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Foncière des Régions: A very active fourth quarter 2008

2008 consolidated revenues rose 23% to €1,106 M

Decline in asset values is less than 5% in 2008

Goals are met

The properties of Foncière des Régions, which consist primarily of office premises, are characterised by long-term leases (7.9 years on average) and the presence of major corporate names among its tenants (France Télécom, EDF, Accor, Telecom Italia, et al). This business model, which is focused on acting as a real estate partner for leading companies, produces a strong outlook for short- and medium-term revenues and ensures sound business fundamentals in terms of occupancy rates and tenant creditworthiness.

“Our achievements in the fourth quarter 2008, the remarkable strength of our rental payment cash flows, and the initiatives undertaken to adapt to the crisis give me genuine confidence in the ability of Foncière des Régions to continue to provide innovative, competitive real estate solutions to leading companies”, says Christophe Kullmann, CEO of Foncière des Régions.

A very active fourth quarter 2008

Despite an uncertain economic environment, Foncière des Régions experienced a very active fourth quarter 2008:

- **Rentals** – In addition to 2/3 of the CB 21 Tower (agreement for 42,000 sqm announced on 16 January), Foncière des Régions signed new leases for almost 75,000 sqm of office and logistical space in the fourth quarter 2008, reflecting a sustained level of business activity and confirming that the Group’s portfolio are well adapted to user demand.
- **Disposals** – During the fourth quarter, €380 M of asset sales were finalised (€290 M Group share) and over €160 M of new sales commitments were negotiated, thus offsetting the cancellation of a transaction for a portfolio of assets in the second half 2008. Sales and sales agreements signed by Foncière des Régions in 2008 totalled €1.3 billion (€1.1 billion Group share), exceeding the €1 billion target set at the beginning of the year. The assets were sold at an average of 8% above their values as appraised at the end of December 2007. These sales were carried out on various types of assets, in accordance with a two-part strategy: selling regional properties with small unit size and entering into structured transactions with tenants and investors (primarily undertakings for collective investment in real estate). As part of its standard policy of proactively buying and selling properties, Foncière des Régions sells between 5% and 10% of its assets every year. The goals for such sales have increased since September 2007 in order to reduce the Group’s debt.
- **Financing** – In the fourth quarter 2008, Foncière des Régions successfully completed the final refinancings planned for 2008 with €240 M for CB 21. Overall in 2008, Foncière des Régions’ maturities, amortisation payments and repayments totalled €879 M (€662 M Group share).

Consolidated revenues rose 23% in 2008

The Group's consolidated revenues totalled €1,106 in 2008 (+23% compared to 2007). The Group share of 2008 revenues totalled €689 M (+21% compared to 2007). On a like for like basis, the increase in Foncière des Régions' revenues was 3.8% thanks to continued high occupancy rates and rent indexation.

In €m	Consolidated			Group Share			
	2007	2008	Change	2007	2008	Change	Change in LFL
France Office	282	286	1%	261	280	7%	5.5%
Italy Office	143	213	49%	97	145	49%	3.0%
Service sector	164	200	22%	47	58	24%	2.4%
Logistics and light industrials	67	98	48%	51	59	16%	1.9%
Car parks	20	20	-1%	12	12	-2%	-3.2%
Residential	193	213	10%	77	82	6%	3.0%
Others	33	76	ns	24	53	ns	ns
Total	901	1 106	23%	569	689	21%	3.8%

Offices France: strong growth in rentals on a like for like basis (+ 5.5%)

Foncière des Régions continues to benefit from the protection provided by the structure of its office portfolio; its strength is largely based on outsourcing transactions with leading companies in sectors with minimal exposure to economic uncertainties, as well as assets that are geographically diversified in major French cities.

At the end of December 2008, the occupancy rate remained very high at 99%, and unpaid rents were almost nil (less than 0.5% of annualised rents).

In total, almost 30,000 sqm of assets in operation were rented in 2008, representing rental payments of over €8.8 M for the full year.

Offices Italy: high occupancy rate and favourable outlook

Office properties in Italy also benefited from a very high occupancy rate (98.7% for the long-term portfolio). The increase in rents on a like for like basis was over 3%, half of which was due to the asset management business and the rental of vacant assets, with the balance coming from indexation.

In this last quarter 2008, seven new leases were signed (representing €3.6 M in annualised rents). In total, new leases signed in 2008 represented 44,000 sqm and over €7 M in annualised rents.

A defensive asset portfolio

On average, for the entire Foncière des Régions asset portfolio, the negative impact of change in values was under 5% of the total value. The decline in values estimated by appraisers on our assets in operation was in the range of 3% for the entire year. The adjustment in value for the development portfolio (CB 21) and minority stakes (Altarea) represented less than 2% of the total value of the Group's real estate assets.

Against the backdrop of capitalisation rates expansion (in the range of 100 basis points on our business real estate assets in France), the strong performance of appraised values is attributable to the results of significant efforts made in asset management and to the intrinsic characteristics of Foncière des Régions' properties: valuations that were already fairly prudent at end 2007, long-term leases, low vacancy rates, high-quality tenants, strong returns, geographic diversification in various regions, etc. In addition, the most recent rent indexations had a positive current impact.

Goals are met

- The goal of achieving a modest increase in current cash flow per share in 2008 was met (€7.5 per share in 2007).
- The goal of reducing the Group's debt that was initiated in 2008 will be pursued in 2009.

Financial calendar:

10 March 2009: publication of 2008 annual results

About Foncière des Régions

Foncière des Régions, a real estate company primarily active in office space, is a real estate partner for leading companies, including France Télécom, Telecom Italia, EDF, Accor, Eiffage, and IBM. The company has a presence in France and is active in Italy through its listed subsidiary, Beni Stabili.

In addition to owning an asset portfolio valued at 17.8 billion euros at 30 June 2008, Foncière des Régions is a leader in operating facilities (via Foncière des Murs), logistics and business parks (via Foncière Europe Logistique), and residential (via Foncière Développement Logements).

Foncière des Régions is managed by Christophe Kullmann.

Foncière des Régions is listed on Euronext Paris Compartment A (FR0000064578 - FDR) and admitted to the SRD. Foncière des Régions shares are included in the composition of the SBF 120, the Euronext IEIF "SIIC France" index, the Eurolist Euronext Mid 100 index, as well as in the EPRA (www.epra.com).

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