

HALF-YEAR RESULTS TO 30 JUNE 2010

- **Strong increase in half-year consolidated net profit to € 3.4 million (compared to a net loss of € 2.2 million)**
- **Good resilience of gross operating profit, unchanged at € 8.3 million**
- **Slight growth (up 1%) in replacement NAV to € 95 and liquidation NAV to € 79**

The PAREF Management Board meeting of 6 September 2010, chaired by Hubert Lévy-Lambert, approved the Group's first half-year consolidated financial statements at 30 June 2010 and submitted them to the Supervisory Board.

PROPERTY ASSETS

- **Group properties (appraised value excluding stamp duty and acquisition costs) remained virtually stable** at €200 million, down 1% compared to 31 December. Over the first half of the year, the Group sold a hotel/restaurant in Lisieux for €0.9 million (which generated a €0.2 million capital gain) and rented out a purpose-built building to La Poste (valued at €3.2 million, the greater part of which was already recognised as work in progress at 31 December). The writedown on property fair value resulting from expert appraisals in June amounted to €1.8 million.
- **High return on property assets:** 9.5% overall gross yield (9.8% on property assets excluding SCPI/OPCI).
- **Occupancy rate:** 90%, up 1 percentage point compared to end December.

REVENUES

- **Rental income:** €9.0 million, compared to €8.9 million at 30 June 2009, an increase of 1%.
- **Management on behalf of third parties** (excluding PAREF): €435 million in assets under management, up 10% in one year
- **Management fees:** €1.6 million, compared to €1.3 million in the previous year, due to the recovery in SCPI subscriptions and higher management fees resulting from the increase in assets under management over the year.
- **Relaunch of SCPI Interpierre** following the contribution of 8 PAREF buildings, with effect from 1 July and with no impact on the consolidated financial statements at 30 June. This transaction will support the development of the SCPI and diversify its rental risk profile.

RESULTS

Main consolidated income statement items (IFRS)

(€millions)	30.06.10	30.06.09
Rental income	9.03	8.94
Management & subscription fees	1.57	1.29
Other products	0.04	0.25
Profit margin on property transactions	0.2	0.00
Gross operating profit	8.29	8.28
Proceeds from property disposals	0	0
Net movement in investment property fair value	(1.78)	(7.21)
Profit/(loss) before tax	3.01	(2.48)

Net profit/(loss) – Group share	3.38	(2.21)
<i>Earnings/(loss) per share, adjusted, weighted and diluted (€)</i>	<i>3.77</i>	<i>(2.47)</i>

- **Gross operating profit:** €8.3 million, unchanged compared to the 1st half of 2009, which had benefited from the collection of a €0.2 million fee related to transactions carried out in previous financial years. Excluding this non-recurring item, gross operating profit would have grown by 3%.
- **Cash flow from operating activities before tax:** this declined to €5.5 million (down 2%). The cost of borrowing decreased by 6% compared to the same period last year, due to loan amortisation and the repayment of Investec's loan. The decline in interest rates had a limited impact since virtually all outstanding loans bear a fixed interest rate.
- **Fair value movement:** a €1.78 million negative movement, compared to negative €7.21 million at 30 June 2009. It comprises a €1.08 million decline in the book value of buildings and €0.70 million amortisation in residential usufruct.
- **Profit/(loss) before tax:** a €3.01 million profit, compared to a loss of €2.48 million at 30 June 2009; profit before tax and movement in fair value amounted to €4.78 million, compared to €4.73 million at 30 June 2009, which was an increase of 1.2%.
- **Net profit/(loss) – Group share:** a net profit of €3.38 million, compared to a loss of €2.21 million at 30 June 2009, resulting in net earnings per share, adjusted, weighted and diluted, of €3.77.

IFRS consolidated financial statements		
(€millions)	30.06.10	31.12.09
Total assets	215.5	217.4
Total liabilities	146.4	148.7
Equity	69.1	68.6
Replacement NAV / share	95.05	94.60
<i>(€ per outstanding share at end of period, excluding treasury shares)</i>		

NET ASSET VALUE

Renewed NAV growth following two years of decline:

- **Replacement NAV per share:** €95.1 per share, compared to €94.6 at the end of 2009, up 0.5%;
- **Liquidation NAV, per share:** €78.8 per share, compared to €78.0 at the end of 2009, up 1%.

FINANCIAL POSITION

- **Consolidated group equity:** €69.1 million, compared to €68.6 million at the end of December 2009.
Net profit for the period (which includes the variance in the fair value of property assets) offset the distribution of the €2 million cash dividend paid out in May and the €0.9 million unrealised loss on interest rate hedges.
Paref S.A. reduced its share capital in February by cancelling 59,061 treasury shares. This cancellation had no impact on the level of consolidated equity.
- **Consolidated financial debt** of €131.5 million at 30 June, down €4.4 million since 31 December 2009.
- **Net financial debt / asset value:** 64.2% at 30 June 2010 (compared to 65.7% at 1 January), in compliance with bank covenants.
- **All bank borrowings bear a fixed interest rate or are hedged by an interest rate swap.**

OUTLOOK

The Company plans to issue shares or securities giving access to its share capital before the end of the year, in order to reduce its debt and finance further transactions. Over the coming months, PAREF Group will continue to implement its growth strategy, which is based on:

- Selective and cautious development of its asset portfolio through transfers and indirect investments through minority shareholdings in OPCIs launched by PAREF Gestion, depending on the opportunities that arise,
- Continuation of the selective disposals policy, with a target of one or two asset disposals per year,
- Development of management on behalf of third parties, with the planned creation of new dedicated or tailored OPCIs, following Vivapierre, Polypierre and Naos;
- Implementation of existing synergies between the two business streams: Investments and management on behalf of third parties.

The 2010 half-year financial report will be available on the PAREF website on 10 September

Shareholders' agenda
3rd quarter sales: 4 November 2010

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 3 SCPIs and 3 OPCIs.

At 30 June 2010, PAREF Group owned more than € 200 million in property assets and managed assets worth € 435 million on behalf of third parties.

PAREF shares have been listed on Eurolist Compartment C of the European Paris Stock Exchange since December 2005

ISIN Code: FR00110263202 - Ticker: PAR



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