

## 2014 FULL-YEAR FINANCIAL RESULTS – PRESS RELEASE

- Dividend of €1 per share (+11%)
- Acquisition of the building complex called Penthemont: a medium term growth vector
- Sharp increase of the rental consolidated income: +25% at € 33.1m as of Dec. 31<sup>st</sup> 2014
- Sharp increase of the operating result: + approximately 33% at € 36.6m as of Dec. 31<sup>st</sup> 2014
- Steady spot debt cost at 2%
- Net Asset Value: € 20.97/share on December 31<sup>s</sup>, 2014

Paris, February 13<sup>th</sup>, 2015 – The Board of Directors of Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissements de Paris (SIIC) met on February 13<sup>th</sup> 2015 to approve de Company's financial statements for 2014 financial year, established according to the international IFRS standards. Audit procedures were carried out by Statutory Auditors and their report will be currently issued. This press release should be read with all available information. The annual financial report detailing the annual accounts will be released in April 2015 on the company's website [www.fprg.fr](http://www.fprg.fr)

### CONSOLIDATED KEY FIGURES

#### BALANCE SHEET

in €m

<i>ASSETS</i>	<i>31-12-2014</i>	<i>31-12-2013</i>	<i>31-12-2012</i>
Investment properties	852.9	621.7	615.3
Hotel assets	67.7	69.0	70.3
Financial assets	0.9	18.5	88.4
Securities and cash	8.3	57.0	34.6
Other assets	14.2	22.9	23.4
<b>TOTAL</b>	<b>944.0</b>	<b>789.1</b>	<b>832.0</b>
<i>LIABILITIES</i>	<i>31-12-2014</i>	<i>31-12-2013</i>	<i>31-12-2012</i>
Shareholders' equity – Group share	431.7	427.7	432.0
Financial debt	497.0	346.4	376.3
Other liabilities	15.3	15.0	23.7
<b>TOTAL</b>	<b>944.0</b>	<b>789.1</b>	<b>832.0</b>

**Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissements de Paris (SIIC)**  
 Limited company with a capital of €383,919,825  
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 Phone: 01 53 70 77 77 – Fax: 01 53 70 77 78  
 ISIN code: FR0010436329 – Symbol: SRG  
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## CONSOLIDATED INCOME STATEMENT

	31-12-2014 12 months	31-12-2013 12 months	31-12-2012 12 months
Consolidated revenue (€m)	48.5	41.8	29.6
Operating income (€m)	36.6	27.6	19.2
<b>NET PROFIT – GROUP SHARE (M€)</b>	<b>30.6</b>	<b>22.9</b>	<b>16.3</b>
<i>Of which Change in fair-value of financial derivatives</i>	(3.4)	-	(2.3)
Earnings per share – in €	1.20	0.89	0.64
<b>NET PROFIT (€m)</b>	<b>27.5</b>	<b>16.1</b>	<b>21.3</b>

## NET ASSET VALUE

	31-12-2014	31-12-2013	31-12-2012
NAV excl. transfer costs per share (€)	20.97	20.60	20.55
NAV incl. transfer costs per share (€)	22.74	21.12	20.85

## BUSINESS REVIEW

### ▪ Investment properties

During the financial year 2014, the Company earned € 33.1m consolidated rental revenue versus € 26.5m in 2013.

This increase in rental revenue is explained by the fact that the Company has benefited in 2014 of:

- Full rental income for the buildings located 24, rue de l'Université, 45-47 and 49-51, rue Saint-Dominique,
- Six months' rent for the Penthemont building complex,
- Re-leasing of the building located 138bis, rue de Grenelle.

Furthermore, Alcatel Lucent was replaced by Salesforce which took over the lease under the same conditions in the building located 3, rue Octave Gréard (5,500 sq. m.). The early departure of Alcatel Lucent had no financial impact on Foncière des 6ème et 7ème arrondissements de Paris.

These elements, combined with the renewal of a new six-year term lease of almost 10,000 sq. m. located 24-26 and 41-43, rue Saint Dominique beginning January 1<sup>st</sup>, 2015, allow the Company to post a fixed average lease rate of 4.7 years.

On December 31<sup>st</sup> 2014 as well as on June 30<sup>th</sup>, 2014, the portfolio is almost totally rented (an occupation rate of 99.3%).

### ▪ Hotels (Holiday Inn Paris – Saint-Germain- des- Prés and Holiday Inn Paris-Notre-Dame)

The Hotel revenues are stable and amount to € 15.4m versus € 15.3m on December 31<sup>st</sup>, 2013.

In 2014, the Holiday Inn Paris-Saint-Germain-des-Prés Hotel provided an average price of € 157 before tax with an occupancy rate of 86% (vs respectively € 158 before tax and 85% in 2013) and the Holiday Inn Paris-Notre-Dame an average price of € 195 before tax with an occupancy rate of 89% (vs respectively € 196 before tax and 87% in 2013).

- **Shareholdings**

The income received on securities for the financial year 2014 amount to € 0.5m, compared to € 5.7m in 2013. This decrease is explained by the sale of shares of Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissements de Paris held in Foncière de Paris capital and OSRAs, that occurred end 2013.

## **ACQUISITIONS**

### **THE PENTHEMONT BUILDING COMPLEX**

The company won the call for applications organised by the State concerning the sale of the building site Penthemont (37-39 rue de Bellechasse and 104 rue de Grenelle, Paris 7<sup>ème</sup>). The building site, rented to the State until its departure beginning 2016, will then undergo total refurbishment before being re-leased.

Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> secured the future occupancy of the building site Penthemont by signing an agreement with a first-rank occupier for approx. 9,200 sq. m. of offices (on a total of 12,500 sq. m.). This agreement is subject to suspensive conditions, among which those related to building permits authorizations, which are still to be obtained for the moment.

### **SAINTS-PÈRES FLEURY**

Beginning July 2014, the Company Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissements de Paris purchased 67.5% of the shares of SCI Saints-Pères Fleury. This SCI (French Real Estate Company), of which Foncière only held 32.5%, owns the former Ecole des Ponts et Chaussée (French Engineer School) located rue des Saints Pères (approximately 9,200 sq. m.) today let to Science Po on a long term lease agreement. This acquisition allows Foncière to regroup the full ownership of a high quality asset (9,200 sq. m.) which generates € 3.8m of rental revenues for a full year.

## **PORTFOLIO: INCREASE OF THE UNREALISED CAPITAL GAINS**

The Company undertook an annual valuation of its portfolio that amounts to € 1.02 billion compared to € 806m as of December 31<sup>st</sup>, 2013. This increase takes into account the acquisitions of the year (Building Complex Penthemont and the pro-rata share in SCI Saints-Pères Fleury) as well as the sale of OSRAs Foncière de Paris for an amount of € 15.3m.

The stock of unrealised capital gains amounts to € 98.3m versus € 86.2m end 2013, showing, on top of the natural effect of depreciations, an increase in valuations.

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In spite of the natural effect of amortisations, the stock of unrealised capital gains amounts to € 98.3m versus € 86.2m end 2013, showing an increase in valuations.

## **NET ASSET VALUE**

The Net Asset Value amounts to € 20.97 per share excluding transfer duty, a slight increase compared to 2013 (€ 20.60 per share excluding transfer duties).

## FINANCIAL ITEMS

- **Consolidated turnover** of the financial year amounts to € 48.5m, increasing by more than 20% compared to 2013 (€ 39.1m).
- The operating result reaches € 36.5m up 33% (versus € 27.5M in 2013).
- **The consolidated net profit** amounts to € 30.65m, versus € 22.8m as of December 31<sup>st</sup>, 2013. It is a result of a change of negative value of financial instruments by € 3.38m; this depreciation has as positive counterparty of keeping a favourable refinancing cost of the Company.
- The net profit value grows by € 27.5m versus € 16.1m as of December 31<sup>st</sup>, 2013 reflecting an increase in business.
- Based on the consolidated net profit, the **cash-flow** amounts to € 25.4m for the financial year 2014. For record the cash-flow of 2013 amounted to € 24.1m.
- At 31 December 2014, **the consolidated shareholder's equity** amounts to € 431.6m (including the results for the period) versus € 427.6m as of December 31<sup>st</sup>, 2013.
- The spot cost of debt is stable at 2% after hedging. The Company is covered at 100% as of 31 December 2014 and up to mid-2016 and then at 80% up to end of 2017. The ratio Loan To Value (Net debts/revalued shareholders' equity) reaches 48% at December 31<sup>st</sup>, 2014, versus 36% end of December 2013; this evolution reflects the acquisitions of the Company during the period.

## DIVIDEND

- The shareholders of Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissements de Paris will be given a dividend of € 1 for the financial year 2014 compared the dividend of € 0.90 paid per share for 2013 (+11%).

## MERGER PROJECT WITH FONCIERE DE PARIS

- On Tuesday November 4<sup>th</sup> 2014, The Board of Directors of Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissements de Paris approved the principle of an absorption- merger of Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissements de Paris by Foncière de Paris. (See Press Release of November 4<sup>th</sup>, 2014).
- Mr. Kling and Ledouble were appointed as Merger Auditors on November 24<sup>th</sup>, 2014.

Specialised on the real estate market of offices in Paris, the new group will reach a consolidated portfolio asset of approximatively € 3 billion based on current value. This transaction will bring to the shareholders of the two listed companies the following assets:

- This merger is expected to be accretive (relative) due to the cancellation of 17.6% of capital of Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissement de Paris currently held by Foncière de Paris.
  - A crystal-clear strategy: the high quality portfolio concentrated up to 90% in Paris, Boulogne-Billancourt and Levallois-Perret
  - Reinforced means in order to assure a long term development on equivalent assets.
- In the future, the simplification of organisation of these two entities should optimise value creation for the shareholders and assure sustained and regular increase of the dividend.

## **FINANCIAL AGENDA**

- March 5<sup>th</sup>, 2015: Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissements de Paris Board of directors and Foncière de Paris Supervisory Board (exchange parity of the merger).
- May 12<sup>th</sup>, 2015: Both companies will hold an Annual General Meeting (on 2014 dividend) and an Extraordinary General Meeting (on the Merger treaty.)

## **ABOUT FONCIERE DES 6EME ET 7EME ARRONDISSEMENTS DE PARIS (SIIC)**

Listed in 2007, the Company holds an asset portfolio of around 74,000sq.m. comprising high quality premises.

Foncière des 6<sup>ème</sup> et 7<sup>ème</sup> Arrondissements de Paris (SIIC) is listed on Nyse Euronext (Paris), compartment B (symbol SRG, ISIN code: FR0010436329).

[www.fprg.fr](http://www.fprg.fr)

## **CONTACTS**

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