PAREF
VOTRE CAPITAL PIERRE

Press release

Paris, 21 March 2013, 17.35 pm

2012 ANNUAL RESULTS

- ***Increase in Group Share of Net Profit (including impact of movements in value) to € 6.1 million, being € 5.5 / share***
- ***Significant Group debt reduction due to selective disposals: LTV ratio of 42% at 31 December 2012, compared to 52% at 31 December 2011***
- ***Growth in managed assets, due in particular to the takeover of management of SCPI Capiforce Pierre and continued strong fundraising***
- ***Payment of a dividend of € 3 / share***
- ***Paref focuses on 3 main objectives: continued investments, asset portfolio trade up and development of the management on behalf of third parties business***

The PAREF Management Board meeting of 20 March 2013, chaired by Alain Perrollaz, approved the parent company and consolidated financial statements for the financial year ended 31 December 2012 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 registration document agrees with the consolidated financial statements.

PROPERTY ASSETS

- **The Group continued its selective disposal policy** in relation to mature or unsuitable assets by disposing of the Berger asset for € 10 million and the Clichy office space for € 0.5 million.

  Two undertakings to sell have also been signed for the Gentilly and Rueil Malmaison buildings, both of which were vacated by the tenants in 2012, for a total of € 8.75 million.

- **PAREF** launched the construction of a HQE/BBC (low energy consumption) building named “le Gaïa”, as a part of a co-investment arrangement with GA Promotion. A works contract was concurrently concluded with GA Entreprise. Work began on April 2012 and the building is to be delivered in August 2013, as scheduled. Before this investment was made, the Group transferred to GA Promotion 50% of the shares in Wep Watford, the owner of the construction project, in order to reduce the risk inherent in this large-scale project.
- In December 2012, **SCPI Interpierre** (a fully consolidated subsidiary) acquired a 1,672 m^2 BBC office building at Lyon Saint Exupéry Airport. The entire building is rented out: 3 tenants occupy 78% of the building, with the remaining surface area being rented to the transaction’s developer under a tenancy at will. The main tenant, the CIAT Group, occupies 66% of the surface area and is committed to a 9-year firm lease. This acquisition was fully financed through equity.
- Following these transactions**, property assets (appraised value excluding stamp duty and acquisition expenses)** were **valued at € 172 million,** (compared to € 179 million at 31 December 2011). Figures include the assets of SCPI Interpierre, SCPI and OPCI shares held by the Group, as well as Wep Watford.
- **The movement in fair value of the buildings** that make up PAREF’s property assets was a decline of € 1.2 million (including € 1.16 million in amortisation of usufruct). Excluding usufruct, the movement remained stable (-0.03% at 31 December 2012 on a like-for-like basis, i.e. excluding 2012 disposals).
- **Substantial return on property assets:** 8.6% overall gross yield (9.0% on property assets, excluding SCPI/OPCI). Restated for the construction of the Nanterre building, the overall gross yield was 9.1%.

- **Financial occupancy rate**: 91% (excluding construction of the Nanterre building), which was an increase compared to the end of 2011 (90%). Restated for undertakings to sell, the occupancy rate was 95%.

REVENUES

- **Net rental income: € 13.2 million compared to € 16.0 million in 2011:** 2011 rent and costs recovered (before deduction of property charges) were € 18.1 million, compared to € 21.2 million the previous year. € 2.8 million of the € 3.1 million decline was due to a number of temporary usufructs reaching maturity and to disposals carried out during the year. On a constant group structure, rent (and costs recovered) decreased by 0.7%.

- **Sustained high level in SCPI fundraising (€ 45 million),** due to increased marketing activity in a savings market where unlisted property funds are in high demand.

- **Management on behalf of third parties** totalled € 592 million at 31 December 2012, a year-on-year increase of 3%. Paref Gestion has also been selected by SCPI Capiforce Pierre as its management company effective from 1 January 2013. Managed assets therefore increased by € 41.2 million at 1 January 2013. Total assets managed on behalf of third parties and on the Group's own account totalled € 762 million at 1 January 2013 (compared to € 725 million at the end of 2011).

- **Management fees** were € 6.1 million compared to € 9.2 million in 2011. Subscription fees fell from € 6.8 million in 2011 to € 3.3 million in 2012. This was primarily due to lower fundraising by SCPI Novapierre (retail outlets), which had an exceptional year in 2011. Management fees on current SCPI subscriptions continued to increase concurrently with the growth in assets under management during the period (€ 2.8 million compared to € 2.4 million in 2011).

RESULTS

(€ millions)	31.12.12	31.12.11
Net rental income	13.2	16.0
Management and subscription fees	6.1	9.2
Other revenue	0.0	0.2
Gross operating profit	**12.0**	**16.0**
Proceeds from investment property disposals	0.4	(0.2)
Net movement in investment property fair value	(1.2)	(8.0)
Profit before tax	**5.3**	**0.5**
Net profit - Group share	**6.1**	**0.5**
Earnings per share, adjusted, weighted and diluted (€)	*5.50*	*0.54*

- **Gross operating profit**: **€ 12.0 million**, compared to € 16.0 million in 2011, due to lower rental income (as a result of disposals and usufructs maturing) and the decrease in fees from the management on behalf of third parties business, as explained above.

- **Fair value movement**: **down € 1.2 million** (compared to a decrease of € 8.0 million in 2011), of which € 1.16 million was due to residential usufruct amortisation. **The appraised value of buildings (excluding usufructs) was stable in 2012.**

- **Profit before tax** was **€ 5.3 million**, compared to € 0.5 million in 2011. Profit before tax and movement in fair value, which includes equity-accounted companies (OPCI Vivapierre and Wap Watford) amounted to € 7.9 million, compared to € 10.0 million in 2011.

- **Net profit - Group share** was **€ 6.1 million,** compared to € 0.5 million in 2011, resulting in net earnings per share, adjusted, weighted and diluted, of **€ 5.5 / share**.

IFRS consolidated financial statements

(€ millions)	**31.12.12**	**31.12.11**
Total assets	191.5	196.1
Total liabilities	94.2	115.6
Minority interests	8.4	4.4
Equity – Group share	88.9	76.1
Replacement NAV/share *(€ per outstanding share at end of period, excluding treasury shares)*	**95.1**	**100.9**

NET ASSET VALUE

- **NAV per share.** Liquidation and replacement NAVs, now calculated in accordance with EPRA standards, were as follows:
  - **Liquidation NAV: € 85.7 per share**, compared to € 89.8 per share at the end of 2011 (figure restated in accordance with the same method);
  - **Replacement NAV (including stamp duty**): **€ 95.1 per share** compared to € 100.9 (restated) at 31 December 2011;
  - **EPRA triple net NAV** (which includes the fair value of debt) was **€ 78 per share** against € 86 / share in 2011 (restated figures).

  The June 2012 capital increase had a negative impact of € 8.5 / share on liquidation NAV and € 10.5 / share on replacement NAV. Furthermore, the decrease in market interest rates noted in 2012 had a negative impact of approximately € 5 / share on EPRA triple net NAV (which includes the fair value of debt): the cautious debt hedging policy (98% of which bears a fixed interest rate) had an adverse impact in 2012, but could have a corresponding favourable effect in the future.

FINANCIAL POSITION

- **Consolidated group equity** was € 88.9 million, compared to € 76.1 million at end December 2011.
  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 the payment in May 2012 of the 2011 final dividend, for € 1.0 million (following the payment of an interim dividend of € 2.0 million in December 2011) and the € 7.3 million **capital increase of June 2012** (issue premium included).

- **Consolidated financial debt:** disposals carried out in 2011 and 2012 greatly contributed to a reduction in gross financial debt, which declined by €18.6 million to € 84 million at the end of December 2012 compared to € 102 million at the end of December 2011.

- **Net financial debt / asset value (LTV ratio): 42%** at the end of 2012 (included Wep Watford's proportionally-accounted debt), a decline of 10 percentage points compared to 2011.

DIVIDEND

The Management Board will submit for approval to the Annual General Meeting of 15 May 2013 the payment of a dividend of € 3.0 per share, unchanged compared to 2011 (€ 1 / share was paid in May 2012, preceded by a € 2 interim dividend paid in December 2011).

OUTLOOK

The PAREF Group bolstered by the improvement of its financial position and debt reduction achieved over the last two years, now focuses on 3 main objectives:

- **Continued investments**

  Paref will favour indirect investments via minority shareholdings in OPCIs launched by Paref Gestion.

- **Asset portfolio trade up**

  In line with the momentum initiated in 2011, Paref will continue to implement a selective disposal policy for assets that have reached maturity or are inconsistent with its strategy, in order to perform high added value transactions and redirect the asset portfolio towards office buildings that comply with the new environmental standards.

- **Development of the management on behalf of third parties business**

  - The takeover of management of SCPI Capiforce Pierre at the partners' request demonstrated that the Paref Group is an operator on a human scale, with the ability to provide a tailored service to medium-size SCPIs.

  - Paref Gestion will therefore continue to promote its SCPI range, taking advantage of both a buoyant market and a diverse offering, which includes Novapierre (retail stores), Pierre 48 (residential property in Paris and the Paris region), Interpierre (offices and business premises) and now Capiforce Pierre (mixed SCPI).

  - The Group will also seek opportunities to create OPCI RFAs, both as part of its indirect investment policy or simply as a provider within the framework of partnerships.

The document presented at the annual results presentation is available on the Paref website: www.paref.com

The 2012 financial report will be available on the PAREF website on 23 April 2012

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 4 SCPIs and 2 OPCIs.*

At 1 January 2013, PAREF Group owned € 172 million in property assets, and managed assets worth € 634 million on behalf of third

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Shareholders' agenda

Annual General Meeting: 15 May 2013
1st quarter sales: 14 May 2013

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