PAREF

VOTRE CAPITAL PIERRE

Press release

Paris, 12 September 2013, 5.35 pm

HALF-YEAR RESULTS TO 30 JUNE 2013

- ***Continued streamlining of portfolio and consolidation of financial position***
- ***Increase in recurring net profit to € 3.2 million (compared to € 2.2 million at 30 June 2012)***
- ***Slight increase in EPRA Triple net NAV to € 78.4 per share***
- ***Increase in assets under management (SCPI & OPCI) or fully owned to € 804 million***

The PAREF Management Board meeting of 11 September 2013, chaired by Alain Perrollaz, approved the Group's first half-year consolidated financial statements at 30 June 2013 and submitted them to the Supervisory Board. The financial statements have been subject to a limited review by the Statutory Auditors.

PROPERTY ASSETS

- **The Group continued its selective disposal policy** in relation to mature or unsuitable assets and sold the Rueil-Malmaison asset for € 3.3 million.
- **The PAREF Group's property assets**, including the fully consolidated SCPI Interpierre, was valued at € 178 million at 30 June 2013 (compared to € 172 million at the end of December 2012) on the basis of valuations carried out by 30 June. This amount includes investment property and assets held for sale totalling € 150.9 million (including € 41.5 million in respect of Interpierre property), 50% of the property assets of Wep Watford (equity-accounted company) totalling € 15.4 million, the 27% shareholding in the equity-accounted OPCI Vivapierre amounting to € 10.7 million and SCPI shares of € 1.0 million (classified under financial assets).
- **On a constant group structure basis, the movement in the fair value of buildings** resulted in a decline of € 1.6 million (including € 0.4 million in amortisation of usufruct). Excluding usufruct, the movement resulted in a decline of 0.8% in the value of investment property compared to 31 December 2012, on a like-for-like basis.
- **Substantial return on property assets:** 8.6% overall gross yield.
- **Occupancy rate**: 88%, stable compared to the end of March.

REVENUES

- **Rental income:** Rent (and costs recovered) for the first six months of 2013 amounted to € 8.5 million, compared to € 9.4 million for the first half of 2012.

  On a **like-for-like** basis (excluding 2012 sales and the expiry of usufructs), rental price developments were stable.

- **Management on behalf of third parties**:

  During the first half of 2013, management company fees totalled € 2.9 million, compared to € 3.3 million for the same period in 2012, it being specified that using a comparable consolidation method, the management fees for the first half of 2012 would total € 3.5 million. Subscription fees (SCPI) represented € 1.4 million, compared to € 1.9 million for the first half of 2012.

Fees related to SCPI, OPCI and third-party assets under management (and miscellaneous management fees) represented € 1.5 million, compared to € 1.4 million for the first half of 2012.

Third party assets under management (SCPI and OPCI) continued to grow. A € 33 million increase in managed assets over the six months along with the takeover of SCPI Capiforce Pierre as of 1 January, which represented an increase of € 42 million, took their total amount to € 664 million at 30 June 2013. Total assets held or managed by the Paref Group, following elimination of duplication (Paref investments in funds managed by Paref Gestion) thus totalled € 804 million.

RESULTS

Main consolidated income statement items (IFRS)

(€ millions)	30/06/2013	30/06/2012
Net rental income	6.2	6.7
Management and subscription fees	2.9	3.3
Gross operating profit	5.5	5.6
Proceeds from investment property disposals	0.3	0.5
Net movement in investment property fair value	(1.6)	(0.2)
Net financial expense	(1.9)	(3.5)
Profit/(loss) before tax	2.2	2.4
Net profit - Group share	2.4	3.3
Earnings per share, adjusted, weighted and diluted (€)	*2.0*	*3.3*

- **Gross operating profit** was stable at € 5.5 million, compared to € 5.6 million in 2012.
- **Net financial expense**: the net cost of financial debt decreased significantly by 19% to € 2.3 million, compared to € 2.8 million for the six months to 30 June 2012, as a result of the debt reduction achieved since that date by the Group.

  Due to the rise in interest rates, the cost of the swap option subscribed to in 2010 to hedge the refinancing of the Dax building loan post-2014, recognised as other financial expenses, had a favourable impact of € 0.2 million on the net financial expense (compared to a charge of € 0.4 million at 30 June 2012).

  The net financial expense was therefore € 1.9 million, compared to € 3.5 million in 2012, an improvement of 44%.
- **Proceeds from disposals**: The Group continued its selective disposal policy and sold the Rueil-Malmaison asset for € 3.3 million. This transaction generated a capital gain of € 0.3 million.
- **Fair value movement**: The movement in the fair value of buildings comprising PAREF's property assets resulted in a decline of € 1.6 million on a constant group structure basis (including € 0.4 million in amortisation of usufruct). Excluding usufruct, the movement resulted in a slight decline of 0.8% in the value of investment property at 31 December 2012, on a like-for-like basis.

- **Profit/(loss) before tax**: € 2.2 million, compared to € 2.4 million for the six months to 30 June 2012. The tax charge totalled € 0.2 million, compared to a credit of € 0.3 million for the first half of 2012 (which had benefited from the positive impact of an exceptional write off of deferred taxes in the amount of € 0.6 million).

  Equity accounting: The contribution of OPCI Vivapierre to Group profit was € 1.1 million (compared to € 0.9 million for the six months to 30 June 2012).

- **Consolidated net profit – Group share**: the Group share of consolidated net profit for the six months to 30 June 2013 was € 2.4 million, compared to € 3.3 million for the half-year to 30 June 2012. The recurring net income (excluding the impact of disposal gains or losses and fair value movements, including those of equity-accounted companies) was € 3.2 million, compared to € 2.2 million for the six months to 30 June 2012.

  The diluted earnings per share, excluding treasury shares, weighted according to the number of shares outstanding, was € 2.02 compared to € 3.34 at 30 June 2012.

BALANCE SHEET

IFRS consolidated financial statements

(€ millions)	30/06/2013	31/12/2012
Total assets	191.2	191.0
Total liabilities	91.8	93.7
Equity – Group share	88.1	88.9
Liquidation EPRA NAV / share *(€ per outstanding share at end of period, excluding treasury shares)*	**83.6**	**85.7**
Replacement EPRA NAV / share *(€ per outstanding share at end of period, excluding treasury shares)*	**92.5**	**95.1**

- **Consolidated equity – Group share**: € 88.1 million at the end of June 2013, compared to € 88.9 million at 31 December 2012 and € 86.5 million at 30 June 2012.

- **Consolidated financial debt**: € 80.4 million compared to € 83.6 million at 31 December 2012, i.e. a debt reduction of € 3.2 million. The debt reduction resulted from the standard amortisation of the principal of loans entered into to finance the assets and from the early repayment resulting from the disposal of the Rueil-Malmaison asset executed during the first half of 2013. It should be noted that the SCPI Interpierre investment was completed using external fundraising of € 2.4 million and a short-term credit facility of € 1.4 million.

- **Net financial debt/asset value (LTV ratio)**: 43.5% at 30 June 2013 (compared to 42% at 31 December 2012), substantially lower than limits set by the bank covenants (65%).

- **Virtually all consolidated bank debt bears a fixed interest rate or is hedged by an interest rate swap.**

- **NAV per share.** Liquidation and replacement NAVs are calculated in accordance with EPRA standards and are as follows:
  - **EPRA NAV (liquidation) per share:** € 83.6 per share, against € 85.7 per share at the end of 2012.
  - **“Triple net" EPRA NAV** (including the fair value of debt) was € 78.4 per share (€ 77.9 per share at the end of 2012).
  - **Replacement NAV (including stamp duty)**: € 92.5 per share compared to € 95.1 per share at 30 June 2012.

OUTLOOK

In an environment that is generally favourable to its activities, Paref will continue to benefit from its robust business model, which combines management and investment.

Investment: Paref continues its policy of moving its property assets upmarket

- Firstly, as part of the selective disposal programme, the sale of the Fontenay and Gentilly buildings should take place during the second half of the year.

- Secondly, the Gaia building will enter into the property asset portfolio. This office building, constructed in accordance with the latest environmental standards, is now being marketed, both for single tenant usage and split tenancies (minimum of 4,000 m²).

Management on behalf of third parties: continued development

- Paref Gestion will continue to benefit from the popularity of property-based securities, thanks to a diversified range of SCPIs, with Novapierre (retail stores), Pierre 48 (residential property in Paris and in the Paris region), Interpierre (offices and business premises) and Capiforce Pierre (diversified assets).

- With the takeover of the management of SCPI Capiforce Pierre, at the request of its partners, Paref Gestion has established itself as an independent operator capable of providing a bespoke service to mid-sized SCPIs.

- A new product invested in retail in Germany will be launched during the second half of the year, in partnership with an experienced and strong operator, recognised for its ability to work within this investment strategy.

The 2013 half-year financial report will be available on the PAREF website on 13 September

Shareholders' agenda
3rd quarter revenues: 14 November 2013

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 30 June 2013, PAREF Group managed assets worth € 804 million (including € 166 million of its own property assets).

PAREF shares have been listed on Eurolist Compartment C of the Euronext Paris Stock Exchange since December 2005 ISIN code: FR0010263202 - Ticker: PAR

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