



Foncière Paris France

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Foncière Paris France - 2009 Results

- Increase in the asset portfolio: €426.5 million
- Recurring operating profit: €23.9 million
- Consolidated net profit before fair value adjustments: €16.5 million
- NAV per share - Excluding transfer costs: €122.90
- Recommended dividend unchanged at €5.50 per share

(PARIS – FEBRUARY 8, 2010) – The Board of Directors of Foncière Paris France met on 4 February 2010 to approve the Company's 2009 financial statements.

KEY FIGURES

	2009	2008
Asset portfolio - € millions	426.5	388.2
Gross rental income - € millions	30.8	28.7
Recurring operating profit - € millions	23.9	23.0
Consolidated net profit before fair value adjustments - € millions	16.5	16.2
Fair value adjustments - € millions	(27.8)	(22.8)
Consolidated net loss - € millions	(11.3)	(6.6)
Liquidation NAV per share* - €	122.9	134.1
Replacement NAV per share* - €	132.7	144.1

* See definition on page 3

"With slight increases in both gross rental income and net profit before fair value adjustments, Foncière Paris France fared well in a very difficult year," said Chairman and Chief Executive Officer Jean-Paul Dumortier. "In 2010's still uncertain economic environment we're confident in our ability to take advantage of opportunities as they arise and to generate recurring operating profit."

BUSINESS REVIEW

▪ **Rental activity**

The year was shaped mainly by the start-up of a lease signed with Sagem Communication on 1 February for the building complex in Rueil and by the completion of various building restructuring projects that led to the second-half market launch of premises totalling 17,500 sq.m, of which 93% for businesses.

Overall, Foncière Paris France's **rental assets** demonstrated resilience in the past year's difficult economic environment. The few defaults noted were offset by a high rate of tenant retention, with the renewal of 92% of leases that expired in 2009. Few leases were renegotiated downwards and those that were had only a very limited impact on revenue. A total of 2,000 sq.m of offices and 4,200 sq.m of business premises, representing 3.7% of rental income, were leased during the year.

Overall, occupancy held up well. At 31 December 2009, the **financial vacancy rate** stood at 6.3%, compared with 3.2% at year-end 2008. Excluding new restructuring programs brought to market in the second half, the rate is 2.9%.

▪ **Developments**

Studios du Lendit: This program totalling net floor area of 24,000 sq.m represents a total investment of €68 million. Comprising TV recording studios leased to Euromédia France and offices currently being marketed, the program is a key component of the television production district being created in northeastern Paris as part of the French government's "Grand Paris" project. Delivery is scheduled for the third quarter of 2010.

Mediacom 3: This approximately 4,500-sq.m property will be France's first positive-energy rental office building. Construction work began in late March and is proceeding according to schedule. Marketing is currently underway with delivery set for October 2010. The program will represent a total investment of €14.5 million.

▪ **Acquisitions**

Only one building was acquired in 2009, for €2.2 million excluding transfer costs. Located north of Paris in Saint Ouen, the building is comprised mainly of business premises totalling approximately 2,360 sq.m.

▪ **Disposals**

No properties were divested in 2009.

ASSET PORTFOLIO AND ASSET VALUE

- At 31 December 2009, the **asset portfolio** (excluding developments) represented a total surface area of around 213,000 sq.m. It was comprised of 43 commercial properties, of which 75% office buildings and 25% business premises. The assets are located 33% in Paris, 55% in the inner suburbs and 12% in the outer suburbs.

- At 31 December 2009, the **appraisal value of the portfolio** was €426.5 million (liquidation value) and €447.6 million (replacement value). Leased and leasable properties represented €379.6 million to the total while properties under construction accounted for €46.9 million based on their appraisal value at 31 December 2009, in line with the new IFRS standard.

At constant scope of consolidation, the **value of the portfolio** declined by 6.1% in 2009. Six assets held firm, thereby partially offsetting an average decline of 8.5% for the 37 other assets.

- On the basis of the asset appraisal excluding transfer costs at 31 December 2009, the average **gross rental yield** for leased and leasable properties stood at 8.2% versus 7.9% one year earlier.

FINANCIAL REVIEW

- **Revenue** for the year came to €30.8 million, up 7.1% from €28.7 million in 2008.

- **Recurring operating profit** amounted to €23.9 million, compared with €23 million in the previous year.

After net finance costs amounting to €7.7 million, **consolidated net profit before fair value adjustments** amounted to €16.5 million, compared with a net profit of €16.2 million in 2008. After fair value adjustments totalling a negative €27.8 million, the Company reported a **consolidated net loss** of €11.3 million, compared with a net loss of €6.6 million in 2008.

- **Financial Debt** totalled €214.1 million at 31 December 2009 and the average interest rate for the year was 4.5%. Of the total amount, 90% was hedged at fixed rates with no significant repayments falling due before 2014.

The Company ended the year with €70.7 million in **cash and cash equivalents** and net debt of €143.4 million. On this basis, the **loan-to-value ratio** (net debt/assets excluding transfer costs) came to 33.6%.

- At year-end 2009, **equity and quasi-equity** – represented by equity notes – totalled €263.6 million.

Diluted for the equity notes, **liquidation NAV per share** came to €122.90 and **replacement NAV per share** came to €132.70.

Liquidation NAV per share is calculated based on the carrying amount of net assets recorded in the consolidated financial statements, which includes the appraisal value of property assets (excluding transfer costs). It is adjusted for the impact of bonds converted into shares so as to reflect the total diluted number of shares.

Replacement NAV per share is calculated in the same way, but is based on the replacement value of property assets given by the independent valuer (including transfer costs) rather than the liquidation value.

DIVIDEND

At the Annual General Meeting on 16 March 2009, the Board of Directors will recommend the payment of a dividend of €5.50 per share from the issue premium, thereby ensuring shareholders the same return as last year.

OUTLOOK

In 2010, Foncière Paris France will pursue its growth strategy with a medium-term objective of building a portfolio of around 100 assets under management with a total value of approximately €1 billion.

Backed by a solid balance sheet, the Company should be in a position to take advantage of investment opportunities as they arise while maintaining the loan-to-value ratio below 50%. Equity could be increased under terms that protect the interests of current shareholders in the event of potential acquisitions.

ABOUT FONCIÈRE PARIS FRANCE

Foncière Paris France is an SIIC specialized in commercial real estate in the greater Paris region. The Company was founded in May 2005 by Jean-Paul Dumortier, President of the Fédération des Sociétés Immobilières et Foncières.

Foncière Paris France is listed on the NYSE Euronext (Paris), Compartment B, and is included in the CAC Small 90 and SBF 250 indexes (symbol: FPF; ISIN: FR0010304329).

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Consolidated Balance sheet

ASSETS (In thousand Euros)	31.12.2009	31.12.2008
Non-current assets:		
Intangible fixed assets	48	42
Tangible fixed assets	153	148
Buildings under construction	46,930	13,813
Investment properties	379,600	388,240
Derivative instruments	73	
Non-current financial assets	178	205
Total non-current assets	426,982	402,448
Current assets:		
Trade current assets	4,711	5,235
Other current assets	5,271	7,586
Other financial assets at fair value by income	13,285	2,968
Cash and cash equivalents	57,411	56,273
Total current assets	80,678	72,062
Assets held for sale	0	0
TOTAL ASSETS	507,660	474,510

EQUITY & LIABILITIES (In thousand Euros)	31.12.2009	31.12.2008
Shareholders' equity:		
Share capital	86,600	86,180
Share premium	100,287	103,412
Other reserves	54,171	66,503
Treasury shares	(4,074)	(3,348)
Reevaluation of financial derivatives	(11,076)	(8,200)
Loss – Group share	(11,330)	(6,576)
Shareholders' equity – Group share	214,578	237,971
Minority interests	0	0
Total shareholders' equity – Group share	214,578	237,971
Non-current liabilities:		
Bonds redeemable in shares	49,000	49,000
Long-term portion of financial liabilities	194,030	144,585
Collateral deposits	6,209	4,970
Provisions	145	235
Deferred taxes		
Derivative instruments	11,616	8,200
Short-term tax liability (exit tax - SIIC)		
Other non-current liabilities		
Total non-current liabilities	260,481	206,990
Current liabilities:		
Short-term portion of financial liabilities	19,633	15,336
Interest accrued on bonds redeemable in shares	658	1,700
Short-term tax liability (Exit tax – SIIC regime)		1,022
Debts on acquisitions	3,708	2,223
Other short term liabilities	8,084	9,268
Total current liabilities	32,602	29,549
TOTAL EQUITY & LIABILITIES	507,660	474,510

Consolidated income statement

In thousands of euros	31.12.2009	31.12.2008
Gross rental income	30,766	28,707
Service charge income expenses	(1,785)	(2,176)
Other property-operating income/expenses	206	2,133
Net rental incomes	29,187	28,664
Personnel expenses	(2,618)	(3,099)
External expenses	(2,134)	(2,085)
Current taxes	(108)	(130)
Depreciation and provisions	(383)	(230)
Other operating income and expenses	(39)	(75)
Current operating income	23,905	23,045
Gains on disposals of investment properties	0	694
Change in fair value of investment properties and properties under construction	(27,843)	(22,828)
Operating income	(3,938)	911
Income from cash and cash equivalents	1,001	2,841
Gross cost of financial debt	(8,724)	(10,353)
Net cost of financial debt	(7,723)	(7,512)
Other financial income	330	25
Income tax gain/(expense)	0	0
Net loss	(11,330)	(6,576)
Group share	(11,330)	(6,576)
Minority interests		
Loss per share (in euros)	(6.73)	(3.78)
Diluted loss per share (in euros)	(4.58)	(1.80)