



Paris, July 27th 2016

First half-year 2016 activity illustrates the relevance of the strategy

Rental income grew by 11%
Annual growth target of
+10% of EPRA Recurring Net Income, Group share
Confirmed

The transformation was materialized thanks to the fast rate in deliveries of rented commercial properties in regional cities, €45 million in the first half-year, and thanks to the implementation of an action plan focused on the heritage portfolio in Marseille. Thus, ANF Immobilier saw its revenue increase by 11% compared with the first half-year 2015 and confirms its annual growth target of 10% of the EPRA Recurring Net Income, Group share. The negative fair value change of €17 million stems from adjustments related to the heritage portfolio in Marseille.

"Firmly established in our strategy and armed with our renewed identity, in this half-year we're securing and continuing our projects in Lyon, Marseille and Bordeaux and we are tackling the challenges inherent to our heritage portfolio" states Renaud Haberkorn, Chief Executive Officer of ANF Immobilier.

1) Strong performance of financial indicators

- Rental income increases of 11% from new investments, and 3% Group share. On a like-for-like basis, the income remained stable compared with the first half-year 2015;
- Consolidated EPRA Recurring Cash Flow: an increase of 12% compared with the first half-year 2015 at €10.4 million. The Group share for the latter stood at €7.5 million;
- Fair value: -€17 million, mainly resulting from the decline in the fair value of heritage retail assets in Marseille. This variation arises from the adjustment of rental values and is not yet offset by the outcome of our strategy of repositioning these retail assets. This strategy is reflected by the arrival of the chains King Jouet, Musée du Savon, Copy Top during the first half-year 2016;
- Portfolio value of €1.1 billion, stable compared with the end of 2015.

2) Multiple deliveries and impending launches

- Effective rotation of assets between the disposals of heritage vacant assets and deliveries of newly let commercial assets:
 - Delivery of €45 million worth of investments particularly with three hotels in Marseille and Bobigny (331 rooms) and a group of shops in Rue de la République in Lyon, occupied by Maxi Bazar and Nike (opened in March 2016);
 - Volume of heritage portfolio disposed of in Lyon of €21 million and an extra €30 million already secured (signed agreements to sell);
- Signature of the Le Castel investment, almost 6,000 sq.m. of new office space along the seafront in Marseille for an amount of €19 million, for a delivery at the end of 2018;
- Impending launch of the Quai Ilot 8.2 project in Bordeaux planned for September 2016, for a total of almost €90 million: 29,500 sq.m. of office space and 2,000 sq.m. of shops in the immediate vicinity of the future high-speed train line;



3) NNNNAV of €26.2 per share on June 30th 2016 negatively affected by:

- i. the payment of the **annual dividend** increased by its exceptional component (-€1.2 per share) with only +€0.4 per share generated by the cash flow in the current **half-year**;
- ii. the adjustment of the market value of **hedging instruments** (-€0.5 per share);
- iii. reductions in the **value of Marseille retail premises** (-€1.0 per share).

Income

Rental income totaled €25.8 million in the first half-year 2016, a **sharp rise of 11% compared** with the first half-year 2015 (stable like-for-like). This rise mainly comes from the delivery of 36,000 sq.m. of office space leased to Alstom in Lyon on June 30th 2015 and multiple deliveries of hotels in Marseille, Bordeaux-Bègles and Bobigny. Gross rental income, Group share, amounted to €20.9 million.

Portfolio income mainly stemmed from **office leases (55%)**, commercial leases (17%) and hotels (12%). The residential sector now accounts for only 13% of rental income.

Recurring EBITDA increased 12% to €17.6 million, resulting mainly from new acquisitions and deliveries in the commercial real estate segment.

The EPRA Recurring Net Income, Group share, stands at €7.9 million, i.e. a **rise of 15%**. Net income, Group share (IFRS) was -€15.6 million, affected by the declines in value in Marseille.

Recurring consolidated Cash Flow increased 12% to €10.4 million. Group share Cash Flow was €7.5 million in this half-year, i.e. €0.4 per share.

The real estate portfolio value established by two independent appraisers totals €1,082 million, stable compared with end December 2015.

The **Loan-To-Value ratio** was **45.5%** on June 30th 2016 compared with 43.0% at December 31st 2015. The cost of debt came to **2.7%** in the first half-year. During the first half-year, the company restructured old hedging instruments in an amount of almost €5 million. At the end of the first half-year, the debt hedging rose to 86%, mainly through caps.

On June 30th 2016, the **Triple Net Asset Value** was **€26.2 per share**, based on the EPRA method. Excluding payment of the dividend of €1.24 per share and the adjustment of the fair value of the hedging instruments, **this represents a drop of 2%** stemming mainly from the negative fair value change of Marseille high street retail assets of €17 million and the impact of the cash flow for the half-year.



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Consolidated data* (H1 2016/H1 2015)

(million €)	H1 2016		H1 2015		Var. EPRA
	EPRA	IFRS	EPRA	IFRS	
Gross rental income	25.8	25.8	23.2	23.2	11%
<i>Group Share</i>	20.9		20.3		3%
Net operating expenses	- 2.5	- 3.3	- 1.6	- 2.4	
Net rental income	23.3	22.5	21.6	20.8	8%
<i>margin</i>	90%	87%	93%	89%	
Administrative expenses	- 5.7	- 5.7	- 5.9	- 5.9	
Recurring EBITDA	17.6	16.8	15.7	14.9	12%
<i>margin</i>	68%	65%	67%	64%	
Financial expenses	- 8.3	- 8.3	- 8.3	- 8.3	
Amortization	-	- 0.5	-	- 0.3	
Change in Fair Value	-	- 17.4	-	13.0	
Other items	0.2	- 3.3	- 0.2	- 0.2	
Taxes	0.1	0.1	- 0.2	- 0.2	
Minority interests	- 2.8	- 3.1	- 2.0	- 10.5	
Recurring Net Income, Group Share	6.8	- 15.6	5.0	8.4	37%
<i>margin</i>	26%	-61%	21%	36%	
Adjustment non recurring administrative expenses	-	-	0.6	-	
Adjustment financial expenses	1.1	-	1.4	-	
Recurring Net Income, Group Share adjusted	7.9	- 15.6	6.9	8.4	15%
Recurring EBITDA, Group Share	13.3	17.6			
Cash flow, Group Share	7.5	10.4			

* The procedures for a limited examination of the half-yearly financial statements were carried out. The limited examination report is being issued.

A changing core portfolio

1) Succession of deliveries

The first half-year 2016 was marked by the delivery of three hotels with almost 331 rooms and the delivery of 2,500 sq.m. of new high street retail premises in Rue de la République, the result of the restructuring of the former Banque de France regional headquarters. All of these operations represent €45 million of investments in commercial assets generating effective yields exceeding 7%.

Details of the hotels are as follows: one hotel in Marseille-Vélodrome with 126 rooms under the AC By Marriott name delivered in January 2016, a second hotel in Marseille-Euromed 2 with 88 rooms under the B&B name delivered in May 2016 and the last hotel in Bobigny with 117 rooms under the B&B name delivered in June 2016. These three assets were acquired through the subsidiary ANF Immobilier Hôtels and generate an additional income of €1.9 million, bringing the number of hotel rooms of the specialized subsidiary to more than 1,300.

The project creating 2,500 sq.m. of commercial premises by restructuring the former Banque de France headquarters in Lyon, was completed and is fully leased. The property is occupied by two major chains: Nike which opened in March 2016 and Maxi Bazar which plans on opening before the end of the year. This Banque de France restructuring operation is a €20 million project. It illustrates the expertise of the ANF Immobilier teams, boasting a return on equity of approximately 75%.



2) Anticipation and significant marketing activity on “Ilot 34” in Marseille

Ilot 34 in Marseille, an integral part of the core commercial portfolio of ANF Immobilier, is an asset located in the immediate vicinity of the new European hospital within the Euromed program. It is made up of two office buildings, 4,600 sq.m. and 8,000 sq.m. respectively rented to the Caisse Primaire d'Assurances Maladie and to the SNCM on January 1st 2016. The first tenant expressed its intent to exercise an option to buy at the end of the initial three-year period, for a price of €17 million which is in line with the appraisal values. The second tenant's lease was partially replaced by new leases, in particular with the company MCM for 3,500 sq.m.

3) The actual launch of the Le Castel project and the Adecco - Adely project

At the end of May 2016, ANF Immobilier signed an agreement with Eiffage Immobilier for the development of almost 6,000 sq.m. of office space, not yet rented, on the Quai de la Joliette: Le Castel. This operation will take the form of a forward purchase agreement which should start in 2017 for a delivery at the end of 2018/early 2019. This €19 million operation shows a conservative yield and rental value combination.

The year 2016 will be known as the year of the Adecco-Adely project, an investment of €34 million and a development of 13,100 sq.m. of offices leased to Adecco in the Quartier du Carré de Soie, in Lyon. The investment will be made in partnership with Crédit Agricole Assurances and DCB International. Its delivery is planned for the third quarter with an additional rental income of €2.5 million. As of June 30th 2016 the rate of building construction is in line with the expectations.

4) Impending launch of the Quai 8.2 project in Bordeaux

The final deeds for the Quai 8.2 transaction in Bordeaux (formerly Armagnac) will be signed in September 2016. As a reminder, this project represents 29,500 sq.m. of office space and 2,000 sq.m. of retail premises in the immediate vicinity of the future high-speed train line, for an amount of €90 million. The offices are currently 31% leased to Orange and Allianz by means of 9-year fixed-term leases. ANF Immobilier shall retain 65% of the investment. In parallel, ANF Immobilier, in its capacity as developer and in partnership with Vinci, will purchase the land and start the construction.

Re-inventing the heritage portfolio, adapting it to the economic context

1) Anticipation of the economic context affecting retail businesses in Marseille

During the first half-year 2016, the shops in the Rue de la République faced an environment that was difficult for their retail businesses. This arose from factors internal or external to the city of Marseille. On the one hand, locally, the almost simultaneous opening of all the retail premises and shopping malls in the immediate vicinity (such as the Terrasses du Port, the Centre Bourse, the Docks or the Voûtes) created oversupply, particularly in the clothing and personal goods sectors. On the other hand, retailers throughout France, particularly those working on the ground floor, had a generalized drop in their income due to the sluggish French economic climate.

Anticipating this downturn at the start of 2016, ANF Immobilier decided to adapt its strategy through identifying two separate segments: the first, linked to the Vieux-Port, will group together retail premises intended specifically for the families and tourists, and the second, linked to the Place de la Joliette, will have an offer complementary to the expansion of the Euromed commercial sector.

This strategy, crucial for the development of the Rue de la République, is already bearing fruit with new establishments during the first half-year 2016: King Jouet, a leader in the toys field, has leased



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600 sq.m., the Musée du Savon, symbolic of Marseille, has decided to occupy 800 sq.m., Copy Top has taken more than 100 sq.m. However, this new dynamism is not enough to curb the decline in rental values stemming from the drop in the revenues of the retail businesses in the city center. The resulting adjustment in the value of our Marseille retail premises is close to €15 million. Nevertheless, these new chains are signs of the resurgence and the adaptation of the Rue de la République, with a target for growth and pedestrian flow and a dynamism that is once again on the move.

2) Disposal of the Lyon heritage assets

The volume of disposals in the first half-year 2016 was mainly composed of residential assets and shops in the Rue de la République in Lyon. It represents €21 million bringing the so-called "heritage" portfolio down from 46% at the end of 2015 to 44%. In mid-2016, ANF Immobilier secured the disposal of several retail premises at 2, 3, and 4 rue de la République for an amount of €13 million and plans on signing the final deed before the end of the year.

Outlook

The strategy and identity of ANF Immobilier are based on three pillars: investment in regional cities with strong potential where the real estate compliments its development, the shift of its portfolio to the commercial real estate sector and a recognized capacity to operate as investor, developer and asset manager at an early stage in all of its projects.

Right now, the company is sowing the seeds of its future development. Accordingly, it has filed a building permit for the Park View project (formerly known as "Future Way – Tête d'Or") in Lyon and has cleaned out the one for the Rive Neuve project in Marseille, strengthening and extending its pipeline beyond 2019. These two transactions represent a supplementary amount of €63 million, i.e. almost 26,000 sq.m. of additional new office space and ideally situated.

For the year 2016, ANF Immobilier reasserts its target and anticipates a growth of 10% in its EPRA Recurring Net Income, Group share.

2016 Financial Agenda	
Publication of revenue for the 3 rd quarter 2016	November 10, 2016 (before market opening)
About ANF Immobilier	
ANF Immobilier (ISIN FR0000063091) is a French listed real estate investment company that owns a diversified portfolio of French office, retail, hotel and residential property worth €1,082 million. It is currently undergoing a major transformation to concentrate on commercial real estate, and aims to invest in the regions and promote regional cities. It currently has assets in Bordeaux, Lyon and Marseille. Listed on Eurolist B of Euronext Paris and included in the EPRA real estate index, ANF Immobilier is a company of the Eurazeo Group. http://www.anf-immobilier.com	
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