PAREF

VOTRE CAPITAL PIERRE

Press release

*Paris, 21 March 2011, 8am*

# 2011 ANNUAL RESULTS

- ***Growth in management fees due to higher SCPI collections: € 9.2 million (up 122%), and increase in assets under management (up 23 %).***
- ***Continued reduction in Group debt due to selective disposals: LTV ratio of 52% at 31 December 2011, compared to 58% at 31 December 2010.***
- ***Acquisition of Watford and joint investment with GA Promotion for the construction of "Le Gaïa", an 11,000 m$^2$ HQE/BBC office building in Nanterre.***

*The PAREF Management Board meeting of 20 March 2012, chaired by Alain Perrollaz, approved the parent company and consolidated financial statements for the financial year ended 31 December 2011 and submitted them to the Supervisory Board. Audit procedures on financial statements have been carried out. The Statutory Auditors will issue their report after verifying that information disclosed in the management report and the reference document agrees with the consolidated financial statements.*

## PROPERTY ASSETS

- **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, the Roule-Rivoli buildings for € 13 million and the Les Ulis buildings for € 3 million.

  Three further undertakings to sell have been signed, including La Houssaye en Brie in the second half of 2011 and Gentilly and Paris-Berger early in 2012, for a total of € 19 million (4% higher than appraised values at 31 December 2011).

- In July 2011, **PAREF acquired the entire share capital of Watford,** which owns a building site located in Nanterre (92) that benefits from 11,000 m² of planning permission, free and clear of any appeal.

  This transaction will allow the construction of a HQE/BBC building (*high environmental quality / low energy building*) to be named "Le Gaïa", within the framework of a joint investment with GA Promotion, which has held 50% of the share capital of Watford since 15 March 2012. A construction works contract was concurrently signed with GA Entreprise. The building is to be delivered in July 2013.

- After completion of the above transactions**, property assets (appraised value excluding stamp duty and acquisition expenses)** were **valued at € 180 million** (compared to € 207 million at 31 December 2010). These figures include the assets of SCPI Interpierre, which has been fully consolidated since 1 July 2010, as well as SCPI and OPCI shares held by the Group.
- **The movement in fair value of the buildings that make up** PAREF's property assets was a decline of € 8.0 million (including € 1.9 million in amortisation of usufruct). Excluding usufruct, the movement was a decline of approximately 3.5% of the value of buildings at 31 December 2010 on a like-for-like basis, i.e. excluding 2011 disposals.
- **Substantial return on property assets:** 9.2% overall gross yield (9.5% on property assets, excluding SCPI/OPCI).
- **Financial occupancy rate:** 90%, stable compared to the end of 2010.

## REVENUES

- **Rental income: € 21.1 million, compared to € 23 million in 2010**: € 1.4 million of the € 1.8 million decline was due to disposals carried out during the year. On a constant group structure basis, 2011 rent (and costs recovered) fell back by 1.9%. Most of the decline was due to the renegotiation of certain leases (Vaux le Pénil, Bondoufle), although this was offset by the signing of new leases (La Houssaye en Brie, Créteil, Emerainville, Labège).

- **Strong increase in SCPI collections,** particularly by Novapierre (stores), due to increased marketing activity in a savings market where property securities are in high demand.

- **Management on behalf of third parties** (SCPI, OPCI and other): € 577 million assets under management, an increase of 23% in one year.

- **Management fees**: € 9.2 million, compared to € 4.1 million in 2010, an increase of 124% following an increase of 48% in 2010. The significant growth in SCPI subscription fees compounded the rise in SCPI and OPCI management fees, which continued to grow as a result of the increase in assets under management over the period.

## RESULTS

| (€ millions) | 31.12.11 | 31.12.10 |
|---|---|---|
| Rental income | 16.02 | 18.21 |
| Management and subscription fees | 9.2 | 4.14 |
| Other revenue | 0.2 | 0.13 |
| Profit margin on property transactions | 0 | 0.21 |
| **Gross operating profit** | **16.04** | **16.42** |
| Proceeds from investment property disposals | (0.19) | 0 |
| Net movement in investment property fair value | (8.04) | (1.83) |
| **Profit before tax** | **0.49** | **7.34** |
| **Net profit - Group share** | **0.54** | **8.06** |
| *Earnings per share, adjusted, weighted and diluted (€)* | *0.5* | *8.6* |

- **Gross operating profit**: € 16.0 million, compared to € 16.4 million in 2010. The impact of the decline in the occupancy rate of the portfolio was offset by the increase in fees of the management on behalf of third parties business.

- **Fair value movement:** an € 8.0 million negative movement (compared to a negative movement of € 1.8 million in 2010), including € 1.9 million amortisation of residential usufruct. The appraised value of other buildings (excluding usufruct) declined by approximately 3.5% compared to the previous year, due to the impact of renegotiated leases and tenants vacating premises during the year. Nonetheless, undertakings to sell signed between the end of 2011 and the start of 2012 reflected a 4% increase compared to appraised values at 31 December 2011.

- **Profit before tax:** was € 0.5 million, compared to € 7.3 million in 2010. Profit before tax and movement in fair value, which includes equity-accounted companies (OPCI Vivapierre) amounted to € 10.0 million, compared to € 10.8 million in 2010, a decline of 7%.

- **Net profit - Group share:** this was € 0.5 million (compared to € 8.1 million in 2010), resulting in net earnings per share, adjusted, weighted and diluted, of € 0.5.

**IFRS consolidated financial statements**

| (€ millions) | 31.12.11 | 31.12.10 |
|---|---|---|
| Total assets | 196.1 | 223.2 |
| Total liabilities | 115.6 | 140.5 |
| Equity | 76.1 | 79.6 |
| **Replacement NAV / share** *(€ per outstanding share at end of period, excluding treasury shares)* | **98.6** | **98.0** |

## NET ASSET VALUE

- **Liquidation NAV per share: € 86.9** per share, compared to € 85.3 at the end of 2010, an increase of 1.9% or € 1.6 per share (it being specified that NAV at the end of 2011 was adversely affected by the payment of an interim dividend of € 2 per share at the end of December).

- **Replacement NAV per share: € 98.6** per share, compared to € 98.0 at the end of 2010, an increase of 0.6 % compared to 31 December 2010.

## FINANCIAL POSITION

- **Consolidated group equity:** € 76.1 million, compared to € 79.6 million at the end of December 2010. In addition to net profit and items having a direct impact on net assets (movement in the fair value of hedge instruments), the change in equity was due to 2010 dividends of € 3.0 million and the payment of an interim dividend of € 2.0 million in respect of 2011.

- **Consolidated financial debt:** disposals carried out in 2011 greatly contributed to a reduction in gross financial debt, which declined by € 25 million to € 102 million at the end of December 2011, compared to € 127 million at the end of December 2010.

- **Net financial debt / asset value (LTV ratio): 52**% at the end of 2011, a reduction of 6 percentage points compared to 2010. On-going sales (Berger building especially, planned for the end of May) will bring this ratio down to **50%**, all other things being equal.

## DIVIDEND

The Management Board will submit for approval to the Annual General Meeting of 9 May the payment of a dividend of € 3.0 per share, i.e. a final dividend of € 1.0 following the payment of an interim dividend of € 2 in December, resulting in an unchanged dividend compared to 2010.

## OUTLOOK

Over the coming months, PAREF Group will continue to implement its balanced growth strategy, which is based on:

- **The development of its asset portfolio, with moderate use of leverage**, primarily through indirect investments via minority shareholdings in OPCIs launched by Paref Gestion;

- **A continued selective disposals policy, featuring one or two disposals per year** of assets reaching maturity or inconsistent with our strategy, as testified by undertakings signed in 2011 and at the start of 2012;

- **The continued development of the SCPI management business,** with a diverse range of residential (Pierre 48), store (Novapierre 1) and office (Interpierre) SCPIs, in order to tap into savers' strong interest in property securities. The contribution of assets by Paref in 2010 added momentum to the recovery in SCPI Interpierre's collections; as a result, we can reasonably expect strong growth in this SCPI volume in 2012. Lastly, due to strong demand for property securities, PAREF Gestion may launch new theme-based products.

- **The development of new institutional,** dedicated or theme-based **OPCIs,** to meet demand from investors seeking diversification products;
- **Continued policy of increasing equity,** in particular through capital increases by contribution in kind, depending on the opportunities that will present themselves.

***The 2011 financial report will be available on the PAREF website on 18 April***

### *About PAREF*

***PAREF Group operates in two major complementary areas:***

- ***Commercial and residential investments:*** *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 31 December 2011, PAREF Group owned more than € 170 million in property assets and managed assets worth € 580 million on behalf of third parties.***

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### *Shareholders' agenda*

*Annual General Meeting: 9 May 2012*
*1st quarter revenues: 10 May 2012*

***For further information, please visit the PAREF Group website: www.paref.com***