

Strong performances

In a particularly difficult economic environment, Foncière des Murs relied on partnerships with its major tenants to increase the value of its property portfolio. While the investment volume was limited to €86 million for the year, Foncière des Murs' portfolio remained stable at €3.2 billion excluding transfer duties. It consists of hotels (59%), nursing homes and clinics (13%), restaurants (13%), and leisure properties (15%).

Foncière des Murs generated strong results in 2008, with consolidated operating cash flow up 14% for the year to €96.1 million. The company will propose that its Annual General Meeting approve a dividend of €1.40 per share for the fiscal year 2008, a 3.7% increase from the previous year, in line with recurring cash-flow per share increase.

A PORTFOLIO THAT REMAINS STABLE AT €3.2 billion

In 2008, Foncière des Murs limited its new investments to €86 million in acquisitions carried out with existing partners. They are as follows:

- with the Korian Group: a retirement residence with medical support system (EHPAD) in Sardinia for €9 million and a 51-bed psychiatric clinic near Dax for €4 million;
- with the Metha Group in Italy: a hotel operated under the Holiday Inn banner in Florence for €10 million;
- with the Pierre&Vacances Group, the fourth holiday village as provided in our 2007 agreement, located in Mol, Belgium, for €42 million;
- with the Quick Group, four properties located in Anthy-sur-Léman, Saint-Amand-les-Eaux, Gonesse and Liévin for €9 million;
- with the Jardiland Group, three garden centres located in Tarbes, La Queue-en-Brie, and Le Poinçonnet for €12 million.

In addition, Foncière des Murs carried out €16 million in work on its properties to support tenants in their growth strategies and to maintain the value of these assets.

With the ongoing adjustment of terms and conditions of leases signed with its partners (a shift from IRL-rent reference index- to ILC-commercial rent index-for Courtepaille, Quick and Jardiland, and the extension of their lease terms, etc.), actions taken to increase asset values have enabled Foncière des Murs to maintain the value of its portfolio at €3.2 billion at yearend 2008. At constant consolidation, the overall asset value declined by 1.9% for the year.

The portfolio, which boasts a 100% occupancy level, consisted of 501 properties at 31 December 2008. It remains well diversified with 59% in hotels, 13% in health-related assets, 13% in restaurants, and 15% in leisure activities.

Geographically, 36% of the portfolio is located in the Ile de France region, 52% in other regions of France, and 12% abroad (Belgium, Italy, and Portugal).

RENTS

Thanks to significant investments made in 2007 and a 3.8% growth in the Accor Hotels sales for the year, rents rose 22% in one year to €200 million in 2008.

On this basis, the portfolio's annualised rents were €206 million, including €123 million from hotels, €29 million from leisure properties, €28 million from retirement homes and clinics, and €26 million restaurants.

At yearend 2008, the residual term of the leases was 10 years for the overall portfolio.

STRONG RESULTS

Financial statements at 31 December 2008

	31/12/2008	31/12/2007	Change
Rents (in €m)	200.0	163.9	+22,03%
Recurring operating cash flow (in €m)	96.1	84.3	+14,00%
Recurring operating cash flow (in € per share)	1.92	1.85	+3,78%
Net Income (in €m)	-116.9	243.0	N/A
Recurring Net Income (in €m)	96.6	78.5	+19,24%

Consolidated operating cash flow was €96.1 million for 2008, up 14% from the previous year. On a per-share basis, it was €1.92, up 3.8% for the year.

After accounting for variations in the fair value of investment assets (down €77 million) and financial instruments (down €122 million), the result for 2008 was a net loss of €116.9 million and the triple net revalued NAV was 23.8€ per share, down 13% from 31 December 2007.

SECURED DEBT

In 2008, Foncière des Murs continued the process of streamlining its financial liabilities by the early exercise of purchase options on the Korian and Jardiland assets acquired in leasing transactions for a total of €57 million.

At 31 December 2008, net debt was €1,903 million, resulting in a Loan to Value (LTV) ratio of 59%, well below the 70% limit set forth in banking covenants.

The debt position is secured both by hedging (82.4% is firmly hedged) and by the remaining term, which was 5.2 years at yearend 2008, giving Foncière des Murs a satisfactory degree of security over coming years.

After accounting for interest expenses arising from this debt, the Interest Coverage Ratio (EBIT/Interest expense) stood at 2.06 compared to covenants setting forth a 1.65 ratio on 85% of the debt and a 2.00 ratio on the remaining 15%. As of 30, June 2008, this ratio stood at 2.04.

DIVIDEND GROWTH: €1.40 per share, up 3.8%

Based on the higher operating cash flow per share in 2008, the Supervisory Board will propose that the Annual General Meeting approve a dividend payment of €1.40 per share, up 3.8% from the previous year, and in line with the increase in operating cash flow per share.

The total amount of the proposed dividend is €69.9 million, i.e. 73% of operating cash-flow.

OUTLOOK

In a deteriorating economic and financial environment, Foncière des Murs intends to continue to take actions with its current major partners to create value in its portfolio assets. Foncière des Murs also intends to start taking steps in early 2009 to streamline its portfolio, in particular through strategic and orderly asset sales.

With its solid fundamentals (a secure, long-term tenant base and a well-balanced financial structure), consolidated cash flow for 2009 should remain stable compared with 2008.

About Foncière des Murs

Foncière des Murs SCA, a subsidiary of Foncière des Régions, is a listed real estate investment company (SIIC/Société d'Investissements Immobiliers Cotée) specialised in ownership of business premises, primarily in the hotel, restaurant and health and leisure sectors. The company's investment policy emphasises partnerships with leading operators in their business sectors, with the goal of providing consistent shareholder returns.

Foncière des Murs is managed by Yan Perchet.

Foncière des Murs is listed on Euronext Paris, compartment A of Eurolist (FR0000060303 - FMU).

Contacts: Foncière des Murs
Dominique Ozanne – Deputy CEO
Tel: 01.58.97.54.20 - dominique.ozanne@fdr.fr

You can find this press release on www.foncieredesmurs.fr