PAREF
VOTRE CAPITAL PIERRE

Paris, 14 September 2016, 6.00pm

HALF-YEAR RESULTS TO 30 JUNE 2016

- ***Strong growth in management activity***
- ***Active management leading to a revaluation of the property assets at €159 million***
- ***Sharp rise of €5.9 million in Net Profit - Group share***
- ***EPRA NAV at €88.1/share (up €3.3/share since 31 December 2015)***

At its meeting of 13 September 2016, chaired by Alain Perrollaz, the PAREF Management Board approved the Group's half-year consolidated financial statements at 30 June 2016 and submitted them to the Supervisory Board. The financial statements have been subject to a limited review by the Statutory Auditors. SCPI Interpierre France was deconsolidated at 1 January 2016, with data for the previous year restated for comparison purposes.

PROPERTY ASSETS

- **PAREF Group's property assets** were valued at €159 million at 30 June 2016, compared with €156 million (€186 million*) at the end of December 2015 on the basis of expert appraisals. This amount includes investment property and assets held for sale, 50% of the property assets of the equity-accounted company Wep Watford (Le Gaïa building), the 27.34% shareholding in the equity-accounted OPPCI Vivapierre, the 27.8% shareholding in the equity-accounted SCPI Interpierre, as well as SCPI shares (wholly owned or held under usufruct).
- **The movement in the fair value of buildings** resulted in an increase of €2.0 million, including a decline of €0.3 million in respect of the economic depreciation of temporary residential property usufruct. Excluding the impact of usufruct, at constant scope this change represented a 1.7% rise in the value of the buildings. This increase reflects the dynamism of the investment market, although with a marked contrast between the inner and outer suburbs of Paris. As such, the movement in fair value was notably due to the revaluation of the Levallois office building, acquired in 2014, coupled with the positive impact of the renewal of the Pantin lease, signed for a firm period of six years in the first half-year.
- **The occupancy rate**, restated for the exit of SCPI Interpierre from the scope, decreased slightly to 94.0% at 30 June 2016, compared with 94.3% at 31 December 2015 (81.3% vs. 81.7%, Gaïa included).

ASSETS UNDER MANAGEMENT

- **Record SCPI fundraising:**

  The half-year was marked by a new fundraising record of €58 million for the open-end SCPIs, due in particular to Novapierre Germany and, to a lesser extent, Interpierre.

  Added to this was Paref Gestion taking on the management of SCPI Atlantique Pierre 1 and of a new OPPCI specialising in hotel development on 1 January 2016.

  As such, assets managed on behalf of third parties grew significantly from €1,079 million at 31 December 2015 to €1,181 million.

  Total assets held by the property fund and managed by Paref Group, following elimination of duplication (Paref investments in funds managed by Paref Gestion) totalled €1,318 million.

corresponds to data at 31/12/2015 or at 30/06/2015 before deconsolidation of SCPI Interpierre

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REVENUE

- **Rental income:**

  Rental income for the first half of 2016 totalled €4.8 million, a 2.1% increase compared with the same period of the previous financial year. Rent and costs recovered for the first six months of 2016 amounted to €7.2 million, compared with €6.9 million for the first half of 2015. This growth was mainly due to the acquisition of the Gentilly building.

  On a constant Group structure basis, rental income fell 3.5% (primarily due to the renegotiation of the Pantin building).

  Net rental income at 30 June 2016 stood at €4.1 million, compared with €3.8 million at 30 June 2015 (€5.1 million*).

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

  During the first half of 2016, management and subscription fees rose by 58.7% to €7.4 million, compared with €4.7 million for the same period in 2015.

  This increase was the result of the attractiveness of SCPI Novapierre Germany whose fundraising grew significantly in comparison with the same period the previous year (€44.8 million against €24 million at 30 June 2015). Subscription fees totalled €5.4 million (including €4.5 million from Novapierre Germany), compared with €3.0 million for the period to 30 June 2015.

  Management fees stood at €2.0 million as against €1.8 million over the same period the previous financial year, with most of the increase coming from the development of SCPI Novapierre Germany and to a lesser extent from SCPI Atlantique Pierre 1.

RESULTS

Main IFRS consolidated income statement items

(€ millions)	30/06/2016	30/06/2015 pro forma	30/06/2015 published *
Net rental income	4.1	3.8	5.1
Management and subscription fees	7.4	4.5	4.7
Costs	(7.5)	(5.4)	(5.6)
Gross operating profit	3.9	3.0	4.2
Proceeds from investment property disposals	0.0	0.0	0.0
Net movement in investment property fair value	2.0	1.4	0.8
Net financial expense	(1.2)	(1.1)	(1.4)
Profit before tax	4.7	3.4	3.6
Income tax	(0.2)	0.0	0.0
Share of profit/(loss) from associates	1.4	1.2	0.0
Net profit - Group share	5.9	4.6	3.5
Earnings per share, adjusted, weighted and diluted (€)	4.86	3.81	2.93

**corresponds to data at 31/12/2015 or at 30/06/2015 before deconsolidation of SCPI Interpierre*

- **Gross operating profit:** Gross operating profit increased to €3.9 million compared with €3.0 million for the six months to 30 June 2015 (€4.2 million*).
- **Fair value movement:** The movement in the fair value of the buildings comprising PAREF's property assets (excluding SCPI Interpierre) resulted in an increase of €2 million, including a decline of €0.3 million in respect of the economic depreciation of temporary residential property usufruct.
- **Profit before tax**: Profit before tax for the six months totalled €4.7 million, compared with €3.4 million for the period to 30 June 2015 (€3.6 million*).
- **Equity-accounted entities:** Profit and loss recognised in relation to equity-accounted entities represented a profit of €0.3 million for Vivapierre, a loss of €0.4 million for Wep Watford and a profit of €1.4 million for Interpierre France, whose deconsolidation (now equity-accounted, previously fully consolidated) led to the recognition of a dilution profit of €1 million relating to previous years.
- **Consolidated net profit – Group share:** Group share of consolidated net profit for the six months to 30 June 2016 was €5.9 million, compared with €4.6 million for the half-year to 30 June 2015 (€3.5 million*).
- **Recurring net profit** (excluding the impact of disposal gains or losses and fair value movements, including those of equity-accounted entities and excluding the impact of gains and losses related to forward instruments) was €3.1 million.
- **Diluted earnings per share**, excluding treasury shares, weighted according to the number of shares outstanding, was €4.86 compared with €3.81 at 30 June 2015 (€2.93*).

BALANCE SHEET

IFRS consolidated financial statements

(€ millions)	30/06/2016	31/12/2015 pro forma	31/12/2015 published*
Total assets	158.5	159.1	198.6
Total liabilities	68.7	70.6	88.4
Equity – Group share	89.9	88.4	87.4

- **Consolidated equity – Group share** was €89.9 million at the end of June 2016, compared with €88.4 million at 31 December 2015 (€87.4 million*). Most of the increase in shareholders' equity was due to the profit of €5.9 million and the dividend payment of €3.6 million in May 2016.
- **Consolidated financial debt** at 30 June 2016 decreased to €58.2 million, compared with €61.0 million (€73.6 million*) at 31 December 2015. This fall was due to debt amortisation. The borrowings of the equity accounted company Wep Watford (Gaia building in Nanterre), represents a €9 million share of debt for the Group upon maturity in June 2017.
- **Net financial debt/asset value (LTV ratio)**: 41.2% at 30 June 2016 (against 42.1% at 31 December 2015 and 40.2% prior to the deconsolidation of Interpierre), substantially lower than the limits set by the bank covenants (55%).
- Virtually all consolidated bank debt is at **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:** €88.1/share, against €84.8/share at the end of 2015;
  - **"Triple net" EPRA NAV** (fair value of the debt included): €81.8/share (€78.4/share at the end of 2015),
  - **Replacement NAV (including stamp duty):** €95.9/ share compared with €95.0/ share at the end of 2015.

**corresponds to data at 31/12/2015 or at 30/06/2015 before deconsolidation of SCPI Interpierre*

- Crossing of thresholds: In the first half of 2016, SPIRIT Group advised that it had crossed the 7% statutory threshold and held 87,107 shares representing 7.21% of the share capital and 4.62% of the voting rights at 30 June 2016.

MANAGEMENT TEAM

In early September, Gilles Chamignon was appointed CEO of the subsidiary Paref Gestion, replacing Thierry Gaiffe. His mission will be to continue to develop management on behalf of third parties, in relation to both SCPIs and OPPCIs.

OUTLOOK

Business has been excellent for Paref Group over the first six months of 2016, both in relation to its property investment business and its management on behalf of third parties.

The Group will pursue the strategy of moving its property assets upmarket, allowing it to take full advantage of the compression of property yield rates. Selective disposals will be made as the opportunities arise, with acquisitions reinvesting the funds implemented giving priority to offices in the Paris area, and preferably within partnerships. Active management will also help maintain a high occupancy rate.

With a strengthened Management on behalf of third parties team, the Group will pursue its efforts to support fundraising by all the SCPIs. Moreover, Paref will seek to capitalise on the success of Novapierre Germany by offering new products to both private and corporate investors, notably on the German market.

The 2016 half-year financial report will be available on the PAREF website on 16 September 2016

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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 6 SCPIs and 3 OPPCIs.*

At 30 June 2016, PAREF Group owned €159 million in property assets and managed assets worth €1,181 million on behalf of third parties.

Euronext Paris - Compartment C
ISIN: FR00110263202 - Ticker: PAR

Contacts

PAREF
VOTRE CAPITAL PIERRE

Alain PERROLLAZ
Chairman of the Management Board

Roland FISZEL
Member of the Management Board

Tel: +33 1 40 29 86 86

Citigate Dewe Rogerson

Alexandre DECHAUX
Investor Relations
Press Relations

Alexandre.dechaux@citigate.fr

Tel: +33 1 53 32 84 79

Next financial communications

Analyst/Investor Meeting: 15 September 2016
Third quarter revenue: 10 November 2016

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