PAREF

VOTRE CAPITAL PIERRE

Press release

Paris, 15 March 2016, 8am

2015 ANNUAL RESULTS

- ***Marked increase in Group share of net profit to €5.4 million***
- ***Significant impact of recent acquisitions (Gentilly and Levallois buildings)***
- ***Continued growth in property assets owned and managed by the Group to €1,217 million at 31 December 2015.***
- ***Increase in EPRA NAV: €84.8/share***
- ***Payment of a dividend of €3/share***

At its meeting of 14 March 2016, chaired by Alain Perrollaz, the PAREF Management Board approved the parent company and consolidated financial statements for the financial year ended 31 December 2015 and submitted them to the Supervisory Board. Audits on the financial statements are being finalised. The Statutory Auditors will issue their report after verifying that the information disclosed in the management report and the registration document agrees with the consolidated financial statements.

PROPERTY ASSETS

Paref Group's property assets, including €39 million for the fully consolidated SCPI Interpierre France, were valued at €186 million at 31 December 2015 (compared with €175 million at the end of December 2014) based on expert appraisals. This amount includes investment property and assets held for sale totalling €158 million, the 27% shareholding in the equity-accounted OPCI Vivapierre amounting to €9 million, SCPI shares totalling €1 million and 50% of the property assets of the equity-accounted Wep Watford totalling €18 million.

Several factors explain this change:

- Investments made during the year totalled €14 million and primarily included the acquisition of a 2,800 m², single-tenant office building in Gentilly and three buildings for SCPI Interpierre France, totalling €6 million (two business premises in Seclin and one building in Bron).
- Appraised values at 31 December 2015 led to the recognition, at constant group structure, of a negative change in fair value of €0.1 million, including a decrease of €0.7 million in relation to the economic amortisation of temporary residential usufructs. Excluding the impact of the usufructs this change represented an increase of 0.3% in the value of the buildings.

The occupancy rate at the end of December 2015 was 92.8% excluding Gaïa (83.5% including Gaïa), compared with 92.6 % at 31 December 2014.

ASSETS UNDER MANAGEMENT

Assets managed on behalf of third parties (SCPIs and OPCIs) continued to grow due to the SCPI Novapierre Germany, reaching a total of €1,079 million at 31 December 2015. The value of all assets held or managed by Paref Group, following elimination of duplication (Paref investments in funds managed by Paref Gestion) was therefore **€1,217 million**, as against €859 million at the end of 2014, an increase of 41.7%, due in particular to OPCI 54 Boétie.

REVENUE

- **Net rental income: €11.8 million compared with €11.9 million in 2014.** Consolidated rent including costs recovered totalled €17.0 million, compared with €16.6 million in 2014. The fully consolidated SCPI Interpierre France contributed €4.5 million to consolidated revenue. Rental charges of €5.2 million in 2015 are deducted from this rental income. Commercial rental income (business property) grew 8.1% over the 2015 financial year as a result of the acquisitions made in the first half of 2015 (purchases of the Gentilly office building by Paref, and business premises in Seclin and offices in Bron by Interpierre France), combined with the full-year effect of the Levallois office building acquired by Paref in April 2014. The overall positive effect of these acquisitions on revenue growth was €1.4 million. Other changes included a €0.5 million loss as a result of disposals and a positive impact of €0.3 million from relocations and miscellaneous items.

  Revenue from residential usufructs fell €0.8 million due to the usufruct for the Botzaris building, maturing at the end of 2014.

  On a constant group structure basis (excluding 2014 and 2015 acquisitions/disposals and the maturing of usufructs), rental income excluding costs increased by 1.2 %.

- **Fees:** fees increased compared with 2014 to €9.3 million (€6.8 million in the previous financial year). Subscription fees grew to €5.6 million (€3.5 million in 2014) due to SCPI Novapierre Germany which continued to raise a high level of funds (€42.2 million). Fundraising by Interpierre France also grew significantly, reaching €10.9 million. Management fees for SCPI, OPCI and third party assets (and various fees) totalled €3.7 million compared with €3.3 million in 2014.

RESULTS

Main items (€ millions)	31 Dec. 15	31 Dec. 14
Net rental income	11.8	11.9
Management and subscription fees	9.3	6.8
Gross operating profit	**10.0**	**10.7**
Proceeds from investment property disposals	0.0	0.6
Net movement in the fair value of investment property	(0.1)	(2.7)
Net financial expense	(2.9)	(5.4)
Profit before tax	**7.1**	**3.1**
Share of profit of equity accounted companies	(1.6)	(1.2)
Minority interests	(0.2)	0.4
Net profit - Group share	**5.4**	**1.1**
Earnings per share, adjusted, weighted and diluted (€)	*4.58*	*0.91*

- **Gross operating profit:** a slight decline to **€10.0 million**, compared with €10.7 million in 2014. The increase in the contribution of management activities was less than the growth in revenue due to the launch and management costs of SCPI Novapierre Germany and costs associated with the development of new products (SCPI Atlantique Pierre 1 and OPPCI). Operating expenses amounted to €11.1 million (including €3.7 million in finders' fees, notably due to fundraising at Novapierre Germany) compared with €8.4 million in 2014 (including €2.4 million in finders' fees).

- **Net financial expense: €2.9 million** compared with €5.4 million. The improvement in net financial expense was mainly related to the decrease in the cost of debt of new loans and the reduced impact of hedge instruments. It should also be noted that in 2014, net financial expense was impacted by an early repayment of €0.6 million related to the sale of La Courneuve.

- **Profit before tax: €7.1 million** compared with €3.1 million in 2014, particularly impacted by the negative movements in the fair value of the property assets (€0.1 million compared with €2.7 million in 2014).

- **Share of profit/(loss) of equity accounted companies:** a loss of €1.6 million compared with a loss of €1.2 million in 2014. Of this total, Vivapierre represented a loss of €1.2 million (compared with a loss of €0.6 million in 2014) and Wep Watford, the holder of 50% of the "Le Gaïa" operation in Nanterre, represented a loss of €0.4 million (a loss of €0.6 million in 2014). In 2015, a provision was established by OPCI Vivapierre to cover a litigation risk, which had an exceptional impact of €1.2 million on the share of equity-accounted entities. As regards Watford, the change was due to exceptional compensation received in 2015 due to the early cancellation of a lease.

- **Recurring net profit**, i.e. net profit excluding the impact of disposal gains or losses and fair value movements (including those of equity-accounted companies), and excluding the impact of gains and losses related to forward financial instruments, increased to €7.6 million, against €7.0 million.

- **Net profit - Group share: €5.4 million**, compared with €1.1 million in 2014, with net earnings per share, adjusted, weighted and diluted, of **€4.58 per share.** Minority interests related to the full consolidation of SCPI Interpierre France represented a loss of €0.2 million, compared with €0.4 million in 2014.

IFRS consolidated financial statements

(€ millions)	**31 Dec. 15**	**31 Dec. 14**
Total assets	198.6	185.3
Total liabilities	88.4	86.0
Minority interests	22.8	14.5
Equity – Group share (€ millions)	**87.4**	**84.8**
Replacement NAV/share (€)* *(€ per outstanding share at end of period, excluding treasury shares)*	**95.0**	**91.1**

NET ASSET VALUE

- **NAV per share.** Liquidation and replacement NAVs, calculated in accordance with EPRA standards, were as follows:

  - **EPRA NAV (liquidation) per share: €84.8 per share**, against €81.4 per share at the end of 2014;

  - **Replacement NAV (including stamp duty): €95.0 per share**, against €91.1 per share at the end of 2014;

  - **EPRA triple net NAV** (which includes the fair value of debt) was **€78.4 per share**, compared with €73.2 per share in 2014.

FINANCIAL POSITION

- **Consolidated group equity:** €87.4 million, compared with €84.8million at the end of December 2014.
  The three major items that affected the net position in 2015 were the profit of €5.4 million, the upward revaluation of hedge financial instruments by €0.2 million, and the payment of the dividend in respect of the 2014 financial year totalling €3.6 million.

- **Consolidated financial debt:** €73.6 million compared with €75.2 million. The reduction was due to loan amortisation of €6.5 million. A €5 million financing package was put in place for the acquisition of the Gentilly building.

- **Net financial debt / asset value (LTV ratio): 40.2%** at the end of 2015, including Wep Watford's proportionally-accounted debt, a decline of 1.1 percentage points compared with 2014.

GOVERNANCE / SHARE CAPITAL

At its meeting held on 14 March 2016, the Supervisory Board appointed Roland Fiszel as member of the Management Board to replace Olivier Delisle, who tendered his resignation.

SPIRIT Group declared in January 2016 that it had crossed the legal threshold of 5% and that it currently holds 5.3% of the Company's share capital.

DIVIDEND

The Management Board will submit for approval to the Annual General Meeting of 18 May 2016 the payment of a dividend of €3 per share, unchanged compared with 2014. The ex-dividend date will be 31 May.

OUTLOOK

PAREF Group will pursue its development strategy in 2016 in its two business activities:

- **Continued investment and trade-up of the asset portfolio**

  Paref will continue its selective disposal policy targeting mature or unsuitable assets, as opportunities arise, with the aim of refocusing the asset portfolio on office buildings that comply with the new environmental standards.

  In addition, partial disposals of the equity investment held in SCPI Interpierre France (36%-controlled by Paref at 31 December 2015) may also gradually be effected, given that this SCPI has now reached a highly satisfactory size and fundraising level.

  The reinvestment of these funds will prioritise high-yield assets with a significant potential for capital growth, as was the case with the Levallois and Gentilly buildings.

  Moreover, co-investments and minority investments in institutional OPCIs managed by Paref Gestion will be considered. Paref may contribute certain of its property assets to these vehicles.

  Lastly, Paref will pursue its active policy of trading up its property assets by conducting work to improve their energy efficiency, similar to the process initiated in relation to the Levallois and Pantin buildings.

- **Development of management on behalf of third parties business and product innovation**

  - Paref Gestion will continue to promote its SCPI range, taking advantage of both a buoyant market and a diverse offering, through Novapierre 1 (retail stores), Pierre 48 (residential property in and around Paris), Interpierre (offices and business premises), Capiforce Pierre (mixed SCPI) and Novapierre Germany (commercial property in Germany), created in partnership with Internos Global Investors and the insurance company APICIL. This innovative SCPI should continue to grow rapidly in 2016.

  - Moreover, the assumption of the management of SCPI Atlantique Pierre 1 at the request of its partners confirms Paref Group as a company on a human scale, capable of offering a personalised service to mid-sized SCPIs.

  - Lastly, the Group will seek opportunities to create professional investment vehicles, both as part of its above-mentioned indirect investment policy and as a simple fund management provider, taking advantage of an environment that remains favourable for OPPCIs for the structuring of property investments. To that end, the Group will be able to rely on its longstanding experience in this field (Vivapierre, etc.) and the experience gained recently, in particular as part of the creation of OPPCI "54 Boétie" early in 2015, and the new OPPCI created on behalf of a family office early in 2016 (this OPPCI having the purpose of both investing in and increasing the value of assets in the hospitality industry).

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

The 2015 financial report will be available on PAREF's website on 26 April 2016

About PAREF

PAREF Group operates in two major complementary areas:

- ***Commercial and residential investments:*** *PAREF owns various commercial buildings within and outside 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 5 SCPIs and 2 OPPCIs.*

At 31 December 2015, PAREF Group owned €186 million in property assets and managed assets worth €1,079 million on behalf of third parties.

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Next financial communication

First quarter revenue: 12 May 2016
Annual General Meeting: 18 May 2016

For further information, please visit our website: www.paref.com