

Press release

Neuilly-sur-Seine, 15 May 2014

Full-Year 2013/2014 Results

Züblin France's portfolio repositioning completed.

- Real estate portfolio assessed at €335 million (including transfer duties), up 7%
- Investments carried out: €27.3 million
- Considerable improvement in LTV, down to 51%
- Gross rental income: €7.8 million
- Consolidated net loss of €17.0 million
- EPRA NAV per share: €6.20

- **Performances on par with expectations**

As was the case last year, the central aspect of Züblin Immobilière France's performance in the current financial year remained the environmental refurbishments of buildings on Île de la Jatte. As expected, over the FY 2013/2014 gross rental income amounted to €7.8 million (€9.5 million as of 31 March 2013) due to vacancy related to buildings undergoing redevelopment. Non recoverable service charges due to vacancy and costs related to refurbishment projects amounted to €2.6 million (€4.5 million during FY 2012/2013).

- **Active and effective portfolio management**

Züblin Immobilière France continued actively repositioning its real estate portfolio during the FY 2013/2014 with an eye to taking full advantage of the next cyclical upswing:

- The refurbishment of the Newtime building in Neuilly-sur-Seine was completed on schedule in March 2014;
- The Imagine building in Neuilly-sur-Seine was delivered in June 2013. Upon delivery, the Company signed an initial "*all-inclusive flat-rate*" green lease with Promethean. This innovative product gives the user complete control over the costs associated with its work environment. This lease is a perfect illustration of Züblin Immobilière France's strategy, which stands out by offering its tenants high quality work spaces and services at no extra cost, thus allowing them to focus on more important things;
- The Group also disposed of the Danica building in Lyon. In so doing, it secured a capital gain of €2.5 million, which represents nearly 5% of the building's appraisal value at 31 March 2013.
Overall, the investment in Danica, carried out on 14 January 2008, generated a net cash flow of €7.7 million for the Group, i.e., a 5.7% IRR despite a valuation doubly impacted by the economic crisis and the February 2012 bankruptcy of its main tenant, Comareg.
This performance illustrates the wisdom of the asset management initiatives carried out by the Company: a €4 million investment program to (i) modernize the building, (ii) significantly increase rental values by bringing annualized rents up from €3.1 million in 2008 to €3.7 million in 2013 (i.e., an increase of some 20%) and (iii) securing new tenants such as Orange.
This disposal made it possible to improve the Company's level of indebtedness by repaying the loan on the building and making an exceptional €8 million repayment on the loan on the Magellan building. The remainder of proceeds from the sale, i.e., €20.2 million, contributed to funding refurbishment programs.
- Finally, Europ assistance teams moved back in the fully renovated Chaganne building in December 2013. Given both the quality of the building and the long term renewed lease, the Group has initiated in March 2014 a sale process by appointing JLL as exclusive broker.

- **Overall portfolio value continues to rise**

At 31 March 2014, the appraisal value of the real estate portfolio (including transfer duties) came to €335 million, up 7% compared to portfolio value at 31 March 2013 (excluding the Danica building). Investments carried out over the period amounted to €27.6 million.

In light of the delivery of both the Imagine and Newtime buildings all investment properties are now recognized as part of the operating portfolio. As such, the occupancy rate of the operating portfolio is currently 51.7%, compared to 100% at 31 March 2013. Annualized rents amounted to €7.6 million. The market rental value of the portfolio as a whole was estimated at €22.8 million by independent appraiser BNP Paribas Real Estate.

- **FY 2013/2014 results reflect ongoing investments**

The consolidated results for the year ending 31 March 2014 showed a loss of €17.0 million (loss of €12.3 million for the year ending 31 March 2013)

As announced in last year's annual report, FY 2013/2014 and the following years will be heavily impacted by the redevelopment of some 50% of portfolio assets.

Net rental income amounted to €4.2 million (€3.8 million as of 31 March 2013) and took into account €1.4 million of non recurring charges related to the renovation projects. Like-for-like (excluding the buildings in Suresnes and Lyon), FY 2013/2014 gross rental income risen to €6.9 million from €6.3 million last year. Operating costs fell by 9% at €2.2 million. The €10.5 million drop in fair value was mainly due to:

- investments carried out over the year (€27.3 million);
- capitalization of interests on loans issued to finance renovation projects (€4.3 million);
- and increased vacancy duration on renovated spaces assumptions taken into account by independent appraiser compared to prior closing

Cost of financial debt came to €11.0 million, down from €14.1 million at 31 March 2013, due to repayment of loans following the disposal of the Suresnes and Lyon buildings.

- **Improvement of debt maturity**

At 31 March 2014, the Company's equity stood at €68.9 million.

During the FY 2013/2014, Group agreed with banking partners Aareal and Natixis on prorogating ongoing mortgage loans respectively on buildings Newtime and Think (ex Jatte 2) on the one hand and buildings Imagine, Magellan and Salengro on the other hand. Thanks to these renegotiations, the average banking debt maturity is now over 2 years.

The loan-to-value ratio, net of cash, showed improvement at 51% (56% at 31 March 2013).

Züblin Group renewed its financial support to its French subsidiary by increasing the loan implemented for the redevelopment of the Newtime building from €43 million to €48 million and granting an additional loan of €6.5 million to meet carrying costs for refurbished buildings during the marketing phase. As of 31 March 2014 total drawn down debt with Züblin Immobilien Holding AG amounted to €73 million. Total indebtedness ratio (including inter company loans) rose to 73.9% from 69.9% as of 31 March 2013.

EPRA NAV per share on a diluted basis was €6.20 at 31 March 2014 (€7.57 at 31 March 2013).

- **Corporate governance adaptation**

The following is to be submitted at the next annual general meeting:

- To renew directors mandates of Mrs. Delphine Benchetrit, Mr. Xavier Didelot and Mr. Pierre Rossier;
- To appoint Mr. William Nahum and Mr. Bruno Schefer non-voting directors on the board of the directors.

Under the condition that these propositions receive shareholders approval, Mr. Xavier Didelot will replace Mr. Pierre Rossier as chairman of the board of directors.

- **Outlook**

With the support of its parent company and the forecasted sale of Chaganne building, Züblin Immobilière France believes holding sufficient cash at hand in order to cover the structure costs and the financial interests for the FY 2014/2015.

Asset management teams are fully dedicated to marketing spaces in the Newtime, Imagine and Think (ex Jatte 2) buildings in an economic environment which weighs on the office real estate rental market. However, The Group does not foresee any significant improvement on office real estate market before mid 2015 and given the current sizable vacancy in the western business area (14% as of 31 March 2014), return to normal market conditions is likely to take time.

In this context and given the current lease incentives witnessed on the market (i.e. rent free period), the next two years are likely to be impacted by the loss of rental income related to the renovated spaces under marketing.

Key figures for FY 2013/2014

<i>In € millions</i>	31.03.2014	31.03.2013
Income statement		
Net rental income	4.2	3.8
Overhead and corporate expenses	(2.2)	(2.4)
Income (loss) from disposal of assets	2.5	(0.1)
Change in asset valuations	(10.5)	0.6
Net operating income	(6.0)	1.9
Financial income	0	0.2
Net losses on financial liabilities at fair value through profit or loss	0.1	(3.3)
Interest paid / financial expenses	(11.1)	(11.1)
Net consolidated income	(17.0)	(12.3)
<i>In € millions</i>	31.03.2014	31.03.2013
Balance sheet		
Investment properties	295.3	304.4
Assets held for sale	29.4	53.6
Other assets	14.9	27.3
Total equity	68.9	79.7
Non-current liabilities	228.0	208.9
Current liabilities	42.8	96.7
Total liabilities	339.6	385.3
Key figures per share		
ANR EPRA (fully diluted)	6.20 €	7.57 €
Operating cash flow (fully diluted)	(0.70) €	(0.73) €

Contacts

Eric Berlizon, CFO, Züblin Immobilière France

20-26, boulevard du Parc, 92200 Neuilly-sur-Seine

Tel. +33 (0)1 40 82 72 40, info@zueblin.fr

More information is available on our website: www.zueblin.fr

About Züblin Immobilière France

Züblin Immobilière France is a listed property company that has opted for SIIC status. The company invests in office properties, and features a real estate portfolio consisting of six office buildings in Paris Region and Marseille.

Shares of Züblin Immobilière France trade on compartment C of Nyse Euronext Paris - ISIN: FR0010298901