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Foncière Paris France – 2011 Results

Very good 2011 results

- Consolidated net profit of €81 million
- Sharp 60% increase in recurring operating profit
- €59.3 million positive impact from fair value adjustments and disposal proceeds

(PARIS – 9 FEBRUARY 2012) – The Board of Directors of Foncière Paris France met yesterday to approve the Company's 2011 financial statements.

KEY FIGURES

	2011	2010
Asset portfolio - € millions	**681.9**	**631.5**
Gross rental income - € millions	**51.8**	**31.9**
Recurring operating profit - € millions	**40.3**	**24.9**
Consolidated net profit before fair value adjustments - € millions	**21.7**	**16.4**
Fair value adjustments - € millions	**59.3**	**7.7**
Consolidated net profit/(loss) - € millions	**81.0**	**22.8**
EPRA NAV* per share - €	**138.8**	**120.7**

*See definition on page 3.

"Foncière Paris France performed very well in 2011 and met all of its objectives," said Chairman and Chief Executive Officer Jean-Paul Dumortier. "SAGI IE, acquired in late 2010, has now been fully integrated. FPF's very good annual results will allow the Board to recommend a higher dividend of €6.25 per share. This strong performance, which has been driven by our hard work in recent years, naturally explains why our company has attracted investor interest, first from Foncière des Régions at the beginning of second-half 2011 and, at the end of the year, from PHRV, whose cash tender offer for the Company's shares has just been successfully completed in a particularly uncertain, volatile financial market."

ASSET PORTFOLIO AND ASSET VALUE

- At 31 December 2011, the **asset portfolio** represented a total surface area of around 275,000 square metres.
  It is comprised of 46 commercial properties, of which 81% office buildings and 19% business premises.
  The assets are located 51% in Paris, 41% in the inner suburbs and 8% in the outer suburbs.

- At 31 December 2011, **the appraisal value of the portfolio** amounted to €681.9 million, compared with €631.5 million at 31 December 2010, a 7% increase. The portfolio includes leased and leasable buildings for €664.6 million, properties under sale agreements for €10.8 million and a development project for the remaining €6.4 million. In **replacement value**, the value of the asset portfolio stood at €719.6 million at 31 December 2011, compared with €663.6 million one year earlier.

- Based on the appraisal values excluding transfer costs, the **gross rental yield** for leased and leasable properties stood at 7.8% at 31 December 2011, which is high for assets mainly located in Paris. This figure takes into account a financial vacancy rate of 7.7%, down 3% from end-2010.

BUSINESS REVIEW

- **Deliveries**

  The Mediacom 3 building was delivered in the third quarter of 2011 and immediately let to CPAM de Seine St-Denis. Comprising a net floor area of around 4,500 square metres, it is the Paris region's first zero-energy rental office building, certified to France's BBC Effinergie standards.

- **Rental activity**

  During the year, the Company signed or renewed leases for premises representing a total surface of roughly 30,000 square metres.

- **Developments**

  Phase 2 of the Lendit programme: The building permit for the second phase of the programme (14,700 square metres of offices and business premises) was obtained in late 2011. The Company has acquired the site and begun a tenant search, but has not yet set a timetable for launching construction.

- **Disposals**

  Three assets were sold in 2011 for total proceeds of €23.9 million as part of a roughly €50 million asset disposal programme initiated in early September 2011. The three transactions generated a gain of €6.6 million on their fair value at 31 December 2010. The rest of the programme is well underway and should be completed in 2012.

FINANCIAL REVIEW

- **Revenue** for the year came to €51.8 million, a 62% improvement from the €31.9 million reported in 2010 that was led by the consolidation of SAGI IE and the recognition of rental income on new buildings delivered in 2010 and 2011.

- **Recurring operating profit** climbed 62% during the year to €40.3 million.

- **Net finance costs** rose to €18.9 million from €8.6 million in 2010, primarily due to the interest paid on the OSRA junior equity notes issued in December 2010 to finance the SAGI IE acquisition.

- **Consolidated net profit** came to €81 million in 2011 compared with €22.8 million in 2010. The improvement was mainly attributable to **positive fair value adjustments** for €52.7 million, disposal proceeds for €6.6 million and the strong operating performance during the year.

- **Debt** totalled €261.1 million at 31 December 2011. Of the total, 98% was hedged at fixed rates, with average maturity of 3.7 years and an average interest rate for the year of 4.2%.

  The Group ended the year with €40 million in **cash and cash equivalents**, resulting in **net debt** of €219.2 million.
  The **loan-to-value ratio** (net debt/assets excluding transfer costs) came to 32.2% at the year-end.

- At 31 December 2011, **equity and quasi-equity** – represented by the bonds redeemable in shares (OSRA) – totalled €442.3 million.

- **NAV per share**, which stood at €138.8 on an EPRA NAV basis and at €135.3 on an EPRA triple net NAV basis, was up by a sharp **15%** on the end-2010 figure.

  EPRA NAV is calculated based on the consolidated financial statements, adjusted for the impact of derivative instruments used to hedge bank borrowings and the dilutive impact of all outstanding OSRA, share warrants and bonus shares.

  EPRA triple net NAV is calculated on the same basis, without any adjustments for the impact of derivative instruments used to hedge bank borrowings.

- The consolidated financial statements have been audited. The auditors will issue their report when they have completed their review of the information contained in the annual report.

PHRV's takeover bid

The number of shares tendered to the offer during the initial offer period, as published by France's securities regulator AMF on 27 January 2012, led to a change of control of the Company, with PHRV and Cofitem-Cofimur, acting in concert, together holding 84% of the capital.

The final outcome of the offer will be announced in late February or early March, following the re-opened offer beginning 9 February 2012.

Due to the takeover bid and the existence of change of control clauses in the loan agreements for all of the Company's borrowings with original terms of more than one year, all long-term debt has been reclassified as short-term (due within one year) in the 2011 financial statements, for an amount of €160 million.

To the best of the Company's knowledge, debts of €96.9 million will actually be repayable within one year. All necessary measures have been taken to ensure that the Company can continue to operate as a going concern following the change of control and the new majority shareholders confirmed to the Board of Directors on 8 February that they would obtain replacement bank facilities when the time comes.

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 (symbol: FPF; ISIN: FR0010304329).

www.fonciereparisfrance.fr

CONTACTS

FONCIERE PARIS FRANCE

Didier Brethes – Chief Operating Officer
didier.brethes@sfpif.com
Phone: +33 1 43 12 39 00

CITIGATE - Investor Relations and Corporate Communications

Nicolas Castex / Yoann Nguyen
nicolas.castex@citigate.fr / yoann.nguyen@citigate.fr
Phone: +33 1 53 32 78 88 / +33 1 53 32 84 76

CONSOLIDATED BALANCE-SHEET

ASSETS - (in thousands of euros)	31-12-2011	31-12-2010
Non-current assets:		
Intangible fixed assets	1,454	41
Tangible fixed assets	230	248
Properties under construction	6,412	12,812
Investment properties	664,660	616,900
Derivative instruments	18	71
Non-current financial assets	483	521
Total non-current assets	**673,257**	**630,593**
Current-assets:		
Trade receivables	4,126	4,469
Other current assets	12,909	9,511
Other financial assets at fair value by income		
Cash and cash equivalents	41,927	67,662
Total current assets	**58,962**	**81,642**
Assets held for sale	10,800	1,760
TOTAL ASSETS	**743,019**	**713,995**

LIABILITIES (in thousands of euros)	31-12-2011	31-12-2010
Shareholders' equity:		
Capital	87 ,301	86,994
Share premium	77,225	85,871
Other reserves	70,491	48,123
Treasury shares	(9,504)	(4,668)
Revaluation of financial derivatives	(12,593)	(11,302)
Net profit/Loss – Group share	80,976	22,785
Shareholders' equity attributable to FPF shareholders	**293,896**	**227,803**
Total shareholders' equity	**293,896**	**227,803**
Non-current liabilities:		
Bonds redeemable into shares (OSRA)	148,410	148,312
Long term portion of financial liabilities	72,389	259,135
Collateral deposits	8,203	7,799
Provisions	200	182
Deferred taxes		277
Derivative instruments	12,959	11,858
Deferred tax liabilities (Exit tax — SIIC regime)	79	
Total non-current liabilities	**242,240**	**427,563**
Current liabilities:		
Short-term portion of financial liabilities	188,725	32,840
Interest accrued on bonds redeemable into shares	963	1,210
Deferred tax liabilities (Exit tax — SIIC regime)	40	
Payables due to suppliers of fixed assets	4,757	9,565
Other current liabilities	12,398	15,014
Total current liabilities	**206,882**	**58,629**
TOTAL LIABILITIES	**743,019**	**713,995**

CONSOLIDATED INCOME STATEMENT

In thousands of euros	31-12-2011	31-12-2010
Gross rental income	51,767	31,922
Service charge income/(expenses)	(4,964)	(2,328)
Other property operating income/(expenses)	1,337	963
Net rental income	**48,140**	**30,557**
Other operating income	1,967	
Personnel expenses	(5 ,002)	(2,833)
External expenses	(3,885)	(1,907)
Current taxes	(283)	(161)
Depreciation and provisions	(500)	(656)
Other property operating income/(expenses)	(153)	(63)
Recurring operating income/(expenses)	**40,285**	**24,937**
Gains or losses on the sale of investment properties	6,587	
Change in fair value of properties	52,760	7,658
Charge for goodwill relating to the acquisition of SAGI	90	(1,244)
Operating profit/(loss)	**99,722**	**31,351**
Income from cash and cash equivalents	617	499
Gross cost of financial debt	(19,438)	(9,065)
Net cost of financial debt	**(18,821)**	**(8,566)**
Other financial income/(expenses)		
Income tax gain/(expenses)	75	
Net profit/(loss)	**80,976**	**22,785**