Company, which benefited from strong growth in the INSEE index (French Public Statistics Agency).

The occupancy rate remained high at 93%, taking account of the acquisition at the end of 2006 of the premises of a former private hospital in Gentilly, which is currently vacant as part of a restructuring plan. PAREF decided to dedicate part of its investment budget to value enhancing property development or significant renovation operations.

**\* Audit currently in progress**

### **Management fees on behalf of third parties up 27%**

Thanks to the high level of collection from SCPIs (real estate investment trusts) managed by Paref Gestion (formerly Sopargem), management fees sharply increased (up 27%), in spite of the sale at the end of 2006 of assets managed on behalf of Westbrook.

Overall, the value of assets managed by Paref Gestion increased by 15% from € 342 million to € 395 million. Especially, the capitalisation of SCPI Pierre 48 (€210 million at 30 June 2007) and Novapierre (€ 43 million), registered a 42% year-on-year increase, while Interpierre (€ 4 million) grew by 38%.

### **Other revenue**

The Group received a € 887 thousand compensation as part of a litigation with the beneficiary of a purchase agreement signed in March 2005 regarding the Courbevoie building (sold in 2006 to a third party).

### **Sharp growth in profitability; earnings per share up 10%**

Gross operating profit jumped by 118%, from € 1.9 million to € 4 million. Profit before tax was € 5.6 million (up 161%) after revaluation at fair value of investment property.

Consolidated net profit for the 2007 first half-year was € 5.2 million, compared to € 4.4 million at June 2006 (up 17.5%). The 2006 first half-year benefited from the switch to SIIC status, which resulted in a net deferred exit tax income of € 2.5 million.

**Adjusted and weighted earnings per share increased by 10% to €6.64.**

### **Property value up 62% over the past 12 months**

PAREF made the acquisition of 12 properties over the first six months of the year, including the purchase of 2 lease contracts, for a total acquisition price of € 38.2 million, rights included, and an appraised value of € 40.6 million. Two more properties were acquired in July in Dax (spa facilities) and Aubergenville (business facilities), representing a total acquisition price of € 21 million. An undertaking was also signed regarding 16,000m<sup>2</sup> of offices and warehouses in La Courneuve for a price of € 11.7 million.

As part of its active asset management policy, PAREF sold in March 2007 for € 4.85 million the premises of the Hotel located in Rue du Helder, Paris, which had been assessed at € 3.25 million at the end of 2005.

The fair value of the **Company's property assets amounted to € 111 million at the end of June 2007**, of which € 110 million in investment property and € 1 million held as part of the property transaction business, compared to € 68 million at the end of June 2006 (i.e. a 62% increase) and € 76 million at the end of December 2006. The Group also holds € 5.2 million in SCPI shares (real estate investment trusts), reported on the balance sheet under financial assets.

Financial debt was € 70 million at 30 June 2007, that is an **LTV ratio** in the region of **60%**.

### **Equity**

Consolidated Group equity at the end of June 2007 totalled € 78 million, compared to € 54 million at the end of the 2006 financial year. The increase was due in particular to the € 19.8 million share capital increase, share premium included, realised in May 2007. In addition, share subscription warrants, to be exercised before 12 December 2007, were granted to shareholders on 26 April.

### **28% year-on-year increase in restated NAV per share**

The replacement value of net revalued assets amounted to € 92.3 million at the end of June (including the revaluation of the above-described ongoing undertaking and firm acquisition commitments), i.e. € 94.77/share, compared to € 88.59 at the end of December 2006 and € 76.86 at 30 June 2006.

After restatement to take account of 2007 1<sup>st</sup> half-year share capital transactions, using the share restatement coefficient used by Euronext (0.96), the increase was 11% compared to the restated NAV/share at 31 December 2006 and 28% compared to 30 June 2006.

**Continuing development dynamics**

Following the December 2005 IPO and the adoption of the SIIC status, PAREF carried through its 2006 investment programme (€ 100 million committed) and its € 150 million objective for 2007 currently appears likely to be successfully achieved.

At the same time, PAREF continues to develop its management on behalf of third parties business and is preparing the OPCI launch.

***“PAREF experienced an excellent 1<sup>st</sup> half-year with sharply improved results, driven by the rapid development of our two strategic businesses: investment on its own account and management on behalf of third parties. The rise in interest rates had no significant impact on our results, as 95% of outstanding debt is at fixed rates or hedged by cap or swap;.***

***The US subprime crisis should not have any impact on our operations, but should correct certain excesses of the property market and generate new opportunities, which cautious market players such as PAREF will be able to benefit from”,*** Mr Lévy-Lambert, Chairman of the Management Board, declared.

*The present press release, of a narrative nature but including financial data, was prepared in accordance with the transitional Transparency Directive. The present information will be completed by the publication of consolidated half-year financial statements and the Statutory Auditors' report dated 18 September 2007.*

**SHAREHOLDERS' AGENDA****18 September 2007: publication of half-year financial statements****19 September 2007: analyst presentation**

***PAREF is listed on the stock market since the end of 2005 and elected for SIIC (listed real estate company) at the beginning of 2006.***

***PAREF operates in two major areas: commercial investment and management for third parties.***

A liquidity contract on the company's securities was signed with the company Invest Securities

**PAREF – Eurolist C by Euronext Paris**

ISIN code: FR00110263202 - Ticker: PAR

For further information, please visit the PAREF Group website: <http://www.PAREF.com>

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