PAREF
VOTRE CAPITAL PIERRE

Press Release

Paris, 9 September 2011, 8 am

HALF-YEAR RESULTS TO 30 JUNE 2011

- ***Growth in management fees due to increased pace of SCPI subscriptions, to € 3.6 million (up 130%) and rise in assets under management (up 12%).***
- ***Continued reduction in Group debt as a result of selective disposals: LTV ratio of 52.6% at 30 June 2011, compared to 58% at 31 December 2010 (64% at 30 June 2010).***
- ***Acquisition of Watford (finalised on 7 July 2011) with a view to developing a site (construction of an 11,000 m^2 HQE/BBC – high environmental quality building in Nanterre).***

The PAREF Management Board meeting on 8 September 2011, chaired by Alain Perrollaz, approved the Group's first half-year consolidated financial statements at 30 June 2011 and submitted them to the Supervisory Board.

PROPERTY ASSETS

- **Group properties (appraised value excluding stamp duty and acquisition costs) were valued** at € 176 million, compared to € 207 million at 31 December 2010. These amounts include the property assets of SCPI Interpierre, which has been fully consolidated since 1 July 2010.
- **The Group continued its selective disposal policy** in relation to mature or unsuitable assets, and sold the building of the Parmentier private hospital for € 14 million (appraised value at 31 December 2010) and the Roule-Rivoli buildings for € 13 million (appraised value at 31 December 2010).

  An undertaking to sell the Les Ulis building for a consideration of € 3 million was signed in June 2011 (a lease cancellation penalty will also be collected from the tenant as part of the sale),

- **The change in the fair value of buildings** included in PAREF's property portfolio was a decline of € 4.2 million (of which € 0.9 million in relation to usufruct amortisation). Excluding usufructs and on a like-for-like basis, the change was a decline of 2% in the value of investment property since 31 December 2010.
- **High return on property assets:** 9.8% overall gross yield.
- **Occupancy rate:** 89%, down 1 percentage point compared to the end of December 2010, due to the effect of the selective disposals and tenants vacating smaller premises.

REVENUES

- **Rental Income:** € 8.1 million, compared to € 9 million at 30 June 2010: The decline in rent and costs recovered (down 2.9% on a like-for-like basis compared to 30 June 2010) was primarily due to the review of the rent of the Pantin building and tenants vacating smaller premises. The percentage of rental costs rebilled to tenants also decreased moderately compared to 30 June 2010. It should be noted that the first half of 2010 did not include Interpierre (i.e. 6 buildings owned by Interpierre prior to their transfer to PAREF, representing total rent of € 0.4 million during the first half of 2010).

  PAREF Group continues to strive to increase the occupancy rate; the building of La Houssaye en Brie (14,438 m²) was partly rented out (5,720 m²) with effect from 1 September 2011 for € 206 thousand per year, excluding tax, as part of a two-year lease.

- **Management on behalf of third party** (SCPI, including Interpierre, and OPCI): € 526 million in assets under management, an increase of 12.4% since 31 December 2010.
- **Management fees**: € 3.6 million, compared to € 1.6 million at the end of June 2010, due to the significant acceleration in SCPI subscriptions and the growth on a like-for-like basis in management fees, which followed the year-on-year increase in assets under management.

RESULTS

Main consolidated income statement items (IFRS)

(In € millions)	30/06/2011	30/06/2010
Rental income	8.13	9.03
Management and subscription fees	3.60	1.57
Other revenue	0.05	0.04
Profit margin on property transactions	0.00	0.20
Gross operating profit	7.43	8.29
Proceeds from investment property disposals	0.08	0
Net movement in investment property fair value	(4.21)	(1.77)
Net financial expense	(3.61)	(3.52)
Profit/(loss) before tax	(0.30)	3.01
Net profit- Group share	0.03	3.38
Earnings/(loss) per share, adjusted, weighted and diluted (€)	*0.03*	*3.77*

- **Gross operating profit** declined by 10.4%, due to the effect of the decrease in rental income (€ 0.9 million), an increase in personnel costs (€1.3 million, compared to € 0.9 million to the end of June 2010), partly due to non-recurring items, and other operating charges totalling € 0.25 million (legal and communication costs primarily). It should also be noted that for the first half-year to 30 June 2010, the gross operating profit had benefited from a non-recurring item of € 0.2 million (capital gain on a property dealing transaction as part of the sale of the Lisieux hotel/restaurant).

  Conversely, Paref Gestion transactions generated a € 0.9 million increase in gross operating profit, due to significant growth in subscription fees, despite the increase in commissions paid to business getters, which rose significantly (€ 1.3 million, compared to € 0.2 million).
- **The net cost of financial debt** was an expense of € 3.7 million, stable compared to the half-year to 30 June 2010, despite the debt reduction achieved by the Group over the last few months. This stability was due to non-recurring financial expenses, primarily as a result of the cancelation of the swap option relating to the Parmentier loan and early repayment penalties.
- **Proceeds from disposals:** The disposals carried out in the first half of 2011 (building of the Parmentier private hospital for € 14 million and Roule-Rivoli buildings for € 13 million) had no impact on the consolidated financial statements, since their selling prices were the same as their appraised value at 31 December 2010.

- **Fair value movement**: a decline of € 4.2 million (of which € 0.9 million due to usufruct amortisation) compared to a decline of € 1.8 million for the half-year to 30 June 2010.
- **Profit/(loss) before tax** was a loss of € 0.3 million, compared to a profit of € 3 million for the half-year to 30 June 2010; **net profit before tax and fair value movements** amounted to € 3.9 million, compared to € 4.8 million at 30 June 2010.
- **Consolidated net profit – Group share** was a profit of € 0.03 million (compared to € 3.4 million for the half-year to 30 June 2010), corresponding to net earnings per share, adjusted, weighted and diluted, of € 0.03 per share.

BALANCE SHEET

IFRS consolidated financial statements (In € millions)	30/06/2011	31/12/2010
Total assets	201.9	223.3
Total liabilities	121.2	140.5
Group share of equity	77.5	79.6
Replacement NAV / share *(€ per outstanding share at end of period, excluding treasury shares)*	**97.60**	**98.01**

- **Consolidated Group equity**: € 77.5 million, compared to € 79.6 million at the end of December 2010. The change was primarily due to the payment of dividends of € 3 million in May 2011 and movements in the fair value of hedging instruments (up € 1 million).

  Capital gains on disposals carried out during the first half of 2011 (Parmentier and Roule-Rivoli) had no impact on consolidated equity but generated an overall capital gain of € 6.6 million in the parent company financial statements, with a compulsory payment of at least 50% of this amount as dividend, payable over the next two financial years, pursuant to the provisions of the SIIC regime.

- **Consolidated financial debt**: € 107.8 million at 30 June 2011, a decrease of € 19 million since 31 December 2010, due to the effect of the early repayment of loans relating to the selective disposals and the standard amortisation of the principal of loans entered into to finance the assets.
  At 30 June 2011, the Group had cash and cash equivalents of € 13.1 million and € 2.2 million in escrow accounts, classified as non-current financial assets. Therefore, net consolidated financial debt amounted to € 92.4 million at 30 June 2011.

- **Net financial debt / asset value (LTV ratio)**: 52.6% at 30 June 2011 (compared to 58% at 31 December 2010 and 64% at 30 June 2010), in compliance with bank covenants.

- **The vast majority of all bank borrowings bear a fixed interest rate or are hedged by an interest rate swap.**

- **Liquidation NAV, per share:** € 85.2 per share, compared to € 85.3 at the end of 2010. Replacement NAV (stamp duty included) was € 97.6 per share, compared to € 98.01 at 31 December 2010.

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OUTLOOK

PAREF Group, which remains attached to its dividend distribution policy, is focusing on four major objectives:

- Asset rotation and management:

  Continued active policy of selective disposal of mature or unsuitable assets and drawing value from assets.

- Development of management on behalf of third parties:

  - The management on behalf of third party business, PAREF Gestion, intends to continue to benefit from the popularity of property-based securities, thanks to a comprehensive range of SCPIs, with Novapierre (stores), Pierre 48 (residential property in Paris and in the Paris region) and Interpierre (offices and business premises).

  - PAREF Gestion is also working on the launch of two new OPCI RFA (one which is pending regulatory approval) and is also looking into other projects, particularly to make use of the SIIC regime.

- Development of PAREF's property development activities, with the construction of an 11,000 m2 HQE – high environmental quality – office building in Nanterre, on the site owned by the company acquired by PAREF on 7 July 2011. PAREF will develop the site in partnership with a player with solid experience in property development (negotiations in progress).

- A strengthened financial position, with a cautious policy in terms of financial debt.

The Management Board may also issue additional capital in the coming months in order to enable PAREF Group to strengthen its financial position and continue to grow.

The 2011 half-year financial report will be available on the PAREF website on 12 September

Shareholders' agenda
3rd quarter sales: 9 November 2011

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 OPCI.*

At 30 June 2011, PAREF Group owned more than € 176 million in property assets and managed assets worth € 526 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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